



Doing Business in Israel: 2015 Country Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business In Israel](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business in Israel

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

- The U.S. is Israel's largest single trading partner. Since signing a Free Trade Agreement in 1985, US-Israel-trade has grown eight-fold. Since 1995 nearly all trade tariffs between the U.S. and Israel have been eliminated.
- In 2014, GDP real growth decreased to 2.5% from 3.2% in 2013. In 2012, Israel's GDP real growth rate was 3%.
- Israel's GDP in 2014 was \$268.3 billion.
- In 2014, Per Capita GDP (PPP) increased to \$33,400. In 2013, GDP Per Capita (PPP) was \$33,300.
- Israel's 2014 inflation rate was 0.5%, down from 1.5% in 2013.
- Israel's 2014 unemployment rate was 6.6%, compared to 6.2% in 2013.
- Exports of U.S. goods to Israel in 2014 were \$15 billion, compared to \$13.7 billion in 2013 and \$14.3 billion in 2012.
- U.S. imports from Israel were \$23.0 billion in 2014, \$22.8 billion in 2013 and \$22.1 billion in 2012.

Market Challenges

[Return to top](#)

- Israel is a mature market in many sectors and U.S. companies will face significant local and international competition.
- Agriculture trade regulations, IPR protection weaknesses, certain technical standards and regulatory uncertainties in the natural gas sector are non-tariff barriers. US Export Control regulations for re-exports are perceived as a challenge by Israeli manufacturers.
- The political and security environment is tense because of the geopolitical situation in the nearby region.
- The business environment and style will seem familiar to Americans, though dress may seem more informal and personal relationships play a greater role.

Market Opportunities

[Return to top](#)

- Hi-tech and defense dominate Israel's trade numbers, and Israel remains a global center for hi-tech design and R&D. Hi-tech continues to provide opportunities for U.S.-Israel commercial partnerships, specifically in ICT technologies including cyber security, safety and security equipment and services, defense equipment, medical

technologies and biotechnology products. Power generation and education/training also represent good opportunities.

- U.S.-Israeli commercial linkages often consist of U.S. firms providing electronic inputs which Israeli firms integrate into final products destined for re-export.
- Road technology and infrastructure projects could offer millions of dollars' worth of export opportunities for U.S. firms over the next five years, especially since Israel adopted U.S. standards in intelligent transportation systems.
- Health IT - Israel is very advanced in the implementation of multifunctional, interoperable health IT systems built around electronic medical records. However, since local software development companies and integrators provide Israel's health IT infrastructure and services, there are limited opportunities for U.S. SMEs in this sector.
- Aerospace - Through the large USG Foreign Military Funding/Sales program in Israel, exceeding \$3 billion annually, most major procurements for the Israel Air Force originate in the USA. The Israel Air Force (IAF) is in the process of a staggered replacement of its F-16 fleet of fighter aircraft, and a helicopter procurement plan is under consideration.
- Upstream Gas - Since 2009, Israel has discovered over 800 Billion Cubic Meters (BCM) of offshore natural gas. U.S. energy company Noble Energy and its local partners are supplying gas from the Tamar field. The future of the Leviathan field and Israel's ability to develop the potential of its natural gas resources will depend on the final review by the Israeli government and legislators of the regulatory framework for the natural gas sector and on the energy companies' ability to find reliable export partners for the gas.
- Semiconductor - Israel is recognized as a leading player in the semiconductor industry with five active semiconductor manufacturing plants (fabs) in Israel, three owned by Intel and two by Tower/Jazz. Intel is considering investing approximately \$6 billion in upgrading its Kiryat Gat fab facility

Why Export to Israel

[Return to top](#)

Top five reasons why U.S. companies should consider exporting to Israel

1. The economy has remained robust during the period of economic downturns in the USA and the EU. In 2014, economic growth slowed, but it is expected to recover to around 3.5% in 2015 and 2016.
2. This educated, entrepreneurial and innovative society is open to new products and friendly to the USA. The country has approximately 250,000 U.S. expats and many Israelis are alumni of U.S. universities.
3. Israel has a modern banking and logistics infrastructure and one of the highest penetration rates for mobile telecom.
4. Strong, diversified and technologically advanced high-tech sector. Israel leads OECD in R&D spending at 4.3% of GDP.
5. The U.S.-Israel Free Trade Agreement, signed in 1985 was the first FTA for the USA. It continues to provide easy market access to U.S. products and services.

Market Entry Strategy

[Return to top](#)

Distribution methods vary by type of product.

- Commissioned Agents: used mainly for industrial equipment, raw materials and commodities.
- Non-Stocking Agents: used mainly by manufacturers.
- Stocking Agents: used mainly for high volume items.
- Importers/distributors: used often for consumer goods.
- Franchising: since its introduction to Israel in the mid-1980s, franchises have increased in popularity. ACE Hardware, Office Depot, Re/MAX, McDonalds, Toys-R-US, UPS, and FedEx all operate in Israel.

Direct marketing is fairly common.

- Door-to-door salesmanship is uncommon in Israel and is considered a nuisance.
- Cable and satellite TV offer shopping channels.
- Direct marketing is common through mail order booklets that are distributed monthly by credit card companies and through the Internet. An “opt-in” spam law was introduced to Israel in late 2008. Companies can only send individuals spam if the individual agrees in advance. Political and charity mailings are exempt.
- Mobile phone marketing through messaging is common.
- Internet use in Israel is widespread and represents a good marketing avenue.

The Government of Israel encourages both joint ventures and licensing.

- Joint ventures are the most popular method of cooperation for Israeli firms, especially in technology-related industries.
- Israeli businesses prefer obtaining five-year licensing agreements with automatically renewable clauses that extend the agreement for another five years.
- A Commercial Agents Law became effective in 2012. The law specifies advance notice of termination of a relationship related to the duration of the supplier/agent contract and monetary compensation of the agent for the loss of potential profits.
- Manufacturing under licensing agreements is common in Israel.
- Israeli businesses prefer licensing agreements in which the licensor takes equity with the licensee.
- The norm for royalties is 4-5% of turnover. Higher rates are common for luxury articles, author's fees and specialized machinery.
- A 10-15% withholding tax on royalties and fees is often deducted at the source.
- Licensees may repatriate royalties through an authorized bank, and are entitled to claim an income tax deduction on royalties and fee payments.
- U.S. companies should seek advice from a respected law firm and accounting firm when figuring tax liabilities.
- The United States and Israel have signed a [tax treaty](#) to avoid double taxation.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

Specific country link for Israel:

<http://www.state.gov/r/pa/ei/bgn/3581.htm>

The following is the new link to the Background Notes countries index:

<http://www.state.gov/r/pa/ei/bgn/index.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Principle Business Associations](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

Partnering with a local representative who has good industry contacts, proven reliability, loyalty, technical skills and after-sales service capabilities is important for selling and maintaining a continued presence in Israel. U.S. companies need to be aggressive in their pursuit of business opportunities and maintain an active in-country presence.

The Israeli industry generally prefers to purchase goods through a local agent that will be able to provide after-sales service. Government and government-owned buyers will often require an agent in Israel. The majority of agents have exclusive representation rights because of Israel's small size. Most U.S. heavy industrial equipment exporters to Israel use a commission agent who conducts promotional campaigns and active buyer calls.

The most common approach used by exporters of light industrial equipment and consumer goods is to obtain a local importer/distributor. Distributors will import on their own account, and carry sufficient stock to satisfy ongoing demand or use for demonstration, maintaining their own sales organization, supplying spare parts and, if applicable, maintaining a service division. Local representatives often provide legal support for ongoing operations.

In concluding a representation agreement U.S. companies should be sure to include:

1. Contract duration;
2. Exclusivity (if applicable);
3. Compensatory amount as a function of contract duration in case of termination of exclusivity;
4. Promotional input by agent and volume of sales; and
5. Dispute settlement mechanism, either by arbitration, or by assigning a tribunal (preferably U.S.).

Israeli law defines the following legislation that regulates the termination of supplier-agent/distributor relationships:

Advance Notice of Termination:

According to the law, the supplier must notify his agent in advance of the intended termination of the relationship between them as follows:

- A two week advance notice for a relationship that lasted up to six months;
- A one month notice for a contract signed 6-12 months earlier;
- A two month notice to terminate an agency contract signed 12-24 months earlier, etc.
- Up to a maximum advance notice of six months for a relationship that lasted 6 years or longer.

Financial Compensation:

The compensation paid to the commercial agent upon termination must be commensurate to the size of the business developed as a result of the agency agreement. The compensation shall be in the amount of the average monthly profits resulting from sales of the supplier's goods/services over the last three years of the agency relationship multiplied by the number of years the relationship lasted. The compensation cannot exceed 12 months of the average monthly profits. The agent shall not be entitled to compensation from the supplier if the termination is due to breach of contract by the agent. In case of legal action, the Courts have the right to reduce the amount of compensation or deny compensation entirely if the Courts find justification to do so.

For additional information about the Israel Contract Agency Law please visit the [U.S. Commercial Service website](#)

Establishing an Office

[Return to top](#)

U.S. firms can operate in Israel as a foreign company, a foreign partnership or by establishing a branch office. There are no restrictions on foreign ownership of Israeli companies or securities, however, the [Israel Antitrust Authority](#) may review and object ownerships that would result in a cartel or market monopoly. Israel allows repatriation of foreign investment capital and profits. Prior to establishing an office in Israel, U.S. firms should evaluate tax ramifications under the [U.S.-Israel Agreement on the Prevention of Double Taxation](#). Possible higher corporate and income taxes in Israel should be weighed against other expenditures and marketing advantages.

U.S. businesses interested in establishing an office in Israel are required to register with the [Registrar of Companies](#) at the Ministry of Justice. The business must file a copy of documents certifying that it is incorporated in the United States, state its objectives and rules, and list its directors and the name of its Israeli representative. If these documents are in English, they must be accompanied by a Hebrew translation. There is no requirement for the managers or directors of the company to be Israeli citizens or residents. However, U.S. representatives assigned to manage the Israel office must first obtain work permits from the Employment Service Division of the Ministry of Economy. Authorization from the Ministry and, if applicable, the Investment Center, is necessary before the Ministry of Interior can issue a visa. U.S. businesses establishing an office in Israel are advised to consult with a local accounting or law firm.

Franchising

[Return to top](#)

The franchise industry in Israel has developed rapidly in recent years, opening new opportunities for US franchise brands to enter the vibrant Israeli economy. Israel's GDP ranks within the top 40 countries in the world and many well-known American brands are already present here, mostly under master franchise agreements. These brands include Payless Shoes, Forever 21, American Eagle, Gap, Cinnabon, McDonalds, Pizza Hut, Domino's Pizza, Bobby Brown, Steve Madden, Tommy Hilfiger, Ralph Lauren, Nine West, and others. In 2014 Auntie Anne's pretzels and Children's successfully opened their first stores in Israel. Other well-known US brands have shown interest in finding master franchisees in Israel. Franchise companies such as Papa John's Pizza, Wing zone and Banana Republic are expected to have stores in Israel by the end of 2015 and early 2016.

About a third of the total franchises operating in Israel operate in merchandising, with the vast majority in the apparel and fashion industry. American popular food-chains have also taken a prominent place in the Israeli market. Other franchises focus on Services such as real-estate, brokerage and educational institutes. These include ReMax, Realty Executive, ERA, Century 21, Wall Street English and Berlitz, to name a few. Israel has no official centralized legislation regarding franchises, so the industry's rules and regulations are primarily derived from Israeli contract law and intellectual property legislation.

Recently, a number of independent franchise consulting and brokering companies have established themselves to offer professional services to the Israeli franchising community, including the Israel Franchise Promotion Centre (known as Franex), Franchise Business Brokers (FBB) and the Israel Franchise Institute. As of today, there is no government endorsed franchise association serving the franchising industry.

Direct Marketing

[Return to top](#)

Direct marketing is common via mail inserts and internet promotion by local banks and credit cards. Door-to-door sales are uncommon in Israel and considered a nuisance. It is illegal to conduct unsolicited marketing via telephone, email and text messaging. Direct marketing and Internet sales play a small role in relation to total retail sales as Israeli consumers enjoy shopping as a popular pastime; Multi-level marketing (MLM) companies find prosperous grounds in Israel, mainly among Russian speaking population that can help expand the brand to East Europe. Many of the local MLM leaders also play key marketing roles in Russian speaking markets.

Creating a joint venture with a foreign corporation is one of the most popular methods of cooperation for Israeli firms, especially in technology-related industries. Manufacturing under a licensing agreement is also common in Israel. The Government of Israel encourages both methods of operation. Chapter 6 of this guide provides further information on investing in Israel. Israeli businesses strive to obtain licensing agreements for a five-year period, with an automatically renewable clause that would last for another five years. They prefer agreements in which the licensor takes equity with the licensee.

The norm for royalties is 4-5% of turnover, although higher rates are common for luxury articles, author's fees, and for specialized machinery. A 10-15% withholding tax on royalties and fees is often deducted at the source even though the actual payment of this amount of tax by the representative is not clear. The licensee may repatriate royalties through an authorized bank by producing a statement from a certified accountant. The licensee is entitled to claim an income tax deduction on royalties and fee payments. It is advisable to seek advice from a respected law firm and accounting firm when trying to calculate tax liabilities. The U.S. and Israel have signed a treaty to avoid double taxation.

Israel is a signatory to the WTO government procurement code. Under the 1993 Public Procurement Law, all Government of Israel (GOI) entities and government-owned companies are required to procure goods or services by issuing a tender. In 1995, the Knesset approved the Preference for Israeli Products regulations and the Mandatory Commercial Cooperation regulations.

The "Preference for Israeli Products" regulations stipulate that a 15% preference be given to Israeli manufacturers for certain items exempted by the WTO and for products with at least 35% Israeli content and with a value not exceeding US\$500,000. Israeli manufacturers in "National Priority Zones" receive an additional 5-15% advantage. "Mandatory Commercial Cooperation" requirements are an integral part of each international tender document valued at \$5,000,000 or more. The regulations require foreign companies to enter into [offset agreements](#). These agreements are administered by the [Industrial Cooperation Authority \(ICA\)](#). For civil contracts the value of the offset commitment is 20% of the contract value for companies in countries that are signatories to the Government Procurement Agreement (GPA) of the WTO and 35 percent for other companies. The offset for defense contracts is 50% of the contract value however, according to ICA officials, FMF-funded defense purchases are exempt from sanctions and 50% offset demands. Instead, U.S. defense firms are encouraged to negotiate industrial participation contracts at 35% of the contract value. According to ICA regulations, the final offset decision must be to the commercial benefit of the foreign company. A short explanation of the policy is available at [the ICA website](#). While the foreign firm is required to make every effort to fulfill its offset obligations, there is no penalty connected with a failure to do so if the effort is made in good faith. However, due to the importance the GOI attaches to commercial cooperation, failure to fulfill one's obligations may result in a lack of success in future tenders.

The Industrial Cooperation Authority (ICA), a division of the Ministry of Economy, is responsible for administering, negotiating and monitoring the implementation of offset agreements. The agreements may be for local subcontracting, investment in Israel, technology transfer, R&D contracts, or procurement of Israeli products. The first four options are preferred because of their potential long-term impact on the Israeli economy. By court ruling, the use of industrial cooperation as a factor in the award process is not allowed. However, in the competitive Israeli market, the industrial cooperation arrangements made by foreign companies play a decisive role in the competition. U.S. companies interested in selling to the GOI are strongly advised to appoint a well-connected local agent to assist in dealing with the Israeli bureaucracy. In public tenders for large projects, in which the public entity is looking for involvement of foreign companies, the tendering party has several tender options, including:

- Open International Tender, requiring the foreign bidder to partner with a local firm, or use local subcontractors.
- Closed International Tender, following an open or closed pre-qualification process.
- Open or Closed National Tender, requiring Israeli prime bidders to team up with foreign companies.

As a result of the extensive use of closed tendering processes, foreign companies will not always be aware of major tenders. There is no single centralized Israeli government website where public procurements are advertised. U.S. companies interested in additional information on specific tender opportunities or on Israel's public tender process in general are advised to contact [Senior Commercial Specialist Irit van der Veur](#).

Sites that offer RFQs that may be of interest to U.S. exporters include <http://www.nta.co.il/en/tenders>
http://www.ingl.co.il/?page_id=319&lang=en
<http://energy.gov.il/English/PublicInfo/Tenders/Pages/GxmsMniTenders.aspx>

Distribution and Sales Channels

[Return to top](#)

Distribution methods vary by type of product. For industrial equipment, raw materials and commodities, manufacturers use non-stocking commissioned agents, while stocking agents represent high volume items. Agents will often insist on exclusivity due to the small size of the country. Most consumer goods are sold through importers and distributors, but increasingly large retail chains and department stores import directly without intermediaries. In most cases, distribution firms serve the entire country.

Roughly 40% of Israel's 8 million people are concentrated in the greater Tel Aviv metropolitan area, Israel's commercial and financial center. Other major concentrations of the population are the Haifa metropolitan area (15%), a major port city and center for the petrochemical and high tech industries, and Jerusalem (11%). Almost all goods are imported through Israel's two Mediterranean ports, Haifa in the north and Ashdod in the south, and through Ben Gurion International Airport. These ports have good transportation links to the rest of the country. While most companies are headquartered in the Tel Aviv or Haifa metropolitan areas, a growing number of firms maintain branches, showrooms, or service facilities in Jerusalem and Be'er Sheva.

Consumer malls and shopping centers are popular in Israel. Over 200 malls and shopping centers exist and others are planned. Many American specialty shops, chain stores, and franchises have their outlets in malls and shopping centers. The key to success is offering an increasing variety of new products and services to the Israeli consumer.

Selling Factors/Techniques

[Return to top](#)

For first-time exporters to the market, it is important to note that distinct cultural differences between Israel and the United States may in some cases dictate changes in selling, advertising, and marketing. Although many strategies used by firms in the United States can be equally effective in Israel, U.S. companies are advised to not automatically assume that selling in Israel is the same as selling in the domestic U.S. market. Companies should carefully research the implications of promotional activities prior to their implementation in Israel.

Electronic Commerce

[Return to top](#)

Internet use in Israel is widespread and increasingly used for marketing and sales. An estimated 5.8 million Israelis, or 70% of the population, regularly accesses the internet. Like in other developed countries, e-Commerce is represented by a balance of B2B and B2C sites. Israel has a variety of B2C online stores, banking and bill payment sites and increasingly, government services. Companies are using B2B models to exchange documents, catalogues, and even complete deals. Major e-Commerce categories include travel services (36%), entertainment electronics (30%), computers & electrical products (29%), photos, books and games (23%), and digital software and various files (19%). The Internet is also heavily used by Israelis for social networking, information gathering and news.

Trade Promotion and Advertising

[Return to top](#)

Aggressive product promotion and advertising are effective tools in Israel, especially for consumer goods, where brand image is important and U.S. products face fierce competition from local and European suppliers. There are several effective means of advertisement; through commercial television and radio. Channel Two is a commercial Israeli TV station broadcasting nationwide and is permitted by law to carry private TV commercials, while state-owned Channel One carries sponsored advertising by public corporations. Some Israeli and internationally broadcast cable stations also carry advertisements. The state-owned Kol Israel (the Voice of Israel) radio station broadcasts commercial ads via two of its channels. In addition, 13 privately owned and authorized regional radio station operators accept commercial ads. Digital printing and commercial graphics are widely used in Israel, including billboards that cover entire building facades.

Pricing

[Return to top](#)

Israel is a highly competitive market and price is a key factor in purchasing decisions by Israeli companies and consumers. Presenting U.S. products as high quality at fair market prices is a good long-term sales strategy. Distributors prefer exclusivity and a

special pricing clause should be incorporated into representation contracts. Israel's VAT is 18%. The VAT is charged on virtually all services and products, including imports, sold in Israel (except fresh fruits and vegetables). The VAT on imports is levied on the CIF landed cost plus purchase tax. VAT is recovered by the importer upon resale of the goods and is ultimately paid by the consumer. Israel levies purchase taxes on many consumer goods. The GOI reduced or eliminated the tax on more than 600 items since 2000, including televisions, washing machines, electrical appliances and cosmetics. Purchase tax on standard vehicles with combustion engines is 83%, hybrids 30% and electric vehicles 10%.

Sales Service/Customer Support

[Return to top](#)

The Ministry of Industry, Trade & Labor requires that all businesses provide adequate after-sales service and customer support. Regulations exist that oblige local distributors to provide customers with full technical support for a period of up to ten years. To increase competitiveness in Israel, U.S. businesses should include a clause related to after-sales service and client support in their contracts with local representatives. U.S. firms should ensure that their local representatives receive adequate and ongoing customer service training and technical support. The time between a product failure and the time to repair is one of the main issues affecting purchasing decisions by Israeli companies and government-owned entities. Providing reliable, long-term, after-sales service is the key to successful sales of most products and services.

Protecting Your Intellectual Property

[Return to top](#)

Israel is a member of the WTO and the World Intellectual Property Organization (WIPO). It is a signatory to the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention, the Paris Convention for the Protection of Industrial Property, and the Patent Cooperation Treaty. Israel was obligated to implement the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) by January 1, 2000. The United States continues to encourage Israel to accede to the WIPO Copyright Treaty and the WIPO Performance and Phonograms Treaty (commonly known as the WIPO Internet Treaties), particularly in view of the importance of Israel's high-technology software and telecommunication industries.

In February 2010, Israel reached agreement with the U.S. to modify its Intellectual Property laws to address shortcomings in its treatment of new pharmaceutical products related to data exclusivity, patent term extension and publication of patent applications. Israel finished completed enactment of the specified corrective legislation in January 2014.

As a result of Israel's intellectual property regime deficiencies, it was on the Special 301 "Priority Watch List" from 2005 until 2012 and also for 12 of the past 16 years. The United States was pleased to see the final piece of legislation contemplated by our bilateral MOU passed on January 23, 2011, and in February 2014, Israel was removed from the USTR's Special 301 Watch List. In April 2014, USTR removed Israel from the Special 301 report altogether.

Israel has increased its budget, educational, police, and judicial resources devoted to the enforcement of the country's copyright and trademark laws. In addition, Israel passed amendments to its copyright laws that should make it easier for law enforcement officials, prosecutors, and judges to pursue, prosecute, and punish copyright crimes. While several recent legislative improvements have been instituted, the United States continues to urge Israel to strengthen and improve its IPR enforcement regime. Please see the Investment Climate Statement (Chapter 6) for more up to date information.

Protecting Your Intellectual Property in Israel:

Several general principles are important for effective management of intellectual property ("IP") rights in Israel. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Israel than in the United States. Third, rights must be registered and enforced in Israel, under local laws. For example, your U.S. trademark and patent registrations will not protect you in Israel. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Granting patents registering are generally based on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Israeli market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Israel. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Israeli law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Israel require constant attention. Work with legal counsel familiar with Israeli laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Israel or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov/>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Department of Commerce has positioned Intellectual Property attachés in key markets around the world. Contact information for the IP attaché for the Middle East and North Africa, who covers Israel: Aisha Y. Salem, tel.: +965 2259-1455; email: Aisha.Salem@trade.gov;

Due Diligence

[Return to top](#)

American firms interested in doing business in Israel are advised to perform due diligence before concluding any kind of business deal in the market. The U.S. Commercial Service in Tel Aviv can counsel U.S. companies on potential partners and provide background information on companies and individuals via the [International Company Profile \(ICP\) service](#). An ICP provides information about a local company or entity, its financial standing, reputation in the business community and includes a site visit to the local company and a confidential interview with the company management. For information please contact Senior Commercial Specialist Irit van der Veur at: irit.vanderveur@trade.gov

Most American banks correspond with the leading Israeli banks, such as Bank Leumi and Bank Hapoalim, and can provide due diligence information. It is advisable, especially when working with new clients, to seek verification from a corresponding U.S. bank on the authenticity of documents stemming from the Israeli banking system.

Local Professional Services

[Return to top](#)

For a list of local service providers please contact the U.S. Commercial Service Israel office at: Office.TelAviv@trade.gov

Principle Business Associations

[Return to top](#)

Main Associations

- [Israel - America Chamber of Commerce \(Amcham\)](#)
- [Federation of Israeli Chamber of Commerce \(FICC\)](#)
- [Manufacturing Associations of Israel \(MAI\)](#)
- [The Israel Export International Cooperation Institute](#)
- [Association of Independent Businesses in Israel Kibbutz Industries Association](#)

Professional Industry Associations

- [Electronics and Software Association](#)
- [Association of Advertising Companies in Israel](#)
- [Association of Building Materials and Consumer Goods Industries](#)
- [Israel Advanced Technology Industries](#)
- [Israel Association of Electronics & Software Industries](#)
- [Israel Diamond Manufactures Association](#)
- [The Food Industries Associations](#)
- [Israel Materials & Processes Society Association](#)
- [Israel Mobile Associations](#)
- [Israel Technology Transfer Organization](#)
- [Textile & Fashion Industries Association](#)
- [Israeli Users' Association of Advanced Technologies for Design and Manufacturing in Electronics Industry](#)
- [Metal, Electrical and Infrastructure Industries Association](#)

- [MIT Enterprise Forum \(Israel\)](#)

Web Resources

[Return to top](#)

[Ha'aretz](#)

[The Jerusalem Post](#)

[Globes](#)

[The Jerusalem Report](#)

[Industrial Cooperation Authority](#)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Travel & Tourism](#)
- [Healthcare Technologies](#)
- [Educational Services](#)
- [Automotive Aftermarket Parts & Equipment](#)
- [Intelligent Transportation Systems](#)
- [Telecommunications](#)
- [Semiconductors](#)
- [Electronic Components](#)
- [Energy](#)
- [Homeland Security](#)
- [Aerospace](#)

Agricultural Sectors

- [Agriculture](#): You can click through to the [U.S. Department of Agricultural \(USDA\) comprehensive Exporter Guide](#) for U.S. agricultural companies

Travel & Tourism

Overview

[Return to top](#)

The Israel outbound travel market accounted for over 4.7 million departures by Israelis by air during 2014. This market has grown 10% over same in 2013. New York City remains the most preferred travel destination by Israelis but the overall U.S. market share dropped from 10% to 7.5% with 356,000 departures. Other top destinations include Thailand, London, Barcelona, Rome, Berlin and Prague in this ranking order. The market has room for growth and requires sophisticated marketing and excellent service. Israeli travelers to the United States spend an estimated \$1.5 billion per year on travel-related services, not including airfare. The average length of stay is 12 days. According to a recent survey by the U.S. Department of Commerce, the majority of Israelis who travel to the United States are visiting family (44%). Business travelers account for 25%. Leisure, recreation and holiday travelers account for 25%. Conference attendees account for a small fraction of all arrivals from Israel. To attract more Israeli travelers, U.S. destinations and travel service providers should engage in marketing and promotion to local consumers. Destinations use social media and other digital means to reach consumers.

The most popular activity participation while in the United States are shopping and dining, followed by art gallery/museum, sightseeing in cities, visit historical places and amusement and theme parks. Only 20% of Israeli visitors to the United States stated they are interested in touring the countryside, visit national parks or nightclubs. At least 65% of Israeli travelers to the United States plan their trip weeks in advance. At least 35% of travelers still rely on a travel agency as a primary source of information for their trip planning.

United, American Airlines, Delta and Israeli EL AL airline operate 10 daily, direct flights from Tel Aviv to New York, Philadelphia and Los Angeles. A new direct route from Tel Aviv to Boston will launch in June 2015. Most European airlines offer competitive prices and routes to the U.S. via Europe. Over 500 travel agents and about 15 wholesale tour operators work in the Israeli outbound travel market. Operators and airlines advertise special packages and seasonal deals on a daily basis. The high seasons for travel occur around the July-August summer vacation and the High Jewish holidays in September, October and April. Tour operators specialize in market segments rather than in specific destinations, and most operators are conservative in selecting new travel products.

Sub-Sector Best Prospects

[Return to top](#)

The most popular activity participation while in the United States are shopping and dining. Israelis are also attracted to specialty accommodations such as boutique hotels and bed & breakfast in exotic sceneries. Wine tours that include specialized culinary experience, topped by outlet shopping would make a highlight of any trip.

Opportunities[Return to top](#)

Israeli tour operators and travel writers attend International Pow Wow yearly to meet suppliers. Boutique hotels, culinary tours, outlet shopping, music festivals and family travel destinations may find opportunities in Israel, especially by offering new travel products and a high level of services. For more information, please contact U.S. Commercial Specialist Yael Torres at email: yael.torres@trade.gov

Web Resources[Return to top](#)

[U.S. Dept. of Commerce Office of Travel & Tourism Industries](#); [Israel Central Bureau of Statistics](#); [Israel Ministry of Tourism](#)

Healthcare Technologies

Overview

[Return to top](#)

Israel's healthcare system is well-advanced by international standards. Given the high level of healthcare and innovation, Israel's healthcare sector attracts technology companies and investors. The market is small with only 8.3 million people, but it presents technology collaboration opportunities to large US entities and some export sales opportunities to specialized US products. Total imports of healthcare products (device and pharma) were \$2 billion in 2014. The U.S. share was 30% at \$600 million. Europe is the major competitor but U.S. products outranks the EU in imaging and diagnostic products. Easy entry conditions and receptiveness to buy US technologies and services characterize the market and make it an ideal destination for US healthcare exports. Israel's national healthcare policy advances preventive medicine and early detection of cancer and other systemic and degenerative diseases. Age-based diagnostic procedures are included in the reimbursement list (also known as the 'healthcare basket').

Health IT

Israel is very advanced in the implementation of multifunctional, interoperable health IT systems, built around electronic medical records. All Israeli health plans currently operate integrated health IT systems and can be considered among the early pioneers in this field, having initiated the development of health IT systems in the early 1980s. Every Israeli resident holds a magnetic membership card they present at every point of service, thereby enabling the system to capture all of the members' transactions with the healthcare delivery system. The Ministry of Health manages a comprehensive, fully integrated health information and communication system with a comprehensive database. The entire system rests upon a foundation comprised of an organizational and technological infrastructure in which all healthcare providers use electronic health records and all providers and health services are electronically interconnected online and with continuous clinical data exchange taking place in real time. Local software development companies and integrators provide Israel's health IT infrastructure and services. Opportunities for SMEs in this sector are small.

Market Access

Market access is fairly clear for U.S. FDA and CE Marked medical products. U.S. companies interested in exporting to Israel need to appoint a local distributor, agent or other legal representative to register their products with the Israel Ministry of Health (MOH). The device registration should be accompanied by a 510(k), Pre-Market Approval (PMA) or an Investigational Device Exemption (IDE). Under the U.S.-Israel Free Trade Agreement (FTA), American goods face no import duties upon entering Israel's market. Proper Shipping documents and a Certificate of Origin for Exporting to Israel are required in order to benefit from the FTA. Every product is still subject to 18% Value-Added-Tax (VAT). VAT is levied on the CIF landed cost. For additional market entry guidelines please write to: yael.torres@trade.gov

Aging Population

The aging population creates multiple challenges for Israeli society. The need to cope with the steadily increasing number of elderly with dementia is one of Israel's healthcare system major challenges. The Ministry of Health developed a national strategic plan to Address Alzheimer's and other types of dementia. The recommendations offer a holistic perspective and emphasize collaboration among all relevant agencies: government ministries, the health plans and other organizations. The Strategic Plan aspires to cope with key issues that make it difficult for the current service system to provide an appropriate response to the unique needs of dementia patients.

Increasing Private Health Spending

The rate of public spending has not changed since 1995. The government refrains from increasing the health system's financial resources, despite population growth and technological requirements. Among other things, every purchase of an MRI machine, or a machine used in cancer radiology treatments, requires a special license. The rationale for this policy on diagnostic imaging devices like an MRI may very well be understandable, since increasing the supply can increase the demand, including unnecessary diagnoses. The proportion of private financing in national health spending in Israel, on top of the health tax, continues to rise.

Sub-Sector Best Prospects

[Return to top](#)

Israel has a growing elderly population and limited resources. As a result, the demand is for cost-saving products and for products that help patient monitor their health at home. Wound care, advanced diagnostics and minimal invasive procedures continue to be a high priority in the public healthcare market. In addition, a well-developed private sector health care in the areas of dental, eye laser surgery and plastic/aesthetic surgery keep up the demand for advanced medical instruments and appliances. Israel has an excellent digital health tech base and is a world leader in mobile and E health implementations. Opportunities exist however, in further advancing drug monitoring and disease surveillance. Other best sales prospects include minimally invasive surgical instruments and technologies that are integrated with imaging capabilities, cardiology equipment, equipment and supplies for plastic surgery, smart implants, dental instruments, equipment and technologies for pain management, physiotherapy, ozone & oxygen therapy, OR equipment & cost-saving single use products, point of care diagnostic kits and wound management technologies.

Awareness for preventive medicine and acceptance of diagnostic procedures into the reimbursement list opened the market to advanced **diagnostic procedures**. This shift includes early detection of breast and colon cancer and a set of standard, age-based diagnostic procedures. **Wound care** continues to be a high priority in preventive care. In addition, a well-developed private sector healthcare in the areas of **dental, eye laser surgery and plastic/aesthetic surgery** keep up the demand for advanced medical instruments and appliances. Additional best sales prospects exist for U.S. manufacturers of FDA-approved, innovative technologies in many medical fields, including **smart implants**, medical imaging and **minimally invasive** image-guided technologies, preventive medical treatments, cardiology equipment, equipment and supplies for plastic surgery, dental instruments, equipment and technologies for pain management, physiotherapy, ozone & oxygen therapy, OR equipment and point of care diagnostic kits.

Opportunities[Return to top](#)

The U.S. Commercial Service at the U.S. Embassy in Israel helps American exporters enter the market through partner search and trade promotion programs.

For additional information, please contact Commercial Specialist Yael Torres: email: yael.torres@trade.gov

Web Resources[Return to top](#)

[Israel Central Bureau of Statistics](#); [Foreign Trade Statistics](#); [Israel Ministry of Health](#);

Educational Services

Overview

[Return to top](#)

At the commencement of the 2014/15 academic year, the Council for Higher Education estimated that 310,125 students will be attending the 65 institutions of higher education in Israel. Breakdown is as follows: undergraduate 238,420 (76.9%), graduate 59,455 (19.2%), Phd10, 860 (3.5%) and diploma students 1,390 (0.4%). This is an increase of 1.0% over the previous academic year. The growth rate has slowed down to less than 4% annually in the last decade, compared to 8% a year in the 1990s, when higher education became more accessible to the general public.

The [Council for Higher Education \(CHE\)](#) accredits all new institutions and programs and authorizes them to award academic degrees. The growing number of students entering private colleges has changed the landscape of the Israeli higher education system. The growth in the student population has led to the establishment of new colleges to meet the demand of qualified students. These colleges are accredited and must offer the same standard of education provided by state universities. Undergraduate students are entering these institutions in ever-increasing numbers (66%), thereby allowing the 7 public universities to focus more on graduate and research level studies. Today, institutions of higher education in Israel number: 7 state universities, 1 open-university, 36 academic colleges (7 regional colleges associated with universities, 29 other regional colleges) and 21 teacher training colleges. Also, there are 12 institutions that offer diploma-level programs that are recognized by the Ministry of Education, 11 art schools, and 59 technological colleges. In 2014, revenues of the top 20 local universities and community colleges exceeded \$2 billion. Around thirty foreign universities run local campuses in Israel.

Sub-Sector Best Prospects

[Return to top](#)

Courses of Study

Israeli students typically apply for law, psychology, medicine, and veterinary medicine, engineering and fields that are not offered as BAs in Israel such as hotel administration, advertising, art and therapy. Short-term or non-degree study includes fields such as English language, culinary arts, sound engineering, jazz or acting, architecture and institutions offering sports scholarships. Popular majors include: business administration, law, clinical psychology, industrial/organizational psychology, culinary arts, film, music, video editing, advertising, East Asian studies, international relations, computer sciences, engineering, architecture, social work, mass communications, pre-med, and life sciences. Increasingly popular is ecology, environmental sciences, make-up artistry, image consulting, drug and substance abuse counseling, and various expressive therapies.

Exchange Programs and Cooperative Agreements

In recent years there has been a growing trend by US schools to sign cooperative agreements with selected Israeli universities and colleges in an effort to attract graduate

and post-doctoral students to their institutions and to work on collaborative research and development projects in areas of common interest.

Energy Sector Workforce Requirements for Israel

Israel's offshore natural gas reserves are estimated around 30 trillion cubic feet; however the nation has little formal or vocational education programs to rapidly and efficiently develop this resource. This creates an opportunity for educators to train these individuals. Universities offering degree programs focused on hydrocarbon development at both the undergraduate and graduate level, can capitalize on this opportunity.

Opportunities

[Return to top](#)

Today, attention in Israel has turned to secondary study and relevant accreditation, be it degree, diploma or certificate. Israelis are looking to broaden their horizons both professionally and personally and are investigating opportunities to study abroad. According to the OECD, Israel is the second most educated country in the world, which suggests that it is home to prospective international students of the highest quality. Also, Israel has the second highest number of GMAT takers per capita of any country in the world, and provides the seventh largest number of takers of any country in the world, ahead of France and Germany. Best prospects for U.S. educational institutions are to offer a degree integrated with practical work experience. According to 2014 statistics, a total of 25,000 Israelis requested information and showed interest in study programs in the States. In 2013/14 there were 2,457 Israeli students studying in the United States. (Breakdown: 650 under-graduate, 1,329 graduate, 157 non-degree and 321 OPT), which represented a 2.4% decline from the year prior.

If you are interested in tapping into this quality market, you are welcome to participate in the annual recruiting fair organized by CS Israel and Ustudy LLC, study abroad agency. For additional information, please contact Senior Commercial Specialist Alan Wielunski: email:alan.wielunski@trade.gov; Phone: +972-3-519-8526

Web Resources

[Return to top](#)

[Central Bureau of Statistics](#) , [Council for Higher Education](#), [Open Doors](#)

Automotive Aftermarket Parts & Equipment

Overview

[Return to top](#)

The Israeli automotive industry is solely dependent on European and Asian imports having no manufacturing base of its own. Industry sources predicted that from 2011, the number of motor vehicle deliveries would average 240,000 units per annum, but it was not until 2014 that an all-time record was set, an increase of 6.6% over 2013.

Of the 3 million cars on Israeli roads, U.S market share has remained flat at 3.1%, but U.S. manufacturers are making inroads in the market place with the introduction of smaller more fuel efficient vehicles such as the Ford Focus and Chevrolet Cruze. The bulk of vehicle imports come from Europe (54.6%) and Asia (39.2%) - South Korea 19.1% Japan 15.7%, Thailand 4.4%, India 3.1%; Europe 40.2%, Turkey 14.4% .The top four brands in Israel are Hyundai, Toyota, KIA and Mazda. The average age of vehicles is 6.9 years and rate of motorization 350 vehicles per. 1,000 residents.

In 2014, total imports of aftermarket products amounted to \$522 million (estimate) of which \$61 million (11.7%) were from the U.S. Breakdown: Accessories \$28.5 million, Parts \$15.5 million, Tires \$4 million and Oils & Lubricants combined \$13 million.

On May 2, 2013, the GOI (Government of Israel) approved the Ministry of Transport & Road Safety's (MOT) proposal to adopt the Zelekha Committee recommendations from 2012, which sets out regulations governing the operation of parallel importers that are unassociated with the vehicle manufacturers, the sale and trade of vehicle parts and to develop a mechanism for certificating workshops. The Automotive Services Licensing Bill also allows brokers the possibility of importing up to 20 vehicles a year including vehicles that have already been registered overseas, and temporary regulations (until 2015) which allows a business or individual to import two vehicles a year for business or personal use.

Despite the MOT's efforts to reduce the cost of car ownership, it has been steadily on the rise in Israel. From 1999 to 2009 the cost has increased by 0.5%, and now averages NIS 1,458 (\$394) a month. Part of the reason costs are so high, are the high taxes on vehicles and gasoline, and the high cost of replacement parts and repairs. Despite OECD directives, taxes on new cars in Israel are among the highest in the world: 83% sales tax and 18% VAT, which industry sources blame as the main factor preventing the car market from reaching its full potential. In 2009, the GOI introduced tax incentives on imports of electric vehicles and hybrids in order to help reduce carbon emission gases, but in a move to raise declining state revenues, the Ministry of Finance has "raised the bar" on discounts allowed for more fuel-efficient 'green cars', meaning cars that previously qualified will no longer qualify under the new regulations, further raising the price of cars.

Israel's Innovative Automotive Technology Industry

Electronic components have become an increasingly significant part of a vehicle, having risen in the past 10 years from 10% to 40%. Originally developed for use in the aerospace and defense industries, Israeli companies have successfully adapted these

technologies to civilian use with groundbreaking automotive technologies. In recent years, Israel has invented a number of breakthrough technologies including specialized materials, advanced electronics, communication systems, driver awareness systems, automotive IT and security. More than 150 Israeli manufacturers supply systems, parts, modules and tooling to both original equipment manufacturers (OEMs) and to supplier Tiers, produce tool and production line systems, design and assemble buses and vehicles, manufacture after-market products, as well as developing advanced automotive technologies including innovative materials, advanced electronics and automation technologies, and clean tech initiatives.

Israel exports nearly \$1 billion worth of automotive parts and systems annually, many of which are utilized by leading manufacturers such as Daimler, Jaguar, BMW, VW, PSA, GM, MAN, Navistar, Renault-Nissan, FORD, Volvo, Chrysler, Scania, Fiat-IVECO, Toyota and Hyundai as well as to Tier 1 suppliers such as: Delphi, Bosch, Valeo, Autoliv, Faurecia, Johnson Controls and Magna Steyr.

Sub-Sector Best Prospects

[Return to top](#)

- Car security and anti-theft devices: anti-theft electronic systems, locking devices,
- Car body: bumpers, radiator grills, hood and trunk lids, wings, front and rear lamps (i.e. the parts most vulnerable in car accidents).
- Service parts: disc brake pads, shock absorbers, front suspension parts, filters for oil and lubrication, air conditioning parts,
- Replacement service parts: tires, fan belts, water hoses, water pumps, brake components, engine and transmission components, electrical components, undercarriage items that need replacing at the end of the warranty period.
- Vehicle accessories: car care products, polish, wax, upholstery spray
- Water-coolants (Glycol) for radiators
- Electronic accessories: TV screens for the rear seats, GPS systems, sound systems etc.
- Universal lubricants: well-known brand names of high-grade oils, lubricating, glycol, wax. The market demands well-known brand names.

Opportunities

[Return to top](#)

Partnering up with a reputable local representative who has excellent contacts in the industry, proven reliability, loyalty, technical suitability and after-sales service capability is a key factor to success in selling and maintaining a continued presence in the Israeli market. U.S. companies need to be aggressive in their pursuit of business opportunities and maintain an active in-country presence. The most common approach used by exporters is to obtain a local importer/distributor. Distributors will import on their own

account, carry sufficient stock to satisfy ongoing demand or to use for demonstration, maintain their own sales organization, supply spare parts and maintain a service division, if applicable.

Israeli importers are always on the lookout for quality products at competitive prices – usually in that order. For additional information, please contact Senior Commercial Specialist Alan Wielunski: email:alan.wielunski@trade.gov; Phone: +972-3-519-8526.

Web Resources

[Return to top](#)

Central Bureau of Statistics; Industry Sources; Israel Vehicle Importers Association; Federation of Israeli Chamber of Commerce

Intelligent Transportation Systems

Overview

[Return to top](#)

Intelligent Transportation Systems (ITS) is a broad-based term that describes a wide range of communication and computing technologies used to improve various transportation systems. Innovation in ITS is moving Israel towards an all-encompassing computer coordinated transportation system that will improve every source of transportation, from trains to roads, buses and even bike paths. Not only do these improvements make transportation more convenient and efficient, but also allow increased safety. Improvements in traffic management, driver assistance technologies, navigation aids, freight management dispatch systems, information for multi-modal transport users, rescue systems and environmental management provide users with significant reductions in total costs and travel time and increased safety. In 2010, Israel adopted the US standard for ITS architecture which is expected to take 10 years to fully implement across all transit authorities operating in the country.

Total planned transportation infrastructure spending in Israel is planned to reach \$16 billion in the medium term (2008-2015). Highway spending alone could reach approximately \$6.4 billion over the next five years. In 2012, the Israel National Roads Company (INRC) embarked on the development, implementation and operation of a national traffic management system as part of its comprehensive traffic management program in order to proactively manage the road network, optimize existing capacity, reduce congestion, enhance safety and improve air quality. ITS spending by the Israel National Roads Company (INRC) may reach as high as \$40 million.

Sub-Sector Best Prospects

[Return to top](#)

Roughly 40% of the ITS budget is allocated to procuring hardware components such as cameras, electronic signage and detectors. This product group alone is expected to reach \$18.6 million in the next five years.

Opportunities

[Return to top](#)

U.S. manufacturers of ITS products and services are encouraged to take advantage of the opportunities in the Israeli market. For additional information, please contact Senior Commercial Specialist Alan Wielunski: email:alan.wielunski@trade.gov; Phone: +972-3-519-8526.

Web Resources

[Return to top](#)

[Israel National Roads Company](#); [Ministry of Transport](#)

Telecommunications

Overview

[Return to top](#)

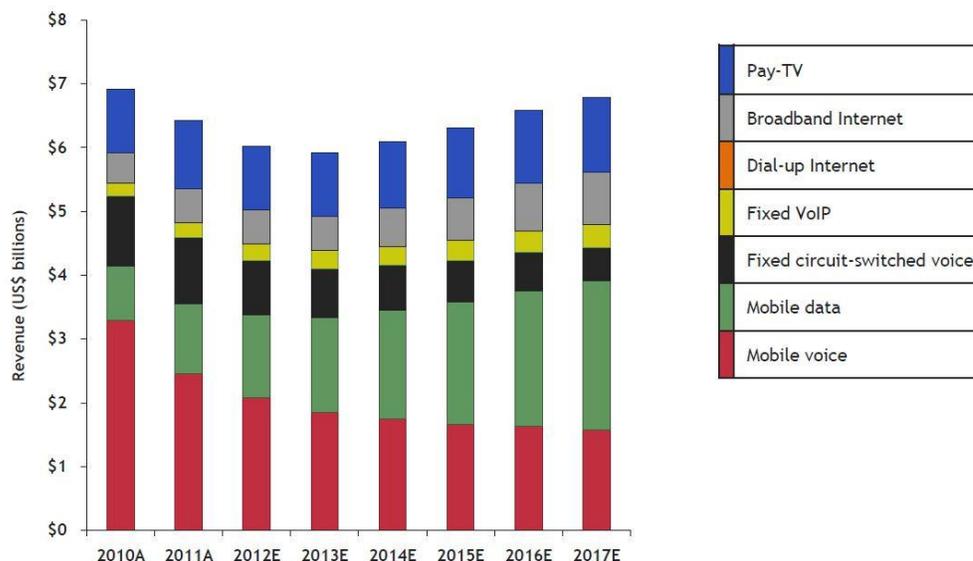
Israel possesses a well-developed telecommunications market characterized by high penetration and a significant number of service providers. Regulation remains the responsibility of the Ministry of Communication, which has been encouraging competition through various regulatory mechanisms. Several operators have been licensed to provide VoIP services, which are usually referred to as Voice over Broadband (VOB) in Israel. Fixed network operators are required to allow VOB licensees access to their networks. Israel's mobile network operators have been permitted to provide payTV services alongside their core mobile voice and data offerings.

Israel's telecom sector is a world leader in developing innovative technologies, systems and solutions for telecom providers and integrators. The Israeli mobile market has boomed after the launch of two new operators and a number of MVNOs. Overall, it's expected that mobile services will generate cumulative revenue of \$14.9bn between 2014 and 2018. Israel possesses an extremely competitive market served by five mobile network operators, Partner, Cellcom, Pelephone, Golan Telecom and Hot Mobile, as well as number of Mobile Virtual Network Operators (MVNO)s. Strong competition is evident due to the range of competing mobile products that offer unlimited voice and text, full mobile number portability and regulatory barriers that prevent operators from linking sales of handsets to services or offering discounts to customers that commit to longer periods. Strong competition has led to operators focusing on mobile data and content opportunities as well as on costs, resulting in a number of infrastructure sharing agreements

Israel has the highest Internet penetration in the region, and fixed broadband is expected to remain strong, with the penetration rate growing from 25% to 26% of the population during this forecast period. Broadband growth will be driven by the popularity of bundled services; VDSL will remain the leading technology.

Growth in the market will rely on a combination of new services and networks rather than increasing number of subscribers. Over the next three years, the majority of growth in the Israeli telecom market will arise from fixed and mobile broadband, VoIP, and payTV. "As the ability to offer multiplay services becomes more important in the Israeli market, operators look for mergers or partnerships that will allow them to expand their product ranges. Looking forward, the market is expected to grow as a result of demand for data and data-related services.

ISRAEL COMMUNICATIONS MARKET REVENUE, 2010-2017



Sources: Pyramid Research, operators

Sub-Sector Best Prospects

[Return to top](#)

Strong competition in the Israeli mobile market has led operators focusing on mobile data and content opportunities as well as on costs, resulting in a number of infrastructure sharing agreements. Israeli mobile operators Cellcom, Pelephone and Golan Telecom have announced a 15-year agreement to construct and operate a shared LTE 4G radio network.

Hot Telecommunication Systems and Partner Communications (which operates in Israel under the Orange brand name) signed a similar agreement. These agreements will have to receive the approval of the antitrust commissioner before going into effect. Israel currently lacks a 4G network, with mobile users sufficing with 3G mobile broadband service with slower data transfer rates.

Cellcom is Israel's market leading operator with 3.1 million subscribers as of September 2013, according to Informa's WCIS Plus. It is trailed by Partner Communications and Pelephone, with 2.9 million and 2.7 million subscribers respectively. HOT Telecom is with 323,000 subscribers and Golan Telecom who became the fifth operator to enter the market in 2012, claims 380,000 subscribers on its network.

The majority of Israeli households subscribes to cable or satellite TV, provided by HOT and YES TV respectively. Free-to-Air (FTA) programming is also available via a Digital terrestrial TV (DTTV) network. The Ministry of Communications is keen to break up the HOT/YES duopoly by introducing IPTV-based competition, with estimates that competition could reduce tariffs by over 60%.

Any new entrants will be going up against two strong pay TV operators. Both HOT and YES have carved out a considerable market segment (according to IHS data by the end of 2012 the cable operator HOT controlled around 40 per cent of the total TV market

while the satellite operator YES controlled around 26 per cent). They are both well-recognized brand names and IHS forecasts that their customer base will remain practically unchanged until 2017. The Digital Terrestrial Television (DTT) platform during the same period will experience a sustainable growth rate during the next five years. IHS data shows that around 500,000 DTT set-top boxes and integrated TV sets had been sold by the end of 2012 and that up to 250,000 households are watching DTT. These figures represent 12.6 per cent of the total TV market and forecasts currently suggest DTT penetration will reach 20 per cent penetration by the year 2017.

Opportunities

[Return to top](#)

Growth in the market will rely on a combination of new services and networks rather than increasing number of subscribers. Over the next three years, the majority of growth in the Israeli telecom market will arise from fixed and mobile broadband, VoIP, and payTV.

The demand for high-bandwidth applications such as HDVT and growing rates of internet data traffic have contributed to the telecom industry's most pressing need – bigger pipes. Issues such as networks management, providing support for new applications and creating innovative ways to better monetize subscribers and decrease OPEX are becoming critically important. These challenges provide substantial opportunities for Israel's thriving telecom sector.

Also, the Ministry of Communications reached an agreement with the Ministry of Defense to vacate frequencies which mobile carriers will use for 4G networks. The mobile carriers will need to have 4G frequencies, as their networks are overloaded. Industry sources believe that within a year, some networks are liable to stop functioning because of the demand for mobile Internet.

Nine years after the start of privatization, the government has sold its final remaining 0.97% interest in Bezeq; a Net Neutrality law covers fixed line ISPs as well as mobile operators; the Ministry of Communications is developing a wholesale market including Bitstream Access, lease of access segments, dark fibers, tubes, and transmission services.

The Israeli government's decision to force incumbent operator Bezeq to open wholesale access to its wireline infrastructure will catalyze investment and growth in the country's broadband sector. This will create much needed growth opportunities for mobile operators and ensure the telecoms market can keep up with the demands of Israel's vibrant IT market.

For additional information, please contact Commercial Specialist Sigal Mendelovich: email: sigal.mendelovich@trade.gov; Phone: +972-3-519-8525.

Web Resources

[Return to top](#)

[Ministry of Communication](#)
[Israel Association of Electronics & Software Industries](#)
[IATI](#)

Semiconductors

[Return to top](#)

Overview

[Return to top](#)

Israel has been recognized as a leading player in the semiconductor industry for many years. Currently there are five active semiconductor manufacturing plants (fabs) in Israel, three of which belong to Intel, and Tower/Jazz maintains the remaining two fabs. The annual revenues for the Israeli semiconductor industry totaled about \$5 billion in 2013. (Figures for 2014 are not yet available).

Israel is well-known for its semiconductor design centers (fab-less) and R&D facilities. It ranks third after USA and Taiwan. There are approximately 150 local companies developing chips in Israel, employing more than 20,000.

There are many multinational semiconductor companies present in Israel, including Freescale Semiconductor, Infineon, Vishay, Zoran, Texas Instruments, IBM, Marvel, SanDisk, Applied Materials and KLA-Tencor.

Sub-Sector Best Prospects

[Return to top](#)

In 2014, Israel ranked 13th for U.S exports of Semiconductor Manufacturing Equipment with a value of \$26 million. As indicated in the below chart, the export data fluctuate from one year to another, as a result of equipment upgrades or construction of a new fab



Opportunities

[Return to top](#)

The U.S. remains the top exporter of semiconductor manufacturing equipment to Israel with a value of \$65 million. The chart below shows a drastic increase of imports 2011 - 2012 mainly due to Intel upgrading its fabs. Intel is considered to be the key player in the semiconductor industry in Israel and has invested nearly \$10.8 billion in the industry since 1974. Currently, Intel is considering investing approximately \$6 billion in upgrading its Kiryat Gat fab facility.

Israel Import of Semiconductor Manufacturing Equipment – 2014

(Value: \$Mil)

Country	2008	2009	2010	2011	2012	2013	2014
United States	595	94	93	395	235	91	65
Germany	34	19	21	54	37	27	24
Netherlands	71	10	16	196	180	33	17
Japan	412	59	24	814	480	30	14
Singapore	6	2	22	100	63	14	11
Switzerland	2	3	1	7	13	11	10
Slovenia	0	0	0	0	0	3	7
Taiwan	2	2	2	3	3	7	6
China	0	1	1	3	3	3	5
United Kingdom	3	3	10	4	4	2	4

For more information please contact Commercial Assistant, Christina Azar at Christina.azar@trade.gov; +972-3-519-8524

Web Resources

[Return to top](#)

United Nations COMTRADE Database; Israel’s Export Institute; The Israeli Semiconductor Portal and The Israeli Semiconductor Club Electronic Components (ELC)

Overview

[Return to top](#)

Industry experts predict that Israel’s electronic components industry, valued at more than \$1 billion showed only a modest increase in 2014. Most components are imported, integrated into various types of systems or subsystems and generally exported. Israeli companies purchase electronic components from Europe (44%), the U.S. (44%) and Asia (22%). Companies outsource their purchasing activities using subcontractors for supplying them with the components they need.

Israel’s leading sectors remain the defense and medical industry, which showed stability even in difficult times. Sectors that are showing a healthy recovery are the solar energy and safety & security market. There is an increased demand for passive components and RF.

Israel is a major importer of electronic components. Total imports totaled \$970 million, with nearly 30% coming from the U.S. Although the U.S. remains one of Israel’s main components suppliers, Asian companies are proving tough competitors. Numerous multinational corporations have also taken advantage of Israel’s technical expertise by establishing R&D facilities and manufacturing plants in the country. These include

Applied Materials, General Electric, HP, IBM, Intel, Microsoft, National Semiconductor, Jabil and Vishay.

There are three key points that influence competition in the Israeli electronic components market:

▪**Product's technical features** - Demand for the most updated innovative technologies components is very high. Israeli companies always look for components that can enhance their products' technical features.

▪**Technical support** - Providing technical support is very important for the Israeli customer. Bad technical support assistance has negative influence on recurring purchasing decisions.

▪**Price** - When quality is not an issue, Israeli companies prefer to purchase cheap components from Asian countries. That is the case of mass production. Prices of electronic components imported from the U.S. are more expensive and therefore local companies tend to purchase American components when they need to produce reliable systems for defense, safety and security systems.

Sub-Sector Best Prospects

[Return to top](#)

As a developed technology market, Israel is always looking for innovative technologies and components to enhance product technical features. Developments in the Israeli telecom, defense and homeland security markets have had a positive effect on the increased demand for electronic components. Israel's purchasing nature is based on two main factors, price and technical support.

Opportunities

[Return to top](#)

Israel offers opportunities for U.S. exporters of active components, RF & microwave, power amplifiers and semiconductors. There are a large number of Israeli companies that represent U.S. firms in this sector, always looking for new-to-market U.S. companies with good service and competitive prices that they can represent. For additional information, please contact Commercial Specialist Sigal Mendelovich: email: sigal.mendelovich@trade.gov; Phone: +972-3-519-8525.

Web Resources

[Return to top](#)

[Israel Association of Electronics & Software Industries](#)
[New-techonline](#)

Energy

Overview

[Return to top](#)

Since 2009, Israel has discovered over 800 Billion Cubic Meters (BCM) of offshore natural gas. U.S. energy company Noble Energy and its local partners are supplying gas from the Tamar field. The future of the Leviathan field and Israel's ability to develop the potential of its natural gas resources will depend on the final review by the Israeli

government and legislators of the regulatory framework for the natural gas sector and on the energy companies' ability to find reliable export partners for the gas.

Israel plans to use the gas to leverage the development of a gas-based auxiliary industrial sector. The country is rapidly developing a gas based electricity sector and the regulator has issued dozens of licenses for IPP's including combined cycle plants. The government is awaiting the conclusion of an economic feasibility study regarding the use of gas for the transportation sector including the construction of a GTL plant and the production of methanol. There are opportunities for engineering consulting services in pipeline infrastructure development, and in training and education.

Electricity

Israel Electric Corporation (IEC)

IEC is Israel's state-owned electricity utility company. The company owns, maintains and operates 17 power stations sites, including 5 sites for steam driven power stations, and the national transmission and distribution systems. At the end of 2014, Israel's installed generation capacity was 15,663MW, [IEC supplying 13,617 MW](#), and private producers 2,046 MW. IEC's transmission & transformation and distribution networks require significant upgrades.

The government is in negotiations with IEC's management and labor union for breaking up the company into separate profit units. As a state-owned company, IEC is included in Israel's WTO/GPA agreement requiring it to use public tender procedures. While some projects are tendered out in open tender procedures, in most cases, a selective tendering process requires potential suppliers to pre-qualify to be included in IEC's approved suppliers' list.

Independent Power Producers (IPP) and Cogeneration.

The Electricity Law provides the framework for the increase of IPPs from less than 0.5% to 20% of Israel's installed generating capacity. With the ongoing construction of the natural gas transmission and distribution networks, some major industries have been connected or will soon be connected to the gas supply. The Public Utility Authority for Electricity has granted dozens of conditional generation licenses for stand-alone and combined cycle IPP's to produce over 4,000 MW. Major stand-alone IPP's have come on-line, i.e. 450-megawatt OPC combined cycle power station in Rotem became operational in July 2013, the 840 MW Dorad plant near Ashkelon in the summer of 2014, and the 870 MW Dalia Power Energies IPP at Tzafit will start supplying electricity in the near future.

The large number of smaller, combined cycle projects in various planning stages offers good opportunities for U.S. manufacturers, in particular of cogeneration equipment.

Renewable Energy

In 2009, the Israeli government established a target for renewables to reach 10% of the country's generating capacity by 2020. The local industry, in particular the solar sector, started to grow at a faster pace, focuses mainly on small and medium-size prospects. In May 2015, renewables accounted for 4.5% of Israel's electricity production. Bureaucratic bottlenecks, cumbersome regulations, and lack of land are often cited as factors explaining a lower than expected use of solar energy.

Israel has numerous technology firms developing renewable energy technologies. Many of these companies are focused on markets outside of Israel. US-Israeli cooperation and joint R&D in the renewable sector is growing. The [BIRD Foundation](#) provides a good platform for joint U.S.-Israel commercial R&D in renewable energy and energy efficiency. The bi-annual [Eilat Renewable Energy conference](#) and exhibition offers an opportunity for U.S. renewable energy companies to present their technologies, and network with Israeli companies and government officials.

Natural Gas Pipelines

The state owned [Israel Natural Gas Lines company](#) (INGL) is the owner and operator of the national pipeline transmission infrastructure, the trunk line. Six private and public companies are holding regional franchises to build and operate distribution networks to connect industries to natural gas pipeline networks. With extensive investment in pipeline construction, there are ongoing opportunities for U.S. equipment suppliers and engineering consultants.

Sub-Sector Best Prospects

[Return to top](#)

Electrical Power Generation, Transmission and Distribution Equipment; Pipeline Equipment and Consulting Services

Opportunities

[Return to top](#)

Israel Electric Corporation is operating under an emergency plan, making substantial investments in upgrading and maintenance of its generation, transmission and distribution systems. To meet projected future electricity demand, Israel Electric is investing almost \$3 billion annually. IEC has also been tasked with the development of Israel's smart grid. Good opportunities exist also for IPP's and cogeneration. Israel remains a good market for U.S. suppliers of equipment and services to the energy sector. Opportunities also exist for pipeline engineering and consulting services to the recently awarded franchisees.

For additional information, please contact Commercial Specialist Irit van der Veur: email: irit.vanderveur@trade.gov; Phone: +972-3-519-7540.

Web Resources

[Return to top](#)

[Israel Electric Corp.](#)
[Ministry of Energy and Water Resources](#)
[Israel Natural Gas Lines company](#)
[BIRD Foundation](#)

Homeland Security

Overview

[Return to top](#)

Israel is a well-developed and sophisticated market for homeland security (HLS) equipment and services. Israel's security-awareness and high level of preparedness are the driving forces for the development of the country's cutting edge security industry. This is one of Israel's high-growth export industries. Israel has some 600 exporters of security technologies and services, including many integrators and service providers. The HLS industry's annual sales of equipment and services are estimated at \$1.5 billion, with exports exceeding 70 percent. Imports are an estimated \$1.2 billion, with almost 50% U.S. market share. Some of the HLS industry is considered part of the defense sector. According to Israel's MOD, in 2014, military exports totaled some \$5.6 billion, down from \$6.5bn in 2013.

Sub-Sector Best Prospects

[Return to top](#)

Biometric solutions, cyber security, non-lethal weapons, sensors.

Opportunities

[Return to top](#)

Israel is an attractive market for U.S. manufacturers of high-end equipment and of components that can be integrated into Israeli systems. Israeli manufacturers are important end-users of imported security equipment and components that are integrated into locally produced for-export security systems. In addition, many of the homeland security systems are sold to the Israel Ministry of Defense and Israeli defense industries. These procurements are often made with Foreign Military Funding (FMF) or Foreign Military Sales (FMS), giving an advantage to U.S. manufacturers. U.S. suppliers dominate the imports with almost 50% market share.

The total imports of homeland security equipment and services are estimated at \$1.2 billion. Good opportunities exist for sophisticated equipment used in homeland security applications. U.S. security equipment, which enjoys an excellent reputation in Israel due to its high reliability, is often used for sensitive applications, by high-security industries and for key infrastructures and installations. The market offers good opportunities for U.S. exporters of high quality and sophisticated detection and screening systems, CCTV, sensors, biometric solutions, x-ray systems, non-lethal weapons, etc. U.S. exporters should take into account that their products may be re-exported. U.S. companies that want to participate in this sector should be knowledgeable of U.S. export control regulations.

For additional information, please contact Commercial Specialist Irit van der Veur: email: irit.vanderveur@trade.gov; Phone: +972-3-519-7540.

Web Resources

[Return to top](#)

[Israeli Export and International Cooperation Institute](#)
[U.S. Department of Commerce Export Control Regulations](#)
[U.S. Department of State Export Control Regulations](#)

Aerospace

[Return to top](#)

Overview, Opportunities and Challenges

[Return to top](#)

Israel's well-developed aerospace sector is a blend of military and commercial. Its ties with the U.S. industry are strong and well developed. Through the large USG Foreign Military Funding/Sales program in Israel, exceeding \$3 billion annually, most major procurements for the Israel Air Force originate in the USA. The Israel Air Force (IAF) is in the process of a staggered replacement of its F-16 fleet of fighter aircraft, and a helicopter procurement plan is under consideration. The deliveries of the first 19 F-35's are scheduled to begin in late 2016. Israel's national carrier El Al flies an all-Boeing fleet and plans to purchase and lease 15 Dreamliner wide-bodied 787-8 and 787-9 planes for delivery in mid-2017, with an option for an additional thirteen.

The industry is dominated by three defense electronics companies, [Israel Aerospace Industries \(IAI\)](#), [Rafael Advanced Defense Systems](#) (both parastatals) and publicly-owned Elbit Systems. The major companies have a diverse portfolio of products and services, including space and airborne reconnaissance systems, radar systems, UAVs, avionics and electro-optical systems. They produce structural components and parts and operate MRO and upgrade facilities. In addition, there are several hundred SME's active in the sector. Israel has a space research program with scientific and commercial goals and has developed indigenous launch capabilities. In addition to serving the needs of the Ministry of Defense (MOD), the Israeli aerospace industry is strongly export driven, with approximately 80% of its production destined for overseas customers.

Customization of new military aircraft by the local industry is an important consideration in the procurement process. The local industry also benefits from Israel's offset program administered by the [Industrial Cooperation Authority](#) at the Ministry of Economy. U.S. Export Control requirements are considered a serious challenge by local manufacturers procuring components that will be integrated in systems for export to third countries.

U.S. exporters are strongly recommended to appoint a local representative to introduce their products and services to the Israeli industry and the Israel Air Force, provide business development services and after sales support. The [Israel MOD's procurement office in New York City](#) coordinates with the [Defense Security Cooperation Agency](#) on MOD procurements in the USA financed by the US Government. MOD's International Defense Cooperation Directorate Sibat publishes a [directory of the Israeli defense industry](#) that is a useful tool for U.S. exporters.

For additional information, please contact Senior Commercial Specialist Irit van der Veur, email: irit.vanderveur@trade.gov; Phone: +972-3-519-8523.

- You can click through to the [U.S. Department of Agricultural \(USDA\) comprehensive Exporter Guide](#) for U.S. agricultural companies

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

Under the United States-Israel Free Trade Area Agreement (FTA), signed in 1985, the United States and Israel agreed to implement phased tariff reductions, culminating in the complete elimination of duties on all products by January 1, 1995. Most tariffs between the United States and Israel have been eliminated as agreed, although tariff and nontariff barriers continue to affect U.S. agricultural exports to Israel.

As part of the FTA, to benefit from zero customs duties, U.S. exporters are required to state the value of the U.S. content of shipment as a percentage of the ex-factory product price, on a "Certificate of Origin for Exports to Israel" (CO). Exporters should carefully read the instructions before signing the CO. Exporters can verify if the form they are using is correct by contacting the U.S. Embassy in Israel at: yael.torres@trade.gov. Correct CO forms can be obtained from an [America-Israel Chamber of Commerce](#) and from UNZ & Company, www.unzco.com

Israel's Import Tariff classification is based on the Harmonized System (HS) Code. [Israel's Customs and Purchase Tax Tariff is the main instrument used for the classification of goods](#). The correct classification of goods is the key to determining tax rates, as well as obtaining various authorizations, permits and licenses, and all other conditions of importation, in accordance to the applicable laws, regulations and instructions. We recommend contacting a professional customs broker for consultation since classification of goods requires professional knowledge. Israeli Customs provide free pre-ruling classification information (under Commercial Import Taxes). A request should include a detailed description of the goods, a catalog with the technical information and/or any other relevant information. In addition, Customs may also require a sample of the material/product, lab testing results, authorizations from institutes/authorized government agencies, import license and any other documents as required by the specific Customs Department.

In 1996 the United States and Israel signed an Agreement on trade in Agricultural Products (ATAP), establishing a program of gradual and steady market access liberalization for food and agricultural products.

Tariff on Food and Agricultural Products

According to the Israeli Customs Authority, 35 percent of total agricultural and food imports enter Israel duty free, while 44 percent are subject to an import tariff of 20 percent or lower.

Israel, Select Import Tariff Rates, 2013

Import Tariff	Products	Percent of Total Imports*
Exempt	Fish, calves for fattening, frozen beef, vegetable oils, pasta, cocoa, sugar, couscous, spices, cereals, coffee, tea, concentrated juice for the juice industry, seeds, and dried fruits.	35%
Below 20%	Fish, <i>foie gras</i> , flowers, frozen vegetables, nuts, fresh fruit types, processed fruits and nuts, spices, cereals, flour, potatoes, dried vegetables.	44%
20%-40%	Cheese substitutes, processed vegetables, fish, most kinds of fresh fruit and vegetables, tuna, juices.	11%
40%-60%	Lamb meat, processed meat (sausages), cheeses, fresh fruit and veg, olive oil, processed vegetables, juices.	4%
60%-80%	Fresh fruits and vegetables, cheese.	2%
80%-100%	Garlic, honey, fish varieties found in Israel, fresh fruit and veg.	1%
100% +	Dairy products (e.g., butter), fresh beef, live goats.	3%

Source: The Kedmi Committee Report.

*Percent of Total Imports – e.g. Exempt – 35% of all food and agricultural imports to Israel are duty free

Total imports of food and agricultural products to Israel totaled nearly \$5.7 billion in 2014, a 3.7 percent increase compared to 2013. The EU remains Israel's main trading partner with a 38 percent market share, while the U.S. captured nearly 12 percent. U.S. food and agricultural exports to Israel totaled \$667 million in 2014, up 10 percent from 2013. In 2014, imports of U.S. processed foods increased 18 percent from 2013, to \$261 million. The increase is attributed to a competitive U.S. dollar, as well as a growing consumer interest in U.S. products. However, due to significant strengthening of the U.S. dollar against the Euro and other currencies, it's likely that imports of U.S. goods will slowdown in 2015.

Imports of Agricultural and Food Products in to Israel

\$ Million	Total		U.S.		EU		U.S. Share in 2014
	2013	2014	2013	2014	2013	2014	
Live Animals & animal Products (HS 1-5)	1027.2	1038.9	22.8	21.8	174.9	183.4	2.1%
Vegetables Products (HS 6-14)	2043.3	2133.0	352.0	377.0	568.1	553.6	17.7%
Animal and Veg. Oils (HS 15)	212.7	188.4	12.3	7.8	97.5	86	4.1%

Prepared Foods (HS 16-24)	2204.4	2331.5	220.4	260.9	1223.7	1339.4	11.1%
Total	5487.6	5691.8	607.5	667.5	2064.2	2162.4	11.7%

Source: CBS

Tariffs: Although none of its tariffs exceed the WTO bound rate, Israel originally opted for the designation “developing economy” in its WTO country accession proposal. This allowed the “tarification” of many non-tariff barriers for food and agricultural products to be set at an exceedingly high level, forcing importers to pay prohibitive duties on out-of-quota imports of U.S. food and agricultural products.

Tariff Rate Quotas: While Israel conforms to its TRQ commitments under the ATAP, there is room for improvement. Quotas allocated under the U.S.-Israel FTA have inherent deficiencies that go unfilled. Israel’s nontransparent administration of its TRQ system results in uncertainty among importers, hampering U.S. exporters’ ability to effectively utilize available quota volumes. Some of the problems include a lack of data on quota fill rates, small quota quantities that make transactions commercially unviable, and the difficulty in obtaining licenses for within-quota imports.

The list of products under TRQ is divided between the Ministry of Agriculture (MOAG) and the Ministry of Economy (former Ministry of Industry, Trade and Labor – MOITAL). The MOAG is responsible for quota allocation for fresh fruits and vegetables, dried fruits, live animals, seafood, and table eggs for industrial use. The Ministry of Economy is responsible for all other processed foods, including meat, powdered milk, cheese, and wine. The ministries are required by law to keep at least part of the quota available for new importers, many of whom are inexperienced. Due to the need to allocate the limited quotas to as many people as possible, the shares are relatively small, which in many cases makes it impossible for an importer to arrange a shipment at reasonable prices. To overcome this, importers apply for quotas under different company names in order to procure a commercially viable shipment.

Israel allocates quotas with a validity of three-six months in order to better control importers’ quota utilization; non-utilized quotas are re-allocated mid-year. However, the list of un-utilized quotas is not open to the public, and the remaining quotas are re-allocated according to formulas that are often not transparent. Additionally, the government of Israel (GOI) manages the Palestinian Authority’s quotas, which are also under-utilized due to the same bureaucratic factors. The United States should ask Israel to provide information more transparency on Palestine’s quota allocation system so that these can be effectively utilized.

Parallel imports: On May 18, 2014 one of the [Locker committee’s main recommendations](#) regarding opening the market to parallel imports was approved. This should lower consumer costs, and increase the variety of food products in the Israeli market.

In general, Israel offers a good commercial environment for U.S. companies. The United States-Israel Free Trade Agreement (FTA) has eliminated almost all tariffs, leaving Israel's agricultural sector as the only one with substantial barriers. The FTA also provides for a joint committee comprised of representatives from both countries to review the functioning of the agreement. Israel is a member of the World Trade Organization (WTO).

In 1996 the FTA was expanded to include the Agreement on Trade in Agricultural Products (ATAP), establishing market access liberalization for food and agricultural products. In the last revision of the ATAP in 2004, Israel commits to improve its administration of tariff-rate-quotas (TRQ), including engagement in regular bilateral consultations. However, the mid-year reallocation of unutilized quotas by the Israeli Quota Administration remains problematic, which are being addressed by the 2014 ATAP negotiations, however, these are currently in hiatus. In the interim, both parties have agreed to extend the current ATAP. Although, 90 percent of U.S. agricultural products enter Israel duty- and quota-free, the remaining product tariff lines (mostly value-added consumer goods) face a complicated, non-transparent TRQ system, and high tariffs. Notably, there is a lack of quota fill-rate and license allocation data.

Under the agreement, Israel permits free access to a long list of food products and duty-free access for certain quantities of a list of U.S. products under tariff rate quotas (TRQ). American exporters and Israeli importers, however, complain that these TRQs provide an insufficient duty-free quota for many fruits and other products, and very high tariffs on imports above quota. Israel excludes most of US fresh vegetative products, on phytosanitary grounds. Israel has revised its phytosanitary restrictions and requirements making them consistent with WTO requirements.

The U.S. Embassy in Tel Aviv is very actively pursuing much-needed improvements in the export and investment climate for U.S. firms in Israel. These efforts are focused in three specific areas: incorporating technical standards in Israel that do not discriminate against U.S. products, protecting intellectual property rights, and establishing greater transparency in Israel's public procurement process. For further information about how these issues may affect your export prospects in Israel, please contact the Commercial Service in Israel.

Regarding intellectual Property Rights, while there has been improvement in the level of illegal production, importation, and sale of copyrighted and trademarked goods, problems still exist. For more details, see "Intellectual Property Rights, in Chapter 6, "Investment Climate Statement."

Import Requirements and Documentation

[Return to top](#)

All administrative import licensing requirements for U.S.-made consumer and industrial goods have been eliminated under the FTA, excluding the requirements for most food and agricultural products. In the case of products for which there is a TRQ, the Ministry of Agriculture or the Ministry of Economy (previously Ministry of Industry, Trade & Labor) issues a license, which either totally exempts the bearer from duty or grants a reduction in customs duty on the quantity indicated in the license. Importers wishing to bring in goods without availing themselves of the TRQ are not required to obtain a license. All imported agricultural and food products must carry a health certificate or an import

license for veterinary, phytosanitary or public health reasons. The Israel Veterinary Services (IVS), the Plant Protection and Inspection Services (PPIS) and the Food Control Service (FCS) of the Ministry of Health issue these licenses, respectively. Please contact Agricultural Specialist Yossi Barak for more details at yossi.barak@usda.gov.

U.S. Export Controls

[Return to top](#)

U.S. exporters to Israel must follow U.S. Government requirements regarding export control documentation for sensitive U.S. technology exports, e.g. high technology, defense related equipment and technologies and weapons for chemical and biological warfare. For information on this subject contact the U.S. Department of Commerce Bureau of Industry and Security, Internet web site: <http://www.bis.doc.gov/>, the Trade Information Center at 1-800-872-8723 or the [U.S. Department of State Directorate of Defense Trade Controls \(DDTC\)](#)

Although Israel is not a signatory to the Wassenaar Arrangement, it has adopted the Wassenaar list of dual-use items subject to control. As of January 1, 2007, the [Ministry of Economy's Chemistry Administration](#) is responsible for the administration of Israel's dual-use export control system. MOE works closely with Ministry of Defense (MOD)'s [Defense Export Controls Agency \(DECA\)](#). DECA administers Israel's defense-related export controls.

Israel's defense industries are export-driven, with 75-80% of the production destined for export to global markets. Many U.S.-made items are integrated into Israeli defense products. Re-exports of U.S. technologies from Israel to third countries require the Israeli exporter to disclose the identity of his foreign customer and to obtain an end-user certificate. This requirement poses a challenge for the U.S. exporter of sensitive defense equipment to sell to the Israeli defense industry.

Temporary Entry

[Return to top](#)

Temporary entry of U.S.-made goods is possible with an "ATA Carnet" issued by a U.S. Chamber of Commerce or through payment of a deposit, reimbursable upon re-export.

Labeling and Marking Requirements

[Return to top](#)

Israel has strict marking and labeling requirements that frequently differ from those of other countries. U.S. exporters should consult with their Israeli importer prior to shipping any product that will be offered to the local market. The Food Control Services (FCS) of the Ministry of Health is enforcing the labeling regulations Embassy Tel Aviv is working with the Ministry to try to resolve any discrepancy.

All imports into Israel must have a label indicating the country of origin, the name and address of the 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 added provided the printed letters are no larger than those in Hebrew. Nutritional labeling is compulsory on all packaged foods. For more information on marking and labeling requirements, see the information in [FAIRS report](#) or please contact Agricultural Specialist Yossi Barak for more details at yossi.barak@usda.gov, Tel: 972-3-519-7686.

Commercial production of biotech crops is not allowed in Israel. However, this situation is expected to change in the next 2-4 years, as the Israeli Plant Protection and Inspection Services (PPIS) has briefed the Israeli Ministry of Agriculture on the safety and benefits of the technology. Currently, there is no regulation concerning the labeling, importation or use of biotech agricultural products in Israel. The local food and livestock feed industries use biotech derived feed ingredients for the production of food and feed, mainly corn and soybean. In CY 2014, Israel imported approximately \$190 million of U.S. soy, soybean meal, and distillers dried grains with soluble. Although no labeling requirements for imported biotech food products currently exist, the Ministry of Health has drafted regulations to the effect, and are expected to be introduced in 2015 or 2016. Products having ingredients in excess of 0.9 percent from biotechnology will need to declare it on the label. Additionally, the Israeli Food Control Services of the Ministry of Health will publish regulations on "novel foods", also relating to food with biotech

content, which, if rigorously enforced, may increase the cost to importers and consumers. To mitigate any negative impacts on U.S. exports, the USG submitted WTO comments on the proposed regulation, and is establishing a bilateral technical dialogue with Israeli's Food Control Service to address the concerns with the draft regulation. Under the regulation, the Ministry of Health is drafting a list of genetically engineered crops that are imported into Israel for direct consumption or for use in the food industry. The products under this list will not require to be approved as novel food items. However, if a product which contains a biotech-derived ingredient and is not included in the Food Control Services list, then it must go through a risk assessment process at the Ministry of Health to be approved for importation.

Israel's main export market for food is Europe where consumer concern over GMO is considerable. Thus, many Israeli raw material importers require an exporter's declaration that the product is GMO free.

Marking should be done by printing, engraving, stamping, or any other means, on the package or the goods themselves. If marking is not possible, a label should be well sewn or stuck to the goods or package. Marking details should be clear, legible and in a different color from the background in order to be clearly distinguishable. Printing dyes and other marking materials should not affect merchandise quality. The marking should not be blurred. On a multi-layered package, the external layer should be marked. If the external layer is transparent the marking should be done underneath that layer, provided it is still clear and legible. On a package containing sub-packages, the labeling should specify the number of such sub-packages, the net content of a sub-package, and the overall net weight of the package. An aerosol container should indicate the net quantity weight unit for semi-solid or powder products, and volume unit for liquids. For products that tend to lose weight under regular marketing/commercial conditions, the maximum quantity of expected depletion should be mentioned.

Specific labeling regulations apply to some consumer goods, paper products, handbags, musical recordings, fertilizers, insecticides, chemicals, pharmaceuticals, some food products, seeds, and alcoholic beverages. Outside and inside containers of dangerous articles, such as poisons, insecticides, drugs, flammable goods, ammunition, explosives, reptiles, insects, bacteria and radioactive materials should be clearly marked.

U.S. exporters of auto parts to Israel are concerned about a Ministry of Transportation requirement that they affix "Made in the USA" labels to their product before entry into Israeli Customs territory. Most U.S. auto parts manufacturers label their parts as being "Assembled in the USA," required by the U.S. Federal Trade Commission for domestic parts that contain some portion of foreign content.

Prohibited and Restricted Imports

[Return to top](#)

Israel maintains restrictions on imports of agricultural and food products the government considers to be economically sensitive and subject to agricultural policy considerations. U.S. meat exports face an especially difficult environment due to a ban on beef meat due to veterinary restrictions and for kosher requirements. Waiving the ban on imports of live cattle and beef meat and products is under advanced discussions. Post estimates the market will be opened to U.S. beef meat by the end of 2015.

Since 1994, Israel has maintained a ban on imports of all non-kosher meat products. However, GOI permits domestic production, sale, and consumption of non-kosher beef (including pork); 95 percent of all meat products produced in Israel are nonetheless kosher. With the exception of beef, poultry (including turkey) and their products, as well as mutton, there is no legal requirement that imported food be kosher. However, non-kosher food products have a much smaller market share as the large Israeli supermarket chains and hotels refuse to carry them.

New Possible Kosher Food Certification System in Israel - Economy Minister Bennett announced plans on February 3, 2014 to “revolutionize” Israel’s kosher food regulations and to introduce a three-tier system that aims to make certification easier for restaurants and its customers and kashrut supervisors will be employed by external companies. The changes aim to eliminate a conflict of interest and restore public faith in the system of declaring food kosher. The reform in Kashrut, as part of the “Kashrut Law” was supposed to be implemented within 12 months from the Minister’s announcement, but due to changes in the government and political disputes in the government, Kashrut law is likely to be dropped from ministerial committee agenda. Kosher certifications for businesses in Israel are awarded by local state rabbinic bodies, known as kashrut committees that are under the supervision of the Chief Rabbinate of Israel. Kashrut inspectors visit applicants and inspect their kitchens when preparing food to ensure they meet the Kashrut laws. However, the ultra-Orthodox community also operates a variety of stricter kashrut certification committees, known as the “Badatz”. Currently business owners pay the kashrut supervisor directly, which has been the cause of a conflict of interest in hiring supervisors. The plan is to establish independent companies, which will hire kashrut supervisors on behalf of the local religious councils, and then have them sent to supervise food operations on behalf of the company. Please contact Agricultural Specialist Yossi Barak for more details at yossi.barak@usda.gov, Tel: 972-3-519-7686.

Customs Regulations and Contact Information

[Return to top](#)

In order for U.S. exporters to qualify for preferential access to the Israeli market, a hard copy, green color Certificate of Origin (CoO) must accompany all shipments from the United States to Israel. The U.S.-Israel Free Trade Agreement (FTA) came into full effect in 1995. Under this agreement, American companies exporting to Israel can gain greater market access, reduce transaction costs, increase sales, enhance export revenues and become more competitive in the Israeli marketplace. The CoO is not mandatory but U.S. exporters are encouraged to present it to Israeli Customs in order to qualify for preferential tariff treatment. In addition, U.S. goods that are transshipped through third countries require a Certificate of Non-Manipulation from the customs authority of the third country, in order to qualify for the FTA preferential tariff.

Israeli Customs stringently enforces import documentation regulations, including the CoO for exports to Israel. Therefore, U.S. exporters should meticulously follow the advice given below and always double-check with the Israeli Customs clearing agent before the goods leave the United States to avoid potentially lengthy delays when the goods enter Israel. If the exporter is also the manufacturer the CoO does not need to be notarized or stamped by a Chamber of Commerce. Instead, the exporter should sign the declaration in box 11 of the certificate: "The undersigned hereby declares that he is the producer of the goods covered by this certificate and that they comply with the origin

requirements specified for those goods in the U.S.-Israel Free Trade Area Agreement for goods exported to Israel". The actual CoO forms are printed by a number of commercial printing houses in the United States. Please note that the aforementioned process is being reviewed for possible modifications and that the U.S. Commercial Service should be contacted for more information at [Certificate of Origin for Exporting to Israel](#).

Other Documentation

The Israeli Customs Services prefer that exporters use their own commercial invoice forms containing all required information including name and address of supplier, general nature of the goods, country of origin of the goods, name and address of the customer in Israel, name of the agent in Israel, terms, rate of exchange (if applicable), Israel import license number (if applicable), shipping information, and a full description of all goods in the shipment including shipping marks, quantity or measure, composition of goods (by percentage if mixed), tariff heading number, gross weight of each package, net weight of each package, total weight of shipment, price per unit as sold, and total value of shipment. The total value of the shipment includes packing, shipping, dock and agency fees, and insurance charges incurred in the exportation of the goods to Israel. The commercial invoice must be signed by the manufacturer, consignor, owner, or authorized agent. U.S. exporters should also double check with their freight forwarder, shipping company or importer to find out if any other documentation, including bill of lading and packing list, is required. It is imperative that these issues be addressed before the goods arrive at the Israeli port, to avoid any possible delays and storage fees.

Authorization Procedures for "Approved Exporter" Status

Potential candidates for "Approved Exporter" status are U.S. firms with total annual exports to Israel of at least \$20 million that have a clean record with the Israel Customs Services. Israel Customs will examine whether the manufacturer or exporter complies with the criteria and grant approval for "Approved Exporter" status. The approved exporter will be given an identity number to be stamped on all invoices. The approval is valid for six months, after which the exporter should receive an automatic extension from Israel Customs. If the exporter does not receive an extension notice he/she must terminate use of the approval. For more information please contact U.S. Commercial Service Commercial Specialist, Yael Torres, at yael.torres@trade.gov

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

[The Standards Institution of Israel \(SII\)](#) is the only statutory body in Israel that develops and establishes standards. Created by an act of the Knesset (Parliament), "The Standards Law of 1953" mandates SII's responsibility for the preparation, publication of technical specifications and standards for products and services, which are produced locally or imported. Today, the SII incorporates standardization, testing, conformity assessment, product certification, management system certification and training activities under one roof. It has laboratories in almost all technological areas, providing testing and inspection services to industry and commerce, as well as regulatory services to government. Overseeing the SII's policy is the Commissioner of Standards at the Ministry of Economy (formally known as the Ministry of Industry, Trade & Labor).

The supreme body of the SII is the General Assembly, comprised of 70 members from the following sectors: manufacturing, construction, commerce, services, trades, consumers, engineering associations, universities and government. The General Assembly annually elects a Board of Directors and President. The SII's Standardization Division coordinates the preparation of standards through the work of hundreds of standardization committees that include volunteer representatives from all sectors of the Israeli economy. The adoption of Israeli standards is voluntary, however, standards may be declared mandatory by the relevant government ministry in the interest of public health and safety or protection of the environment.

As the mandated national standards body, the SII represents Israel in two international standards organizations, the International Organization for Standards (ISO) and the International Electromechanical Commission (IEC). The SII has also become an affiliate of the European Committee for Standardization (CEN) and the European Committee for Electro technical Standardization (CENELEC), though it has not joined any technical committees.

Israeli legislation mandates the adoption of multiple, proven international standards whenever possible to maximize benefits to the Israeli consumer of a competitive market. Historically, Israel's standards policy has had clear preference for European standards. However, since May 1, 2014, the implementation date of a standardization reform bill, SII is required to recognize international standards and identify and adopt equivalent U.S. standards for 500 mandatory Israeli standards. Under the new law, conformity

assessment will be based on the following: manufacturer's declaration of compliance, conformity to relevant standard and approval by certified testing laboratory. The purpose of the new law was to greatly expand the Government of Israel (GOI's) recognition of international standards for imported products, including most U.S and European food and agricultural product standards. Under the new law the requirement for government inspections and testing will be eliminated, while moving to a system that provides broader recognition of exporter certifications for products that have met the production standards of the country of origin. After full implementation, the new standard regime should bring about significant growth in imports and lower prices through increased competition.

Although the new bill came into effect in May 2014, to date only 5 percent of the local standards are international, raising concerns regarding the timing of the full implementation of the reform.

A case in point, the Israeli Ketchup "Battle", in which the market leader, Osem-Nestle with 67 percent of the market share, is trying to outmaneuver its competitor Heinz, with 26 percent share. Osem-Nestle is claiming that Heinz's ketchup should not be labeled as such as it does not meet Israel's ketchup standard, although it's been imported and marketed in Israel since 1995. In January 2015, Osem-Nestle asked retailers to remove Heinz from their ketchup section, stating that Heinz ketchup only contains about 21 percent tomato concentrate, not the 61 percent tomato concentrate as required by Israel's standard. Osem's attack comes at a time when Heinz is increasing its marketing and operational activities for its line of products. Retailers have responded heatedly to Osem's latest push, and have refused to remove Heinz ketchup from their shelves. According to them, it's a decision that only the Ministry of Health can take, if it indeed finds that Heinz ketchup does not meet the Israeli standard. Heinz ketchup is known as ketchup in 130 countries and meets the ketchup standards of those countries.

Standards Organizations

[Return to top](#)

The [SII](#) is the sole organization that develops standards in Israel. On a yearly basis the SII prepares its work plan that includes a list of standards they plan to develop. Members of the various technical committees, as well as government ministries, provide input.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

The sole authority for conformity assessment in Israel is the SII.

SII operates product and system certification programs. Use of the Standards Mark is generally voluntary but Israeli law mandates that certain classes of products must be certified before they are sold. The Standards Mark program operates in accordance with EN 45011. To qualify for the Standards Mark, a product must conform to the requirements of the applicable standard or standards, and be manufactured in a plant with an approved quality assurance system, similar to ISO 9002.

The Standards Mark Board appoints technical committees of representatives from the public and private sectors in various technological areas, which meet regularly to evaluate the findings of the test reports and quality assessment reports. These committees report their findings to the Licensing Committee, which is responsible for granting or canceling a license.

Once a license is issued, follow-up inspections of the product and quality assurance review is performed. These inspections are performed by laboratory personnel and certified auditors. In addition, samples of the product are taken several times a year to insure continuous compliance of the product with the relevant standard or standards. In order to ease the process for foreign manufacturers wishing to enter the Standards Mark program, agreements have been reached with independent foreign testing and certification organizations to perform testing and inspection services on behalf of SII.

The SII has signed Mutual Recognition Agreements (MRA) with the following U.S. organizations:

Dept. of Defense	QPL AND QML for Electronic components
ETL	Standards Mark recognition - Electrical and energy products
FCC	Recognition
IAPMO	Hydraulic products Standards Mark
NSF	Food Safety, HACCP-9000, HACCP
UL	Mutual recognition in fields of: Electricity, electronics, hydraulics, mechanics, fire. Standards Mark supervision in fields of: Electricity, electronics, hydraulics, mechanics, fire

Accreditation

[Return to top](#)

The [Israel Laboratory Accreditation Authority \(ISRAC\)](#) is the only body in Israel, which is internationally and legally recognized to accredit testing and calibration laboratories according to ISO/IEC 17025 and to recognize laboratories in accordance with the OECD rules of Good Laboratory Practice (GLP).

The Government of Israel decided in its resolution No. 3778 from August 14, 1994 to set up a National Authority for the accreditation of testing and calibration laboratories (ISRAC) and empowered the Minister of Industry, Trade & Labor to implement this resolution as a voluntary scheme for laboratories wishing to be internationally recognized for their competence in testing. The law for the national accreditation authority (ISRAC) was passed in the Knesset in May of 1997.

ISRAC has accredited laboratories in the areas of food, water, cosmetics, pesticide chemistry, biology, microbiology as well as many calibration, engineering, construction laboratories NDT (non-destructive testing) and EMC (telecommunications).

Publication of Technical Regulations

[Return to top](#)

Technical standards are published in the official Israel Government Gazette in hard copy only and can be purchased in bookstores that sell legal textbooks or by subscription. Prior to publication, the Director General of the SII officially informs the relevant industry sectors of pending additions and amendments. U.S. entities can influence the content and adoption of technical standards through active participation at the technical committee level.

Labeling and Marking

[Return to top](#)

The Standards Institution of Israel operates a product certification scheme to assist consumers in identifying products conforming to Israeli Standards. For more information go to: http://www.sii.org.il/384-en/SII_EN.aspx

Contacts

[Return to top](#)

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Trade Agreements

[Return to top](#)

Israel has adopted a liberal import policy. In addition to its Free Trade Agreement (FTA) with the U.S., it has FTAs with Bulgaria, Canada, the Czech Republic, Hungary, Mexico, Poland, Romania, the Slovak Republic, Slovenia, Turkey, the European Union (EU), and EFTA (Iceland, Liechtenstein, Norway, and Switzerland). In 2011 a trade agreement has been signed with the MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay, and Venezuela) and an agreement with India is under discussion. Israel also has a preferential trade arrangement with Jordan and maintains a customs union with the Palestinian Authority. In late 2002, the European Union began imposing customs duties on goods manufactured by Israeli companies located in the Palestinian territories.

In 1997, Congress amended the law governing the U.S./Israeli Free Trade Agreement to enable the creation of so-called qualifying industrial zones (QIZs) with Jordan and Egypt. Jordan took advantage of this opportunity beginning in 1997. Under the agreement, products manufactured in Jordan enjoy duty and quota free access to the U.S. market if, inter alia, they contain a certain minimum percentage of Israeli inputs. As a result of the QIZ agreement, exports to the U.S. grew significantly. In 2001, Jordan and the U.S. signed a Free Trade Agreement which allowed duty free access to the U.S. for Jordanian goods, independent of Israeli content. The FTA eliminated the significance of the Israel-Jordan QIZ agreement in terms of joint Israeli-Jordanian manufacturing and exports to the U.S.

Egypt signed the QIZ agreement in December 2004. Egyptian products manufactured within a designated zone with 10.5% Israeli inputs may enter into the U.S. duty free. The Israel-Egypt QIZ celebrated its ten year anniversary this year and currently, exports to the United States under the program reaches nearly \$1 billion and consists mainly of textiles. A list of current Egyptian QIZ-eligible companies and zones can be obtained at <http://www.qizegypt.gov.eg>. All products manufactured in the Palestinian territories also may enter the U.S. duty free.

Web Resources

[Return to top](#)

[Ministry of Finance – Israeli Department of Customs & VAT](#)

Regarding Standards Issues:

[Standards Institution of Israel](#)
[Ministry of Economy](#)
[Federation of Israeli Chambers of Commerce](#)

U.S. Certificates of Origin for Exporting to Israel:

[U.S. Commercial Service](#)

U.S. Department of Commerce Bureau of Industry and Security:

[Bureau of Industry and Security](#)

Labeling/Marking Requirements:

[Ministry of Economy](#)

[Ministry of Health](#)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

Attitude toward Foreign Direct Investment

Israel is open to foreign investment, and the government actively encourages and supports the inflow of foreign capital.

Other Investment Policy Reviews

The World Trade Organization conducted its fourth and latest trade policy review of Israel on October 31 and November 1 2012. In the past three years the Israeli Government has not conducted any investment policy review through the Organization for Economic Cooperation and Development (OECD) or the United Nations Conference on Trade and Development (UNCTAD).

Laws/Regulations of Foreign Direct Investment

There are few restrictions on foreign investors, except for parts of defense or other industries closed to outside investors on national security grounds. Foreign investors are welcome to participate in Israel's privatization program.

Industrial Promotion

The Investment Promotion Center of the Ministry of Economy seeks to encourage potential investors to invest in Israel. The Center stresses Israel's developed infrastructure, educated work force, open economy, and ties to the U.S. and Europe, and additionally provides information about investment incentives available in Israel.

Limits on Foreign Control

Investments in regulated industries (e.g. banking, insurance), however, require prior government approval. Investments in certain sectors may require a government license. Other regulations may apply, though usually on a national treatment basis.

Privatization Program

In late 2014, Israel's cabinet approved a privatization plan which would allow the government to issue minority stakes of up to 49% in state-owned companies on the Tel Aviv Stock Exchange over a three year period estimated to increase government revenue by USD 4.1 billion. The plan aims to sell stakes in Israel's electric company, water provider, railway, post office and some defense-related contractors.

Screening of FDI

There is no screening of foreign investment and no regulations regarding acquisitions, mergers, and takeovers that differ from those that Israelis must follow.

Competition Law

Israel adopted its comprehensive competition law in 1988. The Israel Antitrust Authority was created in 1994 to enforce the competition law.

The discovery by an American-Israeli consortium of substantial offshore natural gas resources in Israel in 2009 and 2010 has created investment opportunities. As Israel moves toward becoming a significant producer, the Israeli government is developing new regulations to oversee the sector, ensure competition, attract investment, and achieve broader energy policy goals. However, Israel's development of natural gas and independent power production regulations almost from scratch has led some investors to complain about uncertainties regarding taxation, licensing, and export policy. Particularly concerning was the December 2014 announcement of Israel's Antitrust Authority (ATA) that it may declare that the U.S. company developing Israel's offshore gas and its Israeli partners are party to an agreement in restraint of trade. If this happens, the case may go to international arbitration and delay further development of Israel's offshore gas for years. This anti-trust threat is having a chilling effect on further investment in the sector.

In another example of Israel's troubling energy-sector regulatory environment, a U.S. company investing in two independent power plant projects is considering terminating its investments due to continued delays in obtaining regulatory approvals. The company has filed a civil case for damages against the Israeli Government, as well as petitioned the Israeli High Court to force the Public Utility Authority (PUA), Israel's electricity

regulator, to issue a draft tariff approval letter, which has been delayed for months. The PUA has also disqualified negotiated gas supply contracts, forcing renegotiation of previously agreed-on contracts. A number of foreign companies in the sector have complained that the PUA acts without transparency, is setting electricity tariffs at arbitrary and artificially low levels, and is effectively forcing investors to subsidize the financially-troubled, state-owned Israel Electric Company, which carries more than USD 20 billion in debt. New foreign investment in Israel's energy sector is likely to be limited until Israel resolves the current natural gas anti-trust issues and develops a transparent and consistent regulatory framework for the energy sector, including for renewable energy and independent power production.

Investment Trends

Israel continues to attract foreign investment, especially in healthcare, information technology, and other capital-intensive industries. OECD countries account for the majority of capital inflows into Israel and the United States is the largest supplier of FDI for Israel.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	37 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	40 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	15 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	33,930	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies

[Return to top](#)

Foreign Exchange

Israel's foreign exchange liberalization process was completed on January 1, 2003, when the last restrictions placed on the ability of institutional investors to invest abroad were removed. Foreign currency controls have been completely abolished and the Israeli shekel is a freely convertible currency. The Bank of Israel maintains the option to intervene in foreign currency trading in situations of extraordinary movements in the exchange rate which are not in line with fundamental economic conditions, or when the foreign exchange market is not functioning appropriately. Israeli individuals can invest

without restriction in foreign markets. Foreign investors can open shekel accounts that allow them to invest freely in Israeli companies and securities. These shekel accounts are fully convertible into foreign exchange.

Remittance Policies

Most transactions must be carried out through an authorized dealer. An authorized dealer is a banking institution licensed to arrange, inter alia, foreign currency transactions for its clients. The authorized dealer must report large foreign exchange transactions to the Controller of Foreign Currency. There are no limitations or significant delays in the remittance of profits, debt service and capital gains.

Expropriation and Compensation

[Return to top](#)

There have been no expropriations of U.S.-owned businesses in Israel in the recent past. Israeli law requires adequate payment, with interest from day of expropriation until final payment, in cases of expropriation.

Dispute Settlement

[Return to top](#)

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Israel has a written and consistently applied commercial law based on the British Companies Act of 1948 as amended. Israel's commercial law contains standard provisions governing company bankruptcy and liquidation. Personal bankruptcy is covered by a separate bankruptcy ordinance. Monetary judgments are always awarded in local currency. The judiciary is independent, but businesses complain about the length of time required to obtain adjudications. The GOI accepts binding international arbitration of investment disputes between foreign investors and the state. Israel is a member of the International Center for the Settlement of Investment Disputes (ICSID) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Bankruptcy

Israeli Law is based on several layers, some of them based on English Common Law, as the area then called Palestine was under the British mandate in 1917 to 1948 when the State of Israel was established and the British mandate ended. Bankruptcy Law in Israel in particular is mostly based on English Law, enacted in Palestine in 1936 during the British mandate.

Bankruptcy proceedings are based on the bankruptcy ordinance (1980) which replaced the mandatory ordinance which was enacted in 1936. Therefore, the bankruptcy law in Israel resembles the English law as it was more or less in 1936.

Investment Disputes

Israel has a written and consistently applied commercial law based on the British Companies Act of 1948 as amended. Israel's commercial law contains standard provisions governing company bankruptcy and liquidation. Personal bankruptcy is covered by a separate bankruptcy ordinance. Monetary judgments are always awarded in local currency.

International Arbitration

The GOI accepts binding international arbitration of investment disputes between foreign investors and the state.

ICSID Convention and New York Convention

Israel is a member of the International Center for the Settlement of Investment Disputes (ICSID) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Duration of Dispute Resolution

Investment/commercial dispute proceedings can be drawn out in lengthy legal proceedings. However, the Knesset is considering legislation which would expedite simple cases.

Performance Requirements and Incentives

[Return to top](#)

WTO/TRIMS

Israel complies with the WTO agreement on Trade Related Investment Measures (TRIMs).

The State of Israel encourages both local and foreign investment by offering a wide range of incentives and benefits to investors in industry, tourism and real estate. Special emphasis is given to hi-tech companies and R&D activities.

All benefits available to Israelis are also available to foreign investors. Some of the benefits and requirements are described below. Investment incentives are outlined in the Law for the Encouragement of Capital Investment, and are coordinated by the Israel Investment Center (IIC).

For complete information, potential investors should contact:

Investment Promotion Center
Ministry of Economy
5 Bank of Israel Street,
Jerusalem 91036

Tel: 972-2-666-2607
Fax: 972-2-666-2938
Website: www.investinisrael.gov.il
E-Mail: Investinisrael@moital.gov.il

Israel Investment Center
Ministry of Economy
5 Bank of Israel Street,
Jerusalem 91036 490
<http://www.moital.gov.il/NR/exeres/111C2143-2296-44C0-96F9-C29C082A19CC.htm>
Tel: 972-2-666.2236
Fax: 972-2-666.2905

The Ministry asks that requests be in writing.

Investment Incentives

<http://www.investinisrael.gov.il/NR/exeres/08348DA2-83D3-47B1-B043-ED418D9AA846.htm>

Investment incentives are outlined in the Law for the Encouragement of Capital Investment, and are coordinated by the Israel Investment Center (IIC).

Qualification requirements

To qualify for benefits under the law the company has to be an "industrial company" registered in Israel and has to be "internationally competitive" (i.e. have export capability). However, Biotechnology and Nanotechnology companies do not have to meet the "export" requirement to qualify. An investment in the Priority Area recognized by the law will be termed an Approved Investment and the company will be designated an Approved Enterprise. More information is available at <http://www.investinisrael.gov.il>

Research and Development

The Office of the Chief Scientist (OCS) of the Ministry of Economy is responsible for implementing the government policy of encouraging and supporting industrial research and development in Israel. The goal of the OCS is to assist in the development of technology in Israel as a means of fostering economic growth, encouraging technological innovation and entrepreneurship, leveraging Israel's scientific potential, enhancing the knowledge base of industry in Israel, stimulating high value-added R&D and encouraging R&D collaboration both nationally and internationally.

The OCS provides a variety of support programs that operate on a yearly budget of about USD 400 million. This is spent on about 1400 projects undertaken by 830 companies. These programs have helped make Israel a major center of hi-tech entrepreneurship. The main OCS program (the R&D Fund) supports R&D projects of Israeli companies by offering conditional grants of up to 50% of the approved R&D expenditure. If the project is commercially successful, the company shall be under the obligation to repay the grant by royalty payments.

A support program for traditional industry was launched in 2005 by the OCS, which offers separate evaluation and discussion for projects from traditional industries. The

Office of the Chief Scientist web site (above) also includes information about international support, including bi-national funds, the Global Enterprise R & D Cooperative Framework, Project Centers, and domestic support programs.

Support for R&D Centers of Foreign Companies

There are four programs that enable High-Technology R&D Centers of Foreign Companies to receive government support which can be accessed through the following link. <http://www.israelbusiness.org.il/financialassistance/rdincentives>.

Financial R&D Centers Support Program

<http://www.investinisrael.gov.il/NR/exeres/6EAE7AD8-96B0-44E2-8DEC-26F421A24594.htm>

Israel has developed a highly dynamic and vibrant Financial Services IT sector. In order to capitalize on the capabilities of this sector the Ministry of Economy has devised an innovative support program directed at foreign Multi-National financial and banking corporations.

To qualify the following criteria must be met:

The applicant is a foreign company and does not conduct any R&D activities in Israel; operates in the financial sector; and has a turnover in excess of USD 10 billion.

Employment Grants

In order to complement the revised Law for the Encouragement of Capital Investments, the government has decided to establish an additional program to increase employment in the outlying areas of Israel as well as in specific centers with high unemployment.

<http://www.investinisrael.gov.il/NR/exeres/EECEBB1D-866C-4D5D-9FB4-593C556622D7.htm>

The Standard Program

In order to complement the revised Law for the Encouragement of Capital Investments, the government has decided to establish an additional program to increase employment in the outlying areas of Israel as well as in specific centers with high unemployment. Support will be granted for the establishment or expansion of industrial plants, telephone call centers, computer service support centers or logistic centers. In order to be eligible for this program these enterprises will have to employ a minimum number of workers at a minimum wage as detailed below. The maximum support per worker will be ILS 135,000 (around USD 34,000) over a period of 30 months or ILS 4,500 (around USD 1,100) per month.

Employment Grant Program for High Salaries (R&D Centers)

The Ministry of Economy has launched an incentive program for supporting industrial companies established in the Negev (south) and Galilee (north) that pay high salaries to their workers. This program is part of a long term plan to promote the establishment of hi-tech companies in outlying areas and to create high-paying employment centers.

The Employment Grant Program for "Anchor" Enterprises

The Ministry of Economy has launched a new incentive program encouraging employment in large enterprises in the Negev (south) and Galilee (north). This new program is part of a long term plan for the Negev and Galilee to increase employment possibilities in northern and southern Israel. To qualify, industrial companies must employ at least 100 workers at their plant. The program offers the investor employment grants that are calculated as a percentage of the cost to employ each new employee, for a period of up to four years.

Film Law Benefits

The main aim of the law is to encourage the production of foreign films in Israel. To this end, the law offers generous tax benefits that reduce the cost of production by up to 20%. The Law for the Encouragement of the Production of Films was approved by the Israeli Knesset on October 28th, 2008. The law recognizes two models: foreign productions and co-productions. In both cases, the benefits by law accrue to an Israeli production company which is expected to pass on these benefits to the foreign production company.

<http://www.investinisrael.gov.il/NR/exeres/9DF0E022-7076-45C7-A8C9-FCA9603D5EF6.htm>

Start-up Incubators

As repositories of potential ideas, the Israeli technological incubators have helped make Israel's high-tech entrepreneurship capability world-renowned. The Office of the Chief Scientist (OCS) of the Ministry of Economy has the responsibility of implementing the government policy of encouraging and supporting industrial research and development in Israel at the earliest stages.

<http://www.investinisrael.gov.il/NR/exeres/2EC10169-510E-4A60-80F6-BAFD466F7DED.htm>

Business Grants for Employing New Immigrants

Businesses are eligible to receive grants for employing new immigrants and returning Israelis from The Ministry of Immigrant Absorption's Center for Absorption in Science.

<http://www.investinisrael.gov.il/NR/exeres/D2884B15-03DA-42FC-8316-54E565658641.htm>

Training Support Program

The Manpower Training Department in the Ministry of Economy actively assists industrial companies to train workers in the different disciplines and professions as required by the company.

<http://www.investinisrael.gov.il/NR/exeres/A3C87DA0-1155-41B8-BA7D-97A8431F4013.htm>

The support program is offered via three possible programs:

"Plant Class", whereby the department will support the opening of a class numbering at least 18 to train the workers in specific skills required by the company. The main

condition being that the company obligates itself to employ at least 50% of the class graduates.

"Training and Placement Class". This program is intended for employers and institutions that wish to train workers in specific disciplines and professions. The company/institution commits itself to employ at least 50% of the class graduates within six months of the completion of the course. The Department will finance the entire cost of running these classes.

"Internal Plant Training." This program assists employers who wish to have an on-the-job training project in their plant. The Department will assist by paying ILS 1,100 – 1,500 (around USD 250 - 350) per worker in this program.

Invest in Israel website homepage for investment incentives:

<http://www.investinIsrael.gov.il/NR/exeres/2A82DCE7-9B2D-4581-83B7-8C518D8323D1.htm>

Performance Requirements

There are no universal performance requirements on investments, but performance requirements, including inbound investment “offset” requirements, are often included in sales contracts with the government. In some sectors, there is a requirement that Israelis own a percentage of a company. Israel’s visa and residency requirements are transparent. The GOI does not impose preferential policies on exports by foreign investors.

Data Storage

Several major U.S. information technology companies have opened large research and development centers in Israel. Information on Israel's data storage policy for foreign investors can be found at the Ministry of Economy's website.
<http://economy.gov.il/English/Pages/default.aspx>

Right to Private Ownership and Establishment

[Return to top](#)

The Israeli legal system protects the right of both foreign and domestic entities to establish and own business enterprises, as well as the right to engage in remunerative activity. Private enterprises are free to establish, acquire, and dispose of interests in business enterprises. As part of its current privatization efforts, the Israeli government actively encourages foreign investment in privatizing government owned entities. Following massive social protests in the summer of 2011, the government established a committee to address the issues raised. The committee recommended decentralizing control of essential infrastructure, in order to prevent the transfer of control in state infrastructure to the hands of a few (i.e.; existing domestic business conglomerates). It also led to legislation of a business concentrations law, which was approved by the Knesset at the end of 2013. While most of the legislation was aimed at reducing the concentration of private holdings in the hands of a few wealthy families and tycoons, the intention is that it will have an impact on future privatizations of remaining government owned entities.

It is government policy to equalize competition between private and public enterprises, although the existence of monopolies and oligopolies in several sectors stifles competition. In the case of designated monopolies, defined as entities that supply more than 50% of the market, the government controls prices.

Protection of Property Rights

[Return to top](#)

Real Property

Israel has a modern legal system based on British common law that provides effective means for enforcing property and contractual rights. Courts are independent. Israeli civil procedures provide that judgments of foreign courts may be accepted and enforced by local courts. Secured interests in property are recognized and enforced by the Israeli judicial system. A reliable system of recording such security interests exists. Patent protection is provided for twenty years from filing. Both product and process patent protection for pharmaceuticals are permitted. However, the Israeli patent system still allows for pre-grant opposition to patents, which may result in significant delays for some applicants. Israel employs compulsory licensing in very limited circumstances, mostly when the product is not being supplied in Israel on “reasonable” terms.

Israel is a member of the WTO and the World Intellectual Property Organization (WIPO). It is a signatory to the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention, the Paris Convention for the Protection of Industrial Property, and the Patent Cooperation Treaty. Israel was obligated to implement the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) by January 1, 2000 but has failed to do so to date. Consideration of implementation remains under consideration by the government.

Until February 2014, Israeli law provided inadequate intellectual property protections against unfair commercial use of data generated to obtain marketing approval for pharmaceuticals, which discouraged U.S. companies from substantial investment in the health sector. As a result of these deficiencies in Israel’s intellectual property regime, the U.S. placed Israel on the USTR’s Special 301 “Priority Watch List” in 2005. In February of 2010, Israel reached agreement with the U.S. to modify its intellectual property laws to address shortcomings in its treatment of new pharmaceutical products related to data exclusivity, patent term extension and publication of patent applications. In February 2014, in response to Israel’s enactment of the final piece of legislation specified in the agreement, the U.S. removed Israel from the Special 301 Watch List.

Intellectual Property Rights

The Israel Patent Office (ILPO) with the Ministry of Justice is the principal government authority overseeing the legal protection and enforcement of intellectual property rights (IPR) in Israel. IPR in Israel has undergone many changes in recent years as the Israeli economy has rapidly transformed into a knowledge-based economy.

In recent years, Israel’s IPR legal framework has undergone a number of changes in order to comply with new international treaties it has signed. In recent years, Israel has taken stronger, more comprehensive steps towards protecting IPR and the government acknowledges that IPR theft costs rights holders millions of dollars per year, reducing tax

revenues and slows economic growth. In 2013, the ILPO invested in building its capacity by adding 21 new certified patent examiners, improving examination procedures, and upgrading quality control processes. In addition, the ILPO expanded access to searchable databases available to patent examiners, which now includes real-time access to current patent applications in China, Japan, and South Korea. In 2014, the ILPO began utilization of a fully integrated online system, available on the ILPO website, for online patent applications which allows real-time public access to all Israeli patent applications, adding to the efficiency of the entire IPR system.

Due to steps taken to improve intellectual property rights under a Memorandum of Understanding between the United States and Israel signed in 2010, Israel was removed from the USTR's Special 301 Watch List, and subsequently removed from the Special 301 report, which identifies countries with deficient intellectual property rights protection, altogether.

While several recent legislative improvements have been instituted, the United States continues to urge Israel to strengthen and improve its IPR enforcement regime. In some cases, the government has not taken effective action to enforce basic obligations in the various IPR related treaties Israel has signed. Israel lacks specialized judicial courts and Special Police Units designed to enforce IPR, common in other countries with advanced IPR regimes. Cases in Israel are typically adjudicated in general civil or administrative courts.

IPR theft in Israel is fairly common and involves a high-level of sophistication. The EU ranks Israel as a "third tier" priority country with regards to the level of IPR protection and/or enforcement. The EU cites inadequate protection of innovative pharmaceutical products and end-user software piracy as the main issues with IPR enforcement in Israel.

Israel's present copyright law is based on the United Kingdom Copyright Act of 1911, with subsequent amendments. Protections include the exclusive right to (a) copy or reproduce the work; (b) produce, reproduce, perform or publish translations; (c) publicly perform plays or novels; and (d) make recordings of literary, dramatic or musical works. Criminal penalties are also provided for certain commercial infringing activities. Recently passed copyright legislation is an improvement over old Israeli law in that it is more modern in its structure, terminology and scope. Temporary copies are explicitly protected and a "making available" right is explicitly provided. Under this law, a person who is a non-Israeli national has no rights in their sound recordings that were not published for the first time in Israel, unless the person is a national of a country that has an agreement with Israel concerning sound recordings. In the case of the United States, the Israeli government promulgated an order which implements a 1950 bilateral agreement between Israel and the United States which does protect U.S. sound recordings. The term of protection for sound recordings is 50 years; for other works, it is the lifetime of the author plus 70 years.

Copyright law in Israel also lacks certain protections that have become common in the copyright laws of developed countries, including protection of "technological protection measures," "rights management information," provisions related to internet service provider liability and safe harbors and parallel import protection. Israel has also not acceded to the WIPO Internet Treaties; however, it is reviewing a draft exposure bill that is in conformance with the WIPO Copyright Treaty. The Ministry of Justice indicated that

if the Copyright Treaty is successfully implemented, it will proceed with similar action on the WIPO Performances and Phonograms Treaty.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Annual statistics on seizures of counterfeit goods in Israel is maintained by the Israel Tax Authority located in the Ministry of Finance. In 2014, Israel made 843 counterfeit seizures compared with 343 in 2004, an increase of nearly 250%. Since 2004, the amount of annual seizures has increased steadily, reaching a 10-year peak of 1,137 in 2012. More information is available on the Israel Tax Authority webpage at: <https://taxes.gov.il/customs/Documents/Netunim2014.pdf>

Resources for Rights Holders

Embassy point of contact: Charles Brown (BrownCL3@state.gov)

Local lawyers list: <http://israel.usembassy.gov/lawyers.html>

Transparency of Regulatory System

[Return to top](#)

It is government policy to encourage increased competition through market liberalization and deregulation, but tax, labor, health, and safety laws can be impediments to the foreign investor. Although the current trend is towards deregulation, Israel's bureaucracy can still be difficult to navigate, especially for the foreign investor unfamiliar with the system. It is important that potential investors get approvals or other commitments made by regulatory officials in writing before proceeding rather than relying on unofficial oral promises.

Israel is a signatory to the WTO Agreement on Government Procurement (GPA), which covers most Israeli government entities and government-owned corporations. Most of the country's open international public tenders are published in the local press. However, government-owned corporations make extensive use of selective tendering procedures. In addition, the lack of transparency in the public procurement process discourages U.S. companies from participating in major projects and disadvantages those that choose to compete. Enforcement of the public procurement laws and regulations is not consistent.

Israel is a member of UNCTAD's international network of transparent investment procedures. (<http://unctad.org/en/pages/home.aspx>). Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time and legal bases justifying the procedures."

Credit is ostensibly allocated according to market terms. However up to 70% of credit in Israel is issued to a handful of individuals and corporate entities, some of whom own controlling interests in banks. Furthermore, the primary profit centers for banks are various consumer banking fees, i.e. credit is given on preferential terms. Various credit instruments are available to the private sector, and foreign investors can receive credit on the local market. Legal, regulatory, and accounting systems are transparent and conform to international norms, although the prevalence of inflation-adjusted accounting means that there are differences from U.S. accounting principles.

In the case of publicly traded firms where ownership is widely dispersed, the practice of "cross-shareholding" and "stable shareholder" arrangements to prevent mergers and acquisitions is common, but not directed in particular at preventing potential foreign investment. While until now a number of companies have had "pyramidal-like" structures, the business concentrations law, which was approved by the Knesset at the end of 2013, is intended to alleviate this going forward. Hostile takeovers are a virtually unknown phenomenon in Israel, given the high concentration of ownership of most firms. Israel has no laws or regulations regarding the adoption by private firms of articles of incorporation or association that limit or prohibit foreign investment, participation, or control.

Money and Banking System, Hostile Takeovers

There are five major banks in Israel. Bank Leumi and Bank Hapoalim, the two largest banks, dominate the market, followed by Israel Discount Bank. Together these banks account for 75% of the market. By the end of year in 2013, Bank Leumi had assets of USD 107.5 billion, the latest data available. In 2014, Bank Hapoalim had assets of USD 114 billion, and Israel Discount Bank had assets of USD 57.8 billion. Israeli banks have all been privatized except for Leumi, with 6 percent of shares remaining in the hands of the State of Israel.

Competition from State Owned Enterprises

The Government Companies Authority (GCA) was established and operates under the Government Companies Law. This is an auxiliary unit of the Ministry of Finance. The GCA is the administrative agency for state-owned companies in charge of supervision, privatization and implementation of structural changes.

The GCA oversees some 100 companies including commercial and noncommercial companies, government subsidiaries, and companies under mixed government-private ownership. Among these companies are some of the biggest and most complex in the Israeli economy, such as The Israel Electric Corporation, Israel Aerospace Industries, Rafael Advanced Defense Systems, Israel Postal Company, Mekorot Israel National Water Company, Israel Natural Gas Lines, the Ashdod, Haifa and Eilat Port Companies, Israel Railways, Petroleum and Energy Infrastructures, Israel National Roads Company, advanced study funds, and housing companies.

OECD Guidelines on Corporate Governance of SOEs

The OECD Guidelines on Corporate Governance of State-Owned Enterprises give concrete advice to countries on how to manage more effectively their responsibilities as company owners, thus helping to make state-owned enterprises more competitive, efficient and transparent. The Guidelines were developed in 2005 and are currently under review. More information is available at <http://www.oecd.org/corporate/ca/corporategovernanceofstate-ownedenterprises/oecdguidelinesoncorporategovernanceofstate-ownedenterprises.htm>

Sovereign Wealth Funds

There are no sovereign wealth funds (SWF) in Israel. However, active consideration of establishing a SWF in light of the discoveries of major offshore natural gas fields is underway.

Corporate Social Responsibility

[Return to top](#)

There is awareness of corporate social responsibility among enterprises and the civil society.

OECD Guidelines for Multinational Enterprises

Israel adheres to the OECD Guidelines for Multinational Enterprises and a National Contact Point is operating in the Foreign Trade Administration. See below also for CSR activities in NGOs.

Maala–Business for Social Responsibility:

<http://www.maala.org.il/eng/home/about/01/default.asp?ContentID=333>

Political Violence

[Return to top](#)

Israel is a parliamentary democracy with a stable domestic environment. Nonetheless, the conflict between Israel and the Palestinians is unresolved, and the risk of politically motivated violence and terrorism continues. The threat of rocket fire from Gaza reached a crescendo in Operation Protective Edge in the summer of 2014. Increasing quantities and range of Gaza-originated projectiles led to 3,500 rockets launched at Israel -- including 135 to Tel Aviv -- and several thousand alerts, in some communities, dozens per day. Following a rocket landing in the area of Ben Gurion Airport, the U.S. Federal Aviation Administration (FAA) issued a Notice to Airmen warning and a number of international air carriers, including three U.S. carriers, cancelled flights over a 36-hour period. As a result to FAA delegation visits to Israel in September 2014 and March 2015, the FAA and the Israel Civil Aviation Authority have established new mechanisms to improve coordination that will greatly assist communication during any future civil action emergency.

Israel has expressed deep concerns about Iran's nuclear program and its support for terrorism in the region. Israel's borders with Lebanon and Syria are closed, but instability in Syria and threats from the Iran-backed terrorist group Hezbollah in Lebanon also present some risk of violent incidents or conflict. Israel signed peace treaties with Egypt (1979) and Jordan (1994) and has had no conflicts with countries since.

Corruption

[Return to top](#)

Bribery and other forms of corruption are illegal under several Israeli laws and Civil Service regulations. Israel became a signatory to the OECD Bribery convention in November 2008 and became a full member of the OECD in May 2010. Israel ranked 24th out of the 34 OECD members on Transparency International's 2014 Corruption Perceptions Index tying Spain and Poland and ranks 37th worldwide. There are several NGOs that focus on public sector ethics. Transparency International has a local chapter in Israel.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The UN Anticorruption Convention entered into force on December 14, 2005, and there are 144 parties to it as of December 2010 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). Israel is a signatory. The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Anti-bribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Israel has signed and ratified the convention.

The OECD Anti-Bribery Convention entered into force in February 1999. As of December 2010, there are 38 parties to the Convention, including Israel and the United States (see http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf). The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. Israel has adopted the Convention.

Israel is a signatory to the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions (see list of signatories and their implementation reports at <http://www.oecd.org/daf/anti-bribery/countryreportsontheimplementationoftheoecdanti-briberyconvention.htm>)?

Resources to Report Corruption

The National Police, the state comptroller, the attorney general, and the accountant general are responsible for combating official corruption. These entities operate effectively and independently, and are sufficiently resourced. NGOs that focused on anticorruption efforts operate freely without government interference.

The international NGO Transparency International closely monitors corruption in Israel.

Bilateral Investment Agreements

[Return to top](#)

2015 marks the 30th anniversary of the signing of the U.S.-Israel Free Trade Agreement, the first such agreement for both countries.

Israel has protection of investment agreements with Albania, Argentina, Armenia, Azerbaijan, Belarus, Bulgaria (amending protocol), China, Croatia (Treaty in force, negotiations for amendment, resulting from Croatia's accession to the EU are underway), Cyprus, Czech Republic, El Salvador, Estonia, Ethiopia, Georgia, Germany, Guatemala, Hungary (treaty terminated in 2007, existing investments are protected for ten years after termination), India, Kazakhstan, Latvia, Lithuania, Macedonia, FYR initialed, Moldova, Mongolia, Montenegro, Poland, Romania (amending protocol), Serbia, Slovakia, Slovenia (terminated 2007, existing investments protected for ten years after termination), South Africa (pending ratification), South Korea, Thailand, Turkey, Turkmenistan, Ukraine, Uruguay, and Uzbekistan.

Bilateral Taxation Treaties

Israel has a bilateral tax treaty with United States. The Income Tax Treaty and the Technical Explanation of the Treaty were signed in 1975.

OPIC and Other Investment Insurance Programs

[Return to top](#)

OPIC is involved in several small projects in Israel and recently authorized a \$250 million construction loan for a 110MW Abengoa-backed concentrated solar power (CSP) project in the Negev. OPIC also finances projects sponsored by U.S. investors in Israel, but not in the Golan Heights. Israel is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

[Return to top](#)

The most recent Central Bureau of Statistics data from March 2015, suggests there are about 3.8 million people in the labor force in Israel. Highly skilled and well educated, the Israeli labor force is the economy's major asset. According to the OECD, in 2014 Israel ranked fourth among OECD countries for all adults (46%) aged 25-64 that had attained a tertiary education. A large amount of university students specialize in fields with high industrial R&D potential, including engineering, mathematics, physical sciences, and

medicine. According to the Investment Promotion Center, there are more than 135 scientists out of every 100,000 workers, one of the highest in the world. The rapid growth of Israel's high-tech industries in the late 1990s increased the demand for workers with specialized skills. However, in recent years, Israel has consistently ranked in the lower half of Western countries in rankings of international student assessment tests.

Unemployment has declined over the past five years, from a high of 9.5% in 2009 as a result of the financial crisis to 5.6% in 2011. In 2012 a new method was adopted for calculating Israel's unemployment rate in a manner more consistent with OECD norms. This led to a higher official unemployment rate in 2012. Unemployment in 2012 climbed to 6.9% in 2012 but dropped in 2013 to 6.2% and was 5.9% in 2014.

According to Israel's Ministry of Interior, there has been a steady increase in the number of foreign workers in recent years from 79,300 in 2009 to 105,600 at the end of 2013 excluding Palestinians, caregivers and domestic workers. According to the Bank of Israel, the number of Palestinian workers in Israel totaled approximately 92,000 in 2014, 59,000 of them working legally with a work permit and 33,000 working without a work permit.

The national labor federation, the Histadrut, organizes about one-third of Israeli workers. Collective bargaining negotiations in the public sector take place between Histadrut and representatives from the Ministry of Finance. The number of strikes has declined significantly as the public sector has gotten smaller. However, strikes remain a common and viable negotiating vehicle in many difficult wage negotiations.

Israel strictly observes the Friday afternoon to Saturday afternoon Sabbath and special permits must be obtained from the government authorizing Sabbath employment. At the age of 18, most Israelis are required to perform 2-3 years of national service. Until their mid-40's, Israeli males are required to perform about a month of military reserve duty annually, during which time they receive compensation from national insurance companies.

Foreign-Trade Zones/Free Ports

[Return to top](#)

Israel has one free trade zone, the Red Sea port city of Eilat. There are three ports in Israel: Haifa Port (including Kishon), the Port of Ashdod and the Port of Eilat. Plans are already underway to expand and upgrade the major ports of Haifa (in the north) and Ashdod (in the center). There is good quality warehousing including cold storage in all of the major ports and trade zones, but current capacity may become inadequate in the face of growing demand.

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2013	302.3	2013	290.6	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	19,700	2013	9,539	http://bea.gov/international/factsheet/factsheet.cfm?Area=504
Host country's FDI in the United States (\$M USD, stock positions)	2013	10,269	2013	9,471	http://bea.gov/international/factsheet/factsheet.cfm?Area=504
Total inbound stock of FDI as % host GDP	2013	2.91	2013	4.1	World Bank

*Source: Israel Central Bureau of Statistics

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	82,932	100%	Total Outward	75,368	100%
United States	19,969	24%	Netherlands	28,885	38%
Cayman Islands	7,344	9%	United States	10,269	14%
Canada	4,891	6%	Singapore	3,522	5%
Netherlands	4,771	6%	Canada	2,419	3%
Hungary	2,917	4%	Switzerland	1,892	3%

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	104,296	100%	All Countries	61,371	100%	All Countries	42,925	100%
United States	62,014	59%	United States	37,703	61%	United States	24,311	57%
Luxembourg	8,602	8%	Luxembourg	7,835	13%	United Kingdom	1,738	4%
United Kingdom	5,720	5%	United Kingdom	3,982	6%	Germany	1,062	2%
Germany	3,441	3%	Ireland	2,912	5%	Luxembourg	767	2%
Ireland	2,954	3%	Germany	2,379	4%	Netherlands	679	2%

Source: IMF Coordinated Portfolio Investment Survey

Contact Point at Post

[Return to top](#)

Embassy point of contact: Charles Brown (BrownCL3@state.gov)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

Israelis are generally reliable and pay on time. However, as there are always exceptions to the rule, common precautionary measures should be taken when doing business in Israel. The most common method of payment is by Letter of Credit (L/C). Collection without a L/C is not unusual, however. Cash Against Documents (CAD) is the most preferred mechanism by many Israeli importers. Since there is no guarantee of payment, as there is in a L/C transaction, some exporters prefer to collect an advance payment or an irrevocable bank guarantee on a certain portion of the sale. This practice is appropriate and recommended when there is no past relationship and experience with the buyer. A combination of L/C and CAD issued for the same Bill of Lading is also accepted by most local banks.

Payment schedules vary. The acceptable terms of payment range from EOM + 30 – EOM + 60 days. It is not unusual for payment to be made after a 90 (sometimes 120) day period.

The local banking system provides sources of short and long-term credit and access to venture capital. Some importers have preferred to seek U.S. Export-Import (Ex-Im) Bank financing. Ex-Im Bank has most of the leading Israeli banks as correspondents and may supplement private sources of export financing with medium and long-term loans.

How Does the Banking System Operate

[Return to top](#)

Israel has a modern and sophisticated banking system. There are five major domestic commercial banks in Israel, with a number of smaller banks, some of which are subsidiaries of the larger banks. The five major banks are Bank Hapoalim and Bank Leumi, the two largest banks, with similar asset size, followed by Israel Discount Bank, the third largest bank, and Mizrahi Tefahot Bank and First International Bank of Israel, respectively. There are currently three foreign banks with activities in Israel: Citi, HSBC, and Barclays Bank plc.

Foreign-Exchange Controls

[Return to top](#)

Israel abolished most of its foreign exchange controls in the 1990s. The last major restriction, on the amount Israeli institutional investors may invest overseas, was eliminated at the end of 2002.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

Most U.S. banks maintain correspondent relationships with Israel's three leading banks - Bank Leumi, Bank Hapoalim, and the Israel Discount Bank, as well as with the Mizrahi Bank and the First International Bank of Israel. Many Israeli banks have their own subsidiaries in major U.S. cities: Bank Hapoalim has branches in New York and Miami; Bank Leumi has a US-based subsidiary, Leumi USA, with offices in New York, Chicago, California, and Florida; Israel Discount Bank has a subsidiary in New York; and Mizrahi-Tefahot has a branch in Los Angeles. Interested parties should contact their U.S. banker or the Israeli banks in the United States directly for more detailed information on their respective services. Major correspondent banks are Bank Hapoalim, Bank Leumi Le-Israel, First International Bank of Israel, Israel Discount Bank and United Mizrahi Bank.

Project Financing

[Return to top](#)

The U.S. Export-Import Bank (Ex-Im Bank) and the U.S. Overseas Private Investment Corporation (OPIC) offer project financing and other financial services. Ex-Im Bank provides a range of financial programs ranging from medium and long term guarantees, insurance programs, working capital guarantee to project finance. The Project Finance Division provides financing to projects that are dependent on the project cash flows for repayment. In March 2014, OPIC announced a \$250 million loan for a concentrated solar power (CSP) project in the Negev, which will be Israel's first large-scale solar project. For more information see the Ex-Im Bank website at <http://www.exim.gov>.

OPIC supports U.S. investment in emerging markets through project loans and loan guarantees that provide medium to long-term funding to ventures involving significant equity and/or management participation by U.S. businesses. OPIC also provides insurance against a broad range of political risks. Rather than relying on sovereign or sponsor guarantees, OPIC's project financing program looks for repayment from the cash flows generated by the project. For projects sponsored by U.S. small businesses or cooperatives, financing may be provided through direct loans. These loans generally range in amount from \$2 million - \$10 million. Loan guarantees, which typically are used for larger projects, range in size from \$10 million - \$75 million, but in certain instances can be as high as \$200 million. For information, consult the OPIC website at <http://www.opic.gov>.

U.S. companies will find that Israel does not suffer from any lack of capital or trade financing. There are no unusual rules or regulations concerning export financing, apart from the foreign currency regulations noted above. Loans at market interest rates are available from commercial banks to finance the manufacture of exports including the import of raw materials and components for export products. Loans vary depending upon the raw material requirements, cost of conversion and collection timeframe.

U.S. exporters may find export financing and insurance available through commercial sources; City/State-sponsored export financing and loan guarantee programs; the U.S. Small Business Administration (SBA); the U.S. Export-Import Bank (Ex-Im Bank), which can provide U.S. exporters with export credit insurance, pre-export financing and working capital guarantees; and other sources. Ex-Im Bank can also provide established Israeli buyers with fixed-rate financing for their purchases from U.S. exporters. Ex-Im Bank's Environmental Export Insurance Policy provides enhanced short-term insurance for medium and long-term loans and guarantees for environmental exports, projects and services. Israel does not receive PL-480 or similar U.S. Department of Agriculture (USDA) program commodity grants. USDA's GSM-102 funds and supplier credit guarantees are available but not sufficiently attractive to most parties. Information on these programs can be found at <http://www.fas.usda.gov>.

For more details on Ex-Im Bank project financing please contact Commercial Specialist Alan Wielunski: Alan.Wielunski@trade.gov.

Bilateral Funding Organizations

There are three bilateral U.S.-Israel Government funded organizations, which provide financing for joint R&D and research projects.

U.S.-Israel Binational Industrial Research and Development Foundation (BIRD)

BIRD supports joint industrial R&D projects designed to develop, manufacture, sell and support an innovative product. A pair of companies, one from each country, must conduct the project. BIRD often plays a proactive role in bringing together potential U.S. and Israeli strategic partners. BIRD's website is <http://www.birdf.com>.

U.S.-Israel Binational Science Foundation (BSF)

The BSF supports cooperative research projects of mutual interest to the United States and Israel, concerned with science and technology for peaceful purposes. The research must be conducted jointly by U.S. and Israeli researchers and may be conducted in either country. The BSF has a website at <http://www.bsf.org.il>.

U.S.-Israel Binational Agricultural Research and Development Fund (BARD)

BARD funds, generated from a \$100 million endowment, finance cooperative agricultural research between scientists of the United States and Israel on topics considered to be of mutual benefit to the agriculture of both countries. BARD also supports international workshops and provides post-doctoral fellowships. For further information, consult the BARD website at <http://www.bard-isus.com>.

Web Resources

[Return to top](#)

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team:
<http://www.export.gov/tradefinanceguide/index.asp>

Export-Import Bank of the United States: <http://www.exim.gov>
Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Currency](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

Israel's business environment has no particular business protocols; it mainly follows western U.S. style conventions, which makes most U.S. businesspeople feel very comfortable in doing business in Israel.

American business travelers will find the dress code in both the public and private sectors to be much less formal than in the U.S. Business suit is appropriate in meetings with high level executives and government officials.

Appointments can be made on fairly short notice; however, reconfirming appointments is advised, given that most Israelis tend to have busy schedules. Israelis arrive well prepared for meetings and are very direct. It's desired to provide your hosts with an agenda outlining your objectives in advance. Exchange of business cards is common, although some may be less alert by this practice. Therefore, provide your business card early on and politely request one in return, if not offered.

English is widely spoken in the business community and in government offices, but knowing and using a few Hebrew words, especially introductory phrases and greetings, can be useful.

Travel Advisory

[Return to top](#)

U.S. travelers can refer to [State's International Travel Information](#) for the most up-to-date information on Travel Warnings and Visa Requirements for Israel.

Visa Requirements

[Return to top](#)

A visa is not required for Americans traveling for tourism or short-term business projects. Visitors are entitled to remain in Israel up to three months from the date of their arrival, in accordance with the conditions of the visa issued to them upon their entrance to Israel.

Visitors intending to work in Israel must submit a request to the Ministry of the Interior for a special visa. For more information please visit:

<http://www.gov.il/firstgov/english>

U.S. companies that require travel of Israeli businesspersons to the United States should be advised that Israeli citizens require a visa prior to entry, and that the visa process may take a number of weeks. Visa applicants should apply well in advance of anticipated travel and should consider maintaining a valid visa at all times. Visa applicants may apply in either Tel Aviv or Jerusalem. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/content/visas/english.html>

US Embassy Israel, Consular section:

<http://israel.usembassy.gov/consular/niv/nonimmigrant.html>

State Department Visa Website: <http://travel.state.gov/content/visas/english.html>

US Embassy Israel, Consular section:

<http://israel.usembassy.gov/consular/niv/nonimmigrant.html>

Telecommunications

[Return to top](#)

Israel has a very competitive and dynamic telecommunications market with one of the highest mobile penetration rates in the world and one of the highest household broadband penetration rates as well.

According to the UN Department of Economic and social Affairs (2014), 70% of the Israeli population use the internet. There are seven main internet service providers, *Bezeq international*, *NetVision*, *013 Barak*, *012 smile*, *Triple Cloud*, *Xphone 018*, *HOTnet* and *Internet Rimon*, all whom offer broadband Wireless Internet service to their clients.

While social media has been shaping the scope of today's field of communication, according to [comScore](#), Israel has been ranked first in hours spent per visitor on social network websites.

Israel's competitive mobile communications market has expanded and is now served by five mobile network operators, Cellcom, Pelephone, Partner, Hot Mobile and Golan Telecom. Competition has led the mobile network operators to engage in a round of merger and acquisition activity with fixed line players to offer integrated services. The competition was intensified in June 2011 following MVNO (mobile virtual network operator or 'wireless resale') licenses to Rami Levi Cellular, Home cellular and YouPhone.

It is estimated that Israel has one of the highest levels in the world of people who own and operate a cell phone on a daily basis. Cell phones for visitors are available for rental at Ben Gurion Airport or through hotels.

Transportation

[Return to top](#)

Israel has an extensive road network that connects the entire country and has advanced inland and international transport facilities. Rental cars, taxis and limousines with drivers are readily available for U.S. Visitors. U.S. drivers may rent cars with a valid U.S. or international driver's license.

One of the most notable advances in transport in Israel in recent years has been the modernization of the train system. Commuter trains run from Tel Aviv to most of the large cities from Nahariya in the north to Dimona in the south, including Jerusalem and Ben Gurion Airport. Extensive freight services are available and most often used between Haifa, the port in the north, and Ashdod, Israel's primary port in the south. Ben Gurion International Airport offers connections to major international destinations. Ben Gurion is the country's center of air passenger and cargo operations. Several companies provide internal flights between Tel Aviv, Haifa and Eilat from Sde Dov city airport and Ben Gurion Airport.

There is no public transportation on the Jewish Sabbath (Friday sundown to Saturday sundown).

Ben Gurion International Airport: <http://www.iaa.gov.il/RASHAT/en-US/Rashot>
Israel Railways: <http://www.rail.co.il/EN/Pages/HomePage.aspx>

Language

[Return to top](#)

Hebrew and Arabic are the two official languages of Israel. English is the third and principal international language, and Russian is also prevalent. Many signs in public places are in all three languages. Most Israelis are multilingual.

Health

[Return to top](#)

Modern medical care and medicines are available in Israel. Service may be somewhat limited on Fridays and Saturdays (the Israeli 'weekend') so special attention should be paid for in order to make arrangements in advance for service on these days. Travelers can find information written in English about emergency medical facilities and after-hours pharmacies in the "Jerusalem Post" newspaper.

Doctors and hospitals often expect immediate cash payment for health services. U.S. medical insurance is not always valid outside the United States. Supplemental medical insurance with specific overseas coverage has proven useful. The international traveler's website for the Center for Disease Control can be accessed at <http://wwwnc.cdc.gov/travel>

Local Time, Business Hours, and Holidays

[Return to top](#)

Local Time: UTC + 2 hours (*7-6 hours ahead of Eastern Standard Time (EST), and observes daylight savings.*)

Business Hours: Sunday – Thursday from 8:00a.m – 5:00 p.m. for most businesses and government offices. Occasionally, business people will be willing to hold meetings on Friday mornings.

The U.S. Embassy in Tel Aviv is open 8:00 a.m. - 4:30 p.m., Monday – Friday and closed on U.S. holidays and Israeli holidays.

Israeli Holidays: All businesses in Israel are closed

	2015	2016
Passover (1 st Day)*	Saturday April 4	Saturday April 23
Passover (Last Day)*	Saturday April 11	Saturday April 30
Israeli Independence Day	Thursday April 23	Thursday May 12
Shavuot (Pentecost)	Sunday May 24	Sunday June 12
Rosh Hashanah (Day 1)	Monday September 14	Monday October 3
Rosh Hashanah (Day 2)	Tuesday September 15	Tuesday October 4
Yom Kippur (Day of Atonement)	Wednesday September 23	Wed. October 12
Sukkot (Feast of Tabernacles)*	Monday September 28	Monday October 17
Simhat Torah (Rejoicing of the law)*	Monday October 5	Monday October 24

**Note: Some businesses and all government offices are closed during the week of Passover (April 23- April 30, 2016) and Sukkot (October 17 – October 24, 2016).*

Currency

[Return to top](#)

The State of Israel's currency is the New Israel Shekel (NIS). There are 100 agorot in each shekel. Bank notes are in denominations of NIS 20, 50, 100, and 200; coins are in denominations of 10, 5, 2, 1NIS and 50 and 10 agorot.

Changing Money

Unlimited sums of local and foreign money may be brought into Israel as cash, travelers' checks, credit cards or State of Israel bonds. Foreign currency of all kinds may be exchanged at the airport, banks, post offices, most hotels or licensed exchange agencies in large cities. A passport is required when exchanging travelers' checks. The rates vary from place to place, and banks charge a commission. It is recommended, though not obligatory; to carry a small amount of US dollars, since certain tourist sites, especially in the Old City of Jerusalem, take payment in dollars.

Cash Withdrawal

Holders of international credit cards can withdraw local or foreign currency at banks which accept their credit cards. There are Automated Teller Machines outside most banks.

(Source: www.igoisrael.com)

The annual average exchange rate for 2014 was 3.57NIS per \$1.00.

To learn about the current exchange rate please visit:

<http://www.boi.org.il/en/Markets/ExchangeRates/Pages/Default.aspx>

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

The ATA Carnet is accepted by Israel. For more information please visit:

http://export.gov/logistics/eg_main_018129.asp

It is advisable to contact the Embassy of Israel in Washington or one of Israel's consulates in the U.S. for specific information regarding customs requirements.

For general customs regulations please see our information at

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1468.html or

<http://ozar.mof.gov.il/customs/eng/mainpage.htm>

Web Resources

[Return to top](#)

U.S. Travelers: [Online Internet Registration for U.S. citizens](#)

Travel warnings: [State - International Travel](#)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

[U.S. Commercial Service, Tel Aviv Post](#)

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

ch9

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

SelectUSA:

SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring.

The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).

SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:

Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
- SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

Ombudsman Services: SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as, such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link:

<http://selectusa.commerce.gov/>

National Export Initiative:

The President's National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)