



**U.S. Embassy Welcome Briefing**  
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# U.S. – Israel Commercial Relations



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# Israel at a Glance



<b>Population</b>	+ 8 million
<b>Population growth rate:</b>	1.56%
<b>Religious Affiliation:</b>	75% Jewish, 17.5% Muslims. 2% Christian (mostly Arabs) and 1.6% Druze
<b>Official Languages:</b>	Hebrew and Arabic
<b>Government:</b>	Parliamentary Democracy
<b>Year of Independence:</b>	1948
<b>GDP:</b>	About \$268 billion
<b>Per capita GDP</b>	\$32,700
<b>Geography</b>	Crossroad for 3 Continents, Bordering the Mediterranean Sea, between Egypt and Lebanon
<b>Leading Industries</b>	ICT, Pharma , Life sciences, Defense & Aerospace; Water Technologies
<b>Size</b>	Roughly the size of Silicon Valley / Bay Area.

# Why Export to Israel

## 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.

# U.S. – Israel Trade Cooperation & Mutual Prosperity



- The U.S.-Israel Free Trade Agreement was signed in 1985, the first FTA for both countries.
- Since then, an eight-fold increase in bilateral trade has been realized.
- Israel is the U.S.'s second largest trading partner in the Middle East, and is the 25th largest trading partner amongst all of our global trading partners.
- Imports of goods from the U.S. increased by 7.5%, at an annual rate, in June-August 2015, continuing a reported increase of 11.8% from the previous year.
- Exports to the U.S. decreased by 24.8%, at an annual rate in June-August 2015 (-2.3% monthly average), continuing a decrease of 23.1% from the previous year.

# U.S. – Israel Trade Cooperation & Mutual Prosperity



- There are strong cultural, educational, R&D, investment and tourism ties between the U.S. and Israel.
- Both boast the world's two largest Jewish communities.
- Both business environments are driven by innovation and technology.
- U.S. firms are well represented in Israel, finding opportunities in Electricity and Gas equipment, Defense Equipment, Industrial Chemicals, Electronic Components, Building Materials, Safety & Security, Computer Software and other sectors.

# Innovation in Israel

#1

In rate of per capita  
R&D spending  
globally

#1

In number of startups  
outside Silicon Valley

#1

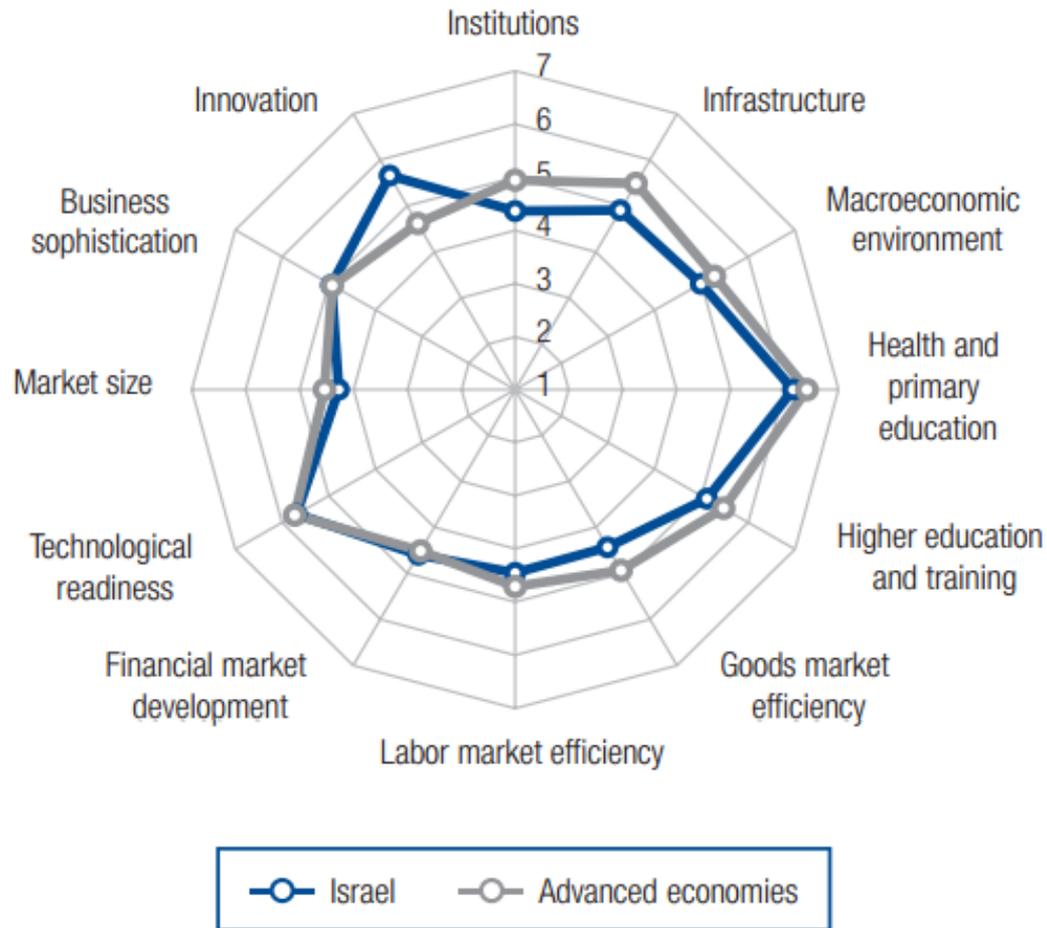
In per capita VC  
investment

- ✓ According the Global Competitiveness Report 2015-16 by the World Economic Forum Israel is ranked 3rd out of 144 countries in the innovation right after Switzerland at 1st and Finland at 2nd (United States ranked 4th)
- ✓ The recognition of Israel as a global hub of innovation is illustrated by the presence of leading multinational technology vendors and top-tier investors.
- ✓ There are more Israeli companies listed on the Nasdaq than India, Japan, and Korea combined. 70 Israeli companies are listed on Nasdaq.
- ✓ Top industries: Cyber Security, Digital Media, Life Sciences, Big data and Software

Source: Startup Nation Central

# Innovation in Israel

## Israel is positioned very well in the world of innovation



Source: WEF – The Global Competitiveness Report 2015-16

# Innovation in Israel



## In 2014:

- ❖ Capital Raised = \$3.4B ▲ 46% from 2013
  - ❖ Exits = \$6.94B ▲ 5% from 2013
- ❖ IPOs = 17 total of \$2.1B (2013 8 total of \$0.36B)

# Keys to success in Israel

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- Expect and prepare for intense competition.
- Present a clear value proposition for a product or service. (“How will my product help them be more competitive?”)
- Spend time building and maintaining relationships.
- Expect an informal business climate that rewards risk and emphasizes end results over process.
- Great advisors and great partners.

# U.S. Commercial Service Israel

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- The U.S. Commercial Service is a foreign service agency within the Department of Commerce.
- The mission of the U.S. Commercial Service is to assist U.S. firms to export their U.S.-made products and services to foreign markets (with a particular emphasis on SMEs), and to help U.S. states, regions, and/or municipalities attract foreign investment back into the United States (SelectUSA).

# U.S. Commercial Service Israel

- The U.S. Commercial Service has roughly 100 offices across the United States . . .



# U.S. Commercial Service Israel

- . . . and in more than 150 cities worldwide.



# U.S. Commercial Service Israel

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## Assistance to U.S. companies and localities

- Market Information
- Business Contacts
- Problem Solving

# U.S. Commercial Service Israel

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## Information Services

- Business Counseling
- Country Commercial Guide
- Market Research

# U.S. Commercial Service Israel

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## Contact and Matchmaking Services

- Contact Lists
- International Partner Search (importers, distributors, agents, licensees)
- Gold Key Matchmaking Service
- Video Conferencing
- Trade Shows
- Single Company/Location Promotions
- Trade Missions
- Customized Services

# U.S. Commercial Service Israel

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## Problem Solving Assistance

- Trade Complaints
- Regulatory/Standards
- Advocacy

# U.S. Commercial Service Israel

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## Services to Non-U.S. Companies

- Trade leads to help them sources goods or services from the United States
- Promote U.S. trade shows to foreign buyers (International Buyer Program)
- Business Service Providers
- SelectUSA

# Foreign Direct Investment

**SelectUSA**, housed in USFCS is a government-wide initiative to promote and facilitate business investment in the United States.

As one of the fastest growing sources of FDI into the United States, Israel is an important market for **SelectUSA**. The economic impact by Israeli firms in the United States is significant. It impacts employment, research and development, investment in our capital assets and infrastructure.

- ❖ Israel is the 17<sup>th</sup> largest source of foreign direct investment (FDI) into the United States (2013).
- ❖ The total stock of FDI from Israel to the United States is \$27.2 billion, constituting more than forty percent of all FDI that originates in the Middle East.

## **Important Announcement:**

Secretary Pritzker just announced that the **2016 SelectUSA Investment Summit** will take place **June 19 - 21, 2016** at the **Washington Hilton** in Washington, D.C.



# U.S. Commercial Service Israel

We do not . . .



. . . support foreign exporters.

# U.S. Commercial Service Israel

- The U.S. Commercial Service Israel, with offices in Tel Aviv and Jerusalem, is part of the Department of Commerce's worldwide network of approximately 250 offices.
- Tel Aviv has primary responsibility for Israel, and Jerusalem for the West Bank
- As part of the U.S. government, we are dedicated to Israel's continued security and prosperity, with whom we have an unbreakable bond.
- Our staff are recognized experts in key industry sectors

# Thank you!

# Questions?

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