



Ministry of Finance



The Israel Export &  
International Cooperation Institute



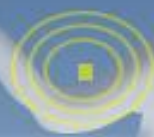
Ministry of Foreign Affairs



Ministry of Industry,  
Trade & Labor  
*Invest in Israel*

# Israel's Economic Overview

# 2006



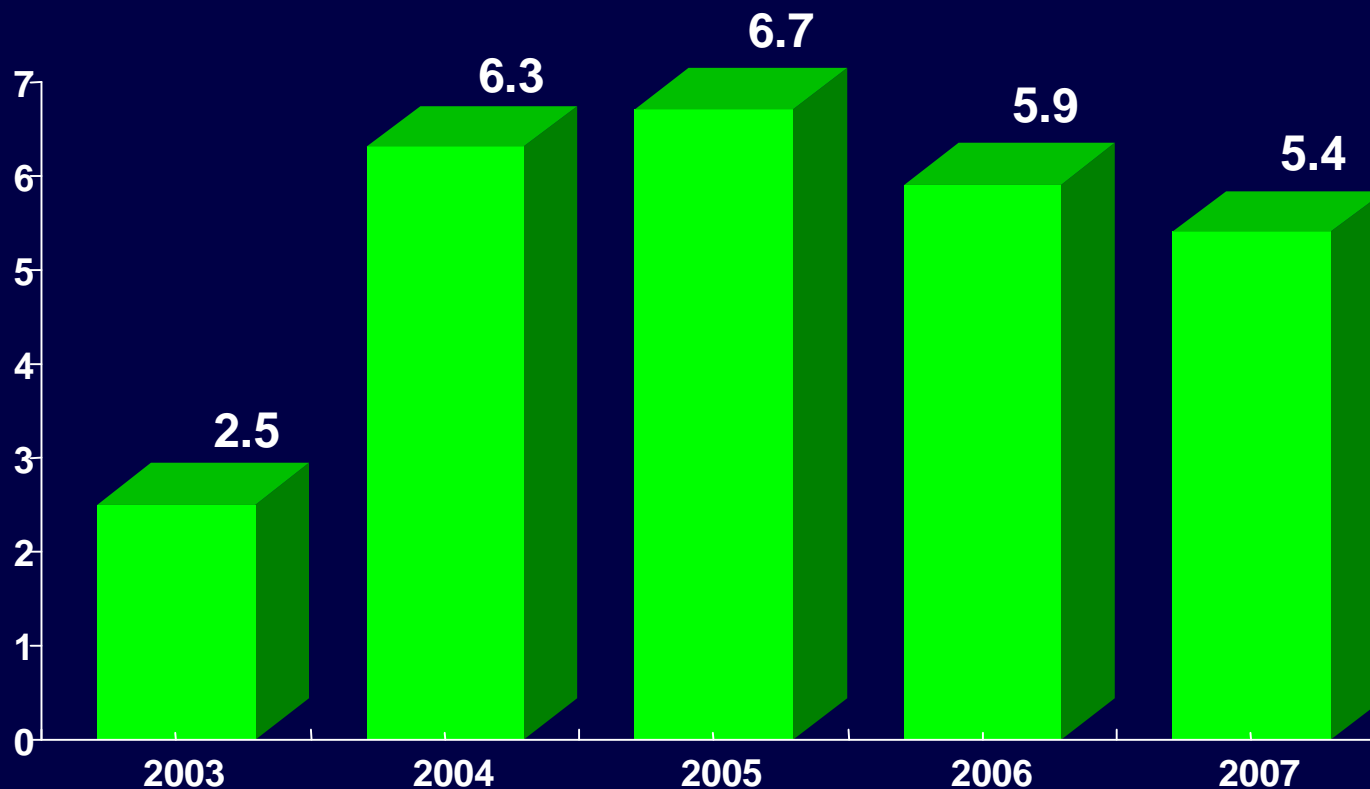
# Main Economic Indicators

Criteria	2003	2004	2005	2006	2007*	2008*
GDP (current prices in B\$)	115.2	122.5	129.8	140.3	153.7	162.6
GDP Real Growth rate (%)	1.5%	4.8%	5.2%	5.1%	5.1%	4.7%
GDP per Capita (current prices, 000'\$)	17.2	18	18.7	19.8	21.4	22.2
GDP per Capita Growth rate (%)	-0.3%	3%	3.4%	3.2%	3.3%	2.8%
Exports of Goods & Services (B\$)	43.5	52.6	57.6	62.6	67.6	72.6
Imports of Goods & Services (B\$)	44.4	52.3	57.6	61.6	66	69.2
Unemployment Rate (%)	10.7%	10.4%	9%	8.4%	7.5%	7.3%
Inflation Rate (end year)	-1.9%	1.2%	2.4%	-0.1%	2%	2.2%
Current Account balance (% of GDP)	1.6%	2.6%	2.9%	5%	4.2%	3.6%

Source: Views Wire, CBS, bank of Israel

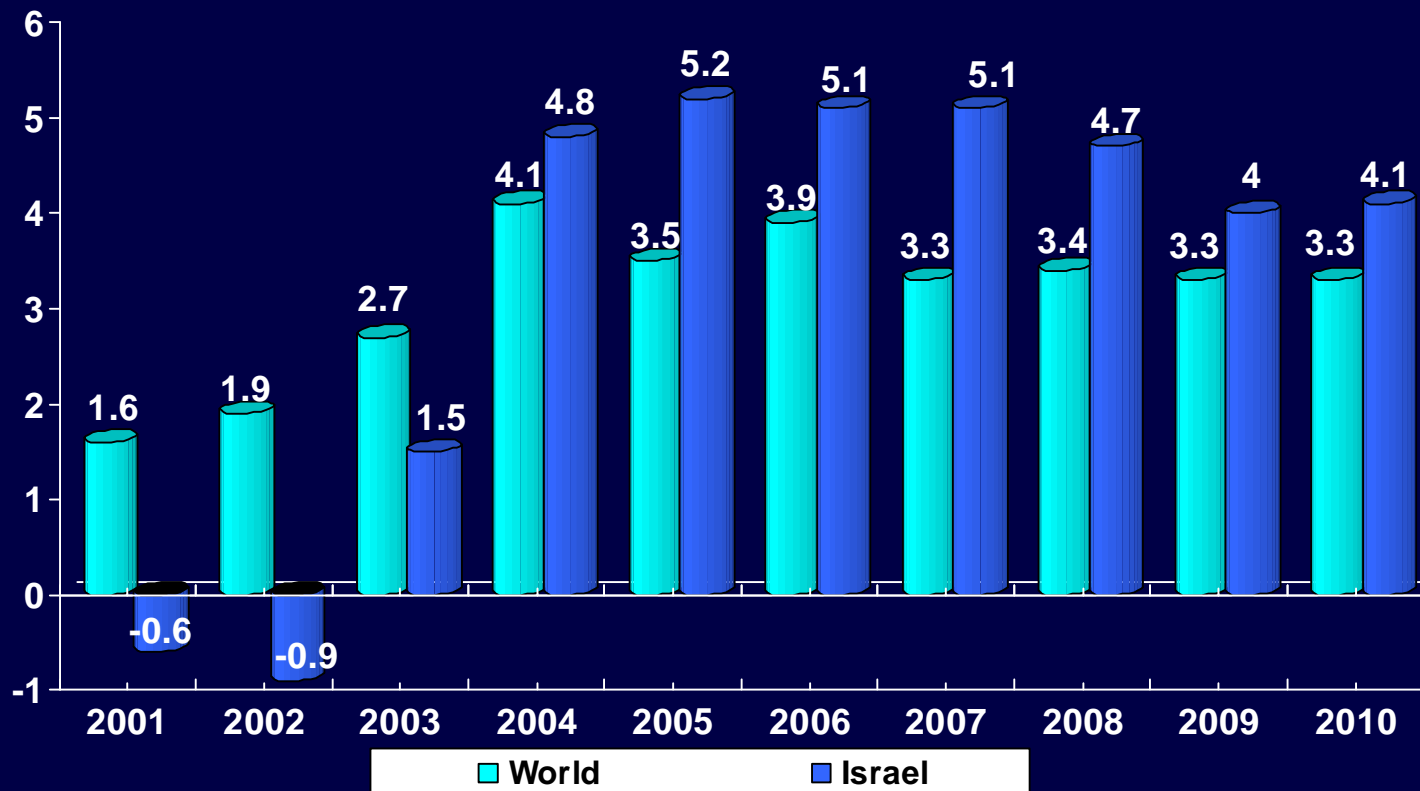
# Business Sector GDP Growth

(Annual % Change in Constant Prices)



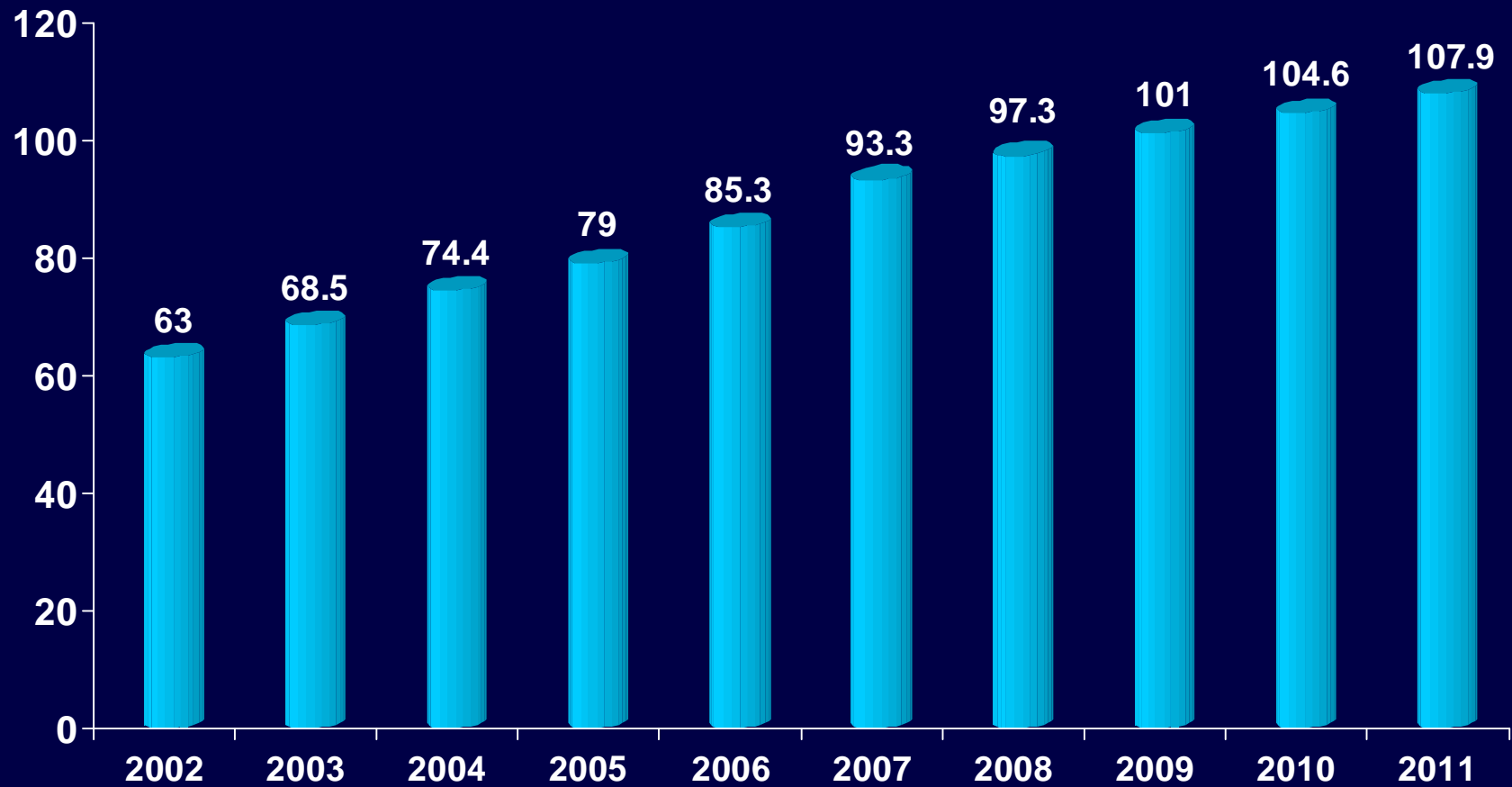
Source: בנק ישראל

# World vs. Israel GDP Growth (%)



Source: EIU forecast, Bank of Israel

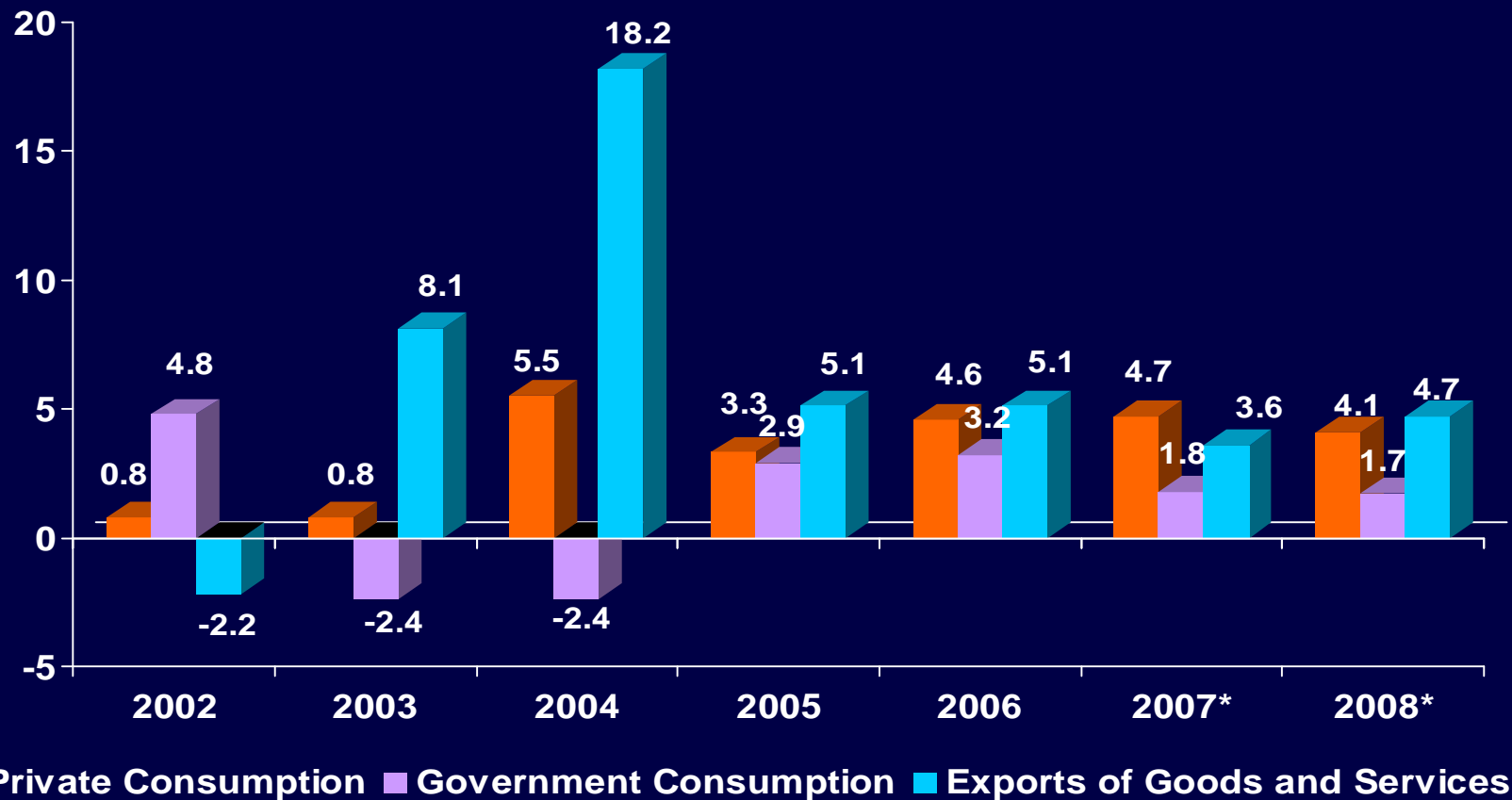
# Personal Disposable Income (B\$)



Source: [ViewsWire](#)

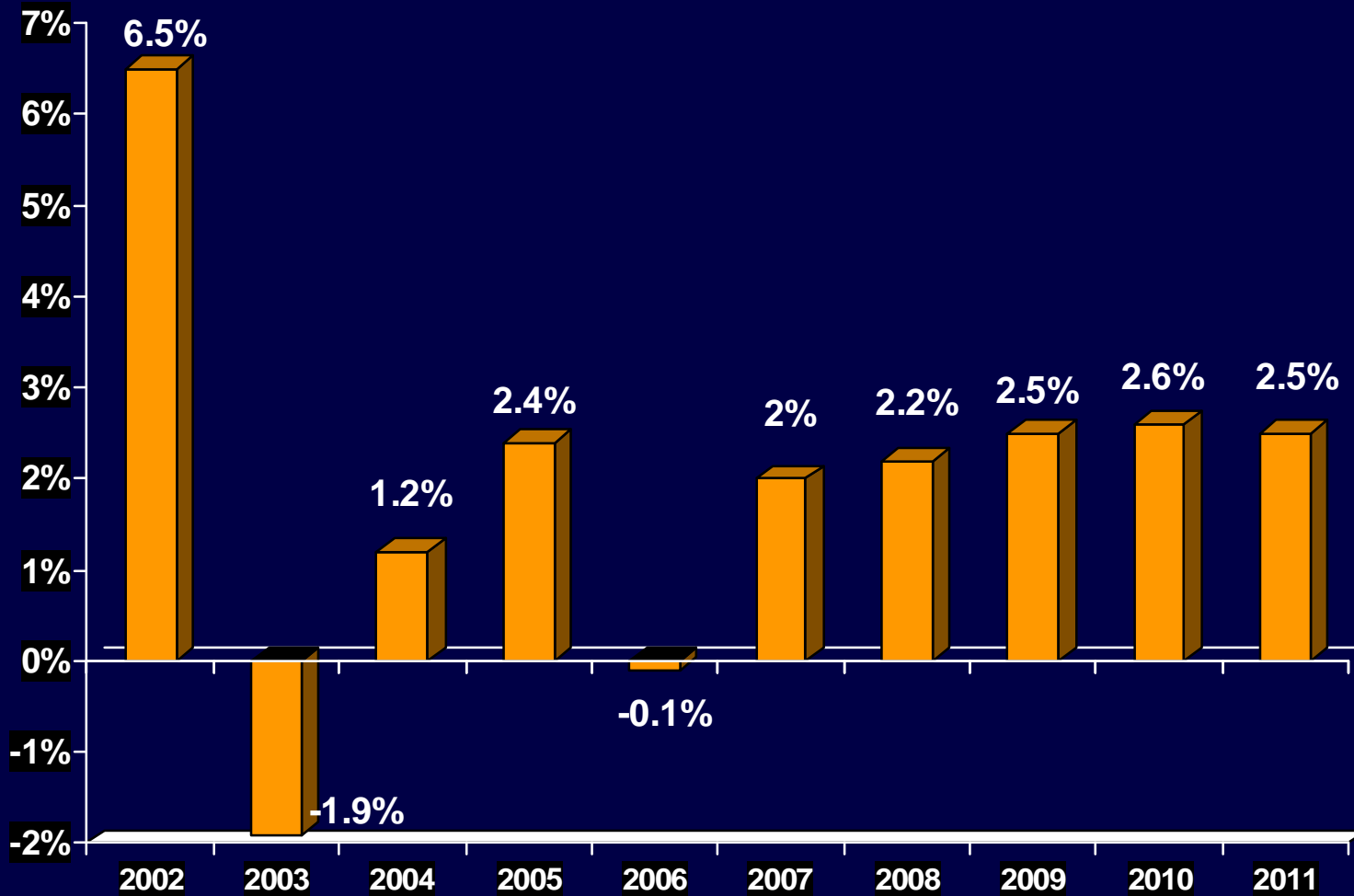
# Major GDP Components

(Annual % Change, in Constant Prices)



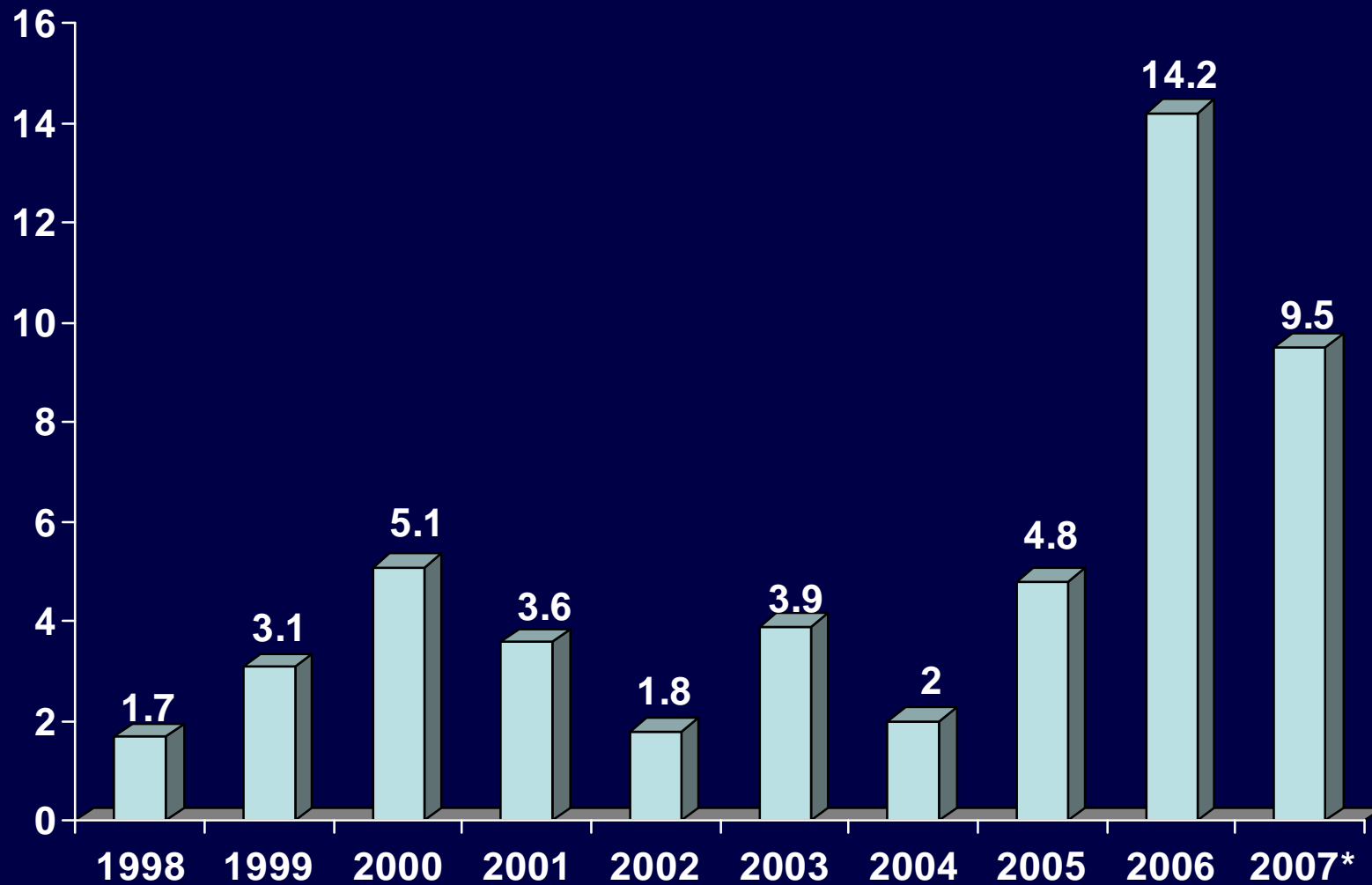
Source: Central Bureau of Statistics, Bank of Israel \*CBS Estimation

# Inflation Rate (% Change in CPI, end of year)

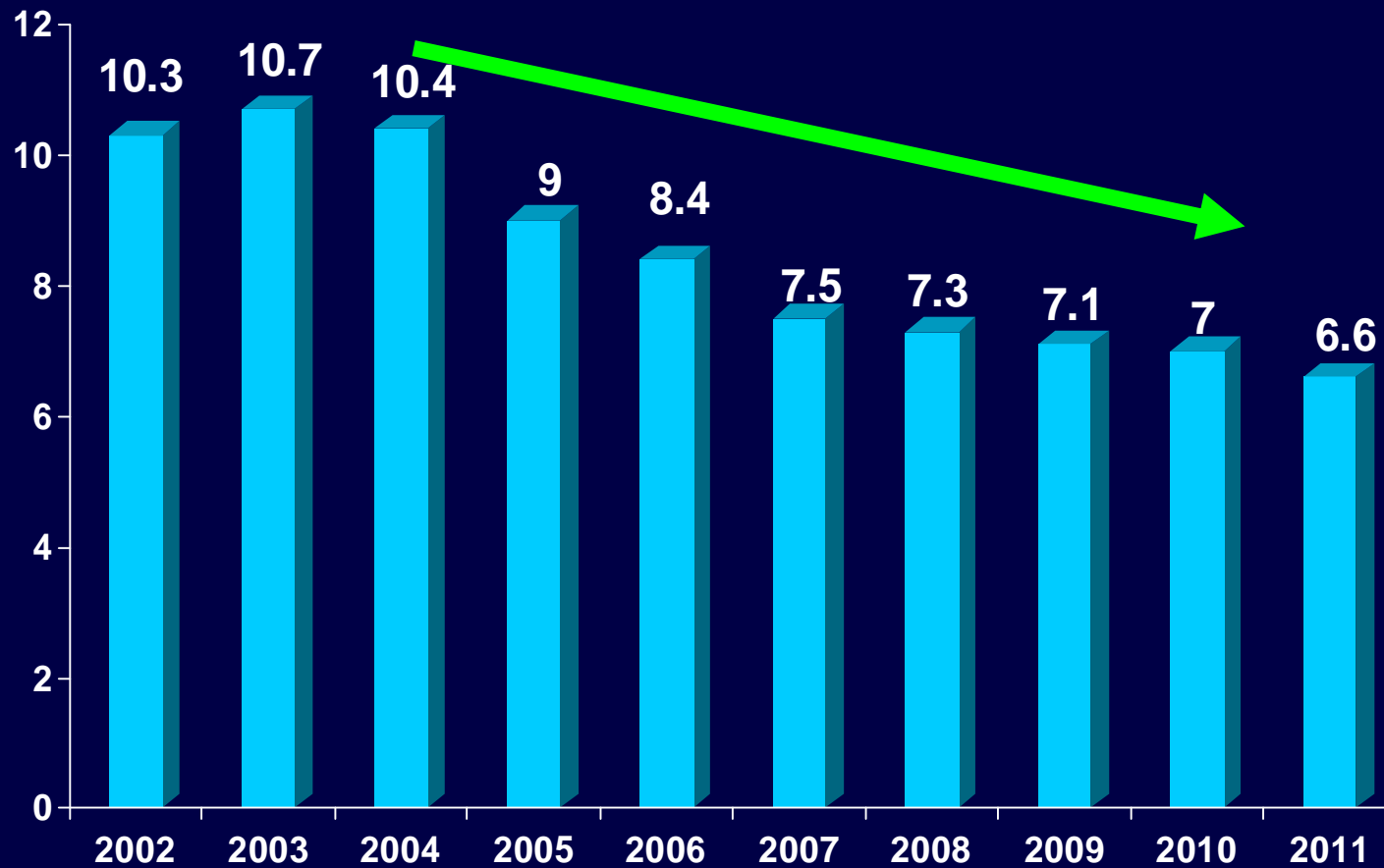


Source: \*EIU forecast [ViewsWire](#)

# Inward direct investment (B%)

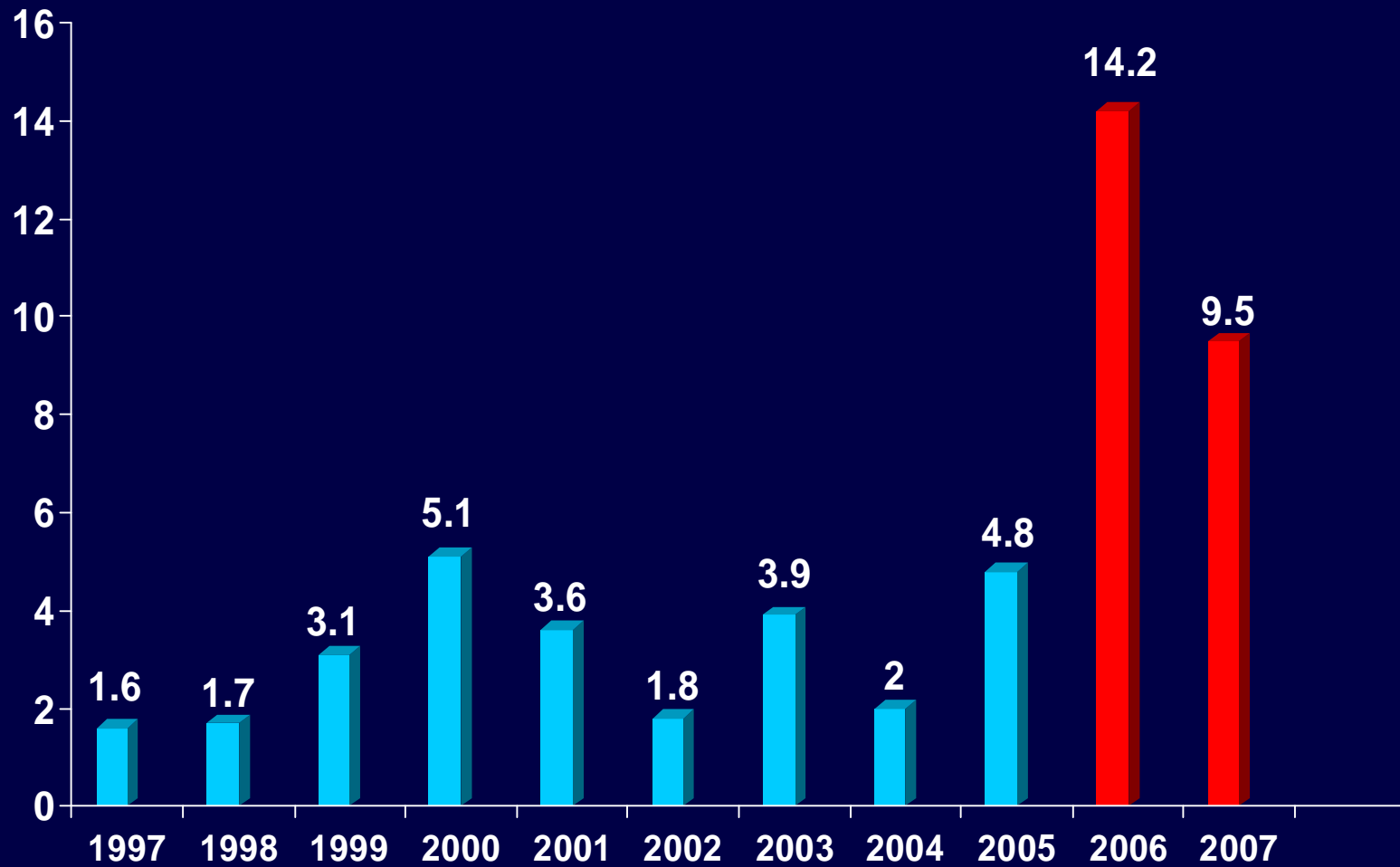


# Unemployment Rate (% of Total Labor Force)



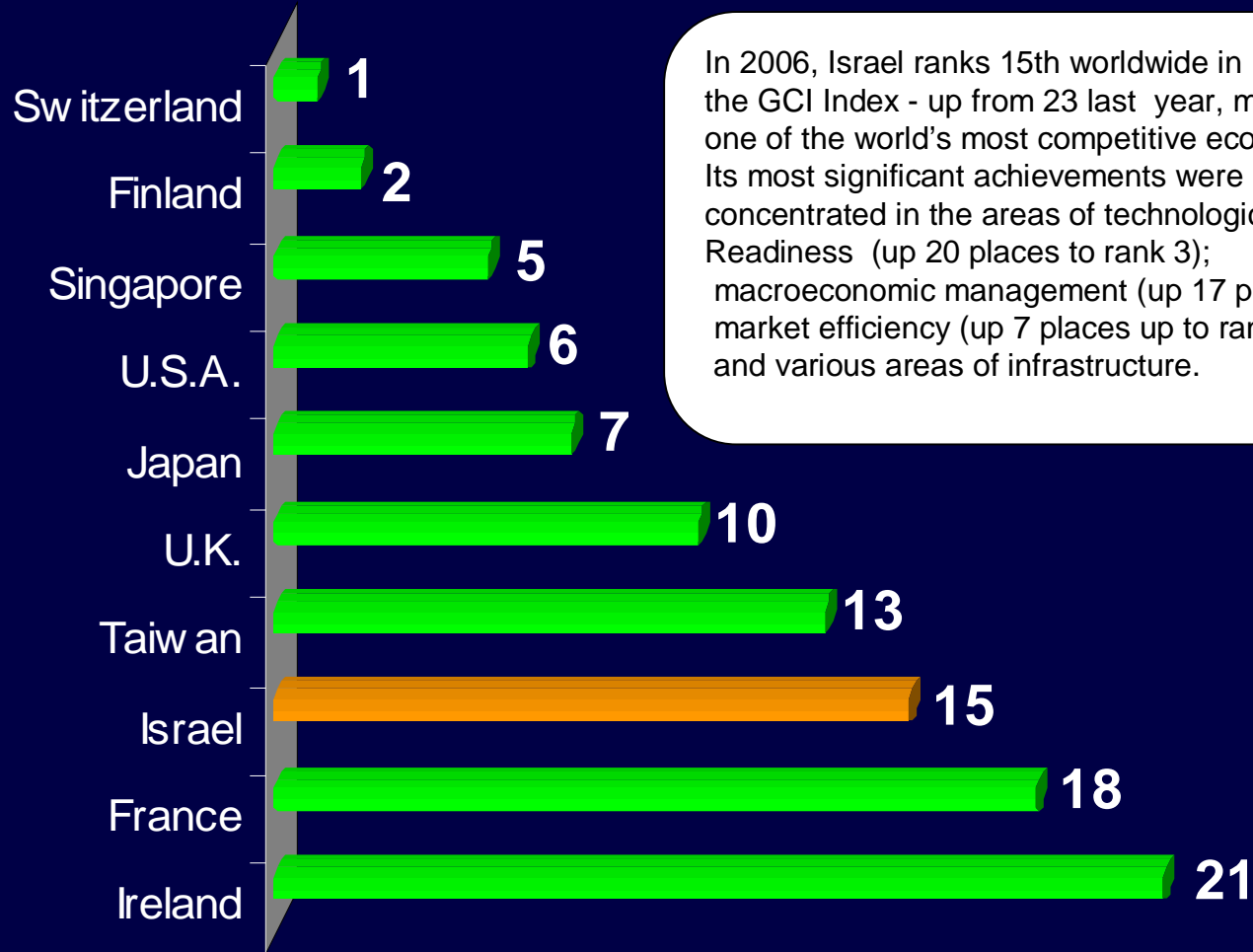
Source: [Central Bureau of Statistics, ViewsWire](#)

# Foreign Direct Investment (B\$)



Source: EIU [ViewsWire](#) CBS

# Global Competitiveness Index rankings 2006–2007

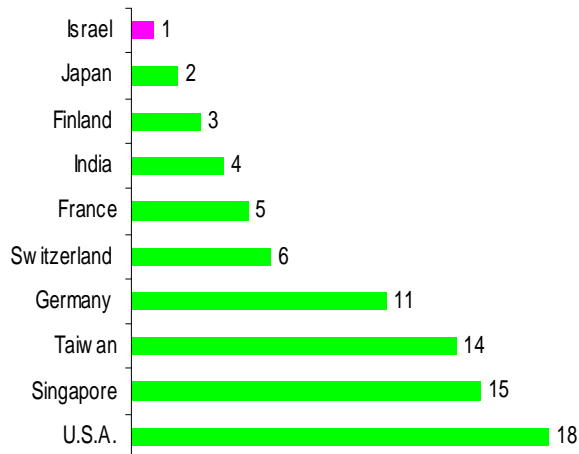


In 2006, Israel ranks 15th worldwide in the GCI Index - up from 23 last year, making it one of the world's most competitive economies. Its most significant achievements were concentrated in the areas of technological Readiness (up 20 places to rank 3); macroeconomic management (up 17 places to rank 50); market efficiency (up 7 places up to rank 14) and various areas of infrastructure.

# The Global Competitiveness Report 2006

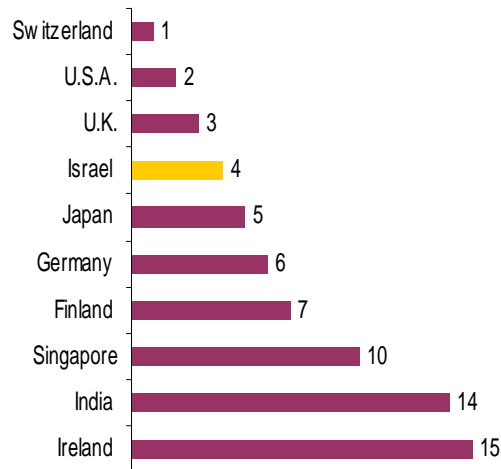
Israel is the 1st by Availability of scientists and engineers

Availability of scientists and engineers



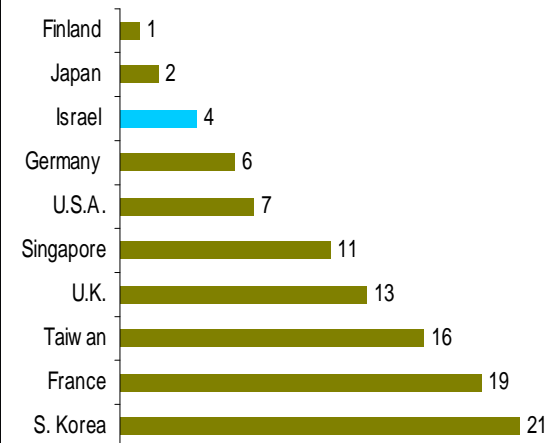
Israel is 4th by Quality of Scientific research institutions

Quality of scientific research institutions



Israel is 4th by Technological readiness

Technological readiness



# GCI World Report 2006

## (Examples)

Country Rank	1st	2nd	3rd	4th
Availability Of Scientists and Engineers	ISRAEL	JAPAN	FINLAND	INDIA
Venture Capital Availability	US	ISRAEL	NETHERLANDS	UK
Technological Readiness	SWEDEN	SINGAPORE	ISRAEL	ICELAND
Judicial Independence	GERMANY	NETHERLANDS	ISRAEL	NEW ZELAND
Quality of Scientific Research Institutions	SWITZERLAND	US	UK	ISRAEL

Source: Institute for management development World Competitiveness Yearbook- 2006

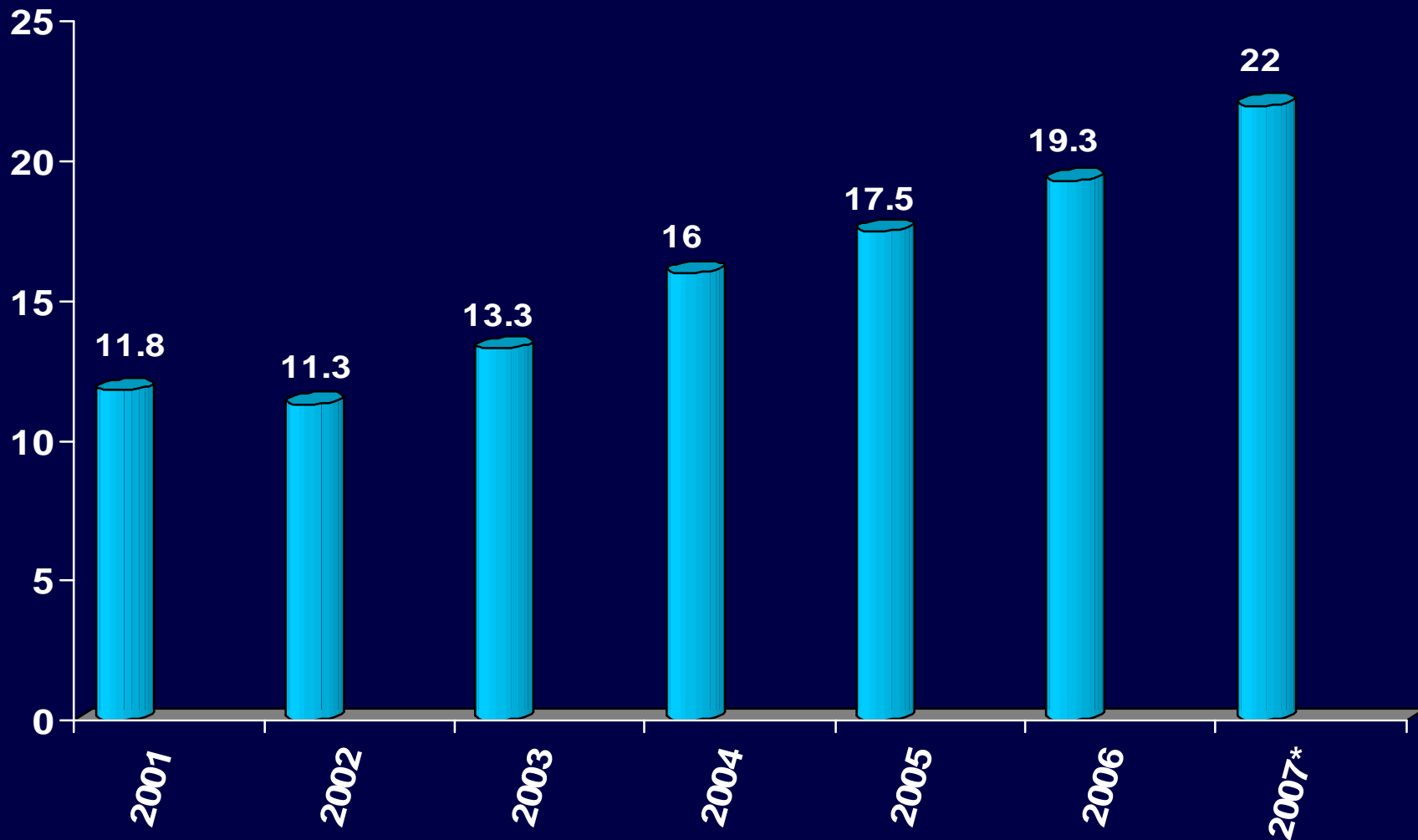
# Foreign Trade

# Trade of Goods and Services (B\$)



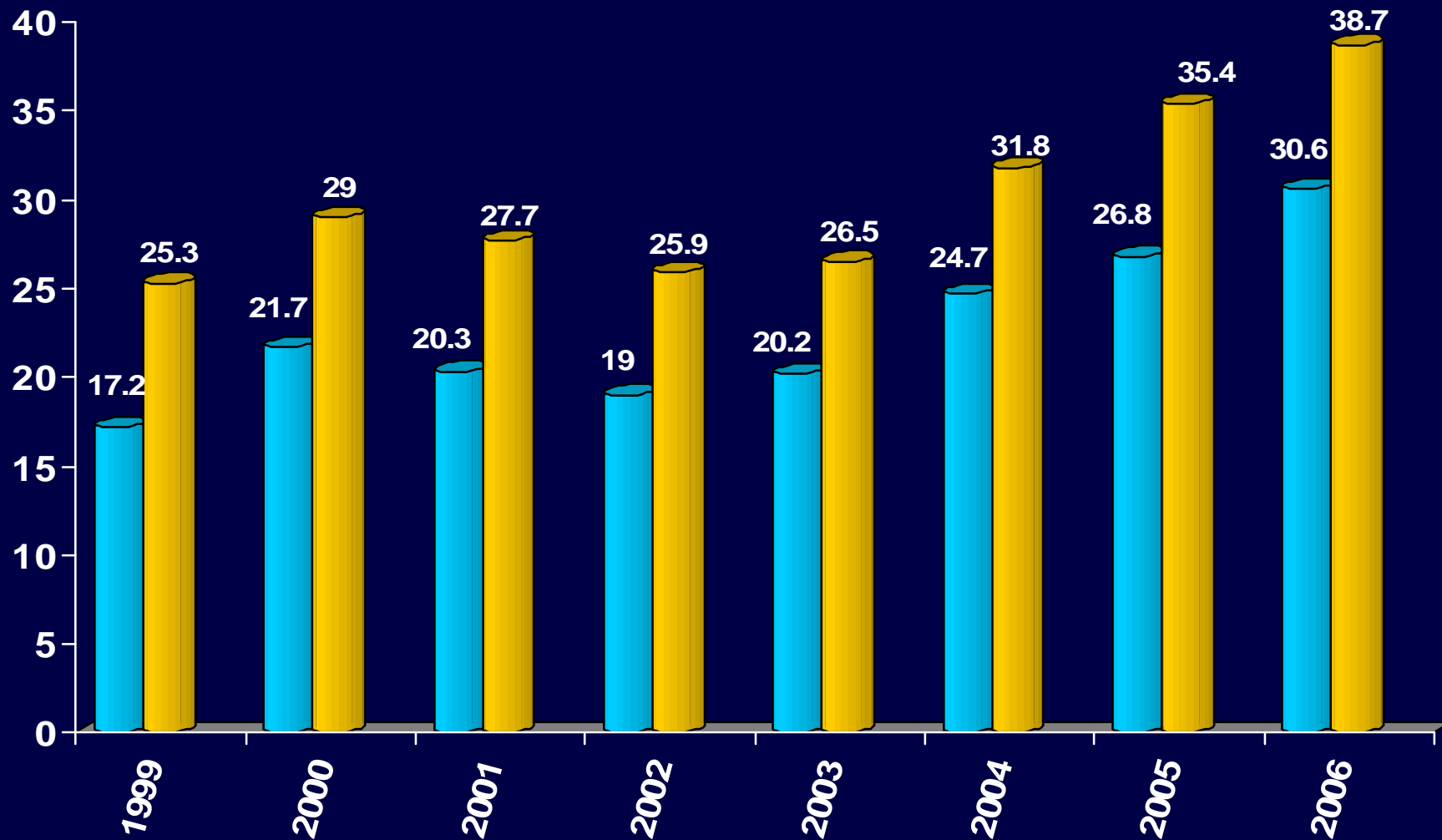
Source: EIU [ViewsWire](#)

# Exports of Services (B\$)



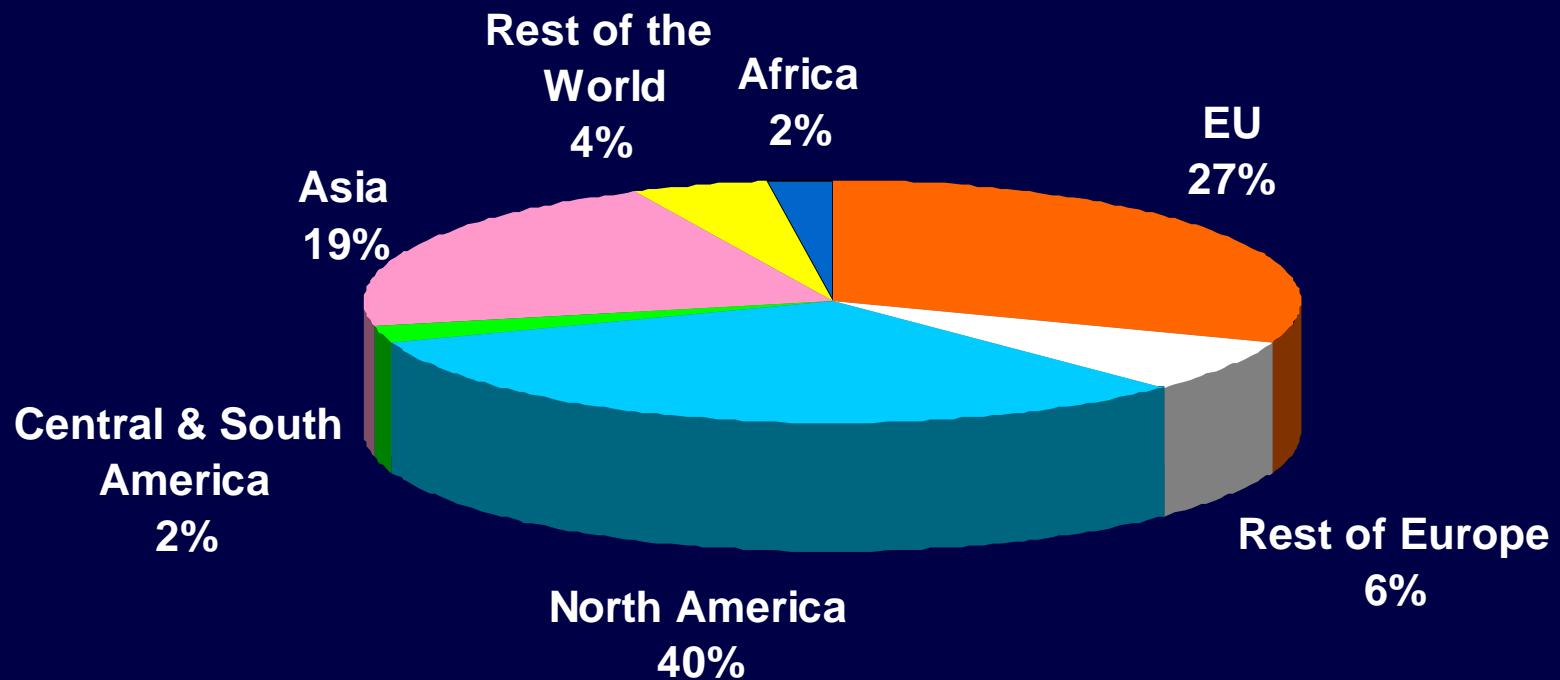
Source: Central Bureau of Statistics, \* Export institute forecast

# Trade of goods (exc. Diamonds) (B\$)



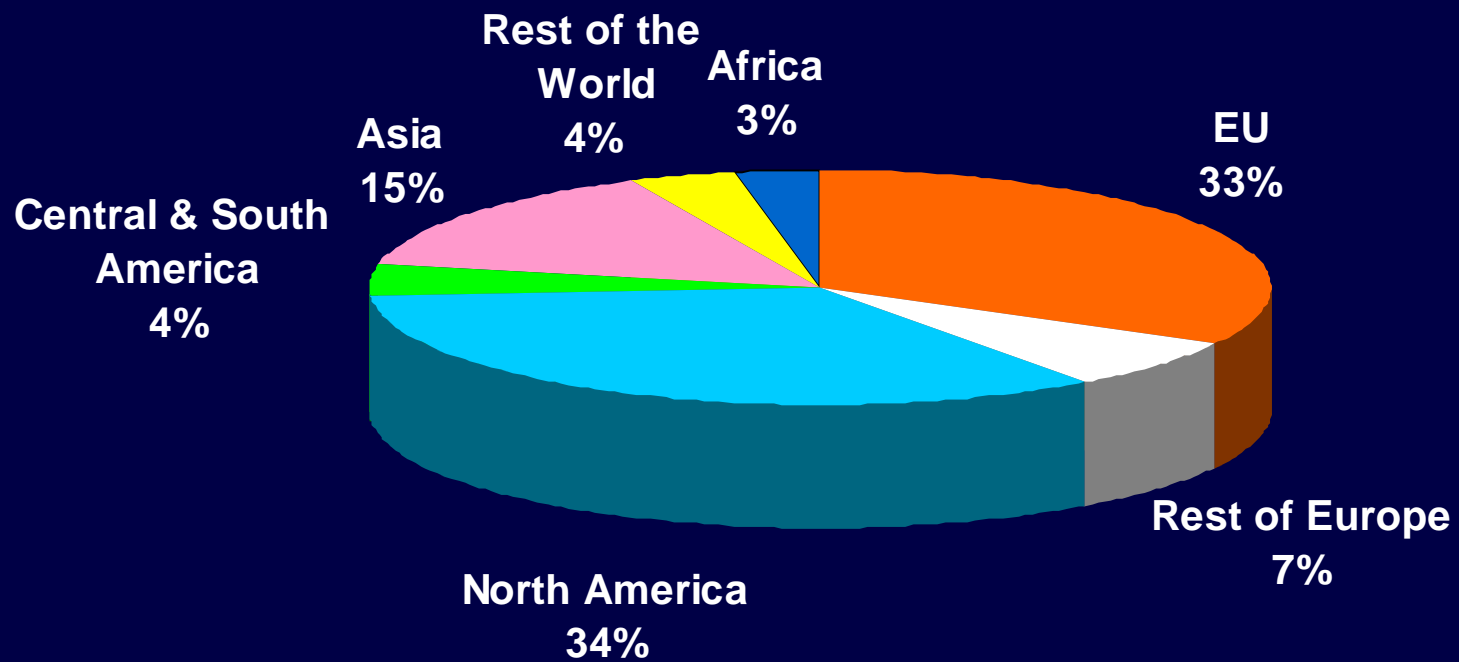
Source: Central Bureau of Statistics, \* Export institute forecast

# Exports of Goods by Region 2006 (in. Diamonds)



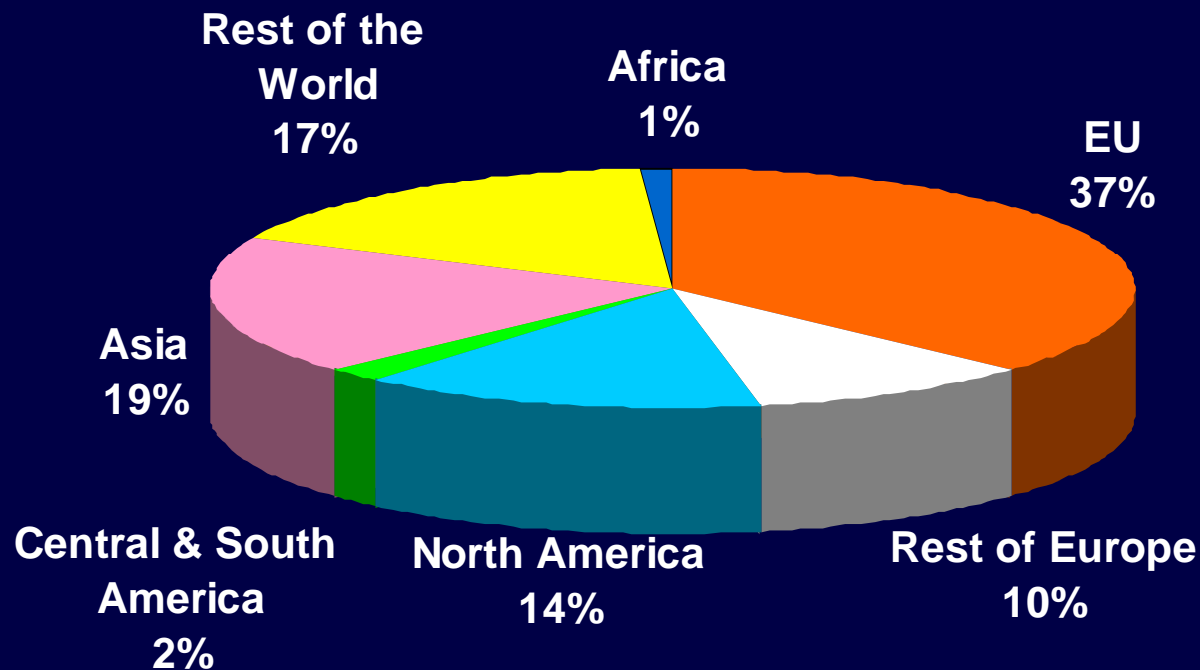
Source: Central Bureau of Statistics, Bank of Israel

# Exports of Goods by Region 2006 (ex. Diamonds)



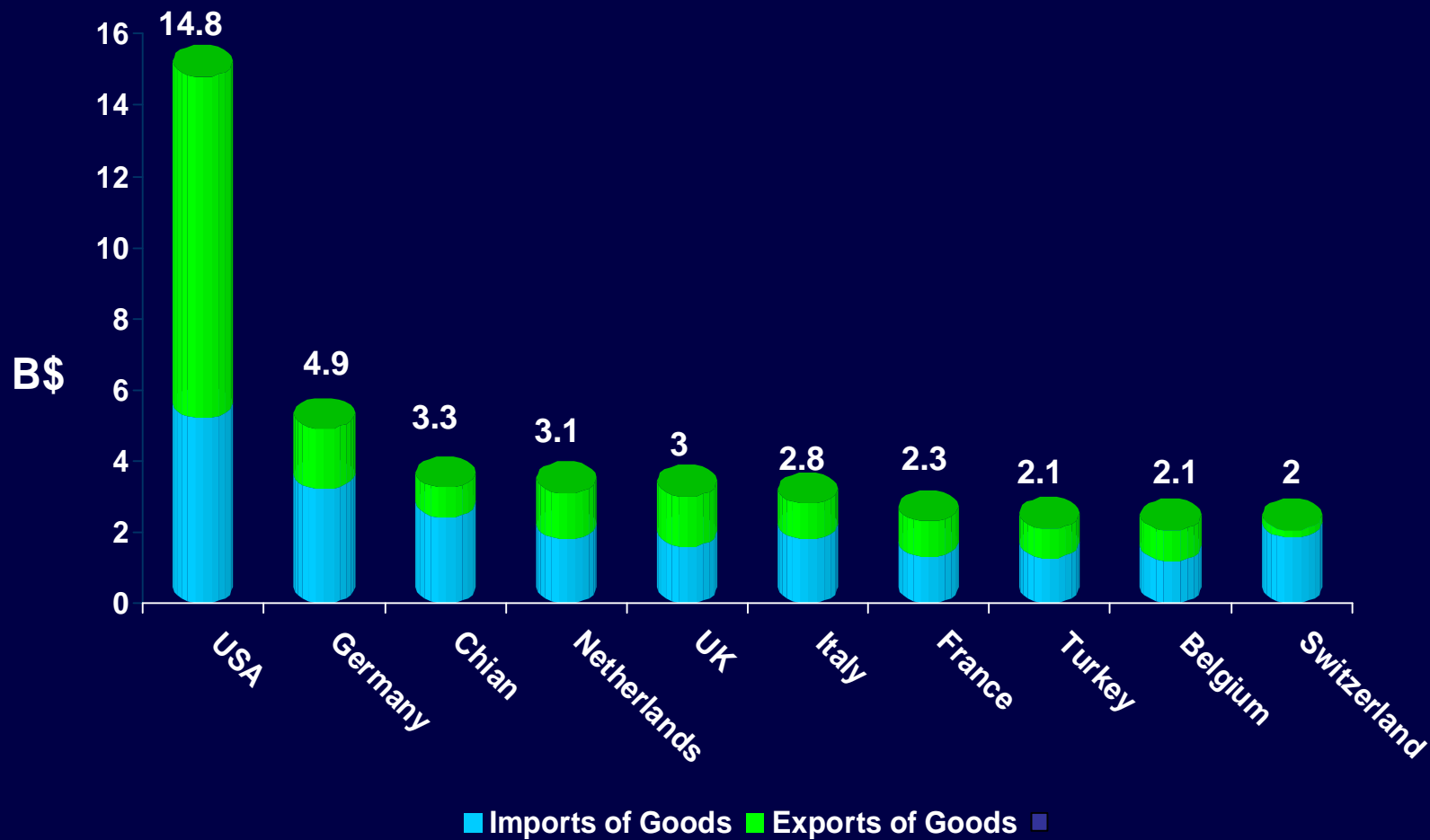
Source: Central Bureau of Statistics, Bank of Israel

# Import of Goods by Region 2006 (ex. Diamonds)



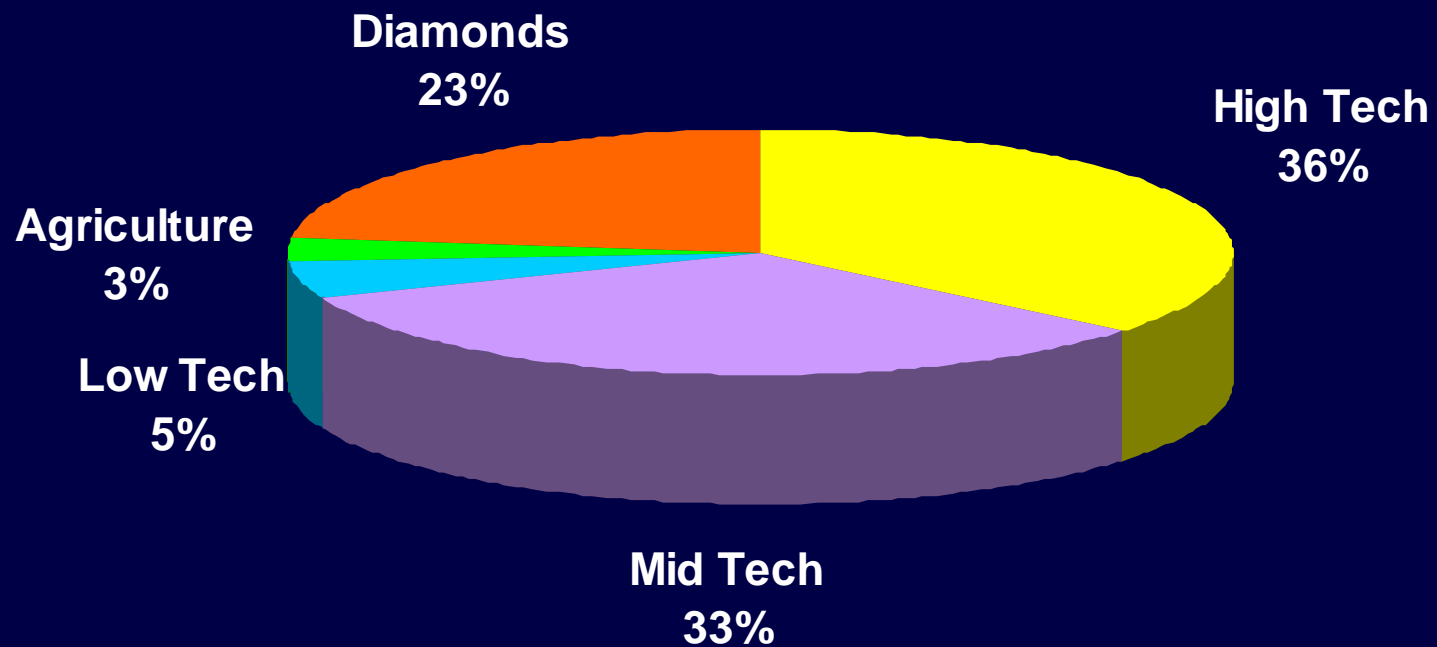
Source: Central Bureau of Statistics

# Israel's Main Trading Partners, 2006 (exc. Diamonds)



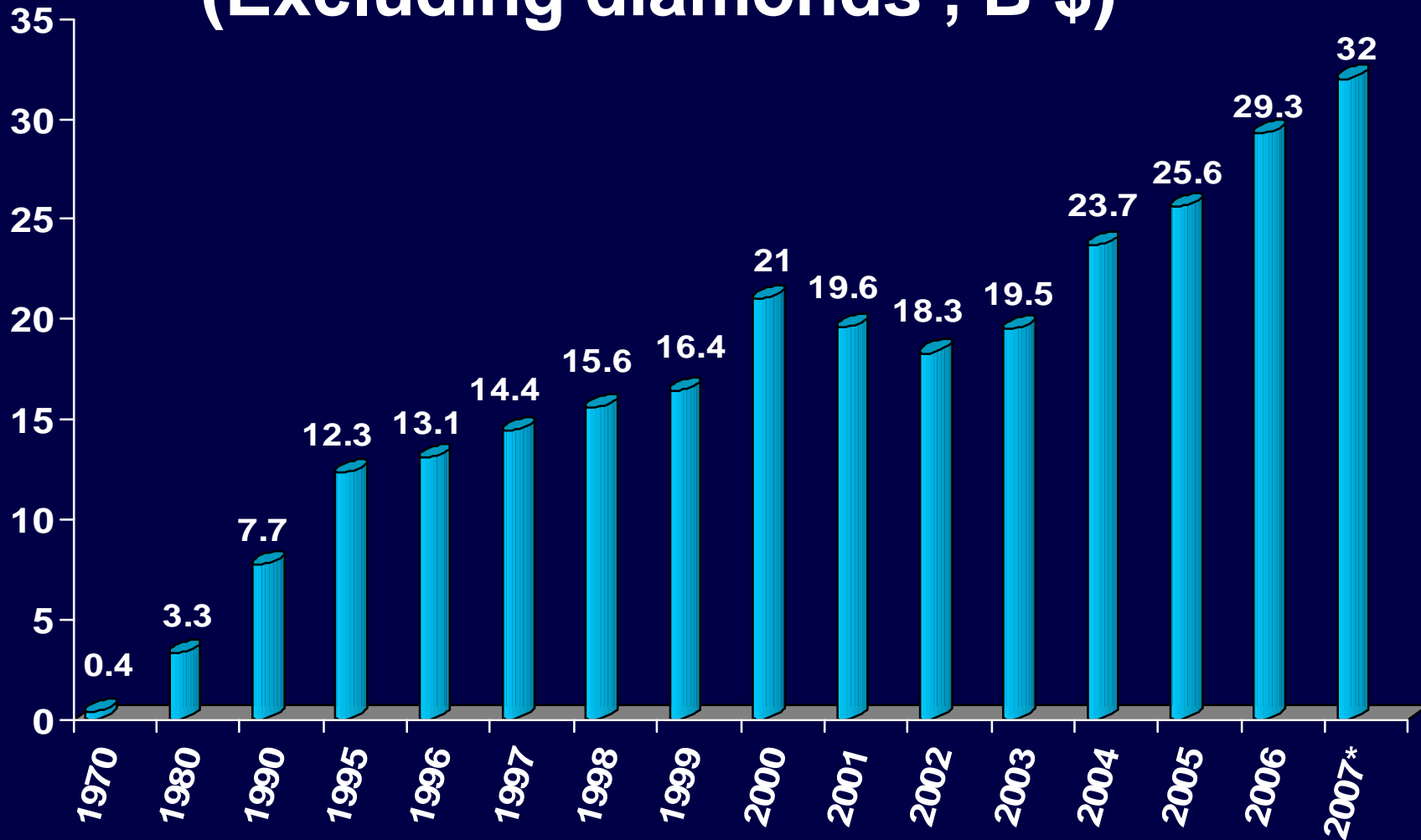
Source: Central Bureau of Statistics

# Exports of Goods by Commodity Group, 2006 (% of Total Exports of Goods (in. Diamonds))



Source: Central Bureau of Statistics

# Industrial Exports Development (Excluding diamonds , B \$)



Source: Central Bureau of Statistics, \* Export institute forecast

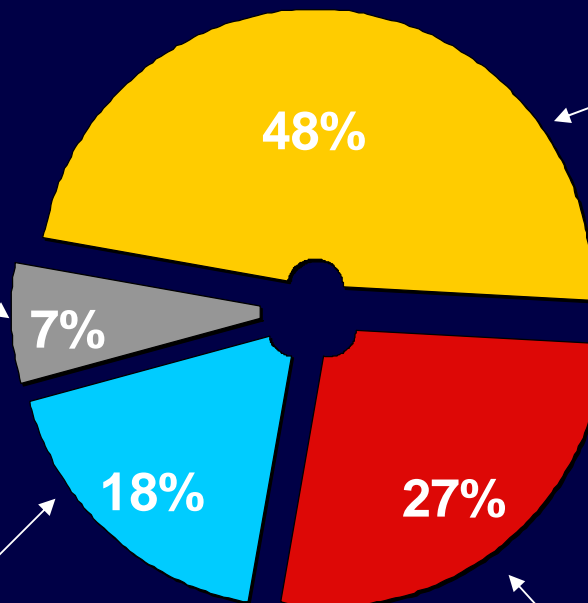
# Industrial Export- Sectors

## Low - technology industries

- Food products, beverages & tobacco
- Textiles, wearing apparel & leather
- Paper, printing & paper products
- Wood & furniture

## Medium - low technology industries

- Mining & quarrying
- Rubber & plastic products
- Non-metallic mineral products
- Non-ferrous & precious metals
- Iron & steel foundries
- Metal products
- Ships & boats
- Jewelers Goldsmith & silversmiths
- Articles n.e.c.



## High - technology industries

- Office & computing equipment
- Electronically components
- Aircraft
- Electronic communication equipment
- Equipment for control & supervision
- Pharmaceutical products

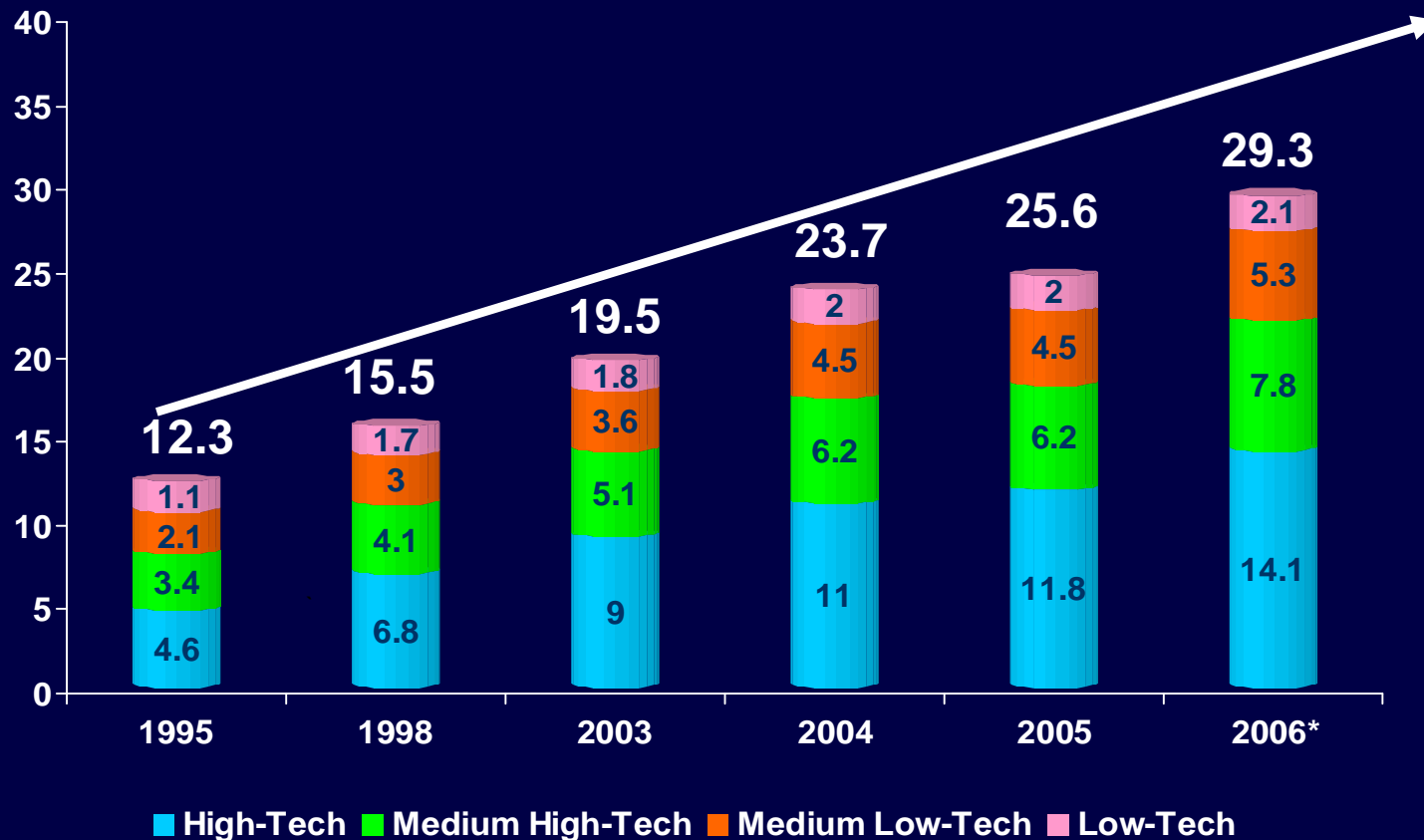
## Medium - high technology industries

- Chemicals & refining petroleum, excl. pharmaceutical products
- Machinery & equipment
- Electrical equipments & electrical motors
- Motor vehicles
- Transport equipment n.e.c.

Industrial Export 2006: 29.3 B\$  
Export Growth 15% compare to 2005.  
(ex. diamond )

# The Growth of Industrial Exports (B\$)

The High-Tech Sector Accounts for 48% of Total industrial Exports

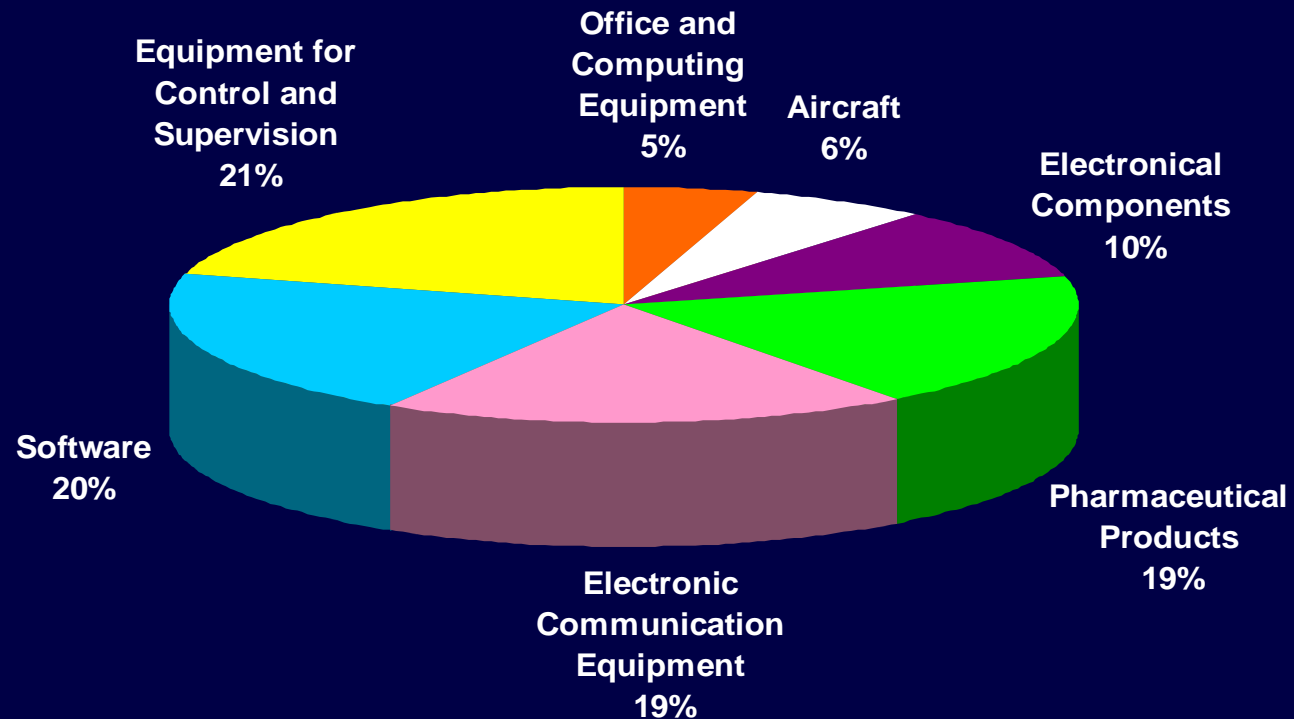


Source: Central Bureau of Statistics

# The high - tech Industry

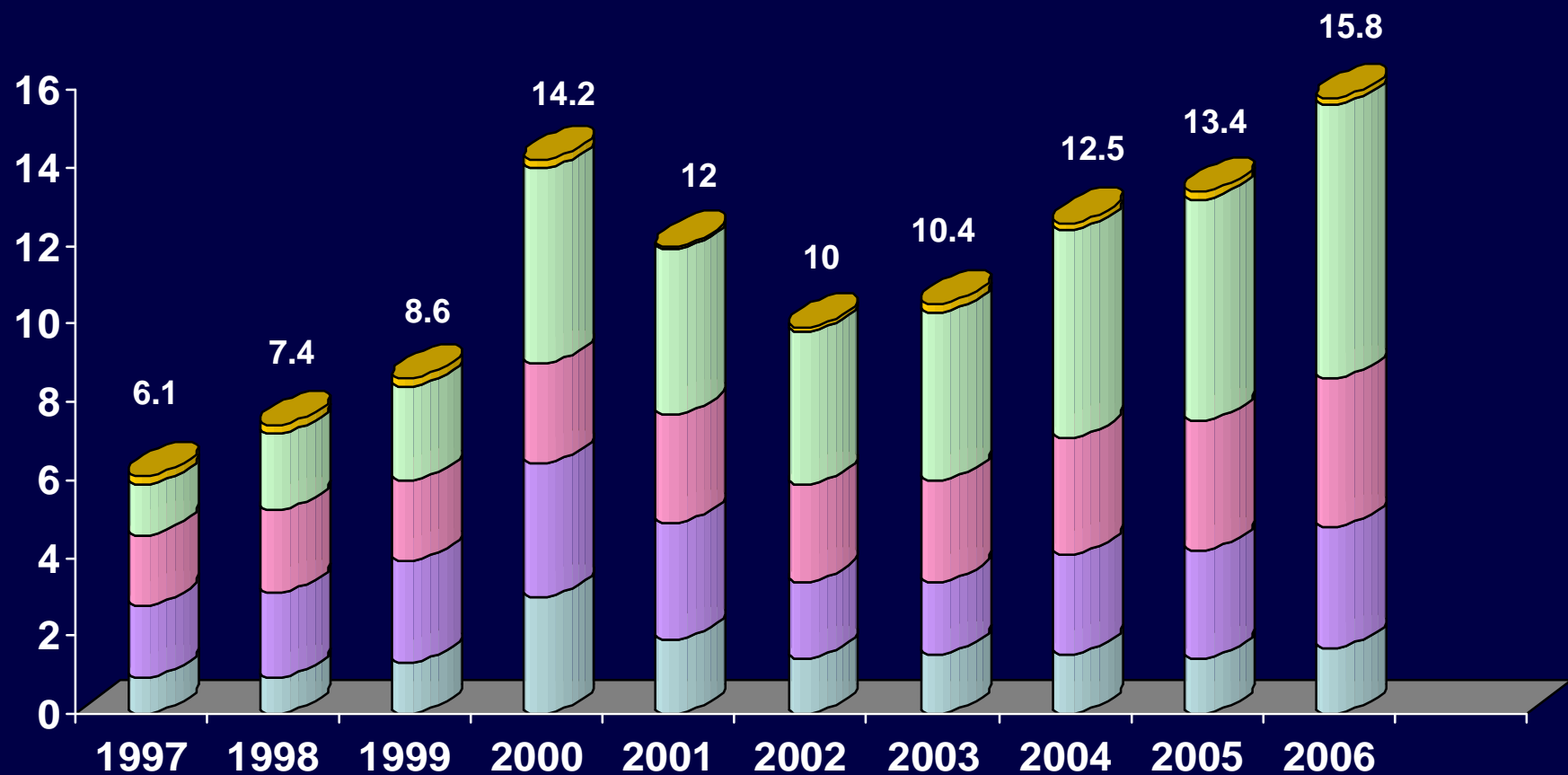
# Israel's Major High-Tech Exports 2006

Total High-Tech Export (Including Software): 17.8 B\$



Source: Central Bureau of Statistics , Israel Association of Software Houses

# ICT Industry Export 1997 – 2006 (B\$)



Electronic components

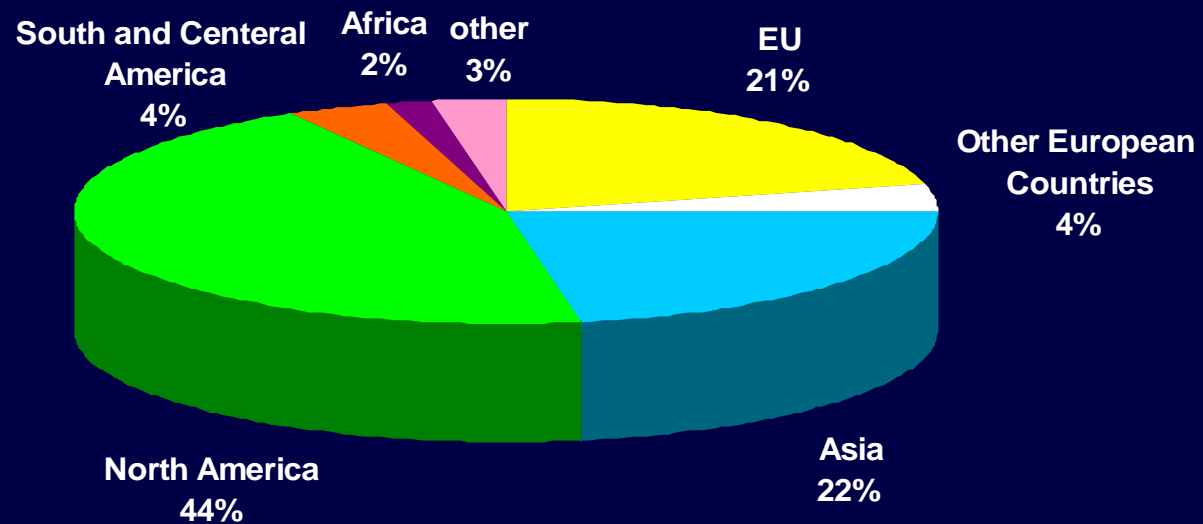
Equipment for control & supervision

Telecommunications services

Electronic communication equipment

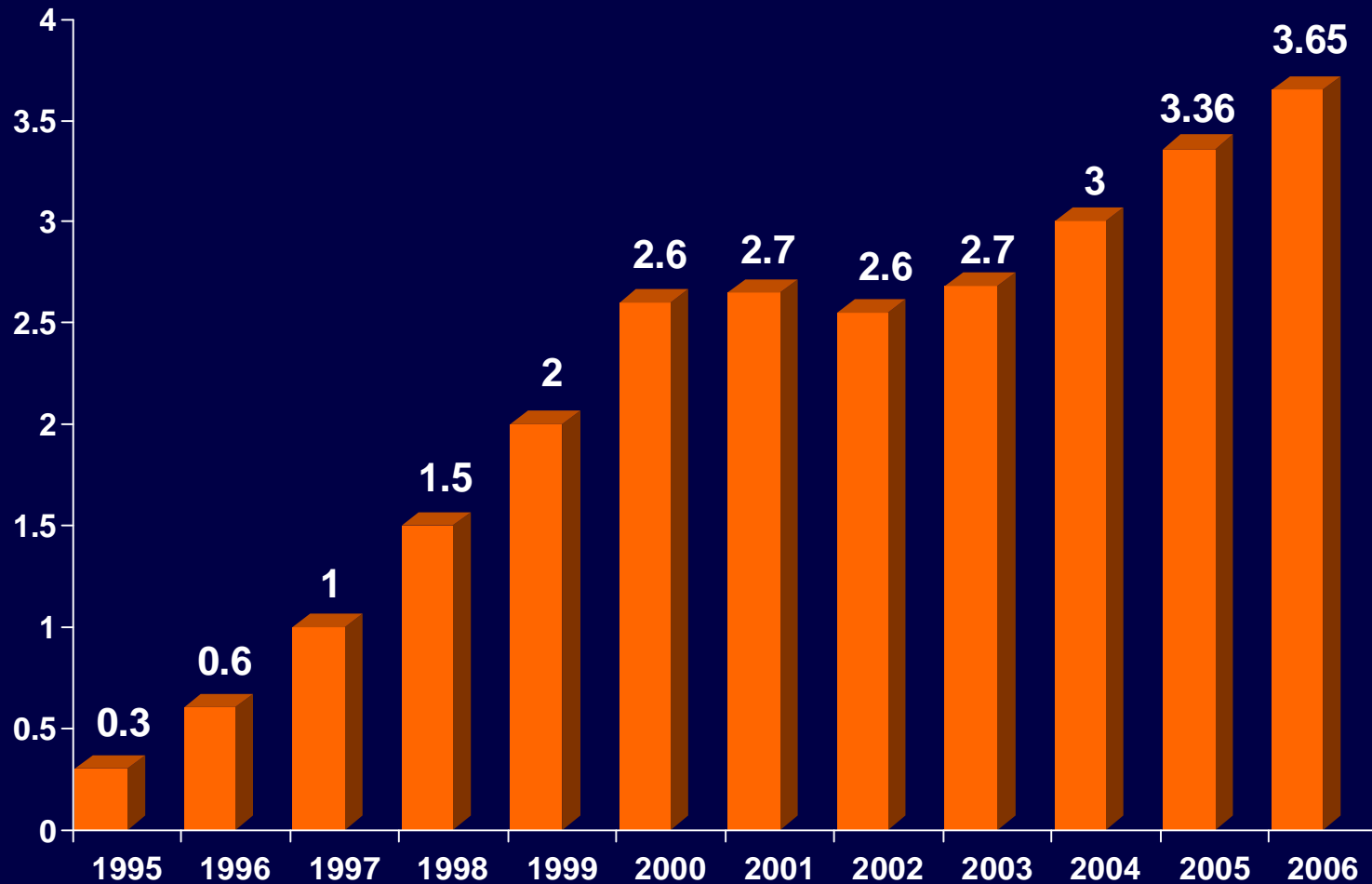
Computer and related services, Research and development

# Israeli High-Tech Exports by Region 2006 (Goods)



Source: MLM

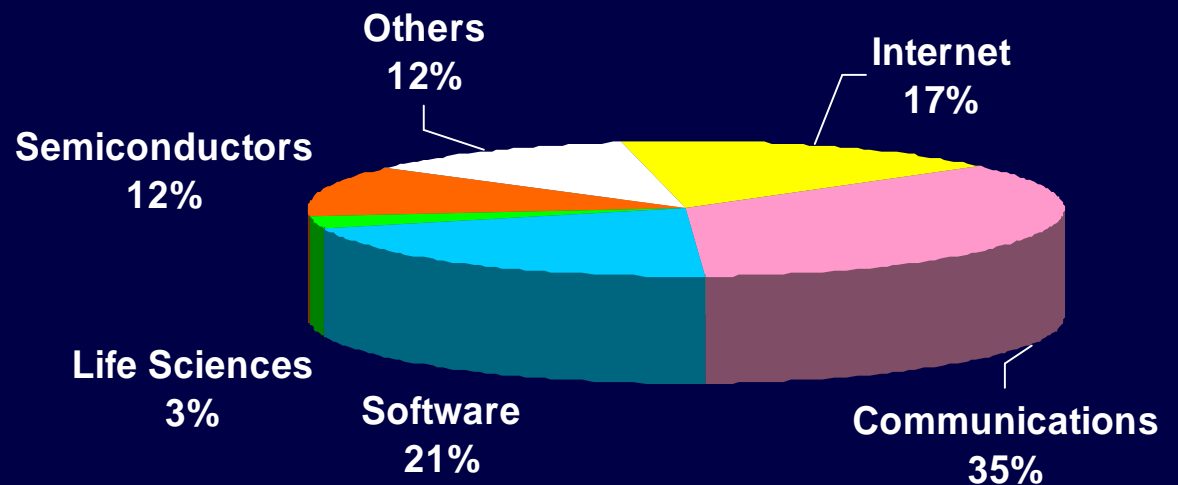
# Israel's Software Exports (B\$)



Source: Israel Association of Electronics and Information Industries

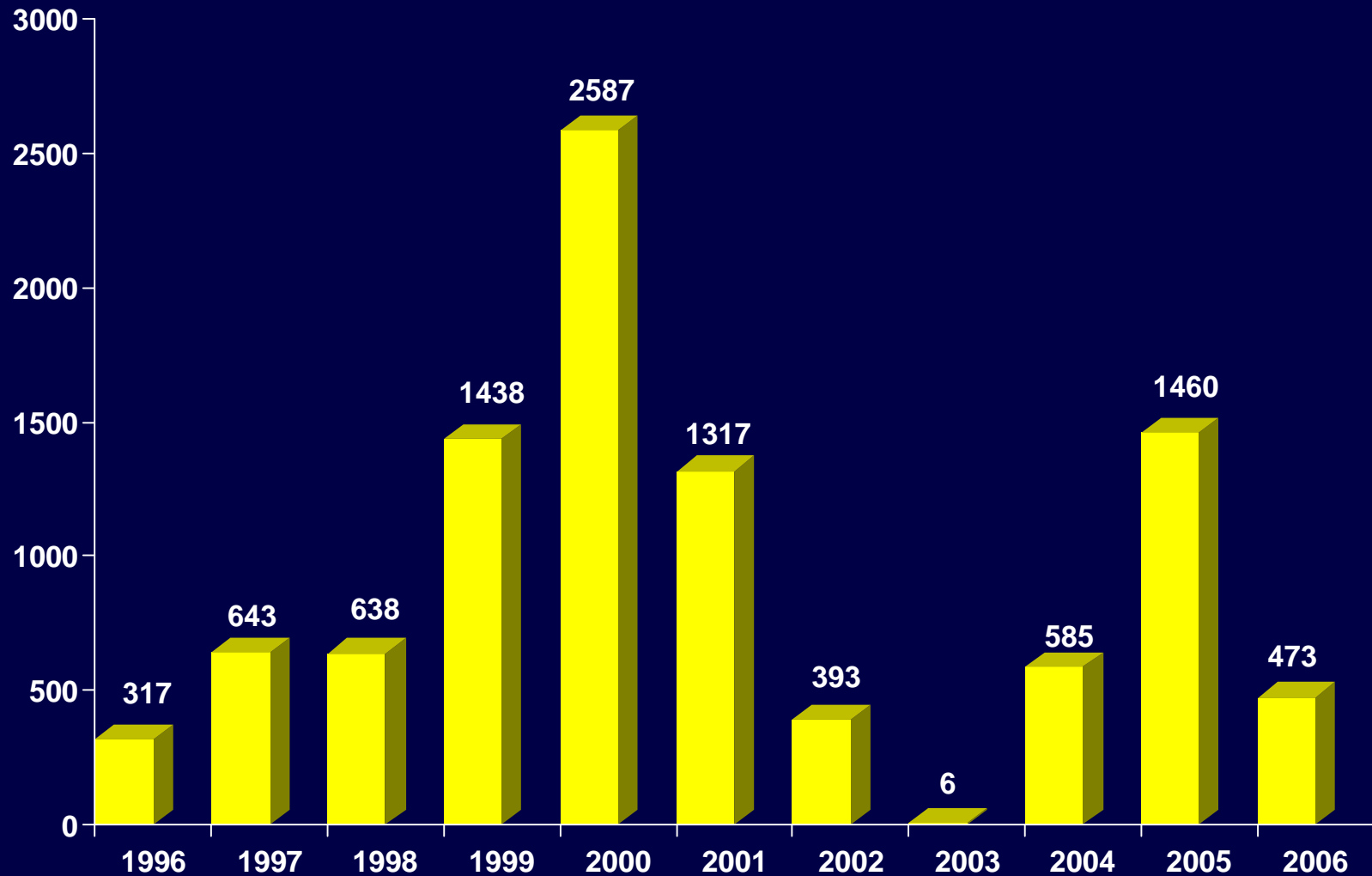
# Investments in High-Tech Companies 2005

Year	Total in \$ M
1999	1,013
2000	3,092
2001	1,986
2002	1,138
2003	1,011
2004	1,465
2005	1,337



Source: IVC - Israel Venture Capital

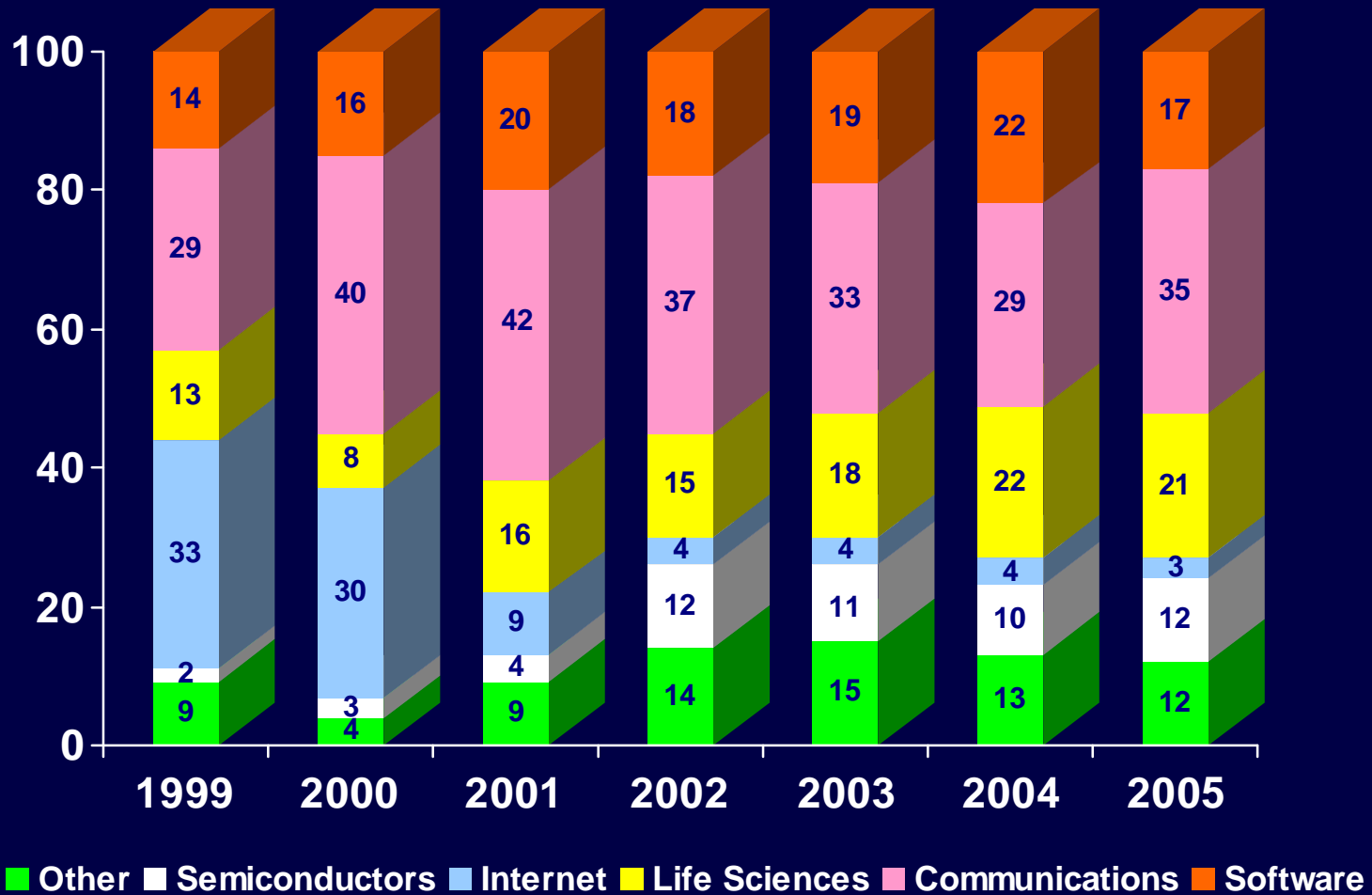
# Capital Raised by Israeli VC Funds\* (M\$)



Source: [IVC](#) - Israel Venture Capital - \*In Vintage year

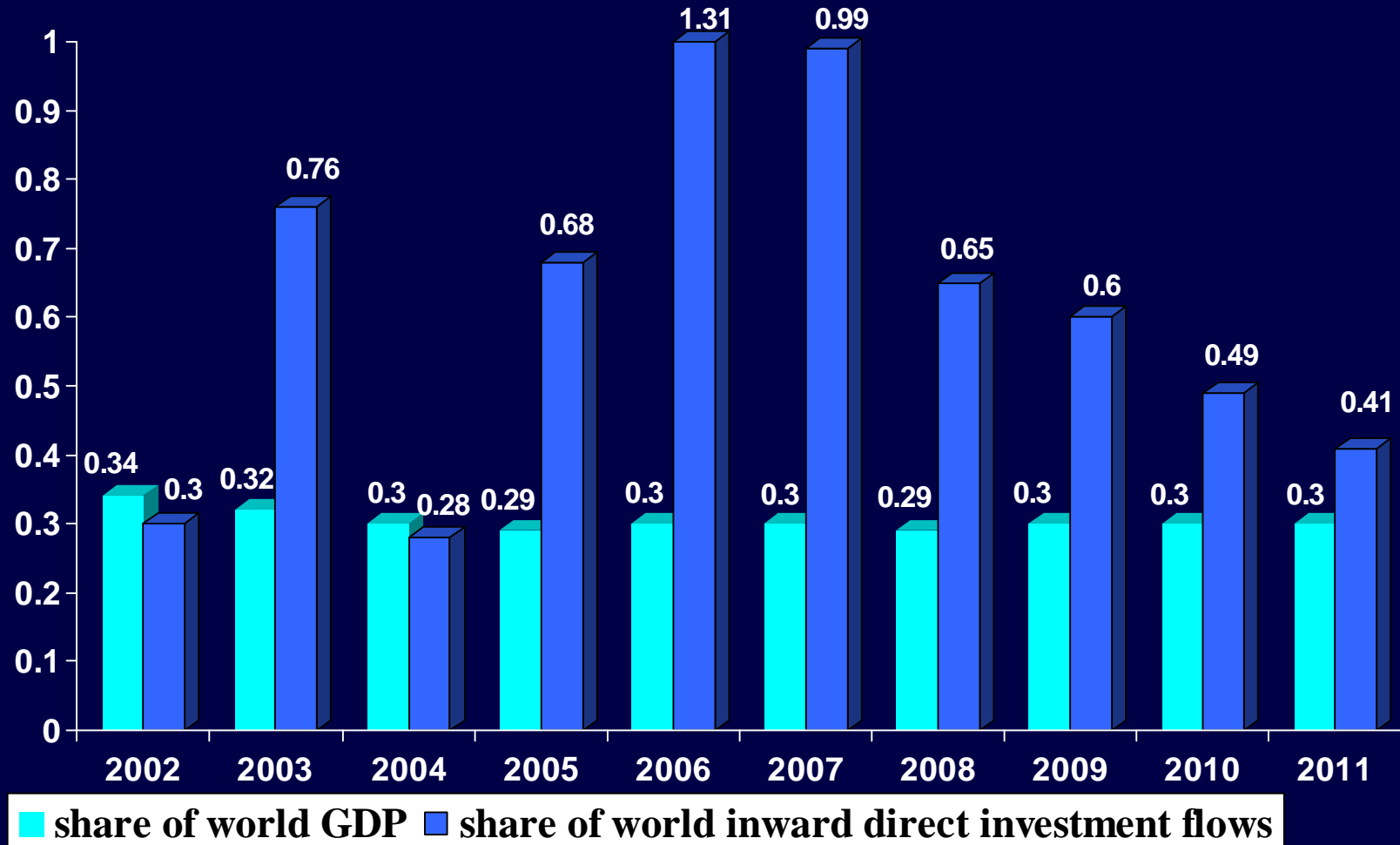
# High - Tech

## Capital Raised by Israeli High-Tech Companies by Sectors (%)



Source: IVC - Israel Venture Capital

# Direct Investment Flows as Share of World Direct Investment Flows (%)



Source: Views Wire

# Israel's Free Trade Agreements:



**USA (1985)**



**EFTA (1992)**



**Turkey (1997)**



**Jordan (1995): Bilateral Trade Agreement**



**Mexico (1999)**



**Canada (1997)**



**European Union – Association Agreement 2000**



**Romania (2000)**



**Bulgaria (2002)**

# **Avoidance of Double Taxation Agreements**

**Belarus**

**Belgium**

**Brazil**

**Bulgaria**

**Canada**

**China**

**Czech republic**

**Denmark**

**Finland**

**France**

**Germany**

**Greece**

**Hungary**

**India**

**Jamaica**

**Japan**

**Luxembourg**

**Mexico**

**Norway**

**Philippines**

**Poland**

**Romania**

**Russia**

**Singapore**

**Slovakia**

**South Africa**

**South Korea**

**Spain**

**Sweden**

**Thailand**

**The Netherlands**

**Turkey**

**USA**

# Cooperation in Industrial R&D Agreements



# Protection of Investment Agreements



**Albania**



**Argentina**



**Armenia**



**Belarus**



**Bulgaria**



**Croatia**



**Cyprus**



**Czech Republic**



**El-Salvador**



**Estonia**



**Georgia**



**Germany**



**Hungary**



**India**



**Kazakhstan**



**Korea**

# Protection of Investment Agreements



Latvia



Lithuania



Moldova



Poland



Romania



Slovakia



Slovenia



Thailand



Turkey



Turkmenistan



Ukraine



Uruguay



Uzbekistan

## QIZ Agreement



Egypt



Jordan

# International Organization\* Membership:

BIS | BSEC (observer) | CE (observer)

CERN (observer) | EBRD | FAO | IADB | IAEA

IBRD | ICAO | ICC | ICCt (signatory) | ICFTU

IDA | IFAD | IFC | IFRC (observer) | ILO | IMF

IMO | Interpol | IOC | IOM | ISO | ITU | OAS (observer)

OPCW (signatory) | OSCE (partner) | PCA | UN

UNCTAD | UNECE | UNEP | UNESCO | UNHCR

UNIDO | UPU | WB | WCO | WFP | WHO | WIPO | WMO

WToO | WTrO | WTO

\* Economic Organizations

# For Further Information Please Contact:

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