



## **Invest in Israel: Talking Points**

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"Invest in Israel," the Investment Promotion Center at Israel's Ministry of Economy, promotes foreign direct investment into Israel and works to foster investment growth across Israel's industries. Accompanying potential investors through the entirety of the investment process, the IPC works to accelerate local industry while offering an array of professional services to potential and current investors, who include multinational companies, venture capitalists, private equity investors, investment bankers, angels and others.

### **Investing in Israel**

- Internationally recognized as a seat of innovation and creativity, Israel has captured the protracted attention of the global investment community as a highly attractive site for investment. Noted for its thriving entrepreneurial spirit, its pioneering technologies, profitable business opportunities, and high investment returns, it is no wonder that so many multinationals have chosen Israel as a site to establish business operations.
- Sound macroeconomic strategy, coupled with the relatively conservative approach driving the Israeli banking sector's strategic decisions, has fueled Israel's strong economic performance. Its economy has continued to show growth even as the global economy has contended with crippling economic slowdown, outperforming the growth rates of other advanced economies since 2004. Its GDP growth rate was 3.4% in 2012, and 3.3% in 2013, with GDP growth projected at 3.1% for 2014, according to Bank of Israel forecasts.
- Growth of the Israeli economy has been fueled in part by a steady increase in exports and by skyrocketing international investment. Foreign direct investment (FDI) in Israel reached \$4.4



billion in 2009, growing steadily to \$5.5 billion in 2010, \$10.8 billion in 2011, and \$9.5 billion in 2012, while total foreign investment annualized at Quarter 3 of 2013 was \$14.1 billion (Source: Central Bureau of Statistics). Public Debt as a percentage of GDP has steadily declined from 102% in 2003 to 74.7% in 2007 to a record low 68.4%, in 2012. Unemployment fell to 5.8% in the last quarter of 2013, one of the lowest in the OECD (Source: Israel Central Bureau of Statistics).

### **Israel: A Leader in Global Indexes of Competitiveness**

- Israel is ranked **1st in the world for innovative capacity** by the IMD Global Competitiveness Yearbook 2013 and 3rd for innovation globally out of 148 economies by the WEF Global Competitiveness Yearbook 2013-2014.
- The IMD Global Competitiveness Yearbook 2013 ranks Israel 1<sup>st</sup> on a slew of critical measures: 1st for business expenditure on R&D, 1st for total expenditure on R&D, 1st for scientific research, 1st for public and private sector ventures, 1st for total expenditure on education, 1st for the development and application of technology, 1st for cyber security, 1st for information technology skills, and 1st for innovative capacity.

### **The Start-Up Capital**

- Israel has the **highest density of start-up ventures** anywhere in the world, ranking 2<sup>nd</sup> only to Silicon Valley in the Startup Ecosystem Index and boasting the second highest output index of startups globally. (Source: The Startup Ecosystem Report 2012)
- Its **4,000 start-up ventures** in its flourishing ecosystem put it before even the world's most bustling and historically dominant tech hubs. Greater Tel Aviv, Israel's business center, is ranked the **second best innovation eco system** worldwide. (Source: The Startup Ecosystem Report 2012)



- 4.38% of Israel's **GDP goes into R&D**, the highest percentage of any country in the world (source: OECD Science, Technology and Industry Scoreboard 2013)

### **Governmental Eagerness to Support Investment**

- Enshrined into its legislation through laws designed to encourage economic growth, the State of Israel seeks to offer maximally supportive conditions for companies seeking to invest in Israel. Part of a slew of incentives and benefits, the State of Israel encourages international and local investment by offering conditional grants, reduced tax rates, tax exemptions and other tax-related benefits through the Law for the Encouragement of Capital Investments and Industrial R&D.
- The Office of the Chief Scientist (OCS) in the Ministry of Economy is charged with execution of government policy for support of industrial R&D. 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. A variety of ongoing support programs developed and offered by the OCS play a major role in enabling Israel to be a key center for high-tech entrepreneurship.
- The Vocational Training Department at the Ministry further actively assists industrial companies in training workers in the various disciplines and professions required by the company.
- The State of Israel further offers targeted incentives designed to advance designated social sectors, including the Ultra-Orthodox and Arab populations and priority regions, namely the Israeli periphery.



## Educational Excellence

- The quality of Israel's workforce is naturally reflected in the quality of its **scientific institutions, ranked 1st in the world** for their quality (WEF Global Competitiveness Yearbook, 2013-2014).
- Israel ranks **3rd for its scientific infrastructure, and 4<sup>th</sup> for its technological infrastructure** (IMD 2013).
- Complimented by an unusually high **availability of scientists and engineers** (Ranked 8<sup>th</sup> in the 2013-2014 WEF Global Competitiveness Yearbook), Israel's scientific excellence makes it a preferred spot for leading multinationals to establish R&D centers.
- Ranked 5<sup>th</sup> in the world for **patent filings per capita** (2013-2014 WEF Global Competitiveness Yearbook), Israelis are behind a string of innovations across sectors and industries, including in medical equipment patenting, where Israel **leads the world in patent registrations**.
- Over the past decade, Israel, with a population of just 7.9 million, has produced eight **Nobel laureates**, including six in chemistry.
- Seven **world-class universities** and numerous colleges help produce a highly educated workforce
- Top **scientific institutions** (ranked 1<sup>st</sup> in the world for quality, WEF Yearbook 2013-4), coupled with high **expenditure on education** (ranked 1<sup>st</sup> by IMD Yearbook 2013) encourage educational excellence and innovation.
- 12 Active **tech-transfer organizations**, which help bring the findings of academic research to the market, produce mass revenue. The Weizmann Institute's YEDA is ranked among the top ten tech transfer companies worldwide in terms of revenue (AUTM Survey 2010).



## Global Challenges, Israeli Solutions

- From its inception, Israel has utilized its ingenuity to forge **bold and pioneering solutions to global challenges**. Disk-on-key, PillCam, Mobileye vehicle safety technology, drip irrigation, the Medinol heart stent, water reclamation technologies that save water on a massive global scale, plant and seed technologies that expand food production, gesture recognition, Powermat, and Waze are just a few of the **Israeli breakthroughs** that have changed the way we live and work, promising solutions to some of the most pressing global problems.
- With over 250 companies, the **Israeli water sector** is a leader in exports, offering innovative solutions, systems and products that contribute to global water conservation efforts. Israel's leading performance within the global water industry is illustrated by the following facts:
  - 86% of Israel's wastewater is reclaimed for agriculture, which is by far the highest percentage in the world.
  - Worldwide, Israeli companies have installed more than 350 desalination plants in nearly 40 countries.
  - Israel is among the world's lowest-cost producers of desalinated water: \$0.55 per cubic meter, compared with \$1.00 per cubic meter, which is the world average.
  - Between 2005 & 2010 alone, Israeli water-related exports doubled. Today, Israeli systems account for some 50% of the low-pressure irrigation systems on the global market, Israel exporting more than 80% of its drip irrigation products, which reduce agricultural water consumption by one-third .

Source: The Israel Water Authority and The Israel Export Institute

- Since its inception, Israel has been at the forefront of **agricultural innovation**. Through new technologies, Israeli companies are helping to find ways to increase crop yield, resist climate change and reduce resource consumption.



- Israeli technologies are widely sought after in both the industrial and developing worlds. For example, each year, Israel exports over \$150 million worth of seeds, mainly hybrid vegetable seeds, to markets that depend on improved yields and quality. (Source: Israeli Ministry of Agriculture)
- Israel's 1,000 **life and health science** companies, which lead the world in medical device patenting per capita, are responsible for producing a range of innovations.
- In the **Medical Devices** arena, Israeli scientists and engineers have integrated advanced technologies in Electronics, Communications and Electro-optics to develop world-class innovations in digital imaging, medical lasers, tele-medicine, as well as diagnostic and surgical equipment.
- Israel has further been the source of breakthrough treatments and blockbuster drugs, generating billions of dollars in annual sales, including Copaxone for the treatment of MS, and Rebif for the treatment of Central Nervous System Disorders.
- In 2012 alone, Israel's Life Science sector exported \$8 billion in goods, \$6 billion within the bio-pharma sector.
- In a climate of growing global awareness of the risks of privacy breaches on the World Wide Web, the world is increasingly relying on Israel's **cyber** expertise to ward off computer threats and keep information secure.
- In the cyber domain, Israeli specialists offer a wide range of cyber security solutions, including telecommunication and network security technologies, financial processing and data security technologies, and communications surveillance.
- In 2014, over 220 local companies alongside 20 foreign R&D centers develop security solutions applied throughout the world including:Paypal, IBM, EMC, RSA, GE, VMWare, General Electric,



Cisco, Deutsche Telekom, Lockheed Martin, CA Technologies, McAfee . IBM, Cisco, and GE are establishing major cyber centers in Israel, recruiting hundreds of local employees in the process.

- In the past 4 years alone, over 100 new cyber-security companies have sprouted up in Israel, with nearly \$400 million invested in 78 companies during this period. (Source: IVC Research Center)

### **Multinational Presence**

- Microsoft, Motorola, Google, Apple, Facebook, Berkshire-Hathaway, Intel, HP, Siemens, GE, IBM, Philips, Lucent, AOL, Cisco, Applied Materials, IBM, J&J, EMC, and Toshiba spark the long list of MNCs who have realized that Israel is their ideal choice for investment.
- In **292 multinational R&D centers** operative in Israel\*, Israeli brainpower serves as a pipeline of innovation to the world, developing the technologies that help keep leading MNCs ahead of market curves.  
\*figure as reported by IVC Online Research Center
- A string of MNCs have established **manufacturing facilities** in Israel as well, including: Applied Materials, General Electric, Hewlett Packard, Intel Corp, KLA, Kulicke & Soffa Industries, Marvell, Motorola, National Semiconductor, Phillips Healthcare, Sigma Aldrich, Tower Semiconductor, Vishay Intertechnology
- Through **major acquisitions, mergers, and investments** in Israeli companies, global giants incorporate the best of Israeli inventiveness into their product portfolios, adapting the technologies that keep their products viable in the global marketplace. Some leading examples include: Waze-Google, Onavo-Facebook, Given Imaging-Covidien, Adap.TV-America Online, Boxee-Samsung, ChooChee-Deutsche Telekom AG, CyOptics-Avago, Intucell-Cisco, NDS-Cisco, Telmap-Intel, ScaleIO-EMC, Retalix-NCR, ExtremeIO-EMC, Worklight-IBM, Videosurf-Microsoft, PROLOR-OPKO Health, Anobit-Apple, Provigent-Broadcom, Zoran-CSR.



## **Engineers in the Israeli Employment Landscape**

- Average salaries for engineers in Israel's hi-tech and bio-tech sectors are based on a range of factors, including the particular type of engineering work and the level of seniority of the particular employee. The broad range of engineering jobs include a range of software, hardware, QA and IT engineering positions, with salaries that range from \$54,000 to \$158,000 annually (calculated to include all employer costs and based on monthly salaries in NIS).