

Basic data

- A population of 7.4 million inhabitants, 28% of whom are less than 15 years old (average age: 29)
- GDP per capita in 2008: \$US 24,000 (\$US 26,521 in purchasing power parity)
- Main cities: Tel Aviv (3.1 million inhabitants), Haïfa (1.1 million), Hashdod (207,766 inhabitants)
- Languages: Hebrew, Arabic, English
- Mediterranean and mild climate along the coast, temperate on the heights, almost desert in the Neguev region
- Currency: New Shekel (€0.183)

Israel in 2008 represents:

- An attractive, open and diversified economy, supported by strong GDP growth, in the region of 5.1% in 2007
- Unemployment falling regularly for the past 3 years, dropping from 11 % in 2004 to 7.5 % in 2007
- A strong capacity to attract foreign investors, with more than \$US 3.9 billion of FDI received in 2007 and more than \$US 13.9 billion in 2006
- The greatest concentration of high tech companies in the world after California's Silicon Valley, with more than 4,000 start-ups
- Very large number of qualified staff with a concentration rate of engineers/scientists at 140 per 10,000 inhabitants (against 85,000 in the USA and 60,000 in Germany)
- A standard of living close to European levels with a monthly income of around €1,400
- External trade which represents nearly 90% of GDP

Sources: MAE, Coface, International Monetary Fund, CIA World Fact Book, ANIMA-MIPO

Useful links

- Israeli Government www.gov.il
- Ministry of Finance www.mof.gov.il
- Investment Promotion Agency www.investinIsrael.gov.il
- ANIMA, Mediterranean Investment Network www.anima.coop
- Crédit Agricole www.credit-agricole.fr
- Medef International www.medefinternational.fr
- Marseille-Provence Chamber of Commerce and Industry www.ccmp.com
- French Economic Mission in Israel www.missioneco.org/israel



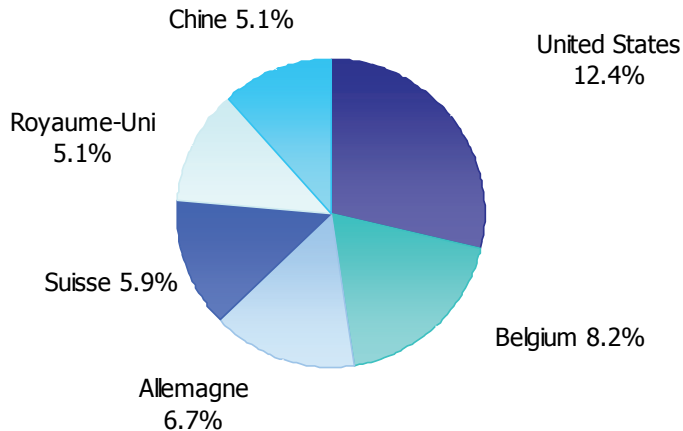
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Main imports partners in 2007

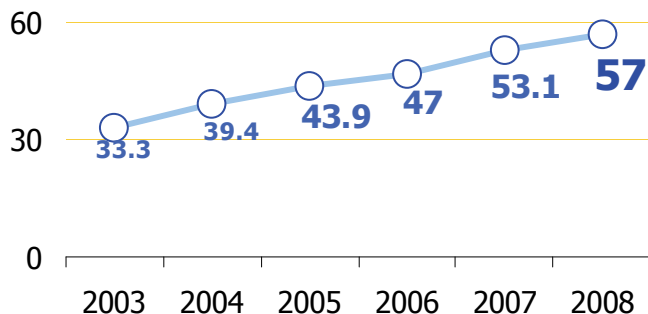
Imports 2007 : US\$ 53.1 billion



An important rise in imports since 2003

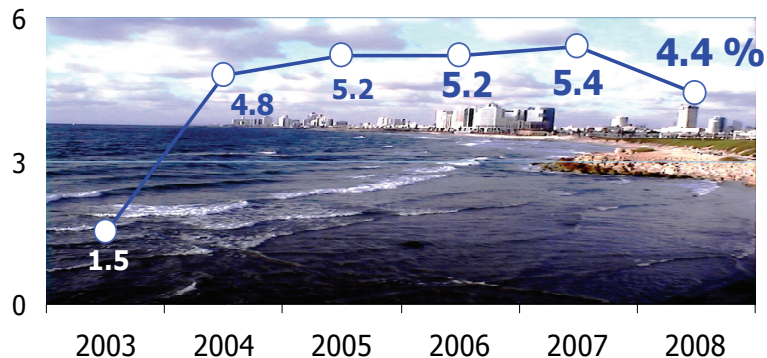
In US\$ billion

(Source : Coface)



Economic growth remains strong despite regional strife

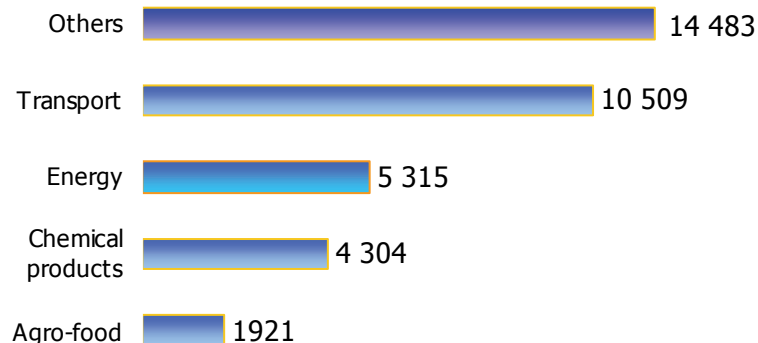
(Source : Coface)



Main imports in 2006 per sector

In euros mln

(Source : Eurostat)



A highly stimulating business climate

Sources : *Doing Business 2008, World Bank*

Doing Business Ranking
2008 : 30th

		Israel	Region	OECD
Starting a Business	Numbers of procedures to start a business	5	9.7	6
	Number of days to create a business	34	38.5	14.9
Dealing With Licenses	Number of procedures to obtain a permit	4.4	19.4	14
	Number of days to obtain a permit	235	201.4	153.3
Employing Workers	Difficulty of firing index	0	31.2	27.9
	Nonwage labor cost (% of salary)	6%	0.148	0.207
	Firing costs (weeks of wages)	91	55.6	25.7
Registering Property	Procedures (number)	7	6.8	4.9
	Duration (days)	144	48.1	28
	Cost (% of property value)	7.5%	6.6%	4.6%
Trading Across Borders	Documents for export (number)	5	7.1	4.5
	Time for export (days)	12	24.8	9.8
	Cost to export (US\$ per contaneir)	560\$	992.2\$	905\$
	Cost to import (US\$ per container)	560\$	1128.9\$	986.1\$
Enforcing Contrats	Procedures (number)	35	43.5	31.3
	Duration (days)	890	699	443.3
Closing a Business	Time (year)	4	3.7	1.3

A strong revival in tourism in 2008

Nearly 936,000 visitors came to Israel between January and May 2008. The Israeli Tourism Minister indicates that this is a rise of 43% compared with the same period of 2007. The country's objective is to play host to 2.8 million tourists in 2008 and more than 5 million in 2012.

Focus: A Palestino-Israeli start-up launches the virtual computer G.ho.st

40 Palestinian and Israeli professionals collaborating at a distance have developed the Global Hosted Operating SysTem, which proposes a virtual computer on the Web at the address <http://G.ho.st>

A paradise for start-ups!

With more than 25 bln Euros of Foreign Direct Investment received since 2003 according to the ANIMA-MIPO observatory, the high level of interest from investors for the Israeli "Valley" is not waning. The flow of FDI in 2007 highlights the attractiveness of Israel in several high tech segments.

Software and computer services

More than 20 FDI projects attracted in 2007 (representing 424 million Euros that is 96% of the whole MEDA region), including:

- The British ICAP which bought 100% of Traiana for US\$ 238 mln;
- The American Amdocs which took over the Israeli SigValue for US\$ 85 mln;
- The American Rocket Software which snatched up the business software developer NetManager for \$US 69 mln;
- Microsoft which injected US\$ 100 mln into its 2nd R&D centre, created in Tel Aviv in 2006, and plans to hire 150 people and more.

Electric and electronic equipment

More than 655 million Euros of FDI with notably:

- HP which bought digital printer manufacturer NUR Macro-printers for US\$ 117.5 mln;
- The Swedish multinational Hexagon acquired CogniTens, a start-up specialising in 3D optical technology;
- Goldman Sachs which is investing US\$ 100 mln to purchase 16.6% of MobilEye, supplier of driver assistance technology.

Telecommunications

Nearly 857 mln Euros invested in this sector in 2007, with as an example AOL which took over the start-up Quigo, specialising in on-line advertising, for US\$ 363 mln.



Examples of European SMEs investing in Israel since 2003

- The French medical group Cair LGL has taken over the Israeli Definitive Medical, a manufacturer and distributor of intravenous infusion pumps (2007)
- The Polish company Bioton is to develop the site of its subsidiary Scigen in Israel for the production of vaccines against hepatitis B (2006)
- The London Investment Fund Manager Ashmore Group and the Israeli Swarth have bought ECI Telecom for US\$ 1.2 bln (2007)
- The Netherlands banker ABN Amro has opened its first branch in Israel (2007)
- The British Zetes created a subsidiary in Tel Aviv (2006)
- The French software distributor Logix bought out Renaissance

Some foreign investments announced in 2008

- IBM has opened a new research centre dedicated to hardware and at the same time taken over 2 start-ups (FileX and Diligent Technologies) for around \$US 250 million
- A consortium comprising the Chinese CCECC, the Portuguese Soares da Costa and Siemens is to build the Red Line of the Tel Aviv tramway for around 3 billion Shekels
- Viaccess, subsidiary of France Telecom has taken over Orca for \$US 21.4 million
- Ebay, the American on-line sales specialist is buying out the Israeli company Fraud Sciences for 169 million dollars
- The British Ecofin is investing 105 million dollars to acquire 40% of the Israeli solar energy company Solel
- The German Software AG is buying part of the activities of Jacada for 26 million dollars

Investment funds: Israel at the cutting edge risk capital!

Some 181 investment funds, either Israeli or active in Israel are to be found here today. They have raised nearly \$US17 billion since 1990 and are particularly active in the *early stage* (risk capital) and the new technologies. Some examples of Israeli funds: the Yozma Group, precursor in this country, today still manages three funds and \$US 150 million. There is also growing co-operation between Israel and China, exemplified by the China Israel Venture Capital Fund, created in 2005 and managing \$US 200 million A large number of funds are centred on biotechnologies, such as the 7Health fund, launched in 2007 and which manages \$US 70 million

Source: Israel Venture Capital Research Center/ANIMA-Med Funds

The 10 largest FDI projects in Israel since 2003

Year	Company	Amount	Project
2006	Intel (USA)	5 bln US\$	Construction of a third plant in the South
2006	HP (USA)	4.5 bln US\$	Acquisition of Mercury Interactive Corporation
2006	Berkshire Hathaway (USA)	4 bln US\$	Purchase of 80% of Iscar Ltd.
2006	SanDisk (USA)	1.25 bln €	Purchase of M-Systems Ltd
2006	Verifone Holdings (USA)	639 mln €	Purchase of Lipman Electronics Engineering
2005	eBay (USA)	498 mln €	Acquisition of Shopping.com
2005	Alstom (France)	562 mln €	Construction of the Jerusalem tram system
2005	Veolia (France)	400 mln €	Construction of the desalination plant of Ashqelon
2003	Intel (USA)	500 mln €	Upgrading of a microprocessor factory
2003	Veritas Software (USA)	475 mln €	Purchase of Precise Software



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