



Doing Business With Israel Summit

Nicosia , Cyprus

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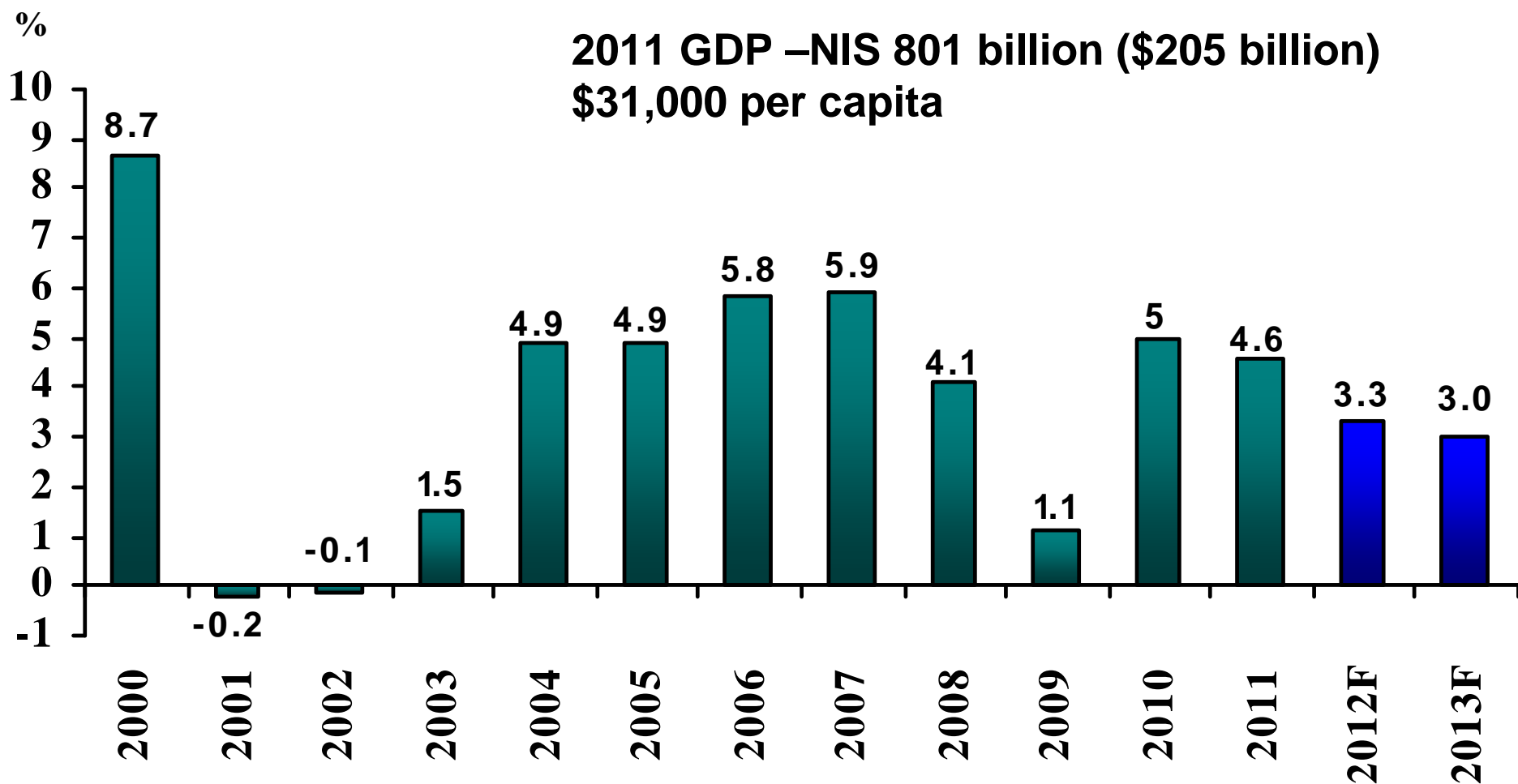
The Israeli Economy: A brief Overview

1. Strong growth, even during crisis
2. Export led, especially High Tech and Knowledge Industries
3. Good Governance, Infrastructure and human capital
4. Innovative and Dynamic –” The Start Up Nation”
5. Stable Financial System, strong regulation and macroeconomic policy.

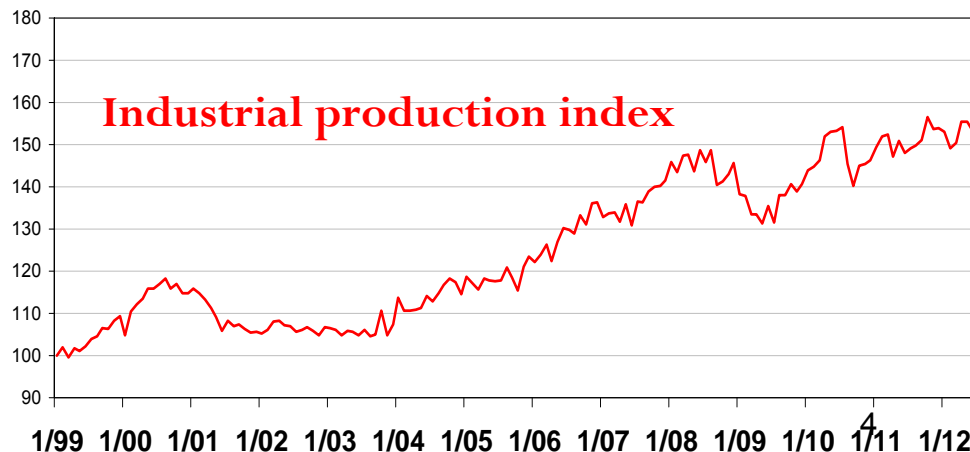
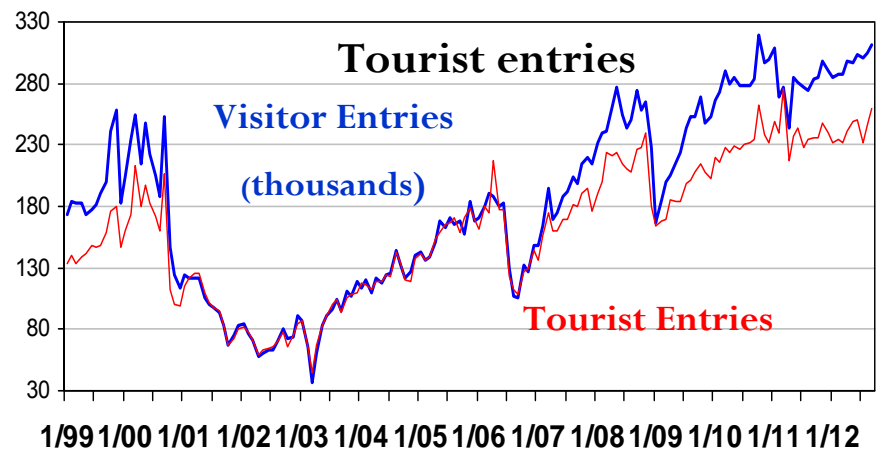
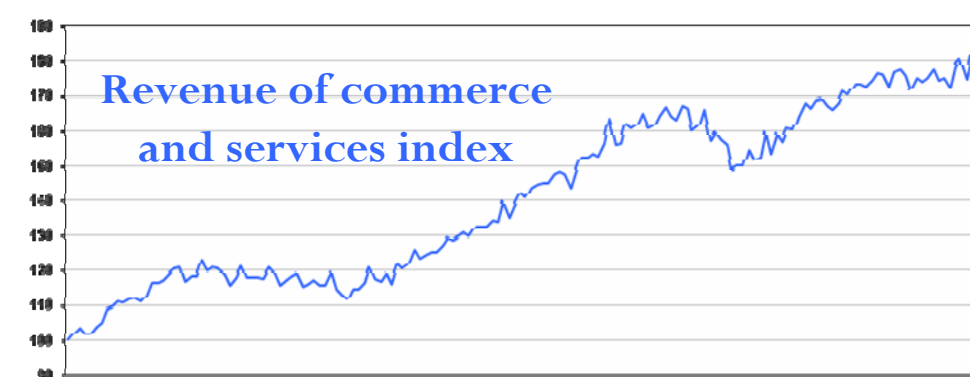
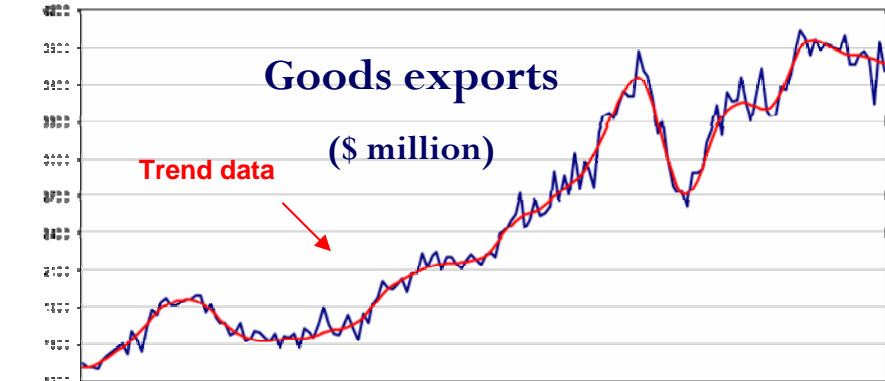
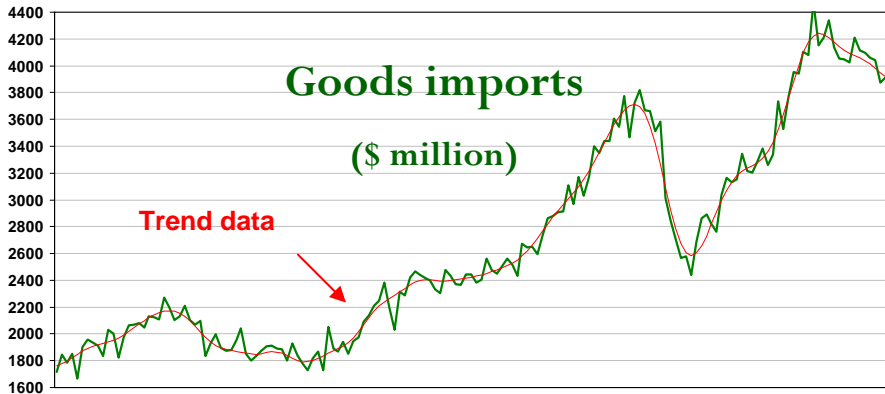


Israel's Annual GDP Growth Rates

(2000 – 2013F)

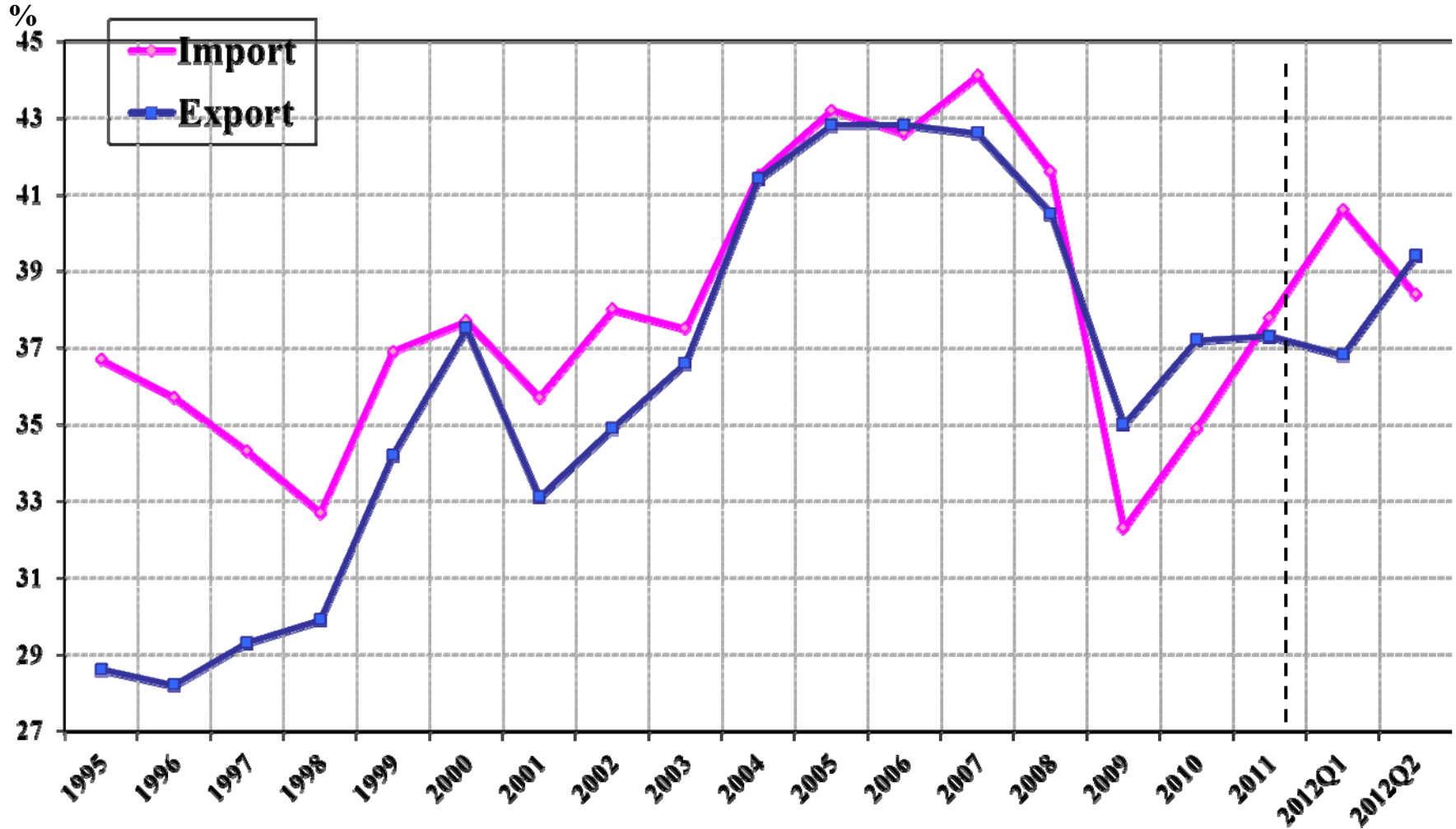


Indicators of Economic Activity



Exports and Imports

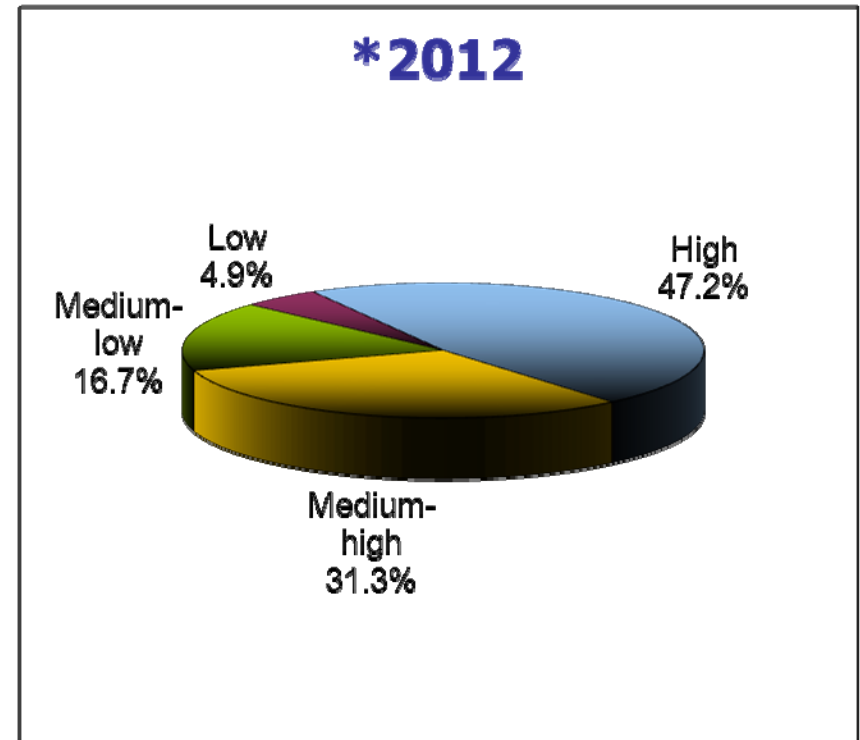
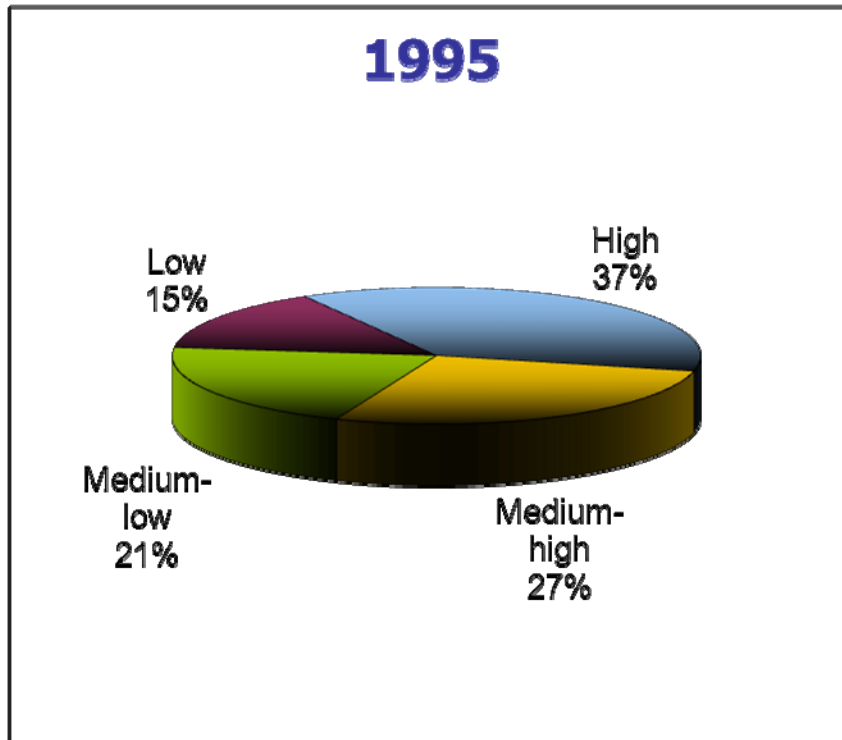
(Percent of GDP, 1995-2011)



• Total goods and services. Calculation is based on current prices series.

SOURCE: Central Bureau of Statistics

Manufacturing Exports by Technology Intensity



High-technology Industries: office & computing equipment, electronic components, aircraft, electronic communication equipment, equipment for control & supervision, pharmaceutical products.

Medium-high-technology Industries: chemicals & refining petroleum, machinery & equipment, electronic equipments & electrical motors, transport equipment.

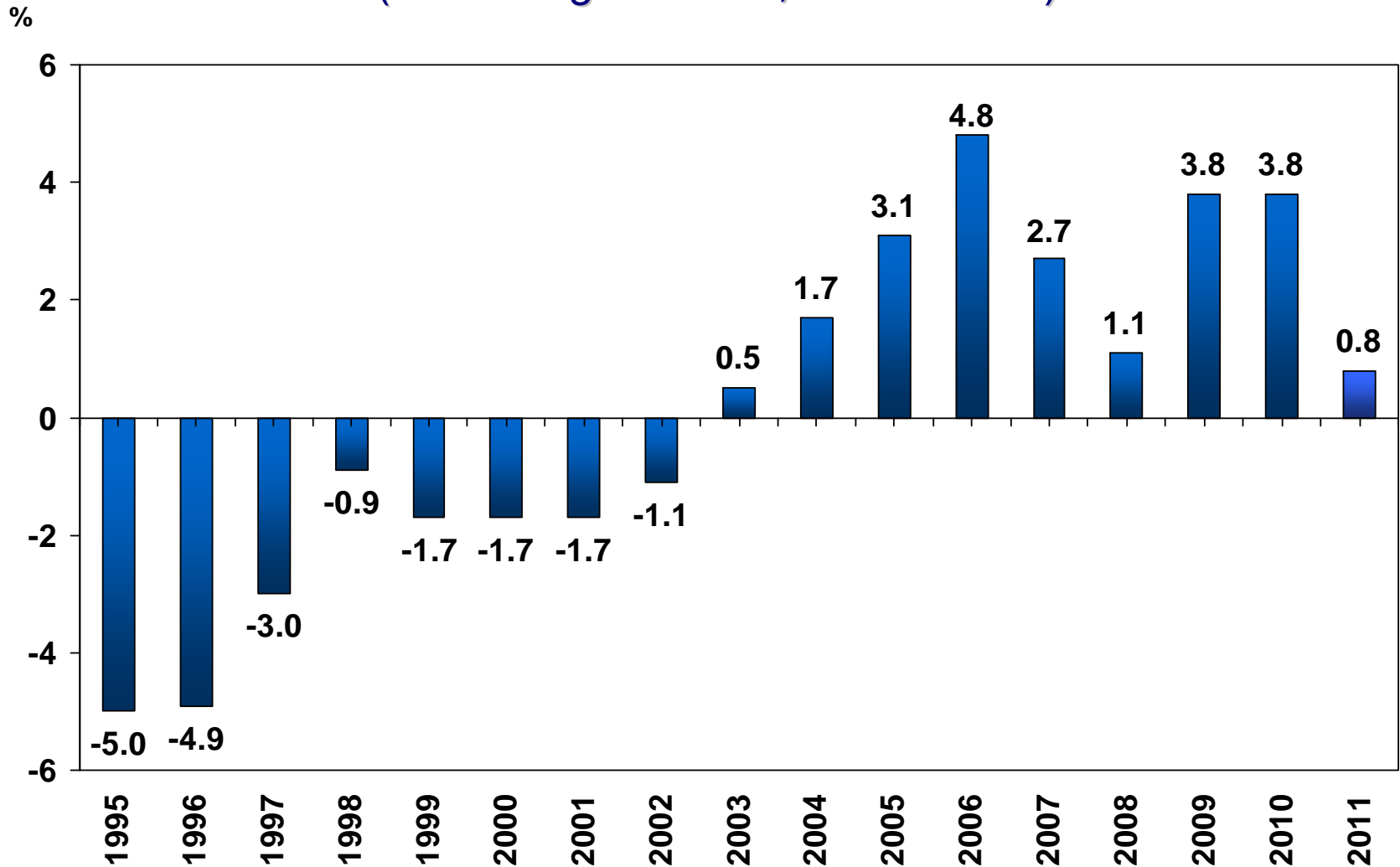
Medium-low-technology Industries: mining & quarrying, rubber & plastic products, non-metallic mineral products, basic metals, metal products, ships & boats, jewelry & silversmiths', articles n.e.c.

Low-technology Industries: food products, beverages & tobacco, textiles, wearing apparel & leather, paper, printing & wood products.

SOURCE: Central Bureau of Statistics

Current Account of Balance of Payments

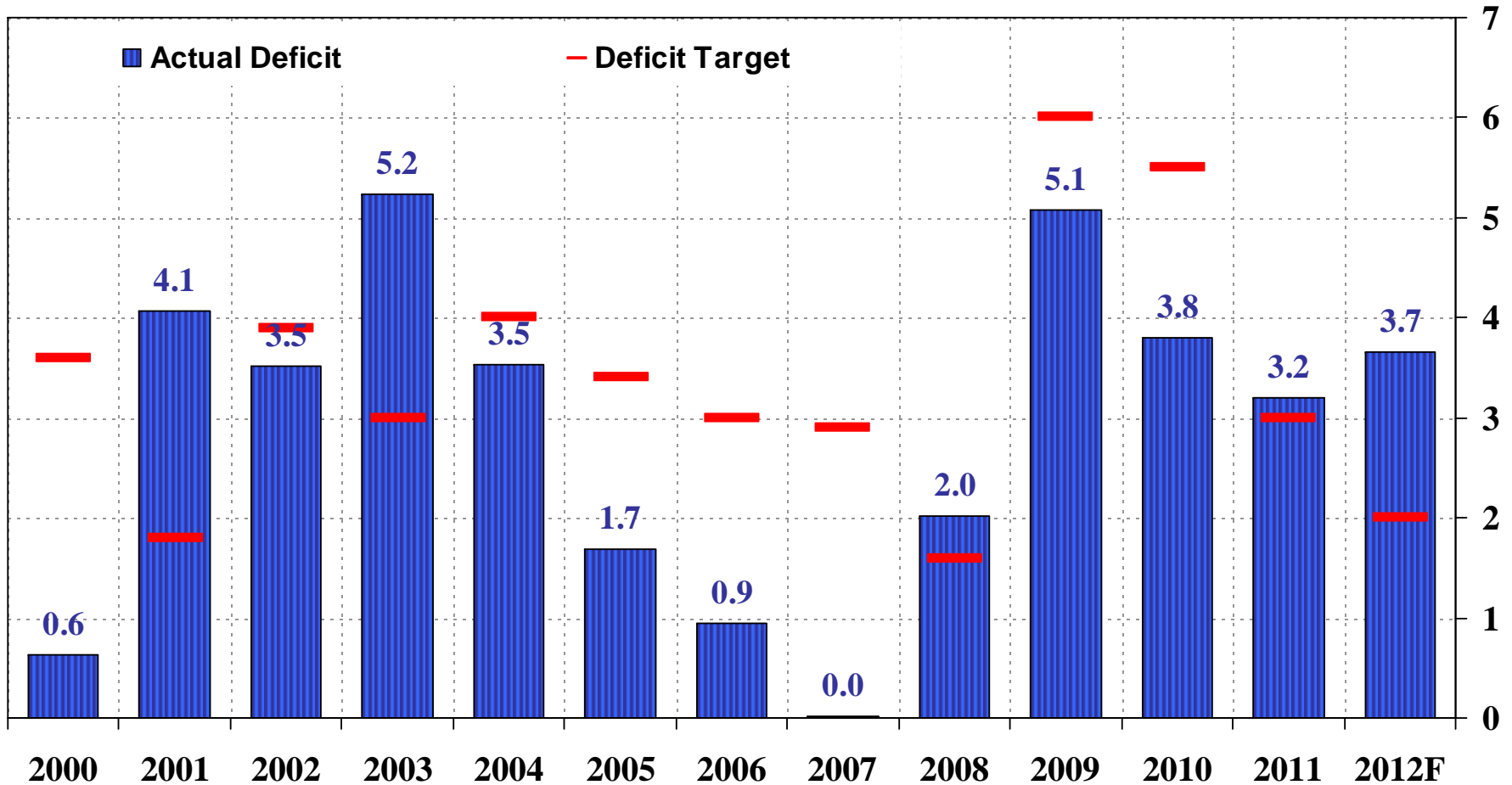
(Percentage of GDP, 1995-2012F)



Budget Deficit*

(Percent of GDP, 2000-2012**)

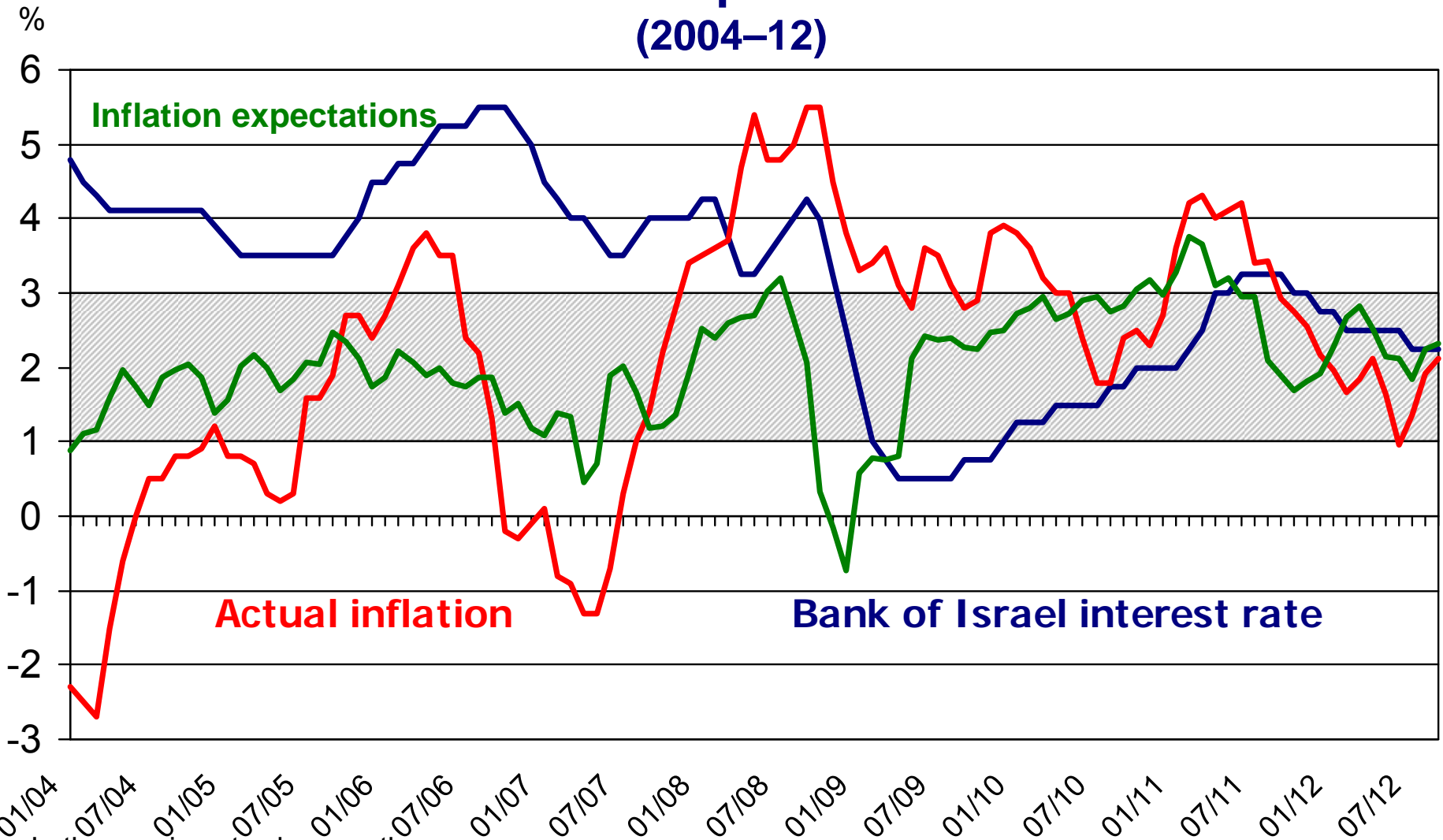
%



*Percent of GDP; excluding credit extended. The data refers to the deficit excluding the Bank of Israel's profits.

**2012 Budget deficit is based on the current budget and BOI forecast.

The Bank of Israel Interest Rate, Actual Inflation,* and Inflation Expectations** (2004–12)



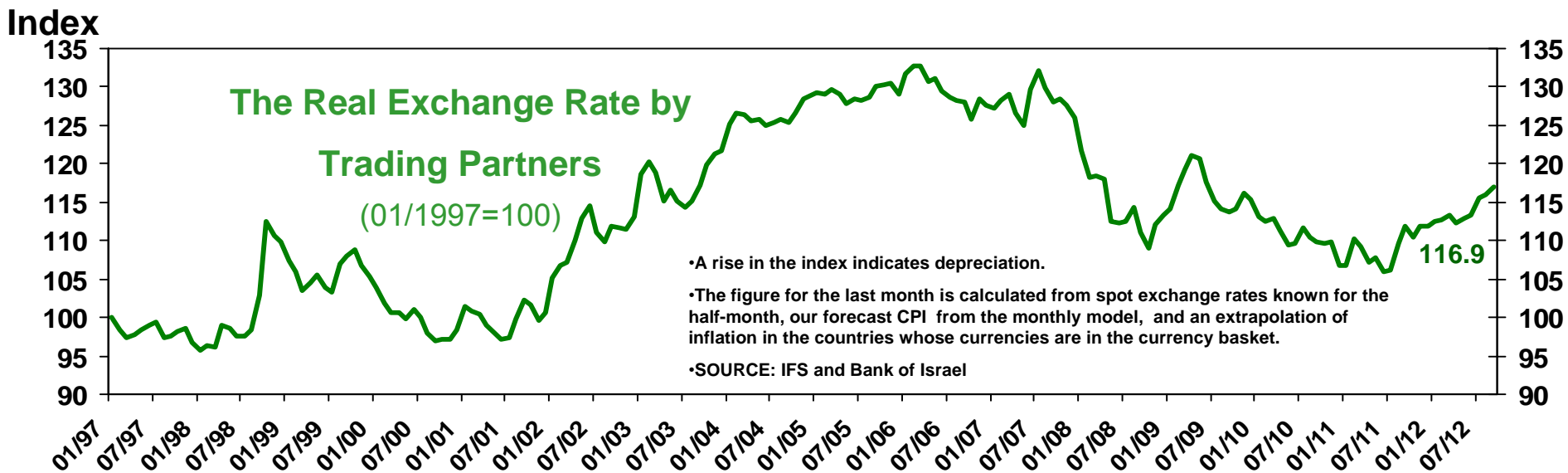
* In the previous twelve months.

** Twelve months forward, calculated from the capital market.

SOURCE: Bank of Israel.

The Nominal and the Real Exchange Rates

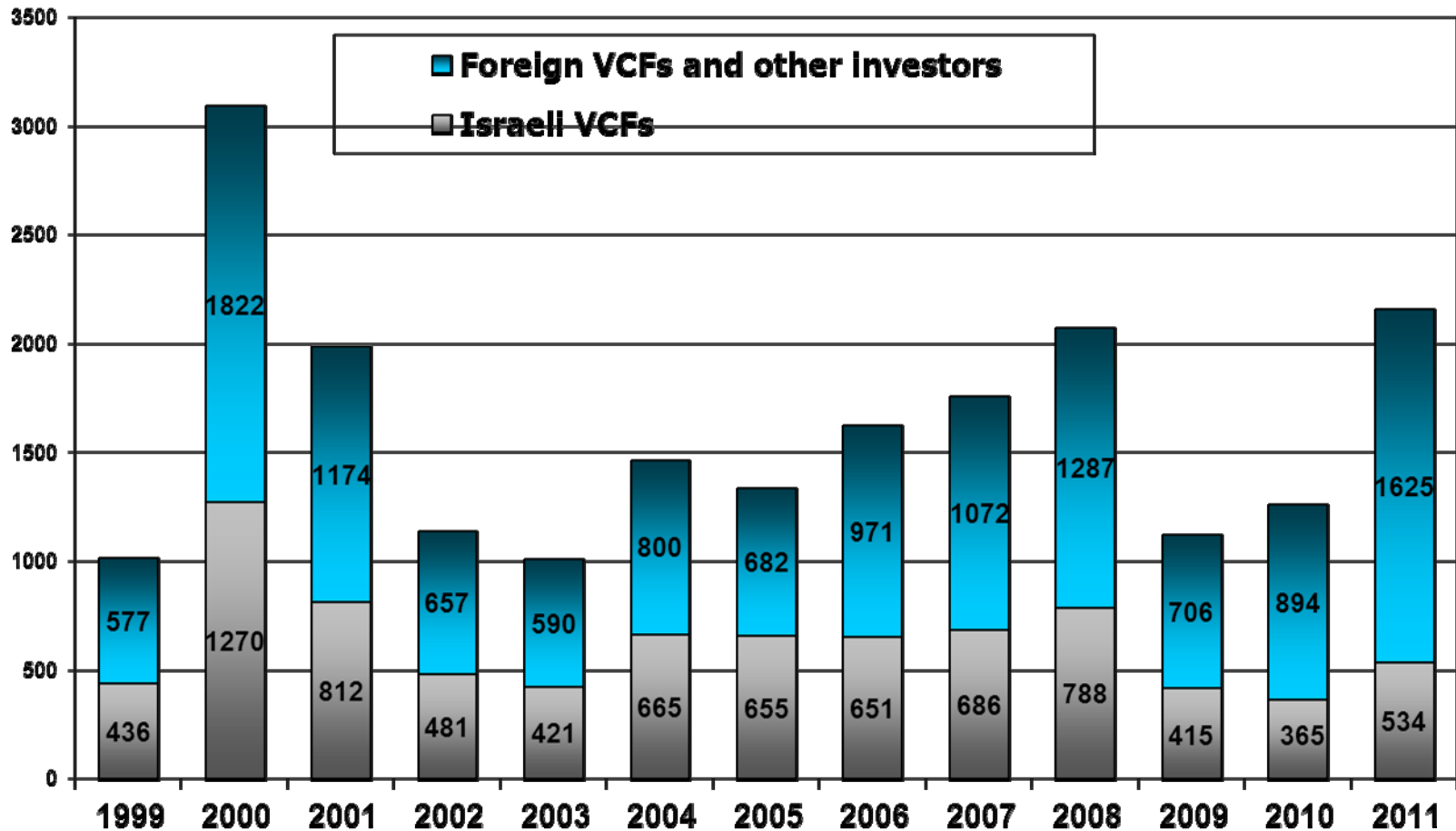
(1997-2012)



∅ The NIS/\$ chart is on a daily basis, while the real exchange rate chart is on a monthly basis.

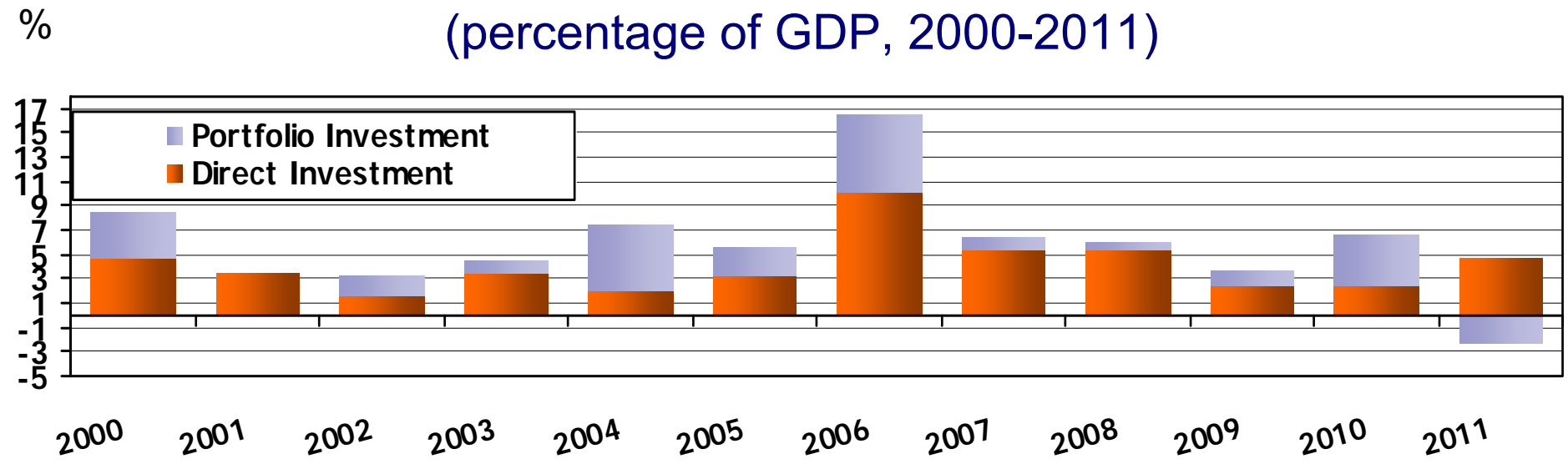
Capital Raised by Start-Ups from Venture-Capital Funds (VCFs) and Investment Houses

(\$ million)



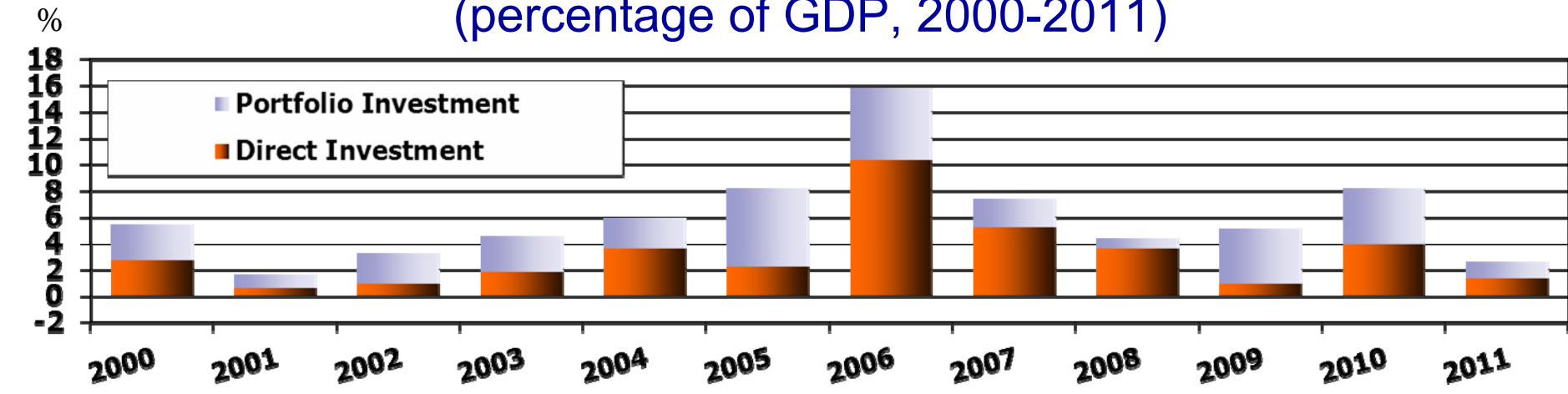
Nonresident Investment in Israel

(percentage of GDP, 2000-2011)



Investment of Israeli Residents Abroad

(percentage of GDP, 2000-2011)



Challenges



1. New Energy Resources
2. Global Economic Outlook
3. Geopolitical Reality
4. Domestic challenges: Education, Reforms, Infrastructure

Conclusion



- ❑ Stable Advanced Economy Environment
- ❑ Innovation and Fast Growth, Entrepreneurial
- ❑ Good Policy and Infrastructure
- ❑ Not without risks and challenges