

ISRAEL

Island of Success



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**Israel is already an Economic Success
but**

**When all 4 advantages & 3 revolutions
described here**

**will reach their full impact
in the near future**

We foresee Israel will experience even

greater success

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Economic Success facts

- *GDP growth*
- *Resilience & Stability*
- *Debt to GDP Ratio*
- *Unemployment rate & participation*

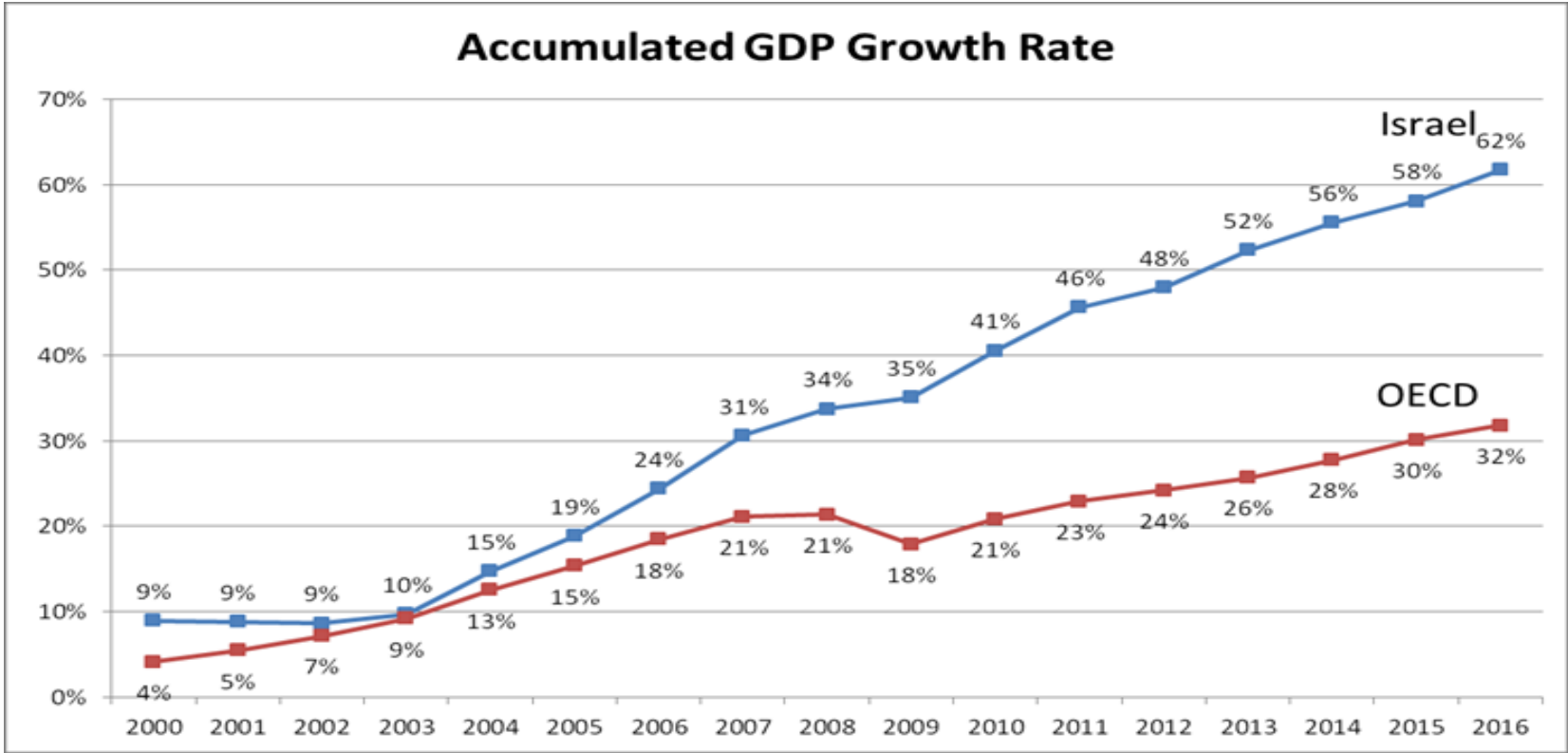


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Since the 2008 crisis Israel's economy **grew** at a cumulative rate of 35%,

2nd place among the 34 OECD countries, and nearly **double** the OECD average



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Tel Aviv, Photo: Eli Messer

Since the beginning of the 21st century, Israel's population increased from 6.22 million to 8.64 million.

Israel's GDP reached more than 300 billion \$.

GDP per capita of some 36,000 \$ puts Israel in

24th place out of 187 countries.

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Over \$ 100 billion foreign-exchange reserves make Israel one of the leading countries in terms of foreign-exchange reserves per capita. An excellent indication of

FINANCIAL STABILITY



Resilience stemming from a combination of
Flexibility & Stability



HIGH FLEXIBILITY

The Israeli economy is more immune to world-wide slowdown, due to the flexibility of thousands of export companies dispersed across many industries.

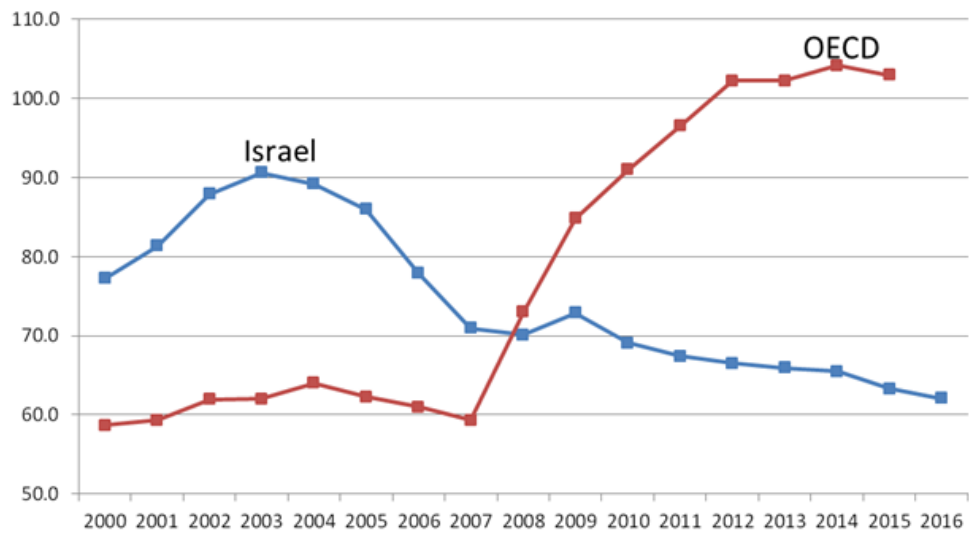
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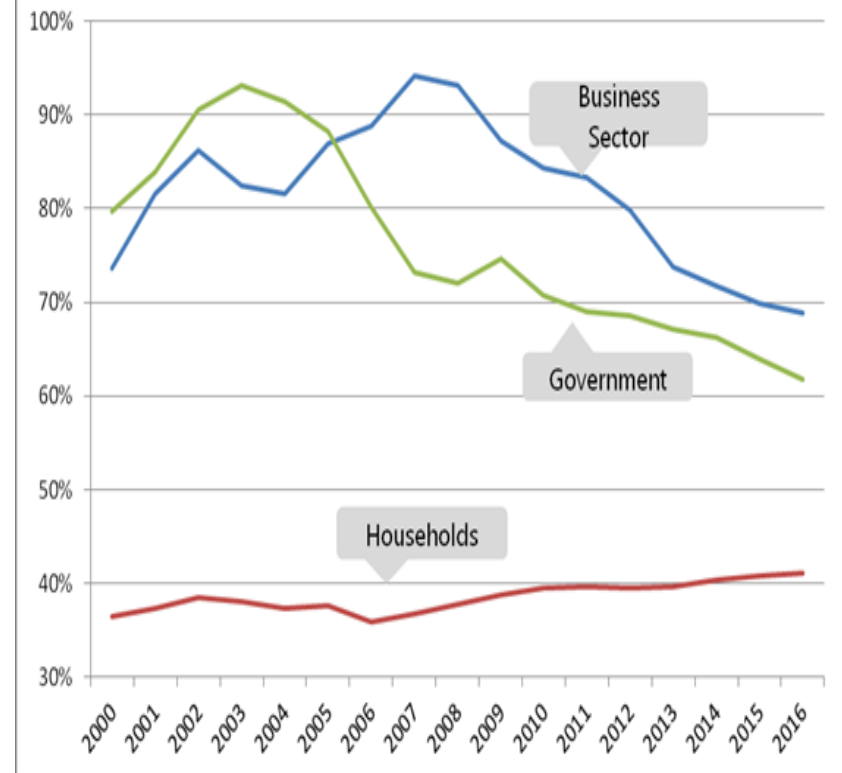
Israel is one of only two developed economies in which Debt to GDP Ratio is shrinking

debt to GDP ratio (percent)

Debt to GDP Ratio

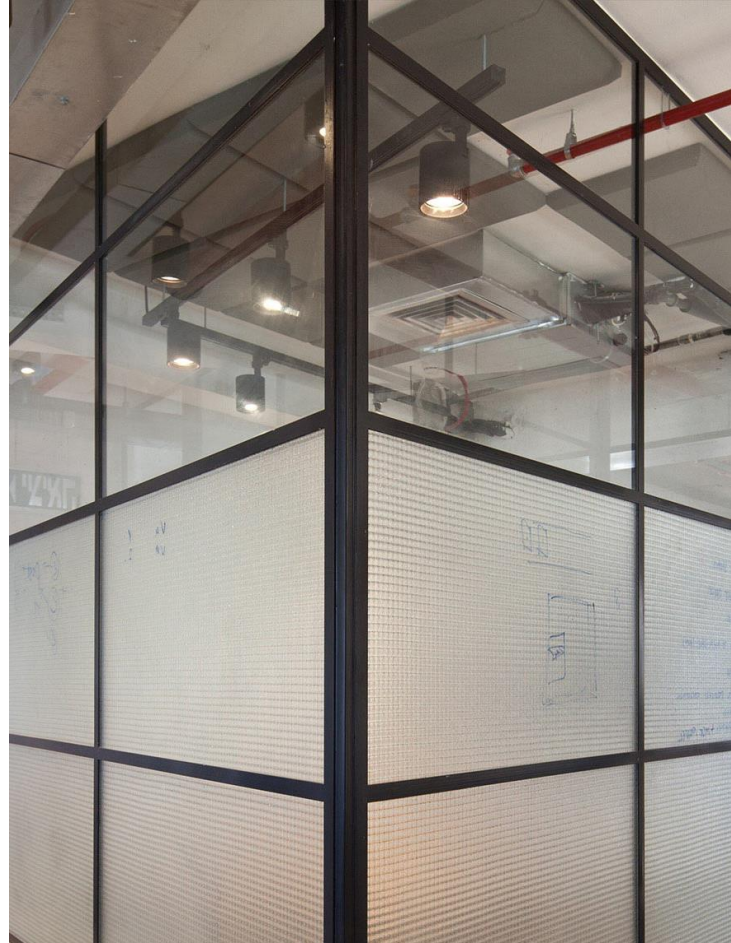
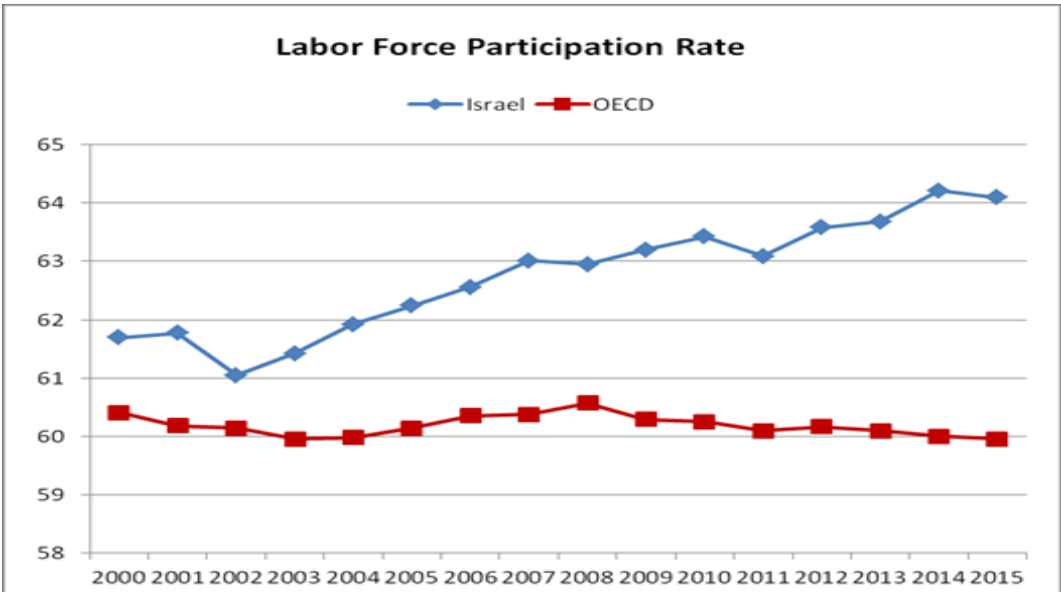
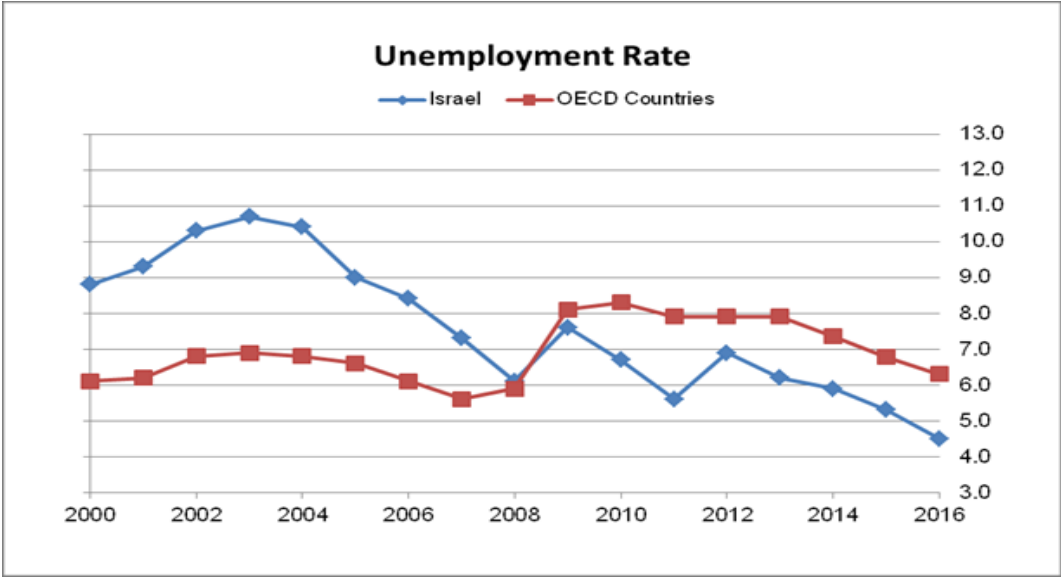


Debt to GDP Ratio in the Different Sectors



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Israel's Employment rates had the highest increase among OECD countries.

[OECD Report 2014](#)



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The 4 Advantages of the Israeli's economy

- [Technological advantage](#)
- [The Entrepreneurial Advantage](#)
- [The Global Advantage](#)
- [Demographic Advantage](#)



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Space Club

Israel is one of only 8 countries that can launch satellites into space.

All others are much bigger: Russia, USA, France, Japan, China, UK and India.

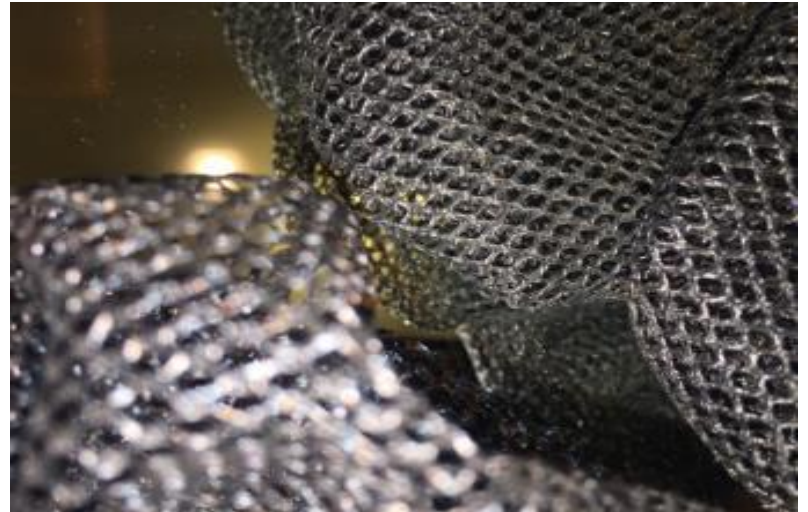


Technological Advantage

1st in cyber security

2nd in public expenditure on education

3rd in qualified engineers in the labor market



Cyber security Club

Israel belong to the global Cyber Club, which includes five : USA, China, Russia, UK and Israel. All much bigger economies.

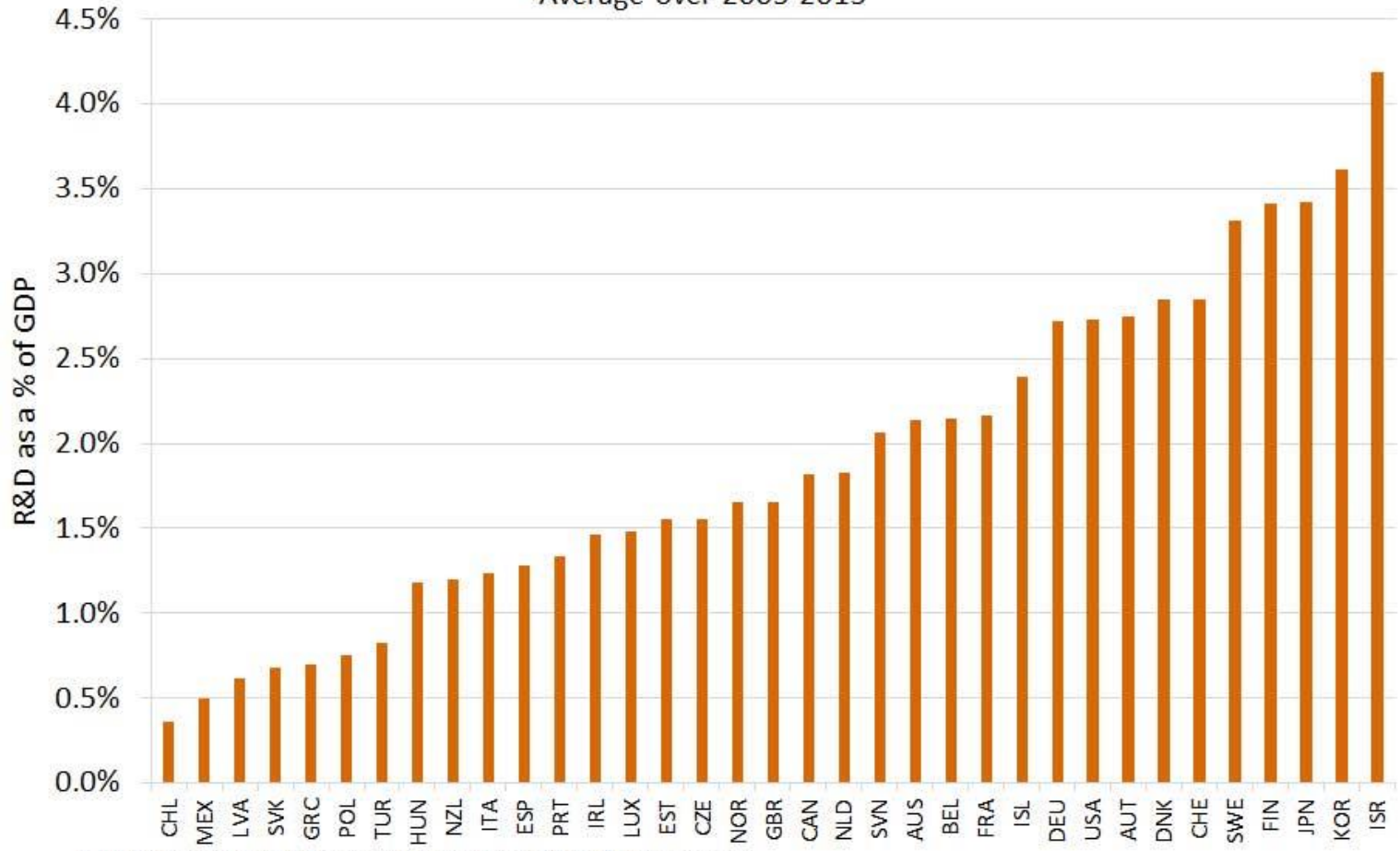
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Average expenditure on R&D 1ST PLACE IN THE WORLD

R&D Intensity

Average over 2005-2015



SOURCE: Organization for Economic Cooperation and Development.

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Israel ranks # 2 in the world at
the level of innovation



Israel #1 in the world in the amount of Unicorns per capita. Unicorn is the name of a private company valued at over \$ 1 billion

In a world that is rapidly losing professions to mechanization and robotics, Israeli high-tech is creating entirely new professions at a faster pace

Cloud Solutions architect, Cloud Platform engineer, GUI designer, Nanotechnologist, CRM database administrator, Database architect, Director of Health Information Network, InfoSec Systems Project manager, Machine Learning engineer, Webmaster, Web designer, Application Support analyst, Marcom professional, Director of Visual Communication, PHP Developer, Behavior design psychologist, Cyber expert, Website Protection expert, Information Security administrator, Application Infrastructure engineer, Full Stack developer, SW developer, Community manager, Blog manager, Cyber researcher, Bioinformatician, Hacking Defined expert, Exploit Writing expert, Malware Analysis expert, Mobile Security expert, Content strategist, Big Data analyst...

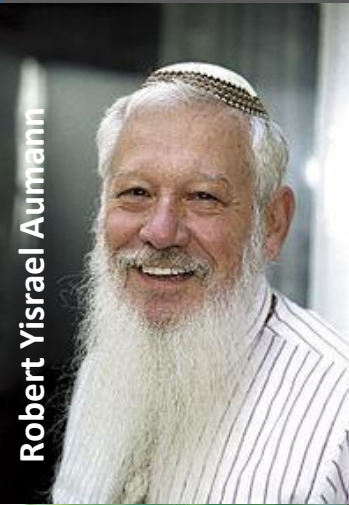
This is one reason unemployment in Israel will remain low. The challenge is to connect additional populations to the technological environment .

***Israel is the world leader of R&D employees per capita with 140 per 10,000.
In a far second is the USA, with 85 per 10,000.***

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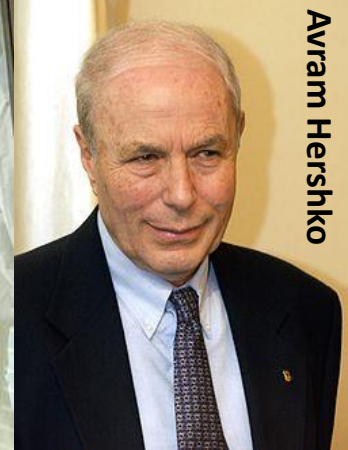
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8 Israeli **Nobel** laureates from the beginning of the 21st century, make Israel the no. 1 country of Nobel Prize winners per capita. That means 50 times more than their weight in world population.



Israel is # **3rd** in the world for the No. of **Turing** awards in computing.

30% of winners of the **Gödel** Prize for outstanding papers in theoretical computer science are Israelis.

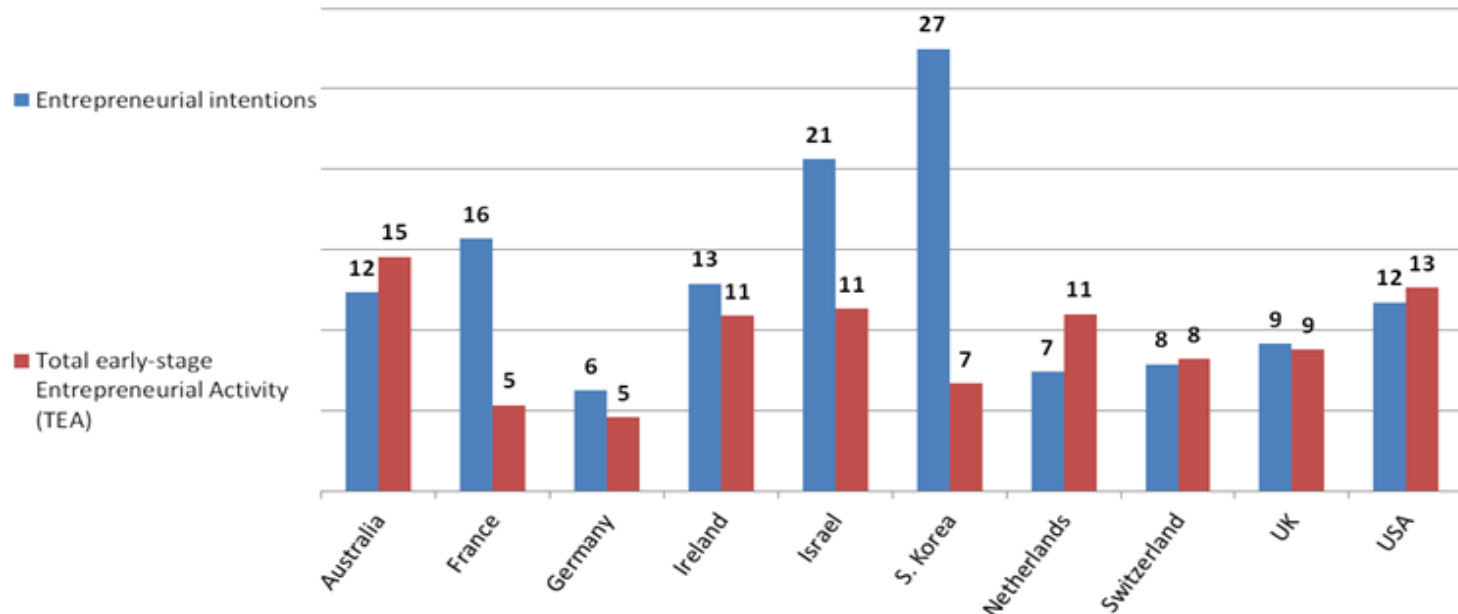


Israel has a remarkably high level of entrepreneurial activity, mostly opportunity-driven and export-oriented

GEM – Global Entrepreneurship Monitor 2016



Global Entrepreneurship Monitor 2016



Total early stage entrepreneurial activity – percentage of 18-64 population who either nascent entrepreneur or owner-manager of a new business

Entrepreneurial Intention – percentage of 18-64 population who are latent entrepreneur and who intend to start a business within three years

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Jacob & Mitia Reuter
With Mongolian clients,
In the 1920s.

Global Advantage

3-4 generations of immigrants from around the globe that have vast knowledge of foreign languages and cultures

Developed entrepreneurial culture and boldness

Long-term focus on exporting

High-tech that produces lots of completely new types of jobs

Military technology filters into the civilian economy

In the Global Economy of our time – Israel has an important advantage

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86 Nasdaq Israeli companies

The highest number after USA and China

Over 350 leading international companies

Facebook, Microsoft, IBM, Intel, Google, Apple, HP, Cisco, Motorola, Philips, Applied Materials, EMC, Siemens and many others, chose Israel as a target to establish R&D centers

**All Products are developed for the world.
Israel is just a Beta Site.**



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R&D Agreements

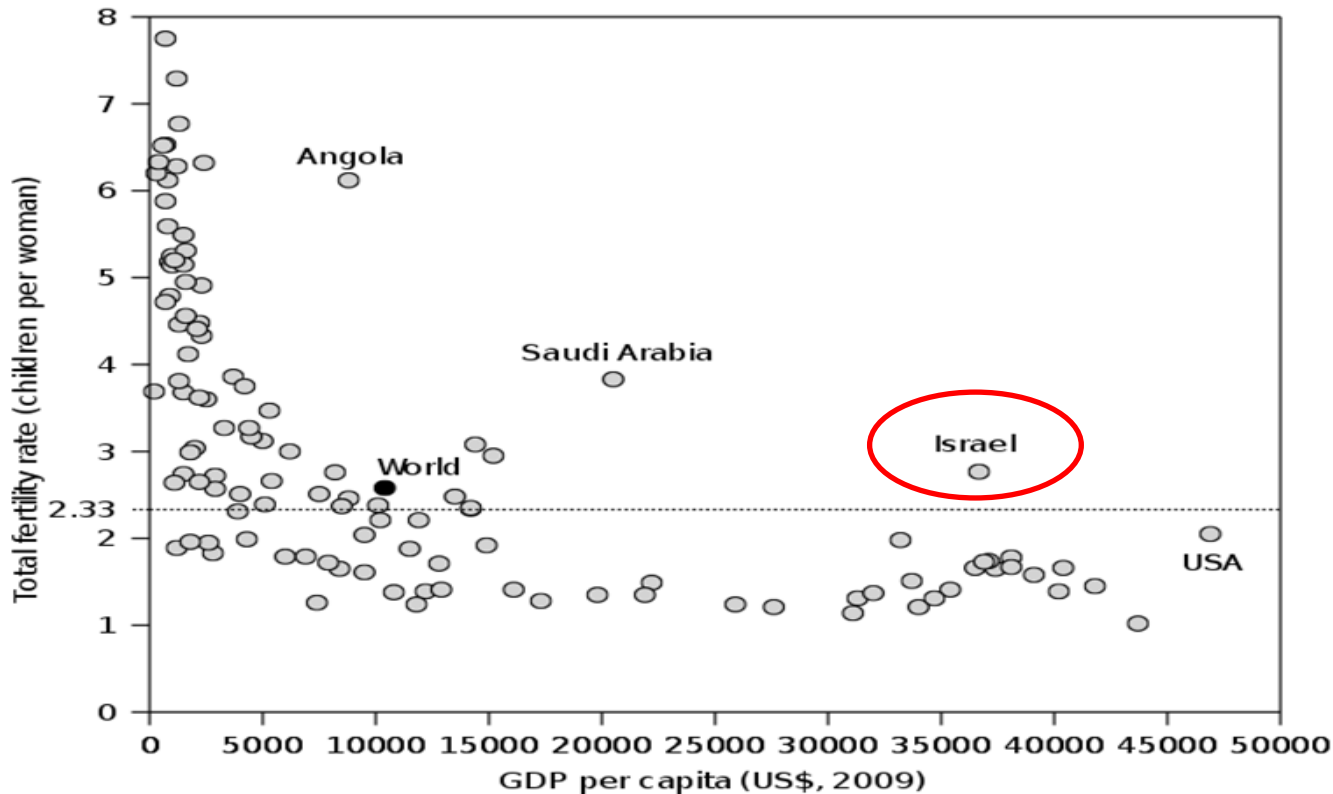


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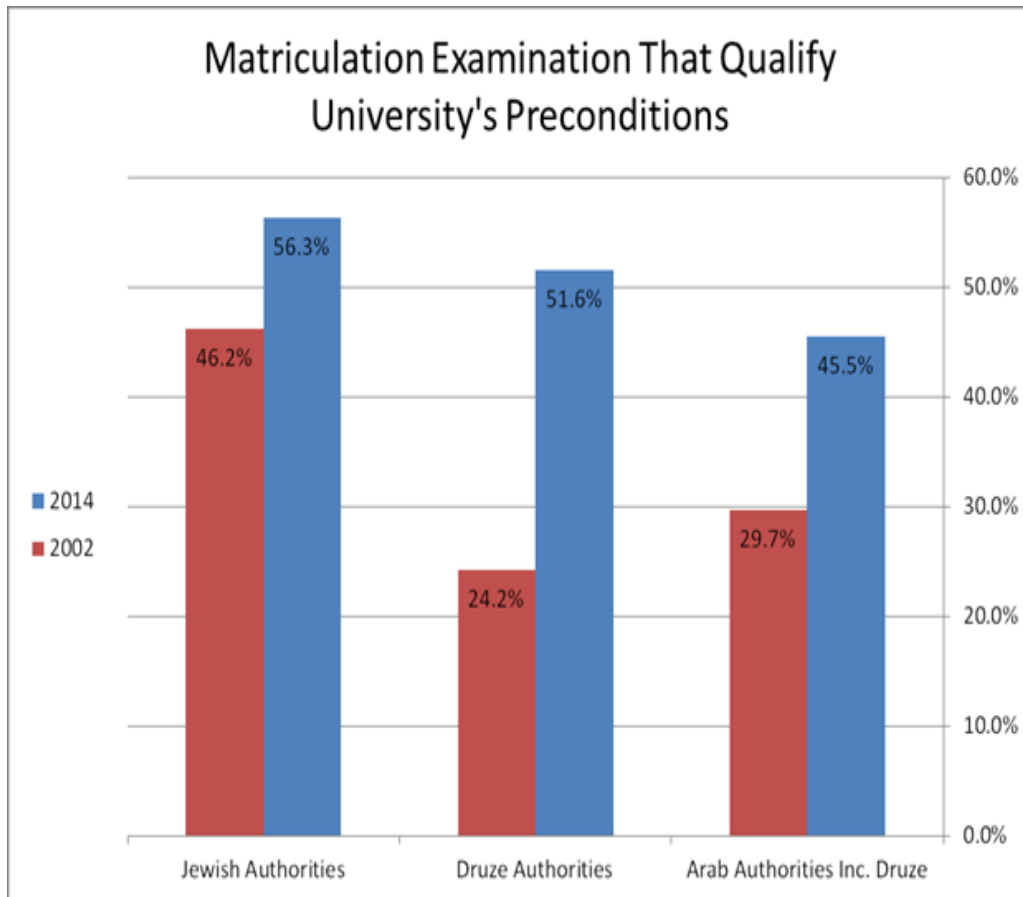
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Demographic advantage

- Youngest population in the OECD, median age of 30 (median age of 42 in the OECD)
- 3rd most educated population in the world
- Positive immigration
- Highest fertility rate within the developed countries



Constant improvements in matriculation exams results

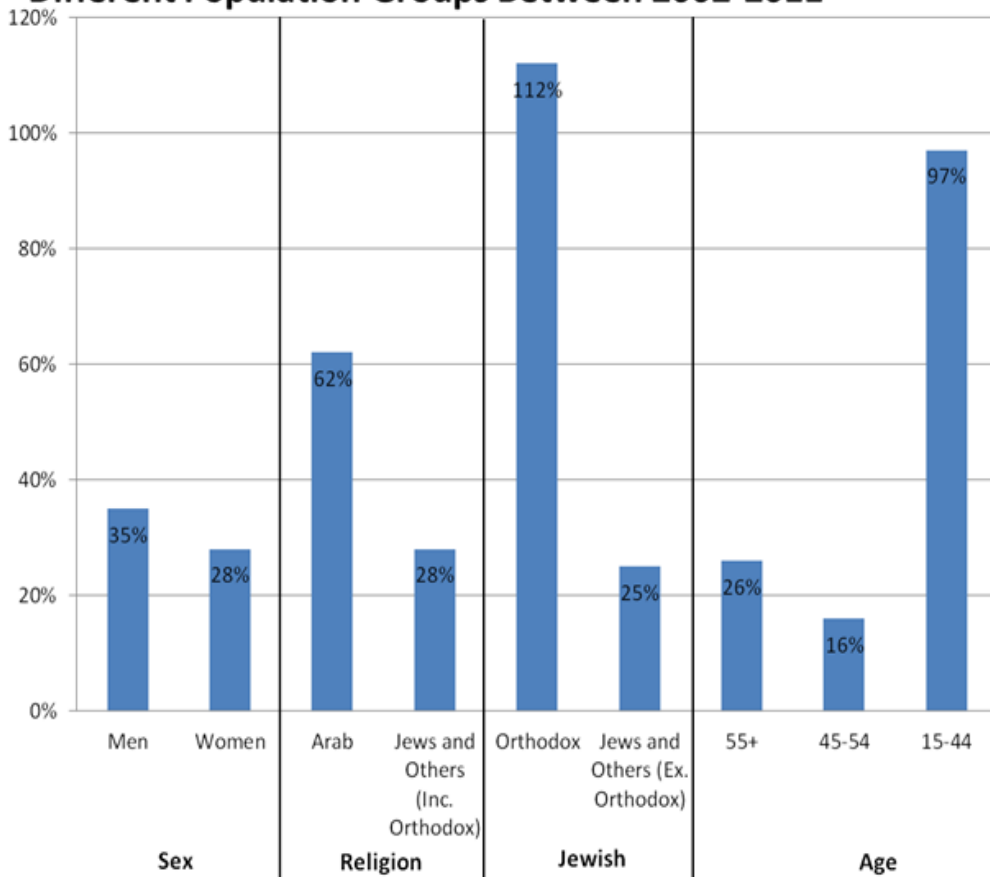


Ben Gurion University students, 2013

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The Rate of Change in the Numbers of Employees among Different Population Groups Between 2002-2011



Poverty rate & inequality will decrease as more ultra-orthodox Jews and Israeli-Arabs join the workforce and fulfill their potential

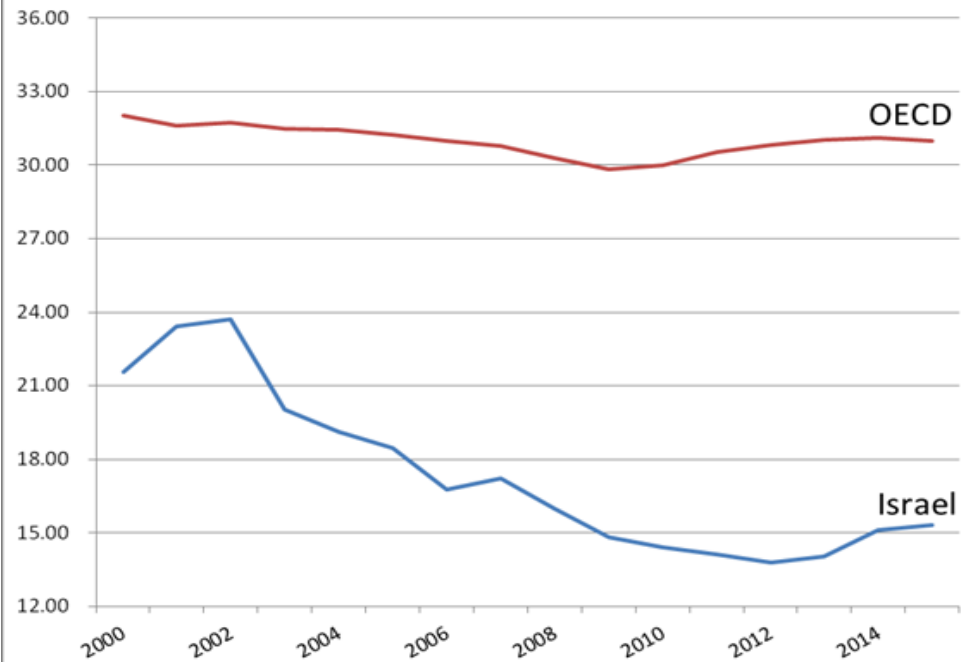


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lower tax rates

Effective Tax on labor Income



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3 Revolutions in progress

- [Victory over the Desert](#)
- [Energy revolution](#)
- [Transportation revolution](#)



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Victory over the Desert

Israel, surrounded by desert, has today more water than it needs.
Almost 100% of all water supply to households is from desalination.

Israel is the number 1 leader in waste-water recycling
with a rate of 90% (Australia, the second has a rate of only 22%).

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Energy Revolution

**Israel will reach energy independence within 3 years
and will become an energy exporter within 5 years.**

The state of Israel is expected to receive royalties and tax from gas exploitation in the amount of more than \$ 80 billion in the 30 years to come.



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The drop in oil prices contributes more to the Israeli economy than to most other developed economies

Crude Oil Price

57.02 USD/bbl

21 Feb '17



Transportation Revolution

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Significantly increase in public transport development budget.



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Israel's Ben Gurion Airport ranked one of 10 best airports in the world



And the best airport around the globe for shopping...

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Challenges

- Poverty & inequality
- Cost of living
- Redundant Regulation and
bureaucracy
- Press lost its way
- Defense expenditures

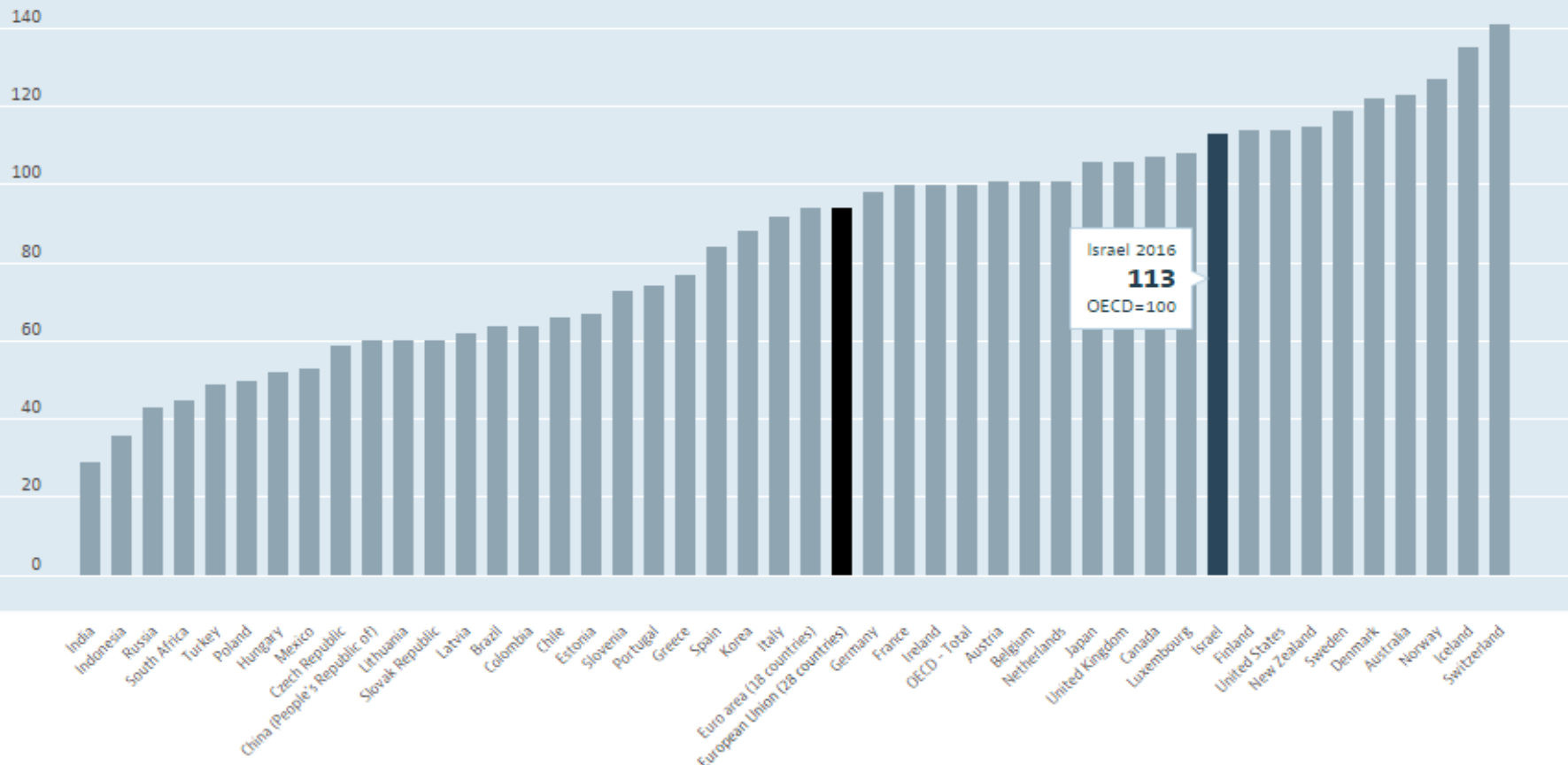
Cost of living

Challenges

Price level indices Total, OECD=100, 2016

Source: Prices: Comparative price levels

Show: [Chart](#) [Map](#) [Table](#) [fullscreen](#) [share](#) [download](#) [My pinboard](#)

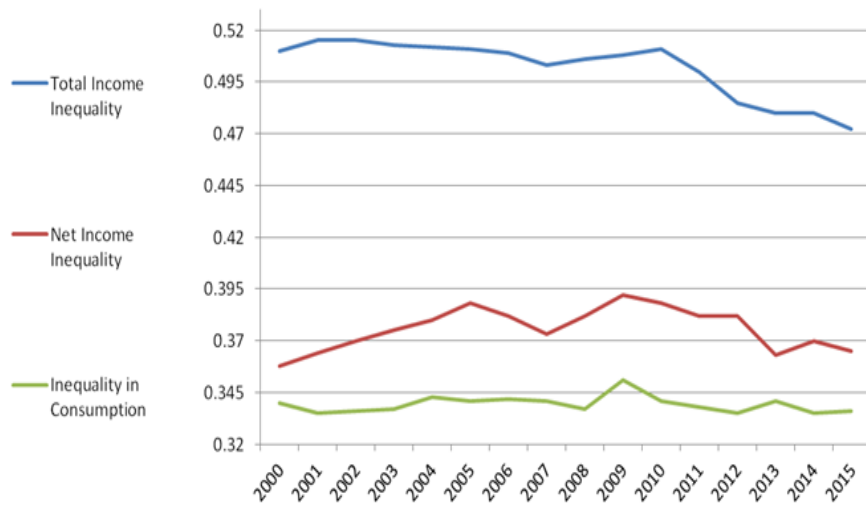


Poverty Rates & Gini coefficients

Challenges

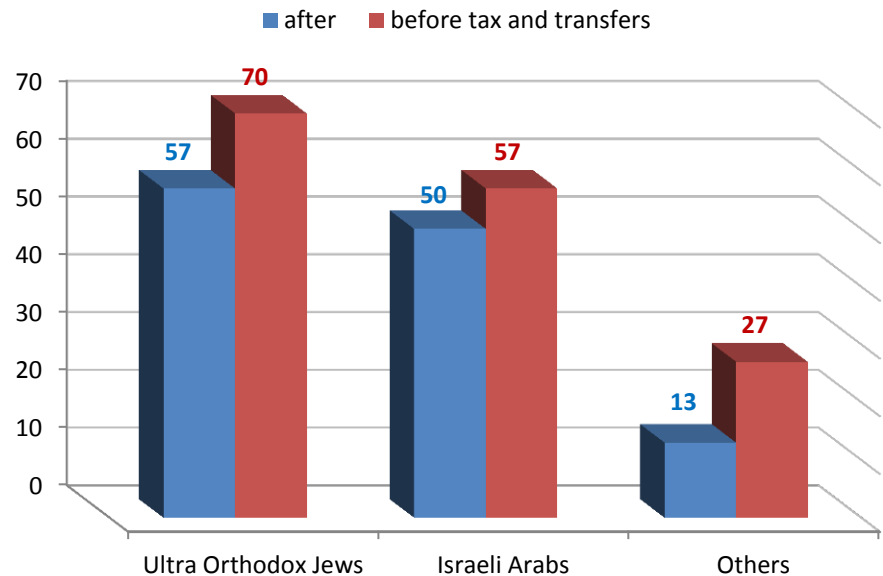
Improving factors due to the labor force participation increasing within Ultra-Orthodox Jews and Israeli-Arab groups, which are the main Households under the poverty line

Gini Index



[Taub Center](#)

% of households under the poverty line (2012)



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Israel scored number **19**

“Very high human development”

by the by the UN Human Development Index (HDI)

before countries like
Luxemburg, Belgium, Austria, France
and Finland.

The HDI is a composite statistic of:

- life expectancy
- Education
- Income

Israel ranked **11th**
out of 156 nations in World happiness report 2016



Photo: Eli Messer

Israel ranked Higher than Britain, France, Japan
and Italy in a

worthwhileness where to be born

Economist Index, for **healthy, safe and
prosperous life in years to come.**

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President CFO Forum

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The main reason for this presentation is to introduce and explain this wonder that so many people are interested in: a country that succeeded against all odds. A safe-heaven for prosecuted Jews anywhere, creating in the process a revolution in agriculture, winning the desert, building defense industries that are reaching exceptional solutions such as the "Iron Dome", exporting the phenomenon of "Start-up Nation", achieving a rate of GDP growth which is second highest of all OECD countries since the 2008 crisis and suffering probably the least from that crisis.

A country that is the third most educated nation in the world, and produced since the beginning of the 21st century the biggest number of Nobel Prize winners in relation to the size of the population. One of only eight countries that can launch satellites into space and create such powerful secret services like the Mossad and the best air force in the world. A country that invests more in R & D than any other country, despite a chronic shortage of resources in an atmosphere plunged in chaos and disintegration under an "Islamic winter". A country of great achievements in Music, Literature and Architecture. A country for the future. **ISRAEL.**

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