



Doing Business in Israel

2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Israel

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Market Overview

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- The U.S. is Israel's largest single country trade partner. Since signing a Free Trade Agreement in 1985, Israel–US trade has grown eight-fold. Since 1995 nearly all trade tariffs between the U.S. and Israel have been eliminated.
- In 2013, GDP growth increased to 3.3%, from 2.9% in 2012. GDP growth in 2011 was 4.6% and 5.7% in 2010.
- Israel's GDP in 2013 was \$272.7 billion.
- In 2013, Per Capita GDP (PPP) increased 1.4% to 130,800 shekels (\$36,200). In 2012, GDP per capita increased 1.5 percent.
- Israel's 2013 inflation rate was 1.55%, down from 2.1% in 2012 and 2011.
- Israel's 2013 unemployment rate was 6.2%, compared to 6.3% in 2012 and 5.6% in 2011.
- Exports of U.S. goods (not including diamonds) to Israel in 2013 were \$8 billion, compared to \$8.92 billion in 2012 and \$8.02 billion in 2011. In 2010, exports of U.S. goods to Israel totaled \$6.8 billion.
- U.S. imports from Israel (not including diamonds) in 2013 were \$13.9, the same as in 2012. In 2011: \$13.8 billion. U.S. imports from Israel in 2010 totaled \$13.2 billion.

Market Challenges

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- Israel is a mature market in many sectors and U.S. companies will face significant local and international competition.
- Agriculture trade regulations, IPR protection weaknesses, certain technical standards and regulatory uncertainties in the natural gas sector are non-tariff barriers. US Export Control regulations for re-exports are perceived as a challenge by Israeli manufacturers.
- The political and security environment is tense because of the geopolitical neighborhood.
- The business environment and style will seem familiar to Americans, though dress seems more informal and personal relationships play a greater role.

Market Opportunities

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- Hi-tech and defense dominate Israel's trade numbers, and Israel remains a global center for hi-tech design and R&D. Hi-tech continues to provide opportunities for U.S.-Israel commercial partnerships, specifically in ICT technologies, safety and security equipment and services, renewable energy technologies, defense equipment, medical technologies and biotechnology products. Power generation and education/training also represent good opportunities.

- U.S.-Israeli commercial linkages often consist of U.S. firms providing electronic inputs which Israeli firms integrate into final products destined for re-export.
- Road technology and infrastructure projects could offer millions of dollars' worth of export opportunities for U.S. firms over the next five years, especially since Israel's adoption of U.S. standards in intelligent transportation systems.

Market Entry Strategy

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Distribution methods vary by type of product.

- Commissioned Agents: used mainly for industrial equipment, raw materials and commodities.
- Non-Stocking Agents: used mainly by manufacturers.
- Stocking Agents: used mainly for high volume items.
- Importers/distributors: used often for consumer goods.
- Franchising: since its introduction to Israel in the mid-1980s, franchises have increased in popularity. ACE Hardware, Office Depot, Re/MAX, McDonalds, Toys-R-US, UPS, and FedEx all operate in Israel.

Direct marketing is fairly common.

- Door-to-door salesmanship is uncommon in Israel and is considered a nuisance.
- Cable and satellite TV offer shopping channels.
- Direct marketing is common through mail order booklets that are distributed monthly by credit card companies and through the Internet. An "opt-in" spam law was introduced to Israel in late 2008. Companies can only send individuals unsolicited bulk messages (spam) if the individual agrees in advance. Political and charity mailings are exempt.
- Mobile phone marketing through messaging is common, but with mixed results.
- Internet use in Israel is widespread and represents a good marketing avenue.

The Government of Israel encourages both joint ventures and licensing.

- Joint ventures are the most popular method of cooperation for Israeli firms, especially in technology-related industries.
- Israeli businesses prefer obtaining five-year licensing agreements with automatically renewable clauses that extend the agreement for another five years.
- A Commercial Agents Law became effective in 2012. The law specifies advance notice of termination of a relationship related to the duration of the supplier/agent contract and monetary compensation of the agent for the loss of potential profits.
- Manufacturing under licensing agreements is common in Israel.
- Israeli businesses prefer licensing agreements in which the licensor takes equity with the licensee.
- The norm for royalties is 4-5% of turnover. Higher rates are common for luxury articles, author's fees and specialized machinery.
- A 10-15% withholding tax on royalties and fees is often deducted at the source.
- Licensees may repatriate royalties through an authorized bank, and are entitled to claim an income tax deduction on royalties and fee payments.
- U.S. companies should seek advice from a respected law firm and accounting firm when figuring tax liabilities.
- The United States and Israel have signed a [tax treaty](#) in 1975 to avoid double taxation.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of Israel, please click on the link below to the U.S. Department of State Background Notes.

Specific country link for Israel:

<http://www.state.gov/r/pa/ei/bgn/3581.htm>

The following is the new link to the Background Notes countries index:

<http://www.state.gov/r/pa/ei/bgn/index.htm>

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Using an Agent or Distributor

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Partnering with a local representative who has good industry contacts, proven reliability, loyalty, technical skills and after-sales service capabilities is important for selling and maintaining a continued presence in Israel. U.S. companies need to be aggressive in their pursuit of business opportunities and maintain an active in-country presence.

The Israeli industry generally prefers to purchase goods through a local agent that will be able to provide after-sales service. Government and government-owned buyers will often require an agent in Israel. The majority of agents have exclusive representation rights because of Israel's small size. Most U.S. heavy industrial equipment exporters to Israel use commission agents, who conduct promotional campaigns and active buyer calls.

The most common approach used by exporters of light industrial equipment and consumer goods is to use a local importer/distributor. Distributors will import on their own account, and carry sufficient stock to satisfy ongoing demand or use for demonstrations, maintaining their own sales organization, supplying spare parts and, if applicable, maintaining a service division. Local representatives often provide legal support for ongoing operations.

In concluding a representation agreement, U.S. companies should be sure to include:

1. Contract duration;
2. Exclusivity (if applicable);
3. Compensatory amount as a function of contract duration in case of termination of exclusivity;
4. Promotional input by agent and by volume of sales; and
5. A dispute settlement mechanism, either by arbitration, or by assignment to a tribunal (preferably U.S.).

The following legislation defines Israeli law that regulates the termination of supplier-agent/distributor relationships:

Advance Notice of Termination:

According to the law, the supplier must notify its agent in advance of the intended termination of the relationship between them as follows:

- Two-weeks advance notice for a relationship that lasted up to six months;
- One-month notice for a contract signed 6-12 months earlier;
- Two-month notice to terminate an agency contract signed 12-24 months earlier, etc.
- Up to a maximum advance of six months' notice for a relationship that lasted 6 years or longer.

Financial Compensation:

The compensation paid to the commercial agent upon termination must be commensurate to the size of the business developed as a result of the agency agreement. The compensation shall be in the amount of the average monthly profits resulting from sales of the supplier's goods/services over the last three years of the agency relationship multiplied by the number of years the relationship lasted. The compensation cannot exceed 12 months of the average monthly profits. The agent shall not be entitled to compensation from the supplier if the termination is due to breach of contract by the agent. In case of legal action, the Courts have the right to reduce the amount of compensation or deny compensation entirely if the Courts find justification to do so.

For additional information about the Israel Contract Agency Law, please visit the U.S. Commercial Service website at:

http://export.gov/israel/doingbusinessinisrael/eg_il_058074.asp

and: http://export.gov/israel/doingbusinessinisrael/eg_il_058061.asp

Establishing an Office

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U.S. firms can operate in Israel as a foreign company, a foreign partnership or by establishing a branch office. There are no restrictions on foreign ownership of Israeli companies or securities; however, the [Israel Antitrust Authority](#) may review and object to ownerships that would result in a cartel or market monopoly. Israel allows repatriation of foreign investment capital and profits. Prior to establishing an office in Israel, U.S. firms should evaluate tax ramifications under the [U.S.-Israel Agreement on the Prevention of Double Taxation](#). Possible higher corporate and income taxes in Israel should be weighed against other expenditures and marketing advantages.

U.S. businesses interested in establishing an office in Israel are required to register with the [Registrar of Companies](#) at the Ministry of Justice. The business must file a copy of documents certifying that it is incorporated in the United States, state its objectives and rules, and list its directors and the name of its Israeli representative. If these documents are in English, they must be accompanied by a Hebrew translation. There is no requirement for the managers or directors of the company to be Israeli citizens or residents. However, U.S. representatives assigned to manage the Israel office must first obtain work permits from the Employment Service Division of the Ministry of Economy. Authorization from the Ministry and, if applicable, the Investment Center, is necessary before the Ministry of Interior can issue a visa. U.S. businesses establishing an office in Israel are advised to consult with a local accounting or law firm.

Franchising

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The franchise industry in Israel has developed rapidly in recent years, opening new opportunities for US franchise brands to enter the vibrant Israeli economy. Israel's GDP ranks within the top 40 countries in the world and many well-known American brands are already present here, mostly under master franchise agreements. These brands include Payless Shoes, Forever 21, American Eagle, Gap, Cinnabon, McDonalds, Pizza Hut, Domino's Pizza, Bobby Brown, Steve Madden, Tommy Hilfiger, Ralph Lauren, Nine West, and others. Auntie Anne's and Children's Place are expected to open their first stores in Israel during 2014. Other well-known US brands have shown interest in finding master franchisees in Israel.

About a third of the total franchises operating in Israel operate in merchandising, with the vast majority in the apparel and fashion industry. American popular food-chains have also taken a prominent place in the Israeli market. Other franchises focus on Services such as real-estate, brokerage and educational institutes. These include ReMax, Realty Executive, ERA, Century 21, Wall Street English and Berlitz, to name a few. Israel has no official centralized legislation regarding franchises, so the industry's rules and regulations are primarily derived from Israeli contract law and intellectual property legislation.

Recently, a number of independent franchise consulting and brokering companies have established themselves to offer professional services to the Israeli franchising community, including the Israel Franchise Promotion Centre, Franchise Business Brokers (FBB) and the Israel Franchise Institute. As of today, there is no government endorsed franchise association serving the franchising industry.

Direct Marketing

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Direct marketing is common via mail inserts, and internet promotion is used by local banks and credit cards. Door-to-door sales are uncommon in Israel and considered a nuisance. It is illegal to conduct unsolicited marketing via telephone, email and text messaging. Direct marketing and Internet sales play a small role in relation to total retail sales, as Israeli consumers enjoy shopping as a popular pastime; Multi-level marketing (MLM) companies find fertile ground in Israel, mainly among the Russian speaking population, who can often help expand the brand to Eastern Europe. Many of the local MLM leaders also play key marketing roles in Russian speaking markets.

Joint Ventures/Licensing

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Creating a joint venture with a foreign corporation is one of the most popular methods of cooperation for Israeli firms, especially in technology-related industries. Manufacturing under a licensing agreement is also common in Israel. The Government of Israel encourages both methods of operation. Chapter 6 of this guide provides further information on investing in Israel. Israeli businesses strive to obtain licensing agreements for a five-year period, with an automatic renewal clause that would last for another five years. They prefer agreements in which the licensor takes equity with the licensee.

The norm for royalties is 4-5% of turnover, although higher rates are common for luxury articles, author's fees, and for specialized machinery. A 10-15% withholding tax on royalties and fees is often deducted at the source even though the actual payment of this

amount of tax by the representative is often not clearly presented. The licensee may repatriate royalties through an authorized bank by producing a statement from a certified accountant. The licensee is entitled to claim an income tax deduction on royalties and fee payments. It is advisable to seek advice from a respected law firm and accounting firm when trying to calculate tax liabilities. The U.S. and Israel have signed a treaty to avoid double taxation.

Selling to the Government

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Israel is a signatory to the WTO government procurement code. Under the 1993 Public Procurement Law, all Government of Israel (GOI) entities and government-owned companies are required to procure goods or services by issuing a tender. In 1995, the Knesset approved the Preference for Israeli Products regulations and the Mandatory Commercial Cooperation regulations.

The "Preference for Israeli Products" regulations stipulate that a 15% preference be given to Israeli manufacturers for certain items exempted by the WTO and for products with at least 35% Israeli content and with a value not exceeding US\$500,000. Israeli manufacturers in "National Priority Zones" receive an additional 5-15% advantage. "Mandatory Commercial Cooperation" requirements are an integral part of each international tender document valued at \$5,000,000 or more. The regulations require foreign companies to enter into [offset agreements](#). These agreements are administered by the [Industrial Cooperation Authority \(ICA\)](#). For civil contracts, the value of the offset commitment is 20% of the contract value for companies in countries that are signatories to the Government Procurement Agreement (GPA) of the WTO and 35 percent for other companies. The offset for defense contracts is 50% of the contract value however, according to ICA officials, U.S. Foreign Military Financing (FMF) funded defense purchases are exempt from sanctions and 50% offset demands. Instead, U.S. defense firms are encouraged to negotiate industrial participation contracts at 35% of the contract value. According to ICA regulations, the final offset decision must be to the commercial benefit of the foreign company. A short explanation of the policy is available at [the ICA website](#). While the foreign firm is required to make every effort to fulfill its offset obligations, there is no penalty connected with a failure to do so if the effort is made in good faith. However, due to the importance the GOI attaches to commercial cooperation, failure to fulfill one's obligations may result in a lack of success in future tenders.

The Industrial Cooperation Authority (ICA), a division of the Ministry of Economy, is responsible for administering, negotiating and monitoring the implementation of offset agreements. The agreements may be for local subcontracting, investment in Israel, technology transfer, R&D contracts, or procurement of Israeli products. The first four options are preferred because of their potential long-term impact on the Israeli economy. By court ruling, the use of industrial cooperation as a factor in the award process is not allowed. However, in the competitive Israeli market, the industrial cooperation arrangements made by foreign companies play a decisive role in the competition. U.S. companies interested in selling to the GOI are strongly advised to appoint a well-connected local agent to assist in dealing with the Israeli bureaucracy. In public tenders for large projects, in which the public entity is looking for involvement of foreign companies, the tendering party has several tender options, including:

- Open International Tender, requiring the foreign bidder to partner with a local firm, or use local subcontractors.

- Closed International Tender, following an open or closed pre-qualification process.
- Open or Closed National Tender, requiring Israeli prime bidders to team up with foreign companies.

As a result of the extensive use of closed tendering processes, foreign companies will not always be aware of major tenders. U.S. companies interested in additional information on specific tender opportunities or in Israel's public tender process in general are advised to contact [Senior Commercial Specialist Irit van der Veur](#).

Distribution and Sales Channels

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Distribution methods vary by type of product. For industrial equipment, raw materials and commodities, manufacturers use non-stocking commissioned agents, while stocking agents represent high volume items. Agents will often insist on exclusivity due to the small size of the country. Most consumer goods are sold through importers and distributors, but increasingly large retail chains and department stores import directly without intermediaries. In most cases, distribution firms serve the entire country.

Roughly 40% of Israel's 8 million people are concentrated in the greater Tel Aviv metropolitan area, Israel's commercial and financial center. Other major concentrations of the population are the Haifa metropolitan area (15%), a major port city and center for the petrochemical and high tech industries, and Jerusalem (11%). Almost all goods are imported through Israel's two Mediterranean ports, Haifa in the north and Ashdod in the south, and through Ben Gurion International Airport. These ports have good transportation links to the rest of the country. While most companies are headquartered in the Tel Aviv or Haifa metropolitan areas, a growing number of firms maintain branches, showrooms, or service facilities in Jerusalem and Be'er Sheva.

Consumer malls and shopping centers are popular in Israel. Over 200 malls and shopping centers exist and others are planned. Many American specialty shops, chain stores, and franchises have their outlets in malls and shopping centers. Key to success is offering an increasing variety of new products and services to the Israeli consumer.

Selling Factors/Techniques

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For first-time exporters to the market, it is important to note that distinct cultural differences between Israel and the United States may in some cases dictate changes in selling, advertising, and marketing. Although many strategies used by firms in the United States can be equally effective in Israel, U.S. companies are advised to not automatically assume that selling in Israel is the same as selling in the domestic U.S. market. Companies should carefully research the implications of promotional activities prior to their implementation in Israel.

Electronic Commerce

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Internet use in Israel is widespread and increasingly used for marketing and sales. An estimated 5.2 million Israelis, or 70% of the population, regularly accesses to the Internet. As in other developed countries, e-Commerce is represented by a balance of B2B and B2C sites. Israel has a variety of B2C online stores, banking and bill payment sites and increasingly, government services. Companies are using B2B models to

exchange documents, catalogues, and even complete deals. Major e-Commerce categories include travel services (36%), entertainment electronics (30%), computers & electrical products (29%), photos, books and games (23%), and digital software and various files (19%). The Internet is also heavily used by Israelis for social networking, information gathering and news.

Trade Promotion and Advertising

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Aggressive product promotion and advertising are effective tools in Israel, especially for consumer goods, where brand image is important and U.S. products face fierce competition from local and European suppliers. There are several effective means of advertising through commercial television and radio. Channel Two is a commercial Israeli TV station broadcasting nationwide and is permitted by law to carry private TV commercials, while state-owned Channel One carries sponsored advertising by public corporations. Some Israeli and internationally broadcast cable stations also carry advertisements. The state-owned Kol Israel (the Voice of Israel) radio station broadcasts commercial ads via two of its channels. In addition, 13 privately owned and authorized regional radio station operators accept commercial ads. Digital printing and commercial graphics are widely used in Israel, including billboards that cover entire building façades.

Pricing

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Israel is a highly competitive market and price is a key factor in purchasing decisions by Israeli companies and consumers. Presenting U.S. products as high quality at fair market prices is a good long-term sales strategy. Distributors prefer exclusivity and a special pricing clause should be incorporated into representation contracts. Israel's VAT is 18%. The VAT is charged on virtually all services and products, including imports, sold in Israel (except fresh fruits and vegetables). The VAT on imports is levied on the CIF landed cost plus purchase tax. VAT is recovered by the importer upon resale of the goods and is ultimately paid by the consumer. Israel levies purchase taxes on many consumer goods. The GOI has reduced or eliminated the tax on more than 600 items since 2000, including televisions, washing machines, electrical appliances and cosmetics. Purchase tax on standard vehicles with combustion engines is 83%. Hybrids 30% and Electric vehicles 10%.

Sales Service/Customer Support

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The Ministry of Industry, Trade & Labor requires that all businesses provide adequate after-sales service and customer support. Regulations exist that oblige local distributors to provide customers with full technical support for a period of up to ten years. To increase competitiveness in Israel, U.S. businesses should include a clause related to after-sales service and client support in their contracts with local representatives.

U.S. firms should ensure that their local representatives receive adequate and ongoing customer service training and technical support. The time between a product failure and the time to repair is one of the main issues affecting purchasing decisions by Israeli companies and government-owned entities. Providing reliable, long-term, after-sales service is the key to successful sales of most products and services.

Israel is a member of the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO). It is a signatory to the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention, the Paris Convention for the Protection of Industrial Property, and the Patent Cooperation Treaty. Israel was obligated to implement the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) by January 1, 2000. The United States continues to encourage Israel to accede to the WIPO Copyright Treaty and the WIPO Performance and Phonograms Treaty (commonly known as the WIPO Internet Treaties), particularly in view of the importance of Israel's high-technology software and telecommunication industries.

In February 2010, Israel reached agreement with the U.S. to modify its Intellectual Property laws to address shortcomings in its treatment of new pharmaceutical products related to data exclusivity, patent term extension and publication of patent applications. Israel finished completed enactment of the specified corrective legislation in January 2014.

As a result of Israel's intellectual property regime deficiencies, it was on the Special 301 "Priority Watch List" from 2005 until 2012 and also for 12 of the past 16 years. The other four years - including the past year - it has been on the "Watch List". In response to the enactment of the legislation specified in the 2010 agreement, Israel was removed from the Watch List in February 2014.

Israel has increased its budget, educational, police, and judicial resources devoted to the enforcement of the country's copyright and trademark laws. In addition, Israel passed amendments to its copyright laws that should make it easier for law enforcement officials, prosecutors, and judges to pursue, prosecute, and punish copyright crimes. Please see the Investment Climate Statement (Chapter 6) for more up-to-date information, specifically on the ongoing negotiations between Israel and the USTR on patent term extension.

Several general principles are important for effective management of intellectual property ("IP") rights in Israel. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Israel than in the U.S. Third, rights must be registered and enforced in Israel, under local laws. Your U.S. trademark and patent registrations will not protect you in Israel. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Israeli market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Israel. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own

counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Israeli law. The U.S. Commercial Service can provide [a list of local lawyers](#) upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights in a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Israel require constant attention. Work with legal counsel familiar with Israeli laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Israel or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

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A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Angola, Argentina, Brazil, China, Colombia, Egypt, Ghana, India, Indonesia, Kenya, Mexico, Mozambique, Nigeria, Russia, Saudi Arabia, Senegal, South Africa, Thailand, Turkey and Vietnam. For details and to register, visit: <http://www.stopfakes.gov/business-tools/international-ip-advisory-program>
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. State Department has positioned IP attachés in key markets around the world. The IP attaché in Israel can be contacted at:

Charles Brown (from 08/2014)
 Trade and Economic Officer
 U.S. Embassy Tel Aviv
 Office: +972- 3-519-7547 Email: conklindc@state.gov

Due Diligence

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American firms interested in doing business in Israel are advised to perform due diligence before concluding any kind of business deal in the market. The U.S. Commercial Service in Tel Aviv can counsel U.S. companies on potential partners and provide background information on companies and individuals via the [International Company Profile \(ICP\) service](#). An ICP provides information about a local company or entity, its financial standing, reputation in the business community and includes a site visit to the local company and a confidential interview with the company management. For information please contact Senior Commercial Specialist Irit van der Veur at: irit.vanderveur@trade.gov

Most American banks correspond with the leading Israeli banks, such as Bank Leumi and Bank Hapoalim, and can provide due diligence information. It is advisable, especially when working with new clients, to seek verification from a corresponding U.S. bank on the authenticity of documents stemming from the Israeli banking system.

Local Professional Services

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Please see the list of local "Business Service Providers" on CS Israel's website: <http://export.gov/israel/businessserviceproviders/index.asp>

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Agricultural Sectors

- You can click through to the [U.S. Department of Agricultural \(USDA\) comprehensive Exporter Guide](#) for U.S. agricultural companies

Travel & Tourism

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Overview

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The Israel outbound travel market accounted for over 3.9 million departures by air by Israelis during 2013. The U.S. market share was 10% with 390,000 departures. This market offers considerable room for growth. Israeli travelers to the United States spend an estimated \$1.5 billion per year on travel-related services, not including airfare. The average expense per traveler per day in the United States is \$300 including lodging, meals and shopping. The average length of stay is 12 days. According to a recent survey by the U.S. Department of Commerce, the majority of Israelis who travel to the United States are visiting family (44%). Business travelers account for 25%. Leisure, recreation and holiday travelers account for 25%. Conference attendees account for a small fraction of all arrivals from Israel. To attract more Israeli travelers, U.S. destinations and travel service providers should engage in marketing and promoting to local consumers.

The most popular participation activities while in the United States are shopping and dining, followed by art galleries/museums, sightseeing in cities, visiting historical places, amusement and theme parks. Only 20% of Israeli visitors to the United States stated they are interested in touring the countryside, visiting national parks or nightclubs. At least 65% of Israeli travelers to the United States plan their trip weeks in advance. At least 50% of travelers still rely on a travel agency as a primary source of information for their trip planning.

El Al Airlines, United Airlines, U.S. Airways and Delta Airlines operate 10 daily, direct flights from Tel Aviv to New York, Philadelphia and Los Angeles. Most European airlines offer competitive prices and routes to the U.S. via Europe. Over 500 travel agents and

about 15 wholesale tour operators work in the Israeli outbound travel market. Operators and airlines advertise special packages and seasonal deals on a daily basis. The high seasons for travel occur around the July-August summer vacation and the High Jewish Holidays in September, October and April. Tour operators specialize in market segments rather than in specific destinations, and most operators are conservative in selecting new travel products.

Best Prospects/Services

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The most popular participation activities while in the United States are shopping and dining. Israelis are also attracted to specialty accommodations such as boutique hotels and bed & breakfast in exotic sceneries. Wine tours that include specialized culinary experience, topped by outlet shopping, would make a highlight of any trip.

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Israeli tour operators and travel writers attend International Pow Wow yearly to meet new and old suppliers. Boutique hotels, culinary tours, outlet shopping, music festivals and family travel destinations may find opportunities in Israel, especially by offering new travel products and a high level of services. For promotion and market information, please contact Commercial Specialist Yael Torres: email: yael.torres@trade.gov

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[U.S. Dept. of Commerce Office of Travel & Tourism Industries](#);
[Israel Central Bureau of Statistics](#);
[Israel Ministry of Tourism](#)

Healthcare Technologies

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Israel is a lucrative market for advanced healthcare technologies. In 2013 Israeli distributors imported medical and pharmaceutical products in the amount of \$2 billion. The U.S. share was 15%, at \$300 million. Germany and other EU countries are the major competitors but U.S. products outranked the EU competition in imaging equipment and diagnostics. Easy market-entry conditions and receptiveness to buy U.S. technologies and services make Israel an ideal destination for U.S. healthcare exports.

Characterized by a technologically advanced market economy, Israel has a public healthcare system that ensures universal healthcare coverage to its entire population via four health management organizations and a network of hospitals, clinics and doctors. Israeli doctors and healthcare facilities are modern and are open to adopt new, cost effective technologies and procedures. Many Israeli doctors receive training in the United States and maintain personal and professional relationships with U.S. colleagues at major medical centers.

Market access is fairly straightforward for U.S. FDA and CE Marked medical products. U.S. companies interested in exporting to Israel need to appoint a local distributor, agent or other legal representative to register their products with the Israel Ministry of Health (MOH). The device registration should be accompanied by a 510(k), Pre-Market Approval (PMA) or an Investigational Device Exemption (IDE).

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A growing awareness for preventive medicine since 2011 has opened the market to advanced diagnostic procedures. This shift includes public campaigns for early detection of breast and colon cancer and inclusion of standard, age-based diagnostic procedures in the universal healthcare reimbursement list. **Wound care** continues to be a high priority in preventive care. In addition, well-developed private sector healthcare in the areas of **dental, eye laser surgery and plastic/aesthetic surgery** keeps up the demand for advanced medical instruments and appliances. Additional best sales prospects exist for U.S. manufacturers of FDA-approved, innovative technologies in many medical fields, including **smart implants**, medical imaging and **minimally invasive** image-guided technologies, preventive medical treatments, cardiology equipment, equipment and supplies for plastic surgery, dental instruments, equipment and technologies for pain management, physiotherapy, ozone & oxygen therapy, OR equipment, point of care diagnostic kits and wound management technologies.

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The U.S. Commercial Service at the U.S. Embassy in Israel helps American exporters enter the market through partner search and trade promotion programs. For additional information, please contact Commercial Specialist Yael Torres: email: yael.torres@trade.gov

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[Israel Central Bureau of Statistics - Foreign Trade Statistics](#); [Israel Ministry of Health](#)

Educational Services

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At the commencement of the 2013/14 academic year, the (Israeli) Council for Higher Education estimated that 308,335 students would attend the 66 institutions of higher education in Israel. The breakdown is as follows: undergraduate 236,770 (76.8%), graduate 59,700 (19.4%), PhD 10,650 (3.5%) and diploma students 1,215 (0.3%). This is an increase of 1.7% over the previous academic year. The growth rate has slowed to less than 4% annually in the last decade, compared to 8% a year in the 1990s, when higher education became more accessible to the general public.

The [Council for Higher Education \(CHE\)](#) accredits all new institutions and programs and authorizes them to award academic degrees. The growing number of students entering private colleges has changed the landscape of the Israeli higher education system. The growth in the student population has led to the establishment of new colleges to meet the demand of qualified students. These colleges are accredited and must offer the same standard of education provided by state universities. Undergraduate students are entering these institutions in ever-increasing numbers (50%), thereby allowing the seven public universities to focus more on graduate and research level studies.

Today, institutions of higher education in Israel number: 7 state universities, 1 open-university, 37 academic colleges (8 regional colleges associated with universities, 29 other regional colleges) and 21 teacher training colleges. Also, there are 12 institutions that offer diploma-level programs that are recognized by the Ministry of Education, 11 art schools, and 59 technological colleges. In 2013, revenues of the top 20 local universities and community colleges exceeded \$2 billion. Around thirty foreign universities run local campuses in Israel.

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Courses of Study

Israeli students typically apply for law, psychology, medicine, veterinary medicine, engineering and fields that are not offered as BAs in Israel such as hotel administration, advertising, art and therapy. Short-term or non-degree study includes fields such as English language, culinary arts, sound engineering, jazz or acting, architecture and institutions offering sports scholarships. Popular majors include: business administration, law, clinical psychology, industrial/organizational psychology, culinary arts, film, music, video editing, advertising, East Asian studies, international relations, computer sciences, engineering, architecture, social work, mass communications, pre-med, and life sciences. Increasingly popular is ecology, environmental sciences, make-up artistry, image consulting, drug and substance abuse counseling, and various expressive therapies.

Exchange Programs and Cooperative Agreements

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In recent years there has been a growing trend by US schools to sign cooperative agreements with selected Israeli universities and colleges in an effort to attract graduate and post-doctoral students to their institutions and to work on collaborative research and development projects in areas of common interest.

Energy Sector Workforce Requirements for Israel

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Israel's offshore natural gas reserves are estimated at around 30 trillion cubic feet; however, the nation has few formal or vocational education programs that would be needed to rapidly and efficiently develop this resource. This creates an opportunity for educators to train these individuals. Universities offering degree programs focused on hydrocarbon development at both the undergraduate and graduate level can capitalize on this opportunity.

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Today, attention in Israel has turned to secondary study and relevant accreditation, be it degree, diploma or certificate. Israelis are looking to broaden their horizons both professionally and personally and are investigating opportunities to study abroad. According to the OECD, Israel is the second most educated country in the world, which suggests that it is home to prospective international students of the highest quality. Also, Israel has the second highest number of GMAT takers per capita of any country in the world, and provides the seventh largest number of takers of any country in the world, ahead of France and Germany. Best prospects for U.S. educational institutions are to offer degrees integrated with practical work experience. According to 2013 statistics, a total of 25,000 Israelis requested information and showed interest in study programs in the States. In 2012/13 there were 2,430 Israeli students studying in the United States. (Breakdown: 700 under-graduate, 1,291 graduate, 148 non-degree and 291 OPT), which represented a 2.4% decline from the year prior.

If you are interested in tapping into this market, you are welcome to participate in the annual recruiting fair organized by CS Israel and Ustudy, a study abroad agency. For additional information, please contact Commercial Specialist Alan Wielunski:
email:alan.wielunski@trade.gov; Phone: +972-3-519-8526

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[Central Bureau of Statistics](#) ,
[Council for Higher Education](#),
[Open Doors](#)

The Israeli automotive industry has no manufacturing base of its own and is solely dependent on European, Asian, and some U.S. imports. Industry sources predicted that from 2011, the number of motor vehicle deliveries would average 240,000 units per annum, but this has not materialized. In 2013 only 225,297 units were delivered, an increase of 9.9% over 2012. Of the 2.6 million cars on Israeli roads, U.S. market share has remained flat at 3.2%, but U.S. manufacturers are making serious inroads in the market place with the introduction of smaller more fuel efficient vehicles such as the Ford Focus. The bulk of vehicle imports come from Europe (46.9%) and from Asia (38.2%) – [South Korea 19.2%; Japan 13%; Turkey 11.6%]. The top four brands in Israel are Hyundai, Toyota, KIA and Skoda. The average age of vehicles is 6.9 years and rate of motorization is 342.4 vehicles per. 1,000 residents.

In April 2013, the Government of Israel (GOI) approved the Ministry of Transportation's proposal to adopt the Zelekha Committee recommendations from 2012, which set out regulations governing the operation of parallel vehicle importers that are unassociated with the vehicle manufacturers, as well as the sale and trade of used vehicle parts. The new bill also allows personal importers the possibility of importing up to 20 vehicles a year, including vehicles that have already been registered overseas, and temporary regulations (until 2015) which allow a business or individual to import two vehicles a year for business or personal use.

Despite the Ministry of Transportation's efforts to reduce costs, the cost of car ownership has been steadily on the rise in Israel. From 1999 to 2009 the cost has increased by 0.5%, and now averages NIS 1,458 (\$394) a month. Part of the reason costs are so high, are the high taxes on vehicles and gasoline, and the high cost of replacement parts and repairs. Despite OECD directives, taxes on new cars in Israel are among the highest in the world: 83% sales tax and 18% VAT, which industry sources blame as the main factor preventing the car market from reaching its full potential. In 2009, the GOI introduced tax incentives on imports of electric vehicles and hybrids in order to help reduce carbon emission gases, but in a move to raise declining state revenues, the Ministry of Finance has "raised the bar" on discounts allowed for more fuel-efficient 'green cars', meaning cars that previously qualified will no longer qualify under the new regulations, further raising the price of cars.

- Car security and anti-theft devices: anti-theft electronic systems, locking devices;
- Car body: bumpers, radiator grills, hood and trunk lids, wings, front and rear lamps (i.e. the parts most vulnerable in car accidents);
- Service parts: disc brake pads, shock absorbers, front suspension parts, filters for oil and lubrication, air conditioning parts;
- Replacement service parts: tires, fan belts, water hoses, water pumps, brake components, engine and transmission components, electrical components, undercarriage items that need replacing at the end of the warranty period;

- Vehicle accessories: car care products, polish, wax, upholstery spray;
- Water-coolants (Glycol) for radiators;
- Electronic accessories: TV screens for the rear seats, GPS systems, sound systems etc.;
- Universal lubricants: well-known brand names of high-grade oils, lubricating, glycol, wax. The market demands well-known brand names.

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Partnering with a reputable local representative who has excellent contacts in the industry, proven reliability, loyalty, technical suitability and after-sales service capability is a key factor to success in selling and maintaining a continued presence in the Israeli market. U.S. companies need to be aggressive in their pursuit of business opportunities and maintain an active in-country presence. The most common approach used by exporters is to deal with a local importer/distributor. Distributors will import on their own account, carry sufficient stock to satisfy ongoing demand or to use for demonstration, maintain their own sales organization, supply spare parts and maintain a service division, if applicable.

Israeli importers are always on the lookout for quality products at competitive prices – usually in that order. For additional information, please contact Commercial Specialist Alan Wielunski: email:alan.wielunski@trade.gov; Phone: +972-3-519-8526.

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[Central Bureau of Statistics](#);
[CBS Industry Sources](#);
[Israel Vehicle Importers Association](#);
[Federation of Israeli Chamber of Commerce](#)



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Intelligent Transportation Systems

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Intelligent Transportation Systems (ITS) is a broad-based term that describes a wide range of communication and computing technologies used to improve various transportation systems. Innovation in ITS is moving Israel towards an all-encompassing computer coordinated transportation system that will improve every source of transportation, from trains to roads, buses and even bike paths. Not only do these improvements make transportation more convenient and efficient, but also allow increased safety. Improvements in traffic management, driver assistance technologies, navigation aids, freight management dispatch systems, information for multi-modal transport users, rescue systems, and environmental management provide users with significant reductions in total costs and travel time, and increased safety.

In 2010, Israel adopted the US standard for ITS architecture, which is expected to take 10 years to fully implement across all transit authorities operating in the country.

Total planned transportation infrastructure spending in Israel is planned to reach \$16 billion in the medium term (2008-2015). Highway spending alone could reach approximately \$6.4 billion over the next five years. In 2011-12, the Israel National Roads Company (INRC) will embark on the development, implementation and operation of a national traffic management system as part of its comprehensive traffic management program in order to proactively manage the road network, optimize existing capacity, reduce congestion, enhance safety and improve air quality. ITS spending by the Israel National Roads Company (INRC) may reach as high as \$40 million.

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Roughly 40% of the ITS budget is allocated to procuring hardware components, such as cameras, electronic signage and detectors. This product group alone is expected to reach \$18.6 million in the next five years.

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U.S. manufacturers of ITS products and services are encouraged to take advantage of the opportunities in the Israeli market. For additional information, please contact Commercial Specialist Alan Wielunski: email:alan.wielunski@trade.gov; Phone: +972-3-519-8526.

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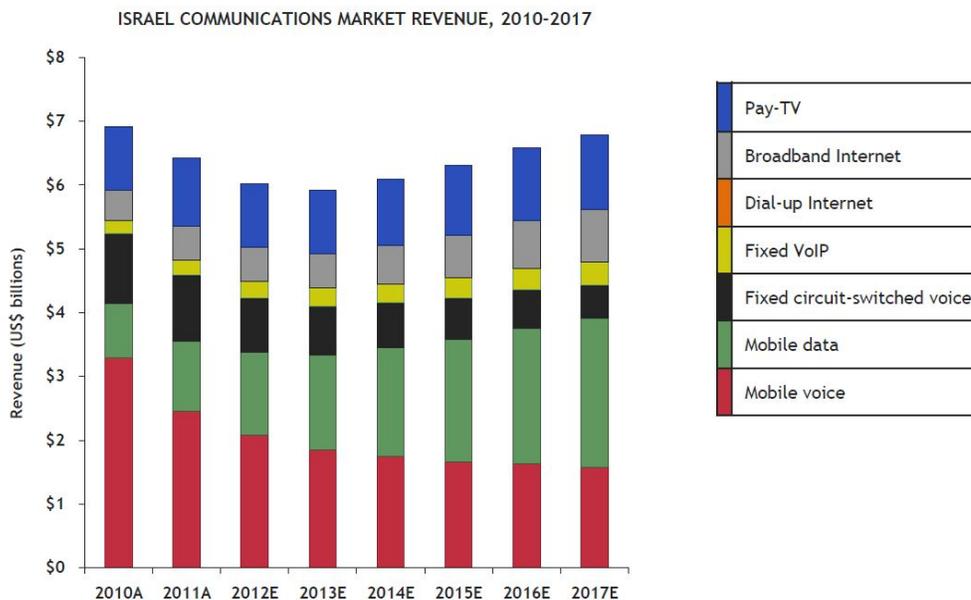
[Israel National Roads Company](#);
[Ministry of Transport](#)

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Israel's telecom sector is a world leader in developing innovative technologies, systems and solutions for telecom providers and integrators. According to a report by Pyramid Research, the Israeli telecom service market will generate US\$5.4bn in 2013, and is expected to remain almost the same through 2018. This will largely be due to far-reaching regulatory changes, intensified price competition and a saturated voice market; however, the center of gravity will be shifting from voice services to data. In 2018, data will represent 46% of total revenue, while voice will decline from 47% in 2013 to 30% in 2018.

The Israeli mobile market has boomed after the launch of two new operators and a number of Mobile Virtual Network Operators (MVNOs). Overall, it's expected that mobile services will generate cumulative revenue of \$14.9bn between 2013 and 2018. Israel possesses an extremely competitive market served by five mobile network operators, Partner, Cellcom, Pelephone, Golan Telecom and Hot Mobile, as well as number of MVNOs. Strong competition is evident due to the range of competing mobile products that offer unlimited voice and text, full mobile number portability and regulatory barriers that prevent operators from linking sales of handsets to services or offering discounts to customers that commit to longer periods. Strong competition has led to operators focusing on mobile data and content opportunities as well as on costs, resulting in a number of infrastructure sharing agreements

Israel has the highest Internet penetration in the region, and fixed broadband is expected to remain strong, with the penetration rate growing from 25% to 26% of the population during this forecast period. Broadband growth will be driven by the popularity of bundled services; VDSL will remain the leading technology.



Sources: Pyramid Research, operators

The total number of pay-tv subscriptions reached 1.5m at year-end 2013, for a household penetration rate of 69%. Cable will continue to be the leading technology,

making up an average of 68% of the total pay-tv market over the forecast period. This strong market position comes as a result of the attractive bundles offered by HOT, but will continue to be challenged by satellite-based Yes and its incumbent parent, Bezeq.

Growth in the market will rely on a combination of new services and networks rather than increasing number of subscribers. Over the next three years, the majority of growth in the Israeli telecom market will arise from fixed and mobile broadband, VoIP, and pay-tv. "As the ability to offer multi-play services becomes more important in the Israeli market, operators look for mergers or partnerships that will allow them to expand their product ranges. Looking forward, the market is expected to grow as a result of demand for data and data-related services.

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Strong competition in the Israeli mobile market has led operators focusing on mobile data and content opportunities as well as on costs, resulting in a number of infrastructure sharing agreements. Israeli mobile operators Cellcom, Pelephone and Golan Telecom have announced a 15-year agreement to construct and operate a shared LTE 4G radio network.

Hot Telecommunication Systems and Partner Communications (which operates in Israel under the Orange brand name) signed a similar agreement. These agreements will have to receive the approval of the antitrust commissioner before going into effect. Israel currently lacks a 4G network, with mobile users sufficing with 3G mobile broadband services with slower data transfer rates.

Cellcom is Israel's market leading operator with 3.1 million subscribers as of September 2013, according to Informa's WCIS Plus. It is trailed by Partner Communications and Pelephone, with 2.9 million and 2.7 million subscribers respectively. HOT Telecom is with 323,000 subscribers and Golan Telecom who became the fifth operator to enter the market in 2012, claims 380,000 subscribers on its network.

The majority of Israeli households subscribes to cable or satellite TV, provided by HOT and YES TV respectively. Free-to-Air (FTA) programming is also available via a Digital terrestrial TV (DTTV) network. The Ministry of Communications is keen to break up the HOT/YES duopoly by introducing IPTV-based competition, with estimates that competition could reduce tariffs by over 60%.

Any new entrants will be going up against two strong pay TV operators. Both HOT and YES have carved out a considerable market segment (according to IHS data by the end of 2012 the cable operator HOT controlled around 40 per cent of the total TV market while the satellite operator YES controlled around 26 per cent). They are both well-recognized brand names and IHS forecasts that their customer base will remain practically unchanged until 2017. The Digital Terrestrial Television (DTT) platform during the same period will experience a sustainable growth rate during the next five years. IHS data shows that around 500,000 DTT set-top boxes and integrated TV sets had been sold by the end of 2012 and that up to 250,000 households are watching DTT. These figures represent 12.6 per cent of the total TV market and forecasts currently suggest DTT penetration will reach 20 per cent penetration by the year 2017.

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Growth in the market will rely on a combination of new services and networks rather than increasing number of subscribers. Over the next three years, the majority of growth in the Israeli telecom market will arise from fixed and mobile broadband, VoIP, and pay-tv.

The demand for high-bandwidth applications such as HDVT and growing rates of internet data traffic have contributed to the telecom industry's most pressing need – bigger pipes. Issues such as networks management, providing support for new applications and creating innovative ways to better monetize subscribers and decrease OPEX are becoming critically important. These challenges provide substantial opportunities for Israel's thriving telecom sector.

Also, the Ministry of Communications reached an agreement with the Ministry of Defense to vacate frequencies which mobile carriers will use for 4G networks. The mobile carriers will need to have 4G frequencies, as their networks are overloaded. Industry sources believe that within a year, some networks are liable to stop functioning because of the demand for mobile Internet.

For additional information, please contact Commercial Specialist Sigal Mendelovich:
email: sigal.mendelovich@trade.gov; Phone: +972-3-519-7491.

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[Ministry of Communication](#)
[Israel Association of Electronics & Software Industries](#)
[IATI](#)

	2010	2011	2012 (-3%) Est.	2013 (+5%)
Total Market Size	997	1.1	1.0	1.088
Total Local Production	1,513	1,664	1,605	1,685
Total Exports	1,446	1,590	1,534	1,610
Total Imports	930	1.0	965	1,013
Imports from the U.S.	250	275	265	278

Industry experts predict that Israel's electronic components industry, valued at more than \$1 billion will show a 5% increase in 2013 and continue into 2014. Most components are imported, integrated into various types of systems or subsystems and generally exported. Israeli companies purchase electronic components from Europe (44%), the U.S. (44%) and Asia (22%). In 2012, imports from the U.S. alone reached more than \$260 million. Companies outsource their purchasing activities using subcontractors for supplying them with the components they need.

Israel's leading sectors remain the defense and medical industry, which showed stability even in difficult times. Sectors that are showing a healthy recovery are the solar energy and safety & security market. There is an increased demand for passive components and RF.

Israel is a major importer of electronic components. Total imports totaled \$970 million, with nearly 30% coming from the U.S. Although the U.S. remains one of Israel's main components suppliers, Asian companies are proving tough competitors. Numerous multinational corporations have also taken advantage of Israel's technical expertise by establishing R&D facilities and manufacturing plants in the country. These include Applied Materials, General Electric, HP, IBM, Intel, Microsoft, National Semiconductor, Jabil and Vishay.

There are three key points that influence competition in the Israeli electronic components market:

Product's technical features - Demand for the most updated innovative technologies components is very high. Israeli companies always look for components that can enhance their products' technical features.

Technical support - Providing technical support is very important for the Israeli customer. Bad technical support assistance has negative influence on recurring purchasing decisions.

Price - When quality is not an issue, Israeli companies prefer to purchase cheap components from Asian countries. That is the case of mass production. Prices of electronic components imported from the U.S. are more expensive and therefore local companies tend to purchase American components when they need to produce reliable systems for defense, safety and security systems.

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As a developed technology market, Israel is always looking for innovative technologies and components to enhance product technical features. Developments in the Israeli telecom, defense and homeland security markets have had a positive effect on the increased demand for electronic components. Israel's purchasing nature is based on two main factors, price and technical support.

Opportunities

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Israel offers opportunities for U.S. exporters of active components, RF & microwave, power amplifiers and semiconductors. There are a large number of Israeli companies that represent U.S. firms in this sector, always looking for new-to-market U.S. companies with good service and competitive prices that they can represent. For additional information, please contact Commercial Specialist Sigal Mendelovich: email: sigal.mendelovich@trade.gov; Phone: +972-3-519-7491.

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[Israel Association of Electronics & Software Industries](#)
[New-techonline](#)

Since 2009, Israel has discovered over 800 Billion Cubic Meters (BCM) of offshore natural gas. Noble Energy and its local partners are supplying gas from the Tamar field. The future of the Leviathan field and Israel's ability to develop the potential of its natural gas resources will in large part be determined by the companies' ability to find reliable export partners for the gas.

Israel plans to use the gas to leverage the development of a gas-based auxiliary industrial sector. The country is rapidly developing a gas-based electricity sector and the government regulator has issued dozens of licenses for independent power producers (IPPs), including combined cycle plants. The government is awaiting the conclusion of an economic feasibility study regarding the use of gas for the transportation sector, including the construction of a gas-to-liquids (GTL) plant and the production of methanol. There are opportunities for engineering consulting services in pipeline infrastructure development, and in training and education.

Israel Electric Corporation (IEC)

IEC is Israel's state-owned electricity utility company. The company owns, maintains and operates 17 power station sites, including 5 sites for steam-driven power stations, and the national transmission and distribution systems. At the end of 2012, [Israel's installed capacity supplying electricity to the grid was 13,750 MW, of which IEC owned 13,250 MW](#) and private producers approximately 500 MW. IEC's \$14m 5-year investment plan for 2013-2017 will require significant procurements for upgrades and maintenance of its generation, transmission & transformation and distribution systems. The company's plans to build an additional coal-fired power station, "project D" in Ashkelon in 2018-19, are still under consideration. An MOU has been signed with EDF (Electricité de France) to jointly build a 1,500-megawatt capacity plant that will operate on natural gas with the potential to switch to coal.

The government is in negotiations with IEC's management and labor union to break up the company into separate profit units. As a state-owned company, IEC is included in Israel's WTO/GPA agreement requiring it to use public tender procedures. While some projects are tendered out in open tender procedures, in most cases, a selective tendering process is used that requires potential suppliers to pre-qualify in order to be included in IEC's approved suppliers list.

Independent Power Producers (IPP)

The Electricity Law provides the framework for the increase in IPPs from less than 0.5% to 20% of Israel's installed generating capacity. With the ongoing construction of natural gas transmission and distribution networks, some major industries have been connected or will soon be connected to the gas supply. The Public Utility Authority for Electricity has granted dozens of conditional generation licenses for stand-alone and combined cycle IPP's to produce over 4,000 MW. Major stand-alone IPP's are due to come on-line in the very near future are The 140-megawatt OPC Rotem combined cycle power station became operational in July 2013 and the 840 MW Dorad plant near Ashkelon is due to be connected in the very near future. In June 2013, the foundations were laid for the 870 MW Dalia Power Energies IPP at Tzafit. The large number of projects in various

planning stages offers good opportunities for U.S. manufacturers, in particular of cogeneration equipment.

Renewable Energy

In 2009, the Israeli government established a target for renewable energy to reach 10% of the country's generating capacity by 2020. The local industry, in particular the solar sector, started to grow at a faster pace, focusing mainly on small and medium-sized prospects. However, by 2013, renewables had reached just over 200 MW, accounting for less than one percent of Israel's electricity production. According to in [Ernst & Young's most recent index rankings](#), Israel ranks 17th in solar energy attractiveness and 37th in overall renewable energy attractiveness, behind Chile and the UAE. Bureaucratic bottlenecks, cumbersome regulations, and lack of land are often cited as factors explaining a lower than expected use of solar energy.

Israel has numerous technology firms developing renewable energy technologies. Many of these companies are focused on markets outside of Israel. US-Israeli cooperation and joint R&D in the renewable sector is growing. The [BIRD Foundation](#) provides a good platform for joint U.S.-Israel commercial R&D in renewable energy and energy efficiency. The bi-annual [Eilat Renewable Energy conference](#) and exhibition offers an opportunity for U.S. renewable energy companies to present their technologies and network with Israeli companies and government officials.

Natural Gas Pipelines

With extensive investment in pipeline construction, there are ongoing opportunities for U.S. equipment suppliers and engineering consultants.

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Electrical Power Generation, Transmission and Distribution Equipment; Pipeline Equipment and Consulting Services.

Opportunities

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Israel Electric Corporation is operating under an emergency plan, making substantial investments in expansion and improvements to its generation, transmission and distribution systems. To meet projected future electricity demand, Israel Electric is investing almost \$3 billion annually. Good opportunities exist also in the IPP sector. The Public Utility Authority for Electricity, the regulatory body, has issued numerous licenses for IPPs including to Dorad, OPC and Dalia and for combined cycle plants at major industries and desalination plants over the past few years. Israel remains a good market for U.S. suppliers of equipment and services to the energy sector. Opportunities also exist for pipeline engineering and consulting services to the recently awarded franchisees.

For additional information, please contact Senior Commercial Specialist Irit van der Veur: email: irit.vanderveur@trade.gov; Phone: +972-3-519-7540.

[Israel Electric Corp.](#)
[Ministry of Energy and Water Resources](#)
[Israel Natural Gas Lines Company](#)
[BIRD Foundation](#)

Homeland Security

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Israel is a well-developed and sophisticated market for homeland security equipment and services. Israel's security awareness and high level of preparedness are the driving forces for the development of the country's cutting edge security industry. This is one of Israel's high-growth export industries. Israel has some 450 exporters of security technologies and services, including many integrators and service providers. The homeland security industry's annual sales are estimated at \$4 billion, with exports accounting for approximately \$2.2 billion. Imports are an estimated \$5500 million, with an almost 50% U.S. market share. HLS is closely related to Israel's successful defense sector, which continues to grow its annual exports, reaching \$7 billion in 2012.

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CCTV, X-ray systems and screening systems using alternative technologies, non-lethal weapons, sensors, biometric solutions

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Israel is an attractive market for U.S. manufacturers of high-end equipment and of components that can be integrated into Israeli systems. Israeli manufacturers are important end-users of imported security equipment and components that are integrated into locally produced for-export security systems. In addition, many of the homeland security systems are sold to the Israel Ministry of Defense. These procurements are often made with Foreign Military Funding (FMF) or Foreign Military Sales (FMS), giving an advantage to U.S. manufacturers. U.S. suppliers dominate the imports with an almost 50% market share.

Total imports of homeland security equipment and services are estimated at \$600 million. Good opportunities exist for sophisticated equipment used in homeland security applications. U.S. security equipment, which enjoys an excellent reputation in Israel due to its high reliability, is often used for sensitive applications by high-security industries and for key infrastructures and installations. The market offers good opportunities for U.S. exporters of high quality and sophisticated detection and screening systems, CCTV, sensors, biometric solutions, x-ray systems, non-lethal weapons, etc. U.S. exporters should take into account that their products may be re-exported. U.S. companies that want to participate in this sector should be knowledgeable about U.S. export control regulations.

For additional information, please contact Senior Commercial Specialist Irit van der Veur: email: irit.vanderveur@trade.gov; Phone: +972-3-519-7540.

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[Israeli Export and International Cooperation Institute](#)
[U.S. Department of Commerce Export Control Regulations](#)
[U.S. Department of State Export Control Regulations](#)

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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Israel's tariff classification is based on the Harmonized System (HS) Code. [Israel's Customs and Purchase Tax Tariff](#) is the main instrument used for the classification of goods. The correct classification of goods is the key to determining tax rates, as well as obtaining various authorizations, permits and licenses, and all other conditions of importation, in accordance to the applicable laws, regulations and instructions. We recommend contacting a professional customs broker for consultation since classification of goods requires professional knowledge. Israeli Customs provides free pre-ruling classification information (under Commercial Import Taxes). A request should include a detailed description of the goods, a catalog with the technical information and/or any other relevant information. In addition, Customs may also require a sample of the material/product, lab testing results, authorizations from institutes/authorized government agencies, import license and any other documents as required by the specific Customs Department.

Israel, Select Import Tariff Rates, 2013

Import Tariff	Products	Percent of Total Imports*
Exempt	Fish, calves for fattening, frozen beef, vegetable oils, pasta, cocoa, sugar, couscous, spices, cereals, coffee, tea, concentrated juice for the juice industry, seeds, and dried fruits.	35%
Below 20%	Fish, <i>foie gras</i> , flowers, frozen vegetables, nuts, fresh fruit types, processed fruits and nuts, spices, cereals, flour, potatoes, dried vegetables.	44%
20%-40%	Cheese substitutes, processed vegetables, fish, most kinds of fresh fruit and vegetables, tuna, juices.	11%
40%-60%	Lamb meat, processed meat (sausages), cheeses, fresh fruit and veg, olive oil, processed vegetables, juices.	4%
60%-80%	Fresh fruits and vegetables, cheese.	2%
80%-100%	Garlic, honey, fish varieties found in Israel, fresh fruit and veg.	1%
100% +	Dairy products (e.g., butter), fresh beef, live goats.	3%

Source: The Kedmi Committee Report.

*Percent of Total Imports – e.g. Exempt – 35% of all food and agricultural imports to Israel are duty free

Over the years, the OECD has found that Israeli consumers are paying higher than global average prices for food and agricultural products (*see Table above*)

Food Prices: On January 12, 2014, the Israeli Government approved the creation of a committee headed by Mr. Harel Locker, Director General of the Prime Minister's Office, that is focusing on bringing down food prices by advancing parallel imports of food products. The group will explore ways to allow parallel imports of the same brands of food. The vote came as ministers heard a report by the Finance Ministry's budget division, which found that 60 percent of the Israeli food retail market is controlled by two supermarket chains. "This market is a classic cartel," said Prime Minister Benjamin Netanyahu. According to PM Netanyahu, this figure shows that there is no competition. "There is an unacceptable phenomenon of historic arrangements that are causing an increase in food prices and consumer exploitation," Prime Minister Binyamin Netanyahu said at the meeting. "Without opening up the markets to imports, there will not be a reduction in food prices."

The government has been taking up the cause of consumers amid growing evidence of the high cost of living in Israel. A March 2014 report by the Knesset Research and Information Center found that food prices in Israel are 25 percent higher than in the EU. The report estimates that food prices in Israel rose by 16 percent after inflation in the nine years through 2013, compared with just 1.8 percent in the EU. The Locker committee will include Health Ministry Director General Ronni Gamzu, Economy Ministry Director General Amit Lang and Finance Ministry Budget Director Amir Levi. The committee will explore ways to increase the number of food imports in Israel, both of new products and by encouraging multiple importers for the products already available in Israel. Among the ways that this may be achieved is by increasing the number of overseas food plants approved to export processed food to Israel by accepting quality-assurance certificates issued in the manufacturers' country of origin. That would do away with the need for certificates for each and every product. This new concession may spur food imports from the United States, as many documents requested by the Israeli food import licensing authority do not exist in the U.S., while other documents typically generated that address food safety have not been heretofore recognized by the Israeli licensing authority.

Trade Barriers

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In general, Israel offers a good commercial environment for U.S. companies. The United States-Israel Free Trade Agreement (FTA) has eliminated almost all tariffs, leaving Israel's agricultural sector as the only one with substantial barriers. The FTA also provides for a joint committee comprised of representatives from both countries to review the functioning of the agreement. Israel is a member of the World Trade Organization (WTO).

A 1996 Agreement on Trade in Agricultural Products (ATAP) with the United States permits Israel to maintain non-tariff protection for certain agricultural products. This framework expired at the end of 2001 but the signed agreement was renegotiated and extended until the end of 2008. Since then the agreement has been extended three times until the end of 2013. Talks with the Office of the U.S. Trade Representative (USTR) are now scheduled for June 2014 in Israel. In the interim, both parties agreed to extend the current ATAP.

Under the agreement, Israel permits free access to a long list of food products and duty-free access for certain quantities from a list of U.S. products under tariff rate quotas (TRQ). American exporters and Israeli importers, however, complain that these TRQs provide an insufficient duty-free quota for many fruits and other products, and very high

tariffs on imports above quota. Israel excludes most of US fresh vegetative products, on phytosanitary grounds. Israel has revised its phytosanitary restrictions and requirements, making them consistent with WTO requirements.

The U.S. Embassy in Tel Aviv is very actively pursuing much-needed improvements in the export and investment climate for U.S. firms in Israel. These efforts are focused in three specific areas: incorporating technical standards in Israel that do not discriminate against U.S. products, protecting intellectual property rights, and establishing greater transparency in Israel's public procurement process. For further information about how these issues may affect your export prospects in Israel, please contact the U.S. Commercial Service in Israel.

Regarding Intellectual Property Rights, while there has been reduction in the level of illegal production, importation, and sale of copyrighted and trademarked goods, problems still exist. For more details, see "Intellectual Property Rights" in Chapter 6, "Investment Climate Statement."

Import Requirements and Documentation

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All administrative import licensing requirements in Israel for U.S.-made consumer and industrial goods have been eliminated under the FTA, excluding the requirements for most food and agricultural products. In the case of products for which there is a tariff-rate quota (TRQ), the Ministry of Agriculture or the Ministry of Economy (previously Ministry of Industry, Trade & Labor) issues a license, which either totally exempts the bearer from duty or grants a reduction in customs duty on the quantities indicated in the license. Importers wishing to bring in goods without availing themselves of the TRQ are not required to obtain a license. All imported agricultural and food products must carry a health certificate or an import license for veterinary, phytosanitary or public health reasons. The Israel Veterinary Services (IVS), the Plant Protection and Inspection Services (PPIS) and the Food Control Service (FCS) of the Ministry of Health issue these licenses, respectively. Please contact the Embassy's Agricultural Specialist Yossi Barak for more details at yossi.barak@usda.gov.

U.S. Export Controls

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U.S. exporters to Israel must follow U.S. Government requirements regarding export control documentation for sensitive U.S. technology exports, e.g. high technology, defense related equipment and technologies and weapons for chemical and biological warfare. For information on this subject contact the U.S. Department of Commerce Bureau of Industry and Security, Internet web site: <http://www.bis.doc.gov/>, the Trade Information Center at 1-800-872-8723 or the [U.S. Department of State, Directorate of Defense Trade Controls \(DDTC\)](#)

Although Israel is not a signatory to the Wassenaar Arrangement, it has adopted the Wassenaar list of dual-use items subject to control. As of January 1, 2007, the [Ministry of Economy's Chemistry Administration](#) is responsible for the administration of Israel's dual-use export control system. MOE works closely with the Ministry of Defense (MOD) [Defense Export Controls Agency \(DECA\)](#). DECA administers Israel's defense-related export controls.

Israel's defense industries are export-driven, with 75-80% of the production destined for export to global markets. Many U.S.-made items are integrated into Israeli defense

products. Re-exports of U.S. technologies from Israel to third countries require the Israeli exporter to disclose the identity of his foreign customer and to obtain an end-user certificate. This requirement poses a challenge for the U.S. exporter of sensitive defense equipment to sell to the Israeli defense industry.

Temporary Entry

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Temporary entry of U.S.-made goods is possible with an "ATA Carnet" issued by a U.S. Chamber of Commerce or through payment of a deposit, reimbursable upon re-export.

Labeling and Marking Requirements

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Israel has strict marking and labeling requirements that frequently differ from those of other countries. U.S. exporters should consult with their Israeli importer prior to shipping any product that will be offered to the local market. The Food Control Services (FCS) of the Ministry of Health enforces the labeling regulations. The US Embassy, Tel Aviv works with the Ministry to try to resolve any discrepancies.

All imports into Israel must have a label indicating the country of origin, the name and address of the producer, the name and address of the Israeli importer, the contents, and the weight or volume in metric units. In all instances, Hebrew must be used; English may be added provided the printed letters are no larger than those in Hebrew. Nutritional labeling is compulsory on all packaged foods. For more information on marking and labeling requirements, see the information in [FAIRS report](#) or please contact Agricultural Specialist Yossi Barak for more details at yossi.barak@usda.gov, Tel: +972-3-519-7686.

Currently, commercial production of biotech crops, including for seed production, is not allowed in Israel. However, this situation is expected to be changed in the next 3-5 years, as the Israeli Ministry of Agriculture is currently discussing this issue and the Israeli Plant and Protection Services (PPIS) supports the commercial production of biotech crops in Israel. The pressure to allow the production of biotech plants and seeds comes from private industry. Currently, there is no regulation concerning importation or use of biotech agricultural products and foods with biotech content in Israel.

The local food and livestock feed industries use biotech raw materials for the purpose of food and feed production, mainly corn and soybean. Currently, there are no labeling requirements for imported food products that contain biotech components. However, the Ministry of Health is in advanced discussions, and biotech labeling requirements are expected to be introduced into the market in 2014 or 2015. Products having ingredients that comprise in excess of 0.9% which are derived through bio-technology will need to declare this on the label. The Israeli Food Control Services, which is part of the Ministry of Health, is about to publish regulations on "novel food", also relating to food with biotech content. Prior to the publication of the regulations, the Israeli Ministry of Health gathers a list of genetically engineered crops that are already imported to Israel for marketing and/or for use in the food industry. Importing and marketing of varieties that are included in the Ministry of Health list will not require an approval as a novel food item. However, if a product which contains a biotech-derived ingredient is not included in the Food Control Services biotech list, and an importer wants to import this product into Israel, then this product must go through a risk assessment process at the Israeli Ministry of Health that can take a few months before its approval for importation.

Israel's main export market for food is Europe. where consumer concern over GMO is considerable. Thus, many Israeli raw material importers require an exporter's declaration that the product is GMO free.

Marking should be done by printing, engraving, stamping, or any other means, on the package or the goods themselves. If marking is not possible, a label should be well sewn or stuck to the goods or package. Marking details should be clear, legible and in a different color from the background in order to be clearly distinguishable. Printing dyes and other marking materials should not affect merchandise quality. The marking should not be blurred. On a multi-layered package, the external layer should be marked. If the external layer is transparent the marking should be done underneath that layer, provided it is still clear and legible. On a package containing sub-packages, the labeling should specify the number of such sub-packages, the net content of a sub-package, and the overall net weight of the package. An aerosol container should indicate the net quantity weight unit for semi-solid or powder products, and volume unit for liquids. For products that tend to lose weight under regular marketing/commercial conditions, the maximum quantity of expected depletion should be mentioned.

Specific labeling regulations apply to some consumer goods, paper products, handbags, musical recordings, fertilizers, insecticides, chemicals, pharmaceuticals, some food products, seeds, and alcoholic beverages. Outside and inside containers of dangerous articles, such as poisons, insecticides, drugs, flammable goods, ammunition, explosives, reptiles, insects, bacteria and radioactive materials should be clearly marked.

U.S. exporters of auto parts to Israel are concerned about a Ministry of Transportation requirement that they affix "Made in the USA" labels to their product before entry into Israeli Customs territory. Most U.S. auto parts manufacturers label their parts as being "Assembled in the USA," required by the U.S. Federal Trade Commission for domestic parts that contain some portion of foreign content.

Prohibited and Restricted Imports

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Israel maintains restrictions on imports of agricultural and food products the government considers to be economically sensitive and subject to agricultural policy considerations. U.S. meat exports face an especially difficult environment due to a ban on beef meat due to veterinary restrictions and for kosher requirements. Waiving the ban on imports of live cattle and beef meat and products is under advanced discussions. Post estimates the market will be opened to U.S. beef meat by the end of 2014.

Since December 1994, Israel has maintained a ban on imports of all non-kosher meat products. However, GOI permits domestic production, sale, and consumption of non-kosher beef (including pork); 95 percent of all meat products produced in Israel are nonetheless kosher. With the exception of beef, poultry (including turkey) and their products, as well as mutton, there is no legal requirement that imported food be kosher. However, non-kosher food products have a much smaller market share as the large Israeli supermarket chains and hotels refuse to carry them.

New Possible Kosher Food Certification System in Israel - Economy Minister Bennett announced plans on February 3, 2014 to "revolutionize" Israel's kosher food regulations and to introduce a three-tier system that aims to make certification easier for restaurants and its customers and kashrut supervisors will be employed by external companies. The changes aim to eliminate a conflict of interest and restore public faith in the system of

declaring food kosher. The ministry believes the reforms will be implemented within 12 months. Kosher certifications for businesses in Israel are awarded by local state rabbinic bodies, known as kashrut committees that are under the supervision of the Chief Rabbinate of Israel. Kashrut inspectors visit applicants and inspect their kitchens when preparing food to ensure they meet the Kashrut laws. However, the ultra-Orthodox community also operates a variety of stricter kashrut certification committees, known as the "Badatz". Currently business owners pay the kashrut supervisor directly, which has been the cause of a conflict of interest in hiring supervisors. The plan is to establish independent companies, which will hire kashrut supervisors on behalf of the local religious councils, and then have them sent to supervise food operations on behalf of the company. Please contact Agricultural Specialist Yossi Barak for more details at yossi.barak@usda.gov, Tel: +972-3-519-7686.

Customs Regulations and Contact Information

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In order for U.S. exporters to qualify for preferential access to the Israeli market, a hard copy, green color Certificate of Origin (CoO) must accompany all shipments from the United States to Israel. The U.S.-Israel Free Trade Agreement (FTA) came into full effect in 1995. Under this agreement, American companies exporting to Israel can gain greater market access, reduce transaction costs, increase sales, enhance export revenues and become more competitive in the Israeli marketplace. The CoO is not mandatory but U.S. exporters are encouraged to present it to Israeli Customs in order to qualify for preferential tariff treatment. In addition, U.S. goods that are transhipped through third countries require a Certificate of Non-Manipulation from the customs authority of the third country, in order to qualify for the FTA preferential tariff.

Israeli Customs stringently enforces import documentation regulations, including the CoO for exports to Israel. Therefore, U.S. exporters should meticulously follow the advice given below and always double-check with the Israeli Customs clearing agent before the goods leave the United States to avoid potentially lengthy delays when the goods enter Israel. If the exporter is also the manufacturer the CoO does not need to be notarized or stamped by a Chamber of Commerce. Instead, the exporter should sign the declaration in box 11 of the certificate: "The undersigned hereby declares that he is the producer of the goods covered by this certificate and that they comply with the origin requirements specified for those goods in the U.S.-Israel Free Trade Area Agreement for goods exported to Israel". The actual CoO forms are printed by a number of commercial printing houses in the United States. Please note that the aforementioned process is being reviewed for possible modifications and that the U.S. Commercial Service should be contacted for more information at [Certificate of Origin for Exporting to Israel](#).

Other Documentation

The Israeli Customs Services prefer that exporters use their own commercial invoice forms containing all required information including name and address of supplier, general nature of the goods, country of origin of the goods, name and address of the customer in Israel, name of the agent in Israel, terms, rate of exchange (if applicable), Israel import license number (if applicable), shipping information, and a full description of all goods in the shipment including shipping marks, quantity or measure, composition of goods (by percentage if mixed), tariff heading number, gross weight of each package, net weight of each package, total weight of shipment, price per unit as sold, and total value of shipment. The total value of the shipment includes packing, shipping, dock and agency fees, and insurance charges incurred in the exportation of the goods to Israel.

The commercial invoice must be signed by the manufacturer, consignor, owner, or authorized agent. U.S. exporters should also double check with their freight forwarder, shipping company or importer to find out if any other documentation, including bill of lading and packing list, is required. It is imperative that these issues be addressed before the goods arrive at the Israeli port, to avoid any possible delays and storage fees.

Authorization Procedures for "Approved Exporter" Status

Potential candidates for "Approved Exporter" status are U.S. firms with total annual exports to Israel of at least \$20 million that have a clean record with the Israel Customs Services. Israel Customs will examine whether the manufacturer or exporter complies with the criteria and grant approval for "Approved Exporter" status. The approved exporter will be given an identity number to be stamped on all invoices. The approval is valid for six months, after which the exporter should receive an automatic extension from Israel Customs. If the exporter does not receive an extension notice he/she must terminate use of the approval. For more information please contact U.S. Commercial Service Commercial Specialist, Yael Torres, at yael.torres@trade.gov

Standards

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Overview

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[The Standards Institution of Israel \(SII\)](#) is the only statutory body in Israel that develops and establishes standards. Created by an act of the Knesset (Parliament), "The Standards Law of 1953" mandates SII's responsibility for the preparation, publication of technical specifications and standards for products and services, which are produced locally or imported. Today, the SII incorporates standardization, testing, conformity assessment, product certification, management system certification and training activities under one roof. It has laboratories in almost all technological areas, providing testing and inspection services to industry and commerce, as well as regulatory services to government. Overseeing the SII's policy is the Commissioner of Standards at the Ministry of Economy (formally known as the Ministry of Industry, Trade & Labor).

The supreme body of the SII is the General Assembly, comprised of 70 members from the following sectors: manufacturing, construction, commerce, services, trades, consumers, engineering associations, universities and government. The General Assembly annually elects a Board of Directors and President. The SII's Standardization Division coordinates the preparation of standards through the work of hundreds of standardization committees that include volunteer representatives from all sectors of the Israeli economy. The adoption of Israeli standards is voluntary, however, standards may

be declared mandatory by the relevant government ministry in the interest of public health and safety or protection of the environment.

As the mandated national standards body, the SII represents Israel in two international standards organizations, the International Organization for Standards (ISO) and the International Electromechanical Commission (IEC). The SII has also become an affiliate of the European Committee for Standardization (CEN) and the European Committee for Electro technical Standardization (CENELEC), though it has not joined any technical committees.

Israeli legislation also mandates the adoption of multiple, proven international standards whenever possible to maximize benefits to the Israeli consumer of a competitive market. However, Israeli standards policy in the past is its clear preference for European standards, but effective May 1, 2014, the SII will be required to identify and adopt equivalent US standards for 500 mandatory Israeli standards. Moreover, conformity assessment will be based on the following: manufacturer's declaration of compliance, conformity to relevant standard and approval by certified testing laboratory.

This follows the August, 2013 Israeli Knesset Economic Affairs Committee approval of a standardization reform bill that promises to have the SII recognize 'international' standards such as those of the U.S. and European countries. The new law was derived from the recommendations of the 2011 Trajtenberg Committee. The Knesset passage of the new law will greatly expand the Government of Israel (GOI's) recognition of international standards for imported products, which would include most U.S and European food and agricultural product standards. The new law will eliminate the requirement for government inspections and testing, while moving to a system that provides broader recognition of exporter certifications for products that have met the production standards of the country of origin. The new standard regime should allow for significant growth in imports and lower prices through increased competition. Currently, Israel's mechanism for adopting or recognizing "international standards" is based on a conformity assessment process for determining if imported goods meet Israeli standards. A January 2000 amendment of the GOI Standards Law states that, "in general, the Standards Institution of Israel shall adopt international standards that are accepted in developed countries." In practice, this has often meant that a single international standard from one country was adopted by the SII, rather than generally accepting standards from developed countries. This has often had negative consequences for U.S. products imported in to Israel. Frequently, the SII has adopted an EU product standard and then has made a finding that the prospective U.S. import did not meet the EU (international) standard. The new legislation seeks to eliminate this use of a single international standard and mandate that ministries performing conformity assessments accept the manufacture's declaration that the product complies with the standards of the country of origin, if the country of origin is a developed country with a respected standards system. The proposed legislation should streamline the conformity assessment process which would allow recognition of a much broader range of "international standards" than under the current system and ease the importation process for a significant number of U.S. imports to Israel, including U.S. food and agricultural products.

Standards Organizations

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The SII is the sole organization that develops standards in Israel. On a yearly basis the SII prepares its work plan that includes a list of standards they plan to develop. Members of the various technical committees, as well as government ministries, provide input.

NIST Notify U.S. Service

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Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:
<http://www.nist.gov/notifyus/>

Conformity Assessment

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The sole authority for conformity assessment in Israel is the SII.

Product Certification

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SII operates product and system certification programs. Use of the Standards Mark is generally voluntary but Israeli law mandates that certain classes of products must be certified before they are sold. The Standards Mark program operates in accordance with EN 45011. To qualify for the Standards Mark, a product must conform to the requirements of the applicable standard or standards, and be manufactured in a plant with an approved quality assurance system, similar to ISO 9002.

The Standards Mark Board appoints technical committees of representatives from the public and private sectors in various technological areas, which meet regularly to evaluate the findings of the test reports and quality assessment reports. These committees report their findings to the Licensing Committee, which is responsible for granting or canceling a license.

Once a license is issued, follow-up inspections of the product and quality assurance review is performed. These inspections are performed by laboratory personnel and certified auditors. In addition, samples of the product are taken several times a year to insure continuous compliance of the product with the relevant standard or standards. In order to ease the process for foreign manufacturers wishing to enter the Standards Mark program, agreements have been reached with independent foreign testing and certification organizations to perform testing and inspection services on behalf of SII.

The SII has signed Mutual Recognition Agreements (MRA) with the following U.S. organizations:

Dept. of Defense	QPL AND QML for Electronic components
ETL	Standards Mark recognition - Electrical and energy products
FCC	Recognition
IAPMO	Hydraulic products Standards Mark
NSF	Food Safety, HACCP-9000, HACCP
UL	Mutual recognition in fields of: Electricity, electronics, hydraulics, mechanics, fire. Standards Mark supervision in fields of: Electricity, electronics, hydraulics, mechanics, fire

Accreditation

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The [Israel Laboratory Accreditation Authority \(ISRAC\)](#) is the only body in Israel, which is internationally and legally recognized to accredit testing and calibration laboratories according to ISO/IEC 17025 and to recognize laboratories in accordance with the OECD rules of Good Laboratory Practice (GLP).

The Government of Israel decided in its resolution No. 3778 from August 14, 1994 to set up a National Authority for the accreditation of testing and calibration laboratories (ISRAC) and empowered the Minister of Industry, Trade & Labor to implement this resolution as a voluntary scheme for laboratories wishing to be internationally recognized for their competence in testing. The law for the national accreditation authority (ISRAC) was passed in the Knesset in May of 1997. ISRAC has accredited laboratories in the areas of food, water, cosmetics, pesticide chemistry, biology, microbiology as well as many calibration, engineering, construction laboratories NDT (non-destructive testing) and EMC (telecommunications).

Publication of Technical Regulations

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Technical standards are published in the official Israel Government Gazette in hard copy only and can be purchased in bookstores that sell legal textbooks or by subscription. Prior to publication, the Director General of the SII officially informs the relevant industry sectors of pending additions and amendments. U.S. entities can influence the content and adoption of technical standards through active participation at the technical committee level.

Labeling and Marking

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The Standards Institution of Israel operates a product certification scheme to assist consumers in identifying products conforming to Israeli Standards. For more information go to: http://www.sii.org.il/384-en/SII_EN.aspx

Contacts

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Trade Agreements

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Israel has adopted a liberal import policy. In addition to its Free Trade Agreement (FTA) with the U.S., it has FTAs with Bulgaria, Canada, the Czech Republic, Hungary, Mexico, Poland, Romania, the Slovak Republic, Slovenia, Turkey, the European Union (EU), and EFTA (Iceland, Liechtenstein, Norway, and Switzerland). In 2011 a trade agreement has been signed with the MERCOSUR countries (Argentina, Brazil, Paraguay, Uruguay, and Venezuela) and an agreement with India is under discussion. Israel also has a preferential trade arrangement with Jordan and maintains a customs union with the Palestinian Authority. In late 2002, the European Union began imposing customs duties on goods manufactured by Israeli companies located in the Palestinian territories.

In 1997, Congress amended the law governing the U.S./Israeli Free Trade Agreement to enable the creation of so-called qualifying industrial zones (QIZs) with Jordan and Egypt. Jordan took advantage of this opportunity beginning in 1997. Under the agreement, products manufactured in Jordan enjoy duty and quota free access to the U.S. market if, inter alia, they contain a certain minimum percentage of Israeli inputs. As a result of the QIZ agreement, exports to the U.S. grew significantly. In 2001, Jordan and the U.S. signed a Free Trade Agreement which allowed duty free access to the U.S. for Jordanian goods, independent of Israeli content. The FTA reduced the significance of the Israel-Jordan QIZ agreement in terms of joint Israeli-Jordanian manufacturing and exports to the U.S.

Egypt signed the QIZ agreement in December 2004. Egyptian products manufactured within a designated zone with 10.5% Israeli inputs, and a combined 35% value added, may enter into the U.S. duty free. Since signing the agreement, Egypt's imports to the U.S. have more than doubled. A list of current Egyptian QIZ-eligible companies and zones can be obtained at <http://www.qizegypt.gov.eg>. All products manufactured in the Palestinian territories also may enter the U.S. duty free.

Web Resources

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[Ministry of Finance – Israeli Department of Customs & VAT](#)

Regarding Standards Issues:

[Standards Institution of Israel](#)

[Ministry of Economy](#)

[Federation of Israeli Chambers of Commerce](#)

U.S. Certificates of Origin for Exporting to Israel:

[U.S. Commercial Service](#)

U.S. Department of Commerce Bureau of Industry and Security:

[Bureau of Industry and Security](#)

Labeling/Marking Requirements:

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Executive Summary -

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1. Openness to, and restrictions upon, foreign investment

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Israel is open to foreign investment, and the government actively encourages and supports the inflow of foreign capital. There are few restrictions on foreign investors, except for in parts of defense or other industries closed to outside investors on national security grounds. There is no screening of foreign investment and no regulations regarding acquisitions, mergers, and takeovers that differ from those that Israelis must follow. Foreign investors are welcome to participate in Israel's privatization program. Investments in regulated industries (e.g. banking, insurance), however, require prior government approval. Investments in certain sectors may require a government license. Other regulations may apply, though usually on a national treatment basis. The Investment Promotion Center of the Ministry of Economy seeks to encourage potential investors to invest in Israel. The Center stresses Israel's developed infrastructure, educated work force, open economy, and ties to the U.S. and Europe, and additionally provides information about investment incentives available in Israel

2. Conversion and Transfer Policies

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Israel's foreign exchange liberalization process was completed on January 1, 2003, when the last restrictions placed on the ability of institutional investors to invest abroad were removed. Foreign currency controls have been completely abolished and the Israeli shekel is a freely convertible currency. The Bank of Israel maintains the option to intervene in foreign currency trading in situations of extraordinary movements in the exchange rate which are not in line with fundamental economic conditions, or when the

foreign exchange market is not functioning appropriately. Israeli individuals can invest without restriction in foreign markets. Foreign investors can open shekel accounts that allow them to invest freely in Israeli companies and securities. These shekel accounts are fully convertible into foreign exchange.

Most transactions must be carried out through an authorized dealer. An authorized dealer is a banking institution licensed to arrange, inter alia, foreign currency transactions for its clients. The authorized dealer must report large foreign exchange transactions to the Controller of Foreign Currency. There are no limitations or significant delays in the remittance of profits, debt service and capital gains.

3. Expropriation and Compensation

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There have been no expropriations of U.S.-owned businesses in Israel in the recent past. Israeli law requires adequate payment, with interest from day of expropriation until final payment, in cases of expropriation.

4. Dispute Settlement

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Israel has a written and consistently applied commercial law based on the British Companies Act of 1948 as amended. Israel's commercial law contains standard provisions governing company bankruptcy and liquidation. Personal bankruptcy is covered by a separate bankruptcy ordinance. Monetary judgments are always awarded in local currency. The judiciary is independent, but businesses complain about the length of time required to obtain adjudications. The GOI accepts binding international arbitration of investment disputes between foreign investors and the state. Israel is a member of the International Center for the Settlement of Investment Disputes (ICSID) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

5. Performance Requirements and Incentives

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There are no universal performance requirements on investments, but performance requirements, including inbound investment "offset" requirements, are often included in sales contracts with the government. In some sectors, there is a requirement that Israelis own a percentage of a company. Israel's visa and residency requirements are transparent. The GOI does not impose preferential policies on exports by foreign investors. Israel complies with the WTO agreement on Trade Related Investment Measures (TRIMs).

The State of Israel encourages both local and foreign investment by offering a wide range of incentives and benefits to investors in industry, tourism and real estate. Special emphasis is given to hi-tech companies and R&D activities.

All benefits available to Israelis are also available to foreign investors. Some of the benefits and requirements are described below. Investment incentives are outlined in the Law for the Encouragement of Capital Investment, and are coordinated by the Israel Investment Center (IIC).

Summary of Incentives of the Law for the Encouragement of Capital Investment

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Investment Incentives:

<http://www.investinisrael.gov.il/NR/exeres/08348DA2-83D3-47B1-B043-ED418D9AA846.htm>

Investment incentives are outlined in the Law for the Encouragement of Capital Investment, and are coordinated by the Israel Investment Center (IIC).

Qualification requirements:

<http://www.investinisrael.gov.il/NR/exeres/08348DA2-83D3-47B1-B043-ED418D9AA846.htm>

To qualify for benefits under the law, the company has to be an "industrial company" registered in Israel and has to be "internationally competitive" (i.e. has export capability). However, Biotechnology and Nanotechnology companies do not have to meet the "export" requirement to qualify. An investment in the Priority Area recognized by the law will be termed an Approved Investment and the company will be designated an Approved Enterprise.

R&D Incentives:

<http://www.investinisrael.gov.il/NR/rdonlyres/5E7A4322-4D0F-4320-953C-83F94024E7AA/0/RDspreads.pdf>

The Office of the Chief Scientist (OCS) of the Ministry of Economy is responsible for implementing the government policy of encouraging and supporting industrial research and development in Israel. The OCS provides a variety of support programs that operate on a yearly budget of about \$230 million. This is spent on about 775 projects undertaken by 500 companies. These programs have helped make Israel a major center of hi-tech entrepreneurship. The main OCS program (the R&D Fund) supports R&D projects of Israeli companies by offering conditional grants of up to 50% of the approved R&D expenditure. If the project is commercially successful, the company shall be under the obligation to repay the grant by royalty payments.

A support program for traditional industry was launched in 2005 by the OCS, which offers separate evaluation and discussion for projects from traditional industries. The Office of the Chief Scientist web site (above) also includes information about international support, including bi-national funds, the Global Enterprise R & D Cooperative Framework, Project Centers, and domestic support programs.

Support for R&D Centers of Foreign Companies – Overview

There are four programs that enable High-Technology R&D Centers of Foreign Companies to receive government support which can be accessed through the following link. <http://www.israelbusiness.org.il/financialassistance/rdincincentives>.

Financial R&D Centers Support Program:

<http://www.investinisrael.gov.il/NR/exeres/6EAE7AD8-96B0-44E2-8DEC-26F421A24594.htm>

Israel has developed a highly dynamic and vibrant Financial Services IT sector. In order to capitalize on the capabilities of this sector the Ministry of Economy has devised an innovative support program directed at foreign Multi-National financial and banking corporations.

To qualify the following criteria must be met: the applicant is a foreign company and does not conduct any R&D activities in Israel, operates in the financial sector, and has a turnover in excess of \$10 billion.

Employment Grants

In order to complement the revised Law for the Encouragement of Capital Investments, the government has decided to establish an additional program to increase employment in the outlying areas of Israel as well as in specific centers with high unemployment.

<http://www.investinisrael.gov.il/NR/exeres/EECEBB1D-866C-4D5D-9FB4-593C556622D7.htm>

The Standard Program

In order to complement the revised Law for the Encouragement of Capital Investments, the government has decided to establish an additional program to increase employment in the outlying areas of Israel as well as in specific centers with high unemployment.

Support will be granted for the establishment or expansion of industrial plants, telephone call centers, computer service support centers or logistic centers. In order to be eligible for this program these enterprises will have to employ a minimum number of workers at a minimum wage as detailed below. The maximum support per worker will be 135,000 NIS (~ \$34,000) over a period of 30 months or 4,500 NIS (~ \$1,100) per month.

Employment Grant Program for High Salaries (R&D Centers)

The Ministry of Economy has launched an incentive program for supporting industrial companies established in the Negev (south) and Galilee (north) that pay high salaries to their workers. This program is part of a long term plan to promote the establishment of hi-tech companies in outlying areas and to create high-paying employment centers.

The Employment Grant Program for Anchor (Large) Enterprises

The Ministry of Economy has launched a new incentive program for encouraging employment in large enterprises in the Negev (south) and Galilee (north). This new program is part of a long term plan for the Negev and Galilee to increase employment possibilities in the north and south of Israel. To qualify industrial companies have to employ at least 100 workers at their plant. The program offers the investor employment grants that will be determined as a percentage of the employer's salary costs for each new employee, for a period of 4 years.

Film Law Benefits:

The main aim of the law is to encourage the production of foreign films in Israel. To this end, the law offers generous tax benefits that reduce the cost of production by up to 20%. The Law for the Encouragement of the Production of Films was approved by the Israeli Knesset on October 28th, 2008. The law recognizes two models: foreign productions and co-productions. In both cases, the benefits by law accrue to an Israeli production company who is expected to pass on these benefits to the foreign production company.

<http://www.investinisrael.gov.il/NR/exeres/9DF0E022-7076-45C7-A8C9-FCA9603D5EF6.htm>

Start-up Incubators:

As repositories of potential ideas, the Israeli technological incubators have helped make Israel's high-tech entrepreneurship capability world-renowned. The Office of the Chief Scientist (OCS) of the Ministry of Economy has the responsibility of implementing the

government policy of encouraging and supporting industrial research and development in Israel at the earliest stages.

<http://www.investinisrael.gov.il/NR/exeres/2EC10169-510E-4A60-80F6-BAFD466F7DED.htm>

Business Grants for Employing New Immigrants:

Businesses are eligible to receive grants for employing new immigrants and returning Israelis from The Ministry of Immigrant Absorption's Center for Absorption in Science.

<http://www.investinisrael.gov.il/NR/exeres/D2884B15-03DA-42FC-8316-54E565658641.htm>

Training Support Program:

The Manpower Training Department in the Ministry of Economy actively assists industrial companies to train workers in the different disciplines and professions as required by the company.

<http://www.investinisrael.gov.il/NR/exeres/A3C87DA0-1155-41B8-BA7D-97A8431F4013.htm>

The support program is offered via three possible programs:

- "Plant Class", whereby the department will support the opening of a class numbering at least 18 to train the workers in the specific skills as required by the company. The main condition being that the company obligates itself to employ at least 50% of the class graduates.
- "Training and Placement Class". This program is intended for employers and institutions that wish to train workers in specific disciplines and professions. The company/institution commits itself to employ at least 50% of the class graduates within 6 months of the completion of the course. The Department will finance the entire cost of running these classes.
- "Internal Plant Training". This program assists employers who wish to have an on-the-job training project in their plant. The Department will assist by paying 1,100 – 1,500 NIS (~\$250 - \$350) per worker in this program.

Invest in Israel website homepage for investment incentives:

<http://www.investinisrael.gov.il/NR/exeres/2A82DCE7-9B2D-4581-83B7-8C518D8323D1.htm>.

6. Right to Private Ownership and Establishment

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The Israeli legal system protects the right of both foreign and domestic entities to establish and own business enterprises, as well as the right to engage in remunerative activity. Private enterprises are free to establish, acquire, and dispose of interests in business enterprises. As part of its current privatization efforts, the Israeli government actively encourages foreign investment in privatizing government owned entities.

Following massive social protests in the summer of 2011, the government established a committee to address the issues raised. The committee recommended decentralizing control of essential infrastructure, in order to prevent the transfer of control in state infrastructure to the hands of a few (i.e.; existing domestic business conglomerates). It also led to legislation of a business concentrations law, which was approved by the Knesset at the end of 2013. While most of the legislation was aimed at reducing the concentration of private holdings in the hands of a few wealthy families and tycoons, the

intention is that it will have an impact on future privatizations of remaining government owned entities.

It is government policy to equalize competition between private and public enterprises, although the existence of monopolies and oligopolies in several sectors stifles competition. In the case of designated monopolies, defined as entities that supply more than 50% of the market, the government controls prices.

7. Protection of Property Rights

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Israel has a modern legal system based on British common law that provides effective means for enforcing property and contractual rights. Courts are independent. Israeli civil procedures provide that judgments of foreign courts may be accepted and enforced by local courts. Secured interests in property are recognized and enforced by the Israeli judicial system. A reliable system of recording such security interests exists. Patent protection is provided for twenty years from filing. Both product and process patent protection for pharmaceuticals are permitted. However, the Israeli patent system still allows for pre-grant opposition to patents, which may result in significant delays for some applicants. Israel employs compulsory licensing in very limited circumstances, mostly when the product is not being supplied in Israel on “reasonable” terms.

Israel is a member of the WTO and the World Intellectual Property Organization (WIPO). It is a signatory to the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention, the Paris Convention for the Protection of Industrial Property, and the Patent Cooperation Treaty. Israel was obligated to implement the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) by January 1, 2000 but has failed to do so to date. Consideration of implementation remains under consideration by the government.

Until February 2014, Israeli law provided inadequate intellectual property protections against unfair commercial use of data generated to obtain marketing approval for pharmaceuticals, which discouraged U.S. companies from substantial investment in the health sector. As a result of these deficiencies in Israel’s intellectual property regime, the U.S. placed Israel on the USTR’s Special 301 “Priority Watch List” in 2005. In February of 2010, Israel reached agreement with the U.S. to modify its intellectual property laws to address shortcomings in its treatment of new pharmaceutical products related to data exclusivity, patent term extension and publication of patent applications. In February 2014, in response to Israel’s enactment of the final piece of legislation specified in the agreement, the U.S. removed Israel from the Special 301 Watch List.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at: <http://www.wipo.int/directory/en/>.

Embassy point of contact: Tom Coleman ColemanTM@state.gov through August 2014, and then Charles Brown BrownCL3@state.gov.

Local lawyers list: <http://israel.usembassy.gov/lawyers.html>

Copyright

Israel's present copyright law is based on the United Kingdom Copyright Act of 1911, with subsequent amendments. Protections include the exclusive right to (a) copy or reproduce the work; (b) produce, reproduce, perform or publish translations; (c) publicly perform plays or novels; and (d) make recordings of literary, dramatic or musical works. Criminal penalties are also provided for certain commercial infringing activities. Recently passed copyright legislation is an improvement over old Israeli law in that it is more modern in its structure, terminology and scope. Temporary copies are explicitly protected and a "making available" right is explicitly provided. Under this law, a person who is a non-Israeli national has no rights in their sound recordings that were not published for the first time in Israel, unless the person is a national of a country that has an agreement with Israel concerning sound recordings. In the case of the United States, the Israeli government promulgated an order which implements a 1950 bilateral agreement between Israel and the United States which does protect U.S. sound recordings. The term of protection for sound recordings is 50 years; for other works, it is the lifetime of the author plus 70 years.

Copyright law in Israel also falls short of certain protections that have become common in the copyright laws of developed countries including, protection of "technological protection measures," "rights management information," provisions related to internet service provider liability and safe harbors and parallel import protection. Israel has also not acceded to the WIPO Internet Treaties; however, it is reviewing a draft exposure bill that is in conformance with the WIPO Copyright Treaty. The Ministry of Justice indicated that if the Copyright Treaty is successfully implemented, it will proceed with similar action on the WIPO Performances and Phonograms Treaty.

8. Transparency of Regulatory System

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It is government policy to encourage increased competition through market liberalization and deregulation, but tax, labor, health, and safety laws can be impediments to the foreign investor. Although the current trend is towards deregulation, Israel's bureaucracy can still be difficult to navigate, especially for the foreign investor unfamiliar with the system. It is important that potential investors get approvals or other commitments made by regulatory officials in writing before proceeding rather than relying on unofficial oral promises.

Israel is a signatory to the WTO Agreement on Government Procurement (GPA), which covers most Israeli government entities and government-owned corporations. Most of the country's open international public tenders are published in the local press. However, government-owned corporations make extensive use of selective tendering procedures. In addition, the lack of transparency in the public procurement process discourages U.S. companies from participating in major projects and disadvantages those that choose to compete. Enforcement of the public procurement laws and regulations is not consistent.

Natural Gas Sector

The discovery by an American-Israeli consortium of substantial offshore natural gas resources in Israel in 2009 and 2010 has created major investment opportunities in this sector, and a few firms, including U.S. companies, are making significant investments. As Israel moves toward becoming a significant producer, the Israeli government is developing new regulations to oversee the sector, ensure competition, attract

investment, and achieve broader energy policy goals. The Israeli Government's difficult work to develop natural gas regulations almost from scratch has led some investors to complain about uncertainties regarding taxation, licensing, and export policy. However, with time, these issues are being clarified in a way that promotes further and quicker development, and long term prospects for the sector are excellent.

9. Efficient Capital Markets and Portfolio Investment

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Credit is ostensibly allocated according to market terms. However up to 70% of credit in Israel is issued to a handful of individuals and corporate entities, some of whom own controlling interests in banks. Furthermore, the primary profit centers for banks are various consumer banking fees, i.e. credit is given on preferential terms. Various credit instruments are available to the private sector, and foreign investors can receive credit on the local market. Legal, regulatory, and accounting systems are transparent and conform to international norms, although the prevalence of inflation-adjusted accounting means that there are differences from U.S. accounting principles.

There are five major banks in Israel. Bank Leumi and Bank Hapoalim, the two largest banks, dominate the market, followed by Israel Discount Bank. At CY end 2013, Bank Leumi had assets of USD 107.5 billion, Bank Hapoalim had assets of USD 107.5 billion, and Israel Discount Bank had assets of USD 57.4 billion. Israeli banks have all been privatized except for Leumi, with 6 percent of shares remaining in the hands of the State of Israel.

In the case of publicly traded firms where ownership is widely dispersed, the practice of "cross-shareholding" and "stable shareholder" arrangements to prevent mergers and acquisitions is common, but not directed in particular at preventing potential foreign investment. While until now a number of companies have had "pyramidal-like" structures, the business concentrations law, which was approved by the Knesset at the end of 2013, is intended to alleviate this going forward. Hostile takeovers are a virtually unknown phenomenon in Israel, given the high concentration of ownership of most firms. Israel has no laws or regulations regarding the adoption by private firms of articles of incorporation or association that limit or prohibit foreign investment, participation, or control.

10. Competition from State Owned Enterprises (SOEs)

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The Government Companies Authority (GCA) was established and operates under the Government Companies Law. This is an auxiliary unit of the Ministry of Finance. The GCA is the administrative agency for state-owned companies in charge of supervision, privatization and implementation of structural changes.

The GCA oversees some 100 companies including commercial and noncommercial companies, government subsidiaries, and companies under mixed government-private ownership. Among these companies are some of the biggest and most complex in the Israeli economy, such as The Israel Electric Corporation, Israel Aerospace Industries, Rafael Advanced Defense Systems, Israel Postal Company, Mekorot Israel National Water Company, Israel Natural Gas Lines, the Ashdod, Haifa and Eilat Port Companies, Israel Railways, Petroleum and Energy Infrastructures, Israel National Roads Company, advanced study funds, and housing companies. There are no sovereign wealth funds (SWF) in Israel. However, active consideration of establishing a SWF in light of the discoveries of major offshore natural gas fields is underway.

11. Corporate Social Responsibility

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There is awareness of CSR among enterprises and the civil society. Israel adheres to the OECD Guidelines for Multinational Enterprises and a National Contact Point is operating in the Foreign Trade Administration. See below also for CSR activities in NGOs.

Maala–Business for Social Responsibility:

<http://www.maala.org.il/eng/home/about/01/default.asp?ContentID=333>)

12. Political Violence

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Israel is a parliamentary democracy with a stable domestic environment. Nonetheless, the conflict between Israel and the Palestinians is unresolved, and the risk of politically motivated violence and terrorism continues. Militant groups in Gaza fired rockets at Israel in 2013, but at a significantly reduced level from 2012. The vast majority of attacks were concentrated in southern communities near the Gaza Strip. The Iron Dome missile defense system has to date intercepted the majority of rockets and mortars aimed at populated areas, sharply limiting Israeli casualties and property damage.

Heightened tensions between Iran and Israel due to concerns over Tehran's nuclear program and its support for terrorism also present the potential for regional conflict. The borders with Lebanon and Syria are closed, but instability in Syria and threats from the Iran-backed terrorist group Hezbollah in Lebanon also present some risk of violent incidents or conflict. Israel signed peace treaties with Egypt (1979) and Jordan (1994).

13. Corruption

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Bribery and other forms of corruption are illegal under several Israeli laws and Civil Service regulations. Israel became a signatory to the OECD Bribery convention in November 2008 and became a full member of the OECD in May 2010. Israel is ranked 25th out of the 34 OECD members. There are several NGOs that focus on public sector ethics. Transparency International has a local chapter in Israel. Israel was ranked 36th in Transparency International's 2013 Corruption Perceptions Index, and was also ranked 36th in 2011.

U.S. Foreign Corrupt Practices Act

In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/fcpa/guidance/>.

Other Instruments

It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention

on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Israel is party to OECD Anti-bribery Convention, the UN Convention, but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Anti-bribery Convention

The OECD Anti-Bribery Convention entered into force in February 1999. As of December 2010, there are 38 parties to the Convention, including the United States (see http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf). The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. Israel has adopted the Convention.

UN Convention

The UN Anticorruption Convention entered into force on December 14, 2005, and there are 144 parties to it as of December 2010 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Anti-bribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Israel has signed and ratified the convention.

Council of Europe Criminal Law and Civil Law Conventions

Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member-states (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco). Israel is not a signatory.

Free Trade Agreements

While it is U.S. Government policy to include anti-corruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). Israel has a free trade agreement (FTA) in place with the United States, which came into force

in 1985. It was the first U.S. FTA and does not mandate any specific actions regarding corruption.

All U.S. FTAs may be found at the U.S. Trade Representative Website:
<http://www.ustr.gov/trade-agreements/free-trade-agreements>.

Local Laws

U.S. firms should familiarize themselves with local anti-corruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses

The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.export.gov. The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities, can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at http://tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA

The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of General Counsel, U.S. Department of Commerce, website, at <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>. More general information on the FCPA is available at the Websites listed below. Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.

Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html.

See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/investment/anti-bribery/anti-briberyconvention/oecdantibriberyrecommendation2009.htm>.

General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>.

Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2010.

TI also publishes an annual Global Corruption Report, which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See: http://www.transparency.org/whatwedo/pub/global_corruption_report_education.

The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See: <http://info.worldbank.org/governance/wgi/index.aspx#home>.

The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.

The World Economic Forum publishes the Global Enabling Trade Report, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See: <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.

Additional country information related to corruption can be found in the U.S. State Department’s annual Human Rights Report available at: <http://www.state.gov/g/drl/rls/hrrpt/>.

Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-

corruption systems. The report is available at:
https://www.globalintegrity.org/global_year/2012/.

14. Bilateral Investment Agreements

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Israel has protection of investment agreements with Albania, Argentina, Armenia, Azerbaijan, Belarus, Bulgaria (amending protocol), China, Croatia (Treaty in force, negotiations for amendment, resulting from Croatia's accession to the EU are underway), Cyprus, Czech Republic, El Salvador, Estonia, Ethiopia, Georgia, Germany, Guatemala, Hungary (treaty terminated in 2007, existing investments are protected for ten years after termination), India, Kazakhstan, Latvia, Lithuania, Macedonia, FYR initialed, Moldova, Mongolia, Montenegro, Poland, Romania (amending protocol), Serbia, Slovakia, Slovenia (terminated 2007, existing investments protected for ten years after termination), South Africa (pending ratification), South Korea, Thailand, Turkey, Turkmenistan, Ukraine, Uruguay, and Uzbekistan.

15. OPIC / Other Investment Insurance Programs

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OPIC is involved in several small projects in Israel and recently authorized a \$250 million construction loan for a 110MW Abengoa-backed concentrated solar power (CSP) project in the Negev. OPIC also finances projects sponsored by U.S. investors in Israel, but not in the Golan Heights. Israel is a member of the Multilateral Investment Guarantee Agency (MIGA).

16. Labor

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There are about 3.7 million people in the labor force in Israel. Highly skilled and well educated, the Israeli labor force is the economy's major asset. More than 24% have university degrees. More than 30% of university students specialize in fields with high industrial R&D potential, including engineering, mathematics, physical sciences, and medicine. According to the Investment Promotion Center, there are more than 135 scientists out of every 100,000 workers, the highest in the world. The rapid growth of Israel's high-tech industries in the late 1990s increased the demand for workers with specialized skills. However, in recent years, Israel has consistently ranked in the lower half of Western countries in rankings of international student assessment tests.

Unemployment has declined over the past five years, from a high of 9.5% in 2009 as a result of the financial crisis, to 6.7% in 2010, 7.1% in 2011, 6.9% in 2012 and 6.2% in 2013.

According to Bank of Israel statistics, there has been a steady increase in the number of foreign workers in recent years: from 193,000 in 2007 to 211,000 in 2008 to more than 220,000 in 2009 and 2010. Following a drop to 215,000 in 2011, the number rose to 222,000 in 2012. In late 2012, the Israeli government increased the number of permits for Palestinians to work in Israel to 41,500.

The national labor federation, the Histadrut, organizes about one-third of Israeli workers. Collective bargaining negotiations in the public sector take place between Histadrut and representatives from the Ministry of Finance. The number of strikes has declined significantly as the public sector has gotten smaller. However, strikes remain a common and viable negotiating vehicle in many difficult wage negotiations.

Israel strictly observes the Friday afternoon to Saturday afternoon Sabbath and special permits must be obtained from the government authorizing Sabbath employment. At the age of 18, most Israelis are required to perform 2-3 years of national service. Until their mid-40's, Israeli males are required to perform about a month military reserve duty annually, during which time they receive compensation from national insurance companies.

17. Foreign-Trade Zones/Free Ports

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Israel has one free trade zone, the Red Sea port city of Eilat. There are three ports in Israel: Haifa Port (including Kishon), the Port of Ashdod and the Port of Eilat.

The GOI has plans to expand and upgrade the major ports of Haifa (in the north) and Ashdod (in the center). There is good quality warehousing including cold storage in all of the major ports and trade zones, but current capacity may become inadequate in the face of growing demand.

18. Foreign Direct Investment Statistics

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Foreign Direct Investments (FDI) totaled USD 5.5 billion in 2010, USD 10.8 billion in 2011, USD 9.5 billion in 2012 and USD 11.8 billion in 2013.

19. Contact Point at Post

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Embassy point of contact: Tom Coleman, ColemanTM@state.gov through August 2014. Beginning 15 August 2014: Charles Brown, BrownCL3@state.gov

Web Resources

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For complete information, potential investors should contact:

Investment Promotion Center
Ministry of Industry, Trade and Labor
5 Bank of Israel Street
Jerusalem 91036
Tel: 972-2-666-2607
Fax: 972-2-666-2938
Website: www.investinisrael.gov.il
E-Mail: Investinisrael@moital.gov.il

Israel Investment Center
Ministry of Industry, Trade and Labor
5 Bank of Israel Street
Jerusalem 91036 490
<http://www.moital.gov.il/NR/exeres/111C2143-2296-44C0-96F9-C29C082A19CC.htm>
Tel: 972-2-666.2236
Fax: 972-2-666.2905

The Ministry asks that requests be in writing.

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Israelis are generally reliable and pay on time. However, as there are always exceptions to the rule, common precautionary measures should be taken when doing business in Israel. The most common method of payment is by Letter of Credit (L/C). Collection without a L/C is not unusual, however. Cash Against Documents (CAD) is the most preferred mechanism by many Israeli importers. Since there is no guarantee of payment, as there is in a L/C transaction, some exporters prefer to collect an advance payment or an irrevocable bank guarantee on a certain portion of the sale. This practice is appropriate and recommended when there is no past relationship and experience with the buyer. A combination of L/C and CAD issued for the same Bill of Lading is also accepted by most local banks.

Payment schedules vary. The acceptable terms of payment range from EOM + 30 – EOM + 60 days. It is not unusual for payment to be made after a 90 (sometimes 120) day period.

The local banking system provides sources of short and long-term credit and access to venture capital. Some importers have preferred to seek U.S. Export-Import (Ex-Im) Bank financing. Ex-Im Bank has most of the leading Israeli banks as correspondents and may supplement private sources of export financing with medium and long-term loans.

How Does the Banking System Operate

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Israel has a modern and sophisticated banking system. There are five major domestic commercial banks in Israel, with a number of smaller banks, some of which are subsidiaries of the larger banks. The five major banks are Bank Hapoalim and Bank Leumi, the two largest banks, with similar asset size, followed by Israel Discount Bank, the third largest bank, and Mizrahi Tefahot Bank and First International Bank of Israel, respectively. There are currently three foreign banks with activities in Israel: Citi, HSBC, and Barclays Bank plc.

Foreign-Exchange Controls

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Israel abolished most of its foreign exchange controls in the 1990s. The last major restriction, on the amount Israeli institutional investors may invest overseas, was eliminated at the end of 2002.

U.S. Banks and Local Correspondent Banks

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Most U.S. banks maintain correspondent relationships with Israel's three leading banks - Bank Leumi, Bank Hapoalim, and the Israel Discount Bank, as well as with the Mizrahi Bank and the First International Bank of Israel. Many Israeli banks have their own subsidiaries in major U.S. cities: Bank Hapoalim has branches in New York and Miami; Bank Leumi has a US-based subsidiary, Leumi USA, with offices in New York, Chicago, California, and Florida; Israel Discount Bank has a subsidiary in New York; and Mizrahi-Tefahot has a branch in Los Angeles. Interested parties should contact their U.S. banker or the Israeli banks in the United States directly for more detailed information on their respective services. Major correspondent banks are Bank Hapoalim, Bank Leumi Le-Israel, First International Bank of Israel, Israel Discount Bank and United Mizrahi Bank.

Project Financing

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The U.S. Export-Import Bank (Ex-Im Bank) and the U.S. Overseas Private Investment Corporation (OPIC) offer project financing and other financial services. Ex-Im Bank provides a range of financial programs ranging from medium and long term guarantees, insurance programs, working capital guarantee to project finance. The Project Finance Division provides financing to projects that are dependent on the project cash flows for repayment. In March 2014, OPIC announced a \$250 million loan for a concentrated solar power (CSP) project in the Negev, which will be Israel's first large-scale solar project. For more information see the Ex-Im Bank website at <http://www.exim.gov>.

OPIC supports U.S. investment in emerging markets through project loans and loan guarantees that provide medium to long-term funding to ventures involving significant equity and/or management participation by U.S. businesses. OPIC also provides insurance against a broad range of political risks. Rather than relying on sovereign or sponsor guarantees, OPIC's project financing program looks for repayment from the cash flows generated by the project. For projects sponsored by U.S. small businesses or cooperatives, financing may be provided through direct loans. These loans generally range in amount from \$2 million - \$10 million. Loan guarantees, which typically are used for larger projects, range in size from \$10 million - \$75 million, but in certain instances can be as high as \$200 million. For information, consult the OPIC website at <http://www.opic.gov>.

U.S. companies will find that Israel does not suffer from any lack of capital or trade financing. There are no unusual rules or regulations concerning export financing, apart from the foreign currency regulations noted above. Loans at market interest rates are available from commercial banks to finance the manufacture of exports including the import of raw materials and components for export products. Loans vary depending upon the raw material requirements, cost of conversion and collection timeframe.

U.S. exporters may find export financing and insurance available through commercial sources; City/State-sponsored export financing and loan guarantee programs; the U.S. Small Business Administration (SBA); the U.S. Export-Import Bank (Ex-Im Bank), which can provide U.S. exporters with export credit insurance, pre-export financing and working capital guarantees; and other sources. Ex-Im Bank can also provide established Israeli buyers with fixed-rate financing for their purchases from U.S. exporters. Ex-Im Bank's Environmental Export Insurance Policy provides enhanced short-term insurance for medium and long-term loans and guarantees for environmental exports, projects and services. Israel does not receive PL-480 or similar U.S. Department of Agriculture

(USDA) program commodity grants. USDA's GSM-102 funds and supplier credit guarantees are available but not sufficiently attractive to most parties. Information on these programs can be found at <http://www.fas.usda.gov>.

For more details on Ex-Im Bank project financing please contact Commercial Specialist Alan Wielunski: Alan.Wielunski@trade.gov.

Bilateral Funding Organizations

There are three bilateral U.S.-Israel Government funded organizations, which provide financing for joint R&D and research projects.

U.S.-Israel Binational Industrial Research and Development Foundation (BIRD)

BIRD supports joint industrial R&D projects designed to develop, manufacture, sell and support an innovative product. A pair of companies, one from each country, must conduct the project. BIRD often plays a proactive role in bringing together potential U.S. and Israeli strategic partners. BIRD's website is <http://www.birdf.com>.

U.S.-Israel Binational Science Foundation (BSF)

The BSF supports cooperative research projects of mutual interest to the United States and Israel, concerned with science and technology for peaceful purposes. The research must be conducted jointly by U.S. and Israeli researchers and may be conducted in either country. The BSF has a website at <http://www.bsf.org.il>.

U.S.-Israel Binational Agricultural Research and Development Fund (BARD)

BARD funds, generated from a \$100 million endowment, finance cooperative agricultural research between scientists of the United States and Israel on topics considered to be of mutual benefit to the agriculture of both countries. BARD also supports international workshops and provides post-doctoral fellowships. For further information, consult the BARD website at <http://www.bard-isus.com>.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

U.S. Overseas Private Investment Corporation (OPIC): <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Business Customs

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Israel's business environment has no particular business protocols; it mainly follows western US style conventions, which makes most U.S. businesspeople feel very comfortable in doing business in Israel.

American business travelers will find the dress code in both the public and private sectors to be much less formal than in the U.S. "Business Suit" maybe appropriate in meetings with high level executives and government officials.

Appointments can be made on fairly short notice; however, reconfirming appointments is advised, given that most Israelis tend to have busy schedules. Israelis arrive well prepared for meetings and are very direct. It's desired to provide your hosts with an agenda outlining your objectives in advance. Exchange of business cards is common, although some may be less alert by this practice. Therefore, provide your business card early on and politely request one in return, if not offered.

In terms of language, English is widely spoken in the business community and in government offices, but knowing and using a few Hebrew words, especially introductory phrases and greetings, can be useful.

Travel Advisory

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U.S. travelers can refer to [State's International Travel Information](#) for the most up-to-date information on Travel Warnings and Visa Requirements for Israel.

Visa Requirements

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A visa is not required for Americans traveling for tourism or short-term business projects. Visitors are entitled to remain in Israel up to three months from the date of their arrival, in accordance with the conditions of the visa issued to them upon their entrance to Israel.

Visitors intending to work in Israel must submit a request to the Ministry of the Interior for a special visa. For more information please visit:
<http://www.gov.il/firstgov/english>

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/content/visas/english.html>

US Embassy Israel, Consular section:

<http://israel.usembassy.gov/consular/niv/nonimmigrant.html>

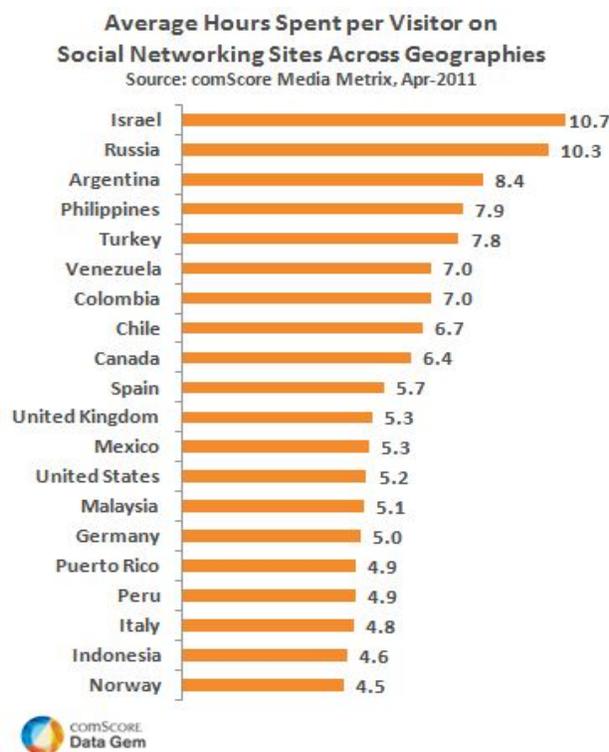
Telecommunications

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Israel has a very competitive and dynamic telecommunications market with one of the highest mobile penetration rates in the world and one of the highest household broadband penetration rates as well.

According to the UN Department of Economic and social Affairs (2013), 70% of the Israeli population use the internet. There are seven main internet service providers, [Bezeq international](#), [NetVision 013 Barak](#), [012 smile](#), [Triple Cloud](#), [Xphone 018](#), [HOTnet](#) and [Internet Rimon](#), all whom offer broadband Wireless Internet service to their clients.

While social media has been shaping the scope of today's field of communication, according to [comScore](#), in 2011 Israel was ranked first in hours spent per visitor on social network websites.



Israel's competitive mobile communications market has expanded and is now served by five mobile network operators, Cellcom, Pelephone, Partner, Hot Mobile and Golan Telecom. Competition has led the mobile network operators to engage in a round of merger and acquisition activity with fixed line players to offer integrated services. The competition was intensified in June 2011 following MVNO (mobile virtual network operator or 'wireless resale') licenses to Rami Levi Cellular, Home cellular and YouPhone.

It is estimated that Israel has one of the highest levels in the world of people who own and operate a cell phone on a daily basis. Cell phones for visitors are available for rental at Ben Gurion Airport or through hotels.

Transportation

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Israel has an extensive road network that connects the entire country and has advanced inland and international transport facilities. Rental cars, taxis and limousines with drivers are readily available for U.S. Visitors. U.S. drivers may rent cars with a valid U.S. or international driver's license.

One of the most notable advances in transport in Israel in recent years has been the modernization of the train system. Commuter trains run from Tel Aviv to most of the large cities from Nahariya in the north to Dimona in the south, including Jerusalem and Ben Gurion Airport. Extensive freight services are available and most often used between Haifa, the port in the north, and Ashdod, Israel's primary port in the south.

Ben Gurion International Airport offers connections to major international destinations. Ben Gurion is the country's center of air passenger and cargo operations. Several companies provide internal flights between Tel Aviv, Haifa and Eilat from Sde Dov city airport and Ben Gurion Airport.

There is no public transportation (buses or trains) on the Jewish Sabbath (Friday sundown to Saturday sundown). This includes Israeli airlines El Al and Israir Airlines, but not foreign carriers.

Ben Gurion International Airport: <http://www.iaa.gov.il/RASHAT/en-US/Rashot>
Israel Railways: <http://www.rail.co.il/EN/Pages/HomePage.aspx>

Language

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Hebrew and Arabic are the two official languages of Israel. English is the third and principal international language, and Russian is also prevalent. Many signs in public places are in all three languages. Most Israelis are multilingual.

Health

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Modern medical care and medicines are available in Israel. Service may be somewhat limited on Fridays and Saturdays (the Israeli 'weekend') so special attention should be paid in order to make arrangements in advance for service on these days. Travelers can find information written in English about emergency medical facilities and after-hours pharmacies in the English language "Jerusalem Post" newspaper.

Doctors and hospitals often expect immediate cash payment for health services. U.S. medical insurance is not always valid outside the United States. Supplemental medical insurance with specific overseas coverage has proven useful. The international traveler's website for the Center for Disease Control can be accessed at <http://wwwnc.cdc.gov/travel>

Local Time, Business Hours, and Holidays

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Local Time: UTC + 2 hours (7-6* hours ahead of Eastern Standard Time (EST), and observes daylight savings. *Note: Start and end of Daylight Savings Time differs between Israel and the U.S.A.)

Business Hours: Sunday – Thursday from 8:00 a.m – 5:00 p.m. for most businesses and government offices. Occasionally, business people will be willing to hold meetings on Friday mornings.

The U.S. Embassy in Tel Aviv and the U.S. Consulate General in Jerusalem is open 8:00 a.m. - 4:30 p.m., Monday – Friday and closed on both U.S. holidays and Israeli holidays.

Israeli Holidays: All businesses in Israel are closed

	2014	2015
Passover (1 st Day)*	Tuesday April 15	Saturday April 4
Passover (Last Day)*	Tuesday April 22	Saturday April 11
Israeli Independence Day	Tuesday May 6	Thursday April 23
Shavuot (Pentecost)	Wednesday June 4	Sunday May 24
Rosh Hashanah (Day 1)	Thursday September 25	Monday September 14
Rosh Hashanah (Day 2)	Friday September 26	Tuesday September 15
Yom Kippur (Day of Atonement)	Saturday October 4	Wednesday September 23
Sukkot (Feast of Tabernacles)*	Thursday October 9	Monday September 28
Simhat Torah (Rejoicing of the law)*	Thursday October 16	Monday October 5

***Note:** Some businesses and all government offices are closed during the week of Passover (April 15- April 22, 2014) and Sukkot (September 9 -16, 2014).

Temporary Entry of Materials and Personal Belongings

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The **ATA Carnet** is accepted by Israel. For more information please visit:

http://export.gov/logistics/eg_main_018129.asp

It is advisable to contact the Embassy of Israel in Washington or one of Israel's consulates in the U.S. for specific information regarding customs requirements.

For general customs regulations please see our information at

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1468.html or

<http://ozar.mof.gov.il/customs/eng/mainpage.htm>

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U.S. Travelers: [Online Internet Registration for U.S. citizens](#)

Travel warnings: [State - International Travel](#)

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Chapter 9: Contacts, Market Research and Trade Events

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[U.S. Commercial Service, Tel Aviv Post](#)

Market Research

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To view market research reports produced by the U.S. Commercial Service, please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

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Please click on the link below for information on upcoming trade events.
<http://www.export.gov/tradeevents/index.asp>

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Chapter 10: Guide to Our Services

The [President's National Export Initiative](#), announced in his 2010 State of the Union address, aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link:
<http://export.gov/israel/index.asp>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E).**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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