



ISRAEL

Capital: Jerusalem

Population (2008 est.):
Israel: 7.23 million
Virginia: 7.71 million

Government Type: Parliamentary Democracy

Head of Government:
Prime Minister Benjamin Netanyahu
Chief of State:
President Shimon Peres

Languages (Official): Hebrew, Arabic

Land Size:
8,019 square miles
(slightly smaller than New Jersey)
(CIA World Factbook)

Currency: (www.oanda.com)
Israeli New Shekel (ILS)
1US\$ = 4.21 ILS (April 2009)



(Israel Map. CIA)

DID YOU KNOW?

- Israel's commercial relationship with the United States has developed rapidly since the signing of the U.S.-Israel Free Trade Area Agreement (FTA) in 1985. Today, nearly all tariffs on trade between the two countries have been eliminated.
- The United States is Israel's largest trading partner. American exports account for roughly 20% of Israel's import market. The United States is Israel's largest export market, consuming approximately 35% of its exports. (CIA)
- Diamonds are one of Israel's top exports, and Israel is one of the world's hubs for diamond cutting, polishing, and wholesaling. Israel exported over \$6 billion dollars of rough and polished diamonds in 2008, the bulk of which were sold to the United States. (Diamond Intelligence Brief, 2009, and World Trade Atlas)
- Israel is the largest recipient of U.S. military and economic assistance, receiving an estimated \$3 billion a year- roughly \$1.8 billion a year from the U.S. Department of Defense and an additional \$1.2 billion a year from the U.S. State Department. The U.S. also gives Israel weapons and ammunition as part of the Excess Defense Articles (EDA) program, providing these articles completely free of charge.
- Israel has the world's largest fleet of F-16s outside the U.S., currently possessing more than 200 jets. (Federation of American Scientists Report)



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ECONOMIC OUTLOOK

National security concerns have always played a major role in Israel's economic development. Israel currently spends roughly 8% of its economic output (GDP) on defense, and spent close to 25% of GDP on military outlays in the 1970s and 80s. Israel's economy has historically been challenged by large influxes of immigrants who have migrated to Israel in droves over the relatively short history of the nation, with the most recent wave coming in the 1990s after the breakup of the Soviet Union.

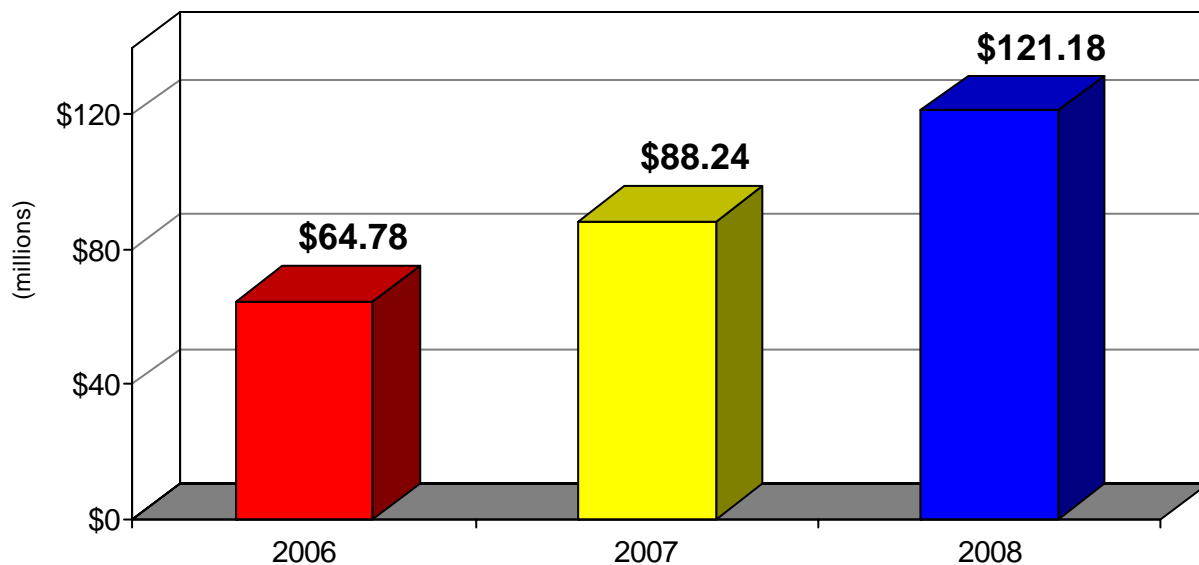
(Israel Ministry of Foreign Affairs)

Israel's economy was dragged down by two major events in 2008: the global economic recession and the conflict with Hamas militants in the Gaza strip. Weakening demand in Israel's main export markets started to take its toll at the end of 2008, resulting in the Bank of Israel lowering its economic growth forecast to 1.5% for 2009. Israel's Central Bank is following the lead of other major central banks and reducing short term interest rates, which now stand at 1.75%. The government also announced a fiscal stimulus plan of over \$5 billion that targets large infrastructure projects.

(Forbes.com)

Israel held legislative elections in February of this year in which a right wing coalition government led by Benjamin Netanyahu took power. The extent of the central government's fiscal stimulus plan, as well as the direction the economy will take in the short term, will depend on the policies of the new coalition government.

VIRGINIA EXPORTS TO ISRAEL



(Source for Graph: World Trade Atlas)



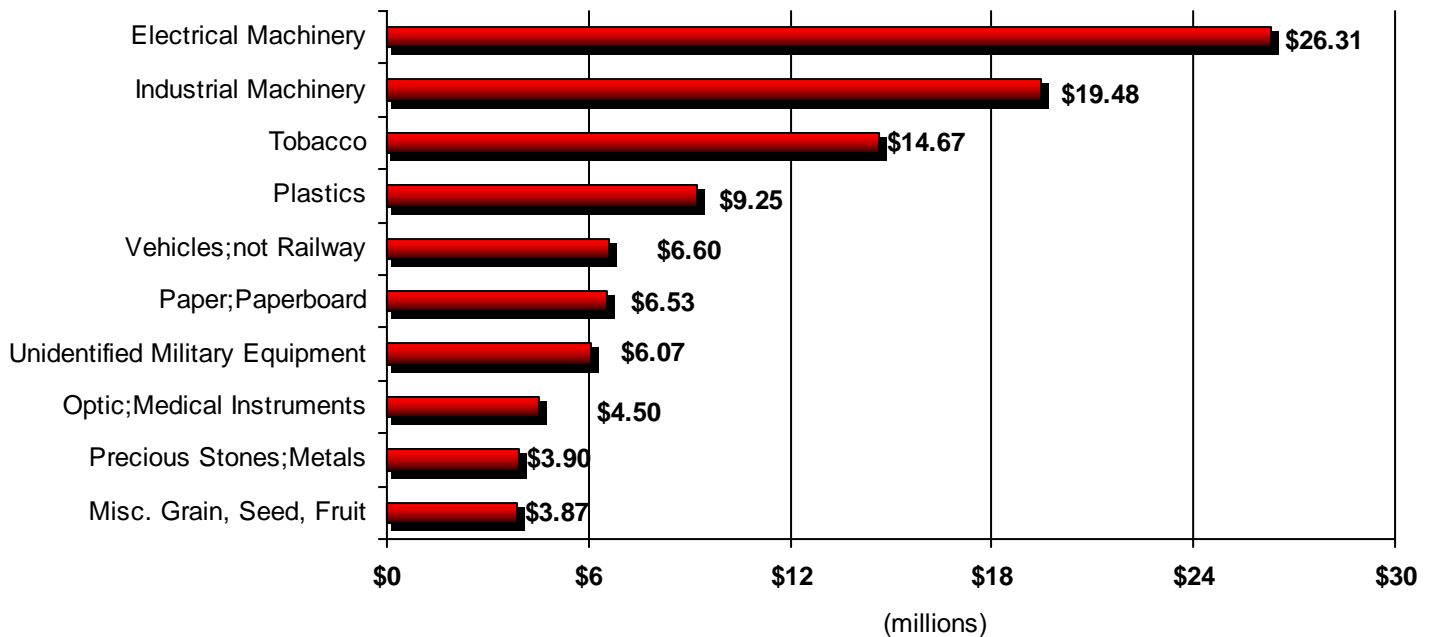
ISRAEL

VIRGINIA EXPORTS TO ISRAEL

Israel is the United States' 20th largest export destination and Virginia's 32nd. Both the United States' and Virginia's exports to Israel consist primarily of technology and military equipment. Over the last decade, Virginia's exports to Israel have switched from tobacco to electrical and industrial machinery. Virginia's electrical machinery exports in 2008 were dominated by parts for TV, radio, and radar apparatus; cathode tubes; switching apparatus; telephony equipment and parts; and motors and generators. Exports of industrial machinery were led by gas turbines; equipment for manufacture of semiconductors; parts for lifting equipment like elevators, cranes, etc.; pumps, compressors, fans; and machinery, plant, laboratory equipment.

Exports to Israel via Virginia that saw significant increases in 2008 included vehicles/not railway (mainly tanks and armored fighter vehicles), unidentified military equipment, and wood products (mainly lumber and veneer). Virginia's 2008 exports of precious stones were mainly diamonds, the majority of which will likely be finished in Israel, then exported as jewelry or inputs to jewelry.

VIRGINIA'S TOP EXPORTS TO ISRAEL - 2008



(Source for Graph: World Trade Atlas)



ISRAEL

VEDP TRADE EVENTS

For a complete listing of VEDP's international trade events, please visit the "Events" tab on our website: www.ExportVirginia.org

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ADDITIONAL RESOURCES

Virginia– Israel Advisory Board: <http://vaisrael.vipnet.org/>
Virginia Israel Tech Alliance (VITAL): <http://www.vitalva.com/>
U.S. Embassy in Israel: <http://usembassy-israel.org.il/>
Embassy of Israel in Washington DC: <http://www.israelemb.org/>
Israel– America Chamber of Commerce: <http://amcham.co.il/>

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