Israel

Introduction

Israel is located in the Middle East bordering the Mediterranean Sea. Neighboring countries include Egypt, Jordan, Lebanon, Syria, and the regions Gaza Strip and West Bank. Despite its small size, Israel is home to a variety of geographic features, from the Negev desert in the south, mountain ranges in the north, and the Jordan Rift Valley in the east. The government system is a parliamentary democracy; the chief of state is the president, and the head of government is the prime minister. Israel has an advanced market system in which the prices of goods and services are determined in a free price system.

Location: Western Asia
Capital City: Jerusalem (+2 GMT)
Chief of State: President Issac Herzog
Head of Govt.: Prime Minister Benjamin Netanyahu
Currency: Israeli Shekel (ILS)
Major Languages: Hebrew (official), Arabic (special status under Israeli law), English (most commonly used foreign language)
Primary Religions: Jewish 74%, Muslim 18%, Christian 1.9%, Druze 1.6%, other 4.5% (2020 est.)
Calling Code: 972
Voltage: 230

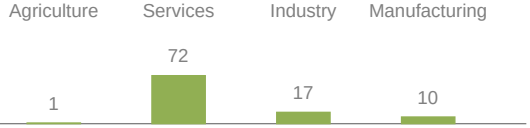
Key Websites

Main Government Page:	gov.il
Commerce Ministry:	economy.gov.il
Export Promotion Agency:	export.gov.il
Investment Promotion Agency:	investinisrael.gov.il

Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developing
GDP, PPP (current international $):	$472.84 billion (2022)
GDP growth (annual %):	6.46% (2022)
GDP per capita, PPP (current international $):	$49,509.13 (2022)
Manufacturing, value added (% of GDP):	10.16% (2021)
Current account balance (BoP, current US$):	$19.21 billion (2022)
Inflation, consumer prices (annual %):	4.39% (2022)
Labor force, total:	4,370,789 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	3.48% (2022)
Imports of goods and services (current US$):	$149.43 billion (2022)
Exports of goods and services (current US$):	$166.59 billion (2022)

GDP Composition %



**Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

Index	Rank
Corruption Perceptions Index	35 / 178
EY Globalization Index	15 / 60
Global Competitiveness Index	19 / 141
Global Enabling Trade Index	30 / 136
Global Services Location Index	53 / 60
Index of Economic Freedom	34 / 176
International Logistics Performance Index (LPI)	37 / 160
Inward FDI Potential Index	27 / 139
KOF Index of Globalization	38 / 185
Networked Readiness Index (NRI)	21 / 139

Risk Assessment (Provided by Coface)

Country rating: A2 - The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default probability is low on average.

Business Climate rating: A2 - The business environment is good. When available, corporate financial information is reliable. Debt collection is reasonably efficient. Institutions generally perform efficiently. Intercompany transactions usually run smoothly in the relatively stable environment rated A2.

Strengths

- Very competitive high-tech sector
- Diversified economy, resilient, and highly integrated into global trade
- High level of international reserves
- Establishment of diplomatic relations with some Arab countries, supporting investment opportunities
- Decreasing public debt to GDP ratio, strong external accounts

Weaknesses

- Dangerous geopolitical environment
- Small economy
- Concentration of exports on Western countries
- Lack of workers in key sectors such as manufacturing and high-tech
- Structural shortage in housing sector due to the gap between low supply and rising demand
- Strongly divided and fragmented political landscape leading to political instability and frequent snap elections

U.S. Embassy

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