

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: <p>Hebrew (official), Arabic (special status under Israeli law), English (most commonly used foreign language)</p>

Primary Religions: <p>Jewish 74%, Muslim 18%, Christian 1.9%, Druze 1.6%, other 4.5% (2020 est.)</p>

Calling Code: 972

Voltage: 230

Key Websites

Main Government Page: gov.il

Commerce Ministry: economy.gov.il

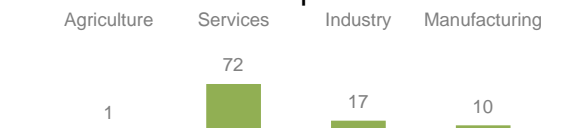
Export Promotion Agency: export.gov.il

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: A4 - A somewhat shaky political and economic outlook and a relatively volatile business environment can affect corporate payment behavior.

Corporate default probability is still acceptable on average.

Business Climate rating: A3 - The business environment is relatively good. Although not always available, corporate financial information is usually reliable. Debt collection and the institutional framework may have some shortcomings. Intercompany transactions may run into occasional difficulties in the otherwise secure environments rated A3.

Strengths

- Very competitive high-tech sector
- Diversified economy, highly integrated into global trade
- High level of international reserves
- Creation of diplomatic ties with some Arab countries, thereby supporting investment opportunities
- Strong external accounts
- Offshore natural gas and renewable energy potential

Weaknesses

- Dangerous geopolitical environment, war conditions weighing on economic environment, risk of expansion of the war
- Small economy and population
- Exports concentrated on Western countries
- Natural gas exports exposed to security issues and relationship with Egypt
- Lack of workers in key sectors such as manufacturing, high-tech and construction
- Strongly divided and fragmented political landscape causing political instability and frequent snap elections
- Societal, political, and economic divide between the national religious right and the secular left

U.S. Embassy

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