

**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](http://gov.il)

Commerce Ministry: [economy.gov.il](http://economy.gov.il)

Export Promotion Agency: [export.gov.il](http://export.gov.il)

Investment Promotion Agency: [investinIsrael.gov.il](http://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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