

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

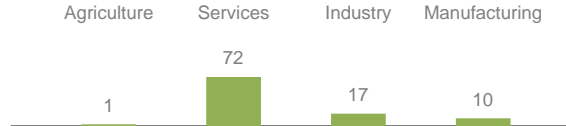
Export Promotion Agency: export.gov.il

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: 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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