

Data and Profiles - Market Profiles

Israel: Market Profile

🕒 11 March 2021

📝 Fitch Solutions



1. Overview

Israel has a technologically advanced market economy that relies on imports of crude oil, grains, raw materials and military equipment. The expansion of the natural gas sector will make Israel energy independent and provide a new source of export revenue. Israel has also intensively developed its agricultural and industrial sectors over the past two decades. Cut diamonds, high-tech equipment and agricultural products (fruits and vegetables) are the leading exports. The economy entered a recession in 2020 but is expected to recover in 2021. Economic growth in the medium term will receive support from strong domestic demand, increased levels of fixed investment and an export rebound. Over the long term, Israel's trade deficit is likely to narrow noticeably as rising gas exports from the Leviathan field come online.

Source: Fitch Solutions

2. Major Economic/Political Events and Upcoming Elections

January 2019

The governments of Israel and Egypt held talks for the construction of a new underwater gas pipeline between the two countries. The pipeline would transport gas from Israel's offshore Leviathan and Tamar fields to existing liquefied natural gas plants in Egypt for processing and re-export. Construction on the new pipeline was expected to begin in 2020, subject to the materialisation of plans.

April 2019

Israel held legislative elections for the 120 seats in the Knesset. Incumbent Prime Minister Benjamin Netanyahu's Likud party and the Blue and White party (comprised of the Israeli Resilience Party, the Yesh Atid party and the Telem party) each secured 35 seats in the legislature. Netanyahu's potential Likud-led coalition government was not approved by the Knesset, resulting in the body's dissolution and in snap elections due to be held in September of 2019.

September 2019

Snap legislative elections were held in Israel on September 17, 2019 to elect the 120 members of the 22nd Knesset. Following the previous elections in April, incumbent Prime Minister Benjamin Netanyahu failed to form a governing coalition.

March 2020

Israel will hold its third consecutive round of Knesset elections on March 2, which will likely feature a similar field of candidates, with Prime Minister Netanyahu, affirmed as Likud party leader, leading the ruling right-wing bloc and Benny Gantz leading the opposition.

April 2020

Benjamin Netanyahu and Benny Gantz agreed to form a national unity government to deal with the Covid-19 pandemic.

In light of the Covid-19 pandemic and subsequent economic downturn, the Bank of Israel (BOI) took measures to ease financial conditions for business and consumers through policies such as the reduction of banks' regulatory capital requirement by one percentage point, the increasing of the loan-to-value cap on residence-backed loans from 50% to 70% and the elimination of the additional 1% capital requirement on housing loans, among others. Additionally, BOI was providing USD liquidity through foreign exchange swaps. Such measures were expected to ease the pressure on enterprises and banks.

April-July 2020

On April 8, the parliament approved a package of ILS80 billion (about 6.1% of 2020 GDP), which includes ILS11 billion for health expenses. The package supports the social safety net, funding a relaxation in the requirements for unemployment benefits and grants for self-employed workers. It also provided some liquidity assistance through direct and government-guaranteed loans for large companies, SMEs and other organisations; property tax relief for businesses; payment deferrals for VAT, municipal taxes, utilities and income taxes; accelerated tax refunds: and business grants. The package also contains ILS8 billion for infrastructure projects, including IT support for SMEs and government digitalisation. A one-time ILS500 grant for families with children, the elderly and other vulnerable population groups was also approved by parliament. On June 2, parliament adopted a 20 billion (about 1.5% of 2020 GDP) expansion of the package, which includes employment incentives grants, support for high-risk businesses and additional funds to support SMEs. On July 29, the parliament approved a second stimulus package of ILS80 billion, including ILS50 billion in budgetary measures, and ILS30 billion in loans and guarantees. The package's key features include extending unemployment benefits for furlough workers, expanding grants to self-employed workers and small businesses, and expanding the State Guarantee loan program for small and medium enterprises. In addition, parliament approved a one-off grant program amounting ILS6.72 billion for adults and families with children, excluding high earners.

August 2020

The Israel-United Arab Emirates (UAE) peace agreement, or the Abraham Accord was agreed to by Israel and the UAE on August 13, 2020. This agreement means that the UAE will be the third Arab country, after Egypt in 1979 and Jordan in 1994, to formally normalise its relationship with Israel.

December 2020

Israel's coalition government collapsed on December 23 after the Knesset failed to approve the budget, which automatically triggered an election.

Israel and Morocco agreed to resumed diplomatic relations. Morocco therefore became the fourth Arab nation to normalise relations with Israel.

January 2021

Israel started a mass rollout of the Covid-19 vaccine. As of February 24, 2021, Israel had administered 7.7 million doses of the Pfizer-BioNTech vaccine with 36.4% of the population now full vaccinated against Covid-19 (two doses).

March 2021

A new election has been scheduled for March 2021. It will be the fourth election in two years.

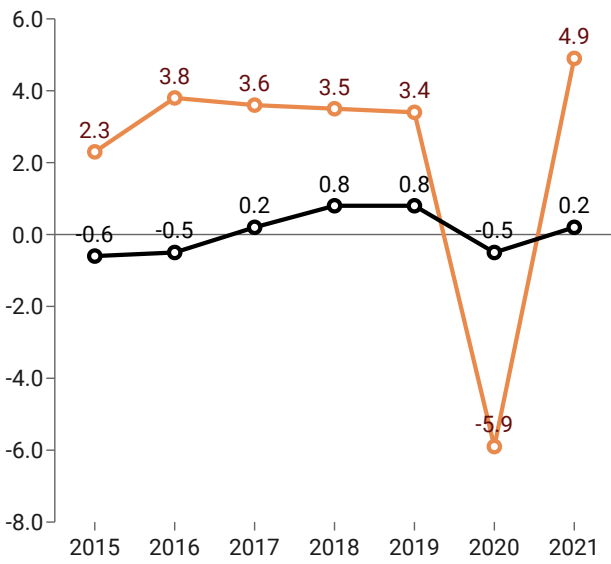
Sources: Source: BBC Country Profile – Timeline, IMF, Fitch Solutions

3. Major Economic Indicators

Real GDP and Inflation

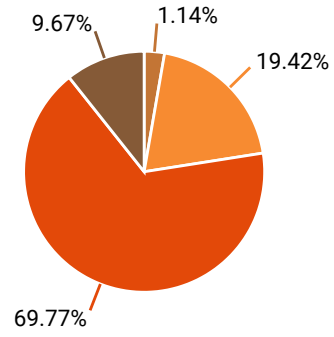
GDP by Sector (2018)

% share



— Real GDP — Inflation

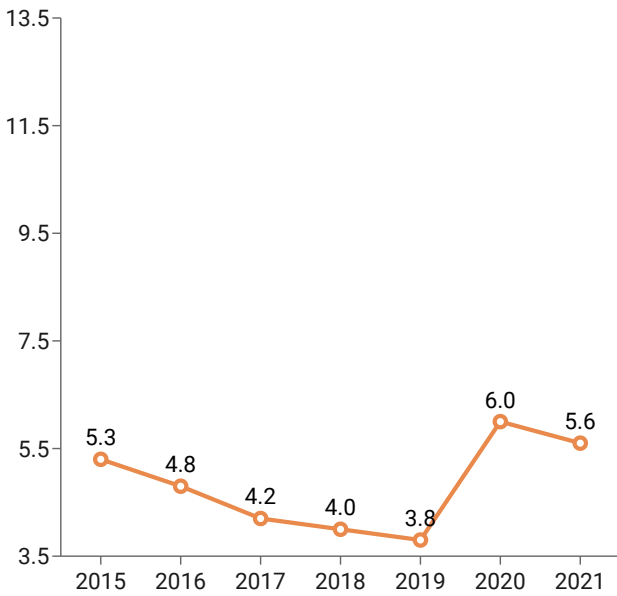
2020 (estimate); 2021 (forecast)
Source: IMF
Date last reviewed: January 29, 2021



■ Agriculture ■ Industry ■ Services ■ Other

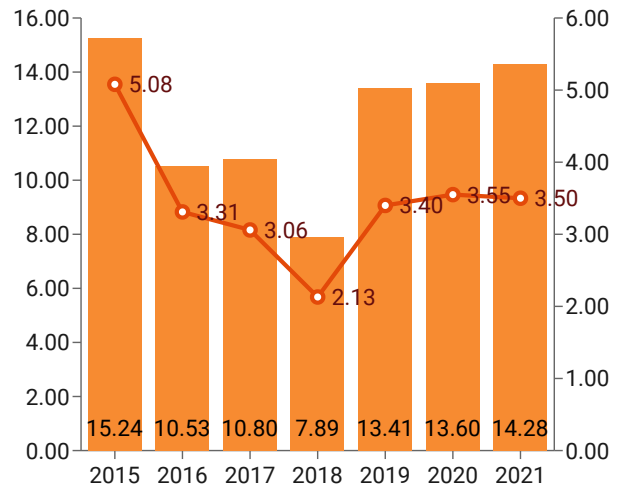
Note: 2018 is latest available data.
Source: World Bank
Date last reviewed: January 29, 2021

Unemployment Rate



2020 (estimate); 2021 (forecast)
Source: IMF
Date last reviewed: August 5, 2020

Current Account Balance



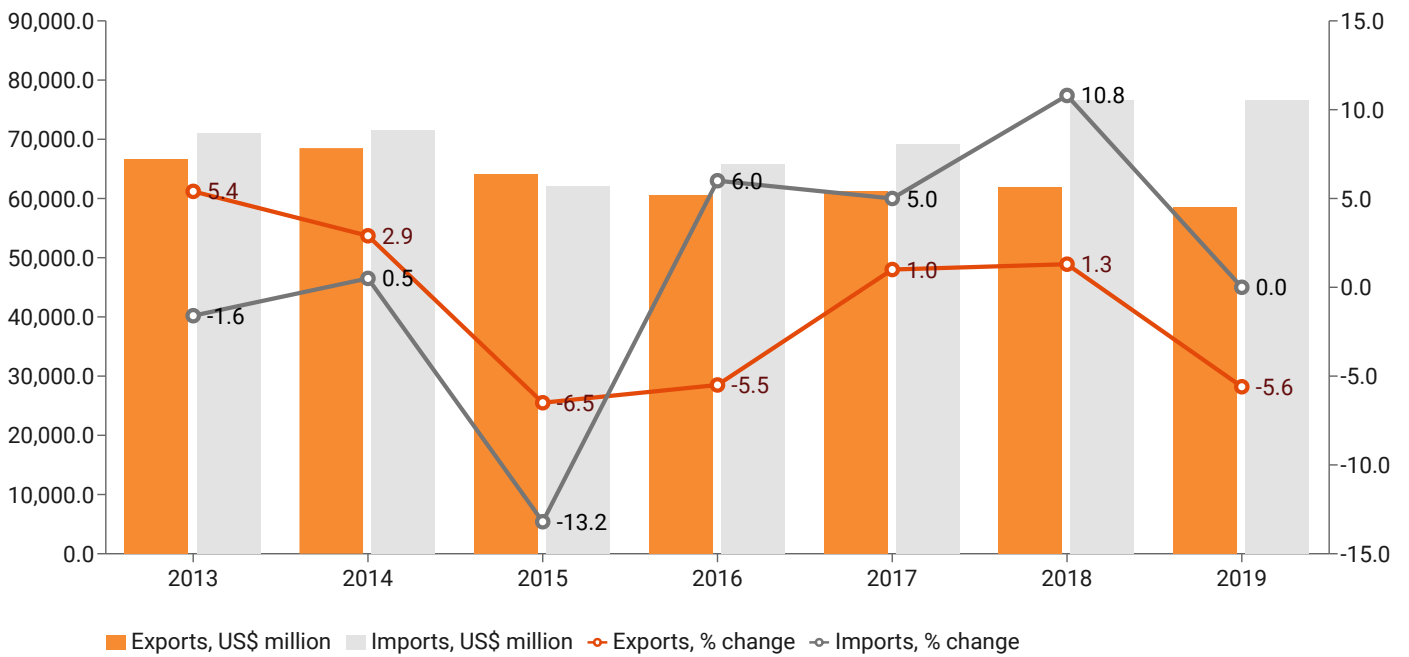
■ US\$ billion — % of GDP

2020 (estimate); 2021 (forecast)
Source: IMF
Date last reviewed: January 29, 2021

4. External Trade

4.1 Merchandise Trade

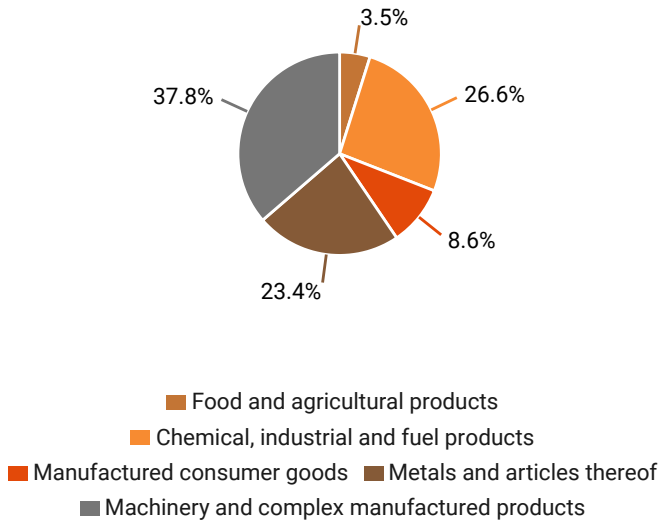
Merchandise Trade



Source: WTO
Date last reviewed: January 29, 2021

Major Export Commodities (2019)

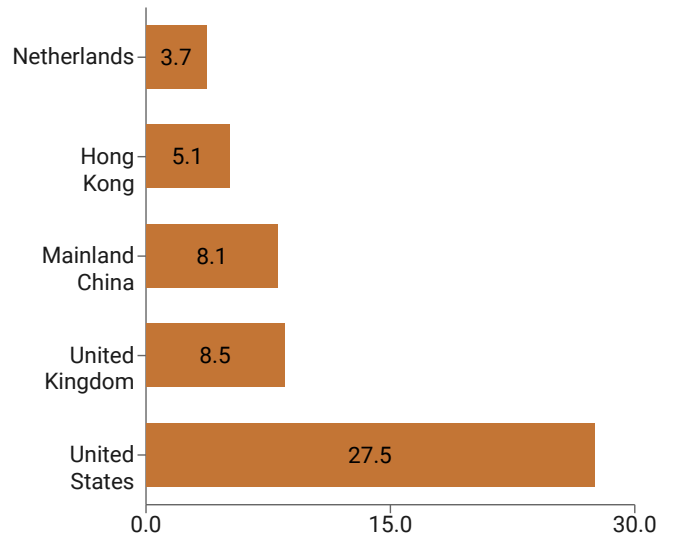
% share



Sources: ITC-Trade Map, Fitch Solutions
Date last reviewed: January 29, 2021

Major Export Markets (2019)

% share



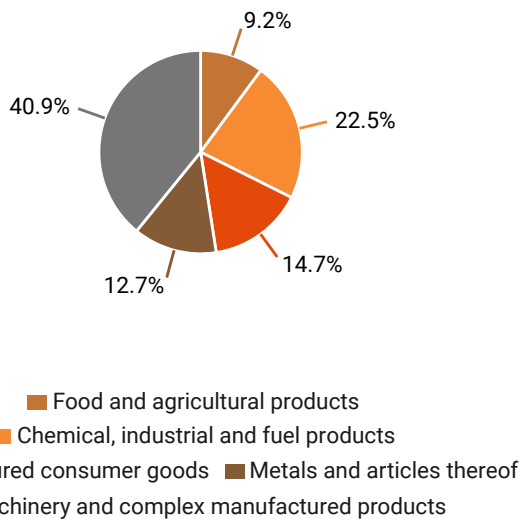
Sources: ITC-Trade Map, Fitch Solutions
Date last reviewed: January 29, 2021

Major Import Commodities (2019)

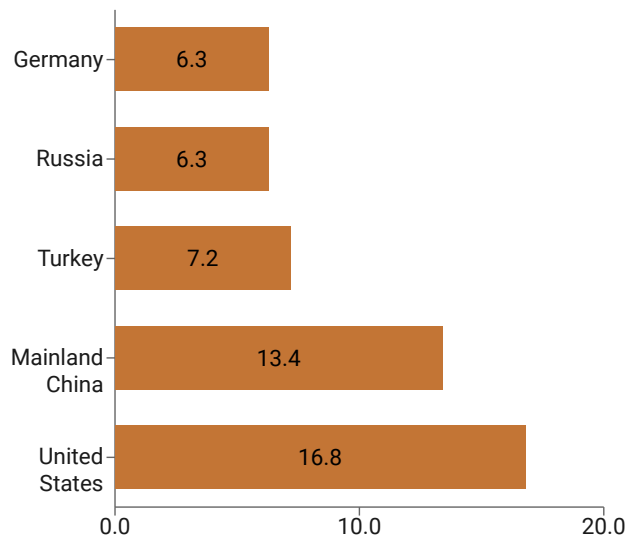
% share

Major Import Markets (2019)

% share



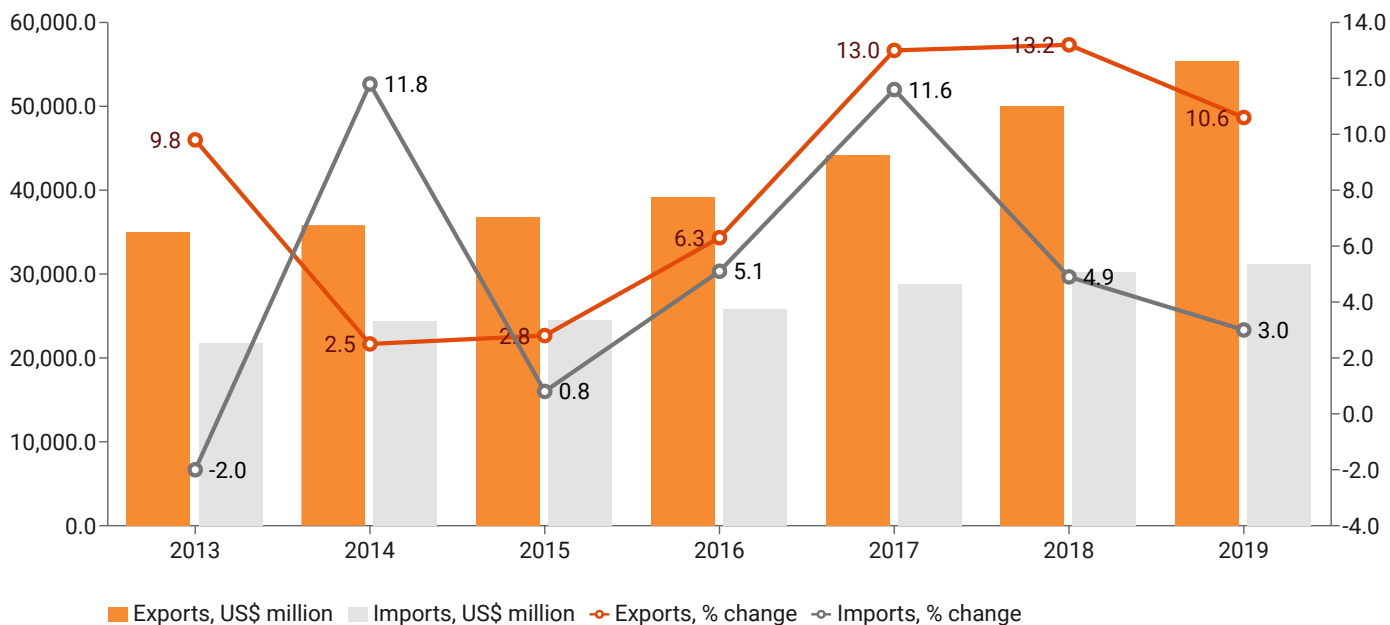
Sources: ITC-Trade Map, Fitch Solutions
Date last reviewed: January 29, 2021



Sources: ITC-Trade Map, Fitch Solutions
Date last reviewed: January 29, 2021

4.2 Trade in Services

Trade in Services



2019 (estimate)
Sources: WTO, Fitch Solutions
Date last reviewed: January 29, 2021

5. Trade Policies

- Israel has been a member of the World Trade Organization (WTO) since April 21, 1995 and a member of the General Agreement on Tariffs and Trade (GATT) since July 5, 1962.
- The average import tariff rate in Israel is 2.8%. This rate is among the lowest in the region and is indicative of the country's welcoming environment for international trade.
- Exports of goods, certain services and various other transactions are zero rated and certain transactions are exempt. Banks and other financial institutions pay value added tax (VAT) equivalent taxes at a rate of 17% based on their total payroll and profits. Non-profit organisations pay VAT-equivalent tax (wage tax) at a rate of 7.5% of their total payroll.

- Israel's WTO tariff schedule indicates higher rates for agricultural products but relatively low rates for intermediate inputs. Most of Israel's main trade partners, including the United States and the European Union (EU), are covered by free trade agreements (FTAs) which have eliminated the vast majority of tariffs.
- Trade relationships with major partners are reinforced by Israel's wide range of FTAs, with agreements in place with the EU, the United States, the European Free Trade Association (EFTA), Mexico, Turkey, Canada, Jordan, Egypt, Colombia and Mercosur (Southern Common Market).
- Customs duty is imposed on certain products imported into Israel. The rates of duty depend on their classification according to the Harmonised Customs Tariff and the country of origin.
- Israel imposes excise taxes on a variety of goods (such as gasoline and diesel fuel used for transport, as well as tobacco and alcohol). The excise taxes are levied item-by-item and the rates vary.
- Most goods can be freely imported into Israel, although licences are required for defence-related items. When applying for an import licence, the importer must either be an Israeli resident, a corporation or a non-profit organisation registered in Israel.
- Israel's import tariffs are classified under the Harmonised System codes. Ad valorem duties are imposed on imports' transaction value (declared by importers). On top of custom duties, a VAT is applied to almost all imported and domestically produced goods and services. For imports, VAT is levied based on the cost, insurance and freight value, plus custom duties.
- Israel maintains strict regulations on product labelling and country of origin marking. All imports into Israel must have a label showing the country of origin, the name and address of the manufacturer, the name and address of the Israeli importer and the contents, and the weight and volume in metric units. All labels must be in Hebrew. English may be added, but the printed letters must not be larger than the Hebrew ones.
- Customs procedures are streamlined and do not require excessive documentation or lengthy delays, and the risk of businesses being solicited for bribes by customs officials is low. There are few additional non-tariff trade barriers as the government is committed to supporting free trade.

Sources: WTO – Trade Policy Review, national sources, Fitch Solutions

6. Trade Agreement

6.1 Trade Updates

The Israeli government is pursuing a free trade agreement (FTA) with India and Mainland China.

6.2 Multinational Trade Agreements

Active

1. United States-Israel FTA: The United States is Israel's single largest trade partner, a situation which has been encouraged by the FTA between the two countries. This trade pact was established in 1985 to lower the trade barriers facing certain goods. The agreement reduces rates of duty and, in some cases, eliminates all duties on merchandise exported from Israel to the United States. The agreement also covers merchandise exported from Israel, the Gaza Strip and the West Bank. This pact confers major advantages on Israeli businesses, which are able to access the United States market with negligible tariff or non-tariff barriers.
2. EU-Israel Association Agreement: The legal basis for EU trade relations with Israel is the EU-Israel Association Agreement, which entered into force in June 2000. The aim of this agreement is to provide an appropriate framework for political dialogue and economic cooperation between the EU and Israel. Trade between the EU and Israel is substantial and some of the country's main trade partners, including Belgium, Germany and the Netherlands, are members of the bloc.
3. Israel-European Free Trade Association (EFTA) FTA: Israel has an FTA with members of the EFTA, which includes Iceland, Liechtenstein, Norway and Switzerland which entered into force in January 1993. Switzerland is one of Israel's larger export partners, where Israel is a key source of cut diamonds for Switzerland's polishing industry.
4. Israel-Turkey FTA: Turkey is an important trade partner and the two countries are seeking to boost economic ties. The FTA entered into force in May 1997. Sometimes fractious relations between the two countries have limited potential trade, but energy links are being mooted as Israel plans to exploit its offshore natural gas fields.
5. MERCOSUR-Israel FTA: MERCOSUR (Southern Common Market), consists of Argentina, Brazil, Paraguay and Uruguay. The FTA entered into force in December 2009. The Israeli government is attempting to boost trade ties with Latin America as part of its diversification efforts to reduce reliance on the United States and EU markets. However, trade between Israel and Latin American countries remains relatively low.

- Canada-Israel FTA (CIFTA): In 2014, Canada and Israel agreed to modernise the CIFTA, a goods-only agreement in force since January 1, 1997. A modernised CIFTA will improve access to the Israeli market for Canadian companies through further elimination and reduction of tariffs on agricultural and fisheries products. With the inclusion of new progressive elements on gender, small- and medium-sized enterprises and corporate social responsibility, as well as labour and environmental protections, the modernised CIFTA will signal the importance of progressive trade and ensure that the benefits and opportunities that flow from trade and investment are more widely shared.
- Israel-United Kingdom (UK) FTA: The FTA between Israel and the UK entered into force on January 1, 2021. The FTA is a continuation of the agreement between the UK and Israel, prior to the UK's exit from the EU.
- Israel-Jordan Trade Agreement: A bilateral agreement exists between Israel and Jordan, which aims to boost economic ties between Israel and the Arab state with which it has established diplomatic relations. Nevertheless, trade flows between the two countries remain limited at present.

Under Negotiation

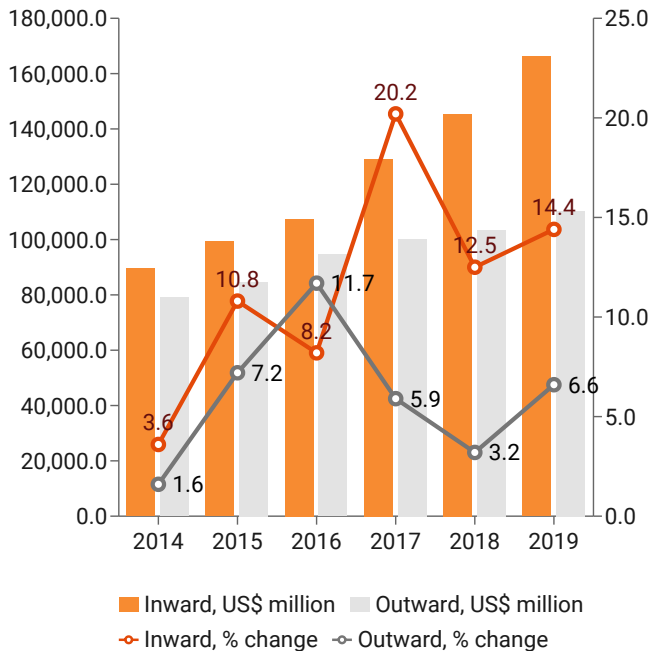
- Israel-India FTA: An FTA with India is being negotiated. In 2018, India was Israel's seventh-largest export partner and 10th largest import partner. The bulk of products traded between the two countries are natural or cultured pearls, precious or semi-precious stones and precious metals. A future FTA between the two countries is expected to boost such trade further.
- On July 11-13, 2020, the second round of negotiation of the China-Israel Free Trade Area was held in Beijing. Israel is looking to strike a trade agreement with China with talks having been underway for over three years. Israel's exports to China have risen by 41.4% between 2017 and 2019, and China is fast emerging as one of the largest foreign investors in the Middle East. Israel is also actively promoting cooperation with China under the Belt and Road Initiative, welcoming Chinese enterprises to participate in various infrastructure projects in Israel, as the latter is attempting to add seaports and new railroad networks. This demonstrates increased cooperation between Israel and China that covers not only the spheres of trade and investment, but also branches out into logistics too.

Sources: WTO Regional Trade Agreements database, Fitch Solutions

7. Investment Policy

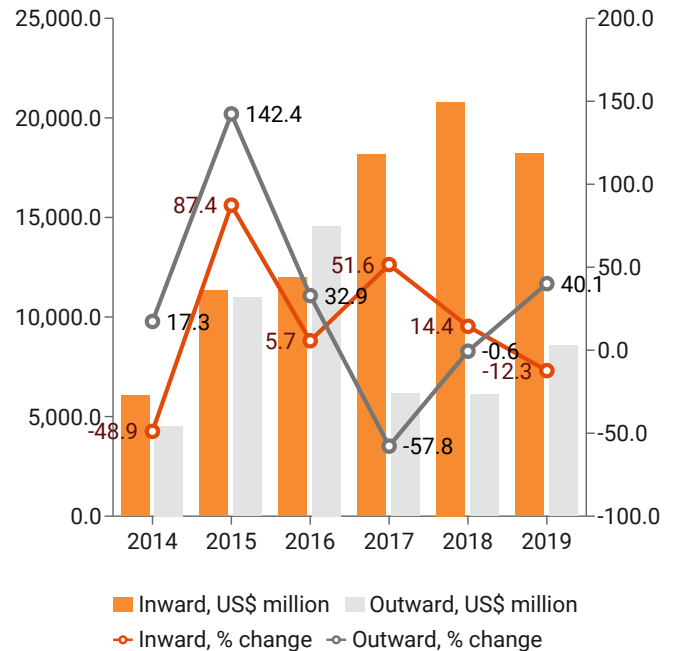
7.1 Foreign Direct Investment

Foreign Direct Investment Stock



Source: UNCTAD
Date last reviewed: January 29, 2021

Foreign Direct Investment Flow



Source: UNCTAD
Date last reviewed: January 29, 2021

7.2 Foreign Direct Investment Policy

- The Israeli government aims to foster supportive conditions for companies looking for business opportunities in the country. To promote foreign direct investment (FDI), the government has set up Invest in Israel, an investment promotion centre under the Ministry of Economy to aid investment growth across Israel's industries. A wide range of incentives and benefits are offered to investors in industry, tourism and real estate, while special focus is given to high-tech companies and research and development (R&D) activities. Investment incentives, outlined

under the Law for the Encouragement of Capital Investment, are divided into two main parts: the grants programme and the automatic tax benefits programme.

2. Israel has concluded protection of investment agreements with a number of countries, which afford certain rights to foreign investors in Israel, such as protection from expropriation, the ability to repatriate profits and the incorporation of various pieces of foreign regulation. Major economies with which Israel has signed bilateral investment agreements include Argentina, Mainland China, Germany, India, Kazakhstan, Poland, South Africa, South Korea, Thailand and Turkey, among others.
3. As part of its infrastructure development plans, the government will seek to leverage greater private sector finance and foreign investment. This will be achieved through the use of public-private partnership contracts and the planned launch of publicly traded infrastructure investment funds on the Tel Aviv Stock Exchange.
4. Israel is actively promoting cooperation with Mainland China and other parties under the Belt and Road Initiative, welcoming Chinese enterprises to participate in various infrastructure projects in Israel, as the latter is attempting to add seaports and new railroad networks. China Harbour Engineering is building a new port next to Ashdod's existing one, and the Shanghai International Port Group has won a 25-year licence to operate another deep-sea private port planned in Haifa. It is reported that Israel would like Mainland China to participate in the building of a railroad connection between the ports in Eilat and Ashdod, connecting the Red Sea to the Mediterranean Sea.
5. Government procurement laws require foreign companies to offset any foreign goods or services provided by investing in local production, entering partnerships with local companies, or sourcing goods and services from domestic firms. Offset requirements can vary from 20-50% of the value of the contract. This can raise the costs associated with participating in government contracts and deter foreign firms from applying for tenders.
6. The Israeli government encourages investment by offering a wide range of incentives to investors under the Law for the Encouragement of Capital Investment. To meet the qualifying standard for these incentives, a company must be internationally competitive, although the scheme favours high-tech and R&D industries. These incentives include grants for industrial enterprises with export capabilities and operating in a designated National Priority Region (mostly in Israel's north and south). Priority enterprises and special priority enterprises established in the same National Priority Areas can avail themselves of reduced corporate tax rates of 9% and 5% respectively. In addition, the Office of the Chief Scientist of the Ministry of Industry and Trade operates a range of support programmes on a yearly budget of USD300 million.
7. Capital gains on real estate are subject to the Land Appreciation Tax Law. The law relates to any real estate in Israel, including houses, buildings and anything permanently fixed to land, and real estate rights and leases for 25 years or more. Tax calculations closely follow the calculation of corporate tax on capital gains.
8. In 2019, Israel made paying taxes easier by introducing an electronic system for filing and paying value added tax and social security contributions. Israel made paying taxes less costly by reducing the corporate income tax rate. In addition, Israel made starting a business easier by allowing joint registration of corporate tax and value added tax.
9. In order to promote foreign investment in the Israeli corporate bonds market, there is an exemption from tax with respect to interest income received by foreign investors on their commercial investments in Israeli corporate bonds traded on the Tel Aviv Stock Exchange. The exemption is not granted to a foreign investor which has a private equity firm in Israel or is related to or holds 10% more of the means of control in the investee company. In addition, in order for the exemption to apply to a foreign investor that has special relations with the investee company, who regularly sells products to or provides services for the investee company, or who is employed by the investee company, the investor must prove that the interest rate on the corporate bond was determined in good faith.
10. Preferred Enterprise regime status, which provides for cash and tax benefits, may be granted under the Law of Encouragement of Capital Investments to enterprises that meet relevant criteria. In general, the law provides that projects are considered preferred if the enterprise will contribute to the development of the productive capacity of the economy, the absorption of immigrants, the creation of employment opportunities or an improvement in the balance of payments.
11. The Special Preferred Enterprise (SPFE) regime is intended for very large companies with material investments in productive assets, R&D or in providing new employment opportunities. A company must demonstrate that it will greatly contribute to the Israeli economy to qualify for the SPFE regime. To qualify, an Israeli company must meet certain conditions, such as having SPFE annual revenue greater than or equal to ILS1 billion and being part of a group of companies that generates annual revenue greater than or equal to ILS10 billion in the same industrial sector in which the Israeli company operates.
12. There are generally few regulatory barriers to investment in Israel and the government adopts a consistently welcoming approach to FDI in almost all sectors of the economy. Among the few existing restrictions is foreign investment in parts of the defence industry, which is off limits for national security reasons, while FDI in regulated industries such as banking and insurance require government approval. In addition, some key industries, including transport and utilities, remain dominated by state-owned enterprises which hold monopolies in electricity generation and distribution, port operation, aerospace, railways, and energy.

7.3 Free Trade Zones and Investment Incentives

Free Trade Zone/Incentive Programme	Main Incentives Available
Port of Eilat free trade zone (FTZ)	The FTZ located at the Red Sea port of Eilat offers exemption from customs duties, trade tariffs and tax.
Office of the Chief Scientist of the Ministry of Industry and Trade support programmes	<p>Israel operates around 30 industrial parks and areas, as well as a cross-border zone with Jordan. This is a novel enterprise and aims to fulfil Jordan's requirements for Qualified Industrial Zones (QIZ). The QIZ scheme is a United States initiative, whereby goods exported from certain areas in Jordan and Egypt are exempt from United States tariffs, provided they contain at least 8% Israeli input.</p> <p>Other support programmes include:</p> <ul style="list-style-type: none"> - Reduced tax rates for investments in priority areas - Employment grants to attract high-calibre candidates - Funding for research and development activities

Sources: National sources, Fitch Solutions

8. Taxation – 2021

- Value Added Tax: 17%
- Corporate Income Tax: 23%

Source: [Israel Tax Authority](#)

8.1 Important Updates to Taxation Information

As of January 1, 2018, the standard corporate income tax rate was lowered from 24% to 23%, following another reduction in 2017 which had brought it down from 25%. This lower tax rate reduces operational costs for businesses and aims to encourage growth and competitiveness in Israeli industries. Nevertheless, the tax burden on businesses remains higher than that experienced in Gulf Cooperation Council states, where no corporate income tax is charged.

8.2 Business Taxes

Type of Tax	Tax Rate and Base
Corporate Income Tax	23% on profits
Capital gains	23% on real gain
Transfer Tax	Maximum of 10% on the purchase of real estate
Withholding Tax for resident corporations: dividends	0% or 23%
Withholding Tax for resident corporations: interest	23%
Withholding Tax for resident corporations: royalties	30%
Withholding Tax for non-resident corporations (which are not part of a tax treaty with Israel): royalties	23%
Withholding Tax for non-resident corporations (which are not part of a tax treaty with Israel): interest	23%

Withholding Tax for non-resident corporations (which are not part of a tax treaty with Israel): dividends	25% or 30%; the 30% rate applies in the case of a 'substantial shareholder', which is, in general, a shareholder that holds 10% or more of the rights of the company.
Employer paid - national insurance contributions	For Israeli-resident employees rates are 3.45%, up to monthly income of ILS6,331, and 7.60% on the difference between ILS6,331 and the maximum monthly income of ILS44,020. For non-resident employees, the employer rates are 0.59%, up to monthly income of ILS6,331, and 2.65% on the difference between ILS6,331 and the maximum monthly income of ILS44,020.
VAT	17% on sale of goods and services

Source: [Israel Tax Authority](#)

Date last reviewed: January 29, 2021

9. Foreign Worker Requirements

9.1 Localisation Requirements

A notable risk to businesses in Israel that need to employ foreign staff is the difficulty of obtaining foreign worker visas. Although any Jewish person wanting to live and work in Israel is eligible to apply for a right of return visa, other foreign workers must apply for a B-1 visa and are subject to the provisions laid out by the ministry.

The candidate must be sponsored by a business and can only work for that organisation while domiciled in Israel. An applicant and his or her employer can apply for a work permit that will be valid for two years, one year, three months or 45 days. As part of the process, a candidate must first receive a recommendation from the Ministry of Interior to work in Israel. This requires convincing the ministry that the employee is an expert in their field, is earning more than twice the average salary in the market and that there is no available Israeli citizen who can perform the same task. The application process usually takes up to 90 days and the cost is USD2,925.

9.2 Visa/Travel Restrictions

Most business travellers can enter Israel visa-free with a right to stay in the country for three months. Nationals of some Muslim-majority countries in the Middle East, North Africa and Asia require confirmation from the Israeli government before travel, but this should not cause major delays. Israel has visa exemption agreements with many jurisdictions. Tourist visa exemption applies to national and official passports only, and not to other travel documents. Citizens of some jurisdictions, including Hong Kong, are exempt from obtaining transit and class B-2 visas.

Sources: Government websites, Fitch Solutions

10. Risks

10.1 Sovereign Credit Ratings

	Rating (Outlook)	Rating Date
Moody's	A1 (Stable)	24/04/2020
Standard & Poor's	AA- (Stable)	03/08/2018
Fitch Ratings	A+ (Stable)	13/01/2021

Sources: Moody's, Standard & Poor's, Fitch Ratings

10.2 Competitiveness and Efficiency Indicators

	World Ranking		
	2018	2019	2020
Ease of Doing Business Index	54/190	49/190	35/190
Ease of Paying Taxes Index	99/190	90/190	90/190
Logistics Performance Index	37/160	N/A	N/A
Corruption Perception Index	34/180	35/180	35/180
IMD World Competitiveness	21/63	24/63	26/63

10.3 Fitch Solutions Risk Indices

	World Ranking		
	2019	2020	2021
Economic Risk Index	12/201	17/201	16/201
Short-Term Economic Risk Score	77.9	69	80
Long-Term Economic Risk Score	77.0	74.2	73.8
Political Risk Index	76/201	64/201	62/201
Short-Term Political Risk Score	66.7	61.5	61.5
Long-Term Political Risk Score	69.2	70.8	70.8
Operational Risk Index	35/201	35/201	33/201
Operational Risk Score	67.2	67.8	68.2

Source: Fitch Solutions

Date last reviewed: January 29, 2021

10.4 Fitch Solutions Risk Summary**ECONOMIC RISK**

After a deep recession in 2020, brought about by the Covid-19 pandemic, Israel's economy will return to growth in 2021. Even so, the economic pain of disruptions in late 2020 will continue into 2021 particularly if the travel and tourism sectors continue to struggle. Over the longer term, Israel's high-tech economy is well positioned to remain a regional outperformer.

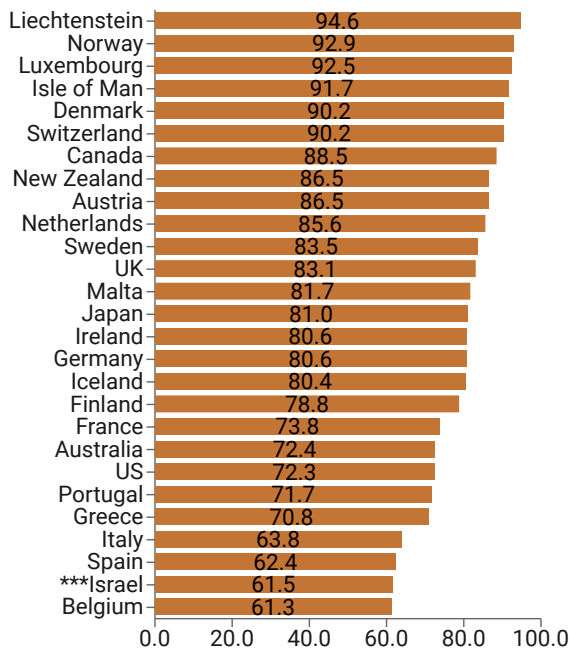
OPERATIONAL RISK

Israel possesses many qualities which make it an attractive destination for investment, particularly among its direct neighbours in the Middle East. The country boasts an attractive labour market, with a well-educated and diverse labour force that is improved by a large migrant population. A sophisticated logistics network with well-developed roads and good international trade links offers supply chain efficiency and low costs for trade. Meanwhile, the country's open market and few investment restrictions, facilitated by the government's welcoming attitude and a strong rule of law, create conditions for businesses to thrive.

Source: Fitch Solutions

Date last reviewed: January 30, 2021

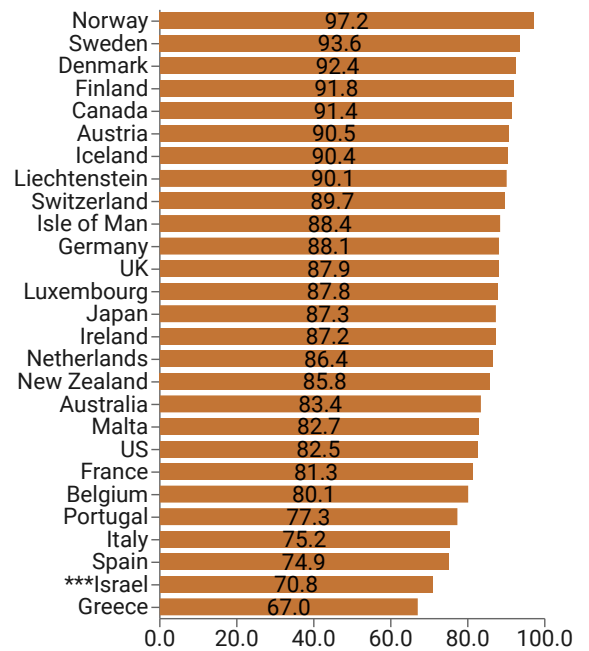
10.5 Fitch Solutions Political and Economic Risk Indices**Short Term Political Risk Index****Long Term Political Risk Index**



100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Political and Economic Risk Indices

Date last reviewed: January 29, 2021

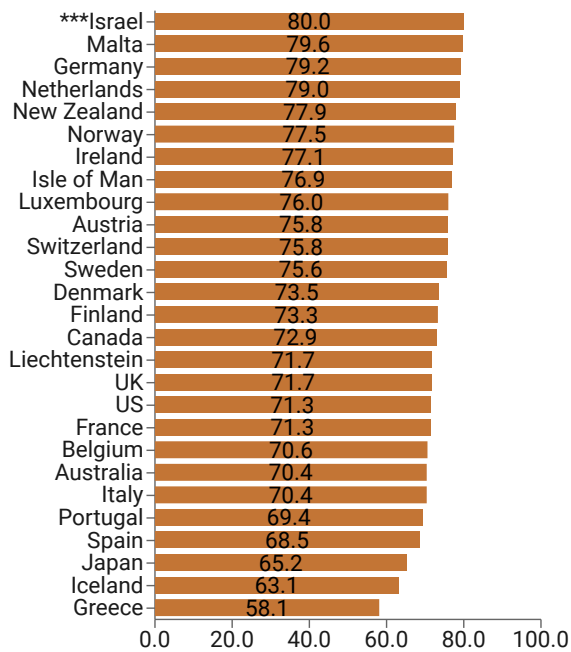


100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Political and Economic Risk Indices

Date last reviewed: January 29, 2021

Short Term Economic Risk Index

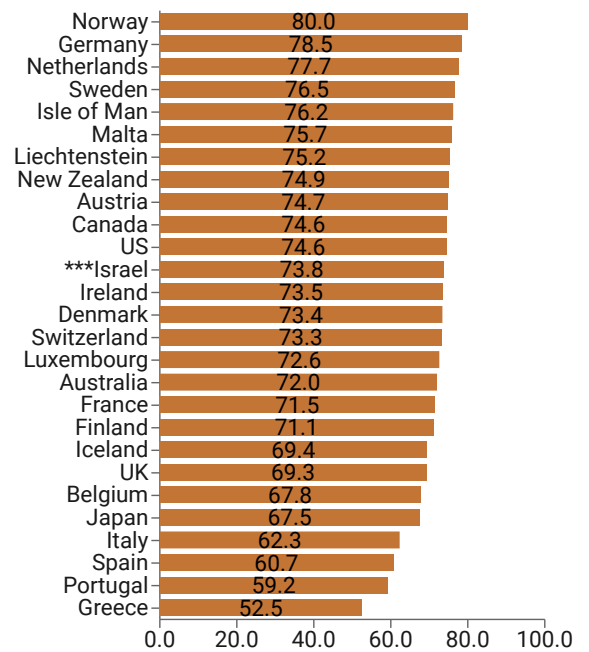


100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Political and Economic Risk Indices

Date last reviewed: January 29, 2021

Long Term Economic Risk Index



100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Political and Economic Risk Indices

Date last reviewed: January 29, 2021

10.6 Fitch Solutions Operational Risk Index

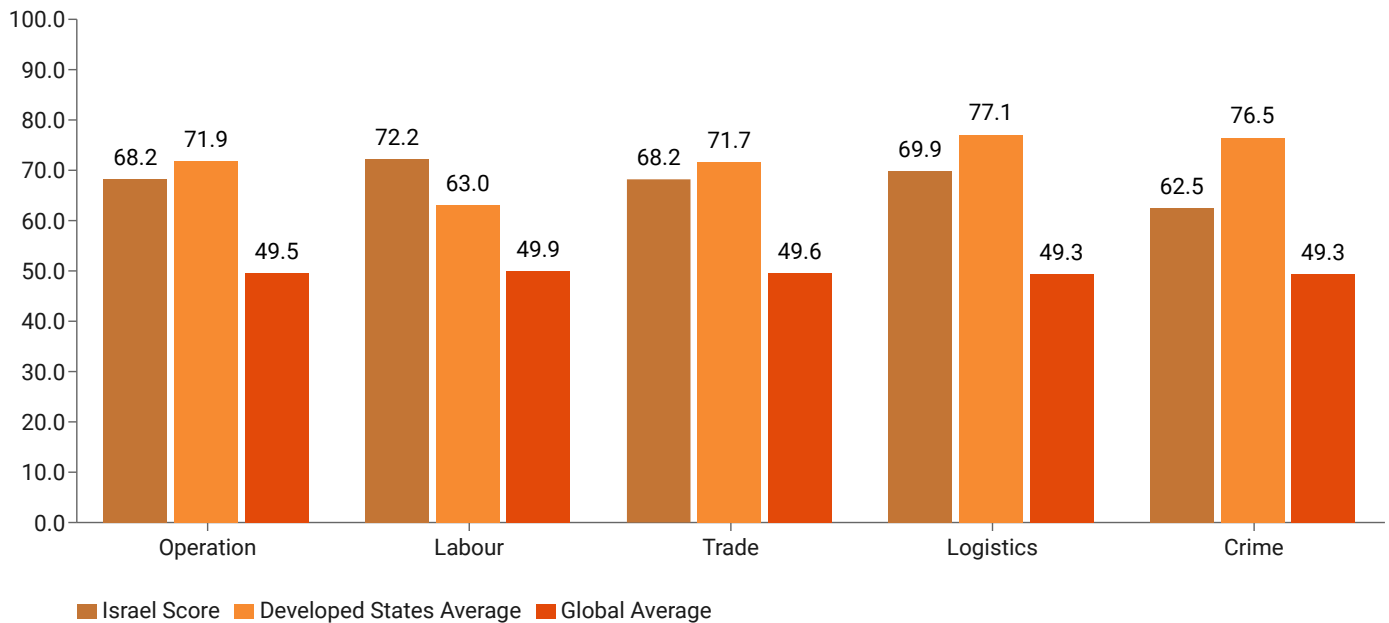
	Operational Risk	Labour Market Risk	Trade and Investment Risk	Logistics Risk	Crime and Security Risk
Israel Score	68.2	72.2	68.2	69.9	62.5
Developed States Average	71.9	63.0	71.1	77.1	76.5

Developed States Position (out of 27)	22	4	20	23	26
Global Average	49.5	49.9	49.6	49.3	49.3
Global Position (out of 201)	33	7	34	40	52

100 = Lowest risk, 0 = Highest risk

Source: Fitch Solutions Operational Risk Index

Israel vs Global and Regional Operational Risk Averages



Note: 100 = Lowest Risk, 0 = Highest Risk

Source: Fitch Solutions Operational Risk Index

Date last reviewed: January 29, 2021

Country/Region	Operatonal Risk	Labour Market Risk Index	Trade and Investment Risk Index	Logistics Risk	Crime and Security Risk Index
Denmark	79.2	71.8	77.5	84.9	82.4
Switzerland	78.6	75.3	77.7	78.4	83.1
Netherlands	77.9	66.4	78.5	86.4	80.4
United States	77.2	79.7	76.1	85.4	67.4
New Zealand	77.2	71.6	74.7	74.6	87.7
Sweden	76.8	67.5	77.7	83.3	78.5
Norway	75.9	63.5	72.3	79.7	88.3
Canada	75.9	73.2	74.0	78.5	78.0
United Kingdom	75.3	71.0	77.9	77.8	74.7
Austria	74.8	61.0	72.7	84.8	80.8
Luxembourg	74.4	55.9	78.2	83.9	79.6

Finland	74.1	54.1	73.2	85.4	83.7
Ireland	73.7	65.9	79.3	70.5	79.0
Australia	72.8	68.4	73.2	71.7	78.1
Spain	72.4	60.5	71.0	79.7	78.4
Japan	71.7	68.3	66.0	80.3	72.2
Belgium	71.4	56.6	76.1	79.9	72.9
Germany	71.2	64.1	68.5	80.5	71.8
France	71.1	60.2	71.1	81.4	71.9
Iceland	70.2	59.3	67.1	67.0	87.4
Portugal	69.7	52.3	67.5	80.1	78.9
Israel	68.2	72.2	68.2	69.9	62.5
Liechtenstein	64.8	48.9	63.2	69.9	77.1
Malta	63.9	55.2	68.9	62.3	69.3
Isle of Man	63.8	53.0	60.3	61.3	80.6
Italy	63.3	53.5	60.0	75.2	64.5
Greece	57.0	52.8	49.4	69.7	55.9
Regional Averages	71.9	63.0	71.1	77.1	76.5
Emerging Markets Averages	46.8	48.3	47.1	45.8	46.1
Global Markets Averages	49.5	49.9	49.6	49.3	49.3

100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Operational Risk Index

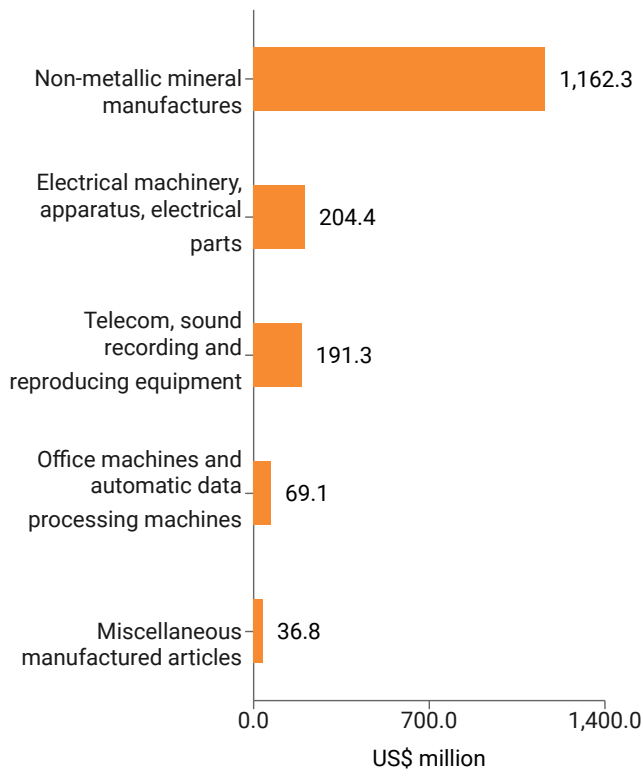
Date last reviewed: January 29, 2021

11. Hong Kong Connection

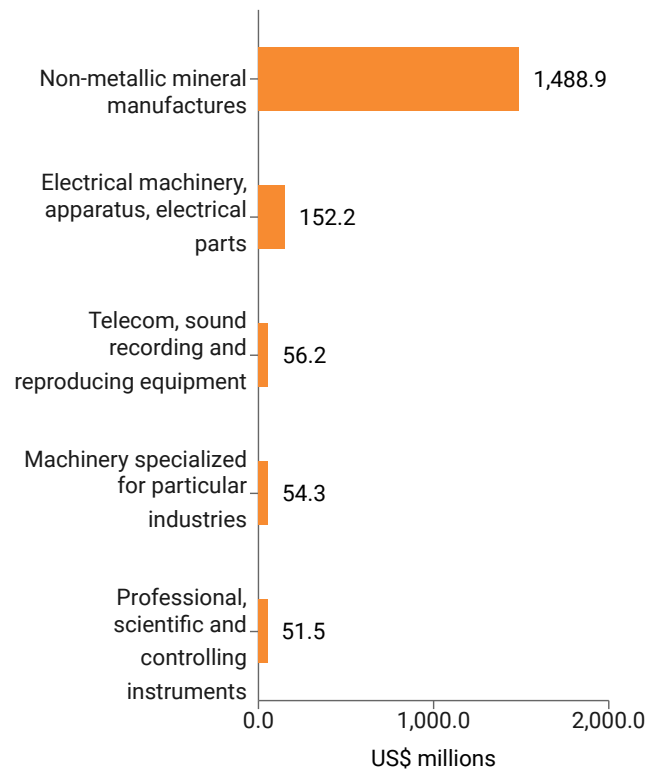
11.1 Hong Kong's Trade with Israel

Major Export Commodities to Israel (2019)

Major Import Commodities from Israel (2019)

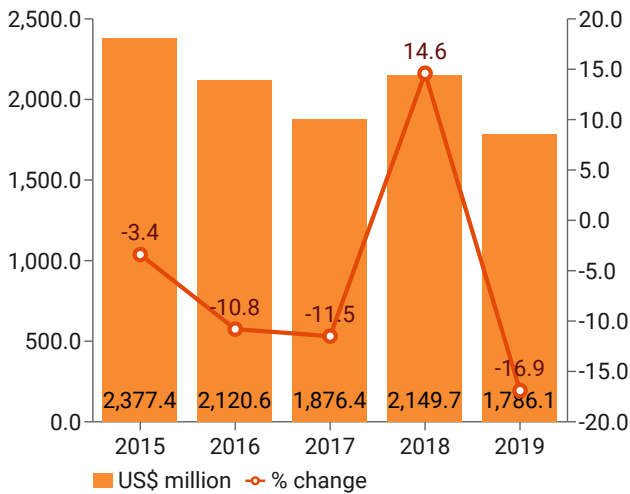


Note: Graph shows the main Hong Kong exports to Israel (by consignment)
 Sources: Hong Kong Census and Statistics Department, Fitch Solutions
 Date last reviewed: January 29, 2021



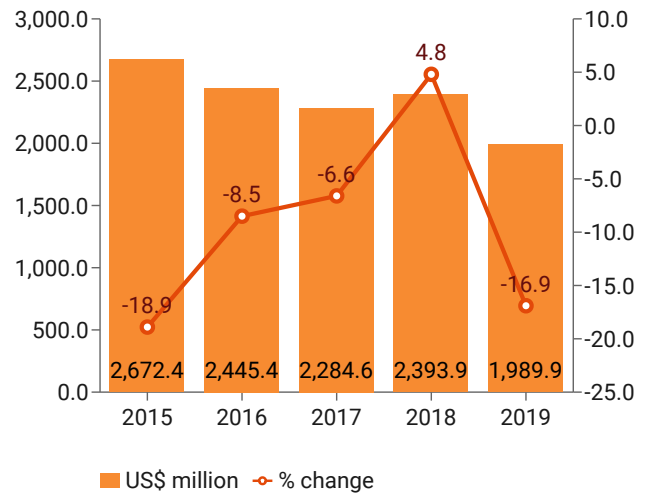
Note: Graph shows the main Hong Kong imports from Israel (by consignment)
 Sources: Hong Kong Census and Statistics Department, Fitch Solutions
 Date last reviewed: January 29, 2021

Merchandise Exports to Israel



Note: Graph shows Hong Kong exports to Israel (by consignment)
 Source: Hong Kong Trade Statistics, Census & Statistics Department
 Date last reviewed: January 29, 2021

Merchandise Imports from Israel



Note: Graph shows Hong Kong imports from Israel (by consignment)
 Sources: Hong Kong Census and Statistics Department, Fitch Solutions
 Date last reviewed: January 29, 2021

Exchange Rate HK\$/US\$, average

- 7.75 (2014)
- 7.75 (2015)
- 7.76 (2016)
- 7.79 (2017)
- 7.84 (2018)
- 7.84 (2019)

	2019	Growth rate (%)
Number of Israeli residents visiting Hong Kong	69,269	-10.1

Sources: Hong Kong Tourism Board, Fitch Solutions

	2019	Growth rate (%)
Number of Middle East residents visiting Hong Kong	113,849	-12.8
Number of developed state citizens residing in Hong Kong	83,786	29.6

Source: United Nations Department of Economic and Social Affairs – Population Division

Note: Growth rate is from 2015 to 2019. No UN data available for intermediate years.

Date last reviewed: January 29, 2021

11.2 Commercial Presence in Hong Kong

	2021	Growth rate (%)
Number of Israeli companies in Hong Kong	N/A	N/A
- Regional headquarters		
- Regional offices		
- Local offices		

Source: Hong Kong Census and Statistics Department

11.3 Treaties and agreements between Hong Kong and Israel

- Israel has concluded a double taxation agreement with Mainland China, entered into force on December 22, 1995.
- Hong Kong has concluded airline income treaties with Israel.
- Israel has a bilateral investment treaty with Mainland China that entered into force on January 13, 2009.

Source: [UNCTAD](#)

11.4 Chamber of Commerce (or Related Organisations) in Hong Kong

[Consulate General of Israel in Hong Kong](#)

Address: Room 701, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong

Email: contact@hongkong.mfa.gov.il

Tel: (852) 2821 7500

Fax: (852) 2865 0220

Source: [Visa on Demand](#)

11.5 Visa Requirements for Hong Kong Residents

HKSAR passport holders travelling to Israel have visa-free access to Israel for a stay of up to 90 days.

Source: [Visa on Demand](#)

Date last reviewed: January 29, 2021

Related Topics

[Israel](#)

[Middle East](#)

[ISRAEL GDP](#)

[ISRAEL ECONOMIC STRUCTURE](#)

[ISRAEL EXTERNAL TRADE](#)

[ISRAEL IMPORT](#)

[ISRAEL EXPORT](#)

[ISRAEL TRADE POLICY](#)

[ISRAEL INVESTMENT POLICY](#)

[ISRAEL TRADE AGREEMENT](#)

[ISRAEL FDI](#)

[ISRAEL TRADE WITH HONG KONG](#)

Free Business Information

Subscribe to keep pace with global developments

[Sign Up >](#)



Your business · Our mission |

[HKTDC.com](#) | [About HKTDC](#) | [Contact HKTDC](#) | [HKTDC Mobile Apps](#) | [Hong Kong Means Business eNewsletter](#) | [E-Subscription Preferences](#)
[Čeština](#) | [Deutsch](#) | [Español](#) | [Français](#) | [Italiano](#) | [Polski](#) | [Português](#) | [Русский](#) | [عربي](#) | [한국어](#) | [日本語](#)
[Terms of Use](#) | [Privacy Statement](#) | [Hyperlink Policy](#) | [Site Map](#) | [京ICP备09059244号](#) | [京公网安备 11010102002019号](#)

Follow HKTDC       

Copyright © 2021 Hong Kong Trade Development Council. All rights reserved.