

MEMO

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The Growing U.S.-Israel Economic Relationship

On Oct. 22, the U.S.-Israel Joint Economic Development Group convened for their annual meeting to discuss opportunities to enhance the economic relationship between the two countries. Before the meeting, Israeli Prime Minister Benjamin Netanyahu reiterated the strength and importance of the U.S.-Israel relationship, including trade and economic cooperation. On Oct. 18 and 22, the U.S. Environmental Protection Agency and Department of Housing and Urban Development signed agreements with their Israeli counterparts, furthering U.S.-Israel collaboration. As ties between the United States and Israel grow, both nations should continue to expand their joint economic cooperation.

Background:

- In 1977, the United States and Israel established the Israel-U.S. Binational Industrial Research and Development (BIRD) Foundation to facilitate mutually beneficial economic activity and trade. Since its inception, the BIRD Foundation has [sponsored](#) more than 950 collaborative projects between U.S. and Israeli companies. BIRD's efforts have created technologies such as the ReWalk [exoskeleton](#) system, which allows paraplegics to regain their mobility.
- Signed in 1985, the U.S.-Israel Free Trade Agreement (FTA) was the [first](#) free trade agreement implemented by United States. Following its enactment, trade between the United States and Israel rapidly expanded. Within the first decade of the agreement, bilateral trade tripled from \$3.9 billion to \$12.4 billion per year. By 2017, trade again tripled, [reaching](#) \$47.1 billion per year.
- The United States constitutes Israel's [largest](#) import and export markets. In 2017, Israel [was](#) the United States' 24th largest goods export market and the 18th largest goods [import](#) market, making it one of the top U.S. trading partners in the Middle East.
- In 2015, U.S. exports to Israel supported an estimated 73,000 U.S. jobs. Israeli-owned companies [provided](#) an additional estimated 20,000 jobs to U.S. workers in the same year. Direct Israeli investment in the United States totaled approximately \$11.9 billion in 2017.



Israeli Prime Minister Benjamin Netanyahu and U.S. Treasury Secretary Steven Mnuchin met in Jerusalem, Israel, to discuss opportunities for bilateral economic cooperation. (AP/Gali Tibbon)

- The deepened economic ties between the United States and Israel have been a boon to technological innovation. Of the nearly 350 research and development centers located in Israel, 192 are [operated](#) by U.S. companies, far more than any other country.
- The U.S.-Israel economic relationship has dramatically increased opportunities for investment in the Jewish state. Ninety-five companies based in Israel are currently [listed](#) on the NASDAQ stock exchange, more than any country besides the U.S. and China. Israeli companies listed on the NASDAQ are worth a total of \$70 billion.

In recent years, American corporations are increasingly purchasing profitable Israeli companies and startups in billion-dollar deals, signifying the mutual commercial benefits of the U.S.-Israel economic relationship.

- In May 2017, U.S. computer giant Intel [purchased](#) Israeli navigation software firm Mobileye for \$15.3 billion, the largest acquisition of an Israeli tech company.
- In May 2018, the American company International Flavors & Fragrances Inc. [purchased](#) Israeli food company Frutarom for \$7.1 billion.
- In August 2018, PepsiCo [purchased](#) Israel-based beverage company SodaStream for \$3.2 billion.