



Middle East Spotlight

Israel the Innovator

The United States and Israel have developed a resilient friendship, based in large part on an unshakable dedication to common values. President Barack Obama's historic trip to Israel in March showcased the depth of the partnership and highlighted the expansive bonds that bind the two allies together.

While much of the attention on the relationship is focused on security cooperation, the president also spoke to the economic and technological benefits that the Jewish state provides the United States. In his Jerusalem speech, the president said that "Innovation is just as important to the relationship between the United States and Israel as our security cooperation."

According to *The Wall Street Journal*, The World Economic Forum ranks Israel among the world's top countries for technological and business innovation. More than 100 American companies have research and development facilities in Israel, including scores of major U.S. manufacturers—from General Electric to General Motors, Microsoft, IBM, Google and Apple.

Intel executive Greg Slater in January said that many of his company's major innovations over the past 30 years began in Israel—including two microprocessors which accounted for 40% of Intel revenues in 2011. Microsoft founder Bill Gates said in 2006 that the "innovation going on in Israel is critical to the future of the technology business."

The United States' first ever free trade agreement was signed with Israel in 1985. Since then, trade between the two countries has grown from \$4.7 billion when the agreement was signed to \$40 billion today. In fact, for seven years now, U.S. exports to Israel have equaled or surpassed those to oil-rich Saudi Arabia. While Israel represents just 3 percent of the population of the Middle East, it accounts for a full 25 percent of U.S. exports to the region.

One of the programs in place to support trade and business ties is BIRD, the Binational Industrial Research and Development Foundation. BIRD is a jointly funded program that provides grants to high-tech research and development businesses. Since 1977, BIRD has funded more than 400 projects, generating sales of more than \$4.5 billion and creating an estimated 20,000 American jobs. And nearly 40 Israeli companies trading on NASDAQ have received funding from BIRD.

"Israel is already a center for innovation that helps power the global economy," said the president. Indeed the strategic relationship between the United States and Israel helps ensure that our economy continues to grow, our technologies continue to evolve and our interests are advanced every day.