

Israeli Industry in the Past Decade

All Israeli governments have viewed the creation of conditions for raising the standard of living and welfare of the country's people, including the expansion of high-quality jobs, as a central goal. I consider sustainable economic growth and stability to be essential conditions for achieving this noble goal. Yet, international experience shows that economic growth is not enough to ensure the welfare of all segments of the population, and without a policy framework for ensuring both economic growth and an equitable distribution of its fruits, essential goals for the continued existence of a thriving and stable society will not be achieved.

Such a policy should be based on two central pillars. The first is the business sector, which must create the initial conditions and provide tools for encouraging and promoting businesses and companies, and strive for economic growth while increasing demand for labor. The second pillar comprises essential and complementary policies for the development and promotion of employment, both as a driving force for growth and as a socioeconomic necessity for the existence of a healthy society.

Trends in economic development place exports as a key engine of growth. Experience of recent years shows that Israel produces a wide range of goods in a variety of export sectors, through

which it can expand its economic weight in the global economy. Nevertheless, intensifying global competition puts a high threshold on the entry of Israeli companies as a significant factor in the global economy. Government support and assistance are therefore required to remove barriers, pave the way for new routes, and develop innovative ideas in order to expand Israeli economic activity in the world.



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Industry is a main factor for achieving sustainable growth, as it is a significant component of the basket of Israeli exports. Israeli high-tech industry, whose achievements have long won international recognition, is particularly important in this regard. In the past decade, as in most developed countries, industry as a proportion of Israel's GDP has been falling. In the past decade, Israel has been able to mitigate this trend by expanding high-tech industry, which accounts for a high proportion of all Israeli industrial activity. Although the number of industrial workers has fallen in the past decade, employment in high-tech industry has increased. It should be emphasized that Israel has stressed the creation of a high-quality and knowledge-intensive workforce for advanced industries. This workforce is competitive in the global market. This is seen, among other things, in Israel's top ranking in the world in R&D spending as a proportion of GDP. Even in low-technology industries, such as chemicals, plastics, printing and food, the trend for the production of innovative products through the application of advanced technology relying on technological innovations and skilled personnel is intensifying. The Ministry of Industry, Trade and Labor has focused in recent years on helping industrial expansion with a range of tools, including improving the Law for the Encouragement of Capital Investment and the creation of an employment track within the framework of this law.

Looking towards a regional peace process and the normalization of relations with our neighbors, I believe that Israel will be a focus of industrial cooperation between local and foreign investors with government help to expand both physical infrastructures and human capital in order to help the growth of advanced industry.

I take this opportunity to thank the editors of this book, Sarah and Meir Aharoni, and the authors of the articles for making a clear and focused presentation of industrial development, thereby contributing to the basic understanding of processes in industrial development in the past decade.

