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Investing in Israel



Israel's flourishing high-tech sector is a prime example of an industry that has benefited greatly from the cooperation between the US and Israel in the realm of financial and capital investments and strategic business partnerships.

In 1992, the government of Israel launched the Yozma program, jump-starting the venture capital market in Israel. This initiative led to the establishment of more than 40 funds that together invested more than \$14 billion between 1993 and 2008.

This development has invigorated the country in two ways. It allowed Israel to modernize the local economy and shift its attention to innovative and technology-driven industries, and it promoted a period of rapid and sustainable economic growth.

From a \$1 billion GDP at its inception in 1949, the fledgling nation has grown to a thriving \$240 billion economy today. Innovation serves as the engine of growth for Israel's economy, with each successive government being mindful of attracting foreign investors. Rising global superpowers such as China, Brazil and India increasingly trade with Israel.

Dozens of major American corporations, wishing to tap the deep pools of ingenuity in the Israeli technological workforce, have acquired or invested in Israeli companies across the high-tech spectrum. For global corporations, Israel can be a strategic partner on a grand scale, developing the next generation of technologies and products to be marketed around the world.

For a tiny country almost exactly the size and shape of New Jersey, Israel has the highest number of start-ups outside Silicon Valley. From instant messaging to an ingestible pill-size video camera, from

non-invasive cancer therapies to drip irrigation systems that changed the face of global agriculture, Israel is breaking ground in all sorts of industries.

And, with almost no natural resources to speak of, this nation has been forced to turn to the resource of its citizens. It has the highest number of PhDs per capita in the world, produces the most scientific papers, and files the most patents. Bill Gates, in explaining his decision to invest in Israel, said, "The quality of education is one of the key factors that make Israel so unique."

Israel has been on the forefront of industry expansion in telecommunications, with major breakthroughs in fields such as mobile and cellular communications. In fact, an Israeli research and development center pioneered the world's first car phone. Voicemail technology was developed in Israel, and four young Israelis developed instant messaging.

Israel's life sciences sector is also burgeoning. Home to over 900 life science companies, Israel sees 50 to 60 new companies formed each year. They are now first in the world of medical device patents per capita and fourth in bio-pharma patents.

The 2011 Nobel Prize in Chemistry was awarded to Israeli scientist Daniel Schechtman and Professor Ada Yonath received the 2009 Nobel Prize in chemistry for charting the structure and function of ribosomes, thus joining the group of 10 Israeli Nobel laureates.

With an impressive track record of profit driven technologies, Israel has been a first choice for many of the world's leading investors. And, with over 120 Israeli stocks trading on major US stock exchanges, Israel may be worthy of consideration by the small private investor as well.

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