

ISRAEL

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BASIC FACTS ABOUT ISRAEL

Official name State of Israel

Area 20, 325 sq. km (size of Ganganagar district of Rajasthan)

Population 6.976 million (November 2005); 1.7% growth rate in 2005

Major cities Jerusalem (population - 670,000) claimed by Israel as the country's undivided capital but does not have international acceptance; Tel Aviv (population - 359,000) where most embassies are currently located and is also the commercial capital; and Haifa (population - 272,000) the major port

Religion (2002 data) Judaism (78.6%); Islam (15.9 %); Druze (1.75%); Christianity (1.75 %); and Others (2%)

Languages Hebrew & Arabic (official languages)
English and Russian are widely spoken

Government President - Moshe Katsav
Interim Prime Minister – Ehud Olmert
Foreign Affairs - Ms.Tzipi Livni
Defence – Shaul Mofaz

Websites: Prime Minister's office www.pmo.gov.il
Ministry of Foreign Affairs www.mfa.gov.il
Ministry of Defence www.mod.gov.il
Ministry of Industry and Trade www.moit.gov.il
Bank of Israel www.bankisrael.gov.il

Political system A democracy; unitary state; no written constitution; multi-party system; 4 year elections, proportional representation with list system. Coalition governments are the norm, as there is political fragmentation with several fringe and religious groups. Constructive no-confidence motion

Political parties and no. of seats in the Kadima- 29; Labour – 19;
Likud – 15; Shas – 12; Israel Beiteinu – 11;
National Religious Party – 9; Pensioners party-7;
United Torah Judaism – 6; Meretz-5;

120-member Knesset United Arab List – 4; Hadash – 3; National Democratic Assembly-3.

Foreign Policy

Israel was born as a result of November 1947 UN partition plan (UNGA resolution 181). The proclamation of independence on May 14, 1948 as a Jewish State, led Israel into armed conflict with its neighbours that ended with an armistice in 1949. Israel occupied the West Bank, Gaza, Golan heights and the Sinai following the 1967 six-day war. The 1967 UNSC resolution 242, calling for Israel to vacate "territories" occupied in the 1967 war and acknowledging its right to live in peace within secure and recognized boundaries, has since been the cornerstone of peace efforts in the Middle East. The 1979 Camp David accords led to Israeli withdrawal from Sinai and a peace treaty with Egypt. Following Jordan giving up its rights to the West Bank in the 80s and talks after the 1991 Madrid Peace Conference, Israel and Jordan signed a peace treaty in 1994. Israeli-Palestinian talks under the Madrid framework led to an Interim Agreement in September 1995 and some Israel redeployment from the West Bank and Gaza followed. However, a cycle of violence and retaliation, which intensified after the launch of the second Palestinian intifada in September 2000, have precluded final status negotiations. Following the US attack on Iraq in March 2003, the Middle East Quartet (US, UN, EU and Russia) unveiled a Performance based Roadmap. Israel withdrew from Southern Lebanon in 2000, in implementation of UNSC resolution 425. Israel-Syria and Israel-Lebanon tracks remain stalled.

However, after the Hamas got victory in Palestine in the Palestinian Legislative elections on 25th January 2006, Israel has refused to talk to a Hamas-led government unless Hamas recognize Israel, denounce violence and accept the past agreements between Israel and Palestine.

With memories of centuries of persecution of the Jewish people, the Holocaust and decades-long Arab-Israeli conflict, Israel's foreign policy is directed at gaining legitimacy and acceptance in the region while expanding its ties with other countries. USA considers Israel a major ally, believing that a strong Israel is sine qua non for stability and security in the region and committing itself to maintaining Israel's qualitative edge over Arab countries. US diplomacy is based on a commitment to Israel's right to exist within secure and recognized boundaries to be achieved through direct negotiations with its Arab neighbours.

Free trade Areas

With the US in 1985; with the EU in 1975 (renegotiated in 1995); with EFTA in 1992; with Turkey in 1995-1996; Canada in 1997 with Czech Republic, Slovakia, Hungary, Poland, Jordan in 1998; with Mexico in 2000 and Romania in 2001.

Economic Indicators

	2003	2004	2005
GDP	US\$ 103.7 bn	US \$ 107.86 bn	US \$ 113.47 bn
Growth rate	1.2%	4.2 %	5.2%
GDP per capita growth (current NIS prices)	(-) 0.6%	+2.4 %	+3.2%
Per capita income	US\$ 16,300	US \$ 16,691	US\$ 18,200

Inflation	0.4%	1.2 %	1.9%
Budget deficit	5.6% of GDP	3.6 % of GDP	3.4% of GDP
Exports	US\$ 27.22 bn	US \$ 38.52 bn	US \$ 36.4 bn
Imports	US\$ 33.22 bn	US \$ 41.10 bn	US \$ 44.4 bn
Foreign Investments	US\$ 3.47 bn	US \$ 8.55 bn	US \$ 6.60 bn
Unemployment (October 2005)	10.5%	10.2 %	8.9%

- Currency** New Israeli Shekel (NIS) comprising 100 agorot
US\$ 1 = NIS 4.61 approximately [December 2005]
NIS 1 = Rs 0.103 approximately [December 2005]
- Industry** Agricultural equipment; electronics, especially lasers; telecom; medical diagnostics; computer hardware and software; chemicals and minerals; pharmaceuticals; rubber and plastics; diamond processing; optics; construction; tourism; food processing; and ready made garments.
- Crops** Vegetables, especially potatoes; citrus, melons and other fruits; wheat; and floriculture.
- High tech** Israel has long been on the cutting-edge of R&D in advanced technologies in a wide range of fields such as telecom, software, biotechnology, medical electronics, agriculture and defence. The share of civilian R&D in the GDP is exceptionally high at around 4%. Israel operates joint industrial R&D funds with the USA, Canada, Singapore, Britain and South Korea and has programmes with a number of other countries including Austria, France, Germany, Holland, Ireland, Portugal and Spain. Israeli high-tech firms contribute about half of Israeli industrial products exports.
- Defence** Israel produces a wide range of products from ammunition, small arms and artillery pieces to sophisticated electronic and surveillance systems and a highly advanced tank. There are approximately 150 defence firms employing 50,000 people in Israel, with combined revenues of US\$ 3.5 billion. The government owns the three largest defense firms – IAI, IMI and Rafael. Medium sized privately owned companies include Elbit and Tadiran. The defence sector accounts for around 9% of the Israeli budget. Israel has emerged as an important global defence exporter.
- Exports** Diamonds; irrigation systems and greenhouse equipment; electronic and high tech products, especially lasers; optical equipment; telecom; medical diagnostics; computer hardware and software; chemicals and minerals; pharmaceuticals; rubber and plastics; floricultural and horticultural products; processed foods; and garments and swimwear.
- Imports** Raw materials and other industrial inputs; consumer goods; transport equipment; construction materials; agricultural products with the exception of fruits, flowers and vegetables; and processed foods.
- Trading partners** USA, UK, Belgium, Germany, France, Hong Kong and India for exports; and USA, Belgium, Germany, UK, Switzerland, Italy, Hong Kong and India for imports
- Universities** Hebrew University (Jerusalem); Tel Aviv University (Tel Aviv);

& institutes Haifa University (Haifa); Ben-Gurion University (Beer Sheva); Bar-Ilan University (Tel Aviv); Weizmann Institute of Science; Israel Institute of Technology – Technion; Inter-Disciplinary Centre, Herzliya.

Think tanks Jaffee Centre for Strategic Studies, Tel Aviv University; Truman Institute for advancement of Peace, Hebrew University; Moshe Dayan Centre, Tel Aviv University; BESA Centre, Bar-Ilan University; Ariel Center for Policy Research; Institute of Counter-terrorism, Herzliya; Galilee College for National Security.

Tourist Old city of Jerusalem (Western wall, Al-Aksa Mosque, Church of Holy Sepulchre etc); Sea of Galilee; Dead Sea; Golan heights; Eilat and the Negev; Haifa; Akko; Tel Aviv – Jaffa.

Culture Israel has a culturally active, heterogeneous population that seeks to preserve and promote the thousands of years of Jewish heritage. Its culture blends tradition and innovation, and strives to steer a course between Israeli particularism and universalism. In literature, Israeli authors like A.B. Yehoshua and Amos Oz have won international recognition. In the field of music, the Israel Philharmonic Orchestra (whose Director for life is Zubin Mehta) has acquired a worldwide reputation. The influx of Russian immigrants in the 90s brought many professional musicians into Israel. There are seven professional dance companies in Israel whose repertoire inter alia includes biblical subjects. The theatre scene in Israel is active. The national theatre Habimah plays Jewish themes and works of contemporary Hebrew playwrights. Film-making in Israel developed and cinema exports are growing. The Jerusalem Cinematheque hold an annual, non-competitive film festival. Archaeological research in Israel is important since the land is home to the spiritual heritage of three great monotheistic religions. Israel has also been a historic geographic and cultural link between the East and the West. Jerusalem has been the focus of extensive archaeological activity. The national "Israel Museum" inter alia has collections of Judaica and ethnography and an archaeological wing containing artefacts from prehistoric times to the 15th century including the Dead Sea scrolls. The Yad Vashem Museum is dedicated to the memory of the six million Jews who perished in the Holocaust.

Cultural life in the Israeli Arab sector is also active, with many translations from Hebrew to Arabic and vice-versa. Government and voluntary agencies encourage Arab cultural activities.

Media Media in Israel is extremely active and most Israelis follow news and political developments with great interest. The major Hebrew dailies are Yedioth Ahronoth, Maariv and Haaretz (that also has an English version) and the major English daily is the Jerusalem Post. There are many Arabic and Russian publications and periodicals. Kol Israel (Voice of Israel) operates eight radio networks that offer programming in 17 languages. Israel has several TV channels and is open to Cable TV. Arabs actively take part in the country's electronic and print media.

INDIA-ISRAEL RELATIONS

Establishment of relations

On September 17, 1950, GOI announced recognition of Israel. David Ben Gurion, Israel's first Prime Minister, held Gandhiji in high esteem. Following India's recognition of Israel, the Jewish Agency soon established an immigration office in Bombay to send Iraqi, Afghan and European Jewish refugees to Palestine. This was soon converted into a Trade Office and later a Consulate. Sporadic governmental contacts continued between India and Israel in the fifties and early sixties, including visits by former Minister Rajkumari Amrit Kaur and Israeli Ministers like Yigal Allon, Moshe Sharett and Gideon Rafael. In 1978, Israeli FM Moshe Dayan undertook a 'secret' mission to India. By 1992, changes in the balance of power and the regional politics of the Middle East made it possible for India and Israel to establish diplomatic relations. Israel opened its Embassy in Delhi in February 1992 and India opened its Embassy in Tel Aviv on 15 May 1992. Since then relations have seen rapid growth in almost every area. President K. R. Narayanan, in a communication to President Katsav in April 2002 stated that "the development of India and Israel as vibrant democracies and centres of excellence in science and technology have created a natural partnership for bilateral cooperation and friendship".

Political relations

Since the establishment of Embassies, a large number of ministerial visits have taken place. The period since 1992 has been utilized to put in place the framework of normal state-to-state relations, including agreements and MOUs in diverse areas of cooperation. Important high level visits include the following:

From Israel:- FM Shimon Peres (May 1993); President Ezer Weizmann (Jan 1997); FM Shimon Peres (Jan 2002); PM Ariel Sharon (Sep 2003); and FM Silvan Shalom (Feb 2004); Vice Prime Minister and Minister for Industry, trade and labour, Ehud Olmert in 2004. **From India:-** Speaker Shivraj Patil (Nov 1994); EAM Jaswant Singh (July 2000); Minister of State for Science and technology, Mr. Kapil Sibal (June 2005); Minister of State for Rural Development, Kumari Sheilja (September 2005); Minister of Agriculture, Mr. Sharad Pawar (November 2005) and Minister of Commerce and Industry, Mr. Kamal Nath (November 2005).

Bilateral institutional mechanisms include Foreign Office Consultations; Joint Trade and Economic Committee; Joint Committee on S&T; Joint Committee on Environment; and India-Israel Colloquium etc.

Bilateral agreements

Agreement	Date
Establishment of Full Bilateral Diplomatic Relations	29.01.1992
Agreement on Scientific and Technological Cooperation	17.05.1993
Agreement on Cooperation in the Field of Tourism	18.05.1993
Cultural Agreement	18.05.1993
Agreement on Cooperation in the Field of Agriculture	24.12.1993

Air Transport Agreement	04.04.1994
Agreement concerning Cooperation in the Field of Telecommunication and Posts	20.11.1994
Agreement on Trade and Economic Cooperation	21.12.1994
Agreement for the Promotion and Protection of Investments	29.01.1996
Convention for the Avoidance of Double Taxation and for the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital	29.01.1996
Bilateral Agreement regarding Mutual Assistance and Cooperation in Customs matters	29.01.1996
Memorandum of Intent on a Joint High-tech Agricultural Demonstration Cooperation Project	30.12.1996
Umbrella Agreement on the Development of Cooperation in the Field of Industrial and Technological Research and Development	30.12.1996
Agreement on Technical Cooperation	30.12.1996
Agreement on Cooperation in the field of Health and Medicine	09.09.2003
Agreement on Cooperation in combating illicit trafficking and abuse of narcotic drugs and psychotropic substances	09.09.2003
Agreement on Cooperation in the field of Protection of the Environment	09.09.2003
Agreement on Exemption of Visa requirement for holders of diplomatic, official and service passports	09.09.2003

Economic and commercial relations

Since establishment of diplomatic relations in 1992, bilateral trade and economic relations have commercial progressed rapidly. From a base of US\$ 200 million comprising primarily of diamonds in 1992, merchandise trade has diversified and increased rapidly reaching US\$ 1,594.1 million in 2003. With the exception of 1995 and 2001, trade volumes have grown every year. While diamonds constitute about 65% of India's exports to Israel, other major products are textiles, chemicals, rubber and plastic products, machinery, base metals, prepared foodstuffs and transport equipment. Major items exported by Israel are diamonds, machinery, chemical products and optical, medical and other equipment. Below is a chart showing **bilateral trade** in the last seven years (in US\$ million)

	1999	2000	2001	2002	2003	2004	2005
India's exports	455.0	534.5	429.5	653.2	873.9	1107.7	1276.3
Israel's exports	536.3	551.0	458.4	619.8	720.2	1037.9	1224.2
Total Bilateral	991.3	1085.8	887.9	1273	1594.1	2145.6	2500.5

Source: Central Bureau of Statistics, Israel

Bilateral trade increased by 16.5% from US\$ 2145.6 million in 2004 to US\$ 2500.5 million in 2005. Indian exports to Israel increased by 15.3% from US\$ 1107.7 million in 2004 to US\$ 1276.3

- million in 2005, while Israeli exports to India increased by 17.9% from US\$ 1037.9 million in 2004 to US\$ 1224.2 million in 2005.
- Investment and technology cooperation** In terms of approved investments, during the period 1991- 2003, Israel, with Rs. 42,460 million in approved investments for 96 proposals, was the 14th largest foreign investor in India. Israel is also a source of technology collaborations for Indian companies. Since 1991, over 73 technology collaboration agreements have been approved between Indian and Israeli companies. Approved investment and technology collaboration proposals include inter alia, sectors such as agriculture, IT, telecom, bio-tech, medical equipment and chemicals. An MOU on cooperation in R&D in the electronics and IT sector was signed in January 2002. India has become an attractive destination for telecom investments by Israel.
- Agriculture** Israeli side has completed a Demonstration Farm project in PUSA at a cost of US\$ 2 million. The private sector in India has also shown interest in accessing Israeli technologies and JVs have been set up for manufacture of drip irrigation systems and in the areas of floriculture and horticulture.
- S&T** The India-Israel Joint Work Programme of S&T cooperation for 2003 and 2004 identified 20 new projects for joint development in focus areas like nanotechnology, genomics and S&T policy management, of which only 9 projects on genomics were pursued due mainly to limited funding available on the Israeli side. Since S&T Cooperation began in 1994, there have been 37 joint projects and 10 joint conferences/seminars so far. During Israeli Science Minister Sandberg's visit to India in December 2003, both sides agreed to go in for a comprehensive S&T agreement, and to allocate adequate funds for joint projects to enhance the scope of work for 2005-06 Joint Work Programme.
- Training** The Israeli MFA's Centre for International Cooperation, known as MASHAV, has conducted activities in diverse fields with India. These include courses in various fields in India (62 courses have been conducted since 1992, which were attended by 2300 trainees), including health, agriculture, education and management. Israel has also been inviting a number of Indians for training at its institutions/facilities (since 1992, over 900 Indian trainees attended courses in Israel) including in areas like agriculture, community development, medicine and public health, management, science and technology, and education.
- Culture & tourism** India is known in Israel as an ancient nation with strong cultural traditions, and the Israeli people perceive India as an attractive, alternative tourist destination. Israeli youth are particularly attracted to India. About 30,000 Israelis, mostly youth who have finished military service, visit India annually. The level of understanding of and knowledge about India is growing, in some measure as a result of India's economic advancement and image as an important centre for hitech as well as the contribution of individuals like Zubin Mehta. While the number of pilgrims and tourists from India visiting Israel touched 17,000 in 2000, due to the deterioration in the security situation, this number has fallen to around 10,000.

Visas	<u>Year</u>	<u>No. of visas</u>
	1999	17336
	2000	18791
	2001	21595
	2002	18999
	2003	25882

Civil aviation An Air Services Agreement was signed in April 1994. The Israeli national carrier, El Al, currently flies twice a week to Mumbai, while Air India started flying from February 1996 on the Mumbai-Tel Aviv-Mumbai sector twice a week but discontinued its Tel Aviv flight on commercial considerations from 1 April, 1998. Tour and travel operators have sought to fill the gap by operating chartered flights for Israeli tourists.

Indian community There are approximately 70,000 Jews of Indian origin in Israel today. Most of them are Israeli nationals. A majority of them are engaged in agriculture or work in the new development towns outside the traditional urban centers. The main waves of immigration into Israel from India took place in the fifties and sixties. The majority are from Maharashtra and smaller numbers are from Kerala and Calcutta. The older generation still maintain an Indian lifestyle and their cultural links with India, while the younger generation is increasingly assimilated into Israeli society. The resident Indian community of about 500 Indian citizens includes diamond traders, some IT professionals, students and unskilled workers. There is a Central Organisation of Indian Jews, which brings together a large section of Indian Jews.

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