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# Israel offers opportunities for CT businesses

By Daniel L. Gottfried

In addition to its historic and cultural interest for at least three of the world's major religions, Israel can be a pretty exciting place in the modern business world. The country offers many opportunities for Connecticut businesses.

Despite its small size and important challenges, Israel is consistently ranked one of the most innovative and entrepreneurial countries in the world. It has created the most NASDAQ-listed companies outside the United States; it is ranked first in research and development investment per capita; and it has highly developed programs for funding and promoting technological advancements.

Israel is also the 24th largest export market for the U.S., with about \$14 billion in U.S. goods shipped there in 2011. Additionally, Israel may be the only country with free trade agreements with both the United States and the EU, making it a possible bridge for international trade between the United States and Europe.

Israel also has a significant talent pool that can be accessed by U.S. businesses. Scores of companies have established R&D centers in Israel to draw upon the local technical talent, including IBM, Microsoft, and Intel. These centers can benefit from a tech savvy workforce, reasonable labor costs, and a number of tax and other economic incentives.



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There are many synergies among economic sectors in Connecticut and Israel. For instance, each place has heavy emphasis on manufacturing, high technology, and financial services. Moreover, Israel's significant government and defense needs can be met by many Connecticut-based businesses in manufacturing, aerospace, and related fields. These companies can also benefit from offset and military spending rules, which can favor the close governmental alliance between the United States and Israel.

The biggest opportunities in Israel for Connecticut businesses are likely to involve:

- Aerospace, defense and other high-tech companies seeking trade or R&D partners;
- IT businesses that have trouble filling their staffing needs with Connecticut talent;
- Financial services businesses looking to expand globally.

Despite all of the opportunity, there are challenges that come with doing business anywhere outside the U.S., including Israel.

It is no secret that there is political insecurity in the region and associated geopolitical challenges. However, many believe that these fears are exaggerated. This belief is corroborated when considering, for example, the strong GDP growth of the Tel Aviv Stock Exchange and the relative stability of the Israeli Shekel over the past decade.

Some of the more immediate challenges for Connecticut businesses include:

- Language barriers — Although most educated and tech savvy Israelis are fluent in English, the official languages of Israel are Hebrew and Arabic. Nevertheless, almost every street sign includes

an English translation, and major media is generally available in English.

- Cultural barriers — Israeli business culture is different from the U.S. You can expect more protracted negotiations, a greater emphasis on relationships in decision-making, and other differences that need to be considered.
- Regulatory barriers — Although it's a modern economy, Israel has more government intervention than we are accustomed to.

While breaking into any new market presents many challenges, resources are available to help access the Israeli market. These resources include:

- The Israel-America Chamber of Commerce, which promotes trade and investment between Israel and the United States;
- The Binational Industrial Research and Development Foundation (BIRD), which supports R&D-oriented joint ventures between U.S. and Israeli businesses;
- MATIMOP, an Israeli government agency responsible for promoting industrial R&D cooperation between Israeli and foreign companies.

There are also a variety of local resources in Connecticut. For instance, I am planning a business and technology mission to Israel for UConn students; the state is working on a business and economic development mission to Israel; and there are many companies in Connecticut with trading partners and corporate affiliates in Israel. ■

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