

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGC&S
INDIA-ISRAEL BILATERAL TRADE RELATIONS**

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

1. Israel, officially, the State of Israel is a country in West Asia, occupying a narrow strip of territory on the eastern shore of the Mediterranean Sea. The country also has a narrow outlet to the Red Sea at the northern tip of the Gulf of Aqaba. All of Israel's land frontiers are with Arab countries, the longest being with Egypt to the west and with Jordan to the east. Lebanon lies to the north and Syria to the north-east. Israel is a member of the UN, WTO, Inter-American Development Bank and IOM.

2. Israel is considered the most advanced country in Western Asia and the Middle East in economic and industrial development. Israel has the second-largest number of startup companies after the United States and the third-largest number of NASDAQ-listed companies. It is the world leader for number of start-ups per capita. As per IMF Article IV Consultation with Israel June 15, 2023, Executive Directors commended Israel's remarkable economic performance and strong external position, noting that economic growth would slow down this year as it returns to potential over the medium term. Given downside risks to the outlook, Directors recommended that policies be geared toward protecting fiscal buffers, reducing inflation, maintaining macro-financial resilience, and enhancing potential growth. They also cautioned that the uncertainty created by the proposed judicial reform could have a negative impact on the economy and called for a politically sustainable solution. Also, as in any country, maintaining the strength of the rule of law would be important for economic success.

A snapshot of Israel's select economic indicators is as under.

TABLE – 1

Israel: Selected Economic Indicators, 2018–2028

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
					Projections						
Real Economy (percent change)											
Real GDP	4.1	4.2	-1.9	8.6	6.5	2.5	3.4	3.4	3.6	3.7	3.8
Domestic demand	4.5	4.0	-3.4	9.9	7.4	2.5	3.7	3.8	3.9	4.1	4.1
Private consumption	3.6	4.0	-7.9	11.1	7.7	2.8	3.8	4.0	4.0	4.0	4.1
Public consumption	4.0	3.0	2.8	4.2	0.7	2.3	3.2	3.6	3.6	3.6	3.6
Gross capital formation	6.9	4.9	1.2	12.6	12.4	1.9	3.7	3.6	4.1	4.5	4.5
Gross fixed investment	7.8	3.3	-3.9	11.7	9.0	0.9	2.7	3.7	4.1	4.5	4.5
Foreign demand (contribution to growth)	-0.4	0.2	1.6	-1.3	-1.0	0.3	-0.3	-0.4	-0.4	-0.3	-0.3
Potential GDP	3.7	3.9	2.0	5.9	3.7	3.7	3.8	3.8	3.8	3.8	3.8
Output gap (percent of potential)	0.6	0.9	-3.0	-0.4	2.2	1.1	0.7	0.3	0.1	0.0	0.0
Unemployment rate	4.0	3.8	4.3	5.0	3.8	4.0	4.0	4.0	4.0	4.0	4.0

(percent)											
Overall CPI (percent change, average)	0.8	0.8	-0.6	1.5	4.4	4.5	3.5	2.5	2.1	2.1	2.0
Overall CPI (percent change, end of period)	0.8	0.6	-0.7	2.8	5.3	4.1	2.9	2.1	2.0	2.0	2.0
Core CPI (percent change, average)	0.9	0.6	-0.3	1.2	3.6	4.7	3.8	2.8	2.3	2.2	2.2
Saving and investment balance											
Gross national saving (percent of GDP)	26.8	26.8	29.3	29.1	29.9	29.9	29.7	29.6	29.5	29.5	29.5
Foreign saving (percent of GDP)	-3.0	-3.5	-5.5	-4.3	-3.7	-4.1	-3.9	-3.8	-3.6	-3.5	-3.4
Gross capital formation (percent of GDP)	23.8	23.3	23.8	24.8	26.3	25.8	25.8	25.8	25.9	26.0	26.1
Public Finance (percent of GDP)											
Central government											
Revenues and grants	25.0	24.2	22.4	26.2	26.7	24.6	24.2	23.8	23.8	23.8	23.8
Total expenditure	27.9	27.9	33.6	30.5	26.2	25.6	25.3	25.7	26.0	26.2	26.2
Overall balance	-2.9	-3.6	- 11.3	-4.4	0.6	-0.9	-1.0	-1.9	-2.2	-2.3	-2.4
Structural balance 1/	-3.1	-3.9	- 10.3	-4.2	0.0	-1.2	-1.2	-2.0	-2.2	-2.3	-2.4
Interest payments	2.2	2.1	2.1	2.1	1.9	1.9	1.8	1.7	1.7	1.8	1.8
General Government											
Overall balance	-3.6	-3.9	- 10.8	-3.7	0.6	-1.1	-1.6	-2.4	-2.7	-3.0	-3.1
Structural balance 1/	-3.8	-4.2	-9.5	-3.5	-0.2	-1.5	-1.9	-2.5	-2.7	-3.0	-3.1
Debt	59.9	58.8	70.6	68.0	61.0	57.9	55.7	55.0	54.7	54.6	54.5
<i>Of which:</i> Foreign currency external debt	8.4	7.7	11.3	9.4	8.8	7.7	6.1	5.7	5.2	4.6	4.2
Balance of Payments (percent of GDP)											
Current account balance	3.0	3.5	5.5	4.3	3.7	4.1	3.9	3.8	3.6	3.5	3.4
Goods and services balance	0.9	2.0	4.4	3.9	3.1	3.1	2.9	2.8	2.6	2.5	2.3
Exports of goods and services 2/	29.9	29.3	27.7	29.5	31.9	29.7	28.9	28.7	28.5	28.2	28.1
Real growth rate	5.7	3.7	-2.7	14.6	8.3	-1.9	1.6	3.3	3.4	3.5	3.5

(percent)											
Export prices growth (percent)	1.4	0.9	-0.2	10.4	6.5	-2.4	-0.6	0.2	0.2	0.4	1.0
Imports of goods and services 2/	29.0	27.0	23.2	25.5	28.6	25.6	24.8	24.6	24.6	24.5	24.5
o/w Oil imports (billions of U.S. dollars)	9.7	9.2	5.5	9.0	13.3	10.4	10.1	10.2	10.3	10.4	10.6
Real growth rate (percent)	7.2	3.2	-8.1	20.6	11.7	-2.9	2.4	4.6	4.6	4.5	4.5
Import prices growth (percent)	3.7	-2.7	-4.7	8.4	7.1	-1.8	-1.1	-0.6	-0.5	-0.1	0.6
Foreign reserves (eop, US\$ billions)	115.3	126.0	173.3	213.0	194.2	198.7	207.6	216.8	226.3	237.1	248.9
Exchange Rate											
NIS per U.S. dollar (period average)	3.59	3.56	3.44	3.23	3.36	...	...	...	...	...	...
Nominal effective exchange rate (2010=100)	118.6	123.5	129.1	135.0	140.1	...	...	...	...	...	...
Real effective exchange rate (2010=100)	106.3	109.1	111.5	114.3	114.6	...	...	...	...	...	...
Terms of trade (2010 = 100)	95.3	98.7	99.5	93.2	87.5	...	...	...	...	...	...
Sources: Bank of Israel; Central Bureau of Statistics; Haver Analytics; and IMF Staff estimates and projections.											
1/ Percent of potential GDP.											
2/ National Accounts data.											

Source: IMF Executive Board Concludes 2023 Article IV Consultation with Israel June 15, 2023.

FOREIGN TRADE

3. During the year 2023, the five major export partners of Israel were United States, Ireland, China, Netherlands and India. On the other hand, five major import partners of Israel were China, Bunkers, United States, Germany and Turkey as per recent available data of WITS (World Integrated Trade Solution). In 2023, major five exported goods of Israel at 6-Digit level of HSN were (i) Diamonds non-industrial nes excluding mounted or set (HSN: 710239), (ii) Monolithic integrated circuits, digital (HSN: 854211), (iii) Transmission apparatus for radiotelephony, radiotelegraphy, radio-broadcasting or television (HSN: 852520), (iv) Other fertilizers, nes (HSN: 310590) and (v) Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphy apparatus (HSN: 901890). On the other hand, major five imported goods of Israel were (i) Petroleum oils and oils obtained from bituminous (HSN:270900), (ii) Automobiles nes including gas turbine powered (HSN: 870390), (iii) Diamonds non-industrial nes excluding mounted or set (HSN: 710239), (iv) Transmission apparatus for radiotelephony, radiotelegraphy, radio-broadcasting or television (HSN: 852520) and (v) Monolithic integrated circuits, digital (HSN: 854211).

4. Israel's total exports globally in 2020 were of the order of USD 50,153 million. It was USD 60,257 million in 2024. Exports from Israel increased by 19.95% in the year 2021 followed by another 20.63% increase in 2022. During the period from 2020 to 2024, the annual average compound rate of growth of exports was 4.70%.

5. Israel's total imports from the world in 2020 were of the order of USD 69,261 million and it was USD 91,866 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of imports was 7.32%.

6. Israel faced an overall Balance of Trade deficit from 2020 to 2024. Israel had a trade deficit of USD 31609 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 6.24%.

A snapshot of Israel's overall Trade Statistics is presented in **Table 2 and Figure 1** below.

TABLE - 2

ISRAEL'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2020 TO 2024

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	50153		69261		1,19,414		-19108
2021	60160	19.95	92159	33.06	1,52,319	27.56	-31999
2022	72569	20.63	107758	16.93	1,80,327	18.39	-35189
2023	58905	-18.83	91877	-14.74	1,50,782	-16.38	-32972
2024	60257	2.30	91866	-0.01	1,52,123	0.89	-31609

Annual Compound Growth

4.70

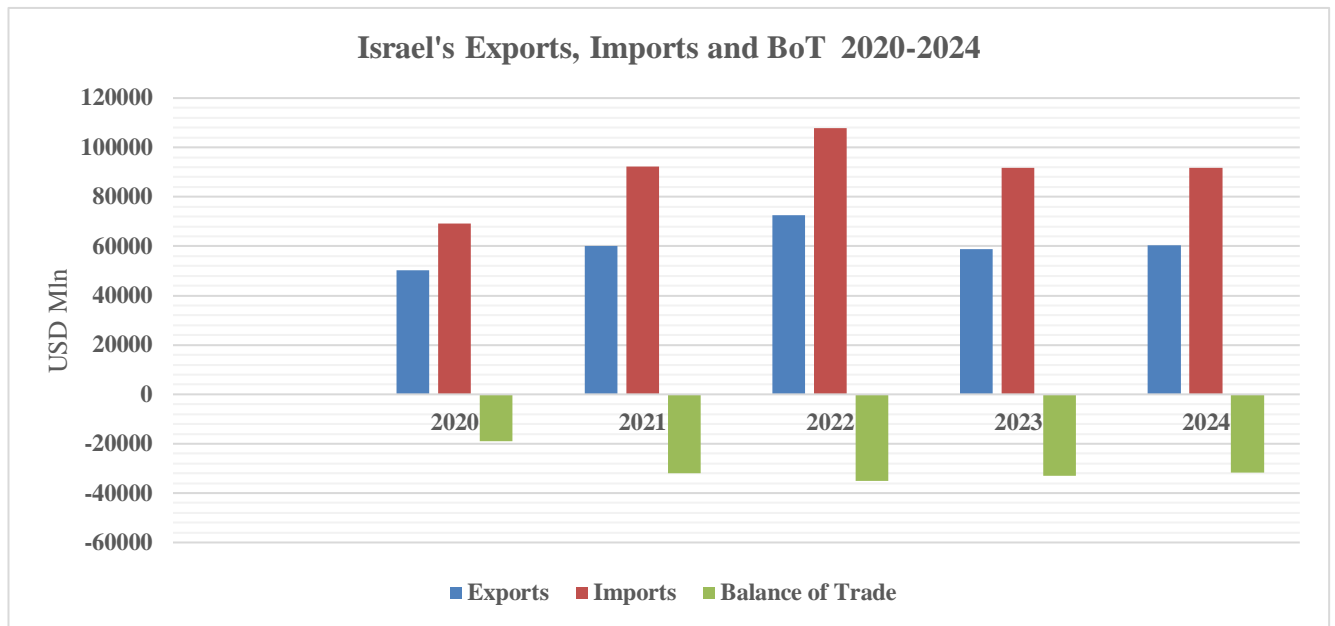
7.32

6.24

NOTE: Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure - 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Israel are strategic partners. The bilateral political ties are warm and forward-looking. In recent years, bilateral trade between India and Israel, has diversified into several sectors such as pharmaceuticals, agriculture, IT and telecom, and homeland security. India continues to be a focus country for the Israeli Government's increased trade efforts. Moreover, the FDI inflows into India reached US\$ 286.15 million during April 2000-September 2023. As per database of Department of Commerce, Ministry of Commerce & Industry, Govt. of India; Israel ranked 40th as an export destination of India in FY 2024-25. India exported to Israel almost 0.49 % of its total export value in FY 2024-25. In the same financial year imports from Israel were 0.20% of India's total import value. Almost 0.31% of India's total international trade value of goods was between India and Israel in FY 2024-25 as per records of Department of Commerce, Ministry of Commerce & Industry, Govt. of India.

8. Indo-Israel total volume of bilateral trade in FY 2020-21 was of the order of USD 4,661.68 million. It was USD 3810.26 million in FY 2024-25. The annual compound growth rate of total volume of trade during the period from 2020-21 to 2024-25 had been of the order of -4.92%.

9. It is seen from the available figures that between 2020-21 and 2024-25, India had a surplus Balance of Trade with Israel. It has been observed that exports from India to Israel increased by 77.54% in FY2021-22 followed by another 76.21% increase in FY 2022-23 over FY 2021-22. However, exports to Israel declined drastically in 2023-24 & further in 2024-25. The annual average compound rate of growth of Exports was -5.61%. On the other hand, imports from Israel to India

remarkably increased by 56.81% in FY 2021-22 but then registered negative growth rates in subsequent FYs. During the period from 2020-21 to 2024-25, the annual average compound rate of growth of imports was -3.99%.

A snapshot of India's merchandise trade statistics w.r.t. Israel is presented in **Table 3 Figure 2**.

TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. ISRAEL
FY 2020-2021 to 2024-2025

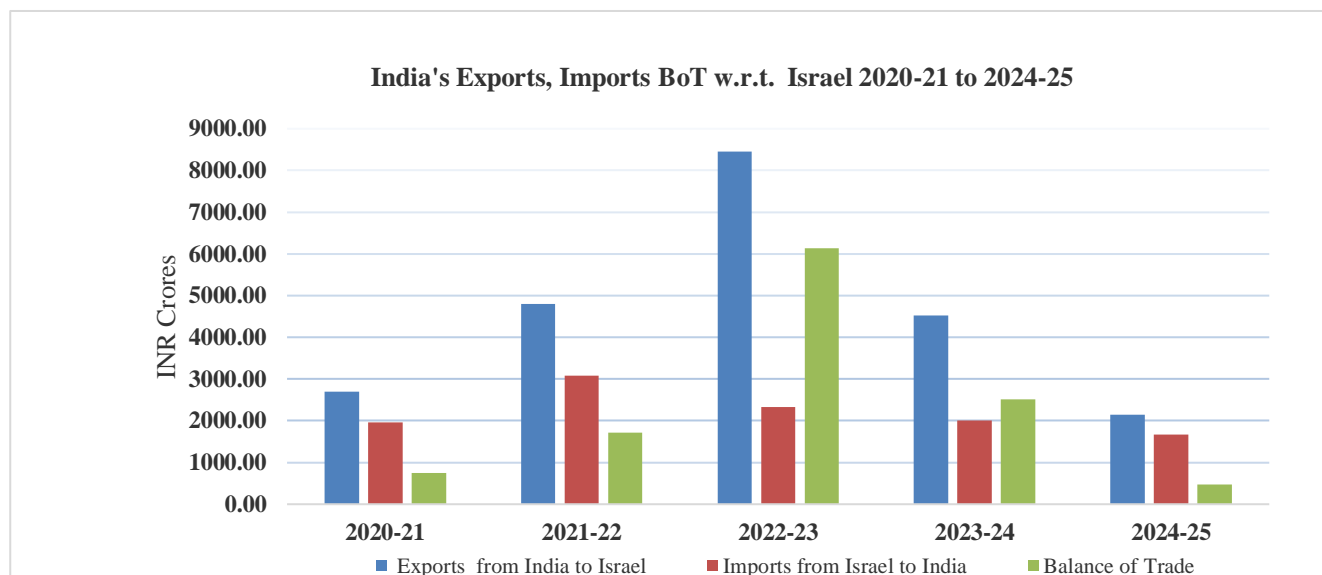
(Value in USD Million)

Year	Exports from India to Israel	Percentage Growth in Exports	Imports from Israel to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020-21	2701.49		1960.19		4661.68		741.30
2021-22	4796.13	77.54	3073.79	56.81	7869.92	68.82	1722.34
2022-23	8451.23	76.21	2323.19	-24.42	10774.42	36.91	6128.04
2023-24	4527.08	-46.43	2007.21	-13.60	6534.29	-39.35	2519.87
2024-25	2144.76	-52.62	1665.50	-17.02	3810.26	-41.69	479.26
Annual Compound Growth Rate		-5.61		-3.99		-4.92	

NOTE: Figures relate to Financial Year (April to March)

SOURCE: DGCI&S, M/oC&I

Figure 2



10. Additionally, from **Tables 4 & 5** presented below the following are stated:

a. **(i) Pearl, Precious, Semi-Precious Stones, (ii) Other Misc. Engineering Items and (iii) Rice-Basmati** occupied the top three slots in India's exports to Israel in FY 2024-25. **Pearl, Precious, Semi-Precious Stones** occupied the highest share of 27.38% in total exports from India to Israel in 2024-25.

b. (i) Pearl, Precious, Semi-precious Stones; (ii) Other Misc. Engineering Items and (iii) Electronic Components were the three major commodities in India's imports list from Israel in the year 2024-25. India imports a significant amount of Pearl, Precious, Semi-precious Stones from Israel with a share of 20.22% of total imports recorded in 2024-25.

TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO ISRAEL
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	PEARL, PRECS, SEMIPRECS STONES	837.76	1465.59	1268.98	783.47	587.29	74.94	-13.42	-38.26	-25.04
	Share in total export	31.01	30.56	15.02	17.31	27.38				
2	OTHER MISC. ENGINEERING ITEMS	90.99	114.75	136.47	163.26	105.77	26.11	18.93	19.63	-35.21
	Share in total export	3.37	2.39	1.61	3.61	4.93				
3	RICE -BASMOTI	52.38	50.22	64.46	59.53	100.53	-4.12	28.36	-7.65	68.88
	Share in total export	1.94	1.05	0.76	1.31	4.69				
4	CONSUMER ELECTRONICS	97.88	177.66	118.94	59.64	83.85	81.51	-33.05	-49.86	40.59
	Share in total export	3.62	3.70	1.41	1.32	3.91				
5	CERAMICS AND ALLIED PRODUCTS	39.43	38.94	67.01	85.21	80.31	-1.24	72.09	27.16	-5.75
	Share in total export	1.46	0.81	0.79	1.88	3.74				
6	COTTON FABRICS, MADEUPS ETC.	54.44	68.67	66.73	57.25	71.11	26.14	-2.83	-14.21	24.21
	Share in total export	2.02	1.43	0.79	1.26	3.32				
7	RMG COTTON INCL ACCESSORIES	39.49	58.42	66.23	56.15	71.02	47.94	13.37	-15.22	26.48
	Share in total export	1.46	1.22	0.78	1.24	3.31				
8	ALUMINIUM, PRODUCTS OF ALUMINM	46.47	93.86	49.16	42.37	67.13	101.98	-47.62	-13.81	58.43
	Share in total export	1.72	1.96	0.58	0.94	3.13				
9	AIRCRAFT, SPACECRAFT AND PARTS	45.29	50.29	37.07	44.06	54.28	11.04	-26.29	18.86	23.19
	Share in total export	1.68	1.05	0.44	0.97	2.53				
10	TELECOM INSTRUMENTS	13.67	31.75	35.37	26.07	44.94	132.26	11.40	-26.29	72.38
	Share in total export	0.51	0.66	0.42	0.58	2.10				

Total export to ISRAEL	2701.49	4796.13	8451.23	4527.08	2144.76	77.54	76.21	-46.43	-52.62
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NOTE: Figures relate to each Financial Year (April to March)

SOURCE: DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM ISRAEL
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	PEARL, PRECS, SEMIPRECS STONES	637.37	1320.27	761.58	476.84	336.73	107.14	-42.32	-37.39	-29.38
	Share in total imports	32.52	42.95	32.78	23.76	20.22				
2	OTHER MISC. ENGINEERING ITEMS	51.96	108.18	65.53	116.95	152.94	108.20	-39.43	78.47	30.78
	Share in total imports	2.65	3.52	2.82	5.83	9.18				
3	ELECTRONICS COMPONENTS	124.16	143.76	165.67	190.76	145.50	15.79	15.24	15.14	-23.72
	Share in total imports.	6.33	4.68	7.13	9.50	8.74				
4	FERTILEZERS MANUFACTURED	128.37	202.44	401.88	143.17	133.28	57.70	98.52	-64.37	-6.91
	Share in total import	6.55	6.59	17.30	7.13	8.00				
5	ELECTRONICS INSTRUMENTS	79.60	98.72	89.33	99.92	112.98	24.02	-9.51	11.85	13.07
	Share in total import	4.06	3.21	3.85	4.98	6.78				
6	TELECOM INSTRUMENTS	294.82	299.88	72.38	138.45	70.28	1.72	-75.86	91.28	-49.24
	Share in total import	15.04	9.76	3.12	6.90	4.22				
7	ALUMINIUM, PRODUCTS OF ALUMINM	31.71	48.32	44.88	62.65	65.19	52.38	-7.12	39.59	4.05
	Share in total import	1.62	1.57	1.93	3.12	3.91				
8	AGRO CHEMICALS	65.03	83.06	98.05	74.87	62.97	27.73	18.05	-23.64	-15.90
	Share in total import	3.32	2.70	4.22	3.73	3.78				
9	MEDICAL AND SCIENTIFIC INSTRUM	33.92	39.41	45.74	52.48	52.18	16.19	16.06	14.74	-0.58
	Share in total import	1.73	1.28	1.97	2.61	3.13				
10	CONSUMER ELECTRONICS	135.98	133.82	77.06	81.15	44.92	-1.59	-42.42	5.31	-44.65
	Share in total import	6.94	4.35	3.32	4.04	2.70				
	Total import from ISRAEL	1960.19	3073.79	2323.19	2007.21	1665.50	56.81	-24.42	-13.60	-17.02

NOTE: Figures relate to each Financial Year (April to March)

SOURCE: DGCIS, M/o C&I

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