



## OPPORTUNITIES OPPORTUNITIES OPPORTUNITIES

*The elimination or reduction of tariffs under the CIFTA has directly resulted in the freer flow of trade in a diverse array of industrial and consumer products, and Israel holds excellent opportunities for Canadian firms in key sectors.*

### **Information and Communications Technology**

Often referred to as "Silicon Wadi," Israel's ICT market is very competitive—a result of the presence of many multinationals, as well as Israel's own strong capabilities. The market nevertheless offers a wide range of business opportunities for Canadian companies, particularly those offering high-quality products. Many opportunities are associated with the government's plan to deregulate the telecommunications sector. The Ministry of Communications foresees a need for fixed wireless (an area in which Israeli companies have expertise and in which joint ventures are possible), cable telephony, fibre optics, broadband services, and 2G and 3G cellular frequencies.

### **Agriculture and Agri-food**

The CIFTA improved market access for 80% of agriculture and agri-food products, and negotiations are under way to further liberalize trade, with a view to strengthening Canada's competitive position with respect to that of other countries. Israel's agri-food imports amount to \$3 billion per annum, half of which consists of prepared foods and vegetables. The total value of Canadian exports over the last five years has exceeded \$50 million. Grains, pulses, processed food, pet food and confectionery products make up the majority of Canadian exports, but there are also opportunities in the areas of prepared foods, fish and seafood products, bakery products, frozen fruits and meals, and wines (particularly ice wine). Also presenting opportunities is the market for private-label products, which represents 5% of the major supermarkets' volume and is expected to double within the year.

### **Biotechnology**

The Israeli biotechnology market is a small, emerging, but highly competitive sector that holds significant opportunities for Canadian companies, particularly in joint-venture partnerships with Israeli biotechnology companies. Israel is expected to become a centre for the development of biopharmaceuticals and generic medicines. Best prospects are in bio-electronics, nanotechnology, pharmacogenomics, proteomics, bio-informatics and structure-based drug design. The Israeli government strongly supports the biotechnology industry with programs to match research funding, establish technology incubators, and encourage international cooperation.

### **Transportation**

The tremendous growth in Israel's population has placed a burden on the existing transportation infrastructure, and its upgrade and expansion are thus a key priority of the Israeli government. A major project already under way is the \$1.2-billion Cross-Israel Highway. The government has also started the tendering process for a project to build the \$1.5-billion Tel Aviv Metropolitan Mass Transit System. Canadian companies, whose capabilities are well recognized in Israel, are encouraged to partner with local firms to participate in the international tenders.

### **And Other Opportunities...**

**Aerospace** is a major industry in Israel, and Canada's excellent reputation in this market sector affords companies a variety of opportunities. Canadian sales of aircraft parts and engines to Israel totalled \$130 million in 2001.

The **construction** industry, accounting for 7% of GDP, is one of the central and leading sectors of the country's economy, and the market for building materials is estimated at \$3 billion. The elimination of tariffs on industrial products under the CIFTA has created significant opportunities for Canadian suppliers of construction components and hardware products.

Israel continues to be an emerging market for **environmental products and services**. Canadian companies can join consortia competing on future build-own-operate-transfer (BOOT) tenders for desalination plants, as well as BOT tenders for municipal wastewater plants and other types of waste facilities. All international tenders stipulate the requirement of having a local partner, and Israeli companies are very open to collaboration with Canadian companies, whose expertise in the field is well regarded.

### **Service Exports**

Service exports have also become an important component of our trade with Israel, particularly as the Israeli government moves to upgrade the country's infrastructure. Canadian firms have already found opportunities in transportation projects. Professional services such as engineering, education, architecture and building technology are other areas in which Canadian expertise can find success in this market.

## CANADIAN SUCCESSSES: THE COMPANIES SPEAK FOR THEMSELVES

*The figures demonstrating the CIFTA's success are indisputable, but no evidence is more compelling than the individual stories of Canadian exporters. In virtually every key sector, Canadian companies have seen their sales to Israel increase, or have gained a competitive edge, or have even been able to penetrate the market at all, thanks to the implementation of this Agreement. Here are just a few of the many Canadian successes in Israel.*

For **Heinz Specialty Pet Foods** (a Division of HJ Heinz Canada), sales soared after the CIFTA came into force. The company has been selling its specialty products through an Israeli distributor for 12 years. "For the first eight years growth was good, but not remarkable," explains Colin Flint, Sales Representative for Europe and the Middle East. "But in the last four years, we've seen very high growth in Israel, to the point where last year we doubled our sales." Flint attributes Heinz's recent soaring sales to the CIFTA, which significantly reduced duties on pet foods.

**Loblaws President's Choice** products took Israel by storm when they were first introduced, and they have now reached 8% penetration of private-label sales, through their distribution in Club Market supermarkets. That level of penetration was facilitated by the CIFTA, which reduced duty rates on a range of agri-food products and allowed Canadian products to compete with local and U.S.-made products.

The CIFTA also created a more level playing field for cable connector manufacturer **Stirling Connectors Ltd.** "Our major competitors, who are from the U.S., were already benefiting from a U.S. trade agreement with Israel," explains Stirling's Vice-President Bruce Buck. "So the CIFTA put us on a more even footing, price-wise; it was a great help." Stirling also had the flexibility and ability to meet its Israeli customers' stringent technical requirements. As a result, the company has a lucrative and ongoing contract to provide cable connectors to Israel's new major satellite television project, YES.

For **Thyme Maternity International Inc.**, the existence of the CIFTA was the most important factor in the choice of Israel as one of the first global markets for its unique retail brand concept. "There are tremendous difficulties shipping merchandise across most boundaries. The CIFTA allows our Canadian-made apparel to flow freely at a minimal rate," explains Thyme's Director for International Licensing, Clifford Halickman, adding that Israel also has the advantage of having a retail environment and business practices similar to Canada's. A major Israeli retailer is now operating a Thyme Maternity retail shop within its existing network of stores.

The existence of the CIFTA has also raised awareness of Canadian capabilities generally, and there is no doubt about the capabilities of the **Canadian Highways International Consortium (CHIC)**, which built Ontario's 407 ETR, the world's first all-electronic toll highway. At the same time the CIFTA was being negotiated, the Consortium was invited to Israel to present its unique system, and subsequently became part of an international consortium awarded the \$1.2-billion Cross-Israel Highway project. "The existence of the Agreement helped to build a strong relationship between Canada and Israel, which then facilitated our getting the project," says CHIC President John Beck.

### FOR MORE INFORMATION...

For more information on the CIFTA and the Israeli market, visit the Web site of the Canadian Embassy in Tel Aviv at [www.dfait-maeci.gc.ca/telaviv](http://www.dfait-maeci.gc.ca/telaviv) or contact **Suzanne Szukits**, Senior Trade Commissioner, e-mail: [suzanne.szukits@dfait-maeci.gc.ca](mailto:suzanne.szukits@dfait-maeci.gc.ca)

Through its Market Research Centre and offices abroad, the Canadian Trade Commissioner Service has prepared more than 600 market studies, which are available for free on its Web site. Visit [www.infoexport.gc.ca](http://www.infoexport.gc.ca) to access market studies and other information to help you explore specific business opportunities in Israel and other global markets.