

**Wednesday 22nd May 2019**

**Cross Party Group on Building Bridges with Israel**

MSPs: Jackson Carlaw (JC), Bill Bowman (BB), Allison Harris (AH), Maurice Corry (MC)

Attendees: 23 in total.

**1. Presentation by Yael Mevorach on the Israeli Economy**

Yael presented on the topic of how the Israeli economy has been developed and developing successful economies in general.

- History: the early years of building a nation, noting much of Israeli law was based on British laws, which meant a lot of unions were formed
- The implications of conflict: much of Israeli resource was invested in defence
- Immigration waves of Jews from Europe, Africa, the Middle East and ex USSR led to significant population growth and brought with it some challenges
- 80s Stabilization plan: Israel almost went bankrupt in 1985, which was prevented via a reduction in subsidies, wage freeze and controlling public expenditure
- Modern day: real growth rate is 3.3%, the GDP per Capita is slightly lower than OCED, Israel is now a net exporter
- General government expenditure: the size of government spend has been shrinking, defence expenditure has been reduced
- In the last 30 years, Israel's population has doubled
- High Tech: the sector makes up 12% of Israel's labour force
- Acceptance of failure and taking risks are seen as key to the innovation system
- Decision was made that 60% of natural gas must remain in Israel and only 40% can be exported

- Some challenges include rising house prices, which have doubled in the past 10 years, with an under developed rent market
- There are also challenges around inequality, particularly affecting Arab Israelis (especially women) and Ultra Orthodox (especially men) in the labour market. Yael highlights that their participation is key for continued growth.

## Q&A

Jackson Carlaw (JC) thanked Yael and noted there are lessons for Scotland here. JC asked a question about age ranges of people who immigrate into Israel, YM confirmed these were mostly families and people of working age.

- There was a question around the Arab Israeli population challenge. YM responded that there is a need for improvements in infrastructure, education and dealing with the mismatch of skills (such as there being an excess of people qualified as teachers).
- A question was asked around the benefits of national service.  
YM responded that many skills learnt in the military are a basis for start ups, but noted that starting higher education studies at an earlier age may also be beneficial for improved GDP growth.
- Question around the role of overseas charities.  
YM noted that foreign aid has been helpful, particularly around dealing with defence concerns, and that there is a view that the Israeli government need to increase spending on education and healthcare, while noting the political concerns around raising taxes
- Final question around the daily flow of people entering from the West Bank.  
YM responded that the numbers are not very high and there has been a dramatic decrease in recent years.

## 2. Presentation by Hugo Bieber, UK-Israel Business

- HB defined some the ingredients to Israel's success as: young country, high immigration, unfriendly neighbours.

- Israel's innovation secret is a focus in connectivity, sharing knowledge and government funding with a willingness to take risks
- HB notes the immigration from the Soviet Union included a highly skilled workforce
- Army service means people are used to working in teams in an environment which is difficult to replicate
- Healthcare: expenditure is lower than UK and US, though life expectancy is higher. HB talked a little about the digital healthcare landscape.
- What's next? – increasing UK/Israel business links via events in the UK, the tech hub at the British embassy in Tel Aviv, a desire to learn more about the key drivers in using innovation to create jobs

## Q&A

JC thanked Hugo and noted the unique Israeli mentality and focus.

- Alison Harris MSP asked about the level of welfare state.  
Yael responded that there are benefits such as state pension and child benefits.  
Hugo noted that the healthcare system is quasi privatised, with everyone having health care but there being a choice of providers
- Question around the extent of regional collaboration  
HB responded that there is likely more than is made public, with scope for more work with the Arab world.
- Question around the role of UK-Israel Business  
HB explained that UKIB act as a chamber of commerce between the two countries.  
They are a membership based organisation who help Israelis come to the UK and grow here.  
HB elaborated that this is his second trip to Scotland and he sees synergies between Scotland and Israel, with a number of the required ingredients to create a tech hub.
- JC asked how you engage with people and get them to listen on this topic  
HB noted the effort must be cross party, and that business brings people together.
- Question around the threat of BDS

HB responded that this is less of a concern at boardroom level, and doesn't believe this has impeded things from a business perspective, as CEOs are keen to hear about innovation and where they can get an edge in business

Jackson Carlaw closed CPG by thanking both speakers and participants for interesting insights a fruitful discussion.