

**Exhibit 1 – Justification for Israel Mission**

**Broward County Office of Economic Development and Small Business  
Development (OESBD)  
Justification for Broward County’s Participation in the Governor’s Business  
Development Trade Mission to Israel  
May 25 – 31, 2019**

***Introduction/Background***

Israel’s market represents vast opportunity for Broward companies interested in increasing their footprint in the Middle East. The United States is Israel’s single largest trading partner. Since signing the Free Trade Agreement (FTA) in 1985, U.S.-Israel-trade has grown eight-fold. Nearly all non-agricultural trade tariffs between the United States and Israel have been eliminated since 1995. In 2017, Per Capita GDP (PPP) increased from \$37,269 in 2016 to \$38,427. Israel’s 2017 inflation rate was 0.4 percent, up from -0.2 percent, in 2016. Inflation forecast for 2018 is 1.1 percent. Israel’s 2017 unemployment rate (working age population 15+) was 4.2 percent, compared to 4.8 percent in 2016. Unemployment rate was 3.7 percent among working age population 25-64.

Exports of U.S. goods to Israel in 2017 were \$12.5 billion, compared to \$13.2 billion in 2016 and \$13.5 billion in 2015. U.S. imports of goods from Israel were \$22.37 billion in 2017, \$22.63 billion in 2016 and \$24.91 billion in 2015. Exports of U.S. business services to Israel in 2016 were \$3.18 billion. Imports of business services from Israel were \$10.75 billion, including \$5.3 billion in Research and Development services.

In FY18, total exports with Israel from the State of Florida was \$399,950 with top exported products including civilian aircraft, engines and parts, diamond and electric apparatus. Israel is Port Everglades’ 55<sup>th</sup> trading partner with \$40.61 million in total trade in value for FY18.

***BEST EXPORT OPPORTUNITIES TO ISRAEL:***

Israel has a strong economy, led by an export-oriented high-tech sector and a spirit of innovation that continues to attract U.S. companies. The market is primed for U.S. manufacturers of high-end equipment with technology advantages over competition and for components that can be integrated into Israeli systems, either for domestic use or for re-export. In 2017, Israel imported \$28 billion worth of raw materials (excluding diamonds and fuels) from around the world, one-third of which was destined for the industrial equipment and electronics industries. The remaining raw material imports were chemicals, raw food products, rubber and plastic, and iron and

steel. Imports of consumer goods were \$13 billion, including furniture & electrical equipment, food & beverages, clothing & footwear, transport equipment and medicines. Israel's global imports of capital goods were \$12 billion, including machinery & equipment, passenger cars for business, trucks, pick-ups & buses. Israel also imports business services, mainly from the United States and from Europe. In 2017, imports of business services from the United States accounted for 28% of total business services imports, at \$3.1 billion.

Key target sectors for U.S. exports include safety & security, healthcare, information, and communication technologies and defense.

**Safety & Security:** Israel is a cutting edge \$1.5 billion domestic market. Imports account for an additional \$1.2 billion, with the U.S. market share at about 50%. The market remains primed for U.S. manufacturers of high-end equipment and components that can be integrated into Israeli systems, either for domestic use or for re-export.

**Healthcare:** In 2017, total imports of health care products (device and pharma) were \$3.8 billion, with the U.S. capturing a 14% share.

**Information & Telecommunication Technologies:** Israel remains a hi-tech center for global design and R&D, providing significant opportunities for U.S.-Israel commercial partnerships and joint ventures. Israeli companies are taking a leading role in developing IT security, cybersecurity solutions, cloud computing, business intelligence, virtualization, e-government, and internet applications.

**Aerospace and Defense:** Israel's well-developed aerospace and defense sector is a blend of military and commercial activities. Its ties with U.S. industry are strong and well developed. Israel's defense budget is estimated at \$20 billion annually (6 percent of GDP) and is 14th highest in the world.

Below is a table of leading sectors, according to the U.S. Commercial Service, for Florida exports to India and the approximate number of corresponding firms in Broward County:

<b>Leading Sectors:</b>	<b>Approximate Number of Firms in Broward*</b>
Healthcare and Medical Devices Manufacturers & Distributors	621
Aviation and Aerospace	51
Automotive Aftermarket Parts & Equipment	497

Education Services	1,829
Energy, Renewable Energy & Environmental Technologies	46
Agriculture	139
Information Communication Technology ICT	996
Safety and Security	180
Travel and Tourism	807

\* Census Bureau and Reference USA

Several of the leading sectors listed are also Broward County targeted industries. Promotion of international trade is consistent with the Broward County Commission’s Value of “Ensuring economic opportunities for Broward’s diverse population and businesses” as well as OESBD’s mission to grow targeted industries in the county.

The four leading sectors in which Broward County has the greatest number of businesses are **education services, information communication technology, travel & tourism** and **healthcare and medical devices**. Opportunities for these sectors are detailed below. This information is available in the U.S. Country Commercial Guide for Israel and is published by the U.S. Embassy in Israel.

***Educational Services:***

Israel is the second most educated country in the world, which suggests that it is home to prospective international students of the highest quality.

Today, Israelis are looking to broaden their horizons both professionally and personally and are investigating opportunities to study abroad. In 2017/2018 there were 2,327 Israeli students studying in the United States.

Israeli students typically apply for law, psychology, business administration, medicine, and veterinary medicine, engineering and fields that are not offered as BAs in Israel such as hotel administration, advertising, art and therapy. Short-term or non-degree study includes fields such as English language, culinary arts, sound engineering, jazz or acting, architecture and institutions offering sports scholarships. Popular majors include: business administration, law, clinical psychology, industrial/organizational psychology, culinary arts, film, music, video editing, advertising, international relations, computer sciences, engineering, architecture, mass communications, pre-med, and life sciences. Increasingly popular is ecology, environmental sciences, make-up artistry, image consulting, drug and substance abuse counseling, and various expressive therapies.

Best prospects for U.S. educational institutions are to offer a degree integrated with practical work experience.

### Exchange Programs and Cooperative Agreements

There has been a growing trend by U.S. schools signing cooperative agreements with selected Israeli universities and colleges in an effort to attract graduate and post-doctoral students to their institutions and to work on collaborative research and development projects in areas of common interest.

### Digital learning

The era of the internet has allowed for access to many areas of knowledge through digital means that are not necessarily a formal classroom. To prepare for the changes, digital courses have become an effective way of improving the quality of education and the educational experience as well as a way of making education more accessible. To become a part of this global revolution, a connection was made between the edX Project, backed by Harvard, MIT, and the State of Israel through a national initiative called Digital Israel at the Ministry for Social Equality. The connection permits academic institutions in Israel to place courses appearing under the caption IsraelX on the international edX platform. Additionally, edX assisted in establishing an Israeli platform – Campus – on which courses at Israeli academic institutions may also be made accessible. The CHE will be investing NIS 120 million in the coming years, which will include grants to produce very high-level online courses. The online courses will make all of the knowledge in the system of higher education accessible to students in Israel and worldwide as well as to many populations that are not able to visit the institutions themselves.

### Entrepreneurship and Innovation

The establishment of “New Centers” for entrepreneurship and innovation on campuses in Israel is intended to allow students to take part in active learning while turning the academic institution into a place where ideas could be realized. To do so, centers for entrepreneurship and innovation will be established on campuses at which students from various disciplines can receive entrepreneurship training and can work together with lecturers and researchers along with the assistance of professional mentors to move forward important projects of significance to society, the economy, health, and more. The entrepreneurship centers will utilize the campus to create an innovative ecosystem that encourages creativity, that brings down barriers, and connects academia to industry.

Broward’s educational institutions and learning centers can take advantage of these opportunities as well as create partnerships with educational institutions in Israel.

***Information Communication Technology:***

Throughout the years, Israel has become an ICT hub where the ICT industry represents an estimation of 4,467 companies and covers the fields of telecommunications, semiconductors and components, software, internet services, and cybersecurity.

The country has attracted a great deal of attention from global technology leaders. Many companies, including HP, IBM, Microsoft, Oracle, and Sun have established operations and manufacturing centers in the country. This has resulted in a growing number of Israeli companies in internet-related areas making successful exits.

Sub-sectors include: software development, semiconductors and telecommunication.

Broward's ICT & IT businesses can take advantage of these opportunities by building strategic partnership with technology companies in Israel.

***Travel & Tourism:***

The Israeli outbound travel market grew 12 percent in 2017, accounting for 7 million departures by Israelis by air. The increase in departures has been consistent in the past 5 years, mostly attributed to a favorable exchange rate, an expansion of the "Open Skies" policy and the growing market presence of low-cost airlines that offer low fare, non-direct flights from Israel to the United States. The larger share of air departures is short hauls (1-4 days). About 40 percent of departures are in the range of 5-9 days. Only 7 percent of total departures are for 10 days or longer.

Israel's outbound travel market to the United States declined in 2017 to 350,000 entries. According to industry sources, the decline in the number of Israeli arrivals to the United State can be linked to the growing attractiveness and offerings of Asian destinations, including China, India, Thailand, Vietnam, and Japan. Until 2017, Israel has been a growth market for the U.S. travel industry in terms of arrivals to the United States and spending due to a strong trade, business, security and R&D activities between the two countries. To regain market share and attract Israeli travelers, U.S. destinations and travel service providers should engage in direct marketing and promotion to local consumers, through social media and other digital means.

United Airlines, American Airlines, Delta and Israeli EL-AL airlines operate multiple daily direct flights from Tel Aviv to New York, Philadelphia, San Francisco, Boston, Miami and Los Angeles. European airlines offer competitive prices and routes to the U.S. via Europe. Over 500 travel agents and about 12 wholesale operators are active in the Israeli outbound travel market. Most operators are conservative in selecting new travel products or expanding beyond popular destinations.

The most popular activities while in the United States are shopping, dining, attending sports events, music festivals, museums, concerts, and performing arts. Israelis are also attracted to trendy accommodations such as boutique hotels and bed & breakfasts in exotic sceneries. Wine tours that include specialized culinary experiences, topped by outlet shopping and sports/arts performance would make the highlight of any trip.

Israeli tour operators and media representatives attend the U.S. Travel Associations' International Pow Wow (IPW) yearly to meet suppliers and to expand their offerings. Boutique hotels, ground transportation, culinary tours, outlet shopping, music festivals, family travel destinations and cultural events may find opportunities in Israel, especially by offering quality products and flexibility.

Broward's travel industry can take advantage of these opportunities to attract more tourists from Israel.

### ***Medical Devices and Healthcare:***

Israel's healthcare technologies market is estimated at \$5.8 billion, of which devices account for \$2 billion and pharma \$3.8 billion. Imports make up over 65% of the device market and about 43% of the pharma market. Top medical device imports are surgical instruments and other medical electronics, lab reagents, diagnostic equipment and catheters. Top pharma imports include medicaments in measured doses for retail sale, antisera and blood fractions and immunology products. The United States is Israel's largest single-country source of medical devices and fourth largest source of pharmaceuticals, preceded by Switzerland, the Netherlands and Belgium. Total imports of medical devices from the United States to Israel in 2017 accounted for \$250 million. Total imports of pharmaceutical products from the United States to Israel in 2017 accounted for \$280 million.

Israel's public healthcare system is well-advanced by international standards. Israel spends 7.5% of its GDP on the public healthcare system, providing a universal healthcare coverage to its entire population via four health management organizations and a network of hospitals, community clinics and specialized doctors. Israeli healthcare facilities are modern and are open to adopt new, cost effective technologies and procedures. Many Israeli doctors receive training in the United States and maintain personal and professional relationships with U.S. colleagues at major medical centers. Israel's healthcare policy makers have been focusing on promoting healthy nutrition and lifestyle, preventive medicine and screening.

Israel is a sophisticated and mature market. U.S. suppliers face intense competition and should therefore be ready to compete and support their local distributors

through educational presentations, material and lobbying/advocacy. Major multinationals and large companies have established direct sales and marketing offices in Israel. Other exporters operate through local distributors. There are hundreds of medical distributors that are well-established throughout the country.

Leading Sub-Sectors

Israel has a growing elderly population and limited resources. As a result, the demand is for cost-saving products and for products that help patients monitor their health at home. Wound care, advanced diagnostics and minimal invasive procedures continue to be a high priority in the public healthcare market. In addition, a well-developed private sector health care in the areas of dental, eye laser surgery and plastic/aesthetic surgery keep up the demand for advanced medical instruments and appliances.

Opportunities exist also in further advancing drug monitoring and disease surveillance. Other best sales prospects include minimally invasive surgical instruments and technologies that are integrated with imaging capabilities, cardiology equipment, equipment and supplies for plastic surgery, smart implants, dental instruments, equipment and technologies for pain management, physiotherapy, ozone & oxygen therapy, OR equipment & cost-saving, single-use products, point of care diagnostic kits and wound management technologies.

Broward's life science businesses including pharma and medical device manufacturers/distributors can take advantage of these opportunities as well as other opportunities that are available to furnish the existing and new hospitals in Israel.

Based on the opportunities outlined above, OESBD recommends that Paola Isaac Baraya, Economic Development Specialist for International Trade, participate in this trade mission.

***Governor DeSantis Business Development Trade Mission to Israel***

Governor DeSantis will be leading a delegation of diverse and accomplished business, political and academic leaders from across Florida on his administration's first business development mission to Israel. While there, the Governor and members of the Florida Cabinet plan to meet at the U.S. Embassy in Jerusalem. The mission will foster strategic business partnerships to strengthen the economic bonds between Israel and Florida as well as connect Israeli and Florida academic institutions to help facilitate scientific solutions for Florida's environmental challenges. The Governor also announced that he will be the keynote speaker at the 2019 Israel-

American business summit, hosted by the federation of Israeli chambers of commerce and the U.S. Embassy in Israel.

***Mayor's Participation in this Business Development Trade Mission***

Benefits of attendance in this trade mission include participation in strategic meetings with government officials, key trade organizations and the private sector to work, build and strengthen ties with Israeli government agencies and associations at the national, state and local levels to identify future export opportunities for Broward County firms.

Tentative Meetings and Mission's Goals & Objectives

1. One-on-one meetings with the key government officials, economic, trade and industry organizations/associations and buyers to find export opportunities for Broward County businesses and increase our bilateral trade ties with Israel.
2. Invite key officials and a business delegation to participate at FITCE 2019