

ГБОУ «Академическая Гимназия № 56»

Исследовательская работа

Israeli external markets (Demand - supply)

выполнила ученица 10-а класса

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Objectives and goals of the study

- to analyze the evolution of Israeli economy from the first years of Jewish settlements in Palestine till present time.
- to highlight the recent economic collaboration and import-export ties between the Israeli state and Russian Federation
- to contemplate possible further steps in developing economic linkages between Israel and Russia

Introduction

Economic relations between Israel and the Russian Federation have gone through a long and difficult path, starting from the military and economic assistance of the USSR to the young independent state, through years of alienation and non-recognition of each other, through large emigration to Israel, and finally, after the restoration of diplomatic relations in 1991, through a gradual increase in political and economic ties, including the diversification of trade between our countries.



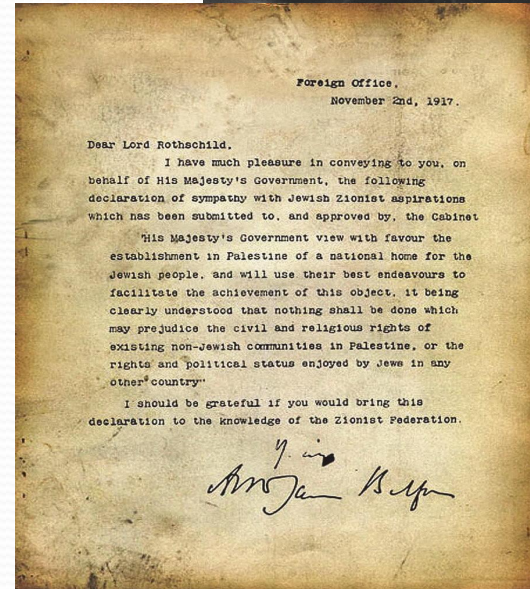
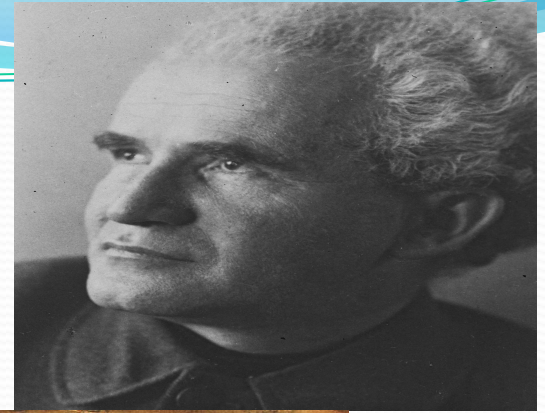
The history of the Israeli economic



The instrument for carrying out this line was the "Histadrut" (General Federation of Workers of Israel), organized in 1920. Formally a trade union association, the "Histadrut" actually dealt with a wide range of issues—from investment activities to the organization of the security system. Under the auspices of this organization, one of the largest banks in Palestine ("Bank Apoalim" - "Workers' Bank"), — a fund for financing and managing large industrial and

History of Israel

At the end of World War II, the British mandate to govern Palestine was still in force. Implementation of the Balfour Declaration. The realization of the «Balfour Declaration» of 1917 on the creation of a Jewish national hearth in Palestine led to emigration in the 1920s and 1930s. By the start of World War II, the Jewish population of Palestine had reached half a million and by the end had reached 600,000 This caused extreme discontent among local Arabs, who demanded that the British government stop Jewish immigration. The leaders of the Jewish community in Palestine, in particular David Ben-Gurion, decided to adopt offensive tactics in the struggle for elimination. the British Mandate on Palestine. Since the end of 1944, they have launched a massive campaign of civil disobedience.



Israeli independence

In 1948, the Jewish Community in Israel under the leadership of David Ben-Gurion reestablished sovereignty over their ancient homeland. Declaration of independence of the modern State of Israel on May 14, 1948, the day that the last British



First years of independence

In the first years of independence, the state of the economy was influenced by the following major factors

- allocation of a huge share of the state budget for defense needs (for example, in 1952 — 37 %);
- critical dependence on external sources of financing;
- foreign exchange deficit and rising external debt;
- budget deficits and strong inflation;

- unemployment of up to 10 % of the total labor force in the country;
- high share of employees in the service sector — more than 50 %;
- dependence of the business sector on administrative and political decisions of the government.

Economic recession

The negative trends that had intensified by 1972 were overlaid by the Yom Kippur War and the subsequent Oil Crisis of 1973. The country's economy has entered a period of recession. Inflation in 1973 was 20 % and reached 44 % by 1977. The growth of GNP in these years was 3-4 %, which was approximately equal to the increase in the population. The volume of capital investment and construction decreased, showing negative growth for the first time

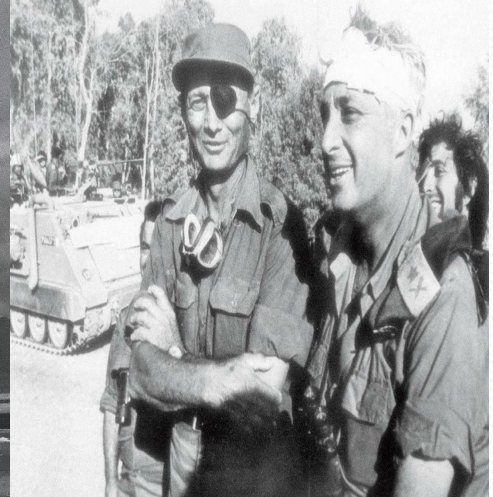


The lira's exchange rate was fixed, and set by the government. In an attempt to improve the trade balance, devaluation was made in 1974 from 4.2 to 6 liras per US dollar. In addition, different exchange rates were set for different activities, which included a hidden tax or subsidy, depending on the state's policy. Since 1975, there has been a policy of "creeping devaluation» the gradual depreciation of the lira at a slow pace. In 1977, economic and social problems were one of the factors that led to the party "Avoda", for the first time since the formation of the state, was defeated in the elections and lost power to the Likud party.

Arab-Israeli wars

A day after the declaration of independence of the State of Israel, armies of five Arab countries, Egypt, Syria, Transjordan, Lebanon, and Iraq, invaded Israel. This marked the beginning of the War of Independence. Arab states have jointly waged four full-scale wars against Israel:

- * 1948 War of Independence
- * 1956 Sinai War
- * 1967 Six Day War
- * 1973 Yom Kippur War





Despite the numerical superiority of the Arab armies, Israel defended itself each time and won. After each war Israeli army withdrew from most of the areas it captured. This is unprecedented in World history and shows Israel's willingness to reach peace even at the risk of fighting for its very existence each time anew.

Note that with Judea and Samaria Israel is only 40 miles wide. Thus, Israel can be crossed from the Mediterranean coast to the Eastern border at Jordan river within two hours of driving.

Kkibbutz- a way to socialism?

Up to 50 percent of agricultural production in Israel is still produced in kibbutzim - small collective settlements, much like Soviet collective farms. Such associations are based on classical socialist principles - joint ownership of property and equality of all members of the community. The first kibbutzim were organized in early 20th last century and still are the symbol of Israel for many outlanders.

The first Kibbutz

The population of a kibbutz is usually several hundred people employed in agriculture or industry. "Kibbutzniks" as they're called here the members of the communes, work on dairy farms, fruit gardens and even outside the territory of the settlement, folding all their earnings into a common pot. The kibbutz administration then pays each member of the community the same monthly salary, regardless of what they do and how much money they contribute to the general budget.



Nowadays kibbutz

Today, there are 274 kibbutzim in Israel, which are home to about 150 thousand people - less than two percent of the country's population. Although the number of kibbutz residents is constantly decreasing, the communes continue to attract foreign tourists who want to see the unique settlements with their own eyes.



Restoration of diplomatic relations between Israel

On June 10, 1967, diplomatic relations were severed at the initiative of the USSR in connection with the beginning of the Six-Day War. They were restored on October 18, 1991. According to the Israeli diplomat Anna Azari, " In 1985, the first secret negotiations of Israel with the USSR began. They were conducted through Gennady Tarasov. In 1988, the first Israeli delegation went to the USSR" On December 18, 1991, Soviet Ambassador Alexander Bovin presented his credentials to Israeli President Chaim Herzog.



Israeli export today

Exports of goods and services assessed 115 571 500 000 \$ (USA) in 2019 includes all transactions between residents of the country and the rest of the world with changes in ownership of goods, net exports of goods for resale abroad, non-monetary gold, and services from residents to non-residents. The data is presented in current US dollars. Exports of goods totals \$ 60 billion, export of services - \$ 55 billion.

Israel is among the top three world leaders in the production and export of black sturgeon caviar. The country has also established a full cycle of production and export of caviar, from the fish to the consumer. The Israeli caviar industry is a significant part of the country's economy, and it is a source of pride for many Israelis. The industry is also a source of employment for many people in Israel, and it is a source of income for many people in Israel. The industry is also a source of income for many people in Israel, and it is a source of pride for many Israelis.



Food products from Israel (national products)

Falafel (פלאפל),

Hummus (חומוס)



Shakshouka, a dish of eggs baked in spicy tomato sauce (שקשוקה), the Jahnun, the pastry (ג'חנון)



Fresh juice (סחוט טרי)



Coffee (קפה)



Pomegranate



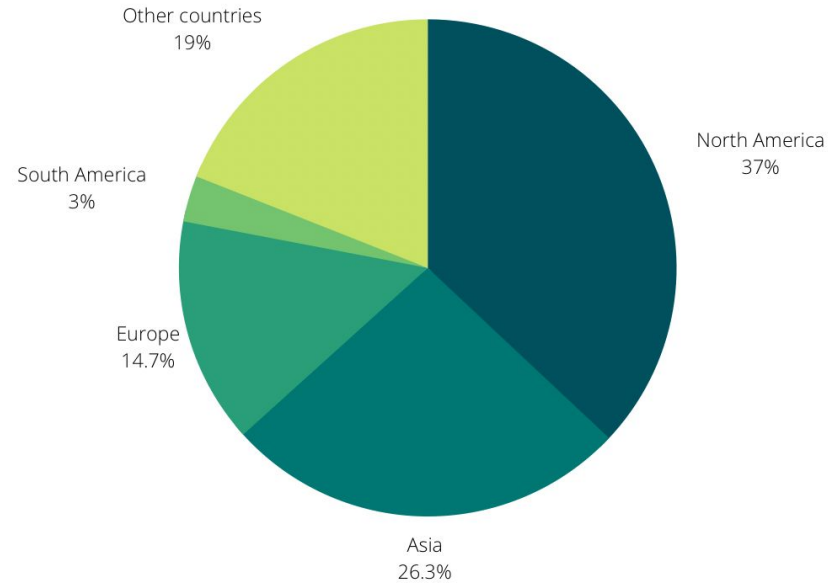
Export to country

North America 37% (USA)

Asia 26.3% mainly to
China, Hong Kong,
Palestine, India, Turkey

Europe 14.7% mainly to the
Netherlands, Germany,
France, Italy

South America 3% Brazil



National drink - S

The most popular Israeli alcoholic drink is Sabra. It was discovered in 1963 by Charles Bronfman. At the international competition of alcoholic beverages and wines, this liqueur was awarded three medals in different categories, becoming the leader among tourist presents. For the production of Sabra, selected kumquat fruits are used, which are soaked in a special technology in a three-year-old brandy. The liquor bottle was also chosen for a reason - its shape is identical to the Phoenician wine flask, which is located in the Tel Aviv Museum of the Land of Israel.



Products for export

Tropical fruits – \$ 261 million

Vegetables - 206 million

Citrus fruits-208 million

Rice-32.5 million

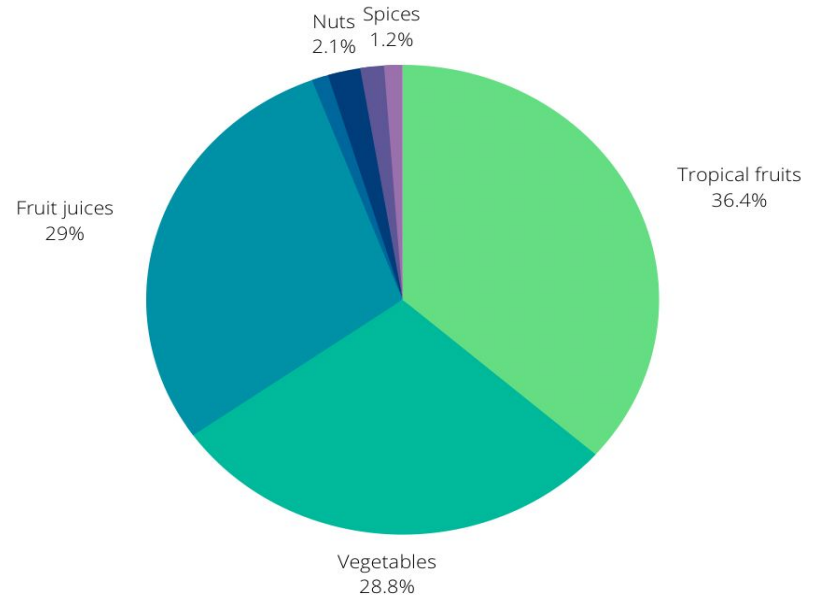
Vegetable juices – 24.7 million

Pepper-7.5 million

Nuts-14.7 million

Coffee -10.7 million

Buckwheat -30.3 million, Spices-8.3 million



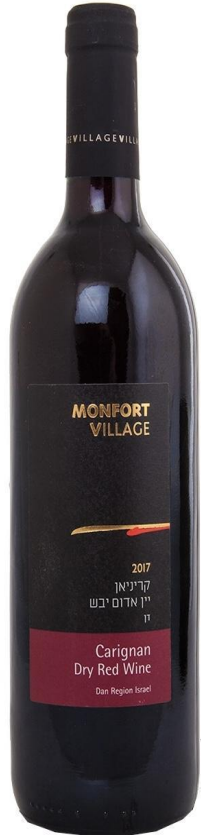
Famous dish - falafel

Falafel is a real culinary symbol of the country, and not just a traditional dish of the nation. Israelis start the day with falafel and end it with falafel. And they set the tables for the holidays with falafel. The dish is a small shiriki of chopped chick peas, deep-fried-falafel is served with sesame sauce and vegetables. In addition to the dish, a thin pita bread is served. Many people like falafel because of its simplicity of preparation, pleasant taste and a sense of satiety. Falafel is considered the progenitor of modern fast food.



Food processing industry

Israel has a special attitude to wine, so this country is deservedly recognized as the center of world winemaking. For Jews, grapes and wine from them mean much more than fruit and alcohol: it is a divine drink, worthy of participating in church communions, at Sabbath meals and accompanying church sacraments. In total, Israel has about 4,000 hectares of vineyards and more than 150 wineries. The Israeli wine market exceeds an annual turnover of \$ 200 million. Per capita consumption of



Agricultural industry

For Israel, despite the lack of water resources, a small area for cultivation and desert areas, it provides 95% of the population with all the necessary agricultural products. In addition, grapefruits, tangerines, lemons, fresh vegetables and fruits, and sweetie (a hybrid of grapefruit and pomelo fruits created by Israeli geneticists) are exported from Israel. Agricultural products accounts for 2.5% of GDP and 3.8% of total food exports. Israel imports sugar, coffee, meat, oilseeds, cocoa and grain.

Israel does not import pork – it is prohibited. The population eats only Israeli local pork.

Fishing industry

Fishing plays an important role in the Israeli economy: with access to two seas, Israel's fish catch consists of sturgeon, carp, salmon, sardines and many other valuable species. In addition to the sea, the Israelites develop fishing in the freshwater Kinneret. Israel is the only state in the world that, without access to the Caspian Sea, which produces sturgeon. Black Israeli caviar at a price of up to \$200 per 100 grams enters the markets of America, Canada and Europe. It is sold even to Russia, the world sturgeon center. Not so long ago, just 10 years ago, Israel bought fertilized sturgeon caviar in Astrakhan, raised large sturgeons and increased their population thousands of times, creating ideal conditions for them in Kibbutz Dan. Israeli caviar is known as the "caviar of Galilee".



Cooperation with the Russian Federation in the Framework of the food market (export/import)

9.10% - export of Russian goods to Israel: food and agricultural raw materials

0.4680% - volume of Israeli-Russian foreign trade relations in 2018

Israel ranked 41st in Russia's trade turnover in 2018

0.5147% - Israeli share in Russia's exports in 2018

Israel took the 39th place in terms of participation in Russian exports in 2018

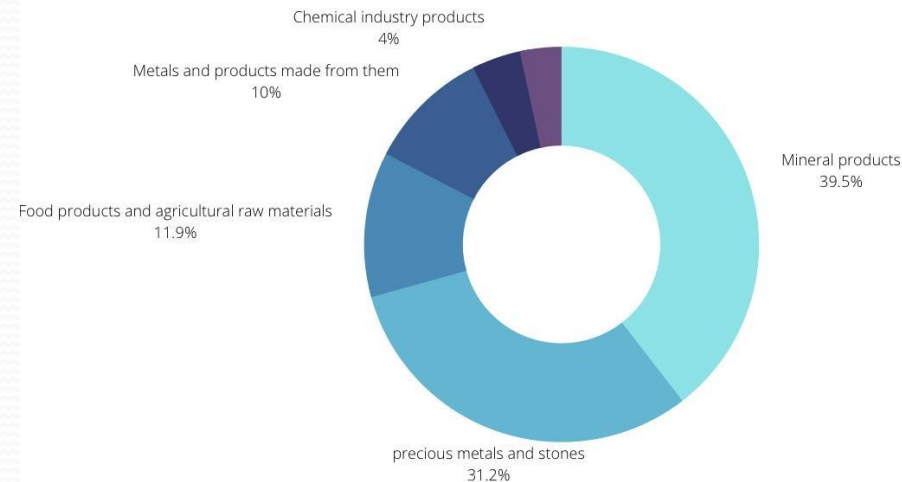
\$96.7 million total grain exports from Russia to Israel in 2018

\$156.1 million total export of vegetables from Israel to Russia in 2018

Russian export to Israel

In the structure of Russian exports to Israel in 2018, the main share of deliveries fell on the following types of goods:

- Mineral products - 38.59% of the total volume of Russian exports to Israel (in 2017-39.31%);
- * Precious metals and stones - 30.45% of the total volume of Russian exports to Israel (in 2017-31.73%);
- * Food products and agricultural raw materials - 11.60% of the total volume of Russian exports to Israel (in 2017 - 9.80%);
- * Metals and products made from them - 9.79% of the total volume of Russian exports to Israel (in 2017 - 8.80%);
- * Chemical industry products - 3.90% of Russia's total exports to Israel (in 2017-3.89%);
- * Wood and pulp and paper products - 3.32% of the total volume of Russian exports to Israel (in 2017 - 3.10%).



The largest increase in Russia's exports to Israel in 2018 compared to 2017 was recorded in the following commodity groups •

* Mineral fuel, oil and products of their distillation; bituminous substances; mineral waxes-an increase of 99,243,178 US dollars;

* Natural or cultured pearls, precious or semiprecious stones, precious metals, metals clad with precious metals, and articles thereof; costume jewelry; coins-an increase of \$ 65,388,033;

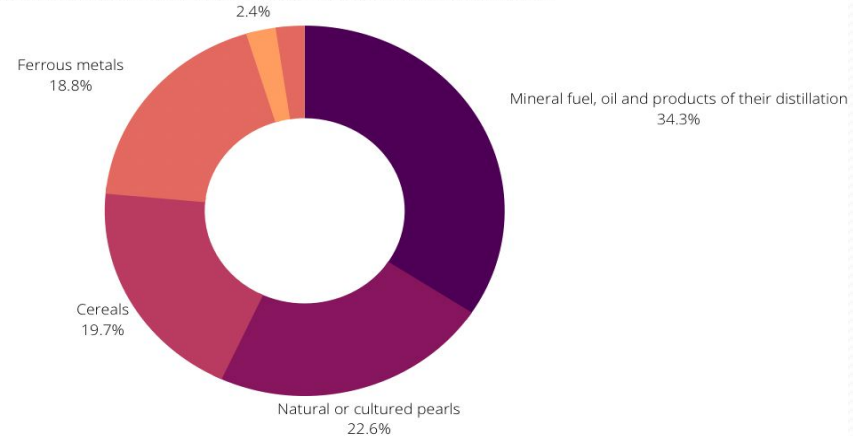
• Cereals - an increase of 56 939 871 USD. USA;

• Ferrous metals - an increase of 54 446 036 USD. USA;

* Products of inorganic chemistry; inorganic or organic compounds of precious metals, rare earth metals, radioactive elements or isotopes-an increase of US \$ 6,936,777;

* Paper and cardboard; paper pulp, paper or cardboard products-an increase of \$ 6,768,984;

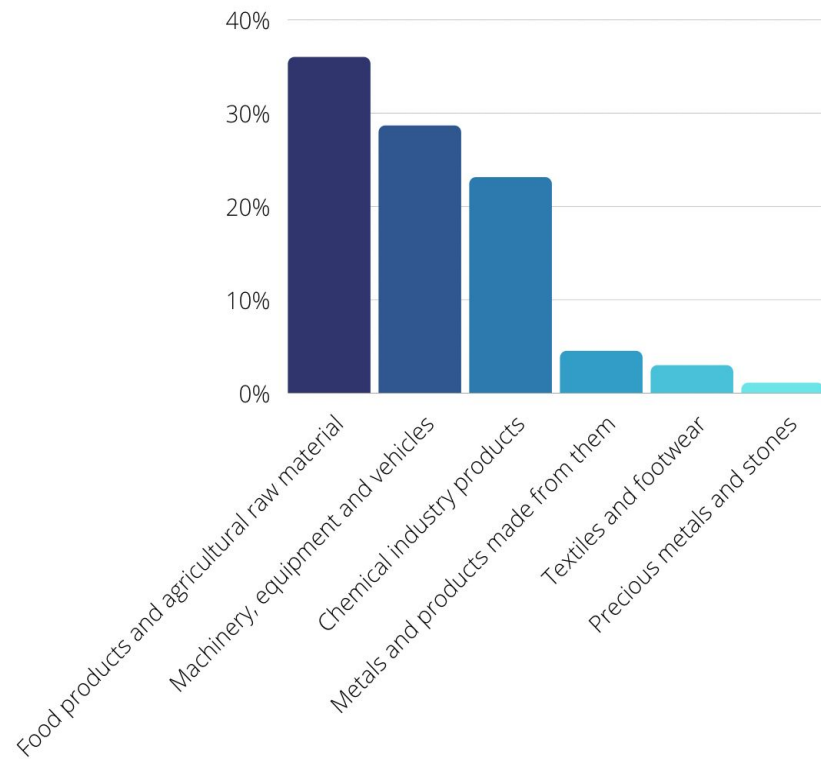
Products of inorganic chemistry; inorganic or organic compounds of precious metals



Russian import from Israel

In the structure of Russia's import from Israel in 2018, the main share of deliveries fell on the following types of goods:

- * Food products and agricultural raw materials - 35.99% of the total volume of Russian imports from Israel (in 2017 – 35.98%);
- * Machinery, equipment and vehicles - 28.64% of the total volume of Russian imports from Israel (in 2017 – 28.08%);
- * Chemical industry products - 23.10% of the total volume of Russian imports from Israel (in 2017 – 21.79%);
- * Metals and products made from them - 4.47% of the total volume of Russian imports from Israel (in 2017 – 4.29%);
- * Textiles and footwear - 2.93% of the total volume of Russian imports from Israel (in 2017 – 2.81%);
- * Precious metals and stones - 1.05% of the total volume of Russian imports from Israel (in 2017 – 0.77%).



Russian imports from Israel (in 2017 - 0.77%).

The largest increase in Russian imports from Israel in 2018 compared to 2017 was recorded in the following product groups:

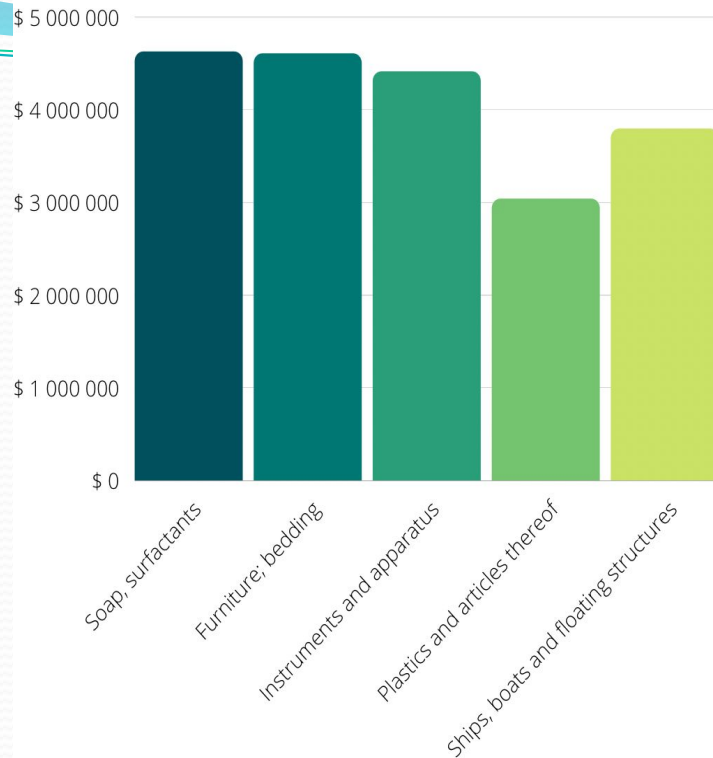
* Soap, surfactants, detergents, lubricants, artificial and finished waxes, cleaning or polishing compounds, candles and similar products, modeling pastes, plasticine, "dental wax" and dental compositions based on gypsum (HS code 34) - an increase of \$ 4,625,704;

* Furniture; bedding, mattresses, mattress bases, sofa cushions and similar stuffed furniture accessories; lamps and lighting equipment, not elsewhere specified or included; light signs, light signs with a name or name, or address, and similar products; prefabricated building structures (HS code 94) - an increase of US \$ 4,605,302;

* Instruments and apparatus, optical, photographic, cinematographic, measuring, control, precision, medical or surgical; their parts and accessories-an increase of \$ 4,410,984;

• Plastics and articles thereof - a rise of 3 037 799 USD. USA;

• Ships, boats and floating structures - a rise of 3 793 871 USD. USA.



The largest decrease in Russian imports from Israel in 2018 compared to 2017 was recorded for the following product groups •

* Electrical machinery and equipment, parts thereof; sound recording and sound reproducing equipment, equipment for recording and reproducing television images and sound, parts and accessories - a decrease of 14,278,964 US dollars;

* Live trees and other plants; bulbs, roots and other similar plant parts; cut flowers and ornamental greenery-a reduction of \$ 10,234,068;

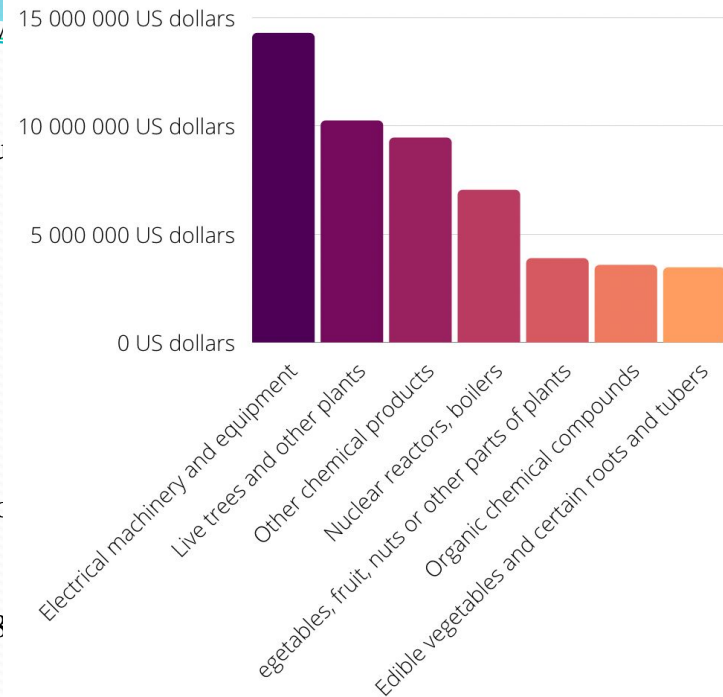
• Other chemical products - decrease of 9 446 256 USD. USA;

• Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof and a decrease of 7 032 976 USD. USA;

In preparations of vegetables, fruit, nuts or other parts of plants - reduce to 3 8447 USD. USA;

• Organic chemical compounds - a decrease of 3 568 798 USD. USA;

• Edible vegetables and certain roots and tubers - a reduction of 3 452 924 USD. USA.



Conclusion

In our interview with Miss Ioffe she highlighted several significant issues which might be implemented in the nearest future in win-win economic relations between our two countries

- now Russia ranks nineteenth in terms of Israeli exports – till 2022 we have to “conquer new heights”
- Israeli exports to Russia consist of 30% of agricultural products, 17% of chemicals, 16% of diamonds, and only 15% of high-tech and mechanical engineering products. Israel imports

- In March 2018, during the visit of Minister of Finance Moche Kahlon to Petersburg, at the head of a delegation of businessmen, an agreement on industrial cooperation was signed, which was successfully ratified by the parliaments of both countries. The Israeli Foreign Ministry appealed to entrepreneurs and business structures of the country with a request to make proposals for cooperation within the framework of the agreement.
- A result of enactment of the agreement on visa-free exchange (September 2008), the influx

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- Russia and Israel are going to establish two more cultural centers in Ashdod and Rostov on Don within three years
 - Saint Petersburg and Haifa are going to establish long-term relations in the sphere of TV-communications and student exchange programs between St. Petersburg State University and the University of Haifa