

Boosting Israel's Life Science Exports

The activities of The Israel Export and International Cooperation Institute have helped Israel sharply increase its life science exports.

Israel has sharply increased its life science exports over the past six years from \$2.6 billion in 2004 to just over \$8 billion in 2010. According to Avi Hefetz, CEO of The Israel Export and International Cooperation Institute (IEICI), the feat could be repeated again over the coming few years with Israel's exports of drugs and medical devices products having the potential to reach \$10 billion by 2012.

"I would certainly be disappointed if our life science exports don't increase significantly during 2011," he said. According to the latest statistics there was a 17% increase in life science exports in the first quarter of 2011. "Of these life science exports we see that 67% goes to North America, 27% to Europe, 4% to the Far East and just 2% to the rest of the world. There is vast potential for increasing the sales of our innovation and creativity in life sciences to the Asian market, especially India, Korea, Japan and China. We are exploring

corporations with local companies in Asia that could help open up markets to the east for Israeli companies."

IEICI took a strategic decision, selected India and Brazil as a key target markets for Israeli exports, and in cooperation with the Foreign Trade Administration of the Ministry of Industry, Trade and Labor, initiated a special project called "SHAVIT". IEICI launched the "SHAVIT" program and engaged with business consultants from India and in Brazil in order to assist Israeli companies in building a stronger local presence in these markets and to develop partnerships between Israeli and Indian and Brazilian companies. "This program had an important impact on the Israeli Life Science industry," said Hefetz.

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Three Challenges

Hefetz sees three challenges confronting Israel's life science industries. The first is the thin layer of

management available to exploit Israel's vast number of ideas and patents, although this problem is not unique to Israel and plagues life science companies around the world. The second challenge is a shortage of investment capital, particularly early seed funding for companies in their third or fourth year of development. And the third challenge, which relates to the development of big molecules and biological drugs, is the very high cost of small batch GMP manufacturing for the first few liters of molecules that must be produced for pre-clinical and clinical trials. This latter problem can be solved if the Israeli government would encourage manufacturing facilities in Israel.

The IEICI is the primary organization in Israel facilitating trade ties, joint ventures and strategic alliances between overseas businesses and Israeli companies. Established to promote the country's industrial capabilities through exports in all forms, the IEICI provides comprehensive, professional trade information, advice, contacts and promotional activities to Israeli companies and complementary services to business people, commercial and trade groups, and trade delegations from abroad. In addition, the International Business Initiatives and Tenders Department incorporates the Israeli industry in comprehensive worldwide projects in various developing countries.

The Institute was founded in 1958 by the Israeli government and the private sector, to promote Israel's exports. Israeli companies using the Institute's services comprise more than 90% of Israel's exporters.

Promoting Life Sciences

Endeavors to promote the life science sector are undertaken by IEICI's Technology Industries Division, which includes a special start-up program to help young technology companies accomplish success through joint ventures and other forms of business cooperation. IEICI also works in close cooperation with the Manufacturers' Association of Israel, MATIMOP (a government industrial R&D agency) and industry leaders.

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Hefetz feels that the factors contributing to the success of this burgeoning industry include cooperation between academy and industry, an entrepreneurial spirit, government incentives and a highly skilled workforce. He notes that the quality of innovation in the country is reflected in the fact that Israel ranks fourth worldwide in biotechnology patents per capita after Japan, Germany and the UK and is the per capita global leader in medical device patents granted.

"We have not forgotten that North America and the EU are our principal markets," he said, "and we are continually hosting delegations from abroad, sending Israeli delegations to the US and Europe, and make use of international conferences as a platform to generate business opportunities. We are trying to open doors for Israeli life science companies. Each year we participate in the medical device conference in Dusseldorf, Germany, and last year alone we arranged hundreds of meetings for Israeli

companies with corporations like Siemens, Philips and J&J. We regularly travel to major European and North American cities to introduce Israeli companies to government health service representatives, private healthcare groups, distributors and investors."

Leading the Life Science Industry

Israel is a leading country in healthcare IT implementation and technology and it is yet another segment that IEICI is promoting to national healthcare bodies with the message that "Healthcare IT means documentation – enabling cost control, quality control, and improved healthcare services."

"There are about 1,000 life science companies in Israel," said Hefetz, "which is a large increase from just three years ago when there were only 750 companies. Of today's companies, 60% are developing medical devices, 16% are involved in biotechnology, 12% in pharmaceuticals, 8% in healthcare IT and 2% in Agrobio. The rest are service firms. I estimate that about 28% of companies in this sector are generating revenues."