The Israeli Defense Industry - Market Opportunities and Entry Strategies, Analyses and Forecasts to 2017

Description:  
Product Synopsis  
This report is the result of ICD Research / Strategic Defence Intelligence's extensive market and company research covering the Israeli defense industry. It provides detailed analysis of both historic and forecast defense industry values including key growth stimulators, analysis of the leading companies in the industry, and key news.

Introduction and Landscape  
Why was the report written?
The Israeli Defense Industry Market Opportunities and Entry Strategies, Analyses and Forecasts to 2017 offers the reader insights into the market opportunities and entry strategies adopted by foreign original equipment manufacturers (OEMs) to gain market share in the Israeli defense industry.

What is the current market landscape and what is changing?
Israel is one of the largest defense markets in the Middle East and also has one of the largest per capita defense expenditures in the world of US$1711 in 2012. Moreover, the per capita defense expenditure is forecast continue to grow due to both internal and external security threats in the country. Israel is also set to receive US$20.1 billion worth of military aid from the US to spend on military hardware during the forecast period. Overall, Israel is projected to spend a total of US$28.39 billion on the acquisition of military hardware between 2013 and 2017.

What are the key drivers behind recent market changes?
During the forecast period, the Israeli defense budget is expected to grow at a CAGR of 2.97% to reflect the security threats posed by Iran and Syria, hostility from neighboring countries, and Israel's inadequate troop size as a result of the country's small population. During the same period, military aid from the US will continue to increase the spending power of the country. Between 2013 and 2017, Israel is expected to accelerate its defense procurement plans to prepare for potential confrontations with Iran or Syria.

What makes this report unique and essential to read?
The Israeli Defense Industry Market Opportunities and Entry Strategies, Analyses and Forecasts to 2017 provides detailed analysis of the current industry size and growth expectations from 2012 to 2017, including highlights of key growth stimulators. It also benchmarks the industry against key global markets and provides a detailed understanding of emerging opportunities in specific areas.

Key Features and Benefits  
Market opportunity and attractiveness  
The report provides detailed analysis of the current industry size and growth expectations from 2012 to 2017, including highlights of key growth stimulators. It also benchmarks the industry against key global markets and provides a detailed understanding of emerging opportunities in specific areas.

Procurement dynamics  
The report includes trend analysis of imports and exports, together with the resulting implications and impact on the Israeli defense industry.

Industry structure  
The report covers five forces analysis to identify various power centers in the industry and how these are expected to develop in the future.

Market entry strategy  
The report allows readers to identify possible ways to enter the market, together with detailed descriptions of how existing companies have entered the market, including key contracts, alliances, and strategic initiatives.

Competitive landscape and strategic insights  
The report helps the reader to understand the competitive landscape of the defense industry in Israel. It
provides an overview of key defense companies, both domestic and foreign, together with insights such as key alliances, strategic initiatives, and a brief financial analysis.

Key Market Issues

Israeli defense industry highly dependent on the US
As 75% of the US$30 billion of military aid Israel is scheduled to receive from the US between 2010 and 2019 must be spent on the procurement of military hardware from the US, the Israeli defense market is less accessible to defense suppliers from other nations. As a consequence of Israel's increasing dependence on US military aid for its defense purchases, this is likely to continue for the foreseeable future. Furthermore, Israel’s economic and political dependence on the US means that the US has influence on Israel's military transactions with countries such as China and India.

Monopolistic competition
The Israeli defense industry is becoming increasingly reliant on defense exports as a source of revenue, which has led to increased competition between domestic firms. Moreover, internal competition is also on the rise because a large number of domestic firms are involved in the manufacture of similar equipment categories. Although the Israeli government has tried to form bidder teams, which form agreements not to compete with each other, or to compete in a manner that benefits all parties, many companies are unwilling to work together. For example, the recent attempt by Israeli training and simulation firm BVR Systems to cooperate with Israel Aerospace Industries (IAI) failed because the companies could not agree on cost sharing, development approaches and marketing initiatives, resulting in a costly litigation for BVR Systems.

Key Highlights

Israel expected to spend US$72.32 billion during the forecast period
In 2012, the Israeli defense market valued US$13.28 billion, which represented the third largest military expenditure in the Middle East. During the review period, the Israeli defense expenditure declined at a CAGR of -0.59% and is expected to record growth at a CAGR of 2.97% during the forecast period. This growth can be partially attributed to the US$20.1 billion of military aid from the US scheduled between 2013 and 2017. Moreover, the continued security threats from Iran, Syria, and other neighboring Arab countries is forecast to result in Israel spending US$72.32 billion on defense during the forecast period.

Protection against terrorism expected to drive the Israeli homeland security market
The Israeli homeland security market is expected to grow at a CAGR of 1.4%, from US$4.94 billion in 2012 to US$5.28 billion in 2017. This is a result of the threat of terrorist attacks from Palestinian terrorist organizations and growing crime rates in the country. Consequently, the demand for surveillance equipment, radars, and sensors is anticipated to increase during the forecast period. In addition to domestic distribution, Israeli defense firms also export homeland security equipment to countries in Central Europe, the Far East and Asia, Latin America, South Africa, Western Europe, and the US.

Israel imported US$76 million of defense goods in 2011
During 2007-2011, Israel spent US$1.8 billion on defense imports, despite registering a decline in 2009 due to the global economic crisis. Furthermore, the nation spent US$76 million of its 2011 budget on defense imports. This is in addition to the US$2.8 billion Israel will receive in military aid from the US in the same year, 75% of which must be used to purchase military hardware directly from the US.
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