



## **CANADA-ISRAEL INDUSTRIAL R&D FOUNDATION**

### **PRESENTATION TO THE STANDING COMMITTEE ON FINANCE**

WE APPRECIATE THE OPPORTUNITY TO PRESENT OUR VIEWS TO THE COMMITTEE AS IT PREPARES ITS RECOMMENDATIONS TO THE MINISTER OF FINANCE IN THE CONTEXT OF PRE-BUDGET CONSULTATIONS. WE ARE AN ORGANIZATION ESTABLISHED BY A BILATERAL TREATY BETWEEN CANADA AND ISRAEL AIMED AT PROMOTING MUTUALLY REINFORCING COMPANY TO COMPANY COLLABORATION IN R&D.

OUR PRESENTATION RELATES TO WHAT CANADA CAN LEARN FROM THE SUCCESS OF ISRAEL IN NURTURING THE GROWTH OF ONE OF THE WORLD'S MOST ROBUST ECONOMIES ON A PLATFORM OF TECHNOLOGICAL INNOVATION.

TIME LIMIT DOES NOT ALLOW FOR DISCUSSION ON THE FAST AND CONSTANT PACE OF CHANGE CHARACTERIZING THE DIGITAL ECONOMY AND THE ENORMOUS CHALLENGE THAT ALL GOVERNMENTS FACE IN DESIGNING THE RIGHT INNOVATION SUPPORT PROGRAMS THAT ARE RELEVANT TO THE CHALLENGES FACED BY COMPANIES TODAY AND ABLE TO "READ" CHANGES AS THEY OCCUR AND ADJUST QUICKLY AND EFFECTIVELY, SO THAT THEY REMAIN RELEVANT TO THE CHALLENGES FACED BY COMPANIES TOMORROW.

BY ALL MEASURES, THE STATE OF ISRAEL HAS HAD TREMENDOUS SUCCESS IN THIS ARENA. HOW CAN WE LEARN FROM THIS? WE SUGGEST NOT TO PICK AND CHOOSE ONE OR MORE OF ITS MANY SUCCESSFUL PROGRAMS AND TEST THEIR APPLICABILITY TO CANADA BUT, RATHER, TO LOOK AT THE ESSENCE OF THE ISRAELI "APPROACH" TO THE CHALLENGE.

ABOUT 40 YEARS AGO, THE GOVERNMENT OF ISRAEL CAME TO THE REALIZATION THAT ITS MAIN NATURAL RESOURCE WAS THE TALENT POOL OF ITS YOUTH AND, ESPECIALLY, THE PARTICULAR TALENT THAT EMERGED FROM SPECIALIZED TRAINING THE BRIGHTEST OF THEM RECEIVED IN THE COURSE OF THEIR NATIONAL SERVICE, THIS BEING COMPLEMENTED BY ITS RESEARCH-BASED UNIVERSITIES ALREADY JUDGED TO BE WORLD CLASS. THAT TIME ALSO COINCIDED WITH THE EARLY BEGINNING OF THE GROWING POWER OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) AND THE EVENTUAL MAJOR TRANSFORMATION IT WOULD BRING ON THE GLOBAL ECONOMY.

THE RESULT OF THAT REALIZATION WAS THE ESTABLISHMENT OF THE "OFFICE OF THE CHIEF SCIENTIST", A UNIQUE INSTRUMENT DEDICATED TO TRANSLATING THE TECHNOLOGICAL BRAINPOWER OF ISRAEL INTO COMMERCIAL STRENGTH. ITS UNIQUENESS IS ATTRIBUTABLE TO THE FOLLOWING:

**FIRST:** IT WAS GIVEN SERIOUS FUNDING. FOR EXAMPLE, OVER THE LAST 10 YEARS, THE ANNUAL BUDGET HAS HOVERED AT AROUND 2.0 BILLION NIS. IF WE CONVERT TO CANADIAN



DOLLARS AND MULTIPLY BY 5 TO COMPARE ON THE BASIS OF GDP, IT WOULD SIGNIFY A CANADIAN EQUIVALENT OF ALMOST \$3 BILLION ANNUALLY;

**SECOND:** IT WAS GIVEN A SERIOUS MANDATE IN THE SENSE THAT ITS CORE PROGRAMS WERE 'ENSHRINED' IN A LAW OF THE KNESSET, i.e., THE LAW FOR THE ENCOURAGEMENT OF INDUSTRIAL R&D (1984);

**THIRD:** IT WAS GIVEN SERIOUS FLEXIBILITY IN THE SENSE THAT IT COULD, WITHIN ITS OVERALL BUDGET AND ADHERENCE TO THE R&D LAW, REALLOCATE AND REDESIGN ITS SUPPORT FOR INDUSTRIAL R&D ACCORDING TO THE CHANGING SCENE;

**FOURTH:** IT ENSURED THE RECRUITMENT OF SERIOUS MANAGEMENT AT BOTH THE EXECUTIVE LEVEL AND, AS IMPORTANTLY, AT THE LEVEL OF TECHNOLOGICAL AND BUSINESS ASSESSMENT;

**FIFTH:** IT BENEFITTED FROM CONSTANT POLITICAL SUPPORT OVER THE LONG HAUL AND ACROSS A VERY WIDE POLITICAL SPECTRUM. IN ISRAEL, INNOVATION IS NOT A SIDE SHOW NOR AN OCCASIONAL FEATURE OF A PARTICULAR BUDGET;

THROUGH THIS OFFICE, ISRAEL ALSO ADDRESSED A MAJOR WEAKNESS BY RECOGNIZING THAT, STILL TODAY, MOST TRADE IS VERY REGIONAL AND ALSO THE REALITY OF ISRAELI REGIONAL ISOLATION. THROUGH THIS OFFICE, ISRAEL BEGAN TO BUILD A NETWORK OF GLOBAL ALLIANCES WITH THE KEY ECONOMIES OF THE WORLD, ALLIANCES BASED ON INDUSTRIAL R&D COOPERATION. BECAUSE ISRAEL HAS CONSISTENTLY BEEN A WORLD LEADER IN KEY ENABLING TECHNOLOGIES, COOPERATION WITH IT WAS NOT A HARD SELL WITH THE RESULT THAT NOW ISRAEL HAS SERIOUS ALLIANCES FLOURISHING WITH 30-40 COUNTRIES. OF NOTE IS THE SURGE IN TECHNOLOGICAL, AND RESULTING ECONOMIC, COOPERATION BETWEEN ISRAEL AND CHINA, SOUTH KOREA, INDIA, JAPAN, SINGAPORE; JOINING THE ALREADY PARTNERED EU AND THE U.S. IN THIS NOW TRULY GLOBAL NETWORK.

NO OTHER COUNTRY IN THE WORLD HAS ESTABLISHED SUCH IMPORTANT AND VITAL CONNECTIONS. AND CANADA, THROUGH OUR ORGANIZATION, IS PART OF THIS PROGRAM. OUR RECORD OF VALUE TO THE CANADIAN ECONOMY IS REFLECTED IN THE BRIEF WE TABLED BEFORE THIS COMMITTEE.

AND SO, THE ISRAELI APPROACH HAS DELIVERED IMPRESSIVE RESULTS, INCLUDING:

- EARLY SUPPORT OF STARTUPS AND MID SIZED TECHNOLOGY BASED COMPANIES IN CONDUCTING HIGH RISK RESEARCH;
- CONNECTING THEM TO PARTNERS AND MARKETS AROUND THE WORLD;
- AS A RESULT, THIS HAS BRANDED ISRAEL AS A WEALTH OF TALENT POOL ATTRACTING A GLITTERING ARRAY OF MNE'S TO ESTABLISH IMPORTANT DEVELOPMENT CENTRES, INCLUDING INTEL, MICROSOFT, GOOGLE, TAKEDA, MITSUBISHI, DELL, DEUTSCHE TELEKOM, APPLE AND SCORES MORE. THEY NOW ACCOUNT FOR 50% OF THE TECH- BASED EMPLOYMENT IN ISRAEL;



- THIS IS REFLECTED IN THE HIGHEST R&D PER GDP GLOBALLY: ISRAEL THROUGH SOUND AND SERIOUS INNOVATION STRATEGY HAS TURNED ADVERSITY INTO RESILIENCE AND STRENGTH.

THE LESSON FOR CANADA IS TO TREAT THESE MATTERS WITH ITS OWN SERIOUS COMMITMENTS THAT SUPPORT DEDICATED INSTRUMENTS HAVING SECURE FINANCES AND THE ORGANIZATIONAL FLEXIBILITY TO MANAGE AND RESPOND TO THE CHANGING SCENE. THE ESTABLISHMENT OF INNOVATION CANADA IS A VERY GOOD START AND AUGURS WELL FOR OUR COUNTRY'S ABILITY TO LEARN FROM ISRAEL'S SUCCESSFUL EXPERIENCE.

GIVEN THE ENORMITY OF THE CHALLENGE AND THE VALUE OF THE ISRAELI EXPERIENCE, WE RECOMMEND THAT:

THIS COMMITTEE RECOMMENDS TO THE MINISTER OF FINANCE THAT HE SUPPORTS AND ENCOURAGES INNOVATION CANADA ENTERING INTO A STRATEGIC PARTNERSHIP WITH ISRAEL'S INNOVATION AUTHORITY BY BUILDING ON THE CURRENT BILATERAL COOPERATION PLATFORM. IT WILL BE A HUGELY COST EFFECTIVE WAY TO PROVIDE FIRST HAND KNOWLEDGE, INSIGHT AND INVALUABLE EXPERIENCE FOR THE DESIGN OF CANADA'S FUTURE DOMESTIC AND INTERNATIONAL INNOVATION PROGRAMS.

IN THE END, IT WILL BE CANADIAN TECH-BASE COMPANIES WHO WILL BENEFIT AS WILL OUR BRAND GLOBALLY, NOT TO MENTION OUR IMPORTANT BILATERAL RELATIONS.