

**THE 10TH
INDIA ISRAEL
FORUM**

13 NOVEMBER 2017 | TEL AVIV, ISRAEL

— A REPORT —

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1.

Executive Summary

The tenth meeting of the India Israel Forum was held on 13 November 2017 in Tel Aviv. As the two countries commemorate 25 years of engagement, the Forum alongside celebrated 10 years of this Track II initiative. From what was described as “non-relations”, India-Israel relationship has evolved into the most enduring one and this Forum is privileged to make its modest contributions towards strengthening this partnership.

The Forum this year introduced a new and more compact setting moving beyond the previous format that has served very well all these years. The effort, more a renewal than a change, was to create a highly cohesive framework to foster more intense deliberations among the participants which eventually reflected in the key takeaways and outcomes.

The delegates met at the most opportune moment – a few months after the historic visit by the Indian Prime Minister Narendra Modi to Israel and a few months before the forthcoming visit of the Israeli Prime Minister Benjamin Netanyahu to India. Both countries are striving to create an ecosystem and partnership model based on friendship, trust and reliable information, shedding past dilemmas and inhibitions. The trajectory of relationship, therefore, is clear and ascendant. It is an exciting time for both countries!

The motivation for a close relationship between the two countries has been reinforced in modern times by political and economic imperatives. Israel’s role in transforming India into a technology, innovation and Start Up hub can be immense. India needs to create 5 million small and micro entrepreneurs and 50 million

jobs in the next decade. Israel, with its huge resources and experience, has a perfect opportunity to be a partner of this entrepreneurial revolution.

Further, India’s ever growing job market would need highly skilled and trained workforce especially to attract FDI in various sectors. This presents another key area of collaboration – research and academics. The Business-to-Business (B2B) and Academic-to-Academic (A2A) cooperation must transcend to Business to Academic (B2A) cooperation. This has started happening since the past few years but need impetus both from industry and thought leaders.

India is looking towards Israel as a development partner as the latter has much to offer in agriculture and water. This was elicited during the Prime Minister Modi’s visit in July this year. Nevertheless, more investments and research is essential to customize Israeli technology for enhancing India’s water efficiency and food security.

The Defence cooperation continues to be the bedrock of this relationship. This has been a success story of collaboration between the two countries and manifests the mutual trust and friendship. It is now important to remove the remaining roadblocks and forge platforms for long-term joint collaborations.

India is on the course of transforming its industrial sector capabilities through applying digital solutions. This is part of the new global revolution in the manufacturing sector (Industry 4.0). Israel has potential to accelerate this movement and contribute from its

developed array of solutions in areas of Artificial intelligence, Cyber and data analytics solutions.

Israel can play an important role in industry optimisation, scientific advancements, space programme and upgrading capabilities. People-to- people ties needs to be reinforced. There is vast potential to work in the area of tourism.

As both countries continue to raise aspirations for each other, the policy-makers and leaders from diverse fields (political, business and industry, academia) must contemplate what should be the India – Israel partnership vision for 2017 – 2027. The task is to suggest how both countries integrate their strengths and mitigate the roadblocks. The Forum resolves to continue building on this vision in the coming years.



2.

Key Recommendations

Session 1: Prime Minister Modi's Visit and its Implications on Bilateral Ties

- The Prime Minister's Narendra Modi's visit in July 2017 was historic and very significant. The visit was longtime in making with lots of thought put behind it – the key message being *"India is proud of its partnership with Israel"*. The visit upgraded the relationship to a strategic partnership with emphasis being on practical concepts, especially in Water and Agriculture sectors.
- In partnership with Israel, India is developing a National Campaign on Water Conservation – Israeli Team will be visiting India soon to take this ahead.
- Israel is a key partner in India's Water Utility Reform – Israeli companies are working with UP Jal Nigam to improve water efficiency.
- Space cooperation – there was partnership in the past but this has gone slow for variety of reasons and need a push.
- I4S – Innovation Fund is an effort from the government side to connect companies from India and Israel to promote solutions in different sectors. This goes beyond water and agriculture and includes health sector among other areas.
- Innovation Bridge was launched as a platform to enable entrepreneurs from both sides to develop creative solutions in different areas. It is managed by Invest India and Innovation Authority of Israel.
- The bilateral trade in non-defence sector is \$4 billion trade and is stagnating. This needs to be promoted. Diamonds and chemicals are still dominating trade.
- Indian investments in Israel are coming. However, there are some roadblocks such as Visa process and lack of connectivity between both the countries. The paucity of direct flights is a challenge that needs to be addressed.
- Stress on Innovation and Start Up is the focus area. The emphasis is on how to create a platform for connecting these companies.
- Travel and tourism need a greater push.
- Many initiatives have been undertaken on cultural side – setting up of the Indian Cultural Centre in Israel, organising 'Yoga day' are some of the examples.
- India – Israel cooperation in the Defence sector is satisfactory. There is a lot of momentum, but there are concerns about getting things done on the ground.
- Setting up of a 'sandbox' for Agriculture Innovation/ Technology for farmers in India can be considered.
- On geopolitical issues, India and Israel share different point of view with respect to Iran. There is an understanding in Israel about India's position on Iran.

- Academia partnerships are extremely important. Experience of Israel Academia of working with China led by Scientific Foundation of China has been very good and progress was swift. However, with India progress is very slow due to delay in decision-making on both sides. It took almost a year to finalise the contract with UGC, but thereafter the operation has been smooth.
 - US-India-Israel is an important connection. The role of American Jewry is well-appreciated. There is a keen interest on their part to invest in this growing relationship.
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- While one lakh students go US from India every year, only 500 plus Indian students are in Israel. This is primarily due to:
 - Fees are relatively high, not much affordable for Indian students. Currently Indian students are coming to Israel after getting various scholarships.
 - Mainly Doctoral or Postdoctoral Students from India are going to Israel as most undergraduate courses in Israel are in local language. Israel needs to offer more undergraduate degrees in English and areas of relevance to India's economy.
 - Israel is a new "education destination" and awareness is being created.
 - Ensuring the scholarships for short-terms (summer) programs and post-docs is sustained and fact scaled is crucial.
 - The two government should invest more resources in bi-national research grants for academics to increase research collaboration. Dedicated budgets for areas of strategic importance (for example, water, cyber, food security) should be created.
 - A separate University in Israel for Indian Students could be considered.

Session 2: Regional Development

- There are three states in the Middle East which can be referred as regional powers – Iran, Turkey and Israel, none of which is an Arab state. Saudi Arabia is often considered in the same category because of its wealth but it may not be the case. Saudi doesn't have significant military capability.
- The crisis of Arab world is their inability to sustain their population. It is increasing rapidly and providing for them (jobs, food) would be a challenge. They would continue to emigrate. The large-scale migration from the Middle East to Europe will continue as the Arab world has population surplus, while Europe will face a population deficit.
- Arab nationalism has not been a success.
- Ideological difference of Sunni and Shia in the region are having major political ramifications.
- The Shia presence in the Arab World is also increasing. There is a very united Shia front led by Iran and a divided Sunni block. Iran has most of the advantages. The worry for Arab world is not Israel anymore but Iran.
- There is no conflict between Israel and Arab world except for the Palestinian dimension.
- Israel has no conflict with Syria or Jordan. Egypt is now the periphery and Iran is the core.
- Turkey is becoming more Islamic than secular – it will not join the EU. They are looking far more towards the Arab world.
- Middle East has changed towards the benefit of Israel, but Israel is concerned about weakening of the Arab World.
- Russia has very serious security interest in the region. Their interest in Syria is to ensure failure of ISIS. Israel is not strong enough to deal with the Russians, hence Israel needs US.
- There is no difference between Trump and Obama administration policy with respect to interventionism in the Middle East. The US and Russia should together take on ISIS but that is not happening.
- With a decline in oil-prices, the oil producing countries realise that the resource is not what it used to be ten years ago. They are trying to create new economic models but oil, will of course, be predominant.
- There has been a genuine outreach from Gulf towards India. UAE is a transformational partner for India, besides USA and Japan.
- The 'Modi doctrine' is all about what a country can do to ensure economic growth and political trajectory.
- Abu Dhabi wants to have closer ties with India, cutting relationship with Pakistan to an extent.

- Prime Minister Modi looks at the world in a practical way. Foreign Policy of India is tied up with economic development of the country.
- China is trying to create a new international order. India is taking a strong stand against China on various issues such as One Belt One Road, Successor of Dalai Lama etc.
- Pakistan is now a subset of China Policy. With support from China, Pakistan Military taking control of political leadership. The China problem is happening everywhere.
- Afghanistan is ever at war. Pakistan is looking for Pak-supported Taliban coming to power in Kabul. They try to keep India away from Afghanistan, hence Iran is important to India for access to Afghanistan and Central Asia.
- Military in Pakistan use Islamic elements to fight in India and destabilize political parties. The same Islamic elements are now beyond their control and hence the military is encouraging them to enter electoral fold and form political parties. The economic corridor is a strategy of China to keep Pakistan stable as China is worried about these Islamic elements.
- US used to be a power to balance regional issues, which is not happening anymore.
- Israel believes Iranian weapons programme will lead to nuclear proliferation in the entire Middle

East and hence there is need to reach a deal for abrogation of their programme. There are already talks of proliferation in some East Asian countries with North Korea's growing nuclear test and its supposed ability to strike the US anytime soon.



Session 3: Defence Cooperation

- India is 5th largest market for Defence equipment in the world.
- Israeli defence exports to Indian market ranges from \$1 billion to 2.5 billion approximately per annum and has been steady for the past couple of years.
- IAI, Rafael and Elbit Systems are the major Israeli contributors.
- The Indian defence market is growing faster, while world defence market has been shrinking or stagnant in the last couple of years. Many countries are now focusing on the Indian Defence Market, where the most dominant companies are from Russia, France and more recently the US.
- The 4 important aspects in defence sector in the coming years:
 - 1) Innovate in advance
 - 2) Create capacities ahead of the market
 - 3) Develop skillset
 - 4) The threats are becoming more sophisticated, therefore, solutions need to be equally sophisticated and even more.
- With changes in warfare mode from direct to indirect, the hardware equipment is being broadened to software solutions. A lot of opportunities are emerging for high tech areas. Under India's flagship 'Make in India' initiative, greater focus is on India's local manufacturing capacity and indigenous development capability than off the shelf procurement.
- India's defence need is varied and covers evolving needs and challenges and needs to be more responsive and nimble. The private sector in India has been very keen to be a part of this system for a longtime. The ambition for future is very high.
- Defense cooperation has been one of the success stories but has mainly been with DPSU (Defence Public Sector Units). Israel defence industry is concerned about how they could retain the position as a major supplier to India in the coming years as Indian private companies become increasingly involved in this domain.
- Israel is supporting 'Make in India' campaign, and is motivated to enhance the close collaboration with the Indian defense organizations and companies. The 'Make with India' proposal was forward by the Israeli President during his visit to India in 2016. The JV Manufacturing facility created in India by Rafael and Kalyani Group Limited is a testimony to this approach.
- Israel Defence Industry's relationship with India is sometimes viewed as a vendor-driven approach.
- India's operational experience in different terrains, combined with Israel's innovation capability, can produce better products which would be beneficial to both the countries.

- Adoption of Israeli Start Up ethos in the Indian military domain can be promoted.
- The Indian students studying in Israel can be given internships to Israeli Start Up companies whilst studying in Israel. This will give them the right bridge to the Indian industries to be able to take it forward.
- Very recently, Indian defence industry has registered the Society of Indian Defence Manufacturers (SIDM). Besides policy and progress advocacy, it hopes to foresee the future battlefields, study very closely the technologies that are evolving. Here is an opportunity for collaboration. It is happening outside the government domain, so several restrictions doesn't apply.
- Israeli companies need to export their products as the domestic market is too small. With respect to export to India, latency of process is a major concern.
- There is no formal G2G structure which exist between Israel and India to promote bilateral defence industry cooperation towards new levels of sensitive defense technologies.
- Given the highly sensitive nature of advanced defence technologies, an enhanced and intimate formal G2G framework is imperative for promoting the most sensitive cooperation.
- This new vehicle will build on the already existing defense collaboration – which is unique and effective.
- Connecting Tier II suppliers and Startups with Indian corporates is important.
- An academia – industry linkage in the area of Artificial Intelligence and automation would be interesting to both the countries.
- SIDM can work with the Ministry of Defence to increase the speed and efficiency of the procurement process in India.
- SIDM can prepare a note and work towards creating a G2G Frame work for sensitive technologies.
- India and Israel can start collaborating a little upstream. The long-range surface to air missile (LRSAM) project which is been co-developed for the Indian and the Israeli navies is a good example. This will pre-empt and address the issues of technology and finance.
- There is no specific formula to connect the industries of India and Israel – all forms of cooperation (PSU's, private companies, JV's, G2G...) are relevant. For the Israeli defence (and export control) authorities, it does not matter if the partner is a private sector company or a PSU as long as they can secure the knowhow and have the mutual trust. The important point is openness and trust.
- India and Israel should create a joint ecosystem (similar or adapted) to get and absorb the Israeli technologies, promote defence production and intensify collaboration.

- Given that Israel has a distinct advantage in advanced weapons systems (rather than main platforms, such as fighter aircrafts or naval vessels) it was observed that these areas can be the basis for continued collaboration.



Session 4: **R&D and Tech Transfer** **Cooperation**

- India – Israel relations should be judged based on ideas rather than on trade value.
- Israeli companies are focused on US as the latter highly value innovation & technology.
- Transformational technologies are important and the capability for adoption of technology by India must be well explored.
- The 3 important component in Top Down approach in R&D:
 - 1) Identify Socio-Economic needs
 - 2) Targeted Top-Down Development of Technology & Innovation
 - 3) Evolve R & D and Management Mechanisms
- Israeli technology is very much relevant for India but needs customization and fast adaptation. Creation of an 'Ideas Corridor' which include private businesses, SMEs and Start Ups can transform relationship between two countries.
- In medical sector, Israel disruptive techniques can provide healthcare at a much lesser cost. Israel also needs India as it does not a big local or a population to do big research in this sector.
- India has publicly taken the task of doubling the farmers' income in the next five (5) years. This is a

monumental task that is not going to happen with incremental change. It needs phenomenal transformations. Towards this end, these new agrarian technologies can come from Israel.

- Tel Aviv University's key engagements in India:
 - 1) Tel Aviv University started working with India through the India Israel Forum – corporate connect with India is fast however academia is going slow.
 - 2) Working with Tel Aviv University – Tata Group is the leader; Wipro is the latest addition and discussions with Mahindra & Mahindra is on.
 - 3) IITs are good but the collaboration needs to be fast-tracked. Currently working with Thapar University. Partnership with BITS Pilani is progressing. There is a need to harmonise curriculum.
- China sends 1000 entrepreneurs every year to train at the Tel Aviv University. China is connecting with Israel Start Up ecosystem through Academia.
- Israel is strong in semiconductors, sensors, optics, chips etc – how Israel can work with India in these areas? This is a good opportunity.
- Tech Transfer should consist of both 'soft' and 'hard' elements of technology. 'Hard' is easier to transfer as it is all documented. 'Soft' tech transfer needs careful and innovative mechanisms.
- India is strong in small volume high value production. It is good in customization and adaption.

Session 5: Water and Agriculture Technologies

- Israel can provide many technologies to India.
- A Centre of Exploration for Agricultural Technology (metaphorically a sandbox) can be implemented
- Water management is a local body issue in India. There is huge capacity gaps in terms of ability to conceive and implement projects.
- Water and Agriculture in India are price sensitive – some Israeli technologies are very expensive and needs to be updated to be more cost effective.
- Support from ASHR'A, the Israel Foreign Trade Risks Insurance Corporation Ltd, should be made available for transfer of Agriculture and Water Technologies to India.
- Agriculture and Water – deep end of political economy in India.
- Government of India is serious about Water Reforms – after 15 years, the national framework water bill is in Parliament. It includes some path-breaking changes.
- With respect to water, lack of capability to structure and project and a central agency to decide on projects and pricing is a major issue in India.
- There are at least two water projects in each smart



city, providing huge opportunity for technology collaboration.

- To experiment adaptability of Israeli Technologies in water and agriculture, Indo-Israel Innovation Villages is being set up focusing on farmers. Only way to find real solutions is to go and try and techniques in the villages. The ideas and platforms can be developed in there itself. Some young Israeli entrepreneurs are working in Indian villages to understand the local needs and provide solutions. This component can be imbued in Centre of Excellence as well.
- Ideas are good but projects needs to get delivered. It is critical to identify where to get relevant partners and counterparts to work on water projects. When benefits are seen, adoption would be faster.
- In agriculture, policy reforms are essential including in land-leasing. There is a committee working on this. Agriculture financing is mandated by the government – 18 per cent of the bank finance has to go to agriculture.
- There is a lot of room for India to work in sub-Saharan Africa – to go in and implement models based on human-based development, not just build massive infrastructure but create human capital and decentralize for fostering real sustainability.



3.

The Way Ahead

- Indian students in Israel can be allowed to stay in Israel for additional one or two years for practical training with Israeli industries. This would build the 'connect' and cultural linkage between India and Israel in the future.
- Indian corporates and venture capitalists should consider investing in Israeli companies towards developing India specific technologies / products. A free corridor for financing innovation with minimum Government intervention can be created to facilitate development of India-specific solutions.
- Prepare problem statement to enable discussions and the way forward towards identification and execution of technology solutions through India Israel Innovation Technology Forum.
- SIDM to work with the Indian Ministry of Defence to cut down process to increase the speed and efficiency of the procurement in India.
- The conversation on R&D and innovation and even academic collaboration does not need to happen only during the high-level visits. This should continue on regular basis.
- Increase awareness on both sides – corporates, Start Ups, venture capitals, academics. Programmes like *roadshows*, *Start Up showcase* and *Trade Fairs* of Israeli companies are some good options. The

emphasis needs to be on doing programmes in India. NITI Aayog can be involved and taken on board.



4.

List of Participants

Israel

- | | |
|---|--|
| <p>1. Aharon Fogel (Co-chair)
Chairman, ZIM Shipping Lines</p> | <p>10. Sami Sagol
Chairman, Sagol Industries</p> |
| <p>2. Stanley M. Bergman (Co-chair)
CEO and Chairman, Henry Schein</p> | <p>11. Ophir Shoham
Managing Partner, Mida Ventures</p> |
| <p>3. Shai Babad
Director General,
Israeli Ministry of Finance</p> | <p>12. Asher Susser
Moshe Dayan Centre, Tel Aviv University</p> |
| <p>4. Ram Fishman
Department of Public Policy,
Tel Aviv University</p> | <p>13. Gary Sussman</p> |
| <p>5. Benny Geiger
Faculty of Biology,
Weizmann Institute,
Chairman, Israel Science Foundation,
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Consumer and Industrial Products Leader,
Deloitte</p> |
| <p>6. Richard Klapholz
CEO, Rivulis Irrigation Limited</p> | <p>15. Giora Yaron
Chairman of the Executive Council, TAU</p> |
| <p>7. Joseph Klafter
President,
Tel Aviv University</p> | <p style="text-align: right;">❖ ❖ ❖</p> |
| <p>8. Uzi Landau
Chairman of Rafael</p> | |
| <p>9. Hadar Ron
Managing Partner, IHCV</p> | |

India

1. Jamshyd N Godrej (Co-chair)

Chairman of the Board, Godrej and Boyce Manufacturing Company Ltd.

2. Tarun Das (Co-chair)

Founding Trustee, Ananta Aspen Centre and Chairman, Institute of Economic Growth

3. Pramit Pal Chaudhuri

Foreign Editor of Hindustan Times and Distinguished Fellow & Head, Strategic Affairs, Ananta Aspen Centre

4. Sushil Chaudhary

Managing Director, Mann Technologies Ltd.

5. Sujith Haridas

Deputy Director General, Confederation of Indian Industry

6. Pavan Kapoor

Ambassador of India to Israel

7. K R S Jamwal

Executive Director, Tata Industries

8. Sudhir Mehta

Chairman & Managing Director, Pinnacle Industries and Director Rivulis Irrigation

9. Kiran Pasricha

Executive Director & CEO, Ananta Aspen Centre

10. Prahlada Ramarao

Advisor, S-VYASA, Director, Centre for Energy Research and Former Distinguished Scientist & CC R&D, DRDO

11. Raghuttama Rao

CEO, Gopalakrishnan Deshpande Center for Innovation and Entrepreneurship, Indian Institute of Technology, Madras (IITM)

12. Subrata Saha

Former Deputy Chief of Army Staff, Indian Army

13. Nikhil Sawhney

Managing Director, Triveni Turbine Limited and Director, Triveni Engineering & Industries Limited

14. Krishnakumar Srinivasan

President-Strategic Business, Bharat Forge Ltd.

15. Thiru Srinivasan

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