



**Private Sector Recommendations for the  
U.S.-Israel High-Level Strategic Dialogue on Technology  
September 28, 2022**

Israel and the United States have built an extraordinary technology partnership based on high-impact commerce, innovation, and trade. This world-leading collaboration is the result of the hard work and ingenuity of U.S. and Israeli entrepreneurs and innovators – and has been supported significantly by pioneering policy decisions made decades ago by the two governments, including the U.S.-Israel Free Trade Agreement and the establishment of binational R&D foundations (i.e. BIRD, BARD, and BSF).

However, in an era when governments and regions worldwide are aggressively using new public policy tools to foster stronger economic and technology bonds, continued U.S.-Israeli leadership is not guaranteed. To maintain and grow their global competitive edge and assure the continuity of this special economic relationship, we believe that Israel and the U.S. must undertake a proactive round of deliberate, cooperative policy innovation and adopt modern mechanisms to strengthen technology ties.

The new Strategic High-Level Dialogue on Technology should serve as a vital catalyst to build on existing technology cooperation between our two countries. A constructive dialogue with stakeholder input would enhance our coordination on innovation policy, expand our collaborative R&D, and ensure that we have compatible standards and regulations. Strengthening public-private partnerships through this mechanism will be critical to identify and remove barriers to innovation and promote new ways for government and business to collaborate on critical and emerging technologies.

The private sector looks forward to partnering with both governments to help support the vision of this Dialogue to catalyze the next generation of U.S.-Israeli technology cooperation.

We submit two overarching specific recommendations for the 4 pillars for consideration by officials in this Dialogue:

**1) Create Robust Stakeholder Engagement Process**

Effective stakeholder consultation is essential to ensure the strategic dialogue delivers meaningful results and has staying power. We propose the governments think



through a robust engagement process that will enable active and continuous input by stakeholders outside of government to provide feedback and support for the Dialogue's objectives. This could include:

- **Private sector engagement before and after key Dialogue meetings.** Stakeholder sessions allowing for meaningful two-way discussion of progress, outcomes, and next steps should occur at regular intervals before and after Dialogue meetings. Stakeholder engagement should facilitate substantive exchange between government and business. An effective process should include discussion or insight about the roadmaps for action or forward-looking priorities with an opportunity for public-private dialogue. Additionally, industry engagement can support efforts by the private sector to demonstrate and model effective technology, and demonstrate the critical opportunities to drive transformational policy. The Chamber would be delighted to convene an open coalition of business organizations and companies for these sessions, engaging stakeholders from both the U.S. and Israel.
- **Launch annual U.S.-Israel technology conference.** The governments could organize – together with leading U.S. and Israeli business organizations – an annual conference which would take place in conjunction with the Dialogue and provide a platform for the governments to showcase the Dialogue's outcomes and new initiatives with the private sector and elevate the visibility of the bilateral technology relationship.
- **Rationalize and coordinate existing bilateral economic dialogues.** Certain complex economic policy issues cut across many government bureaus and are best addressed on a high-level, holistic, and coordinated basis. The Dialogue should include the range of government agencies that have equities in the bilateral technology relationship in concert with existing government-to-government economic dialogues (e.g., U.S.-Israel FTA Joint Committee and U.S.-Israel Joint Economic Development Group) to produce coordinated policy achievements and streamlined coordination with stakeholders.
- **Create targeted public-private taskforces around key priorities.** Working with U.S. and Israeli business associations, the governments could establish public-private groups to drive individual work streams forward in targeted areas, including:



- **Artificial Intelligence.** Building on a June 2022 meeting organized by both governments and the Chamber, this working group could include representatives from the governments and private sector to generate frameworks and practical ideas for collaboration, develop recommendations on governance and regulation, and address key applications of AI such as health, education, transportation, and agriculture to feed into U.S.-Israeli national AI policies.
- **Health Technology.** Building on a new congressionally-funded U.S.-Israel cooperative program for the development of health technologies and the MOU between the Department of Health and Human Services (HHS) and Israel's Ministry of Health, a new public-private health technology working group could accelerate the development of new cures and treatments, expand pathways for innovation, and ensure regulatory convergence that will benefit our economies, public health systems, and citizens.

## **2) Focus on Fundamental Enablers for Technology Cooperation**

**Strengthen Digital Economy Policies.** In the 35+ years since the U.S.-Israel Free Trade Agreement was signed, bilateral trade has grown 10-fold while becoming increasingly concentrated in industrial, high-tech, and digital products. The COVID-19 pandemic has illuminated the integral roles that digital and digitally enabled services play in daily life, whether through facilitating the growth of AI-powered technologies, enabling telehealth services, or providing for the cross-border delivery of goods and services. An often overlooked but fundamental aspect of this success has been the international flow of data. The continued evolution of the national security landscape has prompted policymakers around the world to raise important questions about the security of personal data. We have advocated for and will continue to support frameworks that advance privacy, cybersecurity, and innovation while maintaining the flow of information across borders. A prime example of the impact of this is Israel's real-time sharing of COVID-19 health data throughout its world-leading vaccination campaigns, which has helped inform public health authorities and vaccine rollouts across the globe. Trade and commerce between Israel and the United States is robust and has great potential to grow and deepen as the global economy continues its march toward digitization through smart digital policy updates:

- **Update digital trade rules.** To ensure the continued growth and competitiveness of U.S.-Israel digital technology cooperation, the countries



should formally adopt pro-competitive, cutting-edge rules that will encourage innovation, promote digital trade, and expand bilateral economic growth. Boosting digital trade rules would ensure cross-border data flows, promote government-to-government collaboration on cybersecurity and AI, promote open access to government-generated public data, facilitate digital transactions, and strike down tax and customs duties on digital products. This kind of a bilateral arrangement could help set predictable digital rules that would encourage trade and serve as a model for other economies to follow. New trade facilitation commitments for goods would also boost bilateral digital trade.

- **Harmonize data governance and privacy regulation.** Data underpins economic growth and competitiveness across all sectors of the modern economy. Israel has a unique opportunity to bolster its leading position as a hub for data-driven innovation through pro-growth reforms to its data protection legislation. The Israeli government released a bill updating the 1981 Privacy Protection Act which is the most comprehensive update of Israel's privacy legislation in 20+ years. As with any significant changes to regulation, it is vital the government work closely with stakeholders at each step of this process, including implementation. Israel should work with like-minded partners like the U.S. to coordinate approaches to minimize regulatory divergence, and reforms should expand the interoperability of Israel's data protection framework with its trading partners.

**Expand federal and state funding for bilateral innovation.** The U.S. and Israel have jointly built an extraordinary, world-leading innovation ecosystem that supports the rapid and effective commercialization of cutting-edge technologies. To maintain their technology leadership and expand economic opportunities, the two governments must advance new approaches to supporting entrepreneurs and innovations.

- **Develop roadmap to expand bilateral innovation and cooperation based on existing resources.** The Dialogue should look at how to best leverage the landmark CHIPS and Science Act which calls on the National Science Foundation to explore opportunities to support international research and collaboration. The Dialogue should include NSF's Directorate for Technology, Innovation, and Partnerships, and develop a strategy to support bilateral cooperation on key technologies such as AI, quantum, and synthetic biology where there is a natural nexus to expertise and capabilities in Israel. The Dialogue, working with the private sector, could also map out how the U.S. and



Israel could expand cooperation around ICT security and semiconductor supply chain activities through the CHIPS for America International Technology Security and Innovation Fund.

- **Engage both Congress and the Knesset to seek increases for resources available to support joint R&D.** The Dialogue could explore how to leverage the 2020 U.S.-Israel Science and Technology Agreement, a framework for scientific research and technological collaboration, and work with Congress on new funding proposals (e.g., United States–Israel Artificial Intelligence Center Act, United States-Israel Cybersecurity Cooperation Enhancement Act, and others) that will support the strategic priorities for U.S.-Israel technology cooperation.

### **Specific Recommendations for the 4 Pillars**

#### **Artificial Intelligence**

The business community believes in AI's potential as a force for good to raise human productivity, spur data-driven innovation, and expand economic opportunity to benefit consumers, businesses, and all of society. We recognize the necessity of a stable policy environment that fosters innovation and trust in AI. In 2019, the Chamber adopted a series of [policy principles around artificial intelligence](#) and in 2022 launched an Artificial Intelligence (AI) Commission on Competition, Inclusion, and Innovation to advance U.S. leadership in the use and regulation of AI technology. The [OECD's recommendations on AI](#) are also an important reference point for discussion on policy issues.

We recommend the Dialogue launch a bilateral public-private AI working group that would generate both frameworks and opportunities for practical industrial collaboration, and recommendations for bilateral cooperation on AI research, standards development, and governance related issues. This working group could engage with stakeholders in both governments developing national AI infrastructure and policies as well as private sector efforts like the Chamber's AI Commission.

Key topics for discussion include:

- **Advancing free flow of data with trust between the U.S. and Israel.** AI requires access to large and robust data sets to function. One of the biggest impediments to the growth of bilateral cooperation in AI is the difficulty of





sharing data between countries due to privacy, regulatory, and intellectual property laws. Governments also possess substantial amounts of data that should be made available and easily accessible in a structured, commonly used, and machine-readable format to accelerate the development of AI while ensuring appropriate and risk-based cybersecurity and privacy protections. Both countries could also build greater partnership around privacy enhancing technologies that could create new pathways for data sharing.

- **Building an AI ready workforce.** AI brings significant opportunities, as well as some challenges, to the workforce. Governments should partner with businesses, universities, and other stakeholders to build a workforce suited for an AI economy. These investments will ensure that workers are prepared to use AI tools and adapt to changing workforce needs.
- **Advancing Trustworthy AI.** The U.S. and Israel can lead the world in use of trustworthy AI systems, which means AI accuracy, reliability, privacy, robustness, safety and resilience to attacks. The U.S. and Israel should work together on a common and interoperable approach to standards leveraging the work that the National Institutes for Standards and Technology (NIST) is doing to develop the [AI Risk Management Framework](#).
- **Supporting private and public investment in AI Research and Development.** Investment in research and development (R&D) is essential to AI innovation. Governments should encourage and incentivize this investment by partnering directly with businesses at the forefront of AI, promoting flexible governance frameworks such as regulatory sandboxes, utilizing testbeds, and funding both basic R&D and that which spurs innovation in trustworthy AI. Policymakers should recognize that advancements in AI R&D happen within a global ecosystem where businesses, universities, and institutions collaborate across borders. Legislation like the U.S.-Israel Artificial Intelligence Center Act could be an important enabler of this bilateral cooperation.

## **Pandemic Preparedness**

**Institutionalize Expansive Partnership in Health Care.** The COVID-19 pandemic has underscored the need for strong collaboration across borders with partners like Israel to drive health innovation, manage issues in our supply chains, and promote economic recovery. While the global pandemic has highlighted the potential for many of these technologies, the Dialogue should seek to build stronger U.S.-Israel ties in health care



technology cooperation beyond pandemic preparedness to include digital health, medical devices, and pharmaceutical innovation.

- **Expand the U.S.-Israel Health Memorandum of Understanding (MOU).** The two lead health agencies could expand coordination on key public health issues and joint activities, including cross-border health data cooperation, streamlining regulatory and registration processes for innovative health products in both markets, ensuring high-standard intellectual property protections, and boosting cooperation between companies, academics, government agencies, and entrepreneurs to discover, develop, and commercialize new health care technologies. The bilateral MOU offers the framework for a more robust and routine U.S.-Israel health dialogue between entities such as the National Institutes of Health, the Centers for Medicare & Medicaid Services, the Centers for Disease Controls and Prevention, the Biomedical Advanced Research and Development Authority, the U.S. National Academy of Medicine, the Food and Drug Administration, the Office of the National Coordinator for Health Information Technology and parallel partners in Israel.
- **Streamline regulatory and registration processes.** Market access and entry issues exist for both Israeli companies looking to enter the U.S. market and U.S. firms seeking approvals in Israel. The governments could develop processes on both sides to expedite registration of new products, including a "green channel" in Israel for new products based on certain U.S. compliance standards, and support the establishment of a regional U.S. Food and Drug Administration (FDA) presence in Israel so that Israeli products can reach American patients more quickly. Both governments should commit to expediting approvals of new medical technologies and develop joint cross-border pilot programs for trials of these technologies. Both governments should commit to evaluate and partner on the use of multi-modal data sources—including real-world evidence derived from electronic medical record systems—to better understand product safety and effectiveness, identify new product indications, and evaluate ways to expand access to new cures.
- **Establish health attaché positions in embassies.** HHS posts and supports health attachés in almost every region of the world and leads global health diplomacy in their respective countries. These officials touch on the intersection of health and any number of sectors, including trade, 6 security, and the environment, and act as a resource for representatives of HHS and



other U.S. agencies in the region. HHS should post a health attaché at the U.S. Embassy in Israel. Similarly, Israel's Ministry of Health should post an attaché at Israel's Embassy in Washington, D.C., to demonstrate the significance of this sector and ensure continuity in government efforts.

### **Climate Change Technology**

Addressing climate change and reducing carbon emissions, including through sustainable, reliable, and affordable energy, is an urgent global priority, and a huge opportunity for U.S.-Israel technology cooperation. More broadly, the US and Israel have extensive expertise to commit to comprehensive efforts to address the planet's multiple climate and environmental challenges, including developing strategies for a transformative circular economy.

- **Promote transitional energy sources as part of the Dialogue.** The discovery of natural gas off the coast of Israel has transformed Israel's economy, environment, and security, and launched an entire new industry in Israel. The country, once dependent on foreign sources of energy, now has enough domestic supply of natural gas for several decades and is exporting large quantities to its neighbors. An immediate switch to a zero-carbon future is neither practical nor realistic for many economies, including Israel, whose economy is largely powered by the natural gas developed off its shore. Such an approach also undervalues the role of transitional fuels like natural gas in the energy transition, especially as investments in gas today can be decarbonized in the future through the use of carbon capture and storage (CCS) and hydrogen fuel switching as well as Israel and the U.S.'s comparative advantage in offering urgently needed supply of natural gas to Europe. The Dialogue should recognize and support the role of transitional fuels as an important contribution to achieving a greened future and work with the private sector to develop clean energy technologies such as carbon capture, energy storage, geothermal, and offshore wind.
- **Promote public-private sector engagement to drive circular economy transformation.** Circular economy approaches offer opportunities to address a wide range of challenges, from climate change to waste management. Building on existing work, including Israel's innovative ecosystem programs, the public and private sectors can focus on leveraging existing technologies and R&D projects to adapt existing and emerging solutions to current needs. In waste management, for example, there are opportunities to leverage recycling





technology to not only create new economic value chains from collection to recycling to manufacturing innovative products with recycled content. These models illustrate the power of coordinated public policy through regulatory and standardization initiatives to drive collaborative approaches to support industry investment, technology development, and commercial use.

- **Strengthen existing binational energy programs.** Binational programs like BIRD Energy and the U.S.-Israel Energy Center have demonstrated success in advancing energy and water innovation by facilitating cooperative industrial R&D, technology sharing, training, and education among national laboratories, academic institutions, and companies in both nations. Both governments should commit to expand funding for these programs and through these mechanisms grow public-private partnerships in the development of clean energy technologies.

### **Trusted Technology Ecosystem**

The business community represented by the U.S. Chamber of Commerce urges the U.S. government to take a proactive, whole-of-government approach to advance policies that safeguard U.S. national security and advance foreign policy objectives, while keeping American businesses competitive internationally. Outbound investment screening and export controls regimes must be considered within the larger context of domestic policies that protect our innovation ecosystem which produces the foundational and emerging technologies essential to national security. This includes robust investments in research and development, public-private partnerships, intellectual property (IP) protection, and corporate tax rates that do not put U.S. companies at a disadvantage in the global market. To outpace our competitors and produce the technologies our national security depends on, outbound investment screening and export controls must be crafted in a way that appropriately controls the transfer of national security-sensitive technologies to prevent nefarious uses, while continuing to foster American technological advancement and economic competitiveness in a global economy.

We strongly support the Biden Administration's efforts to adopt an approach to outbound investment screening and export controls that emphasizes the essential role of allies and partners. Unilateral restrictions and controls not only leave room for our competitors to access sensitive technology through alternative avenues, including from U.S. allies and partners, but also impede President Biden's goals of fostering domestic economic strength, promoting middle class jobs, and building back better.



We therefore urge the Biden Administration to increase work with our allies and partners to develop the least trade restrictive and narrowly targeted restrictions and controls for the most sensitive technologies to protect U.S. national security and foreign policy interests, and to explore alternatives to blanket controls where possible, such as technological solutions for detection and prevention of unauthorized uses.

### **About the U.S. Chamber of Commerce**

The U.S. Chamber of Commerce is the world's largest business organization in the world, representing the interests of more than 3 million companies of all sizes and industries. Our members range from the small businesses and chambers of commerce across the country that support their communities, to the leading industry associations and global corporations that innovate and solve for the world's challenges, to the emerging and fast-growing industries that are shaping the future.

### **About the U.S.-Israel Business Council**

The U.S.-Israel Business Council at the U.S. Chamber of Commerce is the leading national organization working to strengthen the U.S.-Israel trade, investment and innovation relationship. The Council serves as a hub for business intelligence, a platform for dialogue with U.S. and Israeli government officials on economic policies, and a platform for advocacy on trade, investment, and innovation issues.

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