

## Summary of Financing “The New Oil”

Israel is a global powerhouse in artificial intelligence (AI) and the uncontested technology leader in the Middle East. Private Israeli AI companies are financially supported mostly by investors from the United States, while investors from China play an extremely limited role. But understanding the risk of Chinese investments into the Israeli AI ecosystem will be important for the national security of both the United States and Israel.

- The most significant investment activity in Israeli AI companies comes from investors in the United States, present on **30 percent of analyzed transactions** and comprising **61 percent of disclosed investment capital**.
- Foreign investments into Israeli AI companies from the United Kingdom, European Union, and the United States **have been rapidly growing since 2010** and show no signs of slowing.
- Chinese investment activity in Israeli AI companies **significantly trails that of the United States** and has been trending downward since 2019.
- The top Chinese investments in Israeli AI tend to take place in companies that are attracting a **large set of multinational investors**, rather than as the sole foreign investment entity.
- Of the top ten Israeli companies that have attracted major Chinese investments, **six target autonomous vehicles, synthetic vision, robotics, or edge computing**, raising concerns about technology which could likely transfer well into national security or defense-related applications.

## Recommendations

The findings suggest that China is currently not a major investor in Israel’s AI ecosystem. However, this is not to say that no risk from China exists. The United States and Israel will need to address these potential risks to ensure continued economic prosperity and security for both nations. Future steps for strategic partnership in AI between the United States and Israel could include AI policy alignment, addressing mutually agreed-upon regional challenges, increased partnership in commerce, and removing barriers to further innovation.

## For more information:

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