

U.S. DEPARTMENT OF THE TREASURY

Press Center



Secretary Geithner Signs Memorandum On U.S. Initiatives To Support Israel's Economic Stability And Growth

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WASHINGTON – As part of this week's meetings of the U.S.-Israel Joint Economic Development Group (JEDG), U.S. Treasury Secretary Tim Geithner and Israeli Finance Ministry Director General Doron Cohen today marked the extension of the U.S.-Israel Loan Guarantee program in an event in the Diplomatic Room of the U.S. Department of the Treasury. The officials signed a Memorandum of Understanding (MOU) establishing a new framework for administering the recently extended U.S.-Israel Loan Guarantee program, which is designed to help the Israeli government access financial resources from private capital markets at affordable rates, in order to promote the country's economic growth and stability. Along with the Loan Guarantee Commitment Agreement administered through the U.S. Agency for International Development, the new framework affirms the United States' confidence in Israel's strong economic fundamentals and the Government of Israel's solid track record of policy implementation.

"Israel is a vital partner and ally of the United States," said Treasury Secretary Tim Geithner. "The continued availability of this loan guarantee will allow Israel to continue to enjoy access to capital markets at affordable rates in the years to come."

On July 27, 2012, President Obama signed legislation extending the U.S. loan guarantee program for Israel to 2016. This will allow the U.S. to provide access to up to \$3.8 billion in future loan guarantees as part of a \$9 billion commitment made by the U.S. in 2003. The loan guarantees, together with effective management by the Israeli government, have helped support Israel's strong economic recovery.

"Israel appreciates the longstanding extraordinary support of the United States for Israel and the relationship between two countries that have so much in common," said Israeli Finance Ministry Director General Doron Cohen. "The JEDG and Loan Guarantees program have contributed to the security and stability of the Israeli economy, and the JEDG will continue to enhance the relationship between our countries."

The JEDG, which is being held in Washington on October 24-25, is the primary economic dialogue between the United States and Israel.

The Israeli economy grew by 4.6 percent in 2011, and the Bank of Israel projects the economy to grow by 3.3 percent in 2012, making Israel one of the region's strongest economies. The Bank of Israel has been successful in keeping inflation on target, maintaining an inflation rate of 2.1 percent in September. Israeli officials have also been successful in reducing the country's debt in recent years.

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