



Since March 25, 2020

Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at January 20, 2021)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

Israel

| Country/Region | General measures | Measures for construction |
|-----------------|---|---|
| ISRAEL | | |
| Lockdown | <p>Amid rapidly increasing infection rates in the summer, the government re-tightened several containment measures in July 2020 and eventually introduced a second national lockdown from mid-September to mid-October over the Jewish holiday period. As of now, restrictions have been lifted (cf. OECD) (December 2020).</p> <p>Israel announced new restrictions on July 17 in response to a new surge in coronavirus cases, including weekend closures of many businesses and limiting restaurants to takeout and delivery. The government announced the restrictions after Prime Minister Benjamin Netanyahu said “interim steps” were needed to avoid another general lockdown (17 July).</p> <p>In April 2020, the closure of the borders was accompanied by "emergency legislation". In times of crisis, the Israeli government is allowed to take exceptional measures without being subject to the control of the Knesset. A decree has been issued authorizing the Internal Security Services (Shabak) to collect the mobile phone location data of infected persons. The data are then forwarded to the government, which then warns people who have been in contact with infected people to isolate themselves.</p> <p>The regulations increased limitations on movement, expressly forbidding Israelis from leaving their homes except for a short list of</p> | <p>It has been announced that Covid-19 will not be declared as <i>force majeure</i>.</p> <p>The construction sector and housing market were still functioning during the pandemic.</p> <p>The sector was designated as essential industry thereby allowing the continuation of work in active construction sites:</p> <ul style="list-style-type: none"> • It was estimated that 70% of sites were operational although there were sporadic returns of workers to Palestine as they were unsure about their medical coverage as well as other issues. There were 30,000 workers from the West Bank in Israel at this time as well as some 16,000 foreign workers half of which are from China; • No widespread house purchase contract cancellations and construction supplies shipments from China are resuming; • Payments by developers to the government for land purchased in tenders has been postponed; • Mortgage deferral for up to 4 months; • Payments and form-signing by new home buyers have been allowed via the internet; • Government payments for contractors in development contracts have been advanced and collateral requirements from contractors have been eased or cancelled altogether. |

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| | reasons, closing all but necessary stores, and reducing public transportation. | |
| Economic outlook | <p>After a decline of around 4,25% in 2020, GDP is projected to grow around 2.25% in 2021 and 4,25% in 2022. Increased unemployment and the likely raise in insolvencies after the second national lockdown, will weigh on the recovery of consumption and investment, despite government support to households and firms. From the second half of 2021, domestic and external demand should gain some strength as an effective immunization against the virus is implemented (cf. OECD) (December 2020).</p> <p>The economic measures have been the following:</p> <ul style="list-style-type: none"> • The Central Bank purchased NIS 50 billion (US\$13.4 billion) in government bonds on the open market to ease credit conditions and bolster the economy; • Corona state guaranteed loan fund - up to 500,000 NIS (US\$141,313) for up to 5 years with a 6-month grace period; • Licenses to operate a business in all local authorities will be automatically extended, in order to assist businesses working with reduced staff and businesses that have been forced to close temporarily; • There is no need to renew permits for continued operations. Permits will be automatically extended for another 2 months and all import permits will be renewed automatically to allow the import of goods into the economy and prevent shortages and delays. | <p>The building sector has been especially affected by the Covid-19 pandemic because of the lack in demand and freezing of mortgages, among others.</p> <p>The construction industry in Israel has been impacted by the pandemic, which is expected to affect growth across key sectors over the short to medium term, with a prolonged recovery. Residential and commercial are going to be worst affected, but infrastructure construction is expected to maintain momentum, supported by public spending.</p> <p>According to Constrack360, a Compound Annual Growth Rate (CAGR) of 10.7% is forecast for the Israeli construction industry, to reach ILS 184.5 billion (US\$56.52 billion) by 2024. In value terms, residential recorded a CAGR of 7.1% during 2015-2019. The commercial building construction market in value terms is expected to record a CAGR of 12.3% and a CAGR of 5.3% was reported for infrastructure in 2019.</p> <p>As of the end of August, Israel has introduced a green building regulation to account for all structure types, having been voluntary since its main green standard was implemented in 2005 (2020).</p> |
| Employment | <p>At the end of April, the unemployment rate reached 25%. It was 4% before the coronavirus crisis.</p> <p>Unemployment is projected to decline slowly but remain above pre-crisis levels at the end of 2022. The prolongation of some exceptional measures until mid-2022 is welcome, but should, according to the OECD, be accompanied by more training and job research assistance to help the unemployment transition to new jobs (cf. OECD) (December 2020).</p> | |
| Recovery | <p>It was acknowledged by the OECD, that boosting investments in infrastructure and pre-school education can strengthen the recovery and help reduce socio-economic disparities (cf. OECD) (December 2020).</p> | |