

MASSACHUSETTS AND ISRAEL UNVEIL \$2 MILLION AGREEMENT TO FINANCE JOINT R&D PROJECTS THAT FOSTER ECONOMIC DEVELOPMENT

Bilateral State Agreement to Facilitate Technology Commercialization for Life Sciences, Clean Energy and Technology Industries

WASHINGTON, D.C. - Wednesday, June 29, 2011 - Governor Deval Patrick today joined Israel's Office of the Chief Scientist (OCS), the U.S.-Israel Science and Technology Foundation (USISTF), and three Massachusetts economic development agencies to announce a formal collaboration between the State of Israel and the Commonwealth of Massachusetts to encourage and support innovation and entrepreneurship between Massachusetts' and Israel's life sciences, clean energy and technology sectors. This partnership will be known as the Massachusetts-Israel Innovation Partnership ("MIIP").

The agreement includes a joint solicitation for industrial Research & Development (R&D) collaborations between Massachusetts and Israeli companies. The three participating Massachusetts agencies, the Massachusetts Life Sciences Center (the Center), the Massachusetts Technology Collaborative (MTC) and the Massachusetts Clean Energy Center (MassCEC), are committing nearly \$1 million in collective funding for Massachusetts companies that are engaged in cooperative industrial research and development projects with an identified Israeli partner company. The Office of the Chief Scientist will provide up to \$1 million in matching dollars for the corresponding Israeli partner companies. Massachusetts is the first U.S. state to enter into such an agreement with the State of Israel.

"Today we have made a significant commitment to the long-term success of our economy," said Governor Patrick. "This Agreement will promote research collaborations, industrial partnerships and commercialization of new technologies, expanding opportunity and job growth both in Massachusetts and in Israel."

The initiative comes as a direct result of Governor Patrick's Massachusetts Innovation Economy Partnership Mission, a ten-day trade mission in March that included travel to Israel, where a coalition of the state's leading business executives and senior government officials explored growth opportunities of common interest for Massachusetts' and Israel's innovation industries. During that mission Governor Patrick and Shalom Simhon, Israeli Minister of Industry, Trade and Labor, signing on behalf of their respective states, signed a Memorandum of Understanding (MOU) in Jerusalem. MIIP has been established to implement the spirit of the MOU's framework. The MIIP initiative will be officially launched once the Israeli Knesset ratifies the MOU.

The initiative will support joint investment opportunities that will further the Massachusetts/Israeli relationship in ways that bring mutual economic benefit to both states and that further scientific discovery.

A Request for Proposals (RFP) will be issued jointly by the Center, MTC and MassCEC seeking applications for funding. The OCS will concurrently issue a solicitation seeking applications for funding from Israeli companies wishing to engage in industrial R&D collaborations with Massachusetts counterparts.

"This Agreement serves as another example of the Office of Chief Scientist's mission to implement programs that establish Israel as a hub of hi-tech industry," said Chief Scientist Avi Hasson, Israel Ministry of Industry, Trade and Labor. "We will continue to build international partnerships like the one with Massachusetts that enable Israeli and international companies to engage in joint technology development projects that drive economic growth."

The R&D Cooperation Agreement is designed to help Massachusetts and Israeli companies accelerate development cycles, promote mutually beneficial business-to-business cooperation to enhance opportunities for marketplace success and expand their global reach. It proposes a flexible framework of parallel funding for each participating company, having its R&D expenses supported by its own state according to its respective laws, regulations, rules and procedures.

"The Economic Development Administration (EDA) is pleased to collaborate in this important public-private partnership to promote technology commercialization in the biotechnology and life sciences industries to increase economic and job growth," said U.S. Assistant Secretary of Commerce for Economic Development John R. Fernandez. "This partnership between Massachusetts and Israel will be a great boost to the many innovators and entrepreneurs who are tackling today's challenges in clean energy, medicine and other fields and fueling the innovation economy."

"Helping businesses move forward with R&D projects through strategic international partnerships is the mission of the U.S.-Israel Science and Technology Foundation," said Ann Liebschutz, executive director at USISTF. "This Agreement exemplifies how we are encouraging the U.S. to tap into Israel's zeal for developing highly advanced and in-demand technologies to facilitate the competitiveness of American companies in this challenging global economy."

"This Agreement stems directly from the Governor's recent trade mission to Israel," said Susan Windham-Bannister, President & CEO of the Massachusetts Life Sciences Center. "A strong collaboration between two of the world's leading centers for life sciences innovation -- Israel and Massachusetts -- will undoubtedly advance scientific research, as well as development and commercialization of important new advances in medical devices, biotechnology, pharmaceuticals and other fields. We also are confident that this collaboration between Israel and Massachusetts will deliver meaningful economic benefits to both states."

"Israel and Massachusetts share a parallel asset in our world-class academic and research institutions, which have led to numerous technological discoveries and business start-ups in the clean energy sector," said MassCEC Executive Director Patrick Cloney. "This partnership will strengthen Massachusetts' relationship with the Israeli clean energy industry, and promote Massachusetts as an international clean energy leader, while providing Massachusetts companies access to the cutting edge expertise of their Israeli collaborators. With partnerships such as this we are on our way to making clean energy a marquee industry in Massachusetts, just like life sciences and IT."

"During the Governor's recent Trade Mission, we were impressed by the many synergies between the Israeli and Massachusetts technology sectors in areas such as cybersecurity, social media and digital healthcare management," said Patrick Larkin, Director of the Massachusetts Technology Collaborative's John Adams Innovation Institute. "We believe this public-private collaboration can serve as a catalyst to energize our state's entrepreneurs and innovation-led industries to develop new products for global markets and create new economic opportunities for Massachusetts."

Today there are nearly 100 companies with Israeli founders or Israeli-licensed technologies in Massachusetts. In 2009, these companies employed nearly 6,000 people and generated \$2.4 billion in direct revenue for the state. Local firms exported over \$180 million worth of goods to Israel in 2009 and, at 12.35 percent, the United States is Israel's largest source of imports. An important market for health-related technologies, Israel is home to 377 hospitals and 37,000 practicing physicians.

Governor Patrick also announced today that Massachusetts has hired a new Trade Representative to Israel, Hadas Bar-Or. Ms. Bar-Or is an experienced international economic development expert with a strong background in business development within the innovation economy and building collaborations between the public and private sectors. The new Representative will be responsible for increasing trade, investment, and commercial partnerships between Massachusetts and Israel. Governor Patrick announced that Massachusetts would be hiring a Trade Representative to Israel as part of his Innovation Economy Partnership Mission to Israel in March. Ms. Bar-Or will report to Secretary Greg Bialecki, Governor Patrick's Economic Development Cabinet Secretary and Chairman of the Massachusetts Marketing Partnership.

"Massachusetts and Israel today have extensive business relationships, due to our region's common industrial focus areas of life sciences, IT, and clean energy," said Housing and Economic Development Secretary Greg Bialecki. "Building on a strong foundation, our new trade representative will extend these business collaborations to new customers and industries."