

Israel has regained momentum in the global artificial intelligence race, according to the latest edition of the Observer Global AI Index, one of the most widely cited international benchmarks of national AI performance. Yet beneath the encouraging headline numbers lies a more troubling story: a slow but persistent erosion of the country's most valuable asset, its human talent.

The index, now hosted by *The Observer* following its acquisition by Tortoise Media, evaluates 93 countries on their investment in AI, their capacity for innovation, and the extent to which artificial intelligence is being implemented across society and the economy. In its 2025 edition, Israel ranks seventh overall, placing it firmly among the world's leading AI nations and marking an improvement from ninth place the previous year.

This upward shift reverses a recent downward trend and positions Israel just behind France and ahead of Canada, a notable achievement for a country of its size. A closer look at the data reveals where Israel is gaining ground, and where warning signs are flashing.

The index is built on three broad pillars: implementation, innovation, and investment, each broken down into specific sub-categories. Israel posted particularly strong gains in two areas in 2025.

One of the most dramatic improvements came in the "operating environment" category, which examines public attitudes toward AI, consumer adoption of AI tools, and the quality of governance and institutions. Israel surged from a strikingly low 65th place in 2024 to 12th this year, suggesting growing public readiness for AI technologies and a more supportive regulatory climate.

Israel also advanced significantly in government strategy, a measure of how ambitious and comprehensive national AI plans are, as well as the level of public spending committed to AI infrastructure, research, training, and private-sector support. Here, Israel climbed from 32nd

to 14th place.

Still, a ranking of 14 is hardly cause for complacency. A government-commissioned report published in August 2025 bluntly concluded that Israel is “not at the appropriate and desirable point” to accelerate its AI sector. Much now depends on the effectiveness of the newly established Israel Artificial Intelligence Agency, which has been tasked with turning strategy into execution.

More concerning is Israel’s performance in the talent category, the area that has long underpinned its reputation as a technology powerhouse. In 2025, Israel slipped from seventh to ninth place in AI talent, continuing a gradual decline from its fifth-place ranking in 2020. While remaining in the global top ten is impressive, the direction of travel is unmistakable.

The talent metric focuses on the concentration of AI specialists, their seniority, and shifts in supply and demand across industries. For a country whose technological edge rests heavily on human capital, any sustained weakening here is cause for concern.

Recent migration data offers a possible explanation. A new analysis by Israel’s Central Bureau of Statistics shows a growing “brain drain,” with highly educated Israelis increasingly choosing to build their futures abroad. In 2023, more than 60 percent of those emigrating held academic degrees, up sharply from just over 46 percent in 2010. The vast majority are under 50, precisely the age group most critical to innovation-driven sectors like AI.

Reversing this trend will not be easy. Developing world-class talent requires long-term investment in education and training, from schools to universities and beyond. But the challenge is immediate. Without decisive action, the gradual outflow of expertise could undermine Israel’s ambitions in artificial intelligence and other advanced technologies.

The national AI acceleration report goes further, urging the creation of a dedicated program

to attract AI specialists from abroad, coordinated by the Israel Artificial Intelligence Agency in partnership with non-governmental organizations. Yet attracting talent is only half the battle. Retaining it may prove even harder.

Ultimately, the data points to a broader conclusion: rankings and strategies alone will not secure Israel's place at the forefront of artificial intelligence. Without a marked improvement in the country's overall climate, professional, social, and national, stopping the outward flow of talent, let alone reversing it, will remain an uphill struggle.