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Companies on the Shelf

Apax Partners and the Ofer family are among the Israeli business groups that will have to choose whether to maintain either their financial or industrial holdings, according to the final report of the Economic Concentration Committee. The reason: They are considered too big and influential to keep both. The other three groups, who were already mentioned in an interrim report by the Committee, are those controlled by Nochi Dankner, Yitzhak Tshuva and Zadik Bino. Apax owns both Tnuva, the biggest foods manufacturer in Israel, and Psagot, the biggest investment house. The Ofers own interests in a variety of industries, including Bank Mizrahi-Tefahot. Tshuva is included in the list due to his holdings in the Delek Group, as well as the Phoenix insurance company and the Excellence-Nessuah investment house. The Committee also ruled that directors sitting on boards of financial companies may not serve as directors of non-financial companies as well. At about 50 people who sit on multiple boards will have to resign from at least one of them. One certain outcome is that key companies in the Israeli economy will have to change hands, creating rare M&A opportunities for investors, both foreign and local, to gain control of some of the most successful and profitable companies in Israel.

Will Israel Attack Iran?

I have no idea. You should rely on experts who are presumably more knowledgeable with regard to the various military, technological, political and other aspects of this complicated issue. However, one cannot fully comprehend the mindset of many Israelis without taking into account two major historical events: 1) 75 years ago the leader of an enlightened western European country promised to wipe out the entire Jewish race. Many Jews believed that this was simply hollow rhetoric for political purposes. This misinterpretation cost 6 million of them their lives. The reaction to the modern day talk of "wiping Israel off the face of earth" is deeply rooted in that traumatic experience. 2) In 1973 one of the main considerations of the Israeli government in not launching a pre-emptive strike prior to being attacked by both Egypt and Syria was the hope that by not firing the first shot essential US military support would be guaranteed during the war. That decision cost the lives of close to 3,000 Israeli soldiers. And where was the US support? Delayed for days en route, because no European country, including the UK, France, Germany and Spain, would allow the airborne convoy to refuel on the way to Israel. This is what comes to mind when promises like "if you are attacked we will be there for you" are voiced. So, if eventually military action becomes a reality, rest assured that emotions of this nature have more than likely played a role. And if this scenario does not occur, you will know that other, more powerful considerations, came into play.

The Safest Market of All

This piece of news may sound even more surprising when seen in context of the previous item: Over the past decade, Israel has produced better risk-adjusted returns than all other developed stock markets worldwide! The Bloomberg Riskless Return Ranking shows the Tel Aviv TA-25 Index returned 7.6 percent in the 10 years ended February 19th, after adjusting for volatility; the highest among 24 developed-nation benchmark indexes. Israel even beat Hong Kong's Hang Seng Index, the next-best market with a risk-adjusted gain of 6.7 percent, along with Norway, which had the highest total return. The Bloomberg study also referred to the constant political tension and threat of military action that Israel had to endure during this period, such as the 2006 Second Lebanon war. U.S. hedge fund executive Michael Steinhardt is quoted as saying

that "Israel is an exciting place to invest. The country is surrounded by enemies, it's seems always on the edge of extinction, but it expands and prospers". The timing of Bloomberg's announcement could not be better: it came only one day before the official opening of their new Tel Aviv office, in the presence of Chairman Peter Grauer and Tel-Aviv Mayor Ron Huldai.

We are the Champions!

The small northern town of Kiryat Shmona (population: 23,000) has a special place in my heart. First, it is in the vicinity of Safed, where I grew up. Many years later, I was involved in creating a very deep and lasting bond between the town and the Jewish community of San Francisco and the Bay Area. And last, but not least, my wonderful son-in-law Tal grew up there. So how can I not brim with pride when the Ironi Kiryat Shmona football team currently leads the Israeli Premier Football League by a 14 point margin and is very likely to be the Champion of the 2011/2 season? Trailing behind are teams which have already created names for themselves in the Israeli sport hall of fame, all from much larger cities like Tel-Aviv, Jerusalem and Haifa. A true Cinderella fairytale. Much of the credit belongs to the Sheratsky family, owners of the local Ituran Location and Control factory, who initiated a merger of two former local clubs and became the official sponsor of Ironi Kiryat Shmona. The people of Kiryat Shmona, who for so many years have been under a constant barrage of Katyusha rockets fired on them from Lebanon, deserve to be proud of this fantastic achievement.

The Start-Up Nation in Figures

A recent survey by the Israel Venture Capital Research Center (www.ivc-online.com) offers an historic overview on Israel's ascent to the status of a high-tech superpower and on its venture capital industry. During the last 15 years more than 5,000 start-ups were established. \$20 billion were invested in the venture capital sector and the total value of mergers & acquisitions reached \$28 billion. Leading global companies have played a special role in acquiring Israeli companies over the last decade: Microsoft bought 9 companies, Broadcom – 8, IBM and Intel – 7 each, Cisco – 4, and Johnson & Johnson – 2. The average investment per acquisition was \$71 million in the communication sector, \$45 M in the semiconductor industry, \$38 M in life sciences, \$37 M in internet and \$36 M in the software sector.

WhenWorse Comes to Worst

It's something we don't wish on any investor or international business player in Israel, but it's not always avoidable: namely a business dispute. When this unfortunate event occurs in Israel, one of your immediate concerns should be the huge backlog within the Israeli court system, which may lead to very lengthy procedures before justice is finally seen to be done. Mediation Plus – The Israel Institute of Conflict Resolution – offers a reasonable alternative. It uses experts in the areas of the dispute, alongside legal professionals, to provide an effective and efficient means of resolving monetary disputes in general, and disputes in the business sector, in particular. Mediation Plus was established in 1998 by attorney and mediator Pnina Merfish, to provide constructive and feasible solutions for business disputes, regardless of whether the dispute is between parties within an organization or with outside parties. Mediation Plus is unique in that it assigns an expert to each dispute. This expert is chosen from a panel which includes professional, experienced experts of the highest calibre, from a wide variety of industries and business sectors. Mediation Plus can be approached at any stage of a dispute; from the initial stages of the dispute or once court proceedings have commenced.

Strangers no More - the Sequel

Strangers No More, last year's Oscar winning documentary about the exceptional Bialik-Rogozin School In the heart of Tel Aviv, has shed some light on the growing problem of refugees in Israel. Fleeing genocide, civil war or persecution in their home countries, these refugees arrive mainly from Eritrea and Sudan. It is estimated that more than 40,000 asylum seekers and refugees now reside in Israel. Not much attention has been given to the economic difficulties experienced by the refugees, most of whom lack any formal status in Israel. A unique NGO, Microfy (www.microfy.org), has been set up; its mission is to empower refugees and asylum seekers, by giving them the tools they need to raise themselves up out of poverty and become independent and active members of society. They go about this by offering business training, technical assistance, financial resources and small business start-up funding. Many of the recipients are women, who hope to start various types of cottage industries in order to support their families. Now, that some of them have the option of returning to the newly created state of South Sudan, the NGO is preparing to help them start permanent businesses in their homeland. In the latter half of February the Founder of Microfy, Andrea Kruchik Krell, was invited to speak at Oxford Central Africa Forum about her experience.

Upcoming Events

The Jewish Funders Network (JFN) is holding its annual International Conference in Israel. Tel- Aviv and all over the country, 19 to 22 March.

The International Association of Lawyers and the Israel Bar Association are holding a seminar titled: Joint Ventures vs. Licensing. 29 & 30 March, in Tel Aviv.

The 27th **International Conference of Mayors**. Jerusalem, 6 to 10 May.

Herzog, Fox Neeman, one of Israel's leading law firms, will celebrate its 40th anniversary with a series of events. Tel Aviv, 22 & 23 May.

Innovate Israel 2012 is the UK's foremost conference, connecting innovative Israeli web, mobile and digital entrepreneurs and businesses with their UK and European counterparts. London, 26 June.

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