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Inward FDI in Israel and its policy context

by Yair Aharoni*

In the first four decades of its existence, Israel was not successful in attracting inward foreign direct investment (IFDI) despite attempts to do so. In the past two decades, Israel have become a haven for multinational enterprises (MNEs) that have taken advantage of its unique assets – among them a skilled, educated workforce and cutting-edge research-and-development (R&D) capabilities – by establishing production lines or R&D centers and acquiring dozens of successful start ups. Israel's IFDI stock sharply increased from US\$ 4.5 billion in 1990 to US\$ 71.3 billion in 2009. It is expected that IFDI will further accelerate following Israel's accession to the OECD in May 2010 and as more firms from emerging market economies, including China and India, will come to appreciate its characteristics as an ideal locational choice. Israel also weathered the global economic crisis well, even though IFDI declined sharply. Israel actively encourages IFDI, mainly in high technology areas. In 2010, the Government also created special incentives to attract research centers of financial institutions.

Trends and developments

Country level developments

Israel is a tiny parliamentary republic. Government intervention was very high until the mid-1980s, mainly in the form of an absolute control of the capital market and a high level of import protection. Since July 1985, responsible fiscal and monetary policies have accompanied reforms that have liberalized the economy, freed the capital markets from government's shackles, abolished foreign exchange controls,

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reduced the size of the public sector and public debt, accelerated the process of privatization, liberalized foreign exchange rules, and made the economy more competitive.

The high quality of human capital has become a great advantage to Israel in seeking a place in the world. Its R&D investment as a percentage of its gross national product (GNP) of 4.7% in 2008 is the highest in the world. So is the number of researchers in R&D per million inhabitants.¹ Since the 1980s, the Office of the Chief Scientist (OST) in the Ministry of Industry, Trade and Labor has been operating a variety of programs to support R&D. The Bi-national Industrial Research and Development Foundation (BIRD F) was founded in 1977 and a venture capital industry emerged. Indeed, over the past two decades, Israel has become famous for its capacity for innovation and its highly educated, skilled workforce. Israel's high-tech industry accounted for about 15% of the country's GDP in 2009 (of US\$ 195 billion) and more than 75% of its industrial exports. In addition, exports of R&D and software amounted to 29% of services exports and nearly 48% of business services exports in that year. As a result, many high-tech MNEs have established R&D centers and production facilities in Israel. Today, the country's market economy can be characterized as resilient, globally-oriented and advanced-technology-based. The 2010-2011 World Competitiveness Yearbook ranked Israel in 24th place among 139 economies.²

Almost since it became an independent state, Israel tried to attract foreign investors. There were, however, at least four reasons why it was not very successful until the 1990s. First, the Arab countries rejected Israel's right to exist and boycotted firms doing business with Israel.⁴ Many perceived Israel as synonymous with conflict and geopolitical instability. Second, Israel was not well developed, and its infrastructure was not at par with that of more developed nations. Telephone services were woefully inadequate and were allocated by the Government on the basis of a priority list. Road construction was inadequate, growing much less than the growth in the number of cars, resulting in congestion and many road accidents. Railways were very few. Even though the economy grew by leaps and bounds up to 1973,⁴ by 1988 GNP per capita was only US\$ 8,100.⁵ Third, the tiny size of its domestic market was not very attractive for large MNEs. Finally, the leaders of the country believed in socialist ideology, and the Government intervened in all aspects of business.

Most foreign investments were small in size and seem to have been motivated by solidarity of businesspeople in the Jewish Diaspora. By the end of 1980, the IFDI stock was US\$ 3.2 billion. Annual IFDI flows during the 1970s were only a few US\$

¹ In 2005-2006, there were 4.5 researchers per one million inhabitants in Israel, compared to 2.6 in the United States and 1.3 in China. See UNCTAD, *World Investment Report 2007: Transnational Corporations, Extractive Industries and Development* (Geneva: United Nations, 2007), table A7.

² World Economic Forum, *Global Competitiveness Report 2010-2011* (Lausanne: WEF, 2010).

³ On the Arab boycott see Aaron J. Sarna, ed., *Boycott and Blacklist: A History of Arab Economic Warfare against Israel* (Totowa N.J.: Rowman and Littlefield, 1986); Chaim Fershtman and Neil Gandal, "The effect of the Arab boycott on Israel: the automobile market," *Rand Journal of Economics*, vol. 29, no. 1 (1998), pp. 193-214; Dan S. Chill, *The Arab Boycott of Israel: Economic Aggression and World Reaction* (New York: Praeger, 1976).

⁴ Israel's GDP per capita in relation to the United States increased from 25% in 1950 to 60% in 1970. See Dan Senor and Saul Singer, *Start-up Nation: The Story of Israel's Economic Miracle* (New York and Boston: Council of Foreign Relations, 2009), p. 115.

⁵ For more information on Israel until 1990 see Yair Aharoni, *The Israel Economy: Dreams and Realities* (London and New York: Routledge, 1991).

million – the highest being US\$ 149 million in 1973. Even as late as 1990, Israel's IFDI stock as a percentage of GDP was 7.9%, compared to 9.0% for developed countries. In 2009, it was 36.6% compared to 31.5% in the developed world.⁶ During the past two decades, major changes in Israel's economic policy, the liberalization of the economy and the encouragement of high technology firms and R&D were noticed by foreign MNEs. As a result, the IFDI stock zoomed up to US\$ 22.6 billion in 2000 and US\$ 71.3 billion in 2009 (annex table 1). Since 2000, annual IFDI flows have been more than US\$ 1 billion (annex table 2). Their magnitude fluctuated considerably, with a peak value of US\$ 15.3 billion (10.5% of GDP) reached in 2006 – largely because of two major transactions worth about US\$ 4 billion each. The decline in IFDI flows in 2009 to US\$ 3.9 billion seems to have been more the result of the crisis in the home countries of MNEs and much less of an economic recession in Israel.

The sectoral distribution of IFDI is slanted toward high-tech investments - more than half of foreign investments were made in high technology firms and the building up of research centers. The Israeli Central Bureau of Statistics is responsible for the collection of statistical data, including on IFDI. Unfortunately, it does not publish Israel's IFDI stock in a sectoral breakdown nor does it publish the geographical distribution of home countries. The latest figures available are on output and employment in foreign affiliates in different sectors in 2005 (annex table 3). In that year, foreign affiliates comprised 17% of total manufacturing output (by employing 13% of the total workforce in this sector) and produced 19% of the total output of the services sector (with only 4% of the sectoral workforce). The economic importance of foreign affiliates is very high in the R&D sector (60% of total output and 43% of employees), in computer and related services (38% of output and 23% of employees). IFDI output was also very high in electronic components (54% of output and 32% of employees) and electronic communication equipment (56% of output, 49% of employees). Foreign firms produce half of the value added of high technology firms in Israel.⁷ Firms such as Intel, Google or Microsoft rely on their affiliates in Israel for major innovations of new products and processes. As Bill Gates observed "innovation going on in Israel is critical to the future of the technology business."⁸

In practice, Israel allows access to foreigners in all economic branches. The main driver for IFDI was the desire to take advantage of innovative entrepreneurs and researchers in Israel and to profit from the institutional arrangements that support them (for details see the policy section). Other drivers have been opportunities to acquire vital components for the value chain. A total of 60% of Israel's exports is done by MNEs – 40% by affiliates of foreign MNEs in Israel and 20% by Israeli MNEs. Most of the exports of these MNEs are directed to affiliated firms. 70% of the service exports of these firms are composed of computer and R&D services.⁹ The annual average value of IFDI flows in the past decade was 5% of GDP and 28% of gross fixed capital formation in the past three years.¹⁰ The high-tech sector accounts for three quarters of all industrial exports.

⁶ UNCTAD's FDI/TNC database, available at: <http://unctad.stats.org/fdi>.

⁷ Bank of Israel, *Annual Report 2009*, p. 285.

⁸ Senor and Singer, op. cit., p. 151. For similar observations by Warren Buffett, see the website of the Israeli Ministry of Trade, available at: www.moital.gov.il.

⁹ Bank of Israel, *Annual Report 2009*, p. 272.

¹⁰ UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org>.

In terms of geographic distribution, official figures are not available. However, virtually all IFDI transactions are reported in the daily press and are also accumulated in a data bank of the Israel Venture Capital Association. In addition, cross-border M&As are published on the *Invest in Israel* website. One can therefore report that the largest number of parent companies is from the United States, followed by investors from the European Union.¹¹ Two of the largest food MNEs in Europe – Unilever and Nestlé – have invested in Israel, as has Siemens. Recently, Indian and Chinese MNEs have started to do the same. The first investment by a Chinese firm was made in January 2010 when the Sanhua group invested US\$ 9.3 million in Helio Focus – a developer of solar heat systems using air. In late 2010, ChemChina was reported to have acquired a part of Machteshim-Agan, a producer of pesticides. This acquisition raised fears that the new owner would move production from Israel, thus reducing employment.

The corporate players

By the end of 2008, 489 foreign affiliates operated in Israel, compared to 278 in 2007, and only 37 in 2005.¹² The majority of them are in high technology industries. Practically every large MNE has opened or acquired a development center in Israel. The Israel Venture Capital Research Center's data base lists 286 foreign R&D centers, including those owned by Alcatel-Lucent, Applied Materials, Cisco, EMC, General Electric, Google, Hewlett Packard, IBM, Intel, Microsoft, and Siemens. Intel also invested in production facilities and has the largest foreign affiliate in Israel. Most foreign investments in Israel are relatively small in value. Only a handful of cross-border acquisitions were valued at US\$ 1 billion or more.¹³ The 15 principal foreign affiliates are listed in annex table 4. With the exception of Intel, the majority of IFDI are acquisitions of existing firms – many of them successful start-ups.

In 2009, M&A proceeds involving Israeli companies that were either acquired or merged, totaled US\$ 2.5 billion, 7% lower compared to 2008, and 33% lower than in 2007. The top ten deals in 2009 yielded roughly US\$ 2 billion, 80% of the total for the year. Four deals exceeded the US\$ 200 million mark and five exceeded the US\$ 100 million mark. Annex table 5 lists the largest cross-border M&As in 2007-2009.

According to the Israel Venture Capital Research data base, 63 Israeli companies were acquired or merged in 2009, a 28% drop from an average of 87 companies in the previous three years. However, the average deal size in 2009 was US\$ 40 million, an increase of 21% from US\$ 33 million in 2008. Venture capital backed deals (28) totaled US\$ 1.6 billion, an increase of 3% compared to 35 transactions valued at US\$ 1.5 billion in 2008. The most noteworthy M&As of 2009 were Siemens' US\$ 418 million acquisition of Solel, Medtronic's acquisition of Ventor, estimated at US\$ 325

¹¹ Official figures of the exact geographical distribution are not available. Given the small size of the population of foreign investors, the number of the different foreign investors was counted.

¹² Figures are from UNCTAD's FDI/TNC database, op. cit.

¹³ Cross-border acquisitions valued more than US\$1 billion since 1999 were: Lucent technology's acquisition of Chromatis for US\$ 4.8 billion in 2000, HP's acquisition of Mercury in 2006 for US\$ 4.5 billion, Berkshire Hathaway's acquisition of 80% of Iscar – a producer of metal cutting tools – for US\$ 4 billion in 2006, Broadcom's acquisition of Galileo for US\$ 2.7 billion in 2000, Intel's acquisition of DSPG for US\$ 1.6 billion in 1999, Sandisk acquisition of M Systems for US\$ 1.6 billion in 2006, and ECI's acquisition of Swarth for US\$ 1.2 billion in 2007. In addition, Perrigo acquired Agis for US\$ 0.9 billion, and Kodak acquired Creo for US\$ 1 billion.

million, and IBM's US\$ 225 million acquisition of Guardium. In the period from January to October 2010, there were 50 cross-border acquisitions; only two of them – by 3M (US\$ 230 million for Attenti) and by Roche (US\$ 160 million for Medingo) – were valued at more than US\$ 85 million.¹⁴

As to greenfield investments, there were about 20 of those every year, with a maximum of 41 in 2008.¹⁵ Large greenfield investments have been undertaken by Intel and Marriott in recent years (annex table 6).

Effects of the current global crisis

The global economic and financial crisis occurred after five years of economic growth of Israel at the end of which the unemployment rate was 5.9% - the lowest level in 20 years. The financial system and the mortgage markets were managed conservatively and were not affected by the crisis, and the country accumulated a surplus on the current account. Thanks to its sound macroeconomic and structural fundamentals, the Israeli economy recovered quickly. Following a reduction of GDP of 1.5% in the first quarter of 2009, economic growth resumed: real GDP increased by 3.6% and 4.9% in the third and fourth quarters, respectively. For 2010 and 2011, a 4% annual growth rate of real GDP is forecast. Unemployment in the second quarter of 2010 fell to 5.9% (though it rose back up to 7.2% in the third quarter). Yet exports were 12.5% lower than in the same period of the previous year.

IFDI plummeted by 64% in 2009, to only US\$ 3.9 billion, down from US\$ 10.9 billion in 2008 – compared to a 37% decline in global IFDI flows. Israel fell from the 54th place in 2008 to the 80th in 2009 in terms of IFDI. The increased uncertainty large high-tech MNEs felt during the crisis explains much of the decline in inward FDI. Indeed, cross-border investment in Israel in the high-tech sectors plunged to just US\$ 1.4 billion in 2009, compared with US\$ 3.2 billion in 2008.¹⁶

The policy scene

Since the 1990s, Israel has implemented a thorough unilateral trade liberalization program, exposing its domestic industry to foreign competition. The country made great efforts to attract IFDI to all economic sectors, with the possible exception of the military industry.

Investment incentives – which are the same for domestic and foreign investors - are outlined in the Law for the Encouragement of Capital Investment that was first enacted in 1950, and revised in 1959. Since 1959 there have been 60 amendments to the law; the most recent were made two years ago.¹⁷ Under the Law, the country is geographically divided into three National Preference Zones: A, B and C. The most preferential benefits accrue to businesses located in Zone A - areas far from central Israel that are relatively weak economically. The Law allows an enterprise to choose the type of its benefit from two alternatives: grants plus tax benefits. It is coordinated

¹⁴ The figures are from the data base of Israel Venture Capital Research.

¹⁵ UNCTAD's FDI/TNC database, op. cit..

¹⁶ Note, however that the data are skewed. Volatility is affected by the impact of large transactions. As an extreme example, in 2006 two individual acquisitions amounted to 50% of total IFDI.

¹⁷ Details can be found at: www.investinisrael.gov.il. The new law differs from the previous one by adding a new path for incentives – an Automatic Tax Program.

by the Israel Investment Center (IIC). Israel offers a wide range of incentives and benefits to investors in industry, tourism, real estate, film production,¹⁸ and (since August 2010) financial services. Special emphasis is given to high-tech companies and R&D activities.¹⁹

The Office of the Chief Scientist (OCS) of the Ministry of Industry and Trade is responsible for implementing the Government's policy of encouraging and supporting industrial R&D in Israel. The OCS provides a variety of support programs that have helped make Israel a major center of high-tech entrepreneurship.²⁰

Israeli trade policy is aimed at maintaining the expansion of its network of bilateral trade agreements. Its network of international trade and economic cooperation agreements includes free trade area agreements (FTAs) with NAFTA member countries (the United States, Canada, Mexico) and an association agreement with the European Union. The FTA provides for import-duties exemptions for most Israeli-made products arriving in the EU. Israel has also signed FTAs with the EFTA countries, as well as with Turkey. Recently, Israel signed an FTA with Mercosur (comprising Brazil, Argentina, Uruguay, Paraguay). Israel has also signed an Agreement on Trade and Economic Cooperation with Jordan; it includes significant tariff reductions for bilateral trade. Israel is also negotiating an FTA with India.

Israel has also signed bilateral investment treaties (BITs) with more than 30 countries, including Argentina, China, Germany, India, Kazakhstan, Poland, Romania, the Republic of Korea, South Africa and Turkey. Treaties for the avoidance of double taxation (DTTs) were concluded with 40 countries, including the United States, Brazil, Canada, China, France, Germany, Italy, Japan, the Netherlands, and Russia. According to UNCTAD, as of May 2010 Israel had signed 86 international investment agreements (IIAs), of which 37 were BITs, 45 DTTs and 4 others.²¹

Israel has also developed an extensive network of international R&D accords that foster industrial and technological cooperation with many countries. These include bilateral R&D funds with the United States, the United Kingdom, Canada, Singapore, and the Republic of Korea, as well as with the Province of Ontario in Canada and the State of Victoria in Australia. Israel has also concluded bilateral R&D agreements with 13 countries, including France, Germany, Italy, India, and China. Israel is the only non-European Associated State participating as an equal member in the EU Sixth Framework Program.²²

In May 2010, OECD countries unanimously agreed to extend membership to Israel, following three years of accession negotiations and careful review of its compliance with OECD standards and benchmarks. In August 2010, the Government of Israel launched a special program to encourage research centers of financial institutions, and several foreign banks are understood to be interested.

¹⁸ The *Law for the Encouragement of the Production of Films* was approved by the Israeli Knesset on October 28, 2008. Its main aim is to encourage the production of foreign films in Israel. To this end, the law offers generous tax benefits that reduce the cost of production by up to 20%.

¹⁹ For details see www.investinisrael.gov.il

²⁰ See www.investinisrael.gov.il.

²¹ UNCTAD, *World Investment Report 2010: Investing in a Low Carbon Economy* (Geneva: United Nations, 2010).

The many acquisitions of successful Israeli start-ups initiated a heated debate on appropriate national policies. Clearly, because the country is small, dependence on the very few Israeli-based large MNEs could make such firms “too large to fail”, and also strong political players. Ideally, the country would nurture dozens of home-based MNEs out of the 3,800 start-ups that would increase value-added and employment in Israel, not confining them to research centers and development work. Israel boasts the most high-tech start-ups per capita in the world. Its entrepreneurs and perhaps more so venture capitalists prefer to exit by selling their firms to large (foreign) MNEs instead of turning them into large independent firms that can provide local jobs. In the public debate about what is best for the country and what policies the government should pursue, many argue that Israel does not have enough experts in marketing, nor does it have managers able to direct large firms. There is also a shortage of later stage financing. A *Wall Street Journal* article²³ has pointed out that short-term thinking is ingrained in Israel, so it is unable to turn its high-tech start-ups into mature companies that stay in the country. If this is so, the best policy is to encourage R&D and then exit. Yet it is inconceivable to assume that a large number of entrepreneurs would be able to make a series of innovations, creating one start up after another and exiting from all of them. It is more plausible to assert that Israel is losing much potentially highly-paid employment by selling off its new technologies.

Conclusions

Though Israel is a small country with limited resources, responsible fiscal and monetary policies and a host of reforms aimed at liberalizing the economy have allowed it to stand out as one of the world's most competitive economies. Despite continuing tension in the region, Israel has evolved in just 20 years from an emerging to an industrialized economy. Israel's market economy is resilient, globally-oriented and technologically advanced. Over the past two decades, Israel has become well-known for its high-tech capacity, particularly in telecommunications, information technology, electronics, and life sciences. Its capacity for innovation, coupled with a highly-educated, skilled workforce, has played a key role in attracting IFDI.

Additional readings

Aharoni, Yair, *The Israel Economy: Dreams and Realities* (London and New York: Routledge, 1991).

Senor, Dan and Saul Singer, *Start-Up Nation: The Story of Israel's Economic Miracle* (New York and Boston: Council of Foreign Relations Book, 2009).

Useful websites

Israel Ministry of Industry Trade and Labor, available at: www.moital.gov.il.

²³ See <http://online.wsj.com/article/SB10001424052748703632304575451211403181030.html?KEYWORDS=israel+high+tech#ixzz11smMk84W>.

Israel Ministry of Industry Trade and Labor Investment Promotion Center, available at: www.investinisrael.gov.il.

Bank of Israel, available at: www.bankisrael.gov.il.

Israel Central Bureau of Statistics, available at: <http://www.cbs.gov.il>.

Israel Venture Capital Research Center with data base on foreign investors, available at: www.ivc-online.com/.

Israel Central Bureau of Statistics, available at: www.cbs.gov.il/www/hodaot2008n/09_08_223t20.pdf.

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Statistical Annex

Annex table 1. Israel: inward FDI stock, 2000-2009

(US\$ billion)

Economy	2000	2005	2008	2009
Israel	23	38	64	71
Memorandum: comparator economies				
Finland	24	55	83	88
Ireland	127	164	168	193
Sweden	94	172	272	305
Switzerland	87	170	439	464

Source: UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi>.

Annex table 2. Israel: inward FDI flows, 2000-2009

(US\$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Israel	7.0	1.8	1.6	3.3	2.9	4.8	15.3	8.8	10.9	3.9
Memorandum: comparator economies										
Finland	8.8	3.7	8.0	3.3	2.8	4.8	7.7	12.4	-2.0	2.6
Ireland	25.8	9.7	29.3	22.8	-10.6	-31.7	-5.5	24.7	-20.0	25.0
Sweden	23.4	10.9	12.3	5.0	11.0	9.9	27.3	27.2	33.7	10.9
Switzerland	19.3	8.9	6.3	16.5	0.9	-1.0	31.2	51.7	5.1	9.7

Source: UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi>.

Annex table 3. Israel: Output and employment of foreign affiliates in Israel in different sectors in relation to total output and employment, 2005

Sector	Output of foreign affiliates to total economy (in %)	Employment of foreign affiliates to total economy (in %)
Manufacturing	17	13
Food, beverages and tobacco products	12	13
Textiles and wearing apparel	7	6
Paper, publishing and printing products	14	10
Chemicals and chemical products	11	31
Plastic and rubber products	6	6
Non-metallic mineral products	19	15
Basic metall	29	29
Metal products and machinery and equipment	11	8
Electric motors and electric distribution apparatus	15	10
Electronic components	54	32
Electronic communication equipment	56	49
Industrial equipment for control and supervision	26	16
Transport equipment	15	7
Other manufactures	2	1
Services	19	4
Construction	2	1
Wholesale trade, retail trade and maintenance of vehicles	5	3
Hotels and accomodation services	20	4
Transport, storage and communications	5	1
Computer and related services	38	23
Research and development	60	43
Other industries	2	0

Source: Israel Central Bureau of Statistics

Annex table 4. Israel: 15 principal foreign affiliates, listed among Israel top 100 industrial and service companies in Dun's 100, 2009

Rank	Name	Industry	Number of Employees	Export (US\$ million)	Turnover (US\$ million)
1	Intel electronic Israel Intel Israel 74	Electronic devices	5,951	3,422	3,433
2	Berkshire Hathaway (Iscar)	Metal cutting devices	1,500	1,495*	1,531
3	Vishay Israel	Electronic devices	12,000	n.a.	1,148
4	Hewlett Packard Software Development Israel	Computers	880	n.a.	995
5	Sandisk IL	Electronic devices	500	865	913
6	Osem (Nestlé)	Food	4,720	166	867
7	Comverse	Software	5,000	n.a.	765
8	NDS (News Corp.)	Communication equipment	3,700	n.a.	765
9	Motorola	Electronic devices	2,589	304	686
10	IBM Israel	Computers	1,800	n.a.	548
11	Emblaze	Other		106	552
12	Formula systems	Software	4,200	n.a.	471
13	Perrigo Israel	Pharmaceuticals and cosmetics	1,700	n.a.	459
14	Kimberly Clark	Paper and cardboard	1,515	129	440
15	Unilever Israel	Food	1,800	n.a.	370

Source: Calculated by the author from Dun's 100.

* Estimated.

Annex table 5. Israel: main M&A deals, by inward investing firm, 2007-2009

Year	Target company	Acquiring company	Investor economy	Percent of shares acquired	Transaction value (US\$ million)
2009	Levantine Basin	Bontan Corp Inc	Canada	71.6	2.7
2009	AiPoint Ltd-Workforce	ClickSoftware Ltd	United States	100.0	1.5
2009	CopperGate Communications Ltd	Sigma Designs Inc	United States	100.0	164.5
2009	Arava Power Co	Siemens Project Ventures GmbH	Germany	40.0	57.2
2009	Dblur Technologies Ltd-Assets	Tessera Technologies Inc	United States	100.0	5.0
2009	Ventor Technologies Ltd	Medtronic Inc	United States	100.0	325.0
2009	Dmatek Ltd	Investor Group	United States	100.0	70.3
2009	Scopus Video Networks Ltd	Harmonic Inc	United States	100.0	78.9
2009	CMT Medical Technologies Ltd	Thales SA	France	87.4	26.4
2009	ABIC Biological Laboratories	Phibro Animal Health Corp	United States	100.0	46.0
2009	Aladdin Knowledge Systems Ltd	Investor Group	United States	86.0	137.1
2008	MediGuide Inc	St Jude Medical Inc	United States	100.0	300.0
2008	Ex Libris Group	Leeds Equity Partners LLC	United States	100.0	200.0
2008	Ness Tech Inc-SAP Sales	SAP AG	Germany	100.0	30.0
2008	Plastro Irrigation Systems Ltd	Deere & Co	United States	100.0	66.0
2008	Halman Aldubi Ltd	Capernaum Finance	Canada	49.9	35.6
2008	Avenue Israel Ltd-License	TomCo Energy PLC	United Kingdom	50.0	51.9
2008	BeInSync Ltd	Phoenix Technologies Ltd	United States	100.0	22.1
2008	Ness Technologies Inc	Citigroup Private Equity	United States	9.6	33.5
2008	Orca Interactive Ltd	Viaccess SA	France	100.0	21.4
2008	NUR Macroprinters Ltd	Hewlett-Packard Co	United States	100.0	117.5
2008	Taro Pharmaceutical Industries	Sun Pharmaceuticals Inds Ltd	India	9.4	38.1
2008	Dorot Water Technologies Ltd	Miya Luxemburg Holdings Sarl	Luxembourg	96.0	29.6
2008	Saifun Semiconductors Ltd	Spansion Inc	United States	100.0	421.1

2008	Fraud Sciences Ltd	Paypal Inc	United States	100.0	169.0
2008	Solel Solar Systems Ltd	Ecofin Ltd	United Kingdom	40.0	105.0
2007	Bank Hapoalim BM	Lazard Asset Management LLC	United States	5.0	323.2
2007	Maccabi Tel Aviv	Alex Shnaider	Canada	80.0	17.0
2007	Ester Neurosciences Ltd	Amarin Corp PLC	Ireland-Rep	100.0	32.1
2007	Clal Ind & Invest-Startup Co	Newbury Partners LLC	United States	-	20.0
2007	Golden Pages Ltd	Babcock & Brown Capital Ltd	Australia	100.0	212.3
2007	Bonei Arim Ltd	Undisclosed Acquiror	Unknown	-	63.0
2007	NaanDan Irrigation Sys CS Ltd	Jain Irrigation Systems Ltd	India	50.0	21.5
2007	SPL Software Ltd	Software AG	Germany	80.0	61.6
2007	Inolase Ltd	Candela Corp	United States	100.0	16.5
2007	Eyesquad	Tessera Technologies Inc	United States	100.0	18.0
2007	SigValue Technologies Inc	Amdocs Ltd	Guernsey	86.0	54.0
2007	Disc-O-Tech-Spine -Related Ast	Kyphon Inc	United States	100.0	220.0
2007	PowerDsine Ltd	Microsemi Corp	United States	100.0	275.1
2007	Alliance Tire Co(1992)Ltd	Warburg Pincus LLC	United States	100.0	150.0
2007	Delta Galil Industries Ltd	GMM Capital LLC	United States	21.3	27.7

Source: Thomson ONE Banker, Thomson Reuters.

Annex table 6. Israel: top 15 greenfield projects, by inward investing firm, 2007-2009

(US\$ million)

Date	Company name	Source economy	Investment	Estimated Investment	Industry	Business activity
2009	Marriott International	USA	160.0		Hotels & tourism	Construction
2009	Hewlett-Packard (HP)	USA		22.7	Software & IT services	Research & development
2009	ToLuna	UK		11.5	Business Services	Research & Development
2009	Intel	USA		120.2	Semiconductors	Manufacturing
2009	Dolphin Integration	France		19.1	Electronic components	Design, development & testing
2009	Phoenix Corporate Finance Partners	UK		15.1	Financial services	Business services
2009	France Telecom	France		26.0	Communications	Design, development & Testing
2009	Bank of Georgia (Sakartvelos Banki)	Georgia		15.1	Financial services	Business services
2009	Merchant Diamond Group	Cyprus		12.2	Minerals	Sales, marketing & support
2009	SunGard	USA		82.6	Software & IT services	ICT & internet infrastructure
2009	Thuasne	France		30.2	Textiles	Logistics, distribution & transportation
2009	Covance	USA		33.3	Pharmaceuticals	Research & development
2009	TANTK im. G.M. Beriyeva (Beriev Aircraft Company JSC)	Russia		15.2	Aerospace	Sales, marketing & support
2009	Namakwa Diamond	South Africa		12.7	Minerals	Sales, marketing & support
2009	HCL Group	India		8.7	Software & IT services	Sales, marketing &

						Support
2008	Software AG	Germany		15.3	Software & IT services	Design, development & testing
2008	Hennes & Mauritz (H&M)	Sweden		15.9	Textiles	Retail
2008	Intel	USA	20.0		Industrial machinery, equipment & tools	Recycling
2008	Inditex	Spain		17.3	Textiles	Retail
2008	Skunkfunk	Spain		17.3	Textiles	Retail
2008	SAP	Germany		15.0	Software & IT services	Design, development & testing
2008	General Dynamics	USA		86.4	Aerospace	Manufacturing
2008	Inventure Chemical	USA		107.2	Alternative/renewable energy	Manufacturing
2008	Cognate BioServices	USA		87.5	Biotechnology	Manufacturing
2008	Microsoft	USA		18.5	Software & IT services	Design, development & testing
2008	GL Trade	France		121.2	Software & IT services	ICT & internet infrastructure
2008	IBM	USA		20.0	Software & IT services	Research & development
2008	Tata Group	India		61.6	Software & IT services	Design, development & testing
2008	Air Logistics Group	France		32.6	Transportation	Sales, marketing & support
2008	Yahoo	USA		20.0	Software & IT services	Research & development
2007	eBay	USA		15.3	Software & IT services	Design, development & testing

2007	Sunshine Makers, Inc.	USA	40.7		Consumer products	Manufacturing
2007	Dai-Ichi Kogyo Seiyaku	Japan	8.0		Chemicals	Manufacturing
2007	Pfizer	USA		31.9	Pharmaceuticals	Research & development
2007	Continuity Software	USA		15.3	Software & IT services	Design, development & testing
2007	Sigma-Aldrich	USA	29.0		Biotechnology	Manufacturing
2007	General Motors (GM)	USA		103.0	Automotive OEM	Research & development
2007	Credit Suisse Group	Switzerland		15.1	Financial services	Business services
2007	Criterion	USA		8.8	Pharmaceuticals	Sales, marketing & support
2007	Johnson & Johnson	USA		23.3	Medical devices	Research & development
2007	Babcock & Brown	Australia		15.1	Financial services	Business services
2007	Motorola	USA		41.6	Communications	Design, development & testing
2007	Netineo	France		27.1	Communications	Design, development & testing
2007	Smart Energy Solutions	USA		28.0	Automotive components	Manufacturing
2007	Hewlett-Packard (HP)	USA		18.5	Software & IT services	Design, development & testing

Source: fDi Intelligence, a service from the Financial Times Ltd.