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Contents

Israel accelerates international gas distribution plans	1
ProSieben offers EUR 7m advertising opportunity to Tel Aviv start-ups	3
Israel rises in Global Prosperity Index	3
Foreign direct investments to intensify global economic integration of Israel	4
Economic Indicators Israel	5
Tenders	6
Fairs	6
Board of NUMOV	7

Israel accelerates international gas distribution plans



The Tamar gas field in the Mediterranean Sea, 90 km from Haifa

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Israel is currently embarking on a busy phase of cooperation in the gas sector with neighbouring countries. Natural gas resources have become a major strategic concern in the eastern Mediterranean, with tentative negotiations having already taken place between Israel, Egypt, Greece and the (Greek) Cypriot administration.

In an attempt to expand natural gas provision, Israel is considering two possible European supply routes, one of which would necessitate a pipeline running through northern Cyprus and Turkey. According to H.E. Fazil Can Korkut, Ambassador of the Turkish Republic of Northern Cyprus to Turkey, this would be the cheapest and most practical solution, although challenges in bilateral relations would have to be surmounted.

An alternative option is currently under negotiation, potentially flowing through southern Cyprus, Greece and Italy. Israel's Energy Minister Silvan Shalom met in Rome in November with his relevant counterparts from European countries of the Mediterranean in order to outline the large-scale, multi-billion USD project, representing part of an effort to attract European investment and reduce the continent's dependence on natural gas from Russia. The proposal will be presented to European representatives in Brussels in December.

A further planned pipeline would carry gas to Egypt as part of an upgrade to Israel's offshore Tamar gas field, which was discovered 90 km west of Haifa in 2009, with production commencing in March 2013.

continued on page 2



GREEN VENTURES®

GREEN VENTURES 2015 WITH PARTNER COUNTRY ISRAEL LEIPZIG 27–29 JANUARY 2015

The 18th Green Ventures international partnership forum for environmental and energy technologies will take place at TerraTec and enertec in Leipzig from 27–29 January.

The partner country at the 2015 event will be Israel – a promising market for green technologies. Israel is seeing an increase in demand for modern solutions to environmental issues, especially in solar technology, renewable energy and recycling.

Building on 17 years of success, the networking and partnership-building event has hosted representatives of over 4,500 international companies from 115 different countries, and is Germany's largest partnership forum for environment and energy technology.

More information and registration at www.green-ventures.com

continued from page 1

Upon finalisation of an agreement between Tamar Group and the Spanish company Union Fenosa Gas (UFG), the pipeline would form a component of the USD 1.5-2bn renovation, alongside new wells and platform upgrades. UFG already runs the SEGAS liquefied natural gas (LNG) terminal in Damietta, northern Egypt, although a feedstock diversion has rendered this plant inactive since 2012 as a result of the Egyptian energy crisis.

One Israeli partnership has already confirmed its decision to deliver natural gas to Egypt, whose rising energy demands require immediate alleviation in the face of insufficient domestic production.

As terms of a collaboration between Egyptian firm Delphinus Holdings and the Tamar field developers, over 2.5 billion cubic metres (bcm) of natural gas are to be supplied to Egypt over a three-year period. Israeli companies Isramco, Delek Drilling, Avner Oil Exploration and Dor Gas own 64% of the field, with the US-based Noble Energy holding the remaining 36% stake.

The CEO of Avner Oil Exploration, Gideon Tadmor, heralded this Memorandum of Understanding (MoU) as an, "Important link in a series of agreements that will allow the supply of natural gas to the domestic market in Egypt."

This MoU foresees the use of the East Mediterranean Gas pipeline, featuring the caveat that supply can be halted for the prioritisation of Israeli customers, if necessary.

There is a history of bilateral cooperation between the two countries in this area, given that a large proportion of Israel's gas requirements were covered for many years by Egyptian exports, as the pipeline flowed in the opposite direction.

Other agreements include a historic USD 15bn deal finalised with the Jordanian National Electric Power Company for the supply of natural gas to Jordan, making Israel the kingdom's principal supplier, as well as further MoUs for the sale of gas to LNG facilities operated in Egypt by Spain's UFG and the UK's BG Group.

Elsewhere, Israel is also believed to possess substantial untapped reserves of 510 bcm at the Leviathan field, situated in the Mediterranean 130 km to the west of Haifa on the Israeli coast and southeast of Cyprus, over twice the estimated deposit of the Tamar field and anticipated to be operational by 2016.

Among the partners involved in this enterprise are Avner Oil Exploration, Delek Drilling and Ratio Oil Exploration. Israel's Leviathan group this year entered into a USD 1.2bn, 20-year contract with the Palestine Power Generation Company for the sale of 4.75 bcm of gas for use in a planned USD 300m facility in Jenin.

In total, Israel exported 40% of its offshore gas discoveries last year, retaining a 25-year supply for national consumption. These assorted international partnerships should facilitate the strengthening of both economic and diplomatic ties, a hope expressed unequivocally by Minister Shalom, as well as contribute to the further development of the Israeli gas sector.

ProSieben offers EUR 7m advertising opportunity to Tel Aviv start-ups

German mass media company ProSiebenSat.1 Group, once owned by Israeli investor Haim Saban, has demonstrated its interest in the Israeli start-up landscape by staging the SevenVentures Pitch Day (7VPD) event in the country for the first time, due to take place on December 17th in Tel Aviv and targeted at local entrepreneurs attracted to European market entry.

The stated fields of interest include the development of B2B end-user internet and mobile products in the fields of entertainment, video, music, games, education, dating, tourism, toys, home products, fashion, health and payments. Promising EUR 7m-worth of television advertisements as its

prize, the competition offers the most creative and innovative young companies the opportunity to present their proposals to an international panel of six judges. The application deadline was 22nd November 2014, after which seven finalists will be selected.

A media giant in its native Germany, ProSiebenSat.1 Group is a network consisting of nine terrestrial, cable and satellite commercial television stations in addition to radio stations and premium pay channels, boasting a 30% market share of the German TV market and operations in 13 European countries.

Offering access to 42 million households in Germany, Switzerland and Austria, the cor-

poration has made it clear that the undertaking has "no strings attached" regarding any interest in shares, profits or promotion work, rather that the venture is focused on harnessing the growth potential of the European market for Israeli firms.

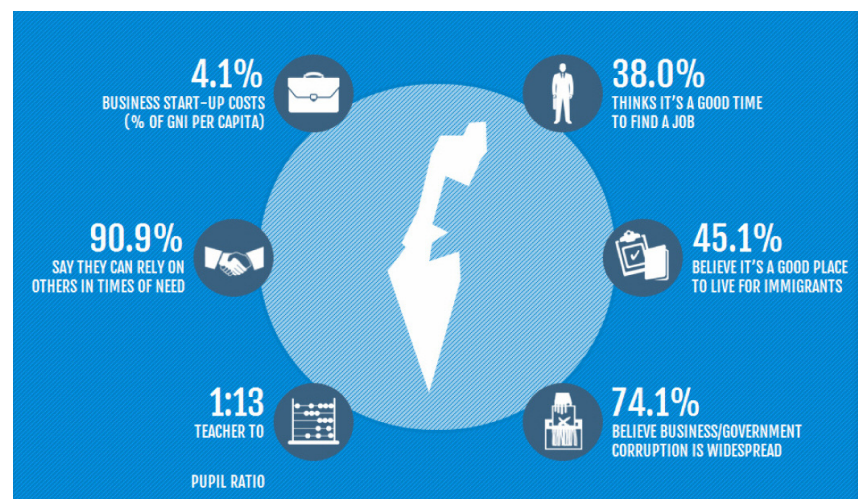
ProSiebenSat.1 is not the first German media enterprise to make inroads into the world of Israeli start-ups. Following the path forged through investments by Axel Springer SE, which also held a start-up event for its 'Plug and Play Accelerator' in Berlin, and the opening of an Israeli branch by Deutsche Telekom for its 'hub:raum' start-up accelerator, further revealing the encouraging state of German-Israeli bilateral business prospects.

Israel rises in Global Prosperity Index

Israel has climbed to 38th position in an annual ranking of worldwide prosperity conducted by Legatum. The above-average economy, health and education were among the key areas of specific merit in the study, while continuing improvement has also been found in the quality of living.

The index defines prosperity across 142 countries – accounting for 96% of the world's population and 99% of its GDP – according to criteria such as health and well-being, categorised under the following eight sub-indices: education, social capital, health, personal freedom, governance, economy, entrepreneurship & opportunity, and safety & security. Basic needs such as food and shelter were found to be adequate for 89.5% of respondents and 70.4% were satisfied with their quality of life, compared with worldwide figures of 70.4% and 59.4% respectively.

The study produced an array of interesting observations on Israeli life. In terms of social capital, the country is ranked 19th glob-



Israel was placed 38th in the Legatum ranking

ally, boasting a capital per worker rate of nearly double the worldwide average and an economy well above the global norm.

Healthcare also posted impressive and uniformly above-average results, with 94% of the population vaccinated against infectious diseases, 80% content with their personal health, and the life expectancy in

Israel recorded at a full 11 years over the global mean: 81.7.

The other area for great confidence was education, as the survey shows that a substantial 65.8% of Israeli adults were, are, or have been enrolled in higher education institutions, dwarfing the worldwide rate of 39.6%.

Foreign direct investments to intensify global economic integration of Israel

For a number of Israeli companies, foreign direct investments (FDI) are an operational necessity. Israeli entrepreneurs especially strive for larger target market proximity and cost benefits as well as better distribution of risks making FDIs.

The framework for capital commitment outside of Israel will stay favourable despite possible fluctuations. In addition, there is a considerable amount of economic demand to expand foreign investments. Germany, as Europe's largest market and stepping-stone to other European markets, is particularly of interest for Israeli companies.

In the relatively small Israeli economy, many companies depend on foreign business to exploit their growth. This applies not only for increasing exports, but also for the build-up or acquisition of manufacturing plants and service companies abroad. More FDIs could result in shortened delivery channels and the facilitation of customer service.

In the upcoming years, a new economic unbundling law, which was enacted in December 2013, will gradually be implemented. The new measures have the aim of reducing the high concentration of economic power in the hands of a small group of companies. This will release a high

Destination	2008	2009	2010	2011	2012	2013	Overall
USA	14	14	30	19	22	28	127
India	10	8	4	14	9	3	48
Romania	18	3	1	3	4	1	30
Germany	5	5	6	5	6	2	29
China	7	6	4	4	2	1	24
UK	5	4	-	3	5	3	20
Russia	11	1	3	1	1	1	18
Brazil	4	1	3	3	3	2	16
Serbia	1	2	-	3	7	-	13
Spain	-	2	3	1	2	2	10
Overall	120	67	84	76	82	59	488

Amount of Israeli Greenfield projects abroad (2008-2013),

Source: fDi Markets, 2014

amount of capital, for which appropriate investment will need to be found.

As an investment location, Germany is believed to grant several facilities for Israeli firms. In addition to the current size of the German market, investment incentives include the economic stability and high credibility of German businesses.

According to the most recent available figures from its statistical office, Israeli FDIs amounted to USD 74bn in 2012. USD 42bn accounted for industrial investments, especially in the fields of chemicals and phar-

maceuticals. The service sector accounted for USD 14.2bn, dominated by financing services with USD 11.3bn. 47.4%, or USD 35.1bn of FDIs were effected in Europe. 28.4% or USD 21bn account for investment in North America.

Germany is one of Israel's leading trade partners and as a supplier country ranks 3rd place after the US and China. Exports from Germany to Israel amounted to USD 4.7bn in 2013. They grew by 1% and established a new record.

The main German export articles included machinery and equipment, automobiles, chemical and plastic products, measurement and control technology and medical technology. Israeli exports to Germany are considerably lower than goods flowing in the other direction, with Israeli export goods to Germany amounting to USD 1.8bn in 2013.

A sustained increase in cross-border FDIs would help to integrate Israel more into the global economy. In addition, they could highlight the strengths of the Israeli economy and simultaneously use advantages of foreign locations. Israeli foreign-trade policy is quite liberal and is likely to stay that way. Therefore, administrative restraints are not expected in the mid-term.

	Year	Investing company	Location	Branch
1	2013	Perfecto Mobile	North Rhine-Westphalia	IT and software
2	2012	Arkal Plastics Products	Thuringia	Automobile
3	2012	Bio Mushroom	North Rhine-Westphalia	Consumer goods
4	2012	Ignite	Hesse	IT and software
5	2012	Delta Galil Industries	Baden-Württemberg	Textiles
6	2010	Cola Sonel	North Rhine-Westphalia	Auto components
7	2010	Frutarom Savory Solutions	Baden-Württemberg	Consumer goods
8	2009	Goldenherz	Saxony	Health services
9	2009	SolarEdge	Saxony	Electronics
10	2009	Leonardo Hotels	Berlin	Hotel and tourism

Greenfield projects of well-known Israeli companies

Source: fDi Markets, 2014

Economic Indicators Israel

Gross Domestic Product (GDP, nom.) (billion USD)	2013: 291.4
GDP per capita (USD)	2013: 33,600
GDP composition (%)	2012: mining/industry 15.6; tourism 10.0; transport/Logistics/communication 6.8; construction 5.3; agriculture 2.0; Other 60.3
Real economic growth (%)	2013: 3.3%; 2014: 3.2%; 2015 (est.): 3.4%;
Industrial production growth by sector (%)	2012: metal products +1.0; timber products -4.0; foods, beverages and tobacco +1.7; electronic components +7.9; machines and equipment +0.7; chemical products +5.6; textiles and clothing -9.6.
Inflation rate (%)	2013: 1.5; 2014: 1,6 (est.); 2015: 2.0 (est.)
Unemployment rate (%)	2013: 6,4; 2014: 6,7 (est.); 2015: 6,5 (est.)
Average income (NIS / month)	2013: 9.201; 2012: 8.971; 2011: 8.741
Budget deficit (% of GDP)	2013: 68.2; 2014: 65,1 (est.); 2015: 63,9 (est.)
Foreign trade volume:	
Import goods (billion USD)	2013: 66.8
Export goods (billion USD)	2013: 47.9
Foreign debt (billion USD)	2013: 95.6; 2014 (est.): 96.1
Foreign exchange reserves (billion USD)	2013: 81.8; 2014 (est.): 86.5

Germany – Israel Relations

Foreign trade volume (billion USD)	2013: Import goods from Germany 3.6; Export goods to Germany 1.8
Investment assistance treaty	signed June 24th, 1976 and applicable at present
Double taxation agreement	signed July 9th, 1962, revised 20 August 2014, in effect since August 21st, 1966

Sources: Germany Trade and Invest, Bank of Israel, tradingeconomics.com

Tenders

Design, supply and installation of automatic hose retriever systems and telescopic ducting

The Israel Airports Authority (IAA) requests proposals to participate in an open tender for the design, supply and installation of automatic hose retrieval systems and telescopic ducting systems for commercial passenger aircraft.

Closing date: 7 December 2014

Supply of ship grain products unloader with kick-in/kick-out job system

The Haifa Port Company Ltd. is calling for proposals for the supply of a ship grain products unloader with kick-in/kick-out job system

Closing date: 16 December 2014

Request for information regarding provision of operation and maintenance services for a light railway system

NTA, the Metropolitan Mass Transit System Ltd. is seeking information from urban transport operators and maintenance organisations regarding provision of operation and maintenance services for light rail transit (LRT) lines.

Closing dates: 17 December 2014

Request for information for electric tow tractors towing pallets dollies

The Israel Airports Authority is requesting information from firms that have manufactured and supplied electric tow tractors for towing pallets dollies to airlines/airports.

Closing date: 18 December 2014

Request for information Design, supply, installation and commissioning of a baggage handling system

This public tender with prequalification stage concerns the design, supply, installation, commissioning and technical support of a baggage handling system (BHS) for the Ilan and Assaf Ramon International Airport in Timna.

Closing date: 21 December 2014

Construction of Carlebach Interchange Station

NTA, the Metropolitan Mass Transit System Ltd., is inviting proposals for the construction of the Carlebach Interchange Station including a vehicle underpass.

Closing Date: 12 February 2015

For further information: email numov@numov.de or fax: +49 (0)30-20 64 10-10

- ☐ I / We would like to receive further information on the following tenders.
This service is for NUMOV members only.

Name, Company, Address Phone, Fax, Email

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7–8 December 2014

Eilat Eilat Green Energy
International conference and exhibition for green energy.
Eilat (Israel)

27–28 January 2015

CleanTech 2015
International exhibition for clean technologies.
Air Port City (Israel)

24–26 February 2014

ISRACHEM
International trade fair for industrial processing and control and measurement.
Tel Aviv (Israel)

24–26 February 2015

Analiza
International exhibition for technologies and equipment for industrial laboratories.
Tel Aviv (Israel)

24–26 February 2015

Maintenance
Exhibition for Industrial and Facility Maintenance.
Tel Aviv (Israel)

28–30 April 2015

Agritech
Exhibition for international agricultural technology.
Tel Aviv (Israel)

16–18 June 2015

Technology
International trade fair for industrial technology
Tel Aviv (Israel)

13–15 October 2015

WATEC
Exhibition and conference for water technology and environment control.
Tel Aviv (Israel)

03–05 November 2015

Aclima
Exhibition on heating, ventilating, air conditioning and refrigeration
Tel Aviv (Israel)

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