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Invest in Israel
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NEWSLETTER

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This newsletter is brought to you by **Invest in Israel**, the investment promotion center of the Ministry of Industry, Trade and Labor.

Invest in Israel works closely with potential and current investors before, during and after investment, and serves as a resource for investment related information about Israel.

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STRONG GROWTH FORECASTS SHOW ISRAEL COMING OUT OF RECESSION

"Thanks to sound macroeconomic and structural fundamentals, the Israeli economy has shown good resilience throughout the global crisis...The economy grew at a rate of 1% in the second quarter, and thus technically emerged from recession." - UBS economist Reinhard Cluse

Swiss investment bank UBS said in September that a consecutive quarterly comparison showed Israel resumed its economic growth in the second quarter and forecast the economy to grow by 0.3% in 2009 and 3% in 2010. Bank Hapoalim, one of Israel's largest banks, had given the same forecast in August.

The Bank of Israel's combined State of the Economy Index rose 1.2% in July, indicating that economic activity is expanding. Israel's central bank also revised the index for June upwards to a 0.6% rise as opposed to an earlier reading of 0.2%.

The higher-than-expected growth stems directly from the resurgence in industrial exports and output. According to a report from the Central Bureau of Statistics industrial output started rising in June 2009 and exports during the months of July and August increased by 25.6% annually. High-tech exports, which made up 51% of total manufactured exports (excluding diamonds), rose by an annualized 21.7% in the June-August period.

The trade deficit (excluding diamonds) narrowed to \$4.6 billion during the first eight months of the year from \$9.9 billion in the year earlier period.

Bank of Israel Governor Stanley Fischer in late August raised the key lending rate by a quarter point to 0.75 percent in an effort to bring inflation to within the target range and to continue to support the recovery of economic activity. The Bank of Israel was the first central bank internationally to raise borrowing costs. Israel's key lending rate had not been raised since July 2008.

ISRAELI FILM "LEBANON" WINS TOP PRIZE IN VENICE

Israeli director Samuel Maoz's "Lebanon" won the Golden Lion, the 66th Venice Film Festival's top prize. Israeli films have so far won the top prize at various important film festivals around Europe but this is the first time Israel won a prize in Venice, which is one of the largest and most prestigious of the European festivals

The hard-hitting Israeli war movie, which the New York Times called "an astonishing piece of cinema", was shot almost entirely from inside a tank to communicate the claustrophobia and fear the director himself experienced as a young Israeli soldier during the 1982 war.

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Ang Lee, president of the jury and two-time Golden Lion winner himself, said: "We all come from different countries but we are happy that we are not inside that tank. It could be any tank and any war in the world, that's what is so precious about the film ... the ripple is incredible."

Israeli film is also celebrated at the Toronto International Film Festival, as Tel Aviv became the first city put in the limelight in its new City to City Spotlight program designed to rejoice international film culture. In honor of the program ten films that focus on Tel Aviv are screened.

Other Israeli films screened at the Toronto festival: "Lebanon", "Ajami", "Eyes Wide Open", "Five Hours from Paris", "Carmel", and "Google Baby".

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ISRAELI COMPANIES EXPAND INVOLVEMENT IN LATIN AMERICA

A delegation of 8 Israeli water technology companies that were carefully selected by Brazilian water company SABESP, traveled to Sao Paulo to present groundbreaking Israeli innovative solutions to local water issues. SABESP, which provides water and sewage treatment to the State of Sao Paulo, hopes to use the Israeli technology to tackle the increasingly challenging task of providing the growing urban population of Brazil's business capital Sao Paulo with potable water.

Mekorot National Water Company, Israel's main water company, also signed cooperation agreements with SABESP and CAESB.

SABESP, with about 30 million customers, is Latin America's largest, and the world's fifth largest water company. CAESB provides water and sewage treatment to the Federal District, including Brazil's political capital, Brasilia.

Mekorot will work with SABESP and CAESB on treating contaminated water sources, desalination, water quality, hydrology, drilling, sewage treatment, wastewater reclamation, reduction of water depreciation, and the use of advanced water technologies.

Israeli technologies will get further exposure at "WATEC 2009", the Water Technologies & Environmental Control exhibition to be held in Tel Aviv in November, which will serve as a unique forum for displaying technological innovations to water industry decision-makers worldwide.

For further information please visit: <http://www.watec-israel.com/>

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SIEMENS BUYS 40% STAKE IN ISRAELI SOLAR POWER COMPANY

"Thanks to its intensive sunshine and steadily growing demand for energy, Israel is an ideal location for further developing our solar business." - Peter Löscher, president and CEO of Siemens.

German industrial giant Siemens has closed a deal with Israel's Arava Power that gives it a 40% stake in the Israeli solar energy provider and includes a framework agreement for the construction of solar plants between the Dead Sea and the Red Sea having a total output of 40 megawatts (MW). The first project will be the construction of a plant at Kibbutz Ketura in Israel's southern desert, with an output of up to 4.9 MW.

"Siemens will support the local solar projects with our variety of technologies, professional expertise, and funding capabilities," said Johannes Schmidt, CEO of Siemens Financial Services.

Siemens' initial \$15 million investment is the largest-ever foreign investment in a solar development company in Israel. The controlling 60% of Arava Power will remain in the hands of the local firm.

Arava Power, a subsidiary of Global Sun Power G.P. Ltd, was founded in 2006 and is the first company to have won a commercial license to produce electricity from solar energy.

Israel has set a goal to realize 10% of its energy from renewable sources by 2020, and Israel Electric, the state-owned utility, is expected to approve a 1.58 shekel (\$0.41) per kilowatt-hour tariff in the near future. The price for solar installations up to 50kW is 1.98 shekel (\$0.50), about four times the going price of electricity for consumers

The country's largest solar installation provides 50-kW and was connected to the national grid in December 2008 as part of a joint venture of Wuxi, China-based Suntech Power Holdings and Ramat Gan, Israel-based Solarit Doral.

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TEL AVIV UNIVERSITY RESEARCHER CREATES NATURAL CURE FOR INSOMNIA

Professor Nava Zisapel, a chemist and neurobiologist from Tel Aviv University's George S. Wise Faculty of Life Sciences has developed a new drug called Circadin.

Unlike other sleep medications which suppress brain activity, Circadin, produced by Neurim Pharmaceuticals, works with the body's natural processes as it gradually releases melatonin, the hormone that prepares the body for sleep.

Circadin has been approved by the European Commission's pharmaceutical regulatory agency and Israel's Ministry of Health. The new drug is currently being marketed commercially in Europe and is undergoing registration in the United States, Asia-Pacific and Latin American markets.

Neurim Pharmaceuticals, founded in 1991, is focused on drug discovery and development of treatments for age-related disorders concerning the central nervous system, and is headquartered in Israel with offices in Switzerland and the UK.

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ISRAEL SIGNS R&D COOPERATION AGREEMENT WITH NEW YORK STATE

Minister of Industry, Trade and Labor Binyamin Ben-Eliezer and New York Governor David Paterson signed a memorandum governing an industrial R&D cooperation agreement between Israel and New York State.

The agreement, which is the first of its kind ever made by New York State, sets up a financing mechanism for joint R&D projects between Israeli and New York companies, thereby establishing an incentive for partnerships.

Objectives of the agreement include the strengthening of knowledge and technology ties between Israel and New York State, the broadening of bilateral commercial relations, and help for ventures to obtain financing.

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ORAMED PHARMACEUTICALS GETS FROST & SULLIVAN INNOVATION AWARD

Oramed Pharmaceuticals, a developer of oral drug delivery systems, received the 2009 Frost & Sullivan European Oral Drug Delivery Technology Innovation Award.

Oramed Pharmaceuticals is developing a platform technology to create oral delivery systems for drugs and vaccines currently delivered via injection. Its patented flagship product, an orally ingestible insulin capsule, is currently in Phase II clinical trials.

Frost & Sullivan's Technology Innovation Awards recognize companies in a variety of regional and global markets who demonstrate outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service and strategic product development. Business research & consulting firm Frost & Sullivan offers market analysis, market research, and reports.

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TEVA LAUNCHES CHEMOTHERAPY DRUG FOLLOWING FDA APPROVAL

Teva Pharmaceutical Industries Ltd. gained approval from the U.S. Food and Drug Administration (FDA) for a generic injectable version of Eloxatin, a chemotherapy drug, and has launched the product.

The drug, also called Oxaliplatin, is used for treatment of advanced colon cancer and stage III colon cancer following surgery.

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HUTCHISON GAINS ON SALE OF MAJORITY STAKE IN ISRAEL'S 2ND LARGEST PHONE CARRIER

Hong-Kong traded Hutchison Telecommunications International sold its controlling stake in Israel's second-biggest cell phone provider Partner Communications Co. in a deal worth \$1.38 billion.

Hutchison Telecommunications, the emerging markets telecom arm of Hong Kong tycoon Li Ka-Shing's Hutchison Whampoa, said it expects to book a gain before tax of about \$1 billion after the sale of the 51.3% stake. Partner, which operates under the Orange brand name, is Hutchison Telecommunication's largest business.

Israeli mobile phone importer Scailex Corp is buying the 78.94 million shares of Partner at \$17.50 each at a 1.7% premium over Partner's recent closing price on the NASDAQ Stock Market. Suny Electronics controls Scailex with an 86.5 percent stake.

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