



## **Outward FDI from Israel's Largest MNEs Continues to Rise in 2011**

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Recanati Business School of Tel Aviv University, The Manufacturers Association of Israel, and the Vale Columbia Center on Sustainable International Investment (VCC), a joint center of the Columbia Law School and the Earth Institute at Columbia University in New York, are releasing the results of their fifth annual survey of Israeli multinational enterprises (MNEs) today.<sup>1</sup> The survey is part of the Emerging Market Global Players (EMGP) project, a long-term study of the rapid global expansion of MNEs from emerging markets. The results released today focus on data for the year 2011.

### **Highlights**

As shown by foreign sales, foreign employment, number of foreign affiliates, as well as foreign assets, the cross-border business activities of Israel's top 20 MNEs continued to rise in 2011, a year characterized by the ongoing global economic crisis. Foreign assets exceeded US\$ 18 billion in 2011, an increase of about 14% over the previous year. In terms of geographic distribution, the operations of the top MNEs continued to be concentrated in Europe and North America, though their presence in Asia has continued to rise.

The top MNEs' holdings of foreign assets varied widely, ranging from over US\$ 5.3 billion to US\$ 27 million. Business conglomerates accounted for a high proportion of foreign as well as total assets of the 20 top MNEs. Some of these conglomerates are essentially investment companies, covering a wide range of related and unrelated businesses, while others concentrate on a few related activities.

Given the reputation of Israel as a "high tech" country, the industrial distribution of the top 20 is more diversified than might be expected. In addition to several conglomerates (Israel Corporation, Elco Holdings, and IDB Holdings), the top 20 was headed by knowledge-intensive companies (e.g., Teva, a

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<sup>1</sup> The report on the survey was prepared by a team led by Seev Hirsch of the Recanati School of Business Administration at Tel Aviv University. Other members of the team were Dan Catarivas of the Foreign Trade Division of the Manufacturers Association of Israel, and Omer Katz of the Recanati School of Business Administration at Tel Aviv University.

pharmaceutical company, and Ormat Technologies, a designer, constructor and operator of environmentally friendly power plants). Smaller, high tech companies, producing computer-based hardware, software and business services, constituted the largest group in terms of numbers. Traditional industries such as plastics, food and clothing continued to figure prominently as well.

### **Profiles of the Top 20 and Their Industrial Distribution**

Table 1 consists of the same enterprises that made up the list in the previous year. This enables us to compare the performance of the leading Israeli MNEs between the two years. We note first that total foreign assets of these 20 MNEs rose by about 14% from nearly US\$ 16 billion to over US\$ 18 billion. This increase testifies to the relative dynamism of the multinational sector of the Israel economy, which continued to expand in 2011, a period characterized by the global economic crisis continuing to manifest itself through, for example, the upheavals of the financial markets of Greece and Ireland, the sluggish growth of the leading European economies, and high global unemployment figures, which increased by 30 million since 2007.

In terms of foreign assets, the distribution of the leading MNEs is highly skewed. The top two MNEs together held roughly 55% of the foreign assets of all firms in the top 20 list. The foreign assets of only two MNEs exceeded US\$ 2 billion, while the foreign assets of only four exceeded US\$ 1 billion. The foreign assets of 12 were less than US\$ 500 million, and of five were less than US\$ 100 million. Israel's top 20 MNEs thus consisted largely of small firms, with relatively few holding a large share of foreign assets.

As has been the pattern in previous years, the conglomerates held a large share (43%) of the foreign assets.<sup>2</sup> Three of the five leading MNEs in 2011 – Israel Corporation (IC), Elco Holdings and IDB Holdings – belong to this category.

IC, a conglomerate founded and originally controlled by Shaul Eisenberg, but acquired by the Offer family in the late 1990s, heads the list with foreign assets of US\$ 5.3 billion, and is a major shareholder in such companies as Israel Chemicals, ZIM Shipping Lines, and ORL Israel Oil Refineries. Israel Chemicals, IC's largest subsidiary, is a major producer of fertilizers based on phosphates, potash, and of bromine and bromine based chemicals. ZIM Shipping Lines is the country's leading shipping company. Both Israel Chemicals and ZIM Shipping Lines were founded and run by The Jewish Agency and the Histadrut, the Jewish trade union federation, before the establishment of the State of Israel in 1948. Both Israel Chemicals and ZIM were privatized in 1969.

Elco Holdings is a producer and trader of household appliances, air conditioning systems and electro mechanical equipment. It has several production centers in Israel, Italy, France and China. The company also invests in income-producing real estate and property development projects in the commercial and residential markets. It acquires and manages residential rental complexes in the US and operates in the international commercial and residential air conditioning systems market.

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<sup>2</sup> A "conglomerate" refers to a corporate group that owns two or more companies engaged in different businesses.

The third conglomerate, IDB Holdings, is a highly diversified group whose businesses encompass food products, cement, paper, telecommunications services, insurance and financial services. IDB Holdings' global operations, which accounted for a fairly minor share of its total activities, are primarily derived from its ownership of Koor, the industrial arm of the Histadrut. Originally established as a major industrial holding company, Koor was reorganized in the 1980s when several of the enterprises it owned were privatized and partially sold to IDB Holdings.

IDB Holdings' foreign assets declined in 2011 when China National Agrochemical Corporation, a subsidiary of China National Chemical Corporation (ChemChina), acquired a 60% share of IDB Holdings' subsidiary Makhteshim-Agan, a major supplier of insecticides, herbicides and fungicides to the farming sector.

With total foreign assets close to US\$ 4.5 billion in 2011, Teva Pharmaceutical Industries continued to be Israel's most prominent MNE in terms of growth rates. The company, which dates back to the beginning of the 20th century, started off as an importer and local distributor of pharmaceutical products. Teva has since become Israel's leading pharmaceuticals supplier, producing a large variety of products under license, and selling them primarily in the home market. In the 1980s, Teva started exporting some of its licensed products abroad, mainly to developing countries. Its large-scale international involvement started in 1985, when it formed a joint venture with US-based W.R. Grace and acquired Lemmon, a small generics firm. It then continued its expansion by, primarily, acquiring established companies that possessed sales and distribution networks capable of servicing the fast developing mass markets for generic products. More recently, Teva has introduced to the markets innovative products developed by its own scientists and products of the companies it has acquired.

**Table 1. Ranking of the Top 20 Israeli Multinationals, 2011** (US\$ million)

Rank	Name	Main Industry	Foreign Assets
1	Israel Corporation	Conglomerate	5,343
2	Teva Pharmaceutical Industries	Pharmaceuticals	4,488
3	Ormat Technologies	Power Stations	1,942
4	Elco Holdings	Conglomerate	1,668
5	IDB Holdings	Conglomerate	691
6	Checkpoint	Computer Software	698
7	Nice	Computer Software	585
8	Strauss Group	Food Products	505
9	Frutarom	Food Products	485
10	Elbit	Electronic and Optical Equipment	405
11	Tower	Electronic and Optical Equipment	248
12	Avgol	Unwoven Fabric	220
13	Amdocs	Computer Software	212
14	Keter	Plastic Products	154
15	Delta Galil	Apparel	108
16	Retalix	Computer Software	63
17	Palram	Plastic Products	61
18	Plasson	Plastic Products	60
19	Lumenis	Electronic Equipment - Laser Technologies	42
20	Gilat Satellite Networks	Electronic equipment - Satellites	27
Total			18,005

*Source: Companies' annual reports*

Number three in the table is Ormat Technologies, which is engaged in designing, developing, building, owning and operating geothermal energy and recovered energy-based power plants. Its foreign operations cover a large number of countries in various regions, including in North America, South America and Asia. The nature of the particular project – e.g., whether Ormat Technologies owns and operates the power plant and sells the electricity generated to customers, or merely designs and constructs the plant for a separate owner/operator – affects the level of foreign assets reported in the company's balance sheet.

Israel is renowned for its high tech prowess. It is consequently not surprising that eight of the top 20 MNEs listed in Table 1 are in the electronics industry. These companies in the electronics industry can be further classified into two major groups: five suppliers of software services (Checkpoint, Nice, Amdocs, Retailix, and Gilat Satellite Networks) and three suppliers of hardware, equipment and components (Tower, Elbit and Lumenis). The foreign assets of only two companies in this group, Checkpoint and Nice, exceeded US\$ 500 million.

Seven MNEs are classified in the traditional industries: three producers of plastic products (Keter, Plasson and Palram); one producer of food products (Strauss Group); one supplier of ingredients for the

food industry (Frutarom); a producer of underwear (Delta-Galil); and a supplier of unwoven textile products (Avgol).

## Recent Developments

Covering the period from 2009 to 2011, Table 2 provides a dynamic view of recent developments. The table shows that during this three-year period foreign and total assets, employment and sales all increased every year. Between 2009 and 2010 the percentage increase in foreign employment (21%) was considerably larger than the increase in foreign sales (15%) and assets (3%). For the period between 2010 and 2011, foreign employment continued to increase; its growth rate of 10%, however, fell behind the increases in foreign sales (14%) and assets (13%). During the entire period the increase in foreign employment was highest (34%) followed by foreign sales (31%) and lastly, of assets (17%). More significantly, the foreign component of each category (employment, assets and sales) increased by more than their total: the ratio of foreign-to-total employment and sales also increased throughout the period, while the ratio of foreign-to-total assets which declined between 2009 and the following year, increased again in 2011. This trend suggests a strong global expansion of the top Israeli MNEs, given that this period was experiencing a global economic slowdown.

**Table 2. Snapshot of the Israeli's 20 Top MNEs, 2009-2011** (USD millions and number of employees)

Variable	2009	2010	2011	% Change 2009 -10	% Change 2010 -11	% Change 2009-11
<b>Assets</b>						
Foreign	15,370	15,884	18,005	3.3	13.4	17.1
Total	27,469	29,104	31,801	6.0	9.3	15.8
Share of Foreign in Total (%)	56.0	54.6	56.6	-2.5	3.7	1.2
<b>Employment</b>						
Foreign	72,027	87,213	96,212	21.1	10.3	33.6
Total	143,590	168,830	184,429	17.6	9.2	28.4
Share of Foreign in Total (%)	50.2	51.7	52.2	3.0	1.0	4.0
<b>Sales</b>						
Foreign <sup>a</sup>	30,426	35,062	39,946	15.2	13.9	31.3
Total	47,134	53,023	58,213	12.5	9.8	23.5
Share of Foreign in Total (%)	65	66	69	2.4	3.8	6.3
TNI INDEX	56.9	57.5	59.1	1.0	2.9	3.9

*Source: Companies' annual reports*

<sup>a</sup> Foreign sales contain both exports from the home country and sales abroad by an MNE's foreign subsidiaries.

## The Transnationality Index

Developed by the United Nations Conference on Trade and Development (UNCTAD), the Transnationality (TNI) Index is a summary measure of the global commitment of an individual firm,

sector, or even the national economy. The index is calculated as the average of ratios of foreign-to-total sales, foreign-to-total employment, and foreign-to-total assets, with all the three ratios equally weighted. TNI's value theoretically can be any positive number between 0 and 100, where a higher value indicates a greater international commitment. The bottom row of Table 2 shows the TNI indices for the years 2009, 2010 and 2011, based on the data for all of the 20 MNEs. The index increased steadily from 56.9 in 2009 to 57.5 in 2010 and 59.1 in 2011.

**Table 3: Components of the TNI Index, 2011**

Rank by TNI	Company	Percentage of foreign in total			TNI
		Assets	Sales	Employment	
1	Avgol	92	95	85	91
2	Teva Pharmaceutical Industries	75	97	84	86
3	Frutarom	87	92	79	86
4	Amdocs	82	86	78	82
5	Ormat Technologies	99	86	56	80
6	Delta Galil	76	87	78	80
7	Checkpoint	88	84	55	75
8	Palram	78	92	55	75
9	Nice	86	75	62	74
10	Lumenis	70	81	68	73
11	Retalix	76	89	45	70
12	Tower	50	98	62	70
13	Plasson	50	89	53	64
14	Keter	58	92	59	63
15	Israel Corporation	69	74	38	61
16	Gilat Satellite Networks	27	85	66	59
17	Strauss Group	53	49	50	51
18	Elbit	32	75	16	41
19	Elco Holdings	58	32	30	40
20	IDB Holdings	10	10	11	10

*Source: Companies' annual reports*

Table 3 provides more information about the international operations of Israel's leading MNEs, showing the TNI and its components for each of the top 20 MNEs in 2011. The value of the index varies from a high of 91, for Avgol, and a low of 10, for IDB Holdings. The low value of IDB Holdings' index is hardly surprising because, as noted earlier, IDB Holdings is a conglomerate whose businesses, primarily engaged in food retail, telecommunication services and insurance services, are by their nature largely home-market oriented. Avgol, in contrast, is an industrial company focusing on the supply of hygiene-related products, based on nonwoven textiles.

Comparison between the three components of the TNI index reveals additional information. For example, the share of foreign sales tends to exceed the share of foreign assets and foreign employment. The only exceptions are Nice, Strauss Group and Elco Holdings. Both average and median values of the foreign sales ratio are significantly higher than those of foreign assets and foreign employment. This is

not surprising bearing in mind that foreign sales include both exports produced in the home country and sales of foreign subsidiaries, while the latter two categories contain data relating only to operations of foreign subsidiaries.

Among the three TNI components, the ratio of foreign-to-total employment tends to be the lowest. Only IDB Holdings and the Strauss Group had a higher share of foreign employees than sales. These statistics suggest that “market seeking” may be a key driver for Israeli MNEs’ engagement in FDI.

### **Foreign Affiliates**

Annex Table 2 shows the geographic distribution of the 20 leading Israeli MNEs using the Regionality Index. That index is computed by dividing an MNE’s number of subsidiaries in a specific region by the number of its global subsidiaries, and presenting the resulting figure as a percentage. The value of the index can vary between 0 and 100. There are eight regions used: (1) Western Europe, (2) Eastern Europe and Central Asia, (3) North America, (4) Latin America and the Caribbean, (5) East Asia and the Pacific, (6) South Asia, (7) The Middle East and (8) the developed Asia Pacific.

The bottom row of the table shows the total number of affiliates operating in each of the different regions.<sup>3</sup> Western Europe held the largest number of affiliates (257) although, as expressed in the Regionality Index, its relative importance as a host varies considerably from 0 for Tower to 87.5 for Keter. With a total of 90 subsidiaries, East Asia and the Pacific, which includes China, India and Japan, is the second most popular region. Checkpoint, Tower, Avgol and Lumenis all have more subsidiaries in this region than in Europe and North America. Ormat Technologies has the greatest regional concentration: its subsidiaries are nearly all located in North America.

### **Stock Exchange Listing and Its Implications for Ownership and Control**

The shares of 19 out of the 20 Israeli leading MNEs included in this Report are listed on at least one stock exchange. Keter is the only company that is unlisted. The high figure of listed firms might give the impression that Israel’s MNEs are dominated by firms which, at some point of their history, sought capital by going public. This conclusion, however, might be misleading as many of Israel’s largest and most successful MNEs have chosen to bypass the route of public offering. Their absence from the Report is explained, in nearly all cases, by their refusal to disclose information which they consider confidential.

A prominent example is Iscar, a major producer of precision cutting tools. Iscar, which is located in the Tefen Industrial Park in northern Galilee, is ranked as number two, after Swedish Scania, in its industry. Iscar, which has subsidiaries in several countries including the United States, Korea, China, Japan, Italy and Switzerland, is undoubtedly one of Israel’s leading MNEs. In May 2006, Berkshire Hathaway, an American multinational holding company chaired by the legendary Warren Buffet, purchased an 80%

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<sup>3</sup> Our data does not enable us to distinguish between the affiliates on the basis of their function or percent of ownership.

stake in Iscar for US\$ 4 billion. Though nominally foreign owned, Iscar continues to be managed by the same Israel based management team that ran the company prior to its sale to Berkshire Hathaway.

Another example is Netafim, a pioneer and world leader of drip irrigation systems. The company operates thirteen manufacturing plants in several countries. Founded in 1965 Netafim is an MNE which has been owned by three Kibbutzim (Hatzerim, Magal and Yiftach) as well as Markstone, a private equity fund. Recently, two of the three Kibbutzim have decided to privatize and to distribute among their members some of the proceeds obtained from the sales of the assets which, before privatization, were collectively owned. This transformation resulted in the sale of a majority interest in Netafim to Premira, another private equity fund. Hatzerim, the third Kibbutz which was the original founder of Netafim, remained a major shareholder, and home of the largest manufacturing facility in Israel.

Neither Iscar nor Netafim were included in this or the previous EMGP reports on Israel's MNEs. Both are private unlisted companies and some of the relevant data about them have not been publicly disclosed.

Sixteen out of the twenty companies listed their shares on the Tel Aviv Stock Exchange (TASE) and eleven on NASDAQ. Shares of eight companies have been listed on both the TASE and NASDAQ, thus confirming the view that the home country of an MNE need not necessarily be the source of its capital. Due to the international mobility of capital, ownership and control of companies need not be related geographically to either their home or their host countries.

### **Mergers and Acquisitions (M&As)**

As in the previous years, Teva Pharmaceutical Industries was the most active outward investor in terms of M&As in 2011 (see Annex Table 5). The largest deal was Teva's US\$ 6.3 billion acquisition of Cephalon Inc, a pharmaceuticals producer headquartered in Frazer, Pennsylvania, United States. Teva's global reach was also extended to Japan, where it acquired TAIYO Pharmaceutical Industry and Teva-Kowa Pharma Co. Ltd for a total value over US\$ 1 billion. Other notable acquisitions were concluded by Nice Systems in the United States, Frutarom in Slovenia, and Tower in Japan. Note that seven out of the ten major foreign acquisitions reported in Annex Table 5 were made by companies belonging to the technological sector.

### **Top 10 Outward Greenfield Transactions**

Annex Table 6 shows the top 10 greenfield transactions announced between January 2011 and October 2012. Ranked by the estimated value of the individual transactions, they vary between US\$ 117 million and US\$ 332 million. The geographic spread is quite wide: four are in developing countries, three in Eastern Europe, one in Western Europe and two in the United States. As in previous reports, real estate transactions, concentrated in Eastern Europe, figure quite prominently in the table. Also listed in Annex Table 6 are Teva Pharmaceutical Industries, which also figures prominently among Israel-based MNEs engaged in M&As abroad, and Israel Chemicals, an affiliate of IC.



Given the growing global demand for energy and the negative environmental effects of increasing use of carbon intensive conventional energy sources, it is hardly surprising that five of the ten listed transactions were in the so-called “Alternative/Renewable Energy” sector. One of the projects, estimated at US\$ 322 million, was announced by Ormat Technologies, an MNE discussed earlier in the report. The remaining four projects were announced by Blue Sphere and S.D.E. The table lists Blue Sphere as being engaged in two projects: one estimated at US\$ 235 million in the United States and the other estimated at US\$ 223 million in China. S.D.E. is reported to be similarly engaged in two projects: one (US\$ 332 million) in Ecuador and the other (US\$ 322 million) in Kenya.

### **The Big Picture**

The 2012 World Investment Report stated in its introductory paragraph that “[g]lobal foreign direct investment (FDI) flows exceeded the pre-crisis average in 2011, reaching \$1.5 trillion despite turmoil in the global economy. However, they still remained some 23 percent below their 2007 peak”.<sup>4</sup> Israel followed this global trend in terms of FDI outflows. The country’s outward FDI declined by nearly 65% percent since 2007, reaching US\$ 3.1 billion, following a record of US\$ 9.1 billion in 2006. FDI inflows increased substantially from US\$ 5.5 billion in 2010 to US\$ 11.4 billion, exceeding the previous peak of 2008 by nearly 5% (Annex Table 7).

Annex Table 7 which covers the period of 2007 - 2011 suggests that Israel’s economy has thus far been only marginally affected by the ongoing global economic crisis in 2007. The growth rate of GDP (in 2005 prices) declined in 2009 from a high level in 2007 and 2008, but revived in 2010 and 2011. The growth rate of per capita GDP rose to positive levels from negative in 2009. Prices have been characterized by modest increases while unemployment, a key economic indicator, declined every year between 2007 and 2011. The balance of payments remained healthy. Consisting of trade in goods and services, income flows and unilateral transfers, the current balance remained positive throughout the period. The stock of incoming and outgoing FDI both continued to grow, although it varied substantially from year to year as shown in Annex Table 7.

Notably, since 2007 the stock of outgoing FDI has been consistently larger than the stock of incoming FDI. Prior to that time the stock of outgoing and incoming FDI were roughly at about US\$ 50 billion. By 2011 the value of outgoing FDI had exceeded that of incoming FDI by over US\$ 5 billion. Note also that the foreign assets of the top 20 Israeli MNEs accounted for about a quarter of total outgoing FDI during the last few years.

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<sup>4</sup> UNCTAD, *World Investment Report 2012*, Sales No. E.12.II.D.3 (New York and Geneva: United Nations, 2012), p xi.

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**Emerging Markets Global Players Project**

This report on Israeli multinationals was prepared in the framework of the Emerging Market Global Players (EMGP) project, an international collaborative effort led by the Vale Columbia Center on Sustainable International Investment. It brings together researchers on FDI from leading institutions in emerging markets to generate annual reports on the leading multinationals in each participating country. Since 2007, reports have been published on 14 countries: Argentina, Brazil, Chile, China, Hungary, India, Israel, Republic of Korea, Mexico, Poland, Russia, Slovenia, Taiwan and Turkey. For further information, visit: <http://www.vcc.columbia.edu/content/emerging-market-global-players-project>.

**The Manufacturers Association of Israel (MAI)**

The Manufacturers Association of Israel (MAI) incorporates all industrial sectors in Israel: private, public, kibbutz and government industries. Established in 1921, the MAI has a membership of over 2,000 organizations and industrial plants, which produce 95% of the industrial output in Israel.

### **The Tel Aviv University, Recanati Business School**

The Tel Aviv University, Recanati Business School is the largest business school in Israel. Established in 1966 the School offers more than 10 undergraduate, graduate, a Ph.D. and executive programs of study, including several international programs taught in English. Amongst its recent innovations is a specially designed training program for executives from the Palestinian Authority. For more information: busmoked@tauex.tau.ac.il

### **Vale Columbia Center on Sustainable International Investment**

The Vale Columbia Center on Sustainable International Investment (VCC), a joint center of Columbia Law School and the Earth Institute at Columbia University, is a leading forum for discussion by scholars, policy makers, development advocates, practitioners, and other stakeholders of issues related to FDI in the global economy, paying special attention to the impact of this investment on sustainable development. The VCC bridges education, scholarship and practice in the field of sustainable investment. Its objectives are to analyze important topical policy-oriented issues related to investment and to develop and disseminate practical approaches and solutions to promote development outcomes. For more information, visit <http://www.vcc.columbia.edu>.

**Annex Table 1: The Top 20 Israeli MNEs, Key Variables, 2011**(US\$ million<sup>a</sup> and number of employees)

	Company	Assets		Employment		Sales		TNI index (%)	No. of foreign affiliates	No. of host countries
		Foreign	Total	Foreign	Total	Foreign	Total			
1	Israel Corporation	5,343	7,699	7,547	19,633	8,599	11,608	61	308	125
2	Teva Pharmaceutical Industries	4,488	5,947	38,644	45,754	17,696	18,312	86	24	18
3	Elco Holdings	1,668	2,877	2,089	6,900	574	1,779	40	23	6
4	Ormat Technologies	1,942	1,956	686	1,226	375	437	80	32	3
5	Checkpoint	698	791	1,294	2,372	1,042	1,247	75	79	35
6	Nice	585	680	1,929	3,129	597	794	74	30	17
7	Strauss Group	505	961	7,122	14,122	1,051	2,152	51	25	12
8	Frutarom	485	560	1,299	1,644	474	518	86	37	25
9	Delta Galil	108	143	5,550	7,130	588	679	80	3	3
10	Tower	248	499	1,983	3,174	599	611	70	2	2
11	Elbit	405	1281	1,980	12,545	2,120	2,818	41	21	10
12	Amdocs	212	258	15,492	19,826	2,736	3,178	82	14	10
13	IDB Holdings	691	7202	4,024	35,970	1,111	11,428	10	15	3
14	Avgol	220	240	859	1,016	314	329	91	6	5
15	Keter	154	266	2280	3880	845	920	70	24	4
16	Plasson	60	119	696	1,310	243	273	64	16	10
17	Palram	61	78	528	966	285	309	75	22	10
18	Retalix	63	83	703	1,573	210	236	70	11	7
19	Lumenis	42	60	611	903	199	247	73	16	13
20	Gilat Satellite Networks	27	101	896	1,356	288	339	59	9	6
	<b>Total</b>	<b>18,005</b>	<b>31,801</b>	<b>96,212</b>	<b>184,429</b>	<b>39,946</b>	<b>58,213</b>	<b>59</b>	<b>717</b>	<b>324</b>

Source: Authors' survey of Israeli multinationals, covering 2011.

<sup>a</sup>: In most cases financial data were reported by the firms in US dollars. When financial data were reported in Israel Shekels (IS) the exchange rate used is that supplied by the Bank of Israel. The average exchange rate of IS, 3.719 IS per 1 US\$ for 2011 was used for calculating the value of assets. The US\$ value of sales was obtained by using the exchange rate of December 30th, the last trading day of 2011.

**Annex Table 2: Number of Foreign Subsidiaries of the Top 20 Israeli MNEs, 2011**

	<b>Company</b>	<b>No. of foreign subsidiaries</b>	<b>No. of host countries</b>
1	Israel Corporation	308	125
2	Checkpoint	79	35
3	Frutarom	37	25
4	Ormat Technologies	32	3
5	Nice	30	17
6	Strauss Group	25	12
7	Teva Pharmaceutical Industries	24	18
8	Keter	24	4
9	Elco Holdings	23	6
10	Palram	22	10
11	Elbit	21	10
12	Plasson	16	10
13	Lumenis	16	13
14	IDB Holdings	15	3
15	Amdocs	14	10
16	Retalix	11	7
17	Gilat Satellite Networks	9	6
18	Avgol	6	5
19	Delta Galil	3	3
20	Tower	2	2
	<b>Total</b>	<b>717</b>	<b>324</b>

*Source:* Authors' survey of Israeli multinationals, covering 2011.

**Annex Table 3: Regionality Index, 2011**

	Name	West Europe	Eastern Europe & Central Asia	North America	Latin America & Caribbean	East Asia & The Pacific	South Asia	Middle East	Developed Asia-Pacific
1	Israel Corporation	31.5	13.6	23.7	12.3	8.4	6.8	2.3	1.3
2	Teva Pharmaceutical Industries	41.7	20.8	16.7	12.5	8.3	0	0	0
3	Elco Holdings	73.9	0	17.4	0	4.3	4.3	0	0
4	Ormat Technologies	3.1	0	96.9	0	0	0	0	0
5	Checkpoint	36.7	1.3	7.6	8.9	41.8	3.8	0	0
6	Nice	43.3	3.3	26.7	6.7	16.7	3.3	0	0
7	Strauss Group	12	36	44	0	8	0	0	0
8	Frutarom	43.2	13.5	21.6	5.4	13.5	0	2.7	0
9	Delta Galil	66.7	0	33.3	0	0	0	0	0
10	Tower	0	0	50	0	50	0	0	0
11	Elbit	28.6	4.8	38.1	14.3	9.5	4.8	0	0
12	Amdocs	57.1	7.1	28.6	0	7.1	0	0	0
13	IDB Holdings	40	0	60	0	0	0	0	0
14	Avgol	16.7	16.7	33.3	0	33.3	0	0	0
15	Keter	87.5	0	12.5	0	0	0	0	0
16	Plasson	56.3	6.3	12.5	6.3	0	18.8	0	0
17	Palram	40.9	4.5	31.8	4.5	9.1	4.5	4.5	0
18	Retalix	27.3	0	45.5	0	18.2	9.1	0	0
19	Lumenis	31.3	0	12.5	12.5	38	6	0	0
20	Gillat Sattelite Networks	11.1	0	44.4	44.4	0	0	0	0
	Average	37.4	6.4	32.9	6.4	13.3	3.1	0.5	0.1
	Total Affiliates	257	68	193	63	90	33	9	4

Source: Authors' survey of Israeli multinationals, covering 2011.

**Annex Table 4: Stock Exchange Listing, 2011**

	Company	Listing	
		Domestic	Foreign
1	Israel Corporation	TASE	
2	Teva Pharmaceutical Industries	TASE	NASDAQ
3	Elco Holdings	TASE	
4	Ormat Technologies	TASE	NASDAQ
5	Checkpoint		NASDAQ
6	Nice	TASE	NASDAQ
7	Strauss Group	TASE	
8	Frutarom	TASE	
9	Tower	TASE	NASDAQ
10	Elbit	TASE	NASDAQ
11	Amdocs		NASDAQ
12	IDB Holdings	TASE	
13	Avgol	TASE	
14	Keter		
15	Delta Galil	TASE	NASDAQ
16	Plasson	TASE	
17	Palram	TASE	
18	Retalix	TASE	NASDAQ
19	Lumenis		NASDAQ
20	Gilat Satellite Networks	TASE	NASDAQ

*Source:* Authors' survey of Israeli multinationals, covering 2011.

**Annex Table 5: Main Mergers and Acquisitions, 2011-2012**

<b>Date Effective</b>	<b>Target Name</b>	<b>Target Nation</b>	<b>Acquirer Primary SIC Code Description</b>	<b>Acquirer Name</b>	<b>% of Shares Acquisition</b>	<b>% Transaction</b>	<b>Transaction (\$mil)</b>
10/14/11	Cephalon Inc	US	Pharmaceutical preparations	Teva Pharmaceutical Industries	100	100	6311
07/14/11	TAIYO Pharmaceutical Industry	Japan	Pharmaceutical preparations	Teva Pharmaceutical Industries	43	100	465
07/14/11	TAIYO Pharmaceutical Industry	Japan	Pharmaceutical preparations	Teva Pharmaceutical Industries	57	57	460
03/06/11	Undisclosed Office Building(3)	US	Land subdividers and developers, except cemeteries	Azrieli Group Ltd	100	100	176
02/29/12	Merced Systems Inc	US	Computer facilities management services	NICE Systems Ltd	100	100	170
03/19/12	Etol dd	Slovenia	Flavoring extracts and flavoring syrups, nec	Frutarom Industries Ltd	34	98	162
09/27/11	Teva-Kowa Pharma Co Ltd	Japan	Pharmaceutical preparations	Teva Pharmaceutical Industries	50	100	150
12/01/11	Banque Safdie SA	Switzerland	Banks	Bank Leumi Le Israel BM	100	100	148
06/03/11	Micron Tech-Semiconductor	Japan	Semiconductors and related devices	Tower Semiconductor Ltd	100	100	140
10/03/12	Undisclosed Shopping Centre	US	Investors, nec	Investor Group	100	100	112

*Source:* Adapted from Thomson SDC Platinum.



**Annex Table 6: Top 10 Outward Greenfield Transactions, Announced<sup>a</sup>, 2011-2012 (US\$ million)**

<b>Date</b>	<b>Company</b>	<b>Destination</b>	<b>Industry Sector</b>	<b>Value of Transaction</b>
October 2012	S.D.E.	Ecuador	Alternative/Renewable energy	332.2 <sup>b</sup>
January 2011	S.D.E.	Kenya	Alternative/Renewable energy	322.6 <sup>b</sup>
April 2011	Ormat Technologies	Kenya	Alternative/Renewable energy	322.6 <sup>b</sup>
March 2011	Fishman Group	Russia	Real Estate	285.8 <sup>b</sup>
September 2012	Blue Sphere	United States	Alternative/Renewable energy	237.5 <sup>b</sup>
July 2012	Teva Pharmaceutical Industries	United States	Pharmaceuticals	235.3 <sup>b</sup>
April 2011	Israel Chemicals	Spain	Chemicals	231.5
August 2011	Blue Sphere	China	Alternative/Renewable energy	223.2 <sup>b</sup>
November 2011	Elbit Imaging	Poland	Real Estate	136.1 <sup>b</sup>
September 2012	Africa Israel Investments	Romania	Real Estate	116.9 <sup>b</sup>

*Source:* Adapted from fDi Intelligence, from the Financial Times Ltd 2013.

<sup>a</sup> Note that these transactions may not have materialized exactly as here listed.

<sup>b</sup> Estimated.

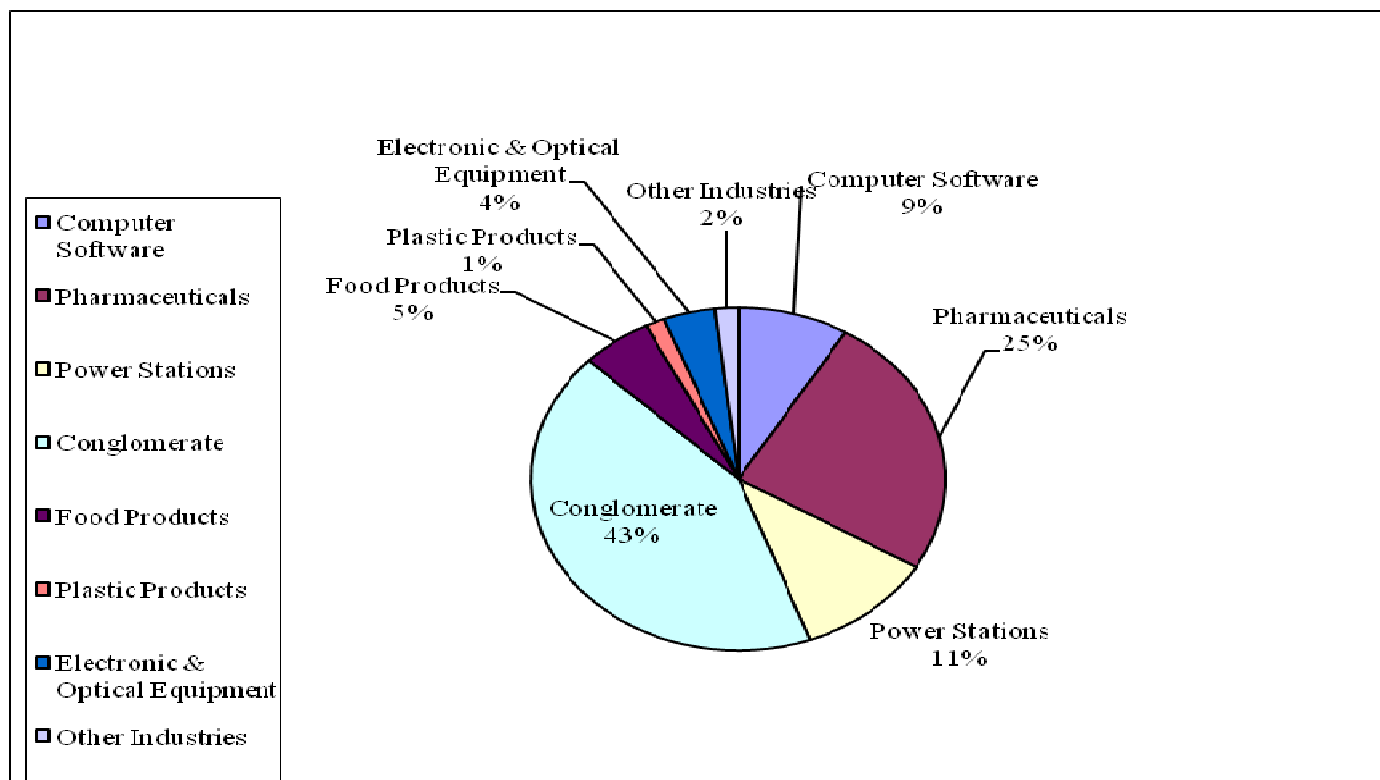
**Annex Table 7: Israel Macro-Economic Data, 2007-2011** (\$US million and percent)

<b>YEAR</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Current Balance</b>	1,907	8,231	7,318	2,228	4,561
<b>FDI - stock - outward</b>	71,870	68,973	57,371	54,410	49,833
<b>FDI - stock - inward</b>	66,554	60,237	55,797	49,748	49,989
<b>Foreign assets - top 20</b>	18,005	15,884	15,370	*	*
<b>% of top 20</b>	25.1	23.0	26.8	*	*
<b>FDI - flows- outward</b>	3,080	9,088	1,695	7,210	8,604
<b>FDI- flows- inward</b>	11,374	5,510	4,438	10,875	8,798
<b>GDP US\$ Bn. in 2005 prices</b>	172,686	165,085	157,249	155,528	149,387
<b>Growth rate %</b>	4.60	4.98	1.11	4.11	5.90
<b>GDP per capita in 2005 prices</b>	21,760	21,192	20,560	20,697	20,245
<b>Growth rate %</b>	2.68	3.07	- 0.66	2.23	3.99
<b>Inflation rate %</b>	3.50	2.70	3.33	4.59	0.50
<b>Unemployed persons %</b>	5.50	6.60	7.50	6.10	7.30

*Source:* CBS, Statistical Abstract of Israel, 2012, Report table 1

**Annex Figure 1. Israel: Breakdown of the Foreign Assets of the Top 20 Multinationals, by Main Industry, 2011**

Source: Authors' survey of Israeli multinationals, covering 2011.



Industry	Companies	Foreign Assets (US\$ million)
Computer Software	Amdocs, Checkpoint, NICE, Retalix	1,558
Pharmaceuticals	Teva	4,488
Power Stations	Ormat Technologies	1,942
Conglomerate	Elco Holdings, Israel Corporation, IDB Holdings	7,702
Food Products	Strauss Group, Frutarom	990
Plastic Products	Plasson, Palram, Keter	275
Electronic & Optical Equipment	Tower, Lumenis, Elbit, Gilat Satellite Networks	722
Other Industries	Delta, Avgol	328