Israeli multinationals back on track after a difficult year

Report dated December 12, 2011

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Jerusalem and New York, December 12, 2011

The fourth annual survey of Israeli multinational enterprises (MNEs) is being released today. It was conducted by a team drawn from the Manufacturers Association of Israel, Tel Aviv University, Hebrew University, and the Vale-Columbia Center on Sustainable International Investment (VCC), the last a joint undertaking of the Columbia Law School and the Earth Institute at Columbia University in New York.[1] The survey is part of a long-term study of the rapid global expansion of MNEs from emerging markets (called the 'Emerging Market Global Players project'). The results released today cover the year 2010.

Highlights

Table 1 below lists the 20 leading outward investors from Israel, ranked by their *foreign* assets. The year 2010 marked a strong recovery for Israeli multinationals, after a year in which their foreign assets, sales and employment had all shown a decline, strikingly so in sales and employment (see table 2 below). That decline was fully reversed in 2010, as discussed below. The picture in 2010 was as follows: the foreign assets of the top 20 multinationals totaled nearly USD 16 billion; their foreign sales were just over USD 35 billion; and their employment abroad exceeded 87,000. Preliminary indications for 2011 are that the growth trend has continued during the first six month of the year, although the upheavals characterizing the global economy since the second quarter of 2011 (e.g., the Eurozone crisis) suggest that the trend may *not* continue during the second half of the year.

[1] 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, Niron Hashai of the Jerusalem School of Business Administration at Hebrew University, and Omer Katz of the Recanati School of Business Administration at Tel Aviv University.

The top 20 Israeli multinationals had a total of 667 affiliates abroad (annex table 1), located mainly in Western and Central Europe and North America (annex table 2 and annex figure 2). The total number of countries in which these affiliates were located was 132. IT services and electronic equipment were the leading industries among the top 20 in 2010 by *numbers* of companies. Measured by *assets*, however, the leading firms were either diversified (conglomerates) or in the pharmaceuticals business (annex figure 1).

Table 1. Israel: The top 20[a] non-financial[b] multinationals, by foreign assets, 2010 (USD million[c])

Rank	Name	Main industry	Status (% of state ownership)	Foreign assets
1	Israel Corporation	Conglomerate	Listed (0)	4,805
2	Teva	Pharmaceuticals	Listed (0)	3,130
3	Elco Holdings	Conglomerate	Listed (0)	2,345
4	Ormat	Power stations	Listed (0)	1,639
5	Checkpoint	IT services	Listed (0)	734
6	Nice	IT services	Listed (0)	578
7	Strauss Group	Food products	Listed (0)	497
8	Frutarom	Food products	Listed (0)	400
9	Tower Jazz	Electronic and optical equipment	Listed (0)	322
10	Elbit	Electronic and optical equipment	Listed (0)	315
11	Amdocs	IT services	Listed (0)	218
12	IDB Holdings	Conglomerate	Listed (0)	216
13	Avgol	Unwoven fabric	Listed (0)	190
14	Ketter	Plastic products	Unlisted	160
15	Delta Galil	Wearing apparel	Listed (0)	107
16	Plasson	Plastic products	Listed (0)	56
17	Palram	Plastic products	Listed (0)	54
18	Retalix	IT services	Listed (0)	47
19	Lumenis	Electronic equipment - laser technologies	Listed (0)	42
20	Gilat	Electronic equipment - satellites	Listed (0)	29
Total				**15,884**

Source: Israeli-VCC survey of Israeli multinationals, 2011.

[a] Although we speak of 'the top 20' throughout this report, it would be more accurate to say that these firms are *among* the top outward investors from Israel, not necessarily *the* top 20. This is because some top multinationals from Israel are privately owned (i.e. unlisted) and thus under no compulsion to divulge the required data.
[b] The methodology of the project of which this report is a part excludes financial firms from this ranking.
[c] The exchange rate used is that supplied by the IMF for December 31, 2010: USD 1 = ILS 3.55.

Profile of the top 20

High concentration

As table 1 above shows, there is a considerable concentration of foreign assets at the top of the list. The foreign assets of the conglomerate Israel Corporation (IC), Israel's largest MNE, account for 30% of the list's total. The assets of the second-ranking MNE, the pharmaceuticals firm Teva, account for a further 20%. The top four firms collectively account for about threequarters of the total. Although striking, this concentration is not unusual among emerging market MNEs, as a glance at some of the other reports published this year by the VCC will make clear.[2] In the case of Argentina, the top firm accounted for nearly 50% of the foreign assets of the top 23 MNEs, while the no. 2 firm accounted for a further 35%. In the Hungarian ranking, the top firm, MOL, alone accounted for nearly *90%* of the foreign assets of the top 19 MNEs. Note too that, once one gets beyond the top four firms, the assets decline in a fairly steady distribution.

Main drivers of outward investment

Several different factors have driven the growth of Israeli investment abroad. One main driver has been the search for markets. A number of MNEs have established affiliates in foreign markets to serve these markets better. This is particularly true for the high-tech MNEs whose markets are located mainly in North America and Western Europe. Other investment, especially in Asia and Latin America, is often driven by resource-seeking motivations. Finally, many of the foreign acquisitions of Teva are driven by strategic considerations that reflect the firm's goal of consolidating its leading position in the global generic pharmaceuticals industry.

Principal industries

Nearly half the assets in table 1 above are held by *conglomerates*, i.e., by diversified firms with a number of business lines. These are the Israel Corporation (IC), Elco Holdings, and IDB Holdings. IC's subsidiary firms include ZIM, Israel's leading shipping line, Israel Chemicals, and Better Place, one of the pioneers of the electric car industry. Elco Holdings produces air conditioners, household appliances and electricity generation equipment, and also engages in various real estate ventures. The third, IDB Holdings, which is Israel's largest conglomerate, is a highly diversified corporation with extensive operations in insurance, manufacturing, food distribution, real estate, telecommunications, and finance.

About one-fifth of the assets are in the pharmaceuticals industry, represented by Teva. Teva has continued its global expansion in recent years without being much affected by the financial and economic crisis of 2008-2009. (See annex table 4 and the section below on M&A transactions for details.) Firms belonging to what might broadly be called the high-tech sector account for a substantial portion of the assets in table 1. In addition to Teva, these include Ormat, which designs and builds environmentally friendly power stations and related equipment; four firms that supply IT services; and four that produce electronic equipment of various sorts (lasers, satellites, etc.).

Among the rest, the food products industry (two firms) accounts for a large part of the remaining assets, around USD 900 million. Then there are three firms in plastic products, one of them the only unlisted company in the list (Ketter), and two in textiles.

Affiliates and their geography

Annex table 2 shows the number of foreign affiliates and their geographic distribution in 2010. Though broadly indicative of the intensity of their international operations, the numbers of affiliates are not strictly comparable, as some firms include sales offices in their list of

[2] All reports in the Emerging Market Global Players project can be found at: http://www.vcc.columbia.edu/content/emerging-market-global-players-project-0.

affiliates, while others report only manufacturing and/or R&D affiliates. The total number of affiliates of the top 20 was 667. Western and Central Europe and North America together accounted for about two-thirds of the total. The rest of the world accounted for the remaining third.

The outlier in terms of affiliates is the Israel Corporation, whose 308 affiliates account for close to half the total number. Since IC operates a shipping line (ZIM) which covers all five continents and since its other major subsidiary (Israel Chemicals) also operates on four of the five continents, this is only to be expected. Checkpoint comes a distant second to IC with its 40 affiliates. The no. 2 firm, Teva, reports only 23 affiliates, about half of them in Western and Central Europe and only 13% in North America. The relatively large number of Teva's European affiliates is explained by the varied national regulations that govern pharmaceutical products in Europe. Tower Jazz, which appears to list only manufacturing affiliates, has the smallest number (3).

Western and Central Europe accounts for the largest number and highest share of affiliates, with North America coming a very close second. It appears that consumer goods producers tend to place their affiliates in Europe while the hi-tech firms have a preference for North America. The share of Asia (all three sub-regions – see annex table 2) in the operations of Israeli MNEs remains stable, with the number of affiliates reaching 91 in 2010.

Ownership & status

Only one of the top 20 MNEs is unlisted – the plastics firm Ketter. The remaining 19 firms are listed on at least one stock exchange. Seventeen are listed on the Tel Aviv Stock Exchange (TASE) and ten on the US stock exchange NASDAQ. Eight have a dual listing, nine are listed only on TASE, and two only on NASDAQ. It is not clear that size, industry or any other single factor explains these listings. Israel Corporation, which heads our list and has a presence all over the world, is listed only on TASE, although some of its subsidiaries are listed on a number of foreign exchanges. Lumenis, one of the smallest, is listed only on NASDAQ. Double listing was chosen by Teva, Ormat, Nice and some other firms with varying products, markets and stockholder bases. Only detailed case studies, involving individual firms will reveal why so many enterprises in Israel (not only MNEs) have chosen to go public and why dual listing appears to be so popular. On the other hand, it is likely that the relatively high incidence of Israeli firms going multinational is related to the fact that they have learnt to take advantage of the opportunities presented by the international capital markets.

Some of the largest and most dynamic Israeli multinationals are unlisted, as noted above (fn. a to table 1). Their absence from the report is due to their failure to divulge information about their foreign and domestic operations. Examples of leading Israeli multinationals that might have shown up on table 1 had data been available are Blades Technologies and Netafim. Blades Technologies is a major producer of precision-forged and machined blades and vanes for the aerospace and industrial gas turbine industries. Netafimdesigns, installs, maintains and, in some cases, manages complex drip irrigation systems. It is jointly owned by a number of communal settlements (*kibbutzim*). The two enterprises have substantial international operations including R&D, production, distribution and servicing, located in a large number of countries.

Location of head offices

The head offices of the top 20 are fairly spread out, even though seven of them are in Tel Aviv (see annex figure 3). Petach Tikvah and Ra'anana host three each. Two of the three plastics firms, Palram and Plasson, which make products for the farming sector, are headquartered in *kibbutzim*. Two MNEs are in Haifa and the remaining three in various other locations (annex figure 3).

Transnationality Index

See box 1 and table 3 below.

Top mergers and acquisitions

Annex table 4 provides information on the top 10 outward M&As during the three-year period 2008-2010. The list is headed by the acquisition in 2008 of the US-based Barr Pharmaceuticals for nearly USD 9 billion by Teva, the no. 2 company on our list. There are three other transactions by Teva, including one of nearly USD 5 billion in 2010, which together account for almost *90%* of the table's total value. There were two other acquisitions by firms among the top 20, one by Koor industries (a subsidiary of IDB Holdings in our list) and one by Gilat. Note that five out of the 10 M&As took place in 2010, as against only one in 2009, confirming that recovery from the crisis has indeed occurred. Note also that the targets for eight of the 10 M&As were located in the US, with two others in Western Europe.

Top greenfield announcements

Annex table 5 provides information on the top 10 outward greenfield transactions during the three-year period 2008-2010. There are some interesting differences here from the M&A picture in annex table 4. The total value is about two-thirds that of annex table 4. Half the transactions are in real estate and only three of the 10 involve firms among the top 20 (Tower Jazz, IC and IDB). Only two of the 10 greenfield investments went into the US; the rest range among locations from Vietnam to Russia to Liberia in West Africa. As in annex table 4, there was only one transaction in 2009. Note that these are 'announced' transactions and may not have taken place exactly as specified in annex table 5.

Changes in aggregate assets, sales and employment

Aggregate developments of the top 20 Israeli MNEs during the period 2008-2010 are shown in table 2 below. Considering the three-year period as a whole, the change in foreign assets and foreign sales is small (2-3% growth), while it is significant in foreign employment (nearly 10% growth). The pattern is somewhat similar in *total* assets, sales and employment: a tiny decline in assets (less than 1%), a perceptible increase in sales (nearly 7%) and a striking increase in employment (over 16% growth).

This pattern of renewed and mostly moderate growth over 2008-2010 is, however, somewhat misleading, as it masks the volatility of changes from 2008 to 2009 and from 2009 to 2010. It is true that the changes in assets were small, although more so in foreign than in total assets. But the ups and downs in both sales and employment were quite striking, especially in *foreign* sales and employment. Foreign sales fell by 11% in 2009 and rose by 15% in 2010, while foreign employment fell by nearly 10% in 2009 and rose by no less than 21% in 2010. Total employment declined hardly at all in 2009, suggesting that it was foreign employment that bore the brunt of the economic crisis.

Note that the share of foreign in total assets, sales and employment is over 50% in each category in each of the three years, suggesting a relatively high and stable degree of transnationality. It is highest in sales, ranging from about 65 to 69.

Table 2. Israel: Snapshot of the top 20 multinationals, 2008-2010 (USD million and number of employees)

Category	2008	2009	2010	% change, 2008-09	% change, 2009-10	% change, 2008-10
Assets						
Foreign	15,477	15,370	15,844	-0.69	3.08	2.37
Total	29,358	27,469	29,104	-6.43	5.95	-0.87
Share of foreign in total (%)	52.72	55.95	54.44	6.14	-2.71	3.26
Sales						
Foreign	34,184	30,426	35,062	-10.99	15.24	2.57
Total	49,717	47,134	53,023	-5.20	12.49	6.65
Share of foreign in total (%)	68.76	64.55	66.13	-6.12	2.44	-3.83
Employment						
Foreign	79,476	72,027	87,213	-9.37	21.08	9.74
Total	145,261	143,590	168,830	-1.15	17.58	16.23
Share of foreign in total (%)	54.71	50.16	51.66	-8.32	2.98	-5.58

Source: Israeli-VCC survey of Israeli multinationals, 2011.

Box 1. Israel: The Transnationality Index

The Transnationality Index (TNI) is a measure of the internationalization of corporate activity. It is calculated as the simple average of three ratios – foreign to total assets, foreign to total sales and foreign to total employment – and expressed as a percentage ('74' rather than '0.74').

The average TNI of the top 20 declined by two points between 2008 and 2009. During the following year it failed to rise, remaining at 57, despite the fact that the absolute level of foreign assets, sales and employment increased by over 3%, 15% and 21% respectively. These observations suggest that while summary measures such as the TNI are useful, availability of data about its individual components is bound to increase the reliability of the conclusions based on these data.

Details of the individual firms TNI in 2010 and its components are given in table 3 below. The TNI levels range from 8 to 84. With a TNI level of just 8, IDB Holdings is clearly the outlier, despite being Israel's largest conglomerate. The low TNI level in fact understates somewhat the company's international involvement, since it excludes IDB Holdings' investment in Credit Suisse, an international bank which is partly owned by IDB Holdings. However, even if Credit Swiss were taken into account, IDB would still have a fairly low TNI rank, since its international activities constitute a relatively small part of its total operations.

The 19 other MNEs have considerably higher rankings. The TNI level of six of them exceeds 80. These six include producers of goods as well as services, high-tech firms as well as low-tech ones. Only three firms have a TNI less than 50. Elco Holdings, another conglomerate, is one of these (45). The third conglomerate, Israel Corporation, has a much higher TNI (61) which is explained by its ownership, mentioned earlier, of Israel Chemicals and Zim Shipping Lines.

Turning to the components of the index we note that the percentage of foreign sales tends to exceed that of foreign employment and foreign assets. This might suggest a high propensity to export, even in firms with substantial operations abroad. In 17 out of 20 cases, the percentage of foreign sales exceeds that of foreign employment. Strauss Group, IDB Holdings and Checkpoint are the only MNEs whose percentage of foreign employment is higher than the percentage of foreign sales. Strauss Group, a food producer, is probably producing abroad some of the products it sells in the home market. The difference between the share of foreign sales and foreign employment in the case of IDB Holdings and Checkpoint is very small and requires no explanation.

The difference between the shares of foreign sales and foreign assets is similarly skewed in favor of sales. The percentage of foreign sales is less than that of foreign assets in only four out of 20 cases. Elco Holdings, Checkpoint and the Strauss Group belong to this small group. They are joined by Nice, a supplier of IT services, whose share of foreign assets is larger than its share of sales by 12%.

The overall TNI average is 57, which is calculated by dividing the sum of the TNI values by 20. This represents the *non-weighted* average of the TNI value. A *weighted* average that takes firm size into account is calculated by first summing the value of foreign and total assets, sales and employment of the firms, and then calculating the percentage of foreign shares in total assets, sales and employment, and finally averaging the three figures. It turns out, however, that the weighted average TNI is 58, just 1% higher than the non-weighted average. It seems that the internationalization of the really large MNEs is only marginally more pronounced than that of the rest.

Source: Israeli-VCC survey of Israeli multinationals, 2011.

Table 3. Israel: The Transnationality Index and its components, 2010

Rank	Company	% foreign assets	% foreign employees	% foreign sales	TNI index (%)
1	Frutarom	83	77	91	84
2	Teva	72	83	96	84
3	Amdocs	84	78	88	83
4	Ormat	98	51	100	83
5	Avgol	88	64	95	83
6	Delta Galil	76	79	88	81
7	Lumenis	70	68	79	72
8	Palram	70	56	91	72
9	Nice	86	57	73	72
10	Retalix	71	53	88	71
11	Tower Jazz	67	37	98	67
12	Checkpoint	89	57	56	67
13	Ketter	53	49	87	63
14	Plasson	46	52	89	62
15	Israel Corporation	72	37	74	61
16	Gilat Satellite	28	65	85	59
17	Strauss Group	54	55	46	52
18	Elco Holdings	66	34	34	45
19	Elbit	24	16	76	39
20	IDB Holdings	3	13	9	8
Total		**55**	**52**	**66**	**57**

Source: Israeli-VCC survey of Israeli multinationals, 2011.

The big picture

2010 was a relatively good year for the Israeli economy. GDP growth resumed after the slowdown of the previous year, the inflation rate continued to be low (2.5%), and real GDP per capita increased by nearly 2%. These positive trends were paralleled by the discovery of large underwater gas fields, which are expected to change the energy balance of Israel within a few years and to turn it into a net exporter. In September 2010, Israel was admitted to the Organization of Economic Cooperation and Development (OECD), the developed economies' 'club'. Morgan Stanley, a global financial services firm, which rates the world's economies by their level of development, changed its designation of Israel's economy from 'emerging' to 'developed'.

The total outward stock of the Israeli economy in 2010 exceeded USD 66 billion (annex figure 5). Note that this figure is fairly high in relation to the foreign assets of the 20 multinationals featured in this report, which amount to a little less than USD 16 billion. While we do not wish to suggest that there is some fixed relation between foreign assets and outward stock,[3] there

[3] Foreign assets need stand in no particular relation to FDI stock or accumulated FDI flows. First, foreign assets are assets abroad that are *controlled* by the foreign investor & much less than 100% of equity may give control. Second, and more important, assets abroad may include, or derive from, financing raised locally or in international markets. So it is

is nonetheless something here that seems to call for an explanation. Several factors are probably involved.

1. For one, the methodology of the project excludes financial institutions. A number of Israeli banks and other financial institutions are active abroad, such as Bank Leumi, Bank Hapoalim and Discount Bank.

2. As noted earlier, a number of major Israeli multinationals that are privately owned, and that might account for a substantial share of Israel's outward FDI, had to be excluded from the report because they were unwilling to provide us with the necessary data.

3. The foreign assets of the firms included in this report do not include financial and other short-term assets.[4] They also do not include goodwill.

The second factor may be the most important. Annex table 5, which lists the top 10 greenfield transactions shows that private Israeli firms, especially in real estate, are significant investors abroad. Their foreign investments often tend to be in countries that publicly traded MNEs tend to avoid.

FDI outflows increased dramatically in 2010, to almost USD 8 billion, coming close to their level in 2007 (annex figure 4). On the other hand, incoming FDI flows increased only marginally, to a level just above USD 5 billion. As annex figure 4 makes clear, outward FDI flows have tracked inward flows pretty closely for the past 10 years, although an outward flow significantly larger than inward flows is something of a novelty. This is one of the things that set Israel apart from most emerging markets, where the inward flows tend to be much larger.

The stock of outward FDI, which was about USD 54 billion at the end of 2008 and rose only a bit to USD 57 billion at the end of 2009, increased quite substantially in 2010 to a peak of nearly USD 66 billion USD. The stock of incoming FDI, which was USD 61 billion at the end of 2008, increased to USD 69 billion in 2009, and continued to rise during the following year, reaching nearly USD 78 billion at the end of 2010.

very likely that *total* foreign assets are *larger* than *total* outward stock. According to the Bureau of Economic Analysis of the US Department of Commerce, the 2007 ratio of stock to assets for US multinationals was 1:7.

[4] See 'Box 1. Changes in the valuation of foreign assets' in the report on Israeli MNEs released September 2010, http://www.vcc.columbia.edu/content/emerging-market-global-players-project-0.

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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, a collaborative effort led by the Vale Columbia Center. It brings together researchers on FDI from leading institutions in emerging markets to generate annual reports on the top outward investors in each participating economy. Reports on 14 economies have been published so far (several on some of them): Argentina, Brazil, Chile, China, Hungary, India, Israel, Korea, Mexico, Poland, Russia, Slovenia, Taiwan and Turkey. For further information, visit: http://www.vcc.columbia.edu/content/emerging-market-global-players-project-0.

The Israeli partners

The Recanati School of Business Administration at at Tel Aviv University and the Jerusalem School of Business Administration at Hebrew University are the two leading business schools in Israel. For this project, they have joined forces with the Foreign Trade Division of the Manufacturers Association of Israel (MAI). The MAI is a body representing all industrial sectors in Israel: private, public, kibbutz and government industries. The Foreign Trade Division shapes the MAI's stand with regard to such matters as trade agreements, business opportunities abroad, and international R&D cooperation.

Vale Columbia Center on Sustainable International Investment

The Vale Columbia Center (VCC) is a joint center of the Columbia Law School and the Earth Institute at Columbia University. It serves as a leading forum for discussion by scholars, policy makers, development advocates 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 currently focuses on three key themes: creating a framework for extractive industries and sustainable development; analyzing trends in investment law and policy around the world, especially as they contribute to sustainable development; and analyzing the rise of emerging market multinationals. For further information, visit: http://www.vcc.columbia.edu.

Annex table 1. Israel: The top 20 multinationals: Key variables, 2010 (USD million[a] and number)

Rank	Company	Assets		Employment		Sales		TNI Index (%)	No. of foreign affiliates	No. of host countries
		Foreign	Total	Foreign	Total	Foreign	Total			
1	Israel Corporation	4,805	6,683	6,810	18,633	7,328	9,865	61	308	125
2	Teva	3,130	4,357	32,886	39,660	15,555	16,121	84	23	16
3	Elco Holdings	2,345	3,573	2,471	7,170	628	1,841	45	24	6
4	Ormat	1,639	1,666	653	1,275	379	379	83	32	3
5	Checkpoint	734	821	1,266	2,239	615	1,098	67	40	35
6	Nice	578	673	1,582	2,794	507	690	72	25	15
7	Strauss Group	497	924	7,700	13,883	845	1,836	52	24	12
8	Frutarom	400	480	1,131	1,472	411	451	84	28	18
9	Delta Galil	107	141	5,318	6,760	543	620	81	7	5
10	Tower Jazz	322	480	715	1,916	499	509	67	3	1
11	Elbit	315	1301	1,963	12,317	2,019	2,670	39	22	10
12	Amdocs	218	258	15,149	19,455	2,614	2,984	83	19	5
13	IDB Holdings	216	6805	4,000	30,919	1,015	11,560	8	15	3
14	Avgol	190	215	365	566	265	278	83	4	4
15	Ketter	160	300	1900	3900	810	930	63	24	4
16	Plasson	56	121	659	1,265	209	236	62	16	10
17	Palram	54	77	551	983	252	277	72	21	12
18	Retalix	47	66	707	1,329	183	207	71	10	6
19	Lumenis	42	60	555	814	188	238	72	15	12
20	Gilat Satellite	29	103	832	1,280	197	233	59	7	6
Total		**15,884**	**29,104**	**87,213**	**168,630**	**35,062**	**53,023**	**57**	**667**	**132**

Source: Israeli-VCC survey of Israeli multinationals, 2011

[a] The exchange rate used is that supplied by the IMF for December 31, 2010: USD 1 = ILS 3.55.

Annex table 2. Israel: The top 20 multinationals: Regionality Index[a], 2010 (percentages, except in last column)

Company	Other Europe[b]	Eastern Europe & Central Asia	North America	Latin America & the Caribbeans	East Asia & the Pacific	South Asia	Middle East & N. Africa	Developed Asia-Pacific	No. of foreign affiliates
Israel Corporation	31.5	13.6	23.7	12.3	8.4	6.8	3.8	1.3	308
Teva	47.8	21.7	13.0	17.4	0.0	0.0	0.0	0.0	23
Elco Holdings	41.7	0.0	50.0	0.0	4.2	4.2	0.0	0.0	24
Ormat	3.1	0.0	96.9	0.0	0.0	0.0	0.0	0.0	32
Checkpoint	47.5	17.5	7.5	10.0	12.5	5.0	0.0	0.0	40
Nice	40	4	32	4	12	8	0.0	0.0	25
Strauss Group	12.5	37.5	45.8	4.2	0.0	0.0	0.0	0.0	24
Frutarom	35.7	14.3	17.9	7.1	7.1	10.7	3.6	3.6	28
Delta Galil	14.3	14.3	42.9	0.0	14.3	0.0	14.3	0.0	7
Tower Jazz	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	3
Elbit	27.3	4.5	45.5	9.1	4.5	9.1	0.0	0.0	22
Amdocs	0.0	0.0	84.2	15.8	0.0	0.0	0.0	0.0	19
IDB Holdings	40.0	0.0	60.0	0.0	0.0	0.0	0.0	0.0	15
Avgol	0.0	50.0	25.0	0.0	25.0	0.0	0.0	0.0	4
Ketter	87.5	0.0	12.5	0.0	0.0	0.0	0.0	0.0	24
Plasson	56.3	6.3	12.5	6.3	0.0	18.8	0.0	0.0	16
Palram	33.3	4.8	23.8	14.3	14.3	4.8	4.8	0.0	21
Retalix	30	0.0	50	0.0	10	10	0.0	0.0	10
Lumenis	33.3	0.0	13.3	13.3	33	7	0.0	0.0	15
Gillat Sattelites	14.3	0.0	28.6	57.1	0.0	0.0	0.0	0.0	7
Average	**33.0**	**11.1**	**31.0**	**9.7**	**7.4**	**5.6**	**1.5**	**0.7**	-
Number of affiliates	220	74	207	65	49	37	10	5	667

Source: Israeli-VCC survey of Israeli multinationals, 2011.

[a] The Regionality Index is calculated by dividing the number of a firm's foreign affiliates in a particular region of the world by its total number of foreign affiliates and multiplying the result by 100. The region Sub-Saharan Africa is not included as there are no Israeli foreign affiliates in it.
[b] 'Other Europe' is mainly Western and Central Europe.

Annex table 3: Israel: Stock exchange listings, 2010

Rank	Company	Domestic[a]	Foreign[b]
1	Israel Corporation	TASE	*None*
2	Teva	TASE	NASDAQ
3	Elco Holdings	TASE	*None*
4	Ormat	TASE	NASDAQ
5	Checkpoint	*None*	NASDAQ
6	Nice	TASE	NASDAQ
7	Strauss Group	TASE	*None*
8	Frutarom	TASE	*None*
9	Tower Jazz	TASE	NASDAQ
10	Elbit	TASE	NASDAQ
11	Amdocs	*None*	NASDAQ
12	IDB Holdings	TASE	*None*
13	Avgol	TASE	*None*
14	Ketter	*None*	*None*
15	Delta Galil	TASE	NASDAQ
16	Plasson	TASE	*None*
17	Palram	TASE	*None*
18	Retalix	TASE	NASDAQ
19	Lumenis	*None*	NASDAQ
20	Gilat Satellite	TASE	NASDAQ

Source: Israeli-VCC survey of Israeli multinationals, 2011.

[a] 'TASE' stands for the 'Tel Aviv Stock Exchange'.
[b] 'NASDAQ', the US stock exchange, once stood for the 'National Association of Securities Dealers Automated Quotations'.

Annex table 4. Israel: Top 10 outward M&A transactions, 2008-2010 (USD million)

Date	Acquirer's name	Target name	Target industry	Target economy	% of shares acquired	Value of transaction
12/23/2008	Teva	Barr Pharmaceuticals Inc	Pharmaceutical preparations	United States	100.0	8,810.2
08/10/2010	Teva	Ratiopharrm International GmbH	Pharmaceutical preparations	Germany	100.0	4,931.3
09/01/2010	JV-Big Shopping Centers(2004)	JV-Kimco Realty Corp-	Operators of non-residential buildings	United States	100.0	422.0
02/21/2008	Teva	CoGenesys Inc	Pharmaceutical preparations	United States	100.0	400.0
07/22/2008	Teva	Bentley Pharmaceuticals Inc	Pharmaceutical preparations	United States	100.0	352.1
04/14/2010	Koor Industries Ltd	HSBC Holdings PLC-Bldg	Operators of non-residential buildings	United States	100.0	330.0
11/22/2009	452 Fifth Owners LLC	452 Fifth Avenue,New York,NY	Operators of non-residential buildings	United States	100.0	330.0
10/02/2008	Orbotech Ltd	Photon Dynamics Inc	Instruments to measure electricity	United States	100.0	276.9
10/01/2010	Delek Group Ltd	BP PLC-Retail Business	Gasoline service stations	France	100.0	247.1
10/29/2010	Gilat Satellite	Wavestream Corp	Electric equipment	United States	100.0	137.0
Total						**16,236.6**

Source: Adapted from Thomson ONE Banker, Thomson Reuters.

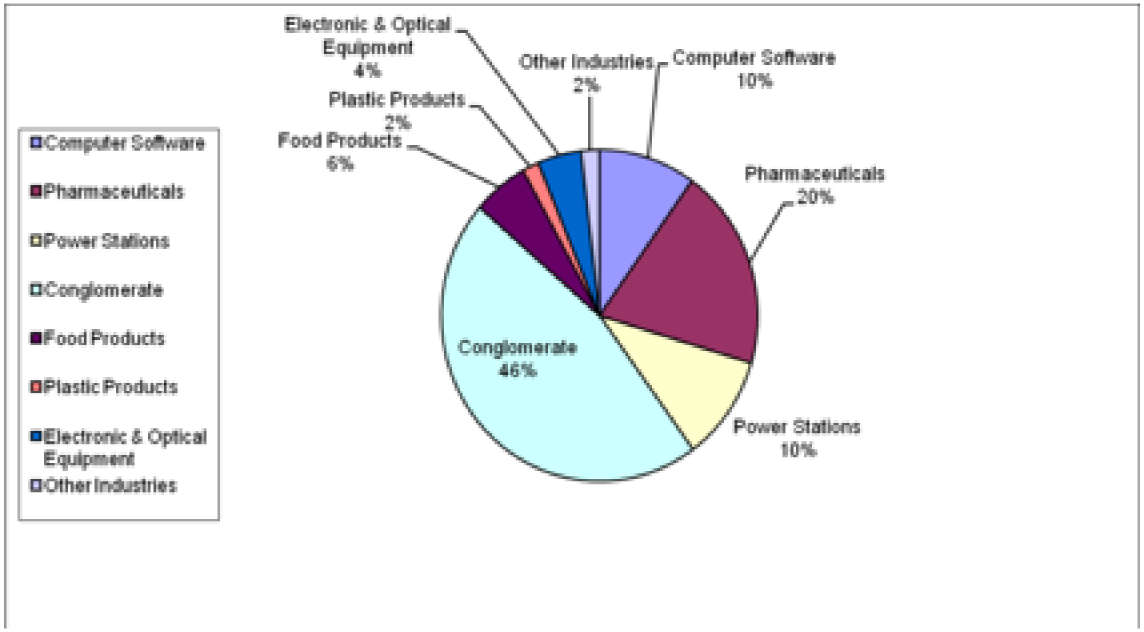
Annex table 5. Israel: Top 10 outward greenfield transactions, announced[a], 2008-2010 (USD million)

Date	Company	Destination	Industry	Value of transaction
Oct-08	Fishman Group	Russia	Real Estate	1,800.0
Oct-10	EngelInvest	Liberia	Metals	1,795.9[b]
May-08	Fishman Group	Russia	Real Estate	1,500.0
Feb-10	Tower Jazz	United States	Semiconductors	1,193.9[b]
Sep-08	EngelInvest	Vietnam	Real Estate	1,100.0
May-10	IDB Group	United States	Real Estate	850.0
Jan-08	Israel Corporation (IC)	China	Automotive OEM	803.1
Aug-08	EL AL Israel Airlines	Belgium	Aerospace	782.1[b]
Jul-08	EIG Renewables	Macedonia FYR	Alternative/Renewable energy	564.1
May-09	Fishman Group	Thailand	Real Estate	530.8
Total				**10,919.9**

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

[a] Note that these transactions may not have been completed exactly as listed.
[b] This is an estimated amount.

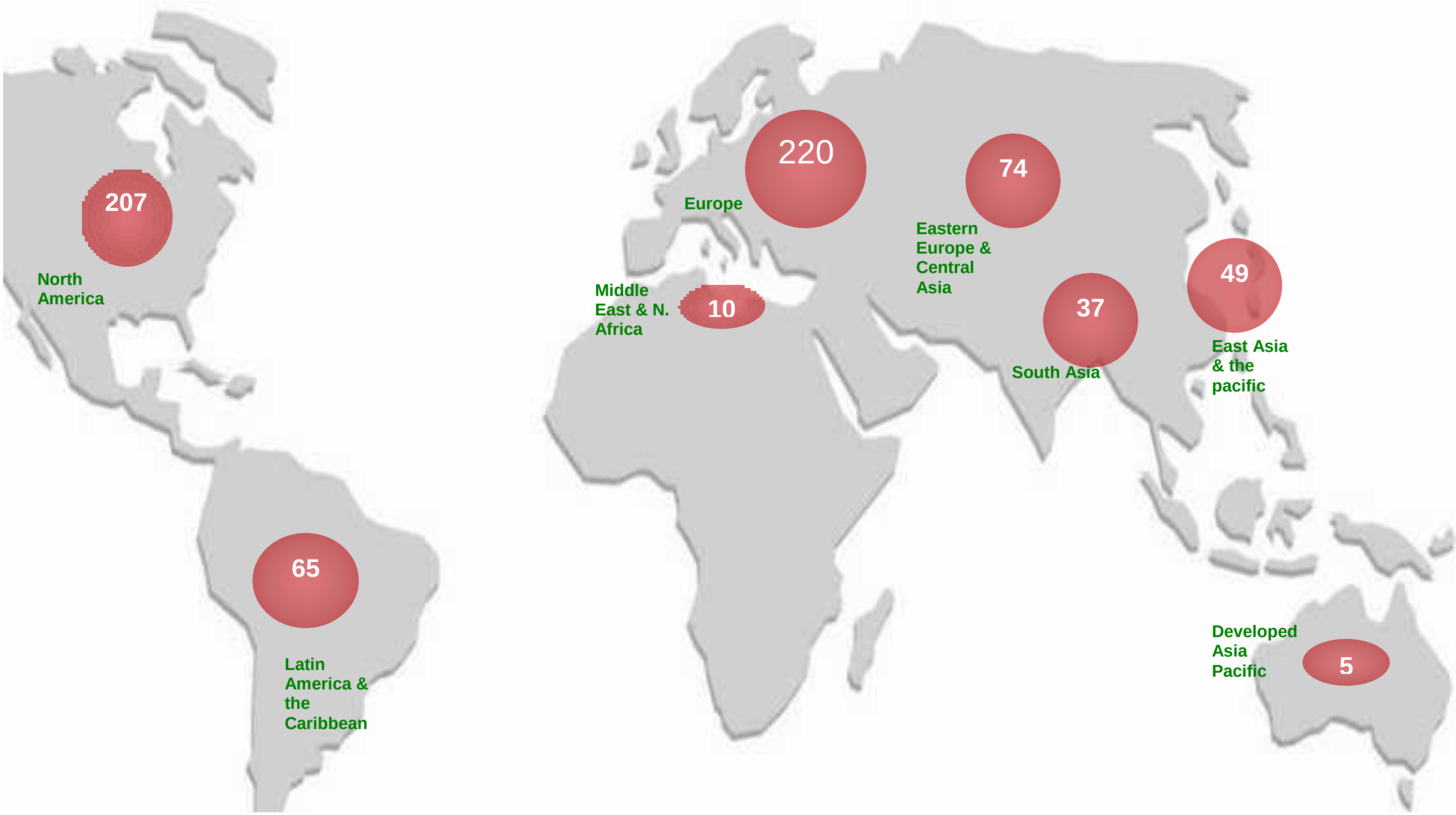
Annex figure 1. Israel: Breakdown of the foreign assets of the top 20 multinationals, by industry, 2010 (percentages)



Industry	Foreign assets (USD million)	Companies
Computer software	1,577	Amdocs, Checkpoint, NICE, Retalix
Pharmaceuticals	3,130	Teva
Power stations	1,639	Ormat
Conglomerate	7,366	Elco Holdings, Israel Corporation, IDB Holdings
Food products	897	Strauss Group, Frutarom
Plastic products	270	Plasson, Palram, Ketter
Electronic & optical equipment	708	Tower Jazz, Lumenis, Elbit, Gilat Satellite
Other industries	297	Delta, Avgol

Source: Israeli-VCC survey of Israeli multinationals, 2011.

Annex figure 2. Israel: Foreign affiliates of the top 20 multinationals, by region, 2010 (number of affiliates)

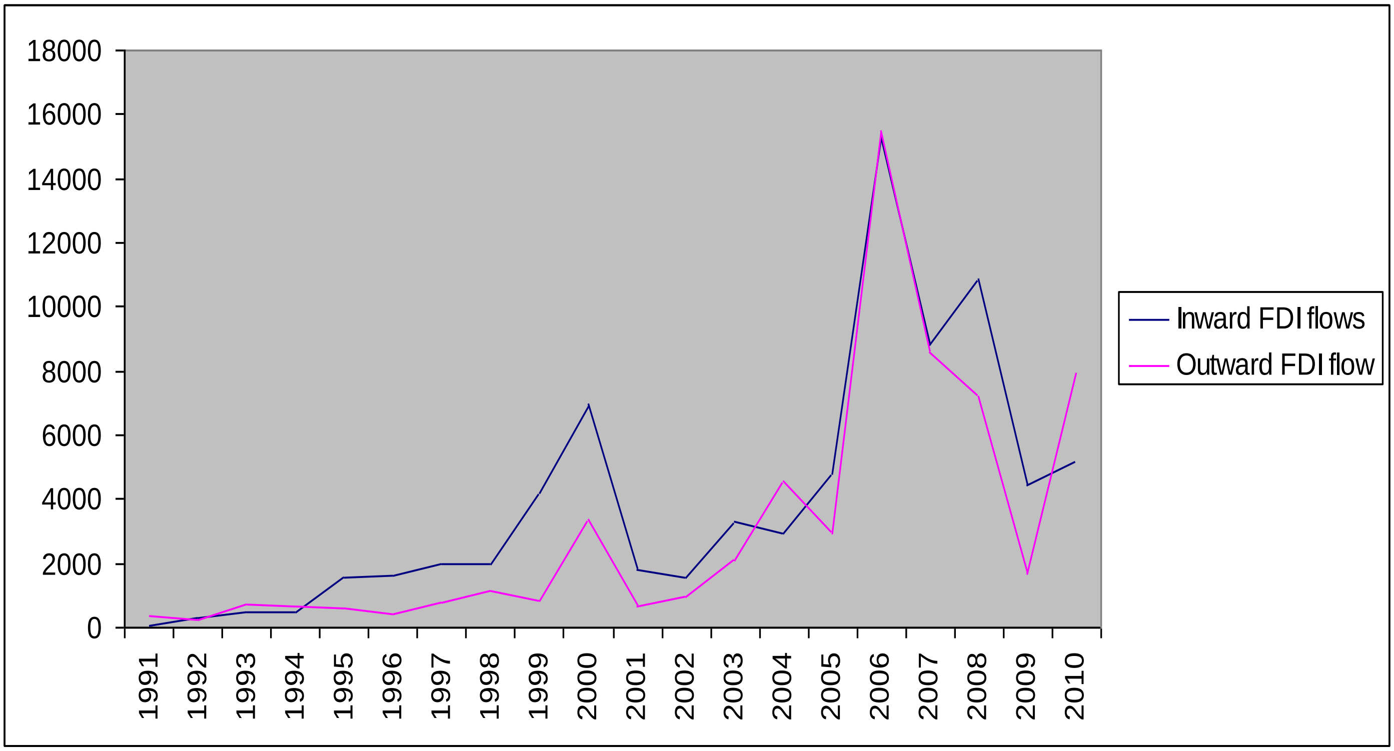


Source: Israeli-VCC survey of Israeli multinationals, 2011.

Annex figure 3. Israel: Head office locations of the top 20 multinationals, 2010

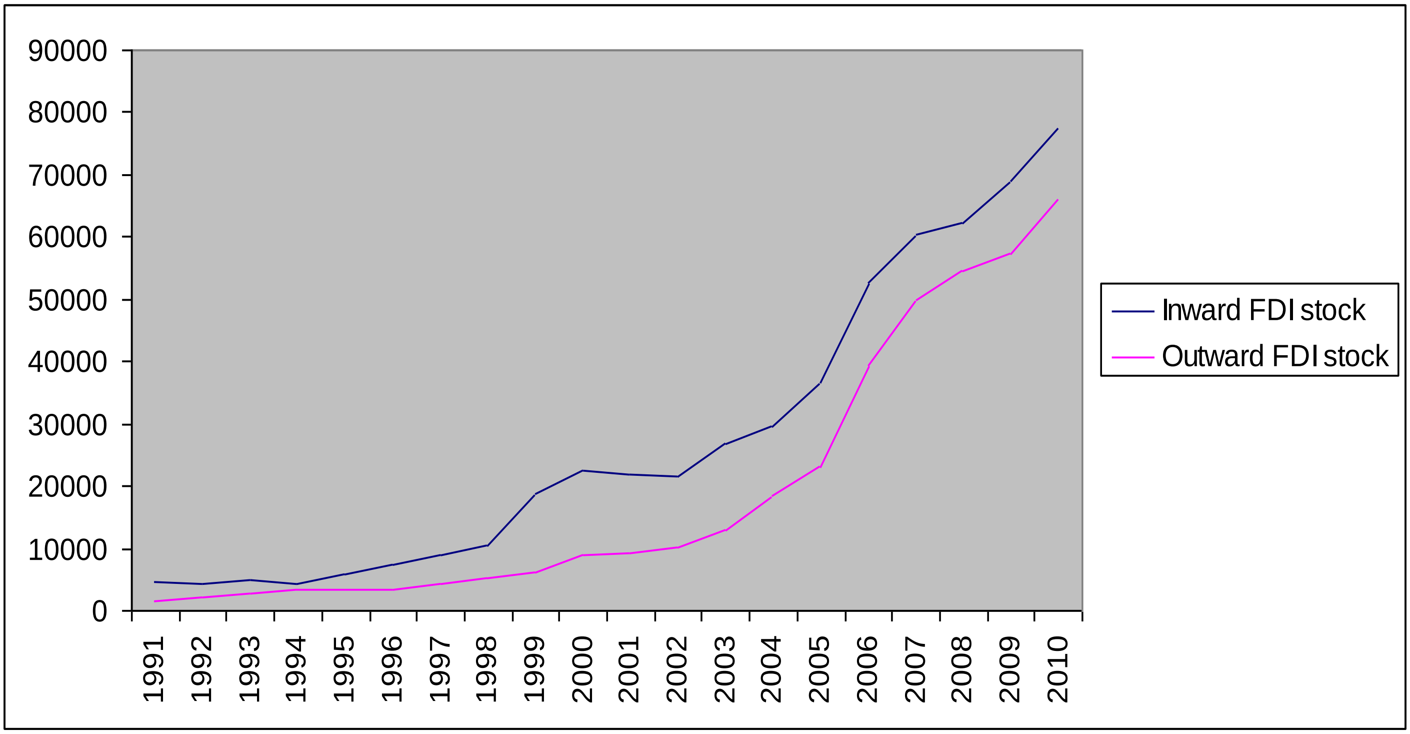
Source: Israeli-VCC survey of Israeli multinationals, 2011.

.**Annex figure 4. Israel: Inward and outward FDI flows, 1991-2010** (USD million)



Source: UNCTADstat database, http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx.

Annex figure 5. Israel: Inward and outward FDI stock, 1991-2010 (USD million)



Source: UNCTADstat database, http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx.