



# Chinese Investment In Israeli Technology

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## OUTLINE OF DISCUSSION

- I. History and Establishment of the State of Israel
- II. Government of the State of Israel
- III. Economy of the State of Israel
- IV. Israel as the Start-Up Nation
- V. Technology Development in Israel
- VI. Notable Israeli Technologies
- VII. Opportunities to Invest in Israel



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## I. History and Establishment of the State of Israel

- A. World War II and the Holocaust led to the Formation of the State of Israel
- B. China Welcomed Jewish Refugees from Europe During WW II
- C. Hong Kong Had Strong Jewish Community Involved in Trade with Middle East, Europe, and North America
- D. 14 May 1948—UN Partition Plan—Great Britain allows the UN to decide the fate of British Mandate in Palestine, Obtained after World War I
- E. Israel Immediately Recognized by Truman and Stalin and Majority of Other Members, Rejected by Arab Nations, Including Egypt, Syria, Transjordan, others
- F. Arab Nations Attack—War of independence Follows, Ended by Armistice Brokered by UN



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## I. History (CONT'D)

- G. Israel Wins Major Victory in Six Day War—Defeats Egypt, Syria, and Jordan (1967)
- H. Israel Builds Nuclear Reactor with Aid of France (1965)
- I. Israel Launches Satellite Into Orbit (1988)
- J. Soviet Union Permits Emigration by Soviet Jews (1990)—Many Engineers and Scientists Migrate to Israel
- K. Start Up Nation Published 2009



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## II. Government of the State of Israel--Parliamentary Democracy

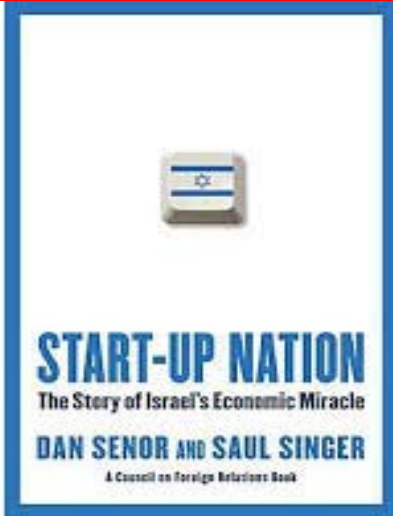
- A. Three Branches of Government—Legislative, Executive, and Judicial
- B. Legislature—Knesset—One House Only
- C. Executive--Prime Minister Elected by Direct Vote
- D. No party has won a majority in the history of Israel—they must form majority coalition with minority parties
- E. Judicial—Supreme Court and Lower Courts
- F. Law of Return--All Jews and those of Jewish ancestry right to settle and become citizens (1950)
- G. Hebrew and Arabic are the official languages
- H. Arabs living in Palestine at the Time of the Mandate Became Israeli Citizens



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## III. Economy of the State of Israel

- A. Technologically advanced market economy.
- B. Originally – agriculture, textiles, diamond manufacturing, tourism, minerals.
- C. Strong educational system – Technion establishing branch in Shanghai and endowed by Li Ka Shing; also branch in N.Y. in joint venture with Cornell University
- D. Highly motivated work force; high level of entrepreneurship.
- E. Significant investment in infrastructure - forests, utilities.
- F. Developed banking system, stock market and financial sector.
- G. Strong R&D, venture capital, incubators, Office of Chief Scientist (\$300 million annual budget).
- H. World Leadership in civilian R&D Investments (as percentage of GDP).
- I. Highest number of in world of scientists and engineers per capita.
- J. Highest per capita U.S. Patent Applications in the world.



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## IV. Israel as the Start-Up Nation

Book by Dan Senor and Saul Singer

- A. 60 year old country with population of 7.1 million people has 63 companies on NASDAQ stock exchange as of 2009, more than any other foreign country.
- B. Attribute success to mandatory military service, which encourages independent thinking in an environment where it is acceptable to challenge authority.
- C. Soldiers develop significant networks used later in civilian life.
- D. Immigrants – they start from scratch and take risks.
- E. Israel lacks its own multinationals – companies tend to get bought by foreigners, lack senior management capable of running large organizations.



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## V. Technology Development In Israel

- A. Universities: Technion, Weizmann Institute, Hebrew University of Jerusalem, Tel Aviv University, Ben Gurion University of the Negev.
- B. Hospitals: Tel Hashomer, Haassah Medical Center.
- C. Military: Advanced avionics, Iron Dome, Uzi submachine gun, security systems, former military entrepreneurs.
- D. Research & Development Centers: IBM, Intel, Cisco, Apple, 3M, ChemChina, Facebook, Lenova, San Disk, Waze.
- E. Startups: Teva (generics, neurological treatments) Oramed (oral insulin in clinical trial), Pluristem (placenta based cell therapies); aided by Office of Chief Scientist, grants to start-ups, incubators, venture capital and foreign investors.





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## VI. Notable Israeli Technologies

### Medical

- A. PillCam – capsule endoscopy
- B. BabySense-monitor infant sleeping, help prevent crib death
- C. Copaxone – drug for multiple sclerosis (Weitzmann)
- D. Azilect – drug for treating Parkinson's syndrome (Technion)

### Green Technology

- A. Netafim – smart drip and micro-irrigation
- B. Ormat Technologies – geothermal power plants
- C. Pythagoras Solar – first solar window

### Food

- A. Hazera Genetics –Hebrew University Cherry Tomato



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## VI. Notable Israeli Technologies (CONT'D)

### High Technology

- A. Intel Israel – 8088 Microprocessor – brand of first PC
- B. Disk-on-key-San Disk-flash memory/USB storage device
- C. MobileEye-digital camera with sophisticated algorithms to help drivers navigate more safely
- D. ICQ – instant messaging, acquired by AOL
- E. Waze – GPS-based navigation application program, acquired by Google for \$1 billion



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## VII. Opportunities to Invest in Israel

- A. Highest concentration of startups in the world.
- B. Exit deals in 2014 totaled \$15 billion.
- C. Lower cost of acquisition as compared to Silicon Valley, faster rate of growth, and similar profits.
- D. Extensive venture capital and government investment.
- E. Chinese Investment in Israel expanded from zero to \$4 billion over past few years.
- F. Grants to fund joint ventures between Israeli companies and U.S. companies may be available even with Chinese investment
- G. Representative who has contacts in Israel and can locate suitable investments will facilitate smart investing.