

# Israel ramps up Asia trade ties as government urges shift from EU

REUTERS, Jerusalem

Israeli companies are increasingly turning to Asia to capture a boom in demand for their technology, as the government urges them to diversify export markets in response to Europe's rising anti-semitism and potential trade sanctions.

Citing attacks on Jews in Europe - including one in a kosher market in Paris last month - and amid fears that the European Union could take trade steps against Israel over its policy of settlement building on Palestinian land, Prime Minister Benjamin Netanyahu told his cabinet last month: "We definitely want to reduce our dependence on certain markets in western Europe."

At the same time, the pro-Palestinian boycott, divestment and sanctions (BDS) movement has started to make strides in some European countries, prompting several firms in Holland and Denmark to end dealings with some Israeli companies and raising the prospect of more trade problems in the region.

Israeli entrepreneurs - most of whom see Europe remaining as an important partner - downplay the effects of anti-Israel sentiment in Europe. More of a reason to expand to Asia, they say, is that Europe's economy is struggling, the euro has weakened and Asian countries are growing faster.

Either way, the shift to Asia is picking up pace. Israelis have been slow to follow European and U.S. firms into Asia because the region's languages and culture have presented more significant problems - particularly the requirement for patient diplo-



REUTERS

Israel's Prime Minister Benjamin Netanyahu attends the weekly cabinet meeting at his office in Jerusalem on February 1.

macy in many Asian countries, say Israeli businessmen, known for their often abrasive manner.

Nonetheless: "Those making the efforts are being amply rewarded," said Jon Medved, a veteran Israeli venture capitalist.

Ofer Sachs, chief executive of the Israel Export and International Cooperation Institute, noted: "When you look towards the future, the growth potential that exists in China, Vietnam and (the rest of) Asia is greater than in Europe."

Europe is currently Israel's largest overall trading partner. Asia is its second-biggest partner but business, particularly to China and India, is much smaller: Israel's economy ministry estimates that of 3,000 Israeli exporters, about 1,000 trade with Asia.

While government data shows that Asia takes 25 percent of all exports - just below the 27 percent that goes to each of Europe and the United States - roughly half that is mainly from just two

companies: Intel's Israel unit and potash producer Israel Chemicals.

Economy Minister Naftali Bennett said Israel wanted to multiply its commerce to Asia "tenfold."

"Israel has made a strategic decision to diversify its commerce so we're moving to the East. I'm talking about China, Japan, India .. and it's working, it's going very well," he told Reuters.

Avner Halperin, chief executive of medical device firm EarlySense whose sales to Asia currently comprise 15 percent, initially looked to the United States and Europe to drive his high-tech company's sales. Now much of his focus is on Asian economies.

"That percentage to the Asian market will go to at least a third and may go to as much as half of our sales by 2016," Halperin said. "You can't ignore the East because there are huge opportunities with people very open and

ready to work with us."

For a graphic on Israel's trade balances with the United States, Europe and Asia please click:

Asian companies and funds - particularly from China - are also seeing more investment potential in Israel.

China, Israel's third-largest trading partner by country, is looking at an expansion in bilateral trade, which reached nearly \$9 billion last year.

"Israel leads the world in high-tech and high-tech is needed in China," Wu Bin, economic and commercial counsellor at China's embassy in Israel, told a recent conference in Tel Aviv.

"Israeli technology can easily get industrialised in China."

On Monday, Chinese management consulting firm Shengjing, teamed up with Jerusalem Venture Partners, one of Israel's leading venture capital fund, in a competition to find global start-ups.

"In the next 10 years Israeli high-tech will have a significant Chinese component ... and China can become a significant player in the Israeli economy," said Nechemia Peres, co-founder of Pitango Venture Capital.

Korean giant Samsung has made two investments in Israel - including Halperin's EarlySense - so far in 2015 in addition to numerous investments last year. It also has two R&D centres in Israel.

New Israeli companies, industry executives say, have an edge over their American and European peers in expanding in Asia because they have a limited domestic market and must think internationally from the outset.

"When we do business, we have to take a flight, so it can be east or west," said Peres.

## Around 12m tonnes of iron ore stuck at Indian ports

REUTERS, Singapore/New Delhi

Around 12 million tonnes of low-grade iron ore has been stuck at Indian ports for months, stranded as hefty export taxes and plunging prices make higher quality ore more appealing to buyers, said industry and government officials.

Indian steel producers, many of which have been buying iron ore overseas amid short supply at home, are unable to use the low-grade material, which is typically shipped to top market China.

The stranded ore is bad news for Indian miners and exporters who are smarting from a 30-percent duty on iron ore exports, and comes as a handful of large international miners are bent on maximising output to push out smaller rivals.

"For many of us, it's a case of blocked capital. We are on the brink of sinking," said PK Chaki, honorary secretary of the Iron Ore Exporters' Association, which groups companies based in the states of Odisha and West Bengal.

India used to be the world's No. 3 iron ore supplier until court-imposed mining and export curbs from 2010 aimed against illegal mining in key states constricted supply, bloating imports to a record 8 million

tonnes last year, according to commodities consultancy OreTeam.

Iron ore for delivery to China this week fell to its lowest since May 2009 at \$61.30 a tonne, based on data from The Steel Index, extending losses to more than 50 percent from last year.

That has curbed appetite for lower quality material unless offered at deep discounts, traders said.

There have been around 4 million tonnes of iron ore lying in eastern ports near Odisha, India's top producing iron ore state since April last year, said Chaki.

There are some 8 million tonnes of ore at ports in Goa, said Prasanna Acharya, state government director of mines and geology.

While some mining curbs are gradually being lifted, the Iron Ore Exporters' Association in a letter to Prime Minister Narendra Modi in January urged the government to scrap the 30-percent tax for exports of low-grade material, hoping to turn the port stocks into cash.

"Since the ore is useless and a considerable amount of spending has already happened on mining and moving this ore, the exporters are trying to attain some collections," said Prakash Duvvuri, head of research at OreTeam.



JAMUNA BANK

Shaheen Mahmud, chairman of Jamuna Bank, attends the bank's annual business conference at Sonargaon Hotel in Dhaka on Tuesday. Shafiqul Alam, managing director, was also present.

## S&P to pay \$1.5b to resolve financial crisis lawsuits

AFP, New York

Standard & Poor's, the world's leading credit rating agency, will pay \$1.5 billion to settle US allegations of inflated ratings linked to the financial crisis that unleashed the Great Recession.

The settlement agreements announced Tuesday resolve civil lawsuits filed by the US Justice Department, 19 states, the US capital and the nation's largest pension fund.

S&P, a unit of McGraw Hill Financial, will pay \$1.375 billion to resolve lawsuits accusing it of bilking investors by hiding the true risks of mortgage bonds linked to the financial crisis, the Justice Department.

Half will go to the Justice Department and the other half to the 19 states and Washington, DC.

Separately, S&P will pay \$125 million to California state pension fund CalPERS to settle allegations of fraud that led to its investment losses.

The Justice Department and the states sued S&P two years ago for giving undeservedly rosy ratings to bonds that were backed by subprime mortgages, risky home loans that defaulted in droves as the housing price bubble collapsed.

The subprime crisis was at the center of the US financial meltdown that led to the 2008-2009 Great Recession.

According to the Justice Department suit, S&P's alleged fraud occurred from at least 2004 until 2007 and ultimately caused investors, including many financial institutions backed by the federal government, to lose billions of dollars.

S&P had claimed that its ratings were independent and not affected by its relationship with the companies hiring it to rate their securities.

## Forgotten treasure of rare cars goes on auction in France

AFP, Paris

A treasure trove of extremely rare classic cars, discovered on a farm in western France last year after lying forgotten for almost 50 years, is expected to fetch 16 million euros (\$18 million) at auction on Friday.

The cars, described as "sleeping beauties" by the Artcurial auction house, will be sold in the state they were found, some rusted and weather-beaten, having been kept in makeshift shelters exposed to the elements.

The 60 classic gems, bearing legendary names like Bugatti, Hispano-Suiza, Talbot-Lago, Panhard-Levassor, Maserati, Ferrari, Delahaye and Delage have been described by Artcurial as "works of art."

Among them is one of only 37 Ferrari 250 GT SWB California Spiders ever made, valued at up to 12 million euros, which was dis-

covered under a pile of dusty old car magazines.

The once-in-a-lifetime discovery, announced in December, was likened by Artcurial managing director Matthieu Lamoure to stumbling upon the car world's equivalent of the tomb of Egyptian pharaoh Tutankhamun.

Lamoure and senior specialist Pierre Novikoff got a tip-off about the timeworn fleet while crisscrossing the country hunting for rare pieces.

On the farm -- Artcurial is keeping the exact location secret -- they found a hodge-podge of makeshift structures, describing shock after shock as they realised the treasures they contained.

"This was somewhere between a metallic graveyard and a museum," said Novikoff, describing valuable cars invaded by ivy, and in some cases corrugated iron resting directly on the cars.

"We were overcome with emo-

tion. Probably much like Lord Carrington and Howard Carter, on being the first for centuries to enter Tutankhamun's tomb," said Lamoure.

The rare California Spider -- a car which features 13 times on the list of the 100 most expensive cars ever sold -- was bought new by French actor Gerard Blain and later sold to fellow actor Alain Delon.

Delon was photographed with American actresses Jane Fonda and Shirley MacLaine in the car, which historians thought was lost forever.

Also uncovered is an extravagant Talbot Lago T26 Cabriolet that belonged to Egypt's last monarch King Farouk, an immensely rich ruler known for grotesque extravagance, and avid collector who along with fast cars amassed one of the world's most famous coin collections.

"This is surely the last time that

such a discovery will be made, anywhere in the world. What is so special here is the number of cars, the range and the quality and pedigree of the models," said Novikoff.

But how did such a jackpot of mythical automobiles end up on a rural French farm, left to rust for half a century?

While classic cars are now snapped up and extremely valuable, this was not the case a few decades ago when inventor and automobile enthusiast Roger Baillon became one of the first collectors.

He had a transport business in the west of France where he in 1947 designed and built his own car known as the Bluebird, all while raking in a fortune in the post WWII boom in the sector.

He bought the property in 1953 to turn into an automobile museum, snapping up classic cars -- some saved from the scrapyard --

and according to Lamoure, even bought a little train which he planned to use to give tours of his museum.

"When the vehicles arrived he put them away without much fuss, one next to the other. He restored some and left others as they were," said Novikoff.

Much of the collection was built up between 1955 and 1965.

But when the 70s swung in, Baillon's business went into decline, and he held a large sale of his car collection at the end of the decade and to car historians, that was the end of that.

But it turned out he had clung on to many of the collection's jewels.

"This is a very rare opportunity presenting works of art unknown to the market! For the Talbot Lago T26 Grand Sport coupe Saoutchik, caved in at the rear, I think it should be left in this condition. It is a sculpture."

## Micromax leapfrogs Samsung in India

REUTERS, Mumbai

Budget smartphone maker Micromax leapfrogged South Korea's Samsung Electronics Co Ltd to become the leading supplier in India's booming smartphone market for the first time in the fourth quarter, research firm Canalsys said.

In a report issued on Feb. 3, Canalsys said Micromax, based near New Delhi, accounted for 22 percent of smartphone sales in India in the October-December quarter, ahead of Samsung's 20 percent. In total, 21.6 million smartphones were sold in India in the period, a 90 percent surge from a year earlier.

India, which has the world's second-highest number of mobile phone accounts after China, is the third-biggest market by number of smartphones sold. Low-priced smartphones are the top sellers in a country where many buyers are upgrading from feature phones.

Micromax's performance was partly due to its "continuing appeal to mobile phone users upgrading to smartphones", Canalsys said. It esti-



REUTERS/FILE

An employee checks Micromax mobile phones at a showroom in New Delhi.

mated nearly a quarter of smartphones sold in India in the fourth quarter were devices priced under \$100, while 41 percent of devices sold were in the \$100-\$200 range.

Micromax and Samsung were followed by two other Indian budget smartphone brands, Karbonn and Lava, by number of handsets sold in fourth quarter, Canalsys said.

## Greek finance minister takes debt plan to ECB

AFP, Frankfurt

Greek Finance Minister Yanis Varoufakis heads to Frankfurt Wednesday for talks with European Central Bank officials as he seeks to build support for a renegotiation of Athens's 240 billion euro (\$270 billion) bailout.

The visit is the latest stop on a diplomatic charm offensive that has seen Varoufakis take his case to London and Rome and comes as Prime Minister Alexis Tsipras visits Brussels to put the plan to European Commission president Jean-Claude Juncker.

Varoufakis's visit to Frankfurt is seen as especially important as the ECB is reported to be opposed to a pivotal part of his plan: a request for bridging finance needed to keep Greece solvent until June.

According to the Financial Times, the ECB's opposition could lead to Athens running out of cash at the end

of February -- a suggestion that may spook the markets.

In its Wednesday edition, the FT cited officials involved in deliberations as saying the ECB will refuse Varoufakis's suggestion of raising 10 billion euros in short-term Treasury bills because it refuses to raise an existing cap of 15 billion euros on such debt issuance to 25 billion.

The Greek minister will have another tricky encounter on Thursday, when he meets German counterpart Wolfgang Schauble in Berlin in what will be a key test of whether his proposals have any chance of being accepted by the EU's leading powers.

The challenge he faces in Frankfurt stands in stark contrast to his visit to Rome on Tuesday, where Athens' debt plan was welcomed by Italian Prime Minister Matteo Renzi, sparking a rally on international markets.

Renzi told his Greek counterpart Tsipras, who was accompanying Varoufakis, he believed an accord on

the debt terms was possible, and promised the visiting leader of Italy's support in trying to achieve it.

"There has to be change in Europe," Tsipras said. "We have to put social cohesion and growth before the policies of poverty and insecurity."

Renzi echoed the call for more growth-orientated policies but pointedly steered clear of any comment on the detail of Greece's proposals, which he said would be discussed by EU leaders next week.

"The world is calling on Europe to invest in growth, not austerity," Renzi said, before joking that the election of Tsipras was a "blessing" because it ensured he was no longer Europe's number one "dangerous lefty".

Varoufakis, the Greek finance minister, is pushing the idea of debt swaps that would avoid the need for creditors to accept 'haircuts' on the country's 315-billion-euro foreign debt, while easing the monthly financing burden on the Athens government.