





# Virtual Trade Mission to Israel

May 17, 2012 11:00 AM – 12:30 PM EST







**Moderator: Jeff Wharton,** IMPulse NC LLC, and Chair of the APTA Business Member International Business Development Subcommittee

#### **VTM Speakers:**

Michael Winter, Federal Transit Administration

Alan Wielunski, U.S. Commercial Service, Tel Aviv

Shlomo Katz, Yaki Perlstein, and Nadav Meroz, Ministry of Transport

Itzhak Zuchman, NTA Mass Transit System

Ilan Rozenfeld and Yevgeny Artsev, Israeli National Roads Company



#### HELPING U.S. COMPANIES EXPORT

#### **U.S.-Israel Commercial Relations**



Alan Wielunski, Commercial Specialist, U.S. Embassy Tel Aviv

#### **U.S. Commercial Service**





- The U.S. Commercial Service Israel, with offices in Tel Aviv and Jerusalem, is part of the Department of Commerce's worldwide network of approximately 200 offices.
- Our mission is to assist U.S. SMEs' to export their products and services to Israel.
- Our staff are recognized experts in key industry sectors.
- During FY11, we helped U.S. companies generate about 100 export sales to Israel and the West Bank.





#### **Israel at a Glance**



Population	8.1 million + 250,000 foreign workers
Population growth rate:	2% vs 1% in USA
Religious Affiliation:	20% "secular" Jews; 55% "traditional" Jews; 17% "religious zionists" and 8% "Haredi" Jews. 16% Muslims. 2% Christian (mostly Arabs) and 1.5 Druze
Official Languages:	Hebrew and Arabic
Government:	Parliamentary Democracy
Year of Independence:	1948
GDP:	About \$241 billion
Per capita GDP	Almost \$31,102
Geography	Crossroad for 3 Continents, Bordering the Mediterranean Sea, between Egypt and Lebanon
Leading Industries	ICT, Pharma, Life sciences, Defense & Aerospace; Water Technologies
Size	Roughly the size of Silicon Valley / Bay Area.

2010

#### **Crossroad for 3 Continents**





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### **U.S – Israel Trade Cooperation & Mutual Prosperity**





- The U.S.-Israel Free Trade Agreement was signed in 1985, the first FTA for either country.
- Since then, an eight-fold increase in bilateral trade.
- Israel is the US's first or second largest trading partner in the Middle East, and roughly 20th amongst all of our global trading partners.
- In 2011 we traded over US\$37 billion of goods and services, of which \$14.2 billion were exports to Israel and \$23.0 billion imports from Israel.

### U.S – Israel Trade Economic Similarities





- There are strong cultural, educational, R&D, investment and tourism ties between the U.S. and Israel.
- Both business environments are driven by innovation and technology.
- U.S. firms are extremely well represented in Israel.







1985



**USA** 

1992



**EFTA** 

1997



**Turkey** 

1997



Canada

1999



**Mexico** 

2000



**European Union**(Association Agreement)

2010



Mercosur

- As a whole, the EU is Israel's largest trading partner, though the U.S. is the largest single country.
- Israel pursues FTAs and international economic cooperation, and joined the OECD in 2010.
- Israel is diversifying its trading relationships with by emphasizing trade with China, Brazil and India.





Despite the global economic slowdown, Israel's economy has performed very well:

- Israel's banks almost completely avoided CDOs.
- Israel completely isolated from Dubai World.



- Israel's central bank was the first in the world to raise interest rates.
- 2011 GDP growth was 4.7%, and is estimated to fall to 2.8% in 2012.
- Inflation is expected to be 2.2% for 2012.
- The unemployment rate ended 2011 at 5.6%, within a "normal band."
- Government spending within budget, government debt low.
- Personal debt low as well, as banks control credit cards.

#### Political Environment: Robust & Complex



- Nationally, individuals vote for Party
- Parties: low threshold for joining Knesset
  - high number of parties
    - need for coalition governments
      - outsized influence of right-wing parties
      - shifting coalitions
      - high turnover at Minister and Deputy Minister level
        - excess influence of technocrats
- Independent judiciary, open press, open internet, highly educated population, multi-cultural backgrounds, numerous NGOs, important issues
  - extremely vigorous debate



#### **Business Culture & Practices**

(Western with a Twist)

- Comfortable and familiar to Americans, with some key differences:
  - Less formality in speech and dress.
  - More direct, more *chutzpa*.
  - "Fear of being the freier" (sucker).
  - 2 degrees of separation.

#### Some positives:

- English: knowledge of US: 250K US expats, Israel's #1 trade/FTA partner.
- Modern banking and logistics systems (ports, airports, roads).
- Very clean and safe (minimal personal risk); great connectivity.
- Numerous Free Trade Agreements, including with US.
- Excellent entry to E. Europe and Africa.
  - \$3.6 billion in trade w/E. Europe; \$1.7 billion w/ Africa.

#### Some challenges:

- High local IP content.
- Market maturity.
- Size of market.
- EU regulatory and business orientation; EU and Asian competition



#### Why Israel:



#### Why choose Israel?

- To access Israelis:
  - Perhaps the world's most educated, entrepreneurial, innovative society
  - They will tell you why you're wrong and how you can do it right!
  - Great adapters.



- To know what is going on in key technology sectors:
  - ICT, healthcare, electric vehicles, water, solar, defense and HLS.



- To access Eastern Europe and Africa.
- Natural gas and electricity projects.
- Youth.

#### **Challenges in Israel**





#### Demographic:

Arab-Israeli and ultra-religious growing most rapidly, changing the character of the population combined with relatively low educational achievement and economic output with high fiscal costs.

#### Geopolitical:

 Constant tensions and risk of flare-up, terrorism and confrontation (that said, US ExIm Bank ranks Israel very low for non-repayment risk.)

#### Fiscal:

- Constant pressure to upgrade social services and benefits.
- Structural, cultural, and legal reasons for concentration of wealth:
  - Nearly half of the market value of publicly-traded companies is controlled by about 20 business groups.
  - Ninety-five percent of the transactions involving controlling shareholders are approved in Israel
  - The people (aka "Tycoons") who borrow the most money in Israel also control financial institutions responsible for lending the public's money

#### Educational:

Israelis youth ever-worsening in international educational comparisons.



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with cost of living leading to huge public protests last summer!





#### **Opportunities for U.S. Companies**

- In the last decade, the transport infrastructure investment to GDP ratio more than doubled, from 0.6% to 1.6%. One of the fastest growth rates in the world.
- Annual investment expected to exceed \$3 billion through traditional budgetary resources and public private partnerships (PPP).
- Major financial resources diverted to mass transit transport, at a scale previously unknown in Israel, from some NIS 100 million (about \$25 million) in the late 1990s to a forecasted NIS 7 billion (about \$1.75 billion) in 2015.
- INRC budget for 2011-16 is \$10 billion primarily for railway and road infrastructure projects.

### **US-Israel Commercial Relations:**Into the Future





- The U.S. and Israel will remain strong business partners.
- The US-Israel business relationship is unaffected by political disagreements.
- Government and private sector cooperation in science, technology, defense, and trade will continue.
- The U.S. Commercial Service Israel will continue working with U.S. businesses and organizations to take advantage of Israel's numerous business opportunities.

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#### **U.S. Commercial Service Israel**

- Offices in Tel Aviv and Jerusalem.
  - 11 staff total.
  - Many visitors.
  - Assists hundreds of U.S. businesses annually.
  - Significant interest to DC.
- A few words about the West Bank.
  - Covered by two staff.
  - Small but growing very well.
  - Development critical for future peace.
  - Business leaders very competent.
  - Industries: telecommunications, construction, consumer goods.



#### Questions?





18

#### Alan Wielunski, Commercial Specialist

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www.export.gov/israel





## The Public Transport sector in Israel: Major characteristics and main project

December 2010







### Israel- general basic characteristics (2009)

- Area (sqr km)- 21,643
- Population 7,472.000
- Average annual growth of population- 2%
- Population density (Inh/sqr km)- 345
- No. of cars- 2,459,000
- No. of private cars- 1,947,000 (79% of total)
- Motorization rate (p. cars/ 1,000 lnh.)- 260
- Average annual growth of cars- 3%



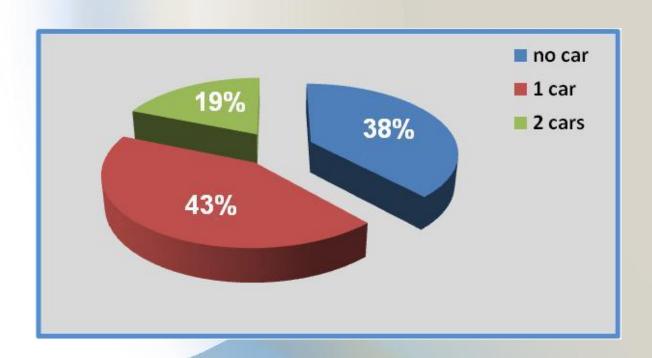
### Distribution of households by no. of cars (2008)



No car - 38.2%

1 car - 43.0%

2+ cars- 18.8%





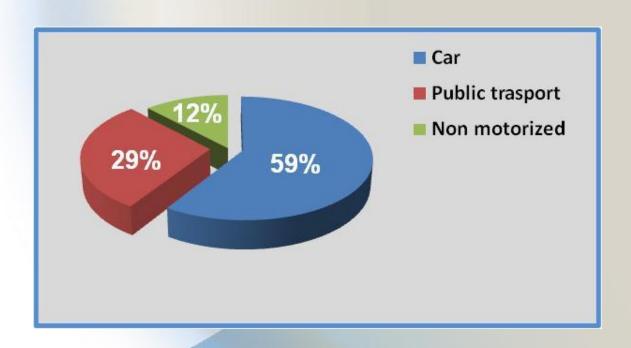


### Distribution of trips to work by mode (2008)

Car - 59%

**Public transport - 29%** 

Non motorized - 12%





### Distribution of trips to work by Public transport mode (2008)

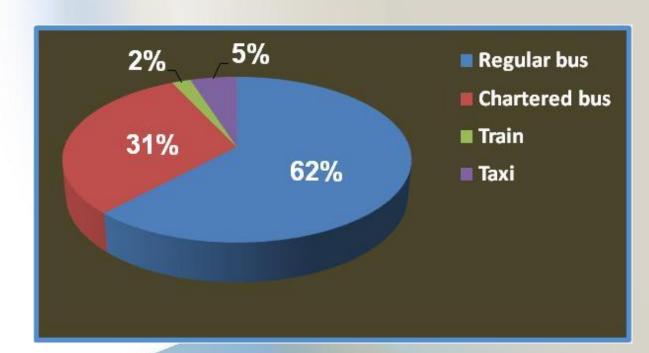


Regular Bus - 62%

Chartered bus - 31%

**Train** - 2%

**Taxi** - 5%





### Spatial differences



- Southern district: 66% of area and only 14% of population.
- Population density:
   Southern district = 73 inh/sqr km
   Tel aviv district = 7,073 inh/sqr km

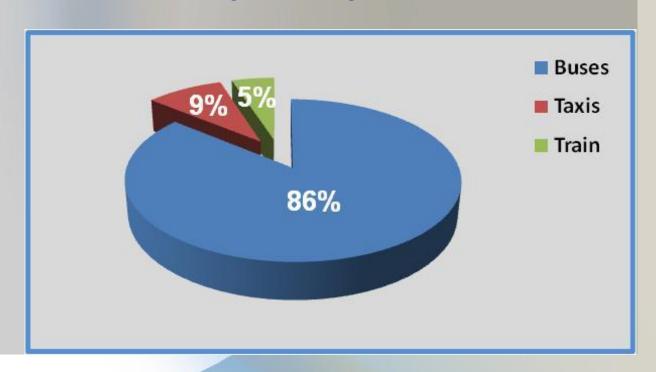
Result: Israel is a very dense country, therefore with high potential for P.T. use.



### Distribution of pass. Trips by Public Transport mode (2009)



- Buses 654.4 million (86%).
- Taxis 70.0 million (9%).
- Train 35.9 million (5%).
- TOTOL 760.3 MILLION (100%)





- # of operators:16
- # of lines: 1,600
- # of weekly bus trips: 284,000
- # of weekly bus vehicle- km: 6.34 Millions
- # of buses: 5,940
- # of employees: 12,400 (68%= drivers)
- # of yearly pass. Trips 654 Millions (+3.2%)
- Average no. of pass/trip= 40.2
- Total annual income- 4.7 Billion nis (2008)



### Distribution of total annual income (2008)



#### Total annual income = 4.7 Billion nis.

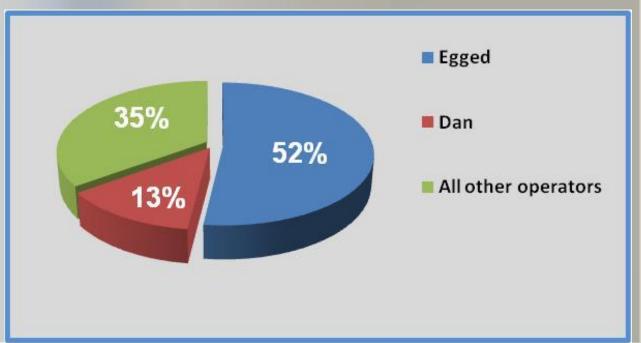
- **2.5** B from Pass. Revenue (53%).
- 0.75 B from dedicated subsidy (16%).
- 1.45 B from regular subsidy (31%).



### Distribution of vehicle-km by operator (2009)



- Egged= 52%.
- Dan= 13%
- All other operators= 35% (5%- 0.1%).





### Distribution of annual pass. Trips by method of payment (2008)



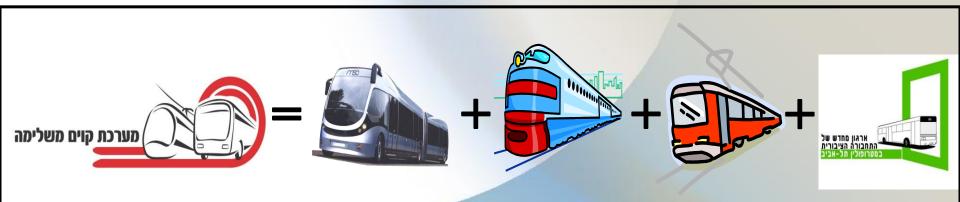
- Regular ticket = 28%.
- Regular passes (10 trips at the cost of 8, elderly, youth) = 32%.
- Monthly pass = 34%.
- Daily/ weekly pass= 6%.





### Mass transportation systems









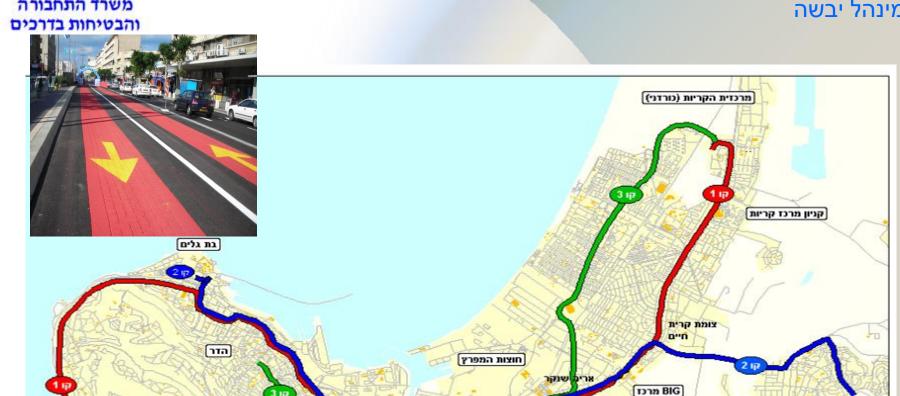
מרכזית חוף הכרמל

א.ת מת"מ

#### Metronit Lines Map



יוספטל - ז'בוטינסקי



מרכזית המפרץ

חיפה



#### METRONIT



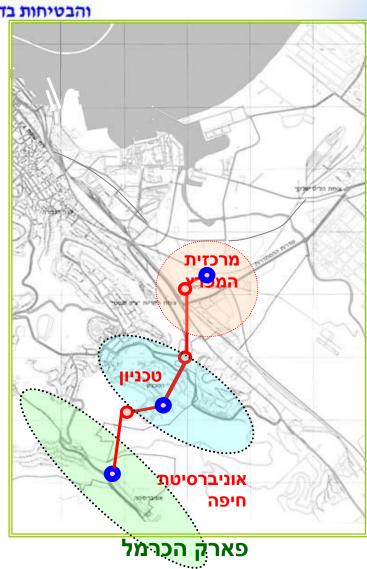
- 3 "BRT" lines
- Right of way
- Priority at traffic lights
- 60 Km route
- 90 Articulated Bus
- Advanced Information Systems
- Effective feeders Lines
- Start run 2012





#### CABLE CAR







#### Jerusalem Metropolitan area plan area plan area plan



#### LRT LINE

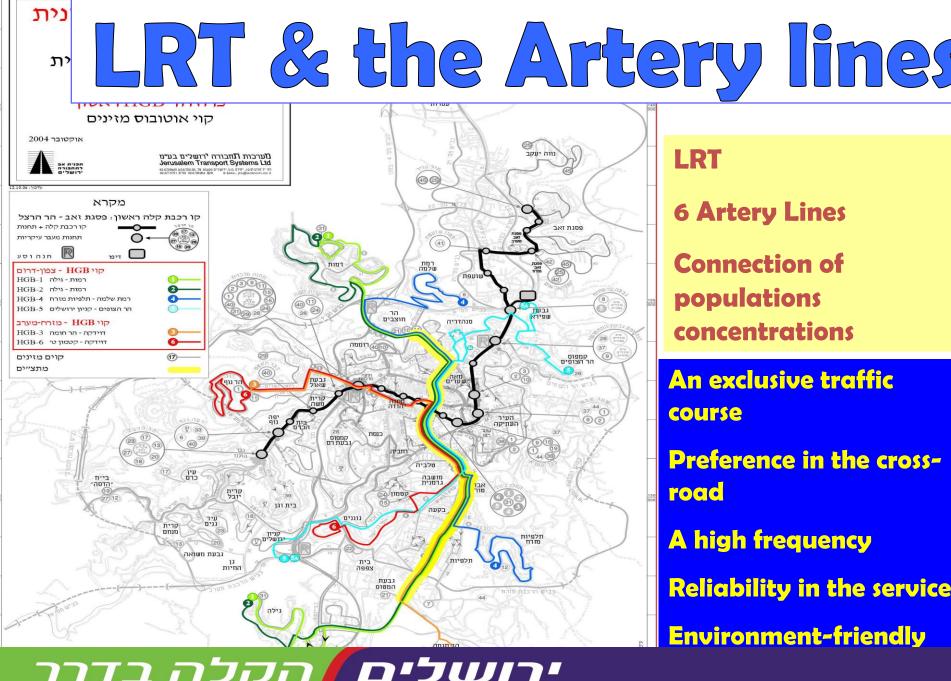
13.8 KM (Pisgat- Zeev – Mt. Herzl)
46 carriages
Capacity 200 passengers per carriage
Start run 2011

#### - 6 BRT LINES

140 Articulated buses Right of way

Advanced Information Systems
Priority at traffic lights

Re-organization of the city bus net



**LRT** 

**6 Artery Lines** 

**Connection of** populations concentrations

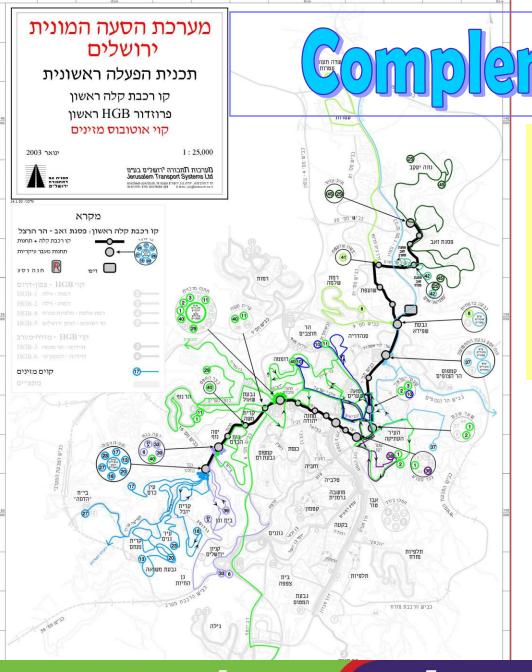
An exclusive traffic course

Preference in the crossroad

A high frequency

Reliability in the service

**Environment-friendly** 



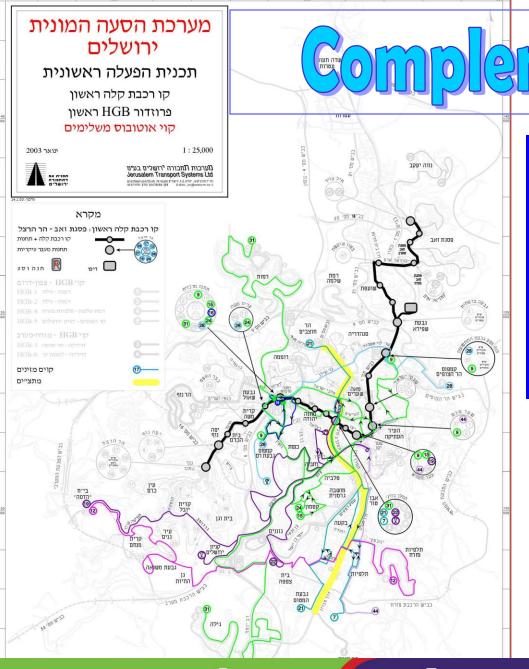
#### **Feeder Lines**

20 Minibus / Midibus lines

**Local and Short lines** 

Neighborhoods service

**High frequency** 



#### **Other Lines**

22 bus lines

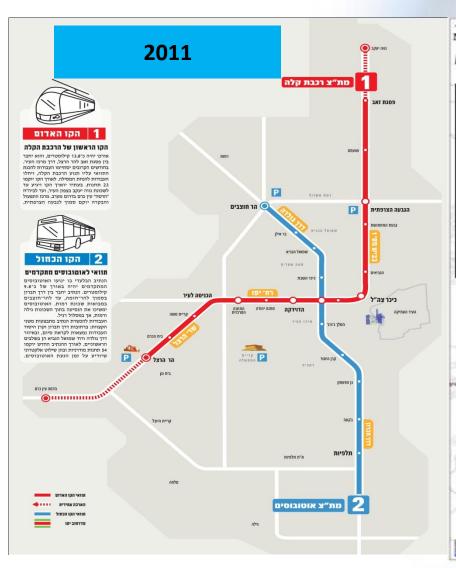
Frequency and activation hours according to demands

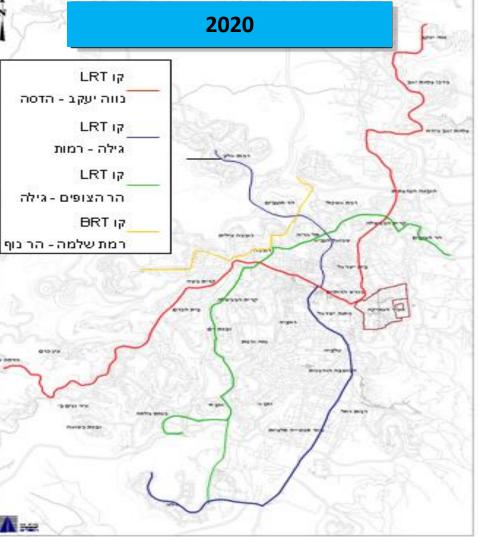
Linkage to the LRT & the Artery lines



#### Jerusalem Metropolitan area plan







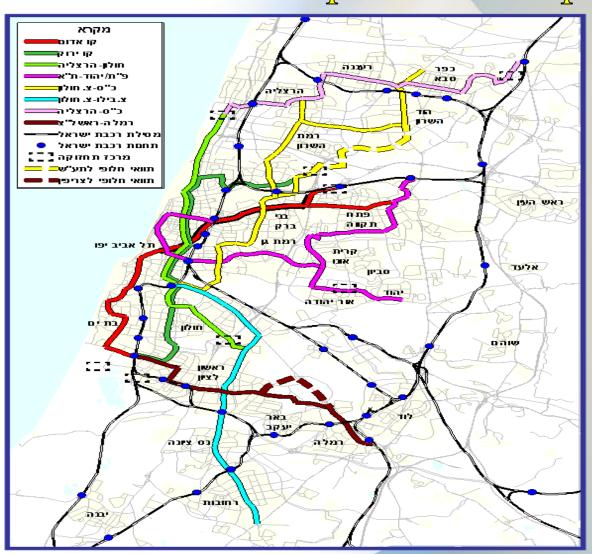


מינו בדרכים Development of urban transportation lines 3 light train lines -red, green, and purple 4 BRT lines - blue, yellow, fink, and brown Development of the Israeli Train Completion of the rishon le zion line Road 531 track Road 431 track Fourth track Re- organization of the bus lin





#### משרד התחבורה מינהל יבשה Tel Aviv Metropolitan area plan map





#### Re-organization Tel Aviv metropolitan



Plan to ease traffic jams and improve the Tel Aviv metropolitan area transportation

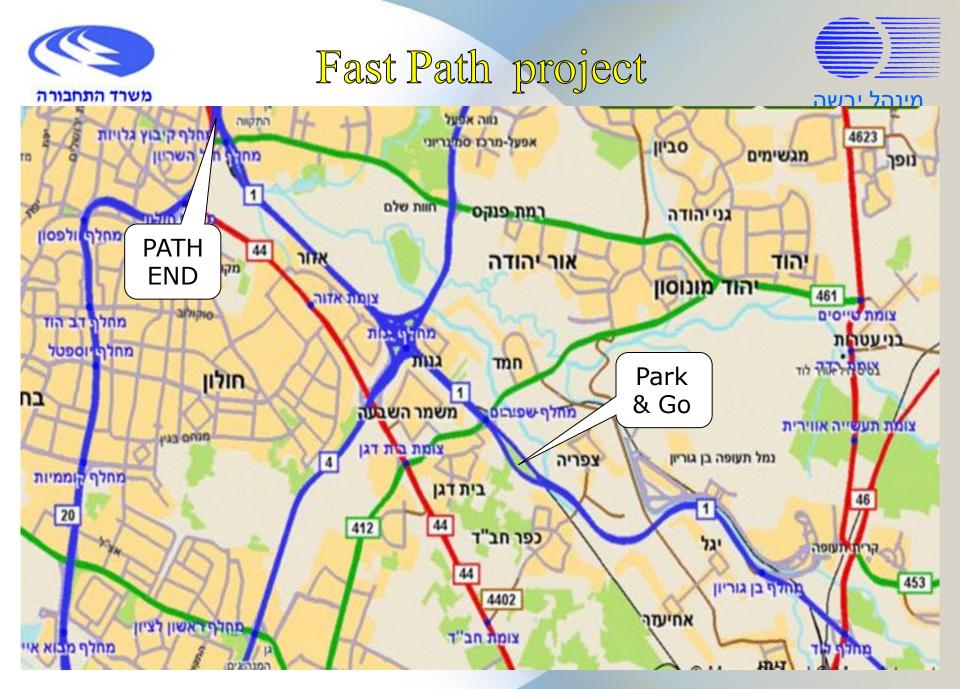
- Creating transverse and horizontal routes service lines,
   narrowing arterial service lines from 40 to only 18 lines and
   reinforcing remaining lines
- Main pulse will be carried out in tandem with reform of tariffs in the summer of 2011



#### Number of line and ports



Classification	current		planed	
	trips (two directions)	Number of lines	trips (two directions)	Number of lines
Internal central bloc	460	40	440	18
Urban blocks to	350	57	240	35
Between urban blocks	70	14	70	17
Total	880	111	750	70





#### Fast Path - Project Description



- the fast path and drive are parked Project goal is to reduce traffic congestion and give priority to public transport between ben gurion airport and kibbutz galoyot Interchange.
- Planned load reduction will be made using the following solutions :

Public vehicles ride free in the fast path
Establishment of a shuttle ("Shuttle") to Tel Aviv and Ramat Gan. Lines
established for the benefit of passengers with 2090 parking free parking
places

Exemption from payment for vehicles, which bring or collect passenger shuttle

Allowing free travel for vehicles with four or more passengers and three passengers at times when less load

Excess volume of the path, will travel fee for private vehicles using dynamic toll charge.
 Must register in advance Subscribe





# The end Thank you



# The Tel Aviv Metropolitan Mass Transit System







1,519 square kilometers: from Netanya in the north to Ashdod in the south, 31 cities, 22 local councils and 12 regional councils.





Approx. 3,300,000 residents: 44% of the population of the State of Israel.





3.3% average population growth rate: Approx. 4 million people will reside in the metropolis in 2020





43% of all people employed in Israel (approx.

One million people) work within the

metropolis.





#### The Vision

NTA promotes a network of lines for mass transit in the Tel Aviv Metropolis



As the first stage the first line (the Red Line) will be established and will start operating in 2017.

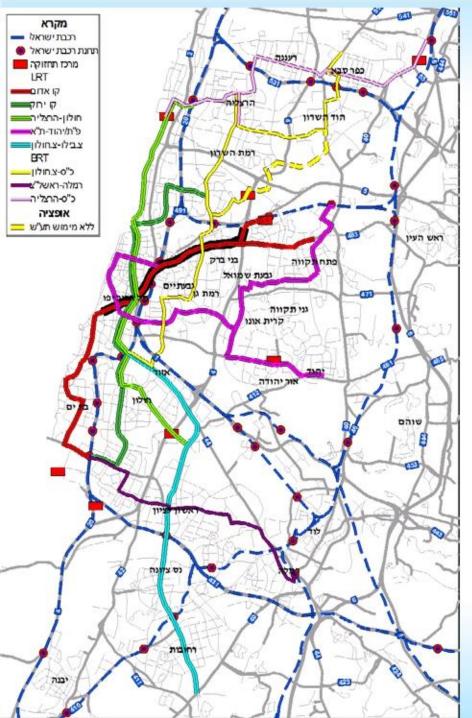
#### **Tel Aviv Metropolitan LRT Network**

- Red Line
  Bat Yam-Petach Tikva
- Green Line
  Bat Yam-Petach Tikva
- Purple Line
  Yehud/Petach-Tikva-Tel aviv 2000
- Blue Line
  Bilu Interchange-Holon Interchange
- Yellow Line
  Kfar Saba/Herzliya/Atidim-Holon Interchange
- Pink Line
  Kfar Saba-Herzliya
- Brown Line
  Ramla-Rishon Le-Zion (West)
- Connection Between LRT Lines
- -- Israel Rail Line
- Israel Rail Station
- Central Bus Station







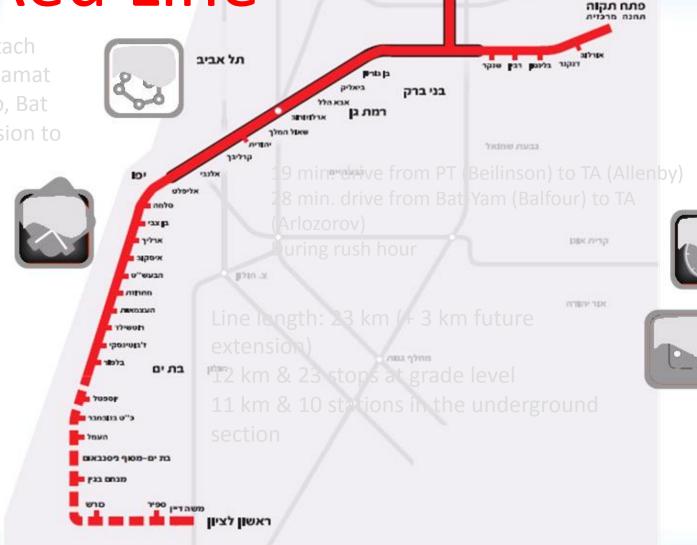


No. of No. of Lines Total length **Passengers** In 2030 **176** 427 **Kilometer** lines No. of Daily % of Citizens No. of Within Walking **Passengers** Pass. During **Rush Hour** In 2030 Distance 1,42 148 34.6 **Million Thousand** % of Additional % of Boarding % of Work Places Commuting From Public Within Walking by Public Distance Transportation Transportation 45.3 25.7 38

The Red Line

Serves 5 cities: Petach Tiqva, Bnei Brak, Ramat Gan, Tel Aviv - Yafo, Bat Yam (future extension to Rishon LeZion)

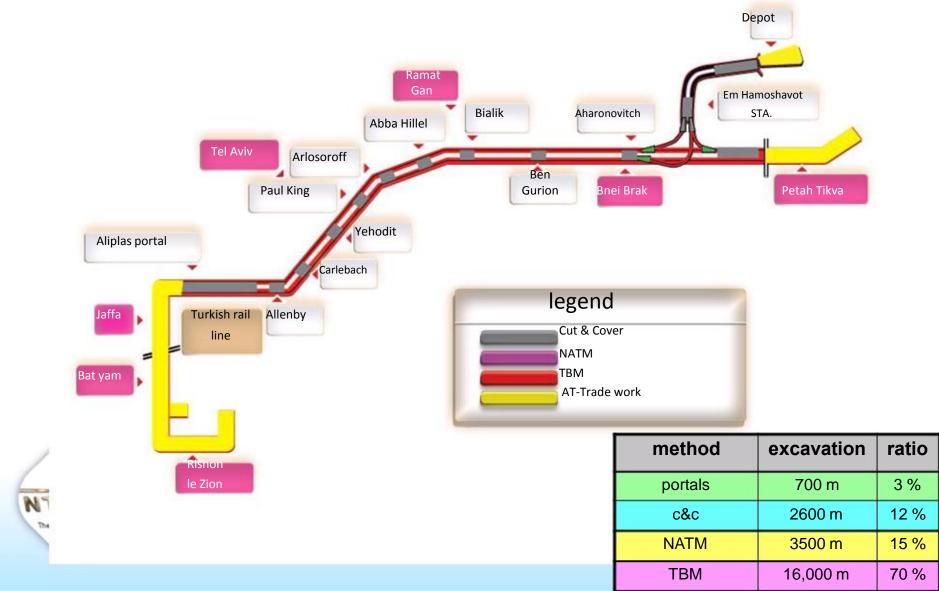
Crosses over 50 intersections



דיפו קרית אריה מרכז תפעול ותחזוקה



#### The Red Line - Execution Methods





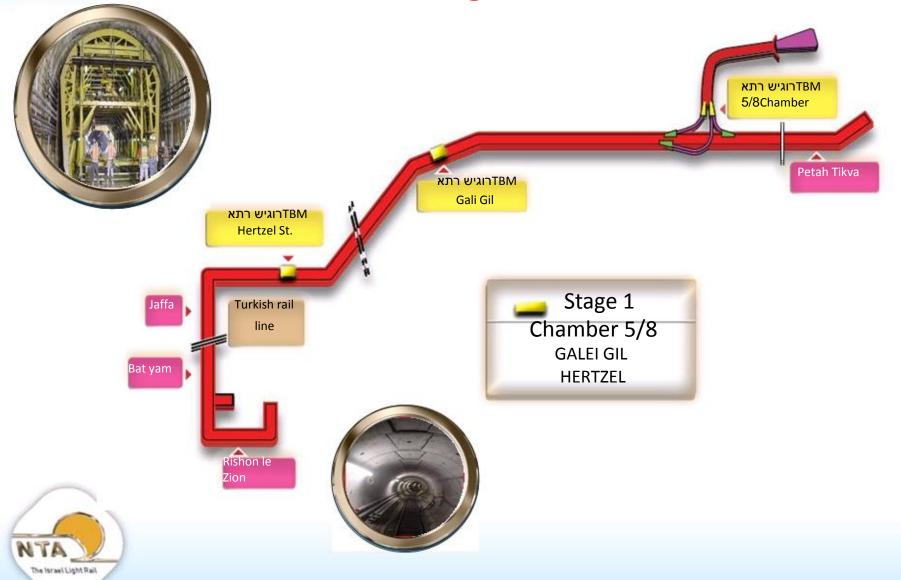
# The Red Line - Execution Stages



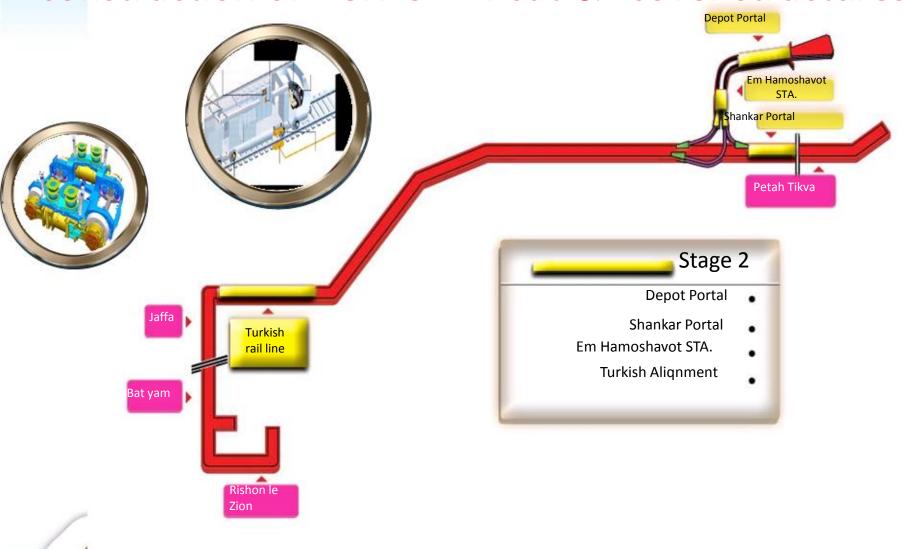


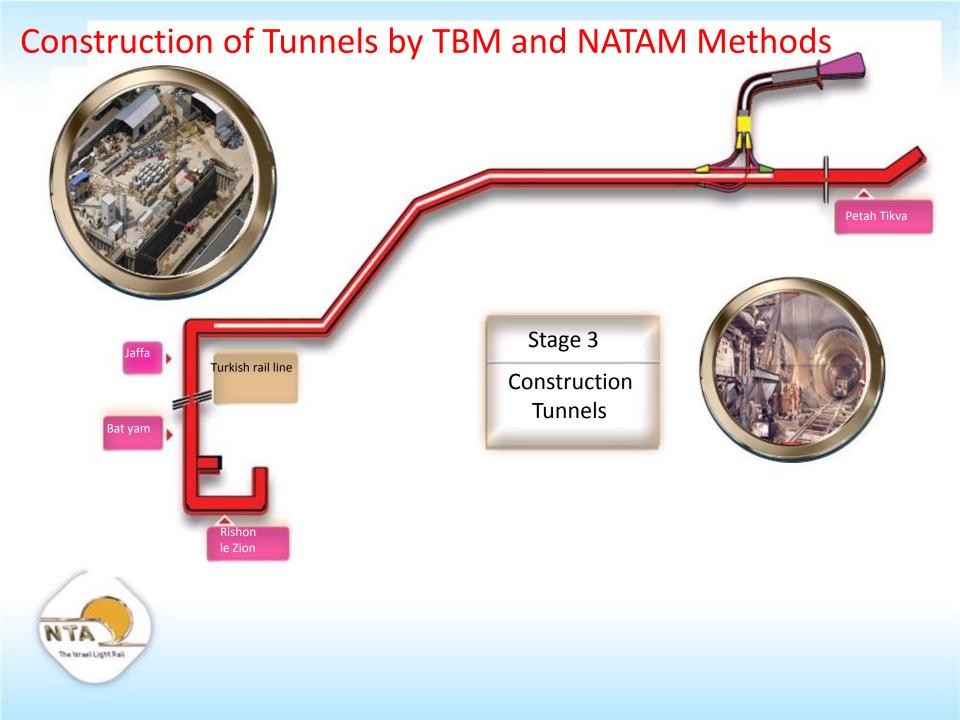


#### construction of 3 launching shafts for TBM tunnels



#### construction of BOXES" - 4 cut & "cover structures

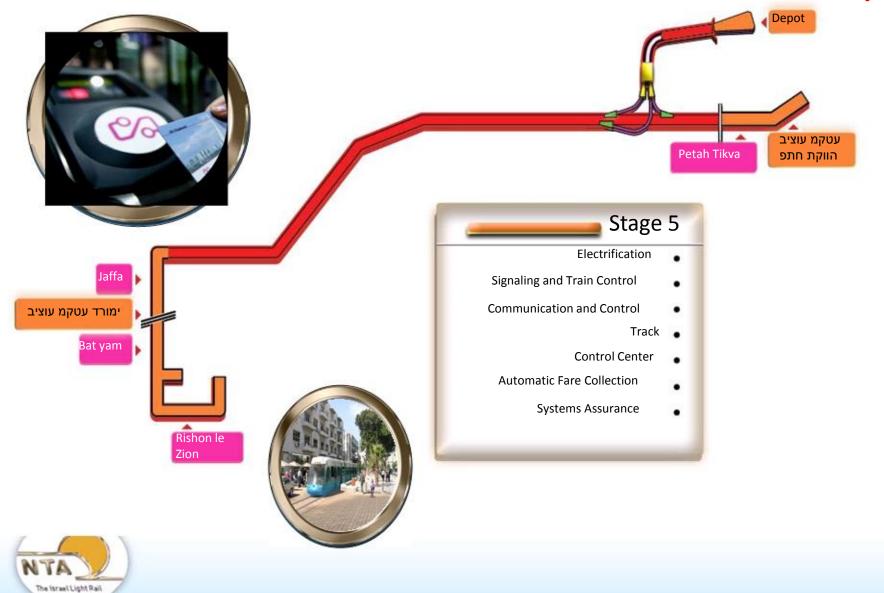








#### construction of the At-Grade sections and Depot



#### The Red Line - Stage 6

#### Mobile Equipment









#### NTA

- NTA was established to find a solution for the congestion problem in the Tel Aviv metropolis.
- We are the company which best specializes in the design of LRT project.
- We have the vast knowledge required for the mass transit systems in Israel and the world.
- Professionals in the field of engineering and infrastructure design which were recently integrated into the company are a significant backbone for the engineering - design aspect.



NTA is set with a plan of action, timetables and estimates for the execution of the project.





Thank you for your attention



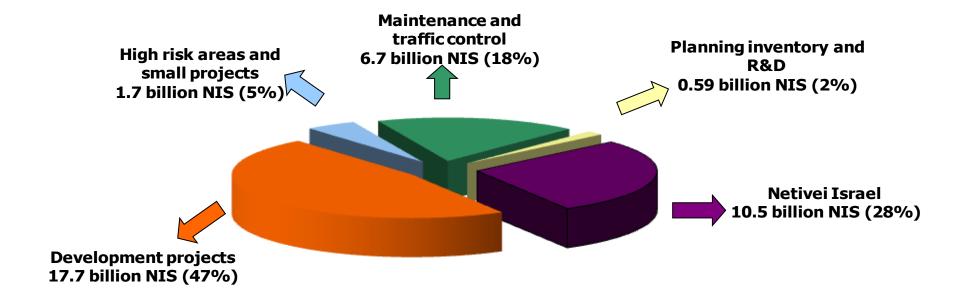
#### **Presentation Topics**

- INRC Introduction
- Scope of Work Next International Tender
- Akko Carmiel Line
- Haifa Bet Shean Line
- Schedule

### INRC - INTRODUCTION

#### **Perennial Plan Distribution**

(2011-2016)



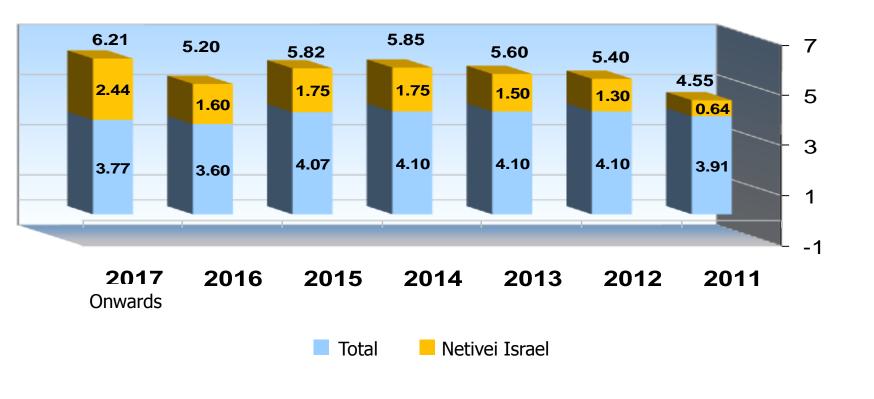
**Total investment – 37.3 billion NIS** 



## Billion NIS

#### **Cash Flow Forecast**

(Billion of NIS)





Connecting the peripheral regions to the center and improving access to employment centers

The Revadim (Layers) plan is the vision that guides the company's activities

- Upper layer a central roads grid comprised of 4 north-south roads and 16 east-west roads, creating a crisscrossing grid
- Secondary layer regional roads connecting residential and employment regions to the upper layer



#### **Development Plan**

Annual expenditure in 2011-2016 of 9.7 billion NIS in cash

22 projects will commence 14 billion NIS

35 projects will be completed — 9.7 billion NIS

Payments to 431 franchiser — 0.9 billion NIS

# **Development Plan Figures**

61 level crossings / interchanges

Widening 191 road Km.

52 Km. of new roads

#### **Netivei Israel**

In February 2010, the Government approved the Netivei Israel plan, with a budget of 27.5 billion NIS

Israel National Roads Company is responsible for planning and implementation of projects totaling 10.55 billion NIS

### **Netivei Israel Projects for Implementation**

#### Ha'emek Railway

A new passenger and cargo railway, 58 Km. long, from Haifa to Beit Shaan. **Estimated project cost – 4 billion NIS** 

#### **Acre – Carmiel Railway**

A new railway, 22 Km. long, connecting the coastal railway with Carmiel, for passengers and cargo. **Estimated project cost** – **2.8 billion NIS** 

#### **High Speed line to Eilat**

A new railway, 270 Km. long, connecting Be'er Sheva to Eilat. **Estimated project cost – 20 billion NIS** 

Simulation





# Roads



6,050 Paved Km.





# **Interchanges**



**74** 





# **Junctions**



2,000





# Bridges & Tunnels



1,100





- Under Government decision from 2010, INRC is in charge for the development of the new Railway Lines
- The design and construction is coordinated with ISR
- After completing the project T&C will be conducted with ISR until full approval and Handover



## Scope of Work – Next tender

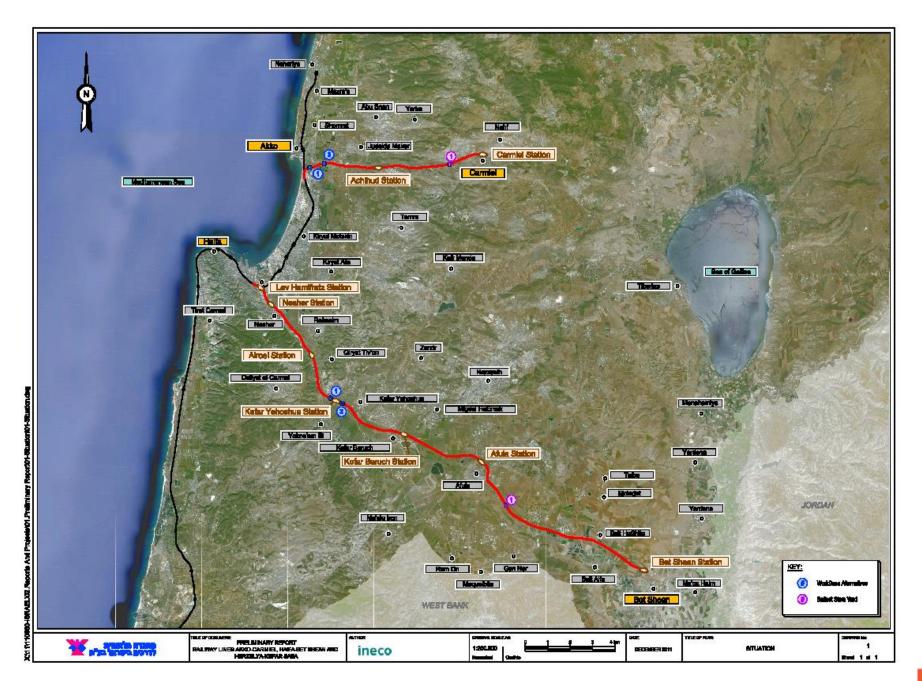
- Superstructure for 2 new railway lines
- Communication systems work
- Energy building and technical rooms in Gilon Tunnels
- Tunnel Systems
- Work Bases
- Coordination with electrification and signaling

# **Estimated Quantities**

- Ballast 350,000 tons
- Sleepers 160,000 units
- Rail Bars 220,000 meters
- Turnouts 26 units
- Slab Track in Gilon Tunnels 10,000 meters

#### **Material Standards**

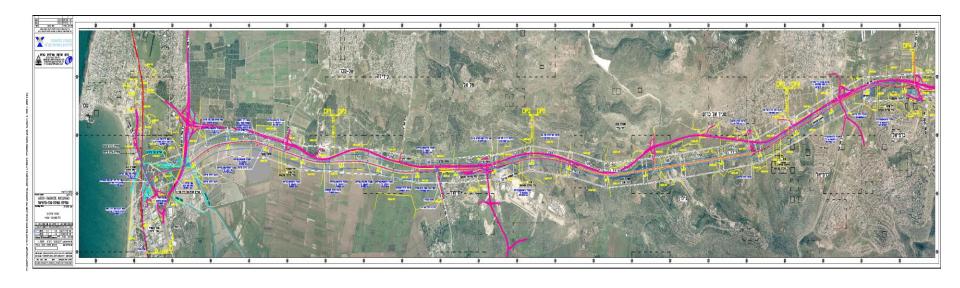
- Ballast ISR Specifications
- Sleepers B70 with modifications to fix Rails U50, UIC 54, UIC 60 for 1.435 m gauge and with Vossloh fastening
- Rail Bars 60 E2 quality of 900 N/mm2 –
   260/350 HT
- Turnouts Cogifer Vossloh (1:8, 1:9, 1:12, 1:20, 2:20)
- Cables Fiber Optic and Copper Cables

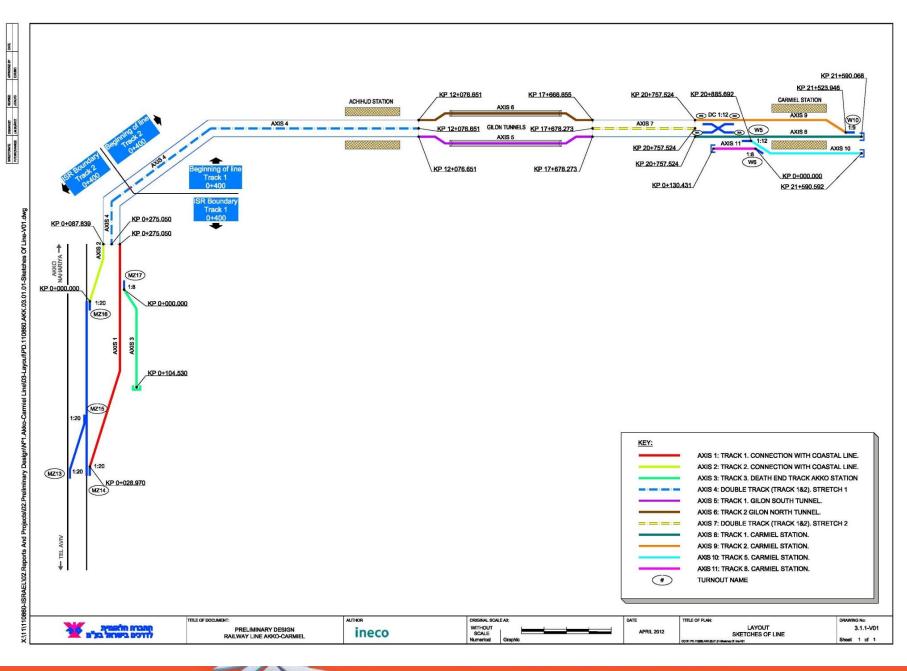


#### **Akko – Carmiel Line**

- 22 KM Electrified double track line
- Connecting the Coastal line east to Carmiel city
- 4.650 KM double tunnel with Slab Tracks
- Bridges
- 2 Passenger Stations
- Work Base

#### **AKKO – CARMIEL - LAYOUT**





#### Israeli National Roads Company

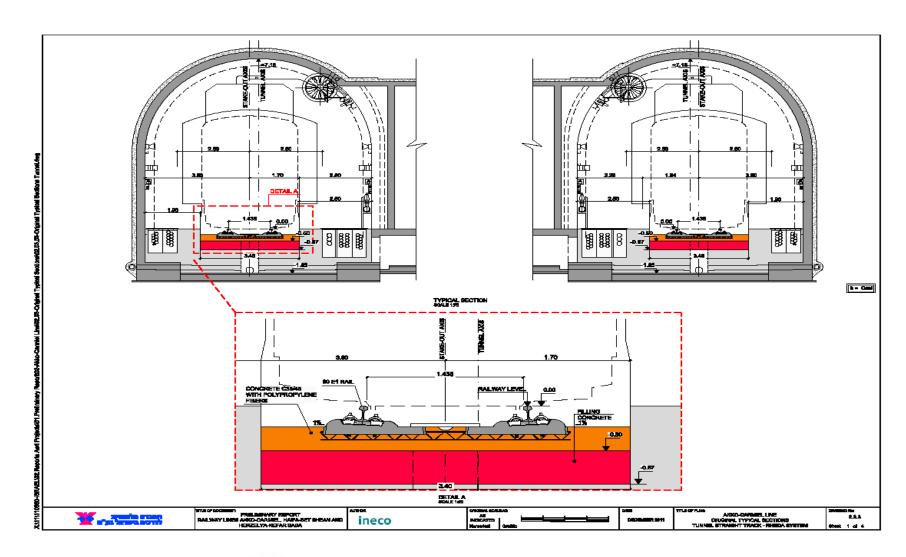


#### **Gilon Tunnels**

- The digging will be done by other
- Energy Building and Technical Rooms
- Power Supply work
- Ventilation
- Air conditioning
- Communication systems
- Safety systems
- Drainage
- Water systems



# **Typical Section**



#### **SLAB TRACK**

**4 Approved methods for SLAB TRACK:** 

**RHEDA** 

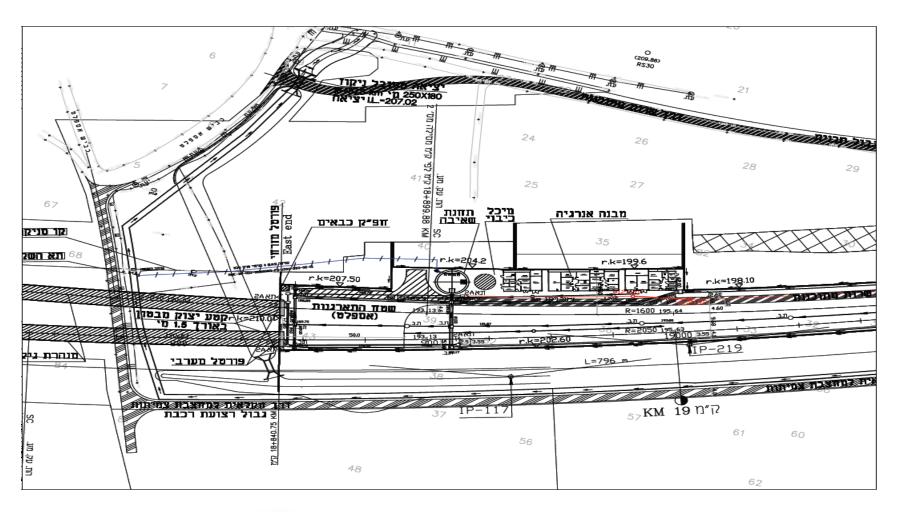
**ZUBLIN** 

**BOGHEL** 

**LVT** 

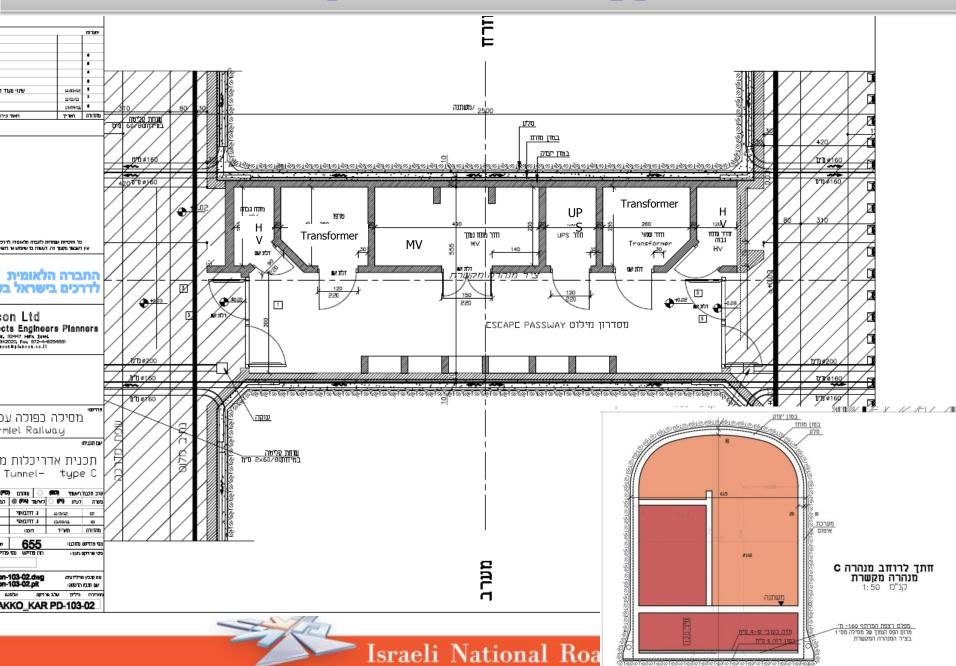


#### **GILON TUNNEL – EAST PORTAL**

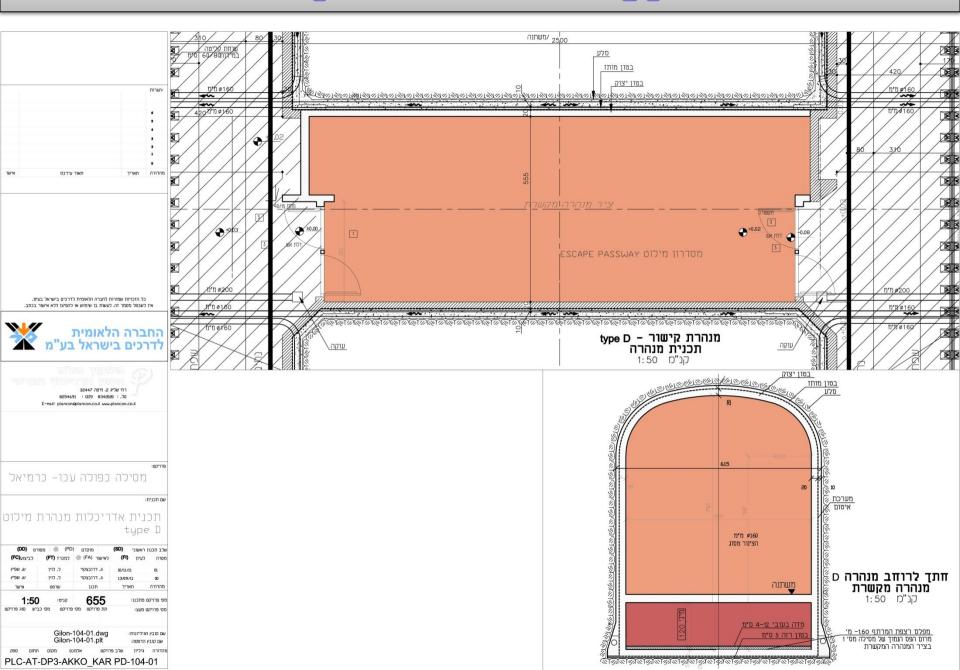




#### Escape Tunnel Type C



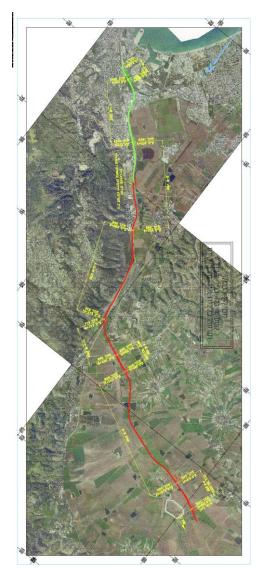
#### Escape Tunnel- Type D



#### **Haifa – Bet Shean Line**

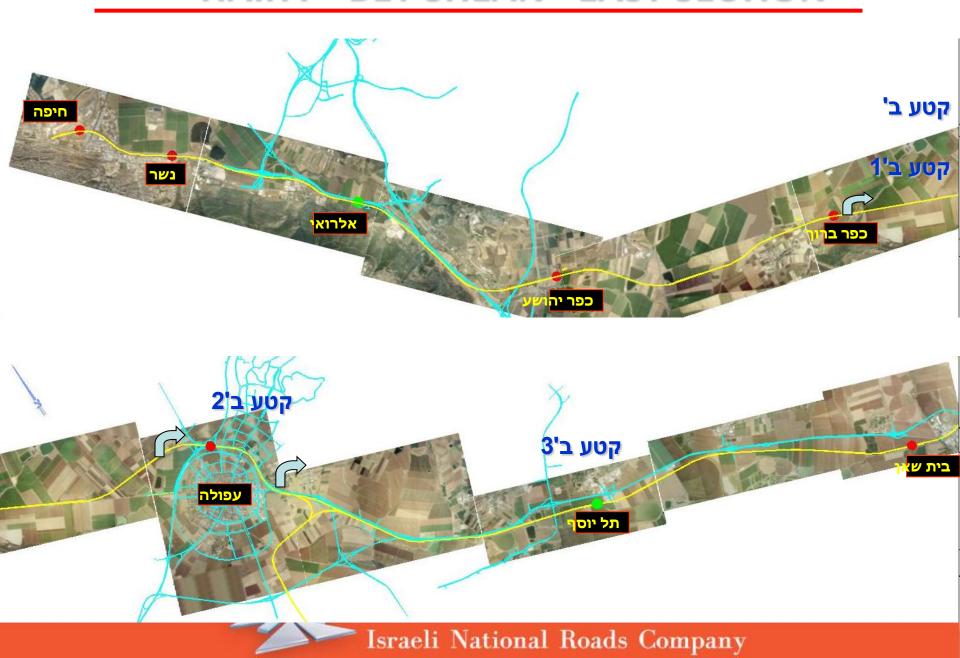
- 58 KM Single Track Line
- Connecting the city Haifa east to Bet Shean
- 3 tunnels of 300 m each
- Bridges
- 5 Passenger Stations
- Work Base

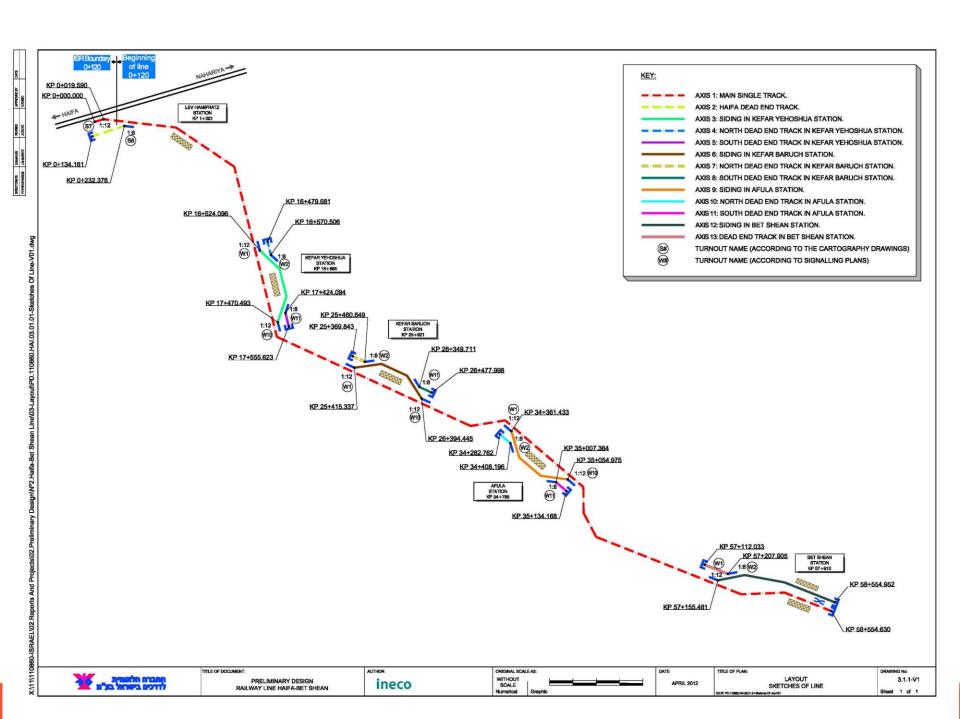
#### HAIFA- BET SHEAN - WEST SECTION





#### HAIFA - BET SHEAN - EAST SECTION





#### israen national noads Company

#### **Schedule**

- Conference in Israel 4-5/6/2012
- PQ 7/2012
- Qualified Bidders 11/2012
- Tender Q1/2013
- Awarded Contractor Q2/2013
- Commencement of Work Q3/2013
- Haifa Bet Shean Operational Q1/2016
- Akko Carmiel Operational Q4/2016









# Thank You! We hope you had a great trip to Israel!

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