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HAARETZ

English Edition

HAARETZ-IHT
wishes all its
readers a happy
Independence Day.

National obsession / Amalia Rosenblum

Navel gazing, Israeli-style

Independence Day celebrations, which begin this evening, will feature all the hallmarks they do every year: the ceremonies, the cars festooned with Israeli flags made in China, the barbecues with meat from South America – and our infatuation with surveys about what it means to be Israeli.

As fascinated as we are by the Central Bureau of Statistics' annual figures on population growth – we now number 7.88 million, by the way, and 14 of our cities have more than 100,000 residents – we seem to be more curious about what makes us Israeli.

One book on this topic is sociologist Gad Yair's "The Code of Israeliness," which addresses issues like "why do we improvise instead of planning?" and "why are we all brothers here?" On television, the series "Who is an Israeli" tried to answer the question by discussing Israeli symbols, heroes and beloved Hebrew songs. Opinion polls, meanwhile, ask respondents to name the song and symbol they consider most Israeli – and even the most Israeli occupant in the "Big Brother" house.

Then there are the attempts to define Israeli Hebrew; books on this subject and slang lexicons sometimes hit the best-seller list. Anyone who still doesn't believe that this is an obsession need only remember that a frequently read newspaper column, by political newcomer Yair Lapid, is called "Being Israeli."

But is the passion for opinion polls a real attempt to crack the code? Or do we have other reasons? After all, we don't need polls to know which is the best-selling car in Israel, all we have to do is look in our parking spot. We're driving a Mazda 3, watching the satire show "A Wonderful Country," supporting Prime Minister Benjamin Netanyahu and planning to lose weight this summer.

So if we know the answers, what's the attraction of the opinion polls? Maybe it's just a pleasant narcissistic pastime. Maybe the surveys are a quick and efficient way to make sure we're doing and thinking what everyone around us is doing and thinking.

And maybe it's a desire to bolster our faith that something out there can be called "Israeliness." If there is, that's pretty cool, because most of the time we notice our differences more than our similarities.

But maybe these opinion polls don't quite reflect us, but rather, what we would like to be. After all, in the polls, no one asks "Who would you most like to get into a fight with: your romantic partner, a stranger at a traffic light, a fan at a soccer match or an Arab?" The truth is, we often read them in the hope that they'll underscore old values, like brotherhood and "family-ness," and that old Israeli favorite, the *kombina* – the dodgy solution on the sly.

But whether we're kissing ourselves in the mirror or truly trying to understand who we are, we can surely add to the list that the most Israeli person is the one who loves surveys that tell us what we already know about ourselves.

IDF chief Benny Gantz to Haaretz: Pressure on Iran starting to bear fruit



Michal Fattal

ISRAEL REMEMBERS ITS FALLEN

Soldiers at the Western Wall bowing their heads during last night's one-minute siren marking the start of Memorial Day. Israel will mark the day with ceremonies across the country and a two-minute siren will sound at 11 A.M. Celebrations for Independence Day, marking Israel's 64th birthday, kick off at 8 P.M. (Nir Hasson)

By Amos Harel

"If Iran goes nuclear it will have negative dimensions for the world, for the region, for the freedom of action Iran will permit itself," Chief of Staff Lt. Gen. Benny Gantz told Haaretz in an Independence Day interview.

That freedom of action might be expressed "against us, via the force Iran will project toward its clients: Hezbollah in Lebanon, Islamic Jihad in Gaza. And there's also the potential for an existential threat. If they have a bomb, we are the only country in the world that someone calls for its destruction and also builds devices with which to bomb us. But despair not. We are a temperate state. The State of Israel is the strongest in the region and will remain so. Decisions can and must be made carefully, out of historic responsibility but without hysteria," Gantz said.

Both 2012 and 2013 are seen as critical with regard to Iran's nuclear program. At his rare public appearances Gantz has taken a cautious approach to the issue – mentioning the military option, whose development and preparation he oversees, while leaving the door open to international negotiations with Iran. His language is far from the dramatic rhetoric of Prime Minister Benjamin Netanyahu, and is usually free of the Holocaust comparisons of which Israeli

politicians are so fond. Asked whether 2012 is also decisive for Iran, Gantz shies from the term. "Clearly, the more the Iranians progress the worse the situation is. This is a critical year, but not necessarily 'go, no-go.' The problem doesn't necessarily stop on December 31, 2012. We're in a period when something must happen: Either Iran takes its nuclear program to a civilian footing only or the world, perhaps we too, will have to do something. We're closer to the end of the discussions than the middle."

Gantz says the international pressure on Iran, in the form of diplomatic and economic sanctions, is beginning to bear fruit. "I also expect that someone is building operational tools of some sort, just in case. The military option is the last chronologically but the first in terms of its credibility. If it's not credible it has no meaning. We are preparing for it in a credible manner. That's my job, as a military man."

Iran, Gantz says, "is going step by step to the place where it will be able to decide whether to manufacture a nuclear bomb. It hasn't yet decided whether to go the extra mile."

As long as its facilities are not bomb-proof, "the program is too vulnerable, in Iran's view. If the supreme religious leader Ayatollah

See GANTZ, Page A3

Inside today

Hamas votes

Group elects Haniyeh as Gaza politburo chief
[News, Page A2](#)

Kidron clean-up

Politics and price mean valley may stay polluted
[Zafir Rinat, Page A4](#)

Israeli firms

Tnuva and Osem top list of 'most Israeli' companies
[Ora Coren, Page A9](#)



Of man and land

Independence Day supplement
[Pages B1-B10](#)

Navigating Hebrew news just got a little harder for novices

Easy-Hebrew newspaper Sha'ar La'matchil has published its final edition

By Talila Nesher

Newcomers to Israel will now have to wade through sophisticated Hebrew in order to get their news in their new homeland's mother tongue. The Hebrew newspaper Sha'ar La'matchil (literally, a gate for beginners), which provided news in easy Hebrew, will no longer be published.

The final edition of the paper came out in the first week of April, and as per a note in the penultimate edition, the paper will not be published anymore, "until further notice." The note went on to "thank all readers, teachers, and administration staff in Israel and overseas for the love they've shown for the newspaper during its 50 years of existence, and also thank you to those who contacted us in recent weeks and expressed concerns and support for us."

The first edition of Sha'ar La'matchil hit the stands 56 years ago, as palpable evidence of the state's commitment to the absorption of more than a million new immigrants.

Prime Minister Benjamin Netanyahu wrote to the weekly's readers on the occasion of its 1000th edition in June 1998, during his first



stint as premier, "Who, more than you, readers of Sha'ar La'matchil, know about the pains and difficulties inherent in the effort to assimilate into a new society. Despite all these difficulties, it can be said that Israel's society has succeeded in this effort to absorb new immigrants. The newspaper Sha'ar La'matchil definitely contributed to this success. Its distribution around the world enhances another undertaking which the State of Israel has assumed, the project of teaching Hebrew in the Diaspora," added Netanyahu.

Sha'ar La'matchil was created in the Education Ministry's "Department for Spreading the Language" in March 1956. "On this page we want to tell you about our life in the country, in simple language," the first edition explained. "We invite you to read this page until you are able to read a daily newspaper in Hebrew."

The newspaper quickly developed a regular, weekly format; it was marketed via subscriptions in Israel and overseas, and also

See HEBREW, Page A6

Police probing theft of Kafka manuscripts

By Ofer Aderet

The Israeli police unit that investigates major international crimes is looking into whether invaluable German manuscripts of author Franz Kafka were stolen from the home of Eva Hoffe, or from somewhere else, Haaretz has learned. Hoffe is the daughter of Esther Hoffe, the secretary of Kafka friend and publisher Max Brod.

Police found the stolen manuscripts about a month ago. They consulted with experts from the National Library in Jerusalem, in order to determine whether they were authentic. Police asked the library for Kafka manuscripts that it possesses, so that the found goods can be compared

to them. The National Library's collection includes rare Kafka manuscripts, which are secured in a safe.

The police investigation is being conducted in tandem with a family court proceeding surrounding the question of who owns Brod's estate. Brod collected Kafka's manuscripts after his death in 1924, and edited and published them, thus making Kafka one of the most important writers of the 20th century. After the Nazi invasion of Prague, Brod fled to Palestine, bringing the manuscripts with him. Before his death in 1968, he bequeathed the manuscripts to his secretary and asked her to transfer them to a public archive.

See KAFKA, Page A2

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Israel under fire for legalizing 3 outposts in West Bank

Reuters

Israel said yesterday it had granted legal status to three settlement outposts in the occupied West Bank, a move that could shore up the governing coalition but which drew sharp criticism from the U.S., Europe and the Palestinians.

Israeli officials played down the decision taken by a ministerial committee late on Monday, rejecting accusations that the government had effectively created the first new Jewish settlements for more than 20 years.

The three outposts – Bruchin, Sansana and Rechem – were built on land Israel declared “state-owned” in the West Bank.

“The panel decided to formalize the status of the three communities ... which were established in the 1990s following the decisions of past governments,” said a statement issued by Prime Minister Benjamin Netanyahu’s office.

Israel’s main ally, the United States, said it was worried by the decision. State Department spokeswoman Victoria Nuland said Washington was seeking clarification from the Israeli government, and repeated U.S. opposition to settlement activity.

“We are obviously concerned by the reports that we have seen. We have raised this with the Israeli government,” Nuland said. “We don’t think this is helpful to the process. We don’t accept the legitimacy of continued settlement activity.”

Germany’s Foreign Minister Guido Westerwelle also criticized the Israeli move, saying Berlin had “pushed in talks with the Israeli side over the past days for this not to happen.”

“I’m very worried about the plan to legalize Israeli settlements in the West Bank,” said Westerwelle.

Nabil Abu Rdainah, a spokesman for Palestinian President Mahmoud Abbas, condemned the Israeli decision, saying “Netanyahu has pushed things to a dead end yet again.”

Palestinians are awaiting a formal response from Netanyahu to a letter they sent last week in which Abbas repeated his call for an end to all settlement activity. Peace talks have been frozen since 2010 over the issue.

For years, Israel has promised Washington it would remove dozens of outposts but has done little to fulfill the pledge in the face of domestic political pressure.

Peace Now, an Israeli anti-settlement group, said the change of the three outposts’ status marked the first time since 1990 that the Israeli government had established a new settlement, adding that the four-man committee did not have the authority to approve the change.

“The Netanyahu government is trying to deceive the public and hide its true policy,” it said in a statement. “This announcement is against the Israeli interest of achieving peace and a two-state solution.”

Most of the international community views all Jewish settlements in the West Bank as illegal. Israel distinguishes between settlements it has approved and the outposts, which were never granted official authorization. Some 350 settlers live in Bruchin and 240 in Rechem, both in the northern part of the West Bank, while Sansana, with a population of 240, lies further to the south.

None of the outposts had been granted final Israeli legal status as formal communities.

Netanyahu, though politically strong, has faced questions within his own Likud party and other right-wing coalition partners about his commitment to settlements, especially after police three weeks ago evicted settlers from a building they said they had bought from a Palestinian in the city of Hebron.

Separately, Netanyahu moved to patch up differences within his coalition over the future of a neighborhood threatened with demolition inside the West Bank settlement of Beit El. The dispute over who owns the land on which five dwellings in the Ulpna neighborhood have been built, has exposed a fault line in the cabinet between members of Netanyahu’s Likud party and his more centrist defense minister, Ehud Barak.

Israel has promised the Supreme Court, which is looking into Palestinian claims of ownership to the land, that it will evict the settlers in the disputed homes by May 1. Netanyahu said yesterday he would ask the court to push back that deadline.

Taxi driver stabbed in Kfar Sava; Palestinian arrested

Cabbie in fair condition; Shin Bet says suspect acted spontaneously

By Yaniv Kubovich

A taxi driver was stabbed in the stomach and arm repeatedly in Kfar Sava Monday night by a passenger he described as having an Ara-

bic accent. A 22-year-old Palestinian man from Ramallah who had been living in Israel for some days without a legal permit was later arrested in the vicinity of the attack.

The victim, Aharon Ho-

jayev, 32, was in fair condition and out of danger following surgery on his liver and spleen at Meir Hospital.

The Shin Bet security agency issued a gag order on details of the investigation, but the stabbing was thought to be the work of an individual acting on the spur of the moment rather than a

planned attack carried out by a member of a terror organization.

Before being admitted to the hospital, Hojayev told Shin Bet investigators that he had been cruising Tel Aviv’s Ben-Gurion Boulevard for fares about midnight on Monday when he stopped for a man who said he wanted to go to

Kfar Sava. Hojayev, figuring from the man’s accent that he was Arab, at first refused but then agreed to make the trip when the man offered to pay a higher fare.

When they reached Yehuda Halevy Street in Kfar Sava, the passenger pulled out a knife, stabbed Hojayev several times in the stomach

and arm and fled. Hojayev set off the taxi’s emergency signal, alerting his company, Palatin, of his location. Fellow drivers called police and paramedics and began driving to the scene, arriving about the same time as police, who found the suspect shortly after they began searching the area.



Alon Ron

Activists from Combatants for Peace attending last night’s seventh annual alternative Memorial Day ceremony. Some 40 Palestinian families also took part.

Peace activists are sick of talking about soccer

By Ophir Bar-Zohar

The number of Palestinians participating in dialogue with Israelis has hit a low ebb recently, as more and more Palestinians see no point in reconciliation attempts while the peace process is at a stalemate.

Peace activists say that as prospects for the resolution of the Israeli-Palestinian conflict seem gloomy, Palestinians perceive activities that don’t challenge the occupation directly as normalization, or acceptance of the status quo.

“Last year, Palestinian activists came to our campuses to meet young Israelis and talk to them about the conflict,” says Tal Harris, executive director of One Voice-Israel. “Today it is much more difficult. We had plans to carry out different activities together with Palestinian politicians and peace activists, but they have all been put on hold.”

The Bereaved Families Forum, an Israeli-Palestinian organization whose members lost close relatives in the conflict, launched an online campaign a few days ago. Contrary to the manifested desire of its initiators, “a crack in the wall,” a Facebook application that facilitates direct communication between Palestinians and Israelis, will feature discus-



Courtesy

Ron Pundak

sions that will focus only on political issues.

They wanted the application to include discussions about entertainment, hobbies, day-to-day experiences and others, but were met with skepticism and disinterest on the Palestinian side. “It took us plenty of time to decide what issues should be discussed,” says Nir Oren, the association’s executive director. “The development of ‘a crack in the wall’ shows how careful we have to be these days, much more than before.”

As fewer Palestinians take

part in dialogue initiatives, they become increasingly internal discussions, where Israeli activists talk among themselves. “The interface becomes more and more limited,” says Oren. “We are still able to do things but it is much, much harder.”

Ron Pundak, the co-chairman of the umbrella organization Peace NGO Forum, says that “many organiza-

tions carry on as usual, only that they’ve lowered their profile. They also aim at less contentious activities: dialogue between schoolchildren will be considered normalization, but a meeting of Israeli and Palestinian doctors and health officials, or a joint conference of farmers with the aim of boosting the export of strawberries to Europe, will be more easily accepted.”

He says that as the political situation deteriorates and the Palestinians have fewer reasons to be hopeful, these sentiments gain ground. “Violence against protesters, IDF shooting incidents and inflammatory remarks by [Foreign Minister Avigdor] Lieberman weaken those who claim that there is a partner for peace in Israel.”

The number of Israeli-Palestinian joint events has significantly dropped over the past few years. Last December, for example, Haaretz reported that a symposium organized by the Palestine-Israel Journal on the impact of the Arab spring on the Israeli-Palestinian conflict was canceled, a mere week after

protesters stormed into the Ambassador Hotel in East Jerusalem where the first conference of the Israeli-Palestinian Confederation took place. The second conference of the confederation, which was scheduled to take place in the Palestinian town of Beit Jala shortly afterward, was also canceled.

Equally, a gala event of the Bereaved Families Forum was relocated from the Palestinian town of Beit Sahour to metropolitan Israel, after 220 out of 300 Palestinian participants pulled out. Dialogue sessions that were held on a monthly basis at Beit Jala’s Talitha Kumi school have become rare.

The declining popularity of Israeli-Palestinian dialogue has made fundraising harder for these organizations. “Donors are reluctant to support negative campaigns – they like positive ones,” says Gadi Baltiansky, the director general of the Geneva Initiative. “They would be much more enthusiastic to help rally support for diplomatic negotiations.”

Baltiansky says that the global financial crisis also led to significant cuts in foreign aid, but above all, add Pundak and Harris, people’s enthusiasm has waned. “There are organizations and private donors who channel funds for 20 years and there’s no peace in sight,” Harris says.

Pundak adds that “we’re subject to several layers of hardship: the financial crisis, fatigue, anti-normalization campaigns – they’re all

working against us.”

“If this trend continues,” says Harris, “it will cast serious doubt on our raison d’etre. If all our activity will be restricted only to one side – the Israeli or the Palestinian – we will not be needed anymore.”

The exception to the rule is Combatants for Peace, an organization that has maintained a steady level of activity over time. Spokesman Avner Horowitz says that the organization’s activities “are conceived jointly and focus on protesting against the occupation.”

Last night, Combatants for Peace staged their seventh annual alternative Memorial Day ceremony, to which bereaved families were invited, including 40 Palestinian ones. Curiously, the popular event – that was relocated from the compact Tmuna theater to the bigger Hangar 11 at Tel Aviv’s port – was met with Israeli opposition. Yisrael Beiteinu MK Lia Shemtov called to cancel it, and a Facebook group was opened against it.

Naomi Enoch of Otzar Mifalei Yam, which operates the Tel Aviv port, said the company was opposed to the event but its hand were tied. “As a governmental body we reject any attempt to put dead IDF soldiers and Palestinian victims on a par as damaging the memory of the fallen soldiers,” she said. “But the event was held in a private capacity, and we were legally unable to prevent it from happening.”

J’lem official Haimovsky to be PM’s new bureau chief

By Barak Ravid

Prime Minister Benjamin Netanyahu has tapped former Jerusalem official Eyal Haimovsky as his new bureau chief, the permanent replacement for Natan Eshel, who resigned in February amid accusations that he sexually harassed an employee.

Gil Sheffer, an aide to Netanyahu, served as interim bureau chief in the meantime. Sheffer recommended Haimovsky, whom he knew from his work at the municipality.

Haimovsky, 38, was until

recently the vice president of the Jerusalem Development Authority. He is married with two children and holds an engineering degree and an MBA.

According to Netanyahu’s aides, Haimovsky will effectively be Sheffer’s deputy. He will be responsible for the prime minister’s schedule and coordinate the work of Netanyahu’s advisers.

Before his work at the Jerusalem Development Authority, Haimovsky was adviser to the city’s mayor as well as the transportation and housing ministers.



Archive

Eyal Haimovsky

Haniyeh sweeps secret Hamas internal vote

By Avi Issacharoff

Hamas Prime Minister Ismail won a secret vote earlier this month for the leadership of the organization’s Gaza Strip political bureau, officials in the militant group told Haaretz. They said Haniyeh won the race by a significant margin.

The win in effect makes Haniyeh the Gaza Strip’s first recognized Hamas political leader since Israel’s assassination of Hamas’ former Gaza Strip political chief Abdel Aziz al-Rantissi in 2004.

Hamas officials told Haaretz that the utterly secret election was held less than two weeks ago. Voters elected the 77 members of the group’s advisory council in Gaza, as well as the 15 members of the Strip’s Hamas politburo, Gaza’s most powerful political institution.

In addition to bolstering Haniyeh’s position the results also reflected some interesting trends. For one, two of the Palestinians being held in Israeli prisons who were freed as part of the deal that brought about the release last fall of the abducted Israeli soldier Gilad Shalit quickly made their way into the Hamas leadership.

Yehia Sanwar was one of Shalit’s abductors, and his brother is considered one of the founders of the military wing of Hamas. Rawhi Mushatah is his one-time deputy. Both were elected to the Hamas political bureau in the Strip.

Another interesting development was that members of the “moderate wing” such as Razi Hamed, Ahmed Yousef and Salah al-Bardawil were not elected, unlike members of the group’s military wing such as its head, Mohammad Ali Jafari, and Marwan Issa. (Jafari was elected to the political bureau in the previous election.)

Then there was the choice of Imad al-Alami, a former member of Hamas’ Damascus bureau, who only recently arrived in Gaza after fleeing Syria, as Haniyeh’s deputy.

Others elected to the political bureau include Khalil al-Hayeh, Nizar Awdallah and Mahmoud Zahar, who clashed with the group’s leadership abroad several times in the past several months.

Issam Dailes, in effect the finance minister of Hamas, failed to make the final list.

Next month Hamas will hold a general elections to the organization’s general politburo. Each of the group’s chapters – in the Gaza Strip, the West Bank and the Palestinian diaspora – elects six of the bureau’s 18 members, who in turn will elect the new Hamas chief.

In December the Hamas political leader in Damascus, Khaled Meshal, said he would not seek reelection. There is a widening rift between leaders of Hamas in the Gaza Strip and the organization’s leaders abroad.

According to Palestinian commentators, Meshal realized that the Gaza Strip leadership was determined to prevent his reappointment and decided to preempt them.

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Gantz at Memorial Day service: Army belongs to all of us

Peres: IDF can protect Israelis from threats

By Nir Hasson

Speaking at the Memorial Day opening ceremony held at Jerusalem's Western Wall, IDF Chief of Staff Benny Gantz called for equal sharing of the country's military burdens.

"Here, as the nation observes its memorial services, one clear truth looms before us: Since we are compelled to pay a price with our blood, we must all serve together in the army," Gantz declared. "It is a duty to serve the state and the army; such service guarantees our ability to defend ourselves, and to live together. It is imperative that we bridge gaps, and serve side by side in the army. The army belongs to all of us."

Gantz also related to Israel's strategic circumstances in light of the uprisings in the Arab world. "As the dust from these revolutions settles, it becomes clear that we are looking out to a Middle East unlike that which we grew accustomed to over the past decades," opined the chief of staff.

"New, significant challenges are consolidating atop the ruins of the old strategic maps. In this new, turbulent reality we are witnessing attempts by our nearby and remote enemies to bring harm to us. Since its establishment and through the present day, the State of Israel has not, and will not, accept threats posed to its citizens," Gantz said.

During the ceremony, President Shimon Peres turned to bereaved parents, and stated: "Israel was born out of a big dream, and it built a reality which is vastly greater than

this dream. Yet we have more to build, and we will continue to defend ourselves. The State of Israel, for which your children paid the steepest and most painful price, survives securely. Its existence has become a certainty, yet a threat continues to be posed to its aspirations for peace and tranquillity. There are those who seek to harm it. Should the need arise, we will know how to defend the state; more than ever before, we are prepared and strong; and we are larger in numbers. Today, the IDF is a stronger army than it has ever been. It abides by prudent strategic policies. The IDF is manned by high quality soldiers. We have no doubts about any of this."

Memorial Day events opened yesterday with a ceremony held at the Yad Labanim center in Jerusalem. The ceremony's guests included the prime minister, Knesset speaker, Supreme Court president and chief rabbi. Speaking at the ceremony, Prime Minister Netanyahu declared: "On this day, our people stand in silence. When the siren sounds this evening we will all become one family. Citizens of Israel will unite in sorrow and in memory. Their hearts will fill with admiration for those who sacrificed their lives to defend our people. Thanks to them, we have independence and have been given the right to live with security in our country."

According to Defense Ministry data, 22,993 persons have been killed in the line of military duty and as a result of terror attacks since the state's establishment.



IDF soldiers observing a moment's silence atop a tank on the border of the Gaza Strip yesterday.

GANTZ

Continued from page A1

Ali Khamenei wants, he will advance it to the acquisition of a nuclear bomb, but the decision must first be taken. It will happen if Khamenei judges that he is invulnerable to a response. I believe he would be making an enormous mistake, and I don't think he will want to go the extra mile. I think the Iranian leadership is composed of very rational people. But I agree that such a capability, in the hands of Islamic fundamentalists who at particular moments could make different calculations, is dangerous."

About three months ago Gantz's U.S. counterpart, Chairman of the Joint Chiefs of Staff Gen. Martin E. Dempsey, visited Israel as his guest. "We speak a great deal with the Americans. It's not on the level of a discussion, where I want something concrete and he forbids it. We are partners. We and the United States have a large common alignment of interests and relations, but America looks at America and Israel [looks at] Israel. We aren't two oceans away from the problem – we live here with our civilians, our women and our children, so we interpret the extent of the urgency

differently. America says its piece openly, and what it says in the media is also said behind closed doors. It cannot be translated into lights, red or green, because no one is asking them anything in that regard."

Critical decisions

Gantz knows that in the event of another war he will face time pressures as a result of enemy operations against the home front. The IDF will have to bring massive force to bear from the outset, employing most of the means at its disposal quickly and without hesitation or delay.

Ground operations, long-distance fire and in-depth operations as well?

"I don't pretend to determine that now. I am preparing for full deployment of our capabilities. The political leadership will have to take courageous, painful decisions. There are a certain number of critical decisions in a war. The chief of staff makes about 10 of these in his sphere of responsibility in wartime, and the political leadership makes about half this number."

These decisions, Gantz knows, will be made under a barrage of rockets and missiles against civilian areas.

In light of the Arab Spring, Israel's military prepared-

ness must now include a much greater and more varied range of arenas and possibilities.

"I don't know what will happen in Syria, but presumably the Golan Heights won't be as quiet as before. I cannot remove Syria from the military equation, nor Lebanon. I assume that if there are terror threats from the Golan or Lebanon I'll have to take action. I cannot do everything by 'stand-off' [remote]. The enemy's fire capabilities have developed at every distance, four or five times what they were in the Second Lebanon War and four or five times compared to the Gaza Strip before Operation Cast Lead, not to mention the new ground-to-air missile in Syria. I go to sleep with the understanding that what we did in the recent long and comprehensive exercises could happen in reality."

The IDF is also being used as a battlefield for the cultural and political wars of outside forces. The latest skirmish followed Gantz's dismissal of Lt. Col. Shaul



IDF Chief of Staff Benny Gantz at last night's ceremony at the Western Wall in Jerusalem.

Eisner, deputy commander of the IDF's Jordan Valley brigade, for hitting a left-wing activist from Denmark in the face with a rifle. Gantz terms the political interference in the affair a disaster.

"I don't see anyone benefiting from this story. I made my decision, and it's behind me. I don't understand what the right is defending, what the left is attacking. Who turned it into a political matter? Do you have to be a religious right-winger with a kippah in order to be resolute? Do you have to be a leftist in order to be principled? Where did that idiocy come from? Eisner made a professional error and a specific ethical mistake."

The interview with Gantz took place right after additional videos of the incident were made public, showing Eisner hitting additional left-wing activists.

"I didn't like even the first blow I saw. I will not cover for people so that others will say I backed them up. The lieutenant colonel erred and failed, and it's done and dust-

ed. We are an army that uses force, not violence."

With regard to another delicate issue, Gantz says he believes the IDF could draft more ultra-Orthodox men if an alternative to the Tal Law, recently overturned by the High Court of Justice, can be found.

"It's for the politicians to decide. What I'm looking for is equality in service," he says.

Measured, thoughtful and practical

The end of his predecessor's assignment was tarnished by the so-called Harpaz affair, in which Lt. Col. Boaz Harpaz allegedly forged a document in a bid to keep Yoav Galant from being appointed chief of staff. Gantz received the draft report of the State Comptroller's Office on the affair last month. When the final version is issued Gantz will face career decisions about several figures connected to the affair, including Col. Erez Weiner, aide to former Chief of Staff

Gabi Ashkenazi.

Gantz believes it is important that the final version be issued before State Comptroller Micha Lindenstrauss ends his term, at the beginning of July.

"At every opportunity I say to the comptroller, please, go to it."

As in our previous conversations, now too Gantz comes across as a measured, thoughtful and practical person. Only a few dozen steps separate him from his previous office, that of the deputy chief of staff, but the distance between them is unfathomable.

"I enjoy being here but also feel the gravity of the responsibility. I always said my favorite position was company commander in the Paratroop Brigade. As a company commander you have absolute definitions: the mission, the people. The rest we can manage. Here, I can't pass on the responsibility to anyone else. The buck really does stop here. That's why I say that occasionally I doze off but I never really sleep."

Fearing backlash, Beit Shemesh lowers the flag in Haredi areas

By Oz Rosenberg

The Beit Shemesh municipality has refrained from putting up Israeli national flags ahead of Independence Day in areas surrounding ultra-Orthodox neighborhoods in the city that has become known as a hotbed of Haredi extremism.

Residents of nearby neighborhoods said that Mayor Moshe Abutbul, an ultra-Orthodox man, bowed to pressure of radically anti-Zionist Haredi circles and decided to refrain from putting up flags in areas where extremists might react with violence to national emblems.

Haredi extremism in Beit Shemesh sparked a nationwide uproar in December last year, after 8-year-old Na'ama Margolese was harassed by ultra-Orthodox men on the way to school, on account of being "immodestly" dressed.

"In terms of Haredi radicalization, this has been a very difficult year for Beit Shemesh," says Dov Lipman, a veteran community activist. "Some people are still traumatized by what happened [to the 8-year-old girl]. We thought we had been defeated by the extremists, but it turned out we were victorious. For this reason, I would expect our local leaders to be particularly sensitive and show, with pride, that we are a Zionist city."

He said that when he contacted the municipality to ask why flags weren't installed in non-Orthodox neighborhoods, they answered that they feared the flags be sabotaged by Haredi arsonists.

"How can we accept that soon after extremists spat on girls on their way to school, [the municipality] refrains from putting up flags on the same road, to show those ex-

tremists that in a predominantly Zionist city they won't have their way?" wondered a resident of the secular neighborhood of Givat Sharett. "I'm not saying we should provoke them inside their own neighborhoods, just to spite them, but this is a main road. I have no doubt that they have given in to the ultra-Orthodox bullying."

The Beit Shemesh municipality said in response that flags have not been put up in the areas in question for at least 15 years. But residents insist that the phenomenon is much more conspicuous than in previous years.

"I used to live by the water tower until two years ago," said resident Alisa Coleman.

"It's right across the road from the Haredi neighborhood. Until a few years ago there were many flags, flying along hundreds of meters. And now, there are none."

KAFKA

Continued from page A1

However, Esther Hoffer sold parts of the estate and kept other parts in safe-deposit boxes and in her apartment.

Four years ago, she passed away and bequeathed the estate to her daughters.

Hoffer blamed the media for publicizing the tale of the Kafka papers, thereby leading to the break-ins.

"The media reports created the idea that there are treasures worth millions of dollars in my house," she declared. "I've become the target of mysterious elements who are sent by professional criminals. She reported that the first intruder broke bars outside her apartment's windows, and wore gloves; he fled when she started to shout.

The second intruder, Hoffer claimed, broke the lock of her door, and threw papers and documents onto the floor; the third criminal took some documents from her archive, Hoffer declared.

Following Hoffer's complaints, the National Library appealed to authorities to immediately collect the Kafka manuscripts left in Hoffer's apartment, so that they can remain safe.

Police and Hoffer's lawyers did not respond yesterday to Haaretz inquiries about the matter.

The National Library said, "The National Library, which works for the collection and preservation of Jewish and Israeli cultural assets, is working for the realization of Brod's will, so that his estate will come to the library, and the manuscripts will be kept in a secure, public place. This [latest theft] proves once again how important it is that the estate not be kept in private hands, but in the library, which will also ensure that researchers and the public can access them."

Police vigilant against terror, fireworks and drunk drivers

By Yaniv Kubovich and Zohar Blumenkrantz

The police presence will be beefed up for today's Memorial Day events around the country, with sappers, sniffer dogs and mounted police all pitching in.

The police say they are concerned as always about terror threats, but tonight they'll be watching out for drunk drivers, too, as Independence Day starts. Patrol cars will be stationed outside clubs.

The police will also seek to apprehend people who sell alcohol illegally or set off fireworks that don't conform

to safety rules. Extra police will be on duty at national parks, nature reserves and beaches.

The Magen David Adom ambulance service has also deployed extensively; for example, at military cemeteries where people will be gathering for memorial ceremonies to treat fireworks burns.

Meanwhile, the airports authority says it has made all necessary preparations to allow international flights to continue unimpeded despite tomorrow's traditional air force flyby. Some 34,000 travelers will pass through Ben-Gurion International

Airport tomorrow, about half on outgoing flights. All told, 113 inbound and outbound flights are expected at Ben-Gurion tomorrow.

As for domestic flights, Israir and Arkia have both increased their flights to Eilat. Arkia deputy CEO for marketing, David Mahlev, said the company added 12 more flights to Eilat today and tomorrow to its usual daily 20. The high demand stemmed from the fact that Independence Day falls on a Thursday, making it a good start for a long weekend, Mahlev said.

Israir says it's flying to Eilat at 95-percent capacity.

For many Israelis, the Jewish State turning 64 isn't the only miracle worth celebrating this year.



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Emil Salman

RIVER OF REFUSE: Plastic bottles in the Kidron Valley.

Price and politics complicate Kidron Valley sewage clean-up

By Zafir Rinat

Efforts are underway to rehabilitate Jerusalem's Kidron Valley, one of the most polluted valleys in either Israel or the Palestinian Authority. The sewage running through the valley, which begins in East Jerusalem and winds its way eastward down to the Dead Sea, has severely damaged the ecology of the area and threatens the health of local residents.

Last week a meeting to promote solutions to the problem was held near the town of Ubeidiya in the Palestinian Authority, east of Jerusalem. The meeting was initiated by the Ubeidiya municipality, Israel's Dead Sea Drainage Authority and a steering committee comprising a number of Israeli agencies and ministries. The committee, headed by environmental law expert Prof.

Reuven Laster, has recently put together a comprehensive program to rehabilitate the valley.

Last week's meeting, held in a tent that had been symbolically placed over the sewage-soaked Kidron streambed, was attended by representatives of Israel's Water Authority and Palestinian Authority Water Minister, Dr. Shaddad Attili.

Jerusalem has in recent years treated sewage from its western neighborhoods at a treatment plant west of the city. However sewage from East Jerusalem has been flowing untreated through the Kidron for years. The Jerusalem sewage is augmented by sewage from Palestinian communities, bringing a total of more than 10 million cubic meters – making the Kidron the most polluted streambed in either Israel or the PA. There are also currently 900

known refuse dumps in the valley.

"I have no other way to describe the life of the people living in these places except as life without human dignity and with no respect for nature," Laster said.

The sewage that flows through the Kidron is currently impounded by the Jordan Valley Water Association before it reaches the Dead Sea, and after basic purification is used to irrigate fields in settlements in that area.

Upstream problem

But that does not prevent the pollution of the upstream portion of the valley. Israel and the PA have for years been unable to agree on where sewage treatment facilities should be built, and Israel had begun studying the possibility of pumping it to treatment plants west

of the capital – an expensive and complicated engineering solution. However, the steering committee has developed a master plan based on Israeli-Palestinian cooperation.

"The plan is to build the treatment plant in Ubeidiya, which can be used by the Palestinians for agricultural irrigation," the director of the Dead Sea Drainage Authority, Gery Amel, said, adding that some of the sewage would continue to flow eastward and be treated downstream.

The steering committee also wants to encourage the Jerusalem municipality and East Jerusalem residents to collect refuse more efficiently.

But the plan is not immune to political tensions. "We will not agree for the sewage to be channeled to another treatment plant and be used to irrigate [agriculture in] set-

tlements," Attili said last week.

Dov Kuznetsov, head of the Jordan Valley Water Association, said he would agree to any division of the sewage the Water Authority agreed to, but that he thought the Palestinian Authority would not be able to afford the operational costs of the sewage treatment plant, or find enough agricultural areas to utilize the sewage.

The Environmental Protection Ministry said that while it had been in on the master plan developed by the steering committee, "we feel the solution chosen cannot be implemented." Building a sewage pipeline in the Kidron would damage the cliffs, the ministry said, suggesting instead channeling most of the sewage to treatment plants west of Jerusalem, leaving 20 percent to be treated by a Palestinian plant.



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Shiran Granot

Representatives of the Ethiopian community at the High Court of Justice for yesterday's hearing.

Court lets Ethiopians keep protest tent up near PM's residence

By Oz Rosenberg

The Supreme Court is letting Ethiopian Israelis keep their protest tent up outside the Prime Minister's Residence for another month, describing as "petty" the Jerusalem municipality's request to dismantle the tent immediately.

The justices allowed the activists, who are protesting anti-Ethiopian discrimination, to stay where they are until the end of May, pending their compliance with several bylaws.

The activists called the court's decision a victory. "Justice must also be seen to be done," said attorney Osnat Schwartz, who offered the tent dwellers legal advice. By overturning a regulation under which protest tents must be dismantled within three days, "the Supreme Court set a new precedent," Schwartz said.

The protesters set up their tent in February at the end of a weeks-long campaign to raise awareness about anti-Ethiopian racism. They launched their protest after several Kiryat Malakhi landlords refused to rent apartments to Ethiopian immigrants. This led Mulet Araro, a Kiryat Malakhi resident of Ethiopian origin, to launch a

protest march to Jerusalem at the end of January.

Since then, the Jerusalem municipality has tried to evict the tent dwellers, first via negotiations – Mayor Nir Barkat even visited the site. Then came the legal battle.

In yesterday's hearing, justices Hanan Melcer and Asher Grunis sought a compromise between the activists' wish to set up a tent encampment and the municipality's request for just a small shed.

"I must say I don't understand what it's all about," Grunis told Amnon Merhav, the municipality's legal adviser. "What's the difference? I really don't see what the problem is."

When Merhav objected to the justices' decision to give the activists a week to adapt the tent to the city's health and safety regulations, Grunis said: "Mr. Merhav, that's a bit petty."

Gilad Shalit, who was released in October after more than five years in Hamas captivity, visited the site, where his parents had put up a protest tent to pressure the government to get their son freed.

"If my parents weren't evicted, there's no reason why you should be," he told the activists.

News in Brief

Court says Ynet website must reinstate journalist who established workers union

The Tel Aviv Labor Court ordered a Ynet journalist reinstated yesterday, ruling that dismissing the reporter, Tani Goldstein, would violate a worker's right to organize. Goldstein, a veteran Ynet economic correspondent, was told he could not return after resigning on February 9. That day, three other Ynet employees were summoned to a pre-dismissal hearing; two had organized workers. The judge accepted Ynet's claim that streamlining at the company was necessary, but said "economic considerations cannot explain how the names of four of the 10 members of the workers committee were brought up in connection with ending their employment, in the exact same week employees were organizing." Ynet said the judges rejected the claim by the Histadrut labor federation that Ynet was trying to hamper unionizing efforts. (Emilie Grunzweig)

Artist McAdam Freud and environmental group visit Israel and Jordan

The British sculptor and medallic artist Jane McAdam Freud is in Israel for two days as part of a group representing Friends of the Earth, whose members including Jews and Arabs from Britain. McAdam Freud, 53, is the daughter of painter Lucian Freud, who died a year ago. McAdam gained fame last summer with her exhibition "Lucian Freud My Father," featuring sketches and sculptures of her dying father. The Friends of the Earth delegation will hold a number of meetings in Israel, and in Jordan will meet with Prince Hassan. (Daniel Rauchwerger)

Sports

Judo
Olympic Games

Judokas have last chance for ticket to London

By Rami Hipsh

Israel's judokas have a last opportunity to qualify for the London Olympics in this week's European Championships, which commence tomorrow in Chelyabinsk, Russia.

Arik Zeevi (men's 100-kg) and Alice Schlesinger (women's 63-kg) have already guaranteed their spots this summer. Their goal is to get a medal and bump up their world ranking, which would grant them a better draw in London.

Among the Israelis trying to book their tickets, 21-year-old Golan Polak will need to take a medal in the men's 66-kg category and place himself among the top 22 in the world in order to meet the international standard. To meet the Israeli criterion he needs to make the top 20, but the international criterion should be enough for him as the Elite Sports Unit is expected to recommend him as a promising young athlete.

Artiom Arshanksy (men's 60-kg) and Roni Schwartz (women's 48-kg) will compete tomorrow, but in their cases a medal will probably not suffice.

Soso Palelashvili will compete on Friday in the men's 73-kg category, needing a medal to book his ticket to London.

Yarden Gerbi will join Schlesinger in the women's 63-kg category. Zeevi will compete Saturday together with Uri Sasson, who has shown much improvement since joining the men's 100-kg category.

Soccer / Crime and punishment

IFA deducts points from Bnei Lod, H. Ramat Gan

By Moshe Boker

After Maccabi Petah Tikva on Monday got its three-point penalty moved back to this season, yesterday Bnei Lod and Hapoel Ramat Gan had their day in court over Friday's brawl at Winter Stadium.

Maccabi Petah Tikva was punished for an attack by team officials on a Hapoel Haifa player after a Premier League match between the two in late March.

The Israel Football Association tribunal decided yesterday to deduct three points from both Bnei Lod's and Hapoel Ramat Gan's total in the National League standings, just as IFA prosecutor Shalom Even Ezra had requested. Each team was also fined NIS 40,000.

The panel also issued individual punishments. Bnei Lod coach Saliman Azbarga received the most severe penalty, an eight-month suspension from the field, not including the off-season.

Even Ezra had sought a one-year suspension for Azbarga, who brought in a hospital report indicating that he had incurred a cut under his eye. "In contrast to Maccabi Petah Tikva's goalkeeping coach, who simply head-butted an opposing player, I was beaten and I was defending myself," Azbarga said. "There is no reason I should be punished like this."

Judges Israel Shimoni and Emanuel Sela, however, were not in a forgiving mood. "It was an abhorrent incident,"



Ramat Gan and Bnei Lod representatives at the Israel Football Association tribunal yesterday.

they wrote in their ruling. "The cumulative number of attacks stands alone in the top leagues." The judges explained they meted out equal punishment because they did not see either team as being more responsible than the other for the fight at Friday's match, which lasted several minutes.

The judges added that they are aware of the serious events transpiring on Israel's pitches over the past several weeks, and could not separate the fight from the gen-

eral atmosphere. While the teams were not punished for the sins of other teams, the judges wrote they needed to give a deterrent punishment in the hope that other teams, players and officials as well as fans would learn that criminal behavior carries serious repercussions for everyone.

The tone of the tribunal was tense from the start. Abu Subhi, the owner of Bnei Lod, said he smelled racism in the air and said Bnei Lod was not wanted in the Premier League.

"Maccabi Petah Tikva's punishment was given just so that we would get points deducted," he said in reference to the IFA decision to reverse its previous acceptance of Petah Tikva's appeal to postpone its three-point deduction until next season.

Other punishments included a five-month suspension for Mustafa Wahidi, Bnei Lod's assistant coach. Seven Bnei Lod players and five Ramat Gan players received suspensions ranging from two games to seven games.

Athletics / Memorial Day profile

Cut down at the finish line

Olympic champion Eliyahu Katz could not escape ambush on the eve of Israel's independence

By Uzi Dann

How great was Eliyahu (Elias) Katz? He certainly was one of the greatest Jewish medium-distance and long-distance runners, but sometimes such superlatives don't do justice to an athlete.

In the 1924 Paris Olympics, Katz won the silver medal in the 3,000-meter steeplechase and gold in 3,00-meter team race for Finland. His team was known as the "Flying Finns." It included two of the best distance runners of all time: the legendary Paavo Nurmi and Ville Ritola. The two amassed 14 gold medals and six silver medals between them in Olympic competition during the 1920s.

Katz's grandfather was a soldier in the Czar's army who served in Finland and eventually settled there. Katz was born in Turkey, the country's second largest city. In his youth, he played soccer for the local Jewish club, Judiska Idrottssalskapet. He also competed in running, and after winning the 1,000-meter and 1,500-meter races without even preparing he joined the Turkey running club at the age of 18. He met Nurmi, who was four years

his senior, at the club.

There are testimonies that Nurmi liked Katz a lot and gave him a lot of advice regarding his running style, according to Matti Hannus, a Finnish sports historian. Hannus wrote in the "Journal of Olympic History" that Harri Eljanko, a national-class runner and respected sportswriter, once recalled: "175 cm tall and some 60 kilos in weight, Katz had a peculiar rocking style of running – perhaps due to a lack of muscular power – but he had more guts than most of his rivals."

Katz earned the title of "the Jewish Faavo Nurmi. In 1921, he defeated Nurmi – a champion at the 1920 Antwerp Games – for the first and only time, in the 1,500 meters at the Finnish championships.

By 1924, Katz was a rising star. He took second in the 3,000-meter steeplechase at the Olympic trials in Stockholm and finished third in the 3,000-meter race. His greatest moment followed that summer in Paris. He placed second in the steeplechase behind Ville Ritola, who set a world record.

Two laps before the finish line in the steeplechase, Katz tripped on a hurdle and fell

into fifth place. He was angry with himself and began chasing the others. "Katz always has a good finish," wrote Martti Jukola. "His friendly smile has gone now. Giving his all, he finally passes his rivals, taking his well-earned silver in 9:40.0."

In the team run, each country had five representatives and were ranked by its top three finishers. Katz took third behind Nurmi and Ritola to help Finland claim gold.

Katz, a proud Jew, moved to Berlin after the Olympics in order to train with a small Jewish club called Bar-Kochba. The club soon became a magnet for Jewish athletes.

The Finns saw his departure as a loss and wanted him to return. In 1926, he helped his country win gold in the 4x1500-meter relay. He was a great Olympic hope for 1928 behind Nurmi and Ritola but injury forced him to withdraw, so he returned to Berlin to coach.

With the rise of Hitler, Bar-Kochba was banned. Katz took his cue and emigrated to Palestine, where he met a Finnish woman, Dora, and had a daughter, Ilana.

But tragically, he never lived to see the State of Israel. In December 1947, Katz went to a British army camp near Gaza to do a his job running a film projector for soldiers enjoying Christmas Eve. When he left, his Arab co-worker started lagging behind and two other Arabs ambushed and fatally wounded him.

Katz's life and his death encompassed the Jewish-Zionist story. The fact that he has been mostly forgotten also teaches us something about this story. For some reason, Katz was never well known outside the world of athletics. His tombstone in the Rehovot cemetery simply reads, "Eliyahu, son of Shlomo Zalman Katz. From Poland. Died defending himself 11 Teveth 5708."

There is no mention that there lies buried the greatest Jewish athlete to fall in Israel's wars or in acts of terror.



Chelsea players celebrating after they shocked Barcelona in the semi-final of the Champions League last night. The second leg between the two teams ended in a 2-2 draw and the English side progressed to the final 3-2 on aggregate.

Live on Television

- Wed. 12:00, **Eurosport**, **Eurosport 2**: Snooker, World Championships
- Wed. 15:00, **Eurosport**: Cycling, Tour of Turkey, 4th stage
- Wed. 15:00, **Eurosport 2**: Tennis, WTA Porsche Grand Prix, 2nd round
- Wed. 16:30, **Eurosport**, **Eurosport 2**: Snooker, World Championships
- Wed. 19:30, **Eurosport**: Tennis, WTA Porsche Grand Prix, 2nd round
- Wed. 20:00, **Sport 5**, **HD**: Soccer, Champs Lg., Barcelona vs. Chelsea (tape)
- Wed. 21:00, **Sport 1**: Soccer, Milan vs. Genoa (tap)
- Wed. 21:00, **Eurosport**, **Eurosport 2**: Snooker, World Championships
- Wed. 21:45, **Sport 5**, **HD**: Soccer, Champs Lg., Real Madrid vs. B. Munich
- Thu. 02:30, **Fox Sports**: NHL Playoffs, 1st round
- Thu. 03:00, **NBA**: L.A. Clippers at N.Y. Knicks
- Thu. 03:45, **Sport 1**, **HD**: Soccer, Internacional vs. Fluminense
- Thu. 05:00, **Fox Sports**: MLB, Atlanta Braves at L.A. Dodgers
- Thu. 13:00, **Eurosport**: Cycling, Tour of Turkey, 5th stage
- Thu. 14:30, 5 **+Live**, **HD**: Tennis, ATP Barcelona Open
- Thu. 15:00, **Sport 2**: Judo, European Championships
- Thu. 15:00, **Eurosport 2**: Tennis, WTA Porsche Grand Prix, 2nd round
- Thu. 19:00, **Eurosport**: Tennis, WTA Porsche Grand Prix, 2nd round
- Thu. 20:40, **ONE**: Basketball (W), final, Mac. Ashdod vs. E. Ramle
- Thu. 22:00, **Fox Sports**: Golf, Zurich Classic of New Orleans
- Thu. 22:05, **Sport 1**, **HD**: Soccer, Europa Lg., Valencia vs. Atletico Madrid
- Thu. 22:05, **Sport 2**: Soccer, Europa Lg., Athletic Bilbao vs. Sporting Lisbon
- Fri. 03:00, **Sport 5**: NBA, Cleveland Cavaliers at Chicago Bulls
- Fri. 03:00, **ESPN**: NFL, 2012 draft
- Fri. 03:00, **Fox Sports**: MLB, Boston Red Sox at Chicago White

Sports Shorts

A good day for Israeli tennis

Israel's leading tennis players had a good day yesterday on various courts around the world. Shahar Peer, whose match went into Memorial Day, wore a black ribbon as she defeated Slovak Magdalena Rybarikova 5-7, 6-3, 7-5 at the Princess Meryem Grand Prix in Fez, Morocco. Dudi Sela pounded Adrian Ungor of Romania 7-6 (2), 6-2 at the Nastase Tiriac Trophy in Bucharest. Amir Weintraub defeated Wang Chieh-Fu of Taiwan 6-3, 6-0 at the Kaohsiung Challenger tournament. On the doubles circuit, Andy Ram and Yoni Erlich overcame the duo of Ruben Ramirez Hidalgo and Eduardo Schwank 7-6 (5), 7-6 (4). *(Rami Hipsh)*

Zubari wins fifth race in France

Windsurfer Shahar Zubari is ranked fifth at the Semaine Olympique Francaise in Hyeres after winning the fifth race and finishing second in the sixth. In the 470, Vered Buskila and Gil Cohen are ranked seventh on the women's side while Gidi Kliger and Eran Sela are in eighth place among the men. In the men's Laser Radial, Yuval Botzer improved to 22nd. *(Rami Hipsh)*

Israel asks IOC to honor those killed in 1972

Israel asked the International Olympic Committee to honor the Israeli team members who were killed by Palestinian terrorists at the 1972 Munich Games. Deputy Foreign Minister Danny Ayalon said yesterday he has sent a letter to the IOC. He wants the London Olympics to open with a minute's silence honoring the 11 Israeli Olympic athletes and coaches slain by Palestinian terrorists. A copy of the letter was given to families of the athletes who were killed. Efraim Zinger, secretary-general of Israel's Olympic Committee, said the Israeli delegation plans to observe a private ceremony, and that IOC President Jacques Rogge is expected to attend. "The IOC has paid tribute to the memory of the athletes on several occasions and will continue to do so," IOC spokeswoman Emmanuelle Moreau said in an email to The Associated Press. *(AP)*

NFL's Colts confirm plans to draft QB Luck

The Indianapolis Colts will select Stanford quarterback Andrew Luck with the first pick in this week's National Football League Draft, the team confirmed yesterday. Luck is widely considered to be the most polished college quarterback prospect since Peyton Manning, the four-time NFL Most Valuable Player he will replace in Indianapolis. The Colts compiled an NFL-worst 2-14 record last season with Manning out the whole season. *(Reuters)*

Scoreboard

SOCCER

English Premier League

	P	W	D	L	F	A	Pts
1. Manchester Utd	35	25	5	4	86	32	53
2. Manchester City	35	25	5	5	88	27	80
3. Arsenal	35	20	5	10	67	43	65
4. Newcastle	34	18	8	8	53	42	62
5. Tottenham	34	17	8	9	57	39	59
6. Chelsea	34	16	10	8	56	38	58
7. Everton	34	13	9	12	42	38	48
8. Fulham	34	12	10	12	45	44	46
9. Liverpool	34	12	10	12	37	37	46
10. West Brom	35	13	6	16	41	47	45
11. Sunderland	35	11	11	13	42	41	44
12. Swansea City	25	11	10	14	39	45	43
13. Norwich City	35	11	10	14	47	60	43
14. Stoke City	34	11	9	14	32	48	42
15. Aston Villa	35	7	15	12	36	60	36
16. QPR	35	9	7	19	39	67	34
17. Wigan	35	8	10	17	34	60	34
18. Bolton	34	10	3	21	39	67	33
19. Blackburn	35	8	7	20	47	73	31
20. Wolves	35	5	8	22	34	76	23

Yesterday

Aston Villa 1, Bolton 2

Champions League

Barcelona 2, Chelsea 2 (2-3 agg.)

Italian Serie A

Atalanta 1, Chievo Verona 0

Cagliari 3, Catania 0

TENNIS

ATP Barcelona Open

Doubles, 1st round (selected result)

J. Erlich/A. Ram (ISR) def. R. Ramirez Hidalgo/E. Schwank (ESP/ARG) 7-6 (5), 7-6 (4)

Singles, 2nd round

[2] A. Murray (GBR) def. S. Stakhovsky (UKR) 6-3, 6-2

[6] N. Almagro (ESP) def. E. Roger-Vaselin (FRA) 7-5, 7-6 (3)

ATP Nastase Tiriac Trophy

1st round (selected result)

D. Sela (ISR) def. A. Unger (ROU) 7-6 (2), 6-2

[6] A. Seppi (ITA) def. G. Rufin (FRA) 1-6, 7-6 (5), 6-4

WTA Fez Grand Prix

1st round (selected results)

[8] S. Peer (ISR) def. M. Rybarikova (SVK) 5-7, 6-3, 7-5

[3] S. Kuznetsova (RUS) def. E. Daniilidou (GRE) 6-1, 7-5

[3] P. Cetkovska (CZE) def. M. Czink (HUN) 6-4, 6-2

[5] S. Halep (ROM) def. F. El Alami (MOR) 6-1 (retired)

(Haaretz, Agencies)



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RFP NO. 101003400

RT CRANE LIFTING CAPACITY AT LEAST 27 TON

AND AT CRANE LIFTING CAPACITY AT LEAST 48 TON

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TENDER NO. 101005780, SPECIFICATION NO. SR-131

THREE-YEAR FRAME AGREEMENT FOR THE SUPPLY OF 24 KV ARC SUPPRESSION COILS FOR SUBSTATIONS

The IEC hereby announces a postponement in the submission date for this tender. If you have already submitted a bid , you are entitled to submit an updated bid. Also, the Compulsory requirements have been slightly modified, see publication in IEC's website.

Updated Deadline for Submission of Proposals: May 20, 2012; Time: 11:00 am

TENDER NO. 101001350, SPECIFICATION NO. ZRE-1400

CONDENSER CATHODIC PROTECTION SYSTEM (CPS) FOR RUTENBERG POWER STATION. UNITS 3 & 4

The IEC hereby announces a postponement in the submission date for this tender. If you have already submitted a bid , you are entitled to submit an updated bid.

Updated Deadline for Submission of Proposals: May 06, 2012; Time: 11:00 am

TENDER NO. 101010100A

POLY-PHASE KWH & KVARH METERS DIRECT CONNECTED WITH TIME OF USE AND LOAD PROFILE REGISTERS

The IEC hereby announces a postponement in the submission date for this tender. If you have already submitted a bid, you are entitled to submit an updated bid.

Deadline for Submission of Proposals: May 28, 2012, Time: 11:00 am

TENDER NO. 101012510A

POLY-PHASE KWH & KVARH METERS WITH TIME OF USE AND LOAD PROFILE REGISTERS

The IEC hereby announces a postponement in the submission date for this tender. If you have already submitted a bid, you are entitled to submit an updated bid.

Deadline for Submission of Proposals: May 28, 2012, Time: 11:00 am

TENDER NO. 100990320

TWO YEAR FRAME AGREEMENT FOR THE SUPPLY OF SPARE PARTS FOR GAS MONITORING SYSTEMS MANUFACTURED BY SICK.

Bidding Process: Public tender with a prequalification stage and an additional competitive process Participation Fee: NIS 300 (inclusive of VAT).

Deadline for Submission of Proposals: June 3, 2012; Time: 11:00 am

Tender documents, including preliminary conditions for participation in the above tenders and contract periods, options and quantities, can be viewed on the Israel Electric Corporation website. Participation in the tender is subject to presentation of a receipt showing a payment slip of NIS 300 to the IEC paid at any Postal Bank branch (this payment is non-refundable). Prior to participation in the tender, tender documents may be viewed on the IEC website and at the offices of the IEC Market Research and Tenders Department, Netiv Ha'or St. #1, Haifa, Tel:04-8182421, from 8:00 a.m. to 3:00 p.m. Bids must be submitted in closed envelopes and placed in the Tenders Box No. 1 located in the entrance floor, room no. 9, in the IEC Main Office Building, Netiv Ha'or St. #1, Haifa, by the deadline set for the submission of bids for the tender.

Please Note:

Our Offices will be closed on Memorial Day April 25, 2012, Independence Day April 26, 2012 and for the Shavuot Holiday May 27,2012

See complete and binding conditions in the tender documents on the IEC website www.iec.co.il



Katz, right, running in an Olympic trial behind Nurmi, left, in 1920.

Courtesy of Sports Museum of Finland

Channel 1

(Y11/H11)

08.00 Children's Programs **08.20** The Year That Was **09.00** Happy Holiday with Gil Kopatz **09.30** Live – Ceremony at the President's Residence for Outstanding Soldiers **11.00** LIVE – The Annual International Bible Contest for Youth **13.30** The Way We Celebrated – Archival footage from Independence Day in the earlier years of Israel **14.35** Who's Street Is This – The stories of the people behind street names **15.00** Independence Day Singing Marathon **17.00** News Flash **17.05** Telecinema – Magazine **18.00** Toudoupe the Spirit **18.30** Culture **18.30** Bashvil El Habeshcot – In the footsteps of Israeli songs written about water sources **19.00** Local Noise – Music magazine **19.25** Israel Prize Ceremony **21.00** Mabat News Magazine **21.30** Special: The Opening of the renovated Habima Theater **22.40** BeErzeit Ahavat – A tribute to the composer Morí Amariño **23.40** News Flash **23.50** Channel One at Night – Repeat broadcasts of selected programs until morning.

Channel 2

(Y22/H22)

06.00 60th anniversary ceremony of the development towns **07.00** Here in Israel – Travel **08.00** News Flash **08.05** Independence Studio – Celebrating Independence Day with Kobi Machat and Hila Korach **09.00** News Flash **09.05** Independence Studio **09.30** Singing Independence with the President **10.00** News Flash **10.05** Singing Independence with the President (cont.) **11.00** Tribute to an Artist **12.00** Flashback – A nostalgic journey into Israel's past Healthy Body **12.30** Odd or Even – with Amit Segal and Nadav Perry **13.00** News Flash **13.05** Listings were unavailable as of press time **14.30** P.L.U.K. The Little Traitor (Israel/USA, 2007). Drama. Dir: Lynn Roth. With Ido Port, Alfred Molina. **15.00** News Flash **15.05** FILM: The Little Traitor (cont.) **16.00** Shomo Artzi – A view of various live performances **17.00** News Flash **17.05** Independence Studio **18.00** News Flash **18.05** Independence Studio **18.30** News Flash **19.05** Independence Studio **19.55** News **21.00** El Yatzpan Enterprise – Documentary series **22.15** I Came Here To Win **23.00** State of the Nation – Satire **00.05** News Flash **00.05** State of the Nation – Satire (cont.)

Channel 10

(Y10/H10)

06.00 Children's Programs **06.55** Here Live... – Comedy series (3 eps) **08.15** For the Story of the State of Israel – Documentary series **09.30** Singing Independence with the President **11.00** News Flash **11.05** Israeli National Team – Entertainment **11.35** The Golden Girls – Israeli comedy series **12.00** The Year That Was **12.55** Israeli National Team – Entertainment **13.30** Here Live... – Comedy series **14.00** News Flash **14.05** Is Anybody Home? – Game show **14.50** The Year That Was **15.50** Israeli National Team – Entertainment **16.20** Is Anybody Home? – Game show **17.00** News Flash **17.05** Those Who Believe Are Not Alone – A look at the scenes look at the making of the Beacon Lighting ceremony and performances marking the end of Memorial Day and the beginning of Independence Day. **18.10** FILM: Alex Is Lovesick Alex Holey Ahavah (Israel, 1998). Comedy. Dir: Roni Raz. With Eilat Anshel, Sharon Hachoen. **20.00** News Flash **21.00** Wipeout – Game show **22.05** Survivor: VIP – Reality **23.25** FILM: Belly of the Beast (Canada/ Hong Kong/UK, 2003). Action. Dir: Siu Tung Chung. With Steven Seagal, Bryan Mann. **01.05** Night Tube – Internet-related news magazine

Educational TV 2

(Y23/H23)

05.00 Children's programs **17.00** All about People – Series on individuals who influenced Israeli society and culture **17.30** The Songs We Love **18.20** Israeli Soundtrack – with Yoav Kutner **18.45** Flashback – A nostalgic journey into Israel's last 15 tribute to an Artist – Series of programs, each of which is dedicated to an Israeli creator (2 eps) **20.55** Zehu Ze – Israeli satire **21.20** It's All About Culture – Magazine **22.00** Channel 23 at Night – Repeat broadcasts of selected programs until morning.

Israel Channel 3

(Y33/H33)

10.00 Joint Broadcast with Channel 11. **16.00** Revival – Documentary on the establishment of the State **17.00** Out Festival – Songs of Farid al-Atrash **18.30** IBA News in English **18.50** Music **18.30** Prophet Shuaib Holiday – Special program **19.00** News Flash **19.30** Special Program for Independence Day **21.00** Mabat News Magazine **21.30** Mabat News Magazine **22.00** News **22.30** Songs from Movies **23.00** Family – Israeli documentary series

Middle East TV

(Y109/H73)

11.00 The Beverly Hillsbillies **11.30** The Lucy Show **12.00** In the Morning Dimly (USA, 2007). Family. Dir: Barbara Sundstrom. With Holly Burgess, Dennis Lawrence. **13.00** The Way We Celebrated – Archival footage from Independence Day in the earlier years of Israel **14.35** Who's Street Is This – The stories of the people behind street names **15.00** Independence Day Singing Marathon **17.00** News Flash **17.05** Telecinema – Magazine **18.00** Toudoupe the Spirit **18.30** Culture **18.30** Bashvil El Habeshcot – In the footsteps of Israeli songs written about water sources **19.00** Local Noise – Music magazine **19.25** Israel Prize Ceremony **21.00** Mabat News Magazine **21.30** Special: The Opening of the renovated Habima Theater **22.40** BeErzeit Ahavat – A tribute to the composer Morí Amariño **23.40** News Flash **23.50** Channel One at Night – Repeat broadcasts of selected programs until morning.

HOT 3

(H3)

06.05 Chilled (4 eps) **08.25** Ananda **08.55** Time-out World (5 eps) **11.30** Ananda **12.00** Breakout (6 eps) **17.05** FILM: Aci Was (Israel, 2010). Drama. Dir: Avi Nesher. With Adi Miller, Maya Dagan. **19.05** Chilled **19.35** Ananda **20.05** America's Next Top Model (s.13) **20.50** Pretty Little Liars (s.2) **21.35** The Middle (s.1) **22.00** Chilled **22.35** Smash (s.1) **23.20** Entertainment News **23.55** Pretty Little Liars (s.2) **00.40** Chilled **01.15** Smash (s.1)

HOT Family

(H4)

07.35 The Oprah Winfrey Show **08.20** The Oprah Winfrey Show **08.50** The Oprah Winfrey Show **09.30** The Oprah Winfrey Show **10.00** The Oprah Winfrey Show **10.30** The Oprah Winfrey Show **11.00** The Oprah Winfrey Show **11.30** The Oprah Winfrey Show **12.00** The Oprah Winfrey Show **12.30** The Oprah Winfrey Show **13.00** The Oprah Winfrey Show **13.30** The Oprah Winfrey Show **14.00** The Oprah Winfrey Show **14.30** The Oprah Winfrey Show **15.00** The Oprah Winfrey Show **15.30** The Oprah Winfrey Show **16.00** The Oprah Winfrey Show **16.30** The Oprah Winfrey Show **17.00** The Oprah Winfrey Show **17.30** The Oprah Winfrey Show **18.00** The Oprah Winfrey Show **18.30** The Oprah Winfrey Show **19.00** The Oprah Winfrey Show **19.30** The Oprah Winfrey Show **20.00** The Oprah Winfrey Show **20.30** The Oprah Winfrey Show **21.00** The Oprah Winfrey Show **21.30** The Oprah Winfrey Show **22.00** The Oprah Winfrey Show **22.30** The Oprah Winfrey Show **23.00** The 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Which are the 'most Israeli' companies? Tnuva and Osem

Elite finishes third, Strauss fourth in Industry Ministry survey

By Ora Coren

Tnuva and Osem products are seen by the public as the most "blue and white," according to a survey conducted for the Industry, Trade and Labor Ministry.

Tnuva's dairy and Osem's food products were each chosen by 22% of the survey's respondents as being the most definitively Israeli, followed by Elite with 15% and Strauss with 14%. About 40% of respondents did not name a single Israeli company as being "blue and white" in their eyes. Most of those answering "no answer" were younger and

with fewer years of formal education.

A large majority, 72%, agreed that buying Israeli products would reduce unemployment while 82% thought such purchases helped the economy.

Geocartography Knowledge conducted the survey for the ministry in January. The survey was conducted with a representative sample of 1,200 respondents, age 18 and older.

Asked if "buying blue and white" gives them a feeling of pride, 69% said it did, while 63% agreed that it reduces Israel's economic dependence on the rest of the world.

"We see an improvement in Israelis' awareness of the importance of buying blue and white," said Industry, Trade and Labor Minister Shalom Simhon. "This is a contribution to the economy, society and employment in Israel. We will continue with our educational activities to get these messages across."

Assuming that the quality and prices of the goods were similar to foreign items, 86% of Israelis said they would prefer buying local products, while 37% said they even would be willing to pay more for the Israeli brand – well, about 10% more – as long as the quality

was the same. Meanwhile, 42% said they were buying many more Israeli products this year than they did last year.

"The survey results once again prove the important connection between Israeli industry and the Israeli public," said Dr. Ron Tomer, chairman of the Blue and White Division in the Manufacturers Association. "Israeli industry invests large sums to manufacture high-quality goods that are appropriate and ready for the Israel consumer, and in many cases also at a competitive price while increasing economic competition."

Inon Elroy, the ministry's

deputy director-general and head of its blue and white campaign, said there was an improvement in Israelis' awareness of the importance of buying local goods, and that they have internalized the principles of smart consumerism, taking price differences into account.

The ministry relaunched the blue-and-white campaign this year; the survey was part of its preparations. "There is great significance in buying Israeli goods, considering the fact that every shift of NIS 1 billion from imports to [local] manufacturing creates 2,750 jobs," said Elroy.



David Bachar

On the production line of Tnuva soft white cheese, one product not specifically boycotted.



Ofer Vaknin

Sweet and sour sauce, made by Osem. With recipe attached.

Market Report / Shelly Appelberg

Stocks bounce for Independence Day

Tel Aviv stocks gained ground yesterday ahead of the Independence Day holiday break. Total turnover was boosted by the expiry of options on the TA-25 index, historically known as "Maof options" (the TA-25 used to be called "the Maof").

The TASE will be closed today and tomorrow for Memorial Day and Independence Day and reopen for trading only on Sunday.

Stocks stayed in positive territory throughout the session, boosted by a rally in European markets after a number of European exchanges hit three-month lows earlier this week.

The benchmark TA-25 index rose 1.3% to close at 1,163 points and the broader TA-25 index gained 1% to end the day at 1,065 points. The TA-Banks index climbed 1.9% and the Real Estate-15 index jumped 2.3%.

April "Maof options" expired yesterday at an exercise price of 1,156.27 points – up from Monday's closing level.

Turnover was well above recent averages at NIS 1.4 billion, but still quite low for an options-expiry session, which usually takes place on the last Thursday of each month. This time it happened yesterday because the TASE will be closed on Thursday.

The benchmark TA-25 gained 0.9% in the truncated three-day trading week and the TA-100 rose 0.6%. The Tel-Bond large-cap corporate bond indexes rose some 0.1% for the day after the Bank of Israel announced on Monday it was holding May interest rates unchanged at 2.5%.

"Options expired on low turnover and a limited number of positions. Turnover at expiry totaled NIS 500 million," said Ziv Pnini, head of the trading room at Migdal Capital Markets. "Most of the [options] contracts were rolled over for May in the first two days of the week. As a result, there was a shortage of sellers of May contracts. ... The price of May options are very optimistic and reflect traders are very confident," he added.

Bank Hapoalim rose 2.2%. Alvarion rose another 13% after climbing 40% from Thursday through Monday after naming a new CEO. The company also announced a new contract in China.

Cellular shares rose strongly as their virtual network rival Halo ran into even more troubles and left its international long-distance customers without service for almost a day. Partner Communications gained 1.2% and Cellcom rose 1.5%.

Delek Real Estate fell 7% after controlling owner Yitzhak Tshuva decided to halt any more new funds for the troubled firm from May 6. The company once again announced it was on the way to liquidation after negotiations with bondholders over a debt restructuring deal had broken down.

Forex trading was mixed after the interest rate announcement with the dollar fell 0.2% against the shekel at a representative rate of NIS 3.758. The euro rose against the shekel by 0.1% and the representative rate was set at 4.948. This trend reflected moves in global foreign exchange markets where the euro rose 0.4% against the dollar.

"Traders are not rushing to look at the news until the holiday season ends," said Vered Yitzhaki, CEO of Price Risk Management. "In the euro-dollar arena investors are waiting for the results of the second round of elections in France, and if Sarkozy retires with an early pension it may lead to negative feelings about the euro bloc. This may support the weakening of the euro to under \$1.30."

Global equity markets and the euro rose slightly yesterday after strong demand at European government debt sales, but concerns about the euro zone's deepening economic slump and a tepid housing recovery caused limited gains. European shares rose, with the FTSEurofirst 300 index of top European companies up 0.3%. Global shares as measured by the MSCI world equity index were up 0.2%.

Reuters contributed to this report.

Buchman Gold An entirely different story...

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Who's the most Israeli? Page 11

TheMarker

Israel's Leading Business Newspaper

Dollar
3.758 -0.16%

Euro
4.948 0.11%

Tel Aviv 25
1,162.95 1.28%

Nasdaq
2,961.60 -0.30%

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Business in Brief

Demand for workers leaped 20% in March

Businesses were looking to hire 19.8% more workers in March compared to February. The Central Bureau of Statistics said yesterday the biggest jump in demand was for workers in the food and lodging industry, with an additional 4,900 job openings as the sector geared up for the Passover holiday. The number of open jobs in March rose to 68,800 from 57,400 the month before – about 3% of the total of jobs and openings. The number of new jobs rose 1.8% in the first quarter of the year over the last quarter of 2011. (Moti Bassok)

Ex-analyst fined for recommending ICL while seeking a job at the company

Former equity analyst Limor Gruber was fined NIS 7,500 by the Israel Securities Authority for enthusiastically recommending Israel Chemicals while negotiating to work at the company. At a meeting with analysts in May 2011, Gruber asked if ICL might have work for her. That same day she recommended investors buy the company's stock. A month and a half later she was offered a job at ICL in investor relations – and the same day wrote another Buy recommendation for it with a 12-month price target of NIS 70, a cool 33% over the stock's level on the Tel Aviv Stock Exchange. The next day Gruber accepted ICL's job offer. Her papers on the company contained no mention of the potential conflict of interest. Gruber declined to comment. (Noam Bar)

Ailing Ayalon axes '13th salary' bonuses

The Ayalon insurance group is canceling "13th salary" bonuses for all workers grossing more than NIS 7,500 a month, following heavy losses in 2011. Ayalon has 928 employees, most at its insurance arm and some at subsidiaries such as insurance agencies. One of those employees is Levi Rahmani, who owns 83% of the group's shares and serves as CEO; he grossed NIS 12 million in 2011. His son, chairman Noga Rahmani, grossed NIS 3.9 million. Daughter Nehama grossed NIS 1.8 million. The Israel Securities Authority recently criticized pay practices at Ayalon, saying pay for the children had not been approved in accordance with the rules. After that, a shareholder filed a NIS 100 million derivative claim against the group, which remains pending. (Noam Bar)

Canada's Senvest invests in local gas search

Canadian holding company Senvest Capital has entered the race to discover new natural gas reserves off Israel's coast by buying a stake in Israel Opportunity, the Israeli firm said on Tuesday. Senvest Capital bought a 5.62% stake worth NIS 10 million in Israel Opportunity, which has a 10% interest in five different offshore licenses, Israel Opportunity said. The areas of the licenses are adjacent to fields where huge natural gas deposits were recently discovered, Tamar and Leviathan. The Israel Opportunity partnership was founded by the Halman-Aldubi investment house. (Reuters and TheMarker)

Health Min.: Soldiers shouldn't buy private medical insurance

By Ronny Linder-Ganz

The Health Ministry has rebuked the Israel Defense Forces for encouraging career soldiers to buy private medical insurance.

Prof. Ronni Gamzu, the Health Ministry's director-general, sent a scathing letter about the IDF's move to Deputy Health Minister Yaakov Litzman. The ministry "proposed to the IDF a year and a half ago to institute a regulation allowing soldiers serving in the regular army to buy the supplementary health insurance policies offered by the health maintenance organizations, but they preferred more expensive private insurance," wrote Gamzu.

Professional soldiers are not members of the health maintenance organizations and instead receive medical services from the IDF's Medical Corps. They also receive a broader basket of services than the general public does under the mandatory health insurance law. But soldiers, whether conscripts or professionals, are not entitled to certain "private" services and benefits, such as choosing their physicians or surgeons, or having operations overseas. Thus they are seeking additional medical insurance, which is provided by many private workplaces.

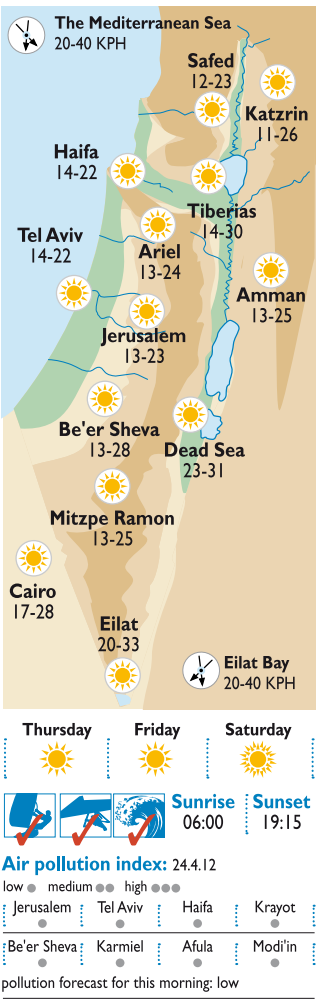
The commander of the IDF's private medical services center, Col. Dr. Erez Birnbaum, recently sent a message to all professional soldiers that the Hever consumer club, which includes all professional soldiers and retirees, had reached an agreement with the Phoenix insurance company on the sale of private medical insurance policies.

Health Ministry officials proposed the health fund supplementary insurance and were even willing to change the law if necessary to provide it, said Gamzu. "We thought that was appropriate, both as an educational message and so the money would remain within the public [health] system," said a senior ministry official.

"But [the IDF] politely turned us down and in the end closed a deal with Phoenix."

The IDF Spokesman's Office said career soldiers have no opportunity to purchase insurance from the health care funds. "The IDF examined alternatives for supplementary medical insurance... The insurance policies are paid for privately by the soldiers who chose to join the plan," it stated.

Weather



A bit warmer each day

Today and tomorrow will be partly cloudy and seasonably warm. Friday will be clear to partly cloudy and even warmer, especially in the hills and inland. The mercury will rise again on Saturday, which will be unseasonably warm, especially in the hills and inland.

Taking Stock / Guy Rolnik

After 64 years, real independence

Independence Day is traditionally the season for the press to recount Israel's miraculous achievements over its brief history. They praise Jewish genius, recall the country's academic and cultural accomplishments, trace the victories of its high-tech industry and tell the stories of the entrepreneurs and leaders who have dedicated their lives to making the country a better place.

But in recent years the reality has grown ever-distant from the image marketed to the public on Independence Day. The public sector's competitiveness and sophistication has eroded; high-tech operates inside a bubble and can't support the broader economy; small cliques of capitalists, the politically powerful and the media run the country and the business sector; inequality digs its roots ever deeper; and the human capital on which the economy's future relies is deteriorating.

The grip on our politics, resources and economic policy held by a small power elite of tycoons, unions representing workers in monopoly industries and big business has made the celebration of "independence" something of an irony. Only a few hundred thousand Israelis enjoy true independence and equality of opportunity. They're the ones who have gained access to the public purse, control public resources and belong to powerful monopolies.

Still, for the first time in many years, Independence Day can be seen as a true economic and social celebration for all its citizens. It marks the end of a year in which a true independence movement finally emerged for Israelis who have never had access to power and influence.

It's a movement that is neither right nor left. It refuses to invest all its hopes in keeping the occupied territories or returning them to the Palestinians. It isn't concerned about strengthening religious observance or weakening it. It doesn't fit the empty stereotypes of socialist or capitalist. It's a movement that promotes fairness, integrity, equality and opportunity for all.

The Israel independence movement has made significant gains in the last several months, most importantly by putting a brake on the relentless expansion of oligarchism and tycoonism while clearing away the political and security smokescreen that benefited a small and privileged elite. But the movement's greatest accomplishment was to raise the consciousness of hundreds of thousands of people who for years blindly accepted the system of a self-serving elite. They finally understand that the existing situation isn't a fait accompli dictated by the difficult reality of a small country in a bad neighborhood.

By rejecting long-held ideas, the Israeli people won their conceptual independence. Here are a few examples of ideas entering the ash heap of history.

Israel as an economic miracle. Many sectors of the economy perform poorly, the educational system is in steep decline, and income inequality is among the highest in the developed

world. Two or three years ago, most Israelis were in the dark about these numbers. Those who might have known better were benefiting from a system even as it was becoming increasingly dysfunctional.

A growing economy means a better life. In Israel, as in the United States, it is becoming increasingly clear that it's not just how big the pie is getting but how it is divided up and what are the ingredients.

It's either capitalism or socialism. The battles over the years between the supporters of these two great economic doctrines helped ensure the continuance of the existing system. Now these hollow doctrines are being replaced by ideas of equality of opportunity; inclusion; enterprise; and other values.

Peace will solve all our problems. Suddenly, Israelis realize that the peace process that has been underway for decades is controlled by a tiny elite that benefits from the existing economic situation. Could it be that our military, political and business leaders need the "process" more than a solution?

The press is free and independent. We know this because journalists routinely criticize politicians and expose their misdeeds. Or do we? Suddenly, hundreds of thousands of Israelis understand that individual politicians are ineffectual and unimportant. Where the press fails is regarding people with real economic and political power.

Inequality is due to Haredim, Arabs, globalization and technology. The economist James K. Galbraith published a book this month, "Inequality and Instability: A Study of the World Economy Just Before the Great Crisis." It takes apart the thesis that attributes growing inequality to globalization and technology. Instead, he argues, it's the expansion of the global financial system, which is structured to enrich the minority at the expense of the rest. Here in Israel, the people are being liberated from the notion that the ultra-Orthodox and insufficient investment in education are creating social gaps. Israelis now understand that we have an economic system that preserves the advantages of a small minority both in the public and private sectors.

The big parties are ideologically different. Most of our political parties want to preserve the economic status quo. Some of them do that by backing private sector monopolies, and even strengthening them, while others want to do the same for public sector monopolies. Not one party has proposed a program of real change for those who don't have an in to the system or can exploit the magic of debt and deficits.

That's the good news for every Israeli, particularly those standing outside the corridors of power. The day will come when even those on the inside will understand that they need to encourage the movement, because only independence, freedom, enterprise, fairness and equality of opportunity will achieve sustainable prosperity for the country and its people.

Electric Corp. urgently seeking new gas supplier

Needs 5-month stopgap until Israeli gas starts flowing

By Avi Bar-Eli and Itai Trilnick

Needing to fill the energy void left by the Egyptians canceling the sale of natural gas to Israel, the Israel Electric Corporation is trolling the world for a new source. The IEC has published an international tender for purchase of imported liquefied natural gas, hoping to start buying as much as \$700 million to \$850 million worth on December 1, 2012.

The plan is for up to 16 huge LNG tankers, each holding 130,000 cubic meters of LNG, to dock at a Cypriot port, where the gas would be unloaded onto a vessel the IEC would lease from the American firm Excelerate Energy. This ship would unload at a new offshore gateway some 10 kilometers off the coast near Hadera. This \$130-million buoy is now under construction by the Italian firm Micoperi, and is supplied by the Norwegian firm APL. Government-owned Israel Natural Gas Lines is overseeing the project, as well as the construction of the net-

work of natural gas pipelines and the transport of gas across the country.

The winner of the tender will commit to supplying two ships a month for five months. This is a relatively short period of time for such a tender; original expectations were that it would run at least two years. But the five-month cut-off matches forecasts that natural gas will start flowing in April 2013 from the Tamar offshore gas field. The IEC would have an option to extend the LNG contract for up to six more ships of gas through 2013.

The first shipment would most likely come from Excelerate itself, though the IEC board still has not approved the leasing deal with the American company. The world's largest LNG shippers are expected to participate in the tender, including energy giants such as BP, Chevron, Gazprom and Spain's Repsol. Ten companies answered the IEC's original request for information processing at the start of the year.

Participating firms were re-

quired to prove their capability to meet the tender's conditions, including ownership of LNG tankers able to carry out ship-to-ship transfers of gas with Excelerate's special gas storage ships. The deal with Excelerate is being conducted without a tender as the American firm is the world's only one with the necessary floating gas transfer capabilities.

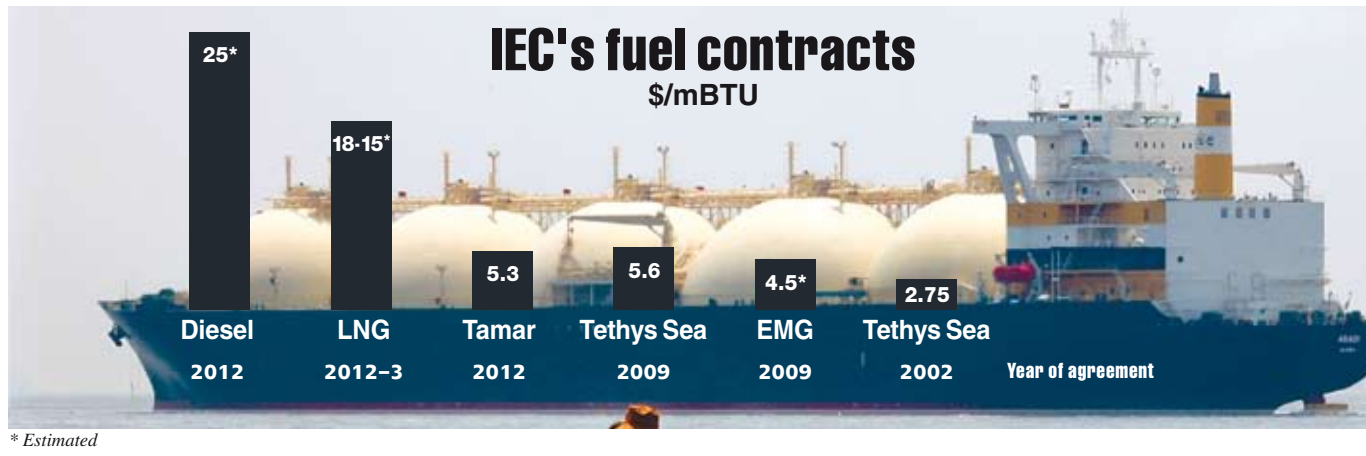
The Energy and Water Resources Ministry's Natural Gas Authority recently announced that the ship will be leased for four years, but the contract can be cut short, though that would increase the lease's annual cost.

The price of LNG in the Mediterranean basin stands at \$14-\$15 per million BTU. The state is expected to add another one or two dollars per million BTU to cover the cost of the gas transfer ship leases, estimated at \$80 million per year. The final price of the LNG is expected to fall between \$15 to \$18 per million BTU.

This is a relatively high price compared to what the

IEC will be paying the partners in the Tamar natural gas field: \$5.30 per million BTU. But the lack of Egyptian gas, which cost the IEC \$4.50 per million BTU, together with the rapid depletion of the Tethys Sea offshore field, has left the LNG option still more attractive than the other possibilities for generating electricity – diesel fuel and heavy fuel oil, both of them dirty and priced about \$25 per million BTU.

No decisions have been made about the availability of LNG for firms other than the IEC. The Natural Gas Authority has published the agenda for the public hearing on the matter, which includes the importation of 26 shiploads of LNG. The first 10 are intended for the IEC only. The next 10 were to be subject to a separate international tender in which the IEC would have priority if needed. The remaining six tanker loads of LNG were to go to the private sector based on a tender. While final arrangements are not clear, it is clear now that the Gas Authority's original agenda has changed.



Tshuva threatens to stop supporting Delek Real Estate

By Michael Rochvarger and Shelly Appelberg

Following a frustrating round of talks with Delek Real Estate bondholders yesterday, company owner Yitzhak Tshuva threatened to stop funding the company beginning on May 6.

Tshuva sent the warning in a letter to bondholders, to whom Delek Real Estate owes NIS 2.15 billion.

The company had all but closed a new arrangement with holders of its B4 and B5 bonds, but the holders of the company's B25 bonds balked at the proposal, which would have entailed a haircut of around 50%. The B25 bondholders then sued for the company's liquidation, as they had threatened to do – and the company announced that it would not oppose the motion, warning though that it would entail a haircut of about 92%. This

means that creditors, including the bondholders, would stand to lose some 92% of their money. Now Tshuva has vowed to stop funding from May 6.

The B4 bondholders are owed NIS 150 million; B5 bondholders are owed NIS 1.4 billion and some NIS 600 million is owed to the B25 bondholders.

Yesterday representatives of all the bondholders met yet again with company representatives. The purpose of the meeting had been to agree on a formula for setting interest rates on the NIS 1.3 billion in new bonds Delek Real Estate would issue (if it survives the process). But the parties could not bridge their gaps and Tshuva refused to cover the difference out of pocket. Meanwhile, in any case, the legal process of the company's liquidation continues, which could render these talks moot.

The shekel drops / Nehemia Shtrasler

A reform goes up in a puff of smokescreen

Just before Passover, Prime Minister Benjamin Netanyahu yanked his bill popularly known as the "balconies reform." It was an important proposal that he'd been working on for some time. Its aim was to simplify and shorten the process of obtaining building permits and construction so contractors could hurry up and build housing, thereby lowering housing prices.

Netanyahu vowed to use the Passover break to finish the job, but if anything's been finished, it's apparently his reform. That's because before Passover, Shas and Yisrael Beiteinu clashed. Shas hated the idea of means testing as a criterion for government subsidies for housing. Yisrael Beiteinu fought for the idea.

Families with a least one breadwinner and another member working a quarter-time job would have had an

advantage over families with no breadwinner. Shas, being a Haredi party, opposed the concept because of the many Haredi families in which the husband does not work. Yisrael Beiteinu on the other hand cares about middle-class families who work and pay taxes but can't afford to buy a home.

Since Netanyahu didn't want to cross either of his allies, he simply gave up his precious reform before the Passover break, when he would have time to think of another solution. But none emerged.

The issue at stake, though, is hugely important. Affordable housing is the heart of the "social justice" protests. When it turns out that Haredi families are getting most of the 5,000 homes the government has decided to build, the protests are likely to flare up anew, which is bad for Netanyahu.

Meanwhile Shas has pre-

vailed. The Israel Lands Administration accepted the recommendations of Housing Minister Ariel Atias, a key member of Shas. His criteria give a clear advantage to Haredim and "means testing" isn't even mentioned.

Yesterday Harel Locker, director-general of the Prime Minister's Office, achieved a compromise with Fania Kirshenbaum of Yisrael Beiteinu, but it's a smokescreen. Yisrael Beiteinu agreed (in writing) to support the reform in exchange for Locker's agreement (in writing) to have the cabinet discuss eligibility criteria for subsidized housing. Yisrael Beiteinu ostensibly got its wish: a cabinet debate and a vote on means testing too.

Yisrael Beiteinu head Avigdor Lieberman knows he can't win that vote because the Likud will vote with Shas. He also knows his public stance

will bring him more votes from the middle class.

Shas accepted the cabinet debate and vote but told Netanyahu that if means testing is among the eligibility criteria, it would quit the government. Clearly, then, Netanyahu will vote with Shas.

And that, dear reader, is exactly why the whole thing is about to go up in a puff of smokescreen.

Netanyahu won't want to side with Shas against the middle class, which would hurt him personally and damage the Likud. Nor does he want to hand a victory to Lieberman, who will claim he wanted the means testing in the criteria but the treacherous Likud ministers allied with Shas and abandoned the middle class to its fate. The reform is dead and buried, which is bad for the economy and bad for housing prices.



Itai Trilnick

Yitzhak Tshuva

HOT gets 200% more complaints than YES

Complaints against all TV service providers went up 15% last year

By Ruti Levy

The HOT cable television had three times as many consumer complaints lodged against it with regulatory authorities last year as its satellite television competitor YES.

A report issued yesterday by the Communication Ministry's Council for Cable Television and Satellite Broadcasting recorded three complaints for every 1,000 HOT customers last year compared to one complaint per 1,000 YES subscribers.

Overall, the council received 4,736 public complaints last year against all television services, an 15% increase over 2010. The most common beef concerned billing – complaints over being billed above the agreed amount, penalized for canceling service and hit with duplicate charges.

Another common complaint involved broadcast content, including discontinuation of channels, violent or otherwise offensive programming, repeat broadcasts and subliminal advertising. After a wave of complaints in 2010 over the Hallmark Channel's decision to pull out of the Israeli market, the cable TV council required providers to customers to cancel their service without penalty. This move led to a 33% drop in complaints about broadcasts, the council said.

A 67% decline was registered in complaints about sports broadcasts, falling to 134 in total.

Council chairman Nitzan Chen said the drop in complaints over broadcast content showed the effectiveness of the council's efforts to ensure that service providers meet their obligations to their customers.

Market Report / Eran Azran

Stocks drop on Europe, Egypt

Stocks on the Tel Aviv Stock Exchange dropped sharply yesterday, losing up to 1.5% during trading. The losses followed Egypt's decision Sunday to cancel the natural gas export contract with Israel, and came amid mounting fears about Europe's debt crisis (again).

Shares around the world slumped as disappointing euro zone private sector data and a Dutch budget crisis unnerved investors, who scooped up perceived safe-haven assets such as the dollar and U.S. Treasuries. European shares fell to a three-month low as worsening global economic conditions and political uncertainty in France and the Netherlands threatened to deepen the euro zone's crisis. Wall Street opened with losses of more than 1%.

While international shares were weighted down by rising returns on Spanish government bonds and the French elections, Israeli shares had their own additional woes from Egypt.

The blue-chip Tel Aviv-25 Index fell 1.2% to close at 1,148 points, and the broader Tel Aviv-100 Index also fell 1.2%, closing at 1,055 points. Total turnover was a paper-thin NIS 735 million.

Taking a particularly strong hit was Ampal, a partner to the gas deal with Egypt. Its share fell 19% on unusually high turnover of NIS 532,000, up from its average of NIS 86,000. The company's bonds also plummeted by 10% to 37%, pushing their returns up, to 50% to 350% (for bonds, high returns are a bad thing). Businessman Yossi Maiman holds 12.5% of Egyptian gas exporter EMG through Ampal.

The Egyptian gas supply has been interrupted for more than a year now, since the revolution in Egypt. Ampal lost 83% of its value over the past year, and is now trading at a market cap of only NIS 50 million.

Egypt's move is likely to strengthen local gas companies, such as the partners in the Tamar gas reserve, including the Delek Group, said analysts. Delek lost 2.1% yesterday.

Other companies whose stocks lost on the Egyptian gas news included Israel Chemicals, whose share was down 3%. Its subsidiary Dead Sea Industries signed a contract to buy 200 million cubic meters of gas from EMG at the end of 2010.

In non-gas news, IDB is still looking for cash. Subsidiary IDB Development is in advanced negotiations with Menora Mivtachim and the Bereshit Fund to receive NIS 300 million in loans. IDB Development lost 0.3% yesterday, while the parent company lost 1.6%. Menora lost 2.2%.

With reporting by Reuters.

AMPAL

Continued from page 12

Maiman took home \$300m from Ampal

Since businessman Yossi Maiman bought Ampal-American Israel over a decade ago, he has earned more than \$300 million from the company, about NIS 1.1 billion, by means of controversial transactions.

The deals were funded mainly through the debt that is now burdening the company. Beyond his interested-party transactions, Maiman was also paid NIS 57 million in salary and bonuses, not including stock options.

In the years immediately after he bought Ampal, Maiman sold off several of the company's holdings, including shares in Granite Hacarmel, which owns Sonol; Blue Square,

Good fences make bad business partners

Nablus entrepreneurs would love to increase their presence in Israel. But problems at the crossing points are forcing them to explore other markets

By Tali Heruti-Sover

Visiting Nablus can be a bewildering experience. There's the casbah with its stone buildings, and there are the high-rises springing up, where a 140-square-meter apartment can cost just \$100,000, a tiny fraction of the price in central Israel. People throng the humming city center: Women wear anything from full traditional dress to jeans with a symbolic hijab on their heads, in a rainbow of colors.

To an Israeli, Nablus almost seems like just another Israeli town, though you might prefer to speak English there.

Unlike Ramallah, for instance, where the Palestinian Authority conducts its foreign relations, Nablus is just a traditional Palestinian trading town. It has about 300,000 residents producing a range of products well known in Israel, from tahini to sunflower seeds to textiles. The local traders strive to expand their business in Israel, their biggest market. But obstacles abound, and they've been getting worse, traders say.

According to Bank of Israel figures, exports from the West Bank to Israel, or to other countries via Israel, slowed last year. Trade between Israel and the PA amounts to about \$3 billion a year. The Israeli economy hardly depends on this business; the Palestinians depend on it a lot more.

How will I ever see the sea?

Anan Tamam is the co-CEO of Karawan; he represents the fourth generation making the famous Karawan tahini sesame paste. The company sells 70% of its product to Israel, and much of the other 30% goes to Israeli Arabs shopping in Nablus on the weekends.

Karawan has no less than 200 clients in central and northern Israel, and maintains a huge distribution center in Kafr Kara. "Felfel Givatayim can order 1,000 tons of tahini a week," says Tamam. "Israelis love our tahini and we love selling it to them."

To expand business even further, the company is now in the Palestinian business directory and Tamam is seeking a distributor for southern Israel. But it isn't so straightforward. "Israel is raising all sorts of obstacles," Tamam says.

"All these years we bought containers from an Israeli manufacturer. We got quality containers and he had a good client. Recently problems have been arising at the crossing point. Suddenly we can't get through one or two pallets: We have to bring in a whole container. Why? Because."

"We don't have anywhere to store all those containers. We



Michal Fattal

The casbah in Nablus: Israel's economy is about 27 times bigger than the Palestinian economy.

had no choice but to start buying containers from a manufacturer in Nablus. True, it isn't the same quality, but the containers are perfectly serviceable, they're cheaper and I can give work to the local market."

Tamam would have preferred to keep buying the Israeli containers, but he can't. "Israel is forcing us to buy less from it," he says.

Traditionally, Karawan bought its sesame seeds from Israel. Again, because of problems at the crossing points, Tamam realized he had to find another source; for instance, Ethiopia. So although he badly wanted to expand business with Israelis, Tamam decided he couldn't rely on the Israeli market alone.

"We're checking other markets, in the Gulf countries, where there's a lot of sympathy for Palestinian products," says Tamam.

Essentially you're saying Israel is pushing you to develop your entrepreneurial spirit: to seek new markets, to expand your basket of products.

"Yes, but we're doing it under duress. Recently my permit to enter Israel was revoked. Why? Because. My mother and father have permits, I don't. I haven't been able to visit my customers in Netanya or Tel Aviv for three months or more. Not long ago I visited Germany, traveled in a fancy cay and suddenly realized I'd just crossed the border into Austria. Here the crossings points are killing our business in Israel. We've had business ties for more than 60 years. It's our natural market. We aren't political people, we're traders."

Business is business and both sides profit."

Of course security needs to be taken care of. Tamam agrees. But people have to live, too.

True peace

Why do you have to cross? Isn't it enough for the merchandise to cross?

"Every trader knows problems arise that can only be resolved by meeting in person," Tamam explains. "I know my customers from childhood, when they bought tahini from my father. Aside from that, if I don't visit Is-

rael, how will I ever see the sea?"

That's a good question. Meanwhile, the heady scent of roasting seeds and nuts can be smelled in the parking lot of Maslamani Brothers, the biggest producer of roasted seeds and nuts in the West Bank. The company, under CEO Jamal Maslamani, has 64 workers. The business turned over about NIS 43 million last year.

Maslamani Brothers consists of a production plant and several company-owned stores. It also produces its nuts and seeds for companies that sell them under their

own label. Many of these companies are Israeli.

Asked who his competition is, Maslamani names Elite Industries, today a unit of Strauss Group. "Elite and I do the same thing," he says. "We even buy our raw materials from the same Israeli suppliers. But my profit margins are small. In Israel, people want to earn more."

He has a certain advantage over Elite: He pays his workers NIS 100 or NIS 120 a day.

Maslamani is sure he could expand his sales in Israel by 30%. "My father started doing business with Israel a

week after the Six-Day War," he recalls. "The big traders never stopped working with us because trade is trade, and relations are better than people think. We work like partners. It's almost like family, and with family, one has to be reliable. We always pay on time. We didn't have problems during the intifada, either. This is more than economic peace: This is true peace between people."

Yet you don't rely on the Israeli market alone as you used to.

"Because I have no choice. I'd like to expand business with Israel, not, say, with Turkey or Arab countries. But what's killing us is transport costs. I could charge 30% less if I didn't have to work 'back to back' – send a truck to the Palestinian side of the border, unload the goods, and reload them on a different truck on the Israeli side, and that's without even talking about sacks that get torn or merchandise that gets wasted."

In the past, sending a truck laden with goods to Israel (or in the other direction) would cost NIS 1,600. Now it costs more than NIS 2,000, Maslamani laments. The process has become expensive and tortuous. The solution, he says, is security technology that would scan the whole truck, not just one container at a time. "It would be good for both parties," Maslamani says. "Everybody would win."

If things get worse, would you consider not working with Israel at all?

"No! It's a disgrace to even ask that question. We live together here and will continue living together, and doing business together. You are traders and we are traders, even though at the end of the day, one's livelihood comes from God, not from us and not from you."

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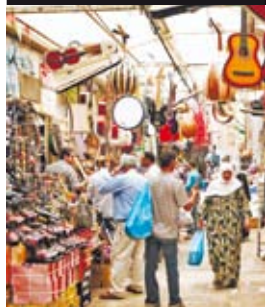


Photos: Ofer Vaknin

Rami Halawa gives lifetime guarantees on the bags he makes.



Ghadir Maslamani and wife Abud at their seed-roasting plant.



Stymied in Nablus Page 11

TheMarker

Israel's Leading Business Newspaper

Dollar 3.764 0.19%

Euro 4.943 0.16%

Tel Aviv 25 1,148.28 -1.16%

Nasdaq 2,970.45 -1.00%

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El and Al? Airline mulls splitting into two companies

By Zohar Blumenkrantz

El Al Israel Airlines is considering splitting into two companies as part of a new strategic plan – a low-cost carrier and a premium carrier.

Indeed, the airline needs efficiency measures and might face new competition due to the open-skies agree-

ment that Israel signed with the European Union.

One of the two companies would specialize in premium long-haul flights to destinations such as the United States and the Far East, while the second would compete against low-cost airlines on European routes.

The two firms would share the same management.

The long-haul company would use El Al's new wide-body planes, including Boeing 777s. The planes would be upgraded with fully reclining seats, and ticket prices would be set accordingly.

The second company would use El Al's smaller planes, including Boeing 737s. This would help it compete against low-cost air-

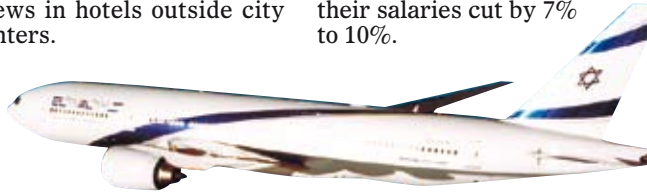
lines, which are expected to increase Israeli operations once the open-skies treaty takes effect.

"The company is working to develop a strategic plan involving its future structure," El Al said.

The company lost \$49 million last year, and management is in talks with workers over new efficiency

measures. El Al is asking workers to accept fewer free flights and to pay for meals based on their salary levels. It also wants to put up flight crews in hotels outside city centers.

In addition, the company's chairman, chief executive and board members have accepted 20% salary cuts, while managers have seen their salaries cut by 7% to 10%.



Egypt prepared to discuss new gas agreement with Israel, says Cairo

TheMarker

Egypt would be willing to negotiate a new gas supply contract with Israel, said its international cooperation minister one day after Cairo scrapped the supply agreement signed in 2005.

Any new deal would price the gas differently than the original contract, said the minister, Fayza Aboul Naga.

Also yesterday, Prime Minister Benjamin Netanyahu said Egypt's decision to cancel the gas deal was not based on diplomatic developments: It was a business dispute pure and simple. Egypt's ambassador to Israel, Yasser Rida, also stressed that the decision to cancel the deal was not a political one.

The Egyptian government company EGAS had been supplying natural gas to Israel through Eastern Mediterra-

nean Gas, in which Israeli firm Ampal owns a 12.5% stake. (See following story.) On Sunday, EGAS unilaterally terminated the agreement, after no less than 14 sabotage attacks on the pipeline since February 2011, when Hosni Mubarak's regime came to an end.

This year, Israel has received Egyptian gas on 25 days and hasn't received it on 88 days.

From February 2011, the gas supply has broken down 70% of the time – 313 days.

The agreement between EGAS, the Israeli government and EMG was signed in 2005, and Egyptian gas began to arrive in 2008. Until the Mubarak regime collapsed, Egypt supplied about 45% of Israel's gas. The rest came from fields in the Mediterranean Sea.

Barak Ravid contributed to this report.



The pipeline delivering gas to Israel and Jordan, after it was hit by saboteurs in one of the 14 blasts. This was last November.

Does Israel want a new gas deal? Maybe it doesn't

A day after EGAS dropped its bombshell, unilaterally terminating its gas supply agreement with Israel, confusion reigns, as can be said of Egypt in general after the Arab Spring revolution. Israel's reaction has been marked by supreme restraint and caution. But why did EGAS, a government company, terminate the deal anyway? Why now?

The Egyptian opposition had railed against the agreement for years. The pipeline has been blown up 14 times in the past year. There hasn't been any gas supply for two months anyway.

The official pretext is that

EMG, the company that formally imports the gas, hasn't paid for the gas that was supplied since the first pipeline explosion in February 2011; EGAS claims to be owed \$56

Bottom shekel /
Avi Bar-Eli

million, which EMG probably doesn't have the wherewithal to pay.

The contract lays down a procedure in the event of a dispute, and nonpayment shouldn't be grounds for unilateral termination. But there

are other issues. Suspicions have been raised that corruption marred the initial contract, and EMG has been suing Egypt for compensation.

Some say the war over responsibility for the initial contract between Cairo and the heads of the Egyptian gas and oil companies led the latter to seek shelter before the next election (and outcome of the arbitration with EMG). They created a crisis (severing the agreement) and thereby put the ball in the politicians' court.

That would explain the contradictory clamor from Egypt. Mohamed Shuaib, head of the Egyptian Natural Gas Holding

Company, blames Israeli contractual violations. Government sources say the military government had no part in the decision. Yet by evening, other voices said Cairo was prepared to open negotiations on a new agreement.

Over in Israel, the ministers and Benjamin Netanyahu himself said the development was a mere "business dispute," which is obtuse. The gas agreement had been backed by the bilateral treaty, was perceived as such, and has heavy implications for the Israeli economy. Israel has been so conciliatory – as after the attack on the Israeli Embassy

in Cairo last September and the incessant attacks on the pipeline – so it can assure cooperation on security issues, which is more important.

Essentially Jerusalem is complicit in burying the gas agreement for the sake of other cooperative endeavors, but some people in the energy industry and at the ministries are uncomfortable about Jerusalem's conduct. The Arab world could see Israel's tolerance of a blunt breach of an agreement as a weakness.

"If Israel doesn't kick up a fuss and rope in the Americans, and doesn't deliver a message that agreements don't

get broken, the price could be heavy," a source in the energy industry said yesterday.

If anything, with U.S. elections looming, Israel could have resolved the issue quickly with American help, said the source.

"Egypt's announcement that the contract is void is reversible, but Israel simply isn't pressing," the source added. Sector sources say Jerusalem might have come to terms with the loss of Egyptian energy and preferred not to drag out an agreement that could fire up anti-Israeli sentiment ahead of the coming Egyptian election.

Ampal: Egypt nixed gas deal because we sued Cairo

By Lior Zeno

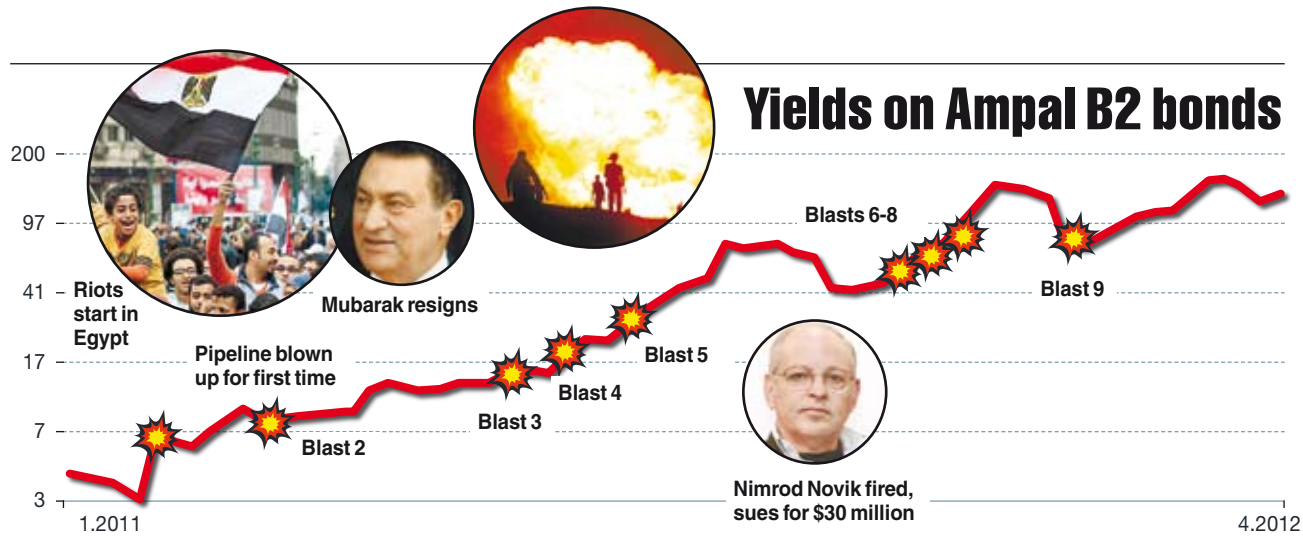
Egypt canceled the natural gas deal with Israel as a strategic move in response to Ampal American Israel Corp's lawsuits against the Cairo government, the Israeli company's finance VP said at a meeting with bondholders yesterday. Ampal's main holding is its 12.5% stake in Egyptian gas exporter EMG.

The head of the Egyptian Natural Gas Holding Company announced Sunday that it was terminating its agreement to provide natural gas to Israel due to Jerusalem's "repeated breaching of the agreement."

The announcement, however, has raised speculation that it was intended to force Israel to call off a \$8 billion lawsuit. The gas supply has been interrupted regularly since Egypt's revolution more than a year ago, and the pipeline through Sinai has been sabotaged 14 times since.

Egyptian sources said they played no role in the decision by the Egyptian Natural Gas Holding Company, also known as EGAS.

"We're looking into the meaning of the letter we received from EGAS," said VP-Finances Irit Illouz, who was representing controlling shareholder Yossi Maiman at yesterday's meeting. "We're stating very cautiously that this is a legal tactic in response to our suits against the Egyptian government, but I believe



we'll know more in the next few days," she said.

"There's no question that this raises awareness in Israel, Egypt and the United States about the problem, which is that for more than a year, nearly no gas has been exported to Israel, and Egypt's government isn't doing enough to protect the pipeline. There's no question that awareness will bring us to normalization."

Yesterday's bondholder meeting had been scheduled before EGAS' announcement; it was being held so bondholders could vote on a debt arrangement. The meeting ended without an agreement.

Ampal has seen its share price fall 90% since the beginning of 2011. Its stock plunged

another 19% yesterday.

The company's bond prices also fell, dropping 10% to 37%, pushing their returns well into junk territory of 50% to 350%. The higher the bond yield, the stronger investors' belief that the company won't pay its debts. Ampal owes bondholders NIS 900 million.

Maiman isn't the only one who has lost big on Egyptian gas – Israel's pension funds have lost NIS 290 million on their investments in the pipeline. Most of that money was in pension and provident funds owned by average citizens.

"Investing in the EMG project was essentially an investment in the peace between Israel and Egypt," said a source at one of the institutional in-

vestors. The country's institutions bought a total of 4.4% of EMG's shares from Maiman in 2007 for \$90 million.

Funds invested savers' money in the Egyptian gas project both via Ampal bonds and directly via EMG.

All told, the country's institutional investors have lost NIS 290 million on this investment.

For instance, insurance company Harel said it was writing off its entire investment in EMG. As of the end of 2011, it had said its 1.2% holding in EMG was worth NIS 54 million, meaning the company was valued at \$1.2 billion. Harel initially invested NIS 100 million. The latest announcement means Harel doesn't expect to

get any of that back.

The write-off will have little impact on the insurer's financials, Harel said. It has NIS 34 billion under management, which makes a NIS 100 million write-off minor.

In 2007, shortly before the gas exports began, the Israel Infrastructure Fund, owned by Harel (40%) and others, organized an investment in EMG based on a market cap of \$2.2 billion. The fund itself invested \$10 million, and institutional investors bought into the export company, too – Harel invested \$27 million, Menora Mivtachim \$21 million, Clal \$13 million, Psagot \$11 million and Phoenix \$8 million.

Continued on page 11

Good-bye?

Hallo's cellular launch screeches to abrupt halt

By Amitai Ziv

Only a month after it festively announced that it would offer market-breaking cellular service plans to Israeli consumers, Hallo is laying off 15 of its 100 employees and indefinitely postponing its advent into the country's cellular market.

The company, which currently offers long-distance service under the calling code 015, had planned to become a virtual cellular operator as well.

It announced in late March that it would partner with a supermarket chain to set up sales points around the country, and would also sell SIM cards online. But it turns out that the company did not actually have a hosting contract with one of the big cell phone companies. Virtual operators need to piggy back off these companies' networks.

Furthermore, it turns out that a man named David Sternberg was playing a key role in the company. Sternberg, previously known as David Strandberg, served jail time for hacking into the banking system of the postal

service, and for attempting to hack into Jerusalem Bank's computers. He was also wanted by the FBI on suspicion of credit card fraud.

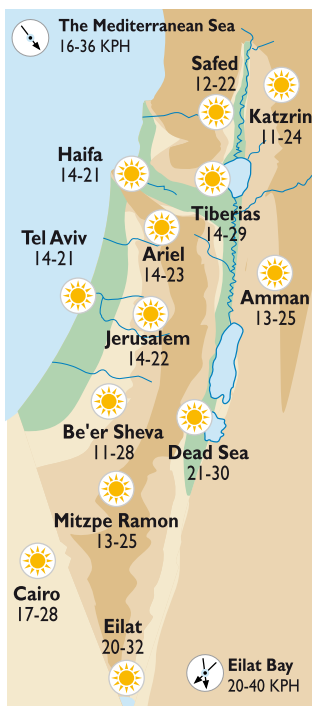
While Sternberg reportedly does not have an official role at the company, he is the son-in-law of Bruria Zvuloni, who owns 25% of the firm. Zvuloni happens to be the sister of the influential rabbi, Yaakov Ifergan, also known as the X-ray rabbi.

Sternberg's involvement could create potential regulatory issues for Hallo. Hallo had promised all the call minutes and text messages you want for NIS 99 a month, severely undercutting other market players.

Hallo is now reportedly in financial straits. Last month it failed to pay salaries, and its previous owner, Yehiel Ben Shoshan, said the company owes him millions of shekels. Should the cell phone initiative not get off the ground, Hallo will also have to return millions of shekels to SIM card distributors.

Hallo stated that it is taking efficiency measures due to its delayed cellular operations.

Weather



Wednesday Thursday Friday
Sunrise 06:01 Sunset 19:14

Air pollution index: 23.4/12
low medium high
Jerusalem Tel Aviv Haifa
Be'er Sheva Karmiel Afula Mod'in
pollution forecast for this morning: low

Staying nice

Temperatures today will be seasonal under partly cloudy to clear skies. Tonight will be cool, and tomorrow and Thursday, Independence Day, will be slightly warmer. Friday will be even warmer, staying partly cloudy to clear.