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CEGI

August 8, 2007

An Open Letter ... Congratulations, President Elect Shimon Peres



All of us, in CEGI, extend to you our best wishes for a successful and meaningful administration. We offer you our fullest support and look forward to a mutually important relationship with you as President of Israel.

It was interesting to read Shahar Ilan's article in Ha'aretz, July 16, 2007, where he described your inauguration as follows:

The Committee for Economic Growth of Israel is a nonprofit organization dedicated to expanding business relationships between the United States and Israel.

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“With horsemen, motorcyclists, shofars, an honor guard, fanfares and cries of ‘Long live,’ the president’s inauguration is a particularly colorful and traditional ceremony. Even the shouts of protesters down the hill could not dent the festive nature of the event. An thus, after a ceremony in which everything went off like clockwork (and even the crying of the president’s very young great-grandchildren was not really bothersome), Shimon Peres swore allegiance yesterday evening and took us the post of ninth president of the State of Israel.”

Good luck, Shimon.

I believe that you have the skills, the desire and the drive to be the light to all nations. You will be the builder of new relations as you accept the Ambassadors who present their credentials to you. May I suggest, as they come to meet you, that they bring with them their Economic Ministers so that you can expose them to the many business opportunities available in Israel.

Hopefully, as you build the “New Israel” that you have written about in the past, you will promote a strong, vibrant plan for the expansion of Israel’s economy which will provide meaningful jobs for the many unemployed Israelis. We offer our help in bringing about this result.

In the last meeting that I had with you in Israel, you asked for the cooperation of our group in the development of the *Peres Peace Program*. I offered our help in full ... but, the ensuing political differences between the Palestinians and the Israelis didn’t allow for *joint* economic development. *Hopefully, the changes that are taking place will enable you now to be of assistance through expanding the thrust of your peace offensive. We still stand ready to help.*

I encourage you to continue ... yes, step up the program that you and your associates have designed for “The Peres Center for Peace”.

I believe the time is right now for big thinking, big planning and big execution of plans to make Israel the “Center of the World of Innovation”.

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I have given considerable thought as to how our CEGI group and the various Israeli-related worldwide Israeli Chambers of Commerce can *now* use our strengths to help Israel make great steps forward toward the building of an ever stronger Israel ... *a new Israel*.

In your presentation, dated 1997, for the Peace Center, you wisely stated:

“When I use the term, a new Middle East, what I mean to say is a Middle East in a new world. It is not that the Middle East has itself to become new, but the world has become new and the Middle East must adapt itself to it.”

“It’s no longer a secret that *in order to become rich or strong you have to appeal to science, to technology, to information and to education*. Those are four domains that cannot be conquered by armies, but can be offered by teachers, by parents, by people.”

“Missiles are not affected by borders or fortifications. Unconventional weapons make every country vulnerable, and like science, technology, information and education they became borderless, without reference to territory, frontiers or distances. Indeed, the differences in our lives are disappearing.”

I encourage you to develop your relationship with Pedco to build a joint Israel-Palestinian economy. Let us know how we can help.

Let me suggest you are fortunate in starting your Presidency now ... in a strong Israel economy ... which should be of assistance in your plans to build a strong Israel. You have observed, as reported in *Globes*, May 10, 2007:

“An amazing thing has happened to the Israeli economy. There’s war all around us yet Israel’s economy has continued to grow by more than 5%.”

You stated:

“There are those who claim that the government contributed to Israel’s high rate of economic growth. They’re mistaken. The growth is thanks to 100,000 high-tech people. Others say that we have a brilliant government. *I say it is not the government that is brilliant, but the people*.”

You reported that technology is the key to economic prosperity:

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“Technology does not recognize boundaries or customs offices. Governments cannot prevent the flow of knowledge and capital.”

You also commented humorously on the state of labor relations in both high-tech and affluent industries such as the diamond sector. “Millionaires don’t strike and they don’t have workers committees.”

Globes also reported on April 30, 2007:

“Yarom Ariav, Ministry of Finance director general, reported, ‘The economy will stay strong despite the various political troubles.’”

Morgan Stanley predicted: “Given the lagged effects of monetary easing and the strength of the global economy, Israel’s real GDP growth will likely accelerate to around 6% this year and show no major correction in 2008. As a result, the output gap that used to be a source of disinflation will turn into an inflationary force.”

Deutsche Bank reported: “We continue to view Israel as one of the most robust economies in Europe, Middle East, and Africa region (EMEA). The growth picture is solid, the debt burden has declined, and the currency is competitive.”

The bank added, “The external picture is particularly solid with Israel the only non-oil EMEA country projected to record a current account surplus in 2007 and the trade deficit has actually narrowed in spite of the deteriorating terms of trade position. Even stripping out the large transfers balance, which mostly comprises receipts from the US, the current account remains in surplus.”

“An improved fiscal stance has meant the public debt burden has dropped from more than 100% of GDP in the mid-1990s to 86% at end 2006. Although the fiscal implications of last summer’s hostilities with Lebanon could push the debt burden up slightly this year, the general trend is downward.”

As you consider and work toward the economic development of Israel, may I suggest the following:

1. Discuss with Stef Wertheimer the development of a Marshall-type Plan for the Middle East. He has the industrial and technical background to help you move Israel’s and the Palestinian’s economy forward.

Stef has addressed the U.S. Congress as follows:

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“I am here to make a few observations and, perhaps, to expand the concept that Congressman Hyde has envisioned. He and I – and I know many others – share an interest in calming my region. I believe there is only one solution: a vigorous plan for industrial development that will be enhanced sometime in the future by a political solution to the Arab-Israeli conflict.”

“What is needed is not continuing aid, but rather the willingness of the U.S. and other OECD countries to make a limited-term investment in the future of the eastern Mediterranean. Unlike social welfare, the proposed plan will make people self-sufficient rather than continually dependent. It is a program that will offer hooks rather than fish.” (Hearing of the House Committee on International Relations: June 24, 2002)

2. Review the MEED Plan (similar to the Marshall Plan) that I have proposed to Mr. Sharon and President Bush ... (not accepted). I will be glad to submit a copy of my proposal to you.
3. Convene a worldwide meeting of all Israel-related Chambers of Commerce to present your Valley of Peace Business Expansion Program. The Directors and members of the Chambers have great strength, loyalty and a desire to build the economy of Israel. Call on them. They are waiting and will assist you in the implementation of your plan.
4. Meet Uriel Lynn, President of the Federation of the Israeli Chambers of Commerce, and ask him to set up a meeting of this type.

Globes reported (June 4, 2003):

“Leading European chambers of commerce, including those from Paris and Brussels, are interested in closer economic cooperation with Israel, Federation of the Israeli Chambers of Commerce president Uriel Lynn said yesterday. Lynn believes that the renewed interest in trade with Israel is a result of the approval of the Road Map by the Israeli cabinet, and the economic plan.”

5. We, in CEGI, will be most interested in assisting in the development of your plan “The Valley of Peace” wherein you state:

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“will extend from the shores of the Red Sea to the shores of the Sea of Galilee and will include the Arava Valley and the Jordan Valley. The heart of the plan is to save the Dead Sea, which is evaporating at the rate of 1.1 meters a year. The Jordan waters that used to flow into the Dead Sea are now used for agricultural purposes. We will bring water from the Red Sea to prevent further decreases in the water level. Desalination plants will be constructed along the canal to supply fresh water for agriculture. We also intend to create a large artificial lake that will be the nucleus of a large tourist complex.”

What about financial support for your plan? Is there sufficient financial support for programs that you may suggest?

It is interesting to note the following:

The Jerusalem Post reported on June 28, 2007:

“Break out some champagne and caviar: Israel boasted 7,200 millionaires in 2006, some 12.9 percent more than in 2005. The wealthy Israelis have an estimated net worth of \$35 billion, reported Merrill Lynch and the consulting firm Capgemini in their World Wealth Report, released on Wednesday. The report also noted that the number of Israel’s multimillionaires, or those worth more than \$30 million, grew 15% to 87.”

Keep in mind that, in a recent issue of Lifestyles Magazine, a description was provided of the careers and wealth of 342 multi-billionaires worldwide. I believe most of those individuals listed have Foundations that would look seriously upon a well-designed high-tech proposal from Israel.

IVC Online says there were 76 mergers and acquisitions totaling \$10.58 billion in 2006. This figure is higher than in previous years and amounts to a third of the figure for 2000-2005. The figure does not include Berkshire Hathaway’s (NYSE:BRK-A) acquisition of Iscar Ltd. early this year.

IVC Online reported “the largest deal this year was Hewlett Packard Co. (NYSE:HPQ) acquisition of Mercury Interactive Corp.’s for \$4.5 billion. Other major deals were SanDisk Corporation’s (Nasdaq:SNDK) acquisition of msystems for \$1.55 billion, and VeriFone Holdings Inc. (Nasdaq:PAY; TASE:PAY) acquisition of Lipman Electronics Engineering for \$793 million.”

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It is important to note that, "Foreign investments in October totaled \$696 million, of which \$225 million was invested in Israeli securities, and \$471 million was direct investment," the Bank of Israel recently reported.

"Foreign investment totaled \$17.06 billion in January-October, an all-time high. This represents a 72% increase over 2005 as a whole."

I suggest that you contact Amiram Shore, a dynamic Israeli entrepreneur. He recently wrote to me: "Personally, in addition to my business activities, I am involved in activities for promoting Peace and improving our future in the region, by taking part in two forums. These forums are headed by Israeli and Palestinian leaders of the private sectors in these two business communities. The World Bank is involved in one forum and the Swedish government and their Manufacturers Association are involved in the other one. In both forums, I am heading the Israeli team."

"The key objective of those activities is the launching of initiatives and joint business ventures by both, Israelis and Palestinians that will prove that there are ways to contribute to the development of the Palestinian economy and to Peace. Swedish multinational companies are taking part in such activities, such as: Volvo, ABB, OMX, Ericsson and others."

Turning to your election as President of Israel, I read many kudos concerning your skills and background. I particularly liked the comments of Daniel Bleiberg of Los Angeles when he said:

"The day of Shimon Peres' inauguration as President of the State of Israel was a historic day. Peres, a man who has devoted almost his entire lifetime to fulfilling the Zionist dream, has finally received the much awaited honor. He has done so much for the country, from establishing the nuclear program in Dimona, serving in the government under every Prime Minister in Israel's short history, and attempting so many times to make peace with Israel's neighbors."

"I am sure that President Peres will bring honor to the institution that has been tainted by a rape scandal which brought the Presidency to a new low in the citizens' eyes."

"He is one of the most popular politicians in the world, and he will be greeted in every capital with delight. I am confident that Mr. Peres will use his position to strive for peace and security, as well as improve Israel's image in the eyes of the international community." (*Ha'aretz*, July 17, 2007)

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Conclusion

We will be on the sidelines offering our help from CEGI to do your job as you see fit.

I was interested in the remarks of Joel Marcus (*Ha'aretz*, July 17, 2007):

“Presidents of Israel made do with signing laws, pardons, treaties, etc. In the early days of the state, the commander of the military parade on Independence Day would go up to the president sitting on the dais, salute, and ‘request’ permission to start the parade. Even that duty was taken away when one of the presidents didn’t understand the question and it took a few embarrassing moments until the parade started moving.”

“If Peres had a strategic advisor, he would tell him one thing: Don’t be a ‘ceremonial’ president. The Basic Law: President of Israel may grant him very few powers, but where does it say the president cannot express views on controversial topics? Like, what ever happened to the Arab peace initiative unveiled at Riyadh? Or why is there so much corruption in Israeli politics? There are questions he can ask, like why it is that Israel’s minorities feel they don’t belong? He can refuse to endorse appointments he believes are unworthy. He can refuse to be a rubber stamp for underhanded legislation like the bill to limit the tenure of all court presidents to seven years.”

Best wishes from all of us at CEGI.

Very truly yours,

Elmer

Elmer L. Winter
Chairman

ELW:ca/mg/bd

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P.S.: Just a personal note ... Some may argue that you will not be as effective as in the past now that you will be reaching the age of 84. I, frankly, don't buy this ... particularly since I believe I am remaining as active as I was in my 50's even though I have recently celebrated my 95th birthday and still stay at the CEGI helm each day. Age doesn't count. Energy and will-power will keep you vital.

P.P.S.: I have just read your Presidential acceptance speech. It was inspirational, exciting and forward-looking. Congratulations.

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