THE ALTERNATIVE INFORMATION CENTER

Shir Hever

The Economy of the Occupation

A Socioeconomic Bulletin

Privatization of Israel's Refineries

№ 16 * *January 2008*

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We would also like to extend our thanks and appreciation to all the solidarity groups and individual activists who are working hard around the world for a just peace in the region.

Table of Contents

Currency conversions throughout the text were done using the conversion rates closest to the dates mentioned. For clarity's sake, all figures are in US dollars.

This paper was forwarded to the main companies mentioned and the Government Companies Authority for comment. By February 13th, 2008 Paz Group was the only company from which a comment was received (see p. 53).

1. Introduction

Like many other countries in the world, Israel has embarked on a rapid and wide-scale privatization process for over a decade. This paper will explore the consequences of transferring state owned assets to private ownership by focusing on one example—that of Israel's oil refineries. Additionally, it will trace the ways in which Israel's occupation of Palestine affects Israeli economic policy.

The current economic situation in Israel is layered. On the surface, the economy is prosperous, with improvements in the macroeconomic indicators, in per-capita GDP, low inflation and a balanced government budget. Despite appearances, however, the reality is quite bleak. Israel's welfare system has been largely dismantled and the government's responsibilities vis-à-vis its Israeli citizens and Palestinian subjects has dramatically changed in the past few decades.

Israel used to be one of the world's most developed welfare states, with substantial government investment in public services such as health, education and welfare.[1] Today, however, that welfare state only continues to exist in the illegal settlements in the West Bank, where settlers receive many forms of subsidized goods and government services.[2]

Since Israel's occupation of the Palestinian Territories in 1967, occupation has become a serious drain on the Israeli economy. More than two-thirds of the occupation's expense comes from military spending, aimed at keeping the Palestinians under control and suppressing their revolt.[3] The Israeli government spends approximately $9.3 billion every year to maintain the occupation (calculation updated for 2007).[4] US aid to Israel has dropped to about $2.2 billion annually. It can

* This figure is based on estimates presented in "*The Settlements—Economic Cost to Israel,*" the second issue in this series. The figure is based on an estimate of the subsidies to the settlements coupled with a conservative estimate of the military costs of the occupation. The figure includes the cost of the separation wall, and has been adjusted for inflation and for foregone utility.

therefore no longer cover the cost of occupation.[5]

The occupation costs about 13% of the government's total annual budget.[6] At the current rate of increase of the Israeli budget (1.7% annually) and the rate of increase in occupation costs (about 8% annually), the cost of the occupation will reach 50% of the total Israeli budget by 2030. This scenario is highly unlikely, however, as no modern economy can sustain such an expense.

How, then, does Israel plan to fund the occupation? There are three options available to the government. The first is to use expanding fiscal measures, such as printing money, going into debt or increasing taxes. These measures are currently very unpopular among mainstream economists. Israel could face serious sanctions from international trade organizations, the IMF and from foreign governments and investors if it uses such measures. Additionally, government economists have been trained in Israeli and foreign universities to reject such policies.

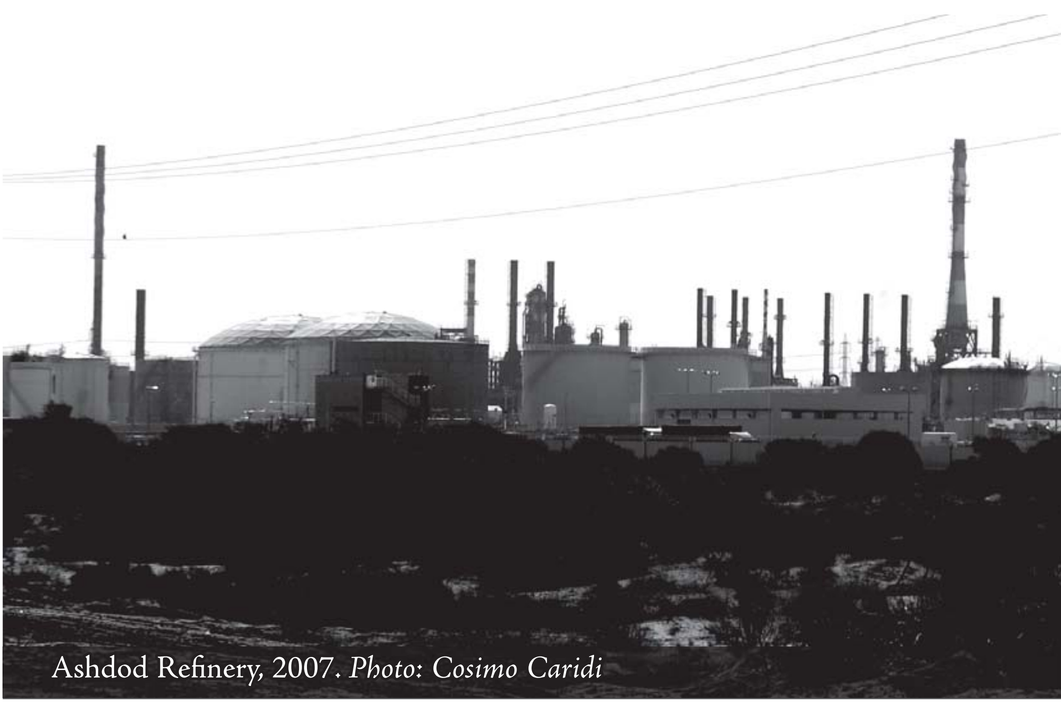
The Israeli government spends approximately $9.3 billion every year to maintain the occupation

The second option is to generate sufficient economic growth so that the government's revenues increase fast enough to cover the mounting costs of occupation. However, over the past 40 years, the Israeli economy grew at an average of 2.4% annually while the settler population grows at an astounding rate of 8% annually. Keeping these statistics in mind, it seems highly unlikely that Israel could now generate enough economic growth to cover the cost of occupation.

The third option for funding the occupation and the one currently being adopted by the Israeli government is to gradually cut government expenditures and privatize government-owned assets. The cut in government expenditures is evident in Israel's 2007 budget in which the government approved cuts of about 9%[7] to most ministries, including welfare, education and health. However, the approved defense budget is the largest in Israel's history: an indication that the trend of shifting resources from public services to the occupation is reaching a peak. As for privatization, the government sold assets worth over $1 billion in 2006.[8] By doing so, the government was able to stave off a financial crisis so that it can continue to maintain the occupation—at least for now. However, privatization isn't a sustainable solution since there are a finite number of government assets. Furthermore, the government can rarely get a fair price for its assets (as this paper will try to demonstrate).[9] When the government runs out of assets to liquidate, it will be forced to find other sources of funding to continue its military campaign against the Palestinians.

Privatization enables the government to stave off a financial crisis

This article focuses on the latter



Ashdod Refinery, 2007. *Photo: Cosimo Caridi* method of financing the occupation: privatizing government holdings. It demonstrates the ways in which privatization hurts the government, Israeli citizens as well as Palestinians. By examining a specific case of privatization—the sale of Israel's oil refineries—the article will demonstrate that when Israel relinquishes its assets to private companies—it loses money and power—thus jeopardizing its ability to administer basic human services such as energy, food, health care, etc...

Businesses which have purchased government assets (thus providing money to Israel) or which have provided services to the occupation industry bear some responsibility for the occupation. As the privatization of government assets continues, more of Israel's economy becomes private—thereby increasing the economic power and political clout of private businesses, and ultimately their responsibility for crimes committed by Israeli forces.

2. History of the Refineries

The history of oil refineries in Israel began in Haifa in 1938, when the British government founded Oil Refineries LTD (ORL). The company served the interests of the British Empire. In 1958, ten years after Israel gained independence, it purchased the refineries from the British.[10] Then, in 1973 ORL decided to expand and open additional refineries in Ashdod.[11] Unable to cover the full cost of expansion, the government invited private parties to invest in the refineries. An investor named Saul Eisenberg took the offer, buying 26% of the refinery's stocks through his company, Israel Corp. Israel Corp's investment proved lucrative because oil prices jumped in 1973 with the international oil crisis. Businessmen and brothers, Yehuda and Sami Ofer (hereafter referred to as the Ofer Brothers) bought out Israel Corp years later—thus giving them ownership of 26% of ORL.[12]

Despite the private funding sources that helped ORL expand in 1973, it remained a government owned operation. The Israeli agency known as Movement for Quality Government interpreted ORL's charter which was valid only until 2003 to mean that after 2003 the refineries would no longer have a license to work and the government could then nationalize them.[13] Instead, however, Israel chose to privatize.

The process of privatizing the refineries was complicated. Before Israel could sell off ORL, it decided to take two steps. Firstly, it decided to buy back 26% of the shares held by Israel Corp.[14] That way, the government theorized, when it did sell ORL it would be selling the company in its entirety—thereby maximizing profit. Secondly, before ORL was sold, a committee of Israeli ministers decided that it was important to split the company in half—creating one company that would own and operate the Haifa refineries and a second company that would own and operate the Ashdod refineries.[15] In doing so they argued, it would promote competition between the two refining centers.[16]

Both of these steps were ultimately taken. Israel Corp's shares in ORL were bought back by the Israeli government and the Ashdod and Haifa refineries were split into two separate companies. But until today questions remain about whether these processes made economic sense.

The government could nationalize the refineries in 2003 but instead chose to privatize

In terms of the decision to split the Haifa and Ashdod refineries, not everyone agreed that it was in the best interest of the public. For example, Binyamin Ben-Eliezer then Minister of National Infrastructures said that splitting and privatizing the refineries would not promote competition—but would rather convert them from a government monopoly into a private duopoly bent only on maximizing profits.[17]

Additionally, the decision to purchase Israel Corp's 26% share of ORL was in and of itself controversial. Based upon the wording of the charter agreement, the Movement for Quality Government in Israel believed that Israel could have simply claimed Israel Corps 26% share of the ORL stock for free in 2003 due to the fact that the charter expired that year. Instead however, in 2002, without even making a case for itself —the Israeli government decided to pay Israel Corp for its ORL shares.

Israel Corp and the Israeli government ultimately agreed that Israel would pay $120 million to Israel Corp for its ORL stocks, but lengthy negotiations over the sale were drawn out between 2002 and 2005. Throughout that time and in the years following, several charges of corruption and misconduct were leveled at the Ofer Brothers and those on their payroll. In one instance, the Ofer Brother's company Israel Corp offered Israel's Treasury Accountant General Nir Gilad, a job as its deputy CEO. Gilad, who had been advising the Israeli government on the purchase of Israel Corp's ORL shares, accepted and eventually in June 2007 became CEO. The Movement for Quality Government in Israel appealed to the High Court against the nomination, claiming that the job was payment for Gilad's assistance to Israel Corp from inside the Treasury, and demanded that an investigation be launched to determine whether Gilad's nomination was a bribe.[18]

Government officials leveled other accusations at the Ofer Brothers. Government sources were quoted in Israeli economics magazine *Globes*, accusing the Ofer Brothers of breaking a series of agreements with the government. Specifically, the sources said that the Ofer Brothers shirked their responsibility to construct a power plant in Ramat Hovav and in the Rotem Plane.[19]

Several charges of corruption and misconduct were leveled at the Ofer Brothers and those on their payroll

The primary reason for the protracted negotiations between Israel Corp and the government was a dispute over the value of ORL. There were several different estimates for the value of ORL ranging from $500 million to $6 billion. It became apparent the exact value of the refineries was indeterminable.[20]

The first of many agreements between Israel Corp and the Israeli government transpired in 2002, when the two parties signed an agreement, in which Israel committed to buying out Israel Corp's ORL holdings. The agreement was amended later that year. Then again the terms of the sale were under dispute in 2005 and a new agreement between the government and Israel Corp was formulated in July. But before signing, Israel Corp reneged when its chairman Idan Ofer, the son of Sami Ofer, realized that the market value of the stocks was higher than the sum the government had agreed to pay him (see p. 11). Then, in September 2005, Ofer told the Israeli economics magazine *TheMarker* that Israel Corp would refuse to sell altogether. The Ofer Brothers thus demonstrated their confidence that the Israeli government was not about to confiscate Israel Corp's shares in ORL. Ofer estimated the total value of the refineries (including Ashdod and Haifa) to be $3 billion. Based on his estimate, Ofer claimed that the 26% Israel Corp owned was worth $800 million—not $120 million as Israel Corp and the government had already agreed.[21]

At about the same time that Israel Corp was in negotiations with the Israeli government, the Turkish government was also privatizing its oil refineries, TUPRAS. The Ofer Brothers bought 14.76% of TUPRAS for $446 million. TUPRAS was then sold to Kok Holdings[22] (a Turkish holding company) and to the British-Dutch Royal Dutch oil company, and its value skyrocketed. Thus, the value of the Ofer Brothers' holdings increased by 156%, to $1.14 billion. Based on the TUPRAS deal, Idan Ofer re-assessed the value of ORL.[23]

One can estimate ORL's value in 2005 by comparing it with the market value of TUPRAS, even though one can never be sure that TUPRAS was accurately assessed when it was sold. Indeed, by the end of 2006, TUPRAS' stock value dropped to about $5.4 billion, indicating that the sale price was high.[24] If ORL's value was based on its oil refining capacity, then its value could be estimated to be as low as $540 million. If its value was instead based on its profits during the first half of 2005, its value could be estimated to be as high as $5.6 billion. Both these estimates are somewhat extreme, though. According to the agreement between Israel and Israel

Comparing the value of TUPRAS and ORL*

Company	Annual Refining Quantity	Net profits in the first half of 2005	Company Value Based on Sale	Value Comparison	Value Comparison
TUPRAS	180 million tons	217	8,100	8,100	8,100
ORL	12 million tons	150	1,200**	540 (based on quantity)	5,599 (based on profits)

All figures in US$ millions

* These figures are based on Cohen, Amiram, "Idan Ofer: We Will Not be Suckers, ORL is Already Worth 3 Billion Dollars," *TheMarker*, September 21st, 2005.

** Based on the government's purchase of 26% of ORL's stocks from Israel Corp.

Corp, the value of ORL was an estimated $1.2 billion.[25]

TheMarker senior journalist Meirav Arlosoroff estimated that ORL's value was between $2 and $4 billion.[26] A similar estimate was published in *Globes in 2005*.[27] Then in 2007, after ORL was privatized, *Globes* reported that hired appraisers assessed the value of the Haifa refineries at $1.3-1.8 billion. Thus the assessed value of all the ORL refineries (Haifa and Ashdod combined) was approximately $1.95-2.7 billion.[28]

Israel Corp and the Israeli government eventually agreed that Israel would pay Israel Corp $120 million for its ORL stocks.*[29] The two parties also agreed that Israel Corp would retain the option to sue the government after privatization if it believed that it was not adequately compensated. If it pursued that option, however, the government retained the right to counter sue and demand that Israel Corp repay the government the entire sum.[30] The Movement for Quality Government in Israel appealed to the High Court of Justice—claiming that the agreement was absurd and that rather than paying Israel Corp for its ORL stocks the government should pursue its right to reclaim the ORL stocks for free.

Estimates of the value of the refineries vary widely

While the High Court rejected the appeal in December 2005,[31] various judges said that they made the decision reluctantly and that the government's decision to purchase Israel Corp's stocks "undermines the public moral values," and that it "bugs the mind that the government gives away assets which it could have reclaimed for free." The judges admitted that their decision to reject the appeal of the Movement for Quality Government stemmed from their fear that any other ruling would have caused severe delays in the pro-

* In addition to paying $120 million, Israel also agreed to pay inflation and 6% interest, but not dividends, which were already paid by Israel Corp. The total sum paid to Israel Corp was $131 million.

cess of splitting and privatizing the refineries.[32]

During the years prior to ORL's privatization, the refineries underwent a process of deregulation by the government—mainly of price control (see p. 16). The deregulation measures expanded the range of activities permissible by the company, thus making it more powerful and appealing to purchasers.[33]

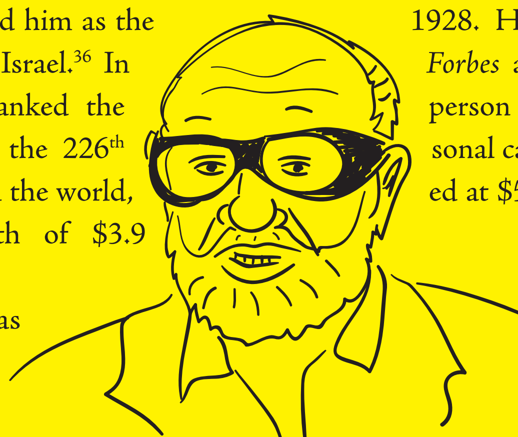
The court reluctantly approved the deal, saying that it "undermines public moral values"

Meanwhile, *Globes* reported that in Turkey, where refineries had also recently been privatized, Turkish trade unions filed a grievance with the Turkish court against government officials involved in privatizing the TUPRAS refining company. The unions accused the officials of selling TUPRAS stocks unlawfully, without proper disclosure, without a tender and for a small sum. The Turkish court found the issuing of TUPRAS stocks problematic, and agreed that the price was too low and that due disclosure was missing. The Turkish trade unions argued that Sami Ofer made a profit of $770 million on TUPRAS, though it is unclear if Ofer's profit was indeed that high, as the profit reported in *Globes* was only $90 million. According to the report, Sami Ofer may face charges in Turkey as a result of the stock issue, though his spokesperson has said that no laws were violated. In light of these legal proceedings, one may be inclined to cast doubt on the Ofer Brothers' adherence to legal procedures, doubts which could also be relevant to the privatization of the Israeli refineries. Furthermore, it is important to remember that Sami Ofer not only made a hefty profit from the Turkish deal, but also gained leverage in his negotiations with the Israeli government over his ORL holdings, because of the high price the Ofer Brothers received for TUPRAS, which they used as a bargaining chip when negotiating the value of ORL (For more information about Sami Ofer, see the sidebar on p. 14).[34]

The Ofer Brothers

In 2006, *Forbes* magazine ranked Sami Ofer as the 4th richest person in Israel. His personal capital was estimated at $3.7 billion.[35] However, a more recent estimate from July 2007 (after he purchased the Haifa refineries) placed him as the richest man in Israel.[36] In 2007, *Forbes* ranked the Ofer family as the 226th richest family in the world, with net worth of $3.9 billion.[37]

Sami Ofer was born in Romania in 1922. He is well-known for guarding his privacy religiously. His business empire includes Israel Corp and its subsidiaries (including Israel Chemicals, Zim and Tower Semiconductor), as well as a significant stake in Royal Caribbean, Zdiac Maritime Agencies, and South Korea's Hanjin Shipping. He is an art collector with a large Marc Chagall collection.[38]



Sami Ofer

Sami Ofer's son, Idan, is the chairman of the board of directors of Israel Corp[39] and a former board member of Israel Chemicals Ltd.[40]

Yehuda (Yuli) Ofer, Sami Ofer's brother, was born in Israel in 1928. He was ranked by *Forbes* as the 27th richest person in Israel. His personal capital was estimated at $550 million.[41]

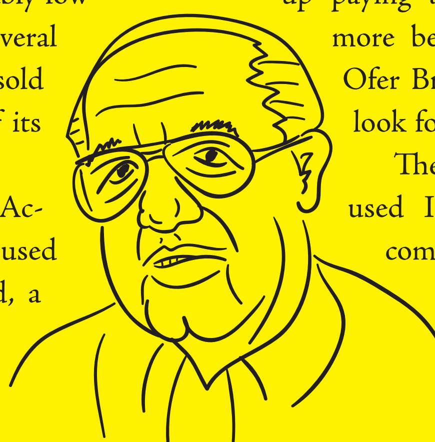
Yuli Ofer's businesses include a real estate company, Melisron LTD, of which he is a board member[42] and the Mizrahi-Tfachot Bank.[43]

Itai Rom of *Globes* claims that the Ofer Brothers produced a big part of their fortune by making deals with the Israeli government. Their businesses are controversial in both Israel and Turkey, and their apparent ability to repeatedly make alarmingly profitable deals with government officials has been criticized.[44]

In 2004, the Ofer Brothers bought the Zim shipping company from the Israeli government, a move that enabled them to expand their shipping business significantly.[45] In retrospect, many analysts agree that the government made a mistake by selling Zim at an unreasonably low price. Based upon several estimates, Zim was sold for only a fraction of its worth.[46]

Israel's Treasury Accountant General accused Israel Chemicals Ltd, a company owned by the Ofer Brothers, of hiding its income to avoid paying the proceeds it owes the Israeli government from its mining operations at the Dead Sea.[47]

Moreover, the State Comptroller's 2006 report cited irregularities when it investigated a deal that the Ofer Brothers made with an agricultural export company called Agrexco. Despite the fact that Agrexco had an ongoing relationship with a German corporation, whom it had hired to ship its goods, Agrexco suddenly made an offer to a shipping company owned by the Ofer Brothers to ship the goods instead. Agrexco made the offer without even investigating alternative shippers. The State Comptroller estimated that Agrexco ended up paying about $9.1 million more because it chose the Ofer Brothers and did not look for an alternative.[48]



Yuli Ofer

The Ofer Brothers have used Israel Corp to become international capitalists and gradually increase the proportion of their overseas holdings. Shortly after purchasing the Haifa refineries, Israel Corp bought power plants in Latin America. It's possible that Israel Corp purchased these plants in order to ensure a foothold for itself in companies that have a high demand for refined oil. Thus Israel Corp added a vertical element to its business empire.[49]

3. Privatization of the Refineries

This chapter examines the lead-up to ORL's sale and the circumstances of the sale itself. It then demonstrates how the sale advanced corporate interests while disregarding the public's interest.

After Israel bought back Israel Corp's shares of ORL and split the refineries into two separate companies, it quickly sought to privatize the refineries. Eyal Gabai, manager of the Government Companies Authority and the senior official overseeing the split and privatization of the refineries, said that the goal was to complete the privatization before Israel's March 2006 elections.[50]

Security Concerns Reduce the Number of Bidders

Israel's Ministry of Defense closely monitored ORL's privatization—interfering in the process in order to ensure Israel's "security interests." Specifically, the ministry screened possible investors, even though restricting competition could have potentially lowered ORL's sale price.[51] For example, the Russian company Rosneft was disqualified from placing a bid on the refineries.[52] As it became evident that a stringent screening process was being used for investors wanting to buy the Ashdod refineries, foreign investors were deterred from making offers later when the Haifa refineries were sold, Gabai said.[53]

Deregulation Used to Increase ORL's Value

During the period immediately prior to privatization, the Israeli government promised to deregulate many aspects of the refineries in order to increase their sale value.[54] Over a period of several months the government deregulated the price of fuels produced by the refineries as well as the price of cooking gas.[55] In addition, the government allowed ORL to sell fuels directly to customers, without intermediaries—another form of deregulation. Previously, such actions were not allowed because ORL was a state run entity and officially considered a monopoly. But because the company was in the process of being privatized and split into two companies, it was no longer considered a monopoly, and therefore regulations were relaxed (Whether the privately owned refineries have in fact ceased to be a monopoly is a controversial issue that will be discussed later).

A widespread deregulation plan was implemented in order to increase the value of ORL

Profits Plummet Before the Sale

Despite the new deregulation measures, ORL profits began to decline. ORL's 2006 profits were $229 million lower than its 2005 profits.*[56] The decline was attributed in part to the 2006 war between Israel and Lebanon, in which production came to a halt for about a month.[57] In addition, an increase in oil prices and the decrease of refining margins were blamed. But one must ask whether ORL's management really tried to increase the profits. ORL management knew that lower profits would help purchasers pay less for the refineries. It was also conceivable that after privatization, ORL's new owners would financially reward them for a job well done. It is plausible therefore that management had an incentive to mismanage the company prior to privatization.

One must also wonder whether it was mere coincidence that during the pre-privatization period, there was a sharp increase in the salaries of the chairman and the CEO—each of whom received $358,000 in 2005, and enjoyed a 10% salary increase in 2006.[58] Equally alarming are the special "privatization bonuses"—collectively worth $380,000—which company management was awarded after privatization by ORL Haifa's board of directors. (These bonuses were paid from the company coffers, and thus effectively by the government). Among those who received a bonus was Ohad Marani, who served as ORL's director

* This figure does not include ORL's income from the sale of the Ashdod refineries.

prior to privatization. After ORL was privatized, Marani said in a press interview that his goal upon being hired as ORL director was to get the company into private hands in less than three years. He succeeded.[59] One must wonder whether Marani's rush to privatize came at the expense of finding the best possible price for ORL.

Prior to sale, ORL profits dropped and salaries increased, resulting in lower bids

Sale of the Ashdod Refineries

In September 2006 the Ashdod refineries were sold during seven hours of bidding. They were sold to the Paz Group, controlled by Zadik Bino, for \$676 million.[60] Although Paz placed a \$728 million bid, it ended up paying only \$676 million because the agreed upon sums were set to correspond to oil prices, which fell after privatization. Paz won against competing bids from Delek and Dor Alon, the two other biggest gas station chains

Paz oil truck, 2007. *Photo: Cosimo Caridi* in Israel. The government expected to receive no more than $495 million. It seems likely that government appraisals underestimated the value of the refineries.[61]

After the privatization of Ashdod's refineries, its stocks dropped in value. *TheMarker* journalist Yoram Gabizon speculated that privatizing the Haifa refineries only shortly thereafter would result in lower bids.[62]

Sale of the Haifa Refineries

Eventually in February 2007, Israel sold the Haifa refineries for $1.57 billion.[63] A day before the sale, two of the major contenders for ORL's purchase—the Ofer Brothers and the Federman Group, a corporation comprised of David Federman, Yaakov Gutenstein, Alex Pesel and a company called Glencore International—joined forces and presented a combined bid. The agreement between the Ofer Brothers and the Federman Group was that the Ofer Brothers would receive 80% of the stocks that the Ofer-Federman Group purchased. Thus, the Ofer Brothers were able to achieve effective control of the company, even

The Sale Process

The process of issuing the Haifa ORL stocks was quite complicated. During the first stage, institutional Israeli investors, international banks, and hedge funds were allowed to buy 44% of the stocks, based on a minimum value of $1.04 billion, but no single investor could buy more than 4.99% of the stocks. These investors were told that they would have to add money to the purchase, up to 15% more, if the final price at issue was higher than the price they paid. Institutional investors ended up buying the stocks based on a value of $1.28 billion.[64] During the second stage, private investors were given the opportunity to purchase the company[65] when at least 40% of the stocks were sold to the general public, at a starting bid based on the price determined during the first stage.

though they only purchased 37% of the stocks directly. The end result was that the Ofer-Federman Group held the majority of stocks in ORL Haifa (with 46%) and the Ofer Brothers had the majority of power in the Ofer-Federman Group.[66]

In May 2007, the Federman Group's internal agreements were revised so as to enable the Ofer Brothers the option to gain direct control over ORL.[67] In retrospect, it seems that the Ofer Brothers used their partners in the Federman Group to gain sufficient leverage to take over the ORL refineries, distributing the risks and the costs among the group's members but ensuring that the Ofer Brothers retain actual control over the company. One can only speculate about the Federman Group members' reasons for helping the Ofer Brothers, but at the very least, they retained the right to sell their stocks at full value after privatization and stood to make a profit if the refineries' value was higher than the purchase price.

On the day of issue, 44% of the refineries' stocks were sold to institutional investors (such as pension funds), 10% to the general public and 46% to the Ofer-Federman Group. Because the scattered institutional investors and small investors have very little influence on company policy, the Ofer-Federman Group was able to claim to have gained control over the company.[68]

Israel Investigates An ORL Owner

Federman Group member Glencore International is one of the world's largest privately owned companies and supplies unrefined oil to ORL Haifa and ORL Ashdod. The Israel Antitrust Authority was concerned that as a partial owner of ORL Haifa, Glencore would get a seat on ORL's board of directors and would then have the power to control Israel's oil market. Specifically, with a seat on the board of directors, Glencore could become a bridge between the two refineries—potentially resulting in an unlawful cartel. In early 2007, after the sale of ORL Haifa, the Israeli Antitrust Authority launched an investigation into Glencore's involvement in the Israeli refining industry. Glencore is also under investigation in Switzerland and has recently had its mine in Bolivia nationalized by the government.[69] In November, the investigation was concluded and the Israel Antitrust Authority decided to prohibit Glencore from owning part of the controlling stocks of ORL.[70]

Corporate Interests Versus Public Interests?

The sale of the Haifa refineries can be seen as a stark example of the power that corporations wield—when they work together to accrue more capital—at the public's expense.

Many analysts suggest that as a result of several circumstances, the government did not receive the best possible price for the Haifa refineries. Firstly, in 2006, the year before the refineries were sold, profits dropped by 40% but salaries of the CEOs and chairpersons increased, thus creating the false appearance that the company was less profitable. Secondly, Israel Corp's main competitor in ORL's purchase—Africa Israel Investments owned by Israeli businessman Lev Leviev—dropped out of the tender at the last moment.[71] This allowed the Ofer-Federman Group to win the refineries while paying approximately $200 million less than what they would have had to pay otherwise, according to the estimate of Golan Fridenfeld of *Globes*.[72]

The Israeli Securities Authority presented an official query to Africa Israel Investments to determine why they withdrew from the issue at the last minute. The response was composed of several reasons: a.) Fear that the refinery purchase would dilute their assets, b.) Doubt that winning the issue would also mean winning full control of the refineries and c.) The high price. However, all of these reasons were known to Africa Israel well before it entered the issue process.[73] In fact, Idan Ofer said he was surprised by Leviev's last-minute withdrawal.[74] One cannot help but wonder whether there was some kind

Israel Corp's main competitor dropped out of the tender at the last moment of agreement between the contenders for the refineries at the expense of the Israeli public. Such an agreement would be illegal, as it would undermine the purpose of the tender to foster competition in order to increase the price of the refineries. Another possible interpretation is that Leviev simply wanted to stretch the Ofer Brothers thin by enticing them to pay more.[75] Either way, Leviev's withdrawal indicates that he didn't want to win the tender and end up owning the refineries.

Other dubious business transactions in which corporate interests superseded the public's interest transpired as a result of the Haifa refineries being privatized. Specifically in August 2007 after ORL was privatized, the Israel Antitrust Authority approved the merger of Delek (a large Israeli petrol company) and Pi Gliloth (a pipeline and terminal company). Delek bought Pi Gliloth for $198.7 million.[76] The merger was widely seen as a move by Delek to protect itself from ORL's monopoly, but the result was further concentration in the Israeli capital distribution and the creation of yet another giant company. ORL began an appeal process against the merger, but withdrew its appeal in November 2007.[77]

After the Sale of ORL Haifa

After ORL Haifa was privatized, its stock value dropped by about 10%. The drop is likely due to the fact that there was no longer doubt as to who were the new owners of ORL and speculators were no longer interested in participating in the bid for control.[78] Shortly after ORL's sale, the Ofer-Federman Group paid $53 million to buy more stocks, thus reaching ownership of 50.25% of the shares and obtaining control over the company.[79]

After ORL's privatization, it became apparent that as the owners of Israel Corp, the Ofer Brothers paid more money for the stocks when buying the company than they received when selling the stocks to the state a few months earlier. Israel Corp retained the option to sue the state in court and retroactively demand more money for the stocks it sold to the government. Why didn't it use that option? Perhaps the reason is that going to court would have meant that the government might demand a return of the $120 million that it paid Israel Corp for the stocks. Now that the High Court no longer had to worry about sabotaging the privatization process, it probably would not have had any qualms about forcing Israel Corp to return the cash.

The Ofer Brothers did not become rich by allowing such large sums of money to slip between their fingers. It seems that if they believed that the ORL stocks truly belonged to them by law, they had every reason to go to court and demand more money for them. However, since they didn't do so, one may deduce that they assessed a significant risk in losing the case and feared that they would be forced to return the payment altogether.[80]

Lev Leviev

Born in 1956 in the former Soviet Union,[81] Lev Leviev was ranked by *Forbes* in 2006 as the 5th richest person in Israel. Leviev's assets were estimated to be $3.6 billion at the time.

Leviev's business empire focuses on diamonds and real estate. He owns LLD, the company that polishes and cuts the most diamonds in the world. He co-owns many jewelry stores. Leviev also controls Africa Israel Investments, one of the largest holding companies in Israel with real estate assets throughout the world.[82]

At the end of December 2007, Leviev announced that he decided to leave Israel (though his businesses here will not be dismantled). Several commentators suggested that Leviev's move was intended to lower his taxes.[83]

By 2007, Leviev surpassed even the Ofer Brothers in his wealth. *Forbes* ranked him as the 210th richest billionaire in the world, with an estimated worth of $4.1 billion.[84]

4. Estimating the Value of the Refineries

Israel was proud of the $2.34 billion it received for the Ashdod and Haifa refineries,[85] but one question still looms: Did the government make a good deal by selling the refineries? After all, the estimated values of ORL (see chart on p. 11) are higher then the purchase prices. And according to Dun & Bradstreet, ORL is the second-leading industrial company in Israel, with sales in 2006 of $6.39 billion.[86]

In order to gain insight on the true value of the refineries it's important to examine three factors in the company's performance in the post-privatization period: a.) its stock value b.) its profit margins and c.) its refining margins.

After the privatization, ORL stocks prices increased at an annual rate of 86%

One can see a clear shift in ORL Hiafa's stock value in the post-privatization period. While in February 2007, ORL's stock value was $0.598 per stock,[87] by May 2007 it rose to $0.713 per stock.*[88] Such a price jump is comparable to an annual increase of 100%. Then, in November 2007, as stock prices continued to climb—nearing their price at the time of sale—analyst Amihai Bombach enthusiastically recommended purchasing the stock—thus indicating his belief that the government sold the refineries under value.[89] By January 2nd, 2008, the stock price soared to $1.003 per stock,[90]which translates to an annual increase of over 86%.

In addition to the increase in ORL Haifa's stock value, the post-privatization period also saw an increase in the company's profits. Despite the fact that the refineries' income dropped by 4.7% in the first quarter of 2007 (mostly as a result of the weakened US dollar), net profits nevertheless increased by 6%. In other words, as soon as the privatization was complete, the company was somehow able to increase profits despite a decline

* This was the stock price on May 16th, 2007.

Ashdod refinery, 2007. *Photo: Cosimo Caridi* in income. This seeming increase in efficiency so quickly after the privatization is suspicious, and may indicate that in the period prior to privatization, accounting methods were used to hide the true earning ability of the company in order to make it cheaper for buyers.[91]

ORL claimed that the reason for the profit increase was an increase in the refining margins. In other words, when oil consumption rises and there are not enough refineries to refine it all, the bargaining power of the refineries increase and thus the refining margins increase, and bring about an increase in profits.[92]

Reports at ORL Ashdod were less impressive compared to Haifa. There was a drop in performance from the first quarter of 2006 to the first quarter of 2007. But Paz, the new controlling company, demonstrated a steep increase in profits in the first quarter of 2007 compared to 2006. Published reports attributed the profit increase to the fact that Paz adopted a vertical strategy of owning as much of the production process as possible—from the refineries to the gas stations.[93]

Following the privatization of Haifa's refineries in 2007, its new owners began massive investments of about $95 million aimed at improving the refineries. In November of that year, investment plans increased to $1.1 billion.[94] The rapid investments indicate that the owners believed in the profit potential of the refineries—thus raising an important question: Why didn't the Israeli government make these same investments earlier, when it owned the refineries—thereby increasing profits and value?[95]

In addition to looking at stock values and company profits, there is a third indicator that can help determine whether the price paid for the refineries was appropriate: the future of ORL's refining margins. If in the years ahead margins fall to the rates common during the 1990s, the refineries' profits may deteriorate up to the point where the refineries may lose money. However, if tensions in the Middle East continue to escalate (if, for instance, the proposed sanctions against Iran pass), refining margins could rise sharply and lead to very high profits at the refineries.[96] This inextricable link between the political situation and the profits of oil companies (including refineries) is examined at length by Professors of Political Economy Jonathan Nitzan and Shimshon Bichler in their articles discussing the political economy of Israel.[97]

The government forfeited the power that comes with owning the country's only refineries

According to mainstream economic theory, a company's value is based entirely on its profit potential. However, this approach doesn't factor in the nonmonetary value of owning capital. Specifically, when one owns a company, one has the power to affect other companies and the market as a whole. Capital owners can use their company to ensure preferred treatment to other companies that they own, and thus create a conglomerate. Large companies are able to influence government policies. And even larger international companies can become key players in the world economic and political sphere. Therefore, we must not only consider the potential profits of the refineries, but the power that they confer upon their owners. Certainly control over such a central product as petrol grants the refineries strong leverage in the Israeli economy.

The Ashdod and Haifa refineries are a duopoly in Israel—and whoever controls them has access to their products, as well as the ability to keep those products from certain buyers. Therefore, ORL's profits were not the only reason to purchase the company. Controlling a company carries with it certain "private benefits" to the owners, benefits that are not shared by smaller shareholders and the public.

A study conducted by Dr. Ronen Barak and Prof. Beni Lauterbach of Bar-Ilan University demonstrated that investors tend to pay about 50% above market price when buying the controlling core of an Israeli company. They found that 30% of a company's value is the actual ownership premium,* com-

* Ownership premium is the added value investors are willing to pay to ensure their control over the company, above the actual cost of the majority of stocks. Large deals signed to take over a company often pay above the market price of the stocks. The added sum is the ownership premium. A high premium indicates that the company can generate benefits beyond the profits that it generates.

Palestinian fuel trucks waiting for Israeli trucks to sell them fuel, 2007.

Photo: Sergio Yahni


1203
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pared to 4% in the US and under 10% in Europe. The discrepancy between the ownership premium in Israel versus Europe and the US demonstrates that Israeli capitalists find it easier to use the companies they own to manipulate the economy and local decision-makers, and thus see an investment in a company as more than a straightforward economic investment for the sake of future profit. Israeli capitalists are uniquely situated to make widespread use of their power.[98] Israel's dependence on oil further strengthens the refineries' influence on the Israeli economy. Israel imported $7.46 billion in energy materials (mostly crude oil) in 2006, a 10.2% increase from 2005. Energy materials, therefore, represent nearly 16% of Israeli imports.[99]

By selling ORL, the government forfeited the power that comes with owning the country's only refineries. Considering the importance of such power, it is doubtful that the government truly obtained a fair price.

Palestinian petrol station, 2007. *Photo: Federica Battistelli*

5. Implications for the Israeli Public

Looking back at 2006, before ORL was privatized, Eyal Gabai, the CEO of the Government Companies Authority, told *Globes* that the Haifa and Ashdod refineries would be split and sold separately in order to promote competition.[100] Gabai said that breaking the refineries' monopoly was even more important than the income to the government.[101] But was the monopoly truly broken?

It became apparent that the government had failed in its attempt to create competition

ORL, with its powerful refining ability and its holdings in petrochemical companies, gives the Ofer Brothers the ability to create a powerful conglomerate in the oil industry—controlling both the refining of oil as well the production of oil-based products such as plastics, food additives, base oils and wax.[102]

Splitting the Ashdod and Haifa refineries was intended to foster competition in the refining industry. However, after the privatization was complete it became apparent that the government had failed in its attempt to create competition.[103] Paz, which took over the Ashdod refineries, is a massive consumer of petrol since it became the sole provider of oil and its byproducts to the Palestinian Authority, in addition to controlling a vast chain of petrol stations in Israel. ORL Ashdod refines enough fuel to supply its own Paz gas stations and can provide for the Palestinian Authority, but only a small surplus remains to be sold.*[104] According to the *TheMarker*, Paz also refuses to reveal the refining margins of the Ashdod refineries.[105]

Other petrol retailers, therefore, are forced to buy their petrol from Haifa. If a petrol retailer wanted to import petrol in order to avoid buying from the Haifa refineries, it would be quite difficult as Israel's ports are

* Paz consumes between 85%-95% of the Ashdod refineries output.

ill equipped to accommodate massive imports of petrochemical goods, a fact that makes the Israeli industry more dependent on local refining.[106]

The Haifa refineries have thus become the dominant monopoly for refined goods, as they face very little competition from the Ashdod refineries.*[107]

Deregulation and monopolistic power allowed ORL to raise prices

A powerful indication of the monopolistic power of the refineries came only six months after privatization, when the Haifa refineries began to raise their trade prices by 1%-3%, thus raising local prices above international prices for the first time. Prior to privatization, officials suggested that the prospect of imported fuels would prevent a privately owned ORL from raising prices. However, the difficulties of importing large quantities of fuels made it possible for ORL to set its own price.

Indeed, Paz raised the prices of fuels produced in Ashdod by about 2% only three days after Haifa raised its prices. Customers argued that both companies increasing prices at the same time is a sign of price-coordination, which is illegal and should be investigated by the government.[108] The overall price increase resulted in an almost immediate rise in electricity prices of about 4.4%, and was thus felt by the entire Israeli public.[109]

ORL also raised the price of cooking gas by 40% between October and December 2007, following the removal of price controls by the government, making cooking and winter heating more expensive to the general public.[110]

Increased fuel prices didn't reach customers at the gas stations immediately because the Israeli government sets the price of petrol and doesn't allow gas stations to increase it on their own. Therefore the price hike affected

* Negev Industrial Minerals appealed in March 2007 to the Israel Antitrust Authority to complain that the Haifa and Ashdod refineries don't compete with each other because Paz consumes almost all of what it produces at the Ashdod refineries, leaving no other option but to buy petrol from the Haifa refineries.

Sign adjacent to the Ashdod refinery, 2007. *Photo: Cosimo Caridi*

the gas companies (mainly the smaller ones) and can lead to their eventual collapse.[111] Gas station companies in Israel united in protest of the price hike and pressured the refineries to reverse their decision to raise prices.[112] In addition, these gas station companies are collectively appealing to the Israeli Antitrust Authority for the right to import petrol together in order to avoid paying ORL's high prices.[113]

In order to curb the power of the newly formed refining duopoly, the Israeli government has reduced its import fees on petrol products. Reducing import fees, however, results in reduced government revenue from tariffs. Nonetheless, the loss of revenue is small because Israeli ports have a limited capacity to import petrol products.[114]

One can further argue that the shift to foreign investments made by Dor Alon and Delek, two of Israel's biggest gas station chains, is a sign that the companies were worried that they would not be able to compete with the newly established duopoly.

Delek decided to issue its stocks on the Israeli stock exchange and use the money to purchase 750 European gas stations from Chevron. Dor Alon planned to merge with the Sonol gas station chain but was foiled by the Israel Antitrust Authority. Instead, it decided to raise about $1.5 billion on the New York Stock Exchange in order to increase its investments abroad as well. These moves indicate that the companies didn't want to rely on income from their Israeli gas stations after Paz had gained so much leverage over them.[115]

In August 2007, the Israeli Minister of National Infrastructures said that the split and privatization of the refineries was a mistake that would take its toll on the general public. He suggested that the privatization created a duopoly.[116] Furthermore, Zadik Bino, the owner of Paz and the man who purchased the Ashdod refineries, said that the government shouldn't have privatized such a valuable national asset.[117]

Apart from the creation of a duopoly, ORL's privatization has had other damaging effects on the Israeli market—including an increase in environmental hazards and a plethora of shady dealings by government agencies. Specifically, the State Comptroller published a list of misconduct by the Government Companies Authority, which allowed a multitude of political appointments to government companies at the expense of merit-based appointments.[118]

Environmental issues are also important to consider in light of the privatization. ORL is already facing multiple lawsuits, and analysts predict that in 2008 ORL will have to begin allocating funds for compensations.[119] The Haifa District Municipal Association for the Environment demanded that stricter environmental regulations be placed on the refineries. The organization found that the refineries exude between three and four times more pollution than Belgian and Dutch refineries. Cancer rates in Haifa are 20% higher than the Israeli average. There are 500 more cancer patients every year as a result of pollution in the area, mostly attributed to the refineries.[120] The Life and Environment organization conducted a study that demonstrated that health costs resulting from the refineries' pollution is estimated to be about $34.16 million annually.[121]

Air pollution in Haifa accounts for 500 cancer cases annually

The Ofer Brothers also own Israel Chemicals Ltd, a company that has frequently been accused of damaging the Israeli environment and putting human health at risk. Environmental activists have publicly expressed concern that the Ofer Brothers may continue to disregard environmental concerns and that the detrimental health effects of Haifa's refineries on the city's residents will worsen.[122]

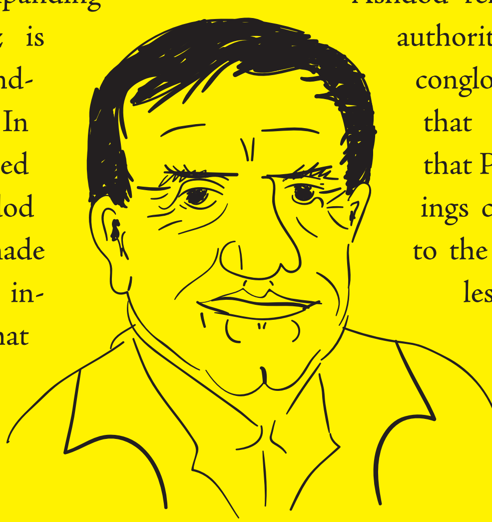
Adam Teva V'Din, a prominent organization for environmental justice in Israel, gave ORL Haifa a low environmental safety score of 41% because of the company's unwillingness to take responsibility for the environmental damage it has caused.[123] While Adam Teva V'Din has argued that ORL Haifa should invest $150 million to reduce its pollution,[124] the company recently invested a fraction of that—$44.55 million—at the behest of the Ministry of Environmental Protection.[125]

Signs near the Ashdod refinery read: "Guarding the environment," and "For clean air," 2007. *Photo: Cosimo Caridi*

Zadik Bino

Born in Iraq in 1943, Zadik Bino, was ranked by *Forbes* as the 24th richest person in Israel in 2006, at which point his personal capital was estimated to be $600 million.[126]

Being the majority owner of the Paz Company, Bino uses Paz as his main tool for expanding his wealth. Paz is a rapidly expanding corporation. In 2006, it purchased the ORL Ashdod refineries and made other enormous investments. That year, Paz demonstrated a rapid increase in stock value and had a net profit of $41.8 million from the refineries and $22.8 million from other investments.[127]



Paz has adopted a vertical strategy of owning as much of the production process as possible—from the refineries to the gas stations. Paz has recently created a chain of gas station comfort stores called "Yellow" to bolster its profits, and has also made moves to expand its investments abroad.[128]

During the first quarter of 2007, in response to Paz's purchase of the Ashdod refineries, the Israeli authorities declared Paz a conglomerate, meaning that Israel recognizes that Paz's extensive holdings could pose a threat to the Israeli market unless Israeli regulatory institutions apply special restrictions to it.[129]

Bino has a majority stake in F.I.B.I Holdings Company, which controls the First International Bank. He also owns Bank Otsar Ha-Hayal, and has stakes in Reshet (a licensee for Israel's Channel 2), Kesher Barel (an ad agency) and real estate in Tel-Aviv, London and India.[130]

6. Implications for the Palestinians

The far-reaching repercussions of ORL's privatization on the Palestinian economy are beyond the scope of this article, and will be explored in a future issue of this series. However, as the Palestinian economy is severely dependent on the Israeli one, this discussion cannot be complete without at least a brief mention of how ORL's privatization affects the Palestinian economy.

The Paris Accords and Israeli policies have made it extremely difficult for Palestinians to import goods from anywhere but Israel. Currently, 74.7% percent of imports to the OPT come from Israel.[131] Palestinians must pay customs when importing. In addition, security regulations force Palestinians to pay exorbitant storage and transportation fees.[132]

Since Israel continues to exercise effective sovereignty over the Palestinian territories and controls all imports to the West Bank and Gaza, Israel is responsible for the Palestinian standard of living. Israel bears the legal responsibility for any energy crisis that may plague the Palestinian economy due to a lack of petrol. Therefore privatization of the refineries makes it harder for Israel to ensure the steady supply of petrol to the Palestinian Territories.

Before 2006, Dor Alon, which is one of the biggest gas station networks in Israel, was the exclusive provider of petrol to the West Bank and Gaza. In 2006, however, the Palestinian Authority (PA) signed a deal with Paz—hiring it to replace Dor Alon and become the exclusive provider of petrol and petrol products to the West Bank.[133] Dor Alon continues to supply petrol to the Gaza Strip.[134]

After Paz became the sole provider of petrol to the West Bank, it purchased the Ashdod refinery and thus has established control over its main source of raw materials, as well as its biggest customer.[135] The deal with the PA increased Paz's petrol sales by 10%.[136]

The dependence of the Palestinian economy on petrol shipments from Israel is especially apparent in the

Petrol station in the West Bank, 2007. *Photo: Federica Battistelli*

Gaza Strip, where the Israeli government and Dor Alon have the power to stop petrol shipments on a whim. For example, in August 2007, power production at one of Gaza's power stations halted because of a lack of petrol. The Israeli army had stopped petrol shipments to Gaza and, according to the military, petrol shipments were further delayed because Dor Alon refused to work on a Saturday.[137] As a result, 25% of Gaza's population was left without power.*[138]

Thus, despite the fact that the refineries are now privately owned, Israel still has the power to stop petrol shipments to the Palestinians.

Currently, it would be extremely difficult for the PA to find alternate petrol suppliers to the West Bank. Any other Israeli petrol company besides Paz would be forced to purchase fuels from either Paz or from ORL Haifa in order re-sell to the West Bank. Therefore, privatization may lead to increased fuel prices in the Palestinian territories and thus, a reduction in living standards.

* The remaining population was not affected as 60% of Gaza's electricity is bought directly from Israel, and that supply was not stopped.

7. Global Context

ORL's primary suppliers bring in oil from Russia and the Caspian Sea. ORL's main customers are in Israel and the Occupied Palestinian Territories, but it has the potential (if its refining capacity increases) to also sell to Greece, Turkey and Cyprus.[139] ORL's powerful position is also important in the broader context of regional politics: Conflict in the Middle East strongly affects and is affected by oil prices; the more embedded ORL becomes in the world oil market, the more Israel's wars will effect oil prices.[140] Therefore, ORL's policies are not merely an internal Israeli matter but also a regional issue.

Regional tensions affect the price of oil and the profits of the refineries

It is important to remember that oil is the most traded commodity in the world and one cannot ignore the fact that privatization of the refineries took place at a point when oil was becoming increasingly prominent in global, political, and economic spheres. Following the US invasion and occupation of Iraq in 2003, consumption of oil remained high, undeterred by the rapidly rising prices.[141] As experts began to warn about the possibility of oil shortage, and the unsustainable level of dependency on oil in the world economy, oil prices rose even further.[142]

Higher oil prices set the conditions for oil corporations to make record profits all around the world. Capitalists became increasingly interested in lucrative national energy companies (including Israel's refineries) and thus put more pressure on governments to begin privatizing.[143]

While soaring oil prices is certainly good news for ORL, the recent trend of investing in alternative energy sources and in technologies aimed at reducing oil consumption does not bode well for the refineries. If indeed oil loses its standing as humanity's premier energy source, oil prices and refining margins would likely fall, as would the refineries' profits. Humanity's reliance on oil, however, seems unlikely to change in the near future.[144]

8. Conclusion

Mainstream economic theory argues that privately owned companies are more efficient than state owned ones.[145] Economists, therefore, tend to preach the merits of privatization to governments around the world. Indeed, the past three decades saw a worldwide surge in privatization.[146]

Companies that buy Israeli government assets must be held accountable for the effects on the population

However, other economists argue that privatization doesn't always lead to efficiency.[147] For example, studies of the US health care system demonstrated that privatization had a negative effect on efficiency.[148] Furthermore, after massive privatizations governments often end up losing valuable public assets whose revenue is needed to fund public services.[149]

But the questions that should be raised when discussing large-scale privatizations must go beyond the issues of company efficiency and government revenues. Privatization is also the transference of sovereign powers to private hands. Private companies stand ready not only to earn profits from the privatized companies, but also to control the market and affect the lives of every resident by determining prices and quantities.[150] Since the entire economy is dependent on energy consumption, the refineries hold a key position in the Israeli economy, one which can influence the Israeli economy in profound and lasting ways.

Though the privatization trend is by no means unique to Israel, it does have unique characteristics here. In the past decade Israel has adopted radical neoliberal economic policies that have transformed the market. Mass privatization is part of that trend.[151] These moves were widely supported by the US, the International Monetary Fund, and multinational corporations.[152] Privatization occurs at the expense of the Israeli public, but helps the government keep up the appearance that the economy is doing well (despite widening social gaps). Privatization signals to creditors that Israel can continue meeting its financial obligations (i.e. paying its debts) and therefore maintain a good credit rating.[153]

Maintaining a façade of financial prosperity is crucial for a country that maintains an illegal occupation over millions of Palestinians. The cost of the occupation is therefore one of the main reasons that Israel expedited the privatization of the refineries.

The privatization of the refineries is merely one example of what happens when public property is transferred to private hands, a process that has taken a forceful hold of the Israeli economy.

The growing power of private corporations in the Israeli economy requires a re-assessment of Israel's occupation of the Palestinian territories. Private capitalists have the power to affect government policy and directly affect the lives of the Palestinian population. These corporations must therefore be seen as part of the occupation mechanism.

Petrol station in the Shu'fat refugee camp (East Jerusalem), 2007.
Photo: Nancy Hawker

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Comment from Paz Group

Dear Shir,

I have read the said report in detail.

Regarding all the issues discussed in the report, you must receive answers from the Government Companies Authority that has dealt with and was responsible for the splitting and the sale of the oil refineries.

To Paz, as a buyer, there was no side or consideration in all the issues that you bring up in the report.

Regards,
Michal Ogolnik
Spokesperson and Regulation manager, Paz Group

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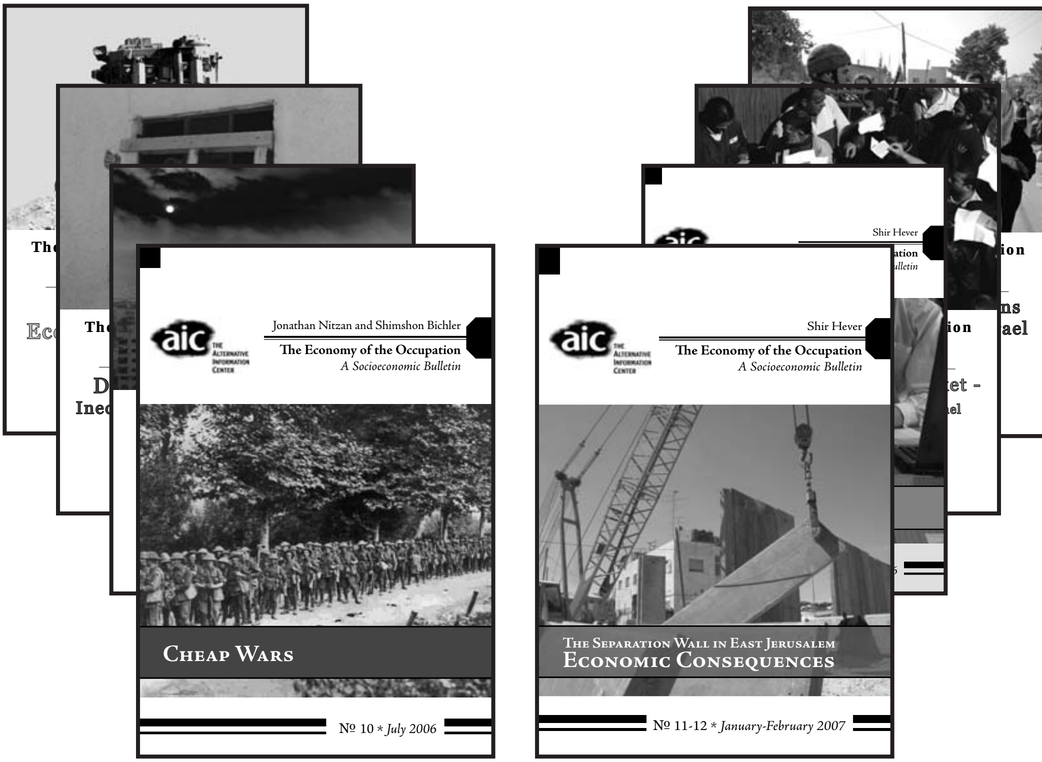

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The most urgent regional task is to find a just solution to the century-old colonial conflict in Palestine and confront the ongoing Israeli occupation-regime within its international framework. The AIC method of action develops from the awareness that local struggle must be practically and analytically situated within the framework of the global justice struggle.

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Shir Hever

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The Economy of the Occupation, published monthly by the Alternative Information Center (AIC), offers a new approach to the economic situation in the Occupied Palestinian Territories (OPT) and Israel. This bulletin will provide accessible and singular analyses of the socioeconomic interests behind the Israeli occupation of Palestine.

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