

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES

JOSEPH MORGENSTERN, EDITOR

October 1994 Vol. X, Issue No. 9

ISSN 0334-6307

From the Editor's Desk

Growth in sales as profits weaken

The mid-year drop in the profitability of public companies, particularly science and technology based companies, is disturbing. A survey of balance sheets and profit-and-loss statements reveals that in many instances gross income shows a gain but the bottom line reflects severe drops in net profitability, or even losses.

It seems that operating income has increased but overall results have suffered due to losses from investments on the slump-struck stock exchange. Many smaller companies reported results which reflected heavy losses in the market.

The small fry had plenty of company. It becomes quite understandable, for example, that a huge company such as Discount Investments should announce a drop in profitability in the second quarter to NIS 10 million from NIS 64 million in 1993; NIS 45 million was wiped out due to the sharp drop in securities prices. DIC's policy is to invest in companies at various stages of development. Among its publicly quoted holdings are Ellern, Israel Paper Mills, Kalil, Property and Building, Delek, Clal Israel, Scitex, Tambour and Supersol. The market valuation of these companies drifted lower during 1994, and may have touched bottom at the beginning of July.

Tadiran, one of the country's largest electronic companies, also reported a sharp fall in profitability due to the deterioration of its investment portfolio. Sales were actually up for the second quarter by nearly 10% to NIS 203 million, and margins were only a fraction lower at 27%.

Koor Industries reported a drop in profits for the second quarter, to NIS 56 million as compared with NIS 91 million in 1993.

There is little else to say. Companies should be allowed to run their activities as they see fit, but more restraint could be exercised in the treatment of liquid assets.

The economy in figures

Israel's small population of 5.4 million dictates that its economy be export-oriented, and it is. In 1993 exports, including diamonds, exceeded \$13 billion.

In spite of recessionary conditions in European countries, the total for 1994 should be even higher. While a tiny population means a small local market, the low numbers have some positive aspects. Pharmaceuticals and healthcare products can be researched and developed more quickly in Israel than in most other countries. The manufacturing units are generally located in or near science-based industrial parks. These in turn are situated next to universities or centers of academic research and development. Many industries have found it worthwhile to establish ties with academic labs. Well-known companies such as InterPharm, BioTechnology General and Pharmos, have developed, produced and marketed products that had their origin in the Weimann Institute.

Typically, the Kiryat Weizmann Ness Ziona industrial park houses companies which exploit the skills of tenured scientists at Weizmann. The distance between park and institute is less than five minutes by car. As a result, it is easy to reach individuals and develop relationships with researchers in a position to participate in cooperative R&D projects. The scientists regularly find solutions to individual problems.

Pharmos' story makes sense to investors

Pharmos Ltd. is a late-stage pharmaceutical development company. As mentioned in a recent Report, the firm has signed a letter of intent with the American firm of Bausch & Lomb. The latter will market Loteprednal Etabonate, the Israeli company's first filing in the US. Pharmos chairman and CEO Haim Aviv says Lotepredal has the same efficacy as

In this Issue

The economy is strong but corporate profits slip

Seeing the unseen with small light source

Jordan follows the Israeli example and taxes exchange profits
Palestinians in Gaza grow and export Israeli bred strawberries

What Israel can offer China

Burning explosives may damage the atmosphere

Trends and News of Israeli Companies on Wall Street

Biotchnology industry facts in figures

Subscription: Bulk copy and reprint information available on request

Copyright 1994: Israel High-Tech & Investment Report
Editorial Offices: P.O. Box 33633, Tel Aviv 61336, Israel
Tel: 972-3-5235279 Fax: 972-3-5227799

a steroid but without the side effects -- a key issue in ophthalmic treatment. Approval of the drug will be a milestone for Pharmos; of the 1,200 companies currently active in biotechnology, only 40 have products filed under the New Devices Approval arrangement.

Pharmaceutical companies require heavy support for R&D activities, and depend on obtaining several rounds of financing.

Haim Aviv recently introduced Pharmos to American institutional investors. In the current round of financing, Pharmos will issue 2.0 million shares to raise in the order of \$9 million.

Capital gains will be taxed in Jordan

Taking a leaf from Israel's recent tax reforms, which included a capital gains tax on stock exchange transactions, Jordan has announced that it also intends to impose a capital gains tax on investments on the Amman Stock Exchange. Investors reacted nervously and prices declined sharply on a turnover of \$1.6 million. Nearly 53 issues were down by the maximum allowable 5% drop in a single trading session.

A step towards privatization

In the September issue of *IHTIR*, Bezek -- the Israeli telecommunications monopoly -- was mentioned as a likely candidate for privatization among ten government-owned corporations; three-quarters of its shares are held by the Israeli government.

Now Bezek has taken a step towards that goal. It intends to raise \$600 million on overseas exchanges, with the greatest part in the United States. This will be the largest Israeli offering ever made on a foreign exchange.

Bezek's chief operating officer Yitzhak Kaul has announced that investment bank firm Morgan Stanley has been chosen as advisor.

Bezek's management has also announced that 900 employees will accept early retirement, which will cost the company NIS 185 million.

A lensless microscope

"We started out asking whether there was anything that lenses don't do well, and came up with a long list of things," says Aaron Lewis, Professor of Applied Physics at the Hebrew University. He is also Director of the Hadassah Laser Center, and initiator of Nanonics Lithography, a Patir start-up company in the process of commercialization (see the following story).

Viewing the unseen is simple, according to Lewis, who began his work at Cornell University in New York and moved to Israel in 1986. "The real idea is to see single atoms," says the 46-year-old physicist.

During six years at a modest laboratory in the Graduate School of Applied Science and Technology in Jerusalem, the Calcutta-born Orthodox Jew has developed a technology which has been awarded 13 patents. Two Israeli high-tech firms, Galai and KLA, are using it to improve their products, and individuals and institutions in various parts of the world are expressing interest. Among these is the Beckman Laser Center at Irvine, California.

Two years ago, *IHTIR* was among the first popular science publications to describe Prof. Lewis' work. That year *Science* also published an article indicating that the Aaron Lewis group had succeeded in producing a spot of light only 2 millionths of an inch wide -- narrower than the light waves which form it. The concept is not new; the idea was first published in 1928 by Singe, but was set aside when Prof. Albert Einstein said it was "impossible."

The smallest objects which can be made visible by advanced light microscopes are approximately the size of the shortest wavelength of visible light -- about 400 nanometers. The electron microscope allows for the visualization of molecules, since electrons are shorter than light waves. But even the electron microscope has its limitations, one being that it cannot be used to examine living cells, since electron beams kill living matter.

So how does one create what Aaron Lewis calls the "smallest light source in the world"?

He uses a glass pipette "thinned out" to micro proportions. The microscope beams an excimer laser down the pipette, the tip of which is filled with fluorescent dye embedded in a plastic matrix. The laser causes the tip to glow, and a light beam is created which contains light waves of 10 nanometers. These beams, when used to scan a target, make it possible to see smaller living objects than was possible before.

Who benefits from this technology?

- Developers are using it to open egg cells which resist the entry of a sperm. This technique is already undergoing human trials.
- It may also be possible to perform ophthalmic surgery on previously inoperable membranes at the back of the retina.
- The technology could also allow for the storage of more information per square inch in optical memories. Current technology allows for an entire encyclopedia to be recorded on single compact disks.

Advances in optical lithography

Nanonics, one of Patir's original projects, was started in 1992. Lewis realized that the ultra precision of lensless optics would be ideally suited to very deep ultraviolet light, with its unique, direct, heatless, material-removing capabilities. Such deep

UV light is effective on a variety of materials including diamonds, superconductors, polymers, metals, etc.

The Nanolith 100 Optical Lithography System permits direct patterning, with applications in numerous fields such as integrated circuit design, where many types of materials on the same chip have to be selectively removed.

The system may also be used in the design and manufacture of advanced optical components. Its grey-level patterning capabilities allow a user to alter the depth of material removal -- difficult to achieve with present nanopatterning instruments based on the complicated manipulation of electron beams.

Lewis, together with partner Dr. Kionimus Lieberman and co-workers Michael Rudman and Anatoly Shchemilinin, has built an Alpha minus version of the instrument. The device takes up one cubic foot -- contrasting with electron beam machines that occupy about 250 square feet, floor to ceiling! And the Nanolith 100 costs only \$300,000 -- the price of a yearly service contract on the competing technology. Other significant advantages include great stability -- it has no sensitivity to magnetic fields; simplicity -- it obviates the need for a vacuum; and flexibility -- it allows for complete and direct patterning control.

One of Prof. Lewis' goals is to build an Alpha plus site version of the instrument for use by people who aren't expert in lensless or near-field optics.

Nanonics hopes to place its first commercial version of this new generation of instruments in the Phyllis and David Sugar Thin Films and Solar Energy Lab at JCT.

Nanonics is currently in advanced stages of negotiation with a venture fund that, as part of the investment, will contribute two-thirds of the cost of the JCT instrument.

Palestinians are exporting Israeli strawberries

A novel type of fast-ripening strawberry developed by Israeli researcher Shamay Izhar at the Volcani Center (Israel's agricultural research organization) has become a major export for Palestinians in the Gaza Strip. Two years ago there were only 500 dunam (125 acres) under cultivation. This year 2,500 dunam (625 acres) are used for cultivating the new strawberries.

The new berries, with a growing cycle of 8-10 weeks, are exported to Europe and Arab countries. The timing of the harvest is planned to allow shipment at the height of the fall-winter growing season. Shipments will leave Gaza at the end of October -- the period of greatest demand and highest prices.

The development of the strain began 10 years ago. The idea was to create a new floral mechanism

which would result in an early yielding variety. Genetic cross breeding is at the heart of the development; no chemicals were used. Prof. Yizhar expects that a patent will be granted shortly. A southern California company has acquired growing and marketing rights. Behind the project is an American investment company which has backed the development of the strawberries with \$500,000 over the past few years.

A number of other countries, including Spain and Portugal, have also adopted the new berry.

Death, taxes and software

With the introduction of a capital gains tax, individual investors will have to keep a closer eye on their portfolios, especially the entry of gains and losses. Software has been developed, according to Dani Gaz of Danel Advanced Software Solutions, that will provide summaries, evaluations, and such information as may be needed for offsetting profits.

China Israel cooperation?

China has begun to seek out Western technology in order to "catch up" with the world. Electronics -- a strong suit in Israel -- have been high on the "wanted list," but since neither Israel nor China advertises its trade statistics, it is hard to know whether the figures favor one or the other nation.

Nevertheless, trying to match up know-how with a "major need" may not be as difficult as it appears. Israel's expertise in the reclamation of deserts, the use of solar energy, irrigation, and water management can be applied in other parts of the world.

In a recent edition of *China Science & Technology*, it was announced that a two-year nationwide survey had begun. The object is to develop a program "to control the ever-expanding desert areas." The country's first comprehensive survey based on the concept of desert supervision, it will cover all 30 provinces, municipalities and autonomous regions, including 680 counties and 7,630 towns.

Tea has anti-carcinogenic effects?

American researchers at Rutgers University have received a \$9 million grant from the British National Health Institute to discover whether tea can reduce the chances of contracting certain types of cancer. The underlying assumption is that tea counteracts the effects of certain carcinogenic substances to be found in everyday foods.

Old explosives - An environmental time bomb

"Disposing of large quantities of explosives in an environmentally acceptable manner poses serious difficulties," says Dr. Yehuda Yinon, co-author of *Modern Methods and Applications in Analysis of*

Explosives, published by John Wiley & Sons.

Open-air detonation causes serious contamination of the surroundings, so for years it has been customary to dump obsolete explosives and munitions into the sea or to bury them. However, when it became clear that these highly toxic compounds pollute groundwater -- the source of much of humanity's drinking water -- incineration was tried.

But according to a Weizmann Institute/University of Florida study presented at the 13th International Mass Spectrometry Conference on August 29 in Budapest, burning presents its own problems, filling the air with dangerous compounds such as nitric oxide and carbon monoxide.

Yinon says two additional techniques, bacterial transformation and supercritical water degradation, may eventually prove safe, but they are still in early experimental stages.

Elisra introduces equipment for cath labs

Elisra Electronic Systems -- veteran developer and manufacturer of electronic warfare systems, equipment and components -- has completed the development of an imaging system which records catheterization procedures in real time, allowing for image processing, archiving and communication. The DV-1000 allows for image sequences to be replayed continuously while processing functions such as contrast and zoom are applied in real time. These sequences are automatically stored on a disk for archival purposes.

Elisra views the DV-1000 as a valuable tool which can significantly increase the diagnostic capabilities of existing cath-lab systems. Units are already in operation in Leahy Clinic, Burlington, Massachusetts, and the New England Deaconess Hospital in Boston, and Elisra is negotiating to supply one to an Israeli facility.

Elisra developed the unit in cooperation with the American Univision Corporation, and prices each at about \$50,000. Due to the device's ability to store pictures of the catheterization procedure in digital memory for several tens of seconds, it enhances the practitioner's ability to make critical decisions as to how to proceed. At the end of the operation the cardiologist will be able to review the procedure, evaluate it and store it for future study.

New approach to identify juvenile diabetes

Products for the early diagnosis and treatment of Type I diabetes, commonly known as juvenile diabetes, may emerge from the innovative research of Weizmann Institute Professor Irun Cohen.

Developing these products will be the goal of Portman Pharmaceuticals Inc., established jointly by Yeda Research and Development Company at the Weizmann Institute of Science, and the Portman

Group Inc., of New Jersey. In January 1994, Teva Pharmaceuticals Industries Ltd. purchased an interest in the company. The Israeli subsidiary, Portman Pharmaceutical Industries Ltd., is located in Nes Ziona, near the Weizmann Institute, and intends to use Prof. Cohen's other findings in the field of autoimmune diseases, in which the immune system attacks the body's own tissues.

It is hoped that a diagnostic kit based on institute research will make it possible to screen children for juvenile diabetes from infancy through adolescence, so as to detect onset at a very early stage. As of now, the malady can be diagnosed only after the immune system has destroyed large amounts of insulin-producing beta cells in the pancreas and caused a life-threatening drop in insulin levels. Cohen's methods stem from his innovative theory of how the immune system distinguishes between friendly and foreign tissues.

Prof. Cohen's approach recently evoked the following comment from *Lancet*, the prestigious British medical journal: "If Cohen is proved correct, his theory will alter radically our understanding of what the immune system is designed to achieve."

A good match

Liz Claiborne, the American manufacturer of clothes and cosmetics, has placed a \$1 million order for special graphic printers from the Israeli firm IIS Intelligent Systems. These prints were only introduced in the United States in May of this year.

Israeli Biotech Firms Publicly Traded on the US Stock Exchange Markets	
Company Name	Marketplace
BioTechnology General	NASDAQ NMS
Healthcare Technologies	NASDAQ
InterPharm Laboratories	ORD
Teva Pharm. Inds.	ADR
	NASDAQ NMS

Culled from the press

We take note of two articles which appeared in the August 1 edition of *Business Week*.

One of these reported the investment interest of an American firm in Ampal America-Israel. Ampal is a holding company with investments in 26 Israeli companies, in real estate and finance, energy, hotels and technology. Quoting a money manager at a New York Asset Management company: "Ampal reflects the growing strength of Israel's economy, and we think Ampal's stock is significantly undervalued because of hidden values in many of the assets it holds."

Accents Softwear International, an Israeli company

with US offices in Pennsylvania, was highlighted for introducing a word processing program which supports 34 languages, five alphabets, and more than 75 TrueType fonts in one package. Users can

operate in multiple languages in the same document, switching between language-specific features such as spell checking and hyphenation as needed. The software package was offered for \$299.

Israel has long been recognized by the private sector as a valuable strategic partner for US firms in developing biotechnology products.

Company	Technology
A.B. Seed (Ness Ziona, A Partnership derived from Hebrew University , European partner and Teuza-Fairchild Technology Ventures Ltd.)	Hybrid seeds of vegetables
Amgenics Corp. (Herzliya and California)	Image Analysis of Chromosome diagnosis and Metaphase Finding
AquaPharm (Baltimore, Eilat, Haifa)	Drug delivery and vaccine development for seed production in Mariculture
BioMakor & Makor Chemicals (Sigma chemical subsidiaries Rehovot, Jerusalem, St. Louis)	Research products - chemicals, enzymes and especially immunological products and neuropeptides.
Biotechnology General Corp. (Kiryat Weizmann & Rehovot)	Genetic Engineering employed to produce cardiovascular, hormonal, anti-viral therapeutics.
Ecogen Israel Partnership (Hebrew University derived partnership with Ecogen USA)	Biotechnology-based novel agrochemical environmentally friendly - BT and others.
Medis El. Givat Shamual	A cell sorter-MAB technology for breast cancer diagnosis.
Pharmos Corp. Rehovot, New York, Gainesville-FL (NASDAQ)	Pharmaceuticals for eye diseases, and brain disorders.
Peptor Corp. Rehovot and New York	Peptidomimetic cyclic drugs
Portman Pharmaceuticals (Rehovot)	Therapeutics for auto-immune diseases.
Reprogen A Weizmann Industrial Park - Princeton University private company.	Recombinant E-Coli proteins and peptide for research and therapy.
QBI-International (Beer-Sheba - Sheba Med. Ctr. and US Enterprise)	Viral Vectors for Gene Therapy.
Serumtech Bet Dagan -a Volkani Research Center - Teuza-Fairchild Venture Fund enterprise	Recombinant human therapeutics in goat milk.
TEVA Pharmaceuticals (Petah-Tikva, Nathania, Kfar Saba, Jerusalem and US)	Therapeutics for auto-immune, bone metabolisms and CNS diseases.
Xenograft Technologies (Rehovot-New York, California)	Humanized antibodies in transgenic Mice.

Source: Provided by the Israel National Biotechnology Committee

The Capital Market

In the first 10 days of September, the Mishtanim Index rose to 198 -- a recent recovery high. The strength of the recovery can be better judged by considering the lows reached after the announcement of the capital gains taxation scheme (Mishtanim Index 168.9 on August 21). Observers expressed some skepticism about the market's ability to pass the 200 level.

The winners and losers

An analysis of 36 Israeli firms -- nearly 75% of all of Israeli companies traded on the American markets -- reveals that three out of four have reported gains in income for the second quarter. The group viewed includes major outfits such as Scitex, ECI Telecom, Teva and Tadiran. The higher sales, however, are only loosely related to profitability.

The companies with the highest growth rate among the 36 surveyed include a number that raised sales by 50% or more in the quarter, compared to the same period a year ago. Among these are BioTechnology General, Indigo, Mercury, Aladdin, Aryt, M Systems, TVG, Gilat, Geotek and Lanoptics. Disappointing sales results were announced by Elscint, Sapiens and Robomatix.

The good,

A strong gain in profits for the second quarter of 1994 was announced by EFI, Orbotech, Mercury, Aladdin, DSSI, Gilat, DSSI, Laser Industries, Teva and ECI Telecom.

The bad,

Elscint, Elron Lanoptics, Technomatix, TAT and Tadiran announced profits which were below expectations.

The sad,

Indigo, M-Systems, Robomatix and Geotek reported higher losses than last year.

And the improving

BioTechnology and Aryt reported that profits had replaced losses for the second quarter.

What happened on the first day of trading?

In the aftermath of the August 16 announcement that capital gains on the TASE would be taxed starting

next year, the bourse management decided to close the exchange until August 21. On that day, predictably, selling orders totaled NIS 2.0 billion. Leading indices such as Maof and Mishtanim and Karam declined by more than 9%. However, in the sessions that followed investors -- mainly portfolio managers -- became buyers and moved the indices

sharply upwards. The recovery was broad based, as the Mishtanim Index rose above the 190 level from its low of 168.

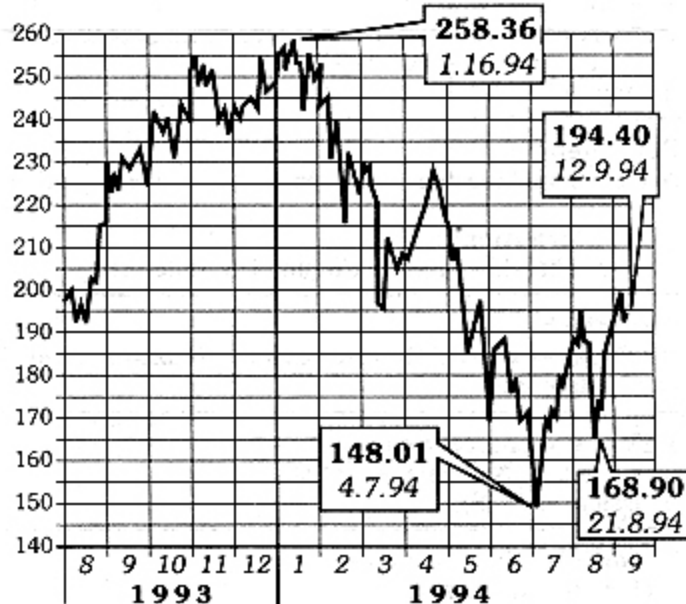
In our special Fall edition we identified some of the companies traded on Wall Street which we felt had upside potential. We

believed that Tadiran represented good value, but were nonetheless surprised at the subsequent price run-up. On July 31 shares were quoted at \$19 5/8. Less than ten days later they had risen to \$24 1/4. Elbit Computers at the beginning of August was quoted at 21, and also moved up strongly. By September 9 its shares had risen to \$27 3/4. Teva also advanced, but by a smaller margin to \$28 7/8.

A modest recovery

	August	Jan-Aug 94
General Share Index	+0.8	-32.2
Mishtanim Index	-0.2	-25.6
Maof Index	-1.6	-25.6
Karam Index	2.6	-41.1
Devaluation of Shekel	0.8	1.5 revalued

Two Sided Index
(Mishtanim)



Deutsche Bundespost awards order to ECI Telecom

ECI Telecom's wholly owned German subsidiary has been awarded a DM 7 million order by the Deutsche Bundespost Telecom to supply a new low-cost version of its PCM-2 digital pair gain systems. The PCM-2A2 allows single twisted pair copper subscriber loops to carry two digital calls at the same time.

An ECI Telecom official has pointed out that the "new cost-reduced PCM-2 will markedly improve ECI's competitive position in the pair gain market place."

Change in direction at Scitex

Scitex Corporation, Israel's leading graphics design company, has announced that net profits for the quarter ending June 30 were \$16.2 million, \$0.38 cents per share. In the first quarter of 1994 it reported a profit of \$15.2 million, \$0.36 cents per share.

These results were notable because it is the first time in two years that the company has reported back-to-back gains.

Highlights among Mutual Funds

Review of trends among the mutual funds in August. In spite of the volatile market conditions which saw broad swings in valuations most mutual funds recorded a positive real yields in August.

The General Index of all mutual funds advanced by 1.1%. Funds specializing in government bonds were the best performers with a monthly advance of 1.8%.

Mutual funds specializing in shares, in August, underperformed and the group gained 0.8%.

Meytav, specialists in mutual funds analysis, noted

that August was a month of volatile price movements. The share sector could not exceed the yields of the bond market. Yet 173 of a total 275 mutual funds active in the capital market recorded adjusted for inflation, positive yields. The pension funds also reported positive yields which were relatively modest.

Foreign Currency Funds

Category: Denominated or Linked in Foreign Currency

Investment Objective: Conservative Growth

Management Policy: Manager invests in foreign currency linked bonds

Funds in Category: 22

Top Five Performers

Fund	Manager	% gain
Ahrayut Foreign Residents	Ahrayut	+13.11
Ilanot Globus	Ilanot	+11.76
Analyst Europe	Analyst	+8.94
Matach	Moritz-Tuchler	+8.13
Moriya PKN	PKN	+8.00

(percentages represent gain in value in U.S. dollar terms for 2 months ending Aug. 31, 1994)

Database: Meytav Mutual Funds

Share Fund Yields

Category: Diversified and Flexible Share Funds

Investment Objective: Growth

Management Policy: Manager invests in equities with mix of investments adjusted to market conditions.

Funds in Category: 47

Top Five Performers

Fund	Manager	% gain
Ramco	Ramco	+32.06
Emda Meshulevet	Mizrahi	+26.55
General Flex.	General	+21.90
Bloch-Roth.	Betuba	+20.79
Sivan	Amban	+19.43

(percentage change in value in US dollars terms 1.7.94 - 31.8.94)

Category: General, Variables and Maof

Investment Objective: Aggressive Growth

Management Policy: Manager invests in the 70 leading shares making up the TASE Share index or in the 25 leading shares which make up the Maof Index

Funds in Category: 55

Top Five Performers

Fund	Manager	% gain
Raam 90	Mirit Silberman	+31.54
PIA-Manof	PIA	+27.31
Ahrayut Oil	Ahrayut	+27.16
Nesicha Cont.	Continental	+25.70
Gold Fund	Gold Fund	+24.20

British-Israel trade - a growing partnership

- * Britain exports to 160 countries worldwide. Israel stands at number 24, with a market share in excess of 9%.
- * UK exports to Israel were up a remarkable 50%+ in 1993, and the first quarter 1994 has seen a rise of over 40%. Exports could exceed £1 billion in 1994.
- * Israeli exports to Britain were £600 million -- +15% -- in 1993.
- * Britain is Israel's best customer after the US.
- * Seventy percent of British exports to Israel are used for Israel's own investment and world trade needs, i.e. machinery, process equipment, raw materials, components and capital goods.
- * Invisible exports between the partners are also strong and growing stronger. Areas include tourism, financial service, insurance, business and management training, infrastructure, consultancy, software and computer services.

AgriLab seeks to expand testing services

Located in Kiryat Weizmann AgriLab Biotechnology Ltd. is a small unit dedicated to diagnostic kit development and to serve as a testing laboratory for the detection of plant pathogens and veterinary diseases. It is a service for the grower, farmer and a key tool in preventing spoilage of crops.

Technologist Yaacov Alon says that "epidemics can be avoided if the pathogen is identified early enough". However, when developing diagnostic kits one must consider that the market considers the costs of tests as very high. And it is the poorer countries where the need is the greatest for crop control but the cost of testing is more critical than in developing countries.

The tests offered to the trade are suitable for epidemiological studies. They serve as a rapid screening tool and quality control for companies specializing in seedlings, as well as nurseries and greenhouses. They are also used as a rapid screening tool and quality control for companies specializing in seedlings, as well as a monitoring system in breeding programs. A recently developed new product is a system which detects the Tomato Yellow Leaf Curl Virus. The disease originates in a whitefly which causes severe diseases in tomatoes, and results in lowered yields. It is widespread in the Eastern Mediterranean and North African countries. The method of detection is based on the hybridization of specific DNA colored immunoenzymatic reaction.

Bezek and the UTEL sign agreement

By 1996 Israel and the Ukraine will be connected to the Ukraine by way of an undersea cable from the Mediterranean to the Black Sea. The agreement was signed in Jerusalem by Bezek chief Yitzhak Kaul and UTEL chief Stuart Reich. Israel is the seventh largest recipient of phone calls from the Ukraine and by far the largest per capita. The amount of calls from Israel to the Ukraine is also large but is limited by inadequate infrastructure between the two nations.

Frenkel critical of wage agreements

Governor of the Bank of Israel Yaacov Frenkel has criticized the public sector wage agreements as being highly inflationary. He estimates that public wages have spiraled upwards by 10 per cent. The rises according to Frenkel are a major factor in the expected 14.5% per annum inflation rate for 1994. "if the private sector would advance by an equal amount the economy would be in trouble".

British Overseas Trade Group

"Out of all of our worldwide markets Israel currently stands at 23rd in the order and second in size in the Middle East for Britain. Despite the amazing growth of competition from the Asian and Pacific Rim countries British exports to Israel in 1993 were remarkable a +50%. This year continues the dynamic trend at +25% giving the opportunity for visible exports to exceed one billion sterling in 1994. Britain will also buy 600 million sterling of Israeli goods this year making the UK Israel's second largest customer after the USA.

**ISRAEL HIGH-TECH & INVESTMENT REPORT
NEWS AND INVESTMENT OPPORTUNITIES**

Written for venture capitalists, investment bankers, international traders, industrial researchers, business men, underwriters, private and institutional investors, policy makers, offset specialists, technology scouts and individuals whose interests include following scientific and technological developments and for those who specifically wish to maintain insights into Israel's dynamic high technology fields.

Enroll me as a subscriber to the Israel High Tech & Investment Report, the monthly report on high technology.

Annual Subscription: \$198.-

TO SUBSCRIBE FILL OUT THE FORM BELOW AND MAIL TO ISRAEL HIGH-TECH & INVESTMENT REPORT:
P.O.B. 33633, Tel-Aviv 61336, Israel.

NAME.....

NAME OF COMPANY.....

ADDRESS:.....

CITY/STATE..... CODE..... COUNTRY.....