

SAMUEL NEAMAN INSTITUTE (SNI)
INDIA ISRAEL INNOVATION PROGRAM (3IP)
"RURAL INDIA: THE CHALLENGE AND THE OPPORTUNITY
EXPLORING THE POTENTIAL FOR INDO-ISRAEL STRATEGIC
COOPERATION"
BRAINSTORMING MEETING HELD ON 13/7/08 AT CINADCO,
BET DAGAN
SUMMARY OF MEETING AND LIST OF PARTICIPANTS
Updated to 28/8/08

BACKGROUND

A new study was conceived within the context of the India Israel Innovation program, to guide and facilitate policy and cooperation between India and Israel in the development of the Indian rural sector. The brainstorming session was called to hear the opinions of companies, organizations and government in Israel so that SNI could decide how best to proceed with the proposed study.

WELCOMES AND PRESENTATIONS

1. Dr Gili Fortuna welcomed all present. He described the purpose of this brainstorming as a focal point for the decision of whether and how SNI should support efforts to strengthen cooperation between Israeli and Indian companies and organizations towards the development of rural India. The questions for the brainstorming are stated in the slides. (Slides)
2. Prof Moshe Moshe stated that the meeting is a brainstorming meeting and that all present are encouraged to state their views about the proposed India Israel rural program and the role SNI should play. Following the brainstorming, SNI will study and analyze the results of the meeting and decide how to proceed. (Slides)
3. A recorded greeting was broadcast, from Prof Manuel Trajtenberg, Head, National Economics Council, Prime Minister's Office. (Play)
4. Mr Zvi Herman addressed the meeting. (Slides)
5. Amb Haim Divon addressed the meeting.
6. Mr Shauli Katznelson used slides and included data from EIU showing that Indian GDP will double to \$2.6 billion by 2012. Noted that India is not open in terms of trade flows. Indicated a large

increase in FDI over the last 2 years. Referred to an important recent report about worldwide agricultural production, the World Bank 2008 Rural Development Report. Shauli expressed support for the proposed SNI rural program. Moshe asked for specific comments regarding the SNI role. Shauli answered by stating his belief that Israeli companies will not reach beyond their own interests and lead national projects. Shauli stated that the Export Institute will be willing to invest money alongside companies and that he sees SNI as catalyzing the project. (Slides)

7. Lecture by Dr Martin Sherman on the India Israel rural project. (Slides)
8. DISCUSSION. Gili invited participants to express their opinions and views.
9. Mr Raul Goldemann recognized that SNI had provided some help to get the I4RD fund started between India and Israel. Raul argued that, rather than establishing new entities, more use should be made of existing platforms, eg the I4RD fund, and that they can be improved and expanded.
10. Mr Yitzhak Kiriati stated that Israel's expectations from agricultural cooperation with India were not realized. He reflected on the 1994 agreement between the governments. He suggested to concentrate on a specific state in India and not the Federal level.
11. Mr Ariel Kolitz, Elul agreed with the previous point about making more use of existing frameworks. He added that a key way of penetrating India is with the giant conglomerates such as Reliance, Tata, Mahindra and Mahindra and others. Elul is already doing this.
12. Mr Gideon Snir stated that the Indian side will welcome our efforts but cautions about the huge gap between intentions and implementation in India. He suggested to focus on making the vision practical. He sees two key problems: (a) human factors, culture, local politics; (b) commitment to implementation.
13. Mr Nachman Shelef made several points: (a) Think tanks don't do national projects. (b) he does see the need for top down work to complement the bottom up approach. (c) He recommends that SNI consider creating a framework to predict how development will play out in the future in India. (d) Nachman recommends that SNI seek to understand the interplay between agricultural and urban society in India. SNI work could throw light on the all important transition

from the country to the city. (This work would have global relevance). Nachman claims that the rural poor who migrate to the cities to improve their lot in fact stay poor. Statistics will show that the numbers of rural poor have decreased but that is only part of the truth. Cities are a key element in "rural development". In his opinion it is not possible to prevent people from leaving rural areas; nowhere in the world has that worked. (e) Nachman states that from his information, India has too few cities. New cities must be built for those leaving rural areas. (In fact the Government of India has a plan to build "second tier" cities so as to reduce the number of rural poor who move to the existing Indian cities). Nachman is suggesting that Israel has expertise regarding the development of "rural cities" which could form the basis for cooperation with India.

14. Mr Amnon Ofen stated his belief that Israel is in danger of "losing" India. The Government of Israel should have more ambitious plans. He states that non-defense cooperation between the countries can be just as successful as defense cooperation. Amnon is in favour of cooperation with the States, not at the Federal level. He believes that SNI can help to build the model for this cooperation. He offered his personal assistance in the framework of a SNI-led project.
15. Mr Ilan Peretz stated that the growth of supermarkets will be the cause of major changes in Indian agriculture. Claimed there is no post-harvest infrastructure in India. Israel is strong in post-harvest techniques and this could be the basis for fruitful cooperation. Referred to meat, poultry and organic foods. A second basis for bilateral cooperation relates to techniques of exporting food from India.
16. Mr Ilan Sosnitzky stated that project finance is the main obstacle Israeli companies face in India. Stated that multilateral organizations such as the World Bank are the only viable sources of finance, not the commercial banks. Israel is not a member of the Asian Development Bank and this is not expected to change in the near future. Consequently this source of finance is not open to Israel. Setting up joint ventures eg with Indian companies cannot overcome this limit. The Government of Israel tried to open talks with India on a protocol for trade finance but this was not successful.
17. Mr Amir Fishler described the Elbit Imaging project to build a dairy with 10,000 cows in Gujarat. A key ingredient in success, according

to Amir, is identifying the interest of the local politicians in the State; and steering clear of the business interests of the politicians themselves. A second key element is careful choice of the agricultural area to work in. Elbit Imaging checked several areas before rejecting them and selecting dairies. Amir recommended to work top down from the local governments, who have very close links with the farmers. Elbit Imaging will be building dairies in other states as well. Each case will be adapted to the local conditions.

18. Mr Avshalom Adam related his project aimed at producing olive oil for export. It did not work out. His conclusion was that one cannot be dependent on politicians. He also cautions that Israel cannot "fix" or "change" India. Avshalom suggests to work on specific projects and crops, eg avocado.
19. Mr Zvi Herman commented that the Government of Israel has chosen to work with four specific Indian states: Rajasthan; Gujarat; Haryana and Pradesh. Zvi made several recommendations to the meeting: (a) find strong partners who will remain in power; (b) take advantage of the huge Indian system of labs and field stations; (c) recommends the preparation of a very broad policy vision document, to include business aspects and to obtain government support/endorsement for the document. Recommends dialogue at the Federal level as well.
20. Mr Oded Distel stated his belief that Israel's achievements are insufficient. He is in favour of SNI activism. It is important to find the right Indian partner. He is in favour of also using the existing platforms such as I4RD and the government to government agreements which are in place. He also suggests that NGOs like SNI find the right way to work with the Israeli government and the right partners in India.
21. Nachman stated that it is important to understand the Indian plans and especially to understand what is likely to actually eventuate, since the plans will not be realized in full.
22. Prof Gadi Ariav stated that the trade statistics show that Israel has not realized the Indian opportunity; and that this should be further studied.
23. Gili thanked all the participants and stated that SNI will review all the comments. He stated his opinion that the meeting focused too much on the purely agricultural subjects and not on other aspects of

rural development such as industrial aspects; services; information technology, finance and so on.

24. The meeting was adjourned.

LIST OF PEOPLE WHO ATTENDED THE MEETING SNI

- Prof Moshe Moshe: Director, S. Neaman Institute
- Dr Gili Fortuna: Senior Research Fellow and Head, India Israel Innovation Program, S. Neaman Institute
- Dr Martin Sherman, S. Neaman Institute
- Debby Kaufman: Business Development, S. Neaman Institute
- Naftali Moser: Research Fellow and Coordinator, India Israel Innovation Program, S. Neaman Institute

Companies and individuals

- Amir Fishler. VP Business Development, Elbit Medical Imaging. Have \$100 million dairy project in India and will be replicating it elsewhere in India. amirf@elbitimaging.com
- Nissim Chitrit. Senior VP, Manager of Foreign Trade, Bank Hapoalim. Nissim.chitrit@mailpoalim.co.il
- Adi Mannor. Director of Business Development. Strauss H2Q Water Industries Ltd. adim@strauss-elite.co.il
- Ariel Kolitz, Managing Director, Elul GOS Ltd. ariel@elul.com
- Hemi Ron, Teva. Hemi.ron@teva.co.il
- Shraga Ofek. Deputy Operational Manager. SBI-E&M, Solel Boneh Group (water projects). ofeksbi@gmail.com
- PRS Mediterranean Ltd. gachtan@prs-med.com
- Benjamin Oshman. Have business with Indian company. oshman@bezeqint.net
- Nachman Shelef, Entrepreneur and Company Chairman. Member, Steering Committee of India Israel Innovation Program. Nachman.shelef@gmail.com
- Amnon Ofen, Director, Naan Dan Jain. ofenf@netvision.net.il

- Gideon Snir, completing PhD thesis after interviewing 200 Indian and Israeli companies. Sn_cu@zahav.net.il
- Nahum Hochman. Director, Tiran Projects Ltd. Hochman.nahum@gmail.com
- Ilan Peretz. Products Costing & Data Manager, Agrexco. ilanp@agrexco.com
- Allan Dykman. Ringom Management Ltd. allan@ringom.com
- Yehuda Sprecher, dairy expert. orit@schwartz-arch.co.il
- Avir Tamir. Taliah Ltd. (water)
- Iris Gamaro, Director General, Israel-Asia Chamber of Commerce. iacc@012.net.il
- Daniel Siegel, Lawyer. daniels@zag-law.co.il
- Avshalom Adam, olive project in India.
- Hagay Vexelbaum, Nutrimenta. hagay@nutrimenta.ch
- Prof Gadi Ariav, TAU. gadia@tauex.tau.ac.il
- Dr Ehud Gelb. Expert on rural ICT. gelb@agri.huji.ac.il

Government

- Shauli Katnelson. Deputy Director General, Export Institute. shauli@export.gov.il
- Zvi Herman. Director, Cinadco. Hakzvi@int.gov.il;
- Haim Divon. Deputy Director General, Ministry of Foreign Affairs; Head of Mashav. Haim.divon@mfa.gov.il
- Orna Sagiv, new Israel Consul General to Mumbai. Orna.sagiv@mfa.gov.il
- Oded Distel. Director, Israel NEWTech, Investment Promotion Center, Foreign Trade Administration, Ministry of Industry and Trade. Oded.distel@moital.gov.il
- Ilan Sosnitzky. Director, Bilateral Division, International Affairs Department, Ministry of Finance. ilans@mof.gov.il
- Yitzhak Kiriati, Director, Dept of Agrotechnology, Water & Environment, Export Institute. Kiriati@export.gov.il
- Raul Goldemann, Director, Asia Pacific Cooperation, Matimop. raulg@matimop.org.il

Companies who apologized and could not attend

- Uri Cinnamon, Managing Director, Gan Shmuel Foods.
Uri.cinnamon@ganshmucl.com
- Yehuda Olshansky, Head, Subsidiaries & Business Development, Hazera Genetics (Novartis). yehudao@hazera.com
- Sara Younger, Senior Manager, International Trade Section, Bank Leumi. sarahy@bll.co.il; natalia.dukolova@bankleumi.co.il
- Tal Mund, Director, Business Development, Clal Energy.
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- Giora Reish, Regional VP, Asia, Gilat Satellite Networks.
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- Gil Haskel, Director, Department for Economic Affairs III, Ministry of Foreign Affairs. Gil.haskel@mfa.gov.il
- Prof Kenneth Preiss, BGU. preiss@bgu.ac.il
- Joseph Haim Harrosh, VP, Tahal Group. assaf@tahal.com
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- Motti Holler, RAD. Motti_h@rad.com
- Meir Shimko, VP Subsidiaries, IDE Desalination. meirs@ide-tech.com