

"No foreign investor will put a cent into Israeli gas"



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Financier Edouard Cukierman accuses Israeli officialdom of seeking popularity instead of doing what's right for the economy.

"The bureaucrats and politicians who come along with populist ideas need to understand that it takes two to tango. No international investor will put a cent into oil and gas as long there is uncertainty in the industry," says Edouard Cukierman, chairman of **Cukierman & Co. Investment House Ltd.**, and joint manager of the Catalyst funds. Speaking to "Globes", Cukierman levels criticism at antitrust commissioner David Gilo's decision to void the compromise agreement with Delek Group and Noble Energy and to declare the deal whereby they bought control of the licenses in which the Leviathan gas reserve was discovered a cartel: "We are freezing the growth of the State of Israel's economy for many years ahead because of this wretched decision."

Isn't that rather an exaggeration

"Noble Energy has announced a freeze on investment that could have contributed 2% to

Nasdaq Jan	S&P 500 Jan	TA Bluet Jan	TA25 Jan 5	17:24	USD/EUR Jan	NIS
5 17:31	5 17:16	5 17:27	▼ -0.17%	1457.47	5 17:31	5
0.92%	1.05%	1.02%			0.55%	1.02%

Cukierman says he has so far raised investments amounting to \$5 billion in Israeli companies, \$300 million of this via Catalyst. "Our investments are in mature companies,

and our job is to present Israel to the investors. I'm in a constant road show."

And how are overseas investors reacting?

"This affair is prompting sharp reactions chiefly among investors who know Israel. There are in any case many challenges in connection with investment here: the geo-political environment, the political environment, the state of war, the opportunities that crop up in other places, and now, on top of all this, comes the regulatory risk. These days we aren't trying to raise money in Europe at all, but last week I spoke to Chinese investors whom we are trying to attract to Israel to invest in oil and gas. If you want to attract them to Israel, uncertainty is the thing investors hate most. The worst thing that can happen to a foreign investor is that he doesn't know what will happen tomorrow. Will there be a new regime? Will there be some bureaucrat who wants to be popular and decides to limit the profit to three or four times the investment?"

If Tshuva and Noble Energy sell the rights in Leviathan tomorrow, who won't want to buy this huge gas reserve?

"OK, the Leviathan reserve is a massive discovery, but why did Woodside withdraw from the deal? Even if there's a massive opportunity, you can't calculate the profitability of the investment if the targets change on the move. In a situation of uncertainty, the only way to determine the value of a deal is on a worst-case scenario basis. In the case of Leviathan, what will be its value if tomorrow they impose controls that limit the return on capital to 5% or 10%?"

Every time regulation is changed here in favor of the public, we hear threats that foreign investors won't come here anymore, but they do come.

"It's true that the government still doesn't interfere in high tech, but every time that there's regulatory involvement, in the banks, in transport, in energy, as soon as it's in the bureaucrats' hands, there is systematic destruction of the State of Israel's main assets. In infrastructure, you see projects like the light rail making no progress for fifteen years. Everyone pulls in his own direction and ruins the national interest. They cancelled the franchise for the international company that won the tender to build the Tel Aviv light rail system, and since then the project has been stuck. Our public transport infrastructures lag those of all the OECD countries. Explain how it is that almost all the banks here are for sale, and no-one wants to buy them? There aren't even potential buyers. At one point I brought over a group comprising Frank Lowy, Lord Jacob Rothschild, Mort Zuckerman, and my father, who wanted to buy Bank Leumi and turn it into the world's number one Jewish bank, the next Safra or Lazard. A finance ministry official called Yaron Zelekha declared that this was the greatest piece of corruption in the State of Israel because Olmert's son worked at the law firm that supposedly provided services to this consortium. The State Comptroller

jumped on it, Israel Police sent policemen who know nothing about finance to Brazil and Australia to question these people, and in the end they dropped the deal. And it's a fact that, to this day, no-one has bought Bank Leumi. There's no owner, and the management does what it likes.

"In the oil and gas industry, Israel basically has one serious international investor, Noble Energy, who invested even though they aren't Jewish. I have no business dealings with Noble Energy or with Tshuva and I have no shares in Noble, but this investor was fortunate enough to obtain one of the biggest discoveries in the world, and what does he get? Restrictions on exporting in an economy with very limited demand, he gets a change in the taxation method, and now the straw that breaks the camel's back. It's exactly the same story, because here too you have bureaucrats who want to be popular. Who will pay the price of Israel making a mockery of itself before the international investment community? The public will pay it.

"The official who wrecked the Leumi deal when he threw his bomb gained his media popularity. No-one counts the damage he caused."

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