



IN THE NEWS

Bush defends Sharon support

President Bush defended his support for Israel's plan to withdraw from the Gaza Strip.

In interviews with Arabic-language television stations Wednesday, Bush said he views Israeli Prime Minister Ariel Sharon's plan as a "historic moment for the world" and urged other international leaders to back it.

"I think when you see a step toward peace, it's important for a peaceful nation like America to embrace it," he told the Al Hurra Arabic network in an interview at the White House.

He also reaffirmed his pledge to help create a Palestinian state.

Israelis fear pressure from Europe and U.S.

Israel must move forward with its disengagement plan or face pressure from Europe and the United States, Israel's trade minister said.

Speaking Wednesday to American Jewish leaders via conference call, Ehud Olmert said Prime Minister Ariel Sharon plans to make modifications in the next two weeks to his plan to withdraw from the Gaza Strip, before seeking governmental approval.

"We believe that if we do not move forward we will be under pressure, from the Europeans and from America, for a plan that is less acceptable than the one we have proposed," Olmert said.

Kerry: Bush ignoring Saudi anti-Semitism

John Kerry blasted President Bush for not speaking out against anti-Semitic comments by Saudi Arabia's crown prince.

"Saudi Arabian Crown Prince Abdullah's outrageous anti-Semitic comments this week blaming 'Zionists' for the terrorist attacks in Saudi Arabia raise serious questions about the kingdom of Saudi Arabia's commitment to combating terrorism," the Massachusetts senator and Democratic presidential candidate said in a statement Wednesday.

WORLD REPORT

PUBLISHED WEEKDAYS BY JTA—THE GLOBAL NEWS SERVICE OF THE JEWISH PEOPLE • WWW.JTA.ORG

Israeli high-tech sees positive signs, but security fears haunt investment

By DINA KRAFT

TEL AVIV (JTA) — The handshakes, smiles and deals are beginning to return to Israel's high-tech shores.

Venture capital investors are back in Israel shopping for the next big thing and Israeli start-ups are feeling the welcome buzz of momentum as the tide has begun to shift following three hard years of a global economic downturn compounded by the Palestinian intifada.

"The current feeling is that there is a change in the general atmosphere and it applies to Israel too," said Joseph Ciechanover, president of the venture capital funds Etgar I and Etgar II, which together have raised \$240 million for investment in Israeli companies.

"And it is here, more than anywhere else in the world, that is a cradle for new investors and new initiatives," he said.

With Israel's position as a leader in information technology, the Jewish state stands to benefit from increased corporate spending in the United States on technology research and development.

Longtime Israeli companies, Israeli start-ups and Israeli divisions of foreign companies are beginning to feel the benefits.

Technology companies and investments have been an integral part of Israel's economic growth since the technology boom of the 1990s.

But during the technology slump of the last few years, companies in Israel have been hit hard, sometimes even more so than their counterparts around the globe because of the Palestinian intifada.

Now, however, there are signs of recovery. High-tech exports from Israel increased 0.8 percent in 2003 compared to the previous year, totaling \$8.9 billion.

"Economic prospects within Israel depend upon the external environment," Jacob Frenkel, chairman of Merrill Lynch International and a former Bank of Israel governor, was quoted as saying at a recent conference in London. "The international environment is improving. I am optimistic about the world economy."

A group of some 10 Israeli venture capital funds are hoping to raise about \$1.5 billion this year for start-up companies, and money managers say fund-raising prospects look better now than they have at any time since 2000, the financial news service Bloomberg reported.

At a conference held earlier this month sponsored by the Association of Venture Capital Funds, the theme was, "On the Threshold of a High-Tech Renaissance" and the mood was decidedly upbeat. Blue and white balloons festooned display booths and participants were addressed by top figures in Israeli business and politics.

Finance Minister Benjamin Netanyahu's address to the conference would have worked at an economic pep rally.

He spoke to an overflow crowd about the steps Israel has taken under his watch to liberalize the country's economy.

"If we want to compete, we have to have national economies," Netanyahu said, describing cuts in the public sector in Israel and creating incentives for Israel's private sector. "Israel is undergoing the most rapid

Continued on page 2

FOCUS
ON
ISSUES

■ Israeli tech sector sees positive signs, but security fears still haunt investment

Continued from page 1

liberalization process of any country anywhere.”

Netanyahu said that the process — which some critics say is moving too quickly, and others bemoan as maddeningly incremental — coupled with Israel's innovative technologies provides exceptional opportunities for investors.

“We are sitting on the silk routes and the spice routes of antiquity” and can now become a regional hub for technology, Netanyahu said.

W. Robert Genieser, managing director at Vertex Management, a British company, who was among those attending the conference, is just the kind of investor Israel is trying to attract.

“Israel is the closest one gets to Silicon Valley from Europe,” he said. “As a global investor, you cannot ignore the Israeli market.”

He said the returns on investments in Israel are “on par” with Silicon Valley, in California.

Israel's technology industry has its roots in the country's defense industry. Genieser said the private sector and venture capitalists benefit from investment in research and development that already has been made by the Israeli government.

That translates into profits for businesses, he said.

Today, Israeli technology is less linked to the military and covers a wide array of industries, from software development to network, search-engine and database technology.

Genieser said he also is impressed by the “tremendous spirit” in the country.

“The combination of a nice grounding in technology and an entrepreneurial spirit makes it possible to get worldwide investment,” he said.

Daniel Kahn, a lawyer from Paris, recently was in Israel leading a group of French investors on a tour of Israel's high-tech landscape — from army bases to small start-ups.

He was juggling two challenges: on the one hand, trying to convince investors that Israel's political situation is not too volatile to preclude investment, and on the other trying to market Europe to Israeli companies as a place to base themselves internationally.

“It's a big market and it's next door,” said Kahn, noting that at the moment most Israeli companies are registered in the United States and tend to bypass Europe.

Aliroo, an Israeli company based outside of Tel Aviv that specializes in encryption for e-mail, fax and other data files, has its international headquarters in Rochester, N.Y.

Meir Zorea, Aliroo's president, founded the company eight years ago.

Last year, it reported its first profits and has grown by 100 percent since. Capping its success, the company just closed a major deal with Eastman Kodak to secure their e-mail traffic related to the health-care industry.

Among the company's innovations: development of a method to safely send and receive medical prescriptions by e-mail.

Zorea said the Israeli companies that

survived the recent economic recession are the stronger for it.

“The companies are now leaner, more effective,” he said. “The atmosphere is positive. The political issues have some impact, but practically, more depends on what is happening inside the country,” Zorea said. “If you are good and selling, people are ready to invest.”

The question of how much violence here affects invest-

ment remains open. It appears easier to raise funds now than two years ago, but the violence is down just as the global economy is up.

Investors still appear jittery both about coming to Israel to investigate companies and about how the country's long-term security situation could affect their investments.

“There is no question that many executives of investment firms are not coming to Israel, and if they are not coming to Israel, they are not meeting companies and that is a problem,” said Menachem Feder, partner in a major Tel Aviv law firm, which represents venture capital funds and start-up companies.

Yoram Eshel, a physicist who together with his partner, a plastic surgeon, are developing an alternative to liposuction — a device that uses high-frequency ultrasound waves to break down body fat — say they are seeing a marked improvement in the investment climate.

“There is a real change in the last two months,” Eshel said. “People are starting to talk to us with the intention of investing,” he said. “A year ago people did not want to invest at all.”

The question of how much violence here affects investment remains open.

JTA
WORLD
REPORT

Howard E. Friedman
President

Mark J. Joffe
Executive Editor and Publisher
Lisa Hostein
Editor

Michael S. Arnold
Managing Editor

Lenore A. Silverstein
Finance and Administration Director

Paula Simmonds
Marketing and Development Director

JTA WORLD REPORT is published five days a week, except holidays, by the Jewish Telegraphic Agency Inc., 330 Seventh Ave., New York, N.Y. 10001-5010. For more information about how to subscribe by e-mail, fax or regular mail, call (212) 643-1890, or visit our Web site at www.jta.org.
© JTA. Reproduction only with permission.

Bush to announce Syria sanctions

WASHINGTON (JTA) — The Bush administration will announce sanctions against Syria within the next week or so.

Officials in the White House and State Department have assured American Jewish leaders that the sanctions will be announced in the near future, though just which sanctions has yet to be determined.

The Syria Accountability Act, which Congress passed last year, mandates sanc-

tions because of Syria's support for terrorism and efforts to develop weapons of mass destruction.

“It's imperative that this be enacted, because delay could be interpreted that they can somehow get off the hook each time,” said Malcolm Hoenlein, executive vice chairman of the Conference of Presidents of Major American Jewish Organizations.

ORT showcases students as it raises profile

By RACHEL POMERANCE

NEW YORK (JTA) — From a podium in front of hundreds of people, Svetlana Dzanashvili recounts her personal journey toward rehabilitation.

As a high school senior, the young Russian American Jew stopped attending classes and started hanging out with the wrong crowd. She failed to graduate.

But the New York-based Bramson ORT College gave her “a second chance.” First, she earned her G.E.D., and then she got a college degree, which she says enabled her to get “back on track.”

Dzanashvili's is one of many stories told by former and current students at a gathering early this week of the World Organization for Rehabilitation through Training, better known as World ORT.

And it's a message that the London-based group, celebrating 125 years, wants to get out to raise its profile — and fund-raising potential — among today's American Jews.

The organization's vast network of Jewish schools and colleges, along with nonsectarian humanitarian programs, largely takes place beyond America's shores.

With a long history, from educating Russian Jews at the turn of the century to training Jews in postwar displaced persons camps, ORT now operates in more than 100 countries, primarily Israel, Argentina and the former Soviet Union.

Underscoring its drive for the attention of American Jews, World ORT held its General Assembly — the group's quadrennial stocktaking and agenda-setting event — in the United States for the first time.

The May 1-3 conference was held in New York “to make a statement to the American Jewish community,” said Robert Singer, the group's director general.

Though the organization was well known among earlier generations of American Jews, Singer said that today “the American Jewish community has a hidden asset that it doesn't know about.”

With a network of 272,000 students and a staff of 16,000, ORT bills itself as the largest Jewish educational organization in the world, servicing students mostly from low- to middle-income backgrounds who, in most countries, pay little or nothing for an ORT education.

Its focus is on science and technology, preparing students to join the workforce.

In addition, its International Cooperation project, which provides nonsectarian programs to Third World and war-torn areas, earns good grades around the world. One such program in Senegal provides mother-child care assistance and nutrition programs.

With 156 schools in Israel alone, one in every eight Israeli students attends an ORT school, officials say. More than 40 percent of Israel's high-tech work force was trained at an ORT Israel school, they added.

More than 80 percent, or more than 7,100, of Jewish children in Argentina attend ORT schools. A campaign that raised about \$3.75 million kept the program afloat during the country's economic crisis.

With a program called “Regeneration 2000,” ORT returned to its roots, the former Soviet Union, to create 11 schools for some 27,000 students, including adults in after-school computer training programs.

Citing the many sequels to the hit film “Rocky,” Jewish philanthropist Milton Gralla this week announced the launch of Women American ORT's “Regeneration 2004” to plan an additional four schools.

“When you have a hit, you don't put it to sleep. You revitalize it,” Gralla said.

ORT officials say a major reason the organization, which runs on a \$340 million budget, is not better known is because of the deal it made in 1947 with the federation system, the central fund-raising arm of North American Jewry.

The deal provided ORT with funds through the system's overseas relief and welfare arm, the American Jewish Joint Distribution Company, precluding it from fund-raising directly. But the group decided that the \$2 million it continued to receive each year from the JDC was not sufficient to support its programs.

So in the last overseas allocation process of the federation system, last July, ORT separated itself from JDC and sought its own share of federation dollars.

The move reaped \$3.6 million for ORT over a two-year period — this from a total of an estimated \$230 million of overseas funds from the federation system.

While Singer told JTA that his is a “non-political” organization that is “not willing to fight” the JDC and Jewish Agency, he told his General Assembly that ORT's “fair share” of the dollars is between \$40 million and \$45 million.

But this isn't just about money. Singer says he wants American Jews to become involved in, or at least familiar with, ORT's work and legacy. Toward that end, the group reopened an office in New York

in 2002 for the first time since 1949.

World ORT has continued its American presence through a handful of colleges and two affiliate organizations, American ORT and Women's American ORT.

The group derives 85 percent of its budget from government contracts around the world, including the U.S. Agency for International Development.

In addition to its emphasis on science and technology, the school tries to instill social values.

Those who attend the schools also praise what they call a warm environment.

One example is Modibi Terens Selowa, 23, whose dark face is practically hidden beneath a cone-shaped straw hat. The non-Jewish Selowa grew up in a rural part of South Africa, where he was raised by a single mother, a domestic worker who provided for four children.

Through the ORT school, Selowa learned computer science and the tools to manage money in a land of deep poverty and unemployment. “I am who I am now because of ORT,” he said.

Indeed, people like Selowa may offer ORT its best chance of educating the public about its mission.

“Educating people, as important as it is, doesn't grab people's heartstrings,” World ORT President Richard Goldstone told JTA. “It's an organization that appeals to the head much more than the heart.”

Still, he said, “the biggest selling point is the number of people who we're receiving from squalor and poverty, and we're giving them tools to become productive, successful members of the society in which they live.”

The U.S. Jewish community has a hidden asset that it doesn't know about.

Robert Singer

Director General, World ORT

NEWS IN BRIEF

WORLD

Germany to help survivors

Germany pledged to help pay for home health care for needy Holocaust survivors. Following negotiations between the Claims Conference and the German Finance Ministry, the German government agreed to allocate an initial sum of \$7.2 million in 2004 for survivors.

Money given to Righteous Gentiles

The Claims Conference allocated nearly \$400,000 to help gentiles who sheltered Jews during World War II.

The recently allocated money brings to almost \$5 million the amount given to Righteous Gentiles by the Claims Conference since 1963. More than 1,630 individuals receive the assistance.

Belgian museum moves to ex-Nazi office

Belgium's Jewish museum moved into a former Nazi police station. The Jewish Museum of Belgium, housed for 14 years above Brussels' Beth Israel Synagogue, moved into the partially renovated former Nazi station Wednesday.

Britain's woman lord rabbi

Rabbi Julia Neuberger is to become the first female rabbi — and the second rabbi of either gender — to serve in Britain's House of Lords.

A health care activist, Neuberger joins the upper chamber of the United Kingdom's legislature for the Liberal Democrat Party.

The first rabbi to sit in the House of Lords was Immanuel Jakobovits, Orthodox chief rabbi from 1966 to 1991, who became a peer in 1987.

MIDDLE EAST

Money went for illegal settlements

Israel directed almost \$6.5 million to illegal settlement construction in the West Bank, a government report says. More than half the funding, from the Housing and Construction Ministry, went to outposts Israel had promised to remove, a state comptroller report released Wednesday found.

According to the report, over the last three years the ministry funneled money for construction of settlements that had not been officially approved and in instances where there were disputes over land ownership.

Another prisoner exchange?

Israel reportedly is to receive the bodies of three soldiers and information on Ron Arad as part of a prisoner exchange with Hezbollah. Israeli officials declined to comment on the report from a Lebanese newspaper.

In return for the bodies of the soldiers missing since a 1982 battle in Lebanon, the report said, Israel would release Samir Kuntar, who killed four Israelis in 1979, among them a 2-year-old girl. George Abdullah, who was arrested in France in 1984 in connection with the murder of foreign diplomats, including the 1982 killing of an Israeli Embassy official in Paris, also would be released in the swap, the report said.

The family of Arad, an Israel Air Force navigator shot down in 1986 over Lebanon, has said it is skeptical that any new information is available.

Summer camp is for fun

UNICEF pledged to keep politics out of its summer camps for Palestinian children. Instead, the 50 camps for some 7,000 Palestin-

ian children in the West Bank and Gaza Strip will focus on fun and the environment.

"A lot of these kids are traumatized and anxious, and we want to give them the experience of fun," UNICEF official Michael Bociurkiw told Israel Radio on Wednesday. In the past, some of the camps were named after suicide bombers.

Israeli army kills two armed Palestinians

Israeli troops shot and killed two armed Palestinians as they tried to infiltrate Israel from the Gaza Strip.

A bomb was detonated near the Israeli soldiers called in to handle the incident, but there were no injuries or damage. The army said the bomb probably was planted to help the terrorists cross the border.

Also in Gaza on Wednesday, a 24-year-old Palestinian photographer working for Agence France-Presse was shot in both legs by Israeli troops while taking photos of a clash between soldiers and Palestinians youths. He reportedly is in stable condition.

Syria blacklists ships linked to Israel

Syria banned four ships that made stops in Israeli ports, and placed nine Israeli companies on a blacklist. The ships were from Denmark, Greece and Malta.

Meanwhile, a North Korean and an Italian ship were taken off the blacklist after they assured Syrian officials that they would not visit Israeli ports.

Arab boycotts of Israel once were widespread but have weakened during the past decade, despite occasional attempts to revive them.

P.A. releases money to Hamas

The Palestinian Authority released Hamas funds it had frozen last year. It's unclear how much money was released to Hamas bank accounts last weekend. The money belongs to 12 charities affiliated with Hamas' so-called political wing.

NORTH AMERICA

Insurers sued over Israel policy

Insurers refusing to issue life insurance policies to Americans who have traveled or plan to travel to Israel are being sued.

Filed in Los Angeles Superior Court, the lawsuit accuses 14 insurance companies of unfair business practices under California law and seeks an injunction forbidding companies from denying insurance to travelers to Israel. Allen Estrin, producer of the nationally syndicated Dennis Prager radio talk show, is the plaintiff in the case. Estrin said he applied for insurance but was turned down because of a trip he made to Israel two years ago.

Jack Dolan, spokesman for the American Council of Life Insurers in Washington, said travel to any country "where health or security concerns exist is a legitimate factor, among others, in deciding whether to underwrite a life insurance policy."

Holocaust denier subpoenas officials

A jailed Canadian Holocaust denier subpoenaed Canadian Jewish officials and government officials to appear at a national security hearing.

Ernst Zundel is contesting a Canadian ruling that he is a threat to national security. Keith Landy, national president of the Canadian Jewish Congress, and Frank Dimant, executive vice president of B'nai Brith Canada, are among those subpoenaed. The two are fighting Zundel's bid to force them to testify. According to Zundel's lawyer, Peter Lindsay, the government reacted to undue political pressure from Jewish officials when it ruled against Zundel.