



STATE OF ISRAEL
MINISTRY OF FINANCE

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DEPARTMENT

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Press Release
Eilat Port Privatization Launched

Ministers' Committee on Privatization Approves Eilat Port Privatization

Minister of Finance: "The privatization of Eilat port will increase exports and imports through Israel's southern gateway and strengthen the city of Eilat"

The Ministers' Committee on Privatization, headed by Minister of Finance, **Dr. Yuval Steinitz**, passed a unanimous resolution to privatize the Eilat Port Company Ltd. by selling all of the state's holdings in the company.

Minister of Finance Dr. Steinitz said: "The privatization of the Eilat Port Company is a key element in privatizing the ports, implementing the port reform of 2005, and encouraging competition in the port industry. Eilat is a strategic port serving as Israel's southern gateway, and its development will help the south flourish, particularly the city of Eilat."

The Director of the Government Companies Authority, **CPA Doron Cohen**, added: "The goal of the privatization of the Eilat Port Company is to bring about accelerated development of the port and logistical activity in the city of Eilat and the surrounding region, through a private operator with the necessary capabilities, specializing in terminal operation."

Eilat port handles about 6% of the total volume of Israel's marine trade. The main cargoes transported over the last year were imports of approximately 140,000 automobiles, constituting 65% of the port's activity, and exports of 2.4 million tons of phosphates. Total revenues in 2009 were about NIS 100 million, with net profits of NIS 20 million. The port employs 130 workers.

The Ministers' Committee on privatization resolved to sell 100% of the state's shares in the Eilat Port Company Ltd. through a private sale to an Israeli or foreign investor or group of investors, in accordance with the reform agreements signed in 2005. The committee also resolved that in choosing a buyer, the Government Companies Authority (GCA) would consider factors including the bidder's experience in the operation of port terminals overseas.

According to the resolution, pursuant to the Maritime Transport Authority Law, with the consent of the Minister of Finance, the Minister of Transportation will extend the company's letter of authorization for a period of fifteen years from the date of the sale



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of shares of the company to the buyer, with an option for an additional extension of ten years.

The Ministers' Committee on Privatization further resolved to authorize the GCA to execute all actions necessary in order to implement the privatization. It was resolved that the GCA would be permitted, at its discretion, to instruct the port company to perform or avoid any action or contractual engagement which the GCA considers necessary in order to implement the resolution.

The committee authorized the GCA to act at its discretion, in accordance with the circumstances and with the consent of the Ministry of Transportation, in order to examine the privatization of the company using a different model, as an alternative to the sale of shares of the company, subject to the Maritime Transport Authority Law, and to present an appropriate resolution to the ministers' committee, under Section 59B of the law.