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Investment in progress

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INVESTMENT



# **INVESTMENT IN PROGRESS**

**Fifteen Years of Creative U. S. Assistance to Israel  
through Grants-in-Aid, Loans, Technical Assistance and the Food-for-Peace Program — P.L. 480**

**A Joint Publication of the U.S. Information Service and the Israel Ministry of Finance**



EMBASSY  
OF THE  
UNITED STATES OF AMERICA

A MESSAGE FROM THE AMERICAN AMBASSADOR TO ISRAEL

For a decade and a half, the American Government and people have been helping Israel to help herself. The United States commitment to the goal of assisting Israel with her development in its broadest aspects has been successfully advanced, and the year 1964 sees the gratifying conclusion of 15 years of partnership in this joint venture of the Governments and peoples of our two nations.

Help with the economic development has been dedicated to attainment of Israel's economic independence. This has been so well assured that the official representation of the Agency for International Development (AID) has terminated in Israel.

The United States Government, however, is continuing to provide development loans on favorable terms to stimulate further industrial progress and will continue to make available grants in other lines. These have included help for vocational rehabilitation and agricultural research projects, for archaeological projects, for translations of scientific publications and textbooks, and for Fulbright educational exchange scholarships.

The American Embassy considers itself privileged to be associated with the successful efforts of Israel to strengthen the nation, augment the national economy and improve the health, well-being and future prospects of her citizens. The phenomenally rapid pace achieved in all phases of Israel's growth is a matter for acclaim and mutual congratulations.

We have reached one more significant milestone in a genuinely constructive relationship which I have every reason to believe will continue through long years of friendship.



Walworth Barbour

Tel Aviv,  
December 1964.





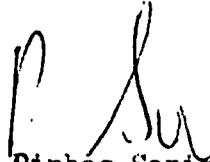
A MESSAGE FROM THE ISRAEL MINISTER OF FINANCE

I am happy to pay warm tribute for the generous assistance in various forms which Israel has received over the years from the Government of the United States. The people of Israel are fully aware how significantly United States aid programs have facilitated Israel's progress towards economic independence.

From this publication one can learn how these economic assistance programs have been integrated into major aspects of Israel's economic development such as in agriculture, industry, communications and construction. For instance, the Public Law 480 Food Program has enabled us to build up a healthy stock position and improve the diet of our population, while United States support for the Industrial Development Bank of Israel has helped turn this institution into a vital instrument for industrial expansion. In the application of U.S. aid programs there has been full cooperation between our two Governments; and through joint planning, the funds made available to Israel have been put to the best possible use for the advancement of Israel's economy. They have also led to the expansion of trade between the two countries and other new areas of economic cooperation are constantly unfolding.

In order that the momentum of development be maintained, Israel will still need foreign aid for some years. Through intensive expansion of production and exports we are trying to shorten this period as much as possible. At the same time we are happy to be able to make our modest contribution to international cooperation through our technical aid programs which now extend to over sixty countries.

United States foreign aid programs represent an historic innovation in relations between countries and a lasting contribution to the cause of peace, which is inextricably linked with economic development. In a sense this represents a translation to the international scene of those ideals which form the fabric of American civilization. United States aid, and even more so, the spirit in which it is given, is an inspiration to many new countries as they take their place in the family of nations.

  
Pinhas Sapir

Jerusalem  
December, 1964

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# Joint Venture in Israel's Economic Development

*JOHN E. DeWILDE*

*U.S. A.I.D. Representative to Israel  
1962—1964*

This publication commemorates fifteen years of contributions by the United States of America toward Israel's economic development endeavors. It illustrates by pictures, captions and statistics some of the results of this joint undertaking. The story begins with the formation of a new nation born in an impoverished, resource-poor and troubled land. It ends with a modern Israel whose growth rate is one of the highest in the world.

The success of this joint venture results from the labor and dedication of Israelis in all walks of life. This monumental effort was supported by infusions of human and capital resources from the United States augmented more recently by loans from other friendly countries and international organizations.

Initial emphasis was placed on agricultural development by the Israel Government. This objective was supported by A.I.D. grants and loans. By increased production and with the help of United States agricultural surpluses, food shortages were overcome. Israel is now a net exporter of agricultural commodities. Domestic consumption of food products is at an all time high, both in terms of quality and quantity.

The next priority objective was to develop an economic infrastructure of power-

generating capacity, roads, communications and transportation facilities to extend markets for agricultural products and to provide a base for industrialisation. Millions of dollars and Israel pounds were loaned to achieve this objective.

The development of agriculture and an economic infrastructure made possible the development of an industrial complex which is rapidly expanding and attracting private investment at home and from abroad. Industrial exports and domestic production of goods formerly imported are making an increasing contribution to Israel's efforts to close the \$ 400 million annual trade gap. Recent A.I.D. programs support this objective by making available dollar and local currency credits for private industry. American private investment is encouraged by Cooley local currency loans, investment guarantees and investment surveys.

A goal of primary importance is to maintain and improve the scientific, technical and general educational levels of Israel's citizens. To that end, A.I.D. has recently authorized additional local currency loans to develop Israel's major universities. A high level of local currency and continuing contracts for research help these universities to finance operating costs. The United States is benefited by expanding its reservoir of knowledge in many scientific fields.

During the past four years, United States assistance to Israel has been progressively modified commensurate with the improvement of the Israel economy. All dollar grants under the A.I.D. program were discontinued in June, 1962, with the completion of the technical assistance program. Substantial local currency loans are now being repaid in dollars. Additional Israel pounds owned by the United States are being used to finance United States Government purchase of goods and services in Israel.

Thus, so far as the FY-64 A.I.D. program is concerned, the financial contribution to Israel is limited to dollar loans for development, whose terms now approach commercial rates; the current PL 480 Agricultural Sales program which extends through 1965; and the Food for Peace Program through which

United States agricultural surpluses are donated for school lunches and to social welfare institutions.

The A.I.D. phase of U.S.-Israel cooperation has provided a rewarding experience. The success of this joint venture is a matter of record. The returns on United States investments in Israel's economic development are substantial. Loans are repaid when due. Also gratifying is the fact that Israel's production has developed to such a point that she can export substantial quantities of locally manufactured products to the United States, and that Israel has become an important buyer of American goods. The United States also has had the satisfaction of seeing Israel able to implement her own technical assistance programs, in turn, for the benefit of other countries.

# How U.S. Assistance has added up 1949 - 1964

## A Billion Dollars in Fifteen Years

1. Loans by the Export-Import Bank of Washington	\$ 222,688,000	\$ 222,688,000
2. Grants and loans under the Mutual Security Act and Foreign Assistance Act		
General Commodity Imports :		
Grants	\$ 212,460,000	
Loans	\$ 14,808,000	
Imports of agricultural surpluses		
Grants	\$ 51,248,000	
Loans	\$ 27,684,000	
Technical Cooperation	\$ 14,622,000	
Development Loans	\$ 166,000,000	
Sub-Total		\$ 486,822,000
3. Public Law 480 programs :		
Agricultural surpluses sold for local currency under Title I	\$ 274,070,000	
School Lunch Program under Title II	\$ 1,492,000	
Agricultural commodities distributed through voluntary agencies under Title III	\$ 58,666,000	
Sub-Total		\$ 334,228,000
TOTAL		\$ 1,043,738,000

These Funds have generated over

### One Billion Israel Pounds in Counterpart Funds

These are local currency funds (Israel Pounds) owned or controlled by the U. S. Government which have been utilized or earmarked for the following purposes:

Loans and grants for approved development projects within the Government of Israel's Development Budget . . . . .	IL. 857.3 million
Cooley Loan Fund . . . . .	IL. 82.5 million
U.S. Government expenditures in Israel (research, information and cultural programs, administration, etc.) . . . . .	IL. 76.1 million

In addition, the U. S. Government owns Israel pounds received in repayment of various loans made to Israel in the past, many of which still have years to run.

## The Programs

**U.S.** assistance to Israel during the course of fifteen years has taken various forms, which have however all had a common aim in view. This aim, as expressed in the agreement signed between the American and the Israel Governments in February, 1951, was to cooperate with each other in the integration of technical skills and economic development and to further the balanced development of Israel's economic resources and productive capacities.

In the first years of Israel's statehood, when thousands of penniless refugees were pouring into the country every month, her immediate problem was to feed and house the population. Then came the need to build up a modern economy and provide essential services. The new immigrants had to be integrated, educated and productively employed. All this called for capital means beyond Israel's

own capacity. At this crucial time, United States assistance — in the form of loans and grants, technical advice and guidance — helped Israel in her efforts to achieve economic independence and self-sufficiency.

**Agriculture**  
**Industry**  
**Communications**  
**Power**

These are the building blocks of economic development. Within the framework of the Government of Israel's own budgetary policy, and complementing the country's own resources, low interest dollar development loans, Export-Import Bank loans and counterpart funds owned or controlled by the U.S. have been invested in the following spheres :

<i>Irrigation</i> . . . . . :	Regional irrigation projects, local water and irrigation schemes
<i>Agriculture</i> . . . . . :	Fruit plantations, agricultural settlement, land reclamation, afforestation, crop research
<i>Electricity</i> . . . . . :	Power houses, generating and transmission facilities and a combined seawater desalination and electrical power plant
<i>Industry and Crafts</i> . . :	Loans to manufacturing enterprises and artisans
<i>Communications</i> . . . :	Roads, bridges, railways, airport and harbor facilities, telecommunications
<i>Housing</i> . . . . . :	Low cost dwellings
<i>Health and Sanitation</i> :	Hospitals and clinics, sewerage
<i>Education</i> . . . . . :	Construction of school buildings and institutions for higher education

Among the larger projects financed in this way is the Yarkon-Negev water project which has made it possible to irrigate the arid southern part of Israel from water resources concentrated in the center of the country. This was achieved by building two huge pre-stressed concrete pipelines from the Yarkon River, which provides part of the water supply, down to the northern Negev, 100 miles away, with lateral pipes branching off the main conduit at various points to supply agricultural areas along the route. The project consists of two pipelines, one 66" in diameter and the second 70" in diameter, together with pumping stations and operational reservoirs.

Another major public utility service developed with the help of U.S. funding is electric power generating and transmission facilities. In particular, the programs have financed the building of new power stations and the extension of existing ones at Haifa, Tel Aviv, Ashdod and Eilat, in order to bring total generating capacity up to 720,000 k.w. Electricity is practically Israel's sole source of power and these programs were therefore basic to the development of the country's industry, irrigation and domestic requirements. The electricity distribution network now covers the entire country.

U.S. assistance to Israel in its various forms has made a substantial contribution towards economic development through the following programs :

#### **Technical Assistance - Point Four**

Point Four of President Truman's famous inaugural address, in January 1949, declared : "We should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life."

Within the framework of this program, a United States Operations Mission (USOM) served in Israel from 1952 to 1962. Under the banner of the clasped hands symbol, teams of American experts worked hand in hand with their Israeli counterparts on projects ranging from improved farming methods to agricultural education, industrial development and research, quality control, industrial design and marketing.

In financial terms technical assistance to Israel represents only a fraction of total American economic assistance. In the ten years of the programs, from 1952—1962, it

*The Yuval Gad enterprise manufactures wide-diameter prestressed concrete pipes using steel imported from the U.S. and American equipment.*

amounted to \$ 14.6 million. However in terms of its contribution to Israel's reservoir of skill and know-how, to the improvement of industrial processes and standards of quality, and to the consolidation of the economy, its value has been of considerably greater magnitude than the figures would appear to indicate.

Altogether the Technical Assistance program consisted of 67 projects and financed the activities of 340 U.S. technicians, who provided technical skills, training and know-how ; as well as the training of 640 Israeli participants, who went abroad for advanced study, principally to the United States. \$ 9 million were also spent for demonstration and other project costs.

### **Grants-in-Aid**

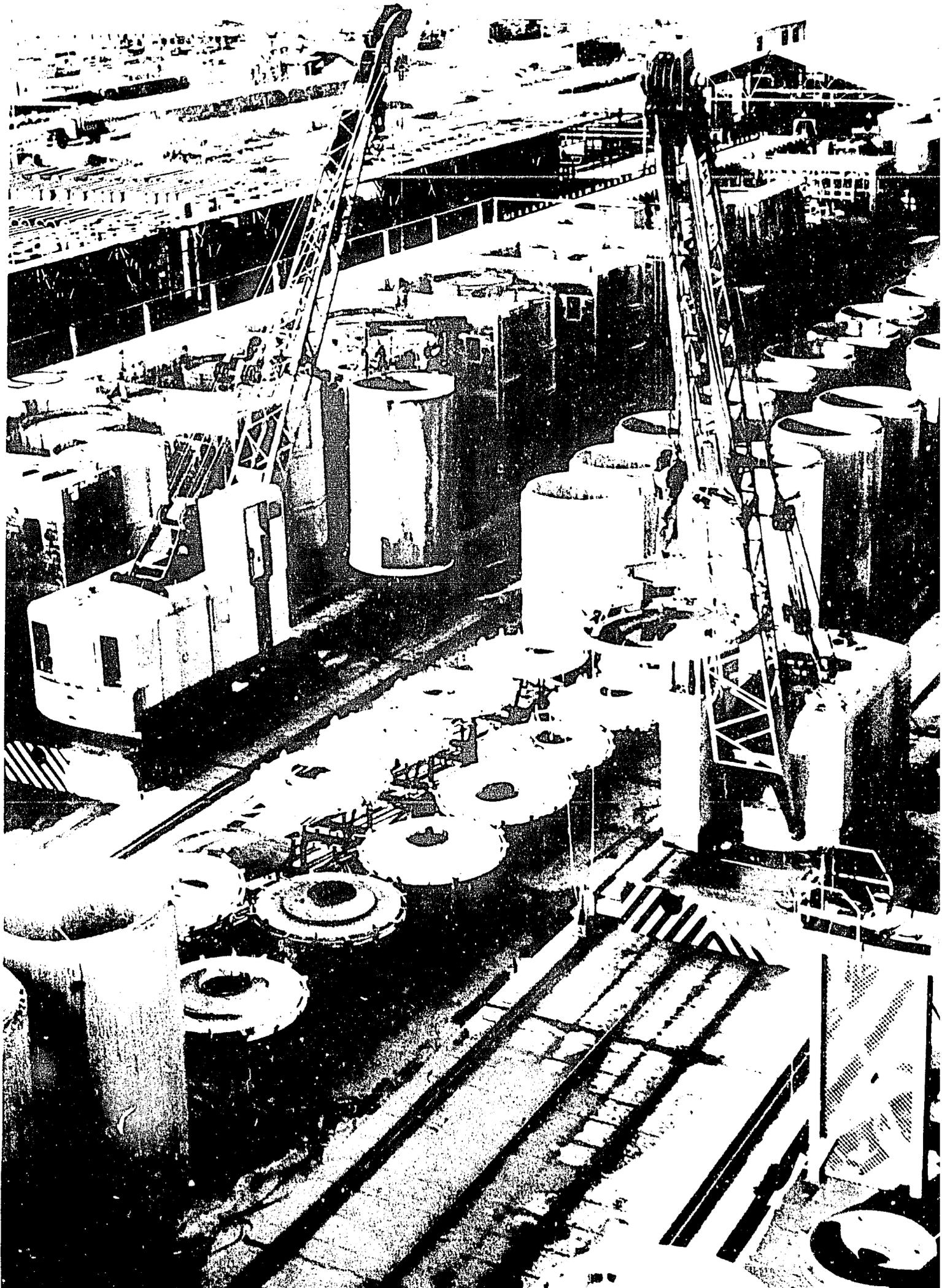
United States Grant-in-Aid assistance during the period 1952—61 under the Mutual Security Program totalled \$ 306 million, of which \$ 263 million were outright grants and \$ 43 million long term loans at low interest. These grants and loans have financed the importation of a wide range of commodities from the United States and elsewhere, thus contributing to the alleviation of Israel's serious balance of payment difficulties.

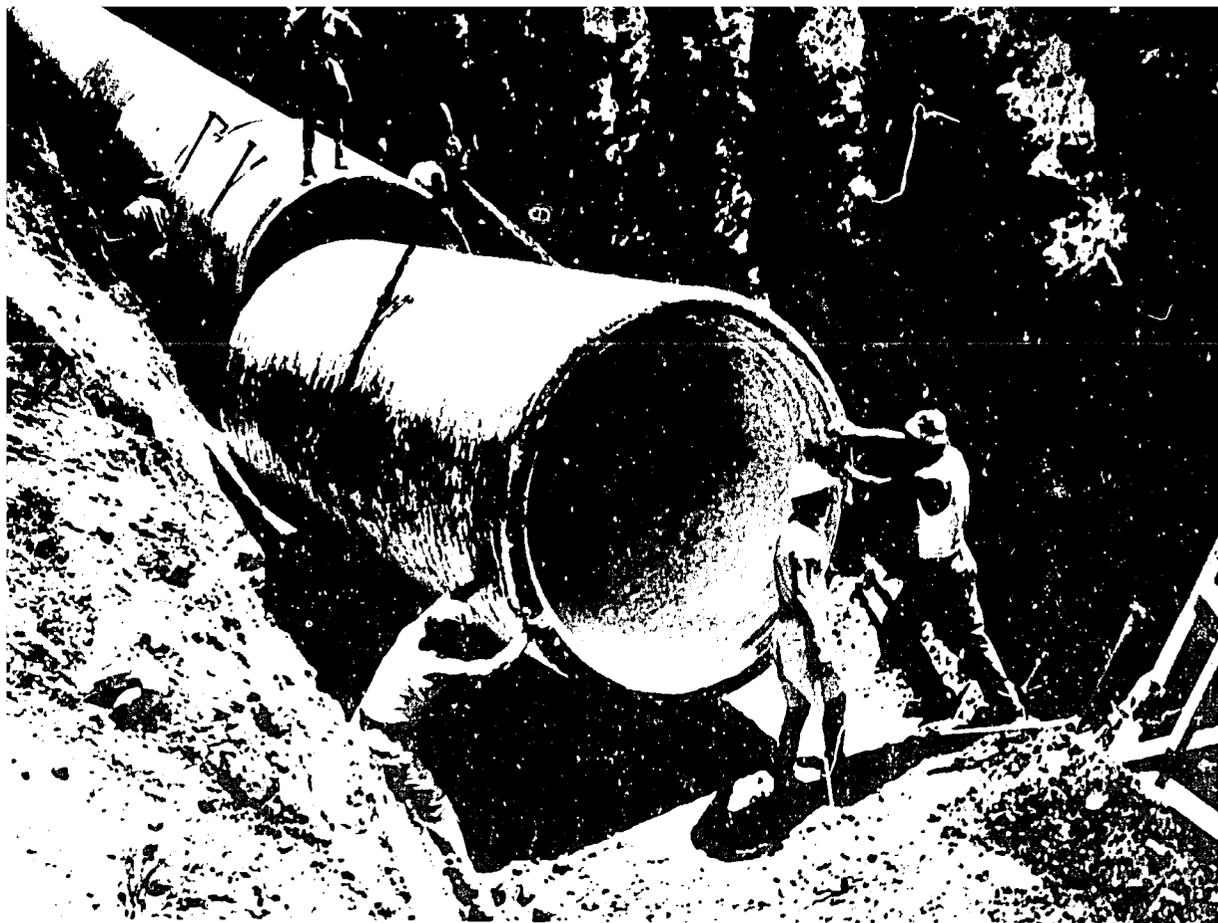
### **Export-Import Bank Loans**

Israel's relationship with the Export-Import Bank of Washington began in 1949 with a loan to the Government of Israel of \$ 135 million, most of which has already been repaid. Half of it was used for the development of agriculture, and the balance for industrial development, construction, transport and telecommunications. It was followed by additional credits of \$ 24.2 million in 1958 and \$ 25 million in 1961 as well as loans to several public and private enterprises totalling \$ 38.5 million which were used to finance imports of capital goods and commodities necessary to the expansion of the economic infrastructure of the country.

### **Development Loans**

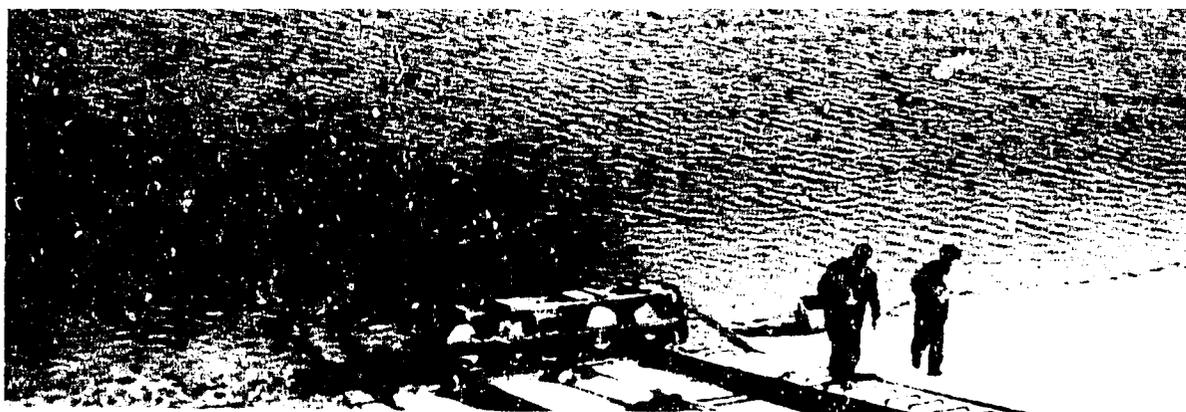
In recent years the "Development Loan Fund" has become an increasingly important source of economic assistance. Since 1958, when the fund was set up by the Congress of the United States, and through December, 1964, the U.S. Government approved development loans amounting to \$ 166 million to help finance specific projects and import programs. At the outset these loans were repayable in Israel Pounds but from 1962 on, they became repayable in dollars, although their terms continued to be much more favorable than commercial rates.





*Laying the 70-inch prestressed concrete pipes of the Yarkon-Negev irrigation scheme in order to develop the arid region of the Northern Negev. This project was financed largely by A.I.D. grants and loans.*

*The Tekuma reservoir shown here is the largest of a series of operational reservoirs forming part of the Yarkon-Negev scheme.*



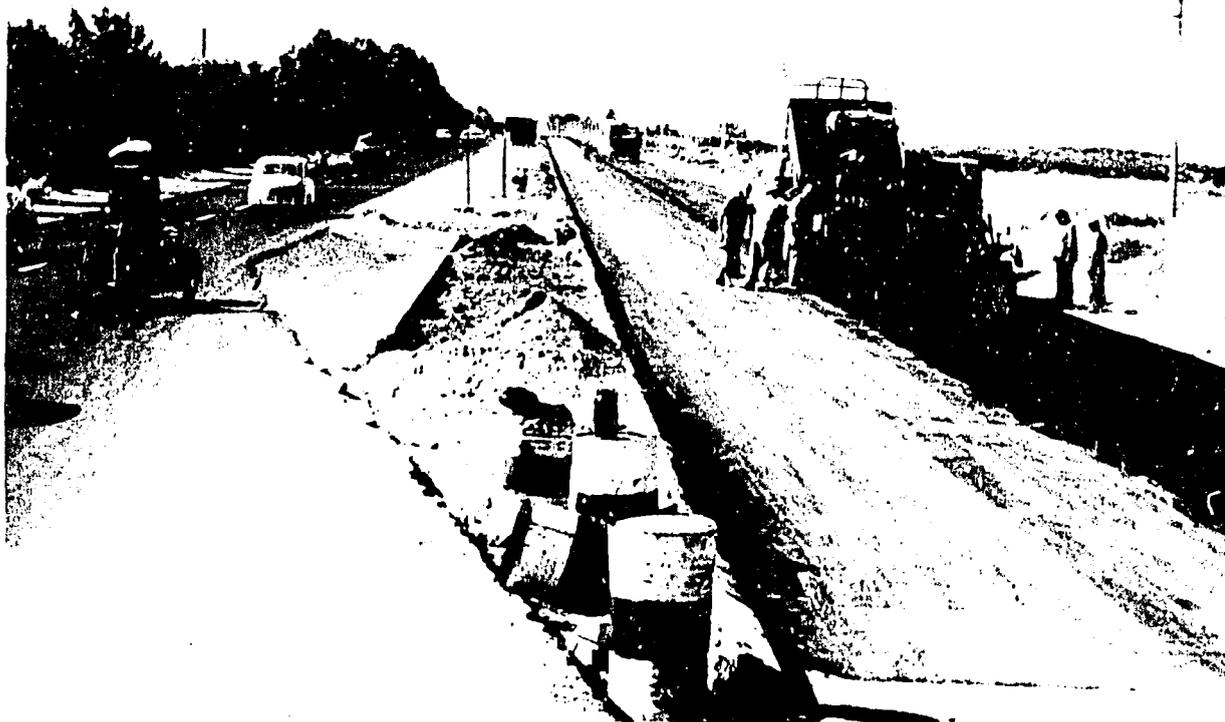


*Together, Israel and the U.S. Operations Mission planned to extend the railway to Beersheba, built the roadbed, laid the rails, and purchased the first Diesel engines with grant-in-aid funds*



*Bulldozers and other American road-building machinery, acquired under the U.S. A.I.D. Program have contributed to the efficiency and accelerated the speed of Israel's road construction program.*

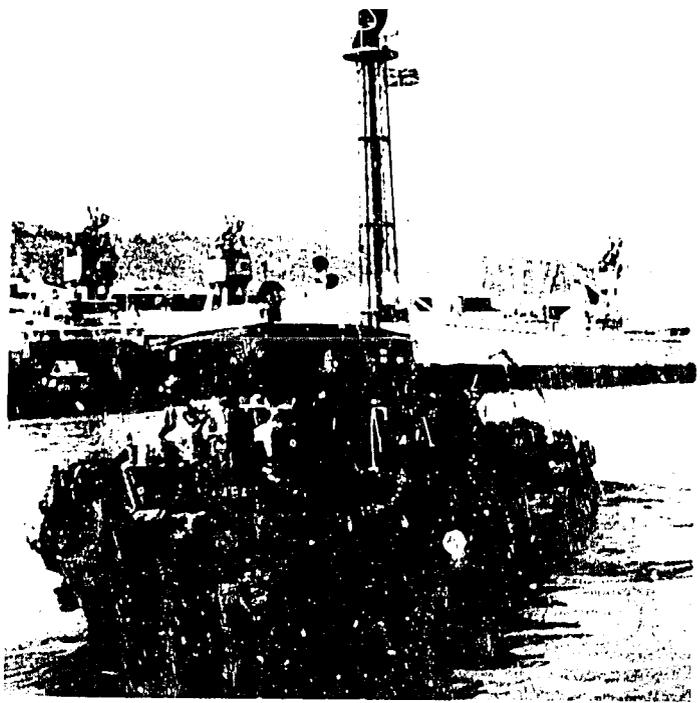
*The broad four-lane highway following the Mediterranean shore and linking Tel Aviv and Haifa. In the design and execution of Israel's road-building projects, the Israel Government has benefitted from the technical assistance of U.S. Operations Mission experts and from counterpart fund loans.*



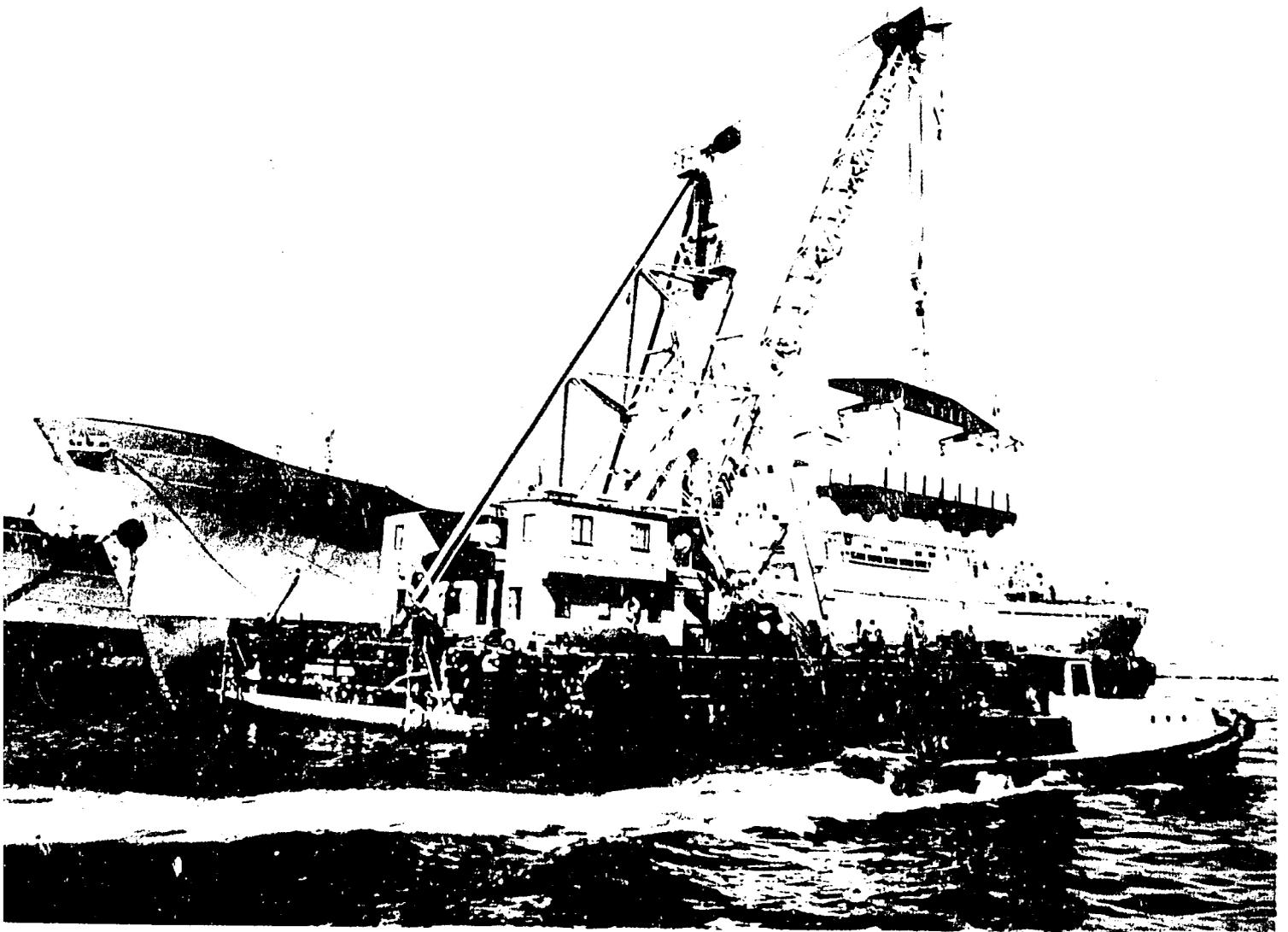


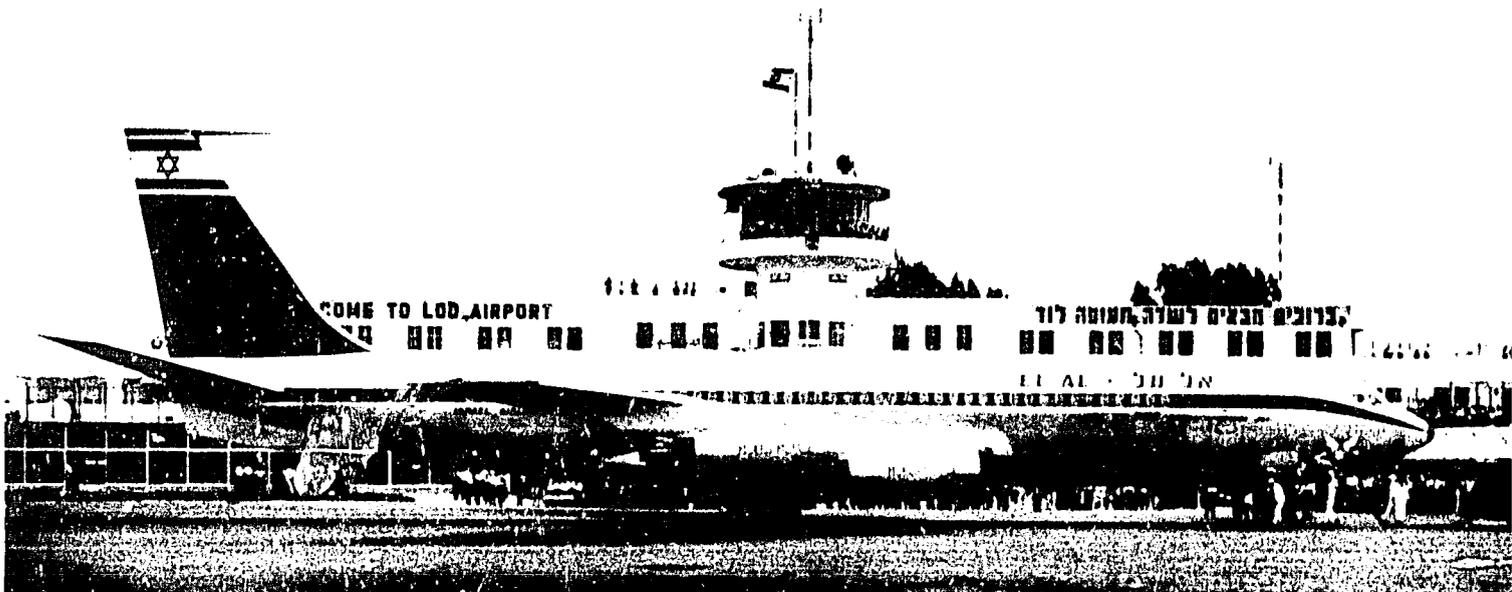
*The Yarkon Bridge, built of steel and concrete, which forms part of the main North-South artery, was financed with counterpart funds. Tens of thousands of cars cross over it every day.*

*"Kabait", a fire fighting boat at Haifa Port,  
acquired with the assistance of an  
Export-Import Bank loan.*

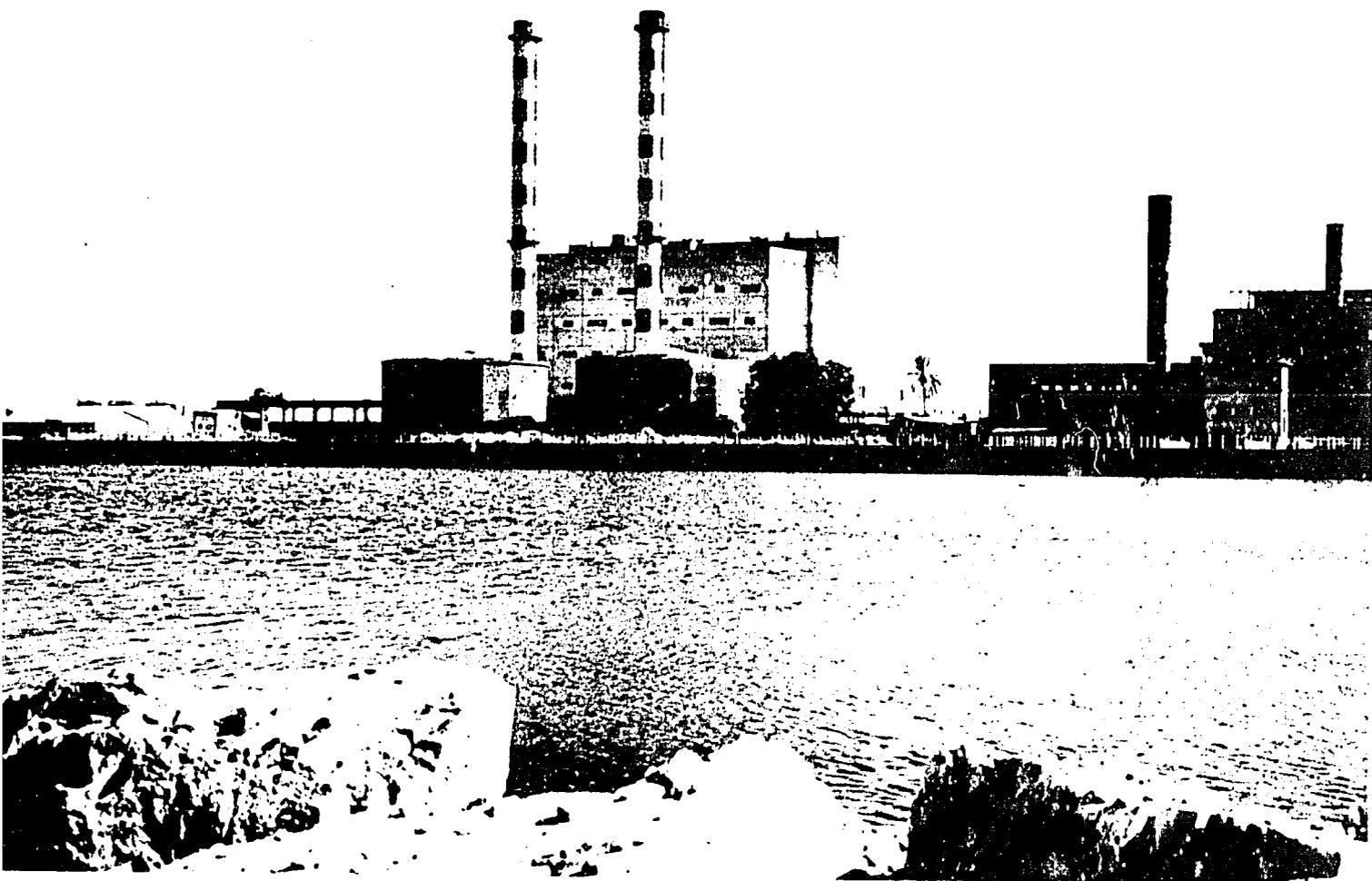


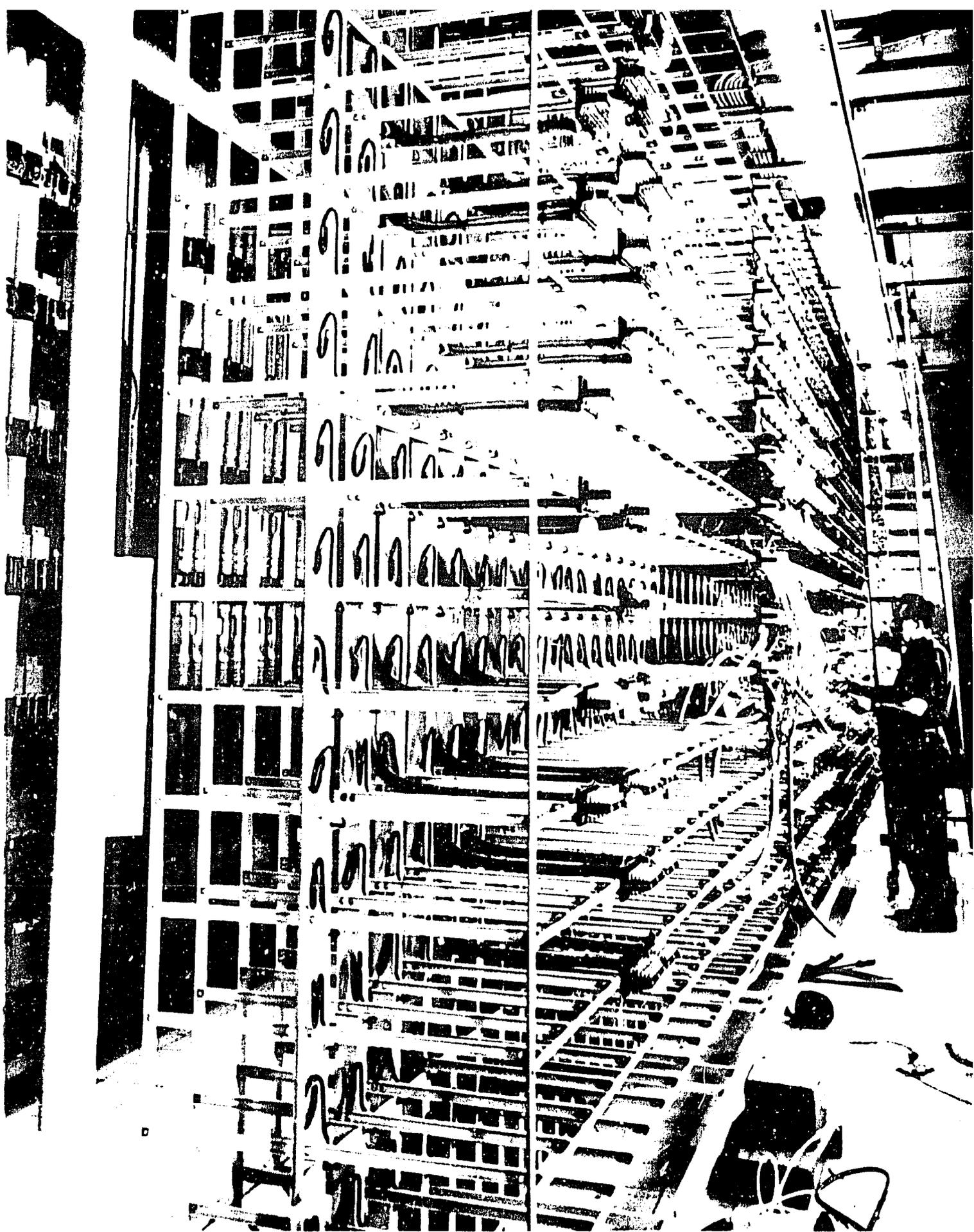
*The floating crane "Shimshon"  
unloading cargo at Haifa Port.*





*The Haifa B Power Station.  
A.I.D. and Export-Import Bank  
dollar and counterpart fund loans  
have contributed large sums towards the  
construction of power stations and transmission systems  
for the Israel Electric Corporation.*





*Equipment for the Tel Aviv (South) Telephone Exchange financed from the Development Loan Fund.*

## **Food for Peace Program**

**(Public Law 480)**

**“We** are grateful for the opportunity our agricultural abundance offers us to share our food resources”, said the late President John F. Kennedy, addressing the 1963 World Food Congress. The United States has forged this abundance into an instrument of its foreign policy. Accordingly, a world-wide Food-for-Peace program which included Israel was launched under Public Law 480, the Agricultural Trade Development and Assistance Act of 1954.

The Program under Title I of the Law consists of sales of U.S. agricultural surplus against payment in local currencies. Since 1955 it has been one of the major forms of U.S. assistance to Israel, averaging about \$ 27 million a year, and was used largely for the import of wheat, feed grains, dairy products, fats and oils. At the same time, the program has generated the equivalent of about \$ 270 million in local currency, of which more than 80% has flowed back into the Israel economy in the form of loans and grants for infrastructural, agricultural and industrial development.

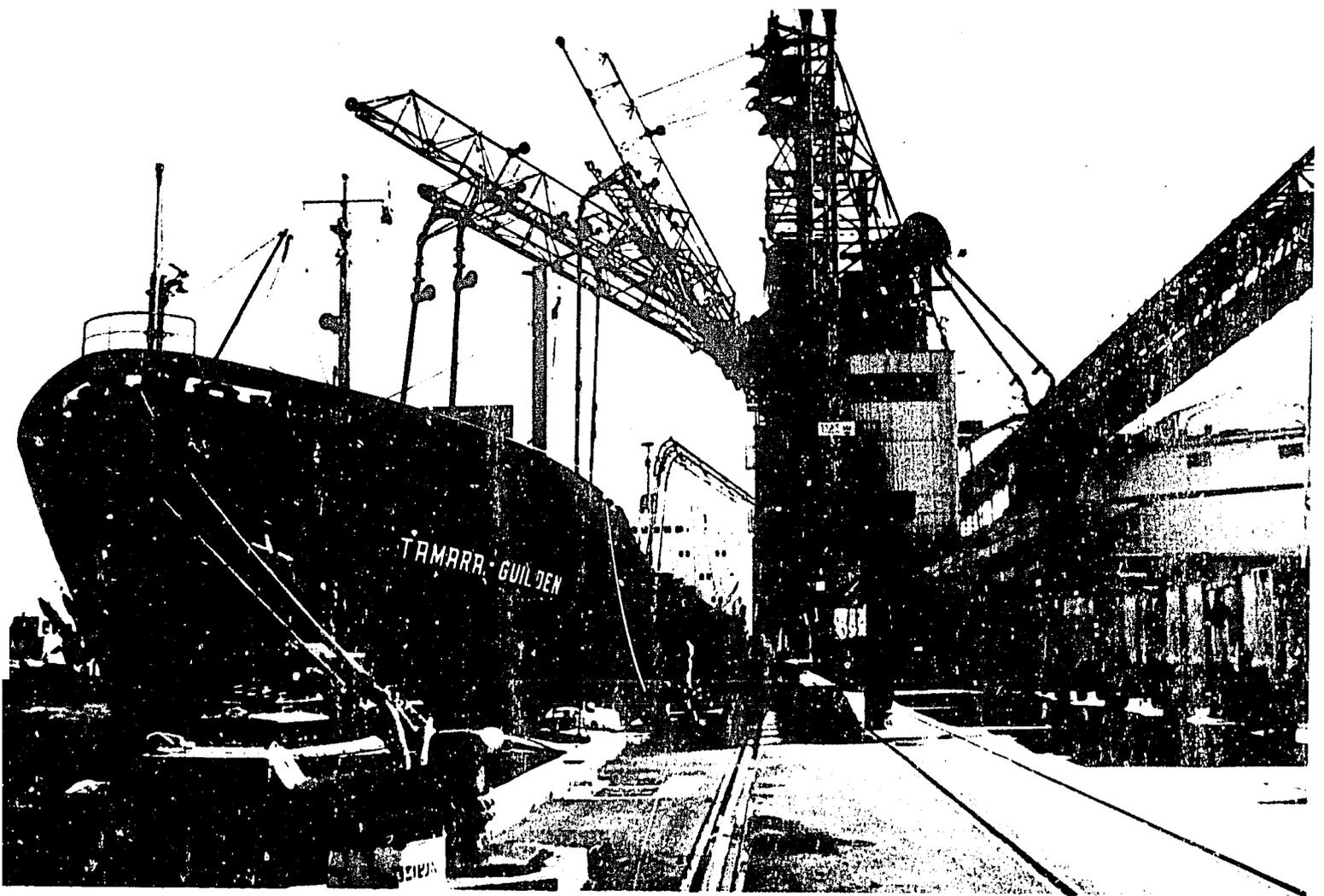
Title II of this Law has helped to finance a school lunch program for approximately 160,000 school children, while Title III has provided nearly \$ 59 million worth of essential foodstuffs for needy persons, which were distributed through the medium of vo-

luntary agencies — Hadassah, CARE and Malben.

Under Title I of Public Law 480, part of the proceeds of sales of U.S. surplus agricultural commodities can be lent to private enterprises or individuals engaged in industrial or economic development which are affiliates of American firms, or to local firms whose activities result in larger imports of U.S. agricultural products. These local currency loans, known as “Cooley Loans”, are named after Congressman Harold D. Cooley, who sponsored the amendment to Public Law 480 which sets aside a portion of the proceeds of surplus agricultural sales to be loaned either for agricultural market development or for promoting local economic development. From 1958 through December, 1964, deposits into the Cooley Loan fund in Israel totalled IL. 82.5 million; disbursements to borrowers for 54 individual projects have amounted to IL. 48 million.

One of the first effects of the PL 480 Program in Israel was to relieve the acute food shortage which had forced Israel to maintain a rigid rationing system. As a direct result of the flow of wheat, feed grains, cheese and butter, the Government of Israel was able to discontinue rationing, and since then food consumption and standards of nutrition have risen steadily.





*Grain is unloaded in bulk directly from the ship and conveyed automatically by a moving belt through a raised tunnel into the pneumatic elevators.*

**Under Title I of PL 480, Israel received between 1955 and 1964:**

	<i>Value</i>	<i>Quantity</i>
	§	<i>Metric Tons</i>
Wheat and Flour . . . . .	88,860,000	1,276,611
Feed Grains . . . . .	80,050,000	1,827,673
Edible Fats and Oils . . . . .	30,280,000	100,854
Inedible Tallow . . . . .	1,000,000	2,900
Cotton . . . . .	5,190,000	7,900
Butter . . . . .	11,300,000	11,190
Cheese . . . . .	2,400,000	4,730
Dried Milk . . . . .	6,690,000	35,820
Beans and Prunes . . . . .	1,510,000	5,120
Tobacco . . . . .	1,550,000	904
Beef . . . . .	12,100,000	11,230
Rice . . . . .	3,020,000	31,435
Ocean Transport . . . . .	30,120,000	—
Total . . . . .	<u>274,070,000</u>	<u>3,316,367</u>

All these products, especially wheat, feed grains and edible oils, continue to be of vital importance to Israel, since in grains only about 15—20 per cent of internal requirements are produced locally, and Israel is almost completely dependent on imports for edible oil and oil seeds. Imports of other products are needed because most of these cannot be produced economically in sufficient quantities within Israel.

The first Title I Agreement with Israel was signed in 1955 and covered a number of agricultural commodities; the most recent agreement, for fiscal year 1965, is the tenth to be signed and brings the total value of all such sales agreements with Israel to \$ 308 million; some of these commodities have still to be delivered.

In planning imports under Title I, several factors had to be taken into consideration. Would these imports disturb local agricultural production? How would local prices be affected? How would the imports influence Israel's traditional trade with other countries? What about the United States' own trade with Israel? How long should the program be continued?

An analysis made by the Pank of Israel of the economic effects of the program has made it clear that these imports did not compete with local agricultural products, but complemented them. The flow of wheat, feed grains, and other staples enabled Israel's farmers to produce more profitable specialized crops and to make more efficient use of the limited land and water resources available to them. The livestock sector, for example, has been expanded beyond local capacity for feed and forage production in order to meet the needs of a growing population and rising standards of living.

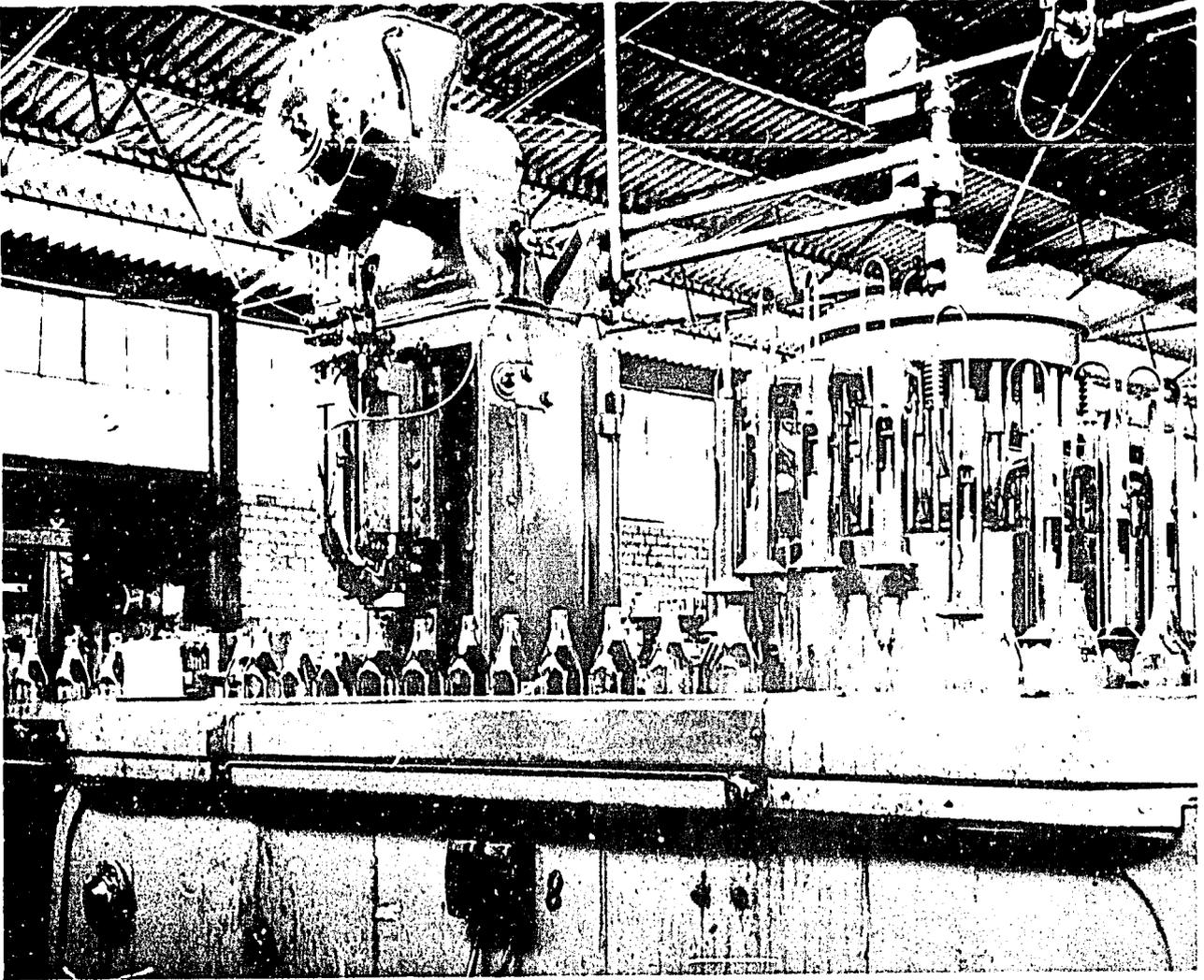
The Title I imports made the maintenance of adequate stocks possible; this had a stabilizing effect on prices, and was of great benefit to the economy.

Agricultural imports on a commercial basis have also continued and expanded — from \$ 3 million in 1955 to over \$ 40 million in 1964 — notwithstanding increased shipments of surplus agricultural products under

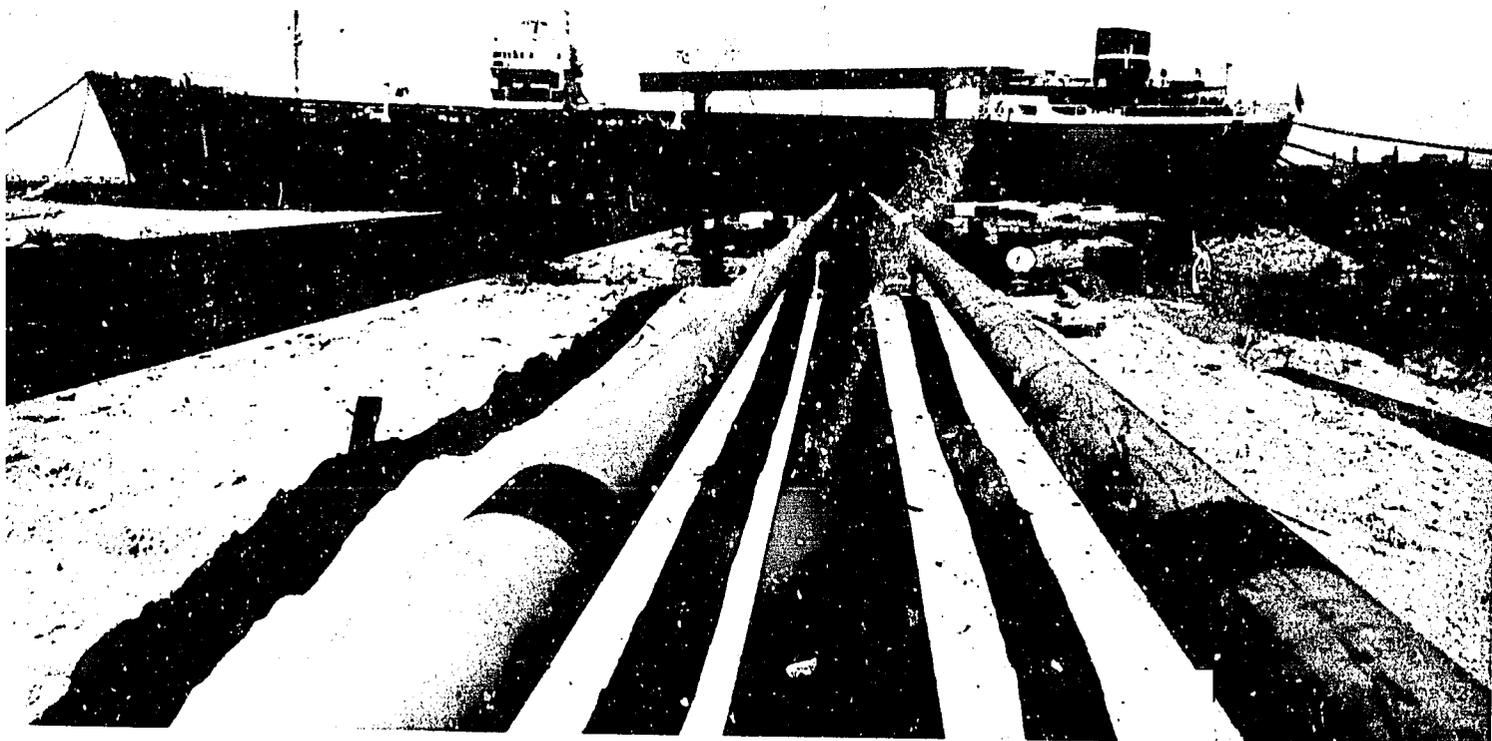
PL 480. In the case of feed grains, for example, the U.S. increased its cash dollar sales to Israel from 26,000 tons in 1955 to 271,000 tons in 1964. At the same time other countries sold Israel 77,000 tons of feed grains, more than double the quantity imported by Israel a decade earlier.

Other examples are rice, of which the U.S. increased its commercial sales to Israel from 300 to 2,800 tons, in ten years, and other countries from 3,700 to over 7,000 tons; and soya beans, of which Israel has become the biggest importer per capita in the world, and in absolute terms second only to Japan. Soya bean imports alone, paid for in free dollars, totalled over \$ 28 million in 1964 and the need for commercial imports will continue to increase.

This commodity import program not only served a vital purpose in itself: it also generated about IL. 575 million Israel Pounds in local currency of which the main part was reinvested to contribute to Israel's economic development and growth by providing funds for infrastructural development and for expanding productive capacity. Side by side with the PL 480 program, Israel was enabled to acquire machinery and equipment for expanding her own agricultural production and for irrigation projects through the help of dollar loans advanced by the Development Loan Fund, the Agency for International Development and the Export-Import Bank.



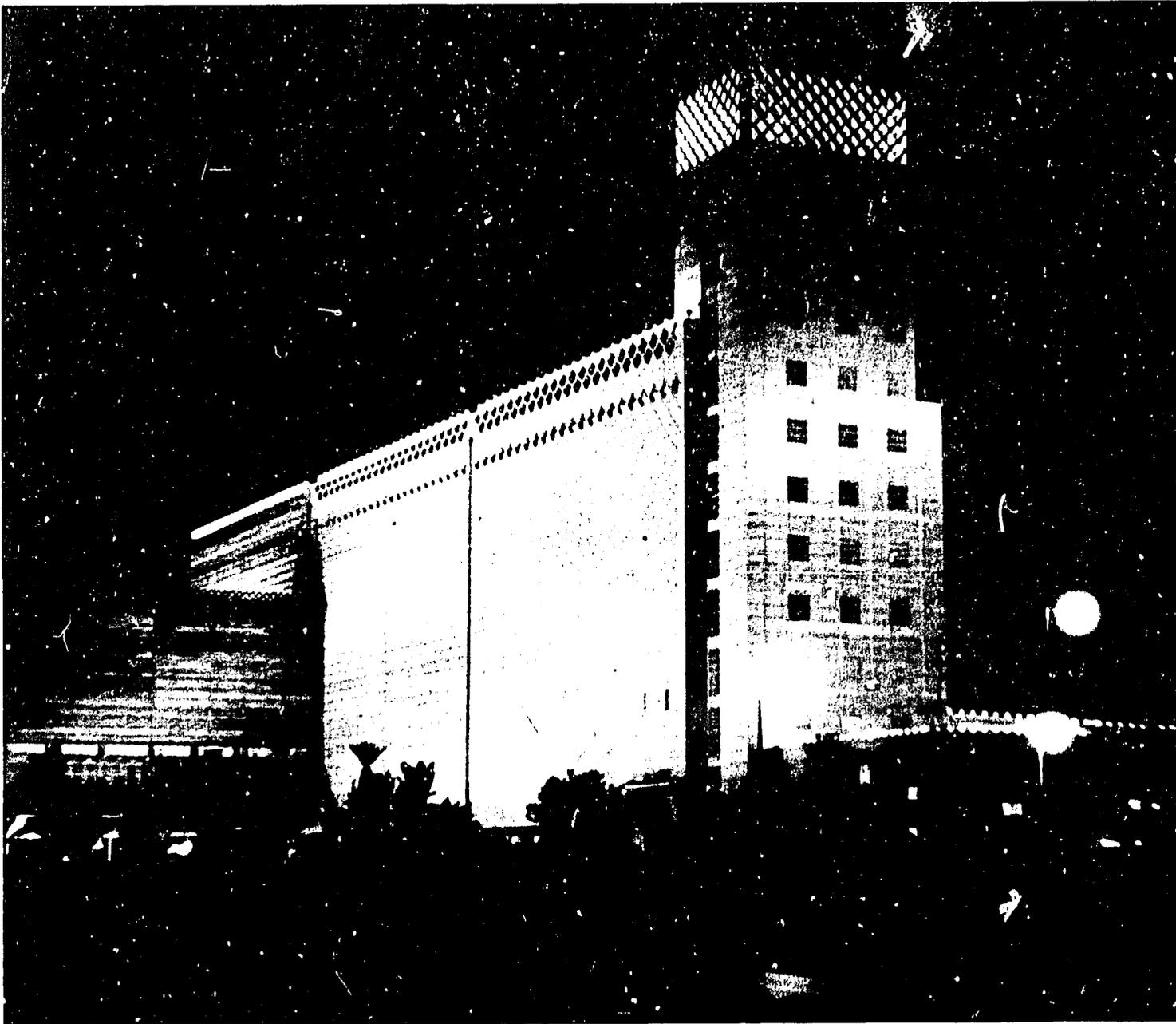
*Soybean oil, introduced into Israel under PL 480, is bottled automatically for local consumption and for export.*



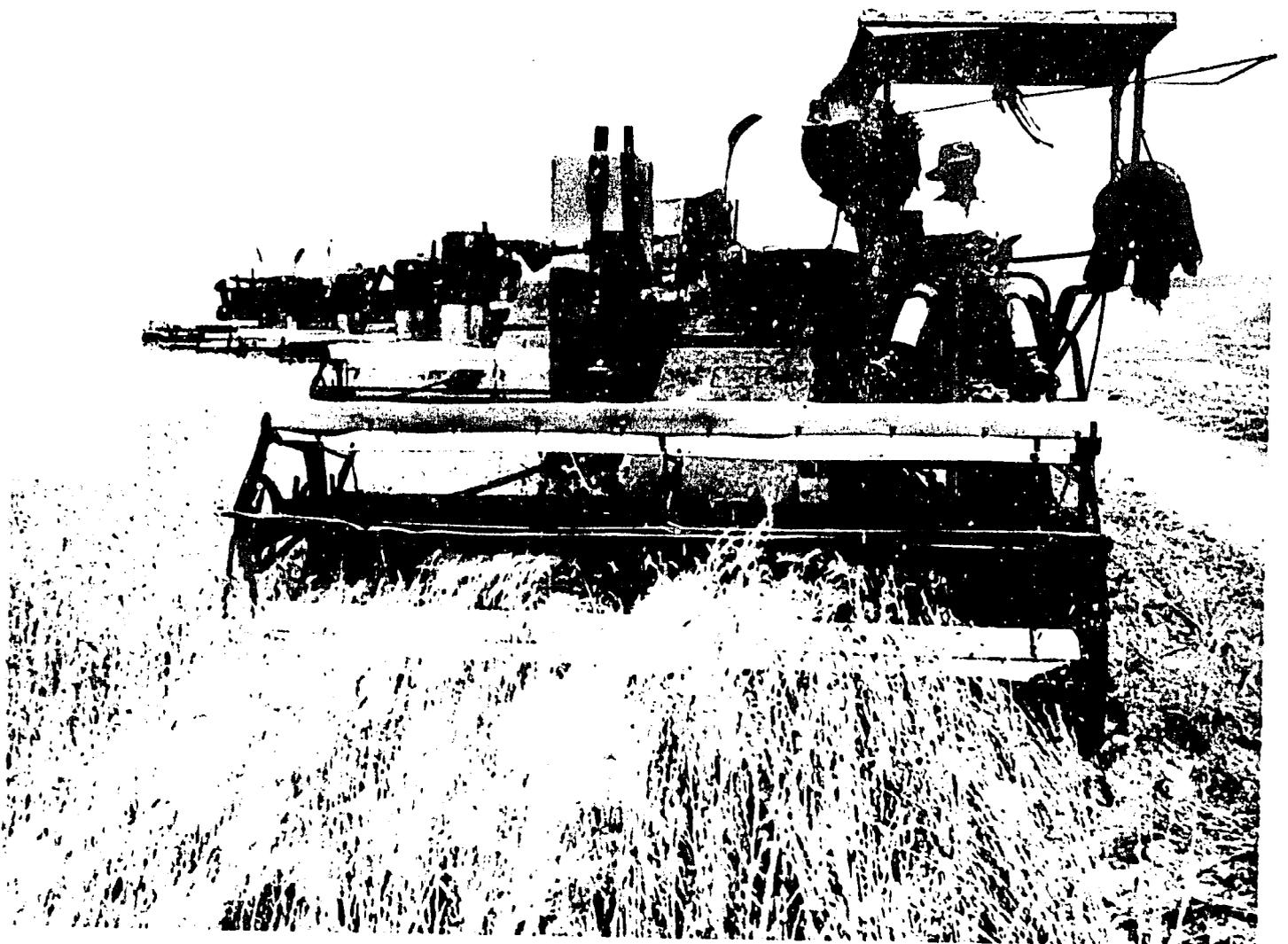
*Special installations at the Kishon Port for bulk loading and unloading of edible oils by Gadot Chemical Tankers and Terminals Ltd., were set up with the aid of a Cooley Loan.*

## Agricultural Development

*The Dagon Silo by night, a landmark of Haifa, which handles 95% of all grain imports into Israel. Its construction was aided by several Cooley Loans.*



*Fishing for carp in an artificial pond in Galilee, a project perfected through the technical assistance rendered by the U.S. Operations Mission's specialists.*



*American combine at work in the fields of the Valley of Esdraelon, under the program for the improvement of farming methods.*





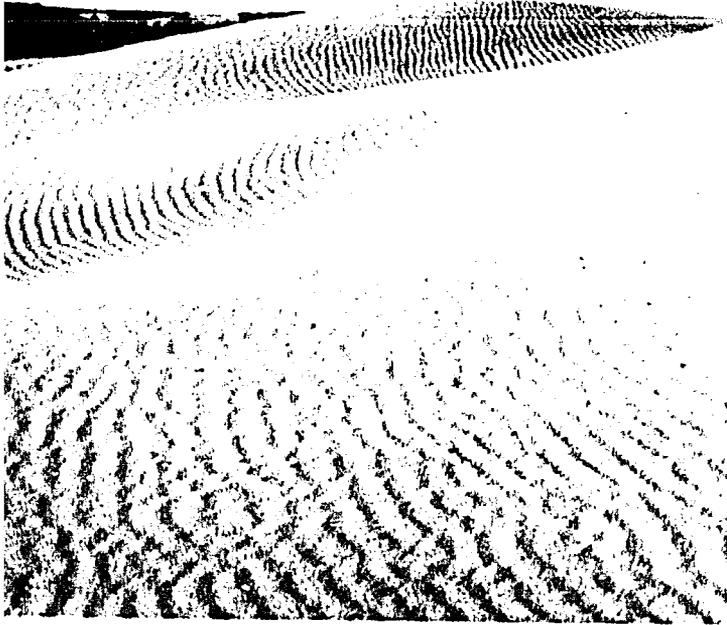


*Bananas are one of Israel's most successful export crops.*

*Apples, introduced into Israel only recently, have become one of its most successful crops and an important ingredient in the nation's food basket.*



*An increasingly important industrial crop is peanuts whose large size and good color have made them a valuable export item.*



*Afforestation has been undertaken on a large scale in Israel. The photos illustrate barren land denuded of all vegetation, the planting of trees and shrubs, and a restored forest that provides shade and greenery and helps to conserve the soil.*



*Mounting of new kiln for calcination of phosphates, the largest of its type in the world which was financed with an Export-Import Bank loan.*

## **Industrial Development**

One of the main objectives of the U.S. Aid program in Israel has been to help speed up the process of industrialization. U.S. Government funds for industry were and continue to be channelled through the Industrial Development Bank of Israel Ltd. (IDBI) which plays a crucial role in the expansion of industrial capacity and output.

The Bank was set up by the State of Israel, with the support of the United States Government, three large local commercial banks, the Histadrut (General Federation of Jewish Labor), the Manufacturers' Association of Israel, and later by other local banks and private investors. It opened in 1957 with the objective of encouraging the establishment and expansion of industrial undertakings needed in the development of the Israeli economy.

For the purpose of promoting the economic development of Israel through the expansion of the lending activities of the Industrial Development Bank of Israel Ltd. (IDBI), the Agency for International Development (A.I.D.) has provided a total of IL. 86 million from local currency funds generated under PL 480 to finance the Government of Israel participation in the Bank's share capital. An additional IL. 40 million loan agreement was recently signed between A.I.D. and IDBI to make available loans to private industry. This agreement provides for repayments to be made half in dollars and half in Israel pounds.

The Development Loan Fund, and later A.I.D., also made two direct loans of \$ 10 million each to the Bank to enable it to grant loans to industrial enterprises for the acquisition of equipment in the United States.



*The Israel Petrochemical Enterprises Ltd., one of the largest beneficiaries of Cooley Loans, has completed its first three plants for the production of ethylene, polyethylene, and carbon black.*

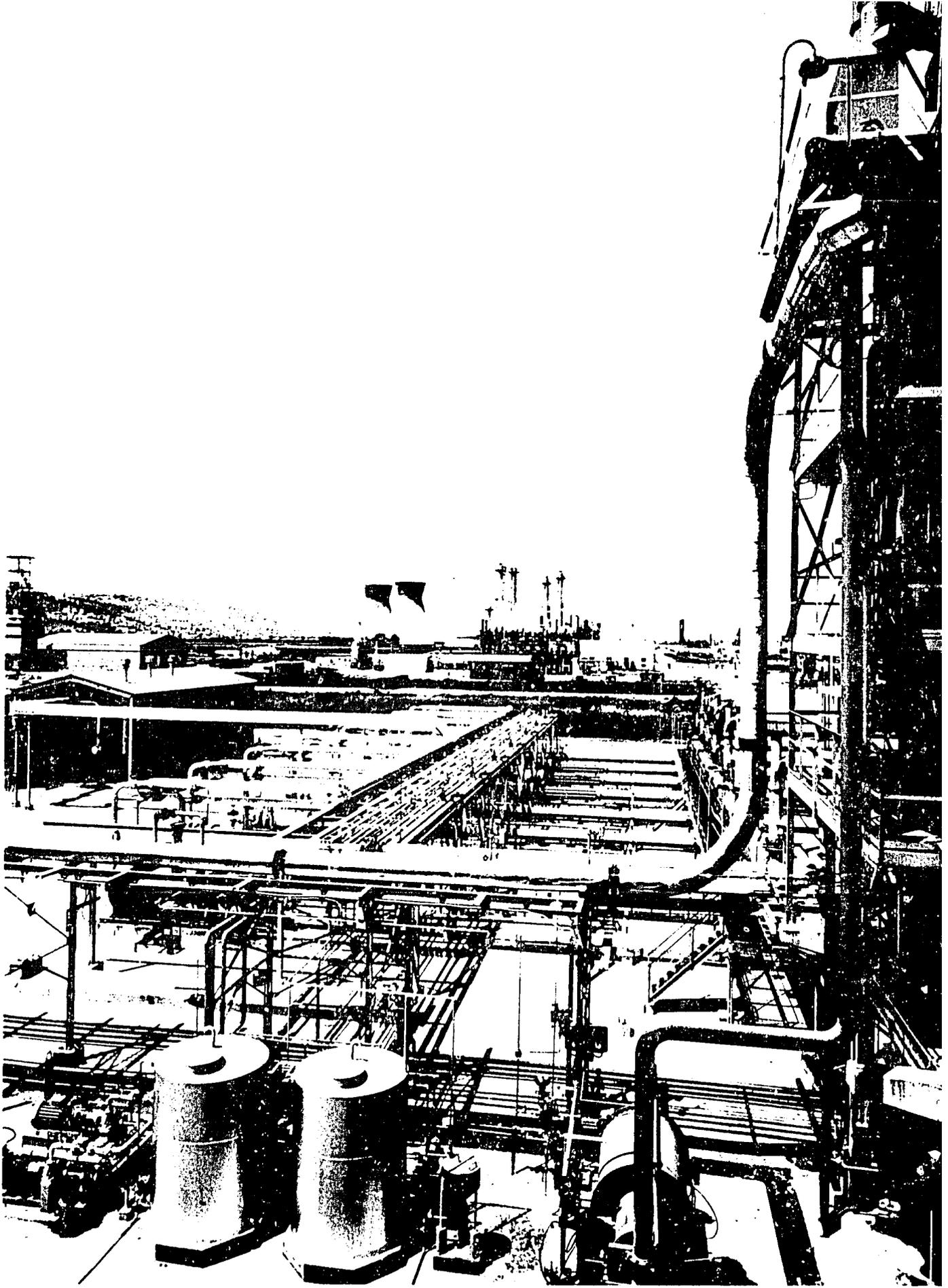
Exactly 165 individual loans were approved by the Bank in 1964 totalling IL. 131 million and bringing the total number of loans approved since 1957 to 1,384 for a sum of IL. 574 million.

In addition, the Bank acts as the agent of the Israel Government in the disbursement of loans financed from its Development Budget. It is also the instrument through which the U.S. Government disburses Cooley loan funds.

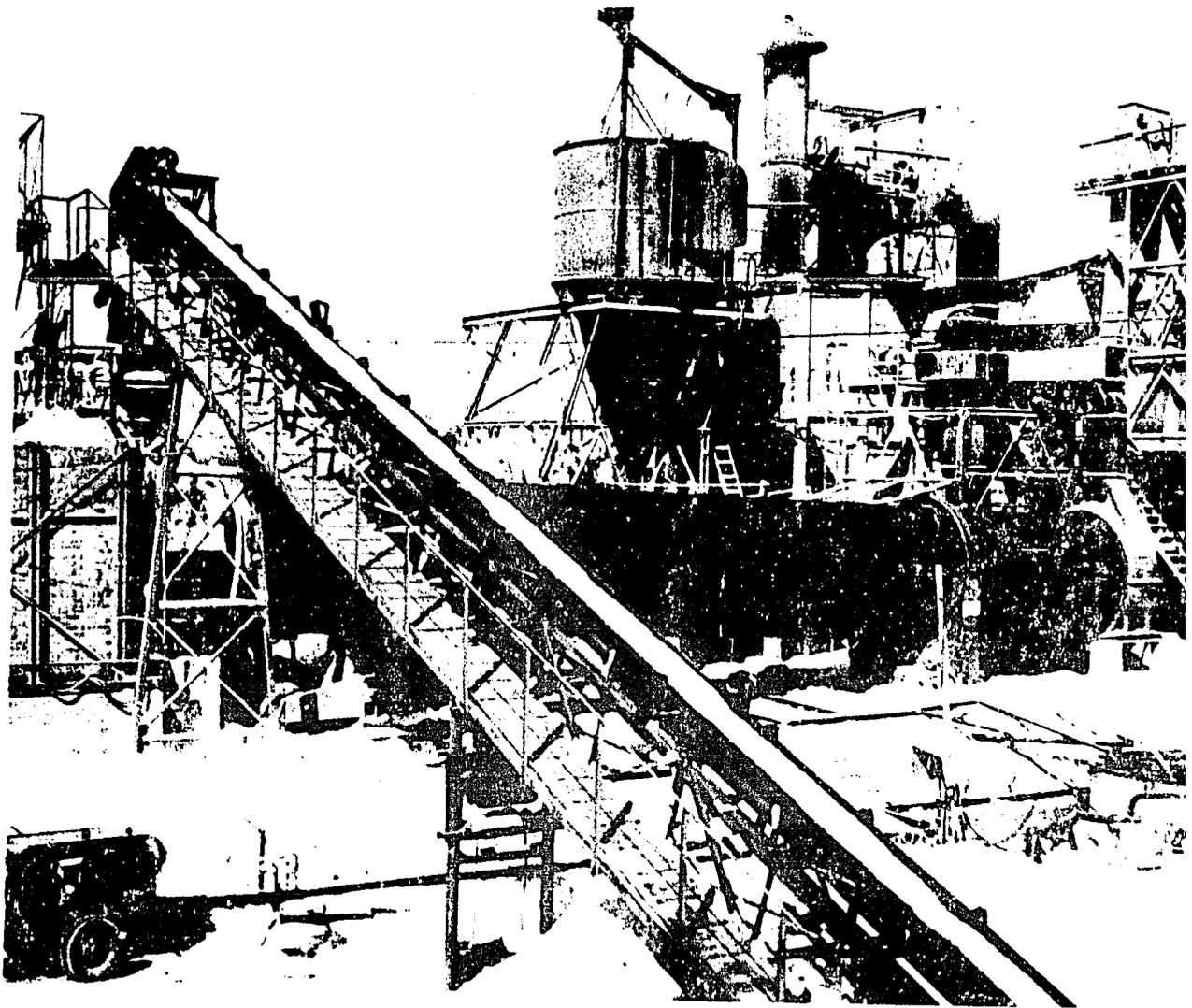
Cooley Loans (see page 22) have been advanced to enterprises in practically every sector of Israel's industry, including tire manufacturing, textiles, plastics, chemicals, electrical appliances, cardboard and metal wares. Loans have also been provided for the construction of silos and grain storage facilities, an oil tanker terminal, hotels and commercial centers.

As a result of substantial investments made in industry, particularly during the last 10 years, involving both private and

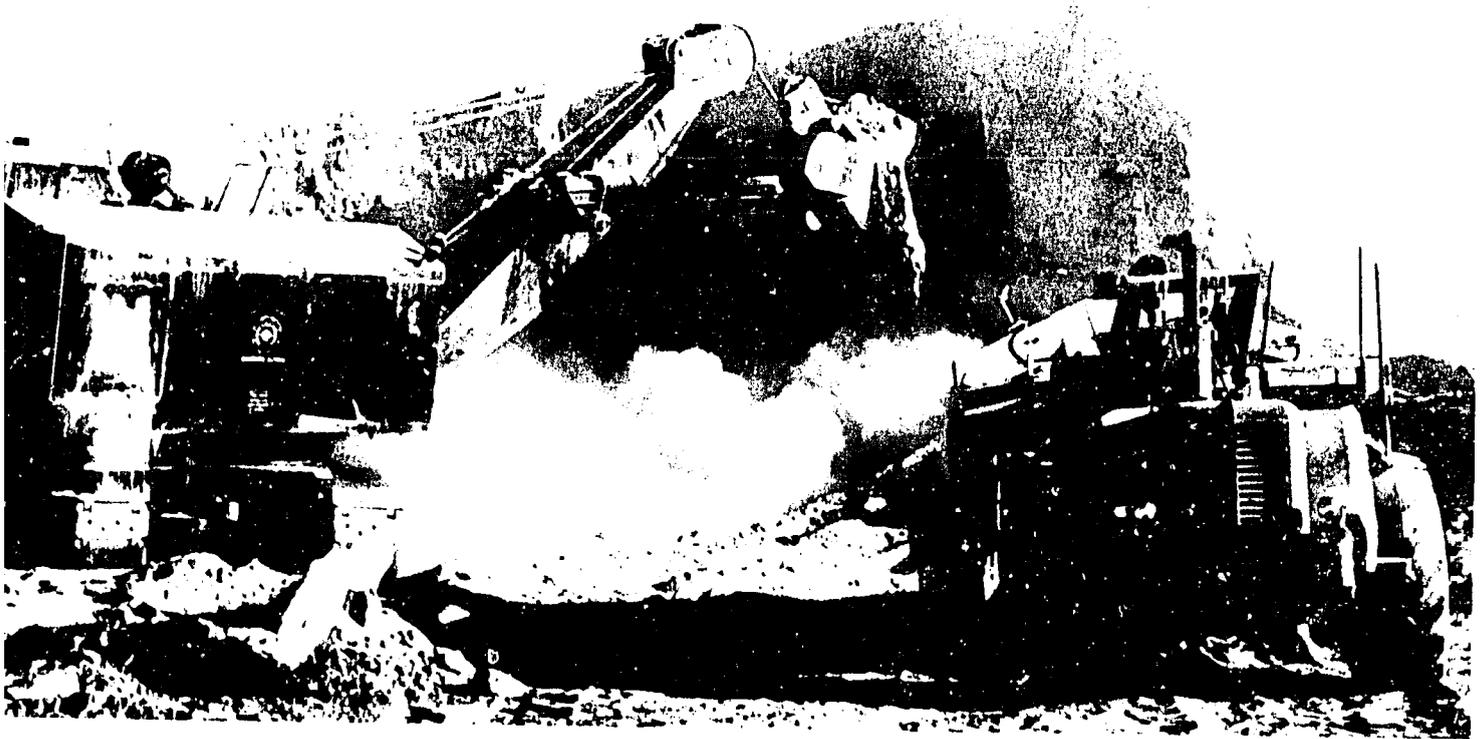
public resources, industrial output has increased by approximately 10% a year and has been accompanied by increased productivity per worker. In view of Israel's limited area and paucity of natural resources, industry must play a foremost part in producing goods for export and for local consumption in place of imported goods, thus contributing towards narrowing the gap in Israel's trade balance. Industrial activity in Israel ranges over a wide field — from basic mining, chemical and metal industries to the production of industrial raw materials and components, building materials and consumer goods of all kinds, including processed foodstuffs. American aid programs have not only assisted in the expansion of local industry but have helped create long-term markets for U.S. capital goods, for which Israel is one of its better customers. On the other hand, Israel's young industry has established a foothold in export markets in the U.S. and elsewhere which she hopes to expand and develop in the course of time.



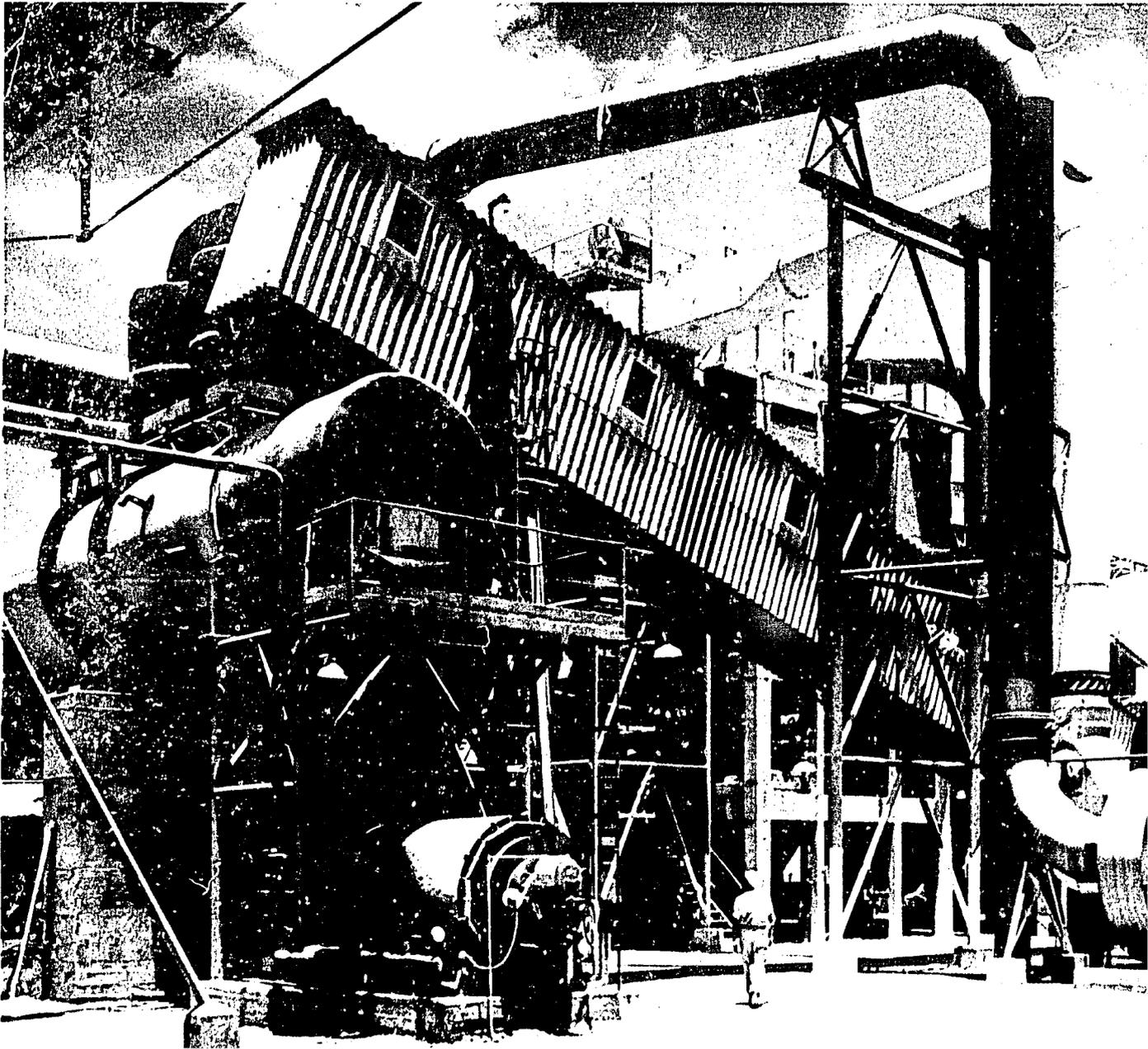
*The phosphate works at Oron in the Negev will considerably improve the quality of its phosphate with the completion of its large new calcination plant, the largest of its type in the world, financed by substantial A.I.D. counterpart funds and Export-Import Bank loans.*

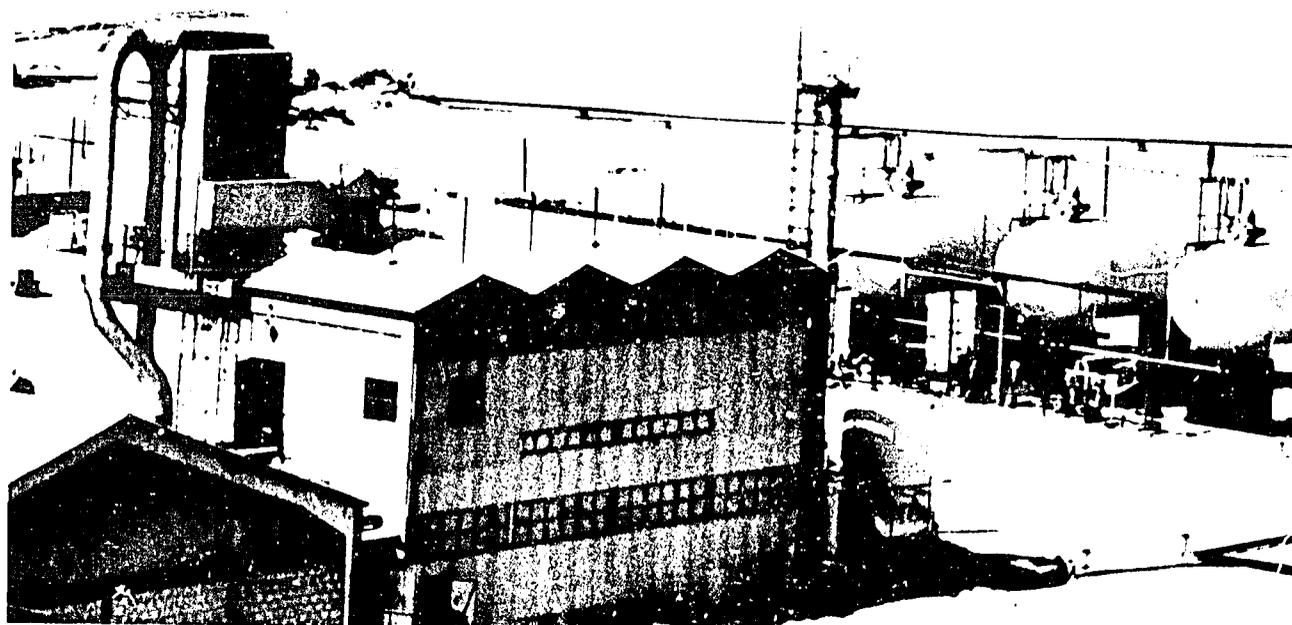


*Quarrying phosphate rock at Oron.*



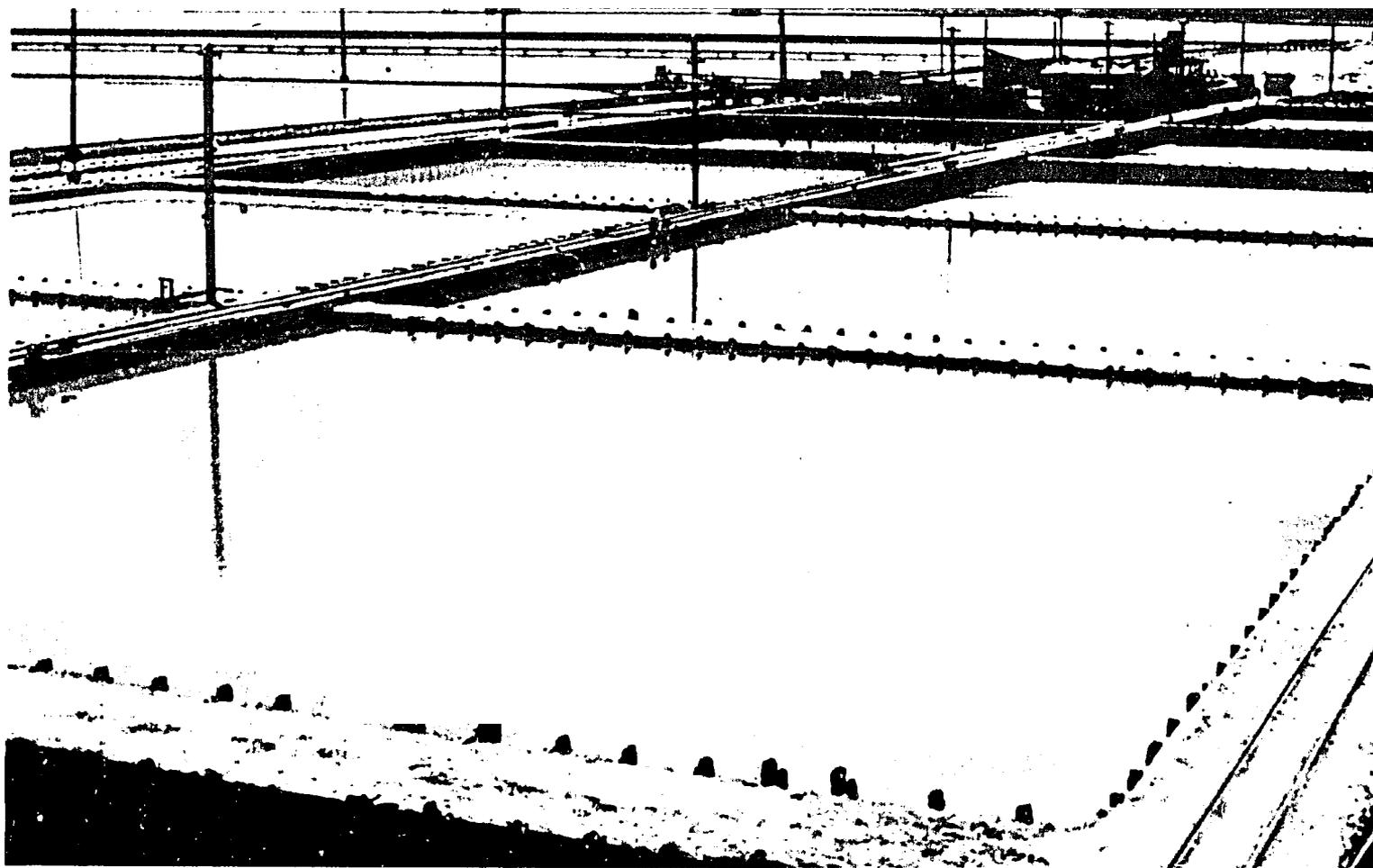
*Granulation plant of Chemicals & Phosphates Ltd. in Haifa, produces custom-made fertilizers for export — one of a complex of factories manufacturing a wide range of fertilizers, feed additives and industrial chemicals.*

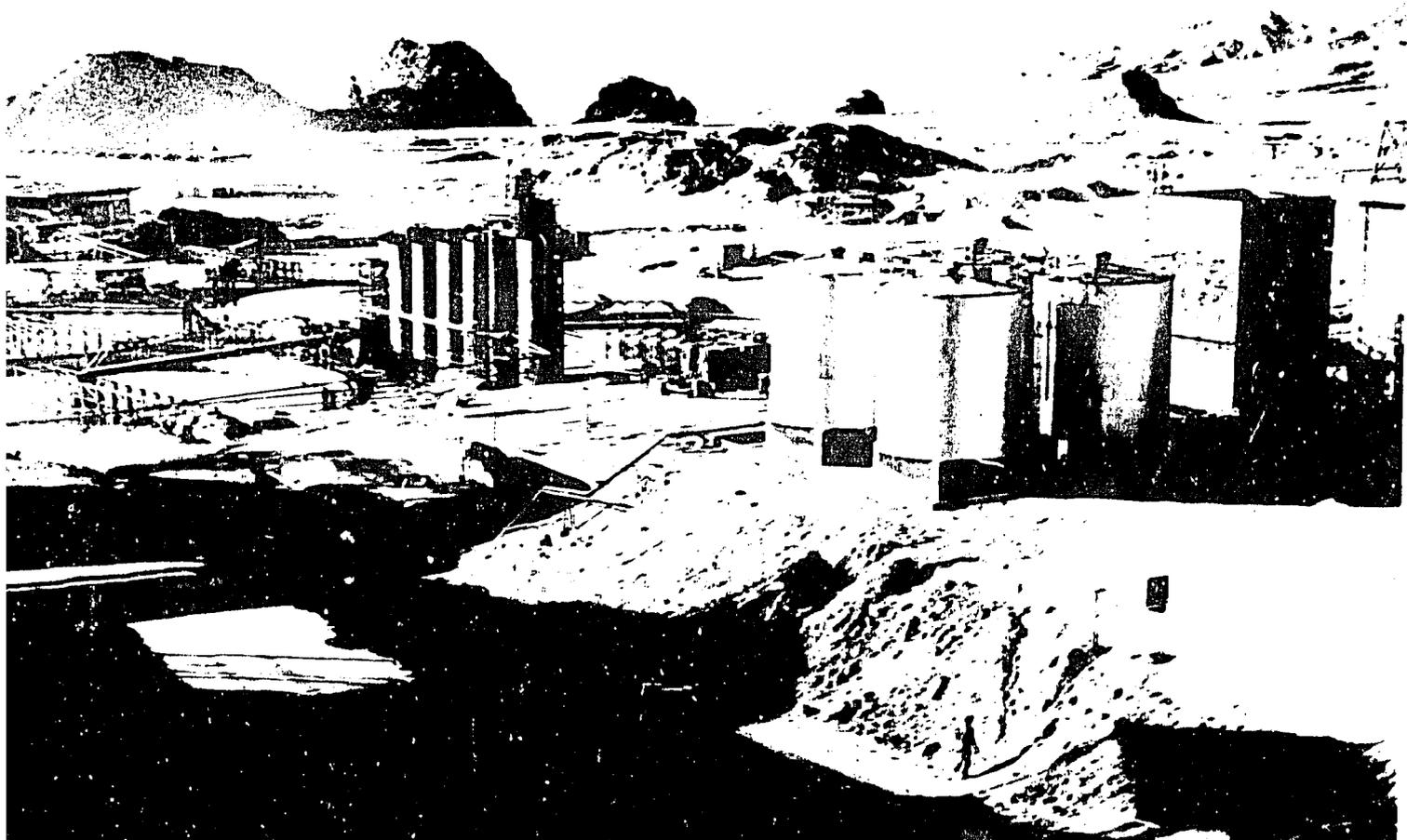




*Electrochemical Industries (Frutarom) Ltd., situated in the Bay of Acre (with the picturesque Crusader town of Acre seen in the background), is a major chemical enterprise. Its operations are being further expanded with the aid of a Cooley Loan.*

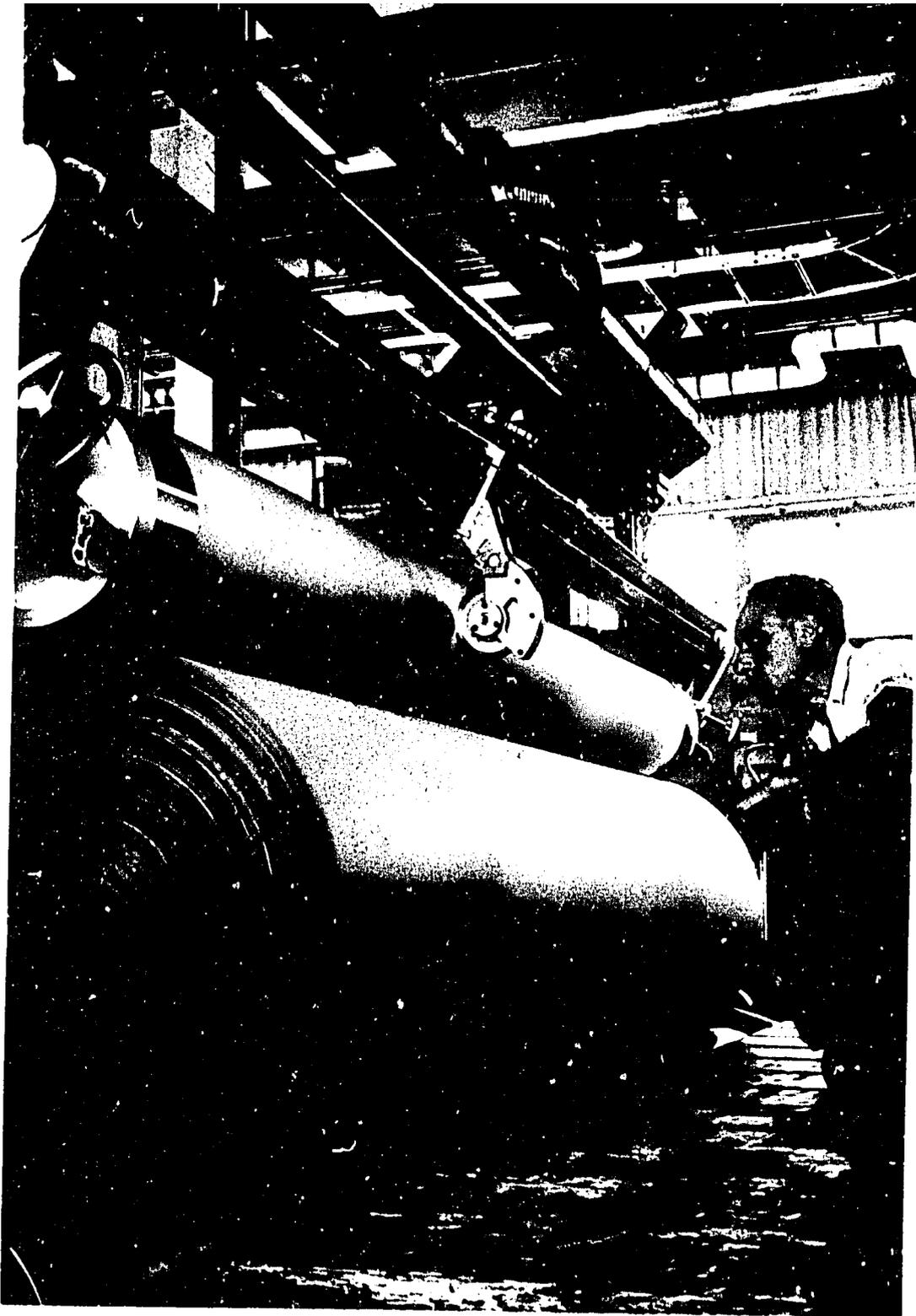
*The gigantic system of dykes, canals, pumping stations, pipelines, and carnallite pans under construction at the Dead Sea works is nearing completion and will more than triple potash output, partly as a result of substantial Grant-in-Aid local currency assistance.*







*Israel's tire industry, which has received assistance through Cooley Loans, produces a wide range of tires, from passenger car to large truck and tractor tires, both for domestic use and export.*



*A large Cooley loan enabled the American Israeli Paper Mills at Hadera to improve and expand operations. This enterprise is supplying an increasing share of Israel's requirements of paper, thereby reducing dependence on imports.*

*Interior of the Cargal plant, producing cardboard and cartons. The installation of new modern equipment, partly financed with Cooley funds, has enabled this enterprise to raise the quality of its products to meet international standards and to compete successfully in export markets.*



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## Education and Science

Local currencies owned by the U.S. have been allocated not only to agriculture and industry but have also contributed towards the construction of schools and scientific institutions, provided scholarships enabling Israeli students to study abroad, and financed pure and applied scientific research in Israel, the latter at a cost of some IL. 15 million annually. Construction and other projects totalling IL. 6 million were financed under the now-completed American special cultural program for Israel. Educational and cultural exchanges of persons are carried out under the continuing Fulbright and State Department programs. The research program is a joint one with the U.S. furnishing the funds from local currencies generated under Public Law 480, as well as some of the equipment, and occasionally the services of experts, while Israeli scientists carry out research projects which are designed to be of mutual benefit.

At present fifteen U.S. Government agencies are sponsoring research projects in Israel, including the National Institute of Health ; the Vocational Rehabilitation Administration ; the Department of Health, Education and Welfare ; the National Bureau of Standards ; the U.S. Weather Bureau ; the Bureau of Commercial Fisheries ; the Office of Saline Water ; the Department of Agriculture ; the Army, Navy and Air Forces ; as well as

the National Science Foundation and the Atomic Energy Commission.

Some of the special opportunities for research offered by Israel are connected with the unique ethnic composition of her population, which provides an ideal base for medical and sociological research, together with the fact that Israel herself maintains well developed medical and social services. This is the reason for which Israel was selected to undertake research in, for instance, cardiac diseases and rehabilitation of the blind.

A total of 71 grants for agricultural research have been made to Israel institutions of higher education and Government agencies ; these research programs have included such diverse activities as cattle breeding, utilization of soybeans and the development of new uses for textile fibres.

Israel possesses a reservoir of scientists of outstanding value for the implementation of such scientific research projects. Some scientists of the Weizmann Institute of Science, for example, have international reputations in fields such as utilization of computers in the solution of geophysical problems, the analysis of the structure of proteins, and chemical immunology ; the Hebrew University has internationally known specialists in cancer research and many other fields. The Haifa Technion

*Capillary research at the Hadassah University Hospital in Jerusalem*



program is smaller but there, too, certain scientific and engineering projects have been sponsored by the U.S. Bureau of Standards, the U.S. Air Force and others. In general these research programs have amply repaid all American investments.

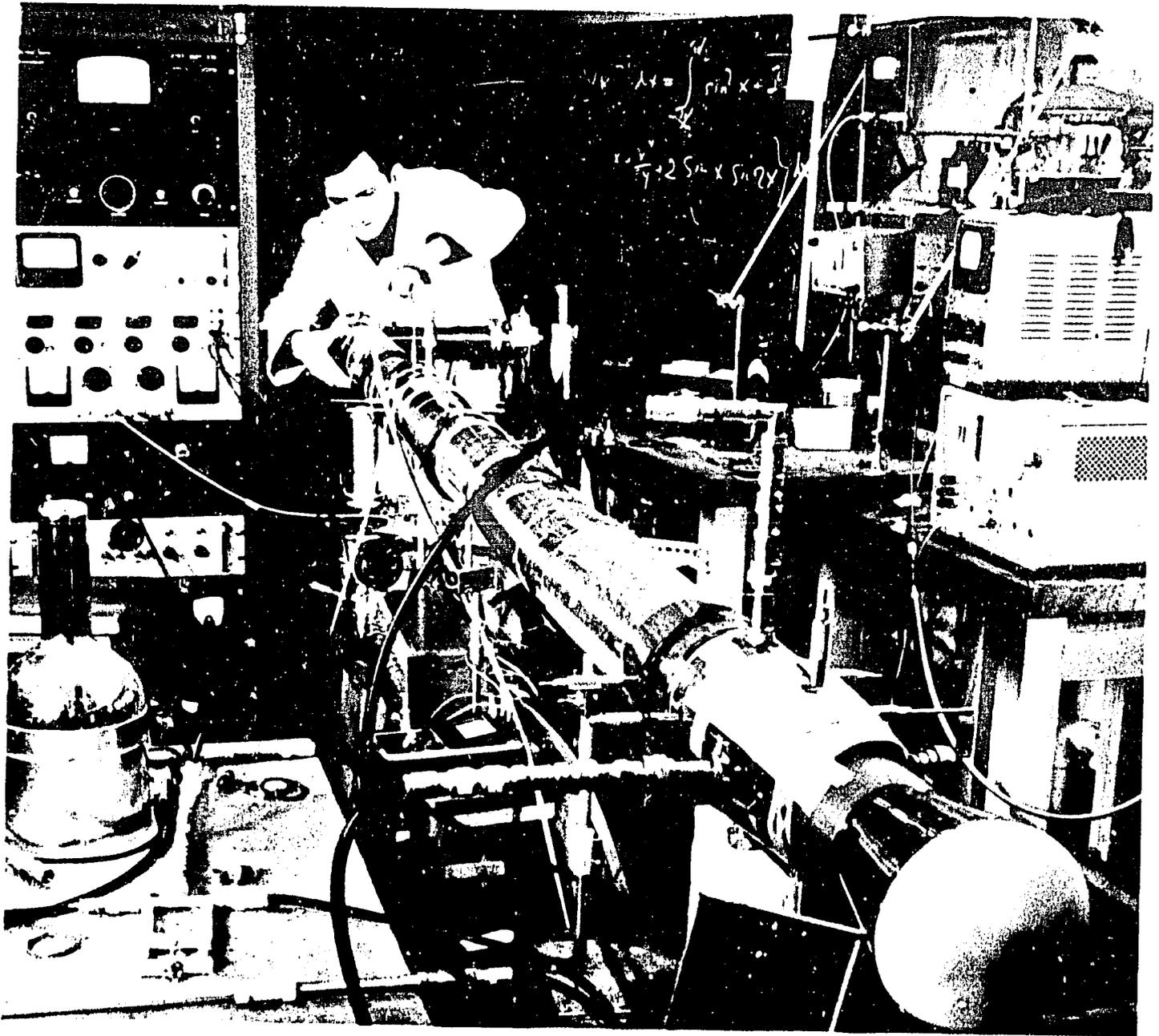
A fair share of the Israel Program of Scientific Translations, which publishes and distributes some fifty books, monographs, and scientific works a year, is also financed from funds generated under PL 480.

Educational institutions in Israel have received financial assistance under the U.S. Aid Program. Loans have been granted to the Israel Government for the construction of school buildings, especially in the poorer quarters of the cities and in development areas. Important loans have been approved for the Weizmann Institute of Science at Rehovot (IL. 45 million), the Tel Aviv University

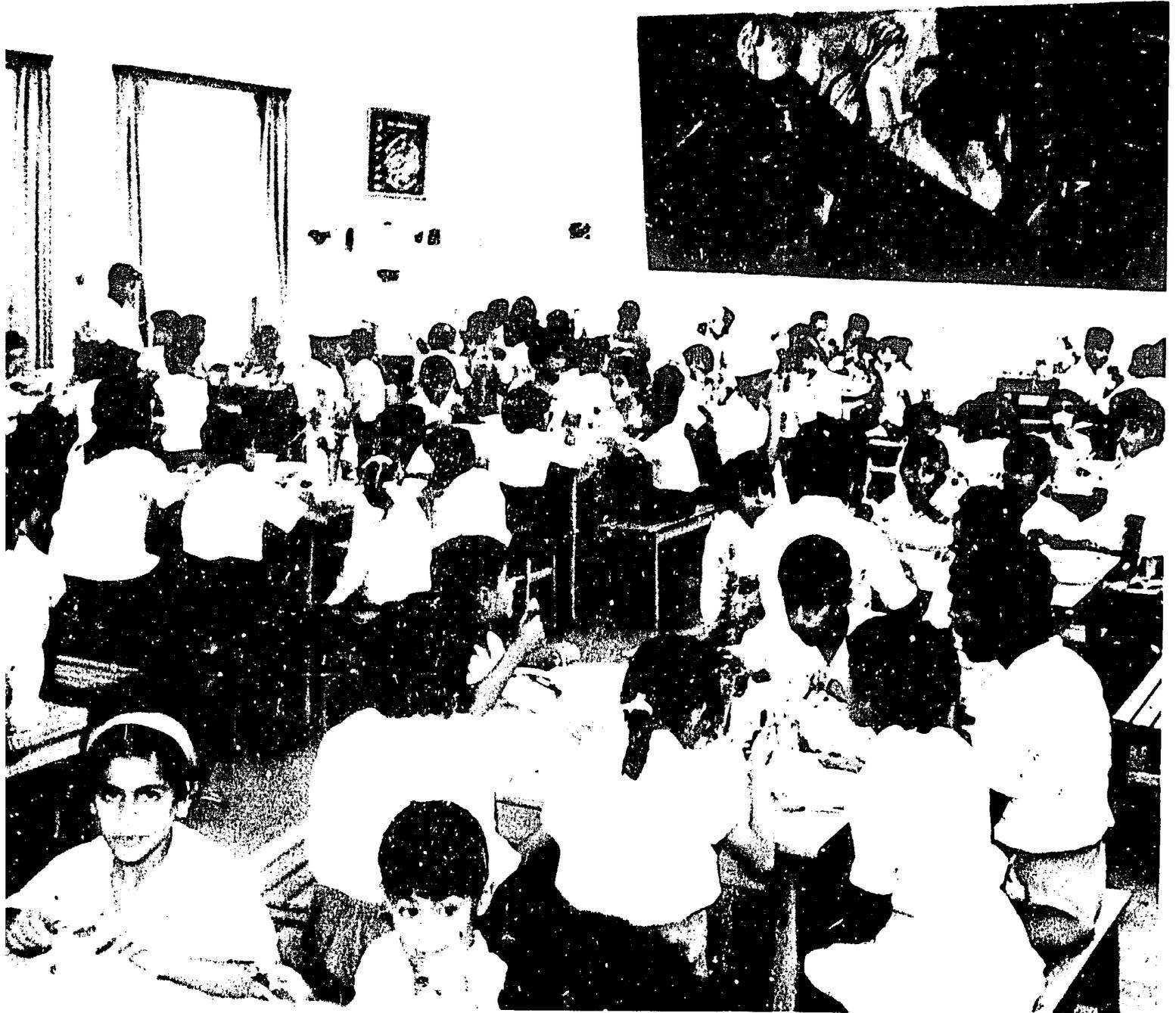
(IL. 6 million), and the Haifa Technion (IL. 6 million) for the expansion of buildings and facilities which presently fail to meet the demands being made upon them. The funds for these loans are also generated under PL 480.

An unusual undertaking has been the State University of New York (S.U.N.Y.) project, which provided a team of some twenty-five specialists to Israel. An agreement was developed with the Agricultural College at Rehovot for the exchange of scientists, professors, and students, as well as for the interchange of scientific knowledge and technical information, between S.U.N.Y. and Israel's National and University Institute of Agriculture ; among the recommendations of the S.U.N.Y. team was the setting up of a land grant type college including a school of home economics, which is now under construction at Rehovot, financed with Counterpart funds.

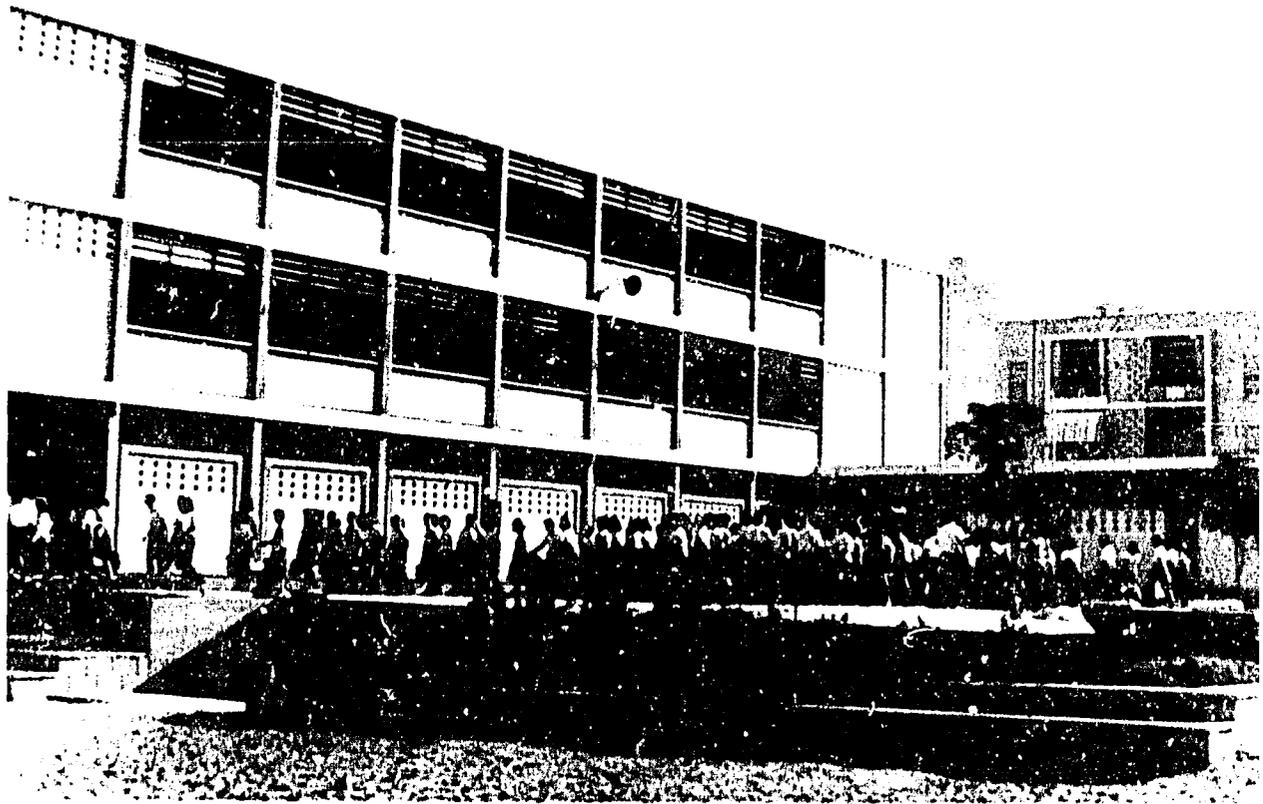
*Israeli scientist at work in the  
Nuclear Physics Department of the  
Weizmann Institute at Rehovot.*







*The school lunch program carried out by the Israel Ministry of Education in cooperation with A.I.D. provides balanced meals to thousands of needy children in the cities and rural areas.*

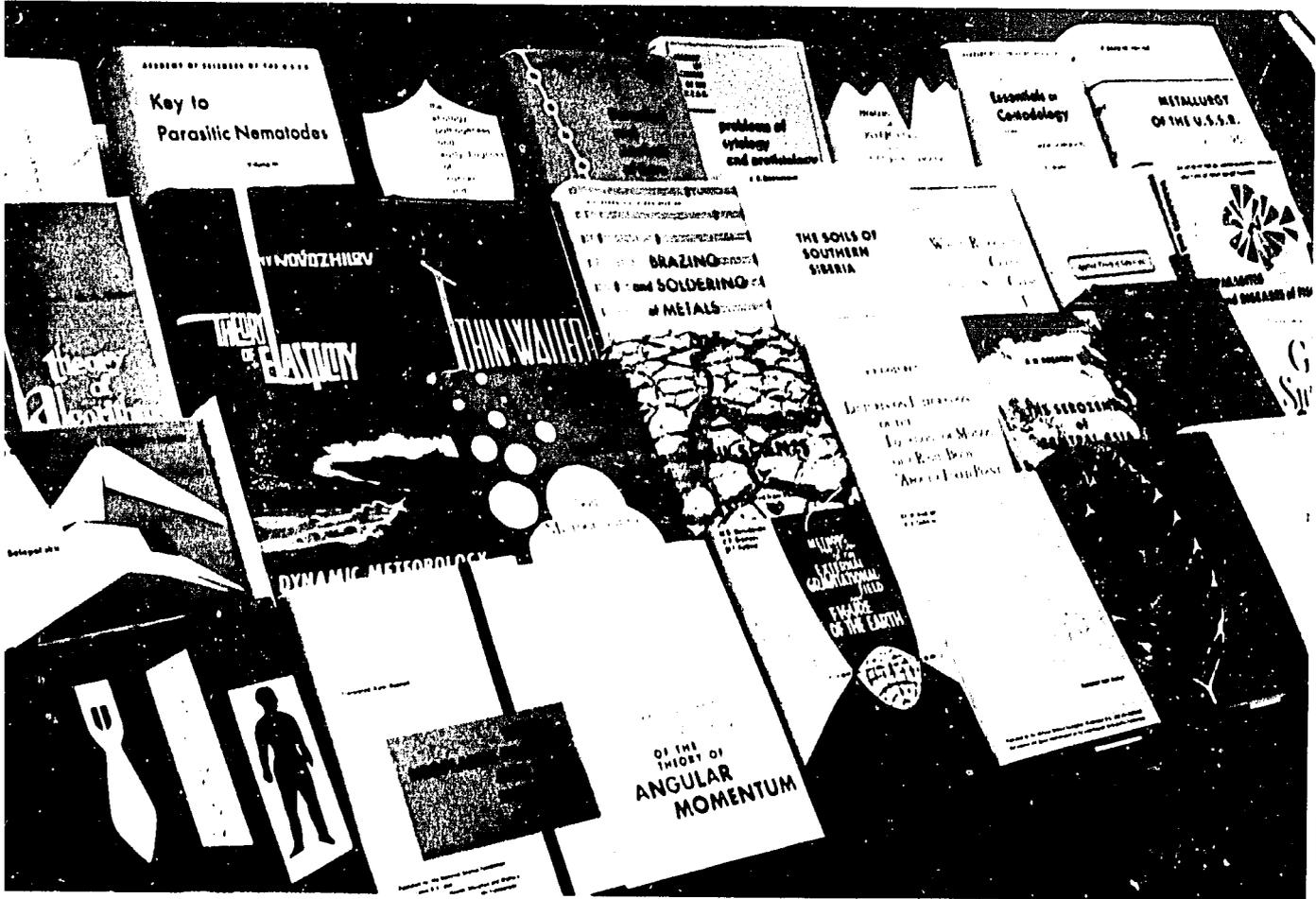


*One of the new modern elementary schools recently completed in Tel Aviv. Counterpart funds have contributed substantially towards the financing of school buildings.*



*New elementary and agricultural school in the Arab village of Baka-el-Garbieh in the Little Triangle.*

*The Israel Program of Scientific Translations, financed with Israel Pounds generated under PL 480, has resulted in the translation, publication and export of many hundreds of scientific books and papers, mainly from Russian to English.*



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