

## Israel Bets on E=MC2 as Right Formula to Woo Chinese Business

May 07, 2010, 2:37 AM EDT

By Alisa Odenheimer and Calev Ben-David

May 7 (Bloomberg) -- Israeli Finance Minister Yuval Steinitz is hoping that an original copy of Albert Einstein's E=mc<sup>2</sup> manuscript in his country's pavilion at the Shanghai World Expo will prove the right formula to attract Chinese trade.

"E is energy, and we don't have any oil to offer the world, and M is mass, or a massive number of consumers, and we can't offer that either," Steinitz said, speaking at the inauguration yesterday of the Israel pavilion. "C is speed of light though, and in Judaism, light represents wisdom, and that we can offer."

Steinitz pointed out that the 40 million-shekel (\$10.5 million) Shanghai pavilion is the first that Israel has built at a world exposition, highlighting the importance his country places on building economic relations with China.

The pavilion features a hall of Israeli and Jewish innovations, including two pages in Einstein's handwriting from a manuscript on his Theory of Relativity, on loan from the Hebrew University of Jerusalem. The German-born Jewish physicist, who died in 1955, bequeathed to the institution all his personal papers. Steinitz brought the pages with him from Israel.

Israel boasts the largest number of startup companies per capita in the world, as well as the largest number of Nobel Prize winners per capita, Steinitz said.

One of them, the 2005 Nobel Prize in Economics winner Robert Aumann, accompanied Steinitz to Shanghai.

### Nobel Winner

"Israelis are original thinkers, they do think out of the box," Aumann said, citing a Jewish "influence of a tradition of study and argument, a tradition that is thousands of years old."

Israel shouldn't count too much on any supposed Chinese respect for Jewish brainpower in forging commercial ties, said Yitzhak Shichor, a professor of East Asian Studies at the University of Haifa.

"When the Chinese were more isolated, they may have had an exaggerated notion of Israel's place in the world and its supposed Jewish influence, but that's mostly gone now," Shichor said. "Israelis, including businesspeople, are going to need a lot more patience than they are normally known for in order to build relations in China."

During last year's global economic slowdown, Israeli trade with China shrank 17 percent to \$4.56 billion compared with 2008, according to figures from Israel's Industry, Trade and Labor Ministry. Imports were more than three times exports, which include electrical equipment, software and diamonds.

Israel and China established diplomatic relations in 1992. Israel's biggest exports to China are agricultural technology and electronics, and its major imports from the country are machinery and textiles.

### Technological Innovation

The pavilion highlights Israel's reputation for technological innovation, featuring such locally developed products as the pill-sized camera designed to be swallowed by patients with gastrointestinal ailments, sold by Given Imaging Ltd. There is also an emphasis on Israeli developments in so-called green-technology fields such as water conservation and solar energy.

Steinitz said he hopes to draw further attention to Israeli technology by opening four or five "Einstein Centers" in major Chinese cities that will showcase companies.

Focusing on that reputation is a good strategy because "what interests China in Israel is its innovation, its thought process, its people and our thinking," said Ornit Avidar, a former commercial attache at Israel's consulate in Hong Kong, and now a partner at China Israel Value Capital, a private-equity fund in Herzliya, Israel.

"Because of economic weakness in Europe we need to look to the East, in particular China," Steinitz, 52, told reporters on May 2 at the start of his nine-day trip. "Our motto for this visit is not just imports and exports. Our motto is to create a real basis for economic cooperation."

--Editors: Heather Langan, Ben Livesey

To contact the reporters on this story: Alisa Odenheimer in Hong Kong at [aodenheimer@bloomberg.net](mailto:aodenheimer@bloomberg.net); Calev Ben-David in Jerusalem at [cbendavid@bloomberg.net](mailto:cbendavid@bloomberg.net).

To contact the editor responsible for this story: Peter Hirschberg at [phirschberg@bloomberg.net](mailto:phirschberg@bloomberg.net).