

# It's unclear how bad is the state of the economy, or how long it will take to fix

## ANALYSIS

• BY ZACHY HENNESSEY

Over the past few weeks, many companies have published their earnings reports for the third quarter (Q3) of 2023, illustrating performance from July until September. Many of these reports didn't paint such an uplifting economic picture, as the hi-tech industry has been facing considerable difficulties since the beginning of the year due to the government's insistence on pushing forward their hasty and controversial judicial reform – a move which thousands of economists, experts, and executives throughout Israel and around the world had advised against from the outset.

Typically, such reports might be used as indicators to project future movement in the economy – but in this case, 2023's Q3 reports can do no such thing, because of the October 7 Hamas massacre. Not only was this attack devastating on a national emotional level, it has also undoubtedly taken a toll on the nation's economy –

though there has yet been little indication of just how badly the economy's been harmed.

What we know is that over 360,000 reservists have been called to active duty by the IDF since October 7, which has left a gaping hole in the country's available workforce. Additionally, hundreds of companies have been directly affected by the ongoing conflict between Hamas and the IDF, and have been either temporarily shut down or relocated.

As a result, we are left in an unsettling position, watching as third quarter news rolls in reflecting results from what now feels like a completely different reality, and knowing all the while that we are about to experience a harrowing economic period. And what's worse we have absolutely no idea just how bad it's going to get.

"The major thing is that we just don't have enough information about what's happening," said Yossi Spiegel, an economist at Tel Aviv University and president of the Israeli Economic Association.

Spiegel elaborated, noting that different indices offer varied predictions about the overall damage done to Israel's economy, but the widespread consensus is that the economy has been significantly affected. The construction industry has halted due to a dependence on Palestinian workers without permits, and the hi-tech sector is operating at reduced capacity. Many families are working part-time, and schools and universities have been disrupted.

"Nobody is managing to function," he said. Speaking from personal experience, Spiegel noted that national uncertainty, both economic and otherwise, hasn't been observed at this scale in Israel for decades. "The only comparable situation I can recall is the Yom Kippur War. Maybe the first Lebanon War. But all the other major operations that we've had were – of course, they were always unpleasant, but not nearly as much as now. Now, you walk around and everyone looks depressed."

Spiegel emphasized that the prevailing sense of depres-

sion has a definite impact on productivity and consumer behavior. "People aren't in the mood to think about these things now," he added.

The uncertainty about when the conflict will end adds to the challenges. "There is just no clear ending point in sight. Because it's quite likely that the hostages will remain in Hamas's hands for years to come. For Hamas, basically, the hostages are like insurance. And I just don't see a reason why they would give up this insurance," he explained.

He suggested that a long-term IDF presence in Gaza is likely, which would lead to a situation reminiscent of the US conflicts in Vietnam or Afghanistan. The indefinite nature of the conflict raises concerns about returning to normalcy.

"There is no clear ending to this nightmare, and I think people understand that it's not like 'we're suffering now, but soon it's going to end and then we're back to normal,'" he said. "I'm not sure that we're going to get back to normal. Nobody knows."

# ZIM ships to avoid sailing in Red and Arabian Seas

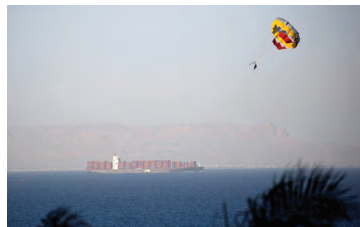
• BY DUBI BEN-GEDALYAHU

ZIM Integrated Shipping Services Ltd. announced Tuesday that it is implementing temporary proactive measures to ensure the safety of its crews, vessels, and customers' cargo by rerouting some of its vessels due to the threat to safe transit of global trade in the Arabian and Red Seas.

The Israeli shipping line says that as a result of these measures, longer transit times in the relevant ZIM services are anticipated, though every effort is being made to minimize disruptions. ZIM reaffirmed its "continued commitment to serve the East Mediterranean and Israeli ports. Operations to and from these ports will be maintained with the highest regard for safety protocols, which are essential to safeguarding the interests of all stakeholders."

Globes has been told that ZIM's decision was taken following intensive consultation by the shipping company's management with senior Israeli defense officials following recent attacks in the Red Sea and Arabian Sea of Israeli-owned vessels by Iranian-backed groups.

ZIM did not disclose



LONGER TRANSIT times for the relevant ZIM services are anticipated, the company said. (Amr Abdallah Dalsh/Reuters)

details about the "longer transit times," but other international shipping lines have said that the longer route could add 18 days to sailings. The significance is that rerouting vehicles being shipped to Israel by ZIM from China, Japan, and Korea will double the journey time.

Sources in the car industry estimate that 8,000-12,000 vehicles were scheduled to reach Israel in December from East Asia, most of them electric cars. Most of these cars are being shipped by ZIM and NYK. Japanese shipping company NYK, which already had a ship that it leases from an Israeli owner hijacked off the coast of Yemen, has already sent

back ships sailing towards the region.

The international shipping media reports that the ZIM Europe container ship, which was meant to sail eastwards via the Suez Canal, has already rerouted to round the Cape of Good Hope off South Africa, adding thousands of kilometers to its journey.

Sources in the shipping industry say that the rerouting will significantly add to shipping costs and that there will also be a sharp rise in the "war premium" charged by insurance companies. All this will add hundreds of dollars to the prices of cars imported from East Asia in the first quarter of 2024. (Globes/TNS)

# Experts question Hebrew curse inscription claim

• BY JUDY SIEGEL-ITZKOVICH

Last year, with much public fanfare, a team of Israeli, American, and European archaeologists and Jewish history and biblical studies academics claimed to have discovered a tiny lead object with an early Hebrew curse inscription, supposedly the earliest Hebrew inscription ever found, from the early Iron Age site of Mt. Ebal.

In their press releases and journal publication, the researchers claimed that this object was inscribed both on its inside and outside with curses, repeatedly using the Hebrew term *arur* (cursed). Supposedly, this fits in well with the identification of this site as the Altar of Joshua, mentioned in the biblical text, at which a similar curse formula was used.

The publication was written by Prof. Gershon Galil, a Jewish history and biblical studies researcher at the University of Haifa; Scott Stripling of the Archaeological Studies Institute in Katy, Texas; Ivana Kumpova, Daniel Vavrik, and Jaroslav Valach of the Institute of Theoretical and Applied Mechanics of the Czech Academy of Sciences; and Pieter Gert van der Veen at the Department of Old Testament and Biblical Archaeology at the Johannes Gutenberg University in Germany.

But now, according to Prof. Aren Maeir – head of the Institute of Archaeology at Bar-Ilan University in Ramat Gan, and Christopher Rollston (George Washington University), the context and dating of the object is in doubt. Most importantly, the reading itself that Stripling et al. suggest for the inner inscription (the outer one was not published) is under question.

The original authors, who made the claims in the journal *Heritage Science*, said they were able to show the inner inscription of this object using X-ray tomography, as the object could not be opened.

"These claims are quite dramatic and require close inspection," wrote the doubters, covering some 21 pages in the *Israel Exploration Journal* under the title "The so-called Mount Ebal curse tablet: A critical response."



AREN MAEIR (Richard Wiskin)

"Indeed, a series of three articles question the suggested interpretation of this find. In the second paper, Amihai Mazar of the Hebrew University of Jerusalem suggests that the lead object is in fact a lead fishing weight that is commonly found during the Late Bronze and Iron Ages in the Aegean and eastern Mediterranean regions – 'hardly the dramatic interpretation suggested by Stripling and colleagues.'"

In the third paper, HU's Naama Yahalom-Mack published the isotopic analysis of the lead of the objects, showing that the isotopic composition is consistent with the lead mines from Lavrion, Greece. That said, this does not prove that this object dates to the Late Bronze Age, as lead from Lavrion is known from other periods as well.

In December 2019, an expedition on Mount Ebal to wet sift the discarded material from excavations decades earlier led by Adam Zertal – a prominent but controversial University of Haifa archaeologist – yielded a small, folded lead tablet.

The east dump pile from which the object emerged contained the discarded matrix from two structures that he interpreted as altars dated to the Late Bronze Age II and Iron Age I. The earlier and smaller round altar lay underneath the geometric center of the later and larger rectangular altar.

The biblical tradition (Joshua 8:30) notes that Joshua, the leader of the Israelites who was appointed to take over from Moses, built an altar on Mount

Ebal as part of a ceremony to renew the covenant soon after they returned from Egypt to Canaan. In Deuteronomy (11:26-29), Moses tells the nation that when they finally enter the Land of Israel, they should recite blessings at the flowering Mount Gerizim and curses at the opposite mountain, the barren Mount Ebal.

"We contend that their tomographic images fail to demonstrate any discernible letters and have concerns about the authors' dating of the archaeological material from this site. Here, we critically examine their claims, suggesting that most conclusions lack an empirical basis. Ultimately, this artifact is most reasonably understood as an uninscribed lead fishing-net weight," wrote Maeir.

As for the alleged writing on the interior, the authors stated, "epigraphic analysis of the tomographic data revealed a formulaic curse written in a proto-alphabetic script likely dated to Late Bronze Age II."

In addition, they wrote in the new study, despite the alleged context of the find from a specific dump supposedly derived from a specific part of the site, these deposits were collected and sifted some 30 years after the original excavations. These dumps could have been disturbed, as there was substantial disturbance and destruction at the site during this time. While it is probable that this artifact derives from this site, it is also possible that it was brought there after the original excavations," they concluded.

# Mekorot's Q3 net profit at NIS 57m.

• Jerusalem Post Staff

On Wednesday, Mekorot, Israel's national water company, published its financial statements for the third quarter of 2023, indicating that the company recorded a net profit of NIS 57 million, compared with a net profit of NIS 283 million in the same period last year. The decline in net profit derived from the sale of the company's desalination plant in the third quarter of last year, so excluding the one-time event, the company recorded a net profit of NIS 57 million, compared with only NIS 7 million in the corresponding period of 2022. The three-quarter net



AMIT LANG (Mekorot)

profit amounted to NIS 146 million, compared with a net profit of NIS 423 mil-

lion in the corresponding period last year, when the sale of the Ashdod desalination plant was recorded.

Total revenue for the third quarter of 2023 amounted to NIS 1.8 billion, an increase of 21% compared to total revenues in the third quarter of the previous year.

CEO Amit Lang said, "Mekorot has shown strong results for the third quarter and in general. Operating profit increased by NIS 200 million, while EBITDA for the nine months ended September 30 increased by 5% to NIS 851 million. Since the outbreak of the war, Mekorot has been working around the clock to supply

water for all the needs of the economy, including the security forces, and the company's teams have been sent to the south and north to repair water infrastructure damaged in the fighting."

Yitzhak Aharonovitch, chairman of the company's board of directors, added, "In the coming years, Mekorot will face unique and extensive operational, engineering, and project challenges in the Israeli infrastructure economy. At the same time, the company will continue to supply high-quality water regularly to all residents of the State of Israel for homes, agriculture, and industry."

# Elbit retirees to help meet war needs

• BY SHIRI HABIB-VALDHORN

Elbit Systems Ltd. has seen a rise in demand for its products since the outbreak of the war on October 7. The company has increased its production efforts and hired hundreds of new employees, in part to compensate for the 2,000 of its employees (15% of employees in Israel and 10% of its overall workforce) have been called up for army reserve duty.

Elbit today published its third quarter financial results. Revenue in the third quarter of 2023 was \$1.5 billion, up 11.3% from \$1.35b. in the third quarter of 2022. Revenue in the first nine months of the year was \$4.3b., up 8.6% from the corresponding period of 2022.

GAAP net profit in the third quarter of 2023 was

\$60.9 million, up 8.2% from the corresponding quarter of 2022. GAAP net profit in the first nine months of the year was \$185m., down 2.4% from the corresponding period of last year. Non-GAAP net profit in the third quarter was \$73.5m., up 6.3% in the third quarter of 2022. Non-GAAP net profit in the first nine months of the year was \$219m., up 7.8% from the corresponding period of 2022.

Elbit Systems ended the third quarter with an increase of \$500m. in its backlog of orders to \$16.6b. It can be assumed that orders have been growing in the fourth quarter from the Ministry of Defense, but no details have been provided.

Elbit Systems president and CEO Bezalel Machlis said, "The third quarter was a good quarter in which we saw an increase of nearly

\$2b. in the backlog of orders compared with last year and there was 11% growth in sales and an improvement in operational profitability while we streamlined management and general expenditure. We are continuing to improve gradually. We have a strategic target to reach \$6.5-\$7b. revenue in the medium term, and as it looks at the moment, we will exceed this target and reach the target of 10% operational profitability."

He added that "During the fighting we have provided many systems to the IDF. We are integrated into the combat efforts of all branches of the armed forces and work around the clock... We have taken in hundreds of new employees for production lines and brought back more than 100 retirees. People are working much longer hours today

than before. However, we remember that 80% of our sales are around the world, and we have dozens of subsidiaries worldwide that are a tremendous strength. We continue to maintain contact with customers around the world, providing them with products. We have received hundreds of letters of support from customers around the world. We see great opportunities ahead of us in the world, which will ensure the continued growth of the company."

In addition to increasing production efforts, Machlis says that Elbit employees have also volunteered to help in agriculture, have been giving out laptops to people in the Gaza border region, and that Elbit has provided communication apps to over 300 emergency security teams throughout the country. (Globes/TNS)

# Yair Netanyahu to help at United Hatzalah

• BY MAAVAN HOFFMAN

Yair Netanyahu, the son of Prime Minister Benjamin Netanyahu, has landed a volunteer position at United Hatzalah, *The Jerusalem Post* confirmed.

Sources close to the organization said that the younger Netanyahu has been fundraising for the organization, including for two ambulances, each costing around \$250,000.

"We have a link for people to register to volunteer," explained United Hatzalah founder and president Eli Beer. "And Yair registered. We thought it was someone

playing a prank on us. But when the team got back to him, it was Yair, and he said he would volunteer to do anything."

Beer said that he knows some people have concerns with Netanyahu, including that he stayed in Florida, where he has been living for about the last year, when the war broke out, rather than returning home to do national service. However, he said, "We're an organization that has ultra-Orthodox, secular, and Arabs [volunteering]. Arabs work with settlers, women with men, and Sephardic with Ashkenazi." "We would take Benjamin Netanyahu's son, Yair

Lapid's son, and Nafali Bennett's son," Beer continued. "We don't judge people by their political positions but by their actions. We don't care who the person is if he wants to help save lives."

"Yair came and said he wants to volunteer for God's blessing."

The younger Netanyahu was in Florida when the war broke out. He returned last week. He came under fire on social media and in at least two British newspapers that published interviews with IDF reservists expressing their disappointment in his failure to enlist.

Mauriv contributed to his report.