

References and Notes:

1. Data on all CPP holdings (except CAE and Carlyle Group) is from the CPP Investment Board (CPPIB) "Foreign Publicly-Traded Foreign Holdings," March 31, 2011, and March 31, 2012.
www.cppib.ca/files/PDF/Foreign_PublicEquityHoldings_March_312011.pdf
www.cppib.ca/files/F2012_-_YE/Publicly-Traded_Equity_Holdings_-_FGN_-_March_31_2012_-_Eng.pdf
2. With its 2012 annual report, the CPPIB stopped disclosing data on the CPP's *direct* investments. All CPP figures now combine *direct and indirect* investments. As the CPPIB notes: "This year and going forward, in addition to physical equity positions, the public equity disclosure lists include exposures obtained through index securities, swaps and other derivative instruments. The net long positions are reported to provide a more complete view of our economic equity exposure to individual company names." Although the CPPIB claims this new method is "more complete," it leaves out all data on the CPP's direct investments. This impacts Canadians wishing to tell the CPPIB to follow its own lax policies on "responsible investing." As Brigid Barnett, the CPPIB's "Responsible Investing Manager," remarked in an email to this author: "It was never intended that our Policy on Responsible Investing would deal with these passive, indirect exposures and the Policy has never been applied in this manner" (July 10, 2012).
3. Data for these four pension funds are from their form 13F filings with the US Security and Exchange Commission (SEC) for June 30, 2012:
Ontario Teachers Pension Plan
www.sec.gov/Archives/edgar/data/937567/0000903423-12-000397.txt
Quebec Pension Plan
www.sec.gov/Archives/edgar/data/898286/0001140361-12-036572.txt
Public Sector Pension Investments
www.sec.gov/Archives/edgar/data/1396318/0001193125-12-355953.txt
Ontario Municipal Employees Retirement System
www.sec.gov/Archives/edgar/data/1053321/00010629931202756/0001062993-12-002756.txt
Figures from these US SEC filings were converted to Canadian dollars (using the June 29, 2012, exchange rate) and were then rounded to the nearest \$100,000.
4. Sources for CPP holdings in CAE are the CPPIB's "Canadian Publicly-Traded Equity Holdings," Mar. 31, 2011, and Mar. 31, 2012.
www.cppib.ca/files/PDF/CDN_PublicEquityHoldings_March_312011.pdf
www.cppib.ca/files/F2012_-_YE/Publicly-Traded_Equity_Holdings_-_CDN_-_March_31_2012_-_Eng.pdf
5. Sources for CPP investments in Carlyle Group are CPPIB's "Private Equity Funds Commitments," June 30, 2011, and March 31, 2012.
www.cppib.ca/Investments/Our_Investment_Partners/Funds_and_Secondaries_Partners/fund_commitments.html
www.cppib.ca/files/F2013/Q1_F13_Financial_Docs/Website_Disclosure_-_Q1_F2013_english_%28FS%29_rev.pdf
6. Direct investments by CPP in 2011 included \$16 million in Fiat Industrial SpA "Preferred" and \$1 million in Fiat Industrial SpA "Common" shares.
7. The CPP's direct investments in 2011 included \$6 million in Hyundai Motor Co. "Preferred" and \$47 million in Hyundai Motor Co. "Common" shares.
8. In 2011, the CPP's direct investments in NICE were split between NICE Systems (ADR) (\$4 million) and NICE Systems Common (\$1 million).

Intel Corp.

Canada Pension Plan Investments

2012 shares = \$205 million
(Direct & Indirect Investments)

2011 shares = \$53 million
(Direct investments only)

This US firm, with annual revenues of US\$54-billion, is the world's largest designer/maker of semiconductor computer chips. While the ubiquitous use of x86 microprocessors means the world's electronics are riddled with Intel products, the "Intel Inside" sticker campaign has made Intel a household name.

Inside Israel's Military

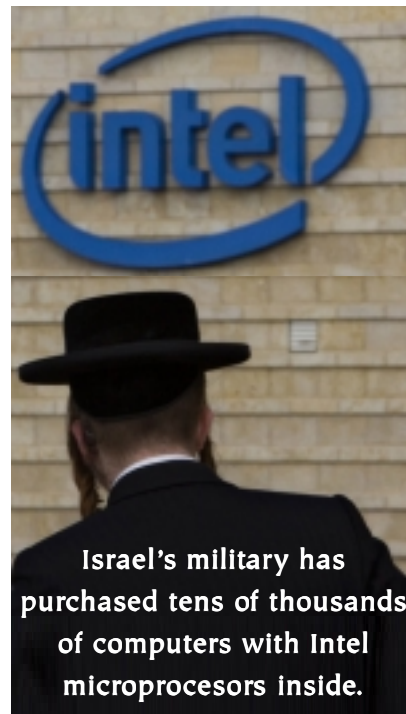
Although this dependency is usually left unstated when Israeli military contracts are reported, Intel's importance in such sales occasionally surfaces. When IBM won a second successive computer contract "to supply servers to Israel's Ministry of Defense," *Globes* said the "servers IBM will supply will be based on x86 architecture processors." This three-year, \$20-30 million tender, said Israel's business paper, is "one of the most prestigious in Israel." IBM, which then "led the Israeli market," sold "15,000 units of x86 processor-based servers, taking a market share of about 27%, very largely thanks to the Ministry of Defense win." This 2007 deal was financed by US military aid.

And, when Dell was the "big winner" of a contract to sell 50,000 computers to Israel's military, *Globes* said Dell would "supply the government with laptops using Intel processors." (See previous issue, pp.24-25.)

The Intel-Israel Connection

But Intel's links to Israel are not limited to such huge military contracts. Many if not most of Intel's products, including its x86 processors, were also designed and produced in Israel.

Intel invested US\$9.5 billion in Israel and has built two "fab" (fabrication) plants and four R&D centers there, employing 8,000 Israelis. Intel is Israel's largest private-sector employer and exporter. With exports of US\$22.4 billion since 1999, Intel Israel accounts for 10% of Israel's industrial exports.



Israel's military has purchased tens of thousands of computers with Intel microprocessors inside.

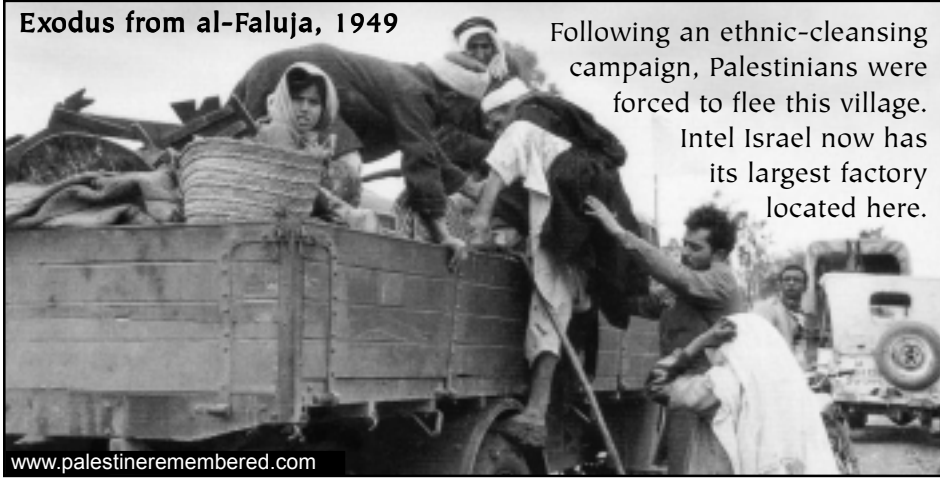
As Maxine Fassberg, Intel Israel's general manager and an Intel Corp. VP explains, "Intel Israel is at the core of the global company, with a central role in developing new products." This pivotal role is not new. In 1974, Intel's first R&D center outside the US, was set up in Haifa. Then, in 1985, Intel built a microprocessor and memory-chip fab centre in Jerusalem. It was Intel's first such centre outside the US.

Intel has also invested heavily in Israeli companies, and 64 start ups have received Intel's cash infusions since 1998, including those serving military, intelligence and surveillance industries. Most interesting among these may be Narus — now one of Israel's leading spy companies — which manufactures mass surveillance products. (See previous issue, pp.43-47.)

The Israeli government has rewarded Intel's investments with generous tax breaks and about US\$1.4 billion in grants. Intel's most lucrative cash cow is its chip foundry in Qiryat Gat, just 30 kms from Gaza. Within a year of its 1999 opening, it accounted for US\$1.3 billion of Intel Israel's US\$2 billion in exports. Known in Intel jargon as "Fab 18," the company's second-largest plant outside the US is "regarded as the most advanced chip manufacturing plant in the world."

While Intel spent over US\$5 billion to upgrade "Fab 18," Israel's government has chipped in US\$678 million. This is controversial in Israel, says the Media Line news agency, because

Exodus from al-Faluja, 1949



www.palestineremembered.com

Following an ethnic-cleansing campaign, Palestinians were forced to flee this village. Intel Israel now has its largest factory located here.

“[c]ritics say there is no reason for taxpayers to be subsidizing a wealthy multinational.” However, it does not mention the controversy that Intel’s factory is occupying stolen Palestinian land.

Ethnic Cleansing at Qiryat Gat

Qiryat Gat was not in the Palestinian territories conquered by Israel in the 1967 war. Instead, it was part of the “Faluja pocket,” a small enclave that Egyptians troops defended from capture by Israeli forces in the 1948 war.

When Israel signed the 1949 Armistice Agreement, it guaranteed the rights of citizens in the “Faluja pocket.” Letters between Dr. Walter Eytan, who led the Israeli delegation, and Dr. Ralph Bunche, an American who was the UN Mediator on Palestine, said the “civilian population... shall be fully secure in their persons, abodes, property and personal effects.” Within weeks, Israel reneged on this promise and the Palestinians were driven out in a deliberate, ethnic-cleansing campaign.

Bunche, who won the Nobel Peace Prize in 1950, quoted UN observers saying that “Arab civilians...at Al-Faluja have been beaten and robbed by Israeli soldiers.” There were also attempted rapes and the Israelis were “firing promiscuously” at Arab civilians. Israeli historian Benny Morris called it a “short, sharp, well-orchestrated campaign of low-key violence and psychological warfare designed to intimidate the inhabitants into flight.” A survivor said Israeli forces “created a situation of terror, entered the houses and beat the people with rifle butts.”

As a result, 3,000 inhabitants of two villages within the “pocket” were driven out and all their buildings were destroyed. One village, Iraq Al Manshiya had about 300 homes, two mosques and a school. Four months

later, in July 1949, Israel’s then-foreign minister, Moshe Sharett, wrote:

“It is not possible in every place to arrange what some of our boys engineered in Faluja [where] they chased away the Arabs after we signed an ...international commitment.”

Sharrett also described a “whispering propaganda campaign among the Arabs, threatening them with attacks and acts of vengeance by the army.” This, he said, was a

“calculated action aimed at increasing the number of those going to the Hebron Hills as if of their own free will, and, if possible, to bring about the evacuation of the whole civilian population [of Faluja].”

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Israel Corp.

Canada Pension Plan Investments

2012 shares = \$3 million
(Direct & indirect investments)

2011 shares = \$5 million
(Direct investments only)

With net profits of US\$461 million in 2010, Israel Corp. is the country’s largest holding company and one of the top ten on the Tel Aviv Stock Exchange. It was founded in 1968 by the State of Israel which privatised the following year.

A controlling interest was purchased by Saul Eisenberg who is widely reported to have used his business connections to assist Israel’s intelligence agency, the Mossad. Former Mossad officer Victor Ostrovsky said Eisenberg “was the Mossad’s tie in with China. He and his people were doing considerable armament dealing....”

After his death in 1998, Eisenberg’s family sold its shares to the Ofer, Israel’s richest family, and by 2007 they owned 55%. Amid a 2011 scandal about Israel Corp ships visiting Iran, Richard Silverstein, a prominent Jewish-American blogger, reported that Ofer Brothers, which has a controlling interest in Israel Corp.,

“transported Mossad agents on secret missions to Iran during the dozens of illegal visits its ships made to that country.... The company claims ...that it had government permission to engage in this trade....

[T]he Mossad clearly was exploiting ...the Ofer Brothers for purposes of espionage and possibly even terror...inside Iran. [I]t appears that Ofer Brothers...may in effect be an intelligence asset. ...[I]t is so intertwined with the military-intelligence apparatus that there is in effect little or no distinction between the two.”

Israel intelligence connections have also reached into the firm’s board room. Yaacov Amidror, a Major General in the reserve forces, served in Israel’s military for 36 years, “primarily in Intelligence, specializing in strategic planning, counterterrorism and international policy.” Amidror was appointed to the board of Israel Corp. in