

Israel Shipping

Before the establishment of the State of Israel, shipping was the realm of a small circle of enthusiasts, with the fanciful vision of developing a national shipping industry from scratch. Some of these early visionaries were charged with the fervor and idealism that was the hallmark of the period, though in reality early heroic efforts were rarely successful. And yet shipping companies such as Lazar Berkowitz's Palestine Maritime Lloyd and the Borcharad family's Atid paved the way and created a small cadre of professional shipping people, seamen as well as business operators.

In 1945, leaders of the State-in-the-making, including David Ben-Gurion and David Remez, future Minister of Transportation, initiated the establishment of a national shipping company, ZIM. They anticipated future waves of immigration that would require many ships, and considered the geo-political realities of the State-to-be, with the sea as a major, or even the only, open border, and a crucial link to the world through maritime transportation. Their vision laid the ground to Israeli shipping on a grand scale. After World War II, the huge operation of Aliya Bet, the clandestine immigration to Israel, was also the place where many marine professionals gained experience and expertise. With the establishment of the State of Israel many leaders of Aliya Bet, as well as those vessels that were still seaworthy, joined ZIM to create the early merchant fleet of Israel.

Through the years, Israel's geo-political situation stressed the importance of shipping and its central role during key historical events. On September 28, 1954, the Israeli freighter "Bat Galim", bound from Eritrea to Haifa, was detained in the Suez Canal, its crew arrested and its cargo confiscated by Egypt. Israel protested to the Security Council of the U.N.; the crew was finally released, however this event was a harbinger of the 1956 Suez crisis. After the 1956 war, Israel's refusal to withdraw its forces from Sinai unless its freedom of passage through the straits were effectively safeguarded, led to the stationing of the UN Emergency Force. The question of freedom of navigation continued to plague Israel's relations with its neighbors, particularly in the events leading to the 1967 war, when Egypt closed the Straits of Tiran in the Red Sea to Israeli shipping, constituting a casus belli for Israel. After the 1977 peace treaty with Egypt, the freighter "Ashdod" crossed the Suez Canal and for the first time hoisted an Israeli flag on its mast.

At the same time, the Israeli shipping continued to grow and develop. The early vision of creating a thriving national shipping industry was gradually becoming a reality. This included not only ships but a whole infrastructure, including ports and terminals, maritime schools and professional training network, as well as

other related activities. The reparations agreement with Germany enabled Israeli companies to build a large, modern fleet. Alongside Zim, the national company, other companies such as El-Yam, Ofer Brothers, Tarshish, Sela, Rosenfeld, the Maritime Fruit Carriers Company, and others, grew and endeavored to sail the restless sea of international shipping, a competitive and difficult field even at the best of times.

Israeli shipping companies were active in most areas of the shipping industry: cruise liners, which flourished in the 1950's



and early 1960's but declined towards the end of the decade; bulk carriers, oil tankers, refrigerated ships, ro-ro ships, and, starting the early 1970's, container ships. In this field Zim was a pioneering force, eventually gaining a prominent place in this field of operation worldwide.

Generally speaking, shipping is an international and highly cyclical business. In spite of the national importance of shipping described above, the Israeli shipping industry was never subsidized nor assisted by legislation nor any other way by the government or the national institutions. Many companies did not survive the major crises that are a familiar phenomena in the trade. Others, namely Zim and the Ofer Brothers Shipping Group, established themselves as international companies, creating a broad, solid infrastructure that enabled them to remain viable and profitable even in times of recession. In 1999, the Ofer Group, one of Israel's largest privately held group of companies, purchased control of the Israel Corporation, the major shareholder of Zim. In 2004 Zim was privatized with the selling of the government's remaining shares to the group.

The Israeli shipping industry is adapting quickly to the changing realities of the global shipping industry. Acting on a global scale, not always carrying an Israeli flag or calling at Israeli ports, Israeli shipping nevertheless continues to flourish, and Israeli-owned ships continue to cross the oceans on all major trade routes.