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Senator Harry Reid
Majority Leader
United States Senate
Washington, D.C.

Senator Mitch McConnell
Minority Leader
United States Senate
Washington, D.C.

Dear Senators Reid and McConnell,

Back sixty years ago, when Israel was established, its export was oranges. Now only the smell of the orange blossoms remains. Israel's principal export is high tech start-ups. These start-ups run the gamut from medical devices, to telecommunications and Internet. They employ hundreds of thousands of young Israelis who, but for the start-ups, might be lured to Silicon Valley for keeps.

Israel's high tech start-ups are funded principally by the U.S. capital markets, particularly NASDAQ®, where Israel has the second highest number of listed companies. The principal assets of most of these companies is Intellectual Property, including patents, and these assets are the principal basis for the market capitalization of these companies.

The proposed U.S. patent reform seeks to weaken and, if it becomes law, will weaken the U.S. patent system. This can be reasonably expected to substantially reduce the market capitalization of hi-tech start-ups on NASDAQ® and in other capital markets. A likely result is a decrease in the availability of capital to such high tech start-ups which depend on NASDAQ® for their funding.

Israel start-ups are highly dependent on U.S. capital funding since they do not have access to funds from petrodollars. A downturn in NASDAQ® with an attendant drying up of NASDAQ® funding could be catastrophic for Israel high tech start-ups and devastating for the Israel economy.

When patents reform legislation is taken up by the U.S. Senate, I hope its effect on the Israeli economy will be given full consideration. If additional information would be useful, I and others in Israel are prepared to provide it.

Sincerely yours,


Sanford T. Colb

STC/lbh