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To:

Mr. Lior Dagan-Sandzhivski, Attorney at Law

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The Israel Antitrust Authority

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REF: Letters dated September 5, 2017 (hereinafter: “The IAA letter”), e-mail correspondence dated September 24, 2017, and October 2-3, 2017

October 31, 2017

**Dear Sir:**

Re: Complaint regarding a suspected violation of the Restrictive Trade Practices Law (1988) by Mobileye

Pursuant to your letter, specified above as a reference to this document, we are hereby submitting our response on behalf of our client, Mobile N.V., which is currently associated as Mobileye B.V. (hereinafter: “Mobileye”), which is as follows:

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# Foreword

1. At the outset, we wish to be crystal clear: Despite the complaint in the IAA Letter (hereinafter: “**the Complaint**”), Mobileye **is not** in violation of the Restrictive Trade Practices Law (1988) (hereinafter: “**the Law**”).
2. The Complaint itself, including the specific software and the identity associated therein, remains ambiguous. Naturally, the ambiguity of the Complaint described in clauses 2 and 3 of the IAA Letter inhibits Mobileye’s capacity to fully respond to each of the concrete or factual allegations made against it. The plaintiff’s refusal to entertain Mobileye’s request to study its detailed complaint is, in and of itself, an indication of how untenable the Complaint is.
3. At any rate, the actual facts, as specified later in this document, demonstrate that Mobileye has not violated antitrust laws, including the laws pertaining to restrictive arrangements and monopolies.
4. Before delving into the heart of the matter, we should point out that different stakeholders often use the Israel Antitrust Authority (hereinafter: “the Authority”, “the IAA”), sometimes cynically and illegitimately, to promote various business interests that have nothing to do with competition. Once again, the honorable Authority is requested to thoroughly examine the identity of the plaintiff and the interests that may be behind the plaintiff’s letter, which may be either overt or covert. This is the general case, and it is also the case if the plaintiff turns out to be a competitor. Interestingly, in this context, even before the IAA Letter was received, the fact that a complaint has been filed with the IAA against Mobileye has already been publicized in the media. This fact, *per se*, raises the suspicion that the plaintiff is interested in making cynical use of the honorable Authority in another sense: to achieve publicity and advance its marketing efforts. Apparently, the plaintiff would like to leverage the fact that a letter has been sent to the IAA, whose activities greatly interest the media, to promote its marketing and publicity efforts and increase its exposure. Moreover, it has often turned out that the plaintiff exemplifies the Talmudic adage: “He who finds fault in others identifies the blemish in himself”. Hence, the IAA would be well advised to painstakingly assess the Complaint to rule out any extraneous ulterior motives, and to examine the plaintiff itself and its modus operandi.

# Overview

1. Mobileye is an Israeli company established in 1999. It develops computer vision and artificial intelligence systems, and performs data analysis, location, and mapping to help drivers and to advance autonomous driving. Inter alia, Mobileye develops vehicle safety technology and supplies computer vision systems for vehicles (hereinafter: “**The Mobileye Product**”). These systems are designed to help drivers with driving, alert them to any impending dangers on the road, mitigate the risk of traffic accidents, and more.[[1]](#footnote-1)
2. Mobileye’s products are sold and installed in a number of formats:
	1. As a comprehensive system that includes a device consisting of a camera and a computerized data analysis system, monitor, and connector cables,
	2. As a component (a chip) embedded within systems sold by an automobile manufacturer’s vendor (Mobileye is not the vendor).
	3. A system installed on the assembly line of the Original Equipment Manufacturer (OEM).
3. In Israel, Mobileye products are sold in the following ways:
	1. Through retail points of sale (which sell all kinds of vehicle equipment in general). In this case, Mobileye products are sold to the end customer as a complete system[[2]](#footnote-2), as described in clause 6.1.
	2. In the case of vehicles sold by vehicle importers, they are either:
		1. Embedded into systems installed on the vehicle’s assembly line (as described in clause 6.2), or
		2. Sold as a complete system (as described in clause 6.1.) installed by the importer once the vehicle arrives in Israel (local installation).
4. Mobileye products include a number of possible features (or “safety systems”)[[3]](#footnote-3). These features include: (1) the Forward Collision Warning (FCW), (2) the Lane Departure Warning (LDW), (3) Headway Monitoring and Warning (HMW), (4) Pedestrian Collision Warning (PCW, including bicycle collision), (5) Traffic Sign Recognition (TSR), (6) Intelligent High Beam Control (IHBC), and a (7) Speed Limit Indicator (SLI).
5. Vehicle computer vision systems like Mobileye’s products are based on an analysis of the data captured by a camera. We should point out that there are vehicle safety technology (VST) products based on radar systems or a variety of systems embedded in smartphones (applications). Of course, not every vehicle in Israel comes installed with Mobileye’s VST products or similar products.[[4]](#footnote-4)
6. The IAA Letter indicates that the Complaint pertains to the retail and vehicle importer sectors. The following is a discussion of each of these sectors.

# Mobileye’s activities pertaining to retail points of sale

1. The Complaint contends that “Mobileye approaches points of sale (known as “dealers”), where Mobileye products as well as competitor products are sold, and threatens the point of sale owners, either directly or indirectly, that if they do not cease the sale of competitor products, Mobileye will not sell its products to the point of sale in the future (clause 3 of the IAA Letter).
2. Now, here are the facts:
3. Mobileye products are distributed to retail points of sale through a distribution chain: Mobileye sells its products to a primary distributor[[5]](#footnote-5). The primary distributor then sends Mobileye products to secondary distributors, and secondary distributors sell Mobileye products to dozens of retail points of sale, which go on to sell Mobileye products to end customers. This market is open and diverse, and it involves numerous points of sale. As part of its business dealings, this distributor sells Mobileye products to retail points of sale as well.
4. Mobileye has no commercial ties with retail points of sale![[6]](#footnote-6) Mobileye does not sell any products to retail points of sale. It does not set any conditions for the sale of its products at retail points of sale, and in any case, it does not set any conditions for the sale of its products involving the sale, or non-sale, of competing products!
5. In light of these facts, the claim that restrictive arrangement laws or monopoly laws were violated is utterly baseless.

# Mobileye’s activities pertaining to vehicle importers

## D1: The Allegations - simply untrue

1. The allegation in the Complaint was that “Mobileye approached direct vehicle importers and signed exclusivity agreements, which stipulated that the importers would exclusively purchase computer vision systems for vehicles they import from Mobileye and would not purchase any such systems from their competitors”. Moreover, according to the Complaint, “Mobileye is, at times, directly and explicitly asked to grant exclusivity, at times through a commitment to purchase large quantities of product, which would *de facto* grant exclusivity” (clause 2 of the IAA Letter).
2. We wish to clarify that Mobileye does not have any exclusivity agreements with vehicle importers. Furthermore, Mobileye does not require vehicle importers to refrain from purchasing systems from competitors. In principle, Mobileye does not have any agreements with vehicle importers that involve any commitment to purchase any quantity of product from Mobileye[[7]](#footnote-7), and in any case, it does not have any agreements with vehicle importers that involve a commitment to make large-scale purchases. Thus, it is clear that Mobileye has no agreements that could amount to exclusivity agreements. Without detracting from the aforementioned, one more point must be mentioned: Mobileye never had any reason to act the way it had allegedly acted, according to the Complaint. This is due to the advantages its products offer, which are highlighted, inter alia, by the relevant regulations. **Hence, it should come as no surprise that vehicle importers prefer installing Mobileye products over competitor products in the vehicles they import**. We will now proceed to discuss this matter.

## D2 Mobileye’s products are better than competitor products

1. Over the years, studies and tests have been conducted, which have demonstrated the quality and efficiency of Mobileye products. These studies and tests have demonstrated, for instance, that the use of Mobileye products leads to a substantial reduction in the number of vehicle insurance claims.[[8]](#footnote-8)
2. In this context, we emphasize that Mobileye products are simply the best and most reliable products available in Israel today in the field of vehicle safety systems.
3. Moreover, as specified above (in clause 8), Mobileye products contain seven features. These are products with a broad range of available features.
4. The quality, efficiency, broad range of features, and vehicle customer satisfaction (for both vehicle driver and owners) regarding Mobileye products have all contributed to the strength of this brand. Needless to say, Mobileye’s technology has been recognized by most of the world’s auto manufacturers, after they had completed comprehensive and professional tests. This declaration, *pe se*, testifies to the quality and excellence of Mobileye technology.
5. Hence, it is clear that vehicle importers who want to strengthen the image of the vehicles they import and are influenced by their customers’ perception of quality will want to install Mobileye products on the vehicles they import.

## D3: Tax incentives – reduction of purchase tax

1. In 2013, the Ministry of Transportation and Road Safety (henceforth: “the Ministry of Transportation”) and the Israel Tax Authority agreed on a program that would encourage importing and buying safer and better-equipped vehicles. Vehicle importers who import vehicles equipped with safety systems would be given tax incentives.[[9]](#footnote-9)
2. Later, the provisions of Ministry of Transportation Regulation 03/13 on Safety Systems for N1- and M1-Type Vehicles (vehicles weighing up to 3.5 tons)[[10]](#footnote-10) were published. According to the said regulation[[11]](#footnote-11), vehicles imported to Israel that are equipped with certain safety systems listed in the regulation would earn points (“**Safety Systems Mentioned in the Regulation**” and “**Safety Points**”, as appropriate). The cumulative safety points awarded for all safety systems listed in the regulation would determine the vehicle’s “Safety Equipment Level” (this level would be a number from 0-8).[[12]](#footnote-12) The greater the quantity of safety systems (recognized in the regulation) installed in the vehicle, the higher the vehicle’s Safety Equipment Level, and the higher the vehicle’s Safety Equipment Level, the greater the purchase tax reduction given to the vehicle importer when the vehicle clears customs (henceforth: “**the Reduction in Purchase Tax**”).[[13]](#footnote-13)
3. The safety systems mentioned in this regulation are now awarded Safety Points, as specified in the following table (the safety systems - or the features - included in Mobileye products are in bold, and they are named in accordance with the text of the aforementioned regulation[[14]](#footnote-14)):

|  |  |
| --- | --- |
| **Safety system** | **Points** |
| **Lane Departure Warning System** | 2 |
| **Headway Monitoring System** | 2 |
| **Pedestrian Collision Warning System** | 1 |
| **Bicycle and Motorcycle Collision Warning System** | 0.5 |
| **Traffic Sign Recognition System** | 0.5 |
| High-Beam Control System[[15]](#footnote-15) | 0.5 |
| Adaptive Cruise Control System | 0.5 |
| Automated Emergency Braking System | 1 |
| Vehicle Blind Spot Detection Systems | 1 |
| 7 or more airbags (or 6 or more airbags for vans) | 0.5 |
| Backup cameras | 0.5 |
| Seat Belt Sensors | 0.5 |

1. **Mobileye products feature more of the safety features mentioned in the regulation than any other product. Today, those using Mobileye products (with maximum features) will be awarded the highest number of points, when compared to other products in this market**. As demonstrated in the table above, a Mobileye product that includes all available safety systems (features) will give the vehicle in which it is installed (even without other non-Mobileye safety systems) 6 of the 8 points that can be earned.
2. Importers who have the safety systems mentioned in the Regulation installed in the vehicles they import will benefit from reduced purchase tax, as specified in the following table:[[16]](#footnote-16)

|  |  |  |  |
| --- | --- | --- | --- |
| **Safety equipment level** | **Required points** | **Required quantity of airbags** | **Tax reduction amount (as of Jan. 1, 2017)** |
| **Private cars** | **Vans** | **Up to Dec. 31, 2016** | **As of Jan. 1, 2017** |
| - | - | 0 | 0 | - | 0 |
| 250 | 500 | 4 | 6 | - | 1 |
| 650 | 900 | 4 | 6 | 2.0 | 2 |
| 1000 | 1250 | 4 | 6 | 3.0 | 3 |
| 1600 | 1550 | 4 | 6 | 4.0 | 4 |
| 1850 | 1800 | 4 | 6 | 5.0 | 5 |
| 2050 | 2000 | 4 | 6 | 6.0 | 6 |
| 2250 | 2150 | 4 | 6 | 7.0 | 7 |
| 2400 | 2250 | 4 | 6 | 8.0 | 8 |

For instance, safety systems mentioned in the regulation which are installed in vehicles and are awarded 6.0 safety points (such as Mobileye systems) will give the vehicle a Safety Equipment Level of 6 and will reduce the purchase tax an automobile importer would pay by 2,050 ILS. Automobile importers import thousands of vehicles each year, so this tax reduction amounts to substantial savings for them.

1. First and foremost, we should state that currently, **Mobileye is the only company of its kind whose products (when locally installed) are recognized as granting their owners a reduction in purchase tax.**
2. Consequently, only the following safety systems, which are mentioned in the Regulation, will be considered for the purposes of granting a tax reduction:
	1. Safety systems mentioned in the Regulation, which had been installed by the auto manufacturer during the standard manufacturing process (i.e. safety systems embedded in the automobiles on the assembly line by the OEM)[[17]](#footnote-17). Note that the **OEM may choose whether to install of safety systems during the vehicle’s standard manufacturing process, and this item is not covered in the set of agreements between Mobileye and vehicle importers** (the Complaint does not discuss safety systems integrated on the assembly line by the OEM).
	2. As for the following safety systems mentioned in the Regulation: (1) Lane Departure Warning System, (2) Headway Monitoring System, (3) Pedestrian Collision Warning System, (4) Automated High-Beam and Low-Beam Control System, (5) Bicycle and Motorcycle Collision Warning System, (6) Traffic Sign Recognition System: safety systems installed after the vehicles were imported to Israel, and before the initial registration of the vehicles (i.e. features that had been installed locally), will be considered, provided that specific certificates are provided.[[18]](#footnote-18)
3. Mobileye has certificates for the safety systems it produces that allow vehicles importers to have the aforementioned locally-installed systems considered for the purpose of purchase tax reduction.
4. **Again, Mobileye is the only company in Israel that holds these certificates (this is apparently because of safety and the concern for the wellbeing of the general public). In other words, Mobileye is the only company in Israel whose safety systems will be considered, when locally installed, for the purpose of the aforementioned tax reduction[[19]](#footnote-19).**
5. Again, this tax reduction amounts to very substantial savings for automobile importers. It follows that without a doubt, automobile importers will prefer to install Mobileye products in the vehicles they import (at least for N1-type or M1-type vehicles and vehicles weighing up to 3.5 tons).
6. **In summary, any claims, allegations, or grievances levelled against Mobileye pertaining to an alleged obstruction of the sale of competitor systems to vehicle importers (which are erroneous in and of themselves) must be examined, first and foremost, with respect to the financial motives of vehicle importers with regard to the aforementioned tax incentives. Mobileye does not obstruct anything. Competitor systems (which are locally installed) simply do not have the relevant certification from the Ministry of Transportation!**

## D4: The “safety scale”: Mobileye products achieve the highest score

1. Clause 79 of the Licensing of Services and Professions in the Vehicle Industry Law (2016) (henceforth: “The Vehicle Licensing Law”) states as follows: “a vehicle merchant[[20]](#footnote-20) will include information on the Safety Equipment Level of the vehicle in the vehicle’s advertising, and will prominently display, at its workplace, a notice containing this information; the minister, with the committee’s approval, will determine the regulations relevant to this clause, including regulations on the Safety Equipment Level that must be included in advertising, as well as the manner in which the notice is to be displayed and its size and properties. In this clause, the word “advertising” denotes written or print advertising, or advertising through visual electronic media, which is available or meant for public consumption”[[21]](#footnote-21).
2. Since vehicle importers are required to include, in their advertising, the vehicle’s safety equipment level, it follows that in the interest of promoting their image and for other reasons, vehicle importers would like the Safety Equipment Level of their vehicles to be as high as possible[[22]](#footnote-22).
3. Again, Mobileye products come equipped with more of the safety systems (features) specified in the Regulation than any other products (see above, clauses 25-26), and depending on how Mobileye’s products are used, vehicles will be awarded the highest number of Safety Points when compared to vehicles in which other products on the market were locally installed. A higher safety equipment score means a higher Safety Equipment Level for the vehicle, and this is information that vehicle importers can display in their advertising[[23]](#footnote-23).
4. For this reason, too, it’s obvious that vehicle importers would prefer to install Mobileye products in the vehicles they import.

## D5: The safe choice: Mobileye is a financially strong and stable company

1. Mobileye is a very strong, stable, and financially resilient company. Mobileye was recently purchased by Intel Corporation, a leading global cooperation in the computing sector.
2. If we take Mobileye’s financial strength into account, in light of the responsibility that vehicle importers must assume for imported vehicles, along with all of their components, the vehicle importers product of choice is clear.

## D6: The safe choice: Importers must choose vehicle safety technology before vehicles arrive in Israel

1. To receive a reduction in purchase tax, as stated above in chapter D-3, vehicle importers must report to the Ministry of Transportation, *inter alia*, which safety equipment has been installed on their vehicles, **even before the vehicles’ arrival in Israel**.[[24]](#footnote-24)
2. Once the aforementioned report is submitted, the vehicle importer **must** install the safety system listed in the aforementioned report in the imported vehicle (the reported system is even listed in the vehicle license). There is no room given for “trial and error” in this regard.
3. Therefore, when a vehicle importer chooses which safety equipment will be installed in an imported vehicle, the importer will make a safe and conservative decision concerning the safety systems installed in the imported vehicles.
4. Finally, it’s important to note that products that compete with Mobileye’s products are imported by the vehicle importer’s “standard installers” (these are people who deal with marketing and installing vehicle products). Naturally, vehicle importers maintain close, extensive, and profound ties with their standard installers, so it follows that there are no obstructions in the distribution channels. Thus, any difficulties the plaintiff may face when dealing with vehicle importers do not stem from Mobileye’s conduct (which does not create any difficulties in and of itself). Rather, they stem from the facts specified above.
5. Keeping in mind that these are the facts (chapter 1-D), and above and beyond these facts, in light of the circumstances (chapters D-2 to D-6), and in consideration of the text pertaining to vehicle importers, it becomes clear that the claim that restrictive arrangement or monopoly laws have been violated is utterly baseless.

# Afterword

1. In consideration thereof, Mobileye has not violated either restrictive arrangement or monopoly laws (even if they were to be relevant to Mobileye, which they are not), and **the Complaint described in the IAA Letter is simply and utterly baseless**.
2. This letter contains extremely sensitive information, which is within the realm of Mobileye’s trade secrets. The exposure of this information could cause serious harm to Mobileye. Hence, Mobileye insists that this letter and the information contained herein, and in the letter’s appendices, must be held by the IAA in complete confidentiality, and must not be given, in any way, to any third party, including any competent authority. Moreover, this information must not be exposed in any report or decision, unless prior written consent from Mobileye had been obtained. The provision of this information is conditioned on its confidentiality. We emphasize that the information in this letter has been given to the honorable authority pursuant to the referenced letter, and that Mobileye insists that this letter and the information contained therein may only be used to guarantee or facilitate the implementation of the law.
3. If the exposure of the content of this letter is ordered in the course of any legal proceeding (including preliminary procedures held before a court hearing, such as an inquiry submitted under the Freedom of Information Law - 1998), Mobileye insists that the IAA guarantee that Mobileye will be given the opportunity to present its position to the relevant party before a decision regarding the exposure of this information is made.
4. For the avoidance of doubt, we hereby clarify that nothing stated in or omitted from this letter can detract from or exhaust any of Mobileye’s rights and/or claims, or be interpreted as an agreement or admission – including the claim regarding the existence of a monopoly – or any waiver of any shape or form, and Mobileye reserves all of its rights and/or claims.

Sincerely, ,

Tal Eyal-Boger, Attorney at Law

Nevo Ben-Shitrit, Attorney at Law

**Fischer Behar Chen Well Orion & Co.**

Cc: Mobileye

1. See also: <https://www.mobileye.com/about> [↑](#footnote-ref-1)
2. We should also note that Mobileye markets its products directly to end customers through points of sale. [↑](#footnote-ref-2)
3. When a vehicle includes a specific feature installed while the vehicle was in the assembly line, and the feature exists in Mobileye products as well, the Mobileye product may be provided without activating the feature that had already existed in the vehicle. [↑](#footnote-ref-3)
4. As of the 1st of November, 2016, all vehicle importers are required to install a forward collision alert system, and a lane departure warning system, on any vehicle weighing over 3.5 tons (“a heavy vehicle” - see the definition of heavy vehicles in Ordinance 364 of the Road Traffic Regulations (1961) (hereinafter: “**Road Traffic Regulations**”), entitled “Safety Systems for Heavy Vehicles”. See also Regulation 271A of the Road Traffic Regulations. For the binding regulation, see Road Traffic Regulation 364F, and the provisions of Regulation 142 on safety systems in heavy vehicles, issued by the Ministry of Transportation (dated February 3, 2016), which appears in Appendix A. This requirement applies to vehicles manufactured as of January 1, 2012, regardless of whether they are new vehicles. According to media reports, as of January 1, 2018, vehicle importers will be required to install forward collision warning systems and lane departure warning systems on any vehicle they import (and not just on heavy vehicles). An example of a media report – a press release by the Ministry of Transportation and Road Safety after the massive deal between Mobileye and Intel: “Minister Katz: As of the first of January, 2018, every new vehicle imported to Israel will need to be equipped with life-saving safety systems” (March 14, 2017).
<http://he.mot.gov.il/index.php?option=com_content&view=article&id=3566:dover-2017-03-14&catid=56:dover-c-l&ltemid=65> [↑](#footnote-ref-4)
5. Other than the primary distributor mentioned above, Mobileye sells its products to another distributor, which sells and installs automobile products (such as security equipment, location services, audio-visual equipment, communications equipment, safety aids and safety technology). [↑](#footnote-ref-5)
6. Mobileye’s business relationship with retail points of sale is limited to quality insurance inspections on product installation (the quality of the installation of Mobileye products affects the quality of product use. A faulty installation could cause problems in the use of the product), and marketing support (supplying roll-ups, brochures, posters, etc.). The use of marketing materials is at the complete discretion of the points of sale, and there are no conditions set for the supply of the said materials. Obviously, Mobileye representatives do not condition installation inspections or marketing support on purchasing a certain quantity of product (and it goes without saying that it does condition these on purchasing Mobileye products exclusively, refraining from purchasing competing products, or the like). [↑](#footnote-ref-6)
7. To complete the picture, we add that as part of the 2014 agreement between Mobileye and Colmobil Corporation, the latter committed to buying a minute quantity of Mobileye systems (1,000 items) to have as backup inventory (Colmobil Corporation imports tens of thousands of vehicles each year). This was an operational (and not commercial) order meant to guarantee their supply chain and level of service, and avert inventory shortages at the installation site. [↑](#footnote-ref-7)
8. See, for example, Ron Bina Actuarit Ltd.’s report: “Assessment of the Impact of LDW and FCW-type Safety Systems”: “From our calculations, we measured a 45% reduction of the rate of mandatory insurance claim submissions for privately-owned private vehicles in which the system was installed.”

Clal Insurance, "Mobileye Systems - Actuarial information from Clal Insurance pilot" (13.6.2013): "The result of the pilot was a reduction of 45% in claims frequency which is statistically significant.” These articles are included in Appendix B. [↑](#footnote-ref-8)
9. Page 3 of the Notes on the Customs Duty Ordinance and Exemptions from Purchase Tax on Goods (Amendment 25 and Temporary Order) – 2013 [http://www.knesset.gov.il/committees/heb/material/data/ksafim2013-11-13.pdf](http://www.knesset.gov.il/committees/heb/material/data/ksafim2013-11-13.pdf%20)
(henceforth: “**Notes on the Customs Duty Ordinance**”). This appears as Appendix C. [↑](#footnote-ref-9)
10. Eventually, the Ministry of Transportation published a number of updates to the aforementioned regulation. See also: the provisions of Ministry of Transportation and Road Safety Regulation 03/13 on safety systems for M1- and N1-type vehicles (July 4, 2013), the provisions of Ministry of Transportation and Road Safety Regulation 03/13 on safety systems for M1- and N1-type vehicles (December 12, 2015) (henceforth: “**the Currently Applicable Ministry of Transportation Regulation**”). See also the provisions of Ministry of Transportation and Road Safety Regulation 03/13 on Safety Systems for M1- and N1-type Vehicles – Update No. 3, published January 1, 2018 (September 5, 2017) (henceforth: “**2018 Ministry of Transportation Regulation”).** These regulations are included as Appendix D. For an explanation of M1- and N1-type vehicles, see ibid., page 4 (clause 4.1.). [↑](#footnote-ref-10)
11. The Currently Applicable Ministry of Transportation Regulation in footnote 10 above, page 3 (Table 1). As specified in the table, the safety systems that are currently awarded points are: lane departure warning systems, headway monitoring and warning systems, pedestrian collision warning systems, automated emergency braking systems, vehicle blind spot detection systems, 7 or more airbags, 6 or more airbags in vans, backup cameras, high-beam control systems, seat belt sensor systems, systems for identifying bicycle and motorcycle riders, and traffic sign identification systems. The table lists the amount of points awarded for each safety system. [↑](#footnote-ref-11)
12. If the vehicle has at least six airbags, or, if the vehicle is a van, if it has at least 4 airbags. For an example of the described point system, see The Currently Applicable Ministry of Transportation Regulation in footnote 10 above, page 3 (Table 1). For a table on the vehicle’s safety equipment level, see ibid. p. 3 (Table 2), and see also **Notes on the Customs Duty Ordinance**, footnote 9 above, p. 4; see also “Taxation and Selected Data on the Israeli Automotive Sector”, p. 16, 2015, published by the Israel Tax Authority.
<https://taxes.gov.il/about/documents/dochotvaadot/vaada_misui2015.pdf>
(henceforth: “**Automotive Sector Review**”, attached to this document as **Appendix E**). [↑](#footnote-ref-12)
13. See **Notes on the Customs Duty Ordinance**, in footnote 9 above, p. 4; see also **Automotive Sector Review**, in footnote 12 above, p.17. [↑](#footnote-ref-13)
14. See the **Currently Applicable Ministry of Transportation Regulation** in footnote 10 above, page 3 (Table 1); for details on the points awarded for each safety system, as of Jan. 1, 2018, see **Ministry of Transportation Regulation 2018**, mentioned in footnote no. 10 above, p. 3 (Table 1). [↑](#footnote-ref-14)
15. The Mobileye Product contains this system, but as a rule, it is not activated in Mobileye products sold to automobile importers. [↑](#footnote-ref-15)
16. Automotive Sector Review, in footnote no. 12 above, p. 17 (Figure 7). [↑](#footnote-ref-16)
17. The Currently Applicable Ministry of Transportation Regulation in footnote 10 above, pp. 4-5 (clause 4.3). [↑](#footnote-ref-17)
18. Other than the system mentioned as item 4 of this clause, the other systems, numbered 1-6, are included in the Mobileye Product sold to automobile importers (see clause 25 above; as for item 4 of this clause, see footnote 15 above). With regard to the certification of safety systems locally installed in vehicles, see the Currently Applicable Ministry of Transportation Regulation in footnote 10 above, pp. 4-5 (clause 4.3). With regard to requirements expected to apply in this regard in 2018, which are stricter, see the Currently Applicable Ministry of Transportation Regulation 2018 in footnote 10 above, pp. 4-5; [↑](#footnote-ref-18)
19. In this regard, we also note that in tenders issued by the Government Vehicle Administration (henceforth: “**the Tenders**”), the following requirement appears concerning “the provision of auxiliary systems for preventing automobile accidents“: Lane Departure Warning System, Headway Monitoring System, Pedestrian Collision Warning System, Backup Camera System, and Seat Belt Sensors. The tenders include the following requirement: “The systems listed in clauses 14.1-14.5 must be provided in accordance with the detailed specifications in Ministry of Transportation and Road Safety Regulation 03/13, in the most updated version that existed before the bid was submitted”. Again, Mobileye possesses the certification specified in the aforementioned regulation (see, for example, clause 14 of the document entitled “Main Public Tender No. 4-2015 for the Purchase of Private Automobiles with Benzene or Diesel Engines for directors-general, deputy directors-general, vice directors-general, and hybrid vehicles”, issued by the Government Vehicle Administration on Aug. 30, 2015, which appears in Appendix D of this document). Moreover, the tenders require vehicle importers to have auto manufacturers sign an agreement committing them to industrial cooperation, as required by the Tender Requirements Ordinances (the Requirement for Industrial Cooperation) - 2007 (this is referred to as “mutual purchasing”, see ibid., pp. 9-10 (clauses 5.9-5.10) and pp. 89-90 (clause 7.6)). Unlike competitor products, Mobileye products are recognized for the purposes of this requirement. This is another reason vehicle importers prefer using Mobileye products. [↑](#footnote-ref-19)
20. A “vehicle merchant” is defined as “a commercial importer or a holder of a license to manufacture and sell automobiles who sells an automobile, as well as someone else acting on the commercial importers behalf” (clause 2 of the Vehicle Licensing Law); the Currently Applicable Ministry of Transportation Regulation in footnote 10 above, page 1; in this context, see also Ordinance 270-D of the Vehicle Traffic Ordinances. [↑](#footnote-ref-20)
21. A sample of advertising mentioned above can be found in Appendix D. See also the Currently Applicable Ministry of Transportation Regulation in footnote 10 above in Appendix E. [↑](#footnote-ref-21)
22. In this context, an example can be found in the Notes on the Customs Duty Ordinance, in footnote 9 above, p. 1. [↑](#footnote-ref-22)
23. The Currently Applicable Ministry of Transportation Regulation in footnote 10 above, page 3. According to the aforementioned regulation (ibid., Table 1), the Mobileye Product will give vehicles in which it is installed 6 points (see details in clause 25, above). That is, the Mobileye Product, which, on its own, contains all of the possible features (without any other safety systems, such as airbags and backup cameras) will give the vehicle in which it is installed a safety equipment level of 6, with the highest level being 8 (see details in clause 27 above); for details on safety scoring as of 2018, see Ministry of Transportation Regulation 2018 in footnote 10 above, p. 3. [↑](#footnote-ref-23)
24. See the Currently Applicable Ministry of Transportation Regulation in footnote 10 above above, p. 3; Appendix B of the Currently Applicable Ministry of Transportation Regulation. [↑](#footnote-ref-24)