



AMERICAN-ISRAELI FUND WILL SUPPORT JOINT PROPOSALS FOR ALTERNATIVE ENERGY

\$20 Million Annually Will Be Invested for a Period of Seven Years; American Senate Approval of the Proposal is Foreseen Within a Few Weeks

Israeli's energy needs are met almost entirely from imports of oil. Solar energy and other renewable energy makes up only a peripheral and neglected portion of the energy supplied to the market. In fact, the only oil source Israel has is crude oil and distillates, although the use of natural gas is expected to accelerate in the coming years.

The dependency of the State of Israel on oil is great. This dependency will continue until resources are allocated to the development of alternative energy technologies.

Because the subject has not been near the head of the government's priorities, in the energy branch there has been no real expectation of development of renewable energy resources (from wind, sun, geysers, etc.).

However, encouraging news of a different sort comes from the United States. The U.S. House of Representatives approved a few weeks ago a project for the creation of an American-Israeli fund to advance joint proposals in the alternative energy sector. The proposal as approved includes the allocation of \$20 million annually for the fund over a period of seven years.

According to the fund's criteria, awards will be made to companies with American and Israeli partners that plan to develop initiatives in the renewable energy sector.

Currently, 58% of America's energy needs are from oil imported from outside the United States, of which 45% comes from Arab countries. For both geopolitical and security reasons, the U.S. government intends to minimize to the maximum extent its dependency on imported oil.

Robin Remis, a lawyer who is a New York representative of the office of ZAG/S&W (a joint venture between Sullivan & Worcester LLP and Zysman Aharoni Gayer & Co.) has helped greatly in the advancement of the project. Remis has arrived here for a series of meetings in Israel with the objective of identifying local technologies suitable for working partnerships with American companies. In a conversation with *Globes*, Remis said "the United States has made a strategic decision to develop renewable energy. It is clear to everyone that in a situation of global terror it is impossible to wait 50 years; we must find immediate solutions in order to minimize dependency on oil. It is also becoming clear that natural gas is not a real solution to the price crisis."

"The United States sees in Israel energy companies a striking potential for the development of technologies in the renewable energy sector. It will open a real window of opportunity for Israeli initiatives and American finance. The business potential is terrific."

Globes: "What are the criteria for receiving an award?"

Remis: "We intend to develop and receive proposals from companies that develop technology in the advanced energy sector. It is reasonable to assume that the basic technologies will be those of solar energy, bio-energy, water power and other clean energy sources. We expect that there will be less interest in wind energy."

"We intend to meet with those putting forth initiatives in this field and with academics who have research proposals. The American fund will create leverage for business and political connections that will create links between the people with ideas and those who can allocate economic resources, in order to bring both countries to a more tenable position from the point of view of dependency on oil."

Globes: "Have you already been approached by local bodies?"

Remis: "The proposal really is at the very beginning of the road and has not yet been approved by the U.S. Senate--an approval that could be received within a few weeks. The local energy market in Israel is not yet sufficiently aware of this new legislation. I'm sure that as soon as the market absorbs and internalizes the potential, both businesses and academics will be delighted to join forces. I assume that companies like Solel or Ormat, who already operate in the United States, will be pleased to receive this support."

"In addition to monetary support, the fund will help with marketing. I must emphasize that the American market is huge. For Israelis this is an economic opportunity of the first order. Money is waiting for companies; already in 2006 the first \$20 million is being budgeted."

There is a worldwide trend to allocate more budgetary resources for projects in the renewable energy sector. Many countries, such as Germany, Spain, Japan, Sweden, New Zealand and others are increasing meaningfully their use of these technologies, but in Israel their use is still neglected. However, Remis is certain that within 10 to 15 years there will be a meaningful reduction in Israel's dependence on oil as well.

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