

# **The Use of Natural Gas In the Israeli Economy**

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# A Choice

- **A bit more short-term tax revenue for the government to waste**

**...or ...**

- **Billions more to the pockets of Israeli middle class citizens. Up to \$10 billion a year**
- **Development of many new jobs for less-educated young Israelis**

# Reserves vs. Demand Projections (BCM)

0 200 400 600 800 1000 1200 1400 1600



# East Australia and the Cost Of Mistake

**> \$9 billion per 1 BCM of gas**

**~75% exports planned to LNG**

- **Local prices influenced by dominant LNG allocation**
- **Long term gas contracts for locals dried up**
- **Expected 2-fold rise in gas prices within 4 years**

**For each 1 BCM**

**If shifted towards export and away from the local economy:**

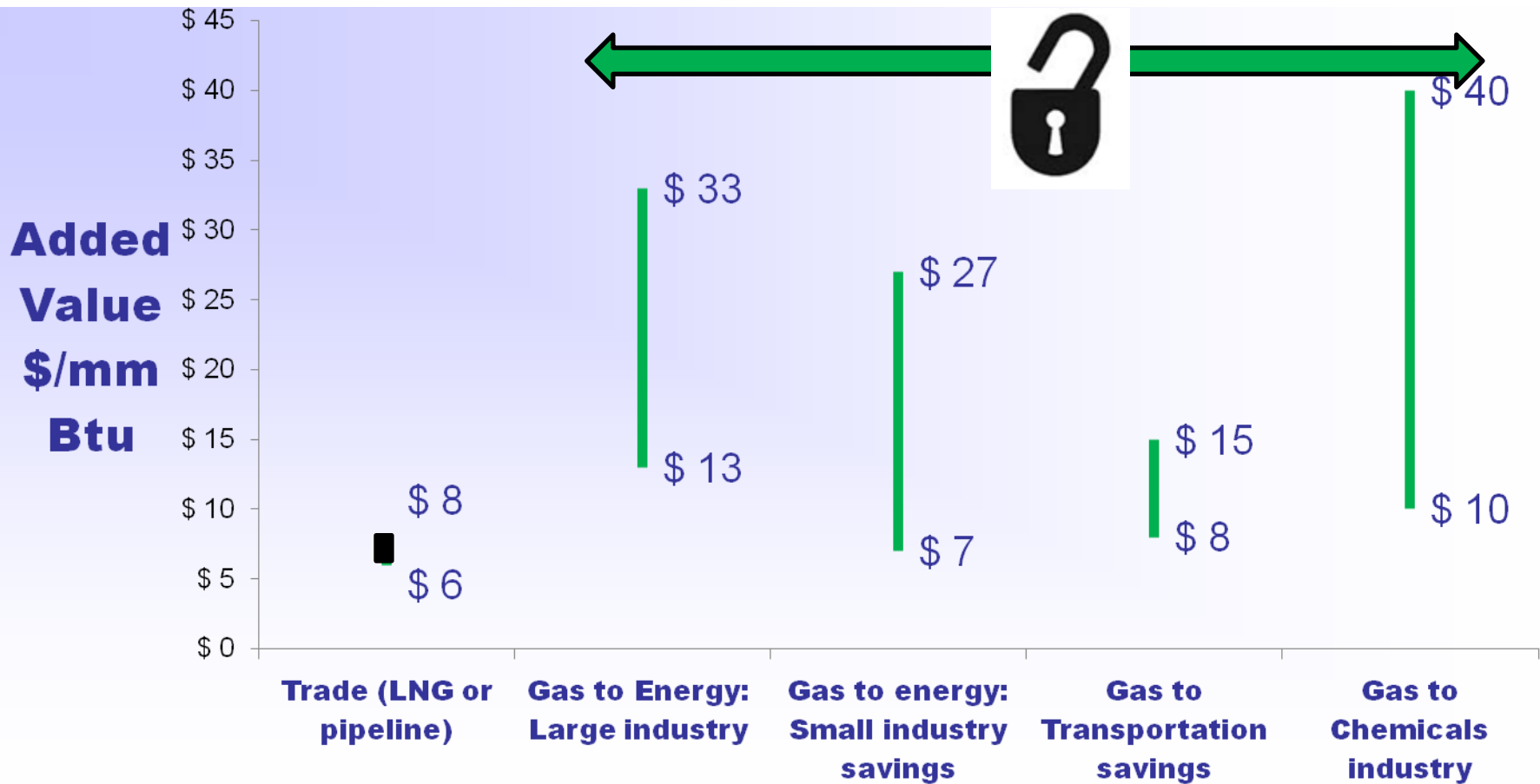
- **Gas Export will result in \$460 million output gain**

**If used by the local economy**

- **Local Industry will result in \$9700 million output gain**

**Dow Chemicals CEO: Australian gas pricing "a travesty"**

# Relative Added Value



# Israel's Transportation Fuel Mix

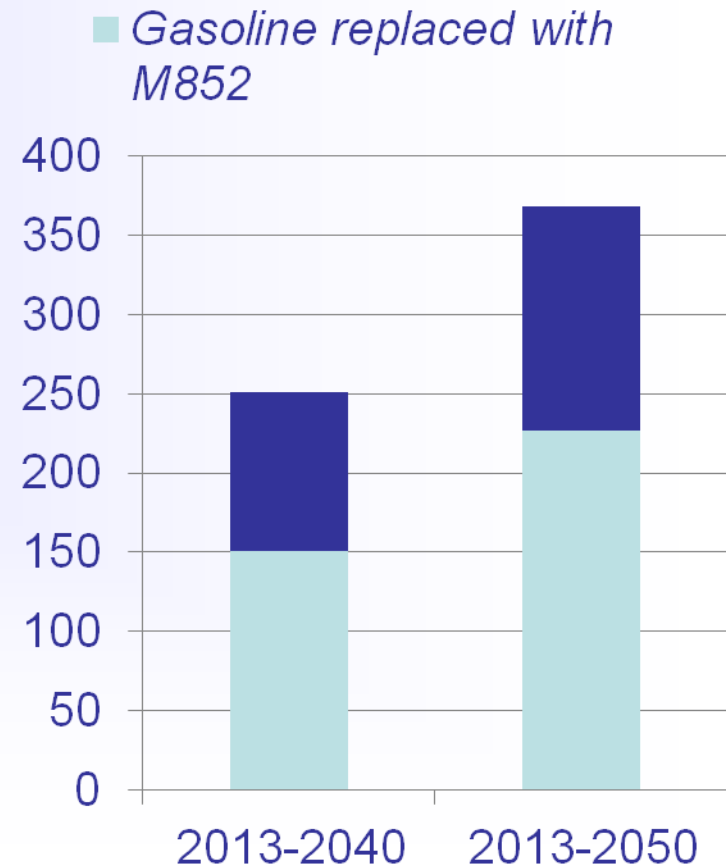
**Replacement of gasoline and diesel with natural gas (M85 and CNG respectively)**

**2012 levels: 7 BCM**

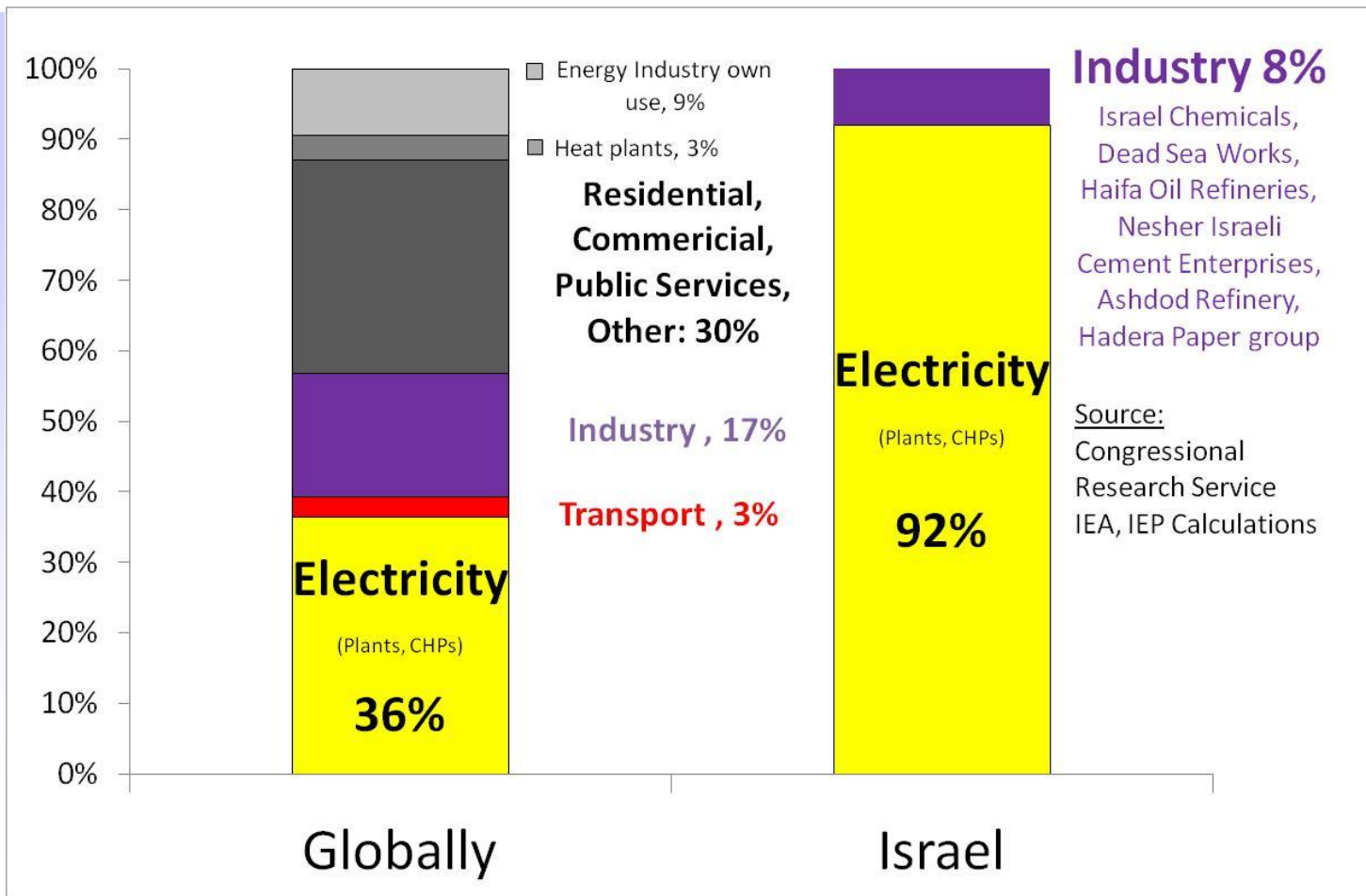
**2013-2040: 251 BCM**

**2013-2050: 368 BCM**

**BCM**



# The Black Box Opportunity



# The Green Box

- 1. Transportation**
- 2. Gas To Chemicals: Petrochemicals Industry**
- 3. Desalination**
- 4. Pipeline Exports**



# Israel's Choices: \$295 billion added value

	<b>Gas to Energy (in industry)</b>	<b>Gas to Transportation</b>	<b>Gas to Chemicals</b>
<b>IEP Projections BCM 2013- 2040</b>	<b>77</b>	<b>166</b>	<b>82</b>
<b>Net direct gain to the economy</b>	<b>\$90 billion</b>	<b>\$88 billion</b>	<b>\$116 billion</b>