# Israel bids to end global oil dependency by 2020

Government plan, to be reviewed Sunday, will make Israel a global center for alternative energy technology.

By Avi Bar-Eli | Sep.19, 2010 | 1:49 AM



An interministerial committee charged with finding ways of turning Israel into an international hub for technology to reduce global oil consumption will present its findings to the cabinet today.

The government plans to invest NIS 2 billion in the decade-long program from 2011 to 2020, alongside another estimated NIS 1.8 billion investment by the private sector.

The plan calls for the appointment of a project manager on behalf of the Prime Minister's Office, backing for private initiatives, a bigger budget for research and development and international cooperation. The committee is headed by Prof. Eugene Kandel, head of the National Economic Council; he submitted the report to Prime Minister Benjamin Netanyahu last week. The cabinet is scheduled to discuss it today.

In February, the ministers decided that reducing global oil consumption should be a top national goal because it serves Israel's strategic and environmental interests and could be quite lucrative as well. While Israel is only a minuscule player in the global commodities market, the ministers envisioned the country becoming a global center for technologies that decrease oil consumption for transportation by boosting initiatives in these fields.

The committee listed 60 Israeli companies that seek to develop oil alternatives, most of which are start-ups in their first stages of development. Through interviews with entrepreneurs at 35 of those companies, the committee concluded that "even today Israel has an industrial and knowledge base that puts it at the forefront of countries developing oil alternatives."

However, many of these companies are having trouble getting past the development stage and seeing their technologies through to commercial implementation due to a lack of investors. Also, implementing these kinds of technologies demands a significant investment in physical infrastructure before they can be marketable - about $20 million per company on average.

Within the next three years, these companies will need an investment of $270 million, the committee found.

In addition, the companies have trouble getting through the regulation necessary to run pilots, the committee found, because "transportation is a relatively traditional field." Transportation companies tend to adopt technology only once it has been tested widely.

Therefore the committee recommends setting up administrative and regulatory infrastructure for the program, which would include an interministerial steering committee headed by Kandel. The program's director, to be appointed through a tender process, would have a panel of experts on regulation and transportation. The experts would help determine which companies deserved government backing.

The Prime Minister's Office has an annual budget of NIS 146 million for staffing the project.

To promote such technologies internationally, the plan calls for an annual international conference at an expense of NIS 4.2 million.

The committee also recommends setting up two funds for investing in this technology. The management and the money for the funds would likely be set up through tenders. The committee expects the funds to invest NIS 2.4 billion over 10 years and wants to see them go live by 2011.

The committee would like to offer tax benefits to encourage investment. The Tax Authority objects to this.

Another objection comes from the Infrastructure Ministry, which seeks to manage the project itself and objects to having it managed from the Prime Minister's Office, which is responsible for the country's energy policy. It also objects to the suggestion that it fund part of the project.