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VIA U.S. MAIL AND FACSIMILE

Ms. Gail Jackson
Division of Market Regulation
Office of Market Supervision
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Carmel Container Systems Ltd.

Dear Ms. Jackson:

At your request, we are writing on behalf of our client, Carmel Container Systems Ltd., a foreign private issuer organized under the laws of the State of Israel (the "Company").

The ordinary shares of the Company (the "Ordinary Shares") have been registered under the Securities Exchange Act of 1934 (the "Exchange Act") for approximately two decades and were traded on the American Stock Exchange (the "Exchange") during the period from 1986 through and including November 30, 2004. As is more fully described below, approximately 2.1 million of the approximately 2.4 million outstanding Ordinary Shares are held by a limited number of affiliates of the Company. Hence, the "public float" of the Company consists of approximately 300,000 Ordinary Shares. For many years, trading in the Ordinary Shares on the Exchange has been very limited and sporadic. Thus, for example, during the 49 weeks of 2004 when the Ordinary Shares were traded on the Exchange, the average weekly volume of shares traded was 9,720, representing approximately $^{4}/_{10}$ of 1% of the total number of Ordinary Shares outstanding. During nine of such weeks, no Ordinary Shares were traded on the Exchange at all.

On November 7, 2004, the Board of Directors of the Company resolved to de-list the Ordinary Shares from trading on the Exchange and to de-register the Ordinary Shares under the Exchange Act. As indicated in the resolutions so adopted (the "Resolutions"), the principal reason for such action was to obtain relief from the burdens inherent in being a listed and registered company*. The Resolutions were adopted in strict compliance with applicable provisions of the Companies Law (5799 – 1999) of the State of Israel (the "Companies Law") and the Articles of Association and Memorandum of Association of the Company**. Promptly following the board meeting, the Company duly filed with the Exchange a written notice of its intention to voluntarily withdraw the Ordinary Shares from listing and registration. In accordance with such notice and applicable rules and procedures of the Exchange, trading in the Ordinary Shares on the Exchange was suspended as of the close of trading on November 30, 2004.

On or about November 30, 2004, the Company filed with the Commission an Application For Withdrawal From Listing Of Securities Pursuant To Section 12(d) Of The Securities Exchange Act of 1934 (the "Application"). We understand that, by letter dated December 3, 2004 (the "Dissident Letter"), Eric Rieder, counsel to Ampal American-Israel Corporation, a shareholder of the Company (the "Dissident Shareholder"), requested that the Exchange reject the Application. By letter dated December 8, 2004, Dennis Meekins of the Exchange correctly informed Mr. Rieder that the Application is subject to review and approval by the Commission, rather than by the Exchange.

On January 4, 2005, you telephoned my colleague, Marcus Johnson, Esq., to inform him that the Commission will not take any action with respect to the Application until such time as the Company provides the Staff with a response to the Dissident Letter. Thereafter, you telecopied a copy of such letter to Mr. Johnson. The following is the Company's response thereto.

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* The Company understands that a significant number of both domestic and foreign private issuers have, for the same reason, recently taken similar action to withdraw from trading in the United States and registration under the Exchange Act.

** Please see the enclosed opinion of the Company's Israeli counsel, Balter, Guth, Aloni & Co., one of the leading law firms in Israel (the "Balter Opinion").

According to the Company's records and most recent proxy statement, the Dissident Shareholder owns 522,000 Ordinary Shares, representing approximately 21.75% of the total number of Ordinary Shares currently outstanding. By contrast, other shareholders (who own, in the aggregate, approximately 1,528,000 Ordinary Shares, representing approximately 63.67% of the outstanding Ordinary Shares) fully and firmly support the proposed de-listing and de-registration. Pursuant to a shareholders' agreement, the Dissident Shareholder effectively appoints two members of the Board of Directors of the Company. Eight members of the Board of Directors are effectively appointed by the other parties to the agreement. The remaining two of the Company's twelve directors are independent, or "external", directors, as required by the Companies Law. Each of the directors who "represent" the Dissident Shareholder was present at the meeting at which the Resolutions were adopted, participated in the Board's deliberations with respect to the Resolutions and voted against them. All of the other directors of the Company (including the two "external" directors) who were present (in person or by proxy) at the meeting voted in favor of the Resolutions. Consequently, and as indicated in the Balter Opinion, the Resolutions were duly and lawfully adopted, and are thus valid and effective, under the Companies Law - - the sole law that governs such matters.

Having failed, under applicable law and universally accepted standards of corporate governance, to impose its minority will on the majority of the Company's directors and shareholders, the Dissident Shareholder sought, through the Dissident Letter, to override the lawful majority of the Company's Board and shareholders by thrusting upon the Exchange a spurious claim that, in adopting the Resolutions, the Board of Directors violated fiduciary duties to shareholders. There is no basis for the assertion of such a claim in <u>any</u> forum. Nevertheless, were the claim to be addressed, it can only be resolved as a matter of Israeli law and by adjudication in an Israeli court. Neither the Exchange nor the Commission has the ability or the authority to address any such Companies Law claim and during the period of more than two months since the Resolutions were adopted, the Dissident Shareholder has chosen not to submit its objection to any court with jurisdiction and competence to adjudicate the matter. This alone is an indication of just how frivolous the objection is.

Having no basis under applicable law to assert that the Resolutions are invalid or ineffective or that the de-listing and de-registration that the Company seeks to accomplish pursuant thereto are in any manner unauthorized, the Dissident Shareholder casts equally baseless, and utterly false, aspersions on the motivations of the directors who voted in favor of the Resolutions and repeats the arguments, rejected by an overwhelming majority of the Company's directors at the November 7 board meeting, that de-listing and de-registration are "not for the benefit of the Company and/or its shareholders". A decision by the board of directors of a registrant, such as the Company,

to de-register and de-list is clearly within the business judgment of such board. Moreover, whether or not a board of directors acted wisely in making such a decision is not relevant to an application pending under Section 12(d) of the Exchange Act. As long ago as 1938 and in very similar circumstances, the Commission acknowledged this as follows:

> Applicant [, like the Company,] was not shown to have any other motive in seeking to delist the securities than to save the expense incident to compliance with the Securities Exchange Act and the rules and regulations thereunder . . . . The wisdom of a corporation . . . in effecting this limited economy . . . may well be doubted. But although we may differ with the judgment of the applicant's directors, this cannot affect our disposition of the matter in view of our limited powers under the Act respecting this type of application. In the Matter of THE TECK-HUGHES GOLD MINES LIMITED (No Personal Liability) (1938) 3 S.E.C. 462 at 464.

Thus, even were an Israeli court to accept the claim of the Dissident Shareholder that the Company's Board of Directors acted unwisely in adopting the Resolutions, such a determination would have no impact upon the pending Application or the obligation of the Commission to approve it.

By enacting Section 12(d) of the Exchange Act, Congress manifested a clear intention to permit entities such as the Company to be relieved from the requirements of that statute in circumstances such as those that currently exist with respect to the Company. By adopting Rules 12d2-2(d) and (e) thereunder, the Commission specified procedures to give effect to such Congressional intent***. The Company has undeniably complied with those procedures and is therefore entitled to that relief as a matter of law.

The Commission has long acknowledged that it has no authority under Section 12(d) to deny an application, such as the Company's, to withdraw securities from listing and registration. See In the Matter of Allen Industries, Inc. (1937) 2 S.E.C. 14 and In the Matter of Texas Hydro-Electric Corp. (1947) 26 S.E.C. 27). See also Atlas Jack

*** The Commission recently proposed to amend these rules in order to streamline the procedures and further facilitate de-listing and de-registration. See SEC Release No. 34-49858 (June 15, 2004).

Corporation v. New York Stock Exchange, 246 F.2d 311 (1957). We therefore respectfully urge, on behalf of the Company and on the basis of the foregoing, that (i) the Commission promptly publish notice of the Application in the Federal Register, as required by Section 12(d) of the Exchange Act, and (ii) the Commission and the Staff proceed, at their earliest convenience, to take all such action as may be necessary or appropriate in furtherance of the Company's Application. Any further delay will inappropriately provide the Dissident Shareholder with results to which it is not entitled as a matter of the Companies Law of the State of Israel or the federal securities laws of the United States.

Please address all further correspondence with respect to this matter directly to me at the address set forth above or by facsimile (212 310-8007) or e-mail (david.stone@weil.com). Thank you for your kind attention.

Very truly yours,

David P. Stone

DPS:ctf
Enclosure