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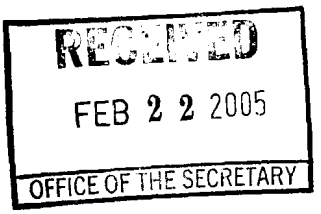
February 18, 2005



Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

RE: File Number 1-09274

Dear Mr. Katz:

We represent Ampal-American Israel Corp. and Ampal Enterprises Ltd. ("Ampal"), shareholders in Carmel Container Systems, Ltd. ("Carmel"), concerning Carmel's application, filed on November 30, 2004 pursuant to Section 12(d) of the Securities Exchange Act of 1934, to withdraw its ordinary shares from listing and registration on the American Stock Exchange (the "delisting application"). Ampal submits this letter in response to the February 2, 2005 notice of the delisting application published by the Securities and Exchange Commission in the Federal Register. For the reasons set forth below, the delisting application fails to comply with the rules of the American Stock Exchange ("AmEx") concerning delisting and should be denied.

Under Section 12(d) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 12d2-2(d) promulgated thereunder, an issuer seeking to delist must comply with the rules of the relevant exchange. Prior to issuing an order on the application, the Commission, in its discretion, may order a hearing to impose terms necessary to protect investors. S.E.C. Release No. 34-49858, 83 S.E.C. Docket 23, 2004 WL 1351268 at *3 (Jun. 15, 2004); Rule 12d2-2(d).

The AmEx rules include the following:

> a) Rule 18 - An issuer may voluntarily withdraw a security from listing on the American Stock Exchange upon written notice to the Exchange, provided the issuer complies with all applicable state laws in effect in the state in which it is incorporated (emphasis added); and
>
> b) Rule 806 - An issuer may delist a security from the Exchange after its Board approves the action and the issuer furnishes the Exchange

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> with a copy of the Board resolution certified by the secretary of the issuer (emphasis added).

Carmel fails to meet these rules, as a review of the relevant history demonstrates.

On November 7, 2004, according to the delisting application, Carmel's Board of Directors met at its corporate offices in Caesarea, Israel, where a majority resolved to delist Carmel's securities from trading on AmEx. The Board justified its actions with the following reasons:

> a) The securities had a limited number of holders;
>
> b) The securities had an "exceptionally" low trading volume; and
>
> c) The benefits of securities being listed on AmEx were outweighed by the burdens inherent in continuing to be listed and registered (for example, satisfying the added reporting obligations under the Sarbanes-Oxley Act of 2002).

See Board Resolution attached to the delisting application. On November 17, 2004 Carmel, by its General Manager Doron Kempler, sent written notice to Michael Fleming, Listing Qualifications Officer of AmEx, indicating its intention to voluntarily delist its securities from AmEx. In this letter, Carmel once again indicated that it was delisting its securities for the same three reasons identified above. On November 30, 2004, Carmel filed its delisting application with the Commission. The application attached the November 7, 2004 Board resolution and noted that the "Registrant has met the requirement of Rule 18 of [AmEx] by complying with applicable laws in effect in Israel, in which it is incorporated. . . ."

These actions violate AmEx's delisting rules in a number of respects. First, contrary to AmEx Rule 806, Carmel's Board resolution was certified by its General Manager Doron Kempler, rather than Carmel's secretary. It is procedurally deficient.

The delisting application is also defective under AmEx Rule 18. The application states that the "Registration has met the requirement of Rule 18 of the Exchange by complying with applicable laws in effect in Israel, in which it is incorporated. . . ." This statement is incorrect. Attached hereto is a letter to Carmel and its directors from M. Firon & Co., Israel counsel for Ampal. As set forth in that letter, the resolution of Carmel's board approving the proposed delisting from Amex was passed unlawfully under Israeli law.

Among other reasons, proponents of the resolution sought to justify it based on pretextual reasons regarding cost savings and the company's business performance. In fact, Ampal submits that the true reasons for seeking delisting are to evade disclosure and accountability for the large number of interested-party transactions engaged in by Carmel with entities owned or controlled by the controlling shareholders of Carmel, other than Ampal. If the real reasons for the delisting had been acknowledged at the Board meeting, the interested directors would have been unable to take part in

the vote on the resolution. Under these circumstances, the vote contravenes basic governance principles under Israeli law.

Moreover, the Board approved the resolution to delist based on the inaccurate premise that delisting would enable it to deregister from registration with the Commission. Carmel's Board resolution makes clear that the company viewed delisting and deregistering as indistinguishable and mutually dependent. Indeed, the Board resolution indicates that one of the reasons Carmel seeks to delist is to avoid the disclosure obligations of an issuer registered under the Exchange Act.

In fact, however, even if Carmel were permitted to delist, it would not be able to deregister. Carmel currently has more than 300 United States holders of record, which would render it ineligible to deregister under the relevant laws and regulations. (Carmel sought to avoid the impact of these rules by prematurely filing a Form 15 Certification which contained the untrue representation that it was a "12(g)(4) issuer" and thus had under 300 U.S. holders at the relevant time. However, this Form 15 is invalid. Indeed, even if the invalid Form 15 were assumed to be valid, Carmel would still not be entitled to a suspension of its duty to file reports under Section 15(d) of the Exchange Act, since it had more than 300 United States holders at year-end 2004.

Thus, since Carmel cannot escape registration, it cannot achieve the principal "benefit" presented to the Board of Directors as the basis for delisting. Not only does this further undermine Carmel's claim to have complied with Israeli law, it also means that the practical consequences of delisting will be even more harmful to shareholders. If delisting were granted, Carmel shareholders would lose the ability to dispose of their shares even as the company remains subject to the disclosure obligations of a registered issuer.

Accordingly, our clients request that the Commission deny Carmel's delisting application. In the event that the Commission determines to approve the delisting application notwithstanding the defects identified herein, the Commission should, at minimum, impose the following terms for the protection of investors:

- the provisions of Sarbanes-Oxley and the rules promulgated thereunder, should continue to apply to Carmel for a minimum period of six months, including, without limitation, that Carmel will be required to continue to have an audit committee composed entirely of independent directors;

- the provisions of the AmEx corporate governance rules should continue to apply to Carmel for a minimum of six months, including, without limitation, that related party transactions will need to be approved by such audit committee (this is of critical importance given, as discussed above, the large number of interested-party transactions engaged in by Carmel with entities owned or controlled by the controlling shareholders of Carmel, other than Ampal);

- the delisting, if approved, will take effect, at the earliest, six months from now to afford the non-controlling shareholders of Carmel an opportunity to liquidate their shares;

- all of Carmel's registration obligations should remain in effect for a minimum period of six months notwithstanding the filing of the Form 15;

- Carmel will be required to provide its shareholders with immediate written notice of any proposed or actual change in its charter, certificate of incorporation, by-laws, capital stock, list of stockholders or other documents required to be filed with AmEx or in the personnel of Carmel's directors and officers and of any material change in its financial status;

- Carmel's books and records shall to be open at all times to the inspection of its shareholders.

At minimum, the Commission should hold a hearing to determine whether these and/or additional terms should be imposed for the protection of Carmel's investors.

Very truly yours,

Eric Rieder

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Advocates and Notaries

November 21, 2004

WITHOUT PREJUDICE

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Dear Sirs,

Re: CARMEL CONTAINER SYSTEMS LTD. – DELISTING OF COMPANY'S STOCKS FROM TRADING ON AMEX

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My clients, Ampal-American Israel Corp. and Ampal Enterprises Ltd., (hereinafter my "Clients") have instructed me to apply to you in the following matter:

1. My Clients are the holders of 522,000 ordinary shares in Carmel Container Systems Ltd. (hereinafter – the "Company") which shareholding constitutes 21.75% of the Company's issued ordinary share capital.

2. The Company's ordinary shares have been traded on the American Stock Exchange ("AMEX") since 1986.

3. On 7 November, 2004, a meeting of the Company's board of directors (hereinafter the "Board") was held, at which it was resolved, inter alia, to de-register the ordinary shares of the Company under the Exchange Act of 1934 and to de-list the shares from the AMEX (hereinafter the "Delisting Resolution").

4. My clients' representatives on the Board, objected to the proposals contained in the Delisting Resolution and duly voted against it.

5. **The Delisting Resolution was passed unlawfully. The actions it contemplates are not for the benefit of the Company and/or its shareholders, and are in breach of the obligations of trust, loyalty, equity and care that the Board owes the Company and all of its shareholders.**
The Delisting Resolution severely prejudices my Clients' rights, derogates from their legitimate expectations that the Company's shares should continue to be traded on AMEX, and is causing them extreme damage, the extent of which was apparent when notification of the Delisting Resolution was released to the press.

6. In an effort to "justify" their proposals, the supporters of the Delisting Resolution alleged as follows:

   6.1 There would be a direct annual saving of about $200,000 by not trading the Company's shares on AMEX;

   6.2 Continued trading of the Company's shares on AMEX will burden the Company's activities pursuant to the statutory demands under the Sarbanes-Oxley Act,

   6.3 Continued trading of the Company's shares on AMEX will require public disclosure of the Company's business results, and thereby harm the Company's competitive ability.

7. The aforesaid reasons are spurious and insubstantial and in no way justify the drastic, injurious, hasty and significant actions entailed in deregistration and delisting the Company's shares:

   7.1 Even if the costs involved in trading the Company's shares on AMEX do indeed amount to an annual average of about $200,000, this "saving"

cannot justify the loss of being able to trade the Company's shares on AMEX.
The ability to trade a company's shares on a stock exchange is an asset which cannot be over-valued or summarily given up. Deregistering and delisting the Company's shares will take away the Company's irreplaceable option to raise money in the capital market.
To delist the Company's shares without putting a viable alternative in place (e.g. – listing the Company's shares on the Tel Aviv Stock Exchange by 'double listing') the Company will lose its option to raise capital in the capital market and, if it should subsequently wish to exercise such an option, it could do so only by means of a new issue; a process many times more expensive than continuing to trade the Company's shares on AMEX.

My Clients' representatives put this argument to the Board and asked that the Delisting Resolution be deferred pending the examination by a subcommittee of the Board of the option of double-listing the shares (in Israel and in the U.S.A.). The request was not discussed and rejected without any reason being given. Instead, the Board hastened to accept the delisting plan.

7.2 The Sarbanes-Oxley Act does indeed impose obligations on the Company and its directors, especially concerning audit and supervision of the Company's activities. However my Clients see this Act as a benefit, intended to protect the Company and its shareholders, particularly in light of the substantial number of interested party transactions being realized in the Company.

My clients strongly suspect that the main, if not the only, reason for adopting the Delisting Resolution was the desire on the part of its proponents to evade proper, active and effective supervision of the numerous interested parties' transactions that are implemented on a regular basis between the Company and the assorted entities belonging to the various controlling groups in the Company.

7.3 There is nothing substantial to the claim that continued trading of the Company's shares would expose the Company's business data to competitors in the market. 15% of the Company's share capital is held by the public. Every Company shareholder receives financial statements and the Company's business data is therefore already available to the public. Whether the Company's shares are traded on AMEX or not, its financial and business data are exposed, which has been the situation for years.

7.4 That and more: the delisting and deregistration of the Company's shares will severely detract from the transferability of the shares and thereby cause damage to the Company's shareholders.

8. In light of the above, you are demanded:

8.1 Not to implement and/or cease any activity directly and/or indirectly connected with the implementation of the Delisting Resolution.

8.2 To call an urgent further meeting of the Company's Board of Directors at which the Delisting Resolution of November 7, 2004, will be annulled and appoint a special subcommittee to examine delisting and deregistration of the Company's shares.

9. For the avoidance of any doubt, should the Delisting Resolution be implemented, my Clients will consider each one of you directly responsible by virtue of any law, for damages caused to them.

10. Nothing in this letter shall derogate from any right and/or claim reserved to my Clients by virtue of any agreement and/or law.

Sincerely yours,

Eldad Firon, Adv.

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