

Regional Cooperation Can Minimize Oil Dependency

In a decision reached at the end of January this year, the Israeli government set the development of technologies to minimize world usage of petroleum oil for transportation needs as a national goal. Simultaneously, oil prices once again skyrocketed disproportionately with supply and demand, placing the issue of dependency on petroleum suppliers in the headlines with renewed vigor. In his annual “State of the Union” address President Obama said, “With more research and incentives, we can break our dependence on oil with biofuels, and become the first country to have 1 million electric vehicles on the road by 2015”.

In the United States, minimizing oil dependency is not an issue of debate between the two major political parties. In December 2007 President George Bush, a Republican, passed broad legislation entitled “The Energy Independence and Security Act of 2007”, which contained many decisions aimed at decreasing oil dependency, such as promoting the use of more fuel-efficient automobiles and setting standards for the usage of biofuels.

Section 917 of that law is devoted to the subject of U.S.-Israeli cooperation in the development of renewable energy sources. As the result of this legislation the cooperation between the two countries was jumpstarted through the BIRD (Bi-national Industrial Research and Development) Foundation and the BSF Foundation (bi-national foundations to stimulate, promote and support industrial and academic R&D of mutual benefit to the U.S. and Israel.).

The Israeli government’s decision also indicates the economic potential inherent in the advancement of technologies that serve as alternatives to oil-based fuels, sets goals for the encouragement of those industries with extensive knowledge of these fields, and emphasizes the importance of international cooperation in order that the program attain its objectives.

The joint U.S.-Israeli interests in minimizing petroleum dependency are clear both from the geopolitical and economical points of view. The most efficient and fastest way to further collaboration is to utilize and strengthen those frameworks where such partnerships already exist, by allocating funds for these projects in both countries. Interestingly enough, it appears that the issue of minimizing oil dependency has the potential to enhance Israel's ties with Jordan as well. The peace treaty between the two countries is a strategic asset to the entire region, and this stable relationship is nothing to be taken for granted. It is imperative to further the cooperation between these countries in any and every possible area, most importantly as concerns the economy.

Jordan's economy is extremely dependent on petroleum imports. In 2010, the costs of oil imports rose by 31% and constituted approximately 12% of Jordan's GDP. This price increase had a significant effect on inflation. On the other hand, Jordan's government is careful not to raise fuel prices, concerned by the recent regional instability.. Therefore, Jordan also has a vested interest in advancing alternatives to petroleum.

Some Jordanian sources speculate that the rise in oil prices may lead to increased foreign investments on the part of petroleum exporting countries. However, even if such investments are made, they will have only a long-term effect without offsetting the immediate high expenditures caused by the import of expensive oil.

Israel, Jordan, and the United States conduct trilateral cooperation within the framework of the TRIDE (Trilateral Industrial Development) program for industrial research and development. Within this framework, companies from Israel, Jordan, and the United States collaborate in developing products with local and global marketing potential. One example is an active project to locate and analyze sources of organic raw materials for the production of bio-diesel. The Jordanian partner in this venture is the National Energy Research Center.

Jordan, as well as Israel, is interested in furthering its industrial development and improving the country's employment situation. Both countries are interested in increased economic cooperation, which is –unfortunately –rather limited at present. All three countries –The

United States, Israel, and Jordan –strive to minimize their dependence on sources of petroleum and to develop alternatives. Thus, with trilateral cooperation, the U.S. can advance the concept of minimizing its oil dependency while aiding the preservation and advancement of the vital strategic ties between Israel and Jordan.

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