

Attached hereto as Exhibit 1 and incorporated herein by reference is the Registrant's press release dated January 2, 2007.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN ISRAELI PAPER MILLS LTD.
(Registrant)

By: /s/ Lea Katz
Name: Lea Katz
Title: Corporate Secretary

Dated: January 2, 2007

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
1.	Press release dated January 2, 2007

EXHIBIT 1

NEWS

Client: AMERICAN ISRAELI
PAPER MILLS LTD.

Agency Contact: PHILIP Y. SARDOFF

For Release: IMMEDIATE

**American Israeli Paper Mills Ltd.
Sale of Property**

Hadera, Israel, January 2, 2007 American Israeli Paper Mills Ltd. (ASE:AIP) (the Company or AIPM) announced that yesterday an Agreement was signed with Arledan Investments Ltd., according to which, the Company sold its leasing rights vis-à-vis a plot stretching over approximately three acres in Ramat Hahayal , for an amount of approximately NIS 57 million. The property is rented until January 2013.

The Company estimates that as a result of the sale it will recognize, in the fourth quarter of the year 2006, capital profits of approximately NIS 21 million.