



## **The FORTNIGHTLY**

**A Review of Middle East Regional Economic & Cultural News & Developments**

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## **1. ISRAEL GOVERNMENT ACTIONS & STATEMENTS**

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### **1.1. UAE - Israel Deal Provides More Opportunities for Peace in the Middle East**

On 13 August, President Donald J. Trump, Prime Minister Benjamin Netanyahu of Israel and Sheikh Mohammed Bin Zayed, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the United Arab Emirates spoke and agreed to the full normalization of relations between Israel and the United Arab Emirates. The positive reactions from major countries around the world to the deal are “encouraging,” UAE Foreign Minister Gargash added. “Sheikh Mohammed bin Zayed’s decision expresses a reality we desperately need,” the minister said.

Praising the breakthrough as one that will advance Middle East peace and “unlock the great potential in the region,” a joint statement released by the White House said that Israel would “suspend declaring sovereignty” over parts of Judea and Samaria. Prime Minister Netanyahu had pledged to annex portions of Judea and Samaria as outlined in the Donald Trump administration's controversial Middle East peace plan. The Emirati government hailed the accord for ending Israel's sovereignty extension plans.

Prior to now, Israel had no formal diplomatic ties with Arab countries in the Arabian Gulf. In the coming weeks, Israeli and Emirati delegations will meet to sign bilateral agreements on investment, tourism, direct flights, security and other areas, in addition to setting up reciprocal embassies.

The deal was sealed in a phone call on 13 August between President Donald Trump, Israeli Prime Minister Benjamin Netanyahu and Abu Dhabi's Crown Prince and de facto UAE ruler Mohammed bin Zayed Al

Nahyan. The UAE and Israel will also join the United States in launching a "Strategic Agenda for the Middle East," focusing on diplomatic, trade and security cooperation.

The accord makes the UAE only the third Arab country to normalize ties with Israel, following Egypt's peace deal in 1979 and one with Jordan in 1994. During the Oval Office announcement, US Ambassador to Israel David Friedman said the deal would be referred to as the Abraham Accord, named after the "father of all three great faiths." (Various 13.08)

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## **1.2. Phone Calls Open Between UAE and Israel With Websites Unblocked After Agreement**

The UAE confirmed on 16 August that a phone link has been set up with Israel following a historic agreement between the two countries. UAE Minister of Foreign Affairs Sheikh Abdullah bin Zayed Al Nahyan and Israeli Foreign Minister Gabi Ashkenazi inaugurated a phone link between the United Arab Emirates and Israel; telephone calls between the UAE and Israel are now unblocked. The Israeli news website The Times of Israel was also available in the UAE, after being previously blocked in the country.

Known as the "Abraham Accord," the diplomatic agreement between the UAE and Israel is Israel's first peace treaty with an Arab country in 25 years. Israeli and Emirati delegations will meet in the coming weeks to establish bilateral agreements on a range of issues including telecommunications, tourism and healthcare. (Al Arabiya 16.08)

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## **1.3. Colombian President Duque Says He Will Open Trade Office in Jerusalem**

On 10 August, Colombia will open a trade and innovation office in Jerusalem, President Duque announced during a videoconference with Israeli Prime Minister Netanyahu, marking the ratification of a free-trade agreement between the two countries. The new mission will help Colombia "consolidate the opportunities of the Fourth Industrial Revolution," he said. Prime Minister Netanyahu welcomed President Duque's announcement, saying Colombia — the third-largest economy in Latin America — was joining other countries on the continent that have already opened similar offices in the capital. Currently, Brazil and Honduras have trade offices in Jerusalem, while Guatemala has an embassy there. Other countries that have trade and/or defense offices in the capital include Czechia, Hungary and Australia.

The agreement is Colombia's first FTA with any country in the Middle East and will allow 97% of Colombian goods to enter the Israeli market without tariffs. Duque has been the country's president since 2018. As a candidate, Duque, of the right-wing Democratic Center party, said he wanted to improve good relations with Israel, even openly mulling the idea of moving his country's embassy to Jerusalem. Colombia has been one of Israel's closest friends in Latin America, with close political, military and economic ties. (Various 12.08)

## **2. ISRAEL MARKET & BUSINESS NEWS**

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### **2.1. Silverfort Secures \$30 Million in Series B Funding**

Silverfort has raised \$30 million in a series B investment round. The new funding will allow Silverfort to further accelerate the company's growth and meet the increasing customer demand for secure authentication and access solutions, which is boosted by the global shift to remote work. The financing was led by Aspect Ventures, with participation of Citi Ventures, Maor Investments, and the company's early investors TLV Partners, StageOne Ventures and Singtel Innov8. This funding round follows a milestone year of growth for Silverfort and brings the total investments in the company to \$41.5 million.

Silverfort developed an innovative platform that seamlessly enforces secure authentication and access policies (including Multi-Factor Authentication, Risk-Based Authentication, Zero Trust and more) for any user, device and system, both on-premises and in the cloud, without the need to deploy any agents, SDKs or proxies. Its unique architecture allows Silverfort to protect large and complex networks and cloud environments in a unified manner, with an AI-driven risk engine that automatically adjusts policies based on the user's behavior, and prevents threats such as account takeover, ransomware and lateral movement. Silverfort enables its customers to protect many sensitive systems that other vendors can't integrate with, such as homegrown/legacy systems, critical infrastructure, file systems, IoT, command-line interfaces, machine-to-machine access and more. Silverfort also allows customers to migrate their existing servers and applications to the cloud in a secure manner without having to modify them.

Tel Aviv's [Silverfort](#) delivers secure authentication and Zero Trust policies across corporate networks and cloud environments, without deploying any software agents or inline proxies. Using patent-pending technology, Silverfort enables risk-based multi-factor authentication for all sensitive users, devices and resources, including systems that could not be protected until today, such as homegrown applications, IT infrastructure, file systems, machine-to-machine access and more. (Silverfort 04.08)

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## **2.2. Zencity Raises \$13.5 Million to Help Local Government Make Data-Driven Decisions**

Zencity closed a \$13.5 million funding round. The round was led by venture capital firm TLV Partners and joined by strategic investor Salesforce Ventures, in addition to the company's existing investors - Canaan Partners Israel (CPI), Vertex Ventures, M12 - Microsoft's Venture Fund and i3 Equity Partners. Zencity uses advanced AI to provide local government agencies with actionable insights about their communities' needs and priorities based on discourse in digital channels. The platform collects millions of resident-generated data points from a multitude of sources and using award-winning AI algorithms, transforms this mass of unstructured data into real-time and ongoing insights for local government leaders. These capabilities allow local governments to understand wide-scale community feedback and ensure they can truly hear the range of their residents' voices.

Founded in 2015, Tel Aviv's [Zencity](#) has been growing exponentially and today supports over 150 cities and counties of all sizes across four countries and 28 US states - including major cities like Los Angeles, Houston and Chicago, mid-size communities like Fort Lauderdale, FL, and Dayton, OH; and even small communities like State College, PA. With this latest funding round, the company will continue to expand its product's ability to serve the unique needs of state and local government agencies, particularly during these times of uncertainty. The funding will also aid in building out new strategic partnerships and further expand the company's market presence. (Zencity 05.08)

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## **2.3. Merchavia Holdings Invests in Aura Smart Air**

Bnei Brak's [Merchavia Holdings and Investments](#) has signed a Memorandum of Understanding (MoU) for its first investment in the Aura Smart Air, a company that deals with purification and air quality management using artificial intelligence technology. According to the MoU, Merchavia will invest \$250,000 and will receive preference shares, which constitute approximately 1.93% of Aura Air's issued and fully diluted capital for its investment. Merchavia's investment will be made at a \$10 million valuation and is a part of a \$3 million financing round. In experiments on COVID-19 that Aura Air conducted and is conducting with Sheba Medical Center, preliminary results showed that Aura's solution succeeded in eliminating COVID-19 by 99.9%

Azor's [Aura Air](#) has developed a platform for managing air quality in enclosed spaces through three phases: monitoring, analysis and air purification. The system monitors in real time the presence of airborne particles and gases inside and outside, and performs purification and disinfection of viruses, molds, bacteria and

fungi using four dedicated patented filters. The company also began a pilot designed to aid return to school routine in Israel by installing the system in classrooms. (Merchavia Holdings 05.08)

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## **2.4. Voiceitt Raises \$10 Million in a Successful Series A Funding Round**

Ramat Gan's [Voiceitt](#) successfully raised an additional \$10 million in a successful Series A round which closed 30 June 2020. New York based Cahn Capital Corp. served as Investment Bankers for the Company. Investors included Viking Maccabee Ventures, Microsoft's M12, AMIT Technion, Cahn Capital Corp, Connecticut Innovations and AARP along with Quake Capital, SLJ Family Office, Dreamit Ventures and The Disability Opportunity Fund, bringing total funds raised to over \$15 million.

Voiceitt's unparalleled application translates unintelligible and atypical speech in real time, enabling people with severe speech impairments to communicate by voice. Voiceitt participated in the Alexa Accelerator, powered by Techstars in Seattle in 2018 and is an Amazon Alexa Fund portfolio company.

One of Voiceitt's most significant partners is the Department of Intellectual & Developmental Disabilities of Tennessee, who along with The Arc of Tennessee participated in a pilot of Voiceitt's technology with the state. Voiceitt's network of international partners includes healthcare providers, speech and occupational therapists, researchers and disability organizations in the US and Europe. (Voiceitt 04.08)

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## **2.5. Approve.com Announces \$5 Million in Seed Funding**

Approve.com has completed a \$5 million seed round led by Aleph, an early venture capital investor, whose founding partners previously led investments in Wix, Lemonade, Monday.com, Houseparty and more. The funding will be used for innovation and global expansion. Approve will establish US operations, invest in growth for its R&D team, and support new and existing accounts.

Using a lightweight cloud-based platform, Approve leverages automation to standardize and streamline the procurement process, empowering organizations to increase operational efficiency, cost savings, and visibility and control over business spend. The legacy enterprise resource planning (ERP) ecosystem and existing enterprise procurement solutions suffer from fragmented tooling, broken communication and siloed data. This results in lengthy processes laden with unnecessary errors, and missed saving opportunities. Approve reduces the buying cycle by 50%, cuts supply costs by 10% and lowers processing costs by upwards of 60%.

Approve's SaaS platform creates custom automated workflows that streamline requests, orders and vendor onboarding. It plugs directly with existing ERP (Enterprise Resource Planning) solutions and securely syncs with real-time budgets. There is a searchable vendor database that includes updated business information and spend volume as well as a unified dashboard that organizes all procurement-related data in one place. Approve also eliminates the friction when paying vendors with built-in payments that work for any vendor type.

Tel Aviv's [Approve](#) is a procurement operations platform that helps businesses streamline purchasing workflows and vendor interactions, and gain critical insights into company spend. Approve introduces automation to procurement operations and frees up managers to focus on strategic initiatives, while providing a seamless user experience that drives collaboration and adoption. Approve transforms procurement processes in modern companies and was built to be highly scalable while providing a seamless usage experience to employees, budget owners and vendors. (Approve.com 06.08)

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## **2.6. Joy Ventures Startup Studio Launches Entrepreneur-in-Residence Program**

Joy Ventures announced the launch of its Entrepreneur-in-Residence (EIR) platform to establish new startups in the category. The platform will serve as the cornerstone of Joy Ventures' venture design efforts, extending the company's existing product ideation programs, and operating in parallel to its continued investment activity in early to growth stage startups.

The EIR platform offers experienced and exceptional entrepreneurs the opportunity to launch leading companies that help people across the globe live more joyfully. The companies will be based on the entrepreneurs' own ideas or on science-backed consumer product ideas seeded from Joy Ventures' existing innovation programs. Joy will provide entrepreneurs with essential resources including financing, mentorship, and domain expertise. Founders will also receive access to an industry and academic network allowing them to assess and validate market needs, identify key founding team members and develop an initial prototype. They will also have an opportunity to receive an initial investment by Joy to launch their new ventures.

Herzliya's [Joy Ventures](#) is a startup studio dedicated to building, funding and supporting companies developing science-backed consumer products for emotional wellbeing. Founded in 2017, the Joy Ventures philosophy is that life-changing companies are born at the intersection of science, technology and human-centered design. Joy Ventures offers a unique investment model: funding and supporting founders and startups at various stages, seeding ideas and collaborating on new venture creation, and advancing academic research and early technology development. (Joy Ventures 06.08)

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## **2.7. Kornit Digital Acquires Custom Gateway, Expanding Cloud Software Workflow Portfolio**

Kornit Digital announced the acquisition of the UK's Custom Gateway, an innovative technology provider of cloud-based software workflow solutions for on-demand production business models. Custom Gateway's robust and functionality-rich cloud platform is suitable for both B2B and B2C business models and handles all steps of efficient on-demand production. The platform enables content sourcing, creation, content management, and display at the front end. Orders created are captured by a robust order management system and are directed to the appropriate back-end production sites using sophisticated routing algorithms. Once orders proceed to the production floor, they are smartly routed and managed, to allow for efficient on-demand production on a mass scale. The entire process from order creation to shipment is enriched with integrations to existing IT environments, data-driven decision and business intelligence analytics. By seamlessly connecting front end (online or other storefront) to the most suitable back end (on-demand production and logistics operation), the technology enables customers to realize the full efficiency, scalability, and profitability benefits of digitization.

Supplementing Kornit's Konnect platform for visibility and control of print operations, Custom Gateway's platform offers Kornit customers valuable business insights for agility in the face of market dynamics and disruption. Custom Gateway has over 300 active customers globally, including brand names such as the U.K.'s largest fashion retailer Next, as well as other leading sports, fashion, and content brands.

Rosh HaAyin's [Kornit Digital](#) develops, manufactures and markets industrial digital printing technologies for the garment, apparel and textile industries. Kornit delivers complete solutions, including digital printing systems, inks, consumables, software and after-sales support. Leading the digital direct-to-garment printing market with its exclusive eco-friendly NeoPigment printing process, Kornit caters directly to the changing needs of the textile printing value chain. Kornit's technology enables innovative business models based on web-to-print, on-demand and mass customization concepts. (Kornit Digital 11.08)

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## 2.8. K2View Raises \$28 Million to Accelerate Rapid Expansion in the DataOps Market

K2View announced its \$28 million funding round, which will accelerate the company's growth and expansion in the emerging DataOps market. Forestay Capital led the round along with funding from Genesis Partners. It comes on the heels of rapid growth that saw over 75% CAGR in revenue, with a strong first half of 2020. This investment will be used to support the company's go-to-market strategy as it continues its expansion in markets ripe for transformation with DataOps, such as telecom, financial services, healthcare, insurance, logistics and more.

Data, an enterprise's biggest asset, is siloed in hundreds of different applications and stored in different locations, technologies and structures. In this IT environment, enterprises cannot move fast and provide good customer experience at the same time. K2View's patented approach and unique architecture deliver the data that enterprises need, exactly how and when they need it—all in real time. Since the launch of its platform in 2015, K2View has proven its vision and technology while helping some of the world's largest companies tackle complex data challenges. The platform provides the right data to the right person at the right time in just milliseconds and enables enterprises to operationalize all of their data and get holistic access to what matters the most to their business, while reducing time-to-market from months to weeks.

Yokneam's [K2View](#) is a leading provider of advanced data fabric, data integration, and data delivery software that takes the promise of a 360-degree view of data to the next level. Its flagship solution, K2View Fabric, uses patented logical unit technology to enable quick, easy, and secure access and control to all of an organization's data, no matter how many different systems and data sources it may have. K2View delivers real-time, holistic access and operational insights to whatever data matters most to organizations in any industry, right when they need it, accelerating transformations in customer experience, cloud enablement, operations, IT modernization, and risk and compliance. (K2View 11.08)

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## 2.9. Perimeter 81 Raises \$40 Million in Series B Funding

Perimeter 81 has completed a \$40 million Series B round led by Insight Partners. The financing will help support Perimeter 81's rapid growth and accelerate the company's hiring and development, furthering its disruption of the traditional VPN and Firewall markets. Since its 2018 inception, the company has emerged as a leader in Secure Access Service Edge (SASE), growing over 400% in annual recurring revenue year-over-year. Perimeter 81 has previously raised \$25 million from its seed investor Spring Ventures led by Aviv Refuah, and Series A investors SonicWall and Toba Capital. Three rounds of funding were completed in under eight months as a result of the high demand for the company's solutions and exponential customer growth across all major geographies.

Named a Deloitte Technology Fast 500™ for EMEA and a Gartner Cool Vendor, Perimeter 81 has gained immediate market traction and quickly acquired close to 1,000 customers — including Fortune 500 companies and some of the most prominent organizations in government, entertainment, technology and AI. Perimeter 81's user-centric and highly intuitive Secure Network as a Service enables businesses to more easily secure access to local network resources, cloud environments, and business applications. It also offers user and branch internet security, branch interconnectivity and endpoint security.

Tel Aviv's [Perimeter 81](#) is a leading Secure Access Service Edge (SASE) provider that has taken the outdated, complex and hardware-based network security technologies, and transformed them into one unified, scalable and easy-to-use software solution — simplifying secure access for the modern and distributed workforce. Perimeter 81's clients range from small businesses to Fortune 500 corporations across a variety of sectors, and our partners are among the world's foremost integrators, managed service providers and channel resellers. (Perimeter 81 11.08)

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## 2.10. EI AI Extends Passenger Flight Suspension to 30 September

EI AI Israel Airlines announced that the suspension of all passenger flights has been extended until 30 September due to the COVID-19 pandemic. The unpaid leave of 6,080 employees will also be extended until the end of next month - almost the entire workforce of the airline. EI AI continues to operate a small number of cargo flights. The airline said that the extension of the suspension was due to "continued restrictions regarding mandatory isolation for travelers entering Israel (except from a very small number of countries) and the ban on foreign tourists from entering Israel." (Globes 18.08)

## 3. REGIONAL PRIVATE SECTOR NEWS

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### 3.1. NAR Technologies Acquired by US Based B3Bar

Lebanon's [NAR Technologies](#) has been acquired by San Antonio, Texas based B3Bar Holdings. NAR is a portfolio company of Leap Ventures, and develops drone-based solutions, allowing drones to analyze and interpret data. Speed Accelerator and Leap Ventures believed in NAR's potential from day one and decided to seed the company, enabling it to develop its cutting-edge UAV/drone inspection AI- software. Unmanned Aerial Vehicle (UAV) or Unmanned Aerial Systems (UAS) analytics for infrastructure, inspection and surveillance is a fast-growing field, and NAR allows for swift real-time data analysis and management.

NAR identified the opportunity in dramatically improving the labor-intensive and time-consuming process of data analysis and reporting performed following each inspection flight by the drone pilots. NAR's AI-powered software enables quick and live human input into automated drone inspections, which allows for faster and more accurate output.

NAR was selected into Speed after winning Microsoft's Imagine Cup, joining the accelerator's first cycle in 2015. Speed provided an initial investment of \$30,000 in cash and a 3-month program that resulted in sending both founders to the LebNet Ignite immersion program in Silicon Valley. NAR complements B3Bar's offer and integrates well with their platform serving B3Bar's wide portfolio range of infrastructure & utilities-focused technology companies. (NAR Technologies 04.08)

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### 3.2. Conektr Raises \$800,000 Pre-Series A Funding Round

[Conektr](#), a Dubai-based digital lower trade, groceries and HORECA marketplace platform has raised \$800,000 in a dual-tranche Pre-Series A round from Auris Investments, an investment vehicle co-sponsored by Faber Capital's holding company and several affiliated investors. Commencing its operations and product depth development in 2019, the marketplace platform uses technology to bring the GCC Lower Trade Groceries & HORECA segment into the 21st century. Conektr integrates the lower trade segment's fragmented value chain by providing a data-enabled digital marketplace platform connecting brands, distributors, and wholesalers on retailers, optimizing marketing, ordering & logistics inefficiencies inherent to this segment.

Since its launch in early-2019, Conektr has achieved significant penetration - Conektr's platform is today used by 4000+ retail outlets and offers 1800+ SKUs. Conektr Hub is a "digital grocery" solution that integrates the entire B2B2C value lower-trade chain (including end consumers) while providing its participants with all the building blocks of a 21st century business. Conektr is deploying the funds to add depth to its suite of B2B solutions, making the technology platform more robust and further developing Conektr Hub. (Conektr 06.08)

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### **3.3. iKcon Successfully Secures \$10 Million in Funding**

iKcon has successfully secured \$10 million of funding since inception, including a recently closed pre-series A round of \$5 million led by Arzan VC, AITouq Group and Nazer Group among other reputable investors. iKcon has plans to rapidly grow its network to thirty cloud kitchens in the near future.

One of the big issues that restaurants and food entrepreneurs face is the financial and operational burden of expanding. Another major issue is their ability to adopt technology to improve their operational capabilities. iKcon's business model solves both of those issues through its proprietary technology, operational know-how and a passion for quality food. The growth potential of the food delivery and cloud kitchen market are significant. The company has successfully partnered with numerous leading brands operating in the region, helping them reach a significantly larger customer base in a short time frame with no capital or operating expenditure, resulting in substantially better returns. The COVID-19 pandemic has accelerated the food delivery market's growth and proven the resiliency of iKcon's business model.

Founded in 2019, [iKcon – Innovative Kitchen Concepts](#) is a leading Dubai-based tech enabled cloud kitchen operator that procures, cooks and delivers food on behalf of restaurants and brand owners. They provide kitchen-as-a-service platform, driven by operational excellence and technology, to empower our partners to rapidly expand their geographical and customer reach. (iKcon 09.08)

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### **3.4. Starzly's Celebrity Connect Platform Raises Pre-Seed Funding**

Starzly has raised an undisclosed amount in a Pre-Seed funding round, led by Nama Ventures, with participation from Jabbar Internet Group, Woman Spark, and other notable angel investors. It's impossible to get in touch with your favorite star with the big number of followers they have and even impossible to interact with them, in the meantime talents want to connect with their biggest fans and monetize their following. Starzly is the platform making it possible. People are looking for an authentic and unique experience from their favorite celebrities and Starzly makes it happen. Their ambition is to be the go-to-brand for personal shout-outs in the MENA region for entrepreneurs and brands – letting them aim for the moon while exploring the stars.

Founded in January 2020, Dubai's [Starzly](#), an online platform connecting consumers wanting a more personal interaction with celebrities and influencers, has raised a Pre-Seed funding round, led by Nama Ventures, with participation from Jabbar Internet Group, Woman Spark and other notable angel investors. (Starzly 10.08)

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### **3.5. Sehteq Raises \$20 Million to Expand its Scope of Health Insurance Services in UAE**

[Sehteq](#), a Dubai-based Health Insurance startup, recently secured a \$20 million commitment to set up a reinsurance vertical. The investment is led by their anchor investor 971 Capital. Sehteq (Arabic for your health) is an Oscar-like digital health insurance startup. The company was born at a startup incubator in Ras Al Khaimah in November 2017 and started operations in February 2018 with the acquisition of its first health insurance provider license also known as third party administrator - TPA. The startup grew with 12 subsequent acquisitions and heavily invested in a solid technology platform to be the largest provider of low cost health insurance for individuals and companies in UAE. Today, Sehteq is amongst the top three health insurance providers in the UAE and ranks ninth on the global insure-tech list, based on funding.

Apart from the formation of the reinsurance company, Sehteq will have an additional investment of \$3 million to support the technology arm of Sehteq by procuring complementary solutions to enhance the existing artificial intelligence-based system of the company. Presently, Sehteq automates more than 90% of their back-office work which minimizes the inconvenience caused to its customers and improves the overall efficiency. This additional \$3 million will support Sehteq's plans to acquire and build consumer

centric applications to enhance its 650,000 users' experience. Sehteq Portals, the technology arm, transitioned from a cost center to a standalone vertical and licensed its AI based sales technology to more than 100 partners. (Sehteq 17.08)

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### **3.6. eyewa Raises \$2.5 Million Pre-Series B Bridge Round**

Nuwa Capital has announced its first investment since its launch in February 2020. The firm has joined Wamda Capital and EQ2 Ventures in eyewa's pre-Series B bridge round. Since the company's launch in 2017, eyewa has raised a total of \$11.1 million since inception. eyewa specializes in online retail of sunglasses, eyeglasses, prescription contact lenses, and color contact lenses, and offers a wide choice catered towards the latest fashion trends with a highly customized user experience throughout the discovery, ordering, packaging, and delivery process.

Dubai's [eyewa](#), which is now the largest online eyewear retailer in UAE and KSA, saw its business double during the lockdown as many customers switched their shopping habits away from the malls and stores towards the convenience and safety of online shopping. Last year, eyewa was selected as one of the top 100 Arab startups by the World Economic Forum for its contribution to the region's digital transformation.

Primed for a post-pandemic world, the fund's investment in eyewa is predicated on its strong belief in a founding team with a unique track record, operating in a space that has greatly transformed over the past decade. The pandemic and subsequent lockdowns have seen scores of new customers transacting online for the first time, leading to an irreversible generational shift towards online purchasing. The company saw a surge in new customers looking for a better shopping experience and a more accessible, diverse line of products. eyewa will leverage the additional capital to double down on the rapid expansion e-commerce has witnessed during the pandemic and build new capabilities to further strengthen its position in the online eyewear space in the MENA region. (eyewa 11.08)

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### **3.7. The Hub App Raises Six-Figure Pre-Seed Funding Round**

The Hub App closed a six-figure Pre-Seed round, from Saudi Arabian angel investors. The Hub App was launched in July 2020 with a focus on the GCC region and the US, and has now expanded to Egypt and Nigeria. The Hub App simplifies sending invitations, receiving responses from guests, and ensuring all details are updated for the guests. It is integrated with a calendar and reminds guests about the event. Creating an invitation with The Hub App is faster and more efficient, it saves time and provides more peace of mind. The Hub App works anywhere as it uses Google Map for location sharing.

The Hub App supports Arabic, English, German, Ukrainian and Russian, and more languages will be supported by future releases. As a Swiss incorporated entity, The Hub App aims to be a global platform and has ranked in the top 100 apps in 87 markets in the Google Play events category. The funding will be used for marketing purposes to expand the markets, and around 10-20% will be used for further feature enhancements of the App.

Riyadh's [HubApp](#) is a powerful Invitation management app that helps you send, manage and receive invitations on the go, a free RSVP online app for your events. (The Hub App 12.08)

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### **3.8. Pi Flow Successfully Closes their First Funding Round**

Jeddah based [Pi Flow](#), the digital outsourced accounting company that helps startups businesses track their success by providing them bookkeeping services for their financial transactions, has successfully raised funds by a group of angel investors along with Saudi Venture Capital Company (SVC). The newly

raised fund will be used to improve technology, optimize operations, and meet demands. Moreover, Pi Flow acts as a virtual accountant with professional bookkeeping services, VAT reporting and financial reports for rapid growth.

Pi Flow targets entrepreneurs, small and startup businesses with cost-effective plans to manage their bookkeeping effortlessly without the need for an independent accountant. Some of Pi Flow's clients who had used their services, witnessed a huge difference, and removed a massive burden for a successful start with accurate books and professional support. The company understands startups and loves to be part of their success by providing competitive prices with a precise overview of their financial data. (Pi Flow 16.08)

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### **3.9. Dresscode Raises Six Figure Seed Funding Round**

[Dresscode](#), the Cairo-based e-commerce retail marketplace that is on a mission to transform the lifestyle and fashion retail shopping industry, announced that it has raised a 6 digit Seed funding led by Egypt Ventures. Founded in 2018, Dresscode sells women's wear, beauty and home products, with an aim to connect Egyptian manufactures to the consumers directly. Dresscode are working to fulfil a gap in the market for affordable high fashion, aspirational and the reach to multi-brand product variety.

Dresscode provides a platform for local fashion brands and designers to market and sell their products, adding to their income streams and helping them grow their business. The company's business model also depends on third party manufacturers which contributes to job creation across the entire fashion supply chain in the Egyptian market. The startup stated that in the last 4 months, they have witnessed a huge growth due to COVID-19, hence they accelerated the process with Egypt Ventures to raise the funds in order to maintain the growth and make the best of the opportunity ahead. The proceeds will be used to maintain the growth, by expanding staff, the product offerings and infrastructure to start offering next & same day deliveries to customers. (Dresscode 05.08)

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### **3.10. ElGameya Secures Six-Figure Pre-Seed Funding Round**

Egyptian Fintech firm [ElGameya](#) secured a six-figure investment in a Pre-Seed syndication led by AUC Angels, marking its first institutional investment round, to support its growth plans in the ever-growing peer-to-peer lending space. A graduate of AUC Venture Lab's Fintech Accelerator, ElGameya is a mobile application that facilitates the management and collection of the ROSCA cycle, otherwise referred to as money circles. Users can either use it as a platform to digitize their private money circles, or get matched to users with similar saving/lending capabilities in a public circle. Apart from its in-app payment facility, ElGameya's app also features a built-in marketplace enabling users to access exclusively discounted products as a cash-out option.

With participation from AUC Angels, The Cairo Angels, and Alex Angels, the startup intends to deploy the raised funds towards enhancing application features and growing its user base. ElGameya now serves users in Cairo, and targets reaching over 1,000 cycles by next year. (ElGameya 06.08)

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### **3.11. B Investments to Establish an EGP 1 Billion Specialized Healthcare Company**

B Investments Holding, Egypt's leading private equity company, announced that it will establish an EGP 1 billion specialized healthcare company, with B Investments initially committing EGP 200 million to the company. The specialized healthcare company seeks to acquire majority stakes in leading local healthcare players. Furthermore, the company plans to create synergies between investee companies to achieve operational and administrative efficiencies to offer integrated medical services in accordance with international standards. Through its specialized healthcare company, B Investments aims to penetrate the

defensive and growing Egyptian healthcare market through partnerships with experienced and capable medical teams. The investment committee of B Investments approved the commencement of the due diligence process for the first potential portfolio investment of the specialized healthcare company.

Established in 2006, [B Investments](#) is a Cairo-based private equity firm and growth capital investor that pulls a wealth of expertise to actively create value in its portfolio companies. The company's portfolio investments include Madinet Nasr for Housing and Development (MNHD), TOTAL Egypt, Giza Systems, Ebtikar for Financial Investment, Gourmet Egypt, Infinity Solar Assets (3 solar power generating assets in Benban, Egypt) and Beard. B Investments is committed to unlocking value in companies through partnerships that will help create jobs and contribute to the growth of the Egyptian economy. (B Investments 17.08)

## **4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS**

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### **4.1. Tel Aviv Outlines Plan to Face Climate Crisis**

The Tel Aviv-Yafo municipality presented to the public a detailed climate action plan on 5 August, making it the first Israeli municipality program designed to cope with the threat of climate change. The climate action plan took several months to develop. The process took place within the framework of the C40 Cities Climate Leadership Group, a global network of cities fighting global warming. Tel Aviv-Yafo is part of this network that includes Durban in South Africa, Chengdu in China, Jakarta in Indonesia and many more. As such, it is committed to adopting a program for adapting to climate change, including preparing for rising temperatures and changes to rainfall trends and quantities.

The plan is composed of three parts. First, Israeli experts identified the specific climate threats Tel Aviv is currently facing. These include a yearly increase of approximately 30 days exceeding 33 degrees Celsius over the next decade, expected rising sea levels and an increase in population groups considered to be vulnerable. The second portion lists the city's two key objectives: temperature reduction and water management. The third portion outlines how the city will operate and the efforts that will be employed to realize these objectives.

The plan is short and concrete. The authors propose three phases of action: an immediate response (for this year and the next), a gradual response (by 2030) and then the fostering of urban innovation in a more global approach. The immediate response includes steps like reducing the removal of trees, strict implementation of permeation requirements in construction plans and permits and enabling solar energy independence for public buildings during times of crisis. All are measures that the public can understand, support and promote. (AI-Monitor 05.08)

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### **4.2. Masdar & EDF Renewables Partner in Eight Renewable Energy Projects in US**

San Diego's EDF Renewables North America and Abu Dhabi's Masdar, one of the world's leading clean energy developers and a subsidiary of Mubadala Investment Company, announced Masdar's second strategic investment in the US in a deal with EDF Renewables North America that will see it acquire a 50% stake in a 1.6-gigawatt (GW) clean-energy portfolio. Under the terms of the agreement, Masdar has acquired a 50% interest in three utility-scale wind farms in Nebraska and Texas totaling 815 MW and five photovoltaic (PV) solar projects in California – two of which include battery energy storage systems – totaling 689 MW of solar and 75 MW of lithium-ion battery energy storage.

The 243 MW Coyote wind project is located in Scurry County, Texas; the 273 MW Las Majadas wind project is in Willacy County, Texas; and the 300 MW Milligan 1 wind project is in Saline County, Nebraska. All three wind projects are currently under construction and expected to begin commercial operations in Q4/20.

In Riverside County, California, the Desert Harvest 1 and Desert Harvest 2 PV projects total 213 MW of solar and 35 MW / 140 MWh of battery storage. Also in Riverside County are the 173 MW Maverick 1 and 136 MW Maverick 4 solar PV projects. These four projects are also under construction and slated for commercial operations in the fourth quarter of 2020. The final project in the portfolio is Big Beau, a 166 MW solar PV and 40 MW/160 MWh battery energy storage project, which is in Kern County and will reach commercial operation in 2021. All solar projects utilize horizontal single-axis tracking technology.

Power from the diversified portfolio projects will be sold under long-term contracts to a variety of offtakers, including utilities, hedge providers and community choice aggregators (CCAs). In total, the eight projects have created more than 2,000 jobs in the country's clean energy sector, and will displace more than 3 million metric tons of carbon dioxide annually.

Masdar made its first entry into the US market last year, acquiring a 50% interest in two wind farms in Texas and New Mexico. The transaction is expected to close in Q4/20 as it is subject to customary regulatory approvals. Abu Dhabi's renewable energy company Masdar is advancing the commercialization and deployment of renewable energy, sustainable urban development and clean technologies to address global sustainability challenges. Wholly owned by Mubadala Investment Company, the strategic investment company of the Government of Abu Dhabi, their mandate is to help maintain the UAE's leadership in the global energy sector. (Masdar 18.08)

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#### **4.3. Auto Firms Ask Cairo for 3-4 Months to Prepare for Dual Fuel Engine Transition**

Toyota, Al Amal, and Modern Motors are among a group of automobile firms that have requested that the Trade Ministry give them some 3 - 4 months to prepare for the government's dual-fuel engine transition plan. The firms told Ministry representatives that they require more time to prepare technical know-how for the initiative and finalize supply agreements for imported car parts needed to outfit cars with dual-fuel engines. Al Amal is currently in talks with Chinese auto firm King Long for a supply agreement that would see the company provide the necessary components.

Earlier this year, the Sisi administration announced a multi-year plan to convert or replace 1.8 million cars to run on both gasoline and natural gas. Owners of vehicles over 20 years old will receive low-interest loans through the MSME Development Agency to purchase new dual-fuel vehicles, while those with younger vehicles will be able to access zero-interest finance to outfit them with new engines. President El Sisi said that car licenses will be conditioned on citizens complying with the program and converting their vehicles. (Enterprise 10.08)

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#### **4.4. Cairo Solar Aims to Power Egypt by Sunshine**

Egypt plans to increase the supply of electricity generated from renewable sources to 20% by 2022 and 42% by 2035. Notably, it is aiming to have a quarter of its energy provided by the sun by 2035. [Cairo Solar](#) is a startup that is encouraging people to adopt solar energy. Solar energy is a relatively cheap energy source whose adoption could help protect the environment.

Founded in 2014, Cairo Solar has set up 57 solar energy plants in factories, schools, universities and hotels. The startup builds and operates solar power stations in Egypt to generate electricity. It offers its services to individuals, companies and government entities. One of the company's main selling points is that it allows its customers to pay for the solar plants in installments. A home powered by renewable energy is a home that is less damaging to the environment with cheaper energy bills. With Egypt's year-round sunshine there is no fear of running out of this abundant energy source. (Waya 03.08)

## 5. ARAB STATE DEVELOPMENTS

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### 5.1. Lebanese Government Resigns as Explosion Fallout Continues

On 9 August, Lebanese Prime Minister Diab announced the resignation of his government nearly a week after a devastating explosion in Beirut that stirred public outrage and spurred a string of ministers to step down. Diab announced the resignation of the entire cabinet in a televised evening address to the nation, characterizing the detonation of highly explosive material warehoused at the capital's port for the past seven years as being "the result of endemic corruption."

The deadly 4 August warehouse detonation of more than 2,000 tonnes of ammonium nitrate has killed at least 163 people, injured over 6,000 and destroyed a swathe of the Mediterranean city, compounding months of political and economic turmoil. The cabinet, formed in January with the backing of the powerful Iranian-backed Hezbollah group and its allies, met with many ministers saying they wanted to resign.

Protesters took to the streets of Lebanon again 9 August, demanding top officials resign following the Beirut explosion. Before the resignations, the cabinet decided to refer the investigation of the blast to the judicial council, the highest legal authority whose rulings cannot be appealed. The council usually handles top security cases. For many ordinary Lebanese, the explosion was the last straw in a protracted crisis over the collapse of the economy, endemic corruption, waste and dysfunctional governance, and they have taken to the streets demanding root-and-branch change.

Lebanon President Michel Aoun had previously said that the deadly blast was the result of explosive material that had been stored unsafely for years at the port. Diab later said the investigation would consider whether the cause was external interference as well as negligence or an accident. An emergency international donor conference on 9 August raised pledges worth nearly €253 million for immediate humanitarian relief. (Various 10.08)

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### 5.2. IMF Willing to Assist, But Seeks Commitment for Reform by Lebanon

The International Monetary Fund said on 9 August that it was willing to redouble efforts to help Lebanon after the devastating blast that hit Beirut, but said all of the country's institutions needed to show willingness to carry out reforms. In a statement to an emergency donor conference for Lebanon, IMF Managing Director Georgieva laid out reforms expected, including steps to restore the solvency of public finances and the soundness of the financial system, and temporary safeguards to avoid continued capital outflows. Even before the massive explosion that killed 158 people and destroyed swathes of Beirut on 4 August, a financial crisis had led Lebanon to enter negotiations with the IMF in May after it defaulted on its foreign currency debt. Those talks were put on hold in the absence of reforms. Georgieva also called on Lebanon to take steps to reduce the protracted losses in many state-owned enterprises and expand a social safety net to protect the country's most vulnerable people. (IMF 10.08)

#### ►► Arabian Gulf

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### 5.3. Saudi Arabia's Inflation Increases 6.1% Following VAT Hike

Saudi Arabia's consumer price index jumped 6.1% in July compared with a year earlier, boosted by a tripling of value-added tax, official data showed on 16 August. The inflation rate in June was 0.5%, the smallest annual increase since January, before the VAT increase to 15% from 5% came into effect on 1 July. The jump in annual inflation reflected price increases in most categories, the General Authority for Statistics said. Food and transport were major contributors, rising by 14.6% and 7.3% respectively.

Saudi Arabia, the world's biggest oil exporter, said in May that it would triple VAT as it sought to shore up finances hit by the twin shock of low oil prices and the coronavirus pandemic. (Al-Arabiya 16.08)

## ►► North Africa

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### 5.4. Egypt's Annual Headline Inflation Fell to 4.2% in July

Egypt's Annual headline inflation decelerated to 4.2% in July, down from a rise of 5.6% in June, according to central bank figures. The central bank attributed the decline to a favorable base effect. Monthly headline urban figures remained restrained at 0.4% in July, compared to 1.8% during the same month last year, and to 0.1% in June.

Food and drinks prices fell for the third consecutive month, dropping 1.5%, according to state statistics agency CAPMAS. All food items saw price drops, with the exception of fruits, the prices of which rose 9.7%. Lower than customary consumer demand ahead of and during Eid El Adha last month was likely due to concerns over spending at a time of uncertainty. Electricity and energy prices rose by 11.6% — following rate increases that came into effect on 1 July — contributing to the 2.2% annual increase in July for the housing, water and energy bracket.

Annual core inflation, which doesn't account for volatile items such as food and fuel, recorded 0.7% in July from 1.0% in June. The price of core items fell -0.1% during the month, compared to a 0.3% increase in June. Pharos Holdings expects the annual inflation rate to moderately climb to 4.5% in August, 5-5.5% in September through to November, and end the year at 6%. (CAPMAS 11.08)

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### 5.5. Egypt's Unemployment Rises to 9.6% in Second Quarter

Egypt's unemployment rate rose to a near two-year high in Q2/20, hitting 9.6% as the COVID-19 pandemic forced businesses to shutter and put a damper on economic activity, according to CAPMAS. The jobless count stood at 7.5% in the same quarter of last year and was at 7.7% in Q1/20, before rising to 9.2% in April as the government's precautionary measures to counter the spread of the virus came into effect.

CAPMAS shows the labor force contracting from 28.1 million participants in Q2/19 (covering both employed and unemployed people) to 26.7 million in the quarter just ended. CAPMAS attributes this to the pandemic, saying that people were either (a) reluctant to work and so dropped out of the workforce or (b) were unable to look for a job because of the pandemic.

Women and youth seem to have been particularly hard hit. Women's unemployment fell nearly 6% to 16.2% (perhaps a large number of working mothers left the workforce to stay home and look after children), while youth unemployment was at 60% in the second quarter compared to nearly 85% a year ago. Unemployment among men rose to 8.5% in Q2/20 compared to 4.5% in the first quarter of this year and to 4.2% in the same quarter last year. (CAPMAS 17.08)

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### 5.6. HSBC Sees Egyptian Economy Growing 2.5 - 3% in FY2020/21

HSBC has forecast that the Egyptian economy will grow between 2.5 - 3% in FY2020/21 as its strong economic fundamentals help the country weather the worst of the economic fallout caused by the COVID-19 pandemic. Growth will remain weak for the remainder of 2020, but the outlook over the next 18 months remains positive, with output likely picking up in 2021, the bank said. HSBC's forecast is significantly below the Egyptian Finance Ministry's estimate, which sees GDP growing at a 5% rate this fiscal year.



Egypt's success at securing international funding and attracting bond investors underlines the country's economic stability, analysts wrote. The country has obtained \$8 billion in loans from the IMF and a \$50 million facility from the World Bank to help it cope with the effects of the pandemic, while its \$5 billion Eurobond issuance in May was well received by foreign investors.

HSBC sees the budget deficit widening to 9% of GDP by the end of the current fiscal year from 7.8% last year, almost reversing two years' of progress that saw the deficit narrow from 9.8% in FY2017-2018. The government currently expects the deficit to narrow further to 6.3% this year.

Pressure on Egypt's key sources of hard currency will continue. Suez Canal revenues will remain weak amid a slowdown in global trade while the tourism sector will take time to recover from the suspension of international travel earlier in the year. Remittance flows will depend to a large extent on the trajectory of the Gulf economies. Recessions in countries with large Egyptian workforces could reduce demand for Egyptian labor as governments look to provide jobs for the local populations. (HSBC 10.08)

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## **5.7. EBRD Promotes Private Businesses in Egypt**

The European Bank for Reconstruction and Development (EBRD) is supporting the real economy in Egypt with a \$200 million financing package to Banque Misr for trade and for on-lending to small and medium-sized enterprises (SMEs) and private businesses, a key segment of the local economy, impacted by the coronavirus pandemic. Under this facility, the EBRD will provide a \$100 million loan to enable Banque Misr to provide short-term financing to private SMEs and corporates facing liquidity strains due to a decrease in their activities and turnover caused by COVID-19.

In addition, the Bank is increasing an existing trade finance limit to Banque Misr by \$100 million under the EBRD's Trade Facilitation Program (TFP), in order to help meet the increased demand for import and export transactions. This financing package is under the EBRD's coronavirus Solidarity Package, established to meet immediate short-term financing needs to private businesses through existing EBRD partner banks. The EBRD expects to dedicate the entirety of its activities to combating the economic impact of the crisis and stands ready to provide support worth €21 billion over the 2020-21 period, in order to help the 38 emerging economies where it invests. Egypt is a founding member of the EBRD. Since the start of its operations there in 2012, the EBRD has invested close to €7 billion in 120 projects in the country. (EBRD 12.08)

## **6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS**

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### **6.1. Turkey Increases Customs Duties on Over 100 Agricultural Products**

Turkey will charge higher customs duty on over 100 agricultural goods, according to a decree published in the Official Gazette on 5 August. A total of 115 processed agricultural goods will see an increase in customs duties, ranging between 4.3 and 20%, according to the decree that will come into effect in 15 days. Some of the goods include pasta, bread, cookies, and desserts without cacao, yeasts and beers produced with malt extract.

In May, the Turkish government said it would make it harder to import goods except for strategic products and those that cannot be produced domestically, after Ankara imposed additional tariffs on hundreds of products. (Various 05.08)

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## **6.2. Moody's Raises Greece's Deposit Ceilings to Baa1 from B1**

On 12 August, [Moody's Investors Service](#) raised Greece's foreign and domestic currency deposit ceilings to Baa1 from B1. Concurrently, the ceiling for short-term foreign currency bank deposits has been raised to Prime-2 from Not Prime. The other ceilings are unchanged: the foreign and domestic currency bond ceilings remain at Baa1, and the short-term foreign currency bond ceiling also remains unchanged at Prime-2. Hence, all ceilings are now aligned at Baa1 and Prime-2, respectively. This decision does not constitute a rating action. It has no implications for Greece's sovereign rating (B1/Stable), nor for Greek banks' ratings.

Moody's decision to raise the foreign and domestic currency deposit ceilings reflects the rating agency's view that the risk of the government intervening to prevent the withdrawal of deposits from the banking system has materially declined. The full abolition of crisis-era capital controls (imposed in June 2015) took place on 1 September 2019. Since then, deposits of domestic residents have proven resilient, growing by 4.1% between September 2019 and June 2020. Up to now, Greece was the only euro area country for which different ceilings applied, due to the existence of the capital controls. As deposit holders are no longer exposed to additional systemic risks that would go beyond those of bond holders, Moody's aligns the ceilings at the same levels, Baa1 and Prime-2, respectively. Hence, Greece is treated in line with the other euro-area sovereigns for which the ceilings are aligned at a country-specific level which is typically placed six notches above the respective government's issuer rating. (Moody's 12.08)

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## **6.3. Egypt & Greece Create Joint Exclusive Economic Zone in the Eastern Mediterranean**

On 6 August, Egypt and Greece announced the establishment of a joint exclusive economic zone in the Eastern Mediterranean. The agreement will also help Egypt launch more hydrocarbon exploration tenders in the natural gas rich area. The goal is also to contain Turkish aspirations in the area. The demarcation of the Egypt-Greece economic zone ignores the agreement signed between Turkey and Libya last year for a joint maritime zone. Greek diplomats claimed that this pact nullified the Turkey-Libya agreement. Turkey's foreign minister described the Egyptian-Greek agreement as "null and void," saying it infringed on Turkey's continental shelf and violated Libya's maritime rights — adding that Ankara would not allow activity in the area.

Cyprus, Greece, France and the UAE have all joined Egypt in condemning Turkey's successive attempts this year to drill for natural gas in Cyprus' disputed maritime zone. Greek Prime Minister Mitsotakis said that if his country and Turkey remain at loggerheads over their maritime boundary dispute he would welcome international court intervention. The UAE welcomed the Greco-Egyptian pact, saying it represents an important step that reflects the efforts of Egypt and Greece to enhance the stability foundations in the Eastern Mediterranean region. (Enterprise 09.08)

## **7. GENERAL NEWS AND INTEREST**

**\*ISRAEL:**

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### **7.1. Sudan Confirms Normalization Talks With Israel**

Sudan Foreign Ministry spokesperson Haidar Badawi Sadiq said on 18 August in Khartoum that his country is conducting talks with Israel and admitted that the imminent agreement between Israel and the UAE has paved the way for other Arab countries to establish diplomatic relations. He told "Sky News" in Arabic that "Israel and Sudan will gain from a peace agreement," and added that there was no reason for hostility between the two countries. Sadiq added that the UAE was taking a courageous step that blazes a trail for other Arab countries.

Israeli Prime Minister Benjamin Netanyahu has been hinting for months that relations with many Arab countries have been improving but refused to provide any more details. In February 2020, Netanyahu met with the chairman of the Sovereignty Council of Sudan Lt. Gen Abdel Fattah al Burhan during a visit to Entebbe in Uganda. During the two hour meeting it was agreed to begin cooperation ahead of normalization between the two countries. (Globes 18.08)

**\*REGIONAL:**

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## **7.2. UAE Announces Sunday, 23 August as Holiday for Hijri New Year**

The UAE announced a holiday for Sunday, 23 August to mark the beginning of the Islamic (Hijri) New Year. The Federal Authority for Government Human Resources announced the holiday on Twitter, in a post explaining that 23 August would be a holiday for the public sector and federal government workers. The holiday will mean employees can enjoy a three-day weekend, with work to resume on Monday, 24 August.

The Islamic New Year of 1442 AH marks the beginning of new Hijri Year and is observed by Muslims around the world as the first day of Muharram, the first month in the Islamic calendar. The beginning of the Islamic era was set as 622 CE, the year of the emigration of Muhammad and his followers from Mecca to Medina, known as the Hijra. It's a low-key event in the Muslim world, celebrated less than the two major festivals of Eid-el-Fitr and Eid-el-Adha. No announcement had been made for private sector workers from the UAE. (Al Arabiya 13.08)

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## **7.3. Egypt & Sudan Push for Binding GERD Agreement as Fresh Talks Start**

On 16 August, Egypt, Ethiopia and Sudan resumed African Union-sponsored talks to resolve the Grand Ethiopian Renaissance Dam (GERD) deadlock. A meeting between the three countries' irrigation ministers, an AU representative and AU chair South Africa's foreign minister took place at that time. The three countries' irrigation ministers, an AU representative, and AU Chair South Africa's foreign minister will sit down again for more talks on 18 August in hopes of reaching an expedited agreement over the filling and operation of GERD. The resumption takes place a week following agreement to suspend talks after Khartoum threatened to boycott the negotiations due to Ethiopia's refusal to commit to a timetable for filling the dam's reservoir. Egyptian Prime Minister Madbouly and Sudanese Prime Minister Hamdok had renewed their two countries' calls for a binding agreement on the dam over the weekend. (Enterprise 17.08)

# **8. ISRAEL LIFE SCIENCE NEWS**

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## **8.1. Sight Diagnostics Raises \$71 Million for Finger Prick Blood Analyzer**

Sight Diagnostics has raised \$71 million in Series D funding with participation from Koch Disruptive Technologies, Longliv Ventures and OurCrowd. This new round brings Sight's total funding to more than \$124 million and will support the expansion of Sight's commercial operations globally and advance Sight's R&D into the detection of additional diseases as well as biomarkers indicating COVID-19 severity.

Sight Diagnostics aims to transform blood testing through its flagship Sight OLO analyzer which automates the identification and quantification of different blood cell types and anomalies. Sight OLO delivers lab-grade CBC results by measuring 19 different blood parameters in minutes from either a finger stick or a venous sample. To fuel Sight's AI-driven method, the company has generated a database of more than half a petabyte of blood imagery, which is used to not only optimize Sight's current diagnostic algorithms but also to explore new algorithms for the early detection of serious health conditions like sepsis and cancer, as well as blood factors affecting the severity of COVID-19.

Founded in 2011, Tel Aviv's [Sight Diagnostics](#) aims to transform health systems and patient outcomes through accurate and pain-free blood diagnostic testing. Sight's technology, developed over almost a decade of research, represents breakthrough innovations in diagnostic methodology. Sight's latest blood analyzer, Sight OLO, performs a Complete Blood Count, the most commonly ordered blood test, in minutes. It is compact, designed to be used in a variety of settings. Sight OLO creates a digital version of a blood sample by capturing more than 1,000 highly detailed images from just two drops of blood obtained from a finger prick or venous sample. (Sight Diagnostics 05.08)

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## **8.2. Teva & Alvotech Collaborate in the U.S. Biosimilar Market**

Teva Pharmaceutical Industries and Reykjavik, Iceland's biopharmaceutical company Alvotech entered into an exclusive strategic partnership for the commercialization in the U.S. of five biosimilar product candidates. This strategic partnership combines Teva's long-standing commercial presence and extensive infrastructure in the U.S. market with Alvotech's scientific experience and state-of-the-art biologics manufacturing. The initial pipeline contains biosimilar candidates addressing multiple therapeutic areas.

Under this partnership agreement, Alvotech will be responsible for the development, registration and supply of the biosimilars, while Teva will be exclusively commercializing the products in the U.S. The originator products of these five candidates currently generate around \$35 billion in U.S. sales. The agreement includes an upfront payment, with subsequent milestone payments over the next several years. Teva and Alvotech will share profit from the commercialization of the biosimilars. All other financial terms and product details remain confidential.

Petah Tikva's [Teva Pharmaceutical Industries](#) has been developing and producing medicines to improve people's lives for more than a century. Teva is a global leader in generic and specialty medicines with a portfolio consisting of over 3,500 products in nearly every therapeutic area. Around 200 million people around the world take a Teva medicine every day, and are served by one of the largest and most complex supply chains in the pharmaceutical industry. (Teva 05.08)

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## **8.3. Roche Partners With aMoon to Invest in Health Tech Start-Ups**

aMoon, a leading health tech and life sciences venture capital firm, has teamed up with Swiss biotech company Roche to launch a new early-stage investment program named "StarFinder Digital Innovation Lab." The joint venture will be based out of aMoon's headquarters in Ra'anana and is geared towards accelerating the development of new diagnostic technologies that address global health care challenges. The collaboration will focus on identifying disruptive AI-driven data, as well as digital healthcare solutions from the agile and highly skilled Israeli health tech ecosystem. Funding, mentoring and strategic support will be provided to newly-formed or existing ventures chosen for the StarFinder Lab program. Elected entrepreneurs will have "access to global expertise from Roche and aMoon to build and tailor technologies for product-market fit. Applications for the StarFinder Lab program will open in October 2020.

[aMoon](#) is a leading health tech & life sciences venture fund. Their team is passionate about building successful businesses and helping biopharma, digital health and medical technology companies realize their potential. They partner with management teams who use technology and cutting-edge science to accelerate cures for the world's most life-threatening conditions and those providing solutions for global healthcare's biggest cost drivers. (Various 10.08)

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#### **8.4. Enlivex Dosing First Patient in Trial of Allocetra in COVID-19 Patients**

Enlivex Therapeutics announced that the first patient has been dosed in an investigator-initiated multi-center clinical trial of Allocetra in COVID-19 patients with severe illness and respiratory failures. The clinical trial has been designed to assess Allocetra in combination with standard of care therapy in patients with COVID-19 associated lung dysfunction. Safety, tolerability, cytokine profile and efficacy parameters will be evaluated, with change in PaO<sub>2</sub>/FiO<sub>2</sub> ratio number and severity of adverse events and serious adverse events serving as the co-primary study endpoints.

The COVID-19 trial is scheduled to run independently of Enlivex's currently planned Phase IIb clinical trial of Allocetra for the treatment of organ failures associated with sepsis. The planned Phase IIb trial will be a controlled, randomized study that is expected to commence in Q4/20.

Ness Ziona's [Enlivex](#) is a clinical stage immunotherapy company, developing an allogeneic drug pipeline for immune system rebalancing. Immune system rebalancing is critical for the treatment of life-threatening immune and inflammatory conditions which involve hyper-expression of cytokines (Cytokine Release Syndrome) and for which there are no approved treatments (unmet medical needs), as well as solid tumors immune-checkpoint rebalancing. (Enlivex Therapeutics 10.08)

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#### **8.5. Pluristem Receives PEI Clearance to Commence Phase II COVID Study in Germany**

Pluristem Therapeutics announced that Germany's health regulatory agency, the Paul Ehrlich Institute (PEI), has cleared the Company's Phase II clinical protocol for its study titled, "A Randomized, Controlled, Multicenter, Parallel-Group Phase II Study to Evaluate the Efficacy and Safety of Intramuscular Injections of PLX PAD for the Treatment of severe COVID-19." Forty patients hospitalized with severe cases of COVID-19 complicated by Acute Respiratory Distress Syndrome (ARDS) will be enrolled in the study. The primary efficacy endpoint of the study is the number of ventilator free days during the 28 days from day 1 through day 28 of the study. Safety and survival follow-up will be conducted at day 60, week 26 and week 52. In addition to this study in Germany, Pluristem is currently conducting a Phase II COVID-19 trial in the U.S. which will enroll 140 patients.

PLX cells are available off-the-shelf and once commercialized, can be manufactured in large scale quantities. Pluristem believes its PLX cells will offer a key advantage in addressing the COVID-19 global pandemic. PLX cells are allogeneic mesenchymal-like cells that have immunomodulatory properties that induce the immune system's natural regulatory T cells and M2 macrophages, and thus may prevent or reverse the dangerous over-activation of the immune system. Accordingly, PLX cells may potentially reduce the incidence and/or severity of COVID-19 pneumonia, leading hopefully to a better prognosis for the patients. Previous pre-clinical findings of PLX cells revealed therapeutic benefit in animal studies of pulmonary hypertension, lung fibrosis, acute kidney injury and gastrointestinal injury which are potential complications of the severe COVID-19 infection. Clinical data using PLX cells demonstrated the strong immunomodulatory potency of PLX cells in patients post major surgery. Initial clinical data at the conclusion of a 28 day follow up from COVID-19 ICU patients that were treated under a Compassionate Use Program, were previously published. Taken together, PLX cells' potential capabilities with the safety profile observed from clinical trials involving hundreds of patients worldwide potentially position them as a therapy for mitigating the tissue-damaging effects of COVID-19.

Haifa's [Pluristem Therapeutics](#) is a leading regenerative medicine company developing novel placenta-based cell therapy product candidates. The Company has reported robust clinical trial data in multiple indications for its patented PLX cell product candidates and is currently conducting late stage clinical trials in several indications. PLX cell product candidates are believed to release a range of therapeutic proteins in response to inflammation, ischemia, muscle trauma, hematological disorders and radiation damage. The cells are grown using the Company's proprietary three-dimensional expansion technology and can be administered to patients off-the-shelf, without tissue matching. (Pluristem 10.08)

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## **8.6. Else's North American Launch of Dairy-Based Baby Nutrition Alternative**

Else Nutrition Holdings announced the online product launch of its Else Plant-Based Complete Toddler Nutrition, the first fully certified USDA Organic, Clean Label, Plant-Based, Soy-Free nutritional drink for toddlers. Made with ingredients, vitamins and minerals that help support growth and development after a baby's first year. Else Plant-Based Complete Nutrition is the only globally-patented, real alternative for babies beyond the first year - including those with milk intolerances/sensitivities, those looking to avoid dairy and soy, and for all families looking for a clean, plant-based option for their children

Dairy-free, soy-free, corn syrup-free, gluten-free and non-GMO, Else Nutrition is a unique globally patented combination of whole-plant organic ingredients - almonds buckwheat and tapioca. This combination meets the gold standard equivalent of human milk nutritional composition values, based on WHO international standards, among others. Else Plant- Nutrition meets the strictest regulatory requirements and the highest nutrition standards, providing a full essential amino acid profile and a clean source of protein. It is manufactured in an infant grade U.S. manufacturing site and endorsed by a board of leading U.S. and international pediatricians and nutritionists.

Else Plant-Based Complete Nutrition for Toddlers is minimally processed. Else intends for all its future products to meet this standard. With more than seven years of research and development, Else's breakthrough process creates nutrition products from whole plants without altering their chemistry or using highly-processed extracts, or harsh chemicals. Through this disruptive process, Else is able to maximize the nutritional value and minimize environmental impact. Additionally, Else Nutrition's innovation pipeline includes a breakthrough, plant-based, clean label infant formula for babies 0-12 months. It is anticipated to launch in approximately two years, currently on its pathway for final FDA approval.

Tel Aviv's [Else Nutrition GH](#) is a food and nutrition company focused on developing innovative, clean and plant-based food and nutrition products for infants, toddlers, children, and adults. Its revolutionary, plant-based, non-soy, formula is a clean-ingredient alternative to dairy-based formula. The holding company, Else Nutrition Holdings Inc, is a publicly traded company, listed as TSX Venture Exchange under the trading symbol BABY and is quoted on the US OTC Markets QX board under the trading symbol BABYF and on the Frankfurt Exchange under the symbol OYL. Else's Executives includes leaders hailing from leading infant nutrition companies. (Else 11.08)

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## **8.7. RedHill Biopharma & Cosmo Pharmaceuticals Expand Strategic Partnership**

RedHill Biopharma has entered into a binding term sheet with Ireland's Cosmo Pharmaceuticals for an exclusive licensing and manufacturing agreement for multiple products. The transaction is expected to close in the coming weeks. Pursuant to the agreement, the companies will co-develop a novel next-generation therapy for the eradication of H. pylori infection. Cosmo is to receive the exclusive European rights to the new drug and will pay RedHill \$7 million upon signing of the license agreement and an additional \$2 million upon approval in Europe, and 30% royalties. The companies plan to jointly execute clinical trials pursuing simultaneous regulatory approvals in the U.S. and Europe, with a cost split 70% RedHill and 30% Cosmo.

Cosmo will become the exclusive worldwide manufacturer for the novel next-generation therapy for the eradication of H. pylori infection, Movantik (naloxegol), which RedHill recently acquired from AstraZeneca, and RHB-204 for pulmonary nontuberculous mycobacteria (NTM) infections. Cosmo will be paid €5.5 million for tech transfer, formulation and development work with respect of these products. Additionally, Cosmo will finance the planned pivotal Phase 3 clinical study with RHB-204, which recently received FDA clearance to proceed, with a payment of \$5 million upon signing of the agreement and an additional \$7 million in two milestone payments. Cosmo will be entitled to 15% royalty payments.

Tel Aviv's [RedHill Biopharma](#) is a specialty biopharmaceutical company primarily focused on gastrointestinal diseases. RedHill promotes the gastrointestinal drugs, Movantik for opioid-induced constipation in adults, Talicia for the treatment of Helicobacter pylori (H. pylori) infection in adults and Aemcolo for the treatment of travelers' diarrhea in adults. (RedHill Biopharma 13.08)

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## **8.8. Neurolief Wins FDA Designation for Wearable Technology to Address Depression**

Neurolief announced that the US FDA has granted Breakthrough Device designation to the Relivion®DP system, the first non-invasive multi-channel brain neuromodulation technology, for the treatment of major depression. A wearable device, the Relivion®DP system is designed as an adjunctive treatment to pharmaceutical management of major depressive disorder (MDD) in adults who have not achieved satisfactory improvement from antidepressant medications.

The RelivionDP® is a neuro-stimulation device similar to a simple headset that the patient places on their head to administer treatments in the comfort of their own home. It is designed to treat major depression by stimulating the release of neurotransmitters in the brainstem and modulating brain networks associated with control of mood. Utilizing three adaptive output channels, the device transfers mild electrical pulses to the brainstem via six branches of the occipital and trigeminal nerves which are responsible for sensation in the face, ears, and scalp. Part of a digital therapeutics platform, Relivion®DP is used in tandem with its dedicated smartphone app and a cloud database to allow physicians to remotely monitor patients, analyze their data, and personalize treatments in ways which will enhance treatment outcomes.

Dedicated to bringing relief to patients suffering from chronic neurological and neuropsychiatric disorders, Netanya's [Neurolief](#) is creating a digital therapeutics platform of wearable clinically-proven neuromodulation solutions. This technology, which is made to be worn like a headset, is intended to offer highly-effective, safe treatment options that work with current pharmaceutical therapies or may provide an alternative to these therapies. It is designed to concurrently neuromodulate major neural pathways in the head, and thereby affect brain regions that are involved in control and modulation of mood and pain. Neurolief's technology is currently being utilized for patients with major depression and migraine, and future indications may include insomnia, ADHD and additional chronic pain and neuropsychiatric disorders. (Neurolief 10.08)

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## **8.9. MobileODT Completed \$4 Million Series C Round**

MobileODT announced the completion of a \$4 million series C fundraising round. The round will enable MobileODT to further develop an AI (Augmented Intelligence) clinical decision support technology for the evaluation of cervical cancer at the point of care. The round was led by OrbiMed Israel Partners, with participation from Tristel, Tara Health and Laerdal. To date, the company has raised \$26 million.

Recently, the company completed initial validation of its AI VisualCheck technology. Preliminary results show high agreement rates between the AI algorithm and leading experts in cervical cancer. MobileODT's novel AI technology, VisualCheck, will automatically predict how a highly trained colposcopist may evaluate a cervix, to make quality screening more accessible. VisualCheck is planned to be released later this year.

Tel Aviv's [MobileODT](#) helps clinicians utilize the power of AI on its portable medical devices to enhance women's health. MobileODT's EVA System combines advanced imaging, data and software applications, to expand access to quality care in 30 countries and across more than 60 US health systems. The EVA System's smart mobile colposcope is used by clinicians worldwide for colposcopy, general gynecology, telegynecology, and forensic imaging. MobileODT is integrating its AI in approved markets to provide powerful clinical decision support to healthcare providers at the point-of-care. (MobileODT 12.08)

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### **8.10. Epitomee Medical & Nestlé Partner for Commercialization of Weight Loss Capsule**

Epitomee Medical has entered into a strategic partnership for the commercialization of Epitomee's weight loss product. The Epitomee Capsule is an innovative and patented product with demonstrated efficacy and safety in various preclinical and clinical studies, resulting in significant weight reduction and other beneficial health impacts. It is considered a medical device and will be sold under medical prescription (Rx) in the US and Europe. Under the terms of the agreement, Epitomee grants Nestlé Health Science exclusive and global commercial rights to use the weight loss product. Nestlé Health Science will use its global marketing and sales channels to launch the product and bring it to the global market.

Caesarea's [Epitomee Medical](#) is a privately held company that has developed a proprietary, ingestible device in the form of an easy to administrate capsule that induces a feeling of satiety and reduces caloric intake to address metabolic disorders. The Epitomee gastric retention platform synergistically balances ingestible devices and the body's natural mechanism to tackle some of today's most prevalent chronic diseases at their. Epitomee's first product is drug-free, self-administered shape-shifting Capsule which aims to prevent diabetes, address obesity-related comorbidities, and establish a healthier lifestyle. (Epitomee Medical 11.08)

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### **8.11. PCCW Global & SURE Universal Launch Groundbreaking IoT Home Care Solution**

Hong Kong's PCCW Global and SURE Universal have signed an IoT Ecosystem Partnership Program (IEPP) agreement to deliver IoT home care medical solution. The collaboration aims to address the urgent need to deliver connected medical care from home, thereby reducing hospital visits for simple medical diagnostics, which in turn will help to prevent overloading medical facilities and reduce exposure to hospital-acquired infections.

PCCW Global's Console Connect IoT connectivity service will support the SURE Universal platform by providing a customizable platform and interface to deliver global connectivity, simplify device management and IoT operations. The IoT connectivity service also features real-time monitoring from a single interface across multiple operator networks. The service covers over 180 countries, providing support for 2G, 3G, 4G and 5G mobile networks, and delivering a one-stop, user-friendly SIM life-cycle management capability to service providers.

Under the collaboration, PCCW Global will provide access to its international IoT network, fabric and global services, while SURE Universal will concentrate on delivering its IoT platform, associated applications and data. The goal is to rapidly provide best-in-class, end-to-end IoT home care solutions worldwide.

Ramat Gan's [SURE Universal](#) is a pioneering developer of IoT software for remote healthcare, addressing the critical need to reduce the load on the healthcare system while protecting vulnerable populations like the elderly from the threat of acquired hospital infections. SURE Universal Care is a complete solution for remote healthcare, including remote medical diagnostics and monitoring, as well as home safety. SURE Universal Care is based on international standards for IoT and medical care including OCF and HL7 FHIR to guarantee device interoperability, data security, and user privacy. (PCCW Global 11.08)

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### **8.12. Sensifree & Dreamtech Product Development Supported by KORIL-RDF**

Sensifree and Korea's Dreamtech Co. have launched a joint development program supported by the Korea-Israel Research and Development Foundation (KORIL-RDF), to develop an innovative non-invasive blood pressure and other vital signs monitoring solutions for professional use.

The purpose of the grant is to develop commercial, paradigm-shifting products for continuous monitoring of blood pressure and additional vital signs in hospitals and other clinical settings, using Sensifree's



innovative, proprietary technology and Dreamtech's commercialization capabilities. These products will help to improve quality of care, patient safety and medical outcome.

Petah Tikva's [Sensifree](#) is a medical device company developing products based on its patent pending, proprietary technology for advanced hemodynamic monitoring. The Company's first product, a continuous, non-invasive blood pressure (cNIBP) monitor, is designed for use in hospital's critical care settings. cNIBP monitoring would allow to identify episodes of low BP, which is a major risk factor in the development of post-surgical complications and mortality.

[Korea Israel Industrial R&D Foundation \(KORIL-RDF\)](#) is a bi-national foundation, created by the governments of the Republic of Korea and the State of Israel, whose mission is to promote & support technological collaboration in innovative R&D between commercial companies in both countries. (Sensifree 11.08)

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### **8.13. UAE & Israeli Companies Sign R&D Agreement to Fight COVID-19**

The United Arab Emirates announced on 15 August that a “strategic commercial agreement” to cooperate on research and development related to the coronavirus pandemic, including a testing device has been signed between the Emirati APEX National Investment company and Israel’s Tera Group..

The agreement between the two companies aims at conducting and enhancing research and studies related to Coronavirus (COVID-19), as well as developing a Coronavirus testing device to contribute to speeding up the testing process, facilitating it, and providing it with high accuracy and high throughput to everyone in accordance with the best international practices. The signing of the agreement was held at the headquarters of Al Qudra Holding in Abu Dhabi and was attended by representatives of the Emirati and Israeli media.

On 25 June, the UAE announced that two Emirati private companies would collaborate with two Israeli companies on a COVID-19 initiative. An Israeli delegation is set to travel to the United Arab Emirates soon to meet with the UAE's senior leadership. (Al Arabiya 16.08)

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### **8.14. Pluristem & Abu Dhabi Stem Cells Center Sign MOU for Collaboration**

Pluristem Therapeutics announced it signed a non-binding Memorandum of Understanding (MOU) with the United Arab Emirates based Abu Dhabi Stem Cells Center (ADSCC), a specialist healthcare center focused on cell therapy and regenerative medicine. Executives from both companies took part in a signing ceremony held via video conference between Israel and the UAE. The aim of the collaboration is to capitalize on each company’s respective areas of expertise in cell therapies to deliver regenerative medicine for the benefit not only of the citizens of the UAE and Israel, but for humanity as a whole. The collaboration between the parties was initiated by the Better Alternatives advisory firm.

The parties have agreed to exchange research results, share samples, join usage of equipment and testing, and other essential activities related to advancing the treatment and research of cell therapies for a broad range of medical conditions, including COVID-19. ADSCC has been treating COVID-19 patients with stem cells sourced from the patient’s blood, by returning the cells back into the patient’s lungs as a fine mist through a nebulizer, a machine that helps a patient breathe in medicine through a mask or mouthpiece. Pluristem has treated patients with its placental PLX-PAD allogenic product via compassionate use programs in Israel and the U.S. and is currently conducting phase II studies in the U.S. and EU.

Haifa's [Pluristem Therapeutics](#) is a leading regenerative medicine company developing novel placenta-based cell therapy product candidates. The Company has reported robust clinical trial data in multiple indications for its patented PLX cell product candidates and is currently conducting late stage clinical trials

in several indications. PLX cell product candidates are believed to release a range of therapeutic proteins in response to inflammation, ischemia, muscle trauma, hematological disorders and radiation damage. (Pluristem Therapeutics 17.08)

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### **8.15. Meat-Tech 3D Achieves Milestone: First Printing of Uniform Meat Tissue**

Meat-Tech 3D achieved a significant milestone, successfully printing a uniform, thin, slaughter-free meat tissue produced from stem cells. Meat-Tech's successful experiment is a technological breakthrough that significantly increases the feasibility of Meat-Tech's technologies. Meat-Tech's most important experiment to date transpired as part of the company's multi-year work plan. The plan is to develop an industrial process, with integrated 3D digital printing technology, for growing and producing cuts of beef without harming animals. Designated as "Project Carpaccio", due to its similarity to the thinly-sliced meat delicacy, Meat-Tech applied its proprietary 3D printer for tissue construction, followed by a cell-growth process. Meat-Tech's scientists succeeded in printing several cell types, which coalesced into a single fat and muscle tissue grown in Meat-Tech's laboratory.

This feat has brought about the coalescence of a living tissue composed of several different bovine cells. The experimental results were analyzed by a professional examiner and corroborated by the company's audit committee. The experiment demonstrated that Meat-Tech's digital bioprinter has high efficacy in arranging cells in space as planned, with coalescence observed both between different cells and between cells and their environment, both of which are essential for tissue formation. This milestone is part of the Company's defined goals included in the merger it completed in January 2020. This achievement triggers the vesting of half of the options granted to MeatTech's shareholders as part of the merger transaction.

Ness Ziona's [Meat-Tech 3D](#) is a research and development company aiming to develop commercial technologies to manufacture alternative foods with no need for animal butchery, based on rapid growing cycles. Meat-Tech is developing a unique, proprietary bioprinter to deposit layers of cells (including stem cells and differentiated stem cells), scaffolding, and cell nutrients in a three-dimensional form of structured cultured meat, often called "clean meat". (Meat-Tech 3D 17.08)

## **9. ISRAEL PRODUCT & TECHNOLOGY NEWS**

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### **9.1. Gollgi Unveils First-of-its Kind Open Market Platform for Buyers and Sellers**

Gollgi has pioneered an infrastructure positioned to permanently alter the landscape of e-commerce by turning search engines into service engines. Gollgi's platform cuts out costly barriers companies face today when scanning the web for suppliers, providing search capabilities more efficient and effective than the current options.

Gollgi's first-of-its-kind search platform provides buyers and sellers with an open-market network, where users simply make a request for a product and only relevant sellers approach them with offers. Gollgi's platform does not promote irrelevant products, collect user data, or waste the buyer's time with hopeful searches. Unlike platforms such as Shopify or Wix, there is also zero cost attached to opening a store on the platform. Gollgi doesn't charge commission upon each sale, nor does it involve itself in the trade, its sole aim is to connect buyers with relevant sellers.

Founded in 2016, Herzliya Pituah's [Gollgi](#) is an e-commerce platform designed to connect buyers with sellers through a request-based open market network. Grounded in B2B solutions, the company's infrastructure offers a significant alternative protocol to conventional search engines by focusing wholly on fulfilling the user request. The platform empowers businesses to allocate focus on their own needs more adeptly, helping them utilize resources in other departments. (Gollgi 05.08)

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## 9.2. Logz.io & HashiCorp Empower Open Source DevOps Teams to Easily Troubleshoot

Logz.io announced their partnership with San Francisco, California's HashiCorp, the leader in multi-cloud infrastructure automation software. The partnership brings together two open source leaders to help engineers scale and simplify observability for their environments, allowing for faster and more efficient development of their cloud native applications. Striking a balance between securing cloud workloads and enforcing policies, while also providing fast response and continuous access to all authorized entities is a priority for DevOps and DevSecOps engineers. Logz.io's partnership with HashiCorp was developed to help open source-oriented engineering teams overcome this challenge and ensure that security access control and enforcement does not sacrifice performance and user experience.

Where HashiCorp offers a solution to help secure, store and tightly control access to tokens, passwords, certificates and encryption keys with its HashiCorp Vault offering, Logz.io's Cloud Observability Platform helps organizations monitor and troubleshoot their production environment to ensure security and performance. The partnership will help DevOps and DevSecOps teams scale and automate development and deployment processes while mitigating risk and resolving incidents faster and more effectively.

Tel Aviv's [Logz.io](#) is a cloud-native observability platform that enables engineers to use the best open source tools in the market without the complexity of operating, managing, and scaling them. Logz.io offers three products: Log Management built on ELK, Infrastructure Monitoring compatible with Grafana, and an ELK-based Cloud SIEM. These are offered as fully managed, integrated cloud services designed to help engineers monitor, troubleshoot and secure their distributed cloud workloads more effectively. (Logz.io 05.08)

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## 9.3. RADCOM Introduces a 5G Assurance & Analytics Solution RADCOM ACE

RADCOM announced the launch of its automated 5G assurance solution – RADCOM ACE – Automated, Containerized, End-To-End Assurance for 5G networks, built on RADCOM's cloud-native expertise and designed so operators can manage their networks in a more dynamic and agile way. RADCOM ACE is built to ensure that 5G services continuously run at optimal quality, while at the same time improving the operators' operational efficiency through automation and rapidly enhancing time to market for new services and innovations. RADCOM ACE is the culmination of RADCOM's significant product investment over the last few years and reinforced by customer feedback to enable a new way of monitoring 5G services that ensures a great customer experience as operators transition to 5G.

RADCOM ACE is container-based, cloud-native, and uses the latest advanced virtualization technologies to capture, analyze and process network data at blistering speeds and provide a highly agile solution that helps operators manage their network automatically with less manual labor. Combining cloud-native technologies with cutting-edge Artificial Intelligence (AI) and Machine Learning (ML) to deliver real-time network intelligence, RADCOM ACE significantly reduces the Total Cost of Ownership (TCO) for assurance. The solution is already being trialed at some of the most advanced cloud-native networks worldwide.

Tel Aviv's [RADCOM](#) is the leading expert in 5G ready cloud-native, network intelligence solutions for telecom operators transitioning to 5G. RADCOM Network Intelligence consists of RADCOM Network Visibility, RADCOM Service Assurance and RADCOM Network Insights. The RADCOM Network Intelligence suite offers intelligent, container-based, on-demand solutions to deliver network analysis from the RAN to the Core for 5G assurance. Utilizing automated and dynamic solutions with smart minimal data collection and on-demand troubleshooting and cutting edge techniques based on machine learning, these solutions work in harmony to provide operators an understanding of the entire customer experience and allow them to troubleshoot network performance from a high to granular level while reducing storage costs and cloud resource utilization. (RADCOM 05.08)

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#### **9.4. Gilat Awarded Multi-Million Dollar Service Contract by US Mobile Operator**

Gilat Satellite Networks announced the award by a Tier-1 Mobile Network Operator (MNO) in the United States, of a multi-million-dollar service contract for cellular backhaul. The US Tier-1 MNO provides nationwide coverage with its LTE network that is extended with Gilat's cellular backhaul solution over satellite. Gilat's solution enables reach to remote areas and ensures high quality service and an excellent user experience. Gilat completed the LTE cellular backhaul satellite migration project according to schedule, during these challenging times imposed by the COVID-19 pandemic.

Petah Tikva's [Gilat Satellite Networks](#) is a leading global provider of satellite-based broadband communications. With 30 years of experience, we design and manufacture cutting-edge ground segment equipment, and provide comprehensive solutions and end-to-end services, powered by our innovative technology. Delivering high value competitive solutions, our portfolio comprises of a cloud based VSAT network platform, high-speed modems, high performance on-the-move antennas and high efficiency, high power Solid State Amplifiers (SSPA) and Block Upconverters (BUC). Gilat controlling shareholders are the FIMI Private Equity Funds. (Gilat 06.08)

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#### **9.5. Gilat Provides 4G Coverage to Half a Million People in LATAM**

Gilat Satellite Networks was awarded over \$10 Million for a five-year service project for 4G backhaul services in Latin America. The contract calls for providing coverage to half a million people in hundreds of sites in rural areas, with significant expansion potential valued at additional tens of millions of dollars over time. Gilat is working closely with the government and the private sector to provide connectivity this year to hundreds of villages via the 4G network. Gilat is heavily engaged in supplying the population with broadband connectivity and access to applications such as e-health and e-education. Furthermore, four hundred additional villages are expected to be connected next year.

Petah Tikva's [Gilat Satellite Networks](#) is a leading global provider of satellite-based broadband communications. With 30 years of experience, we design and manufacture cutting-edge ground segment equipment, and provide comprehensive solutions and end-to-end services, powered by their innovative technology. Delivering high value competitive solutions, our portfolio comprises of a cloud based VSAT network platform, high-speed modems, high performance on-the-move antennas and high efficiency, high power Solid State Amplifiers (SSPA) and Block Upconverters (BUC).

Gilat's comprehensive solutions support multiple applications with a full portfolio of products to address key applications including broadband access, cellular backhaul, enterprise, in-flight connectivity, maritime, trains, defense and public safety, all while meeting the most stringent service level requirements. Gilat controlling shareholders are the FIMI Private Equity Funds. (Gilat 10.08)

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#### **9.6. Adaptive Shield Emerges from Stealth with \$4 Million Seed Round**

Adaptive Shield emerged from stealth with \$4 million in seed funding from Vertex Ventures Israel to automate complete control of SaaS application security. Enterprises depend on SaaS applications but lack resources to correctly configure those apps to prevent cyberattacks, data exfiltration and other risks. Adaptive is addressing this critical problem at the very foundation of the entire \$115 billion plus global SaaS market. Adaptive's team has discovered SaaS setting errors that leave companies open to one-click corporate espionage, exposure of their entire cloud and massive amounts of video conferencing data in the new WFH era, as examples.

Adaptive protects against SaaS-related data breaches and security errors by proactively finding and fixing misconfigurations across SaaS platforms for all global settings and user privileges. It solves this problem fast. It deploys in just five minutes and starts delivering value by automating discovery of SaaS app security misconfigurations, helping mitigate problems and automating security operation tasks. Its intuitive and highly visual dashboards minimize learning and administration time. Going forward, it provides continuous monitoring and alerts to protect against any changes that might introduce a risk.

Founded by cybersecurity experts trained by the Israeli Defense Forces, with tenures at leading commercial cybersecurity vendors, Tel Aviv's [Adaptive Shield](#) combines deep understanding of the cyber threat-scape with experience developing and deploying leading cloud-based enterprise SaaS offerings. With Adaptive Shield, companies can integrate popular SaaS apps into their workflows without risk of costly breaches and exfiltration of valuable data. (Adaptive Shield 12.08)

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### **9.7. Viridix & Talgil Help Implement Irrigation Protocols to Deliver Production Goals**

Viridix and Talgil announced a partnership that provides farmers with an integrated precision irrigation solution. This newly announced solution allows farmers to automate the full irrigation cycle from defining irrigation plans to making sure each plot gets the right amount of water. Farmers are now able to define and implement an irrigation protocol that delivers their production goal. Viridix's highly accurate, low maintenance sensors constantly monitor soil moisture at varying ground depths. The system analyzes this data to calculate required irrigation volume and timing, and automatically adjusts the irrigation plan. The Talgil irrigation control system then executes the plan to provide plants with just the right amount of water. The Talgil irrigation controllers ensure that no matter how many plots a grower cultivates, each one receives the exact amount of water it needs.

Kfar Ruth's [Viridix](#) empowers farmers by taking uncertainty out of irrigation decisions. By combining accurate and timely water potential data with additional information such as weather, irrigation protocols and soil characteristics, Viridix simplifies and automates one of the most important operations in farming. The Viridix solution is based on revolutionary RootSense® technology that is cost effective, requires no maintenance and is extremely easy to use. This advanced IoT-based solution leverages AI and machine learning to deliver precision irrigation, taking it to the next level with full-irrigation-cycle automation.

For more than 30 years, Kiryat Motzkin's [Talgil](#) has been combining the most advanced technologies in electronics, computer science, communications and irrigation techniques with its deep understanding of market needs and user preferences, to create leading irrigation controllers that are embraced worldwide. (Viridix 13.08)

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### **9.8. Magal Security Systems Wins \$6.5 Million Contract to Secure Military Assets**

Magal Security Systems announced that its Senstar division has been chosen to provide equipment to secure deployable military assets used throughout the world. Senstar will provide physical security, perimeter detection, video surveillance, access control, public address and associated command and control equipment. Senstar's perimeter electronic security system will augment existing security to provide greater protection for the military equipment and personnel. The contract has a total value of \$6.5 million, with final acceptance expected in the second half of 2021.

Yehud's [Magal](#) is a leading international provider of comprehensive physical, video and access control security products and solutions, as well as site management. Over the past 45 years, Magal has delivered its products as well as tailor-made security solutions and turnkey projects to hundreds of satisfied customers in over 80 countries under the most challenging conditions. (Magal Security Systems 12.08)

## 10. ISRAEL ECONOMIC STATISTICS

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### 10.1. Israel's Inflation Rate Rises by 0.2% in July

Israel's Consumer Price Index (CPI) rose 0.2% in July, the Central Bureau of Statistics announced on 14 August, slightly above market expectations which had predicted at 0.1% rise. Since the beginning of 2020, the CPI has fallen by 0.6% and over the past 12 months it has also fallen by 0.6%. Notable price increases in July included fresh fruit and vegetables (1.4%), culture and entertainment (1.1%), and transport (0.8%). Notable price falls in July included clothing and footwear (5.9%).

Housing prices have resumed their rise after falling by 0.7% in April-May. Housing prices rose by 0.4% in May-June compared with April-May and have now risen by 1.9% over the past 12 months. (CBS 14.08)

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### 10.2. Israel's Budget Deficit Increases to 7.2% of GDP

Israel's Ministry of Finance announced that the budget deficit has widened to 7.2% of GDP for the 12 months ending 31 July 2020, up from 6.4% at the end of June and 6% at the end of May. The deficit has continued widening since the coronavirus crisis took hold - from 4.8% at the end of April, 4% at the end of March and 3.1% at the end of February. Since the start of the COVID-19 crisis in June, the government has injected NIS 57 billion into the economy as part of its recovery package, which is 42% of the overall NIS 135 billion in assistance planned. In July, the government handed out NIS 9.4 billion, a similar amount to June but less than was paid out in April and May. The gap between government revenues and expenditure since the start of 2020 has been NIS 70 billion, compared with NIS 24 billion over the same period in 2019. Estimates are that by the end of 2020, the deficit could reach between 10% and 11%. (MoF 05.08)

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### 10.3. Recession Hits Israel as Second Quarter Sees Worst GDP Fall in Over 40 Years

On 17 August, the Central Bureau of Statistics announced that Israel recorded its worst economic performance in more than 40 years with its GDP falling by 28.7% in Q2/20. The second-quarter figures are the worst quarterly GDP drop since Israel's re-birth. The data shows that in H1/20, Israel's economy shrank by an annualized basis of 10.1% after growing 3.4% in H2/19. Per capita private consumption shrunk by 44.2% in Q2/20 and business output fell by 33.4%.

Israel's economy, regularly lauded for being one of the most stable in the world, was forced to slow down to about 15% activity as the public and private sectors were shuttered in early March in an effort to stem the spread of COVID-19. While Israel has been gradually resuming economic activity over the past few weeks, the coronavirus crisis has triggered unprecedented unemployment of 26% – compared to 4% prior to the outbreak. The government has introduced several stimulus plans to help the economy rebound, but the effects will only be felt in the third quarter of the fiscal year.

Commenting on the data, Prime Minister Benjamin Netanyahu said, "The Central Bureau of Statistics published that the decline in our GDP in the second quarter of 2020 was 7.8%, which is half the decline in the European states; it is almost the lowest in the world. South Korea is ahead of us and maybe two or three other countries. (CBS 17.08)

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#### **10.4. Foreign Exchange Reserves at the Bank of Israel for July 2020 Rise**

Israel's foreign exchange reserves at the end of July 2020 stood at \$157,662 million, an increase of \$10,325 million from their level at the end of the previous month. The reserves represent 39.3% of GDP. The increase was the result of foreign exchange purchases by the Bank of Israel totaling \$810 million, an absorption of short-term dollar credit totaling \$4,500 million from the financial system and a revaluation that increased the reserves by approximately \$3,753 million. There were also private sector transfers of approximately \$91 million and government transfers from abroad totaling approximately \$1,171 million. (BoI 06.08)

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#### **10.5. Bank of Israel Forecasts 4.5% Negative Growth for 2020**

Bank of Israel Governor Prof. Amir Yaron has presented two scenarios for negative growth in the Israel economy during 2020 during discussions about the economy chaired by Prime Minister Benjamin Netanyahu. According to Yaron, if the rate of COVID-19 infection does not worsen, and no more restrictions are imposed on the economy, then negative growth will be 4.5% in 2020. But if the infection rate worsens and there is a lockdown during the fourth quarter of 2020, then negative growth would be 7%.

This is an improvement on the Bank of Israel's forecast last month, which saw negative growth of 6% if the infection rate does not worsen and 9% if new restrictions are imposed. The Bank of Israel's forecast also sounds a lot more optimistic after the publication earlier of the initial assessment for the second quarter of 28.7% negative growth and 10.1% negative growth in the first half of 2020. Despite these dire figures, negative growth in the second quarter was not as bad as the Bank of Israel expected, thus the growth figures have now been revised to the good. (Globes 18.08)

### **11. IN DEPTH**

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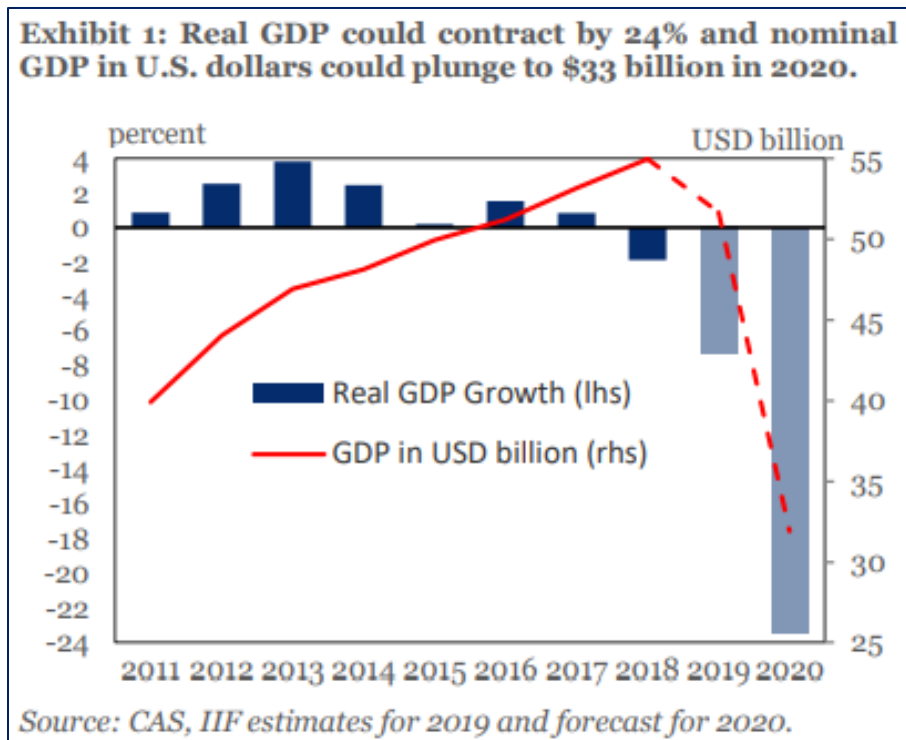
#### **11.1. LEBANON: Lebanon's Economy Set to Plunge Further After Beirut Explosion**

[Al Arabiya](#) reported on 13 August that Lebanon's sinking economy is set to plunge further into a record recession following the enormous explosion at the nation's capital, a new report finds. The explosion, which left at least 171 dead and injured more than 6,000, is now expected to single-handedly deepen the country's recession from -15 to -24% this year, a report from the Institute of International Finance (IFF) found.

The damages, expected to exceed \$7 billion, alone are equivalent of 14% of the country's 2019 gross domestic product (GDP). Lebanese President Michel Aoun said the cost of damages exceed \$15 billion.

Before the explosion, spiraling inflation had slashed salaries and made food unaffordable. Lebanon became the first Arab country to enter hyperinflation at the end of July and the local Lebanese pound, which is technically pegged to the US dollar at 1,507 pounds to \$1, now trades for above 8,000 pounds to the dollar on the parallel market. "The 12-month CPI [consumer price index] inflation rate may have exceeded 110 percent last month," IFF said.

Now, faced with rebuilding, many who have watched their life savings dwindle already will struggle to put the pieces back together as the country's GDP could contract by nearly a quarter, according to the report. "Given the large contraction in output and the massive depreciation of the parallel exchange rate, GDP could shrink from \$52 billion in 2019 to \$33 billion in 2020," Garbis Iradian the author of the report wrote.



The country was already facing unprecedented economic and financial crises before the coronavirus pandemic hit – the virus alone is likely to cause the greatest global recession in nearly a century.

However, the explosion at the port has exacerbated the situation significantly, choking off a major lifeline for a country that imports 75% of its needs. While sections of the Beirut port are still operational, and at least one shipment has arrived in the country since the disaster, the smaller Tripoli port in the north is expected to bear the brunt of the country's import load now.

The Beirut explosion was the result of a fire that spread to a warehouse storing 2,750 tonnes of ammonium nitrate. While Lebanese politicians and port authorities knew of the presence of the harmful chemical since 2013, successive governments failed to move the substance. "The recent massive explosion in Beirut is calling additional attention to a pervasive culture of negligence, corruption, and complacency of the ruling class, which sunk the country into its worst economic and financial crisis," Iradian wrote.

While nearly half of the population lives below the poverty line, the Beirut blast has left an additional 300,000 homeless in the country's capital. Lebanon's foreign reserves are critically low and authorities are desperate for foreign funds to bail out its cash-strapped economy. Potential international investors have, however, remained steadfast that money will not flow unless structural reforms across a variety of sectors are made – although many countries have committed to humanitarian relief in the wake of the port explosion.

Protesters returned to the streets as they blamed their government the devastation, with nooses cropping up around Beirut as angry Lebanese called for the downfall of the ruling elite. Prime Minister Hassan Diab and his Cabinet resigned on 10 August, but experts have cautioned that the resignation means little without governance reforms. (Al Arabiya 13.08)



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## 11.2. KUWAIT: Next in Line - Succession and the Kuwaiti Monarchy

Bayly Winder posted in [Sada](#) on 13 August that following the emir's recent health crisis, new questions emerge about who is jockeying for power and what succession scenarios may play out in the near future.

On 23 July, the emir of Kuwait arrived in the United States for further medical treatment following a surgical procedure in his home country. Sheikh Sabah Al Ahmad Al Jaber Al Sabah, who is 91 years old and has faced a number of health issues in recent years, is a widely respected and popular leader both at home and abroad. This dramatic episode however, where the emir traveled on a flying hospital complete with an ICU unit, prompted a new round of debate over what the Gulf state will look like once a new leader assumes the throne.

Kuwait has a different political system than other Gulf Cooperation Council (GCC) countries: there is both a royal family and a parliamentary body, the National Assembly. Unlike other representative councils in the GCC, Kuwait's National Assembly has a significant degree of power. Its members can remove ministers and override a veto by the emir with a two-thirds vote. One mechanism that leads to an imbalance between the monarchy and the Assembly, however, is that the former has the authority to dissolve the latter. That authority has been exercised many times over the decades, most recently in 2016.

Kuwait's hybrid political model makes it the most democratic GCC nation, where robust political discourse takes place and scrutiny of the government is largely acceptable - although direct criticism of the emir is punishable by law. Kuwaitis are accustomed to political theatre and competition between factions vying for power. That competition extends to the inner workings of the royal Al Sabah family.

Since 2006, Sheikh Sabah has served as emir and his half-brother, Sheikh Nawaf Al Ahmad Al Sabah, has been the crown prince. While Sheikh Nawaf is slated to become the next emir, there is widespread speculation that other family members may challenge his position. Kuwaitis are also wondering who a future Emir Nawaf would choose to be his crown prince. The country's constitution dictates that each new crown prince must be approved by a majority in the National Assembly, so the candidate needs to have strong relations with assembly members. Internal Al Sabah deliberations about who to nominate as crown prince are generally opaque.

Crown Prince Nawaf's past positions include deputy chief of the National Guard, deputy prime minister and minister of interior. Despite serving in those roles, he has not often been in the spotlight and his leadership abilities remain largely untested. The crown prince is also 83 years old. While succession procedure dictates that the crown prince will become the next emir, a power struggle is not out of the question. In neighboring Saudi Arabia, King Salman's son Prince Mohammed bin Salman replaced Prince Mohammed bin Nayef as crown prince several years ago. While Kuwait and Saudi Arabia are very different in the realms of government and politics, that episode demonstrated that even in a region where tradition and seniority are central, dramatic shifts in power are possible.

The very appointment of Sheikh Nawaf as Kuwait's crown prince was, in fact, a deviation from established norms, although not without precedent. Even though it has been standard practice to alternate the emir and crown prince between the Al Jaber and Al Salem branches of the Al Sabah family, Sheikh Sabah decided to name his brother crown prince. This opportunity stemmed from a unique moment in Kuwaiti succession, where Sheikh Saad Al Abdallah Al Salem Al Sabah became emir, then was removed from the position weeks later because of his failing health. Sheikh Sabah took over in the midst of this crisis and used his newfound status to consolidate power in the Al Jaber branch, making Sheikh Nawaf crown prince and Sheikh Nasser Mohammed Al Ahmad Al Sabah prime minister.

Another individual seen by many Kuwaitis as having the influence and capabilities to make the case for why he should be the next emir is Sheikh Nasser Sabah Al Sabah. Sheikh Nasser served as deputy prime minister and minister of defense; he was also the head of the Amiri Diwan (the royal court) from 2006-2017.

He is ambitious and has advocated strongly for high-profile projects such as the proposed Silk City megaproject in northern Kuwait. In a country where the economy is largely stagnant and dependent on oil revenue, Sheikh Nasser's bold ideas and anti-corruption rhetoric are attractive to large swaths of Kuwaiti politicians and businessmen. His interest in reform and diversification contrasts with Crown Prince Nawaf, who is more tied to the status quo and has not expressed significant interest in large-scale reform.

While Sheikh Nasser is a formidable figure who could be poised to take Kuwait in a new direction, he is not without controversy. In 2019, he was removed from his post as minister of defense after a public feud over government spending culminated with the prime minister and cabinet resigning. Sheikh Nasser asserts that the principal reason for the resignation was the embezzlement of hundreds of millions of dollars from the Ministry of Defense prior to his taking charge. His relationship with his father has also been strained at times.

Although he is not young, Sheikh Nasser, at 72, is eleven years younger than Crown Prince Nawaf. He has shown himself to be confident on the public stage and often uses accusations of corruption to point fingers at his opponents. On 23 July, Sheikh Nasser tweeted about the battle against corruption and noted that no Kuwaiti is above the law. With a major platform and powerful backers, Sheikh Nasser could be poised to either attempt to become emir over Crown Prince Nawaf or become the next crown prince under a future Emir Nawaf. Sheikh Nasser appeals to a substantial number of Kuwaitis, especially those who seek a departure from the traditional Kuwaiti economy. Conversely, those benefiting from the standard Kuwaiti way of doing business—such as the well-heeled, pro-establishment members of the National Assembly—may view Sheikh Nasser as a threat to their preferred version of the country.

Were Sheikh Nasser to try to succeed the current emir, he would have to take unprecedented steps against a sitting crown prince and make the case that his leadership would benefit the country the most moving forward. Even if Crown Prince Nawaf becomes emir, because of his age and health issues, it is conceivable that Sheikh Nasser could transition from crown prince to emir in a relatively short period of time. Alternatively, Crown Prince Nawaf could abdicate the position, leaving Sheikh Nasser as a top contender. The contrast between Crown Prince Nawaf and Sheikh Nasser also highlights a broader question: where should Kuwait go from here? Since the trauma of the Iraqi invasion in 1990, Kuwait has generally been a cautious nation reluctant to make big changes. Sheikh Nasser could usher in a new era of assertiveness.

Regardless of who becomes the next Kuwaiti emir, the country's foreign policy is likely to remain well-balanced and pro-American. Beyond the current succession scenarios, it will be interesting to observe power being transferred to the next generation of the Al Sabah family. One member of the next generation who is taking on more responsibility is the foreign minister, Sheikh Ahmad Nasser Al Mohammad Al Sabah, who is approximately 50 years old. Since the current emir was previously the foreign minister, that position may be viewed as a potential stepping stone toward becoming a future emir. Despite the rise of Sheikh Tamim in Qatar and Crown Prince Mohammed bin Salman in Saudi Arabia, the Kuwaiti monarchy remains in the hands of elderly men with persistent health concerns. Young Kuwaitis would be keen to support an emir who better relates to their concerns and aspirations.

For now, however, the central question remains: who will fill the shoes of the celebrated Sheikh Sabah? Beyond Crown Prince Nawaf and Sheikh Nasser, other potential names include former minister of oil Sheikh Ahmad Al Fahad Al Sabah and former deputy prime minister and minister of foreign affairs Sheikh Mohammed Sabah Al Sabah, who holds a PhD from Harvard. As Kuwait faces a budgetary crisis and the COVID-19 pandemic, there may be increased pressure to follow the established order of succession should a new emir come to power in the near future.

*Bayly Winder is an incoming MBA student at Oxford University. (Sada 13.08)*

### 11.3. EGYPT: IMF Review of Egypt's Pandemic Aid Package

On 10 August, the [International Monetary Finance \(IMF\)](#) released a staff report that followed discussions in June that saw Egypt earn a combined \$8 billion in pandemic aid. The IMF approved in late June a one-year, \$5.2 billion standby loan to help the country plug a balance of payments shortfall, as well as a separate \$2.8 billion rapid financing instrument Cairo received a month earlier for “targeted and temporary spending.” Staff praised Egypt’s “strong set of policies and the authorities’ commitment to pursue the [original] objectives of the [IMF-backed reform] program.”

Before the COVID-19 crisis, Egypt was one of the fastest growing emerging markets, having achieved macroeconomic stabilization after a successful economic reform program, the fund said. This was supported by the 2016-2019, \$12 billion IMF loan and policies that corrected large external and domestic imbalances, boosted growth, and expanded social safety nets, while containing public debt, essentially giving the country solid macroeconomic indicators and “relatively” powerful buffers heading into the pandemic.

The government’s EGP 100 billion stimulus package, which amounted to 1.8% of GDP, the Central Bank of Egypt’s (CBE) historic 300 bps interest rate cut in March, improvement in COVID-19 testing and healthcare capacity, and practicing social distancing to curb the virus’ spread were all reasons for the staff’s endorsement of the loan.

Egypt asked the IMF for help because of considerable uncertainty due to the pandemic. Risk-off sentiments resulted in financial market turbulence, a significant reversal of capital flows, and large reserves losses. Domestically, this translated to a fallout in the tourism industry and remittance flows from expat workers and lower Suez Canal receipts, the fund added. This backdrop led Egyptian authorities to turn to the IMF for aid in order to “support their macroeconomic stabilization plans. The stand-by loan “will help maintain macroeconomic stability amid the heightened uncertainty,” and “also address selected critical structural reforms, including debt management, transparency of state-owned enterprises (SOEs), and the business climate.”

The IMF would like the authorities to do the following:

- Achieve a primary budget surplus of 0.5% of GDP in FY2020-2021 by striking a balance between response spending and public debt;
- Keep monetary policy “data driven” and inflation within the CBE’s target range;
- Use fiscal policy to support the vulnerable;
- Remain committed to exchange rate flexibility and the gradual accumulation of foreign currency;
- Not introduce any new CBE-subsidized lending schemes and not renewing existing schemes once the allocated resources are fully used, keeping CBE lending to banks only for short-term liquidity;
- Continue to implement structural reforms that began with the 2016-2019 IMF-backed program, including improving fiscal governance, lowering financing needs, strengthening the social safety net, creating room for priority spending (health, education, and social protection), and improving public financial management.

Egypt has a sufficient capacity to repay outstanding loans to the fund. Fiscal and external position improvements will ensure the country’s “continued market access and adequate capacity to repay,” as well as “continued engagement to roll over maturing official deposit liabilities at the CBE at longer maturities even after the program.” But some risks remain: fund credit is forecast to peak at 49.5% of gross foreign currency reserves in FY 2020/21 and at 8.3% of total goods and services exports in FY 2024/25.

The IMF will be monitoring how we do through “semi-annual reviews,” with the first scheduled for December 2020. The state’s FY2020/21 budget has already been ratified by the House of Representatives with this understanding in mind, and “quantitative targets are set with test dates for end-September 2020 and end-March 2021.” The IMF will be on the lookout for performance indicators including net international reserves,

the primary balance, and non-accumulation of external debt payment arrears. There are also proposed indicative targets on the size of government overdrafts with the CBE, tax revenues, a minimum level of social spending, and the share of net new short-term issuances of treasury securities to total domestic treasury issuances.

Looking ahead, Egypt's growth outlook for FY 2020/21 has been further revised down by the fund to 2% from 2.8% earlier in the pandemic because "the global recovery is now expected to be more gradual and domestic activity is projected to remain weak." Domestic activity is forecast to contract in the ongoing quarter and stage a small recovery in the next quarter that would lead to "a potentially stronger rebound in 2021."

Inflation is forecast to jump to an 8% average by the end of the fiscal year, up from 5.8% in FY 2019-2020, reflecting "several underlying factors including unfavorable base effects." Public finances will continue to come under pressure, with debt-to-GDP projected to rise to 93% before bouncing back to a downward trajectory. External balances will also continue to weaken amid the "the significantly weaker global outlook and lower foreign inflows." Our banking sector, meanwhile, is expected to remain robust. (IMF 11.08)

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#### **11.4. TURKEY: Currency Tumult Hits Turkey's Credit-Driven Revival**

On 10 August, Mustafa Sonmez posted in [Al-Monitor](#) that apprehension is rife in Turkey that a loan-driven economic warm-up could devolve into major turmoil in the fall, with Ankara's dubious management of the coronavirus pandemic feeding the unease.

Pumped with cheap and abundant credit since early June, Turkey's economy has warmed up after a pandemic-ravaged second quarter in which it is estimated to have shrunk more than 10%. The revival, however, is fraught with risks, as the fresh slump of the Turkish lira just demonstrated.

The loan-driven uptick in domestic demand has an array of side effects, including on inflation, which was near 12% in July, and the country's gaping foreign exchange gap, which had already depleted central bank reserves, when the embattled lira took another nosedive on 6 August, plunging to record lows. The economic warm-up might well prove a false spring and devolve into a stormy season in October.

The coronavirus pandemic hit Turkey at a time when the economy was already ailing and President Erdogan's popular support was already on decline. In the contraction from March to May, unemployment is estimated to have hit up to 52%, based on the broad definition of joblessness. After reopening the economy in June despite concerns the pandemic was not fully under control, Ankara gambled on stimulating domestic demand by enticing consumers with cheap, long-term credit. The loan bonanza, led by public banks at the government's behest, sparked a rush for homes and cars, including an unprecedented boom on the second-hand car market. White appliances and furniture sales have increased as well. Amid the rapid loan expansion, the consumer debt stock has reached TL 737 billion (\$100.5 billion), increasing 25% in the past seven months. The revived demand set the wheels of the industry in motion, feeding expectation for further recovery.

Yet consumer prices have begun to rise, while the industry's need for imported goods is stoking the demand for foreign exchange. But exports have yet to perk up and the crucial tourism sector is agonizing, meaning that little hard currency earnings are flowing in and the country's current account deficit is growing. The flight of foreign capital has further worsened the problem, leaving the central bank scrambling for funds to shore up the gap.

For the Financial Times, Ankara has adopted a "high-risk approach" by warming up the economy through credit. The 3 August article — headlined "Erdogan gambles on fast recovery as Turkey burns through reserves" — highlighted the meltdown in tourism, the flight of foreign investors and Ankara's floundering

efforts to defend the lira by spending tens of billions of dollars of reserves. “The collapse in tourism as a result of the coronavirus pandemic has left a gaping hole in the country’s finances. Foreign investors have fled, pulling out a large volume of funds from the country’s local-currency bonds and stocks over the past 12 months,” it said, adding that gross foreign exchange reserves had fallen by \$13 billion this year.

The risks outlined in the article were hardly something new for economic actors in Turkey, but the globally authoritative voice of the paper triggered fresh jitters at financial markets, spurring the exodus of foreign investors. Coupled with fresh interventions to prop up the lira, the jitters sent interest rates on overnight swaps for the lira to more than 1,000% in the London market on 4 August. The Turkish stock market tumbled as well, with foreign investors leading the sell-off.

The specter of a fresh economic tremor and the eventual currency shock were hardly a surprise, given the trend that has been going on since 2018, when Turkey transitioned to an executive presidency system concentrating power in Erdogan’s hands. The new system, which largely disabled parliament and strengthened Erdogan’s tutelage over the judiciary, has put off Western investors, who hold the external funds that are vital for Turkey’s economy.

Erdogan shook foreign confidence even before he had assumed his new powers, flouting the central bank’s independence and touting unorthodox economic views in memorable remarks in London in May 2018. He went on to appoint his son-in-law, Berat Albayrak, as treasury and finance minister to preside over the economy. On top of it came a crisis with Washington over an American pastor jailed in Turkey, which sent the lira into a tailspin, causing the economy to contract through mid-2019.

The flight of foreign investors has been going on ever since. In the past year, \$16 billion in foreign capital has fled the stock exchange alone. As long as foreign investors stay away, the increase in foreign exchange prices remains a constant threat, as evidenced by the 6 August tumult, in which the price of the dollar rose 4% in a single day.

In a bid to weather last year’s downturn, Erdogan imposed a low-rate monetary policy on the central bank after replacing its governor and top management. Cutting interest rates despite unruly inflation, he hoped, would revive the economy. Yet Ankara had to rein in hard currency prices as well. This is how the central bank began to intervene in the market, selling foreign exchange via public banks.

Foreign exchange, however, has remained in demand, seen as a safe haven by savers losing trust in the lira. The hard currency share in savings has reached 53%. Contributing to the demand is an external debt of nearly \$170 billion that needs to be rolled over in the nearest 12 months. Foreign exchange is needed also for imports, even if Ankara is trying to curb them.

Against the rising foreign exchange demand, Turkey’s foreign exchange earnings have fallen due to a decline in exports and the collapse of the tourism industry amid the pandemic. The crunch has left the central bank with no option but to seek currency swaps to obtain foreign exchange. It has secured about \$60 billion through swap deals, including \$16 billion from Qatar and China and the rest from local banks, with swap money now accounting for some 68% of all central bank reserves. The measure, however, is only buying time as the control of foreign exchange becomes harder in the long run.

Moreover, both locals and foreigners appear little impressed by the credit-driven revival. Turks have continued to put savings in hard currency on expectations that the lira’s slump will continue and foreigners are still unwilling to stay. Turkey’s risk premium, reflected in credit default swaps, rose to 560 basis points in early August and remains the highest by far among emerging economies.

The currency shock is expected to cool the economy, but apprehension is rife that a bigger turbulence is looming in the fall. The unease has to do with the pandemic as well. The contagion has picked up since the lockdowns ended in June, with medics disputing the official tallies of new infections. The government’s failure at transparency, criticized since the virus first arrived, is only reinforcing mistrust in its management of the pandemic and the economy alike. (AI-Monitor 10.08)

## 11.5. TURKEY: Economic Policy Reversal Fraught With Political Risks for Erdogan

Mustafa Sonmez posted in [Al-Monitor](#) on 14 August that Ankara's bid to warm the pandemic-hit economy has backfired, forcing a policy reversal that threatens to aggravate popular grievances and heighten political risks for Erdogan.

Unrelenting inflation and the uncontrollable slump of the Turkish lira have forced Ankara to start cooling the economy, only two months after it spurred a loan bonanza to revive consumer demand and breathe life into pandemic-ravaged businesses. The abrupt reversal heightens political risks for President Erdogan as he faces growing popular frustration over economic woes that have only worsened since a severe currency shock in 2018.

The lira took another dramatic nosedive on 6 – 7 August, forcing the central bank to begin curbing liquidity and heralding the end of the fledgling attempt to warm up the economy.

In early June, Ankara had pushed for a loan expansion that sent consumers on a spending spree after the downturn caused by the coronavirus pandemic. Easy access to cheapened, long-term credit resuscitated the sales of homes, cars and durable goods, which had plummeted in the March-May period. Credit was available even for domestic tourism. Public banks, which are directly under government control and dominate more than a third of Turkey's banking sector, drove the loan expansion, but private lenders, including those of foreign ownership, were also pressured to follow suit. The rebounding domestic demand energized the industry as well and economic expectations seemed to improve.

In less than two months, however, side effects began to show — an unremitting consumer inflation and a continued currency slump despite costly central bank efforts to control it.

Consumer inflation firmed in the region of 12%-13% in June and July, fanning a flight from lira deposits, whose yields remained below the inflation rate. Savers increasingly saw hard currency as a safe haven to preserve the value of their money, with 53% of savings now kept in foreign exchange.

At the same time, the flight of foreign investors intensified as the central bank's efforts to control foreign exchange prices began to erode even the funds it had borrowed through currency swaps after depleting its foreign reserves.

This all culminated in the recent ordeal of the lira, which, in a matter of days, tumbled to 7.3 against the dollar from the region of 6.85, where Ankara had managed to keep it for some time. The central bank quickly announced measures that would cool the economy, telling banks that it was tightening liquidity. The move is meant to disable a pressure factor on the lira by curbing foreign exchange demand from industrialists and importers instead of directly raising interest rates to rein in dollarization. As a result, banks have been forced to raise both interest rates on loans and yields on lira deposits.

This marks the onset of a cooling period in the economy, with demand for consumer loans on a fast decline. How long this period will last and how sharp the descent will be is unclear. Yet the fact that the attempt to warm up the economy went awry in only two months is a grave sign of how fragile the Turkish economy has become.

The policy reversal upends Erdogan's political calculations as well, as the effort to boost the economy was meant to consolidate his voter base as millions have been left out of work and grown poorer since the pandemic struck. The new cooling period is coupled with fresh troubles stemming from the flare-up in COVID-19 infections, auguring sleepless nights for Erdogan and his party.

The Turkish economy had experienced a warming in the first two months of the year before the coronavirus arrived in March to fuel a downturn. After the loan-driven effort to boost the economy, the new cooling

period comes as a fourth major fluctuation in a year. The role of the pandemic is obvious, but such sharp fluctuations have more to do with the government's narrowing wiggle room in managing the economy and its growing fragility. The cycle of ups and downs goes back to 2018, with no lasting period of stability since. A crucial factor behind the fragility is the major outflow of foreign capital from Turkey, which owes prominently to waning foreign confidence in Erdogan's government.

The executive presidency system, which took effect after the June 2018 elections, accorded "one-man" powers to Erdogan, while weakening parliament and the judiciary. Erdogan placed his son-in-law at the helm of the Treasury and Finance Ministry and, drawing on his new powers, effectively eradicated the autonomy of the central bank.

The flight of foreign capital is akin to partial paralysis for the Turkish economy, which relies heavily on external funds to grow and is saddled with a foreign debt stock amounting to nearly 60% of the country's gross domestic product. In a striking sign of how Turkey has decoupled from peer emerging economies, its risk premium — reflected in credit default swaps — has climbed to the region of 550-600 basis points since the tumult earlier this month, almost double the risk premium of South Africa, which trails closest behind.

Economic floundering has already given Erdogan a taste of how his political fortunes could suffer. In spring 2019, his party lost local elections in major cities across the country, including Istanbul, where he forced a rerun of the vote, after the currency turmoil in the summer of 2018 caused the economy to shrink. Following the routing, the government scrambled to take full control over the central bank and tried to warm the economy through rate cuts despite unruly inflation. Moreover, it sought to control foreign exchange prices. The central bank used its reserves to funnel foreign exchange to the market via the "back door," that is public banks. The reserves dried up so badly that the central bank had to plug the gap through currency swaps of nearly \$60 billion, including \$16 billion from Qatar and China and the rest from local banks. The deteriorating reserves drew international scrutiny and warnings and further spurred the flight of foreign investors, which ultimately forced Ankara into a policy shift.

With the option of warming the economy wasted, Erdogan is now facing a tough question: How to assuage the electorate's grievances, which are bound to grow in the new cooling period? Having exhausted a good deal of religious and nationalist stunts, his response could be more crucial than ever. (AI-Monitor 14.08)

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## **11.6. GREECE: Turkey Called to Stop Renewed Gas Exploration Activities in East Med**

Diego Cupolo posted in [AI-Monitor](#) on 10 August that as Turkish vessels are dispatched near Greek territorial waters, analysts say tensions in the eastern Mediterranean Sea could quickly escalate if leaders on both sides do not reengage in diplomatic talks.

The Greek Foreign Ministry called on Turkey to stop what it deemed "illegal" gas exploration activities in the eastern Mediterranean Monday amid a potentially dangerous escalation between the two nations over contested maritime claims in the region. "Greece will not be blackmailed. It will defend its sovereignty and its sovereign rights," the ministry said in a statement.

The developments come after Turkey issued a navigational communication known as a Navtex Monday, stating the seismic research vessel Oruc Reis would be conducting surveying activities south of the Greek island of Kastellorizo until 23 August. At the same time, Turkey began two days of naval exercises southeast Kastellorizo and the island of Rhodes.

Earlier, Turkish President Erdogan announced Turkey would resume its search for energy resources in the region following the breakdown of informal talks between Ankara and Athens, which had been in negotiations to resolve longstanding maritime delimitations between Greek islands and mainland Turkey.

Negotiations were shelved after the Athens government signed a maritime boundary agreement with Egypt on 6 August, negating previous territorial claims by Ankara established in a November memorandum with Tripoli's Government of National Accord (GNA) in Libya. "We were engaged in talks with Greece for the last two and a half months in Berlin and had even agreed on a joint statement but Greece announced its deal with Egypt just a day before it," presidential spokesperson Ibrahim Kalin told CNN Turk in an interview. "It is out of question for us to approve any move that will condemn Turkey to the bay of Antalya and exclude it from the eastern Mediterranean. But we still prefer to solve issues through dialogue."

Now, as Turkish vessels are dispatched near Greek territorial waters with the Greek navy on standby, a dangerous game of brinkmanship is underway in the eastern Mediterranean that analysts say could quickly escalate if leaders on both sides do not reengage in diplomatic negotiations. "As I understand it, Greek admirals have orders to prevent drilling in disputed areas, especially in the region near Crete," Erol Kaymak, a professor of political science and international relations at Eastern Mediterranean University in Northern Cyprus, told Al-Monitor. He continued, "It seems there is a concern that the moment a drill touches the sea basin it confers rights onto Turkey. On the other side, Turkey is not deterred. So, yes, this could very well lead to further escalation."

Naval mobilizations by both nations are "extremely worrying," EU foreign affairs chief Josep Borrell said in a statement. Borrell, who has worked to mediate Turkey-Greece tensions in recent months, said maritime boundaries should be defined through dialogue and urged both sides to reengage in negotiations.

Despite the escalation, some analysts said the lapse in bilateral talks may be temporary. Zenonas Tziarras, a researcher at the PRIO Cyprus Centre and co-founder of Geopolitical Cyprus, said Turkish officials likely needed to save face by responding to the Greece-Egypt agreement for domestic and international audiences. "If [Turkey's] activities remain within areas that are not delimited, it is likely that tensions will not lead to any hot incidents, especially if external actors like the United States and Germany try to once again play a de-escalating role," Tziarras told Al-Monitor.

In late July, previous Turkey-Greece tensions subsided following a phone call between Erdogan and German Chancellor Angela Merkel. The conversation is alleged to have fostered diplomatic negotiations between the two nations, and the United States is also believed to have soothed discord at the time by holding joint exercises with the Turkish navy on 29 July.

While current tensions stem from the Egypt-Greece agreement, Tziarras said it is too early to dismiss the possibility of new dialogue in the near future. "Turkey is not as annoyed with the Egypt-Greece deal as it likes to show because it leaves open the prospect for a Turkey-Egypt and Greece EEZ boundary," he said, using the acronym for an exclusive economic zone in which states claim rights over resources. He said the Greece-Egypt agreement could prove beneficial for all sides as it "directly disputes the arbitrary Turkey-GNA EEZ deal, creates an important legal and political precedent and sets the foundations for further maritime zone settlements in the area — be it through bilateral [or] multilateral negotiations or arbitration."

Still, Ankara officials claim Greece's many islands, some of which sit just a few kilometers off Turkey's coast, bestow Athens with unjust territorial sovereignty over what they see as Turkey's continental shelf. Speaking to reporters in Lebanon during a visit, Turkish Foreign Minister Mevlut Cavusoglu said Ankara would continue to seek diplomatic solutions despite the Greece-Egypt agreement, which his ministry deemed "null and void" upon announcement. "Firstly, no one can accuse us of causing tension," Cavusoglu told reporters. "Plus, nobody can urge us that we cannot deploy our vessels to said regions. Even though they urge, we won't listen. Because it's now obvious that it's Greece who does not want dialogue."

At the heart of the matter is the UN Convention of the Law of the Sea (UNCLOS), which defines nations' maritime rights and upholds current Greek territorial claims in the Aegean and Mediterranean seas via the nation's many islands. Turkey is not a signatory of the UNCLOS and some Ankara officials claim they are not legally bound by the agreement.



By pursuing gas exploration activities in contested areas, Turkish leaders are seeking to prompt negotiations with Greece to address perceived unfairness in Turkey's maritime claims, according to Ozgur Unluhisarcikli, Ankara director for the German Marshall Fund. "Turkey wants to sign a maritime delimitation agreement with Greece and is using coercive diplomacy to bring Greece to the negotiation table," Unluhisarcikli told Al-Monitor. While Unluhisarcikli framed recent events as Ankara responding to Athens' "maximalist approach with its own maximalist approach," he also believes current tensions would likely subside with the third-party mediated talks in the near future. "Armed conflict between Turkey and Greece is strongly against the interests of NATO and the interests of the United States," Unluhisarcikli told Al-Monitor. "I think there will be stop mechanisms." (Al-Monitor 10.08)

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