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. Minister of Justice Says Israel to Legalize Recreational Cannabis Use

Globes reported that Minister of Justice Nissenkorn announced that he will promote the legalization of recreational cannabis use in Israel. From age 21, people will be allowed to use cannabis at home and at special stores. Allowing cannabis use in public places will be examined at a later stage. Nissenkorn has adopted the conclusions of an inter-ministerial team that was set up to examine reform of the law on cannabis use. The government-sponsored legislation may be completed within nine months.

The inter-ministerial committee recommends that the state should introduce regulations to ensure that prices are reasonable, so that users will not buy cannabis on the black market. It also recommends that, alongside the legislation, the state should invest in education, information campaigns, budgeting of addiction programs, and enforcement against those who breach the conditions for using cannabis, as well as continued research to determine whether the steps taken are adequate and advice on changes.

The committee was made up of representatives of the Ministry of Justice, the Ministry of Health, the Ministry of Internal Security, the Ministry of Finance and the Ministry of Labor, Social Affairs and Social Services, and representatives of the public. (Globes 15.11)

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1.2. Israel Ratifies Visa Exemption Agreement with UAE

On 22 November, the Netanyahu government ratified a mutual visa exemption agreement with the United Arab Emirates, the Jewish state's first ever such agreement with an Arab country. The government ministers voted unanimously to approve the treaty, which was signed in Tel Aviv last month. The UAE government reportedly ratified the agreement on 1 November, which means that it will enter into force in 30 days.

Prime Minister Netanyahu mentioned the visit to Israel of Bahraini Foreign Minister Abdullatif bin Rashid al-Zayani recently to Israel, noting that Jerusalem and Manama did not have diplomatic relations until very recently. During al-Zayani's visit to Jerusalem, Israel and Bahrain signed an agreement allowing citizens from each country to apply online for a visa to the other country by 1 December.

The UAE-Israel visa exemption agreement will mean that citizens from both countries will be allowed to enter each other's countries without having to go through the hassle of applying for a visa first. The visa exemption treaty was signed last month during high-level meetings and a ceremony outside Tel Aviv attended by Netanyahu, US Treasury Secretary Mnuchin and two senior UAE ministers — part of the first high-level delegation from the Gulf nation to visit Israel. After that signing, the Foreign Ministry said the UAE passed along a message that it wished to facilitate the reciprocal opening of embassies in Tel Aviv and Abu Dhabi "as soon as possible." (ToI 24.11)

2. ISRAEL MARKET & BUSINESS NEWS

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2.1. Israeli Astronaut to be Launched into Space in 2021 Mission

On 16 November, Israel announced that astronaut Eytan Stibbe will become the second Israeli in space, when he joins a mission in 2021 to the International Space Station. At a press conference, Israeli President Reuven Rivlin, in collaboration with the Ministry of Science and Technology, announced Stibbe's selection for the mission. Stibbe's mission will be carried out on behalf of the Ramon Foundation in partnership with the State of Israel on a historic scientific mission to the International Space Station and will be one of the pioneers of the private space industry in the world.

Stibbe is scheduled to spend 200 hours at the ISS, during which he will perform a number of experiments, unprecedented in their range, using Israeli technology and scientific developments from researchers and start-ups that he will take with him to space, and is also expected to bring the world of space to Israeli children. In the months ahead, he will begin training ahead of his space mission, and in the three months before he goes he will undergo a concentrated training period in the US, Germany and Russia. The spacecraft will be launched from Florida at the end of 2021. The Ramon Foundation will lead all aspects of the Israeli mission – scientific and educational – together with the Ministry of Science and Technology and the Israeli Space Agency, which will lead the government ministry's partnership.

This mission will be the first to the ISS (pending NASA approval) manned entirely by private astronauts. Eytan Stibbe plans on using his time in space to perform experiments and will donate his time and all costs of the journey, including sending the equipment required for the experiments and their storage. The Ramon Fund's donation makes the mission into an extraordinary opportunity to significantly advance the Israeli space and science industry, and is also the fulfilment of Rona Ramon's vision, who wanted to give Israel's next generation the values of academic excellence, social leadership and groundbreaking ambition through science, flight and space. (Arutz Sheva 16.11)

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2.2. Etihad Airways to Launch Tel Aviv - Abu Dhabi Flights in March

Etihad Airways is launching direct flights between Tel Aviv and Abu Dhabi from March 2021, the United Arab Emirates' flag carrier announced. The route will initially only see one flight per day and will also offer Israelis more connecting flights *en route* to China, India, Thailand and Australia.

Etihad said the service will begin on 28 March, approximately six months after Israel and the UAE signed a landmark agreement to normalize relations between the two countries. Dubai's budget airline flydubai has already announced that it would start direct flights to Tel Aviv this month, operating 14 flights a week.

The UAE and Israel have already signed treaties on direct flights and visa-free travel, along with accords on investment protection, science and technology. While official ties were only formalized in September, two Etihad planes landed at Ben-Gurion Airport earlier in the year, delivering aid to the Palestinian Authority during the coronavirus pandemic. (i24NEWS 16.11)

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2.3. Ride Vision Raises $7 Million for its AI-Based Motorcycle Safety System

Herzliya's Ride Vision is building an AI-driven safety system to prevent motorcycle collisions. They announced that they have raised a $7 million Series A round led by crowdsourcing platform OurCrowd. YL Ventures, which typically specializes in cybersecurity startups but also led the company's $2.5 million seed round in 2018, Mobilion VC and motorcycle mirror manufacturer Metagal also participated in this round. The company has now raised a total of $10 million. In addition to this new funding round, Ride Vision also today announced a new partnership with automotive parts manufacturer Continental.

The general idea here is pretty straightforward and comparable with the blind-spot monitoring system in your car. Using computer vision, Ride Vision's system, the Ride Vision 1, analyzes the traffic around a rider in real time. It provides forward collision alerts and monitors your blind spot, but it can also tell you when you're following another rider or car too closely. It can also simply record your ride and, coming soon, it'll be able to make emergency calls on your behalf when things go awry.

The hardware on the motorcycle itself is pretty straightforward. It includes two wide-angle cameras (one each at the front and rear), as well as alert indicators on the mirrors, as well as the main computing unit. Ride Vision has patents on its human-machine warning interface and vision algorithms. Ride Vision says its products will be available in Italy, Germany, Austria, Spain, France, Greece, Israel and the U.K. in early 2021, with the U.S., Brazil, Canada, Australia, Japan, India, China and others following later. (OurCrowd 17.11)

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2.4. AI21 Labs Raises $34.5 Million Led by Pitango First

AI21 Labs announced it has raised $34.5 million in equity capital to support its AI technology and continue to build additional category-defining products in the race to build a leader in the AI language and writing category. The round was led by Pitango First, the Seed and Early Stage fund of Pitango's investment platform, Israel's largest venture capital fund. Among other investors is TPY Capital, also headquartered in Tel Aviv.

Last month AI21 Labs released its first product, Wordtune. Powered by AI technology breakthroughs, Wordtune is a true writing companion, helping distill your thoughts into just the right words, rather than a copyeditor focusing only on spelling and grammar mistakes. Users can use the system to rewrite whole sentences, make them more casual, more formal, shorter, or longer. Additional features include finding "tip of the tongue" missing words, "smart paste" which seamlessly fuses new text into an existing text, and more.

Tel Aviv's AI21 Labs was formed by AI luminaries and veterans of the elite technology unit of Israel's IDF, with the mission of building AI systems with an unprecedented capacity to understand and generate natural language. The company's first product, Wordtune, is the first AI-based writing companion that understands context and meaning. (AI21 19.11)

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2.5. build.security Emerges from Stealth with $6 Million in Seed Funding

build.security announced $6 million in seed funding led by YL Ventures. build.security is offering a new approach to authorization, providing developers with the building blocks they need to quickly generate and manage best-practice authorization controls across enterprise applications at scale.

build.security is offering the first "true platform for authorization," providing developers with a simple way to eliminate the kind of product vulnerabilities that have the potential to capsize entire organizations when exploited. build.security resolves the complexity, time and hassle typically associated with building authorization into applications by offering open-sourced tooling for implementing fine-grained access controls, full visibility into policy enforcement at runtime and decoupled logic that enables a more agile and robust development cycle. Leveraging Open Policy Agent (OPA), the solution decouples authorization policy from code, thereby allowing changes and updates to be made as required to help developers keep their authorization implementation attuned to their specific environment and changing needs. Users can choose to implement access policies with declarative policy language, or by using the platform's unique drag-and-drop policy builder.

Tel Aviv's build.security takes the time and complexity out of authorization. The platform, built by developers for developers, enables lightning-speed application RBAC and ABAC with fine-grained access controls and decoupled logic. Leveraging the Open Policy Agent project and the power of open-sourcing, build.security uses API-based data sources to inform enterprise-grade access controls across application portfolios. (build.security 18.11)

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2.6. BeyondMinds Raises $15 Million to Take on Massive AI Market Failure Rate

BeyondMinds has raised $15 million co-led by leading Israeli venture capital fund Grove Ventures and private investor Marius Nacht. The infusion of funds will finance its global expansion and the ongoing development of its innovative AI solution, and strengthen its management team with prominent executives. BeyondMinds is accelerating the wide-scale adoption of AI by enabling companies to successfully overcome the challenges that have prevented AI from proceeding "beyond" theoretical proof-of-concept exercises to robust and resilient deployments.

BeyondMinds, which already boasts a significant customer base including Microsoft, Samsung, KPMG, and numerous leading defense companies and financial institutions, will offer its "AI as a Service" solution to assist more Fortune 1000 companies in the development, launch, and ongoing maintenance of their AI infrastructure. As part of the expansion, BeyondMinds plans to invest significant efforts in supporting broad-scale adoption of AI in the US market with the help of its newly strengthened executive team.

Tel Aviv's BeyondMinds has built the first enterprise AI system that is universally applicable and easily adaptable. They deliver hyper-customized, production-ready deployments that enable sophisticated companies to overcome the massive 87% failure rate in AI adoption and rapidly implement ROI-positive transformations. (BeyondMinds 19.11)

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2.7. Bank HaPoalim Signs Agreements with UAE Financial Institutions

Bank HaPoalim has signed two agreements with financial entities in the United Arab Emirates aimed at increasing its presence in the Middle East and North Africa. The first agreement was signed with the Dubai International Financial Centre (DIFC), which will lead to cooperation with Bank HaPoalim across financial services activities. DIFC is a leading international financial hub in the Middle East and home to the largest, most developed financial and FinTech ecosystems in the region.

The second agreement was with the Abu Dhabi Global Market (ADGM), the leading financial center in the UAE capital. Under the agreements, Bank HaPoalim will work with DIFC and ADGM and their global network of banks and financial centers. The alliances will enable Bank HaPoalim to access banking and innovation opportunities in the Middle East, Africa and South Asia through the DIFC and ADGM platforms. (JP 22.11)

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2.8. Logz.io Announces $23 Million Funding Round

Logz.io announced a new $23 million funding round led by Pitango Growth, Israel’s largest venture capital firm. The new financing round, which includes participation from Logz.io’s existing investors, will be used to further accelerate Logz.io’s growth and advance its mission to provide customers around the globe with the best-of-class open source observability tools on a unified SaaS platform.

As companies accelerate their digital transformation initiatives to offset the impact of COVID-19, while building and deploying micro-services and cloud native architectures to meet growing demand for digital services, they face new complexities when trying to monitor these technologies at scale. Logz.io’s unified, open source observability platform for log, metrics and tracing analytics responds to these challenges, supporting and enabling digital transformation and other innovative new business initiatives by making production monitoring and troubleshooting faster, easier and more cost-effective. The company acquired a record number of new customers in 2020, and now supports over 800 customers around the globe including industry leading companies such as Dish Networks, Siemens, Unity and ZipRecruiter.

Logz.io’s cloud-native observability platform is based on the leading open source monitoring tools that proliferate engineering departments in favor of proprietary alternatives. The company’s platform includes four core products: Log Management built on ELK, Infrastructure Monitoring based on open source Grafana, Distributed Tracing based on Jaeger, and an ELK-based Cloud SIEM. These products are offered as a fully managed, highly integrated platform to help engineers monitor, troubleshoot and secure their distributed cloud workloads more effectively.

Jerusalem's Logz.io is the leading 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 four products: Log Management built on ELK, Infrastructure Monitoring based on open source Grafana, Distributed Tracing based on Jaeger, 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 24.11)

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2.9. Vanti Analytics Closes $4.5 Million Seed Round Led by True Ventures

Vanti Analytics announced a $4.5 million seed funding round led by Silicon Valley venture capital firm True Ventures and Israel's More VC. The round includes participation from Israel's i3 Equity Partners. The manufacturing AI company is developing a self-service platform that helps manufacturing operations teams increase yields and throughput for electronic products.

Manufacturing companies today are in a continuous race to launch the latest technology, meet market demands and stay competitive while maintaining the highest standards of quality. Vanti's founding team members have personally faced the challenges of this field and developed solutions while in previous roles spanning the automotive, semiconductors and communication industries. Vanti's SaaS software platform autonomously leverages machine learning to dramatically reduce ramp-up time, errors and test time for electronics manufacturers. Using the platform does not require any data science knowledge. Easy-to-understand insights allow manufacturers to optimize quickly and see an increase in productivity within just hours of deployment.

Tel Aviv's Vanti Analytics develops autonomous machine learning technology for analysis of manufacturing data, so manufacturers can meet their productivity goals and become more profitable. Vanti's SaaS platform is available for use by high-end electronics manufacturers who seek productivity enhancement through data. (Vanti Analytics 24.11)

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2.10. Percepto Secures Investment for Autonomous Industrial Site Inspection

Percepto announced a strategic investment of $45 million in Series B funding led by Koch Disruptive Technologies (KDT) to launch a transformative solution for remote, fully autonomous, asset monitoring, inspection and compliance of industrial sites. KDT is joined by new investors State of Mind Ventures, Atento Capital, Summit Peak Investments, Delek-US and existing investors U.S. Venture Partners, Spider Capital and Arkin Holdings, bringing the total investment in the company to $72.5 million.

Evolving their advanced drone-in-a-box solution to the next level, Percepto's Autonomous Inspection & Monitoring (AIM) platform sets a new standard for how critical infrastructure and assets are monitored, end-to-end, paving the way for the remote operations center of the future. Operating a fleet of third-party robots alongside their autonomous Sparrow drone, Percepto AIM provides visual data management and analysis to report trends and anomalies and to alert of risks. Any member of staff can request data and Percepto AIM will deploy the most suitable robot independently without human accompaniment to retrieve and stream the required data. The platform also seamlessly reports to assess risk, minimize downtime, drive efficiency and reduce operational costs without human intervention.

Modiin's Percepto is at the forefront of redefining how industrial sites and critical infrastructure are holistically inspected and monitored, harnessing remote robotics to autonomously collect, aggregate and analyze visual data. Leveraging its experience with Percepto Sparrow, the most deployed drone-in-a-box solution on the market, the company introduced Percepto AIM (Autonomous Inspection and Monitoring), the first end-to-end autonomous inspection and monitoring platform. Percepto AIM empowers the remote operation center of the future to assess risk, minimize downtime, drive efficiency, increase safety and reduce operational costs. (Percepto 24.11)

3. REGIONAL PRIVATE SECTOR NEWS

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3.1. Kuwait's Yahaal Raises $27 Million in Series A Funding Round

Yahaal, a Kuwait-based e-Commerce platform that specializes in providing a wide range of children and baby products, has announced a $27 million Series A funding round from Seeds Partner and AlMutamaiz International Company.

Yahaal App serves as a one-stop-shop platform that offers newborn, baby, and kid’s products, delivered to customers in as fast as 30 minutes to certain areas in Kuwait. Parents can shop from a selection of toys, diapers, formula, strollers, car seats, skincare products, and more. Yahaal grew its online presence through its platform, delivering a unique selection of products and expanding its footprint to suit the needs of the Kuwaiti market. Additionally, the emergence of the COVID-19 pandemic led to the slow down and temporary closure of stores, shifting consumer shopping to online sources, which has reflected positively on the sector.

Yahaal's strategy aims to uncover sources of future market growth for baby and child-specific products, while updates the features and services available to parents on the Yahaal App. The new funds will be allocated towards the company's expansion plan and development of its operational infrastructure. (Yahaal 23.11)

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3.2. UAE's Fenix Launches with a $3.8 Million Seed Round Led by an Israeli VC

Fenix, a UAE-based micro-mobility startup has officially launched and announced a $3.8 million seed funding which was led by Maniv Mobility, an Israeli Venture Capital mobility technology company. This investment marks the first investment from an Israel-based VC in the country.

The startup aims to deliver complete freedom when it comes to travel, with the ambition to improve the basics. Fenix wants mobility to be easier, cheaper, and simply redesigned, whilst coasting toward an environment with less waste and cleaner travel. Following COVID-19, they have also implemented hygiene practices such as including individual hand sanitizer dispensers and trackers within each scooter that additionally notify the Fenix team when they need cleaning. Fenix plans to begin operations in Abu Dhabi and then expand across the MENA region. (Fenix 19.11)

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3.3. App4Legal Secures Pre-Series A Funding Round

Dubai's App4Legal, an emerging legal-tech entity providing complete legal practice management solutions to law firms and legal teams within organizations, has announced a Pre-Series A funding round, from Hong Kong-based Betatron Venture Group (Betatron) and Dubai Angel Investors (DAI). DAI is the MENA region's premier globally-focused Seed and Series A micro-VC composed of experienced and passionate angel investors and partners in VC Funds, to executives of successful companies across the region.

This investment adds to another incredible year of exponential growth for App4Legal in its client portfolio, serving over 1400 respected organizations including Banks, Telcos, Airlines and a diverse range of law firms across all industries in 67+ countries.

App4Legal is a legal-tech software editor, providing a comprehensive legal practice management solution for all legal practitioners in any industry and available on both Cloud/Private SaaS & On-premises with modular features that answer the needs of the entire legal market of in-house legal teams and law firms. App4Legal legal practice management solution helps lawyers innovate and be more effective by digitizing their practice. App4Legal is a comprehensive legal practice management solution for law firms of all sizes, corporate in-house legal departments and governmental entities. App4Legal is labeled enterprise, multi-language, multi-currency and available on all platforms (Mobile, Web, Desktop) for on-Cloud, SaaS & on-Premises (on-server). (App4Legal 16.11)

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3.4. UAE's Quiqup Closes $5.5 Million Series B Funding Round

Quiqup has raised over $5.5 million in its latest Series B funding round, led by Delivery Hero and supported by strategic shareholders, Cedar Mundi, JOBI Capital and Transmed.

Launched in 2017, Dubai's Quiqup was established as a tech scale-up building a decentralized, AI-powered, last-mile logistics infrastructure to offer on-demand and same-day delivery services for retailers and restaurants of all sizes. The company witnessed a significant expansion in the UAE where a young and digital-savvy population is driving the exponential growth of the e-commerce sector - which is poised to triple in size from $8 to $28 billion over the coming three years according to Bain & Company, a yearly growth rate of more than 28%. Quiqup anticipates that consumers will maintain their new digital purchasing habits regardless of the long-term side effects of the pandemic.

The problem Quiqup is committed to solving is to offer quicker and more efficient delivery thanks to a network of professional couriers in constant motion. Quiqup also reported the continuous and rapid growth of its operations in the UAE. The company is currently working with more than 800 brands and the past quarters have seen favorable trends, accelerating the company's development and helping to double the size of its business in 2020. The company will use this capital to further expand its AI-driven logistics infrastructure that enables all businesses to offer best-in-class, fast delivery services to their customers. (Quiqup 24.11)

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3.5. Wuilt Raises $535,000 Seed Round to Expand in Saudi Arabia

Wuilt, a SaaS Arabic website builder where users can create their own professional websites in 5 minutes, has successfully raised a Seed funding round of $535,000. The investment round included the participation of DAAL VC, prominent angel investors in MENA, and follow-on funding from Flat6Labs Cairo.

Since its launch in 2019, Wuilt has been working to provide new and existing customers and businesses across the MENA region with easy-to-use and affordable options for launching and scaling their digital presence especially in the field of Arabic e-commerce. The company currently serves over 30,000 users in Egypt and Saudi Arabia.

Wuilt joined Flat6labs' Cairo accelerator in 2019 where they received huge support and ended the cycle by doubling their customer base. The new capital will be deployed to deepen its capabilities and expand its footprints in the Kingdom of Saudi Arabia, which comprises nearly 30% of its customer base. Cairo's Wuilt is a website builder that creates websites using just user-provided content. (Wuilt 17.11)

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3.6. ExpandCart Secures $2.5 Million Series A Funding for New E-Commerce Solutions

Cairo's ExpandCart, an eCommerce and retail platform in the Middle East, announced an investment of $2.5 million in a Series A round led by Sawari Ventures with the participation of Agility Ventures, Graphene Ventures and two angel investors. Trusted by more than 20,000 merchants in over 40 countries, ExpandCart provides comprehensive eCommerce solutions to enable merchants and retailers to build their online stores and expand their sales. ExpandCart's omnichannel selling solution includes a feature-rich and customizable platform for building online storefronts, an integrated cloud point-of-sale system for retailers, and a connected branded merchant mobile app. The investment comes as part of the company's strategic plan to focus on digital commerce solutions that target online and offline retailers and reduce the gap between suppliers and merchants in the Middle East.

ExpandCart has successfully expanded its operations across the GCC, Egypt, and North Africa, doubling numbers every year since it started gaining an excellent reputation and impressive traction. The company also developed partnerships and relationships strategic to its growth, including its partnership with Facebook, Google, PayPal, DHL, Boubyan Bank, among others. It proves that the company provides world-class solutions that attract thousands of merchants with impressive GMV motivating major strategic partners to work with them. (ExpandCart 22.11)

4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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4.1. Israel Presents Plan to Reduce Carbon Emissions by 2030

Israel's Ministry of Energy has presented a plan that sets a target of reducing carbon emissions by 7.5% by 2030. The ministry also recommended an interim goal of improved energy efficiency by 11% by 2025, compared to 2015 (which would work out to an average 1.2% improvement per year), and an 18% improvement in energy efficiency by 2030 compared to 2015.

Implementing these policy steps are expected to reduce consumption of some 6 million tons of greenhouse gas emissions, which account for about 7.5% of all greenhouse gas emissions [projected for] Israel in 2030. This is in addition to implementing the government's decision to transition to 0% renewable energy sources by 2030. The plan to cut Israel's carbon emissions also calls to stop sales of polluting cars starting in 2030 through the establishment of a viable infrastructure for electric vehicles. (Israel Hayom 17.11)

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4.2. Tender Published for Israel's Largest Solar Power Plant

On 19 November, Israel's Ministry of Finance, the Ministry of Energy, the Israel Land Authority and the Public Utilities Authority - Electricity published a tender for the construction of the largest solar power plant in Israel, near Dimona. The tender includes a requirement for integrating energy storage in batteries into the project. Some 27 consortia from various countries submitted applications in the pre-screening process, an unprecedented number, indicating the great interest that the project has aroused in Israel and globally. Before construction starts, the sand at the site will be excavated for use in building, transport and infrastructure projects.

The power plant, which will stretch over 750 acres, will produce electricity using photo-voltaic technology, with part of the power produced being stored. It is meant to help achieve the government's target of 30% of Israel's power needs being met from renewable sources by 2030. The Ministry of Energy fears, however, that the decision by the National Planning and Building Commission to give priority to erecting phot-voltaic solar panels in built-up areas will make it difficult to meet the target. Israel has no legislation mandating the installation of solar panels on new buildings, despite the large potential of such installations. (Globes 19.11)

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4.3. Israel's Ministry of the Environment Fines Chevron NIS 3.78 Million

The Ministry of Environmental Protection has imposed a fine of NIS 3.78 million on Noble Energy-Chevron for breach of the conditions of the permit for emissions into the sea by the Leviathan gas platform. The ministry said that the fine was imposed after enforcement procedures, including a hearing for the company's managers at the ministry's Marine Environment Protection Division.

Chevron said in response that it had received a notification form the Ministry of Environmental Protection and that it would respond after studying the matter in depth. The ministry said that inspections by the Marine Environment Protection Division found that within the few months of the Leviathan production platform beginning to operate in December 2019, Noble Energy (before it was bought by Chevron) breached several conditions of its permit for emissions into the sea. (Globes 15.11)

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4.4. Egypt to Build World's Largest Water Desalination Plant

On 8 November, Egyptian Minister of Water Resources and Irrigation Mohamed Abdel Ati signed a memorandum of understanding to develop cooperation with the Netherlands several fields, namely wastewater treatment, and is part of Egypt's efforts to expand and optimize sewage and agricultural wastewater treatment. On 31 October President al-Sisi announced the plan to inaugurate an agricultural wastewater desalination plant, the largest in the world, in the city of Bahr el-Baqar in Sharqiyah governorate, slated for June 2021. The project's cost is estimated at $1.15 billion and aims to treat 5.6 million cubic feet of water per day, and reclaim 473,256 acres in the northern and central Sinai Peninsula.

The Egyptian government is making every effort in a bid to confront the shortage of water resources and fill the current gap estimated at about 20 billion cubic feet of water annually, by establishing over 350 desalination plants. Egypt's water resources stand at about 60 billion cubic meters annually, including 55 billion cubic meters of the Nile water. Meanwhile, the country's water needs amount to about 80 billion cubic meters a year. The gap between water resources and needs is bridged by treating sewage and agricultural water with the aim of reusing it. Egypt is financing part of the Bahr el-Baqar water treatment plant project via a soft Kuwaiti loan of $82 million. (Al-Monitor 13.11)

5. ARAB STATE DEVELOPMENTS

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5.1. Lebanon's Inflation Rate Hit a Second Record High of 131% in September 2020

The Central Administration of Statistics (CAS) announced that Lebanon's monthly inflation rate surged from 11.4% and 17.5% in February and March 2020, respectively, to reach a dramatic surge in August and a record-high of 131% in September 2020. This surge is a result of the accelerating economic, financial and political crises, recording the highest inflation rate since the aftermath of the country's civil war. In fact, for more than 20 years, the fixed exchange rate helped Lebanon to maintain average annual inflation at about 3%, however, since the start of year 2020, Lebanon's currency depreciated sharply and made imports much more expensive. Lebanon's average inflation rate in the first nine months climbed to 66.13%, up from lows of 2.59% registered by September last year. Accordingly, all sub-components of Lebanon's consumer price index (CPI) increased over the studied period.

Specifically, the average costs of Housing and utilities, inclusive of water, electricity, gas and other fuels (grasping 28.4% of the CPI) added a yearly 5.09% by September 2020, such that Owner-occupied rental costs (13.6% of Housing and utilities) rose by 4.81% year-on-year (YOY) while the average prices of water, electricity, gas, and other fuels (11.8% of Housing & utilities) increased by 5.19% YOY. Moreover, average prices of Food and non-alcoholic beverages (20% of CPI) surged by 195.84% by September 2020. In fact, Lebanon's currency depreciation made imports more expensive, driving half of the population into poverty; struggling to provide their basic needs; as estimated by United Nations agency. In turn, the average prices of Transportation (13.1% of the CPI), Health (7.7% of the CPI) and Education (6.6% of CPI) all recorded upticks across the board, increasing by an annual 60.24%, 7.7% and 4.18%, respectively, over the period despite lower oil prices. Notably, the average costs of Clothing and Footwear (5.2% of CPI) surged by a substantial 562.05% by September 2020. Similarly, average prices of Furnishings and household equipment (3.8% of CPI) and Alcoholic beverages and tobacco (1.4% of CPI) increased by 293.79% and 234.63%, respectively, by September 2020. It is worth noting that the CAS disclosed in its latest statistics that many of the prices provided for March, April and May 2020 were missing, namely the following CPI components: Restaurant and hotels, Furnishings & household equipment, Clothing and footwear, as well as F&B. Therefore, the agency had to input its own figures to calculate the corresponding inflation rate for the period.

The Lebanese situation could further deteriorate and inflation rates move higher as political and financial crisis continue with no solution in sight, and in case BDL stops subsidizing the import of essential goods at the official exchange rate which will lead to elevating prices to higher levels. Therefore, several steps should be taken by the government to control inflation rate; Government should support the industry sector in Lebanon with a clear goal to import less and export more. By this act, the national currency will appreciate, and inflation rate will decrease. (CAS 12.11)

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5.2. UAE Revamps Foreign Ownership Rules for Commercial Companies

The UAE has overhauled its commercial company ownership laws, annulling the need for an Emirati shareholder for onshore companies and opening up a number of sectors to foreign investors. This is aimed at boosting the country's competitive advantage and attracting foreign capital to the Arab world's second largest economy. President Sheikh Khalifa issued wide ranging and significant changes to the 2015 commercial companies' law, amending 51 articles and introducing three new ones, the government said on 23 November.

Among the amendments is the abolition of a requirement for onshore companies to have a major UAE shareholder – a measure that reduces overhead costs, facilitates the ease of doing business for foreign investors and provides flexibility of operations for any business wishing to operate anywhere in the country. In addition to that, the provision mandating for a UAE national or a UAE owned company as an agent, has been annulled. A stipulation that requires a company chair to be an Emirati and the board of directors to be an Emirati majority has also been removed.

In parallel to these changes, local authorities retain the power to determine the level of participation by Emiratis in any company. Companies in strategically important sectors, including oil and gas exploration, utilities and transport, as well as state-owned entities, are exempt from the changes. The changes to the commercial companies' law supersede and cancel the foreign direct investment law - number (19) of 2018 - as these amendments cancelled the provision mandating a UAE national as an agent. As a result, companies can now be fully established by non-Emiratis of all nationalities. (National 23.11)

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5.3. UAE Central Bank Extends TESS Scheme to June 2021

The Central Bank of the UAE said on 16 November that it will extend the Dh50 billion Targeted Economic Support Scheme (TESS) until 30 June next year in an effort to continue supporting the economy. The scheme was launched in March to support the UAE's economy through the pandemic, offering zero-cost collateral funding to banks as a way of keeping lending flowing to the broader economy. It was part of an initial package of relief measures worth Dh100 billion that also involved relaxing banks' liquidity and capital requirements. The banking regulator will extend the duration of the Dh50 billion zero-cost loan element for an additional six months to help banks to continue managing their liquidity.

The central bank rolled out TESS in March as part of a Dh100 billion stimulus package to support companies and individuals affected by the economic fallout from COVID-19. The initiative also gave the banks more firepower to lend after the regulator loosened capital requirements. Further loosening of capital and liquidity buffers has since increased the size of this stimulus to Dh256 billion. The TESS scheme has benefited more than 310,000 retail customers, nearly 10,000 small and medium sized enterprises, and more than 1,500 private sector corporates, the central bank said. (National 16.11)

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5.4. Abu Dhabi Jumps 13 Places to Rank Among World's Top 10 Cities

Abu Dhabi jumped 13 places to significantly enhance its position from 20th to the 7th ranking in the prestigious "outlook index" of the Global Cities Report (GCR) released on Tuesday by management consulting firm Kearney. However, in the overall 2020 Global Cities Index ranking topped by New York, Dubai retained its 27th position, and is the only city in the Middle East to figure among the world's top 30.

The 10th edition of the GCR report includes the Global Cities Index (GCI) and the Global Cities Outlook (GCO). Together they provide a comprehensive analysis of global cities' current competitiveness and future prospects.

Cities like Abu Dhabi that saw a dramatic rise in their outlook performance mainly improved in the areas of innovation and economics, where long-term investments were beginning to show results. Along with the capital city, Dubai also topped the economics metric in infrastructure, thanks to their openness to the private sector and robust engagement in public–private partnerships.

While the marked advance of Middle Eastern cities was led by the strong emphasis on national transformation and economic diversification in Gulf countries, Chinese cities made significant improvements in personal well-being, innovation, and governance scores. Still, New York, London, Paris, and Tokyo retain their respective top four positions, highlighting the breadth of advantages needed to reach and maintain the highest levels of global status. (KT 17.11)

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5.5. Number of Expats Continues to Decrease in Oman

The number of expatriates working in Oman was down 17% by the end of October to about 1.44 million from almost 1.71 million during the same period of last year. This, as the Sultanate's labor ministry said that another 7,689 expatriates have requested permission for departure. The number of expat managers likewise decreased by 22.4% annually by the end of September, with the official count of National Center for Statistics and Information pegging at 29,687 compared with 37,603 non-Omani midlevel staff during the same period last year. (AN 22.11)

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5.6. Saudi Arabia's Economy Shrinks for a Fifth Straight Quarter

Saudi Arabia's economy contracted for a fifth straight quarter but the slump eased, according to estimates released on 10 November by the General Authority for Statistics. The GDP shrank 4.2% during the third quarter, still battered by oil market turmoil and the coronavirus pandemic, but less so than in the second quarter, when output contracted 7%.

Bloomberg Economics postulated that the flash estimate shows the economy rebounding in Q3/20 after a sharp contraction in the previous quarter. A breakdown by sector is absent, but the data are consistent with the non-oil economy operating at around 3% below the pre-virus peak — half the size of the Q2/20 gap. The remainder of the hole will be harder to close.

The IMF expects the Saudi economy to shrink 5.4% this year, among the mildest drops in the Gulf region. The budget shortfall is anticipated to widen the most since 2016 to about 12% of GDP, according to the Ministry of Finance. This is the first time Saudi Arabia has published growth estimates so quickly, as part of an effort "to provide more timely information on the Saudi economy to decision makers," the authority said. The Saudi Kingdom's outlook was revised to negative by Fitch Ratings — a decision that could lead to the lowest downgrade since the rating agency first assessed Saudi Arabia in 2004. (BE 10.11)

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5.7. Egypt's Unemployment Rate Returns to Pre-Pandemic Levels

Egypt's unemployment rate has returned to pre-pandemic levels in Q3/20, falling to 7.3% after the government eased lockdown restrictions in late June, according to figures from CAPMAS. Unemployment stood at 7.8% in the same quarter of last year and hit a near two-year high of 9.6% in Q2/20 as the COVID-19 pandemic weighed on business conditions.

Recent PMIs have painted a mixed picture of the job market. Companies continued to cut jobs in July and August following the lockdown, and following a brief respite in September as business conditions began to improve, unemployment accelerated in October despite rising output. Employment as measured by IHS Markit's PMI has now fallen for 12 consecutive months. (CAPMAS 16.11)

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5.8. Egypt's Suez Canal October Revenue Reaches $490 Million

Egypt's Suez Canal revenue rose to $490.2 million in October from $470.7 million in September, the government announced. The canal is the fastest shipping route between Europe and Asia and one of the Egyptian government's main sources of foreign currency. The canal authority's chairman said in October that a total of 14,019 ships passed through the Suez Canal between January and September 2020, 165 more vessels than in the same period last year. He said that the authority is pushing to reach 95 ships a day by 2023, as well as diversifying the sources of revenues via related activities, boosting productivity and reducing the costs by utilizing the latest technological techniques. Egypt has stressed in the past months that traffic through its vital shipping route has not been affected by the coronavirus pandemic and shipping is proceeding at normal rates. (Ahram Online 19.11)

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5.9. Morocco's House of Representatives Approves 2021 Finance Bill

Morocco's House of Representatives approved on 13 November the country's 2021 Finance Bill, the state budget for the next year. The proposed 2021 Finance Bill was supported by 59 members of the Parliament, while, 29 MPs voted against it. The House of Representatives' approval of the legal text pushes it closer to its confirmation.

The 2021 Finance Bill seeks to facilitate the creation of new jobs, social security coverage, and the reform of public establishments and enterprises, with the main objective being to revive the Moroccan economy after the COVID-19 crisis.

Morocco's 2021 Finance Bill will make this possible through a reinforced budget for public investments. The text allocates a budget of $25.19 billion for investments, including $4.93 billion for the King Mohammed VI Fund for Investment.

The second axis of Morocco's 2021 Finance Bill concerns the generalization of basic medical coverage over two years, 2021 and 2022. This section of the bill also follows royal directives. In his Throne Day speech, King Mohammed VI called for the generalization of various social security programs to cover all Moroccans in the next five years. The third axis of the 2021 Finance Bill relates to the reform of Morocco's public establishments and enterprises. The bill provides for the liquidation of public companies that do not provide an added value and the regrouping of establishments operating in similar fields. (MWN 14.11)

6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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6.1. Turkish Home Sales Fall by 16% in Blow to Key Sector of the Economy

Sales of homes in Turkey fell for the third-straight month in October as interest rate hikes hit demand for mortgages in an industry that drove economic growth over the past decade. House sales fell by an annual 16% to 119,574 units last month, the Turkish Statistical Institute said on 16 November. On a month-on-month basis, they dropped by 12%. Monthly sales have now slid by 48% since a July peak of 229,357 units. Purchases of homes via mortgage lending slumped by an annual 49% in October to 25,566 units, the institute said. Purchases with such loans had stood at 130,721 units in July.

Turkish President Erdoğan's government placed the construction industry at the center of an economic transformation in the country that saw economic growth outpace many of its emerging market peers over the past decade. The building boom, which has benefitted Erdoğan's closest business allies, slumped in 2016 when a currency crisis swept through financial markets. The sector has yet to recover, with many new homes still unsold. The number of houses sold for the first time slid by an annual 26% in October to 36,976 units, the statistics institute said.

Home sales in Turkey are dipping after the central bank almost doubled the average cost of funding for banks to around 14.5% last week from 7.5% in July to help defend the lira, which has dropped to successive record lows against the dollar. (Ahval 16.11)

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6.2. Cyprus, Israel, Greece Agree to Boost Military Cooperation

The defense ministers of Greece, Israel and Cyprus agreed on 12 November to increase military cooperation, which they said will keep their armed forces better prepared, help create more jobs and bolster security in a fraught region. Israeli Defense Minister Gantz said it was agreed during talks in Nicosia to "promote large-scale industry cooperation that will bolster our defense abilities and create thousands of jobs for all three economies."

The three countries have forged close ties amid regional tension in the Eastern Mediterranean over offshore gas exploitation rights, and are partners in a project to bring gas from fields in Israeli and potentially other nations' waters through an undersea pipeline to Europe's mainland. Greece's Nikolaos Panagiotopoulos said Greek, Israeli and Cypriot armed forces are working to operate together more effectively through joint training programs, intelligence sharing and cyber-security. Panagiotopoulos and Cyprus' Charalambos Petrides said the three countries are looking to expand their partnership to include other countries such as the U.S. whose presence in the eastern Mediterranean is of particular importance for regional stability.

Greece and Cyprus are embroiled in a dispute with Turkey which has sent gas prospecting vessels into waters claimed by Greece and drilling ships into an area where Cyprus claims exclusive rights. The tension brought NATO allies Greece and Turkey close to open conflict in the summer and autumn but has since subsided. (Various 12.11)

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6.3. Cyprus Passports-For-Cash Gone for Good

Cypriot Interior Minister Nouris told MPs on 16 November that there was not a chance of the government resurrecting the disgraced passport for investment scheme. He said the Cyprus Investment Programme has been terminated once and for all, there was no going back after the scandals it raised. Nouris was speaking before the parliamentary committee on financial and budgetary affairs, which discussed his ministry's 2021 budget of €571 million. He said that the ministry will continue to supervise those who have been granted passports and for this reason, existing regulations should not be abolished.

In total, over 6,000 passports have been issued since the scheme was fully launched in 2013 and scrapped on 1 November. Termination of the program, which generated over €7 billion, was based on the advice of the Attorney General. He said a process is already underway to revoke some citizenships that broke the rules following the suggestions of an investigative committee, while he did not rule out the possibility that more will follow.

Cyprus' Law Office is also preparing its reply to the European Commission which asked for clarifications concerning the controversial scheme. In October, the European Commission launched infringement procedures against Cyprus and Malta over their investor programs. These so-called “golden passport” schemes are seen as a gateway for corruption, money laundering, crime and tax evasion by the EU. Cyprus dropped its scheme after Al Jazeera revealed how prominent politicians were willing to enable wealthy individuals with criminal records to obtain European passports. (FM 16.11)

7. GENERAL NEWS AND INTEREST

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7.1. Historic NBA Draft Picks Israeli Players

Deni Avdija, the 19-year-old Israeli basketball phenomenon, was chosen by the Washington Wizards with the ninth overall pick of the NBA Draft on 18 November, the earliest an Israeli has been picked in league history. Avdija, a lanky 6-9 forward for Maccabi Tel Aviv in Israel’s top professional league, becomes the second player from the Jewish state enter in the first round. Omri Casspi, also a standout forward for Maccabi Tel Aviv, went 23rd to the Sacramento Kings in the 2009 draft and played 10 years in the NBA for several teams.

Avdija, a native of northern Israel who lives in Herzliya, holds dual Israeli and Serbian citizenship. His father, Zufer, a Muslim Serbian-Israeli citizen, played for his native Yugoslavia’s national basketball team as well as several Israeli pro teams in the 1990s. His mother, Sharon Artzi, is a Jewish Israeli and former track and field athlete.

Hapoel Tel Aviv point guard Yam Madar also made it into the NBA as the Boston Celtics' 47th and final pick of the 2020 NBA draft. The 6-foot-3 Madar, who has yet to turn 20, is a 6'3 Hapoel Tel Aviv floor general known for his passing. He most recently won the 2019-20 Most Improved Player Award. (JTA 18.11)

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7.2. Women & Opposition Lose Seats in Jordanian Election

Women and some opposition politicians lost out in Jordan’s recent parliamentary elections, according to results announced by the electoral commission. The election for the 130-seat parliament – 15 of which are reserved for women – was marked by low turnout and overshadowed by the novel coronavirus pandemic, which has dealt a heavy blow to the Arab country’s already debt-ridden economy and its key tourism industry. Only the requisite 15 women were elected, down from 20 in the outgoing parliament. Of the 1,674 candidates running, only 360 were women.

More than 4.5 million Jordanians were eligible to vote in 23 constituencies. But only 1.38 million people, or 29.9%, voted – down from 36% turnout in 2016.

Parliament has limited authority in Jordan, where the king has wide powers to rule by decree, but it has provided a platform for the opposition when it has not boycotted elections. The Islamic Action Front, the political arm of the Muslim Brotherhood and largest opposition faction, took eight seats, half the number it held in the previous parliament. A hundred newcomers will join the new parliament, including approximately 20 retired senior military officers, though the house remains dominated by businessmen and representatives of powerful tribes.

The election went ahead despite a rise in novel coronavirus cases in the kingdom, but measures were imposed to combat the virus’s spread during polling, including mandatory mask-wearing and social distancing. A curfew was put in place after the poll aimed at reducing celebratory gatherings that could spread the virus. But images on social media showed rallies were held in various parts of the country in honor of victorious candidates. King Abdullah II took to Twitter to say the celebrations flouting the curfew and other such activities after the announcement of the initial election results were a “clear violation” of the law. (Various 12.11)

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7.3. Jordan’s Interior Minister Steps Down After Elections Breached Coronavirus Lockdown

Jordan’s interior minister resigned on 12 November after a public outcry at gatherings and troubles in the aftermath of parliamentary elections that breached a five-day national lockdown aimed at curbing a surge in COVID-19 cases. Interior Minister Tawfiq al Halalmah said he took “moral” responsibility for the unruly events that followed announcements of the results of parliamentary elections, where most candidates appeal to voters along mostly tribal and family loyalty lines.

The government had announced this month it planned the first such lengthy lockdown since easing measures last summer, to ensure the polls for a new four-year assembly would not lead to a spike in an already alarming surge in cases.

Jordan which has now become one of the region’s most heavily hit countries, posted 5,685 new daily infections and 80 deaths on 12 November, bringing its total to 132,086 cases and 1,547 deaths since the pandemic surfaced in March. The resignation of the interior minister came shortly after King Abdullah in a tweet expressed his indignation at the scenes widely circulating on social media which he said endangered the lives of Jordanians as they struggle to curb the pandemic.

Prime Minister Bisher al Khasawneh’s government sent heavy police reinforcements to areas where trouble had broken out to enforce emergency laws. Police officials said scores were arrested, among them candidates who stood in the elections. (AFP 13.11)

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7.4. Jordan Changes Saturday to an Official Working Day

Saturdays will become an official working day for all labor directorates and offices in Jordan in order to provide services for issuing work permits until 31 December, Minister of Labor and Minister of Investment, Al Qatamin announced. This decision was taken in order to speed up the completion of all transactions, save time and effort, avoid overcrowding and apply the preventative health measures stipulated by the Ministry of Health to limit the spread of COVID-19 effectively. Al Qatamin affirmed that the ministry aims to enhance communication with everyone and provide the best services.

The minister’s decision stressed the need for employees and visitors of labor directorates and offices in all governorates to preserve and abide by the health measures to ensure public safety. (Various 18.11)

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7.5. Bahrain Names Crown Prince as new Prime Minister

Bahrain’s King Hamad bin Isa al-Khalifa named Crown Prince Salman bin Hamad al-Khalifa as the new prime minister, by a royal decree. The decree took effect immediately. Bahrain's late Prime Minister Sheikh bin Khalifa bin Salman al-Khalifa died earlier on 11 November at the Mayo Clinic in the US.

Prince Khalifa, the world's longest serving prime minister, died at the age of 84. He was born in November 1935. The late prime minister assumed his post in 1970, just a year before Bahrain’s independence in 1971. He had previously been the head of Bahrain’s State Council and the head of the Supreme Defense Council. (Al Arabiya 11.11)

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7.6. Greece & UAE Sign Political & Defense Agreements

The United Arab Emirates (UAE) welcomed Greek Prime Minister Mitsotakis for an official visit on 18 November. The two states signed a foreign policy and defense agreement as their mutual tensions with Turkey in the Mediterranean Sea continue. UAE Crown Prince Mohammed bin Zayed Al Nahyan met with Mitsotakis, where they established a partnership on political, economic and cultural cooperation. Neither countries' Foreign Ministry has released details on what exactly was in the agreement. The two leaders discussed terrorism and Turkey's actions in the region at the meeting.

Greece is an important European ally for the UAE. Lately, their interests have converged on the issue of Turkey's foreign policy in the region. In Libya, the UAE backs the Libyan National Army against Turkey's ally, the Government of National Accord. In the Eastern Mediterranean, Turkey is currently conducting energy drilling in what Greece and Cyprus say are their territorial waters.

In May, Greece, the UAE, Cyprus, Egypt and France issued a joint statement condemning Turkey's energy exploration in the Eastern Mediterranean. Turkey responded by calling the countries an "alliance of evil." Greece has also grown closer to Egypt over its row with Turkey. Egypt is an ally of the UAE in the Gulf diplomatic crisis with Qatar and in Libya. Egyptian President al-Sisi visited Greece recently to discuss the Mediterranean. (Al-Monitor 18.11)

8. ISRAEL LIFE SCIENCE NEWS

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8.1. Canonic Receives Approval for Cultivation of Medical Cannabis in Israel

Canonic announced receiving an IMC-GAP approval from the Israel Medical Cannabis Agency for the commercial operation of its propagation farm. This approval will allow Canonic to proceed with the execution of its commercialization plan of medical cannabis products. Canonic's propagation farm, which was established during 2020 and is now fully operational, is designed for the propagation of cannabis seedlings from its R&D greenhouses. These seedlings are expected to be further cultivated by third-party certified medical cannabis growers. The company intends to establish a value chain from genomics to the end-product, with certain parts of the value chain outsourced to sub-contractors. The company intends to deliver its first batch of seedlings to such cultivation farms during 2021.

Canonic is currently in contact with a number of industry companies, in Israel and outside of Israel, in order to establish its sub-contracting cultivation capacity. As previously announced, Canonic intends to reach initial sales in Israel in 2022.

Rehovot's Canonic is a wholly owned subsidiary of Evogene, developing medical Cannabis products through a Computational Predictive Biology (CPB) platform. The company's products in development are aimed at improving active compounds yield, genetic stability and Cannabis varieties for specific medical indications. Canonic has exclusive access to Evogene's genomic assets and technology for the development of medical Cannabis products.

Rehovot's Evogene is a leading computational biology company focused on revolutionizing product discovery and development in multiple life-science based industries, including human health and agriculture, through the use of its broadly applicable Computational Predictive Biology (CPB) platform. The CPB platform, incorporating a deep understanding of biology leveraged through the power of Big Data and Artificial Intelligence, has been designed to computationally discover and uniquely guide the development of life-science products based on microbes, small molecules and genetic elements. (Canonic 11.11)

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8.2. Major Teaching Hospital in Massachusetts Acquires XACT ACE Robotic System

Hingham, Massachusetts' Lahey Hospital & Medical Center has acquired the XACT ACE Robotic System, for use in its leading Interventional Radiology service. ACE is the world's first hands-free robotic technology combining advanced image-based procedure planning and navigation with robotic instrument insertion and steering capabilities enabling radiologists to deliver site-specific percutaneous solutions with accuracy, consistency, and efficiency. This benefits patients by enabling physicians to precisely target organs deep inside the body or facilitating the treatment of a disease in a location that is challenging to access.

The XACT ACE Robotic system is designed to be compatible with a broad range of imaging modalities capable of delivering various medical instruments to a desired target. Its small footprint and high mobility features enable health care providers to efficiently treat a broad range of patient care needs in multiple areas of the body.

Founded in 2013, Caesarea's XACT Robotics is advancing the field of radiology, pioneering the first hands-free robotic system combining image-based planning and navigation with instrument insertion and steering capabilities, to democratize percutaneous radiology procedures. (XACT Robotics 12.11)

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8.3. Virusight Diagnostic's Instant COVID-19 Screening Solution Shows High Correlation

Virusight Diagnostic's solution has demonstrated a very high correlation to PCR while testing 130 non-labeled samples out of a total 330 samples. Pre-clinical testing was performed by Microbiology and Molecular departments at leading hospitals in area of Madrid, Castilla-La Mancha and Castilla -León regions and included hundreds of real swab samples of COVID-19 infected and non-infected patients, taken before PCR.

Virusight's instant screening solution is based on licensing of Newsight Imaging's SpectraLIT – a game changing spectral device, together with a special AI software. The device is capable of checking a swab's UTM liquid, or mouthwash, in only one second, using an absorbance spectrographic method. The company has signed an agreement with Lambra, which specializes in marketing medical products in Spain.

Ramat Gan's Virusight is an AI software company that uses unique spectral acquisition and analysis technology for pathogenic diagnosis. The company is developing revolutionary rapid COVID-19 tests based on Newsight Imaging's spectral technology while using a non-invasive oral rinse. The technology allows for an immediate, affordable, and portable solution, which will be able to identify other viruses in the near future. The company is a result of mutual collaboration between Newsight Imaging and ARC at Israel's Sheba Medical Center. (Virusight 12.11)

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8.4. Lumenis Launches Digital Duet, the First Digital SLT-YAG Platform

Lumenis announced the launch of the revolutionary new Digital Duet, the first digital SLT-YAG system on the market. The Digital Duet takes gold-standard laser glaucoma treatment and posterior capsulotomy to the next level with the introduction of advanced digital and connectivity capabilities, completely redefining the platform as a comprehensive solution for digital imaging, treatment and practice efficiency.

The new Digital Duet streamlines workflow in the ophthalmology practice. Doctors can seamlessly generate reports and save data, images and video to the practice network and the electronic medical record, with no need for additional documentation or laser logs. The system facilitates quick, transparent communication with referring doctors, allowing practices to easily share reports and treatment documentation with the patient's primary doctor. Using the Digital Duet, physicians can capture digital images and video before, during and after treatment to improve diagnosis and documentation. Digital imaging also enriches education, whether a physician is showing pathology to patients or using the system's live viewing capabilities to have multiple students watch procedures in real time.

For practices that treat retinal conditions, Lumenis also offers the unique Digital Trio configuration. This ideal all-in-one solution includes an integrated state-of-the-art Smart532 photo-coagular with SmartPulse subthreshold capabilities to ensure higher efficacy with less collateral damage.

Yokneam's Lumenis is a global leader in the field of minimally invasive clinical solutions for the Surgical, Ophthalmology, and Aesthetic markets, and is a world-renowned expert in developing and commercializing innovative energy-based technologies, including Laser, Intense Pulsed Light (IPL) and Radio-Frequency (RF). For over 50 years, Lumenis' groundbreaking products have redefined medical treatments and have set numerous technological and clinical gold standards. (Lumenis 12.11)

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8.5. Google Chooses MilkStrip for Accelerator

MilkStrip was selected to join Google for Startups Accelerator: Europe, a three-month program designed to boost European and Israeli startups' business growth. MilkStrip was chosen as one of the nine participants and the first-ever biotech startup focused on breast milk. Leveraging Google products and its world-class team of engineers and experts, the program starts this month and aims to amplify business growth for the company across the baby-tech industry.

To address the uncertainty parents face when feeding their babies, MilkStrip is harnessing biotechnology to help parents make informed wellness decisions for their babies. The company recently launched two revolutionary breast milk diagnostic kits: the Vitamin C Breastmilk Rapid Test and the Expiration Breastmilk Rapid Test. The first-to-market, patented diagnostic kits and corresponding app evaluate the nutritional profile and shelf life of breast milk in three minutes.

Yavne's MilkStrip by DiagnoseStick is the first biotech and wellness company in the baby-tech industry to provide breast milk diagnostic kits that deliver real-time results at home, without the need and long delay of lab work. MilkStrip, the app, can be downloaded on the App Store for iOS devices, or Google Play for Android. (MilkStrip 16.11)

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8.6. Zebra Medical Vision & Clalit to Deploy Imaging AI in a Large Scale Enterprise

Shefayim's Zebra Medical Vision partnered with Clalit Health Services, the largest mandated health service organization in Israel, to become the first in the world to bring cloud-based imaging AI to a large scale HMO. This joint collaboration promotes both sides' vision of using AI to bridge between data, radiologists, and referring physicians, optimizing patient care, higher workflow efficiency and cost reduction.

With 4.5 million insured members covering over 60% of the Israeli population, Clalit is the largest provider of public and semi-private health service in Israel and the second largest HMO globally. Over the past six years, Clalit and Zebra-Med have established commercial and data-sharing collaboration, ultimately resulting in Clalit spearheading the global adoption of artificial intelligence in medical imaging, as a means for driving innovation.

Zebra-Med and Clalit's extensive work over the past 6 years has led to significant milestones: The organizations jointly announced a software algorithm which uses existing CT data to identify candidates for bone density screening, allowing earlier identification of patients at higher risk of Osteoporotic fractures. Later on, the partners worked to implement Zebra-Med's Coronary Calcium Scoring algorithm. The algorithm, capable of automatically calculating a patient's Agatston equivalent coronary calcium score from non ECG gated CT scan, provides physicians with important data used in the assessment of the risk for coronary artery disease.

Zebra Medical Vision's imaging analytics platform allows healthcare institutions to identify patients at risk of disease and offer improved, preventative treatment pathways, to improve patient care. Zebra Medical Vision has raised $52 million in funding to date, and was named a Fast Company Top-5 AI and Machine Learning company. Zebra-Med leads the way in AI FDA cleared products. (Zebra Medical Vision 16.11)

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8.7. Philoseed & NRGene Collaborate to Create Varieties Resistant to Tomato Virus

NRGene and Philoseed announces their collaboration for DNA marker based ToBRFV trait integration using NRGene's genomic technology. The identified tomato resistance source for ToBRFV by Philoseed (patent filed) will be mapped using ultra density genetic map. A set of DNA markers covering the entire tomato genome will then be used to introduce the ToBRFV trait efficiently into Philoseed's diverse tomato varieties while minimizing introgression of additional genetic components from the TBRFV resistant tomato donor. NRGene's genomics, coupled with Philoseed's breeding qualities, will accelerate the breeding process for ToBRFV resistance and the release of new commercial varieties is expected during 2022. Resistant tomato lines and the DNA marker sets will be available commercially to all tomato seed companies for fast trait integration.

Tobamoviruses are a genus of plant viruses that constitute a significant threat to vegetable and ornamental crops around the world. The new Tobamovirus strain, first found in Jordan and Israel around 2014-2015 was designated, the Tomato brown rugose fruit virus (ToBRFV). Tomato plants infected with ToBRFV yield fruits of extremely poor quality and low commercial value. The ToBRFV is easily transmitted by mechanical means, which facilitates its rapid spread, and makes it difficult to control. Transmission of the ToBRFV is also likely to occur through infected seeds and therefore seed shipment from infected countries is heavily affected.

Ness Ziona's NRGene's advanced multi-purpose breeding platform is an AI cloud-based solution for managing the full genomic diversity of species. It can analyze unlimited volumes of genomic data, enabling scientists and breeders to easily relate genomic sequences with beneficial traits, making genomic selection and trait mapping much more productive. Data use is accelerated, making breeding both faster and more cost effective.

Moshav Hatsav's Philoseed is a tomato breeding company with vast experience in tomato seeds and produce marketing and was established by a group of senior experts from Israel's leading seed companies. Philoseed integrates tomato seed state-of-the-art know-how in breeding, agro-technology, and production. The company's goal is to lead the global seed industry in the breeding of novel superior tomato varieties. (NRGene 16.11)

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8.8. GemmaCert Releases New Water Activity Analysis for Cannabis

GemmaCert announced the release of a new Water Activity Analysis tool for predicting mold and microbial growth, oxidation, premature THC decarboxylation, and determining safety for storage and transport to ensure quality and profitability. Water activity features as part of cannabis regulations in legalized markets, yet recent studies have shown an 80% failure rate in mold testing in dispensaries. By depending on late-stage, pass/fail testing, cannabis businesses risk lost crops and profits.

With the new Water Activity Analysis feature, GemmaCert users worldwide can determine if their product is safe for transport and storage. GemmaCert is the only solution on the market capable of real-time water activity analysis of whole flowers, which is essential for accurate results. Other solutions require sample preparation before analysis, such as by grinding, which leads to water loss and misrepresentation of actual water activity levels.

Ra'anana's GemmaCert was founded in 2015 in collaboration with the Hebrew University of Jerusalem. GemmaCert devices are carefully hand-assembled and tested in Israel before shipped worldwide. Devices are TÜV Rheinland certified, CE compliant, conform with European and German Pharmacopeia, and meet necessary privacy and data security requirements. R&D is conducted at the company's ISO 17025 certified laboratory dedicated to cannabis diagnostics under license by the Israel Ministry of Health. (GemmaCert 17.11)

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8.9. Neusoft Education and Celeno Partner to Create Remote Healthcare Solutions

Celeno Communications and Neusoft Education (Neuedu), which is committed to become a leading IT and Healthcare Technology service provider in China, are joining forces to develop advanced Wi-Fi based radar sensors in order to detect and pre-empt abnormal situations or deteriorating health conditions of people under remote healthcare supervision at home or seniors living by themselves in the community. The technology could also provide peace of mind to family members as part of smart health devices for consumers. The technology is destined to enable sensor devices in residential homes to enable monitoring without wearables or cameras and without invading privacy.

Celeno's Wi-Fi Doppler Imaging technology, a breakthrough technology in event recognition and analytics, leverages on its Wi-Fi silicon hardware to generate high resolution Doppler Radar Images to track objects and depict their behavior. It detects and tracks the movement and location of people, pets, and objects. This non-invasive technology which could be part of the standard Wi-Fi network, or alternatively be deployed as dedicated low-cost sensors - achieves these insights without the need for any wearable devices and without using cameras thus compromise privacy. This Imaging technology combined with the right AI classification tools could classify motions and postures such as walking, falling, sitting down, waking up, etc. It could also detect breathing, hand gestures and sense the presence of objects. This data could be valuable to assess the day to day health conditions and vitality level of family members.

Ra'anana's Celeno offers advanced Wi-Fi chipsets, edge software and cloud technology to deliver smart, innovative Wi-Fi connectivity and Wi-Fi Doppler Imaging technology into the realm of high-performance home networks, smart buildings, enterprise and industrial solutions. Celeno's field-proven chips and software technologies have been successfully integrated into numerous OEM Wi-Fi devices and have been deployed in tens of millions of homes around the world. (Celeno 17.11)

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8.10. Sofwave Receives CE Mark for its Revolutionary Skin Tightening Device

Sofwave Medical has secured a CE Mark (Conformité Européenne) for its next-generation Sofwave system which was approved for use for the treatment of fine lines and wrinkles in the EU. Sofwave's state-of-the-art Synchronous Ultrasound Parallel Beam technology SUPERB addresses the growing demand for non-invasive treatments that deliver improvement in skin laxity which results noticeable wrinkle reduction. The device's seven cooled transducers are directly coupled to the epidermis, creating a unique 3D array of volumetric thermal zones that deliver continuous parallel energy simultaneously, resulting in significant collagen remodeling in the mid-dermis. A single Sofwave treatment improves skin laxity by reducing facial and neck wrinkles in a fast 30 to 45minute non-invasive treatment without any downtime or post-treatment discomfort.

In addition to the CE Mark, the Company also received regulatory approval from the Medical Device Division of the Israeli Ministry of Health (AMAR). This clearance will allow the Company to launch its commercialization efforts in Israel and has placed its first unit with the Department of Reconstructive and Aesthetic Surgery at the Tel Aviv Sourasky Medical Center.

Yokneam's Sofwave Medical has implemented an innovative approach to wrinkle reduction using proprietary breakthrough technology. Synchronous Ultrasound Parallel Beam technology is FDA-cleared to improve facial lines and wrinkles, providing physicians with smart yet simple, effective and safe aesthetic solutions for their patients. In addition, the device has been approved by the Medical Device Division of the Israeli Ministry of Health (AMAR). (Sofwave 16.11)

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8.11. Digestix Bioscience to Treat Precancerous & Early Stage Neoplastic Local Tumors

Cannabics Pharmaceuticals has established a subsidiary, Digestix Bioscience, dedicated to the development of medical devices and pharmaceutical compositions for the treatment of precancerous and early stage neoplastic local tumors. The new company's initial focus is in developing a medical device and a pharmaceutical composition with inhibitory effects for preventing recurrence of certain adenomatous colorectal polyps. Adenomatous colorectal polyps are found in approximately 25-30% of colonoscopies performed on men and women over the age of 50, and according to iData Research, approximately 19 million colonoscopies are performed in the US annually.

Cannabics Pharmaceuticals is a U.S. public company and a global leader in the development of cancer related cannabinoid-based therapeutic formulations and medicines. The Company's R&D is based in Tel Aviv, Israel, where it is licensed by the Ministry of Health to conduct scientific and clinical research on cannabinoid formulations and cancer. (Cannabics 16.11)

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8.12. ChickP Launches Non-GMO Chickpea Starch

ChickP Protein launched next-gen native starch developed from chickpea for food and beverage applications. It is non-GMO and a co-product of ChickP protein process using a proprietary technology. This launch follows the successful introduction last year of a line of innovative chickpea isolates specifically designed for plant-based dairy alternative products. The new native chickpea starch eliminates food waste during processing and ensures a sustainable, clean ingredient. It has a uniquely high amylose to amylopectin ratio, with neutral taste and no aroma.

Due to its narrow granules size distribution compared to pea and potato starches, ChickP Native Starch provides better gelling and thickening properties. As a result, it can be used as a thickening/binding agent in a variety of food applications, including soups, sauces, confectionery, dairy, baked goods, desserts, meat, plant-based meat analogs and many more applications. ChickP Native Starch also is an excellent raw material for production of extruded snack products and can be deployed as an anti-caking agent for powdered blends, such as instant soups, spices, premixes, etc.

Rehovot's ChickP was founded in 2016 on the basis of a patented technology developed after 20 years of research conducted at the Robert H. Smith Faculty of Agricultural, Food, and Environment, The Hebrew University of Jerusalem. Yissum, the technology transfer company of the Hebrew University, invested in the process via the Agrinnovation Fund, and supported the establishment of ChickP in 2016 as part of its activities. In 2019, Growthwell Group, a Singapore based alternative protein manufacturer, invested in ChickP after receiving backing from the city state's sovereign wealth fund, Temasek. The company manufactures its product line and started commercial operations producing several types of chickpea isolates. (ChickP Protein 16.11)

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8.13. First-Time Human Study Shows Reversal in Biology of Aging with HBOT

Tel Aviv University and The Sagol Center for Hyperbaric Medicine and Research at Shamir Medical Center announced on 18 November that, for the first time in humans, two key biological hallmarks of aging, telomere length shortening and accumulation of senescent cells, can be reversed, according to a new study.

Using a specific protocol of hyperbaric oxygen therapy (HBOT), telomere length was significantly increased and senescent cells were reduced in a population of healthy aging subjects. The study, part of a comprehensive research program targeting aging as a reversible disease, is to be published in the peer-review journal Aging. The biological deterioration of aging is cited as a major risk factor for cancer, cardiovascular diseases, diabetes, dementia and Alzheimer's disease.

The prospective clinical trial, part of a comprehensive aging research program taking place in Israel, is the first study to evaluate whether HBOT can affect telomere length and senescence using a specific HBOT protocol. The trial included 35 healthy independent adults aged 64 and older who did not undergo any lifestyle, diet or medication adjustments. Each patient received 60 daily HBOT sessions over the course of 90 days. Whole blood samples were collected prior to treatment, at the 30th and 60th session, and one to two weeks following the last HBOT session, to assess peripheral blood mononuclear cells (PMBCs) telomere length and senescence.

Aviv Scientific has developed a comprehensive program that includes HBOT treatment, cognitive and physical training and nutritional coaching, to enhance brain and body performance of aging adults based on the Sagol HBOT protocol at Aviv Clinics. (Sagol Center 18.11)

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8.14. Aleph Farms Unveils Prototype of First Commercial Cultivated Steak Product

Aleph Farms is heading towards the transfer of its commercial product – thin-cut beef steaks – into proprietary platform suitable for mass cultivation. The quality steaks, grown directly from non-GMO cells of a living cow, boast nutritional, culinary and sensory attributes of meat in terms of texture, flavor and aroma. The company has developed five proprietary modules for its unique mass production platform, set to bring the product to cost parity with conventional meat at scale.

The company beefed-up its proof-of-concept released in 2018, increased the size of its slaughter-free product, and adapted it to fit controlled, automated bioprocesses to ensure economic viability in large-scale production. The move marks a major leap in Aleph Farms' goal of making cultivated meat widely available in the global community. The company is currently transitioning its commercial products to pilot plant (BioFarm™). The pilot launch is planned for the end of 2022.

Aleph Farms' unique platform for cultivating steaks effectively mirrors the natural process of tissue regeneration processes that occur in the animal's body, but outside of it and under controlled conditions. The process is designed to use a fraction of the resources required for raising an entire animal for meat, and without antibiotics. Aleph Farms has designed patented tissue cultivators to facilitate the biological process occurring in vivo, providing the warmth and basic animal-free elements needed to build tissue in nature. This includes water, proteins, carbohydrates, fats, vitamins, and minerals.

Rehovot's Aleph Farms is a food company that paves a new way forward as a leader of the global sustainable food ecosystem, working passionately to grow delicious, beef steaks from non-genetically engineered cells, isolated from a living cow – using a fraction of the resources required for raising an entire animal for meat, and without antibiotics. Aleph Farms was co-founded with The Kitchen Hub of the Strauss Group and with the Technion - Israel Institute of Technology. (Aleph Farms 18.11)

9. ISRAEL PRODUCT & TECHNOLOGY NEWS

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9.1. SimilarWeb Launches Next Generation of Digital Marketing & Research Solutions

SimilarWeb announced the next generation of SimilarWeb's Digital Marketing Intelligence and Research Intelligence solutions, built to empower decision-makers to improve digital strategy and execution at every level of the organization. SimilarWeb introduced dedicated solutions for marketers and researchers early last year, and with today's product updates, is transforming the entire process of surfacing digital insights with a use-case-first model.

New capabilities & benefits include Proactive and actionable toolkits to integrate into users' workflows, offering greater value extraction, use-case-first modules to surface better discoverability of features and enable faster onboarding and adoption of SimilarWeb throughout an organization and intuitive UI to deliver instant insights by answering business questions in just a few clicks

As the most trusted platform for understanding online behavior, millions of people rely on Tel Aviv's SimilarWeb insights daily as the ground truth for their knowledge of the digital world. We empower anyone — from the curious individual to the enterprise business leader — to make smarter decisions by understanding why things happen across the digital ecosystem. (SimilarWeb 11.11)

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9.2. Banco De Comercio Selects Paygilant's Digital Fraud Prevention Solution

According to its recent transformation towards digitalization, Banco de Comercio has selected Paygilant to bolster its newly established digital channel. This alliance ensures the bank's customers a fast, accessible, and secure digital and mobile banking services.

Banco de Comercio chose the Paygilant solution because it provides a robust mobile fraud prevention, without impacting the user's experience. Paygilant's solution is designed for digital banks that require fraud prevention, without compromising the user's experience. Paygilant enables financial institutions like Banco de Comercio to attain customers' trust, accelerate growth and prevent money loss.

Ramat Gan's Paygilant is a revolutionary frictionless digital banking and payments anti-fraud company. Its solution is designed to eliminate the trade-off between strong fraud prevention, frictionless authentication, and user privacy. (Paygilant 11.11)

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9.3. REE Partners with Iochpe-Maxion to Develop Designs for its Modular EV Platform

REE Automotive (REE) and Brazil's Iochpe-Maxion, a multi-billion dollar global leader in the production of automotive wheels and a leading producer of automotive structural components in the Americas, announced a partnership to co-develop and manufacture an exclusive wheel design and chassis solution for REE's corner modules and electric vehicle platform.

The revolutionary REEcorner integrates all drivetrain, powertrain, suspension and steering components into the arch of the wheel, enabling the REEboard, a completely flat and modular electric chassis. The REE platform provides customers full design freedom to create the broadest range of EV and autonomous vehicles. By incorporating Maxion's vast wheel and chassis design and advanced materials experience into the system integration process, REE's electric vehicle platform will weigh less and have more free space for alternative propulsion sources.

Tel Aviv's REE Automotive is an electric platform leader reinventing e-mobility. Unrestricted by legacy thinking, REE has developed the next generation EV platform, which is completely flat, scalable and modular providing customers full design freedom to create the broadest range of EV, and Autonomous vehicles for current and future applications, including last mile delivery, MaaS, light to medium duty EV logistics and robo taxis. The REEcorner integrates all traditional drive components (steering, braking, suspension and e-motor) into the arch of the wheel and thus carrying the REEboard which is a completely flat and modular electric platform. (REE Automotive 11.11)

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9.4. VisIC & AB Mikroelektronik Collaborate on Electric Drive System Battery

VisIC Technologies announced its collaboration with Austria's AB Mikroelektronik, a major player in automotive battery disconnect switches to develop a D³GaN based high voltage solid-state battery disconnect switch with Fast Short Circuit Detection (FSCD) for future e-mobility to fulfill the functional safety requirements.

The collaboration with AB Mikroelektronik in the field of high voltage battery disconnect switches will benefit from the D³GaN capability of fast switching in safety-critical applications. In the event of a short circuit in the high voltage bordnet, it is mandatory to detect and disconnect the battery as fast as possible. This requires a very fast power switch and manage the short current until the short circuit is detected and disconnected. The combination of VisIC D³GaN power switches with extremely low switching times and the VisIC's FSCD patented circuit meets the requirements to realize a reliable high voltage, high current battery disconnect switch, and to support the functional safety implementation in HV battery disconnect application.

Ness Ziona's VisIC Technologies is a world leader in GaN electronics for xEV applications, focused on high-power automotive solutions. Its efficient and scalable products are based on deep technological knowledge of gallium-nitride and decades of experience. VisIC is committed to providing a step function improvement in terms of size and cost of energy conversion systems and is dedicated to high-quality customer support at all development phases. VisIC offers high power transistor products based upon compound semiconductor Gallium Nitride (GaN) material aiming to provide products for cost-effective and high-performance automotive inverter systems. (VisIC Technologies 16.11)

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9.5. Egis & Cylus Launch a Center of Excellence for Rail Cybersecurity Services

France's Egis Group and Cylus announced that they are joining forces to form a Center of Excellence for advanced, rail-focused, cybersecurity services. The Center of Excellence will support rail companies around the world in building cyber resiliency and securing critical networks. Egis and Cylus bring their combined expertise in offering end-to-end cybersecurity services, encompassing all aspects of the rail operational network's life-cycle. Designed by the world's foremost experts, based on methodologies, technologies, and standards (IEC 62443), the Center of Excellence delivers a wide array of advanced security solutions and services to customers worldwide. From development of strategy, through identification of cyber risks, to detection and response to incidents, railway companies will be supported in all aspects of cybersecurity.

Tel Aviv's Cylus leads rail transport towards a cyber-safe future by protecting railway systems against cyber threats. With a 100% focus on rail-cybersecurity, Cylus is the first software company to address the railway industry's unique, complex and divergent needs. Cylus rail cybersecurity solutions are trusted by top-tier railway companies globally and the rail ecosystem as a whole. (Cylus, Egis 13.11)

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9.6. iValue & Safe-T Team to Keep Organizations Safe with Zero Trust

Safe-T Group and iValue InfoSolutions, India’s premium technology aggregator, announced the teaming up of Safe-T Group’s wholly-owned subsidiary, Safe-T Data A.R and iValue. Security is of optimal importance now more than ever, and iValue, which has consistently stayed ahead by partnering with the right mix of popular and niche technology providers, has once again come to the aid of organizations by bringing forth Safe-T’s Zero Trust Network Access (ZTNA) solutions. iValue’s customers across India benefit from this security solution that mitigates attacks on enterprises’ business-critical services and sensitive data, while ensuring uninterrupted business continuity.

Safe-T enables digital business on-premises and in the cloud by allowing access to applications, services and networks only after assessing trust. Safe-T's cloud and on-premises solutions ensure that organization's access use cases, whether into the organization or from the organization out to the internet, are secured according to the 'validate first, access later' philosophy of Zero Trust. Safe-T's wide range of access solutions reduce organizations' attack surface and improve their ability to defend against modern cyber threats. Using Safe-T's ZoneZero™ Perimeter Access, ZoneZero™ SDP, ZoneZero™ VPN, ZoneZero™ MFA, Secure File Access (SFA) and Secure Data Access (SDA), organizations can now provide to company resources complete zero trust access for remote employees, partners, applications, IoT devices and more, regardless of their location.

Herzliya's Safe-T Group is a provider of Zero Trust Access solutions which mitigate attacks on enterprises' business-critical services and sensitive data, while ensuring uninterrupted business continuity. Safe-T's cloud and on-premises solutions ensure that an organization's access use cases, whether into the organization or from the organization out to the internet, are secured according to the "validate first, access later" philosophy of Zero Trust. This means that no one is trusted by default from inside or outside the network, and verification is required from everyone trying to gain access to resources on the network or in the cloud. (Safe-T Group 16.11)

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9.7. Eyesight Technologies & Ambarella Expand Partnership for Aftermarket Fleet Industry

Eyesight Technologies and California's Ambarella, an AI vision system-on-chip (SoC) supplier, announced the expansion of their existing partnership for OEMs and Tier 1s to include the fleet aftermarket industry. Eyesight Technologies will integrate Ambarella's CV25 CVflow processor in the company's upcoming aftermarket solution for fleets and Telematic Service Providers (TSPs).

Eyesight Technologies' Driver Monitoring Solution (DMS) utilizes computer vision and AI to monitor the driver's head pose, blink rate, gaze vector, eye openness, and other key factors, to determine the driver's state. The aftermarket solution, which is targeted at fleets and TSPs, aims to help reduce accidents involving commercial vehicles where distraction and fatigue account as two of the largest causes of accidents. Ambarella's CV25 processor was selected due to its advanced artificial intelligence CVflow architecture, which complements Eyesight Technologies' Driver Sense, driver monitoring software. The CV25 processor is ideal for processing Eyesight Technologies' neural networks and advanced computer vision algorithms and is optimal for DMS needs while leaving room for additional future applications and features. The system will be delivered by Eyesight Technologies' in a device targeting the commercial vehicle industry.

Herzliya Pituah's Eyesight Technologies is a leading provider of intelligent sensing solutions that use edge-based computer vision and AI for safer and better mobility experiences. The company focuses on the automotive in-cabin environment, offering Driver Sense - driver monitoring system, Cabin Sense - occupancy monitoring systems and driver monitoring solutions for fleets. (Eyesight Technologies 17.11)

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9.8. Uber & AU10TIX Launch New Safety Measures for Cash-Paying Riders

Uber Technologies has partnered with AU10TIX to implement a program in cities in Mexico, Argentina and Chile that helps verify the identity of new riders who choose cash as their preferred method of payment. The program leverages AU10TIX's proprietary technology to build trust between rider and driver. The new program requires certain users who request to pay in cash to scan an official identification such as their voting credentials, national ID, passport or driver's license for verification. Uber and AU10TIX first partnered in 2019, with Uber's core rideshare service, and recently expanded their partnership to electric scooters and Uber Eats.

Uber and AU10TIX's latest partnership represents the future of adaptive identity verification. It demonstrates how identity proofing can adjust to a consumer payment preference. Cash, for example, is important to accept, and will drive an increase in layers of verification.

Hod HaSharon's AU10TIX provides critical, modular solutions to link physical and digital identities so that companies and their customers can confidently connect. Over the last decade, AU10TIX has become the preferred partner for customer onboarding and customer verification automation and continues to work on the edge of what's next for the future of identity's role in society. Their proprietary technology provides results in less than 8 seconds, allowing companies to onboard faster, prevent fraud, meet compliance mandates, and, importantly, establish trust with their customers. (AU10TIX 17.11)

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9.9. GuardKnox, NXP & Green Hills Partner for the Next Generation of Vehicle Architecture

GuardKnox announced its partnership with NXP Semiconductors, the number one provider of secure vehicle network processors, and Green Hills Software, the worldwide leader in high-assurance real-time operating systems. The companies will collaborate to develop a secure automotive platform targeting next-generation zonal E/E architecture, enabling commercial deployment for software-defined and service-oriented vehicles.

The innovative platform will empower global OEMs and Tier-1 suppliers with a flexible, efficient solution designed to overcome current technological challenges such as integrating the hardware and software required for delivering advanced features and functionalities for the next generation of vehicles. The unified platform targets new zonal vehicle architectures that consolidate services that have traditionally been performed by multiple, dedicated functional domain platforms. This will simplify wiring harnesses which lowers vehicle weight and cost and enable scalability and enhancements in the future through software over-the-air updates.

Based on NXP's S32G vehicle network processor and the Green Hills INTEGRITY® safe and secure separation kernel and secure hypervisor (Multivisor), GuardKnox will expand and optimize its offerings for high-performance automotive ECU connectivity. This new, cost-effective platform will retain GuardKnox's signature mixed-criticality features of Service-Oriented Architecture (SOA) – ensuring a consolidated, scalable, dynamic, and secure-by-design product for the automotive industry.

Ra'anana's GuardKnox is the automotive industry's first Cybertech Tier supplier empowering OEMs, Tier-1 suppliers and the aftermarket to deliver the next generation of software-defined and service-oriented vehicles. GuardKnox's flexible and scalable solutions allow for added connectivity, zonal E/E architecture, hosted applications, high-speed routing (including network recovery and service discovery functionalities), vehicle personalization, and security. (GuardKnox 16.11)

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9.10. OTORIO Introduces remOT Secure Supply Chain Connectivity Solution

OTORIO introduced remOT - an advanced remote access solution for securing every link of the supply chain's connectivity to industrial assets. remOT joins the company's cutting edge, industry-leading risk management platform RAM², to deliver industrial-native digital and cyber risk management solutions that enable resilient, safe and efficient digital production.

Designed by OTORIO's expert OT security teams with industrial networks in mind, remOT minimizes industrial organizations' exposure to cyber threats and their business impact. Unlike existing VPN solutions remOT does not demand IT overhead. A clientless web application enables easy access from anywhere 24\7 to both operational teams and 3rd party vendors utilizing remOT's cloud service.

Complete visibility of every activity originating from a remote connection; who is doing what and when and including monitoring with audit logs. The solution also offers full control of every type of asset (physical and data) by supporting any protocol used in the production environment. A secured by design solution, remOT minimizes industrial organizations exposure to cyber threats and their business impact. OTORIO remOT works seamlessly with RAM², the company's industrial risk management platform. When implemented together, remOT and RAM² are a complete, next-generation OT security platform that protects every aspect of the production and the supply chain.

Tel Aviv's OTORIO designs and markets the next generation of OT security and digital risk management solutions. The company combines the experience of top nation-state cybersecurity experts with cutting-edge digital risk management technologies to provide the highest level of protection for the manufacturing industry. (Otorio 16.11)

10. ISRAEL ECONOMIC STATISTICS

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10.1. Israel's CPI Rises by Only 0.3% in October

The Central Bureau of Statistics announced that Israel's Consumer Price Index rose 0.3% in October. The October increase was at the upper range of market estimates. The rate of inflation since the beginning of the year stands at -0.4% and for the past twelve months to the end of October it is -0.8%. Pundits foresaw a rise in the CPI of 0.1-0.3% in October, following a 0.1% drop in September, which was in line with estimates.

There were significant rises in October in the clothing and footwear item - 3.6%, and in fresh produce - 3.2%. The home prices index, which is separate from the CPI, fell in the period August-September, in comparison with July-August, by 0.2%, but were still 2.4% higher than in August-September 2019. (CBS 15.11)

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10.2. S&P Affirms Israel's Solid Credit Rating with Stable Outlook

S&P affirmed Israel's sovereign foreign currency rating on 13 November at AA-, maintaining its Stable rating outlook. S&P stresses the core strengths of Israel's rating, such as a wealthy and robust economy, strong external accounts, and the advantages of a flexible monetary policy and a deep pool of local savings. The main limitations on the rating remain relatively high debt and geo-political risks. S&P sees the Israeli economy shrinking as a result of the coronavirus pandemic by 5% in 2020, but sees recovery in 2021, with 4.5% growth.

S&P's analysts point out that Israel's fiscal deficit will grow to over 12% of GDP this year, and government debt will rise to 73% of GDP. Nevertheless, they stress that unlike many other countries in the region, Israel benefits from very flexible monetary policy, which enables the Bank of Israel to support the government's financing needs while keeping the cost of raising debt under control. They see the government starting to rein in the fiscal deficit from the second half of 2021, and estimate that it will decline to 4% of GDP in 2022-2023, while public debt will stabilize at around 77% of GDP. S&P mentions the "Abraham Agreements" signed by Israel recently with the UAE and Bahrain as conducive to economic, commercial and security cooperation between the three countries. Israel's current ratings by the international rating agencies are: S&P, AA-, stable; Fitch, A+, stable; and Moody's, A1, stable. (Various 15.11)

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10.3. Israel's Third Quarter GDP Grows by 38%

Economic activity in Israel shot up in the third quarter following the exit from the first lockdown, but albeit there may still be room for concern. According to the initial estimates released by the Central Bureau of Statistics on 18 November, Israel's gross domestic product (GDP) rose by almost 38% on an annualized basis in the July-September period. This is in comparison with the second quarter, in which whole sectors of the economy were inactive because of the lockdown. These sectors returned to full or partial activity in the third quarter. In the second quarter of this year, GDP shrank by an annualized 29.8%, after shrinking by an annualized 7% in the first quarter.

These figures relate to the third quarter and provide little indication of the effect of the second lockdown imposed in Israel, which started in mid-September. Alongside the recovery in most sectors in the third quarter, some important measures showed decline, among them imports of services and investment in plant and machinery.

Nevertheless, an international comparison published by the Central Bureau of Statistics shows that the negative impact on the Israel economy of the coronavirus pandemic in the first nine months of 2020 was relatively low. The level of economic activity in Israel in the third quarter of 2020 was only 1.4% below its level in the third quarter of 2019. This is a slightly larger gap than was recorded in South Korea (1.3%), but it is considerably smaller than in the US (2.9%), Sweden (4.1%), Germany (4.2%), France (4.3%) or Spain (8.7%). (Globes 16.11)

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10.4. Israel's Unemployment Eases as COVID Restrictions Eased

The relaxation of some of the restrictions on the economy have somewhat eased conditions in Israel's labor market. According to the Central Bureau of Statistics' manpower survey for October, the average broad rate of unemployment in Israel was 20.3%. In absolute terms, 845,500 people out of work, 255,600 (14.2%) more than in September.

There is reason for cautious optimism. An additional breakdown by the Central Bureau of Statistics examining what happened in the first half of October, in which the economy was under stringent restrictions, and the second half, in which some of the restrictions were removed. In the first half of last month, the number of people out of work was 937,500 (22.7%), but after the relaxations in the lockdown conditions, the number fell in the second half of the month to 732,500 (18%), a significant improvement, although the numbers are still very high and very worrying.

The broad rate of unemployment combines three groups of unemployed. The first is unemployed people under the classic definition: people aged 15 and over who did not work at all in the week preceding the survey and who are looking for work. There was some improvement in this group in the second half of October in comparison with the first. The number of unemployed people under this definition fell from 205,000 (5.1%) to 192,000 (4.8%). The numbers are however still high, even in comparison with September.

The second layer is workers aged 15 and over who are on unpaid leave. According to the Central Bureau of Statistics' definition, these are "unemployed people who were temporarily absent from work for the entire week for reasons connected to the coronavirus." In this group too there has been an improvement with the partial reopening of the economy, and in the second half of October it numbered 437,000 people, 190,000 fewer than in the first half of the month. This third and final group consists of people who had lost their jobs since March but were not looking for work in the four weeks preceding the survey, whether because they had despaired of finding any or for other reasons. The situation in this group was almost unchanged: in the first half of October it numbered 105,000, and in the second half 104,000. (Globes 16.11)

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10.5. Study Finds Israel's Housing is World's Second Most Expensive

Israeli housing is the second most expensive in the world, a new study finds. According to the study, conducted by Australia's price-comparison website CompareTheMarket, the average Israeli household spends the equivalent of 26.6% of its annual disposable income on each square meter (10.8 square feet) of housing space. The only country with less affordable housing is South Korea, the study notes, with each square meter (10.8 square feet) of housing space costing the equivalent of 39.6% of the average household's annual disposable income. Switzerland ranks third in the study, followed by Luxembourg, Japan, France, New Zealand, the United Kingdom and the Czech Republic. The top three most affordable countries in the study are Turkey, the US and Russia, followed by South Africa, Mexico, Lithuania and Brazil.

Last year, UBS Global Wealth Management included, for the first time, Tel Aviv in its "Global Real Estate Bubble Index 2019," which measured housing prices in 24 large cities worldwide. According to UBS, Tel Aviv has seen the largest housing price increases in the past 30 years. (JNS and ILH 17.11)

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10.6. Tel Aviv Ranked as World's 5th Most Expensive City

The Economist has ranked Tel Aviv the world's fifth most expensive city in its Worldwide Cost of Living Survey. The newspaper conducted its annual examination of the cost of a basket of 138 essential products in 133 cities worldwide. The benchmark for comparison is New York, which receives 100 points. Paris, Hong Kong and Zurich were in a three-way tie with 103 points each, all ahead of New York in terms of cost of living.

Osaka and Tel Aviv both received 101 points, tying for fifth place. The data is also an assessment of the impact of the coronavirus pandemic on prices around the world. The data reflects the effect of the virus on currency fluctuations around the world, including the dip in the US dollar; the war in Syria, which pushed Damascus to the bottom of the list; and US sanctions on Iran that catapulted Tehran from the 106th most-expensive city to the 79th in this year's report. (ILH 20.11)

11. IN DEPTH

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11.1. ISRAEL: Staff Concluding Statement of the IMF 2020 Article IV Mission

On 19 November, the IMF concluded their 2020 Article IV mission. The IMF observed that the Israeli economy entered the COVID-19 pandemic from a position of strength, and the authorities mounted a large and rapid response to the crisis. Timely and decisive measures introduced by the Bank of Israel at the outset of the pandemic have helped preserve market and financial stability and access to credit. Fiscal support to the health system, households, and businesses has also helped soften the economic impact of the pandemic.

Real output has contracted less than in other advanced economies in 2020 and is projected to rebound in 2021. Nonetheless, the outlook remains uncertain and dependent on the evolution of the pandemic.

In this challenging environment, policies should continue to provide support to the economy, contain the risks associated with the pandemic, and promote recovery. Fiscal policy needs to become gradually more targeted to maximize the impact of the available fiscal space. Monetary and financial policies need to remain accommodative. Structural policies should aim at mitigating labor market vulnerabilities, limiting the potential long-term impact of the pandemic, and fostering a more inclusive recovery.

The Israeli economy faced the COVID-19 pandemic with strong fundamentals. Real annual GDP growth was around 3¼% and the current account averaged 3½% of GDP in the last 5 years. Unemployment had reached 3.6% at end-2019 —the lowest rate in the last two decades. Public, household, and corporate debt were at comfortable levels, and external debt was below 30% of GDP at end-2019. Banks enjoyed strong capital, high asset quality and liquidity. Israel's foreign assets exceeded foreign liabilities by 40% of GDP and international reserves reached 33% of GDP. The government has been financing in global markets at low rates.

The impact of the pandemic was unprecedented. More than 320,000 people have contracted the disease and 2,700 lives have been lost. Lockdowns introduced in March and September contained the spread of the virus but, together with social distancing, suppressed economic activity throughout 2020.

The authorities mounted a large and rapid response to mitigate the impact of the pandemic. The Bank of Israel launched sizeable measures to provide liquidity, prevent a credit crunch, and ease access to financial services and credit, including for small businesses and households. Besides lower interest rates, wide ranging measures included asset purchase programs for government and corporate bonds and term funding to banks to extend loans to small and medium enterprises. Foreign exchange operations reduced pressures on the shekel. Easing of macro-prudential and supervisory requirements allowed the banks to support the economy. Several fiscal stimulus packages reaching 15¼% of GDP (of which 10¼% of GDP planned for 2020) were also approved, including support for healthcare, benefits for unemployed and furloughed workers, grants for self-employed and households, guaranteed loans for companies and infrastructure support.

While the measures calmed markets, supported confidence, and limited the economic damage, the outlook remains challenging. With extensive policy support and with resilience stemming from Israel's ICT sector, real output has contracted less than in other advanced economies so far in 2020. Nonetheless, a significant output decline is projected for the year. Unemployment, including those who were furloughed, is likely to remain in double digits. Greater unemployment among lower-income workers is likely to exacerbate Israel's already high income inequality. While the recovery is projected to commence in 2021, social distancing will likely continue to constrain domestic demand and drag GDP growth.

Risks are unprecedented. In the near term, the evolution of the pandemic is expected to have a major impact on the economic outlook. Early wide-spread distribution of an effective vaccine would lead to a faster-than-projected recovery. However, an escalation of the pandemic could require a prolonged use of containment measures and social distancing, bringing further disruptions to economic activity. Extensive fiscal support could limit fiscal space and create financing constraints. Failing to contain the pandemic could drain political capital and raise discontent. Among other risks, geopolitical ones—while significant—have become more balanced, especially after the recent bilateral accords.

Supportive and Targeted Fiscal Policy

An appropriately large fiscal package has aided the economy in 2020. Urgently needed healthcare funding has boosted personnel, equipment and necessary capacity to fight the pandemic. Support for households has mitigated the impact on aggregate demand and income distribution, as low-income workers - who tend to spend a larger proportion of their incomes than do higher income workers - were furloughed at higher rates. Support for businesses has focused on providing liquidity. The fiscal expansion has managed to strike a balance between protecting the economy from a larger downturn and preserving some fiscal space to meet future shocks.

Prompt passage of a 2021 budget would help prioritize spending, position the economy for growth and reduce economic uncertainty associated with the pandemic. Fiscal policy in the 2021 budget should remain supportive, especially if downside risks materialize. If the pandemic proves persistent and partial lockdown measures extend longer than envisaged, the authorities should consider additional funding for health services, extending unemployment benefits beyond mid-2021 and further grants for the self-employed. The withdrawal of fiscal support should be timed carefully given the challenging outlook.

Fiscal policy should continue to prioritize health spending and gradually become more targeted. Fiscal support for the health sector should remain a priority to ensure adequate hospital capacity, testing and tracing and to address other urgent needs. Beyond health, while blanket transfers and benefits will be appropriately discontinued, plans for bolstering social protection need to be developed. Greater focus on active labor market policies would improve job prospects for the unemployed. Support for businesses needs to target solvent companies. Public investment projects should focus on job-rich and inclusive projects.

Once the recovery is on firmer ground, fiscal effort will be needed to gradually restore pre-crisis buffers. As the economy recovers and stimulus measures expire, the deficit is expected to decline, but higher debt accumulated during the crisis means that the debt trajectory will be more sensitive to new shocks. Further effort would therefore be needed to create fiscal space for a stronger safety net and greater investment spending while also ensuring that debt is more firmly on a downward path. Tax reforms should be at the core of this effort. Improving progressivity of income taxes and eliminating inefficient incentives and exemptions would help raise Israel's revenue ratio and address high income inequality.

Accommodative Monetary and Financial Policies, Keeping Emerging Risks in Check

Decisive monetary policy measures have helped provide market liquidity and sustain the flow of credit to households and businesses. The measures eased early pressures on exchange rates, bond yields and corporate spreads. Extending the current set of policies remains appropriate given low near-term inflation expectations, output projected to be below potential, and uncertainties on the duration of renewed lockdowns. The emphasis on asset purchases would keep term premia in check and preserve bond market functioning.

Israel's financial system was well prepared to face the COVID-19 shock. Banks have strong capital and profitability positions, supported by conservative business models. Relatively tight macro-prudential policies instituted prior to the pandemic provided ample space for policy relaxation, allowing banks to continue supporting the economy. Banks have substantial capacity to face large and prolonged shocks even after the recent release of capital buffers. Nonetheless, unless further downside risks materialize, the level of minimum regulatory capital should not be lowered further, and structural buffers should eventually be restored.

The authorities should keep an eye on asset quality risks as the pandemic continues and borrower support measures are wound down. Alongside monetary accommodation, financial sector support to hard-hit firms and households should continue. However, the modalities of prolonged support may need to be adjusted, conditional on the evolution of the pandemic. Eligibility criteria would gradually have to be tightened to target viable firms. Subject to additional adjustments due to pandemic driven-lockdowns, banks' discretion to defer household loans should also be gradually restored. This would help limit debt overhang and facilitate business adjustment and debt restructuring. In case of a surge in business insolvencies, efficient and effective insolvency procedures, including adequate resources and mechanisms to implement the new Insolvency Law, will be crucial to minimize barriers to corporate restructuring and spur productivity-enhancing capital reallocation.

Macro-Structural Policies Driving a Resilient Recovery

Structural policies should aim to limit long-term scarring, strengthen the resilience of the economy and promote inclusiveness. The focus should be on labor activation policies and investment in human capital and infrastructure to prepare the economy for post-pandemic transformation.

- **Repairing the labor market.** The pandemic has had a profound impact on the labor market, as businesses in contact-intensive sectors furloughed the majority of their employees, accounting for half of all job losses. Part-time and low-skilled workers were more likely to be furloughed or dismissed. Well-funded labor activation policies could facilitate reemployment, efficiently reallocate workers from sectors and businesses that downsize, and mitigate the negative impact of the pandemic on low-income workers. These policies, including vocational training, should promote reskilling and upskilling, encourage job search and reduce hiring costs.

- **Expanding digitalization.** Despite its high share in output—which has contributed to Israel's resilience during the crisis—the ICT sector is underutilized in many of Israel's economic and social activities. Policies that broaden digital penetration have very high potential to increase knowledge diffusion and productivity, mitigate skill shortages and improve the reach and effectiveness of government services.

- **Reforming education.** The lockdowns have created educational setbacks that could have lasting productivity and inequality implications. Planning, training, and investment in technology would ensure continuity and sustain the quality of education. Placing greater emphasis on key subjects providing marketable skills (math, sciences and technology) would prepare students for an increasingly more digitalized marketplace. In the medium term, reforms that raise schooling achievement alongside Israel's already high number of years of schooling would increase human capital, productivity, and living standards.

- **Boosting investment.** Public investment can directly create jobs, mitigate the drop in demand, and encourage private investment, which has declined amidst low business confidence. Public investment projects—particularly in health care, transportation, digitalization infrastructure - can also strengthen crisis resilience. Closing gaps in reforming Israel's government procurement system would enhance public investment management ahead of ramping up pandemic-related investment spending. (IMF 19.11)

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11.2. ISRAEL: Israel Ratings Affirmed At 'AA-/A-1+'; Outlook Stable

On 13 November, S&P Global Ratings affirmed its 'AA-/A-1+' long- and short-term foreign and local currency sovereign credit ratings on Israel. The outlook is stable.

Outlook

The stable outlook on Israel balances pandemic-related risks over the next 18-24 months against the country's resilient economy and strong balance of payments position. We project that Israel's net external asset position will remain about 45% of GDP through 2023, providing the economy with substantial buffers in the face of a fraught external environment.

We could take a negative rating action if the economic downturn proved deeper and longer than expected, leading to a more substantial deterioration of public finances than we currently forecast. Pressure on the ratings could also build if, beyond immediate pandemic-related effects, Israel lacked a medium-term fiscal consolidation plan and net general government debt kept rising - as opposed to our current forecast that it will stabilize at under 80% of GDP. This could happen, for instance, if domestic political uncertainty and a fragmented government made it difficult to agree fiscal priorities.

A positive rating action could stem from fiscal outturns being materially stronger than our current projections or a major improvement in the Middle East's security environment.

Rationale

The rating affirmation primarily reflects Israel's credit strengths. These include its wealthy and resilient economy, its net external creditor position, and the benefits that accrue to the state from flexible monetary settings and a relatively deep pool of domestic savings. In our view, these characteristics should help cushion the deterioration in its fiscal performance amid the pandemic.

We forecast Israel's net general government debt to this year rise by almost 15% from under 59% of GDP at the end of 2019 to 73% at end-2020. We expect it will stabilize at close to 77% over the medium term. Although this represents a notable deterioration in the fiscal outlook compared with our pre-pandemic projections, Israel will still have some fiscal headroom. In addition to the credible and effective monetary policy that has supported the economy and kept borrowing costs low, we expect the country to retain a highly favorable general government debt structure. Close to 85% of government debt is denominated in the local currency, the Israeli new shekel, and is held domestically by local banks and institutional investors, such as pension funds.

Our ratings on Israel remain constrained by significant security and geopolitical risks.

Institutional and Economic Profile: Israel's first recession in decades will be followed by a partial recovery in 2021

- We expect Israel's economy to contract by 5.0% in 2020 before recovering by 4.5% in 2021.
- Domestic political uncertainty lingers and the country could go to elections for the fourth time in two years.
- The landmark Abraham Accords signed recently between Israel, Bahrain, and the UAE should underpin closer cooperation between the three, but broader regional geopolitical risks remain elevated.

Throughout 2020, Israel has felt the effects of the pandemic. Earlier this year, the authorities promptly introduced containment measures, some as early as January-February before a full lockdown from mid-March until the end of April. However, as the government gradually eased measures cases started to spike again during the summer before a second lockdown in September. This has also been gradually eased.

In parallel, the authorities have unveiled a number of support programs to shield the economy, which are broadly similar to those adopted by other countries, particularly in Western Europe. The overall measures announced to date are worth around 10% of GDP and include:

- Additional allocations for direct health and civilian response;
- Support for businesses via grants, a government loan guarantee program, cancellation of property taxes, refunds of advance tax payments, and postponement of VAT, utilities, and government permit payments;
- Support for salaried workers and self-employed small business owners.

Although the government support measures should soften the impact of the pandemic on the domestic economy, we expect Israel will register a large output contraction in 2020. High-frequency data - credit card spending, the industrial production index, and the index of retail trade revenue - indicate a quick economic rebound from the first lockdown. However, prospects dipped once more when restrictions were reintroduced in September. It is difficult to quantify the impact of the second lockdown, but we assume it will be similar to the first.

Our baseline forecast for 2020 is, for now, largely unchanged: we expect the economy will contract by 5% this year. Although we did not previously think Israel would go into a second lockdown, the effects on economic growth could be counterbalanced by a stronger apparent performance over the third quarter following the easing of the first round of restrictions. Nevertheless, for full-year 2020, we expect all key GDP components will shrink including private domestic consumption, exports, and investments. National accounts data for first-half 2020 show imports contracting much quicker than exports, which could reflect the depth of pandemic-related effects on domestic demand.

Our economic forecasts for Israel remain subject to high uncertainty and ultimately depend on how the virus plays out domestically, as well as on the performance of Israel's key trade partners. Following a contraction in 2020, we forecast that the economy will recover partially by 4.5% in 2021. This is lower than our May projection (6.5%) and does not represent a particularly steep recovery, especially if population growth (which has historically averaged 2% annually) is taken into account. Ongoing risks and uncertainties include potential further lockdowns if virus cases increase again, the economic performance of key trade partners, and the timeframe for a vaccine becoming widely available.

It is also still difficult to estimate any permanent damage to the economy from the pandemic. Positively, the technology sector retains a key role for the Israeli economy and has expanded strongly in recent years. It might be better placed than some sectors to withstand the pandemic given employees' comparatively higher ability to work from home if needed, and the likely increased demand for technological services outside Israel even if traditional export channels contract. Beyond the tech sector, however, the pandemic could drive some Israeli companies out of business permanently.

Domestic political uncertainty and volatility remains high. The country has gone through three inconclusive elections over the past 18 months. At the end of April, incumbent prime minister, Benjamin Netanyahu, and the leader of center-right Blue and White Party, Benny Gantz, signed an agreement to form a unity coalition government under which they would take turns (18 months each) in the prime ministerial role. The High Court of Justice cleared the way for Mr. Netanyahu to form the government despite ongoing criminal proceedings against him.

Despite the coalition formation, Israel has yet to adopt a state budget for 2020 after the previous August deadline was delayed, at the last minute, until the end of December. Fragmentation within the government also appears high with leaders reportedly holding talks with opposition parties, possibly positioning for yet another election in the coming months. Positively - and despite this continued brinkmanship and the lack of a conventional budget - the Knesset has been able to approve large fiscal stimulus measures to support the economy. Also, historically, the inherent political volatility has not meaningfully affected the economy; we saw this in the strong 3.5% growth rate in 2018-2019. We view this as a testament to the country's comparatively strong institutional settings.

One factor that differentiates Israel from other advanced economies is its exposure to persistent geopolitical and domestic security risks. On top of longstanding historical factors, more recently these stem from the continued divergence between the U.S. and other stakeholders (notably the EU) regarding the peace process with the Palestinian authorities. This is especially after the U.S. moved its embassy to Jerusalem and recognized Israeli sovereignty over the Golan Heights. These developments have led to repeated outbreaks of violence throughout Gaza and Judea & Samaria, and triggered a backlash from parts of the international community. In addition, escalating tensions between the U.S. and Iran could heighten the risk of open military conflict, involving Israel, Iran and Iran-supported Hezbollah, as well as other militant groups operating in Lebanon and Syria. Past episodes of geopolitical turbulence have had an adverse effect on Israel's economic and fiscal performance.

Positively, we consider that the recently signed Abraham Accords between Israel, the UAE, and Bahrain should contribute to economic, trade and security cooperation between the three.

Flexibility and Performance Profile: The fallout from the pandemic will push public debt up by almost 20%age points of GDP

- Automatic stabilizers and direct fiscal stimulus will widen the government deficit to 12% of GDP and push net general government debt to 73% in 2020.
- Strong capital market access and the Bank of Israel's (BOI) bond purchasing program will support government financing efforts.
- Monetary policy credibility remains high, despite expected price deflation in 2020.

The recession has exposed the government's weak underlying fiscal position, which has resulted from pro-cyclical tax and expenditure measures over the past three years. Direct fiscal measures (which we estimate at about 5% of GDP, excluding state guarantees) and the impact of the economic downturn on both fiscal revenue and expenditure will widen the general government deficit to 12% of GDP in 2020 compared with the already elevated average of 4.4% in 2018-2019.

Such a substantial deterioration in the government fiscal balance will lead to an increase in net general government debt (gross debt net of liquid government assets) to an elevated 73% of GDP by end-2020. This will reverse the reduction of public debt to GDP, achieved over the past 10 years thanks to exceptionally favorable macroeconomic conditions, one-off fiscal revenue, and exchange-rate appreciation.

However, we think fiscal stability should broadly prevail in Israel because:

- Unlike many regional peers, it benefits from highly flexible monetary policy settings, which will allow the BOI to backstop a substantial portion of gross government borrowing requirements, keeping its market borrowing costs under control. The BOI's government bond purchasing program (introduced earlier this year and expanded in October) could backstop Israel's additional borrowing requirements without any sizable inflation or exchange rate risks.
- Israel benefits from strong access to capital markets, both domestically and internationally. This has supported the government's efforts to diversify its funding base and lengthen the average debt maturity. Although the government traditionally funds itself in the deep domestic capital markets, we also note recent international bond issuances with maturities extending from 30 to 100 years. It could tap foreign markets again in light of substantial investor demand. In the unlikely event of funding disruptions, the government could also still use the remaining portion of a longstanding U.S. debt guarantee program.
- The existing budget revenue and spending composition offers space to rationalize tax benefits, increase rates for some taxes, and improve tax compliance and administration. It also provides scope for spending efficiency gains over the medium term beyond the pandemic's impact.

Although downside risks remain - especially if the recovery of nominal GDP growth is slower than we anticipate - our base case is that the government will initiate efforts to consolidate fiscal accounts starting from the second half of 2021. Under this scenario, headline general government deficits would go down to 4% in 2022-2023 with public debt stabilizing at close to 77% of GDP.

We consider Israel's balance of payments a key ratings strength. The country has been running a current account surplus for the past 17 years, primarily supported by the fast expansion of high-value-added ICT services exports (the total external services surplus has averaged 5% of GDP in the past few years). This has shifted Israel into a substantial net external asset position of about 40% of GDP, one of the highest among non-commodity-exporting sovereigns, and reduced its gross external financing needs. Despite the sharp drop in exports in 2020, we expect the external balance to remain in surplus as shrinking domestic demand will reduce imports. Recovering global demand for Israeli services, as well as the development of offshore natural gas fields with significant export capacity, should keep the current account surplus at its pre-pandemic level of around 3% of GDP over the medium term.

We also consider Israel's monetary policy flexibility a key credit strength. The BOI is a highly credible institution, with a long track record of operational independence and a full suite of market-based monetary instruments, benefiting from the deep local currency financial and capital markets. This year, the bank has deployed its arsenal of available tools to soften the effects of the pandemic on the Israeli economy through policy rate cuts, quantitative easing, low interest rate loans to banks, and others. Meanwhile, the bank has also amassed substantial foreign exchange reserves of close to $160 billion as of end-October (around 40% of GDP). We note that current foreign exchange reserve levels cover Israel's overall external debt 1.7x.

The Israeli banking system is well capitalized, profitable, and liquid. Banks' asset quality has been historically high - nonperforming loans stood at just 1.3% of total loans in 2019. The system is domestic-deposit funded and remains in a net external asset position. Although banks will inevitably suffer from weaker economic activity and the crisis-driven loan repayment moratorium, substantial capital and liquidity buffers, in tandem with regulatory and liquidity support, should enable them to mitigate the ongoing macroeconomic shock. (S&P 13.11)

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11.3. JORDAN: Voter Apathy & Pandemic Result In Low Turnout for Elections

On 12 November, Osama Al Sharif wrote in Al-Monitor that with a historic low turnout by voters at Jordan's parliamentary elections, it is doubtful that the government will pick up the message that a growing majority of Jordanians are becoming indifferent to the role of parliament.

In an indicator of general voter apathy — especially in underrepresented urban areas — less than 30% of Jordan's 4.5 million eligible voters turned out on 10 November to vote for the 130-seat Lower House of parliament. More than 1,600 candidates running on 294 lists contested the elections at a time when the kingdom is facing a spike in coronavirus infections, a shrinking economy and a rising rate of unemployment. Under the law, only voting in person is accepted.

The government had ignored calls on social media to postpone the elections for public health reasons. On the same day of the polls, the country recorded its highest infection and mortality rate — 5,996 positive cases and 91 deaths — putting Jordan at the forefront of countries with the most infections relative to population. Ministry of Health Undersecretary Hiagneh told the official news agency on 10 November that infections related to voting will become known within a week.

Following the closing of polls, the kingdom went into a four-day nationwide lockdown in an attempt to stem the tide of infections. But as provisional results were announced by midday 11 November, hundreds of supporters in a number of provinces broke curfew and celebrated their candidates' victories by holding rallies and in many documented cases firing thousands of rounds of live ammunition into the air. A number of winning candidates joined their supporters in what looked like a coronavirus super-spreader event. In other cases, angry supporters of losing candidates rioted and engaged in acts of violence. These unprecedented acts, which defied Defense Law orders against public gatherings, overshadowed the elections themselves and angered activists on social media who blamed the government for failing to implement the law.

As public anger simmered at the state of lawlessness, a seemingly angry King Abdullah tweeted on 12 November his disappointment at the "sad scenes following the elections" and reiterated that "Jordan is a state of law where no one is above the law."

Immediately following, Prime Minister and Minister of Defense Bisher Al-Khasawneh held a press conference in which he denounced acts of lawlessness and the use of arms by "a minority," vowing to hold those responsible before the law. He also announced that Minister of Interior Tawfick Al-Halalmeh had resigned after assuming responsibility, adding that the army and the gendarmerie will be deployed across the kingdom to round up illegal weapons and those responsible for breaking the law — including candidates.

Under the Jordanian Constitution, the king appoints the prime minister and approves the Cabinet in addition to appointing the 65-member Upper House. Following the elections, the government must seek a vote of confidence from the Lower House.

As expected, results indicate that independent and pro-government candidates, including many retired army officers, will comprise the majority of the Lower House, with only 16% having political party affiliation. The third district — one of the most contested in Amman — saw less than 13% voter turnout. The third district, with six seats, traditionally represents middle-class, educated Jordanians with mixed demographic and religious backgrounds and is usually contested by businessmen and moderate politicians. Outside Amman, with the largest population, turnout was higher — especially in rural and Bedouin areas. Candidates there rely primarily on the support of their own tribes.

The Civil State list, with two members in the former House, failed to win any seats. Only 15 female candidates will be represented under a quota system, five less than in the previous Lower House. Some 100 candidates were elected for the first time.

The Independent Election Commission (IEC) had vowed that polling would be safe, and election observers noted that strict health precautions were implemented in polling stations but not outside of them, where voters and candidates failed to wear masks or follow social distancing. IEC spokesperson Jihad al-Momani confirmed in a press conference on 10 November that the commission has evidence of cases of "black money" — a reference to candidates buying votes — and that it had referred these cases to the attorney general. He also confirmed that voters infected with the coronavirus had tried to vote, and at least one was arrested.

The Islamic Action Front — the political arm of the Muslim Brotherhood — has produced a broad civic alliance hoping to retain or increase its share of seats. It won 15 seats in 2016, but with low turnout in urban areas, especially Amman and Palestinian refugee camps, their share dropped to 11 this time. The Islamists had decided to contest the elections at a time when their ties to the government had deteriorated following internal splits and a court ruling last July that ordered the Muslim Brotherhood to be dissolved. The Islamists' presence in the Lower House will be limited, but it's the only way for them to remain relevant politically.

Election watchdog Rased said that 57% of voters polled said they don't believe the next parliament will be effective. Rased coordinator Amer Bani Amer told Al-Monitor that 28% of lists contesting the elections said they had faced pressures from the government or from their tribes. He said that voter apathy is linked to the spread of the coronavirus, but it is also tied to lack of political reforms.

The former government of Omar Razzaz had promised to initiate such reforms, including amending the controversial election law that — despite having been revised before the 2016 elections — remains a variation of the unpopular single vote system. The system is based on open lists where voters must choose a list and then candidates within that list. No one list is expected to win in its entirety, and voters are likely to choose the first name in any list. The election system has been criticized for its many failings, including the fact that urban areas like Amman and Zarqa are underrepresented compared to rural areas with smaller populations. The system continues to favor non-urban areas for demographic and political reasons.

So it is business as usual in Jordan, where the incoming Lower House is expected to be even more conciliatory toward the government. But with a historic low turnout by voters, it is doubtful that the government will pick up the message that a growing majority of Jordanians are becoming indifferent to the role of parliament, which one veteran lawmaker had once described as decor. (Al-Monitor 12.11)

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11.4. EGYPT: IMF Agreement on First Review for 12-Month Stand-by Arrangement

An International Monetary Fund (IMF) team held a virtual mission from 4 to 15 November with the Egyptian authorities to discuss recent economic developments and policy priorities of the first review for Egypt's economic program supported by the IMF's 12-month Stand-by Arrangement. At the end of the discussions, the IMF issued the following statement:

"The IMF staff team and the Egyptian authorities have reached a staff-level agreement on the first review of Egypt's economic program supported by the IMF's $5.2 billion Stand-by Arrangement. This agreement is subject to approval by the IMF's Executive Board, which will take place in the coming weeks. Upon approval, an additional SDR 1.16 billion (about $1.6 billion) will be made available to Egypt.

"The Egyptian economy has performed better than expected despite the pandemic. Containment measures, supported by the authorities' effective crisis management, and strong implementation of their policy program helped mitigate the effects of the crisis. After recording a growth rate of 3.6% in FY2019/20, growth is projected to reach 2.8% in FY2020/21, with a modest recovery in all sectors except tourism, as the pandemic continues to disrupt international travel. Pandemic-related risks still exist in light of the second global wave of COVID-19 cases.

"The authorities' commitment and strong performance helped meet all program targets for end-September 2020. Net international reserve accumulation and the primary balance exceeded the program targets. Subdued inflation in September (3.7%) - primarily reflecting lower food prices - triggered the monetary policy consultation clause. The updated financial information of state-owned enterprises (SOEs) and

Economic Authorities was published in September. Additionally, the customs law to streamline the customs procedures was passed ahead of schedule.

“The Central Bank of Egypt’s (CBE) monetary policy remains appropriately accommodative. In this regard, we welcome the CBE’s recent interest rate cuts to further support economic recovery amid muted inflation. The exchange rate has modestly appreciated in the wake of an increase in capital inflows. Continued exchange rate flexibility will help absorb external shocks. Egypt's banking system remains liquid, profitable, and well capitalized.

“Egypt’s fiscal policy in FY2020/21 remains appropriately focused on supporting the immediate priorities in health, protecting the most vulnerable, and supporting sectors affected by the pandemic, and remains on track to achieve a primary surplus of 0.5% of GDP. The government’s commitment to returning to a primary surplus of 2% of GDP as the economic recovery becomes entrenched will be essential to reduce public debt and support fiscal sustainability. The recent publication of contracts awarded for COVID-19-related spending is a welcome step towards increasing transparency and the team encourages continued updates to these publications. (IMF 19.11)

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11.5. MOROCCO: Violence Erupts in Western Sahara

Sarah Feuer posted in the Washington Institute that on 13 November, Morocco launched a military operation to unblock the flow of goods along a road extending from Mauritania into Western Sahara. The move came three weeks after the Algeria-backed Polisario Front, a movement advocating independence for the Moroccan-controlled territory, blocked the road and prevented several hundred trucks from entering Western Sahara via Mauritania. On 14 November, the Polisario declared that a thirty-year ceasefire had effectively ended and the group was now at war with Morocco.

So far, no casualties have been reported, but the eruption of violence represents a significant deterioration in one of Africa’s longest-running frozen conflicts. Coming on the heels of former defense secretary Mark Esper’s trip to the region, the hostilities could draw two North African states into war - one a close U.S. ally, and the other a potential security partner looking to diversify its longtime alliance with Russia.

Vacuum Leaves Room for Escalation

In what is perhaps a testament to the ceasefire’s long-term success, few Americans are aware of the dispute over Western Sahara, an area nestled between the internationally recognized borders of Algeria, Mauritania and Morocco. The sparsely populated, mineral-rich territory was a Spanish colony until 1975, then came under Moroccan and Mauritanian administrative control. This transfer spurred the Polisario – a group formed two years prior and claiming to represent the indigenous Sahrawi community - to shift its armed rebellion from the colonial power to the new authorities. Mauritania withdrew in 1979, but Morocco and the Algerian-backed Polisario remained at war until a ceasefire was imposed by the UN in 1991. By that point, Morocco had annexed nearly 80% of the territory and several thousand Sahrawis were living in refugee camps in the Tindouf border area of Algeria. The UN estimates that 90,000 Sahrawis currently live in Tindouf, while the population of Western Sahara stands at roughly 650,000, a mix of Sahrawis and Moroccans who have settled there since 1975.

The 1991 agreement called for a referendum to determine whether the territory would attain independence or be integrated into Morocco. It also established a UN peacekeeping force, the Mission for the Referendum in Western Sahara (MINURSO), to temporarily monitor the buffer zone separating the area of Moroccan control from Algeria and Mauritania. Due to disagreements over voter eligibility requirements and periodic eruptions of violence, however, the referendum never took place, and MINURSO’s deployment continued.

In 2007, following various unsuccessful rounds of negotiations between Morocco and the Polisario, Rabat proposed a plan to grant Western Sahara autonomy under Moroccan sovereignty. The United States deemed this initiative “serious, realistic, and credible,” but the Polisario and Algeria rejected it. In the ensuing decade, the UN continued to renew MINURSO's mandate, calling on the parties to refrain from any action that would change the status quo or undermine the work of the 450-person peacekeeping force (divided evenly between uniformed and civilian personnel).

A diplomatic breakthrough came in December 2018, when UN envoy Horst Kohler hosted a meeting in Geneva with representatives from Algeria, Mauritania, Morocco and the Polisario - the first round of direct talks in six years. A second meeting in March 2019 yielded little progress, in part because Algeria was engulfed in a domestic political crisis following the outbreak of mass demonstrations against President Abdelaziz Bouteflika. When Kohler resigned that May for health reasons, Western Sahara was left without a UN envoy.

The lack of sustained UN diplomatic engagement over the past eighteen months has been compounded by the power vacuum in Algeria - most recently, Bouteflika's successor, Abdelmadjid Tebboune, was transferred to Germany for reported COVID-19 treatment. This situation turned what otherwise might have been a routine flare-up into a combustible showdown. In keeping with its pattern of behavior over the years, the Polisario sent civilians to disrupt traffic and protest Morocco's presence late last month, just days before the UN Security Council's scheduled vote on MINURSO's renewal. This time, however, the UN's reduced diplomatic capacity to mitigate the fallout paved the way for a more forceful Moroccan response.

At present, Rabat appears to have the upper hand: the Polisario is not a formidable military opponent (though Algeria presents a considerably more serious threat), and the kingdom enjoys relatively broad international support for its territorial claims after several years of diplomatic advancement on that front. The African Union - which Morocco recently rejoined after leaving thirty years ago in protest of the body's decision to recognize Sahrawi independence - issued a strikingly neutral statement on the kingdom's latest military operation, merely calling for restraint. Several Gulf Arab states quickly came to Morocco's defense—a rare expression of unity from an otherwise fractured group.

Paths to De-Escalation

Despite this support, Morocco does not have an interest in seeing the hostilities continue. The same may not be true for the Polisario and Algeria, however. The former might find a confrontation useful for shoring up its legitimacy in the refugee camps, while the latter may want to deflect public attention away from an unpopular government and toward the emotive Sahara issue.

Yet the region as a whole can ill afford another conflagration, especially given the increasing lawlessness of the Sahel to the south (where U.S. Special Forces recently rescued an American hostage from one of the many armed groups roaming the area), the continuing political and economic crisis undermining Algeria's stability, and the ongoing conflict in nearby Libya. A war would also draw Morocco and Algeria's attention and resources away from critical security tasks that the United States has a strong interest in preserving, from containing regional terrorist threats to managing migrant flows bound for Europe.

Now that the Western Saharan roadblock has reportedly been lifted, Washington should urge Morocco to exercise restraint while asking Algeria to prevent any further Polisario mobilization. A personal appeal by Secretary of State Mike Pompeo could go a long way toward defusing the situation, as could other elements of U.S. leverage. For example, as America's strongest and oldest ally in the region, Morocco will presumably not want to begin its engagement with the incoming Biden administration on a sour note. Washington should therefore make clear that continued violence will kill any chance for eventual American recognition of Moroccan sovereignty over Western Sahara.

U.S. leverage in Algeria is more limited, but even there Washington can capitalize on the government's expressed desire to cultivate deeper relationships with other partners besides its longtime ally in Moscow. Algiers recently requested an increase in the number of military officers it could send to the United States as part of the Defense Department's International Military Education and Training program. Washington should make clear that such engagement will not continue unless the country reins in the Polisario and refrains from further inflaming the situation. Finally, the latest eruption underscores the need to appoint a new UN Personal Envoy for Western Sahara.

Sarah Feuer is the Rosenbloom Family Fellow at The Washington Institute. (TWI 17.11)

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11.6. TURKEY: Turkey's Space Program Not Yet Ready For Takeoff

Metin Gurcan posted on 17 November in Al-Monitor that Turkey's ambitious space program has made some concrete achievements, but Ankara has yet to resolve structural and financial problems snagging development in the sector.

In a jubilant Twitter message recently, Turkey's state-owned company Roketsan — the country's primary rocket and missile manufacturer — announced it had successfully test-launched a sounding rocket into space. "The sounding rocket, which we manufactured with local and national technologies as part of President Erdogan's vision and efforts led by SSB [Defense Industry Presidency], broke through the boundary of space on 29 October!" the post read.

The company then shared footage of the test on YouTube. The aim of the 135-kilometer (84-mile) flight into space, launched from the Black Sea province of Sinop, was to test the maneuver control and thrust management systems of the rocket.

Crediting Erdogan for such achievements has become the rule in Turkey since the Turkish Armed Forces Foundation, which comprises all state-owned defense industry giants and contributes more than 60% of the country's production in the sector, was linked directly to the president in December 2017. The foundation owns 55% of Roketsan shares.

Speaking at a ceremony 12 November, Erdogan said that Roketsan's tests had managed to reach space four times, boasting that Turkey was "in the space league" now. "Our fully national and indigenous satellite launch tests have been completed successfully. … We have left an important milestone behind," he said.

Roketsan — best known for its vast range of laser-guided, anti-tank and standoff missiles and smart munitions — has become the engine of Turkey's fledgling space program. In an August ceremony led by Erdogan, the company inaugurated a Satellite Launching, Space Systems and Advanced Technologies Research Center and an Explosive Raw Materials Manufacturing Plant in the capital Ankara.

Roketsan plans to boost investment in space programs and take Turkey into the small league of countries capable of launching their own satellites, according to its director general Murat Ikinci. "Our next target is to complete shortly the work that will enable us to put a 100 kilogram [220 pound] payload into orbit at an altitude of 400 kilometers [248 miles]," Ikinci said in an October interview, referring to the company's Micro Satellite Launch System project.

As part of the project, Roketsan aims to launch a micro-satellite in 2025. A successful completion of the project will make Turkey one of the few countries capable of manufacturing, testing and launching satellites and operating relevant bases.

Meanwhile, the Turksat 5A satellite, manufactured and tested by Airbus Defense and Space under a 2017 contract, is ready for launch. On 2 October, Turksat, Turkey's state-owned satellite communication company, took delivery of the satellite, which was manufactured in France despite the ongoing political spats between Erdogan and his French counterpart Emmanuel Macron. The satellite, which has a fully electric propulsion system and both broadcast and military intelligence capabilities, is scheduled to be launched into orbit 30 November by a Falcon 9 rocket from the SpaceX launch center in Cape Canaveral, Florida. It is expected to become operational in the second quarter of 2021 after traveling about four months to reach its orbit.

Despite the fanfare, however, Turkey's civilian space efforts are not really progressing as desired. The country's Space Agency, established in December 2018, has yet to put together a website, let alone a concrete project. The most recent news from the agency dates back to September 2019, when the technology and industry minister met with agency executives and launched work on drawing a logo for the institution.

A defense expert, interviewed by Al-Monitor, said the agency's scarce budget is not enough even for proper coordination of stakeholders, let alone project management. The expert, who requested anonymity, noted, "Roketsan's announcement that it has transcended the 100 kilometer mark, defined as the boundary of space, and then its announcement that it targets a 400 kilometer altitude are very important in terms of efforts on space. Equally important was the creation of the Turkish Space Agency and the inauguration of efforts to develop a national space program. Yet difficulties have emerged in coordinating the work, while the duplication of efforts is causing waste of time."

The sector has yet to achieve a "system of synergy," according to the expert. "There are various institutions working on space-related projects, but in order to prevent confusion and duplication the Space Agency should control and coordinate them and draw up and regulate a national space policy," he added. Opposition parties and media critical of the government have raised similar misgivings, with one newspaper scoffing that "the Turkish Space Agency has been lost in space." The head of the agency himself admitted to certain shortcomings in a television program last year.

According to the defense expert, the maladies of Turkey's defense industry sector such as nepotism, clientelism and extreme politicization appear to be already spilling over to space-related programs. The space agency's first administrative challenge is to draw up and publish a national space policy and program, which it has failed to do in the past two years. A further delay will badly damage its credibility.

On the technical side, the agency's main tasks involve the IMECE project for Turkey's first locally made surveillance satellite with both civilian and military purposes and the Turksat 6A project for the country's first locally made communication satellite, which it coordinates with Turkey's Scientific and Technological Research Council. The contract for Turksat 6A was signed in December 2014 and its developers plan to launch the satellite in 2022.

Turkey's space projects appear bound to expand despite the existing shortcomings in coordination and sync. Yet financial constraints amid the country's ongoing economic crisis as well as creeping politicization are likely to be bigger snags, as evidenced by the space agency's failure to take the reins of the sector in the two years since its creation. (Al-Monitor 17.11)

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