

**The FORTNIGHTLY**

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

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Morocco& Israel Sign Trade Accord

On 21 February, Morocco and Israel signed a trade agreement to facilitate investments, as the two countries look to broaden cooperation. The deal was signed in Rabat, Morocco by Israel's Economy Minister Barbivai and Moroccan Trade Minister Mezzour. Barbivai told a news conference that Israel aspires to increase annual trade with Morocco from the current $131 million to some $500 million. Barbivai's visit comes less than three months after Israel's Defense Minister Gantz visited in November to sign a defense pact. Morocco was one of four countries to sign the Abraham Accords with Israel in 2020, along with the United Arab Emirates, Bahrain and Sudan. (i24 21.02)

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* 1. BIRD Foundation Call for Proposals in Advanced Homeland Security Technologies

The Israel-U.S. Binational Industrial Research and Development (BIRD) Foundation has issued a Call for Proposals to U.S. and Israeli entities in the Homeland Security sector to submit joint proposals for the development of advanced Homeland Security technologies. Each approved project will receive a grant of up to $1 million, up to 50% of the project's budget.

The BIRD HLS program, funded by the U.S. Department of Homeland Security and the Israel Ministry of Public Security, has been providing grants since 2016 to support joint U.S.-Israeli research and development projects. The program is managed by the BIRD Foundation and addresses needs and innovation areas defined by both countries.

BIRD HLS is directed towards U.S. and Israeli companies that develop Homeland Security products and solutions, and towards entities in other sectors that develop technologies that may be suitable for this sector. The program's Board of Governors selects joint projects between two companies, one from Israel and one from the U.S., or between a company and a university or research institute. Projects should focus on any of the following areas: Technologies for First Responders including Command & Control, Video Analytics, Communications, Wearable Sensors, Standoff Detection and Identification of Hazards, Personal Protective Equipment and others; Combatting Cyber Crime; Securing Critical Infrastructure and Public Facilities; Safe and Secure Cities; Border Protection technologies such as Biometrics, Screening Systems and Robotics, including Maritime Security, and Unmanned Aerial Systems. The deadline for submission of Executive Summaries is 25 April 2022.

The [BIRD (Binational Industrial Research and Development) Foundation](https://www.birdf.com/%E2%80%8E) works to encourage and facilitate cooperation between U.S. and Israeli companies in a wide range of technology sectors and offers funding to selected projects. BIRD supports projects without receiving any equity or intellectual property rights in the participating companies or in the projects themselves. BIRD funding is repaid as royalties from sales of technology products that were commercialized as a result of BIRD support. (BIRD Foundation 23.02)

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* 1. Israel Aims To Build Its First Quantum Computer

The Israel Innovation Authority (IIA) and the Israeli Defense Ministry will invest $62.2 million in developing Israel's first quantum computer. Quantum computing, on all levels, is showing signs of being an important future component of the state's security and its technological superiority. Starting this process in the framework of the national program constitutes a significant step towards achieving Israeli independence in this area.

The IIA and the ministry will work on two parallel tracks. The authority will focus on building and developing a quantum computational infrastructure for running calculations directly or via cloud access. The goal of its program will be mainly optimization or to improve different elements in quantum computing. The ministry, working with academia, the industry and all the National Research and Development Infrastructure (TELEM) entities, will establish a national center to develop a quantum processor, including hardware, control, optimization, algorithms and interfacing aspects. The organizations said that initially the country may need to tap into overseas technology, but the goal is only to use Israel-developed quantum processors and technologies. (ILH 17.02)

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* 1. The India & Israel Industrial R&D & Technological Innovation Fund to Widen its Scope

Further strengthening the Indo-Israel relations, experts from both countries deliberated on widening the scope of the India-Israel Industrial R&D and Technological Innovation Fund (I4F) at its 8th Governing Body meeting last January. They approved three joint R&D projects totaling $5.5 million and proposed measures to create a larger India-Israel collaborative ecosystem.

The governing body approved the Minutes of the Seventh Governing Board Meeting, which was followed by approval of three joint R&D projects totaling $5.4 million. The projects were titled Centrally Monitored IoT Nano Sensors for Molecular Diagnostics in Healthcare and Screening Applications, NoMoreMos- a mosquito control biological solution, and IoT enabled satellite communication for real-time agriculture and environment data collection across India.

The members also discussed the status of ongoing I4F projects since 2018. The Israeli side unveiled the new I4F website and matchmaking platform, created as a means of increasing the popularity of the joint program, as well as a list of programs planned for 2022.

India-Israel Industrial R&D and Technological Innovation Fund (I4F) fund is a collaboration between the Department of Science and Technology (DST), and the Israel Innovation Authority, to promote, facilitate and support joint industrial R&D projects between companies from India and Israel to address the challenges in the agreed ‘Focus Sectors’. The goal of I4F is to promote, facilitate and support joint industrial R&D, which would lead to the co-development and commercialization of innovative technologies that can benefit both nations. The Global Innovation & Technology Alliance (GITA) is appointed to implement the I4F program in India, while Israel Innovation Authority is the implementing agency in Israel. (PBNS 20.01)

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* 1. Israel to Begin Exporting Gas to Egypt Via Jordan

Israel's Ministry of National Infrastructures, Energy and Water Resources has approved the start of natural gas exports to Egypt via Jordan. This is a new export route that has been approved following the growing demand for Israeli natural gas in Egypt, which will increase gas exports to Egypt by more than 50%. Israel's offshore natural gas reaches Jordan via a pipeline to the border near Beit Shean and from there to Aqaba and onto Egypt.

Israel currently exports 3 billion cubic meters (BCM) of gas annually to Jordan under an agreement signed in 2016 with the Jordan Electric Power Co. At present 5 BCM of gas annually is also exported from Israel to Egypt via the former EMG pipeline from Ashkelon to El Arish in Sinai and onto Egypt for domestic consumption.

In 2022, Israel is expected to export an additional 2.5-3 BCM to Egypt via this new route and the amount could rise to 4 BCM in subsequent years. The natural gas will begin flowing from Israel to Egypt via Jordan later this month, thus substantially increasing the amount of gas that Israel exports to its neighbors. The additional gas exports will earn the Israeli government more tax revenues and royalties and generate an extra NIS 100 million annual revenue for the government owned gas transmission network Israel Natural Gas Lines. The Ministry of National Infrastructures, Energy and Water Resources said that beyond the economic benefits, natural gas exports to the region strengthens geopolitical relations between Israel and neighboring countries, strengthens energy security of the countries in the region and leads to a cleaner economy in the Eastern Mediterranean. (Globes 16.02)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Etisalat Digital’s Cybersecurity Arm Help AG Partners with Israel's CyberArk

Help AG, the cybersecurity arm of Etisalat Digital has announced its partnership with Petah Tikva's [CyberArk](http://www.cyberark.com), the identity security company. Through this partnership, Help AG will now deliver the comprehensive identity security platform to its clients in the UAE and Saudi Arabia.

The CyberArk identity security platform enforces least privilege and secures access across any device, anywhere, and at the right time. Centered on privileged access management, the platform helps organizations secure access to critical business data and infrastructure, protect a distributed workforce, and accelerate business in the cloud.

Last year, Help AG introduced a completely cloud-delivered managed Advanced Web Application Firewall (AWAF) solution that helps organizations that rely on web-based applications enhance their security posture. (GB 16.02)

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* 1. Classiq Announces $33 Million in New Funding

Classiq has raised $33 million in a Series B round. Hewlett Packard Pathfinder, the venture capital program of Hewlett Packard Enterprise (HPE); Phoenix, a $60-billion insurance company; Spike Ventures, a Stanford alumni investor group; and Samsung NEXT, the investment arm of Samsung are new investors in the company. This round also included personal investments from Lip-Bu Tan and Harvey Jones, joining existing investors Wing VC, Team8, Entrée Capital, Sumitomo Corp. (through IN Venture) and OurCrowd. This new round brings Classiq’s total funding to $48 million in 20 months of existence.

Classiq will use the new funds to quadruple the size of the company – by expanding its team of world-class engineers and researchers, opening new offices around the globe, and continuing to develop and file revolutionary quantum algorithm design patents. Classiq customers, leading global companies in a variety of industries, will benefit from cutting-edge products and even better developer support.

Tel Aviv's [Classiq](http://www.classiq.io)’s platform for Quantum Algorithm Design is revolutionizing quantum software development. Forward-thinking companies develop on the Classiq platform, solving real-world problems with quantum circuits that could not be created otherwise. Their patented breakthrough technology automatically transforms high-level functional models into optimized quantum circuits for a wide range of hardware and cloud providers, turning months into minutes of work and making it possible to harness the true power of today’s and tomorrow’s computers. (Classiq 17.02)

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* 1. Permit.io $6 Million Seed Funding Streamlines Permissions in Cloud-Native Applications

Permit.io launched out of stealth with $6 Million in seed funding. The round was led by the venture capital firm NFX with follow-up investment from Rainfall Ventures, as well as a long list of angel investors from industry veterans.

Access control interfaces are a must have in modern applications, which is the reason many developers are spending time and resources trying to build them from scratch without prior DevSec experience. Permit.io provides all of the required infrastructure to build and implement end-to-end permissions out of the box, so that organizations can bake in fine-grained controls throughout their organization. This includes all of the elements required for enforcement, gating, auditing, approval-flows, impersonation, automating API keys and more empowered by low-code interfaces.

Tel Aviv's [Permit.io](https://www.permit.io/) is built on top of the open source project OPAL, which acts as the administration layer for the popular Open Policy Agent (OPA). OPAL brings open policy up to the speed needed by live applications; as an application state changes via APIs, databases, git, Amazon S3 and other 3rd-party SaaS services, OPAL makes sure in real-time every micro service is in sync with the policies and data required by the application. (Permit.io 15.02)

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* 1. Exodigo Gets $29 Million in Seed Funding for Nonintrusive Underground Mapping

Exodigo announced the commercial availability of its groundbreaking nonintrusive subterranean mapping platform for construction, mining and utility companies in the US and Israel. The company also announced raising $29 million in seed funding led by Zeev Ventures and 10D Ventures, with participation from SquarePeg Capital and JIBE Ventures. Strategic industry leaders Tidhar Construction, Israel Canada and WXG also joined the round.

Exodigo can rapidly create a digital geolocated, 3D map of buried assets – from man-made pipes and cables to soil layers, rocks, minerals, and even groundwater across any terrain. In its first live demonstration, Exodigo proved its ability to safely and accurately identify underground utilities, abandoned lines, and ground layers in a remote, unmapped area. Exodigo will commence pilot projects in California, Florida and Texas in the weeks ahead. The company plans to use the funding to accelerate its expansion, with a focus on building a California-based team to support the commercial rollout in the US.

Creating a new gold standard for nonintrusive discovery, Tel Aviv's [Exodigo](http://www.exodigo.com) gives construction, mining and utility companies a better way to know exactly what is underground. Its subsurface mapping solution combines advanced sensors, 3D imaging and AI technologies to give a clear picture of the underground so companies can make more informed decisions before they start design, construction or resource excavation. (Exodigo 17.02)

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* 1. Following Market Momentum, Shield Expands into North America

Shield announced the opening of its North American headquarters. As a result of the increasing customer base and market demand, Shield expects to add many different roles in Sales, Marketing, Customer Success, Support and Delivery during 2022. As regulated financial services firms navigate evolving regulatory pressures driven by pandemic volatility, a tightened labor market, the emergence of cryptocurrencies and more, Shield is strategically positioned to provide cutting-edge compliance solutions to companies across industries, displace legacy, costly technologies and provide true TCO and value to compliance and IT teams.

After successfully bootstrapping itself since its initial launch in 2018, Shield announced last month its $15 million capital raise. With a heightened demand for RegTech solutions, funds from the round are being used to significantly expand Shield’s presence across global markets, including the United States, as well as Europe, Middle East, Africa and Asia-Pacific. An AI-enabled workplace intelligence platform, Shield provides companies within regulated industries with a cloud-native solution to meet evolving compliance concerns through automating surveillance over employee communication channels. Through data enrichment, powerful analytics, enhanced search tools and proactive surveillance, Shield offers companies a crucial platform that is especially necessary in today’s hybrid and remote work environments.

Tel Aviv's [Shield](https://www.shieldfc.com) is an advanced end-to-end workplace intelligence platform that allows organizations of any size to mitigate risks, escape the dead-end legacy archive, improve operational efficiency, and reduce compliance costs. Shield redefines the way enterprises and financial institutions manage and mitigate communications compliance risks by applying advanced AI, NLP, and visualization capabilities. Shield is specifically built for today’s digital work environment, where organizations face multiple risks, including financial crime, privacy and misconduct. (Shield 17.02)

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* 1. Tiger Global Backs Security Leader CHEQ by Leading $150 Million Series C Round

Go-to-Market Security (GTMSec) category leader CHEQ has raised a $150 million series C round, led by Tiger Global. The round was joined by existing investors Battery Ventures, Hanaco and Phoenix Insurance, as well as Key1 Capital, a new investor to the company. This brings CHEQ's total funding to-date to $183 million. The new funding will drive growth and expansion of the research and development, sales, and marketing teams.

The Tel-Aviv based company brings security applications to Go-to-Market teams, to help protect their sales pipelines, marketing funnels, sites, eCommerce, data and analytics from fake visitors, fraudsters and malicious bot traffic. CHEQ is used by over 50,000 websites worldwide. The company aims to nearly triple its growth in 2022 across its key geographies in North America, EMEA and APAC.

Tel Aviv's [CHEQ](http://www.cheq.ai) is the leader in Go-to-Market Security, trusted by over 12,000 customers across 50,000 websites worldwide. The company provides frictionless cybersecurity solutions for Go-to-Market teams, to secure their marketing funnels, sales pipelines and data systems from bots and fake users. The company holds offices in New York, Tel Aviv and Tokyo. (CHEQ 22.02)

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* 1. Varos Emerges from Stealth with a $4 Million Seed Round

Varos has emerged from stealth and announced its $4 million seed financing round led by Ibex Investors. Varos is also an alumnus of Y Combinator, the prestigious startup accelerator. Varos is pioneering a new category of data analytics that’s challenging traditional taboos around cross-company collaboration. Varos’ platform helps its users understand their own performance vs. direct competitors by unlocking data that is currently stored in different silos. In fact, a growing base of 250+ users is already automatically feeding marketing data to Varos’ platform, and in return seeing how they stack up against others in their space and stage. However, Varos is not planning to stop there, and is already planning its expansion across additional operative departments, such as finance, product, and sales.

This round of funding will go towards adding additional data sources, expanding its product offering and scaling up marketing.

Israel's [Varos](https://www.varos.io/) provides eCommerce and SaaS companies with real-time benchmarking to similar companies for their core business metrics. Instead of flying blind, their customers use us to see how they stack up to peers, find under-performing metrics and answer questions such as "was this spike in costs due to my performance or is it happening to everyone else too?" (Varos 23.02)

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* 1. anecdotes Secures $25 Million in Series A Funding for First Compliance OS

anecdotes announced $25 million in Series A funding led by Red Dot Capital Partners, with participation from Vintage Investment Partners, Shasta Ventures, Glilot Capital Partners and Aleph. The funding will primarily be used to continue the development of new applications for anecdotes’ Compliance OS platform, specifically tailored to the needs of fast-growing companies.

anecdotes serves as a home base for everything Compliance related and at every stage of the Compliance journey. Its platform continuously collects and maps data from dozens of the most often-used systems and tools, including AWS, Snowflake, Cloudflare, GitHub, Datadog and more. That data is then leveraged to power various applications for virtually any Compliance need (e.g., audit management, risk analysis, policies, and customer evidence). Through customized controls and frameworks, including those based on previous and ongoing requirements, companies can seamlessly meet internal and external audits and have the visibility, flexibility, and data-backed intelligence to simultaneously scale their Compliance programs against their own impressive growth.

[anecdotes](http://www.anecdotes.ai) has headquarters in San Francisco, California and R&D offices in Tel Aviv, Israel. anecdotes is the first operating system (OS) for every stage of a business’s Compliance journey. It reshapes the way the cloud-powered world thinks about security Compliance, transforming it from a box-ticking exercise into a powerful driver of growth for scale-ups, publicly traded companies, and everything in between. With a variety of applications powered by verified data, Compliance leaders can turn manual, time-consuming, and siloed tasks into an automated, continuous, and strategic Compliance journey. (anecdotes 23.02)

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* 1. Astrix Security Emerges from Stealth with a $15 Million Seed Round

Astrix Security launched from stealth to modernize how enterprises monitor and control their ever-expanding web of interconnected third-party applications. The company is backed by $15 million seed funding from lead investors Bessemer Venture Partners and F2 Venture Capital, with participation from Venrock and over 20 leading cybersecurity angel investors.

Astrix provides full integration lifecycle management, starting with an immediate inventory of all third-party connectivity to enterprise applications, enriched with contextual data for unique exposure assessment and precise mitigation. The platform automatically detects changes and malicious anomalies within third-party integrations and low-code/no-code workflow configurations, provides real-time remediation and helps security teams seamlessly manage shadow integrations with out-of-the-box security policy and enforcement guardrails. The company's pioneering technology is already helping large enterprise customers across industries, including finance, travel, HR, and automotive.

Founded in Tel Aviv in 2021, [Astrix Security](https://www.astrix.security/) protects the modern enterprise's growing third-party app interconnectivity. By leveraging their unique "attacker" point of view, Astrix has designed a novel zero-trust solution to the leading cybersecurity threat against enterprise's critical systems. The advanced software not only provides the enterprise overall risk visibility but offers lifecycle management to preemptively secure businesses' most sensitive data from possible third-party breaches and compliance violations. Astrix's rapidly expanding team is made up of subject matter experts and was founded by veterans of the Israel Defense Forces' 8200 military intelligence unit. (Astrix Security 23.02)

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* 1. Otonomo to Acquire The Floow, a Leader in Connected Insurance Technology

Otonomo Technologies has entered into a definitive agreement to acquire The Floow, a privately held company headquartered in Sheffield, United Kingdom, in a cash and stock deal valued at approximately $69 million, including a performance based earn out of up to $37.5 million. The acquisition is subject to approval by U.K. regulators and is expected to close within Q2/22. The Floow’s preliminary and unaudited revenue was between $6.5 million and $7 million for 2021.

The Floow is a SaaS provider of connected insurance technology for major carriers globally. The combination of vehicle and mobile data from Otonomo and The Floow will be crucial to enabling innovative, usage based and behavioral based insurance products and to move from “detect and repair” to “predict and prevent” models to create safer, greener and smarter driving experiences for policyholders.

Otonomo is building the preeminent mobility intelligence platform for powering the next generation of automotive, fleet, insurance, transportation and mobility services. Otonomo’s cloud native platform uses artificial intelligence, sensor data and behavioral pattern mapping from more than 50 million accessible connected vehicles and more than 430 million accessible mobility end devices to provide the critical insights needed to optimize vehicle insurance, emergency services, mapping, traffic management, EV management, micro-mobility, predictive maintenance, and dozens of smart city solutions. The combination of the two companies is expected to integrate The Floow’s vehicle insurance tools, built in partnership with insurance companies, with Otonomo’s mobility intelligence platform built on OEM vehicle data. Together, Otonomo and The Floow will offer connected insurance solutions powered by the full spectrum of data sources (OEM, mobile and aftermarket devices), generating insurance-grade scores and user analytics regardless of data origin.

Herzliya's [Otonomo](http://www.otonomo.io) fuels a data ecosystem of OEMs, fleets, and more than 100 service providers spanning the transportation, mobility, and automotive industries. Their platform securely ingests more than 4 billion data points per day globally from over 50 million vehicles licensed on the platform and massive amounts of mobility demand data from multimodal sources, then reshapes and enriches it, to accelerate time to market for new services that improve the mobility and transportation experience. Otonomo provides deeper visibility and actionable insights to empower strategic data-driven decisions – taking the guesswork out of mobility and transportation planning, deployment, and operations. (Otonomo 28.02)

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* 1. PrettyDamnQuick Raises $6 Million to Expand its eCommerce Platform in the US

PrettyDamnQuick has closed a $6 million seed investment round. PrettyDamnQuick's seed round investment was led by TLV Partners and includes participation from Ground Up Ventures and Verissimo Ventures as well as some of Israel's largest shipping, logistics and eCommerce brands. PrettyDamnQuick will use the funding to expand the company's growth in the United States, where Shopify dominates the market for businesses that sell online, independent of Amazon. PrettyDamnQuick will begin serving the nearly two million online stores through the established Shopify App Store ecosystem. The company plans to base its global presence in New York City.

PrettyDamnQuick is an intuitive platform that transforms delivery into a powerful sales growth engine. It connects to Shopify and other eCommerce platforms, and includes features that upgrade the checkout experience with clear order arrival times based on location, cart size, customer loyalty and more. PrettyDamnQuick is designed for the future of eCommerce with support for all delivery methods, services and carriers, including 3PLs, in-store pickup and last mile delivery. PrettyDamnQuick is available in a pre-launch phase for free to qualifying merchants and will be released publicly on the Shopify App Store later this year.

Herzliya's [PrettyDamnQuick](http://www.prettydamnquick.io) is a delivery management solution built for the Shopify age that transforms delivery into a powerful sales growth engine. Optimizing and streamlining everything from checkout-to-delivery in one simple, integrated workflow, eCommerce merchants master the entire order process and tackle exceptions so that issues are resolved before they become negative reviews. (PrettyDamnQuick 24.02)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Bahrain’s Investcorp Acquires 64 Industrial Properties Worth $640 Million in the US

Bahrain’s Investcorp, an alternative assets manager, has acquired 64 industrial properties in the US for $640 million. The properties total approximately 5.6 million square feet across seven major US markets including Chicago, Illinois; Dallas, Texas; the New York metro; Atlanta, Georgia; Houston, Texas; Philadelphia, Pennsylvania and St. Louis, Missouri. The latest property acquisition grows Investcorp’s US industrial real estate holdings to approximately $3.5 billion across approximately 32 million square feet comprising of more than 425 buildings. Since 1996, Investcorp has acquired over 1,100 properties for a total value of approximately $23 billion.

Investcorp said earlier this year that its New York-based real estate team participated in nearly $4 billion in deals last year, including both buying and disposition activity. The group acquired over 200 properties in 2021 valued at approximately $2.5 billion and sold properties worth approximately $1.5 billion. According to Real Capital Analytics, Investcorp is among the top-10 largest cross-border buyers and sellers of US real estate over the past three full years of 2019, 2020 and 2021. (GB 16.02)

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* 1. UAE’s F&B imports from Latin America Reached $1.9 Billion in 2020

According to recent data shared by the Dubai Chamber of Commerce, the UAE’s food and beverage (F&B) imports from Latin America reached $1.9 billion in 2020. F&B exports from Latin American markets accounted for 12% of the UAE’s total F&B imports in 2020, according to the analysis, which is based on data from the UAE’s Federal Competitiveness and Statistics Centre (FCSC) and International Trade Centre.

Dubai Chamber estimates the untapped potential of Latin American F&B exports to the UAE to be $800 million, with animal products projected to see the highest value by category, followed by horticulture, vegetables, processed food and animal feed beverages, sea animal products and cereals.

The UAE’s F&B exports and re-exports to Latin America meanwhile reached $18.4 million. The report also highlighted existing synergies between the UAE and Latin America in the field of food security, as well as prospects for the UAE to export sustainable food production technologies to Latin America and lend its expertise to help countries in the region meet their food security agendas.

Overall, the UAE’s F&B trade crossed $20 billion in the first nine months of 2021, according to the Dubai Chamber of Commerce. Imports accounted for the largest share of the UAE’s F&B trade during January-September 2021 period, amounting to $12.8 billion. Exports accounted for $4.1 billion while re-exports amounted to $3.3 billion. In 2021, Dubai specifically imported 8 million tons of food and re-exported 6.277 million shipments through all its ports, according to the Dubai Municipality. Dubai also issued 78,812 food export health certificates, while the quantity of food exported last year amounted to 3.272 tons to 157 countries after verifying their safety and compliance with required food safety standards. (GB 18.02)

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* 1. XXRIDE is the Ridesharing App That Makes You Pay Less

Revolutionizing the world of ridesharing for the first time with luxury and reduced costs, [XXRIDE](https://www.xxride.com) was launched officially on 22 February a new concept of transportation and ridesharing app in the UAE, specifically from Dubai. The lower cost of trips compared to the rest of the competitors is not the only advantage of XXRIDE over other transportation and ridesharing apps, but the uniqueness of the services provided by XXRIDE is what makes it the ideal destination for passengers in Dubai. XXRIDE drivers can reach you wherever you are in Dubai and can take you to any destination you want in the UAE.

By a set of long-term partnerships, with approved and licensed various limousine companies in Dubai, XXRIDE provides a large and diversified fleet of cars and drivers that combines all categories of Select, Luxury, Electric, XXXL, in addition to Family cars.

In order to ensure the speed and flexibility of service for both riders and drivers, XXRIDE launched two applications, one for riders called XXRIDE and other for drivers called XXRIDE Driver, both applications are available on iOS and Android stores. (XXRIDE 19.02)

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* 1. The UAE's Udrive Secures $5 Million in Investments

Dubai's Udrive recently completed another solid funding round with strategic investments of $5 million from Cultiv8, the government’s SME and startup investment arm, as well as Oman Holding International. [Udrive](https://udrive.ae/) is a pay-per-minute car rental concept that started in January 2017 by offering drivers in Dubai, Sharjah and Abu Dhabi a cost-effective, short-term driving solution. Drivers can book a car for their journey via the Udrive app or the website, find it at a location that’s convenient to them, and then simply drive off. Known as the first technology platform in the GCC to offer car rentals by the minute, Udrive recorded strong growth in 2021, clocking two million trips to date, making it one of the largest rental booking platforms by transactions per car in the region.

Udrive addresses the short-term on-demand rentals by adding additional services including free fuel, parking, and comprehensive insurance for all its customers. Its cars can be driven per minute or per day, depending on the needs of the customer. Cars can also be picked up from any location available and can be returned to the same city at any parking location. The mobile app booking process is simple, fast, and efficient and functions as an all-purpose digital hub for private transport, payments, customer service and logistics, reducing dramatically the time it takes compared to traditional rental companies.

The investment will support Udrive for the upcoming expansion in the region and enhancements of its technology. Additional emphasis will be given to streamlining the customer experience, an example of which has been the automatic parking payment system, wherein the car determines where it is parked and automatically pays the relevant meter charges. (Udrive 21.02)

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* 1. EdfaPay Raises a $1.6 Million Pre-Seed Round

EdfaPay has successfully raised $1.6 million in its latest funding round. The pre-seed investment was led by Nuwa capital, InspireUs VC, Wallan Investment group, and angel investors and will be a core driver of their service launch across the Kingdom.

Riyadh's [EdfaPay](https://edfapay.com/) was established in 2022 and is in the process of launching several financial solutions to the Saudi market targeting small and mid-size companies. EdfaPay products and services will help these companies to easily collect customers’ payments through the use of smartphones without the need to use the legacy traditional point of sale or any other physical payment devices. EdfaPay solutions will enable business owners to collect payments from any-where and from any location where legacy POS solutions cannot be deployed, businesses such as field agents, direct sales, small size stores, shipment agents, food delivery, temporary Bazars, and many others will be able to expand their business faster with no physical boundaries.

The state-of-the-art solution provided by EdfaPay works through NFC technology, which is a fast-growing market trend all over the world contributing to more than 85% of the POS transactions according to the Saudi payments company. EdfaPay will be able to channel its newly acquired funds into launching its financial services across the Kingdom and supporting its market-entry efforts. (EdfaPay 19.02)

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* 1. Lucid Group Gearing Up for First Electric Vehicle Plant in Saudi Arabia

Newark, California's Lucid Group announced the signing of agreements with the Ministry of Investment of Saudi Arabia (MISA), the Saudi Industrial Development Fund (SIDF), and the Economic City at King Abdullah Economic City (KAEC), as it lays the groundwork for a full production factory in Saudi Arabia. The agreements are expected to accelerate Saudi Arabia's strategic goal to transform and diversify its economy through the development of sustainable energy and transportation. Lucid estimates that the location of Lucid's first international manufacturing plant in the Kingdom of Saudi Arabia may result in up to $3.4 billion of value to Lucid over 15 years, and the facility will enable Lucid to address growing demand for Lucid's products.

Lucid reviewed multiple opportunities before selecting KAEC in Saudi Arabia as the optimal location and opportunity for its first international manufacturing facility. The new manufacturing hub will be fully owned by Lucid and enable the company to meet growing international demand for luxury electric vehicles. Lucid also expects to benefit from the availability of competitively-priced commodities and energy and a newly emerging domestic supply chain, and a factory location that facilitates global logistics. The company further expects to be able to access financing to build and equip the manufacturing facility and to train automotive workers. (Lucid Motors 28.02)

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* 1. Royal Air Maroc to Launch New Tel Aviv-Casablanca Route

Royal Air Maroc, which is also Morocco’s largest airline, will conduct flights from Casablanca on Tuesday, Wednesday, Thursday and Sunday. Flights from Tel Aviv will depart on Monday, Wednesday, Thursday and Friday. The new Tel Aviv-Casablanca flight route will begin on 13 March.

Israel is home to a sizable community of around 1 million Moroccan Jews. Additionally, tourism agencies estimate 200,000 Israeli tourists will visit Morocco throughout 2022. Flights between Israel and Morocco were first established as a result of a 2020 normalization deal between the two countries, brokered by the United States. The Israel–Morocco normalization agreement saw both countries form full diplomatic ties, and led to a series of official visits. (i24 21.02)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. Ecoppia Signs a First Ever Hybrid Project of 400 MW With Azure Power

Ecoppia announced another significant milestone with first ever hybrid project of 400MW with renowned energy player, Azure Power. This complex project, combined of two types of installations - fixed tilt and Single Axis Trackers (SAT), along with challenging terrains and varied structures, is another exemplification for Ecoppia’s wide capabilities to tailor a long-term and cost-effective solution for leading energy players. The robotics’ deployment, expected to commence in H1/22, will feature Ecoppia’s full product suit – the E4, the T4 as well as Ecoppia’s latest addition - the Ecoppia H4 - powered by the patented Helix Technology.

Combining Ecoppia’s renowned safety capabilities alongside effective, swift, and smart cleaning, the H4 is designed to cater the growing needs of site developers. Using safe microfibers and controlled airflow, the H4 channels dust and dirt particles downwards without accumulating them by simply moving horizontally while cleaning vertically.

With over 3,000 MW of deployed capacity, Herzliya's [Ecoppia](http://www.ecoppia.com) is a pioneer and world leader in robotic solutions for photovoltaic solar. Ecoppia’s cloud-based, water-free, autonomous robotic systems remove dust from solar panels on a daily basis, leveraging sophisticated technology and advanced Business Intelligence capabilities. Remotely managed and controlled, the Ecoppia platform allows solar sites to maintain peak performance with minimal costs and human intervention. (Ecoppia 21.02)

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* 1. ACWA Power in Advanced Talks with SFE Over Wind Farms in the Gulf of Suez

Saudi renewables company ACWA Power is in advanced talks with the Sovereign Fund of Egypt (SFE) to build a 250 MW wind farm in the Gulf of Suez. Reports say a contract could be signed within weeks. The 250 MW generation capacity of the wind farm is not final and is subject to change. The SFE would reportedly own a minority stake in the project.

ACWA recently signed an agreement worth $2 billion with French lender Natixis to fund the company’s projects in the region. ACWA has a significant presence in Egypt, including through its 200 MW Kom Ombo solar power plant, which in April got $114 million in backing from a consortium of international lenders led by the European Bank for Reconstruction and Development. The company has minority stakes in three plants in Benban and an upcoming project with the Egyptian Electricity Transmission Company to convert an electricity plant in Luxor to renewable energy, and has reportedly expressed interest in Egypt’s investment in desalination infrastructure. (Ent 22.02)

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* 1. Siemens-Backed JV to Invest $25 Million in Egypt’s Solar Infrastructure

Capton Energy — a newly established joint venture between Siemens’ financing arm, Siemens Financial Services, and Saudi-based solar energy firm Desert Technologies — plans to invest $25 million in new and existing solar energy projects in Egypt in a first stage of a project.

Capton is already in advanced talks with a factory in southern Egypt to launch an 18 MW solar plant at an investment cost of some $18 million. The JV aims to build a 1 GW portfolio of clean energy projects across Africa, the Middle East and Asia, and is in talks with international lenders over financing.

The Dubai-headquartered JV plans to launch its operations in Egypt due to attractive legislative and investment climate. Local industry players have recently spoken of their and concern that new investment to the industry could be hobbled by new solar plant integration fees, as well as the incoming 5% import tariff on PV cells. (Ent 22.02)

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* 1. TotalEnergies to Equip Tunis With a Charging Network for Electric Vehicles

In Tunisia, the French oil company TotalEnergies announced its upcoming installation of a recharging network for electric vehicles in the capital Tunis. The initiative is part of the group's energy transition strategy to develop new energies and support new forms of mobility.

This is new equipment that reflects the willingness of TotalEnergies to establish the first network of charging for electric vehicles in Tunisia. The Tunisian subsidiary of the French oil group will provide its customers with charging stations every 200 km. The project will be carried out with the assistance of TotalEnergies’ partners in the electric mobility sector in Tunisia, such as the automotive groups Ennakl, MG Motors and Tesla Club.

TotalEnergies’ electric vehicle recharging network currently comprises 26 recharging points served by 19 electric terminals in 17 TotalEnergies service stations spread across the country. The Tunisian government now wants to promote electric mobility, four years after the first electric bus supplied by the Chinese manufacturer BYD was put into circulation in the capital Tunis. The bus, which has a range of 250 kilometers for 90 passengers, has a recharging system that lasts three hours and is installed in parks. (Afrik21 22.02)

ARAB STATE DEVELOPMENTS

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* 1. Lebanon’s Inflation Rate Reached 239.68% in January 2022

According to the Central Administration of Statistics (CAS), Lebanon's Consumer Price Index (CPI) jumped from 147.55% in January 2021 to register a record high of 239.68% in January 2022. The cost of Housing and utilities, inclusive of water, electricity, gas and other fuels (28.4% of the CPI) added a yearly 104.15% by January 2022, where Owner-occupied rental costs increased by 3.94% year-on-year (YOY) while the average prices of water, electricity, gas, and other fuels soared by 104.15% YOY.

Looking at the prices of Food and non-alcoholic beverages (20% of CPI), it surged by 483.15% yearly. In turn, the average prices of Transportation (13.1% of the CPI), Health (7.7% of the CPI) and Restaurant and Hotels (2.8% of CPI) all recorded hikes of an annual 541.42%, 444.83% and 449.66%, respectively, by January 2022. Costs of Clothing and Footwear (5.2% of CPI) surged by 225.56% by January 2022 and the prices of Communication (4.5% of the CPI) increased by 35.38%. Prices of Furnishings and household equipment (3.8% of CPI), Alcoholic beverages and tobacco (1.4% of CPI), and Recreation, amusement and culture (2.4% of the CPI) increased by 260.29%, 335.59% and 152.20% respectively, by January 2022.

More than 70% of the Lebanese people now live under the poverty line, unable to secure basic needs. The high inflation rate is mainly linked to the huge depreciation of the national currency. It increased from LBP/USD 8,800 in January 2021, to LBP/USD 20,400 in January 2022, combined by the worldwide inflation due to several economic and political factors. Adding to that, the Russian-Ukrainian’s war will increase internationally the energy prices, which will erode further the Lebanese purchasing power. (CAS 01.03)

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* 1. Jordan's Tourism Revenues Reach $242.3 Million in January 2022

Jordan's tourism revenues saw an increase of $158.3 million in January, which amounts to 188.4%, compared with the same period in 2021 to reach $242.3 million. The increase was due to an increase in the number of tourists in January by about 138,700 to reach a total of 205,500 tourists, according to the Central Bank of Jordan (CBJ) data.

Tourism revenue from Jordanian expatriates accounted for 40.7% of the total tourism income, followed by tourists from Arab countries (except for the Gulf countries) with 22.3%, on top of which came Iraq with 7.7%, Syria with 4% and the Palestinian Authority with 3.4%. In third place, tourists from the Arab Gulf countries accounted for 19.8%, on top of which came Saudi Arabia with 10.4%, Kuwait with 4.5% and Oman with 2.2%.

European tourists ranked fourth with 9.2%, on top of which came Germany, France, Britain, Spain, the Netherlands, Sweden, Russia and Hungary with 5.8% of the total tourism revenue, according to the CBJ data. As for the United States, it accounted for 2.8% of the total tourism income. (Petra 20.02)

►►Arabian Gulf

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* 1. Bahrain Begins Construction on the United States Trade Zone

Bahrain has begun construction on a United States Trade Zone (USTZ), which will be located at the Salman Industrial City. The USTZ will be initially spread across approximately 1.11 million sq. m. with the ability to expand in the future and will be built at a cost of around BHD75 million. The USTZ is expected to become operational by 2025. Bahrain and the US will start promoting the zone as a regional center for trade, manufacturing, logistics and distribution among American companies in the kingdom, as well as in GCC markets and beyond.

An MoU was signed in 2021, establishing the trade zone which will reportedly contribute to boosting economic, commercial and industrial cooperation and support bilateral trade exchanges between the two countries. The USTZ will facilitate export operations through Khalifa Bin Salman Port, Bahrain International Airport and King Fahd Causeway or through any other ports established in in the kingdom via specialized customs solutions.

Bahrain and the US entered in to a Free Trade agreement in 2006. As part of that agreement, 100% of the two-way trade in industrial and consumer products flow between the two countries without any tariffs.

The USTZ is an integral part of the kingdom’s economic recovery plans, and specifically the Industrial Sector Strategy that it launched in December last year. As part of the strategy, the kingdom aims to increase the industrial sector’s contribution to the 14.5% of GDP to BHD2.544 billion by 2026. The new strategy also aims to increase the percentage of contribution to overall exports to 80.1%, amounting to BHD2.475 billion by 2026. (GB 21.02)

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* 1. UAE’s Non-Oil Foreign Trade Increases by 27% During 2021

The UAE’s non-oil foreign trade in 2021 amounted to nearly Dhs1.9 trillion, reflecting a 27% growth compared to 2020, and by 11% compared to 2019. The value of national non-oil exports amounted to about Dhs354 billion, a growth of 33.3% as compared to 2020 and 47.3% as compared to 2019. The total value of re-exports amounted to Dhs521.3 billion, achieving a growth of 27.7% compared to 2020 and 1.6% compared to 2019. Meanwhile, the total value of the country’s imports during 2021 amounted to about Dhs1 trillion, a growth of 23.8% as compared to 2020, and about 7% compared to 2019.

China ranked first as the country’s largest trading partner in 2021, accounting for 11.7% of the UAE’s total foreign trade, and the value of non-oil trade exchange between the two countries amounted to Dhs212 billion, a growth of 27% from 2020 and 19.8% from 2019. India ranked second, accounting for 8.7% of the country’s total non-oil trade, with a value of Dhs164.4 billion, followed by Saudi Arabia with a contribution of 6.6% and a value of Dhs125 billion during 2021, achieving a growth of 20% compared to 2020 and 10.1% compared to 2019.

The US came in fourth, as its trade exchange with the UAE has grown by 8.1% compared to 2020, while Iraq ranked fifth. India emerged as the top importer, accounting for 13.8% of the country’s total exports, receiving Dhs50 billion worth of UAE exports, a growth of 150% from 2020 and about 100% from 2019. Saudi Arabia became second largest recipient of UAE exports, with a contribution of 10.7%, receiving Dhs38 billion of the country’s exports, achieving a growth of 48% compared to 2020 and by 22.4% compared to 2019. (WAM 28.02)

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* 1. India and UAE Sign Bilateral Trade Agreement

The UAE and India signed the landmark India-UAE Comprehensive Economic Partnership Agreement (India-UAE CEPA) on 18 February during a virtual summit attended by Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Narendra Modi, Prime Minister of India. The leaders signed the agreement on behalf of the two nations.

India’s comprehensive economic partnership agreement (CEPA) with the UAE is seen as a springboard for moving further on negotiating trade agreements with other Gulf Arab nations. The Modi government also views the deal as a gateway to Africa via the UAE, its third-largest trade partner. Total trade between India and the UAE stood at $53 billion during April-December 2021-22. Imports stood at $33 billion while exports at $20 billion during the period.

Indian nationals make up one of the largest population groups in the UAE, a major source of foreign remittances. India is also an important market for two-way tourism and UAE airlines Emirates and Etihad. Investment ties have deepened rapidly in the lead-up to the agreement. Groups from the UAE committed $7 billion in 2019 to set up a “food corridor” and invest in Indian agriculture, with an eye on food security.

Abu Dhabi wealth fund Mubadala invested $1.2 billion in India’s telecommunications provider Jio Platforms in June 2020, and India’s Reliance last year announced an investment of $2 billion in Abu Dhabi’s TA’ZIZ Industrial Chemical Zone. (Various 21.02)

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* 1. Dubai’s DXB Welcomes 29.1 Million Passengers in 2021

Dubai International (DXB) retained its spot as the world’s busiest airport for international passengers in 2021 for the eighth consecutive year, welcoming 29,110,609 visitors. Passenger figures grew 12.7% year-on-year. DXB’s annual traffic exceeded forecasts for the year by more than half a million passengers, on the back of a strong last quarter during which DXB welcomed 11,794,046 passengers, 77% more than in the previous quarter. The fourth quarter of 2021 was also the first time since the start of the pandemic that DXB’s quarterly traffic surpassed the 10 million mark. Meanwhile, December was the busiest month of the year with 4.5 million passengers.

India retained its position as the top destination country for DXB by passenger volume, with traffic for 2021 totaling 4.2 million, followed by Pakistan with 1.8 million, Saudi Arabia with 1.5 million, and the UK with 1.2 million passengers. Other destination countries include the US (1.1 million passengers), Egypt (1 million passengers) and the Turkey (945,000 passengers). DXB’s top destination cities during 2021 were Istanbul with 916,000 passengers, Cairo (905,000), London (814,000) and New Delhi (791,000 passengers). DXB is currently connected to 198 destinations across 93 countries through 84 international carriers. Current forecasts suggest traffic through DXB could reach 55.1 million by the end of 2022, but if current trends continue, that figure could be exceeded by a significant margin. (Dubai Airport 22.02)

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* 1. UAE Becomes World’s Largest Rough Diamond Trading Hub

In 2021, the UAE became the world’s largest rough diamond trading hub, with over $22.8 billion worth of the commodity traded last year. Since 2015, the UAE has increased its rough diamonds trade by 76%, overtaking Belgium as the world’s leading rough diamond trade hub. The total diamond trade in the UAE grew by 83% between 2020 and 2021. The presence of direct flights to other diamond hubs across the world, including mining countries in Africa and manufacturing centers in India, have given rise to connected supply chains with Dubai at its center.

Additionally, there are two Kimberly Process (KP) offices in the Dubai, making the emirate the only entry point for rough diamonds in the country. DMCC’s Dubai Diamond Exchange is reportedly the largest diamond tender facility in the world and hosts over 1,100 diamond companies.

Dubai’s non-oil external trade in the first half of 2021 reached Dhs722.3 billion. While gold and telecoms topped the list, diamonds came in third with Dhs57.3 billion of the commodity traded accounting for 8% of the overall trade. (GB 22.02)

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* 1. Saudi Announces Discovery of Natural Gas Fields Across Four Regions

Saudi Arabia has discovered natural gas fields in four regions of the kingdom, according to Energy Minister Prince Abdulaziz bin Salman. The Energy Minister said that state oil company Saudi Aramco has discovered natural gas fields in the central area of the country, in the Empty Quarter desert, near its northern border and in the eastern region. The fields are Shadoon, in the central region; Shehab and Shurfa, in the Empty Quarter, in the southeastern region; Umm Khansar, near the northern border with Iraq; and Samna, in the eastern region. The five new natural gas fields across the kingdom that can produce over 100 million cubic feet per day in total.

The Saudi Energy Minister added that two of the gas fields, Samna and Umm Khansar, are “non-conventional”. Non-conventional deposits, also known as shale, are usually trapped in tight pore spaces, requiring special extraction techniques. (GB 28.02)

►►North Africa

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* 1. Cairo Again Raises its 2021-2022 Growth Forecasts

Egypt’s economy is expected to grow 6.2-6.5% in FY2021-2022, marking an upwards revision from the previously expected 6%, Planning Minister El Said said on 22 February. The economy grew 3.3% during FY2020-2021, according to official figures.

The upwards revision comes after Q2/21-22 growth exceeded expectations to record 8.3%, beating government forecasts of 6-7% for the quarter. The higher-than-expected growth during the second quarter of the fiscal year helped push H1/21-22 growth to 9%, Prime Minister Madbouly said earlier this month.

Strong growth in recent months has been pushing full-year estimates up. This is the third upwards revision the government has made to its initial 5.4% estimate in the draft budget for the current fiscal year. As well, the IMF last month revised upwards its 2021-2022 forecast to 5.6%, while the European Bank for Reconstruction and Development and the World Bank — as well as a Reuters poll of economists — all made upgrades to their estimates last quarter, and are now predicting that the economy will grow 4.9-5.1% this year. (Ent 23.02)

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* 1. Central Bank of Egypt Released Fintech Landscape Report

On 19 February, the Central Bank of Egypt released its inaugural Fintech Landscape Report, underscoring how quickly the nation is making progress on its ambition of becoming a fintech hub in the Arab world and Africa. Egyptian fintech players raised over 400% more capital in 2021 than they did the year before, the report says, with some 32 startups landing $159 million against the $37.1 million that 25 companies raised the year before.

Critically, the CBE also included a roadmap to where it sees room for the industry to grow by providing a clear summary of its “five pillars of fintech and innovation strategy. (CBE 19.02)

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* 1. Egypt’s Copts Set to Resume Trips to Jerusalem After a Two-Year Hiatus

Amid a recent Egyptian-Israeli rapprochement and after a two-year hiatus due to the coronavirus pandemic, Copts are now allowed again to travel to Jerusalem to visit the holy sites for Easter. On 11 February, the Egyptian Federation of Tourist Chambers announced it would issue visas for Coptic pilgrims to Jerusalem. Egyptian tourism companies are working on paperwork for Coptic pilgrimage trips to Jerusalem. The minimum age this year is 41, which was determined by the Egyptian security authorities. Air travel will be the only means of transportation. There are 30 tourism companies organizing Copts’ trips to Jerusalem and the ticket prices are set at a minimum $1,900 for a one week program.

The first group of Copts is scheduled to travel on 10 April 10 and other groups will follow on 14 April and 20 April. Copts’ trips to the Holy Land include sites important to Christian beliefs, including Bethlehem, Jerusalem, Mount Zion, Jericho, the Mount of Temptation, the Dead Sea and the Mount of Olives.

The return of Coptic flights to Jerusalem coincides with a rapprochement between Israel and Egypt, especially in tourism and aviation. On 3 October 2021, an EgyptAir plane landed for the first time at Ben Gurion Airport in Tel Aviv. The direct flight came after EgyptAir Holding Company announced in March 2021 that it would start operating flights from Cairo to Tel Aviv instead of Air Sinai. The latter, which is a subsidiary of EgyptAir, had operated flights in unmarked planes to Israel for decades. Israeli airlines submitted in March 2021 a request to the Egyptian authorities to operate direct commercial flights to Sharm el-Sheikh in South Sinai. (Al-Monitor 22.02)

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* 1. Egypt Launches $50 Million Venture Capital Fund

With $50 million supported by the World Bank, Egypt’s Minister of Trade and Industry launched a new VC fund to support Egypt’s startup ecosystem. Minister of Trade and Industry Gamea emphasized the state’s interest in supporting young innovators and providing them with technical and financial support to help them turn their ideas into projects that meet the various needs of people.

Ms. Gamea went on to say that, since the Coronavirus outbreak, the Ministry's Micro, Small and Medium Enterprise Development Agency (MSMEDA) had taken a particular interest in continually assessing and improving its financial services in order to satisfy the demands of a wide range of projects. Using $50 million from the World Bank, MSMEDA launched a venture capital program to fund new and existing investment funds that support entrepreneurship projects and implement specialized training programs for employees working in various financial institutions to raise awareness of the mechanisms of this type of funding and help them expand their applications. So young Egyptians may finally take advantage of the free market and start working on cutting-edge ventures that can compete globally.

The most important component of the venture capital program, according to Gamea, is that it allows investment in funds that want to enter the African market. This aids in the growth of trade and the sharing of ideas with neighboring African countries. To promote entrepreneurs and stimulate new ventures, the agency has collaborated with numerous international and donor agencies to build incubators and business accelerators in line with international norms. (Various 25.02)

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* 1. Egyptian Wheat Imports Jeopardized by the War in Ukraine

The Egyptian government is considering alternative wheat sources due to Russia's war against Ukraine. Egypt’s General Authority for Supply Commodities said that they made bids to buy wheat from a variety of global suppliers to be delivered in April. These include wheat from the United States, Canada, Paraguay, Australia and various European countries.

Egypt is the largest wheat importer in the world and imports more than 80% of its wheat from Russia, Prime Minister Madbouly said, following a cabinet meeting to discuss the wheat situation. Egypt has wheat reserves that can last four months.

Other Middle Eastern states stand to be affected by the war as well. Russia is also Turkey’s main wheat supplier. Lebanon receives 50% of its wheat from Ukraine, while Yemen receives 14%. Wheat prices soared to more than $300 a ton in the US amid the war. Other commodities have been affected as well. (Al-Monitor 24.02)

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* 1. Morocco's Official Employment Rate Reached 39.7% in 2021

Morocco’s High Commission for Planning (HCP) has reported that the official employment rate in the country stood at 39.7% in 2021, recording a slight increase from 2020, 39.4%, and a drop from 2019, 41.6%. This rate does not include the undocumented informal sector. The 2021 employment rate marked a slight decrease in urban areas – from 35.3% to 35.1%-- when recording an increase in rural areas – from 47% to 48.4%, according to HCP’s 1 March report. For youth aged 15-29 years old, the employment rate remains stable at 25.4% between 2020 and 2021 compared to 28.2% in 2019. For the employment rate among Moroccans aged 30-44 years old, the commission noted a drop from 56.8% in 2019 to 54.8% in 2021.

As for the distribution of active labor among sectors, the service sector comes first with 45.8%, followed by agriculture, forestry, and fishing (31.2%), industry sector (11.7%), and construction (11.2%). HCP concluded that 4.93 million Moroccans work in the service sector, 3.36 million in agriculture, forestry and fishing, 1.26 million in the industry sector and 1.21 million in construction work.

In addition to distribution based on sector, the commission conducted a division of labor based on the mode of employment. It discovered that 51.8% of workers are employees, more than self-employed (29.6%), caregivers (13.7%) and employers (2.2%). As for most practiced professions in Morocco, there are manufacturing (19.1%), agriculture and fishing (19%) and jobs not related to agriculture (16.6%).

While Morocco’s employment rate increased between 2020 and 2021, it remains under pre-COVID-19 levels since the country’s economy is gradually rebounding from the severe consequences of the COVID-19 pandemic. As women’s participation in work sectors slightly increased in the past year, the main issues burdening the development of the Moroccan economy remain to be low female participation in the labor market, lack of relevant professional training, and dominance of the informal economy. (HCP 01.03)

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* 1. Washington Funds Sustainable Groundwater Management In Mauritania's North

The United States has launched a project in Mauritania aimed at sustainable groundwater management to address drought in the north. The United States Geological Survey (USGS), the U.S. government agency responsible for water, land, biological sciences and civil mapping, is implementing the project with $9.5 million in funding and in collaboration with Mauritanian authorities. The USGS is collaborating on this project with the Mauritanian Ministry of Water and Sanitation. Mauritania is one of the most drought-stricken countries in West Africa. In addition to the construction of rain-fed dams, the Mauritanian government is focusing on groundwater resources, which are an important source of water for the population and for agricultural development.

The U.S. agency will receive $9.5 million from the U.S. government over a 22-month period to carry out the five components of the water supply project. Initially, the USGS will use remote sensing tools to identify areas where aquifers may be found, and will conduct a hydrogeological assessment of the northern Tiris-Zemmour, Adrar and Tagant areas. Subsequently, the USGS and Mauritanian authorities will undertake an economic assessment of the development and sustainable use of groundwater in the regions concerned, before producing recommendations for monitoring the groundwater system, facilitating science-based decision making on the sustainability of the resource. (Afrik21 14.02)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Turkey’s Economy Grows by 11% in 2021

Turkey’s economy grew by an annual 11% last year after the central bank cut interest rates and the government relaxed measures designed to stop the spread of COVID-19. In the fourth quarter of 2021, the economy grew by an annual 9.1%, the Turkish Statistical Institute said.

Seasonally and calendar-adjusted quarter-on-quarter economic growth, used as the main indicator of economic performance by many governments and institutions around the world, slowed to 1.5% in the fourth quarter from 2.8% in the previous three months. That was the slowest expansion since the fourth quarter of 2020, the data showed.

Turkish President Erdoğan ordered the central bank to lower interest rates late last year to help boost economic output and reduce financing costs for businesses. But the cuts, along with a spike in global energy prices, have pushed inflation in the county to 48.7%, the highest level in two decades. The lira’s losses have crimped economic growth in dollar terms. Economic output in 2021 totaled $802.7 billion compared with $795.2 billion in the 12 months to September last year. That translated into a quarterly expansion in annual output of 0.9%. (Ahval 28.02)

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* 1. Turkey's Foreign Trade Gap Widens to a Record After Imports Surge

Turkey’s trade deficit grew to a record $10.3 billion in January after energy import costs surged and the central bank cut interest rates to help stimulate economic activity. The deficit was the biggest since at least the beginning of 2013 when the current data series began, according to the Turkish Statistical Institute. The trade gap more than tripled from $3.06 billion in January 2021.

Imports jumped by an annual 54.2% to $27.8 billion. Exports increased by 17.2% to $18.1 billion. Turkey imports nearly all the natural gas and oil that it consumes, meaning a rise in the price of energy swells its import bill.

The central bank’s rate cuts, ordered by President Erdoğan, have led to sharp losses for the lira. The lira’s weakness - it fell by 44% against the dollar last year - and the increasing cost of imports such as energy pushed inflation to a two-decade high of 48.7% in January. Last month’s trade deficit was equivalent to 22% of the $46.2 billion deficit that Turkey reported for the whole of 2021. (TurkStat 28.02)

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* 1. Cypriot Fiscal Indicators Improve Despite COVID Spending

Cyprus fiscal indicators improved in 2021, despite the government spending millions on furlough schemes and measures to support businesses to address the fallout from COVID-19 restrictions. The preliminary budget results prepared by the Statistical Service for the period January-December 2021 record a General Government deficit of €409.1 million (1.8% GDP) compared to a deficit of €1.2 billion (5.6% GDP) recorded in 2020. The improvement is attributed to the larger increase in revenue relative to expenditure.

Total revenues in 2021 increased by € 1.36 billion (+16%), amounting to €9.87 billion from €8.51 billion in 2020. Taxes on production and imports increased by €423.2 million (+14.6%) reaching €3.32 billion compared to €2.899 billion in 2020, of which VAT net income increased by €329.8 million (+18.5%) and amounted to €2.11 billion compared to €1.786 billion in 2020. Revenues from taxes on income and wealth increased by €372.2 million (+17.7%) reaching €2.47 billion from €2.1 billion.

Total expenditures during 2021 increased by €560 million (+5.8%) amounting to €10.28 billion compared to €9.72 billion in 2020. State expenditure increased due to government support measures to businesses and employees. Social benefits increased by €270.6 million (+7.5%) and amounted to €3.86 billion compared to €3.59 billion in 2020. (fm 01.03)

GENERAL NEWS AND INTEREST

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* 1. Israel Lifts Ban on Unvaccinated Tourists

On 20 February, Israel's cabinet approved the reopening of the country's borders to all tourists, including unvaccinated visitors, beginning on 1 March. The move comes almost exactly two years after Israel closed its borders to non-Israeli passport holders, in early March 2020, in efforts to halt the spread of the COVID virus. Israel reopened last month to tourists who have been vaccinated, but now all restrictions are being lifted.

The government understood that it needed to take action to save the tourist industry in time for the Passover holiday in April and the summer vacations. Very few children overseas are vaccinated and the current situation blocks options for a family vacation in Israel. Foreign tourists will require a PCR test before boarding flights to Israel and again when arriving at Ben Gurion airport.

Entry into Israel for Israelis returning from abroad will also be eased with antigen or PCR tests no longer required before boarding flights, although the requirement for a PCR test at Ben Gurion airport will remain. Unvaccinated Israelis will no longer be required to undergo isolation when returning from abroad. (Globes 20.02)

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* 1. Guinness World Records Certifies Israel Grew World’s Heaviest Strawberry

An Israeli farmer has grown the heaviest strawberry ever recorded, according to Guinness World Records. The strawberry, which weighed 289 grams, was seven inches long and 13 inches in circumference, was developed by Israel’s Volcani Institute. The strawberry was grown and picked last year then photographed and stored it in the freezer for proof.

The previous record was held by a Japanese strawberry that weighed 250 grams and was harvested in 2015. (JNS 20.02)

ISRAEL LIFE SCIENCE NEWS

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* 1. Rapid Medical Receives FDA Designation for Vasospasm Treatment

Rapid Medical announced FDA breakthrough designation for its Comaneci embolization assist device to facilitate the treatment of cerebral vasospasm following hemorrhagic stroke. Vasospasm is a major complication and cause of morbidity. The FDA’s Breakthrough Device Program is designed to give patients more timely access to novel technologies, like Comaneci, that provide more effective treatments for life-threatening or irreversibly debilitating human diseases and conditions.

Comaneci, available in Europe for vasospasm intervention, is showing promising results. In a 30-patient multi-center retrospective analysis, 97% of patients showed an increase in vessel opening of at least 25%, with 80% of patients showing an increase of 50% or more. Additionally, over 10,000 procedures have been performed world-wide utilizing Comaneci to assist in the coil embolization of wide-neck intracranial aneurysms. Comaneci’s adjustable diameter, low delivery profile and excellent visibility have drawn physicians around the globe to demand Comaneci. As a temporary device, it offers a treatment modality that may prevent the need for permanent devices implanted in the brain.

Yokneam's [Rapid Medical](http://www.rapid-medical.com) develops the premier, responsive interventional devices for neurovascular diseases such as ischemic and hemorrhagic stroke. Utilizing novel manufacturing techniques, Rapid Medical’s products are remotely adjustable and fully visible. This enables physicians to respond in real-time to the intravascular environment and have greater control over procedural outcomes. (Rapid Medical 15.02)

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* 1. MediWound Wins U.S. DoD Research Grant for NexoBrid for the U.S. Army

MediWound announced that the U.S. Department of Defense (DoD), through the Medical Technology Enterprise Consortium (MTEC), has awarded MediWound a $1.7 million research project for the development of NexoBrid as a non-surgical solution for field-care burn treatment for the U.S. Army (the MTEC Research Project Award).

The MTEC Research Project Award was granted by the DoD’s USAMRDC through MTEC, a biomedical technology consortium working to advance innovative medical solutions to keep military personnel healthy and fully operational.

Field solutions for severe burn treatment that are simple and effective enough to be used in a pre-hospital setting as early as the point of injury and requiring minimal preparation and training, are needed to ensure optimal outcomes to combat personnel. The MTEC Research Project Award includes $1.7 million of funding to support development activities of NexoBrid over the next 24 months as a non-surgical debriding solution to treat severe burn injuries in a pre-hospital setting.

Yavne's [MediWound](http://www.mediwound.com) is a biopharmaceutical company that develops, manufactures, and commercializes novel, cost effective, bio-therapeutic solutions for tissue repair and regeneration. Our strategy leverages our enzymatic technology platform, focused on next-generation bioactive therapies for burn care, wound care and tissue repair. NexoBrid, a commercial orphan biological product for non-surgical eschar removal of deep-partial and full-thickness thermal burns, is a bromelain-based biological product containing a sterile mixture of proteolytic enzymes that selectively removes burn eschar within four hours without harming surrounding viable tissue. NexoBrid is currently marketed in the European Union and other international markets and is at registration-stage in the U.S. NexoBrid is supported by the U.S. Biomedical Advanced Research and Development Authority (BARDA), office of the Assistant Secretary for Preparedness and Response, U.S. Department of Health and Human Services. (MediWound 17.02)

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* 1. VirtaMed & Memic to Develop New Robotics Virtual Reality Training Simulator

Switzerland's VirtaMed, a world leader in medical simulation training, and Memic Innovative Surgery announced a partnership to develop a new virtual reality simulator program to support surgeon skills training for the Hominis Surgical System. Hominis is the first-ever FDA-authorized surgical robot that features miniature humanoid-shaped arms, with shoulder, elbow and wrist joints that provide human level dexterity and 360-degree articulation, and is indicated for use in single site, natural orifice laparoscopic-assisted transvaginal benign gynecological procedures including benign hysterectomy. Memic anticipates that the simulator program will be ready for real-world use by the end of 2022.

The Hominis System is designed to replicate the motions and capabilities of a surgeon’s arms. Multiple instruments can be introduced to the body through a single portal and the 360-degree articulation enables obstacle avoidance as well as optimal access point and working angles. Hominis was granted de novo marketing authorization from the FDA in February 2021. Under the terms of the partnership, the companies will develop an abstract training program that enables surgeons to train on use of the Hominis System in performing transvaginal gynecological procedures on consoles via virtual reality with kinematic feedback.

Or Yehuda's [Memic](https://memicmed.com), founded in 2013, with a wholly owned subsidiary based in Fort Lauderdale, Florida, is a medical device company dedicated to transforming surgery with its proprietary surgical robotic technology. (VirtaMed 22.02)

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* 1. Brazil's Alice Partners With TytoCare to Expand Telehealth Offerings

TytoCare and Alice, Brazil's first primary care-driven health insurance plan, announced a partnership. Alice is the first company in Brazil to integrate with TytoCare, offering its members an easy-to-use, portable examination kit to conduct virtual physical examinations anywhere, anytime, putting healthcare in the hands of consumers. TytoCare will be distributed exclusively in Brazil by Tuinda Care.

With the TytoCare partnership, Alice will enable seamless digital diagnostics for its members, while enabling physicians to offer clinic-quality virtual care. TytoCare is the only all-in-one telehealth solution enabling physicians to remotely connect with patients for clinic-quality physical examinations. The handheld examination kit enables users to perform comprehensive exams of the heart, skin, ears, throat, abdomen, and lungs, as well as measure heartrate and body temperature, which are key for treating many acute and chronic conditions. This allows healthcare providers to gain the vital clinical data they require to monitor, diagnose, and treat patients and avoid unnecessary in-person visits. All the data is stored in Alice's app and becomes available to all health professionals who care for the member, allowing for seamless care coordination.

With TytoCare, Alice can offer better assistance to a member who has, for example, an earache in the middle of the night and opts to use 'Alice Now' (Alice Agora) – an in-app, text-based virtual primary care service that supports audio and video and is available 24/7 for members who need immediate medical assistance. Within one hour, the member will receive the TytoCare device at home and the physician will guide them through a physical exam to see in real-time what is happening in the ear canal.

Netanya's [TytoCare](https://www.tytocare.com) is a telehealth company using AI to transform primary care by putting health in the hands of consumers. TytoCare seamlessly connects people to clinicians to provide the best virtual home examination and diagnosis solutions. Its solutions are designed to enable a comprehensive medical exam from any location and include a hand-held, all-in-one tool for examining the heart, lungs, skin, ears, throat, abdomen, and body temperature; a complete telehealth platform for sharing exam data, conducting live video exams, and scheduling visits; a cloud-based data repository with analytics; and built-in guidance technology and machine learning algorithms to ensure accuracy and ease of use for patients and insights for healthcare providers. (TytoCare 22.02)

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* 1. PixCell Medical Awarded Grant by International Health-Tech Pilot Program

PixCell Medical has been awarded a grant by the International Health-Tech Pilot Program. PixCell will utilize this grant to develop and validate additional applications for its HemoScreen hematology analyzer. The International Health-Tech Pilot Program is an alliance between the Israel Innovation Authority (IIA) and world-leading hospitals in the U.S. and Europe, providing financial support to selected start-ups and access to resources and expertise from a clinical project partner to test, validate and/or further develop their medical innovations. The program aims to increase the availability of new medical technologies, improving global patient care through international collaboration. PixCell Medical has been chosen to cooperate with Charité Krankenhaus, one of the leading university hospitals in Europe, and the Berlin Institute of Health at Charité (BIH).

PixCell Medical provides healthcare systems with the only 5-part CBC solution that is FDA-cleared for point-of-care use - the HemoScreen. The platform delivers lab-accurate diagnostic information from a single finger-prick of blood within five minutes, allowing healthcare professionals to make accurate, timely and, at times, life-saving treatment decisions supported by real-time data.

Yokneam Illit's [PixCell Medical](http://www.pixcell-medical.com), an innovator of rapid hematology testing solutions at the point-of-care, has developed the only 5-part differential Complete Blood Count (CBC) analyzer that is FDA-cleared, CE-marked and TGA-approved for point-of-care use – the HemoScreen. The portable, easy to use platform offers clinically proven lab-accurate readings of 20 standard blood count parameters within five minutes, with just one finger-prick of blood. This facilitates fast diagnostic results and data-driven disease management decisions. (PixCell Medical 22.02)

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* 1. Technion Researchers Develop Flexible Micro-Needles Platform for Pain-Free Diagnosis

The COVID-19 pandemic, which has placed a heavy strain on health systems and medical teams, has highlighted the importance of smart technologies for continuous and real-time monitoring of people’s medical conditions. These are mainly wearable devices that monitor important physiological indicators while allowing the patient to go about his daily routine.

The journal Advanced Materials reports on a breakthrough by researchers at the [Technion – Israel Institute of Technology](https://www.technion.ac.il/en/home-2/) that is expected to make a significant difference in this field. The system developed by Technion researchers is based on smart micro-needles, which are affixed to a sticker (band aid) that attaches to the skin. The system continuously monitors the patient’s vital parameters and sends the data to the patient and his/her doctor.

Unlike standard medical needles, which are inserted through the skin, reaching blood vessels and nerves, consequently, causing pain and bleeding, the smart microneedles are short and thin and cross only the outer layer of skin. As a result, they cause only minimal discomfort. Despite their length, they monitor important physiological indicators because they reach the interstitial fluid under the skin’s surface and measure different biological and chemical components, including sodium, glucose and pH level. The transfer of data to the doctor and the patient is done wirelessly through cloud and IoT technologies. This continuous monitoring, which allows the early detection of various physiological disorders, is essential for the prevention of diseases and other health complications such as heart and kidney diseases, infectious diseases, and more. It eliminates the need for conventional diagnostics such as blood tests that are currently carried out in the clinic, are painful for the patient, and do not provide online or immediate results.

Two of the conditions that the new system monitors are hypernatremia and hyponatremia, both related to the level of sodium in the blood. The first means overly high sodium levels, while the second is sodium levels being too low. Both conditions can affect neurological function and even lead to loss of consciousness and coma. Early monitoring can prevent such deterioration. Sodium is an essential element found in blood cells and blood fluid and plays a vital role in transmitting signals in the nervous system as well as other biological functions. (Technion 01.03)

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* 1. MDClone Raises $63 Million in a Series C Funding Round to Fuel Global Growth

MDClone announced a $63 million Series C round of funding, led by two new investors Warburg Pincus, a leading global growth investor, and Viola Growth, Israel’s leading growth fund, with participation from existing investors aMoon, LightSpeed Venture Partners and OrbiMed.

With this new round of funding, MDClone plans to accelerate the expansion of its transformative healthcare data solutions by investing in new regional markets, continuing to develop the existing platform and expanding into new vertical markets including Life Science and Real World Evidence (RWE). The company will also be hiring a number of key roles as it looks to continue to advance data access and accelerate the power of self-service data exploration. MDClone has seen strong demand for its data platform including its synthetic data capabilities with revenues more than doubling over the past year thanks to new customers in the U.S. and Canada. Serving major health systems, federal agencies including the VA and NIH, and academic research organizations, MDClone continues to grow and is focused on new regions including Asia Pacific, Europe, and the Middle East.

Founded in 2016, Beer Sheva's [MDClone](http://www.mdclone.com) offers an innovative, self-service data analytics environment powering exploration, discovery and collaboration throughout the healthcare ecosystems, cross-institutionally and globally. The powerful underlying infrastructure of the MDClone ADAMS Platform allows users to overcome common barriers in healthcare in order to organize, access and protect the privacy of patient data while accelerating research, improving operations and quality, and driving innovation to deliver better patient outcomes. (MDClone 01.03)

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* 1. RSIP Vision Presents New Tool for Total Shoulder Arthroplasty (TSA) Planning

RSIP Vision announced a new tool for Total Shoulder Arthroplasty (TSA) planning. This tool performs segmentation of the shoulder bones from shoulder MRI scan, which is usually performed in shoulder healthcare. The segmentation output undergoes super-resolution enhancement to overcome inherent MRI resolution limitations. The end-result is a high-quality, 3D model of the shoulder bones, which allows exceptional planning for TSA, without the need for a CT scan for planning. This new vendor-neutral technology is available to third-party MRI manufacturers and viewer solutions, allowing an accurate and radiation-free method for TSA planning.

RSIP Vision’s new tool utilizes the shoulder MRI scan, without compromising on resolution quality. It automatically segments the humerus and scapula from the scan. The segmentation output goes through another neural network, trained to upgrade segmentation resolution, thus producing a super-resolution model despite the original scan limitations. This output is as-good as CT-based models, without the need for an additional scan, and can be used for procedural planning.

Jerusalem's [RSIP Vision](http://www.rsipvision.com) is driving innovation in Visual Intelligence for Medical Devices, through advanced AI and computer vision applications. A proven global leader, with an extensive track record and over 25 years in the field, trusted by the largest, industry leading medical device companies. RSIP Vision offers clinical-grade AI solutions that provide medical device companies with advanced visual intelligence capabilities, to stay ahead of the rapid AI adoption curve and maintain their competitive edge. (RSIP Vision 28.02)

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* 1. Zsquare Secures a $15 Million Round With Its Lead Investor

Zsquare has raised $15 million in financing for the soft launch of its disruptive single-use ENT endoscope and further R&D to expand potential use in other indications. The soft launch is planned following FDA clearance expected in the third quarter of 2022. This round of financing was led by Chartered Group, a private equity firm specializing in disruptive technologies with a far-reaching presence in Europe and Asia. This is their second consecutive investment in Zsquare, signaling strong confidence in the company's technology and growth potential.

Zsquare's high-performance, single-use endoscopic platform is designed to improve diagnostic performance, eliminate risk of cross-infection and dramatically reduce healthcare costs. With a hybrid design that includes a universal, reusable imaging core and alternating, indication-specific disposable shells it is capable of addressing multiple indications, as well as solving unmet imaging needs for new indications. Zsquare's unique design overcomes the inherent diameter versus image quality tradeoff of conventional chip-on-the-tip designs, in a cost-effective way. Zsquare's solution houses the less costly optics in a single-use shell, with high-value imaging electronics in a detachable, reusable imaging core. The result is a cost-effective solution that dramatically reduces the optical component's diameter without compromising on image resolution, eliminates the risk of cross-contamination, and enables access to anatomies that could never be properly imaged before.

Tel Aviv's [Zsquare](https://www.z-squaremedical.com/#home), a privately held medical device company, develops cost-effective, high-performance, single-use endoscopes to enable access to unserved indications, improve performance in current practices, and solve the industry's cross-contamination problem. (Zsquare 28.02)

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* 1. CVAid Raises $4 Million for its AI-Based Platform for Diagnosis of Stroke

Tel Aviv's [CVAid Medical](https://www.cvaidmedical.com/), which has developed a platform based on artificial intelligence for diagnosing and treating cerebrovascular accidents (CVAs, or strokes), completed capital raising from Philips together with Sanara Capital. The Israeli Rad Biomed investment fund led the capital raising. This is the company's first round of funding (Round A), totaling $4 million.

The CVAid solution provides an answer for one of the major problems in the treatment of stroke, which is the difficulty in quickly and accurately diagnosing a CVA and providing the patient with the appropriate treatment during the critical minutes. For the first time, CVAid's platform allows the medical team to perform a neurological examination based on a video recording and recording of the patient's voice using a smartphone, and to process the image and voice data sent to the company's cloud server. Using unique algorithms and artificial intelligence (AI) developed by CVAid, the technology enables analysis of the data in real time, and comparison with the medical records stored by the company. This provides the triage clinician with a tool for immediate diagnosis, with a high degree of accuracy, of whether the patient has had a stroke and definition of its severity.

In addition, analysis of the data also gives the clinician a set of tools for making quick decisions regarding the actions required to treat the stroke, dramatically improving the speed and quality of providing treatment. In this way it is possible to considerably reduce the potential damage that may be caused to the patient as a result of the stroke, improve the chances of recovery and return to a normal life where possible. The CVAid solution also accompanies the patient in the longer term, by following up and monitoring progress, providing data on the rate of recovery, and detecting deterioration that may lead to another stroke (about a quarter of all patients will have another CVA within years of the first incident). (CVAid Medical 28.02)

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* 1. Gavan's Proprietary Technology Optimizes Spirulina Blue Coloring for Hot & Cold Drinks

Gavan is creating a wide array of natural blue colorings for hot-and cold drinks via a proprietary technology, an innovative method for extracting an entirely natural, pure blue that delivers high performance and high stability. Derived from spirulina, this new natural blue holds up under high-heat processing and in low pH, enabling full pasteurization. The platform allows for a full spectrum of stable shades of blue. The new coloring formulation is ideal for hot beverages such as tea and coffee as well as functional drinks and sport drinks. Such products typically require specific production parameters, including infusion in boiling water or acidic medium.

Phycocyanin is a pigment-protein complex found in blue-green algae that naturally produces a beautiful pure blue. Gavan utilizes its innovative technology to extract phycocyanin from spirulina and produce a stable, natural blue colorant. Blue is one of the three primary colors and as such, it opens a window to producing other high-in-demand colors—anywhere from non-chlorophyll green to purple shades. These varieties also are highly stable and vivid. Gavan's non-GMO technology extracts and optimizes the colorant gently, without damaging the source, and enables the extraction of multiple compounds from the whole spirulina, without waste. The technology protects the colorant from fading, even at pH as low as 3.0 or when pasteurized at 90°C for 30 seconds. In addition, the platform's control over particle size offers improved stability throughout the final product's shelf life.

Akko based [Gavan](http://www.gavan.bio)'s team of interdisciplinary experts developed ecofriendly technology that can protect the natural compounds in spirulina and other plants while maintaining their complex functionality and purity. The company's experts are driven by a deep-rooted commitment to unlock botanical resources to create bioactive ingredients. Gavan recently acquired funding from the prestigious angel investment firm of Dark Boot Investments and is set for scale-up this year. (Gavan 28.02)

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* 1. Flora Growth Signs Agreement with Artos to Send High-THC Cannabis Flower to Israel

Toronto's Flora Growth Corp., an all-outdoor cultivator and manufacturer of global cannabis products and brands, signed an agreement with Artos to sell approximately 3,600 kg of dried high-THC cannabis flower to Israel from its Cosechemos cultivation facility. Through this agreement, Flora Growth seeks to establish a partnership with the Artos team to expand their offering of cannabis products for the Israeli market to also include oils and, when regulations permit, finished THC and CBD consumer products. The export of the high-THC product is pending the dried-flower checklist from the Colombian government from the 2021 update to the cannabis law.

Artos is a privately held, Israel-based consumer products distribution company with a network of over 4,000 distribution points across the country, generating over $50 million in revenue from the international sale of non-cannabis products. Artos was established in 2007 with a focus to increase access to global consumer products for Israeli citizens. The company employs over 50 workers and looks forward to increasing their market share through this distribution partnership. (Flora 16.02)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. Safe-T Group Launches New Malvertising Protection Product for Apple iOS Devices

Safe-T Group is building on the growing success of its consumer subscriber business with the launch of its latest product - Ad Blocker Pro, an anti-Malvertising (malicious advertising) solution. Safe-T’s newest product, Ad Blocker Pro, bridges the gap between the Company's consumer privacy and cybersecurity offering by providing two layers of protection - protecting users' privacy by blocking ads and securing their devices from malvertising. The Ad Blocker Pro app is now available for download from the Apple App Store for iOS devices using the Safari browser.

By combining privacy and cybersecurity features, Ad Blocker Pro blocks the latest threats such as malware, spyware, and phishing from targeting iOS users while browsing. The app blocks all ads, together with their malicious elements, that may be activated when clicking on innocent-looking ads. By not displaying advertisements, the app prevents iOS users from being targeted by these threats. In addition to increasing a user’s privacy, ad blocking can increase browsing speeds and lower data transfer costs.

Herzliya's [Safe-T Group](http://www.safetgroup.com) is a global provider of cyber-security and privacy solutions to consumers and enterprises. The Company operates in three distinct segments, tailoring solutions according to specific needs. The segments include enterprise cyber-security solutions, enterprise privacy solutions, and consumer cyber-security and privacy solutions. Their cyber-security and privacy solutions for consumers provide a wide security blanket against ransomware, viruses, phishing, and other online threats as well as a powerful, secured, and encrypted connection, masking their online activity and keeping them safe from hackers. The solutions are designed for advanced and basic users, ensuring full personal protection for all personal and digital information. (Safe-T Group 16.02)

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* 1. Browzwear Partners with Coloro to Bring Color Decoding System to 3D Fashion Design

Browzwear announced a partnership with universal color system London, UK's Coloro, which will bring the company’s solution for accurate color depiction to the VStitcher platform. Following the integration, designers using Browzwear will be able to leverage the scientifically-based coding system including Coloro’s 3,500 standard library and data to ensure their designs reflect true-to-life color as the human eye sees it.

The partnership with Coloro is part of Browzwear’s ecosystem-focused approach to platform development, created to streamline processes and reduce waste throughout the entire product lifecycle. By incorporating Coloro’s unique methodology for color decoding, Browzwear will enable users to ensure color accuracy from design through manufacturing, reducing the need for samples and eliminating the risk of production errors.

Founded in 1999, Hod HaSharon's [Browzwear](http://www.browzwear.com) is a pioneer of 3D digital solutions for the fashion industry, driving seamless processes from concept to commerce. For designers, Browzwear accelerates collection development, opening limitless opportunities to create iterations of styles. For technical designers and pattern makers, Browzwear rapidly fits graded garments to any body model with accurate, true-motion material replication. For manufacturers, Browzwear’s Tech Pack delivers everything needed to produce physical garments perfectly the first time, and at every step from design to production. Worldwide, more than 650 organizations such as Columbia Sportswear, PVH Group and VF Corporation leverage Browzwear’s open platform to streamline processes, collaborate and pursue data-driven production strategies so they can sell more while manufacturing less, which increases both ecologic and economic sustainability. (Browzwear 16.02)

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* 1. Laminar Cloud Data Security Platform Now Generally Available

Laminar announced the general availability of the Laminar Cloud Data Security Platform. While many cloud security providers tackle infrastructure protection, the majority ignore the treasure that truly needs protecting – the data itself. To fill this critical gap, Laminar’s industry-first solution delivers unprecedented visibility into sensitive data in the cloud-native application landscape. Laminar is built on a major architectural breakthrough, enabling data protection across the entire multi-cloud environment, not just within the applications, in a single view. Its agentless and asynchronous data security and leakage protection helps spot data privacy and protection violations at the speed of the cloud.

With product validation by hundreds of CISOs over the last year through Insight IGNITE and a development team that has been in the trenches themselves, the Laminar Cloud Data Security Platform was purpose-built for data protection teams. Laminar provides continuous monitoring of both managed and unmanaged datastores, compute and data egress channels locally, via APIs, without the use of agents or interrupting data flow. This cloud-native approach allows complete, autonomous data observability, including shadow datastores.

Tel Aviv's [Laminar](http://www.laminarsecurity.com) delivers data leakage protection for everything you build and run in the cloud. Laminar’s Cloud Data Security Platform is the first solution on the market delivering data-centric cloud security that allows you to Discover, Secure and Monitor your sensitive cloud data. Continuously discover and classify new datastores for complete visibility, Secure data by improving risk posture, and actively monitor for egress and access anomalies. Complete data observability for everything running in your public cloud accounts. Both agentless and asynchronous monitoring of datastores, compute as well as data egress channels allow sanctioned data movements and alert when something’s wrong. (Laminar 16.02)

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* 1. Justt Launches Optimus, Harnessing Payment Data to Fight Chargeback Fraud

Justt announced the launch of Optimus, a powerful new chargeback intelligence solution. By giving both merchants and payment service providers (PSPs) full visibility into credit card payment dispute data, with one-stop insights into performance across all processors, Optimus enables smarter, data-driven decision-making that helps merchants to drive up net earnings by multiple percentage points.

Optimus extends Justt's core AI-powered solution that fights payment chargebacks, the majority of which are "friendly fraud" disputes that typically cost merchants more than $125 billion a year in lost revenues. Justt uses human expertise and smart tools to automate chargeback disputes, creating a tailored solution that gathers and submits evidence on behalf of merchants. Now, Optimus gives merchants full visibility, enabling them to track disputes across their lifecycle as Justt manages them from initial dispute to final conclusion.

Optimus also offers a powerful search-and-filter console, allowing merchants to zoom in on a single payment, or to analyze a group of chargebacks from their global dataset. The result: immediate real-time chargeback intelligence on both aggregate and individual-chargeback levels, enabling teams across the organization to make better, faster, and friction-free decisions that directly impact merchants' bottom line.

Founded in February 2020, Tel Aviv's [Justt](https://justt.ai/) is dedicated to helping online merchants navigate the archaic, costly, and fundamentally unfair credit and debit card dispute system. Using machine learning and deep domain-specific expertise, Justt fights chargebacks and deploys tailored programs to gather and submit evidence on merchants' behalf. (Justt 17.02)

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* 1. Nova Introduces Unique Portfolio for Next-Generation Logic Fabrication Challenges

Nova announced its metrology portfolio for advanced gate-all-around (GAA). To enhance its market-leading portfolio, the Company is unveiling multiple advanced solutions uniquely equipped to address the manufacturing challenges of next-generation logic devices.

Nova's complementary offering allows customers to get a better insight into the most complicated semiconductor structures through a wider view on geometrical dimensions, physical materials properties and chemical analytics. The overall solution has already been rolled out to the market and is in use by leading customers to stabilize the GAA process steps and increase yield. All platforms are unified by Nova's machine learning software suite, Nova FIT 2.0, the Company's newest machine learning solution, powered by advanced algorithms and a state-of-the-art computational layer.

Rehovot's [Nova](https://www.novami.com/%E2%80%8E) is a leading innovator and key provider of material, optical and chemical metrology solutions for advanced process control in semiconductor manufacturing. Nova delivers continuous innovation by providing state-of-the-art high-performance metrology solutions for effective process control throughout the semiconductor fabrication lifecycle. Nova's product portfolio, which combines high-precision hardware and cutting-edge software, provides its customers with deep insight into developing and producing the most advanced semiconductor devices. (Nova 17.02)

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* 1. Maris-Tech to Co-Develop Video-Based Advanced AI Systems for Vehicles

Maris-Tech signed a letter of intent with a fabless semiconductor supplier to develop video-based edge computing products. The products will utilize Maris-Tech’s Jupiter Nano, a part of the Jupiter series, a low latency video encoding and decoding platform designed to handle multiple video channels. Jupiter delivers real-time intelligence gathering and analytics-based situational awareness capabilities, featuring intelligent video transmission technologies with high quality video, superior energy efficiency, and miniaturized form factors suitable for a wide range of platforms and applications.

Jupiter will be combined with an artificial intelligence (AI) component designed by the fabless semiconductor supplier to create a new product that will potentially enhance a drone’s ability to gather visual intelligence in military and commercial applications. It will enhance target identification and act as an accelerator to enable customers to run efficient intelligence algorithms and improve the performance of the AI. The target applications for the products will be indoor and outdoor drones, unmanned miniature ground vehicles, loitering munitions, observation systems, high-end sights, autonomous vehicles and situational awareness devices.

Ness Ziona's [Maris-Tech](https://www.maris-tech.com) is a B2B provider of intelligent video transmission technology, founded by veterans of the Israel technology sector with extensive electrical engineering and imaging experience. Our products are designed to meet the growing demands of commercial and tactical applications, delivering high-performance, compact, low power and low latency solutions to companies worldwide, including leading electro-optical payload, RF datalink and unmanned platform manufacturers as well as defense, HLS, and communication companies. (Maris Tech 17.02)

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* 1. Siklu Introduces New Customer Premises Equipment for its MultiHaul TG Product Line

Siklu introduced the MultiHaul TG small Terminal Unit (TU) "T260". The T260 is designed for faster and unobtrusive installation on the exteriors of homes, apartment buildings or street "furniture" such as streetlights. Siklu has incorporated two design features that reduce the installation time for this Terminal Unit from hours to less than 30 minutes. First, a T260 within 400m range of the network is merely pointed in the general direction of the antenna and it will connect automatically. Second, Siklu has eliminated the need to ground the T260 electrically. These features save significant time to the installer who can "point and move" to the next installation.

The T260 is also temperature and environmentally hardened and has been certified to the highest industry standards – IP67 and NEMA4. All in all, the addition of the T260 gives Siklu the most versatile Terragraph-certified portfolio, with the widest range of terminal units for a variety of needs and applications, such as long-range and medium-range multiport and Gigabit-speed medium-reach connectivity. With these features, the T260 will make it easier to provide a variety of Gigabit-speed wireless services, true broadband Internet, Wi-Fi hotspot backhaul and various Smart City applications, such as security and traffic monitoring.

Petah Tikva's [Siklu](http://www.siklu.com/) delivers multi-Gigabit "wireless fiber" connectivity in urban, suburban and rural areas. Operating in the millimeter wave bands, Siklu's wireless solutions are used by leading service providers and system integrators to provide 5G Gigabit Wireless Access services. In addition, Siklu solutions are ideal for Smart City projects requiring extra capacity such as video security, Wi-Fi backhaul and municipal network connectivity -- all running over one network. Thousands of carrier-grade systems are delivering interference-free performance worldwide. (Siklu 22.02)

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* 1. FirstPoint Mobile Guard Most Protected Cellular Connectivity Suite for Enterprises

FirstPoint Mobile Guard launched its new Protected Cellular Connectivity Suite, built for IoT enterprises. The comprehensive, ultra-secure multi-functional system enables enterprises to securely manage thousands of IoT cellular-connected devices without depending on an operator. The solution reduces costs and boosts operational efficiency at scale, providing complete end-to-end protection over the connected devices with an easy-to-use multi-tenant management interface, all while delivering the best protection against cellular network attacks. Its easy set of API functions allow flexible, customizable configurations for any operational use case.

FirstPoint's cellular cybersecurity technology, which is already implemented at several large IoT organizations, MNOs, MVNOs and governmental agencies, gives enterprises robust control and protection with private, isolated services, quick-start connectivity and complete roaming control. The network-based integrated platform detects, alerts, and blocks different network vulnerabilities and threats such as denial of service, SMS attacks, malware, mobile IP-data attacks, network fraud and more.

Netanya's [FirstPoint Mobile Guard](https://www.firstpoint-mg.com/%E2%80%8E) delivers holistic cellular operations and security solutions, providing comprehensive oversight, control, and protection for any mobile, IoT, or IIoT device. The technologies enable service providers, MVNOs and large cellular-IoT organizations to fully manage, control, and secure the connectivity of their cellular connected devices for any operational use case. The solutions are fine-tuned for security-sensitive organizations, including enterprises, critical infrastructure, fleets, smart cities, industrial, financial services, governments, military and more. (FirstPoint Mobile Guard 22.02)

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* 1. DriveU.auto Announces Remote Operation Platform for Robots

DriveU.auto joined the NVIDIA Partner Network and the availability of its new remote operation solution for robots. The solution is available on the NVIDIA® Jetson™ platform for robotics, powered by Jetson AGX Xavier™, Jetson Xavier NX and Jetson Nano GPU-accelerated systems-on-module.

Operational and architectural considerations dictate low SWaP - Size, Weight, and Power parameters - for robotic solutions. The DriveU.auto software solution supports low SWaP requirements by taking advantage of existing robot resources. The solution can be deployed on the robot's main computer brain running on the NVIDIA Jetson system-on-module and use the robot's existing cameras. The software-only implementation approach reduces the solution's footprint while minimizing the total cost of the system. DriveU.auto is a Preferred Partner in the NVIDIA Partner Network. The company's platform supports both cloud and hybrid cloud architecture, allowing it to support large-scale robot and autonomous vehicle deployments. It is already in use on sidewalks, public roads and off-road applications.

Ra'anana's [DriveU.auto](https://driveu.auto/) develops and is deploying a software-based connectivity platform for teleoperation of robots and autonomous vehicles. The DriveU.auto solution enables either remote driving (direct drive) or high-level commands (remote assistance), at very low latency and high reliability. The solution uses proprietary cellular bonding and dynamic video encoding technologies. DriveU.auto's customers, robot manufacturers, autonomous vehicle providers (cars, trucks and shuttles), OEMs, and tier 1 suppliers who use the DriveU.auto platform in the EU, US, China, Japan and Israel. (DriveU.auto 23.02)

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* 1. Satori Releases Data Access Controller Manager for Virtual Private Cloud

Satori announced the release of Satori Data Access Controller (DAC) Manager. Satori DAC Manager enables companies to easily secure access to sensitive data stored in customer-hosted Virtual Private Clouds (VPC) and automatically apply updates and upgrades with no downtime. With this news, Satori is the first company to offer secure data access across any deployment environment, including multi-region and multi-cloud.

Satori’s Universal Data Access platform streamlines and secures data access across any and all types of environments to meet compliance needs without inhibiting accessibility that drives business decisions. For customers that opt to host their own environments on a VPC, the new Satori DAC Manager takes the difficulty out of managing upgrades and ensures that critical updates can be applied in production - within minutes and with zero down-time. Satori DAC Manager makes secure data access on VPCs simple. Users have the flexibility to choose and download a specific update package, launch a new version in one click, or select automatic updates during maintenance windows. A process that used to take ample resources and time is now as easy as a click of a button.

Tel Aviv's [Satori](http://www.satoricyber.com) is the developer of the first DataSecOps platform — a universal data access platform for cloud-based data stores and infrastructure, touting multiple out-of-the-box integrations with industry’s leading data stores, such as Snowflake, Amazon Redshift, Amazon Athena, Amazon Aurora and Azure SQL. The solution does not require any changes to organizations' data infrastructure or user setup, empowering data teams to apply comprehensive controls across data stores in days instead of months. Founded by former Imperva and Incapsula executives in 2019, Satori has received significant market traction, including recognition as a Top 10 Finalist at the 2021 RSA Conference Innovation Sandbox Contest. Satori’s investors include B Capital Group, Evolution Equity Partners and YL Ventures. Secure access to sensitive PII, health and financial data in minutes with Satori. (Satori 23.02)

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* 1. Infinidat’s InfiniBox SSA Named One of the Best Enterprise Storage Arrays of the Year

Infinidat announced that TechTarget has awarded the company’s InfiniBox SSA system the Silver award in the Storage Product of the Year disk and disk subsystem category. As one of the top three enterprise storage arrays in the highly touted storage industry competition, the InfiniBox SSA was honored for its sophisticated use of DRAM, autonomous automation, ultra-high performance and availability, and lower total cost of ownership.

The InfiniBox SSA consistently delivers outstanding performance for the most demanding enterprise workloads — those that require ultra-low latency for every I/O. Featuring the power of Infinidat’s industry-acclaimed Neural Cache software defined storage platform coupled with solid-state backend media, the InfiniBox SSA takes the groundbreaking performance of InfiniBox, which outperforms most competitors’ all flash arrays, to the next level. InfiniBox SSA delivers the same proven reliability, 100% availability, ease-of-use, white-glove service, and customer experience that enterprise IT organizations and cloud service providers have come to expect from InfiniBox enterprise storage solutions.

Herzliya's [Infinidat](http://www.infinidat.com) helps enterprises and service providers empower their data-driven competitive advantage at scale. Infinidat’s software defined storage architecture delivers microsecond latency, 100% availability and scalability with a significantly lower total cost of ownership than competing storage technologies. The company offers an award-winning portfolio of enterprise storage solutions for primary and secondary storage deployments. (Infinidat 23.02)

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* 1. IAI Delivers First F-16 Wing & Vertical Fin to Lockheed Martin

Israel Aerospace Industries (IAI) has delivered the first F-16 wing and vertical fin to Lockheed Martin, following the reopening of the F-16 wing assembly line at IAI. As a result of increased worldwide demand for the F-16 Block 70/72, IAI reopened the assembly lines that had been established in the 1980s to continue production of the F-16 aerostructures assembled at IAI. The F-16 wings and vertical fins will be shipped to the F-16 production and final assembly line in Greenville, South Carolina, US.

Prior to reopening the F-16 assembly lines, IAI invested in modernizing infrastructure, improving the work environment, and introducing new tools to produce fully compliant F-16 aerostructures. IAI also successfully reestablished the supply chain of hardware suppliers to support the assembly lines, checked and verified tooling, carried out necessary first article inspections, and conducted training programs for the F-16 team.

The F-16 wing and vertical fin assembly lines were the first of IAI and Lockheed Martin's collaborations, which have grown and expanded in the fields of aviation and defense. In addition to wings and vertical fins, IAI also produces the F-16 Conformal Fuel Tanks. (Israel Defense 24.02)

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* 1. NEXCOM Partners with Hailo for Next-Generation Vehicular Telematics Solution

Hailo announced its partnership with Taiwan's NEXCOM, the industrial computer hardware manufacturer, to launch NEXCOM's VTC 1021, their next-generation AI vehicular telematics solution. NEXCOM's AI solution features the compact Hailo-8™ AI accelerator module, enabling breakthrough performance and empowering in-vehicle computers to run state-of-the-art AI applications more efficiently.

NEXCOM and Hailo's joint solution facilitates operational efficiency in public transit and fleet management, including enhanced capabilities such as ADAS (Advanced Driver Assistance Systems). The in-vehicle solution's compact, fanless design fits perfectly in cabins with limited space and is designed to withstand demanding automotive conditions, helping bring public transit vehicles and fleets into the smart era. The in-vehicle computer VTC 1021 powered by the Intel Atom® x5-E3940 processor is also versatile, with the flexibility to power a variety of telematics applications such as infotainment, fleet management, ANPR and mobile video surveillance.

Tel Aviv's [Hailo](https://hailo.ai/%E2%80%8E), an AI-focused, Israel-based chipmaker, has developed a specialized AI processor that delivers the performance of a data center-class computer to edge devices. Hailo's processor is the product of a rethinking of traditional computer architecture, enabling smart devices to perform sophisticated deep learning tasks such as object detection and segmentation in real-time, with minimal power consumption, size, and cost. The processor is designed to fit into a multitude of smart machines and devices, impacting a variety of sectors including automotive, Industry 4.0, smart cities, smart homes, and retail. (Hailo 22.02)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's Inflation Moves Above Central Bank's Target Range

Israel's Consumer Price Index (CPI) rose 0.2% in January, the Central Bureau of Statistics announced. This lifts inflation over the past 12 months to 3.1%, above the Bank of Israel's annual target range for inflation of between 1% and 3%. Despite this development, the Bank of Israel does not see any immediate impetus to raise interest rates. January's CPI figures was above the analysts' expectations of between 0% and 0.1%. The rise in the price of oil on global markets and the devaluation of the shekel boosted prices in January.

There were prominent rises in food prices in January with the food index rising 1.3%. Fresh fruit and vegetable prices rose 2.1%, furniture and household equipment rose 0.7% and transport rose 0.5%. Prominent price falls were in clothing and footwear with prices fell 0.5% in January, while culture and entertainment prices fell 0.9%. The housing prices index, which is separate from the CPI, continued to rise in the period November-December, in comparison with October-November, climbing by 1.5%. Housing prices have risen 11.3% over the past 12 months. (CBS 15.02)

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* 1. Israel's 2021 Economic Growth Highest in 20 Years

Israel recorded its highest economic growth in 20 years in 2021, placing it as the second-best economic performer in the Organization for Economic Cooperation and Development. Data published by the Central Bureau of Statistics on 16 February showed that Israel's GDP grew by 8.1% in 2021, exceeding the Bank of Israel's projections of 7.5%. The average OECD-member growth last year reached 5.3%. Ireland's economy, which grew by 15.2% last year, topped the OECD's list.

According to CBS data, the improvement in Israel's GDP was especially notable given that the Israeli economy shrank by 2.2% in 2020, due to the COVID-19 pandemic. Other data by the Central Bureau of Statistics showed that the Israeli population added 1.7% in 2021. GDP per capita added 6.3% after falling 3.9% in 2020. GDP per capita rose by an average of 5% in OECD countries in 2021.

Globes added that 2021 saw an increase of 18.7% in the imports of goods and services, which dipped 9.5% in 2020. Israel led the OECD in increased private consumption, which rose by 11.7% in 2021, after falling 9.2% in 2020. The OECD averaged a 5.6% increase in this rubric. (Various 17.02)

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* 1. Israel Ranks 6th Among Most Expensive Countries for Groceries

Israel ranked sixth in the list of "most expensive countries for groceries," after Switzerland, South Korea, Norway, Iceland and France by the UK's Money Magazine. Money's personal finance experts analyzed the average cost of weekly grocery shopping in 26 countries and also compared how these costs compare against earnings in each country. The United States ranked directly under Israel, followed by Denmark, Canada and Australia. The cheapest country for groceries was Turkey, according to the report, followed by Colombia and Poland. (ILH 23.02)

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* 1. Wages & Resignations Surged in Israel's Hi-Tech Sector During 2021

Hi-tech companies in Israel raised their employees’ wages exceptionally high in 2021 as they faced a surge in resignations and challenges in recruiting workers. A recent market study based on 2021 data found that some 90% of Israeli hi-tech companies raised wages by an average rate of 6.5%, compared to 2.3% in 2020. In the five years prior, 2015-2019, companies raised wages by an average of 3.5%.

The study by Zviran - which specializes in salary reviews, consulting, and pensions - surveyed 340 hi-tech companies and roughly 135,000 workers in Israel. Growing demand for workers alongside a critical shortage in the technological workforce is pushing the competition for talent to the edge. Companies faced challenges in recruiting and retaining workers and were forced to be flexible with expanded salaries and compensation, beyond pre-planned budgets.

Zviran found that companies planned to raise wages only by 4.4% in 2021, but intense competition for workers called for the increase. Israel is apparently facing its own surge in resignations, similar to the so-called “great resignation” in the United States last year. According to the data, the rate of resignations in hi-tech in 2021 was 13%, compared to only 6.8% in 2020. (i24NEWS 26.02)

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* 1. Israeli Startups Raised $1.4 Billion During February

Israeli startups raised nearly $1.4 billion in February 2022, according to press releases seen by [Globes](https://en.globes.co.il/en/news/). The figure may be more as some companies prefer to remain in stealth and sometimes do not publicize the investments they have received. Israeli startups raised $2.1 billion in January 2022.

Last month was the first month since August 2021 in which Israeli startups failed to raise more than $2 billion. It is too early to tell if this is a downward trend, but many people in the tech sector expect the sharp falls of the share prices of tech companies on the stock market to eventually lower the amount of money raised and valuations of startup growth companies.

Israeli privately-held tech companies raised a record $25.6 billion in 2021, according to IVC-Meitar, more than double 2020's figure of $10 billion, which was itself a record. In February, the major financing rounds that were completed were led by cybersecurity company CHEQ, which raised $150 million, while another cybersecurity company Salt Security raised $140 million. AI sports highlights company WSC Sports raised $100 million, digital image and video delivery company Cloudinary raised $100 million in a secondary offering, and cybersecurity company Island also raised $100 million. Other major financing rounds were completed by AI predictive analytics company Pecan, which raised $66 million, fintech company Sharegain, which raised $64 million, and smart glass and light control company Gauzy, which raised $60 million. Digital blood test company Scopio Labs raised $50 million, SaaS management company Torii raised $50 million, and fintech company Pontera raised $45 million. (Globes 01.03)

IN DEPTH

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* 1. ARAB MIDDLE EAST: Middle East M&A Grows by 51% in 2021

On 15 February, [Gulf Business](https://gulfbusiness.com) reported that the Middle East recorded strong M&A (mergers and acquisitions) activity with 665 deals in FY 2021, up 51% from 439 witnessed in 2020, a new study has revealed. Meanwhile, the region’s M&A deal value reached $89.8 billion last year, surging 58% from $56.7 billion recorded during the previous year, according to a report from law firm Baker McKenzie. For H2/21, a total of 323 deals were recorded across the Middle East, up from 243 recorded in H2/20.

Overall, the majority of deals in the Middle East region for H2/21 were cross-border in nature with aggregate value of H2/21 domestic deals increasing by 99% to $8.2 billion versus H2/20. For FY 2021, it decreased by 31% to $17.3 billion vs. FY 2020. As for cross-border M&A activity, H2/21 volume went up 17% against H2/20 with 197 deals and FY 2021 volume up by 39% against FY 2020 with 424 deals. Value-wise, H2/21 tripled (308%) against H2/20 with $41.4 billion and FY 2021 values rose by 128% to $72.6 billion against FY 2020.

**Inbound Cross-Regional Middle East M&A**

Cross-regional deals targeting the Middle East improved terms of both volumes and values in H2/21 versus H2/20. Deal volumes increased by 20% with 59 deals versus 49 deals. Value-wise, it soared 387% from $4.1 billion in H2/20 to $20 billion in H2/21. For FY 2021, total volume and value rose 44% and 94% respectively.

The high technology sector was the most sought after industry for H2/21 (17 deals) and FY 2021 (27 deals). Value-wise, energy and power top-ranked in H2 2021 as well as FY 2021 with deals amounting to $16 billion and $31.1 billion, respectively. Financial services was the second best performing industry in FY 2021, with 26 deals whereas consumer products and services was the second based on the value of deals.

**Outbound Cross-Regional Middle East M&A**

The value of outbound cross-regional deals from the Middle East doubled from $10 billion in FY 2020 to $30.4 billion in FY 2021. Deal volumes were also up by 23% in FY 2021, with a total of 224 outbound deals, compared to 182 outbound deals in FY 2020. The US was also the most targeted country both by volume and value with 29 deals at $11 billion in H2/21 and 52 deals at $12.3 billion in FY 2021. Egypt ranked second by number of deals in H2 2021 (19 deals) and FY 2021 (38 deals). (GB 15.02)

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* 1. GCC: What the Ukraine Crisis Means for Gulf Economies

Li-Chen Sim observed in the [Arab Gulf States Institute in Washington](https://agsiw.org) on 28 February that while the Gulf Arab states may wish to avoid getting caught in the middle of a “Russia ‎versus the West” conflict, the Ukraine crisis is already affecting the region’s tourism, ‎food, energy and other economic sectors. ‎

Russia’s recent attack on Ukraine is billed as Europe’s largest war since World War II. ‎While European countries, and to a much lesser extent the United States, will bear the ‎brunt of the war, its effects are proliferating beyond the continent. They include ‎implications for a new world order and parallels for “reunification” between China and ‎Taiwan. While the Gulf Arab states may wish to avoid getting caught in the middle of a ‎‎“Russia versus the West” conflict, the Ukraine crisis is already affecting the region’s ‎tourism, food, energy, and other economic sectors.‎

**Tourism**

The emirate of Dubai in the United Arab Emirates hosts large numbers of Russian ‎tourists annually. In 2021, Dubai was the destination of choice for 6% (600,000 visitors) ‎of tourists from Russia, ranking after Egypt with 10% (1 million) and Turkey with 45% (4.7 million), according to the Russian Association of Tour Operators.‎

The Russia-Ukraine war is likely to result in a fall in the number of Russian visitors, ‎particularly if the military phase of the war drags on and as more Russian banks are ‎suspended from the SWIFT interbank messaging system that facilitates international ‎purchases. Due to concerns about safety over Russian, Ukrainian, and Belarusian ‎airspace, Dubai-based Emirates and its partner airlines have already suspended flights ‎to several Russian cities. The tourism spending per Russian visitor will also be ‎impacted in line with the decline in tourism flows and the worsening ruble to dollar ‎exchange rate. This is because Russian tourists, on average, tend to spend more than ‎their European counterparts and stay longer, according to a study by Visa.‎

Tourism in Dubai is likely to take a bigger hit than Turkey or Egypt given the former’s ‎greater reliance on tourism receipts that generated just under one-fifth of its gross ‎domestic product prior to the coronavirus pandemic. With the huge fall off in inbound ‎Chinese tourism flows to Dubai due to coronavirus-related travel restrictions in China, ‎Russia has become even more significant as a source market of visitors.‎

#### **Russian Visitors to Dubai (in millions)**

Source: [Tourism Performance Report](https://www.dubaitourism.gov.ae/en/research-and-insights), Dubai Tourism, 2017-21

#### **Russia’s Ranking as a Source Market of Visitors for Dubai**



Source: [Tourism Performance Report](https://www.dubaitourism.gov.ae/en/research-and-insights), Dubai Tourism, 2017-21

**Food**

Russia and Ukraine are major exporters of wheat with a combined global market share ‎of over 25% in 2019. A prolonged period of fighting has potential consequences for ‎harvests, access to ports and grain storage terminals, shipping and insurance rates, and ‎the spring planting season. Russia’s war with Ukraine has put food security – in terms ‎of supply and price – on the top of the agenda for many countries in the Middle East and ‎Africa since the region accounted for 70% of Russia’s wheat exports in 2021. For ‎instance, Egypt imported $3.23 billion worth of wheat (over two-thirds of total wheat ‎imports) from Russia and Ukraine, while the latter two accounted for almost three-‎quarters of imported wheat worth $1.6 billion in Turkey in 2019.‎

The Gulf Arab states, with their smaller populations and higher per capita income, are ‎less vulnerable than their peers in the Middle East to disruptions and price increases ‎stemming from the Ukraine crisis. The UAE, Oman, and Qatar have a high level of ‎exposure to wheat imports from Russia and Ukraine; by contrast, the remaining Gulf ‎Arab states import negligible or no wheat from the two countries. Between 2015 and ‎‎2019, for instance, Russia and Ukraine increased their market share from one-third (a ‎value of $91.2 million) to almost half of all wheat imported by the UAE ($154 million), ‎with Russia the origin of most of the wheat.‎

Nevertheless, ample grain storage facilities mean there is no short-term danger of ‎supply shortages in the UAE. The bump from higher oil prices partly as a result of the ‎Ukraine crisis should also help weather longer-term increases in wheat prices even in ‎Oman where food-related protests have previously occurred.‎

#### **Share of Wheat Imports (%) From Russia and Ukraine as a Proportion of Total Wheat Imports**

Source: [Observatory of Economic Complexity](https://oec.world/en/home-a)

In the case of Saudi Arabia, the disruptive effects of the war on supply reliability and ‎price may cause it to reevaluate increasing wheat imports from Russia to offset ‎declining production in the kingdom. Saudi Arabia had only just opened its market to ‎Russian wheat in 2020; this was followed by a seven-fold increase in 2021 albeit from a ‎low base.‎

**Oil and Gas**

Prior to the Ukraine crisis, oil and gas exporters were already benefiting from higher ‎than budgeted inflows of hydrocarbon revenue. Brent crude at $78 per barrel at the ‎beginning of January exceeded the fiscal break-even price of $66.80/bbl for 2022 for ‎key Gulf states as a group, according to recent projections by JP Morgan. The war in ‎Ukraine has pushed the price of crude to over $100/bbl and could yet rise further save ‎for the fact that Russia – which accounts for 12.5% and 9.6% of global crude and ‎refined petroleum exports, respectively – has not yet been hit by U.S. and European ‎Union sanctions. As noted by Columbia University’s Adam Tooze, Russia is a strategic ‎petro-state – its size in global energy markets probably renders it too big to be ‎sanctioned.‎

Every $10/bbl increase in the oil price will add $65 billion to the Gulf Cooperation ‎Council countries’ oil export receipts, according to estimates by HSBC in a February ‎research note; oil at $100/bbl would result in budget and current account surpluses ‎worth 10% and 15%, respectively, of the GCC’s GDP. On the one hand, the windfall is a ‎boon to Gulf budgets in terms of financing economic diversification projects. On the ‎other hand, the higher price of energy globally will translate into higher prices for goods ‎needed by import-dependent Gulf states, including fertilizers, food, consumer goods, ‎medicines, and solar inverters.‎

In the longer term, European politicians will be under more pressure to reduce their ‎countries’ dependence on Russian coal, oil and gas. This is true, even though, according ‎to economics commentator Matthew Klein, Europe became increasingly reliant, not ‎less, on Russian energy after Russia’s annexation of Crimea from Ukraine in 2014. The ‎difference this time – assuming it holds – is the solid consensus in Europe opposing ‎Russia’s actions. Qatar could be a winner since the ongoing expansion of its liquefied ‎natural gas capacity may translate into exports that displace some Russian gas sales in ‎Europe by the mid-2020s. Gulf states, like Oman, Saudi Arabia and the UAE, that are ‎able to deliver on and certify their green hydrogen energy projects may find receptive ‎customers in Europe keen to minimize inputs of green hydrogen from Russia in ‎applications such as vehicles, heating, and shipping.‎

**Other Sectors**

Uncertainty over the trajectory of the Ukraine crisis, and consequently over the scope ‎and depth of future sanctions, is adding a geopolitical premium to commodities and ‎manufactured goods, particularly those for which Russia is a significant producer. ‎ Depending on the product in question, this poses opportunities or challenges for Gulf ‎companies.‎

For example, Russia and the UAE were the second- and sixth-largest source destinations ‎for aluminum exports to the EU in 2019. The possibility, however slim, that Russia’s ‎aluminum industry may face sanctions is likely to invigorate the search for non-Russian ‎options. The UAE’s Emirates Global Aluminium and Aluminium Bahrain, or ALBA – ‎which depend on the EU for 22% and 12% of their respective exports – will ‎immediately benefit from soaring aluminum prices, although their current lack of spare ‎capacity precludes additional sales. In the medium term, however, increasing their ‎market share of green aluminum may be profitable and prudent.‎

It is a different story for nickel, where Russia has a 17% share of global exports. ‎Although Russia is not a critical source, it is important enough so that supply ‎disruptions due to a prolonged military conflict with Ukraine may add to preexisting ‎supply chain issues that have delayed the rapid expansion of renewable energy capacity ‎in the Gulf states. This is because nickel is used for lithium-ion batteries, solar panels, ‎and coating generators – all key components for renewable power generation.‎

The exportation of semiconductors to Russia is now subject to strict U.S. controls as a ‎consequence of the Ukraine crisis; this directly affects the UAE through its ownership ‎of chip manufacturer GlobalFoundries. However, the current global supply backlog of ‎semiconductors and the higher resulting prices, along with the fact that Russia is a small ‎direct consumer of semiconductors that sources most of its needs from Chinese chip ‎manufacturers, should offset any revenue loss from compliance with U.S. export ‎controls.‎

It is shortsighted to imagine that the Gulf states have no stake in the Ukraine crisis. ‎ While the immediate economic impact of the conflict is manageable, particularly if ‎military operations end quickly, the longer-term fallout from Russia’s relations with ‎Europe and the United States will pose both opportunities and challenges for ‎policymakers and companies in the Gulf.‎

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* 1. UAE: IMF Executive Board Concludes the 2021 Article IV Consultations with the UAE

On 22 November 2021, the Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the 2021 Article IV consultation with the United Arab Emirates.

The UAE moved quickly to address the health and economic effects of the pandemic. Widespread testing and containment measures helped limit the initial spread of the virus, while early vaccination efforts have resulted in vaccination rates among the highest globally. Fiscal and macro-financial support have provided relief to hard-hit sectors, SMEs, those in need, and the financial system over the past year and half, and some measures have been extended.

The economic recovery is gaining momentum, supported by the UAE’s early and strong health response, continued supportive macroeconomic policies, and rebound in tourism and domestic activity related to the delayed Expo 2020. Overall GDP growth is projected at 2.2% in 2021, driven by non-oil growth of 3.2%. Real oil GDP growth is expected to be close to zero this year in line with the OPEC+ agreement. Banks remain adequately capitalized, though asset quality has decreased somewhat and further balance sheet vulnerabilities, including from the COVID-19 crisis, may still lie ahead. Over the medium-term, growth is expected to accelerate with the benefit of structural reform efforts, increased foreign investment, and rising oil production.

The overall fiscal deficit is projected to narrow to 0.7% of GDP in 2021 and shift into a small surplus by 2024. These improvements reflect revenue gains from current and expected higher oil prices and stronger economic growth alongside modest fiscal reform efforts. Higher oil prices will also benefit the current account balance, which is projected to increase to 10% of GDP in 2021, in line with pre-crisis levels and remain positive at around 8.5% of GDP in the medium-term.

Strong reform efforts are underway with the ambitious UAE 2050 Strategy. Recent reforms to promote private sector growth and development are important to strengthen non-oil growth, boost productivity, and attract foreign investment. Going forward, careful prioritization and sequencing of reforms and enhancing collaboration across individual emirates are central to ensuring higher levels of future diversified, sustainable and inclusive economic growth.

**Executive Board Assessment**

Executive Directors commended the authorities on a successful vaccination program and prompt policy response to combat the effects of the pandemic and welcomed the economic recovery underway. Noting that significant downside risks remain, they encouraged the authorities to pursue further efforts to maintain macro-financial stability, strengthen fiscal policy frameworks, foster economic diversification, and improve inter-generational equity and climate sustainability.

Directors agreed that accommodative policies should be maintained until the recovery is fully entrenched. Ensuring public health and supporting the most vulnerable remain top priorities. Once the recovery is established, Directors encouraged the authorities to implement a gradual, targeted, and growth-friendly fiscal consolidation, embedded in a credible medium-term framework. Such efforts would not only help ensure medium-term fiscal sustainability but also bolster inter-generational equity. In this context, they underscored the importance of careful coordination of emirate and federal fiscal anchors and enhanced dissemination of their data to improve transparency and governance. Strengthening collaboration, coordination and information sharing with government-related entities is also important.

Noting that the banking sector remains adequately capitalized, Directors called for continued monitoring of financial stability risks and digitalization challenges, including through strengthened macroprudential and regulatory frameworks. A Financial Sector Assessment Program update would be useful. Directors welcomed the progress made with the AML/CFT framework and encouraged the authorities to sustain the reform momentum.

Directors welcomed the new Dirham monetary policy framework which would help enhance monetary policy transmission. They also encouraged strong coordination between the government and the Central Bank of the United Arab Emirates to facilitate domestic capital market development.

Directors welcomed the UAE’s ambitious structural reform agenda, including recent initiatives to support private sector development. They noted that prioritization and well-sequencing of reform efforts would be important to help lift productivity and potential growth and facilitate economic diversification. In particular, Directors emphasized the importance of continued labor market reforms, including to raise female participation, strengthening the economy’s resilience to oil shocks, and accelerating climate change mitigation measures and adaptation plans. Enhanced collaboration across federal agencies and individual emirates as well as further improvements in coverage, timeliness and availability of data and statistics, would improve transparency and governance and help the county achieve higher levels of inclusive, sustainable and green growth. (IMF 17.02)

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* 1. UAE: The UAE Formally Ceases to be a Tax-Free Haven

On 14 February, Sana Quadri and Hamdullah Baycar posted in the [Fikra Forum](https://www.washingtoninstitute.org) that the United Arab Emirates (UAE) recently announced a 9% corporate tax on businesses set to begin in June 2023. The corporate tax is the latest alteration to the country’s former lack of taxation, after having first introduced a 5% value added tax (VAT) in 2018.

In Gulf Cooperation Council (GCC) countries, much of the post-oil regime stability of the past several decades was solidified by a rentier state mechanism that guaranteed a cradle-to-grave welfare state in return for citizens’ loyalty and acquiescence.

In particular, Dubai’s open, tax-free business model, which dates back to 1905, contributed to the success of the city and the UAE as a whole. Dubai was also a regional pioneer in establishing Free Zones that guarantee 100% private ownership in addition to repatriation of capital and profit. According to the latest announcement on the tax code change, companies registered with these Free Zones remain tax exempt but are subject to certain requirements, which remain unspecified.

**Fiscal Sustainability Remains Elusive**

However, the new taxes demonstrate governmental concerns over the endurance of the strategy that has characterized the success of the GCC. Gulf states have hoped to shift away from a reliance on oil since gaining independence, and have released “Vision” documents identifying targets and specific strategies to wean economies away from hydrocarbon revenues. Additionally, the IMF has long impressed upon Gulf states the need to introduce a VAT to effectively transition to a post-oil economy. The urgency surrounding this issue was made clear by the fallout from the oil price plunge in 2014. Ever since, the UAE and other GCC states have been battling fiscal deficits, now worsened by the ongoing pandemic.

In June 2016, all GCC member states signed a unified agreement for imposing VAT taxes. Saudi Arabia and the UAE became the first Gulf countries to introduce the consumer tax in 2018 with a symbolic rate of 5%, while Bahrain and Oman followed in 2019 and 2021 respectively. Even while retaining the 5% rate, the UAE has generated around $26 billion in revenues so far. Evidently, the VAT has become the least risky go-to mechanism for Gulf monarchies to boost state coffers. In July 2020, Saudi Arabia tripled the VAT to 15%, while Bahrain’s increase of the VAT to 10% became effective on 1 January 2022.

**Will the UAE Still Guarantee a Competitive Edge?**

In July 2021, 130 countries agreed to implement or increase a corporate tax to at least 15% after negotiations held at the Organization for Economic Cooperation and Development (OECD), and suggested that this increase would generate around $150 billion annually. The rationale for this mass-coordinated increase was to also push multinational enterprises to pay their fair share of tax. The UAE was among the signatories of the deal, a decision that was partly a result of international pressure as well as a desire to cut spending and expand income sources. Moreover, the UAE believes that the new 9% tax rate scheduled to be implemented in 2023 - still lower than the OECD agreement - will not affect the investment significantly. The rate will allow the country to maintain its competitive edge vis-a-vis neighboring Gulf states and other countries that generate investment from low taxes, such as Ireland (12.5%), Singapore (17%) and Hong Kong (between 8.5% to 16.5%).

Within the GCC, the UAE and Bahrain are the only two states that have not yet implemented a corporate tax. Moreover, the UAE’s new proposed corporate tax rate remains the lowest of any Gulf country. Saudi Arabia’s is the highest at 20%, while Oman and Kuwait levy the tax at around 15%—though the latter still does not apply the tax to Kuwaiti and GCC citizens. Qatar's corporate tax is close to that of the UAE at 10%%. Tarek Fadlallah, a leading financial expert on the Middle East, explained that while it’s still early, 2023 is “shaping up to be challenging,” as companies may cut spending to offset payments caused by the impending higher taxes.

**The Need for Balance and Transparency**

In a December 2020 seminar about future policy outlooks and challenges for Gulf states, Joseph Sfakianakis, a senior scholar at Pembroke College in University of Cambridge, remarked that during economic crises, extracting more from the economy is not an ideal way forward. He cited the example of Ireland and Portugal, who were pushed to hike taxes in response to financial crashes but failed to see these changes yield the desired results. Sfakianakis suggested that if the Gulf countries do decide to push for more taxes to diversify non-oil revenues, they also need to ensure they are simultaneously inserting cash back into the economy.

More recently, Bahraini economist Omar Ubaydli said that states can mitigate the effects of the tax hikes through active public engagement and transparency. The UAE should follow this recommendation, given the country’s increasingly constricted space for public debate and its federal character, which obfuscates lines of communication. As there are still fourteen months in the run up to the implementation, the Ministry of Finance should organize workshops and seminars for educating businesses on the new tax regime, that will also help allay fears and anxieties of small and mid-size enterprises (SMEs).

Notably, the decision to normalize taxes in the Gulf only underscores the fact that democracy is not about the ballot box alone. For all the benefits that GCC states were able to accrue through a CEO and technocratic style of governance, in times of crises, principles of transparency and accountability clearly matter the most.

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* 1. SAUDI ARABIA: Tourism Ambitions Transform Saudi Arabia

Kristin Smith noted in the [Arab Gulf States Institute in Washington](https://agsiw.org) on 17 February that the global opening and new embrace of arts and entertainment are indicative of broader trends as the kingdom navigates its "post-oil" future.

Saudi Arabia has come out from under coronavirus-imposed travel restrictions to relaunch an ambitious calendar of tourism events over recent months. Sports, arts and entertainment gatherings have engaged Saudis and attracted global attention and foreign visitors. Racing fans watched the Formula One Grand Prix from the Corniche Circuit in Jeddah in December 2021 and the Dakar Rally’s circuitous desert route across the kingdom in January. Also in January, the high-profile Spanish Super Cup tournament was broadcast to international audiences from Riyadh. For art and design mavens, there was the inaugural Diriyah Contemporary Art Biennale followed by the Saudi Design Festival held in the new JAX warehouse district of the heritage city. The first Red Sea International Film Festival was held in Jeddah in December, attended by a host of Saudi and international glitterati. Meanwhile, the months-long Riyadh Season has provided restaurant dining experiences and family fun alongside an eye-raising electronic dance music festival; more than 180,000 men and women attend the opening night – once unimaginable in the austere kingdom. It’s hardly the Saudi Arabia of a decade ago, when a community-organized TED talk drew crowds of Saudi youth starved for any form of public engagement.

These events form the programmatic side of an extensive portfolio of tourism investments targeting vast territories of the kingdom. If fully realized, this new tourism infrastructure will form an alternate economic platform that greatly expands Saudi Arabia’s traditional focus on religious tourism and has the potential to reshape the social and political contours of the long-predominant oil economy.

**Saudi Tourism Plans are Ambitious**

The Saudi leadership has audacious aspirations for the tourism sector, striving to make it the number two industry behind hydrocarbons. In a country, which apart from the critical religious tourism sector, had no tourism visa before 2019 and whose Tourism Ministry was established only in 2020, there is certainly room for growth. Still, Saudi Vision 2030 set a seemingly fanciful target of 100 million domestic and international visits a year. For comparison, the number one country for tourism, France, received 90 million international visitors in 2019. According to the United Nations World Tourism Organization and Saudi General Authority for Statistics, in that last full year before the coronavirus pandemic, Saudi Arabia had 17.5 million visitors, including 9.5 million religious pilgrims for both hajj and umrah, a number the Saudis would like to see increase to 30 million by 2025.

Competition both internationally and regionally will challenge the Saudi aim of explosive growth for the industry. The new headwinds for tourism in the context of the pandemic and increasing green consciousness may perpetuate the country’s reliance on its domestic market long starved of entertainment and destinations. Still, the Saudi government is putting money behind this realization. Half of the giga-projects spearheaded by the Public Investment Fund are in tourism, and the futuristic technology city of Neom also has tourist elements. In addition, a sizeable number of the companies created under the Public Investment Fund are active in the tourism and entertainment industries. At the 2021 Future Investment Initiative, the Saudi tourism minister stated that Saudi investment in the industry would surpass $1 trillion over the next 10 years.

The pandemic postponed the kingdom’s global opening, but the associated fiscal constraints did not appear to curb the commitment of the leadership to forward its tourism agenda. Contracts for roads, bridges and airports for the entertainment city south of Riyadh, Qiddiya and the high-end Red Sea coastal development proceeded in 2020 despite austerity measures. The budget for the Diriyah Gate Development Authority heading the expansion of this heritage and arts site north of Riyadh was doubled from $20 billion to $40 billion.

**Saudi Tourism is About More Than Just Tourists**

The tourism and entertainment sectors represent an engine for economic diversification and job creation for the kingdom’s youth population. But they go well beyond that. The blueprints for the new tourist sites reveal multifaceted plans for land development. Much as Dubai fronted infrastructure and turned its territory into foreign investment opportunities, the Saudi leadership is looking to open up vast expanses of land, some of it remote and relatively unpopulated, for development. Most of these new tourist sites – on the Red Sea coast or in Riyadh’s northern and southern areas – are akin to new cities, with multiuse development plans incorporating hotels, restaurants, arts and entertainment venues, and housing.

One prime example is the Diriyah Gate Development Authority. This historic location of the Al Saud dynasty and first Saudi state is centered on a UNESCO heritage site. But around this historic core are plans for numerous art and history museums, more than 20 hotels, varied retail spaces, over 100 restaurants, offices, and residential housing for a permanent population of 100,000. This will include arts and educational districts hosting the kingdom’s modern art museum, a new university focused on tourism and hospitality, and numerous facilities for hosting international sporting events, such as the Formula E race. The property development extends into the surrounding regions with plans to plant a million date trees in the Wadi Hanifa and transform the nearby Safar Valley into “Riyadh’s own Beverly Hills,” complete with a golf course designed by Greg Norman.

As these initiatives materialize, they are reshaping the kingdom in novel ways that reach beyond the narrow economic sphere to the geopolitical and sociocultural realms.

**The New “Post-Oil” Geography and Geopolitics**

Aside from the Riyadh region, most of the major new tourist sites sit alongside the western coast, from the Red Sea resorts and ultra-high-end development Amaala and inland to Hegra, the Nabataean archeological site, and natural desert formations of Al Ula. Adding in Neom, this marks a significant geographical shift ­­– a Saudi Arabia that is more westward facing as it departs from the historic development of the oil economy centered in the East. This, in part, contributes to Saudi Arabia taking a more active lead in Red Sea political governance. It has already colored Saudi relations with Red Sea neighbors Egypt and Jordan. Indeed in 2016, Egypt was thrown into a short political crisis as President Abel Fattah al-Sisi acceded to Saudi claims over the two Red Sea islands of Tiran and Sanafir, which now fall within Neom’s environs. Neom also features prominently in hints of a potential Saudi opening to Israel, with frequent reports of Saudi interest in capitalizing on Israeli investment and technical know-how to develop the futuristic city.

The tourism investments and new forays into arts and entertainment also form an important element of Saudi Arabia’s global repositioning, with its cultural orientation less narrowly focused on the Islamic world and more publicly engaged with urban development. This affords new means of cultural cooperation, such as the Saudi partnership with the French government to work with French cultural institutions in developing Al Ula. Such agreements, as well as more outward investments (such as the new focus on international sports epitomized by the purchase of the English football team Newcastle United), provide the means to project soft power through popular appeals and the alignment of financial and institutional interests.

**Beyond a Religious Political Economy**

The diversification of the economy into tourism and entertainment has had a profound impact on social life in the kingdom. The limitations once imposed by the Saudi religious establishment – the sanction against pre-Islamic sites and historical commemoration as well as the prohibitions against music, dance and gender mixing – have dissipated in line with the broader opening. There are certain to be further liberalizations as beach-based tourism and cruises come online, with persistent rumors that even alcohol will be allowed in specified enclaves. This rapid social change is disorienting for many and unevenly applied, but there is little question of the direction as the kingdom seeks to create a more open environment to attract foreign investment and visitors. The changes also target the Saudi population itself, tapping into the energy, talents and spending habits of the new generation.

Arts, once disparaged or neglected, are now being actively cultivated through the Ministry of Culture, which also holds the heritage portfolio. The Saudi leadership has also established 11 different commissions in film, fashion, theater and the culinary arts, among others, in the service of the national cultural strategy to promote culture as a way of life, enable it to contribute to the economy, and create opportunities for international exchange. These commissions are cultivating a distinctive Saudi cultural output that contributes to a more localized tourist offering. The promotion of the palaces of Diriyah as a national icon similar to the Greek Acropolis and Roman Colosseum, the directive to the kingdom’s restaurants, cafes, and roasters to distinguish Saudi coffee from Arab coffee – both are indicative of this new more national approach.

**Questions and Directions**

In looking to the future of this industry, huge questions remain unanswered. Will the Saudi state continue to find and commit the capital to develop the sector, and will the private sector and foreign investors respond? Will the Saudi offerings be distinct and compelling enough to compete in the regional and global tourism market? How will the Saudi leadership manage the contradictions inherent in the rapid social change and integration of new tourist appeals with its base in religious tourism? Will the local and regional security environment cooperate? The latter is particularly noteworthy, given the Houthi drone strikes on Abha’s airport and the concerning, unexplained detonation of an explosive device injuring a member of a French team in the Dakar rally.

Still, while uncertainties remain, the promotion of tourism and entertainment as leading elements in the kingdom’s diversification strategy is already suggestive of profound changes within the kingdom. The Western tilt in geography and geopolitics, the global opening and national posturing, and the new embrace of arts and entertainment are indicative of broader trends as the kingdom navigates its “post-oil” future. All of this marks a step away from the distinctive religious-political economy and pan-Islamic global positioning previously pursued by the Saudi state.

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* 1. SAUDI ARABIA: The Saudi “Founding Day” and the Death of Wahhabism

Sultan Alamer noted on 23 February in the [Arab Gulf States Institute in Washington](https://agsiw.org) that Saudi Arabia’s “Founding Day” signifies a radical break with the Wahhabi political influence that had legitimized the Saudi political projects since 1744.

On 27 January, King Salman bin Abdulaziz issued a royal decree designating 22 February as a national holiday called the “Founding Day.” This day commemorates the "beginning of the reign of Imam Mohammed ibn Saud and his foundation of the first Saudi state,” which took place, according to the decree, in February 1727. A few days after the announcement, a logo for the event was launched with the slogan “The Day We Started.” At the center is a man carrying a banner surrounded by four symbols. The first is the symbol of dates, which signifies life, growth and generosity. The second is a symbol of a majlis council, which signifies unity as well as social and cultural harmony. The third, an Arabian horse, is a symbol of the chivalry and bravery shown by the state’s princes and heroes. The last symbol is for a market, which signifies economic activity, openness and diversity.

The event has substantial political significance as it signifies a radical break with the Wahhabi political influence that had legitimized the Saudi political projects since 1744. This can be discerned from the logo itself. Whereas the Islamic Shahadah phrase, “There is no deity but God, and Muhammed is the messenger of God,” is inscribed on the Saudi national flag, the banner in the middle of the logo is surprisingly blank. Moreover, while the symbols refer to history, culture, economy and life – religion is strikingly left without a symbol. But the bluntest move that indicates the break with the powerful Wahhabi political narrative, or myth, which previously twinned with the story of the Al Sauds was the selection of the beginning of the reign of Mohammed ibn Saud, the great ancestor of the Al Saud dynasty, as the foundational moment of the first Saudi state. Selecting 1727 instead of 1744 as the country’s founding year does not only signify a break with the Wahhabi political myth but also reveals the founding of a new political myth.

**The Saudi State and the Wahhabi Political Myth**

Political myths refer to narratives that are constructed and promoted by the political leadership to legitimize either the political entity or its policies. Both myths and histories are the products of engagement with the past. However, they differ in that history aims to understand the past as accurately as possible whereas political myths serve political needs in the present. Calling them “myths” does not mean that they are necessarily fiction or fake. Most of the time, political myths contain elements of historical fact but are presented in a highly selective manner.

The Wahhabi political myth refers to the narrative that the first Saudi state was born out of a covenant made between Muhammed ibn Abdul-Wahhab and Mohammed ibn Saud in 1744. The story often starts with a biography of Muhammed ibn Abdul-Wahhab. It presents him as a religious reformer and his teachings as simply an attempt to restore Islam to the form it was during the Prophet Muhammad’s time. He went to several towns in eastern and central Arabia in search of political protection and support. After several futile attempts, he decided in 1744 to travel to Diriyah, which was then ruled by Mohammed ibn Saud. Upon their meeting, the two made the covenant wherein Mohammed ibn Saud would help Muhammed ibn Abdul-Wahhab to spread his religious teachings and, in return, the religious reformer would not leave him for his political rivals.

This political myth legitimizes the Saudi state by presenting it as an indispensable tool to apply, spread and protect Wahhabi Islam. Although theoretically it puts the Saudi project in a subservient position in relation to the Wahhabi mission, it gives the state a divine mandate, while it also frees it from the historical responsibilities resulting from the agreements that the Saudi leadership made with different local elites during the state-formation period in the early 20th century. It also provides the state with a powerful theoretical arsenal to resist calls for power sharing and democratization. Historically, it gave King Abdulaziz al-Saud, the founder of contemporary Saudi Arabia, a competitive advantage against his rivals during the Saudi unification process. These rivals either belonged to powerful tribes, such as the Rashidis in Hail, or were descendants of the Prophet Muhammad, such as the Sharifs in the Hijaz. Lacking both, King Abdulaziz legitimized his rule by presenting it as a political project in the service of Wahhabism, which he considered the purest form of Islam. In a speech in the newly incorporated Hijaz in 1929, King Abdulaziz rejected the label “Wahhabis,” saying, “They call us Wahhabis, this is a huge mistake … We did not come up with something new … Muhammed ibn Abdul-Wahhab did not come up with something new … Our creed is the creed of the early generation of Muslims that is based on the Quran and Sunnah.”

Until recently, this Wahhabi myth was the sanctioned narrative continuously repeated by many members of the royal family. In 1992, King Fahd bin Abdulaziz issued a royal decree establishing the first constitutional document of the kingdom, the Basic Law, delivering a speech saying, “In modern history, the first Saudi state emerged … when a covenant was made between two men: Imam Mohammed ibn Saud and Sheikh Muhammed ibn Abdul-Wahhab.” In March 2011, during the Arab Spring uprisings, King Salman bin Abdulaziz, then the governor of Riyadh, delivered the lecture “The Historical and Intellectual Origins of the Saudi State” at the Islamic University in Medina, which was established in the 1960s to promote Wahhabism globally. The lecture was later published in a book by the King Abdulaziz Foundation for Research and Archives, the main archival institute in the country. In this lecture, King Salman reiterated the same story. “The historical agreement between Imam Mohammed ibn Saud and Sheikh Muhammed ibn Abdul-Wahhab was concluded in accordance with sharia,” he told his audience of religious scholars, “until today, this agreement has been a fundamental pillar of the Saudi state.” Then he went on defending Wahhabism: “I encourage everyone to research the tradition of Sheikh Muhammed ibn Abdul-Wahhab, and see if you can find anything that is contrary to the Quran and Sunnah.”

In addition to these royal statements, Saudi history textbooks taught this foundational myth for decades. Saudi students were first exposed to it in their sixth-grade history textbooks. For example, in a textbook published by the Ministry of Education in 2008, the story is introduced in the third chapter: “The Mission of Sheikh Muhammed ibn Abdul-Wahhab.” It includes a biography of the religious scholar and a brief overview of his religious teachings. The textbook states that “when Sheikh Muhammed arrived Diriyah, he was welcomed by Emir Mohammed ibn Saud. The two made a covenant to support monotheism and declare jihad against its enemies … and thus the first Saudi state began.” The text included 1157 H (1744) as the founding year, which was emphasized with a true or false exercise at the end of the chapter to test that students knew the correct answer.

**The Death of Wahhabism and the Birth of a New Myth**

It is only after appreciating the significance of the Wahhabi myth in legitimizing the Saudi political authority that the radical break of the Founding Day’s decree becomes apparent. By selecting the beginning of the reign of Mohammed ibn Saud as the state’s foundational moment, it creates a new myth that leaves no room for Muhammed ibn Abdul-Wahhab and his movement. To be sure, the Wahhabi myth has not been the only myth used by the Saudi state, but it was always a central one. Throughout its modern history, the Saudi state has also legitimized itself by drawing on elements from various competing ideologies, including Arab nationalism, modernist Salafism, Muslim Brotherhood, developmentalism and humanitarianism. Yet, throughout, the state continued to maintain its Wahhabi myth. Also, the role of Wahhabi networks and institutions in Saudi politics had ups and downs, but they were always present. At times they were particularly consequential, such as supporting King Faisal bin Abdulaziz’s overthrow of his brother, King Saud, in 1964 and legitimizing King Fahd’s decision to host U.S. forces during the Gulf War.

What is different now is the deliberate departure from this foundational narrative. The official erasure of Wahabism is an ongoing process and it is not restricted to national holidays and official narratives. The new history textbooks do not mention Muhammad ibn Abdul-Wahhab. Institutionally, the General Presidency of the Promotion of Virtue and the Prevention of Vice, or the religious police, has been crippled and replaced with a more secular Public Decency Law. Similar developments are taking place within other institutions, such as the Ministry of Islamic Affairs, Council of Senior Scholars and Ministry of Education. When the four laws of Evidence, Civil Transactions, Personal Status and the Penal Code for Discretionary Sanctions are issued this year as promised, the judiciary will likely cease to rely on Wahhabi religious tradition and its precedents.

The Saudi state is not exceptional in changing its political myths. It is part of the nature of political myths to be contested and reconstituted. Yet, out of all potential alternatives, the one that was selected to replace the Wahhabi myth is one that elevates the Saudi state from its subservient position relative to the Wahhabi mission to the forefront, and most importantly with no partner. On the same day of the Founding Day royal decree, the official Saudi News Agency unusually ran an op-ed explaining the new political myth. Its starting point is 200 years before Islam when the tribe of Banu Hanifah, to which the Al Saud family belongs, established a settlement in central Arabia. A millennium later, in 1446, Mani al-Muraidi, the 13th grandfather of current ruler King Salman, established the town of Diriyah. Like ancient Rome, Diriyah is described as a city-state that had slowly expanded over time. In 1727, Mohammed ibn Saud, a descendant of Mani al-Muraidi, founded the first Saudi state. From this moment, the second and third Saudi states are presented as episodes in three centuries of political continuity. According to the op-ed, this story shows the "extent of solidness and stability that the Saudi political system has enjoyed for three centuries.”

This new myth, however, is not without its problem. First, it is historically inaccurate. Since Mani al-Muraidi built Diriyah, his descendants inherited its rule. Hence, it was not surprising or unprecedented that Mohammed ibn Saud became the town’s ruler in 1727. In the first 18 years of his reign, he never tried to transform his town into an expansive state and challenge his regional neighbors and the Ottoman empire. This move only happened when Muhammed ibn Abdul-Wahhab arrived in his town. Moreover, Diriyah was not Muhammed ibn Abdul-Wahhab’s first destination in central Arabia. His first choice was his hometown Al Uyaynah, which was larger and more powerful. Only when he was expelled from there did he start considering Diriyah as a destination. When he did that, the first Saudi state came into being. Finally, and most important, the initial expansion efforts of this state were managed by Muhammed ibn Abdul-Wahhab himself and not by Mohammed ibn Saud. When he told the events of 1157 H, Ibn Bishr, the 18th-century authoritative historian of the first Saudi state, described the political role of Muhammed ibn Abdul-Wahhab. He stressed the fact that all the spoils of the military expansion wars of the first state and all extracted goods were paid to Muhammed ibn Abdul-Wahhab, and “he spends it as he sees fit.” He continued that, neither the son of Muhammed ibn Saud, “Abdulaziz nor anyone else can take anything from them without his permission.” For he “has the power to take and give, and decide and rule … and no army can be sent nor an opinion can be voiced, neither by Muhammed nor by Abdulaziz without his permission.” Of course, by Muhammed here, Bishr meant Mohammed bin Saud.

Second, the new myth conveys a false sense of political continuity in the Arabian Peninsula from 1727 to 2022. The first Saudi state was defeated in 1818 by the troops of Muhammed Ali, the Ottoman viceroy in Egypt. Since then, the Al Saud dynasty had to wait more than a hundred years to be able to recapture most of the territories that were once ruled by the first Saudi state. It was only in 1934 that King Abdulaziz was able to unify the territories of the contemporary kingdom. Only two regions out of 12 were ruled for more than half of this period by the Al Saud dynasty. Most of the regions were ruled by the Al Saud family less than 20% of the two centuries. This means that claiming that the history of the Saudi territory was continuous implies deleting most of the histories of each region.

**The New Myth and Saudi Arabia’s Political Future**

As mentioned, political myths are produced to serve political needs in the present. To understand what the new political myth offers for the political present and future of Saudi Arabia, it is instructive to consider how it differs from the Wahhabi myth in its political function. First, the new political myth is more socially inclusive than the Wahhabi one. It offers opportunities of belonging to many social groups that were excluded in the Wahhabi political myth, including Shias, Ismailis, Sufis, women and also regional identities and secular groups. This social inclusion is reflected in the different assimilative policies that the state adopted toward these groups and its official recognition and celebration of social and regional diversity.

The second difference is that the new myth is more politically exclusionary than the Wahhabi myth. Granted, the Wahhabi myth was not a liberal Lockean social contract, but it was a covenant that creates limits on the political authority of the state albeit not democratic ones. The new political myth transforms the state to a full-fledged “mortal god … to which,” as Thomas Hobbes puts it in the “Leviathan,” “we owe … our peace and defense.” In this form of foundational political myth, justice is the will of the state and has no other meaning outside that.

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