

**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. Prime Minister Netanyahu Returns to Power as New Government is Sworn In

On 29 December, Prime Minister Netanyahu returned to power as he presented his new government to Israel's Knesset, which was sworn into office shortly thereafter. The last government, first under Naftali Bennett and then by Yair Lapid, lasted only 18 months.

PM Netanyahu was first elected to office in 1996, at the age of 47. Now at 73, after 15 non-consecutive years at the helm of the country, he is heading his sixth cabinet. His cabinet is set to be one of the largest in Israel’s history, but with only four woman as ministers.

Netanyahu presented the Knesset with his new cabinet's top priorities: neutralizing the Iranian nuclear program, creating a bullet train that will cross Israel from north to south to promote the development of periphery towns and expanding the 2020 Abraham Accords by signing more normalization deals with Arab countries. Israel's PM Benjamin Netanyahu and his cabinet of 30 ministers convened at the President’s Residence for a traditional photo with President Isaac Herzog to mark the new government being formed.

Shortly before the confidence vote to inaugurate Israel’s 37th government, Likud member Amir Ohana was elected as the Israeli parliament's next speaker. A former justice minister and public security minister, Ohana is the Knesset’s first openly gay speaker. (Various 29.12)

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* 1. New Korea-Israel Free Trade Agreement Comes Into Effect

A new free-trade agreement between South Korea and Israel came into force in Israel under a Customs Tariff Order and Purchase Tax Exemptions for Goods published on 5 December. The free-trade agreement is more than 500 pages long and deals not only with customs-duty exemptions, but also rules of origin, customs procedures, trade remedies, dispute settlements, government procurements, investments, cross-border services, temporary of business persons, telecommunications, e-commerce, intellectual property, the environment, transparency, technical cooperation and more.

In 2021, bilateral trade in goods and services totaled around $3.5 billion, about 35% more than in 2020. Of this, $1.5 billion was exported by Israel, some 42% more than in 2020.

According to the Economy Ministry’s Foreign Trade Administration, the resulting customs reductions are expected to benefit Israeli purchasers of Hyundai and Kia automobiles, toys and games, soy sauce and much more. Israeli exporters are expected to benefit to the tune of about NIS 500 million. Israeli companies will enjoy a competitive advantage in the Korean market, and Korean investments in Israel will be encouraged.

More than 95% of Israeli exports to Korea should be exempted from Korean customs duty, including electrical and mechanical equipment, fertilizers, medical devices, cosmetics, plastics, fruit juices and wine. Korea exports to Israel machinery and parts, refrigerators for industry, medical devices, electronic components, plastic products and chemicals.

According to the Foreign Trade Administration, the customs duties in Israel should immediately drop to zero for some Korean products, including automobiles (previously 7% customs), refrigerators and freezers for industry (previously 12% customs) and soy sauce (previously 4% customs). The Israeli customs duty on Korean equipment for industry bath tubs and sink units should be reduced from 12% to zero over three years. (JP 17.12)

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* 1. Prime Minister & Finance Minister Agree to Freeze Utility & Local Tax Hikes

Prime Minister Netanyahu and Minister of Finance Smotrich have agreed in principle to partially or fully freeze the price rises in electricity, water and local authority/municipal taxes. In recent talks with Minister of Economy and Industry Barkat, there was a consensus that the cost of living is the most important immediate problem on the agenda, and that it should be dealt with in the short term and without waiting for the budget.

The Public Utilities Authority (Electricity) decided on an 8.2% hike in electricity rates from 1 January, rejecting requests to spread the price rise over a longer period, and despite estimates that coal prices - the main cause of the price increase - will not continue to rise.

The Israel Water Authority announced a 3.5% increase in the price of water for consumers from 1 January, due in part to the increase in electricity prices. Municipal and local authority taxes (*arnona*) had been expected to increase from the beginning of January by between 1% and 3%, following a decision by the Ministry of the Interior last year.

Implementation of such a freeze is the responsibility of the Ministry of Finance, which has been asked to present, as quickly as possible, the costs and effects, and the scope required for immediate budgeting compared with strategic measures that could be implemented through the state budget. Ministry of Finance officials are reluctant to make any declarations about price freezes until sources for the required financing are found and the financial impact of any such measures is fully examined. (Globes 03.01)

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* 1. Bank of Israel Approves Establishment of a New Digital Bank

On 25 December, the Bank of Israel announced the approval of a new financial institution to be called Bank Esh Israel, following an inspection process and the agreement of the Governor of the Bank of Israel.

Receipt of the control permits and the conditional bank license will allow the owners to move forward and complete the technical, operational and regulatory preparations required to start the bank's operations. This will include completing the development and testing stages of the new technology, completing the recruitment of the management team and the additional manpower required to establish the bank, and build policies, procedures and processes in its main areas of activity. The establishment period of the bank will last about 18 months and the process will be carried out in consultation with the licensing committee.

The new digital bank will offer current accounts to private, business and corporate customers and the self-employed. The bank will provide deposit accounts, loans, payments and credit cards. According to the business plan presented to the Supervisor of Banks, Esh will set up a bank without physical branches based on innovative technology that it is developing itself focusing on the provision of banking services.

This is the second new bank approved in recent years following the establishment in January of the digital bank One Zero (previously First Digital Bank). One Zero was the first Israeli bank established in more than 40 years -- Bank Leumi group was established in 1902, HaPoalim group in 1921, Mizrahi-Tefahot Bank group in 1923, Discount Bank group in 1935 and First International Bank group in 1975. (Various 25.12)

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* 1. Oshkosh Defense to Produce Hulls for the IDF's New Wheeled APC

Following a process led by the Ministry of Defense's Procurement Mission in cooperation with the Tank and APC Directorate, Israel has selected Wisconsin's Oshkosh Defense to produce hundreds of hulls for the IDF's new wheeled Eitan Armored Personnel Carriers (APC). The deal between the procurement mission and Oshkosh Defense is estimated to be over $100 million, financed by American aid funds.

The IMoD's Tank and APC Directorate developed the Eitan APC. The hulls that will arrive in Israel in about a year and a half will immediately join the production line. Once fully assembled, the vehicles will be transferred for operational use, thus significantly expanding the number of armored APCs used by the IDF.

The Eitan is the most advanced wheeled APC of its kind in the world. It can carry 12 personnel at maximum-level protection, incorporates the Iron Fist active defense system and includes advanced fire and control systems. This agreement may also present further opportunities for the Ministry of Defense and Israeli defense industries to export the Eitan APC and its deployed systems. (IMOD 28.12)

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* 1. Israel to Launch National Research Institute for Energy Storage

Israel's Energy Ministry has chosen Bar-Ilan University and the Technion-Israel Institute of Technology to establish a new national research institute for energy storage, the Energy Ministry announced. This new energy storage research institute will be given a five-year budget of around NIS 130 million, NIS 100 million of which will come from the Energy Ministry and the other NIS 30 million will come from Bar-Ilan and the Technion.

The institute's goal is to push Israel's energy sector to work in response to national strategic energy challenges, as well as to train future experts in the field and give the industrial sector some new innovative technology made by experts in academia.

In particular, the institute will help work towards reaching Israel's goal of zero greenhouse gas emissions by 2050 – a goal established in light of the ongoing climate crisis. This will require a full transition to renewable energy sources, such as solar energy and wind turbines. The new energy institute will enable Israel to become a leader in the field, in continuation of the ministry's additional efforts in the field of storage. For the first time, an institute is being established that will be led by a steering committee comprised of a combination of members of academia, industry and government. (JP 03.01)

ISRAEL MARKET & BUSINESS NEWS

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* 1. COMSovereign Announces the Sale of its Sky Sapience Drone Subsidiary

COMSovereign Holding, a U.S.-based developer of 4G LTE Advanced and 5G communication systems and solutions, announced an agreement to sell its Israel-based, Sky Sapience (SKS) tethered drone unit to Titan Innovations for total cash consideration of $1.8 million.

Titan Innovations, based in Israel, is a developer of specialized, fully integrated unmanned systems and solutions designed for civilian and military applications. Titan provides its customers with comprehensive systems engineering and integration services including software and control expertise in the field of robotics, autonomy, navigation, and communication with hardware sourced from leading global manufacturers. Under terms of the transaction, Titan will acquire Sky Sapience which includes all business assets and intellectual property.

Herzliya's [Titan Innovations](https://www.titangroup.io/) promotes the development of solutions that will advance the world of autonomous technology. Titan Innovations invests and nurtures startups, providing them a holistic framework which accelerates their growth. This includes access to in-house engineering as well as business development services, and a global infrastructure to validate their technology and generate sales. Titan's incubator hub known as "The Caveret", is located in Bnei Brak, Israel. It consists of engineering companies which provide valuable services to Tier-1 contractors and lend support to our portfolio companies. The Caveret was designed to be an ecosystem which produces complete end-to-end autonomous solutions. (COMSovereign 22.12)

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* 1. proteanTecs Named the #1 Most Promising Startup in Israel

proteanTecs has been named the Most Promising Israeli Startup 2022 by Globes, a leading Israeli business publication. proteanTecs topped the annual list of 10 groundbreaking startups, which is selected based on nominations from leading local and foreign investment firms who operate in the Israeli high-tech market. This year 86 different firms participated in the thorough selection process.

Now in its 17th year, the Globes' Most Promising Startup list is the longest established startup ranking in Israel. Often referred to as the Startup Nation, Israel has over 6,000 active startups and has the most technology companies and engineers per capita. proteanTecs' founders also co-founded Mellanox—the Israeli success story that topped the Globes' ranking in 2005—two years before they went public on the NASDAQ, eventually being acquired by NVIDIA for $6.9 billion.

Haifa's [proteanTecs](http://www.proteanTecs.com) is the leading provider of deep data analytics for advanced electronics monitoring. Trusted by global leaders in the datacenter, automotive, communications and mobile markets, the company provides system health monitoring, from production to the field. By applying machine learning to novel data created by on-chip monitors, the company's deep data analytics solutions deliver unparalleled visibility and actionable insights—leading to new levels of quality and reliability. (proteanTecs 20.12)

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* 1. Fox Signs Deal to Bring Pret a Manger to Israel

Israeli retail chain Fox-Wizel Group and Yarzin Sella Restaurants signed a non-binding agreement in principle with UK organic coffee and freshly prepared food franchise Pret a Manger to set up and operate a chain in Israel. Fox expects to sign a binding agreement on the matter in Q1/23. Last July, Fox reported that it was in talks to open Pret a Manger outlets in Israel but that the negotiations had been held up due to the demands of Pret a Manger. In the agreement on principles, it has been agreed that a jointly owned company will be founded to hold the concession for Pret a Manger in Israel with Fox holding a 75% stake and Yarzin Sella 25%.

The development and establishment franchise for the Pret a Manager branches will be granted to the new company for 10 years, with an option for a further10 years, subject to meeting milestones, including the opening of at least 40 branches in the first decade. It was also agreed that in exchange for the franchise, the new company will pay Pret A Manger a monthly rate of the total net sales. This is Fox's first foray into food retail and the company stresses that this is an important development in diversifying the company's brand portfolio and areas of activities. Yarzin-Sella Group has been operating in Israel's restaurant sector for over 30 years. (Globes 22.12)

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* 1. Quris Raises an Additional $9 Million in Seed Funding

Quris has raised additional $9 million in seed funding. The round, which brought total seed round funding to $37 million, was led by SoftBank Vision Fund 2, GlenRock Capital, iAngels, Welltech Ventures and Richter Group. The company intends to use the funds to advance its Bio-AI platform, grow its team, strengthen industry collaborations and speed its novel drug research.

Tel Aviv's [Quris](https://www.quris.ai/) is a Bio-AI clinical-prediction platform that ensures the safety and efficacy of new drugs. The company is pioneering clinical trials on chips – testing thousands of novel drug candidates on miniaturized “patients-on-a-chip”. Its automated, self-training AI platform accurately predicts clinical safety and efficacy for novel drugs faster and more cost effectively than ever before – all while minimizing animal testing. (Quris 20.12)

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* 1. Nanosono Raises $2 Million from Gadot Group

Nanosono announced that it has signed a strategic agreement with the Gadot Group, which will include a $2 million investment. Gadot Group specializes in chemical production and logistics and is a part of the group that won the tender to privatize the port of Haifa with the Indian Adani Group in a deal valued at NIS 4.1 billion (approximately $1.17 billion).

As part of the cooperation with Nanosono, Gadot will build the necessary infrastructure and production line to produce the startup’s antimicrobial technology, known as QUACTIV, which was developed in Nanosono's laboratories in Yokneam. In addition, Gadot will invest $2 million in Nanosono, while providing the company with various logistical services to allow faster penetration to new markets. To date, Nanosono has raised $21 million, with the U.S.-based AHG Group and Dr. Michael Mirilashvili among the investors.

Yokneam Illit's [Nanosono](https://www.nanosono.com/%E2%80%8E) has developed revolutionary nanotechnology-based platform which enables continuous antimicrobial action in an efficient, permanent and safe way - unlike similar technologies. This unique technology can be easily integrated to wide range of matrices and transforms daily-use applications into dynamic active shields against bacteria, viruses and other pathogens. (CTech 21.12)

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* 1. MyTower Raises $4 Million to Expand its Property Intelligence Management Platform

Tel Aviv's [MyTower](https://www.mytowerapp.com/), an all-in-one platform and operating system for property intelligence management, raised $4 million. The round was led by The New Elad Residence and JTLV Capital; Matan Ben Gur, Co-Founder of Orca Security; Anax Ventures, Lamed Holdings, Built-up Ventures, and SELA Construction & Investments. It is understood that the funding will help the company take its real estate SaaS solution to the U.S. market.

MyTower uses IoT and AI technologies to help clients ranging from real estate developers, and property managers, to tenants. Its product helps connect and enhance property and service management, including rent collection, on-demand concierge services, a tenant loyalty program, and a marketplace of local and Israeli IoB (Internet of Buildings) solutions for all the needs of property and landlords.

Currently, MyTower manages over 40,000 residential units and 300 towers worldwide. It connects 15 solutions on the management side and 20 solutions on the buildings and tenants' side. MyTower’s property intelligence management platform connects and enhances property and service management, bringing the entire ecosystem under one virtual roof. (MyTower 19.12)

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* 1. Thyssenkrupp Will Invest in Israel’s VSense Technologies

Germany’s Thyssenkrupp, which manufactures the Israeli Navy’s submarines, will invest millions of euros in VSense Technologies in order to provide it with manufacturing, maintenance, inspection and repairing abilities of equipment installed in the navy’s submarines.

Atlas Elektronik, the Naval Electronic division of the Thyssenkrupp Marine Systems and Vsense Technologies signed an agreement to collaborate on a one-of-a-kind project. As part of the project, Atlas will accompany Vsense over time, enabling it to develop production, maintenance, inspection, and repair capabilities for equipment installed on Israeli Navy submarines, through the purchase of necessary equipment, training sessions and technology and know-how transfer

Through this program, Vsense will acquire independent capability to produce the required technology and acquire technical certification, thus becoming an official supplier for the Ministry of Defense in this sector. The technological training that will be awarded by Atlas and Thyssenkrupp and the purchased equipment will provide a meaningful contribution to the Israeli economy and will allow Vsense to develop advanced technologies and become an independent supplier in the field.

Petah Tikva's [VSense Technologies](https://www.vsense.net) specializes in the design, production and integration for military, defense and civilian naval industry clients. (Thyssenkrupp 27.12)

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* 1. RMS Purchases OrboGraph for Over $100 Million

Revenue Management Solutions (RMS), a healthcare payment automation service provider based in Oklahoma City, has bought Israeli company OrboGraph, which provides advanced check recognition and fraud detection solutions and automated healthcare payment processing. The $100 million plus acquisition was financed through the first follow-on fund of St. Louis based private equity firm Thompson Street Capital Partners (TSCP), which owns RMS.

OrboGraph’s activities in the healthcare payments sector will be transferred to RMS, while the banking operations will remain under the authority of OrboGraph, including the brand name. OrboGraph has more than 4,000 clients, mainly recognized financial institutions in the US, service bureaus and clearing houses, as well as most of the major banks in Israel.

Yavne's [OrboGraph](https://orbograph.com) is a premier developer and supplier of recognition solutions, payment negotiability, and check fraud detection for the U.S. check processing market. Nearly 4,000 financial institutions, service bureaus, and clearinghouses rely on OrboGraph technology to process billions of checks and payments annually. OrboGraph systems read documents in a variety of languages, including English and Hebrew. The company also developed the Healthcare Payments Innovation Center (HPAC), a service for extracting financial content from printed documents in the US Healthcare Payments market. It has processed more than 100 billion checks, and saves its clients about $200 million in annual losses. (Globes 28.12)

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* 1. IAI's EROS-C3 Satellite Enters Its Orbit in Space & Begins its Mission

Israel Aerospace Industries’ EROS-C3 satellite was launched on 30 December using a SpaceX Falcon 9 launch-vehicle, from the Vandenberg Space Force Base in California, USA.

The EROS-C3 is one of the most advanced observation satellites in the world, thanks to pioneering technologies which enable very high-resolution images and for the first time using multi spectral camera. Engineers at Israel Aerospace Industries have begun a series of preplanned calibrations and tests to validate the satellite’s performance, and complete the preplan test prior to full operation soon. The EROS-C3 satellite is a significant part of the OPTSAT3000 series of observation satellites, developed and produced by Israel Aerospace Industries. The satellite's high-quality imagery capabilities make it a true pioneer in the area of observation satellites. A lightweight space camera developed and produced by Elbit Systems is mounted in the satellite, capable of providing very-high-resolution imagery for both governmental and business applications and missions.

[Israel Aerospace Industries](https://www.iai.co.il/) is Israel’s largest defense technology concern, and is a national knowledge-center and world-leader in both the development and production of advanced systems in the fields of space, aviation, land and sea use, and cyber, for both the military-defense and civilian markets. The company is also a national center of expertise in the fields of missiles, radars, satellites, unmanned vehicles, civilian aviation and cyber. (IAI 30.12)

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* 1. Torc Robotics Forms a Strategic Collaboration with Foretellix

Torc Robotics, an independent subsidiary of Daimler Truck AG, announced a multi-year strategic collaboration with Foretellix. The collaboration delivers to Torc the best-in-class virtual verification & validation solution, capable of testing the millions of driving scenarios required to ensure the safe deployment of Level-4 autonomous trucks. Torc Robotics is leading Daimler Truck's effort to develop and commercialize Level-4 autonomous trucking solutions. Its commitment to quality and safety has led to its collaboration with Foretellix.

At the center of the joint solution is Foretellix's Safety Driven V&V platform that allows development, V&V, and safety teams to specify scenarios easily, generates massive scale testing, and analyzes the results. The Foretellix V&V platform, Foretify, uses the ASAM OpenSCENARIO 2.0 standard to describe the infinite possible driving scenarios and define verification and validation goals. Using Foretellix's L4 highway trucking V-Suites - a V&V package of scenarios, test plans, maps, and KPIs, Torc's development teams can rapidly start their testing program. Foretify uses these scenarios to generate a multitude of test scenarios in virtual simulation optimized to represent real-world conditions and uncover unknown edge cases. Foretify continuously measures and analyzes test results and validation completeness and helps development teams uncover bugs earlier in the development cycle. Foretify dramatically reduces development costs, boosts development teams' productivity, and improves time to market while ensuring safety.

Tel Aviv's [Foretellix](http://www.foretellix.com) is the leading provider of verification and validation solutions for ADAS and Automated Driving Systems. Foretellix's Foretify platform helps automotive, trucking, and mining customers to ensure safety, reduce development costs, and accelerate time-to-market. (Foretellix 03.01)

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* 1. Village Farms International Commences Shipping Cannabis to Israel

Vancouver, BC's Village Farms International, through its subsidiary, Pure Sunfarms, commenced shipping cannabis products for the Israeli medical market under an exclusive three-year supply agreement with Israel-based Dr. Samuelov Importing and Marketing, doing business as Better Pharma.

Founded in the early 1990s, Better Pharma is a highly respected importer of pharmaceuticals and related products for the Israeli market with longstanding relationships with Israel's retail pharmacies and an extensive sales force and distribution capabilities, covering over 95% of Israeli independent pharmacies, as well as retail drug stores. In 2014, the company established the pharma unit specializing in herbal medicinal products and is the Israeli exclusive distributor of the world's leading manufacturers in the industry: Dr. Willmar Schwabe GmbH & Co. KG and Bionorica SE.

Sales of Pure Sunfarms product to patients in Israel are expected to commence later this month. Initial strains offered will include Pink Kush, Jet Fuel Gelato, and Sakura Punch (sold as Black Cherry Punch in Canada). (Village Farms 03.01)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Jordan’s Telescope Raises Seed Funding to Expand to UAE & Saudi Arabia

Jordan-based [Telescope Productions](https://telescope.productions/) has raised an undisclosed amount in seed investment from Select Venture Equity in UAE, where the investment agreement was signed recently in Dubai. Founded in 2019, Amman's Telescope is a leader in media and tech that positively influences society through entertaining, informing and educating media content.

This investment will be used to expand Telescope operations in Saudi Arabia and the UAE, as well as improve engagement with Telescope influencers and customers through technology. Telescope aims to be the most prominent content creation incubator, building on the success they had over the last three years and state-of-the-art studios they built.

Telescope Productions has become a market leader in the media tech industry, with 1000+ produced shows and video series, and 2M+ followers in MENA. It has also helped 100+ influencers and content creators to grow their online platforms and content. (Telescope 15.12)

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* 1. G42 Cloud & Dell Technologies Sign MoU to Accelerate Digital Transformation

Dell Technologies and [G42 Cloud](https://www.g42cloud.com/#/) have signed a memorandum of understanding (MoU) to help customers in the UAE accelerate their digital transformation drive by collaborating on cloud, security and IT and managed services. The two companies will work together across various areas including private cloud solutions, as well as consulting, residency and managed services. The collaboration aims to serve the UAE by enabling customers manage their day-to-day business operations and accelerate digital transformation with a more secure and consistent cloud experience.

The agreement will allow the two companies’ customers to leverage the best-of-breed features and performance, including computing, data storage and data protection needs. It aims to assist customers unlock and capitalize on cloud experiences and drive innovation. (GB 22.12)

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* 1. Dubai's MMI Removes 30% Municipality Tax Levied on Alcohol Sales

Following the recent directives from the government of Dubai relating to the purchase and consumption of alcoholic beverages in the city, UAE-based beverage import, marketing, sales, retail and distribution company Maritime & Mercantile International (MMI) has removed the 30% municipality tax from alcoholic beverages and fee from personal liquor licenses. As of 1 January, personal liquor licenses are free-to-obtain for those eligible to legally purchase these beverages in Dubai. A valid Emirates ID, or passport for tourists, will still be required to apply.

These recently updated regulations are instrumental to continue ensuring the safe and responsible purchase and consumption of alcoholic beverages in Dubai and the UAE. A person must be at least 21 to drink legally in the UAE, and alcohol can only be consumed privately or in licensed public places. (GB 02.01)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. World Bank Grants $8.86 Million to Improve Lebanon's Solid Waste Management

The World Bank has agreed to fund Lebanon with $8.86 million to curb harmful emission from open burning of solid waste in Lebanon and improve its waste management. The World Bank added that the financial aid will also help Lebanon to recycle and composite solid waste at the municipal level, and reduce the exposure of residents to hazardous substances.

The aid will be financed by the Global Environment Facility, a multilateral funder of green endeavors in developing countries which comprises UN affiliates and national entities. The project will develop an integrated solid waste management system in certain waste service zones under the Ministry's guidelines, starting with in-depth assessments of disposal sites to see if they are technically, financially and institutionally feasible for interventions. The World Bank also called on Lebanon to enforce environmental governance with the implementation of sector reforms to achieve resource recovery opportunities and ensure the financial sustainability of strongly needed infrastructure investments which can create green jobs. (WB 21.12)

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* 1. QIA Secures First Green Loan Worth $5 Billion

Qatar’s sovereign wealth fund, the Qatar Investment Authority (QIA), raised some $5 billion from global debt markets in December to finance green investments. The funds were raised by QIA subsidiary the Qatar Holding Company as part of a five-year loan due to be repaid in mid-December 2027. The total amount of the loan wasn’t disclosed, nor is it clear whether it will all be channeled into green investments by the QIA.

Twelve banks are said to have participated in the loan including HSBC, JP Morgan, Agricultural Bank of China, Goldman Sachs, Deutsche Bank, Standard Chartered, Mitsubishi UFJ Financial, Bank of China, Bank of America, Credit Agricole, US Citigroup and one unnamed bank. White and Case provided counsel to the Qatar Holding Company and Linklaters advised the banks responsible for the loan. (Enterprise 03.01)

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* 1. Clean Energy Comprises 14% of Dubai’s Total Power Production Capacity

The production capacity of clean energy in Dubai has reached 2,027 megawatts (MW) using photovoltaic solar power (PV) and concentrated solar power (CSP). This is about 14% of Dubai’s total power production capacity of 14,517 MW, according to the Dubai Electricity and Water Authority (DEWA). DEWA is also establishing the Mohammed bin Rashid Al Maktoum Solar Park, which is the largest single-site solar park in the world using the Independent Power Producer (IPP) model. It will have a production capacity of 5,000 MW by 2030, using photovoltaic solar panels and CSP technologies.

At the 4th phase of the park, 417 MW have been connected to DEWA’s grid. This includes 217 MW from photovoltaic solar panels and 200 MW from CSP using parabolic basins. The 4th phase of the solar park is 92% complete. This phase is being implemented by Noor Energy 1. DEWA owns 51% of the company while ACWA Power holds 25%, and the Silk Road Fund owns 24%.

At the 5th phase of the solar park DEWA has connected 600 MW to its grid. The 5th phase has a total capacity of 900 MW and investments of Dhs2.05 billion. The 300 MW third project of the 5th phase is 52.9% complete and will be commissioned in 2023. It uses the latest solar photovoltaic bifacial technologies with single-axis tracking to increase energy production. It will provide clean energy for more than 270,000 residences in Dubai and reduce 1.18 million tonnes of carbon emissions annually.

On its completion, the project will have the largest thermal storage capacity in the world of 15 hours, allowing for around the clock energy availability. The 4th phase will provide clean energy for around 320,000 residences and reduce 1.6 million tonnes of carbon emissions yearly. (GB 02.01)

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* 1. Saudi Arabia’s ACWA Power to Develop 1.5 GW Wind Plant in Uzbekistan

Saudi Arabia's ACWA Power has signed power purchase agreements and investment agreements with Uzbekistan to develop the 1.5 GW Kungrad wind farm in Karakalpakstan, Uzbekistan, formerly called the Karakalpakstan Wind IPP. The wind farm will include three 500 MW wind power projects owned by three subsidiaries, namely ACWA Power Kungrad Wind 1, ACWA Power Kungrad Wind 2 and ACWA Power Kungrad Wind 3. Each of the three projects will also incorporate a 100 MW capacity battery energy storage system. Regarded as the largest single-site wind farm in Central Asia to date, and one of the largest of its kind in the world, the wind farm is expected to reach an investment value of $2.4 billion.

An initial MoU was signed between ACWA Power and Uzbekistan’s Ministry of Energy and Ministry of Investment & Foreign Trade in August, laying the foundation on which the power purchase agreements and investment agreements for the facility were to be procured. The wind farm is expected to offset 2.4 million tonnes of carbon emissions per year and will have a minimum environmental impact due to the use of the latest mitigation technologies, including bird-detecting technology to prevent bird collision or fatality.

The Kungrad wind farm will bolster the Uzbek government’s long-term strategy to diversify the country’s energy mix, which targets 8 GW and 12 GW of solar and wind capacity by 2026 and 2030, respectively. The project is expected to achieve financial close by 2024 and will be fully commissioned in 2027. When complete, the facility is expected to power 1.65 million households. The 1.5GW Kungrad wind project is ACWA Power’s fifth project in Uzbekistan. The company’s Uzbek portfolio also includes three wind farms, and a combined cycle gas turbine project. Uzbekistan is the second largest country for ACWA Power in terms of overall investment. (GB 28.12)

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* 1. Egypt Brings Online its First Trigeneration Waste-To-Energy Facility

Egypt-based energy industry contractor Korra Energi inaugurated a waste-to-energy plant to repurpose the waste generated by Korra’s power plant and its flare gas projects in the Abu Rawash industrial complex to generate power. The financials of the trigeneration project were not disclosed, but Korra Energi will own and operate the plant under a 10-year build-own-operate-transfer agreement.

The trigeneration facility will generate 27 MWh of electricity, 430 tons per hour of refrigerated water for industrial cooling, as well as 16 tons of steam on an hourly basis, offsetting some 40k tons of CO2 emissions per year and reduce fuel consumption by 25%.

Korra launched its first waste to energy plant in Egypt’s 6th of October governorate in 2009. The facility repurposes 32,000 tons of waste to generate some 300 million tons of refrigeration for industrial cooling offsetting 80k tons of CO2 emissions, according to a statement.

Abu Rawash has another waste-to-energy project in the pipeline: Renergy Group Partners — a joint venture between Egypt’s National Organization of Military Production and Green Tech Egypt — is also planning a waste-to-energy project in Abu Rawash which is expected to convert some 1,200 tons of municipal solid waste per day to 30 MWh of electricity. (Enterprise 03.01)

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* 1. Canada to Support Morocco's Forests 2020-2030 Strategy

Morocco's 2020-2030 reforestation strategy is one of three projects for which Canada has just granted an additional $255 million in funding. During the recent 15th United Nations Conference on Biodiversity (COP15) in Montréal, Ottawa announced the funding to protect biodiversity in several countries, including Morocco. The Moroccan share of these funds is earmarked for the Forêts du Maroc. The Moroccan forestry development strategy aims to curb the degradation of forest ecosystems and establish a balance between conservation and development of the forest and its resources.

With a current rate of 50,000 hectares of trees planted per year, for a reforestation objective of 500,000 hectares by 2030, this strategy aims to make up for 30 years of degradation of national forest areas, to strengthen the competitiveness of the sector and ensure its modernization, to reconcile Moroccans with the forest and to develop a forest heritage for all generations and social groups, according to a sustainable management model, inclusive and wealth generating.

The Canadian funding will be allocated through the Global Environment Facility (GEF), a funding system for international environmental action. In addition to Morocco’s 2020-2030 reforestation strategy, two other projects will benefit from Canadian funding, namely the United Nations Development Program’s Biodiversity Finance Initiative (BIOFIN), and climate action initiatives in West Africa. The funds place Canada in seventh place among GEF contributors. (Afrik21 22.12)

ARAB STATE DEVELOPMENTS

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* 1. Lebanese Pound Downward Spiral in 2022 Amid Tough Political & Reform Challenges

The Lebanese pound continued its downward spiral against the US dollar on the black FX market in 2022, reaching new historical lows of LP/US$ 43,300 at year-end as compared to LP/US$ 27,500 at end-2021, despite all exceptional measures adopted by the Central Bank of Lebanon to curb currency swings, a Staff-Level Agreement reached with the IMF last April and the historic maritime border agreement signed last October. This is mainly explained by a darkened domestic political outlook, a multilayered political vacuum, a large expansion in the money in circulation, a continuous FX reserves burn and as BDL completely freed the “Sayrafa” platform from the burdens of financing gasoline imports. On the equity market, the BSE continued to register strong price gains of 37% in 2022 amid investor tendency to avoid haircuts on their financial placements, noting that equity prices are denominated in domestic US dollars. At the level of the Eurobond market, sovereign prices plunged deeper into the red amid a protracted institutional void that is expected to delay an agreement on crisis resolution and much-needed reforms, in addition to bets of low recovery rates below 20%. (Bank Audi 03.01)

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* 1. Lebanon’s Trade Deficit Rises by 60% to $14.57 Billion in November 2022

According to the Customs Administration, Lebanon’s trade deficit totaled $14.57 billion, up from $9.10 billion registered in the same period last year. Total imported goods added 43.86% year-on-year (YOY) to $17.79B while total exports decreased by 1.55% from $3.27B by November 2021 to $3.21M by November 2022. Interesting to note, Central Bank’ foreign assets dropped by $2.64B by end of November 2022 whereas for the same period last year, it plunged by $5.85B with total exports stood at $3.27B by November 2021.

In detail, the Mineral products grasped the lion’s share of total imported goods with a stake of 29.05%. Machinery; electrical instruments ranked second, composing 13.09% of the total while Vehicles, aircraft, vessels, transport equipment and Pearls, precious stones and metals grasped the respective shares of 10.88% and 8.97%. On an annual basis, the value of imported Mineral products jumped by 44.13%, from $3.58B to $5.17B by November 2022. The increase is mainly attributed to the surge in fuel prices leading to marginally greater costly imported fuel bills. Noting that the value of mineral fuel and mineral oil imported added alone 33.32% from $3.78B by November 2021 to $5.04B by November 2022.

The top three import destinations by November 2022 were China, Turkey and Greece holding the respective shares of 14.01%, 12.59%, and 9.66% of the total value of imports. Fir exports, Lebanon’s top exported products were Pearls, precious stones and metals grasping a share of 21.05% of the total. Base metals and articles of base metal and Plastics and articles thereof; rubber followed, with each having a share of 14.17% and 11.77%, respectively, of the total. The top three export destinations in July 2022 were UAE, Syrian and Egypt with the respective shares of 21.19%, 10.83% and 4.83%. (CAS 22.12)

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* 1. Amman Approves JD2.3 Billion Executive Plan for Economic Modernization Vision

On 27 December, the Jordanian government approved the executive plan for the Economic Modernization Vision (2023-2025), featuring 183 initiatives that will be implemented at a total cost of JD2.3 billion until the end of 2025. Prime Minister Khasawneh, chairing a Cabinet session, said that approving the plan represents the government’s commitment to implement the Economic Modernization Vision as a main pillar of the comprehensive modernization project that is led by King Abdullah II.

The prime minister directed all the concerned ministries and institutions to begin implementing the executive plan within the timelines set forth therein, noting that it includes clear indicators for measuring performance and a digital system to follow up on progress. Stressing the importance of the Economic Modernization Vision as a major national project, which constitutes a roadmap for the national economy over the next 10 years, he described the executive plan as “a flexible document complementing the plan to modernize the public sector”. The executive plan was prepared collectively by four ministerial committees and 22 teams, and in consultation with the private sector.

A set of criteria was adopted to determine executive plan’s readiness, financing, alignment with economic reforms and sustainable development goals, and contribution to providing added value for growth and employment, he noted.  The plan comes as a practical translation of the Economic Modernization Vision, including its priority initiatives, projects, policies, and procedures, he said, adding that it features 183 initiatives, which were selected from among approximately 380 initiatives that will be implemented with a total cost of JD2.3 billion until the end of 2025, of which JD670 million will be allocated for 2023.

The plan aims to review, amend and approve 46 legislative items and action plans to improve Jordan’s ranking according to international indicators and reports, and enhance women’s economic empowerment. Setting macroeconomic targets for 2025, the plan seeks to raise the growth rate of Jordan’s GDP at constant prices to 3%, gradually increasing the volume of exports to approximately JD9,713 million and net direct foreign investment to approximately JD1,092 million, he said.

The plan aims to render Jordan a regional hub for manufacturing high-value products through 64 initiatives and 116 priorities, to be financed with a total cost of JD315 million, of which JD91 million will be allocated for 2023. Additionally, the plan included 31 initiatives and 75 priorities, with a total cost of JD232 million, of which JD52 million will be allocated for 2023 to support creative industries and initiatives, film industry and electronic games industry, as well as institutionalize their work. As for trade, the government will create a pricing database, support e-commerce, and amend and approve the e-commerce law. The executive plan document for the Economic Modernization Vision (2023-2025) will be published in its final form in early 2023. (JT 27.12)

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* 1. Jordan's Economy Grew in 2022 Despite a Myriad of Crises

Jordan's economy made positive achievements in 2022 despite enormous challenges posed by global and domestic crises. Statistical data compiled by Petra over varying periods of the year showed that the GDP grew by 2.9% at constant market prices in the second quarter of the year, compared to the same period of 2021.

Extractive industries recorded the highest growth rate of 7.4%, followed by the construction sector by 4.9%, then transport, storage and telecommunications by 4.5% and wholesale and retail businesses, hotels and restaurants by 3.9%, the data revealed. The Kingdom's income from tourism soared 115% by the end of November to $5.3 billion, compared to the same period in 2021, as 2.4 million more foreign tourists arrived in the Kingdom, raising the total to 4.6 million, according to the statistics.

Expatriate remittances also were up 0.6% during the first ten months of 2022 from the corresponding period of 2021, reaching $2.829 billion. Foreign currency reserves with the Central Bank recorded a peak of $16.7 billion by the end of November, enough to cover the Kingdom's imports of goods and services for a period of 7 to 8 months. It also showed deposits with banks increasing during the first ten months of the year by JD2.4 billion, growing 6.1% to JD41.9 billion at the end of last October, while credit facilities granted by banks also jumped by 2.3 billion dinars with a growth rate of 7.6%, bringing their balance to JD32.3 billion. The statistics also showed the volume of foreign direct investment coming to the Kingdom surged by 96.9% during the first half of 2022, to reach $548.4 million.

The volume of trading in the real estate market also soared by 23% to reach JD4.875 billion until the end of October, compared to the same period of 2021, the data showed.

The unemployment rate in the Kingdom was down 2.2% during the second quarter of 2022, compared to the same period of 2021, recording 22.6%. Consumer price index (inflation) was up 4.22% until the end of November, reaching 106.68, compared to 102.36 in the same period in 2021.

The value of national exports was up 44% to JD6.169 billion until the end of September, compared to JD4.283 billion in the same period in 2021, while the Kingdom's trade deficit it jumped from the beginning of 2022 until the end of September by 32.8%, reaching JD8.137 billion, compared to the same period in 2021, which amounted to JD6.125 billion. (Petra 27.12)

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* 1. Inside Jordan's Plan to Revamp the Jordan Baptismal Site

Jordan recently announced a seven-year-project to revamp the baptismal site on the east bank of the Jordan River, which is visited annually by thousands of pilgrims. The $300 million project aims at creating a tourist village adjacent to Bethany beyond the Jordan, the baptism site. The project is set to start in 2023 and last until 2030. It will be a reproduction of how life was in the Second Temple period. An area of 339.5 acres has been allocated by the Jordanian government for the Baptism Site Development Zone (BDZ).

The site is considered the third holiest in Christianity after the church of the Nativity in Bethlehem and the Holy Sepulchre in Jerusalem. It was designated a World Heritage Site by UNESCO in 2015 following the discovery of an ancient monastery at Al-Maghtas in Jordan.

The project will include the necessary logistics, services and support structure as well as dedicating between 60-70% of the land as a farm development area. The project will also include a small amphitheater and boutique hotels among other services that are relevant to the experience, but preserving the ancient appeal of the site. The idea is to create a technological experience that would link people to the holy sites in Jordan. For now, the planning commission is purely focused on a global initiative to raise the necessary funds to turn this vision into a reality. (Al-Monitor 26.12)

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* 1. Iraq's Central Bank Moves to Strengthen its Dinar Against the US Dollar

Iraq's Central Bank has a new plan to increase the value of the Iraqi dinar against the US dollar. The bank announced measures which include reducing the US dollar to Iraqi dinar exchange rate for travel or internet purchases from 1,470 dinars to 1,465 and helping private banks strengthen their foreign currency reserves that are not the US dollar. The Central Bank specifically named the Chinese yuan, the euro, the Emirati dirham and the Jordanian dinar. The bank also wants to provide options to the public for selling foreign currencies in government banks for the purpose of travel for the Hajj pilgrimage, medical treatment and study.

For years, the official rate of the US dollar to the Iraqi dinar was $1 to 1,182 dinars. Both dollars and dinars are used in Iraq, and the rate on the street was often rounded up to 1,200 dinars to the dollar. In December 2020, Iraq's Central Bank lowered the dinars’ exchange rate to 1,470 dinars to the dollar for individuals and 1,460 for banks. The decision was due to a liquidity crisis, low oil prices and economic hardship related to the coronavirus pandemic.

Iraqi Prime Minister Mohammed Shia al-Sudani, who took office in October, has said he wants to increase the value of the Iraqi dinar. For Iraqis who are paid in dollars, the devaluation potentially gives them more purchasing power. But people paid in dinars may lose purchasing power, since imports and exports are paid for in dollars. Devaluation also means imported goods are more expensive. (Al-Monitor 29.12)

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* 1. IMF Says UAE Economy Survived Economic Impact of COVID-19

The UAE economy has quickly survived the economic impact of the COVID-19, with near-term economic growth being strong, underpinned by a rebound in domestic activity, while elevated oil prices support high surpluses in the fiscal and external balances, according to a top IMF official. According to the latest IMF report, UAE GDP growth is projected to reach above 6% in 2022, up from 3.8% last year. With global trends, inflation is expected to average just over 5% this year.

Despite the increase in oil prices and the gradual easing of COVID crisis-related fiscal support for businesses and households, fiscal surpluses have increased further. Increased global uncertainty led to larger financial inflows, contributing to rapid real estate price growth in some segments. The UAE economic outlook remains positive, supported by domestic activity.

The IMF expects non-hydrocarbon growth to be around 4% in 2023 and to accelerate over the medium-term with the implementation of ongoing reforms. Inflationary pressures are projected to moderate gradually, including from the impact of tightening financial conditions. Further development of domestic capital markets, including through the issuance of local currency debt by the federal government will also support growth. (IMF 22.12)

►►North Africa

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* 1. Egyptian Privatization Strategy Approved

Egyptian President El Sisi approved the final draft of the long-awaited state ownership policy, a document which provides a roadmap for how the government intends to reduce its involvement in the economy and boost private investment. Launched in May, the strategy aims to more than double the private sector’s role in the economy to 65% and attract $40 billion in private investment by 2026. The government says it will reduce its involvement in a number of sectors via public share offerings, stake sales to strategic investors, and expanding public-private partnerships. The president’s approval comes after the cabinet in early December approved the final draft, which was produced following weeks of consultations with public- and private-sector stakeholders over the summer and discussions at the Egypt Economic Conference in October. The government has until now been tight-lipped about the strategy.

The government is planning to fully exit 62 sectors, phase out its involvement in 56 and step up its role in 76 others, the cabinet said. The initial draft plan envisioned the government withdrawing from 79 sectors and reducing its involvement in 45. The government will fully exit the 62 industries over the next 3-5 years, albeit the initial draft stipulated a maximum of three years.

Cairo has committed to a radical shake-up of the economy under the IMF agreement, including undertaking “wide-ranging” structural reforms to level the playing field between state-owned enterprises and private-sector firms, reduce state involvement in the economy, and increase transparency.

The economic turmoil triggered by the Russian invasion of Ukraine pushed the government to accelerate its privatization plans. In 2022, it sold upwards of $4 billion worth of state-owned shares of companies to Gulf sovereign wealth funds and the Sovereign Fund of Egypt (SFE) is working on a plan to take to market more than 40 projects worth around EGP 140 billion. (Enterprise 02.01)

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* 1. Egyptian L/C’s are No Longer Needed for Imports

On 29 December, the Central Bank of Egypt (CBE) announced that it had lifted the requirement to use letters of credit to finance imports, in an effort to clear a longstanding backlog of imports. Importers will now be able to use documentary collection to bring goods into the country, reversing a decision taken in February to curb large outflows of foreign currency triggered by the war in Ukraine.

It should be noted that a shortage of foreign currency in Egypt has made it difficult for importers to access L/Cs. This left them unable to bring goods and raw materials into the country, resulting in shortages of industrial and consumer goods, economic disruption, and higher inflation.

Egyptian authorities had earlier agreed to fully phase out mandatory L/Cs by the end of the year in tandem with the agreement with the IMF in October, which committed them to adopting a permanently flexible exchange rate. President Abdel Fattah El Sisi said in late December that banks would secure the FX needed for outstanding L/Cs before the end of 2022.

The current size of the backlog isn’t exactly clear. Prime Minister Moustafa Madbouly said that goods worth some $1.24 billion were released in the final week of December — bringing the total released that month to more than $6 billion — but didn’t disclose how much remains stuck in port. The government also pegged the value at $9.5 billion as of 25 December. The state will prioritize the release of foodstuffs and medical supplies ahead of Ramadan, Madbouly said. (Enterprise 02.01)

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* 1. Morocco's Consumer Price Index Records Small Rise in November

Morocco’s Consumer Price Index (CPI) rose by 0.4% in November this year compared to October, according to Morocco’s High Commission for Planning (HCP). HCP released the figures on 22 December in its monthly update of the country’s CPI. The reported increase is a result of the rise in the price of certain food products which climbed by 0.4% and that of non-food products by 0.5%.

The increase in the price of food products between October and November 2022 mainly concerns products such as oils and fats, which rose in price by 4.4%. The price of dairy products like milk, cheese, and eggs grew by 1.1%. As for vegetables, their price rose by 0.9%. In addition, sugar, jam, honey, and chocolate saw a price increase of 0.3%%, the report added. For non-food products, the increase has mainly affected fuel prices by 7%, the report detailed. However, the price of fruits fell by 3.8%, while the prices of fish and seafood dropped by 0.8%.

The core inflation indicator, which excludes products that are considered to have volatile prices, increased 7.6% year-on-year and 0.7% month-on-month. Additionally, compared to the same month of the previous year, the consumer price index recorded an increase of 8.3% during the month of November 2022. This price acceleration stemmed from a 14.4% increase in food prices and a 4.5% increase in non-food costs. Regarding non-food-related inflation, HCP reported a rise of 0.1% in the health sector and 14.2% for transport. (MWN 22.12)

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* 1. Sumitomo Invests MAD 2 Billion in Nine Automotive Projects in Morocco

Japanese company Sumitomo Electric Industries has signed an agreement with Morocco’s Ministry of Industry and Trade to invest nearly MAD 2 billion ($190 million) in Morocco’s automotive ecosystem. The investment is set to allow the creation of 16,000 new direct jobs by 2028, in nine different projects in the regions of Rabat-Sale-Kenitra, Tanger-Tetouan-Al Hoceima, and Casablanca-Settat. The agreement was signed in a ceremony chaired by Morocco’s Minister of Industry and Commerce Mezzour.

The first investment will be deployed by the group’s subsidiary in Bouknadel, which will establish an industrial facility dedicated to manufacturing electrical harnesses in an investment reportedly worth MAD 320 million ($30 million). The facility is set to create more than 4,500 jobs.

Morocco has been working on strengthening its position in the automotive sector by encouraging foreign investments and publicizing its assets in the sector. As of December 2022, the North African country had over 180 industrial units dedicated to the automotive industry, with Tangier and Casablanca being the most popular sites for activity in the sector. (MWN 22.12)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Turkish Exports Rise to $231 Billion in 11 months

The Turkish Statistical Institute (TÜİK) announced that over the first 11 months of 2022, Turkey’s exports amounted to $231 billion, rising 13.9% from the same period of last year. The country’s export increased by 2.1% in November from a year ago to stand at $21.9 billion. Imports grew 14% on an annual basis to reach $30.7 billion.

Consequently, the country’s foreign trade balance posted a deficit of $8.76 billion, increasing by nearly 61% compared with November 2021. The export-import coverage ratio declined from 79.8% a year ago to 71.4% last month. Excluding energy and gold imports, Turkey’s imports saw an annual increase of 0.4% to $20.3 billion.

As was the case in the previous months, Germany was Turkey’s largest export market in November. Data from TÜİK showed that exports to Germany amounted to $1.86 billion. The U.S. ranked second in the top exports market list at $1.45 billion, followed by Iraq at $1.3 billion. Exports to Russia and the U.K. amounted to $1.16 billion and $1 billion, respectively. The share of the top five countries in Turkey’s overall exports was 31.2% in November. The manufacturing sector accounted for 94.2% of all exports, while the agriculture sector’s share was 3.7% and the mining and quarry’s 1.6%.

Imports from Russia stood at $4.68 billion, China came second at $3.1 billion. Last month Turkey imported $2.24 billion worth of goods from Germany and imports from Switzerland amounted to $2.2 billion. Imports from Italy were $1.2 billion. In the January-October period, the country’s imports increased by 36.6% to reach $331 billion. Consequently, the foreign trade deficit widened by 153% in the first 11 months from a year ago to $99.8 billion.

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* 1. Turkey's Trade Deficit Rises to $8.8 Billion in November

Turkey's foreign trade deficit widened to $8.8 billion in November, the Turkish Statistical Institute (TurkStat) announced on 30 December. The gap grew 60.7% year-over-year, data showed. The country's exports rose 2.1% on an annual basis to $21.9 billion last month. Imports increased at a faster pace than exports, up 14% from a year ago to $30.7 billion this November. The exports-to-imports coverage ratio decreased to 71.4% this November, versus 79.8% a year earlier. Excluding energy products and non-monetary gold, Turkey posted a foreign trade surplus of $175 million last month.

In the January-November period, Turkey's trade gap amounted to $99.8 billion, growing 153.4% from the same period last year. Turkey's exports rose by 13.9% and amounted to some $231.3 billion, while the imports figure stood at $331.1 billion which is a hike of 36.6% during the 11-month period. (AA 30.12)

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* 1. Greece's Manufacturing Index Reaches a Two Year Low

Greece’s manufacturing sector, which accounts for 8% of the economy, posted in December the fastest decline of the last two years in production and new orders. S&P Global's seasonally adjusted purchasing managers’ index for the manufacturing sector in Greece (PMI) closed at 47.2 points in December, from 48.4 in November.

The rate of production decline was similar to that of November, attributed to reduced new order inflows and weakened demand due to higher energy costs and inflation. As a result, new sales fell to two-year lows, while the foreign demand drop rate was among the fastest since January 2021. (eKathimerini 03.01)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Israel's Population Nearly 9.7 Million on Eve of 2023

Israel's population grew by 2.2% over the past year to 9.656 million, the Central Bureau of Statistics reported. Some 7.106 million (73.6%) of Israel's citizens are Jewish, 2.037 million (21.1%) Arabs and 513,000 (5.3%) others including Russian-speaking immigrants who are not Jewish.

The 2.2% growth in the population during 2022 was considerably higher than 1.8% growth during 2021, due to increased immigration; 62% of population growth was attributable to births and 38% due to immigration. During the year 178,000 babies were born and 78,000 immigrants came to Israel, 80% of them from Russia and Ukraine. Another 52,000 Israelis died in 2022 including 4,000 Israelis who had been living abroad for more than a year. (CBS 29.12)

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* 1. Immigration to Israel in 2022 Reaches a 23 Year High

Over 70,000 people immigrated to Israel in 2022, more than twice as many as the year before and the highest number in over two decades, according to year-end figures released by the Jewish Agency. The dramatic increase was driven by Moscow’s invasion of Ukraine and its domestic crackdowns, with more than half of this year’s immigrants coming from Russia and a fifth coming from Ukraine.

The total includes all immigration to Israel from 1 January to 1 December 2022 — not only include people who made aliyah through the Jewish Agency — and includes those who came to Israel on tourist visas and only then went through the process of obtaining citizenship, instead of in advance as most do, a Jewish Agency spokesperson said. The final total for the month of December will be available after the new year as it takes time to process the data.

According to the organization, of the 70,000 people who immigrated to Israel in the past year, more than three-quarters came from countries involved in the Russia-Ukraine war, with 37,364 arriving from Russia, 14,680 from Ukraine and 1,993 from Belarus. In addition, some 1,500 people immigrated to Israel from Ethiopia in the past year as part of Operation Tzur Israel, a government-backed program to bring thousands of Ethiopians eligible for citizenship to Israel.

Immigration from all other countries returned to pre-pandemic levels, according to the Jewish Agency, with 3,500 from North America, 2,049 from France, 985 from Argentina, 526 from the United Kingdom, 426 from South Africa and 356 from Brazil. Smaller numbers emigrated from another 85 countries around the world, according to the organization.

Most of the people who immigrated to Israel in the past year were young, with 24% under the age of 18 and 27% between the ages of 18 and 35, “including professionals in fields where there is a labor shortage in Israel, such as medicine, engineering and education,” according to the Jewish Agency. (JA 21.12)

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* 1. Reverse Water Carrier Launched to Refill the Sea of Galilee

On 27 December, Mekorot Israel National Water Co. and the Israel Water Authority launched the "Reverse Water Carrier" project in the north. The project will allow desalinated water from the Mediterranean Sea to flow inland to the Sea of Galilee (or Kinneret). The aim of the project, which cost NIS 1 billion, is to maintain the level of the Kinneret in dry and low rainfall years.

Most of the water, which today flows out of the taps in Israeli homes comes from desalination plants and not from the Kinneret, but the level of the Kinneret is important as the country's emergency reservoir for water, as well as in ecological terms.

In addition, even during drought years, Israel has continued to supply water from the Kinneret to Jordan, as part of the peace agreement between the two countries. Recently, Israel agreed to double the amount of water it supplies to Jordan to about 100 million cubic meters annually, making the need to maintain Kinneret's level even more critical.

The idea of channeling desalinated seawater to the north, reversing the flow in the national carrier, was conceived in recent years following a series of drought years. Between 2013 and 2018, the level of the Kinneret dropped consistently until it reached the "black line" - 213 meters below sea level - the level from which pumping water for the needs of the economy was halted. Today the Sea of Galilee is fuller, following several wet winters, with the level almost 250 centimeters above the "black line," - about 170 centimeters below being full. Therefore, according to professional sources, there is no immediate need to operate the project and stream water back into the Kinneret.

The first stage of the project included a 30 kilometer pipeline from the Eshkol pumping station near Nahal Zalmon. In the second stage of the project, which will be completed in the coming years, four pumping stations and ponds will be built in the Rosh HaAyin area, which together will enable the conveyance of excess water from new desalination plants, boreholes and other sources to the north, also along the existing national water carrier. (Globes 27.12)

ISRAEL LIFE SCIENCE NEWS

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* 1. Tulsa ER & Hospital Adopts Trailblazing MeMed BV Test

MeMed and Tulsa ER & Hospital, a physician-managed facility with a mission to restore the provider and patient relationship through communication and individualized treatment plans, announced that Tulsa ER & Hospital is adopting the trailblazing MeMed BV® test that distinguishes between a bacterial and viral infection in just 15 minutes from serum.

MeMed’s technology applies machine learning to translate the complex signaling of the immune system into simple, actionable diagnostic insights. This enables rapid, accurate diagnosis even in cases where the site of infection is inaccessible, such as respiratory tract infections which are currently on the rise. The MeMed BV test aids physicians to enhance patient management and make more informed antibiotic treatment decisions.

Haifa's [MeMed](http://www.me-med.com)'s mission is to translate the immune system's complex signals into simple insights that transform the way diseases are diagnosed and treated, benefiting patients and society. (MeMed 22.12)

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* 1. Insightec Coverage by Anthem for MR-Guided Focused Ultrasound to Treat Tremors

Insightec announced that Anthem is the third national payor to cover MR-guided Focused Ultrasound for treating medication-refractory Essential Tremor. Essential Tremor, a movement disorder that causes uncontrollable shaking, affects an estimated ten million Americans. For patients whose tremor does not respond to medications, focused ultrasound is performed in a single, outpatient procedure with many patients showing immediate improvement of tremor in the treated hand with minimal complications.

Anthem becomes the third national payor to cover the treatment after Aetna and Blue Cross Blue Shield Association gave it positive coverage decisions in April 2021 and August 2018, respectively. There are currently more than 125 Treatment Centers around the world using Insightec's Exablate Neuro platform to treat Essential Tremor. Focused ultrasound treatment for medication-refractory Essential Tremor is covered by Medicare in all 50 states.

Haifa's [Insightec](http://www.insightec.com) is a global healthcare company creating the next generation of patient care by realizing the therapeutic power of acoustic energy. The company's Exablate Neuro platform focuses sound waves, safely guided by MRI, to provide tremor treatment to patients with medication-refractory Essential Tremor and Parkinson's Disease. Research for future applications in the neuroscience space is underway in partnership with leading academic and medical institutions. (Insightec 22.12)

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* 1. Wellness Company Selects Dario as Partner for Musculoskeletal Health Improvement

DarioHealth Corp. announced a new partnership with ECES, a leading international wellness company, to deploy Dario Move throughout Greece and Cyprus as part of a planned government sponsored initiative. The program will launch in early 2023 with a mandate to screen a minimum of 50,000 citizens in support of improving musculoskeletal health of the Greek and Cyprus populations.

As a recognized provider of wellness services with deep expertise in improving human performance, ECES is partnering with the public and private entities of Greece and Cyprus to support prevention and enhancement of musculoskeletal health needs in the general population. The program will perform musculoskeletal and biomechanical assessments through providers in both countries along with monitoring and supporting the wellness of the individuals.

Dario's solution, Dario Move, combines Computer Vision (CV) technology and Artificial Intelligence (AI) to accurately assess and address each person's musculoskeletal health with highly individualized programs to prevent injuries and improve human function. The CV screenings provide objective and validated scoring based on the user's movement, and digital exercise therapy programs designed by professionals are tailored using Dario's intelligent platform to meet each person's needs.

Caesarea's [DarioHealth Corp](http://dariohealth.com). is a leading digital therapeutics (DTx) company revolutionizing how people with chronic conditions manage their health through a user-centric multi-chronic condition platform. Their platform and suite of solutions deliver personalized and dynamic interventions driven by data analytics and one-on-one coaching for diabetes, hypertension, weight management, musculoskeletal pain, and behavioral health. (DarioHealth 22.12)

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* 1. Institut Curie Supports Ibex's AI Solution for Breast Cancer Detection

Ibex Medical Analytics (Ibex) announced excellent outcomes in a clinical study validating and evaluating the clinical application of Ibex's Galen Breast. The study, conducted at Institut Curie in France and at Maccabi Healthcare Services in Israel, was published in Nature's peer reviewed breast cancer journal.

The study is the first to report an AI-based algorithm that can accurately detect such a wide range of clinically significant pathological features in breast biopsies. Moreover, the study reports the first-ever implementation of such an AI solution in routine clinical use in a pathology laboratory, demonstrating its clinical utility as a decision-support tool that helps pathologists reduce diagnostic error and improve diagnostic quality.

Ibex developed Galen Breast to support pathologists in the diagnosis of breast biopsies by providing insights that help detect and grade different types of invasive and non-invasive breast cancer, as well as other clinically significant pathological features. The solution's AI algorithm was trained to identify more than 50 breast-specific features that may appear in breast biopsies, using advanced deep learning technologies applied on hundreds of thousands of image samples.

Tel Aviv's [Ibex Medical Analytics (Ibex)](https://ibex-ai.com) is transforming cancer diagnostics with world-leading, clinical grade AI-powered solutions, empowering physicians to provide accurate, timely and personalized cancer diagnosis for every patient. Their Galen suite of solutions is the first and most widely deployed AI-technology in pathology and used as part of everyday routine, supporting pathologists and providers worldwide in improving the quality and accuracy of diagnosis, implementing comprehensive quality control, reducing turnaround times and boosting productivity with more efficient workflows. (Ibex 21.12)

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* 1. Biomica Raises $20 Million to Advance its Pipeline of Microbiome-based Therapeutics

Biomica announced the signing of a definitive agreement for a $20 million financing round, to be led by Shanghai Healthcare Capital (SHC). The financing is subject to customary closing conditions, including clearance by Chinese regulatory authorities. Shanghai Healthcare Capital is a leading Chinese private equity fund, based in Shanghai and focused on biotech and healthcare investments globally.

The financing round will enable Biomica to forge ahead, developing its pipeline of microbiome-based therapeutics. Biomica plans to use the proceeds to complete its current BMC128 phase 1 immuno-oncology study and advance to phase 2 clinical trial; scale up and complete GMP production of BMC333 in preparation for a phase 1 clinical trial for the treatment of inflammatory bowel disease (IBD); as well as advance additional programs. Biomica's drug candidates are based on a rationally designed consortia of microbes, selected through high-resolution functional microbiome analysis using PRISM, a computational platform powered by Evogene's 'MicroBoost AI' tech engine.

Rehovot's [Biomica](http://www.biomicamed.com) is a clinical-stage biopharmaceutical company developing innovative microbiome-based therapeutics utilizing a dedicated Computational Predictive Biology platform (CPB), licensed from Evogene. Biomica aims to identify and characterize disease-related microbiome entities and to develop novel therapeutics based on these understandings. The company is focused on the development of therapies for antibiotic resistant bacteria, immuno-oncology, and microbiome-related gastrointestinal (GI) disorders. Biomica is a subsidiary of Evogene. (Biomica 21.12)

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* 1. Inspira Begins Manufacturing ALICE CPB Device Ahead of Planned FDA Submission

Inspira Technologies has begun the manufacturing process for the ALICE CPB (Cardiopulmonary Bypass) device (the ALICE device) to undergo the Verification and Validation phase prior to its planned 2023 submission to the U.S. FDA for 510(k) clearance. If FDA clearance is obtained, the ALICE device production line will be extended for Low-Rate Initial Production (LWRIP), which is an important operational stage in developing infrastructure to support serial manufacturing, quality control and shipping. Additional units are expected to be assembled for the targeted future first deployments of the ALICE devices in the U.S. and Israel.

The ALICE device is intended to provide potential advantages in medical device design, including a large touchscreen and novel colorful graphical presentation, that increases the visibility and functionality of data displayed to the medical staff. The ALICE device is being designed to be both lightweight and highly durable and is designed to be equipped with long battery life. The ALICE device is intended to be indicated for use in clinical settings requiring CPB support. Inspira plans for the ALICE to be the first device to Integrate the HYLA™ Blood Sensor designed to be non-invasive, perform continuous measurements and alert physicians at real time of sudden changes in a patient's specific key blood indicators.

Ra'anana's [Inspira Technologies](https://Inspira-Technologies.com) is an innovative medical technology company in the respiratory treatment arena. The Company has developed a breakthrough Augmented Respiration Technology (INSPIRA ART), designed to rebalance patient oxygen saturation levels. This technology potentially allows patients to remain awake during treatment while minimizing the need for highly invasive, risky, and costly mechanical ventilation systems that require intubation and medically induced coma. (Inspira Technologies 20.12)

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* 1. Inspira Technologies Signs Strategic OEM Agreement with Terumo Cardiovascular

Inspira Technologies signed an exclusive OEM (Original Equipment Manufacturing) agreement with Terumo Cardiovascular, a division of Tokyo's Terumo Corporation, a leading global medical device company. Terumo Corporation operates in over 160 countries and regions around the world, providing patients in a variety of medical settings with over 50,000 products and services.

Terumo Cardiovascular are experts in the field of oxygenation systems, heart-lung machines and monitoring systems. The agreement provides for the manufacture of a flow mechanism that is intended to be integrated into Inspira Technologies' products for use in the extracorporeal circulation of the blood during the oxygenation process. This may also include integration into the INSPIRATM ART system, designed to introduce a new mode of acute respiratory care by boosting oxygen saturation levels in minutes using small volumes of blood. The INSPIRA ART system is designed to treat patients while they are awake and breathing spontaneously, reducing the need for invasive mechanical ventilation.

Ra'anana's [Inspira Technologies](https://inspira-technologies.com) is an innovative medical technology company in the respiratory treatment arena. The Company has developed a breakthrough Augmented Respiration Technology (INSPIRA ART), designed to rebalance patient oxygen saturation levels. This technology potentially allows patients to remain awake during treatment while reducing the need for highly invasive, risky, and costly mechanical ventilation systems that require intubation and medically induced coma. (Inspira Technologies 27.12)

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* 1. Can-Fite's Namodenoson Increases Survival for the Most Severe Liver Cancer Patients

Can-Fite BioPharma provided an update on its clinical program for Namodenoson in the treatment of hepatocellular carcinoma (HCC), the most common form of liver cancer. A pivotal Phase III registration study is open for enrollment of the most advanced liver cancer patients. Can-Fite’s prior Phase II study showed that median overall survival in the CPB7 patient population was 6.8 months for those treated with Namodenoson as compared to 4.3 months for those treated with placebo. The < 1-year survival in the whole patient population was 32% in the namodenoson treated group vs. 14% (p= 0.058) in the placebo treated patients whereas in the CPB7 population 44% survival was found in the namodenoson treated group vs. 18% in the placebo treated one (p=0.028).

Can-Fite has received agreement from both the U.S. FDA and European Medicines Agency (EMA) on its Phase III pivotal liver cancer study which is now open for enrollment. Namodenoson has Orphan Drug status with both the FDA and EMA, as well as Fast Track Status with the FDA for the treatment of HCC. The double blind, placebo-controlled trial will enroll 450 patients diagnosed with HCC and underlying CPB7 through clinical sites worldwide. Patients will be randomized to oral treatment with either 25 mg Namodenoson or matching placebo given twice daily. The primary efficacy endpoint of the trial is overall survival. Other oncology trial efficacy outcomes, such as tumor radiographic response rates and median progression-free survival, as well as standard safety parameters, will be assessed.

Petah Tikva's [Can-Fite BioPharma](http://www.can-fite.com) is an advanced clinical stage drug development company with a platform technology that is designed to address multi-billion dollar markets in the treatment of cancer, liver and inflammatory disease. The Company's lead drug candidate, Piclidenoson recently reported topline results in a Phase III trial for psoriasis. Can-Fite's liver drug, Namodenoson, is being evaluated in a Phase IIb trial for the treatment of non-alcoholic steatohepatitis (NASH), and enrollment is expected to commence in a Phase III trial for hepatocellular carcinoma (HCC). CF602, the Company's third drug candidate, has shown efficacy in the treatment of erectile dysfunction. (Can-Fite BioPharma 28.12)

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* 1. MediWound Gets FDA Approval of NexoBrid for the Treatment of Severe Burns

MediWound announced that the U.S. FDA has approved NexoBrid (anacaulase-bcdb) for the removal of eschar in adults with deep partial-thickness and/or full-thickness thermal burns. The BLA submission leading to FDA approval covered by a comprehensive battery of pre-clinical studies and 8 clinical studies, including the pivotal Phase 3 U.S. clinical study (DETECT), which evaluated the efficacy and safety of NexoBrid in adult patients with deep partial-thickness and full-thickness thermal burns of 3%-30% of total body surface area (TBSA).

NexoBrid can be applied in up to two applications of four hours each. A first application of NexoBrid may be applied to an area of up to 15% body surface area. A second application of NexoBrid may be applied 24 hours later, with a total treated area for both applications of up to 20% TBSA.

NexoBrid development has been supported in part with federal funding from U.S. Biomedical Advanced Research and Development Authority (BARDA), Administration for Strategic Preparedness and Response (ASPR), within the U.S. Department of Health and Human Services (HHS). BARDA also established national preparedness and availability of NexoBrid for use in emergency as well as continued to train burn care providers under the expanded access treatment protocol (NEXT) in the U.S. In addition, BARDA has supported the evaluation of NexoBrid in the pediatric population and the BLA is expected to be submitted for FDA approval in 2023.

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. Their strategy is to leverage their enzymatic technology platform, focusing on next-generation therapies for burn care, wound care, and tissue repair. NexoBrid is their commercial orphan biological product for early non-surgical eschar removal of deep-partial and full-thickness thermal burns. It 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. ((MediWound 29.12)

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* 1. Steakholder Foods Receives Grant to 3D Bio-Print Structured Cultivated Fish Products

Steakholder Foods received its first grant to develop 3D-printed structured eel and grouper products with Singaporean cultivated fish and seafood company Umami Meats. The initiative is being funded by a grant from the Singapore Israel Industrial R&D Foundation (SIIRD), a cooperation between - Enterprise Singapore (ESG) and the Israel Innovation Authority (IIA).

Steakholder Foods' partnership with Umami Meats offers a unique opportunity for market entry in the only country in the world where cultivated meat has regulatory approval. The collaboration aims to develop a scalable process for producing structured cultivated fish products. Steakholder Foods will use its newly developed technology for mimicking the flaky texture of cooked fish that was recently submitted for a provisional patent application. The project's first prototype, a structured hybrid grouper product, is expected to be completed by Q1/23. The product will be printed using Steakholder Foods' proprietary 3D bio-printing technology and bio-inks that will be customized for Umami Meats' cells.

Rehovot's [Steakholder Foods](https://steakholderfoods.com) is an international deep-tech food company at the forefront of the cultured meat revolution. The company initiated activities in 2019 and is listed on the NASDAQ under the ticker STKH. The company is developing a slaughter-free solution for producing a variety of beef, chicken, pork and seafood products — both as raw materials and whole cuts — as an alternative to industrialized farming and fishing. With its membership in the UN Global Compact, Steakholder Foods is committed to act in support of issues embodied in the United Nations Sustainable Development Goals (SDGs) which include strengthening food security, decreasing carbon footprint, and conserving water and land resources. (Steakholder Foods 03.01)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. RodRadar's Live Dig Radar Deployed for the First Time by a US-based Contractor

RodRadar announced that Florida-based Haskell has become the first contractor in the US to deploy the company's debut product, LDR Excavate. Haskell, a pioneering architecture, engineering and construction firm, was an early investor in RodRadar and has now also become one of its premier customers.

Fully integrated into the excavator bucket, the LDR Excavate brings RodRadar's unique high-resolution ground-penetrating radar imaging into the operator's cabin during excavation and earthworks projects. The only solution of its kind, LDR Excavate provides real-time, precision data on the location of underground utility infrastructure, automatically and directly alerting the excavator's operator with easy-to-understand notifications. This prevents costly utility damage and increases construction site safety, as well as improving project efficiency.

Haskell is incorporating LDR Excavate into construction projects at several locations, including Miller Electric Center. Haskell is general contractor on the nearly $130 million facility, which will serve as the Jacksonville Jaguars new training arena.

Rinatya's [RodRadar](https://rodradar.com/) offers a unique and unprecedented technology platform, which automatically detects underground utility infrastructure in real time, on location, without the need for expert analysis. RodRadar's proprietary and patented ground penetrating radar technology, Live Dig Radar, along with its line of products, facilitates a new ecosystem of synergetic services and solutions that are set to modernize excavation, increase operator safety, improve productivity and project efficiencies. (RodRadar 22.12)

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* 1. Elbit Systems to Supply an F-16 Mission Training Center to the Polish Air Force

Elbit Systems was awarded a contract valued at approximately $36 million to supply four F-16 Full Mission Simulators (FMS) to the Polish Air Force (PLAF). The contract will be performed over a 28-month period.

The simulation technology at the core of the Mission Training Center enables higher quality training and improves mission readiness. Featuring a 360-degree display system, the interconnected simulators provide a high fidelity, full mission training experience. By providing an immersive real flight experience with no safety limitations, Elbit Systems' training solution will provide PLAF F-16 pilots with a range of skills from basic familiarity with the aircraft to advanced combat flight competencies in complex operational arenas. Elbit Systems' training and simulation technologies can also provide the future simulation infrastructure of the PLAF, enabling connectivity to additional training devices for Live, Virtual and Constructive training.

Haifa's [Elbit Systems](https://elbitsystems.com) is an international high technology company engaged in a wide range of defense, homeland security and commercial programs throughout the world. The Company, which includes Elbit Systems and its subsidiaries, also focuses on the upgrading of existing platforms, developing new technologies for defense, homeland security and commercial applications and providing a range of support services, including training and simulation systems. (Elbit Systems 22.12)

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* 1. SeeMetrics Wins 2022 ASTORS Award for Best Workforce Management Platform

SeeMetrics announced its selection by the prestigious American Security Today for the 2022 'ASTORS' Homeland Security Award in the silver category of Best Workforce Management Platform. SeeMetrics offers an automated, accurate, actionable Bloomberg-like cybersecurity dashboard that shows security workforce leaders a birds-eye view of overall capabilities. The metrics provided have significant implications on where security leaders allocate human capital, how they adjust budget, and to which critical cybersecurity areas they channel resources. They help security leaders understand how their tools are performing in near-real time, and measure and communicate progress and key trends to other stakeholders.

Founded in 2022, Tel Aviv's [SeeMetrics](http://www.seemetrics.co) is a Gartner-recognized cybersecurity performance management platform that gives security leaders a continuous and real-time understanding of their security stack coverage, utilization, and performance. By replacing manual and cumbersome processes, SeeMetrics allows CISOs to better manage their workforce and set quantifiable, easily trackable and communicable KPIs based on current stack performance. SeeMetrics is supported by an advisory board that includes former industry-leading CISOs and security experts from government intelligence units. (SeeMetrics 21.12)

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* 1. Hyundai Mobis & Ottopia Automotive Grade Remote Assistance Solution for OEMs

Seoul, South Korea's Hyundai Mobis, the global automotive supplier, and Tel Aviv's [Ottopia Technologies](https://ottopia.tech/) announced a partnership to develop an end-to-end remote mobility assistance solution that enables the commercialization of autonomous mobility. Hyundai Mobis' Remote Mobility Assistance (RMA) is a platform for autonomous and automated vehicles that enables vehicle and convenience services deployed on a high-performance ECU with state of the art 5G multi-modem technologies and Human Machine Interfaces.

Ottopia's teleoperation software enables autonomous vehicle fleets to do things they otherwise cannot, while allowing their developers to dramatically cut R&D costs and comply with regulatory requirements. With Ottopia, humans in a remote center can safely monitor, guide and directly control fleets of vehicles. The core of its patented technology provides a reliable low-latency and high-bandwidth link between vehicles and remote centers, at scale. Ottopia's product leverages proprietary networking, video, control, safety and cybersecurity technologies.

In the framework of their partnership, Hyundai Mobis and Ottopia will work together to introduce an end-to-end remote mobility assistance solution where Ottopia provides all the core software technologies for teleoperation while Hyundai Mobis provides the hardware/software platform and system integration as a global Tier1. This remote assistance platform can be easily deployed at scale in a broad range of use cases to facilitate the rapid commercialization of autonomy in transportation, logistics, construction, mining, agriculture and last mile delivery. (Hyundai Mobis 20.12)

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* 1. PEZY Selects proteanTecs to Monitor Next-Gen Supercomputer Processors

Japan's PEZY Computing has selected proteanTecs' 2.5D interconnect monitoring solution for interface validation, quality assurance and reliability monitoring. PEZY, a semiconductor manufacturer of advanced supercomputer processors, will use proteanTecs' solution to monitor the die-to-die (D2D) connectivity in their next-generation processors.

To address the emerging industry need for high-performance computing (HPC) applications, the proteanTecs high-resolution interconnect monitoring solution supports visibility at every stage—from characterization and qualification, assembly and test, to field deployment and operation. Unlike traditional approaches—which rely on low-granularity, pass-fail testing—this market-leading, patented solution delivers parametric lane grading with 100% lane and pin coverage, at test and in mission-mode. PEZY uses the Global Unichip Corporation (GUC) High Bandwidth Memory Gen 3 (HBM3) PHY, a silicon-proven solution that integrates the proteanTecs D2D interconnect monitoring technology.

Haifa's [proteanTecs](http://www.proteanTecs.com) is the leading provider of deep data analytics for advanced electronics monitoring. Trusted by global leaders in the datacenter, automotive, communications and mobile markets, the company provides system health and performance monitoring, from production to the field. By applying machine learning to novel data created by on-chip monitors, the company's deep data analytics deliver unparalleled visibility and actionable insights—leading to new levels of quality and reliability. (proteanTecs 20.12)

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* 1. SecuriThings & Hanwha Techwin Simplifies Management of Physical Security Devices

Leading IoTOps solution provider SecuriThings has strengthened its collaboration with South Korea's Hanwha Techwin (Hanwha) — a leading manufacturer of comprehensive security and video surveillance solutions — in a move that will further enable customers to manage and secure their physical security infrastructures more effectively and efficiently.

Through this increased cooperation between SecuriThings and Hanwha, physical security teams can reduce asset downtime and costly truck rolls, protect their devices from cyber threats, and achieve full visibility and compliance with IT policies and standards. Among other benefits, Hanwha customers can automate critical maintenance tasks like firmware upgrades, password rotations, vulnerability detection and more – while alerts and root cause analysis empower users to detect, diagnose, and resolve operational issues rapidly and efficiently with real-time data.

Founded by leading security and IoT experts, Tel Aviv's [SecuriThings](https://securithings.com/) empowers operations and IT professionals to automate the operational management of physical security devices, while also ensuring full compliance and security within their organization. The solution is trusted by Fortune 100 companies and has been deployed by numerous large enterprises such as technology companies, financial institutions, manufacturing companies, major airports, universities, hospitals and more. (SecuriThings 20.12)

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* 1. AIR's eVTOL Aircraft Successfully Completes First Full Transition to Cruise Flight

AIR, creator of eVTOL (electric vertical takeoff and landing) aircraft for the consumer market, announced that its inaugural vehicle, AIR ONE, has successfully completed its first full forward flight, perfectly transitioning from hover to cruise. AIR's full-scale AIR ONE prototype, loaded to full capacity of 1100kg (2425lbs), took off and transitioned to its nominal cruising speed. This landmark accomplishment kicks off thousands of flight hours planned for the AIR ONE as part of its FAA certification process, which will see range and endurance increase as AIR continues to optimize the aircraft to achieve its design flight profile.

While much of the emerging advanced air mobility (AAM) market focuses on commercial applications such as air taxis, AIR is spearheading a new category in the industry: personal air mobility. AIR's unique eVTOL for personal use offers an everyday alternative for short distance commuting in the sky. Capable of taking off and landing on any flat surface with a 250kg payload, the all-electric two-seater aircraft offers a practical long range on a single charge at speeds up to 155 mph (250 km/h). AIR ONE can be stored in most garages and driveways and is suitable for trailer hauls.

Pardes Hanna's [AIR](https://www.airev.aero/%E2%80%8E) is revolutionizing everyday mobility for everyday people, empowering individuals to seize the power of personal flight. Combining aerospace innovation with the maturity of automotive technology and uncompromising safety standards powered by proprietary fly-tech, AIR's first-of-its-kind eVTOLs for personal use offer the ground-breaking opportunity to easily "drive the sky." (AIR 20.12)

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* 1. Elbit Systems Signs $410 Million Romanian Drone Deal

Elbit Systems has been awarded a framework contract with a maximum value of $410 million to supply up to seven Watchkeeper X tactical unmanned aircraft systems (UAS) to the Romanian Ministry of National Defense. The framework contract is valid for five years and no specific purchase order under the contract has been awarded yet.

The Watchkeeper X UAS is the UK export variant of the British army made by UAV Tactical Systems Limited, Elbit Systems UK subsidiary, and is a derivative of the Hermes UAS family. The Watchkeeper X compatibility with NATO standards enables essential interoperability with NATO and other allied forces.

Haifa's [Elbit Systems](https://elbitsystems.com/) is an international high technology company engaged in a wide range of defense, homeland security and commercial programs throughout the world. The Company, which includes Elbit Systems and its subsidiaries, also focuses on the upgrading of existing platforms, developing new technologies for defense, homeland security and commercial applications and providing a range of support services, including training and simulation systems. (Elbit 21.12)

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* 1. Weebit Nano Tapes-Out First 22nm Demo Chip

Weebit Nano has taped-out (released to manufacturing) demonstration chips integrating its embedded Resistive Random-Access Memory (ReRAM) module in an advanced 22nm FD-SOI (fully depleted silicon on insulator) process technology. This is the first tape-out of Weebit ReRAM in 22nm, one of the industry’s most common process nodes, and a geometry where embedded flash is not viable.

Weebit worked with its development partners CEA-Leti and CEA-List to successfully scale its ReRAM technology down to 22nm. The teams designed a full IP memory module that integrates a multi-megabit ReRAM block targeting the 22nm FD-SOI process which is designed to deliver outstanding performance for connected and ultra-low power applications such as IoT and edge AI. As embedded flash is unable to scale below 28nm, new non-volatile memory (NVM) technology is needed for smaller process geometries. Weebit ReRAM in 22nm FD-SOI offers a low-power, cost-effective embedded NVM solution which can withstand harsh environmental conditions.

Hod HaSharon's [Weebit Nano](http://www.weebit-nano.com/) is a leading developer of next-generation semiconductor memory technology. The company’s ground-breaking Resistive RAM (ReRAM) addresses the growing need for significantly higher performance and lower power memory solutions in a range of new electronic products such as Internet of Things (IoT) devices, smartphones, robotics, autonomous vehicles, 5G communications and artificial intelligence. Weebit’s ReRAM allows semiconductor memory elements to be significantly faster, less expensive, more reliable and more energy efficient than those using existing Flash memory solutions. (Weebit Nano 02.01)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's Exports Grow Significantly in 2022

The Ministry of Economy and Industry's Foreign Trade Administration (FTA) observed that Israel's exports of goods and services have consistently grown over the past decade, with exception of 2020 due to COVID. According to estimates, Israel's exports of goods and services will amount to at least $160 billion in 2022, a new record and rising by more than 10% from last year, when exports of goods and services totaled a then record $144 billion. According to the rate of growth of exports in the first nine months of 2022, exports of goods and services from Israel could reach $165 billion, up 15% from 2021.

The FTA said that the trend that began in 2021 when exports of services from Israel outstripped exports of goods continued in 2022, with services representing 51% of exports and good representing 49%. This figure mainly reflects the sharp increase in exports of software and R&D services, which represent 42% and 14% of services exported, respectively. There were very significant increases in the exports of goods in chemicals and chemical industry products (+55%), diamonds (+41%) and electrical and mechanical equipment (+18%).

Israel's exports to the US grew by 19% in 2022, by 113% to the UK, by 115% to Ireland, by 90% to Brazil, by 39% to India, by 95% to Canada, by 85% to Singapore, by 24% to Hong Kong, by 17% to Turkey, by 22% to France and by 181% to the Philippines. Indeed, Israel's export figures are impressive when taking into account the economic volatility worldwide in 2022, such as repercussions stemming from COVID and the Russian invasion of Ukraine. (FTA 25.12)

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* 1. Israel Ranks 4th Among Best Performing World Economies in 2022

According to a ranking compiled by The Economist, Israel was the world's fourth best performing economy in 2022, a result was obtained despite local political instability. The Economist's list, which includes a total of 34 countries, took into account five different macroeconomic indicators: growth, annual inflation, extent of inflation, stock market and public debt.

Israel's debt-to-GDP ratio has fallen this year from 68% to around 60%. The Economist emphasized that inflation in Israel over the past 12 months has reached 5.3%, but that still represents about half the rate of increase in prices in the rest of the OECD.

The first place in the ranking was awarded to Greece, which, after the economic upheavals it experienced even before the pandemic, managed this year to reduce the national debt ratio by 16%. Portugal and Ireland ranked second and third respectively, while Israel shared fourth place with Spain. The major world powers are, for their part, less well ranked. The United States ranked the 20th, with very weak growth of 0.2%. Germany is in 30th place, with high inflation of 10%. The last country ranked a best performing economy of the year was Estonia.

This international comparison points to a clear advantage in terms of inflation for countries that are not dependent on Russian gas and oil, such as Israel. Spain, which buys natural gas from Algeria and uses solar energy, has recorded a relatively moderate increase of 5.7% in the consumer price index since the beginning of the year until October. Latvia, however, suffered a 20% inflationary leap due to its energy dependence on Moscow. (Various 25.12)

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* 1. PwC Says Israel Tech Exits Drop by 80% in 2022

Despite the huge fall in IPOs and acquisitions, 2022 still saw more exits than in any other year in the past decade, except 2021, PwC Israel reported. Acquisitions and IPOs of Israeli tech companies has totaled $16.9 billion in 2022, an 80% decrease from 2021, when the figure was $82.5 billion. There were 72 deals in 2022, compared with 171 last year, a decrease of 58%.

With the exception of 2021, there was still more transactions and higher financial volumes in acquisition deals and IPOs than in any year in the entire decade prior. In 2020, there were 60 deals valued at $15.4 billion, while 2019 there were 80 deals valued at $9.9 billion.

When taking follow-on deals into account (M&As and IPOs), which were excluded from PwC's primary analysis (as they were included in previous reports at the time an IPO or M&As were made), total transaction value in 2022 amounted to $47 billion, compared with 2021, when the total transaction value amounted to $99.2 billion.

In 2022, 15 follow-on transactions were closed with an overall value of $30 billion, compared with 2021 with four transactions and $18 billion. Most prominent of the follow-on deals in 2022 was the $16.7 billion Mobileye IPO on NASDAQ (current market cap is $27.1 billion).

PwC Israel adds that looking at deals in 2022 on a quarterly basis provides more insight into the process that unfolded over the past 12 months, and how the market is most likely going to look like in 2023. In the first, second and third quarters of the year, the number of deals was 33, 17 and 17 respectively, while in the fourth quarter, this figure sank to only five deals

The trend that PwC Israel pointed to in 2021 continues - 23 all-Israeli deals were closed in 2022 (compared to 77 last year), representing 32% of the total deal count (compared to 45% in 2021 ). When excluding IPOs, the number of such deals is 18 in 2022 (compared to 32 last year). The US remains the most significant player on the buyer side. (Globes 28.12)

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* 1. Israeli Startup Funding Falls by Almost Half in 2022 to $13.9 Billion

Israeli startups raised $13.9 billion over 538 rounds in 2022, a fall of over 45% from the previous year's record of $25.8 billion. According to figures collected by Vintage Investment Partners, funding decreased significantly as the year progressed, with the first half of the year totaling $10.3 billion, similar to 2021. However, just $2.3 billion and $1.2 billion were raised in the third and fourth quarters, respectively. In 2021, Israeli startups ended the year with a bang, with the fourth quarter seeing companies raise $8 billion, after receiving $5.7 billion in Q3/21.

The biggest drop was registered in growth rounds, with Series D and higher rounds falling from $9.8 billion in 2021 to $4.1 billion this year, and Series B and C rounds dropping from $11.1 billion to $5.7 billion. Series A rounds decreased from $3.8 billion to $3 billion, while Seed rounds remained stable at $1.1 billion.

It was, however, a record year for VC's, with Israeli venture capital funds raising a record total of $3.9 billion during 2022. Almost half of the amount, $1.9 billion, was raised in the first three months of the year, with $1.1 billion being raised in the second quarter, $650 million in Q3/22, and just $245 million in the final quarter of 2022. (CTech 29.12)

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* 1. Israel Sees 32% Drop in Hi-Tech Jobs Since the Beginning of 2022

The number of jobs available for engineers in Israel during September-November was just 11,800, down 8% from the number of vacancies posted during August-October, according to the Central Bureau of Statistics. Demand for developers also fell by 9%, with only 7,748 offers from September to November. The wave of high-tech layoffs that began in the middle of the year intensified after the Jewish holiday period in Israel (October).

The salaries nevertheless continue to attract Israelis. The average salary in the high-tech sector is around $7,700 per month, according to the CBS, while for the management's salary can easily reach $14,300.

Meanwhile, job vacancies in information and communication fields stood at 21,160 jobs in January and peaked at 21,500 jobs in February. From that point on there was a sharp drop of 32% with only 14,600 job offers as of November. The tech sector accounts for nearly 25% of Israel's total tax revenue and for about 10% of the labor force. (i24NEWS 23.12)

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* 1. Electric Vehicles Comprise 10% of New Cars Sold in Israel in 2022

Some 27,058 electric vehicles (EVs) were sold in Israel in 2022 representing 10% of all new cars, according to the latest data about new car deliveries in Israel -similar to the percentage of new cars that are EVs in Western Europe. This is more than double the 3.8% of new cars that were EVs in 2021. In December alone, which is usually a weak month for new cars deliveries, almost 3,100 EVs were sold. This is part due to 'panic buying' before the planned tax hike on EVs in January. Over 40% of new cars sold in Israel in December were EVs, after nearly 6,000 EVs were sold in November, representing 35% of new cars delivered.

The best-selling EV in Israel is Chinese carmaker Geely's Geometry C, which has captured 25% of the EV market in Israel. Tesla is in second place with a 17.1% market share of new deliveries and BYD's ATTO3 is in third place with a 13.4% market share. Market sources believe that there is still demand for over 40,000 new electric vehicles in Israel, which have been delayed due to supply chain problems.

Plug-in electric vehicles also broke records this year in Israel with 13,500 deliveries, or 5% of overall sales. The two leaders in this category were Chinese company SAIC's MG EHS with a 36% market share and Korean company Kia's Niro with a 27.3% market share. If hybrid cars are added to the mix then one in every three cars sold in Israel in 2022 was either an EV, plug-in, or hybrid. (Globes 28.12)

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* 1. Rishon LeZion Ranked Israel's Top City for Quality of Life

The Central Bureau of Statistics' Quality of Life Indicators in the Largest Cities for 2021 found that Rishon LeZion has the best quality of life of any major city in Israel, followed by Rehovot, Ramat Gan, Kfar Saba, Petah Tikva, Netanya and Ashkelon. In the middle range of the ranking were Tel Aviv-Yafo followed by Haifa and Beit Shemesh, and in the bottom range were Bnei Brak, Beer Sheva, Ashdod, Holon, Jerusalem and Bat Yam. Kfar Saba has the longest life expectancy and Tel Aviv has the highest employment rate. Rishon LeZion and Petah Tikva have the lowest percentage of residents who feel lonely and isolated. The Central Bureau of Statistics set 51 different indicators to present a multidimensional measurement of well-being and quality of life, taking into account all economic, social and environmental factors.

Last year Kfar Saba topped the ranking for the city with the highest overall mark in all the 51 quality of life categories but this year it was passed by Rishon LeZion. According to the survey 93.3% of Rishon's residents expressed satisfaction with their home compared with the national average of 86.8%, and 92.5% expressed satisfaction with their neighborhood, compared with the national average of 84%. Some 72.4% of Rishon residents have higher education qualifications compared with the national average of 50.8%.

Average life expectancy of 84.2 years in Rishon LeZion is one of the highest in the country. In terms of life expectancy Kfar Saba was ranked first with an average 85.1 years while Bat Yam has the lowest life expectancy of 81.1 years. Bat Yam was ranked last in overall quality of life in Israel's 16 biggest cities.

Tel Aviv has the highest gross income per household, which was an average of NIS 22,806 per month. In Jerusalem the average monthly gross household income was an average NIS 14,232 and in Bat Yam NIS 9,596. (Globes 03.01)

IN DEPTH

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* 1. ISRAEL: Israel Expected to Increase Natural Gas Drilling in 2023

[Al-Monitor](https://www.al-monitor.com) noted that the incoming Netanyahu government is expected to resume promotion of the development of natural gas fields in Israel's economic waters. Netanyahu knows that like Israel, Cyprus, Greece and Egypt are also searching for solutions for increasing energy exports to Europe, including expanding reserves and export capacities.

After the major discoveries of the Leviathan and Tamar gas reserves more than a decade ago, Netanyahu leveraged them into regional diplomatic moves, including creating a forum of gas-producing countries in the eastern Mediterranean. Now that the government is formed, it is expected to look for ways to increase extraction from current gas fields, look for new reserves and increase export capacity.

Experts believe that there are still unexplored gas reserves in the eastern Mediterranean basin. Several Israel and international companies have recently signaled interest in exploring for natural gas off Israel’s shores following the Energy Ministry's 13 December publication of a fourth tender for permits to search for natural gas in Israeli waters.

Exactly a year ago, then Energy Minister Elharar said she would not take on new gas exploration in 2022, effectively freezing any tenders for more gas exploration off Israel’s shores. She cited green energy efforts and pressure by environmentalist groups who oppose additional marine gas drilling.

The Russian invasion of Ukraine and the ensuing global energy crisis affected Israel as well. In May 2022, Elharrar announced a policy change and a forthcoming tender process. Then, on 15 June, she signed a memorandum of understanding with the European Union and Egypt on accelerating the process of exporting gas to Europe. Israeli gas has been sold since the beginning of 2022 to Jordan and has powered the country's primary power plants.

The 13 December tender offers search permits in four marine zones. In some of these zones, pervious search permits had already been issued and seismic surveys have been done. Israel's existing fields also have potential that has not been fully realized. The companies partnering on the Tamar reserve announced on 8 December that they would invest around $673 million to expand gas extraction from the reserve in light of increasing demand from Israel and abroad. Soon thereafter, Israeli businessman Aaron Frenkel exercised an option from Emirati Mubadala Petroleum to buy half of its shares in Tamar for the price of $520 million.

NewMed Energy company (a partner in Leviathan) showed record profits this year because of its increased exports to Egypt and Jordan. All these developments are expected to pressure the new government to expand gas drilling as well as the gas quotas reserved for export.

Another incentive for the new government to increase exploration is growing demand in Israel. At the beginning of January, the price of electricity in Israel will increase by more than 8%, because a fifth of its electricity production is still from coal, the price of which has greatly increased. According to the government's plans, within five years all the coal plants will be replaced with natural gas plants. Israeli industry is also switching to gas, adding to the demand.

According to a 23 November report by the Knesset research center, Israel currently could potentially produce around 900 billion cubic meters of gas per year. Experts estimate that the potential of the gas fields in Israel’s economic territory is at least double that, but the capacity of Israel's export pipelines is still small. Cypriot Energy Minister Pilides has spoken about a possible pipeline from the Karish field owned by Energean to the island. In conversation with Al-Monitor, Pilides said that the pipeline from Karish will run to a liquefaction plant to be created in Cyprus and from there to Europe. She noted that as Netanyahu had previously advanced the issue for Israel and the region, she believes that his new government will do the same. (Al-Monitor 28.12)

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* 1. JORDAN: IMF Concludes Fifth Review Under Extended Fund Facility Arrangement

On 22 December, the Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) completed the fifth review of Jordan’s program supported by the Extended Fund Facility (EFF). The completion of the review will make the equivalent of SDR 257.325 million (about $343 million) immediately available. This brings total IMF disbursements to Jordan since the start of 2020 to SDR 1,276.247 million (about $1.699 billion) including a purchase of SDR 291.55 million (about $407 million) in May 2020 under the Rapid Financing Instrument.

Jordan’s four-year extended arrangement amounting to the equivalent of SDR 926.37 million (about $1.293 billion, equivalent to 270% of Jordan’s quota in the IMF), was approved by the IMF’s Board on 25 March 2020 and was augmented on 30 June 2021 to the equivalent of SDR 1070.47 (about $1.494 billion, equivalent to 312% of Jordan’s quota in the IMF).

Continued post-COVID recovery and positive spillovers from the region led to stronger growth in 2022-23, however, the medium-term outlook is weighed down by elevated commodity prices, tightening financial conditions, and a slowing global economy. GDP growth is projected to remain at around 2.7% in 2022-23, up from 2.4% in the fourth review. Inflation, projected at 4.4% for 2022, has increased but remains moderate and should ease in the period ahead. The banking system remains resilient to shocks. Financial challenges in the electricity sector are exacerbating fiscal pressures as subsidies have increased considerably on the back of high international commodity prices. Unemployment for Jordanians remained elevated at 22.6% in 2022, with youth unemployment showing some decline but remaining high at nearly 50%. The IMF’s financial support will help Jordan navigate these challenges and catalyze support from other development partners, which will be critical to enable Jordan to promote an inclusive recovery and build forward better, while continuing to host 1.3 million refugees.

Following the Executive Board discussion, Mr. Kenji Okamura, Deputy Managing Director and Acting Chair, made the following statement:

“Jordan’s broad-based economic recovery continues despite a challenging external environment, thanks to the authorities’ effective policy response. Going forward, policies should remain focused on maintaining macroeconomic stability, protecting the vulnerable segments, and advancing reforms to boost employment, growth, and competitiveness.”

“Fiscal performance has been strong, on the back of sustained legislative and administrative reforms to reduce tax evasion and avoidance. The authorities have also replaced untargeted and fiscally unaffordable fuel subsidies with cash transfers to protect the most vulnerable segments. The planned gradual fiscal consolidation, along with efforts to improve public investment management and monitoring of fiscal risks, will continue to support debt sustainability.”

“Monetary policy is appropriately anchored in safeguarding the peg. The financial sector remains healthy, and the Central Bank of Jordan continues to closely monitor banks’ asset quality. Subsidized lending schemes should become more targeted and be gradually phased out as the recovery entrenches. To further enhance the AML/CFT regime, the authorities are committed to implementing the remaining items in the action plan to exit the FATF’s watch list.”

“Electricity and water sector reforms are critical for preserving the sustainability of public finances. Timely implementation of the action plan prepared in consultation with development partners is key to credibly reduce NEPCO’s deficits. Strong policy efforts are also needed to address water scarcity and the persistent losses and arrears of the water sector. To this end, the recent adoption of the financial sustainability roadmap for the water sector is welcome.”

“Achieving strong and inclusive growth rests on steady progress on structural reforms to support female labor force participation, enhance youth employment and labor market flexibility, promote competition, reduce the costs of doing business and strengthen governance and transparency. In this regard, advancing legislation to support female labor force participation and tackling impediments to competition are critical. Stepped up and timely donor support is crucial to help Jordan navigate the adverse exogenous shocks from elevated commodity prices and tightening global financial conditions, while maintaining social stability and reform momentum. Such support will also help ease the country’s burden of hosting 1.3 million Syrian refugees." (IMF 22.12)

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* 1. KUWAIT: IMF Concludes Staff Visit to Kuwait

An [International Monetary Fund (IMF)](http://www.imf.org/) mission held discussions with the Kuwaiti authorities in Kuwait City during 11-18 December 2022. At the conclusion of the mission, the IMF issued the following statement:

“Kuwait’s economic recovery continues. Strong vaccination efforts and the authorities’ swift and decisive responses to the COVID-19 crisis have allowed for the relaxation of all social distancing restrictions and supported economic recovery. Overall real GDP growth is estimated to have rebounded from -8.9% in 2020 to 1.3% in 2021. It is projected to further increase to above 8% in 2022, supported by increased oil production, high oil prices, and sustained improvement in domestic demand. In 2023, growth is likely to moderate, reflecting slowing external demand and oil production cuts under the OPEC+ agreement. Direct adverse spillovers from the Russia’s war in Ukraine have been contained so far given the limited trade and financial linkages with both countries.

“Inflation has been contained, benefiting from monetary tightening and limited pass through from higher global food and energy prices supported by administered prices and subsidies. With higher oil prices and output, the overall fiscal and current account surpluses increased significantly from last year.

“With strong bank buffers and prudent oversight and proactive monitoring of financial risks by Central Bank of Kuwait, the banking system has weathered the recent shocks well. Banks continue to be well-capitalized and liquid, financial soundness indicators are healthy, and private sector credit growth remains strong. The authorities continue to implement measures to improve fiscal revenue collection and spending efficiency. Efforts are ongoing to promote digital transformation, advance financial technology, and invest in green energy.

“Nevertheless, the outlook is subject to uncertainties and risks surrounding the external environment, including potential impacts of monetary policy tightening in major advanced economies and further slowdown in global economic activity. Volatility in oil prices and production, stemming from external factors including the geopolitical environment, could weigh on activity and macroeconomic balances. Delays in key fiscal and structural reforms could amplify the risk of pro-cyclical fiscal policies, and hinder progress toward more economic diversification and higher competitiveness. (IMF 22.12)

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* 1. OMAN: Oman’s Quiet Influence Amid Mounting Uncertainty in the Gulf

On 22 December, Leonardo Jacopo Maria Mazzucco posted in [Fikra Forum](https://www.washingtoninstitute.org/fikraforum) that based on its sound reputation as a conflict mediator and talks facilitator, Oman is well-positioned to tone down flaring rivalries in the Gulf and prevent tensions from spiraling out of control.

After a timid thawing of tensions, the Gulf region is witnessing a renewed phase of uncertainty. Despite being a skillful master at navigating turbulent waters, Oman is eyeing the revamping of tensions in its immediate neighborhood with growing apprehension. The failed attempts to review the Joint Comprehensive Plan of Action (JCPOA), the revamping of Iran’s outward-looking incendiary rhetoric as well as localized military retaliations amid recent mass protests, and the failure to extend the U.N.-brokered ceasefire in Yemen do not bode well for the region’s precarious stability. Muscat has a vested interest in preventing at-sea incidents from escalating and harsh infighting among rival Yemeni factions from reaching alarming proportions, especially given its coasts looking out on the Strait of Hormuz and much of its southwestern frontier bordering Yemen.

Undoubtedly, diplomatic ties among the Gulf countries are in better shape than they were a couple of years ago. On the one hand, the Al Ula Agreement formally ended the intra-Gulf Cooperation Council (GCC) spat and brought Qatar back into the Arab fold. The Arab Gulf monarchies have also made steady headways in clearing the air with Iran—the on-again off-again Saudi-Iranian bilateral talks have found in Baghdad a safe venue to defuse tensions, and the UAE and Kuwait have recently returned their ambassadors to Iran after a six-year spat. However, should the continued lack of a nuclear agreement and the failure to revive a truce in Yemen become the long-term trajectory for the Gulf, the shaky and hard-earned progress achieved during the past years may prove short-lived. In response, Oman has ramped up its diplomatic activism. Nevertheless, Muscat’s de-escalation endeavors may not be enough to defuse the current geopolitical frictions.

**The Tenets of Oman’s Foreign Policy**

Oman is no stranger to navigating highly polarizing conflicts in the Gulf region. Despite heavy targeting by external pressures to alter its foreign policy positioning, Oman has consistently resisted external influences and scrupulously safeguarded its independent decision-making. Positioned on the front line of the deep-rooted rivalry between Saudi Arabia and Iran, Oman is not new to seeing its backyard turned into a battleground where the leadership ambitions of these two regional powerhouses clash. Nevertheless, Muscat has sought to use a heightened insecure environment to its advantage by leveraging its role as a buffer zone state in order to conduct an independent foreign policy. Historically, Oman has adamantly sought to avoid being dragged into political-military rifts that did not represent a direct, immediate threat to its national security interests.

Indeed, Oman's two-pronged approach to foreign policy—based on preserving cordial diplomatic ties with rivaling factions and championing negotiation as the favored conflict-resolution mechanism—has traditionally been held up as the most effective way to uphold its strategic priorities. These efforts have moreover earned Oman the much-deserved title of “Switzerland of Arabia,” while markedly boosting its credentials as a genuine stabilizing force in the eyes of regional and global actors. However, Oman’s aversion to picking sides should not be misunderstood as a lack of political decisiveness. Quite the contrary, it requires a great dose of strength to remain above the fray when push comes to shove.

Wedged in the southeastern corner of the Arabian Peninsula, Muscat must balance a mix of inescapable geographic factors and multi-faceted political ties when shaping its foreign policy compass. As a founding member of the GCC, Oman is part of the club when it comes to Arab Gulf monarchies. Unlike many other, however, it simultaneously enjoys bullet-proof diplomatic relations with Iran. Due to the geographic proximity between the two countries, Muscat-Tehran ties date back centuries, with positive interactions flourishing in political, economic and cultural spheres. These joint custodians of the Strait of Hormuz have also gradually developed a sense of shared responsibility in managing common security concerns arising from this strategic waterway.

**The Ripple Effects of Iran’s Security Anxiety**

After approaching alarming thresholds between May and September 2019, the Gulf of Oman timidly embarked on a path of gradual de-escalation. While sporadic harassment episodes—such as the seizure of commercial vessels by Iranian forces and drone attacks on oil tankers—continued to spoil the security of these sea trade corridors from time to time, precarious stability seemed to hold.

However, these maritime conditions have quickly deteriorated in the past few weeks. On 15 November, the Pacific Zircon vessel—a Liberian-flagged oil tanker operated by an Israeli-controlled shipping company (Eastern Pacific Shipping)—was hit by a drone in the Gulf of Oman. U.S. Central Command (CENTCOM) highlighted how Iranian fingerprints were all over the attack, with the Shahed-series suicide drone as the main suspect of the raid.

A few days later, a commercial ship navigating in the same area reported an unsafe approach by a drone to the United Kingdom Maritime Trade Operations (UKMTO), a U.K. Royal Navy-linked platform for information-sharing between the military and shipping industry stakeholders. Neither the ship nor the crew were harmed, but the latest episode emphasizes how quickly tensions could escalate and how precarious security conditions are in the maritime space between the Strait of Hormuz and the Gulf of Oman. With almost 2,000 miles of coastline facing these turbulent waters and a mounting desire to expand its blue economy, the resumption of at-sea harassment has set off alarm bells in Muscat.

While numerous factors underpin the current belligerent posture of Iran, the heightening of tensions offshore might can be viewed as a side-effect of growing domestic turmoil in Iran. On the one hand, months-long popular protests have markedly increased the leadership’s security anxiety, resulting in an intensification of cross-border military operations. These protests, along with an increasingly dwindling potential for a breakthrough in the nuclear talks and controversial images of Iranian-made drones operated by Russian forces targeting Ukrainian civilian infrastructures, have significantly widened the gap between Iran and Western countries.

Deeply committed to a dialogue-based approach to conflict management, Oman has quickly stepped in to engage in an intense “telephone diplomacy” exercise with Iran to defuse further incidents at sea. Ultimately, Omani efforts to turn down the heat of maritime tensions reached a peak with the trip of Oman’s Foreign Minister, H.E. Sayyid Badr Al-Busaidi, to Tehran on 19 November. During the state visit, the top Omani diplomat discussed with his Iranian counterpart Hossein Amir-Abdollahian and Iranian President Ebrahim Raisi joint solutions to promote security for commercial vessels transiting through the Gulf of Oman.

While it remains to be seen whether Muscat’s latest moves will bring about a return of relative maritime stability in the region, the country’s successful track record in favoring cooperative interactions between rivaling parties even when formal diplomatic channels hit rock bottom is reassuring. More recently, Oman has played a decisive role in negotiating some prisoner swaps. On 2 October, a joint Omani-Iraqi mediation endeavor resulted in the release of an Iranian citizen arrested by Saudi authorities in mid-Summer 2022. A few days later, on 5 October, Oman contributed to the release of Baquer Namazi, an Iranian-American jailed in 2016 by the Iranians on charges of conducting espionage activities for the U.S. government.

Being the partner of choice for conducting hostage diplomacy benefits Oman as it helps Muscat cement its diplomatic credentials as a reliable, genuine mediator in the eyes of its American and Iranian friends. However, Oman has only limited agency to uphold its primacy in this niche diplomacy. On the one hand, engaging in prisoner exchanges remains a highly volatile affair that largely depends on the counterparties’ will to make concessions. On the other hand, the successful Emirati-Saudi intermediation between Washington and Moscow for releasing the U.S. basketball player Brittney Griner has highlighted that alternative conduits for behind-the-scenes negotiations are gradually taking shape in the Gulf.

**Back to Square One in Yemen**

With the “Ramadan ceasefire” hammered out in April 2022 no longer active, Yemen’s Houthis may be eager to return to efforts to gain control over the energy-rich province of Marib. The massive display of uniformed troops, ballistic missiles, drones and naval assets during the Houthi military parades in Hodeida and Sanaa last September rang hollow on hopes for a fourth truce extension to the truce, and with efforts to further expand the UN-brokered ceasefire running aground in early October 2022, it was only a matter of time before tensions returned to the surface.

As such, observers look to Marib as the sight of the Houthi’s most recent major offensive. Prior to the UN-brokered truce, the Houthis launched a months-long attack, although failing to obtain significant military victory as the battle ultimately ran aground in the outskirts of the city of Marib. During the six-month-long truce, the Iran-backed insurgent group has had enough time to gather further support from its strongholds, reorganize its troops and solidify its grip on fortified forward positions. The Houthis might perceive that current conditions on the ground are tilting in their favor, and time now ripe for a new assault on Yemen’s energy heartland.

Meanwhile, armed clashes erupted in late October with a series of Houthi air raids launched against critical logistics and energy infrastructures in the Shabwa and Hadramout governorates. Houthi drones targeted the Nushayma and Al-Dabba oil terminals, preventing a couple of tankers from loading their cargo of crude oil. As an intensification of drone strikes has mirrored the Houthi mounting threats to paralyze shipping traffic in the waters south off the Arabian Peninsula, Muscat eyes with growing concern the revamping of armed clashes in its close neighbor.

Since 2015, Oman has tirelessly engaged in active tension-easing diplomacy in an attempt to bring Yemen’s downward spiral to an end. As a GCC member state with solid relations with both the United States and Iran, Oman was well-positioned to play the challenging role of putting together mediated talks among different warring factions. On the other hand, Oman’s marginal leverage over rival actors and the latter’s reluctance to make meaningful compromises have repeatedly hindered Muscat’s efforts to promote a durable political solution to Yemen’s painful troubles.

With the Houthis ramping up their military offensive and torpedoing the window of opportunity opened by the Ramadan ceasefire, hopes to achieve a long-lasting political solution have suffered a major setback. However, although the road to a negotiated settlement remains littered with major obstacles, Oman continues to stand out as the most favorite regional candidate for promoting a positive environment conducive to de-escalation talks. Muscat will likely need to step in once more to establish informal communication channels among warring parties alive and try to smooth their harder edges, while building some ground consensus for future negotiations.

**Future Prospects**

Muscat’s inclination for a low-profile, mild-tone style when conducting its foreign policy should not be misunderstood for the country’s disinterest in geopolitical affairs. On the contrary, Oman is a keen observer of developments in its immediate neighborhood and an active player in the regional power game—especially in two key regional conflicts likely to heat up in 2023.

Traditionally, Oman has counterbalanced the lack of security in the Gulf region by developing its role as a geopolitical balancing force. To uphold its role as a neutral middle-ground power, Oman has been careful not to overplay its mediator status and avoided being perceived as an antagonizing player. Nevertheless, Omani pro-neutrality efforts have occasionally raised eyebrows of some Gulf capitals, which looked at them as an act of soft defiance and passive contestation. Muscat’s cautious approach to thorny geopolitical issues has translated into Oman crafting a foreign policy that is prudent and firm at the same time.

With the Gulf worryingly approaching insecurity onshore and offshore, Oman’s ambition to act as a go-between will face a new stress test. Previous regional crises have also shed some light on the pragmatic constraints hindering Muscat’s desire to emerge as an unbiased powerbroker. Lacking the military might and financial clout of other regional and international players, Oman cannot wield political and economic rewards as leverage to persuade warring actors to sit at the negotiating table. With few cards left to play, Oman’s capacity to tilt the balance drastically narrows down. The picture worsens even more when antagonist forces become gradually deaf to Muscat’s calls for de-escalation and worryingly pivot toward hawkish positions. As fissures between them grow larger, it would be increasingly painful for Muscat to find a working formula to reconcile centrifugal pressures. Should the Gulf enter more turbulent waters and underlying geopolitical frictions take a turn for the worse, Oman might have a hard time abiding by its traditional balancing posture and be induced to make unprecedented tough choices.

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