

**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. Cabinet Approves Expansion of Israel-Egypt Gas Pipeline

On 8 May, Israel's cabinet approved the plan to expand the scope of the natural gas supply infrastructure to Egypt. The approved plan includes an integrated infrastructure corridor including infrastructure facilities between Ashalim and Nitzana, which will increase the potential volume of natural gas exports to Egypt and a new pipeline between Ramat Hovav and Nitzana. The project and the program are being promoted by the Israel Natural Gas Lines Co. with the support of the Ministry of National Infrastructures, Energy and Water Resources.

The new land pipeline section on the route between Ramat Hovav and the border with Egypt in the Nitzana area, and will serve as an infrastructure for exporting natural gas from Israel to Egypt, thus increasing options for exporting gas from Egypt to European countries seeking alternative natural gas sources in the wake of Russia's invasion of Ukraine.

The new pipeline between Ramat Hovav-Ashalim-Nitzana will be 65 kilometers long and allow an extra six billion cubic meters (BCM) of natural gas to be exported to Egypt annually. The extra gas will bring NIS 200 million revenue to Israel Natural Gas Lines annually and hundreds of millions of shekels annually in revenues from royalties and taxes to the government. (Globes 08.05)

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* 1. Israel to Supply Azerbaijan with Satellites in $120 Million Deal

Israeli Foreign Minister Eli Cohen confirmed that Israel Aerospace Industries will supply Azerbaijan with two satellites at a total cost of $120 million. The Azeri space agency Azercosmos operates two communication satellite and one observation satellite. Azercosmos lately reported it had lost contact with its Azersky satellite. Azersky remains in orbit, but Azercosmos has given up on reestablishing contact with it. As such, Azercosmos announced it was launching a project for a new, higher-resolution observation satellite project, which responds to the challenges of modern technological development in accordance with the wishes of local institutions.

Because of its geographical closeness to Iran, Israel considers Azerbaijan an important strategic ally in the region. Cohen’s visit there was aimed at strengthening security ties with Baku, as well as developing economic and tourism relations. Then-Defense Minister Benny Gantz had visited Azerbaijan last October.

Neither Baku nor Israel Aerospace Industries supplied any details on the types of satellites Azerbaijan intends to purchase from Israel. The company develops satellites for various purposes, including research and communications, as well as satellite ground stations. (Al-Monitor 24.04)

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* 1. Israel & Japan Sign Working Holiday Visa Agreement

Israeli and Japanese diplomats recently signed a work-vacation visa agreement allowing Israelis to spend up to one year in Japan while working. According to the terms of the agreement, 200 Israelis per year aged between 18 and 30 will be able to obtain a year-long visa that will allow them to combine work with language study in Japan during their stay. It is an employment-based nonimmigrant visa. Additionally, Israeli high-tech, cyber, health and agriculture personnel will be able to obtain work visas for Japan. Visa applicants face a number of basic requirements including a clean criminal record and medical insurance. This agreement follows the launch of a direct El Al flight between Tel Aviv and Tokyo, an initiative spearheaded by the Israeli Embassy in Tokyo. (i24NEWS 28.04)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Vesey Ventures Launches $78 Million Debut Fund with Israel Focus

Vesey Ventures announced the close of its debut fund totaling $78 million. Vesey Ventures will invest in early-stage fintech and enabling technology companies. Based in the United States and Israel, the fund has already made several notable investments including Israeli startups Cyrus and Grain, as well as Coast, Equi and Proper.

Vesey said that Israel serves as a critical market for a number of its focus areas, including early-stage fintech, enterprise software, cybersecurity and data and AI. The team previously invested in a number of Israeli companies including BioCatch, Melio and Next Insurance.

[Vesey Ventures](https://www.vesey.vc/‎) is a VC firm founded on the belief that the future of the financial industry will be built by startups and incumbents working in tandem - and they are the catalysts for making it happen. The firm backs founders in fintech, commerce and enabling infrastructure. (CTech 20.04)

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* 1. Coro Raises an Additional $75 Million, Making $155 Million in 12 months

Coro has secured an additional $75 million in funding. This most recent round of funding gets Coro to $155 million in the past 12 months. Energy Impact Partners are now joining current investors Balderton Capital and JVP. Coro continues to experience dramatic growth across all aspects of their business. Their modern approach to cybersecurity — delivering enterprise-grade security through a single platform that unifies, simplifies, and automates workloads — is securing more than 5,000 mid-market customers across every industry.

Over the past year, Coro tripled its revenue, customer and employee base, and signed more than 100 new channel partners. Coro also expanded its footprint in Chicago, where a new business enablement center is under development to support their direct sales team and rapidly growing network of resellers. Coro projects it will again grow 300% year-over-year in 2023, extending their extraordinary record for the fifth year in a row.

Tel Aviv's [Coro](https://www.coro.net/) is one of the fastest growing security solutions for the mid-market, providing all-in-one protection that empowers organizations to defend against malware, ransomware, phishing, bots, account takeover and malicious behavior across devices, users, and cloud applications. More than 5,000 businesses depend on Coro for holistic security protection, unrivaled ease of use and unmatched affordability. Coro employs innovative AI technology to identify and remediate the many security threats that today's distributed businesses face, without IT teams having to worry, investigate, or fix issues themselves. (Coro 19.04)

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* 1. Volumez Secures $20 Million in Series A Funding to Revolutionize Cloud Infrastructure

Volumez has completed a $20 million Series A financing round led by Koch Disruptive Technologies, with participation from existing investors, Viola Ventures and Pitango. The company’s innovative controller orchestration software harnesses the power of Linux to quickly execute modern data infrastructure workloads using a declarative interface that makes it easy to deploy a wide variety of applications in hybrid and multi-cloud environments. Volumez will use the funds to continue to expand its customer base and grow its business operations in the U.S. while maintaining R&D execution in Israel.

[Volumez](http://www.volumez.com) is revolutionizing modern data infrastructure. The pervasive adoption of large-scale data analytics, artificial intelligence, and machine learning systems across industries has created an unprecedented challenge. Businesses need a way to convert knowledge into intelligence quickly, easily and at scale. Volumez has the solution. The company’s innovative controller-less architecture composes direct Linux data paths between media and applications, solving latency and scalability issues and unlocking consistently high performance and high resiliency. (Volumez 26.04)

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* 1. Trullion Announces a Series A Funding Round

Trullion closed a $15 million Series A funding round, accelerating their vision of modernizing the accounting and financial services industries. The round was co-led by Aleph and Third Point Ventures, with participation from existing investors Greycroft and experienced financial executives.

Trullion's AI-powered platform extracts and streamlines data from source documents to various teams, while also automating workflows so that accountants can collaborate in real-time with auditors. This increased collaboration between professionals allows expanded visibility to essential documents, quick transfer of critical data, and a more streamlined and efficient workflow. With Trullion, accountants and auditors are working in a source-based accounting ecosystem, creating a single source of truth and providing novel levels of accuracy, transparency, and efficiency.

Tel Aviv's [Trullion](https://trullion.com/)'s mission is to build the next evolution of accounting software. For too long, the finance world has been stuck in the past, with attempts to innovate and make progress falling flat. Trullion is out to change that. Bringing together Big Four expertise and the latest advances in Artificial Intelligence, they building products that automate repetitive, labor-intensive tasks—freeing up everyone’s time to focus on more strategic work. (Trullion 27.04)

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* 1. Viridix Raises $4.1 Million for its Precision Irrigation Technology Service

Viridix announced it raised $4.1 million. The investors, who are a mix of angel investors and VCs, could not be disclosed. The company’s new Irrigation on-demand feature enables fully automatic irrigation based on the plants' needs. By using Viridix's technology, farmers can save water, increase crop yields, improve crop quality and ultimately boost profits.

With the new funding, Viridix will be able to extend its solutions to more farmers worldwide, helping to create a more sustainable future. In 2020, the company partnered with Talgil, a manufacturer of professional irrigation controllers. Viridix already has customers in Israel and abroad, such as UAE-based date producer Al Foah and Mottech Water Solutions, a distributor of Motorola solutions which will help with the landscaping market both in Israel and Australia through an app.

Founded in 2017, Modi'in's [Viridix](https://www.viridix.com/) groundbreaking soil sensors replace the traditional sensors (Tensiometer, EC, TDR) that were not built for precision measurement in scale. Viridix is deploying a network of proprietary sensors throughout the land and fields to collect soil analytics in scale. I-Dripper is disrupting one of the biggest and most important industries in the world. (Viridix 20.04)

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* 1. Akamai Technologies to Acquire API Security Company Neosec

Cambridge, Massachusetts' Akamai Technologies, the cloud company that powers and protects life online, entered into a definitive agreement to acquire Neosec, an API detection and response platform based on data and behavioral analytics. Neosec’s API security solution will complement Akamai’s market leading application and API security portfolio by dramatically extending Akamai’s visibility into the rapidly growing API threat landscape. The combination is designed to make it easy for customers to secure their API’s by helping them discover all of their APIs, assess their risk, and respond to vulnerabilities and attacks.

Tel Aviv's [Neosec](https://www.neosec.com/)is a privately funded company. Neosec's employees and management are expected to join Akamai’s Security Technology business. (Akamai 20.04)

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* 1. Pinecone Hits $750 Million Valuation in a $100 Million Funding Round

Pinecone has raised $100 million at a $750 million valuation. The funding was led by Andreessen Horowitz, with the participation of ICONIQ Growth and existing investors, Menlo Ventures and Wing Venture Capital. The company’s valuation increased more than four-fold since it raised a $28 million Series A last March.

Since introducing the vector database in 2021, Pinecone’s innovative technology has disrupted the $9 billion search infrastructure market and made the company a critical component of the fast-growing $110 billion Generative AI market. Its vector database lets engineers work with data generated and consumed by Large Language Models (LLMs) and other AI models, making it an important infrastructure technology for building commercial AI products that are scalable, reliable, and accurate.

Tel Aviv's [Pinecone](https://www.pinecone.io/) is a fully managed vector database that makes it easy to add vector search to production applications. It combines state-of-the-art vector search libraries, advanced features such as filtering, and distributed infrastructure to provide high performance and reliability at any scale. No more hassles of benchmarking and tuning algorithms or building and maintaining infrastructure for vector search. Pinecone has a large and significant R&D center in Israel. (Pinecone 27.04)

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* 1. Ctrl Raises Over €8 Million for CRM Workflows with AI & Automation

Ctrl enables teams to enhance CRM and customer workflows through advanced automation, AI tools and integrations. The team, based in London and Tel Aviv, has just raised over €8 million ($9 million) to scale. The funding was led by LocalGlobe and Earlybird. Dig Ventures and Jibe Ventures, alongside angels including sales leaders from Slack, Intercom, Personio and Celonis also participated.

The company also aims to address the ever-growing tech sprawl, which is overwhelming businesses across markets. Today, customer-facing teams are increasingly dependent on a myriad of processes on siloed software at every stage of the sales process. These broken workflows cause data to become scattered or lost which leads to bad forecasting, missed deals and unhappy customers.

Tel Aviv's [CTRL](https://www.getctrl.co/‎) is developing non-invasive neural interfaces that reimagine how humans and machines collaborate. Ctrl’s platform streamlines customer-related tasks for sales teams. Ctrl integrates with popular CRMs and tools, such as Salesforce and Hubspot. By consolidating these workflows into a single UI, teams can more easily access vital customer data, call notes, emails and insights. (Ctrl 27.04)

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* 1. Dropbox to Close its Local R&D Operations and Leave Israel

US cloud storage giant Dropbox is closing its research and development center in Israel and is shutting down its entire operations, eight years after building its presence in the country. The Tel Aviv-based R&D center employs about 50 people, many of them software engineers. The entire workforce in Israel will be laid off as the US tech firm downsizes globally and switches its focus to artificial intelligence-based products to boost business growth.

The move comes as the cloud storage provider announced that it would be laying off 16% of its total workforce, or 500 employees globally, citing slowing core cloud business growth, “headwinds” from the global economic downturn and a focus on investment on AI talent recruitment. Dropbox is joining big tech players Google, Microsoft and Amazon, who have in recent months announced global cutbacks to trim their workforce and streamline operations, also affecting jobs in Israel.

In 2015, Dropbox bought CloudOn and turned the Israeli startup’s office into its first R&D center in the country. The Tel Aviv office represented the second-largest international Dropbox office after Ireland, and the US firm said in 2018 that it was an “important center” for innovation and engineering talent for the company. The Israel team has been in charge of developing a set of Dropbox tools for enterprises, which over the past years has become one of the firm’s growth engines. Dropbox enterprise clients include companies like Adidas, the BBC and Expedia, with tens of thousands of users each. (Various 30.04)

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* 1. Vultr Launches a New Data Center in Tel Aviv to Service the Growing Tech Ecosystem

West Palm Beach, Florida's Vultr, the world’s largest privately-held cloud computing company, announced the latest expansion of its global footprint in Tel Aviv, Israel, to provide democratized access to cloud infrastructure to the growing technology ecosystem in the country. With the addition of Tel Aviv, Vultr is continuing its cadence of global expansion by moving closer to eclipsing the data center availability offered by the big three hyperscaler cloud providers.

The Tel Aviv data center location puts Vultr on the map in Israel, where AWS and Azure have yet to establish availability zones. Vultr offers a full-stack infrastructure in both Tel Aviv and Manchester, including cloud and GPU compute, Kubernetes clusters, managed databases, storage-as-a-service, and more. Establishing access to infrastructure-as-a-service (IaaS) in Israel is the latest advance in Vultr’s quest to provide full-stack infrastructure services in geographic regions underserved by the hyperscale cloud providers and democratize access to affordable cloud services for all organizations. (Vultr 02.05)

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* 1. Foretellix Raises $43 Million in a Series C First Closing

Foretellix raised $43 million in the first closing of its Series C funding round led by 83North, bringing its total raised capital to over $93 million. Woven Capital, the growth fund of Toyota, and NVIDIA joined the financing round, along with Artofin VC. All major existing shareholders participated, including MoreTech, Nationwide, Volvo Group VC, and Jump Capital. Foretellix will use the funding to accelerate the development of its expanding product portfolio and fuel expansion across new geographies.

Foretellix's Safety-Driven Verification & Validation (SDV) Platform – Foretify is used by Automotive, Trucking, and Mining customers, including Volvo Group, Torc – a Daimler Truck subsidiary, and many others, to accelerate the development and deployment of their Automated Driving Systems. Foretellix established partnerships with major simulation companies, including IPG, NVIDIA, dSPACE, VIRES, AI Motive, and Cognata, providing its customers with a comprehensive verification and validation (V&V) solution. The Foretify platform is used by engineers at OEMs, Tier-1 suppliers, and Autonomous Vehicle (AV) stack providers throughout the AV/ADAS development cycle.

Tel Aviv's [Foretellix](http://www.foretellix.com) is the leading provider of safety-driven verification and validation solutions for Automated Driving Systems and ADAS. Their Foretify platform helps automotive, trucking, and mining customers to ensure safety, reduce development costs, and accelerate time-to-market. (Foretellix 02.05)

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* 1. BioCatch Welcomes Permira Growth Opportunities as a Significant Shareholder

BioCatch announced that Permira Growth Opportunities has acquired a significant minority stake in the company from existing investors, making it the third largest shareholder in the company, following Bain Capital and Maverick Capital. With the support of its shareholders, BioCatch will focus on accelerating opportunities for geographical expansion, product innovation, and potential M&A.

Tel Aviv's [BioCatch](http://www.biocatch.com) is the pioneer of behavioral biometric intelligence and a global leader in advanced fraud detection. BioCatch's mission is to unlock the power of behavior and deliver actionable insights to create a digital world where identity, trust and ease seamlessly co-exist. Today, over 100 global banks leverage BioCatch solutions to fight fraud and transform their customers' digital experience. BioCatch's Client Innovation Board, an industry-led initiative including American Express, Barclays, Citi Ventures, and National Australia Bank, helps enable BioCatch to identify creative and cutting-edge ways to leverage the unique attributes of behavior for fraud prevention. With over a decade of analyzing data, more than 80 registered patents, and unparalleled research into human behavior, BioCatch continues to innovate to solve tomorrow's digital problems. (BioCatch 03.05)

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* 1. Corning Closing Israel R&D Center

Multinational tech giant Corning is closing its R&D center in Israel and laying off all of its employees. Corning Israel currently employs dozens of employees who will all lose their job. Corning Israel was founded on the basis of local company MobileAccess, which Corning acquired in 2011 for about $180 million. The company developed a system of antennas that provide wireless coverage to buildings and organizations. Corning, which specializes in providing cable and optical communications, acquired MobileAccess to develop its wireless communications capabilities.

Corning said this latest move was in order to adjust the company's expenditure and revenue structure. To do so they implemented several changes, including closing the Israel center. (Various 03.05)

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* 1. Aligned Raises $5.8 Million to Build the First B2B Buyer-Seller Network

Aligned completed a $5.8 million seed round led by Hetz Ventures and NFX, with participation from global strategic sales leaders and angel investors. Aligned is developing a network to streamline seller-buyer interactions and foster more effective collaboration across all stages of a deal's life cycle. Aligned aims to bring order to the chaos associated with B2B deal making with online "rooms" for sellers and buyers to collaborate on shared resources, coordinate next steps and timelines, communicate with all stakeholders, and build and sign proposals. Additionally, by analyzing interaction data and intent signals of stakeholders, Aligned generates insights to help sellers make informed decisions, not gut-driven ones.

Aligned's collaborative approach lays the foundation for the first network of B2B buyers and sellers that will enable the creation of publicly available profiles, connecting with prospects, and executing all aspects of a deal directly from within the platform, while benefiting from greater credibility and the network effect. With thousands of users and hundreds of new companies joining each month, Aligned will use the funds to scale its team to keep up with demand, embed further innovative deal analytics and AI into its platform, and help build out the first professional, global network of B2B sellers and buyers.

[Aligned](https://alignedup.com/) is based in Tel Aviv and was founded in 2021 with the purpose of accelerating and streamlining B2B buyer-seller collaboration. Using its shared online workspaces, Aligned is developing the first network exclusively for B2B buying and selling to foster smoother collaboration, facilitate stronger business relationships, and ease the deal pipeline process. (Aligned 02.05)

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* 1. Carrefour Opened 50 Stores in Israel on 9 May

On 9 May, fifty branches of Yeinot Bitan, Mega and Super around Israel were closed and reopened as Carrefour stores. For more than a year Electra Consumer Products, which has the Carrefour franchise in Israel, has been working on the festive opening of the new chain as well as all the logistics and marketing. Carrefour's online sales site will also start operating. The company has invested NIS 250 million in the launch.

Israel will be the 50th country in which Carrefour operates which is why the company was pushing for 50 branches to open on the first day of operations here. Carrefour already operates 14,000 branches in 49 countries across Europe, the Middle East, East Asia, Africa and South America with annual sales of €81 billion. The company has hundreds of factories producing 14,000 different food products under 20 brands.

Overall Electra Consumer Products plans opening 80-100 branches around Israel by the end of 2023. Each branch will sell over 1,000 different products in 80 categories including 400 food products including organic food products and 600 non-food products including cleaning products and toiletries. There will be three formats for branches: Carrefour City (neighborhood stores); Carrefour Market (medium-sized stores); and Carrefour Hyper (discount stores). (Various 08.05)

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* 1. Qualcomm to Acquire Autotalks

On 8 May, Qualcomm Incorporated announced that its subsidiary, Qualcomm Technologies has entered into a definitive agreement to acquire Autotalks. The transaction is subject to customary closing conditions.

Kfar Netter's [Autotalks](https://auto-talks.com/‎) is a fabless semiconductor company that has been dedicated to V2X communications since 2009. The company provides automotive qualified dual-mode global V2X solutions compatible with multiple V2X standards that are designed to reduce collisions and improve mobility. The combination of Autotalks’ expertise and industry-leading products with Qualcomm’s 20 years of automotive industry experience and commitment to V2X aims to help accelerate the development and adoption of V2X solutions to improve traffic efficiency and help with driver and road user safety.

Through the acquisition, the production-ready, dual mode, Autotalks standalone safety solutions will be incorporated into Qualcomm Technologies’ expanding Snapdragon Digital Chassis product portfolio, the company’s comprehensive set of cloud-connected automotive platforms. Autotalks’ market-first 2nd generation chipsets deliver the highest performance and reliability, and are deployed in numerous exciting connectivity and autonomous-driving projects driven by OEMs and Tier1s worldwide. Autotalks is the only company providing a global V2X solution compatible with any V2X technology while adhering to stringiest security, functional safety and reliability automotive requirements. (Qualcomm 08.05)

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* 1. Airwallex Launches Operations in Israel & Plans Expansion Across Middle East

Melbourne, Australia's Airwallex, a global payments and financial platform for modern businesses, announced its official launch in Israel to fuel future expansion across the region. This expansion comes at a pivotal moment for Airwallex, as the company continues to strengthen its global footprint. Airwallex has chosen Tel Aviv as the location for its first office in the region due to strong customer demand and the thriving Israeli technology ecosystem. The company already serves many of Israel’s leading technology businesses, including Papaya Global and OurCrowd as well as global companies such as Shein, Qantas, Plum and Navan (formerly TripActions).

Founded in 2015, Airwallex is one of the fastest-growing payments and financial infrastructure companies in the world - it is valued at $5.5 billion and has raised over $900 million from some of the world’s top investors including Salesforce Ventures, Sequoia, Tencent, Square Peg, Lone Pine Capital and 1835i. (Airwallex 09.05)

REGIONAL PRIVATE SECTOR NEWS

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* 1. UAE Launches its First Sustainable Electric Aircraft Manufacturing Facility

Abu Dhabi-based manufacturer Monarch Holding and Chinese company EHang Holdings, a leading autonomous aerial vehicle (AAV) technology platform, have signed a partnership agreement to establish the first UAE facility to manufacture and operate sustainable, electric-powered aircraft and drones for passengers and cargo transportation in Abu Dhabi.

The announcement aligns with Abu Dhabi Industrial Strategy’s initiatives, including Industry 4.0’s innovative technologies, new circular economy regulatory framework, green policies, and incentives to continue its transition towards a smart, circular, and sustainable economy.

The cooperation aims to manufacture sustainable electric aircraft and drones, establish a command-and-control center to manage urban air mobility autonomously and build infrastructure, vertiports (take-off and landing platforms), and facilities for operating electric aircraft and drones, as well as provide opportunities to qualify and train Emirati talent. (WAM 28.04)

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* 1. Abu Dhabi’s KEZAD Signs Deals for a $272 Million Food Processing Plants

Three food processing plants with an investment value of $272 million are to be built in Abu Dhabi’s Khalifa Economic Zones (KEZAD) as part of efforts to boost UAE food security. The plants, which will include the region’s first starch processing plant, and one of its largest broiler projects, are to be built after KEZAD Group signed lease agreements with Al Ghurair Foods. The agreements are the first phase of Al Ghurair Foods’ investment in KEZAD, with the third of the three projects to be announced later this year, which will form a new supply market for the UAE.

The new plants will enhance protein production in the country and reduced reliance on imported goods, a statement from Al Ghurair and Kezad said, as well as partnering with local farmers to create sustainable business models in support of the overall ecosystem. (Zawya 28.04)

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* 1. Mubadala & Apollo Funds Jointly Invest $500 Million in Brightspeed

Abu Dhabi’s Mubadala Investment Company (Mubadala) and funds managed by affiliates of Apollo Global Management (Apollo) have agreed to jointly invest $500 million in US-based broadband service company Brightspeed. The investment gives Mubadala a minority shareholding in Brightspeed alongside investment funds managed by affiliates of Apollo.

Mubadala invested $350 million into Princeton Digital Group, a pan-Asia data center company focused on expanding world-class data center services to meet increasing demand across Asia in February 2022. The Abu Dhabi fund also invested $997.23 million in CityFibre, the UK’s largest independent full-fiber platform in February.

Brightspeed, which officially launched operations in October 2022, was founded by Apollo following the acquisition of the broadband and telecom assets of Lumen Technologies. The company’s planned fiber optics transformation is expected to reach up to three million homes and businesses over the next five years. Brightspeed expects the joint investment from Mubadala and Apollo to help accelerate its growth plans to bring high-speed, dependable internet connectivity to communities where access to fiber internet and advanced technology has historically been limited.

Founded in 2002 to manage a global portfolio for the Abu Dhabi government, Mubadala now manages an investment portfolio worth $284 billion with 39 subsidiaries covering six continents across multiple sectors and asset classes. (GB 03.05)

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* 1. Rockwell Medical Announces Expansion into the United Arab Emirates

Wixom, Michigan's Rockwell Medical, a healthcare company that develops, manufactures, commercializes and distributes a portfolio of hemodialysis products to dialysis providers worldwide, announced that the Company expanded its geographic footprint by entering a long-term supply agreement with Abu Dhabi's Global Medical Supply Chain to begin selling Rockwell's hemodialysis concentrates products into the United Arab Emirates.

Rockwell has a large and growing international business and currently sells its hemodialysis concentrates products in various countries throughout North America, South America, Asia and Africa. Rockwell's international business accounts for approximately 10% of the Company's total revenue. These international partnerships produce favorable economics and diversify the Company's revenue base. (Rockwell 01.05)

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* 1. Tarabut Gateway Raises $32 Million to Boost Open Banking in Saudi Arabia

Tarabut Gateway announced the completion of a $32 million Series A financing round. The funding round was led by Pinnacle Capital, a leading alternative investment firm that focuses on KSA investments to provide unique alternative investment opportunities. Pinnacle Capital partners have extensive transactional experience in the venture capital industry with a proven track record, including leading the first Saudi unicorn tech startup, Jahez, to a public listing. The raise also saw participation from Aljazira Capital, Visa, Tiger Global and other leading existing investors.

Tarabut Gateway is building an open banking infrastructure across Saudi Arabia, the UAE, and Bahrain, with plans for further MENA expansion. This capital infusion reflects the strong belief from Global investors in Tarabut Gateway’s potential to continue leading the open banking landscape in the MENA region.

Dubai's [Tarabut Gateway](https://tarabutgateway.com) is MENA's first regulated Open Banking platform that connects a regional network of banks and FinTechs via a universal application programming interface (API). By offering the tools that would allow the facilitation and distribution of personalized financial services, Tarabut Gateway allows banks and FinTechs to build the future of financial services across MENA. (Tarabut Gateway 03.05)

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* 1. SQUATWOLF Raises $30 Million from ASCA Capital

[ASCA Capital Limited](https://ascacapital.com/), a DIFC-based asset manager focusing on private equity investments in high-growth companies, announced that it has made a minority investment in SQUATWOLF, a fast-growing premium gymwear brand founded in Dubai with product design and innovation in the UK. The terms of the investment allow for ASCA to invest up to $30 million over time with a significant proportion being invested in the first 12 months to support identified expansion initiatives. The investment will enable SQUATWOLF to expand its omni-channel presence, further develop its product line, strengthen its internal capabilities and enhance its customer engagement and brand presence.

[SQUATWOLF](https://squatwolf.com/en-il), which was founded in Dubai in 2016, has quickly established itself as a premium gym wear brand and now has a global reach through e-commerce and a presence in third-party retail platforms. The brand offers a considered collection of high-quality gym wear for both men and women, and its innovative designs have won acclaim for their combination of insight-driven function, style, and comfort. SQUATWOLF is sold in more than 120 countries and is currently available through squatwolf.com and the SQUATWOLF app, as well as some of the most recognizable sports retail stores in the Middle East. With ASCA Capital's investment, SQUATWOLF will be able to build on its success to date and establish itself as the choice of athletes across the globe. (ASCA Capital 03.05)

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* 1. Aramco & PIF Establish JV to Build Steel Plant with China’s Baosteel

Aramco and Saudi Arabia's Public Investment Fund (PIF) have signed an agreement with Chinese steelmaker Baoshan Iron and Steel Company (Baosteel) to build a steel plate manufacturing complex in Saudi Arabia. The energy giant said the steel manufacturing base has a designed annual capacity of 2.5 million tonnes of direct reduced iron and 1.5 million tonnes of steel plate.

The venture will build a steel manufacturing plant in Ras al-Khair Industrial City, one of the four new special economic zones that were recently unveiled by Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud, Prime Minister of Saudi Arabia. Aramco said the joint venture is combining its unrivalled energy and industrial services ecosystem, Baosteel’s advanced steel plate industry capability and PIF’s strong financial capabilities and investment expertise. The production facility will be equipped with a natural gas-based direct reduced iron furnace and an electric arc furnace, which aims to reduce carbon dioxide emissions from the steel-making process by up to 60 per cent compared to the blast-furnace-based steelmaking process, Aramco said in a statement.

Baosteel will reportedly own a 50% stake in the joint venture, while Aramco and PIF will take a 25% stake each. Saudi Arabia would be the project’s primary target market, with plans to export to the GCC and broader MENA region. The investment aligns with PIF’s strategy to unlock the capabilities of promising sectors and important industries that can drive the diversification of the local economy. (GB 02.05)

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* 1. Arby’s Opens First Branch in Saudi Arabia

Atlanta, Georgia's Arby’s announced today the opening of its first restaurant in Riyadh, featuring a menu that mixes U.S. favorites with exclusive items guests can’t get anywhere else in the world. Shahia Foods Limited Company is one of the region's premier multi-unit restaurant operators and the master franchisee for Dunkin' in Saudi Arabia and Bahrain. Shahia Foods Limited Company has had his eye on bringing Arby’s to the Kingdom given its unique menu and attention to quality. Shahia Foods operates more than 700 Dunkin' locations across Saudi Arabia, Bahrain and Germany, with plans for continued development across all markets.

Arby’s Riyadh menu features 10 high-quality meat stacks made by hand at the restaurant every day. Special menu items that can only be found on the menu in the Kingdom of Saudi Arabia include a Smoked Brisket Philly, which builds on Arby’s signature beef brisket with the addition of roasted vegetables and melted Swiss cheese, and a Smokey Barbeque Chicken sandwich with juicy, pulled chicken marinated to perfection in warm shawarma spices and drenched in Arby’s Smoky BBQ sauce. (Arby’s 08.05)

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* 1. Acasia Ventures Invests in Egypt’s Fintech Startup Balad

Egyptian venture capital firm Acasia Ventures led the pre-seed investment round in Balad. The round was joined by Launch Africa, Future Africa, V&R, Magic Fund, First Circle, Sunny Side and several family offices. This is Balad’s first funding round. Balad is a remittance-driven financial service provider (RemTech) catering for migrants and their families. The startup offers reduced transfer fees and instant delivery of inward remittances via Balad prepaid cards.

Balad’s founders aim to break down financial barriers for this segment by simplifying digital remittances for migrants and their families, allowing recipients instant access to transferred funds at lower fees and starting them off on their journey of digital finance. Their vision aligns with the UN’s 10th Sustainable Development Goal (SDG), which calls for reducing the global average fee for remittances from 7% to 3% within a decade and improving financial inclusion of excluded communities. The investment will be used to launch Balad’s remittance platform, develop necessary technology for the platform, hire new team members, obtain required licenses, and complete integrations with its banking partner.

Founded in 2022, Giza's [Balad](https://balad.me/) is a fintech company that provides remittance solutions for underbanked family members of Egyptian migrants abroad. Through partnerships with remittances providers and aggregators, it enables migrants’ families in Egypt to receive their inward remittances instantaneously on prepaid cards. This offers a safer and more convenient way for them to access their money, promoting financial inclusion and improving the economic well-being of migrant communities. (Acasia 09.05)

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* 1. Bahri & Suez Canal Authority Form $50 Million Joint-Stock Maritime Transport Firm

Saudi Arabia’s state-owned National Shipping Company (Bahri) and the Suez Canal Authority (SCA) are investing $50 million to establish an Egyptian joint-stock company for maritime transport. The two companies plan to finalize procedures for the new company by the end of August.

Bahri had signed a non-binding MoU with the Suez Canal Authority in March to establish an Egyptian joint-stock company that will specialize in owning, leasing, chartering, and operating vessels to transport general and bulk cargo, chemicals, oil and all operations related to maritime transport. Bahri will manage and operate the new company and it will serve as a shipping agent, will be entitled to all the incentives granted to SCA-affiliated entities. Its fleet will be Egyptian-flagged and will carry most of Egypt’s imports of strategic commodities. Some 75% of the company’s employees will be Egyptians, as mandated by the law.

The two companies are looking into purchasing two 60,000 ton ships for the new company’s fleet. The two companies are also looking to appoint a law firm to handle registration procedures for the company, and are looking to establish the company’s headquarters soon. (Various 03.05)

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* 1. Stellantis Invests $213 Million to Produce Fiats in Algeria

Stellantis will spend more than €200 million ($213.3 million) to manufacture four Fiat models in Algeria. The 500 Hybrid will be the first Fiat to be built there, followed rapidly by the Doblo and later a brand-new model will also be produced in Algeria. Construction of the plant, which will be in Oran, will be completed by August with production of the Fiat 500 Hybrid expected by the end of the year. By 2026 the plant will have created nearly 2,000 local jobs and have production capacity of 90,000 vehicles a year.

Stellantis says that Algeria is one of the key contributors to its aim to sell 1 million vehicles a year in the Middle East-Africa region by 2030, with 70% of those sales coming from cars produced in the region. Stellantis signed a framework agreement last October with Algeria to make Fiats in the county.

The business climate in Algeria has been difficult for automakers trying to produce vehicles there. In 2019 the government effectively banned the importation of knockdown and semi-knockdown kits, as well as used cars from abroad. Renault, VW Group and Hyunda-Kia shuttered their factories in the country in 2019-20, as a result of new tariffs and also a crackdown on corruption. But now the government is looking to restart the industry. (Stellantis 27.04)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. Sonovia's Breakthrough Green Technology to be Used in Denim Development

Ramat Gan's [Sonovia](https://www.sonoviatech.com/), in a partnership with Italian denim developer PureDenim, signed an agreement with French luxury group Kering to develop and install Sonovia's revolutionary indigo yarn dyeing technology into their denim production lines. Kering, a renowned company that owns several prestigious fashion houses, has been seeking to reduce its absolute greenhouse gas emissions by 40%.

Traditional indigo yarn dyeing processes are water intensive requiring on average 60,000 liters of water per process, and rely on polluting chemicals such as hydrosulfite. Sonovia's D(y)ENIM indigo yarn dyeing ultrasound technology dramatically reduces the usage of water in the textile dyeing process by up to 85%, and is 100% hydrosulfite free. The agreement with Kering to appraise Sonovia's technology for their denim production is a transformational shift that moves the world of fashion away from the industries water consumption, chemical waste, and energy expenditure.

With jeans being one of the most widely worn articles of clothing around the world, Sonovia's D(y)ENIM indigo yarn dyeing tech is set to markedly impact the sustainability of one of the world's most polluting industries by greatly reducing denim manufacturing pollution. Sonovia and PureDenim have been working together since early 2022 on the development and scale-up of the D(y)ENIM technology. (Sonovia 04.05)

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* 1. Amarenco Group acquires 100% of Spectrum International

Cork, Ireland's [Amarenco Group](https://www.amarencogroup.com/en/), a leading independent renewable energy producer, has acquired Spectrum International for Renewable Energy Investments, a Jordanian-based renewable energy company. The acquisition includes all operating projects and pipeline of Spectrum, a local developer founded in 2012 by Al-Eqbal Investment.

Spectrum has developed and owns several BOT solar projects in Jordan for commercial and industrial consumers, positioning itself as a leader in the local market. Amarenco MENA's acquisition of Spectrum supports the company's expansion strategy in Jordan, and reinforces its commitment to invest in renewable energy projects that contribute to sustainable development. Following the acquisition, Spectrum will be rebranded as Amarenco Jordan, becoming the main platform for Amarenco MENA in Jordan, with a target to own 200 MW.

Amarenco is a leading independent renewable energy producer with operations in more than 14 countries. The company develops, builds, and operates large and medium-scale solar projects, with over €1 billion of investments on average every year! Amarenco is one of the first companies to pledge to allocate a share of its fund for the regeneration of the local ecosystem. (Amarenco Group 02.05)

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* 1. Oman Wants 2.6 GW of Renewable Energy on its Grid Within Four Years

The Oman Electricity Transmission Company (OETC) plans to link up to 2.6 GW in renewable energy to its transmission grid by 2027, its five-year annual transmission capability statement for 2023-2027 showed. The report includes a generation plan provided by Oman Power and Water Procurement Company (OPWP) to raise the transmission capacity to meet future growth in demand and connect new rural areas.

The report provides a breakdown of solar and wind projects that will be connected to OETC’s transmission grid in the coming years. These include a 1 GW solar IPP project in Manah that will be completed in Q2/24 and go online in 2025. The pipeline also includes a 500 MW Ibri III Solar IPP to be connected to the transmission grid by Q1/26 and another 500 MW solar IPP proposed in the Al Kamil area by Q2/27. Connection applications submitted to OETC for wind farm plants include two new sites at the Duqm (200 MW) and Jalan Bani Bu Ali (100 MW) areas. Both wind farms are set to be connected to the grid by Q2/26. Some 13 transmission projects out of the plan’s 32 projects are currently in the design phase. These include 400kV, 220kV, and 132kV grid stations to provide significant spare capacity for the transmission systems.

Oman’s fuel diversification policy aims to have 30% of generation output from renewable energy sources by 2030 and to reach 39% by 2040. The implementation of the plan began with the commissioning of the first 50 MW wind project Harweel in 2019 and continued with the 500MW Ibri II Solar Plant in 2021. Generation capacity from renewable energy sources will increase to 29.1% in 2027 from 5.9% in 2023, the OETC predicts. (Enterprise 08.05)

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* 1. Tunisia Awards 75 MW Wind Farm to KSA’s Swicorp and Spain’s Acciona

Saudi investment group Swicorp and Spanish infrastructure group Acciona have signed the technical and financial offer and lease commitment to build a 75 MW wind farm in Tunisia. The project is estimated to cost some €149 million and will break ground at the end of 2025, with a construction time of 18 months.

The wind farm will include 14 wind turbines in Tataouine’s Chenini village and there are plans to build a 225-kV transmission line from Chenini to Tataouine alongside the installation of the wind turbines. The Tunisian Electricity and Gas Company plans to purchase the generated power from the wind park under the supervision of the country’s Energy and Mines Ministry.

A switch to renewables remains a priority for Tunisia, with the country eyeing an energy mix that includes 1.75 GW of wind power by 2030, according to the African Development Bank. The country’s wind potential is estimated at 8 GW, the report said. The government has been pushing to lure investors to tap into its wind potential, launching since May 2018 pre-qualification tenders for 500 MW of wind energy capacity, according to the newswire. (Enterprise 01.05)

ARAB STATE DEVELOPMENTS

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* 1. Lebanese Inflation Rises by an Average of 33% Monthly, or 264% Annually

Lebanon's customs dollar exchange rate has been re-raised from LBP 45,000 to LBP 60,000, and the current exchange rate of the *Sayrafa* platform hovers around LBP 87,000 per dollar. The benchmark for consumer prices is now approaching the 4,000% mark, having already reached a significant figure of 3,710% at the close of the first quarter of the year.

According to the latest figures from the Central Statistics Administration, unprecedented complications have emerged from the all-encompassing increases in consumer prices. The figures reveal a rocketing inflation index of around 264% at the end of the first quarter of the year on an annual basis. This is further exacerbated by a monthly surge that reached an astounding 33.3% in March alone. Such figures confirm that Lebanon retains the top spot for food price increases. In the coming months, the gap is expected to widen with other countries suffering from similar cash and financial crises, including Mozambique, Venezuela, Iran and others.

The inflation index has reached an unprecedented level, with the telecommunications sector and overall cost of internet seeing a surge of 621% compared to the end of the first quarter of last year. The health sector, including medicine and medical services, increased by 374 %. Other categories such as food and beverages, clothing and footwear, home furnishings and maintenance, and restaurants also experienced hikes exceeding 350 %. Transportation costs have risen by over 300%. (CSA 27.04)

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* 1. Jordan's Exports Grew by 20.2% During First 2 Months of 2023

The value of Jordan's total exports increased during the first two months of 2023 by 20.2%, reaching JD1.463 billion, compared to JD1.216 billion in the same period last year, Department of Statistics (DoS) announced. The value of national exports grew during the January-February period 2023 by 24.7% to reach JD1.371 billion, compared to the same period last year, which was estimated at JD1.100 billion. Meanwhile, the value of re-exports amounted to JD91.8 million in the first two months of 2023, marking a decrease of 21.3%, compared to the same period last year, which amounted to JD116 million.

As for imports, their value amounted to about JD3.01 billion, constituting an increase of 9% during the first 2 months 2023, compared to the same period last year, which was estimated at JD2.760 billion. However, the trade deficit soared during the first two months of 2023 by 0.2% to reach JD1.546 billion, compared to the same period last year, which amounted to JD1.543 billion.

The DoS statistics also revealed that the value of national exports during last February stood at JD828.4 million, a 43.6% increase, compared to the same month of 2022. In addition, value of re-exports amounted to JD45.1 million during last February, a 28.6% drop, compared to the same month 2022.

The data also showed that value of Jordan's imports amounted to about JD1.369 billion during last February, marking 3.1% decrease, compared to the same month of 2022. According to the report, Jordan's trade deficit amounted to JD495.2 million, reflecting a 35.9% drop, during last February compared to the same month last year. (Petra 26.04)

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* 1. Jordan Mulls New Red Sea Oil Terminal

Jordan is studying constructing a new port on the Red Sea to import crude and petroleum, the state-owned Aqaba Development Corporation (ADC) announced. The new port could also serve as a conduit for the export of green hydrogen and ammonia. The new port may be constructed by ADC or with an external investor, depending on the outcome of the feasibility studies.

Crude and petroleum facilities at Aqaba Port have seen an upgrade spree. The first phase of improvements — completed in 2015 — saw throughput capacity at the port doubled to 14 million tons per year as well as upgrades to storage and distribution. ADC is about to begin the second phase of upgrades which will see revamps to fuel storage and safety features. (Various 04.05)

►►Arabian Gulf

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* 1. Gulf Economies to Grow at Much Slower Pace in 2023 on Lower Oil Revenues

Gulf Cooperation Council (GCC) economies will grow at a much slower pace in 2023 than last year as expectations for muted gains in crude prices and oil production cuts take a toll on revenues, a Reuters poll found. Oil prices have spiked nearly 20% since they hit this year's low of about $70 a barrel on 20 March, largely driven by the Organization of Petroleum Exporting Countries (OPEC+) decision to reduce oil output by about 1.16 million barrels per day and China's reopening. But further gains will largely be subdued over the coming months on slower global demand - not good news for the bloc which is heavily dependent on oil.

Saudi Arabia, the world's largest oil producer, will expand 3.2% this year, less than half 2022's decade-high pace of 8.7%. The growth rate was expected to be the same next year. The United Arab Emirates (UAE), the second biggest economy among GCC members, will grow 3.7% in 2023 and 4.0% next year, significantly lower than 7.6% last year. Both Qatar and Bahrain were expected to grow at a slower pace of 2.7% this year. While Oman was seen growing 2.6% in 2023, Kuwait's economic growth was forecast at a much slower pace of 1.5%.

The inflation outlook for the Gulf countries was more muted compared to what is expected in many major economies. Inflation in the region was expected to be between 2.1% and 3.3% this year and fall lower in 2024. Most GCC economies were still expected to enjoy double-digit current account surpluses in 2023 despite worries about slower oil production, with only Oman and Bahrain predicted to post surpluses in single digits. Countries in the bloc have already shown intent to reduce their dependence on fossil fuels - their major source of income - as the world transitions towards green energy. (Various 26.04)

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* 1. UAE Approves 71 Economic Activities to Boost Farm Sustainability & Income

The UAE has approved 71 economic activities that can be carried out on agricultural lands and will promote sustainable farming development and diversify the sources of income of farm owners. The activities were approved by Sheikh Mansour bin Zayed Al Nahyan, Vice President and Deputy Prime Minister of the UAE. It also includes recreational and tourism ventures, such as holiday homes to support the tourism sector and promote the UAE's ancient heritage. Sheikh Mansour is also the Minister of the Presidential Court and Chairman of the Abu Dhabi Agriculture and Food Safety Authority (ADAFSA).

The list of economic activities that can be carried out on farms are listed under four categories, with 21 economic activities that support the plant sector, 24 activities related to the animal sector, 18 activities related to the food sector, and eight recreational activities, in particular holiday homes, all of which aim to support the tourism sector and promote the cultural development of the agricultural sector in Abu Dhabi.

ADAFSA has set the requirements and construction limit permissible for economic activities on agricultural lands to not exceed 30% of the total farm area, if there is a main licensed plant or animal activity on the farm. The economic activities practiced are limited only to the farm owner, and that the trade license must be issued in the name of the farm owner. (Zawya 28.04)

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* 1. UAE’s Non-Oil Business Sector Grows In April as Demand Improves

Business activity in the UAE’s non-oil private sector accelerated sharply in April as customer demand picked up on the back of softening prices, according to a business survey. The seasonally adjusted S&P Global UAE Purchasing Managers' Index (PMI) rose further from 55.9 in March to 56.6 in April, only just shy of its post-pandemic peak of 56.7 recorded in August last year. The uplift was mainly driven by a faster rise in new business inflows, the report said.

The New Orders Index rose to its highest level since November 2021 in April, as improving market conditions and rising client demand underpinned a strong sales, which, however, was limited to the domestic market. A number of the companies surveyed indicated that the rising new order volumes were supported by increased price promotions in April.

The firms also made efforts to build capacity levels, resulting in another marked expansion of input stocks. Employment numbers also grew. Despite easing from March's near seven-year record, the rise in employment was also elevated and above the long-run trend, as firms commented on efforts to combat high workloads and minimize capacity pressures. The firms' outlook for the future also improved as they expected demand to continue to rise and was the highest for seven months in April. (Zawya 03.05)

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* 1. UAE & US Explore Investment Opportunities with Focus on Clean Tech Startups

A delegation of senior officials and business leaders from the UAE, headed by the Minister of State for Foreign Trade, visited Texas to identify new bilateral investment and collaboration opportunities for private-sector companies. While in Texas, they held a meeting with Austin Mayor, Kirk Watson where he promoted the UAE’s streamlined business registration process, skilled workforce and infrastructure, to invite further inbound investment and trade from the state.

The delegation also held a number of one-on-one meetings with leading Austin-based startups, which are deploying technologies such as AI, blockchain, and quantum computing to advance real estate, emergency response, logistics, utilities and media sectors. The Texas tour concluded with a site visit to Stealth Power, a provider of fleet electrification and off-grid solutions that lower carbon emissions across utility, emergency, and military fleet vehicles. (GB 05.05)

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* 1. UAE & Japan Discuss Strengthening Comprehensive Strategic Partnership

Senior officials from the UAE and Japan met in Abu Dhabi for the first session of the Political, Diplomatic, and International Cooperation Subcommittee between the UAE’s Ministry of Foreign Affairs and International Cooperation (MoFAIC) and the Ministry of Foreign Affairs of Japan. The meeting took place as part of the Comprehensive Strategic Partnership Initiative (CSPI) launched last year.

Officials from both sides used the inaugural subcommittee meeting to explore opportunities for strengthening ties, through collaboration in areas such as trade and investment, energy technology, food security and enhanced cooperation in R&D.

Participants in the consultations discussed regional developments and the UAE’s upcoming Presidency of the United Nations Security Council. They also discussed a number of key issues, including Sudan, Syria, Afghanistan, combating extremism and both sides’ shared commitment to non-proliferation. Both countries also reaffirmed their shared commitment to addressing climate-related challenges in the lead-up to the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP28), which will take place in the UAE this November, as well as the G7 summit in Japan. (GB 05.05)

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* 1. UAE and China Partner on Nuclear Energy

UAE state-owned Emirates Nuclear Energy Corporation (ENEC) signed three MoUs with Chinese organizations as part of its target to source 6% of its energy needs from nuclear power by 2050. The non-binding agreements signed with China’s Nuclear Power Operations Research Institute, the China National Nuclear Corporation Overseas and the China Nuclear Energy Industry Corporation cover cooperation on nuclear energy operations, in high temperature gas-cooled reactors, and in nuclear fuel supply and investment.

The UAE is building a 5.6 GW nuclear plant, which is set to secure 25% of the UAE’s power needs once operational in 2025. The third unit of the Barakah plant began commercial operations in February, adding 1.4 GW of clean electricity to the UAE’s national grid. (Enterprise 08.05)

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* 1. Dubai Welcomes 4.67 Million Tourists in First Quarter

Dubai’s Department of Economy and Tourism (DET) said the city received 4.67 million international overnight visitors in Q1/23, up 17% year-on-year (Y-o-Y) from 3.97 million the same period a year earlier. The visitors in Q1/23 were just 2% short of the pre-pandemic volume of 4.75 million tourists that arrived in Dubai in the first three months of 2019. The latest data from DET positions Dubai as the fastest-recovering destination globally, achieving 98% of pre-pandemic levels in Q1/23. The latest figures also exceed the projection made by the United Nations World Trade Organization (UNWTO) that international tourist arrivals could reach between 80 to 95% of pre-pandemic levels in 2023 – especially in Europe and the Middle East. The growth, which sets the city on course to full tourism recovery, contributes to the goal of the Dubai Economic Agenda D33.

Dubai’s traditional source markets delivered solid tourism volumes in Q1 2023 with key regions continuing to make an impact on international visitation. GCC and the MENA region combined was the top region, collectively contributing to 29% of total volumes, Western Europe accounted for 22% of tourism arrivals and South Asia 16%. Similarly, the Commonwealth of Independent States and Eastern Europe together contributed 15%, the Americas accounted for 7%, North Asia and South East Asia 6%, Africa 4% and lastly Australasia contributed 1%.

Dubai plans to continue providing alternative growth avenues, driven by reforms and regulatory enablers including visa initiatives such as the golden visa, five-year multi-entry visa, virtual working, and retirement in the Dubai programs that have eased barriers to entry. (GB 01.05)

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* 1. Saudi Arabia’s Economy Grew by 3.9% in First Quarter

Saudi Arabia’s economy grew an annual 3.9% in the opening three months of the year, according to preliminary data released by the General Authority for Statistics. That compares with 5.5% in the previous quarter. Economic expansion was driven by a 5.8% increase in non-oil activities, the engine of job creation. Oil activities’ growth was 1.3%, compared with 6.1% the previous quarter.

The IMF expects the Saudi economy to grow 3.1% this year, a significant slowdown from the 8.7% it recorded in 2022. The IMF has said that Saudi Arabia won’t be able to balance its budget this year if average oil prices are below $80 a barrel.

Crown Prince Mohammed bin Salman, is halfway through his multi-trillion-dollar vision to transform and diversify the economy of the world’s largest crude exporter, under a plan known as Vision 2030. In addition to jump-starting non-oil sectors like tourism, the country wants to boost the private sector’s share of the economy to 65% from the low 40s. (GB 08.05)

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* 1. Neom Awards $2 Billion Rail Project & Invests In Zero-Waste Water Solutions

Saudi Arabia’s smart city Neom has awarded a $2 billion contract for a rail project linking its floating industrial complex Oxagon to renewable energy-powered The Line city. The rail project was awarded to a joint venture of Italy's largest construction company Webuild and Saudi-based leading contractor Shibh Al-Jazira Contracting (Sajco).

The rail project will extend south from The Line to Neom City station, passing through Neom Bay Mansions and Neom Bay Airport, all the way to Oxagon. It will also see a 75 km railway line under an infrastructure corridor which will also include seven roads, nine rail underpasses, 14 viaducts, and earthworks. The project will also include a freight line and other related infrastructure maintenance facilities.

Neom formally launched Oxagon as its integrated net-zero port and logistics hub powered entirely by clean energy. It is set to be home to several industries powered fully by renewables, including sustainable energy, autonomous mobility, water innovation, sustainable food production, health and well-being, technology and digital manufacturing. Neom revealed plans last year for its landmark 170 km-long urban development The Line, based on a vision for an environment without roads, cars and emissions. (Various 04.05)

►►North Africa

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* 1. Egypt Records its Widest Budget Deficit Since 2019

Cairo is to record its widest budget deficit since FY 2018/19 this year as the economic crisis triggered by the war in Ukraine hits public finances. The deficit will widen to 8% of GDP in FY 2022/23 from 6.1% the year, according to updated figures in the FY 2023/24 budget. The government had initially targeted a 6.1% deficit in this year’s budget, which was revised to 6.8% in March.

The government has increased public-sector wages, pensions and social protection measures in a bid to protect the most vulnerable households from soaring inflation. Meanwhile, sharply higher interest rates have significantly increased the government’s debt servicing costs. MPs approved EGP 165 billion of fresh borrowing in March to cover the additional costs. The Finance Ministry is now targeting a deficit of 7% in FY 2023/24, according to the figures. The ministry had initially penciled in a 6.4% deficit in March. The forecast for the primary balance remains unchanged, with the ministry still predicting a 2.5% surplus next year, up from a projected 0.6% this year.

The ministry plans to increase its spending on social safety programs by 28% and raise food subsidies by 20% to EGP 108 billion and fuel subsidy spend by 24% to EGP 35.9 billion. The ministry has penciled in oil prices of $85 per barrel for FY 2023/24, up from $80 per barrel this fiscal year. (Enterprise 09.05)

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* 1. Egypt Earmarks $320 Million for the Tourism Sector

The Egyptian government has included tourism within an initiative aimed at supporting the country’s productive sectors, along with industry and agriculture. Egyptian Prime Minister Madbouly said that the government has allocated $320 million to support the tourism sector within the government’s initiative, bringing the total financing for the targeted productive sectors to $5.17 billion during FY 2023-2024, which starts in July.

Egypt aims to increase the revenues of its tourism sector from the current average of $11 billion annually, to $30 billion annually over the next three years. During a meeting with Finance Minister Maait, the prime minister emphasized the government’s commitment to achieving the new budget targets, especially in reaching an initial surplus of GDP and reducing the budget deficit in line with the planned ratios, while expanding the social safety net and addressing the effects of economic challenges.

For his part, Maait explained that the new budget aims to achieve an initial surplus of 2.5% of GDP, with a total deficit rate of around 6.37%. He also noted that the next budget will witness an increase in allocations for support and social protection from EGP 358.4 billion to EGP 529.7 billion, in implementation of the directives of President El-Sisi, in order to mitigate the effects of the global inflation wave on citizens.

The minister added that an agreement was reached to allocate EGP 45 billion to purchase local wheat from farmers in this year’s season, starting from 1 April to mid-August, an increase of more than EGP19 billion compared to last year. He stressed that financial resources will be provided to farmers upon delivery, in implementation of Sisi’s directives. (Various 27.04)

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* 1. Egypt's Balance of Payments Performance in the First Half of FY 2022/3

Egypt generated a current account surplus for the first time since 2014 in 2Q FY 2022/3 due primarily to falling imports, according to calculations based on central bank figures released on 3 May. The current account turned to a $1.41 billion surplus during the October-December period, compared to deficits of $3.8 billion in the same period a year earlier and $3.19 billion the previous quarter.

During the first half (July/Dec.) of FY 2022/3, Egypt’s transactions with the external world witnessed an improvement in the current account deficit by 77.2%, to reach $1.8 billion (compared to $7.8 billion in the same period of the previous FY). This was largely attributed to the decline in the trade deficit by $6.2 billion or 28.4% to reach $15.5 billion. In addition, the services surplus doubled, driven by the increase in both tourism revenues and Suez Canal receipts. Moreover, the capital and financial account recorded a net inflow of $2.8 billion as the net inflows of FDI in Egypt rose to $5.7 billion. On the other hand, portfolio investments in Egypt realized a net outflow of $3 billion. As a result, the BoP recorded an overall surplus of $599.1 million in July/Dec. 2022. (CBE 06.05)

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* 1. Morocco’s Tourism Revenues Reach $9.2 Billion at the End of 2022

New data reveals that Morocco’s tourism revenues in foreign currency reached MAD 93.6 billion ($9.2 billion) at the end of 2022. Prime Minister Akhannouch announced the new figure during a monthly plenary session of oral questions at the parliament, which focused on “national tourism policy,” saying that the new data represents a 119% increase compared to 2019. Akhannouch emphasized that there is a continuing upward trend in the Moroccan tourism industry, with a 17% increase in tourist arrivals in February 2023 compared to the same period in 2019. He noted that the country's tourism revenues in foreign currency reached MAD 16 billion ($1.5 billion) in January and February of this year.

The revenues show a recovery rate of 400% compared to the same period in 2022 and a 51% recovery rate compared to the same period in 2019. Domestic tourism revenues have also increased significantly, he said, mentioning that the number of overnight stays [tourist accommodation] has doubled compared to 2021, exceeding 19 million, which represents an increase of 192%.

Last month, Morocco launched the 2023-2026 roadmap, which aims to develop the country’s tourism sector. With an allocated funding of $592.4 million, the roadmap aims to attract 17.5 million tourists, generate $11.8 billion in receipts, and create 200,000 new jobs by 2026. (MWN 26.04)

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* 1. Morocco’s 2023 Automotive Sector Exports Up 44%

Exports from Morocco’s automotive industry reached $3.4 billion in the first three months of 2023, data from Morocco's Office d’Echange (OE) indicates. In a monthly report, the OE explains that the monetary value of exports from the automotive industry rose by 44% compared to the same period a year earlier.

Morocco is currently home to Africa’s largest automotive industry. In 2018, the North African country overtook South Africa as the largest manufacturer on the continent. Morocco's automotive industry is expected to grow by around $14 billion by 2026, research from advisory firm Mordor Intelligence suggests. The industry is experiencing a positive growth trend, thanks to both foreign investment and government incentives. Although the pandemic caused a temporary slowdown, Morocco has signed 25 separate trade agreements with various car manufacturers in the EU and the US as of 2021.

Morocco's car manufacturers are experiencing increasing demand for passenger vehicles, and long-time manufacturers such as Dacia and Renault have been joined by Peugeot, which entered the Moroccan car manufacturing scene in 2019. Chinese manufacturer BYD and German manufacturer Volkswagen have also opened production plants in Morocco. Luxury automobile manufacturing has also seen significant growth, with the top three producers in the country, Mercedes-Benz, BMW, and Audi, all experiencing increased sales.

A large portion of Moroccan-produced vehicles are marked for export to the EU and analysts expect this trend to continue as the Moroccan car industry prepares for monumental growth, meeting increasing demand in both the domestic and international markets over the next five years. (MWN 29.0)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Turkey Inflation Drops Below 50% Right Before Elections

The Turkish Statistical Institute (TUIK) announced on 3 May that Turkey’s inflation fell below 50%, some 11 days before a critical general election on 14 May. Turkish consumer prices rose 2.39% month-on-month in April, while annual inflation eased to 43.68% from 50.651% in March. The fall in inflation is largely due to the relatively lower annual price increases in comparison to the respective previous periods, according to

TUIK said communication services were the main driver of inflation in April, rising by nearly 6% from the previous month. The second-highest monthly increase was in restaurant and hotel prices, which were up by 4.24%, followed by a nearly 4% increase in the food and non-alcoholic beverages group.

Turkey’s consumer inflation hit a 24 year high of 85.5% in October before easing in the ensuing months, also mainly due to the relatively lower annual price increases in comparison to the respective previous periods. The country is facing one of its worst ever cost-of-living-crises with breakneck food inflation. Turkey’s annual food inflation stands at nearly 54%. (Al-Monitor 03.05)

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* 1. Turkey Imposes 130% Tariff on Grain Imports

Turkey announced a large tariff on grain imports. The move could be related to Turkish President Erdogan’s re-election campaign and the country’s grain deal with Russia and Ukraine. The 130% tariff will apply to certain grains, including wheat and corn. There is no tariff currently in place. The tariff follows some Eastern European countries banning wheat imports from Ukraine in order to protect their local agricultural sectors. Erdogan may be seeking to do the same for Turkish grain.

Grain is an important issue in Turkey’s upcoming elections on 14 May. Last year, Turkey brokered a deal with Ukraine and Russia on the safe passage of Ukrainian grain through the Black Sea amid the ongoing war. The agreement was extended this past March. The grain deal boosted Turkey’s image among wheat-dependent non-Western countries and playing up Turkey’s role as an international mediator on the issue could be politically beneficial.

The grain tariff is not the only protectionist measure Turkey has implemented recently. In March, Turkey imposed an additional 30% customs duty on electric vehicles from China. This was also related to the election, as Erdogan has been campaigning on plans for its own Togg electric vehicle. (Al-Monitor 25.04)

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* 1. Moody’s Sees Cyprus As a ‘Potential Rising Star’

Moody’s has identified Cyprus as a “potential rising star” to see its rating raised to ‘investment grade’ after 11 years of lingering in junk mode, according to a report released on 1 May. The rating agency cited the island’s significant improvement in the public debt-to-GDP ratio as a key factor in its positive outlook, in its latest report on “fallen angels”. “Fallen Angels” are states that have seen their sovereign rating drop to the “junk” category, striving to achieve their subsequent return to investment grade.

Cyprus was one of just two countries to be dubbed as “potential rising stars” in the upgrade zone in the investment category, along with Paraguay. “Potential rising stars” are the states for which the agency has a Ba1 credit rating with a positive outlook. The report highlights the progress made by Cyprus in reducing its public debt-to-GDP ratio and the prudent fiscal policy of Paraguay as key drivers of their credit rating upgrades. Moody’s is the only international agency that maintains Cyprus in the non-investment grade.

In the report, Moody’s stressed that states that saw their credit rating return to the investment category demonstrated significant transformation, including institutional improvements, strengthened public finances, and prospects for higher sustainable growth. In early 2013, the agency further downgraded the island’s creditworthiness to Caa3, which is considered an extremely speculative category, a few months before the agreement to save the Cypriot economy with the bailout package from the EU and the International Monetary Fund (IMF). (FM 02.05)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Israel Celebrates Jerusalem Day on 18/19 May

This year, Jerusalem Day (in Hebrew, *Yom Yerushalayim*) will take place on 18/19 May. It is an Israeli national holiday that celebrates the reunification of Jerusalem (including the Old City) during the Six-Day War of 1967, when Israeli forces liberated the Jordanian occupied eastern half of the city, as well as Judea and Samaria. It is celebrated annually on the Hebrew date of 28 Iyar and is marked officially throughout Israel with state ceremonies and memorial services.

A notable celebrations that marks the holiday is a flag-flying parade known as the Dance of Flags. The Chief Rabbinate of Israel declared Jerusalem Day to be a minor religious holiday, as it marks the regaining for Jewish people of access to the Western Wall and Temple Mount.

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* 1. Israel's Ultra-Orthodox Jewish Population Grew by 509% Since 1979

Researchers from the Haredi Policy Research Institute have compiled a statistics report about the demographic growth of the ultra-Orthodox (Haredim) community in Israel. The researchers note that there are no hard numbers dating back to the early years of the state, as official data on Haredim as a subset of the population has only been collected years later. The earliest date for which reasonably reliable data exists is 1979, when the ultra-Orthodox community numbered some 212,000, or 5.6% of the total population.

Since then, the community has grown by 509% and today numbers approximately 1.29 million, or 12.9% of the total population. For comparison, the general population (non-Orthodox Jews and Arabs combined) increased by 135% between 1979 and 2023. According to projections, when Israel celebrates its 90th anniversary, the number of ultra-Orthodox Jews will reach 2.15 million, representing 18% of the population. When the Jewish state celebrates its centenary in 2048, there are expected to be 2.86 million ultra-Orthodox Jews, which will amount to 21.2% of all Israelis. (i24NEWS 26.04)

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* 1. Nearly 1,300 Representatives from 176 Countries Attend Baha'i Convention in Israel

Nearly 1,300 delegates representing 176 Countries arrived for the 13th World Congress of Baha'is, which was held from 29 April to 3 May in Israel. This unique gathering takes place once every five years in the northern Israeli port city of Haifa, the administrative and spiritual center of the Baha'i International Community. The first gathering took place 60 years ago in 1963.

Representatives from around the world elected the world governing body of the Baha'i Faith, the nine members of the Universal House of Justice. All representatives have a period of spiritual preparation before participating in the conference. This includes time for prayer and meditation at the holy shrines in Acre and Haifa, as well as visiting historic Baha'i holy sites. As with the election procedures of all Baha'i institutions, the election of the Universal House of Justice is devoid of any system of candidacy, electioneering, campaigning and is conducted by vote by secret ballot. (i24NEWS 01.05)

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* 1. Israel, Turkey & Saudi Arabia Led the Middle East as Recipients of US visas in 2022

The US State Department's annual report found that Israel, Turkey and Saudi Arabia received the most non-immigrant visas to the United States in the Middle East in 2022. Saudi Arabian citizens were granted 52,775 non-immigrant visas in 2022, making theirs the Arab country to receive the most visas of that kind last year. Israel and Turkey, the only non-Arab countries in the Middle East and North Africa (MENA) region aside from Iran, ranked higher than Saudi Arabia with 141,032 and 72,178 visas, respectively. Here are the top 10 Middle East and North Africa countries in non-immigrant US visas in 2022:

* Israel: 141,032
* Turkey: 72,178
* Saudi Arabia: 52,775
* Egypt: 52,400
* Jordan: 22,572
* Morocco: 18,853
* Kuwait: 18,617
* Lebanon: 17,223
* UAE: 15,640
* Algeria: 13,293

Libya received the lowest numbers of visas for a MENA country, with a total of 1,438. Other war-torn countries were at the bottom of the list. Those include Yemen (2,670), Sudan (3,083), Syria (4,059) and Iraq (5,171). The Palestinian territories received 7,241 visas, while Tunisia receive 6,343, Oman 3,724, Bahrain 4,417 and Qatar received 6,875 visas. Iran which has no diplomatic relations with the US since 1979 saw its citizens receive 10,422 visas.

Saudi Arabia, which ranked third in US visa issuances last year, received a high number per capita in comparison to other countries. The kingdom has an estimated population of 36.33 million and acquired 52,775 US visas in comparison to Egypt, which has more than 105 million people and received a similar total of 52,400. (Al-Monitor 02.05)

\*REGIONAL:

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* 1. In a Shift, Saudi Arabia to 'Welcome' LGBTQ Tourists

LGBTQ tourists can now visit Saudi Arabia, according to the kingdom's official tourism site. The shift follows a series of social and economic changes that the kingdom has made in recent years. Homosexuality, however, remains illegal in the country, though these laws are not always enforced. The Saudi Tourism Authority’s website visitsaudi.com has an updated section under its Frequently Asked Questions page stating “Are LGBT visitors welcome to visit Saudi Arabia?” The answer to the question was: “We don’t ask anyone to disclose personal details and never have. Everyone is welcome to visit our country.”

Like most Muslim-majority countries in the Middle East, same-sex relationships are prohibited by law in Saudi Arabia. This is due to the conservative culture and traditional interpretation *Sharia*, which forbids homosexuality. Same-sex relationships are punishable by death or flogging in Saudi Arabia. But Saudi laws against homosexuality are inconsistently enforced in the kingdom.

It is difficult to determine how much repression the LGBTQ community faces in Saudi Arabia, according to the London-based Human Dignity Trust, which tracks anti-LGBTQ laws around the world. Saudi authorities have targeted purported LGBTQ activity in some ways recently. Last June, Saudi officials claimed that rainbow-colored toys were “promoting homosexuality.”

Saudi Arabia’s tourism site declaring LGBTQ people “welcome” is in line with the massive social changes that have taken place in the kingdom in recent years. In 2018, Saudi Arabia lifted its ban on women driving. However, several activists campaigning for a woman’s right to drive were arrested shortly before the decision. The same year, Saudi Arabia announced women would no longer be required to wear an *abaya* — a long article of clothing that covers the body from head to toe. In 2021, Pure Beach opened in Jeddah on the Red Sea, becoming the first beach in Saudi Arabia where women can wear bikinis. Some traditional restrictions remain in place in Saudi Arabia, such as the ban on alcohol.

Hotels in other parts of the Middle East also regularly allow foreign couples to stay in the same room without proof of marriage. Locals and citizens of Muslim-majority countries, however, often need to show a marriage certificate in such situations. (Al-Monitor 03.05)

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* 1. Egyptian Private Universities Officially Bid Farewell to Tansik System

Egypt's Higher Education Ministry’s Supreme Council of Private Universities is set to officially scrap the centralized admissions platform that imposed a Tansik-style system for private and nonprofit universities, two years after it introduced the platform. The council had temporarily changed the admissions process for the current academic year after determining that it was not best serving the needs of universities or students. After a further assessment, the council has decided to make the change official for the 2023-24 academic year, with a few additional changes.

The council had launched the centralized admissions platform in February 2021 as it looked to create an administrative and regulatory platform for the admissions process. The system was designed to end the practice of universities opening up seats to students who have the ability to pay but do not necessarily meet the academic requirements imposed on the rest of the student body. The original Tansik-style system required students to apply to the platform and indicate their preferred majors and university, and provide their grades. The platform would then assign students to universities, with the assignments based primarily on their grades and the number of places available at each faculty at each university. Assignments were prioritized based on grade points, with students with the highest grades getting first dibs.

After voicing their concerns about the centralized admissions system and its effects on their profitability, private university representatives are all happy with the council’s decision to scrap the Tansik system and allow universities to select their students based on their own criteria, including language skills and other abilities. (Enterprise 01.05)

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* 1. Fifty Parties & Formations Submit Request to Run in Greece's May Elections

Fifty parties, party coalitions and individuals submitted applications to Greece’s Supreme Court for approval to run in the upcoming 21 May national elections, more than double the number of those submitted in the last general elections (24) of July 2019. In 2019, four submissions were cut either because they did not provide the necessary documents, or because there were issues with the right to use the party’s title and similar formalities. (eKathimerini 24.04)

ISRAEL LIFE SCIENCE NEWS

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* 1. Neteera Secures $13 Million in Series B Funding for Contactless Patient Monitoring

Neteera Technologies announced the successful closing of a ~$13 million Series B funding round. The round was led by Aescuvest, a prominent healthcare investment firm combined with existing and new investors, including Omega Healthcare Investors - a leading US-based Healthcare REIT, with a particular focus on skilled nursing facility and assisted living facility operators across the US and the UK, Nanz Family Office, Ankor Holding and Esas Private Equity. In addition, Neteera and Omega entered into a strategic partnership to offer Neteera's technology to Omega's healthcare operating partners.

With this latest funding round, Neteera will accelerate sales, production and deployment of its contactless patient monitoring solution and further feature development for its proprietary medical sensing platform. The technology is designed to enable continuous monitoring of patients' bio markers without the need for contact or patient involvement, streamlining patient monitoring, improving outcomes, and reducing the burden on clinical staff.

Founded in 2015, Jerusalem's [Neteera](http://www.neteera.com)'s FDA-cleared continuous, contactless, passive vital signs and bio-data monitoring solution provides better patient monitoring both for the crisis ridden healthcare system and home health. Our sensing platform eliminates the need for device manipulation, removal of clothing, and caregiver presence. Neteera's technology is a based on a safe, maintenance-free, sub-THZ micro-radar on chip sensor solution that protects privacy as it is not based on a camera. We improve care and ultimately reduce healthcare costs by enabling optimal comfort for patients. (Aescuvest 25.04)

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* 1. Pluri Unveils PluriMatrix System for Industrial Production of Cell-Based Products

Pluri unveiled a breakthrough in cell manufacturing that potentially solves one of the biggest hurdles facing cell-based industries: cost-effective, industrial scale cell manufacturing. PluriMatrix, built upon Pluri’s platform 3D cell expansion technology, significantly scales high-quality cell production, potentially having a catalytic impact across numerous industries that require mass-scale cell production including pharma, biologics, foodtech, agri-tech, and beyond. The patented technology offers Pluri and its subsidiaries unparalleled advantages in developing and producing cell-based products.

Pluri’s majority-owned subsidiary Ever After Foods, a joint venture with Tnuva Group, Israel’s largest food producer, is using PluriMatrix to produce cultivated meat and expects a 700% increase in productivity over other cultivated meat technology platforms. PluriMatrix draws on the unique expertise in cell-based manufacturing that Pluri has developed over the last two decades. It enables industrial scale production of cell-based products by using a packed-bed system design in which cells expand as tissue on scaffolds, increasing surface area and providing a uniquely effective growth environment.

Haifa's [Pluri](http://www.pluri-biotech.com) is pushing the boundaries of science and engineering to create cell-based products for commercial use and is pioneering a biotech revolution that promotes global wellbeing and sustainability. The Company’s technology platform, a patented and validated state-of-the-art 3D cell expansion system, advances novel cell-based solutions for a range of initiatives— from medicine and climate change to food scarcity, animal cruelty and beyond. (Pluri 27.04)

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* 1. Remilk First to Secure Regulatory Approval for Non-Animal Milk Protein in Israel

Remilk received a first-of-its-kind approval from the Israeli Ministry of Health (MOH). This historic regulatory event clears a path for the marketing and sale of non-animal dairy products made with Remilk for Israeli consumers. It also establishes the country as one of the first in the world to offer people access to sustainable, real dairy made without cows and free of lactose, cholesterol, antibiotics and growth hormones.

The Ministry of Health approval follows Remilk's receipt of an FDA "No Questions Letter," confirming FDA acceptance of an expert panel's conclusion that Remilk's animal-free protein can be safely used in food products under its GRAS (Generally Recognized as Safe) standards, as well as a recent regulatory clearance from the Singapore Food Authority.

Rehovot's [Remilk](https://www.remilk.com/) is a global leader in the development of animal-free dairy. Remilk was driven to reinvent the dairy industry, by removing cows from the milk-making process. Remilk produces dairy-identical milk proteins through precision fermentation and has developed a unique and patented approach to scalable manufacturing which requires a fraction of Earth's resources compared to traditional dairy, while dramatically increasing efficiency in production and, for the first time in history, eliminating the need for dairy cows in industrial-scale dairy production without compromising on taste, functionality or nutritional values. (Remilk 27.04)

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* 1. Teva & MedinCell Get FDA Approval of UZEDY Extended-Release Injectable Suspension

Teva Pharmaceuticals, a U.S. affiliate of Teva Pharmaceutical Industries Ltd. and France's MedinCell announced that the U.S. FDA has approved UZEDY (risperidone) extended-release injectable suspension for the treatment of schizophrenia in adults. UZEDY is the first subcutaneous, long-acting formulation of risperidone that utilizes SteadyTeq, a copolymer technology proprietary to MedinCell that controls the steady release of risperidone. Therapeutic blood concentrations are reached within 6-24 hours of a single dose.1

The use of novel SteadyTeq technology in UZEDY controls the release of risperidone over time. The initiation of treatment requires no loading dose or oral supplementation. Therapeutic blood concentrations are reached within 6-24 hours of a single dose. UZEDY (risperidone) extended-release injectable suspension, for subcutaneous use rather than intramuscular use, is indicated for the treatment of schizophrenia in adults. In clinical trials, UZEDY reduced the risk of relapse by up to 80%. UZEDY administers risperidone through copolymer technology under license from MedinCell that allows for absorption and sustained release in the first subcutaneous injection. UZEDY is the only long-acting, subcutaneous formulation of risperidone available in both one- and two-month dosing intervals.

[Teva Pharmaceutical Industries](http://www.tevapharm.com) has been developing and producing medicines to improve people’s lives for more than a century. They are a global leader in generic, biosimilar and innovative medicines with a portfolio consisting of over 3,500 products in nearly every therapeutic area. (Teva 29.04)

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* 1. Eitan Medical Launches Connected Avoset Infusion Platform

Eitan Medical announced the launch of its new cutting-edge connected infusion multi-therapy ambulatory infusion system - Avoset. The connected Avoset Infusion System is designed to transform post-acute care and specialty infusion therapy with compact and simplified technology that can monitor infusion treatment data remotely, aiming to enhance patient safety, and improve the user experience.

The Avoset Infusion Platform complements the Sapphire Infusion portfolio and is especially well positioned to address infusion needs for therapies which require secure medication reservoirs and long battery life at low flow rates. The Avoset Infusion Pump is MDR certified and is currently available in selected European countries. Eitan Medical is looking forward to rolling out Avoset on an international scale in 2023.

Netanya's [Eitan Medical](https://eitanmedical.com/‎) is reimagining drug delivery, with reliable innovations that put patients at the center of care, making drug delivery easier and safer than ever before. Patient safety and care are only the starting point, as Eitan Medical goes beyond- delivering connected, intuitive drug delivery and infusion solutions that are designed to improve patient and clinician quality of life across the continuum of care, including hospital, ambulatory, and home care environments. (Eitan Medical 27.04)

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* 1. Nanox.ARC Imaging System Receives FDA Clearance - a New Era in Medical Imaging

Nano-X Imaging has received a 510(k) clearance from the U.S. FDA to market the multi-source Nanox.ARC, including the Nanox.CLOUD, its accompanying cloud-based infrastructure. Nanox.ARC is a stationary X-ray system intended to produce tomographic images of the human musculoskeletal system adjunctive to conventional radiography on adult patients. Representing a major advancement in X-ray technology, Nanox.ARC is a multi-source digital 3D tomosynthesis system that utilizes novel, cold cathode X-ray tubes, which the Company intends to offer using an innovative pay-per-scan business model.

The FDA cleared Nanox.ARC for use in professional healthcare ‎facilities or ‎radiological ‎environments, such as ‎hospitals, clinics, imaging ‎centers, and ‎other medical practices‎ by trained radiographers, ‎radiologists and physicians, and has the potential to increase availability to medical imaging around the world, once approved by local regulatory authorities and deployed at scale. Following this clearance, Nanox will continue to work with the FDA to pursue additional regulatory clearances and intends to expand clinical indications. The U.S. regulatory clearance also paves the way for Nanox.ARC to be approved in other countries that are FDA-clearance-based markets.

Neve Ilan's [Nano-X Imaging](http://www.nanox.vision‎) is focused on applying our proprietary medical imaging technology and solutions to make diagnostic medicine more accessible and affordable across the globe. Nanox’s vision is to increase access, reduce costs and enhance the efficiency of routine medical imaging technology and processes, in order to improve early detection and treatment, which Nanox believes is key to helping people achieve better health outcomes, and, ultimately, to save lives. (Nano-X Imaging 01.05)

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* 1. InspireMD Successful First-in-Human Procedure Utilizing CGuard Prime

InspireMD announced that the first carotid artery disease patient has been treated utilizing CGuard Prime, the company’s next generation CAS stent platform. The procedure was performed by Dr. Anish Thomas of Mercy Hospital South in St. Louis, MO, as part of InspireMD’s ongoing CGuardians U.S. IDE trial.

The successful first-in-human stenting procedure using CGuard Prime was the final step in a lengthy development process as the company works to advance new technology to build on well-established CGuard stent performance. InspireMD's next generation feature set incorporated into CGuard Prime provides physicians with greater capabilities and confidence in the deployment of CGuard, their third generation MicroNet mesh protected stent. I am excited for our future as we continue to innovate and provide advanced technologies. InspireMD anticipates completing enrollment in the CGuardians U.S. IDE trial by the end of Q2/23.

Tel Aviv's [InspireMD](http://www.inspiremd.com) seeks to utilize its proprietary MicroNet technology to make its products the industry standard for carotid stenting by providing outstanding acute results and durable, stroke-free, long-term outcomes. InspireMD’s common stock is quoted on the NASDAQ under the ticker symbol NSPR. (InspireMD 01.05)

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* 1. SofWave Wins Good Housekeeping Award for Best Anti-Aging Pro Treatment

SofWave Medical has been named the winner of the Good Housekeeping Magazine Award for Best Anti-Aging Pro Treatment. The award recognizes SofWave's non-invasive ultrasound technology as a superior innovative treatment to lift lax skin and improves lines and wrinkles. SofWave's ultrasound technology, SUPERB, utilizes a novel, proprietary approach to deep dermal heating leading to improvement in the appearance of fine lines, wrinkles and skin laxity. The treatment is non-invasive, requires no downtime, and is suitable for all skin types.

Sofwave is proud to be included in this year’s Good Housekeeping Beauty Awards, which are determined by Scientists in the GH Beauty Lab who use industry protocols and advanced equipment to put hundreds of products to the test. With a rich and respected hundred-year history, Good Housekeeping’s tried-and-true approach to product evaluation in the GH Labs makes Good Housekeeping a trusted authority for best-in-class products.

Yokneam Illit's [SofWave Medical](https://sofwave.com/) has implemented an innovative approach to wrinkle reduction lifting and cellulite using proprietary breakthrough technology. The Company’s SUPERB, Synchronous Ultrasound Parallel Beam technology is FDA-cleared to improve facial lines and wrinkles, lifting the eyebrow and lifting lax submental tissue and neck tissue and the short term improvement in the appearance of cellulite providing physicians a simple and safe aesthetic solution for their patients. (SofWave Medical 02.05)

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* 1. ForSight Robotics Recognized by Fast Company’s 2023 World Changing Ideas Awards

ForSight Robotics was recognized as a finalist in the Health category of Fast Company’s 2023 World Changing Ideas Awards. The prestigious list showcases some of the world’s most innovative projects and companies that are actively tackling global challenges. ForSight Robotics was selected from a pool of over 2,200 entries for the World Changing Ideas Awards. Recently, ForSight Robotics was also named to Fierce MedTech’s Fierce 15 list, and joins the ranks of internationally-recognized companies developing technology to improve global healthcare.

ForSight Robotics is developing ORYOM (meaning *daylight* in Hebrew), a robotic surgery platform for cataracts and widespread eye diseases. The surgical robotics platform will utilize AI-based algorithms, advanced computer vision and miniaturized-mechanics to provide ten-fold precision. Initially treating cataracts, the ORYOM ophthalmic robotic surgery platform has a hybrid kinematic structure that allows a reach to any point within the human eye. The ORYOM platform has already been used successfully in multiple cataract procedures on an animal eye model by a number of ophthalmic surgeons.

Yokneam Illit's [ForSight Robotics](http://www.forsightrobotics.com) is a surgical robotics company pioneering world-class technology for quality surgical eye care. Backed by VCs and industry leaders, ForSight Robotics is redefining ophthalmic surgery and bringing hope to millions of patients worldwide. (ForSight Robotics 02.05)

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* 1. TopGum Launches High Caffeine Cappuccino Gummies at Vitafoods

Gummy supplement manufacturer [TopGum](http://www.topgummiceuticals.com) launched Gummiccino, its new line of high-dosage delicious caffeine gummies. The product marks the first use of TopGum's new proprietary microencapsulation technology designed to enhance flavor and boost absorption. The functional gummies are infused with an extract of robusta coffee beans (Coffea robusta) that perfectly captures the genuine aroma, flavor, and color of coffee.

The gummy delivery system has been capturing the nutraceutical market, with research showing that the gummy is fast becoming Americans' favorite way to take supplements. For its new coffee line, TopGum offers a choice of three popular, out-of-the-box flavors: espresso, cappuccino, and mocha. TopGum's global customer base, which includes major food and supplement companies, can customize the Gummiccino matrix by adjusting dosage, flavor, color, shape, and size.

In addition to providing the full coffee sensory experience, TopGum's gummies deliver a true functional dose of caffeine: Each serving of two coffee gummies contains 40 mg of caffeine, which is equivalent to a standard espresso shot. This makes it an appealing and convenient alternative for the 74% of Americans who drink coffee daily. It also appeals to consumers who simply need a quick energy boost.

The Sderot based company plans to leverage its TopCaps technology to formulate more innovative gummy-based products that cater to specific consumer needs. TopGum 02.05)

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* 1. Magenta Medical Closes a $55 Million Funding Round Led by OrbiMed

Kadima's [Magenta Medical](https://magentamed.com/), developer of the world's smallest heart pump, announced a $55 million financing round led by global healthcare investment manager OrbiMed, with participation from existing investors New Enterprise Associates (NEA), Pitango VC, and ALIVE - Israel HealthTech Fund. The financing will be used, among other things, to advance the clinical programs of the company's product in the United States towards its first FDA approval.

Magenta's percutaneous Left Ventricular Assist Device (pLVAD) is a powerful heart pump that is initially folded, inserted through the groin using a small puncture, and expanded for activation inside the left ventricle. The flow of the pump is adjusted based on the clinical circumstances of the patient, up to the entire cardiac output, allowing the heart to rest and the patient to recover. Once the Magenta technology is approved, physicians will be able to rely on a single device to treat the full range of MCS patients, thus eliminating the need to escalate therapy to a new device and subject the patient to unnecessary and invasive replacement procedures.

The potential advantages of Magenta's high-flow, low-profile device were recognized by the US FDA, resulting in Breakthrough Device Designation for two indications: high-risk percutaneous coronary intervention (HR-PCI) and cardiogenic shock (CS). (Magenta Medical 03.05)

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* 1. Kamada Gets FDA Approval to Manufacture CYTOGAM in Israel

Kamada announced that the U.S. FDA approved its application to manufacture CYTOGAM (Cytomegalovirus Immune Globulin Intravenous [Human]) (CMV-IGIV) at the company’s facility in Beit Kama, Israel. The FDA approval represents the successful conclusion of the technology transfer process for CYTOGAM from the previous manufacturer, CSL Behring.

Kamada's CYTOGAM technology transfer supplement includes an upstream protein solution manufacturing step performed by Prothya Biosolutions in its plant in Belgium, under a contract manufacturing agreement between the parties. A similar technology transfer application was submitted to the Canadian health authorities in January 2023 and is currently under review. CYTOGAM is indicated for the prophylaxis of cytomegalovirus disease (CMV) associated with the transplantation of the kidney, lung, liver, pancreas and heart, and is the sole FDA-approved immunoglobulin (IgG) product for this indication.

Rehovot's [Kamada](http://www.kamada.com) is a commercial stage global biopharmaceutical company with a portfolio of marketed products indicated for rare and serious conditions and a leader in the specialty plasma-derived field, focused on diseases of limited treatment alternatives. The Company is also advancing an innovative development pipeline targeting areas of significant unmet medical need. The Company’s strategy is focused on driving profitable growth from its significant commercial catalysts as well as its manufacturing and development expertise in the plasma-derived and biopharmaceutical fields. (Kamada 03.05)

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* 1. Fairtility Wins "Women's Health Innovation Award" in MedTech Breakthrough Program

Fairtility announced that its CHLOE (Cultivating Human Life through Optimal Embryos) tool has been selected as winner of the "Women's Health Innovation Award" in the 7th annual MedTech Breakthrough Awards conducted by MedTech Breakthrough, an independent market intelligence organization that recognizes the top companies, technologies and products in the global health and medical technology market.

Achieving CE MDR approval in June 2022, CHLOE is the first and only transparent Artificial Intelligence-based decision support tool providing clinicians and prospective parents with visibility into clinical and laboratory data to help improve IVF outcomes. Fairtility leverages advanced data collection capabilities to train its algorithms on large, diverse data sets. Its proprietary AI-powered embryo quality assessment assistant, CHLOE EQ, processes millions of data points undetectable to the human eye, offering quantitative and qualitative data to IVF professionals to create a fully digitized workflow in the lab for embryo selection, alongside clearly explainable embryo analysis results based on quantifiable biological parameters. This results in increased transparency, streamlined workflows and reduced administrative steps in the IVF process.

Tel Aviv's [Fairtility](https://fairtility.com/) is powering in vitro fertilization (IVF) through transparent AI to improve outcomes. Equipping clinicians and patients with unparalleled visibility into IVF treatment, CHLOE (Cultivating Human Life through Optimal Embryos) is the first and only transparent AI-based decision support tool that provides clinicians with complete visibility into the clinical and laboratory parameters that make up data output to help improve IVF outcomes. (Fairtility 03.05)

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* 1. TrainPain Awarded Grand Prize by the American Academy of Pain Medicine

TrainPain won the Grand Prize in the American Academy of Pain Medicine (AAPM) & MIT Hacking Medicine Innovation Challenge at the recent AAPM2023 Annual Meeting. This prestigious award recognizes TrainPain's novel technology for measuring and retraining sensory neuroplasticity through haptic mobile games, integrated with patient education and remote monitoring for home-based chronic pain care.

TrainPain's innovative neuroplasticity-based technology trains sensory pathways in the brain by integrating body-based sensory perception tasks with engaging gaming experiences. This approach empowers patients to promote neuroplasticity at home, capitalizing on patent-approved methods and yielding promising results from five pilot studies. TrainPain's commercial-ready product features proprietary hardware and iOS/Android apps, and the company has been previously recognized in multiple pharmaceutical sponsored competitions for the best novel digital pain solution.

Tel Aviv's [TrainPain](http://www.trainpain.com) is a health technology company on a mission to turn pain science discoveries into effective digital health solutions. TrainPain's patented neurotechnology measures and retrains sensory neuroplasticity through engaging haptic mobile games. This innovative technology is combined with patient education and remote monitoring to provide a holistic and comprehensive home-based solution. TrainPain works with healthcare organizations to empower patients with engaging self-care solutions that improve quality of life, lower the cost of care, and maximize healthcare outcomes. (TrainPain 03.05)

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* 1. EXOSOMM Looks to Mother's Milk to Bring New Ingredient for Medical Food

EXOSOMM has explored the natural mechanisms inherent in human breastmilk to create a novel bioactive ingredient that can potentially support millions of adults with inflammatory disorders. Based on its scientific findings EXOSOMM developed an innovative technology that isolates exosomes - natural particles in maternal milk that play an important role in the healthy development of the immune system. EXOSOMM upcycles byproducts of the traditional cheese making process to create this potent functional ingredient. While still a young start-up, it has already reached commercial production capacity of its patent-protected exosomes for the medical food space.

Exosomes are small nanoparticles produced by the body's cells that naturally accumulate at high concentrations in mother's milk. They contain beneficial microRNAs: small, single-stranded, non-coding RNA molecules shown in studies to have a significant impact on early child development and also on the infant's future health. The EXOSOMM research team were astonished to find that different mammals (human, cow, or sheep) share similar exosome composition, indicating the evolutionary importance of exosomes in offspring.

Jerusalem's [EXOSOMM](http://www.exosomm.com) is a BiofoodTech startup with a vision to introduce milk-exosomes to the world of medical foods. The start-up was co-founded in 2021 by four experts from distinct disciplines and includes some of the world's pioneers in milk-exosome research. (EXOSOMM 03.05)

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* 1. Healthy.io Raises $50 Million in Series D Funding

Healthy.io, the Israeli startup that has transformed the smartphone camera into a clinical-grade device, has announced the completion of a $50 million Series D financing round, led by Schusterman Family Investments and joined by Aleph and other existing shareholders. This investment, together with a previously unannounced $45 million February 2022 investment, comprise the company's Series D funding round.

The company has seen increased US commercial activity since July 2022, when it became the first and only company to offer an FDA-cleared smartphone-powered, at-home kidney test. The new investment will support Healthy.io's expansion in the US market, where Minuteful Kidney, the company's clinical-grade kidney test and patient engagement service, has met increased demand from leading health plans, health systems, and kidney care management groups.

Healthy.io's clinical grade, at-home test solution is an important component in health plans' kidney management programs. In tests of over 250,000 patients in the US and the UK, the solution has demonstrated unprecedentedly high adherence rates of up to 50% among previously untested populations. Promoting early diagnosis of chronic kidney disease (CKD) can also drastically reduce the skyrocketing costs associated with CKD, which currently costs Medicare $124 billion a year.

Tel Aviv's [Healthy.io](http://healthy.io) transforms the smartphone camera into a medical device to deliver healthcare at the speed of life. Their home urinalysis and digitized wound care services enable providers and healthcare systems to create meaningful interactions with their patients and close gaps in access and care, while increasing patient satisfaction. (Healthy.io 04.05)

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* 1. Nucleix’s Bladder EpiCheck Gets FDA Clearance for Monitoring Bladder Cancer

Nucleix received 510(k) clearance from the U.S. FDA to market Bladder EpiCheck for use as a non-invasive method for surveillance of tumor recurrence in patients previously diagnosed with non-muscle invasive bladder cancer (NMIBC), in conjunction with cystoscopy. Bladder EpiCheck is a highly sensitive and specific test that analyzes subtle disease-specific changes across 15 methylation markers that are associated with bladder cancer. The test is commercially available in Europe and is the first of its kind methylation-based urine test performed on a qPCR platform to be cleared by the FDA. Nucleix is evaluating partnerships and market access activities for the commercial launch of Bladder EpiCheck in the US.

Bladder EpiCheck provides physicians and their patients with a simple, objective urine test for recurrent bladder cancer. The test analyzes subtle disease-specific changes in DNA methylation markers, with high sensitivity and specificity. Bladder EpiCheck is intended for use as a non-invasive method for detection of NMIBC recurrence in conjunction with standard of care methods. Bladder EpiCheck is CE-marked, and FDA 510(k) cleared, and commercially available in Europe and soon in the United States.

Rehovot's [Nucleix](https://www.nucleix.com) is a liquid biopsy company revolutionizing cancer treatment with earlier disease detection at a time when intervention can bring the greatest impact for patients. Leveraging NGS-based and PCR-based technology to identify methylation changes, the Company’s pioneering testing approach uses methylation-based identification for early-stage and recurring cancer detection. (Nucleix 04.05)

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* 1. Innocan Success in a Trial of a Liposomal-CBD Injection on a Paralyzed Goat

Innocan Pharma Corporation announced the successful treatment of Billy, a 4-year-old neutered male goat, with a liposomal-CBD injection in a pre-clinical trial. The innovative therapy provided much-needed relief to the animal, born with neurological deficits and scoliosis, resulting in hind-limb paralysis and fore-limb deformity. Scientific research indicates that the success of a pre-clinical trial on large mammals (such as goats) generally infers increased bio-feasibility in similar rates amongst humans.

Billy was adapted to move around with a wheelchair, but as his size and weight increased, his scoliosis worsened, and his activity decreased substantially. Despite being administered non-steroidal anti-inflammatory drugs, the goat's pain persisted, and he was unwilling to move on his wheelchair. As an act of compassion therapy, Billy was administered a liposomal-CBD injection on top of the drugs he was already taking. The results were almost immediate, with the goat becoming active and playing as he used to do over a year ago. The improvement in Billy's activity lasted for almost 4 weeks. Innocan Pharma's liposomal-CBD injection is a unique formulation that allows for targeted delivery of CBD to specific body areas, resulting in enhanced efficacy and reduced side effects.

Herzliya's [Innocan](https://innocanpharma.com‎) is a pharmaceutical tech company that operates under two main segments: Pharmaceuticals and Consumer Wellness. In the Pharmaceuticals segment, Innocan focuses on developing innovative drug delivery platform technologies comprises with cannabinoids science, to treat various conditions to improve patients' quality of life. In the Consumer Wellness segment, Innocan develops and markets a wide portfolio of innovative and high-performance self-care products to promote a healthier lifestyle. (Innocan 08.05)

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* 1. BiomX Announces Second Closing of $7.5 Million Private Placement

BiomX announced the second closing of its recently announced $7.5 million private placement investment. In February 2023, the company announced that it entered into a securities purchase agreement with a selected group of institutional and individual investors, including existing investors OrbiMed and the Cystic Fibrosis Foundation. The financing was structured to close in two separate parts. The first closing occurred in February 2023. The second closing announced now was contingent upon approval of the issuance of the additional securities.

BiomX expects to use the aggregate net proceeds of approximately $7.2 million from the first and second closings of the PIPE, together with existing cash and cash equivalents, to fund clinical development of BX004 for the treatment of lung infections in patients with cystic fibrosis, the development of other programs, and research activities as well as working capital and other general corporate purposes.

Nes Ziona's [BiomX](http://www.biomx.com) is a clinical-stage company developing both natural and engineered phage cocktails designed to target and destroy bacteria in the treatment of chronic diseases. BiomX discovers and validates proprietary bacterial targets and customizes phage compositions against these targets. (BiomX 05.05)

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* 1. Philips Healthcare Imaging Purchases DiA Imaging Analysis

Philips Healthcare Imaging is acquiring Israeli company DiA Imaging Analysis. The company has developed AI-software powered technology for improving heart ultrasound imaging analysis and specifically those ultrasounds implemented by mobile devices. DiA's biggest shareholder Capital Point notified the TASE that the company has been sold to a major strategic company, widely reported as Philips.

DiA has nine FDA approvals, the most recent of which was received in February 2023, for software that guides examinations in the field, by non-experts, including assistance on where to place the ultrasound transducer to perform the best test - and this approval was probably a significant part of Philips' decision to conclude the deal. DiA has annual revenue of several million dollars. Philips is paying slightly under $100 million for DiA, with most of the amount paid immediately and the rest according to various milestones.

Beer Sheva's [DiA Imaging Analysis](http://www.dia-analysis.com) is a medical imaging analysis software company. DiA provides fully automated tools that enable objective and accurate image interpretations, with initial focus on ultrasound of the heart (Echocardiography). DiA's cognitive image processing technology is based on advanced pattern recognition and machine learning algorithms that automatically imitate the way the human eye identifies borders and motion, producing data and scoring that physicians are looking for. (Various 07.05)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. Backslash Security Wins Global InfoSec Awards During RSA Conference 2023

Backslash Security has won “Editor’s Choice for Application Security” from Cyber Defense Magazine (CDM), the industry’s leading electronic information security magazine. This distinction is part of the publisher’s highly sought-after 11th Annual Global InfoSec Awards program, announced at this year’s RSA Conference in San Francisco, California.

Backslash emerged from stealth in March to provide AppSec teams with a cloud-native application security solution designed for modern, microservices-based cloud-native applications. The Backslash solution offers AppSec teams unprecedented visibility into modern application architectures and significantly reduces low-value security alerts so high-risk code is addressed swiftly and accurately.

Tel Aviv's [Backslash](https://www.backslash.security) is the first Cloud-Native Application Security solution for enterprise AppSec teams to provide unified security and business context to cloud-native code risk, coupled with automated threat modeling, code risk prioritization, and simplified remediation across applications and teams. (Backslash Security 26.04)

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* 1. VigiPay of Nigeria Selects ThetaRay AI Solution for AML Monitoring

VigiPay, a Nigerian fintech providing digital payment services, and ThetaRay will collaborate to protect VigiPay’s growing business against money laundering, sanctions violations and other financial crime risks. Through the agreement, ThetaRay will provide VigiPay the SONAR AML solution, a cloud-based transaction monitoring and screening platform that can detect the earliest signs of sophisticated money laundering activity. The new system will enable VigiPay to achieve safe growth, regulatory compliance, and consumer transaction transparency with the expansion of transaction volumes and value services for both domestic and cross-border payments. This new collaboration highlights ThetaRay’s continued growth in the Nigerian financial market.

ThetaRay’s award-winning SONAR solution is based on a proprietary form of AI, artificial intelligence intuition, which replaces human bias to find anomalies outside of normal behavior, including completely new typologies. It enables fintechs and banks to implement a risk-based approach to effectively identify truly suspicious activity, including across complex, cross-border transaction paths. This allows the rapid discovery of both known and unknown money laundering threats, and up to 99% reduction in false positives compared to rules-based solutions.

Hod HaSharon's [ThetaRay](http://www.thetaray.com)'s AI-powered SONAR transaction monitoring solution, based on “artificial intelligence intuition,” allows banks and fintechs to expand their business opportunities and grow revenues through trusted and reliable cross-border payments. The groundbreaking solution also improves customer satisfaction, reduces compliance costs, and increases risk coverage. (ThetaRay 27.04)

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* 1. Elbit Systems to Provide Firefighting Squadron Services to Israeli National Security

Elbit Systems signed a follow-on contract worth approximately $100 million to provide aerial firefighting services to the Israeli Ministry of National Security. The contract will be carried out over a period of eight years. As part of the contract, Elbit Systems will continue to provide aerial firefighting services in Israel to the Ministry of National Security through a fleet of 14 aircraft, as well as additional operational services including ongoing maintenance of the aircraft and their preparation for flights. The squadron will be operated under the guidance of the Israeli Police and in accordance with the operational needs determined in coordination with the Fire and Rescue Authority.

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, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance, unmanned aircraft systems, advanced electro-optics, electro-optic space systems, EW suites, signal intelligence systems, data links and communications systems, radios, cyber-based systems and munitions. (Elbit 27.04)

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* 1. Stratasys New GrabCAD Print Pro Software Boosts Additive Manufacturing Volumes

Stratasys launched its new GrabCAD Print Pro software, with integrated quality assurance functionality from Riven, a recent Stratasys acquisition. GrabCAD Print software manages the print preparation process for Stratasys 3D printers. The new Pro version is designed for manufacturers who need to efficiently produce end use parts and move to production-scale volumes. It is specifically designed to improve printed-part accuracy, reduce waste, and shorten time to part.

GrabCAD Print Pro software includes all the features of GrabCAD Print standard. However, its advanced capabilities create greater opportunities for large-scale additive manufacturing with better system controls, reduced production time and enhanced workflows. Customers can achieve these benefits through unique features.

For the first time, GrabCAD Print Pro also features third-party partner plug-ins, with initial plug-in partners to include AlphaSTAR and Castor. AlphaSTAR provides toolpath-driven analysis and quality assessment of print parameters and toolpaths, as well as thermal process simulation to help improve design cycles and produce higher quality parts with less iteration. Castor’s decision-support software automatically analyzes thousands of parts at once to identify the best opportunities for additive manufacturing.

Rehovot's [Stratasys](http://www.stratasys.com) is leading the global shift to additive manufacturing with innovative 3D printing solutions for industries such as aerospace, automotive, consumer products and healthcare. Through smart and connected 3D printers, polymer materials, a software ecosystem, and parts on demand, Stratasys solutions deliver competitive advantages at every stage in the product value chain. (Stratasys 27.04)

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* 1. Arbe & Weifu Group Cooperate to Empower Safety in L4 Autonomous Trucks

Arbe Robotics and Weifu High-Technology Group signed a strategic cooperation agreement with KargoBot, DiDi's autonomous freight company, to provide 4D Imaging Radars based on the Arbe proprietary chipset. The three parties agreed to establish a cooperation platform in China to jointly promote the R&D and commercial applications of 4D Imaging Radars in the field of autonomous driving.

DiDi Global is a leader in innovative mobility technology in China, providing safe, inclusive, and sustainable transportation and local services worldwide. KargoBot, DiDi's autonomous freight company, focuses on the R&D and commercial operation of autonomous driving technology for L4 autonomous trucks.

Arbe's Perception Radar chipset revolutionizes automotive safety, providing ultra-high resolution to support advanced perception capabilities at mass market price, with top performance in all environments, weather, and lighting conditions. Arbe's solution leverages 2,304 virtual RF channels, complemented by robust processing supporting more than 100,000 detections per frame; it delivers imaging 100 times more detailed than the leading radar solutions on the market, enabling stationary object detection, false alarm elimination, and interference avoidance and mitigation.

Tel Aviv's [Arbe](https://arberobotics.com/) is spearheading a radar revolution, enabling truly safe driver-assist systems today while paving the way to full autonomous-driving. Arbe's imaging radar is 100 times more detailed than any other radar on the market and is a mandatory sensor for L2+ and higher autonomy. The company is empowering automakers, tier-1 suppliers, manufacturers of delivery robots, commercial and industrial vehicles, and a wide array of safety applications with advanced sensing and paradigm-changing perception. (Arbe 28.04)

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* 1. Gilat to Expand Advanced Disaster Response Network in Asia

Gilat Satellite Networks received a multimillion-dollar order for VSATs to be used to expand the rollout of an advanced disaster response network in Asia. Gilat’s equipment supports the national initiative in its efforts to expand and strengthen disaster prevention and administration. The network is designed to enable highly secure, bandwidth-efficient voice services, video feeds and multicasts, emergency alerts, mobility services, and data services that support effective disaster response capabilities for governmental bodies, individuals and first responders.

Petah Tikva's [Gilat Satellite Networks](http://www.gilat.com) is a leading global provider of satellite-based broadband communications. With over 35 years of experience, they create and deliver deep technology solutions for satellite, ground and new space connectivity and provide comprehensive end-to-end solutions and services, powered by our innovative technology. They believe in the right of all people to be connected and are united in our resolution to provide communication solutions to all reaches of the world. Gilat’s comprehensive solutions support multiple applications with a full portfolio of products to address key applications including broadband access, mobility, cellular backhaul, military, government and enterprise, all while meeting the most stringent service level requirements. (Gilat 01.05)

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* 1. REE Automotive Unveils P7-C Truck Chassis Cab

Glil Yam's [REE Automotive](http://www.ree.auto) revealed P7-C, a Class 4 chassis cab offering a new cabin design built on REE’s P7 modular electric platform. The new P7-C is integral to REE’s complete vehicle lineup based on its flagship P7 platform, serving vehicles Class 3-5. The P7 vehicle lineup includes the P7-C chassis cab, P7-B box truck, and P7-S stripped chassis. The entire P7 electric truck line-up is powered by the REEcorners™, x-by-wire technology, and is purpose-built to drive down total cost of ownership (TCO). All P7 configurations are currently available to order with initial deliveries slated to begin in Q4/23.

All vehicles in the P7 program are built for urban environments with market-leading product attributes including optimal maneuverability, increased cargo volume, low step-in height, aerodynamic design, low noise, greater visibility, and increased safety. The P7-C is a Class 4 chassis cab designed to meet the requirements for the Inflation Reduction Act incentives, which are more substantial for EVs Class 4 and above and meets market demand for the ability to simplify vocational upfits. P7-C was developed based on direct feedback from ongoing customer evaluations of proof-of-concept vehicles and is designed to meet fleet owners’ specific needs. (REE Automotive 02.05)

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* 1. Brenmiller Inaugurates World’s First-Ever Gigafactory for Thermal Energy Storage

Brenmiller Energy inaugurated its TES gigafactory in Dimona, Israel. The new facility will serve as Brenmiller’s primary manufacturing hub and its production lines are expected to reach full capacity by the end of 2023, producing up to 4 GWh of its patented bGen TES modules annually. To the Company’s knowledge, its factory in Dimona is the world’s first-ever TES gigafactory.

Financed by the European Investment Bank (EIB) through a €7.5 million ($8.2 million) facility agreement with EIB, Brenmiller’s TES gigafactory is equipped with advanced machinery and features a rooftop photovoltaic (PV) solar system to help power its operations with renewable energy.

Brenmiller’s bGen TES system is an intelligent, scalable, and cost-effective solution that enables industrial- and utility-scale decarbonization by turning renewable electricity into clean steam, hot water or hot air. This provides industrial factories and power plants critical reliability, protection from renewable intermittency and fluctuations in energy market prices, in addition to 24/7 access to electric heat.

Rosh HaAyin's [Brenmiller Energy](https://bren-energy.com) delivers scalable thermal energy storage solutions and services that allow customers to cost-effectively decarbonize their operations. Its patented bGen thermal storage technology enables the use of renewable energy resources, as well as waste heat, to heat crushed rocks to very high temperatures. They can then store this heat for minutes, hours, or even days before using it for industrial and power generation processes. (Brenmiller Energy 02.05)

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* 1. SeeCares & Northmarq Implement AI Technology to Accelerate Loan Quote Process

SeeCares announced its strategic partnership with leading U.S. commercial real estate services firm Northmarq. Northmarq is incorporating SeeCares technology to significantly reduce the processing time to prepare and deliver loan quotes. Lowering that time from days or weeks to a few minutes enables Northmarq to provide an even greater speed of service for their clients.

The SeeCares platform will leverage data analytics compiled from hundreds of data sources, making them accessible and usable via AI technology. As a result, Northmarq's unique models will be filled with relevant market data to produce loan quotes within minutes.

Tel Aviv's [SeeCares](https://seecares.com) empowers CRE lenders, seller services, mortgage brokers, and sponsors to scale their business 10x faster using end-to-end underwriting automation and data aggregation. With SeeCares CRE stakeholders are able to optimize their analysis process and offer best-in-class service to their clients with instant loan quotes and credit memos. (SeeCares 02.05)

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* 1. D-Fend Solution's EnforceAir C-UAS New Release Brings Significant Drone Coverage

D-Fend Solutions announced the release of Version 23.03 of its software for EnforceAir. This upgrade continues D-Fend's commitment to frequent software updates to expand threat coverage and extend capabilities. The C-UAS security solution has been upgraded with features that build on its existing award-winning and market-leading capabilities. This includes enhanced core drone takeover capabilities and coverage, enhanced Remote ID functionality, new Reporting and Analysis features, and upgraded information sharing for the SAPIENT C-UAS standard.

EnforceAir now supports information sharing with external C2 systems via SAPIENT, the Sensing for Asset Protection with Integrated Electronic Network Technology standard from the UK MoD. EnforceAir's API has been updated to share more drone information elements across systems in an integrated defense. Additionally, the system APIs will continue to be periodically updated to ensure effective and holistic data sharing with connected, multi-layered C2 systems.

Ra'anana's [D-Fend Solutions](https://d-fendsolutions.com/) is the leading counter-drone, cyber-takeover technology provider, enabling full control, safety and continuity during rogue drone incidents across complex and sensitive environments, to overcome both current and emerging drone threats. (D-Fend Solutions 02.05)

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* 1. TeraSky to Become a VMware Cross-Cloud Managed Services Provider

TeraSky, a global multi-cloud, cloud-native and modern IT innovative technology solutions provider, has begun the process of becoming a VMware Cross-Cloud Managed Services Provider. TeraSky is already acting as a design partner for VMware Cross-Cloud managed services and is working toward achieving the Managed Services Specialization and earning the VMware Cross-Cloud managed services badge. Through becoming VMware Cross-Cloud Managed Services Provider and building a broad Validated Service Offering, the company will help customers maximize their investments in VMware technology.

TeraSky plans to build a Validated Service Offering within the specialization, including all five VMware prescriptive offers: Cross-Cloud Managed Services for Private and Managed Provider Clouds, Public Cloud, Centralized Governance, Cost Optimization, and Cloud Native App Delivery. From improving operational intelligence services across multi-cloud environments, to better controlling rogue costs through adopting FinOps services to automating modern DevSecOps platform operations across multiple clouds, VMware Cross-Cloud Managed Services delivered through TeraSky will make consuming managed services easier for customers.

Petah Tikva's [TeraSky](http://www.terasky.com) helps companies overcome top complexities and business challenges through careful study and understanding of business needs and goals. TeraSky solutions are value-driven and combine enterprise-grade maturity and cloud-native agility to deliver the most valuable outcomes of reliability, efficiency, compliance, speed, adaptability, and fast time-to-market. (TeraSky 02.05)

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* 1. Estonia Contracts with IAI to Acquire Long-Range Loitering Munitions

The Republic of Estonia has signed an agreement with [Israel Aerospace Industries (IAI)](https://www.iai.co.il/) to procure advanced long-range loitering munitions, making it the one of the most expensive defense procurement Estonia has ever made. The procurement of long-range loitering munitions aims to strengthen Estonia's defenCe capability by significantly increasing its indirect fire capabilities. Along with extended range artillery ammunition, anti-ship missiles, and multiple launch rocket systems, Estonia will have various capabilities to influence the adversary from long distances in the near future.

The Estonian Defense Forces' indirect fire capability is provided by various caliber mortars in the composition of maneuver units and self-propelled howitzers in divisional composition. In 2024-2025, multiple rocket launchers and long-range loitering munitions units will also be created within the Defense Forces.

Prior to the procurement of stealth air-launched munitions, a thorough market research was conducted to find the most suitable solution for the defense forces' needs. Estonia's order focused primarily on achieving long-range offensive capabilities. Criteria included precision, munition robustness, and wide-ranging simultaneous offensive capability. The first deliveries are expected to arrive in 2024, with the necessary training provided to the Defense Forces before deployment. The Defense Forces will be ready to use the systems as soon as they arrive. (IAI 03.05)

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* 1. SQream Chosen for CRN 2023 Big Data 100 List

SQream announced that CRN, a brand of The Channel Company, named SQream on its 2023 Big Data 100 list. This annual list recognizes the technology vendors that go above and beyond by delivering innovation-driven products and services that solution providers can use to help organizations of all sizes gain the competitive advantages of becoming data-driven companies.

SQream is taking on the data analytics industry by enabling organizations to ask bigger questions of extremely large, complicated data sets, with no off-limit questions, from maximizing existing data pipelines to prediction accuracy and responding to queries faster than any other processor. Designed for the new category of tera-to-peta-scale data, SQream's GPU-powered platform enables enterprises to rapidly ingest and analyze their growing data – providing full-picture visibility for improved customer experience, operational efficiency, increased revenue, and previously unobtainable business insights.

Tel Aviv's [SQream](http://www.sqream.com) is a data analytics company that helps organizations Ask Bigger by providing them with accurate insights at a lower cost. Their unique technology empowers businesses to analyze exponentially more data, and get substantially faster insights at dramatic cost-savings. By leveraging SQream's advanced analytics capabilities, organizations are able to stay ahead of their competitors while reducing hardware usage. (SQream 03.05)

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* 1. MTI Wireless Edge Launches New Space-Saving UHF Circular Indoor RFID Antenna

MTI announced the release of two new additions to their slim antenna line - the MT009R06RH for FCC and MT008R06RH for ETSI. These circular indoor slim antennas are designed for applications with space limitations in office and retail environments. With excellent electrical performances, including a 1.3:1 VSWR (typ) over temp, exceptional weight/performance ratio (less than 150 gr.), very wide coverage (80 deg EL/AZ), and a sleek and elegant design.

Complementing MTI's slim antenna portfolio of 6 – 9 dBic these antennas are a must-have for those seeking high-quality antennas for their RFID applications. MTI offers a large portfolio with over 90 models of Linear and Circular, Single and Dual polarity, Forklift, Embedded and Near Field antennas for active and passive RFID Systems. The antennas cover a wide range of frequencies including 450MHz, 865-870MHz, 902-928MHz, 950-956MHz, 2.4GHz as well as Integrated Enclosure Antenna solutions (IAE).

Rosh HaAyin's [MTI](http://www.mtiwe.com) develops and produces High Quality antennas for Commercial, RFID and Military applications. Offering off-the-shelf and custom-developed antenna solutions in frequencies up to 174 GHz, MTI offers the widest range of antennas for all frequencies and applications. MTI is the premier supplier worldwide of Multi Band antennas for 5G backhaul and supplies directional and omnidirectional antennas for Point-to-Multipoint (PtMP), Point-to-Point (PtP), 5G, Access WiFi, Small Cell Backhaul, CBRS, TVWS, public safety, RFID and more. (MTI Wireless Edge 03.05)

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* 1. Israel Aerospace Industries Presents its BlueWhale Autonomous Underwater Vehicle

IAI is extending its maritime capabilities and presenting its BlueWhale Large Autonomous Underwater Vehicle for the first time. This has successfully undergone thousands of autonomous operation hours, including intelligence-gathering for both maritime and coastal targets, acoustic intelligence, and identifying the presence of naval mines. The autonomous submarine can perform a significant portion of the operations of a manned submarine, for periods of several weeks, at minimal cost and maintenance, without the need for operators on board.

Like manned submarines, BlueWhale performs covert intelligence-gathering above the sea surface, can detect submarines, underwater targets and gather acoustic intelligence, and also search for and detect naval mines on the seabed. BlueWhale is equipped with a telescopic mast, like the periscope of a manned submarine, several meters high, on which are mounted radar and electro-optical systems for detecting sea and coastal targets. By using a satellite communications antenna on the mast, the gathered data can be transferred in real-time to command posts, anywhere in the world, at sea or on land.

[Israel Aerospace Industries (IAI)](https://www.iai.co.il/) is Israel’s largest aerospace and defense company specializing in developing and manufacturing advanced, state-of-the-art systems for air, space, sea, land, cyber and homeland security. Over the past 60 years IAI delivered, supplied and supported advanced systems for the Israeli Ministry of Defense as well as many demanding customers worldwide. (IAI 05.05)

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* 1. Porsche and Mobileye Announce Collaboration

German sports car manufacturer Porsche and Mobileye have entered into a strategic collaboration for series production of premium ADAS solutions. In future models, Porsche plans to offer automated assistance and navigate-on-pilot functions based on the Mobileye SuperVision technology platform.

Porsche will take a leading role in the full integration of Mobileye SuperVision into its future models. To ensure a brand-worthy driving experience, the systems will be integrated and tuned by Porsche engineers. The system that monitors the driver’s attention will also be customized by the company’s in-house specialists.

Mobileye SuperVision is one of the most advanced driver assistance systems in the world. The system enables drivers to take their hands off the steering wheel on various road types while visually monitoring their surroundings, depending on local laws and traffic situations. With Mobileye SuperVision, cars can follow the navigation routes chosen by the driver, autonomously change lanes and automatically overtake slower vehicles on multi-lane roads.

Jerusalem's [Mobileye](https://www.mobileye.com) leads the mobility revolution with its autonomous driving and driver-assistance technologies, harnessing world-renowned expertise in computer vision, artificial intelligence, mapping, and data analysis. Since its founding in 1999, Mobileye has pioneered such groundbreaking technologies as REM crowdsourced mapping, True Redundancy sensing, and Responsibility Sensitive Safety (RSS). These technologies are driving the ADAS and AV fields towards the future of mobility – enabling self-driving vehicles and mobility solutions, powering industry-leading advanced driver-assistance systems and delivering valuable intelligence to optimize mobility infrastructure. (Mobileye 09.05)

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* 1. Introducing OneLayer Bridget- a Private Cellular Security Solution

OneLayer announced the release of OneLayer Bridge, the first security solution for private mobile networks. OneLayer Bridge has been designed to provide seamless and secure connectivity between the enterprise cellular networks and IT/OT networks. Aptly named Bridge, the product serves as a critical link, bridging the gap between cellular networks and the security capabilities required for devices.

The solution enables complete visibility, detection, and remediation of device vulnerabilities, and reduces risks by limiting security breach exposure. OneLayer Bridge makes it easy to discover, assess, and secure IoT device activity. It provides enterprises with a comprehensive view of their security landscape across cellular and IT/OT networks through a single pane of glass and delivers one layer of security.

Tel Aviv's [OneLayer](https://onelayer.com/‎) brings complete visibility and threat prevention to IoT and other devices connected to a private LTE & 5G network so any activity can be tracked and policies put in place to secure the environment. With OneLayer's solution, you'll gain full asset management capabilities, get operational intelligence, and protect against cellular breaches through zero-trust segmentation. OneLayer is dedicated to the private cellular networks' security domain. (OneLayer 09.05)

ISRAEL ECONOMIC STATISTICS

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* 1. Average Salaries in Israel Rises by 7.9%

The Central Bureau of Statistics announced that the average salary of employees in Israel rose by 7.9% in March 2023 to NIS 13,658. The reasons for the sharp rise include the NIS 6,000 grant received by public sector workers as part of their new collective agreement as well seasonal trends that tend to push up salaries in March.

The average salary of employees in February 2023 was NIS 12,454, up 3.9% from February 2022, below the annual rate of inflation of 5% - in other words a fall in real terms. Salary figures in fixed terms (subtracting the Consumer Price Index) indicate an annual erosion of 1.2% in salaries compared with February 2022. The number of salaried jobs in Israel was 3,953 million in February 2023, up 2% from 3,874,000 in February 2022, but down 0.6% from January 2023.

In the tech sector, the average salary in February 2023 was NIS 30,241, up 1.6% from February 2022. However, due to inflation tech sector salaries were also eroded. The number of salaried positions in the tech sector in February 2023 was 377,500, up 3.8% from February 2022.

The level of employment in Israel rose slightly to 61.7% in March 2023 compared with 61.4% in February 2023. Unemployment remained low in March 2023 at 3.9%, the same as in the previous month, the Central Bureau of Statistics said. Unemployment among those aged 25-64 fell to 3.2% in March 2023 compared with 3.5% the previous month. (CBS 04.05)

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* 1. Israeli Startups Raised $450 Million in April 2023

Israeli startups raised nearly $500 million in April 2023, according to press releases seen by [Globes](https://en.globes.co.il/en/news/). The figure may be more as some companies prefer to remain in stealth and sometimes do not publicize the investments they have received.

Investment in Israeli privately-held tech companies slowed to just $1.7 billion in Q1/23, Start-Up Nation Policy Institute (SPNI) reports. Israeli privately-held tech companies raised $15 billion in 2022, according to IVC-Leumitech, after raising a record $25.6 billion in 2021, more than double 2020's figure of $10 billion, which was itself a record. At this rate, Israeli startups are unlikely to raise over $7 billion this year.

Last year Israeli startups raised $10.9 billion in the first half of the year and just $4.1 billion in the second half of the year, as the sharp falls on NASDAQ effected the valuations of growth companies. The amount raised in April 2023 is consistent with the amounts startups were raising in the latter part of 2022.

In April, larger financing rounds were led by cybersecurity company Cybereason, which raised $100 million, and AI company Pinecone which also raised $100 million. Cybersecurity company Coro raised $45 million, digital farm management company CropX raised $30 million and cybersecurity company Avalor raised $25 million. (Globes 01.05)

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* 1. Israel's Foreign Exchange Reserves Continue to Rise

The Bank of Israel announced that Israel’s foreign exchange reserves at the end of April 2023 stood at $201.895 billion, an increase of $1.409 billion from their level at the end of March 2023. The level of the reserves relative to GDP was 38.7%. The Bank of Israel said that the increase was the result of a revaluation of the reserves by $1.404 billion, and government transfers from abroad totaling $192 million offset by private sector transfers totaling $187 million.

The Bank of Israel has continued in 2023 making no foreign currency purchases, as was also its practice last year, when it purchased only $356 million in foreign currency. But in 2021 the Bank of Israel purchased $35 billion in foreign currency to help exporters, by moderating the strengthening of the shekel. Israel's foreign exchange reserves reached a record $213 billion in December 2021. (BoI 07.05)

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* 1. Israel's Fiscal Deficit Widens

Israel's fiscal deficit widened to 0.3% of GDP, or NIS 4.9 billion, in the 12 months ending April 2023, up from 0.01% in the 12 months ending March 2023, the Ministry of Finance Accountant General announced. Although there was a fiscal surplus of NIS 3.3 billion in April 2023, this was down from a fiscal surplus of NIS 8 billion in April 2022. While government expenditure has risen 6.9% in the first four months of 2023 compared with the corresponding period of 2022, government revenues have fallen 3.2%.

Since the start of 2023 state revenues from taxes have amounted to NIS 149 billion, down 7% from the corresponding period of 2022. Revenue from direct taxes fell 10%, and revenues from indirect taxes fell 3% between January-April 2023 compared with January-April 2022.

State revenues from real estate taxation reflects the difficulties in the market. The revenues from this sector in April amounted to NIS 1 billion - a real drop of 49% compared with April 2022. Revenue from betterment tax fell 56% and revenue from purchase tax fell 45%, compared with the corresponding period last year. The Ministry of Finance noted that April had few working days due to the holidays. April 2022 also had the Passover holiday, but with more working days. Cumulatively, since the beginning of the year revenues from real estate taxes has fallen 35%. (MoF 08.05)

IN DEPTH

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* 1. MENA: M&A Transaction Value Slumps by 65% in the First Quarter

On 28 April, TradeArabia News Service announced that the value of announced M&A (mergers and acquisitions) transactions with any MENA involvement slumped y-o-y 65% reaching $8.3 billion during the first quarter of 2023. Saudi Arabia was the most targeted nation, followed by UAE and Egypt. The number of deal announcements in the region also fell 26% from last year, making it the slowest start to a year since 2020, said Refinitiv, an LSEG (London Stock Exchange Group) business.

Deals involving a MENA target fell to a seven-year low and totaled‎ $2.9 billion during Q1/23, down 75% from a year ago. The number of deals declined 22% from last year and marked the lowest first quarter deal count since 2020. Inbound deals involving a non-MENA purchaser declined 72% from a year ago to $742.3 million, while domestic deals fell 76% in value to $2.2 billion. MENA outbound M&A totaled‎ $5.0 billion, down 46% compared to the value recorded during the first quarter of 2022.

The industrials sector was most active, with deals targeting industrial companies accounting for 45% of MENA target M&A during first quarter of 2022, followed by the consumer products & services sector with 15%.

**Equity Capital Markets**

Mena equity and equity-related issuance totaled‎ $3.6 billion during the first quarter of 2023. Proceeds raised by companies in the region declined 6% compared to the first quarter of 2022, while the number of issues fell 7%.

Initial public offerings (IPO) accounted for 99% of activity, while follow-on issuance accounted for 1%. A total of 13 initial public offerings were recorded during Q1/23, consistent with the number IPOs issued a year earlier. They raised combined proceeds worth $3.5 billion, down 5.3% from a year ago. Adnoc Gas PLC raised $2.5 billion in its stock market debut in March, making it the largest IPO globally so far this year and the largest Mena oil & gas IPO of all time.

The energy & power sector was most active, with issuers raising $2.8 billion accounting for 78% of total equity capital raisings in the region. The high technology and financials’ sectors rounded out the top three, accounting for 14% and 7% market share, respectively. Dubai Islamic Bank PJSC took first place in the MENA ECM underwriting league table during Q1/23 with a 13.9% market share, followed by EFG Hermes with 12.9% market share.

**Investment Banking**

According to the report, an estimated $225.2 million worth of investment banking fees were generated in the Middle East & North Africa during Q1/23, a 62% decline after witnessing the strongest start in 2022.

Advisory fees earned from completed M&A transactions in the region reached $66.1 million, a 71% decrease from the comparative period last year, making it the lowest first quarter total since 2021. Equity capital markets underwriting fees generated $70.8 million, 14% lower compared to a strong period last year, but still elevated compared to historical levels. Syndicated lending fees declined 97% from a year ago to $6.8 million, while debt capital markets fees grew 275% to $81.6 million, the highest first quarter total since 2021.

MENA fees account for 0.9% of investment banking fees earned globally during the first quarter of 2023. 48% of all MENA fees were generated in Saudi Arabia during Q1/23, followed by the UAE (44%).

JP Morgan earned the most investment banking fees in the region during Q1/23, a total of $21.2 million or a 9.4% share of the total fee pool.

**Debt Capital Markets**

MENA debt issuance totaled‎ $26.9 billion during the first quarter of 2023, almost triple the value recorded during the first quarter of 2022 and the highest start to a year by proceeds since 2021. Saudi Arabia was the most active issuer nation during the first quarter of 2023, accounting for 67% of total bond proceeds, followed by UAE (17%), Morocco (9%) and Egypt (6%).

Government and Agencies issuers accounted for 55% of proceeds raised during the first quarter of 2023, while financial issuers represented 45% market share. Islamic bonds raised $6.3 billion during the first quarter of 2023, a 57% increase from the first quarter of 2022 and a three-year high. Sukuk account for 23% of total bond proceeds raised in the region during Q1/23, compared to 42% during Q1/22.

Citi took the top spot in the MENA bond book runner ranking during Q1/23, with $3.5 billion of related proceeds, or a 13% market share. Emirates NBD PJSC ranked first in Q1/23 MENA Islamic bonds league table. (TradeArabia 28.04)

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* 1. UAE: The One-Year Anniversary of Mohammed bin Zayed’s Presidency

On 3 May, Ambassador Marcelle M. Wahba and Ambassador William Roebuck posted in [Arab Gulf States Institute in Washington](https://agsiw.org/) that balancing family and state-federal dynamics while staying in line with regional tendencies on succession, Mohammed bin Zayed names his son Khaled crown prince.

May 14 marks the one-year anniversary of the appointment by the Federal Supreme Council of Mohammed bin Zayed al-Nahyan as president of the United Arab Emirates. The appointment came the day after his accession as the ruler of Abu Dhabi, following the death of his half-brother, Khalifa bin Zayed al-Nahyan. The anniversary provides a useful opportunity to review developments in the UAE that followed this pivotal transfer of power, particularly the Abu Dhabi ruler’s 29 March decision naming his son, Khaled bin Mohammed bin Zayed al-Nahyan, crown prince, and related appointments affecting three of his full Bani Fatima brothers. Such a review also sheds light on royal family dynamics, not only in Abu Dhabi, but also in the Gulf Arab states more broadly. It is likewise a useful prism for getting a read on the interplay between the reach of the Emirati state, centered in Abu Dhabi, and federal institutions for the seven emirates.

As now widely reported, on 29 March, in his capacity as ruler of Abu Dhabi, Mohammed bin Zayed named his eldest son, Khaled, crown prince of Abu Dhabi, the confirmed stepping stone to eventually becoming ruler of the emirate and by default the president of the UAE. That designation represents the culmination of what appears to have been a concerted effort by Mohammed bin Zayed over a number of years to prepare his son for the elevation, ensuring he gained experience and authority in security, governance and energy and oil policymaking.

While crown prince of Abu Dhabi, Mohammed bin Zayed appointed his son to a series of important positions to provide him with the required underpinnings for eventual succession and maybe also to test his leadership and intellectual skills. Khaled was appointed head of the State Security Department in February 2016 and became deputy national security advisor in 2017. He also served as chairman of the powerful Abu Dhabi Executive Office, a government body that oversees implementation of strategic and executive plans. In December 2020, Khaled became a member of the board of the Supreme Council of Financial and Economic Affairs, a relatively new, empowered body overseeing Abu Dhabi’s economy. In 2019, he joined Abu Dhabi’s Executive Council, the main governing body of Abu Dhabi, and in a separate decree in late March, he was elevated to the top post of chairman – reporting directly to Mohammed bin Zayed.

Parallel with this gradual accession to pivotal positions of leadership, Khaled has, over the past couple of years, elevated his public profile, participating in international conferences in Abu Dhabi, meeting with visiting leaders and going on official trips. He has also been regularly featured in the local media, leading initiatives in business, the arts, sports, climate, clean energy, and youth activities, among others.

**Mohammed bin Zayed Appoints Bani Fatima Brothers to Key Positions**

At the same time that he elevated his son to crown prince, Mohammed bin Zayed issued separate decrees offering senior appointments to three of his full brothers. He named Mansour bin Zayed al-Nahyan (already serving as deputy prime minister and minister of the presidential court) as UAE vice president, a position he will share with the ruler of Dubai and prime minister, Mohammed bin Rashid al-Maktoum. Earlier in the month, Mansour was selected by the Mohammed bin Zayed-headed Supreme Council for Financial and Economic Affairs for Abu Dhabi to be chairman of Mubadala, the UAE’s $272 billion sovereign wealth fund where he had been serving as deputy chairman.

Mohammed bin Zayed also appointed his brothers Tahnoun bin Zayed al-Nahyan (who is presently national security advisor) and Hazza bin Zayed al-Nahyan deputy rulers of Abu Dhabi. With this appointment, Mohammed bin Zayed is formalizing their roles as two of his key advisors while providing the new crown prince with added support and guidance from his two uncles. In a related and highly significant appointment, Mohammed bin Zayed named Tahnoun chairman of the Abu Dhabi Investment Authority, the emirate’s more than $750 billion sovereign wealth fund, the world’s second largest after Norway. The ADIA appointment consolidates Tahnoun’s position as one of the most influential members of the royal family overseeing both the family’s private wealth and the emirate’s key investment institutions. Tahnoun’s other positions include chairman of the smaller sovereign wealth fund, ADQ (with $157 billion in assets) and head of the First Abu Dhabi Bank, the country’s biggest lender. In line with these critical financial oversight positions, Tahnoun also heads the Royal Group, a private investment firm, which, according to Bloomberg, manages one of the world’s biggest family fortunes. In addition, he runs the huge International Holding Company, which grows non-oil business sectors in the UAE, including investments in health care, real estate, agriculture, information technology and communications and retail (372 subsidiaries in all) in some 20 countries worldwide. Tahnoun has also been entrusted by Mohammed bin Zayed with behind-the-scenes statecraft, undertaking sensitive outreach to Turkey and Qatar, among others.

Mohammed bin Zayed, Tahnoun, Mansour, and Hazza are part of a cohort of six full brothers, the Bani Fatima, sons of UAE founder Zayed bin Sultan al-Nahyan and his third highly influential wife, Fatima bint Mubarak al-Ketbi. Analysts cite the new additional appointments in March for Mohammed bin Zayed’s brothers as further consolidating the power and influence of this group. It also includes Abdullah bin Zayed al-Nahyan, the current foreign minister and Hamdan bin Zayed al-Nahyan, the former minister of state for foreign affairs and now the ruler’s representative for the Al Dhafra region. Widely considered a talented group of administrators and modernizers, they also have a reputation for being dedicated hard workers with a strong sense of loyalty to each other and in particular to Mohammed bin Zayed, the eldest brother.

The past year for Mohammed bin Zayed has been one of moving up from de facto ruler finally into the new role of president. From accession to first anniversary, with these appointments, it appears he has grown comfortable enough in his new role to delegate some key responsibilities while remaining fully in charge as he consolidates power at the emirate and federal level with his full brothers. This consolidation was assessed by one Gulf-based analyst as “no secret,” even as Mohammed bin Zayed makes clear the royal line passes lineally rather than laterally. With this decision, he is following the tradition of his father, as founder and ruler, who passed power to his son, Khalifa, and in the manner in which Mohammed bin Zayed was chosen when his father named him deputy crown prince before his death in 2004. Given Zayed’s stature as the founding father of the nation, once he was named as deputy crown prince, Mohammed bin Zayed was on track to become crown prince when Khalifa became ruler. A number of analysts viewed these recent appointments as building on a tendency in the UAE, already evident, to centralize power in the hands of the Bani Fatima in running the emirate of Abu Dhabi but also in a careful manner that maintains power sharing dynamics and overall unity.

**A Balancing of Division of Labor Between State and the Federal Government**

Emirati political scientist Abdulkhaleq Abdulla took issue with analysts perceiving in the recent moves an increase in political leverage for Abu Dhabi at the expense of commercial powerhouse Dubai. He noted that the appointments were in line with carefully balanced state and federal government divisions of labor long established in the country’s constitution.

Few analysts understand the strength of the relationship between Abu Dhabi and Dubai as the two most important emirates in the federation. Dubai, with its regional role as the commercial and transportation hub between East and West, is a strong, albeit a more junior, partner for Abu Dhabi. The oil wealth of Abu Dhabi allows it to play the key role in the federation as it covers the largest share of the federal budget, pays the full expense of the UAE’s armed forces, and spends heavily on development projects and infrastructure in the northern emirates, including a massive bailout of Dubai during the 2008-09 financial crisis. Since 9/11 and certainly after the Arab Spring uprisings of 2011, Abu Dhabi leadership, and Mohammed bin Zayed in particular, prioritized the importance of strengthening the unity of the federation and promoting the identity of a nation-state, especially among Emirati youth.

**Recent Moves Viewed in Broader Gulf Context**

Mohammed bin Zayed’s naming of his son as crown prince clarified the succession in a way that has been anticipated in several other Gulf states in the past decade, as ruling families moved away from informal but long-standing, often tribal-influenced consultative structures that drove succession decisions. Those traditions kept the succession path open for lateral successions by brothers or even cousins considered fit to rule and with the ability to build “supportive family coalitions.” Leaders in several Gulf states – including Qatar, Oman and Saudi Arabia – have moved away from those traditions and taken a range of steps, whether promulgating a new constitution and eventually abdicating the throne as in Qatar, amending the Basic Law to allow for the naming of a crown prince as in Oman, or improvising over time, in Saudi Arabia, as the long line of King Abdulaziz al-Saud’s sons came to an end and King Salman bin Abdulaziz chose to install his seventh son as crown prince. Mohammed bin Zayed’s moves, albeit unique in their way (with the 1996 constitution leaving it to each of the seven emirates to provide their own rules of succession), fit within this broader regional trend as he makes clear the royal line passes vertically rather than laterally.

Commenting on Mohammed bin Zayed’s recent moves, AGSIW Senior Resident Scholar Kristin Smith Diwan, noting the "vertical consolidation of ruling lines” in the region, also found useful as a point of comparison a pattern of “greater state centralization” in Gulf states over time. Diwan and other scholars have noted these patterns, included but not limited to succession mechanisms, in the Gulf over the past two few decades, as the needs of modern statecraft in a “current complex era of strategic multipolarity” and fast-breaking economic events put a premium on streamlined power structures that expedite decision making, at the expense of the slower consultative, consensus-prizing traditions of monarchies in the past. Such developments are all the more key in the UAE, which has witnessed in its modern history, as Gulf scholar Kristian Coates Ulrichsen noted in his book on the UAE, a marked acceleration in the “processes of state formation and institutional consolidation.”

Naming a crown prince in monarchical politics also represents a preemptive insistence on a smooth, streamlined transfer of power that diminishes uncertainty in a succession and regarding the future. From this perspective, Mohammed bin Zayed’s careful clustering of decrees empowering his full brothers and son underscores the emphasis on smooth transition. Kuwait-based analyst Bader Al-Saif termed them a “well-executed mix of decrees” that support the stability and strength of the Al Nahyan rule, one that absorbs the change to a lineal model. Another analyst, speaking on background, also discerned a deft touch in the combination that wrapped a bold but well-prepared move, naming his son crown prince, with moves further empowering already powerful brothers, all of it in a way that further strengthens the rule of Mohammed bin Zayed.

With Mohammed bin Zayed calling the shots, several tendencies will continue: There will likely be further consolidation of the Bani Fatima, both in Abu Dhabi’s and in federal UAE politics. There will also likely be further entrenchment of the UAE’s regional and international ambitions, both political and economic, as well as a ruling vision that prizes education, tolerance, the role of women, and youth empowerment. Abu Dhabi is likely to continue to be supportive of the weaker emirates to ensure unity of the federation.

**Moves Unlikely to Impact Foreign Relations**

Regionally, partially because Mohammed bin Zayed’s decisions and new appointments fit with tendencies already well in train, these moves are not likely to be a cause of concern. On the other hand, such moves are unlikely, in themselves, to have impact in easing any frictions that may have developed with neighbors. Similarly, they are unlikely to affect the UAE’s traditionally strong although – occasionally in recent times – friction-pocked relationship with the United States.

As the UAE looks to commemorate Mohammed bin Zayed’s upcoming first anniversary as ruler of Abu Dhabi and president of the country, it continues to keep its outward-facing political and economic ambitions, in tandem with its effective soft power and branding efforts, at the fore. Mohammed bin Zayed’s important but deftly managed moves – clarifying succession, further empowering his Bani Fatima cohort of siblings, while strengthening the UAE federation – allow the UAE to continue playing an ambitious leadership role in regional politics and on the global stage.

*Ambassador Marcelle M. Wahba is president emeritus and distinguished fellow of the Arab Gulf States Institute in Washington. She served as the founding president of AGSIW from December 10, 2014 until May 24, 2019. Ambassador William Roebuck is the executive vice president of the Arab Gulf States Institute in Washington.* (AGSIW 03.05)

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* 1. EGYPT: Outlook Revised to Negative on External Financing Risks; 'B/B' Ratings Affirmed

**Rating Action**

On 21 April 2023, [S&P Global Ratings](http://www.standardandpoors.com/) revised its outlook on Egypt to negative from stable. At the same time, we affirmed our 'B/B' long- and short-term foreign and local currency sovereign credit ratings on the country. The transfer and convertibility assessment on Egypt remains 'B'.

**Outlook**

The negative outlook reflects risks that the policy measures implemented by the Egyptian authorities may be insufficient to stabilize the exchange rate and attract foreign currency inflows to meet the sovereign's high external financing needs.

**Downside scenario**

We could lower the ratings over the next 12 months if multilateral and bilateral funding support is more limited than expected. We could also take a negative rating action if Egypt's external profile comes under greater strain than we expect and inflationary pressures persist such that risk of domestic unrest increases, among other potential repercussions.

**Upside scenario**

We could revise the outlook to stable if we observe a higher possibility of Egypt's foreign currency funding needs being met, for example, by a track record of exchange rate flexibility and attracting sizable foreign currency inflows via the sales of state-owned enterprises (SOEs) - key tenets of the IMF program.

**Rationale**

The outlook revision reflects our view that Egypt's funding sources may not cover its high external financing requirements of about $17 billion in the fiscal year ending June 30, 2023, and $20 billion in fiscal 2024. Absent sufficient foreign currency funding, Egyptian transactions with the rest of the world would slow significantly, with negative implications for GDP growth, and this could translate into less incentives to service external debt.

We estimate that the Egyptian government allocates over two-fifths of all revenue collected for interest payments on its high stock of debt. Most of these payments service domestic debt rather than external obligations. Given competing pressures for public spending, including on households hit hard by still-elevated energy and food prices, reducing such a high interest to revenue ratio (the third highest of all 137 sovereigns rated globally) will be a significant challenge for the government.

The Egyptian authorities' weighty reforms, announced in December 2022, could result in a steady inflow of foreign currency if they are implemented fully. The reforms are backed by a $3 billion program under the IMF's extended fund facility, and these policies include fiscal consolidation, implementation of conditions sufficient to allow for a fully flexible exchange rate, and a plan to sell mostly minority stakes in select SOEs.

However, relatively limited evidence of the reform's implementation has increased pressure on the Egyptian pound, particularly considering Egypt's high external funding needs. In our opinion, lack of progress increases risks that multilateral lenders and foreign investors, including key Gulf Cooperation Council (GCC) countries, potentially delay or do not provide Egypt with the agreed funds, with implications for imports, inflation, interest rates and the government's debt stock and interest payments.

The Egyptian pound has fallen by 50% against the U.S. dollar since the start of 2022. A key component of the IMF program, is "a permanent shift to a flexible exchange rate regime to increase resilience against external shocks and to rebuild external buffers." There is currently limited day-to-day movement in the official exchange rate. We understand that this is due to limited demand as market participants appear reluctant to purchase foreign currency, while rumors of further devaluations circulate.

In our view, significant progress regarding the sale of SOE assets likely hinges on more clarity from the authorities on exchange rate policy. Foreign investors may also be concerned about limitations on transparency of the SOEs' accounts and how the operating environment will evolve if the government or military maintain competing companies in the same sectors.

Notwithstanding the longer-term benefit of a more flexible exchange rate on the economy, its decline is currently adding to already-high inflation. Egypt is a largely import-dependent country and the weaker currency is increasing import costs. Inflation reached 32.7% in March, and we expect it to average 23% for fiscal 2023, moderating to 18% in fiscal 2024.

The Egyptian society was able to absorb, albeit uncomfortably, relatively similar rates of inflation rates in 2017, when the country last saw a sharp currency devaluation. The government is providing fiscal support for those most affected by the current inflationary pressures, reducing the risk of large protests.

We see modest growth prospects for Egypt in the next three years, underpinned by the ongoing implementation of fiscal and economic reforms. We expect general government balances to remain elevated over our forecast period through fiscal 2026. Nevertheless, high GDP deflator growth rates should support a decline in the net government debt-to-GDP ratio over the period through fiscal 2026, having increased sharply to about 82% of GDP in fiscal 2023, largely because of the effect of the exchange rate devaluation on the government's foreign currency debt stock (about 34% of the total in fiscal 2023). Still, Egypt's debt burden and debt-servicing needs will remain very high and sensitive to movements in the exchange rate.

**Institutional and economic profile: Implementation of reforms, including the reduction of the state's economic footprint, are key to Egypt's economic prospects**

* We expect Egyptian economic growth to average 4% over the next three years.
* The government plans to reduce its footprint in the economy and encourage foreign direct investment (FDI) inflows rather than more flighty portfolio investment.
* We expect the government's headline deficit to increase to 7% of GDP in fiscal 2023, alongside a more pronounced weakening of the primary fiscal surplus due to rising government interest costs.

Key structural constraints to economic growth include the large informal sector; relatively weak, albeit improving, governance and transparency of state-owned enterprises; and barriers to competition that restrict private-sector activity. The government has furthered efforts to improve the business operating environment, such as a new customs law, settlement of arrears to exporters, and industrial land allocation mechanisms, which could support growth in the next two to three years.

The government is also embarking on a plan to reduce its dominance of much of Egypt's productive sectors. In December 2022, President Abdel Fattah el-Sisi approved a state ownership policy document that outlines the government's vision for the future role of the state in the economy. This includes raising the participation of the private sector in public investments to 65%, from 30% currently, within three-to-five years. The government's intention is to raise $2.5 billion (0.7% of GDP) in the first phase of pre-IPO stake sales by the end of fiscal 2023 and $4.6 billion (1.5%) in fiscal 2024. Previous plans to bolster the private sector have had limited success. However, with GCC governments pledging to invest in Egyptian companies, the current plan should have some impact.

Recovery in tourism and manufacturing supported economic activity in fiscal 2022, while public infrastructure projects supported the construction industry. Over our forecast horizon to fiscal 2026, we expect economic growth to average 4% per year, with the construction and energy sectors as key drivers, along with sectors such as IT and communications, wholesale and retail trade, agriculture and health care. The *Hayah Karima* program, which aims to improve living standards in rural communities, should help develop the quality of infrastructure.

Tourism should fully recover in 2023. The sector contributed about 12% of GDP, 10% of total employment, and 16% of current account receipts (CARs) in 2019 (the last pre-COVID, pre-Ukraine-Russia conflict data point) and is an important source of foreign currency earnings for Egypt. This year, tourism revenue on the balance of payments should increase close to the $13 billion peak achieved in fiscal 2019, supported by Egypt's hosting of the 2022 United Nations Climate Change Conference, more commonly referred to as COP27, and its inauguration of the Grand Egyptian Museum later this year. We understand that Russia (18%) and Ukraine (the remainder) together accounted for 25%-30% of Egypt's pre-war inbound tourism by volume. A pickup in tourists from other countries, including Germany, the U.K., the U.S. and Saudi Arabia, has partially offset the decline in Russian and Ukrainian arrivals. Egypt has started operating direct flights between Tel Aviv (Israel) and Sharm El Sheikh (Egypt) for the first time, and this should help boost tourism receipts. Also, the country is reportedly looking to adopt the Russian Mir payment system, allowing for payments in rubles, to encourage Russian tourists.

The sociopolitical environment in Egypt remains relatively fragile, in our view, with about 30% of Egypt's 105 million population below the poverty line. Sporadic small-scale protests reflect the discontent of more vulnerable and younger sections of society. The 2011 political uprising, which unseated long-time president Hosni Mubarak, was partly spurred by high unemployment and food price inflation. Under the existing subsidies program, more than 60 million Egyptians, or nearly two-thirds of the population, get five loaves of round bread daily for 50 U.S. cents a month; this has barely changed since countrywide bread riots prevented a price hike in the 1970s. Given these political dynamics, the government largely covered the cost of higher wheat prices in 2022 and postponed a reform to the bread subsidy scheme.

We expect the government to continue fiscal consolidation and economic reforms over the next two to three years, absent a significant increase in social unrest. We assume President Sisi will win reelection in 2024 and lead the government in its pursuit of the key tenets of the IMF program, including:

* A durable shift to a flexible exchange rate regime;
* Monetary policy aimed at gradually reducing inflation;
* Fiscal consolidation to ensure a downward public debt trajectory while enhancing social safety nets to protect the vulnerable; and
* Wide-ranging structural reforms to reduce the state footprint and strengthen governance and transparency.

We do not rule out an escalation of geopolitical tensions with neighboring Libya and Ethiopia, the latter relating to the Grand Renaissance Dam, although this is not our base-case scenario. Ethiopia continues to fill the reservoir behind the dam, raising concerns of water shortages in Egypt and Sudan, which also depend on the Nile's waters. Ethiopia is filling the reservoir to power a turbine and increase electricity provision in the country. To mitigate the risk, Egypt is directing more water from Lake Nasser, the reservoir behind its own hydropower Aswan High Dam, into the Nile and implementing several desalination projects and water management strategies, such as the recycling of agricultural waste and surface water.

**Flexibility and performance profile: High inflation somewhat masks Egypt's deteriorating fiscal position**

* We expect Egypt's high external funding needs will largely be met by multilateral and bilateral lenders.
* We project that Egypt's general government deficit will widen by nearly 50% in fiscal 2023 compared with the previous fiscal year, but due to our estimate of a 25% increase in the GDP deflator, the deficit increases by only 1% of GDP.
* Inflationary pressures remain high, despite significant monetary policy tightening over the past year.

Egypt's current account balance is broadly characterized by a large deficit on the goods balance, alongside a deficit on net income, which the surpluses on the services and transfers balances are insufficient to offset. We estimate that the current account deficit will narrow to about $13 billion in fiscal 2023 and stay around that level over the period through fiscal 2026, falling as a share of GDP to 3.5% from 3.9% over the period. We expect import prices to moderate, while export volumes and remittances from Egyptians living abroad remain robust. Over the period through fiscal 2026, government measures to promote non-oil exports should also prevent a widening of the current account deficit.

In terms of external funding, we expect net flows to the financial account to be sufficient to compensate for the current account deficits over the period through fiscal 2026, with the Central Bank of Egypt's (CBE's) gross reserves being maintained at about $32 billion on average. The IMF has a more optimistic view, projecting gross reserves to reach $64 billion over the same period, as the balance of payments improves and program financing is disbursed.

Of Egypt's total external financing requirement of $20 billion in fiscal 2024, about $13 billion relates to our estimate of the country's current account deficit and $7 billion to government principal repayments on debt. Egypt refinanced a $1.5 billion, 5.577% coupon Eurobond maturing in February 2024, with a $1.25 billion sukuk with a coupon at close to 11%. Egypt has another $500 million Eurobond maturing in November 2023, and $2 billion maturing in 2024.

We expect FDI of almost $10 billion to provide most of the current account funding, with the remainder met by FDI from GCC and other parties, some return of portfolio flows, and net external borrowing, largely by the government from by multilateral and bilateral lenders as bond yields on Egyptian Eurobonds remain elevated at close to 23%. We assume that any external funding gaps will be covered by additional GCC government support. This is notwithstanding media reports that GCC states are pushing Egypt to implement reforms before disbursing funds to purchase Egyptian SOEs. The GCC has provided $28 billion in deposits at the central bank over recent years, $13 billion of which were provided in 2022 shortly after the current foreign currency stresses emerged. Although the GCC states are pushing for better returns on the support they give to Egypt, negotiations regarding the partial sale of the state-owned assets to GCC investors is taking longer than expected. We think GCC states are still likely to provide additional aid to Egypt if needed.

We forecast the Egyptian pound to decline by about 53% by the end of fiscal 2023, compared with the previous fiscal year, followed by a modest depreciation in the subsequent years.

In our view, a key component of the recent sharp currency depreciation has been commercial entities hoarding foreign currency earnings, given the uncertainty regarding the Egyptian pound's value. We understand that foreign currency earning sectors such as tourism have been holding on to their dollars, while there has been relatively limited availability of foreign currency on the interbank market since domestic, but more importantly, foreign banks have been uncomfortable with the level of policy uncertainty.

To preserve foreign currency, the government has introduced measures to halt capital expenditure (capex) on projects that have yet to start and called on budget entities and other governmental bodies to cut back spending in areas such as awards and travelling expenses.

Given the short-term nature of the inflow of GCC deposits, our external liquidity metric deteriorated in 2022. We expect gross external financing needs as a share of current account receipts (CARs) and usable reserves estimated at about 150% over the four years through fiscal 2026, and usable reserves covering about 2.7 months of current account payments over the period through fiscal 2026. Our estimate of usable reserves deducts required reserves from officially reported reserves.

We expect Egypt's net external debt, adjusted for liquid external assets, to average about 145% of CARS over the period through fiscal 2026. The surge in CARs in fiscal 2022 associated with the stronger performance of the tourism and hydrocarbons sectors resulted in a decline in the ratio to about 119% of CARs.

About 70% of Egypt's government debt is domestic and in local currency. The main funding source for this domestic debt is the Egyptian banking system, which, in our view, remains liquid and can increase its holdings of government debt if necessary, despite its already-high exposure. Deposit growth is high, averaging above 15% annually over the past three years, partly due to the low base of financial inclusion. We estimate that Egyptian domestic banks--of which the two state-owned banks, National Bank of Egypt and Banque Misr, constitute close to half in terms of total assets--hold more than 60% of general government debt.

We estimate that the general government fiscal deficit will remain high, at about 7% of GDP on average, over the period through fiscal 2026. We estimate that given current challenges, the primary surplus (deducting interest costs from the headline deficit) will average about 1% of GDP over fiscals 2023-2026, but note that in the previous four years, the average was closer to 2%, suggesting some upside to our fiscal forecasts. We expect a positive impact on the fiscal balance thanks to tax administration reforms and a broadening of the tax base. On the spending side, growth will be largely spurred by capital investments, subsidies, grants, social benefits and salaries.

Headline inflation is well above the upper boundary of the CBE's target range of 7% plus or minus 2%, partly as food prices, which had been increasing even before the Russia-Ukraine conflict, continue to rise. Inflation has been trending upward since mid-2021, and reached 32.7% in March 2023. The CBE tightened its monetary policy stance by increasing the overnight deposit and lending rates by 1,000 basis point (bps) since March 2022. The overnight deposit and lending rates, as well as the rate of main operation, currently stand at 18.25%, 19.25%, and 18.75%, respectively, while the discount rate is at 18.75%. In its latest policy meeting in March, the CBE raised the key policy rates by 200 bps.

We think the recent pound devaluation is unlikely to harm banks' asset quality, since foreign currency lending (less than 20% of total loans) is usually granted to companies that generate revenue in the same currency. However, under our base case, we still expect credit losses to increase due to expanded lending to inherently riskier small and midsize enterprises (SMEs). The CBE raised the threshold for SME lending to 25% of banks' loan books on December 2022, from 20% previously, and set a new 10% minimum threshold for lending to small enterprises. We nevertheless expect the banking sector's pre-provision income to more than offset the hit from increased loan loss provisions, thus not hindering capital. Overall, we think the banking sector has solid domestic liquidity, with a low loan-to-deposit ratio at 48% as of December 2022. Banks' decisions to offer high yield certificates of deposits may weigh on profitability, although the impact appears to be manageable based on the volume issued. (S&P 21.04)

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* 1. EGYPT: The Growth of Chinese Influence in Egypt - Signs and Consequences

Mohamed Maher and Mohamed Farid wrote on 27 April in [The Washington Institute](https://www.washingtoninstitute.org/) that Chinese influence extends beyond the economic sphere, posing serious threats to Egypt's security interests and relationship with the United States.

Beijing’s recent mediation between Iran and Saudi Arabia was no random or isolated move. Rather, it seems that the Chinese giant is preparing to deepen its influence in the Middle East. The growth of China’s influence in Egypt, for instance, has become unmistakable on both a government and a popular level. The results of a recent Washington Institute poll show that a majority of Egyptians view relations with China as more important than relations with the United States. Strikingly, these results correspond with those of an earlier telephone study carried out by the Egyptian Center for Public Opinion Research (Baseera) in 2015, which reported that China was ranked as Egypt’s greatest friend among non-Arab countries. In the same study, Israel and the United States were ranked as Egypt’s greatest enemies according to those polled.

Historically, relations between Beijing and Cairo have deep roots. Under Nasser, Egypt became the first Arab or African country to establish diplomatic relations with the People’s Republic of China in 1956. Later that year, China provided Egypt with significant financial assistance against the Tripartite Aggression of Great Britain, France and Israel during the 1956 Suez Crisis. Both states were likewise key players in the non-alignment movement, which arose as a counterweight to the Cold War dichotomy of U.S. and Soviet alignment. Despite the varying political systems in Egypt over the past half century, relations with Beijing have remained of capital importance for Egyptian foreign policy, even after the election of the Muslim Brotherhood into power in 2012. Then-president Mohamed Morsi visited China within a few months of his election, as did current President Abdel Fattah El-Sisi once he came to power.

Following Xi Jinping’s ascension to power and the launch of China’s Belt and Road Initiative (BRI) in 2013, Egypt’s ties with China have become even more significant. In 2014, the two countries signed a “strategic partnership agreement,” promising cooperation in the fields of defense, technology, the economy, counter-terrorism, and fighting cybercrimes. During Xi Jinping’s visit to Egypt in 2016, 21 more agreements were signed—including an agreement for 15 billion dollars of Chinese investment in various projects.

From 2017 to 2022, Chinese investment in Egypt increased by 317%. During the same period, U.S. investment in Egypt decreased by 31%. Data from the Central Bank of Egypt revealed that China acquired the largest share of Egypt’s imports, at a rate of 10.1%, at an amount of about $2 billion, during the ending fiscal year. Data also showed that the United States came as the fourth exporter of goods and commodities to Egypt, at a rate of 6.2%, which is almost $1.2 billion. Moreover, China was ranked as the second largest trading partner of Egypt after the United Arab Emirates, while the United States came in third place during the same period.

Infrastructure and construction projects in new Egyptian cities have drawn particular attention from Chinese investors. The erection of the Iconic Tower in the New Administrative Capital, for example, was executed by the China State Construction Engineering Corporation at a cost of up to $3 billion. According to China’s “highly active” ambassador to Cairo, Liao Liqiang, the BRI is intimately linked to Egypt’s Vision 2030—an ambitious development plan launched by Sisi.

This five year period also witnessed unprecedented growth in trade between Egypt and China. Egypt’s imports from China doubled from approximately $8 billion in 2017 to $14.4 billion in 2022. Egypt’s exports to China, which were approximately $693 million in 2017, reached $1.8 billion this past year. Data from the Central Agency for Public Mobilization and Statistics revealed last March that the percentage of Egyptian exports from China increased by 20.8% during the first eleven months of 2022. The value of trade exchange between the two countries grew to $14.9 billion during the aforementioned period, compared to $14.5 billion during the same period in 2021, an increase of 2.6%. Machinery, electrical appliances, boilers, and mechanical tools usually account for the largest share of Chinese exports to Egypt, followed by chemical and organic products, cars, tractors, bicycles, iron and steel products and textiles.

As a result, China has become Egypt’s largest trading partner for eight successive years. From 2018 to 2019, Egypt drew in approximately 28.5 billion dollars in Chinese investments, becoming the largest recipient of Chinese investment in the Arab world.

**China’s Growing Soft Power**

Of late, China’s involvement in Egypt has not been limited to construction projects, expanding instead to encompass the cultural sphere and discrediting the widely held belief that China’s plans in Egypt are solely economic. Many media outlets—notably government ones—have become megaphones for Chinese Communist Party (CCP) propaganda. At a time when some media sources rely on reproducing material about U.S. violations of human rights in Guantanamo or Abu Ghraib, for example, talk of China’s violations against the Uyghur Muslim community has been avoided. Despite the silence on the Uyghur cause, Egyptian security officials have arrested a number of Uyghur students in Egypt, sparking international human rights appeals not to hand them over to the Chinese authorities. On the Taiwan issue, Sisi and state media have repeatedly emphasized that Egypt’s policy is unchangeable. Sisi declared in a speech to military students that “Egypt supported the “One China” policy as it is in the interests of world security and stability.”

Another area of influence is China’s effort to engage Egypt’s next generation of leaders and administrators, primarily through large-scale training programs offered to government and executive leadership across Egypt. By its own account, the Egyptian Ministry of International Cooperation worked with China—represented by the Chinese Ministry of Commerce—on approximately 55 virtual trainings in 2021 to build competencies in the fields of healthcare, technical education, e-commerce, farming and modern irrigation technology, city planning and green energy transformation. Last year, the Ministry of International Cooperation also organized several programs for Egyptians to earn masters and doctoral degrees from Chinese universities and educational institutions. Over the last four years, more than 1,100 training programs were held in cooperation with China, benefitting more than 4,000 Egyptian government officials.

China has also cultivated a wide-ranging network of relations with Egyptian political parties. The Chinese embassy in Egypt has held periodic meetings and functions with Egyptian political parties to strengthen their cooperation with the CCP. Strikingly, such meetings are not restricted to socialist or leftist parties, but are held with parties across nearly the entire political spectrum. Likewise, the CCP’s International Liaison Department communicates and organizes meetings and functions in China with Egyptian politicians, allowing them to meet senior-level Chinese counterparts. The Chinese ambassador in Cairo also regularly writes articles in widely-read Egyptian newspapers. These are extremely effective channels for spreading CCP propaganda, inculcating a positive view of China and oppositional attitudes towards the West, especially the United States.

The establishment of the Confucius Institute at Cairo University is another example of China’s soft power tools in Egypt. Founded in 2007, the institute is intended to teach Egyptian scholars the Chinese language and share Chinese culture. Recently, the director of the Confucius Institute in Cairo was selected as the best director among the 500 branches and 3,600 foreign directors of Confucius Institutes worldwide.

Already, Chinese propaganda has successfully effaced objective realities. For example, Chinese messaging has captured the attention of the Egyptian public with a multifaceted conspiracy theory about the role of the United States and Israel in supporting Ethiopia on the proposed Grand Ethiopian Renaissance Dam (GERD)—a project which could threaten Egypt’s water resources. Meanwhile, Beijing’s active role in supporting the proposed dam, as well as other dams on sources of the Nile, is being ignored. China has given $1.2 billion to build electrical power lines from the dam to Ethiopian cities, and has spent an additional $1.8 billion for Ethiopia to expand its renewable energy resources. Chinese companies like Sinohydro have also played a leading role in the building process for the dam. Nevertheless, these facts are noticeably absent from Egyptian media.

An area of particular concern and growth is that of the telecommunications sector. Egypt has welcomed in two controversial Chinese companies, Dahua and Hikvision, which not only have ties to the CCP but have been implicated in a recent report on the worldwide expansion of surveillance networks that pose a grave threat to the privacy and security of civilians. Although Vietnam and the United States have the lion’s share of cameras from Dahua and Hikvision, Egypt ranks 54th worldwide, with approximately 25,000 surveillance camera systems using Dahua or Hikvision equipment. In addition, the vast majority of routers in Egypt are of Chinese manufacture. For example, Telecom Egypt issues its employees USB modems and G4 routers, all of which are made in China by the companies ZTE and Huawei.

Egypt’s ready argument may be that the country’s best interests depend on finding a balance between the world’s great powers. This is certainly a lesson drawn from Egypt’s historical experience; during the Cold War period, the country benefited from its “non-aligned” stance between East and West. Though this argument may seem logical at first, especially given Washington’s perceived indecision vis-a-vis its Middle East commitments and relationships, Egypt must be aware of the risks inherent in a partnership with China. In addition to its moves on the Grand Renaissance Dam, China’s suspicious activity in controlling Egyptian cyberspace has worried even Cairo. Egypt must be aware of both the potential risks of over-dependence and its impact on Egypt’s other foreign relations. Chinese influence in Egypt could threaten the interest of the United States and its investments in Egypt to a great degree, throwing open the door for even greater Chinese influence in the region via Cairo and a limit to Egypt’s ability to hedge itself against Chinese influence.

Washington and its western allies have long criticized Egypt’s fluid stance on the condemnation of the Russian invasion of Ukraine. It is to be expected that Egypt would adopt the same position in the event of a Chinese invasion of Taiwan, thereby helping to scuttle an international attempt to defend the island. The United States is currently focused on defending American interests in the face of the rise of China in Asia and the Pacific Ocean and is gradually withdrawing from the Middle East. But China may open a new front against the United States in the Middle East, and Washington needs to prepare for this possibility.

As genuine fears about individual privacy and electronic security rise to the forefront due to the worldwide expansion of Chinese electronic technology, Chinese tech companies appear to be planting their feet in Egypt little by little. This could affect Egyptian—and thereby American—national security going forward. American officials previously urged Egyptian companies to refrain from commercial projects with Chinese companies using 5G technology, pointing to potential risks to data privacy and security.

When it comes to Cairo’s international relations, Egypt holds the most important geographic position in the Middle East, sitting as it does between the continents of Africa, Asia and Europe. It possesses the Suez Canal, the world’s most important waterway. It is one of the key regional sections of the Chinese BRI. It has great standing in the Arab, Islamic and African worlds, and exceptional and longstanding relations with most of the world’s countries. Greater influence in Egypt will enhance China’s standing against the United States, and China’s growing investments in Egypt could threaten the United States’ economic interests in the coming decade. Without a doubt, a further strategic partnership between Egypt and Beijing will eventually negatively impact Egypt’s special relationship with the United States.

*Mohamed Maher is an Egyptian journalist and researcher based in the United States, and a former participant in IVLP's exchange program sponsored by the State Department. Mohamed Farid is a founding member of the Egyptian Liberal Club and a member of the Egyptian senate*. (TWI 27.04)

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* 1. MOROCCO: Fitch Affirms Morocco at 'BB+'; Outlook Stable

On 28 April, [Fitch Ratings](http://www.fitchratings.com/) affirmed Morocco's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB+' with a Stable Outlook.

**Key Rating Drivers**

**Credit Fundamentals:** Morocco's 'BB+' ratings reflect a record of sound macroeconomic policies and an institutional framework that has supported resilience to shocks, a favorable debt composition, including a moderate share of foreign-currency debt in central government (CG) debt, official creditor support and a comfortable external liquidity buffer. The ratings are constrained by weak development and governance indicators, high public debt and a budget deficit larger than peers, as well as the volatility of agriculture output, highlighting Morocco's vulnerability to the climate.

**Economic Rebound Faces Headwinds:** Economic growth slowed in 2022 to 1.2% from 7.9% in 2021, as agricultural output contracted by 15% due to a severe drought. We project GDP growth will recover in 2023 to 3% supported by better agricultural output. Agricultural performance remains dependent on weather conditions. The level of rainfall and filling rate of dams have been lower than expected by April 2023 (5.43 billion cubic meters; vs 5.52 in April 2022), threatening rain-fed agricultural prospects.

In 2024, we forecast growth at 3.2%, driven by the industrial sectors. Downside risks stem from high inflation, monetary policy tightening, slowdown in key trading partners and weather patterns. Nevertheless, the implementation of key structural reforms will support investment and economic growth.

**High Inflation:** Inflation peaked at 10.1% y-o-y in February (from an average of 6.6% in 2022), driven by food inflation (+20.1% y-o-y), due to shortages in local supply as cold weather, water scarcity and high production costs affected agricultural output. To stabilize domestic prices and ensure domestic supply, Morocco temporarily restricted vegetable exports, simplified the procedures for VAT exemptions on agricultural inputs and food products and plans additional subsidies for sugar beet farmers. Inflation eased in March to 8.2%, with food inflation at 16.1% y-o-y. Non-food prices also eased to 3.0% y-o-y from 3.6% y-o-y in February

Since September 2022, Bank-Al-Maghrib has increased its policy rate by 150bp to 3%. We expect further interest rate hikes in 2023. We forecast inflation will decline to 5.0% in 2023, as a result of higher interest rates, falling global commodity prices and easing of supply shortages. We expect inflation will fall to 3.7% in 2024, although this will be above the medium-term average as the removal of gas subsidies could put pressures on prices.

**Narrowing Fiscal Deficit:** Fitch forecasts the CG deficit to fall from 5.1% of GDP in 2022 to 4.9% of GDP in 2023 and 4.4% in 2024. The government's fiscal consolidation plan includes a transition from subsidies to a targeted cash-transfer system by 2025, a reform of the corporate income tax system to expand the tax base, VAT harmonization, monetization of public assets and higher dividends from SOEs. It aims that these measures will allow an increase in spending by 4% of GDP by 2025 on improving health, social protection and education. In addition, higher wages and new water infrastructure investment are planned, while higher borrowing costs will push up the interest bill.

Fitch is more cautious than the government in its projections. Measures to contain inflationary pressures are a downside risk. Additional subsidies to farmers, delayed removal of existing subsidies and pressure from unions for higher wages could weigh on public spending. Revenue collections could fall short of targets, as Fitch views projections for privatization proceeds as ambitious and expects that GDP growth will be lower than the budget projection (we assume 3% compared with the budget assumption of 4%), although high inflation will inflate revenue. Revenue mobilization measures will partly offset higher expenditure.

**High Debt; Favorable Structure:** We forecast a rise in CG debt in 2023 to 70.5% of GDP and 71.4% in 2024, from 69.8% in 2022. We forecast general government debt, including social security and local authority debt, will increase to 65.4% in 2024 ('BB' median 54.4% of GDP), from 64.6% in 2022. However, fiscal financing flexibility is underpinned by access to a large domestic investor base and strong official creditor support (71.1% of external debt). In addition, 76% of CG debt was dirham-denominated at end-2022, reducing exchange rate risks.

**Resilient External Position:** We forecast the current account deficit (CAD) will narrow from 3.4% of GDP in 2022 to 3.2% and 2.8% of GDP in 2023 and 2024, respectively, reflecting an easing of commodity prices and a better harvest lowering the import bill and the tourism recovery continuing. We project exports will temporarily decrease, as phosphate prices moderate and the slowdown in the Eurozone weighs on industrial exports. However, solid performance in automobiles and textiles will boost exports in 2024. Net external debt increased to 23.3% of GDP at end-2022 from 19.3% end-2021. We forecast the ratio to increase further to 26.7% in 2024 (above the BB median of 15.9% of GDP).

**Comfortable Liquidity Buffers:** Reserves have risen in 2023 owing to a Eurobond issuance ($2.5 billion) and we expect them to be bolstered by a smaller CAD, weaker US dollar and FDI. Coverage of current external payments will average 5.5 months in 2023-2024, higher than the 'BB' median of 4.4 months. In April 2023, the IMF approved a two-year flexible credit line (FCL) of USD5 billion (3.6% of GDP), which the authorities will treat as precautionary. The FCL will support investor confidence and facilitate potential future issuances on the international markets.

**RATING SENSITIVITIES**

Factors that could, individually or collectively, lead to negative rating action/downgrade:

* -Public Finances: Failure to consolidate public finances and/or materialization of contingent liabilities on the sovereign's balance sheet that lead to further significant increase in government debt/GDP.
* -Macro: Weaker growth prospects or increased risk to macroeconomic instability, for example, due to a weakening in the policy framework. This could lead to the removal of the +1 qualitative overlay notch adjustment on Macro.
* -External Finances: A deterioration in external resilience, for example from a sizeable drawdown in international reserves or persistently wide current account deficits leading to steep rise in net external debt/GDP.
* -Structural: Adverse security developments or social instability affecting macroeconomic performance or leading to significant fiscal slippages.
* Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade
* -Public Finances: A material and sustained fall in general government debt/GDP over the medium term, for example, due to more resilient growth and progress with fiscal consolidation.
* -Macro: Stronger medium-term growth prospects underpinned by economic reforms and economic diversification that reduce the volatility of rates of GDP growth and improve the structural fiscal position.
* Sovereign Rating Model (SRM) and Qualitative Overlay (QO) (Fitch 28.04)

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**\* END \***