

**The FORTNIGHTLY**

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

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**TABLE OF CONTENTS**

[1. ISRAEL GOVERNMENT ACTIONS & STATEMENTS](#_Toc145429930)

[1.1. Prime Minister Netanyahu Traveled to Cyprus to Finalize Energy Deal](#_Toc145429931)

[1.2. Israeli Embassy Inaugurated in Bahrain](#_Toc145429932)

[1.3. Papua New Guinea Opens Embassy in Jerusalem](#_Toc145429933)

[1.4. Israel Delegation Visits Saudi Arabia as UNESCO Meeting Observers](#_Toc145429934)

[2. ISRAEL MARKET & BUSINESS NEWS](#_Toc145429935)

[2.1. SatixFy $60 Million Agreement & Subsidiary Sale with Ontario's MDA](#_Toc145429936)

[2.2. Mitsui Sumitomo Insurance VC Joins nT-Tao's Series A Funding Round](#_Toc145429937)

[2.3. AI21 Labs Raises $155 Million to Bring Reliable AI to the Enterprise](#_Toc145429938)

[2.4. ThetaRay Raises $57 Million to for Business Opportunities for Banks and FinTechs](#_Toc145429939)

[2.5. SPAR to Open First Israel Store in Early 2024](#_Toc145429940)

[2.6. Upwind Raises $50 Million](#_Toc145429941)

[2.7. Enlight Energy & Electra Power JV to Supply Clean Energy to Residences in Israel](#_Toc145429942)

[2.8. Check Point to Acquire Atmosec, an Innovative SaaS Security Vendor](#_Toc145429943)

[2.9. CaPow Brings its Perpetual Power Delivery Solution for Mobile Robots to the US](#_Toc145429944)

[2.10. Tenable Agrees to Acquire CNAPP Vendor Ermetic](#_Toc145429945)

[3. REGIONAL PRIVATE SECTOR NEWS](#_Toc145429946)

[3.1. Lyvely, the Disruptive Social Network, Secures Investment from Cypher Capital](#_Toc145429947)

[3.2. US Battery Firm ONE is Getting Omani Funds](#_Toc145429948)

[3.3. Wa’ed Ventures Leads a $27 Million Series A Round for Rewaa](#_Toc145429949)

[3.4. Saudi’s PIF to Create a Steel Giant with $3.3 Billion Sabic Deal](#_Toc145429950)

[3.5. China’s Huawei Opens Cloud Data Center in Riyadh to Grow MENA Presence](#_Toc145429951)

[3.6. TRAY Partnership with Alraedah Digital Solutions for MENA Expansion](#_Toc145429952)

[3.7. California's Dalrada Corporation Establishes Dalrada Technologies Morocco](#_Toc145429953)

[4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS](#_Toc145429954)

[4.1. Enlight Begins its Second Combined Solar and Storage Project in Israel](#_Toc145429955)

[4.2. Jordan is Planting Mini-Forests to Cool Down Amman](#_Toc145429956)

[5. ARAB STATE DEVELOPMENTS](#_Toc145429957)

[5.1. Lebanon’s Annual Trade Deficit Falls by 19.72% in August 2023](#_Toc145429958)

[5.2. Jordan's Domestic Revenue Reached JD4.4 Billion in First Half of 2023](#_Toc145429959)

[5.3. Jordan & USAID Sign $22 Million Agreement to Reduce Water Loss](#_Toc145429960)

[5.4. Japan Grants $ 6.5 Million to Jordan for Power System Enhancement](#_Toc145429961)

[►►Arabian Gulf](#_Toc145429962)

[5.5. UAE, Saudi Arabia, India & US Announce Historic Trade Corridor Deal](#_Toc145429963)

[5.6. UAE & New Zealand Enter Preliminary Talks on CEPA](#_Toc145429964)

[5.7. UAE’s Non-Oil Trade Hits a Record $340 Billion in First Half of 2023](#_Toc145429965)

[5.8. UAE Economy to Grow by 3.5% in 2023](#_Toc145429966)

[5.9. Saudi Arabia & UAE are the Largest Sources of Remittances to Asia and North Africa](#_Toc145429967)

[►►North Africa](#_Toc145429968)

[5.10. Egypt's Inflation Hits Another All-Time High in August](#_Toc145429969)

[5.11. Egypt Imports More Gas from Israel](#_Toc145429970)

[5.12. China Seeks Major Expansion of Its Presence in Egypt](#_Toc145429971)

[5.13. Egypt’s Al-Sisi Warns Against Population Growth, Calls for Family Planning Measures](#_Toc145429972)

[5.14. Eni has Big Investment Plans for Egypt](#_Toc145429973)

[5.15. Egypt Gives Approval for Fourth Unit of Dabaa Nuclear Plant](#_Toc145429974)

[5.16. Morocco Earthquake Damage Could Wipe Out as Much as 8% of GDP](#_Toc145429975)

[5.17. Morocco’s Outlook Not as Alarming as Figures Suggest](#_Toc145429976)

[5.18. Morocco’s Trade Deficit Continues to Narrow in 2023](#_Toc145429977)

[6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS](#_Toc145429978)

[6.1. Turkey's Annual Inflation Rate Nears 60% in August](#_Toc145429979)

[6.2. Moody's Raises Turkish Economic Growth Forecast to 4.2% for 2023](#_Toc145429980)

[6.3. Cyprus' Second Quarter GDP Lags in Eurozone](#_Toc145429981)

[6.4. Cyprus' August Unemployment Fell to 11.4% in August](#_Toc145429982)

[6.5. Cyprus Among World's 20 Freest Economies](#_Toc145429983)

[6.6. Greece Seeks Partnerships With Leading International Universities](#_Toc145429984)

[7. GENERAL NEWS AND INTEREST](#_Toc145429985)

[\*ISRAEL:](#_Toc145429986)

[7.1. Rosh Hashanah – the Jewish New Year](#_Toc145429987)

[7.2. Fast of Gedaliya Marked on 18 September](#_Toc145429988)

[7.3. Yom Kippur – Holiest Day in the Jewish Calendar – Falls on 24/25 September](#_Toc145429989)

[7.4. Technion Ranked 79th in the World in the Shanghai University Ranking](#_Toc145429990)

[\*REGIONAL:](#_Toc145429991)

[7.5. Lebanese Backlash as MPs Introduce Bill to Decriminalize LGBTQ+ Relationships](#_Toc145429992)

[7.6. Jordan Sees Further Drop in Illiteracy Rates](#_Toc145429993)

[7.7. Morocco Launched 2023-2024 its Academic Year on 4 September](#_Toc145429994)

[8. ISRAEL LIFE SCIENCE NEWS](#_Toc145429995)

[8.1. Elgan Pharma Nears Approval for Insulin-Based Preemie Therapy](#_Toc145429996)

[8.2. QuantHealth Announces $15 Million Series A for its Clinical Trials AI Platform](#_Toc145429997)

[8.3. ViAqua Therapeutics Gets $8.25 Million Investment for RNA-Based Aquaculture Solutions](#_Toc145429998)

[8.4. BrainsWay Forges Strategic Partnership with Treatment Provider in Northeast U.S.](#_Toc145429999)

[8.5. Innocan Pharma Announces Promising Results from Hair Care Cream Efficacy Test](#_Toc145430000)

[8.6. Techsomed Announces FDA Clearance for Ablation Treatment Software](#_Toc145430001)

[8.7. VeinWay Closes Oversubscribed SAFE Round and Begins Series A Round](#_Toc145430002)

[8.8. Ibex Launches Galen Breast HER2 for Improved Biomarkers in Breast Cancer Patients](#_Toc145430003)

[8.9. Scala Biodesign Exits Stealth with Seed Funding to Engineer the Proteins of the Future](#_Toc145430004)

[8.10. Limaca Medical Receives FDA Clearance for its Precision GI Endoscopic Biopsy Device](#_Toc145430005)

[9. ISRAEL PRODUCT & TECHNOLOGY NEWS](#_Toc145430006)

[9.1. Tower & TriEye Deliver Revolutionary CMOS-based SWIR Sensors for Automotive Market](#_Toc145430007)

[9.2. MadeRight is Harnessing Fungi to Create Sustainable Food Packaging](#_Toc145430008)

[9.3. ParaZero Develops New Safety System for Commercial Drones & Urban Mobility Aircraft](#_Toc145430009)

[9.4. C2A Security Announces New Technology Collaboration with Siemens](#_Toc145430010)

[9.5. Atomic-Scale Spin-Optical Laser Opens New Horizon for Optoelectronics](#_Toc145430011)

[9.6. Carteav Surpasses 10,000 Kilometer Milestone in Driverless Service](#_Toc145430012)

[9.7. Mobileye SuperVision Pilot Functions Added to 110,000 ZEEKR Vehicles](#_Toc145430013)

[9.8. Pynt Automates API Security With $6 Million in Seed Funding](#_Toc145430014)

[9.9. SURF Extension is a Cost-Saving Browser Security Solution for Any Platform](#_Toc145430015)

[9.10. Fullpath to Automate Google's Vehicle Ads with New Integration](#_Toc145430016)

[9.11. Fujitsu General Announces Partnership With Sensibo](#_Toc145430017)

[9.12. RadView Software Announces WebLOAD 13.0](#_Toc145430018)

[9.13. Tower & InnoLight Develop Silicon Photonics Based Optical Transceivers](#_Toc145430019)

[9.14. Airobotics Optimus 1-EX Drone Gets FAA Certification Using ParaZero Safety System](#_Toc145430020)

[9.15. Perception Point Solution to Combat QR Code Phishing Using Image Recognition](#_Toc145430021)

[10. ISRAEL ECONOMIC STATISTICS](#_Toc145430022)

[10.1. Israeli Startups Raised $500 Million in August](#_Toc145430023)

[10.2. Tourism to Israel Still Below Pre-COVID Levels of 2019](#_Toc145430024)

[11. IN DEPTH](#_Toc145430025)

[11.1. SAUDI ARABIA: IMF Concludes 2023 Article IV Consultation with Saudi Arabia](#_Toc145430026)

[11.2. SAUDI ARABIA: Despite Reforms the Kingdom Will Still Take a Hard Line Against Dissent](#_Toc145430027)

ISRAEL GOVERNMENT ACTIONS & STATEMENTS

[Back to Table of Contents](#TOC)

* 1. Prime Minister Netanyahu Traveled to Cyprus to Finalize Energy Deal

On 4 September, during a two day summit, the leaders of Israel, Greece and Cyprus pledged to deepen energy cooperation and explore ways to get East Mediterranean gas to Europe, as well as connect electricity grids. The eastern Mediterranean has yielded major gas discoveries in the past decade, mostly off Israel and Egypt, with interest rising since Russia's invasion of Ukraine hit flows to Europe. Israel will have to decide soon about how Israel exports its gas and the same decisions have to be made by Cyprus. These decisions will be made in the next three to six months, probably sooner than later.

Earlier this year, Cyprus suggested expediting gas to market by creating a short pipeline linking Israel's east Mediterranean gas fields to a liquefaction facility on Cyprus, which could then be shipped to Europe.

Netanyahu said Israel was also eagerly pursuing being part of a planned subsea electricity link. The European Union-supported EuroAsia Interconnector subsea cable is envisaged to carry up to 2,000 MW of electricity to eventually link grids from Israel and Cyprus to Greece.

The expected accord comes amid burgeoning relations between Israel and both Cyprus and Greece in a variety of fields including energy, defense, tourism, high-tech and cybersecurity. This top-level government meeting in Cyprus is expected to be the final round of consultations between the leaders before a deal is formally announced. Among the options being considered are a natural gas pipeline between the three countries, known as the Eastern Mediterranean pipeline or simply EastMed; a liquefaction plant in Cyprus or a floating liquefaction plant in Israeli waters. (Various 04.09)

[Back to Table of Contents](#TOC)

* 1. Israeli Embassy Inaugurated in Bahrain

On 4 September, Israeli Foreign Minister Cohen inaugurated the permanent home of the Israeli embassy in Manama as part of his first official visit to Bahrain, which normalized ties with Jerusalem in 2020 under the auspices of the Abraham Accords. During a joint ceremony with his Bahraini counterpart, Abdullatif bin Rashid Al Zayani, Cohen affixed a mezuzah on the embassy's doorpost.

Al Zayani told attendees that the embassy's inauguration "signifies our shared commitment to strengthening and cultivating bilateral relations that will ultimately serve the best interests of peace, security and prosperity for all the peoples of our region." Cohen led a delegation that will participate in activities to promote trade and investment between the countries. The visit was aimed at the continued building and expanding of bilateral relations, as well as strengthening agreements in the economic and trade fields.

Cohen also met with Bahraini Crown Prince and Prime Minister Salman bin Hamad Al Khalifa at Manama's Gudaibiya Palace. The two discussed various regional challenges. The Israeli diplomat also met with US Ambassador to Bahrain Bondy and Commander of US Naval Forces Central Command Vice Adm. Cooper at the Fifth Fleet base in Bahrain. (Various 05.09)

[Back to Table of Contents](#TOC)

* 1. Papua New Guinea Opens Embassy in Jerusalem

On 5 September, Papua New Guinea opened its embassy to Israel, becoming only the fifth country with a full diplomatic mission in Israel's eternal capital of Jerusalem. The Pacific nation's mission joins embassies from the United States, Kosovo, Guatemala and Honduras in the city.

Israel will pay for the embassy, located in a high–rise opposite Jerusalem's biggest mall, for the first two years, according to Papua New Guinea Prime Minister Marape. Marape also pledged support at the United Nations for Israel. Papua New Guinea's bilateral trade with Israel is worth just $1 million a year, according to Israeli authorities. Prime Minister Netanyahu said the new embassy would make it easier to develop agriculture, health, water and technology projects. (Various 06.09)

[Back to Table of Contents](#TOC)

* 1. Israel Delegation Visits Saudi Arabia as UNESCO Meeting Observers

A delegation of Israeli officials has travelled publicly to Saudi Arabia for the first time, in the latest sign of increasingly overt ties between the two countries. The Israeli delegation will be observers at a UNESCO world heritage meeting. Though they are not on a bilateral visit, this is the latest sign of how ties between the two countries, which do not have diplomatic relations, have developed in recent months, as the administration of US President Biden has spearheaded a push to normalize their relations as part of a deal that would reshape Middle Eastern geopolitics.

Under the complex -- and highly delicate -- deal being discussed by US and Saudi officials, the US would provide Saudi Arabia with security guarantees and support for a civilian nuclear program. In return, Saudi Arabia, one of the leaders of the Arab world and home to Islam’s two holiest sites, would normalize relations with Israel in a move that could potentially persuade other Muslim countries to follow suit.

Saudi Arabia refused to join several other Arab states, including the neighboring United Arab Emirates, when they normalized relations with Israel in 2020. Saudi officials had said they would demand bigger concessions, both from the US and Israel. (FT 11.09)

ISRAEL MARKET & BUSINESS NEWS

[Back to Table of Contents](#TOC)

* 1. SatixFy $60 Million Agreement & Subsidiary Sale with Ontario's MDA

SatixFy Communications announced a $60 million transaction with Brampton, Ontario's MDA, a leading provider of advanced technology and services to the rapidly expanding global space industry. The strategic transaction establishes cooperation between the companies, to utilize SatixFy’s revolutionary digital payload chip based technology to advanced digital satellite payloads, which the parties believe to be unparalleled in today’s market, and is expected to open up SatixFy’s solutions to broader markets as well as new customers. SatixFy has decided strategically to focus its space business on being a technology provider to satellite payload design companies offering its unique digital multi beam forming and beam-hopping on-board-processing radiation hardening chipsets.

The transaction is a combination of a $40 million share purchase agreement, selling SatixFy’s holdings in its SatixFy Space Systems UK, one of SatixFy’s UK based subsidiaries, to MDA as well as an additional $20 million in advanced payments under new commercial agreements which includes the previous $10 million advanced payment made in June to be applied to future orders of space grade chips. SatixFy Space Systems is SatixFy’s satellite payload subsidiary expert in the development of digital satellite payloads systems and subsystems, including digital beam forming antennas and on-board processing. SatixFy will continue to retain all its related ASIC intellectual property and new chips’ development to support the growing market and customers building satellite digital payloads.

Rehovot's [SatixFy](http://www.satixfy.com/) develops end-to-end next-generation satellite communications systems, including satellite payloads, user terminals and modems, based on powerful chipsets that it develops in house. SatixFy’s products include modems that feature Software Defined Radio (SDR) and Fully Electronically Steered Multi Beam Antennas (ESMA) that support the DVB-S2X standard. (SatixFy 31.08)

[Back to Table of Contents](#TOC)

* 1. Mitsui Sumitomo Insurance VC Joins nT-Tao's Series A Funding Round

nT-Tao announced that Mitsui Sumitomo Insurance Venture Capital, the Japanese asset management arm of Mitsui Sumitomo Insurance Company, has joined the Series A funding round in a deferred investment for an undisclosed sum. nT-Tao announced its Series A round in February of this year, closing $22 million in funding led by Delek US - a Fortune 500 downstream energy company - Next Gear Ventures and Mayer Cars & Trucks Group, with additional participation from Honda, the Grantham Foundation, the lead investor in the company's seed round, J-IMPACT, East Innovate (the VC arm of East Alpha) and OurCrowd. These new funds enable nT-Tao to continue to develop and test its Compact Fusion Reactor, expand its team of physicists, and pursue other regional and global partnerships.

nT-Tao is pioneering a compact and scalable nuclear fusion solution aimed at significantly reducing reliance on fossil fuels and overcoming the limitations of existing renewable energy sources. Leveraging the strengths of both tokamak and stellarator technologies (two competing approaches used in nuclear fusion research to confine plasma within magnetic fields to facilitate the fusion reactions), nT-Tao has developed its Compact Fusion Reactor and is currently in the experimental phase of C1, the first of its Series C prototypes. nT-Tao's Compact Fusion Reactor design - the size of a shipping container - will be scalable and easily integrated into a multitude of settings and power requirements. Once commercialized, its versatile design and independent solution will make it adaptable for everything from industrial facilities to small towns and off-grid locations.

Hod HaSharon's [nT-Tao](http://www.nt-tao.com) is disrupting the global energy sector by engineering a compact and scalable nuclear fusion energy technology with the goal of achieving commercialization this decade. The company's proprietary ultra-fast plasma heating method will enable it to reach significantly higher densities than other fusion reactors, thereby making its fusion reaction orders of magnitude more effective and resulting in significantly greater efficiency of energy production than other leading solutions. (nT-Tao 31.08)

[Back to Table of Contents](#TOC)

* 1. AI21 Labs Raises $155 Million to Bring Reliable AI to Enterprises

AI21 Labs announced the closing of $155 million in Series C funding to accelerate the growth of its highly accurate text-based generative AI services for enterprises. Investors include Walden Catalyst, Pitango, SCB10X, b2venture, Samsung Next and Prof. Amnon Shashua with participation from Google and NVIDIA. The new funding brings the company's total capital raised to $283 million at a valuation of $1.4 billion, further strengthening AI21 Labs as a leader among generative AI unicorns. Goldman Sachs served as sole financial advisor to AI21 in this round.

Founded in 2017, Tel Aviv's [AI21 Labs](http://www.AI21.com) was one of the first to bring generative AI to the masses. In stride with growing demand, the company has built a strong customer base serving consumers to Fortune 100 companies with the power of its advanced LLM and natural language (NLP) technologies through easy-to-use applications and APIs. AI21's unique approach goes beyond models, building AI systems that are easy to integrate and that generate reliable, trustworthy, and accurate results with more refined control than any standalone existing model.

AI21's proprietary Jurassic-2 foundation models are some of the world's largest and most sophisticated LLMs. Jurassic-2 powers AI21 Studio, a developer platform for building custom text-based business applications off of AI21's language models; and Wordtune, a multilingual reading and writing AI assistant for professionals and consumers. (AI21 Labs 30.08)

[Back to Table of Contents](#TOC)

* 1. ThetaRay Raises $57 Million for Business Opportunities for Banks and FinTechs

Hod HaSharon's [ThetaRay](http://www.thetaray.com) announced a significant growth round led by Portage, with investments by existing investors JVP, OurCrowd and others. The investment, totaling $57 Million, will enable ThetaRay to accelerate global growth plans and capitalize on significant market demand as Banks and FinTechs urgently look to replace legacy tools with next-generation financial crime detection technology.

ThetaRay’s cloud-based transaction monitoring and screening solution uses market-leading proprietary and patented AI technology to monitor financial transactions quickly and accurately. This allows the simple and safe flow of funds across the world by establishing trusted transactions, enabling Banks and FinTechs to grow their business and enter new markets while making more efficient use of their internal resources and reducing the risk of financial crime. ThetaRay’s customers include some of the world’s most significant financial institutions such as Santander, Travelex, Mashreq Bank, MFS Africa and ClearBank.

ThetaRay's AI-powered SONAR transaction monitoring solution, based on “artificial intelligence intuition,” allows Banks and Fintechs to expand their business opportunities through safe and reliable cross-border payments. The solution also improves customer satisfaction, reduces compliance costs, and increases risk coverage. Financial organizations that rely on complex ecosystems benefit greatly from ThetaRay's low false positive and high detection rates. (ThetaRay 05.09)

[Back to Table of Contents](#TOC)

* 1. SPAR to Open First Israel Store in Early 2024

Dutch retail chain SPAR will open its first store in Israel in the early months of 2024. Some NIS 10 million will be invested in the 2,500 square meter store, which will be close to branches of Shufersal, Rami Levy, Shuk Ha'Ir and Yeinot Bitan (which has not been converted into a Carrefour store). The store in Kfar Saba was until 2015 a branch of Shufersal and then Concorde.

Globes has also learned that SPAR Israel is in talks with real estate companies about opening additional branches in the country, especially large stores. SPAR Israel will sell well known Israeli brands like Strauss, Tnuva and Osem-Nestle as well as SPAR products. Operating through local franchises SPAR has 14,000 stores in 48 countries with 15 million customers per year. 2022 revenue was €43.5 billion. (Globes 05.09)

[Back to Table of Contents](#TOC)

* 1. Upwind Raises $50 Million

Upwind completed a $50 million financing round led by Greylock Partners, Cyberstarts and Leaders Fund. NBA star Stephen Curry’s Penny Jar Capital and former Israeli NBA star Omri Casspi, also participated in the round. Upwind says it has raised $80 million since it was founded last year.

Upwind has developed a security platform that protects cloud infrastructure in real time by leveraging runtime data to provide enterprises with comprehensive visibility into their cloud applications and infrastructure.

Tel Aviv's [Upwind](https://www.upwind.io/‎) is the runtime-powered CNAPP that leverages runtime data to secure cloud infrastructure. Mitigate the risks that actually matter, identify the root causes of threats in minutes and respond with context and automation. (Upwind 05.09)

[Back to Table of Contents](#TOC)

* 1. Enlight Energy & Electra Power JV to Supply Clean Energy to Residences in Israel

[Enlight Renewable Energy](http://www.enlightenergy.co.il) and Electra Power closed a MOU outlining the formation of a joint venture to market and supply clean energy to residential consumers and small businesses in Israel. Electra Power is a leading company in the residential Israeli gas market, possessing a well-established marketing, distribution, and customer service infrastructure that serves approximately 400,000 residential and commercial customers across the country. Enlight is a leading Israeli renewable energy producer with a strong local and global presence across solar, wind and battery energy storage projects.

The Israeli electricity market will open to competition in January 2024, allowing independent suppliers and distributors of energy to compete for the first time with the incumbent Israeli Electricity Company. Electra Power and Enlight are poised to leverage each of their competitive advantages in the Israeli market to establish a leading supplier of clean energy to residential customers. Electra Power will hold a 65% stake in the joint venture, with Enlight owning the remaining 35%. (Enlight 06.09)

[Back to Table of Contents](#TOC)

* 1. Check Point to Acquire Atmosec, an Innovative SaaS Security Vendor

Tel Aviv's [Check Point Software Technologies](https://www.checkpoint.com) announced the acquisition of Atmosec. An early-stage start-up, Tel Aviv's [Atmosec](https://www.atmosec.com/) specializes in the rapid discovery and disconnection of malicious SaaS applications, preventing risky 3rd party SaaS communications, and rectifying SaaS misconfigurations. The move reinforces Check Point‘s commitment to enhance its SaaS security offering and address the security gaps and blind spots in SaaS applications.

With Atmosec’s technology, Check Point Infinity will offer SaaS security with continuous SaaS posture management, prevention of malicious communications (SSPM), and a full security stack for SaaS apps including threat prevention, data protection and adaptive zero-trust access controls for both users and devices (CASB). New capabilities will be incrementally released based on roadmap milestones, enabling organizations to utilize these critical enhancements from the same Check Point Infinity platform they already use today. The acquisition of Atmosec is expected to close by mid-September 2023. (Check Point 06.09)

[Back to Table of Contents](#TOC)

* 1. CaPow Brings its Perpetual Power Delivery Solution for Mobile Robots to the US

CaPow announced its expansion to the US. As CaPow's trusted partner in the US, JLC Robotics, a leading AGV robotic distributor and supplier in the automation industry will make CaPow's robot agnostic solution commercially available to mobile robot operators across the US. By eliminating charging downtime and dramatically reducing both upfront costs and total cost of ownership, CaPow enables 100% fleet uptime for 100% operational efficiency. Kentucky's JLC Robotics is a leading provider of robotic products, including the Thouzer AGV, making them an ideal partner for CaPow to meet the rising demand for energy delivery systems for mobile robots.

CaPow is spearheading the field of continuous power delivery with Genesis, a perpetual energy delivery solution that changes how mobile robots are designed and deployed. CaPow's Genesis delivers power to robots while on the go enabling 100% operational capacity at all times, eliminating the need for a larger robot fleet to compensate for robots that are charging. CaPow's scalable solution can be easily integrated into existing or newly designed mobile robots making it a seamless transition for warehouse operators.

Beer Sheva's [CaPow](https://www.capow-tech.com/) is a pioneer in the field of continuous power delivery, facilitating a revolutionary perpetual energy delivery solution that changes the way automation solutions are designed and deployed. CaPow's system allows automated robotic fleets to reach constant 100% throughput by charging their fleet while in-motion and eliminating charging downtime. (CaPow 07.09)

[Back to Table of Contents](#TOC)

* 1. Tenable Agrees to Acquire CNAPP Vendor Ermetic

Columbia, Maryland's Tenable Holdings signed a definitive agreement to acquire Israel's Ermetic, a fully integrated cloud-native application protection platform (CNAPP) company, and a leading provider of cloud infrastructure entitlement management (CIEM). Tenable intends to integrate these capabilities into its Tenable One Exposure Management Platform to deliver market-leading contextual risk visibility, prioritization and remediation across infrastructure and identities, both on-premise and in the cloud.

Under the terms of the agreement, Tenable will acquire Ermetic for approximately $240 million in cash and $25 million in restricted stock and RSUs, subject to customary purchase price adjustments. The acquisition is expected to close early in Q4/23, subject to customary closing conditions. Tenable expects to fund the cash portion of the purchase price with existing cash.

Expanding Tenable’s cloud security offering with Ermetic’s unified, multi-cloud CNAPP and industry-leading CIEM will give security teams context and prioritization guidance to make efficient and accurate remediation decisions. The highly-intuitive user interface will make it easy for security professionals of all cloud expertise levels to spot and quickly address risks. This approach solves a key industry challenge - managing an increasing volume of security data while contending with a massive skills gap in cybersecurity. With clear remediation instructions provided, security teams will no longer need to be cloud security experts to understand where the most urgent risks exist and what to do about them.

Founded in 2019, Tel Aviv's [Ermetic](https://ermetic.com) is a leader in CIEM and identity centric unified cloud security platform capabilities. The company serves organizations of all sizes to mitigate access risk, secure cloud data, ensure compliance and accelerate organizational security efforts. (Tenable 07.09)

REGIONAL PRIVATE SECTOR NEWS

[Back to Table of Contents](#TOC)

* 1. Lyvely, the Disruptive Social Network, Secures Investment from Cypher Capital

Dubai's [Lyvely](https://lyvely.com/‎), a groundbreaking social networking and content monetization platform, has successfully secured an undisclosed amount in seed funding from Cypher Capital, an early strategy venture firm that backs exceptional founders and tech companies enhancing the Web3 experience. Lyvely is set to redefine the social networking and social e-commerce landscape.

With a Lyvely profile, individuals and creators worldwide can monetize their content or services by offering monthly memberships, accepting tips, hosting online events, selling consulting packages, and coaching video calls. Unlike traditional social media platforms, Lyvely does not display annoying ads but has devised an ingenious advertising method where creators can choose to have ads that they approve appear on their profiles, and earn from revenue share.

The recent funding from Cypher Capital provides Lyvely with a strategic edge in the Web3 space. With Cypher's support, Lyvely is developing a Cryptocurrency Token that is seamlessly integrated into the platform, enhancing user experience and providing unmatched earning potential.

Lyvely is a content and communication platform offering a suite of brand-building and business management tools, including a fintech feature that provides users with physical cards without the need for a bank, as they are linked to their Lyvely earnings and digital wallet. Additionally, Lyvely promotes its creators by offering a dedicated section where brands can browse and hire them for UGC and partnership gigs, straight from their Lyvely profile. ((Lyvely 30.08)

[Back to Table of Contents](#TOC)

* 1. US Battery Firm ONE is Getting Omani Funds

The Oman Investment Authority (OIA), the sultanate's sovereign wealth fund, will make an undisclosed investment in the Novi, Michigan-based energy storage company Our Next Energy (ONE). Oman’s sovereign wealth fund bought a minority stake in Our Next Energy Inc., which specializes in battery technology for electric vehicles and energy storage, adding to its expanding portfolio of sustainable investments. Under the agreement, ONE will explore potential areas of collaboration such as energy storage and battery manufacturing in Oman.

Oman is investing billions of dollars in green hydrogen as part of its shift to cleaner energy and as the world eventually shifts off oil. As part of that, the OIA is diversifying its overseas deals to optimize benefits for Oman in terms of return on investments and sustainability that fit with the country’s commitment to Net Zero emissions by 2050. It follows OIA’s investments in Ascend Elements, which recycles lithium-ion batteries, and Group14, which manufactures silicon-carbonate battery materials. (ONE 06.09)

[Back to Table of Contents](#TOC)

* 1. Wa’ed Ventures Leads a $27 Million Series A Round for Rewaa

Rewaa has raised $27 million in Series A funding round led by Wa’ed Ventures, a VC fund wholly owned by Aramco. STC’s Corporate Innovation Fund (CIF) participated in the round alongside Silicon Valley’s Graphene Ventures, Sadu Capital, Vision Ventures, Khwarizmi Ventures, RZM Investment, Derayah VC, and Abdulrahman Sulaiman Al Rajhi & Sons Investment Company.

Since its foundation in 2018, Riyadh's [Rewaa](https://www.rewaatech.com/en/) provides a cloud-based solution that interlaces online and physical store inventory. While offering point-of-sale (POS) and accounting modules for an integrated platform, Rewaa aims to become the retailers’ tech partner by providing advanced technical solutions to manage inventory, sales and payments. According to the founders, the company processed over $2 billion in transaction value to date, making it one of the fastest-growing SaaS companies in MENA, serving more than 7,000 retailers in Saudi and abroad, and creating over 250 jobs. (Rewaa 30.08)

[Back to Table of Contents](#TOC)

* 1. Saudi’s PIF to Create a Steel Giant with $3.3 Billion Sabic Deal

Saudi Arabia’s sovereign wealth fund, Public Investment Fund (PIF) is set to create a new steel giant with the acquisition of the metals unit of chemicals maker Saudi Basic Industries Corporation (Sabic) for an enterprise value of $3.3billion. The PIF will acquire Saudi Iron and Steel Company from Sabic, as the chemicals firm is known. In a separate deal, Hadeed, Sabic’s steel unit, will acquire AlRajhi Steel Industries in exchange for stock. The deal is expected to close before the end of Q1/24.

The accord is the latest sign of the Saudi wealth fund’s growing influence over the Arab world’s largest economy. The PIF is responsible for most of the country’s projects intended to help diversify away from its reliance on oil sales, including developing an auto-manufacturing hub, tourism projects and building vast new cities. (Various 04.09)

[Back to Table of Contents](#TOC)

* 1. China’s Huawei Opens Cloud Data Center in Riyadh to Grow MENA Presence

Huawei Technologies has opened a cloud data center in the Saudi capital, Riyadh, to grow the company’s footprint in the Middle East and North Africa. The new cloud center will support government services for the kingdom and allow for artificial intelligence (AI) applications and language models in Arabic.

The Chinese telecoms giant said in February it would invest $400 million in the Saudi Arabia cloud region over the next five years. Huawei Cloud will train 200,000 developers in the kingdom over that time period. It also plans to build joint solutions with 1,000 local partners and launch the Huawei Cloud Startup Program to help 2,000 startups grow. Huawei Saudi Arabia was founded in 2002. The company supported the rollout of 5G in the kingdom and helped connect 3.5 million people in rural areas, created 20,000 local jobs and trained around 10,000 people in information and communications technology.

The US government has previously warned Middle Eastern allies against doing business with the Chinese firm, which has been accused of intellectual theft and being linked to Uyghur Muslim surveillance projects in the western Xinjiang region. (Al-Monitor 04.09)

[Back to Table of Contents](#TOC)

* 1. TRAY Partnership with Alraedah Digital Solutions for MENA Expansion

Scottsdale, Arizona's TRAY, a global leader in cloud-native enterprise-class POS systems, announced a strategic partnership with Alraedah Digital Solutions, a prominent digital solutions provider based in Saudi Arabia. This agreement aims to empower small- and medium-sized enterprises (SMEs) as well as larger Enterprise customers across various industries in Saudi Arabia with cutting-edge electronic cash register solutions.

As an exclusive reseller of TRAY's software in Saudi Arabia, Alraedah Digital Solutions is uniquely positioned to cater to the needs of businesses in the hospitality sector, with customized solutions that meet the unique requirements of the KSA SME market. TRAY's state-of-the-art POS systems, which can meet the needs of various types of hospitality businesses, will enable Alraedah Digital Solutions to provide existing and future customers with efficient and reliable electronic cash register solutions that optimize business operations and enhance customer experiences.

The agreement between TRAY and Alraedah Digital Solutions expands Alraedah's ability to serve SMEs, and establishes a holistic ecosystem to support their growth, aligning with the goals of Vision 2030 to enhance Saudi Arabia's GDP. Additionally, this partnership demonstrates Alraedah Digital Solutions' capacity to attract international companies into the Saudi market, further enhancing the value and quality of services offered to the underserved SME market. (Tray 05.09)

[Back to Table of Contents](#TOC)

* 1. California's Dalrada Corporation Establishes Dalrada Technologies Morocco

San Diego, California's Dalrada Financial Corporation, a ‎problem-solving innovator that takes on complex, multi-disciplinary challenges in climate ‎technology, clean energy and precision manufacturing, announced it ‎expanded its global footprint through the creation of Dalrada Technologies Morocco, an eco-‎forward service provider of advanced climate technologies. ‎

Dalrada Technologies Morocco will primarily focus on providing installation and ongoing support ‎services for Dalrada’s range of high-efficiency commercial heat pumps to countries within the ‎MENA (Middle East and North Africa) region. Additionally, the subsidiary’s main office in Fes ‎will serve as an operational and training hub, while also increasing the possibility of creating a ‎building and manufacturing center for Dalrada heat pumps in Morocco. ‎

Dalrada Technologies Morocco will help accelerate Dalrada’s continued global efforts in offering ‎leading-edge climate technology products and services that optimize the energy resources of ‎its clients while minimizing environmental impact and reducing energy costs. Dalrada Technologies Morocco is a wholly-owned technology subsidiary of Dalrada Corporation ‎that brings clean energy and climate technology to Africa and the Middle East through advanced ‎service solutions. (Dalrada 31.08)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Enlight Begins its Second Combined Solar and Storage Project in Israel

Enlight Renewable Energy has commenced the commercial operation of the Arad Valley 1 project in Israel, with a solar generation capacity of 17 MW and a storage capacity of 31 MWh. Arad Valley 1 is the second combined solar and storage project to reach commercial operation in Israel, following the connection of Sde Nitzan in August 2023. Enlight now has an operational portfolio of combined solar and storage projects of 40 MW solar and 71 MWh of storage. Both Arad Valley 1 and Sde Nitzan are part of a cluster of combined solar and storage facilities being built by Enlight in Israel, with a total generation capacity of 248 MW and 474 MWh of storage. The remainder of the projects under construction are expected to reach commercial operation gradually until the end of H1/24. The entire cluster is expected to generate revenues of $35-36 million.

Founded in 2008, Rosh HaAyin's [Enlight](http://www.enlightenergy.co.il) develops, finances, constructs, owns, and operates utility-scale renewable energy projects. Enlight operates across the three largest renewable segments today: solar, wind and energy storage. (Enlight 11.09)

[Back to Table of Contents](#TOC)

* 1. Jordan is Planting Mini-Forests to Cool Down Amman

Mini-forests are being planted around Jordan’s East Amman in an effort to make the extreme heat more bearable, increase green cover and restore endangered plant species. Five small, shade-giving forests have been planted so far, and the sixth and biggest project spanning 1,000 square meters — the area of the first five projects combined — is set to launch soon. The Urban Micro-Lungs initiative was brought to life by a Jordanian architect and a Japanese forest regeneration expert five years ago. Jordan’s Environment Ministry, the Greater Amman Municipality, and GIZ are partners on the project and funding is supplied by the German Federal Ministry for Economic Cooperation and Development.

The new ecosystem is helping the city adapt to increasing heat waves, floods and wildfires. “While the trees in Amman’s mini-forests are still young, there’s a perceptible cooling effect of about 14 °C under their canopies compared with open areas. The mini-forests can also help fight the floods by acting “as a sponge” to soak up water, and can make better wind barriers and are less prone to wildfires. They also foster a larger ecosystem by attracting different types of birds, butterflies, bugs and foxes.

Jordan is also working on other adaptation projects, including planting on rooftops, painting old buildings with heat-reflecting white paint, building 7,500 water-harvesting systems to collect rainwater, and treating used water to maintain greenery in the country. The government has set aside $3.5 million over the next three years to plant 10 million trees across the country by the end of the decade. (Enterprise 04.09)

ARAB STATE DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Lebanon’s Annual Trade Deficit Falls by 19.72% in August 2023

Lebanon’s trade deficit totaled $8.32 billion, falling from $10.36 billion during the same period last year. Total imported goods dropped by 16.27% year-on-year (y-o-y) to $10.69 billion while total exports slightly decreased by 1.46% y-o-y to stand at $2.38 billion by August 2023. Specifically, Mineral products grasped the lion’s share of total imported goods with a stake of 27.49%. Pearls, precious stones and metals ranked second, composing 13.98% of the total while Machinery; electrical instruments and Vehicles, aircraft, vessels, transport equipment grasped the respective shares of 10.27% and 6.15%, respectively.

The top three import destinations by August 2023 were Greece, China and Italy grasping the respective shares of 10.99%, 10.6%, and 9.08% of the total value of imports. Furthermore, total value of imported goods from Greece, China, and Italy reached respectively $58.37M, $56.36M and $48.21M.

As for Exports, Lebanon’s top exported products were Pearls, precious stones and metals grasping a share of 17.33% of the total. Machinery electrical instruments and Base metals and articles of base metal followed, with each grasping a share of 15.36% and 11.27%, respectively, of the total. The top two export destinations in August 2023 were UAE and Turkey with shares of 14.45% and 9.08%. (BLOM 04.09)

[Back to Table of Contents](#TOC)

* 1. Jordan's Domestic Revenue Reached JD4.4 Billion in First Half of 2023

Jordan's domestic revenue saw a rise to JD4.421 billion in H1/23, which is an increase of JD404 million from the previous year's same period. The Ministry of Finance said that this increase is due to the rise in tax revenues by approximately JD224 million and non-tax revenues by around JD180 million.

Tax revenues jumped due to income and profit tax revenue going up by JD246.4 million thanks to improved tax commitment and compliance from taxpayers in submitting their tax returns. This increase was achieved without raising the tax rates. Additionally, non-tax revenues saw rise of JD67.2 million, primarily due to an increase in various revenue items. Going over public spending, the central government spent JD5.146 billion in the January-June period of 2023, up from JD4.946 billion for the same period last year.

After an exception of what the Social Security Investment Fund (SSIF) holds, the government debt balance decreased to 89.8% of the Gross Domestic Product (GDP) estimated for June 2023, compared to 91% of the GDP achieved in the past year. This calculation includes debts of the National Electric Power Company and Water Authority. (Petra 31.08)

[Back to Table of Contents](#TOC)

* 1. Jordan & USAID Sign $22 Million Agreement to Reduce Water Loss

Jordan's Ministry of Water and Irrigation and the US Agency for International Development (USAID) signed an agreement under which the USAID provides a $20.5 million grant to the Aqaba Water Company (AWC). The AWC also contributed $2 million under the deal. The total of $22.5 million will go for the AWC's projects aimed at reducing water loss in southern Jordan and providing 1.2 million cubic meters of water annually.

The agreement, spanning until 2027, will help the AWC improve the accuracy of the billing system, raise the efficiency of readings, and replace the old meters. The AWC plans include setting up administrative offices in the southern governorates equipped with advanced hardware and software, constructing a new reservoir in Aqaba with a storage capacity of 30,000 cubic meters, building a station to enhance the water supply from Shakriya to Wadi Rum Village, and completing infrastructure works for the Disi-Aqaba water pipelines.

Moreover, the agreement stipulates supplying the AWC with consultative services in management and planning and providing technical support for its staff. This latest agreement is a component of the USAID-funded Fixed Amount Reimbursement Agreements (FARA) previously signed under the third phase of the Non-Revenue Water (NRW) project, which involves all water companies in Jordan and encompasses their respective service locations. (Petra 05.09)

[Back to Table of Contents](#TOC)

* 1. Japan Grants $ 6.5 Million to Jordan for Power System Enhancement

Japan has allocated a grant of $6.5 million to Jordan, facilitated through the Japan International Cooperation Agency (JICA) for the "Strengthening Capacity of Power System Operation" project. This decision follows the Exchange of Notes on 3 September 2023 between officials from both nations.

The initiative's primary objective is to upgrade the power system operation. This upgrade involves substituting current protection relays with advanced digital protection relays in key substations. The overarching goal is to ensure a stable and dependable electricity supply within Jordan. This enhancement is crucial, given Jordan's aggressive move towards integrating renewable energy sources into its power grid. (Petra 06.09)

►►Arabian Gulf

[Back to Table of Contents](#TOC)

* 1. UAE, Saudi Arabia, India & US Announce Historic Trade Corridor Deal

The India-Middle East-Europe Economic Corridor agreement was announced on 9 September at the first day of the G20 summit in New Delhi. The US, Saudi Arabia, EU, UAE and other G20 partners signed a MoU to explore a shipping corridor project to augment trade between Europe and India. It aims to link Middle East countries by railway and connect them to India by port, helping the flow of energy and trade from South Asia through the Gulf to Europe.

The establishment of the corridor aims to significantly enhance connectivity and integration between participating countries and will be comprised of two different pathways – the east corridor connecting India to the Arabian Gulf and the northern corridor connecting the Arabian Gulf to Europe. The cross-border ship-to-rail transit corridors will reduce shipping costs across the network and facilitate trade in goods and services to, from, and between the UAE, Saudi Arabia, India and Europe. No immediate details of the value of the deal were available.

Saudi Arabia and the US also signed a MoU for developing a protocol for establishing intercontinental green transit corridors through the kingdom to connect the continent of Asia with the continent of Europe, on the sidelines of the summit. The project aims to facilitate the transit of renewable electricity and clean hydrogen via transmission cables and pipelines, as well as constructing rail links. It is also intended to enhance energy security, support efforts for the development of clean energy, promote the digital economy through digital connectivity and transmission of data via fiber cables, and promote trade and transportation of goods by rail and through ports. (Various 10.09)

[Back to Table of Contents](#TOC)

* 1. UAE & New Zealand Enter Preliminary Talks on CEPA

The UAE and New Zealand have entered preliminary discussions to establish a Comprehensive Economic Partnership Agreement (CEPA), as the two nations explore deeper economic collaboration. During a meeting with a delegation of New Zealand’s leading trade officials, Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade commended the strong relations shared by the two countries.

The two countries already share a productive trade relationship, with non-oil trade reaching $805 million in 2022, a 7% growth compared to 2021 and a 23% increase from 2020. As of 2022, the UAE is New Zealand’s leading trading partner in the Arab World, accounting for 2.5% of the southwestern Pacific Ocean nation’s total foreign trade. The free trade pact between the UAE and New Zealand is expected to significantly boost these figures. Trade talks between the two nations follow the signing of several bilateral agreements, including a MoU between the Etihad Credit Export Insurance and the New Zealand Export Credit Agency on securing export credit. (GB 01.09)

[Back to Table of Contents](#TOC)

* 1. UAE’s Non-Oil Trade Hits a Record $340 Billion in First Half of 2023

The UAE’s non-oil foreign trade set a record of $340 billion over the first six months of this year. The UAE’s non-oil exports with the country’s top 10 global trade partners increased by 22% this year. China is the UAE’s biggest trading partner, followed by India, the United States and Saudi Arabia. Trade with Turkey increased by 87% in one year, after several years of cool relations. Turkish President Erdogan visited Abu Dhabi in July and signed an economic partnership.

The UAE’s non-oil trade was on track to reach $680 billion this year. Gold, oil, aluminum, oil, copper wires and jewelry topped the list of the UAE's most prominent exports. Gold exports registered the highest growth in the first half of the year, ahead of oil and cigarettes. Gold exports were up 40.7% to reach $59 billion, contributing 17.6% to the UAE’s non-oil trade, compared to 14.3% for the same period last year.

Switzerland was the UAE’s biggest non-oil export destination, followed by Turkey, Saudi Arabia and India. North Macedonia ranked fifth. UAE trade is set to increase after the BRICS bloc of major developing economies — comprising Brazil, China, India, Russia and South Africa — announced that the UAE was among the list of countries invited to join the group, which accounts for around a quarter of the world’s gross domestic product. (Al-Monitor 30.08)

[Back to Table of Contents](#TOC)

* 1. UAE Economy to Grow by 3.5% in 2023

The UAE’s gross domestic product (GDP) is projected to grow by 3.5% in 2023, rising to 3.9% next year, according to UBS estimates. Growth is supported by an increase in non-oil activities and strong demand for oil and the country’s energy investments. The country’s non-oil economy is projected to grow by a robust 4.5% this year.

UBS said the introduction of a 9% corporate tax this year, following the adoption of a 5% value-added tax (VAT) in 2018, contributes to bolstering public finances. These measures along with other initiatives to further reduce the economy’s dependence on the hydrocarbon sector will further diversify the economy. This, in turn, contributes to supporting macroeconomic stability as well as the country’s fiscal accounts and its balance of payment, further boosting the country’s attractiveness as a destination for foreign direct and portfolio investments. This is in addition to the UAE being among the countries that rank first in global competitiveness.

The UAE’s renewables sector has a bright future, as the country aims to reach net-zero carbon emissions by 2050 through expanding the share of renewables in its energy mix, investments in sustainable desalination technologies, and emission reduction in the overall economy. The structural and social reforms and programs unveiled recently by the federal government are expected to be a positive catalyst to support the country’s ability to structurally grow at a rate of around 4% per annum. (GB 03.09)

[Back to Table of Contents](#TOC)

* 1. Saudi Arabia & UAE are the Largest Sources of Remittances to Asia and North Africa

The Gulf Cooperation Council states are the second-largest source of remittances in US dollar terms but by far the largest when remittances are measured as a share of their GDP, according to a World Bank economist. The proportion of foreign workers in the Arabian Gulf often exceeds 70% of the population. Saudi Arabia and the UAE are large sources of remittances for South Asia, North Africa and Southeast Asia, said the World Bank, albeit growth in remittances from this region could shift.

Presently, governments in the Gulf are starting to recruit fewer foreign workers as part of a push to employ more locals and are diversifying recruitment of foreign workers, targeting those from Africa and Central Asia. Populations are aging in many advanced economies and this demographic imbalance will increase the supply of migrant workers. Climate change and extreme weather will add to migration pressures.

Africa is the most expensive place for money transfers, with remittance costs reaching 8%. On average, customers pay $12.50 in costs whenever they send $200 to a low- or middle-income country, which represents 6.3% of the transaction and is more than double the target set under the United Nations Sustainable Development Goals. Lowering the cost of remittance by 5% would cut costs globally by nearly $30 billion a year. Most of these savings would benefit poor migrants and their families in developing economies.

India is the world’s largest recipient, becoming the first country to receive more than $100 billion in annual remittances. Mexico, China, and the Philippines are also large recipients. The United States is the largest source country for remittances, especially for Latin America and the Caribbean. (Zawya 11.09)

►►North Africa

[Back to Table of Contents](#TOC)

* 1. Egypt's Inflation Hits Another All-Time High in August

Egypt's annual urban inflation jumped to 37.4% in August from 36.5% the month before, marking a third consecutive month of record-breaking highs, according to data released by CAPMAS. Inflation has been running above 30% since February as prices soar on the back of a series of currency devaluations. The 37.4% headline rate was a bit higher than many pundits expected.

Food and beverage prices — the largest component of the basket of goods and services used to calculate inflation — hit a record high of 71.4% y-o-y, with meat and poultry prices almost doubling from August 2022 and vegetables surging 92.5%.

Monthly inflation came in at 1.6%, down from 1.9% in July, marking the third consecutive month in which month-on-month price increases slowed. The cooling monthly figure is tentatively a sign that prices are consolidating at these levels. Core inflation — which strips out volatile items such as food and fuel — recorded 40.4% y-o-y in August, down marginally from 40.7% the month prior, according to central bank data. The CBE is still targeting inflation of 7% on average — plus or minus two percentage points — by Q4/24 and 5% by Q4/26. (CAPMAS 10.09)

[Back to Table of Contents](#TOC)

* 1. Egypt Imports More Gas from Israel

Egypt’s gas imports from Israel rose 21.5% y-o-y to 903 million cubic feet per day (cf/d) on average in H1/23, Asharq Business reports. Gas imports from Israel are not only used to meet local demand but also to supply our two LNG plants, where gas is liquefied for re-export to Europe.

Israel gas imports could rise as high as 1.05 billion cf/d starting October due to falling seasonal demand in Israel. More Israeli gas could help Egypt restart exports. Soaring domestic energy demand and falling domestic gas production have caused rolling blackouts across the country this summer, leading to an effective pause on Egypt's LNG exports since June. Israel has long-term plans to significantly boost its gas exports to Egypt over the next 11 years, following an agreement the two countries signed with the EU last year to ramp up exports to the bloc in order to phase out reliance on Russian supplies. (Enterprise 11.09)

[Back to Table of Contents](#TOC)

* 1. China Seeks Major Expansion of Its Presence in Egypt

Some 10-15 Chinese companies have shown interest in establishing a specialized industrial zone in Egypt for chemicals with investments worth $7.5-12 billion over the next 3-4 years. TEDA 3x - Tianjin Economic-Technological Development Area, which established the TEDA industrial zone in Ain Sokhna in 2008, wants to acquire a land plot 3x the size of the current zone. TEDA Egypt is currently working on the second 6 square-km phase of the TEDA zone, which will expand its total size to 7.3 sq. km.

Egyptian authorities could allow Chinese companies to make local investments in Chinese currency, as there is agreement between Egypt's General Authority for Investment and Free Zones (GAFI) and the Central Bank of Egypt to increase the use of the currency in Egypt. Talks are ongoing for the China Development Bank to set up a branch in Egypt, a move that would enable Chinese companies to access CNY in Egypt to fund local investments.

Chinese interest in Egypt comes as a growing number of manufacturers (Chinese and foreign alike) pivot to a “China +1” strategy, moving into other geographies to reduce supply chain and geopolitical risk. HSBC Egypt highlighted recent GAFI roadshows to China put on by HSBC. (Enterprise 12.09)

[Back to Table of Contents](#TOC)

* 1. Egypt’s Al-Sisi Warns Against Population Growth, Calls for Family Planning Measures

The number of children per family should be regulated to avoid “disaster,” said Egypt’s President Al-Sisi at the inauguration of the Global Congress on Population, Health and Development (PHDC 2023). The president’s statement came as one of several remarks about the country’s current population crisis. Al-Sisi highlighted that, despite the abundant resources in Africa, they may not suffice to accommodate the projected population expansion on the continent, which could surpass 1.6 billion people. He added that Egypt must maintain an annual population growth rate of 400,000 for the next two decades – otherwise, the state would be unable to sustain the services and infrastructure that it has built and provided to citizens over the past seven decades.

Al-Sisi added that Egypt’s government had invested approximately $323 billion in infrastructure development over the past ten years in response to challenges which he argued were posed by population growth. The president also attributed citizens’ dissatisfaction with their income over the decades to the effects of population growth, stating, “In the fifties, people were content with receiving a small wage, but now, despite earning higher salaries, they remain unhappy.” He went on to cite countries such as China and India as examples of nations with substantial populations that managed to successfully transform into economic powerhouses thanks to the success of their family planning initiatives.

Al-Sisi argued that excessive population growth presented a significant challenge that culminated in the 2011 revolution, as the government struggled to meet citizens’ basic needs. He cautioned against the potential harm of repeating the events of 2011, which could cost the already financially strained country hundreds of billions of dollars.

Egypt’s population has grown by 40 million since 2000, reaching 105 million people. However, recent data notes a shift in population dynamics: in 2022, there were 2.193 million newborns in Egypt – only a slight 0.4% increase from the 2.185 million born in 2021. There was also a notable decline in the country’s fertility rate, which has dropped from an average of 2.85 children per woman in 2021 to 2.1% in 2023. There was a 13% increase in the utilization of family planning methods, reaching 75% this year. (Various 05.09)

[Back to Table of Contents](#TOC)

* 1. Eni has Big Investment Plans for Egypt

Italian energy giant Eni and its partners will invest $7.7 billion in their Egypt operations over the next four years, according to a meeting between Eni’s CEO Descalzi and President El Sisi on 3 September, in which they discussed the company’s energy exploration and production plans.

Eni was among the five multinationals Egyptian Oil Minister El Molla recently said will spend $1.8 billion in fresh gas exploration. Eni, along with Chevron, ExxonMobil, BP and Shell, will drill 35 exploration wells over the next two years. The company is looking to drill new exploration wells at several concessions in the Eastern Mediterranean.

Eni, along with its partners, is responsible for producing around 60% of Egypt’ natural gas and operates the country’s largest field, Zohr, alongside the Egyptian General Petroleum Corporation. It also owns 50% of the Damietta LNG plant, one of the country’s two liquefaction facilities that are key to the government’s long-term export ambitions. Earlier this year it said it had made a “significant” gas discovery in the Eastern Mediterranean in cooperation with Chevron.

Egypt is in need of fresh discoveries. The country’s gas output fell to a three-year low in Q2/23 on the back of production declines in the Nile Delta and disruptions at Zohr, which has been reported to be facing water infiltration issues. Decreasing gas supplies have contributed to the ongoing electricity shortages, which have caused rolling blackouts across the country since late July. BP, ExxonMobil and Shell are among the other companies preparing new exploration drilling campaigns. (Enterprise 04.09)

[Back to Table of Contents](#TOC)

* 1. Egypt Gives Approval for Fourth Unit of Dabaa Nuclear Plant

Egyptian Nuclear and Radiological Regulatory Authority (ENRRA) granted the permission to establish the fourth and final unit of the Dabaa nuclear power plant with a capacity of 1200 MW, the cabinet announced.

In June 2022, Russia's state-owned nuclear energy corporation, Rosatom, said it won approval from an Egyptian regulator to start building the country's first nuclear plant, which consists of four units with a capacity of 1200 MW each. The permission to establish the first unit was granted in June 2022, the second unit in October 2022, and the third unit in March 2023, it said.

Egypt and Russia signed an agreement to start work on the Dabaa nuclear power plant during a meeting in Cairo between President Abdel Fattah al-Sisi and President Vladimir Putin in 2017. Egypt and Rosatom began construction on the $30 billion plant in July 2022, kicking off an eight-year construction timeline that will see it come online at the beginning of the next decade. The plant’s construction saw delays in recent years due to the COVID-19 pandemic. Rosatom was contracted in 2015 to handle the construction and provide fuel for the plant. 85% of the facility’s financing is through a $25 billion loan from Russia, with Egypt scheduled to begin repaying the sum in October 2029. (Various 31.08)

[Back to Table of Contents](#TOC)

* 1. Morocco Earthquake Damage Could Wipe Out as Much as 8% of GDP

Morocco’s deadly earthquake that struck on 8 September, killing at least 2,500 people, could cost the economy as much as 8% of Morocco's gross domestic product, according to the latest estimates from the US Geological Survey. According to the World Bank, the North African country’s GDP was of $134.18 billion for 2022. An 8% loss would be worth about $10.7 billion. USGS, which among other things monitors the impact of earthquakes around the world, warned of severe potential economic losses for Morocco as a result of the quake. It reported that "extensive damage" is likely.

The epicenter of the 6.8 magnitude earthquake was in the Atlas Mountains, around 70 kilometers south of Marrakesh. It was shallow at a depth of 18.5 kilometers, making it relatively more powerful. USGS said earthquakes of this intensity are rare in the region, with no recorded instances of magnitudes 6.8 or higher being detected within 300 kilometers (186 miles) of epicenter.

Marrakesh, with parts of its UNESCO-listed historic center, is Morocco’s tourist capital that had only just recovered from the COVID-19 pandemic. Although international flights are still arriving at Marrakech, Morocco’s Tourism Observatory is concerned that the economic impacts of the disaster could reduce visitor numbers to the country for the rest of the year. (Al-Monitor 11.09)

* 1. Morocco’s Outlook Not as Alarming as Figures Suggest

Despite a widening budget deficit and a high debt-to-GDP ratio, Morocco’s economic outlook seems reassuring given the government’s commitment to structural reforms, Capital Economics said.

Earlier this month, the Moroccan government announced that the budget deficit from January till July has reached nearly $3 billion, recording an annual increase of 14.5%. Like most emerging markets, the Moroccan economy has been grappling with the compounded impact of the global pandemic and the Russian invasion of Ukraine. Not only that, but the North African country has been hit by the worst drought in 40 years, which dealt a blow to its agricultural production and put more strains on food supply. In 2022, the inflation rate reached 6.6%, hitting the highest level since 1992, and the economy registered a 1.3% growth rate compared to 8% in 2021.

As to the public debt-to-GDP ratio, it jumped from 69.5% in 2021 to 71.5% in 2022, with foreign debt and domestic debt constituting 17.2% and 54.3% of GDP, according to 2022 annual report released last month by Morocco’s central bank. The trade deficit in goods also jumped from 14% of the GPD in 2021 to 20% in 2022, according to the IMF.

Capital Economics expects the public debt-to-GDP ratio to fall to 67% by 2027 if the Moroccan government adopts a fiscal squeeze of only 1.5% over the next few years. Capital Economics listed several reform policies that the Moroccan government announced it would soon embark upon to reduce the budget deficit including: the consolidation of VAT rates, the introduction of a carbon tax, the revocation of tax exemptions on real estate and state-owned enterprises (SOEs), the squeezing of the public wage bill and cuts on capital transfers to SOEs.

In April, Morocco secured an IMF two-year assistance program under the Flexible Credit Line of $5 billion, which required policymakers to implement further structural reforms. The Moroccan government expects the economy to grow at 3.6% in 2024 from a forecast 3.3% this year assuming a recovery of its agricultural output and export rebound. **(**Zawya 31.08)

[Back to Table of Contents](#TOC)

* 1. Morocco’s Trade Deficit Continues to Narrow in 2023

Morocco’s trade deficit continues to shrink in 2023, growing at a year-on-year rate of 6.5% at the end of July. According to a report from the Office d’Echange, for the first seven months of 2023, imports have declined by 2.3%, totaling MAD 419.6 billion ($41.9 billion) compared to MAD 429.3 billion ($42.9 billion) at the end of July 2022. Meanwhile, exports reached MAD 250 billion ($25 billion), compared to MAD 248 billion ($24.8 billion) a year earlier.

The OE report explains that the drop in the value of imports can be primarily attributed to reduced purchases of energy products, semi-finished items and raw materials. Spending on energy products dropped by 20%, totaling MAD 69.3 billion ($6.9 billion) over the first seven months of 2023, compared to MAD 87.7 billion ($8.7 billion) in July 2022.

Imports of semi-finished product imports fell by 13%, triggered by reduced purchases of ammonia, which settled at MAD 4.9 billion ($400 billion) in July, against MAD 12.2 billion ($1.2 billion) a year earlier. Imports of food products, on the other hand, have dropped by 2.7%, totaling MAD 52.9 billion ($5.2 billion) compared to MAD 54.3 billion ($5.4 billion). (MWN 05.09)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Turkey's Annual Inflation Rate Nears 60% in August

Annual inflation in Turkey hit 58.94% in August, with consumer prices increasing 9.09% from the previous month, according to the Turkish Statistical Institute (TUIK) on 4 September. Following the release of the data, Turkey’s Finance & Treasury Minister Simsek said his country was in an economic transition period.

The data showed transportation to be the main driver of the increase in monthly prices, rising 16.61% partly due to consecutive fuel hikes. Household equipment and food prices were the second and third driver of the surge in monthly prices in August, rising by more than 9% and 8%, respectively, the data showed.

Turkey’s inflation began mounting again in July following an eight-month downtrend. The country’s annual inflation peaked to a 24-year high of 85.5% in October amid a swift slump of the Turkish lira, largely due to Erdogan’s unconventional economic policy that is underpinned by high interest rates causing high inflation. Under Erdogan’s influence, the country’s previous Central Bank management had cut interest rates as low as 8.5% over the past two years, in sharp contrast to the country's G-20 and regional peers that raised their policy rates to keep inflation at bay and safeguard their currencies in a bid to weather the global impact of Russia’s invasion of Ukraine and the coronavirus pandemic. (Al-Monitor 04.09)

[Back to Table of Contents](#TOC)

* 1. Moody's Raises Turkish Economic Growth Forecast to 4.2% for 2023

On 30 August, [Moody's](https://www.moodys.com/) revised Turkish economic growth forecast to 4.2%, from 2.6%, for 2023, according to its Global Macro Outlook 2023/24 update report. The global rating agency also made an upward revision to its Turkish economic growth forecast for 2023 to 3%, from 2% estimated in a May report. Moody's added that economic activity in H1/23 outpaced their expectations in multiple countries. The agency, however, noted that it expects tight financial conditions to persist throughout the next year, slowing on global growth.

Real gross domestic product (GDP) growth for the G-20 is estimated to slow to 2.5% in 2023 and 2.1% in 2024, from 2.7% in 2022. Moody's raised its 2023 growth forecast for the American economy to 1.9%, from 1.1% in its May outlook. (Moody's 31.08)

[Back to Table of Contents](#TOC)

* 1. Cyprus' Second Quarter GDP Lags in Eurozone

In Q2/23, seasonally adjusted GDP increased by just 0.1% in the euro area and was stable in the EU, but in Cyprus, it decreased compared with the previous quarter. Cyprus has the fourth slowest economy in the Eurozone, with GDP contracting quarterly. These numbers reflect a subtle shift from the first quarter of 2023, when GDP rose by 0.1% in the Euro area and 0.2% in the EU.

According to Eurostat data, Cyprus’ GDP contracted in Q2 2023 by 0.4% compared to a growth of 1.1% in the previous quarter. Lithuania (+2.9%) recorded the highest increase in GDP compared to the previous quarter, followed by Slovenia (+1.4%) and Greece (+1.3%). (FM 08.09)

[Back to Table of Contents](#TOC)

* 1. Cyprus' Unemployment Fell to 11.4% in August

The number of registered unemployed decreased in August, both on an annual and monthly basis, according to data released by the Cypriot Statistical Service. Based on seasonally adjusted data reflecting the unemployment trend, a decrease of 1,705 or 11.4% was recorded compared to August 2022. This reduction is primarily attributed to hiring in trade, accommodation and food services, administrative and support service activities, construction, and a decrease in newcomers to the labor market.

Based on seasonally adjusted figures, the number of registered unemployed decreased by 1.23% to 12,881 people in August compared to 13,042 the previous month. According to the District Labour Offices, the number of registered unemployed persons at the end of August reached 13,256. (FM 05.09)

[Back to Table of Contents](#TOC)

* 1. Cyprus Among World's 20 Freest Economies

Cyprus is among the top 20 countries for economic freedoms but has ground to make up, according to the Economic Freedom Report issued by The Heritage Foundation. According to the report, Cyprus was 18th, scoring 72.3 points. Despite being placed among the world’s top 20 for economic freedom, the country’s rating worsened by 0.6 points. Cyprus came 12th among European nations, with the island’s overall score being higher than the global and regional averages.

The island’s overall score is influenced by areas such as justice, size of government, effectiveness of regulatory frameworks, and markets. There was a decline in the property rights index with an overall score of 83, the judicial efficiency index at 89.7, and the government integrity index at 58.8. A decline was also recorded in the monetary freedom index, with a total score of 81.5 and the trade freedom index, with a score of 78.6. The Tax Burden Index rose with an overall score of 80.8, the Government Expenditure Index improved to 45.8, and the Fiscal Health Index increased to 73.3. The work freedom index also rose to 66.5. The indicators of business freedom, with a score of 74.9, investment freedom (75), and financial freedom (60) remained unchanged.

Singapore came first with a total score of 83.9. It was followed by Switzerland (83.8), Ireland (82), Taiwan (80.7), and New Zealand (78.9). The top five spots in Europe went to Sweden (83.8), Ireland (82), Estonia (78.6), Luxembourg (78.4), and the Netherlands (78). (FM 11.09)

[Back to Table of Contents](#TOC)

* 1. Greece Seeks Partnerships With Leading International Universities

Greece's Education Ministry will strategically and financially support collaborations between Greek public universities and the top 20 international universities, in order to offer joint postgraduate degrees, according to Education Minister Pierrakakis. The studies will take place in Greece and the degree will carry the title of both universities. Greece has targeted their public universities and major international institutions of higher education in Europe and the US.

As an example, he noted, one such model would be for the National Technical University of Athens (NTUA) to create a joint master’s degree with the Swiss ETH or the British Imperial, which would take place in Greece but grant both master’s degrees. On the other hand, at a time when more than 40,000 Greeks study abroad, many of them in Cypriot universities, he said the Education Ministry will institutionalize the establishment of non-state universities as branches of foreign universities in Greece, emulating the corresponding model of Cyprus. (eKathimerini 12.09)

GENERAL NEWS AND INTEREST

\*ISRAEL:

[Back to Table of Contents](#TOC)

* 1. Rosh Hashanah – the Jewish New Year

Rosh Hashanah, commonly known as the Jewish New Year, is celebrated on the first and second days of the Hebrew month of Tishrei. This year that date falls on the afternoon of 15 September and continues until the evening of 17 September. In Hebrew, Rosh Hashanah literally means "first of the year." The name Rosh Hashanah is not used in the Bible to discuss this holiday. The Bible refers to the holiday as *Yom Ha-Zikaron* (the day of remembrance) or *Yom Truah* (the day of the sounding of the *shofar*). The holiday is instituted in Leviticus 23:24 - 25. The shofar is a ram's horn; the sounding of the *shofar* in the synagogue is one of the most important observances of this holiday. The Bible gives no specific reason for this practice, though one that has been suggested is that the shofar's sound is a call to repentance. No work is permitted on Rosh Hashanah. Much of the day is spent in synagogue, where the regular daily liturgy is somewhat expanded. In fact, there is a special prayer book called the *machzor* used for Rosh Hashanah and Yom Kippur because of the extensive liturgical changes for these holidays. Religious services for the holiday focus on the concept of G-d's sovereignty. One popular observance during this holiday is eating apples dipped in honey, reflecting the wish for a sweet new year.

[Back to Table of Contents](#TOC)

* 1. Fast of Gedaliya Marked on 18 September

The Fast of Gedaliya (or *Tzom Gedaliya,* fallingon 3 Tishrei), follows Rosh Hashanah. This year it is observed on 18 September. It marks the assassination of Gedaliya ben Achikam and the exile of the small Jewish community that remained in Israel after the Destruction. When Nebuchadnezzar King of Babylonia, destroyed the Temple in Jerusalem in 586 BCE and exiled the Jewish people to Babylonia, he allowed an impoverished remnant to remain in the land and appointed Gedaliah Ben Achikam as their Governor. Many Jews who had fled to Moab, Ammon, Edom, and other neighboring lands returned to the land of Judea, tended the vineyards given to them by the king of Babylonia and enjoyed a new respite after their earlier oppression. However, political machinations led Yishmael Ben Netaniah, to assassinate Gedaliah. Yishmael murdered Gedaliah, together with most of the Jews who had joined him and numbers of Babylonians whom the Babylonian King had left with Gedaliah. The remaining Jews feared the vengeance of the Babylonian King and fled to Egypt. The surviving remnant of Jews was thus dispersed and the land remained desolate, until the Jewish polity was re-established in some 70 years’ time. The fast is observed from daybreak until the stars appear in the evening.

[Back to Table of Contents](#TOC)

* 1. Yom Kippur – Holiest Day in the Jewish Calendar – Falls on 24/25 September

On the evening of 24 September and until after sunset on 25 September, Israel and world Jewry ‎will observe Yom Kippur, or the Day of Atonement. The holiest day on the Jewish calendar, ‎falling on the tenth of Tishri, it is a day marked by fasting, prayer and penitence for one's sins ‎against their fellow man and G-d. Yom Kippur atones only for sins between man and G-d, not ‎for sins against another person. To atone for sins against another person, you must first seek ‎reconciliation with that person, righting the wrongs you committed against them if possible. ‎That must all be done before Yom Kippur.‎

Yom Kippur is a complete Sabbath; no work can be performed on that day. It is a complete, 25-‎hour fast beginning before sunset on the evening before Yom Kippur and ending after nightfall ‎on the day of Yom Kippur. The Talmud also specifies additional restrictions that are less well-‎known: washing and bathing, anointing one's body (with cosmetics, deodorants, etc.), wearing ‎leather shoes and engaging in sexual relations are all prohibited on Yom Kippur. As always, ‎any of these restrictions can be lifted where a threat to life or health is involved. In fact, ‎children under the age of nine and women in childbirth (from the time labor begins until three ‎days after birth) are not permitted to fast, even if they want to. It is customary to wear white on ‎the holiday, which symbolizes purity and calls to mind the promise that our sins shall be made ‎as white as snow. The day long fast is widely observed even among Israel's secular public and ‎most of the country's Jewish population attend all or part of the day's synagogue services. The ‎fast is concluded with a shofar blast and rejoicing. ‎

[Back to Table of Contents](#TOC)

* 1. Technion Ranked 79th in the World in the Shanghai University Ranking

The Technion was ranked in 79th place on the list of the world’s top 100 universities according to the Shanghai Ranking, a leading index in the world for ranking institutions of higher education. This achievement marks a noteworthy ascent from its placement at 83rd position last year and the 94th position two years ago. Notably, the Technion has secured the 5th rank among European technological universities.

The Technion’s upward journey in recent years reflects its dedicated efforts in fostering interdisciplinary research collaborations, spearheading new research directions at the cutting edge of global research, and promoting research partnerships with industry.

The Academic Ranking of World Universities (ARWU), responsible for publishing the Shanghai Ranking annually since 2003, evaluates universities based on the number of Nobel Laureates, Fields Medalists, Highly Cited Researchers, and publications in journals like Nature and Science. Universities with a substantial number of papers indexed by Science Citation Index-Expanded (SCIE) and Social Science Citation Index (SSCI) are also considered. (Technion 15.08)

\*REGIONAL:

[Back to Table of Contents](#TOC)

* 1. Lebanese Backlash as MPs Introduce Bill to Decriminalize LGBTQ+ Relationships

Members of the Lebanese parliament have for the first time introduced a bill to decriminalize same-sex relationships. The proposed legislation aims to repeal Article 534 of the Penal Code, which prohibits "any sexual intercourse contrary to the order of nature" with a penalty of up to one year in imprison. Only made public in recent weeks, likely due to a leak in parliament, the bill had been introduced in early July by nine representatives, including independent members from Forces of Change and Christian parties. Public circulation of the bill has intensified the backlash against the Lebanese LGBTQ+ community on multiple fronts.

Individuals and groups taking action to express opposition and animosity toward the LGBTQ+ community is not new in Lebanon. Anti-LGBTQ+ campaigns in Lebanon have been ongoing since 2017. The  campaigns  have involved security forces breaking up events, Lebanese General Security prohibiting conferences and, more recently, high-ranking officials and influential figures openly adopting and advocating anti-LGBTQ+ stances. In late July, Hezbollah leader Hassan Nasrallah warned against homosexuality, and in early August, Culture Minister Mortada sought to ban the hit movie " Barbie," citing concerns about it promoting perversion and challenging gender norms. The focus on homosexuality has also prompted a call by the government to uphold family values.

The effort to decriminalize same-sex relationships in Lebanon appears to have backfired against the LGBTQ+ community due to the environment of heightened criticism. Indeed, shortly after the bills targeting the LGBTQ+ community were introduced, the Soldiers of God, a Christian group that made headlines for violence it carried out during last year's Pride Month, attacked a queer-friendly bar on 23 August. Members of the group hurled insults, restricted patrons from leaving and caused unconfirmed reports of injuries. Despite the obvious divisions on political matters in Lebanon, the sectarian political blocs appear to have found common ground in anti-LGBTQ+ stances and rhetoric. Despite ongoing prosecutions under Article 534, recent court rulings have clarified that it can't be applied to private, consensual same-sex acts between adults. (Al-Monitor 09.09)

[Back to Table of Contents](#TOC)

* 1. Jordan Sees Further Drop in Illiteracy Rates

Jordan’s illiteracy rates fell to 4.5% by the end of 2022, Minister of Education, Higher Education and Scientific Research Mahafzah revealed on 8 September. Illiteracy rates decreased from 88% in 1952 to 67.6% in 1961, reaching 19.5% in 1990, according to a ministry statement, noting that by the end of 2022 illiteracy rate stood at 4.5%, with 2.4% among males and 7.3% among females. The minister further indicated that the Kingdom has always been among the countries focused on improving its literacy rates.

Among the ministry’s immediate priorities is the creation of adult education centers across Jordan. Some 162 centers opened during the 2022-2023; 137 centers for women and 25 centers for men. (JT 09.09)

[Back to Table of Contents](#TOC)

* 1. Morocco Launched its 2023-2024 Academic Year on 4 September

The first day of classes for Moroccan kindergarten, primary, middle and high school began on 4 September, according to the Ministry of National Education, Preschool, and Sports. The administration personnel joined their institutions on 1 September, while the teaching staff joined on 2 September as preparation for the start of classes, while informal education classes are expected to start on 2 October. Studies will end in the second week of July 2024. (MWN 04.09)

ISRAEL LIFE SCIENCE NEWS

[Back to Table of Contents](#TOC)

* 1. Elgan Pharma Nears Approval for Insulin-Based Preemie Therapy

One in 10 babies worldwide is born before the end of 37 weeks of gestation, resulting in 15 million premature births every year. Complications from these births lead to the death of a million of these children by age 5 annually. Nazareth's [Elgan Pharma](https://elganpharma.com/) aims to save as many of these children as possible by bringing to market an insulin-based oral therapeutic product that will help the gastrointestinal (GI) systems of these “preemies” develop more quickly and effectively. Critically, the therapy could reduce the incidence of necrotizing enterocolitis, a life-threatening condition with mortality rates as high as 42% in the smallest babies.

Earlier this summer, the company was awarded a grant of €2.36 million by the European Innovation Council to support the Phase III registration study of the oral formulation, called ELGN-GI. The clinical study will begin by the end of this year at more than 30 partner centers in Israel, Europe, and the US. There has also been interest from New Zealand and Australia. The Phase III trial will involve preemies, while a related Phase II trial will involve micro-preemies, or extremely fragile babies born before the 26th week of pregnancy.

The biggest problem for preemies in terms of their survival is their lungs and heart, but they also need functioning intestines to grow and be healthy. However, their intestines are not ready to absorb all the food they need and to excrete what is not needed. As a result, the babies are put on a central line (parenteral nutrition or PN) through a vein in their chest or their umbilicus so that nutrition can be delivered directly to the bloodstream. This in turn can cause a variety of complications. (ToI 01.09)

[Back to Table of Contents](#TOC)

* 1. QuantHealth Announces $15 Million Series A for its Clinical Trials AI Platform

QuantHealth raised a $15 million Series A funding round co-led by Bertelsmann Investments and Pitango HealthTech, with participation from existing investors Shoni Top Ventures and Nina Capital. Previous investors include Boston Millennia Partners, Atooro Fund, and Renegade Ventures. QuantHealth has received $20M in external funding to date.

QuantHealth bridges gaps by simulating trials at scale, to expedite, de-risk and optimize drug development. Armed with a proprietary AI technology trained on a massive dataset of 350 million patients, large biomedical knowledge-graphs, and clinical trial data, QuantHealth’s groundbreaking technology can predict trial outcomes with 86% accuracy. QuantHealth proudly supports several large pharma companies, numerous biotechs, as well as CROs, and other industry partners.

Tel Aviv's [QuantHealth](https://quanthealth.ai/)'s Clinical-Simulator predicts how each patient in a clinical trial will respond to treatment, allowing trial design teams to run thousands of protocol variations, and optimize the trial design for success. Based on its novel AI engine trained on a massive dataset of 350m patients and a rich biomedical knowledge-graph, QuantHealth's simulator can predict clinical trial results with 86% accuracy, allowing users to answer mission critical questions around trial design, indication selection, asset evaluation and more. (QuantHealth 30.08)

[Back to Table of Contents](#TOC)

* 1. ViAqua Therapeutics Gets $8.25 Million Investment for RNA-Based Aquaculture Solutions

ViAqua Therapeutics completed a $8.25 million round led by S2G Ventures with participation from Rabo Ventures, The Trendlines Group, Agriline Limited, Nutreco, I-Lab Angels and Circle Investments LLC. Aquaculture is essential for improving food security, providing a healthy and sustainable food source, and protecting wild fish stocks in the face of growing demand for marine protein. To address this problem, ViAqua has developed a biotechnology-based oral delivery platform for the targeted administration of RNA-based solutions to improve disease resistance in aquaculture.

Shrimp, one of the most widely consumed seafood products globally, in particular, are very susceptible to disease due to their lack of adaptive immune systems, and there are currently no products available that address shrimp disease today. The company's first product is a feed supplement to enhance resistance to viral infections in shrimp, with the initial application targeting White Spot Virus (WSSV), which causes an annual loss of around $3 billion and a 15% reduction in global shrimp production. This solution will provide much-needed production stability for farmers while also creating the opportunity to increase production per farm without increasing disease risk.

ViAqua produces its capsule products using commercial, industrial processes and is scaling production to take its first product to market. With plans to begin production in India at the beginning of 2024, the company has established a commercial partnership through a joint development and marketing agreement with Skretting, a Nutreco company, to bring the product to the market. While ViAqua is currently focused on shrimp production, the delivery technology has numerous applications in aquaculture and beyond, which the company is excited to explore.

Haifa's [ViAqua](https://www.viaqua-t.com/) was established to address the growing need for effective, specific, and affordable health management of diseases in aquaculture. One of the major challenges facing the shift to sustainable aquaculture practice is the prevention and treatment of disease. ViAqua is developing a biotechnology-based, oral delivery platform for administration of nucleic acid-based solutions for promoting health in marine species. (ViAqua Therapeutics 05.09)

[Back to Table of Contents](#TOC)

* 1. BrainsWay Forges Strategic Partnership with Treatment Provider in Northeast U.S.

BrainsWay announced the formation of a strategic partnership with a prominent mental health clinical treatment provider with an increasingly expanding footprint in the Northeast region of the United States. As a result of this partnership and a series of successive orders, a total of 10 Deep Transcranial Magnetic Stimulation (Deep TMS) systems will be installed by this provider in 2023 alone, with the potential for additional systems thereafter.

The announcement is the latest demonstration of the Company’s increasing traction with a variety of new institutional and enterprise customers in the U.S and internationally.

Jerusalem's [BrainsWay](http://www.brainsway.com) is a leader in advanced noninvasive neurostimulation treatments for mental health disorders. The Company is advancing neuroscience with its proprietary Deep Transcranial Magnetic Stimulation (Deep TMS) platform technology to improve health and transform lives. BrainsWay is the first and only TMS company to obtain three FDA-cleared indications backed by pivotal clinical studies demonstrating clinically proven efficacy. Current indications include major depressive disorder (including reduction of anxiety symptoms, commonly referred to as anxious depression), obsessive-compulsive disorder, and smoking addiction. (BrainsWay 05.09)

[Back to Table of Contents](#TOC)

* 1. Innocan Pharma Announces Promising Results from Hair Care Cream Efficacy Test

Innocan Pharma Corporation announced the successful results of a controlled efficacy test regarding its hair care cream. The Trial's findings underscore the effectiveness of Innocan's product, which is enriched with cannabinoids, peptides, and other natural ingredients. The Trial's findings demonstrate that the Product enhances hair growth, resulting in increased hair density and thickness.

The 120-day Trial engaged a diverse group of male and female volunteers experiencing non-seasonal hair loss. The Trial's primary benchmark - a statistically significant increase in hair growth - was observed as early as 14 days post-application, with hair length elongation evident throughout the Trial and showing a 22.5% increase in hair length. Innocan's unique blend of cannabinoids and other natural ingredients presents a wholesome solution for those battling hair loss, aiming to not only prevent it but also promote the regrowth of fuller, thicker hair.

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. This segment involves two drug delivery technologies: (i) LPT CBD- loaded liposome platform facilitating exact dosing and the prolonged and controlled release of CBD into the blood stream. The LPT delivery platform research is in the preclinical trial phase for two indications: Epilepsy and Pain Management. (ii) CLX CBD-loaded exosomes platform that may hold the potential to provide a highly synergistic effect of regenerating and anti- inflammatory properties targeting the Central Nervous System (CNS). In the Consumer Wellness segment, Innocan develops and markets a wide portfolio of high-performance self-care products to promote a healthier lifestyle. (Innocan 05.09)

[Back to Table of Contents](#TOC)

* 1. Techsomed Announces FDA Clearance for Ablation Treatment Software

Techsomed has received 510(k) clearance from the US FDA for its VisAble.IO software intended to assist physicians in planning liver ablation procedures, and confirming ablation zones, with the goal of increasing treatment precision.

VisAble.IO is the first product to be released as part of Techsomed's full BioTrace solution, an end-to-end software solution for full visualization & control for Image Guided Ablation Therapy. By utilizing AI-based technology, BioTrace leverages standard imaging—such as ultrasound (US) along with computed tomography (CT) or magnetic resonance imaging (MRI) to provide visualization of the full extent of the ablation zone in real-time, together with smart, personalized treatment planning and assessment tools, allowing physicians to provide their patients with optimized care.

VisAble.IO employs advanced computation and image registration to assist physicians in crucial steps of planning and assessing the ablation coverage of liver tumor. Its key features include 3D visualization of the ablation target within a patient-specific anatomical view, overlay and position of virtual instruments and estimated ablation regions onto medical images and finally, a unique interactive 3D view of ablation margins and missed volumes to help users assess ablation target coverage immediately post procedure.

Rehovot's [Techsomed](http://www.Techsomed.com) is a medical imaging software company making an enhanced clinical impact in Oncology, Cardiology and Pain Management through the first Gen-AI powered Image Guided Ablation Therapy System. They focus on leveraging standard medical imaging (US, CT, MRI) for generating real-time ablation visualization, advanced patient-specific treatment planning and predictive procedure analysis to ensure high-precision ablation that is accessible for every patient everywhere. (Techsomed 05.09)

[Back to Table of Contents](#TOC)

* 1. VeinWay Closes Oversubscribed SAFE Round and Begins Series A Round

VeinWay has closed an oversubscribed SAFE round of investment and has opened a series A round. The funds will be used to complete all design verification testing and to prepare for VeinWay's First-in-Human clinical trial of its Traversa system towards an FDA IDE trial planned for H1/24. VeinWay's Traversa system is in development to empower physicians to overcome the highly challenging task and unmet need of crossing clogged veins to easily restore blood flow from the vein to the heart.

Or Yehuda's [VeinWay](https://veinway.com/) is developing a device called Traversa, intended to provide physicians with a dedicated, purpose-built tool to create a pathway through a clogged vein to empower physicians to easily restore blood flow through the vein to the heart. Traversa is designed to expand the physician's ability to safely cross a variety of complicated blockages that were previously un-crossable, as well as shorten the time to cross.

Traversa is being developed by VeinWay as part of the MEDX Xelerator's Entrepreneur-in-Residence program designed to promote breakthrough innovation. VeinWay is a portfolio company of the MEDX Xelerator, a medical device incubator backed by Boston Scientific, Sheba Medical Center among other investors. (VeinWay 07.09)

[Back to Table of Contents](#TOC)

* 1. Ibex Launches Galen Breast HER2 for Improved Biomarkers in Breast Cancer Patients

Ibex Medical Analytics (Ibex) launched Galen Breast HER2, an AI-powered solution that aids pathologists in setting a higher standard for accurate and reproducible HER2 (human epidermal growth factor receptor 2) scoring in breast cancer patients.

HER2, one of the proteins responsible for division and proliferation of breast cancer cells, is expressed in many breast tumors and its accurate assessment is critical for identifying patients who are likely to benefit from HER2-directed therapies. Traditionally, pathologists evaluate HER2 in tumor samples visually, which may result in varied interpretations as scoring is semi-quantitative and thus somewhat subjective. The recent emergence of antibody drug conjugates specifically targeting HER2, which are also effective against HER2-low tumors, meant that a new segment of HER2 expression became clinically actionable. Pathologists now need to be able to evaluate and identify lower levels of HER2 expression, despite limited experience in evaluating those lower cut-offs. AI-powered tools may help pathologists with accurate, rapid, and reproducible interpretation of HER2 protein expression, particularly HER2 low, further supporting oncologists in identifying effective therapies for their patients.

Galen Breast HER2 was developed and validated by Ibex in collaboration with AstraZeneca and Daiichi Sankyo. A multi-reader validation study compared the HER2 scoring performance of pathologists and demonstrated that pathologists supported by AI showed higher consistency and accuracy for HER2 scoring, particularly on the lower levels of HER2 expression, compared to pathologists who did not use AI3. An early evidence program to generate data on the accuracy and efficiency of Galen Breast HER2 in clinical practice is now ongoing across 15 cancer centers and laboratories in the United States, Canada, Europe, the UK and Brazil.

Tel Aviv's [Ibex Medical Analytics (Ibex)](https://ibex-ai.com) is transforming cancer diagnostics with world-leading, clinical grade AI-powered solutions, empowering physicians to provide accurate, timely and personalized cancer diagnosis for every patient. The Galen suite of solutions is the first and most widely deployed AI-technology in pathology and is used as part of everyday routine, supporting pathologists and providers worldwide in improving the quality and accuracy of diagnosis, implementing comprehensive quality control, reducing turnaround times and boosting productivity with more efficient workflows. (Ibex Medical Analytics 07.09)

[Back to Table of Contents](#TOC)

* 1. Scala Biodesign Exits Stealth with Seed Funding to Engineer the Proteins of the Future

Tel Aviv's [Scala Biodesign](https://www.scala-bio.com/) exited stealth, revealing $5.5 million of funding for their solution to dramatically improve the development of proteins into biotech products. The round was led by TLV Partners.

Scala makes it possible to engineer and improve proteins immediately and in one shot. Fusing physics-based modeling, AI and biological data analysis, Scala enables companies to develop new medicines, green production processes, and foods radically faster and cheaper, allowing the creation of entirely new applications of biotechnology that weren't possible using traditional methods. Scala was founded in order to address the demand from major pharma and biotech companies. The team's mission is to provide a one-stop shop for efficient and economical protein engineering. (Scala 11.09)

[Back to Table of Contents](#TOC)

* 1. Limaca Medical Receives FDA Clearance for its Precision GI Endoscopic Biopsy Device

Limaca Medical announced that its Precision GI Endoscopic Ultrasound (EUS) Biopsy Device received 510(k) clearance from the U.S. FDA. This follows Limaca's receipt of FDA Breakthrough Device Designation for its Precision GI.

Precision GI obtains biopsies for definitive diagnosis of pancreatic cancer and other life-threatening GI cancers more quickly and less traumatically than current products. The automated device is designed to provide for more efficient and effective diagnosis of GI cancers by yielding significantly superior quality and quantity of diagnostically relevant biopsy tissue. Limaca's First-In-Human EUS-Biopsy cases in suspect pancreatic cancer patients was published by iGIE in April 2023.

Yokneam's [Limaca Medical](https://limaca-medical.com) is a privately held company dedicated to improving endoscopic biopsy results for patients facing potentially life-threatening gastroenterology and pulmonary cancers. Limaca's experienced team of engineers, clinicians, and business professionals have track records of innovating, developing, and commercializing specialized medical devices. (Limaca Medical 11.09)

ISRAEL PRODUCT & TECHNOLOGY NEWS

[Back to Table of Contents](#TOC)

* 1. Tower & TriEye Deliver Revolutionary CMOS-based SWIR Sensors for Automotive Market

Tower Semiconductor and TriEye announced the release of a breakthrough SWIR sensor for the automotive ADAS and industrial markets, demonstrating unparalleled performance of a 1.3Mp 7um pixel array with excellent response across the SWIR spectrum. The new sensor utilizes Tower’s advanced BSI Germanium photo-diodes on silicon using a unique pixel-level electrical connection in a wafer stacking process allowing a monolithic CMOS based solution for sensing light in wavelength way beyond the capability of silicon.

TriEye’s sensing solution provides a clear view in any visibility conditions, even under very harsh driving conditions including very low light, severe fog, dust, or smoke conditions. While existing SWIR sensors are inherently very expensive and hence cannot be considered for mass markets, TriEye’s SWIR CMOS-based solution provides high performance at low cost, and can be efficiently deployed in high-volume markets such as automotive ADAS.

Migdal HaEmek's [Tower Semiconductor](http://www.towersemi.com), the leading foundry of high-value analog semiconductor solutions, provides technology and manufacturing platforms for integrated circuits (ICs) in growing markets such as consumer, industrial, automotive, mobile, infrastructure, medical and aerospace and defense. Tel Aviv's [TriEye](http://www.TriEye.tech/) is the pioneer of the world’s-first CMOS-based Short-Wave Infrared (SWIR) sensing solutions. Based on advanced academic research, TriEye’s breakthrough technology enables HD SWIR imaging and deterministic 3D sensing in all weather and ambient lighting conditions. (Tower Semiconductor 31.08)

[Back to Table of Contents](#TOC)

* 1. MadeRight is Harnessing Fungi to Create Sustainable Food Packaging

Kiryat Shemona's [MadeRight](https://www.maderight.co/%20‎) harnesses the capabilities of fungi to create sustainable materials. Through a fermentation process that uses fungi cultivated from industrial organic waste, it makes sustainable, high-performance materials. Currently, MadeRight is developing a solution to improve the quality of plastic packaging by replacing fossil-derived materials. This revolutionary production method seamlessly integrates into existing supply chains and packaging machinery, with the ultimate goal of achieving cost-effectiveness comparable to prevailing packaging production procedures within food, cosmetics, and other industries.

Their product generates plastic pellets that seamlessly integrate into existing machinery at a cost comparable to traditional solutions. The innovative three-step process begins by (1) feeding organic waste to nurture fungi, followed by (2) separating high-value materials from the fungi. Lastly, they (3) seamlessly incorporate our fungal materials with bioplastics, enhancing packaging performance and extending the shelf life of products.

Approximately a year after its establishment and operating within the Fresh Start Incubator in Kiryat Shmona, the funds obtained from their current financing round will be directed toward expanding the development team and refining the production process. The objective is to achieve a commercially viable prototype. Additionally, these funds will support marketing efforts, enabling MadeRight to enter new markets worldwide. (CTech 24.08)

[Back to Table of Contents](#TOC)

* 1. ParaZero Develops New Safety System for Commercial Drones & Urban Mobility Aircraft

ParaZero Technologies announced its next-generation safety product development, SmartAir Trinity, an AI-based avionics system, which utilizes a new, leading-edge sensor array with advanced capabilities, designed to detect malfunctions of UAS and eVTOL in real-time, and provide deep analytics for mission debriefings.

The SmartAir Trinity system is comprised of sophisticated visual awareness cameras and an advanced sensor suite that enables UAS and eVTOL aircraft to understand their surroundings using artificial intelligence and machine learning technological capabilities. Its AI-embedded approach supports safety and risk mitigation in addition to over-the-air (OTA) firmware and configuration updates, keeping every platform up to date with the latest and most accurate algorithms and features. The SmartAir Trinity offers an optimized parachute deployment algorithm to enhance operational containment capabilities, detection and identification of safe landing zone and delivery site areas, GNSS-free navigation, redundancy system for onboard GPS, and monitoring the aircraft’s behavior with great operational insight.

Kiryat Ono's [ParaZero](https://parazero.com) is a world-leading developer of autonomous parachute safety systems for commercial drones and urban air mobility (UAM) aircraft. Started in 2014, ParaZero designs smart, autonomous parachute safety systems designed to enable safe flight operations overpopulated areas, beyond-visual-line-of-sight (BVLOS). (ParaZero 01.09)

[Back to Table of Contents](#TOC)

* 1. C2A Security Announces New Technology Collaboration with Siemens

C2A Security has joined the Siemens Digital Industries Software Partner Program. The agreement enables C2A Security to connect its EVSec platform with Siemens' Polarion software, the leading Application Lifecycle Management (ALM) solution from Siemens Xcelerator portfolio of industry software.

The collaboration between Siemens and C2A Security creates a win-win scenario for both companies and has great potential for their mutual automotive and mobility customers. Polarion customers will be able to ingest security data from the EVSec Platform, enabling the development of more secure software that also complies with existing and emerging regulations for the software-defined vehicle (SDV), such as WP.29, R155 and the ISO/SAE 21434 standard. C2A Security currently supports customers in Europe, Asia and North America.

With the fast-approaching deadline for the WP.29 R155 regulation and ISO/SAE 21434 standard, car makers and mobility companies will be able to enjoy the best of breed solutions from Siemens and C2A Security, empowering different teams to work collaboratively around product innovation, to meet consumers' demand while complying with existing and emerging regulations and standards. Just this year, C2A Security added new top-tier global players to its customers and partners portfolio, including Valeo, Marelli, NTT Data, Segula Technologies and Evvo Labs, among others, and the EVSec Platform is already in use at several global car makers.

Jerusalem's [C2A Security](https://c2a-sec.com/‎) is the only mobility-centric DevSecOps Platform vendor that addresses the specific needs of car makers, Tier 1 suppliers, and mobility companies. Founded in 2016, C2A Security transforms cybersecurity from being a company-wide limitation to a business value multiplier, through advanced security automation and compliance, to shorten software release times and decrease costs. Our vision is to turn product security into a seamless, automated, and transparent process, reducing time to deployment and costs of managing automotive software products and resources. (C2A 05.09)

[Back to Table of Contents](#TOC)

* 1. Atomic-Scale Spin-Optical Laser Opens New Horizon for Optoelectronics

Researchers at the Technion – Israel Institute of Technology have developed a coherent and controllable spin-optical laser based on a single atomic layer. This discovery is enabled by coherent spin-dependent interactions between a single atomic layer and a laterally confined photonic spin lattice, the latter of which supports high-Q spin-valley states through the photonic Rashba-type spin splitting of a bound state in the continuum.

This achievement paves the way to study coherent spin-dependent phenomena in both classical and quantum regimes, opening new horizons in fundamental research and optoelectronic devices exploiting both electron and photon spins.

Spin-optical light sources combine photonic modes and electronic transitions and therefore provide a way to study the exchange of spin information between electrons and photons and to develop advanced optoelectronic devices. To construct these sources, a prerequisite is to lift the spin degeneracy between the two opposite spin states either in their photonic or electronic parts. This is usually accomplished by applying magnetic fields under a Faraday effect, although these approaches generally require strong magnetic fields and cannot produce miniaturized sources. Another way takes advantage of artificial magnetic fields for photonic spin-split states in momentum space, underpinned by a geometric phase mechanism. (Technion 08.08)

[Back to Table of Contents](#TOC)

* 1. Carteav Surpasses 10,000 Kilometer Milestone in Driverless Service

Carteav has achieved the milestone of 10,000 km of driverless service in managed areas in Israel and Turkey and more than 10,000 trips. Carteav has clocked the kilometers over the last 6 months in ALSVs that access a site management portal and reservation app, for the ultimate in driverless experience and convenience in transferring people and goods within managed areas.

Carteav delivers a complete end-to-end solution for autonomous transportation in managed areas, such as resorts, retirement communities, hospitals, factories, universities, airports, residential gated communities, and other urban applications. The company’s offering includes a fleet management portal with remote assistance and service KPIs for site managers and a one-click reservation system for summoning the car and setting the destination.

Rishon LeZion's [Carteav](https://carteav.com) is an industry leader in creating technology to support and optimize the global adoption of autonomous, low speed vehicles (ALSVs). Carteav’s unique approach solves the issues that surround ALSVs - technical complexity, high cost and regulatory issues. Their solution for autonomous vehicles in managed areas was created by technologists with years of experience and is backed by automotive, entrepreneurial and venture capital industry leaders from all over the globe. (Carteav 05.09)

[Back to Table of Contents](#TOC)

* 1. Mobileye SuperVision Pilot Functions Added to 110,000 ZEEKR Vehicles

China's ZEEKR has launched a major over-the-air update for 110,000 owners of the ZEEKR 001 electric vehicle with the global debut of new, highly automated driving assistance features built on the Mobileye SuperVision platform. The upgraded Navigation ZEEKR Pilot (NZP) driving assistant system has already received strong reviews from over 1,000 beta users, with class-leading performance.

NZP leverages SuperVision’s 11 cameras – including seven 8-megapixel cameras – and surround fisheye cameras, along with a front radar and robust driving policy. Key features of NZP include point-to-point automated highway navigation, lane changes, automated on/off-ramp assist and intelligent traffic safety functions in identified operational design domains. The system runs on two Mobileye EyeQ 5 systems-on-chip, an advanced custom 7-nanometer ADAS chipset, building on Mobileye’s two decades of experience in applied AI and machine learning to handle AI tasks with high energy efficiency, a key factor for electric vehicles.

The system will first be available in the cities of Shanghai and Hangzhou, with multiple cities being added over the next few months. ZEEKR 009 multi-purpose vehicle owners are expected to receive a similar OTA update later this year. Under the expanded collaboration with Geely Group, three additional brands under Geely Group’s umbrella are due to leverage Mobileye SuperVision for advanced ADAS, including Polestar. ZEEKR’s new ZEEKR 001 FR quad-motor sports car, which can accelerate from 0 to 100 kph with just 2.08 seconds with rolling start, is the latest model launched to be equipped with Mobileye SuperVision platform.

Jerusalem's [Mobileye](v) 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. (Mobileye 05.09)

[Back to Table of Contents](#TOC)

* 1. Pynt Automates API Security With $6 Million in Seed Funding

Pynt announced the general availability of its autopilot platform for API security used by thousands of developers and security experts, as well as $6 million in Seed funding led by Joule Ventures with the participation of Dallas VC and Honeystone VC. Pynt enables API security by bridging the gap between developers and security experts. Its platform takes on the role of a hacker, employing human logic to generate attacks and eliminate vulnerabilities before they become exposed. By seamlessly integrating with popular API development tools and CI/CD pipelines, Pynt offers a fully automated API security solution used by thousands of developers and security experts around the world.

Pynt offers a freemium and an enterprise version, and is already in use at companies ranging from mid-market to Fortune 500. In addition to automating the identification of API vulnerabilities during development, Pynt delivers comprehensive reports and dashboards for developers and other stakeholders, as well as actionable recommendations for addressing security issues.

Tel Aviv's [Pynt](http://www.pynt.io) is a rapidly growing API security platform provider that bridges the gap between developers and security experts. Pynt has been developed in collaboration with, and is supported by, a wide range of application development and security experts. (Pynt 06.09)

[Back to Table of Contents](#TOC)

* 1. SURF Extension is a Cost-Saving Browser Security Solution for Any Platform

Tel Aviv's [SURF Security](https://www.surf.security/), the Zero-Trust Secure Enterprise Browser provider, announced SURF Extension. This browser extension solution redefines how companies approach security without compromising productivity. By streamlining workflows and offering potential cost reductions of up to 90%, SURF Extension stands as a game-changing force in the cybersecurity landscape.

With security threats rising, companies face the constant challenge of safeguarding their data. Ensuring security should actively enhance productivity rather than hinder it. SURF Extension provides a seamless way to strike this balance. This solution can be integrated into any platform within seconds, allowing users to continue their daily tasks without disruption. SURF's Extension instills confidence in users, enabling them to embrace AI tools like ChatGPT without the fear of data leaks. Whether navigating the web or using third-party applications, SURF is a robust shield against cyber threats, including zero-day attacks, malware, phishing, and more.

SURF Extension enables organizations to operate seamlessly on any device by consolidating security and productivity into a single dashboard. The company's vision is to reduce human-related risks, empower security teams, and save time and costs. (SURF 07.09)

[Back to Table of Contents](#TOC)

* 1. Fullpath to Automate Google's Vehicle Ads with New Integration

Fullpath announced its integration with Google's Vehicle Ads (VA) program to streamline data, reduce manual work, and increase efficiencies for automotive dealerships in North America. Effective immediately, dealerships can now take advantage of Fullpath's automated data connection with Google's VA program.

Fullpath's CDXP is a sophisticated, multi-layer platform that helps customers execute marketing campaigns more efficiently. Instead of manually uploading vehicle feeds daily into Google's ad platform, automotive agencies and in-house marketing teams at dealerships can now automatically build and submit vehicle inventory lists directly to Google Ads through Fullpath. Not only does this save time for dealerships, but it also ensures the dealerships are advertising accurate, available inventory to in-market shoppers.

Effective immediately, dealerships can now take advantage of Fullpath's automated data connection with Google's VA program. Fullpath's automations are hyper-focused on creating exceptional shopping experiences for today's consumers that expect speed and personalization at every step of their shopping journey.

Jerusalem's [Fullpath](http://www.fullpath.com) is the automotive industry's leading Customer Data and Experience Platform (CDXP). Fullpath enables dealers to turn their first-party data into customers for life by unifying siloed data sources and leveraging the data to create hyper-personalized customer experiences. (Fullpath 06.09)

[Back to Table of Contents](#TOC)

* 1. Fujitsu General Announces Partnership With Sensibo

Fujitsu General Australia and Fujitsu General New Zealand have partnered with Sensibo to provide Smart Home Air Conditioning (AC) solutions. The strategic partnership will further strengthen Fujitsu General's anywAiR technology product lineup through the integration of Sensibo's technology into Fujitsu General's air conditioners and heat pumps, allowing Fujitsu customers to control their devices from anywhere using Sensibo's suite of mobile smart AC functions such as smart scheduling; geo-fencing; climate react and voice control via Siri, Alexa and Google Assistant. Customers will also be able to take advantage of Sensibo's machine-learning algorithms to conserve energy and enjoy greater control.

Sensibo's Operating System (OS) solution, which will be integrated into Fujitsu General's air conditioners under the anywAiR technology brand, is a premium end-to-end smart HVAC solution. Sensibo's smart HVAC products allow users to control their ACs by utilizing AI, data, and sensors while leveraging cloud computing that processes more than 1.2 million HVAC actions a day.

Founded in January 2014, Tel Aviv's [Sensibo](http://www.sensibo.com) develops a consumer gadget that makes any air conditioner smart. They connect the A/C to the internet and provide an app to control it. Their algorithms save 40% of the A/C's energy consumption. (Sensibo 06.09)

[Back to Table of Contents](#TOC)

* 1. RadView Software Announces WebLOAD 13.0

RadView Software announced the release of WebLOAD 13.0, the latest version of its flagship product. The update introduces groundbreaking features such as integration with OpenAI's language model, ChatGPT, and text-based load templates to support the most complex web applications with more flexibility and precision. WebLOAD 13.0 represents a significant step forward in load testing technology, combining the innovative power of AI and user-friendly JSON-based test planning to redefine the way performance testing is conducted and analyzed.

WebLOAD 13.0 is now available for both SaaS and Self-hosted deployment, with identical functionality across both models, enabling customers to choose the right option for their unique needs.

Rosh HaAyin's [RadView](http://www.radview.com) is a leading provider of enterprise-grade load and performance testing solutions. Its flagship product, WebLOAD, is trusted by businesses worldwide for its advanced technology, best-practice methodologies, and dedicated support. With over 25 years in the industry, RadView has assisted thousands of companies in delivering fast, reliable and scalable web applications. (RadView 07.09)

[Back to Table of Contents](#TOC)

* 1. Tower & InnoLight Develop Silicon Photonics Based Optical Transceivers

Tower Semiconductor and China's InnoLight Technology, a leader in data center optics, announced their collaboration to develop multi-generation high-speed optical transceivers based on Tower’s Silicon Photonics process platform (PH18). With production already underway, this strategic partnership is expected to enable cutting-edge solutions to support the growing demands of AI, datacenters, and next-generation telecom networks.

Tower’s industry-leading high-volume PH18M SiPho platform offers a rich portfolio of optical components, including ultra-high bandwidth modulators, photodetectors, low-loss waveguides, and light coupling solutions. Combined with a mature design enablement infrastructure, the platform delivers accurate model-to-silicon match that empowers designers to bring disruptive solutions to market on time and with minimal design iterations.

Migdal HaEmek's [Tower Semiconductor](http://www.towersemi.com) focuses on creating positive and sustainable impact on the world through long term partnerships and its advanced and innovative analog technology offering, comprised of a broad range of customizable process platforms such as SiGe, BiCMOS, mixed-signal/CMOS, RF CMOS, CMOS image sensor, non-imaging sensors, integrated power management (BCD and 700V), and MEMS. Tower Semiconductor also provides world-class design enablement for a quick and accurate design cycle as well as process transfer services including development, transfer, and optimization, to IDMs and fabless companies. (Tower Semiconductor 07.09)

[Back to Table of Contents](#TOC)

* 1. Airobotics Optimus 1-EX Drone Gets FAA Certification Using ParaZero Safety System

ParaZero Technologies announced that the U.S. Federal Aviation Administration (FAA) has granted the Airobotics Optimus-1EX system an airworthiness Type Certification, a historic milestone that will streamline continuous operational approvals for broad flight operations, including fully autonomous missions, operations over people, and beyond visual line of sight operations. Petah Tikva's [Airobotics](https://www.airoboticsdrones.com/) is a subsidiary of Ondas Holdings, a leading provider of private industrial wireless networks, commercial drones and automated data solutions. The certification verifies the compliance of the aircraft's design with the required FAA airworthiness standards, ensuring safe operations within the National Airspace System (NAS).

The Airobotics Optimus-1EX system is equipped with a customized safety system from ParaZero, which was developed in collaboration with Airobotics. ParaZero's ASTM F3322-18 compliant parachute-based smart parachute system facilitated the expedition of certain regulatory processes, including FAA operational flight waivers and streamlined demonstrated flight hours throughout the Type Certification process.

Kiryat Ono's [ParaZero](https://parazero.com) is a world-leading developer of autonomous parachute safety systems for commercial drone and urban air mobility (UAM) aircraft. ParaZero designs smart, autonomous parachute safety systems designed to enable safe flight operations overpopulated areas and beyond-visual-line-of-sight (BVLOS). (ParaZero 08.09)

[Back to Table of Contents](#TOC)

* 1. Perception Point Solution to Combat QR Code Phishing Using Image Recognition

Perception Point unveiled its first-of-its-kind solution to address the escalating threat of QR code phishing, commonly referred to as "quishing". With the recent influx in quishing campaigns, the need for a definitive solution has never been more pressing. Within the past month, Perception Point successfully prevented quishing campaigns targeting over 25% of its diverse range of customers, encompassing small organizations with as few as 10 users to large enterprises with tens of thousands of employees. 90% of the thwarted attacks targeted users operating within Microsoft 365 email environments.

Unlike other email security vendors that often recommend employee training and the use of MFA as the primary defense against quishing, Perception Point is taking a proactive approach to stop malicious QR code campaigns at their source to prevent them from ever reaching the user's inbox. Perception Point's Advanced Email Security now employs a unique image recognition model that identifies and scans the QR codes in near real-time, extracting links and following them to dynamically scan for phishing or malware delivery attempts.

Tel Aviv's [Perception Point](https://perception-point.io) is a Prevention-as-a-Service company for the fastest and most accurate next-generation detection and response to all attacks across email, cloud collaboration channels and web browsers. The solution's natively integrated incident response service acts as a force multiplier to the SOC team, reducing management overhead, improving user experience and delivering continuous insights; providing proven best protection for all organizations. (Perception Point 07.09)

ISRAEL ECONOMIC STATISTICS

[Back to Table of Contents](#TOC)

* 1. Israeli Startups Raised $500 Million in August

Israeli startups raised over $500 million in August 2023, according to press releases seen by "Globes." The figure may be more as some companies prefer to remain in stealth and sometimes do not publicize the investments they have received.

In the first eight months of 2023 Israeli startups have raised just $4.2 billion, compared with $15 billion in all of 2022, and a record $25.6 billion in 2021, more than double 2020's figure of $10 billion, which was itself a record. In August, the biggest financing round was completed by AI21 Labs, which raised $155 million. Mobile games company Candivore raised $100 million, digital health company TytoCare raised $49 million and SaaS identity risk management company Grip Security raised $41 million. (Globes 03.09)

[Back to Table of Contents](#TOC)

* 1. Tourism to Israel Still Below Pre-COVID Levels of 2019

According to the latest figures from the Central Bureau of Statistics, Israeli tourism was 4%-7% below pre-COVID levels in 2019 in August 2023. Some 311,200 foreign visitors entered Israel in August including 284,200 tourists who stayed at least one night. This compares with 247,100 foreign visitors in August 2022 and 324,200 in August 2019, and 234,400 tourists in August 2022, who stayed at least one night and 304,600 in August 2019.

During the first eight months of 2023, 2.7 million foreign visitors entered Israel, compared with 1.6 million visitors in the first eight months of 2022, when COVID restrictions were still in force in the first part of the year, and the record 3.1 million visitors in 2019, before the pandemic.

Israel recorded 2.9 million entries into the country in 2022, of which 2.7 million were tourists who stayed at least one night, according to figures from the Central Bureau of Statistics. Restrictions on the entry of foreign tourists into Israel were only fully removed in May 2022 and as a result tourist numbers still have a long way to go to surpass the record 4.9 million entries into Israel in 2019 before the pandemic, including a record 4.5 million tourists who stayed at least one night.

At the same time the number of Israelis traveling abroad exceeds pre-pandemic levels. In the first eight months of 2023, Israelis made 7.1 million trips abroad, reports the Central Bureau of Statistics, 20% more than in 2019. In August 2023, Israelis made 1.34 million trips abroad. (CBS 06.09)

IN DEPTH

[Back to Table of Contents](#TOC)

* 1. SAUDI ARABIA: IMF Concludes 2023 Article IV Consultation with Saudi Arabia

On July 20, 2023, the Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the 2023 Article IV consultation with Saudi Arabia.

Saudi Arabia was the fastest growing G20 economy in 2022. Overall growth reached 8.7%, reflecting both strong oil production and a 4.8% non-oil GDP growth driven by robust private consumption and non-oil private investment, including giga projects. Wholesale, retail trade, construction and transport were the main drivers of non-oil growth. The output gap is estimated to have closed during 2022, with the non-oil growth momentum continuing in 2023.

The Saudi unemployment rate is at a historical low. Amid an increase in labor force participation, total unemployment dropped to 4.8% by end-2022—from 9% during COVID—reflecting both an increase in Saudi workers in the private sector and expatriate workers (mostly in the construction and agricultural sectors) rising back above pre-COVID levels. Youth unemployment was halved to 16.8% in 2022 over the past two years while female participation in the labor force reached 36% in 2022, exceeding the 30% target set under the authorities’ Vision 2030 reform agenda.

Despite a booming economic activity, inflation remains low and appears to be easing. Average CPI grew by 2.5% y-o-y in 2022, in part contained by domestic subsidies/price cap and a strong US dollar. Despite an uptick in early 2023 to 3.4% y-o-y, headline inflation is back at 2.8% y-o-y in May 2023, as declining contributions from transport and food prices offset the substantial increase in rent.

The banking system remains on a strong footing. The aggregate capital adequacy ratio is strong, profitability—driven by net interest margins—is high and above pre-pandemic levels, and the NPL ratio is low and declining. While growth in mortgages has recently moderated, demand for project-related and consumer loans remains strong, helping offset the impact on profitability from rising funding costs linked to higher interest rates and a greater share of time and saving deposits in banks’ liabilities.

Favorable oil market dynamics strengthened the fiscal position, with turned to a 2.5% of GDP surplus—the first since 2013. The surplus would have been higher, if not for additional spending that was not initially budgeted for. This mostly reflect increases in goods and services and capital spending. About 2½% of GDP of additional expenditures were estimated to be one-off non-recurrent spending (about half in goods and services). At 23% of GDP public debt is low and sustainable, with ample fiscal space available to address potential headwinds.

Higher oil prices and stepped-up oil production improved the current account to a 10-year high surplus in 2022. However, the 13.6% of GDP surplus did not lead to a corresponding increase in official reserves in view of the large accumulation of assets abroad, albeit these remain at comfortable levels (almost 20-month import cover).

Risks to the outlook are balanced. On the upside, higher oil prices—as expectations of strong oil demand for the rest of the year persist—possible change in OPEC+ oil production cuts and accelerated structural reforms and investment could spur growth. Conversely, too rapid a rise in non-oil investment could further raise domestic demand, thereby adding pressure on prices and external accounts. On the downside, lower oil prices due to subdued global activity represent a key short-term risk while a quicker shift in demand for fossil fuel could hamper growth in the medium to long term.

**Executive Board Assessment**

Executive Directors agreed with the thrust of the staff appraisal. They welcomed Saudi Arabia’s ongoing economic transformation, supported by commendable reforms under the Vision 2030 agenda and higher oil prices, which has helped create high growth, record low unemployment, contained inflation and strong external and fiscal buffers, while reducing reliance on oil. Directors noted that risks to the positive outlook are balanced, but that contingency measures, such as tighter fiscal policy, should be considered if demand pressures materialize.

Directors welcomed the impressive non-oil revenue mobilization efforts already initiated which have resulted in doubling non-oil revenues since 2017 and called for additional fiscal adjustment over the medium term which would allow Saudi Arabia to maintain stronger buffers and meet intergenerational needs while mitigating risks from oil price volatility. To support such a strategy, Directors called for additional non-oil revenue efforts, including by maintaining the VAT rate. Most Directors recommended faster increases in energy prices to reduce subsidies, although a few Directors called for continuing the gradual implementation articulated in the Vision 2030 road map. Directors agreed that energy subsidy reforms should be accompanied by scaling up well-targeted social programs to limit the impact on the most vulnerable. They also emphasized the importance of the ongoing rollout of the Medium-Term Fiscal Framework and enhanced disclosure which would support the implementation of a fiscal rule and help delink spending decisions from oil price fluctuations. Directors welcomed the ongoing work on a Sovereign Asset Liability Management Framework and called for its quick completion.

Directors agreed that the exchange rate peg continues to serve the country well. They noted that the monetary policy framework should continue to use market-based instruments to align the interbank rate with the policy rate, which should continue to move in line with the Fed’s policy rate.

Directors agreed that the banking sector remains on a strong footing. They welcomed ongoing efforts to modernize the regulatory and supervisory frameworks and recommended maintaining vigilance and considering a gradual tightening in macroprudential guidelines/regulations and phasing out of fiscal incentives in the case of persistently elevated credit growth.

Directors noted the significant progress made in implementing Saudi Arabia’s structural reform agenda. In particular, they welcomed the marked improvement in female labor force participation and improvements in regulatory and business environment, which have contributed to higher private sector investment, and encouraged building on this positive progress. They called for careful calibration of investment programs to ensure catalytic effects are in place and avoid private sector crowding out. Directors agreed that the authorities’ industrial policy agenda should be supporting these structural reform efforts while minimizing associated risks. They welcomed the progress made to strengthen governance and emphasized the importance of ongoing actions and called for these efforts to be accelerated.

Directors welcomed Saudi Arabia’s Green Initiative, whose implementation will be essential to meet the net emissions reduction target with minimal losses. They welcomed staff’s assessment that even in a transition scenario where all countries implement their National Determined Contributions (NDC), the impact on the Saudi economy is expected to be limited. Directors looked forward to the elaboration of specific programs and investments related to each goal. Directors commended the enhancements in economic data, which should continue. Directors looked forward to Saudi Arabia's continued leadership in addressing global challenges.

It is expected that the next Article IV Consultation with Saudi Arabia will be held on the standard 12-month cycle. (IMF 06.09)

[Back to Table of Contents](#TOC)

* 1. SAUDI ARABIA: Despite Reforms the Kingdom Will Still Take a Hard Line Against Dissent

On 5 September, Nathan French published in [The Conversation](https://theconversation.com/saudi-reforms-are-softening-islams-role-but-critics-warn-the-‎kingdom-will-still-take-a-hard-line-against-dissent-210537‎) that the crown prince of Saudi Arabia, Mohammed bin Salman, or “MBS,” is bringing a new vision of a “moderate, balanced” Saudi Islam by minimizing the role of Saudi religious institutions once seen as critical to the monarchy.

For decades, Saudi kings provided support to religious scholars and institutions that advocated an austere form of Sunni Islam known as Wahhabism. The kingdom enforced strict codes of morality, placing restrictions on the rights of women and religious minorities, among others.

Under MBS, women have been allowed to drive; co-educational classrooms, movie theaters and all-night concerts in the desert – in which men and women dance together – are a new normal.

Scholars Yasmine Farouk and Nathan J. Brown call the diminishing role of Wahhabi religious scholars within Saudi domestic and international policy nothing short of a “revolution” in Saudi affairs. MBS acknowledges that these reforms risk infuriating certain constituents or could even provoke retaliation. As a scholar who studies interpretations of Islamic law to justify or contest militancy, I’ve followed these reforms closely.

In the past, Saudis who challenged the authority of Wahhabis have provoked unrest. When King Fahd, who ruled between 1982-2005, rejected the advice of his Wahhabi scholars and allowed the U.S. military to station weapons and female service members on Saudi soil, several of them supported a violent insurrection against him.

MBS seems unconcerned with such challenges. In an interview broadcast widely throughout the kingdom, MBS chastised Wahhabi scholars, accusing some of falsifying Islamic doctrines. He then detained a major Wahhabi scholar from whom he once sought counsel, charging him with crimes against the monarchy. MBS defended these actions, claiming, “We are returning to what we were before. A country of moderate Islam that is open to all religions, traditions and people around the globe.”

**Negotiating Wahhabism**

This proclaimed return of “moderate Islam” echoes the reforms of MBS’s grandfather, King Abdulaziz, founder of the modern Saudi kingdom. This vision rejects policies toward Wahhabi Islam favored by his uncles, King Faisal and King Khalid. Between 1925 and 1932, Abdulaziz suppressed Wahhabi scholars and militants who had demanded that he uphold their version of “pure Islam” and not open the kingdom to trade and development. He did the opposite and asserted the supremacy of the monarchy.

The booming Saudi oil economy developed by Abdulaziz required his son, King Faisal, who ruled from 1964 to 1975, to reconsider the monarchy’s relationship with Wahhabism. Unlike Abdulaziz, Faisal believed Wahhabis would help him save the kingdom.

Saudis who felt left behind in the emerging Saudi oil economy had found an inspirational symbol of liberation in Egyptian President Gamal Abdel Nasser, who helped overthrow the Egyptian monarchy in 1952 and implemented plans to redistribute Egyptian wealth. Faisal encouraged Wahhabi scholars to work with politically driven Islamists to reject the revolutionary politics of Abdel Nasser’s Egypt and craft a new vision of Islam for Saudi youth.

Faisal permitted Wahhabi scholars to reform Saudi educational institutions with their conservative Islamic curriculum. Abroad, Faisal’s scholars presented Wahhabism as an authentic Islamic alternative to the Cold War ideologies of the U.S. and USSR. Wealthy Saudis, these Wahhabi scholars argued, had a religious duty to promote Wahhabism across the globe.

**Resisting Wahhabism**

Faisal’s reforms met with success. King Khalid, who followed Faisal, continued to favor Wahhabi scholars, particularly while responding to two major challenges in 1979.

A group of Saudi students, who believed Faisal’s and Khalid’s reforms to be illegitimate, seized the Grand Mosque in Mecca, Islam’s most sacred site, for two weeks in 1979. An attack on the Grand Mosque was viewed as an attack on the monarchy itself, which claims the mantle of “Custodian of the Two Holy Mosques.” The seizure came to a violent end with combined action by French and Saudi military forces. Afterward, Khalid agreed to elevate religious officials who affirmed the Islamic credentials of the monarchy.

Also in 1979, other Saudi youth traveled to join the resistance against the Soviet invasion of Afghanistan. One such Saudi who answered the call that year was Osama bin Laden, who would establish al-Qaida in 1988. Bin Laden’s and al-Qaida’s grievances against the monarchy emerged following King Fahd’s acceptance of an increased deployment of U.S. soldiers to Saudi soil following Iraqi leader Saddam Hussein’s invasion of Kuwait in 1990. Bin Ladin proclaimed the presence of American infidels in Saudi Arabia to be a defilement of Islamic holy lands, an “affront” to Islamic sensibilities, and demanded the destruction of the monarchy.

**Al-Qaida launched anti-Saudi insurgent campaigns lasting through 2010.**

Not all conservative Islamist leaders called for violence. As historian Madawi Al-Rasheed notes, many Saudi scholars framed themselves as reformers who sought to correct Fahd’s departures from “authentic” Islam and restore Faisal’s vision.

When MBS speaks of a “moderate Islam” he is not just condemning the violence of al-Qaida. He’s abandoning the monarchy’s accommodations of the Wahhabi establishment. He blames some Wahhabi scholars for the violence that the monarchy faced in 1979 and again in the 1990s and 2000s. He has worked quickly to erase those accommodations and, like his grandfather, affirm the supremacy of the monarchy.

**A ‘moderate Wahhabism’ for Saudi society?**

‘Saudi Vision 2030’ aims to bring a complete Saudi political, economic, educational and cultural transformation. Many of these revolutionary changes occurred amid the 2016 unveiling of “Saudi Vision 2030,” a plan for complete Saudi political, economic, educational and cultural transformation. MBS believes that this will meet the demands of Saudis under the age of 30 – who number more than 60% of the kingdom’s population.

The religious curriculum shaped by King Faisal is gone, replaced with a “Saudi first” education, which removes Ibn abd al-Wahhab, the founder of Wahhabism, from textbooks and emphasizes Saudi patriotism over a Wahhabi Islamic religious identity. Saudi Arabia has announced it will no longer fund mosques and Wahhabi educational institutions in other countries. Saudi religious police, once tasked with upholding public morality, saw their powers curtailed. They no longer have powers of investigation or arrest. They cannot punish behaviors deemed morally inappropriate.

Critics remain unimpressed, noting that demoting religious officials does not diminish the violence of the Saudi state. Religious police continue their online surveillance of social media. In 2018, Jamal Khashoggi, a Saudi journalist, was killed following his calls for a continued voice for Islamist reformers in Saudi Arabia. Al-Rasheed argues that the images of a new Saudi society conceal suppression of Saudi reformers. Some observers note that a growing Saudi “surveillance state,” with capacities to peek into the private lives of Saudis, underwrites these reforms.

As Peter Mandaville, a scholar of international affairs, observes, the “moderate Islam” offered by MBS is complicated. On the one hand, it characterizes a new tolerant Saudi Arabian Islam. Yet, inside the kingdom, Mandaville argues that the “moderate Islam” of MBS demands that Saudi youth – as good Muslims – will submit to the authority of the monarchy over the kingdom’s affairs.

Some observers believe this might not be enough. Mohammad Fadel, a professor of Islamic legal history, argues that the current configuration of the Saudi monarchy is incompatible with the "kind of independent thought the crown prince is calling for in matters of religion.” Saudi society will flourish, he adds, “when Prince Mohammed recognizes the right of Muslims to rule themselves politically.” With these reforms to Wahhabism, MBS hopes to secure the loyalty of a generation of young Saudis. As Saudi history would indicate, however, such a bargain requires constant renegotiation and renewal. (The Conversation 05.09)

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