

**The FORTNIGHTLY**

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

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Israel and Turkey to Begin Joint Energy Exploration

On 25 September, Prime Minister Netanyahu met with Turkish president Erdogan on the sidelines of the UN General Assembly in New York. It was the first time in seven years that the Turkish and Israeli leaders met. Following the meeting, President Erdogan announced that he had agreed with Prime Minister Netanyahu that Israel and Turkey would begin joint energy exploration.

Erdogan added that he had agreed with Netanyahu that first the latter would visit Turkey, and that he would then pay a reciprocal visit to Israel. Also discussed was the formation of a ministerial level mechanism for expanding cooperation between the two countries.

The meeting covered regional and international matters and also economic issues, particularly Turkey’s ambition of exporting Israeli gas to Europe via its territory, and latest developments on the diplomatic front. Erdogan and Netanyahu also discussed moves towards normalization of relations between Israel and Saudi Arabia. (Various 26.09)

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* 1. US Set to Approve Visa Waiver for Israelis This Week

At press time it was believed that, according to a Foreign Ministry announcement, that the United States is expected to announce this week that Israelis will no longer require a paper visa to enter the country, but will instead be able to fly to America with a discounted electronic permit. Israelis with biometric passports will be able to secure a visa within 72 hours of submitting their online request. Visas will be valid for up to 90 days. Implementation of the decision is expected to take place in a few weeks, though, practically, it will likely begin in November.

The electronic form, priced at $21, is accessible to all Israeli citizens. To apply, individuals must complete the ESTA (Electronic System for Travel Authorization) questionnaire through the US border authorities. This form is in English and encompasses essential biographical data, including name, date of birth and passport particulars.

Israel has been working on getting the country accepted into the program for the past 18 months. The deadline for admission into the program for 2023 is 30 September.

In July of this year, Israel and the US signed a Memorandum of Understanding on the Extension of Reciprocal Privileges and the Visa Waiver Program (MOU on Reciprocity), by which the government committed to allowing the entry of Palestinians with US citizenship. Israel has long sought to be part of the US visa waiver program but has yet to be able to meet some of the requirements, including a lower rate of rejections for visa applications. Israel has struggled to meet those requirements. However, changes in travel patterns due to COVID-19, along with some bureaucratic shifts, brought Israel into compliance with the program’s standards. Israel joins 40 other countries that are members of the program. (JP 26.09)

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* 1. Israeli Minister Arrives in First Public Visit to Saudi Arabia

Israeli tourism minister Haim Katz has travelled to Saudi Arabia for a United Nations conference, the first public visit to the country by an Israeli cabinet member. Haim Katz’s two-day visit to Riyadh comes as Saudi Arabia is pursuing a possible United States-brokered deal that would forge formal bilateral relations with Israel. Katz is leading a delegation as part of a UN World Tourism Organization event. The Saudi government did not immediately confirm the visit.

Washington has urged its Middle East allies Israel and Saudi Arabia to normalize diplomatic relations following similar deals involving the UAE, Bahrain and Morocco. The Saudi crown prince and country’s de facto ruler, Mohammed bin Salman, recently told US network Fox that the kingdom was getting “closer” to a deal with Israel but insisted that the Palestinian cause remains “very important” for Riyadh. In recent months, Israel has already sent delegations to Saudi Arabia to participate in sports and other events, including a meeting of the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Also on 26 September, Saudi Arabia sent its first delegation in three decades to the Palestinian Authority to reassure them that it will promote their cause even as it forges closer ties with Israel. The Saudi delegation, which crossed overland from Jordan, was the first from Saudi Arabia to visit since the 1993 Oslo Accords. (Various 26.09)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Tamnoon Raises $5.1 Million in Seed Funding

Tamnoon raised $5.1 million in seed funding and appointed two key executives to advance the company’s expansion and commercialization of its managed service solution, Assisted Cloud Remediation. The seed funding was led by cyber investors Merlin Ventures and Secret Chord Ventures, with participation from Elron Ventures, Inner Loop Capital and toDay Ventures.

The company continues to see significant customer adoption since exiting stealth mode. Tamnoon’s customer base has grown 326% since Q1/23 as the executive team scales the introduction of its solution to enterprises across North America. Tamnoon serves customers across various industries including insurance, entertainment, healthcare, retail and professional services.

Israel's [Tamnoon](https://www.tamnoon.io/) is the leading provider of Assisted Cloud Remediation Services. Its AI-augmented managed service combines human expertise with technology to help teams quickly and safely remediate their cloud risks. Founded by the people who built the first CSPM, Tamnoon’s service helps DevSecOps teams fix more risks in less time with minimal negative impact to their environments. (Tamnoon 12.09)

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* 1. floLIVE Raises $47 Million as Demand for its Hyperlocal Global Network Surges

floLIVE has raised $47 million in a Series C round of funding. The round was co-led by Greenfield Partners and existing investor 83North, with Qualcomm Ventures, Dell Technologies Capital, Saban Ventures and Hazelnut Partners participating in the round. floLIVE will use the funds to increase its global footprint by partnering with additional MNOs, expand its unique multi-IMSI over eSIM technology, launch an integrated satellite connectivity offering and introduce new and innovative solutions to the market such as advanced location-based applications, network-based cybersecurity services, secure data routing and more.

floLIVE's unique hyperlocal global network spans across all continents and offers localized connectivity in a streamlined manner. This one-of-a-kind globally distributed and API-driven cellular data network serves as the underlying infrastructure for enterprises, OEMs, IoT Service Providers and MNOs - all who benefit from a modern carrier-grade, secure, robust platform that allows them to build a profitable IoT business while introducing new revenue sources and sophisticated value-added services.

Tel Aviv's [floLIVE](http://www.flolive.net) operates the first and largest hyperlocal global cellular data network, based on local POPs in dozens of locations worldwide. With the largest global connectivity library of its kind, we provide centrally managed, localized connectivity for any device, anywhere. The network was designed to comply with the emergence of privacy acts, data regulations and roaming restrictions. (floLIVE 12.09)

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* 1. Israeli Waste-to-Plastic Startup Raises $70 Million in Latest Funding Round

Israeli waste-to-plastic startup UBQ Materials has raised $70 million in a funding round led by Eden Global Partners to help fund its expansion to the US and European markets, according to a statement. UBQ previously raised $ 170 million in 2021. Existing investors TPG Rise Climate, TPG Rise Fund II, Battery Ventures, and M&G’s Catalyst also contributed to this funding round.

Tel Aviv's [UBQ](https://www.ubqmaterials.com/) has developed technology that transforms unsorted household waste into bio-based thermoplastics — raw materials needed for plastic manufacturing, according to their website. UBQ has produced plastic for car parts used in Mercedes-Benz vehicles and serving trays for McDonald’s in Latin America. The technology is able to use ordinary household waste such as half-eaten fast food, single-use plastic and dirty diapers.

Keeping decomposing organic waste out of landfills and using it to create second-generation plastics instead could significantly cut methane emissions, a 2019 analysis by the Swiss environmental consulting firm Quantis commissioned by UBQ found. Substituting a ton of UBQ’s plastic pellets for the same amount of oil-based polypropylene saves the equivalent of about 15 tons of CO2 emissions, Quantis concluded, adding that as little as 10% of its material can make the product carbon neutral depending on the type of plastic being created. (UBQ 13.09)

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* 1. Alarum Announces Closing of $4.25 Million Private Placement

Alarum Technologies closed its previously announced private placement with the participation of private investors in addition to the Company's senior management, for gross proceeds of approximately $4.25 million. The Company’s chairman of the board, its CEO and its CFO participated with more than $1.0 million in the private placement. The private placement consisted of 187,225 units, at a purchase price of $22.70 per Unit. Each unit consisted of ten non-registered ADSs, for a price of $2.27 for each ADS, and one non-registered and non-tradeable warrant, each exercisable into three ADSs of the Company for $2.72 per ADS. Think Equity acted as Financial Advisor to the Company in this transaction.

Tel Aviv's [Alarum Technologies](http://www.alarum.io) is a global provider of enterprise internet access solutions. The solutions by NetNut, our Enterprise Internet Access arm, are based on their world’s fastest and most advanced and secured hybrid proxy network, enabling customers to collect data anonymously at any scale from any public sources over the web. Their network comprises both exit points based on our proprietary reflection technology and hundreds of servers located at our ISP partners around the world. The infrastructure is optimally designed to guarantee privacy, quality, stability, and the speed of the service. (Alarum 14.09)

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* 1. Cato Networks Raises $238 Million in Equity Investment

Cato Networks raised $238 million in equity investment, bringing total funding to $773 million. The largest financing round to date was led by LightSpeed Venture Partners with the participation of Adams Street Partners, Softbank Vision Fund 2, Sixty Degree Capital and Singtel Innov8. The round comes just weeks after adding Carlsberg as a major enterprise customer, Cato's recognition as a ZTE/SASE Leader by Forrester Research, and as a Challenger in Gartner's Magic Quadrant for Single-vendor SASE.

Cato will use the new funds to scale its organization in three key areas: delivering Cato's vision and customer success to a broader audience, expanding the partner ecosystem offering managed Cato SASE services, and growing the engineering and product team in charge of its high-velocity train of innovative capabilities. Cato will expand its cloud-first, globally distributed secure network platform to deliver new security and networking capabilities without increasing the customer's total cost of ownership. Cato's unique visibility into massive, real-time traffic volumes underpins existing and upcoming AI/ML capabilities to detect and respond to threats in real time.

Tel Aviv's [Cato](https://www.catonetworks.com‎) provides the world's leading single-vendor SASE platform. Cato creates a seamless and elegant customer experience that eliminates the complexity, rigidity, and risks long associated with enterprise networking and security. Using Cato, businesses easily replace costly and rigid legacy infrastructure with a modern, zero-trust SASE architecture based on SD-WAN and a distributed cloud-native security stack to secure and optimize their global hybrid workforce, mission-critical applications and business-sensitive data. (Cato Networks 19.09)

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* 1. Crowdstrike to Acquire Israel's Bionic.Ai for $350 Million

Austin, Texas' cybersecurity company Crowdstrike Holdings announced it is acquiring Israeli cloud security posture management platform Bionic.ai. No financial details were disclosed but sources say Crowdstrike will be paying up to $350 million for the Israeli company.

Founded in March 2019, Bionic.ai had raised $82 million to date according to Start-Up Nation Central. Its most recent financing round was in March 2022, when it raised $65 million led by Insight Partners with participation from Battery Ventures and Cyberstarts.

Tel Aviv's [Bionic.ai](https://bionic.ai/) has developed an application security posture management platform that helps IT, operations and security teams at global financial services and technology companies operate and protect applications more efficiently. The company assists dozens of customers such as GSK, Armis, Chipotle, Freddie Mac and Inspire Brands in accelerating their digital transformation projects and de-risking their application security posture. Bionic provides organizations with complete visibility and monitoring of their applications, services, and APIs while detailing data flows, and attack surfaces. (Globes 19.09)

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* 1. Camtek to Acquire Formfactor’s FRT Metrology Business

Camtek, together with FormFactor, entered into an agreement for the acquisition by Camtek of FormFactor, Inc.’s FRT Metrology business for $100 million in cash, subject to customary purchase price adjustments. FRT, headquartered in Bergisch Gladbach, Germany, is a leading supplier of high-precision metrology solutions for the Advanced Packaging and Silicon Carbide markets. Camtek is a market leader of inspection and 3D metrology in the semiconductor industry. This acquisition is expected to leverage Camtek’s and FRT’s advanced technologies of Advanced Packaging and Silicon Carbide that require new inspection and metrology steps in the semiconductor manufacturing processes.

Camtek, with the addition of FRT’s unique hybrid multi-sensor SurfaceSens technology, will be able to provide customers with broader and more comprehensive solutions for inspection and metrology. The transaction is expected to close in Q4/23, subject to the satisfaction of customary closing conditions.

Migdal HaEmek's [Camtek](https://www.camtek.com) is a developer and manufacturer of high-end inspection and metrology equipment for the semiconductor industry. Camtek’s systems inspect IC and measure IC features on wafers throughout the production process of semiconductor devices, covering the front and mid-end and up to the beginning of assembly (Post Dicing). (Camtek 19.09)

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* 1. Darrow Raises $35 Million in a Series B Round to Detect Violations with AI Platform

Tel Aviv's [Darrow](https://www.darrow.ai/), which has developed a Justice Intelligence platform, has raised $35 million in Series B funding. Georgian led the round, which included current investors, F2, Entrée Capital and NFX.

Darrow’s platform, based on large language models, is designed to detect and support potential class action litigation. Darrow’s platform leverages generative AI to sift through publicly available information, such as consumer complaints, administrative documents, SEC filings and more, and connect relevant data points to detect legal violations, predict their outcomes and assess their financial impact. This seeks to cut down hundreds of costly unbillable hours between cases and uncover new business opportunities.

According to Darrow, since its inception it has uncovered hundreds of cases across legal domains, including privacy and data breach, consumer protection, securities and financial fraud, antitrust, environment and employment. Darrow works with hundreds of litigators in 50 leading law firms and has uncovered hundreds of alleged violations resulting in active litigation work totaling over $10 billion. (Darrow 19.09)

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* 1. Cyberstarts Closes a $480 Million Opportunity Fund

Cyberstarts announced the closing of a $479.8 million Opportunity Fund for follow-on investments in cybersecurity startups. The Opportunity Fund allows Cyberstarts to continue investing in its portfolio companies to maintain or even increase their stake in them, instead of adding new investors and diluting their holdings.

Since Cyberstarts is a fund that specializes in investing at a very early stage in a startup's life, usually when it is founded, it now requires hundreds of millions of dollars more in order to benefit from exits at later stages, up to an IPO. The fund is designed to help Cyberstarts invest in the Series A and B rounds of its portfolio companies, and funds may be used in later stages as well. In 2022, Cyberstarts raised the initial $200 million for this fund and over the summer it has succeeded in adding almost $300 million more, with most of the funds believed to have been raised over a relatively short period in August and September. Cyberstarts expecting to record more exits

Moshav Mikhmoret's [Cyberstarts](https://cyberstarts.com/%E2%80%8E) is focused on cybersecurity and is world’s first VC that is mostly backed by cyber entrepreneurs. Cyberstarts is creating a new Opportunity Fund line of business, to take advantage of follow-on opportunities from our portfolio companies that are raising Series A and Series B rounds. (Cyberstarts 24.09)

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* 1. Digma Raises $6 Million for Continuous Feedback Platform to Validate Code

Tel Aviv's [Digma](https://digma.ai) has secured $6 million in Seed funding and launched its continuous feedback platform to enable developers to continuously analyze their code at runtime to identify issues and regressions. The funding was led by at.inc/ and Sorenson Ventures. Other investors include Abstraction Capital, Inner Loop Capital, and Hetz Ventures, as well as angel investors including Guy Podjarny, co-founder of Snyk, Tom Preston-Werner, co-founder of GitHub, and Chris Bach co-founder of Netlify.

The Digma platform helps prevent bad code from making it to production, including GenAI-generated code. The new platform looks for regressions, anomalies, code smells, and other patterns to flag to developers to improve their code. Running locally on developer’s machines, Digma integrates code insights into Integrated Development Environments (IDE) so that they can be applied in real time. (Digma 26.09)

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* 1. IAI Selects Ascent Aviation Services for a Conversion Site for the Boeing 777

Israel Aerospace Industries (IAI) and Tucson, Arizona's Marana Aerospace Solutions (Ascent Aviation Services) have signed a long-term agreement to establish a conversion site and carry out passenger-to-freighter conversions on Boeing 777-300ER aircraft. Within the framework of the collaboration agreement, IAI plans to have Ascent convert two lines of Boeing B777-300ER aircraft, starting in 2024 in Ascent's facilities located in Marana, Arizona, USA. To support the program, Ascent will build two new widebody hangars with pre-construction work having already commenced. Work is expected to be completed on both hangars prior to aircraft induction.

IAI's Aviation Group recently successfully completed the first test flight of a B777-300ERSF after it underwent passenger-to-cargo conversion, the first of its kind in the world. At the same time, IAI is in the final stages of the certification process with IAI expected to receive the STC from CAAI and FAA within 2023.

[Israel Aerospace Industries (IAI)](https://www.iai.co.il/) is one of the leading passenger-to-freight conversion houses in the world. Within IAI, the Aviation Group deals with manned aircraft, whether civilian or military; passenger-to-freight conversion; maintenance, repair and overhaul (MRO); business jets; aerostructures and aircraft assemblies; aircraft upgrades; and more. Among the company's customers are the world's leading logistics companies: Amazon, DHL, FedEx and others. (Ascent 26.09)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Jordan's Apparel Sector Counts on Winter Sales after Sluggish Year

The import value of apparel, footwear and textile products to Jordan during the first nine months of 2023 reached around JD225 million, according to the representative of the clothing, footwear and jewelry sector at the Jordan Chamber of Commerce. He noted that apparel imports from Turkey decreased due to higher costs of production inputs. Further, for the upcoming winter season, the estimated import value is around JD75 million to JD80 million, showing no increase when compared with previous years. Sector operators are still struggling with the high customs and taxes, as there is a pressing need for further progress in the sector’s regulations relating to postal parcels which are exempt from duties and taxes. (JT 25.09)

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* 1. Vivium Holding Acquires First Hotel in Greece

Dubai-based family office [Vivium Holding](https://viviumholding.com/) has acquired a boutique hotel in Greece, marking its entry into the hospitality sector. Vivium Holding is looking to acquire a total of five hotels within the next two years. The recently acquired hotel is located on the island of Paros and will have up to 40 rooms with sea and sunset views, private dipping pools and terraces.

Established in 2017, Vivium Holding focuses on alternative investing. In August, the company announced the acquisition of VIVA Sotheby’s International Realty in Spain. The investment follows the company’s establishment of Saudi Arabia Sotheby’s International Realty in the Middle East and acquisition of United Kingdom Sotheby’s International Realty. (Zawya 15.09)

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* 1. Saudi’s ACWA Power Signs Clean Energy Deals with Chinese Firms

Saudi Arabia's ACWA Power has signed key MoUs with two Chinese firms to promote collaboration in areas such as green hydrogen and ammonia, global renewable energies, and integrated smart energies. The agreements were closed with state-owned China Southern Power Grid International Company and clean energy integrated solution provider MingYang Smart Energy Group, during the China (Guangdong) – Saudi Arabia Economic and Trade Cooperation Conference, held in Riyadh on 11 September.

In the past, the energy company has partnered successfully with Chinese companies in installing the largest wind turbine in Central Asia with China Energy Engineering Corporation and awarding the EPC contract for Rabigh 4 desalination project with a consortium of Power China, SEPCOIII and WETICO. Strong ties have seen the signing of an agreement to enable innovation in local renewable energy and storage development with Huawei Digital Power. The Saudi firm has also signed a series of MoU agreements with nine renowned Chinese entities, including China Southern Power Grid International Company, during the 1st China Arab Summit. (GB 14.09)

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* 1. Jeddah Developer Restarts World’s Tallest Tower

Jeddah Economic Company (JEC) has restarted work on the world’s tallest tower, the 1,000-meter-plus-tall Jeddah Tower project in Saudi Arabia. The developer has invited contractors to bid by the end of this year for a contract to complete the record-breaking structure. Kingdom Holding Company confirmed that the tender has been officially issued.

The contractors have been given three months to prepare their bids, and the companies are expected to form joint ventures comprising local and international partners. It is understood that contractors have visited the site. JEC commissioned an independent assessment of the structure before the tender was issued.

The foundations and piling work for the record-breaking tower are complete. The construction work for the superstructure of the tower, which began in the early 2010s with the local Saudi Binladin Group (SBG) as the contractor, is one-third complete. Germany’s Bauer completed the piling work for the tower. While SBG is no longer working as the contractor on the project, the consultancy team remains the same. The architect is US-based Adrian Smith & Gordon Gill, and the engineering consultant is Lebanon’s Dar al-Handasah (Shair & Partners). The shareholders in JEC are Kingdom Holding Company with a 40% stake, Bakhsh Group with a 40% stake, and Sharbatly Group with a 20% share. (MEED 13.09)

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* 1. Egypt's Widebot Secures Major Funding Boost

In a development for the Egyptian artificial intelligence landscape, Cairo's [Widebot](https://widebot.net/) successfully concluded a significant investment round. The funding drive was spearheaded by Egypt’s Disruptech Fund, with the intention to channel investments into emerging fintech ventures across the Arabian Gulf, particularly in Saudi Arabia and the UAE. The company also collaborates with partners in various other nations, such as the Sultanate of Oman, Qatar, Jordan, Lebanon, Tunisia, Morocco and Libya.

As part of its ambitious agenda, Widebot aims to achieve sales exceeding $4 million by the end of this year, a significant leap from the $2 million achieved in 2022. The company has set its sights even higher, targeting sales of approximately $10 million by the conclusion of 2024.

Since its inception, Widebot has proudly served more than 35,000 companies, facilitating over 1.2 billion messages and connecting with more than 80 million users. This impressive track record has translated into sales of over $6 million to date. In recognition of its groundbreaking work, Widebot was selected from a pool of 30 startups to join the Dubai Future Foundation’s business accelerator initiative program. To date, the company’s success and innovation have attracted investments totaling $1.6 million from both Egyptian and Saudi investors. (Widebot 11.09)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. Egypt Uses Thermodynamic Solar Power to Desalinate Seawater

Faced with water stress in Egypt, the authorities are betting on seawater desalination to meet the needs of the new towns being built in the north-west of the country. The Egyptian Electricity Holding Company (EEHC) is opting for desalination using thermodynamic solar energy. The state-owned company has just launched the second phase of a call for tenders for the construction of five concentrated solar power (CSP) plants as part of a public-private partnership (PPP).

Following pre-qualification, several companies have been selected. They include Aqualia, a supplier of water treatment solutions based in Madrid, Spain, the Norwegian independent power producer (IPP) Scatec, the French energy company Engie, the Emirati company Amea Power and the Japanese company Toyota Tsusho, which is stepping up its investments in the energy sector in Africa. EEHC is targeting a combined capacity of 250 MW for an investment of $270 million.

The power stations connected to Egypt’s national grid are expected to produce clean electricity for 25 years to power desalination plants with a combined capacity of 400,000 m3 per day. With this initiative, Egypt is taking its first steps in the production of solar energy from concentrated solar power plants. (Afrik21 14.09)

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* 1. Intec and Recom to Recycle Used Tires in Cairo

To limit tire imports into Cairo, the Egyptian government is planning to set up a plant to recycle used tires. To this end, on 12 September 2023, the Arab Industrialization Organization (AIO) signed a contract with German companies Intec Rubber Powder and Recom Patent & License. The agreement between AIO and the German companies concerns the construction of a car tire recycling plant in the Egyptian capital.

As part of the partnership, Intec Rubber Powder and Recom Patent & License will equip the future recycling facility with “advanced intelligent systems”. These companies will rely on local workers who have been trained in the latest technologies in line with the standards of the fourth industrial revolution, which refers to the transition to intelligent and connected production systems.

As well as promoting local investment, the recycling of used tires will reduce the number of tires imported into Cairo. There is no shortage of raw materials, as Egypt’s largest city, with the Nile running through it, has the highest number of registered cars in the country, with 2.6 million by 2022. (Afrik21 14.09)

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* 1. Seoul to Support Waste-to-Biogas Project in Algiers

Faced with household waste pollution in Algiers, the National Waste Agency (AND) is planning to convert this waste into biogas. Algeria will benefit from the expertise of the Korean Environmental Industry and Technology Institute (KEITI), which whom the government just signed a technical cooperation agreement. This follows the signing of a technical cooperation agreement with South Korea.

The Korean Environmental Industry and Technology Institute (KEITI) will carry out a feasibility study into the biogas recovery of household waste generated in Hamici’s landfill sites, which have a capacity of 10 million tonnes. This center handles the waste from Algiers, Algeria’s largest city, with an estimated population of 7.8 million in 2022.

KEITI will also carry out inspections at the Corso CET in the wilaya of Boumerdes, where the second landfill for 1,000 to 1,300 tonnes of household waste was commissioned in July 2020, after the first landfill had reached saturation point with 2 million m3 of waste since it was commissioned in 2014. The last site to benefit from South Korea’s expertise is the rehabilitated landfill at Oued Smar, a commune in the wilaya of Algiers.

Obtained by fermenting organic matter, biogas can be used to produce heat and electricity. The digestate can be transformed into fertilizer for agriculture. As well as reducing pollution, the aim is to limit methane emissions, which have a warming power 82% greater than CO2 over a 20-year period. Algeria’s ambition is to recover 30% of household waste by 2035. (Afrik21 13.09)

ARAB STATE DEVELOPMENTS

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* 1. Lebanon Begins Gas Drilling in the Qana Field

Lebanon has begun gas and oil exploration drilling at the Qana field in Block 9 on the border of its economic waters with Israel. The results of the exploration should be known in six weeks. The exploration drilling operator is French energy major TotalEnergies (35%) in partnership with Italian company Eni (35%) and Qatar Energy (30%), which replaced Russian company Novatek, which quit the consortium last September.

According to preliminary estimates and analyses of data from the geological survey, the Qana field could contain nearly 100 billion cubic meters (BCM) of gas - more than Israel's Karish and Tanin gas fields combined.

This gas field was one of the main issues in the negotiations to set the maritime border between Israel and Lebanon. As part of the agreement signed last October, it was decided that the border would cross to the south of the Qana field, and it would remain entirely in the hands of the Lebanese, although Israel would be entitled to a percentage (17% was reported) of the royalties of the field, according to a document of principles signed in November with the partnership in Block 9.

The document establishes guiding principles for a situation where the exploration processes that have now begun will lead to the understanding that it is possible to extract gas on a commercial scale. Revenue from Qana could total hundreds of billions of dollars. In a situation where Israel and TotalEnergies do not reach an agreement regarding the estimation of the size of the reservoir, an external expert will be appointed to make the decision. (Globes 15.09)

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* 1. Jordan's Trade Deficit Drops by 9.3% Since January

Jordan's trade balance from the beginning of the year until the end of July dropped by 9.3%, compared to the same period last year, reaching JD5.307 billion, according to the Department of General Statistics. The Department said in its foreign trade report that during the 7 month period, national exports increased by 1.3%, to reach JD4.914 billion, while total exports rose by 0.4%, to JD5.292 billion, compared to the same period last year. Re-exports dropped by 9.6% to JD378 million, it said. The statistics also revealed that Imports have decreased by 4.7%, reaching JD10.599 billion in the same period. (Petra 25.09)

►►Arabian Gulf

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* 1. Qatar’s Consumer Price Index Posts a 2.38% Annual Increase

Qatar’s consumer price index (CPI) eased month-on-month but went up by more than 2% year-on-year on the back of higher costs of communication, education, food and housing. The country’s CPI for the month reached 106.25 points, falling by 0.58% from the previous month. However, when compared to the previous year, the latest CPI is up by 2.38%, the Planning and Statistics Authority (PSA) said in its latest report.

The year-on-year growth is due to price increases in communication, up by 15.8%, recreation and culture (7.91%), education (5.7%), furniture and household equipment (2.33%) and transport (1.85%). Housing, water, electricity and other fuel also registered a 1.03% increase, while food and beverages went up by 0.84% and health 0.33%. (Zawya 22.09)

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* 1. UAE Posts Budget Surplus in 2022 with Revenues Rising by 31.8%

The UAE posted a budget surplus in 2022 as revenues grew by a record 31.8% and expenditures jumped by 6.1%, amounting to a projected Dhs427.1 billion. The fiscal performance analysis for 2022 released by the Ministry of Finance showed an increase in tax revenues, driven by streamlining and digitizing tax procedures, and the intensification of tax awareness campaigns. The increase in tax revenues also indicates the recovery of economic activity in the country. Other sources of revenue also grew by Dhs19.33 billion in 2022 while social contributions reached Dhs14.9 billion.

State expenditures rose moderately in 2022, with an increase of Dhs24.7 billion compared to a year earlier, as the government seeks to strengthen its fiscal buffers while focusing on strategic investments and projects. The country doubled the net acquisition of non-financial assets to achieve an estimated growth of 94.5% in the same period, reflecting the government spending policy. This exceptional growth is due to the quantum leap in government revenues, supported by strong local economic activity. Despite the increase in revenues, the UAE has maintained a cautious and rational spending policy, with this surplus allowing for stronger fiscal buffers to mitigate the impact of potential financial risks.

Meanwhile, the UAE’s GDP is projected to grow by 3.5% in 2023, rising to 3.9% next year, according to UBS Global estimates. The country’s non-oil economy is projected to grow by a robust 4.5% this year. The introduction of a 9% corporate tax this year, following the adoption of a 5% value-added tax in 2018, contributes to bolstering public finances. The structural and social reforms and programs unveiled recently by the UAE 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 18.09)

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* 1. UAE & China’s Hainan Province Sign Agreements to Enhance Trade

The UAE and China’s Hainan Province have expanded bilateral trade and investment ties through the signing of four significant private-sector agreements. The signing ceremony took place during the Hainan Promotion Conference in Dubai. The Hainan Promotion Conference, jointly organized by the UAE International Investors Council, the Department of Commerce of Hainan Province, and the Hainan Provincial Bureau of International Economic Development, served as the backdrop for these pivotal agreements. The event convened business leaders, trade promotion agencies, and business associations from both the UAE and Hainan province to present promising trade, investment and joint-venture opportunities.

Key agreements between the UAE and Hainan encompassed a Memorandum of Understanding (MoU) signed by Ajlan and Bros Holding, Hainan Airlines Holding and Yangpu Economic Development Zone Management Committee, as well as a cooperation framework agreement between Dubai Integrated Economic Zones (DIEZ) and Hainan Airport Infrastructure. The event also attracted prominent private-sector entities from the Middle East and Hainan, spanning sectors including trade, logistics, investment, real estate, finance and public affairs. (WAM16.09)

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* 1. UAE & Serbia in Talks to Establish CEPA

The UAE and Serbia have launched talks, which took place in Dubai, towards establishing a comprehensive economic partnership agreement (CEPA). These talks reflect growing relations between the two nations. In H1/23, bilateral non-oil trade reached $57.6 million, crossing the figure recorded in 2020.

The UAE is now the third-largest market for Serbian exports in the Middle East, while FDI has been flowing into a number of high-priority sectors including agriculture, food security, real estate, infrastructure and logistics. The negotiations also follow a series of high-level meetings, including the visit in June of UAE President Sheikh Mohamed bin Zayed Al Nahyan to Belgrade, when he was received by Serbian President, Vucic. The visit resulted in several agreements designed to expand cooperation in sectors such as renewable energy, agriculture, food security, technology and artificial intelligence.

In other news, in September, the UAE and New Zealand entered preliminary discussions to establish CEPA, as the two nations explore deeper economic collaboration. (GB 19.09)

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* 1. Saudi GDP Forecast to Grow 1.9% in 2023 and 3.1% in 2024

Saudi Arabia’s economy is forecast to slow to 1.9% this year after expanding 8.8% last year, the Organization for Economic Development (OECD) said in its latest forecast. The kingdom’s gross domestic product (GDP) is also on course to expand to 3.1% next year, while inflation is expected to moderate from 2.5% in 2023 to 2.1% in 2024.

The kingdom’s GDP growth for 2023 is ahead of other major countries, including Japan, Australia, France, United Kingdom, Germany and Italy, among others. Global economic growth will be 3% this year and 2.7% next year, down from 3.3% in 2022. The latest projections are in line with OECD’s previous forecasts.

OECD’s growth forecast for Saudi’s economy this year is lower than IMF’s calculations. The International Monetary Fund (IMF) had forecast Saudi GDP growth to slow to 2.1% this year on the back of oil production cuts. Saudi’s General Authority for Statistics had confirmed that the kingdom’s economy grew by 1.1% in the second quarter of the year, supported by the increase in non-oil activity. (Zawya 20.09)

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* 1. Saudi Arabia’s Plan to Build First Nuclear Power Plant Unveiled

Saudi Energy Minister Prince Abdulaziz bin Salman said on 26 September that the Kingdom, in close cooperation with the International Atomic Energy Agency (IAEA), is actively working to develop peaceful uses of nuclear energy in various fields. This includes the Kingdom’s National Atomic Energy Project, which encompasses the establishment of the first nuclear power plant in the country, the minister said while addressing the 67th General Assembly meeting of IAEA in Vienna.

The minister stressed the importance of concerted international efforts to implement the provisions of the Non-Proliferation Treaty and the importance of confronting nuclear proliferation in the Middle East, which requires the full implementation of Resolution No. 1995 to establish a nuclear-weapon-free zone in the Middle East.

The minister announced the Kingdom’s support for the ‘Rays of Hope’ initiative launched by IAEA, with a contribution amounting to $2.5 million, in order to help save lives and address the burden of cancer by using nuclear techniques. This initiative includes sustainability-based projects aimed at strengthening the necessary legislation and infrastructure for radiation safety. (Zawya 26.09)

►►North Africa

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* 1. US to Send More Military Aid to Egypt Despite Rights Concerns

The Biden administration will withhold $85 million from Egypt’s annual military assistance over human rights concerns, a smaller sum than Washington held back from Cairo’s aid package in each of the two previous years. The move will likely come as a disappointment to human rights advocates and many Democratic lawmakers who pushed the administration to withhold the full amount of aid — $320 million — that Congress had made contingent on the North African country improving its rights record. Those withheld funds will be reprogrammed, with $30 million going to the Lebanese armed forces and $55 million to Taiwan.

At $1.3 billion each year, Egypt ranks behind only Israel as the second-largest recipient of US military assistance. Since 2014, lawmakers have sought to use that aid as leverage with Egyptian President al-Sisi, the former military general under whom human rights have sharply deteriorated.

The Biden administration chose to release the remaining $235 million in conditioned aid. Rather than certify that Egypt had met the rights-related conditions attached to it, President Blinken used a waiver that allows the administration to release the aid if doing so is determined to be in the US national security interest. The administration declined to use the waiver during the previous two years, and withheld $130 million in assistance from Egypt. (Al-Monitor 14.09)

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* 1. Algeria Wants to Partner with US Oil Giants on Renewables

A delegation from Algeria’s state-owned oil firm Sonatrach and state-owned gas firm Sonelgaz are heading to the US in November to discuss potential partnerships in renewables and green hydrogen with ExxonMobil, Chevron and Occidental Petroleum. The meetings will take place from 7 to 9 November as part of the annual US-Algeria Energy Forum, attended by delegations from the relevant government ministries.

The US has criticized Algeria’s state enterprise-dominated economy, saying it has an “inconsistent regulatory environment. It noted that Algerian government officials frequently encourage US companies to invest in Algeria with particular focus on agriculture, information and communications technology, mining, hydrocarbons, renewable energy and healthcare, albeit certain regulations explicitly favor local firms at the expense of foreign competitors, and frequent, unpredictable changes to business regulations have added to the uncertainty in the market.

Algeria’s hydrocarbon production accounts for 95% of export revenues and some 40% of government income. Despite Algeria emerging as a main source of gas to European countries due to the Russian invasion of Ukraine, rising domestic energy consumption and underinvestment in production may be an obstacle for the country to boost its exports. (Zawya 18.09)

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* 1. Morocco Trails at 97th Position in Economic Freedom Index

The Fraser Institute’s recently published 2023 Economic Freedom of the World Annual Report ranked Morocco in the 97th spot among 165 countries. With a score of 6.42, the report placed the North African country in the lower quartile of nations assessed by their economic freedom. The report measured the degree to which a country’s policies and institutions support economic freedom, based on factors like personal choice, voluntary exchange, market competition, and property rights.

Morocco received a rating of 6.56 in the “Size of Government” category, reflecting the extent of government spending, taxation, and the influence of government-controlled enterprises. In the “Legal System and Property Rights” category, the country scored 5.25, reflecting the level of protection of individuals and their property rights, including the impartiality of the judiciary. Meanwhile, the country obtained a rating of 7.21 in the “Sound Money” area, indicating the country’s efforts to maintain stable economic conditions and safeguard against the erosion of earnings and savings due to inflation.

In the “Freedom to Trade Internationally” category, Morocco received a 6.58 score. This area assesses countries’ commitment to facilitating international trade, minimizing impediments, and fostering an environment conducive to free exchange. In the domain of regulation, Morocco received a score of 6.51, reflecting efforts to reduce restrictions on both domestic and international trade, as well as other business operations.

The Report categorized countries into four quartiles, from best to worst in terms of economic freedom. Morocco’s placement in the third quartile signifies that the country ranks moderately in terms of economic freedom. Singapore led the rankings with a score of 8.56, followed closely by Hong Kong at 8.55 in the second spot and Switzerland at 8.47 in third place. Meanwhile, the report identified the ten lowest-rated countries in terms of economic freedom as the Republic of Congo, Algeria, Argentina, Libya, Iran, Yemen, Sudan, Syria, Zimbabwe and Venezuela. (MWN 25.09)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. China’s Alibaba to Invest $2 Billion in Turkey

The Chinese e-commerce giant Alibaba plans to invest $2 billion in Turkey, according to multiple reports in the latest sign of strengthening economic ties between Turkey and China. The president of Alibaba Group Holding Limited announced the investment following a meeting with Turkish President Erdogan in Istanbul recently. The company has already invested $1.4 billion in Turkey through its Turkish unit Trendyol. Alibaba acquired a majority stake in Trendyol in 2018. The company reached a $16.5 billion valuation in 2021, raising money from the UAE's sovereign wealth fund ADQ, the Qatar Investment Authority and others. Alibaba is a multinational technology company based in Hangzhou, China, that specializes in e-commerce.

The news is the latest sign of improving ties between Turkey and China. Turkey is nearing a deal with an unspecified Chinese company to build a nuclear power plant in Turkey. In July, Chinese Foreign Minister Wang Yi visited Ankara in late July and discussed economic ties with Erdogan. Erdogan also criticized the India-Middle East-Europe Economic Corridor project earlier this month. The US-backed rail and shipping project aims to counter China’s Belt and Road Initiative, but bypasses Turkey. (Al-Monitor 18.09)

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* 1. Central Bank of Cyprus Lowers its GDP Growth Forecasts

The Central Bank of Cyprus revised its projections for GDP growth, estimating it will be 2.4% this year and 2.7% in 2024, down from its June estimate of 2.6% and 2.8%. In its September macroeconomic forecast, the CBC said the downward revisions are attributed to the impact of Western sanctions against the Russian Federation due to the continued war in Ukraine, on the professional services sector combined with the negative impact of the fragile external environment on non-tourism services. Its 3.1% GDP projection for 2025 is unchanged, recalling that in the first half of this year, Cyprus’ annual growth rate of 2.7% GDP remained higher than the Euro area average of 0.9%.

In its new projections, the CBC said that economic growth is based mainly on local demand, while large investments underway and projects on digitalization and green growth financed by the Recovery and Resilience Facility are also expected to contribute significantly. Furthermore, the CBC revised upwards its projections for harmonized consumer prices, estimated to reach 3.9% and 2.7% in 2023 and 2024, respectively, up by 0.6% and 0.4% compared to June. Projections for core inflation, excluding energy and food, remained unchanged at 3.7% for this year, 2.5% (2024) and 2.4% (2025).

It projected the unemployment rate at 6.3% this year, falling to 5.9% in 2024, lowering its previous projections by 0.4% and 0.2%, respectively. For 2025, the projection remained unchanged at 5.6%. The CBC underlined the continued resilience shown by the Cyprus labor market, despite the war in Ukraine, as manifested by the fall of unemployment to 5.9% in Q2 from 6.8% in the first three months. (FM 25.09)

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* 1. Cypriot Inflation Rose by 3.1% but Still Among the Lowest in the EU

Harmonized‎ inflation in August for Cyprus returned to an upward trajectory of 3.1%, primarily due to increased food prices. It ended a continuous 12-month decline since inflation peaked in July 2022 to a record high of 10.6%. Despite the increase, Cyprus’ inflation is the fourth lowest in the 27-member bloc.

According to the Cyprus Statistical Service, the Harmonized‎ Consumer Price Index increased by 3.1% in August from August 2022, when it had risen by 9.6% (the second-highest historically). In July 2023, Harmonized‎ inflation recorded the lowest annual increase since July 2021, dropping to 2.4%. For the eight months to August, there was a 4.4% increase compared to the previous year.

Compared to August 2022, the categories of Food and Non-Alcoholic Beverages (10.4%) and Restaurants and Hotels (5.6%) showed the largest changes. Compared to July 2023, the largest change was recorded in the category of Transport (3.5%). For January to August 2023, the largest changes were observed in the categories of Food and Non-Alcoholic Beverages (9.3%), Restaurants and Hotels (6.6%), and Housing, Water, Electricity, Gas, and Other Fuels (6.4%). Compared to the previous month, the category of Energy (2.1%) recorded the largest change. (FM 19.09)

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* 1. Cyprus Ranks Among Most Expensive Countries in EU

Cyprus' cost-of-living crisis is one of the most pressing problems the government has to tackle. Indeed, according to a Phileleftheros survey, Cyprus remains one of the most expensive countries in Europe.

As energy and prices soar, there are growing calls for immediate and substantial measures against the cost of living. Finance Minister Keravnos says the government is taking measures to address the cost of living, but any further intervention should primarily be targeted. One significant factor affecting prices is the economy’s heavy reliance on energy imports, causing high electricity bills and pump prices.

In Greece, consumer prices, including rent, are 24.4% lower than in Cyprus. Rent prices are 55.8% lower than in Cyprus, and restaurant prices in Greece are 15.8% lower. Grocery prices in Greece are 7.1% lower than in Cyprus. The price of milk (1 liter) is 8.5% cheaper in Greece, white bread (500 grams) is 38.3% cheaper, rice (1 kilo) is 7.7% cheaper, eggs are 12.8% more expensive in Greece than in Cyprus, and chicken fillet is 5.8% more expensive. The price of one kilo of apples is 29.7% cheaper in Greece, tomatoes are 31.6% cheaper, and potatoes are 12.2% lower.

Consumer prices in Italy are 3% higher than in Cyprus (excluding rent); consumer prices, including rent, are 7.9% lower. In Portugal, consumer prices, including rent, are 22.2% lower than in Cyprus. In Slovenia, consumer prices, including rent, are 20.6% lower than in Cyprus. In France, consumer prices, including rent, are 4.9% higher than in Cyprus. In Cyprus, consumer prices, including rent, are 4.2% lower than in Germany. These comparisons highlight the variations in prices and local purchasing power among European countries, contributing to the cost of living disparities across the region. (FM 25.09)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Israeli Population Nears 10 Million at the Jewish New Year

The Central Bureau of Statistics announced that Israel currently has 9,795,000 residents, with that number expected to cross 10 million at the end of 2024 and 15 million at the end of 2048. Israel's population will have essentially doubled by the end of 2065, the report says.

A breakdown of the population according to ethnicities shows that 7,181,000 are Jews or roughly 73%. Some 2,065,000 are Arabs (comprising some 21%) while about 549,000 residents (some 6%) have a different ethnic background.

Some 172,000 new babies were born in the Jewish year 5783, while 48,000 people passed away. Of those deceased, 22.8% died from cancer, 12.6% from heart disease and 9.5% from the coronavirus. Israel welcomed 66,000 new immigrants since Rosh Hashanah last year.

The Jewish Agency said ahead of Rosh Hashanah that the number of Jews worldwide stands at approximately 15.7 million compared to 15.6 million last year. About 8.5 million live outside Israel, with approximately 6.3 million of them living in the United States. Other major Jewish communities abroad include France (with a Jewish population of 440,000), Canada (398,000), the United Kingdom (312,000), and Argentina (171,000).

The Jewish Agency added that some 27,000 Jews live in Muslim-majority countries, with 14,200 in Turkey, 9,100 in Iran, 2,100 in Morocco, 1,000 in Tunisia, and 500 in the United Arab Emirates. There were 80 countries in the world with Jewish populations between 100 and 10,000 people. (CBS 15.09)

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* 1. Sukkot Holiday Celebrated

The Jewish festival of Sukkot begins at sunset on Friday, 29 September until nightfall on 7 October (in Israel). The festival ends on day later outside of Israel. The holiday begins on the Hebrew date of 15 Tishrei, the fifth day after Yom Kippur. The word "Sukkot" means "booths" and refers to the temporary dwellings that Jews are commanded to live in during this holiday. The commandment to "dwell" in a sukkah can be fulfilled by simply eating all of one's meals there or by actually living in the sukkah as much as possible, including sleeping in it. The holiday commemorates the forty-year period during which the children of Israel were wandering in the desert, living in temporary shelters. There are intermediate days during the week, which begins and ends with a holiday, referred to as Chol Ha-Mo'ed.

Another observance related to Sukkot involves what are known as the Four Species (*arba minim* in Hebrew) or the lulav and etrog. Jews are commanded to take these four plants and use them to "rejoice before the L-rd." The four species in question are an *etrog* (a citrus fruit native to Israel), a palm branch (in Hebrew, *lulav*), two willow branches (*arava*) and three myrtle branches (*hadas*). The six branches are bound together and referred to collectively as the lulav. The etrog is held separately. With these four species in hand, one recites a blessing and waves the species in all six directions (east, south, west, north, up and down, symbolizing the fact that G-d is everywhere).

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* 1. Shemini Atzeret/ Simchat Torah to be Celebrated

On 7/8 October, or 22 Tishri, the day after the seventh day of Sukkot, the holiday of Shemini Atzeret is observed in Israel and by world Jewry. In Israel, Shemini Atzeret is also the holiday of Simchat Torah. Outside of Israel, where extra days of holidays are held, only the second day of Shemini Atzeret is Simchat Torah. These two holidays are commonly thought of as part of Sukkot, but that is technically incorrect; Shemini Atzeret is a holiday in its own right and does not involve some of the special observances of Sukkot. Shemini Atzeret literally means the "assembly of the eighth (day)." Rabbinic literature explains the holiday this way: our Creator is like a host, who invites us as visitors for a limited time, but when the time comes for us to leave, He has enjoyed himself so much that He asks us to stay another day. Another related explanation: Sukkot is a holiday intended for all of mankind, but when Sukkot is over, the Creator invites the Jewish people to stay for an extra day, for a more intimate celebration.

Simchat Torah means "Rejoicing in the Torah." This holiday marks the completion of the annual cycle of weekly Torah readings. Each week in synagogue a few chapters from the Torah are read publicly, starting with Genesis, Chapter 1 and working around to Deuteronomy, Chapter 34. On Simchat Torah, the last Torah portion is read, then proceeds immediately to the first chapter of Genesis, emphasizing that the Torah is a circle and never ends.

The completion of the readings is a time of great celebration. There are processions around the synagogue carrying Torah scrolls and of high-spirited singing and dancing. As many people as possible are given the honor of an aliyah (reciting a blessing over the Torah reading); in fact, even children are called for an aliyah blessing on Simchat Torah. In addition, as many people as possible are given the honor of carrying a Torah scroll in these processions. Shemini Atzeret and Simchat Torah are holidays on which work is not permitted.

\*REGIONAL:

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* 1. UAE Announces Public & Private Sector Holidays for Prophet Muhammad’s Birthday

The UAE’s Ministry of Human Resources and Emiratisation (MoHRE) has announced the official holiday to commemorate the Prophet Mohammed’s birthday. Public and private sector employees in the UAE will have a holiday on Friday, 29 September, to mark the day. The ministry issued a circular to all departments and federal agencies notifying the official holiday for federal government employees.

As per tradition, Muslims observe the 12th day of the Islamic calendar month of Rabi Al Awwal as Milad un Nabi (Mawlid) the day of the birth of the Prophet Muhammad. The government’s notification marks the day to commemorate the Prophet’s birthday for the Islamic Hijri calendar year 1445 AH. The holiday sets up an extended three-day weekend towards the end of September, especially for those who have the traditional Saturday-Sunday weekend format. The public and private sectors in the Emirates typically have the same holidays.

Kuwait has taken similar steps. Bahrain’s ministries, state departments and public institutions will be closed on Wednesday, 27 September, resulting in a 3-day long weekend for those working in the public sector in the country as Bahrain follows a Sunday-Thursday work week. (GB 18.09)

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* 1. Egypt Presidential Elections to be Held in December

Egypt will hold a presidential vote on 10-12 December, the National Elections Authority (NEA) announced on 25 September, with President al-Sisi widely expected to win reelection. Sisi, 68, can stand for a third term due to constitutional amendments in 2019 that also extended the length of presidential terms to six years from four. Egyptian expats will be able to cast their votes on 1-3 December. Initial election results are expected to be announced on 18 December and, in the event of a runoff round, final results should be announced on 16 January at the latest. Though Sisi has not formally announced his candidacy, pro-government parties have started a campaign including billboards around Cairo backing his reelection.

Four other candidates have expressed an intention to run, most prominently a former member of parliament, Ahmed Eltantawy. Others who announced their bid include Abdel-Sanad Yamama, head of the Wafd party, one of Egypt’s oldest; Gameela Ismail, head of the liberal Dostour, or Constitution, party; and Farid Zahran, head of the Egyptian Social Democratic Party.

Former army chief Sisi became president in 2014 and won a second four-year term in 2018. Sisi's term officially expires in April 2024. (Various 25.09)

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* 1. AUC Receives $85 Million Grant for USAID Partnerships in Educational Progress

[The American University in Cairo (AUC)](http://www.aucegypt.edu/) has been awarded an $85 million grant from the United States Agency for International Development in Egypt toward USAID Partnerships for Educational Progress. This new five-year program aims to strengthen and transform higher education across Egypt through knowledge and capacity building to more effectively address the country’s development priorities. The program will enable higher education institutions to: • Strategically plan, manage and monitor their education systems more effectively • Deliver high-quality, interdisciplinary education that meets market demands and facilitates graduate employability • Provide inclusive access to a modern environment equipped with new technologies and scientific resources This comes shortly after USAID awarded AUC $86 million, the largest grant in University history, for USAID Egyptian Pioneers –– making AUC the biggest USAID implementer in the higher education field across Egypt.

The consortium will consist of at least 12 Egyptian HEIs - both public and national – based on selection criteria. The final number of partnerships or consortiums will be determined in coordination with USAID. The proposed minimum target of 12 HEIs will benefit nearly half the existing Egyptian HEI ecosystem, leaving room to cascade implementation to the remaining Egyptian HEIs not initially included in the activity. Involved HEIs will deploy learning to the non-participating HEIs through a training of trainers model to ensure program sustainability and eventual expansion of learning to all Egyptian universities. The Partnerships program will also include private sector companies that will work with the project team and universities to develop curricula pertinent to market needs as well as opportunities for experiential learning. The program will help ensure Egyptian students have access to inclusive, high-quality degree programs and support services, in addition to promoting student-centered, work-based learning opportunities that result in smooth transitions to employment.

AUC has a longstanding history of successful USAID awards over the past decade and has led numerous large-scale programs that focus on higher education, such as University Centers for Career Development, Center of Excellence for Water, USAID Scholars Activity, USAID-AUC Merit Award, and the recently awarded USAID Egyptian Pioneers. (AUC 18.09)

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* 1. Life Expectancy at Birth is 77.5 Years in Turkey

Life expectancy at birth, which is the average number of years that a newborn is expected to live, was 77.5 years during the period between 2020 and 2022, marking a slight decrease compared to previous years, reveals data by the Turkish Statistical Institute (TÜİK). According to the TÜİK data, in Türkiye, life expectancy at birth for men decreased from 75 years to 74.8 years in the 2020-2022 period, while for women, it went down from 80.5 years to 80.3 years. Overall, women tend to live longer than men, with a difference of 5.5 years in life expectancy at birth between the two genders.

The data revealed that the average remaining life expectancy for individuals at the onset of their working years, at age 15, was 63.5 years. For men, this figure was 60.8 years, while for women, it was 66.2 years. The average remaining life expectancy for someone aged 30 was 48.9 years. For men, this was 46.3 years, and for women, it was 51.5 years. The difference in life expectancy between men and women at this age was 5.2 years, the data showed. **(**TÜİK 19.09)

ISRAEL LIFE SCIENCE NEWS

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* 1. Scinai's Innovative Plaque Psoriasis Treatment Shows Encouraging Results

Scinai Immunotherapeutics announced encouraging results in a preclinical study of Scinai’s anti‑interleukin 17 (IL‑17) NanoAbs as a treatment for plaque psoriasis. Scinai’s NanoAbs are alpaca‑derived recombinant variable domain of heavy-chain-only antibodies and are also known as nanobodies or VHH antibodies. The NanoAbs were tested in a 3D biologic skin model constructed out of a scaffold mounted with various skin cells to generate layers that mimic the structure of human skin and induced to express plaque psoriasis. Upon introduction of NanoAbs into the model (either topically or subcutaneously), standard molecular markers for psoriasis that are overexpressed in the disease (S100A7, CXCL1, and CCL20) were downregulated and outer skin layers (stratum corneum) regained normal appearance. These results suggest NanoAbs’ therapeutic potential to relieve symptoms of plaque psoriasis. In earlier laboratory tests the NanoAbs showed not only high affinity to all three IL-17 isoforms relevant for psoriasis (A, F and AF complex), but also significant neutralization of these isoforms in tissue cultures.

Scinai’s NanoAbs are designed to be administered locally to the dermis and are engineered to degrade in a way that should prevent systemic side effects. Results of this recent study suggest the potential for a highly efficacious, specific, yet safer and more convenient treatment for the large and underserved population of mild to moderate plaque psoriasis patients.

Jerusalem's [Scinai Immunotherapeutics](http://www.scinai.com) is a biopharmaceutical company focused on developing, manufacturing and commercializing innovative inflammation and immunology (I&I) biological products primarily for the treatment of autoimmune and infectious diseases. With a state-of-the-art facility for biopharmaceutical product development and manufacturing and highly experienced pharmaceutical industry leadership, Scinai offers end-to-end boutique CDMO services in parallel to developing its own pipeline of diversified and commercially viable products and platforms. (Scinai 13.09)

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* 1. CardiaCare Completes Seed Extension Raise to Support Clinical Pilot Studies

CardiaCare recently closed an over-subscribed Seed Extension round. The financing was led by Solardis Health Ventures and supports efforts to expand the technology's clinical program for multiple indications related to treating Atrial Fibrillation (AFib). CardiaCare's platform can simultaneously help physicians remotely monitor their patients and create dynamic, personalized neuromodulation treatments based on the real-time patient's condition data. CardiaCare's mission is to become the new standard of care all-in-one therapeutic monitoring platform for cardiac arrhythmia patients across the continuum of care.

CardiaCare's innovative solution has the potential to significantly disrupt the standard of care in the treatment of AFib and other arrhythmias with a non-invasive wearable that administers neuromodulation stimulation therapy. CardiaCare's novel approach to treating AFib using neuromodulation will be a paradigm shift for the millions of patients that have no alternatives to toxic drugs, cardioversion shock therapy, or invasive procedures.

Rehovot's [CardiaCare](https://my-CardiaCare.com) is a privately-held, Israel-based company developing a platform for both treating and monitoring cardiac arrhythmias such as Atrial Fibrillation. (CardiaCare 18.09)

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* 1. Briya Raises $11.5 Million to Promote Blockchain-Secured Data Exchange Platform

Briya announced completion of an $11.5 million Series A round of financing, bringing the company’s total funding to $17 million. The round was led by Team8, includes existing investors Insight Partners and Amiti Ventures, and is joined by the George Kaiser Family Foundation. The funding will support Briya's mission to transform how data is exchanged between healthcare and life sciences organizations, with particular emphasis on supporting the US health ecosystem. The company's scalable data exchange platform enables hospitals to capitalize on their patient data. It has been implemented in healthcare systems and academic institutions, primarily in Europe and Israel.

The Briya platform connects clinics and hospitals with academic and pharmaceutical research teams, addressing the primary challenges faced by organizations in the collection and exchange of healthcare data. The highly secured data exchange empowers hospitals to effectively utilize their health data and safely share it, in compliance with all regulatory guidelines. At the same time, it provides life sciences organizations seamless access to high-quality, de-identified real-world data to expedite development and time-to-market for new therapies.

Tel Aviv's [Briya](http://www.briya.com) is a blockchain-secured data exchange platform that enables healthcare organizations to share anonymized patient data efficiently, securely, and compliantly, while generating new revenue streams. It facilitates the quick retrieval of accurate information by converting healthcare data into FHIR or OMOP standards and seamlessly de-identifying queried data. (Briya 19.09)

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* 1. Enzymit-Enabled TNT Biosensor Developed in Collaboration with Hebrew University

Enzymit announced a breakthrough in landmine detection through the development of a novel protein-based biosensor that can accurately detect unexploded ordnance (UXO). Enzymit collaborated with researchers from the Environmental Microbiology and Biosensor Laboratory at the Hebrew University of Jerusalem, which has spent more than a decade researching biosensing solutions for explosives detection. The project resulted in the creation of a sophisticated biosensing platform utilizing the bacterium E. coli that can detect trace amounts of dinitrotoluene (DNT), the volatile byproduct of TNT that leaks out of mines into the surrounding earth.

The lab pioneered the bacterium-based approach to detect explosives. It developed a live cell-based sensor, capable of detecting even trace amounts of DNT, emitting bioluminescence to identify the location of explosive material. Utilizing Enzymit's proprietary algorithms and experimental capabilities, specific positions on the sensor were modified for optimal performance. The resulting sensor is up to five times more sensitive, has faster reaction times, and a signal strength 30 times stronger than the original construct. The ability to accurately locate unexploded ordnance from a distance provides a safer and more efficient alternative to traditional detection methods, which require manual excavation or use of metal detectors and pose a substantial risk to life. The biosensor can be applied to detect a range of TNT-based ordnance, including unexploded shells and improvised explosive devices (IEDs), while the versatility of the bacterium makes it suitable for use in remote or hard-to-reach locations.

Ness Ziona's [Enzymit](https://www.enzymit.com) is building a cell-free production platform that will make bioproduction faster, simpler, cost-effective, and sustainable. The company leverages complex computational design and deep learning algorithms to create novel enzymes for use in real-world settings. (Enzymit 19.09)

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* 1. Meatafora Advances Cost-Efficient & Scalable Cultured Meat to the Marketplace

Meatafora is breaking ground with its newest technology that could bring the food tech company closer to entering the consumer marketplace with a premium cultivated meat alternative that is both superior in quality and affordable. First, Meatafora has successfully developed an oleogel fat substitute that mimics animal-derived fat, but with improved nutritional value. The food tech company also produced edible and high-quality microcarriers for upscaling cultured meat production.

According to a recent report by GovGrant, the cultured meat industry could make up 35% of global meat consumption by 2040. Singapore became the first country to approve the sale of a cultured meat product in 2020. The FDA followed suit in 2022 by clearing slaughter-free, lab grown meat for US consumption. The decision from regulators in both countries could be a tipping point for the industry. Meatafora focuses on scaling up and offering the most cost-efficient option to the marketplace.

Netanya's [Meatafora](https://meatafora.com/) is revolutionizing the lab grown meat industry with its production of ethical cultivated meat that doesn’t compromise on taste, quality or nutrition. Meatafora is on the cusp of engineering a meat product that offers more than just a clean and sustainable alternative to agricultural meat. Through its state-of-the-art technology, the company can reduce costs by up to 50%, creating a premium product that is affordable for the consumer. Meatafora recently completed a $6.5 million raise led by New Gate Capital. The investment will be used to complete the company’s R&D and execute its go-to-market strategy. (Meatafora 19.09)

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* 1. BrainsWay Broadens Access to Deep TMS for U.S. Military Service Members

BrainsWay announced that its longstanding partner, Katie’s Way Plus, which provides comprehensive mental health services tailored to the unique needs of active duty military members, veterans and their families, has ordered an additional 10 Deep Transcranial Magnetic Stimulation (Deep TMS) systems, which will more than double its existing offering.

BrainsWay Deep TMS is delivered via a unique treatment coil housed in a cushioned, patient and provider-friendly helmet. The patient is awake, alert and engaged during the treatment session, and each session only takes less than 30 minutes from start to finish. For some patients, a shorter three-minute intermittent theta burst (iTBS) protocol is also an option. Most candidates for Deep TMS depression treatment have already failed multiple courses of medication and talk therapy, and in a recently published post-marketing analysis of close to 1,400 patients, those patients who had received 30 or more treatments of Deep TMS demonstrated an 82% response rate and a 65% remission rate.

Jerusalem's [BrainsWay](http://www.brainsway.com) is a global leader in advanced noninvasive neurostimulation treatments for mental health disorders. The Company is boldly 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. (BrainsWay 20.09)

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* 1. Above Food Corp. to Acquire Assets from NRGene

Regina, Saskatchewan's Above Food Corp., an innovative food company leveraging its vertically integrated supply chain to deliver differentiated ingredients and consumer products, and NRGene Technologies announced that they have entered into an asset-purchase agreement pursuant to which Above Food will purchase certain AI-based genomic assets, intellectual property, and trait development technology licensing rights from NRGene.

Closing of the transactions under the APA is contingent on the closing of Above Food's business combination with BITE Acquisition Corp. and the subsequent listing of the combined company's common shares on the New York Stock Exchange. NRGene will receive a combination of cash and stock-based consideration, as well as royalties from commercialization of specific projects.

Above Food expects this transaction will empower it to accelerate the creation of elite varieties with genetic traits that we believe are valuable and beneficial to the food industry, at a faster pace and reduced cost. NRGene's unique AI genomic technology has already demonstrated its effectiveness in over 300 projects spanning various key crops. The transaction is intended to facilitate Above Food's development and delivery to farmers, ingredient processors, and food manufacturers of elite crop varieties that boost crop productivity, improve nutritional values and ingredient and food processing efficiency, enhance functionality, and lower the CO2 footprint of the food supply chain.

Ness Ziona's [NRGene](http://www.nrgene.com) is an AgTech company engaged in research, development and commercialization of IP intensive technologies and novel traits and varieties of crops and animals. The Company relies on a vast proprietary database and AI-based technologies to analyze genetic information to accelerate and improve the natural development of crops in the agriculture and food industries. (Above Food 26.09)

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* 1. Profuse Technology Unveils Revolutionary Advancements in 3D Cultivated Meat Growth

Profuse Technology announced a breakthrough in its cutting-edge technology that is poised to reshape the landscape of muscle production in 3D format on scaffolds. Profuse Technology's media supplements and growth protocols achieve an astounding 80% reduction in the duration of the muscle growth phase on 3D scaffolds to only 48 hours to drive a more sustainable and efficient future for meat production. Beyond the remarkable acceleration of growth, the technology also elevates muscle tissue protein content by a factor of five, providing a healthier and protein-rich alternative to traditional meat sources.

What sets Profuse Technology apart is its unique capability to facilitate the production of fully mature muscle tissue in a 3D environment, closely mirroring conventionally farmed meat. This innovative approach heralds a new era in cultivated meat production, ensuring that the end product is closer to be indistinguishable from traditionally sourced meat, both in taste and texture. Profuse Technology stands poised to revolutionize the future of meat production, enabling a scalable, sustainable and ethical pathway toward the future of meat cultivation.

Kiryat Shmona's [Profuse Technology](https://profuse-tech.com) is a specialist in muscle development, committed to unlocking the potential of muscle growth for cultivated meat and life-science applications. Profuse's cultivated muscle growth solutions aim to achieve price parity with traditional meat production while prioritizing reduced production times, improved meat quality and increased yields. (Profuse Technology 26.09)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. Gilat Awarded Contract for Satellite Network Modernization at Ethio Telecom

Gilat Satellite Networks announced that the company received a contract for satellite network modernization at Ethio Telecom of Ethiopia. Gilat’s SkyEdge II-c with hundreds of Capricorn and Gemini VSATs will be used to enable enhanced satellite-based 4G cellular backhaul capabilities and enterprise communications for remote regions of the country.

Petah Tikva's [Gilat Satellite Networks](http://www.gilat.com) is a leading global provider of satellite-based broadband communications. With over 35 years of experience, we create and deliver deep technology solutions for satellite, ground and new space connectivity and provide comprehensive end-to-end solutions and services, powered by our innovative technology. Delivering high value solutions, their portfolio is comprised of a cloud-based platform and high performance satellite terminals designed to work in harmony with satellite constellations, including Very High Throughput Satellites (VHTS) and Software-Defined Satellites (SDS) in multiple orbits; high performance Satellite On-the-Move (SOTM) antennas; and highly efficient, high-power Solid State Power Amplifiers (SSPA) and Block Upconverters (BUC). (Gilat 13.09)

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* 1. Elbit Systems to Supply the Advanced Skylark Mini UAS System to the IDF

Elbit Systems will produce and provide the Artillery Corps of the Israeli Defense Forces (IDF) with the Skylark 1 Transitional Vertical Take-Off and Landing Small Tactical Unmanned Aerial Systems (Skylark 1 eVTOL), combined with through-life maintenance services for all the IDF Ground Force’s STUAS systems (Skylark 1 & Skylark 3).

Weighing up to 20kg, the new Skylark 1 eVTOL is a man-packed or vehicle-based platform offering the endurance and range of a fixed-wing STUAS with the capability to hover, take-off and land vertically. Combined with onboard analytical capabilities, the Skylark 1 eVTOL significantly expands the operations of tactical forces and enables fast deployment in order to organically perform Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) missions. Under the contract, Elbit Systems will replace the Skylark 1 with the new system that will be integrated with the currently operational fleet used by the IDF Ground forces.

Haifa's [Elbit Systems](https://elbitsystems.com) is an international high technology company engaged in a wide range of defense, homeland security and commercial programs throughout the world. The company, which includes Elbit Systems and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance, unmanned aircraft systems, advanced electro-optics, electro-optic space systems, EW suites, signal intelligence systems, data links and communications systems, radios, cyber-based systems and munitions. (Elbit 12.09)

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* 1. Aporia & Snowflake Grow Data Science Insights Through AI & Data Observability

Aporia announced a partnership with Bozeman, Montana's Snowflake, the Data Cloud company, designed to enhance performance by providing AI models and data observability in the cloud. Integrating Aporia's ML observability platform with the Data Cloud not only promotes the efficiency and effectiveness of data science, but also helps to expand the adoption of responsible AI.

Aporia’s observability platform now seamlessly integrates with Snowflake, enabling users to monitor their data and production machine learning (ML) models at scale. The integration extends to features within Snowflake such as Snowpark, the runtimes and libraries that make deployment and processing of non-SQL code in Snowflake simpler, faster, and more secure. Together, joint customers can monitor billions of predictions to uncover insights from production data and improve their ML models' performance. In addition, Aporia’s privacy-first mode ensures that no sensitive data leaves a user’s Snowflake environment. Aporia supports all AI/ML use cases and every model type including Tabular, NLP, LLM and Computer Vision within the Snowflake platform.

Tel Aviv's [Aporia](https://www.aporia.com) is a leading observability platform for AI products, recognized as a Technology Pioneer by the World Economic Forum for its mission of driving Responsible AI. The company is trusted by Fortune 500 companies and industry leaders – including Bosch, Lemonade, Armis, Munich RE, & Sixt – to monitor, visualize, control, and ensure AI products are responsible, fair, and high performing. (Aporia 14.09)

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* 1. Guesty Chooses AU10TIX for Identity Verification and Fraud Prevention

AU10TIX announced that Guesty, the leading property management platform for the short-term rental and hospitality industry, has selected AU10TIX's fully automated identity verification (IDV) solution to help meet global regulatory requirements and minimize fraud risk. Guesty offers a complete solution to manage the complex needs of property managers and hospitality professionals in all category segments. As such, it is responsible for meeting the hospitality industry's Know Your Customer (KYC) requirements and ensuring safe standards and practices of the customer onboarding processes. AU10TIX's IDV solution will enhance the Guesty user experience and ensure compliance with global regulations. AU10TIX will empower Guesty to automate its IDV processes, eliminating manual procedures and reducing fraud risk.

AU10TIX's comprehensive range of features, including a secure web app, IDV/biometric capabilities, and secure form management, will empower Guesty to automate its identity verification processes, eliminating manual procedures and reducing the risk of fraud. The solution also seamlessly integrates with Salesforce for ease of use.

Hod HaSharon's [AU10TIX](http://www.AU10TIX.com‎) is on a mission to obliterate fraud and further a more secure and inclusive world. The company provides critical, modular solutions to verify and link physical and digital identities so businesses and their customers can confidently connect. Over the past decade, AU10TIX has become the preferred partner of major global brands for customer onboarding and customer verification automation – and continues to work on the edge of what's next for identity's role in society. (AU10TIX 19.09)

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* 1. AAFMAA Selects Sapiens to Modernize Customer Acquisition Processes

Sapiens International Corporation, a leading global provider of software solutions for the insurance industry, announced that the American Armed Forces Mutual Aid Association (AAFMAA), a non-profit financial solutions provider for military families and Veterans, has selected Sapiens' Pro Series Customer Acquisition SaaS solution, consisting of Sapiens' ApplicationPro, IllustrationPro, UnderwritingPro, and Intelligence, as a part of its legacy modernization and automation initiative.

AAFMAA needed a modern solution to serve its military constituents effectively and could integrate the value of its existing legacy system. Their selection of Sapiens' Pro Series Customer Acquisition Solution system was prompted by its outstanding functionality, responsiveness, and 24/7 platform access. AAFMAA is a new Sapiens customer whose implementation of the Sapiens Pro Series Customer Acquisition solution should be completed during second-quarter 2024.

Holon's [Sapiens International Corporation](https://sapiens.com) empowers the financial sector, with a focus on insurance, to transform and become digital, innovative, and agile. With more than 40 years of industry expertise, Sapiens' cloud-based SaaS insurance platform offers pre-integrated, low-code capabilities across core, data and digital domains to accelerate their customers' digital transformation. (Sapiens 19.09)

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* 1. Foresight Partners with One of the World's Largest Electric Vehicle Manufacturers

Ness Ziona's [Foresight Autonomous Holdings](http://www.foresightauto.com), an innovator in automotive vision systems, announced the signing of a multi-phase cooperation agreement with a leading global electric vehicle (EV) Chinese original equipment manufacturer (OEM), specializing in EVs, rechargeable batteries and related products. The first phase of the agreement consists of a proof of concept (POC) project to evaluate Foresight’s 3D perception capabilities, including high resolution point cloud, object detection and disparity map, for possible enhancement of the OEM’s current automotive vision solution.

Upon successful completion of the POC project, the parties intend to negotiate a definitive commercial agreement for the joint development, integration and commercialization of Foresight’s technology into the OEM’s automotive vision systems. Furthermore, the OEM will introduce Foresight’s technology to its subsidiaries as well as customers and partners, presenting Foresight as a business partner and facilitating relationships between Foresight and the OEM’s partners.

Foresight Autonomous Holdings is a technology company developing smart multi-spectral vision software solutions and cellular-based applications. Through the Company’s wholly owned subsidiaries, Foresight Automotive Ltd., Foresight Changzhou Automotive Ltd. and Eye-Net Mobile Ltd., Foresight develops both “in-line-of-sight” vision systems and “beyond-line-of-sight” accident-prevention solutions. (Foresight 21.09)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's August Inflation Rate Exceeds Pundits' Forecasts

The Central Bureau of Statistics announced that Israel’s Consumer Price Index (CPI) rose by 0.5% during August. In the twelve months to the end of August, inflation has risen by 4.1%. The Bank of Israel's target range for annual inflation is 1-3%.

There were notable price rises in transport, up 1.8% last month, in culture and entertainment, up 1.3%, and home maintenance, up 0.7%. Clothing and footwear prices dropped by 2.5%. The home rental costs excluding public housing rose by 1.8%, but for tenants renewing a lease the rise was 3.8%, and for new tenants the rise was 8.4%.

The Central Bureau of Statistics also released figures for home prices, which are not part of the CPI. A comparison of deal prices in June-July 2023 with deals in May-June 2023 shows a fall of 0.1%. Prices have now fallen for the past four consecutive months. In comparison with June-July 2022, prices in June-July 2023 were 3.2% higher. In the breakdown by region, prices rose year-on-year by 6.6% in the north, 6.4% in Haifa, 3.7% in the south, 2.9% in Jerusalem, 2.2% in the central region, and 1.9% in Tel Aviv. The average price of new homes in Israel has risen 2.6% over the past year. (CBS 15.09)

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* 1. Unemployment in Israel Falls to a Record Low

The Central Bureau of Statistics announced that Israel's unemployment rate fell to 3.1% in August 2023, the lowest rate since the current method of measuring unemployment was introduced in 2012. The unemployment rate fell from 3.4% in July and it seems as if Israel's job market is as tight as ever. The problem with a tight job market is that it causes upward pressure on wages and fuels inflation. Bank of Israel Governor Prof. Amir Yaron has stressed this situation and called for some loosening in the job market to bring inflation down to the 3% upper limit of the annual target range.

Other elements in the market have also increased, such as the employment rate, which adds to the high level of activity in the economy. The participation rate in the civilian labor force has not fallen, so there is clear optimism regarding the chance of finding a job, along with a high absorption capacity of the employed, who are still faced with a respectable amount of vacant positions.

The salary pressures in the economy can be seen from month to month in the Central Bureau of Statistics data. The last figure, which was published in early September, showed that the salaries in July rose by about 6% year-on- year. These figures are added to the increase in the August inflation rate, which was higher than expected at 0.5%, pushing annual inflation up to 4.1%. (CBS 19.09)

IN DEPTH

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* 1. LEBANON: IMF Staff Concludes Visit to Lebanon

An [International Monetary Fund (IMF)](http://www.imf.org/) team visited Beirut from 11 to 14 September to discuss recent economic developments and progress on key reforms. At the end of the mission, the IMF made the following statement:

“Lebanon has not undertaken the urgently needed reforms, and this will weigh on the economy for years to come. The lack of political will to make difficult, yet critical, decisions to launch reforms leaves Lebanon with an impaired banking sector, inadequate public services, deteriorating infrastructure, worsening poverty and unemployment conditions, and a further widening of the income gap. Inflation remains in triple digits, further compressing real incomes, and foreign exchange (FX) reserves continued to decline in the first half of the year, including due to Banque du Liban's (BdL’s) financing of quasi-fiscal operations and the large current account deficit.”

“The seasonal uptick in tourism has increased FX inflows over the summer months. While this is unlikely to persist, it gives the impression that the economy has bottomed out of the crisis and is leading to complacency. However, receipts from tourism and remittances fall far short of what is needed to offset a large trade deficit and lack of external financing. The current trajectory of the external balance is unsustainable and underscores the urgency of the situation.”

“The recent decisions taken by the BdL’s new leadership to phase out the Sayrafa platform, establish a reputable and transparent FX trading platform, end the drawdown of FX reserves, curb monetary financing, and enhance financial transparency are steps in the right direction. Building on this progress, there is now the opportunity for comprehensive reforms to strengthen BdL's governance, accounting, and FX operations in line with international best practices. Moreover, all official exchange rates should be unified at the market exchange rate, which would help eliminate opportunities for arbitrage and rent-seeking that place a burden on public finances.”

“These steps should be supported temporarily by the capital and withdrawal restrictions law, and complemented with policy action from the Government and Parliament to curb the twin deficits and address the problems in the financial sector by recognizing the losses and advancing the restructuring of banks.”

“The government needs to implement a coherent fiscal strategy to restore debt sustainability and create space for social and infrastructure spending. For this strategy to be effective, improving revenue mobilization is a critical priority. The government has taken gradual action towards adjusting revenue collection to the exchange rate depreciation by adopting a more realistic rate for tax base valuation and readjusting tax schedules and fees to plausible values, which has resulted in notably higher revenues. However, more needs to be done. The 2023 budget remains lacking in terms of timeliness and coverage. It does not accurately reflect the true extent of the deficit and associated monetary financing. While on time, the proposed 2024 budget should ensure that it is consistent with the exchange rate unification process, started by BdL, and that the preferential treatment of certain taxpayers over others is avoided. It should also include sufficient resources to rebuild the tax administration to strengthen compliance and improve tax fairness. In this respect, we encourage the authorities to start implementing the key elements of the Fund’s tax policy reform recommendations, published in the 2023 Technical Assistance Report on Putting Tax Policy Back on Track and start rehabilitation plans of major SOEs.”

“A plan to restructure the banking sector is still not in place. This inaction has led to a significant decline in recoverable deposits and impedes the provision of credit to the economy. While work is progressing well on a revised bank resolution law, it needs to be completed so that the law can be resubmitted to Parliament. Amendments to the Bank Secrecy Law, which are aimed at addressing deficiencies, and the draft Law on Capital Controls and Deposit Withdrawals, are still awaiting parliamentary approval.”

“The mission team would like to thank the Lebanese authorities and all other interlocutors for the frank and constructive discussions and stands ready to continue to support the authorities with policy advice and technical assistance. We expect the next Article IV discussions to take place in the first half of 2024 to take stock of progress on key reforms and policies.” (IMF 15.09)

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* 1. KUWAIT: Fitch Affirms Kuwait at 'AA-'; Outlook Stable

On 15 September, [Fitch Ratings](http://www.fitchratings.com/) affirmed Kuwait's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA-' with a Stable Outlook.

**Fundamental Rating Strengths and Weaknesses:** Kuwait's 'AA-' rating balances its exceptionally strong fiscal and external balance sheets against a political context that makes fiscal consolidation and other reforms difficult, evidenced by the absence of meaningful fiscal adjustment and the absence of legislation since 2017 to authorize debt issuance. Fiscal and structural challenges stemming from heavy oil dependence, a generous welfare state and a large public sector and low governance indicators (below the 'AA', 'A' and 'BBB' medians) also constrain the rating.

**Exceptionally Strong External Assets:** Kuwait's fiscal and external balance sheets remain among the strongest of Fitch-rated sovereigns. We forecast Kuwait's sovereign net foreign asset position will average 505% of GDP in 2023-24, remaining one of the highest among all Fitch-rated sovereigns and more than 10x the 'AA' median. The bulk of the assets are held in the Future Generation Fund (FGF) managed by the Kuwait Investment Authority (KIA), which also manages the assets of the General Reserve Fund (GRF), the government's treasury account.

**Low Government Debt:** Gross government debt/GDP is low, at 8.7% of estimated GDP in the fiscal year ending March 2023 (FY22; gross government debt includes liabilities by government entities that borrow separately from the Treasury). However, assuming the passage of a debt law in FY24, limited fiscal reform and lower oil prices, we forecast government debt will more than double to 24% of GDP in FY25 and rise further in subsequent years, owing to projected fiscal deficits. Nonetheless, during the forecast period, we expect debt levels to remain well below the projected 2025 'AA' median of 43.6% of GDP.

**Opposition Dominates New Parliament:** Politicians critical of government policies retained a majority of elected seats after parliamentary elections in June 2023, the third since December 2020 and the seventh since 2012. The gridlock between government and parliament has undermined the government's ability to pass key legislation and implement significant reforms.

Fitch believes that while a joint committee bringing together the government and the national assembly has been set up and a new speaker elected unanimously, it is unclear if this will be sufficient to unlock the legislative process. Even if there is progress, opposition MPs may also not want to pass some laws without concessions on their populist demands, preventing speedy reform of fiscal rigidities.

**Structural Fiscal Challenge:** Nearly 80% of government spending consists of sticky current spending, including salaries and subsidies, and about 84% of Kuwaiti nationals in the labor market are employed in the public sector. The fiscal break-even oil price (excluding investment income) will remain high (at an average of around $90/bbl in FY23-FY25) and the non-oil primary deficit/non-oil GDP is extremely weak at around 90%, significantly worse than regional peers.

**Fresh Attempt for Debt Law:** The government is seeking to pass a new debt law to allow relaunching government debt issuance, which has been halted since 2017. We incorporate the assumption in our forecast, notably for government debt, that a debt law is passed in FY24, despite considerable risks of further delays. In the absence of a debt law, Fitch assumes the government would still be able to meet its limited debt service obligations in coming years given the assets at its disposal. However, the difficulties in passing the law forced the government in recent years to rely on stop-gap measures, unusual for Kuwait's rating level, to replenish the liquid assets of the GRF. The government cannot directly access the FGF's assets without parliamentary approval.

**Budget Deficits to Return:** The budget recorded a surplus in FY22 due to surging oil revenue, marking its first surplus in the past nine years under the government's reporting convention, which does not include KIA's investment interest income in revenue. The fiscal surplus was KWD6.4 billion (12% of estimated GDP), following a deficit of KWD4.3 billion (10.1% of estimated GDP) in FY21.

Fitch's budget calculations include an estimate for investment interest income, which is not officially disclosed. We forecast a return to budget deficits-to-GDP ratios of 0.7% and 0.9% in FY23 and FY24, respectively, as oil prices fall, spending pressures persist, and progress with fiscal reforms remains limited. Excluding investment income, the deficits would average 9.7% of GDP, marking a substantial increase in financing needs.

**Large Expenditure Increase:** The FY23 budget proposes an expansionary fiscal policy, with spending up 17% over the FY22 outturn, despite the assumption of lower revenues due to a lower average oil price and further oil production cuts. The budget projects salaries to rise by about 14% over FY22, reflecting the costs of nearly 22,000 new public sector hires and increased employees' allowances, while subsidies (including temporary electricity subsidies) are set to rise by 35% to cushion the impact of rising cost of living on Kuwaitis.

**Oil Assumptions and Dependence:** Our forecasts assume an average oil price of $77/bbl for FY23, down 23% from FY22, while oil output is likely to fall by 4.1% to 2.612 million b/d in FY23, due to OPEC+ supply cuts. In FY24, we assume Kuwait's average oil price falls to $72/bbl and that Kuwait's crude output will return to 2.676 million b/d as per outlined OPEC quotas. Kuwait aims to boost capacity to 3.15 million bbl/day by FY27, with increases both onshore and in the neutral zone.

Budget outcomes are highly sensitive to changes in oil price and production. A $10/bbl change in our oil price assumption for 2023 would affect the budget balance by 4. 8% of GDP, other things equal. A change of 100,000 bbl/day of production affects the budget balance by 1.5% of GDP.

**RATING SENSITIVITIES**

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

**-Structural Features:** Signs of greater pressure on GRF liquidity, for example, as a consequence of the continued absence of a new debt law or other extraordinary measures to ensure that the government can continue to make good on its payment obligations, including but not limited to debt service.

**-Public and External Finance:** Significant deterioration in fiscal and external positions, for example, due to a sustained period of low oil prices or an inability to address structural drains on public finances.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

**- Structural Features/Public Finances:** Strong evidence that Kuwait's institutions and political system are able to tackle long-term fiscal challenges, for example, through actions to implement a clear deficit reduction plan that is resilient to lower oil prices, as well as adopt a transparent and sustainable government funding strategy.

**The KIA's assets are not officially reported by the government.** Fitch estimates these assets by compounding the government's transfers into the KIA, using assumptions about returns and asset allocations that are informed by discussions with the KIA. Fitch benchmarks government transfers into the KIA and KIA investment income against the balance of payments. Fitch has sufficient confidence in these estimates to maintain the rating. (Fitch 15.09)

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* 1. EGYPT: Budget Breakdown - Addressing Egypt’s Debt Crisis

Maged Mandour posted in [Sada](https://carnegieendowment.org/sada/) on 21 September that consolidating public resources is an obvious step to help alleviate Egypt’s growing debt burden, but one that Sisi’s regime avoids at all costs.

On 31 July, Egyptian Minister of Finance Mohamed Maati announced that the debt-to-GDP ratio was expected to reach 97% during the summer, a whopping 16.8% increase from June 2022. Egypt’s external financing needs for the current and coming fiscal year will be at least $41.5 billion - excluding $14 billion owed to its Gulf allies, which is expected to be rolled over. These are clear signs of Egypt`s deepening debt crisis, with a desperate need for sources of financing.

One would expect President Abdel Fattah El-Sisi’s regime to consolidate all available public resources. However, a cursory examination reveals three different sources of public funds that are not fully integrated into the state budget: the economic authorities, the special slush funds, and the military owned enterprises.

There are 59 state-owned economic authorities operating across 12 sectors, from construction to tourism, with independent budgets that, in total, equal the entire state budget. In theory, surplus funding from the authorities could be transferred to the state budget, but they have operated at a loss in recent years - EGP169.7 billion in the current fiscal year, increasing from EGP86.3 billion in 2018 - and rely on the state budget to fill in the gap. While transfers from the state budget to the authorities must be approved by the parliament, the latter only receives an aggregate figure of the authorities’ budgets, limiting their supervisory power to review planned expenditures. Moreover, economic authorities can take out state-backed loans, estimated to reach EGP 251 billion this fiscal year, which do not appear in the state budget.

Special slush funds are directly managed by government agencies and ministries, including the ministry of defense and the interior. Although the funds were originally intended to lighten the state budget’s burden and provide flexibility to the ministries, in reality, they are operated as independent fiefdoms. No oversight mechanism was ever introduced, and the number and value of these funds remain obscure; according to the best available estimates from 2014, they total $9.4 billion, which could go a long way to alleviate the debt crisis.

Finally, there are the tax-exempt military owned enterprises, whose finances also remain concealed. Based on a statement by Sisi in 2016, the military accounts for 1.5 to 2% of the Egyptian economy ($2.39 billion to $4.46 billion). The growing military footprint and its control over economic policy has been a hallmark of Sisi’s government and one of the roots of the current debt crisis. Indeed, one of the main conditions of last year’s $3 billion IMF loan is to reform the governance structure of these entities, end their tax exemptions, and level the playing field for the private sector.

This fragmented landscape allows the regime and its allies in the state bureaucracy to appropriate public funds and obscure graft, while weakening the parliament’s ability to monitor public expenditure. The economic authorities and the military, for example, play a key role in the Sisi's quest to build the New Administrative Capital. With an estimated budget of $58 billion, this megaproject is being developed by the Administrative Capital Urban Development Company—co-owned by the Ministry of Defense and the New Urban Community Authority, an economic authority controlled by the Ministry of Housing. This ownership structure has allowed government officials to proclaim that the project is independent of the state budget, even though it uses public funds. This structure has also enabled the Sisi's government to use subsidized state-bank loans and debt to finance the project, all with no parliamentary oversight and without appearing in the state budget.

Although aggregating state resources could help the government address the deepening crisis, doing so would increase the power of parliament and weaken the ability of the regime and its allies to appropriate public funds. A fragmented and opaque budgetary landscape may help ensure the stability of the ruling coalition and the regime’s survival, but it will come at the price of Egypt’s short and long-term financial health.

*Maged Mandour is a political analyst who is a regular contributor to the Arab Digest, Middle East Eye, and Open Democracy and author of an upcoming book entitled “Egypt Under Sisi*. (Sada 21.09)

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* 1. GREECE: Moody's Upgrades Greece's Ratings to Ba1, Outlook Stable

On 15 September, [Moody's Investors Service (Moody's)](http://www.moodys.com/) upgraded the Government of Greece's long-term local currency (LC) and foreign currency (FC) issuer ratings to Ba1 from Ba3. Moody's has also upgraded the LC senior unsecured ratings to Ba1 from Ba3, and the FC senior unsecured shelf and MTN program ratings to (P)Ba1 from (P)Ba3. The FC other short-term rating has been affirmed at (P)NP. The outlook has been changed to stable from positive.

The two-notch upgrade reflects Moody's view that the Greek economy, public finances, institutions and the banking system are witnessing profound structural change that will support a continued material improvement in credit metrics and resilience to future potential shocks. In particular, the government's parliamentary majority following the June elections provides a high degree of political and policy certainty for the coming four years, fostering the ongoing implementation of past reforms and the design of further structural reforms, which supports Moody's expectation for further economic and fiscal strengthening.

The stable outlook balances these positive trends against structural challenges, which could weigh on Greece's credit profile more than Moody's currently assumes, including a comparatively low, albeit increasing investment rate, a sizeable current-account deficit, the still high government debt burden, and additional economic and fiscal challenges from ageing and climate change.

Moody's has also raised the local currency and foreign currency country ceilings to A1 from A3. For euro area countries a six-notch gap between the local currency ceiling and the local currency issuer rating, as well as a zero-notch gap between the local currency ceiling and foreign currency ceiling is typical, reflecting benefits from the euro area's strong common institutional, legal and regulatory framework, as well as liquidity support and other crisis management mechanisms. It also reflects Moody's view of *de minimis* exit risk from the euro area.

**RATINGS RATIONALE**

**Rationale for Upgrading the Ratings to Ba1:** robust growth against the backdrop of durable change in the economic model

Greece shows robust growth dynamics against the backdrop of a durable change in its economic model. Moody's projects 2.2% average annual real GDP growth for 2023-27. This is a very significant improvement compared to average growth of 0.8% per year in the five years prior to the pandemic. Investment and consumption will be the main drivers of growth, with the contribution of net exports increasing slowly.

Over the coming four years, public and private investment will be supported by funds under the European Union's (Aaa stable) Recovery and Resilience Facility (RRF). Based on progress in fund disbursements and Greece's own identification of growth-enhancing investment, Moody's expects the RRF to bring significant support to Greece's growth potential. In addition, Moody's expects the positive trend in foreign direct investment (FDI) inflows to continue on the back of better economic prospects, ongoing privatizations and further structural reforms. Taken together, this will help to lift the investment rate (measured by gross fixed capital formation) to around 18% of GDP by 2027, from 13.7% recorded in 2022.

Strong investment will contribute to the current account deficit remaining wide. Moody's projects the current account deficit to hover around 5-7% of GDP until 2027, compared to 9.7% in 2022. However, external vulnerability risks related to the large and only gradually declining current account deficit are in Moody's view mitigated by prospects of strong FDI and secure financing under the RRF over the next couple of years, which will together finance a large portion of the current account deficit.

**Strong Commitment to Fiscal Prudence & Reforms**

Moody's expects the government to maintain a policy stance that builds a track record of continued economic and fiscal reform implementation over the next four years. This is based on the rating agency's view that the government's commitment to reform implementation and fiscally prudent policies is credible and strong. In addition, there is broad consensus in society for these policies.

Institutional changes implemented over the past years, including the establishment of the Independent Authority for Public Revenues, the digitization of the public administration, and the new insolvency framework have a positive impact on government effectiveness, tax compliance, and the wider business environment.

Moody's expects further progress over the next years, building to a large part on the achievements made so far. Areas with a high relevance for Greece's credit profile include the strengthening of judicial efficiency, further improvements to tax compliance, tax incentives to increase investment, labor market reforms to increase participation rates, and measures to support the build-up of green infrastructure.

**Greece's Government Debt Burden Will Decline Steadily**

Moody's now expects an even faster reduction in the general government debt burden, which will likely decline to close to 150% of GDP as early as next year, although staying at high levels relative to global peers. This is the result of stronger real GDP growth than projected earlier, and only gradually declining inflation rates which will lead to nominal GDP growth of about 5% per year over Moody's forecast horizon between 2023-27. This compares to only 0.7% annual nominal GDP growth during the five years prior to the pandemic.

The decline in the debt burden also reflects the strong focus of the government to implement prudent fiscal policies, resulting in increasing primary surpluses. Taking into account government expenditure needs, Moody's expects Greece to achieve primary surpluses in the range of 1-2% of GDP over the coming years which reflects improving fiscal policy effectiveness.

The focus of fiscal policy will be to further improve tax compliance, mainly through increased digitization, and based on progress made so far Moody's expects the government to achieve some results. For instance, the gap between value-added tax receipts collected and what would be collected under full compliance has been reduced to around 15% currently from 29% in 2017 and around 20% in 2020. The measures that the government is implementing include increased electronic transactions, connection of cash registers and points of sale terminals with the tax authorities, and clampdown on tax evasion through increased controls, which will help reduce this gap further.

The favorable public debt structure, marked by very long average term to maturity of around 20 years, a still high share of official creditors, fully hedged interest rate risk, no foreign-currency denominated debt, and the large cash buffer which Moody's estimates will stand at around €32 billion (14.3% of GDP) by the end of 2023, further support Greece's fiscal strength and lowers its government liquidity risk over the coming years.

Greece's general government interest payments will average 5.9% of revenues over 2023-27, only slightly higher than the 5.7% average over 2018-22, and remain stronger than for instance Italy's (Baa3 negative). However, sustainably reducing Greece's debt burden below 140% of GDP will require a combination of solid nominal growth and the maintenance of sizeable primary surpluses, which is likely to become politically challenging over the medium- to long term.

**Improved Banking Sector Health Supports the Economy & Limits Contingent Liability Risk**

Indicators for banks' asset quality, profitability, and capitalization continue to improve, moving closer to the euro area and EU average. Non-performing loans (NPL) have been reduced both in amount and as share of total loans, and are now slightly below 5% according to the European Banking Authority (EBA), compared to 30% in 2020.

While the work-out of NPLs remains a challenge, Moody's expects an acceleration under the refined insolvency law. The Hellenic Financial Stability Fund (HFSF) will follow through with its divestment strategy published in January 2023, and given strong valuations and interest from foreign investors, the prospects for selling government stakes by end 2025 are good.

**Rationale for the Stable Outlook**

The stable outlook balances profound structural improvements which could deliver stronger credit metrics than Moody's currently expects, against challenges which could weigh on Greece's credit profile more than Moody's assumes.

On the upside, the popular and political consensus around continuing reforms that improve the functioning of Greece's labor and product markets and deliver fiscal primary surpluses may deliver more positive results than Moody's currently estimates.

On the downside, the sizeable current account deficit indicates that the economy's investment needs have grown faster than its savings capacity. Over time, if maintained, it could contribute to sustained inflationary pressures that would undermine Greece's competitiveness. In addition, given the size and importance of sectors like tourism and shipping, the economy is susceptible to external shocks, and further improvements with regard to economic resilience by broadening the export base will take time.

The negative impact on potential growth from ageing through lower contributions from labor, while not unique to Greece, is significant. That said, the country has catch-up potential with regards to labor force participation of women and people aged 60 years and above, while improved economic prospects together with tax incentives might help to lure back high-skilled Greek nationals who emigrated during the crisis years. (Moody's 15.09)

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