

**The FORTNIGHTLY**

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

**11 October 2023**

**26 Tishrei 5784**

**26 Rabi ul Awal 1445**

**EDI joins with all of Israel in mourning the senseless murder of over 1,000 people at the hands of Hamas terrorists. We extend our sympathy to the families of the fallen and our prayers for the speedy recovery of the wounded.**

**Written & Edited by Seth J. Vogelman\***

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Israel Officially Declares War on Hamas After Surprise Attack

On 8 October, the Israeli government formally declared war on the Hamas terrorist organization in Gaza, in response to the terrorists’ surprise attack on the Jewish state. As of press time, it was still not clear what form an Israeli response would entail.

At the outbreak of the war on 7 October, Palestinian infiltrators breached the border fence and streams of terrorists in jeeps armed with heavy machine guns started massacring civilians on the streets, and abducting hostages back to the Gaza Strip. The Hamas terrorists launched more than 3,000 missiles in less than 24 hours,

The surprise assault on Israel left more than 1,000 dead, hundreds taken hostage and thousands wounded. It was later revealed that around 260 young men and women were massacred at an outdoor party. At another location in the south, the Palestinian terrorists carried out a rampage in Kibbutz Be'eri, killing over 100, including children, women and elderly.

The White House said President Biden ordered unspecified additional support for Israel after he and Vice President Harris heard a report on the attack from national security officials. One U.S. official, New Jersey Democratic Senator Cory Booker, was in Israel at the time of the Hamas attack but sheltered safely before leaving the country the next day.

Many Israelis lined up at health centers to donate blood for their injured compatriots. The Israeli army was also working to clear out Hamas fighters who remained in the country. Hundreds of terrorists have been killed and captured. Additionally, attacks were carried out on the northern border, resulting in at least one dead Israeli. The Palestinian Islamic Jihad (PIJ) claimed reasonability for three terrorists that infiltrated from Lebanon. Since the attack, the northern border with Lebanon has seen multiple clashes.

The surprise attack on Israel by Hamas has impacted arrivals and departures at Ben Gurion airport, although Israel Airports Authority has announced that both Ben Gurion airport and Ramon airport near Eilat are open and operating for both inbound and outbound flights. Many foreign carriers including Lufthansa, Air France and Wizz Air have cancelled all flights to and from Israel, due to problems about insurance coverage, which does not allow them to fly to Israel during time of war.

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* 1. US Approves Israel's Entry into Visa Waiver Program

As of the end of November, Israelis will be able to enter the United States without a visa. Israel’s entry into the Visa Waiver Program, which now includes 41 countries, means that Israelis traveling to the United States will no longer have to go through a months-long visa application process that carried the threat of denial. It also means that Palestinian-Americans living in Judea, Samaria and Gaza will be able to enter Israel after completing a form and a short waiting period. U.S. Homeland Security Secretary Mayorkas announced on 27 September that Israel had successfully passed a three-month test of its commitment to treat Palestinian-Americans equally. As part of the program’s reciprocity requirement, The United States mandates that countries in the program allow U.S. citizens to enter without restrictions.

Israel’s membership in the program will take effect at the end of November, but its remaining in the program is not guaranteed. Mayorkas indicated in his statement that the United States will continue to monitor Israel’s compliance with its requirements, including equal treatment of Palestinian Americans. Another requirement for entry into the program is a visa refusal rate of no more than 3%, a threshold Israel met recently. A third requirement for entry into the program is intelligence-sharing standards, which Israel has in recent years made accommodations to meet.

Israel has sought entry into the program for decades, but has faced resistance for not meeting two key requirements: reciprocity and the visa refusal rate. President Biden launched a cross-departmental effort to bring Israel into the program after he met in August 2021 with then-Prime Minister Naftali Bennett. In June, 65 senators urged the Biden administration to bring Israel into the program. (JTA 27.09)

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* 1. Israel & the UK Sign a $2.1 Million Deal for Joint Innovation Projects

On 20 September, Israel and the UK signed a £1.7 million deal to strengthen ties and research collaboration in the fields of science and innovation with a focus on critical technologies. The MoU was signed in London by Israel’s Innovation, Science and Technology Minister Akunis and his British counterpart Freeman. As part of the deal, both countries will allocate a total of £1.7 million to back joint research projects in areas such as AI, health and the environment, and collaborate on the development of critical technologies, including quantum computing.

The majority of the funding, or £1.1 million, will be funneled to the Universities UK International’s UK-Israel Innovation Mobility Scheme, supporting UK-based researchers to travel to Israel and work jointly with Israeli partners at the country’s leading institutions. Another £600,000 will be earmarked for the UK-Israel quantum collaboration, led by the UK Atomic Energy Authority, to develop disruptive new quantum technologies that could eventually be rolled out commercially, to underpin the workings of quantum computers.

Earlier this year, Israeli Foreign Minister Cohen and British Foreign Secretary Cleverly signed an agreement in London setting the agenda for bilateral economic, security and technology ties. As part of the 2030 roadmap for UK-Israeli bilateral relations, it was agreed to place a particular focus on technological innovation, with around £20 million of joint funding committed in the agreement. The process of laying out the nature of the bilateral relationship began in November 2021, almost two years after the UK left the European Union. A MoU was signed the time saying the agreement would lead to a free trade deal, increased security cooperation and joint development of high-tech projects. (Various 21.09)

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* 1. Israel & Germany Sign a $3.5 Billion Deal for the Sale of the Arrow 3 Missile System

On 28 September, Israeli Defense Minister Gallant signed a letter of commitment in Berlin for the sale of the Arrow 3 long-range anti-ballistic missile system to Germany, the largest single security deal advanced by Israel to date. The signing marks the strengthening of security ties between the two states. Gallant also discussed security threats and regional challenges for Europe and the Middle East with his German counterpart.

The Arrow 3 — developed and produced by Israel Aerospace Industries (IAI) together with the US aerospace company Boeing — is Israel’s most advanced long-range missile defense system. IAI began testing Arrow 3 in 2011. The system can intercept ballistic missiles carrying nuclear, chemical, biological or conventional warheads while they are still outside Earth's atmosphere. A divert motor enables the Arrow 3 missiles to change trajectory while in flight. The missiles have a flight range of up to 2,400 km. With the Arrow 3 ready for manufacture, IAI and Boeing are already at work developing the next phase of the system, Arrow 4.

American officials had announced their approval of the Arrow 3 sale to Germany in August. The full contract, worth $3.5 billion, was to be signed by the end of 2023, after final approval from the Israeli and German legislatures. In the first phase of the agreement's implementation, Germany will transfer 600 million euros to Israel to start production, most of which will take place in Israel, with a small part being undertaken in the United States. The German-Israeli deal took root against the backdrop of the war in Ukraine and Germany’s subsequent desire to bolster its aerial defenses. (Al-Monitor 28.09)

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* 1. Second Israeli Minister 'Received Warmly' in Saudi Arabia Amid Normalization Push

On 2 October, Israeli Minister of Communications Karhi and Likud lawmaker Bitan, the head of the Knesset’s finance committee, landed in the Saudi capital Riyadh to participate in the 2023 congress of the Universal Postal Union. Minister Karhi is now the second Israeli minister to publicly travel to the kingdom after the recent visit by Tourism Minister Katz and the third by an official Israeli delegation in the last three months. Shortly after landing in Riyadh, his office said that the minister was "received warmly" by the Saudi hosts. The office also said the visas for the Israeli delegation were accorded a few weeks ago, with the Saudis being helpful in the planning of the visit. (Al-Monitor 5.10)

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* 1. Israel's Defense Exports on the Rise With Drone Customers Up 40% Since 2020

The number of countries receiving defense exports from Israel has risen considerably in the past three years, further indicating the growth of Israel’s defense sector.

Israel approved the sale of drones to 56 countries in 2022, up from 41 countries in 2021 and 40 in 2020 — an increase of 40% over the three years. Israel also approved the sale of munitions to 61 countries in 2022, compared to 60 in 2021 and 42 in 2020, constituting a 45% increase over the three years. Israel approved the sale of intelligence and cyber systems to 83 countries in 2022, up from 70 in 2021 and 67 in 2020. This was an increase of 24% from 2020 to 2022, according to Israeli Defense Ministry data.

The number of countries to which Israel is selling training programs is also on the rise. Israel approved the sale of 17 such programs in 2022, up from five in 2021 and just two in 2020. Israel made $12.55 billion in defense exports in 2022. This was the second record-breaking year in a row for defense exports. About a quarter of the agreements in 2022 related to drones, the Ministry of Defense said in June. This boost in sales continued in 2023.

The increase in defense exports has been aided by the 2020 signing of the US-brokered Abraham Accords, which established full relations between Israel and the United Arab Emirates, Bahrain and Morocco. In 2022, Israeli defense exports to Arab countries were close to $3 billion. In 2021, defense exports to the UAE and Bahrain amounted to around $850 million. (Al-Monitor 02.10)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Gem Security Raises $23 Million in Series A Round to Stop Cloud-Native Threats

Tel Aviv's [Gem Security](https://www.gem.security/), which has developed a Cloud Detection and Response (CDR) platform, has raised $23 million in Series A funding. The round was led by GGV Capital and joined by IBM Ventures, as well as notable angel investors, and existing investor Team8. This round follows the Seed round led by Team8 in February, and brings Gem’s total funding to $34 million.

Gem Security has developed a purpose-built CDR platform that shortens the time to detect, investigate and contain cloud-native threats. The platform centralizes real-time visibility into multi-cloud environments, as well as provides forensics and incident timelining to understand the root causes of a cloud breach.

Gem is the only solution that provides a holistic approach for SecOps teams to tackle cloud-native threats. Instead of spending months writing custom detection rules, manually combing through logs for investigation and struggling to stop attackers moving through the cloud environment, teams can get all the cloud context they need from a single platform. But instead of requiring organizations to adopt yet another single pane of glass, Gem’s approach integrates this context into existing SecOps workflows (SIEM/SOAR, IAM, CSPM, ticketing systems, etc.), dramatically lowering the burden on teams already overwhelmed with increasing numbers of security tools and significantly shortening organizational timelines for cloud security transformation. (Gem 27.09)

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* 1. Senser Launches with $9.5 Million to Disrupt Legacy Observability Technology

Senser emerged from stealth with $9.5 million in seed funding to launch an AIOps platform that leverages Extended Berkeley Packet Filter (eBPF) technology to provide enterprises with deep insights into their complex cloud and IT environments. The seed round was led by Eclipse with participation by Amdocs and other private investors.

Harnessing the power of groundbreaking eBPF technology, Senser's platform enables dynamic, non-intrusive data collection with zero instrumentation or configuration required. The platform also leverages machine learning (ML) to deliver automated insights into root cause and business impact when issues like outages or service degradations arise. Senser's AI-powered chatbot enables users from a variety of technical backgrounds to quickly answer critical questions about their production environment using only natural language prompts.

Ramat Gan's [Senser](https://senser.tech) is the AIOps platform that delivers immediate intelligence into an enterprise's production environment, with zero instrumentation or configuration required. The platform harnesses the power of eBPF for deep, non-intrusive data collection across distributed systems – and uses machine learning (ML) to automatically identify the root cause and business impact of outages and service degradations, accelerating time to detect and remediate issues. (Senser 27.09)

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* 1. Enlight Secures PPA for the Pupin Wind Farm in Serbia

Enlight Renewable Energy was awarded a 15-year inflation-linked power purchase agreement (PPA) for the Company’s Pupin wind farm in Serbia. Under the PPA, the state-owned utility Elektroprivreda Srbije will purchase 72% of the project’s output at a price of €69 per MWh linked to Eurostat's Consumer Price Index. The remainder of the electricity produced will be sold on a merchant basis.

With a total generation capacity of 94 megawatts, the Pupin project will cost $149-157 million, and is expected to generate revenues of $22-24 million and EBITDA of $13-15 million in its first full year of operation. Enlight has recently signed a binding agreement to acquire a 66% stake in the project from its partners, which is subject to approval by the Serbian regulator. The Company will own 100% of the project after completion of the acquisition.

Founded in 2008, Rosh HaAyin's [Enlight](http://www.enlightenergy.co.il) develops, finances, constructs, owns, and operates utility-scale renewable energy projects. Enlight operates across the three largest renewable segments today: solar, wind and energy storage. (Enlight 02.10)

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* 1. Cato Networks Raises $238 Million in Equity Investment at Over $3 Billion Valuation

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. This up-round’s valuation underscores investor confidence in Cato’s massive market opportunity and its SASE platform’s disruptive and transformative power.

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 our high-velocity train of innovative capabilities. Cato’s vision has been met with enthusiasm in the market. In 2022, the company crossed the $100 million ARR mark, growing revenues at over 60% year-over-year. Cato’s gross dollar retention rate of over 95% is a strong testament to the improvements in security, agility and performance experienced by our customers.

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 19.09)

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* 1. Stampli Raises $61 Million for its AI-Powered Accounting Platform

Tel Aviv's [Stampli](https://www.stampli.com), a startup using artificial intelligence to make accounting teams more productive, has closed a $61 million late-stage funding round led by Blackstone. The Series D round also included the participation of returning backers Insight Partners, SignalFire, Bloomberg Beta and NextWorld Capital. Stampli’s total outside funding now stands at $148 million.

Stampli offers a software platform that promises to ease accounting teams’ so-called accounts payable workflow, or the task of paying supplies. The company says its software can reduce the amount of time involved in processing supplier invoices by more than 70%. Stampli uses an AI bot dubbed Billy to automatically extract the contents of paper and PDF invoices. The bot can automatically enter the data it collects into a company’s enterprise resource planning, or ERP, application. Such applications are used by organizations to store invoices and other important business information.

One of Stampli’s core selling points is that its platform can be implemented without making any major changes to an organization’s ERP application. According to the company, its platform includes more than 70 ready-to-use integrations with popular ERP products. Stampli says those integrations make it possible to set up its software in days rather than the months the task usually requires.

Besides entering invoice data into ERP applications, Stampli’s AI also checks the data for errors. The company says its platform can compare a supplier’s invoice against the associated purchase order, the document specifying what merchandise the supplier was commissioned to deliver. It also checks the goods receipt, a record used to confirm that the merchandise was delivered. (Stampli 03.10)

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* 1. PerfectScale Secures $7.1 Million Investment to Revolutionize Kubernetes Optimization

PerfectScale has successfully closed $7.1 million in seed funding, led by Blumberg Capital with participation from previous investor UpWest, and additional investors Prelude Ventures, K2 Access Fund, Inner Loop Capital, Triangle Tweener Fund and Firestreak Ventures. The latest investment brings the company’s total funding to nearly $10 million, since its founding in March 2022.

PerfectScale's Autonomous Kubernetes Optimization and Governance Platform streamlines Day 2 operations by empowering teams to take control of their Kubernetes environments. The easy-to-use solution enables any Kubernetes practitioner, from novice to expert, to right-size and right-scale environments - perfectly balancing the demand, performance and cost of their application. With PerfectScaler - PerfectScale’s automated Kubernetes scaler, the manual efforts and risks associated with optimizing resource capacity are eliminated. The automated actions safely self-optimize and self-heal the infrastructure, while adjusting to constant changes impacting the environment. As a result, DevOps and SRE teams can enjoy more resilient, highly available applications with less service level agreements (SLAs) breaches, better cost containment, and the environmental sustainability of their entire K8s infrastructure.

Tel Aviv's [PerfectScale](http://www.perfectscale.io)’s Autonomous Kubernetes (K8s) Optimization and Governance Platform makes it easy for DevOps, Platform Engineering and SRE professionals to improve the stability and cost-effectiveness of their complete K8s environment. The solution is the industry's only production-ready automation platform that can safely and autonomously right-size your environment to enhance resilience and availability, eliminate waste, and reduce carbon emissions. (PerfectScale 03.10)

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* 1. New Direct Flights from Israel to Mexico Set to Reduce Travel Time and Costs

Israeli Transport Minister Regev has reached an agreement with her Mexican counterparts to introduce direct flights between Israel and Mexico City and Cancun. This development is expected to significantly shorten travel times to these popular destinations, which currently require intermediate stopovers, extending the journey to anywhere from 18 to 30 hours. The extended layovers have been a major inconvenience for travelers, both in terms of time and costs.

During her visit to Mexico, Transport Minister Regev had the opportunity to inspect the airports in Mexico City, including the newly constructed international airport known as Felipa Angeles (AIFA), as well as the international airport in Cancun. She also met with the Minister of Transportation of Mexico City, Andres Lajo, to discuss mutual transportation challenges, such as congestion management and smart transportation solutions. The Mexican Minister of Transportation and his deputy received an official invitation to participate in an international transportation conference focusing on artificial intelligence, scheduled to take place in Israel in November. (i24NEWS 05.10)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Late-Stage Venture Capital Funding Rises 20% in MENA Despite Global Decline

Late-stage venture capital funding for startups in the Middle East and North Africa has grown 20% year-on-year so far in 2023, new data shows, whereas global funding activity of this type has seen a 49% decline from last year. The data from a new venture capital funding report by the Dubai-based data company MAGNiTT found that MENA startups raised $643 million in late-stage funding during the first six months of 2023, with 85% of the deals exceeding $100 million. The MENA region reported a 20% annualized growth in late-stage funding since 2018, signaling a robust growth trajectory in the region.

International investors have historically funded late-stage rounds in MENA. This year, MAGNiTT saw a shift in investor dynamics, as global VC companies shied away from the region and regional investors stepped in to fill the vacuum.

Egyptian fintech company Halan, online grocery delivery service Nana and UK- and Middle East-based flower and gifting business Floward secured over 85% of the total late-stage funding in the first half of 2023. Many economies in the region, such as Saudi Arabia and the United Arab Emirates, have been diversifying away from their reliance on oil and toward technological advancement. That too has presented new opportunities for venture capitalists. (Al-Monitor 06.10)

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* 1. Hub71-based Cypherleak Raises $750,000 in a Seed Round

Dubai's [Cypherleak](https://cypherleak.com/), a cyber risk monitoring and scoring startup, has successfully closed a $750,000 seed round from investors based in Abu Dhabi, Morocco and Qatar. This investment from entities, including Maroc Numeric Fund II and Qatar Insurance Company, will help drive the company’s expansion across the Middle East and Africa (MEA) region.

Cypherleak specializes in simplifying advanced risk monitoring for smaller companies, eliminating the need for extensive cybersecurity technical expertise. By only utilizing the domain name, the startup allows organizations to track their leaked passwords and information on both the public web and dark web, and enables them to identify the full extent of their attack surface and pinpoint vulnerabilities affecting their infrastructure.

Since its launch in April 2022, Cypherleak has rapidly established itself as a critical player in the cybersecurity industry. The company employs machine learning and advanced risk models to deliver customized security ratings based on many cyber risk factors tailored for each customer. One of the most compelling use cases for Cypherleak’s technology is cyber insurance underwriting. The company’s cyber risk monitoring capabilities empower insurers to provide continuous value-added risk monitoring and mitigation services to their cyber-insured customers throughout the coverage period. (GB 27.09)

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* 1. ClearPier Acquires UAE’s MQuest for $35 Million

Toronto, Ontario's ClearPier, one of the world’s leading performance advertising technology companies, is acquiring UAE-based Media Quest Group (MQuest) for $35 million. The deal is the latest in Clearpier’s strategic sequence of acquisitions. The company has persistently expanded its data and tech-driven performance marketing capabilities to serve clients globally – and with the MQuest acquisition, it further strengthens its offering in not only North America but also across GCC and Europe. With the addition of MQuest, the company now operates in 17 countries, with more regions onboarding every quarter.

Dubai's [MQuest Group](https://www.mquestgroup.com/), a pioneering enterprise in the data-centric marketing industry, has built its reputation on the foundation of an innovative customer acquisition engine that bridges the gap between advertisers and consumers exhibiting high purchase intent. Established fewer than three years ago, the company is the brainchild of accomplished industry veterans with diverse backgrounds spanning decades, with expertise in digital media, start-up ventures, and revenue optimization. Their leadership has positioned MQuest Group at the forefront of successful customer acquisition and strategic marketing solutions. MQuest will remain an independent company within the ClearPier Group. (ClearPier 26.09)

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* 1. Lucid Group Opens its First International EV Plant in Saudi Arabia

EV maker Lucid Group, an American manufacturer of electric luxury sports cars and grand tourers headquartered in Newark, California that is backed by Saudi Arabia’s Public Investment Fund — inaugurated its first overseas production facility in Jeddah’s King Abdullah Economic City (KAEC) after obtaining the operating license for its manufacturing unit. The Advanced Manufacturing Plant (AMP-2) will contribute to Saudi Arabia’s target of having EVs make up 30%of new car sales in the kingdom by 2030.

Planned production capacity: In the first production phase, the automaker plans to have a 5,000 EV manufacturing capacity of its flagship Lucid Air cars per annum, for which it recently secured the 2023 World Luxury Car Award. AMP-2 has already kicked off operation on semi-knocked-down kits (SKDs) — vehicles that arrive at a plant with the body already welded and coated or painted, along with nearly all the parts needed for assembly. The company plans to produce 155k EVs yearly in Saudi Arabia once full-fledged production capacity is achieved by 2025. Lucid aims to build a full production plant in the country that could potentially earn the EV manufacturer $3.4 billion over 15 years. Construction of the facility began in May 2022. (Enterprise 28.09)

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* 1. Saudi Binladin Wins Seven Entertainment Complex Contracts

Saudi Binladin Group has won contracts worth around ($1.3 billion) from Saudi Entertainment Ventures (Seven), a wholly-owned subsidiary of the Public Investment Fund (PIF). The contracts were awarded to build Seven's two entertainment destinations in Dammam and Alkhobar regions in the Kingdom's eastern province. The entertainment complex in Alkhobar will be built on reclaimed land on the Alkhobar waterfront. The complex spans around 300,000 sq. m and is also known as "The Waves". The Dammam entertainment complex spans 360,000 sq. m and will also be built on reclaimed land on the Dammam waterfront.

So far this year, Seven has awarded contracts worth approximately SR8.5bn for the development of its entertainment destinations across the kingdom. In February this year, MEED reported that the joint venture of Al-Bawani and Urbacon had been awarded contracts totaling SR2.4bn ($640m) for the construction of three entertainment complexes in Saudi Arabia. The contracts covered the construction of entertainment projects in Tabuk, Yanbu and Medina.

The Tabuk project involves the construction of an immersive center, a Discovery Adventures center, a 12-hole indoor adventure golf course, a 10-lane bowling alley, a 10-screen cinema, retail, food and beverage outlets, an e-karting circuit and other associated buildings. The scheme is designed by US-headquartered architect Gensler. The other consultants working on the scheme are Lebanon’s Dar al-Handasah and the local office of KEO International Consultants. The project manager is France-based Egis.

Seven plans to invest $13.3 billion in developing 21 integrated entertainment destinations in 14 cities in the kingdom, as Riyadh pursues its strategy to move away from hydrocarbons, create jobs and improve the quality of life for citizens and residents. The complexes are intended to help position the kingdom in the post COVID-19 era as an entertainment, culture and tourism hub for the region. The new destinations will be developed in partnership with global entertainment brands including Warner Bros. Discovery, Clip’ n Climb, Mattel and Transformers manufacturer Hasbro. (MEED 04.10)

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* 1. Jisr Closes a $30 million Series A Round by Merak Capital

[Jisr](https://www.jisr.net/), the largest platform for digitizing human resources operations in Saudi Arabia, has closed an investment round worth $30 million. This marks the largest Series A investment round for a Software as a Service (SaaS) company in the Middle East. The deal was done by Merak Capital, a leading investment firm focused on technology opportunities across multiple stages and industries. This investment underscores the investors' confidence in Jisr's growth and its commitment to advancing modern HR technology, expanding its product offerings, and supporting organizations in optimizing their human capital.

Jisr, founded in 2016, stands as the first Saudi human resources management platform, supporting over 3,000 clients with 350,000 registered employees. Jisr caters to 16 sectors and operates from its offices in Riyadh and Hadhramaut. Jisr's HR technology system is a game-changer in the Middle East and North Africa. It combines all HR operations into one platform, helping organizations grow and innovate by providing the necessary tools to make the most of HR technology.

Jisr has positioned itself in a rapidly changing world as a trusted partner for leading companies in the Kingdom aspiring to digitize human resources. They aim to evolve the concept from merely a workforce management system to a modern technical platform that seeks to bring about a revolutionary change in human resources operations. (Jisr 04.10)

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* 1. Saudi Aramco’s VC Arm Leads $3.4 Million Funding for Egypt’s Intella

Saudi Aramco’s Wa’ed Ventures, along with another Saudi Arabian venture capital fund Hala Ventures, has led a funding round that raised $3.4 million for Intella, a market research start-up founded in Egypt. The pre-Series A round was also participated by Sanabil500 and INSEAD’s alumni angel network, along with other investors.

Like Aramco’s $500 million venture capital fund Wa’ed, Hala also supports tech start-ups, particularly those in early stages. The fresh capital will be used to support Intella’s expansion into the Saudi market and the development of end-to-end artificial intelligence (AI) models localized for the MENA region.

Founded in 2021, Giza's [Intella](https://www.intellaworld.com/%E2%80%8E) is focused on delivering real-time intelligence to companies, including market research, multi-dialect Arabic voice transcription and chatbots. Its clients include government entities, small businesses, financial institutions and start-ups. (Zawya 04.10)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. UAE Inaugurates First Wind Power Plants Ahead of COP28

The UAE has inaugurated its first wind program, as the country is stepping up its fight against climate change ahead of the COP28 climate summit later this year. The UAE wind program builds on the country’s efforts to develop alternative energy sources, which began with the establishment of the region’s first wind power station on Sir Bani Yas Island in 2004. Abu Dhabi Future Energy Company (Masdar) has built 103.5 MW of wind capacity across four sites, which includes a 45MW wind farm on Sir Bani Yas Island. The other wind farm locations include Delma Island (27MW), Al Sila in Abu Dhabi (27MW), and Al Halah in Fujairah (4.5MW).

The project, which was inaugurated by Sheikh Khaled bin Mohamed bin Zayed, Crown Prince of Abu Dhabi and Chairman of the Abu Dhabi Executive Council, will further diversify the UAE’s energy mix and advance the country’s energy transition. The UAE wind program is expected to power more than 23,000 homes a year. It will displace 120,000 tonnes of carbon dioxide, which is equivalent to removing more than 26,000 petrol-powered cars from the road annually.

Masdar, the state-owned renewable energy firm, has been pioneering clean energy since 2006. It launched the 100 MW Shams project a decade ago, which was the first concentrated solar power plant to be developed in the Middle East. The UAE wind program is also creating a foundation of critical scientific wind data, which will form the basis of the UAE’s next phase of development. (Gulf Business 06.10)

ARAB STATE DEVELOPMENTS

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* 1. Lebanon’s Inflation Hits High of 229.85% in August 2023

According to Lebanon's Central Administration of Statistics (CAS), the inflation rate registered another high level of 229.85%. Certainly, inflation has been persistently elevated though it slightly cam lower in August compared to July 2023, however it remains driven by overall high prices across various sectors given the fact of the adoption of dollarization for everyday expenditures and the increased customs dollar rate that played a pivotal role in sustaining this upward trend in prices.

In details, the cost of Housing and utilities, inclusive of water, electricity, gas and other fuels (grasping 28.4% of the CPI) added a yearly 232.84% by August 2023. Also, Owner-occupied rental costs increased by 322.02% year-on-year (YOY) and the prices of water, electricity, gas and other fuels followed a significant increase by 155.42% YOY. Looking at the prices of Food and non-alcoholic beverages (20% of CPI), it surged by 274.24% yearly. The average prices of Transportation (13.1% of the CPI) and Health (7.7% of the CPI) recorded hikes of an annual 230.78% and 235.08% respectively by August 2023. Also, Restaurant and Hotels (2.8% of CPI) increased yearly by 269.33% by August 2023. In the same token, costs of Clothing and Footwear (5.2% of CPI) surged by 249.30% by August 2023, and the prices of Communication (4.5% of the CPI) increased by 135.24%. Finally, prices of Furnishings and household equipment (3.8% of CPI), Alcoholic beverages and tobacco (1.4% of CPI), and Recreation, amusement, and culture (2.4% of the CPI) increased by 212.56%, 359.36%, and 154.74%, respectively. (CAS 03.10)

►►Arabian Gulf

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* 1. Pakistan & the GCC Sign an Initial Free Trade Agreement

The Gulf Cooperation Council has made a preliminary free trade agreement with Pakistan. The preliminary deal was signed by GCC Secretary General Al Budaiwi and Pakistan's trade minister Ejaz at the headquarters of the General Secretariat in Riyadh. There will be an internal administrative and approval process before the final trade deal is signed and comes into effect.

Pakistan’s Commerce Ministry noted that once signed, it is likely to be the first free trade agreement by the GCC with any country since 2009, when it signed a pact with the European Free Trade Association, comprising Iceland, Liechtenstein, Norway and Switzerland. The GCC has one other FTA, with Singapore, and is in the process of negotiating more with Britain and several other countries.

Last year, GCC and Pakistani officials held technical talks about the possibility of a trade agreement that would help Pakistan increase its exports to the bloc. In March this year, Pakistani diplomats met with GCC counterparts in Riyadh to discuss the agreement and in June, Pakistan established a Special Investment Facilitation Council to spur foreign direct investment in the country, particularly from Gulf nations. The council identified agriculture, defense production, energy, information technology and mining as the five sectors it would prioritize as the country looks to recover from an economic crisis and wide trade deficit.

Saudi Arabia, Qatar and the Emirates have poured billions into the cash-strapped country to help it deal with its foreign currency reserves crisis. Pakistan has also experienced political instability in recent years, with its former Prime Minister Khan being jailed on corruption charges in August after being ousted in 2022. Khan denies the charges. (Al-Monitor 29.09)

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* 1. UAE's EDGE Acquires Brazilian Weapons Firm SIATT

The United Arab Emirates' state-owned EDGE Group, a defense technology firm, acquired a 50% stake in SIATT, a Brazilian high-tech weapons systems company. The deal was signed at SIATT’s headquarters in the southeastern city of Sao Jose dos Campos. The company did not disclose the financials of the acquisition, which follows the EDGE Group's signing of a strategic partnership in June with the Brazilian navy to develop missile technology. The company said the deal with SIATT is “part of” that partnership.

The deal represents another sign of strengthening ties between the UAE and Brazil, the largest economy in South America. In April, Brazilian President Lula da Silva visited the UAE, where he met with his Emirati counterpart, Mohammed bin Zayed. During the visit, the two countries signed deals focused on energy and sustainability and worth more than $2.5 billion. UAE Minister of State for International Cooperation Reem bint Ebrahim Al Hashimy also led a delegation to Brazil in June.

In August, the BRICS group offered membership to the UAE along with Egypt, Iran and Saudi Arabia among others. Brazil is already a member of BRICS along with China, India, Russia and South Africa. Earlier in September, the UAE and Brazil launched a partnership to share economic expertise. Bilateral non-oil trade amounted to more than $4 billion in 2022, up 32% from the previous year. (Al-Monitor 29.09)

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* 1. Contractors Start Building the Abu Dhabi Light Rail

Contractors have started work on the first phase of Abu Dhabi's long awaited light rail transit (LRT) system. The construction works are being carried out by the local National Infrastructure Construction Company (NICC) and National Projects & Construction (NPC). Phase one includes the construction of a tram link through Electra Street, Al-Maryah Island and Al-Reem Island. The line will be 8.4 kilometers long and consists of 15 stations and one depot. The contract to build the depot is being tendered.

The project is being implemented by Abu Dhabi Transport Company (ADTC), which was formed in March this year to implement, operate and develop transport systems in rural and urban areas across the emirate. The company will develop rail systems and all other related services and operations and provide integrated transport services, including the rental of vehicles and buses. Abu Dhabi invited firms earlier this year to express interest in a contract for completing consultancy work for the first phase of Abu Dhabi’s planned light rail transit (LRT) system. (MEED 05.10)

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* 1. Oman's Oil & Gas Sector Drives 30% of GDP Growth in 2022

Oman's nominal gross domestic product (GDP) grew 30% in 2022, carried by the country’s hydrocarbon sector, which mainly consists of oil and gas, according to the Central Bank of Oman (CBO) 2022 Annual Report. Oman’s hydrocarbon sector growth rate was 61.6% from 2021 to 2022, compared to non-hydrocarbon sector growth at 16.9% during the same period, according to the report. This is a major jump compared to the year before, which saw Oman’s 2021 nominal GDP at 16.1% and its hydrocarbon sector growing at a rate of 38.5% on the back of sharp increases in global crude oil prices.

The country’s real GDP growth — economic expansion after factoring in inflation — in 2022 did not see as significant of a rise, reaching 4.3% compared to 3.1% the year before. The CBO report attributed this widening of both nominal and real GDP to “favorable oil prices” and Oman’s national reform and diversification policies set through its Vision 2040. The average price of oil in Oman in 2022 was $95.40 per barrel, which is 48.4% higher than the year before, according to the report. Oil production in the coastal Gulf state also grew 9.6% compared to 1.9% in 2021.

Yet this year doesn’t seem to promise the same economic trajectory for the Gulf’s oldest state. The International Monetary Fund (IMF) predicts that Oman will hold one of the Middle East’s lowest growth rates in 2023 at 1.7%, likely due to oil production cuts by OPEC+ members (including Oman) since last August that have reached 3.66 million barrels per day. The IMF expects a major shift in the opposite direction for 2024, stating that Oman will likely see the region’s highest regional growth of 5.2%.

Increased government spending, which accounted for a third of total consumption in 2021, along with increasing investment inflows in Oman’s construction sector are seen as contributors to the country’s growth next year. This is in addition to the reopening of China in early 2023, which absorbed 82% of Oman’s oil exports in 2022, and the country’s development of its renewable sectors. (Al-Monitor 25.09)

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* 1. Abu Dhabi’s Non-Oil Economy Grows 12.3% Riding on Diversification Push

Abu Dhabi's total GDP saw an increase of 3.5% in Q2/23 compared to the same period last year and its non-oil economy grew by 12.3% in Q2, owing to the emirate's economic strategies and policies designed to foster development. Abu Dhabi non-oil economic activities have maintained growth in Q2/23, raising the value of the emirate's real non-oil GDP to $42 billion, the highest since 2014.

According to statistical estimates, growth in economic activity in the construction sector increased by 19.1% year-on-year (YoY), reaching the highest quarterly value added since 2014 at AED25.3 billion. The financial sector exhibited growth in Q2/23, reaching its highest growth rate since 2014, at 29.7%. The sector's value added has also escalated to over AED18 billion for the same quarter, a five-year high.

Quarterly growth in the manufacturing sector continued to rise by 7% compared to the same period last year. The sector recorded its highest quarterly value added since 2014, achieving AED25 billion during the Q2/23. The wholesale and retail trade activities reached its highest quarterly value since 2014 at AED16.7 billion, contributing 5.8% of the total GDP in Q2/23. (Zawya 02.10)

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* 1. Italy's FM in Saudi Arabia to Talk Energy Partnerships As Ties Grow

Italian Foreign Minister Tajani paid a two-day visit to Saudi Arabia to discuss energy partnerships, reducing illegal migration and strengthening economic cooperation, including the kingdom’s Vision 2030 program to reduce its dependence on fossil fuels. On 4 September, the first Italian-Saudi Forum was held in Milan, where a memorandum of understanding was signed between the Italian Business Ministry, Made in Italy and the Saudi Investment Ministry. Tajani said that as part of becoming an energy hub for the European market, Italy wants to increase energy cooperation with the Gulf country, particularly in hydrogen and renewables.

More than 150 Italian companies are operating in Saudi Arabia in a wide range of sectors, including energy, aerospace and infrastructure. Italian exports to Saudi Arabia were €4.1 billion in 2022, a 24% increase from the previous year. Imports from Saudi Arabia were €7.4 billion in 2022, reflecting the high cost of oil due to inflation and the war in Ukraine. The government of Italian Prime Minister Meloni has worked to strengthen ties with Saudi Arabia and the UAE. (Al-Monitor 04.10)

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* 1. Saudi Arabia Projects $21 Billion Deficit as its Economy Diversifies from Oil

Saudi Arabia updated its economic forecast for the next few years, saying it expects a $21 billion deficit for the financial year ending in 2024 — or around 1.9% of the country’s GDP — and deficits until at least 2026. It has previously forecasted surpluses each year until 2025, but making oil cuts and funding mega projects as part of Vision 2030 to expand its non-oil economy has forced the kingdom to revise its targets. It now predicts only 0.03% growth overall — including 5.9% growth in the non-oil economy. Last December, it projected a surplus of 0.4% of its GDP.

It is estimated that total expenditures will reach $333.56 billion and total revenues of $312.49 billion. The kingdom cited reasons for this downgrade as “continued efforts to increase the efficiency of spending and fiscal consolidation, strengthen fiscal sustainability and implement economic and fiscal reforms.” Those reforms have to do with the kingdom’s Vision 2030 program to diversify the economy away from oil.

Saudi Arabia was among the world’s fastest-growing economies last year with almost 9% GDP growth after a petrodollar boom amid a global rise in energy prices due to inflation and the Ukraine war. Oil still accounts for around 90% of the kingdom’s revenues. After Saudi Arabia led the OPEC+ group to cut crude production last year and continued voluntary output cuts for several months this year, the country is feeling the economic effect of reduced oil revenues. The Saudi Energy Ministry has said these cuts were introduced to help stabilize the market. (Al-Monitor 02.10)

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* 1. Saudi Arabia Approves the Saudi-Kuwait Rail Link Project

On 26 September, Saudi Arabia’s cabinet approved a Saudi-Kuwait rail link project. The Saudi Transport and Logistics Services Ministry had been tasked to negotiate with Kuwait for a draft agreement for the project. The railway, which will be used by freight and passenger trains, is a single track line spanning 111 km. from the Nuwaiseeb Port on Saudi Arabia’s northern border with Kuwait to Al Shadadiyah in Kuwait.

Saudi Arabia’s state-owned national railway firm Saudi Railway Company and the Saudi Transport General Authority in May chose French transport and mobility engineering company Systra to complete the feasibility study for the project. The study will also cover the passenger terminal, cargo yard, and border facility at Saudi Arabia, and will see Systra provide estimates for the costs of construction, operations, and maintenance.

GCC countries are working on a 2,000 km railway linking the six member states together. The proposed project is expected to cost over $15 billion. Although the project was initially ratified in 2009, progress had been delayed for several years, with feasibility and traffic studies just recently being completed. The GCC Railway Authority is currently coordinating with each country to ensure that they follow uniform standards and guidelines in building the railway. (Enterprise 27.09)

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* 1. Saudi Arabia's Unemployment Rate Falls to 4.9% in Second Quarter

Unemployment rate in Saudi Arabia fell to 4.9% in Q2 2023, down 0.9% from the same period last year. For Saudi nationals, the rate fell to 8.3% in Q1 from 9.7% in the year-ago period. Among Saudi females, the unemployment rate fell to 15.7% in Q2, from 19.3% in the year-ago period, according to new data released by the General Authority for Statistics (GASTAT).

However, labor force participation rate among women also fell slightly from the previous quarter to 34.1% from 34.4% in the year-ago quarter and 35.4% in the previous quarter, bucking the recent trend of higher participation that followed unprecedented reforms in laws and regulations relating to them in a bid to grow the non-oil economy. A recent report by financial information and analytics firm S&P Global showed that Saudi Arabia’s labor market reforms have led the country’s female labor force participation rate to nearly double in 2016-2022 to almost 36% in 2022 from 19% in 2016.

The OPEC’s biggest oil producer expanded its GDP by 8.7% in 2022, and was the fastest growing G20 economy, according to the IMF. However, voluntary cuts to oil production this year and lower prices have hit oil revenues that will drag expansion to 1.9% or even lower, IMF said. Despite this, non-oil GDP is seen to grow at 4.9% this year. (Zawya 28.09)

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* 1. Saudi Fund for Development Signs $70 Million Deal for Bahamas Airport Project

The Saudi Fund for Development (SFD) has signed a $70 million agreement for a mega airport project in the Bahamas. The deal, signed with the Tourism, Investments and Aviation of the Commonwealth of the Bahamas, is to fund the Family Islands Airports Renaissance project. The $260 million project seeks to transform 14 family island airports.

Last March, the government of Bahamas launched a Public Private Partnership (PPP) scheme to engage qualified concessionaires in the private sector to build, finance, operate and/or maintain the 14 airports. Under the PPP scheme, the ownership of the airports will be retained by the government, but private partners will be granted a concession and lease for the airports up to 30 years. (Zawya 28.09)

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* 1. Saudi Arabia Seeks to Expand Coffee Production to Boost Economy

Saudi Arabia is looking to increase coffee production to further support diversification efforts and boost its economy. The kingdom, which is home to more than 400,000 Arabica coffee trees that produce more than 800 tonnes a year, aims to plant an additional 1.2 million coffee trees by 2026, the Saudi Press Agency reported.

The Ministry of Environment, Water and Agriculture seeks to make 15 Saudi provinces, located in the southwestern part of the country, as major producers of coffee, particularly the Arabica type. The initiative will help boost the economy in line with the Saudi Vision 2030 goals. There are over 2,535 coffee farms in the southern region of Saudi Arabia. The sites include more than 500 so-called “model” coffee farms. Saudi Arabia is one of the world’s top ten consumers of coffee. (Zawya 03.10)

►►North Africa

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* 1. EBRD Cuts Egypt Growth Outlook for 2024

The European Bank for Reconstruction and Development (EBRD) has cut its Egypt growth forecast for 2024 by 0.7% to 4.5%. The bank cites structural constraints in non-resource sectors, high inflation and limited fiscal space” as contributing factors to Egypt's economic slowdown. The EBRD’s 2023 growth forecast for Egypt saw a slight 0.1%increase to 4.3% in its last forecast in May.

The bank points to the deceleration in construction and manufacturing activities and the contraction in natural gas output — which reached a three-year low during the first half of the year — as big obstacles to GDP growth.

Over the summer, the IMF revised its 2024 growth forecast for Egypt to 4.1%, down from its 5.0% forecast a few months prior, citing the lack of exchange-rate flexibility and the FX crunch. Morgan Stanley also recently lowered its FY 2023-2024 growth forecast to 4.2%, from 5.0%. The EBRD maintained its growth forecast for the current fiscal year at 4.8%, picking up from FY 2022-2023’s growth of 4.1%. (EBRD 30.09)

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* 1. World Bank Downgrades Egypt Growth Outlook

The World Bank has downgraded its Egypt growth forecast as rising borrowing costs and heightened inflation squeeze economic activity. The lender expects economic growth to slow to 3.7% in the current fiscal year from a projected 4.2% in FY 2022-2023, 0.3% lower than its previous forecast in June, according to its latest report.

A series of currency devaluations has triggered a run of record inflation, hitting private-sector business activity and consumer demand. Meanwhile, a rapid rise in borrowing costs is leaving businesses without access to cheap credit, constraining economic activity. The Central Bank of Egypt has more than doubled policy rates since March in an attempt to rein in inflation. This is the second time the lender has cut its forecast this year: The Bank lowered its FY 2023-2024 growth forecast from 4.8% to 4% in June.

The World Bank sees Egypt's budget deficit widening to 7.1% of GDP this fiscal year from an expected 6.0% last year. The Finance Ministry is currently penciling in a 6.9% deficit this year. It sees the current account balance will remain in deficit at 2.8% of GDP this year. (WB 07.10)

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* 1. Egypt's Imports of Israeli Gas are on the Rise But Not Its Exports of LNG

Egypt’s gas imports from Israel are expected to increase by 30% over the “coming period,” Oil Minister El Molla said. Gas imports from Israel are used to supply their two LNG plants, where gas is liquefied for re-export to Europe. Egypt’s gas imports from Israel rose 21.5% y-o-y to 903 million cubic feet per day (cf/d) on average in H1/23. Israeli gas imports could rise as high as 1.05 billion cf/d this month due to falling seasonal demand in Israel.

However, Egypt is bracing for its LNG exports to halve this year alongside a drop in revenues from LNG exports, El Molla said. The minister expects Egypt's LNG exports to drop to 4 million tons from the 8 million tons recorded last year. Egypt exported some 3 million tons of LNG during the first half of the year.

Egypt has hardly exported any LNG over the summer months due to higher domestic consumption and lower gas production. The government’s decision to ration consumption during a seasonal spike in demand, combined with production falling to three-year lows, has put pressure on the electricity grid, forcing the government to introduce rolling blackouts since July. (Enterprise 08.10)

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* 1. Two Egypt Banks Suspend Debit Card Use in Foreign Currency

At least two Egyptian banks have suspended the use of Egyptian pound debit cards outside the country to stop a drain on foreign currency as the country’s currency shortage worsens. Arab African International Bank and Arab International Bank sent a notice to customers announcing the suspension.

A customer representative for Arab African International Bank confirmed the move, saying it was due to the country’s foreign exchange shortage. One banker in Egypt said all banks were facing similar problems as a result of the currency shortage, but that each was taking decisions separately.

A substantial number of debit card holders had been using cards to make bulk purchases, often in the UAE, of gold, mobile telephones and other products to take advantage of the Egyptian pound’s low official exchange rate. Debit card transactions are charged at the official rate of about EGP31 to the dollar whereas on the black market a dollar sells for around EGP40 or 41. Egypt has kept its currency fixed against the dollar since March despite a widening gap with the black market rate. Other banks were likely to introduce similar restrictions soon. (Reuters 06.10)

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* 1. China's Huawei to Invest $430 Million in North African Cloud Center & Developer Training

Huawei will invest $430 million into North Africa to build the firm’s first cloud center there as well as train thousands of developers and tech specialists, the Chinese technology company announced. Huawei’s president for Northern Africa said the company's "Intelligent Future" plan includes $200 million for building its first cloud center in the region. The program will put another $200 million toward supporting 200 of Huawei’s local technology partners and 1,300 distributors. The investment also includes $30 million to train 10,000 local developers and 100 tech specialists in North Africa.

The Chinese firm is investing heavily in the Middle East and North Africa. On 4 September, it opened a cloud data center in Riyadh to support government services for the kingdom and support artificial intelligence applications and language models in Arabic. Huawei also said it would invest $400 million in cloud services in Saudi Arabia over the next four years.

In February 2022, the Saudi Digital Academy signed a memorandum of understanding with Huawei to develop local talent. As part of the agreement, the two entities aim to sponsor 8,000 Saudis to learn information technology and communication at Huawei-accredited centers. The United States has warned Middle Eastern countries against doing business with Huawei, accusing the company of posing a security risk. (Al-Monitor 27.09)

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* 1. Egypt's Annual Inflation Rises to a Record 38% in September

Egypt's annual urban consumer price inflation rose to a historic high of 38% in September, climbing from 37.4% in August and topping analyst expectations, data from statistics agency CAPMAS showed on 10 October. It was the fourth consecutive month of record highs. The previous high, before inflation soared in June, was 32.95% recorded in July 2017.

Inflation also accelerated on a monthly basis, with prices rising by 2.0% compared with a 1.6% increase in August. Food and beverages climbed month-on-month by 3.6%, with vegetable prices surging by 19.2%, fruits by 5.4%, dairy products by 5.4% and sugar items by 2.9%.

Seeking to fight food inflation, the government said it had agreed with private producers and retailers to cut prices on staple foods by 15-25% and exempt them from customs duties for six months. Rapid money supply growth over the last two years has helped prices to climb rapidly and the currency to lose almost half its value against the U.S. dollar since March 2022. Many Egyptians have seen their living standards slide. (CAPMAS 10.10)

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* 1. Egyptian and Emirati Central Banks Reach a Currency Swap Agreement

The Egyptian and Emirati central banks reached a currency swap agreement on 28 September worth almost $1.4 billion. Under the agreement, the Central Bank of Egypt (CBE) will be able to obtain up to AED 5 billion ($1.36 billion) in return for EGP 42 billion. The nominal value of the agreement has an implied exchange rate of EGP 8.40 for every AED, in line with the official rate. The timing of the agreement is important as Egypt continues to grapple with securing FX liquidity to meet import needs, including oil and debt obligations.

The Egyptian and Chinese central banks discussed a potential swap line during talks in Beijing recently, also speaking about Egypt’s plans to issue $500 million of CNY-denominated panda bonds in China. The president of the China Development Bank (CDB) agreed to explore increasing the use of the RMB in local projects as well as joint financing activities during the talks.

The CBE signed a three-year agreement with China in December 2016 that saw China deposit CNY 18 billion against the equivalent in EGP, which expired at the end of 2019. The government had considered renewing the agreement in 2020 before the outbreak of COVID-19. (Enterprise 01.10)

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* 1. Egypt Secures $400 Million China Exim Loan for its Electric Light Rail Train

The Export-Import Bank of China (China Exim) is reportedly lending Egypt $400 million to finance its third and final phase of the all-electric light railway train (LRT). The loan would finance the delayed project’s completion, adding 20.4 km and four additional stations to the line. Details on the loan’s tenor are yet to be disclosed.

The new funds will be used to develop various mechanical and electrical systems, including the project’s central control, ticket gates and other signaling and communications equipment, all of which will be implemented by Chinese company AVIC, the project’s main contractor. Administrative procedures for the loan are underway and are set to be completed before the end of this year, after which the disbursement proposal will be presented to Egypt’s House of Representatives for approval by 2024.

The Chinese lender agreed back in 2019 to extend a $1.2 billion loan for the LRT’s initial phases of construction. The Chinese funds were used to purchase 22 trains, each consisting of six cars, in addition to installing all the operating systems of the project, which inaugurated its first and second phases in July of last year. (Enterprise 27.09)

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* 1. IMF Executive Board Approves $1.3 Billion Facility Arrangement for Morocco

On 28 September, the Executive Board of the International Monetary Fund (IMF) approved an 18 month arrangement for Morocco under the Resilience and Sustainability Facility (RSF) in an amount equivalent to SDR 1 billion (about $ 1.32 billion, equivalent to 112% of quota). The RSF arrangement will help Morocco address climate vulnerabilities, bolster its resilience against climate change, and seize the opportunities from decarbonization. It would also help the Moroccan authorities strengthen preparedness for natural catastrophes and stimulate financing for sustainable development. The arrangement would coincide with the remaining 18 months under the FCL arrangement approved in April 2023.

Climate change represents a major risk to Morocco’s development but also offers opportunities. Drought and water scarcity have become a major source of macroeconomic volatility, with particularly adverse impacts on agriculture, while the fallout from the recent earthquake points to the potential implications of natural disasters, including from climate change. However, due to its endowment in renewable resources, Morocco is well-placed to reap the benefits of the global decarbonization agenda. The RSF will help Morocco boost investment in renewable energy, increase energy efficiency, strengthen resilience against natural disasters, green its financial sector and tackle water scarcity. (IMF 28.09)

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* 1. Morocco’s Trade Deficit Eases by 9.4% in August 2023

Morocco’s trade deficit continued to ease in 2023 as global markets recovered from the consecutive shocks that have sent food and energy prices soaring in 2022. The country’s trade deficit dropped by 9.4% over the first months of 2023, according to a recent report from Office d’Echange (OE).

During the end of the first eight months of 2023, the monetary value of imports dropped by 3.9%, totaling MAD 472 billion ($45.9 billion), down from MAD 491 billion ($47.8 billion) a year earlier. Meanwhile, exports recorded an annual uptick of 0.2% at the end of August, rising to MAD 280 billion ($27.2 billion) from MAD 279.5 billion ($27.2 billion) in the same period in 2022. The drop in the value of imports is mainly due to the drop in the country’s energy bill, semi-finished products, and raw products.

Over the first eight months of 2023, the energy bill fell by 22.6% year-on-year to MAD 79.4 billion ($7.7 billion), compared to a staggering MAD 102.6 billion ($9.9 billion) at the end of August 2022. Likewise, imports of semi-finished products dropped by 13.5% year-on-year thanks to the easing prices of ammonia, a key commodity in the manufacturing of fertilizers.

Imports of semi-finished products dropped by more than half from MAD 13.5 billion ($1.3 billion) to MAD 5.4 billion ($526 million). Imports of raw products have decreased by 25.4% year-on-year, reaching MAD 23.8 billion ($2.3 billion) compared to MAD 32 billion ($3.2 billion). (MWN 01.10)

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* 1. Morocco’s Automotive Exports Top $8.7 Billion in 2023

Morocco’s automotive exports have reached over MAD 90 billion ($8.7 billion) during the first eight months of 2023, up 35.6% from the same period in 2022. The development has been powered by an increase in sales across all sectors of the industry. The construction sector exceeded MAD 9.7 billion ($944 million), while wiring reached MAD 8.2 billion ($789 million), and the vehicle interiors and seats segment stood at MAD 1.6 billion ($155 million). Sales in the electronics and electrical sector rose by nearly 33% to MAD 15.2 billion ($1.48 billion) at the end of August 2023, while those in the textiles and leather sector went up by 9.2%. The increase in the textiles sector was powered by a rise of 12% in ready-made garments, 5% in hosiery, and 1.8% in footwear. Exports in the aeronautical sector fell by 3.7% to MAD 13.6 billion ($1.3 billion).

The value of exports of automobiles increased 37% in the first seven months of 2023, compared to the same period in 2022. Morocco’s automotive sector has been steadily on the rise over the past few years, as the country positions itself as a regional hub for the industry, with many brands setting up manufacturing hubs. (MWN 01.10)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Turkey’s Annual Inflation Exceeds 61% in September

Annual inflation in Turkey hit 61.53% in September, with month-on-month consumer price inflation standing at 4.75%, according to official data. It marks a continuation of an upward trend in the year-on-year inflation rate in Turkey since July. Data released by the Turkish Statistical Institute (TUIK) showed that monthly consumer prices slightly eased from 9.09% in August.

The data revealed education to be the main driver of the increase in monthly consumer prices, rising 30.27% as the majority of schools in Turkey reopened in September. Alcoholic beverages and tobacco and housing were the second and third drivers of the rise in monthly prices in September, increasing by more than 10% and 5.5%, respectively, the data showed.

Turkey’s year-on-year inflation began mounting again in July following an eight-month downtrend fueling the country’s acute cost-of-living crisis. Turkey’s Finance Minister Simsek said the goal was to reduce inflation to single digits by 2026, calling on the public for patience. Annual inflation peaked to a 24 year high of 85.5% in October amid a swift slump of the Turkish lira, largely due to Erdogan’s unconventional economic policy underpinned by keeping interest rates high, despite high inflation. (TUIK 03.10)

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* 1. Cypriot Cabinet Approves 2024 Surplus Budget

On 27 September, the Cypriot Cabinet approved the 2024 state budget, the government’s first, estimated to record a fiscal surplus of €659 million or 2.2% of GDP. Finance Minister Keravnos said the budget was drafted in the context of the government’s economic policy on fiscal discipline and to safeguard fiscal stability. He added that in drafting next year’s budget, the government weighed the significant uncertainty marking the current economic juncture.

The challenges facing the economy include direct consequences of new sanctions on Russia and Belarus, high inflation, which erodes real income and reduces public revenue due to lower consumption, high interest rates, which slow economic growth and the impact of increased migrant flows.

According to the Finance Minister, the budget projects a growth rate of 2.9% for 2024, while in 2023, GDP growth is estimated to reach 2.5%, which is expected to be three times greater than the Euro area average. The budget features total revenue for the General Government of €13.2 billion and total expenditure of €11.8 billion, generating a budget surplus of €659 million or 2.2% of GDP. The primary surplus (excluding debt servicing spending) is estimated at €1.09 billion or 3.6% of GDP. Furthermore, under the budget assumptions, the unemployment rate is estimated to decline to 5.8% in 2024 from 6.5% in 2023.

Keravnos noted that development expenditure will increase by an annual 12% in 2024 to €1.47 billion, while social welfare provisions are up 15% to almost €2 billion. Another aim of the budget is to contain the public wage bill, pointing out that new public sector jobs are limited to 52 in 2024 compared with 485 in the 2023 budget. (FM 27.09)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Global Tech Giants Stand with Israel Offering Support And Donations

A significant number of foreign venture capital funds and major companies, such as Oracle, have expressed their support for Israel and have even made donations to various Israeli rescue organizations. Among the contributing funds is Insight Partners, which issued a statement of support and condemnation for the tragic events affecting Israel. They announced a donation of $1 million to various Israeli entities and pledged to match additional donations of up to $1 million made by investors, entrepreneurs, or any other individuals. The fund has also allowed all its partners in Israel to actively volunteer wherever assistance is required. Insight has become the largest investor in Israel in recent years, both in terms of the amount of capital invested and the number of companies supported.

Similarly, the American investment giant General Catalyst, which has recently opened offices in Israel and invested in several local companies, has committed to investing $250,000 in local support organizations. Other funds that expressed support but did not make financial contributions include GGV and KKR. KKR's managing partner expressed deep sympathy and strong support in response to the tragic events in Israel.

The global technology giant Oracle announced a donation of $1 million to Magen David Adom. Concurrently, Oracle will launch an extensive campaign to raise donations for the rescue organization among its 150,000 employees worldwide. The company has pledged to match every donation made by its employees dollar for dollar, with no limit on the contribution amount. Oracle has strongly condemned the terrorist attack by Hamas. (CTech 10.10)

\*REGIONAL:

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* 1. Jordanian Radio Stations to Broadcast Messages on Demographic Issues

A number of Jordanian radio stations, in coordination with the Higher Population Council (HPC), will, over the course of two months, broadcast messages on four main demographic issues: the unbalanced geographical distribution of the population, benefits of waiting to reproduce for newlyweds, marriage to underage girls and unemployment among men.

The messages will touch on the unbalanced geographical distribution of the population and the resulting financial and administrative costs and economic and environmental damage resulting from the concentration of 92% of Jordan’s population in the northwestern half of the Kingdom.

The second issue relates to the multiple benefits that accrue to newlyweds from waiting to have their first child, the third relates to the negative consequences that result from marrying off girls under the age of 18, while the fourth tackles numerous job opportunities available to unemployed males, who constitute more than 70% of the total number of unemployed people in Jordan. The endeavor stems from the council's role as a reference for demographic issues and information related to sustainable development and its advocacy for these issues with the aim of achieving and realizing sustainable development and achieving justice and equal opportunities. (Petra 01.10)

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* 1. Kuwait Population Equation Shifting

The annual growth of Kuwaiti population has seen a decline, from 3.3% in 2011 to approximately 2% in 2020, further dropping to 1.8% in 2021, as per data from the Public Authority for Civil Information. Furthermore, a 2022 report from the National Bank of Kuwait indicates a 4.8% increase in the population of Kuwaiti citizens aged 64 and above.

This decline foreshadows a future imbalance in the population composition and underscores the growing concern of an ageing population. It has been observed that the percentage of young people in Kuwaiti society is dwindling due to low fertility rates, reduced interest in marriage and a surge in divorce cases within the early years of matrimony.

For decades, Kuwait’s population has been characterized as a youthful society, with the youth demographic dominating. However, this equation is now shifting unfavorably. The age group from 1 to 14 years has seen a decline in Kuwaiti demographics, decreasing from approximately 23% in 2011 to around 21% in 2021. Conversely, the age group of 65 years and above has increased from 2% in 2011 to about 4% by the end of 2021. (KT 01.10)

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* 1. Eleven Moroccan Universities Feature on Times Higher Education Ranking 2024

The latest edition of the Times Higher Education World University Rankings for 2024 featured a total of 11 Moroccan universities. Sidi Mohammed Ben Abdellah University of Fez secured the top spot within the country, ranking between 1001-1200 globally. The university has once again demonstrated its academic standing on the global stage. Following closely are Hassan II University of Casablanca, Ibn Tofail University of Kenitra, Cadi Ayyad University of Marrakech, and Mohammed V University in Rabat, all falling within the 1201-1500 range, respectively.

Meanwhile, the +1501 range featured Abdelmalek Essaadi University, Chouaib Doukkali University and Hassan I University. This year’s rankings saw the inclusion of three new Moroccan universities—Mohammed I University, Moulay Ismail University, and Sultan Moulay Slimane University—each securing positions within the +1501 range.

Although Moroccan universities scored slightly below the global average, the report highlighted a notable upward trend in research indicators over time. A key strength for Moroccan universities lies in the ratio of doctoral degrees to faculty members. The UK’s Oxford University secured the top position in the ranking, followed by Stanford University and the Massachusetts Institute of Technology in the US. (MWN 27.09)

ISRAEL LIFE SCIENCE NEWS

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* 1. BioProtect Secures $28 Million for its Biodegradable Balloon Used in Radiation Therapy

BioProtect announced the successful close of a $28 million funding round. The round was led by MVM Partners, with participation from current investors: Triventures, KB Investments, Peregrine Ventures, Almeda Ventures and Consensus Business Group of Vincent Tchenguiz. Proceeds from this financing will support US commercialization of the BioProtect Balloon Implant System, which recently received FDA clearance for rectal protection during radiation therapy for prostate cancer.

To-date, BioProtect's spacer has been successfully implanted in over 2,000 patients worldwide and has proven to be safe and effective. MVM aims to make best-in-class healthcare innovations more widely available to patients. They are impressed by the compelling benefits of BioProtect's next generation spacer and are thrilled to support the US commercial launch of this technology. BioProtect will officially launch its balloon technology at the 2023 annual meeting of the American Society of Therapeutic Radiology and Oncology (ASTRO) in San Diego in October.

Tzur Igal's [BioProtect](http://www.BioProtect.com) is a technology platform company that provides innovative biodegradable spacing solutions. BioProtect's first application, commercially available in the US and Europe, is the BioProtect Balloon Implant System, a new generation spacer designed to provide optimal, consistent, and reproducible protection to the rectum during prostate cancer radiation therapy. (BioProtect 27.09)

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* 1. SHL's SmartHeart Technology Shows Remarkable Effects in Clinical Trials

SHL Telemedicine announced the initial results from the Mayo Clinic HELP-MI and the Imperial College London TELE-ACS trials. The initial findings from both trials, which focus on the application of SHL's patented and FDA cleared SmartHeart 12-lead ECG technology for monitoring of post-MI (heart attack) patients at home, have been nothing short of remarkable.

Tel Aviv's [SHL Telemedicine](http://www.shl-telemedicine.com) is engaged in developing and marketing personal telemedicine systems and the provision of medical call center services, with a focus on cardiovascular and related diseases, to end users and to the healthcare community. SHL Telemedicine offers its services and personal telemedicine devices to subscribers utilizing telephonic and Internet communication technology. (SHL 26.09)

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* 1. Casterra Delivers First Shipment of Castor Seeds to Africa

Casterra Ag announced the shipment of its first batch of high-yield, high-oil castor seeds from Brazil and Zambia to its destination in Africa. This shipment, valued at $1 million, is the first step in meeting $11.3 million purchase orders from a world-leading oil and gas company, which Casterra received in Q2/23.

Casterra's premium castor seeds are developed using Evogene's GeneRator AI tech-engine and undergo rigorous testing to meet industry standards. These seeds exhibit high-level cleanliness, successfully passed phytosanitary inspection, and have a germination percentage rate of 90%, exceeding the industry acceptance criteria benchmark.

Ness Ziona's [Casterra](http://www.casterra.co) is developing and commercializing high-yielding castor bean seeds as a cost-competitive, sustainable feedstock for the growing biofuel market. It has built its castor genetic assets based on a broad collection of over 300 castor lines from over 40 different regions. As part of its development process, Casterra applies advanced breeding methods utilizing Evogene's GeneRator AI tech-engine, enabling the use of cutting-edge plant genomics tools and agro-technique expertise to enable efficient and sustainable industrial-scale production of the castor bean. (Casterra Ag 27.09)

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* 1. Steakholder Foods Launches Innovative Ink to 3D Print Beef Steaks

Steakholder Foods unveilקג SH Beef Steak Ink, an innovation designed to revolutionize the future of sustainable 3D printed meat production. Formulated for use with the company's fusion printer technology, this ink hopes to take cultivated meat to remarkable levels of realism and culinary versatility.

As part of Steakholder Foods' broader business strategy, the launch of SH Beef Steak Ink is more than just an innovative product release; it's a stepping stone in the Company's journey to diversify the world's food portfolio. Building on the success of SH Fish Ink, this addition further expands Steakholder Food's lines of specialized inks. Looking ahead, Steakholder Foods plans to further broaden its offerings with a range of inks that will replicate a variety of species, with a view to contributing to global food security while pleasing palates around the world.

Rehovot's [Steakholder Foods](https://steakholderfoods.com) is an international deep-tech food company at the forefront of the cultured meat revolution. The company is developing a slaughter-free solution for producing cellular agriculture meat products, such as beef and seafood, by offering manufacturers the ability to produce a cultivated meat product that aims to closely mimic the taste, texture, and appearance of traditional meat— as an alternative to industrialized farming and fishing. (Steakholder Foods 27.09)

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* 1. VasQ External Support Gets FDA Clearance for Use in Creating Arteriovenous Fistulas

Laminate Medical Technologies announced that their flagship device, the VasQ External Vascular Support, has been cleared by the FDA for use to create arteriovenous fistulas (AVFs) for dialysis access. The device, designated by the FDA as a Breakthrough Technology, was cleared based on a De Novo review of the 144 patient VasQ U.S. Pivotal Study as well as a track record of safety and effectiveness of use in multiple studies from outside the U.S. VasQ patients in the VasQ U.S. Pivotal Study met the primary end-point of improved primary patency (freedom from intervention plus adequate flow for hemodialysis) at 6-months. No serious adverse event associated with the device was reported over the 2-year study.

VasQ is a nitinol-based device implanted around the artery and vein during the surgical creation of an arteriovenous fistula. The device was designed to provide structural reinforcement of the mobilized vessels now freed from its native supporting tissue as well as guides a more stable arterial flow profile as it transitions into the vein. MRI-based imaging as well as computational fluid dynamic models have supported the proposed mechanistic benefits of the VasQ design that have led to consistent beneficial clinical outcomes in multiple studies.

Tel Aviv's [Laminate Medical Technologies](http://www.laminatemedical.com) is dedicated to improving AVF function for hemodialysis patients. Founded in 2012 to make fistulas better for dialysis patients, Laminate's flagship product, the VasQ External Support, has demonstrated success in reducing the high fistula failure rate and repeat procedures experienced by hemodialysis patients. (Laminate Medical Technologies 27.09)

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* 1. Wanda Fish Raises $$7 Million in Seed Funding to Accelerate Pilot Production

Wanda Fish Technologies has secured $7 million in seed funding. The round was led by Netherlands-based global aquaculture investment fund Aqua-Spark, with additional funding from returning pre-seed investors The Kitchen Hub by the Strauss Group, Peregrine Ventures, PICO Venture Partners, MOREVC, and CPT Capital. Since its inception, Wanda Fish has raised $10 million in funding.

Founded in 2021, Rehovot's [Wanda Fish](http://www.wandafish.com) develops premium quality, cultivated fish outside of the ocean. This new injection of capital will boost Wanda Fish's ability to accelerate the creation and increase the scale of a cultivated whole-cut filet of Bluefin tuna. These cuts replicate the texture, flavor, and nutritional value of wild-caught Bluefin tuna as they comprise the fish's muscle and fat cells and contain the same native proteins and fatty acids, including omega-3 and other essential nutrients. As a cultivated filet, Wanda Fish's Bluefin tuna has no common ocean pollutants, like mercury, and is produced under non-GMO standards.

Wanda Fish has made rapid progress on key developmental breakthroughs toward achieving a whole-cut Bluefin tuna prototype to provide an abundant, premium source of highly nutritious fish that will alleviate strain on the delicate ocean ecosystem. This includes forming a 3D filet structure using Bluefin tuna cells, differentiated into both muscle and fat tissues. With its proprietary technique, Wanda Fish can precisely control fat levels in its end products. This enables the creation of a diverse range of filet cuts, including the highly sought-after Toro premium cut. (Wanda Fish 09.10)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. ParaZero New Geocaging Functionality Targets Air Mobility Safety in Restricted Areas

ParaZero Technologies announced the addition of a unique safety functionality for its systems to support geocaging capabilities. The new feature is a crucial part in operating drones and air mobility vehicles in populated and restricted areas and in long-range and beyond visual line of sight (BVLOS) operations.

When drones function in restricted zones or exceed their designated areas, they can pose threats to nearby aircraft, individuals or structures. To address these concerns, a standalone geo-restriction feature for drones, known as geocaging, separates the system from other devices on the Unmanned Aerial Vehicle (UAV). This feature offers additional positioning resources for tasks demanding a higher level of reliability and accessibility than what is achievable with standard GPS or geofencing methods.

With the help of ParaZero's safety technology, a multitude of organizations and drone pilots around the world have gained the regulatory green light for more complex operations. This encompasses not only BVLOS missions but also operations over people (OOP), operations in high-density urban areas and drone-based delivery services. These milestones highlight the crucial role that reliable, quick-response safety systems play in ensuring both the drone's security and that of the environment it operates in.

Kiryat Ono's [ParaZero](https://parazero.com) is a world-leading developer of autonomous parachute safety systems for commercial drone and urban air mobility (UAM) aircraft. Started in 2014, ParaZero designs smart, autonomous parachute safety systems designed to enable safe flight operations overpopulated areas and beyond-visual-line-of-sight (BVLOS). (ParaZero 27.09)

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* 1. Variscite Wi-Fi 6-Enabled System-on-Module Enhances Connectivity Performance

Variscite announced its support for Wi-Fi 6 and has released the enhanced NXP i.MX93 based SoM with the NXP-based Wi-Fi 6 module. Wi-Fi 6 provides numerous advantages over previous generation Wi-Fi modules. The VAR-SOM-MX93 is Variscite’s first out of several Wi-Fi 6-enabled releases among the company’s extensive product portfolio. This upgraded SoM is available to order, along with related evaluation kits, from Variscite’s online store. SoMs based on the NXP i.MX8 series will soon be upgraded to Wi-Fi 6, offering users the same enhanced connectivity features and performance.

Variscite’s VAR-SOM-MX93 runs on 1.7GHz Dual Cortex-A55 NXP’s iMX93 processor with 250MHz Cortex-M33 real-time processor and features the industry’s first implementation of the Arm neural processing unit, Ethos-U65 microNPU. The SoM provides built-in security features, 2x CAN bus, 2x GbE, industrial temperature range, camera inputs, audio in/out, ADC, 2x USB, certified Wi-Fi 6, BT/BLE 5.3, and display outputs.

Lod's [Variscite](https://www.variscite.com) is a worldwide leading System on Module designer and manufacturer, setting the bar for embedded solutions since 2003 with high-quality modules. The company provides the broadest ARM-based SoM portfolio in the embedded market with a wide range of configuration options that cover an entire embedded product and application range; from entry-level to high-performance solutions. (Variscite 26.09)

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* 1. Sophie AI - TechSee's MultiSensory Virtual Agent for Customer Service

TechSee has launched Sophie AI, the first MultiSensory AI Agent for customer service. Sophie AI is designed to deliver human-like experiences that bring exceptional CX at a fraction of the cost. Fully customizable and adaptable to any brand or business, it provides the 'brain' to humanize automated customer service interactions. To create Sophie AI, TechSee collaborated with key design partners around the world, working closely to understand the needs and challenges of enterprise corporations, including TechSee's first launch partner, Resideo Technologies, the global provider of Honeywell Home smart thermostats and First Alert solutions that provide home comfort, life safety and security to over 150 million homes globally.

Sophie AI is a blend of advanced technologies including Generative AI, LLM, Computer Vision AI, Augmented Reality, and voice and sentiment analysis packaged into a virtual agent that can see, hear, talk, understand, guide, and instruct both customers and agents. Sophie AI is designed specifically for the service industry to handle any type of interaction, with the ability to understand visual, voice, and text and deliver automated service without compromising on customer satisfaction. In addition, it can be deployed inside any existing communication channel, including phone, web, message, video, and social. Bringing unlimited scale to service teams. Sophie AI continuously learns and evolves by pulling data from live customer and agent interactions.

Tel Aviv's [TechSee](http://www.techsee.me) is the leading MultiSensory experience platform that enables enterprises to deliver better customer support, enhance service quality, and reduce costs through AI and service automation. Powered by Sophie AI, TechSee's patented computer vision / generative AI hybrid, enterprises are deploying virtual agents that can see, hear, understand, and guide customers, delivering human-like service. (TechSee 27.09)

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* 1. Opus Security Wins 2023 CyberSecurity Breakthrough Award

Opus Security has won the CyberSecurity Breakthrough Award for “Security Orchestration Solution of the Year.” Opus Security, which emerged from stealth just a year ago with funding led by the cybersecurity-focused VC firm YL Ventures, is a cloud-native orchestration and remediation platform that aggregates, de-duplicates and prioritizes vulnerabilities to reduce the complexity of remediation into a single unified view. Built to help facilitate seamless collaboration among security and development teams, Opus accelerates cybersecurity decision-making and enables frictionless and scalable remediation orchestration.

The CyberSecurity Breakthrough Awards program, run by the Tech Breakthrough organization, is a widely recognized market intelligence platform for technology companies around the world. Its partnerships include high-profile companies such as Cisco, Dell, Philips, AT&T, HP and Comcast.

Tel Aviv's [Opus Security](https://www.opus.security/) empowers security and engineering teams to orchestrate effective, collaborative and results-driven remediation. Through its SaaS remediation platform, Opus Security enables customers to aggregate, de-duplicate and prioritize vulnerabilities across application security tools, cloud-native applications, and infrastructure. The Opus Security cloud-native remediation platform helps practitioners and engineers reduce remediation time from weeks or days into hours–and sometimes even minutes. Opus Security is backed by cybersecurity-focused VC firm YL Ventures, further solidifying its commitment to innovation and excellence in the field of cybersecurity. (Opus Security 05.10)

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* 1. ASTERRA EarthWorks Wins Successful Innovation Award at Perumin 36

ASTERRA announced they were named the recipient of the Successful Innovation Award at Perumin 36 Convention Minera, organized by the Peruvian Institute of Mining Engineers, for ASTERRA EarthWorks for mining. With approximately 100 different technology companies considered for the award, EarthWorks was the winner.

As a satellite-based solution, Earthworks supports risk and disaster prevention efforts by detecting and analyzing underground soil moisture wherever it may predict or potentially cause critical infrastructure to fail, such as tailings dams. Unlike other solutions that the mining industry uses, EarthWorks is preventive, scalable and requires very few images to cover large areas. One useful element in EarthWorks is the alert and alarm system that provides a progressive notification for soil moisture concerns. Alerts serve as early warnings, bringing the customer’s attention to a grid where there appears to be a higher level of moisture within a specific soil moisture band. Alarms signify more severe situations, requiring immediate attention from customers to address potential risks.

Kfar Saba's [ASTERRA](https://asterra.io) provides geospatial data-driven platform solutions for water utilities, government agencies, and the greater infrastructure industry in the areas of roads, rails, dams, and mines. ASTERRA services use Polarimetric Synthetic Aperture Radar (PolSAR) data from satellites and use artificial intelligence (AI) to turn this data into large-scale decision support tools. The company’s proprietary algorithms, and highly educated scientists and engineers are the keys to their mission, to become humanity’s eyes on the Earth. (ASTERRA 06.10)

ISRAEL ECONOMIC STATISTICS

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* 1. Israeli Startups Raised $950 Million in September

Israeli startups raised over $950 million in September 2023, according to Globes. The figure may be more as some companies prefer to remain in stealth and sometimes do not publicize the investments they have received.

In the first nine months of 2023 Israeli startups have raised just $5 billion, compared with $12.37 billion in the corresponding 2022, and a record $25.6 billion in all of 2021, more than double 2020's figure of $10 billion, which was itself a record. Although fund raising in the third quarter of 2023 fell from the second quarter, the September figure was the highest monthly figure for startup raising since August 2022.

In September, the biggest financing round was completed by cybersecurity company Cato Networks, which raised $238 million. Human resources platform HiBob raised $150 million, waste materials developer UBQ Materials raised $70 million, fintech company ThetaRay raised $57 million and cancer diagnostics company IBEX Medical Analytics raised $55 million. (Globes 01.10)

IN DEPTH

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* 1. EGYPT: Moody's Downgrades Egypt's Ratings to Caa1 with a Stable Outlook

On 5 October, [Moody's Investors Service (Moody's)](https://www.moodys.com/) downgraded the long-term foreign and local currency issuer ratings of the Government of Egypt to Caa1 from B3 and changed the outlook to stable, concluding its review for downgrade initiated on 9 May 2023.

Moody's has also downgraded Egypt's foreign-currency senior unsecured ratings to Caa1 from B3, and its foreign-currency senior unsecured MTN program rating to (P) Caa1 from (P) B3. In addition, Moody's has downgraded the backed senior unsecured ratings of the Egyptian Financial Corporation for Sovereign Taskeek sukuk company to Caa1 from B3 and its program rating to (P)Caa1 from (P)B3 which are, in Moody's view, ultimately the obligation of the Government of Egypt.

The downgrade reflects the government of Egypt's worsening debt affordability trend and the persistence of foreign currency shortages in the face of increasing external debt service payments over the next two years, amid increasingly constrained policy options to rebalance the economy without exacerbating social risk.

The stable outlook captures the government's track record of fiscal reform implementation capacity and the launch of the asset sale strategy, as well as Moody's expectation of continued external financial support from the International Monetary Fund (IMF), subject to compliance with reform conditionality, and from the Gulf Cooperation Council (GCC). At the Caa1 rating level, Moody's expects the credit profile to be resilient to program delays and macroeconomic fluctuations as the economy rebalances.

The local-currency ceiling was lowered to B1 from Ba3, and the foreign-currency ceiling to B3 from B2. The three notch gap between the local-currency ceiling and the sovereign rating reflects the public sector's large footprint in the economy and significant financing requirement that inhibits private sector development and credit allocation, notwithstanding recent reforms to level the playing field with public sector entities. The two-notch gap between the foreign currency and local currency ceiling reflects transfer and convertibility risks given persistent foreign exchange shortages and weakening policy effectiveness.

**RATINGS RATIONALE**

**Rationale for the Downgrade to Caa1**

The review for downgrade focused on the government's capacity to arrest the drawdown in foreign currency liquidity, mitigate increasing borrowing costs, and its reform implementation capacity to ensure continued official support from official lenders, including the IMF and the GCC.

**Increased external debt service requirements amid persistent foreign exchange shortages fuels depreciation and balance of payment risk**

Foreign exchange shortages persist, notwithstanding the improvement in the current account deficit to 1.2% of GDP at the end of fiscal 2023 (ended in June 2023) from 3.5% in fiscal 2022 on the back of sharp import compression and an improved services balance driven by strong Suez Canal and tourism revenue performances. Continued drawdowns in foreign currency liquidity through the monetary system (including the central bank and commercial banks) have resulted in a large net foreign liability position at $26 billion at the end of August, fueling the emergence of a parallel exchange rate trading at about EGP40/$1 as compared to the official rate at EGP30.9/$1, as well as material foreign exchange repatriation hurdles reported by investors benchmarked by global emerging market bond indices.

Persistent foreign exchange shortages increase refinancing and balance of payment risks in light of the economy's mounting external debt service schedule in fiscal 2024 and fiscal 2025, with $26.3 billion and $25.8 billion (of which $10 billion and $13 billion, respectively, for the general government), in addition to $28 billion in short-term debt. Refinancing risks for the government are partly mitigated by the significant share of short- and medium-term deposits from GCC countries accounting for almost 20% of total external debt, which Moody's expects will be rolled over. Nevertheless, debt service coverage by foreign exchange reserves of $27.3 billion at the end of September risks weakening significantly over the next two years in the absence of measures to bolster the foreign exchange reserve buffer.

Looking forward, Moody's expects the materialization of asset sale proceeds at the central bank to help restore the economy's foreign currency liquidity buffer. These proceeds include the $1.9 billion in sales finalized on 11 July (of which $1.65 billion was denominated in foreign currency), in addition to another $3.5 billion in the pipeline for fiscal 2024. Moody's expects the International Finance Corporation (IFC, Aaa stable), contracted on 18 June as asset sale advisor, to support the government's private sector development strategy.

**High inflation and rising domestic borrowing costs highlight mounting policy constraints in the face of more acute social risks**

The pass-through from cumulative devaluations of the official exchange rate by almost 50% since February 2022 and negative real policy rates have undermined domestic price stability and fueled an increase in domestic borrowing costs over the review period, significantly weakening debt affordability as measured by interest/GDP and debt/revenue. Persistently high inflationary pressures have also led to a significant erosion in households' purchasing power, increasing Moody's social risk assessment.

The government's interest/GDP ratio, projected at 9.5% in the budget for fiscal 2024 from 7.7% recorded in fiscal 2023, and the projected interest/revenue ratio at over 50% are among the weakest among Moody's rated sovereigns. Meanwhile, the general government debt/GDP ratio has increased to 95% in fiscal 2023 from 85.3% in fiscal 2022 mainly driven by valuation changes of the outstanding stock of foreign currency-denominated debt. Although the government of Egypt has a long track record of managing high debt levels and debt service costs, especially in the local currency market which accounts for over 90% of the interest bill, the sharp increase in the 91-day T-bill rate to 25.2% at the end of September from below 22% at the start of the review period exceeds previously recorded levels and highlights increasing refinancing risks, unless mitigated by higher revenue generation.

Looking forward, Moody's expects the government to continue to generate primary surpluses while further expanding the tax and non-tax revenue/GDP ratios as a result of enhanced tax administration measures and tax collection procedures, and by channeling half of the asset sale proceeds directly to the treasury. However, already high urban inflation running at 37.4% in August compared to one year before constrains monetary authorities' policy response capacity to mitigate the fallout from a renewed official currency devaluation which in Moody's assessment is increasingly likely. Namely, Moody's baseline scenario is for the official currency to depreciate to EGP35/$1 at the end of fiscal 2024 from EGP30.9/$1 currently, and further to EGP40/$1 at the end of fiscal 2025, keeping the projected debt/GDP ratio between 95% and 100% of GDP until fiscal 2026.

**Rationale for the Stable Outlook**

The stable outlook captures Moody's expectation of continued access to official financial support from the IMF under the $3 billion, 46-month Extended Arrangement signed on 16 December 2022, subject to compliance with reform conditionality, and from the GCC. At the Caa1 rating level, Moody's expects the credit profile to be resilient to program delays and macroeconomic fluctuations as the economy rebalances, such as has been witnessed over the course of the review period.

Moody's expects that reform progress already achieved under the IMF program parameters, including on asset sales, the establishment of a level playing field (including the removal of tax exemptions for SOEs) and revenue enhancing measures to ensure debt affordability and sustainability, as well as the future adoption of currency flexibility that the government has committed to under the program parameters, will unlock financial support from other official lenders to mitigate liquidity risk, including in the form of guarantees to access capital markets at more affordable rates.

**Factors That Could Lead to an Upgrade or Downgrade of the Ratings**

**Factors that could lead to an upgrade**

Sufficient confidence in the ability of the government to generate necessary foreign exchange inflows, e.g. with the privatization program, to meet increasing external debt service payments over the next two years and bolster the economy's foreign exchange reserves would be credit positive. An ability to limit the increase in debt affordability challenges including via higher revenue generation would engender confidence in Egypt's ability to navigate continued depreciation risks, paving the way for a return to a higher ratings level.

**Factors that could lead to a downgrade**

An inability to arrest a further drawdown in foreign currency liquidity in the monetary system would likely lead to a downgrade, as would a further deterioration in debt affordability that undermines confidence in the government's capacity to service its debt. Evidence of increased rollover risk amid very large gross financing requirements would also result in a downgrade. (Moody's 05.10)

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* 1. TURKEY: IMF Staff Concludes Staff Visit to Türkiye

A staff team from the [International Monetary Fund (IMF)](http://www.imf.org/) visited Türkiye during 25-29 September 2023 to discuss recent economic developments, the outlook and policies. At the conclusion of the mission, the IMF issued the following statement:

“Despite the tragic earthquakes in February, growth has remained resilient and should reach 4% this year. With policies turning appropriately less accommodative, growth is projected at 3¼% in 2024 while inflation is forecast to fall to 46% at end-2024 from 69% at end-2023 as exchange rate pressures ease but backward-looking wage increases and expectations remain. As confidence builds, the demand for gold is expected to decline, thus reducing the external current account deficit (3.1% of GDP in 2024 versus 4.1% in 2023). This, together with better prospects for inflows including from official sources, should reduce pressure on reserves. Gross reserves reached $122.5 billion at end-September, but net of on- and off-balance sheet short-term liabilities remain negative.

“The balance of risks is to the downside. On the domestic front, the key risk is that the policy shift now underway loses its strong momentum, eroding confidence and leading to increased FX demand and reserve drain. Externally, the key downside risks are higher commodity prices, a slowdown in trading partners’ demand, and global systemic financial instability. On the upside, unexpected sources of external financing could materialize, or, should investor confidence recover fully, a virtuous cycle of inflows and a stronger exchange rate could bring down inflation faster than expected, while boosting growth.

“The authorities should be commended for raising the policy rate from 8.5 to 30%, which together with other quantitative measures has significantly tightened financial conditions. This has in turn boosted confidence, reduced pressures on the lira, and begun to cool domestic demand and ease distortions created by negative real interest rates. Further policy rate increases are needed to durably reduce inflation, accompanied by lower reliance on quantitative measures to increase the role of price signals in money and credit markets, which would help anchor a market-priced yield curve. Allowing the markets to allocate capital based on a higher policy rate would ensure that funds go to the most productive use. This would also support the lira, facilitating disinflation via the exchange rate channel, traditionally the most potent in Türkiye. The effect of higher rates on banks so far appears manageable: banks, especially private ones, appear to have prepared for higher rates mainly by reducing the asset duration.

“The CBRT commitment to allow the lira to float is commendable and should be maintained, with FX intervention limited to situations of severe market dysfunction. While reserve accumulation is desirable, in the short run FX purchases will have to be opportunistic and undertaken consistent with disinflation goals.

“Liberalization of financial measures should continue to be carefully calibrated. Higher rates complement liberalization, reducing credit growth and encouraging better risk pricing. But given the complexity of financial regulations, the current measured pace of unwinding is broadly appropriate to reduce the likelihood of unintended consequences. Nevertheless, some measures, such as those that improve monetary transmission and allow more risk-based loan pricing—such as removing lending rate caps—would be immediately beneficial. The unwinding of other measures, like certain liraization and FX-protected deposit targets, would likely need to proceed more cautiously and wait until the real policy rate has moved past the neutral level.

“Fiscal policy has turned expansionary in 2023. Earthquake-related spending, large wage hikes and various subsidies have raised spending, with the 2023 general government deficit projected at 5½% of GDP, despite the appropriate recent tax increases. To be consistent with disinflation goals, the 2024 budget deficit should be below the Medium-Term Plan forecast. This would entail eliminating above-inflation compensation increases, introducing forward-looking, rather than backward-looking, pension and wage settings, and replacing blanket energy subsidies with targeted assistance. Other options to tighten the underlying fiscal stance, while allowing for earthquake reconstruction and protecting the most vulnerable, should also be pursued.” (IMF 06.10)

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* 1. CYPRUS: Moody's Upgrades Cyprus' Ratings to Baa2 & Changes Outlook to Stable

On 29 September, [Moody's Investors Service](https://ratings.moodys.com) upgraded the Government of Cyprus' long-term issuer and senior unsecured ratings to Baa2 from Ba1. Concurrently, Moody's has also upgraded the country's senior unsecured medium-term note (MTN) program ratings to (P)Baa2 from (P)Ba1 and has upgraded the commercial paper rating to P-2 from Not Prime (NP) and the other short-term rating to (P)P-2 from (P)NP.

The outlook has been changed to stable from positive.

The two-notch upgrade of Cyprus' ratings to Baa2 from Ba1 reflects broad-based, sustained improvements in its credit profile because of past and ongoing economic, fiscal and banking reforms. Significant private and public investments in combination with the implementation of further structural reforms in the context of NextGenerationEU (NGEU) support Moody's solid medium-term growth outlook. Fiscal strength has also materially improved, and the economic and fiscal impact of the pandemic only temporarily interrupted the decline in the debt burden that Moody's expects to continue in the next few years.

The stable outlook balances these positive credit trends against remaining challenges. These challenges include potentially slower progress in the implementation of investment and reforms related to Cyprus' National Recovery and Resilience Plan (NRRP) than Moody's currently assumes, remaining risks related to the banking system that could jeopardize the positive economic and fiscal momentum, and physical climate risks which Cyprus is exposed to, and which could undermine growth more than currently assumed.

Cyprus' local and foreign currency country ceilings have been raised to Aa2 from A1. For euro area countries a six-notch gap between the local currency ceiling and the local currency 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 THE UPGRADE OF THE RATINGS TO Baa2: Robust Medium-Term GDP Growth Outlook and Economic Resilience to Recent Shocks**

Past and ongoing economic, fiscal and banking reforms, an accelerated diversification within the service sector, and a significant deleveraging of the private sector result in permanent, broad-based improvements in Cyprus' credit profile. Sustained, structural improvements with respect to the labor market, the recovery of public and private investments and an increase in productivity growth have led to an increase in potential growth by more than 4% over 2014-23 to about 3% in 2023. These developments also support the resilience of the Cypriot economy to external shocks as shown for instance in the context of the pandemic and the Russia-Ukraine war. The tourism sector has recovered strongly after the slump in 2020 and, this year, will surpass 2019 levels in terms of revenues. Moody's expects the economy to grow by 2.3% in 2023 and 2.8% in 2024.

Moreover, Moody's expects Cyprus to grow at an average of 3.2% over 2025 to 2027 against the backdrop of significant ongoing foreign direct investment projects (FDI) as well as investments in the context of NGEU. FDI projects include large commercial and residential real estate and tourism sector projects such as a marina and port in Larnaca, infrastructure projects particularly in the energy sector, and FDI expanding high value-added services sectors such as ICT and financial and insurance services. In addition, the ongoing implementation of reforms, in particular in the areas of the judicial system, control of corruption and the energy market support Cyprus' institutions and governance strength.

**Steady Reduction of the Debt Level and Favorable Debt Affordability**

Moody's expects Cyprus' debt burden to steadily decrease while strong debt affordability will be maintained. After the sizeable pandemic-related fiscal deficit of 5.8% of GDP in 2020, the fiscal deficit narrowed to 2.0% in 2021 and turned into a surplus of 2.1% in 2022. Moody's expects the authorities to remain committed to fiscal discipline. Moody's forecasts fiscal surpluses of 1.6% of GDP in both 2023 and 2024, and an average surplus of about 1% over 2025-27.

Solid medium-term nominal GDP growth, sustained fiscal surpluses and a drawdown of parts of the sizeable cash buffer will result in a fast reduction of debt-to-GDP. Moody's expects debt-to-GDP to decrease from 86.5% in 2022 to 74.0% in 2024 and to below 60% in 2027. Despite the European Central Bank's monetary policy tightening and the related significant increase in funding costs, Moody's expects Cyprus' debt affordability metrics to remain strong with interest payments in relation to revenues, near historical lows over 2023-27. Cyprus has no outstanding debt securities with floating rates, no foreign-currency denominated debt, a very low share of short-term debt and a long weighted average debt maturity of 7.5 years at the end-of August 2023. In addition, the cash buffer, which was accumulated mainly during 2020 when interest rates were at very low levels, allows the government a high degree of flexibility in its funding strategy.

**Continued Strengthening of the Banking Sector Limits Contingent Liability Risks and Supports GDP Growth**

The banking sector continues to strengthen in light of a decrease in leverage and improved credit profiles of Cypriot banks. A sounder banking system reduces related contingent liability risks for the sovereign, and healthier banks are in a better position to support economic growth. The reduction in leverage and an improvement in liquidity and capital ratios have strengthened banks' credit profiles. Moreover, the profitability of Cypriot banks has strengthened materially over the past few quarters, closing the gap with European peers. Moody's expects a further, gradual deleveraging of the banking system and improved liquidity and capital ratios to be sustained over the next couple of years.

Asset quality of Cypriot banks has also materially improved and Moody's expects a further, but more gradual improvement over the next couple of years. The combination of resolution and sales of problem loans has materially reduced Cypriot banks' non-performing loans (NPLs). NPLs (EBA definition) amounted to 2.9% of total loans and advances in the first quarter of 2023, down from 3.9% a year earlier and from 55.3% in the third quarter of 2014.

**Rationale for Stable Outlook**

The stable outlook balances the positive credit trends against challenges that relate to the effective implementation of NRRP, the banking system, and physical climate risks. Slower progress in the materialization of investment projects and implementation of reforms related to Cyprus' NRRP caused by the plan's complexities would have a negative impact on economic activity.

Despite recent improvements in the banking system, banking sector-related event risks remain significant as the size of the system remains large and the intrinsic financial strength of Cypriot banks is still weaker compared to the Baa2-rated median. In addition, the materialization of physical climate risks, in particular increased frequency and severity of heatwaves, could have a more material economic and fiscal impact than currently expected by Moody's.

**Factors That Could Lead to an Upgrade of the Ratings**

Prospects of a faster than currently expected improvement in fiscal and debt metrics would put upward pressure on the rating. Particularly high absorption of EU funds and the effective implementation of reforms, in particular in the areas of the judicial system and control of corruption, would be also credit positive as the boost to potential growth could be more significant and strengthening of institutions and governance strength could be more material than Moody's currently assumes. A further reduction of the sovereign's exposure to banking sector risks, via a continued, sustained deleveraging of the banking sector in combination with a further improvement of the Cypriot bank's intrinsic strength would also be credit positive.

**Factors That Could Lead to a Downgrade of the Ratings**

Downward pressure on the rating would stem from prospects of materially weaker economic performance than Moody's currently projects. A sustained, material deterioration of the government's fiscal position leading to a jump of the debt burden and a material weakening of debt affordability metrics would also be credit negative. A material increase of banking sector risks would be credit negative. (Moody's 29.09)

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