

**The FORTNIGHTLY**

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

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*If you would like to learn more about any of the items mentioned in the Fortnightly, please contact me at* *seth@atid-edi.com* *and we will do what we can to assist you.*

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Bank Says No Digital Shekel Until Other Advanced Economies Launch Such Currencies

The Bank of Israel (BoI) remains committed to plans for a digital shekel currency to improve Israel’s payments system and foster innovation, but is unlikely to launch one ahead of other advanced economies. As of March, 134 countries — representing 98% of the global economy — were exploring digital versions of their currencies, which would eventually replace cash. Some countries, such as China, are in advanced stages of pilot programs, while the United States Federal Reserve is lagging.

The BoI first began looking into a possible central bank digital currency, or CBDC, in 2017 as a way to create a more efficient payments system. The central bank stepped up its research and preparation in November 2020. The bank has been experimenting with a digital shekel along with its Hong Kong, Swedish and Norwegian counterparts, as well as the Bank for International Settlements. The BoI has invited companies from both traditional finance and financial technology, or fintech, to participate in its project, known as the “Digital Shekel Challenge,” to demonstrate possible use cases.

Despite the planning and an increasingly digital global economy, the BoI still says it cannot be sure it will ultimately launch a digital shekel. Its experiment is considered an “action plan” to be ready when the bank deems it appropriate and necessary.

Similarly, the ECB has said it is likely, but not inevitable, that a digital euro would be introduced in Europe, which depends on cross-border payment services from elsewhere. A digital shekel could allow the public to pay with the central bank’s money in any transaction they choose. Should the BoI decide to launch a digital shekel, it would most likely need approval from the finance and justice ministries. (ToI 10.7)

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* 1. Prime Minister Netanyahu Pushing to Cancel Planned VAT Hike

[Globes](https://en.globes.co.il/en/news/) reported that Prime Minister Netanyahu and his economic advisors are pushing to cancel the VAT hike from 17% to 18% due to come into effect on 1 January 2025. A plan prepared by National Economic Council head Simhon, which is backed by Netanyahu, proposes using revenue from the plan to offer additional tax benefits on the distribution of dividends from trapped profits, which he is promoting, in order to cancel the VAT hike, which was already approved as part of the state budget enacted last March.

The 1% VAT hike should increase state revenues by over NIS 7 billion annually. At the same time, the dividend generated immediately by release of trapped profits is estimated at NIS 5-10 billion by the Ministry of Finance and NIS 20 billion by Simhon. Even with the lower estimate the taxes could replace the expected revenue from the VAT in 2025.

The VAT hike in the Ministry of Finance's plan was part of the revised war budget, directed at offsetting the increase in defense spending. Credit rating agencies welcomed this step as a factor against further downgrades.

The latest proposal reflects Simhon's return to a position of dominant influence in shaping the government's economic policy. After a period of relative silence in the previous budget, Simhon is now behind the promotion of a number of key moves that aim to provide tax benefits to the public. These include the plan to incentivize the release of trapped corporate profits at a reduced tax rate, the cancellation of the VAT hike and allowing the public to withdraw money from advanced study funds (*keren hishtalmut*) with a reduced penalty. (Globes 14.7)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Gilat to Support Critical Connectivity Requirements for the US Department of Defense

Gilat Satellite Networks announced that Gilat’s wholly owned US-based subsidiary, DataPath Inc, received over $9 million in orders in support of the US Department of Defense and other agencies worldwide participating in Field Service and Technical Service Programs. DataPath is deploying technical services and field services in Europe, the Middle East and the US to support U.S. Defense end users’ critical connectivity requirements. These orders include both contract extensions and new contracts from various partners and agencies.

Petah Tikva's [Gilat Satellite Networks](http://www.gilat.com) is a leading global provider of satellite-based broadband communications. Their portfolio includes a diverse offering to deliver high-value solutions for multiple orbit constellations with very high throughput satellites (VHTS) and software-defined satellites (SDS). This is comprised of a cloud-based platform and high-performance satellite terminals; high-performance Satellite On-the-Move (SOTM) antennas; highly efficient, high-power Solid State Power Amplifiers (SSPA) and Block Upconverters (BUC) and includes integrated ground systems for commercial and defense, field services, network management software, and cybersecurity services. (Gilat 2.7)

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* 1. SendBlocks Exits Stealth with $8.2 Million to Streamline Blockchain Data Management

Tel Aviv's [SendBlocks](https://sendblocks.io/), a pioneering startup in blockchain data management, came out of stealth mode with $8.2 million in seed funding. The SendBlocks platform is fully customizable allowing blockchain enterprises, ecosystems, protocols and applications to define the data that matters to them, and leave it to SendBlocks to sift through the blockchain to find their nuggets.

Existing clients include Bancor and SphereX who have already benefited from SendBlocks' innovative solution, experiencing streamlined operations and cost savings. With more and more high throughput blockchains emerging, SendBlocks is positioning itself to become the leading data management platform.

SendBlocks aims to significantly reduce backend and indexing efforts for blockchain developers while maintaining flexibility and robustness by consolidating the conventional indexer/RPC process into a single, user-friendly platform. Some simple use cases of the SendBlocks platform have already been a game changer for clients, such as flexible historical data access and fully personalized notifications. By providing customers access to anything happening on-chain, SendBlocks helps developers save billions of API queries, resulting in leaner data teams, regardless of the underlying blockchain. (SendBlocks 3.7)

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* 1. Nano Dimension Acquires Desktop Metal for $183 Million

Ness Ziona's [Nano Dimension](https://www.nano-di.com/) is acquiring US 3D print company Desktop Metal in an all-cash deal. Nano Dimension will pay $5.50 per Desktop Metal share for an overall sum of $183 million. Nano Dimension says there could be potential downward adjustments to a share price of $4.07 and a total acquisition price of $135 million. Desktop Metal is traded on the NYSE with a market cap of $143 million so the deal reflects a 27.3% premium on the current value of the company.

According to the two companies, the advantages in the deal include complementary products, accelerating industry transition to mass production and more. Nano Dimension said that the combined company will benefit from significantly enhanced scale and a diversified profile with 2023 combined revenue of $246 million, of which 28% was generated by recurring revenue streams from the services and consumables. The combined company’s complementary expertise and leadership in solutions for mass production will create an AM company that has a record of delivering solutions for manufacturing at high volumes. The deal is supposed to save costs of $30 million annually by merging sales, marketing and R&D resources.

Greenhill & Co., LLC, an affiliate of Mizuho, is serving as exclusive financial advisor to Nano Dimension, and Greenberg Traurig and Sullivan & Worcester are serving as Nano Dimension’s legal counsel. Stifel is serving as financial advisor to Desktop Metal, while Latham & Watkins LLP and Shibolet & Co. are serving as legal counsel. (Nano Dimension 3.7)

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* 1. Massivit Signs Strategic Cooperation Agreement with Switzerland's SIKA

Massivit 3D Printing Technologies has signed a strategic cooperation agreement with Sika Deutschland GmbH (SIKA). Under this agreement, SIKA's materials will be printed for the first time on Massivit's 3D printer, the Massivit 10000, and marketed under joint branding starting in H2/24. Massivit estimates that the cooperation with SIKA will increase the number of potential customers, the use of printers, and the consumption of printing materials.

The Massivit 10000, based on "Cast in Motion" technology, offers rapid printing of molds and tools using specialized materials suited to diverse industries. To date, this technology has been adopted by the automotive, marine, advertising, and entertainment industries, to name a few. The collaboration with SIKA will expand the range of printable materials using the Massivit 10000, helping customers shift from traditional methods to modern 3D printing solutions.

Founded in 2013, Lod's [Massivit 3D Printing Technologies](http://www.massivit3D.com) is a pioneer in large-volume 3D printing solutions for the automotive, marine, rail, furniture, and advertising markets. The company's solutions enable the cost-effective production of molds and models at unprecedented speed, utilizing industrial materials. Its vision is to shift the production of large objects from traditional and outdated methods to digital manufacturing through rapid 3D printing while using industrial materials. (Massivit 2.7)

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* 1. NeuroBrave Selected for Google's Startup Program & Investment from Google AI Fund

NeuroBrave has been accepted into the prestigious Google AI Startups Program and investment from Google AI Fund. This program and investment foster the growth of promising Artificial Intelligence startups.

NeuroBrave empowers people all over the world to improve their mental health status by connecting the huge markets of wearable devices and digital mental health services, delivering, in scale, real-time recommendations, personalized therapies and insights. By working with mental health providers, insurers, telehealth, and wellness mobile apps, NeuroBrave empowers users to manage stress, control anxiety, avoid chronic conditions like PTSD and chronic stress, combat fatigue and burnout, and improve attention, engagement, and quality of life.

Beer Sheva's [NeuroBrave](http://www.neurobrave.com) is a HealthTech AI leader in the field of real-time neural and physiological signal decoding and translation, providing insights on cognitive and emotional information. The company provides diagnostics and treatment solutions for mental health, cognitive health, well-being, safety, and productivity. Among its clients and partners are some of the largest organizations in the world such as Qualcomm, Garmin, STMicroelectronics, health care providers, mental health providers and others. (NeuroBrave 9.7)

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* 1. Cytactic Raises $16 Million to Help Companies Prepare for a Cyber Crisis

Cytactic announced a $16 million seed funding round led by Evolution Equity Partners, a renowned cybersecurity venture capital fund. Cytactic's market-leading SaaS platform is an innovation-forward, holistic, intuitive solution that consolidates crisis readiness, response, and recovery tailored to versatile business profiles and risk landscapes. It empowers organizations to handle the mounting threat to their business in case of a cyber crisis with a simplified, orchestrated, step-by-step methodology involving all relevant stakeholders and roles.

Tel Aviv's [Cytactic](http://www.cytactic.com) was founded to help organizations mitigate the impact of cyber crises they might face. With a flexibly augmented cyber approach, Cytactic's SaaS platform digitally orchestrates cyber crisis management, readiness processes, and training, allowing various stakeholders to efficiently collaborate, utilizing data-driven insights to make them smart, effective and fast. (Cytactic 10.7)

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* 1. Volumez Completes $40 Million Funding to Revolutionize Cloud-Aware Data Infrastructure

Volumez completed its $40 million Series A financing round led by Koch Disruptive Technologies (KDT) with new investors including Samsung Venture Investment Corporation and J-Ventures, and with participation from existing investors Pitango First and Viola Ventures. This additional $20 million funding comes after a first tranche of $20 million funding led by KDT in April 2023.

The company's innovative controller-less orchestration software harnesses the power of Linux to quickly execute modern data infrastructure for data-intensive workloads using a declarative interface that makes it easy to deploy a wide variety of applications in hybrid and multi-cloud environments. Volumez will use the funds to continue to expand its customer base and grow its business operations in the U.S. and EMEA while maintaining R&D execution in Israel.

Tel Aviv's [Volumez](https://volumez.com/) is a revolutionary composable data infrastructure company businesses employ to realize the true potential of their data. With its innovative controller-less architecture, Volumez tackles latency and scalability challenges by establishing direct Linux data paths, ensuring exceptional performance and resiliency. Driven by cutting-edge technology and a customer-centric approach, Volumez offers comprehensive solutions that streamline data workflows, enhance data quality, and drive informed decision-making. (Volumez 10.7)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Investments in MENA Start-Ups Fell by 46% in the First Half of 2024

Start-ups across the Middle East and North Africa (MENA) raked in a total of $882 million in investments during the first half of the year. The total funding was down by around 46% from the $1.6 billion raised in the same period in 2023, a report from Wamda and Digital Digest said. However, if the debt financing secured last year will not be considered, the decline this year would only be around 12%.

The uncertainty that has prevailed due to the Hamas war against Israel in Gaza and the potential military escalation in the region has cast its shadow on the start-up ecosystem, prompting regional and international venture capital firms (VCs) to adopt a ‘wait-and-see’ stance, the report said.

June saw young businesses raise $116 million, up by 182% from the same period last year, but down by 59% from May. Last month’s fundraising activity was led by start-ups based in the UAE, with funds totaling $82.5 million spread across 15 transactions. Despite the year-on-year growth in funding, last month’s fundraisings saw the absence of mega deals, according to the report. The biggest amount raised was logged by Tendered, raising $30 million. Fintech, however, emerged as the winner during the month, as the sector raised the most funds reaching $38 million across 10 deals. (Zawya 9.7)

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* 1. Mubadala Co-Leads a $600 Million Investment for US Trailer Lessor

I Squared Capital, a leading independent global infrastructure investment manager, announced that it has raised in excess of $600 million from Mubadala Investment Company, the Abu Dhabi sovereign investor, Qatar Investment Authority (“QIA”) and others for Dublin, Ohio based Transportation Equipment Network (TEN). TEN is North America’s second largest full- service trailer lessors with a combined fleet of over 83,000 trailers with locations across most major logistics hubs.

TEN recently completed a transaction to combine its operations with those of TIP Canada, the North American operations of TIP Group. I Squared acquired TIP Group in August 2018, and has tripled its EBITDA in that time via a combination of organic growth and bolt-on acquisitions.

Rebranded TEN earlier this year, I Squared’s build out of this trailer-leasing platform began in March 2021 with the acquisition of Star Leasing and subsequent acquisitions of Cooling Concepts in May 2022, North East Trailer Services (NETS) in July 2023 and Commercial Trailer Leasing (CTL) in September 2023. The combined group provides services including integrated leasing, maintenance, advanced technological solutions, consultation services and innovative fleet electrification offerings across numerous industry verticals. (I Squared Capital 15.7)

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* 1. Saudi Arabia’s Jeel Attracts New Seven-Figure Investment

Jeel, a leading company in educational and edutainment digital content for children, adolescents, parents, and educators, has secured a seven-figure in US dollar funding from RZM Investment and a group of prominent angel investors. This investment serves as a strong boost for Jeel in enhancing its leadership in the digital content realm, expanding its operations, and delivering innovative services in the Saudi and Gulf markets. Jeel plans to strengthen its presence in the B2B and B2G sectors by offering its innovative services to institutions and governments, thereby expanding its scope and impact in digital content.

Part of the funding will be used to add new languages to the Jeel app, attracting more users from various Arab countries. The company will also focus on expanding into new markets within the region. Continuously developing its app by adding new features and enhancing user experience is part of Jeel’s strategy. This effort aims to increase user engagement and solidify Jeel’s position in the market. A comprehensive online store will be launched for easy purchase of Jeel app-related products and services, providing users with a seamless experience and contributing to the company’s revenue growth.

[Jeel](https://jeelapp.com/EN/) is the first Arab educational application of its kind, provided to Arabic users under the full supervision of educational specialists. It is a world full of entertainment and fun in a safe educational framework prepared by professional psychological and educational specialists in an impressive art form no less interesting than the content presented in foreign channels, rich in moral and educational values, presented in Standard Arabic language. (Wamda 28.6)

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* 1. Google & KAUST Unite to Advance AI Research in Saudi Arabia

Google recently awarded five seed grants to faculty members at King Abdullah University of Science and Technology to support research in artificial intelligence in Saudi Arabia. The grants, which total $100,000, will fund research projects focused on multilingual, multimodal machine learning, specifically using generative and large language models (LLMs).

The researchers from the computer, electrical and mathematical sciences and engineering (CEMSE) division at KAUST will explore topics such as health, cross-cultural language understanding, sustainability, privacy and education. The grants are part of Google’s broader efforts to support AI research and development worldwide.

The grants coincide with KAUST’s announcement of a new Saudi based Center of Excellence in Generative AI. The center aims to accelerate and establish excellence in generative AI research and development in the Kingdom. (AN 9.7)

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* 1. Delta & Riyadh Air Sign Strategic Agreement to Expand Connectivity & Travel Options

Delta Air Lines and [Riyadh Air](http://www.riyadhair.com), Saudi Arabia's new full-service global carrier, signed a Strategic Cooperation Memorandum of Understanding with the goal of introducing a broad range of benefits for customers traveling between North America, Saudi Arabia and destinations beyond. The agreement, signed at a ceremony at Delta's World Headquarters in Atlanta, serves as the foundation for a strategic partnership that will enable both airlines to strengthen connectivity, expand their networks and drive future growth.

The agreement envisions a long-term relationship, subject to regulatory approvals, that includes interline and codeshare connectivity, as well as a deeper partnership encompassing loyalty, customer experience, digital transformation and broader aviation services such as maintenance, repair and overhaul services, ground handling and training. In the future, the airlines intend to explore an immunized joint venture to further expand the partnership and allow collaboration on network planning and growth in the region. Both airlines are committed to driving the best sustainability practices throughout their operations as they transform the future of travel.

The partnership will open new destinations in Saudi Arabia and beyond for Delta customers, including future nonstop service on Delta between the U.S. and King Khalid International Airport in Riyadh. It will provide leisure travelers with a new region of the world to explore while creating new opportunities for business travelers to Riyadh, a G20 capital city, plus destinations beyond. It will offer Delta's leading North American network for Riyadh Air customers, offering convenient access to hundreds of destinations in the U.S. and beyond. (Delta Air Lines 9.7)

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* 1. Egypt’s Connect Money Raises $8 Million to Launch Embedded Finance Platform

Egypt’s [Connect Money](https://www.connect.money/%E2%80%8E), a banking-as-a-service fintech company focused on embedded finance services, has closed a seed funding round worth $8 million to help it launch five new business verticals. Connect Money offers a comprehensive white-label card issuing platform that enables businesses to provide their customers with debit and credit cards without the need to develop fintech infrastructure or obtain regulatory licensing.

The startup’s state-of-the-art solutions encompass digital payments, instant financing, and access to a network of over 20,000 marketplace partners. Connect Money provides end-to-end support, including white-labelled card issuance, distribution, KYC, customer support, and mobile banking app development, simplifying the payments experience for their clients and their customers all through a unique SaaS offering.

Connect Money’s $8 million seed round was led by Disruptech Ventures and Algebra Ventures, and will be used by the startup to launch five new business verticals that will be announced separately in North African markets, emerging as the go-to platform for businesses seeking seamless banking services. (CM 9.7)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. Amman Launches National Water Conservation Plan 2024

Jordan's Minister of Water and Irrigation launched the National Water Conservation Plan 2024, emphasizing the water sector's ongoing efforts to align with the Economic Modernization Vision. These efforts include exploring non-traditional sources, notably the desalination of Red Sea water through the National Carrier Project, reducing water losses, addressing illegal water usage, increasing water and sanitation services, utilizing treated water, and enhancing the role of youth in the water sector.

The plan aims to promote long-term water conservation and efficient use across various sectors, defining institutional and national roles for the sustainability and conservation of water sources as outlined in the National Water Strategy, Water Policies, and Economic Modernization Vision. It also seeks to strengthen partnerships with the private sector and support scientific research and legislative development related to water consumption.

The plan includes 16 initiatives covering all water use sectors, focusing on legislative aspects to increase efficiency, institutional coordination, private sector participation, awareness programs, and changing societal behavior towards more efficient water use. The USAID supported Jordan in formulating this plan through the Water Conservation Project, in collaboration with over 200 participants from major sectors of the Jordanian economy, aiming to improve water use efficiency in the agricultural, industrial, and municipal sectors. (Petra 9.7)

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* 1. Dubai’s 64 Kilometer Green Spine Project

The ‘Dubai Green Spine’ project, an ambitious plan to transform the 64 kilometer long Sheikh Mohammad Bin Zayed Road (E311) into a “sustainable” corridor is being spearheaded by urban planning and development firm URB. Its research arm, EPIC Lab will develop this transformative initiative to align with the Dubai 2040 Urban Master Plan. The project aims to revolutionize urban mobility, elevate environmental and social standards, and accommodate Dubai’s anticipated population growth.

At the core of the Dubai Green Spine are 100% solar-powered trams, supported by a substantial 300 MW solar energy system. This clean energy initiative is crucial for reducing the city’s carbon footprint and promoting a shift from car dependency to more sustainable transport modes. The project also commits to enhancing community and biodiversity through extensive green spaces with diverse habitats.

These areas are designed not only to beautify the urban landscape but also to play critical roles in environmental health and community well-being. Connected by extensive pedestrian and cycling paths, these spaces significantly enhance walkability and reduce reliance on automobiles. Additionally, the integration of mixed-use developments will combine residential, commercial, and recreational spaces, strategically positioned to boost urban connectivity and community interaction. These developments ensure that daily amenities are within convenient reach, fostering a dynamic urban life. (GB 9.7)

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* 1. Korea Eximbank to Provide $150 Million for Abu Dhabi’s Al Ajban Solar Plant

The Export-Import Bank of Korea (Korea Eximbank) is set to provide a $150 million loan for the 1.5 GW Al Ajban solar power plant in Abu Dhabi. The financing marks the first time the bank provides financing for a renewable energy project in the UAE, and accounts for 16.67% of the total costs of the project, estimated at $900 million. The development of the project had an initial estimated investment ticket of around $748 million. The bank had signed a letter of interest in the initial stages of the bidding process.

The Emirates Water and Electricity Company (Ewec) signed a power purchase agreement with an international consortium comprising France’s EDF and Korea Western Power (Kowepo) to develop Ewec’s project in April. Ewec selected the consortium in February and awarded it development rights for the project, with Masdar serving as the local shareholder. PowerChina Huadong Engineering Corporation secured an engineering, procurement and construction (EPC) contract for the solar power plant. The plant is set to have three of the world's largest solar sites when it becomes operational in Q3/26. (Korea Eximbank 8.7)

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* 1. SIRC Launches Mega Waste-To-Fuel Project in Saudi Arabia

German waste management firmMVW Lechtenberg Middle East, the PIF-backed Saudi Investment Recycling Company (SIRC) and Norwegian blockchain firm Empower have launched a mega waste-to-fuel plant to process waste from across six governorates. The project aims to process some 3 million tons of municipal solid waste per year to produce refuse-derived fuels (RDF) in six governorates. The fuel will be acquired by six cement producers estimated to have a total cement clinker production capacity of 20 million tons per year. Some 35% of the processed waste will be converted to RDF, while 14% will be recycled. It is set to slash carbon dioxide emissions by 1.8 million tons per year when fully operational.

RDF is a type of fuel produced from various forms of waste and consists of combustible components, such as non-recyclable plastics and tires, and biodegradable matter. Non-combustible materials are separated from the waste and the rest gets shredded and burned.

This marks MVW Lechtenberg and SIRC’s second RDF collaboration after the two — as part of a JV that includes City Cement Company’s subsidiary Green Solutions Environmental Services (GSES) — launched operations for a 600 ton per day plant in 2022. Lechtenberg Middle East — the firm’s registered subsidiary in Riyadh — also formed the JV Innovative Solutions for Environmental Services Company with SIRC’s Tadweer Environmental Services Company and GSES last year to produce alternative fuel from waste, with a starting capital of SAR 6.7 million. (Enterprise 4.7)

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* 1. Fertiglobe Awarded €397 Million Bid to Supply Europe with Green Ammonia

Germany, through its H2Global hydrogen initiative, signed a 20 year, €397 million green ammonia offtake agreement with UAE-based renewables player Fertiglobe. This came after Fertiglobe won the first of a number of tenders to be launched by the German side to secure green hydrogen. The agreement will see Fertiglobe supply H2Global with up to 19.5k tons of green ammonia annually beginning in 2027, which could be cranked up to 397k tons by 2033 at a rate of €1,000 per ton. It will then resell it at a reduced rate to EU companies.

Fertiglobe’s green hydrogen partnership with Orascom Construction, Scatec, the Sovereign Fund of Egypt (SFE), and the Egyptian Electricity Transmission Company — dubbed Egypt Green Hydrogen — will provide the green hydrogen needed for Fertiglobe to produce green ammonia at its ammonia plants. The consortium’s plant kicked off a trial phase in November 2022 and aims to produce some 13k tons of green hydrogen a year. Fertiglobe will buy the plant’s production of green ammonia for the coming 20 years — marking the world’s first long-term green ammonia purchase agreement.

The German side is already preparing to launch a second tender under its H2Global initiative looking for international contracts to supply green hydrogen — Germany’s Economic Affairs Ministry has earmarked €3.53 billion for the initiative. (GEAM 14.7)

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* 1. Morocco is Set to Quadruple its Investments in Renewable Energy

Morocco is set to quadruple its investments in renewable energy from $400 million in 2024 to $1.5 billion by 2027, Energy and Sustainable Development Minister Benali said during a parliamentary session. Morocco will also add around 7.5 GW of renewable energy by 2027, excluding green hydrogen and desalination projects. Morocco also aims to invest $3 billion by 2027 to boost its transmission grid.

Morocco is making strides in green energy. Morocco was included in the ten African countries that added the most hydropower in 2023, adding 1.77 GW. The Morocco-UK Xlinx interconnector project is also underway to transport 3.6 GW of renewable energy — nearly 8% of the UK’s current requirements — from a 10.5 GW solar and wind farm in Morocco’s Guelmim-Oued Noun region to Britain’s power grid in Devon. (Enterprise 4.7)

ARAB STATE DEVELOPMENTS

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* 1. Jordan's GDP Grows by 2% in First Quarter of 2024

Jordan's Gross Domestic Product (GDP) grew by 2% at constant prices during the first quarter of this year compared to the same period last year. The quarterly report from the Department of Statistics indicated that preliminary estimates showed growth across most economic sectors in the first quarter of 2024 compared to the first quarter of 2023.

The extractive industries sector recorded the highest growth rate during this period, at 6.3%, contributing 0.18%to the overall growth rate. This was followed by the agriculture sector, which grew by 5.7%, contributing 0.30%. The electricity and water sector grew by 4.8%, contributing 0.07%, while the manufacturing sector saw a growth of 3.9%, contributing 0.67% to the overall growth rate. (Petra 4.7)

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* 1. Qatar Central Bank Foreign Reserves Surge by 3.88% in June 2024

The foreign currency reserves and foreign currency liquidity of the Qatar Central Bank (QCB) increased by 3.88% year-on-year to reach QR 250.091 billion in June 2024 compared to QR 240.742 billion in the same period of 2023. The figures showed an increase in its official reserves at the end of June 2024, compared to what it was at the end of the same month in 2023, by roughly QR 8.704 billion to reach QR 191.110 billion, owing to the increase in QCB's balances of foreign bonds and treasury bills by around QR 4.386 billion, to reach QR 139.068 billion in June 2024.

The reserves consist of key categories: bonds and foreign treasury bills, balances with foreign banks, gold, and Special Drawing Rights (SDR), and the State of Qatar's share at the International Monetary Fund (IMF). In addition to the official reserves, there are other liquid assets (Foreign Currency Deposits), so the two together constitute what is known as the total foreign reserves. Gold reserves increased, as of the end of June 2024, by about QR 8.124 billion compared to June 2023 to reach QR 28.977 billion.

Balances with foreign banks declined by nearly QR 3.633 billion, to the level of QR 17.950 billion at the end of June 2024, compared to June 2023, with the balance of special drawing rights deposits from the State of Qatar's share with IMF decreasing by QR 174 million by the end of June 2024, compared to June 2023, reaching QR 5.113 billion. (The Peninsula 8.7)

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* 1. UAE Sees Volume of Startup Investments Rise by 11% in the First Half of 2024

The UAE saw the biggest volume of startup investments in the MENA region in H1/24, according to the latest report by Dubai-based financial analysis firm Magnitt. UAE-based startup investments climbed 11% y-o-y to 83 closed transactions during the period, with startups landing some $225 million in total funds, marking a 19% y-o-y decline in terms of value. This makes the UAE the fifth highest country among emerging markets in terms of value of investments in the region, with Saudi Arabia leading the pack with $412 million in funding for startups. The UAE is second to KSA in the MENA region.

Wamda has a different take, counting 91 UAE-based startups drawing in $455 million in funding during the first half of the year. Despite investments plunging 24% y-o-y from the $604 million raised during the same period in 2023, the UAE still emerged as the “top funded ecosystem in the region.”

The UAE had most exits, accounting for six exits of a total of 10 taking place across the region over the six-month period, according to Magnitt. UAE-based VCs came in second after Saudi firms for number of investments, with 41 transactions closed, according to Wamda. UAE-based VC Plus Venture Capital ranked as the top fourth investor across emerging markets, with 10 transactions closed during H1/24.

VC funding slowed 34% y-o-y to $768 million across the region, along with an 18% y-o-y decline in transaction volumes to 199 transactions. On the bright side, the MENA startup investor pool grew 32% y-o-y to 262, signaling “sustained interest in the region.” Fintech startups accounted for 38% of investments in startups in emerging markets, securing over $1 billion in funding across 128 transactions, making the fintech industry the leading sector in terms of funding. (Magnitt 10.7)

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* 1. Oman Pushes Forward with Personal Income Tax Framework

In a significant development for Oman’s fiscal policy, the country’s Shura Council has recently advanced the draft law on Personal Income Tax (PIT) to the State Council. This move is a critical step in finalizing the legislative process for the introduction of PIT in Oman, targeting high-income individuals.

The concept of a personal income tax in Oman has been under consideration for several years. The initial draft bill was first introduced in 2022, proposing a tax framework aimed at high earners. According to the 2022 draft, the tax rates were suggested to be between 5% and 9%.

The tax would apply differently to residents and non-residents, whereby foreign nationals would be subject to the tax on Oman-sourced income above a threshold of $100,000. Omani citizens will be taxed on any net income exceeding $1,000,000. This progressive tax structure aligns with Oman’s broader economic goals, as outlined in its Medium-Term Fiscal Plan (2020-2024), which includes diversifying revenue sources beyond oil and gas. Oman’s existing tax regime primarily focuses on corporate income and certain payments made to non-residents.

The Shura Council’s decision to move the draft to the State Council suggests legislative momentum towards implementing this tax. If passed, the new tax could significantly impact both high-earning expatriates and wealthy Omani citizens, as well as mark a first for the GCC region known for personal income tax-free economies. (ONA 3.7)

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* 1. Riyadh Ranks Among the Top 15 Fastest-Developing Cities

Riyadh has been named one of the top 15 fastest-growing cities by 2033, according to the Savills Growth Hubs Index, part of Savills’ global thought leadership program, Impacts. The Saudi capital’s inclusion highlights the city’s significant potential for development and business expansion, driven by Saudi Vision 2030. Saudi Arabia has a population of around 36 million people, with 67% under the age of 35. The employment potential and spending power of this segment over the next decade is enormous.

Riyadh is projected to see a 26% population growth, rising from 5.9 million to 9.2 million in the next decade. This population boom is expected to spur continued government investment in mega infrastructure projects and improvements in amenities and services. Supporting this growth, Saudi Arabia has seen a notable increase in foreign direct investment (FDI). Government data showed a 5.6% rise in net FDI inflows to $2.53 billion in Q1/24 compared to the previous year.

The Savills Growth Hubs Index complements the Resilient Cities Index by examining economic strength and projecting it to 2033 to identify high-growth cities. Indian and Chinese cities dominate the top 15, each securing five spots, followed by cities in Vietnam, the Philippines, Bangladesh, and Saudi Arabia. (GB 9.7)

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* 1. Saudi Leads MENA Venture Capital Funding with $412 Million in First Half

Saudi Arabia continues to dominate the venture capital (VC) space in the Middle East and North Africa (MENA) region, bagging more than half of the deployment during the first six months of the year. The kingdom recorded $412 million in VC funding from January to June this year, accounting for 54% of the region’s total VC investments and marking a significant jump from the 38% share a year ago, according to data firm Magnitt.

Across the emerging markets, Saudi Arabia came second after Singapore, which landed the top spot with $1,324 million. The UAE, which bagged $225 million, came fifth, just behind Thailand ($372 million) and Indonesia ($263 million).

Saudi’s e-commerce and retail sector scored the bulk (52%) of the investments, amounting to $215 million, although fintech businesses continued to lead in terms of the total number of deals, capturing 14% of the transactions in the first half. The kingdom’s deal flow accounted for 30% of the deal activity across the MENA region, up from 24% in the first half of last year. (MAGNITT 10.7)

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* 1. 5G Adoption is Picking Up in Saudi and So Are Download Speeds

The Kingdom has the third-fastest 5G download speed in Europe, Middle East and Africa (EMEA), ranking higher than any other Arab country with a land area greater than 200k km2 at speeds of up to 230.7 Mbps, according to the latest Opensignal figures. Saudi was also the top Arab country for average download speeds and 6th overall, boasting average speeds of 43.2 Mbps — a 14% y-o-y improvement from last year.

Rankings among EMEA countries were split into two groups, one for countries with over 200k km2 in land area (Group I) and another for those with less (Group II). Qatar took the lead in Group II among its EMEA peers with 5G download speeds of 359.2 Mbps, followed by Denmark at 293.3 Mbps. Kuwait came third with 5G download speeds of 272.7 Mbps with Bahrain ranking fourth and UAE ranking 7th.

Riyadh came second after Kuwait City for GCC capitals with an overall download speed of 54.5 Mbps. It came in fifth in terms of download speeds when connected to 5G at 260.9 Mbps behind Abu Dhabi, Manama, Kuwait City and Doha. The percentage of mobile connections that are 5G in the GCC are forecast to rise by 11 to 13% by the end of the year.

The 5G Advanced, which is an update to existing 5G networks by leveraging AI and machine learning to boost network performance, is already gaining momentum in GCC markets. Zain KSA said it plans to launch 5G Advanced in eight cities here between 2024 and 2026. The UAE’s telecoms regulator TDRA also plans to outline a plan for the deployment of the technology in the country. (Various 9.7)

►►North Africa

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* 1. Egypt’s Inflation Falls to Lowest Level in Over a Year, Recording 28.1% in May

CAPMAS reported that Egypt's annual urban inflation fell to 28.1% in May, down from 32.5% in April on the back of considerably slower food price increases, as traders continued to price in a lower exchange rate following the float of the EGP. This is the lowest inflation figure recorded since January 2023. Food and beverage prices — the largest component of the basket of goods and services used to calculate headline inflation — continued to rise but a significantly softer rate of 31.0% y-o-y in May, down 9.5% from a month prior.

On a monthly basis, inflation fell on all items for the first time since June 2022, with prices falling 0.7% m-o-m. This is the biggest drop inflation has seen m-o-m since June 2019. Food and beverage prices dipped 3% from the month before, marking the second consecutive month of deflation. This was driven by a dip in the prices of bread and cereals, meat and poultry, and vegetables.

Annual core inflation — which excludes volatile items such as food and fuel — slowed to 27.1%, down from 31.8% in April, according to data from the Central Bank of Egypt. Monthly core inflation, meanwhile, was in the negative, recording -0.8%, down from 0.3% the month before. (CAPMAS 11.7)

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* 1. Egypt's New Government Seeks 4.2% Economic Growth Over the Next Three Years

Egypt’s Prime Minister Madbouly outlined on his new cabinet’s program for the coming three years during a special session at the country’s House of Representatives. Madbouly said the new government will be tasked with handling the country’s pressing challenges, including those related to economic, and security pillars. The prime minister said the program is tailored to address three main challenges: completing the infrastructure and services projects nationwide, mitigating the repercussions of the global economic conditions and addressing the challenges resulting from regional conflicts. Madbouly vowed to end the power outage problem within six months, reduce rising prices and inflation, and control markets.

The program – which covers the period from 2024-2025 to 2026-2027 – focuses on four key pillars:

1. Protecting national security and bolstering foreign policy.
2. Building the Egyptian person and enhancing his well-being.
3. Building a competitive economy that attracts investments.
4. Achieving political stability and national cohesion.

On building a competitive economy that attracts investments, Madbouly said the new government seeks to achieve a growth rate of 4.2% and growth rates exceeding 5% on average during the three-year program period, double the contribution of the green economy investment to the total public investments to about 55% in 2026, increase private investments to 60-65% of total investment and raising the annual growth rate of foreign direct investments to about 14% by 2030, increase exports by more than 15% annually and attract 30 million tourists by 2028. (WAM 8.7)

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* 1. Egyptian Foreign Reserves Reach a New High in June

Egypt's net foreign reserves increased by $258 million in June to just under $46.4 billion, surpassing the previous record high of $46.1 billion recorded in May, according to the Central Bank of Egypt. The new high recorded in June follows May’s figures that topped their pre-COVID peak of $45.5 billion after the final tranche of the Ras el Hekma funds landed in state coffers. The $20 billion tranche consisted of $14 billion in fresh inflows and $6 billion in the form of a previous UAE deposit at the central bank. Credit rating agency Fitch Ratings expects Egypt’s foreign currency reserves to reach $49.7 billion in the current fiscal year and $53.3 billion in the next, the agency said in May.

The government has €5 billion worth of concessional loans from the EU coming its way by 2027, with the first €1 billion in macro-financial assistance set to land in state coffers during the second half of 2024. The World Bank has also earmarked $3 billion for the government over the next three years to support Cairo's economic and structural reforms, social protection programs, and green transition, with the first $700 million trance recently greenlit by the bank. In addition, the IMF is also yet to channel much of its recently expanded $8 billion loan program, with the lender’s Executive Board expected to soon approve the disbursal of a fresh $1.2 billion trance after Egypt and the IMF reached a staff-level agreement on the third review of the program early last month. (CBE 7.7)

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* 1. Egypt’s Remittances Reach $2.7 Billion in Boost to Foreign Reserves

Remittances from Egyptians abroad increased in May, reaching $2.7 billion in a boost for Egypt’s foreign currency reserves. The Central Bank of Egypt said remittances increased in May for the third straight month. The figure for May constitutes a 26.6% increase from $2.2 billion in April and a 73.8% increase from $1.6 billion in May 2023. The bank attributed the increase in remittances to Egypt’s economic reforms in March. At that time, the Central Bank instituted a massive 6% interest rate hike and further devalued the Egyptian pound to nearly 50 pounds to the US dollar. Higher interest rates can attract more remittances due to the greater appeal in depositing money in banks.

Egypt was dealing with a severe foreign currency shortage until recently. Decreased tourism during the COVID-19 pandemic, the supply chain shocks from the 2022 Russian invasion of Ukraine and reduced trade through the Suez Canal as a result of Houthi attacks in the Red Sea have all led to decreased foreign cash entering Egypt. The situation prompted Egyptian banks to restrict foreign currency transactions in recent years. In January, some institutions reduced daily and monthly limits to as low as $50. Similar restrictions occurred in 2023 and 2022.

The level of reserves has improved recently. In March, the Egyptian government said it had received $10 billion from the UAE's pledge to invest $35 billion in Egypt. The same month, the IMF increased its bailout loan to Egypt by $5 billion, while the European Union provided $1.08 billion to the country in April as part of a loan deal. Egypt’s foreign reserves hit what was then an all-time high of $46 billion in May, compared to $35.3 billion in February. Last month, net international reserves reached $46.38 billion, according to the Central Bank.

Egypt’s year-on-year inflation rate fell to 28.15% in May, marking the first time it was below 30% since January. Higher interest rates tend to lead to lower inflation. Public debt has soared in Egypt under President Abdel Fattah al-Sisi, who came to power in 2014, and it remains an issue. Foreign debt hit $168 billion at the end of December, up from $164.5 billion in September. (Al-Monitor 8.7)

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* 1. Egypt Lowers 2025 Wheat Self-Sufficiency Target to 51%

Egypt has lowered its wheat self-sufficiency target for the current fiscal year, even as it plans to increase its farmed area, in line with plans to diversify agricultural exports. The target of 51% self-sufficiency for one of the world’s largest wheat importers for the fiscal year that ends in June 2025 is a slight increase from the previous year but lower than the previously announced 65% target for 2025. Egyptian President Abdel Fattah al-Sisi said in May 2024 that Egypt did not need to grow more wheat but could instead use farmland to grow other exportable crops and then spend the revenue to import wheat.

The Egyptian government buys wheat internationally and locally in order to offer tens of millions of Egyptians subsidized bread. Local wheat production currently meets 49% of demand, according to the cabinet report, up from 45% in 2020.

Egypt’s economy has been suffering from a hard currency shortage that only eased when the UAE signed a $35bn deal in February for the right to develop a stretch of the Mediterranean coast and other projects. That was followed by an expanded loan agreement of $8 billion with the IMF and other international financing. A cabinet report showed that Egypt aims to produce enough local wheat to meet 56% of its demand by 2030 from a total farmed area of 12.5 million acres. (Various 13.7)

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* 1. Morocco Inflation Drops by Almost Half to 0.7% in Second Quarter of 2024

Morocco’s Consumer Price Index showed a significant drop in inflation during Q2/24, falling to +0.7% from +1.2% in the previous quarter, according to the country’s High Planning Commission (HCP). The decrease was mainly driven by a 0.5% drop in food prices, while prices of non-food items saw an increase, rising to 1.5% from 0.9% in the first quarter.

Core inflation, which excludes state-regulated prices and volatile products, also decreased from +2.5% to +2.2%, primarily due to reduced prices of food and manufactured goods, the HCP report detailed. The main factor behind the overall inflation decline was a decrease in prices of fresh food products, which contributed -0.8 points, compared to -0.5 points in the previous quarter. This decline was attributed to reduced prices of fresh vegetables and citrus fruits, in contrast to the sharp increases observed in the same quarter of 2023. Prices of eggs, poultry, and cooking oil also decreased. Prices of certain food items such as fruits, red meat, and spices reportedly rose due to drought conditions and increasing production costs.

Meanwhile, prices of non-food products reversed their downward trajectory observed over several quarters, primarily driven by a 4.2% increase in energy inflation attributed to adjustments in gas and fuel prices. Manufactured product prices continued to decrease slightly, while service prices remained stable. For the third quarter of 2024, inflation is anticipated to remain relatively stable, with overall inflation expected to reach approximately +0.8% and core inflation around +2.1%. This outlook is bolstered by decreased inflationary pressures in the food and non-energy goods sectors. According to data from Focus Economics, consumer price inflation in Morocco averaged 1.7% in the ten years to 2022, below the MENA regional average of 5.4%. (HCP 9.7)

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* 1. Morocco’s Economic Growth to Consolidate to 3.2% in Third Quarter of 2024

Morocco’s national economy is forecasted to expand by 3.2% in Q3/24, up from 2.9% in the previous quarter, as domestic demand continues to recover and support for key sectors strengthens. According to a recent report from the Higher Commission of Planning (HCP), the economy grew by 2.9% year-on-year in the second quarter, accelerating from the 2.5% growth recorded in the first quarter. The positive momentum was largely driven by a stronger improvement in domestic demand, boosted by a favorable calendar effect on consumer spending.

Leading the charge is Morocco’s extraction industry which saw a robust 15.6% increase in value added year-on-year in the second quarter, propelled by a significant rise in external sales of non-metallic minerals and revived demand from local processing industries. This momentum is expected to continue into the third quarter. Likewise, activity in the construction sector increased by 3% in the second quarter, compared to 2.5% in the first quarter, supported by a recovery in housing production and a notable 20% rise in cement sales.

Manufacturing Industries equally showed strong growth. The sector’s value added grew by 3.5% year-on-year in the second quarter, up from 2.1% in the first quarter. The acceleration was primarily driven by the chemical and construction-related industries.

Despite the overall positive economic performance, the agricultural sector continued to struggle. The value added in agriculture fell by 4.9% year-on-year in the second quarter, a sharp contrast to the 1.5% increase recorded in the same period last year. This decline was mainly due to the severe drought’s impact on major crops. (MWN 8.7)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Cyprus Posts Sharp Decline in Exports

Cyprus saw its trade deficit grow in May, largely due to a significant drop in exports and a slight increase in imports, according to data from the Cyprus Statistical Service (CyStat). The trade deficit for May was 693.4 million euros, up from €578.2 million in May 2023. Imports in May totaled €1.03 billion, a 3.2% increase from €1 billion in May 2023.

Imports from fellow-EU countries reached €611.4 million, up from €594 million the previous year. Imports from non-EU countries also rose to €420.4 million, compared to €406 million in May 2023. Notably, the transfer of ownership of ships significantly boosted import figures, with vessels valued at €77 million against €34.6 million in May last year.

On the flip side, exports in May plummeted by 19.8%, totaling €338.4 million, from €421.8 million in May 2023. Exports to EU countries dropped to €89.8 million from €101.3 million, and exports to non-EU countries fell to €248.6 million from €320.5 million. The value of ship transfers in exports also decreased, with €68.6 million in May compared to €100.8 million in May 2023. In the year to end-May imports declined 14.4% year-on-year, while exports shrank 9.5%. (FM 11.7)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Tel Aviv & Jerusalem Among Top Ten Cities in Middle East and Africa

Jerusalem and Tel Aviv were named among the top ten cities in the Middle East and Africa by readers of the prestigious American tourism magazine "Travel + Leisure." More than 186,000 of the people participated in the annual survey. They were asked to rate the cities on a scale of 1 to 5, according to the following categories: sites, culture, food, friendliness, shopping and value for money.

Jerusalem came in third place with a score of 87.25 and Tel Aviv came in eighth place with a score of 82.46. In recent years, the two Israeli cities were often included in the prestigious list, but with the ongoing war and the consequent drop in tourism to Israel, their inclusion this year was noteworthy. According to the Tourism Ministry's data, only half a million tourists visited Israel in 2024. In comparison to two million, during the same period in 2023.

The first place on the list went to Marrakesh, Morocco with a score of 89.17, second place went to Cape Town, South Africa with a score of 88.87. Jerusalem closed the top three list with 87.25. Dubai, UAE trails in fourth place with 86.14 and Kigali, Rwanda is the last in the top-five cities with a score of 85.93. The rest of the list includes Fez, Morocco, Essaouira, Morocco, Tel Aviv, Israel, Luxor, Egypt and Cairo, Egypt with a score of 81.40. (Ynet 14.7)

\*REGIONAL:

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* 1. Dubai Future Labs & Japan Science and Technology Agency Announce Collaboration

Dubai Future Labs and Osaka University, under the oversight of the Japan Science and Technology Agency (JST), have signed an agreement to collaborate in the research and development (R&D) of new technologies and concepts. The agreement is in line with “Dubai Research and Development Programme”, which aims to support key economic sectors and create new opportunities for growth by providing a comprehensive framework for research, development and innovation across the emirate.

Under the agreement, Dubai Future Labs, and JST’s Moonshot Goal 1 will engage in joint R&D activities together with the University of Electro-Communications, RIKEN, Advanced Telecommunications Research Institute International and Cyber Agent, Inc., and establish a world-class research laboratory, under the theme of Cybernetic Avatar Alliance: Dubai Japan Laboratories for Cybernetic Avatar Technologies.

The collaboration will focus on conducting cutting-edge research activities in the field of cybernetic avatars across three projects: operating a large number of Cybernetic Avatars (CAs) by a single operator using a large language model (LLM), developing a cybernetic avatar robot suitable for multicultural interactions and social acceptance studies on different types of Cybernetic Avatars (CAs). (WAM 9.7)

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* 1. NASA Signs US - Saudi Arabia Agreement for Civil Aeronautics & Space Collaboration

The United States and Saudi Arabia signed a framework agreement that opens new possibilities for cooperation with NASA in areas such as space science, exploration, aeronautics, space operations, education, and Earth science. Known as the framework agreement between the United States and Saudi Arabia on "Cooperation in Aeronautics and the Exploration and Use of Airspace and Outer Space for Peaceful Purposes," it establishes the framework to strengthen mutually beneficial collaboration. The agreement also acknowledges the importance of the Artemis Accords, which Saudi Arabia signed in July 2022, for the transparent, safe, and responsible exploration of space. The commitments of the Artemis Accords, and efforts by the signatories to advance implementation of all its principles, support NASA's Artemis campaign with its partners and other activities of the accords signatories. (NASA 16.7)

ISRAEL LIFE SCIENCE NEWS

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* 1. Endospan Receives Additional $25 Million from Artivion for Nexus FDA Approval Path

Endospan announced an agreement with Atlanta, Georgia's Artivion for additional loans of up to $25 million for U.S. FDA approval of NEXUS. Endospan has developed NEXUS, the first and only approved branched endovascular system to treat aortic arch disease, including both aortic aneurysms and aortic dissections. While minimally invasive endovascular repair has been the standard of care for Abdominal Aortic Aneurysm (AAA) and Thoracic Aortic Aneurysm (TAA), aortic arch disease patients with aneurysms or dissections who receive treatment have previously had little choice but to undergo open-chest surgery with its associated invasiveness and risks, lengthy hospitalizations, and prolonged recuperation. NEXUS transforms a complex surgical aortic arch repair into a minimally invasive endovascular procedure.

Endospan is currently enrolling patients in the TRIOMPHE IDE Study, a multi-arm, multi-center, non-randomized, prospective, clinical study to evaluate the safety and effectiveness of NEXUS® in treating thoracic aortic lesions involving the aortic arch. The study will enroll up to 110 patients at up to 31 sites. Earlier this year, Endospan shared 30-day results of the first 22 patients enrolled in the study. This early data aligned with results achieved during an EU clinical study, suggesting that NEXUS may provide surgeons with a straightforward, minimally invasive solution for aortic arch repair that allows for procedural consistency with reliable patient outcomes.

Herzliya's [Endospan](http://www.endospan.com) is a pioneer in the endovascular repair of Aortic Arch Disease including aneurysms and dissections. Endospan has received CE-Mark to commercialize in Europe the NEXUS Stent Graft System, the first endovascular off-the-shelf system to treat aortic arch disease which affects a greatly underserved group of patients diagnosed with a dilative lesion in, or near, the aortic arch. While minimally invasive endovascular repair has been the standard of care for Abdominal Aortic Aneurysm (AAA), aortic arch disease patients with aneurysms or dissections have not been as fortunate and have had little choice but to undergo open-chest surgery with its invasiveness and risks, lengthy hospitalization periods, and prolonged recuperation. Endospan 2.7)

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* 1. Pluri's €1 Million Agreement to Enhance Global Sustainable Vegetable Supply

Pluri announced a strategic proof of concept (POC) agreement with a leading international agriculture corporation. The agreement is intended to boost the global vegetable product supply, streamline supply chains, and combat global climate change while ensuring a natural and more sustainable future for agriculture. The collaboration leverages the strengths of both companies—Pluri's extensive expertise in cell-expansion technologies and cellular agriculture complements the partner’s global presence, knowledge of the food industry and dominant position in the vegetable market.

The result of the planned collaboration has the potential to minimize environmental impact and foster greater food security. Pluri’s proprietary 3D cell expansion technology is expected to benefit farmers worldwide, as the collaboration can build a better agronomic and environmentally friendly infrastructure, bringing sustainable, and high-quality solutions to the market.

Haifa's [Pluri](http://www.pluri-biotech.com) is pushing the boundaries of science and engineering to create cell-based products for commercial use and is pioneering a biotech revolution that promotes global well-being and sustainability. The Company’s technology platform, a patented and validated state-of-the-art 3D cell expansion system, advances novel cell-based solutions for a range of challenges—from medicine and climate change to food scarcity, animal cruelty and beyond. Pluri currently operates in the field of regenerative medicine, foodtech and agtech. (Pluri 8.7)

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* 1. Endoron Medical Raises $10 Million in Series A Funding led by Sofinnova Partners

Endoron Medical, a pioneering medtech company specializing in innovative endograft stapling solutions for the endovascular repair of abdominal aortic aneurysms, announced the successful closing of its $10 million Series A funding round. The round was led by Sofinnova Partners, with significant matching contributions from the European Innovation Council Fund (EIC Fund). The capital received will accelerate the clinical validation of Endoron’s flagship product, the catheter-based EndoStapling solution Aortoseal, as it progresses through its Investigational Device Exemption (IDE) approved Early Feasibility Study (EFS).

Endoron is at the forefront of developing advanced technologies for the endovascular repair of abdominal aortic aneurysms (AAA). Its technology addresses the critical challenges of sealing and securing endografts used in minimally invasive AAA repairs, particularly in complex procedures. Endoron’s innovative stapling mechanism ensures complete sealing of endografts while securely anchoring them, preventing long-term migration and endoleaks, thereby reducing the need for highly invasive, high-mortality open surgeries.

Founded in 2019, Kfar Saba's [Endoron Medical](https://endoronmedical.com/) was established by a team of experts with extensive industry expertise and entrepreneurial experience. With the successful completion of this funding round, Endoron is well-positioned to capitalize on the growing market opportunity to drive innovation in endovascular care. The company remains committed to advancing endovascular repair solutions to improve patient outcomes. (Endoron 9.7)

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* 1. Stratasys Unveils the DentaJet XL Solution for Dental 3D Printing

Stratasys launched the groundbreaking DentaJet XL, the latest innovation in dental 3D printing technology. This new high-speed 3D printer is the latest addition to the DentaJet series, designed to further improve dental lab productivity and reduce costs with its larger resin cartridges, large print tray, Super High-Speed mode, and minimal post processing workflow.

The new PolyJet multi-material 3D printer is designed to run in a production setting with minimal human intervention. With advanced software print prep and print management features, as well as unattended printing and curing, labs can reduce up to 90% of their labor costs. The introduction of new printing modes and larger cartridges results in up to 67% lower cost per part. This new printer can be integrated with new validated, fast and large batch post processing workflows for support removal. It also allows for printing two materials simultaneously. And it can improve lab productivity and lowers costs making it the “go-to” solution for large volume production labs around the world.

Rehovot's [Stratasys](http://www.stratasys.com) is leading the global shift to additive manufacturing with innovative 3D printing solutions for industries such as aerospace, automotive, consumer products and healthcare. Through smart and connected 3D printers, polymer materials, a software ecosystem, and parts on demand, Stratasys solutions deliver competitive advantages at every stage in the product value chain. The world’s leading organizations turn to Stratasys to transform product design, bring agility to manufacturing and supply chains, and improve patient care. (Stratasys 11.7)

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* 1. Inspira Receives Israeli Regulatory Approval for the INSPIRA ART100 System

Inspira Technologies announced the receipt of the Israeli Ministry of Health's medical devices and accessories (AMAR) approval for the INSPIRA ART100, an Extra-Corporeal Membrane Oxygenation and Cardiopulmonary Bypass system. This is a pivotal milestone in Inspira's strategy to conduct business development activities to bring its innovative products and technologies to the market.

The Company believes that receiving Israeli regulatory approval marks an important step towards growing local support and adoption for the INSPIRA ART100 and demonstrates Inspira's capabilities in obtaining regulatory approvals for its products.

Ra'anana's [Inspira Technologies](https://inspira-technologies.com) targets to reshape the respiratory and life-support landscape. They are developing novel expanding life support technologies and solutions to prolong life and improve the quality of life for patients. The INSPIRA ART (Gen 2) will include the Company's Adaptive Blood Oxygenation technology and is being designed to continuously measure the patient's blood parameters in real-time, delivering needed oxygen volume straight into the blood. The Company's other products, including the INSPIRA ART (Gen 2) and HYLA blood sensor, have not yet been tested or used in humans and have not been approved by any regulatory entity. (Inspira Technologies 11.7)

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* 1. Colorado Medicaid Supports Nerivio REN Wearable for Drug-Free Migraine Treatment

Theranica announced Health First Colorado - Colorado Medicaid's coverage of the Nerivio REN wearable, the FDA-cleared, non-drug, non-disruptive treatment for both acute attacks and prevention of migraine with or without aura in adolescents and adults ages 12 and older. This coverage expands access to 1.7 million members, offering an alternative or supplemental treatment to prescription and over-the-counter medications. The Nerivio REN wearable triggers the brain's natural power to address migraine pain and associated symptoms without drugs or disruption, providing a safe, drug-free, and non-disruptive option for underserved patient populations.

Colorado Medicaid serves approximately 25% of Coloradans and this decision continues to build a foundation for commercial insurance providers and other federally-funded programs to follow. Earlier this year, Highmark Inc., Blue Cross Blue Shield North Dakota and DC Medicaid announced coverage for the Nerivio REN wearable, leading the effort to provide drug-free migraine treatments to their members.

Controlled by a smartphone app and self-administered, the [Nerivio](http://www.nervio.com) REN wearable is a complete migraine care treatment that wraps around the upper arm and uses sub-painful Remote Electrical Neuromodulation (REN) to activate nociceptive nerve fibers in the arm. These fibers send signals that trigger a descending pain management mechanism in the brain called conditioned pain modulation (CPM), which turns off migraine pain and associated symptoms without medication. In simpler terms, the upper arm is stimulated to unleash a natural process in the brain to abort or relieve migraine headaches and other associated symptoms.

Netanya's [Theranica](http://www.theranica.com) is a neuromodulation therapeutics company dedicated to creating effective, safe, affordable, low-side-effect therapies for idiopathic pain conditions. The company's award-winning flagship wearable, Nerivio, is the first FDA-cleared prescribed migraine REN wearable for acute and/or preventive treatment of migraine. Nerivio has been used in more than 650,000 migraine treatments in the US, including by adolescents and veterans. (Theranica 10.7)

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* 1. IR-MED Receives $500,000 to Develop Early Detection of Diabetic Foot Ulcers

IR-MED has received a $500,000 grant from the Israel Innovation Authority (IIA) to develop its platform technology for a new indication, a decision support device for the early detection of diabetic foot ulcers. The grant’s 13-month development timeline is proceeding on schedule with IR-MED having achieved its mid-point milestones. Computer simulations of infrared light reflectance from lesions under the skin surface have been completed, and based on these data, the Company is building the DiaSafe device’s hardware in accordance with the development plan agreed upon with the IIA.

By sensing the invisible, DiaSafe, IR-MED’s newest handheld device, is being designed to non-invasively analyze the biomarkers of blood and tissue, at the point of care, to help healthcare providers prevent diabetic foot ulcers from developing in their diabetic patients. The Company believes an effective early detection device can reduce healthcare costs, save limbs, and save lives. Diabetic foot ulcers are more cost effective to manage in their initial stages. Detecting and treating diabetic foot ulcers early can significantly improve quality of life by reducing pain and increasing mobility. Early intervention can reduce death rate associated with diabetic foot complications.

Rosh Pina's [IR-MED](https://www.ir-medical.com/) is developing a noninvasive spectrographic analysis technology platform, allowing healthcare professions to detect, measure and monitor, in real time, different molecules in the blood, in human tissue and in body fluids without invasive procedures. IR-MED’s technology is being developed to allow readings of biomarkers in a non-invasive method that may provide caregiver the optimal decision support-system in cases where uncertainties disturb physicians in their decision processes. (IR-Med 15.7)

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* 1. Nurami Medical Awarded a €2.5 Million EIC Grant to Accelerate Soft Tissue Repair

Nurami Medical has been awarded blended financing which includes a €2.5 million grant and additional equity investment from the European Innovation Council (EIC) Horizon Accelerator program. This substantial award recognizes Nurami's innovative technology and its potential to transform the soft tissue repair industry.

Already in the market with its inaugural product, ArtiFascia, a novel dura repair graft launched in the US and awaiting CE approval, Nurami will utilize the EIC funding to advance the development of its second product, currently in pre-clinical trials. Selected from a competitive field of applicants through a rigorous evaluation process, Nurami and its groundbreaking technology, leveraging unique combinations of electrospun polymers and smart materials, stand out. This recognition serves as robust validation of Nurami's technology and its compelling value proposition for soft tissue repair

Haifa's [Nurami Medical](http://www.nurami-medical.com) is a medical device company co-founded in 2014 by experts in nanofibers and biomaterials. The company develops innovative implants and sealants that are based on electrospun fibers and advanced materials to improve patient outcomes and enhance recovery in soft tissue related surgeries. (Nurami Medical 16.7)

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* 1. Edwards Lifesciences to Acquire Innovalve

Irvine, California's Edwards Lifesciences announced it has exercised its option to acquire Innovalve Bio Medical, an early-stage transcatheter mitral valve replacement (TMVR) company, following its initial investment in 2017. Since that time, Innovalve has demonstrated progress in its program with promising early clinical experience. Combined with Edwards’ existing mitral innovations, the acquisition enhances the company’s TMVR technologies to address large unmet structural heart patient needs and support sustainable long-term growth. Innovalve will join the transcatheter mitral and tricuspid therapies (TMTT) product group.

Edwards is developing a portfolio of transcatheter repair and replacement therapies designed to address mitral and tricuspid valve diseases. The company is committed to transforming the treatment of mitral and tricuspid patients, supported by a robust body of clinical evidence. The acquisition is expected to close by the end of 2024.

Ramat Gan's [Innovalve](https://www.innovalvemed.com/) is a developer of unique Transcatheter Mitral Valve Replacement (TMVR) technology, invented in Sheba Medical Center, the largest hospital in Israel. (Edwards Lifesciences 16.7)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. Foresight to Supply Advanced Systems for SUNWAY-AI’s Autonomous Logistics Vehicles

Foresight Autonomous Holdings announced the signing of an amendment to an existing agreement with SUNWAY-AI Technology (Changzhou) Co., a Chinese manufacturer of autonomous and unmanned intelligent vehicle solutions. As per the amendment, the Company’s ScaleCam, a cutting-edge stereoscopic vision system, will be incorporated into SUNWAY’s innovative line of autonomous logistics and robotic vehicles.

This amendment to the joint development and supply agreement signed with SUNWAY, as announced by the Company on 16 November 2022, states that Foresight will initially equip SUNWAY’S unmanned warehouse and materials handling vehicles, autonomous coffee machine carts and wireless charging robotic vehicles with its advanced 3D perception systems to enable autonomous capabilities for both indoor and outdoor operations. This integration will enable SUNAWAY's unmanned logistics and robotic vehicles to navigate complex environments seamlessly, enhancing the efficiency and safety of logistical operations across a wide range of industries and applications. If SUNWAY approves Foresight’s ScaleCam solution, customized to their specific requirements, Foresight is expected to supply the first batch of ScaleCam systems by the end of 2024.

Ness Ziona's [Foresight Autonomous Holdings](http://www.foresightauto.com) is a technology company developing smart multi-spectral vision software solutions and cellular-based applications. Foresight’s vision solutions include modules of automatic calibration and dense three-dimensional (3D) point cloud that can be applied to different markets such as automotive, defense, autonomous vehicles and heavy industrial equipment. (Foresight 8.7)

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* 1. Camtek Receives a $20 Million Order from a Tier-1 OSAT

Camtek announced that it has received a new multiple-systems' order for a total of $20 million from a tier-1 Outsourced Semiconductor Assembly & Test (OSAT), for the inspection and metrology of Advanced Packaging applications. The systems are expected to be delivered in the second half of 2024.

Migdal HaEmek's [Camtek](http://www.camtek.com) is a developer and manufacturer of high-end inspection and metrology equipment for the semiconductor industry. Camtek's systems inspect IC and measure IC features on wafers throughout the production process of semiconductor devices, covering the front and mid-end and up to the beginning of assembly (Post Dicing). Camtek's systems inspect wafers for the most demanding semiconductor market segments, including Advanced Interconnect Packaging, Heterogeneous Integration, Memory and HBM, CMOS Image Sensors, Compound Semiconductors, MEMS, and RF, serving numerous industry's leading global IDMs, OSATs, and foundries. (Camtek 9.7)

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* 1. Enso Launches First Guided AI Agents Platform to Make AI Accessible to SMBs

Tel Aviv's [Enso](https://enso.bot/%E2%80%8E) unveiled the industry's first ecosystem of Guided AI Agents, offering small to medium-sized business (SMBs) AI-powered Service-as-a-Software. Launching with over 1,000 AI agents trained and fine-tuned on domain-specific best practices across 70 specific industries, Enso provides SMBs with affordable high-end services critical to running a business—including research, accounting, digital marketing, recruiting and more.

Enso's platform centers around an innovative concept called Guided AI Agents, designed to overcome the unpredictability and unreliability often associated with conventional AI agents. Traditional AI agents frequently make autonomous decisions that can lead to incorrect outcomes, thereby limiting the ability to provide consistent, high-quality services at scale. Additionally, Enso plans to launch a "Guided AI Agent Builder" for developers to build and market services to SMBs on the platform.

Fueling Enso's launch is a $6 million seed funding round led by NFX with participation from top angel investors, including Yossi Matias, head of AI Google Research, Shmil Levy, ex-GP at Sequoia Capital, Dark Mode ventures, and operators from top companies including Slack, Twitter, OpenAI and more. (Enso 9.7)

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* 1. Israel Aerospace Industries Signs a $1 Billion Deal

[Israel Aerospace Industries (IAI)](https://www.iai.co.il/%E2%80%8E) announced an agreement worth $1 billion over five years with an unnamed third party. The company expects completion of the deal by 2029 and IAI and said that it would provide surety of a changing amount to the customer according to progress in the work, implementation and guarantees.

The latest $1 billion deal comes after the historic sale of the Arrow 3 air defense system to Germany for $3.5 billion last year. The record deal broke the previous IAI record of a $1.6 billion sales of a Barak 8 system to India in 2017. IAI is committed to provide Germany with its first Arrow 3 system next year and overall systems to cover the entire country by 2030.

This latest IAI deal illustrates the position of the major defense companies regarding the influence of Israel's geopolitical status on the industry. Although the banning of Israeli companies from the prestigious Eurosatory defense exhibition in France was a tough marketing blow, Israeli products are still in high demand. This is due to two main reasons: first and foremost Israeli technologies are at the highest level in the world, and secondly Israeli products are proven on the battlefield. Israeli products like Rafael's Trophy defense system for tanks measures have proven their value to customers and the reliability of the products by protecting the IDF's Merkava 4 from anti-tank missiles. (IAI 9.7)

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* 1. CodiumAI Launches Quality-First Generative AI Coding Platform for Enterprises

Tel Aviv's [CodiumAI](https://www.codium.ai/), the generative code integrity platform, announced the launch of its enterprise platform which empowers development teams to leverage generative AI to improve code quality. Through organization-specific code suggestions, tests, and reviews, CodiumAI's enterprise platform enables enterprises to confidently adopt AI-generated code. Just 16 months since exiting stealth, CodiumAI's solutions are already used by over 600k developers.

CodiumAI addresses enterprise challenges by providing a comprehensive platform that facilitates quality assurance and verification throughout the software development process. The enterprise platform unifies and enhances CodiumAI's existing suite of code quality tools that assist with testing, reviewing, documenting, and validating code.

Complementing a deep understanding of code context, CodiumAI's enterprise platform also features a sophisticated database of best practices. This dynamic system automatically learns and reinforces an enterprise's specific coding standards, adapting to the unique requirements and preferences of each organization. As development teams use the platform, the system continually refines its understanding of the company's coding conventions, architectural patterns, and quality benchmarks. (CodiumAI 10.7)

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* 1. Bettear Launches Revolutionary Auracast Products for Accessible Audio Experiences

Bettear launched its groundbreaking Auracast products: the B-CASTER streamer and B-RTX transceiver while enhancing the audio accessibility for the attendees of CI2024. These innovative devices will transform how people experience audio in public spaces and beyond. The B-CASTER is a versatile Auracast streamer designed for both assistive listening and direct audio streaming applications. It integrates with Auracast-based hearing aids, cochlear implants, and hearables, providing a near-real-time and high-quality audio experience for those with hearing impairments.

The B-CASTER also serves as a standalone Auracast access point, allowing users to stream audio directly to their devices for immersive experiences in cultural venues such as museums, theaters, convention centers, performance centers, etc. The B-RTX transceiver complements the B-CASTER by offering enhanced features and customization options for tour guides and visitors. Its intuitive interface and advanced capabilities enable superior audio quality, improved communications, and access to assistive listening systems.

Tel Aviv's [Bettear](http://www.bettear.com) is a leading provider of cutting-edge assistive listening solutions that enhance people's sound experience. Focusing on accessibility, quality, and user-friendliness, Bettear is committed to transforming the audio landscape and empowering individuals through exceptional audio experiences. (Bettear 10.7)

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* 1. Symmetrium First Mobile Security Solution to Control Mobile Access at the IP Layer

Symmetrium achieved a significant milestone by becoming the first mobile security solution to control mobile access and web filtering using IP addresses, without the need for complex management configuration using VPNs. Symmetrium's unique approach uses Virtual Mobile Devices (VMDs), with static IP addresses, which reside within the security of the corporate network. When a mobile device accesses the corporate network using Symmetrium, the static IP address of the VMD attaches to the device, instead of the dynamic IP provided by the mobile carrier. This dramatically simplifies the challenge of managing mobile access to the corporate network environment, allowing CISOs and IT Leaders to restrict access to a small set of static addresses.

Symmetrium's Web Filtering also focuses on the IP Layer, enabling security teams to both block and allow access to specific websites. This allows for the full separation of work-related and personal online activity, maintaining full employee privacy for non-corporate online activities. This is unlike current VPN and DNS solutions, which capture all website activity of users, raising concerns regarding employee privacy particularly in a BYOD environment.

Tel Aviv's [Symmetrium](https://symmetrium.io/) is a zero-trust, mobile data governance and security platform designed to turn any mobile device into a virtual extension of the enterprise, inheriting all its compliance, security and IT protocols. Symmetrium keeps no data at risk by allowing no data at rest, all while delivering users a completely native mobile access solution that can be quickly and easily deployed. (Symmetrium 10.7)

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* 1. D-Fend Solutions Upgrades EnforceAir2 C-UAS with User Interface Enhancements

D-Fend Solutions released EnforceAir2 version 24.04.2, which includes all upgrades to the system released since the launch of the product last year. This new software version comprises major upgrades to its award-winning capabilities and builds upon its proven C-UAS power, performance, portability, and range.

Version 24.04.2 of EnforceAir2 includes a range of refined improvements that have been rolled out so far this year, including new user interface (UI) features, expanded detection and mitigation coverage, and enhanced capabilities for deployment on naval vessels. In addition to these software enhancements, D-Fend Solutions has significantly expanded EnforceAir2's detection and mitigation drone coverage with the inclusion of many additional drone models.

Ra'anana's [D-Fend Solutions](https://d-fendsolutions.com/) is the leading counter-drone, cyber-takeover technology provider, enabling full control, safety, and continuity during rogue drone incidents across complex and sensitive environments to overcome both current and emerging drone threats. With thousands of successful deployments performed worldwide, in the most challenging real-life scenarios and for the most demanding end users, EnforceAir, the company's flagship offering, focuses on the most dangerous drone threats in military, public safety, airport, prison, major event, critical infrastructure and other environments. D-Fend Solutions' technology has been chosen as best-in-class and is in deployment at top-tier U.S. government agencies – including with U.S. military, federal law enforcement, and homeland security – as well as major international airports globally. EnforceAir autonomously executes RF cyber-takeovers of rogue drones for safe landings and controlled outcomes, ensuring the smooth flow of communications, commerce, transportation and everyday life. (D-Fend Solutions 11.7)

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* 1. Prompt Security Launches First GenAI Security Solution for MSSPs

Prompt Security announced its product and go-to-market support for Managed Security Service Providers (MSSPs). This strategic initiative has already resulted in partnerships with MSSPs across Europe, the Middle East, North America and the Asia-Pacific region. These partnerships are aimed at delivering and managing security for the GenAI usage and deployments of their customers.

Prompt Security enables enterprises to adopt Generative AI while protecting against a full range of risks to their applications, employees and customers. At every touchpoint of Generative AI in an organization — from GenAI tools and assistants used by employees and developers to GenAI integrations in homegrown applications — Prompt Security inspects each prompt and model response to prevent the exposure of sensitive data, block harmful content, and secure against GenAI-specific attacks. The solution also provides enterprise leadership with complete visibility and governance over the GenAI tools used within their organization.

Founded in August 2023, Tel Aviv's [Prompt Security](https://www.prompt.security/) delivers a complete solution for all generative AI security in the enterprise. Its robust platform supports millions of prompts and thousands of users per month. The Prompt Security team of researchers has created proprietary LLMs and developed novel techniques for detecting generative AI threats and addressing the risks. (Prompt Security 11.7)

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* 1. Arbe Collaborates to Revolutionize Truck Safety with Imaging Radar

Arbe Robotics announced a collaboration with a prominent European truck manufacturer to integrate Arbe's automotive grade imaging radar technology into the manufacturer's next-generation sensor suite, as part of the manufacturer's transition to an advanced implementation stage.

Arbe's imaging radar technology effectively addresses the unique challenges of trucks, such as their larger size, the need for more distance to brake on time, and greater impact potential. These factors make it crucial for trucks to operate safely in any weather and lighting condition. With the largest channel array in the industry, Arbe's radar offers unique functionalities, including perception enhancement, free space mapping, and managing complex use cases such as detecting lost cargo on the road and detecting pedestrians, even at night. This advanced technology enhances driver assistance and supports Level 4 autonomous driving, which are essential for the trucking industry and its distinctive business models.

Tel Aviv's [Arbe](https://arberobotics.com/) is spearheading a radar revolution, enabling truly safe driver-assist systems while paving the way to full autonomous-driving. Arbe's radar technology is 100 times more detailed than any other radar on the market and is a critical sensor for L2+ and higher autonomy. The company is empowering automakers, autonomous ground vehicles, commercial and industrial vehicles, and a wide array of safety applications with advanced sensing and paradigm changing perception. (Arbe Robotics 11.7)

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* 1. Oversee Optimizes Airline Sourcing with AI-Driven Air Contract Benchmarking

Tel Aviv's [Oversee](https://oversee.biz/) launched airline sourcing optimization solutions that enable customers to improve supplier strategies and maximize contract savings by leveraging Oversee’s vast global customer footprint and expertise in AI-powered automation. Oversee's Smart Airfare Benchmarking solution helps optimize supplier strategy and strengthen travel programs’ negotiating power using like-for-like comparisons of their contract performance against peers.

As the global leader in Air Price Assurance, Oversee leverages data from billions of PNRs and fares from booking until departure to create the first Airfare Benchmarking solution that considers each program’s advance purchase behavior to drive relevant comparisons, down to the carrier, route, and class of service level.

Oversee's Air Contract Auditing automates contract enforcement to verify that discounts are correctly applied to bookings, ensuring that they match the contracted discount. This unique solution is the first to use AI-powered automation to digitize and interpret air contracts while instantly auditing discounts on every segment fare basis with maximum accuracy. Dashboards and detailed reports enable travel professionals to work with airline partners toward resolving costly mistakes in fare discounts. (Oversee 15.7)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's June Inflation Rate Rises by an Expected 0.1%

Israel’s Consumer Price Index (CPI) rose 0.1% in June, in line with expectations. In the twelve months to the end of June 2024, the rate of inflation has risen slightly to 2.9% from 2.8% at the end of May, according to figures released by the Central Bureau of Statistics. Thus inflation remains just below the Bank of Israel's annual target range upper limit of 3%.

Prominent price rises in June included culture and entertainment, which rose by 1.2%, housing costs (rent) up 0.5%, and food prices and housing maintenance, which rose 0.3% each. Prominent price declines in May included fresh fruit and vegetables, which fell 2.5% transport and communications, which each fell 0.4%, furniture and household equipment, which fell 0.3% and healthcare, which fell 0.2%. (CBS 15.7)

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* 1. Israel's Fiscal Deficit Widens Further

Israel's fiscal deficit widened even further in June, reaching 7.6% of GDP over the past 12 months, or NIS 146 billion, the Ministry of Finance accountant general reported, up from 7.2% of GDP at the end of May. The fiscal deficit is already a full 1% higher than the fiscal deficit target of 6.6% set by the government for the end of 2024 in the 2024 budget.

In June itself, the fiscal deficit stood at NIS 14.6 billion compared with NIS 6.4 billion in June 2023. Since the start of 2024, the fiscal deficit has totaled NIS 62.3 billion compared with a surplus of NIS 6.6 billion in the first six months of 2023.

Government spending since the beginning of the year has amounted to more than NIS 300 billion, up 34.2% compared with the corresponding period last year. The main increase in the deficit has been due to high spending on defense and by civilian ministries due to the war. However, even excluding war expenses, the increase in government spending is about 9.3%. This, in contrast to an increase of only about 3.3% in the state's revenues, which since the beginning of the year have amounted to about NIS 238 billion, compared with 230.4 billion in the first half of 2023.

The Ministry of Finance estimates that the deficit will climb to a peak by September, after which there will be a decline. The Ministry of Finance budget department believes that the deficit will converge downwards to the target of 6.6%, on the basis of which the state budget was approved last March. (Globes 8.7)

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* 1. Israel's Foreign Exchange Reserves Fell in June 2024

Israel’s foreign exchange reserves at the end of June 2024 stood at $210.278 billion, a decrease of $232 million from their level at the end of May, the Bank of Israel reported. The level of the reserves relative to GDP was 41.3%. The fall was mainly the result of the government’s foreign exchange activities totaling $1.194 billion, (which include a transfer of about $340 million by the government to the Citizens of Israel Fund account). This decrease was partly offset by a revaluation that increased the reserves by $949 million.

Despite announcing in October 2023 at the start of the war a plan to sell up to $30 billion in foreign currency to support the shekel, the Bank of Israel again did not sell any foreign currency in June and has only sold $8.5 billion since the start of the war, most of it in October. In fact the foreign exchange reserves have risen from $197.363 billion to $210.278 billion over the past 12 months. (BoI 7.7)

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* 1. UBS Says Average Wealth in Israel Rose During 2023

Israel was ranked 18th in the UBS Global Wealth Report with average wealth of $260,000 per adult in 2023, up 14% from 2022, well above the average growth worldwide of 4.2%. According to the Swiss bank growth of median wealth in Israel was much weaker, indicating that wealth is growing at a much slower pace in lower socioeconomic clusters and that economic inequality is growing.

However, over the longer term there has been an opposite trend in Israel. Since the financial crisis in 2008, inequality of wealth in Israel has narrowed by 12%, indicating that growth over the last 15 years has been inclusive, and benefitted the weaker strata as well as the strong. In general, it has been a very good period for wealth in Israel: the average wealth in shekels increased by 142%, and the median by no less than 220%, thus more than tripling over that period. Israel currently has 180,000 millionaires in US dollar terms - in other words their assets less debt are worth more than $1 million. In addition, more than 2.5 million Israelis possess wealth between $100,000 and $1 million.

According to the UBS report the country with the most extensive wealth in the world is Switzerland, with an average of $709,000 per adult. In second place is Luxembourg, followed by Hong Long and the US. Israel in 18th place with an average of $260,000 per adult (up from 19th place in 2022) was ranked immediately below Germany and immediately above Austria. Israel has the most wealth in the Middle East, ahead of Qatar in 20th place with an average of $199,000 per person. (Globes 10.7)

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* 1. Average Wage in Israel Remains High in April 2024

The average wage in the Israeli economy remains at record levels. In April 2024, the average wage in Israel was NIS 13,506, up 7.3% from April 2023, the Central Bureau of Statistics reported. However, this is a substantial fall from March 2023, when the average wage was NIS 14,000, which can also be attributed to the seasonal decrease in these months. At the same time, initial estimates for May 2024 show that the average wage rose by 7.8% compared with May 2023, to NIS 12,891 - a continued monthly decrease compared with April and March. Excluding the effects of inflation, there was a 4.4% increase in the average wage in April this year compared with April 2023. The wage, after deductions for seasonal adjustments was NIS 11,319 in April. Between February and April 2024, the average salary rose by 3.1% on an annual basis, following an increase of 7.3% on an annual basis from November 2023 to January 2024.

The trend data reported by the Central Bureau of Statistics indicate a stable job market. After the initial shocks of the war, the economy has recovered in terms of the number of jobs, and the average wage continued to rise throughout the months of the war, even beyond the increase in the rate of inflation in the economy.

Israel's tech sector continues to have the highest wages, with similar rises to the other sectors of the economy. In April 2024, the average wage in the tech sector was NIS 31,976, up 7.9% from April 2023. The highest was in the scientific R&D industry, where the average monthly wage was NIS 34,000. The Central Bureau of Statistics data show that the number of jobs in the tech sector fell slightly by 0.2% compared with March 2024. From an annual perspective, there was a slight increase: 0.6% more jobs compared with April 2023. The number of jobs in the industry is still about 10% of all jobs. (CBS 4.7)

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* 1. Housing Sales in Israel Increase by 37%

There were 22,610 housing deals between March and May 2024, the Central Bureau of Statistics reports, up 37% from the corresponding period of 2023 and up 2.7% from the preceding three months. 47.4% of homes sold were new homes, an exceptionally high figure, and 20% of these new homes were sold in government subsidized programs.

The number of new homes sold between March and May 2024 was 63.7% higher than in the corresponding period of last year and 1.7% higher than the preceding three months. The number of second-hand homes sold between March and May 2024 was 19.4% higher than in the corresponding period of last year and 3.4% higher than the preceding three months.

Jerusalem continues to lead the way in terms of the most housing deals in Israel with 1,404 homes sold between March and May 2024 including 575 new homes. Tel Aviv was in second place with 1,122 homes sold including 662 new homes - the biggest number of new homes sold in the country during this period - an exceptional statistic considering the high prices. The number of new homes sold in Tel Aviv between March and May 2024 was up 35% from the corresponding period of last year. (Globes 14.7)

IN DEPTH

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* 1. BAHRAIN: A Flurry of Activity in Bahrain-China Relations

On 15 July, Robert Mogielnicki reported in [AGSIW](https://agsiw.org/) that recent developments in Bahrain-China ties reflect less alignment and more coincidence of interests.

The Bahrain-China relationship has rarely garnered much interest – that is, until recently. At the China-Arab States Cooperation Forum in May, the two countries agreed to form a comprehensive strategic partnership. The agreement skipped over a strategic partnership designation and placed the small Gulf country in the same category – at least on paper – as regional heavyweights, such as Saudi Arabia, Iran and the UAE. Bahrain’s Mumtalakat sovereign wealth fund and the China Investment Corporation signed a memorandum of understanding to explore investment opportunities during the adjoining state visit to China by Bahraini King Hamad bin Isa al-Khalifa. In April, the Bahrain-based global alternative investment firm Investcorp and China Investment Corporation launched a $1 billion investment platform.

**A Shift in the Bahrain-China Relationship?**

In the past, the tiny country of Bahrain had seemingly registered minimal strategic and economic significance for Chinese government and business actors. At the same time, the Bahraini government was investing heavily in relations with the United States: Bahrain has been home to the U.S. Navy’s 5th Fleet since the 1990s; the country became a major non-NATO ally of the United States in 2002; Bahrain signed a free trade agreement with the United States in 2004; and the U.S. Department of Commerce and Bahraini Ministry of Industry, Commerce and Tourism established a U.S. Trade Zone in 2021. Might Manama’s recent engagements with Beijing signal a shift in the calculations underlying the Bahrain-China relationship?

A major shift is unlikely. However, Chinese influence in Bahrain, especially in the economic domain, is poised to grow upon its modest foundations. New forms of engagement ultimately represent lower-risk, higher-reward activities with differing incentive structures for Bahraini and Chinese actors. Even a drastic increase in the scale and scope of Bahrain’s ties with China would pale in comparison to those of neighboring Gulf countries, such as Saudi Arabia and the UAE, which enjoy deep and multifaceted relations with China. Yet attracting a larger sliver of Chinese trade, investment, and tourism flows could have an outsized impact on Bahrain. For its part, China has offered Bahrain little beyond paper commitments, but Beijing can boast of deeper partnerships in a country with which the United States has long enjoyed strong ties and shared interests.

**Light Economic Foundations**

Bahrain-China ties are likely to accelerate most in the economic domain, though past collaboration has unfolded in fits and starts. King Hamad’s recent state visit involved pledges to “expand cooperation in various areas and push for more results in Belt and Road cooperation,” according to China Daily. Bahrain and China signed an initial memorandum of understanding to cooperate on the Belt and Road Initiative during a China-Arab States Cooperation Forum in July 2018. Later in 2018, the Bahrain Economic Development Board signed a flurry of memorandums of understanding with Chinese companies covering artificial intelligence, esports and financial technology.

Government efforts to strengthen bilateral economic ties preceded BRI-oriented cooperation. In 2010, the Bahrain Chamber of Commerce and Industry and the China Council for Promotion of International Trade launched a Bahrain-China Joint Investment Forum to encourage more business partnerships between the two countries. A small number of prominent Chinese companies have operated in Bahrain for some time. China’s Huawei entered the market in the early 2000s, launched a regional headquarters in Bahrain in 2009, and expanded the headquarters in 2017. While Bahraini partnerships with Huawei and China Telecom to help roll out 5G mobile network infrastructure and connectivity services created friction with U.S. officials, this sensitive issue did not become a major sticking point in Bahraini-U.S. ties.

Other prominent companies active in Bahrain include the Bank of China, heating, ventilation, and air conditioning company iCOOL and China Machinery Engineering Corporation (a subsidiary of China National Machinery Industry Corporation). In 2019, China Machinery Engineering Corporation and the Power Construction Corporation of China both launched construction projects valued at a combined $1.42 billion in Bahrain’s real estate and utility sectors. In January, Bahrain’s crown prince, Salman bin Hamad al-Khalifa, inaugurated the first phase of China Machinery Engineering Corporation’s housing project in Sitra, where plans to construct nearly 3,000 housing units are underway. In May, the Bahraini minister of industry and commerce met with the management of China Machinery Engineering Corporation to discuss greater collaboration in the development of industrial and economic zones. Meanwhile, Dragon City, a $100 million wholesale and retail trading center developed by Chinamex, is home to many Chinese manufacturers and trading companies.

The trade partnership between the two countries is weighted heavily toward Bahraini imports of Chinese goods. In 2022, the value of China-Bahrain trade reached $2.36 billion. Bahrain’s exports to China that year only amounted to $110 million, with raw aluminum accounting for nearly half of all exports and energy commodities playing a negligible role. These trade flows are modest by regional standards. For comparison, in 2022, the volume of trade between China and the UAE reached $109.8 billion, and trade between China and Qatar stood at $26.2 billion, according to the IMF.

**Investing in Growth Areas**

The recent memorandum of understanding between Bahrain’s sovereign wealth fund, Mumtalakat, and China Investment Corporation to “explore potential investment opportunities” won’t immediately produce concrete investment deals. A small number of holdings and investments account for much of Mumtalakat’s $18 billion in assets under management, and the fund has a strong focus on local impact. Nevertheless, some of the “strategic investments” in the fund’s 2022 annual report demonstrate a clear connection to Chinese markets, such as those in the Spain-based electronics manufacturer Premo Group and Aleastur Group, which specializes in manufacturing metals. Premo established a production facility in Wuhu City, China, and Aleastur’s facility in Bahrain “expands and reinforces its production capacity and commercial activities” in China and other fast-growing markets.

Other Bahrain-based investors beyond Mumtalakat are exploring opportunities in China or with Chinese partners. The May deal between Investcorp and China Investment Corporation to form an investment platform follows previous investments; Investcorp has been active in Chinese markets for several years. Investcorp initiated its debut private equity investment in China in 2018 through a partnership with China Everbright Limited. The Bahraini asset manager also launched a China-focused health care investment platform and an Asia Food Growth Platform, enabling several investments in these sectors from 2020-21. Various other investment funds in Bahrain, such as Al Waha Fund of Funds, have partnered with Beijing-based MSA Capital.

Bahrain’s tourism sector, which relies overwhelmingly on Saudi tourists, offers another opportunity to strengthen ties between Bahrain and China. For a country that welcomed 12.4 million tourist arrivals in 2023, better connectivity with China – the world’s largest outbound tourism market – offers significant promise. The Bahraini minister of tourism described the Chinese market as a key target in the country’s “Tourism Strategy 2022-2026.” The strategy aims not only to boost the sector’s contribution to Bahrain’s gross domestic product to 11.4% by 2026, up from around 7% in 2021, but also to increase tourism flows from more countries. Bahrain’s national carrier, Gulf Air, began its first nonstop flights to China in May.

Bahraini and Chinese officials also signaled a willingness to work more closely on the media and space portfolios. During the Bahraini king’s state visit to China in May, Bahrain’s National Communication Centre and the China Media Group agreed to enhance communication between the two countries, while Bahrain’s National Space Science Authority and the China National Space Administration planned cooperation on space initiatives, including those related to satellites. In June, the Chinese ambassador to Bahrain indicated potential avenues for future cooperation, including opening a branch of a leading Chinese bank, which would help facilitate bilateral trade, collaboration in the electric vehicle industry, and even a visa waiver program.

**Future Trajectories**

Rather than an inflection point, the China-Arab States Cooperation Forum in May was largely an opportunity to showcase and build upon initiatives already underway in Bahrain-China relations. There have been flurries of bilateral engagement in the past – notably in 2018 with BRI-related agreements and other partnerships involving Bahrain’s Economic Development Board. Bahrain also joined the Chinese-led Asian Infrastructure Investment Bank as a member in 2018. Past efforts to strengthen Bahrain-China ties established a light foundation for continued collaboration but have yet to materialize into robust linkages with significant momentum.

Nevertheless, the Bahraini government appears determined to generate more value out of the bilateral relationship. Bahrain has a strong incentive to tap into China-driven trade, investment, and tourism flows. It appears that Bahraini officials have read the writing on the regional wall: There is plenty of room to work with Chinese counterparts while posing minimal risks to their strong relationship with the United States. For example, Bahrain officially became a dialogue partner in the Shanghai Cooperation Organization in July 2023. Greater cooperation with China, especially in economic realms, is unlikely to spell big trouble for little Bahrain.

Partnerships, however, are a two-way street. Following the announcement of elevated status agreements for Bahrain and Tunisia, Jonathan Fulton wrote that China’s partnership agreements “may just be items on a checklist.” Beyond niche areas for cooperation and some relatively small-scale commercial contracts, it is unlikely that Chinese economic actors will ever perceive Bahrain as a key trade and investment hub. Nor do Chinese government and business actors necessarily need a gateway to the Gulf, as Bahraini officials often portray their country. Bahrain’s king assumed the presidency of the Arab League in May, but otherwise, the country has not undergone a major shift in its geopolitical or strategic significance relative to Beijing. This latest flurry of activity in the Bahrain-China bilateral relationship may be less alignment and more coincidence of interests: Manama is seizing an opportunity to generate economic momentum, while Beijing is seeking to keep a wary Washington on its toes.

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* 1. LIBYA: IMF Executive Board Concludes 2024 Article IV Consultation

The Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the Article IV consultation with Libya on 1 July 2024.

Libya remains a fragile state trapped in political uncertainty, but the episodes of active conflict have become less frequent. Several shocks have hit the country, but their impact on GDP growth has been muted. Tropical storm Daniel struck Eastern Libya in September 2023, leading to devastating floods, catastrophic damage, and a tragic loss of life. The disaster, however, had only a small impact on economic growth, since Libya’s GDP is mainly based on energy exports.

In 2023, real GDP is estimated to have expanded by 10%, largely owing to a rebound from the oil production stoppages of 2022. The current account surplus declined, in line with the fall in oil prices, but reserves remained at a comfortable level. Government revenues also declined, despite the boost in oil production. Fiscal expenditures, on the other hand, surged, driven by the expansion in the wage bill and energy subsidies. Reported inflation remained low, despite the depreciation of the parallel market exchange rate, due to the prevalence of administered prices and the limited geographic coverage of the available price indices.

In response to the fiscal expansion and the resulting pressure on foreign reserves, the CBL tightened the restrictions on the issuance of letters of credit and lowered the limits on individuals’ foreign exchange purchases. Furthermore, a temporary 27% tax was imposed on all foreign exchange purchases.

The outlook continues to be dominated by the dynamics of hydrocarbon production. The baseline projection is for declining fiscal and external balances over the coming years, in line with a projected decline in global oil prices. The CBL is expected to maintain the current stock of international reserves, and the country will continue to have no public debt as conventionally understood. However, the balance of risks is tilted to the downside, and uncertainty remains high due to the continuing political stalemate and possible geopolitical spillovers.

**Executive Board Assessment**

Executive Directors agreed with the thrust of the staff appraisal. While welcoming the generally positive outlook, they stressed the significant economic and political challenges arising from Libya’s fragility, prevailing political uncertainty and hydrocarbon sector dependence. Noting that risks are tilted to the downside, Directors emphasized the need to strengthen fiscal and monetary policy coordination and implement reforms to promote stronger, more inclusive private sector-led growth. They agreed on the importance of implementing critical capacity development (CD) through improved coordination with international partners.

Directors underscored the need to strengthen the fiscal framework and address the pro-cyclical spending bias to support macroeconomic resilience and improve resource wealth management. They recommended efforts to increase fiscal transparency, improve tax administration and compliance, strengthen budget preparation, and enhance the public financial management framework. Directors emphasized the need to strengthen the management of state-owned enterprises to reduce fiscal risk.

Directors underscored the need for a durable political settlement to underpin continued progress on the reunification of the central bank. They highlighted the need to maintain the integrity of the payments system and implement regulatory and governance reforms in the banking sector, including to strengthen the AML/CFT framework. Directors recognized that enhancing macroeconomic policy credibility through stronger policy coordination would help to reduce the gap between official and parallel market exchange rates. They also noted that addressing underlying exchange rate pressures would require improved fiscal expenditure controls and that proper fiscal budgeting would help to avoid pro-cyclical spending and reduce the risk of a potential loss of reserves.

Directors noted the recent progress on governance indicators and highlighted the need for substantial further progress. In this regard, Directors welcomed the planned comprehensive review of governance, anticorruption, and the rule of law, and looked forward to an update in the next Article IV consultation. Noting that data gaps continue to hamper the ability to conduct analysis and provide policy advice, Directors underscored the need to enhance data provision and statistical capacity, supported by Fund CD. The establishment of a coordinating body to facilitate CD provision and implementation would help to avoid duplication and support better information-sharing across institutions. (IMF 10.7)

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* 1. MOROCO: Morocco’s Race to Secure a Foothold in the Global EV Battery Value Chain

[Morocco World News](https://www.moroccoworldnews.com/) stated on 4 July that Morocco, the leading vehicle producer in the Middle East and Africa (MEA) region, seeks to adapt its growing automotive industry to gain a foothold in the fast-evolving electric vehicles (EVs) market. The Kingdom is already home to Renault and Stellantis production facilities, with an annual combined production capacity of 700,000 vehicles, as well as a dense network of tier 1 and tier 2 suppliers. The industry’s exports at the end of 2023 added up to $13.9 billion, marking an impressive 27% year-on-year increase.

The country leverages its proximity to the EU, complemented by policy interventions to maximize the benefit from trade openness, infrastructure development, public private partnerships and workforce skills enhancement tailored to the needs of, and in close consultation with, the private actors.

Aside from solidifying its position as the largest auto-manufacturing hub in MEA, Morocco started its own transition to electric vehicles and adopted new regulations to catch up with EU's ambitious electrification targets and changing regulatory conditions. Among these they particularly focused on banning the sale of internal combustion engine vehicles by 2035. In this regard, the Moroccan government extended its partnerships and alignment with Stellantis and Renault to meet its ambitious 2025 and 2030 goals to produce 100,000 and 600,000 "Made in Morocco EVs" respectively.

As the battery pack is the most valuable part of an EV, representing 30–40% of its cost, depending on the vehicle segment, it is therefore the beating heart of the EV supply chain. Therefore, the race is on for Morocco to not only grab EVs market share, but also build a cost-competitive battery value chain. The Kingdom has a combination of key competitiveness factors and capabilities that create a unique advantage in the global battery value chain puzzle that many governments, EV players and battery manufacturers are looking to solve.

**LFP Batteries are Boosting Morocco’s Role in the Global Battery Value Chain**

As some electric car manufacturers, such as Tesla, Volkswagen, and Toyota, have chosen to opt for LFP batteries in some of their models, according to Idriss Alami, Managing Partner at ALEXEC Consulting, the global LFP battery market size is foreseen to surpass around $54.36 billion by 2032 versus $14.63 billion in 2023.

However, according to Jan Wasserbaech, Partner at ALEXEC Consulting, a focus on new technology trends is important to stay competitive after 2030. According to the firm, for European and US players, turning a focus towards Sodium-Ion or Solid-State batteries is key, as catching up with the current dominance of Asian players in conventional lithium-ion technology will be challenging.

Morocco’s abundant phosphate reserves, used to make phosphoric acid for LFP cathodes, further support its ambitions. The country currently holds roughly 70% of the global phosphate reserves, making it well-positioned to become a strong player in the emerging value chain of phosphate-based lithium batteries.

Here again, Morocco has notable manganese and cobalt resources, which are crucial elements of the Lithium Nickel Manganese Cobalt (NMC) batteries. Moreover, in June 2023, lithium deposits were discovered near the Moroccan Sahara, which can bolster the country even further to leverage their upstream resources.

**Different Entry Points in the Battery Value Chain**

There are different ways in which Morocco can move into the battery value chain given its promising context of natural resource reserves combined with its cumulative capabilities. The country can leverage its upstream growing technical capacity supplied by domestic minerals, but also leverage mid-stream and downstream by attracting lead firm investments and capitalizing on its existing manufacturing capabilities and automotive industry linkages.

Starting from the upstream level, OCP group manufacturers already produce phosphoric acid which is the input for making iron phosphate used in the cathode for LFP batteries. As part of its strategic program for 2023-2027, the group launched an ambitious investment program to achieve a capacity of 30,000 tons of intermediate products for LFP batteries by 2027. The group has also jointly created with Mohammed VI Polytechnic University (UM6P) a dedicated research center specialized in the elements of LFP batteries.

On the other hand, Managem Group started the construction of a factory to transform cobalt ore into cobalt sulfate used in the cathode of NMC batteries. In June 2022, the group signed a memorandum of understanding (MoU) aimed at securing the supply of low-carbon and responsible cobalt sulfate for Renault group. Under the terms of the agreement, Managem will be supplying 5,000 tons of cobalt sulfate per year for a period of seven years, with first delivery set to be in 2025.

As the mid-stream is the part of the value chain that holds most of the value-creation and macroeconomic opportunities, Morocco has been attracting several mid-stream investments from Chinese companies such as Gotion High-Tech, Tinci, Shinzoom and Hailing in order to build a strong battery ecosystem.

**Morocco is Home to the First EV battery Gigafactory in MEA**

Gotion High-Tech, which, since 2020 has included Volkswagen Group in its shareholding, is going to inject $6.4 billion to establish a new 100 gigawatt-hour (GWh) EV battery manufacturing facility in Kenitra, starting with 20 GWh in the initial phase. With such production scale potential, the plant will be one of only 13 factories globally.

Furthermore, the South Korean company LG Chem formed a joint venture with Youshan, a subsidiary of Chinese Huayou Group, to establish a LFP cathode materials plant in Morocco. The plant is set to start production in 2026, with a capacity of 50,000 tons annually, enough to build 500,000 entry-level EVs. This project specifically targets the US market, as Morocco’s free trade agreement (FTA) status would make the outputs eligible for all US tax credits for EV consumers.

**Morocco: A Key Launch Pad for Chinese Companies to Access the Western markets**

The US and the EU seek to “de-risk” their critical raw materials (CRM) supply chains by “reshoring” or “friendshoring” to decouple from China. For instance, the US is using a combination of subsidies with local content requirements as part of the Inflation Reduction Act (IRA), claiming that at least 40% of the value of critical minerals used in an EV’s battery must be sourced from the US or one of its free trade partners in order to be eligible for $3,750 tax credit.

Strengthened by its status as an EU and US FTA partner, Morocco will serve as a convenient launch pad from which Chinese companies will tap into these markets. Nevertheless, it remains uncertain whether the US and EU’s geostrategic interests will be aligned with Morocco's ambitions or not. At the end of the day, how the country will navigate the geopolitical complexities will be critical for its battery ecosystem success.

**Importance of Leading Regional Battery Value Chain Development**

The presence of battery minerals across the Democratic Republic of Congo (DRC) and Zambia, as well as their growing upstream capabilities may offer a wide range of strategic and geopolitical opportunities for Morocco by engaging in a regional battery value chain supported by the African Continental Free Trade (AfCFTA), based on win-win approach, to anchor more value within the three countries and capture a larger share of the growing global EV battery market.

The DRC and Zambia have already signed a bilateral agreement to develop an NMC cathode active materials plant. Additionally, Zambia has already secured a Chinese firm's investment commitment to build a gigafactory plant for both intra-Africa and international exports.

There are also upstream investment agreements between the DRC and Japan, Zambia and Japan, and Zambia and the United Kingdom, but further details remain behind closed doors.

It´s worth noting that the Moroccan group Managem jointly operates with the Pumpi mine in the DRC with Chinese group Wanbao. There, they have already been extracting copper and cobalt and have recently launched a sulfuric acid production line.

Given these considerations, it's high time for the policy makers of these three countries to leverage regional synergies to enhance their bargaining power and thereby proactively position themselves in the context of geopolitical competition. (MWN 4.7)

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