

**The FORTNIGHTLY**

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

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Mandatory Use of Israel’s Electronic Travel Authorization System Delayed Until 1 January

The Israeli government has delayed until 1 January 2025 the requirement that all non-Israeli citizens from visa exempt countries (<https://www.gov.il/en/pages/tourist-visa-table>) submit an Electronic Travel Authorization (ETA-IL) before they travel to Israel. From now until 31 December 2024, the ETA-IL system will remain open for application submissions as a pilot program only for all non-Israeli citizens from visa-exempt countries. During the pilot phase, submitting an application will be voluntary and free. Beginning 1 January 2025, all travelers to Israel from visa-exempt countries must have a valid visa or ETA-IL approval before traveling to Israel, and it will cost NIS 25 to submit the application.

Travelers who land at Ben Gurion Airport and have an approved ETA-IL will be able to proceed directly to border control e-gates without going to border control officers if they receive a permit from an automated border control kiosk. U.S.-Israeli citizens do not need to submit an ETA-IL application and should depart the United States on their U.S. passport and enter Israel on their Israeli passport as long as they have checked in to their flight with the Israeli passport.

U.S. citizens with a Palestinian Authority (PA) ID residing in Judea & Samaria can submit an ETA-IL but must also continue to request a B2 permit through the Al-Munassiq app. By the end of 2024, the Israeli government has committed to implement a system that will allow U.S. citizens with a PA ID residing in the West Bank who receive an approved ETA-IL to use it to receive a B2 permit at one of the designated pedestrian crossings. Just like international ports of entry, having an approved ETA-IL does not guarantee entry into Israel at a crossing from the West Bank. As soon as this new system is ready, we will inform the U.S. citizen community. (US 3.9)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Altair Signs Collaboration Agreement with the Technion - Israel Institute of Technology

Altair announced a collaboration with the Faculty of Data and Decisions Science at the Technion – Israel Institute of Technology. The agreement will grant the university's faculty, researchers, and students training and unlimited access to the Altair RapidMiner data analytics and artificial intelligence (AI) platform.

The Technion – Israel Institute of Technology is a public research university based in Haifa, Israel. Founded in 1912, it's the oldest university in Israel.

Troy, Michigan's [Altair](http://www.altair.com) is a global leader in computational intelligence that provides software and cloud solutions in simulation, high-performance computing (HPC), data analytics, and AI. Altair enables organizations across all industries to compete more effectively and drive smarter decisions in an increasingly connected world – all while creating a greener, more sustainable future. (Altair 30.8)

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* 1. Lufthansa Group Announces Resumption of Israel Flights

Lufthansa Group, which consists of Lufthansa Airlines, Austrian Airlines, Brussels Airlines, Swiss and Eurowings, resumed its flights to and from Israel from 5 September, after more than a month’s suspension. The group operates many flights to various destinations in Europe.

After the deadly rocket attack on Majdal Shams on 27 July, in which a rocket fired by Hezbollah killed twelve children and teenagers in the Golan Heights town, international airlines, fearful of the consequences of Israeli reprisals, began to cancel flights to Israel. Lufthansa Group was the first to announce changes and began with cancelling flights to Israel from Frankfurt and Munich, and from Israel to Frankfurt. It gradually extended the cancellations to whole days, for over a month. Among other airlines that followed suit were United Airlines, Delta, Ryanair and easyJet, and they have still not restored service.

Lufthansa Group is the largest aviation group in Europe, and belongs to the largest aviation alliance in the world, Star Alliance. Like other international airlines, the group halted flights to Israel after October 7, but it was one of the first to resume them in January 2024. Apart from a short stoppage after the Iranian missile and UAV attack on Israel on 13 April, airlines in the group continued to fly to Israel until the recent suspension. (Globes 3.9)

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* 1. Comply365 Announces Acquisition of Qualtero

Beloit, Wisconsin's Comply365, a leading global provider of compliance and safety management solutions for the aviation, rail and defense industries, announced the acquisition of Israel's Qualtero Limited, a leading provider of solutions to optimize civil and military aviation training operations. The acquisition will create a leading global all-in-one compliance, safety and training platform for peak operational performance serving the aviation, defense and rail industries with over 140 customers located in over 30 countries on six continents. Terms of the transaction were not announced.

Tel Aviv's [Qualtero](http://www.qualtero.com) is a premier provider of training management solutions, empowering organizations to deliver impactful training experiences that drive compliance performance and growth. Qualtero specializes in developing innovative solutions for optimizing commercial and military aviation training operations. Its flagship products include Fox, a comprehensive Training Management System, and Qualtero EQMS, the most modern Qualification Management System. These tools help aviation training organizations of all sizes streamline processes, reduce costs, and enhance throughput. (Comply365 4.9)

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* 1. Salesforce Signs Definitive Agreement to Acquire Own Company

San Francisco's Salesforce, the world’s #1 AI CRM, signed a definitive agreement to acquire Tel Aviv's [Own Company](https://www.owndata.com/‎), a leading provider of data protection and data management solutions. Own empowers organizations to ensure the availability, security, and compliance of mission-critical data, while unlocking new ways to gain deeper insights from this data. Under the terms of the agreement, Salesforce will acquire Own for approximately $1.9 billion in cash, net of the value of the approximately 10% of outstanding shares currently owned by Salesforce, subject to customary purchase price adjustments.

As a Salesforce AppExchange partner since 2012 and a Salesforce Ventures portfolio company, Own has grown beyond its initial backup and recovery offerings, and today is trusted by nearly 7,000 customers to safeguard mission-critical data. The Own Data Platform provides data archiving, seeding, security, and analytics capabilities that help customers ensure the availability, compliance, and security of their mission-critical SaaS data. Own also helps organizations leverage their historical data to optimize decision-making and gain a competitive advantage.

Own’s capabilities will complement Salesforce’s existing offerings, such as Salesforce Backup, Shield and Data Mask. This will enable Salesforce to offer a more comprehensive data protection and loss prevention set of products, further reinforcing its commitment to providing secure, end-to-end solutions. These solutions are essential for protecting customers’ most valuable assets—their data—and for deriving the most value from their historical data by leveraging AI to understand trends and forecast future growth. The transaction is expected to close in Q4/25. (Salesforce 5.9)

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* 1. Odigos Raised $13 Million to Bring Distributed Traces to the Masses

Odigos raised over $13 million in funding to drive the future of distributed tracing and observability. Founded in 2023, Tel Aviv's [Odigos](https://odigos.io/) was built with a mission to simplify the complexities of distributed tracing, making it accessible and efficient for developers everywhere. This latest funding round, led by Venture Guides with participation from Salesforce Ventures, Mango Capital, and Firestreak Ventures, marks a pivotal moment in Odigos journey. Odigos uses eBPF to automate the implementation of distributed tracing. It is the only technology that is able to deliver automatic context propagation for fully accurate distributed tracing in OpenTelemetry, allowing customers to use Odigos with any observability tool. (Odigos 10.9)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Middle East Fintech Funding Sees 650% Leap in 2020 - 2023

Fintech is one of the most funded and transacted industries across the MENA region, according to a MAGNiTT report, accounting for 24% of all venture investment in the region in H1/24. Financial technology funding across the Middle East and North Africa saw a 650% increase between 2020 and 2023, even amid a global economic downturn driven by the coronavirus pandemic. The industry raised $186 million across 50 deals in the first half of 2024, representing an almost flat 3% year-on-year decrease in non-mega funding and a 2% year-on-year decline in deals.

The report said fintech is one of the most funded and transacted industries across the MENA region, accounting for 24% of all venture investment in the region in H1/24. The report stated that the industry has seen roughly a 650% regional funding growth between 2020 and 2023.

Within the region, the United Arab Emirates captured the largest share of fintech funding in the first six months of 2024, securing 39%, up from 25% in H1/23. Despite a 36% year-on-year decrease in its funding levels, the UAE led the region in the fintech landscape, bolstered by a 15% increase in deal numbers, primarily driven by growth in seed and Series A funding rounds.

Meanwhile, Saudi Arabia demonstrated significant funding growth in the first six months of 2024, moving up two spots to become a major player in MENA fintech funding. The country posted a 391% annual funding increase in the first half of 2024, compared to the corresponding period in 2023, driven by three of the top five deals in the region involving Moyasar, Abyan Capital and SiFi. These key deals accounted for 74% of Saudi Arabia's total sectoral funding in the first half of this year.

Payment solutions maintained its dominance as the leading sector for fintech funding in the MENA region, accounting for 44% of the total sectoral funding in H1/24. Meanwhile, financial research and consultancy made significant strides, climbing seven spots to rank third, driven by Saudi robo-advisory company Abyan Capital's $18 million Series A round funding. (MAGNiTT 3.9)

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* 1. UAE’s A1rwater’s New Facility Will Be Fully Operational in Fourth Quarter

Emirati cleantech startup A1rwater has unveiled its new air-to-water facility in Dubai Industrial City. The new plant, set to be fully operational by Q4/24, will produce over 100k liters of pure water daily from air humidity. The facility will use 50 of its A1R3000 type units to generate 3k liters of water daily.

The A1R3000 is A1rwater’s air-to-water system designed specifically for industrial and high-volume water production. The model is also compatible with having renewables, hydrogen fuel cells, and electricity as its source of energy. The device can work in temperatures ranging from 15°C to 48°C, as well as humidity levels from 25% relative humidity (RH), to 100% RH. The tech uses UV light to treat the water after the air is filtered and condensed.

The company raised an undisclosed amount of funding from Abu Dhabi-based venture capital firm Tau Capital in May to scale manufacturing, infrastructure, and distribution, focusing on large commercial and industrial atmospheric water generation facilities.

Founded in 2018, Abu Dhabi's [A1rwater](https://a1rwater.com/) offers other water management and conservation tech such as filtration, multistage UV purification, recirculation and mineralization. (A1rwater 4.9)

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* 1. Kewaunee Scientific Corporation to Attend the 2024 Arablab Live Tradeshow

Statesville, North Carolina's Kewaunee Scientific Corporation, a recognized leader in the design, manufacture and installation of laboratory, healthcare and technical furniture products, announced that the Company will attend the 2024 Arablab Live tradeshow and conference being held in Dubai on 24-26 September. The tradeshow will welcome industry professionals from 120+ countries, bringing together leading global designers, manufacturers and distributors in fields ranging from life sciences to clean energy, industrial, chemical and more.

Members of Kewaunee's executive and sales teams will be on-site during the event to meet with customers, dealer representatives and other attendees. During the event, Kewaunee looks forward to connecting with international partners and customers, exchanging knowledge, and showcasing how its innovative solutions continue to advance design and functionality in laboratory spaces worldwide. (Kewaunee 4.9)

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* 1. Ziina Garners $22 Million in a Series A Round

Dubai's [Ziina](https://ziina.com/) has raised $22 million in a Series A funding round led by US-based Altos Ventures. Other top-tier investors participating in this round include Fintech Collective, Avenir Growth, Activant Capital, Y Combinator, FJ Labs, MEVP and Jabbar Internet Group. This significant funding will fuel Ziina’s expansion beyond a payment solution to providing end-to-end financial services for businesses and consumers.

Despite global fintech funding slowdown—dropping from $144.2 billion in 2021 to $40.7 billion in 2023—Ziina's successful funding round underscores its strong market position and investors' confidence in its trajectory. In the last 12 months alone, Ziina has received an influx of SMEs for its 360-degree payment solutions, marking a tenfold increase in annual revenue growth and a 34% month-on-month increase in customer growth. These achievements are significantly strengthened by Ziina’s recent acquisition of the Stored Value Facility (SVF) license from the Central Bank of the UAE, solidifying its position as a trusted financial partner in the region.

The recent $22 million in Series A funding will accelerate Ziina's technological advancements and product innovations. This investment is key to Ziina's vision of transforming the financial services landscape in the Middle East, aiming to provide customers with a cutting-edge, secure and user-friendly platform. Having observed businesses effectively use the platform to collect inbound payments from customers, Ziina is now focusing on perfecting outbound payments. The first step in this direction is allowing businesses to control their expenditures through the ZiiCard. Currently in development and soon to launch, the ZiiCard is designed to transform how both businesses and individual customers manage and access their funds, offering instant access to their digital wallet balances. For businesses, the ZiiCard will simplify supplier payments and enhance expense management. For individual users, new features like expense categorization and the ability to split payments will greatly enhance both the security and convenience of their financial transactions. (Ziina 3.9)

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* 1. Tabby to Acquire Saudi Fintech Tweeq

Dubai's [Tabby](https://tabby.ai/en-AE), the MENA’s leading shopping and financial services app, has entered into a definitive agreement to acquire [Tweeq](https://tweeq.sa/en), a Riyadh-based digital wallet licensed by the Saudi Central Bank (SAMA). Tweeq will continue to operate independently and through future opportunities, Tabby could explore expanding its financial products suite to include digital spending accounts, cards and money management tools in accordance with laws and regulations.

Tweeq, founded in 2020, is one of the early electronic money institutions licensed to operate in Saudi Arabia, providing an alternative to traditional banking accounts. As a fintech company, Tweeq offers a spending account that allows customers to spend, send, and manage their money with ease, giving them more control over their finances.

The agreement is a significant step towards realizing the goals of Saudi Vision 2030, contributing to the expansion of digital financial services. Tweeq will partner with Tabby, pending regulatory approval, to expand its services within Tabby’s ecosystem and consumer scale. By offering accessible savings and spending accounts, Tabby aims to contribute to building a more inclusive economy and promoting a cashless society. (Tabby 3.9)

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* 1. Saudi Consumers Want Quality, Convenience and Big Household Names

Some 71% of Saudi shoppers claim they are willing to pay more for quality products, according to a report from consumer intelligence and data analytics company NielsenIQ on Saudi and UAE consumer behavior. Over in the UAE, some 72% of shoppers also reported the same approach. Meanwhile, some 64% of local consumers and 63% of UAE shoppers are willing to spend extra for time-saving solutions.

The domestic market leans towards mainstream FMCG brands, with a concentration in the mid-tier segment, leading to fewer brand entries. Conversely, the UAE market is more fragmented, featuring both affordable and premium brands with notable growth driven by new and innovative premium offerings.

Beverages, frozen food and dairy are dominating the FMCG sector in Saudi and in the UAE. Owing to their necessity, convenience and growing consumer demand, these categories have seen consistent performance. On the other hand, the drop in categories such as home care, baby care, and paper products is linked to changing lifestyles and a growing preference for online shopping. Saudi saw a 4% annual increase in the sales of premium tech and durable products, compared to a 2% increase in the UAE. (NielsenIQ 2.9)

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* 1. Syarah Secures $60 Million in its Latest Series C Funding Round

Online car marketplace Syarah raised $60 million in a series C round, led by Artal Capital, with contributions from Tawuniya Ins., Derayah Ventures, alongside existing investors Elm and Impact 46. US-based firm Partners for Growth (PFG) also contributed $20 million via a venture debt facility. Syarah has raised $82 million to date. The investment will enable Syarah to further enhance their value proposition in the fragmented used cars market. Their operational success in cars sourcing, inspection, reconditioning and online sales have already set a new benchmark in the industry, and with this funding, Syarah aims to expand and improve their services even further.

Founded in 2015, Riyadh's [Syarah](https://syarah.com/en) allows customers to buy new and used cars online with doorstep delivery as well as an inspection at no cost, a five-day money back assurance, and a one-year warranty. The company currently sells 12k cars a year. (Syarah 3.9)

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* 1. Nintex Announces Investments in Saudi Arabia, Including New Office in Riyadh

Bellevue, Washington's [Nintex](http://www.nintex.com), a leader in process intelligence and automation, announced the opening of its new office located in Riyadh, as part of the company's ongoing investment in the Kingdom of Saudi Arabia (KSA) and the Middle East. The office location in Al Olaya, the central business district of Riyadh, is part of Nintex's strategic investment in KSA. Additionally, Nintex plans to hire and build out its team with local, valuable talent within the Kingdom. Hiring will span numerous departments and teams, including channel and alliances, customer success, finance, human resources, IT, marketing, sales, technical support and more.

Today, Nintex's process automation and intelligence platform supports Saudi initiatives such as the National Industrial Development and Logistics Program (NIDLP) and the National Transformation Program (NTP), and various digital transformation programs in the country. (Nintex USA 4.9)

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* 1. Malaa Technologies Closes a $17.3 Million Series A Round

Fintech startup Malaa Technologies raised $17.3 million in a series A funding round, led by Al Ahli Capital with participation from Derayah Financial and WKN, along with follow-on investments from Khwarizmi Ventures and Impact46. This follows the SAR 6.4 million raised in their 2022 seed funding round. The fresh funds will be used to enhance and upgrade the company's compliance systems, governance, and cybersecurity. The investment will support the development of new wealth management products.

Founded in 2021, Riyadh's [Malaa](https://www.malaa.tech/) offers a portfolio of fintech products with a focus on wealth management. It aims to be the go-to platform for individuals and institutions making saving, lending, or investment decisions. This includes its newly launched automated advisor service, a fully automated solution that tracks expenses and links users' budgets with their investment portfolios.

The company offers four investment and savings wallets designed for those seeking low to high-risk investments, with returns ranging from 4% to 11%. These wallets are tailored to investors’ needs, whether they aim to preserve the value of their savings, grow their savings, or increase the value of their initial capital. (Malaa4.9)

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* 1. Egypt & Tsinghua Unigroup Collaborate on $300 Million Tech Fund & Data Center

Egypt's Telecom Egypt, the Applied Innovation Center (AIC), and Tsinghua Unigroup signed a MoU to establish a $300 million technology investment fund and a data center in Egypt. The singing came on the sidelines of the China-Africa Cooperation Forum Summit in Beijing. ITIDA, TE, AIC and Tsinghua will co-launch a technology investment fund, with an initial size of up to $300 million. The fund will focus on innovation in artificial intelligence (AI) and semiconductor technology. Tsinghua Unigroup and affiliates will contribute between 60 and 70% of the fund’s capital.

The agreement will also see Tsinghua Unigroup launching a data center and provide cloud services in Egypt. Moreover, Tsinghua Unigroup and its subsidiaries will also explore the feasibility of creating a research and development (R&D) center in Egypt specializing in chip design and systems engineering. The MoU also includes collaboration on developing AI applications, particularly large language models in Arabic. This partnership aims to advance Egypt’s AI capabilities and drive technological innovation in the region. This initiative promises substantial economic and technological benefits, positioning Egypt as a hub for innovation in AI and semiconductor industries. (The Egyptian Cabinet 9.9)

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* 1. Egyptian Startups Raised $88.7 Million in the First Half of 2024

The first half of 2024 was a turbulent one for Egypt, with exchange rate instability, the float of the EGP, and rising interest rates. Many sectors found themselves struggling to keep up with the rapidly-changing macroeconomic conditions of the country, but local startups raised a combined $88.7 million across 39 transactions during the first half of the year.

Egypt currently houses over 2,100 startups with a total valuation of more than $8 billion. The country’s startup ecosystem employs over 50,000 people. One of the biggest funding rounds the local startup scene saw this year was F&B logistics startup OneOrder raising $16 million in a series A round. Other startups that received big funds during the period include pharma delivery startup Yodawy, which raised $10 million from Egypt-based private equity firm Ezdehar Management, fintech Connect Money, which raised $8 million in seed funding, and Sahl, which closed a $6 million funding round led by the government’s Ayady for Investment and Development.

Among the top local investors were Acasia Ventures, Ezdehar, and Nahdet Misr’s VC armEdVentures, while the top foreign investors included Saudi’s Sukna Ventures and Nigeria-based Ingressive Capital. (Enterprise 29.8)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. Energy Ministry to Allocate NIS 30 Million to Local Authorities to Improve Sustainability

Israel will be investing NIS 30 million this year to speed up the transition of local authorities to sustainable energy, the Energy and Infrastructure Ministry announced. The budget will be distributed to different energy sources, such as replacing old and inefficient lighting and air conditioning systems with new and efficient ones, installing solar roofing, and producing renewable energy and storage facilities. The ministry will help authorities to launch initiatives to help households implement renewable energy and reduce energy poverty.

The budget will contribute to the economic and energy resilience of local authorities while helping them to reduce expenditures, such as energy consumption. These factors combined should improve the quality of life for residents. Local authorities will be allocated grants, ranging from NIS 350,000 to NIS 2.8 million, depending on a number of factors. Lower socioeconomic areas will be given priority. (JP 3.9)

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* 1. Ofek Yarok Greentech Conference in Jerusalem to Unveil New Technologies

The Greentech 2024 conference and exhibition in Jerusalem on 17-18 September will bring together stakeholders in green energy, highlighting new technologies and concepts. The conference and exhibition is expected to be attended by hundreds of stakeholders in the field of green energy, including: industrial plants, investors, entrepreneurs, start-up companies, managers in local authorities (urban and rural), academic researchers, government officials and more.

The conference will present the critical importance of green energy for the future of humanity and the future of Israel and the economic and technological opportunities inherent in it. The lectures and sessions will reveal an up-to-date picture of the production of green energy using various methods such as: wind, solar, sea waves and more, technologies for energy saving and optimal energy management, energy storage and transfer, technologies for planning, management and control of distributed energy sites and a long list of other topics. As part of the conference, there will be an exhibition where startups will present new technologies that change the rules of the game in the fields of green energy. The conference will present and illustrate the leading status of women in the Israeli green energy industry who will be prominent participants in the various panels. (Greentech 4.9)

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* 1. Masdar, Infinity & Hassan Allam Utilities Setting Up $900 Million in Solar Projects

The UAE’s Masdar, Infinity Power and Hassan Allam Utilities will set up $900 million worth of solar power plants in Upper Egypt with a combined capacity of 1 GW after the Madbouly government approved the move. The projects will be built under a build-own-operate (BOO) contract and should be up and running and feeding the national grid before the end of 2025.

The final agreements should be signed in October, as final reviews are underway to set the price of the energy sold from the project. The companies will receive usufruct rights for the land in exchange for 2% of the energy produced. However, it remains unclear if the project is the same one the cabinet approved in late August — the consortium’s 1.2 GW solar project and 240 MW/hour of storage batteries.

The consortium is currently working to set up a $11 billion, 10 GW wind farm in Sohag that is set to be one of the largest wind farms globally. Masdar is also working with Infinity and the EETC to construct a 200 MW wind farm in Ras Ghareb. The state plans to add 28 GW of renewable energy to the country’s energy mix over the next five to seven years and it wants to see 3-4 GW-worth of renewable energy projects go live and start feeding the national grid by next summer to fill the energy supply gap. (Enterprise 2.9)

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* 1. UAE's Barakah Nuclear Plant’s Unit 4 Begins Commercial Operations

Emirates Nuclear Energy Corporation (ENEC) has announced the start of full commercial operations of Unit 4 of the Barakah Nuclear Energy Plant, marking a key achievement for the UAE’s energy sector. Barakah, now fully operational, supplies 25% of the UAE’s electricity, generating 40 terawatt-hours annually – enough to power 16 million electric vehicles. The plant’s low-carbon energy output supports the country’s decarbonization efforts, reducing annual carbon emissions by 22.4 million tonnes – equivalent to removing 4.6 million cars from the roads.

The plant, featuring four APR-1400 reactors, is a cornerstone of the UAE’s energy transition, contributing to 24% of the nation’s 2030 decarbonization goals. It has also played a critical role in reducing Abu Dhabi’s reliance on natural gas for power generation, which is now at a 13 year low. The UAE’s ambitious nuclear energy program, launched in 2008, has not only bolstered energy security but also stimulated the development of a new advanced industry. Over 2,000 skilled Emiratis have been involved in the plant’s construction, adding to the nation’s nuclear expertise. (ENEC 5.9)

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* 1. Japanese Consortium to Set Up Egypt’s 20 MW Solar Power Plant

A Japanese consortium was selected to set up a €90 million, 20 MW solar power plant in Hurghada. The consortium may decide on a local partner to take on the design and construct of the project as well as operate and maintain it for two years. The consortium consists of two companies — Mitsubishi and another undisclosed firm — and it was the only participant in the tender.

The project first came to light in 2016 before being put on hold for two years, until JICA agreed to provide the New and Renewable Energy Authority (NREA) with a $106 million loan for the project. At the time, the power plant was set to kick off operations in mid-2019. The Madbouly government and the Japanese side are currently in negotiations regarding the financials and are expected to sign the final contract in Q4/24 for the plant to be up and running in 2026. NREA has obtained the necessary licenses for the project and an electrical connection was set up to link the station with electricity transformers.

The Hurghada solar station will be Egypt’s first to be equipped with a battery to store energy. The project is the latest in a long list of renewable projects in the pipeline as the state works towards its goal to add 28 GW of renewable energy to the country’s energy mix over the next five to seven years. (Enterprise 4.9)

ARAB STATE DEVELOPMENTS

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* 1. Lebanon Arrests Ex-Central Bank Chief Riad Salameh on Embezzlement Charges

Lebanon’s former central bank governor, Riad Salameh, was charged on 3 September in Beirut following a judicial hearing. He is facing allegations of illegal enrichment and money laundering, both domestically and abroad. A Public Prosecutor questioned Salameh at the Ministry of Justice in a domestic probe into alleged financial crimes. Salameh was interrogated for more than three hours over his alleged involvement in the embezzlement of more than $40 million from the Central Bank during his 30 year tenure.

The local judiciary has been investigating several key figures in Lebanon since the economic meltdown in 2019. The former governor, who had held his position since 1993, is widely blamed for the crisis and the collapse of the local currency, which lost more than 90% of its value in the past five years. He is the subject of several probes at home and abroad for his alleged role in the embezzlement of public funds, money laundering, forgery, illicit enrichment and tax evasion among other financial crimes.

At least six European countries are investigating Salameh for allegedly embezzling hundreds of millions of dollars through Forry Associates, a company owned and run by his brother Raja Salameh. In March 2022, France, Germany and Luxembourg seized assets worth $135 million following an investigation into five people, including Salameh, suspected of embezzling some $335 million between 2002 and 2021. In May last year, Interpol issued a red notice against Salameh pursuant to arrest warrants issued by France and Germany. In Lebanon, Salameh has rarely appeared at judicial hearings. The last questioning he attended was in July 2023, just a few days before his tenure at the helm of the Central Bank ended. (Al-Monitor 3.9)

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* 1. Jordan& UAE Sign a $2.3 Billion Railway Investment Project

On 4 September, Jordan and the UAE signed four agreements to build a $2.3 billion railway investment project that will link the port of Aqaba with the mining regions of Al-Shidiya and Ghor es-Safi. The project is part of the investment package worth approximately $5.5 billion that Jordan signed with the Emirati side at the end of 2023. The agreements form an integrated cooperative framework in the railroad industry and will facilitate the sharing of technical know-how and skills related to the operation of railroads.

The Jordanian Prime Minister made note of the fact that this project will take five years, or until 2030, for the railway to actually start operating. The necessary thorough studies on the railway routes and the handling requirements for potash and phosphate will be finished between now, in 2024, and the end of 2025. The goal is to submit tenders for the implementation of building works as early as 2026.

This essential project for the Kingdom will connect the most significant mining sites with the industrial port and the phosphate port to Wadi Al-Yatam in Aqaba, in addition to enhancing logistical and export efficiency, he explained. With a volume starting with 16 million tons of phosphate and potash products, the establishment of this railway will allow us to significantly increase our logistical and export capabilities. This helps to provide new employment prospects in the railroad, mining, and other associated industries as well as in a variety of logistical domains.

Additionally, the Jordanian side signed the document outlining basic conditions for the railway line from the Arab Potash Company's factories in Ghor al-Safi to the industrial port in Aqaba, as well as the document outlining basic conditions for the railway line project from the phosphate ore production areas in Sheidiya to the industrial port and phosphate port in Aqaba. (Petra 4.9)

►►Arabian Gulf

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* 1. Work on $20 Billion GCC-Europe Trade Route to Begin in Mid-2025

Work on a $20 billion regional trade route connecting the Gulf to Europe through Iraq will start in mid-2025, INA reported, citing statements by Iraq’s Transport Minister Razzaq Al Saadawi during a press conference in Istanbul. Al Saadawi’s statements come after a quadripartite meeting between counterparts from Turkey, Qatar and the UAE on updates on the planned project which is set to facilitate trade movement between the two regions via road and rail. The meeting in Turkey was the first since Turkish President Erdogan visited Baghdad in April for the first time in over a decade.

The UAE, Iraq, Turkey and Qatar signed a preliminary agreement in April to work together on the Road Development project in Iraq, which aims to connect a significant commodities port on Iraq's southern coast — the Grand Faw Port — to Turkey's border via rail and road networks. The Iraqi Transport Ministry inked an agreement in July with consulting firm Oliver Wyman to help market the project, supervise investments, and provide economic advisory services for strategic government projects. (Enterprise 2.9)

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* 1. Bahrain to Impose 15% Minimum Tax on Large Multinationals

Bahrain said it will introduce a domestic minimum top-up tax for multinational enterprises, effective 1 January 2025, ensuring a minimum 15% tax rate on profits for companies with global revenues exceeding $828.23 million. The government urged eligible businesses to register with the National Bureau for Revenue before the deadline.

Bahrain said the new framework fully complies with the OECD guidelines and reaffirms the country’s dedication to fostering global economic equity and transparency. To date, more than 140 jurisdictions have signed up for the global minimum corporate tax.

Elsewhere, the UAE began rolling out a 9% business tax in June 2023, with exemptions for the free zones, dismantling a levy-free regime that helped make it a magnet for businesses. The UAE’s tax on corporate earnings follows a 5% value-added tax (VAT) introduced in 2018, while Saudi Arabia tripled its VAT to 15% in 2020 to offset the impact of lower oil revenue on state finances. (Various 3.9)

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* 1. Qatar Digital Academy Unveils 77 Additional Courses for Q3-Q4 2024

Qatar Digital Academy announced it would hold 77 additional courses for Q3 and Q4 of 2024 on a wide range of technical areas including cybersecurity, artificial intelligence and project management. The Ministry of Communications and Information Technology (MCIT) said that AI courses were designed for managers and administrative staff with the aim of enabling them to lead the digital transformation in their institutions, noting that this step comes within the framework of the Academy's efforts to achieve its goals of empowering energies and refining skills in the growing digital labor market.

The new training strategy aims to achieve practical steps to support the implementation of the Third National Development Strategy 2024-2030, by concluding new partnerships and providing various trainings for public sector staff. The new strategy will focus on developing digital skills in the fields of artificial intelligence, cybersecurity, IoT, big data and other fields that will contribute to achieving the goals of the digital agenda and Qatar National Vision 2030, enabling Qatar to benefit from the Fourth Industrial Revolution to develop an advanced, innovative, and pioneering digital economy, and push Qatar towards a bright and prosperous future.

This launch reflects the MCIT's commitment to develop Qatari talents and government sector employees in general, and prepare them to be at the forefront of the national digital transformation, in line with Qatar National Vision 2030 and by focusing on developing the digital skills and competencies of the workforce in the government sector. (QNA 3.9)

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* 1. UAE’s Economy Grew by 3.4% in First Quarter

The UAE’s economy grew 3.4% year-on-year in the first quarter of 2024 to reach $117.1 billion (Dhs430 billion), according to the Federal Competitiveness and Statistics Centre, with non-oil GDP growing 4% YoY during the period under review.

The preliminary data from the statistics authority shows that financial and insurance, trade activities and manufacturing were among the biggest contributors to non-oil GDP. The financial and insurance sector contributed 7.9% to the UAE’s GDP growth, while trade activities made the largest contribution to the non-oil GDP at 16.1%.

The transportation and storage sector experienced robust growth in Q1/24, closely following the financial and insurance sectors, driven by a significant increase in air travel. The country’s airports welcomed an impressive 36.5 million passengers in the January-March period, up 14.7% from the corresponding period a year ago. Similarly, its maritime sector registered robust growth, with Dubai’s ports handling 3.7% more containers and Abu Dhabi reporting a 36% increase in cargo volumes.

Meanwhile, the IMF said in that the UAE was experiencing robust economic growth, with overall real GDP projected to grow by about 4% in 2024. The fund said the strong foreign demand for real estate, increased bilateral and multilateral ties and the country’s safe haven status continue to drive rapid growth in housing prices and an increase in rents while adding to ample domestic liquidity. (GB 9.9)

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* 1. UAE Cabinet Adopts an Anti-Money Laundering Strategy

The UAE cabinet approved an anti-money-laundry strategy at its first ministerial meeting of the new government season, chaired by prime minister and vice president Sheikh Mohammed. The strategy sets out 11 goals “aimed at enhancing international cooperation, improving transparency and strengthening the UAE’s position as a global leader in this field.”

The Cabinet also approved the three planks of its 2025 agenda, which will include family, Emirati national identity, and AI as priorities. The prime minister urged all “entities” to contribute with their initiatives and projects to draft a comprehensive national agenda for 2025.

The Cabinet also approved the financial returns for 2023, with government revenues coming in at AED 546 billion in 2023. Meanwhile expenditures reached AED 402 billion in 2023, with key spending directed towards security, health, education, economic initiatives, social security and infrastructure. (WAM 2.9)

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* 1. Oman Sovereign Fund Merges Nitaj & FDO to Boost Food Security

Oman Investment Authority (OIA) has merged Oman Food Investment Holding Company (Nitaj) and Fisheries Development Oman (FDO) to boost food security in the sultanate as part of Vision 2040. By combining the value chains and consolidating procurement, contracts, logistics, and business activities of the two companies, OIA expects the merger to generate substantial revenue growth.

OIA boosted its assets to OMR19.6 billion ($51 billion), according to its 2023 annual report, up from OMR17.2 billion a year earlier, as it accelerates geographic and sector-based diversification of its new international and local investments. The wealth fund recorded more than OMR1.7 billion in profit in 2023 and contributed OMR800 million to the state’s general budget. The state-controlled fund paid off OMR300 million of debt owed by its companies in 2023.

The bulk of OIA’s investments are in the sultanate, which makes up 60.8% of its portfolio. Its assets include state firms operating in many sectors across the sultanate’s economy, including energy, aviation, maritime and telecommunications. Earlier in January, Oman’s sovereign fund launched a new fund to invest in a wide range of industries to develop the national economy and attract foreign investments. The Future Fund Oman has a capital of OMR2 billion that will be invested over the next five years. (GB 2.9)

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* 1. Saudi Arabia's GDP Falls by 0.3% in Second Quarter

Saudi Arabia's real GDP shrank 0.3% y-o-y in Q2/4, marking the fourth consecutive quarter of contraction, according to the latest revised estimates by the General Authority of Statistics (Gastat). The decline was driven by an 8.9% y-o-y decrease in oil activities. Oil activity accounts for c.40% of GDP and about 75% of government revenues. Non-oil activity was up 4.9% y-o-y, while government activity also increased 3.6% y-o-y during the quarter.

Saudi Arabia cut oil production by 500k barrels per day (bbl / d) in April 2023 in a bid to arrest falling oil prices, before revising production cuts to 1 million bbl / d in June. Though originally seen ending in December 2023, the government extended the 1 million bbl / d cut through Q1/24 and now seems poised to continue it through June 2024, maintaining production at 9 million bpd. OPEC+ also shelved a planned 180k bbl / d output hike set for next month earlier this week as oil prices hit their lowest in a year.

Real GDP grew by 1.4% when compared to the previous quarter, on the back of a boost to government activities (up 2.3% q-o-q) and non-oil activities (up 2.1% q-o-q). Oil activities also saw a modest recovery, rising 0.9% q-o-q. (Gastat 9.9)

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* 1. Saudi’s IP Sector Thriving During the First Half of 2024

Saudi Arabia’s intellectual property (IP) scene logged a sharp rise in filings across all major categories in 1H 2024, according to the Saudi Authority for Intellectual property (SAIP). Patents, trademarks, industrial designs and copyright applications saw double-digit growth in the first half of the year, reflecting heightened awareness and activity in protecting IP rights across the Kingdom.

Copyright applications saw the biggest y-o-y growth, rising 80% to 1.2k in H1/24. This was followed by a 20% increase in the number of patent applications filed to 4k. Meanwhile, industrial design applications grew 16% y-o-y to 913 and trademark registration applications were up 12% y-o-y to 24.3k in H1/24.

In H1/24 alone, some 1.9k patents were issued, up 49% compared to the same period last year, while 726 copyright certificates were issued, up 94% y-o-y. Meanwhile, about 11.3k trademarks were registered in the first half of the year, down 25% compared to those issued in H1/23, while 488 industrial designs were issued, down 13% y-o-y.

Saudi-based companies accounted for 59% of total trademark filings in H1/24, a 4% y-o-y increase. This was followed by US-based companies with a 16% share, Chinese companies with 13%, and the UAE with 10%, according to the report. Filings from outside of the Kingdom rose 27% y-o-y. Meanwhile, a mixed bag of players in the automotive, machinery and pharma industries led the charge in industrial design filings, with Ferrari and Alfanar each accounting for 7% of total design filings. This was followed by a 5% contribution from both Rolex SA, and 4% from each of Regeneron Pharma and Gessi. (Various 2.9)

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* 1. Saudi Arabia Scraps Hotel Licensing Fees in Bid to Boost Tourism

On 4 September, Saudi Arabia decided to cancel fees for issuing commercial activity licenses for hotels, hotel apartments and residential resorts in the kingdom. The decision is part of the Tourism Investment Enabler Program that Saudi Arabia launched in March, aimed at making the Kingdom a global tourism powerhouse. SPA added that the initiative would encourage investors to put more money into the tourism sector, which would increase the industry's contribution to gross domestic product. Saudi's Vision 2030 plans to modernize the Gulf Arab state and reduce its dependence on oil export revenues with over $800 billion invested to diversify the economy. (GN 5.9)

►►North Africa

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* 1. Central Bank of Egypt Expects Significant Inflation Decline in Early 2025

The Central Bank of Egypt (CBE) has projected a significant decrease in inflation during Q1/25, attributed to the cumulative effects of its monetary tightening policies and the positive impact of the base period. The Monetary Policy Committee (MPC) emphasized that, while inflation is currently on a downward trend, it remains vulnerable to upward risks. The decision to maintain the current interest rates is deemed appropriate until inflation decreases substantially and sustainably.

The MPC’s announcement, following its recent decision to keep interest rates unchanged, highlighted a continued reduction in inflationary pressures as the effects of previous shocks gradually subside. In July 2024, annual headline inflation dropped to 25.7%, while core inflation reached 24.4%, marking the fifth consecutive month of decline. Despite persistently high inflation in non-food items, the sharp decrease in food inflation drove overall inflation lower.

The committee noted that the annual inflation rate for food items fell to 29.7% in July 2024, its lowest level in nearly two years. This reflects the positive impact of the base period, following the high inflation rates witnessed in 2023. The ongoing decline in food inflation, coupled with improved inflation expectations, suggests that inflation is on a downward trajectory.

Domestically, Egypt’s real GDP growth slowed to 2.2% in Q1/24, compared to 2.3% in Q4/23. This slowdown was attributed to reduced public sector activity, particularly due to the impact of the Red Sea navigation crisis on the services sector. While private sector activity has increased, it has not been sufficient to offset the decline in public sector contribution. (DNE 9.9)

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* 1. Egypt Mulls Shift from Commodity Subsidies to Cash Payments by July 2025

Egypt could begin transitioning from subsidizing essential commodities to providing direct cash assistance to its poorest citizens as early as the next fiscal year (July to June), Prime Minister Madbouly said recently. Currently, Egypt subsidizes essential commodities for more than half of its population. Over 60 million people have access to discounted prices on staples like pasta, vegetable oil and sugar through state-run outlets, while at least 10 million more benefit from subsidized bread.

Madbouly expressed optimism that the initial phase of the transition could start in the upcoming fiscal year, provided that consensus was reached on the matter at a year-old national political dialogue that is discussing a variety of reforms. However, he emphasized that the transition would unfold gradually, in several stages.

The National Dialogue, initiated by President Abdel Fattah al-Sisi in April 2022 amid one of Egypt’s most severe economic crises, aims to generate political, economic, and social reform recommendations for the President's consideration. The government also subsidizes fuel but has outlined plans to reduce these subsidies, aiming to restore fuel prices to their full cost by December 2025.

Despite the double-digit inflation reading, diminishing local currency value, and the growing number of Egyptians living below the national poverty line — now almost one-third of the population — the government has been working to improve the targeting of food subsidies. (Various 30.8)

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* 1. Egypt Lags Behind North African Peers in Vehicle Production Over Next Decade

Egypt’s auto production to grow, but at a slower pace than its neighbors: The country’s vehicle production is expected to witness steady increases over the coming years, but will likely fall behind regional competitors, according to a recent BMI report.

The report expects Egypt to produce 37k vehicles in 2024, putting the country second place in the region above Algeria with an expected 17.4k vehicles and way behind Morocco in first place with 614k vehicles — marking it as the largest auto producer in the whole of the continent. BMI sees Egypt's vehicle production growing at an average annual rate of 11.4% between 2024 and 2033, reaching just under 83.5k vehicles by the end of the forecasted period.

The Madbouly government has been working to localize the auto industry, introducing the Egyptian Automotive Industry Development Program (AIDP) in 2022, which will offer incentives to auto players with the aim of localizing the industry and its feeder industries, with the aim of enhancing the country’s existing assembly and manufacturing capabilities — and of encouraging new investment to the sector.

While Egypt’s forecast represents significant growth, it lags behind the more optimistic growth forecasts for other North African markets. Algeria is expected to see production grow an annual 36.5% over the period between 2025-2033 and have an annual output of 236.7k units by end of the period — over 180% more than what Egypt is expected to produce. According to this trajectory, Algeria is expected to nudge Egypt out of its place as North Africa’s second largest auto producer by 2026. Morocco is expected to expand output 6.8% every year until 2033 and remain at the top of the leader board with an eventual annual output of 1.1 million vehicles. (BMI 3.9)

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* 1. Stellantis to Restart Assembling New Jeep Model in Egypt

Stellantis announced that it would restart assembling the Jeep Grand Cherokee L in Egypt at the factories of the Arab Organization for Industrialization (AOI)’s Arab American Vehicles Company. The company had been looking to expand its local assembly line to include two new models, holding discussions in July with the AOI over the matter.

Stellantis is reportedly in talks with the Industry Ministry over assembling Citroen’s C4X model in Egypt. The company is currently in discussion with component suppliers as it works to meet the government’s local component ratio of at least 45%. Unconfirmed reports said the company is looking into exporting locally-made Citroen models to Libya and Algeria, among a number of other Arab nations.

The Madbouly government has been working to localize the auto industry, introducing the Egyptian Automotive Industry Development Program (AIDP) in 2022, which will offer incentives to auto players to localize the industry and its feeder industries, with the aim of enhancing the country’s existing assembly and manufacturing capabilities — and of encouraging new investment to the sector. (Enterprise 5.9)

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* 1. Algeria to Join BRICS New Development Bank

Algeria has officially been admitted as a new member of the BRICS New Development Bank (NDB). Egypt, the UAE, Saudi Arabia and Iran were among the six countries invited to join the bloc of emerging economies known as the BRICS in August 2023. Joining the group allows the countries to access the $100 billion pool of foreign currency the group uses to lend each other funds during emergencies, and should increase foreign direct investments and facilitate trade exchange through incentive packages. The packages are expected to bring significant green agreements, especially as the BRICS countries recently made strides to ramp up their green sectors. (Enterprise 2.9)

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* 1. Morocco Is Leading African Buyer of U.S Thermal Coal

Morocco has emerged as the leading African importer of U.S thermal coal in H1/24, purchasing a record 2.8 million tonnes—a staggering 100% increase from the same period last year. Morocco’s coal imports from the United States doubled the first six months of this year compared to the same period in 2023, when the country purchased 1.4 million tonnes. This increase propelled Morocco past Egypt, which imported 2.4 million tonnes, making it the largest African buyer of U.S. thermal coal. Together, Morocco and Egypt accounted for 98% of all U.S thermal coal shipments to Africa during this period, with total U.S exports to the continent reaching a historic 5.3 million tonnes—up 60% year-on-year.

This represents the highest volume of U.S. coal exported to Africa since 2000, underscoring the growing demand for energy resources across the region. The EIA attributed Morocco’s dramatic rise in coal imports to its industrial sector, particularly in energy-intensive industries like cement production. Morocco’s strategic coal purchases come as U.S thermal coal exports experience a broader global upswing. U.S coal exports have seen their strongest growth since 2018, with key buyers like China, India and South Korea driving demand. While Asia remains the largest destination for U.S coal, accounting for nearly half of total exports, Morocco’s growth places it among the top global buyers. (MWN 6.9)

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* 1. Moroccan Government Exempts School Supplies from Value-Added Tax

The Moroccan Customs and Indirect Tax Administration, under the Ministry of Economy and Finance, has announced a new list of school supplies that will be exempt from Value-Added Tax (VAT). These items were previously subject to a 7% VAT rate. The administration said that the exemption comes in response to requests from industry professionals. The VAT exemption will apply to both school supplies and the raw materials used in their production. This exemption extends to imported school supplies, provided they are exclusively intended for educational use.

The administration has added new items to the list of imported school supplies eligible for VAT exemption. This includes notebooks, coloring books and adhesive materials for students, provided the adhesive does not exceed 36 grams or 120 milliliters in capacity. The list now includes a total of 36 items, which also includes pencil sharpeners, modeling clay, paintbrushes, white and colored chalk, school bags and pencil cases, among other essential school supplies.

Regarding imported school supplies, the law stipulates that to benefit from the VAT exemption at import, as outlined in Article 123-27 of the General Tax Code, the importer must submit a commitment to the Customs and Indirect Tax Administration, stating that the imported school supplies will be used exclusively for educational purposes. (MWN 23.8)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Egypt & Turkey Sign 18 MoUs to Strengthen Cooperation & Boost Trade

The long-awaited visit by Egyptian President El Sisi to Turkey on 4 September yielded the signing of 18 MoUs, deepening cooperation between the two countries on areas of transport, energy and more. El Sisi and his Turkish counterpart Erdogan held a joint press conference, where they stressed their desire to expand ties, with Erdogan reiterating the two countries seek to boost trade nearly threefold from $5 billion to $15 billion over the next five years.

The two sides plan to boost the volume of trade between them to $8 billion next year, up from last year’s $6.6 billion. Egypt also wants to attract an additional $1 billion in Turkish investments over the next 18 months to bolster existing investments of approximately $3 billion.

Turkey has been the largest importer of Egyptian goods for the last three years, with industrial goods constituting the largest portion of Egypt’s exports to the nation. Trade between the two countries is centered on ready-made clothing, fabrics, home appliances, fertilizers, electrical appliances, steel, cars and agricultural products. A delegation of Egyptian businessmen will be heading to Turkey to discuss ways to boost trade and investments between the two sides. (Enterprise 5.9)

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* 1. Cyprus has Third Highest Growth Rate in EU and Second in the Eurozone

Cyprus achieved the third-highest annual growth rate in the EU and the second-highest in the Eurozone for Q2/24, according to Eurostat data. Seasonally adjusted data revealed that Cyprus’s GDP expanded by 3.7% compared to the same quarter in 2023, trailing only Malta (4.2%) and Poland (4%). Notably, Cyprus’s growth rate was significantly higher than the EU and Eurozone averages of 0.8% and 0.6%, respectively.

Compared to Q1/24, Cyprus recorded the sixth-highest growth rate at 0.7%, while Greece achieved the second-highest growth at 1.1%, following Poland at 1.5%. The GDP growth rate for both the Eurozone and the EU stood at 0.2%.

Cyprus’s GDP growth rate for H1/24 reached 3.5%, surpassing the initial official estimate of 2.9% for the entire year. The Ministry of Finance has announced that it will revise its estimate for the year, likely during the 2025 state budget submission. (FM 8.9)

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* 1. Cyprus GDP Reaches €6.61 Billion in Second Quarter

The Cypriot economy grew by 3.6% in Q2/24, compared to the same period in 2023, according to a report released by the Cyprus Statistical Service (Cystat). Cystat also noted that the construction sector was a key economic driver, witnessing growth of 10.4% during this time. Specifically, the growth rate of the economy for Q2/24 is estimated at 3.6% compared to the same quarter of 2023. However, after adjusting the gross domestic product (GDP) for seasonal variations and working days, the growth rate is calculated at 3.7%. In addition, Cyprus’ GDP at the end of Q2/24 amounted to €6.61 billion.

Regarding the production approach for calculating GDP, the growth rate is mainly attributed to the sectors of hotels and restaurants, construction, information and communications, wholesale and retail trade, and repair of motor vehicles. More specifically, the agriculture, forestry and fishing sector contributed €94.8 million, marking a 1.5% increase from the Q2/23 and a 0.7% increase from the previous quarter.

The manufacturing sector alone contributed €323.2 million, showing an annual growth of 3.3% and a quarterly increase of 1.5%. The construction sector contributed €382.4 million, showing a significant increase of 10.4% compared to the same quarter last year and 1.8% compared to Q1/24.

The sector of wholesale and retail trade, repair of motor vehicles and motorcycles, transport and storage, and accommodation and food service activities, which includes hotels and restaurants, contributed €1.38 billion to the GDP. This represents an increase of 4.2% compared to the second quarter of 2023 but a slight decrease of 0.2% compared to the previous quarter. The public administration and defense, compulsory social security, education, human health, and social work activities sector contributed €1.11 billion, with an annual increase of 3.3% and a quarterly increase of 0.4%. (Cystat 2.9)

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* 1. Cyprus Retail Trade Grows In July

Cyprus’ retail sector experienced growth in July, according to a report by the Cyprus Statistical Service (Cystat). According to Cystat, the retail trade turnover value index rose by 3.4% compared to July 2023, while the volume index increased by 1.2% over the same period. For the period from January to July 2024, the value index registered an overall increase of 5.0% compared to the same period in 2023, and the volume index similarly recorded a rise of 3.6%.

Supermarkets and non-specialized stores dealing in food, beverages, or tobacco saw a 4.6% increase in value and a 1.8% rise in volume in July 2024 compared to July 2023. Similarly, specialized stores for food, beverages, and tobacco experienced an even more pronounced increase, with the value index climbing by 10.2% and the volume index by 5.3%. The automotive fuel sector saw a significant growth of 12.0% in value, accompanied by a 7.4% increase in volume.

In contrast, the information and communication equipment sector faced declines, with a drop of 8.9% in value and 3.4% in volume. In the category of other household equipment, including construction materials, carpets, furniture, electrical appliances, and lighting, there was a modest decline in value by 2.3%, while the volume slightly decreased by 1.2%. Conversely, cultural and recreation goods, such as books, stationery, sports equipment, and toys, saw growth with a 5.9% increase in value and a 5% rise in volume. The clothing and footwear sector reported a 2% decrease in value. (Cystat 9.2)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Israel’s New School Year Begins With 16,000 Displaced Students Returning to Class

As Israel embarks on the 2024-2025 school year, the education system is gearing up to accommodate over 2.5 million students nationwide. This includes 535,000 kindergarteners, 514,000 high schoolers, 335,000 middle schoolers, and 1,174,000 in elementary schools. The education workforce is robust, with 236,000 staff members, 5,754 principals and over 200,000 teachers.

This year, 179,300 children will begin first grade, while 144,000 students enter their final year of high school. Additionally, 354,000 students receive special education, while 180,000 are identified as gifted and talented, and 526,000 and 530,000 students are enrolled in the ultra-Orthodox and Arab education systems, respectively. With 22,000 kindergartens, 5,754 schools, and 5,533 supervised daycare centers, the country’s education system operates on a budget of $22.9 billion for 2024.

On top of the insufficient personnel, this year the schools also have to adapt to the difficult moments for many of the kids and their families while also ensuring that security drills are updated and trained. Israel’s Ministry of Education is fully aware of the unique challenges faced by schools and students and has implemented a series of measures to support Israel’s youth, parents, and educational staff as they return to school. Since the outbreak of the war, professionals from the Psychological Counseling Service have been providing emotional and therapeutic support to students, parents, and staff dealing with the disaster and the mass trauma. Additionally, since the assault of 7 October, an emotional support hotline has been opened, staffed by expert counselors from the Psychological Counseling Service, including specialists in special education and speakers of various languages.

There are extensive efforts to ensure that children can resume their education despite the ongoing conflict. Multiple new projects were created for students from areas impacted by the war, including grants of up to NIS 30,000 (around $8,231) for educational staff and educational psychologists in the Tekuma region near the Gaza border. The grants are meant to bolster educational teams to address the preexisting pedagogical, social, and emotional challenges of the students. They also aim to manage the extraordinary issues arising from the war and the consequences of the prolonged absence of many kids from their homes.

Another initiative provides special support to approximately 1,000 students from the families of hostages and 1,016 students whose relatives were murdered or killed. The Ministry of Education offers educational, emotional, and social assistance as needed. Additionally, the ministry will provide additional educational counseling hours to assist educators during these difficult times. (Various 10.9)

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* 1. Nonprofit SparkIL Begins Initiative to Support Small Business Owners of Israel's North

On 9 September, nonprofit organization [SparkIL](https://sparkil.org/) began an initiative to assist Israel's small business owners living in the northern areas of the country - which has been under rocket fire from Hezbollah. The organization has launched an emergency loan of NIS 10 million ($2.7 million). This initiative is in addition to its previous $5.5 million which was contributed to over 300 businesses by rallying more than two thousand micro-lenders throughout the world.

Israel's north reportedly holds 90,000 of the country's 660,000 small- and medium-sized businesses. Half a million people are said to be employed by the businesses up north. However, many of those employees are displaced due to Hezbollah's rocket fire.

SparkIL said that business owners and self-employed citizens are eligible for an interest-free loan of up to NIS 100,000. The nonprofit also said that it cultivates connections between the Jewish diaspora with the Israeli population. One way this is done is through a loan as small as $25 to directly support the small business of their choice in Israel. The minimum amount for a loan in Israel is NIS 50. It also allows participants to partake in crowdfunding interest-free loans. It was established two years ago in partnership with the Jewish Agency for Israel and The Ogen Group. (JP 7.9)

\*REGIONAL:

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* 1. Illiteracy Rate in Jordan Fell to 5% in 2023

The illiteracy rate among Jordan's population fell to 5% last year 2023, compared to 11% in 2000. The Department of Statistics (DoS) said results of the main Labor Force Survey in Jordan in 2023 showed a disparity in men-women illiteracy rates, as the women's rate was higher than their male peers, reaching 2.5% and 7.4% for males and females, respectively.

The DoS figures showed that the highest illiteracy rate concentrated among individuals in the age group 65 years and over, reaching 24.8% at the Kingdom's level. The results also revealed a decrease in the youth illiteracy rate in the age group 15-24 years, reaching 0.8%, meaning that the illiteracy rate is almost non-existent among the youth.

The results showed that illiteracy rates, based on the economic activity status among Jordanian workers aged 15 years and over stood at 0.6%, while the rate for the unemployed people reached 0.6% and among the economically inactive population at 7.2%. (Petra 7.9)

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* 1. Stanford University & Tuwaiq Academy Launch Machine Learning Bootcamp

Saudi Arabia's Tuwaiq Academy launched a Machine Learning Bootcamp in partnership with Stanford University, set to begin on 30 September and run for two and a half months. The bootcamp will be held during the evening at the academy’s main campus in Riyadh, with the aim of enhancing technical skills in fundamental concepts of machine learning, offering accredited certificates from Stanford University and Tuwaiq Academy.

The Machine Learning Bootcamp, which culminates in job placements for top performers, includes several educational stages, focusing on understanding algorithms for analyzing large-scale graphs, understanding graph data structures and their applications in machine learning, training on graph neural networks, exploring tools and frameworks used in graph-based machine learning, and applying these neural networks to solve real-world problems across various fields. Participants will develop and build practical projects under the supervision of experts and specialists in data science and artificial intelligence, within a promising and competitive educational environment that offers in-person and remote dual-mode learning.

Tuwaiq Academy serves over 1,000 in-person trainees daily and offers professional certifications from leading global organizations such as Apple, Meta, Amazon, Alibaba, DELL, CompTIA, OffSec, IBM, and Microsoft, to graduate highly skilled technical professionals in various modern technology fields. (SPA 27.8)

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* 1. King Abdulaziz University Launches First AI Program for Research

King Abdulaziz University has launched the first edition of its program on the use of AI in education and scientific research. This program, the first of its kind in Saudi universities, aims to provide participants with a comprehensive understanding of utilizing AI in data analysis, leadership, and management. The program seeks to establish a clear vision, set goals, strategies, policies, and future perspectives for the educational and research process, aligning them with technological advancements.

The program spans an entire semester and includes 50 hours of training and 30 hours of assignments. A team of specialized faculty members from King Abdulaziz University will lead these sessions, ensuring that students are equipped to effectively utilize these modern technologies in their academic and research endeavors. (SPA 2.9)

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* 1. Egypt’s Population Surges By 750,000 in 206 Days to Reach 106.75 Million

Egypt’s population has reached 106.75 million, according to the clock at the Central Agency for Public Mobilization and Statistics. The count showed an increase of 750,000 people over the past 206 days. The population first hit 106 million on 8 February. By 20 April, the number had grown by 250,000 to 106.25 million. Another 250,000 people were added by 2 July, bringing the total to 106.5 million. The most recent increase of 250,000 people has brought the population to 106.75 million as of today. (Hespress 2.9)

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* 1. Algeria Declares President Tebboune Election Winner With 95% of the Vote

Algerian authorities declared President Abdulmadjid Tebboune the overwhelming winner of the 7 September election on Sunday, but a rival candidate alleged irregularities in the count and fewer than half of registered voters cast ballots. Preliminary results gave Tebboune 95% of the vote, enough to avoid a second round, with Abdelaali Hassani Cherif getting 3% and Youcef Aouchiche 2%. Turnout was 48%.

Late on 8 September, three presidential candidates, including Tebboune and Cherif, issued a joint statement in which they objected to the provisional results announced by the electoral commission. Tebboune's re-election means Algeria will likely keep on with a governing program that has resumed lavish social spending based on increased energy revenues after he came into office in 2019 following a period of lower oil prices. He has promised to raise unemployment benefits, pensions and public housing programs, all of which he increased during his first term as president.

Russia's invasion of Ukraine in 2022 boosted European demand for Algerian gas and pushed energy prices back up, increasing Algerian state revenue after years of burning through foreign exchange reserves and leading to new hydrocarbons projects. While using much of the money for social handouts, Tebboune's government has also pushed economic reforms aimed at strengthening the private sector to create jobs. However, while unemployment is down from its highs of around 14% during the pandemic, it remained above 12% last year and inflation is also high. (Various 9.9)

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* 1. Over 8 Million Students to Start 2024-2025 Academic Year in Morocco

Morocco’s Ministry of National Education, Preschool and Sports said that more than 8.112 million students are set to enroll in educational institutions for the upcoming 2024-2025 academic year. Public schools are anticipated to accommodate approximately 6.976 million students. Enrollment figures indicate a 1.3% decrease in primary education, with nearly 3.716 million students expected.

Middle school enrollment is meanwhile projected to rise by 5.5%, reaching about 2.25 million students. High school enrollment is expected to grow by 12.7%, totaling around 1.235 million students.

The ministry has also projected that over 1.813 million new students will join public education this year. This includes approximately 585,000 students starting in the first year of primary education, 625,000 in the first year of middle school, and 453,000 in the common core of high school. Morocco's 2024-2025 school year officially began on 9 September. (MWN 9.9)

ISRAEL LIFE SCIENCE NEWS

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* 1. Launching RegenIQ - a Scalable, Data-Driven Framework for Regenerative Agriculture

Agmatix announced the launch of RegenIQ, which is designed to drive the adoption of regenerative agriculture by offering a structured approach to assessing the impact of field-level efforts, supporting both environmental health and productivity.

Aligned with regenerative agriculture's leading global definitions and frameworks, RegenIQ addresses one of the most pressing challenges: the lack of a consistent and acceptable measurement system at scale. By connecting agrifood companies to real-time field-level activities, RegenIQ enables them to tailor regenerative practices to specific crops and conditions through a standardized, data-driven approach. This not only enhances environmental effectiveness but also strengthens supply chain resilience. With RegenIQ, companies can confidently track and achieve their ESG goals and Scope 3 requirements by actively working with growers at scale.

Ramat Gan's [Agmatix](http://www.agmatix.com) is shaping the future of sustainable agriculture through the RegenIQ regenerative agriculture approach and its scientifically-backed AI-powered platform. Its solutions supports every aspect of the agriculture value chain, from facilitating research and development of innovations to measuring the efforts and outcomes of regenerative agriculture practices in a scalable, data-driven manner. (Agmatix 3.9)

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* 1. Charles River & Insightec Collaborate on Focused Ultrasound Therapies

Wilmington, Massachusetts's Charles River Laboratories International and Insightec announced the launch of a five-year strategic collaboration to provide Charles River's clients access to a comprehensive global service and technology platform for the application of focused ultrasound (FUS) for drug discovery and preclinical development of therapeutics in neuroscience. Insightec's novel low-frequency ultrasound platform non-invasively disrupts the blood brain barrier, enabling drugs to be delivered to targeted brain areas. The procedure has generated positive clinical evidence across several neurological diseases, including Parkinson's disease, Alzheimer's disease, and oncology indications, and holds promise for increasing efficacy of neurological drugs, to impact better health and outcomes for patients in the future.

Designed to meet the increasing demand to quickly advance therapeutic development and delivery of genetic medicines, biologics, and immunotherapies in multiple Good Laboratory Practice (GLP) preclinical models in neuroscience, the collaboration provides powerful CNS drug delivery for multiple drug types. Insightec's low-intensity focused ultrasound along with microbubble resonators noninvasively modulate the blood-brain barrier, allowing precise therapeutic delivery of a variety of drugs, including delivery to deep brain structures. Insightec's technology has the potential to revolutionize central nervous system (CNS) delivery for genetic medicines, biologics, and immunotherapies across a variety of tough-to-treat CNS diseases, including ones associated with neurodegeneration, neurodevelopment, and neuro-oncology.

Tirat Carmel's [Insightec](https://insightec.com/) is a global healthcare company creating the next generation of patient care by realizing the therapeutic power of focused ultrasound. The company's Exablate Neuro platform focuses sound waves, safely guided by MRI, to provide tremor treatment to patients with medication-refractory essential tremor and Parkinson's disease. (Insightec 4.9)

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* 1. Vertica by Ohh-Med Medical Secures First Insurance Reimbursement

Tiberias, Israel's [Ohh-Med Medical](http://www.vertica-labs.com), a pioneer in the rapidly expanding field of interventional urology and men's health, continues to make significant strides in the market with its flagship device, Vertica, designed to enhance erectile function and treat erectile dysfunction.

In a milestone event for the company in Germany, the first Vertica user received full reimbursement from a large national insurance company. Additionally, the company recently received approval to market Vertica in Australia from the Therapeutic Goods Administration (TGA), Australia's regulatory authority for therapeutic goods. It is listed in the Australian Register of Therapeutic Goods (ARTG).

Vertica is an innovative device used at home, is safe, non-invasive, and is simple to use. According to a clinical study published by The International Journal of Impotence Research (IJIR), Vertica has a proven success rate of 85% with some men experiencing results after just four weeks, which continued up to six months later. Using radiofrequency technology, Vertica is the only device in the world that targets the root cause by enhancing the erectile tissue in the penis, thereby increasing the blood inflow into the penis and reducing blood leakage during an erection. Vertica restores the physical mechanism that traps blood in the penis, ensuring improved performance for longer periods. (Ohh-Med Medical 3.9)

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* 1. Nanocarry's Brain Penetrating Nanoplatform Selected by NCI's Laboratory

Nanocarry Therapeutics announced the selection of its lead product, AxS007, by the U.S. National Cancer Institute’s (NCI’s) Nanotechnology Characterization Laboratory (NCL) for comprehensive preclinical characterization. The NCL is located at the Frederick National Laboratory for Cancer Research, operated for NCI by Leidos Biomedical Research, Inc.

Over 400 million people globally suffer from brain diseases that remain insufficiently treated due to the Blood-Brain Barrier (BBB) blocking most therapeutics. Nanocarry's AxS technology utilizes an insulin-based nanoplatform to cross the BBB, enabling the delivery of multiple copies and combinations of antibodies, small molecules and other therapeutics to the brain, thus targeting various central nervous system disorders. AxS007 specifically targets brain metastases of HER2+ breast cancer, which affects 50% of metastatic breast cancer patients and represents a significant unmet need.

Through this collaboration, the NCL will conduct detailed preclinical evaluations of AxS007. These studies will support the advancement of AxS007 towards filing an Investigational New Drug (IND) application with the FDA and facilitate future clinical development. This partnership will also strengthen collaborations focused on utilizing AxS technology with diverse therapeutic agents to treat various brain diseases.

Rehovot's [Nanocarry Therapeutics](http://www.nanocarry.com) is a biopharmaceutical company dedicated to transforming brain disease treatment through an advanced insulin-based nano delivery system that crosses the blood-brain barrier. Founded in 2021, the company's lead product targets HER2+ breast cancer brain metastases and is now entering IND-enabling studies. Nanocarry Therapeutics aims to improve patient outcomes by delivering innovative therapies to previously unreachable areas of the brain. (Nanocarry 4.9)

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* 1. A. Menarini & Nucleix Partner for a Non-Invasive Bladder Cancer Test in Europe

Florence, Italy's A. Menarini Diagnostics, a company bringing advanced solutions to the in vitro diagnostic market, and Nucleix announced that they have entered into a long-term commercial agreement for the exclusive distribution of the Bladder EpiCheck test in Europe.

This non-invasive CE-marked test detects primary or recurrent bladder cancer and upper tract urinary cancer. Bladder EpiCheck is included in the European Association of Urology (EAU) Clinical Guidelines as a urine test that might be used in the initial diagnostic workup of bladder cancer to avoid / implement cystoscopy and in follow-up to monitor for non-muscle invasive bladder cancer (NMIBC) tumor recurrence to replace or postpone cystoscopy. By providing a non-invasive, monitoring test, Bladder EpiCheck could detect high-grade disease early and potentially reduce the frequency of cystoscopies, which may, in turn, decrease the burden of bladder cancer surveillance for patients and health systems alike while improving patient outcome by identifying the patients who will benefit most from intervention.

Rehovot's [Nucleix](https://www.nucleix.com) is a liquid biopsy company revolutionizing cancer treatment with earlier disease detection at a time when intervention can bring the greatest impact for patients. Leveraging NGS-based and PCR-based technology to identify methylation changes, the Company’s pioneering testing approach uses methylation-based identification for early-stage and recurring cancer detection. The Company is advancing its Lung EpiCheck test towards commercialization for high-risk individuals, while evaluating additional tests for other high-risk diseases. (A. Menarini 9.9)

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* 1. ThaMa-Vet Offers Innovative Automatic Syringe for Fish Vaccination

ThaMa-Vet has developed two new automatic syringes to address the specific needs of the fish industry. The all-metal, fixed-dosage automatic syringes enable fast, ultra-precise and fatigue-free fish vaccination. The innovative syringes are already being used by several vaccine companies and proved to be highly dependable in vaccinating millions of fish.

The single barrel, ThaMa 405, is a fixed dosage syringe for the mass treatment of fish with all the features needed for wet environment vaccinations. It is easy to assemble and maintain and is continually ready for repeat performance. The double-barrelled ThaMa 422 is a fixed dosage syringe enabling the administration of two different vaccines in two different dosages at once in one shot using one needle. Both aquaculture syringes are optimized for the mass treatment of fish requiring a micro dose of only 0.05cc to 0.1cc. They are supplied with two fixed-dosage pistons––0.05cc and 0.1cc––and are accurate, reliable and suitable to work in wet environments.

Petah Tikva's [ThaMa-Vet](https://www.thama-vet.com/en) develops and manufactures state-of-the-art automatic syringe systems and injectors for veterinary and healthcare applications. The company has been servicing poultry, swine, cattle, aquaculture and small animal producers globally for more than 60 years. (ThaMa-Vet 10.9)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. Opus Security Named Finalist for Best Vulnerability Management Solution

Opus Security has been recognized as a 2024 SC Awards finalist in the Excellence Award category for Best Vulnerability Management Solution. This year, the SC Awards received a remarkable number of entries across 34 specialty categories, with many notable companies earning nominations for their leadership and commitment to cybersecurity.

The SC Awards are one of cybersecurity’s most prestigious honors and serve as a beacon of excellence in the industry. Applicants are evaluated by a panel of hand-selected judges comprised of SC Media’s esteemed industry cybersecurity professional end-users, members of SC Media, the CyberRisk Alliance community of CISOs and Women in Cyber.

Tel Aviv's [Opus Security](https://www.opus.security) is a cloud-native platform that streamlines vulnerability remediation across diverse IT ecosystems. It enables customers to aggregate, de-duplicate and prioritize vulnerabilities across application security tools, cloud-native applications, and infrastructure. Opus Security’s ASPM cloud-native remediation platform easily integrates with existing toolsets and consolidates security issues across all security tools and environments, automatically streamlining critical remediation processes. (Opus 30.8)

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* 1. TriEye TES200 High Resolution SWIR Image Sensor for Machine Vision

TriEye announced the release of the TES200 1.3MP SWIR image sensor. Based on the innovative TriEye CMOS image sensor technology that allows SWIR capabilities using a CMOS manufacturing process, the TES200 is the ﬁrst commercially available product released in the Raven product family.

The TES200 operates in the 700nm to 1650nm wavelength range, delivering high sensitivity and 1.3MP resolution. With its large format, high frame rate, and low power consumption, the TES200 offers enhanced sensitivity and dynamic range. This makes the new image sensor ideal for imaging and sensing applications across various industries, including automotive, industrial, robotics and biometrics. The TriEye Raven image sensor family is designed for emerging machine vision and robotics applications, incorporating the latest SWIR pixel and packaging technologies.

Tel Aviv's [TriEye](http://www.trieye.tech) is the pioneer of the world's-ﬁrst CMOS-based Short-Wave Infrared (SWIR) image sensing solutions. Based on advanced academic research, TriEye's breakthrough technology enables HD SWIR imaging and accurate deterministic 3D sensing in all weather and ambient lighting conditions. The company's semiconductor and photonics technology enabled the development of the SEDAR (Spectrum Enhanced Detection And Ranging) platform, which allows perception systems to operate and deliver reliable image data and actionable information, while reducing expenditure up to 100x the existing industry rates. (TriEye 3.9)

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* 1. Epsilor Delivers First NATO 6T Li-Ion Batteries to Hanwha Defence Australia

Epsilor has delivered the first COMBATT 6T batteries to Hanwha Defence Australia (HDA). Marked ELI-52526-DM, the new battery stores 3,630Wh of energy, the highest energy density in the market. The COMBATT battery has been down selected by HDA through a rigorous test process, for integration into the Redback Infantry Fighting Vehicle (IFV), which will be supplied to the Australian Army by HDA, as part of the LAND 400 Phase 3 Program. With their unprecedented energy and power rates, COMBATT batteries support advanced armored vehicles, ground robotics, tactical energy storage systems, missile launchers and radar systems.

COMBATT batteries have been delivered to numerous international defense companies and military users, including to the US, where they are undergoing rigorous tests according to the MIL-PRF-32565C standard, which will qualify the battery for use in the US Army. These tests include bullet penetration, extreme temperature performance and long cycle life, ensuring reliability in the most demanding military environments.

Beit Shemesh's [Epsilor Electric Fuel](http://www.epsilor.com) is a globally recognized developer and manufacturer of custom and standard smart batteries, battery chargers, and mobile power management systems. With over four decades of expertise in electro-chemistry and Battery Management Systems (BMS), Epsilor delivers high-energy-density solutions tailored for extreme environments across defense, aerospace, medical, industrial, and marine sectors. (Epsilor 1.9

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* 1. Tier-One Canadian Insurance Carrier Selects Sapiens Platform to Foster Innovation

Sapiens International Corporation announced that a leading tier-one life and health insurer in Canada has selected Sapiens Insurance Platform for Life & Annuities (L&A) to improve operational performance, drive efficiency, enhance the client and advisor experience, and ensure their digital evolution and growth in the life and health market.

Sapiens Insurance Platform will be instrumental in enabling a client-first approach from the first touch point during new business to continued service excellence and administration, including enhanced support for their distribution channels, simplifying the business rules for an easier and proactive engagement, and continued enhanced support for the customer throughout their life events. This will be further enabled through simplified product development and management capabilities, a streamlined and data-driven new business process, and efficient, proactive policy administration processing powered by Sapiens CoreSuite for Life & Annuities.

Holon's [Sapiens International Corporation](http://www.sapiens.com) is a global leader in intelligent insurance software solutions. With Sapiens' robust platform, customer-driven partnerships and rich ecosystem, insurers are empowered to future-proof their organizations with operational excellence in a rapidly changing marketplace. They help insurers harness the power of AI and advanced automation to support core solutions for property and casualty, workers' compensation, and life insurance, including reinsurance, financial & compliance, data & analytics, digital, and decision management. (Sapiens 5.9)

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* 1. Rail Vision Gets U.S. Patent for AI-Powered Railway Obstacle Detection System

Rail Vision announced the approval of its U.S. patent for a cutting-edge AI-based railway obstacle detection system by the United States Patent and Trademark Office in August. This milestone reflects Rail Vision’s unwavering commitment to advancing railway safety through revolutionary technology, poised to reshape the industry.

The newly patented system combines advanced electro-optical imaging with artificial intelligence, offering innovative protection against obstacles on and off rail tracks. Through advanced AI algorithms, including deep learning and convolutional neural networks, the system provides real-time analysis of the railway path, detecting potential hazards with unprecedented accuracy. This technology significantly enhances awareness for train drivers and operators alike, aiming to preserve business continuity by dramatically reducing collisions and improving safety for freight and passengers.

Ra'anana's [Rail Vision](https://www.railvision.io/‎) is a technology company that is seeking to revolutionize railway safety and the data-related market. The Company has developed cutting-edge, artificial intelligence-based, industry-leading technology specifically designed for railways. The Company has developed its railway detection and systems to save lives, increase efficiency, and dramatically reduce expenses for the railway operators. Rail Vision believes that its technology will significantly increase railway safety around the world, while creating significant benefits and adding value to everyone who relies on the train ecosystem: from passengers using trains for transportation to companies that use railways to deliver goods and services. (Rail Vision 5.9)

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* 1. ParaZero Signs an Agreement with Autonomous Solar Panels Drone Company

ParaZero Technologies has signed an agreement with BladeRanger, a developer of a powerful cleaning payload for drones that is designed for inspection and washing of solar panels and tall buildings. The multi-phase agreement is valued at approximately $230,000.

As part of the agreement, ParaZero will support regulatory processes with the Israeli Civil Aviation Authority (CAA) to develop and certify a safe drone operating system for BladeRanger's urban drones. This involves researching regulatory requirements, proposing potential solutions and designing a safety system, hardware and software, that is optimized for BladeRanger’s platform, tailored to this market segment and compliant with the Israeli standards and regulations set by the CAA. ParaZero will also provide technical support and coordinate testing to ensure compliance and successful implementation.

Tel Aviv's [ParaZero](https://parazero.com/‎) is an aerospace company focused on drone safety systems for defense and commercial drones and urban air mobility aircraft. Started in 2014, ParaZero designs smart, autonomous parachute safety systems designed to enable safe flight operations over populated areas and beyond-visual-line-of-sight (BVLOS) as well as for military applications including Counter UAS. (ParaZero 5.9)

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* 1. Cymbio Launches Cymagery AI to Expedite Product Content Uploads

Cymbio announced the launch of Cymagery AI, a revolutionary image upload and editing suite that allows customers to ultimately accelerate their go-to online market timeline through automatic image editing and sizing. The number of online marketplaces has grown in recent years, and this surge shows no signs of stopping. While this growth enables sellers to reach new audiences, it also adds more administrative work, as each marketplace has their own set of image requirements. This, alongside copyright compliance requisites of many of the images themselves, results in hours of tedious and frustrating manual labor, cropping and resizing images to meet the requirements of each marketplace.

This is the only product suite that enables complete automation of the order synchronization process for online marketplaces, expedites time-to-market for sellers, and reaches new audiences faster.

Founded in 2015, [Cymbio](http://www.cym.bio) is a trailblazing leader specializing in brand-to-retailer connectivity to generate growth and maximize revenues. Cymbio empowers its customers to streamline their operations and automate all processes across marketplaces, dropship retailers, and social commerce. (Cymbio 5.9)

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* 1. DustPhotonics Launches Industry-First Merchant 1.6Tb/s Silicon Photonics Engine

DustPhotonics announced the launch of the industry's first merchant silicon photonics engine for 1.6Tb/s DR8 applications, targeting AI and hyperscale data centers. The engine supports 8 channels, each independently capable of operating at up to 224G/channel. Additionally, a second variant is available supporting four channels for 800Gb/s DR4 applications. Both versions of the engine integrate on-board lasers mounted onto a transmit Photonics Integrated Circuit (PIC), incorporating DustPhotonics patented L3C (Low-Loss Laser Coupling) technology. The engine offers numerous benefits to transceiver suppliers, including a simplified transceiver design with low power dissipation, low optical loss, lower overall cost and enhanced supply chain scalability.

The devices will support a multitude of AI and hyperscale datacenter applications. The standard product is suitable for reaches of up to 2km. A lower-cost version, tailored for short-reach applications up to 100m, is also available that will use a single laser instead of 2 lasers for 1.6Tb/s operation. In addition, the products are highly suitable for LRO (Linear Receive Optics) and LPO (Linear Pluggable Optics) transceiver applications and can be employed in immersion cooling applications.

Modi'in's [DustPhotonics](http://www.dustphotonics.com) is a leading developer of silicon photonics technology for hyperscale data center and AI applications. The DustPhotonics technology platform is uniquely built to meet the requirements of the optical networking market, offering significant improvements in bandwidth and speeds while lowering costs and power consumption. DustPhotonics 5.9)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's Fiscal Deficit Climbs Again

Israel’s fiscal deficit has risen again for the seventeenth successive month, after reaching zero in March 2023. The deficit for the twelve months to the end of August this year was 8.3% of GDP, or NIS 161 billion, according to the Ministry of Finance's Accountant General. The figure for the end of July was 8.1% of GDP, or NIS 155 billion. The deficit thus continues to drift away from the target set by the government in the revised 2024 budget approved last March, of 6.6%.

The Ministry of Finance estimates that the deficit will climb until the end of this month, and will then decline somewhat. This is because the spike in government spending in October last year when the war broke out will drop out of the twelve-month figures. Minister of Finance Smotrich estimated last week that his ministry would succeed in bringing the deficit within the 6.6% of GDP target by the end of 2024. (Globes 9.9)

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* 1. Israeli Startups Raised $200 Million in August

Israeli startups raised only $200 million in August 2024, according to reports and press releases seen by Globes. The figure may be more as some companies prefer to remain in stealth and sometimes do not publicize the investments they have received. The low amount in August reverses the recent trend of higher amounts being raised by privately-held tech companies in Israel.

Israeli startups have now raised $5.4 billion in the first eight months of 2024. Israeli privately-held tech companies raised $4.5 billion in the first half of 2024, according to IVC-LeumiTech, indicating a recovery from 2023 when $6.9 billion was raised in the entire year, after $15 billion was raised in 2022 and a record $25.6 billion was raised in 2021. In August 2024, the biggest financing rounds were completed by AI market research company Placer.ai, which raised $75 million, while on-chain risk management company Chaos Labs raised $55 million. (Globes 1.9)

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* 1. Israel's Average Monthly Wage Still Rising

In July 2024, the average wage in Israel was NIS 13,683, up 6.7% from July 2023, the Central Bureau of Statistics reported. Inflation was 3.2% over the same period so that wages are increasing faster than prices are rising. The rise in wages is supported by the unemployment data published by the Central Bureau of Statistics, which sees unemployment at a 50 year low of 2.8%. The job market remains tight in part because of a dramatic rise in government spending because of the war.

In the tech sector the average wage in June 2024 was NIS 32,215, up 8.1% from June 2023, well above the inflation rate. The number of jobs in the tech sector was 401,300 representing 9.9% of all the jobs in the economy, up 0.3% from June 2023. (CBS 4.9)

IN DEPTH

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* 1. ISRAEL: H1/2024 IVC – Gorntizky – KPMG Investors Report

The H1/2024 IVC – Gornitzky – KPMG Investors Report examines the trends and activities of venture capital funds (including corporate VC investors) and Israeli institutional investors, the availability of capital for local tech ventures, and foreign VC funds.

**Israeli VC Funds Capital Raising**

In H1/2024, just 10 Israeli VCs secured $554 million for new funds. Two large VCs accounted for 73% of the total, raising $200m each: Red Dot Capital Partners and Vintage Growth Fund.

***INFO 1: Israeli VC Funds Capital Raising by Vintage Year ($m), 2015-H1/2024***

**Fund of Funds, Secondary and Venture Lending Funds**

In H1/2024, two strategic investment funds raised $600 million: Viola Credit venture lending fund and Valoo by Meitav secondary fund, an increase of 64% compared to $385 million in two funds in 2023, but far from the heights of 2022 (six funds raised $2.47 billion).

**Israeli FOF/Secondary/VL Capital Raising by Vintage Year ($m), 2015-H1/ *2024***

**Availability of Capital**

According to IVC's measuring model of Israeli VC funds allocations and capital availability, the estimated dry powder amounts (as of August 2024) have reached nearly $10.2b remaining for investments in Israeli tech companies. The allocation for new companies totals approximately $2.4 billion, while investments in portfolio companies account for around $7.8 billion.

***INFO 3:*** ***Israeli VC Funds Capital Management – Capital Allocation ($m), 2015-H1/2024***

Ben Klein, IVC CEO: "IVC is collecting and analyzing data on the Israeli tech ecosystem for over 25 years. Due to the lingering war, 2024 wasn't expected to be a usual year. The first half of 2024 highlights a challenging and dynamic period for the Israeli VC landscape. While the overall capital raised has decreased compared to previous years, the market remains resilient, with substantial dry powder". Klein added that “as the ecosystem recalibrates, we anticipate a shift toward supporting existing portfolios while selectively investing in new ventures".

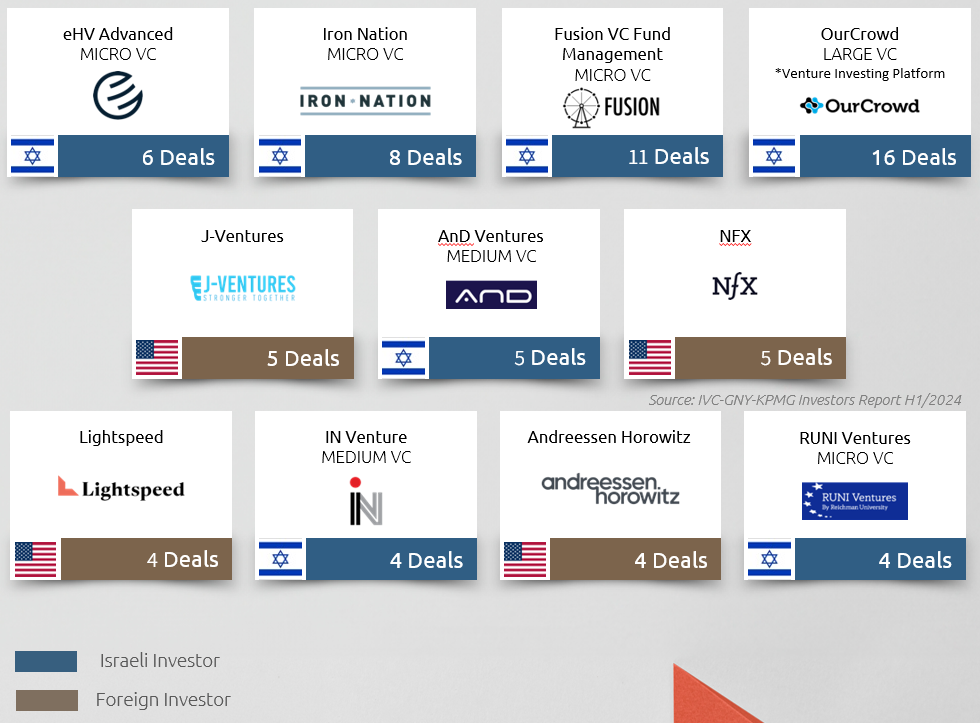
**Israeli Institutional Investors**

In H1/2024, Israeli institutional investors participated in 13 rounds totaling $40 million, the lowest level since 2020, a notable drop compared to $158 million and 40 rounds in 2023. (depending on the final institutional activity report, this number may vary by up to 20%).

**Most Active Funds**

Seven Israeli funds were ranked the most active funds in H1/2024. VC fund OurCrowd led the score with 16 new investments in H1.

***INFO 5: Most Active Funds, H1/2024***



**Israeli VC MCs by Managed Capital**

In H1/2024, 231 active Israeli VC management companies (MCs) managed 440 active and fully invested funds. Viola manages the largest number of funds (13 funds), followed by Pitango (12), JVP (10), Pontifax and Vertex (8 funds each), and 83North and TLV Partners (7 funds each).

**Gornitzky GNY:** [Gornitzky GNY](http://www.gornitzky.com) law firm stands out as one of Israel's premier law firms, boasting a robust team of over 265 lawyers specializing in 50 diverse areas of legal expertise. Our client base includes major business conglomerates, global entities, financial institutions, and cutting-edge technology companies across multiple sectors and growth stages.

**KPMG Israel:** [KPMG Israel](https://kpmg.co.il/‎), a leading accounting and business consulting firm with over 1,600 experts, blends local insights with global trends. The firm offers advanced audit, tax, and advisory services, driving growth and strategic success in Israel's dynamic economy through innovation.

**IVC Data & Insights:** Founded in 1997, [IVC Research Center](http://www.ivc-online.com) is the leading data source and business information company in Israel's high-tech industry. (IVC 10.9)

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* 1. ISRAEL: Israeli Tomato Shortage Causes Skyrocketing Prices

Israel’s tomato shortage is worsening and consumer tomato prices are at an all-time high: supermarket chains are selling tomatoes for between NIS 6.90 and 11.90 per kilogram (between 85 cents and $1.46 per pound) and greengrocers are selling tomatoes for up to NIS 18 per kilogram ($2.20 per pound). The Ministry of Agriculture announced that it would address the crisis by allowing 5,000 tons of tomatoes to be imported duty-free over the next two months.

About 255 tons of tomatoes have been imported to Israel since the start of August, according to Ministry of Agriculture data. The ministry conducts regular assessments into the tomato supply and has said that it will continue to increase the import quota according to demand. In an attempt to respond to the shortage, tomatoes intended for processing have recently been diverted to the consumer market, and the Ministry of Agriculture is also exploring importing tomatoes from additional countries.

Israel has tomato import deals with 22 different countries, including Greece, Cyprus, Poland, Hungary, Spain, Italy, the Netherlands and Azerbaijan. The possibility of importing from additional countries is being examined, even if prices would be higher. Since tomatoes are a delicate crop with a short shelf life, the feasibility of importing from distant sources is limited. Imports may meet the demand in terms of quantity but at a high price for the consumer. The Ministry of Agriculture has warned against importing tomatoes from Egypt, where growing conditions and the handling of harvested crops are at a lower standard than that of Israel.

Israelis consume about 14,000 tons of tomatoes each month, the majority of which is grown in Israel. About 25% of the tomatoes eaten in Israel are imported from Turkey and Jordan. Local tomato production consistently lags in the summer, when the harsh Israeli heat harms the crop’s growth.

The inhospitable Israeli summers mean that 60% of the tomatoes in the Israeli market between September and November are imported. This summer’s extreme heat caused unprecedented damage to Israeli tomato crops. The war’s effect on Israeli agriculture—fewer foreign and Palestinian workers and some agricultural areas off limits to civilians—further damaged the summer’s tomato harvest. According to the Ministry of Agriculture, they expect to see a 50% decrease in harvested tomatoes.

The tomato supply in Israel is also threatened by the Turkish boycott on exports to Israel announced earlier this year. Turkey is historically a major source of tomatoes to the Israeli market. In recent months, most tomatoes imported to Israel have come from Jordan—but the Ministry of Health recently stopped those imports as well after finding traces of cholera in the water used for irrigation.

**Climate Change Bested the Ministry of Agriculture’s Efforts**

The aggressive policy of importing fruits and vegetables over the past decade has worn down local production, especially after allowing imports from Turkey in 2016. The tomato yield in Israel declined from about 155,000 tons annually in 2016 to about 120,000 tons annually in 2022 and 2023. Imports from Turkey and Jordan have increased from 17,500 tons to about 41,000 tons in the past two years.

Over the past year, the Ministry of Agriculture has been making efforts to increase the share of locally produced crops, especially for the Israeli salad vegetables - tomatoes, cucumbers and onions. The ministry allocated approximately NIS 20 million ($5.4 million) to relocate fields that have been made inaccessible by the war, repurpose agricultural structures for affected crops and repair greenhouses and netting structures that were damaged throughout the country.

In order to encourage tomato cultivation and increase supply during the summer months, the ministry publicized a financial support scheme designed to incentivize tomato growers in areas that allow for early cultivation. The ministry hoped this effort will prevent a shortage in the supply of tomatoes to the local market, even as some fields in Gaza border communities lie fallow.

The attempt to bolster crop yields during the summer months was unsuccessful, mostly because of intense heat, which made it difficult for tomato crops to survive and grow fruit. A review of temperature data from the past five years is not encouraging: in addition to a clear trend of rising temperatures, there is a noticeable increase in the number of extreme weather events lasting for longer periods of time. This warming also increases pest infestations, which greatly weaken tomato plants and prevent proper growth.

**Winter Is Coming**

A significant tomato shortage in Israel is still yet to come. The local tomato harvest is lowest during the months of September to December, and 75% of Israel’s annual imports occur during these three months. In order to increase the supply of tomatoes during these months, including during the High Holidays when there is an increase in tomato consumption, the Ministry of Agriculture has allocated NIS 12 million ($3.3 million) to support tomato farmers selling their produce during this period. An additional financial support procedure is expected to be published in the coming days to encourage the cultivation of tomatoes and other vegetables (known as the Israeli salad procedure).

The need to reinforce local crop production, especially when it comes to salad vegetables, is well known to the professionals in the ministry. The Office of the Chief Scientist at the Ministry of Agriculture is promoting and supporting researchers in the development of multidisciplinary research to increase the quantity and quality of Israeli tomatoes. Increased efficiency, seed and plant durability, advanced and cost-effective growing methods, and less labor-intensive crops will also bring down consumer prices.

As part of the research, approximately NIS 15 million ($4 million) will be invested over a period of five years in the development and testing of new robotic and computerized technologies for tomato cultivation. Reducing the need for manual labor will increase the feasibility of growing tomatoes, and will allow for a reduction in the price of tomatoes for the consumer. The Ministry of Agriculture, the Israel Innovation Authority and the Takuma Directorate (the government body responsible for rehabilitating the Gaza border communities following the October 7 attacks) will also support pilots of agricultural technology projects to improve capabilities in agriculture at an investment of NIS 16 million ($4.3 million). (Davar 21.8)

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* 1. OMAN: Moody's Ratings Changes the Outlook on Oman to Positive, Affirms Ba1 Ratings

[Moody's Ratings](http://www.moodys.com/) (Moody's) changed the outlook on the Government of Oman to positive from stable and affirmed its Ba1 long-term issuer and long-term senior unsecured ratings. We have also affirmed the Government of Oman's (P) Ba1 senior unsecured medium-term note program rating.

The key driver for the change of the outlook to positive is the ongoing improvements in the government's debt metrics, supported by elevated oil prices and prudent fiscal management, which increase the likelihood that Oman's fiscal strength could be sustained at a level consistent with a higher rating. A declining debt burden, in particular the foreign-currency portion of debt, increases the government's capacity to absorb shocks, such as those caused by cyclical fluctuations in the global energy markets or increases in global interest rates.

The affirmation of the Ba1 ratings is supported by Oman's high per-capita income, the government's moderate debt burden and its improving track record of fiscal policy effectiveness, which are set against the economy's relatively modest growth dynamics and the sovereign's heavy economic and fiscal reliance on the hydrocarbon sector. This reliance exposes government finances to sudden material deterioration in response to cyclical declines in oil prices and, in the longer term, to the negative credit effects of global carbon transition. Over the next few decades, we expect oil exports to produce less robust revenues at peak oil prices and weaker revenues at trough oil prices compared to historical experience because global initiatives to limit the adverse impacts of climate change will increasingly constrain the use of hydrocarbons and accelerate the shift to less environmentally-damaging energy sources.

Today's rating action also applies to Oman Sovereign Sukuk S.A.O.C, a special-purpose vehicle (SPV) domiciled in Oman, whose obligations, in our view, are ultimately the obligation of the Government of Oman. We affirmed its Ba1 backed senior unsecured and (P) Ba1 backed senior unsecured medium-term note program rating. The outlook on the sukuk-issuing SPV is positive.

Oman's local currency (LC) and foreign currency (FC) country ceilings remain unchanged. The LC country ceiling at Baa1, three notches above the sovereign issuer rating, incorporates the economy's heavy reliance on a single revenue source, the government's large economic footprint, and Oman's track record of material external imbalances, partly mitigated by predictable institutions and moderate political risk. The FC country ceiling at Baa2, one notch below the LC ceiling, reflects relatively modest transfer and convertibility risks, supported by the sovereign's robust foreign-currency buffers and Oman's track record improving fiscal policy effectiveness and the economy's declining level of external indebtedness.

**RATINGS RATIONALE**

**Rationale for the Change of Outlook Positive**

The positive outlook reflects further improvements in Oman's government debt metrics observed over the past nine months, which increase the likelihood that Oman's fiscal strength could be sustained at a stronger level. In particular, government debt declined by nearly 27% in nominal terms during 2022-2023 and a further 5.6% during the first seven months of 2024, reaching around 34% of the projected full-year GDP in July 2024. Meanwhile, the stock of foreign-currency denominated government debt dropped to 24% of the projected full-year GDP from more than 50% of GDP in 2020. The declining debt burden, which the government achieved through its prudent fiscal management of windfall revenue gains from elevated oil prices, has continued to expand the government's fiscal space, strengthening its capacity to absorb unexpected external shocks, which is likely to make the recent gains in fiscal strength indicators more sustainable in the medium term. Furthermore, stronger debt metrics afford the government additional time to implement further structural reforms and achieve greater economic and fiscal diversification as the global economy continues to transition to a lower carbon-intensity model, which we expect will have negative credit implication for the hydrocarbon producers that fail to adjust sufficiently and in time.

Notably, Oman's government debt reduction over the past two years has been achieved without drawing down its stock of financial assets. The level of assets in the Petroleum Reserve Fund, which is the main internal source that supports government debt service payments, increased to $3.2 billion by mid-August 2024 from $2.7 billion at the end of 2023 and $1.9 billion at the end of 2022. Further debt repayments during 2024 were supported by a fiscal surplus, which reached around 1% of the projected full year GDP in the first half of 2024. Strong fiscal performance this year has been underpinned by still supportive oil prices as well as spending restraint. Overall government expenditure in the first half of 2024 increased by only 2% compared to the same period of last year, well below nominal GDP growth and in line with the approved budget, demonstrating an improving track record of fiscal policy effectiveness.

**Rationale for the Affirmation of the Ba1 Ratings**

The Ba1 ratings reflect Oman's moderate economic strength, which balances its high per-capita income against relatively weak growth dynamics and its heavy concentration in the oil and gas sector, which is the structural source of high volatility in the sovereign's economic indicators. Gross valued added in the hydrocarbon sector, excluding oil refining and liquefied natural gas manufacturing (LNG), accounted for 35.8% of GDP in 2023, slightly higher than the previous 10 year's average of around 33%. By extension, the large size of the hydrocarbon sector, which in 2023 accounted for an estimated 56% of exports of goods and services, also underpin the sovereign's external vulnerability risks, although at the current elevated oil price levels Oman's current account is in a small surplus, which we estimate was around 1% of GDP in 2023.

The Ba1 ratings also reflect Oman's moderate debt burden, which declined to 36.5% of GDP (123% of revenue) in 2023 from the peak of 67.9% of GDP (235% of revenue) in 2020. However, Oman's fiscal performance remains highly sensitive to global energy market fluctuations, as hydrocarbon revenue constitutes a dominant share of total government revenue and is equivalent to a large share of GDP. In 2023, oil and gas revenue (excluding LNG-related dividends, but including transfers to the Petroleum Reserve Fund) amounted to more than 73% of total revenue and nearly 22% of GDP. In contrast, non-hydrocarbon revenue was only 8% of GDP (12.4% of non-hydrocarbon GDP) and covered less than 30% of total budgetary spending, exposing government finances to the risk of a sudden and potentially very large deterioration in an event of a significant decline in oil price as witnessed in 2015-2016 and 2020. The establishment of Energy Development Oman (EDO), a government company that holds the government's controlling share in the country's largest oil and gas company, has partly reduced this exposure since 2020 by transferring previously on-budget expenditures related to oil and gas production to a new public-sector entity, which funds part of this spending from own borrowing and the rest by retaining some of the hydrocarbon revenue that was previously channeled directly into the government's budget. EDO has the capacity to smooth the impact of temporary oil market declines on government revenue, but buffering the effects of any structural and more durable declines in global oil demand and prices would come at the expense of higher other non-financial public sector debt, increasing the off-balance sheet contingent liability of the government. EDO's debt, excluding shareholder loans from the government, was equivalent to around 4% of GDP at the end of 2023, and is likely to increase over time if oil prices settle at around $75/barrel, in line with our medium-term expectations.

Overall, heavy economic and fiscal dependence on the oil and gas sector is the key constraint on Oman's credit ratings. While the government has been actively supporting projects that would increase the country's economic diversification, including through extensive infrastructure spending over the past two decades and co-financing the development of the economic zone in Al Duqm, the growth of the non-hydrocarbon sector has been relatively modest over the past decade, averaging only 2.6% during 2014-2023. Meanwhile, the government's introduction of new significant non-hydrocarbon revenue measures has lagged many regional peers. We therefore expect that reducing the sovereign's dependence on the hydrocarbon sector will likely materialize over an extended period of time, constraining the potential for significant upward rating migration in the medium term.

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

Increasing confidence that improvements in government debt metrics achieved during 2023 can be sustained in the medium term would likely lead to a higher rating level. The extent to which the rating can improve will depend on evidence of Oman's increasing resilience to potential declines in global oil demand and prices as well as longer-term credit risks related to global carbon transition. This evidence would include a combination of declining non-hydrocarbon fiscal and current account deficits, a further expansion of the government's non-hydrocarbon revenue base, a trend improvement in non-hydrocarbon sector growth, and a strengthening of the medium-term fiscal planning framework, jointly pointing to gradually diminishing economic and fiscal reliance on the hydrocarbon sector and improving capacity to absorb hydrocarbon revenue shocks. In the near term, positive pressure would arise from the strengthening of the public finance framework through an update of a medium-term fiscal program that clearly outlines the government's spending objectives and its policy reaction function in the face of external shocks. Such pressure would also be exerted by progress on implementing the mooted personal income tax and by the passing of a 2025 budget that is consistent with a stable or further declining government debt trajectory.

Lack of evidence that Oman's resilience to shocks is improving, raising concerns about sustainability of the 2022-23 improvement in the government's debt metrics, would likely lead us to stabilize the outlook. Furthermore, a material and durable reversal of the recent fiscal improvements could lead to a change in the outlook to negative. Such negative pressure could result from a large and persistent oil price shock unmet by an equally large fiscal policy adjustment, or from a significant reversal of the non-oil fiscal adjustment implemented by the government in recent years, increasing Oman's exposure to potential future declines in oil demand and prices and increasing the likelihood that government and broader public sector debt rises again significantly if oil prices decline in the medium term. In the longer term, negative pressure could also result from materially slower progress in implementing further fiscal reforms and advancing economic and fiscal diversification than we currently expect, in particular if accompanied by growing evidence that global carbon transition is accelerating compared to our current baseline. Evidence of a significant tightening of financing conditions facing hydrocarbon producers, when investors begin to price in risks related to accelerating carbon transition, would likely amplify such pressures. (Moody's 29.8)

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* 1. SAUDI ARABIA: IMF Executive Board Concludes 2024 Article IV Consultations

On 31 July 2024, the Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the 2023 Article IV consultation with Saudi Arabia.

Saudi Arabia’s unprecedented economic transformation is progressing well as it advanced in its modernization and diversification efforts under Vision 2030. The recent fiscal space exercise has facilitated the recalibration of investment spending planned under Vision 2030 by reprioritizing projects and through sectoral strategies.

Oil production cuts led to an overall contraction in growth of 0.8% in 2023, albeit non-oil GDP grew by a robust 3.8%, driven mostly by private consumption and non-oil investment. The unemployment rate reached historic lows, with women labor force participation rates remaining comfortably above the 30% 2030 target. Geopolitical events have not had any major impact on the Saudi economy so far.

Headline inflation has decelerated rapidly. After peaking at 3.4% in January 2023, year-on-year inflation receded to 1.6% in May 2024, underpinned by an appreciating nominal effective exchange rate. However, rents are growing at a rate of about 10% amid inflows of expatriate workers and large redevelopment plans in Riyadh and Jeddah. Wholesale prices have also edged up recently, reflecting higher input costs and rising wages for skilled workers.

The current account surplus narrowed significantly to 3.2% of GDP in 2023, mainly reflecting lower oil exports and a strong growth in investment-related imports. These were partly mitigated by a record surplus in the services balance, including a 38% surge in net tourism income. Reserves remain ample, covering 15.8 months of imports and 208% of the IMF’s reserve adequacy metric by end-2023.

The banking sector is on a strong footing. Stress tests performed by the Financial Sector Assessment Program (FSAP) show that banks as well as non-financial corporates are resilient to shocks, even under severe adverse scenarios. Despite recent moderation, bank credit growth—mainly to the corporate sector—continues to surpass deposit growth. Increased balance sheet interlinkages between financial institutions and the sovereign could amplify systemic shocks, including through fluctuations in oil prices.

Non-oil growth is projected to reach 4.4% in the medium term after moderating in 2024, driven mostly by stronger domestic demand as project implementation picks up. The phase-out of oil production cuts is expected to boost overall growth to 4.7% in 2025, before averaging 3.7% per year thereafter. Inflation would remain contained, supported by a credible peg to the U.S. dollar and consistent domestic policies. The current account would shift to a deficit, mainly reflecting declining oil prices and strong investment-related imports.

Risks to the outlook remain broadly balanced amidst high global uncertainty. On the upside, accelerated implementation of reforms and investments could yield stronger or earlier-than-expected growth dividends. Conversely, pressures to accelerate investment further could heighten overheating risks. On the downside, potential risks include slippages in the reform agenda, subdued global activity, financial market volatility, geopolitical events, and non-OPEC+ supply growth. Over the longer term, a quicker shift in the demand away from fossil fuel could hamper growth.

**Executive Board Assessment**

Executive Directors agreed with the thrust of the staff appraisal. They commended Saudi Arabia for its ongoing economic transformation, underpinned by sustained efforts to diversify the economy under Vision 2030. Directors welcomed the robust non-oil economic activity, stable inflation, record-low unemployment, and ample fiscal and external buffers. They underscored the importance of maintaining fiscal prudence, safeguarding financial stability, and continuing to implement structural reforms to support sustainable and inclusive growth.

Directors supported the recalibration of investment spending as it helped mitigate overheating risks. Making public the main impact of this exercise on Vision 2030 objectives would help provide clarity on government priorities and anchor investors’ expectations. Directors generally recommended additional fiscal adjustment to maintain strong buffers and meet intergenerational needs, including through additional efforts to mobilize non-oil revenue, phase out remaining fuel subsidies complemented by targeted social programs, and contain the wage bill. Directors also emphasized the need to continue to strengthen fiscal institutions by advancing the ongoing roll-out of the Medium-Term Fiscal Framework; operationalizing the fiscal rule to help delink spending decisions from oil price fluctuations; developing an effective Sovereign Asset Liability Management Framework; and enhancing monitoring and disclosure of contingent liabilities.

Directors agreed that the exchange rate peg to the U.S. dollar continues to serve the Saudi economy well and the policy rate should continue to move in line with the Fed’s policy rate. Directors also welcomed the continued use of market-based monetary policy instruments and noted the importance of completing the Emergency Liquidity Assistance Framework.

Directors welcomed the findings of the Financial System Stability Assessment that the banking system is on a strong footing and resilient to shocks. They called for further efforts to strengthen the supervisory framework, including swift adoption of the new Banking Law in line with best international practices and improvements in the AML/CFT framework. Directors recommended a tighter macroprudential framework if credit growth remains elevated. Most Directors supported the introduction of a positive neutral countercyclical capital buffer, while a few other Directors called for an assessment before its introduction. Two directors urged continued vigilance through improved systemic risk monitoring of financial sector exposures to giga projects and by addressing data gaps.

Directors commended the authorities for their strong efforts to enhance the business environment, including by accelerating digitalization and enhancing governance. They looked forward to continued efforts to increase investment efficiency and deepen labor market reforms to further boost female labor force participation and reduce any potential wage gaps. Directors recommended that industrial policies remain complementary to the structural reform agenda while avoiding discriminatory practices, noting that Saudi Arabia remains WTO compliant. They acknowledged Saudi Arabia’s commitment to achieving net zero emissions by 2060, highlighting the progress made in renewable energy and energy efficiency. A number of Directors stressed the need for additional efforts to support these targets.

Directors welcomed the improvements in the provision of economic data and the ongoing reforms to close existing data gaps. Directors commended Saudi Arabia for its leadership in multilateral fora, including as Chair of the International Monetary and Financial Committee, and looked forward to its continued contributions to addressing global challenges. (IMF 31.7)

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* 1. EGYPT: How Far Have Egypt’s Environmental Efforts Come Over the Past Decade?

The Organization for Economic Co-operation and Development (OECD) in July issued its first Green Growth Policy Review of Egypt, which provides a comprehensive overview of the country’s progress towards sustainable development and examines its green growth performance since 2015. The report probes into a wide range of areas, including greenhouse gas emissions reduction, renewable energy development, waste management, water conservation, and air quality.

**GHG emissions are taking a downward turn:** After more than doubling between 1990 and 2015, greenhouse gas (GHG) emissions have been declining since 2017, reaching 300 million tons in 2020 compared to 325 million tons in 2015. Our annual emissions per capita amounted to 2.8 tons in 2020 — less than half the world average of 6.3 tons. This progress is attributed to efficiency gains in the energy sector and recent developments in renewable energy projects.

**Energy efficiency targets are progressing:** The country developed the Integrated Sustainable Energy Strategy 2035 to reduce energy demand by 18% by 2035. The strategy aims to upgrade generation and transmission infrastructure with new technologies such as installing 20 million smart meters within only ten years. The government began establishing energy efficiency units in ministries with plans in the works for a digitalized, sector-wide monitoring system. The petroleum sector also developed the Energy Efficiency Strategy 2022-35 — a first — aiming to achieve 10% of energy savings by 2027.

**Clean energy transition is taking place gradually:** Egypt adheres to the World Bank’s Zero Routing Flaring Initiative and the Global Methane Pledge to reduce methane by 30% by 2030.

**Energy diversification is the name of the game:** Egypt's Nationally Determined Contributions (NDC) were updated in 2023 to increase the contribution of renewables to 42% of the energy production by 2030 instead of 2035. Diversification of the country’s energy mix is a top priority of the government, with plans to complete the country’s first nuclear plant in 2030 in El Daaba — projected to cover 3% of the country’s power generation. Renewable energy projects covered 6% of the energy mix in 2021.

**EVs are also set to play an important part in the country’s green transition:** The government set an electric mobility strategy in 2019 to increase the market share of private EVs to 50% by 2040. A plan was also announced to ban new sales of internal combustion engine vehicles beginning by 2040. Various proposed EV manufacturing projects have been discussed with foreign companies and the government is keen to support these efforts with government subsidies that could potentially support one third of local production costs.

**Improving waste management is part of the plan:** The country has set a target to reduce landfilled waste to 20% by 2030. There are also plans to develop solid waste management infrastructure, increasing collected waste from 55% to 95% between 2022 and 2025. Additionally, the government also wants to pursue waste-to-energy projects and turn 20% of collected waste into energy by 2026.

**Water management is a top priority:** The government is encouraging farmers to switch to modern irrigation systems, with canals in the Delta being rehabilitated to reduce water loss. Water pollution is important to the government, which has tightened the penalty for factories whose waste discharge leads to the pollution of waterways. The portion of treated wastewater grew from 50% to 74% between 2015 and 2022.

**Marine protection is getting strategic attention:** Egypt is planning to declare the entire coral reef habitat of the Red Sea as protected areas through a prime ministerial decree in the summer of 2024, according to the report. Out of the EGP 500 million raised through tickets to enter the country’s protected areas in 2023, 75% of it was directed to environmental protection programs.

**Progress has been made on the air pollution front:** The country met its set target for 2020 by reducing PM10 emissions by 15% compared to 2015 levels in Cairo. The annual average concentration of PM2.5 also decreased over the past decade and went below the national limit value of 50 µg/m3 in 2022. (Enterprise 10.9)

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* 1. MOROCCO: The U.S.-Morocco FTA After Twenty Years

Sabina Henneberg posted in [TWI](http://www.washingtoninstitute.org)'s PolicyWatch on 30 August that the agreement has not led to the expected levels of economic growth, but Washington can still use it to bolster the bilateral relationship, encourage reform, and open up other markets in Africa.

In August 2004, President George W. Bush signed the implementing legislation of the U.S.-Morocco Free Trade Agreement (MAFTA), a comprehensive deal meant to improve bilateral commercial relations by reducing and eliminating trade barriers. Today, Morocco remains one of only a handful of countries with such an agreement, and the only one in Africa. What results have the two partners seen after two decades under this privileged arrangement?

**Persistent Trade Imbalance**

Conceived in the wake of 9/11, the MAFTA was motivated by both strategic and economic interests. In addition to rewarding Morocco for its counterterrorism cooperation and efforts to promote tolerance, the Bush administration aimed to advance the U.S. vision of a larger “Middle East Free Trade Area,” while Rabat was keen to deepen the bilateral relationship, including its security component. Upon signing the agreement, Washington also announced significantly enhanced bilateral assistance and granted the kingdom “major non-NATO ally” status.

On the economic side, although Moroccan goods and services comprised a relatively small share of U.S. imports, American producers welcomed wider access to Moroccan markets—particularly in sectors like agriculture, where reduced tariffs would give them an edge over foreign competitors. Similarly, Morocco welcomed the opportunity to diversify its trading partners, integrate into global markets, and reduce its dependence on Europe.

The resultant benefits of the deal are easily quantifiable—since the MAFTA was implemented, total bilateral trade has more than quadrupled, from roughly $1.3 billion in 2006 to $5.5 billion in 2023. Among the top Moroccan exports to the United States today are fertilizers, semiconductor devices and motor vehicles, while the kingdom’s top U.S. imports include fuels, aircraft parts and gas turbines.

Yet a persistent—even growing—trade imbalance indicates that the MAFTA’s full economic potential is not being fully realized. In 2006, Morocco’s trade deficit with the United States was less than $1 billion; by 2023, it had increased to around $1.8 billion.

To be sure, the kingdom has experienced significant economic growth over the past two decades, with real GDP rising from roughly $63 billion in 2005 to almost $131 billion in 2022. Yet such achievements appear to stem mostly from factors unrelated to the MAFTA. For instance, Morocco’s real GDP growth reached 5.15% in 2010 despite the global financial crisis at the time, likely due to good rainfall fueling its agricultural sector. Yet by 2022, growth had fallen to 3.68%, in part because of prolonged drought. Moreover, during the COVID-19 crisis, many international investors looking for ways to shorten global supply chains took advantage of Morocco’s proximity to Europe and Africa. The kingdom’s domestic policies—including an updated investment charter and key infrastructure projects such as a high-speed rail line and massive Mediterranean port—also played more of a role in enhancing its stature as a “nearshoring” destination.

The MAFTA has not produced the expected growth in traditional Moroccan exports either, including textiles. When the Multifiber Arrangement—which had gradually dismantled the World Trade Organization’s past quota system governing textiles—ended in 2005, it phased out protections on Morocco’s industry at the same time that the MAFTA was gearing up for implementation. In anticipation of this shift, Moroccan producers had reoriented themselves toward European markets by favoring the production of finished products with a short turnaround time. Stronger existing European trade ties also encouraged them to cater to continental preferences, while the “Rules of Origin” requirements established by the MAFTA created a hurdle for exporters looking to enter the U.S. market. In 2021, textiles comprised roughly 12% of Moroccan exports to the United States, a relatively small increase from the 8% seen in 2008 (in comparison, fertilizer exports grew from 7% to 23% during the same period). This growth remained modest despite the kingdom receiving major concessions during MAFTA negotiations concerning textiles (thanks to the strong representation of textile producers in Moroccan civil society).

Meanwhile, two of Washington’s other close regional partners, Egypt and Jordan, have seen their export sectors grow thanks to the establishment of Qualifying Industrial Zones (QIZ), which provide reduced tariffs for goods co-produced with Israel. Morocco officially normalized relations with Israel in 2020 and has reportedly pushed for a QIZ of its own to help increase textile exports to the United States. Yet such a zone would not make as much sense geographically as it does for Egypt and Jordan. Language differences have also been cited as a barrier to deepening U.S.-Moroccan trade, particularly in the service sector (here too, Europe has a built-in advantage).

**Investment Potential?**

To realize its potential as a key global supply node, the kingdom has specialized in niche markets such as electric vehicle (EV) batteries, which use critical minerals found largely in China but also in Morocco and certain other African countries. In theory, the MAFTA should stimulate investment in this sector, including from third parties eager to take advantage of access to American markets. Moreover, Washington’s 2022 Inflation Reduction Act (IRA) incentivizes U.S. investors to fund carbon-reducing industries like EV batteries, especially with countries that have signed bilateral free trade agreements.

Yet Morocco has also welcomed investments from China, which is eager to take advantage of the kingdom’s stable macroeconomic environment and proximity to major markets. In May-June alone, three Chinese companies announced plans to open plants for producing EV batteries or components in Morocco. Indeed, the kingdom has seen a surge in announced “greenfield” investment, ranging from EV manufacturing to green hydrogen projects. China is leading this surge, while U.S. capital represents only 1% of such investment. The rapidly growing Chinese presence in Moroccan manufacturing of greenfield products may help explain Washington’s reluctance to encourage U.S. investors to follow suit—the Biden administration seeks to diversify the supply chains underpinning the IRA’s carbon-reduction objectives.

The MAFTA should also theoretically nudge Rabat toward internal reforms that would further open its markets and increase its economic growth. Yet the kingdom’s implementation of such measures has been mixed. In a 2016 review, the WTO praised Morocco’s “numerous reforms to its trade regime,” including its implementation of the Plan Maroc Vert (Green Morocco Plan), meant to reduce the trade deficit while promoting sustainable development. Yet other reforms have lagged. Concerns remain about the heavy state presence in key industries (e.g., phosphates), uneven access to credit, and corruption. Additionally, despite some improvements in human development indicators over the past several decades, Morocco’s literacy and employment rates remain relatively low (particularly for females), reflecting an education system that has not succeeded in preparing a high-skilled workforce or supporting a dynamic labor market.

In contrast, Morocco has positioned itself well to facilitate and benefit from economic growth and investment in Africa. By reaching bilateral trade agreements with numerous African partners and signing the African Continental Free Trade Agreement, the kingdom sought to reap benefits from enhanced foreign direct investment there—indeed, it is now one of the leading African countries in terms of FDI inflows. To the extent the United States is interested in promoting economic growth and trade with Africa—including as an alternative supplier of critical minerals—investing in Morocco is one way to go.

**Policy Recommendations**

On balance, the MAFTA appears to have served political and strategic interests more than economic ones. Given the strategic sectors Morocco has chosen to develop, the agreement may never truly fulfill its potential, and renegotiating it to better target persistent bilateral economic issues is unlikely given Washington’s rise in protectionist attitudes.

Even so, the MAFTA has helped maintain a robust bilateral relationship amid shifts in U.S. politics. Most prominently, the Biden administration chose not to reverse the Trump administration’s 2020 decision to recognize Morocco’s claim to sovereignty over the disputed Western Sahara territory—a position that is now the anchor of bilateral ties. Regardless of who wins the U.S. election in November, the next administration is unlikely to move backward on this issue, especially now that France has also recognized Rabat’s claim. Meanwhile, U.S. assistance programs continue to support trade-related sectors such as agribusiness and inclusive growth.

Going forward, the United States should use trade to support Morocco’s economic growth by focusing on industries such as light manufacturing, which can help generate new jobs, especially for women. Washington should also continue working through the International Development Finance Corporation to identify initiatives that both enhance U.S. investment and prompt Morocco to implement environmental and labor reforms. Finally, given the kingdom’s past decision to bolster English-language instruction, Washington and other Anglophone countries should expand language training opportunities with Morocco for their mutual economic benefit.

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* 1. TURKEY: IMF 2024 Article IV Mission Review

An International Monetary Fund (IMF) mission visited Turkey during 29 May – 11 June to conduct the 2024 Article IV consultations. After virtual follow-up discussions during 19 – 20 August, the IMF issued the following statement:

“A turnaround in economic policies since mid-2023 tightened Turkey’s overall policy mix, sharply reducing crisis risks and raising confidence. The current account deficit fell to 2.7% of GDP in Q1/24, market sentiment improved, international reserves (net of swaps and other liabilities) increased by $91 billion since April, international credit agencies upgraded Turkey’s sovereign risk rating, and CDS spreads have declined nearly 440 bp since mid-2023. Headline inflation has started easing in the summer, but it remains high. The financial and corporate sectors have so far weathered liberalization and policy tightening without visible stress.”

“Under the authorities’ announced policies, IMF staff expect both GDP growth and inflation to decline this and next year. Tight monetary and incomes policies will weigh on domestic demand, bringing 2024 growth to around 3.4%. Despite favorable base effects, still-strong inertia would keep inflation at around 43% (y/y) at end-December. On the external front, the current account deficit would continue to fall to around 2.2% of GDP. In 2025, with fiscal policy expected to turn contractionary and real policy rates remaining positive, growth would further moderate to 2.7%, and inflation fall to around 24%. In the medium term, a further drop in inflation would boost confidence, and growth would rise back toward potential of 3.5-4%. Export growth would keep the current account deficit around 2%, and international reserves would stay above 100% of the IMF’s reserve adequacy metric.”

“While the authorities’ gradual approach to fighting inflation aims to limit the impact on growth, it bears downside risks. It prolongs the period during which risks and shocks that could derail disinflation might occur, such as higher global energy prices, geopolitical tensions arising from the conflict in the Middle East or the war in Ukraine, or a reversal of capital flows. A faster re-anchoring of inflation expectations would reduce these risks. In addition, slower growth may increase credit risks, while FX borrowing and carry trade flows create FX liquidity risks. On the upside, rapidly falling headline inflation in Q3/24 could feed into backward-looking inflation expectations, easing price pressures.”

“A tighter policy mix, focused on fiscal policy, would reduce risks and bring inflation down more quickly and sustainably. Fiscal, monetary, and incomes policies will all need to work together. While there would be a short-term cost to growth from tighter policies, a rapid disinflation is more likely to be sustainable, and would strengthen medium-term growth and financial stability.”

“A larger and more front-loaded fiscal consolidation is needed to help reduce inflation. Rationalizing tax expenditures and broadening the tax base can be done relatively quickly. Limiting spending on non-essential capital projects (while protecting earthquake-related spending) and reforming energy subsidies, while protecting vulnerable households would also help. Unifying VAT, reducing informality and boosting compliance would support disinflation and improve fairness in taxation. Taken together, and front loaded to the extent possible, measures amounting to around 2.5% of GDP would better calibrate the fiscal impulse over 2024-2025 to support the disinflation effort. Turkey’s public debt is sustainable. The authorities’ medium-term deficit target of 3% provides appropriate fiscal space to address contingent risks from public-private partnerships and state-owned enterprises.”

“Tight financial conditions will be needed until sequential inflation is firmly on a downward path and inflation expectations converge to the CBRT forecast range. The tight monetary policy stance will need to be kept until headline inflation and inflation expectations fall to the CBRT’s forecast range. Financial conditions will tighten as inflation expectations continue to fall, but should sequential inflation not continue to fall toward a path consistent with the end-2025 target range, additional tightening might be called for. To improve the policy transmission, capital inflows should continue to be fully sterilized to the extent possible. As the policy rate becomes the binding factor on credit growth, quantitative credit caps should be phased out, which would strengthen communication and increase monetary policy effectiveness. Until sequential inflation is on a sustainable downward trend, the CBRT should continue smoothing temporary exchange rate volatility while avoiding undue real appreciation, and replenish reserves buffers opportunistically. As inflation falls and reserve buffers improve, intervention can be scaled back, and allow the exchange rate to act as a shock absorber. Intervening against persistent shocks should be avoided.”

“Still-high inflation inertia needs to be tackled. Setting prices, wages, and other contracts (such as rents) annually and according to forward-looking inflation is key to resetting expectations and protecting competitiveness. Once relative prices have adjusted, any backward-looking indexation should be eliminated, and public sector administered prices aligned with production and maintenance costs.”

“Maintaining financial stability will require continued vigilance and further reform. Macroprudential policies should focus on containing systemic risks. In this regard, lira reserve requirements should be simplified, money market functioning improved, and CBRT term deposits expanded. Consistent with the 2023 FSAP, the supervisory framework should be brought in line with the Basel Framework, notably for, FX, sovereign, credit, and interest risk; and the CBRT’s emergency liquidity assistance policies strengthened. Turkey’s removal from the Financial Action Task Force (FATF) “Gray list” in June is welcome. “

“Strengthening policy frameworks, addressing barriers to SMEs, improving labor market functioning, and speeding the green transition would boost medium-term growth and make it greener and more evenly distributed. Priorities include reforms to reduce informality, increase labor market flexibility, and boost female labor force participation. Continuing to simplify regulatory burdens on SMEs, such as establishing a one-stop shop for business approvals and permits, will support innovation and growth. Reducing SME compliance costs and their tax burden would improve efficiency. National climate targets have been set. Establishing a domestic Emission Trading System aligned with the European Union (EU) will contribute to achieve climate targets and help preserve the competitiveness vis-à-vis the EU. (IMF 28.8)

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