

Fortnightly - October 28, 2009

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1: ISRAEL GOVERNMENT ACTIONS & STATEMENTS

1.1 Israel Referendum Law Vote Canceled Due to Last-Minute Appeal

A Knesset vote regarding a bill that would force the government to carry out a national referendum before withdrawing from Israeli land was canceled on 26 October. The cancellation followed a Likud minister's last-minute appeal. MKs were to vote on the application of the "law of continuity" to the bill. If the law of continuity were to be applied to the "referendum law," which received initial approval under the previous Knesset, it could then be brought to a second and third vote immediately, without the need to resume the legislative process from the beginning. The Referendum Law would require national approval for any withdrawal from sovereign Israeli territory, including the Golan. It would not require a referendum in case of withdrawal from territories over which Israel has not declared sovereignty, such as Judea and Samaria. Deputy Prime Minister Dan Meridor of the Likud opposed the bill. Prime Minister Binyamin Netanyahu, head of the Likud, said Meridor's appeal would be dealt with promptly and the cancelled vote would be held within the month. (IsraelIN26.10)

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1.2 Bank of Israel Says Recovery Faster Than Firms Expected

"Business activity has begun to recover more quickly than companies expected, especially thanks to the modest increase in domestic activity," announced the Bank of Israel in its Survey of Companies for the Third Quarter of 2009. At the same time, the bank says, "We do not yet see an increase in the number of employees, despite the recovery in activity." The Companies Survey covered 635 firms. Most of the growth in business sector activity was from growth in manufacturing, although both trade and services saw signs, albeit smaller, of recovery. Hotels reported a sharp drop in activity during the third quarter compared with the corresponding quarter of 2008, in line with the declines earlier this year, with far fewer hotel overnights by both foreign tourists and Israelis. The Bank of Israel says, "The recovery in activity was greater at large companies, possibly because the easing in financing difficulties they reported. Hotels report that limited demand by foreign tourists is the greatest obstacle to expanding activity. The hotels' reports suggest that the fourth quarter will be characterized by modest activity by the sector." Although 12-month capital market-derived inflation expectations are now about 2.3%, the respondent companies expect 2.8-3.2% inflation. The higher estimate is above the government's 1-3% price stability target. The companies' consensus is for the shekel-dollar exchange rate to reach NIS 4/\$ by September 2010, down from NIS 4.20/\$ by June 2010 in the previous survey. The respondents also predict that the shekel-dollar exchange rate will reach NIS 3.80/\$ by year-end, compared with NIS 3.78/\$ reported in the second quarter Survey of Companies. The Bank of Israel says that there was no substantial change in the real estate market during the third quarter, similar to the situation in the preceding quarter. (BoI27.10)

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2: ISRAEL MARKET & BUSINESS NEWS

2.1 Siemens Purchases Israel's Solel Solar Systems for About \$418 Million

Germany's Siemens AG is to acquire the Israeli solar thermal power company Solel Solar Systems. To date, the majority stake has been held by Ecofin, a London-based investment firm, and another major shareholder. With the acquisition of Solel, Siemens can now strengthen its market position in the promising business of solar thermal power plants. They can thus further expand their Environmental Portfolio. The purchase price is about \$418 million (currently equivalent to around €284 million). The transaction is subject to approval by the responsible authorities. It is anticipated that the closing will take place before the end of this calendar year.

Parabolic trough power plants are the solar-based power generation technology with the best track record of all utility-scale solar technologies. They are particularly suitable for regions with high levels of direct insolation. The principle is simple: curved sun-tracking mirrors capture the sunlight and concentrate it on the solar receiver. A heat transfer medium, which is heated by the concentrated solar radiation, flows through the solar receiver. In a heat exchanger, steam is then generated for a steam turbine, which drives a generator, which in turn generates electricity. Together with the electrical and instrumentation and control equipment and the cooling systems, these components form the power block of a solar power plant. Products and solutions for solar thermal power plants are part of the Siemens Environmental Portfolio, with which the company posted revenue of nearly €19 billion in fiscal 2008 – about a quarter of Siemens' total sales – making Siemens the world's leading provider of ecofriendly technologies. Beit

Shemesh's Solel Solar Systems (<http://www.solel.com>) is a leading Israeli solar company with an innovative product line. (Siemens15.10)

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2.2 Carrier Corp. to Sell its Residential Air-conditioning Operations in Israel

Farmington, Connecticut's Carrier Corp. has signed a definitive agreement to sell Tadiran Appliances, its residential air-conditioning operations in Israel, to Crystal Consumer Products, one of the largest consumer durable goods distributors in Israel. Carrier Corp. is a unit of United Technologies Corp. Tadiran Appliances, with 2008 revenues of approximately \$100 million and 400 employees, is a leading manufacturer and distributor of residential and commercial air-conditioning products and services in Israel, serving primarily the domestic market. Tadiran Appliances had earlier announced the closure of its residential manufacturing facility by the end of the year due to the severe downturn in the Israeli market and low-cost imports from Asia. Under the terms of the agreement, Tadiran Appliances will continue to distribute Carrier commercial products in Israel. The transaction is expected to close in approximately 30 days subject to regulatory approvals. (Carrier Corp.19.10)

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2.3 Ormat Signs Joint Venture Agreement for Solar (PV) Power Systems

Ormat Technologies announced that its Israeli subsidiary, Ormat Systems Ltd., has signed a Joint Venture Agreement with Sunday Energy (<http://www.sundayisrael.com>), a Ra'anana, Israel private company to develop, construct and operate solar-photovoltaic (PV) energy systems in Israel with a total capacity of 36 MW. Under the JVA, Sunday will contribute the rights to all of its property and roofs required to develop solar energy systems above 1 MW to special purpose entities (SPEs). Ormat will own 70% of each SPE and will also have control of it. Under the terms of the agreement, Ormat and Sunday will act, jointly, as the EPC contractor and the operator of each project in accordance with each company share in the SPEs. The estimated capital expenditure for 36 MW of solar power systems is approximately \$195 million. The electricity generated from the projects will be sold to Israel Electric Corporation under long-term power purchase agreements (20 years) and will generate approximately \$30 million in annual revenues. The SPEs expect to finance their capital expenditure with 80% Non-Recourse project finance debt. The joint venture represents Ormat's commercial entry into the solar energy market and its first major devotement in the solar photovoltaic market in Israel.

Ormat Technologies is the only vertically-integrated company primarily engaged in the geothermal and recovered energy power business. The Company designs, develops, owns and operates geothermal and recovered energy-based power plants around the world. Additionally, the Company designs, manufactures and sells geothermal and recovered energy power units and other power-generating equipment, and provides related services. The Company has more than four decades of experience in the development of environmentally-sound power, primarily in geothermal and recovered-energy generation. Ormat products and systems are covered by 75 U.S. patents. (Ormat 19.10)

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2.4 Israeli President Peres Salutes VocalTec's Contribution to VoIP Technology

VocalTec Communications has been awarded a postal stamp, by the Israeli Postal Service, in recognition of its groundbreaking technological breakthrough in VoIP technologies. The award was granted as part of the Israeli Presidential Conference 2009 saluting unique achievements in the field of technological innovation. The event, held in Jerusalem on 21 October and hosted by Israel's President Mr. Shimon Peres, was aimed at identifying three technologies developed in Israel that have grown to become known throughout the world. VocalTec was selected in light of its invention and development of Voice over Internet Protocol technologies; technologies that have since changed the way the world communicates. Herzliya's VocalTec Communications (<http://www.vocaltec.com>) is a global provider of carrier-class multimedia and voice-over-IP solutions for communication service providers. A pioneer in VoIP technology since 1994, VocalTec provides proven VoIP trunking, VoIP peering and residential/enterprise VoIP application solutions that enable flexible deployment of next-generation networks (NGNs). Partnering with prominent system integrators and equipment manufacturers, VocalTec serves an installed base of dozens of leading carriers. (VocalTec26.10)

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2.5 ECTel Announces Agreement to be Acquired by cVidya Networks in an All-Cash Merger

ECTel has entered into a definitive merger agreement for the acquisition of the company by cVidya Networks in a cash transaction valued at \$21 million (less transaction expenses of approximately \$430,000). The Board of Directors of ECTel unanimously approved the agreement and recommends that ECTel's shareholders vote in favor of the transaction. The closing of the transaction is subject to the approval of ECTel's shareholders, certain regulatory approvals and notifications and the satisfaction of other customary closing conditions. It is currently anticipated that the transaction will be consummated following the satisfaction of all closing conditions which is anticipated to occur by the end of 2009. Upon the closing of the transaction, ECTel's ordinary shares will be delisted from NASDAQ.

Petah Tikva's ECTel (<http://www.ectel.com>) is a leading global provider of Integrated Revenue Management(TM) (IRM(R)) solutions for communications service providers. A pioneering market leader for nearly 20 years, ECTel offers carrier-grade solutions that enable wireline, wireless, converged and next generation operators to fully manage their revenue and cost processes. ECTel serves prominent Tier One operators, and has more than 100 implementations in over 50 countries worldwide. Tel Aviv's cVidya Networks (<http://www.cvidya.com>) is a global leader in telecom Revenue Management, Risk Management and Dealer Management solutions. Based on highly-advanced revenue assurance technologies, full compliance with industry standards, and market proven methodologies, cVidya's MoneyMap platform has already helped to reduce costs and reclaim hundreds of millions of dollars in lost revenues for leading fixed, mobile and triple-play communication service providers. (cVidya26.10)

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3: REGIONAL PRIVATE SECTOR NEWS

3.1 Georgia Governor to lead US State Delegation at Dubai Air Show 2009

The governor of Georgia, Sonny Perdue, will spearhead a 30-member strong delegation of government officials and representatives of aerospace and aviation companies headquartered in the state. Georgia, which ranks fourth among US states in aviation sector exports to UAE, aims to attract foreign direct investments in the State from Middle East organizations. The delegation is expected to meet key aviation and allied industry representatives from the Middle East region during the show, in order to present the tremendous scope of growth that Georgia offers for various business sectors, especially aerospace. The UAE has traditionally been one of the key export markets for aerospace companies based in Georgia. The State of Georgia has registered an exponential increase in its exports to the UAE, from \$4.3 million in 2007 to \$82 million in 2008. Home to the world's busiest airport and fastest growing consumer port, the State of Georgia boasts one of the world's best commercial and industrial infrastructures, which includes industry chambers, trade organizations and highly qualified work force. Participants at the State of Georgia's inaugural Dubai Air Show 2009 pavilion include L&G Technology Services, a military ground support equipment manufacturer with major presence across the GCC and Jordan; Magnolia Plastics, a provider of high performance Epoxy systems for aerospace and defense industry; Polystone Creations, manufacturer of high end molded countertops for business jets; and Jetaire Aerospace and Technology, an international supplier of avionics, airframes and rotables for Boeing and Airbus aircrafts. (BI-ME 20.10)

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3.2 Etisalat Announces Deal with Endavo Media on Major Online Video Platform Licensing Agreement

Atlanta, Georgia's Endavo Media, a leading provider of internet TV platforms, signed a multi-year, white-label platform licensing deal with Etisalat, a leading telecom services provider in the Middle East and one of the top 20 telecom operators worldwide. Under the agreement, Etisalat will install Endavo's platform to support the roll-out of an IP-based over-the-top (OTT) video delivery infrastructure over its own internet and wireless networks. Etisalat will market its video services to broadcasters and content producers across 17 countries, including all of the Middle East and part of North Africa. The licensing deal expands the growing relationship between the Internet TV provider and the global telecom company. Already, Etisalat has leveraged the capabilities of the Endavo platform to enable the largest Middle East-based broadcaster, MBC, and one of the most prominent local broadcasters in the United Arab Emirates, Dubai Media, to deliver over 20 million videos. More than 10 million videos were viewed last month alone during special programs that were offered online to a global audience of users via the two broadcasters' Web sites during the Holy Month of Ramadan. (Endavo Media19.10)

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3.3 Rapiscan Receives \$10 Million Contract to Supply Security Scanning Solutions to Abu Dhabi Customs

Hawthorne, California's OSI Systems, a vertically-integrated provider of specialized electronic products for critical applications, announced that its Security division, Rapiscan Systems, has been awarded an approximate \$10 million contract to provide a combination of its advanced cargo, baggage and aviation security scanning equipment to support

the work of Abu Dhabi customs. This latest contract win follows a previously disclosed order from Abu Dhabi customs for Rapiscan Systems technology. Abu Dhabi, the capital of the United Arab Emirates (UAE), is one of the world's most important commercial hubs. Multiple Rapiscan scanning systems are to be deployed across customs centers in Abu Dhabi, including airports at Al Ain and Abu Dhabi, a seaport at Mussafah, major post offices, and a number of border customs centers. The systems are expected to be used to help Abu Dhabi customs detect concealed potential security threats, contraband and smuggled items and to help enforce customs regulations. The contract calls for Rapiscan Systems to provide an integrated customs screening solution that leverages Rapiscan's broad product range and high-performance transmission X-ray technology. Rapiscan's proprietary transmission X-ray technologies are capable of detecting shielded threats in densely packed cargo containers or baggage while offering operators unsurpassed image quality for rapid detection of potential threats. (OSIS14.10)

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3.4 Orkin Establishes International Franchise in Cyprus

Atlanta, Georgia's Rollins, a nationwide consumer services company, announced that the Company, through its wholly owned subsidiary, Orkin, has established a new international franchise in Cyprus. This latest franchise expands Orkin's international presence into the Mediterranean region. Orkin now has a total of twelve international franchises worldwide. Rollins is a premier North American consumer and commercial services company. Through its wholly owned subsidiaries, Orkin, PCO Services, HomeTeam Pest Defense, Western Pest Services, The Industrial Fumigant Company and Crane Pest Control, the Company provides essential pest control services and protection against termite damage, rodents and insects to over 2 million customers in the United States, Canada, Mexico, Central America, the Caribbean, the Middle East, Asia and the Mediterranean from over 500 locations. (Rollins16.10)

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3.5 Spectros Signs New International Distribution Deals

Portola Valley, California's Spectros, developer and manufacturer of advanced molecular sensing and imaging devices which shed light on life-threatening diseases, has signed exclusive distribution deals for both its T-Stat VLS Tissue Oximeter and Sensors. The markets covered include Greece and Turkey. The values of the deals were not disclosed. The T-Stat franchise includes the T-Stat VLS Tissue Oximeter, utilizing Visible Light Spectroscopy (VLS), a multi-wavelength, noninvasive, continuous, real-time monitor of absolute hemoglobin oxygen saturation. The T-Stat Sensors allow for ischemia monitoring in various applications, including critical care (neonatal, pediatric, and adult), gastroenterology (G.I. ischemia diagnosis), colon-rectal surgery (anastomosis), plastic surgery (free flaps), and vascular surgery (AAA, TAAA, and EVAR). Based in Italy, A.M.I. Italia is a leader in the patient monitoring market. A.M.I. will distribute the T-Stat VLS Tissue Oximeter and Sensors in Italy, France, Spain, Portugal, Poland, Greece, Turkey and Russia. (Spectros 19.10)

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4: ISRAEL MACRO-DEVELOPMENTS

4.1 IUED Asks Planners to Adopt Recommendations in Planning For Training Base City

On 14 September, the special sub-committee of the Southern District Planning & Building Committee heard responses to the environmental risk survey ordered by the Supreme Court as a result of IUED's appeal in the Training Base City (Ir Habahadim) case. IUED presented its objections to the risk survey as detailed below and the Ministry of Environmental Protection, Tahal Consultants and the Ministry of Defense made their responses. "Importantly, this is the first time that a planning procedure of the Ministry of Defense is being conducted within the transparent forum of the national planning framework," notes Tzipi Iser Itzik, IUED's executive director. Usually, planning of the Defense Ministry is reviewed by a special committee on the grounds that all army construction is security-related. IUED's team of attorneys, air pollution specialist and urban planner pressed the special committee to include IUED's recommendations within its conditions for issuing planning approval for Training Base City. The Ministry for Environmental Protection, together with consulting firm Tahal, clarified issues relating to stench episodes and the boundaries of the area around Ramat Hovav that will serve as safety margin. The Ministry of Defense informed the hearing that as a result of the survey, the target date for populating the base had been delayed until 2014. The Southern District Planning & Building Committee will release its decision shortly.

Adam Teva V'Din (People-Nature-Law) (also known by its English-language name, the Israel Union for Environmental Defense, or IUED) (<http://www.adamteva.org.il>) is the first public interest environmental law firm in Israel, and one of the first in the Middle East. In 1994 IUED was invited to become an office of the Environmental Law Alliance Worldwide as well. IUED has a staff of several lawyers, several scientists and numerous others. It has established one of the first Citizen Environmental Labs in the world, which offers high-quality scientific expertise and testing equipment to environmental groups and ordinary citizens for assessing environmental pollution. (IUED15.10)

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5: ARAB STATE & PAKISTANI DEVELOPMENTS

5.1 US Transfers \$50 Million to Support Jordan's Budget

On 20 October, the U.S. has directly transferred \$50 million to support Jordan's treasury, according to the Ministry of Planning and International Cooperation. The total US grants offered to Jordan stood at \$143 million to address budget deficit. According to the report, the volume of grants presented to Jordan from foreign donors (excluding grants coming from Arab countries) has increased by 23%, hitting \$786 million in 2009, of which \$365 million will be used to support the budget. The report added that the ministry was in final stages to meet requirements by the U.S. authorities to transfer \$67.5 million to the general budget by the end of October, in addition to another \$19 million next month. The ministry was also in talks with European Union and local ministries to forge ahead with grants, which the EU had pledged to support the Kingdom before the end of 2009. (Petra20.10)

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5.2 Jordan Needs \$18 Billion to Meet Its Energy Demands

Jordanian Minister of Energy & Mineral Resources Qteishat said that the challenge to meet the growing demand of energy in Jordan requires investments of around \$18 billion in various sectors by the end of 2020. During a panel discussion with the Chairman and members of the Jordanian Businessmen Association (JBA), Qteishat said that Jordan faces major challenges in energy sector and this requires efforts to address them in order to provide the Kingdom with energy and water supplies and to secure the cost of these resources which are vital for human resources and industrial development. He underlined the unjustified waste of energy in the Kingdom, and the decreasing use of solar system due to the already halted government subsidized diesel prices which used to make it cheaper for citizens to use fuel for heating rather than the solar energy. The minister announced that the cost of energy in the Kingdom last year amounted to JD 2.765 billion, compared to JD 1.153 billion in 2004. This constitutes more than 21% of GDP at current prices, compared to 14.5% of GDP in 2004. Qteishat expected the growing demand in electricity power will stand at 6.4% annually and the demand for primary energy to reach about 15 million tons of oil equivalent in 2020 compared to 7.7 million tons of oil equivalent in 2008. Through adopting a new comprehensive national strategy to meet the challenges of energy sector until 2020, the government seeks to develop exploitation of domestic resources of energy such as natural gas, oil shale, uranium and the use of nuclear power for power generation and water desalination. As for the development of Al-Risheh gas field, Qteishat said that the agreement signed between the National Petroleum Company and British Petroleum will implement a 3 – year exploration phase, extendable for a fourth year, during which BP would spend \$237 million in two phases. (Petra26.10)

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5.3 GCC Oil/Gas Reserves Valued At \$18.3 Trillion

The present value of the GCC's oil and gas reserves has been estimated at \$18.3 trillion, larger than the 2008 GDP of the US, according to an economic note released by the Dubai International Financial Centre Authority (DIFCA). The figure assumes oil priced at \$50 per barrel and gas at \$9 per million BTU. If oil prices were to average \$100 per barrel and gas \$15, the reserves would be valued at \$37.7 trillion, equal to the world's total stock market capitalization at the end of 2008. According to the DIFC Authority's Economics unit and entitled "Wealth Effects in the GCC from Energy Commodity Prices", this energy commodity wealth is sufficient to finance the transformation of GCC countries into diversified economies through investments in infrastructure and education. The report's authors also note that this wealth, as it is extracted, will be invested worldwide, with "non-negligible repercussions on asset valuations and in particular on the continuing restructuring of the world's financial and corporate sectors." Breaking down the \$18.3 trillion total, the study shows the present value to 2030 of GCC oil reserves is \$11.2 trillion, assuming a 3% rate of return (and discount rate) and a price of \$50 per barrel (at 2009 constant prices), while GCC natural gas reserves would be \$7.1 trillion, assuming a discount rate of 3% and a price of \$9 per million BTU. The research calculations were conducted under the assumption that oil and gas production is kept constant at 2008 levels and that both oil and gas reserves in the GCC (as a result of new discoveries and/or improved recovery rates resulting from improved extraction technologies) grow, though at a decreasing rate from 0.5% in 2009 to 0 in 2030. (AB14.10)

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5.4 Persian Gulf States To Spend More Than \$100 Billion On Rail Projects

Over the past few years the world has looked on in amazement as the unprecedented amount of investment in rail projects continues to grow at astonishing rates in the Middle East. Owing to the boom in population and increased traffic on the roads, governments are recognizing the need for quality rail infrastructure as a means to stimulate and sustain the economy. It is approximated that the Persian Gulf States will spend more than \$100 billion on rail projects in the coming years. These projects include the Dubai Metro system, Abu Dhabi's Surface Transport Master Plan, Saudi's Haramain high-speed rail link (HHR), the Saudi Landbridge, Bahrain's six lane rail line and Egypt's rail upgrade program. With almost every country in the Middle East announcing plans for infrastructure investment, rail experts from across the world are fleeing to the region to ensure they are involved in these ground-breaking projects. (BI-ME 20.10)

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5.5 Kuwait Expat Population Falls in First Half Of 2009

The expatriate population of Kuwait dropped 0.6% in H1/09, bringing to an end 19 years of sharp increases in the oil-rich emirate. The number of foreign residents dropped to 2.34 million from 2.355 million at the end of 2008, figures posted on the Public Authority for Civil Information showed. Their number at the end of 2007 stood at 2.345 million. As a result of the fall, Kuwait's population in the first half remained almost flat at 3.443 million. The largest drop in population was recorded in 1990 when a majority of expatriates fled the emirate after Iraqi troops invaded under Saddam Hussein. Foreigners, a majority of whom are Asians, still form 68% of Kuwait's population, the figures showed. At 1,102 million, Kuwaiti citizens accounted for 32%. The contraction in the expatriate population stands in sharp contrast with the big rises of recent years. Between 2004 and 2008, when oil prices surged, the number of foreigners increased by 737,000, an average annual growth of 9.1%, or close to 150,000, mostly due to recruitment from outside and partly due to natural growth. The number of expatriate workers fell 1.14% to 1.73 million in the first half of 2009, a slide of 20,000 workers, the figures showed. Last year, the number of foreign workers dropped 0.85% to 1.75 million as Kuwaiti private companies cut their workforce due to the impact of the global financial crisis. (BI-ME 18.10)

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5.6 UAE Could Lag Behind GCC Economic Recovery

The UAE may lag behind its GCC neighbors in an economic recovery due to weak bank lending and an oversupply of real estate, NBK has said. The Kuwaiti bank said that while the UAE economy is currently benefitting from various emergency policy measures, economic growth is likely to be hampered for at least another year by high debt levels, weak bank lending and oversupplied property markets. After contracting by 1% this year, NBK expects real non-oil GDP to grow by a modest 2.5% in 2010, possibly leaving it as one of the region's slower growing economies next year. Real GDP including oil would grow by 3.6% next year. A number of serious downside risks to the growth outlook remain, including a relapse in world economic growth, a fall in oil prices and possible debt defaults by large UAE-based groups, it said. Although the impact of the downturn was limited in oil-rich Abu Dhabi, its small non-oil sector, which accounts for only a third of the UAE's total non-oil economy, means the emirate's ability to pull the UAE economy through the crisis is limited. NBK said it remained "relatively positive" on the longer-term prospects for the country's economy, noting that purging bad investments and lowering input costs may help create more balanced and sustainable growth in the long term. (AB14.10)

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5.7 UAE Approves Civilian Nuclear Energy Deal with US

On 27 October, the UAE Cabinet has approved an agreement between the UAE and the US to develop a civilian nuclear energy program in the country. The agreement, which US President Obama approved in May and sent to Congress for a 90-day review period, is potentially worth billions of dollars to General Electric Company and Westinghouse Electric, a subsidiary of Toshiba Corp. The UAE was the third-largest oil exporter in 2007. But it is planning to build a number of nuclear reactors to meet an expected need for an additional 40,000 MW and is expected to award the primary contract soon. The Obama administration calls the pact a model for the region that contains several unprecedented commitments that ensures the UAE will not use American technology to develop a nuclear weapon or to help others in the region do that. The UAE has pledged not to enrich uranium or reprocess used nuclear fuel and to import all fuel for its nuclear reactors. Earlier this month, UAE officials said they hoped to have their first nuclear reactor in commercial operation by 2017. (AB27.10)

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5.8 Colliers Says 25% of Dubai Homes Lying Empty

Real estate company Colliers said on 14 October that 25% of residential units in Dubai were lying empty as the impact of the global downturn continued to hit the emirate's property sector. The findings, published in a new report, also showed that nearly three quarters of developers (71%) surveyed at the Cityscape Dubai show said they believed house prices still had not reached the bottom. The poll of 28 developers, undertaken by Colliers, also revealed that only 18% had suspended sales in projects until the market showed signs of recovery. The new report showed that office capacity in Dubai was expected to double in the next year, putting pressure on prices.

Colliers said that the current vacancy rate for both residential and office accommodation in the emirate was 25%. It said that residential rents were down by 49% in the third quarter of 2009, compared to Q3/08. Average asking prices in Dubai residential sales also fell 12% from the first quarter to the Q3. The report said there will be around 340,000 units in Dubai by the end of the year and Colliers saw another 34,300 being completed in Dubai over the next two years. It said that prices would only start to recover once demand exceeded supply. Colliers said it saw office capacity increasing from three million to six million sq m by 2011, saying projections were based on confirmed projects only. It added that the office market had been the worst hit by the global economic slowdown. Average Dubai office prices were down 58% in the third quarter, Colliers said, compared to the same period last year, while office rents fell 44% in the same period. Retail rents, the report added, had fallen 18% in the past year based on new and renewed rents in the emirate. (AB14.100)

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5.9 Saudi Inflation Posts First Increase In Four Months, Rising To 4.4%

Inflation in Saudi Arabia rose to an annual level of 4.4% in September, from 4.1% in August, its first increase in four months. The kingdom's cost of living index was 123.5 points in September up from 118.3 points a year earlier. The index was at 122.7 in August. The Muslim fasting month of Ramadan began on August 22 and analysts had been expecting it to cause a spike in food prices in September as families stock up for more elaborate evening meals. The dollar, to which Saudi Arabia pegs its riyal currency, has been under downward pressure. This could boost the cost of imports for the major oil exporter, which relies heavily on imports to cater for its food needs. This, combined with a recovery in commodity prices, could reverse the recent trend of lower inflation. The annual rise in home rents stood at 14.6% in September, the data showed, against 15.6% in August. Government spending could also add to inflation. Saudi Arabia said last year it would invest around US\$400 billion in the next five years, mainly in infrastructure as it seeks to counter the repercussions of the global crisis. Another source of inflation in the Gulf states whose currencies are pegged to the greenback is the sliding dollar. (BI-ME 18.10)

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5.10 Saudi to Spend \$20 Billion on New Power Plants

State-owned Saudi Electricity Company plans to spend \$20 billion to add more than 10,000 megawatts (MW) of generation capacity through six independent power producer (IPP) projects. Saudi Arabia is facing rapid power demand growth as it builds infrastructure and heavy industry it hopes would diversify its economy away from dependence on oil revenues. The economic boom sparked by the oil rally of 2002-2008 contributed to rapid economic growth. The SEC has an \$80 billion plan to add a total of 20,000 megawatts through 2018. IPP projects slated for completion from 2013 to 2021 include the 1,200 MW Rabigh plant, the Riyadh 2,000 MW PP11 plant, a 2,000 MW Qurayyah plant, a 1,000 MW plant in Dheba, a 2,520 MW plant in Ras Azzour and an 800 MW plant in Shuqaiq, Amer Al-Swaha, the head of the IPP program, told the Reuters Middle East Investment Summit in Riyadh. Some five consortiums are preparing bids for the Riyadh plant. They are International Power with Saudi Oger and Korea Electric Power Corp (Kepeco); GDF Suez with Al Jomaih; Mitsubishi Corp with Acwa Power and Japan's Tokyo Electric Power; Tenaga Nasional Berhad of Malaysia, Sumitomo Corp, and Saudi Binladin Group. The fifth consortium is Japan's Marubeni in an alliance with Kansai Electric of Japan and Saudi Masader. The Riyadh combined cycle plant would use gas as prime fuel. Tenders for the Qurayyah plant will be issued in H1/10. SEC manages 37,000 MW of power generation capacity from some 45 plants. (Reuters 26.10)

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6: TURKISH, CYPRIOT, GREEK & BULGARIAN DEVELOPMENTS

6.1 Turkish Unemployment Grows To 12.8%

Turkey's unemployment rate jumped to 12.8% in the three months through August as the deepest recession in 50 years sparked job losses. The rate rose from a revised 9.9% in the same period of last year. The jobless rate was 13% in the month-earlier period and 16.1% in the first quarter, the highest since records began in 2005. The IMF forecasts Turkey's economy will contract 6.5% this year, which would be the deepest shrinkage since World War II. The economy shed 314,000 jobs in services, construction and manufacturing in the period from the year earlier, while agricultural jobs rose 364,000, the statistics agency announced. The workforce grew about 800,000 from the same period a year earlier. About 22.2 million people were employed in the period, little changed from a year earlier. The workforce participation rate, a measure of how many people of working age are working or seeking employment, rose to 49.3% from 48.4% a year earlier. The jobless rate among young people was 23.2%. (Various14.10)

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6.2 Turkish Budget Posts TL 9.5 Billion Deficit in September

Turkey's budget deficit was little changed at TL 9.5 billion (\$6.6 billion) in September as spending increased and a slowing economy ate into tax revenue. The deficit compares with a shortfall of TL 9.4 billion a year earlier, which was the biggest in almost six years, the Finance Ministry announced. Excluding interest payments on debt, the budget produced a deficit of TL 4.5 billion in the month, compared with a shortfall of TL 4.4 billion a year earlier. Turkey's budget deficit, after debt payments, will widen to about 6.5% of GDP this year from 1.9% in 2008 as the global financial crisis drives the deepest recession since World War II, according to official plans released on 16 Sept. The budget produced a deficit of TL 40.8 billion in the first nine months, compared with a deficit of TL 4.8 billion in the same period of 2008. The shortfall over the whole of this year will be about TL 63 billion. (Bloomberg15.10)

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6.3 Deloitte Says IMF Deal Needed For Turkish Growth

To foster healthy and sustainable economic growth, Turkey must maintain its fiscal discipline, remain committed to fiscal reforms and sign a stand-by deal with the International Monetary Fund (IMF), Deloitte Turkey announced in a statement released on 26 October. Deloitte envisages a 3.5% growth rate for Turkey in 2010, which it defines as not very high. By 2012, Deloitte forecasts, the annual growth rate will be around 5%. The statement said that although it is possible for Turkey to continue its journey without the IMF, maintaining fiscal discipline, reinstating confidence and increasing in the private sector's chances of finding external financing resources to meet its increasing appetite for further investments will be harder without the IMF. Given the limited opportunities of the domestic banking sector to fuel the reinvigoration of economic activities, Deloitte suggested that Turkey may not reach its growth targets without assistance from the IMF. (Zaman27.10)

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6.4 Fitch Downgrades Greece to 'A-' from 'A'; Outlook Negative

On 22 October, Fitch Ratings (<http://www.fitchratings.com>) downgraded Greece's Long-term foreign currency and local currency Issuer Default Ratings (IDR) to 'A-' from 'A'. The Outlook is Negative. The Short-term foreign currency (IDR) is affirmed at 'F1' and the Country Ceiling at 'AAA', in line with the common country ceiling for euro area sovereigns. The downgrade reflects the announcement on 21 October that Greece's fiscal deficit in 2009 is likely to be 12.5% of GDP, far higher than Fitch's previous expectation of 6% and compared to Greece's official projection of 3.7% in the January 2009 Stability and Growth Program Update. Fitch now expects general government debt to reach around 115% of GDP by end-2009, higher than levels seen in the mid-1990s. With the deficit not expected to fall below 9% in 2010, debt is likely to reach around 120% of GDP by end-2010, the highest in the 'A' category. Fitch's last review of Greece's ratings in May 2009 anticipated government debt rising to 108.4% by end-2010. In addition to the much worse outlook for public debt dynamics, the scale of the revisions to both 2009 and 2008 - where final figures for 2008 show a deficit of 7.7% of GDP compared to the government's initial 2008 estimate of 3.7% made in January 2009 - underline weaknesses in fiscal reporting and planning. These ongoing deficiencies materially undermine the credibility of medium-term fiscal consolidation plans. (Fitch22.10)

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6.5 Greek Jobless Rate Jumps Higher In July

Greece's unemployment rate shot up to 9.6% in July, the highest in more than three years, resulting in some 129,000 more people joining the ranks of the jobless since the same period a year earlier. On 14 October, the National Statistical Service (NSS) said that another 128,772 people pushed the total number of unemployed in Greece up to 476,707 in July. The country's total work force numbers 4.49 million people. Weakness in the construction and tourism industries is seen as having raised the jobless rate from 7% last year, according to NSS officials. Women and young Greeks are paying a higher price in the labor market for the slowing economy, with 13.8% of women looking for work versus 6.6% of men. The jobless rate among 15- to 24-year-olds stood at 23.9%, while the corresponding figure for those aged between 25 and 34 was 12.6%. The rising trend mirrors an increase in jobless numbers across the 16-nation eurozone. The IMF has forecast Greece's unemployment rate as rising to 10.5% in 2010 from an average of 9.5% this year. A measure announced by the newly elected government to partially fund employment positions for young unemployed workers for up to four years will only result in "a recycling of the unemployment rate," as older employees will be sacked for cheaper substitutes. (NSS14.10)

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6.6 Bulgaria Inflation Eases To 0.2% In September

The consumer price index or CPI in Bulgaria rose 0.2% year-on-year in September, slower than the 1.3% growth in the previous month, statistics office data showed on 13 October. On a monthly basis, Bulgaria's CPI remained flat in September, compared to a 0.1% growth expected by economists. Bulgaria's inflation rate has registered a drop on a monthly basis over the last four months and has gone down from two-digit levels to nearly a zero on an annual basis. Meanwhile, the harmonized index of consumer prices rose 0.2% on an annual basis and it was down 0.2% compared to the preceding month. Food prices in September slightly increased by 0.5%, on a monthly basis, while service prices increased by 5.2%. The drop in inflation is good news for Bulgaria as its high levels have been one of the key obstacles for the adoption of the European single currency. The country currently operates in currency board regime and the lev is pegged to the euro. (SMN14.10)

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7: GENERAL NEWS AND INTEREST

*ISRAEL:

7.1 Record Number of Visitors to Western Wall

A record number of people - 1.5 million visitors – visited the Western Wall during the Hebrew month of Tishrei, according to figures from the Western Wall Heritage Foundation and the Israel Police. The Western Wall is the last standing remnant of the Second Temple in Jerusalem and became a place of Jewish prayer following the Roman destruction in 70 CE. The area was badly damaged while occupied by Jordan, from 1948 to 1967, but was cleaned up and carefully renovated after it was restored to Israel in the 1967 Six-Day War. It is customary for Jews to visit the Wall upon arriving in Israel for the first time, or as soon after arrival as possible. Visitors to the site, considered to be the holiest Jewish site on earth, traditionally include all heads of state who visit the State of Israel. (IsraelNN19.10)

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*REGIONAL:

7.2 RAK's America's Cup Spending Put At \$120 Million

Ras al-Khaimah has spent more than \$120m so far on infrastructure in preparation for its hosting of the America's Cup sailing race in 2010, a senior official in the UAE emirate has said. The investment total was revealed in a court filing in a New York court by Khater Massaad, the CEO of the Ras al-Khaimah Investment Authority. He filed a brief in the US to counter claims by US America's Cup challenger BMW Oracle Racing that the emirate was not a safe venue for the race because of its proximity to Iran. In the document, Massaad said the emirate had spent more than \$120m on infrastructure, much of it since the August 5 venue announcement. Massaad wrote that the emirate was safe and had the infrastructure to host sailing teams BMW Oracle Racing and defending champion Alinghi of Switzerland. The friend of the court brief filed with the New York State Supreme Court was in response to BMW Oracle Racing's motion asking a judge to reject Ras al-Khaimah as the port for the best-of-three showdown beginning February 8. In its motion filed October 2, BMW Oracle Racing cited "grave safety concerns" for its US-based crew that would be sailing within miles of Iran. Justice Kornreich has set a hearing for October 27 on the venue issue and ongoing rules squabbles between the rivals. Massaad said RAK officials were "surprised and offended" by BMW Oracle Racing's "attacks". (AB14.10)

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7.3 Tunisian President in Landslide Victory

Tunisian President Zine al-Abidine Ben Ali has won a fifth term in office by a massive margin, near-complete results from the North African country's presidential election showed on 26 October. Vote tallies from 20 of Tunisia's 26 regions showed that in two regions Ben Ali won 99% of the vote, and in the rest his support did not dip below 84%, according to figures from the Interior Ministry, which oversaw the election. Ben Ali has been in power for 22 years. The 73-year-old has established Tunisia as a moderate voice in the Arab world and Western governments view the country as a bulwark against Islamist extremism -- though some have raised questions about its record on democracy. Tunisia's most prominent opposition figures did not take part in the election. Two of Ben Ali's challengers on the ballot rarely criticize the president and the third acknowledged during the campaign that he could not win.

International human rights groups have alleged that campaigning took place in an atmosphere of repression. Ben Ali hit back hours before polling stations opened, saying the vote would be democratic and accusing his opponents of peddling lies. Many voters in the election said the president deserved another term because he had made Tunisia into one of the region's most stable and prosperous countries. The Tunisian president came to power in 1987 when doctors declared his predecessor, Habib Bourguiba, unfit to rule after more than 30 years in power. Ben Ali won the last election, in 2004, with 94.4% of the vote. Tunisia is expected to apply to the European Union next year for "advanced status" -- which could give it preferential trade terms and boost its international standing. It does not want criticism over the election to affect its bid. (Various26.10)

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8: ISRAEL LIFE SCIENCE NEWS

8.1 OrSense's NBM-200MP System Blood Measurements Achieves Superior Performance in Hospitals

OrSense presented results from a multi-center study which indicate that NBM-200MP, a continuous, non-invasive monitoring system, measures levels of oxygen saturation and hemoglobin accurately and reliably in comparison to accepted methods. Hemoglobin (Hb) level, a parameter which indicates hemorrhage or anemia, is a key measurement in hospitals and outpatient wards. However, current hemoglobin measurements are invasive, time consuming, labor intensive and costly. In addition, Pulse Oximetry has become a standard of care in the operating and recovery rooms, intensive care units and emergency services, yet is known to provide erroneous oxygen saturation readings in states of low perfusion, low cardiac output and/or low blood flow. The NBM-200MP system offers accurate non-invasive, continuous measurements of both Hb and oxygen saturation in states of hypovolemia, hypothermia and vasoconstriction or during open heart surgery, as well as during regular perfusion.

Nes Ziona's OrSense (<http://www.orsense.com>) develops and commercializes non-invasive monitoring systems for measurements of oxygen saturation, hemoglobin, glucose and other blood parameters. The Company's flagship product

is the NBM-200MP, a multi-parameter non-invasive continuous blood oximetry and hemoglobin monitor for use in hospitals. OrSense's non-invasive hemoglobin/hematocrit and oxygen saturation monitor was granted the CE approval and was tested on over 5,000 subjects at 15 sites in the U.S. and Europe. The Company's products are based on its proprietary Occlusion Spectroscopy technology, which overcomes key obstacles that hinder the performance of competing approaches. OrSense's CE approved glucose monitor was tested on over 450 diabetic subjects, showing performance similar to those of invasive glucose sensors. (OrSense 19.10)

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8.2 Teva Comments on Positive Results of Phase III Trial in MediWound's Debrase

Teva Pharmaceutical Industries announced that MediWound, a company in which Teva holds an 11% interest, reported positive results from a pre planned interim analysis of a phase III trial for Debrase, an enzymatic debriding agent for burns. MediWound reported that the phase III study with Debrase® for the treatment of burns met the two primary endpoints of the study – reduction in the percentage of wound surgically excised and reduction in the percentage of wound autografted – with statistical significance. Based on these results, and in accordance with the approved clinical study protocol and past communications with the European Medicines Agency (EMA), MediWound announced that the study is deemed to have reached its objectives and that MediWound is permitted to stop recruitment at this time.

Yavne's MediWound (<http://www.mediwound.co.il>) develops and commercializes Debrase Gel Dressing - an innovative debriding agent that swiftly and selectively removes the eschar layer from burn tissue by means of enzymatic action. Debrase may present an alternative to surgery and/or the lengthy non-surgical procedures which are commonly practiced today. The selective activity of Debrase, which removes only the eschar without harming vital tissue, also minimizes the need for additional skin grafts, allowing for potential spontaneous healing of the burn wound. If approved, Debrase may change the standard of care for burns, offering patients, doctors, hospitals and payors a superior and more cost effective treatment option. Teva Pharmaceutical Industries (<http://www.tevapharm.com>), headquartered in Israel, is among the top 20 pharmaceutical companies in the world and is the world's leading generic pharmaceutical company. (Teva20.10)

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8.3 Champions Biotechnology Signs Licensing Agreement with Ramot for TAR-1

Baltimore, Maryland's Champions Biotechnology, an oncology drug development company with a predictive preclinical platform aimed at accelerating the development and enhancing the value of oncology drugs, has established an exclusive licensing agreement with Ramot at Tel Aviv University (<http://www.ramot.org>), Tel Aviv University's wholly owned technology transfer company. The licensing agreement encompasses the development and commercialization of TAR-1, a single-chain antibody fragment in preclinical development that may have an advantage in treating cancer patients because of its high specificity and affinity to binding mutant p53 protein. Under the terms of the agreement, Champions has obtained the worldwide rights to TAR-1 and is responsible for the further development of the compound. Champions will utilize its Biomerk Tumorgraft platform technology to evaluate the activity of TAR-1 and determine the best path forward for the compound in regards to indication, patient population and potential drug combinations. Ramot will receive an upfront payment and will be eligible to receive milestone payments and royalties if Champions chooses to continue the license terms, which will be determined based on results from testing TAR-1 in the predictive Tumorgraft platform. (Ramot27.10)

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9: ISRAEL PRODUCT & TECHNOLOGY NEWS

9.1 Toshiba & N-trig Team Up to Make Multi-Touch Computing Fun, Easy and Accessible

N-trig, providers of DuoSense solution combining pen and capacitive multi-touch in a single device, in collaboration with Toshiba, announced the launch of the new Satellite U505 notebook with multi-touch capabilities for consumers. The DuoSense solution enabled in the Toshiba Satellite U505 multi-touch notebook, in conjunction with the launch of the Windows 7 operating system, opens up a wealth of new computing opportunities for different types of users, including adults, teens and children, to interact directly on their screen and further break down the barriers for a more intuitive and accessible hands-on computing experience. The DuoSense multi-touch solution provides a new approach to computing enabling a more creative and fun experience that supports today's busy digital lifestyle. Toshiba's Satellite U505 further validates the market trend towards touch screen computing, bringing the first consumer multi-touch enabled notebook to the marketplace. Built with N-trig's DuoSense digitizer, the Toshiba Satellite U505 boasts a 13.3" screen and runs on Windows 7. Kfar Saba's N-trig (<http://www.n-trig.com>) is revolutionizing the way people interact with computers by providing the industry's first dual-mode pen and touch input device. N-trig's DuoSense technology is the only combined pen, touch, and multi-touch interface for today's advanced computing world. N-trig's DuoSense dual-mode digitizer uses both pen and zero-pressure capacitive touch to provide a true Hands-on computing experience for mobile computers and other digital input products over a single device. DuoSense enables greater mobility and usability in the next generation of computing devices and notebook PCs, enabling new market opportunities for OEMs and ODMs to introduce computer products which offer a more intuitive and interactive experience. (N-trig 19.10)

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9.2 Yissum Introduces Novel Nanotechnology for Revolutionizing Imaging Using T-rays

Yissum Research Development Company of the Hebrew University of Jerusalem announced that Professor L.D. Shvartsman and Professor B. Laikhtman, from the Racah Institute of Physics at the Hebrew University of Jerusalem, have invented a novel design of TeraHertz-ray, or T-ray, lasers. Using nanostructures which are based on semiconductors with special properties, the novel device will have 400 times higher gain than THz quantum cascade lasers, the only coherent T-ray sources existing today. This invention will make T-ray based cameras and spectrometers practical, ushering a new era in security and medical imaging. T-rays are electromagnetic waves with a wavelength shorter than microwave but longer than infrared. They are extremely attractive for various imaging applications due to three main reasons: they can penetrate through various substances, including clothing and even walls, they are harmless, and therefore allow a safe use for healthcare and homeland security applications and they can detect various chemicals, in particular explosives. Thus, T-ray-based devices can detect hidden weapons and explosives, as well as improve patient care and safety in healthcare facilities by allowing an unlimited number of exposures for medical examinations. However, despite all the advantages of T-rays, they are barely used due to lack of T-ray emitters that will generate powerful, coherent and adjustable terahertz waves. The invention of Professor Laikhtman and Professor Shvartsman overcomes these current limitations and suggests the design of effective THz lasers.

Yissum Research Development Company (<http://www.yissum.co.il>) of the Hebrew University of Jerusalem was founded in 1964 to protect and commercialize the Hebrew University's intellectual property. Products based on Hebrew University technologies that have been commercialized by Yissum currently generate \$1.2 Billion in annual sales. Ranked among the top technology transfer companies in the world, Yissum has registered over 6,100 patents covering 1,750 inventions; has licensed out 480 technologies and has spun-off 65 companies. (Yissum 19.10)

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9.3 PLYmedia Unlocks Online Video Viewing for Disabled, Providing Access for Hearing Impaired

PLYmedia has been selected by the Federal Communication Commission (FCC) to present on a select panel of industry experts, a solution for providing equal access to online video content to the hearing impaired. Focused on breaking online video barriers, PLYmedia's customized closed captions and language subtitles create an opportunity to fully engage all audiences and enable businesses to increase online revenues, through sponsorship and ad-insertion on video, by targeting unlimited viewership. PLYmedia equips video content producers with the tools to accompany audio content with text, opening video viewing to 28 million hearing impaired Americans as well as video viewers unable to utilize audio in the workplace. This essential video layer enables publishers to capitalize on growing video trends such as silent video viewing as studies continue to show workers' growing daytime presence online.

PLYmedia (<http://www.plymedia.com>) is an expert in understanding online video. PLYmedia's open platform of solutions challenges conventional video by overlaying rich, external information to enhance online video. By analyzing video behavior and presenting effective video enhancing solutions, these information PLYs increase viewer interest and audience whilst ensuring longer time of engagement. Designed to bring new value chains to the screen, PLYmedia offers professional services enabling online publishers and advertisers with the option to overlay targeted interactive solutions such as subtitles and closed captioning, contextual ads and affiliate program solutions. The company, privately funded by leading VCs and prominent industry stakeholders, is headquartered in the United States with R&D facilities in Tel Aviv, Israel. (PLYmedia20.10)

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9.4 Wavion & Balton Selected by MTN Rwanda to Provide Metro Wi-Fi Coverage

Wavion, a company transforming the Metro and Rural Wi-Fi market with a new category of Wi-Fi Base Stations, Balton Uganda, a system integrator in Uganda and Rwanda and MTN Rwanda, a leading cellular operator in Rwanda, announced the initialization of a large scale Wi-Fi network deployment based on Wavion WBS-2400 Base Stations in the city of Kigali, Rwanda. The WBS-2400 Base Stations will provide high-speed wireless (Wi-Fi) connectivity to medium and small businesses and residences in Kigali. Wavion's WBS-2400 spatially adaptive beamforming base stations provide extended range, improved indoor penetration, non-line-of-sight (NLOS) operation and better interference resilience. In this first phase of the project, about 100 WBS-2400 base stations are being installed on MTN Rwanda cellular sites and roof-tops, and will jointly cover the city of Kigali. Wavion provided to MTN Rwanda a full end-to-end solution which apart from the WBS-2400 Base Stations included CPEs, backhaul, network management and integration with MTN provisioning system. Yokneam's Wavion (<http://www.wavionnetworks.com>) is transforming the metro Wi-Fi

and rural markets with a new category of spatially adaptive beamforming base stations. The company's digital beamforming and SDMA technologies are the first and only to resolve the significant performance, penetration and profitability challenges facing large scale metro and rural deployments. (Wavion20.10)

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9.5 Voltaire & IBM Expand OEM Partnership to Deliver Scale-Out Ethernet Networking

Voltaire and IBM are expanding their strategic partnership whereby IBM is now selling Voltaire's new 10 Gigabit Ethernet switches with IBM's integrated System Cluster 1350 portfolio of products. The addition of Voltaire's scale-out Ethernet switches to IBM's data center networking portfolio provides customers who are designing next generation, virtualized data centers and cloud environments, a complete solution that delivers efficiency, scalability and performance, at significantly reduced costs. Available today, the Voltaire Vantage 8500 switch is a 10 Gigabit Ethernet, high-density Layer 2 core switch that addresses the key networking requirements of virtualized, scale-out data centers. The Vantage 8500 features less than 1 microsecond latency, low 10 watts per port power consumption at low per port costs delivering unmatched scalability with the lowest solution cost, power consumption, and latency on the market. The switch has a unique capability to enable simplified, flat, scale-out fabrics. By clustering up to twelve Vantage 8500 switches together, a customer can expand their data center to many thousands of servers while preserving the same efficiency and price-per-port, without degrading the performance or latency like traditional hierarchical network designs. Ra'anana's Voltaire (<http://www.voltaire.com>) is a leading provider of scale-out computing fabrics for data centers, high performance computing and cloud environments. Voltaire's family of server and storage fabric switches and advanced management software improve performance of mission-critical applications, increase efficiency and reduce costs through infrastructure consolidation and lower power consumption. (Voltaire 20.10)

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9.6 MTI Wireless Edge Is Introducing Its New UHF Forklift Antennas

MTI offers 2 circular polarized antenna models: MT-242042/NLH for 902 – 928MHz and MT-242057/NRH for 856 – 965MHz. The antenna construction is extremely robust, the antenna body is made of die cast aluminum. The Radome material is extremely strong, can sustain load stress of 250 lb and strong impact resistance to withstand almost any damage. Rosh HaAyin's MTI Wireless Edge (<http://www.mtiwe.com>), a leader in the development, production and marketing of high quality, low cost, flat panel antennas for RFID applications, offers large portfolio with over 90 models of Linear and Circular, Single and Dual polarity, Forklift, Embedded and Near Field antennas for active and passive RFID Systems. The frequencies that MTI offer antennas for are 450MHz, 865-870MHz, 902-928MHz, 950-956MHz, 2.4GHz as well as Integrated Enclosure Antenna solution (IAE). MTI - Military products include a wide range of broadband, tactical and specialized communications antennas, antenna systems and DF arrays installed on numerous airborne, ground and naval, including submarine, platforms worldwide. MTI - Wireless Access products includes base station, subscriber and Omni Directional antennas for all broad and narrow band WiMAX and broadband wireless applications in both licensed and unlicensed bands. (MTI20.10)

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9.7 Ness Technologies Wins Tender With Israel Electric Corporation

Ness Technologies has won - together with other companies - a tender to implement and test SAP systems at Israel Electric Corporation (IEC). Ness also won a tender for training and deployment of these systems. This is an expansion of an SAP deployment and implementation project completed by Ness for IEC a few months ago. The project is valued at tens of millions of Israeli Shekels. The project will include expansion and deepening of additional modules within the SAP system, including a working process management module in SAP Project Systems (PS) that will include, in the first phase, management of Emergency Economy projects as defined by the government, and will be expanded in the future to all projects, as well as a time reporting system that provides a complementary interface to PS. The modules that will be expanded also include a maintenance module for the IEC's production and transformation divisions, which will include the operation of IEC's power stations. The implementation, testing and training project will enable IEC to integrate several systems and modules into one SAP integrated system, saving cost and streamlining their working processes.

Tel Aviv's Ness Technologies (<http://www.ness.com>) is a global provider of IT and business services and solutions with specialized expertise in software product engineering; system integration, application development and consulting; and software distribution. Ness delivers its portfolio of solutions and services using a global delivery model combining offshore, near-shore and local teams. (Ness20.10)

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9.8 Mellanox Advances IBM Networking Solutions with 10 Gigabit Ethernet Adapter Cards

Mellanox Technologies announced its ConnectX EN 10 Gigabit Ethernet adapter cards are now available directly from IBM for the company's IBM System Cluster 1350 and iDataPlex systems. With industry-leading performance, power efficiency, integration and feature-set, ConnectX-enabled servers and storage systems provide an optimized solution for high-transaction databases, financial services, cloud computing and virtualized server and storage data center environments. Mellanox's ConnectX EN 10 Gigabit Ethernet adapters provide the required flexibility and efficiency to enable true I/O consolidation for virtualized and enterprise data centers. ConnectX EN provides line rate and very low-latency and supports all the stateless offload features, virtualization accelerations, Converged Enhanced Ethernet (CEE) and Fibre Channel over Ethernet (FCoE). Mellanox ConnectX EN 10 Gigabit Ethernet adapters support a broad array of major operating systems including Windows, Linux, VMware ESX 4.0, Citrix XenServer and FreeBSD. Yokneam's Mellanox Technologies (<http://www.mellanox.com>) is a leading supplier of end-to-end connectivity solutions for servers and storage that optimize data center performance. Mellanox products deliver market-leading bandwidth, performance, scalability, power conservation and cost-effectiveness while converging multiple legacy network technologies into one future-proof solution. For the best in performance and scalability, Mellanox is the choice for Fortune 500 data centers and the world's most powerful supercomputers. (Mellanox26.10)

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9.9 Security Technologies from Commtouch to Enhance Endian Unified Threat Management Products

Bolzano, Italy's Endian and Commtouch announced an agreement to integrate Commtouch Anti-Spam and Zero-Hour Virus Outbreak Protection into Endian's unified threat management (UTM) appliances. The Endian UTM product family features all-in-one security including network security/firewall, Web security, mail security, VPN, hotspot, multi-WAN and other functionalities, for protection against Internet threats including spam, phishing, virus outbreaks and data theft. Netanya's Commtouch (<http://www.commtouch.com>) provides proven messaging and Web security technology to more than 100 security companies and service providers for integration into their solutions. Commtouch's patented Recurrent Pattern Detection and GlobalView technologies are founded on a unique cloud-based approach, and work together in a comprehensive feedback loop to protect effectively in all languages and formats. Commtouch technology automatically analyzes billions of Internet transactions in real-time in its global data centers to identify new threats as they are initiated, protecting email infrastructures and enabling safe, compliant browsing. The company's expertise in building efficient, massive-scale security services has resulted in mitigating internet threats for thousands of organizations and hundreds of millions of users in 190 countries. (Commtouch26.10)

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10: ISRAEL ECONOMIC STATISTICS

10.1 Israel's Exports to North America Continue to Climb

Exports by Israel's 100 largest exporters totaled \$5.53 billion in Q3/09, similar to the preceding quarter, but 23% less than in the corresponding quarter of 2008, the Ministry of Industry, Trade & Labor announced on 26 October. A breakdown of exports by region showed a 13.8% increase in exports to North America in Q3, compared with the Q2, following a 21.9% increase in exports in the second quarter compared the first quarter. Exports to Asia rose by 17.9%, but exports to Europe fell by 7.1%. Mixed-low technology exports rose by 17.6% to \$1.04 billion in Q3/09, compared with Q2. Exports of the other technology groups (high tech, mixed-high tech and low technology) were unchanged or fell. Exports fell by 27% from \$7.55 billion in the second quarter of 2008, when the downturn in exports began, through the third quarter of 2009. The growth trend in exports by large exporters (companies with more than 1,000 employees) continued. Exports rose by 3.3% in the third quarter, compared with the preceding quarter, following a 21% increase in the second quarter compared the first quarter. (Globes 26.10)

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10.2 Israel's Unemployment Shows First Drop Since Crisis Began

The Central Bureau of Statistics announced o 20 October that Israel's unemployment rate fell to 7.6% of the civilian labor force, 228,000 people, in August 2009. This was the first time since the start of the economic crisis in September 2008 that Israel's unemployment rate dropped. This also shows that in the 12 month period (September 2008-August 2009), there were 46,000 net new unemployed persons. The Central Bureau of Statistics also revised its unemployment figures to 7.8% in June and 7.7% in July, down from the previous figure of 7.9% for both months. The Central Bureau of Statistics figures clearly show the rapid rise in the unemployment from its low point of 6% in August 2008 to a peak of 7.9% in April-May 2009, when it stabilized, and then began to fall in June. There were 179,000 unemployed at the start of the economic crisis, and the number rose to 182,000 in September 2008, peaked in April and declined to 228,000 in

August 2009.

While high, Israel's current unemployment figures are not as severe as in OECD countries. According to the OECD, the average unemployment rate in member states in August was 8.5%. It was 9% in the EU and 9.5% in the US. The Bank of Israel predicts that the unemployment rate will reach 8.5% by the end of 2009, amounting to 255,000 persons. The forecast means an additional 28,000 unemployed. However, in view of the latest Central Bureau of Statistics figures, the Bank of Israel may revise its own unemployment and growth projections. (Globes 20.10)

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11: In Depth

11.1 ISRAEL: Summary of Israeli High-Tech Company Capital Raising Q1-Q3/2009 Survey

The following are the findings of the IVC Quarterly Survey conducted by the IVC Research Center, which for more than 12 years has been at the forefront of high-tech, venture capital and private equity research in Israel. This Survey reviews capital raised by private Israeli high-tech companies from Israeli venture capital funds, foreign investors and other investors. The Survey is based on reports from 81 investors of which 44 are Israeli management companies and 37 are other – mostly foreign – investment entities.

One hundred and eight Israeli high-tech companies raised \$303 million from venture investors – both local and foreign – in the third quarter of 2009. The amount raised was 9% above the \$279 million raised by 122 companies in the second quarter of this year, but 50% below the eight-year record high of \$600 million raised by 124 companies in the third quarter of 2008.

In the first three quarters of 2009, Israeli high-tech companies raised \$847 million, 50% below the \$1.68 billion raised in the corresponding period of 2008.

"Q3 capital raising came in consistent with our full-year projections," said Marianna Shapira, Research Manager at IVC. "We expect a similar rate of investment in the year's final quarter. Capital raising in 2009 reflects the impact of the economic crisis on the Israeli high-tech industry. We expect the year-to-year rate of decline experienced thus far in 2009 to continue throughout 2010," Shapira concluded.

In Q3, the average financing round was \$2.8 million, compared to \$2.29 million in the second quarter of 2009 and \$4.84 million in the third quarter of 2008.

Israeli VC Investment Activity

In Q3, Israeli VCs invested \$89 million in Israeli companies, compared with \$113 million invested in the previous quarter and \$206 million invested in Q3 of 2008. The Israeli VC share of the total amount invested in Israeli high-tech was 30%, with the remainder of capital coming from foreign investors as well as non-VC Israeli investors.

In the first three quarters of 2009, the Israeli VC fund share of investments in Israeli high-tech companies was 36%, compared to 37% in the corresponding period in 2008.

First investments by Israeli VC funds were 20% of total investments in the third quarter, compared to 38% and 28% in Q2/09 and Q3/08 respectively. The average First investment by Israeli VCs was \$1.2 million, while the average Follow-on investment was \$0.9 million.

"While investments in start-ups present a gloomy picture, the future is expected to be even worse," said Zeev Holtzman, Chairman of IVC. "We're in the midst of the VC industry's toughest crisis since 2000," explained Holtzman. "There is a major shortage of capital for new investments by Israeli VCs, and as foreign VC funds fail to find Israeli co-investors, they will further reduce their exposure to Israel. The result is that the high-tech sector – the growth engine for Israel's economy – will experience a major setback from which it will not be able to recover. It is clear that the future for start-ups, VCs and the entire high-tech industry is at risk."

Capital Raised by Sector

The Life Sciences sector led capital raising in Q3 2009 with \$83.5 million or 27% of capital raised, followed by the Software sector with \$64 million or 21%.

In the first three quarters of 2009, Life Science companies attracted \$210 million or 25% of total capital raised, which compares with \$253 million or 15% in the first three quarters of 2008.

Capital Raised by Stage

Sixteen Seed companies attracted \$14 million, 5% of the total amount raised in Q3, compared to \$25 million raised by 24 companies in the previous quarter, and \$16 million raised by 15 companies in Q3 2008. During the first three quarters of the year, Seed companies attracted \$52 million, 6% of the total funds, compared to \$73 million or 4% in Q1-Q3 2008.

IVC Research Center (<http://www.ivc-online.com>) is Israel's leading research center providing business leaders with an unmatched wealth of data on Israeli high-tech, venture capital and private equity industries. IVC products and services are used regularly by high-tech companies, venture capital funds, private investors, financial investors and institutions, as well as public entities such as the Office of the Prime Minister, the Central Bureau of Statistics, the Bank of Israel and the Office of the Chief Scientist. (IVC21.10)

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11.2 Arab Middle East: Oil Exporters Face the Crisis Head On

The IMF writes that Middle East oil exporters are squarely facing the worst financial crisis since the Great Depression head on. Despite the sharp drop in oil prices last year, the oil exporters rightly decided to maintain spending by drawing upon reserves amassed during the boom years. High public spending and exceptional anti-crisis financial measures have not only cushioned oil exporters' own economies but are also contributing to sustaining global demand. They have also helped the interlinked economies of neighboring oil importers.

Facing this boom-bust cycle

Between 2004 and 2008, Middle East oil-exporting countries grew by about 6% a year and accumulated \$1.3 trillion in foreign assets. With the striking drop in oil prices, from a peak of \$147 per barrel in mid-2008 to around \$30 per barrel at the beginning of 2009, the countries of the Gulf Cooperation Council (GCC) have been hardest hit. Iraq and Saudi Arabia are expected to see the most pronounced drops in oil GDP growth - 12 and 15 percentage points, respectively - this year.

During the pre-crisis boom years, banks had lent substantial amounts for real estate and equity purchases and made large profits. With the onset of the crisis, asset values fell sharply and the global deleveraging led to a severe tightening of credit conditions, especially in the GCC. Banks' balance sheets have come under pressure credit growth has slowed sharply - up to 40 percentage points in Qatar.

Currently, during this downturn, the foreign assets accumulated during the boom years are being used for countercyclical fiscal spending. Witness Saudi Arabia, which announced the largest fiscal stimulus package (as a share of GDP) among the G-20 for 2009—10, and a \$400 billion investment plan over five years. Governments have also directly injected capital into stressed financial institutions and central banks have provided liquidity support to stabilize financial systems.

These anti-crisis measures have taken the sting out of the impact of the crisis. The non-oil sector is now projected to grow by 3.2% in 2009, with overall growth slowing only to 1.4%. Imports are being maintained at pre-crisis levels- at \$700 billion in 2009 - and helping the global economy weather the downturn.

Looking to the future

The flip side of continued public spending is that room for pursuing countercyclical policies falls if the crisis is prolonged. Some major oil exporters (e.g. GCC countries, Algeria and Libya) have sufficient reserves to sustain spending over a longer period. Others, like Iraq, Iran, Sudan and Yemen, have less fiscal space and will need to prioritize or cut back government spending and subsidies.

The banking systems have so far absorbed the stress and banks have remained solvent and profitable, although at a lower level. Deposit growth and capital inflows are beginning to regain strength, yet private sector credit has remained sluggish: instead, banks are opting to build up reserves in the central bank.

Could the asset price bubble and excessive borrowing and lending by banks have been prevented? Given that the global outlook is improving and oil prices are rising again, what can be done to offset pro-cyclical behavior on the part of banks? These questions are of particular importance for oil exporting countries since oil price swings are very large and, therefore, business cycles are particularly severe. Of course, not all oil exporting countries have had the same boom-bust experience, given that prudential measures and supervision were stronger in some countries than in others.

One way to dampen the cyclicity of bank borrowing and lending would be to introduce dynamic loan loss provisioning - that is, to build up cushions during good times to be used during bad times. While this may cut into banks' profits, it could ensure continued lending during economic slumps and reduce the ultimate fiscal cost when tail risks materialize. Looking further ahead, there may be value in developing alternatives to bank financing, such as local private debt markets. This would allow banks to concentrate more on financing small and medium-size enterprises that create private sector jobs and help diversify economies. (IMF11.10)

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11.3 GCC: Moody's Says Local Refining Capacity to Grow Significantly

GCC countries' share of world refining capacity is likely to increase significantly in the coming years as the region aims to take a greater share of the higher-value production chain, a Moody's report said. In a new industry outlook report entitled "Arabian Gulf Oil & Gas Industry," Moody's said this will increase the sector's exposure to a fairly volatile business sector.

"However, we believe that the region's large and high-complexity projects are likely to be better positioned to withstand the cyclicity of the refining industry," says Philipp Lotter, senior vice president in Moody's Corporate Finance Group in Dubai and principal author of the report. "We also view favorably the long-term plans of GCC governments to capture a greater share of the sale of premium products, despite the considerable investments that are required over the medium

term."

The report said the outlook for the Arabian Gulf's oil and gas sector is stable, reflecting the sector's abundant and readily available oil and gas resources, and its good position to capture a significant portion of the expected increase in global energy needs, especially in Asia. Moreover, Moody's believes that the sector benefits from sound government finances and liquidity which can be used to implement strategic projects that could positively affect the industry over the long term. In particular, the ability to adequately increase production over the medium to long term will shape the industry's competitive position. Moody's stable outlook for the oil & gas industry in the Gulf Cooperation Council (GCC) countries expresses the rating agency's expectations for the fundamental credit conditions in the industry over the next 12 to 18 months, it said.

Moody's new report says that, paradoxically, the region has been experiencing a severe gas shortage due to rising domestic consumption, which has mainly been driven by the spiraling demand for electricity generation and water desalination. "Key economic incentives need to be established to address this issue, which will otherwise negatively affect future growth prospects," cautions Lotter.

The recent economic downturn and tighter credit conditions have negatively affected investments in the industry. "We believe that key projects that will produce long-term benefits to host countries are likely to go ahead, driven primarily by the determination of regional governments to support their most vital sector," says Raffaele Semonella, a Moody's associate analyst in Dubai and co-author of this report.

Moody's new report also notes that the Gulf region remains exposed to some wider political risk, which has been a fairly constant feature of the industry. This risk has been partially offset by the industry's highly strategic nature, as well as the execution of selected projects aimed at avoiding specific trouble spots. Examples include the construction of a crude oil pipeline from Abu Dhabi's onshore fields to the eastern coast of the UAE, thus bypassing the traffic-heavy Strait of Hormuz, as well as the development of Saudi Arabia's Red Sea coast oil and gas installations. (TradeArabia 19.10)

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11.4 BAHRAIN: Retail Report Q4 2009

Research and Markets (<http://www.researchandmarkets.com>) announced the addition of the "Bahrain Retail Report Q4 2009" report to their offering.

Q4/09 Bahrain Retail Report predicts that the country's retail sales will grow from \$2.94bn in 2008 to \$4.05bn by 2013. Key factors behind the forecast growth in Bahrain's retail sales are a favorable long-term economic outlook, growing interest in Western styles of retailing and a steady rise in disposable income.

Bahrain's nominal GDP was \$21.90bn in 2008, with a decline of 0.1% now predicted for 2009 as the economy goes into reverse. Average annual GDP growth of 2.2% is now predicted between 2008 and 2013. Although the population is forecast to decline from 1.07mn in 2008 to 1.01mn by 2013, GDP per capita is predicted to rise to \$19,962.

Statistics from the Ministry of Culture and Information's tourism affairs division show that tourist arrivals have risen by an average of 10-15% a year over the past three years. In 2007, Bahrain attracted 5.5mn tourists, 4.9mn of them from other Gulf Cooperation Council (GCC) states. Tourism arrivals are projected to rise by an average of 2.5% per annum over the next decade. Bahrain's retail market will also continue to benefit from events such as the annual Formula One motor race, which has generated hundreds of millions of dollars in revenues since it became a fixture on the racing calendar in 2004.

In 2005, 71.2% of the Bahraini population was described by the UN as economically active, with 40.7% in the crucial (for retail sales) 20-44 age range. By 2010, 72.7% of the population is expected to be economically active, but the proportion of those in the 20-44 age band is forecast to fall to 39.9%. A very high level of urbanization is contributing to a vibrant retail sector. In 2005, more than 90% of the population was classified by the UN as urban, and this is forecast to increase to 91% by 2010. About 89% of the population lives in the two principal cities of Manama and Muharraq.

Retail sub-sectors that are predicted to show strong growth over the forecast period include automotives, with sales forecast to rise by nearly 39% during the period, from \$0.84bn in 2008 to \$1.17bn by 2013, while sales of consumer electronics are predicted to increase from \$0.43bn in 2008 to \$0.54bn by the end of the forecast period, a rise of nearly 25%. Over-the-counter (OTC) pharmaceutical sales, however, are expected to decrease by more than 6%, from \$0.013bn in 2008 to \$0.012bn by 2013.

Retail sales for our set of Middle East and Africa (MEA) countries in 2008 amounted to an estimated \$382bn, based on the varying national definitions. Total consumer spending for the region based on the macroeconomic database amounts to \$660.41bn. In 2008, the United Arab Emirates (UAE), Saudi Arabia, Egypt and South Africa together accounted for an estimated 79.8% of regional retail sales, and their combined share is expected to rise to 80.7% by 2013. For Bahrain, the estimated 2008 market share of 0.8% is expected to fall to 0.7% by 2013. (R&M19.10)

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11.5 OMAN: Sohar Generates Interest

The Oxford Business Group reports that the Omani government's efforts to attract significant international investment to the industrial port of Sohar appear to be paying off, prompting the Sohar Industrial Port Company (SIPC) to announce plans to seek an additional \$2.5bn of investment over the next five years. The additional investment is being sought for the planned special economic zone (SEZ), which will compliment the existing port and industry facilities developed in Sohar since 1999, when the Sohar Industrial Port was inaugurated. In the decade since then, an estimated \$12bn of investment has been poured into the port area, with facilities including an 116,400-barrels-per-day oil refinery, a \$2.3bn aluminum smelter and a \$1.6bn aromatics plant.

According to Jamal Tawfiq Aziz, the deputy CEO of SIPC, investment is being sought in a number of fields for the SEZ. "There are projects in plastics, metals and petrochemicals in the Sohar free zone," he told news agencies, adding that, "If foreign companies employ a certain number of nationals, the tax exemption will go further than 10 years." The aim is to create jobs for 25,000 Omani nationals through the SEZ.

Sohar itself has a rich history as a trading and industrial centre: its heritage stretches back to the third millennium BCE, and through the years it has been famed for its copper mines and a maritime tradition. More recently, the government has sought to harness the innate geographical potential of Sohar (sitting on the Strait of Hormuz with good sources of gas and crude oil nearby) to create an industrial and transport hub for Oman's Al Batinah region.

The government's ambition took a big step towards reality when the Netherland's Port of Rotterdam (Europe's largest port) joined with it in a 50/50 joint venture to create SIPC. In the course of that partnership, Sohar's port facilities have been significantly improved: a cargo terminal managed by Steinweg Oman has been operational since 2004, while Oiltanking Odfjell Terminals has been operating a liquid bulk terminal since 2006. A 2.6-km breakwater is set to expand Sohar's liquid bulk capacity still further, while the government intends to improve non-maritime transport links through a 100,000-tonne air cargo terminal (500,000 passenger capacity) and a 200-km railway line to Barka, the country's first.

Maritime facilities are also being constantly improved. The port itself currently has a draught of 18 meters. Funding has recently been announced to extend the deepwater jetty to 1.2 km. A consortium of banks including Bank Muscat, National Bank of Oman, Bank Dhofar, Ahli Bank and State Bank of India signed a \$200m loan agreement with SIPC in the final week of September. The project is due to be constructed by Italy's Saipem and India's Afcons in a joint venture, and will enable the port to improve its dry bulk facilities.

The positive investment environment created by the Omani government has already attracted the likes of Anglo-Australian mining and commodities giant Rio Tinto Alcan to invest in aluminum smelting facilities at Sohar. Furthermore, Brazilian mining giant Vale has also invested some \$1.5bn in an iron ore pelletizing plant with an annual capacity of 9m tonnes, due to go on-stream in 2010. Indeed, so bullish is Vale about Sohar and the outlook for wider regional demand that the company is considering doubling production capacity before the factory has even gone on-line.

Vale's executive director, Jose Carlos Martins, told local press that, "We are thinking of doubling capacity in the near future. We have not even begun production, but we are already seeking to expand capacity." He added that Vale intended to source all inputs and services locally, save for the iron ore which will be imported from Brazil. According to Vale's projections, 84% of the company's predicted \$160m annual expenses have the potential to be sourced locally in Oman.

Such news comes as a welcome boost to the Omani government's efforts in Sohar, underlining its vision to develop the port as a significant industrial hub. With competition from other port cities in the Gulf looking to achieve the same however, SIPC and other associated government agencies will need to work quickly to ensure the infrastructure is in place to meet industrialists' demands. (OBG19.10)

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11.6 LIBYA: Oil and Gas Report Q4/09

Research and Markets (<http://www.researchandmarkets.com>) announced the addition of the "Libya Oil and Gas Report Q4 2009" report to their offering.

The latest Libya Oil & Gas Report from BMI forecasts that the country will account for 7.78% of African regional oil demand by 2013, while providing 16.61% of supply. African regional oil use of 2.98mn barrels per day (b/d) in 2001 rose to 3.60mn b/d in 2008. It should average 3.58mn b/d in 2009 and then rise to around 3.96mn b/d by 2013. Regional oil production was 7.84mn b/d in 2001, and in 2008 averaged 10.20mn b/d. It is set to rise to 11.98mn b/d by 2013. Oil exports are growing steadily, because demand growth is lagging the pace of supply expansion. In 2001, the region was exporting an average 4.86mn b/d. This total had risen to 6.60mn b/d in 2008 and is forecast to reach 8.02mn b/d by 2013. Angola has the greatest production growth potential, with Nigerian exports set to soar if it can resolve recent quasi-political issues.

In terms of natural gas, the region in 2008 consumed 115bn cubic meters (bcm), with demand of 181bcm targeted for 2013. Production of 211bcm in 2008 should reach 354bcm in 2013, which implies net exports rising from 96bcm in 2008 to 173bcm by the end of the period. Libya in 2008 consumed 5.64% of the region's gas, with its market share forecast at 4.20% by 2013. It contributed 7.53% to 2008 regional gas production and by 2013 will account for 8.75% of supply.

For 2009 as a whole, the publisher is now assuming an average OPEC basket price of \$55.00 per barrel (bbl), a 41.5% decline year-on-year (y-o-y). This represents an upgrade from the \$52 forecast they have stuck with during the past three quarters. Their OPEC basket assumption delivers likely Brent, WTI, Urals and Dubai prices of \$56.30, \$57.50, \$55.60 and \$55.60/bbl respectively. For 2010, they expect to see a recovery to \$60.00/bbl for the OPEC price (up from their previous forecast of \$58), gaining further ground to \$65.00 in 2011 and to \$70.00/bbl in 2012. Their post-2010 forecasts are unchanged and they are continuing to use a long-term price assumption of \$70.00 for 2013-2018.

In 2009, BMI is now assuming a global average gasoline price of \$62.12/bbl, with the fuel having peaked in June. The overall y-o-y fall in 2009 gasoline prices is put at 40.0%. The BMI gasoil forecast is for an average price of \$68.62/bbl, assuming a monthly high of \$92.49/bbl in December. The full year outturn represents a 43.4% fall from the 2008 level. The annual jet price level for 2009 is forecast to be \$65.17/bbl. This compares with \$124.95/bbl in 2008. The 2009 average naphtha price is put by BMI at \$49.06/bbl, down 43.9% from the previous year's level.

Libyan real GDP growth is now forecast by BMI at 0.6% for 2009, down from 5.7% in 2008. The publisher is assuming 6.4% growth in 2010, 5.6% in 2011, followed by 6.4% in 2012, and 6.0% in 2013. The publisher expects oil demand to rise from an estimated 268,000b/d in 2008 to 308,000b/d in 2013. State-owned National Oil Corporation (NOC) accounts for some 40% of oil production and all gas production, but it has a growing number of international oil company (IOC) partners contributing to a forecast rise in oil production from 1.85mn b/d in 2008 to 1.99mn b/d by 2013. The state itself has far more ambitious volume goals that may be frustrated by OPEC quota policy. Gas production should reach 31.0bcm by 2013, up from 15.9bcm in 2008. Consumption is expected to rise from around 6.5bcm to 7.6bcm by the end of the forecast period, allowing exports of 23.4bcm.

Between 2008 and 2018, the publisher is forecasting an increase in Libyan oil and gas liquids production of 32.7%, with volumes rising steadily to 2.45mn b/d by the end of the 10-year forecast period. Oil consumption between 2008 and 2018 is set to increase by 39.7%, with growth slowing to an assumed 4.0% per annum towards the end of the period and the country using 375,000b/d by 2018. Gas production is expected to rise to 51bcm by the end of the period. With demand rising by 42.4% between 2008 and 2018, there should be export potential increasing to around 42bcm, via pipeline and in the form of LNG.

Libya continues to occupy first place, above Gabon, Nigeria and Republic of Congo (RoC), in BMI's updated Upstream Business Environment rating, with a comfortable margin of three points. The country's score benefits from its proven oil reserves, and a region-topping oil reserves-to-production ratio (RPR). The competitive landscape features numerous non-state companies, while licensing terms are generally good. However, country risk factors undermine some of the hydrocarbons-specific strength. The country is near the middle of the league table in BMI's Downstream Business Environment rating, with a few high scores but near-term progress up the rankings unlikely. It is ranked equal sixth with Sudan thanks to poor country risk factors, a largely state-controlled industry and moderate oil and gas demand growth prospects. (R&M20.10)

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11.7 ALGERIA: Q4/09 Algeria Oil & Gas Report

Research and Markets (<http://www.researchandmarkets.com>) announced the addition of the "Algeria Oil and Gas Report Q4 2009" report to their offering.

The latest Algeria Oil & Gas Report from BMI forecasts that the country will account for 8.93% of African regional oil demand by 2013, while providing 19.62% of supply. African regional oil use of 2.98mn barrels per day (b/d) in 2001 rose to 3.60mn b/d in 2008. It should average 3.58mn b/d in 2009 and then rise to around 3.96mn b/d by 2013. Regional oil production was 7.84mn b/d in 2001, and in 2008 averaged 10.20mn b/d. It is set to rise to 11.98mn b/d by 2013. Oil exports are growing steadily, because demand growth is lagging the pace of supply expansion. In 2001, the region was exporting an average 4.86mn b/d. This total had risen to 6.60mn b/d in 2008 and is forecast to reach 8.02mn b/d by 2013. Angola has the greatest production growth potential, with Nigerian exports set to soar if it can resolve recent political issues.

In terms of natural gas, the region in 2008 consumed 115bn cubic meters (bcm), with demand of 181bcm targeted for 2013. Production of 211bcm in 2008 should reach 354bcm in 2013, which implies net exports rising from 96bcm in 2008 to 173bcm by the end of the period. In 2008, Algeria's share of regional gas supply was 40.98%, easing to 36.71% by 2013. The country's share of demand in 2008 was 22.07%, with 17.75% predicted by 2013.

For 2009 as a whole, the publisher is now assuming an average OPEC basket price of \$55.00 per barrel (bbl), a 41.5% decline year-on-year (y-o-y). This represents an upgrade from the \$52 forecast they have stuck with during the past three quarters. Their OPEC basket assumption delivers likely Brent, WTI, Urals and Dubai prices of \$56.30, \$57.50, \$55.60 and \$55.60/bbl respectively. For 2010, they expect to see a recovery to \$60.00/bbl for the OPEC price (up from their previous forecast of \$58), gaining further ground to \$65.00 in 2011 and to \$70.00/bbl in 2012. Their post-2010

forecasts are unchanged and they are continuing to use a long-term price assumption of \$70.00 for 2013-2018.

In 2009, BMI is now assuming a global average gasoline price of \$62.12/bbl, with the fuel having peaked in June. The overall y-o-y fall in 2009 gasoline prices is put at 40.0%. The BMI gasoil forecast is for an average price of \$68.62/bbl, assuming a monthly high of \$92.49/bbl in December. The full year outturn represents a 43.4% fall from the 2008 level. The annual jet price level for 2009 is forecast to be \$65.17/bbl. This compares with \$124.95/bbl in 2008. The 2009 average naphtha price is put by BMI at \$49.06/bbl, down 43.9% from the previous year's level.

Algerian real GDP growth is now forecast by BMI at 2.4% for 2009, following 2.9% in 2008. The publisher is assuming 3.1% growth in 2010 and 3.9% in 2011, followed by 5.6% in 2012 and 4.7% in 2013. They therefore expect estimated oil demand of 311,000b/d in 2008 to rise by up to 4.0% per annum to 353,000b/d in 2013. State oil company Sonatrach dominates the industry, operating in partnership with various international oil companies (IOCs), but accounting for 60% of the country's oil output. Thanks largely to IOC investment, combined oil and gas liquids output is forecast to increase from 1.99mn b/d in 2008 to 2.35mn b/d in 2013, with exports heading towards 2.00mn b/d. The country's OPEC membership and assigned production quota could frustrate volume growth ambitions. Gas production of 86.5bcm in 2008 should reach 130.0bcm by 2013. Consumption of 25.4bcm in 2008 is expected to rise to 32.1bcm by the end of the forecast period, providing exports of 97.9bcm.

Between 2008 and 2018, the publisher is forecasting an increase in Algerian oil and gas liquids production of 30.5%, with volumes rising steadily from 1.99mn b/d in 2008 to 2.60mn b/d by the end of the 10-year forecast period. Oil consumption between 2008 and 2018 is set to increase by 38.2%, with growth slowing to an assumed 4.0% per annum towards the end of the period and the country using 430,000b/d by 2018. Gas production is expected to rise to 180bcm by the end of the period. With demand rising by 56.9% between 2008 and 2018, there should be export potential increasing from 61bcm to 140bcm, in the form of LNG and by pipeline.

Algeria holds sixth place in BMI's updated Upstream Business Environment rating and is three points behind regional heavyweight Angola. It has the potential to move higher over the medium term. The country's score benefits from healthy oil and gas reserves, a large number of non-state companies active in the upstream sector and decent licensing terms. It may be able to pull further away from Egypt below it. The country is near the top of the league table in BMI's updated Downstream Business Environment rating, with some high scores but progress further up the rankings unlikely. It is ranked third behind South Africa and Egypt, thanks to high scores for gas consumption, nominal GDP, likely refining capacity expansion and oil demand growth. (R&M20.10)

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11.8 GREECE: Domestic Electrical Appliances (White Goods) in Greece 2008

Research and Markets (<http://www.researchandmarkets.com>) announced the addition of the "Domestic Electrical Appliances (White Goods) in Greece 2008" report to their offering.

White goods (refrigerators, washing machines and dishwashers, kitchens, hoods and vents, microwave ovens) are a significant part of the electrical and electronic domestic appliances sector. The assessed market is mainly supplied by a large number of importers. A rather small number of companies manufacture specific sector product categories, while several of them also import appliances from abroad. The key points of the study are presented in relation to the demand, the supply, as well as the domestic market for the products under review

In Greece, sector products are manufactured by only a few companies, on the contrary to the rather large number of firms involved in imports. Imported products predominantly come from European Union countries, like Germany, France and Italy while imports from third countries are mainly from China, Turkey and Korea. Many importers import other products as well, part of the broader electrical and electronic appliances sector, such as audiovisual equipment, air-conditioners, small electrical appliances, and others.

The assessed sector is based on a market which in turn depends on many external factors (available income, amount of borrowing by households, building activity of new residences and renovation of older ones, formation of new households, and so on). Domestic electrical appliances (white goods in particular) are characterized by a deep market penetration (percentage owned by Greek households) in terms of basic appliances (refrigerators, kitchens, washing machines). As a result, the demand for these products is mainly conditioned by the formation of new households and by the replacement of older appliances. A factor that helps one choose among the different brands is the price of an appliance in combination with the consumers' available income, although the various credit programs offered by sector stores play an important part in this. (R&M20.10)

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- Israeli Shekel conversions done at a rate of NIS 3.70 = \$1.00
- Turkish Lira conversions done at a rate of NTL 1.60 = \$1.00
- Euro conversions done at a rate of € 1.00 = \$1.40
- Jordanian Dinar conversions done at a rate of JD 1.00 = \$1.41
- UAE Dirham conversions done at a rate of Dh 3.67 = \$1.00
- Omani Rial conversions done at a rate of OR 0.385 = \$1.00
- Pakistani Rupee conversions done at a rate of Rs 82 = \$1.00

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