

Weekly highlights by

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EDITORIAL

New Deal

Meriem OUDGHIRI

ROOSEVELT had done it between 1934 and 1938 with the famous New Deal to fight the effects of the Great Depression in the United States and to revitalize an American economy bruised since the crash of 1929 by unemployment and bankruptcies in chain. The notion of major works policy is not new: it has its roots in the history of economic intervention by the Government, inspired by the Keynesian theory. This is a scenario that could, all things considered, resemble the one we are experiencing today. The Government has also just unveiled its circular in favor of construction companies knocked out by the pandemic and the consequences of the war in Ukraine. This is good news that could mitigate the impact of the economy and give visibility to operators. This also constitutes such a decisive boost for the recovery of several sectors, especially in the face of the difficulties faced by the Government in

remobilizing new support. The fact remains that beyond the increasingly large investment volumes, public procurements will need controls, safeguards, and more transparency. Ultimately, it is a question of pulling the rug out from under the feet of fraudulent entities which have thrived for too long against a backdrop of utmost unfair competition. Another major economic issue consists in integrating SMEs into the momentum so that enterprises can find real opportunities in such a process. Of course, public procurements alone will not be able, on their own, to treat all the ills experienced by companies. Converting one's activities, finding new sources of growth, readjusting oneself, and above all getting out of the comfort zones... this is how we can, in our own way and at our level, have our "New Deal" succeed. □

Weekly highlights

Public procurement

Details of the measures in favor of the construction industry

THEY juggle with the difficulties of supplying raw materials and they are concerned about the unprecedented rise in prices. ... business leaders are facing an unprecedented situation induced by the repercussions of the war in Ukraine. This is a difficult cycle to live with, as Chakib Alj, president of the CGEM, pointed out during the Club de L'Economiste meeting (see our edition of Monday, April 18, 2022). Employers, ministry of Finance, bankers association (GPBM), and ministry of Foreign Affairs meet on a regular basis to monitor the situation. As announced exclusively by L'Economiste, measures in favor of companies operating in the construction industry have been taken and will be rolled out quickly. Aziz Akhannouch, Head of Government, signed a circular on Monday, April 18 to enable public sector contracting authorities, government authorities, public entities, and State-owned enterprises, to implement those measures in order to reduce the economic impacts of this crisis on contractors holding public supply and works contracts as



"The eight exceptional and circumstantial measures recommended are mainly intended to support SMEs and protect jobs", underlines the circular. These measures could also be taken over by the Ministry in favor of local authorities (Ph. L'Economiste)

well as contracts related to them. These measures should also ensure the implementation of public programs and projects under the best conditions. *"The eight exceptional and circumstantial measures recommended are mainly intended to support SMEs and protect jobs", underlines the circular.*

• Up to 6 months extension of lead times

The purpose of this measure is to avoid the application of late payment penal-

ties. The government grants contracting authorities the possibility of extending, by amendment, on a case-by-case basis, the deadlines granted to companies who have been awarded public contracts for periods of up to 6 months.

• Reimbursement of late payment penalties that have been collected

These penalties are particularly late penalties applied and collected in the context of current contracts, the goal

being to preserve the economic fabric and avoid penalizing companies due to supply difficulties attributable to the economic crisis. This compensation mechanism targets companies whose contracts are still in progress.

• Accelerate the settlement of principal sums

The acceleration of the payment concerns the sums due to the contracting authorities on the basis of the initial amounts of the services carried out, and this, before completing the payments in the event of difficulty in establishing the revised prices. The Government also asks contracting authorities to pay, as soon as possible, the sums due for procurements for which problems have arisen in the context of the application of the price revision formulas contracted at the time of signing of the contract. Payment should be made on the basis of the initial amounts (the principal) of the services provided before paying the contractors the balance resulting from the price revision. □

Khadija MASMOUDI

Moroccan weavers win a first round against the Oriental countries

A commercial defense shield against carpets from "invaders" from the Orient has been established. Imports of this product originating in China, Egypt, and Jordan have been subject since April 1, 2022 to a provisional anti-dumping tax.

The decision was made by the minister of Finance, Nadia Fettah, and her counterpart from the ministry of Industry, Ryad Mezzour. This additional duty will be applied for six months, which is the maximum duration provided for by the law relating to trade defense measures. The additional duty can be extended to three months in certain cases. Importers will have to pay the tax until next September. *"The amount of this anti-dumping duty is included in the tax base used to calculate import VAT. This duty has been communicated to the collectors of the Customs Administration", specifies the General Directorate in its circular N° 6306/211. This provisional measure comes within the framework of an anti-dumping in-*



An Alpha 500 weaving machine of German origin. It is installed in one of the three workshops of the Aleptex company. This carpet manufacturer is headquartered in the Lissasfa industrial zone in Casablanca and is one of the plaintiffs against "massive imports" from China, Egypt, and Jordan (Ph. F.F.)

vestigation still in progress and which the ministry of Industry had initiated in December 2020. The companies Aleptex, Med Carpet, and Polyfashions complained of alleged unfair commercial practices of their oriental competitors. The prices of carpets imported from China, Egypt, and Jordan are assumed to be lower than their real value. In addition, the plaintiffs mentioned *"the deterioration of their sales, market shares and financial indicators..."*.

This was followed by the favorable opinion of the import monitoring commission concerning the launch of an investigation. It was following this opinion that this case was officially opened at the end of 2020. The customs shield temporarily put in place aims *"to avoid the aggravation of the situation of the national production branch"* of industrial carpets. Moroccan producers are represented by the three plaintiffs who *"manufacture 95%"* of

mechanical Moroccan rugs. *"National production oscillated between 3 and 4 million square meters in 2019", according to data from the Moroccan association of textile and clothing industries (AMITH). The Association filed the complaint on behalf of the industry. In the meantime, operators like Aleptex had continued to be worried about their critical situation, particularly for employment and the disarray it generates. "We are breathing for now...", sighed Aleptex CEO Haytham Dahhan when L'Economiste asked him about the effect of the provisional anti-dumping tax introduced a fortnight ago. Local producers thus won a first round. But the investigation is not definitively closed. The ministry of Industry may organize a public hearing for each of the protagonists to defend their interests, with the help of supporting arguments and figures: the protagonists being the plaintiff companies, the Amith, the importers, and the producers - exporters. □*

Faïçal FAQUIHI

Justice/Penal Code

Important innovations in the pipe

Defamation and insult on the internet will be prosecuted

CONCERNING many subjects in the legal field, the minister of Justice Abdellatif Ouahbi opens up new prospects. This is the case of the penal code project which will bring several innovations. One of them includes points related to activities on the Internet, particularly with regard to libels and insults, as well as the publication of photos on the various media platforms. The fact is that some people do what they want, post images, and insult people.

These are behaviors that hurt citizens under the pretext of freedom of speech. It is therefore imperative to protect individuals and society, said the minister of Justice before the M.P.s during the question time at the House of Councilors. The minister also insisted on monetary and alternative penalties.



One of the innovations of the penal code project involves activities on the Internet, particularly with regard to libel and insults, as well as the publication of photos on the various Internet platforms. For the Minister of Justice, "it is imperative to protect individuals and society" (Ph. archives)

• **A national register of married people as a means to fight polygamy:** Morocco does not have a national register of married people. The ministry of Justice is working on the project of setting up a digital platform, dedicated to married people to better fight illegal polygamy and the issuance of false celibacy certificates. The aim is to prevent attempts to circumvent the law and to prevent the frauds that occur regularly.

• **Rehabilitation of former inmates will be simplified:** In the same vein, the ministry of Justice wishes to simplify the operation of rehabilitation of former detainees, through the electronic and spontaneous adoption of this deed which can be printed on a computer. The goal of this measure is to integrate former inmates back into society instead of excluding them, insisted Abdellatif Ouahbi.

• **The criminal record will be revisited:** The minister of Justice refuses that former prisoners pay, throughout their lives, a high price for mistakes made in the past. The minister's idea is to see progress made in terms of work on criminal records, according to the procedures and cases that will be defined by law. Indeed, The ministry of Justice wants to encourage prisoners to leave the criminal domain for a better world. This is why discussions have been initiated on the occasion of the draft law relating to the criminal procedure and to the criminal code. The idea consists in revising this system, which should involve prisoners who have attended vocational training or obtained university degrees during their incarceration. The minister insists on the review of the criminal records to enable citizens to reintegrate society. □

Mohamed CHAOU

Rising prices, fuel, payment deadlines... The nested files of the CGEM

Supply and cost pressures for businesses

The Confederation deciphers and analyzes the situation

INFLATION, supply difficulties, vertiginous rise in the price of freight... The impact of the war in Ukraine plunges the world and the company into a great deal of uncertainty. This is a cycle that is difficult to live with, immediately underlines Chakib Alj, president of the CGEM, invited to the meeting of the Club de L'Economiste which was an opportunity for him and for Mehdi Tazi, Vice-President General of the Confederation, to decipher and analyze the impact on the economy and to draw up a progress report on the work conducted by the Confederation which is carrying out a mandate that it describes as atypical, given what Morocco, like the rest of the world, has been experiencing for more than two years. Moreover, a small watch committee monitors the situation as it arises.

"We are coming out of an exceptional situation, and we find ourselves in an even more exceptional situation. We are also aware of the strong reliance on raw materials such as steel, oil, gas, wheat, and other commodities", underlines the boss of the CGEM.

Even if the sources of supply are diversified, operators are coming up against pressure being exercised on resources. Industrial companies are facing difficulties in sourcing raw materials. The pharmaceutical industry, for example, has difficulty in obtaining supplies of inputs and plastic material for packaging. On the other hand, companies operating in the construction industry find themselves with contracts signed

before the pandemic, but with the price increase of almost 50%, these companies are unable to cope. As a result, several construction sites are at a standstill.

Today, measures dedicated to construction companies are under discussion and solutions could soon be rolled out. "Nothing is decided. We have proposed a moratorium on late penalties for construction sites as well as on the enforcement of bonds and guarantees. We are also trying to find solutions for transport", says Alj. The financial aid granted by the Government to transport operators is of an ad hoc type. This fairly fragmented sector is characterized by a lot of informal

work and requires real reform. In the meantime, the Government is working on a draft law relating to the indexation of road transport prices to fuel prices.

That said, these major upheavals at the international level and their repercussions have led to the revision of growth forecasts almost everywhere in the world. In the case of Morocco, the central bank forecasts growth to stand at 0.7% and inflation at 4.7%. The World Bank has also revised downward its forecasts where the Moroccan economy would experience growth at 1.1% and inflation at 4%! In other words, 2022 is a difficult year, and the uncertainty is such that operators do not have visibility over the future. Under these conditions, the company could seek financial support from the Government, as was the case during the Covid crisis. "We are realistic, we cannot ask the Government to intervene in all subjects", indicates the boss of bosses. On the other hand, the CGEM expects measures to be taken, especially in terms of public procurements and payment deadlines. □

Khadija MASMOUDI

Concrete treatment of issues related to the crisis

TO monitor the impact of the crisis, a committee bringing together the Ministry of Foreign Affairs, Finance, the bankers association (GPBM) and the CGEM meets almost once a week. "We are dealing with topical issues that are currently linked to hyperinflation", Alj points out. This commit-

tee, which resembles the Economic Watch Committee, known for its efficiency during the Covid period, deals "concretely" with issues related to the crisis. This is the case of the problem of Moroccan students in Ukraine and that of companies exporting citrus fruits to Russia. □

Liquefied natural gas: The first import is imminent



■ Details of the contract will be known in the coming days

■ 5 billion MAD for investment to increase storage capacity

FROM the outset, Leila Benali, minister for Energy transition and sustainable development, sets the record straight: contrary to what is said here and there, Morocco will not buy liquefied natural gas from the Spanish market or European market. For the first time in its history, it is entering the international market to source this product. Since last November, just after Algeria decided to unilaterally close the Maghreb-Europe gas pipeline, Rabat has launched negotiations with countries and international suppliers of liquefied natural gas. It is in this sense that an ad hoc commission was set up, and calls for tenders were launched for the supply of the country with natural gas. The minister refrained from saying more during her last public statement. Leila Benali merely said that the details of the transactions relating to the import of this product will be announced in the coming days. In this operation, Morocco received several answers that reveal the enthusiasm of inter-

“Morocco will not buy liquefied natural gas from the Spanish or European market. For the first time in its history, it is entering the international market to source this product,” said Leila Benali, Minister of Energy Transition and Sustainable Development (Ph. Bziouat)



national operators for the Moroccan liquefied natural gas market. However, to solve the problem of transport, it is necessary to separate the major project of the infrastructures from the project relating to the molecule, which is precisely in progress. This part is punctuated by episodes, the first of which relates to the transit of gas. Morocco has reached an agreement with Madrid, Lisbon, and Paris for the exploitation of their infrastructure through their underused regasification plants. These countries will allow the transport of gas intended for Morocco to the

Maghreb-Europe pipeline. The other episode involves energy sovereignty. *“It is very important to have regasification on Moroccan territory or maritime space. This processing must be done on the national territory”*, said Leila Benali insistently. As far as the other issues are concerned, it will be necessary to let the industrialists seek the most immediate and fast solution, without mortgaging the future, she says. The government is working on solutions to guarantee this regasification operation. In addition, as part of the desire to constitute the security stock

for the needs of the national market in terms of petroleum products, the ministry encourages private operators to achieve an additional global reserve capacity of up to 890,000 cubic meters by 2023. These investments that are intended to increase storage capacities do amount to 5 billion Moroccan Dirhams (MAD) by 2023. Of this total, 3 billion MAD are directed towards the storage of liquid petroleum products and butane gas. Added to this are 2 billion MAD for liquid petroleum products. We can then reach the security stock of 60 days as stipulated in the law. □

Mohamed CHAUI

The butane gas subsidy will be maintained

In order to alleviate the repercussions of the economic situation on citizens' purchasing power, the Government has maintained its butane gas subsidy. Indeed, the credits allocated to the Compensation Fund for this product have increased by 27.6% compared to 2021. Currently, the 12-kilo butane gas cylinder is subsidized for 116 MAD. Its real price is 156 MAD while it is sold at 40 MAD. □