

Weekly highlights by L'ECONOMISTE



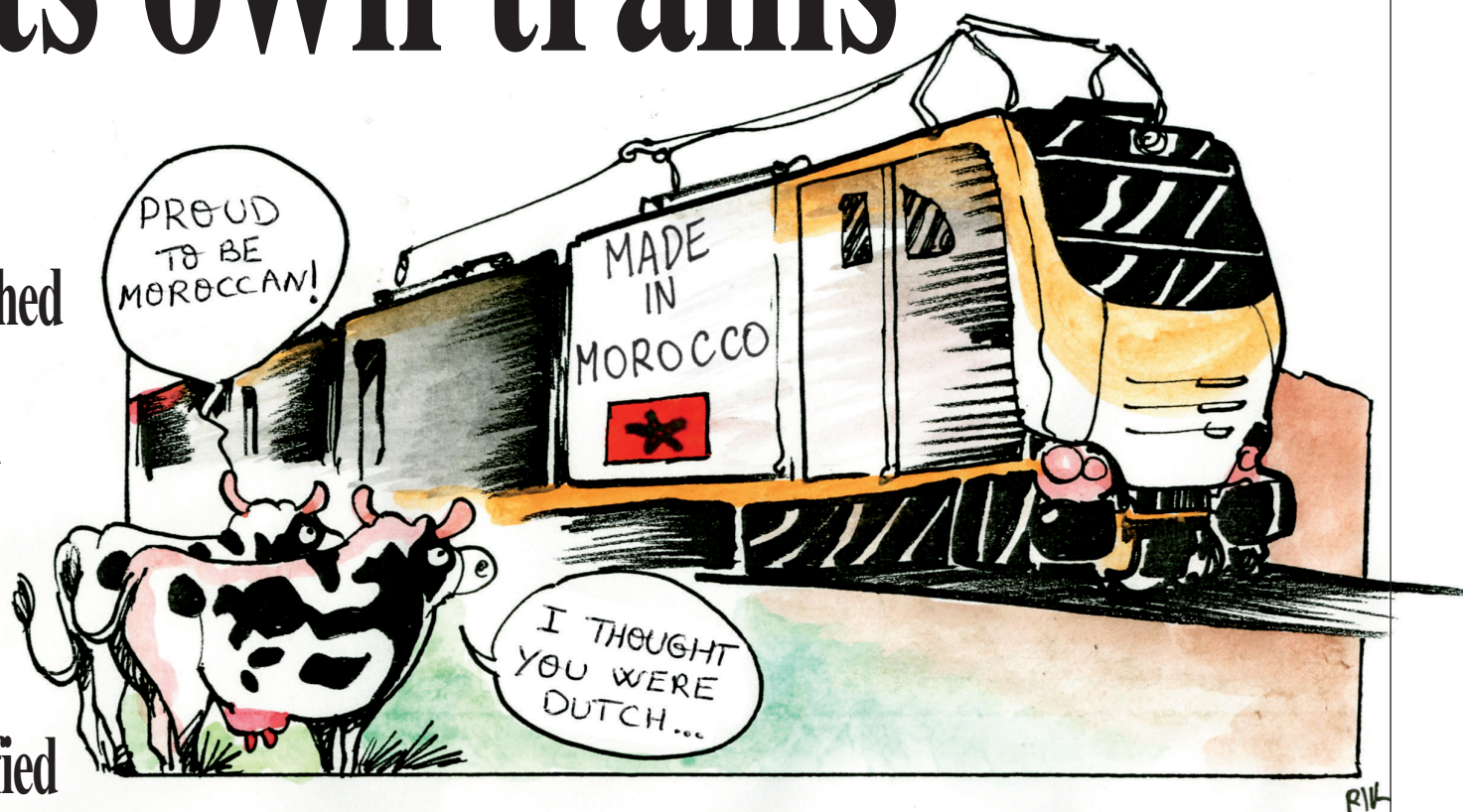
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Morocco will produce its own trains

■ An international call for expression of interest launched

■ An ecosystem via a local production plant

■ High-speed rail: The expansion program is clarified



Truck transport: Indexation on the right track



Investment charter: Soon to come into force



Intangible heritage: The royal warning against plundering

Draft Budget Bill: Your salary in 2023

EDITORIAL

Lessons reminded

Meriem OUDGHIRI

ONCE again, football revealed more things than just sport. No political party, no organization has achieved the feat of such mobilization in the four corners of the planet as was the case on last Sunday, November 27. The Morocco-Belgium match galvanized the crowds and reinforced patriotism in one of its strongest and most spontaneous forms. Beyond sport, the victory of the Moroccan soccer team has reminded us of many lessons. The first lesson is that genius and muscles are not enough to succeed. In addition to strategy, it takes hard work, a hell of a lot of daring, and common sense. Added to this is the leadership and resistance to all kinds of interventionism that the Moroccan Football Federation lacked until the arrival of the new presidency. Another lesson is the process of upgrading the sector which is beginning to bear fruit: the training, infrastructure, audit, as well as transparency in terms of pro-

curements and accounts. This “*Marshall Plan*” ended up turbocharging the engines and legs of athletes. This is good for the country. Moreover, there is nothing like great victories to remove doubts about a country’s ability to face major challenges. This “*business plan*” could serve as a model and be transplanted into other dying sectors (there are some) and into all organizations seeking performance, both in the business world and in politics. The victory of the national team reminded all of this, namely that options and strategic decisions must be translated into concrete and long-term results. It is too easy to cry out for a crisis and say that “*nothing is working, so we are closing down*”. This is the politics of cowardice. It is clear that the 2022 World Cup has many surprises in store for us and more lessons... to be learned. □

Weekly highlights

Truck transport: Indexation on the right track

THE draft law relating to the indexation of road transport prices to those of fuel was put back on the table by Mehdi Abdelkrim, House Councillor and member of the parliamentary group of the Moroccan employers' association (CGEM). For the Transportation minister, Mohamed Abdeljalil, the piece of legislation is being circulated. After consultation with the ministries concerned by this issue, the ministry prepared a version accepted by the Government. This bill was therefore sent to the General Secretariat of the Government (SGG). After this step, the project will be shared with the professionals who will make their observations known, and especially their proposals. This work will be crowned by the scheduling of the draft law on the agenda of one of the meetings of the Government Council, before transferring the draft law to one of the two chambers of Parliament for adoption. The draft law aims to commit transporters and shippers to revise the transport tariffs when the fuel prices change between the date of the agreement on the price



After being received by the Secretariat General of the Government (SGG), the bill relating to the indexation of road transport prices to those of fuel will be submitted to professionals who will share their observations and proposals

of transport and the price of service provision, in the case where there is a transport agreement between the two parties which provides for this revision of transport prices with a view to pegging these price increases or decreases to fuel prices. In addition, the priorities of the ministry's action plan for the 2022-

2026 period aim to acquire a global, sustainable transport system, and competitive logistics, in order to support economic growth and improve the living conditions of citizens. For the Minister, it is a matter of developing competitiveness of the freight transport sector so that it contributes to the economic and so-

cial development of the country. Similarly, it is a question of increasing the pace of construction of logistics zones and strengthening the governance of the administration, digitizing it, and making it more open to citizens. □

M.A.M.

Investment charter: Soon to come into force

THE long-awaited draft law establishing the Investment Charter was adopted by the House of Councilors on Tuesday, November 29. For Mohcine Jazouli, Minister Delegate in charge of Investment, Convergence, and Evaluation of Public Policies, this Charter is a "transparent, attractive, competitive, and clear legal framework in terms of investment". Speaking during a meeting with the press, held in Casablanca, the Minister emphasized the paradigm shift in terms of investment policy. After a period marked by the predominance of public investment, which "was justified by the need in particular for infrastructure, it is time to unlock the potential of the private sector. In this approach, public investment will be stabilized. It will not be diminished, but whenever the private sector can take charge of projects serving citizens, we will encourage it to do so by the means of agreements", noted the minister, who insisted on the fact that "the



For Mohcine Jazouli, Minister Delegate in charge of Investment, the new Charter will contribute to opening up new promising prospects for the national economy to achieve integrated and sustainable growth

public sector must not compete with the private sector".

Today, the new Investment Charter constitutes "legislation that serves as a reference, and one which stands above contingencies and technical mechanisms", said Minister Jazouli. The idea is to overcome the obstacles

identified in the old legislation, in particular because of the inclusion of all the details in the law. In the new vision, in addition to the general framework laid down by law, it is the implementing decrees that will define the details of the modus operandi. The first implementing decree

is expected "before the end of the year", announced the minister. In addition to this decree on the operationalization of the new system, another decree will be published within six months, including measures relating to Moroccan direct investment abroad. The third piece of legislation, expected within a year, will deal with Very Small and Medium Enterprises. Overall, the new system aims to achieve the goal of mobilizing private investment of 550 billion Dirhams (55 billion USD) and creating 500,000 jobs between 2022 and 2026. Several mechanisms are planned to promote the revitalization of private investment. These mechanisms revolve around three major components, the first one being the investment bonuses, limited to 30% of the value of a given project. Other types of bonuses are planned, in particular for employment, innovation, territorial bonuses, sectoral bonuses, and other bonuses. □

M.A.M.

Morocco will produce its own trains

THE information went unnoticed, but it is of paramount importance for the future of the railways in Morocco. Indeed, the national railroad company (ONCF) has published a call for expressions of international interest for a multi-year program for the purchase of self-propelled trains and a long-term partnership relating to their maintenance. However, it is the second part of this announcement that poses a problem: it involves the establishment of a production unit for self-propelled trains on national territory around which a rail ecosystem would be articulated. The word is out. ONCF plans to set up this ecosystem which will enable it to locally develop the production of train sets for its trains, and later, to see the possibility of exporting them to Africa and Arab countries. Its officials want to take advantage of the opportunity of the implementation of the program of renewal of the train sets of ONCF to establish in Morocco a real railway industry, with its subcontractors. One of the renewal programs for train sets aims to build a factory specializing in the train industry. It is with this idea in mind



that ONCF is committed to the acquisition of between 80 and 100 train sets. The project is in an advanced stage. The deadline for submission of competitors' expression of interest files had been set for No-

vember 16. It seems that the opening of the bids has not yet started. Pending the outcome of this stage, the content and structure of ONCF's project are defined on a preliminary and provisional basis.

The call for demonstrations provides for an industrial component of the project. This involves the construction and operation in Morocco of an industrial unit for the local manufacture of train sets. A railway ecosystem of suppliers and subcontractors bound to be developed, in cooperation with the public authorities, around the industrial production unit. By 2035 and according to a roadmap called "ambition 2025-2035", this industrial unit will be focused, in addition to its initial calling, towards an

export activity. It consists in the supply of train sets to the African and European or Arab markets. M.C.



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Weekly highlights

Intangible heritage: The royal warning against plundering

“**A**NY attempt to claim the cultural and civilizational heritage of another country as one's own must be fought”. This is a meaningful sentence that the Sovereign sent in his letter to the participants in the interministerial committee of UNESCO, responsible for the safeguarding of intangible heritage, held on November 28 in Rabat. This meeting, chaired by Samir Ad-dahre, Ambassador and Permanent Delegate of Morocco to UNESCO, aims to “promote the goals of the Convention for the Safeguarding of Intangible Cultural Heritage, ratified to date by 163 States”. The interministerial committee of UNESCO is also required to provide international assistance in the safeguarding of intangible cultural heritage. Finally, the committee studies applications for inclusion on the UNESCO lists, as well as program or project proposals. King Mohammed VI insists on the fact that, in a rapidly changing world, it is important to underline that the intangible heritage of a country contributes to its influence and that consequently, “it must be protected by a clearly defined mechanism, in full accordance with the goals of the Convention”. Morocco has embarked on this path since July 2006, when the country ratified the Convention. To



date, eleven cultural properties of the country appear on the list of the intangible world heritage of UNESCO; Moroccan equestrian art or Tbourida is the latest one, since last year, to be

listed in the prestigious directory. Regarding Morocco, traditional craftsmanship is perhaps the most tangible manifestation of intangible cultural heritage. However, the 2003

A national center is born

IN his letter, King Mohammed VI announced the creation of a National Center for the Intangible Cultural Heritage, “which will have the task of consolidating the achievements made in this area”. One of the missions of this center “will consist in continuing the methodical inventory of the national heritage throughout the Kingdom and in setting up a national database of relevant data”. In addition to academic training organized to build the

capacities of professionals responsible for safeguarding measures, the new national structure will raise awareness among younger generations of the importance of cultural heritage. The future national center will also be responsible for evaluating the effectiveness of the mechanisms for the conservation of Moroccan properties listed on the World Heritage Lists and preparing the applications that Morocco intends to present in the future. □

Convention is more concerned with the skills and knowledge involved in crafts than with the craft products themselves. Thus, UNESCO adopts a particular approach. Instead of focusing on the preservation of handicrafts, safeguarding efforts should instead focus on encouraging artisans to continue producing them and passing on their knowledge to others, and their know-how, particularly within their community.

The Sovereign insisted that culture is also a reflection of the civilizational dynamics that gave birth to it. “It is even more a vital necessity of our daily lives. As food for the soul and the spirit, culture provides a bridge between the past and the present and allows individuals to be tied to their social environment”. Today, cultural heritage has evolved considerably from the conceptual standpoint. Indeed, it no longer only serves to designate a set of historical monuments or archaeological pieces. “It refers more broadly to habits and customs and living expressions, inherited from our ancestors and transmitted to future generations such as oral traditions, artistic representations, and even social practices”, concluded the King in his message. □

Abdessamad NAIMI

Draft Budget Bill: Your salary in 2023

PROMISES only bind those who believe in them, the employees will have to get over it. The 2023 Draft Budget Bill only includes one measure concerning them, namely the increase in the flat rate of deduction of professional expenses from 20% to 35% for employees whose gross annual taxable income is less than or equal to 78,000 Dirhams (about 7,800 USD). For these employees, the maximum deduction remained unchanged and capped at 30,000 MAD (3,000 USD) per year. For people whose gross annual taxable income is greater than 78,000 MAD, this flat rate goes from 20% to 25% with an increase in the deduction ceiling from 30,000 to 35,000 MAD per year (article 59-IA and B of the General Code of Taxes). The future deduction base will obviously apply to income generated from January 1, 2023.

According to the simulations that L'Economiste has requested from accounting firms, the impact of this change is minimal. Thus, for people receiving a gross annual salary of 36,000 MAD, the gain will obviously be zero, since they are already tax exempt. Beyond that amount, earnings will vary according to the taxable gross salary brackets: 43.04 MAD per month, for example, for 4,000 MAD monthly salary, and 169.99 MAD per month for 10,000 MAD monthly salary. People paid up to exactly 11,666 MAD gross will see their payslip increase by 198.32 MAD. This is the peak of earnings. At 18,600 MAD gross monthly salary, the maximum gain will be 154 MAD. For people receiving high salaries, the differential due to the change in the rate of deduction of professional expenses will stabilize at a maximum of 158.33 MAD,

regardless of the level of monthly remuneration. This is therefore not what will make households richer. People who therefore had purchase projects, and who were relying on a tax measure, will have to postpone such projects. Indeed, instead of acting on the income tax grid, the government has opted to raise the ceiling for the deduction of professional expenses because of its minimal impact on Treasury revenue.

However, in the presentation note of the Draft Budget Bill, the Ministry of Finance explains that this provision comes “in the context of the implementation of the government's commitments resulting from the social dialogue aimed at improving the power of purchase of employees”. Except that the increase in the rate of deduction of expenses related to the function or employment will not

contribute to achieving this goal since the gains made, which are insignificant by the way, will not necessarily be passed on to employees. This is a measure that should ultimately benefit employers, especially since there is no legal basis forcing them to allow their employees to benefit from the increase in the deduction scale for professional expenses. As a reminder, the costs related to a specific function or job must not be confused with the expenses incurred by employees in the context of their work (fuel, hotel, catering bills, etc. .) and for which they request reimbursement from their employer subject to providing supporting documents. These costs actually correspond to an allowance that the payroll calculation software takes into account to determine the tax base. □

Hassan ELARIF