

Weekly highlights by L'ECONOMISTE



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Airplane tickets Summer will be challenging!



Election accounts
More than 360 million Dirhams spent by candidates

Competition
Unprecedented visa for the Sanlam-Allianz deal



Casablanca
Former wholesale market to be converted into gaming center

Tax on land profit
A new system next month

EDITORIAL

Commedia

Khalid BELYAZID

THE curtain was rung down. A great actor of the Commedia dell'arte retires after having played several roles, and at the same time. Berlusconi became Italy's best-known politician and also its wealthiest businessman. An incestuous accumulation for many, because the State can be put at the service of private interests. Not for him. Then Berlusconi bought AC Milan, because football mobilizes the masses. Then il Cavaliere embarked into the world of the press, publishing, and television, from the time when the latter attracted large numbers of viewers and made opinions. And what a TV it was! That of the «coco girls» lightly dressed to embellish the great public debates. The fact is that democracy, for Berlusconi, is only a show. He adds his personal grimaces and good jokes in parliament. The branding of his party, Forza Italia, is as flat as a pizza but it satiates those hungry for demagoguery with fine speeches. Called

a populist, il Cavaliere was in fact popular. The intellectual elites didn't like Berlusconi. Judges used to track down the slightest deviation even in his bunga bunga evenings. So what? Today, Italy, including Berlusconi's detractors, offered him a state funeral. Il Cavaliere pushed the limit of democracy as a show around a leading role and he succeeded.

Like all stars, Berlusconi could inspire viewers as well as our politicians. Many already combine their term in office with business, sometimes TV, which has become easy on YouTube. But politicians find it hard to admit that democracy is also a show that must appeal to people. In these times of inflation, drought and war, the citizen-spectator needs a few pleasant, positive, even demagogic scenes to restore enthusiasm and hope for the future. On stage, for lack of talent, some politicians play and practice waffle to be serious. Eventually, the play will become sad like a tragedy. □

Weekly highlights

Election accounts

More than 360 million Dirhams spent by candidates

IN addition to the finances of the parties, the Court of Auditors also looked into the declarations of the representatives of the candidate lists during the last elections. The total resources declared for these elections amounted to 365.69 million dirhams (US\$ 36 million). This amount is made up of 70% of the own resources contributed by the candidates. The remaining 30% were granted by certain parties. These funds are split between the elections of the House of Representatives (209.85 million Dirhams), those of the 2nd Chamber, the House of Councilors (11.65 million Dirhams), and those of the councils of local authorities (144.19 million Dirhams). The total expenditure declared by the representatives of the lists, meanwhile, amounted to 360.16 million dirhams (US \$ 36 million).. As regards the production of accounts, out of the 5,146 representatives of lists and candidates, 4,545 filed their election campaign

report, that is to say 88%. Nevertheless, of this total, 42%, i.e. 1,930 candidates, submitted such election campaign reports after the legal deadline. This concerns 673 candidates for the House of Representatives, 28 for the House of Councilors, and 1,229 for the councils of local authorities. At the same time, 12% of candidates did not comply with the obligation to file their accounts (601 agents). This concerns elections to the First Chamber (230), to the Second Chamber (10), to regional councils (176), to municipal councils (180), and to prefectural and provincial councils (5). Other candidates did not draw up their accounts in accordance with the standard models set by decree



As for (8%). the obligation to open a bank account dedicated to the resources and expenses of their campaigns, 29% of the list representatives did not comply. The

Court of Auditors also specified that all of the list representatives and candidates who filed their accounts provided detailed data on the sources of financing, with the exception of 3. The Court of Auditors noted the absence of proof of exceeding the legal cap on election expenses. Nevertheless, the Court of Auditors pointed out shortcomings in terms of justification of expenditure. This concerns an amount of 12.25 million dirhams (US\$ 1.22 million), i.e. 3.4% of the declared expenditures. These include expenses not supported by supporting documents (11.79 million dirhams for 272 list representatives), and expenses not relating to election campaigns (456,948 dirhams for 10 agents). □

M.A.M.

Competition

Unprecedented visa for the Sanlam-Allianz deal

THE Competition Council gave the green light, on June 5, 2023 in Rabat, for an operation of economic concentration in the insurance industry. Sanlam Limited and Allianz SE have taken joint control of "Main Street 1889 Proprietary Limited". A new entity, Sanlam Allianz Africa, will emerge from this operation. Let the «competitors» be reassured! There will be no new market entrant, unlike other African countries. "The two groups are creating this subsidiary in South Africa. It will oversee their continental activity except for Morocco and South Africa due to serious competition problems", according to a connoisseur of the file who wished to remain anonymous. Consequently, this deal was subject to "behavioral and structural commitments"

at the initiative of the parties, commitments "made compulsory by the Competition Council", said the standing commission of the Council in a press release. The investigation service analyzed the project of economic concentration on documents. Its investigation lasted 8 months taking into account the legal deadlines. The complete application was delivered in October 2022. The parties had previously to provide additional information on their project. As a result, the investigators suspended the processing time on the basis of Article 15 of the law on freedom of prices and competition: 20 more days were added to the 60 days in force in the event of commitments.

Sanlam and Allianz's operation has been subject to "thorough scrutiny". The two insurers initially pledged to keep their Moroccan

companies separate. The regulator ruled out any competition concerns in the field of life insurance and reinsurance. Allianz has a reinsurance license but is "not active" in this market or in that of policyholder assistance. Each of the companies distributes its products through its direct management agencies, independent agents, and brokers. The new entity - Sanlam Allianz Africa - has "moderate market shares" in life insurance and reinsurance where there are no "competition problems". This is not the case in non-life insurance: fire, accidents, and miscellaneous risks. The proposed economic concentration was likely to harm competition in the distribution of some of its products in small and medium-sized cities, particularly in the south of the Kingdom, according to our investigations, in

cities where there are not enough distributors and where the new entity has «strong market shares» in non-life insurance. The outcome of the operation would have led to "the absence of a sufficient alternative offering", thus consecrating a dominant position and therefore the risk of abuse. The two companies will have to "possibly transfer distribution points for their insurance products", according to our information. The insurance sector remains "moderately concentrated in terms of number of operators and market share", according to the 2021 report on financial stability published by the central bank (Bank Al-Maghrib), the Insurance and Social Welfare Authority (Acaps), and the capital market regulator (AMMC). □

Faïçal FAQUIHI

Airplane tickets Summer will be challenging!

MOROCCANS residing abroad are indignant. Many of them express their rage on social media in the face of the rise in the price of plane tickets. “*Too expensive, too expensive!*” Their anger couldn’t be higher, especially as the summer season coincides this year with the celebration of Aid Al Adha. Many people planned to spend the feast of the sacrifice with the family in the good old country. This wish might not materialize for some, given the high cost of tickets. On the other hand, among Moroccans wishing to spend their summer holidays abroad, some have been forced to reschedule their trip, waiting for a lull in prices. In recent months, prices have exploded and nothing suggests a drop in the short term. Indeed, the upward trend continues. Traveling on an airplane is becoming more and more expensive. Disparities certainly exist according to international destinations, but no destination has shown a decline. According to a travel agency in Casablanca, a Casablanca-Valencia return ticket for 4 people including 2 adults and two children aged 11

and 13 costs 26,000 Dirhams (US\$ 2,600), for a direct flight on board



an airplane of the Royal Air Maroc airline company scheduled for next July, knowing that children aged 12 and over are considered as adults and therefore pay the same price as their parents. For a direct Casablanca-Paris flight aboard a Royal Air Maroc plane, a family of 4 people (2 adults and 2 children aged 11 and 13), must pay 34,036 Dirhams (US\$ 3,404). Air France offers the same flight for the same period of July at a price of 26,925 Dirhams (US\$ 2,692). Fares are following an upward trend for long-haul flights. A Casablanca-New York return ticket for the same family of 4 costs 74,506 dirhams (US\$ 7,450).

For the Casablanca-Montreal flight, the price is 80,757 Dirhams (US\$ 8075) aboard a Royal Air Maroc plane, versus 64,500 Dirhams at Air France, with a stopover in Paris. These tariffs have deterred some Moroccans residing abroad from traveling to the country. “My husband and I have decided to postpone our trip to Morocco for later because the prices are beyond our budget,” laments a Moroccan living in Valencia, Spain.

Prices are fluctuating. They change overnight, from morning to night, from minute to minute, and from company to company. If someone buys a ticket from a travel agency, a Casablanca-Montreal flight costs 80,757 dirhams aboard a Royal Air Maroc plane. A simulation on the company’s website shows a much lower price: 51,104 Dirhams (US\$ 5,110). Travelers therefore feel lost in this maze of prices. The smartest travelers install apps on their smartphones to receive alerts relating to the cheapest flights of the day. This is one way to stay on the lookout for the best offers. □

Khadija SKALLI

Tax on land profit A new system next month

FROM July 1st onwards, a new mode of taxation and control of income tax on real estate profit will be put in place. The mechanism is provided for by the finance law and aims to strengthen the efficiency of the tax authorities and consolidate trust with taxpayers. But like any new measure, the new system arouses apprehension: the slowness of procedures, slowdown in transactions, and other issues.

These fears were swept away by officials at the level of the General Directorate of Taxes (DGI) for whom nothing justifies such fears. “*There is nothing new that should let people say that this would risk slowing down real estate transactions, especially since this problem only concerns transfers made by*

individuals, which remains marginal compared to real estate transfers made by developers”, says a source at the DGI.

The new system provides for the prior opinion of the tax administration. Before carrying out transfer operations, taxpayers may, when concluding the sales agreement, request this opinion from the administration. They will thus have an idea of the duties they will have to pay or even if whether yes or no they will benefit from an exemption.

It will be the responsibility of the tax authorities to validate the conformity of the elements determining the net taxable profit and the declaration of real estate profits. For this, a request must be submitted electronically according to a model established by the administration,

within 30 days of the date of the pre-sales agreement. The request must be accompanied by a series of documents: a presentation of the elements relating to the planned transfer operation, supporting documents relating to the determination of the tax or the exemption, as well as any other document or information supporting the request.

The administration’s response, which serves as a certificate of payment of tax or exemption, must be communicated to the applicant within 60 days following the date of receipt of the application. This answer remains valid for a 6-month period.

If the taxpayer proceeds to the payment of the tax on the basis of the elements of the certificate of liquidation, he will be exempted from the tax audit. Otherwise, the decla-

ration made may be subject to recertification in terms of land profits.

Those who will not opt for the declaration on the basis of the elements of the liquidation certificate and the persons who will not seek the opinion of the tax authorities will be subject to another scheme. They will be required to pay, on a provisional basis, the difference between the amount of tax declared and 5% of the sale price. Only persons who carry out exempt transactions and those relating to the contribution of immovable property and/or real estate rights to the assets of a company or a collective undertaking for real estate investment (open-ended property fund) will be excluded. □

Khadija MASMOUDI

Weekly highlights

Casablanca: Former wholesale market to be converted into gaming center



The re-establishment of the former wholesale market building in order to convert it into a socio-sports area will require a budget of 50 million Dirhams (Ph. L'Economiste)

WILL the former Casablanca wholesale market have a second life?

The rehabilitation and reconversion project for this site has finally been unearthed. This collective heritage of the commune of Roches Noires will be transformed. Its reconversion is also part of the projects of the Communal Action Plan (PAC), recently adopted. Located in the heart of the Belvédère district, the imposing building will be transformed into the “Casa Gaming e-sport center”, which will position itself as a physical meeting place for the digital generation. This concept will combine the key ingredients of digital literacy: games, music, content creation and digital know-how, with the aim of providing an inclusive environment for young

people to connect, collaborate, and create. This center should offer a living environment conducive to the development of the neighborhood’s youth, fight juvenile delinquency, and promote social and sports integration.

According to initial estimates, this center should attract some 50,000 visitors a year. The restoration of the building for its conversion into a social and sports space will require a budget of 50 million Dirhams (US\$ 5 million), the financing of which is split between the municipality (20%), and the Royal Moroccan Federation of Electronic Games (30%). The remainder will be paid by the Ministry of Youth and Sports. The reconversion program includes the redevelopment and renovation of the site, in order

to install socio-cultural facilities there, but before that, consultation and alignment workshops will be held with the various stakeholders concerning the requirements of the future center. Then, a call for tenders will be launched in order to select the service provider responsible for the construction of the centre. As for the next steps, they can be summarized as follows: definition of the management model, implementation of animation levers with the Casa Events & Animation and Casa Patrimoine, mobilization and training of HR, and finally putting the center into operation and monitoring its performance. As a reminder, since 1997, the former wholesale market of Belvédère was held hostage between the municipality and the Dimco company (subsidiary

of the Ynna Holding group). Both parties wished to acquire the former wholesale market, one to convert it into an Asswak Assalam hypermarket and the other into a nearby social and sports center. In the end, the municipality prevailed. This site is also the third one to be recovered out of the five municipal properties sought by the municipality, which wants to improve its revenue. The Zenata complex was the first one to be recovered in December 2016. The two other sites already vacated are the Moulay Rachid tennis complex (2017) and the former Belvédère “Crio Market” (2017). Sqala and Espace Plein Ciel Paradise are therefore the last sites to be included in the list of evacuations. □

Aziza EL AFFAS