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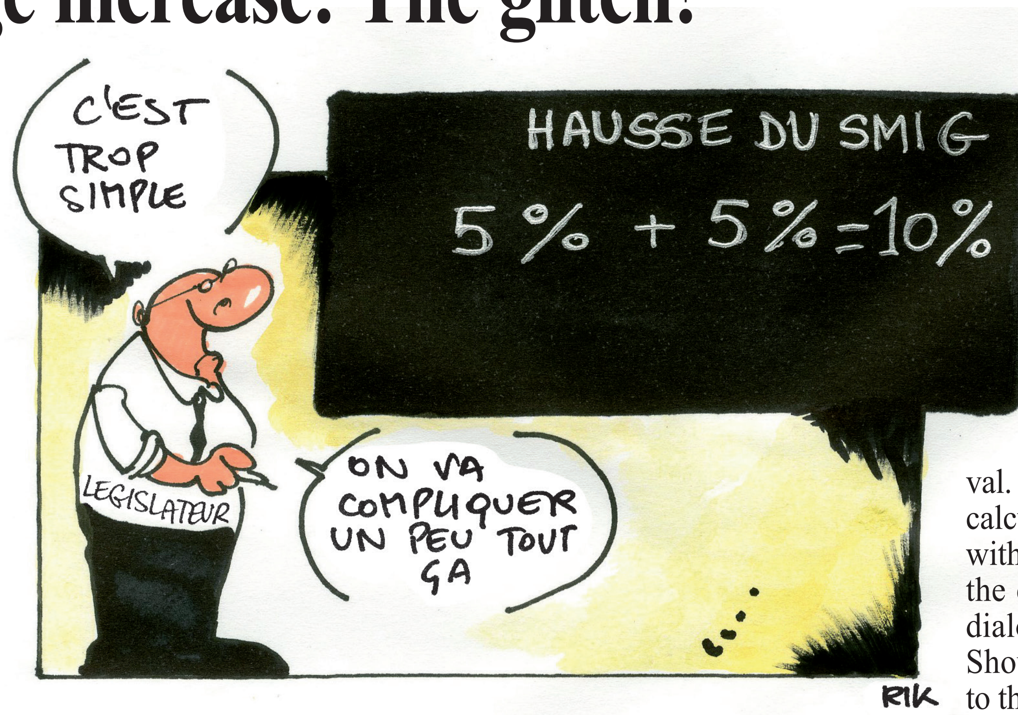
EDITORIAL **"Storytelling"** Meriem OUDGHIRI

NUMEROUS panels, B to B meetings, economic lessons, recommendations, business and partnership meetings, the signing of major agreements worth millions of euros and dollars, and plenty of emotion too. For a week, the Annual Meetings of the World Bank and the IMF, held in Marrakech, were one of the key international events on the finance planet. Following on from the signing in the country of the GATT agreements in 1994 and the COP22 conference in 2016, Morocco once again achieved a stunning master stroke. The major institutions and participants had the opportunity to demonstrate the country's commitment to the recovery momentum. One of the major lessons to be learned from these meetings is that it is possible to negotiate new trajectories to boost growth and make one's voice heard, and that of an entire continent, even at the height of major storms. Marrakech was a sort of 3D "storytelling" of an attractive country that has reached a new stage in its development. However, once the projectors have been turned off, the country will need to capitalize on the achievements of these Annual Meetings, at all levels, and continue to duplicate this mobilization across all territories, without losing sight of the transformational projects that have already been launched. Today, the desire to contribute to a better future is on everyone's agenda. As the Sovereign emphasized in his message to participants at the Annual Meetings, *"global challenges call for global solutions, and these can only be devised within a framework of unity and mutual respect"*. It is these commitments that make up the great moments in history. They form the basis of all reconstruction, which can only work with everybody's involvement. ❏

Weekly highlights

Minimum wage increase: The glitch!

WHAT happened to the decree relating to the second 5% increase in the minimum wage? Tired of waiting for publication of the decree concerning the second instalment of the minimum wage increase, some companies have already proceeded with their September pay rise. Other, more "legalistic" companies, sticking to compliance considerations, have preferred to wait for a legal basis for a retroactive increase in the minimum wage. Some regional offices of the Social Security Fund (CNSS) have even sent emails to members informing them that *"as of September 1, the Smig (minimum wage) / Smag (minimum agricultural wage) has been increased by 5%. Please take this increase into account in your next declarations from September 2023 onwards"*. Another e-mail clarified that the previous e-mail was *"just for information, the application of this increase will only be implemented when the decree is communicated by the Government Council"*. The situation is comical, given that the decree concerning the second increase in the minimum wage should have been published several weeks ago, for implementation as early as last September. The companies concerned thought they had seen the light at the end of the tunnel after the draft decree No. 2.23.845 was examined and adopted by the Government Council, which met on Thursday September 21. All that remained to be done was to forward the draft text to the General Secretariat of the Government (SGG) for publication in the Official Gazette. However, the gatekeeper realized that it wasn't quite right. Indeed, applying a 10% increase to an amount does not give the same result as if it were increased by 5% in two stages (2022 and 2023). The difference is considerable. According to the calculations of a chartered accountant, applying the 5% increase to a minimum wage (Smig) already revalued by 5% would give an increase of around 5.25% instead of 5% as agreed within the framework of social dialogue, which exceeds the level initially envisaged and which was 10% in all. It should be remembered that some companies employ several thousand employees, all of whom are paid the minimum wage, which indicates the potential financial stakes involved. The draft decree is currently being held up at the General Secretariat of the Government for these unprecedented reasons. The Employment Ministry will have to rewrite the draft decree and resubmit it to the next Government Council meeting for review and approval. The aim would be to revise the calculations to bring them into line with the level of increase agreed at the end of the last round of social dialogue at the end of April 2022. Should a 10% increase be applied to the latest minimum wage (Smig), which was in force until the end of August 2022, and spread over two operations, or should the 5% rate be revised downwards? According to the information in our possession, the draft decree has been rewritten to correspond to the 10% increase agreed as part of the social dialogue. It now remains to be seen whether the piece of legislation will be discussed and adopted again by the Government Council, or published directly in the Official Gazette. ❑



Hassan EL ARIF

Still too many business failures

RETAIL, real estate, and construction: these were the top three sectors in which companies experienced the most difficulties at the end of September. These difficulties ended up bringing many entities to their knees. At the end of September, 9,380 business failures were recorded by Inforisk. This represents an increase of 13% compared to the same period last year, and in the third quarter of this year, 2,709 cases were recorded, up 1%. *"It is mainly during the last quarter of the year that insolvencies accelerate. The year could end with 14,400 insolvencies"*, says Amine Diouri, Director of Research and Communications at Inforisk.

Very small businesses remain at risk: 98.6% of insolvencies concern them, compared with 1.3% for SMEs and 0.1% for large companies. *"Moroccan companies are currently experiencing many difficulties, including great pressure on their cash flow, but they are not giving up. We need to give them the means to overcome these difficulties and grow. This is what we expect from the next Finance Law, to be favorable to business growth and job creation"* «, said Chakib Alj, President of the Employers' Association (CGEM), at a press conference on the Employers' recommendations for the next Finance Law.

Casablanca has the highest number of business failures. It is followed by Rabat, Tangiers, and Marrakech. Per sector, retail has the highest rate: 33% versus 20% for real estate

Beyond the economic situation, very small businesses are penalized above all by long payment terms. The new law, which came into force last July, could "correct "the dysfunctions experienced by "inter-company credit", especially as it requires companies to make quarterly statements in order to provide information on the state of their payment terms vis-à-vis their suppliers. The new law applies initially to companies with sales of over 50 million dirhams (USD 5 million) excluding tax. The scale of fines for late payment is set at 3% for the first month of delay and 0.85% for each additional month or fraction of a month. From January 1, 2024 onwards, the obligation to make a statement will be extended to companies with pre-tax sales of between 10 and 50 million Dirhams (USD 1 to 5 million). In 2025, this obligation will be extended to companies with annual sales of at least 2 million Dirhams (USD 200,000) excluding tax.❑

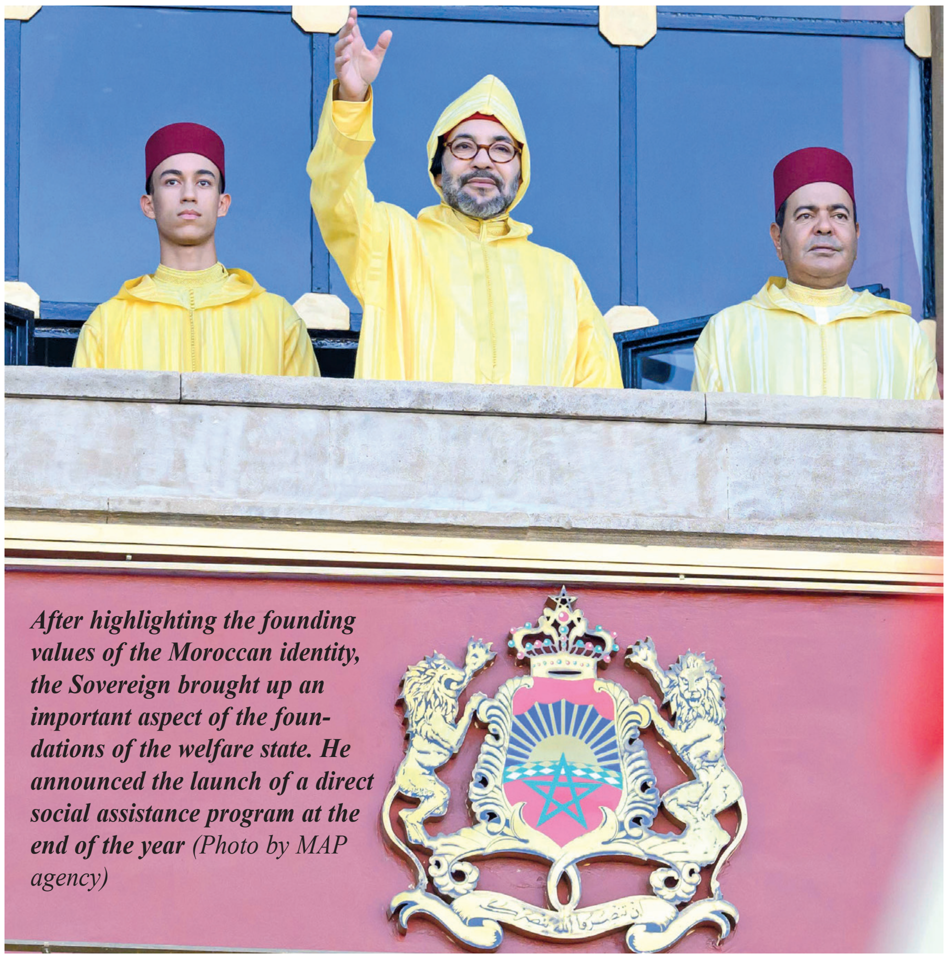
Khadija MASMOUDI

Weekly highlights

Social state

The royal model

THE opening of the autumn session of the Moroccan Parliament on Friday October 13 was marked by the presence of Kristalina Georgieva, IMF Managing Director, and Ajay Banga, President of the World Bank Group. The image of these two leading figures in international finance, in the front row of the Parliament, amidst the King's advisors and the Head of Government, confirms the extent of Moroccan hospitality, as one MP pointed out. He and the other MPs see the royal speech as a roadmap for the Government and Parliament for the coming year. They understand that it is all about speeding up the implementation of the reconstruction and rehabilitation program for the areas affected by the earthquake, which amounts to 120 billion dirhams (USD 12 trillion), over a 5-year period from 2024 to 2028. It is also imperative to continue supporting those affected by the earthquake throughout the year, with further financial aid of 2,500 dirhams (USD 250) per month, the distribution of which has already begun. After highlighting the founding values of the Moroccan identity, the King brought up an important aspect of the foundations of the social state. The King announced the launch, at the end of this year, of the direct social assistance program, an action which embodies the values of social solidarity that Moroccans hold in their DNA, said the Sovereign, who has decided not to limit this scheme to family allowances alone. Indeed, other vulnerable groups in society also need this support. This support program is aimed at school-age children, children with disabilities, and newborn babies. In addition, this program is dedicated to poor families in precarious situations, without children of school age, and more particularly to households with elderly dependents. The King pointed out that "thanks to its direct impact on the targeted families, this program will raise their standard of living, combat poverty and insecurity and, ultimately, improve social and human development indicators". In fact, society becomes more productive and enterprising when it is more united and better protected in the face of emergencies and cyclical fluctuations. The heads of international finance (IMF and World Bank), who were present in the Parliament, were certainly inspired by the royal demonstration.



After highlighting the founding values of the Moroccan identity, the Sovereign brought up an important aspect of the foundations of the welfare state. He announced the launch of a direct social assistance program at the end of the year *(Photo by MAP agency)*

In any case, the King recommended that the Government implement this program with a global vision and in accordance with the provisions of the framework law on social protection. The implementation of this program should be gradual, taking into account the evolution of the allocated credits and setting the optimal level of coverage, the amounts of financial transfers, as well as the modalities of their management, said the Sovereign, who recalled that this implementation must be «a model of success and should, therefore, be backed by the targeting system of the Unified Social Register (RSU) and take full advantage of the efficiency of new technologies «. However, the Sovereign insisted on "strict compliance with the principles of solidarity, transparency and fairness in the allocation of aid, particularly to those who deserve it". ❑

Mohamed CHAOUI

The Moudawana revisited by the royal will

THE Sovereign has called for a revision of the Family Code, to be prepared collectively and collegially. The copy must be delivered to him within 6 months. This is a strategic project, since a family is the basic unit of society. As such, the King always strives to create the right conditions to strengthen its cohesion. Indeed, a healthy society is built on the foundation of a healthy, balanced family. Correlatively, if the family breaks down, society inevitably loses its compass. It is for this reason that the Sovereign has always been keen to protect families, by initiating major projects and reforms in favor of families. ❑

Weekly highlights

Business aviation

The juicy business of private jets in Morocco

TUESDAY, October 10, Casablanca. It is 1:10 pm. A private jet, of the Cessna 650 model, belonging to the Moroccan business aviation company Sarah Airways, coming from Tangiers, lands at Mohammed V airport. On board were two VIP passengers, namely a Russian woman and an American man. Two pilots were at the controls, and a young stewardess was on hand to take care of them. As they disembarked, they climbed aboard a chauffeur-driven black Mercedes, which had been waiting for them on the tarmac for some time. The vehicle heads straight for the Jetex Executive FBO, a terminal dedicated to business aviation.

The Jetex team on site has already been informed of their guests' arrival. Every detail has been prepared to welcome them. Attentive and smiling, Amina Bahbah, Station Manager, personally sees to it. Drinks, cakes, petits fours, snacks, juices..., and flowers are offered to VIP clients.

Arriving at the FBO, VIP travellers are greeted by the reception staff in front of the entrance. Their first contact with handling services is in the VIP lounge, a comfortable, cosy area with a breathtaking view of the tarmac, where they can enjoy a coffee or a drink while waiting for the Jetex team to complete the formalities and security control procedures. Customs services are available on site. No queues. ONDA (Moroccan National Airports Authority) has set up this area to allow rapid passage of private jet passengers, for whom time is precious. Many business-people prefer to board these more luxurious machines for their business trips.

"We receive from 2 to 12 flights a day. It depends on the season. The peak period is September, after the summer vacations. The same applies to February, March, April and May. Activity drops off and stagnates during the summer months of July and August «, says Amina Bahbah, which is perfectly normal, since Casablanca is first and foremost a business destination.

A symbol of luxury mobility, the private jet has become an essential travel tool for government officials, companies, and celebrities alike.

"Our primary clientele are ministers and senior government officials. We also carry Moroccan and foreign business leaders based in Morocco, as well as stars of soccer and showbiz, including American actors «, explains Soumia Ryad, Sales Manager at Sarah Airways. Tourists are also on the privileged people's list. ❏

K.S.

Agribusiness: The shocks of a two-speed industry

THE agribusiness sector is full of paradoxes. Although Morocco is an agricultural country with a strong export calling, it also imports a large part of its domestic consumption at a high price, especially at a time marked by inflation, soaring commodity prices, disruptions caused by the war in Ukraine, climate change, falling rainfall, reduced yields from plots of land and fruit trees, and other issues. Furthermore, consumption of processed products remains low compared with neighboring countries. Another drawback is that volumes in the agribusiness sector account for no more than 12% of Morocco's industrial exports. What's more, SMEs with fewer than 200 employees make up the majority (95%) of companies in the sector. In other words, large, structured groups account for barely 5%. Among them are such benchmark companies as Copag, Centrale Danone, Cosumar, Koutoubia, Diana Holding, Unimer, and Holmarcom... Be that as it may, the sector remains characterized by strong ambivalence. While there are national champions, there are also many small, poorly structured production units.

In order to carry out the emergency reconstruction program, estimated to cost 120 billion MAD (USD 12 billion) over a 5-year period, the new agency will need to be as flexible as the MCA, which took charge of the American Millennium Challenge program

According to an analysis by the Moroccan Institute of Strategic Intelligence (IMIS), *"this ambivalence is largely explained by the gap between the upstream and downstream parts of the value chain"*. According to this think tank, *"even if agricultural production has been greatly increased in recent years, thanks in particular to the Green Morocco Plan and its successor 'Generation Green' strategy, the transformation of the raw material into an industrial product, for both domestic consumption and international markets, has not yet been achieved"*. In order to overcome this agro-industrial paradox, IMIS recommends that investment needs to be stepped up, especially in agricultural processing and value-addition, attracting investors, mergers, and consolidations between entities. The Institute also points to the numerous challenges facing the sector, both endogenous and exogenous, notably those linked to climate change, the instability of world geopolitics, the war in Ukraine, post-Covid disruptions, and other problems. These are all exogenous factors that dictate a high level of responsiveness, agility, constant monitoring, and strong resilience. ❏

Amin RBOUB