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EDITORIAL

Upheavals

Mohamed Ali MRABI

«**I**dleness is the mother of all vices». In a world governed by the mechanisms of the market economy, paid work has become the decisive form of social integration. Yet the ranks of the unemployed continue to swell, and one of the foundations of the welfare state is that no one should be left by the wayside.

In the 3rd quarter of this year, unemployment reached 13.5%. Internationally, inequalities are apparent between the developed world, which has succeeded in bringing this rate down to fairly low levels, and the developing world, which has yet to recover from the Covid crisis. In some countries, the recovery in employment has been fueled by informal activities. This is the trap we absolutely must avoid if we are to enshrine the values of inclusion promoted by the social state.

For the challenge is not just to create new jobs (which, incidentally, are not enough to absorb new entrants to the market), but above all to improve quality,

so as to avoid a proliferation of insecure jobs. This seems to be the direction chosen by the Government, which refers to a «*structural transformation of the labor market*».

In this quest for decent forms of work, it is not just a question of getting the indicators back into positive territory, in a short-termist vision. It is just as important to lift one's head up from the track, and better prepare for the upheavals associated with the arrival of tomorrow's professions. These will essentially be technological. A McKinsey study predicts that 60% of jobs are likely to be automated by 2030. For the World Economic Forum, more than half of all employees will need to undergo a substantial retraining.

Successfully negotiating this shift is no longer an option. Over and above the squabbling over unemployment rates, we need to take the bull by the horns to win the battle of training, retraining and so on. Because the skills that are relevant today, or were relevant yesterday, will no longer be relevant tomorrow. □

Weekly highlights

Public school: Planned destruction?

THE Trade unionists, political figures, parents... Many people firmly believe in a planned destruction of public schools, in a carefully orchestrated operation to put an end to free education. And they have no problem repeating it to anyone who will listen. The former SG of the Unified Socialist Party, Nabila Mounib, proclaimed it in a recent media release. Representatives of teachers' coordinations and trade unionists also miss no opportunity to put this forward. This "plot" against the "people's school" apparently began a few decades ago. If at the beginning there was an alleged desire to keep Moroccans in ignorance with a view to better "taming" them, today the goal would be to put the education system, this financial pit, in the hands of private tycoons. Is this a fantasy, a collective psychosis fueled by political one-upmanship? What are the foundations of this conspiracy theory? «The Government has never had the desire to destroy public schools, whether directly or indirectly!» says Mohamed Ould Dada, former HR director of the Ministry of National Education and former director of regional academy of education and



training. «It is just political one-upmanship. What destroys the school are the repeated strikes. They are also those who desert it», he believes. A second former senior ministry official, who worked with several ministers, supports this opinion. «The intention never existed. It's hard to imagine that this is the objective of any entity. It is more of a combination of ingredients», he assures. It is true that the setbacks of the education system over the last twenty years, despite the hundreds of billions of Dirhams swallowed up, and the major strategies and reforms deployed may seem incomprehensible. Others see the imprint of international institutions which would continue

to push the government to disengage from social sectors with a view to privatizing them.

«The private sector remains marginal compared to the public, even if it is visible in large cities, such as Casablanca and Rabat, where it represents between 25 and 30%. The 20% of students in the private sector recommended by the Education Charter in 2000 has never been reached», underlines Ould Dada. This measure is precisely one of the arguments of the "conspirators". For them, this recommendation of the charter is proof of the Government's desire to weaken the public in order to favor the private sector. They also relate to the tax exemptions offered

to private schools. However, these schools are indeed subject to taxes like all economic operators.

The new status of teachers represented new hope for closing this chapter of former contract workers. And now the unions, who claim not to have been associated with its final version, are stepping up to challenge it, multiplying strikes and sit-ins. The head of government has just announced the creation of a commission to improve this status, which he will chair himself. Will this be enough to get teachers back to class? In the meantime, students continue to be held hostage in endless standoffs. □

Ahlam NAZIH

Citrus harvest

Worse than previous seasons

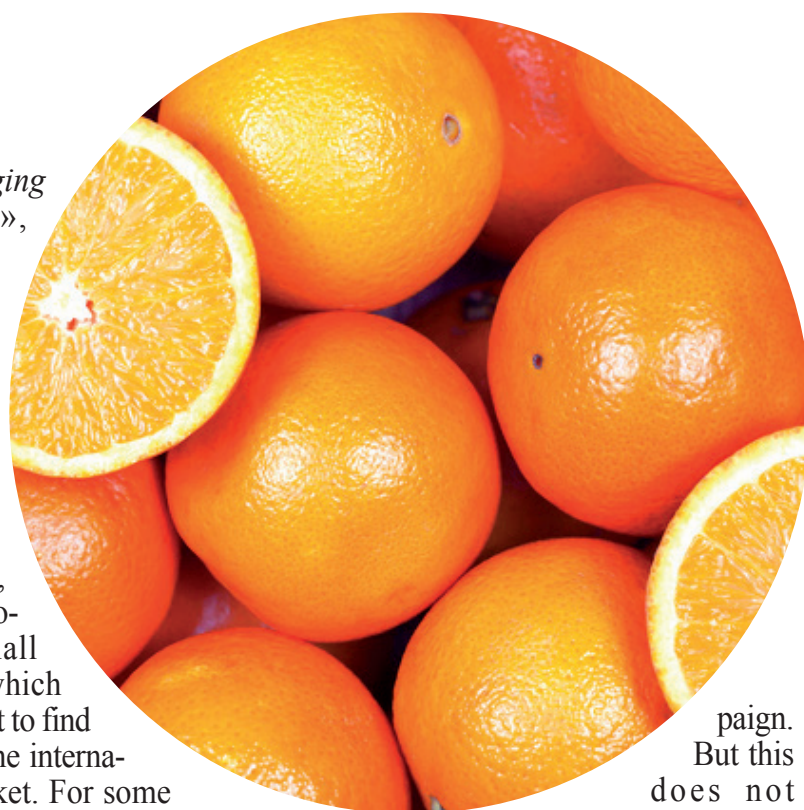
A very difficult season for citrus. Climatic conditions had a considerable impact on production. Water shortages and heat waves, which continued until last October, slowed down the ripening of these fruits. «The situation is very critical. The 2022-2023 agricultural season is worse than previous ones. Production is low. This can be seen in the price of oranges, which exceeds 10 Dirhams (1 US dollar) per kilo on the market. The clementine harvest began a month ago, and the navel harvest a few days ago. Results are not good. The orange harvest will start in the next few days, and it doesn't look good at all», says Brahim Belkora, CEO of Agro Juice Processing (AJP). This Meknes-based agribusiness group specializes in the production, packaging, and marketing of fruit juices.

The decline in production has forced this company's top management to increase the price of the juice, 1-liter format, intended for families. «This represents a 15-20% increase in the selling price. In addition to unfavorable weather conditions, the cost of juice production has soared due to a 140% increase in the price of the raw materials used to make the juice. The selling price of individual juice packs for children has been maintained», explains Brahim Belkora.

Mohammed Saidi, CEO of Vergers Domaine Tarifit & Packing house Eurober, located in the Berkane region, one of the bastions of citrus production, agrees. «Production on our estates has fallen by 50%. This is a significant drop in volume. We're suffering the repercussions of successive years of drought and heat», laments this professional. «We're ba-

rely managing to get by», he adds.

This campaign is also critical for citrus exports. Volumes have been reduced, with a majority of small sizes for which it is difficult to find takers on the international market. For some members of the business community, shipments for the months of October, November, and December 2023 are down by 20 to 25% for the same period of the previous cam-



campaign. But this does not stop the members of the business community from holding out hope. □

Khadija SKALLI

VAT increase: Government backtracks

FOUZI Lekjaâ was at the helm of the Finance Committee on Friday November 10, as part of the debate on the Finance Bill. After sometimes heated discussions on a number of sensitive issues, a number of amendments were approved. These changes mainly concerned VAT. They made it possible to grant an exemption, with the right to deduct, to households for sales and deliveries of water by organizations responsible for public distribution. The same applies to sanitation and water meter rental services, limited to water for domestic use. At the same time, it was specified that the gradual harmonization of the VAT rate applied to water, from 7% to 10%, would henceforth apply to water intended for non-domestic use. The same applies to sanitation services provided by organizations in charge of this activity, and to the rental of water meters intended for these uses. VAT on urban and road haulage has been reduced. Instead of the 20% ini-



tially planned, 10% has been opted for. The increase in the VAT rate from 14% to 20% will only apply to intercity passenger road transport, as is the case for rail transport. With regard to electricity, an amendment expressly states that the change in the VAT rate from 14% to 20% will have no impact

on electricity sales tariffs, which are set, all taxes included, by the ministerial order of 2014, still in force. In addition, the Finance Bill proposed to institute the principle of solidarity, in terms of VAT collection and payment, of any person directly or indirectly exercising functions of

administration or management of the company. Such persons will thus be held jointly and severally liable for VAT collected but not paid to the Treasury. On this point, Fouzi Lekjaâ was categorical: the aim of this provision is not to weaken or terrorize anyone. On the contrary, the more a company's business flourishes, the more it helps to safeguard the taxpayer's money. Although the question of liability has not yet been settled, it will be discussed in the House of Councilors. In this case, some M.P.s are invoking Article 98 of the Code for the Collection of Public Debts to avoid the controversial provision. However, this provision has been in place for almost 20 years and has not been a deterrent. Today, VAT is paid by citizens. Companies collect it as intermediaries and pay it to the Treasury. So if they keep it in their coffers, it's perceived as theft. In other countries, this may lead to a jail sentence, recalls a specialist. □

M.C.

Assets held abroad

The personæ non gratae in the regularization process

IT is back for the third time. The tax in full discharge of tax liability relating to the spontaneous regularization of assets and cash held abroad is due to run from January 1st to December 31, 2024 (see L'Economiste N° 6635 of 08/11/2023). However, the provision has undergone a number of changes in the 1st Chamber, which have prompted a number of comments. The amendment introduced excluded people with foreign exchange disputes, as well as those who had already benefited from previous «amnesties». *«The second tax in full discharge of tax liability was introduced during a difficult and complicated period. This period was marked by the health crisis. Omissions, difficulties in obtaining supporting documents, errors, or even bad advice...can occur»,* emphasize experts who add: *«excluding people who have already benefited from the amnesty is questionable. They should be given a chance to catch up. This could always be rectified by the Second Chamber»* of the Parliament.

In any case, spontaneous regularization spares tax filers from the sanc-



tions provided for in the law against infringements of foreign exchange regulations. These consist of payment of six times the value of the asset, and can be combined with custodial sentences. This regularization also makes it possible to avoid the penalties provided for in the General Tax Code.

At the end of the «reconciliation» operation carried out in 2020, declarations totaled 6 billion Dirhams (US 600 million) for 1,959 declarations. The amount paid to the Treasury was 528.6 million Dirhams (US 52 mil-

lion). By contrast, the 2014 operation was a great success. It resulted in 27.86 billion Dirhams (US 2.7 billion) in declared assets and 2.3 billion Dirhams (US 230 million) paid to the Treasury.

The next «edition» of the tax in full discharge of tax liability will concern the spontaneous regularization of assets and cash held abroad before September 30, 2023. It is aimed at individuals and legal entities with a residence, registered office or tax domicile in Morocco who are in breach of exchange regulations relating to

assets held abroad or in foreign currencies. These include real estate held in any form abroad, financial assets, securities and other equity and debt instruments held abroad. In addition, there are liquid assets deposited in accounts opened with financial organizations, credit institutions, or banks located abroad. Tax offences include failure to declare income, proceeds, profits, and capital gains relating to real estate and movable assets, as well as foreign currency balances held abroad. □

Khadija MASMOUDI

Weekly highlights

Railway ecosystem: Things are gathering pace

MOHAMED Rabiï Khlie takes measured steps forward. This year's international call for expressions of interest has borne fruit. About ten European and Asian manufacturers - the best in the world, to quote a source close to the matter - have responded positively. Today, ONCF is shifting gears, with the launch of a call for tenders for the acquisition of new trains and the development of the rail industry. The aim is to purchase 168 trains. 150 of them will be mobilized for inter-city services, fast shuttle trains, and 18 will be deployed for high-speed line extensions, more specifically for the Kenitra-Marrakesh link. The purchase of so much rolling stock is considered a first in the annals of Morocco's railroads. This large batch of rolling stock will be used to replace the existing fleet, which has reached the end of its service life, and enable regional connections in the form of fast shuttle trains. For the Office, the main goal of this major project is to offer



citizens the best sustainable mobility solutions, in line with Morocco's rapid development. The goal is also to help prepare for the 2030 FIFA World Cup, which Morocco will co-host with Spain and Portugal. For its promoters, this transformational project aims to reinforce rail as the preferred choice for sustainable and inclusive mobility. Five years after the first Moroccan and African high-speed line went into operation, Al Boraq continues to confirm its success. For the Board, it is the prelude to new challenges, aimed at opening up territories and offering citizens faster mobility options. To finance this gigantic investment, ONCF will have to raise 16 billion Dirhams (US 1.6 billion). The Director General of ONCF is stepping up

initiatives to raise awareness among public authorities of the need to embark on this adventure. The Ministry of Economy and Finance is in favor of this operation. It will be necessary to convince other financial backers to mobilize the necessary funding. It should be pointed out that ONCF's investment program for 2024 will be tripled to 4.771 billion Dirhams (US 477 billion), without taking into account the rail network extension projects mentioned in the financing agreements signed between ONCF and the Government. By way of clarification, the Office's budget for 2023 did not exceed 1.586 billion Dirhams (USD 158 million).

As part of the new draft program contract between the Government and ONCF for the 2023-2030 period, the Office has planned a set of ambitious investment projects with the aim of continuing the dynamic modernization of the Moroccan rail network, it is said. □

Mohamed CHAUI

Employment

The battle over numbers is reignited

A NEW tug-of-war has been launched between the government and the High Commissioner's Office for Planning (HCP). This time, the battle concerns employment and unemployment figures. The latest HCP statistics show a deterioration in the labor market in the third quarter. The employment rate fell by 1.6% and unemployment climbed to 13.5%. Had it not been for the fall in the activity rate, which stood at 43.2%, the level of unemployment would have been higher (see our November 10 issue). Minister Youness Sekkouri was challenged by members of the House of Councilors on this rise in unemployment and the destruction of jobs in recent months. Speaking during the weekly Question Time session, the Minister for Economic Inclusion, Small Business and Employment tried to put things into perspective, highlighting the rise in quality in terms of new job creation compared to those lost. The follow-up to the results of the national employment survey highlights «the creation of new jobs, especially



in the salaried sector. This shows the structural and qualitative transformation that the labor market is undergoing», according to the Minister. For him, «most job losses concern unpaid employment, particularly in rural areas, especially in the agricultural sector». He recalled that in the third quarter of this year, the number of jobs lost reached 297,000, mainly in rural areas, «due to low agricultural yields, particularly as a result of the repercussions of climate change». This is coupled with «a decline in the services and construction sectors in the creation of new jobs, given the difficult economic context». In the self-employment sector, a record

686,000 jobs were lost in Q3, compared with an annual average of 134,000 jobs created during the same period in 2021 and 2022. This, too, is a record. The results of the national employment survey reveal that most of these positions are unpaid. In response to criticism from M.P.s, the Minister explained that «the number of new jobs created, which are more qualitative than those lost, has not made it possible to meet the new demands for work, nor to absorb the jobs destroyed, especially in the agricultural sector. This has resulted in a rise in the unemployment rate». In his view, «the labor market has undergone a qualitative and structural transformation».

Sekkouri insisted that this evolution towards decent work is linked to the programs put in place to generalize social protection and promote employment. Critics have nevertheless pointed to the malfunctioning of some of the programs launched, and to the precariousness of the jobs created under certain projects such as Awrach. □

M.A.M.