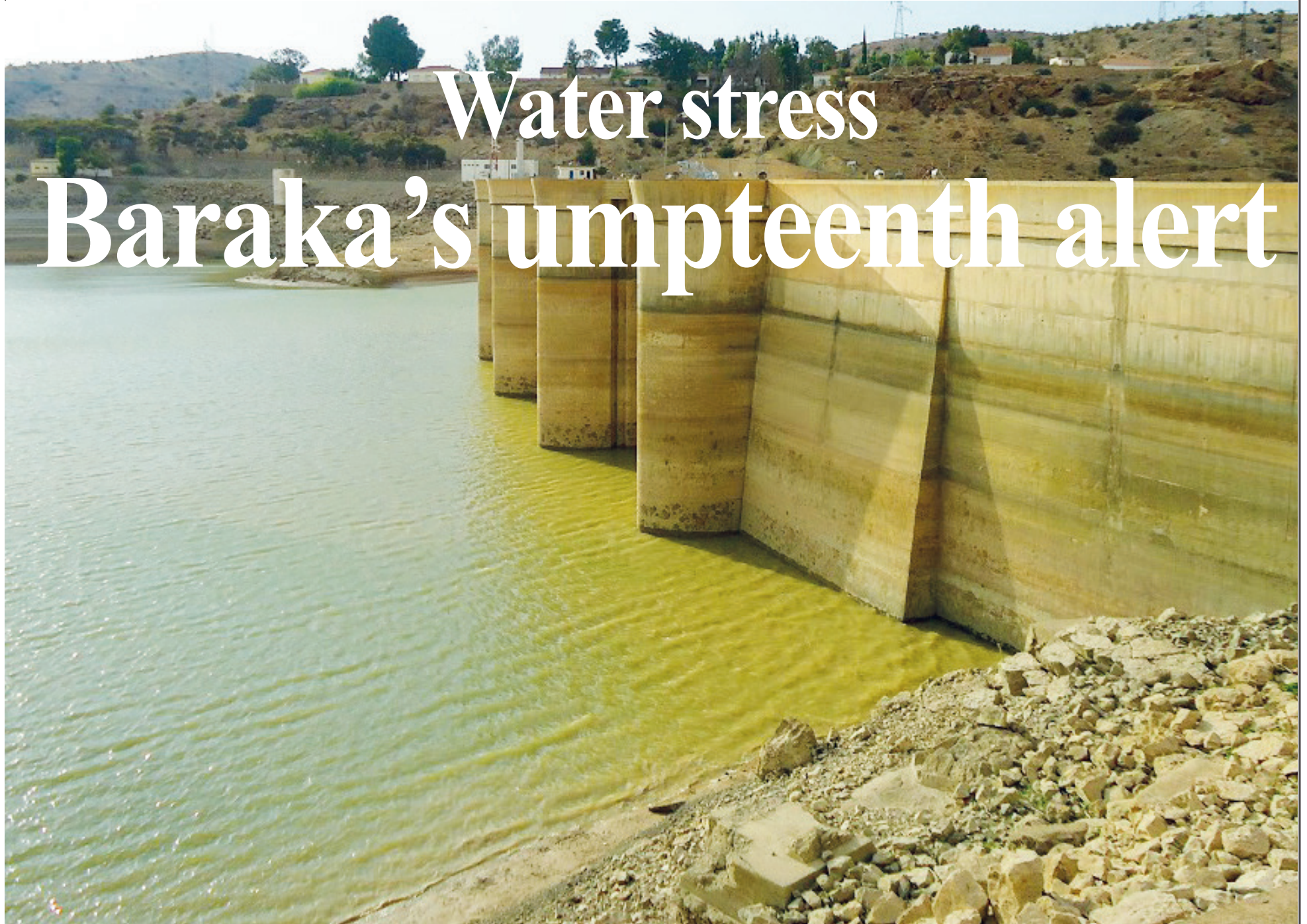


L'ECONOMISTE

Le premier quotidien économique du Maroc



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EDITORIAL

Malaise

Khalid BELYAZID

ONE day, a French village found itself without a baker. Not a single baguette. The only baker, tired of hearing the French people repeat « I don't like foreigners eating French people's bread », went back to his own country. This parable by a famous humorist dates back 60 years, but remains topical on the eve of the elections in France, which Moroccans are following for several reasons. Firstly, it is the country with which we have the most relations, from the signing of « Independence within Interdependence », and whose language we use extensively, right down to the Official Gazette. Secondly, who in Morocco doesn't have a brother or cousin who lives, works or studies in France, or has even become a French citizen? Finally, this vote revolves around one party, the National Rally (Rassemblement National), whose success is based on the fight against immigration, especially immigration by «Arabs» whom that party now calls «Muslims», then «Islamists»,

all suspected of being involved in crime or terrorism. And the danger is not so much the electoral program of that party, but its unabashed discourse. Whether the RN wins or not, popular «racism» will accelerate on a daily basis. It is a deep-rooted phenomenon that is affecting all of Europe, and it is fueling sneaky aggressiveness on a daily basis: a remark at the office, or a look askance at someone in the street, suffice to send you back to your suspicious origins. This phenomenon particularly affects the immigrant elites, who understand it, but who are experiencing it more and more, especially since they believe they are integrated and have become French citizens. A moral malaise that has to be weighed against the economic advantages of working in a developed country. The country of origin becomes an option. A brain drain, in the opposite direction, that we need to think about, welcome and organize, for our doctors, researchers, computer scientists...and also our bakers. □

Weekly highlights

Country risk

Morocco maintains its rating

MOROCCO continues to demonstrate its resilience in a troubled global context. In its Country & Sector Risk Barometer (June 2024), the Coface credit insurance group has maintained a «B» rating for Morocco (reflecting a «fairly high» risk in terms of country risk assessment). The business climate is rated A4. This is equivalent to an «acceptable» level of risk. Overall, «Morocco's rating remains unchanged». In comparison, and despite this rating, Morocco is better ranked than other countries in the Mena region. These include Algeria, Tunisia, Egypt (high risk), and Libya (extreme risk). Strategic position and proximity to the European market, institutional stability, sustained relations with Europe, the United States and international donors are all strong points, as cited by the credit insurer. Added to this are the large-scale inward investments from Europe and outward investments to West Africa, as well as the company's strategy of moving upmarket and



diversifying its industrial base. On the list of weak points, Coface cites inequalities (rural poverty, youth unemployment, lack of housing, corruption, and other issues) in addition to the impact of droughts on harvests. In view of this situation, Coface economists forecast a growth rate of

around 2.9% in 2024, compared with 3% in 2023. Inflation is expected to be 3.5% this year, compared with 6% last year. A slight lull is expected on the public debt front, which should stabilize at around 71% of GDP in 2024. Against a backdrop of stabilizing global growth, Morocco is cited as one of

the African countries where growth is expected to accelerate, according to the «Country and Sector Risk Barometer: Turbulent times ahead? Africa is expected to outperform and exceed 4% growth by 2025.

Coface's overall message is that «the earthquake has not compromised the recovery». Reconstruction efforts will support growth. In 2024, the manufacturing sector will continue to develop and support growth, via higher value-added exports in the automotive, aeronautical and textile sectors.

The government has announced a five-year reconstruction plan, budgeted at 11.7 billion US dollars, or 8.5% of GDP. It will be financed by an increase in budget spending and a contribution of two billion dirhams (\$194 million) from the Hassan II Fund for Economic and Social Development. On the other hand, international aid will reduce budgetary pressure, in the form of solidarity funds, loans and multilateral grants. □

Fatim-Zahra TOHRY

Public sector: World Bank support

600 MILLION US dollars is the funding approved by the World Bank's Board of Directors. It is earmarked for two projects aimed at improving public sector performance, as well as the inclusiveness and quality of public services. The first program supports the implementation of the reform of State-owned Enterprises (SOEs) and public agencies in Morocco (financing of \$350 million). It aims to improve the governance, the restructuring, the competitive neutrality, and the performance monitoring of State-owned Enterprises. To achieve this, the program will support the strengthening of the Government's shareholding functions, the improvement of governance, and management practices in the SOEs, the monitoring and tracking of performance (including climate impacts), and the establishment of a framework to ensure fair competition.

Additional funding (of \$250 million) for the Moroccan Public Sector Performance Program (Ennajaa)



Jesko Hentschel, Country Director for the Maghreb and Malta at the World Bank: «The reform of SOEs is a priority for Morocco, as emphasized at the last Council of Ministers chaired by His Majesty King Mohammed VI on June 1». (Photo by WB)

will continue to support the Government's efforts to improve performance and transparency, focusing on modernizing public administration. «The overriding objective of these

two projects is to improve public sector performance and the quality of public services delivered to Moroccan citizens, in line with Morocco's new development model, which

emphasizes the need for a paradigm shift to foster inclusive growth and greater private sector participation», said Jesko Hentschel, Country Director for Maghreb and Malta at the World Bank. This institution will support the Moroccan government right from the initial phases of the SOEs reform.

The results targeted by the program include a significant increase in the representation of independent members on the boards of directors of SOEs, as well as a rise in the representation of women from a low level to 30%. The other challenge is to establish a competitive framework conducive to private investment and climate impact reporting. «The reform of SOEs is a priority for Morocco, as emphasized at the last Council of Ministers chaired by His Majesty King Mohammed VI on June 1. With a view to national prosperity, the aim is to restructure the public portfolio, improve its performance and carry out reforms to offer the population affordable and high-quality services», added Jesko Hentschel. □

Fatim-Zahra TOHRY

Bank Al-Maghrib Board of Directors Betting on monetary easing

LOANS will become less expensive for businesses and consumers, which may further stimulate investment and consumption, thereby helping to sustain growth. Contrary to market forecasts, Bank Al-Maghrib's Board of Directors, meeting on Tuesday June 25, opted for monetary easing by lowering the key interest rate by 25 basis points to 2.75%. This decision is based on several factors and aims to respond to the current dynamics of the Moroccan economy. Inflation has declined. After rates of 6.6% in 2022 and 6.1% in 2023, it has returned to low levels in recent months due to the easing of external pressures and lower prices for volatile food products. On the other hand, taking into account the resumption of the basic commodities subsidies removal process, forecasts indicate average inflation of 1.5% for the current year, and 2.7% in 2025. This offers scope for a more accommodating monetary policy.



Abdellatif Jouahri, wali of Bank Al-Maghrib. BAM's Board of Directors, meeting on Tuesday June 25, forecasts a continuation of the upward trend in remittances from Moroccans Residing Abroad, with improvements of 1.9% this year and 5.3% in 2025 to 123.7 billion dirhams (US 12 billion). BAM also expects FDI receipts to increase by around 2024 and 2025

Moreover, inflation expectations, as measured by Bank Al-Maghrib's quarterly survey, have fallen significantly. Financial experts anticipate inflation of 2.7% over an eight-quarter horizon, reinforcing confidence in the control

of future inflation.

Bank Al-Maghrib's Board of Directors believes that previous monetary tightening decisions have stabilized bank lending rates and that these measures, combined with government action,

have succeeded in bringing inflation down to a desired level, while supporting the economic recovery.

In its forecasts, the central bank expects growth to reach 2.8% this year, before accelerating to 4.5% in 2025. This would be due to a combination of buoyant non-agricultural activities and a possible recovery in the agricultural sector. Projections point to a strengthening of non-agricultural activities, with growth rates of 3.8% in 2024 and 4.1% in 2025. This growth is underpinned by several factors. These include infrastructure projects, with the various major projects that have been launched and are scheduled to be completed, the continuing momentum of tourism activities, and the consolidation of household consumption, boosted by lower inflation and wage increases. However, agricultural production remains dependent on climatic conditions, which introduces a great deal of uncertainty into forecasts. □

Khadija MASMOUDI

Housing Tax and CST TGR now alone in the driver's seat

THIS is the big bang of a project that has been underway since 2022 and is being implemented gradually between two major public institutions, with 2024 corresponding to the final phase. As of July 1, the registers for the Housing Tax and the Communal Services Tax (CST) will be transferred in their entirety from the General Tax Directorate (DGI) to the General Treasury of the Kingdom (TGR). The DGI's external services are therefore preparing to entrust the TGR with all the files of taxpayers liable for these two taxes. The aim is to transmit to the TGR all the documents and data required to liquidate the unpaid amounts of the two taxes, and to issue new tax rolls. According to the initial plan drawn up by the Ministry of Finance, the backlog of files concerned is estimated at 50% of the total. The transition was carried out in two stages, with 25% of files being processed each year. A decree to this effect, signed by Nadia Fettah, Minister of Finance, will be published in the Official Gazette for



The transfer of the remaining 50% of taxpayers liable for the Housing Tax and the Communal Services Tax (CST) represents a major paradigm shift, since they will now be managed from end to end by a single administration

implementation from the beginning of next month.

What are the implications of this new reshuffling of cards? This change in responsibility will not require any particular action on the part of taxpayers.

However, from July 1 onwards, they will have to contact the TGR collection offices or log on to the TGR website.

For users, the complete transfer of files relating to the two local taxes

should mean an improvement in the quality of service, as they will no longer be shuffled between two separate administrations and will be able to deal with a single contact. The transfer of files also means that future requests for tax relief or deferred payment will have to be made to the TGR rather than the DGI.

The transition process was to be implemented over the 2022-2024 period. Initially, the city of Mohammedia was selected as a pilot site. Local TGR departments were to be responsible for issuing tax rolls, handling disputes, and granting rebates for the Housing Tax and the Communal Services Tax. The experiment was gradually extended to other annexes, communes, circles, and districts of other cities from last October, with the rest of the districts due to switch over before the end of 2024. □

(1) French version of the decree published in Official Gazette number 7014 of 19/08/2021

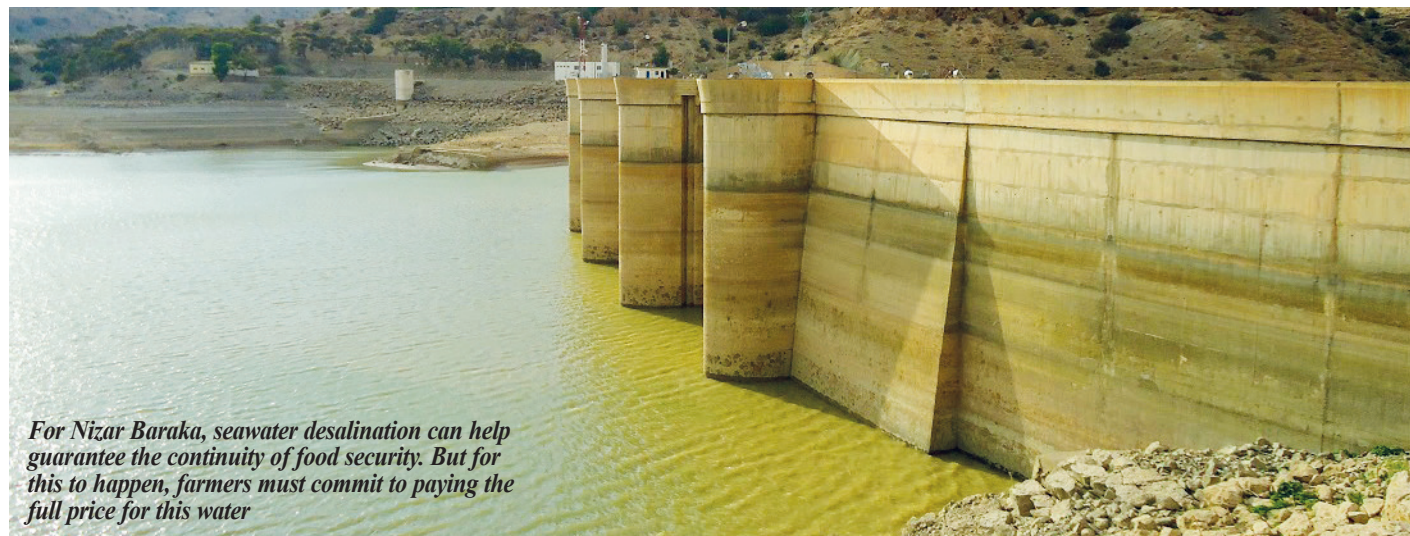
Hassan ELARIF

Weekly highlights

Water stress: Baraka's umpteenth alert

«**W**HEN it comes to water, we are in a state of emergency. It is true that in Morocco's history, we have not experienced 6 successive years of drought. This is the first time in Morocco's history that the temperature has been 1.8 degrees higher than in previous years. As a result, evaporation levels have risen to 1.5 million cubic meters per day». Nizar Baraka told M.P.s during question time in the House of Councillors on Tuesday, June 25 about the constraints and achievements of the Government in the water sector. The Minister of Equipment and Water complemented this gloomy picture by pointing out that the snow cover this year was minimal, not exceeding 4,500 square kilometers, compared with 36,000 square kilometers in 2023. This shows the impact on the level of satisfaction of water needs, particularly in terms of groundwater recharge.

The Minister recalled the acceleration in the pace of completion of the eighteen dams, from 6 months to 3



For Nizar Baraka, seawater desalination can help guarantee the continuity of food security. But for this to happen, farmers must commit to paying the full price for this water

years. «If water is available, we will be able to store it to guarantee 3 to 4 years of irrigation», said the Minister. For Baraka, all efforts are converging on three pillars, one of which concerns water from dams. The second concerns seawater desalination and wastewater treatment. The third pillar concerns rationalizing and saving water use.

«For drip irrigation, we want to reach 1 million hectares by 2030, hence the extra effort required in this area. In addition, we have begun work to improve

the profitability of piping for drinking water and agriculture «noted Baraka, «because we lose between 30 and 50% of water due to leaks in the pipes.»

The Minister emphasized the principle of solidarity. His department has embarked on an operation which shows that Morocco is a leader in terms of solidarity between coastal and inland cities. Thanks to the Office Chérifien des Phosphates (OCP), a new plant will be built in Safi to supply the cities of Marrakech, Benguerir, and Yousoufia.

This year, the city of El Jadida will supply water to the city of Khouribga. In fact, the aim is to ensure the supply of drinking water to inland cities which have a deficit in this area. The Minister noted a problem for Safi, saved by the OCP plant. Without it, the city would have had no water, as the El Massira dam has only twenty-three million cubic meters. Those quantities would not have been sufficient to bring water to the city of Safi. □

Mohamed CHAOUI

Trafficking in illicit products Customs step up the hunt

IN recent years, traffickers and fraudsters have modernized their modus operandi, which has become increasingly sophisticated, in order to elude the vigilance of border controllers. In response to these developments, «Customs is constantly adapting its methods of combating the various forms of illicit trafficking, adopting a proactive and collaborative approach with other law enforcement agencies». This is what emerges from the annual activity report for fiscal year 2023. During this period, the Customs and Excise Administration stepped up its fight against cigarette smuggling. As a result, «the magnitude of cigarette smuggling has been further reduced». The annual report refers to the results of the 10th cigarette prevalence survey, carried out in 2023, which revealed a smuggled cigarette penetration rate of 1.85%, down from the previous two years. Last year, 438,784 units of contraband cigarettes and various.



Last year, 438,784 units of smuggled cigarettes and various tobacco products were seized. In total, tobacco product seizures in 2023 involved over 1.85 tons of ground tobacco, 789 kilos of leaf tobacco, and 3.3 tons of maassel (shisha tobacco).

With regard to drug trafficking, Customs relies on the use of technological resources and the development of intelligence and collaboration with other national and international law enforcement agencies. This has «led

to significant seizures in 2023, most of them higher than previous year «.

Two other areas in which the Customs services are mobilized: the fight against smuggling and counterfeiting. «With the development of online trade, particularly sales via the social media, which are a privileged channel for the distribution of counterfeit products, Customs has strengthened its control mechanisms».

In total, the volume of counterfeit items seized in 2023 amounted to

Seizures of illicit products in figures

1.85 tons of ground tobacco

789 kg of leaf tobacco

21 tons of cannabis resin

261 kg of hard drugs

361,572 units of psychotropic tablets

2,021,886 compared with 1,821,886 in 2022, an increase of 11%, with a total estimated value of 19.9 million Dirhams (USD 2 million).

With regard to smuggling, Customs has stepped up its operations to monitor organized flows and locate suspicious warehouses, particularly in busy areas. This led to major seizures of goods (excluding cigarettes and narcotics) with a total value of 262 million Dirhams (USD 26 million), versus 123 million (USD 12 million) in 2022. □

Mohamed Ali MRABI