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Le premier quotidien économique du Maroc

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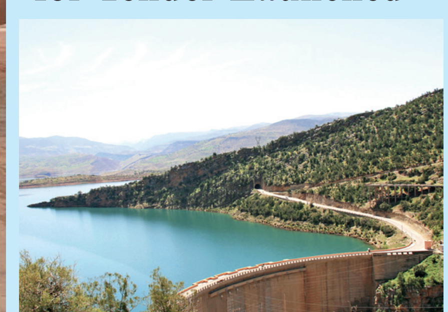


The Shipping Industry A Strategic Lever for Economic Sovereignty

EDITORIAL

«Walk or Die»

Mohamed Ali MRABI

AFTER Artificial intelligence is everywhere, or almost. Its multiple variations are changing the world. Governments and companies are beginning to prepare for it. In this race, it's "walk or die!"

At Gitex Global, taking place this week in Dubai, discussions are focused on the significant contributions of AI and how it is transforming various fields such as industry, health, and education.

Some countries are pioneers. The United Arab Emirates has a Ministry of AI, and most other departments and public institutions have an AI officer. The private sector is also getting involved. AI academies have emerged, which is essential to keep pace with these rapid developments. While some jobs will disappear, others will be created, requiring a different workforce with new skills.

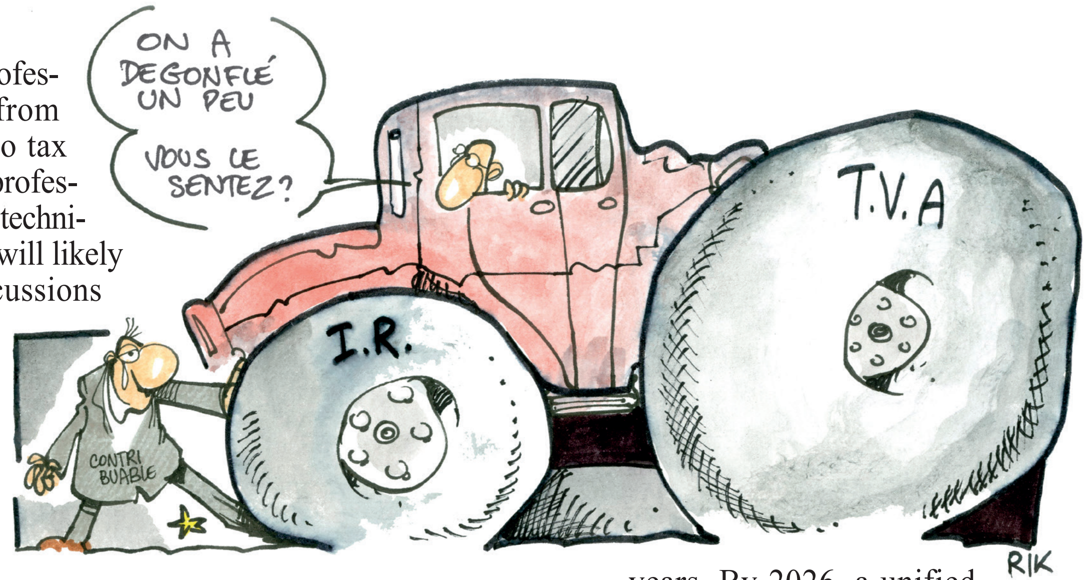
To avoid the emergence of a generation of digital illiterates, education is also called to align with the transformations induced by AI. The current system will quickly become outdated.

Morocco, which has just launched its Digital Strategy 2030 (with a focus on AI), aims to position itself in this sector. However, it must equip itself with the means to achieve its ambitions, especially if it wants to establish regional power in technology fields. Otherwise, the country risks being surpassed by other competitors (who can also be useful partners) such as Nigeria. Its leaders (who are also preparing for their Gitex) have promised to do everything to solidify their position as a hub, attracting startups and tech giants. In this competitive context, it is worth noting that the decisive factor is the political will to create an «enabling environment» that fosters the emergence and especially the expansion of this ecosystem. ❏

Weekly highlights

Reform of Income Tax

Uncertainty for Professional Incomes



FOLLOWING the reforms of corporate tax and value-added tax (VAT), which could be adjusted again next year, attention is now focused on revamping the income tax scale. Starting in January 2025, salary taxation will undergo a reorganization, in line with agreements reached through social dialogue. As part of this process, the Government has agreed to a slight reduction in the tax burden. The monthly exemption threshold will increase to 6,000 dirhams (USD 600), extending the annual exemption from 30,000 to 40,000 dirhams (USD 3,000 to 4,000), effectively exempting incomes below this amount. The marginal income tax rate will also be reduced from 38% to 37%, along with an adjustment of the taxable income brackets.

This reorganization, approved with social partners, will lead to a monthly gain of up to 400 dirhams (USD 40) for middle-income earners and will cost the state nearly 5 billion dirhams. However, a key question remains: Will professional incomes benefit from this reform? According to tax professionals, excluding professional incomes could raise technical challenges. This issue will likely be addressed during discussions on the 2025 Finance Bill, which must be submitted to Parliament by October 20.

Meanwhile, tax revenues continue to show significant growth, with an overall increase of 13.8% compared to the same period last year, bringing the total to 231.3 billion dirhams (USD 23 billion). This growth is attributed to the strong performance of various tax categories, both direct and indirect.

Income tax (IR) increased by 13.2% by the end of September 2024, reaching 43.8 billion dirhams (USD 4.3) compared to 38.7 billion a year earlier. Refunds amounted to 268 million dirhams (USD 26 billion), slightly above the 263 million recorded last year. Net income tax revenues were notably boosted by an 18.5% rise in real estate profits and a 20.4% increase in revenue collected by the Directorate of Personnel Expenditure (DDP), which reports to the General Treasury. Corporate tax also grew by 12.6%, reaching 55.2 billion dirhams (USD 5 bîlion) by the end of September 2024.

The 2023 Finance Bill introduced a comprehensive reform of corporate tax rates, aiming to provide greater visibility and stability for investors through a phased approach over four years. By 2026, a unified 20% rate will apply to all companies with net taxable income below 100 million dirhams (USD 10 million), while a 35% rate will target companies with a net taxable income equal to or above 100 million dirhams (USD 10 million). Additionally, a 40% rate is reserved for credit institutions, the Caisse de dépôt et de gestion financial institution, as well as for insurance and reinsurance companies. ❏

Khadija MASMOUDI

Electricity/Renewable

Energy Two New Tariffs Soon

THE National Electricity Regulation Authority (ANRE) is preparing to introduce two new tariffs to regulate the booming renewable energy market in Morocco. These are the Medium Voltage Grid Usage Tariff (TURD) and the Distribution Services Tariff (TSD). The first tariff targets self-producers with production facilities far from their usage zones, as well as developers operating under Law 13-09 relating to renewable energy. The second tariff is for self-producers working under Law 82-21 on self-production of electricity.

The two new tariffs, TURD and TSD, will allow operators to sell their «surplus production» to grid managers

These tariffs are set to take effect in early February 2025. In the meantime, ANRE is holding consultations with all stakeholders in the renewable energy sector in Morocco. Supported by Deloitte, Abdellatif Bardach, ANRE's president, and his team have already met with all grid managers (GRD). A follow-up consultation meeting with other stakeholders in the renewable energy sector, including members of the Energy Federation and the Moroccan Association of Solar and Wind Industries (Amisole), part of the National Federation of Electricity, Electronics, and Renewable Energy (Fenelec), has also taken place. The goal of this inclusive and participatory approach is to exchange ideas to clarify and jointly define the best mechanisms for properly implementing laws related to renewable energy and self-production of electricity from clean sources.

In this context, Fouad El Cohen, president of Amisole/Fenelec, praised ANRE's approach and commended its teams for creating «tariffs that are very much in line with Amisole's expectations.» However, said El Cohen, «We must ensure that we don't over-tax to maintain the competitiveness of national electricity. The TURD and TSD tariffs must therefore be based on real services provided to self-producers by GRDs. It is crucial to avoid turning these tariffs into mechanisms for compensating potential losses for GRDs.» In other words, Amisole calls for all GRD service tariffs for self-producers to be detailed and published. Additionally, it proposes that the tax be unified across the entire national territory. ❏

Aziz DIOUF

Weekly highlights

Industry

Extreme streamlining of procedures to Secure Investment

«NO The Head of Government, Aziz Akhannouch, eight ministers (Ryad Mezzour, Abdellatif Miraoui, Leila Benali, Mohamed Abdeljalil, Nizar Baraka, Mohcine Jazouli, Fatim-Zahra Ammor, and Younes Sekkouri), along with several regional presidents, made their mark at the second edition of National Industry Day. This edition was held jointly by the General Confederation of Moroccan Enterprises (CGEM) and the Ministry of Industry and Trade. Under the theme «Industry, a Catalyst for Transforming Territories in Light of the Kingdom's Transformative Projects,» the National Industry Day brought together a large number of economic and institutional operators. The aim is to strengthen the platform for discussions on the issues of sovereignty and the transformation of national industry within the framework of the new national strategic orientation. The royal message addressed during the first edition set a new course: the national industry must undergo a transformation aimed at upgrading its quality, with the goal of integrating new global value chains.

Industrial and technological innovation, industrial sovereignty, a «Made in Morocco» label—these are the challenges facing the national industry

Eliminating Administrative Barriers

"To secure industrial investment, we must eliminate administrative and regulatory barriers." The message is clear and direct. Ahmed Réda Chami, president of the Economic, Social, and Environmental Council (CESE), did not mince words. "We need to eliminate permits and retain them only in vital sectors. We should replace long procedures with specifications and ex-post verifications." Chami's remarks were well received by the national industrial elite.

Earlier, the Head of Government presented the progress made in the sector. The figures are striking: the value of industrial exports has multiplied by six, increasing from 61 billion dirhams (USD 6 billion) in 1999 to 376 billion dirhams (USD 37 billion) in 2023. Additionally, Morocco has increased the number of its industrial enterprises, which rose from 4,500 in 1999 to around 13,000 in 2023, along with the number of jobs created (from 477,000 to 1 million today). "Our country has also managed, within this momentanément, to expand its economic openness through free trade agreements that have given it the opportunity to access over 2.3 billion consumers," said the Head of Government, highlighting the creation of 22 new industrial acceleration zones (ZAI's) in eight regions and the payment to businesses of over 20 billion dirhams (USD 2 billion) in VAT arrears and others... For the current year, the latest sector indicators appear very encouraging, said Aziz Akhennouch. Thus, during the first half of 2024, the industrial sector (including crafts) created 92,000 jobs, surpassing that of the services sector. ❏

Badra Berrissoule &
El hadji Mamadou GUEYE

Further Development of Local Solutions

RYAD Mezzour, Minister of Industry and Trade, noted that the industry has generated 816 billion dirhams in exports over the past 25 years. The minister also provided details on the sector's automotive performance: Morocco has become the leading car producer in Africa, with 148 billion dirhams (USD 15 billion) in exports and a 69% integration rate in 2023. "In reality, the Kingdom currently produces a car every minute and boasts competitiveness comparable to that of China," the minister proudly stated. In the aeronautics sector, the 150 operators established in Morocco exported 23 billion dirhams in 2023. "The integration rate of the sector exceeds 42%," insisted the minister. Reflecting on the achievements of the past 25 years, Mezzour highlighted that the Moroccan industry generates 2 billion dirhams in daily turnover and 1 billion dirhams in daily export turnover.❏

What Business Leaders Think

"WE overall display an integration rate of 69%, on par with Germany and Japan," said Chakib Alj, president of the Moroccan employers association (CGEM). The business leader noted that in 2023, the industry recorded a notable increase in its exports, reaching 429 billion dirhams, compared to 329 billion in 2021. "A high-performing and export-oriented industry does not only help rebalance our trade balance; it also strengthens the stability and resilience of our currency," declared Alj. He further expressed hope that industrial integration will extend to various sectors. "We must adopt the same logic for textiles and agribusiness, where countries like Turkey and China manage to achieve rates exceeding 70%." Alj stressed the need to develop more local solutions to secure supply chains. "The establishment of a national strategy for enhancing Moroccan production, particularly through a 'Made in Morocco' label, constitutes an important lever," he added saying.❏

Weekly highlights

Flood Damage Calls for Tender Launched

THE Question Time session at the Parliament last Monday was dedicated to the measures taken to address the effects of the floods on infrastructure in the southeastern regions of the Kingdom. This gave the Minister of Equipment and Water, Nizar Baraka, the opportunity to list the many road sections that have been reopened. «The royal directives have given us an opportunity to strengthen our efforts.», he said. This refers to the special program of 2.5 billion dirhams (USD 250 million), half of which is allocated to basic infrastructure. The reconstruction of bridges, rural roads, and of some roads of a special category has already begun. The ministry has launched calls for tender for the completion of 71 road sections and 69 engineering structures as part of the rehabilitation program for areas affected by the floods in the southeast. To finalize these programs, additional projects require studies that will begin in 2025. Additionally, the ministry has compiled an inventory in collaboration with local authorities and the Ministry of Interior. The dossier has been submitted to the Head of Government, who chairs the commission established to oversee the start of the work.The minister emphasized the need to review certain aspects, highlighting negative points. For example, in the bregion of Tata, his department is rebuilding a bridge. However, this is not enough, as it is essential to construct another structure in a different location. These floods occur every 100 years, with the next expected in 500 years. Therefore, it is crucial to prepare for future scenarios, taking into account climate change and its accompanying extreme events, including increasingly severe droughts and floods. Nizar Baraka highlighted the inventory work done with local authorities and the relevant ministries concerning the structures that need to be rebuilt. The list includes projects funded by the Ministry of Equipment's budget, he noted.❑

Current climatic conditions, with strong heat waves, high temperatures and low humidity create an environment conducive to fires

Mohamed CHAOUI

The Shipping Industry A Strategic Lever for Economic Sovereignty

ALTHOUGH still in its early stages, Morocco's maritime industry represents a crucial lever for the national economy. With a 3,500 km coastline and continuously expanding port infrastructure, the country has all the assets to develop a competitive shipbuilding sector. This is particularly relevant following the speech of His Majesty on the occasion of the Green March celebration in 2023, which emphasized the need to promote the development of the Kingdom's Atlantic coast, especially in the metropolises of the Moroccan Sahara. The priorities iinclude building a maritime economy and encouraging the Blue Economy. Furthermore, the Sovereign called on public authorities to reflect on establishing a strong and competitive commercial maritime fleet.

In its latest report, «The Crucial Challenge of Developing the Shipping Industry in Morocco,» presented on Tuesday, October 15, in Rabat, the Economic, Social, and Environmental Council (CESE) highlights the need to strengthen this industry to bolster economic sovereignty, especially as global crises have underscored the importance of autonomy in shipbuilding and repair. The report sheds light on the sector's significant yet largely underutilized strategic potential. Between 2013 and 2022, the sector generated only 500 million dirhams in annual revenue, primarily from fishing boat repair and maintenance. However, the maritime industry could play a key role in Morocco's industrial diversification, complementing the country's thriving automotive and aerospace sectors.

Key Figures of the Shipping Industry in Morocco

- Length of Moroccan coastline: **3,500** km
- Exclusive economic zone: **1,200,000** km²
- Number of ports: **43** (**14** of which are open to foreign trade)
- Sector revenue between 2013 and 2022: **500** million dirhams/ year
- Contribution to GDP: **0.01**%
- Direct jobs created between 2013 and 2022: **700** jobs

The CESE council identifies several obstacles to the industry's development. A major challenge is the reliance on imported inputs, such as steel, which limits the sector's competitiveness. Moreover, Morocco has yet to attract private investors to the industry. To address these challenges, the Council recommends adopting an integrated national strategy based on three main pillars. First, the establishment of an institutional framework for coordination between public and private stakeholders. Second, the implementation of incentive measures to attract investors and strengthen industrial integration. Lastly, the targeting of high-potential segments such as fishing vessel construction, ship repair, and ship dismantling.

The development of Morocco's shipping industry could complement the automotive and aerospace sectors, which are already key pillars of the Moroccan economy, further contributing to the country's industrial diversification. ❑

Amine BOUSHABA