

Weekly highlights by L'ECONOMISTE

Ghost companies Less than 2 months before disappearing



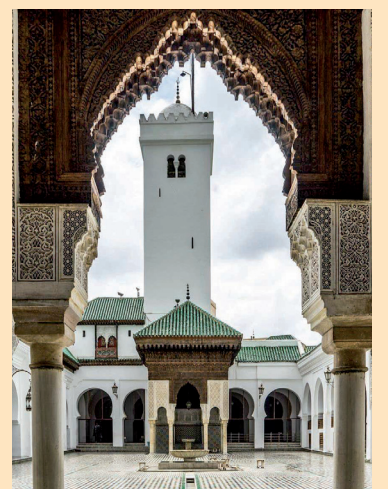
Taxation: Incentives for FIFA



**Investment
OECD points to
structural obstacles**

**Underemployment,
unemployment, regional
disparities:
The dreaded triangle**

**Final preparations for
the sacred music festival**



EDITORIAL

Better trade

Mohamed Ali MRABI

THE Government wants to give foreign trade a boost. Omar Hejira, the new Secretary of State in charge of this sector, is said to be preparing a new roadmap to revitalize Moroccan exports. This was promised to Parliament by the Head of Government, Aziz Akhannouch. The new vision will be unveiled in a few months' time. This revival of the sector, which was left orphaned in the previous governmental architecture, will make it possible to sort out "what is not working", as the head of the Executive pointed out. This concerns in particular the evaluation of certain free-trade agreements, in which Morocco has a trade deficit. Restarting the trade machine also depends on the level of mobilization of the private sector. Moroccan operators must "dare" to enter certain markets that have traditionally been risky, but which now offer considerable scope for progress. Because, while FTAs provide a

framework for transactions, "it is up to the private sector to energize it by investing", as one operator put it. Today, in addition to traditional partners, it is just as important to identify new growth markets, particularly in Africa. The African Free Trade Area (AfCFTA) offers enormous opportunities. So far, only around 50 companies have taken the plunge. Strengthening trade with the continent is also in line with the philosophy of the royal Atlantic Africa Initiative. For, in addition to the economic spin-offs, trade would also help to defuse certain causes of conflict in the area. Admittedly, the idea that trade would be a vector for peace between peoples no longer seems so relevant. Today, it is rather the rejection of war that enables "better trade". But for this to work, trade must bring security and inclusive socio-economic development. □

Weekly highlights

Taxation: Incentives for FIFA

THE Finance Bill for 2025, discussed by the Committee, provides for the introduction of a tax incentive scheme for FIFA representations in Morocco. The International Football Federation is to set up an office in Morocco for 300 of its executives. They will stay until at least 2030, when the World Cup will be hosted by Morocco, Spain, and Portugal. As these people pay their taxes in Switzerland, the government has no intention of subjecting them to double taxation, said Fouzi Lekjaâ. This is why the Minister in charge of the Budget wanted to include tax provisions sufficiently in advance, as a way of giving Morocco a serious image. The idea is to set up a regional training center in Morocco for coaches and other soccer experts, such as those in charge of VAR, so that the process can be certified. In Africa, there are two centers, one of which is located in Senegal. It should be pointed out that, as part of FIFA's support for the establishment of its permanent regional office in Rabat,



The International Football Federation (FIFA) is to set up an office in Morocco for 300 of its executives. They will stay until at least 2030, when Morocco, Spain, and Portugal will host the Football World Cup. The Government wanted to include tax provisions well in advance

and to support the development of its activities in Morocco and the region, the Finance Bill has proposed the introduction of a tax incentive scheme for its representations. This applies to all activities and operations carried out in accordance with the company's articles of association.

FIFA will be exempt from corporate income tax, income tax on salaries, VAT, as well as registration and stamp duties. In fact, the note presenting the Finance Bill states that "FIFA will be granted a total permanent exemption from corporate income tax for all activities and

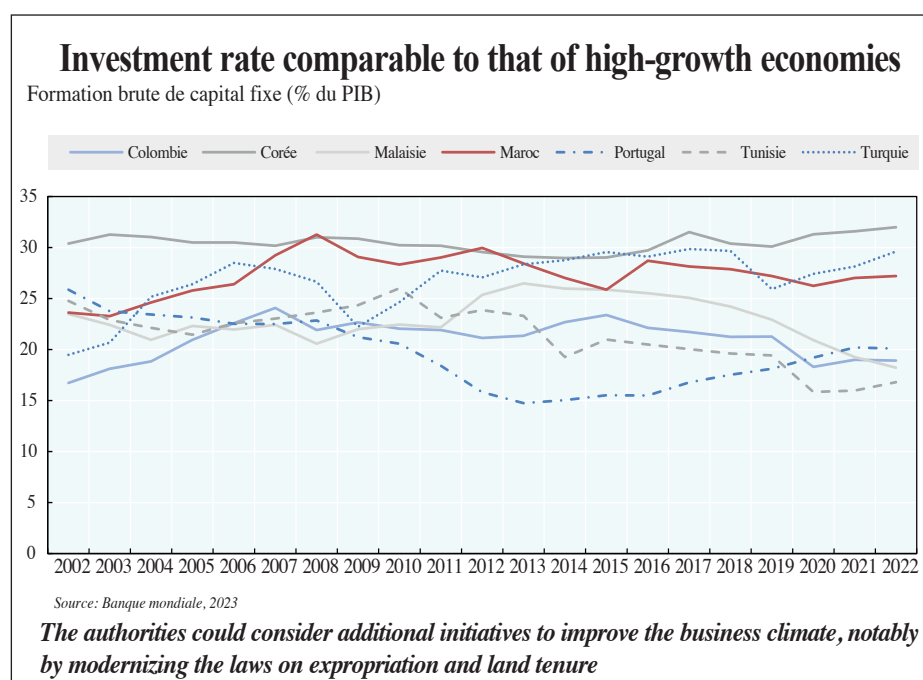
operations in line with the purpose defined in its bylaws". There is also an exemption from withholding tax on income from shares and similar income, for income distributed by representations in Morocco to FIFA or one of its affiliated entities. The same applies to the exemption from withholding tax on remuneration paid by these representations to FIFA or to one of its non-resident affiliates, not forgetting the exemption from domestic and import VAT on goods, materials, merchandise and services purchased. The exemption extends to registration and stamp duties for all documents issued by FIFA representations in Morocco, including, where applicable, residence permits issued to FIFA representatives and employees of FIFA representations in Morocco. Lastly, the exemption will apply to income tax on salaries and related income for staff working for FIFA representations in Morocco who are not Moroccan nationals. □

Mohamed CHAOUI

Investment

OECD points to structural obstacles

MOROCCO is one of the most attractive investment destinations in the Mena region. Significant improvements in the business climate and infrastructure, combined with macroeconomic and political stability, have stimulated investment and growth in high-productivity sectors of global value chains. This is the message of « The OECD Investment Policy Review: Morocco 2024 », published on November 04. This second review analyzes Morocco's domestic and foreign investment climate. With this in mind, the Kingdom has resolutely focused on implementing modernized investment laws and regulations. The adoption of the new Investment Charter, following the implementation of the New Development Model, has breathed new life into Morocco's investment climate. The sustained pace of business law reform has also contributed significantly to making the country an attractive and secure destination for foreign investment.



Morocco has also undertaken reforms to support the country's digital transformation and attract investment in the digital economy. These reforms are concrete measures aimed at improving the business environment and investment policy framework. They have also boosted net FDI in-

flows. This stood at over 16.34 billion Dirhams (USD 1.7 billion) at the end of September 2024. This represents an increase of 50.7% compared with the same period a year earlier, according to the Foreign Exchange Office.

However, structural impediments

remain to the full implementation of these reforms, notes the OECD team. "Although there is a strong commitment from the highest levels of government, translating this commitment into action within public institutions at national and regional level is less evident," the OECD team points out. For example, a number of interrelated priorities are at the heart of the Government's drive to improve the business climate, including the simplification of administrative procedures and processes, the devolution of administrative decisions and investor support, and the digitization of public services. Putting these measures into practice will require considerable capacity-building for public servants at all levels. With this in mind, the successful implementation of Morocco's advanced regionalization project will be essential to improving operational procedures and attracting investment throughout the country, thus supporting the sustainable development of the regions. □

Fatim-Zahra TOHRY

Zombie companies: no more time to lose!

COMPANIES wishing to cease trading and disappear from the radar have just two months left to take advantage of the amnesty. The Finance Bill 2024 provides for a system of regularization of the situation in return for a number of advantages. The remaining time may not be sufficient to complete the two obligatory formalities beforehand, i.e. obtaining a cancellation of the Commercial Register (Commercial Court) and of the business tax (DGI, General Directorate of Taxes). The declaration of deletion from the Commercial Register is likely to be difficult to obtain at short notice, due to appointment problems on the commercial courts' electronic platform. This is likely to penalize latecomers and prevent them from benefiting from the scheme if they do not act quickly. This measure applies to companies that have not generated any sales over the last four financial years, or that have paid the minimum contribution of 3,000 dirhams (USD 300) for legal entities and 1,500 dirhams (USD 150) for individuals, and wish to cease trading



In addition to improving purchasing power and incomes, other major issues are on the negotiating table: the draft organic law on pensions and pension reform

definitively. On the other hand, the fiscal year(s) that have been subject to one of the normal or accelerated procedures for rectifying tax bases provided for under Articles 220 and 221 of the General Tax Code (CGI) are excluded from this derogation. In addition to regularizing their tax situation, companies opting for this measure will benefit from an amnesty on financial penalties (penalties, surcharges and other collection

costs) for failure to file tax returns or pay taxes listed in the General Tax Code in respect of years not barred by the statute of limitations. To this end, the company concerned must file a declaration of total cessation of activities before December 31 and pay a lump-sum tax of 5,000 dirhams (USD 500), i.e. a total amount of 25,000 dirhams (USD 2,500) for the five non-time-barred financial years (including 2024). Those who

comply with these procedures are exempt from tax inspection, unless the General Directorate of Taxes (DGI) finds "fraud, falsification, or use of fictitious invoices". In this case, the DGI may initiate a tax audit under the conditions of ordinary law. It is the last chance for those who want to bury their companies as dead bodies. □

Hassan ELARIF

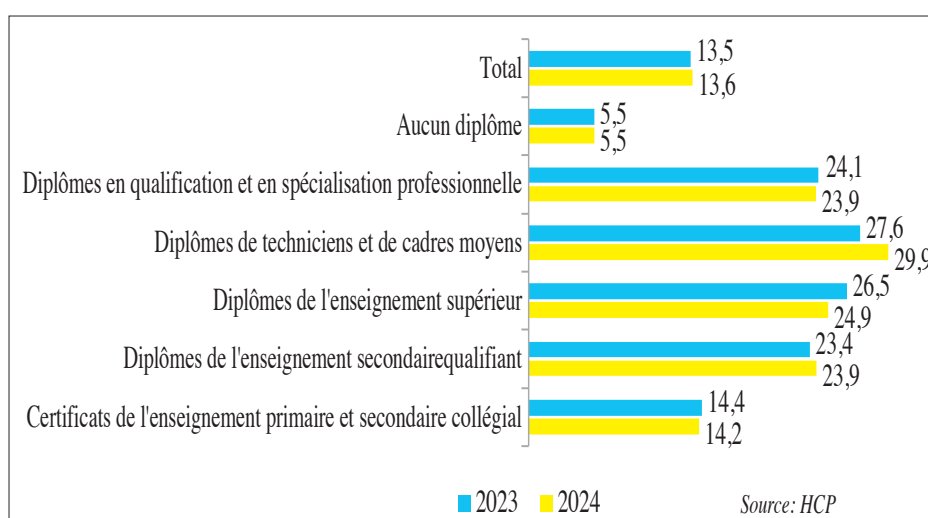
Underemployment, unemployment, regional disparities

The dreaded triangle

THE national economy is still struggling to create sustainable, inclusive jobs. In the third quarter of 2024, economic growth reached 2.8%, supported by a recovery in domestic demand and a rise in exports. However, this growth remains insufficient to absorb the increase in the working population, causing a slight rise in the unemployment rate. An analysis of the labor market reveals complex dynamics.

Despite the creation of 213,000 jobs nationwide, mainly in urban areas, the unemployment rate rose to 13.6% nationwide.

This rise is the result of insufficient employment growth in the face of an increase in the working population. Unemployment in rural areas fell from 7% to 7.4%, while it remains high in urban areas at 17%, reflecting a persistent mismatch between job supply and demand, exacerbated by the decline in agricultural activities. Over 1.68 million people remain unem-



Three years after the entry into force of Law 13-21 relating to the legal uses of cannabis, Mohamed El Guerrouj, CEO of the National Agency for the Regulation of Activities Relating to cannabis (ANRAC) recalls the imperatives which govern the activity (Ph. Privée)

ployed, a situation that particularly affects young people, women, and graduates. Young people aged between 15 and 24 are the hardest hit, with an alarming unemployment rate of 39.5%, followed by women at 20.8% and graduates at 19.8%. These figures reflect a mismatch between the train-

ing on offer and the job opportunities available. The High Commissioner's Office for Planning (HCP) reveals a further complexity: underemployment continues to grow, now reaching 10% nationwide. This situation, which affects almost 1.07 million working people, highlights the increasing use

of precarious or part-time jobs, often unsuited to workers' qualifications. In the construction sector, for example, the rate of underemployment has reached 19.9%, reflecting unstable working conditions despite growing demand for labor. Despite this, the national economy saw an overall increase in employment thanks to the creation of 231,000 jobs in urban areas, partly offsetting the loss of 17,000 jobs in rural areas. This job creation resulted from an increase in paid positions (+262,000) and a decrease in unpaid positions (-49,000). One thing is certain: the employment situation in the third quarter of 2024 reveals both progress and persistent challenges. The results illustrate a complexity that calls for rigorous public policies, aimed at strengthening the resilience of the most fragile sectors and promoting inclusive, sustainable growth in all regions of the country. □

Khadija MASMOUDI

Weekly highlights

Al Quaraouiyine, a temple of renewed knowledge

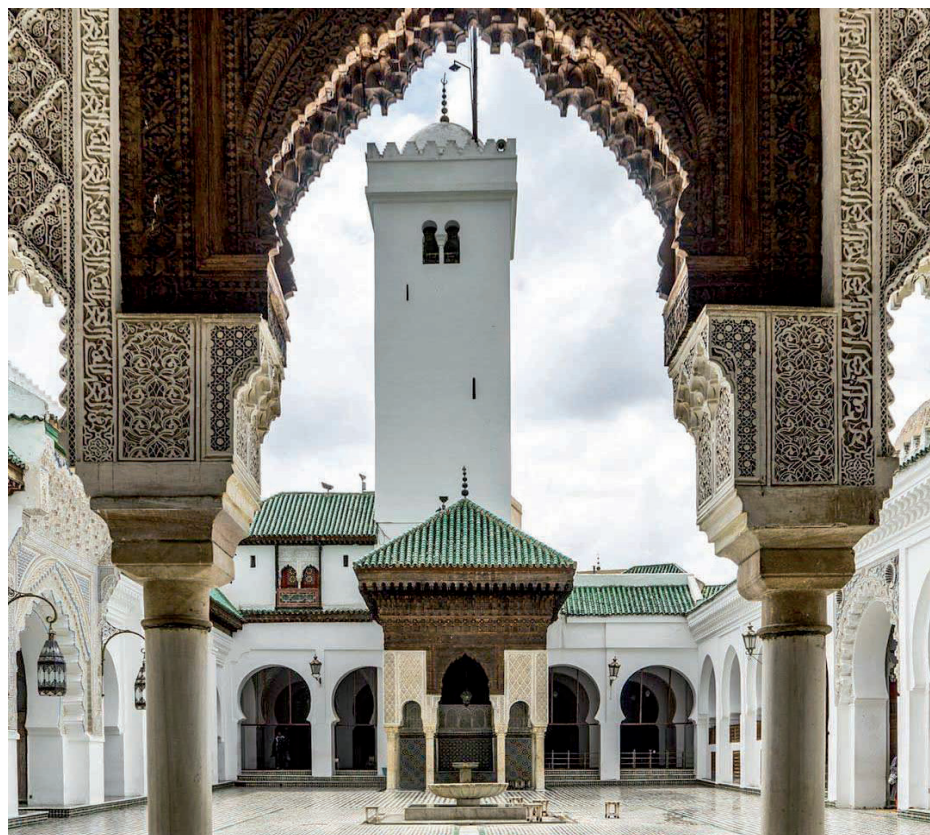
meeting rich in historical lessons. This is what the Fondation Maroc du Patrimoine recently initiated with an inaugural conference, entitled “*Al Quaraouiyine University: Twelve centuries of scientific influence*”. Indeed, the Foundation invited a distinguished speaker, Amal Jallal, to tell the story of one of the world’s oldest universities, Al Quaraouiyine. Appointed president of the university in October 2015, Jallal spoke about the university’s role as a result of its scientific influence, based on its openness and the diversity of its teaching system.

Twelve centuries of scientific influence

A The university president recalled some of the historic moments that bear witness to the greatness of this institution, which dates back almost 12 centuries. For the lecturer, Al Quaraouiyine is not only a scientific institution, but it has also become one of the spiritual capital’s historic monuments. Despite the prevailing vagueness about its founding date, many historians agree that it was in 859, thanks to Fatima Fehriya, daughter of a wealthy merchant from Bani Fahr who wished to create a grand mosque. Over time, and with the succession of Morocco’s royal dynasties, this monument was transformed into a great university welcoming students from all over the world, particularly after the University had undergone numerous expansions from the Idrissid to the Alaouite dynasties. Built a hundred years before Al-Azhar University, Al Quaraouiyine has seen many prestigious figures from the fields of medicine, philosophy, jurisprudence, sociology and Sufism pass through its doors. These include Abdessalam Ben Mchiche, Abou Mediene, Ibn Rochd, Ibn Maymoun, Ibn Khaldoune, Ibn Baja, Ibn Arabi, Lissane-Eddine Ibn Al Khatib, as well as Pope Sylvester II, who attended the school. “*Thanks to the opening of the Al Quaraouiyine University, the city of Fez has become an essential stopover for scholars from Andalusia, the Mashreq and Africa on their way to Fez, or from Fez to these regions*”, said Jallal. He continued, saying: “*The University has also remained open to welcome academics and students from a variety of backgrounds, and has continued to award its diplomas to graduates without*



For Amal Jallal, President of Al Quaraouiyine University, the intellectual influence of this institution has attracted renowned thinkers, some of whom have left their mark on Arab philosophy. These include Averroes (Ibn Rochd), Avempace (Ibn Baja), and Ibn Khaldun, a pioneering historian and sociologist.



interruption from its inception to the present day”. And thanks to the Quaraouiyine and its surrounding schools, the spiritual capital has had a great influence on the Islamic West and even on the Mashreq. Better still, the Idrissid city has become a cultural bridge between Andalusia and the Mashreq on the one hand, and between Andalusia and Africa on the other.

Cultural bridge between Andalusia and Mashreq

Today, thanks to the interest of the Sovereigns who have reigned in Morocco in this great scientific and

cultural edifice, Al Quaraouiyine continues to exist, to teach, and shine. “*His Majesty King Mohammed VI is working to restore this university to its former glory and the leading role it has played since its foundation, and to establish it as a benchmark scientific institution providing high-quality specialized training in the sciences of religion, the history of thought and Islamic civilization*”, said Jallal. “*Al Quaraouiyine University holds a little-known world record. Certified by the Guinness Book of Records, it is recognized as the oldest university institution still in operation in the world*”, he concluded. □

Youness SAAD ALAMI

The oldest university

AL Quaraouiyine’s longevity surpasses that of its European counterparts. The University of Bologna, founded in 1088, occupies second place in this ranking. It is followed by the universities of Paris (1160), Oxford (1167), and Cambridge (1209), all founded several centuries after the establishment of the Moroccan institution. Al Quaraouiyine’s unique status testifies to the rich cultural and educational heritage of the Maghreb. The central role played by this region in the transmission and development of knowledge over the centuries is recognized worldwide. Its intellectual influence has attracted renowned thinkers, some of whom have left their mark on Arab philosophy. These include Averroès (Ibn Rochd) and Avempace (Ibn Baja), iconic figures of medieval thought. Ibn Khaldun, a pioneering historian and sociologist, also walked the grounds of this age-old institution. Thanks to the Sovereign’s interest, the university continues to pursue its educational mission, combining tradition and modernity. The presence of the University in the global academic landscape underlines the remarkable continuity of higher education in Morocco, from medieval times up until the present time. □