

# Weekly highlights by **L'ECONOMISTE** *30 ans de fidélité*



**The specter of stagflation looms**



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## Tourism: Operators... Get to work!

**EDITORIAL**

**The ant and the grasshopper**

Meriem OUDGHIRI

**V**olatile, Uncertain, Complex, Ambiguous (VUCA), this is a fashionable management term that perfectly describes what we are experiencing today. Every day brings its share: swelling inflation, tightening financial conditions, and lockdowns in China, creating new bottlenecks in global supply chains... to which one could add the dreaded specter of stagflation potentially looming ahead. The situation is not likely to get better anytime soon with the persistence of several unknowns, analysts predict. A considerable backlash that has repercussions on household consumption, which is flagging, shopping carts are getting empty, and growth is wavering. In this totally extraordinary situation, major recipes as a response to the crisis are popping up everywhere. How to provide liquidity to households and businesses in the face of banks that are even more vigilant not to advance funds to risky borrowers? Tapping into the Government money

that was originally earmarked for subsidies to low-income households would be a very bad idea, according to experts. This would risk cancelling public investments and therefore all the snowball effect that this would entail.

So what to do? As one knows, no system can live for long beyond its means because, otherwise, that would be mortgaging the future. It is now or never that these famous concepts of industrial and food sovereignty must be rolled out and operate at full speed. It is now that the country must show agility, consider what really works, and learn the lessons of our excessive dependence... It is now that the country must prepare itself for the post-crisis and do like the ant of French fabulist Jean de La Fontaine that ousts the grasshopper at the end of the story. In other words, one should work and know how to plan ahead and pile up stores for the winter... □



## Weekly highlights

# Tourism: Operators... Get to work!

**E**nd of the PCR soap opera! The last stumbling block in tourism has finally been removed. As we announced in preview (See our edition of Monday, May 16 - Issue 6261-: The PCR millstone), the Government has just announced the cancellation of the condition of the screening test for the coronavirus. From now on, to enter Morocco, it is no longer mandatory to present a PCR test. On the other hand, the vaccine pass remains compulsory. The Government's decision came into effect as soon as the Government press release was published on Tuesday evening May 17.

The day after the cancellation of the PCR test, tourism professionals say they are unanimously delighted. "We can only welcome the removal of the PCR. We are completely relieved", said to L'Economiste Wissal El Gharbaoui, Secretary General of the National Confederation of Tourism (CNT). There remains a small problem: "Does this decision imply the choice between the vaccine pass or the PCR test?" Or: «Does it cancel the PCR and only require the vaccine



The challenge today consists in recovering lost market share and above all in capturing new global demand (Ph. L'Economiste)

pass?». The Ministry of Health answered these questions in detail, on Wednesday, May 18 at the start of the afternoon. Indeed, according to the Department of Health and Social Protection: "The health measures for the various points of entry into Morocco now require the presentation of a valid vaccine pass against SARS-Cov-2, in accordance with the national vaccination protocol, or the result of a negative PCR test not exceeding 72 hours". In addition, the ministry recalls that a valid vaccine pass means "the administration of

three doses or, failing that, two doses, the administration time of the second dose does not exceed four months, with the exception of the Johnson vaccine & Johnson, where a single dose is equivalent to 2 doses of the other vaccines".

As for children under 12, they are exempt from all access conditions, but, beware, vigilance will have to remain in order. The relaxation of the conditions of access to the country implies even more vigilance in the sense of continuing to take precautions, monitoring the health situation,

and monitoring the evolution of the pandemic on a global scale.

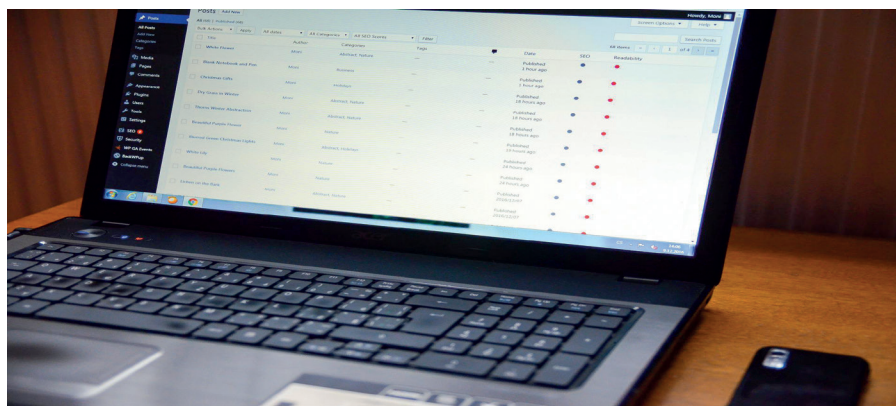
One thing is certain, the stakes of the decision to abolish the obligation of the PCR test are multiple and cross-cutting ones for the entire ecosystem of the tourism industry. The first impacts will be reflected in terms of stimulation of travel and more appetite for Morocco as a destination both among Moroccans residing abroad and foreign tourists.

Today, the main challenge is to regain market share both among nationals of the diaspora and among foreign tourists from the main source markets. It would be naive to believe that the removal of the PCR test will necessarily result in systematic flows of tourists. To achieve this, "the operators and the public authorities being called upon to work together on the factors of competitiveness, the quality/price ratio, the end-to-end customer experience, brand awareness, the reputation... It is fundamental, it is about the construction of the recovery of the industry", said the SG of the CNT. □

Amin RBOUB

## Public procurements: A strong system against fraud

**P**ublic procurements are often singled out as a sector where corruption and fraud of all kinds thrive. The draft decree aims to bring order through the implementation of enforcement measures. Thus, Article 159 states that "in the event of presentation of an inaccurate sworn statement or falsified documents, or when fraudulent acts, corruption, repeated breaches of working conditions, or serious breaches of commitments have been identified at the expense of a competitor or of the holder, sanctions, without prejudice, criminal proceedings are started". First by a decision of the minister concerned, as far as Government contracts are concerned, or the minister supervising the State-owned enterprise concerned, after consulting the National Commission for Public Procurements (CNCP). This involves the temporary or permanent exclusion of the competitor from contracts awarded by the services under his authority or the establishment concerned. This exclusion measure may be extended to ten-



The draft decree on public procurements could not ignore technological developments. Thus, it deals with the filing and withdrawal of bids from competitors electronically in the public procurement portal (Ph. L'Economiste)

ders issued by all State administrations and State-owned enterprises, by a decision of the Head of Government, on the proposal of the minister concerned, after consulting the National Commission for Public Procurement. Another type of sanction can be taken by decision of the Minister of the Interior after consulting the CNCP. This relates to the temporary or permanent exclusion of the competitor concerned from participating in contracts awarded by local authorities. This exclusion may

be extended to tenders issued by the national Government and State-owned enterprises following a decision by the Head of Government, based on a proposal from the Minister of the Interior and after consulting the National Commission for Public Procurements. Finally, the competent authority may pronounce the termination of the contract, followed or not by its award, at the expense and risk of the contractor. Excess expenses resulting from the award of the new contract after termination are

deducted from the sums which may be due to the defaulting party, without prejudice to the rights to be exercised against it in the event of insufficiency. Any reductions in expenditure remain with the contracting authority. In the three cases provided for, the competitor or the holder to whom the grievances are communicated is invited, beforehand, to present his observations within the time limit set by the contracting authority. This period may not be less than 15 days. The decisions provided for in the three cases must be substantiated and notified to the competitor or defaulting holder and published on the public procurement portal. Furthermore, the draft decree on public procurement could not ignore technological developments. Indeed, Article 148 deals with the filing and withdrawal of bids from competitors electronically in the public procurement portal. Thus, the terms and conditions are defined by order of the Minister in charge of Finance, after consultation with the CNCP. □

Mohamed CHAOUI

## Pressures on public finances at a historic level

Question time at the House of Representatives on Monday, May 16 allowed Fouzi Lekjaâ to explain to parliamentarians the multiple pressures on public finances. The Minister in charge of the Budget took this opportunity to set the record straight on specific issues presented as important choices to be made. The first relates to a possible recourse to Government subsidy to maintain price stability. For him, this possibility supposes a financial effort of 74 billion MAD (about 7.4 billion USD), i.e. additional budgetary allocations of nearly 60 billion MAD compared to the forecasts of the Appropriations Bill in force. To achieve this, it will be necessary to cancel all public investments by the national Government, including in priority sectors such as health and national education, and this, with all the negative repercussions on the national economic dynamics. The other choice involves the reduction of taxation on petroleum products, the average annual revenue of which totals 26 billion MAD. This will have a negative impact on budgetary balances, said the Minister in charge of the Budget. According to him, we are facing a



complex equation, which is difficult to solve. On the one hand, the Government is expected to execute public investments programmed in health, national education, and basic infrastructure, etc. On the other, the Government is required to reduce debt and oil product taxation, while bearing the significant increases in subsidies-related expenditures. Without even mentioning the mobilization of financial resources of 10 billion MAD to cope with the drought, the recovery of tourism requires 2 billion MAD, the support for the transport sector 1 billion MAD, and the implementation of



the generalization of Social Protection will also have a cost.

■ **The burden of the Government subsidy for wheat:** The pressure on public finance has never reached a level like today. Thus, for the import of wheat, customs duties have been suspended since last November. Despite this, the cost for the import of 20 million quintals in the first 4 months of this year reached 2.52 billion MAD, with flat-rate support of 113 MAD/quintal. The Government has provided the necessary stocks of this vital product, particularly with the import of

large quantities in January -February for an amount of 774 million MAD. As a result, the cost of Government subsidies planned to guarantee the supply of wheat and the stability of the price of bread at 1.20 MAD per loaf during 2022 is estimated at 7.320 billion MAD.

■ **Butane gas: record support in April:** For butane gas, the Government spent nearly 7.3 billion MAD during the first four months of this year, compared to 4.2 billion for the same period of 2021. During the last period, from January to May, the average Government support for the 12 kg gas cylinder reached 100 MAD, or 71% of its price.

In April, the support reached its historical level with 116 MAD, which represents 74% of the real price which reached 156 MAD. This is why the cost of support for butane gas reaches 9.2 billion MAD between January and May 2022. With the current level of its price, the forecast cost of support for the consumption of this product during this year will reach 22 billion MAD, i.e. an increase of 51% compared to last year. □

Mohamed CHAOU

## The specter of stagflation looms

The question deserves to be asked and it has just been asked by the economists of the Centre Marocain de Conjoncture: is the cycle of stagflation back? All the ingredients leading to such a situation are present: sluggish growth and rising inflation. Two elements that have a negative impact on household consumption. In any case, the first quarter was marked by a sharp deterioration in household morale. The confidence index recorded its lowest level since the beginning of the survey in 2008. The decline in growth and the strong uncertainties concerning the evolution of the price of raw materials as well as the pressure on the supply could affect business investment and, by extension, employment. Salvation would come from a good mix of monetary and budgetary policies to avoid a worsening of the situation. As the CMC explains, economic activity is still struggling to regain the growth momentum that is



“The suddenness of the price surge and its fairly general nature affecting raw materials, food products and energy at the same time testify to a greater exposure to risks likely to considerably weaken the policies pursued to support activity”, notes the CMC (Ph. L'Economiste)

used to prevail before the crisis. The agricultural sector alone could be the cause of a drop of 3 points in GDP growth, but the other production sectors could hardly benefit from subsidies due to the slowdown in demand and rising costs. In any case, the Government has revised growth forecasts downwards: between 1.5% and 1.7% in 2022, instead of an increase of 3.2%,

as provided for by the Appropriations Bill. The reduced growth is accompanied by a rise in prices. The inflationary surge started with the recovery at the end of 2021. It continues to increase under the effect of the crisis in Ukraine. In March, the consumer price index (CPI) increased by 5.3% compared to the same period last year and by 1.8%

compared to February. Over a quarter, it increased by 4%. Core inflation, which excludes products at volatile prices and products with public prices, increased by 3.9% in March. “The suddenness of the price surge and its fairly general nature affecting raw materials, food products and energy at the same time testify to a greater exposure to risks likely to considerably weaken the policies pursued to support activity”, notes the CMC, adding “the climate of uncertainty which hovers over the world economy with the rise of risks in a highly inflationary context should have an almost mechanical impact through trade flows on the situation in Morocco”. CMC economists call for the urgent implementation of restructuring programs to deal with the vulnerabilities of the national economy in order to put it back on more sustained growth paths which are less dependent on climate hazards.

Khadija MASMOUDI

## Weekly highlights

# Rabat houses the Chair of African Literature and Arts

More than a tribute, it is through a real rehabilitation to an immense African writer, that the “*Chair of African Literature and Arts*” was inaugurated on May 16 and 17, at the Academy of the Kingdom of Morocco, in Rabat.

On the occasion of a symposium entitled “*From the Duty of Violence to the Duties of Literature*”, the new Chair returns to the work, while underlining the singular destiny of the great Malian writer Yambo Ouologuem. Winner of the Renaudot Prize in 1968 for “*The Duty of Violence*”, Ouologuem, who was the first African to benefit from such a distinction, was later bruised by accusations of plagiarism and harsh and unfair criticism. A cabal, which the writer and member of the Goncourt Academy, Tahar Ben Jelloun, did not hesitate to describe as “*Racist and xenophobic*”. Yambo Ouologuem then chose exile and silence. It is this silence that will be the subject of all the attention of the participants in the symposium. The participants in the symposium include: the members of the Academy of the Kingdom, the heads of the Chair, Eugène Ebodé and Rabiaa Marhouch, Professor Abderrhaman Tenkoul, the members of the steering committee of the “*doctoral students of the Academy*” and the writers and academics invited to this occasion: the writer Tahar Ben Jelloun, the Guadeloupean author Simone Schwarz-Bart, the Cameroonian novelist Calixthe Beyala, the writer and publisher Jean-Pierre Orban, the literary agent Pierre Astier, the academic Aboubakr Chraïbi, the American critic and translator Christopher Wise, and academics Kaiju Harinen and Sarah Burnautzki.

Dedicated to the promotion, enhancement, and exhibition of the literary and artistic heritage of the African continent and its diaspora, the “*Chair of African Literature and Art*” has set itself the task of decompartmentalizing this heritage, both geographically and on the linguistic level by creating bridges between its different modes of expression, its different cultural areas, as well as these different languages.

The Chair intends to take into account in its work both written and oral literature, particularly in vernacular languages. Africa, it should be noted, alone brings together half of the world’s linguistic reserves. The goal for the promoters of the project



*The Chair, initiated by the Academy of the Kingdom, intends to promote both written and oral literature, particularly in vernacular languages (Ph. DR)*



*The artistic section of the Chair will be centered on the exhibition of the diversity of African arts, both traditional and contemporary (Ph. Maimouna Guerresi. Aisha's Stories 2, 2016, Lambda print)*

is to encourage the circulation of knowledge, which was for too long compartmentalized in sealed cultural areas.

The programming of the Chair revolves around two important sections. A university and academic section and a second artistic section. The first one aims to promote research and excellence in the field of literary, scientific and artistic knowledge, through the organization of symposiums, conferences and seminars... All of it in partnership with African universities and other cultural institutions on the continent. To speed up the dissemination

of knowledge to African academics, researchers and young audiences, the Academy of the Kingdom intends to play an important role in the distribution and creation of scientific content (scientific journals, publication of conference proceedings, and other content). In short, it is a question of creating a structuring cluster for the collection, reassessment, and dissemination of literary and artistic knowledge on the continent. The Chair also aspires to be a consecration body in Africa, by Africa and for Africa, thanks to international cooperation entities concerned with pooling

knowledge and respectful of an ethic based on equal access of all cultures to the great contemporary literary, cultural and artistic scene.

The second section which is artistic will be centered on the exhibition of the diversity of African arts, both traditional and contemporary. Hosted in the sumptuous Oudayas site, this section intends to promote Moroccan cultural and artistic riches, their originality and diversity. A heritage that ranges from the Egyptian and Arab-Amazigh heritage to the powerful sub-Saharan artistic mosaic.

A. Bo