

Weekly highlights by L'ECONOMISTE



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Speech from the Throne

Vigilance and Resilience

EDITORIAL

Green light

Mohamed CHAUI

A new turning point has emerged in the promotion of the status of women. The last royal speech calls for the need to revisit the Family Code, 18 years after its entry into force. It is clear that dysfunctions have tarnished the goals of this revolutionary Family Code. Indeed, everyone will have noticed that during this experience, obstacles prevented the correct implementation of the provisions of the Family Code. The most striking example involves the marriage of minors for sociological reasons. Due to misinterpretations, this phenomenon is steadily increasing to the point of taking worrying proportions, and this is the case not only in the rural world or in the mountains, but also in our big cities, notably Casablanca and Rabat, where these cases are multiplying. Several Ministers of Justice were aware of this spreading scourge but remained powerless. They quoted among other things the slowness of the reforms and the bad interpretations of certain magistrates. It is above all a ques-

tion of correcting the situation so that the entire system realizes that the place of young girls is not marriage but school. Other shortcomings have marked this experience.

Today, there are no excuses. Change comes from the royal will. The green light is therefore given. A roadmap for the reform of the Family Code must be established, but beware, the subject is so divisive that it could divide society. Remember the two demonstrations of the 2000s around the integration of women in development: one against said integration, in Casablanca, and the other one in favor of said integration, in Rabat. This is why the participatory approach in this project will be decisive, knowing that the changes must be made within the framework of the precepts of the Muslim religion. The ball is therefore in the court of the Minister of Justice, Abdellatif Ouahbi. □



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Speech from the Throne: Vigilance and Resilience

TO meet the challenges facing Morocco, it is important to show initiative and resilience. This is the appeal launched by HM the King on the occasion of the celebration of the Throne Day. In the speech addressed to the Nation, the Sovereign emphasized the “*turbulent context linked to the Covid-19 crisis and the transformations of the international environment*”, the repercussions of which are hitting the national economy hard. After the difficulties of the pandemic crisis, “*the combined efforts of the State and of the public and private sectors, our national economy has proven to be resilient in the face of crises and fluctuations. Thus, positive results have been achieved in all productive sectors*”, recalled the Sovereign. Except that “*the upturn has been short-lived due to the current global circumstances*”. The weakness of the agricultural campaign further accentuated these problems, as well as exogenous factors that have led to a surge in the prices of certain basic commodities. For the Sovereign, it is “*a problem from which no country has been exempt*”. HM the King stressed the importance of the measures already rolled out, including the national program to mitigate the impact of drought on farmers and the rural population, in addition to the allocation of credits to subsidize certain basic commodities and for supplying markets. The budget of the Compensation Fund (fund responsible for the provision of subsidies relating to basic foodstuffs) was doubled during this year, to ex-



After several years of application, HM the King called for a reform of the Family Code, the implementation of which has been marred by certain dysfunctions, particularly “*incorrect application due to various sociological factors. One of these factors is due in particular to the tenacious propensity of a category of civil servants and men of justice to consider that the Code only concerns women*” (Ph. MAP)

ceed 32 billion MAD. Nevertheless, the consolidation of national solid-

arity mechanisms is just as important, said the Sovereign, who stressed the importance of strengthening the determined and responsible fight

against speculation and price manipulation. In addition to the major projects launched during the period of the pandemic, when the Government had borne the exorbitant cost of the fight against this scourge, in addition to guaranteeing the regular supply of markets and covering the costs of vaccination of the populations, Morocco will have to continue the deployment of social solidarity mechanisms. This is the framework in which the project to generalize social protection and upgrade the health system fits. To date, the number of self-employed workers and their dependents benefiting from AMO (Compulsory Health Insurance) has crossed the 6 million milestone. The gradual generalization of family allowances is scheduled for the end of 2023. This generalization will benefit nearly 7 million children. Today, the watchword is optimism. The King insisted on the importance of “*focusing on our strengths*”. The goal is to “*make the most of the opportunities and prospects opened up by these changes to attract more investment, stimulate exports, and promote national products...*”. The Government’s actions, as is the case for the political and economic spheres, will be scrutinized concerning these issues. This concerns in the first place the alleviation of the difficulties faced by investors. HM the King could not have been clearer: “*the greatest peril for the country’s development and for the promotion of investment are obstacles intentionally created by those who see personal gains. These practices must be combated*”. □

M.A.M.

Accelerating the emancipation of women

THE Constitution of 2011 has put in place a set of mechanisms to promote the emancipation of women. More than a decade later, several of those mechanisms are still on stand-by. This is particularly the case of the Authority for Gender Parity and the Fight against Discrimination against Women (APALD), whose law had sparked a veritable showdown between the former Minister for Women and the NGOs. Today, the Sovereign called for the need to make “*operational the constitutional institutions concerned with the rights of the family and of women*” and asked “*that the mechanisms and legislation dedicated to the promotion of these rights, and that*

the relevant mechanisms and regulations for the promotion of the status of women and the family be updated”. The Sovereign called for a new reform of the family code which, from now on, “*is no longer sufficient as such*”, in particular because of the “*many hurdles which stand in the way of completing this process and achieving its goals*”. The Sovereign called for “*going beyond the shortcomings*” and “*overhauling certain provisions which have been diverted from their primary destination*”. This reform momentum must be carried out “*in perfect harmony with the ultimate stipulations of Sharia and the specificities of Moroccan society*”. □

Reaching out to Algeria

FACED with Algeria’s provocations, Morocco responds with wise words. The Speech from the Throne was an opportunity to renew the appeal to Morocco’s Eastern neighbor to overcome conflicts in order to promote co-development of the peoples of the region. “*The borders that separate the Moroccan people and the brotherly Algerian people will never be barriers preventing their interaction and understanding*”. At a time when the Algerian leaders continue to be warmongers, the Sovereign is once again reaching out. “*We assure the Moroccan people of our firm will to find a way*

out of the current situation and to promote rapprochement, communication, and understanding between the two peoples”, said HM the King. The Algerian presidency is called upon to show realism and good faith, to “*work, hand in hand, and to establish normal relations between two brotherly peoples, united by history, ties, and a community of destiny*”. This is all the more important in an international context marked by geopolitical reconfigurations, the repercussions of which are beginning to be felt in the region, particularly in the Sahel region, in Libya, and in other places... □

Urban planning

The new inspectors will soon jump in

WILL the fight against urban planning and construction offenses finally be effective and intractable? In any case, the head governors (“walis”), governors, directors of urban agencies, presidents of regional councils, and regional urban planning inspectors have just been informed, via a circular from the Ministries of the Interior and Housing dated July 27, of the new rules for monitoring town planning violations. The two ministerial departments will soon appoint inspectors responsible for noting and taking enforcement measures in matters of town planning and construction. Some inspectors will report directly to the walis or governors, and others will report to the regional Urban Planning and Architecture Inspectorate. Applications must be forwarded to both ministries no later than August 20.

Given the interest in preserving consistency between buildings and the laws and regulations, urban planning inspectors have the same power as the judicial police. They have extended prerogatives in terms of inspection and enforcement measures, in particular the power to issue formal notices for the cessation of works in violation, the



Violations of urban planning and construction can take several forms: elevation, unauthorized floor, paving of a courtyard... Even authorized by the municipalities, certain constructions may be in breach of the law, such as those on the seafront, for example (Ph. L'Economiste)

confiscation of construction equipment and materials, without forgetting the power to put seals on the construction sites and to bring any irregularities into compliance. The inspectors carry out their mission either spontaneously or at the request of the administrations concerned. Their mandate is to carry out permanent inspections of construction sites to note infringements and draw up infringement tickets in accordance with the guide which was pu-

blished in Official Gazette No. 7091 of May 16. As a reminder, violations can automatically trigger legal proceedings.

The inspection and enforcement, in matters of urban planning and construction, fall within the remit of the caïds and pashas as administrative officers, on the one hand, and within the remit of the inspectors reporting to the walis and to the governors, to the regional Urban Planning Inspectorate,



or to other entities, on the other hand. Therefore, coordination between the various stakeholders is essential. Thus, in view of the implementation of an integrated digital system dedicated to inspection, monitoring, and coordination, the ministries concerned are called upon to standardize their approach so as to guarantee its effectiveness and efficiency while respecting the regulatory provisions and laws in force. □

H.E.

The upturn in aviation is confirmed

GOOD news for the airline industry and for the tourism sector. Passenger traffic recovered 64% of the volume reached in 2019. In fact, 7.4 million passengers walked the tarmacs of national airports during the first half of 2022, despite the late recovery of international traffic which took place only from February 07, 2022 onwards. The National airports authority (ONDA) was also able to recover 72% in terms of airport movements. It is, of course, the Casablanca hub that attracts the largest share. The Mohammed V airport received 2.7 million passengers during the first half of this year, through 27,258 flights, with a recovery rate of 59% compared to the same period in 2019. The same recovery rate should be noted for the Marrakech - Menara airport, which remains the second infrastructure in terms of passengers with a number of 1.7 mil-



lion arrivals. The surprise this time comes from the airports of Tetouan, Guelmim, and Oujda, which have been extremely successful with exceptional recovery rates of 444%, 126%, and 104% respectively. This increase has been observed since the resumption of international traffic, thanks to

the advent of the holiday period and the launch of (the annual summer) Operation Crossing the Strait. Thus, the month of March recorded a recovery rate of 70%, while the months of May and June reached recovery rates of 109% and 89% respectively. As a market, Europe, which repre-

sents more than 83% of international air traffic, recorded a recovery rate of around 67% compared to 2019. Apart from air traffic with South America, all geographical clusters posted significant recovery rates compared to the air traffic recorded during the same period of 2019. Air freight is also recovering. It recorded during the first half of 2022 a recovery rate of 75% compared to the same period of 2019. Air freight stood at 36,296 tons versus 48,696 tons during the same period in 2019. At this rate, Morocco's airports should return to their normal performance at the end of the year. It must also be said that the promotional campaigns led by the Moroccan National Tourist Board (ONMT) with an offensive on all fronts to regain air routes have borne fruit, and the result is the return of low-cost, regular airlines, and tour operators from Europe. □

Badra BERRISSOULE

Weekly highlights

BAM Annual Report

Corruption weakens investors visibility

THE Wali of Bank Al-Maghrib (BAM), Abdellatif Jouahri, in his 2021 annual report presented to the King, did not derogate from the rule of being inclusive concerning the main subjects. Thus, the Wali began by indicating that despite a difficult international context, the national economy was able to achieve a remarkable performance in 2021, with a growth of 7.9%, thanks to the vaccination campaign, which has made exceptional progress, and to the economic recovery program launched by the King, in addition to the “*maintenance of monetary and budgetary stimulus and favorable climatic conditions*”. This rebound generated a sharp rise in tax revenue, thus helping to reduce the budget deficit to 5.9% of GDP, while the recovery in the labor market was only partial. Foreign trade is no exception. It recorded a remarkable improvement, and remittances from Moroccans residing abroad reached a record level of 93.7 billion MAD. This made it pos-

sible to contain the current account deficit at 2.3% of GDP.

For its part, inflation came out at 1.4% instead of 0.7% a year earlier, under the effect of external pressures, but this year, the inflation rate has started to rise again to reach unprecedented

businesses. These difficulties consist mainly in the pressure and heaviness of taxation, the competition from informal activities, and above all the incidence of corruption. The latter is a scourge that weakens visibility for operators and investors and even

even suggests a certain regression in recent years, which calls for a questioning of the approaches adopted so far and above all for stronger and more determined action, said the Wali.

■ Social protection: What the central bank recommends:

For Abdellatif Jouahri, the generalization of social protection, launched by the King, is cited as an example by institutions and international partners, but, he warns and says that «*for its success and its completion within the planned deadlines, it is essential to carry out the parallel projects, which should make it possible to mobilize part of the necessary resources, such as the completion of the reform of the “compensation” (subsidies to basic commodities) and the implementation of the Unified Social Register. In addition, the reform of the pension schemes is still partial and incomplete, while the financial balance of some of them is experiencing a worrying deterioration*».

M.C.

In spite of its notable progress in the fight against corruption, it remains essential for Morocco to take effective measures toward improving other major sectors

level, under the effect in particular of the rise in the price of petroleum products, the transport of goods, etc.

■ The harmful effects of corruption:

Concerning the points that hurt, the Wali of the Central Bank has once again been outspoken. He said among other things that the productive fabric is confronted with implementation difficulties by surveys carried out with

threatens economic development and social cohesion. Corruption is one of the manifestations of a structural deficit from which the country suffers, namely the quality of public governance at both the local and central levels. Despite the will, the determination and the many laws and regulations, as well as measures and strategies put in place, Morocco is unable to make progress in this area. Its poor performance in the international rankings

Competition: Bombshell in the world of audit

THE setting of a mandatory minimum rate by the Association of Chartered Accountants for legal and contractual audit assignments is «*anti-competitive*». The Competition Council sentenced them to a fine of 3 million Dirhams. Its investigation was launched in December 2021 on the subject of the standard budget-time and fees (See L'Economiste No 6155 of 14/12/2021). The investigations led to a financial penalty that will not please the Association of Chartered Accountants. Its time-budget directive was seen as a price-fixing agreement in a market that is normally open to competition. The representatives of the Association of Chartered Accountants had been convened, on July 28, 2022, for a final session during which they insisted on the role of the profession as «*a regulator as required by Law number 15- 89 to comply with national and international standards and practices*». Despite the arguments of the Association of Chartered Accountants, the Competition Council imposed a fine on the profession for not having complied



with the provisions of Article 6 of Law 104-12 on freedom of pricing and on competition. The Association of Chartered Accountants was informed of the sanction via a letter on Tuesday August 02, 2022. The professional organization plans to «*defend its position by deploying all necessary remedies*».

Possible remedies

A meeting was also scheduled for Wednesday, August 03 to discuss the

repercussions of the fine imposed by the Competition Council and possible remedies. The decision can be challenged at the level of the administrative court of Rabat. The chartered accountants, obviously accompanied by a lawyer, note «*several irregularities in the handling of this case. Irregularities which have moreover been brought to the attention of the Head of Government and to the Minister of Finance*», but which have not yet been made public. Obviously, the Associa-

tion of Chartered Accountants and the Competition Council do not have the same opinions. The Association was determined to rely on Article 9 of Law 104-12 governing competition to motivate the legality of the tariff standard relating to audit assignments. Article 9 provides for exceptions to what is stated in Articles 6 and 7 provided that such exceptions are legally justified. This means that, in the event that these exceptions are provided for by a law or an implementing text, they would be legally based and could not be challenged. The Competition Council, however, has a completely different reading. It follows from the interpretation of Article 9 of Law 140-12 that the provisions resulting from the application of a law or a decree cannot be challenged on the basis of Article 6 which condemns «*concerted actions, agreements, understandings or express or tacit coalitions tending to limit access to the market or the free exercise of competition, .. and obstruct the formation of prices by market forces*».

Hassan ELARIF