

# Weekly highlights by L'ECONOMISTE



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Southern provinces

## The private sector called upon to play the game



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A hindrance to  
the real estate  
market

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### EDITORIAL

### Message

Mohamed CHAUI

**W**HEN you love, you don't count the cost. This popular adage applies perfectly to the implementation of the development model of the Southern provinces of Morocco, the amounts of which have exceeded the initial forecasts. Indeed, today, the budget is approaching 82 billion MAD (about USD 8 billion) versus 77 billion MAD (USD 7 billion) at the start. Regardless, the implementation of this program has profoundly modernized these regions. Indeed, anyone who has walked these lands can see for themselves the great advances in the development of basic infrastructure. National and foreign visitors can become aware of the profound metamorphoses of the cities of the Moroccan Sahara to such an extent that Dakhla and its region are now part of world tourism, particularly with kitesurfing. Not to mention its large port in the making and which will not fail to rise as a major stopover on the maritime routes

of the Atlantic and international trade. This growth has obviously had a positive effect on these populations who have shown their satisfaction during the various elections with a massive participation which has recorded very high rates, sometimes exceeding 70%. This shows that citizens massively adhere to the democratic process initiated by Morocco. A political process has led to the emergence of local elites who take charge of the destinies of these provinces. Thus, the leaders of the presidencies of municipalities, regional councils, and elected officials come from these regions which have always pledged allegiance to the King. These same political leaders are aware that the future of the Moroccan Sahara is in their hands. Political leaders play their role as legitimate representatives of these populations. This is a real political message addressed to Algeria to get out of this case. □

## Weekly highlights

# Land profits: A hindrance to the real estate market

THE measure provided for by the Draft Budget Bill relating to a request for a prior opinion before the conclusion of a real estate transaction has given rise to certain comments from professionals, in particular a chartered accountant and a notary public, starting with the schedule underpinned by this measure. Indeed, the request for the prior opinion, between the date of its dispatch and the receipt of the response from the administration, takes a period of 90 days in all. During this period, the seller is likely to lose the opportunity to sell a property, especially in times of crisis and poor sales, and in 90 days, a potential buyer has plenty of time to change their mind. *"This new procedure may significantly slow down the completion of real estate transactions by adding to the slump that the real estate market has been experiencing for several years, even more than a decade"*, explains an accountant. *"What if the compromise is established for a long period which could impact the sale price in recession or fluctuation after an*



*The new system which aims to secure the collection of tax on behalf of the Treasury risks slowing down the time for real estate transactions in a market which is not always fluid*

*opinion is received from the administration?"*, asks a notary public. The latter also specifies that the response within two months is detrimental to the interests of taxpayers. Therefore, it is desirable to reduce it to less than a month. This system could also disrupt the secondary real estate market and prevent it from being regulated by the free play of supply and demand. The fact that the administration could rely on information in its possession to correct

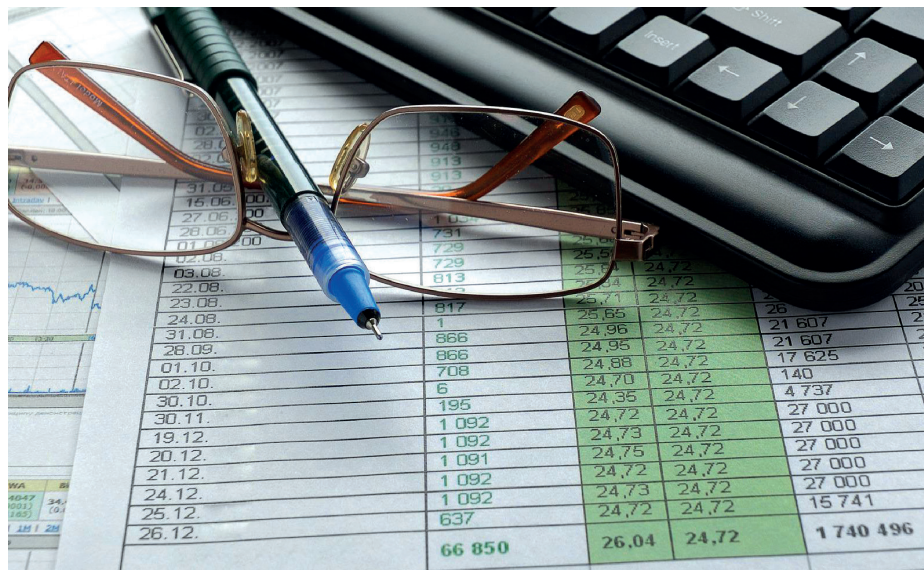
the price of a sale would be likely to pose some implementation problems since the real estate reference schedule has been suspended for an indefinite period. Furthermore, the chartered accountant points out that the institution, through the deposit of part of the sale price, denotes a form of presumption of tax evasion and infringes the right to benefit from the fruits of the property. For a notary public based in Casablanca, *"the provision is very restrictive for*

*the seller. The Directorate-General of Taxes (DGI) has other ways to compel taxpayers to pay their taxes and duties. The classic revision or rectification procedure is a commendable procedure, allowing taxpayers to defend themselves before the local and national commission and even before the Moroccan courts. We must not suffocate the citizen especially in this period of unprecedented economic crisis"*. □

Hassan ELARIF

## The most heterogeneous coalition against the draft budget bill

IT is certainly the most heterogeneous coalition that has ever been formed to protest against certain tax measures of Draft Budget Bill 2023. The meeting held last week by the group of liberal professions (associations of pharmacists, dentists, veterinarians, opticians, physiotherapists, accountants, etc.) aimed to adopt a common position to block the way to certain tax provisions. *"These provisions are likely to destabilize many sectors"*, experts point out. The group asks the government to backtrack on raising the corporate tax rate from 10% to 20% over four years for net profits up to 300,000 MAD (about 30.000 USD), a scale that had been set up to encourage operators from the informal sector to the formal economy and more transparency via a tax rate reduced to 10%, but for some reason, the legislators changed their minds and decided to gradually phase out this scale in 2026. For the group of



associations, *"the 10% rate should be maintained because it targets small and very small businesses"*. To support their request, the professional associations invoke the provisions of the Constitution which stipulate that citizens must pay taxes according to their ability to pay. The group of professional associations also recalls that the framework law on tax reform

number 69-19 *"provides for the establishment of a new effective, fair, equitable, and balanced tax system"*. *"A tax scheme which encourages investment and consolidates tax justice and social solidarity, and which contributes to the broadening of the tax base to reduce the burden on taxpayers"*. The 20% withholding tax on professional fees and all other ca-

tegies of remuneration paid to service providers is also part of the tax measures reviewed during the meeting. And as was to be expected, the group of associations is asking for the outright withdrawal of this measure, which involves the levy of 20% on turnover. This is certainly the extent that the operators are unanimous in calling for the withdrawal. The group of liberal professions, which also decries the rise in the VAT rate to 20% instead of the current 10%, is asking the government to renew dialogue with professional associations to find common ground on tax reform. This complaint comes too late since the Draft Budget Bill was to be voted on Wednesday, November 9, unless one lobbies the members of the House of Councillors, including several groupings (professional chambers and parliamentary group of employers) representing the business community. □

Hassan ELARIF

## Southern provinces:

## The private sector called upon to play the game

HE Southern Development Program has begun to transform the image of these territories. Today, HM the King calls for the initiation of a new phase in this momentum. In his speech on the occasion of the 47th anniversary of the Green March, the Sovereign pleaded for the exploration of new possibilities and new horizons, particularly in the buoyant sectors of the blue economy and renewable energies. After an initial phase in which public investments made it possible to strengthen the supply of basic infrastructure and transformational projects, the private sector is called upon to play the game. *"In correlation with this context of national responsibility, we urge the private sector to maintain the commitment he has made to raise the level of productive investment in these provinces, and to place particular emphasis on projects having a social calling"*, underlined the Sovereign.



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### ■ Development program

This development momentum is in line with the management logic of the Sahara affair. This approach *"results from an integrated vision that combines political and diplomatic action with the promotion of socio-economic and human development in the region"*. This is the logic that guided the deployment of the development program for the Southern provinces, launched in the city of Laayoune in November 2015 and in Dakhla in February 2016. With a budget of 77 billion Dirhams, *"this integrated program is designed to initiate a real economic and social dynamic in the region"*. Its calling is to stimulate, in these territories, the creation of jobs, to ensure a climate conducive to investment, and to provide the provinces with the infrastructure and equipment they need. The progress of these projects is overseen by local authorities and elected councils. Today, the achievements are already there. The expenditures made are close to 80% of the budget allocated. The Sovereign was delighted with the *"positive results achieved"*. For example, the Tiznit-Dakhla expressway is already in the completion phase. On the other hand, the region's connection to the national electricity grid is well and truly ensured, and its

communication networks have also benefited from a reinforcement and extension plan. Ditto for the solar and wind energy plant projects, planned in the program, which have been completed. As for the megaproject of the Dakhla Atlantic harbor, the Sovereign announced that the studies and the administrative formalities have been finalized, and the construction works will start soon.

### ■ Growth sectors

The King also emphasized the economic dynamics in the key sectors of these territories. *"A set of projects have been carried out within the framework of the sector for the development and processing of fishery products"*. Thousands of jobs have been created for the benefit of the inhabitants of the region. The same goes for the agricultural sector, with the development of more than 6,000

hectares in Dakhla and Boujdour, made available to young farmers in these areas. At the same time, most of the projects planned in the phosphate, water, and sanitation sectors show advanced completion rates. The achievements also concern the social and cultural fields, particularly in education and training, health, and other sectors. □

M.A.M.

## The Nigeria-Morocco Gas Pipeline on the right track

FOR Morocco, the course has been set: the development of the southern provinces makes it possible to consolidate its historical role as a link between the Kingdom and its African depth. Today, this role is designed with a perspective resolutely turned towards the future. This is the framework for the Nigeria-Morocco gas pipeline project, for example. *"We are pleased to note the current state of progress of this major project, in accordance with the agreement signed in December 2016"*, underlined the Sovereign. The signing of the

memorandum of understanding with ECOWAS and with Mauritania and Senegal also marks an essential milestone in the project implementation process. For the Sovereign, this *"reflects the commitment of the countries concerned to contribute to the realization of this strategic project, and illustrates the political will to ensure its success"*. The goal is for the project to be *"more broadly a strategic project beneficial to the entire West African region"*, especially since it is a project that offers opportunities and guarantees in terms of energy securi-

ty and socio-economic and industrial development. It is also *"a transformational project promising to link Africa and Europe"*. Hence the importance of the support of regional and international financial institutions, which have expressed the wish to provide effective support for its implementation. The Sovereign could not have been clearer in affirming *"the wish of Morocco to act, always, in concert with our brothers in Nigeria and all the partners, in full transparency and responsibility, so that this project is materialized as soon as possible"*. □

## Weekly highlights

# Transport sector: Indexation, soon?

MINISTER Mohamed Abdeljalil announced that the draft law relating to the indexation of road transport prices to those of fuel, sent to the ministerial departments, is on the right track. The Minister of Transport and Logistics has prepared a first version which he is in the process of sharing with the other ministerial departments. This draft legislation will soon be distributed to professionals for their opinion. The text will then be included in the adoption procedure which begins with the programming of the bill on the menu of a Government Council and its adoption by the two Chambers of Parliament. Obviously, the work of this department is marked by a slowness which does not say its name, because, last April, the minister had announced that his department was in the process of drawing up a bill relating to



indexation. Seven months later, the bill is at the level of the ministerial departments. However, the draft legislation involves only long-term contracts for the carriage of goods. At this level, the carrier and its customer

are bound by a long-term contract and are required to adapt their prices to fuel prices on the market, in the event that their agreement does not provide for this. The draft law aims to commit the carrier and the shipper to revising the transport tariffs when the fuel prices change between the date of the agreement on the price of transport and that of the service, and this in the event that there is a transport contract between the two parties containing provisions on the revision of transport prices to peg the increases or decreases to the fuel prices. In this case, the provisions of this contract will be applied. As a reminder, this text aims to strengthen the transport system and provide professionals with a legal mechanism to

help them adapt to fluctuations in the prices of these products on the market. In the absence of this contract, the draft law provides for the application of the provisions relating to the indexation between the price of transport and the price of fuel.

While waiting to adopt the text, the government has decided to support road transport companies through direct support. The group of representatives of Moroccan employers (CGEM) in the House of Councillors welcomes this initiative, but in reality, this support has exposed certain deficits, because, for one of the councillors, the agreement made provides that direct support is only a step and an introduction to the implementation of the indexation system, through a bill that the supervisory ministry was to prepare. For him, *"indexation brings transparency to contractual relations. It is a system which reflects the fluctuations in the price of diesel, the rise or fall in the level of the pricing in force. (This system) introduces serenity into contractual relations"*. And therefore, competitiveness requires that *"Moroccan carriers benefit from tax advantages like their foreign counterparts in their countries with the system of professional diesel and VAT applied to fuels"*. □

Mohamed CHAOU



## More and better scientific publications

FROM 2017 to 2021, Morocco has significantly improved its scientific production. In five years, the number of Moroccan publications has increased by 66%. This is revealed in the report on the research landscape in Morocco, recently produced by the international publisher of scientific literature, Elsevier. Moroccan scientific production is growing faster than the African average (61%), and much faster than the world average (23%). From 2020 onwards, the Kingdom was able to greatly exceed its neighbors in the Maghreb region, with 10,093 publications, against 8,543 for Tunisia and 8,388 for Algeria. The number of authors also improved, from 11,066 in 2017 to 17,414 in 2021, an increase of 57.4%, with a total of 37,980 over the period. Here again, the evolu-

tion is more marked than in Algeria (+36%) and Tunisia (+7.9%). In terms of impact, too, Morocco is making headway. The impact is generally measured by an indicator, FWCI (Field-weighted citation impact), making it possible to compare the number of citations of a publication with similar publications in the same field of research.

The indicator is always defined in reference to a global baseline of 1. Over the 2017-2021 period, Morocco's average FWCI is 1.02, which means that Moroccan publications are above 0.02% global average. This is a positive point for the trajectory of Moroccan research, according

### *Improving international collaboration would allow Morocco to further enhance the impact of its scientific publications*

to experts from Elsevier. The Moroccan indicator is also higher than that of Algeria (0.97) and Tunisia (0.95), even if Moroccan productions make less use of international collaborations. Moreover, Morocco imposes itself better on the side of the top 10% citation percentiles. For Elsevier, improving international collaboration would allow Morocco to further enhance the impact of its scientific publications. However, Morocco's FWCI remains lower than that of the continent, estimated at 1.05 over the past five years. Another downside is the quality of the journals in which Moroccan authors choose to publish. According to the

report, a large part of the results of Moroccan research are published in low-level journals, which do not respect international standards and do not encourage excellence. Nearly 45.6% of Moroccan publications appear in journals ranked among those justifying the lowest impact factors. Only 27.4% appear in the top 25% of journals, and almost as many in those falling within the top 25%-50%. Elsevier recommends a large training campaign in order to make researchers aware of the interest of the choice of publication medium, and which determines the impact of their research. At the same time, the publisher emphasizes international collaborations in terms of publications, whose potential in terms of citations is often greater. □

Ahlam NAZIH