

# Weekly highlights by L'ECONOMISTE



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### EDITORIAL

### «Fool’s Bargains»

Meriem OUDGHIRI

**T**HE story of the soaring prices of vegetables and meat, in particular, challenges us in more ways than one. For years, free pricing has been the rule and administrative supervision the exception. The fundamental legal principle is free competition. This principle is based on loyalty and transparency in economic relations. This principle also presupposes the existence of mechanisms for prevention and protection against abusive, restrictive, and discriminatory practices. So much for the course of theoretical law. On the ground, this price “issue” revealed, once again, the flaws and dysfunctions of the various chains. Blitz operations are useless. Once gone, bad habits eventually return at a gallop. Was it necessary to wait for the mind-blowing soaring prices and the discontent among the people in the street to take place before reacting? It is also too

simplistic to look to low purchasing power and illiteracy to justify fraud and abuse and allow “anyone to do anything”. In this situation, we are all concerned, whatever our position. The grocer who sells his merchandise is a consumer. Whoever will be in charge of inspecting the grocer is also a consumer. Just as is the case for the Government, companies and other merchants must realize that they are indebted to their consumers. In the face of this situation, rigorous long-term checks, locked-in regulatory mechanisms, and other measures are needed. Without responsible consumers, any administration however committed it may be, any defense NGO however militant it may be, and all the finest laws and regulations may not lead to a concrete result. Time has really come to clean up and put an end to all these “fool’s bargains”. □



## Weekly highlights

# Bad times for Moroccan banks in Europe

MOROCCAN banks established within the European Union face several challenges. One of them concerns the support activities they have been carrying out for decades, with full transparency and in accordance with European regulations. These latter include an unprecedented tightening of working conditions. Indeed, monetary authorities in the countries of the Old Continent have decided to suspend the intermediation activities carried out by the banking subsidiaries established in Europe on behalf of the Moroccan parent banks. In this context, the draft directive, submitted to the European Parliament and Council, intends to toughen the conditions of the “Moroccan relays of the world” activity, underlined the Minister of Economy and Finance during the last question time session before the House of Councillors. It should be noted that this “Moroccan Relays of the World” activity has been created for decades, in favor of Moroccans residing abroad to present requests



for opening and activating accounts in the country of origin, which facilitates the transfer of solidarity aid to their families residing in Morocco and the development of resources and loans in the different regions of the country, said Minister Nadia Fettah.

In any case, Article 21 of the draft directive stipulates that foreign banks not established in the EU are prohibited from providing banking

services from the country of origin directly to their customers residing in one of the countries of the EU, except to request services in the opposite direction. Nadia Fettah clarified that if the version of this directive is adopted by the EU, it will put an end to the historical support provided to Moroccans of the diaspora by Moroccan banks in the countries of origin because no proactive approach of this community will be permitted,

she said. A month ago, the governor of Morocco's central bank raised the issue. Indeed, Abdellatif Jouahri underlined the need to take diplomatic measures to widen the alert in the face of these worrying developments. It is a matter of preserving the achievements and the links forged with the mother country, in particular with the latest generations of immigrants on European soil. □

Mohamed CHAUI

## Despite the shocks, the economy is holding up well

IN 2022, several factors have combined to deal a brutal blow to the Moroccan economy. The country is undergoing the impact of a string of both external and domestic shocks, namely a surge in commodity prices having generated inflation never reached in three decades (8.3% in December 2022), the economic slowdown in Europe, the drought (which explains 48% of the economic deceleration), and other shocks. This situation resulted in the collapse of real GDP growth, which fell from 7.9% in 2021 to 1.2% in 2022, and a worsening of the current account deficit, which rose from 2.3% to 4.1% of GDP, according to World Bank estimates.

This Bretton Woods institution, which presented, on Tuesday, its report titled “Morocco Economic Monitor: Responding to supply shocks” (winter 2022/2023), remains optimistic despite everything. The situation is therefore difficult, but not chaotic. Even if the cost of imports has soared, the good performance of exports and the



receipts of Moroccans residing abroad, as well as the resumption of travel receipts, have relieved the balance of payments. The current account deficit, even though it has increased from 2.3 to 4.1% of GDP, remains “under control”. Morocco has also continued to attract foreign direct investments (FDIs), and to benefit from a fairly comfortable currency cushion, with nearly 6 months of imports.

The Government, for its part, has taken several measures to counter the repercussions of rising prices on households. The Cabinet has thus invested nearly 2% of GDP on subsidies for

basic commodities, and to maintain pre-existing regulated prices (electricity, gas, wheat, sugar, etc.). “This approach has stabilized the prices of goods and services which absorb almost one quarter of average household expenditure, thus avoiding a more pronounced increase in poverty”, underlines the World Bank. “The planned roll-out of the child benefit system will enable effective targeting of the vulnerable population in a cost-effective and equitable manner”, added Jesko Hentschel, World Bank Country Director for the Maghreb and Malta.

The Moroccan central bank, for its

part, raised its key rate twice, with a total of 100 basis points, to curb inflation. “Monetary policy has thus tightened, but remains flexible, compared to other countries in the MENA region, and even to developed countries”, specified Javier Diaz Cassou, Senior Principal Economist at the World Bank in Morocco. With a relatively low policy rate, the Kingdom can even afford further increases. “The impact on growth should be limited,” added Javier Diaz Cassou.

In 2023, the fundamentals should improve, and growth should accelerate. The risks are also on the decline, even if they remain likely: new health, climate, or geopolitical shocks, persistence of inflation and tightening of monetary policy, drop in revenues, and other risks. On the other hand, people are betting on a faster improvement of the international environment, and on a better impact of the structural policies undertaken by Morocco. □

Ahlam NAZIH



# Labor market: Wage employment is dominant

**W**AGE employment remains the most widespread status among the labor force. More than half of the force is made up of wage-earners (52.6% in 2022 compared to 51.8% a year earlier). The self-employed represent 30.3% in 2022, having increased from the year before. Employers represent barely 2.1%. In detail, the most practiced professions are those of craftsmen and skilled workers in craft trades (19.6%). Added to this are the professions of workers and laborers in agriculture and fishing (17.8%) and those of non-agricultural laborers, handlers, and workers in small trades (16.5%). Nearly half of wage-earners (48.8%) have a contract formalizing their relationship with employers. This share is 62.3% among women versus 45.3% among men. The lowest rates of contracting are recorded in the construction (18.3%) and agriculture, forestry, and fishing (20%) sectors. In industry and services, the contracting rate is 61.6% and 60.6%, respectively. Of the entire population of employed workers, 12.8% are in unpaid employment. This is especially



truer in rural areas (27.8%) than in urban settings (2.5%). The share of people with no diploma in unpaid employment is 16.9% versus 11.5% for those with an average degree and 2.8% for those with a higher degree. With regard to the level of education of this population, a little more than one half of it have no degree (51.2%),

while 31.8% have a degree of an average level and 17% a degree of a higher level. Per sector, the share of employed workers with a higher education degree is 28.8% in services, 17.7% in industry, including crafts, and 7.2% in construction. In terms of social protection, more than one quarter of the labor force in 2022 (26.5%)

benefit from job-related medical coverage. This concerns 38.3% of the labor force in cities and 9.4% in rural areas. The highest rates of medical coverage are recorded among the labor force working in the industry sector, including crafts with 46.3%, followed by the members of the labor force working in the sector of services (37.9%), construction (12.4%), and agriculture, forestry, and fishing (5.4%). The correlation between the degree level and the share of working people affiliated to a medical coverage scheme is clearly established. The proportion of people with medical coverage goes from 11.8% among those with no degree to 72.2% among those with a higher degree. Among employees, just less than one half (46.7%) have medical coverage provided by the employer. For the self-employed, this share is 5.5%. In terms of retirement, 1 in 4 working people is affiliated to a retirement system. The coverage rate is higher among women than men, with 30.6% and 24.5% respectively. □

M.A.M.

## Prices hikes foster discontent

**A**N outcry has emerged among the trade union movement. A series of go-slows will soon be launched in the various cities and provinces of Morocco. This is what the Democratic Confederation of Labor (CDT) has just announced. The union also announced protest marches and sit-ins starting this Sunday, February 19. A general strike in the public service will follow, as well as a national protest march. On the eve of this walk-out, the CDT union calls on all of its members and citizens to mobilize massively to translate social discontent and denounce all-out speculation. According to our sources at the CDT, this is a series of go-slows aimed at “*challenging the worrying levels of price increases for fruit and vegetables, meat, and other consumer products*”. Furthermore, the executive bureau of the trade union assigns “*full responsibility to the Government for the current tension as well as for the unprecedented deterioration of the social situation and the collapse of the purchasing power*”. Through these walk-out movements, strikers especially



want the Government to take its responsibilities and put in place, as soon as possible, a series of “*measures and mechanisms to relieve the purchasing power and to lower prices*”. According to Ouadie Madih, president of the National Federation of Consumer Protection Associations (FNAC), “*the current situation is unsustainable. Moreover, the argument of the cold snap, put forward by the government*

*to explain the vertiginous rises in the prices of fruit and vegetables or even meat, does not hold water. Every year we have a cold snap between the months of December and February. However, prices have never reached current levels*”. In other words, the cold snap and inflation alone do not explain everything. Moreover, the circuit of plethora intermediaries certainly contributes to the multiplication

of margins, but it does not explain the current price levels for the simple reason that the same intermediaries have always been part of the ecosystem. In fact, there is a combination of several factors: inflation, the cost of transport, soaring diesel prices, low rainfall, the cold spell, the proliferation of intermediaries, but above all speculation at all levels, sloppiness, and impunity. In the opinion of the president of FNAC, the latest decisions made by the Government, which relate to the strengthening of market control, are not enough. Moreover, they will not be able to give the expected effects in the immediate future. For Ouadie Madih, measures had to be taken for several months already. According to the president of FNAC, “*the solution lies in the frequency of systematic, enhanced, and generalized checks throughout the year, 12 months out of 12., and not just on the eve of Ramadan! In addition, any violation, whatever it may be, must be reported in order to set an example and put an end to impunity*”. □

Amin RBOUB



## Weekly highlights

### “Fact-checking” to tackle “fake news”

**H**OW to counter «fake news», the false information deliberately disseminated with the aim of deceiving, harming, or influencing? The Economic, Social, and Environmental Council has drawn up an opinion on “Fake news, from misinformation to access to proven and available information”, presented on Wednesday, February 15. The phenomenon is not new, but it has increased with the democratization of new information and communication tools, to such an extent that “false information circulates six times faster than the real one!” As the Council explains, the circulation of false information is fostered by the limited access to official and proven information, especially since citizens are very poorly equipped to verify its authenticity, not to mention the sometimes-malevolent intervention from some influencers.

Many dysfunctions foster or even fuel the spread of fake news. This is particularly the case with the retention of information by some administrations which do not update official data or do not disseminate them systematically. However, a law exists, namely Law No. 31-13, which obliges administrations to such updating and dissemination. At this level, the results of the “ouchariko.ma” citizen consultation are quite revealing: 37% of respondents consider that it is difficult to find official and proven information, and for 33% of them, this information is incomplete and not up to date. Against this situation, “open data” becomes a necessity. It is even a guarantee of transparency of the administration. “*Awareness of the fundamen-*



*tal strategic aspect of occupying the field of information in the digital environment is essential. This will avoid negative impacts that can be extremely damaging from an economic, social, or political point of view”,* note the experts of the Council. The provision of relevant and proven information by identified official bodies can create the reflex to refer to such information. Credible and strong media are also an asset! In any case, the Council recommends ensuring the effectiveness of the right of access to public information, in particular by making it compulsory to disseminate, on the website of the

administration concerned, all official public documents within 24 hours following their adoption.

Among the weaknesses and dysfunctions noted is also the lack of human and physical resources capable of enabling the various public media channels to effectively the spread of fake news. Added to this is the lack of effective fact-checking platforms capable of better verifying the facts, with the exception of a few isolated initiatives. This refers to the need to set up a public digital platform for «fact-checking» of official information from Morocco while taking care to capitalize on the initia-

tives launched by certain institutions (MAP -Maghreb Arab Presse Agency, and HACA-High Audiovisual and Communications Agency, etc.). The Economic Council is also in favor of granting subsidies to these “fact-checking” websites through independent funds, of the universal service type, and also in favor of creating a labeling system. Another recommendation is to support initiatives aimed at detecting and sharing false information among media professionals with a view to minimizing their dissemination to the general public. □

Khadija MASMOUDI

## LA NEWSLETTER

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