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Weekly highlights by L'ECONOMISTE

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EDITORIAL

Dialogue of the deaf

Mohamed Ali MRABI

WHAT is currently happening in France challenges us in more ways than one. The pension reform, approved with a sledgehammer approach, opened the way to a real political crisis, clashes in several cities, and other turmoil... Some protesters even threaten to «bring the country's economy to its knees». In Morocco, the urgency of the issue of pension reform no longer needs to be demonstrated. The different pension schemes are threatened. Technical deficits are expected in a few years.

The diagnosis is widely shared. Basic pension schemes are characterized by diversity and a lack of convergence, with distinct design, regulatory framework, governance and steering. Everyone agrees on the urgency of acting to avoid mortgaging the future of the retirees-to-be.

Nonetheless, in this type of reform, arm wrestling is often inevitable. Especially when the solution will have to go through unpopular measures. Consultations with all the stakeholders will make it possible to move forward concerning this issue in a peaceful atmosphere. The working methodology has already been set during the social dialogue rounds. To avoid stirring up tension, the government does not want the debate to be focused on measures that are bones of contention. The Minister of Finance had clearly specified, before parliamentarians, that the reform will not be limited to delaying the retirement age or to the amounts of contributions. Overhauling the governance of the public pension funds and other governments welfare funds is also crucial.

The outcome of this project will depend on the concessions that could be made by the various stakeholders. This is essential if one wishes to do everything that needs be done on time. Transparent communication as well as raising awareness of the risks and issues, will be the key. Otherwise, it will be a dialogue of the deaf.❏

Weekly highlights

Casablanca

Commissioning the Mohammed VI bridge

■ After 15 months of work

■ Overall budget of 171.3 million MAD

■ Future exchange hub between tram, busways, buses, and taxis

The bridge is open to traffic, while work continues below the bridge for the creation of the largest interchange hub in the public transport network on its own site, which will bring together the services of Line 3 of the tram and BW1 near bus and large taxis stops

ONE of the longest engineering structures in Casablanca was launched on Tuesday, March 21. Much more than a simple bridge, the structure, twice as long as the cable-stayed bridge, is in fact a future exchange hub between several modes of transport (tram, busways (BRTs), taxis, buses, and other means of transport.). The engineering structure, located at the intersection of boulevards Mohammed VI, Al Qods, Driss El Harti, Dakhla and Amgala (Aïn Chock and Sbata districts) is located on a particularly dense axis. Boulevard Mohammed VI, crossed by several major thoroughfares and intersections, is one of the main access points to the city of Casablanca and carries heavy traffic and heavy flows of goods. According to preliminary studies, traffic can reach 6,000 vehicles / hour at the level of the intersection of Boulevard Mohammed VI/Al Harti/Al Qods and a traffic flow regime close to saturation (98% of the capacity in the morning rush hour (MRH) and 95% in the evening rush hour (ERH). The new bridge will make it possible to considerably reduce the length of the queues and consequently the passage times at the right of the intersections of the boulevards.

After the opening of traffic on the bridge, work continues under the engineering structure, in the section located between the boulevards Al Qods and Driss El Harti for the constitution of the largest interchange hub of the public transport network in its own lane, which will bring together the services of Line 3 of the tram and BW1 near bus and large taxi stops. The tram station, in an axial position, is being developed under the engineering structure, while the station of the busway adjoins, laterally, the Al Housna Mosque.

Upon the commissioning of the new tram lines (1st half of 2024) and busways (BRTs) (July 2023), this engineering structure will ensure optimal and secure connection between users of the planned modes of transport and the existing ones (tram, BRT, large taxis, and buses) by reducing the volume of vehicles using the section in surface and limiting vehicle/pedestrian conflicts. The goal is also to improve the commercial performance of trams and buses at intersections by guaranteeing them priority. The total length of the engineering structure has been optimized, standing at 1,015 m, including 620 meters for the bridge and 395 meters for its access ramps. With a total width of 16.1 meters, the structure offers 2x2 traffic lanes in each direction, separated by a central reservation. The work was carried out by the Bioui Travaux company for an amount of nearly 172 million MAD.❑

Aziza EL AFFAS

Price increase: Nadia Fettah tries to reassure the MPs

■ The diesel stock barely covers 29 days and the butane gas 26 days

■ The Government looks into the reform of wholesale fruit and vegetable markets

Nadia Fettah, Minister of Economy and Finance, was questioned by members of the Finance Committee in the House of Representatives, to examine the measures taken by the government to deal with the soaring prices of consumer products and to protect the purchasing power of citizens

THE Parliament recess did not prevent Nadia Fettah from coming on Tuesday, March 21 before the Finance Committee of the House of Representatives to discuss the economic and social situation, marked by rising prices at all levels. The Minister of Economy and Finance was to discuss the measures taken by the government to deal with the soaring prices of consumer products and to protect the purchasing power of citizens. This subject, the examination of which has been requested by all the parliamentary groups, is very sensitive. The timing of this meeting of the Finance Committee does not make it possible to report on the debates. We will limit ourselves here to the minister's presentation.

Even if the minister wanted to be reassuring, hydrocarbon stocks give rise to some concerns. The reserves of gasoline available cover the national needs of 53 days and those of diesel barely 29 days. As for the stock of butane gas, it hardly covers more than 26 days.

On the eve of the month of Ramadan, the Government is haunted by the market supply situation. The minister affirmed that the markets are supplied with sufficient foodstuffs, particularly those which are consumed during this holy month. Thus, the supply of agricultural products, fruits and vegetables, is sufficient to cover national needs. But in order to stem speculation and reduce the number of intermediaries, the Government is preparing a reform of the wholesale fruit and vegetable markets and fish markets. It is a question of developing a roadmap aimed at modernizing this equipment so that it meets consumer requirements.

For Nadia Fettah , the wheat stock varies between two and three months while the sugar reserves exceed four months. Ditto for stocks of oils and butter of more than two months. Similarly, the supply of products widely consumed during this month, such as dates and milk, is sufficient to largely cover demand. National needs for pulses will also be covered, especially since significant quantities were imported during the first months of this year.❑

M.C.

Weekly highlights

Bank Al-Maghrib continues its war against inflation

■ New increase in key rate: plus 50 basis points reaching now 3%

■ Inflation would remain high in the medium term: 5.5% this year and 3.9% in 2024 in the event of removal of subsidies to basic commodities

■ Growth would not exceed 2.6% of GDP

For Abdellatif Jouahri, Governor of the Moroccan Central Bank, the budget deficit should continue its downward trend mainly due to the expected improvement in both tax and non-tax revenues. The deficit is expected to ease to 4.7% of GDP in 2023 and then to 4.3% in 2024

ANOTHER increase in the Bank Al-Maghrib key rate. The first monetary policy meeting held on Tuesday March 21 resulted in a 50 point increase basic at 3% . The business community was expecting it and speculation focused mainly on the level of the increase.

Going into debt will become more expensive for all economic actors, which should translate into a reduction in demand for goods and services, and subsequently in prices. This is the «classic» scenario. In any case, the central bank is tightening its policy and sticking to its main mission: to curb inflation by leaving the government with the delicate task of supporting purchasing power, a power impacted by the recent rises in food prices, and this, even if measures have been taken by the Government. Moreover, the Board of Bank Al-Maghrib considers that *"despite a relative easing of external pressures, recent data show that inflation continues to pick up, driven in particular by internal supply shocks on certain food products"*. With the new key rate hike, the central bank wants to further anchor inflation expectations and ensure the conditions for a rapid return to levels in line with the price stability objective. Being more or less aggressive, Bank Al-Maghrib seeks to prevent the triggering of self-sustaining inflationary spirals.

Last year, inflation recorded its highest level since 1992, namely 6.6%. It will take several months before a return to a sustainable situation. In the short and medium term, the decline in inflation has been ruled out: « it should remain at high levels in the medium term, should stand in 2023 at 5.5% on average, and its underlying component would be 6.2% ". In other words, the central bank has revised its forecast upwards by 2 percentage points due to the surge in the prices of certain food products. For the Bank, the shocks causing this increase would gradually fade in the second half following the various measures taken by the government. In 2024, the scheduled start of the removal of the subsidies for some basic products should keep inflation overall at a high level of 3.9%.❑

Khadija MASMOUDI

Low level of growth

CONCERNING the issue of growth , the forecasts of the Central Bank (BAM) are less optimistic than those of the Government. The Central Bank expects a rate of 2.6% versus 1.2% in 2022. This low level of growth is explained by an increase limited to 1.6% of the agricultural value added after its 15% drop in 2022 and by a reduction to 2.7% in the value added of non-agricultural activities under the effect of the deterioration of the external environment.

The agricultural season benefited from the last rains but the production of the three main cereals should be limited by the size of the areas sown. These areas are said to not having exceeded 3.65 million hectares according to the Central Bank citing the Department of Agriculture. In addition, non-cereal crops would suffer from restrictions on irrigation water and from the high cost of inputs. Bank Al-Maghrib is thus counting on a cereal harvest which would not exceed 55 million quintals while according to the Government, this harvest should reach 75 million. It will be necessary to wait until 2024 for a return to an average production and an added value of 6.9%. Moreover, a slight acceleration in growth to 3.5% is expected next year.❑

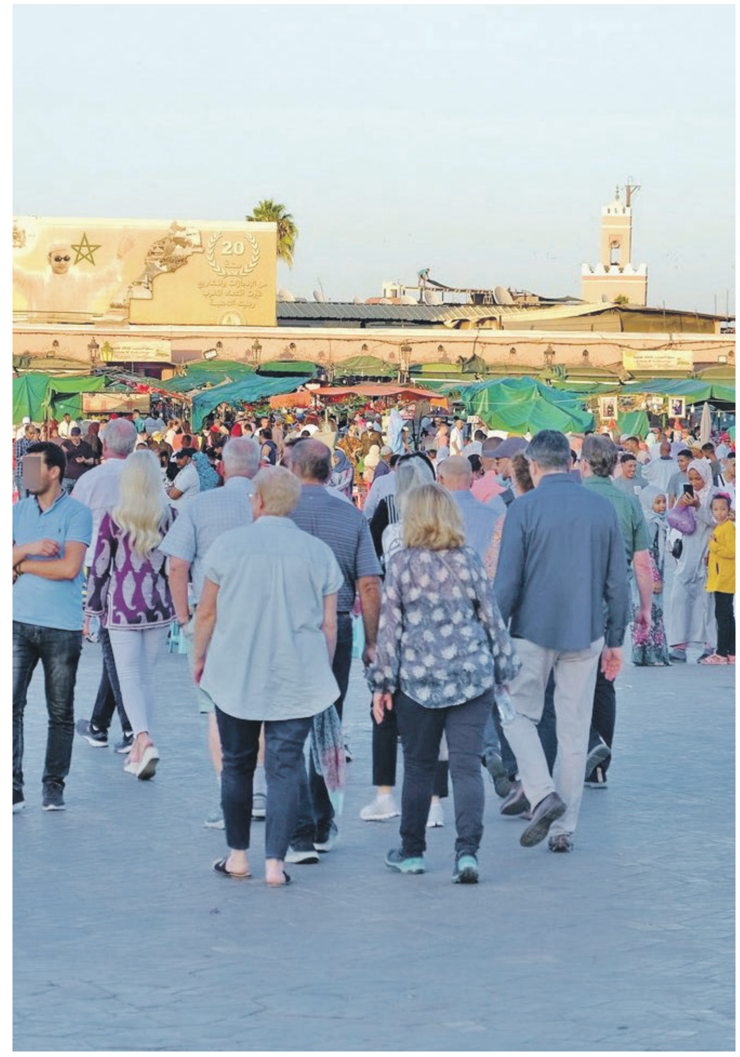
2.8%, the current account deficit

THE current account deficit would stand at 2.8% of GDP versus 3.9% in 2022 before dropping to 2.6% next year. The pace of exports is expected to slow to 3% from 29.4% last year. Central bank experts expect sales of the automotive sector to rise by 7% per year and those of phosphates and derivatives to decline. This decline in the price of phosphates is said to be due mainly to the fall in the price of crude phosphate which should drop from 266 dollars per ton in 2022 to 200 dollars in 2023 and to 175 dollars in 2024 and from 772 dollars per ton to 750 dollars then to 650 dollars respectively for diammonium phosphate (DAP).

Imports should also decline by 2.3% this year before increasing by 0.8% in 2024. A decline in the energy bill is expected.❑

Weekly highlights

Tourism in Marrakech: No respite for Ramadan



Despite the crisis, Europeans are still hungry for travel. And this year, their holidays coincide with Ramadan. From April 2 to 8, it is Semana Santa for the Spaniards, and many people plan to spend their holidays in Marrakech. The Spanish and French calendars overlap since the Easter holidays start from April 2 and extend until May 9 depending on the school zones (A, B, C, and Corsica). And last but not least, the Jewish holidays, in this case Passover, start this year on April 5th and will last until the 13th of the same month. Hoteliers on your marks!

- **Holiday calendars overlap**
- **Easter, Passover, Semana Santa… opportunities to fill hotels**
- **Hoteliers expect a good month of April**

THE city will not be idle during Ramadan, the month of April being one of the best months of the year. First of all, the hotels in the city of Marrakech have taken advantage of the Moroccan school holidays to attract residential customers who, depending on their means and budgets, opt either for holiday clubs, 5-star hotels or even Airbnb-type accommodation. These contingents of national holidaymakers who leave on March 19 will very quickly be replaced by European families, who also go out on school holidays from April 2. Despite the European crisis, families want to travel and reservations are numerous even if these holidays coincide with Ramadan. Thus, from April 2, the Spanish Semana Santa will start and theoretically family groups will take over and spend their holidays in Marrakech until April 8. They should be followed by French tourists and families who will be on Easter vacation. Note that reservations and sales related to the Easter holidays were concluded several months ago. The fact remains that last minute clients are still to be accounted for. They sometimes represent 20% of arrivals in Marrakech. There was a time when hoteliers and restaurateurs took time off during Ramadan. They took advantage of the respite offered during this sacred month to renovate their establishments or carry out work to extend their units. Nothing will happen this year. Tourism in the ocher city no longer experiences seasonality, especially among tour operators. Moreover, *"the success of Marrakech, throughout the year of post-covid recovery has certainly had a positive ripple effect on the month of Ramadan"*, comments a local hotelier. The niche of Jewish religious tourism will also be in turmoil since the month of April coincides with the Passover celebrations, and Marrakech is positioned very well in this segment. Most hotels have designed special programs to accommodate religious Jews. These prospects for the month of April are not surprising. Since the start of 2023, indicators have all been green, whether in terms of arrivals, overnight stays or occupancy rate. In two months, the city received more than 430,000 tourists in classified tourist establishments (Three-to-five-star tourism establishments) which achieved 1.25 million overnight stays. Hotels display an average occupancy rate. Going back to 2019, the reference year, the total nights spent in tourist three-to-five-star tourism establishments in February recorded an increase of 8% compared to February 2019 and 12% in terms of arrivals. The occupancy rate for February 2023 changed by 3 points compared to February 2019.❏

Badra BERRISSOULE