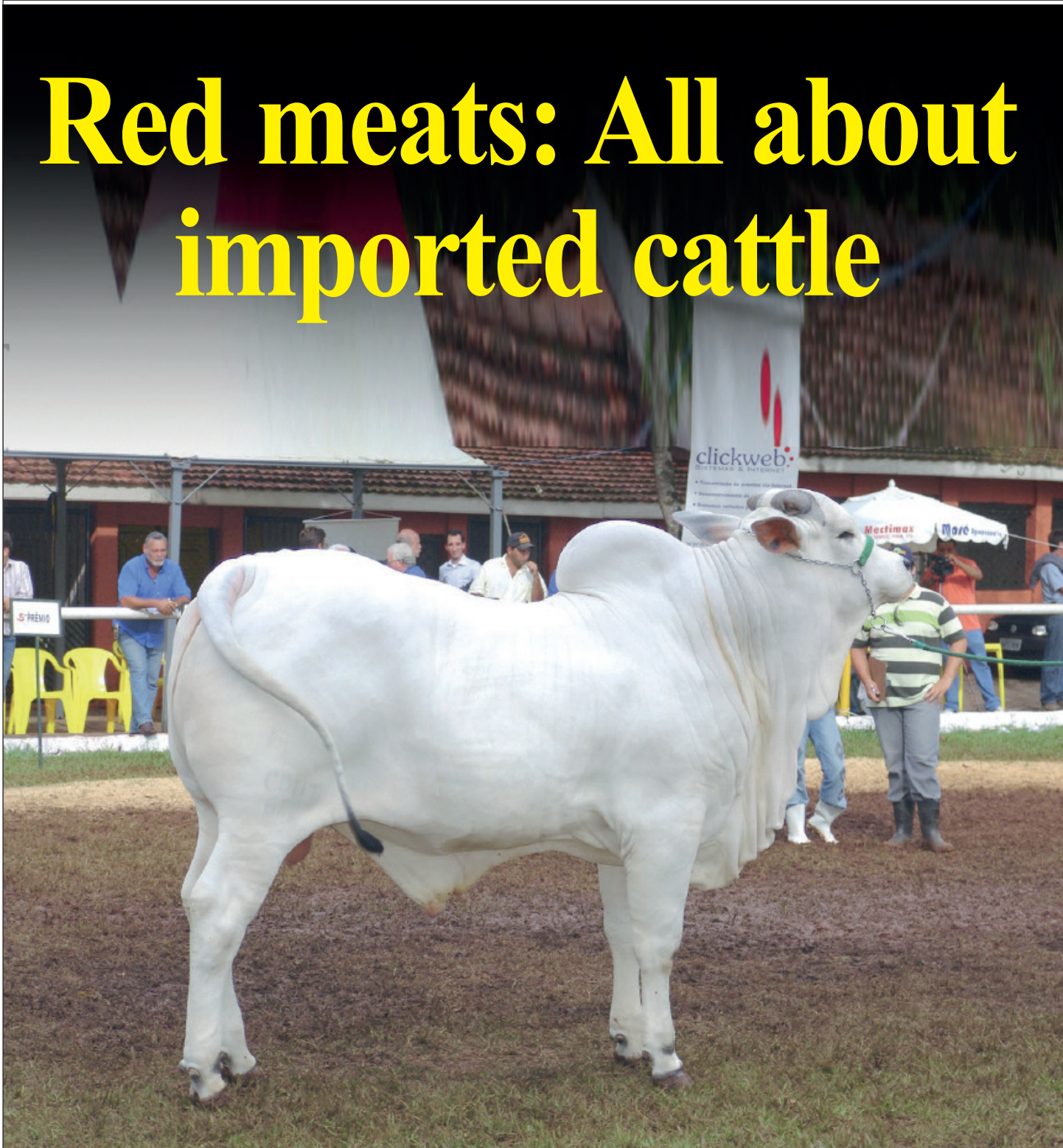


Weekly highlights by L'ECONOMISTE



Entreprise Certifiée Qualité
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BUREAU VERITAS MAROC

Red meats: All about imported cattle



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EDITORIAL

Master craftsman

Amin RBOUB

WHAT could be more beautiful than to share a memory, seize a moment, treat yourself to a rare object, remember an experience or a sensation!... Tourism allows this feeling. It allows it even more through its corollary, namely craftsmanship. Relegated to the background for several decades, the craft sector remained for a long time reduced to an activity of a social nature, nothing more! However, this is one of the living expressions of Morocco's historical and cultural heritage. It is art, taste and imagination taking a physical shape. In Morocco, there are more than 70 professions in the various sectors of craftsmanship with 2.4 million workers, *mâalems*, and master craftsmen who are part of a Berber, Judaic, Andalusian, Arab, European, and Mediterranean cultural mix... This heritage ranges from carpets to pottery through the embroidery of caftans, zellige, jewelry, and leather goods... An ancestral art passed down from father to son for several centuries. So all it took

was a healthy dose of marketing to wrap the product up. Today, the situation has completely changed. Craftsmanship is considered a strategic sector, in the same way as tourism, industry, and agriculture. Fortunately, this paradigm shift is transformed into performance indicators, with record export figures. International demand is rising crescendo, and promotion is in full swing at fairs and shows, especially as there is a worldwide trend and an unprecedented enthusiasm for authenticity, handmade products, and the imperfections of craftsmen's aesthetics ... In addition, the Qatar World Cup effect and the unprecedented feats of Moroccan football have aroused an international outpouring of sympathy for the Moroccan experience. Let's bet that these good vibes will last and be passed on to future generations of memory makers. "Memory is the invisible presence", French writer Victor Hugo liked to say. □

Weekly highlights

Withholding tax: The taxman does not give up

IS there still a need for clarification concerning the modus operandi of the withholding tax in terms of Corporate Tax and Income Tax on fees and other remuneration paid by the national Government and local authorities to third parties? In any case, the General Treasury of the Kingdom (TGR) and the General Directorate of Taxes (DGI) have just issued a joint circular concerning the terms of implementation of this measure provided for by the 2023 Appropriations Bill. The memo, which is intended for authorizing officers and public accountants, defines the persons concerned by the system, the tax base that is subject to a withholding tax, as well as the different types of fees, commissions, and brokerage fees. Authorizing officers must therefore carry out this operation at the time of the authorization of expenditure for the benefit of the beneficiaries concerned and establish two separate payment orders which are then summarized in the same issue slip, one for the amount of the withholding tax, and the second payment



order mentioning the difference paid to the beneficiary. The joint memo also specifies that the deductions not made during the transitional period, corresponding to the expectation of the publication of the circular on tax measures, do not give rise to the right to charging via tax returns. For their part, public accountants, after receiving the payment orders, are called upon to check the validity of the expenditure by taking into account the file of taxpayers provided by the General Directorate of Taxes and including in particular their identification details, their tax system, and other details. The General Treasury of the Kingdom also specifies that opposi-

tions, notices to third party holders, pledges, garnishments, assignments of receivables, and other reasons preventing payment will only apply to the sums ordered.

A certificate to this effect may be issued to the interested party, extracted from the Integrated Expenditure Management system (GID) administered by the General Treasury of the Kingdom. The General Directorate of Taxes will be informed on a daily basis of deductions at source made by authorizing officers and public accountants of the central Government and local authorities. The General Directorate of Taxes will receive on a daily basis a file communi-

ated by the General Treasury of the Kingdom. Are therefore concerned by these tax levies legal persons subject to the corporate tax and natural persons who are subject to income tax whose income is determined according to either the Actual Net Income (RNR) or that of the Simplified Net Income (RNS) regime. Legal persons who are exempt from the corporate tax remain of course free of the tax burden, as is the case also for persons who are subject to the income tax under the Single Professional Contribution or self-employment schemes. □

Hassan EL ARIF

Receptive tourism: Prices are skyrocketing

IS the Morocco destination becoming too expensive? "We are no longer able to offer our foreign customers packages with the same prices as before. They are surprised by the price levels reached by the various tourist services. Everything has gone up", says one tour operator. The tourist package in question includes accommodation, catering, transport, and the costs of visiting monuments and guides. Thus, for a 10-day circuit, for example, including Rabat, Chaouen, Midelt, Erfoud, Merzouga, Ouarzazate, Marrakech, and Casablanca, the rates of a major tourist transport agency in Ouarzazate is 30,000 Dirhams (USD 3,000) instead of 22,000 Dirhams (USD 2,200). It should be understood that these prices relate to the 2023-2024 tourist season. "The rise in diesel fuel prices cannot alone explain all this difference. Moreover, the price of fuel has started to fall", says the tour operator who achieves with the same tourist transport agency a monthly turnover of around one



million Dirhams (USD 100,000). Negotiations are also underway to get a discount on the asking price. "Tourist transport, which before Covid used to cost 9 Dirhams excluding tax / km excluding travel, now costs 11 Dirhams / km, that is to say around 13.50 Dirhams including tax per kilometer", points out Omar Belhachmi, boss of the Voyages Paradis agency. In terms of catering, the owners of classified restaurants

deny having generated any increase in prices. "We try to pass on the price increase as little as possible to the end consumer. If this continues, indeed, there will be a slight increase. We keep all our employees. Our charges are identical. We have all gone through very difficult times but we are holding our course. We hope that prices will become reasonable again to allow consumers to benefit from a greater purchasing

power and this will be beneficial for all", says Imane Rmili, President of the National Federation of Restaurant Owners.

For high-end receptive tourism, "customers who pay 5,000 euros for their stay, for example, do not balk at a 10% increase", points out Omar Belhachmi. The formula also includes the services of tourist guides. Again, fee increases are reported by several tour operators. Some Chinese or Japanese speaking guides now demand to be paid up to 1,000 Dirhams versus 400 Dirhams previously. "We deal with national and local guides and have seen fee hikes of 30% to 40%. Some guides who used to charge 300 dirhams per day for their services are now claiming 700 dirhams", confirms Omar Belhachmi, tour operator.

Does the price level of the Morocco destination risk compromising the achievement of the goal of receiving 17.5 million tourists in 2026? □

Hassan EL ARIF

Red meats: All about imported cattle

THE controversy over the quality of red meat, which comes mainly from Brazil, is growing. Voices are raised to point the finger at these cattle, imported to restore supply on the local market and bring down the price per kilo. The Ministry of Agriculture takes stock of this operation. *“The government has put in place a series of measures to ensure the supply of red meat to the local market and bring down prices. One of these measures includes the suspension of customs duties and the abolition of VAT on the import of cattle”*, said Nabil Chaouki, Director of Development of Production Sectors at the Ministry of Agriculture. Thus, Morocco imported 20,000 cattle and 7,500 sheep intended for slaughter. *“The cattle come from Brazil, Spain, and France. Regarding sheep, they are imported from Spain.*

A first contingent of 2,800 head arrived on March 25 at the port of Jorf Lasfar from Brazil. Two other shipments will follow in April”, says Nabil Chaouki. Asked about the qua-



Nelore cattle breed is recognized for its breeding qualities and its resistance to disease

lity of this meat, the director specifies that these animals have been subjected to all the required tests, and adds that rigorous checks were carried out by the National Food Safety Office (ONSSA) to ensure the safety and quality of the product. According to Nabil Chaouki, a commission made

up of members of the ONSSA agency and of the Ministry of Agriculture made a trip to Brazil before the importation to ensure the breeding conditions for the cattle.

Thus, a health certificate was signed between Morocco and the health authorities of this Latin American

country before the introduction of these animals on the national market. The imported Brazilian breed is known as Nelore and is marketed worldwide. *“It’s a purebred bovine species. It is recognized for its breeding qualities. The animals are fed mainly on grasses. They are famous for their resistance to climate conditions, including high heat, and to disease”*, explains Nabil Chaouki. Brazil is the leading producer in the world with nearly 220 million head per year. This Latin American country exports nearly one million head of cattle and nearly 2.5 million tons of meat per year worldwide. In addition to the pure Brazilian Nelore, Morocco also imports another breed crossed with the British Angus, known for its black coat.

Imports will continue in the coming months. New shipments of cattle are expected. They will come from Spain and Brazil, but also from Uruguay. A total of 3,500 cattle for slaughter will be imported from this South American country. □

Khadija SKALLI

Fruits and vegetables

Marketing channels under the magnifying glass

THE subject of the fact-finding mission relating to the distribution and marketing channels of agricultural products attracted a great deal of attention. Proof of this is the fact that two ministers went to the House of Representatives to attend the first meeting of the Commission on Productive Sectors which was to present its report. Those ministers are Mohamed Sadiki, in charge of Agriculture, and Ryad Mezzour, in charge of Trade and Industry. Many MPs attended this meeting, the subject of which is highly topical, particularly in the context of the soaring prices of agricultural products and where intermediaries were officially blamed. It should be noted that the work of this mission started a year ago.

After the debate inside the Commission, the voluminous report, which includes some sixty recommendations, will be discussed in plenary session of the House of Representa-



The government aims to set up 12 additional next-generation wholesale markets, at the rate of one site per region, by 2030. Five planned wholesale market projects are in progress. They are located in Rabat, Berkane, Meknes, Agadir, and Marrakech and meet food safety criteria

tives. Given the relevance of what the Commission recommends, this work will be of great use for the line ministries of Agriculture and the Interior, especially if these ministries really want to reform this black spot in the distribution and marketing circuits for agricultural products. In the mean-

time, for the Minister of Agriculture, the problem posed in the agricultural sector lies in the move to the inspection of quantities of fruit and vegetables. According to the report of the mission which presented its conclusions before the Commission of the Productive Sectors, more than 9 mil-

lion tons of the national production are marketed in the domestic market, that is to say nearly 80% of the total production. Of this total, only 3.5 million tons pass through wholesale markets. It should be noted that e-commerce is faced with the problem of quality control, which requires the establishment of specifications and of a legal framework. For the minister, the wholesale markets must move to the stage of digitization which encourages transparency. In addition, program contracts are important to support marketing. In this case, the Minister is formal: only field visits make it possible to identify the problems that plague the operation of distribution and marketing of agricultural products. The Minister considers that model marketplaces remain the best alternative for solving a large part of the problems posed. □

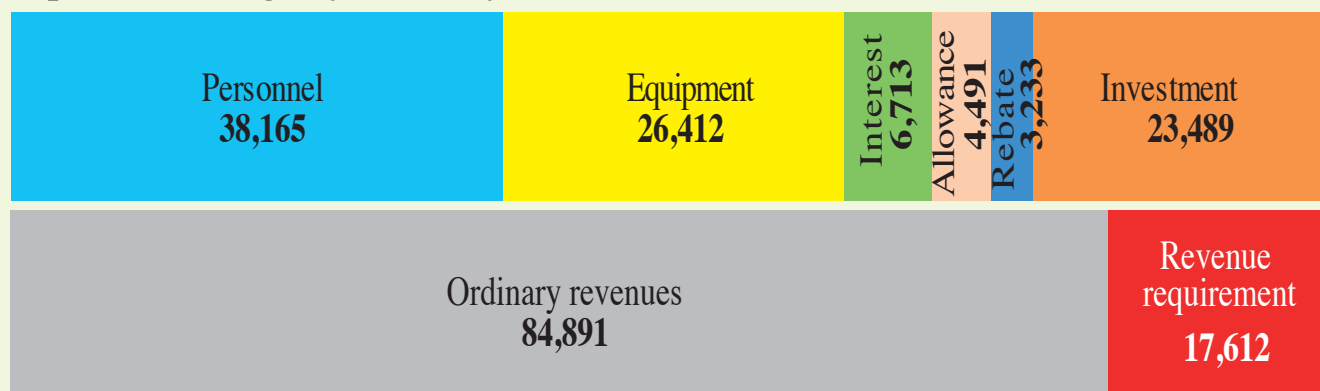
Mohamed CHAOUI

Weekly highlights

Budget: Surprise Surplus

THIS is the surprise of the first quarter and it comes from the General Treasury of the Kingdom. The budget shows a surplus of 6.27 billion MAD at the end of March compared to a deficit of 1.9 billion MAD recorded in the same period last year. This situation is not likely to last long. Major projects and reforms related to the sectors of health, education, and social security are planned this year and require significant funding, all of it without forgetting the uncertainties surrounding the global economy. In any case, the government expects the good performance of tax and non-tax revenues and forecasts a budget deficit of 4.5% versus 4.7% according to forecasts of the central bank, Bank Al-Maghrib. In an environment marked by soaring inflation, ordinary revenue increased by 11% while expenditure grew by 3.1%. The good performance of revenues is due to the increase in tax revenues by 5% and non-tax revenues by 154.4%. These reached 7.8 billion dirhams under the effect of the increase in payments from special Treasury accounts to the general budget, revenue from monopolies and support

Expense coverage by ordinary revenues at the end of March 2023 (in million MAD)



funds (Support funds are, in public finance, funds from the general budget that derogate from the budgetary principle of universality).

At the same time, revenue generated by debt spending mitigation declined. Tax receipts were marked by the increase in customs duties by 14.2%, of domestic consumption taxes by 4.8%, and of VAT by 6.3%. Revenues from income tax increased by 5.6% and those from the corporate tax fell by only 0.5% to stand at 22.7 billion dirhams. But even with this slight decline, the Corporate Tax remains the leading contributor to the general budget for the 1st quarter. This tax

underwent a major reform this year. It consists of the gradual convergence towards unified taxation rates over a four-year period. This should ensure visibility and stability for investors. The target rates will be applied from January 1, 2027 onwards.

Between now and then, taxation rates will be gradually increased or reduced, as the case may be, for each fiscal year, for the period ranging from January 1, 2023 to December 31, 2026. This first quarter was characterized by the decline of more than half of expenditure related to subsidies for basic foodstuffs (minus 55.2%) due to the reduction in the

price of gas and wheat. Tax refunds and reliefs charged to the general budget also decreased by 10.4%. This is attributed in particular to the drop of 1.1 billion dirhams in refunds of VAT within the country to reach 2.36 billion dirhams. This being said, the overall amount of VAT reimbursements within the country, including the part relating to local authorities, reached 3.3 billion dirhams versus 4.95 billion a year earlier. On the other hand, corporate tax refunds increased by 118.1% to reach 710 million Dirhams. □

Khadija MASMOUDI

Consumer rights gain ground

THIS is enough to give ideas to the 36 million consumers who no longer want to let things go. More than 5,000 cases were taken to court or brought before the courts between 2018 and 2021. The first indicator of this trend are disputes relating to consumer law, which are increasing year on year. This trend will certainly continue in the future. Household purchasing power has been crushed with the 10.1% inflation recorded at the end of February 2023, but this inflation will settle over time, predicts the High Commission Office for Planning. Suffice to say that the law on consumer protection has a bright future ahead. Lawyer Abdelatif Laamrani has noted this for some time in his files. "Customers are attacking banks more and more in court", testifies this lawyer who represents credit institutions. He explains it by "an awareness" and "the economic crisis" concomitant with the Covid-19 pandemic. "The financial and real estate sectors concentrate the majority of complaints. This is a trend



noted at the level of our 21 counters", reports the president of the National Federation of Consumer Associations, Ouadi Madih. These counters received 5,541 complaints in 2022. "Consumer law has been well accepted by litigants. Even if people do not yet adhere sufficiently to consumer protection associations", notes for his part Younes Anibar, Esq., lawyer at the Casablanca Bar Association. The

voice of the consumerist movement is thus becoming increasingly audible in the courts of justice, with an average of 1,309 disputes per year. Our interlocutor regrets that certain provisions are not sufficiently used even though they are "very interesting". These are articles 12 and 13 relating to information on delivery times.

A consumer can, without recourse to justice, break his commitment with a

supplier who is out of time. "There is still room to counter abusive commercial practices, hence the importance of raising awareness and empowering the general public even more. The Ministry of Education can also play this role at school level," suggests the National Federation of Consumer Associations. □

Faiçal FAQUIHI