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EDITORIAL

Nightmare

Ahlam NAZIH

PENCILS, erasers, glue, squares, kits, notebooks, scissors, textbooks... The list hurts. This back-to-school season, parents are once again faced with long bills containing dozens of items. School supplies required by schools, purchased at high prices and whose use is not always certain.

In this inflationary climate, this hurts even more.

Parents who choose the private system are doubly penalized. School fees, canteen, transport, insurance... a real financial abyss that they are forced to face without any support (education vouchers, tax exemption...). On top of all this, parents have to go back to school themselves, through their children. They have to submit to the tedious exercise of homework brought home every day by their offspring. Faced with their little ones' shortcomings, parents have no choice but to take the bull by the horns, and dive back into

math, grammar, poetry, history, and geography... After a long day's work, it is anything but a piece of cake. The last resort is to break your piggybank for tutoring. For many parents, having to endure this scenario every year is a nightmare.

Of course, parents have a duty to get involved in their children's schooling, to monitor their progress, coach them and guide them. But they can't improvise themselves as teachers, even though they've paid a lot of money for a service that is supposed to be complete.

The truth is that neither public nor private schools today can claim to offer an irreproachable service, with a few exceptions. Nevertheless, if public schools were more efficient, many households would not be up to their necks in debt. For now, all they can do is endure, and drink the cup to the dregs. □

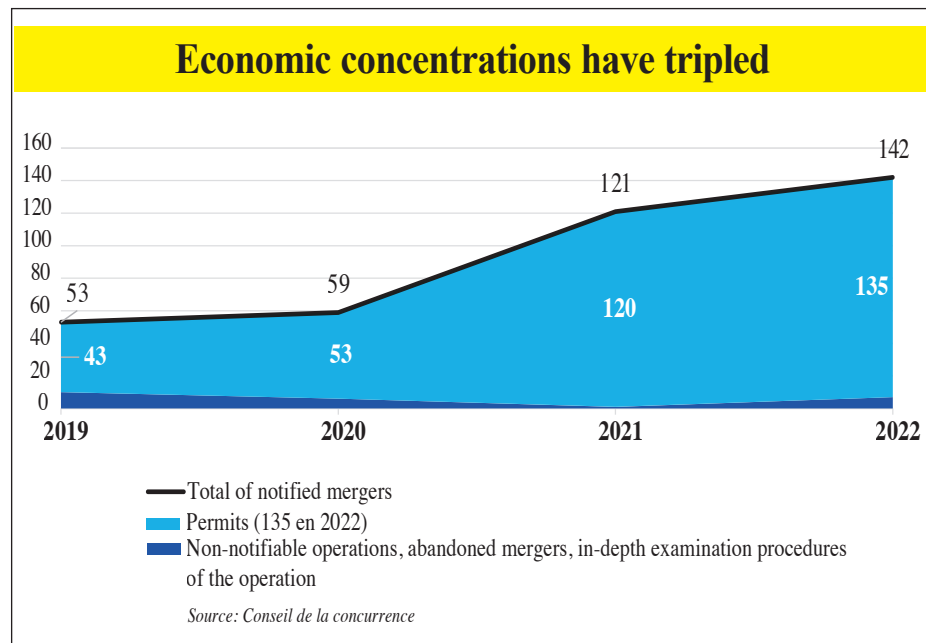
Weekly highlights

Economic concentration: The turnaround

PRE-MERGER control accounts for 80% of the Competition Council's activities: 142 decisions in 2022. In its latest annual report, the Council takes stock of the campaign to regularize transactions that have not been notified to it. This covers the period from January 01, 2019 to the end of December 2021. This unprecedented transactional procedure partially closes a turbulent chapter in the life of the regulator. One of the highlights was the royal appointment of Ahmed Rahhou to the presidency of the Competition Council in March 2021 in Fez.

«The regularization procedure has been crowned with success. The Competition Council received 150 applications, 27 of which were deemed notifiable», says the Council. The applications not accepted by the investigators do not fall within the scope of the law on freedom of pricing and competition, according to the information in our possession.

In addition, the financial and insurance sector is leading the pack, with 52% of transactions regularized. The Competition Council, set up in the



early 2000s, has handed down sanctions totaling 36 million Dirhams (USD 3.6 million).

However, the update on the regularization of outlawed transactions does not detail their exact nature. Are they joint ventures, mergers, takeovers, direct or indirect shareholdings, asset purchases, contracts, or something else? Generally speaking, acquisitions of sole control are often the most numerous ones pres-

ent in the annual census of economic concentrations, including in 2022.

In addition to the 27 voluntary filings, the competition authority acted on its own initiative in three cases. The fines in these last three cases totaled 33 million Dirhams (USD 3.3 million). This is almost equivalent to the amount collected in the context of regularized economic mergers.

An «exceptional» year! This is the first time in the history of the

Competition Council that sanctions have been imposed: 30 out of 31 decisions relate solely to economic mergers. Only one involved a price-fixing agreement among chartered accountants.

It cannot be ruled out that those initial record figures could have been much higher, ... both in terms of volume and value. The confidences of some business lawyers attest to this reality.

Being dubious or recalcitrant, some clients preferred to play dead rather than declare themselves spontaneously to the Competition Council.

The chief investigator suggests that this is only a matter of postponement. «Admittedly, the 5-year statute of limitations may apply to some specific member of the business community. But everything becomes known in business. Our investigation department will do everything in its power to ferret out any fraudsters», insisted the Board's General rapporteur, Khalid Bouayachi (see L'Economiste no. 6360, October 03, 2022). □

Faiçal FAQUIHI

VAT reform: Employers cling to tax neutrality

«**M**OROCCAN businesses are currently experiencing many difficulties, including great pressure on their cash flow, but they are not giving up. We need to give them the means to overcome these difficulties and grow». This statement by Chakib Alj, President of the Moroccan Employers' Confederation (CGEM), sums up much of what is at stake in the next Finance Law. The main expectations will focus on the impact in terms of business growth and job creation. Submitted to the Ministry of Finance in July, the employers' recommendations for the 2024 Finance Act focus primarily on reforming local taxation and VAT. At this level, the challenge is to reduce the number of rates, whose multiplicity, as well as the various exemptions granted, are sources of distortion. In

any case, the CGEM is proposing a redefinition of the scope of application and exemptions from VAT, as well as the generalization of the right to deduction and reimbursement. Without giving details of the rates it would like to see established, the Employers' Confederation remains in favor of two rates, while maintaining the 0% rate. «VAT must be neutral for the members of the business community, and the setting of rates is a matter for the Government. The trade-off will certainly be based on the impact on the budget and purchasing power. The multiplicity of rates

and the non-reimbursement, in certain cases, of VAT credits create a stumbling block. We need to get out of this situation. By 2026, we may have to reach a maximum rate of 16% and an intermediate rate of 7 or 8%», argues Abdelmajid Faiz, Vice-Chairman of the Taxation and Customs Commission. The Third National Tax Conference in May 2019 recommended a rate of 0% for essential products, 10% for mass consumption products, and 20% as the standard rate and a higher rate for luxury goods. VAT reform is not limited to simple rate adjustments; it encompasses a more global vision of Moroccan

taxation. Broadening the scope of application is just as important as simplifying rates. This is intended to give taxpayers greater clarity and reduce the obstacles posed by disparities between the different rates applied.

Another issue close to employers' hearts is local taxation. Deemed opaque and complex, there is a strong desire to simplify it. The CGEM would like to see the 27 taxes grouped into two main taxes: a property tax and an economic activity tax. The employers' association is also pressing for an overhaul of the business tax, which is based on the historical value of equipment rather than its net book value. The base of this tax is deemed to be disconnected from real activity, and would even generate inequality. □

Khadija MASMOUDI

TVA

Wheat war on the Moroccan market

THE Moroccan market attracts the attention of the world's leading wheat producers and exporters. Once the preserve of France, Morocco now represents an excellent market, with all the world's exporters jostling for position. They compete fiercely for the largest share of the market. Russia's tempting offer is a further step in this quest.

"Russia is ready to supply wheat to Morocco at a reasonable price", said Russia's Ambassador to Morocco, Vladimir Baibakov, in a recent interview with the TASS news agency. The ambassador added, saying *"Morocco remains one of Russia's main commercial and economic partners in Africa. In a geopolitical context marked by the exacerbation of the energy and food crises, such a partnership is particularly important"*. The

land of the tsars is a major rival for France. France risks losing market share in Morocco and suffering a diplomatic backlash.

Diplomatic stakes and low prices are the winning cards, according to Arthur Portier, senior consultant at Agritel, a firm specializing in agricultural and agri-food issues,



who recently spoke to the French media. Indeed, the price battle is intensifying on traditional markets that used to be France's export preserve, notably Morocco, putting French supply to the test.

«Morocco used to grant subsidies to importers who bought French wheat. Now all countries are on an equal footing», explains Arthur Portier.

France aspires to win back its market share so as not to fall further behind its competitors. However, the task looks very difficult. This is due to Russia's advantageous price offer, which France is unable to match. The Kingdom

has also reviewed its system of soft wheat import refunds. The flat-rate premium now benefits imports from Russia, Ukraine, Germany, Argentina, France, and the United States. This further reduces Morocco's reliance on France.

The threat also comes from Poland. This Eastern European country is eyeing Moroccan importers. Within the EU, Poland is the 4th largest producer after France, Germany, and the UK. In 2022, Morocco's agri-food imports totaled 111 million euros. Wheat naturally accounts for the lion's share, with 57% of imports. Poland wants to increase its market share. To this end, an imminent meeting is looming ahead: «After the harvest, the producers will return to Morocco shortly, to meet Moroccan operators once again. We have great hopes in this area to strengthen our economic relations in this sector», said the Ambassador. □

Khadija SKALLI

Health, family allowances... back-to-school issues

THE new political year promises to be eventful. A number of issues will be in the news at the beginning of the year. One of these is pension reform, which has not budged one iota. Yet everyone agrees on the urgent need to find solutions to the problem of pension fund deficits, particularly at the Moroccan pension fund Caisse Marocaine des Retraites (CMR), especially as the Head of Government had set a deadline of June 2022 for the reform to be implemented.

Aziz Akhannouch had entrusted Nadia Fettah, Minister of Economy and Finance, with the mission of bringing this strategic project to a successful conclusion. More than 14 months after this deadline, the project is at a standstill. As of today, there is still no visibility on the horizon.

On the back-to-school front, several million pupils returned to school on Monday. This is the second new school year without the new unified status of teachers, promised by the Head of Government and his Minister of Education as the key to resolving the problem



of contract teachers. This dossier was also due to be completed by July 2022. More than a year after this missed appointment, Chakib Benmoussa continues to meet the trade unions, without succeeding in finalizing this famous statute.

With regard to the health sector, all eyes will be focused on Health Minister Khalid Ait Taleb for the decrees implementing the numerous laws adopted and relating to the reform of the health sector, decrees necessary for the generalization of

As far as the generalization of family allowances is concerned, it will take place before the end of the year. The aim is to enable families who have been deprived of these benefits to enjoy them. This operation will target nearly 7 million school-age children. These allowances will be given to families with children, but also to vulnerable families who have none, or whose children are over the school-leaving age of 21.

Another pending issue is direct housing assistance, for which the legislation has been eagerly awaited since the end of the support mechanism for social housing, as has the announcement of its replacement by a new scheme by the current Government. Since then, however, no details of the new policy to promote access to home ownership, particularly for social categories, have been announced. According to the Minister in charge, the decree is in the hands of the General Secretariat of the Government. □

Mohamed CHAOUI

Weekly highlights

Final preparations for the Sacred Music Event



Artists from Uzbekistan, Iran, Syria, India, Spain, Egypt, Italy, Armenia, France, and Morocco will set the Bab El Makina stage alight for the 27th edition of the Festival of World Sacred Music, scheduled for September 15-23, 2023 (Ph. YSA)

THE spiritual capital's flagship event is already in its 27th year. The Fez Festival of World Sacred Music (FFMSM) will kick off the cultural season. Scheduled to run from September 15 to 23, 2023, the new edition promises a return to the event's original format. This follows the cancellation of the 2020 and 2021 editions due to health constraints caused by Covid-19, and a four-day edition in 2022.

To celebrate this return to normal, the organizers have put together a rich and varied program. Working hard to make a success of the new version, the managers of the Esprit de Fès Foundation, the initiator of the festival, held a meeting with the authorities to discuss the final preparations. «*We are getting ready to welcome festival-goers from Morocco and abroad, for nine days of music and spirituality, filled with magnificent highlights across the magical sites of the thousand-year-old city*», promise the organizers.

As a reminder, this festival is inaugurated every year in the presence of HRH Princess Lalla Hasnaa. As such, it is the only national festival to welcome such a high-profile personality for its official inauguration. The national and international elite also respond to the organizers' invitation, as do the sponsors and other institutional supporters.

For its 2023 edition, the festival's theme is «The Quest for the Spirit of Al-Andalus», the period of peaceful

cohabitation of the religions of the Book in Andalusia from the 8th to the 15th century, which remains as a «Golden Age» whose spirit endures in Fez. «The FFMSM is intended to be a special occasion to celebrate this capacity for «living together», dialogue and tolerance, promoted at the highest level by the Kingdom», says Abderrafih Zouitene, President of the Esprit de Fès Foundation. According to Zouitene, «Spain will be in the spotlight at this 27th

edition of the festival, whose programming will illustrate the historic and enduring links between the Peninsula and Morocco, through performances and fusions of artists from both countries». In terms of programming, cultural diversity, openness and sharing continue to guide the choice of artists, taking spectators on an encounter with a variety of worlds. □

Youness SAAD ALAMI

Fez Forum

AS it has been the case every year since 2001, the artistic aspect of the Festival is complemented by the scientific dimension of the Fez Forum, which opens on Saturday September 16 at the Palais Médina hotel. Intellectuals and researchers from Spain and Morocco will discuss the various aspects and legacies of the «creative utopia» represented by Al-Andalus, focusing on the two pillars of its «Universalism» and of the «Humanism» that can be derived from it. The Esprit de Fès Foundation - in partnership with the schools and universities of Sidi Mohamed Ben Abdallah, Al Akhawayn in Ifrane, Euromed in Fez, and the Private University of Fez - reserves a quota in terms of access to the shows to the most deserving students. Another symbol of the festival's openness to younger audiences is a meeting to be organized between the Fez children's choir and the artists taking part in this year's event. Designated in 2001 by the UN as a landmark event contributing to the dialogue of civilizations, the Festival also enjoys the institutional support of Unesco and benefits from a wide network of international support for this «Esprit de Fès» contributing to the dialogue of civilizations. □