

Weekly highlights by **L'ECONOMISTE**

Le premier quotidien économique du Maroc

SIAM, the largest «farm» on the African continent



Economic growth
Why Morocco can do better

Social dialogue
Final stress before reaching an agreement



Some sectors under the Competition Council's scrutiny

Law/Payment terms Amendments in sight?

EDITORIAL

Highlights

Meriem OUDGHIRI

FOR a whole week, the agricultural sector will be in the spotlight at Siam, held in Meknes (see our special report in the central section). The continent's largest "farm" will be showcasing innovation, performance, research, new mechanization, and breeding techniques,.... but also, and above all, the increasingly ferocious climate, which is upsetting figures and forecasts.

A fact now included in the list of major challenges facing Moroccan agriculture. In fact, it's the theme of this 16th edition, because in the final analysis, it is wiser to counter change than to undergo it. In any case, there is no choice. The vagaries of the climate (not to mention the after-effects of Covid storm) are increasingly driving us to take the measure of the imperatives of food security in the face of a global tug-of-war at the heart of which agriculture is

positioning itself as the map of diplomatic influence and sovereignty. This race for transformation calls for renewed bursts of inventiveness, of which Siam and other actions and programs should be the showcase.

Over the years, the Trade Show and the Green Morocco strategy, which has been taken over by Generation Green, have nevertheless brought about a paradigm shift, showing that agriculture can be profitable, that rurality is not a sentence to poverty or technical backwardness, that there is a pool of human capital, technical expertise and experience to be further exploited, and that there are still a number of obstacles to be overcome in order to achieve greater margins for progress, growth, productivity and competitiveness... all the new models and tight turns that Moroccan agriculture has yet to take. □

Weekly highlights

Economic growth

Why Morocco can do better

MOROCCO hAgainst a turbulent global and national backdrop (Covid, inflation, drought, geopolitical tensions, war in Ukraine, Gaza, earthquake...), Morocco has so far shown a certain resilience. Foreign exchange reserves (32 billion euros), balanced public finances, the remittances of more than 115 billion Dirhams (11 billion Euros) from Moroccans Living Abroad in 2023, and tourism revenues of around 105,000 billion Dirhams (10.500 billion Euros), with some 14.5 million arrivals... these are just some of Morocco's assets.

These are all solid assets that would, under other circumstances, argue in favor of strong growth. However, as of today, forecasts by the HCP (High Commissioner's Office for Planning), the Central Bank and the Ministry of the Economy and Finance all point to growth of around 3%. "In a turbulent environment, the global economy is likely to continue to suffer the effects of ongoing geopolitical tensions, the fallout from tighter monetary policies and ongoing inflationary pressures. The recovery in global economic growth is



Productivity gains will have to come from renewable energies in particular, to reduce heavy dependence on fossil fuel imports...but also from diversifying the industrial fabric and creating new "champions" (Photo by L'Economiste)

thus likely to remain slow...», says the HCP. The forecasts for 2024 are based on the assumption of below-average cereal production during the 2023/2024 crop year, and on the new measures and provisions announced in the 2024 Finance Law. These forecasts are also underpinned by a set of assumptions relating to the evolution of exogenous factors governing the Moroccan economy, both nationally and internationally. According to Maxime Darnet, Senior

Economist France & USA for the Allianz Group, while Morocco expects growth of around 3% in 2024 and 2025, the real potential of the country's economy is 5 or even 6%. To achieve this, the senior economist believes the country needs to engage a series of levers, notably the business climate, human capital, education/training, a highly skilled workforce, the attractiveness of FDIs, the repatriation of funds for investors, and greater flexibility in the control of

the Foreign Exchange Office (Office des Changes) ... In Maxime Darnet's opinion, credit risk is medium in Morocco, in addition to a framework of stability and macro-economic equilibrium. Added to this is a prudent and credible economic policy and strong resilience despite inflation. At the same time, the country has significant financing needs. Hence the current high debt levels. □

Amin RBOUB

Some sectors under the Competition Council's scrutiny

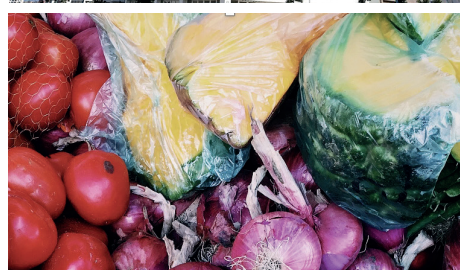
PREPARATIONS tThe Competition Council (Conseil de la Concurrence) is to publish a number of opinions. It is important to note that these are not legal proceedings giving rise to financial penalties. Rather, they are an assessment of the state of competition in certain activities and their degree of compliance with regulations. Certain criteria can be used to assess the competitiveness of an economy: the absence of shortages, as is often the case in command economies, innovation, prices, level of market concentration around one or two companies...

Hence the interest of the notices which "will be published shortly" on the regulator's website. One of them concerns "the future of the energy sector, particularly green hydrogen", announced its chairman. "We wanted to position ourselves by delivering our competitive vision. The idea is also to encourage investment, particularly in



The regulator will issue opinions on several key sectors of the economy, such as energy, housing, agribusiness, insurance...

power plants. It is a complex game in which energy transport and distribution are also involved «, explained Ahmed Rahhou (see also L'Economiste no. 6748 of April 19, 2024). The Ministry of Energy, the National Electricity Regulatory Authority (ANRE) and operators were certainly invited to give their



views on a sector where renewable energies are essential. Another study in progress concerns the fruit and vegetable trade, as well as the ghostly overhaul of wholesale markets. "Intermediaries don't necessarily carry out their mission efficiently. This raises the question of the fair sharing of

value with producers (especially small farmers) «, said the spokesman of the Competition Council..

Other opinions are being prepared. They concern flour milling, construction, and fatty products (milk, cheese, etc.). Some sectors had already aroused the Council's interest under Abdelali Benamour (2008-2018), mainly low-income housing and milk. The latter was the subject of opinion no. 42/13 of October 10, 2013. The Ministry for General Affairs and Governance had asked the regulator about competition in this sector. "Its oligopolistic, even quasi-monopolistic operation would justify public intervention", it had recommended ten years ago, before being endowed with its investigative powers from 2014. History moves on. Has the milk market changed as a result? This is the type of question that the future opinion must answer. □

Faïçal FAQUIHI

Social dialogue

Final stress before reaching an agreement

THIS is the final stretch for negotiations between the social partners.

“The agreement could be reached within 48 to 72 hours”, trade unionists told L'Économiste. They are still awaiting the government's final proposals, particularly with regard to improved incomes. Two issues are currently under negotiation. First, the general wage increase in the public sector. “Discussions are focusing on the level of the increase, which should cover the rise in inflation while remaining within reasonable proportions”, said a source close to the matter. Secondly, the partners want to reduce the tax burden on wages. “If a change in the income tax scale is granted, it will only affect private and public sector employees. Those with professional income will be excluded”, added our source. The idea is to improve the incomes of the middle class in particular. At first sight, the Government does not intend to modify the income tax rates, but rather to readjust the income brackets that are subject to this tax. This



change is expected to have a greater impact, even though 60% of wage earners are exempt. An increase in the minimum wage is also under discussion, but here, too, the level of the increase has not yet been decided. Over the next few days, the tension between the partners could escalate before a balanced agreement is reached, especially in view of the game of give-

and-take. At the time of going to press, the UMT trade union was preparing to send a letter to the Ministry of Finance in which it rejects the pension reform proposals. “We refuse to accept any proposals on this issue. A letter to this effect will be sent to the Minister of Finance on Wednesday April 24”, UMT General Secretary Miloudi Mokharek told L'Économiste.

As with the draft organic law on strikes, meetings were held on pension reform. An outline was presented in the light of the commissions' work, and the aim is above all to establish a timetable that will prevent the issue from being put off indefinitely. “Action must be taken by September, so a number of points need to be addressed. Initial implementation is scheduled to start in 2025”, said our source who explained that one needs to establish the architecture of the target system: two clusters, one for the public sector and the other for the private sector. “In concrete terms, we have not yet reached agreement on a precise scenario. It is a systemic reform that's taking shape, and the approach will be gradual”, added our source. The idea is also for everyone to be informed, and for responsibilities to be shared between the national Government and public and private sector employers and employees. □

Khadija MASMOUDI

Law/Payment terms

Amendments in sight?

LAW no. 69-21 (1) on payment terms, which came into force on July 1, 2023, continues to give even the most seasoned businesses and professionals a hard time. Revolutionary in spirit, with the introduction of a fine in the event of non-payment, recovered without formality by the tax authorities, the law would still present difficulties of application that the legislator had not thought of. This is the nature of all legislation. As a stakeholder in the implementation of the law, now in its 4th quarter, the Association of Chartered Accountants (Ordre des experts-comptables) had issued a standard (2) designed to codify the mandate of practitioners in validating the statements of unpaid debts that must accompany the quarterly declaration (See L'Économiste no.6618 of 13/10/2023). The Association of Chartered Accountants has just sent an e-mail to its members

on the difficulties they are likely to encounter in carrying out their various missions, obviously in connection with the law on payment deadlines. Clearly, there are likely to be many questions. What payment date should be taken into account, for example, when a customer sends a cheque to his supplier's bank after the deadline? Is it the date on which the cheque was actually delivered, or the date shown on the bank statement? This question has already been clarified by the General Tax Directorate (DGI). “It is preferable to pay suppliers by bank transfer rather than by cheque. And to avoid any technical problems, it's advisable to make arrangements a week in advance if the company wishes to pay on the due date”, suggested chartered accountant Mohamed Lahyani. What about statements of unpaid invoices coinciding with the appointment of a new statutory auditor? How to deal with late



Law no. 69-21 on payment terms aims to introduce a new discipline in commercial relations by imposing a mandatory fine in the event of non-payment (Private photo)

invoicing? These are just a few of the questions that remain unanswered, and which will either have to be answered by the tax authorities, or be the subject of a reworking of the law on payment deadlines. Such an adjustment will not be possible in the short term, as the law will first have to be fully applied in 2025, with its extension to companies with sales of over 2 million Dirhams (USD 200,000) and less than 10 million Dirhams (USD 1 million). Char-

tered accountants are therefore invited to send their questions and queries to the National Council of the Association of Chartered Accountants, which will be examined by an ad hoc committee tasked with addressing the issue within the Association. Proposals for improvement, which were to be submitted by Wednesday April 24 at the latest, will be used to identify areas for improvement and act accordingly. □

Hassan ELARIF

Weekly highlights

SIAM, the largest “farm” on the African continent

HIS is a major agricultural event for Morocco and the African continent, the International Agricultural Show in Morocco (Siam) was inaugurated on Monday, April 22 in Meknes by His Royal Highness Crown Prince Moulay El Hassan. This agricultural trade show which showcases the agricultural sector plays an important role in promoting multilateral relations, exchanging expertise and sharing technologies. Hence the interest shown by official foreign delegations and the 1,500 exhibitors representing nearly 70 countries at this 16th edition.

As a reminder, Spain is the featured country at this year's event, which runs until April 28, 2024, on the theme of “Climate and agriculture: For sustainable and resilient production systems”. The 544 square meter Spanish pavilion host some 40 companies. The Iberian representation will serve as a meeting point to promote trade and partnerships between Moroccan and Spanish companies. Indeed, agriculture occupies a central place in relations between the two countries, constituting an essential pillar of their dynamic cooperation and shared prosperity. The Meknes trade show thus provides an opportunity for officials from the two friendly, neigh-



The 16th SIAM opened to great fanfare on April 22. Morocco's agricultural showcase promises to be full of surprises this year, with a focus on agri-digital, technological innovation and the world of agriculture (Photo by YSA)

boring countries to exchange views on agricultural systems with shared characteristics and challenges. “The Siam (trade show) is positioned today as a unique platform for exchange and communication around our country's vision and strategy for agricultural development. It offers an ideal opportunity for meetings with our various partners, both national and international », said Mohamed Sadiki, Minister of Agriculture, reaffirming the major role of this event in promoting sustainable agricultural practices, technological innovation, trade and international cooperation. Another notable presence was that of the French Minister of Agriculture

and Food Sovereignty, Marc Fesneau, (Editor's note: coinciding with the visit of the French Minister of the Interior to Rabat). This reaffirms the thawing of relations between Morocco and France, and paves the way for a new page between the two countries. According to the French Chamber of Commerce and Industry of Morocco (CFCIM), the France Pavilion hosts 37 exhibitors, representing the vibrancy and expertise of the French agricultural industry, with a particular focus on innovation and sustainability. “SIAM marks the relaunch of the exceptional partnership between Morocco and France in the agricultural and forestry

sector”, noted France's Ambassador to Morocco, Christophe Lecourtier, affirming “the importance of this partnership”. The ambassador added saying that “France and Morocco are two agricultural powerhouses in Europe and Africa, with varied and complementary production. Over and above the agribusiness trade that links us, sharing our know-how, experience and innovative solutions should enable us to be stronger together in tackling our common challenges, particularly that of climate change, which is accelerating and requires swift action”.

Organized under the High Patronage of His Majesty King Mohammed VI, Salon 2024 is committed to raising awareness of climate change issues and providing a platform for technological innovations and adapted, resilient agricultural solutions. Over 950,000 visitors are expected to attend. Finally, it should be noted that national media were not allowed access to the show on Monday morning, April 22, 2024. Journalists were only supposed to receive their badges on Monday April 22 at around 14.00 hours. This measure prevented them from covering the official inauguration of SIAM 2024. □

Y.S.A

Desalination: Irrigation stations planned

The creation of seawater desalination plants for irrigation was the subject of a recent oral question in the House of Councilors during the question time session. For the Minister of Agriculture, this option is part of the implementation of the Generation Green strategy and of the National Program for Drinking Water Supply and Irrigation (PNAE-PI). Mohamed Sadiki's department aims to irrigate 120,000 hectares using seawater desalination, based on a partnership between the public and private sectors. The project began with the creation of the first seawater desalination plant in the Souss-Massa region, at Chtouka Ait Baha. It cost 4.4 billion Dirhams (USD 440 million), including 1.86 billion Dirhams (USD 186 million) in state support. Operation of this infrastructure began in December 2022. The aim is to irrigate an area of



Mohamed Sadiki's department aims to irrigate 120,000 hectares using seawater desalination, based on a partnership between the public and private sectors. (Photo by L'Economiste)

15,000 hectares for the production of early vegetables, with a capacity of 125,000 cubic meters per day. The goal is also to supply the city of Agadir with 150,000 cubic meters of drinking water per day. To cope with growing water stress in the Souss-Massa peri-

meter, the plant will be expanded to 400,000 cubic meters per day, compared with the current 175,000 cubic meters. The study has been completed. Negotiations are underway with specialized companies.

Then there is the Dakhla-Oued Edda-

hab desalination plant project, costing 2.6 billion dirhams (USD 260 million). The project began over a year ago. The aim is to create a new 5,000-hectare irrigated environment. Today, there are barely 1,000 hectares available for agriculture. The aim is to increase this area to 6,000 hectares. It will also be necessary to supply the town of Dakhla and the surrounding area with drinking water. The project, based on an integrated approach to water, energy, and food, comprises a seawater desalination plant with a capacity of 37 million cubic meters per year. In addition, there is a wind power station with a capacity of up to 60 megawatts. There is also a 130-kilometer irrigation network. Operation of the plant and irrigation network is scheduled to begin in June 2025. □

Mohamed CHAOUI