

Weekly highlights by L'ECONOMISTE



Entreprise Certifiée Qualité
ISO 9001
version 2015
Système de Management de la Qualité
certifié ISO 9001 version 2015 par
BUREAU VERITAS MAROC



A boost for niche tourism



FAILLITES
The surprising rise in business insolvencies

**Payment terms
Naming and Shaming
looming ahead**



**Air Transport:
Soon passengers 2.0
on board**

Agricultural emergencies

EDITORIAL

Trade show

Khalid BELYAZID

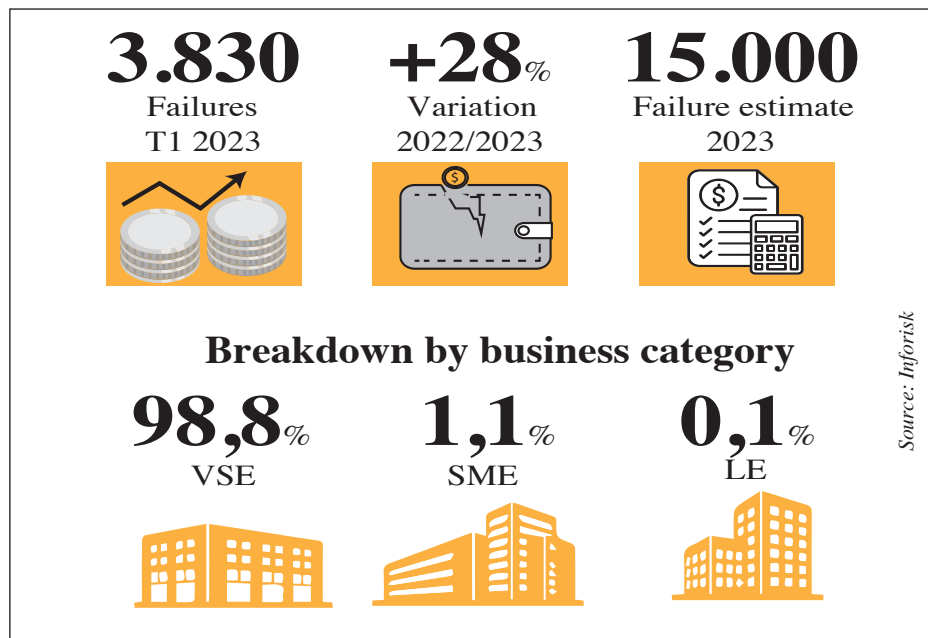
WHY hold a beautiful trade show in a cracked house that threatens to collapse? This is what the Salon de l'Agriculture au Maroc (Siam) is doing for an agricultural sector that has never been so problematic, with the most terrible drought in years, 20% inflation of food products, starving livestock, and other plagues. This week, the largest trade show in Morocco defies those calamities. However, many agro-critics denigrate an agriculture which represents "only" 15% of the GDP, and absorbs a lot of investments and subsidies for little results. According to those detractors, agriculture is supposed to reduce an entire people to waiting for the rain, which undermines morale and becomes a pretext for postponing investments and recruitment, and a pretext behind payment delays... In addition, since Morocco is a semi-arid country, agro-critics propose to import the abundant agricultural products on the international markets and to stop "exporting water". And as ungrateful agriculture

weighs down growth, agro-critics invented the "non-agricultural GDP", and extoll only the virtues of the industrial sector. The problem is that factories also need a lot of water, and cities, even more than the countryside, are now affected by "the" problem, namely the scarcity of water, to the point where irrigation is suspended to prevent cities from suffering from thirst. Nonetheless, our agro-critics have been shaken by the pandemic which has spelt the end of happy globalization and made sovereignty and security, especially food security and sovereignty, fashionable as war is raging between two major wheat producers. So, like all countries, Morocco clings to its countryside. The country multiplies social innovations, technologies, and optimized irrigation, and 1,400 operators, from multinational companies to cooperatives, are attending Siam, the trade show of our agricultural house. These operators are convinced that agriculture will stand the course, and will fill its cracks and especially its water leaks. □

Weekly highlights

The surprising rise in business insolvencies

DEBT and long payment terms are the black spots of very small businesses. These entities which constitute an important part of the entrepreneurial fabric are struggling to cope with the economic situation. Weakened by the various shocks, including that of Covid-19, small businesses are experiencing a significant increase in failures. In the first quarter of this year, 3,830 failures were recorded by Inforisk. They are up 28% compared to the same period last year. "We are surprised by such an increase. Even after Covid-19, we had not recorded such an increase", underlines Amine Diouri, Director of Studies and Communication at Inforisk. He estimates that 15,000 failures will take place this year. What is puzzling is the concentration of failures of very small businesses: 98.8% versus 1.1% for SMEs, and 0.1% for large enterprises. In other words, small enterprises remain fragile. "Generally, they are single-client, their capital is poorly structured, and they have financial problems", adds Diouri. For small



enterprises, the challenge is to manage to stay alive and get through the first five years, a period during which they rarely generate profits and where they need cash to finance themselves and find markets. Moreover, very few of them manage to grow and pass to the SME stage before becoming a large corporation. Over the past few months,

the situation for companies, in particular very small enterprises (VSEs), has reportedly become more complicated with rising interest rates, and debts to be repaid, all of this, not to mention the long payment terms. These are the cause of the agony of an entire section of small and medium-sized enterprises. The law should trigger a paradigm shift

which should, in principle, guarantee to SMEs and VSEs payments within normal deadlines. This piece of legislation, which awaits its publication in the Official Gazette, provides for a fine whose amount is equivalent to the Bank Al-Maghrib's key rate plus 0.85% for each month or fraction of a month of additional delay. Initially, the law will target companies that achieve a turnover of more than 50 million Dirhams excluding taxes (USD 5 million), regardless of the amount of the invoice. From January 2025 onwards, the fine will apply to invoices of 10,000 Dirhams (USD 1,000) or more excluding taxes. However, the average amount of invoices for small enterprises is often below 10,000 Dirhams. That said, businesses in dire straits are to be found trade / retail sector: this is the case for three out of ten failing businesses, real estate for 20% of them, and construction, for 17% of them. They are concentrated in particular in Casablanca and Rabat. □

Khadija MASMOUDI

A boost for niche tourism

SPEEDING up the implementation of major investment projects requires the continued completion of high-end units at the Taghazout resort, in parallel with other actions aimed at attracting prestigious brands to Marrakech, Rabat, Al Hoceima, Agadir, and Taza, knowing that the ministry has guided the interventions of the Moroccan Tourism Engineering Corporation (SMIT) in order to adapt the tourism offering to the importance and diversity of demand. It is also a matter of focusing on encouraging public and private investment and the development of partnerships in the different regions of the Kingdom. In connection with those projects, people are betting on the new Investment Charter to attract large tourist investments, due to the incentives offered by the new legal framework. During his talk at the House of Councilors, the Head of Government Aziz Akhannouch did not hide the Government's desire to continue its efforts to boost tourism and encourage investment. The idea is to provide technical assistance and financial support for the establish-



The different tourism niches will enable the country to attract a diversified clientele throughout the year. For this purpose, efforts are made to enhance cultural resources and transform them into thematic tourist products

ment of tourist circuits in rural and urban areas. In terms of rural and mountain tourism, the Government has worked to enhance this product by strengthening its position and making the most of its features. The goal is to raise this sector to the level required to increase its competitiveness and strengthen its attractiveness. It is with this goal in mind that agreements have been activated to finance and implement the nature-based product with several regions. These include Guelmim-Oued Noun, Laayoune-Sakia El Hamra, Dakhla, Oued Ed

Dahab, Béni Melal-Khenifra, and Fez-Meknes.

As far as ecotourism is concerned, an integrated strategy has been developed to highlight the environmental richness of natural spaces, and this, through the development of products that respect ecology and the principles of sustainability. In this context, Morocco, given its distinguished geographical location, has 9 million hectares of forests which are rich and diversified. For



the sake of promoting and preserving forest and environmental products, public authorities have created a dozen of national parks, in addition to 154 nature reserves. These sites will be rehabilitated as part of Morocco's 2020-2030 forestry strategy. □

Mohamed CHAOU

Le Club de L'Economiste: Agricultural emergencies

AFTER the difficulties linked to the repercussions of the health crisis, the agricultural sector wants to regain color. Nevertheless, the exit from Covid-19 coincided with new episodes of drought. “*This situation has impacted the production chains*”, according to Mohamed Sadiki, minister of Agriculture. Invited to speak at the Club de L'Economiste, he said that “*the agricultural sector has tried to maintain itself, but the impact has been significant*”. This was felt “*at the level of the balance of the agricultural production chains, particularly those for animals*”. Currently, the sector is suffering, according to him, from a “multiple crisis”. The minister stressed that “*these repercussions were not foreseeable*”. After a period when they had shown resilience, especially during the health crisis with a regular supply of the markets, without large price variations, they ended up being caught up in the collateral effects of this multiple crisis. With rising energy prices, other



According to Mohamed Sadiki, minister of Agriculture, after a period when the agricultural sectors had shown resilience, particularly during the health crisis with a regular supply of the markets, without there being major variations in prices, the agricultural sectors ended up being overtaken by the collateral effects of a multiple crisis.

sectors have been affected. The price of inputs have increased, by 70% for some. This concerns in particular fertilizers and phytosanitary products... The supervising minister points to the “accumulation” effect.

Hence the importance, according to him, of the urgent actions taken by the government. This concerns in particular the abolition of customs duties for the import of wheat. In total, the Government footed 11 billion Di-

rhams (USD 1.1 million) in terms of subsidy to maintain the price of bread. Price pressure also affected fruit and vegetables. Sadiki clearly points to the “disruptive” role of intermediaries, and insists on the importance of the planned reform of marketing channels. Especially since the price is multiplied by 3 or 4 between the field and the retail sale.

With the new Generation Green strategy, the line ministry aims to modernize the marketing circuits, in order to limit the number of participants, while strengthening the promotion of the production of the various sectors. This is one of the problems diagnosed at the end of the implementation period of the Green Morocco Plan, which were defined as priority goals of Generation Green. Today, one of the priorities for promoting the continued development of the sector concerns the resolution of the structural problem of water scarcity. □

M.A.M.

Siam: An essential agricultural showcase



THE city of Meknes is adorned in its most beautiful finery at the International Agricultural Show in Morocco (SIAM), an essential showcase for the 1,400 exhibitors from 68 countries. Initiated under the theme “*Green Generation: for sustainable food sovereignty*”, the 15th Siam is deployed over an area of 18 hectares, 11 hectares of which are covered. Highly

anticipated, the trade show continues until Sunday May 07 and may receive nearly a million visitors within 6 days. The United Kingdom is the country of honor for this 15th edition. Despite the lack of rainfall, the major operators in the sector, as well as farmers and breeders are present, and massively. This an opportunity for the various actors to make a three-year crop review, especially after three years of

absence due to the pandemic. Moreover, for the first time, the 15th edition is housing the Village Startups pavilion. This is a new center that brings together 30 national and international startups around a program combining round tables, conferences, and demos. Over 1,200 square meters, these startups are presenting their solutions capable of developing the agricultural business model, its offe-

ring, its practices, and its expertise. Another major novelty this year is the deployment of the digital immersive farm. This is a 300 square meters demonstration site installed in the heart of the “Village Startups” pavilion. It houses a FirmaTech e-services counter, connected presentation desks, a digitized greenhouse, a virtual reality space, and even networking areas. □

Y.S.A.

Weekly highlights

Payment terms

Naming and Shaming looming ahead

DRAFT law No. 69-21, amending Law 15-95, on payment terms was finally voted on Wednesday, April 26, at second reading by the House of Representatives. The piece of legislation had been voted in plenary session, on February 7, by the House of Councilors. The only change introduced by the second chamber of the Parliament is of a semantic nature and relates to the replacement of the term 'certify' by 'sign off', since only chartered accountants are authorized by law to certify accounts, a provision applying to the list of delinquencies. The next step involves the publication of the law in the Official Gazette. The main novelty of the project is through the assessment of a fine instead of late payment compensation for the benefit of the Treasury. The amount of the financial penalty will be equivalent to the key rate of the central bank (Bank Al-Maghrib), which has been set at 3% since March 23, from the end of the first month of delay, increased by 0.85% for each month or fraction of a month

Late payment compensation: A suspended scale

	From 16/06/2020 to 31/12/2020	From 01/01/2021 to 26/09/2022	From 27/09/2022 to 19/12/2022	From 20/12/2022 to 22/03/2023	From 23/03/2023 to...
Policy rate	1,5%	1,5%	2%	2,5%	3%(*)
Margin set by order	+ 3%	+ 4%	+ 4%	+ 4%	4%
Total amount of the late penalty	4,5%	5,5%	6%	6,5%	7%

Source: Mohamed Chorfi accounting firm

(*) Rate to be monitored at the end of the second quarter of 2023, likely to change following the next Bank Al-Maghrib board meeting

It goes without saying that this scale of late payment compensation will be repealed as soon as Law 69-21 on payment deadlines is published in the Official Bulletin

of additional delay. Thus, in the case of an invoice paid three months late, the fine would be 3% + (0.85% x 3), making a total of 5.55%. The fine will be calculated according to the amount of the invoice or the unpaid balance. The fine must be paid spontaneously at the same time as the filing of the declaration provided for in Article 78-4 of the draft law. The

fine in question is suspended for the case of invoices that are the subject of a dispute submitted to the commercial courts until the pronouncement of a final judgment having acquired the effect of res judicata. The meter of the pecuniary fine spins again as of the final judgment. It remains to be specified that this fine will only apply to invoices of 10,000

Dirhams (USD 1,000) excluding tax and more, that have been issued from January 2025 onwards. However, the average amount of invoices for small enterprises is often below 10,000 Dirhams.

In any case, at less than 10,000 Dirhams including tax, no fine will be assessed. "This is a transitional period of two years before the generalization of the law. It should also be noted that the law comes into force as soon as it is published in the Official Gazette for companies with a turnover of more than 50 million Dirhams (USD 5 million) excluding taxes, regardless of the amount of the invoice", explains Mohamed Chorfi, a chartered accountant. The second novelty of the bill concerns its scope. The draft legislation targets suppliers who are legal entities and natural persons suppliers with an annual turnover of more than 2 million Dirhams (USD 200,000) excluding tax. Below this threshold, economic operators are excluded from the scope of the law. □

Hassan ELARIF

Air Transport

Soon passengers 2.0 on board

AS part of the development of private and business aviation, several investments have been made. Alongside all these programs, the digitization and automation of the customer journey is another transformative project that the Moroccan National Airports Authority (ONDA) is looking into. The agency wants to develop a mobility solution and other services for the benefit of passengers, that would be accessible on Smartphone. The goal is to provide access to flight schedules, to the means and frequencies of transport available for a specific airport, to the prices charged, and to other information. The application would also offer links to possible reservations for car rental, parking, and other services. The aim is to provide customized information according to the area within the airport zone and according to the evolution of flights. In this sense, a pilot project will be developed within the future Rabat terminal. Concretely, it is a question of carrying out this pro-



ject in order to digitalize passengers' journey to allow less physical contact throughout the passenger processing process, which means faster processing, with less waiting time. The idea is also to digitize the process of exchanging data with stakeholders to facilitate the conduct of airport operations. For this, it will be necessary to set up an integrated system for sharing information and decision support

during terminal operations at airports, says ONDA.

To support these new projects, the airport authority wishes to define a new marketing policy, which will be translated into an action plan. This commercial policy must be aligned with ONDA's new strategy. It will be a question of diversifying the sources of income and developing models that are more resistant to the vagaries of air transport.

One of the operations aims to launch new services with high added value for passengers and ONDA. Another operation seeks to identify marketable land holdings. For this, it is advisable to draw up a master plan for the development of land assets and real estate activity. The idea is to increase the share of land development activities in the turnover of the airport authority. □

Mohamed CHAUI