

Weekly highlights by L'ÉCONOMISTE

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80% open to traffic**

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EDITORIAL

BRICS

Ahlam NAZIH

It had been a long time since the word Brics had sounded so strongly on the international scene. With the meeting held since Tuesday, August 22 in Johannesburg (South Africa), the bloc made up of five countries (Brazil, Russia, India, China, South Africa) is back in the spotlight. Positioning itself as a counterweight to the domination of the countries of the Global North, BRICS countries show their intention to increase their power. The ambitions of the bloc include the opening up to new members and finding an alternative to the king dollar. Some countries even mention the possibility of a single currency. The ultimate goal is clearly to redesign the established international order, to get it out of the scheme configured after the Second World War, and to get rid of so-called «Western hegemony». This idea is increasingly echoed by developing countries. The group already has an equivalent of the World Bank and the IMF, namely the New Development Bank (NDB), formerly referred to as the BRICS Development Bank. Being part of

this group which concentrates a quarter of the world's GDP and a market of more than 3 billion people can be attractive. Moreover, dozens of countries have expressed their desire to join it. The surprise of recent days has been this alleged request from Morocco to join the Brics, while the idea has never been mentioned. The Kingdom has formally denied this allegation. However, in the future, Morocco will have to find a place for itself in this new, resolutely multipolar world that is looming, because, even if the idea of a G7 made up of countries from the Global South that would supplant the major industrial powers seems improbable for the time being, nothing is less certain in the future. Despite their difficulties, their disparities and the tensions that can characterize their relations, each year the BRICS are gaining ground in terms of economic power and geopolitical influence. Above all, they confirm to us that the world is changing and that we will have to prepare for it. □

Weekly highlights

The Tiznit-Dakhla expressway 80% open to traffic

THE full opening of the Tiznit-Dakhla main expressway by the end of 2024 at the latest will be a major event in the construction of public infrastructure. According to the information that L'Economiste has just collected from the Ministry of Equipment and Water, the project to upgrade the National Road RN1 linking the city of Tiznit to the city of Dakhla, which extends over a total length of 1,055 kilometers, consists of two sections. This is the Tiznit-Laâyoune expressway which extends over a length of 500 km, and whose work progress rate has reached 84.7%. The second section concerns the widening to 9 meters and the reinforcement of the RN1 road between Laâyoune and Dakhla over a length of 555 kilometers, the works of which have been completed.

Thus, "at the level of the Tiznit-Laâyoune expressway, the Ministry ensures the opening to traffic of each section where the works are completed and the signage carried out. Thus, 80% of this expressway



is now open to traffic, knowing that it is planned to totally commission it before the end of 2024".

As a reminder, the Government has mobilized a budget of 10 billion Dirhams (USD 1 billion) via a partnership agreement between the Ministries of Equipment, Interior, and Finance, and the regions of Laâyoune Sakia El Hamra, Guel-

mim Oued-Noun, Dakhla Oued Ed-dahab, and Souss-Massa.

To ensure the follow-up of this transformational project, which is part of the New Development Model of the Southern provinces, and its implementation as soon as possible, the Government has created a dedicated department. This project will be a major lever to boost investment in

several regions, spread across 10 provinces, and impact more than 2.2 million inhabitants. The Tiznit-Dakhla expressway will contribute to the socio-economic development of four regions at once: Souss-Massa, Guelmim-Oued-Noun, Laayoune- Saquia El Hamra, and Dakhla-Oued- Eddahab.

The expressway will also make it possible to reduce journey times and avoid road disruptions due to flooding and silting. This project will at the same time contribute to the improvement of the transport of goods to and from the southern regions and their connection to the main national centers of production and distribution. Rest areas and parking lots for heavy goods vehicles will be built to improve the circulation of professional drivers in optimum conditions.

In addition, the expressway is part of the road works with international standards and a high level of safety. According to a former Minister of Equipment, the expressway is intended to be reclassified later as a motorway. □

Hassan ELARIF

Heat Wave: Farmers calling for help

THE heat wave is wreaking havoc in the Souss - Massa region. For the Moroccan Association of Producers and Exporting Producers of Fruits and Vegetables (Apefel), the situation is worrying. «Most young vegetable and red fruit plantations suffered heavy irreversible damage reaching 100% losses», deplors this association. Adult plantations of banana trees, red fruits, and other fruit tree species as well as those of citrus fruits, fig trees, and olive trees also suffered "significant damage". Sunburn plants, torn plastic greenhouses, and other damage: Apefel draws up a provisional assessment of the damage caused by the heat wave and the gusts of wind and tornadoes, which hit the region from August 10 to August 13.

"The region recorded exceptionally high temperature levels for four days. This heat wave was also manifested by gusts of very hot winds with a blowtorch effect and violent tornadoes crossing several agricultural production areas in the region", said the Association. Its president, Khalid Saidi, underlined that "this excessive



heat occurred at a very critical time of the year which corresponds to the establishment of new vegetable and red fruit planting programs". Khalid Saidi thus alerts the Ministry of Agriculture to the consequences of this damage, in particular the risk of a shortage of vegetables, particularly tomatoes, on the local market. Exports are also threatened. "The extent of the damage will certainly cause disruptions and delays in volumes and supply schedules for

both internal and external markets", warns the association, in a letter addressed to the line ministry. Producers, bound by commercial contracts with foreign customers, fear for their international market share.

Apefel launches an SOS to the Ministry of Agriculture to help farmers in the region who have suffered losses. The association calls for the establishment of "an urgent and exceptional aid program" to support the producers af-

ected. "The extent of the losses suffered by our producers, both on the structures and on plant material, requires significant financial mobilization to be able to initiate programs to make up for lost crops", says Apefel.

The Regional offices of the Ministry to the rescue

The farmers also ask the ministry to mobilize the teams of the DRA (Regional Directorate of Agriculture) to «take stock of the situation and make an overall assessment of the damage in kind, in volumes, and in financial losses». "Currently, it is impossible for us to draw up a complete assessment of the losses. We need the help of the DRA to carry out this operation", explains Khalid Saidi, who does not hide his concern about the plantation catch-up program. "The preparation of the grafted tomato plants as an example requires at least 2 months in the nursery. There will be a delay in our production schedules. Production will be affected in terms of volume", laments the president of Apefel. □

Khadija SKALLI

Morocco keeps on believing in the oil dream

WITH optimism and determination, Morocco is pursuing its oil exploration projects in the various regions. Relentlessly, the National Office of Hydrocarbons and Mining (ONHYM) carries out, by its own means, numerous geological, geophysical, geochemical, and petroleum assessment studies in the various onshore basins and on the segments of the Atlantic and Mediterranean offshore areas.

Added to these is the work carried out by the partner international oil companies holding permits. « The investments made are directed towards the acquisition of new 2D/3D onshore and offshore seismic data as well as exploration drilling », indicates Amina Benkhadra, Director General of ONHYM. These data have made it possible to determine new areas of interest and new prospects, thus enhancing the Moroccan oil potential. Yes, in addition to the regions of Gharb, Tendirara, and Lixus for gas potential, many areas in Morocco have a promising oil potential. ONHYM is convinced of this.

« Essaouira onshore is a basin that has produced gas and condensate of



the Triassic since the 1980s, and oil of the Jurassic ear since the 1970s. The latest drilling activity in this basin has revealed accumulations of hydrocarbons in the Triassic and the Jurassic, which must be confirmed by additional work”, underlines Amina Benkhadra. Similarly, the Pre-Rif region in northern Morocco was a hydrocarbon (oil) producing province until the 1950s.

«Exploration activities are currently focused on the Meso-Rif area which has similarities with the Pre-Rif area, but whose objectives are larger in size than those of the Pre-Rif area.”, added the Director General.

Insufficient drilling

At the far end of the country is the vast Zag -Lower Draa Basin, which is the westernmost extension of the prolific

Paleozoic basins that stretch across North Africa. However, this basin is almost unexplored. Offshore, off the Atlantic coast, although the number of wells drilled is very insufficient and limited to almost only two areas (Tarfaya and Agadir offshore), modest discoveries of light and heavy oils have been made. Hydrocarbon shows were recorded in most of the wells.

“To the south, in the Agadir – Tarfaya offshore segment, seven wells were drilled between 2000 and 2017, revealing accumulations of heavy and light oils as well as gas, and highlighting viable and functioning petroleum systems” , added Amina Benkhadra.

Further south, in the Boujdour basin, only one well has been drilled to date in 2014 in this vast area of approximately 200,000 square kilometers, which has revealed an accumulation of gas and condensate.

Despite the many types of plays developed , very few wells have been drilled in the entire Moroccan Atlantic margin, which ultimately contains only 43 boreholes (out of a total of 45 offshore boreholes). □

Khadija SKALLI

Fuel: Price increases ruining people's holidays

HOLIDAYMAKERS oliday-makers deplore the new rise in the price of petroleum products in the midst of the return from travel. This umpteenth increase in prices at gas stations, twice in succession during the month of August, announces a new inflationary spiral and pressure on the purchasing power of households a few days before the start of the school year. Indeed, since the beginning of August, distributors of fuel (gasoline and diesel) have twice increased prices in gas stations. Thus, diesel has reached the price of 12.30 Dirhams on average (depending on the city) with slight variations between distribution companies. As for the price of unleaded gasoline, it fluctuates around 14.40 Dirhams (USD 1.44) in service stations. Obviously, the further one gets from the Casablanca-Rabat area, the more the prices increase hover around 13 Dirhams (USD 1.3) /per liter for diesel or even 15 Dirhams (USD 1.5) /per liter for unleaded gasoline . According to El Houssine El Yamani , Secretary General of the National Petroleum and Gas Union and mem-



ber of the Democratic Confederation of Labor (CDT), « the analysis of the components of current market prices demonstrates that the tax and the profits of the actors represent 43%, that is to say 5.26 Dirhams per liter of diesel, including about 2 Dirhams (USD 0.2) in profits for distributors !» , which is excessive in a context marked by rising inflation and the deterioration of purchasing power. According to many analysts and experts, the successive increases in fuel prices have been «

the main cause of inflation « and of the high prices of consumer goods over the past two years, hence the urgency for the Government to put in place innovative and efficient mechanisms to ease the pressure on households and reduce as much as possible the high cost of petroleum products.

In the opinion of the National Union of Oil and Gas, the current levels of prices in petrol stations require an intervention of the Government with

mechanisms and devices supposed to contain the surge in prices. Among the measures likely to reduce the pressure, there is, according to the same union source, the option “to cap profits made by oil companies” . Moreover, the reduction or even the abolition of certain taxes, like many countries, remains an appropriate solution. The Syndicat du pétrole et du gaz (Petroleum and Gas Workers Union), affiliated to the CDT, reiterates, once again, the option of relaunching the oil refining activity at the Samir plant, which will not only reduce the cost price and prices at the pump but also substantially increase the volumes of national stocks. Another proposal is “putting an end to the tacit agreements on fuel prices while activating the enforcement role of the Competition Council” . Moreover, the CDT union calls for anticipation via the establishment of « mechanisms to support fuel prices in the event of any further increases, and which would exceed the capacity of motorists and consumers, in particular transportation professionals» . □

Amin RBOUB

Weekly highlights

The job bonus: Botched tax circular?

WHAT tax treatment should apply to the 1,500 Dirham (USD 150) employment support bonus just launched by the Government? This is the big question on the minds of the tax professionals consulted by L'Economiste. «Is the employment bonus an operating subsidy or an operating grant? It is therefore understood to include VAT at the rate of 20%. This means that the bonus will be accounted for as operating income, and is therefore subject to VAT under ordinary law. For tax purposes, therefore, the bonus will be reduced by a 250 dirham VAT. The Minister of Employment grants a subsidy, while the Minister of Finance collects, at the very least, 20%», explains Mohamadi El Yacoubi, President of the « Cercle des Fiscalistes » (Tax Specialists think tank). According to a chartered accountant, circular number 717 from the General Tax Directorate is clear about the tax treatment of subsidies. «The circular explicitly excludes from VAT only investment subsidies».

If one takes into account the position of the two practitioners, the Government should have introduced a bonus of 1,800 dirhams including tax. «At that point, it would have been clear to companies that the operating bonus is 1,500 Dirhams», adds El Yacoubi. Unless the tax authorities clarify their position, the accounting of this bonus will give practitioners a headache.

The support bonus was officially launched about a month ago as part



of the Awrach II program, which is moving upmarket. It is an incentive grant designed to boost job creation. An agreement was signed between members of the Government and the Director General of the Caisse Nationale de Sécurité Sociale (CNSS), setting out the terms and

conditions for awarding the bonus. Worth 1,500 Dirhams per month, the subsidy will be paid for nine months by the CNSS to each beneficiary recruited.

The aim of the subsidy is to enable people who are having difficulty being recruited to gain work expe-

Two transitional tax measures to support employment

THE employment support bonus is not the only measure introduced by the Government for 2023. One should also mention the extension of the income tax exemption period for newly recruited employees. This measure was due to expire on December 31, 2022. The measure consists in exempting from income tax the gross monthly salary, capped at 10,000 dirhams (USD 1,000), paid by companies created between January 1, 2015 and December 31, 2022, up to a limit of 10 employees. To benefit from this scheme, and employee must be recruited under a permanent employment contract. In addition, recruitment must take place within the first two years following the start-up date of the company, association, or cooperative. Since the entry into force of the 2023 Finance Law, this measure now targets enterprises created between January 1, 2015 and December 31, 2026 (Article 57-20 of the General Tax Code, CGI). □

rience over a minimum period of 12 months, to enhance their technical and interpersonal skills, and thus increase their chances of finding a lasting job. □

HASSAN EL ARIF

LA NEWSLETTER

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PAR JOUR

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