VEND. 15, SAM. 16, DIM.17 & LUNDI 18 NOVEMBRE 2024 - N°6888 | NE PEUT ÊTRE VENDU SÉPARÉMENT | DÉPÔT LÉGAL 100/1991 | DIRECTEUR DE PUBLICATION **KHALID BELYAZID**

Weekly highlights by

L'ECONOMISTE

Good and bad news from the census

Total population

36 828 330

+2,980,088

Customs duties: Details of amendments adopted

Government subsidies to basic commodities: Expenditure halved

Public university Why fictitious trips are all the rage

EDITORIAL

Financial hub

Ahlam NAZIH

WITH this week's launch of the futures market, there will undoubtedly be a before and after for the Moroccan capital market. Around the world, the first futures markets in their modern, structured form began to develop between the 18th and 19th centuries, in Europe and the United States. So it is only about two centuries later that this market has arrived here, after years of reflection and preparation. And there is still more to come, as the success of this " new " segment of the financial market will also require a great deal of support. In any case, all those involved (Ministry of Finance, regulators, banking sector, etc.) are fully mobilized to ensure that every aspect of this project is a success. In any case, all those involved in the project (Ministry of Finance, regulators, banking sector, etc.) are fully mobilized to ensure that every aspect of the project is a success.

This tool will enable the Moroccan financial center to reach a higher level of sophistication, with more elaborate derivative products. Expectations are high. People are betting on greater liquidity, larger transactions, and the possibility of better hedging against risks. People are also betting on making the Moroccan financial center more attractive, thereby strengthening Morocco's position as a regional financial hub. The modernization of the Casablanca stock exchange, which is being transformed into a holding company, supports this ambition.

Other ingredients, such as Casablanca Finance City, are helping to achieve this goal. One of its missions is to develop financial services and attract international financial institutions. To date, it has attracted more than 200 companies, and signed agreements with major international financial centers. The gradual liberalization of the foreign exchange regime completes the picture.

A good momentum has thus been set in motion. But will it really be able to attract more funds and support the country's growth? ❏

Weekly highlights

Customs duties

Details of amendments adopted

During debates on the draft Finance Bill 2025, no fewer than 97 amendments concerned customs duties, several of which were accepted.

The obligation of electronic payment was introduced in the Customs Code, as is the case for taxes. The measure makes it compulsory to pay customs duties and taxes electronically; otherwise, a surcharge of 1% with a minimum collection of 1,000 dirhams (USD 100) is applied. Exceptions to this compulsory electronic payment are payments made by government departments, public institutions, the Central Bank (Bank Al-Maghrib) and the Foreign Exchange Office. Partial payment of duties and taxes in cash, particularly for Moroccans living abroad wishing to clear goods through customs.

Article 167 of the Customs Code : The initial provision concerned exemption from customs duties for imports of materials and equipment required for the Nigeria-Morocco gas pipeline project. The amendment was made following an ECOWAS meeting last October, attended by Morocco and Mauritania, during which agreements concerning the project were signed between the various countries. Following this, it was decided to change the name of the project. It is now called the Africa Atlantic Pipeline. No more talk of the Nigeria-Morocco gas pipeline. This is a way of giving the project an Atlantic dimension, in line with the royal initiative to give Sahel countries access to the Atlantic Ocean.

Protecting national production: An amendment was proposed to increase customs duties from 10 to 17.5% for optical fibers manufactured in Morocco. Since this amendment was aimed at protecting national production and the import substitution policy, the government accepted this change.

Tax marking of petroleum products deferred by one year: An amendment presented by the Government concerns the entry into force of tax marking of petroleum products, particularly diesel and gasoline. The principle of this measure was set out in the 2024 Finance Act. However, to allow the system to be put in place and operators to prepare, the obligation was deferred until January 1, 2026. This amendment was adopted unanimously.

FIFA and affiliated institutions exempted

Another change concerns FIFA. Under Article 164, the initial system provided for the exemption of materials and equipment imported by or on behalf of the International Football Federation. It subsequently turned out that FIFA was not alone. Other affiliated institutions such as CAF (African Football Confederation) were added to the list of beneficiaries of these exemptions. ❑

Mohamed CHAOUI

Government subsidies to basic commodities

Expenditure halved

At the end of October, offset issues amounted to 11.2 billion dirhams (US 1.12 billion). This represents a drop of 52.4% compared with the same period in 2023, according to the latest statistics from the Kingdom's General Treasury. These issues represent a realization rate of 66.2% of the forecasts contained in the 2024 Finance Bill. The latter had forecast 16.36 billion dirhams (US 1.63 billion) for the compensation budget. By the end of 2023, expenditure issues had exceeded 39.19 billion dirhams (US 3.91 billion), versus a budget forecast of 26 billion. They were achieved in a context marked by " the persistent rise in the prices of subsidized products on the international market on the one hand, and by the drought conditions of the 2023/2024 agricultural season at the national level, having considerably impacted the level of local production of sugar and soft wheat, on the other ", according to the latest annual report on Government Subsidies to Basic Commodities, appended to the 2025 Finance Bill. Under these conditions, " in order to contain inflation and ensure a regular supply of basic products, and to enable domestic prices to be stabilized with a view to supporting purchasing power, the Government has taken a series of measures ", it states. According to the document, " the Government will continue to support the prices of butane gas, sugar and domestic soft wheat flour, through the programming of a budget of 16.536 billion MAD (US 1.65 billion) under the 2025 Finance Bill ". For butane gas, the average annual subsidy for a 12-kilogram butane gas cylinder will be significantly reduced by 25 dirhams (US 2.5) on an annual basis by 2023. The Government subsidy followed a downward trend over the first 7 months of 2024, reaching its lowest point last June. With regard to sugar price support, the Government grants two types of subsidy, notably the flat-rate consumption subsidy, currently around 3.6 dirhams (US 0.36) / kilo for average national consumption of 1.21 million tons, representing an average annual charge of 4.36 billion dirhams (US 436 million). Added to this is the additional import subsidy for raw sugar, which varies according to world price trends, and represents the difference between the import cost price and the target price set by the authorities, prior to the revision of the flat-rate subsidy by almost 27% from April 2023, to reach almost 3.60 dirhams (US 0.36) / kilo, compared with 2.84 dirhams (US 0.28) / kilo.

Last year, Moroccans consumed the equivalent of 234.2 million 12-kilo cylinders, an increase of 6.9 million cylinders year-on-year. In the first 8 months of this year, Moroccans consumed the equivalent of 161.47 million 12-kilo cylinders

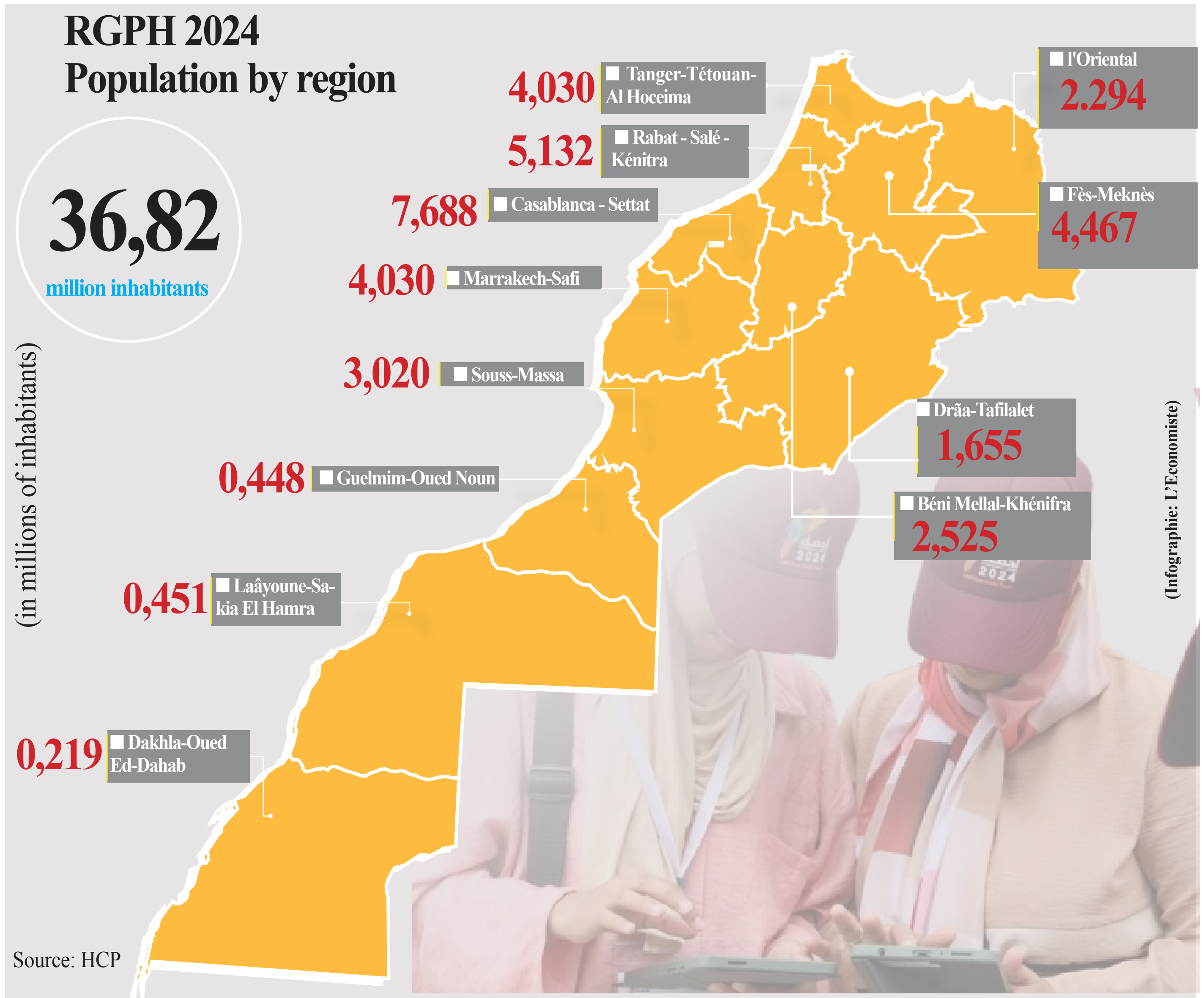
For local soft wheat and national soft wheat flour, Government subsidies reached over 1.34 billion dirhams (US 134 million) (excluding the import refund system) by the end of 2023, up 5.77% on the previous year. Over the past 5 years, the amount of Government subsidies to basic commodity subsidies for these products has varied between MAD 1.29 billion (US 129 million) and MAD 1.53 billion (US 53 million). ❑

Mohamed Ali Mrabi

Weekly highlights

Good and bad news from the census

The 2024 General Census of Population and Housing (RGPH) provides an accurate snapshot of Morocco's demographic dynamics. The results, published by the High Commissioner's Office for Planning, reveal trends that highlight both opportunities and challenges for public policy and economic development. Urbanization, regional distribution and household growth play crucial roles here, with potential impacts on the country's strategic choices. Among the key findings of this census is the decline in the population growth rate, which fell from 1.25% between 2004 and 2014 to 0.85% over the last decade. This slowdown could be interpreted, among other things, as a sign of stability in terms of demographic pressure. But it could also be the source of major challenges in terms of workforce renewal and ageing, particularly in rural areas, where the growth rate is limited to 0.22%.



■ Imbalance

Five regions account for over 70% of the population, led by Casablanca-Settat, Rabat-Salé-Kénitra, and Tangiers-Tétouan-Al Hoceima. The rest of the population is spread across the Kingdom's other regions, ranging from 3.20 million in the Souss-Massa region to 220,000 in Dakhla-Oued Eddahab. The imbalance in geographical distribution could exacerbate regional inequalities. This would require a stronger regionalization policy to boost economic activity and the attractiveness of less populated areas.

■ Rising urbanization, pressure on infrastructure

The 2024 census confirms the continuing dynamic of urbanization.

The urban population now represents 62.8% of the total population, up from 60.4% in 2014. This represents an average annual increase of 1.24%. The regions of Laâyoune-Sakia El Hamra (92.4%), Dakhla-Oued Ed-Dahab (80.4%), Casablanca-Settat (73.3%) and Rabat-Salé-Kénitra (70.7%) boast the highest urbanization rates, while Marrakech-Safi (46.0%) and Drâa-Tafilalet (36.7%) remain predominantly rural. Optimists will see this progression as an opportunity for the development of modern infrastructures and a potential engine for economic growth, with key cities able to catalyze investment. The pessimists will say that the growth of the urban population poses real challenges: heavy pressure on resources, infrastructure, transport, housing, etc. Demographic concentration in major cities, particularly Casablanca with its 3.236 million inhabitants, is putting considerable pressure on infrastructure, resources, transport, and housing. In major conurbations such as Casablanca and Rabat, this increased demand is already contributing to real estate inflation, making access to housing increasingly difficult for many households.

Facts and figures

■ Total population: **36.8** million, including **36.68** million Moroccans and **148,152** foreigners.

■ Population growth: the average annual growth rate fell to **0.85%** over the last decade. It was 1.25% during the period 2004-2014.

■ Urbanization: the urban population has reached **23.1** million, with an urbanization rate of 62.8%, compared with **60.4%** in 2014.

■ Regional distribution: Five regions account for over **70%** of the population: Casablanca-Settat, Rabat-Salé-Kénitra, Marrakech-Safi, Fez-Meknès, and Tangiers-Tétouan-Al Hoceima.

■ Households: **9.27** million, with an average household size of **3.9** persons.

■ More households: an economic opportunity

One of the most striking results of the census is the significant increase in the number of households, reaching 9.27 million, with average annual growth of 2.4% between 2014 and 2024. At the same time, average household size is declining, moving from 4.6 to 3.9 persons. This reflects changing family structures and perhaps the rise of more individualized lifestyles. One will certainly have to wait for detailed statistics from the High Commissioner's Office for Planning (HCP) to better decipher this phenomenon. From an economic point of view, the increase in the number of households translates into greater demand for housing, domestic equipment and local services, stimulating the real estate sector and creating new opportunities for consumer goods companies.

■ An inclusive integration policy

The increase in the foreign population, at a rate of 5.6% per year, also calls for inclusive integration policies to ensure fair access for all to essential services. This integration represents a major socio-economic challenge, reinforcing the need to develop services and infrastructures adapted to the needs of diversified populations. ❑

Khadija MASMOUDI

Weekly highlights

Public university

Why fictitious trips are all the rage

For decision-makers in the civil service, the issue of fictitious trips is a " non-topic ". This large-scale transgression has become so entrenched that it has become a commonplace that everyone agrees on. Ministries (including ministers' offices and the offices of the Head of Government), public establishments, administrations... everyone resorts to it in a straightforward manner, without having the impression of breaking the law. " Even the Inspectorate General of Finance and the magistrates of the Court of Auditors do not pay any attention to it, because it is so commonplace ", confided the director of a leading business school. In public universities, too, the phenomenon is all the rage. " You just have to make sure that it is not exaggerated, that it does not become a source of enrichment at the expense of the institution's budget ", he added. In these institutions, the idea is to use this disguised means to offer motivational bonuses to administrative staff. " We have no other solution. It has practically become standard practice. We grant a bonus in July and one in December via fictitious trips. I do not see it as an abuse, since there is consensus concerning this issue ," confided a university official, speaking on condition of anonymity. However, this unregulated practice does leave the door open to abuse, and there is some, according to the testimonies we gathered. In some cases, bizarre expense reports can be observed, with long-distance travel for example on the same day to Laâyoune in the South of the country and to Tangiers to the North of the country …

"No government is capable of touching this major project".

IF everyone believes that incentive bonuses are an absolute right for civil servants, why not include them in the regulations? Why leave these bonuses to the discretion of individuals who can do as they please? " No government is capable of changing this state of affairs ", said a former senior official at the Ministry of Higher Education. For him, it would create endless debates and headaches. And " since people do not exaggerate, it remains a non-issue ", he argued. Some people went even further. " Maybe it is better that way, because since this practice is not legal, compensation is limited to the bare minimum. Besides, compensation is not granted on the basis of cronyism, it is for everyone and is well regulated ", said a former university president. ❏

Motivating the rank and file

The Ministry of Higher Education is not immune to these practices. The former minister, Lahcen Daoudi (2012-2016), reportedly put an end to fictitious trips when he took over as head of his department. But he was only able to hold out for a few months before he had to face the facts: there is no way to motivate the rank and file, other than through the back door. That said, in the academic world, motivating civil servants is not the only reason for managers to abuse fictitious trips. Teachers, for example, carry out many tasks without receiving compensation. To compensate them, universities have found nothing better than fictitious trips. ❏

Ahlam NAZIH

Equipment: Major projects to be accelerated

EILA Benali is campaigning for the reinforcement of the electricity transmission grid to ensure optimum integration of renewable energies. To keep pace with the accelerating development of renewable energies, Morocco plans to multiply its investment in this area by a factor of 4 or 5 over the next few years. " For the first time, the private sector will be given the opportunity to invest in this electricity transmission grid ", said the Minister on Monday before the Thematic Commission on Energy Transition. The strategic project to connect the south to the center of the country, with a capacity of 3 Gigawatts, is not left out. Last August, an addendum was published to the call for expressions of interest for the pre-qualification of candidates for the construction of an extra-high-voltage link between southern and central Morocco. The deadline for submitting proposals is October 15.

The portfolio of the National Public Equipment Agency (ANEP) in 2024 includes 1,226 completed projects, 2,407 under construction and 1,505 under study. The investment value reached 71.49 billion Dirhams (USD 7.14 billion).

During this meeting, in addition to the strategic and institutional frameworks, she presented the programs and projects, addressing the outcomes in terms of electricity production during the current government's midterm.. The country now has 1,353 megawatts of new capacity, including 893 megawatts from wind power, 350 megawatts from hydroelectric power and 110 megawatts from solar power. As a result, the Minister noted that overall electrical capacity during this period had risen from 10,627 MW to 11,980 MW, of which 5,304 MW came from energy sources. These represent 44.3% of the electrical capacity created, compared with 37% at the start of the Government's mandate. During this mid-term period, the Government has authorized 56 projects, compared with 14 during the period between 2011 and 2020. This means a 4-fold increase. Similarly, during the same period, a capacity of 1,991.5 MW was authorized, compared with 1,139 MW previously. The comparison continues with regard to the volume of investment in renewable energy projects, which reached 25.3 billion Dirhams versus 17.5 billion dirhams (USD 1.75 billion) during the previous period, i.e. an increase of 42%.

In the case of green hydrogen, the adoption of the Moroccan Offering implementation process and the resources mobilized by the Government are designed to ensure successful implementation and define the roles of the various stakeholders. The aim is to put in place a framework of incentives and support for project sponsors, to ensure the successful implementation of the Morocco Offering. During the meeting, Leila Benali addressed another issue, which is to initiate the development of regional energy efficiency strategies. The aim is also to begin updating the national energy efficiency strategy for sectors such as industry, transport, agriculture, construction, and lighting. ❏

M.C.