

COVID-19: Situation in Morocco

Update on the situation in Morocco and the economic and social measures put in place

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Covid-19:

Morocco's state of emergency runs until May 20th

According to a new report from the Ministry of Health: 135 new cases were detected between 6:00 p.m. on Sunday and Monday, April 20 at 10 a.m., bringing the total number of cases to 2,990.

In 24 hours, among the tests carried out, 478 people were negative, reaching a total of 12,746.

There have been 2 new deaths, making a total of 143, and 13 more recoveries, making the total 340.

The new regional classification of cases is as follows:

- Casa Settat: 840
- Marrakech Safi: 739
- Fès Meknes: 448
- Tanger Tétouan Al Hoceima: 335
- Rabat Salé Kenitra: 273
- Oriental: 155
- Daraa-tafilet: 86
- Beni Mellal-Khénifra: 60
- Souss-Massa: 47
- Laâyoune-Sakia El Hamra: 4
- Dakhla-Oued Ed Dahab: 2
- Guelmim Oued Noun: 1



Unemployment, inflation, growth ... IMF forecast for Morocco

Containment measures applied worldwide will cause "the worst economic consequences since the Great Depression" ,the IMF warned. Morocco will not escape.

With the rapid spread of the new coronavirus worldwide, particularly in Morocco, drastic containment measures have led to the closure of much of the world economy. Morocco, whose state of health emergency has just been extended until May 20th, 2020, will also be affected by the current crisis, with a sharp decrease in growth rate and an increase in trade deficit.

While the IMF expects a 3% drop in world GDP in 2020, the Bretton Woods forecast predicts a 3.7% drop for the Moroccan economy. This drop in Moroccan GDP is explained in particular by the decrease in external demand, which decreased by 3.5% in the first quarter of 2020, and exports, which, in value terms, decreased by 22.8 %, according to figures from the High Planning Commission (Haut-Commissariat au Plan). Although Morocco is in a better situation than its neighbors in the Maghreb.

Specifically, the IMF expects a much larger drop in GDP in Algeria, with a drop of 5.2%, while growth in Tunisia will decrease by 4.3% in 2020.

The IMF expects a 3% drop in world GDP in 2020 and predicts a 3.7% drop for the Moroccan economy

Among the sectors most affected by the crisis are tourism and the industrial sector, which will suffer the fall in international demand. This will adversely affect employment and therefore worsen the unemployment rate. A rate that

was 9.2% in 2019 and, with the coronavirus crisis, will rise to 12.5% in 2020, warns the IMF. The same observation is made for our Algerian neighbors, whose unemployment rate will rise to 15.1%.

The IMF also revealed other forecasts for the development of the Moroccan economy in 2020. The monetary institution forecasts, in particular, an increase in the trade deficit, which will rise to -7.1% in 2020 compared to -4.1% in 2019. The same applies to GDP, which will fall to 7.8% in 2020, compared to 4.1% the previous year. One of the only indicators that will remain stable in Morocco is the inflation rate, which the IMF forecasts at 0.3% in 2020, compared to 3.5% in Algeria and 6.2 in Tunisia.

Import control of industrial products: extended transition period

The transition period for the new control system for industrial products runs until June 19th, 2020.

The Ministry of Industry, Commerce, Green Economy and Digital has just announced that, due to the current state of health emergency, the transition period for the application of the new control system for industrial products, originally planned from February 1st to April 19th 2020, will be extended until June 19th, 2020.

Starting June 20th, 2020, economic operators will have to assess the conformity of industrial products subject to the regulatory import control according to the following scheme:

■ Controls will be carried out at the border posts of the Kingdom of Morocco for the following products:

- The following auto parts: tires, batteries, brake elements, glass, filter elements, mechanical control cables;
- The following construction products: ceramic tiles, cement, sealing foils, sanitary products, taps, plastic pipes ...
- Wood panels
- Gas heater devices and gas water heaters
- Wire and reinforcing iron for concrete
- Non-work clothing items
- Mobile phone chargers, automatic switches
- Blankets, rugs, tapestries and upholstery fabrics
- Baby diapers

■ Control will be carried out in the dispatch countries for the rest of the industrial products in question. Control operations will continue to be carried out by the three approved inspection bodies, APPLUS FOMENTO, BUREAU VERITAS and TUV RHEILAND.



In business terms

The Renault Morocco Group resumes its industrial activity "partially" and "gradually"

Casablanca - The Renault Morocco Group has announced that it is preparing its two production plants in Tangier and Casablanca for a partial and gradual restart.

"Flexible organization is being established to adapt production to the recovery of the markets and satisfy customers in Morocco and abroad," says a press release from the automaker, noting that the effective start-up of each operation will take place according to a specific calendar for each one, from the end of April.

Since March 19th, the Tangier and Somaca plants have suspended production, maintaining partial activity, while Renault Commerce Maroc and its sales network have maintained service continuity throughout the country thanks to an innovative adaptation of their activities.

"This process satisfies the mobility needs of the health professions, public services and companies so they can continue their activities," continues the press release, adding that "repair workshops, mobile workshops, service delivery and the customer service center of Renault Morocco are still active to ensure continuous service to users."

Today, the Renault Morocco Group, as the main player in the national automobile sector, is aware of the challenges of both ensuring the safety of all its employees and continuing its activities to contribute to the country's economic recovery.



Public Works and Construction: decrease of 60 and 75% of turnover, the profession on alert.

The National Federation of Construction and Public Works (FNBTP) is sounding the alarm to the head of government. In a letter, he proposes measures to limit the impact of the crisis and other actions to revive activity after the end of the crisis.

The FNBTP sent a letter to the head of government regarding the impacts of the Covid-19 pandemic on companies and construction sites. "The sector is currently suffering a very significant drop in activity and, therefore, a decrease in turnover for both the construction and public works sectors of 75% and 60% respectively," he says. the FNBTP in its brief.

The reduction in activity can be explained by various phenomena, as indicated by the Federation:

- Lack of manpower. The latter abandoned the works "voluntarily" as soon as a state of emergency was declared.
- A clear decrease in productivity because the remaining staff could not perform certain tasks without the key job profiles.
- A supply problem since several raw material factories are closed or refuse to deliver without an advance payment.
- Most banks consider it to be too risky sector and have covertly rejected requests for credit extensions and finance lease fees.

The FNBTP affirms in its letter that "these factors and the drop in activity have a serious impact on the cash availability of companies in the sector (...), including large ones. This puts the continuity of operations of many companies at risk."

Thus, the Federation proposes measures for crisis management and measures for post-crisis recovery.

To manage the crisis, the FNBTP proposes "to declare the continuity of the activity of our sector, and the resumption of the works stopped by the government based on the economic and social interest of the country."

This proposal responds to the economic imperative that must be preserved, but poses health risks. Construction sites are generally places where workers from different backgrounds gather. Many of them live on the job itself. This raises questions about health safety and hygiene measures to be observed in this professional environment.

The FNBTP also proposes that the government "clarify the situation of employees entitled to 2,000 MAD compensation", particularly with regard to staff who voluntarily left the works through fear of the virus.

Their proposals also include recognizing the current situation as "force majeure" for all public contracts. This measure was taken by the government the same day the mail was sent.

Other proposals from the FNBTP were "to remind the various developers that they must make the payment circuits more fluid so that companies can face the lack of liquidity and that they plan to make advances on the invoices of the current account statements of validation and release guarantees." And "ensuring the interest-free deferment of the repayment schedule of loans to banks and leasing companies, as announced by the CVE (Business Intelligence Committee), for all

loans, including those granted as collateral for contracts."

Regarding recovery after the crisis, the FNBTP proposes:

- Reactivate public procurement with allocation criteria other than the current "lowest bidder rule" model that has caused extensive damage.
- Systematically introduce an advance of 10% to 20% for all public contracts.
- Systematically introduce a 15% national preference for all public procurement.
- Encourage banks to do their part and support struggling businesses by not refusing to commit to public contracts.

The FNBTP reminds the various developers that they must make payment circuits more fluid so that companies can cope with the lack of liquidity.



Winners and losers from the coronavirus crisis in Morocco

While it is true that tourism, transportation and real estate are clearly the main sectors affected by the Covid-19 health crisis, others have been spared and should even break through after the crisis.

Since the start of the pandemic and the quarantine which took effect in mid-March, the transportation, real estate, automotive and aeronautical industries have been virtually paralyzed at a time when others such as retail, the pharmaceutical industry and new technologies are under increasing demand.

In fact, the spread of the virus and the confinement of billions of people around the world has undoubtedly changed consumption habits and, therefore, the operating methods of companies. This situation partly explains the unprecedented results achieved by some sectors at the expense of others.

In general, trade is benefiting from the situation, especially with regard to food products. From the local supermarket to large supermarkets and distribution chains, the sector does not seem to be in crisis.

Even before quarantine, there was a rush for supplies, especially in supermarkets where, on a first-come, first-served basis, mass buying of products, which had become essential, was seen along with a huge influx of people never seen before and, above all, overflowing cars.

These "compulsive" purchases and this "fear" of insufficient supplies multiplied, in a few hours, these stores' turnovers.

"The food industry, especially the production of canned food of all kinds along with pasta, vinegar,

bleach, etc., is also one of the activities that has been saved from the crisis," says the economist, adding that with these compulsive purchases of daily consumer products to accumulate stocks and subsist for weeks, consumers have temporarily depleted certain products on the shelves, but not stocks in warehouses.

And the most coveted of products, flour, has simply reconciled more Moroccan women to abandoned traditions, kneading bread at home themselves.

Hygiene products (soap, antiseptics, toilet paper, paper towels, and plastic gloves) and the health industry (masks, breathing apparatus, and hand sanitizers) are the other products that have also thrived. Above all, because of the obligation to wear masks in Morocco since April 6, the rush to find this means of protection has caused another "panic". This, despite the authorities' guarantees that various industries, to whom they asked to contribute by transforming their textile production lines into mask production, have been able since mid-April to produce more than 5 million units a day to meet citizens' needs. In addition to these non-woven face masks, textile producers have also entered the area of fabric face masks, which are reusable after being washed.



In this period of confinement, "e-commerce should, in principle, take advantage of this" windfall "to propel itself into household habits."

Quarantine, in fact, has limited travel and imposed new attitudes that require careful supervision of their activities. Morocco's *online* sales sites, which are proving extremely useful in these times of crisis, are also experiencing unprecedented success due to the massive flow of orders which unfortunately has an impact on estimated delivery times.

The new technologies for whom the economic impact of the pandemic has been "very significant", in this case Internet technologies, seem to be the big winners in this situation. The sector is expected to grow as a result of the need for e-learning. In addition, Internet users benefit from services to better support containment. In Morocco, we are also witnessing the development of the use of *online* television, educational television ...

Similarly, teleworking and video conferencing allow many companies to continue their activities working from home, which is a new situation that should not be overlooked. At the same time, the productive sectors oriented to the local market can benefit from the effects of this crisis. In fact, companies that are less dependent on foreign markets and produce for local consumption have an advantage.

E-commerce should, in principle, take advantage of this "windfall" to propel itself into household habits."



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