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PRESS RELEASE

The Foundation Attijariwafa bank Analyzes Recovery Paths for the Moroccan Economy

Casablanca, October 1, 2020 - As part of its series of digital conferences « Exchange to better Understand », the Attijariwafa bank Foundation organized a meeting around the current theme « **Economic Situation: Which Recovery Paths for Morocco?** » available online on its YouTube channel.

This seventh virtual meeting brought together a panel of experts from various backgrounds, namely, **Mr. Hakim Marrakchi**, President of the Tax & Customs Commission at CGEM, **Mr. Yassine Sekkat**, Associate Director, McKinsey and **Mr. Saad Benwahoud**, Deputy Managing Director in charge of the Rabat - Salé - Kenitra region, Attijariwafa bank. Under the moderation of **Mrs. Sara Rami**, Journalist and Radio host, the guests reviewed the various impacts of the health crisis on the macroeconomic and sectoral levels, particularly in tourism, construction, aeronautics or offshoring, etc.

For Mr. Sekkat, «this crisis is of an unprecedented brutal nature, which almost instantaneously led to a drop in GDP and export revenues, as well as an increase in the unemployment rate and the public deficit. This has prompted governments and monetary authorities to revise downwards their growth forecasts.

However, in this particular context, not all sectors are in the same boat, since telecoms, phosphates, agriculture and health are showing significant resilience. Similarly, some regions of the Kingdom are doing better than others».



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With regard to these sectoral and regional differentiations, experts said that Morocco still has significant growth levers that it would gain to activate if the state is strategic, and public and private operators are proactive. Thus, foreign exchange reserves have rarely been so high at 300 billion and the net foreign exchange balance has improved. It is true that the public deficit is at 7% but this remains acceptable in view of what is happening in other countries. Thus, the fiscal room for maneuver allows Morocco to cope with this crisis.

However, inter-enterprise credit is reaching unprecedented levels and payment periods are getting longer and longer. The combination of these two factors poses a real danger of suffocating SMEs, which constitute the bulk of our productive fabric.

«This crisis reminds us that three-quarters of Moroccans still do not benefit from social security coverage. The decision of our Sovereign to generalize certain social benefits in the next 5 years is a harbinger of a fiscal revolution that should be based on national solidarity. The other urgency concerns the revitalization of Morocco's offer. For this, we will need a mechanism to help certain sectors such as the automotive industry and to support new sectors. »explains Mr. Marrakchi.

On the financial level and as they have pledged, banks are mobilizing to support individuals and support businesses, even if they must also cope with the soaring unpaid bills that could approach MAD 130 billion by the end of the year.

«In spite of this difficult economic situation, we stand by our clients. I will illustrate the commitment of our Group by the size of the envelopes allocated to SMEs, namely MAD 6.2 billion in the form of Oxygen credit and MAD 7 billion in the form of Damane Oxygen credit, and this under extremely favorable conditions. To date, our bank has supported more than 19,500 companies, mostly SMEs, for a total amount of MAD 26 billion», explains Mr. Benwahoud.



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Now, the real challenge for the coming months is to preserve jobs until the crisis is over. To do this, the panelists recommend short-term measures to bail out companies' cash flow, but also and above all, medium-term structural measures to boost their competitiveness. Overall, the Moroccan economy offers untapped pockets of growth, particularly related to offshoring, green energy and digital. Even traditional sectors such as tourism could see a fresh start after a rethink of their strategy. Similarly, all activities related to the generalization of social security coverage could give rise to new opportunities for value creation, while accelerating the process of social catch-up.

To meet these numerous challenges, the speakers recommended the resolution, in an effective and definitive manner, of a certain number of brakes that have been repeatedly identified, such as administrative burdens, exaggerated payment delays and structural failures in the Education and Health sectors. Thanks to the support of a proactive and strategic government, operators say they are ready to bounce back by taking calculated risks to conquer new markets. This health crisis, which has turned into an unprecedented economic crisis, should lead them to question themselves in order to become more efficient and competitive when the recovery comes.

Through this conference-debate, the Attijariwafa bank Foundation demonstrates, once again, its will to propose constructive reading grids and keys of comprehension of a complex topicality, in the presence of experts recognized for their competence, their objectivity and their perfect knowledge of the national economic fabric.

To watch the full web conference, please click on the following link: <https://youtu.be/XrGYqyoyJ1s>

Press contact - Attijariwafa bank

Ms. Ouafaâ Ghaouat

Press Relations Officer - Institutional Communication

Phone : +212 522 54 53 57

Mobile : +212 647 47 32 90

Email : O.Ghaouat@attijariwafa.com