Coronavirus in Morocco: Economic and Social Implications

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Brief Analysis

ountries around the world are addressing the consequences of the COVID-19 pandemic based on their unique needs and abilities to confront it. Morocco's position as a <u>north African country with extensive ties to Europe</u> (https://www.washingtoninstitute.org/fikraforum/view/Italy-Libya-Coronavirus-COVID-Middle-East-Refugees-Migration), which has been a key feature of the Moroccan economy, is now presenting numerous economic and social challenges. Morocco has had to face these challenges on many different economic, legal, and social fronts.

Timeline of Reactions to the Pandemic

During the early stages of the outbreak, like many other countries around the world, Morocco issued evacuation orders for nationals living in China's Wuhan region, where the virus was first detected

(https://www.washingtoninstitute.org/fikraforum/view/in-search-of-solidarity-the-coronavirus-and-chinasviews-of-the-uae-and-ira). Upon their return to Morocco, additional restrictions were put in place for the evacuees, which included a mandatory 20-day quarantine in a Rabat military hospital.

To further mitigate the risk of spreading the novel coronavirus in Morocco, screening was introduced at all entry points—including airports—in late January. The following month, Morocco made free testing available to the public.

Despite initial efforts, the first confirmed case of COVID-19 in Morocco was identified on March 2. Since then, the virus has continued to spread throughout Morocco—rising from 33 cases on March 3 to 3,537 on April 23. As the number of local cases increased, so has the number of deaths. On March 10, the Moroccan health ministry announced the first death from the virus—an 89-year-old Moroccan woman who returned to Morocco from Bologna, Italy. Over a month later, the number of coronavirus related deaths has reached 151.

Despite Morocco's relatively low rate of case numbers in comparison to its European neighbors (three per 100,000 people), the projections for Morocco's future are much more grim in light of this outbreak. Many experts have predicted that medical centers in cities will become overwhelmed and rural areas will be unable to test for and treat the disease. And since the Moroccan government has also ordered more COVID-19 tests from China and South Korea, many experts expect to see a large spike in the rate of cases.

Shortly after the first death was announced, the government began to add on to the number of travel restrictions already in place by closing its sea and air borders with France and Spain, as well as its land borders with the Spanish enclaves of Ceuta and Melilla. Morocco also chose to follow the example of many countries by suspending all school activities until further notice on March 13.

The number of confirmed cases doubled between March 14 and 16, though the actual number of infections during that time period might have been higher given the high demand for and global shortage of Covid-19 test kits. With the spike in case numbers, Moroccan Prime Minister Saad Eddine El Othmani, told the public not to panic and that the outbreak in Morocco was under control. However, videos circulated on social media of overcrowded supermarkets and food supply stores, which only worsened public alarm over potential food shortages. Around this time, while still under voluntary stay at home orders, the hashtag #restecheztoi, meaning "stay at home," was promoted by Moroccans citizens and gained traction on various social media sites, including twitter.

On March 18, the joint working commission between the Ministry of Health and the association of private clinics met to discuss the mobilization of resources of private clinics to benefit public hospitals. Two weeks after Morocco confirmed its first case of COVID-19, the government officially declared a "Health State of Emergency" that was originally scheduled to remain in effect until April 20, and later extended until May, only a few days before the start of Ramadan's month-long fast period.

These measures include a mandatory nationwide lockdown and curfew enforced by the police and the army, requiring that citizens limit their movement during the day to absolutely necessary activities. The government has been strictly enforcing the measure by requiring individuals leaving home to acquire a special permit either from their workplace or local authorities. Since March 20, authorities have arrested thousands of individuals for violating the state of emergency or for spreading false information. Yet the government has also released thousands of other offenders from its prisons to reduce the threat of clusters there.

About a month after the emergency declaration, as the number of confirmed cases and coronavirus-related deaths continued to grow, the government extended the national lockdown until May 20 to further combat the spread of the virus.

Economic Challenges and Responses

With the country shut down, Moroccans are increasingly wondering about the economic implications of this virus. There is uncertainty regarding the impact of the pandemic on the <u>Moroccan economy</u>

(https://www.washingtoninstitute.org/fikraforum/view/the-african-economic-safari-of-mohammed-vi), although a recent letter to the EU suggests that the impact will be severe though varied depending on the sector.

This letter was sent to the EU delegation by the Moroccan government on March 26 and predicted significant losses in tourism, automobile, and textile industries in 2020. It highlights how the EU accounts for more than 58% of Moroccan exports, 59% of foreign direct investments (FDI), and 70% of Morocco's tourism industry. While Morocco has not yet experienced the full effects of the virus on its economy, the expected decrease from European markets will soon be felt domestically.

The Minister of Employment and Professional Integration, Mohamed Amekraz, has stated that a total of 113,000 companies have halted work operations since March 15. The Minister also said that more than 700,000 employees have been unable to work or have been laid off as a result, though the government set the deadline to file for unemployment to Friday, April 3.

The International Air Transport Association (IATA) also predicts that the pandemic will drastically decrease air traffic, with a projected total loss of around \$728 million and more than 225,000 jobs. Following the general ban on passenger vehicle traffic on March 24, road and rail transport can expect similar levels of devastation.

Another economic side effect of COVID-19 is the drastic reduction of funds from the Moroccan diaspora, which many families rely upon. Morocco's diaspora plays a significant role in their homeland's economy; around 69% of Moroccans residing abroad (MRE) transfer around a quarter of their annual income back home.

The tourism industry is projected to be the hardest hit sector of the economy. The National Tourism Confederation (CNT) estimates the projected losses for 2020 to be approximately \$34.1 billion in overall tourism revenue and \$14 billion from the hotel industry alone. CNT predicts a 98% drop in tourists visiting the country, which will put 500,000 jobs and 8,500 businesses at risk.

But reports from the Economic Intelligence Committee (CVE) indicate that the number of employees who have since filed for benefits far exceeds the amount the agency can realistically provide for. The CVE has forecasted a target population of about 430,000 employees for a total amount of compensation estimated at 4 billion MAD through March 15, 2020 to the end of June 2020. Morocco has also temporarily prevented hiring in the public sector, except in security and health sectors, as a more extreme measure in tackling the coronavirus crisis.

This stark reality places Morocco in a position similar to many in the region—both the public health and economic impacts of this pandemic are likely to be far reaching and unlikely to provide a quick recovery. Even so, the public and the government so far appear to be doing what they can to flatten the curve of coronavirus and prepare for the subsequent challenges ahead. \diamondsuit

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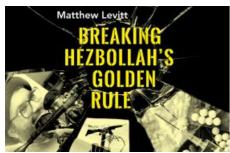
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