

Social and economic impact of the COVID-19 crisis in Morocco

Sara DEHBI¹, Anass SEBBAR²

¹*EMAA Business School
Agadir, Morocco*

²*International University of Rabat, TICLAB, Morocco
ENSIAS, Mohammed V University, ESIN, Rabat, Morocco*

Abstract

Like countries around the world, Morocco has been deeply affected by COVID-19. The pandemic has impacted various areas of citizens' lives, including their employment, education, and daily living conditions. As a preventive measure, Morocco, like much of the world, experienced prolonged periods of government-mandated confinement; beginning on March 19, 2020, much of the country officially closed for three months and thereafter opened very slowly; some parts of the country remain closed to travel. In this regard, the Corona virus grabbed the world economy, infecting several countries. The economic impact has already become evident in the countries most affected by the epidemic. This health crisis will have economic repercussions, explained by the shock of demand and supply. Fundamental policies should be designed to help economies overcome this situation, to prevent a temporary crisis like this from causing permanent damage to people and businesses through job losses and bankruptcies. The impact of the coronavirus on the world economy has been more severe than the global crisis of 2008. As the stock markets collapsed by 50% or more, massive bankruptcies as well as the increase in the unemployment rate.

Since April, Morocco's economic activity can be said to have been declining, which has forced the company to mitigate losses during this critical period. The crisis is accelerating the changes in our economic and social models. This shift makes us think about alternatives to produce and consume in different ways. In this case, our article first aims to locate and analyze the economic, social, and psychological consequences. Second, we will explain the impact of the COVID-19 crisis on the Moroccan economy.

Keywords: Coronavirus crisis; economic activity; Moroccan economy; Social consequences

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1. Introduction

The global COVID-19 health crisis has spread since December 2019 to Wuhan, China, which is considered the city of origin of the virus. This had a negative impact on the global economy, resulting in a severe recession and the emergence of an unexpected global economic crisis. In addition, despite the availability of advanced health care systems, there has been an increase in the number of deaths. The virus not only affected people, but also led to the cessation of commercial and economic activities. Despite all the measures taken, this crisis had an immediate impact on the global economy in general and the national economy in particular, which means that this crisis is not just health, but also economic and social. In this regard, several sectors of activity have been affected by the crisis, as known tourism, textiles, automobiles, and real estate. In fact, these sectors represent the constituting activities of the Moroccan economic fabric.

Like most countries in the world, Morocco has declared a state of health emergency in the face of the COVID-19 pandemic since March 20, 2020, to limit the rate of infection of this epidemic, while maintaining economic activity, taking into account a set of preventive measures.

However, Morocco has focused its efforts into control the situation (in the first obligation), and as a result, it has required a number of severe measures to limit the fast spread of the virus, such as travel restrictions, school closures and quarantine. These measures have been beneficial to avoid consequences for the Moroccan health system.

In this paper, we highlight the social and economic impact of the COVID 19 crisis in Morocco based on many situation and economic factor. The main goal is to understand the magnitude of the crisis triggered by COVID 19, we will recall the general context of the health crisis, from which we can deduce that the severity of this crisis exceeds that of previous crises. We then present the economic and social repercussions in the Moroccan context.

The remainder of the paper is organized as follows. Section 2 presents the general context of the health crisis by describing the collapse of the stock markets, Oil and nuclear crash, and the European vs Moroccan situation of the health crisis. Then, section 3 presents the impact of the COVID-19 crisis on the Moroccan economy, whereas section 4 defines the social and psychological consequences caused in Morocco. Finally, extracted conclusions are discussed in Section 5.

1.1. The general context of the health crisis

Within a few months the Corona virus (Covid-19) caught the global economy, contaminating several countries. The economic impact has already become evident in the countries most affected by the epidemic. For example, in China, several business sectors fell sharply in February. The city of Wuhan is considered the city of origin of the virus has given a clear example of how the virus harms its economy, and that of the Chinese economy, considered the second largest economy in the world. From this perspective, Michel Fouquin (2020) believes that the “coronavirus epidemic (COVID-19) is a major short-term shock to the Chinese economy and should have a lasting global impact in the long term”. This crisis is different from

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any crisis in recent decades. The impact of the current crisis will undoubtedly be greater (Michel Fouquin, 2020). In fact, this shock is not the result of economic imbalances in specific sectors or countries/regions, such as the financial crisis that broke out in the US real estate industry in 2008.

This health crisis will have economic repercussions, explained by the shock of demand and supply. Hence, fundamental policies should be designed to help economies overcome this situation, to prevent a temporary crisis like this one from causing permanent damage to individuals and businesses due to job losses and bankruptcies. Thus, other indicators will be reported in the coming months such as: the increase in unemployment rates, the bankruptcy of many companies, especially in the sectors of tourism, aviation and some industries

The impact of the coronavirus on the global economy was more severe than the 2008 global crisis. Due to the fact that the stock markets collapsed by 50% or more, massive bankruptcies as well as the increase in the unemployment rate. This will have major social and economic consequences and tremendous pressure on governments to strengthen the economic and social stability of their countries through various social measures and support programs to strengthen economic and social, and support growth to avoid the scenario of a severe economic recession.

1.1.1. The collapse of the stock markets

In the months after the virus outbreak, world stock markets have undergone significant changes. The major short-term financial markets, including the global dollar market, are also showing signs of stress. Since the virus spread in December, several indexes have dropped significantly. Central banks in many countries have decided to lower interest rates. In fact, the more the virus spreads, the value of investment financial assets caused by debt crises and insufficient production will decline, which will inevitably lead to economic bankruptcy and collapse. Due to the difficulty of predicting market trends, the value and assets of many world stock exchanges have suddenly increased.

1.1.2. Oil and nuclear crash

China is the world's largest oil importer, consuming about 10 million barrels of oil every day. The impact of the coronavirus on China's economy has weakened the global demand for oil, and the demand has fallen severely. After the closure of several industries, oil prices fell sharply due to insufficient demand. The price war between the two major exporters, Russia and Saudi Arabia, has further exacerbated the situation, and the oil market has begun to collapse, which exposed an unusual situation in which certain types of oil prices have reached sub-zero levels. In this regard, this situation will adversely affect all countries and will pose a huge challenge, especially for those countries that suffer from their fragile economic and social conditions.

1.1.3. Situation of the health crisis in Europe

Although economic activity picked up on May 11, Europe is still expected to experience a recession. However, some European countries have adopted a series of economic and fiscal

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measures in industries where demand is declining to support the mobility of SMEs and protect employment. Despite the government's efforts, the cessation of economic activities has led to an increase in unemployment in some European countries (Zaar & Ávila, 2020).

The Covid-19 crisis has had an unprecedented impact on the French and global economy (table 1). The sudden drop in consumption and investment, the lock-in decision, and then the gradual removal of constraints represent major constraints and have an impact on France's GDP (Mollona et al., 2019).

Table 1. Impact of containment on French GDP

	Period	Duration	Loss of activity per week	Annual contribution to GDP degradation
Confinement strict	March 17 to May 10	8 weeks (-2 days)	32 %	5 %
Deconfinement phase 1	May 11 to May 31	3 weeks	14 %	0,8 %
Deconfinement phase 2	June ¹ to July 5	5 weeks	8%	0,8 %

Source : (La et al., 2020)

Containment has shaken French organizations and the labor market (Ducoudré & Madec, 2020). After the lockdown, thousands of French employees in important sectors such as restaurants, cafes, hotels and tourism lost their jobs. The lifting of detention in France has allowed some economic activities in the country to resume relatively quickly. Although the French economy recovered in the third quarter of this year, the impact of the second wave will strengthen the sustainability of the economic crisis the country is experiencing.

1.1.4. Status of the Covid Crisis in Morocco

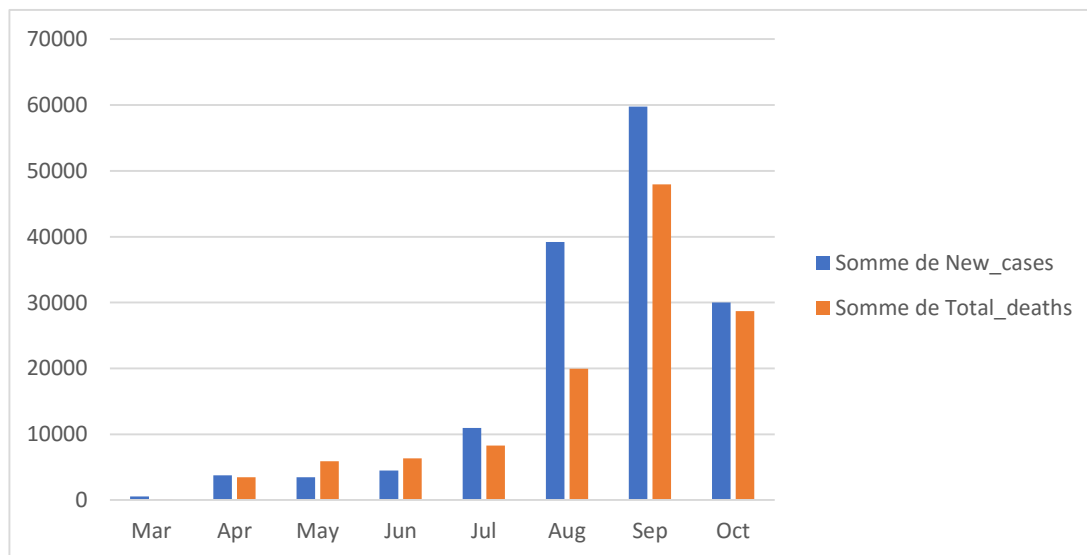
The spread of the virus in Africa was much slower compared to the Europ, due to the effective measures that were taken intime. Morocco quickly took effective measures to avoid the worst-case scenario and took the decision to lock up in March to manage the evolution of the spread

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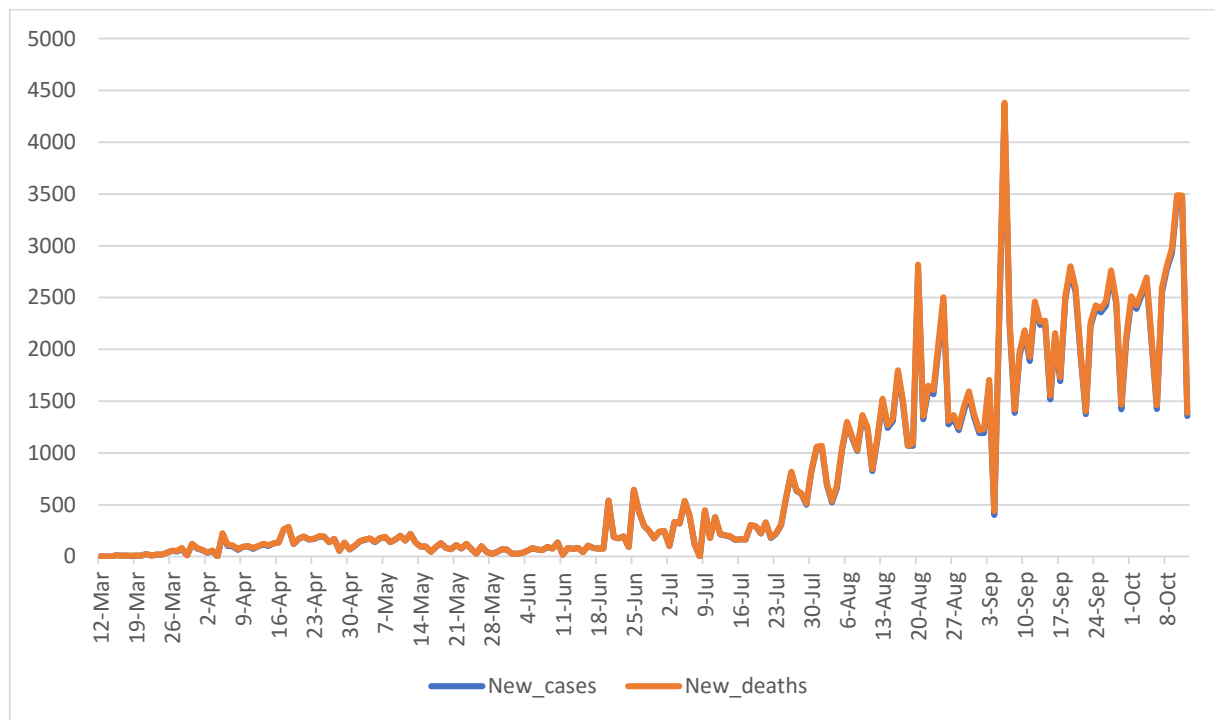
of the virus. This development is presented in the following graph that was made from the official statistics of the Ministry of Health.

Figure 1 : Calculation of new_cases vs total_deaths rate



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Figure 2 : Total Coronavirus Cases in Morocco

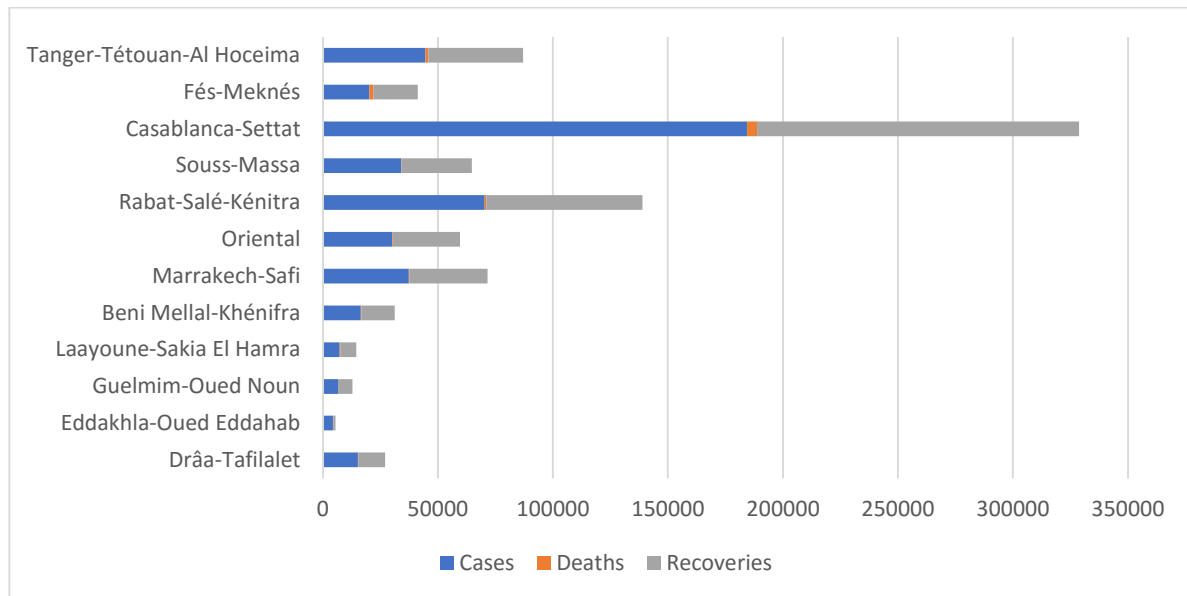


Regionally, the economic capital (Casablanca) is the most affected by the virus with 2,514 cases as of 29 May, followed by the Marrakesh-safi region with 1,080 cases.

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Figure 3. Virus evolutions per Moroccan city



The figure 3 shows the evolution of the coronavirus in Moroccan cities, otherwise the various measures taken have enabled Morocco to control the pandemic and limit its social and economic repercussions. In this reason the unemployment compensation scheme was ineffective, partly because of the high rate of informal employment, which restricted its funding sources. This prompted the government to work hard to find and communicate with workers in the informal sector in order to find innovative solutions, such as providing support for RAMID holders.

2. The impact of the COVID-19 crisis on the Moroccan economy;

The emergence of Covid-19 at the end of 2019 had caused a global pandemic that no vaccine or treatment was found, which created a real crisis that threatened the world's best performing health systems,

The health crisis has forced households and other economic drivers to reduce or suspend their activities, causing disruption on several levels; economy, social.

2.1. Impact of the health crisis on the Moroccan economy

The specter of a global economic recession is emerging, and the possibility of it occurring is almost certain.

The economic impact of the corona pandemic in Morocco has been extremely disruptive. Morocco's economic activity has likely been declining since April, forcing companies to

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mitigate losses during this critical period. Moreover, the crisis is accelerating changes in our economic and social model. This transition leads us to think about alternatives to produce and consume differently.

Sectors such as tourism, hotels, aviation, textiles, agriculture and construction, which make a major contribution to the economy and job creation, have suffered considerable financial losses during the pandemic. Most importantly, as a result of containment measures, many firms in Morocco are closed, economic activity has been reduced, some sectors are weakened, and others have come to a virtual standstill (figure 5). The most affected sectors are experiencing declines in turnover, which can lead to critical situations for employees, such as unemployment. Compulsory closures, as well as the decision of containment, have had a major impact on business activity. In this respect, the measures imposed by the Corona pandemic have had a significant impact on companies, and the tendency to adapt to changes means that these companies must successfully meet new challenges in order to improve productivity and pursue growth. Due to the negative impact of the epidemic on sales and the growing uncertainty regarding procurement policy, this has led to a halt or reduction in production at certain categories of companies (Figure 4).

Figure 4. Proportion of companies in operation that would have reduced output by category

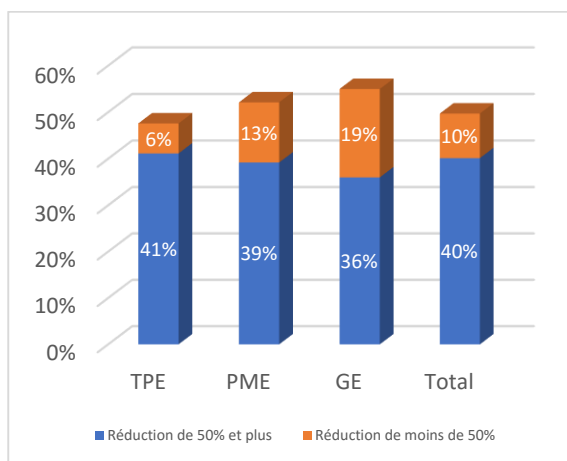
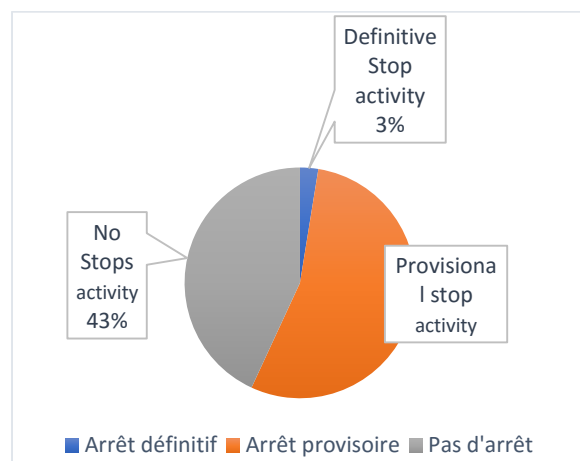


Figure 5. Situation of the companies' activity



Source: Business Survey on the Effects of Covid-19 on Business Activity, HCP (Plan, 2020)

The Moroccan economy will experience a severe slowdown in the coming months, which will inevitably have consequences for several sectors.

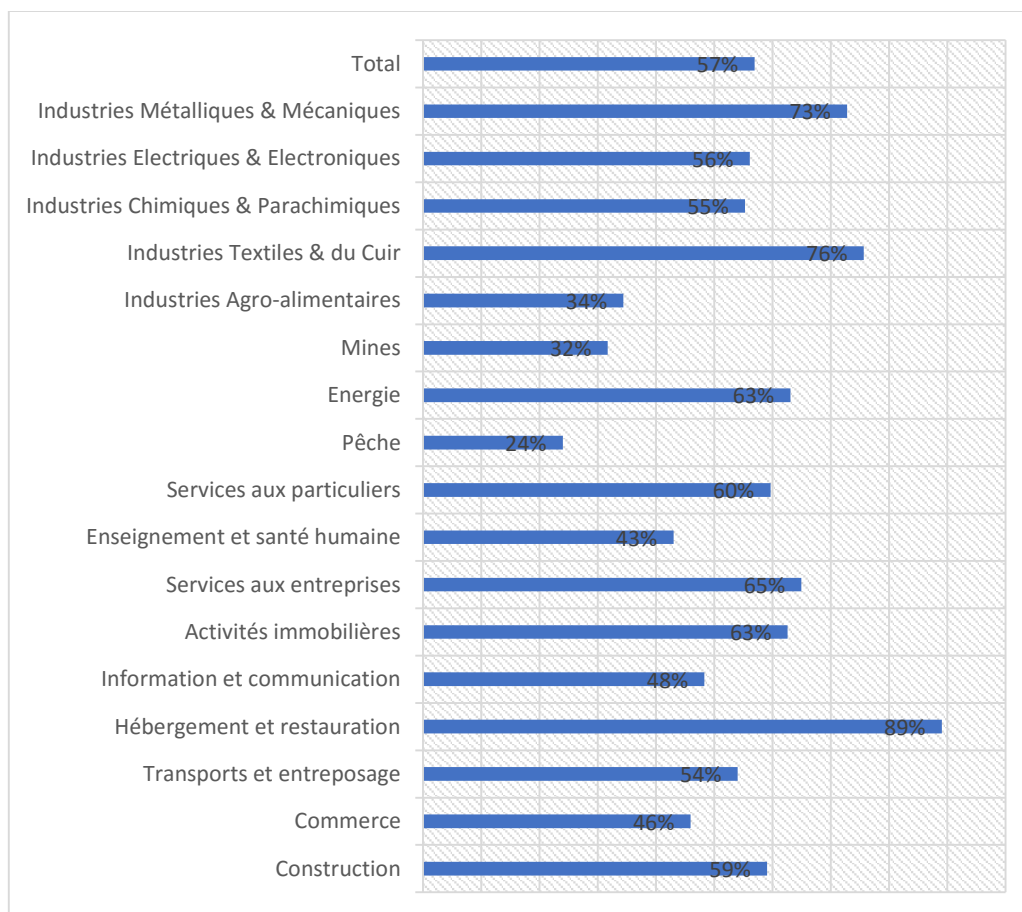
According to the figure 6, the tourism sector was the most affected by this crisis with 89% in shutdown, followed by the textile industry with 79% and the metal and mechanical industry with 76% of companies shut down.

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The cancellation of several events, trade shows and forums such as; The International Agricultural Show in Morocco (SIAM) which is held April of each year in the city of Meknes. The latter is a crucial event for the agri-food industry. This cancellation will no doubt have repercussions on the country's economic level.

Figure 6. *Proportion of companies in temporary or permanent cessation per sector of activity*



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2.2. Social and psychological consequences:

The COVID-19 pandemic is having an impact on the mental health of citizens. According to results obtained in some studies, related to human psychology. Stress and depression were determined to be the main psychological reactions detected during this crisis.

Job loss, income loss and income may have dramatic psychological effects and increase suicidal risk (McKee & Stuckler, 2020)

The economic crisis, which is a direct consequence of the quarantine of half the world's population and the reduction of trade, may be associated with the feeling of being a "burden", fostering the emergence of ideas of suicide according to interpersonal theory (Chu et al., 2018; Conejero et al., 2020).

In Morocco, the sovereign explained that his country's work is not only in the face of this epidemic, but also aims to deal with its social and economic repercussions, with a view to the global future.

Conclusion

Morocco could take advantage of this crisis to recover its economy? It is difficult to answer this question precisely, because the answer depends on the effectiveness of government reforms to address the crisis and mitigate its economic effects. At present, it will be difficult to assess the real and quantified impact of the health crisis on the Moroccan economy in the absence of official statistics.

The health crisis quickly turned into an economic crisis, despite the intervention of the Moroccan government, several companies were affected. As a result, policymakers will have to implement adequate measures at the level of fiscal, monetary and financial policy to cope with the repercussions of the virus and compensate for the lack of demand, support the companies and individuals most affected. In this regard, it will not be easy to restart a global economy after the crisis is over, and economic recovery will begin when health officials can assure people that the virus has been contained and immunity to the disease has increased.

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