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A Model for Growth and Development

The Kingdom of Morocco is undergoing a process of long-term change. Easily the most stable and dynamic economy in the region, Morocco is reshaping itself as a regional leader and gateway to Africa. Its industries are developing rapidly, driving growth and bringing the country closer to becoming a developed economy.

Pulling free from successive shocks of the global financial crisis, the Arab Spring protests, and sluggish growth in the Morocco's main export markets in Europe, Morocco today looks not only revived, but stronger and better positioned to exploit its strategic advantages in the global economy. As King Mohammed VI remarked last year on the fifteenth anniversary of his accession to the throne, known as Throne Day, "growth rates have increased significantly thanks to the adoption of ambitious sectoral plans."

Morocco has managed to steer clear of the issues affecting its Arab neighbors and has maintained growth through even the most difficult years. When the World Economic Forum released the Global Competitiveness Report earlier this year, it confirmed Morocco as the most competitive economy in North Africa and the fourth most competitive in the entire African continent. "I think everyone now recognizes that Morocco is a stable country. It is also a secure and a democratic country," says Prime Minister Abdelilah Benkirane.

Last year, Morocco's economy grew by an estimated 2.6 percent, despite poor harvests and persistently low demand from its main export markets in Europe. Prospects for 2015 are better still. Driven by record harvests and significant growth in non-agricultural sectors, including automotive, aeronautics, and textiles,



King Mohammed VI of Morocco

growth is gaining speed and is expected to rise to a healthy 5 percent. This rate of growth looks sustainable for the years ahead and could be higher still, if further reform is implemented. Morocco's trade deficit decreased in the first half of 2015 to \$7.8 billion, from \$10.2 billion in 2014. Lower oil prices had a role to play, but so too did a strong 6.4 percent increase in exports, totaling \$11.22 billion.

Morocco's government, first elected in 2011 after the introduction of constitutional changes strengthening the role of the parliament, is determined to continue development on this upward trend. "I think we are opening ourselves today to a future in which Morocco will be among the developed countries," says Benkirane.

The government plans to capitalize on the country's strategic location and the access it enjoys to both European and African markets. It has put in place development strategies for each of Morocco's key sectors, including industry, energy, infrastructure, health, and education. "Morocco now has a set of programs and national strategies aimed at growth. Many things are being done today, so that tomorrow Morocco will be competitive in attracting investment and facilitating the work of companies," explains Benkirane.

According to the Prime Minister, in 2014 the automotive sector surpassed phosphate for the first time

as Morocco's top foreign-exchange earner, a clear sign of things to come. Investments in manufacturing and assembly from companies such as Renault, Bombardier and Sumitomi Electric Wiring Systems mark a significant change in Morocco's economic orientation.

Morocco is becoming increasingly attractive for international companies seeking to relocate, be it in manufacturing, offshoring, or high-tech sectors. Taking this a step further, the government aims to turn Morocco into a regional industrial hub. A seven-year Industrial Acceleration Plan, launched in 2014, presents a comprehensive strategy to accelerate development of the industrial sector and grow the contribution of manufacturing to Moroccan gross domestic product from a current 14 percent to 23 percent by 2020.



Abdelilah Benkirane, Prime Minister of Morocco

A model built on reforms

Morocco's recent success and economic growth can be credited to shrewd business planning, but also to a distinctly Moroccan model of development that insists on making growth more inclusive. King Mohammed VI underlined the importance of tying growth to human development during his speech at Throne Day earlier this year. "Setting up institutions, no matter how important they may be, is not an end in itself. By the same token, economic growth can only be significant if it contributes to improving people's quality of life."

Since ascending to the throne in 1999, King Mohammed VI has pushed for and sanctioned wide-ranging economic and political reforms aimed at fighting poverty and inequality and promoting economic development, including through the dedicated Hassan II Fund for Economic and Social Development. Morocco's government under Prime Minister Abdelilah Benkirane follows a similar agenda. Faced with unemployment, in particular youth unemployment, low productivity, and corruption, the government has committed to a program of structural reforms to improve the business environment, living conditions, and social and spatial cohesion.

"For the past four years our actions have been based on three axes," explains Benkirane. "We first had to restore the macroeconomic balances since we felt those

balances were strangling our budget, we had to simplify the administrative procedures in order to facilitate the work of every enterprise, and we had to restore the economic balance in the Moroccan society, since there were segments of society below decent living standards."

A wide agenda of reforms is now set to change almost every part of civic life in Morocco. "There are reforms on many levels, for example the justice reform, civil society reform, public finance reform, decentralization reform, media reform, and gender reform after the successful reform of the family code," says Mustapha Khalfi, Minister of Communication and Spokesperson for the Government. "These reforms represent the reform agenda and explain why Morocco has succeeded in becoming the most stable country in North Africa."

International institutions look at these efforts favorably. Last year the International Monetary Fund approved a \$5 billion credit line, under an arrangement known as the Precautionary and Liquidity Line. Valid over a two-year period, the arrangement allows Morocco's government to pursue its reform agenda, while protecting it from external shocks. Equally, the International Bank for Reconstruction and Development increased lending to Morocco from \$600 million a year to \$1 billion a year over a four-year period. As part of the World Bank's Country Partnership Strategy, the lending program supports Moroccan efforts at improving economic competitiveness, quality of public services, governance, and social protection.

One of the most anxiously anticipated and eventually successful reforms is the subsidy reform. Starting in 2014, the government has begun removing subsidies on fuel products that were draining public budgets, but were not aiding the most vulnerable members of society. Most such consumer subsidies will now be eliminated by the end of 2017, freeing the budget for other purposes. An evaluation by the World Bank characterized the subsidy reforms as "perhaps the most rational reforms undertaken in the Middle East and North Africa region in recent years."

Khalfi underlines that, "Subsidy reforms have had a huge impact in reducing the budget deficit from 7 percent in 2012 to 4.3 percent in 2014. This allows the government to spend more in fighting poverty, in making the necessary investments to provide electricity, public health services, housing, and education for the poor, and to support the private sector [in] creating jobs."

Similar positive effects are now expected from pension system and justice system reforms, as well as from regional devolution. Corruption is being tackled decisively. In the past two years more than 18,000 cases of corruption have been presented to the courts. A reform of the educational system is also under way. A new education project, launched by the government last year under the name of "Vision 2030" aims to raise the general level of education and to better prepare students for the future job market. 🌍

The World at Morocco's Doorstep

Since gaining independence in 1956, Morocco has pursued an open market policy. It has been a member of the World Trade Organization since 1987 and has concluded a series of free trade agreements over the past two decades. The largest of these agreements, concluded with the United States, has been in force since 2005.

"Any free trade agreement can be critical at the beginning, but we now see a lot of benefits from our agreement with the U.S.," says Mbarka Bouaida, Minister Delegate to the Minister of Foreign Affairs. "More and more Moroccan companies are exporting to the U.S. and this is very important because it helps us become more competitive by developing our production capacity and the quality of our products."

Europe, visible just across the narrow strait of Gibraltar, remains Morocco's most important trading partner by far. Trade with the countries of the European Union (EU) amounted to a total of more than \$32 billion in 2014. Historic links tie Morocco to the developed markets of Europe, especially France and Spain, while proximity to the European mainland offers obvious economic opportunities. Morocco is aligned with the EU via an advanced association agreement, while deeper integration with the EU's internal market is currently in the making as part of a Deep and Comprehensive Free Trade Agreement that will eventually lead to an opening of markets for services, investment, and public procurement.

At the same time, relations with other regions are gaining importance. This includes the Gulf region, which is making significant investments in Morocco, and Asia, particularly China and Japan. "There is a special focus on Asia for the next two to three years to increase relationships at the political and economic level. There is lot of potential to be present in Asia and for Asia to be present in Morocco," confirms Bouaida. To attract more Asian companies, the government is prepared to make specific arrangements. "We are discussing the possibility of having an Asian logistical zone in Morocco, in order to re-export Asian products from Asia to Morocco and through Morocco to the rest of Africa," says Bouaida.

These prospects point to Morocco's emerging role in Africa. The country maintains close relations with nations across the continent, building on what Prime Minister Benkirane terms "a very old and special relationship with Africa." Morocco's trade with sub-Saharan Africa is developing rapidly and jumped 13 percent in 2014 alone. Regional integration in North Africa could pay similar dividends, if successful. "We believe that there is a huge potential to work with other countries in the north of Africa. Every year we

are losing between 1 and 2 percent of regional GDP because of the lack of this regional integration. It is important to look at North Africa as a future market that we have to prepare," says Bouaida.

Investment opportunities abound

Morocco's expanding international engagement is reflected by a rise in foreign direct investment (FDI). Whereas in the 1990s Morocco attracted an average of \$500 million of FDI annually, in recent years it has attracted an average of \$3 billion.

The 2015 Africa Attractiveness Index, produced by consulting firm Ernst & Young, ranked Morocco the third largest recipient of FDI in Africa. Foreign investments in Morocco rose to \$1.32 billion in the first half of 2015, compared to \$1.1 billion during the same period last year, representing a 19.6 percent increase.

Investors are attracted by the country's stability, the availability of skilled labor at comparatively lower wages, the proximity to European and African markets, and the access to other markets via the country's free trade agreements. Morocco's improving business environment, a direct result of its reform efforts, has also made it easier for investors to enter the market. In the World Bank's 2015 Doing Business report, Morocco jumped to 71st out of 189 economies, a significant improvement over the 2012 report that put Morocco in 94th.

Investments are made across sectors, from industry, tourism, energy, and infrastructure, to financial services, technology, and telecommunications, including investments from international heavyweights such as Renault, Dell, Bombardier, Delphi, GDF Suez, and Acciona. The government-led Moroccan Investment Development Agency (AMD) is instrumental in attracting and directing investments. "We know exactly what we want in each and every activity sector," remarks Hamid Benelafdil, former General Director of AMD. "The best example is the industrial sector where ecosystems have developed and we know in each ecosystem what we must look for in a foreign investor.

Traditionally, Morocco attracts the most investment from France and Spain, but the government is now pushing to diversify its sources of FDI. "We want to diversify FDI to come from other continents, such as Asia and America, to reduce volatility in foreign direct investment and to benefit from the know-how and expertise that exist in those regions," states Benelafdil. Interest these days exists from around the globe, Benelafdil emphasizes. "There is interest from countries that

were not interested in Morocco before: China, Russia and Brazil. This means that today Morocco is on the world map of investors.”

Gateway to Africa

What adds to Morocco’s attractiveness as an investment destination is that the country is a gateway to the fast-growing African continent. “Africa today is as China was twenty years ago. The potential for economic growth is extraordinary,” notes Benelafdil. “Morocco has an entrepreneurial advantage. It has already experimented with Africa and knows Africa very well.”

Moroccan companies are already present in more than twenty-five African countries through major investments, subsidiaries, and businesses in a large variety of sectors, including banking and insurance, the pharmaceutical industry, telecommunications, real estate, and the cement and mining industry. Furthermore, Casablanca Airport serves as a hub for Royal Air Maroc flights to any destination in Africa. “We are a country that gives international companies the opportunity to discover Africa, to invest in Africa while enjoying the legal and the physical infrastructure of Morocco,” says Benelafdil.

Morocco’s legitimacy in the eyes of African nations rests on the country’s commitment to genuine cooperation between partners. “Our priority for the last ten years has been to develop this ‘South-South Cooperation’ and give it real substance,” remarks Minister Delegate Bouaida. “We are trying to help as much as we can by transferring our know-how in different sectors, such as finance, agriculture, telecommunications, electrification, social housing, education and others.”

Diplomatic relations with countries in Africa build on links that have existed for centuries and are supported by modern connections. As Benelafdil points out, “an asset that is often overlooked is that many African students come to Morocco for higher education. It is the African elite that come to study in Morocco. This is where relationships are created but also a natural link with Morocco.”

It is this privileged relationship with the African continent that gives Morocco additional value in the eyes of international investors, opening the door to three-way cooperation projects. “We are trying to develop and to promote what we call the ‘Triangular Cooperation,’” explains Bouaida. “The idea is to work at the triangular level, which means for Morocco, African countries, and other countries from Europe, the Gulf region, the Middle East, the U.S., and Asia to come together and see what we can do together in Africa.”

South provinces: A regional hub

In support of development and domestic cohesion,


the King has long favored decentralization and regionalization. “Since we recovered the Sahara, for every single dirham of revenue from the Sahara, the state invests seven dirhams in the region,” he stated during last year’s anniversary of the Green March. “This is echoed by Prime Minister Benkirane, who says that “we want to progressively allocate \$1 billion to disadvantaged regions.” The region represents 59 percent of Moroccan territory, but includes some of the world’s driest deserts.

Between 2004 and 2010, a total of \$1 billion has been invested in economic and social projects, bringing the region’s indicators for education, health, and poverty reduction above the national average.

When Spain relinquished colonial rule of the southern provinces in 1975, the region was virtually without infrastructure. Today, the three regions of Guelmim, Laâyoune and Dakhla count a total of eight large hospitals and more than 150 local health centers and dispensaries, reaching also into rural areas. There are more than five hundred schools catering to nearly 200,000 students and literacy rates have risen above the national average. The rate of completed secondary school education stands at 81 percent, compared to 64 percent nationally. Living conditions have also improved dramatically. More than 95 percent of the population now has access to drinking water and poverty rates have dropped significantly. Laâyoune and Dakhla, the region’s largest cities, have some of the lowest poverty rates in the whole of Morocco.

A ‘New Development Model for the Kingdom’s Southern Provinces’, backed by the King and presented by the Economic, Social and Environmental Council (ESEC) in 2013, points to the region’s great potential for growth. The plan distinguishes between two phases of development; a first phase devoted to optimizing existing potentials and promoting growth opportunities, and a second phase to establishing a high added-value processing sector, a knowledge-based economy, and the inclusive use of natural resources.

This is supported by strong transport connections. The Moroccan state has invested nearly \$500 million in the construction and improvement of six fully operational ports, in Laâyoune, Dakhla, Sidi Ifni, Tan Tan, Tarfaya, and Boujdour. And it has invested another \$300 million in growing the road network from 70 to almost 4,000 kilometers in the regions of Laâyoune and Dakhla.

The declared aim of the new development model is “to double the region’s GDP over the next 10-year period and to create more than 120,000 new jobs.” Implementation of the new model holds the promise of turning the southern provinces into a dynamic hub between the Maghreb and sub-Saharan Africa. 



Tanger-Med Port

Infrastructure, Transport, and Logistics: Reaching out to the World

Morocco enjoys a strategic position at the crossroads of Europe, Africa, the Maghreb region, and the Arab world. It is situated on the world's second busiest shipping lane, linking Asia to Europe and North America. Thanks to its unique geography the country has become a major transport hub for travelers and trade, offering modern infrastructure such as the Tanger-Med port, highways, rail and air links, and logistics zones.

Some of the world's most important maritime trade routes lie off the Kingdom's coast, so it is not surprising that 98 percent of all foreign trade is transported by sea. Minister of Infrastructure, Transport and Logistics, Aziz Rabbah, notes that "national port traffic is expected to triple by 2030, requiring new port infrastructure, such as the development of Tanger-Med 2, which will be fully operational in 2017."

The new port will have a capacity of 5.2 million twenty equivalent feet (TEU) containers. This figure, combined with the 3.2 million capacity of the original Tanger-Med port gives a total capacity of 8.2 million TEUs, making it one of the largest ports in Africa. Najlaa Diouri, General Manager of the Tanger-Med Port Authority, says "today we are connected to twenty-three African countries and 40 percent of our trade is containers to the countries of West Africa."

Morocco is also planning longer and better roads to link the country's interior with the coast and to drive development in the Kingdom's southern regions. "By the end of 2015 we will have almost 1,800 kilometers of highway, but the long-term goal is to build two thousand kilometers more, to El Ayoun and the Sahara regions, thereby connecting the center and the south of the country," comments Rabbah.

A planned highway between the coastal town of El Jadida and the port of Safi will boost the Dokkala-Abda region and support expansion of the port of Safi. The highway, which currently extends from Casablanca to El Jadida, will cost between \$400 million and \$480 million and will be financed by the Arab Fund for Economic and Social Development and the European Investment Bank.

In addition, a 173 kilometer highway joining the towns of Beni Mellal and Berecheid will accelerate economic development of the interior by providing direct links to Casablanca and its port and surrounding logistics centers.

Morocco's national railway operator ONCF is also playing its part in developing the country, intending to lay 1,500 kilometers of high speed lines in the next three decades. Aziz Rabbah comments "we will complete high speed links between the economic centers of Tangiers and Casablanca, but we want to extend it to Marrakech or up to Agadir and even connect Rabat and Fez."

The new line will be the fastest in Africa, boasting a top speed of 320 kilometers per hour and shrinking the travel time between Casablanca and Tangier from five hours and forty-five minutes to two hours and ten minutes. The anticipated cost of \$2 billion will be financed through a combination of public funds (\$580 million), foreign loans (\$1.35 billion), and donations from Saudi Arabia, the United Arab Emirates, and Kuwait (\$84 million).

A regional train link is also being constructed to run from the port city of Mohammedia to Casablanca's Mohammed V international airport, which is being expanded to meet the standards of a growing international and regional transport hub.

Marrakech, Morocco's premier tourist attraction, will receive a second airport to help deal with the increase in passengers, which is expected to reach 14.37 million in 2030. Minister Rabbah states, "We want to go further with PPPs (public private partnerships) and provide opportunities to the private sector to utilize and manage infrastructures, like road, airports, ports, and rail."

The country's smaller airports have also been upgraded, including Dakhla. "We created an international airport at Dakhla in order to attract foreign tourists to the region and develop the south of Morocco," adds Mustapha Khalfi, Minister of Communication and Spokesperson for the Government. Ever greater connectivity facilitates Morocco's integration in the global economy. 



Renault Tanger

Morocco's New Industrial Ecosystems

Following its recent industrial transformation, which focused on value-added export industries, Morocco is now a magnet for foreign investors. Thanks to a strategy that has strengthened six designated industries and smoothed the way for some impressive new funding, the Kingdom is fast becoming one of Africa's leading countries for foreign direct investment.

This strategy, based on the National Pact for Industrial Emergence (PNEI), was launched in 2008 with the aim of boosting the aeronautics, agro-industry, automotive, offshoring, pharmaceuticals, and textile sectors, thereby increasing exports and modernizing local industries. By 2015 the PNEI aimed to add more than \$5 billion in private investment to the country's GDP and contribute an additional \$1 billion to the export volume. The PNEI has also been successful in attracting foreign investors, including firms like Bombardier and Renault.

Building on the success of the PNEI, a new Industrial Acceleration Plan (PAI) was launched last year, to run from 2014 to 2020. This will lead to the creation of half a million jobs and increase industry's contribution to gross domestic product from 14 percent to 23 percent.

"In less than one year, since the PAI was launched in April 2014, we have created 238,000 jobs in the country's industrial sector," observes Moulay Hafid Elalamy, Minister of Industry, Trade, Investment and Digital Economy. "These jobs are with international companies from America, Europe and the Arab world. Recently, China has also developed a presence and invested in Morocco."

Chinese operators now view Morocco as a sub-contractor because Morocco's labor cost is cheaper than theirs. With the cost of energy also rising in

China, investors are looking for new countries to host their manufacturing projects. As Elalamy points out that "the minimum wage in Morocco is \$300, so we are beginning to see investments that used to go to Asia now coming to Morocco."

The Asian giant's involvement includes a \$150 million investment by the Shandong Shangang Group for the construction of a steel transformation plant in the Tanger Free Zone. In addition, Shanghai Electric plans to invest more than \$2 billion in solar power projects.

The situation in the Kingdom is now highly advantageous for foreign investors. According to Elalamy, these investors "can invest 100 percent and have entire ownership of companies in Morocco. They can also take out of the country 100 percent of the dividends and all their gains when they sell their company. So there is total freedom regarding movement of finances."

The PAI strategy also provides for the creation of an Industrial Development Fund (FDI), a public investment fund awarded with \$2.2 billion by the government, and supports transitioning the informal sector into the formal economy via a range of incentives and tax measures. It also emphasizes the importance of training workers, which will enable the country to better meet the requirements of foreign companies.

An additional incentive has been the creation of free trade and sectoral production zones to attract major foreign manufacturers. There are four free trade zones in Kenitra, Nouacer, Tanger, and Oujda, benefitting from 0 percent tax rate for the first five years of operation, followed by an 8.75 percent tax rate over a twenty-year period.

Heavy industry in Morocco has experienced

difficulties because of the oversupply of Chinese, European, and other industries. However, the future of the country's growing electronics industry looks brighter following the emergence of subcontractors responsible for the design, development, and purchase of raw materials and components outsourcing their operations to Morocco.

The country is also expanding exports from the textile and leather industry by targeting "ready to wear" fashion, jeans, and sportswear, as well as niche products such as lingerie, home textiles, and footwear.

Another success story is the Kingdom's pharmaceutical industry, which is the second largest in Africa, with strong potential for growth spurred by rising demand both at home and in North and West Africa. This potential is proven by French pharmaceutical company Sanofi, which intends to open a \$20 million plant in Casablanca, supplying both the domestic and export markets.

The new PAI strategy is based on the implementation of an efficient "ecosystems" approach, integrating value chains and building relationships between big firms and SMEs. "We have reorganized the industrial sector in the form of an ecosystem, as it creates synergy and growth," Elalamy states.

Aeronautics: Sky is the limit

Canadian aerospace company Bombardier, a leading manufacturer of both business and commercial aircrafts, is an excellent illustration of successful integration into the local business ecosystem. Elalamy explains that "following its arrival in Morocco, Bombardier now has 137 companies providing equipment for it, and for all the aircraft manufacturers of the world. These include Eaton, a leading manufacturer of all hydraulic components for aircraft and Alcoa, who supply bolts for aviation."

Construction of Bombardier's 14,000 square meters permanent facility, completed in Casablanca in September 2013, is a major endorsement of Morocco's growing aerospace industry. Stephen Orr, Vice President of Quality and Safety Office of Bombardier Aerospace, reports that "Morocco offers a very politically stable environment together with an enthusiastic pool of talented young people who are very well educated. The government also provides strong support systems and it is close to Europe."

Another example of success is MATIS Aerospace, a joint venture of Labinal Power Systems and Boeing, which specializes in systems for the interconnection of electrical networks for the aerospace industry. Over the next four years MATIS Aerospace will produce electrical harnesses for Boeing 737, 777, and 787 aircrafts, as well as the Dassault Falcon 5X business jet, creating 400 new jobs.

This ecosystem approach is also encouraged by

the investors. "Our plan for Morocco is to invest up to \$200 million by 2020 and create 850 jobs," says Stephen Orr. "We are committed to work very closely with the local government and in doing so, also be a catalyst for the development of the local supply chain here in Morocco."

Automotive sector drives development


The creation of new ecosystems also applies to other industries, including the automotive sector, which has attracted investments from companies such as Renault, Peugeot, and Ford. The sector has experienced significant growth in the last five years, particularly following the 2012 opening of Renault's state-of-the-art production plant in Tangier, which this year will produce 230,000 cars.

Paul Carvalho, General Director of Renault Group in Morocco, recounts, "at Renault we asked ourselves, are we going to find the skills, the government support and the infrastructure that would enable us to succeed? But, you can see what has been done in terms of infrastructure, such as highways and railways." As far as the future is concerned, Carvalho continues, "this factory and the vehicles it produces are ideally placed both to supply the European market and to meet the needs of the African market, which will develop in the coming years."

It has been shown that a single job created in the car industry leads to six more direct jobs for suppliers and others, as well as four more indirect jobs. This means one job in the car industry creates ten more jobs in total, which has a huge impact. "I have often heard people say that making a car is a technical thing, but we also have doctors, restaurants, security, computers, and communication systems. We have almost all professions within the car industry, so it is a real driver for economic and social development," says Carvalho.

PSA Peugeot Citroen has also revealed plans to build a \$630 million Moroccan factory, as it seeks to reduce both production costs and its reliance on European markets. The site near the coastal city of Kenitra will begin assembling small and subcompact models for Africa and the Middle East by 2019.

The company expects the plant to source 60 percent of components locally, eventually climbing to 80 percent as the supply chain develops. The aim is to have a 4,500-strong workforce once the factory reaches its 200,000 vehicle capacity. An initial annual production capacity of 90,000 vehicles is expected to rise to 200,000 as sales begin to take off.

According to Elalamy, "Morocco is currently a world player of reasonable size and, with a projection in the next five years to reach one million vehicles, we will become a leader in this field." 



Phosphate: Morocco's Earthly Riches

Morocco's soil is rich in minerals, most famously in phosphate rock, sometimes referred to as Morocco's "white gold." Phosphate and its derivatives, phosphoric acid and phosphate fertilizer, are used around the world in agriculture and also industry. Morocco holds about 85 percent of the world's remaining phosphate reserves.

The Office Chérifien des Phosphates (OCP), a state-owned company, has exploited and marketed the country's phosphate reserves since its founding in 1920. "In a few years we will celebrate a century of experience in phosphates," remarks Abdelkader Aamara, Minister of Energy, Mines, Water, and the Environment. "We have used this experience to cover the full value chain in the production of phosphates." Over time, OCP has grown into the world's leading exporter of phosphate, holding a global 30 percent market share in all forms of phosphate. In 2013, OCP extracted more than 26 million tons of phosphate rock and produced 4.4 million tons of phosphoric acid and 4.8 million tons of phosphate fertilizers.


With the global need for agricultural products set to double between 2000 and 2050, the production of fertilizers becomes ever more important. OCP is determined to further strengthen its market position, as Mostafa Terrab, Chairman and Chief Executive Officer of OCP, explains. "Internationally, OCP is strengthening its anchor position in global phosphate markets and is responding to rising global demand by undertaking a major capital investment and industrial development program." The program is expected to double the company's annual capacity, by expanding existing operations, opening new mines and improving downstream activities. "The investment of almost \$20 billion will allow Morocco to reach a 40 percent share of the world market in crude phosphates, a 40 percent share of the world market in phosphoric acid and a 40 percent share of the world market in fertilizers," underlines Aamara.

OCP maintains offices around the globe to service

worldwide demand, but some of the biggest growth markets for OCP are now found in Africa, where the usage of fertilizers has been traditionally low. But as many African nations make new efforts to boost agricultural production, the demand for fertilizers is set to multiply. "A few years ago, we exported 50,000 tons of fertilizer in Africa," explains Aamara. "Now we have reached 400,000 tons and our goal is to export 2 million tons of fertilizer."

With annual revenues of almost \$5 billion and more than 20,000 employees worldwide, OCP is the largest corporate employer in Morocco. Its domestic impact is significant and not limited to commercial interests. "We contribute to the wealth and well-being of Morocco, not only by our exports, but by our close collaboration, as a socially responsible company, with small holder farmers, small and medium-sized enterprises, and the local communities that surround our operations," explains Terrab. OCP's mining activities in the southern region, where about 1 percent of the world's known phosphate reserves are located, have a particular impact on local communities. Mining company Phosboucraâ, part of OCP, is the region's largest employer with a local workforce of 2,300 employees. Phosboucraâ reinvests all net profits in the region to help boost local economic development.

Aside from phosphate, the government is also planning to expand mining for minerals such as silver, gold, iron, zinc, lead, copper, cobalt, and barite. An upcoming reform of the mining code is expected to boost interest and private investment in the sector and thereby significantly increase the contribution of non-phosphate minerals to the Moroccan economy.

"I hope that in the coming years we will increase our turnover three-fold and double the number of jobs," says Aamara. "This is a sector that currently employs nearly 15,000 people. In the coming years it will certainly reach 30,000, creating added value, especially in remote areas of the Kingdom which are far from the economic and trade routes." 

Generating Wealth on Land and at Sea

Morocco's strong economic growth this year is partly due to a rise in agricultural output. Favorable rainfall has brought Morocco a record harvest of eleven million tons of cereal. The impact that harvests have on national growth underlines the significance of agriculture in Morocco's economy. Agriculture and agro-industry contribute a total of 19 percent to the gross domestic product (GDP) and employ more than four million people. In rural areas, the sector accounts for more than 70 percent of all jobs.

Morocco's agricultural sector is the largest in the region. A temperate climate allows Morocco to cultivate a rich variety of foods, enough to meet domestic demand and still contribute about 12 percent to national exports. Top export items include fresh and processed fruits and vegetables, olive oil, spices, and nuts.

To boost the sector's profitability and make employment in the sector more sustainable, the government launched a strategic development plan in 2008, known as the "Green Morocco Plan." More than \$5.5 billion has been invested in the sector since, focusing on modernization, increase of productivity, sustainability, and the uptake of high-revenue crops. By 2020, the plan is expected to raise the contribution of agriculture to GDP to \$18 billion, to create an additional 1.15 million jobs, and to triple the income of nearly three million people in rural areas.

A separate development plan, the "Halieutis Plan," targets the fisheries sector. Morocco currently lands more than one million tons of fish annually, making it the largest producer and exporter of fish in Africa. The country is blessed with more than 2,000 miles of coastline and access to both the Mediterranean Sea and the Atlantic Ocean. The plan calls to increase fish landings to 1.6 million tons and raise the value of seafood exports to more than \$3.1 billion by 2020, largely by modernizing the various sectors of the fishing industry and improving competitiveness and performance.

Morocco's southern provinces in particular stand to benefit from investment in the sector. Many jobs in the region depend on fishery. Some of the most valuable landings are made in the south, which has attracted significant private investment. The COPELIT Group, an early pioneer of the region's fish industry, is active in fishing, sorting, processing, canning and freezing of fish, and the production of fish meal and fish oil. The group owns several companies in the cities of Laayoune and Dakhla and sells to clients across the globe. "Having created more than 1,500 direct jobs so far, the COPELIT Group is the leading private investor in the south of the Kingdom," comments Mohamed El Ghazlani, Director of COPELIT Dakhla. "It is a real engine for stable and sustainable employment." Indeed, with the growth of the fishing hubs of Laayoune and Dakhla, the fishing industry is now driving development in Morocco's south. 🌊

Argan Oil: The success of a high-value product

Produced from the fruits of the endemic argan tree, argan oil was traditionally made for domestic use. Today, argan oil is recognized globally as a gourmet food item and ingredient in high-end personal care products. Moroccan women cooperatives first took argan oil to international markets. Fatima Amehri, President of the Union of Women's Cooperatives for the Production and Commercialization of Argan Oil, recounts that "between 1999 and 2004 there was not much interest in this product. Our revenue was \$20,000 per year. But in 2005, we started exporting ten tons for use in cosmetics." The success was such that large multinational companies began setting up in the sector in 2012, raising exports to more than 2,500 tons now. The government intends to triple this output by 2020.





Energy and Environment: Renewables Lead the Way

At present, Morocco exports neither oil nor gas, but it has 900,000 square kilometers of unexplored sedimentary basins, so the possibility of finding hydrocarbons reserves remains. Until recently, 90 percent of the country's energy needs were imported, but the nation is addressing this challenge by successfully developing local energy sources. As Abdelkader Aamara, Minister of Energy, Mines, Water and the Environment points out, "the country has a very large potential in solar energy, enjoying 3,000 hours of sunshine per year, as well as having enormous potential in wind power."

In the coming years, Morocco will fulfill its commitment to renewable energy by developing three main programs: a 2,000 megawatt (MW) solar program, a wind power program of at least 2,000 MW, and a 2,000 MW hydropower program. Aamara observes that, "This could provide the nation with 42 percent of its electricity production from renewable resources by 2020, an unprecedented figure at the regional level."

The Noor Solar Power Complex in Ouarzazate in southern-central Morocco, with a projected total capacity of 500 MW of electricity, constitutes the first building-block in the national solar energy program. "The first plant Noor-I of 160 MW will be in operation in 2015," announces Dayae Oudghiri, Member of the Board of Directors of the Moroccan Solar Energy Agency (MASEN). "The other two plants, Noor-II and Noor-III, which use technology to produce energy even when there is no sunshine, will be in operation in 2017." MASEN's investment also has significant impact on the Ouarzazate region through local employment and an action plan for local development with the aim of creating road infrastructure, providing drinking water, and introducing waste disposal management for the surrounding area.

The Tarfaya Wind Farm in south-western Morocco is an equally impressive development. Operational since

December 2014, it is the biggest wind farm in Africa, with 131 turbines and a combined installed capacity of more than 300 MW. The project is a fifty-fifty joint venture between the French energy company, ENGIE, and the Moroccan energy company, Nareva. "The wind farm is estimated to reduce Morocco's CO2 emissions by 900,000 tons per year and save more than \$190 million of imported oil," adds Mohamed Sebti, Director General of Tarfaya Energy Company (TAREC).

In order to further reduce its dependency on imported hydrocarbons, Morocco also emphasizes the massive introduction of natural gas as part of its energy strategy. Currently, the country only uses natural gas in small quantities, but this will change over the next five years when it will install infrastructure for liquefied natural gas (LNG). Aamara points out, "this is a large project because there will be also a port with LNG dock and a pipeline of 400 kilometers with combined cycle power plants of around 3,000 MW that will cost \$4.5 billion and will be totally financed by the private sector."

The investment will enable natural gas use to increase to five billion cubic meters per year. While its main purpose will be to meet domestic electricity demand, the government has ambitions to develop ample local capacity for industry needs. As the country has lifted state subsidies on fuel, diesel, and gasoline, manufacturers are looking for other more profitable alternatives.

While Morocco is taking measures to meet growing demand for both primary energy and electricity, this very demand is the successful result of consistent efforts to achieve universal electrification throughout Morocco. As Aamara explains, "today, 99 percent of the Moroccan population is connected to the grid. This is an achievement since back in the 1990s this figure stood at 18 percent. We have made a significant effort that cost about \$2.7 billion in investments." 🌍

Paving the Way for a Digital Economy

Morocco's information and communication technologies (ICT) sector is moving toward deeper integration in the global knowledge economy. The strategic plan "Digital Morocco 2013" makes information technology a cornerstone of the economy and a driver for human development, turning the country into a regional technology hub. Morocco's regionally competitive infrastructure and talented multilingual workforce has enabled it to lead the way in outsourcing and offshoring.

Global consultancy firm McKinsey & Company reported that in 2013 the Moroccan ICT sector achieved export revenues of \$1 billion and was ranked, based on private and public investment levels, the best in Africa for business process outsourcing. This success has been facilitated by the establishment of dedicated technology parks, which operate under offshore status, and by exporting companies benefitting from a variety of tax incentives. "The country is determined to continue its efforts to accelerate structural and sectorial reforms aimed at improving the economy, business climate and governance," comments Mohammed Boussaid, Minister of Economy and Finance.

Morocco's best known offshoring project, the Casanearshore Park in Casablanca, is home to one hundred businesses, including blue-chip companies such as Dell and Accenture. Its development was the result of a \$341 million dollar investment by MEDZSourcing,

a government partner that also operates the Fez, Oujda, and Rabat technology parks. In July 2013, IBM created a service center with four hundred employees at Casanearshore to serve Moroccan and other African markets. As part of a government agreement, IBM will collaborate with Moroccan academic institutions in growing technologies such as cloud computing, big data, system integration, and outsourcing.

In a separate initiative, the Moroccan Digital Fund, set up by the state-owned Deposit and Management Fund and the country's three biggest commercial banks, gives technical and financial assistance to local technology firms and has a value of around \$10 million. After its launch, it invested in a range of startups, including Netpeas, a cybersecurity firm, Greendizer, an online invoicing platform, and e-commerce platforms Soukaffaires and Mydeal.

One of the Kingdom's digital success stories is Involys SA, a company that provides software and information technology services. Bachir Rachdi, Chief Executive Officer of Involys and a Member of the Board of the General Confederation of Moroccan Enterprises, says "the country's digital strategy promotes computerization across small and medium enterprises to increase productivity, supporting local actors to develop IT markets and build greater potential for sector exports." 

Banking and Finance: Empowering Development

The Moroccan economy proved resilient in the global financial crisis of 2008, thanks to a carefully regulated banking sector. "Morocco has aligned the institutional, legislative, and regulatory framework governing the sector with international best practices," notes Minister Boussaid. "This has allowed the Moroccan financial sector to reach a level of development that puts it at the forefront in the region."


One of the country's largest commercial banks, Banque Marocaine du Commerce Extérieur (BMCE Bank), aims to play a major role in furthering Morocco's economic growth and in expanding Africa's banking sector. It now has a presence in 23 countries. Currently, 65 percent of Moroccans have access to banking services, compared to an average of 10 percent on the African continent (not including South Africa). M'fadel El Halaissi, Chief Executive Officer of BMCE Enterprise Bank, says "individual entrepreneurs must be supported in terms of funding. Therefore, last year we put in place a dedicated fund called the 'Support Fund for Small and Medium-sized Businesses.'"

While developed countries are experiencing an economic slowdown, Africa stands out as a major source of global growth. Casablanca Finance City (CFC) is a financial center based in the former Anfa airport. Its

objective is to act as a conduit for foreign investment. "CFC was designed as a regional financial hub, promoting reconciliation between the capital markets of different African countries, thereby channeling funding and foreign investment to the continent," says Boussaid.

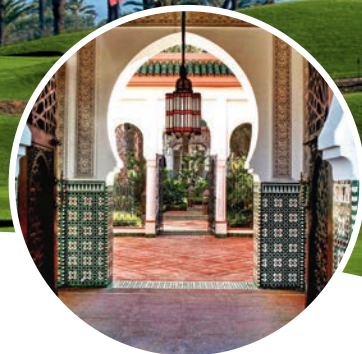
Said Ibrahim, Chief Executive Officer of CFC, explains "our purpose is to act as a business and financial platform for facilitating the development of twenty-eight countries in North, West, and Central Africa, by acting as the region's premier gateway to international investors." To achieve this, CFC has created an all-encompassing ecosystem for financial companies, professional services providers, and regional or international headquarters of multinationals.

Following meticulous evaluation, the African Development Bank has established its Africa50 fund in Casablanca Finance City, which will focus on accelerating infrastructure development on the continent. The initial equity investment will be \$3 billion, which will later be raised to \$10 billion.

Companies setting up in the CFC value Morocco's vantage point. "If you want to set up a financial hub, you need some prerequisites, such as stability, regulation, infrastructure, and connectivity," says Ibrahim. "Morocco offers all these prerequisites". 



Golf Amelkis- Marrakech



Vision 2020: Shaping Morocco's Future in Tourism

Morocco's varied and contrasting landscapes, including 3,500 kilometers of Atlantic and Mediterranean coastline, the Atlas Mountains, the Sahara desert, as well as a rich and unique cultural heritage, make it a must-see destination – a mere two and a half hour flight from Europe's major cities. Not surprisingly the country attracts ten million tourists annually, contributing 7 percent to gross domestic product and acting as a driving force for economic, social, and cultural development.

Over the last two decades the Kingdom has adopted a tourism strategy firmly focused on developing the infrastructure that has made it a benchmark for sustainable development throughout the Mediterranean region. The "Vision 2020" strategy, officially announced in Marrakech in 2010, positions Morocco as a major sustainable tourism destination. Endowed with significant funding from the Moroccan Fund for Tourism Development (FMDT), the objective of Vision 2020 is to make Morocco one of the top twenty destinations around the world.


"The target is to double the numbers in the tourism sector; we would like to reach eighteen million tourists by 2020," explains Lahcen Haddad, Minister of Tourism. "In addition, we want domestic tourism to become a significant part of Moroccan tourism; it is at 28 percent now and we would like it to reach 40 percent by 2020".

Ecotourism is one of the more prominent segments in this regard, but medical tourism has also grown in recent years, as has the meetings, incentives, conferences, and events sector. Sports tourism is also expected to increase, particularly golf, and several ports are planned or undergoing expansion in order to attract more cruise ships. Currently 450,000 cruise ship tourists arrive each year, a figure that has grown by an average of 9 percent per year since 2004. The government is willing to make a significant investment to support tourism development. "We would like to invest \$15 billion in infrastructure in Morocco," states Haddad.

The Moroccan government also wishes to invest in emerging destinations like Fes and Meknes and also

in the South of Morocco in the Dakhla region, in the Moroccan Sahara. Dakhla has in recent years become a center for fans of windsurfing and kitesurfing, as well as nature lovers visiting the Gulf of Cintra and the Banc d'Arguin, a UNESCO World Heritage Site. In 2013, the Desert Resort in Dakhla was launched. It focuses on ecotourism and represents an investment of \$99 million from the Al Shafi investment group. Those seeking a more luxurious seaside break should head to Agadir and the Taghazout Resort, a new \$995 million development situated along five kilometres of beach boasting five-star hotels, golf courses, and health spas.

Marrakech, Morocco's cultural jewel, was named the world's number one tourist destination in 2015 by travel website TripAdvisor. Its magical souks, gardens, and palaces, together with first-class golf and leisure facilities draw visitors from around the globe. "Now Marrakech wants to position itself as the world leader for meetings and events," says Hamid Bentahar, Vice President of Accor Luxury and Upscale Brands and Chief Executive Officer of the Regional Council of Tourism. Meanwhile, the city of Ouarzazate in south-central Morocco is an ideal base for exploring the region's mountains and gorges. Known as "the door of the desert," it has been a center for film-making since the 1950s and recently featured in the blockbuster TV series Game of Thrones.

Growth in Morocco, far from make-believe, now extends to almost all sectors. The country no longer depends on just a few key industries to support economic development and strong investor interest continues creating opportunities. Ever more competitive at the global level, Morocco is poised to complete its transition into a developed economy. 

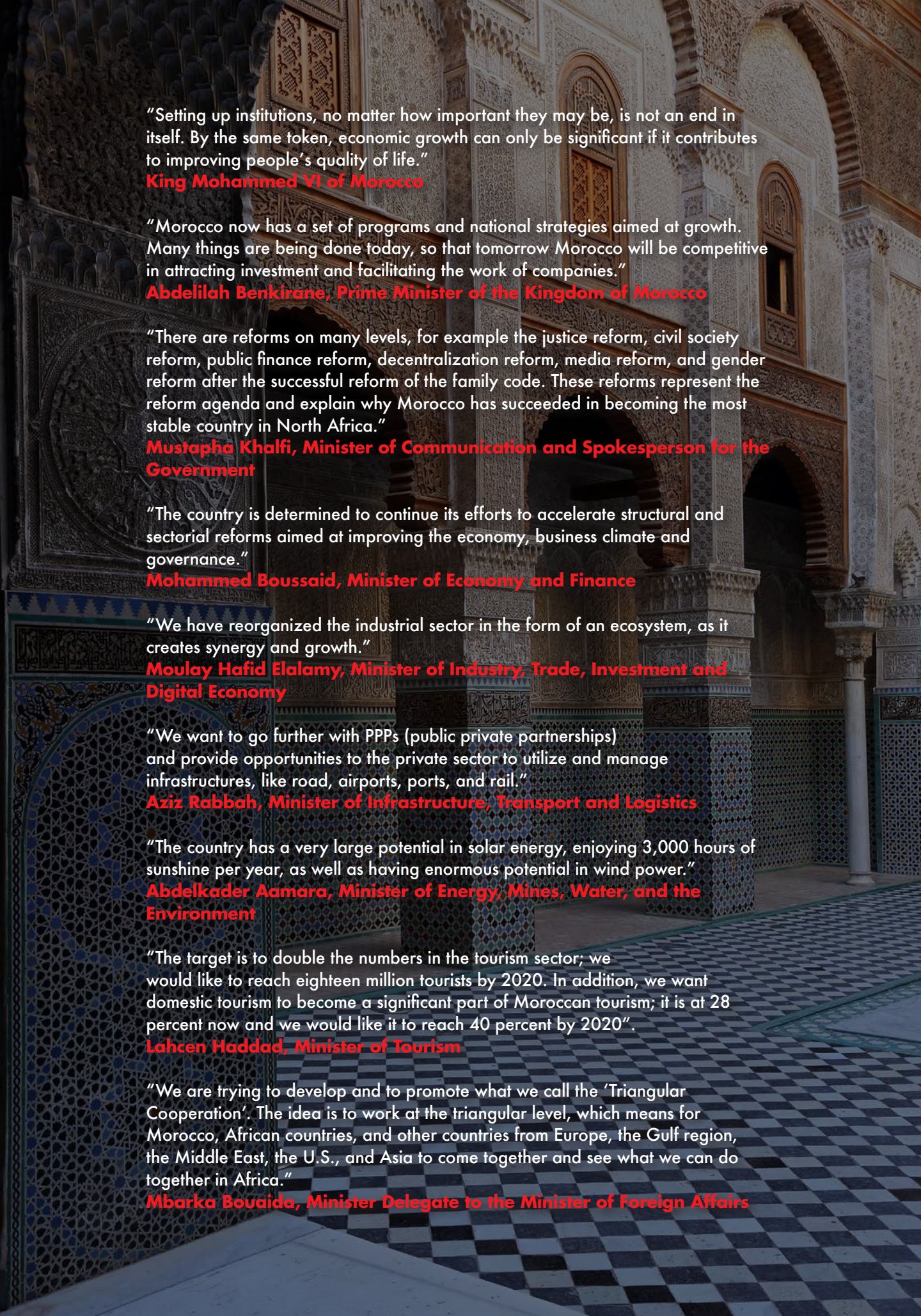
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"Setting up institutions, no matter how important they may be, is not an end in itself. By the same token, economic growth can only be significant if it contributes to improving people's quality of life."

King Mohammed VI of Morocco

"Morocco now has a set of programs and national strategies aimed at growth. Many things are being done today, so that tomorrow Morocco will be competitive in attracting investment and facilitating the work of companies."

Abdelilah Benkirane, Prime Minister of the Kingdom of Morocco

"There are reforms on many levels, for example the justice reform, civil society reform, public finance reform, decentralization reform, media reform, and gender reform after the successful reform of the family code. These reforms represent the reform agenda and explain why Morocco has succeeded in becoming the most stable country in North Africa."

Mustapha Khalfi, Minister of Communication and Spokesperson for the Government

"The country is determined to continue its efforts to accelerate structural and sectorial reforms aimed at improving the economy, business climate and governance."

Mohammed Boussaid, Minister of Economy and Finance

"We have reorganized the industrial sector in the form of an ecosystem, as it creates synergy and growth."

Moulay Hafid Elalamy, Minister of Industry, Trade, Investment and Digital Economy

"We want to go further with PPPs (public private partnerships) and provide opportunities to the private sector to utilize and manage infrastructures, like road, airports, ports, and rail."

Aziz Rabbah, Minister of Infrastructure, Transport and Logistics

"The country has a very large potential in solar energy, enjoying 3,000 hours of sunshine per year, as well as having enormous potential in wind power."

Abdelkader Aamara, Minister of Energy, Mines, Water, and the Environment

"The target is to double the numbers in the tourism sector; we would like to reach eighteen million tourists by 2020. In addition, we want domestic tourism to become a significant part of Moroccan tourism; it is at 28 percent now and we would like it to reach 40 percent by 2020".

Lahcen Haddad, Minister of Tourism

"We are trying to develop and to promote what we call the 'Triangular Cooperation'. The idea is to work at the triangular level, which means for Morocco, African countries, and other countries from Europe, the Gulf region, the Middle East, the U.S., and Asia to come together and see what we can do together in Africa."

Mbarka Bouaida, Minister Delegate to the Minister of Foreign Affairs

الطرق السيارة بالمغرب
Autoroutes du Maroc





The suspension bridge over the Bouregreg River, in the capital city Rabat, is an integral part of the major highway that will be bypassing Rabat and which is under construction, due to be completed in 2016. This is an exceptional project by all means, as this is the highest suspension bridge in Africa, with 950m in length and with towers reaching 200m high. The deck will have 3 lanes in each direction and will be supported by 2 times of 20 pairs of struts (cables) spaced out at 8m.



**VIEW OF THE INTERIOR OF THE LGV
MAINTENANCE ATELIER IN TANGIER**



The 'LGV Tanger-Casablanca', the Tanger-Casablanca high-speed rail line, a national flagship project, will reduce the journey between the two cities from nearly 5 hours and 45 minutes to just 2 hours and 10 minutes. These two major economic centers will be connected in 1 hour and 30 minutes, after the entry of a new main line between Kenitra and Casablanca. The new high-speed rail is expected to carry 8 million passengers.



Boasting over 60 years of experience and with its international hub based in Casablanca, Royal Air Maroc connects the world through its presence in four continents, offering more than 1,500 weekly flights to Europe, Africa, America and Asia. RAM covers more than 87 destinations in the world and carries more than 6 million passengers per year.



Tanger-Med Port

MOROCCO

PIONEERING ECONOMIC GROWTH



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