



*Mission Permanente du Royaume du Maroc
Auprès des Organisations Internationales
Vienne*

“Meeting between the Austro-Arab Chamber of Commerce with the Arab Ambassadors to Austria”

MOROCCO’S ECONOMIC PANORAMA: OPPORTUNITIES AND CHALLENGES



Vienna, June 22th

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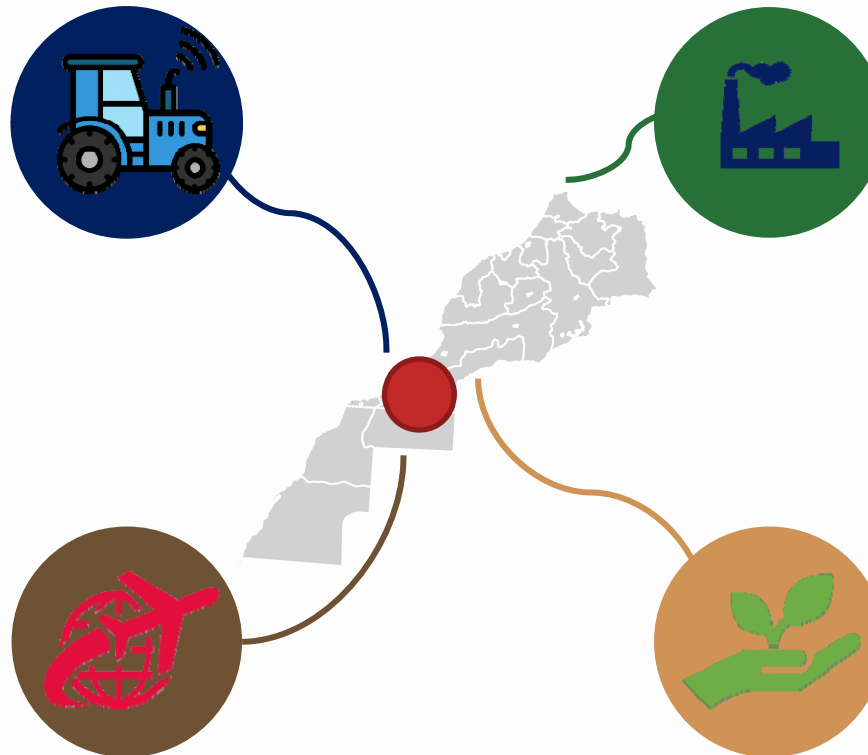
I MOROCCO'S ECONOMIC PANORAMA

Agriculture

14% of the GDP. Moroccan agriculture has made a great progress in terms of modernization and diversification. Yesterday as today, the agricultural activity represents one of the pillars of the Moroccan economy. The agricultural sector is thus one of the main sectors of activity at national level.

Tourism

Tourlane ranked Morocco among the **safest** destinations to travel to in mid-February 2021.



Industries

26% of the GDP : Main sectors: automotive, phosphates (OCP), rock mining and processing, aerospace, food processing, leather goods, textiles, construction.

Renewable Energies

The development of renewable energies is at the heart of the national energy policy which calls for a diversification of energy sources by 2030 with 52% of the total electric power installed provided by green energies.

1 MOROCCO COUNTRY PROFIL: FACTS AND FIGURES



Institutions

Capital City: Rabat
Institutional System :
Democratic and social
Constitutional Monarchy

Geographical

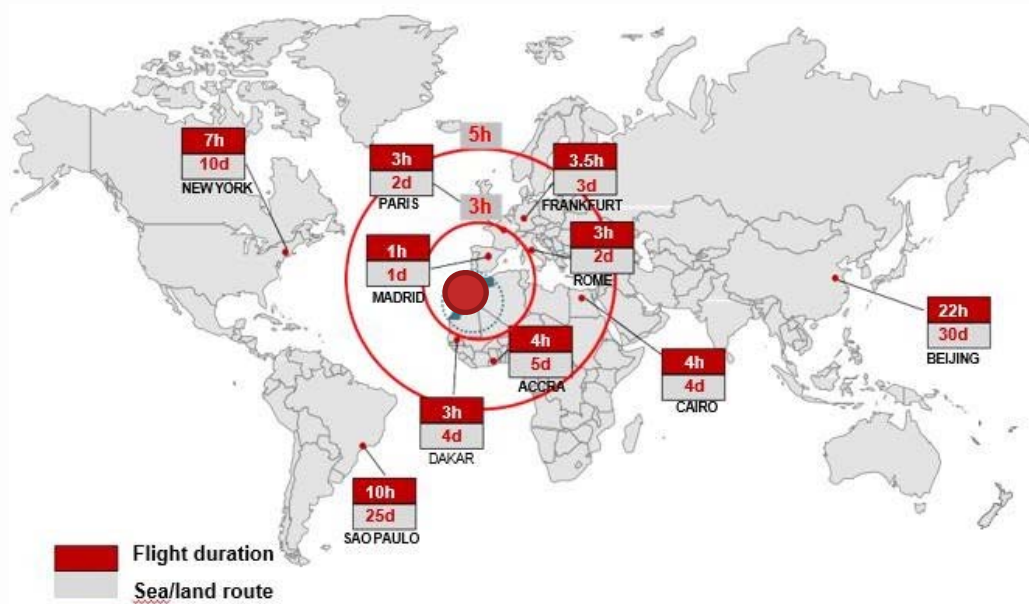
Strategical position-Gate
to Africa, to Europe and
to America:
14 km from
Europe

Indicators

Population: 37,13 millions
Languages: Arabic and
Amazigh (official),
French, Spanish, English

1 MOROCCO COUNTRY PROFILE: FACTS AND FIGURES

MOROCCO: A CROSS-ROAD FROM AFRICA TO EUROPE



- 15 km distance from Europe
- 14 foreign trade ports
- Strengthening power grids connections between Europe, Africa and Morocco
- A unique geographical position with 3 500 km coastline on the Atlantic Ocean and the Mediterranean
- Tanger Med Port: a growing global connectivity with 174 ports and 74 countries

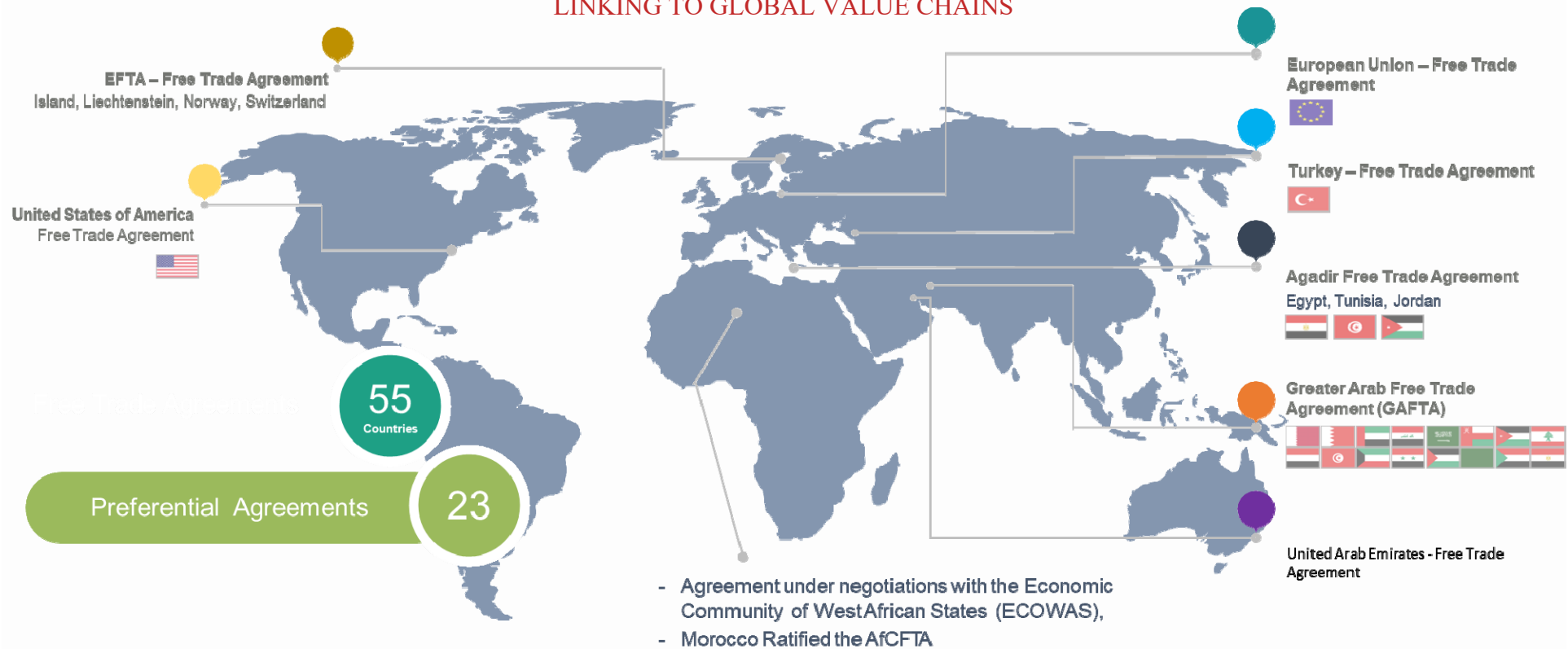
1 MOROCCO COUNTRY PROFILE: FACTS AND FIGURES

MOROCCO'S GDP : WORLD BANK EXPECTATIONS

- Morocco's GDP is expected to reach a growth **of 4.6%** in 2021, according to projections by the World Bank due to several factors.
- Morocco witnessed in 2021 a good winter season with remarkable rainfalls.
- The heavy rainfalls increased the country's water reserves and helped its agriculture season.
- The Ministry of Agriculture said that the rainfall has a "positive impact" on the agriculture season.
- The rainfall also improved the environment for plant growth and facilitated maintenance work for farmers.
- The downpours also significantly improved dams' reservoirs, helping their filling rate reach **50%**.
- The reservoirs of the main dams in Morocco reached nearly **8.04 billion cubic meters** (m3) on March 6.

1 MOROCCO COUNTRY PROFILE: FACTS AND FIGURES

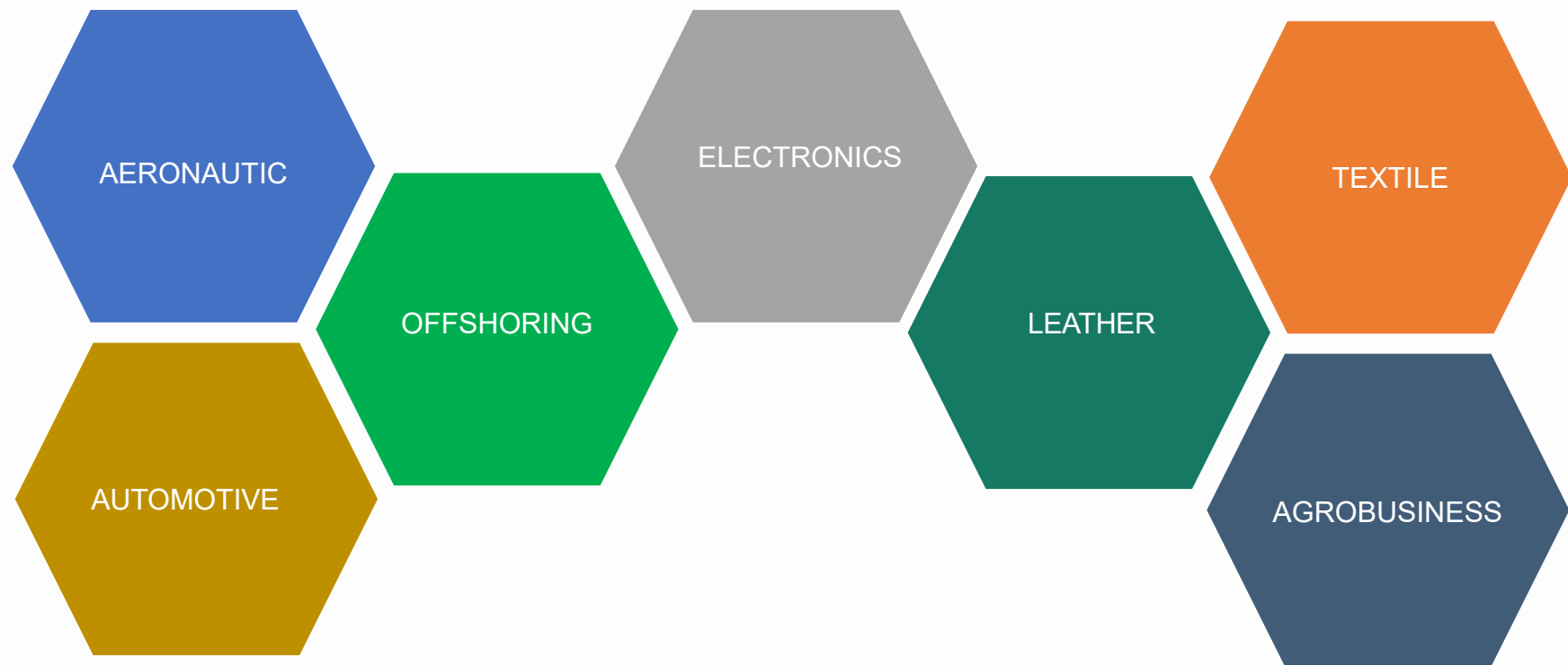
LINKING TO GLOBAL VALUE CHAINS



Free Trade Agreements opening markets
accounting for 1 Billion customers

1 MOROCCO COUNTRY PROFILE: FACTS AND FIGURES

INTEGRATION OF INTERNATIONAL VALUE CHAINS BY THE IDENTIFICATION OF STRATEGIC GLOBAL SECTORS (MMM)



1 MOROCCO COUNTRY PROFILE: FACTS AND FIGURES

BY 2020, RE WILL REPRESENT 42% OF THE TOTAL CAPACITY

Wind

- Capacity: **2000 MW**
- Inv: \$ 3.5 Million
- Annual savings: 1.5 Million TOE / year

Solar

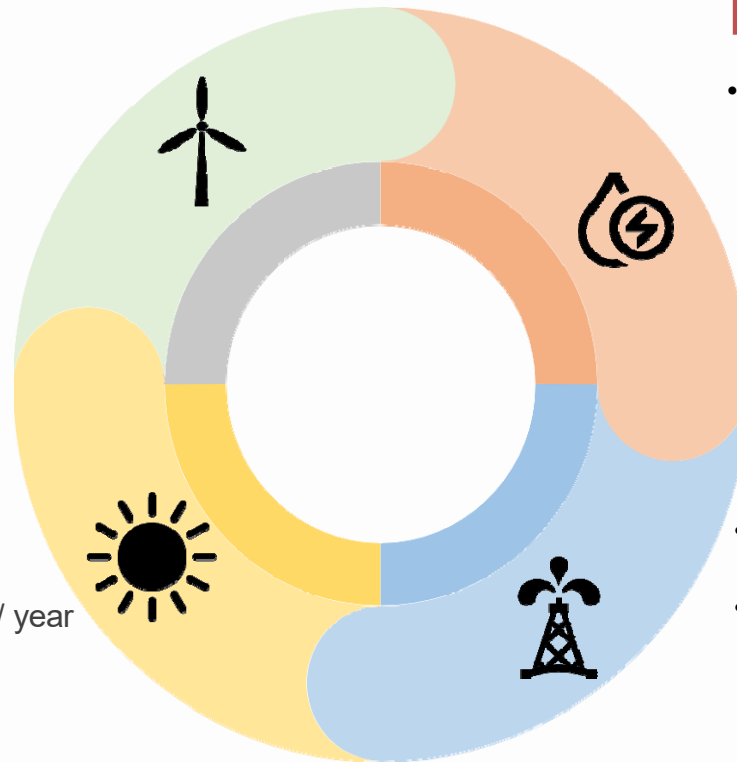
- Capacity: **2000 MW**
- Inv: \$ 9 Million
- Annual saving: 1 Million TOE / year
- MASEN

Hydropower

- Construction of **2550 MW** hydropower plants

Fossil fuels

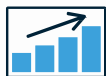
- Thermal power plants under construction (2010-2015): **2X500 MW**
- Complementary projects **1000 MW** (Gas or clean coal) from 2018



Energy efficiency: 5% in 2020 and 20% in 2030

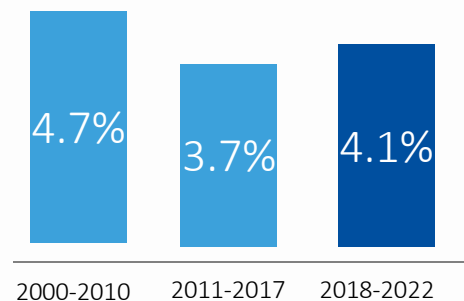
2 MAIN PARAMETERS OF MAKING MOROCCO AN ATTRACTIVE PLACE FOR INVESTMENTS

STABILITY, CONTINUOUS GROWTH AND ROBUST INDICATORS



STEADY GDP GROWTH

Real GDP growth, IMF



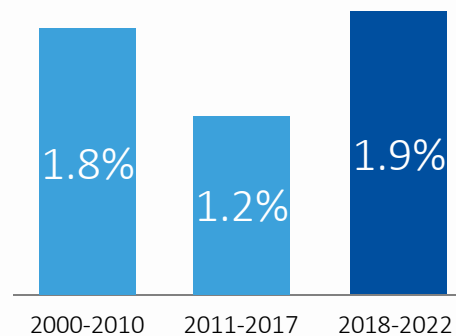
Medium-term macroeconomic prospects are stable

Fitch, March 2018



LOW INFLATION

Inflation rate, IMF



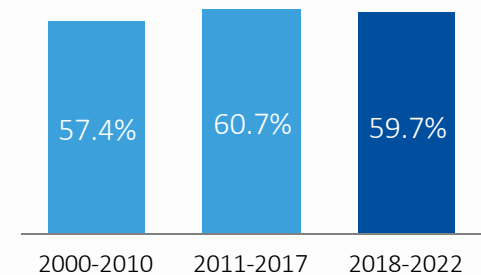
Inflation is low and well-anchored

IMF Article IV, November 2017



SUSTAINABLE PUBLIC DEBT

General government gross debt, IMF



Public debt is sustainable

IMF Article IV, November 2017

Source: IMF, UNCTAD,
Fitch, BCG Analysis

2 MAIN PARAMETERS OF MAKING MOROCCO AN ATTRACTIVE PLACE FOR INVESTMENTS
A BUSINESS-FRIENDLY ENVIRONMENT



3TH TOP AFRICAN COUNTRY IN THE GLOBAL COMPETITIVENESS INDEX
75TH GLOBAL RANKING (WEF 2018)

MOROCCO MOVED UP BY 7 RANKS IN THE DOING BUSINESS 2020
(53^H GLOBAL RANKING, 3TH IN AFRICA)

2ND MOST ATTRACTIVE AFRICAN COUNTRY FOR FDI
ERNST & YOUNG AFRICA ATTRACTIVENESS PROGRAM 2018

CASABLANCA FINANCE CITY, 1ST AFRICAN FINANCIAL CENTER
(GLOBAL FINANCIAL CENTER INDEX 24 - 2018)

2 MAIN PARAMETERS OF MAKING MOROCCO AN ATTRACTIVE PLACE FOR INVESTMENTS

A BUSINESS-FRIENDLY ENVIRONMENT



Government Subsidies

Investment: tailor-made **participation** to investment costs

Recruitment & Training: direct **financial incentives** to cover costs



Tax Free Zones

5 year tax exemption
...then 8.75% tax for the next 20 years

20% flat fee for individual tax for employees



Special Economic Zones

Land, office space, and industrial plants in main cities

Exemption from export fees

Financial support for building and equipment



Government support

Meetings and direct line with Minister of Industry, Investment, Trade and Digital Economy

Support from AMDIE (Moroccan Investment and Export Development Agency) end-to-end assistance for investors

2 MAIN PARAMETERS OF MAKING MOROCCO AN ATTRACTIVE PLACE FOR INVESTMENTS

ABUNDANT AND HIGH QUALIFIED WORK FORCE



A large and young workforce

64% of population
aged under 34
12 millions of active population



Qualified human resources

*Adequacy between training plans
and specific needs expressed by
private operators:*
16 public universities
170 private institutions
300 vocational training centers
10.000 engineers/year



A multicultural offer

A pool of
multicultural
Executives and talents
Multi-languages



A well gender-balanced approach

(ie) : Women represent 60% of
the Moroccan textile industry
work force

2 MAIN PARAMETERS OF MAKING MOROCCO AN ATTRACTIVE PLACE FOR INVESTMENTS

INVESTMENT FACILITIES FOR FOREIGNERS



FREE CAPITAL

NO RESTRICTIONS
TO CAPITAL FOR
NON-RESIDENTS



FREE TRANSFER

FREE TRANSFER OF
INCOME, DIVIDENDS
AND LIQUIDATION
BENEFITS



DIVERSE TOOLS AND MECANISMS

- HASSAN II FUND
- INDUSTRIAL
DEVELOPMENT AND
INVESTMENT FUND



AGREEMENTS

+100

NO-DOUBLE IMPOSITIONS
AND INVESTMENT
PROTECTION AGREEMENTS

2 MAIN PARAMETERS OF MAKING MOROCCO AN ATTRACTIVE PLACE FOR INVESTMENTS

INVESTMENT FACILITIES

TAX INCENTIVES & CUSTOMS DUTIES EXEMPTION

ELIGIBILITY CRITERIA:

Investment ≥ 100 million MAD

INCENTIVES INCLUDE:

- **Exemption of VAT** on imports for capital goods, equipment and tools for a duration of 36 months from start of operations. This exemption is also given on parts, spare parts and accessories that are imported at the same time as capital goods, machinery and equipment for which they are intended.
- **Exemption of customs duties** on capital goods, equipment and tools for a duration of 36 months from the signature of an investment agreement.



FREE ZONE STATUS

ELIGIBILITY CRITERIA:

Export turnover ≥ 85%

OFFERING INCLUDES:

- Full exemption from corporate tax for the first 5 years, followed by a rate capped at 8.75% for the next 20 years
- Custom fee exemptions on imported goods and products
- VAT exemption on imported goods
- Exemption from license fees and urban tax during 15 years

2 MAIN PARAMETERS OF MAKING MOROCCO AN ATTRACTIVE PLACE FOR INVESTMENTS

FAVOURABLE CLIMAT FOR ECONOMIC INVESTMENT

Bilateral Investment Treaties with over 70 countries around the world

21 investment related multilateral conventions including ICSID, MIGA and New York conventions

High World Wide Governance Indicators

Non double taxation agreements with more than 35 countries

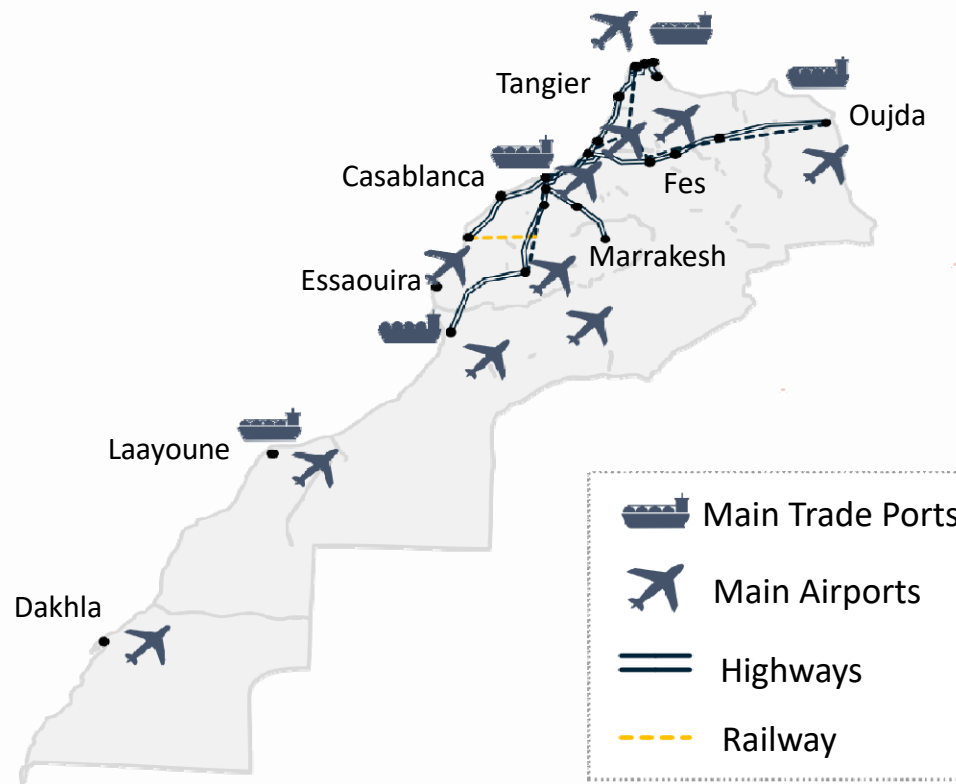
1st in Africa
Morocco Gets Named “Most Attractive Country In Africa For Investors” Ernst & Young -2017

1st in North Africa
For Political Stability, Government Effectiveness, Regulatory Quality and Control of Corruption. world Bank 2016

Fitch Ratings maintains Morocco's sovereign rating at "BBB-" with stable outlook - March 2018

II INVESTMENT IN MOROCCO : OPPORTUNITIES AND CHALLENGES

1 MOROCCO'S INFRASTRUCTURE DEVELOPMENT: MULTIMODAL AND WORLD-CLASS QUALITY



16 international airports



13 ports dedicated to global trade



Highway network of ~2,000 km
in 2018 (x10 in 15 years) connecting all
cities above 500k inhabitants



**1st high-speed train in Africa between
Casablanca and Tangier** reaching
320km/h

LOGISTICS : DIRECT SEA
CONNECTION TO **37** MAJOR
PORTS IN AFRICA



TANGER MED
World-class International platform

World Rank
55

Objective :
Reach
World TOP-
20

Integrated
Industrial,
Logistics and
Commercial Zones
Neighboring the
Port

Connected to
140 Port
(37 in Africa)

Capacity of
8,2 million
Containers
by 2017

Annual
Capacity of
3 Million
Containers

1 OPPORTUNITIES

INVESTING IN THE EMERGING SECTOR PLANS



GOVERNMENT PRIORITIES MATCHING WITH KEY BUSINESS OPPORTUNITIES !

INDUSTRY

Industrial Acceleration Plan

Industrial PIB : 23% of global PIB in 2020
Creation of 500.000 Jobs
Creation of the Fund for Industrial Development
2,5 Bn \$
Allocation of 1000 hectares in rent
Balance of trade balance

OPPORTUNITIES

- 22 Industrial platforms & Free Trade Zones
- Government subsidies (Industrial Development Fund, training support,)
- Components manufacturing
- Cost-effective labor force.

TOURISM

2020 vision

- 20 million of tourists in 2020
- 200.000 new jobs
- Tourism PIB : 6 Billion \$ in 2010 to 10,78 billion \$ in 2015

OPPORTUNITIES

- Open-Sky with European air sector
- Major cities with high attractiveness (Marrakech, Agadir, Tangier...)
- MICE activities
- Hotels, food industry, transport...and other kind of diverse services

LOGISTIC

2030 strategy

- To improve the country's logistical competitiveness
- To reduce logistical costs from 20% to 15% of GDP, accelerate GDP growth by winning 5 p.
- An integrated national network of 70 multi-flow logistical zones

OPPORTUNITIES

- national network of logistics parks (3,300 hectares by 2030)
- Tax incentives
- Duty-free access to European markets
- Cost-effective labor force



GOVERNMENT PRIORITIES MATCHING WITH KEY BUSINESS OPPORTUNITIES !

AGRICULTURE

Morocco Green Plan 2020

- Modernize agriculture
- 10 billion \$ of additional PIB from Agriculture
- 15 billion \$ of public and private investment

OPPORTUNITIES

- Duty-free access to European markets
- Joining global leaders :DANONE, Nestle, Altadis, Unilever...
- Industrial scale farming
- Cost-effective labor force.

SOLAR

Morocco Solar Plan 2020

- Renewable energy >52% of national production by 2020
- Capacity: 2 000 MW of solar power + 2 000 MW of wind power

OPPORTUNITIES

- PPA agreements & market guarantees
- Global supplier investments
- Direct access to European et regional energy grids
- Business-friendly tax and advanced law regulations

DIGITAL

Plan 2020

- reduce significantly the digital divide
- Encourage IT use by SMEs
- Achieve 50 % of administrative procedures online

OPPORTUNITIES

- Exclusive offshoring and IT platform parks (P2I)
- Morocco's stock of IT professionals expected to 100.000 by 2020.
- Fiscal incentives
- Support International (Visa) and A considerably exceptional labor tax relief



TEXTILE

- **UP-stream activities**
- **Manufacturing (confection, manufacturing)**
- **Cotton production**



AUTOMOTIVE

- **Constructors**
- **Rang 1 suppliers**
- **Rank 2 suppliers**
- **Sourcing : metal, platurgy, textile...**



CONSTRUCTION

- **Real estate Promotion Industry**
- **Cement, wood Industry**
- **Raw materials**



AGRIBUSINESS

- **Final production**
- **1st transformation Industry**
- **Farming and poultry Industries**



- The Moroccan automobile industry has achieved sustained levels of growth over the last ten years. Its performance is particularly remarkable in terms of exports and job creation, indicators for which the sector shows double-digit annual growth.
- The positioning of Morocco as a platform for production and export of automotive equipment and vehicles is reinforced by the establishment of renowned foreign groups such as RENAULT, SNOP, GMD, BAMESA, DELPHI, YAZAKI, SEWS, SAINT-GOBAIN and more recently PSA Peugeot Citroën.



1 CHALLENGES

SUSTAINABLE ECONOMIC DEVELOPMENT: AN IRREVERSIBLE AND STRATEGIC CHOICE

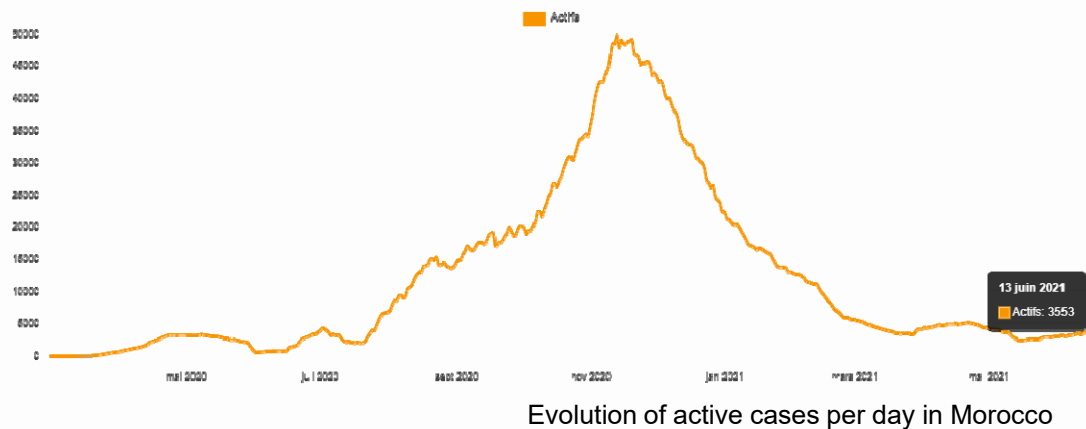
- The Kingdom is developing, large scale-projects to balance the infrastructure, secure job offers..
- Morocco doubled its GDP over the last 21 years.

Morocco's economic dynamic has been fueled, on economic and institutional fronts, by the acceleration of investment in infrastructure

Morocco has undergone an incredible transformation after years of efforts and investments to upgrade roads, ports and airports



2 MOROCCO'S COVID19 MANAGEMENT: PROACTIVE APPROACH AND CONCRETE MEASURES



- Morocco has mobilized its **industrial ecosystem** by **redirecting** factories towards the production of **protective masks, hydro-alcoholic gel and medical equipment** including ventilators with oxygen masks to help meet the demand caused by the *Covid-19 pandemic*.
- The government has taken **the lead** in preparing the **necessary hospital units**, also involving military medicine, to provide the **necessary care** and a **sufficient number of intensive care units**. In addition, **test kits** have been ordered by the government to **launch a screening test campaign to contain the spread**.

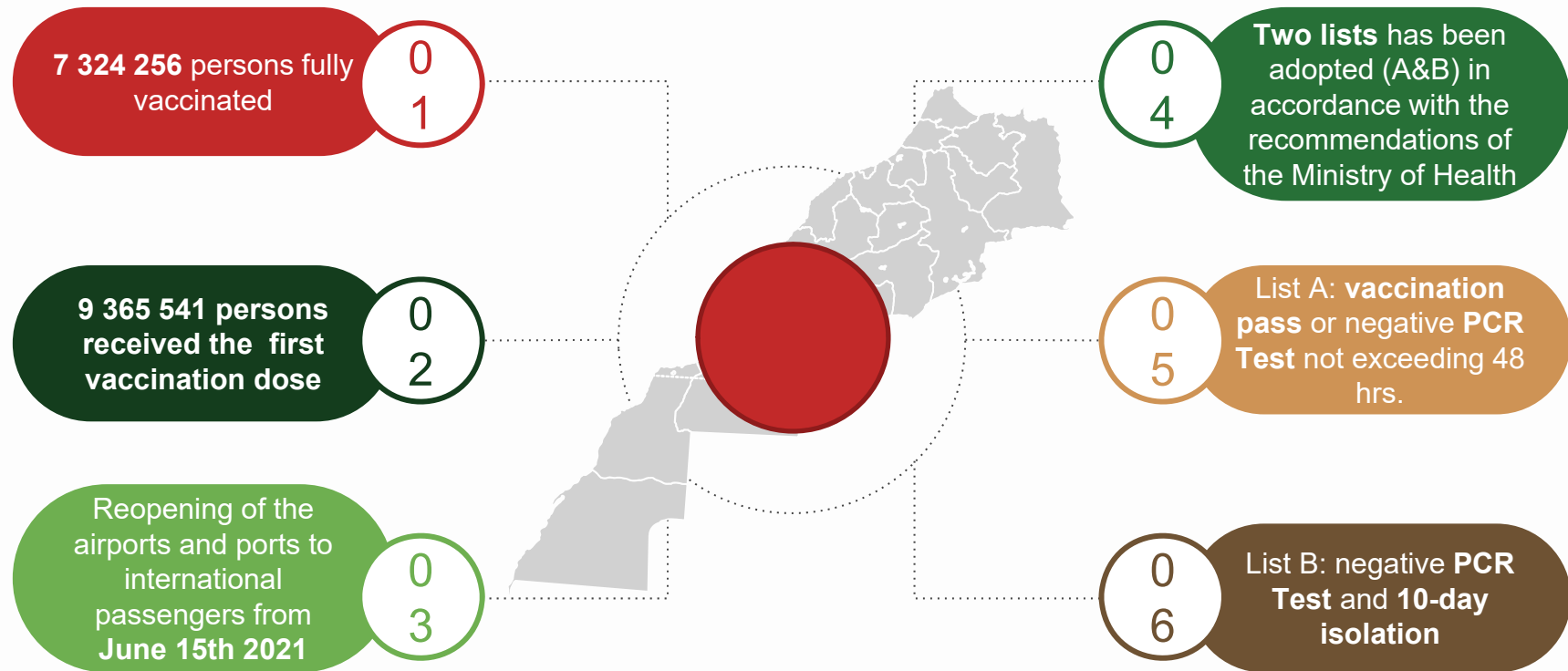
COVID-19 ECONOMY RECOVERY

- **First pillar:**
Mobilization of 75 billion MAD (6.5 percent of GDP) to mitigate payment delays.
- The authorities' strategy has **helped** increase **corporate credits and reduce the cost of finance**.
- **Second pillar:**
Creation of a Strategic Investment Fund (SIF) (named the Mohamed VI Fund) endowed with 45 billion MAD (4.1 percent of GDP).
- Improvements in the business climate and an integral reform of State-Owned Enterprises (SOEs).
- The government intends both to foster a certain degree of import substitution industrialization and to take advantage of the restructuring of GVCs.
- The COVID-19 pandemic has led to **a fall of 78.5 percent** in tourist arrivals to Morocco in 2020, **against an increase of 5 percent a year earlier**.
- **Morocco's social protection framework will be carried out in two phases.**

WORLD BANK EXPECTS MOROCCO'S GDP TO REACH 4.6% GROWTH IN 2021

- The GDP growth forecast is also attributed to the easing of restrictions imposed on internal movements or travel, according to the World Bank.
- Should the current configuration continue, the World Bank projects Morocco's economy to record a **3.4% growth** in 2022.
- For the MENA region as a whole, the World Bank forecasts a **2.4% growth** in 2021.
- The bank noted, however, that these projections are subject to change and depend to a large extent on fluctuations in the global market (especially oil prices for oil-exporting MENA countries) and how each country deals with the COVID-19 crisis.
- As many countries in the region accelerate their vaccination campaigns and ease travel restrictions, the World Bank expects the regional economic outlook to be mostly positive, with a projected growth of about **3.5% in 2022**.

TRAVEL ADVICE





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Thank you for your attention