



MOROCCO

What's happening in this economy

Morocco has capitalised on its proximity to Europe and relatively low labour costs to build a diverse, open, market-oriented economy. Key sectors include agriculture, tourism, manufacturing (aerospace and automotive), mining (phosphates), textiles and subcomponents.

Morocco has increased investment in its ports, transport and industrial infrastructure to position itself as an offshore manufacturing centre with Europe, and broker for business throughout Africa.

Telecommunications and financial services are lead growth sectors as Morocco increases its investments in Africa (recently becoming the second largest African investor on the continent).

Industrial development strategies and infrastructure improvements—including two new ports (Tanger Med I and Tanger Med II) and a free trade zone near Tangier, as well as a recent free industrial and trade zone in Kenitra—are improving Morocco's competitiveness. Morocco also seeks to expand its renewable energy capacity to make renewable more than 52 per cent of installed electricity generation capacity by 2030.

Despite Morocco's economic progress, the country suffers from high youth unemployment (about 29 per cent in 2017), poverty and illiteracy (33 per cent in 2012), particularly in rural areas. Key economic challenges include:

- reforming the education and judiciary system
- reducing housing cost while fighting shanty towns
- reducing rural exodus while growing the rural economy
- improving the health sector
- embracing the digital economy, and
- shifting activity from the informal to the formal economy.

Morocco's highly regulated and non-convertible currency limits the country's participation in a globalised economy.

Trade, investment, and commercial opportunities and activities

- In 2018, two-way merchandise trade between Morocco and Australia totalled AUD 63 million:
 - of this, Australian exports comprised around AUD 20 million, mostly in meat and manufactures of base metal, and

Key facts and figures

- Population: 35.2 million (2018)
- Real GDP growth: 3.2% (2019)
- GDP per capita (ppp): USD 9,283.9 (2019)
- Political system: parliamentary constitutional monarchy
- Total merchandise trade (exports + imports) AUD 63 million (2018)



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- imports from Morocco were valued at around AUD 43 million, including women’s clothing, fertilisers, and vegetables.
- Morocco’s rapidly growing economy presents opportunities for Australian businesses across multiple sectors including:
 - food and agriculture commodities as well as agricultural technologies
 - water management and policy
 - defence and cyber security
 - infrastructure
 - urban planning and sustainable building development
 - mining, oil and gas, and
 - renewable energies.
- Australian businesses have benefited in the past from Moroccan sectoral development plans such as the Green Morocco Plan:
 - there will be further opportunities to supply goods and services around these development plans, and
 - this includes in education, health, security, tourism, infrastructure, energy and agriculture.
- Major opportunities exist in sectors where Australian businesses are already present, as well as in new sectors and areas. Emerging commercial opportunities include:
 - the growing trend of upscale food service expansion and retail, which could increase the volume of exported high end meats and wines to the market and introduce dairy, honey, seafood and other products
 - agribusiness, which could increase the volume of the commodity trade and present Australian capabilities in technology, genetic materials, and services such as irrigation
 - defence, where there are renewed opportunities in naval and cybersecurity
 - green building, energy efficiency in the building sector and urban development
 - education, where there is increased interest in the market for English speaking education and destinations, and
 - mining and energy, where there are opportunities in mining exploration, LNG gas as well as in renewable energies.
- Morocco is strategically located to welcome foreign direct investment to export to the EU market and to sub-Saharan Africa, with which trade agreements are in place:
 - there is further scope for Australian companies to base their operations in Morocco as a launching pad towards Africa or Europe
 - the opening of an Australian embassy in Rabat in June 2017 aims to, amongst other things, enhance Australia’s trade and investment links with Morocco, and



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- the Australia–Morocco Business Council (opened in October 2017 by former Minister for Trade, Tourism, and Investment, Steven Ciobo) is working to open new dimensions in the business relationship and widen the scope of Australia’s presence in the market.

Summary of Australian commercial presence in the market

Australia’s business presence in Morocco started from a low base to a growing, diversified multi-sectoral presence in:

- foods (red meats, animal fats, butter substitute, offal and wine)
- agribusiness (organic pesticides, seeds, grains and agribusiness services)
- agricultural investment into Morocco (berries)
- infrastructure and urban development (city master planning, infrastructure)
- tourism (operators)
- regulatory services and consulting, and
- mining and energy (consulting, engineering, technology and exploration).

Other Australian companies have invested in Morocco in services, mining development and agriculture. Australian businesses have gained a strong reputation in the market and have supplied their goods and services to key government-owned and private sector companies.

Summary of major initiatives and opportunities

Australian capabilities in the agribusiness and mining sector were showcased during Australia Unlimited in Rabat in February 2018. The Australian Embassy also launched the Australia Morocco Business Council in October 2017. These three organisations (the Australian Embassy, Austrade and the Business Council) are working on a range of high-profile initiatives in the sectors listed below.

Food and agribusiness

- The Minister of Agriculture led a business delegation to Australia in February 2019.
- The Australian Embassy and Department of Agriculture, Fisheries, and Forestry organised an Australian pavilion for clients in different sectors including grains, meat, horticulture, irrigation and dairy, at the 2019 International Agriculture Exhibition in Morocco, the largest event of its kind in Africa.
- Follow-up from these events include:
 - irrigation technology proposals submitted to Directorate of Irrigation
 - successful trade outcomes in offal (beef liver) and wine exports
 - planning for an animal traceability mission by ONSSA (sanitary authority) to Australia to introduce the system into Moroccan cattle and sheep population, and
 - planning for an Ag-tech and education mission with the Ministry of Agriculture.



Defence and security

- The Australian Embassy has relaunched discussions with the Moroccan military around the purchase of Austal patrol boats, promotion of Australia's capacities with Morocco's Defence and Interior Ministries, and the red meat tender for Moroccan military.
- Austrade has identified a new meat tender planned for December 2019 that will include large volumes of beef, lamb and dromedary meats:
 - Austrade is in contact with Australian suppliers who are interested in participating in this opportunity.
- Austrade has established a good high profile contact within FINATECH—a subsidiary of one of Morocco's largest financial groups and a market leader in cybersecurity solutions for the government and private sector:
 - the company is interested in representing Australian solutions in this area, as well as in defence equipment through its subsidiary Finatech Defence Systems.

Mining and renewable energy

- Austrade is planning and preparing for a visit to Australia in 2019 by Morocco's Minister of Mining and Energy and Sustainable Development:
 - a pre-departure roundtable is being arranged.
- The Australian Embassy and Austrade are working with two Australian mining companies to help them set up operations in Morocco:
 - Kasbah Resources, which has already invested \$94 million in a potential tin mine, and
 - Marrakesh Exploration.
- The Australian Embassy has facilitated a meeting between a visiting CSIRO delegation and the Moroccan Minister for Mining and Sustainable Development on solar thermal energy:
 - the Minister will visit solar thermal facilities in Australia during a bilateral visit planned for 2019 and aims to sign a MOU on research.
- Austrade introduced CSA Global to ONHYM and a contract has been awarded in the service area.
- Austrade is liaising with Worley Parsons which is planning a market visit:
 - this will explore opportunities in the renewable energies sector.

Education and research

- The University of Adelaide and Mohammed VI Universite Polytechnique are forming a partnership in science and technology:
 - this will focus on renewable energy, mining and dry land management.
- The Australian Embassy has drafted an investment brief to establish an Australian school in Casablanca or Marrakech:



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- the proposal is being canvassed with potential investors.
- DFAT will deliver a digital and traditional ‘study in Australia’ promotional campaign in Morocco over six months:
 - this will include advocacy to government authorities.
- Austrade is also working with the Ministry of Agriculture on an education and vocational training initiative.

Trade policy and negotiations

Morocco has 55 bilateral free trade agreements—including one with the US—and an advanced status agreement with the EU. Morocco is also seeking entry into the Economic Community of West African States which, if successful, would lead to an upwards trend in trade across West Africa.

When the Australia Morocco Business Council was opened in October 2017, former Minister for Trade, Tourism and Investment, Steven Ciobo, encouraged its members to be ambitious in advancing Moroccan–Australia trade. He said that after establishing a solid foundation across core sectors, it should be both countries’ ambition to work towards the conclusion of a FTA. The highly taxed red meat sector will benefit from such an agreement.

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