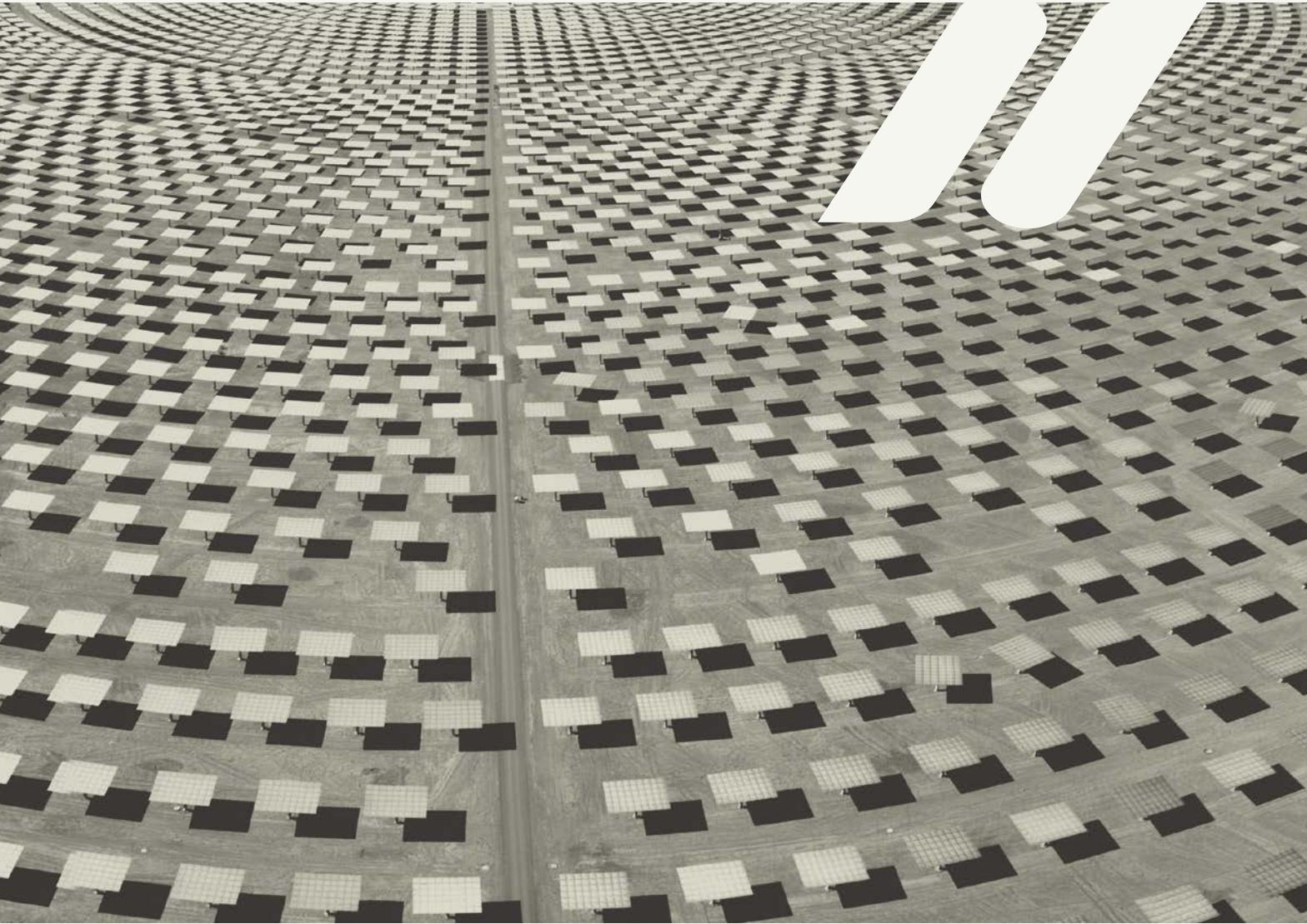


MOROCCO

AMDIE leads the kingdom into a new growth phase



الوكالة المغربية لتنمية الاستثمارات و الصادرات
MOROCCAN INVESTMENT AND EXPORT
DEVELOPMENT AGENCY

In collaboration with **Newsweek**

AMDIE leads the kingdom into a new growth phase

The export and investment agency is developing Morocco's economy and relationships with U.S. companies

The kingdom of Morocco—a constitutional monarchy—is situated at the tip of Northwest Africa. It has established its position as a global trade hub by continuing to liberalize its economy and attract foreign investment.

To this end, Morocco has strengthened its economic and security commitments with the U.S., the EU, China and the Gulf states, as well as reuniting with the African Union.

Relations between the kingdom of Morocco and the U.S. date back to the American Revolutionary War (1775-1783). Morocco was one of the first countries to recognize the independence of the U.S., and remains one of its oldest and closest allies in North Africa. Formal U.S. diplomatic relations with Morocco started in 1787, with a treaty of peace and friendship between them that is still in force and constitutes the longest unbroken treaty relationship in U.S. history.

Currently, there are more than 100 U.S. companies operating in Morocco, predominantly in infrastructure, aviation, renewable energy and environmental technology. Since the signing in 2006 of a free-trade agreement (FTA) between the two countries, exports from Morocco to the U.S. have more than doubled and U.S. exports to Morocco have more than quadrupled—from 2005 to 2017, the total value of Moroccan exports to the U.S. grew from \$445.8 million to \$1.2 billion, while U.S. exports to Morocco increased from \$480 million to \$2.2 billion. Currently, Morocco is the U.S.'s 68th-largest goods trading partner.

AMDIE, Morocco's export and investment agency, is responsible for promoting Morocco's national and foreign investment, as well as the export of goods and services. The agency is committed to supporting all economic actors throughout their life cycle—offering advice and support for each project in its entirety, from preparation to financing and execution. It identifies the best partners in Morocco for foreign investors and assists in the deal-making process. For Moroccan companies, the agency facilitates access to international markets and export contracts. "AMDIE will identify the best opportunities abroad and follow up on each participant during the entire investment process, regardless of your country of origin," AMDIE Acting Director General Hicham Boudraa confirmed.

In recent years, the Moroccan authorities and AMDIE have been successful in attracting a relatively consistent flow of foreign capital, mainly through the country's national privatization program, the conversion of foreign debt into investments and the operations of public services concessions. Various other sectors have also benefited from foreign investment, including banking, tourism, energy and industry.



So, where does Morocco stand today? What is our national economy's global ranking? Is Morocco competitive? Can it be classified among emerging nations? Needless to say, there is no single model of an emerging nation. Each country has its own development process, which is based on its human, economic and natural resources, as well as on its cultural heritage. It is also contingent on the obstacles and difficulties each nation has to face. However, there are standards and requirements to meet in order to join this category of nations, particularly in terms of democratic and institutional development, social and economic progress, and regional and international openness.

His Majesty King Mohamed VI

Thanks to its geostrategic location—Morocco is at the crossroads of the main international exchange routes linking the U.S., Europe, Africa and the Middle East—the kingdom is set to become a hub for shipping, logistics, finance, assembly and sales. In order to make its unique position even more advantageous, Morocco has signed diverse FTAs, offering investors duty-free access to a market of more than one billion consumers.

To further attract investors, and ensure strong and durable economic growth, the government has implemented sectorial strategies based on public-private partnerships, which will see the development of mining, liquefied natural gas infrastructure, tourism, modern agriculture, the digital economy and renewable energy generation. Backed by a public investment fund of €2 billion, the kingdom has also introduced an industrial acceleration plan based around the creation of efficient industrial ecosystems that will enable the expansion of value chains, and the consolidation of relationships between businesses of all sizes.

Overall, Morocco has modernized its economy to become a highly attractive platform and a truly regional hub for investors. With its solid macroeconomic fundamentals, unique set of FTAs, competitive labor costs, world-class infrastructure, business-friendly environment and attractive set of incentives, Morocco has all ingredients to become an investment hotspot of the future.

The time to come to Morocco is now

AMDIE Acting Director General Hicham Boudraa details some of the advantages of investing in Morocco

What are your expectations for economic growth in Morocco?

The fact that Morocco is a kingdom is vitally important. We benefit greatly from having a king with a clear, long-term vision based on in-depth research and facts. Most of our key policies cover 20 to 25-year periods and are under constant review.

AMDIE will continue its current momentum in building up the country. We have already succeeded in growing various vital sectors of the economy. Aerospace, for example, is grossing more than 20 percent a year; the automotive industry has become Morocco's biggest exporter;

and textile production and exports are flourishing. This is the beginning of a new growth phase for Morocco.

Currently, our imports exceed our exports. To change this, we have been developing strategic alliances with Africa and are also working to improve our relationship with the U.S., which we can provide with trade advantages. For instance, looking at aspects of business between the U.S. and China: salaries in China are increasing, regulations and taxes between the two countries are problematic. Morocco is the solution. The U.S. would keep the same base cost but with additional advantages,

such as quality, better delivery times and lower freight costs.

What is behind AMDIE's success?

We have made it a point to be at the service of Morocco's private sector—offering our investment services, and promotion and export expertise at every phase of their economic operations. We have transformed the agency into being proactive and business-case based, working as an investment banker. For example, we identify the Moroccan offer within ecosystems, and then reach out to companies that will invest here and enhance the local network.

The key is integration and we have built completely integrated industries. Each industrial base has a different ecosystem that comprises everything, including logistics, employee restaurants, transportation and housing. Having a clear vision and a well-defined ecosystem offer makes it easier for us as an agency, and also facilitates the process for in-

vestors and purchasing departments to place orders and move forward with investments. We have put all the elements in position for investors to build on business plans and Morocco offers the complete package: we are stable, we are a kingdom and we provide the right environment for financial success.

How strong is the relationship between Morocco and the U.S.?

We have great confidence in it, but our important historical ties and excellent political relationship are separate from our economic ties. Asian companies are making getting into Africa and Morocco a priority, and we need to do more to ensure U.S. companies are aware of the outstanding benefits that Morocco offers. We want to create new partnerships with U.S. firms and learn from them. They, in turn, will enjoy profits by positioning themselves here today—not tomorrow. The time for coming to Africa is now.

Morocco, a true African success story

				
#1 most attractive destination for investment in Africa in 2017 (E & Y)	#3 doing business in Africa in 2018	#1 financial center in Africa (GFCI 2018)	#3 place to invest in Africa (RMB 2018)	#1 country in Africa in liner shipping connectivity (unctad 2018)
				
#1 country in Africa for infrastructure quality (GCR 2018)	Moroccan companies are present in more than 30 African countries	#4 country in Africa for competitiveness (WEF 2018)	Safe destination ranking from the U.S. State Department	Free-trade agreement with the U.S. since 2006



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www.invest.gov.ma

Meet the kingdom of Morocco's investment team

The government and export and investment agency AMDIE are working together to create the best environment for investors

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

Could you provide an overview of the business environment for international investors in Morocco?

Businesses have become increasingly global and Morocco, with its stability and 60 free-trade agreements, has positioned itself as an excellent platform for global investment. Morocco has gradually created a very strong industrial ecosystem. It actively searched for companies that would act as motors of development for certain sectors—for example, Bombardier in aeronautics and Renault in the automotive industry, among many others.

This has yielded encouraging results and the industrial sector is now really on the rise. Since our

Industrial Acceleration Plan was launched in 2014, industry's contribution to GDP has grown from 14 to 18 percent and we have created nearly 500,000 jobs—and that is just the beginning.

Today, Morocco is no longer a source of cheap labor but a reliable source of highly trained engineers, with a competitive logistical structure, state support for businesses and a high level of protection for investments—foreign investors can own 100 percent of a Moroccan company, and repatriate 100 percent of their dividends and revenue every year. As a result, whereas I had to work hard to find investors in the past, we are now overwhelmed by the number of investors coming to Morocco.



Othman El Ferdaous Secretary of State for Investment



What are some of the major reasons that a growing number of international companies are relocating to Morocco?

Foreign investors essentially opt for Morocco for three reasons: its political and economic stability, quality infrastructure and logistical cost reduction, and human capital. At around 30 percent, Morocco boasts one of the highest public investment rates in the world, most of which is related to infrastructure.

Over the last 15 years, for example, Morocco has invested around \$20 billion in modern, competitive infrastructure and the government's investment program is continuing. Not only do we have an extremely well developed motorway network connecting all the major

cities, but also the largest airport hub in Africa and about 30 ports, including TangerMed, which is Africa's biggest port. In addition, public investment in solar and wind renewable energy plants is equal to around \$3.2 billion.

Furthermore, a growing network of industrial parks and special economic zones located across the country is helping to create a manufacturing environment that is very attractive to international players, while state-led training programs dedicated to the needs of specific industries are speeding the rate at which the kingdom can provide the necessary human resources that are supporting businesses based in Morocco as they grow and develop.

Hicham Boudraa Acting Director General, Moroccan Investment and Export Development Agency (AMDIE)

Can you give some examples of how AMDIE supports international investors and exporters?

AMDIE is Morocco's one-stop shop for investors and exporters. We provide transparency about what is possible for international companies and we evaluate how the state can best help them through financial incentives. By working with AMDIE, investors can save up to 20-30 percent of the set-up costs they would face in other countries.

Morocco is a small country but it is competitive and a dynamic export hub. AMDIE is responsible for promoting Moroccan goods and services abroad, and facilitates access to international markets and partners for exporters. One of the kingdom's advantages for

exports is that it is next to a virgin market that is very powerful, has many resources and is not yet fully utilized—Africa. Africa is the most promising continent in the world and its richness goes beyond oil and mining to its future as the world's agricultural center. In 40 to 50 years, for instance, it will be producing more than 60 percent of the world's food needs.

Geographically, Morocco is the gateway to Africa and one aspect that is vitally important is the strength of Morocco's footprint throughout the African continent, in terms of its banking, telecommunication, insurance, construction and other services. All of this together is what constitutes the kingdom as the real "gate" to Africa.



Wide-ranging opportunities for investors

A focus on some of the numerous sectors of Morocco's economy that offer potential for international investors

Industry

Morocco's groundbreaking industrial acceleration plan, which includes the creation of a \$2.28 billion public industrial investment fund, is based on building efficient ecosystems around key sectors. This strategy has already seen the kingdom becoming a leader in areas such as the automotive industry, with Renault operating two production plants, PSA Group establishing one and China's BYD about to start producing electric vehicles in Morocco.

The aerospace sector is another seeing rapid growth and it currently involves 110 companies including Boeing.

Logistics

Only 14 kilometers from Europe and at the crossroads of the main trade routes between the U.S., Africa, Europe and the Middle East, Morocco is ideal for logistics companies. Adding to its attractiveness is the best transport infrastructure in the region, which includes an extensive network of airports, sea ports, railways and motorways. The government is continually investing in improving this infrastructure, and its current focus is on road extensions, port developments and building 70 new logistical hubs countrywide.

Mining

Ranking second behind Saudi Arabia in BMI Research's 2018 mining risk/reward index for the Middle East and North Africa, Morocco is the world's second largest producer of phosphate, although there are also significant opportunities in minerals such as cobalt, nickel, gold, silver, copper, lead, zinc, manganese, iron and barite.

The country's mining code was recently updated to increase legal clarity and encourage foreign investment in all aspects of the mining value chain, including exploration, research, operation and the transformation of ores.

Liquefied natural gas

Morocco is moving its energy mix toward gas and renewable power. In October 2018, the National Office for Electricity and Water launched a tender for a \$4.5 billion LNG import terminal near Casablanca, along with 400 kilometers of pipeline. Four power plants with a total capacity of 2.4GW will be built to convert this gas to electricity. Morocco could also become a gas exporter. 70 hydrocarbon exploration permits were issued in 2018, while production is due to start soon at a site that contains an estimated 31 trillion cubic feet of gas.

Digital Morocco

The government's Morocco Digital 2020 plan aims to develop the country's capacities to become a regional hub for the digital sector and innovation, and to make new technology a tool for economic growth. As part of its strategy, the government intends to train 30,000 IT professionals, and equip and connect 20 percent of SMEs with new technology. The country already has a well-developed ecosystem for innovative startups, which has been boosted by the establishment of a special economic area for technology firms, Technopolis park.

Renewable energy

To meet increasing demand for energy, the government is investing in new and sustainable generation. In January 2019, the Ministry of Energy, Mining and Sustainable Development announced that 35 percent of the country's energy mix now comes from renewable sources like Noor I, the world's largest concentrated solar plant.

By 2030, 52 percent of Morocco's electricity will be generated from renewables and the government is working to enable an additional 4,500MW of solar, 4,200MW of wind and 1,300MW of hydroelectric power.

Agriculture

With agriculture contributing 15 percent of Moroccan GDP and agribusiness another 4 percent, the sector is a major driver of economic growth. The government's agricultural strategy, Green Morocco Plan, aims to boost the industry's position, increase its international competitiveness and open new markets through \$15 billion in public and private-sector investments. Intensive and modernized farming projects are being developed, as are processing activities, with \$1.25 billion being channeled into 371 food production facilities, for instance.

Tourism

Moroccan tourism is booming, with visitor numbers up 8.5 percent in the first 11 months of 2018, in comparison with the same period in 2017. Its fourth-largest city, Marrakesh, was named Fodor's top place to visit in 2018, but Morocco has many other attractions that draw in guests—from beautiful landscapes such as stunning beaches, deserts and mountains, to a rich cultural mix that spans the ancient to the modern. The sector also offers numerous attractions for investors, as the government looks to increase tourist numbers and develop infrastructure.

Introducing Morocco, a hub for business with global connections

Morocco is at the crossroads of the main international trade routes linking the U.S., Europe, Africa and the Middle East



Population
35.4 million



Surface area
710,850 km²



Currency
Moroccan dirham (MAD)
USD 1 = MAD 9.52 (2019)



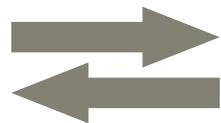
Inflation
0.7%



Capital
Rabat



GDP
\$111.7 billion



Trade
Exports: \$26.1 billion
Imports: \$46.0 billion



Institutional system
Democratic and social constitutional monarchy



GDP per capita
\$3,292



Foreign direct investment
Value: \$2.7 billion
Growth: 21.5%



Languages
Official: Arabic and Amazigh
Widely spoken: English, French and Spanish



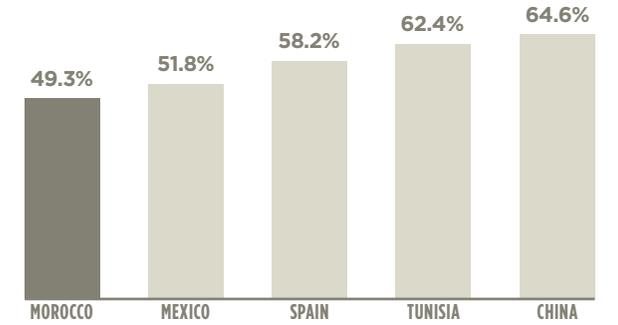
GDP growth
4.1%

*All data relates to 2017 unless otherwise noted

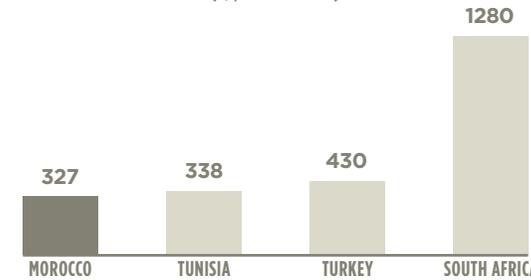
A competitive kingdom

Thanks to its highly qualified and competitive labor force, lower tax rates and attractive exporting costs, Morocco is the region's most competitive exporting platform.

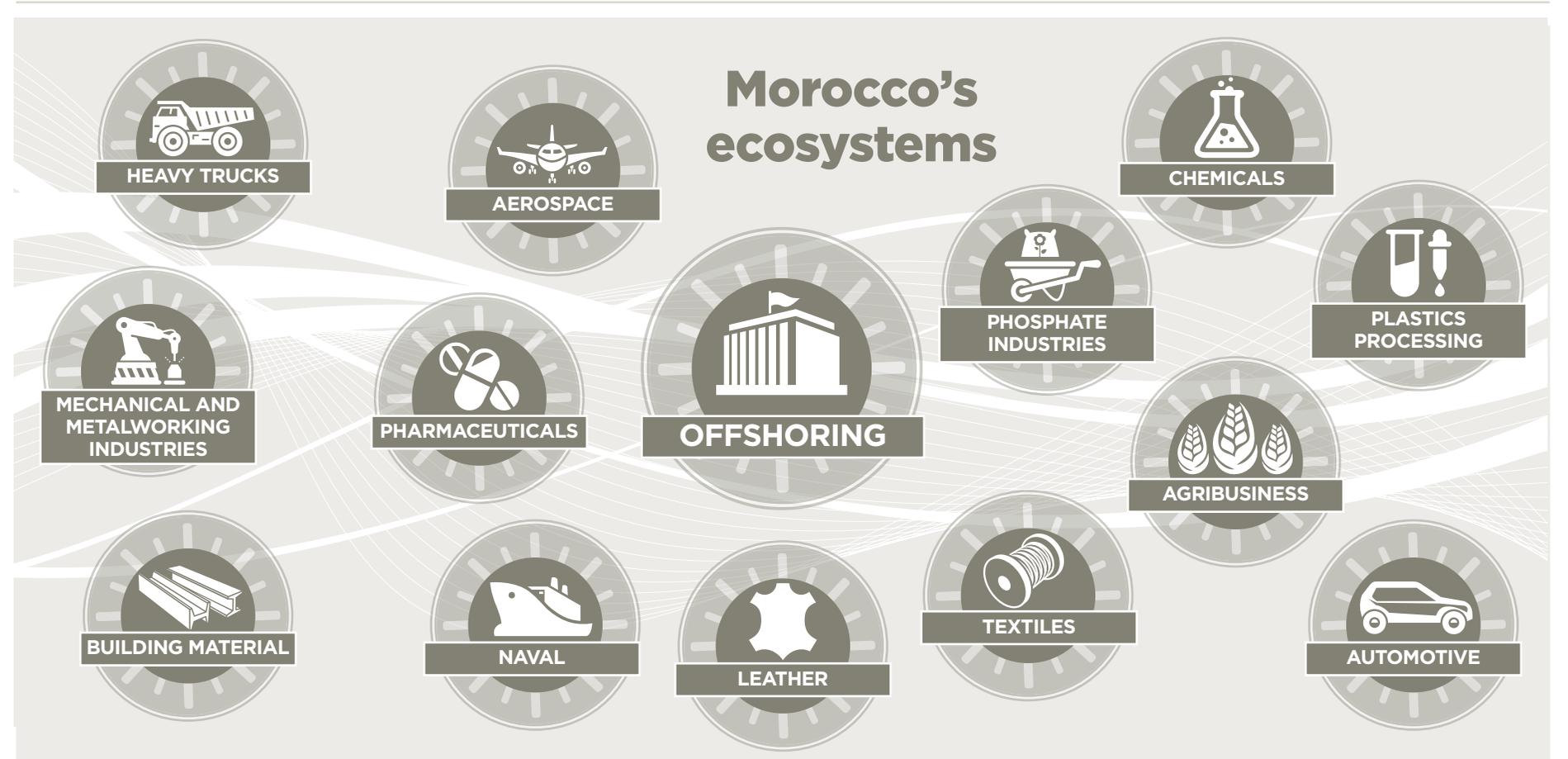
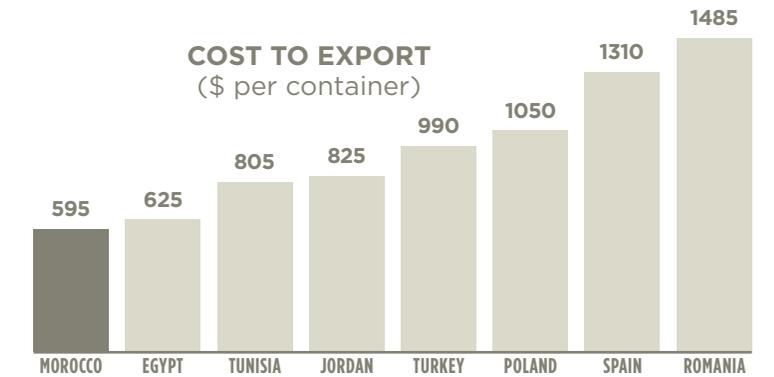
TOTAL TAX RATE
(% Of PROFIT)



AVERAGE WAGE
(\$/month)

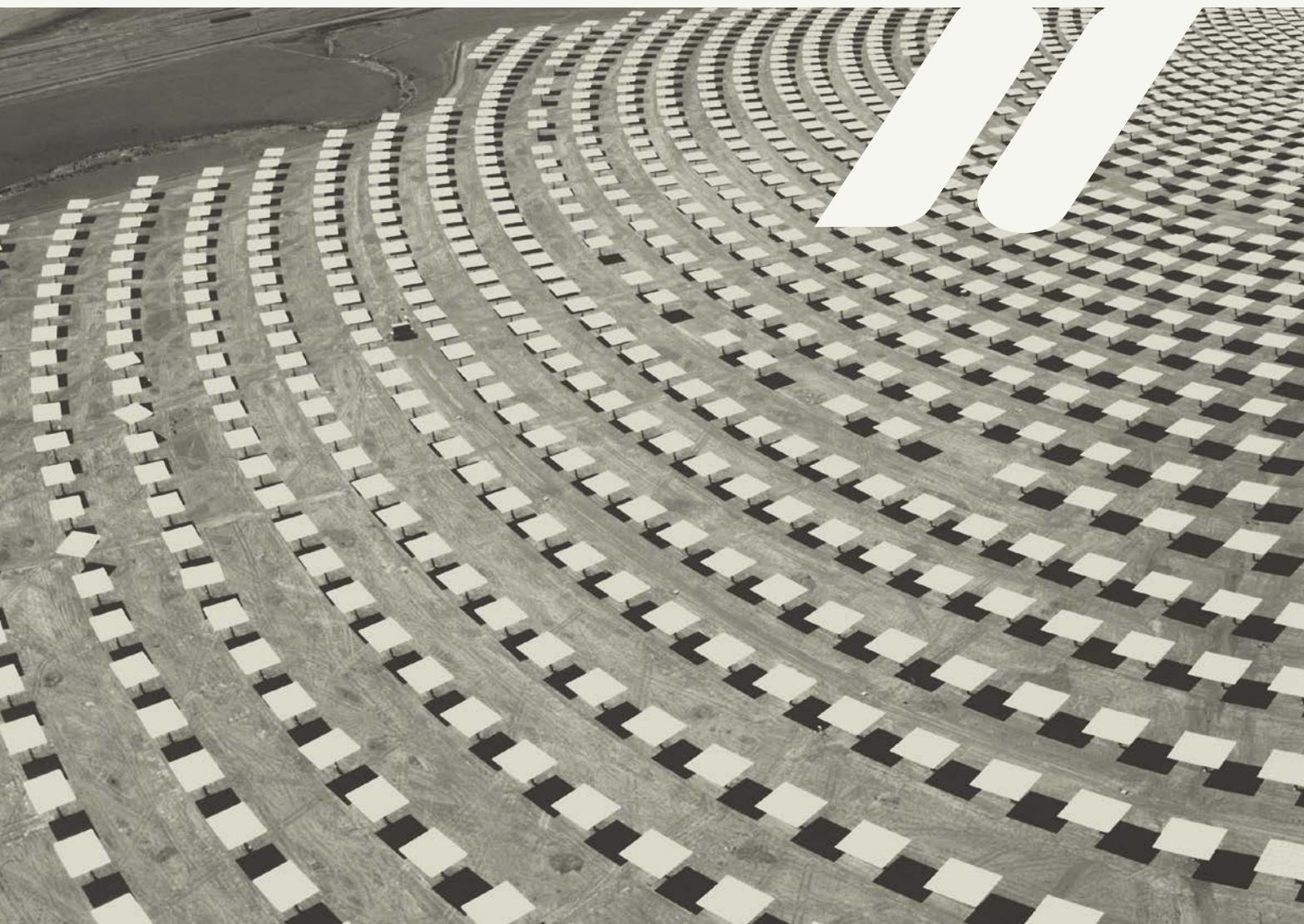


COST TO EXPORT
(\$ per container)



“AMDIE will identify the best opportunities abroad and follow up on each participant during the entire investment process, regardless of your country of origin.”

Hicham Boudraa, AMDIE Acting Director General



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