

Investment Opportunities and Offer of Morocco

1st Japan-Africa Business Forum

**Wednesday 11th July, 2014
Tokyo**



Morocco Overview



Capital	Rabat
Institutional System	Democratic and social Constitutional Monarchy
Area	710 850 km ²
N° of inhabitants	32.5 million
Time Zone	GMT (GMT+1 in summer)
Languages	Arabic and Amazigh (official) French, Spanish, English

GDP	835 Billion MAD (2013) US\$ 100 Billion	
GDP per capita	25 681 MAD/ inhabitant (2013) US\$ 3 500	
Average growth	4.9% (over the last 5 years)	
GDP Distribution (2012)	Primary Sector	12.7%
	Secondary Sector	28.1%
	Tertiary Sector	59.2%
Inflation Rate	1.9% (2013)	

Promising relations between Morocco and Japan

Triangular cooperation between Morocco, Japan and Africa



- ✓ Road maintenance
- ✓ Drinking water
- ✓ Merchant navy
- ✓ Health
- ✓ Fisheries
- ✓ Port management
- ✓ Electricity

~ 60 years of
diplomatic
relations
between
Morocco and
Japan

Promotion and
investment protection
agreement

+

Double taxation
agreement



To be signed by this year

Japanese investments in Morocco

35

Japanese
Companies in
6 different
cities in
Morocco

**+ 27 000
employees**



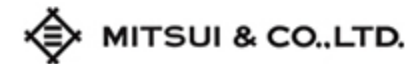
1st

Country-
employer in
Morocco

Sectors
of investment

Automotive
Trading
Agri-business
Energy

Main Japanese companies
present in Morocco



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A Stable Political Environment

A continuing drive for openness and democratisation

- A monarchy established in the year 788 (12 centuries ago)
- The Constitutional Council reviews the constitutionality of all laws
- In July 2011, a referendum established a new Constitution, guaranteeing:
 - Human rights
 - Improved moral standards in public life
 - The legality of the State and its institutions
 - The plurality of the Moroccan identity
 - Individual and collective liberty

**Morocco, most stable country
in North Africa in 2012**

*According to The Association
For International Affairs*

**Morocco, most pacifist
country in North Africa in
2013**

According to Global Peace Index 2013

**Morocco, most democratic
country in Arab region in 2013**

*According to the Egyptian center
Ibn Khaldoun*

Strong Macroeconomic Drivers

GDP Growth

(average 2001-2013)

4,8%

Inflation

(average 2001-2013)

1,8%

FDI Growth*

(average 2011-2013)

40%

Unemployment rate

(End 2013)

9,5%

#2
in Africa

African Country of the
future 2013-2014



S&P affirms Morocco's rating

BBB-/A-3 with a stable perspective
May 2014



Fitch Ratings maintains Investment Grade

2012-2013



International Monetary Fund



May 2014

Besides being a **model of stability**,
Morocco ensures highly **promising
prospects** as a **center of economic
influence** for the MENA region

Easiness of **doing business**

No restrictions
to **capital** for
non-residents

1

Free
repatriation of
profits and
capital for non-
residents

2

More than
100 protection
foreign
investment
agreements
and double
taxation

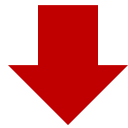
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Morocco gained **8** positions in global ranking of “*Doing Business 2014*”
Morocco is “*the most improved*” country in business regulations in 2011
(+21 positions)

Morocco: a country open to foreign investors

Over the last decade, Morocco has engaged in a policy which seeks to make **foreign investment as a strategic support** for economic and social growth and to consolidate the **attractiveness** of the Kingdom vis-à-vis foreign investors.



In 2013, Morocco was the **first** recipient of FDI in North Africa

In terms of FDI restrictiveness, Morocco is ranked amongst **the most open** countries in the region, **3rd** in Africa*

Ambitious **Sectoral** Strategies

INDUSTRY: Performant Ecosystem Strategy 2020

Launched in 2014



- Industrial GDP to reach 23% of global GDP
- Creation of 500 000 jobs
- Creation of Industrial Development Fund: \$2.5 Bn
- Allocation of 1 000 hectares of land for rent

TOURISM: 2020 VISION

Launched in 2010



- 20 million tourists in 2020
- 200 000 new beds
- Tourism GDP: from US\$6 billion in 2010 to US\$17 billion in 2020

ENERGY: MOROCCAN SOLAR PLAN 2020

Launched in 2009 (Solar) and in 2010 (Wind)



- Renewable energy >40% of national production by 2020
- Capacity: 2 000 MW of solar power + 2 000 MW of wind power

PHARMACEUTICAL PLAN 2020

Launched in 2012



- Turnover in export: US\$1.5 billion
- Direct job creation: 12 500
- Indirect job creation: 45 000

AGRICULTURE: GREEN MOROCCO PLAN 2020

Launched in 2008



- To modernise the agricultural sector
- US\$10 billion in additional GDP from agriculture
- US\$15 billion in public and private investments

LOGISTICS PLAN 2016

Launched in 2010



- To improve the country's logistical competitiveness
- To reduce logistical costs from 20% to 15% of GDP
- An integrated national network of 70 multi-flow logistical zones

IT: MAROC NUMERIC

Launched in 2009



- Generalized access to broadband
- Encourage IT use by SMEs
- Development of government e-services

CHEMICAL PLAN 2020

Launched in 2012



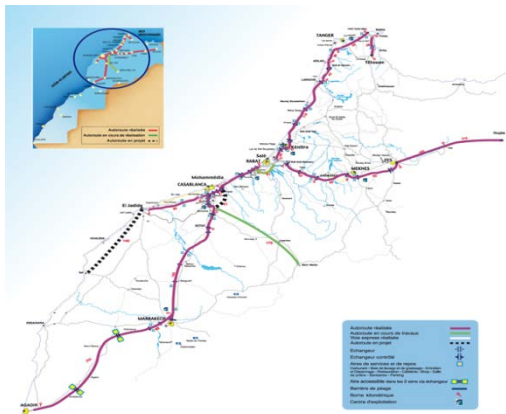
- Turnover: US\$18 billion
- GDP contribution: US\$ 5.5 billion
- Job creation: 43 000

Modern Infrastructure



Airports

- 16 international airports
- Casablanca is #1 Europe-Africa hub



Highways

- 2015: it connects all the big cities of Morocco (approximately 1800Km of highways)



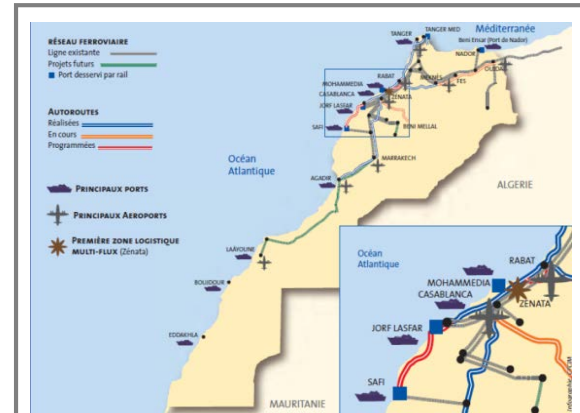
Tramways

- Rabat and Casablanca
- €1 billion



Railway Network

- First high-speed train in Africa (Tangier-Casablanca) in December 2015 –€1.8 billion



Ports:

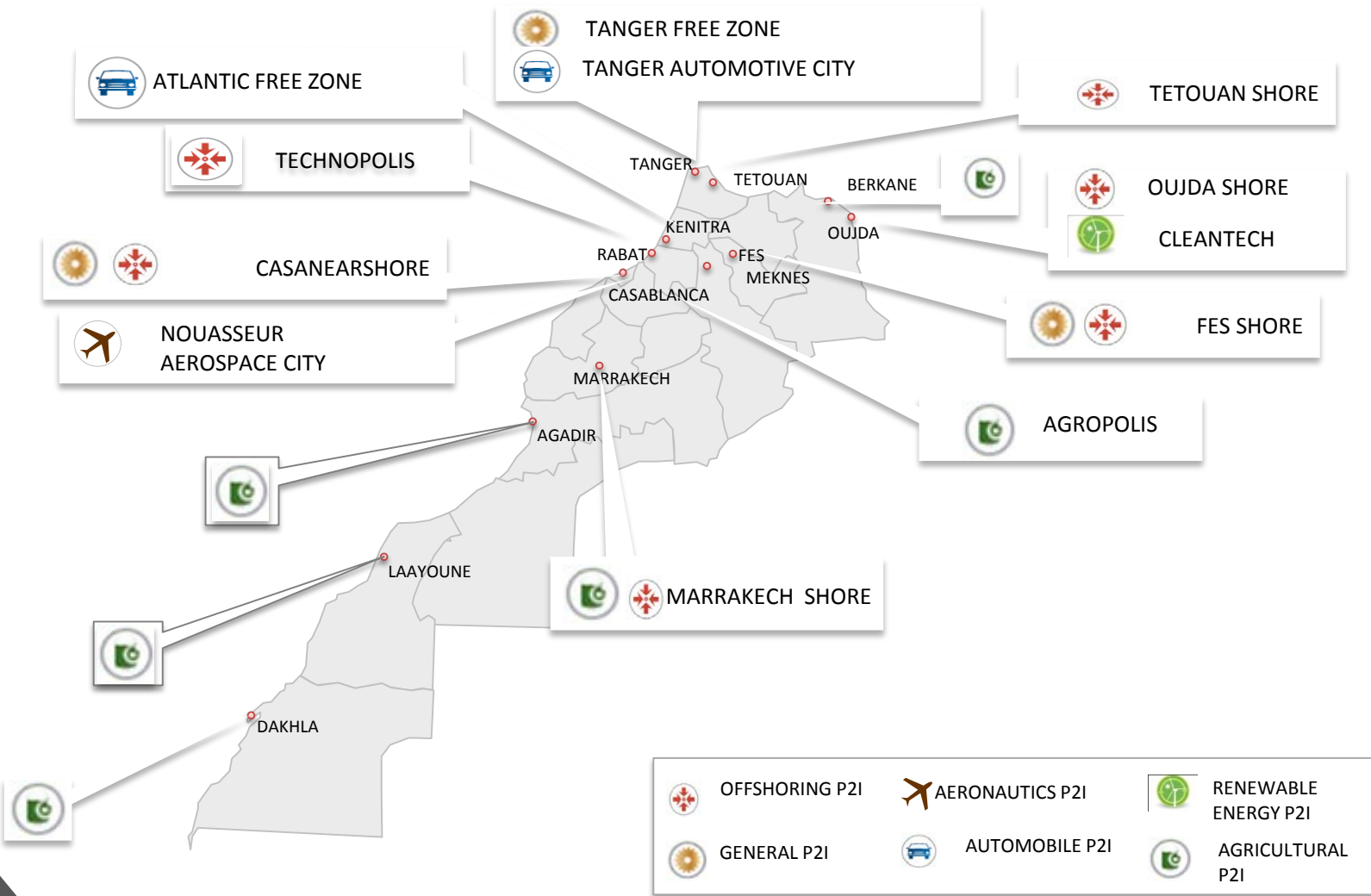
- Morocco has two coastlines (Mediterranean and Atlantic)
- More than 95% of trade in Morocco go through the seaway.
- Morocco has **38 ports** of which **18** are devoted to foreign trade.

Tangier Med port:

- Ideal port platform to serve Europe and West African countries

22 Integrated Industrial Parks (P2Is)

« Plug & Play »



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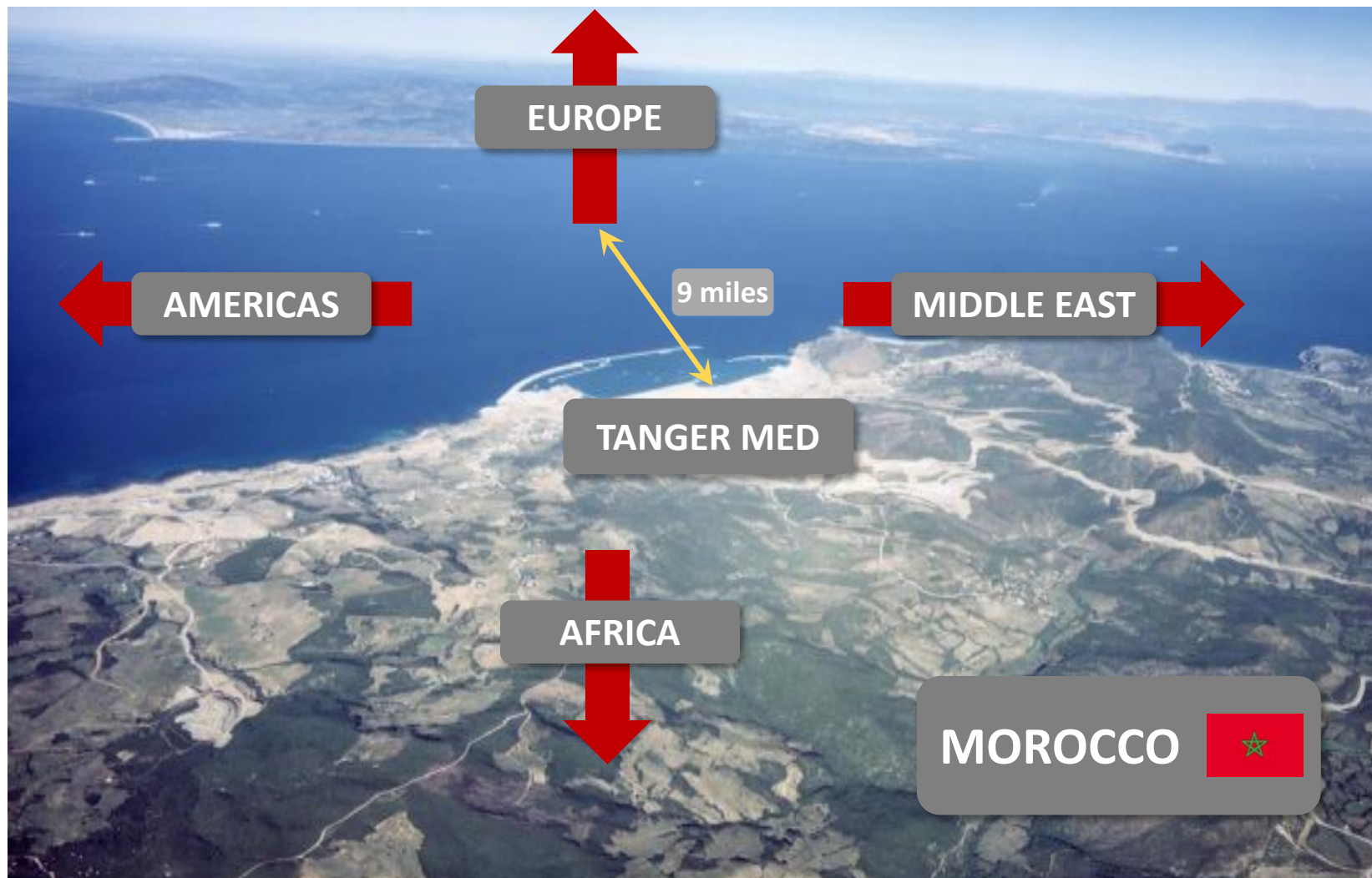
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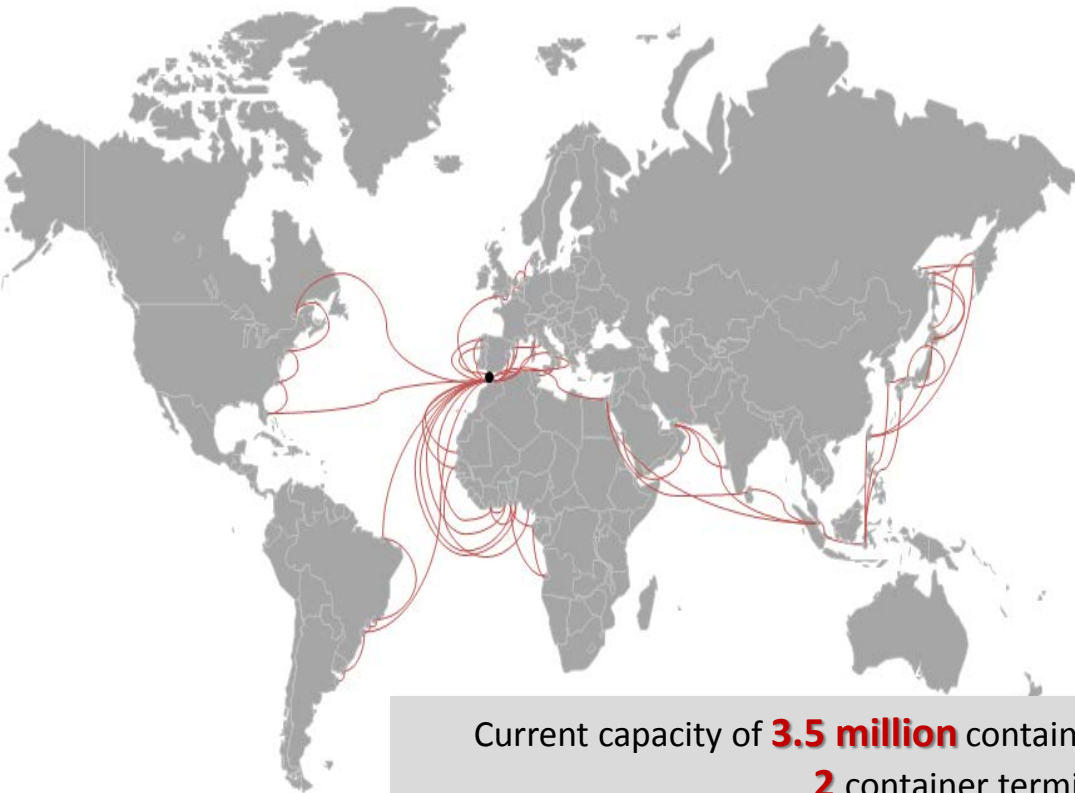
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A Strategic Geographical Location

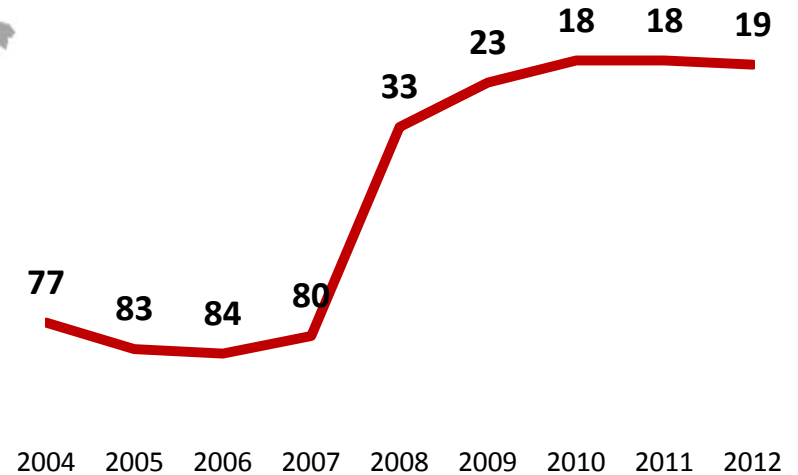


Logistics Hub of international stature

Connections to 120 ports in 56 countries, with 40 services



Index of maritime connectivity in Morocco



Current capacity of **3.5 million** containers (**8.5 millions** in 2015)

2 container terminals

2.5 million TEUs * in 2013

Ambition: To be included in the **World Top 15**

OPOR
HAMBURG

CMA CGM

DELMAS

imtc

Safmarine

MOL Mitsui O.S.K. Lines

Hapag-Lloyd

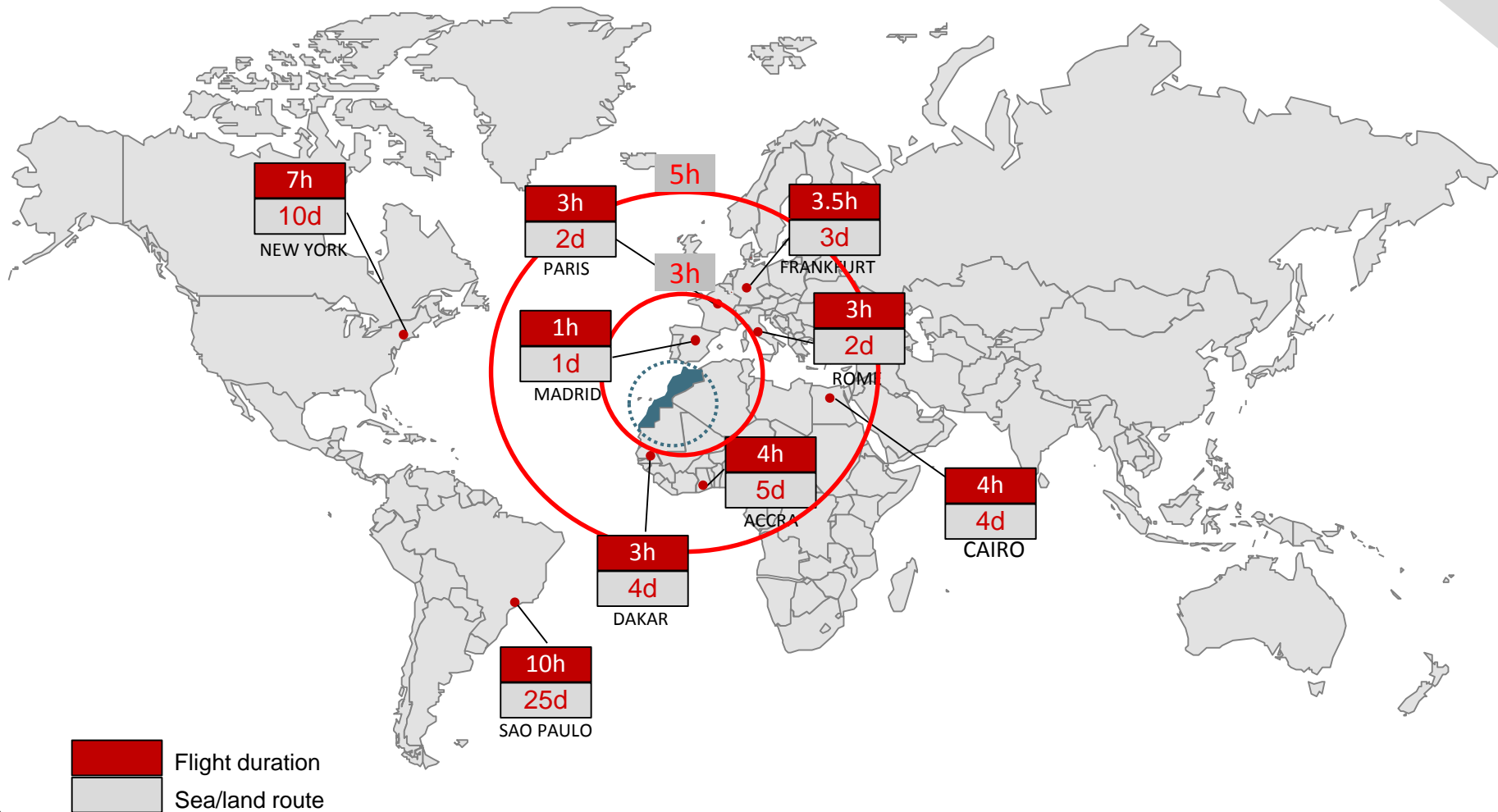
ARKAS

HAMBURG SÜD

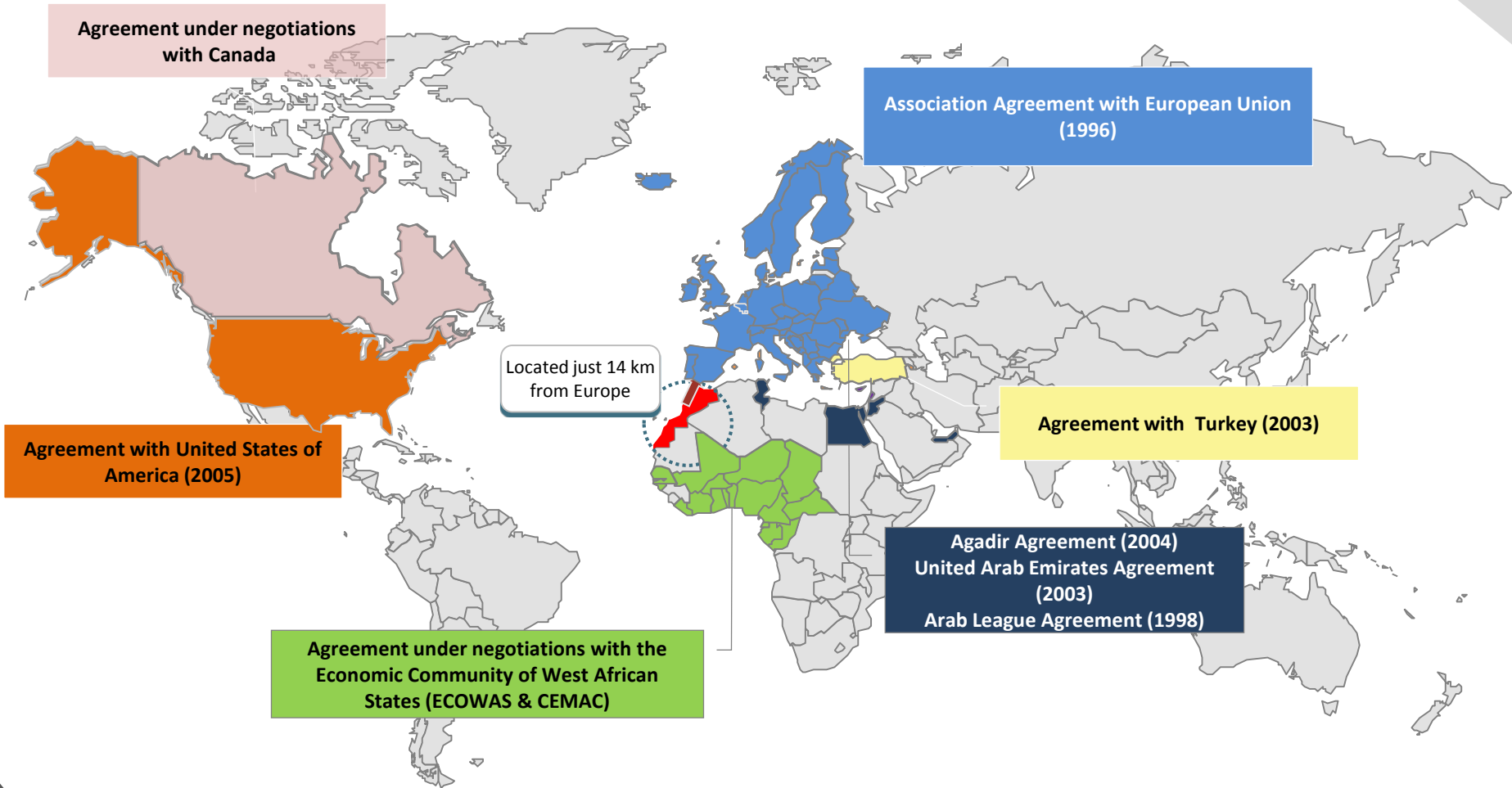
MAERSK LINE



At The Crossroads Of The Continents



Unique Set Of Free Trade Agreements

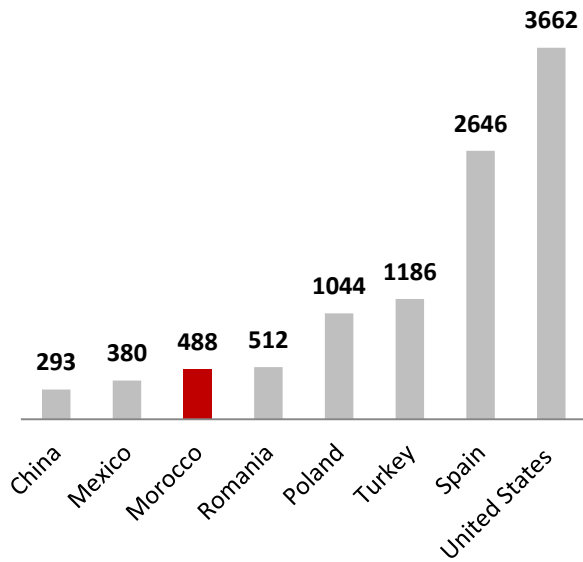


Since 2008, Morocco enjoys an Advanced Status with the EU.

Competitive Costs

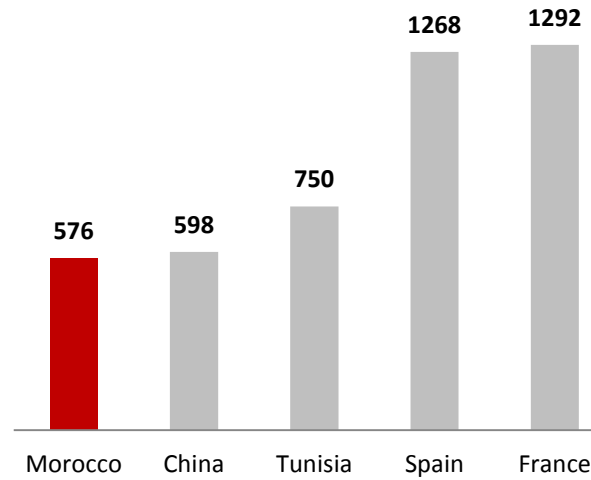
Competitive salary (average)

US\$ per month



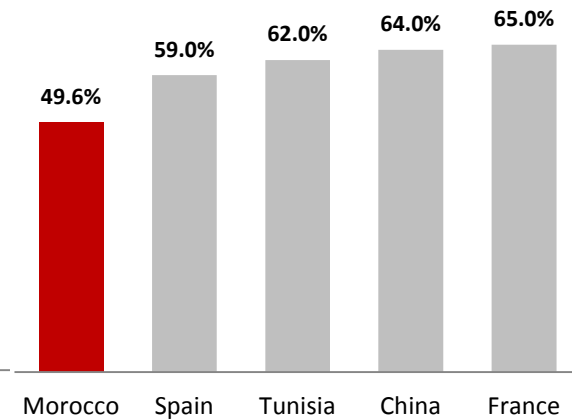
Exports costs*

US\$ per container



*Associated costs with all procedures required to export goods

Total Tax Burden**



** Amount of taxes and mandatory contributions by the company during the second year of activity, expressed in % of commercial profits

A young and qualified workforce



A young and educated population

- **64%** of Moroccans are aged under 34 years
- **6 million** young people (between 18 and 35 years old)
- An active population of **12 million**
- **175 000** university students
- Training of **15 000** engineering graduates per year for 2015 and **25 000** for 2020
- **Over 100** public universities and schools
- Over **200 private universities**

A youth open to the world

- **16 million** internet users & **4,4 million** Facebook users
- **~10 millions** of french speakers & **~6 millions** of spanish speakers
- Steady growth of English (Morocco ranked **45th** worldwide and **2nd** in North Africa, in terms of English mastering *)
- Strong cultural and linguistic affinity with Europe, Middle East and Africa.



An **Attractive** Incentive Package

Conventional Regime

Investment Promotion Funds (IPFs)

- **Eligibility Conditions:**
 - Investment ≥ **US\$ 24 million**
 - Jobs created ≥ **250**
 - Transfert of technology
 - Implementation in a priority area
 - Protection of environment
- **Land Assistance:** A contribution **up to 20%** of acquisition costs
- **External Infrastructures:** **assistance of up to 5% of total amount** of investment programme
- **Training:** **A contribution of up to 20%** of training costs.

Hassan II Fund

- **Eligibility Conditions:**
 - Total investment ≥ **US\$ 1.2 million**
 - Investment in goods and equipment ≥ **US\$ 0.6 million**
 - **Sectors:** Automobile, aeronautics, nanotechnology, microelectronics, and biotechnology.
- Contributions are limited to a maximum of **15%** of the total investment and **US\$ 3.7 million** as the following:
 - **Land Assistance:** **30%** of costs of land acquisition and development.
 - **Equipment:** **15%** of costs of new equipment (excluding taxes and import duties).

Free zone regime

- **Eligibility Conditions**
 - **70%** of sales to be achieved abroad
- Unlimited **exemption** from customs duties
- **Simplified** customs procedures
- Corporate tax = **0%** for 5 years and 8.75% for 20 years
- Income tax = **0%** for 5 years, then 80% tax reduction for 20 years
- Business tax exemption for 15 years
- Value Tax Added : unlimited **exemption** for goods delivered and services
- Registration fees: **exemption** acts of incorporation and capital increase

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Finance: Casablanca Finance City (CFC)

A single entry point to north, west and central Africa
("greater north west africa" (GNWA))

What is CFC?

- An international financial hub for GNWA
- A comprehensive and sustainable ecosystem
- A specific status including an attractive tax framework

Advantages?

- Total **exemption** from corporate tax for companies during the first 5 years of operation and 8.75% thereafter.

For regional and international office:

- Taxed at a reduced rate **of 10%** (corporate tax)
- Specific taxation rate of **20%** for wage income (income tax)
- **Exemption** acts of incorporation and capital increase

Why choosing CFC?

- Opportunity to belong to **one single investment region** with critical mass
- **Proximity** to clients, assets and information
- Benefit from **high-standard financial services**
- **Attractive cost** base



Consumer Goods and Retail

A promising and old-fashioned sector in which Morocco has developed the necessary know-how

Opportunities:

- Retail contributes to 11% of GDP and employs about 1.2 million people/12.8% of the labor force in Morocco
- Internet retailing became a fully-fledged retailing channel in the country starting 2012
- Morocco is positioning itself as a platform for shopping
- Implementation of 600 supermarkets and hypermarkets by 2020
- 8% annual growth

Sector highlights:

- Domestic companies remained the leaders in retailing in Morocco during 2012-2013 in terms of value sales
- Construction of the most significant retail park in Morocco- the Zenata eco city in Casablanca, the first of its kind in Africa.



Over the last years, Morocco has built a dynamic Automotive ecosystem

Opportunities:

Morocco's Automotive cluster offers opportunity to serve 4 main strategic Automotive markets for OEM

EU : 14M vehicles p.a.

North Africa and Middle East : 2.6M in 2012 – 3.7M by 2020

West Africa : 150k in 2012 – 210k by 2020

... and potentially **NAFTA**, given Free-Trade Agreements and logistics (5 days of shipping to USA)

... as well as for OES

Serve **European** OEM and OES thanks to localization : 1 day to Spain, 2 days to France, 3 days to Germany/ Italy

Serve **Moroccan** OEM and OES looking for local sourcing

Serve **MENA and West-African** automotive **aftermarket**

... and potentially serve **NAFTA** market (OEM, OES and IAM)

Sector highlights:

- Renault developed a major production center in the north area of Morocco
- Renault's Mega plant will boost local production to reach about ~500 000 units by 2015



Over the past 10 years, Morocco has emerged as a significant industrial platform for the Aerospace industry

Opportunities:

The Moroccan aerospace platform is now entering a second phase of its development through a unique value proposition:

- Well trained Human Resources
- High productivity and quality standards
- Competitive costs
- Dedicated and upscale Technopark
- Attractive set of Government incentives
- Stable country, both politically and economically

Sector highlights:

- Bombardier's assembly unit: \$200 M investment, 850 direct and 4000 indirect employees by 2020
- \$1 Bn export sales, 10 000 employees and ~106 companies in 2013
- A network of ~90 Suppliers operating in critical parts of the value chain



Due to its high skilled manpower and proximity to the EU, Morocco is positioned as a leading destination for electronics

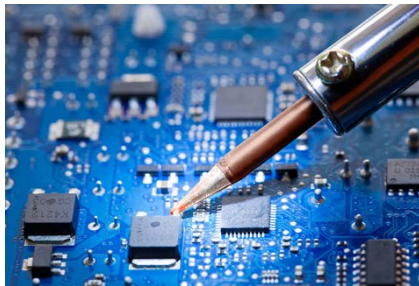
Opportunities:

- 220M€ of additional GDP between 2009 and 2015
- Potential 9,000 jobs by 2015 (200 winners in management, 1,400 engineers, 2,700 technicians and 4,700 operators)
- Market growth of specialty electronics maintained since 2004 (+7%)
- The existence of a new type of subcontractors more integrated
- Development of more and more products with high added value

Sector highlights:

The Electronics sector includes two branches:

- General public Electronics (upstream electronic equipment, white goods, brown goods, etc)
- Specialty/integrated Electronics



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African economic potentialities



- By **2050**, Africa's economy would be close to **10 times bigger** than it is today.
- **Six** of the world's ten **fastest-growing** economies in the world over the last decade were in Africa. It is expected to be **seven** by **2020**.
- The economy in the Sahel region is growing by more than **5%** annually.
- There is a rise of a **consumer society**, which increases demand, boosts **local production** and amplifies **middle class**.
- In **2014**, **106 million** Africans should have an annual income of over \$ 5,000*

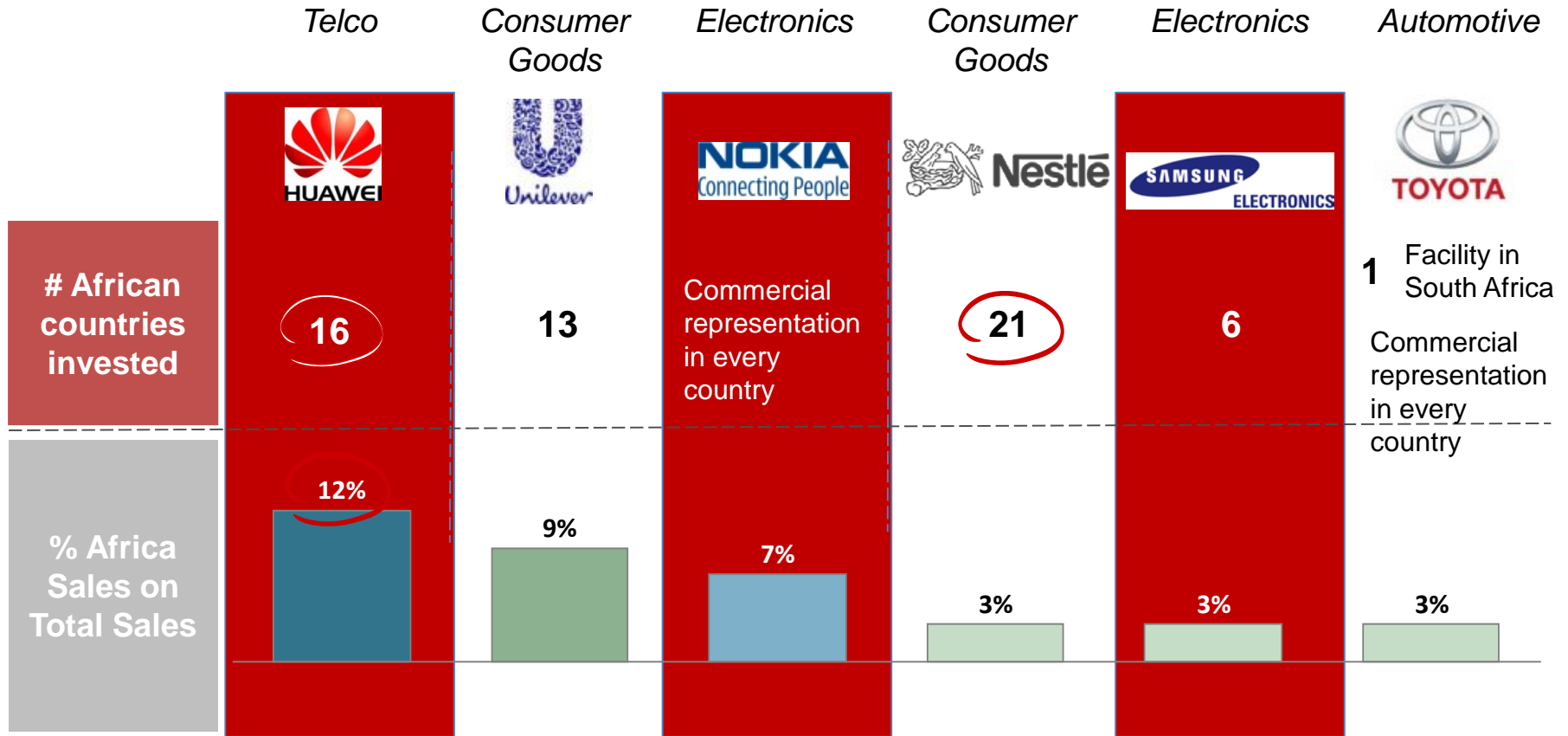
The true size of Africa embraces China, the US, India, Eastern Europe and the most important Western European countries

Africa's attractiveness



- ➔ Africa's relative attractiveness is on the rise: a way above Asia and Western Europe and slightly behind North America*
- ➔ Africa's attractiveness rises significantly when investors get established in the African market*

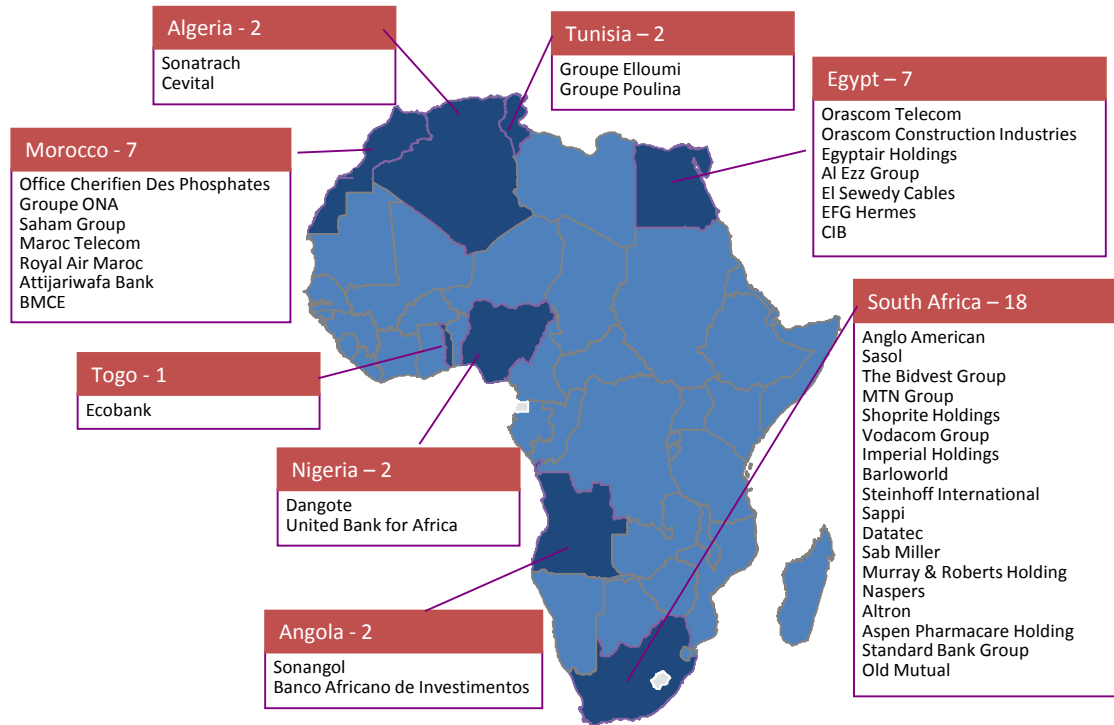
Today, major international companies quest for the "African opportunity"



African countries combined represent a GDP of 3.1T\$, comparable to GDP of India (3.3T\$) or Russia (2.2T)

Tomorrow, **African challengers** will invest even more in the continent

40 fast-growing "African Challengers" with global aspirations



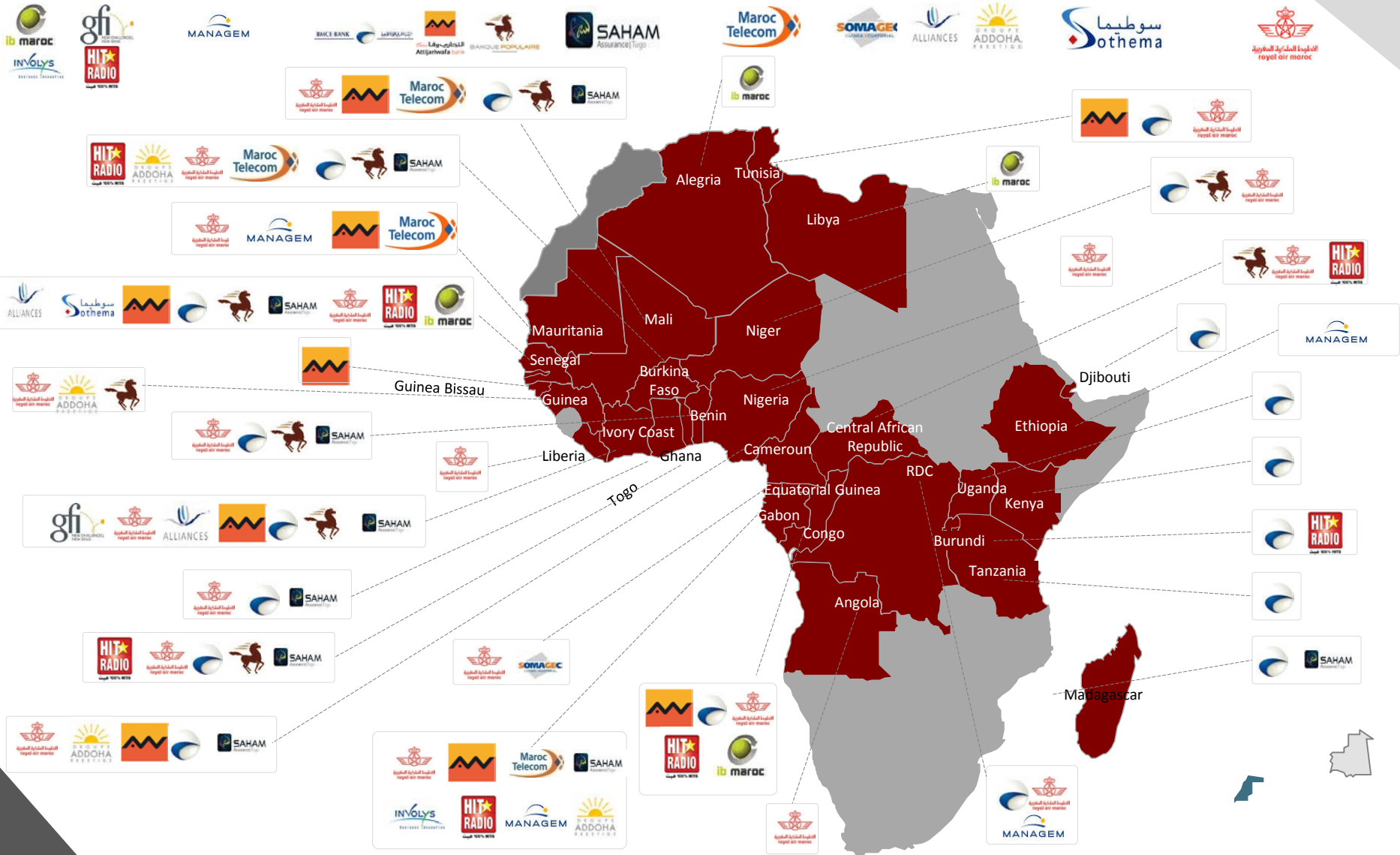
Competitive companies investing heavily in Africa

- Out of the 40, **32 companies** are already at **least regional players**
- African challengers stay inside the continent in **two-thirds** of all cross-border deals

Need for a coordinated approach to support investments of African Challengers

Moroccan companies, large footstep in Africa

ICT & Media Mining Banking Insurance Telecom Construction and Real Estate Pharmaceutical Air transport



Moroccan **geostrategic vision** towards Africa



King Mohamed VI meeting Malian President (up) and Senegalian President (down)



- Morocco, under the vision of its King, is keen to strengthen its position as an African leader. This is marked by the **various visits** of His Majesty to different African countries.
- **7%** of Morocco's exports in **2012** were to the markets of the Sahel-Saharan states, aiming to raise the ratio up to **20%** in **2018**.
- With its **\$800 millions** of investments, Morocco is the second African investor in the continent after South Africa.
- In a decade, nearly **5,000 bilateral agreements** have been signed and entered into force. **40 joint commissions** have been established in the same period.
- Morocco is considered as a **platform** for foreign companies to project their activities in sub-Saharan Africa due to:
 - ✓ **Deep knowledge of African markets**
 - ✓ **Very frequent airline connections**
 - ✓ **A strong Moroccan banking sector present in Africa**

**Thank you for your attention
&
Welcome to the 4th Japan-Arab Forum in Morocco**

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