CAPTURE THE OPPORTUNITIES IN MOROCCO

BUSINESS SWEDEN

February 2016
EXECUTIVE SUMMARY

- With its location, Morocco serves as a stepping stone to Africa and the Middle East.
- Morocco became the third-largest recipient of foreign investment in Africa in 2014. Financial services and telecommunications were the favourite sectors for investment.
- Morocco has experienced an average of 4.4% of GDP growth the past 15 years, and has strong prospects for further economic growth. Measures to strengthen the macroeconomic base have reduced the budget and current account deficits.
- Swedish export to Morocco has increased substantially during the last decade, and reached USD 482 million in 2014. More than 20 Swedish companies are locally established.
- Trade agreements ease imports and exports from and to the EU, USA as well as the Arab countries.

BUSINESS SWEDEN IN MOROCCO

Business Sweden is present with an office in Casablanca since 2008. Our five employees have extensive market knowledge and long experience of promoting Swedish export in Maghreb and West Africa.

The Business Sweden offices in MEA collaborate extensively, enabling a more efficient way of coordinating activities between the markets, making us more adaptive and flexible to meet your demands and needs.

Over the last years we have supported business entries in various sectors, such as Healthcare, Energy and Environmental Technologies, ICT, Textile, Automotive and Transport Systems.

Morocco stands out as a safe haven in North Africa, and has been quietly prospering during the regional turmoil.

Welcome to Morocco!

Ludvig Hermansson
Trade Commissioner to Morocco

*MOROCCO IS AN INCREASINGLY IMPORTANT INDUSTRIAL PLAYER IN THE EMEA* Region

Ludvig Hermansson
Trade Commissioner to Morocco
MOROCCO 2016

51% OF ALL MORROCCANS HAVE ACCESS TO INTERNET (1 OF 54 IN AFRICA)

HEAD OF STATE KING MOHAMMED VI

HEAD OF GOVERNMENT ABDELILAH BENKIRANE

TOP EXPORTS 2015
1. AUTOMOTIVE (22%)
2. PHOSPHATES (21%)
3. TEXTILE (16%)

GDP USD 110 BN
AREA 446,550 SQ KM
INFLATION 0.4 %

POPULATION 33 MN

3RD MOST FRIENDLY COUNTRY IN THE WORLD*

DUTY FREE ACCESS TO ONE BILLION CONSUMERS. FREE TRADE AGREEMENTS WITH EU, USA, TURKEY AND THE ARAB COUNTRIES

TOP EXPORTS 2015
1. AUTOMOTIVE (22%)
2. PHOSPHATES (21%)
3. TEXTILE (16%)

SWEDISH EXPORT: USD 482 MN
SWEDISH IMPORT: USD 44 MN

* WORLD ECONOMIC FORUM'S TRAVEL AND TOURISM COMPETITIVENESS REPORT (WEF), 2014
MOROCCO MAINTAINS MACROECONOMIC STABILITY, AND SHOWS POSITIVE GROWTH

REAL GDP GROWTH

INFLATION

PUBLIC DEBT

GDP GROWTH RATE AVERAGED 4.4% FROM 2000 UNTIL 2015

SOURCE: WORLD BANK, MINISTRY OF ECONOMY AND FINANCE
STEPPING STONE TO AFRICA & THE MIDDLE EAST

MIDDLE EAST
GDP: 2,350 billion USD
Population: 232 million
Countries: 13

FRENCH-SPEAKING AFRICA
GDP: 872 billion USD
Population: 352 million
Countries: 24

DIRECT FLIGHTS FROM CASABLANCA TO MORE THAN 30 AFRICAN CITIES, AS WELL AS TO THE MIDDLE EAST AND EUROPE

SOURCE: CIA WORLD BOOK
MOROCCO IS A NORTH AFRICAN LEADER IN TERMS OF FOREIGN DIRECT INVESTMENT INFLOWS

THE FLOW OF FOREIGN DIRECT INVESTMENTS
Billion USD

- The period between 2001 and 2006 was marked by non-ordinary operations such as Vivendi’s acquisition of stakes in the capital of Maroc Telecom (2001) and Altadis’s in the capital of the Régie des Tabacs (2003)
- FDI peaked at 38 billion MAD in 2007 due to an increase in FDI from Arab countries
- The international economic crisis caused a decrease in FDI in 2008 and 2009
- In 2012 Morocco ranked number one in the MENA region, even surpassing Egypt

CAGR 2002-2014: 19.5%

The Arab Spring caused a drop in 2011

KEY FACTORS IN MOROCCO’S ATTRACTIVENESS FOR FDI

- Morocco became the third-largest recipient of foreign investment in Africa in 2014. Financial services and telecommunications were the favourite sectors for investment.
- Morocco benefits from its historic ties and proximity to Western Europe, a proactive FDI policy, and availability of skilled workers at lower wage rates than those in most developed markets.
- Morocco is increasingly positioning itself as a gateway to the fast growing African continent, particularly for investors from the US and Europe.
- Foreign investors in Morocco benefit from a stable business environment and support services, combined with good air links to many other African countries. The national carrier, Royal Air Maroc, flies to more than 30 African cities.

SOURCE: UNCTAD, HURRIYET DAILY NEWS, INVEST.GOV.TR, A.T. KEARNEY FDI CONFIDENCE INDEX
MORE THAN 20 SWEDISH COMPANIES HAVE LOCAL ESTABLISHMENT IN MOROCCO

EXAMPLES OF SWEDISH COMPANIES DOING BUSINESS IN MOROCCO

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<th>Large sized companies</th>
<th>Small and medium sized companies</th>
<th>Representative office</th>
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<td>SKF</td>
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EACH YEAR BUSINESS SWEDEN ASSISTS 2-3 SWEDISH COMPANIES TO ESTABLISH IN MAGHREB

SOURCE: BUSINESS SWEDEN
THE MOST PROMISING SECTORS IN MOROCCO

As a result of continued heavy investments in the telecom sector, Morocco has the most developed infrastructures in Northern Africa, as well as some of the continent’s highest market penetration rates.

ICT

There are 30,000 to 40,000 new cancer cases reported in Morocco every year. The Dubai-based private equity firm, Abraaj Group acquired a majority stake in two Moroccan oncology clinics in November 2015.

Cancer care

An influx of capital and a number of major upgrades have improved Morocco’s transport sector in recent years, with private investment initiatives working alongside the state-led development programme.

Transports

Morocco raised its renewable energy target from 42 per cent by 2020 to 52 per cent by 2030. The country will host the next climate change conference, COP22, in November 2016.

Renewable energy

Finance

Casablanca Finance City has been created by the Moroccan government as a financial gateway for investors and international businesses, to promote access for regional operations in Great North West Africa.

Automotive

Morocco’s automotive sector has witnessed a boom over the last decade and has become Africa’s automotive industry hub.

Aeronautics

Morocco has become a continental economic hub where the aviation industry grows daily, with over 110 international aeronautic and aerospace companies presented in the country. Aviation industry weighs heavily on national exports, currently at 4.5 percent, compared to only 1 percent in 2005. The sector employs 11,500 people and achieved exports worth USD 1 billion in 2014.
Marrakech will host the upcoming 22nd Conference of the Parties (COP22) in November 2016.

- Marrakech COP 22 will focus on innovation in adaptation to climate change and mitigation of climate change effects.
- It is an opportunity to present operational tools for the Lima-Paris and the Paris-Marrakech plans.

Morocco is ambitiously engaged in policies to alleviate and adapt to climate change.

- At the opening of COP21 King Mohammed VI announced that the objective of securing 42% of the country’s energy mix from renewable sources by 2020 has recently been increased to 52% by 2030.

Business Sweden will organize a Nordic business forum high lightening sustainable cities in conjunction with COP22, in collaboration with Morocco’s Minister in Charge of Environment, Hakima El Haite, and the Nordic Ambassadors to Morocco.
MOROCCO SET TO BECOME A SUPERPOWER IN RENEWABLE ENERGY

Morocco plans to fulfil half of its energy needs with renewable energy resources by 2030. To boost investment in the renewable energy sector, a bill was approved by the Moroccan government in the end of 2015. The new law, 58-15, raises the target share of renewables in the energy mix from 42% by 2020 to 52% by 2030.

- Morocco is currently building the world's largest solar power plant.
- The plant is located in the city of Ouarzazate, on the edge of the Sahara desert.
- The entire project will be developed in four phases, and the total capacity of the project will be 580MW of electricity.
- Morocco is planning to increase its hydropower capacity from 280 MW in 2010 to 2000 MW in 2020, mainly produced by small and medium size wind energy farms.
- The technical potential of wind energy in Morocco is estimated to be 25 GW, which is 5 times the current installed power capacity in Morocco.
- In 2016 GDF Suez and Nareva will start the construction of the 300 MW Tarfaya wind farm in Morocco, which will be the largest wind project in Africa.
A new Wali, Mr Khalid Safir, was nominated by the King Mohamed VI to head the Casablanca region development plan. The plan has four main pillars:

- **Mobility and transport (USD 2.8 billion):** Extension of the tramway line, development of the bus fleet, building urban, provincial and highway roads and building other road facilities and tunnels.

- **Living conditions (USD 270 million):** Improvement of community centres and facilities, support to the non-formal sector, investments in education, rehabilitation of health institutions, protection of the environment, investments in water, electricity and sanitation grids.

- **Economic Attractiveness of the region (financed through a PPP-financing scheme):** Restructuration of existing industrial zones, building new industrial services and logistics zones.

- **Socio-cultural aspects and the preservation of the environment of the city (USD 205 million):** Construction of a large national theatre and a sports village, renovation of the coastal area and the Ain Sbaâ Zoo.

**SOURCE:** MOROCCAN FUND FOR TOURISM
PRIORITIZED SECTORS FOR PUBLIC INVESTMENTS

- RAILWAY
- AIRPORTS
- CITY DEVELOPMENT
- ROADS & HIGHWAYS
- EDUCATION
- AGRICULTURE: GREEN PLAN
- PORTS
- INDUSTRIAL ACCELERATION PLAN
- TOURISM: VISION 2020
- HEALTH CARE
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