



# DOING BUSINESS IN MOROCCO

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## Market profile

Morocco is the second-largest market in North Africa comprising 142,9 billion dollars USD, a member of the African Union and the leading investor in West Africa reaching up to 600 million dollars in 2015, while grossing the steadiest GDP growth since the millennium, and being the closest ally to the EU in the continent.

## Economy and business structure

Morocco should be thought of more as part of Europe than Africa. At the crossroads of continents, Morocco can take advantage of the best of both. The business environment is more like that of an emerging European country than the mainstream of the African continent. Morocco is a middle-income country investing in advanced technology, where economic and manufacturing value added is valued.

Climate change, energy transition, digital transition, health and education sector reforms are among the government's policy priorities and are also being addressed economically. Finland aims to become the number one partner in sustainable development. The hydric stress in the region is inducing important issues on water management, and its sustainability, as being an important resource for mining and agriculture.

Alternative energies, energy efficiency and the circular economy are the most attractive sectors for trade. The Moroccan government is prioritizing green economy projects and Morocco is aiming to become a leading producer of green hydrogen, for example. The digitalization of industry and agriculture, making production more efficient and adding value to "Made in Morocco", and increasing environmental friendliness also offer new opportunities for Finnish innovation. The circular economy needs Finnish expertise.

Morocco's growing national economy, an internal market of over 36 million people and increasing consumer demand also bring new opportunities for traditional exports. Technological developments in agriculture will create market opportunities for aggrotech solutions. Health technology is a growing sector and also offers markets for Finnish exports.

Finland is known in Morocco as a specialist in sustainable technological solutions, among other things. There is demand in Morocco, but this demand is not yet matched by Finnish know-how. Companies' knowledge of market opportunities still needs work.

In addition to the Moroccan market, the country's central position as a business hub for other markets in West and North Africa should be noted. Logistics chains are seeking new routes and Morocco is seeking to

### FACTS

- Merchandise exports: Agricultural products, Electrical components, textiles.
- Service exports: B2B, and B2C, accounting, legal, IT, marketing
- Capital: Rabat
- Official language: Arabic, Amazigh
- Area: 710 850 sq km
- Population: 37 million

strengthen its position as a logistics hub also towards Europe. Morocco is also the only African country with a free trade agreement with the United States. In the automotive and aeronautical sectors, Morocco's logistical role has already grown and investments in production facilities and logistical solutions have been made. Morocco's automotive industry, aircraft parts manufacturing and mining are traditional industries that also offer export opportunities for Finns. Major investments are expected mainly in logistics projects in ports and railways.

The Government is developing their projects in sustainable and green energy, industry 4.0, ICT and telecommunications, agtech and food security, affordable and sustainable housing, and universal access to health. This endeavor has been reinforced with the addition of smart cities project and business centers focused on innovation of the work sector.

## Key industries and their trends

### Energy

In 2030, the country aims to reduce its energy consumption by 15%, compared with a BaU scenario, and to reach 52% of renewables in its power capacity. ONEE, state owned producer, holds around half of the power capacity. An increasing share of the electricity production is provided by IPPs. Since 2015, Morocco has added 2.8 GW of capacity, mainly from coal and renewables. Imports cover 100% of oil and coal consumption and almost 90% of gas consumption. Motor fuel prices increased by around 20% in 2021, following international oil prices. Morocco aims to limit the influence of global oil prices on its budget. The growth in energy consumption slowed down between 2010 and 2019 and dropped by 7% in 2020. It is dominated by oil products (55%). The country plans to install more than 10 GW of renewables by 2030. Key environmental development projects have been launched ever since the cop22, which now leads to eco-cities, and energy focused plans on modernization and development. Most notably, Wind and Solar projects, linked to critical missions over water management will face massive overhauls. Two LNG imports terminals are planned with a total capacity of 10 bcm in 2030. In February 2022, Finland and Morocco signed a MoU in the field of energy, setting up a framework for future cooperation.

### Agriculture

The Moroccan society and economy depend heavily on agriculture. The sector still employs around one third of the population accounted for an average 12% of GDP over the past five years. Some 70% of farmers own less than five hectares. The food processing industry has a smaller but increasing workforce. The agri-food sector accounts for around 22% of total exports. Agricultural production is vulnerable to water scarcity. In years of drought, GDP shrinks considerably. Agriculture will be a sensible sector of investment as the growing need for water supply and management in the region will accentuate project making and solutions. As of now, agriculture has seen an exponential growth in investment as public policy holds a tax free position for most agricultural aims. The Morocco Green Plan (2008–2020) improved water management through investment in more efficient irrigation, crop differentiation and greater self-sufficiency. Government intervention fosters collaboration and cooperatives to improve productivity and to stimulate entrepreneurship and the introduction of new technologies in small farms.

### Food processing industry

Food processing industry: This industry accounts for 16% of Moroccan GDP growth, it is benefiting from both US import deals and a modernized infrastructure. An area of the market very sensitive to investment as Morocco exports 71% of BCC products to Africa and the middle east. A business in the food processing industry is vital for export goods in west-Africa and the broader middle east with selected products such as halal foods, and wheat-based products. The food processing industry is seen to receive a substantial impact

over water management and rationalization of production. The growth over Agriculture and food processing are intrinsically linked and matter in overarching industries, most importantly in innovation and environmental development of the private sector.

## Mining

The Moroccan phosphate industry is the largest national mining industry. Mining activities, and investments have been consistent in this field, as Morocco still holds 70% of the world's reserves of phosphate. A quarter of Moroccan export revolves around mining activities related to phosphate extraction. This natural resource is accounted for 14% of the world's production and is essential for industries such as: green agriculture, electronics, and waste management. Noting that the current paradigm over water and energy will be developed greatly, the mining industry will need to adapt to new policies and environmental changes in the Moroccan Business. It is paramount to develop a new way of developing the key business sector of Morocco while upholding the water and energy continuity, and costs.

## Textile

The textile industry is a cultural landmark of Morocco; with leather goods industry supported by national, state funding, Morocco has aimed to strengthen an already resilient sector of the industry (27% of jobs and 7% of the industrial added value). The domestic market value revolves around 4 billion euros, with around 3 billion euros generated through export. Textile is on the other hand massively dependent on water management, which is linked to the cost of fabric production: in order to keep the costs of production appropriate to the Business model of Morocco, vital partnerships have to be made to keep on the current models.

## Electronic assembly

The electronics assembly industry has appeared to take on Morocco with the added value of new industries developing through them. Public finance appears to show adaptability, as a future platform of export and production. Partnerships between Finland and Morocco can substantially help the efficiency of mass innovative tech.

## Important things to consider when doing business in Morocco.

Business in Morocco is a multiform ordeal; investment in manufacturing fields tend to link up multiple sectors, thus generate growth in rentability through consistency in the market. Exportation and importation are standardized, making large scale convoy as convenient as smaller sized projects. It is paramount to understand a layout of Moroccan laws and market laws on the capital front such as customs and market categorization. They are business advisors, networkers, and "referees" that prevent problems. Moroccan contracts hold many clauses that varies between specific project to more broad scale ones. Contracts can be amended to accelerate the execution of said projects. However, work culture does not allow Moroccan companies to interfere between one another considering deadlines, unlocking goods, and/or unlocking capital gain without supervision. Small talk, filial connections, languages are all key components of business making in Morocco. French and Arabic are the spoken language of business, and English is also used for non-French speaking.

Putting in place an intermediary between networks is advised. National politics (Sahara's filiation), religions, gender, and finances are best avoided topics. Big cities hold political or economic strongholds, thus systematically supplying for rural areas and international trade deals: they are better suited for integration of compagnies.

## Market data sources and other useful links

- <https://www.mcinet.gov.ma/en/content/missions>
- [Home | Banque de Projets \(mcinet.gov.ma\)](#)
- <https://www.ceicdata.com/en/indicator/morocco/producer-price-index-growth>
- <http://www.ondh.ma/fr/partenaires/ministere-de-lenergie-des-mines-de-leau-et-de-lenvironnement-departement-de-lenergie-et>
- <https://www.hcp.ma/>
- <https://data.worldbank.org/country/MA>
- <https://www.mem.gov.ma/Pages/index.aspx>
- <https://tradingeconomics.com/morocco/gdp>