



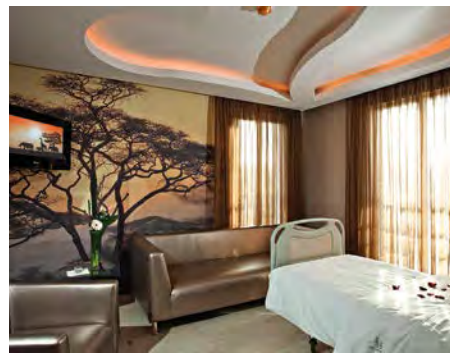
A transformed country

In his 20-year reign, King Mohammed VI has transformed his country into a thriving, modern economy open to the world



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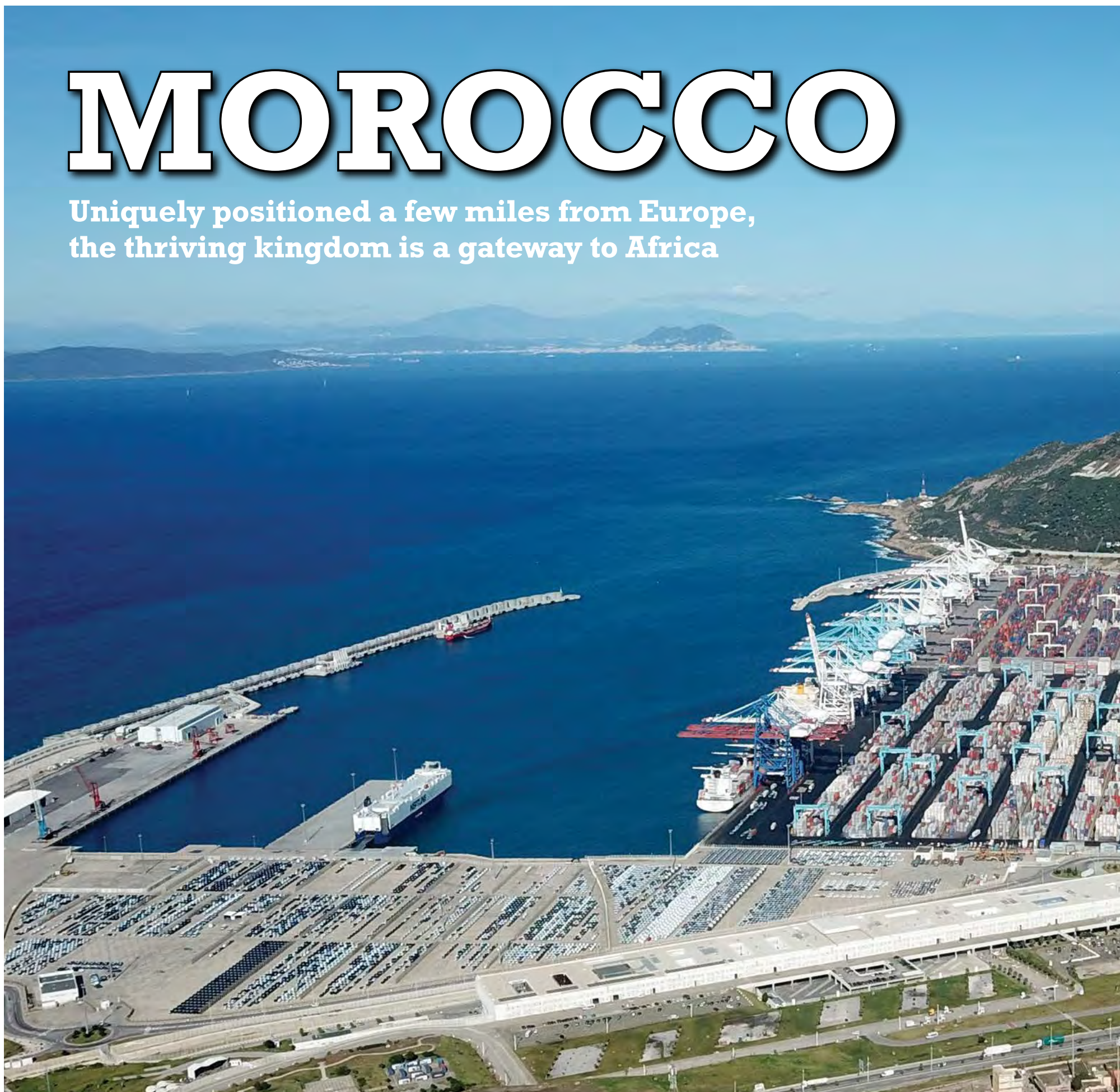
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Twenty years that changed Morocco

Since his accession to the throne 20 years ago, King Mohammed VI has ushered in an era of reform and profound modernisation

On 30 July, Morocco celebrated the 20th anniversary of King Mohammed VI's accession to the throne. Although the 56-year old monarch has announced he doesn't want any special celebration apart from the traditional Throne Day festivities, there is much he and his fellow Moroccans could celebrate.

In 20 years, the country has made huge strides in just about every domain of public life, whether the economy, the political structures, social development, the artistic scene or international relations.

Among the noteworthy political landmarks is the organisation in 2002 of the first ever legislative elections, which brought 35 women in Parliament while the moderate Islamists of the Party of Justice and Development became the leading opposition force, and are today the party in government. Furthermore, following the Arab Spring in 2011, which Morocco weathered smoothly, a referendum was held to introduce a number of political reforms, in particular that the Prime Minister must come from the majority party in parliament.

Another area where progress is undisputable is women's rights, a theme particularly dear to the king who once said, "Our true religion, Islam, has granted

[women] rights that are not respected. They are equal to men." The most far-reaching reform has been, in 2004, that of the *moudawana*, or family code, which declares full equality between husband and wife, grants women the right to ask for divorce and stipulates joint custody of children in case of divorce.

On the economic front, Mohammed VI's reign has been marked by a spectacular modernisation and reengineering of the economy around a number of specialised clusters integrated into global supply chains, the main ones being automobile, aerospace, and textile. The results are there: since 2000, the GDP per capita has increased by 70% in real terms and in 2018, growth doubled that of the MENA region at 3.2%.

In 2017, Morocco's automobile industry became leader in Africa, surpassing South Africa for the first time. Now, the government expects to produce one million vehicles a year by 2025. As for aeronautics, which in 20 years has become Morocco's leading industry, it will grow even further following an agreement signed in 2016 with Boeing for the creation of a new manufacturing ecosystem near Tangier.

Over the past two decades, Morocco has also made great strides in building a business-friendly environ-



King Mohammed VI of Morocco: a determined and cautious reformist

ment, and is now ranked 60th out of 190 countries in the World Bank's Doing Business 2019 report.

Yet another reason to be proud is the creation of a modern and efficient transport and communication system, with some stellar facilities such as the Tanger Med port complex, which opened in 2007, and the brand new high speed railway linking Tangier and the country's economic capital of Casablanca, inaugurated at the end of last year.

Throughout his reign, Mohammed VI has been a tireless ambassador on the international stage, strengthening Morocco's relations with the European Union and signing no less than 55 free trade

agreements. Now, Morocco is becoming a key player in Africa, weaving increasingly tight bonds with its sub-Saharan neighbours. It is the second largest African investor in the continent, with Dh 17.5 billion (£1.4 billion) over the 2008-2015 period, and all its major companies operating in SSA, notably in banking and telecoms. In 2017, it rejoined the 55-member African Union, after 33 years of absence. It now aims at joining the Economic Community of West African Countries (ECOWAS).

Modernised, more open inside and outside, freer and outward-looking, Morocco could very well become a role model for many developing countries.

First port of call: Hard infrastructure

The opening of the state-of-the-art port of Tanger Med in 2007 has been a game changer for Morocco's economy. Now it is doubling its capacity

Opened in 2007, the state-of-the-art port of Tanger Med has been a game changer for Morocco's economy. Strategically situated on the Strait of Gibraltar where the Mediterranean meets the Atlantic, it sits along a strategically important maritime trade route between Europe, North Africa and the rest of the world.

Tanger Med is testament to Morocco's massive effort to build a modern transport infrastructure, a key driver of growth. It is also the result of a consistent policy of significant public investment: amounting to about 30% of the national income, it is one of the highest in the world.

In 2018, Tanger Med handled a total volume equivalent to Dh 317 billion (£25.8 billion), surpassing the South African port of Durban to become the first African maritime platform. It received over 13,000 ships from 186 ports and 77 countries, and treated some Dh 139 billion (£11.4 billion) of exported goods, equivalent to 50% of all Moroccan exports. The port is also the basis of operation for more than 800 companies representing a yearly export turnover in excess of \$7.2 billion in various sectors such as automotive, aeronautics, logistics, textile and trade.

Last year, Tanger Med established direct maritime links with Djibouti, Guatemala, Ireland, Bahrain and

Madagascar, while exchanges are growing with Morocco's African neighbours such as Mauritania, Senegal, Côte d'Ivoire and Ghana.

"The port has been elected first in Africa three years in a row, ahead of Durban in South African and Port Said in Egypt," says Rachid Houari, Director of Tanger Med 1 and 2. "This happened in just over 10 years, when our competitors are for the most part quite old. It is still a young project and it is growing fast."

Tanger Med's success owes much to the fact that it was conceived from the start to be linked with a logistics hub on land and as such played a decisive role in bringing to Morocco major international companies, such as Renault and Siemens among others.

In 2018, close to half a million cars (479,321) transited by the port, an 11% increase over the previous year. This total includes 383,715 cars exported by Renault from its dedicated terminal, 91% of which were produced at its Tangier plant. This year, Tanger Med will start exporting the Peugeot vehicles that will come out of the PSA Group's brand new facility at Kenitra. Inaugurated by King Mohammed VI on 20 June, the plant is linked to Tanger Med by rail.

"Linking the port to the hinterland was one of the major components of this success story," notes Hassan Abkari, Tanger Med's Deputy Director General.

"Without this, we would have been a simple logistics platform dedicated to transshipment serving the large shipping lines without any direct, positive consequences on the local population in terms of job creation. Seven hundred million dollars have been dedicated to the highways and railways connecting the port to the Moroccan network in Tangier city, about 65 kilometres of rail link."

2019 will be an important year with the opening of Tanger Med 2, which will double the port's capacity. With a capacity of around 6 million TEUs (twenty-foot equivalent units), Tanger Med 2 will bring the total capacity of Tanger Med container terminals to 9 million

"Tanger Med 2 will place us in the top 20 ports worldwide, out of 500. Today, we are n° 45."

Rachid Houari
Director of Tanger Med 1 and 2

TEUs. As such, the port will become one of the most important transshipment hubs in the Atlantic and the Mediterranean. "Tanger Med 2 will place us in the top 20 ports worldwide, out of 500. As of today, we are number 45," says Houari.

Public investment for this new facility amounted to some Dh 14 billion (£1.15 billion). More interestingly perhaps, the project also attracted considerable private investment: the Netherlands-based international container terminal operating company APM Terminals in-

jected Dh 8.5 billion (£701 million) in the construction of the largest terminal, the TC4, which it will manage. The Moroccan operator Marsa Maroc also obtained the management of a terminal, slated to start operations in 2020.

The volume of private investment generated over the years by Tanger Med is one of the great successes of the private-public partnership policy sought by Moroccan authorities over the years. "The total investment in Tanger Med Port and the wider industrial zone is \$9.1 billion, half of which is public and the other private," adds Houari. "What is interesting is not only the significant public investment but also the €4 billion [£3.5 billion] of private investments. We saw companies such as Maersk-APM investing 150 million ten years ago, and deciding later on to invest a further €900 million. The Eurogate-led consortium, which includes CMA CGM, followed and invested €150 million. We are talking about private companies that operate in over 80 countries and carefully choose the projects in which they decide to invest."

Apart from propelling Morocco as a world leader in global maritime transport and logistics, Tanger Med has also had a deep impact inland and transformed the city of Tangier into a bustling and modern and urban centre. When 20 years ago, the northern city was somewhat forgotten, it is now the embodiment of King Mohammed VI's push for modernisation.

With the imminent opening of Tanger Med 2 and following the inauguration of the new high speed railway that cuts travel between Tangier and Casablanca from nearly five hours to just over two, Tangier asserts its role at the forefront of Morocco's economy along with the economic capital, Casablanca.

The ties that bind: Soft infrastructure

Moroccan banks are spearheading the kingdom's African expansion

Moroccan banks have been at the forefront of Morocco's decisive push into Africa over the last decade. While King Mohammed VI has been a tireless ambassador, crisscrossing the continent to tighten political bonds with his neighbours, banks have spearheaded the expansion of Moroccan enterprises to the south.

With a strong, solid banking sector featuring among the most developed in Africa and a small domestic market offering limited potential for further development, Moroccan banks have seized opportunities first in French-speaking West Africa and now increasingly in the rest of the continent.

In sub-Saharan Africa, economic growth, the rise of a middle class and a wealth of investment needs have

“African markets still offer massive growth opportunities.”

Kamal Mokdad, General Manager at BCP

concluded to spur the interest of Moroccan banks, in particular the three leaders: Attijariwafa Bank (AwB), Banque Marocaine du Commerce Extérieur (BMCE) and Banque Centrale Populaire (BCP). “Almost all African markets still offer massive growth opportunities in all segments, provided you address them with the right value proposition, the right cost structure and the right risk management system,” says Kamal Mokdad, general manager in charge of international banking at BCP, quoted by the *Financial Times*.

A leading financial centre

Moroccan banks currently operate or hold assets in over 20 African countries. About a third of their total profits are generated from subsidiaries across Africa, while the continent absorbs about 23% of their loans. Some of the largest operations of late include the 2017 acquisition by Attijariwafa of Barclay's Egyptian branch for \$500 million, and further acquisitions are earmarked in Rwanda, Kenya and Ethiopia.

Another increasingly important player in Morocco's African expansion is Casablanca Finance City (CFC). It was set up in 2011 with the specific aim



Casablanca, the economic capital, is key in financing Morocco's expansion in Africa

of attracting companies wanting to use Morocco as a platform ideally positioned between Europe and Africa for their ventures south of the Sahara. Also the seat of the Casablanca Stock Exchange, which had a market capitalisation of \$59.47 billion as of March 2019 and is partnered with the London Stock Exchange, the economic capital of Morocco is key in financing the country's African expansion.

Companies with CFC status benefit from a series of advantages, mainly fiscal, such as the exemption from corporate tax for five years followed by a reduced, 8.75% rate on export-related revenues. Today, 180 companies benefit from the CFC status, which is

reserved for financial institutions and regional HQs of multinationals, including insurer Lloyd's of London, international consultancies McKinsey and Boston Consulting Group, and law firm Clifford Chance.

In its latest report (September 2018), the authoritative Global Financial Centres Index ranked Casablanca 28th worldwide, a 4-point gain since 2017. It is ranked third in the MENA region behind Dubai (15) and Abu Dhabi (26), and is the first in Africa, surpassing Cape Town (38). Globally, it is almost on par with Geneva (27) and Paris (23). It is also worth noting that CFC is a partner of all the leading financial centres in the world.

Preparing for post Brexit

Long-standing friends, the UK and Morocco hope to boost trade after Brexit

Both the UK and Morocco hope that following Brexit economic relations between the two long-standing friends will expand. Indeed, bilateral trade is for now regulated under the Free Trade Agreement (FTA) between Morocco and the European Union that came into force in 2000. While the FTA has given a wealth of opportunities for businesses on both sides, Moroccan authorities hope Brexit will enable them to boost exports, notably of agricultural products and, more importantly, at more advantageous prices for both sides since the FTA was also designed to protect producers in France, Spain and Portugal.

Bilateral trade in goods and services is worth around £1.8 billion. Already a significant proportion of tomatoes, fresh fruits and sardines consumed in the UK are imported from Morocco. If it were not for the FTA, Morocco could export a lot more, and at cheaper prices.

On the other hand, the UK exported goods to Morocco for a total value of £573 million, according to the latest figures (2014) available at the Foreign Office. The UK's top exports include mineral fuels and oils, vehicles, iron and steel, nuclear reactors, boilers, machinery and mechanical appliances, and aircraft and spacecraft.

Furthermore, in 2018, the UK was the 8th largest foreign investor in Morocco, with 4.8% of the total,

according to the Foreign Exchange Office of the Moroccan Ministry of Finance. The three leaders are France, the United Arab Emirates and Spain.

Here again, there is scope for expansion. “There are areas where there is a natural cross-over, such as education where there is genuine mutual benefit to be had. Other promising areas are renewable energy – people in London are really interested because there is a lot of green money there looking for a place to invest –, ports and infrastructure, financial and business services, logistics and possibly offshoring, healthcare, textiles, and agriculture,” says the British Ambassador to Morocco, Thomas Reilly.

In June, the British Secretary of State for International Trade, Liam Fox, made a two-day visit to Morocco focused on trade and economic relations after Brexit. He met with the Moroccan Minister of Industry, Investment, Trade and Digital Economy, Moulay Hafid Elalamy, the Minister of Agriculture, Aziz Akhannouch, and the Secretary of State for Foreign Affairs, Mounia Boucetta.

“We are more advanced in the services sector and have a lot of skills that could be useful here,” said Fox, adding that Britain “wants to invest in Morocco's future in terms of workforce and capacity to generate services that will facilitate export to the African continent.” Another important aspect of the visit was security and stability in North Africa.

Casablanca: the arbitration capital for international businesses in Africa

A major reason for Morocco's success as a gateway for investors to move into Africa is its legal system, says Bassamat Fassi-Fihri, managing partner of Bassamat & Laraqui, one of the country's largest independent law firms, and a specialist in Moroccan and wider-African business law.

“The political will is to provide a modern legislative and jurisdictional framework that supports investments and is aligned with European standards, and our commercial laws are constantly adapted to take into account emerging challenges,” she notes.

To navigate this dynamic framework, both national and international companies – such as Toyota, Citibank and Clifford Chance – turn to Fassi-Fihri's firm for personalised advice: “Bassamat & Laraqui celebrates 30 years of practice this year, so we are very experienced in the evolving jurisdictional world.”

Set up by Fassi-Fihri, Asmaa Laraqui Hosini and Rokia Kettani as the country's first female-led law firm, Bassamat & Laraqui now employs 100 staff, including 30 lawyers, and is regularly ranked as the top Moroccan firm for business litigation by Chambers and Partners. It has also received plaudits for



Bassamat Fassi-Fihri
Managing Partner
Bassamat & Laraqui

opening up the law by creating a free bilingual online portal of legal texts and reactivating the kingdom's law journal.

The firm has played a pivotal role in making Morocco an arbitration destination as well. “We regularly defend the interests of foreign investors in complex litigious contracts. But the world of business is also about managing potential litigation. Casablanca has become a place of arbitration for Africa and is excellently positioned for this – we adhere to the New York Convention and have a

very good code of practise for international arbitration,” she says.

Bassamat & Laraqui operates the most advanced management technologies for its client services, experience that is also being used to guide improvements in the country's judicial system. Fassi-Fihri provides an illustration: “The National Business Environment Committee, which is behind the business-law reforms, asked us to help introduce paperless court procedures. You can now file and follow each step of your case online. This is just one way in which Morocco has succeeded in creating fair, modern and pioneering justice in Africa,” she says.

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BASSAMAT & LARAQUI
— CABINET D'AVOCATS —

AMDIE: Shining a light on opportunities in Morocco today

The agency helping foreign investment capitalize on Africa's most fertile economic environment



With foreign direct investments totalling 33.5 billion dirhams (£2.7 billion) in 2018, a 28.6% hike over the previous year according to the Moroccan Ministry of Industry, Morocco has once again proved its long-standing attractiveness to investors. Indeed, it is seen as a haven of stability in an often volatile region, one of its strongest assets although by far not the only one.

Equally important is its visionary economic development policy, which it has carefully developed over two decades to create highly specialised clusters around a number of key industrial sectors integrated in international supply chains such as automobile and aeronautics.

Another major draw is Morocco's enduring economic growth, which has consistently hovered over 3% in the past ten years, even in the wake of the 2008 global crisis. According to the International Monetary Fund (IMF), Morocco's real GDP growth rate reached 3.1% in 2018, almost double that of the MENA region, and will increase to 3.2% in 2019. Furthermore, the IMF forecasts a 4.5% growth by 2024, a higher rate than predicted for any advanced economy, including the United States and European Union countries, which the IMF said will experience overall growth of only 1.8% this year. This translates into a GDP-per person growth of some 70% in real terms since 2000, quite a feat.

Last but not least, Morocco's hands on policy of huge public investments, in particular in infrastructure, which at about 30% of the national income are among the highest in the world, has also spurred private invest-

ment. It has equipped Morocco with a modern, efficient transport and communication system, notably through the key Tanger Med port facility – one of the largest in the world – and, since November 2018, the state-of-the-art high speed railway line linking Tangier with the economic capital of Casablanca.

All these factors combined with an increasingly investor-friendly environment have pushed Morocco up international rankings: in 2019, it reached the 60th



“The environment is completely safe, with the same norms as those of the European Union.”

Hicham Boudraa
Acting CEO, The Moroccan Investment and Export Development Agency (AMDIE)

position in the World Bank's Doing Business report, a spectacular leap from the 128th rank reached in 2010. The kingdom is also classified as the 75th most competitive nation in the World Economic Forum's latest, 2018 index (out of 140 countries).

In 2017, Morocco took yet another step to boost its attractiveness by grouping the various entities that were

in charge of promoting investments, exports, trade fairs and exhibitions into one single organisation, the Moroccan Agency for Investment and Export Development (Agence Marocaine de Développement des Investissements et des Exportations, AMDIE).

“This new step is driven by a strong will to significantly improve the quality of services provided to national and international project leaders,” says the Minister of Industry, Investment, Trade and Digital Economy, Moulay Hafid Elalamy, who is one of the main architects of the re-engineering of the nation's economy. “This instrument, matching international standards, gives economic operators better visibility on the international scene, as well as a better control of national strategies and projects.”

Tapping into Africa's potential

AMDIE's acting CEO, Hicham Boudraa, adds that “the environment is completely safe. We work on the same norms as the European Union's. Investors can get back their dividends and profits, and if they sell their business they can repatriate the funds back home. There are no restrictions. For example, you are not required to have local partners and you can own 100% of your business.”

The UK is not one of Morocco's foremost traditional investors – France and China lead – but both Moroccan and British authorities are keen to develop opportunities, in particular with Brexit looming. Currently, over 200 Moroccan companies export their products to the UK and nearly 100 British companies are present in the kingdom, such as GlaxoSmithKline, Shell, British Airways and Unilever.

Apart from its structural assets, its advantageous location at the tip of Africa, a stone's throw away from Europe, and its open trade policy – with 55 agreements, including with the EU and the US – Morocco is increasingly seen as a natural gateway to sub-Saharan Africa (SSA). In this respect, it is particularly interesting for British businesses looking to capitalise on the continent's unstoppable growth.

Morocco's companies have greatly expanded to the south over the past 10 years and the kingdom is now the third most important foreign and second largest African investor in SSA. “We feel the UK is missing out on investment opportunities in Africa for structural reasons: some British investors tend to make decisions on their excel sheets, but when you look at Africa's potential and Morocco's position, it is clear there is a growth potential that is currently untapped,” says Boudraa.

Indeed, the global consultancy TS Lombard notes in a 2018 report titled Morocco: Gateway to African Growth that “Moroccan equities remain one of the safest ways to tap into the potential of SSA markets. This is because Moroccan companies benefit from partial state ownership, which mitigates the risks they face; are present in many SSA countries, making overall performance less reliant on individual subsidiaries, and have developed a good understanding of French-speaking SSA markets.”

But Rabat is also keen to see more British investment in the kingdom itself, where opportunities abound in all major economic sectors. Also, notes AMDIE's acting CEO, Britain's unparalleled record in education would be welcome: “Morocco needs a locomotive to build its education system and the UK could facilitate this.”

Morocco's competitive advantages

With its geostrategic location, stable governance and direct access to over a billion consumers, Morocco's potential is clearer than ever



1st
Foreign Direct Investment destination in Africa in 2018 by Ernest & Young



2nd
Best country for Doing Business in the MENA Region in 2019



1st
Financial center in Africa by Global Financial Centers Index 2018



3rd
Place to invest in Africa by Rand Merchant Bank 2018



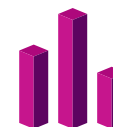
17th
Country worldwide in Liner Shipping connectivity (UNCTAD 2018)



1st
Country in Africa in terms of infrastructure quality (Global Competitiveness Report 2018)



3rd
Top destination in the entire Arab World for FDI in 2018 (FT)



2nd
in Climate Change Performance Index in 2019 in the world

Engines of change: The sectors transforming the Moroccan economy

The kingdom's economic development strategy based on specialised clusters connected to global supply chains provides a wealth of opportunities to foreign investors



Automotive industry

This is one of Morocco's most impressive success stories. Built practically from scratch, the automotive sector now represents 24% of the nation's exports while some of the world's leading manufacturers operate in Morocco, such as Renault-Nissan and PSA Peugeot-Citroën. The kingdom is now Africa's largest producer with 340,000 vehicles per year, and targets one million vehicles by 2025.



Aerospace

This is another stellar success in a sector that was virtually non-existent 20 years ago. It exports in excess of one billion pounds a year and includes some 130 SMEs and 16,700 employees. The biggest manufacturers are present in the kingdom such as Bombardier, Boeing, Daher, Hexcel, Safran, and Satys. Morocco has also signed major new contracts in recent years with Bombardier and Boeing.



Logistics

Morocco's geographical position and its open trade policy have spurred the development of its logistics sector. With 98% of its foreign trade done by sea, ports are vital: not only the giant Tanger Med complex on the Strait of Gibraltar, but also over 30 other, smaller ports. Moreover, Morocco boasts 1,800 km of new expressways, an expanded rail network, and modern logistic and industrial zones.



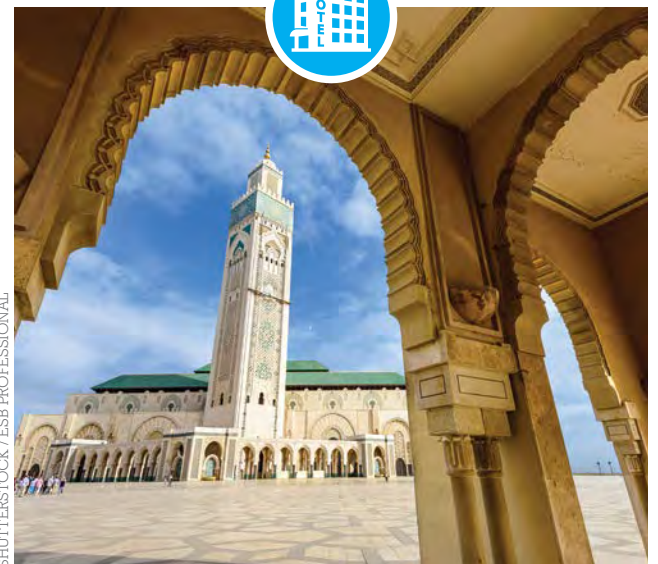
Renewable energy

Morocco is one of the world's leaders in renewable energy. Its \$30 billion (roughly £23.5 billion) national renewables plan targets increasing renewables to 42% of installed capacity by 2020 (or 2 GW each from solar, wind and hydro) and to 52% by 2030. By then, solar and wind energy will both account for 19% of total generation capacity, with hydropower providing 14% of total electricity production.



Agri-business

Agriculture is a key sector, accounting for about 15% of the GDP, depending on climatic conditions. It remains a traditional sector and more than 60% of the production consists of cereals. The 2008-2020 Green Morocco Plan (Plan Maroc Vert) ambitions to double agriculture's contribution to the GDP, raise exports to 44 billion dirhams (some £3.5 billion) and increase exports of value-added, agricultural products.



Tourism

2019 is set to be a record year for tourism in Morocco, following an impressive 2018 with over 11.3 million visits. Tourism contributes some \$20 billion to the national GDP and is set to grow to \$30 billion in the years to come. Beaches, heritage, one of the most refined cuisines in the world, music festivals, trekking, adventure... Morocco has something for everyone and a charm no other country has.

Morocco's economic engine

The Casablanca-Settat region accounts for a third of Morocco's GDP

One of the kingdom's 12 regions, the northern Casablanca-Settat Region is the country's economic engine. With a population of some 6.8 million, it accounts for a third of the GDP. Much of its wealth is generated in Casablanca (3.3 million inhabitants), the country's economic and financial capital, but the region has also other key assets such as three ports through which some 70% of Morocco's trade transit, an international airport connected with over 100 cities worldwide, and a modern road network that accounts for 40% of all road travels.

Furthermore, Casablanca is geared to become a major financial hub catering to businesses willing to export or set up operations in sub-Saharan Africa (see also article p. 3).

Business Focus met with Mustapha Bakkoury, President of the Casablanca-Settat Region. Here are excerpts of our interview.

Business Focus: How important is the region of Casablanca-Settat for the economy of Morocco?

Mustapha Bakkoury: Accounting for about 20% of Morocco's population, the region is an economic engine for the whole country. We have a strategy of sectoral development that we intend to pursue in order to strengthen our role in financial services, external and internal trade, specialised industries such as aeronautics, automotive and electronics, as well as in offshoring, pharma and agriculture. The latter is particularly important here because all our hinterland is mainly rural and accounts for 12% of the country's agricultural output and 60% of our agri-industry. We seek to strengthen the region's competitiveness by improving professional training and mobility.

Casablanca is already the economic capital of Morocco. What role will it play in the near future?

But the government's ambitions go far beyond this type of initiative, however fruitful they have proved to be. It has recently announced an overhaul of vocational training education with the aim of ensuring that young people's skills match the needs of the fast-evolving economy.



SHUTTERSTOCK / MARIANNA JANOVSKA

“Casablanca can provide the UK with a unique platform for development in sub-Saharan Africa.”

Mustapha Bakkoury,
President of the Casablanca-Settat Region

Its vocation is evolving and Casablanca is increasingly becoming a financial hub, in particular through Casablanca Finance City. The idea is to see Casablanca becoming a city oriented towards services, in particular in the areas of finance and tourism. It is also a hub for companies investing in sub-Saharan Africa. In this respect, we believe Casablanca can provide the UK with a unique platform for development in SSA, especially because there are already good relations with London, notably through Casablanca Finance City and the partnership between our bourses.

Talent is the new gold

Ensuring that young people's skills match the needs of the economy is a top priority

Morocco boasts more than 100 universities and public schools that produce 40,000 higher-education graduates each year, and there are also plans to train 25,000 engineers each year in the coming years, according to the Moroccan Investment and Export Development Agency (AMDIE). With a minimum wage standing at \$310, the Moroccan work force is competitive compared to other emerging economies. However, rapid industrialisation has posed a challenge to the general education system, and this has driven the government to seek to develop specialised training centres in the economic clusters where the major international manufacturers are based. “For the past 20 years, Morocco has followed a policy of privatization and become a major player in African economic affairs. This is why King Mohammed VI emphasised the need to put young people at

the centre of the new development model,” explains the Managing Director of Tectra, a recruitment and training agency, Claudia Gaudiau Francisco.

In the aeronautics sector, a specialised training institute, the Institut des Métiers de l'Aéronautique, opened in 2011 in Casablanca. It trains some 1,200 students each year as well as 300 professionals in vocational training, as part of an effort to provide 23,000 new aeronautics technicians by the early 2020s.

In the automobile sector, the new PSA Group's plant that opened on 20 June in Kenitra, near Tangier, is accompanied by a brand new training centre. At a cost of Dh 35 million (£2.8 million), it is managed by the Office for Professional Training and Employment Promotion (Office de la Formation Professionnelle et de la Promotion du Travail, OFPPT), which also co-funded it together with the Mohammed V Foundation for Solidarity.

A record budget for education

Education is the most pressing priority of the government, faced with the persistently high level of youth unemployment, at 20% on average, in a country where about a fifth of the population is aged between 15 and 24. This is also an issue that is very dear to King Mohammed VI, who repeatedly urges the government and institutions to provide the youth with a decent future,

New Cities of Professions and Skills will be set up in each of the kingdom's 12 regions, with a focus on tomorrow's jobs.

well aware that youth unemployment is not only a terrible waste but also a potential political time bomb. In his August 2018 address on the occasion of the anniversary of the Revolution of the King and the People, he said, “We cannot accept that our educational system function as a machine producing legions of unemployed, especially in certain university streams where, as is well known, graduates struggle to enter the job market.” In a 2018 report, the Economic, Social and Environmental Council (ESEC) noted that “the rate of unemployment increases with the number of years of study, which heightens frustration among university graduates who are unable to find a job.”

The vocational training shake-up recently announced includes the creation, in 2021, of Cities of Professions and Skills in each of the kingdom's 12 regions, which will be focused in particular on tomorrow's jobs such as digital offshoring and artificial intelligence. In accordance with royal instructions, the Cities will host and develop a variety of programmes aimed at young people working in the informal sector, with the objective of giving them the necessary skills, in particular languages, so they can join the formal sector. The latest finance bill, earmarking a record budget of Dh 96 billion (£7.9 billion) for education and health, is a clear indicator that the government is investing in its most valuable resource – its talent.



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Aziz Akhannouch, Minister of Agriculture and Fisheries

Sowing the seeds of a modern agriculture

Ensuring food safety and providing jobs and a decent living are key priorities

Agriculture is a key sector in Morocco's economy, accounting for about 15% of the GDP, 40% of jobs and 10% of exports, while some 45% of the population live in rural areas. However, it remains highly sensitive to climatic fluctuations and largely traditional. Modernizing the sector to provide a decent living to the millions depending on agriculture and boost of added value exports is thus an imperative and a top priority for the government.

Launched in 2008, the Green Morocco Plan seeks to boost the sector's productivity, to promote agricultural investment, to ensure food safety, to stimulate exports and to prioritize local produce.

ter of Agriculture and Fisheries, Aziz Akhannouch. Here are excerpts from the interview he gave us.

Business Focus: What are the main challenges and priorities for the Ministry of Agriculture today?

Aziz Akhannouch, Minister of Agriculture: His Majesty King Mohammed VI has set our priorities for the next decade, which are to develop a new vision for agriculture which is to provide jobs to young people. The objective is to create a rural middle class, and to develop one million additional hectares.

Obviously, our development strategy is based on Morocco's production needs and our ambition to improve added value and productivity, but above

"The UK is a very important market and we believe we can play a more significant role after Brexit."

Aziz Akhannouch, Minister of Agriculture and Fisheries

It is based on two pillars. The first one consists in transforming agriculture into a high added value and high productivity sector that caters to the needs of the market by encouraging private investment and agribusiness. The second one aims at improving small farmers' standard of living and fighting against rural poverty by increasing revenues in the most vulnerable regions and promoting agricultural cooperatives throughout Morocco.

What have been the results so far? At the latest International Forum for Agriculture (Salon International de l'Agriculture au Maroc, SIAM), held in Meknes in April, the SIAM trade association announced that output had reached Dh 125 billion (£10.2 billion) in 2018, a 60% increase since the launch of the Green Morocco Plan. Total investment in Morocco's agricultural sector in 2019 is expected to reach Dh 115 billion (£9.4 billion).

The association also pointed out progress made in irrigation, which is key in order to develop agriculture in this arid country, and that by the end of the year, local irrigation systems will cover 38% of the national irrigated areas by the end of 2019.

Business Focus met in April with Morocco's Minis-

all, it is focussed on youth and on giving them job prospects. We want young people to make a good living out of agriculture so they can join the middle class.

How do you foresee the impact of Brexit on Morocco's relationship with Europe and the UK in the domain of agriculture?

Morocco produces high quality foodstuff, in particular fruits and vegetables, which we already export to the UK via the European Union. The UK is a very good client and an important market, in particular for red fruits, oranges, clementines and tomatoes. We believe we can play a more important role after Brexit, and we are already in talks with London to prepare for that. The ideal would be to reproduce with the UK the same agreements that exist with the EU as a whole, and even go further since the EU will understandably want to protect a number of their own produce.

In any case, whatever the result of the negotiations between the UK and the EU, Morocco will look for solutions with the UK because it is a promising market for which we can provide good solutions.

A different kind of tourism

Fancy a mint tea, a lovely stroll in the souk and a tummy tuck? Morocco is the place to go

Known the world over for its mesmerizing souks, ochre landscapes, age-old mosques and immense beaches (to name but a few of its many wonders), Morocco is also building a reputation for top-quality and affordable plastic and aesthetic medicine.

More and more women – and some men – from Western countries, the Middle East and, increasingly, Africa are choosing Morocco to get that tummy tuck, breast implant or facelift that will look so cool on Instagram or simply make them feel good about themselves.

Within the \$8.8 trillion world tourism market, medical tourism was valued at \$36.9 billion in 2018. According to a 2019 report by leading market research firm Grand View Research, the global medical tourism market will grow by 21.9% and reach \$179.6 billion between now and 2026. The most popular destinations globally are in Asia and Latin America, with Thailand, Brazil and Colombia among the leading countries. But the MENA region is also growing strong, thanks notably to the wealthy clientele of Gulf countries. According to Arabian Travel Market, wellness trips across MENA (domestic and inbound combined) grew from 8.5 million in 2015 to 11 million in 2017, while revenues jumped from \$8.3 billion in 2015 to \$11 billion in 2017 and are expected to grow a further 75% to reach \$18.7 billion by 2022.

Morocco is the second highest wellness market in the MENA region with 2.8 million trips annually and expenditures at \$1.7 billion, behind the United Arab Emirates (1.8 million and \$3.75 billion) and ahead of Israel (900,000 and \$1.13 billion).

Morocco's direct rival, Tunisia, whose wellness tourism has long been established, ranks 10th only, with 600,000 annual trips and expenditures at \$314 million, a relatively modest performance that can be explained by concerns over safety in recent years.

Now, with tourism earmarked as a key driver of growth as part of Morocco's Vision 2020 development plan, the wellness/medical segment is set to play an increasingly important role in achieving the objective of featuring among the top-20 tourism destination globally.

Its many tourism assets, proximity to Europe and Africa,

good connectivity thanks to its agreement on air transport with the European Union, prices ranging between 30% and even 50% lower than in many other destinations, and well trained and reliable medical staff are all decisive advantages in favour of Morocco.

"Plastic surgery is indeed booming here," says Dr Mohamed Guessous, founder of Guess Clinic in Casablanca. "But there is also an established tradition here in Casablanca, which was already considered a plastic surgery capital in the 1960s." Indeed, among the first gender reassignment operations in the world were performed in Casablanca in the late 1950s.

Dr Guessous says that most of his clientele comes from Europe, in particular French-speaking countries (France,



"Casablanca has a long-established tradition in plastic surgery and aesthetic medicine that dates back to the 60s."

Dr Mohamed Guessous, Guess Clinic

Belgium, Switzerland), but that the clinic also receives increasing number of clients from the Middle East and Africa. "Plastic surgery and aesthetic medicine have become mainstream, they're not reserved for the wealthy anymore."

Marrakech is also emerging as a leading destination in this field. One of the most important projects so far is the Marrakech Healthcare City built by the UAE's Tasweek hotel group in 2016 for a price tag of some \$40 million. With a clinic, a five-star hotel and a village of 56 apartments with swimming pools and private gardens, it is testament to foreign investors' interest in Morocco's growing wellness and medical tourism.





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Enchanting beaches and landscapes, a rich culture, über trendy destinations, as well as warm hospitality: Morocco is an enduring tourism destination

A unique appeal to visitors worldwide

Interview with Lamia Boutaleb,
Secretary of State for Tourism

Tourism in Morocco is in good health: after a record year in 2018, with more than 11.3 million visits, 2019 also looks set to hit new records.

The sector contributed some \$20 billion to the national GDP in 2017, or 18.6% of the total, and this share is expected to rise to \$30 billion in the coming years.

Moroccan authorities are keen to capitalize on the country's well-known assets – the enchantment of its landscapes, its rich culture and its balmy climate – to develop a sector that already employs directly or indirectly over 16% of the population. The 2020 Tourism Strategy targets 15 million visitors by next year and, in the longer term, to position Morocco among the world's top 20 destinations.

Business Focus has met with Lamia Boutaleb, Secretary of State for Tourism, to discuss the country's objectives and the plans to achieve them.

Business Focus: What progress has been made since the launch of the Vision 2020 strategy, in 2010?

Lamia Boutaleb: Nine years ago, the world was reeling from the 2008 Great Recession, in particular Europe, which is our main market. Tourism has also been affected by geo-political disruptions. Apart from these economic and political factors, the travel industry has been shaped by underlying trends such as digitization, the emergence of low-cost airlines, and heightened awareness of the environment. But Morocco has weathered all these changes quite well.

We focussed on developing diversified touristic regions with a complete offer to cater to the different types of tourists and needs. We have registered three consecutive years of growth since 2016, with arrivals and overnight stays growing by more than 10% each year. In addition to classical destinations such as Marrakech, Agadir, Fes or Tangier, new ones have emerged such as Chefchaouen in the north and Merzouga in the south. Also, we've seen growing numbers of tourists from China.

What are the main factors that contributed to these good results?

An important factor is that we have a well-thought strategy and that we monitor closely its implementation. We organise each year a national tourism conference (les Assises du Tourisme) gathering all the relevant stakeholders across government who present their balance and are held into account. So governance is key.

Another important factor is the open sky agreement we signed with the European Union in 2006. Air connectivity is essential to tourism. Once we sign a new route with an airline, they are our presence on the digital platform. It's not just the route itself, it's all the marketing that comes with it.

Furthermore, airlines have tourist databases, so when we open new routes, we have access to a whole new set of customers. And obviously, the agreement brought prices down. You can now fly from Paris to Marrakech for as little as 40 euros.

Then there is the fact that nationals from over 140 countries can access Morocco without a visa. In 2016, his Majesty King Mohammed VI decided to waive visa requirements for Chinese nationals, and the number of arrivals has increased from 10,000 to 200,000 since then.

What is the role of the national carrier Royal Air Maroc in promoting tourism?

With its fleet of 60 aircrafts and direct connections with about a hundred cities worldwide, Royal Air Maroc plays a critical role not only in transporting tourists but also in showcasing Moroccan hospitality. It has increased the number of domestic routes between its main Casablanca hub and destinations such as Fes, Agadir and Ouarzazate, and all at a very low price. Adding these final legs is a key factor.

How has demand for green and sustainable tourism evolved and how does it shape the future?

Morocco has long been a leading actor in green tourism. At the 2015 Paris climate conference (COP22), we signed an investment charter for Africa with specifications concerning tourism. We have a green label that we award to hotels that comply with a number of norms regarding the use of water, electricity and other utilities.

In terms of destinations, some are wholly ecological, such as Dakhla or Merzouga in the desert where all constructions are forbidden and only tents are used. There are also similar places in the Atlas Mountains. We take great care in respecting the local environment, the local population and our resources.

How important is conference tourism?

It is a very important segment. In fact, we are setting up

a Moroccan convention board in order to better sell our MICE (meetings, incentives conferences and exhibition) offer, in particular to event management companies. An important development in this respect is the project of a new congress and exhibition centre planned in Marrakech, with a capacity of at least 10,000 guests. We are working on similar projects in Tangier, Casablanca and Agadir.

MICE tourism is important for us because what we want really – and this goes for family tourism as well – is for people to stay longer. The most important is not so much arrivals, however important they may be, but all the revenues visitors generate during their stay.

What opportunities do you see for growth with the British market?

The British market is our second largest in terms of overnight stays, and our fourth largest in terms of arrivals behind France, Spain and Germany. What distinguishes British travellers is that they typically stay in hotels and for longer periods.

“The British market is our fourth largest in terms of arrivals behind France, Spain and Germany.”

Lamia Boutaleb, Secretary of State for Tourism

We have seen a decrease in the number of British tourists worldwide, but this has not been the case in Morocco, quite the contrary. There has been an increase of 6% last year and of 7% so far this year. Many other destinations in Europe have seen huge drops, so we are doing comparatively well.

We have worked a lot on increasing connectivity with a range of cities across the UK, rather than focusing just on London.

What are the prospects in domestic tourism?

Tourism is cyclical so we sometimes have downturns in international visitors. It is the internal market that keeps the ship steady. But more importantly, it is critical that our country be discovered by its own citizens. With that in mind, we have developed products specifically geared for Moroccan tourists. In particular, we encourage Moroccans to travel in the summer, which is the low season for international arrivals, and we have developed products with regulated prices so they are affordable for Moroccan families.

Dr. M. Guessous
Chief Plastic Surgeon

Guess Clinic

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Before

After

Before

After

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