

# Embassy of the Kingdom of Morocco in Turkey



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**Morocco Country Day**  
**« Moroccan-Turkish Bilateral Economic Relations »**

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**-Istanbul Sanayi Odası-**

# AGENDA

- I. Why Morocco?
- II. Morocco-Turkey Free Trade Agreement
- III. Moroccan- Turkish Economic Relations
- IV. Morocco: the case of Aerospace Industry
- V. Conclusion

# I. Why Morocco?

## A stable political Environment

- 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:
- **A continuing drive for openness and democratization:**

1. Respect of Human rights
2. The legality of the State and its institutions
3. Respect of individual and collective liberty
4. Improved moral standards in public life
5. The plurality of the Moroccan identity

**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 *The Global Peace Index 2013*

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

According to the *Egyptian Center Ibn Khaldoun 2013*

# I. Why Morocco?

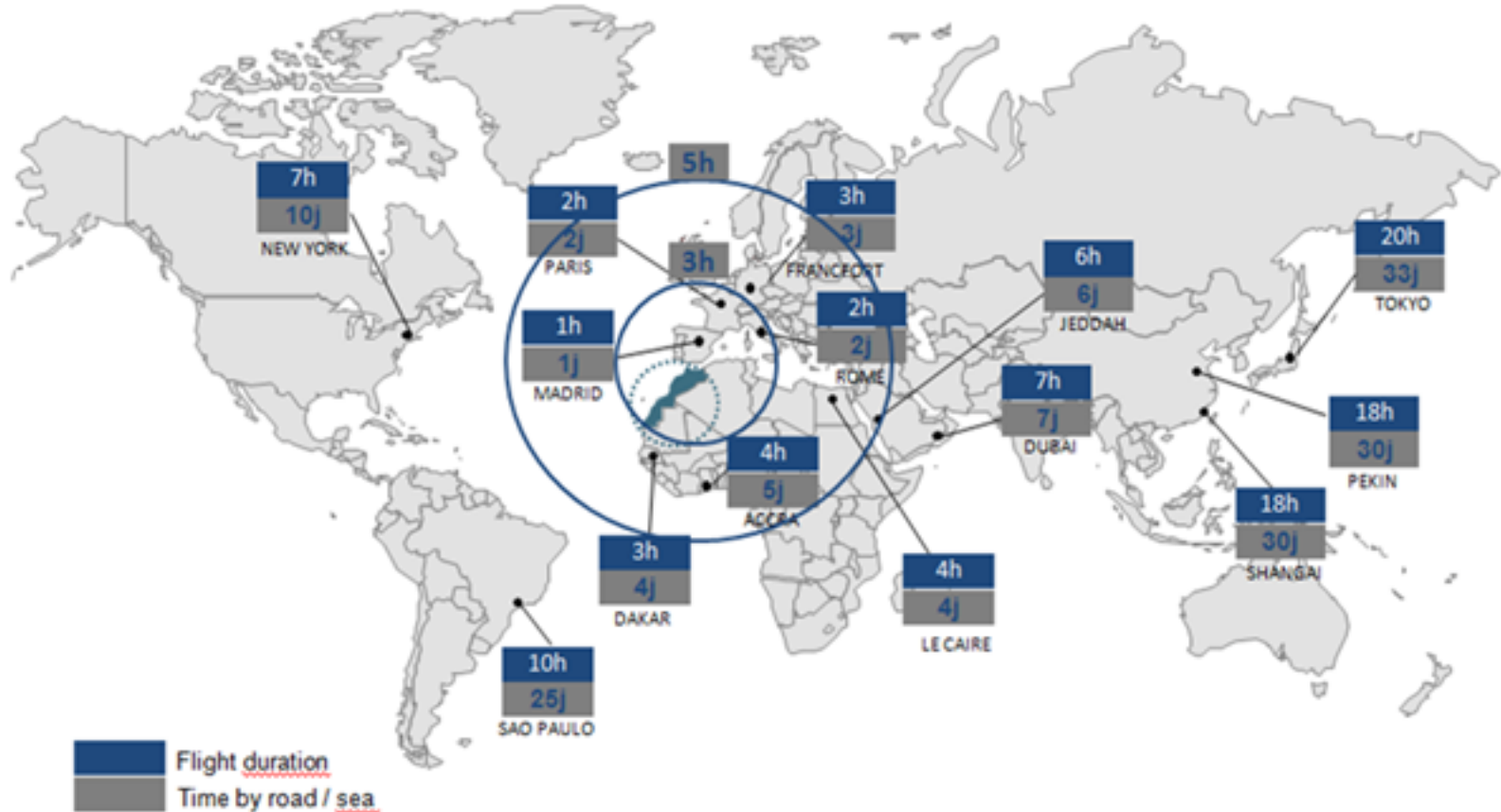
## Morocco ranked among low-risk countries worldwide

- **Control Risks**, has published its annual report , on May 2016, about risks for companies. The Kingdom is classified in the category of countries with "low risk" for global companies, in the same level as the United States, Canada or France.
- According to the report, world businesses can settle in the countries in this category and are doing business safely.
- According to **Santander Trade** statistics, Morocco offers highly competitive protection for investors :

Country comparison for the protection of Investors	Morocco	Middle East & North Africa	United States	Germany
Index of Transaction Transparency *	7.0	6.0	7.0	5.0
Index of Manager's Responsibility**	2.0	5.0	9.0	5.0
Index of Shareholders' Power ***	6.0	4.0	9.0	5.0
Index of Investor Protection****	5.0	5.0	8.3	5.0

Source: Doing Business Report-2016 (World Bank)

# Morocco at the Crossroads of all Continents



**Sources:** Royal Air Maroc, COMANAV

# *Easiness of doing businesses in Morocco*

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  
agreement and  
double taxation

3

# Ambitious Sectorial 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

## MINING SECTOR 2025



- Turnover \*3 → 1.5 Bn USD
- Investment X10 → 0.4 Bn USD
- Jobs X2 → 30 000

## 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

## LIQUIFIED NATURAL GAS



- 4,6 MM USD d'investissement
- Gas terminal
- 400 km gazoduc
- Combined cycle power plant



# Modern Infrastructure



## Airports

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



## Tramways

- Rabat and Casablanca
- €1 billion



## Highways

- 2015: it will connect all the big cities of Morocco



## Railway Network

- First high-speed train in Africa (Tangier-Casablanca) in 2018 – €1.8 billion



## Ports:

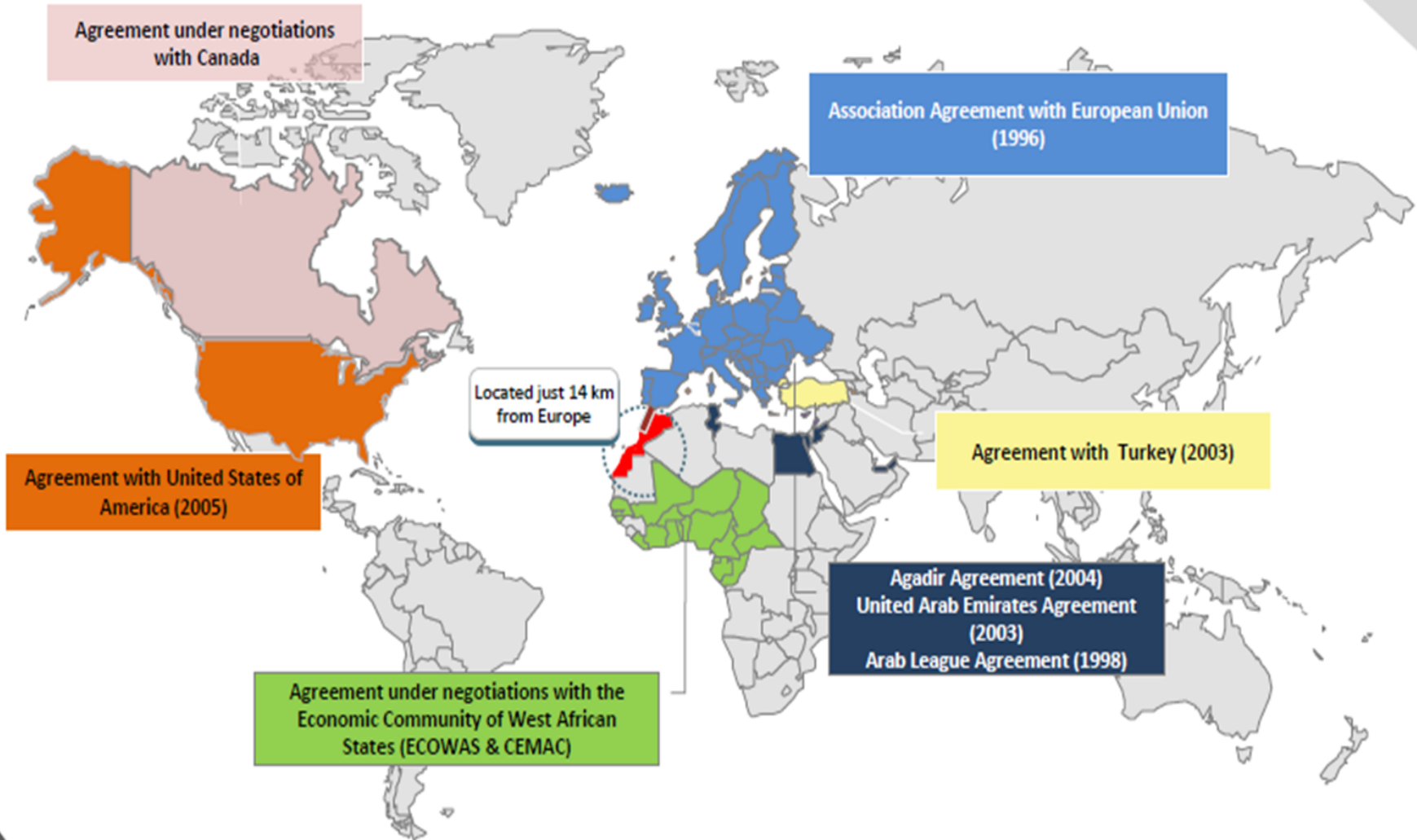
- Morocco has two coastlines (Mediterranean and Atlantic)
- More than 95% of trade in Morocco go through the seaway.
- Morocco has 38 ports of which 18 are devoted to foreign trade.

## Tangier Med port:

- Ideal port platform to serve Europe and West African countries



# Unique set of Free Trade Agreements



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

## II. Morocco-Turkey Free Trade Agreement (2006)

Trade relations between Morocco and Turkey are governed by the Free Trade Agreement signed on April 7<sup>th</sup>, 2004 and entered into force on January 1<sup>st</sup>, 2006.

The Agreement provides:

1. Immediate exemption from import duties (ID) on capital goods, certain spare parts, raw materials and inputs that are not locally manufactured
2. Dismantling of (ID) at 10% per year on locally manufactured products.

3. Dismantling of (ID) applicable to certain motor vehicles, on the basis of:
  - 3% per year during the first four years of dismantling;
  - 15% per year, from the fifth year of the agreement's entry into force until the total elimination of import duties.

N.B.: Some products are excluded from tariff dismantling and subject to the common law system with payment of all duties and taxes due on importation.

### III. Moroccan- Turkish Economic Relations

## The Evolution of Bilateral Commercial Exchange

In billion DHS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Importations</b>	5,5	6,9	8,3	5,8	6,4	9,4	9,8	11,7	14,4	15,8
<b>Evolution</b>	-	26%	20%	-31%	12%	47%	4%	19%	24%	9%
<b>Exportations</b>	1,1	1,1	2,3	1,4	2,9	2,8	3,0	3,6	4,6	6,7
<b>Evolution</b>	-	6%	98%	-37%	102%	-3%	6%	20%	29%	45%
<b>Global Value</b>	6,6	8,1	10,6	7,2	9,3	12,2	12,8	15,2	19,0	22,5
<b>Evolution</b>	-	23%	31%	-32%	30%	32%	4%	19%	25%	18%
<b>Trade Balance</b>	-4,4	-5,8	-6,0	-4,3	-3,5	-6,6	-6,8	-8,1	-9,9	-9,2
<b>Evolution</b>	-	31%	4%	-28%	-18%	87%	3%	19%	21%	-7%
<b>Coverage Ratio</b>	20%	16%	27%	25%	45%	30%	30%	30%	32%	42%
<b>Evolution</b>	-	-16%	65%	-9%	81%	-34%	2%	1%	4%	32%

# Major Exported Goods

In million DHS

	Importation	Part
<b>OTHER NEW VEHICLES, CYLINDERED NOT EXCEEDING 1800CM3</b>	1479	22,2%
<b>PHOSPHORIC ACID</b>	926	13,9%
<b>DIAMMONIC PHOSPHATE)</b>	560	8,4%
<b>FLOUR, FISH POWDER IMPROPER TO HUMAN USAGE</b>	547	8,2%
<b>NON-MOLDED NATURAL CALCIUM PHOSPHATES</b>	538	8,1%
<b>WIRE BARS AND GOLD PROFILE</b>	458	6,9%
<b>NEW VEHICLES OF A CYLINDER NOT EXCEEDING 1500CM3</b>	396	5,9%
<b>OTHER NEW VEHICLES, CYL. &lt;1800CM3</b>	393	5,9%
<b>OTHER FORMS OF GRANULATED SUGAR</b>	373	5,6%
<b>RAW SILVER</b>	238	3,6%

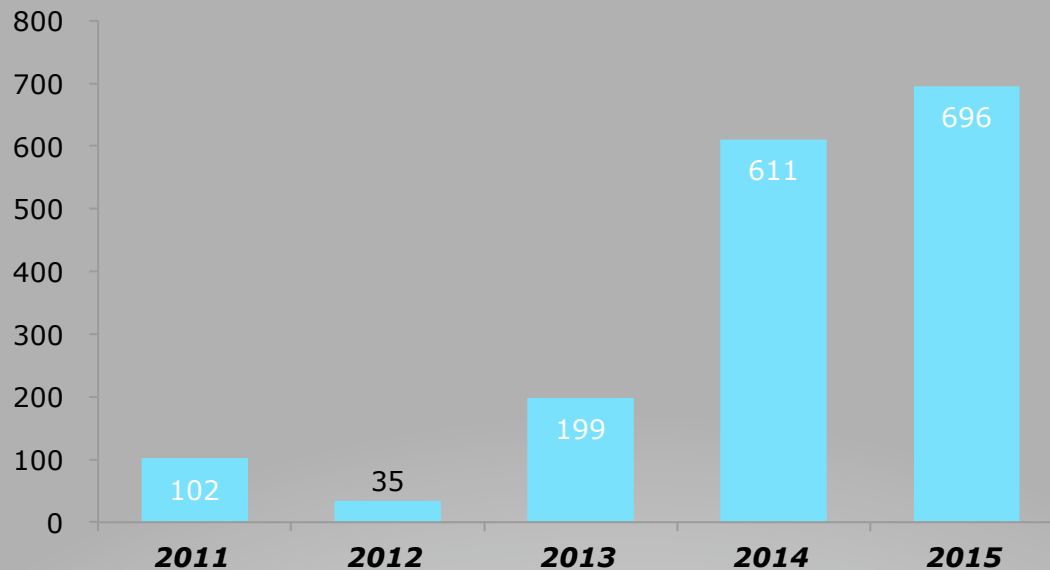
# Major Imported Goods

In million DHS

	Importation	Part
<b>NEW VEHICLES OF A CYLINDER NOT EXCEEDING 1500CM3</b>	1 369	8,7%
<b>OTHER PRODUCTS OF PRECIOUS JEWELRY METAL</b>	513	3,2%
<b>SEMI-PRODUITS OF HOT-ROLLED STEEL</b>	356	2,2%
<b>CAR BODIES OF 87-03</b>	345	2,2%
<b>OTHER PARTS &amp; BODYWORK ACCESSORIES</b>	212	1,3%
<b>ELASTIC FABRIC POLYESTER VISCOSE RAYON MIXTURE</b>	209	1,3%
<b>OTHER NEW STATE TANK TRUCKS</b>	208	1,3%
<b>FABRIC MAT, ARTIFICIAL SYNTH. OU TEXTILE MATERIAL</b>	207	1,3%
<b>AUTRES BARS OF HOT-ROLLED STEEL</b>	204	1,3%
<b>AUTRES BARS OF TRANSVERSALE RECTANGULAIR</b>	203	1,3%
<b>IRON OR HOT-ROLLED STEEL&lt;=EP&lt;3MM;0.9&lt;=LAR&lt;1.5M</b>	198	1,3%

## Turkish Investments in Morocco

### Evolution of Turkish FDI 2011-2015 (In Million DHS)

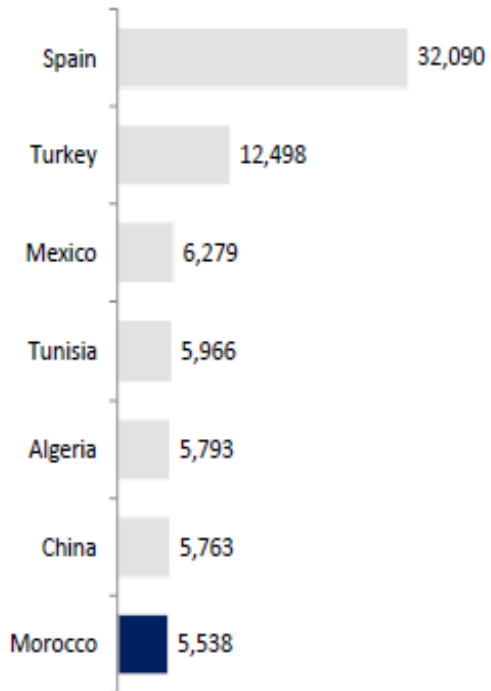


In 2015, Turkey became the 12<sup>th</sup> foreign investor in Morocco with 1.8% of incoming FDI. Turkish FDI was multiplied by 6 over the last five years. Indeed, Turkish investments increased from 102 M Dhs in 2011, to 696 M Dhs in 2015.

# Competitive Labor Market

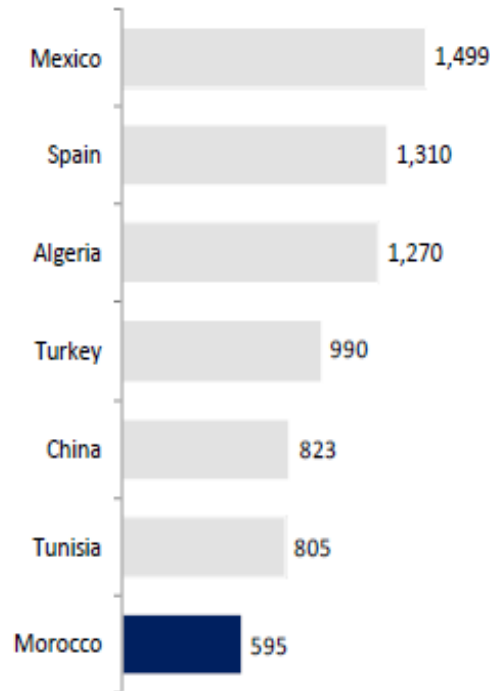
## Competitive cost of labor<sup>1</sup>

Production worker - Annual total cash (\$)



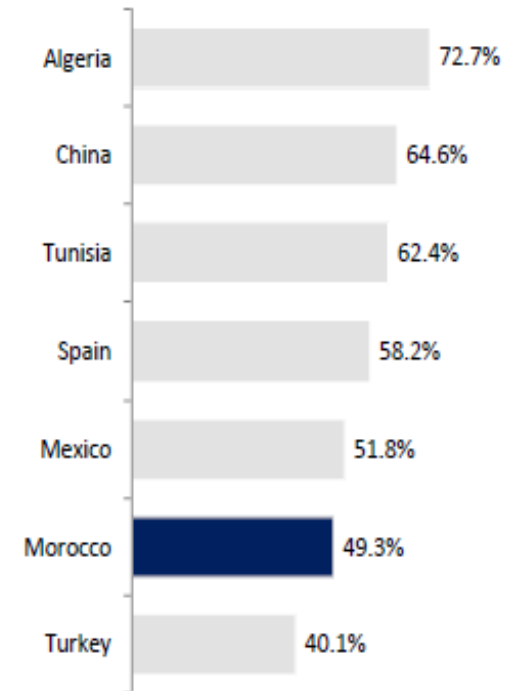
## Lower exports costs<sup>2</sup>

US\$ per container



## Attractive tax rates<sup>3</sup>

% of commercial profits





# Solid Human Capital

## A young and well educated workforce

- 64% of Moroccans are aged under 34 years
- 175 000 university students
- 25 000 engineering graduates per year



- ~10 millions of French speakers
- ~6 millions of Spanish speakers
- English: ranked 45th WW and 2nd in North Africa<sup>1</sup>
- Strong cultural and linguistic affinity with Europe

## Government support for training

### Dedicated entity for professional training (OFPPT)

- A network of 337 schools with ~400 000 trainees
- Training in 6 industries:
  - Industrial, Tertiary, Construction, ICT, Tourism, Transport & Logistics



OFPPT center



IFMIA Tangier

### Government partnering with investors for training

- Creation of an Automotive Training Institute (IFMIA) for the workers of the Renault plant
- Morocco financed 100% of the training facility

## IV. Morocco: the case of Aerospace Industry

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 B export sales, 10 000 employees and ~106 companies in 2013;

A network of ~90 Suppliers operating in critical parts of the value chain.

## Bombardier: Midparc



*BOMBARDIER site in Nouaceur Free zone is the le 3<sup>rd</sup> Group's largest industrial site , following the site of Queretaro in Mexico and Belfast's site in Northern Ireland.*

- **55 000 m<sup>2</sup>** total industrial area owned by BOMBARDIER in **MIDPARC exportation free zone** (opened in 2013)
- **850 employees** by the year 2020
- **Production** : **mechanical components and sub-assemblies** (leading edges ...) for Canadair Regional Jet (CRJ) wings, a civilian airliner conceived by the Canadian airframe manufacturer (carried out so far in Belfast).
- **37.5 millions €** to be invested in sourcing by the year 2024 for an expected global quantity of 500.000 pieces
- Nearly de **8.4 millions €** will be set aside for sourcing from Morocco
- **13.1 millions €** : allocated budget for the **construction** of the covered area of 14.000 m<sup>2</sup> o/w 9.500 m<sup>2</sup>, and 18 m height, platform dedicated to production

# AIRBUS: Stellia Aerospace



Dispositif industriel de Stellia Aerospace au Maroc  
(Filiale du groupe Airbus)



July 1, 2015



- ✓ STELIA Aerospace, 100% subsidiary of AIRBUS group (fusion : Aerolia & Sogerma, jan.2015), 1.8 milliard € and 6,100 employees worldwide (800 in Morocco )
- ✓ Site launch: 2<sup>nd</sup> plant in Midparc Nouaceur, **15.000 m<sup>2</sup>** (Dec. 2015), delivery scheduled for June with operational force of **150-200 emp.**
- ✓ ~40 millions € investment
- ✓ 400 - 500 employees (futur)
- ✓ Activity : specialized in assembling complex aerospace sub assemblies (tq. Fuselage elements of A320 et A330, size of 3-4 m)

# CONCLUSION

- In total, Turkey is the 11<sup>th</sup> Moroccan customer and its 9<sup>th</sup> Supplier. Morocco is the 53<sup>rd</sup> Turkish supplier and its 28<sup>th</sup> customer.
- In the last five years, Moroccan imports from Turkey have doubled (9.8 billion DHS) against only 2.8 billion DHS of exports.
- Thus, the Moroccan trade deficit with Ankara stands currently at around 8 billion DHS.

**THANK YOU FOR YOUR  
ATTENTION**

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**Questions?**