

MOROCCO



INVESTMENT AND EXPORT AGENCY

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AEROSPACE INDUSTRY

NOVEMBER 2018

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AMONG THE  
WORLD'S MOST  
DYNAMIC AEROSPACE  
LOCATIONS

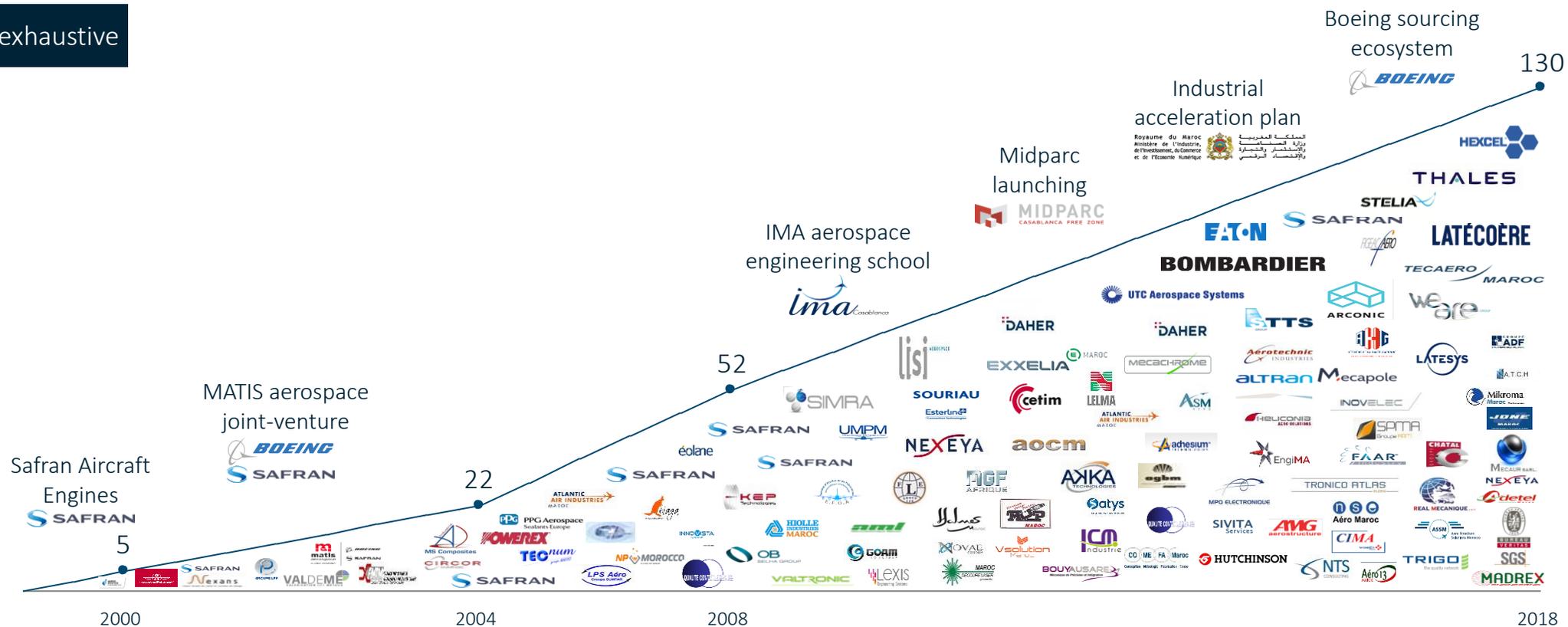




# A 20-YEARS JOURNEY TO BUILD A LEADING AEROSPACE INDUSTRY

Number of companies

Non-exhaustive



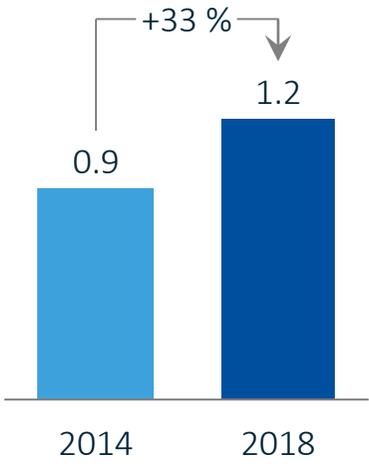
Sources: Companies website, Moroccan Ministry of Industry and Trade



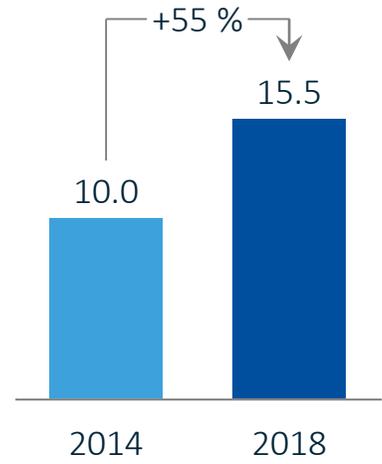
# MOROCCO'S AEROSPACE INDUSTRY SPREADS ITS WINGS



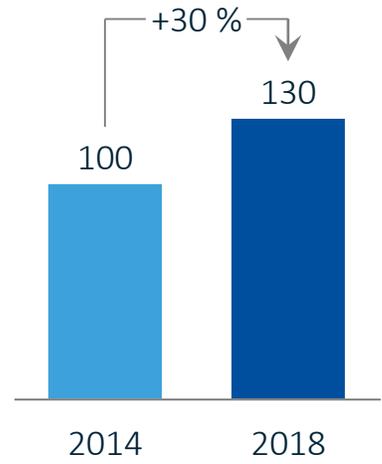
Sales  
(USD bn)



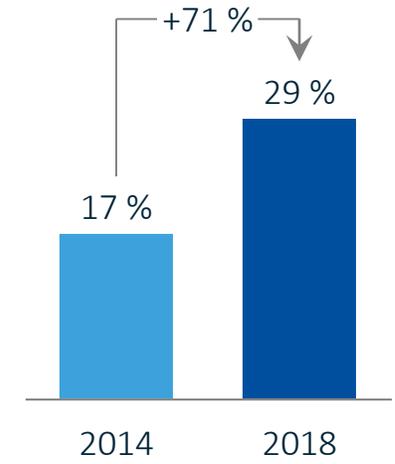
Employees  
(k employees)



Companies  
(# companies)



Integration  
(% local integration)



Morocco's Aerospace ranked #5 most attractive country for suppliers  
#1 in Africa

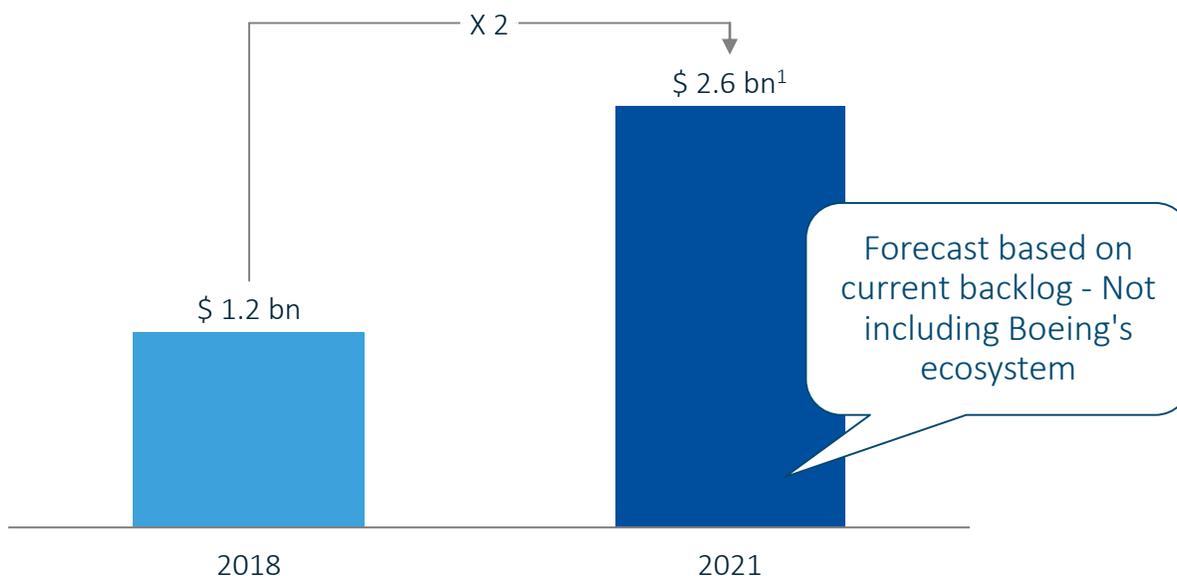
Source: Office des changes, AMDIE, Mazars 2016 Commercial Aerospace Study Insight for Suppliers



# A FORECAST GROWTH OF MORE THAN 20% PER YEAR IN THE COMING YEARS

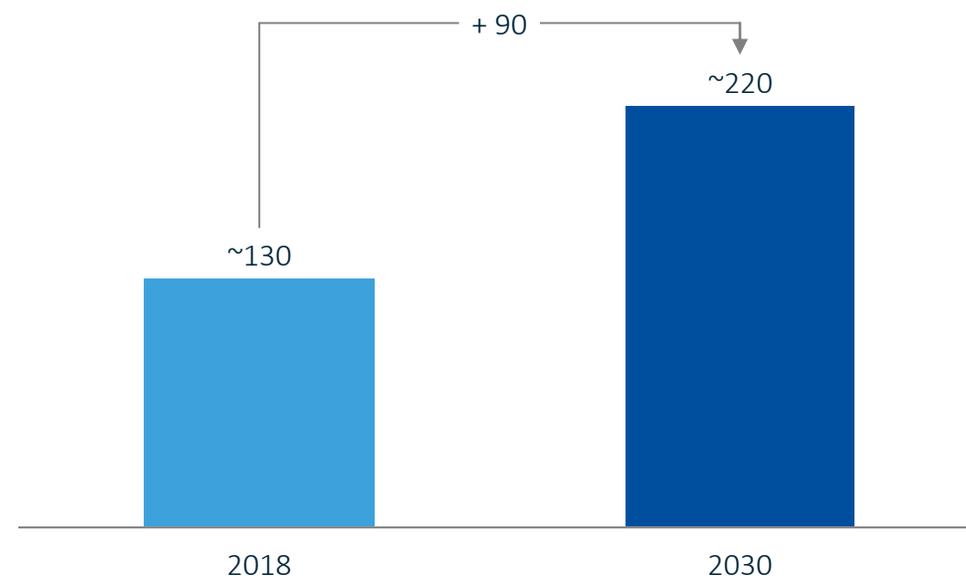
A turnover multiplied by at least 2 times in 5 years

Forecast turn over evolution based on backlog (\$ bn)



+130 new companies expected to choose Morocco by 2030

Number of aeronautic players present in Morocco



1. On the basis of existing capabilities, excluding the additional turnover generated by the expected 90 new companies / Source: Experis, MIICEN, BCG Analysis

# STRONG INSTALLED CAPABILITIES

**Aeronautic Equipment**  
 Equipment, final assembly & test ( Actuators, Cockpit & Cabin Equipment)

**Aero structure**  
 Assembly work packages (fuselage, nacelles...)  
 Composite structural & non-structural

**Engineering**  
 Mechanic, Electric, Electronic, Hydraulic  
 Study, design, FEA, Simulations 3D Printing

**MRO**  
 Heavy/line engine support services interiors

**Machining**  
 CNC machining /aluminum/steel/titanium metal analysis/mechanical testing

**Special processes**  
 Anodizing (OAC,OAD,OAS,OAT...)  
 Plating, coating, phosphating, passivation

**Sheet metal works**  
 Cutting metals stamping , bending, shot peening, or welding processes

**Electrical wiring**  
 Wiring /technical harnesses electronics systems testing

A High Value and diversified Supply Chain

Source: AMDIE, GIMAS



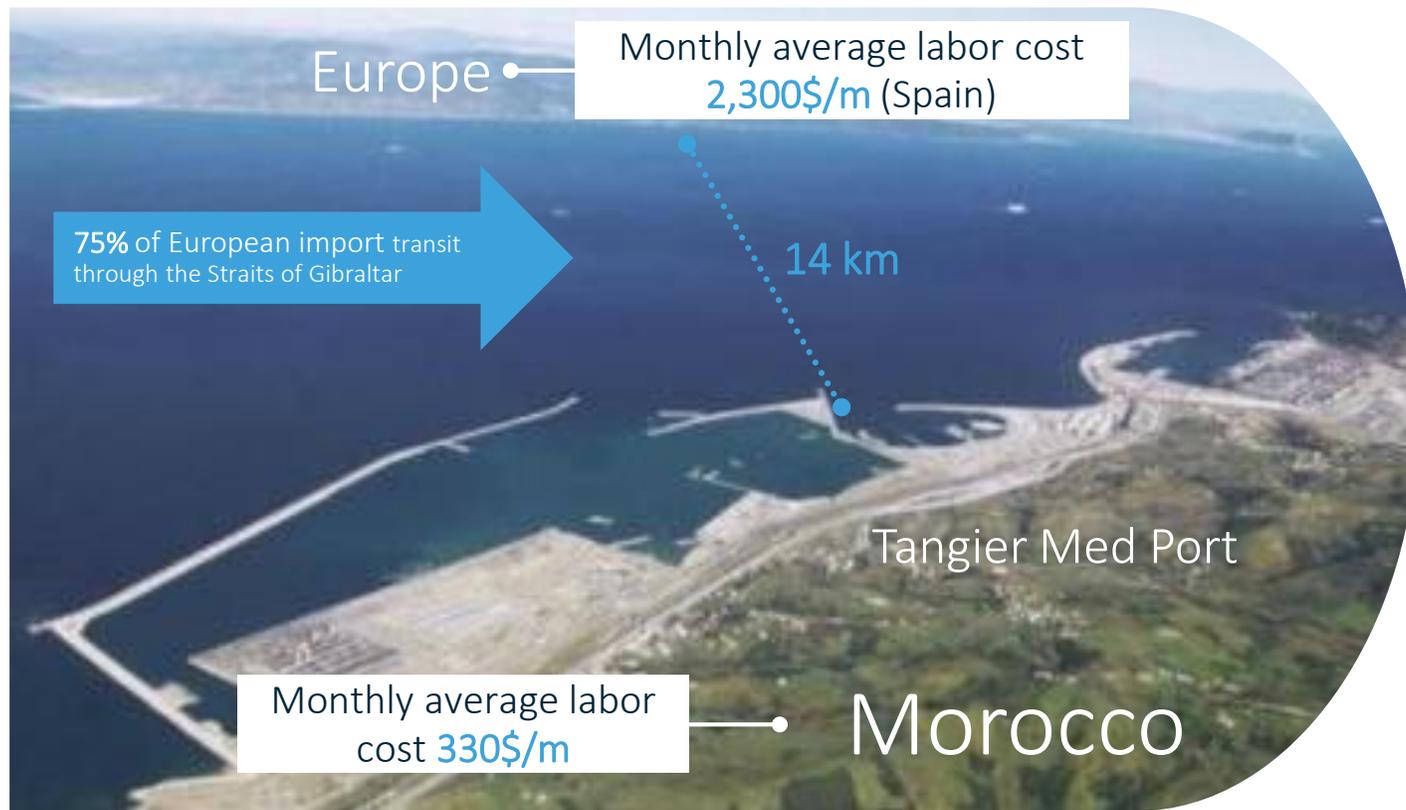
A UNIQUE  
COMBINATION OF  
COMPETITIVE  
ADVANTAGES





# MOROCCO IS STRATEGICALLY LOCATED

"Morocco is to Europe what Mexico is to the USA"



Closest African country to the US and Europe



14km from Europe

7-hour flight to North America

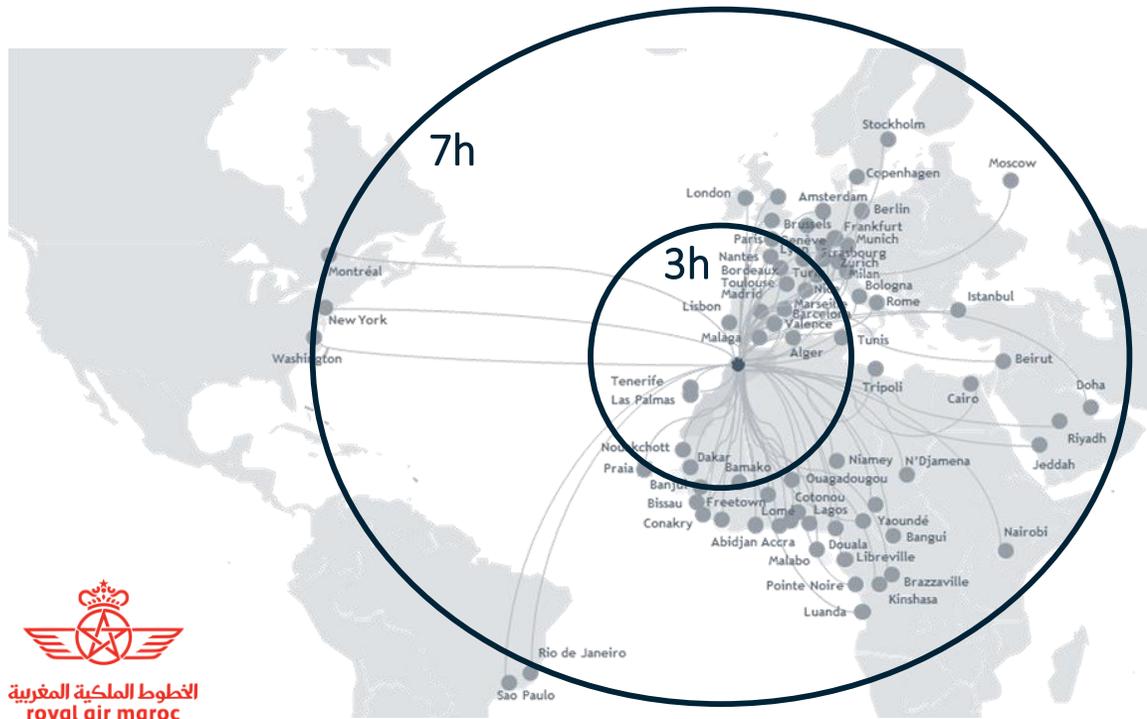
Source: TMSA, MIICEN





# 3 HOURS AWAY FROM WESTERN EUROPE AND 7 FROM THE US

A platform for travelers between Africa, Middle-East, Europe & America



16 international airports

Triple Open Sky agreement with the US, the EU and Canada

Casablanca #1 hub between Europe and Africa

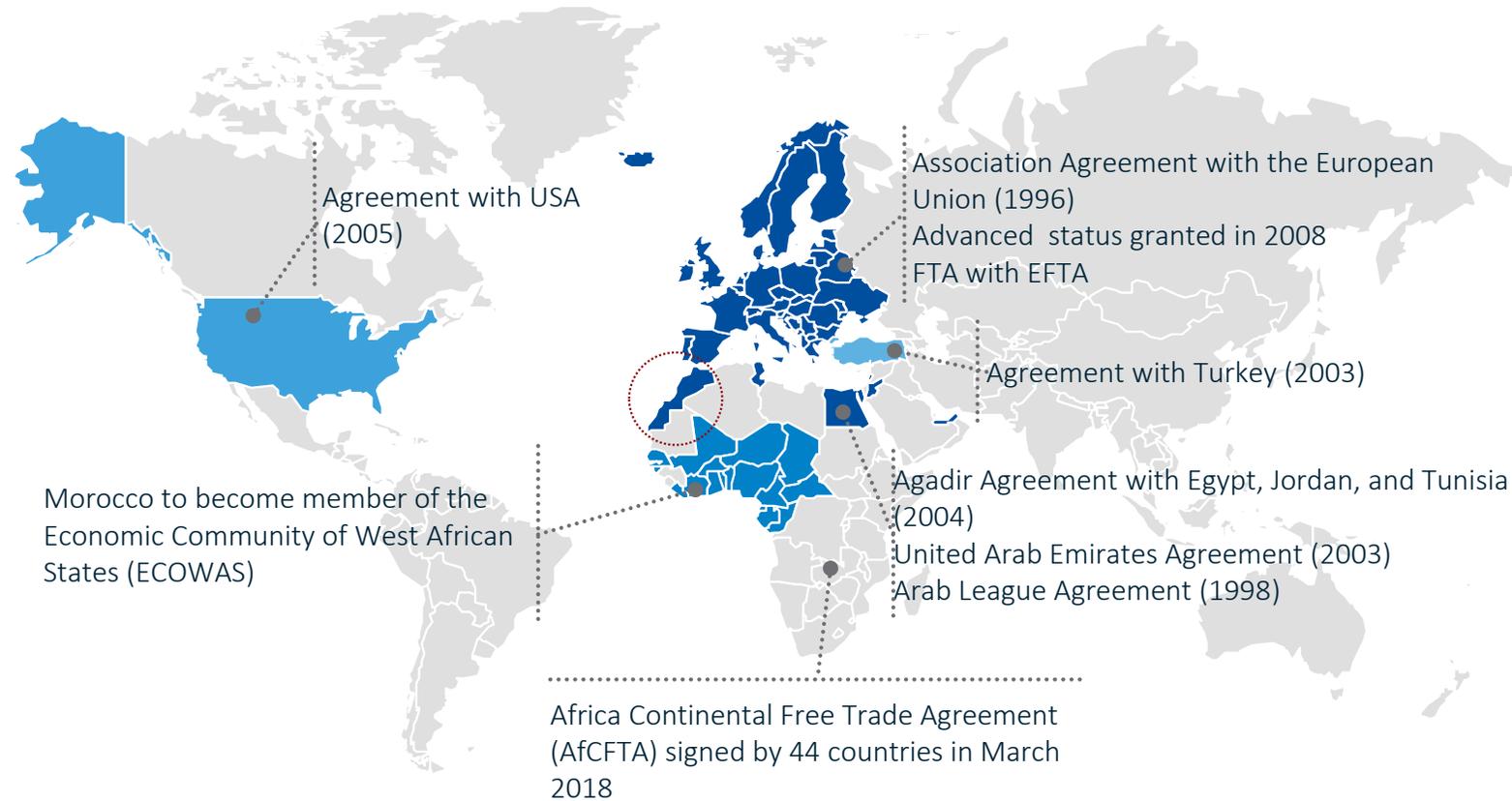
More than 1,200 weekly flights

Strong advantage for technological transfers & subsidiary management

Source: RAM, IATA, ONDA, BCG analyses



# MOROCCAN FTAS GIVING TAX-FREE ACCESS TO 55 COUNTRIES



Free Trade Agreements with **55** countries (**#1** in Africa)

Only African country having a FTA with the **US**

Source: Institutional websites



# A COMPREHENSIVE ECOSYSTEM APPROACH





# THROUGH ITS INDUSTRY POLICY, THE GOVERNMENT OBJECTIVE IS TO FURTHER DEVELOP THE AUTOMOTIVE ECOSYSTEM, TO REACH TOP 7 IN THE WORLD BY 2020

A whole set of support measures...

...to develop competitive clusters



Dedicated **industrial parks**



**Industrial fund**: 20 bn MAD (~2 bn USD)



Specific **strategies** for each segment to complete sectorial industrial maps



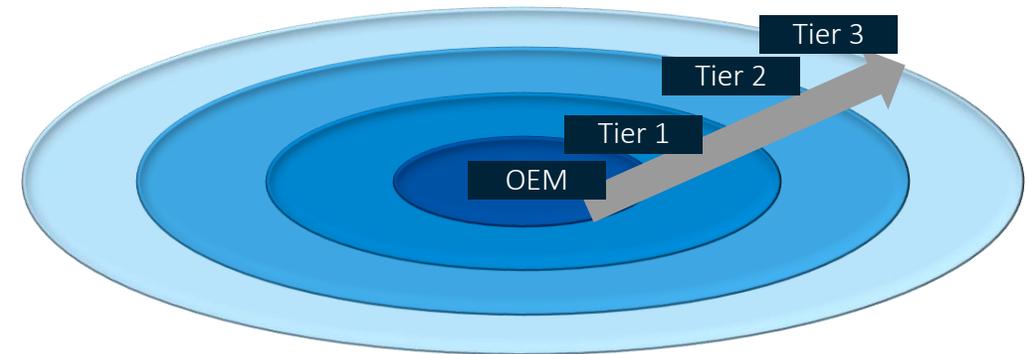
Coordinated and subsidized **training** programs



Targeted programs of **cooperation**



Long-term supply contracts and **technological transfers**



**Ecosystem-wide ripple effect**  
to accelerate local integration and industrialization

Source: MIICEN, AMDIE



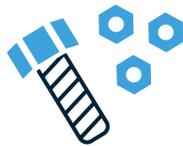
# 4 AEROSPACE ECOSYSTEMS



**Engineering** + 3,400 job creations  
+ \$ 0.1 Bn additional sales



**EWIS** + 4,900 job creations  
+ \$ 0.3 Bn additional sales



**Assembly** + 8,700 job creations  
+ \$ 1.0 Bn additional sales



**MRO** + 6,000 job creations  
+ \$ 0.2 Bn additional sales



Motors



Onboard electronics



Three new ecosystems  
underway

Ambitious  
targets  
by 2020

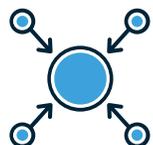


# BOEING SUCCESSFUL SOURCING ECOSYSTEM IN MOROCCO



Long-term relationship between Morocco and Boeing

- 2001: joint-venture with Safran in Casablanca
- 2016: launch of Boeing sourcing ecosystem



Convergence

Between operational and quality requirement of Boeing and Morocco unique subcontractors ecosystem



“ We have witnessed the unique opportunities that Morocco offers to aerospace subcontractors to reduce their cost while producing high quality aerospace products

Ray Conner  
President of Boeing Commercial Airplanes

120 suppliers	\$1bn economic impact <sup>1</sup>	8,700 jobs <sup>2</sup>	0 offset <sup>3</sup>

1. Yearly expected exports, in-country direct and indirect revenues 2. Expected number of direct jobs created 3. No replacement of existing industries  
Sources: Institutional sites, AMDIE



MOROCCO, A STABLE  
AND ATTRACTIVE  
COUNTRY





# MOST ATTRACTIVE AFRICAN COUNTRY FOR FOREIGN INVESTORS



## WORLD BANK EASE OF DOING BUSINESS 2010-2018

	Africa Rank 2018	Global Rank 2018	vs. 2010
Morocco	2	69	+59
China	-	78	+11
South Africa	5	82	-48
Tunisia	7	88	-19
India	-	100	+33
Brazil	-	125	+4



**1<sup>st</sup>** Most attractive African country for foreign investors



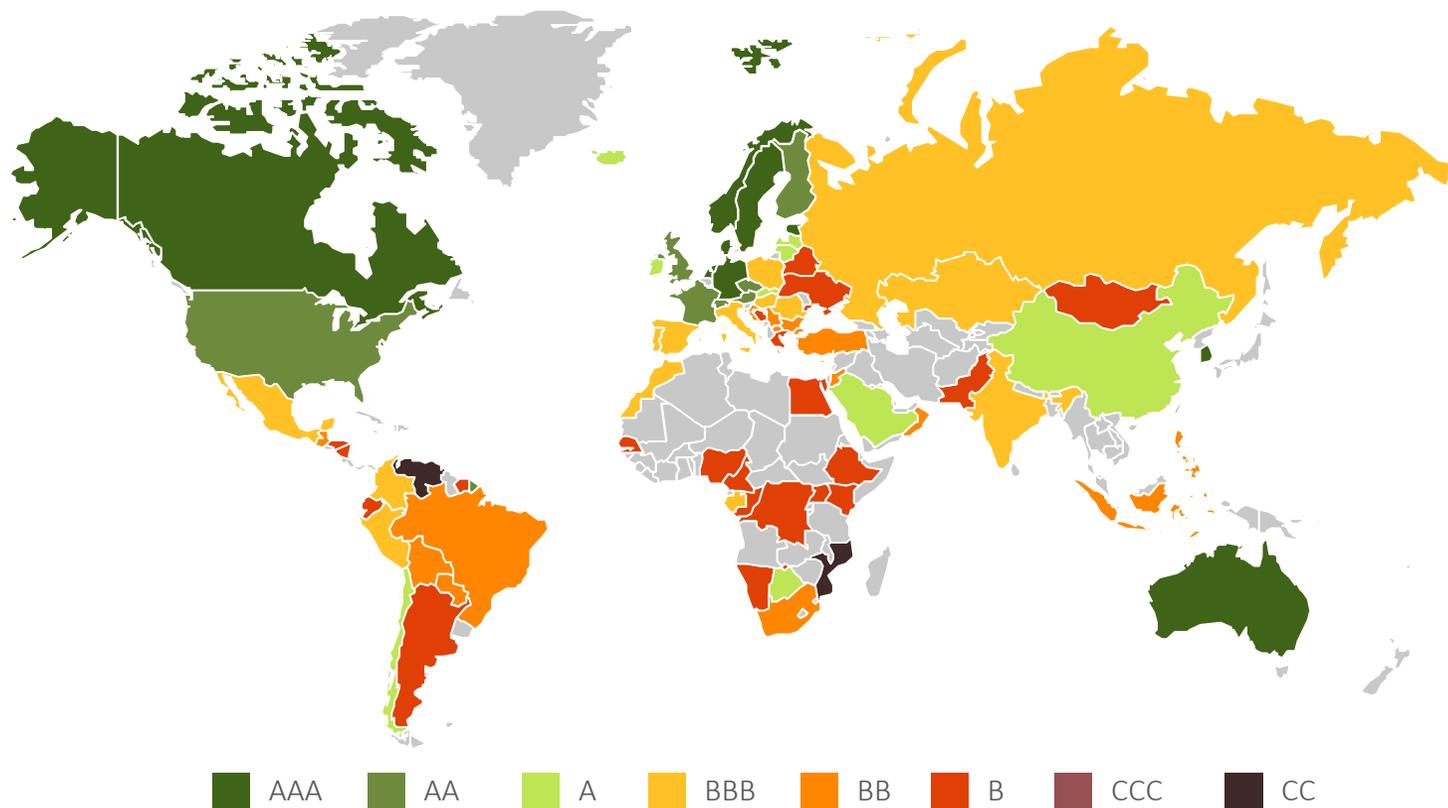
**1<sup>st</sup>** Most attractive economy for investments in Africa

Source: World Bank, Doing Business Report 2018, Ernst & Young Africa Attractiveness Survey 2017, Quantum Global Research Lab Africa Investment Index 2018



# MOROCCO IS A STABLE COUNTRY...

Countries by Standard & Poor's foreign rating (February 2018)



1 of the 2 countries in Africa with investment grade rating

Source: Standard & Poor's

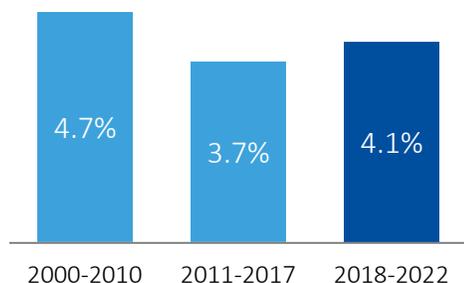


# ... WITH STRONG MACRO-ECONOMIC FUNDAMENTALS



## Steady GDP growth

Real GDP growth, IMF



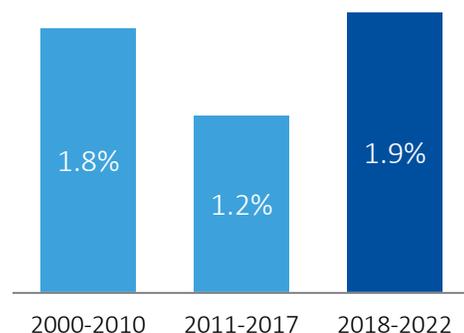
Medium-term macroeconomic prospects are stable

Fitch, March 2018



## Low inflation

Inflation rate, IMF

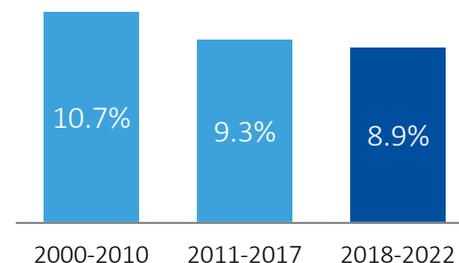


Inflation is low and well-anchored  
IMF Article IV, November 2017



## Decreasing unemployment

Unemployment rate, IMF



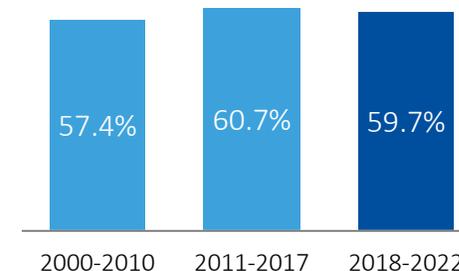
Raising potential growth and reducing unemployment are top priorities for the government

IMF, March 2018



## Sustainable public debt

General government gross debt, IMF



Public debt is sustainable  
IMF Article IV, November 2017

Source: IMF, UNCTAD, Fitch, BCG Analysis



# A "LOW SECURITY RISK", AT THE SAME LEVEL AS SPAIN OR FRANCE

Examples

**Control Risks**



Low security risk



Morocco



USA



France



UK



Portugal

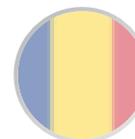


Spain

Medium security risk



South Africa



Romania



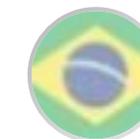
Tunisia



Turkey



Mexico



Brazil

High security risk



Algeria



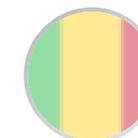
Mauritania



Egypt



Nigeria



Mali



Venezuela

Source: ControlRisks, Risk Map 2018

## PROTECTION OFFERED TO INVESTORS



No restriction on investment in local companies for non-residents



Free repatriation of profits and capital for foreign investment



Protection of foreign investment agreements and double taxation treaties with more than 60 countries



# AN ATTRACTIVE SET OF GOVERNMENT INCENTIVES



## Government Subsidies

**Investment:** tailor-made participation to investment costs

**Recruitment & Training:** direct financial incentives to cover costs



## Tax Free Zones

**5 year tax exemption**

...then 8.75% tax for the next 20 years

**20% flat fee** for individual tax for employees



## Special Economic Zones

**Land, office space, and industrial plants** in main cities

Exemption from **export fees**

Financial **support** for building and equipment



## Government support

**Meetings and direct line** with Minister of Industry, Trade and Investment

**Support from AMDIE** (Moroccan Investment and Export Development Agency): end-to-end assistance for investors and exporters

Source: AMDIE, MIICEN



## A LARGE AND INCREASING NUMBER OF JAPANESE COMPANIES TRUST MOROCCO

**JTEKT**

株式会社ジェイテクト



MITSUI & CO.

**AGC**



**YKK**

NTT DATA