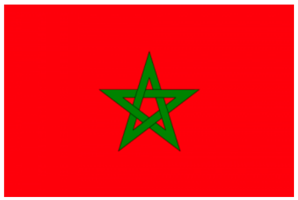
Talk to JETRO First



OVERVIEW OF MOROCCO

2018, November

Japan External Trade Organization (JETRO)
Daisuke Mizuno

JETRO

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Key points to better understand Morocco

Population	34,85 Million Person（2017）
Surface	446 000 Km^2 (about 1.2 times the size of Japan) (Around 710 000 Km^2 with the Sahara)
GDP	103,6 Billion USD (2016 nominal value)
GDP growth rate	4.5% (2015) 1.1% (2016) 4.2% (2017)
GDP per capita	3,173 dollar (2017 nominal value)
Language	official language: Arabic, Berber Everyday/Business Language: French
Japanese residents	372 people (as of October 2016)
Exchange rate	1 US Dollar (USD) = 9.81 Dirham (MAD) (2016 average rate)

Source: Morocco Higher Planning Commission, Morocco central bank, IMF, Japanese Ministry of Foreign Affairs

① Constitutional monarchy

- ① Civil affairs and society Stability
- ② Strong security system
- ③ long-term thinking for Policies and businesses
- ④ Political democratization after the Arab Spring

② Balanced Diplomacy and Africa-Oriented

- ① Omnidirectional diplomacy
- ② Share same religion and business languages as West Africa
- ③ King's religious authority
- ④ Return to the AU (From Jan 2017)

③ Successful of industrial promotion and infrastructure development

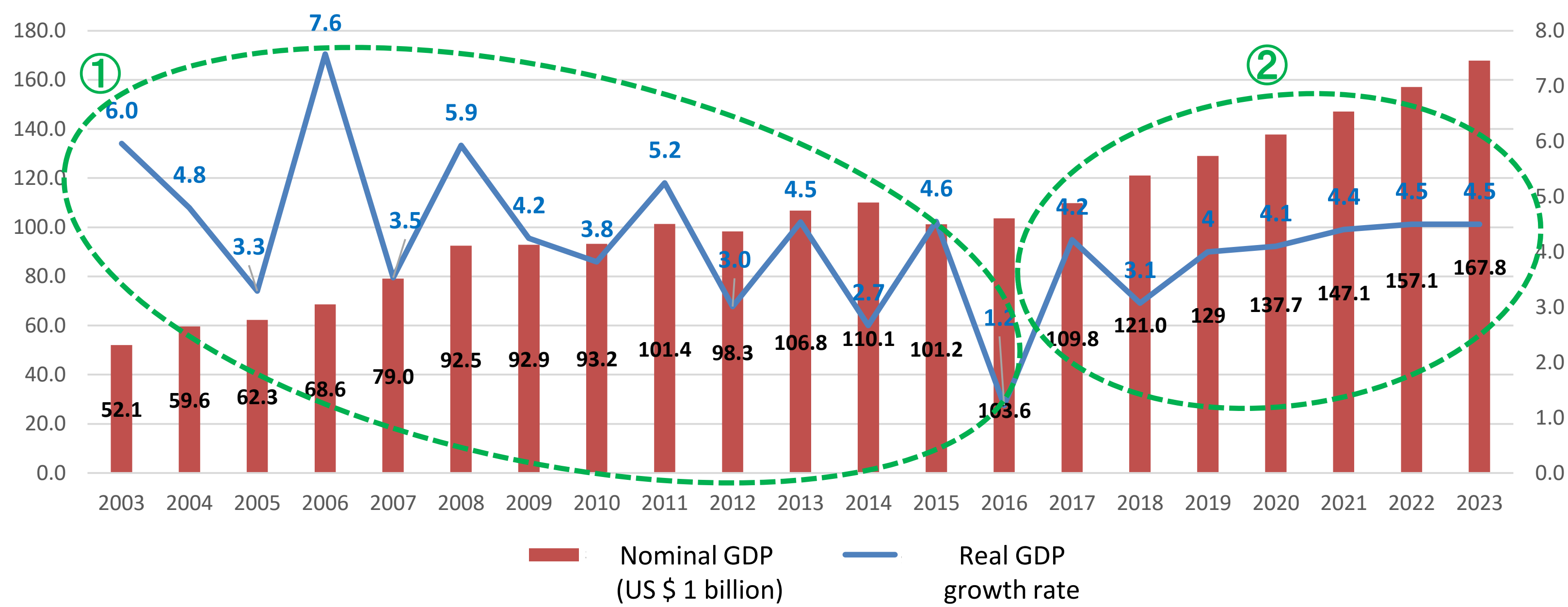
- ① Export industry: automotive, aircraft etc.
- ② Development of power plants (renewable, LNG, etc.) using PPP

④ Modernization of agricultural sector

- ① Necessity of stabilization of agriculture sector
- ② Investment in the fishery industry (aquaculture industry, coastal fishery etc.)

Economic scale and growth rate of Morocco (1) ~ Steady economic management ~

Morocco's turbulence of economic growth is influenced by the agriculture and fishery industry (①), which is originally a growth potential of 4% (②)

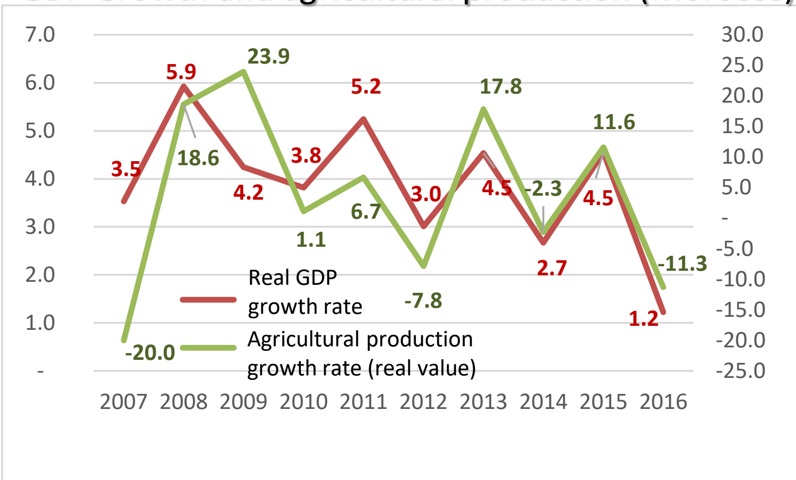


Items	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nominal GDP (US $ 1 billion)	52.1	59.6	62.3	68.6	79.0	92.5	92.9	93.2	101.4	98.3	106.8	110.1	101.2	103.6	109.8	121.0	129.0	137.8	147.1	157.2	167.9
Real GDP growth rate	6.0	4.8	3.3	7.6	3.5	5.9	4.2	3.8	5.2	3.0	4.5	2.7	4.6	1.2	4.2	3.1	4.0	4.2	4.5	4.6	4.6

Source: IMF, World Economic Outlook Database, 2018

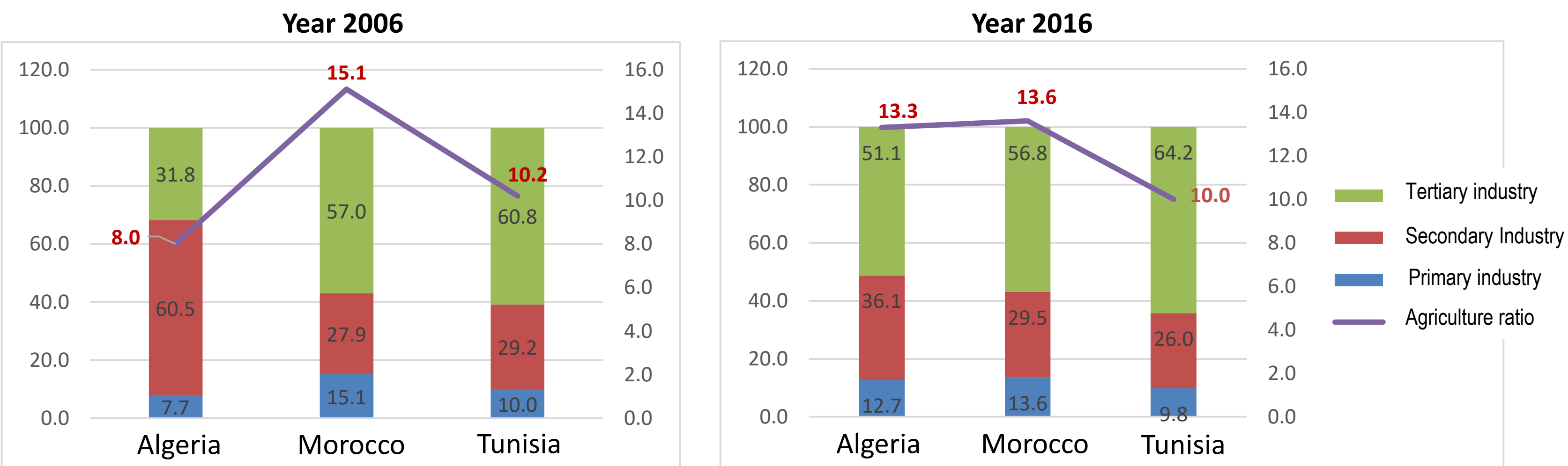
Economic scale and growth rate in Morocco (2) - The impact of agriculture sector -

(③) GDP Growth and agricultural production (Morocco)



- Morocco GDP growth rate and agricultural growth rate are linked（③）
- The share of Morocco primary industry (including fishery) as a percentage of GDP has been higher than in neighboring countries (④), and the impact on the country's economy is said to be high.

(④) Industrial composition of 3 Maghreb countries (relative to GDP)



Source: UNCTAD statistics (Maghreb 3 domestic industry composition), World Bank statistics (Morocco economic growth · agricultural growth)

Morocco security and business environment, influx of foreign capital -comparison with Algeria and Tunisia-

➢ Morocco has lower risk of terrorism than Japan (⑤)

Safety information of Maghreb countries

		FY 2017 **Global terrorism index/GTI** <Rank by Country>	FY 2017 **World peace index/GPI** <Rank by Country>	**MOFA of Japan Overseas Safety Information**
Maghreb countires	**Morocco**	**0.077 <123/134>**	**2.004 <75/163>**	**Overall land：Level1**
	Algeria	3.97 <49/134>	2.201 <109/163>	○ Algiers, Oran prefecture: Level 1 ○ Near the border and the southern desert region etc.: Level 3/Level 4 ○ Other areas : Level 2
	Tunisia	4.619 <41/134>	1.977 <69/163>	○ A part of the southern desert zone including the border zone of Algeria and Libya and Kaslyn province: Level 3 ○ Other areas: Level 2
Europe USA	France	5.964 <23/134>	1.839 <51/163>	—
	UK	5.102 <35/134>	1.786 <41/163>	—
	USA	5.429 <32/134>	2.232 <114/163>	—
Asian coountries	China	5.543 <31/134>	2.242 <116/163>	○ Xinjian Uighur autonomous region, Tibet autonomous region: Level 1
	Japan ⑤	3.595 <58/134>	1.408 <10/163>	—
Remarks		The degree of risk is valuated from 0 (low) to 10 (high); The higher the terrorist risk, the higher the numerical value is.	The degree of peace is evaluated in 5 grades, and **the number is smaller for peaceful countries.**	※For detail, refer to “MOFA Overseas Safety Homepage” “Level 1”: Please be careful enough “Level 2”: Stop traveling nonessential and nonurgent “Level 3”: Recommendation to Stop traveling “Level 4”: Evacuation recommendation

Source: Institute for Economics and Peace (IEP), Ministry of Foreign Affairs of Japan

Morocco's Trade Trend (1) ~ Major Trade Partners ~

Morocco's import-export principle partners

Unit: Million MAD, %

		Export (FOB)						Import (CIF)			
		2015	2016					2015	2016		
		Amount	Amount	Ratio	Growth Rate			Amount	Amount	Ratio	Growth Rate
⑥ Spain	(1)	49 086	52 298	23,3	6,5	Spain ⑥	(1)	53 652	64 228	15,7	19,7
France	(2)	44 690	47 203	21,1	5,6	France	(2)	46 137	54 025	13,2	17,1
Italy	(3)	9 524	10 412	4,6	9,3	China ⑦	(3)	30 682	37 282	9,1	21,5
USA	(5)	7 691	7 795	3,5	1,4	USA	(4)	23 725	26 010	6,4	9,6
India	(4)	8 558	7 433	3,3	△ 13,1	Germany	(5)	21 584	24 036	5,9	11,4
Turkey ⑧	(6)	6 659	7 431	3,3	11,6	Italy	(6)	20 120	22 190	5,4	10,3
UK	(9)	6 015	6 567	2,9	9,2	Turkey ⑧	(8)	15 814	18 125	4,4	14,6
Germany	(10)	5 572	6 168	2,8	10,7	Portugal	(9)	10 789	12 016	2,9	11,4
Brazil	(8)	6 491	5 784	2,6	△ 10,9	Russia	(7)	15 942	10 006	2,4	△ 37,2
Netherlands	(7)	6 679	4 928	2,2	△ 26,2	Saudi Arabia	(10)	9 686	7 835	1,9	△ 19,1
Total (including others)		218 040	224 019	100	2,7	Total (including others)		372 225	408 659	100	9,8

<NOTE> Both 2015 and 2016 are provisional values. The numbers in parentheses next to the countries names are their ranks in 2015.

<source> Moroccan Exchange Office

- Spain and France are Morocco's biggest trading partners. Lately, trades with Spain have been further strengthened with the development of domestic manufacturing industries like automotive (⑦)
- As domestic consumption markets expand, imports of Chinese products are increasing (⑧)
- Within the Islamic market area, Trade with Turkey has developed steadily thanks to FTA (⑨)

Morocco's Trade Trend (2) ~ Major Trade Items ~

Morocco's import-export principle items

Unit: Million MAD, %

	Export (FOB)					Import (CIF)			
	2015	2016				2015	2016		
⑨	Amount	Amount	Ratio	Growth rate		Amount	Amount	Ratio	Growth rate
Automobile (Passenger Car)	23,592	28,882	12.9	22.4	Petroleum products	32,485	34,757	8.5	7.0
Wire Harness	22,825	24,103	10.8	5.6	Automobile (Passenger Car)	15,547	19,435	4.8	25.0
Clothing	20,200	21,942	9.8	8.6	Automotive parts (Car body)	11,882	16,432	4.0	38.3
Phosphorus fertiliser	18,254	20,912	9.3	14.6	Wheat	8,555	12,783	3.1	49.4
Phosphoric acid	16,365	11,400	5.1	△ 30.3	Natural gas	13,169	11,103	2.7	△ 15.7
⑩ Phosphate ore	9,979	7,412	3.3	△ 25.7	Wire Harness	9,894	10,915	2.7	10.3
Octupus, squid and shellfish	6,051	7,371	3.3	21.8	Aircraft and aircraft parts	6,747	7,486	1.8	10.9
Processed goods such as sardines	6,046	6,153	2.7	1.8	Cereals (excluding wheat)	5,001	5,731	1.4	14.6
Tomato (fresh, chilled)	5,296	5,018	2.2	△ 5.2	Fats and Oils	4,505	5,211	1.3	15.7
Semiconductor device	3,945	4,088	1.8	3.6	Coal and Coal Products	4,902	4,407	1.1	△ 10.1
Sugar	777	1,695	0.8	118.2	Import electricity	2,993	2,197	0.5	△ 26.6
Total (including others)	218,040	224,019	100	2.7	Total (including others)	372,225	408,659	100	9.8

<NOTE> Both 2015 and 2016 are provisional values.

<Source> Moroccan Exchange Office.

<Additional Import> ⑪

Crude oil	10,937	0	0	△ 100.0

- Exports of automobile related items (finished cars / automobile parts) grew to be the country's largest export items beyond phosphorus products (ore, acid, fertilizer) (⑨)
- Agriculture and fishery products are leading Morocco export items (⑩)
- The decline in crude oil prices contributes to a decrease in total imports Prices (decrease of the commercial deficit). However, the Moroccan importations still depends on fossil resources (⑪)

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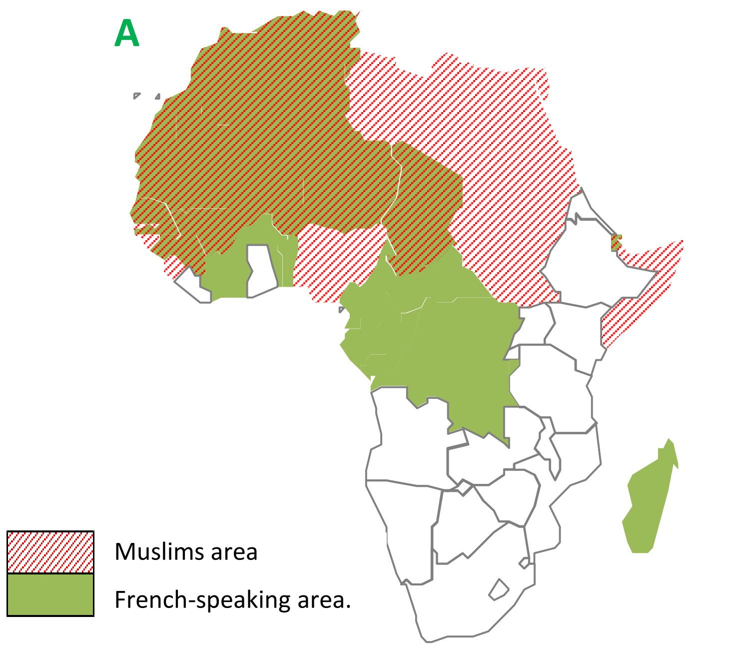
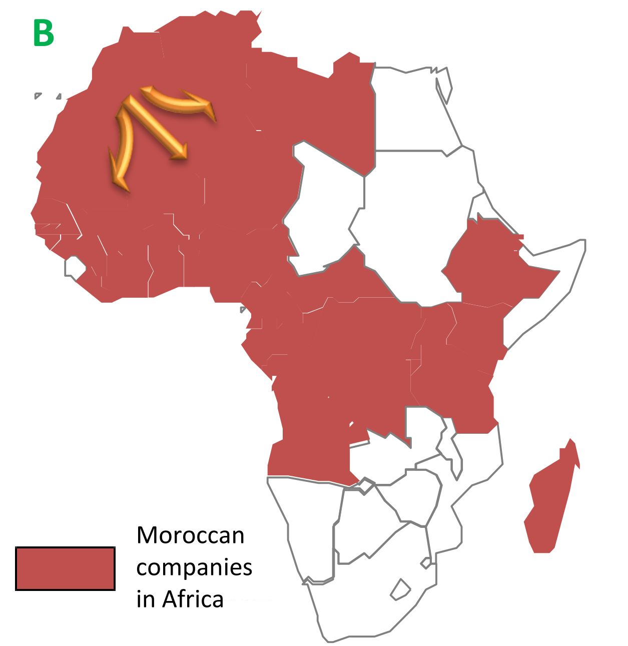
Morocco's Strategic Positioning (1) ~ Language, cultural affinity ~

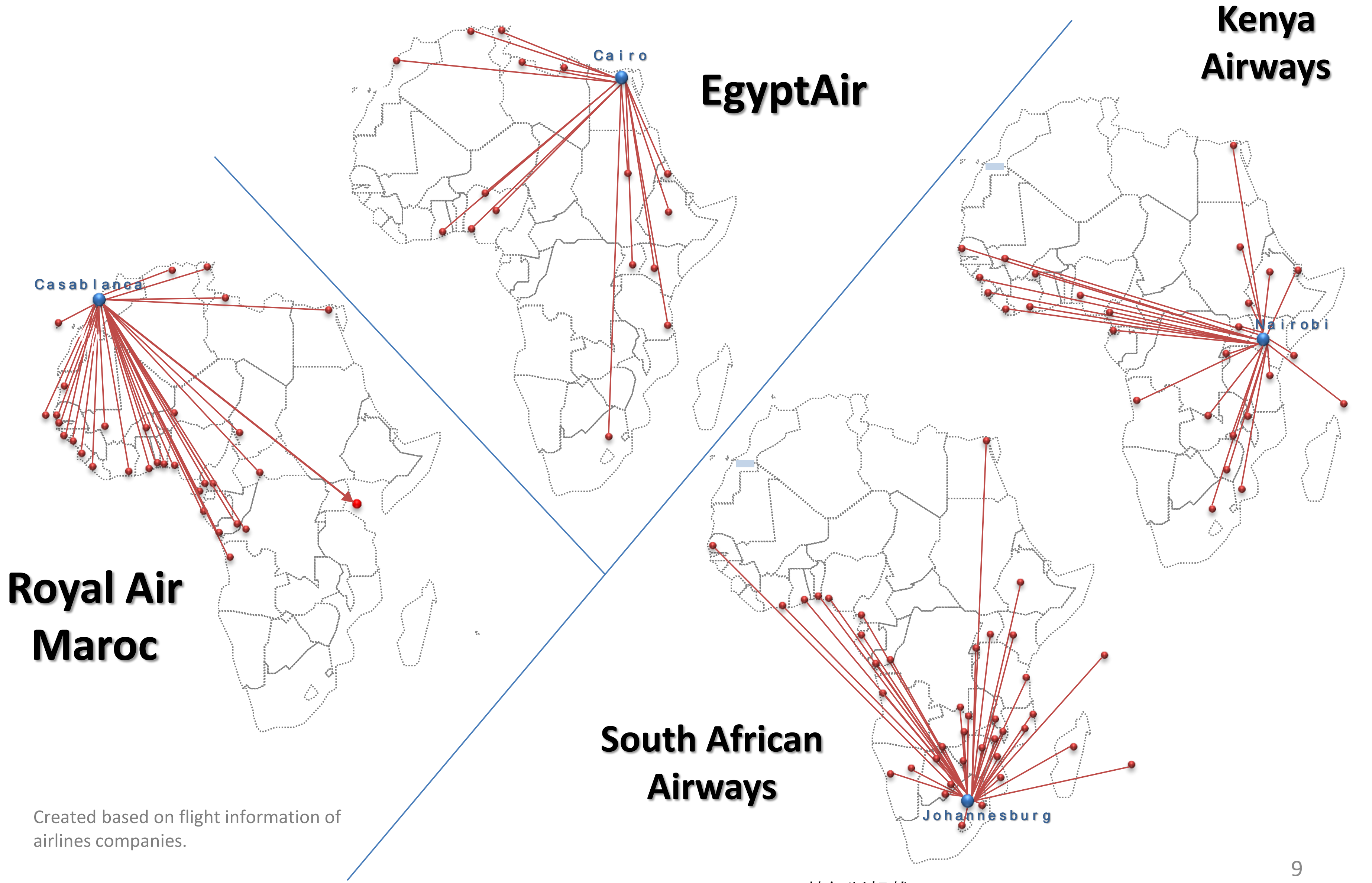
- Half of the African countries belong to the "French-speaking world" or "Islamic market" (**A**), the King of Morocco has religious authority in West African countries and actively promotes African diplomacy (culture, religion, business) (**B**)
- Since January 2017, Morocco returned to the AU (African Union) as a member.





Created by JETRO based on materials such as AMDI's

Morocco's Strategic Positioning (2) ~ Regional Hub ~



Created based on flight information of airlines companies.

Morocco's Strategic Positioning (3) ~ Morocco as the Regional Hub ~

- Royal Morocco Airways cover 31 city in 29 countries out of 54 African countries with direct flights
- Among these, the Moroccan's doesn't need an entry visa for 14 countries out of 29 countries. (Only 3 countries for Japanese)

Royal Morocco Aviation Regular Direct Flight to Africa Status

As of November 2016

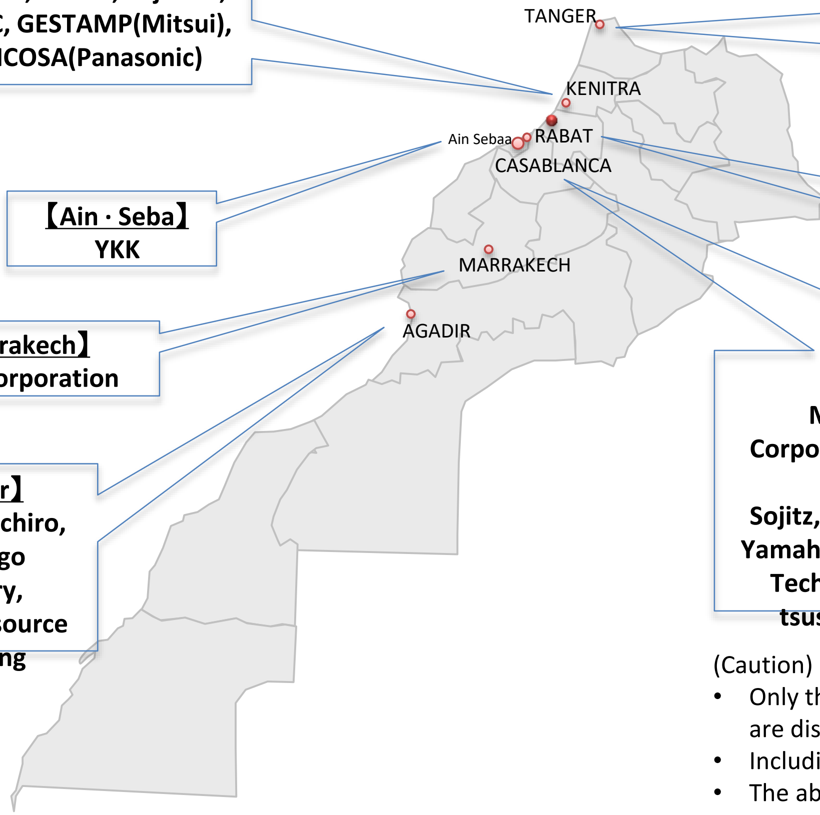
Destination Country (29 Countries)	Destination City (31 Cities)	Number of Flights	Acquisition of immigration visa	
			Moroccan No VISA required in 14/29 countries	Japanese No VISA required in 03/29 countries
Algeria	Algiers	7 flights per week (daily)	**Unnecessary**	Necessary
Angola	Luanda	Two flights per week (Sun · Thur)	Necessary	Necessary
Benin	Cotonou	4 Weekly (Mon · Wed · Fri · Sat)	Necessary	Necessary
Burkina Faso	ouagadougou	5 weekly (Mon · Wed · Fri · Sat · Sun)	Necessary	Necessary
Cameroon	Yaounde	4 Weekly (Mon · Wed · Sat)	Necessary	Necessary
	Douala	7 flights per week (daily)	Necessary	Necessary
Cape Verde	Praia	3 flights per week (Tue, Fri, Sun)	**Unnecessary**	Necessary
Equatorial Guinea	Malabo	3 flights per week (Tue, Thur, Sat)	Necessary	Necessary
Côte d'ivoire	Abidjan	Ten flights per week (Mon 1 Tue 1 Wedn 1 Thur 2 Fri 1 Sat 2 Sun 2)	**Unnecessary**	Necessary
Egypt	Cairo	Four flights per week (Mon · Thur · Sat · Sun)	Necessary	Necessary
Gabon	Libreville	Four flights per week (Tue, Thur, Sat, Sun)	**Unnecessary**	Necessary
Gambia	Banjul	Four flights per week (Wed · Fri · Sat · Sun)	**Unnecessary**	Necessary
Ghana	Accra	Six flights per week (Tue, Wed, Thur, Fri, Sat and Sun)	Necessary	Necessary
Guinea-Bissau	Bissau	Four flights per week (Tue, Thur, Sat, Sun)	**Unnecessary**	Necessary
Kenya	Nairobi	3 flights per week (Wed, Fri, Sun)	Necessary	Necessary※
Mali	Bamaco	8 flights per week (Mon 1 · Tue 1 · Wed 1 · Thur 1 · Fri 1 · Sat 1 · Sun 2)	Necessary	**Unnecessary**

Destination country (29 countries)	Destination city (31 cities)	Number of flights
Mauritania	Nouakchott	6 flights per week (Mon · Wed · Thur · Fri · Sat · Sun)
Niger	Niamey	5 flights per week (Mon · Thur · Fri · Sat · Sun)
Nigeria	Lagos	5 weekly (Mon · Wed · Sat · Sun)
Guinea	Conakry	7 flights per week (Mon 2 · Tue 1 · Wed 1 · Fri 2 · Sat 1)
Democratic Republic of the congo	Kinshasa	3 flights per week (Wed, Fri, Sun)
Republic of Congo	Brazzaville	4 Weekly (Mon · Wed · Fri · Sat)
	Pointe noire	4 Weekly (Mon · Wed · Fri · Sat)
Senegal	Dakar	20 flights per week (Mon 3 · Tue 3 · Wed 3 · Thur 3 · Fri 3 · Sat 3 · Sun 2)
Sierra Leone	Freetown	Four flights per week (Mon · Thur · Sat · Sun)
Chad	Ndjamena	3 flights per week (Tue, Fri, Sun)
Togo	Rome	3 flights per week (Wed, Fri, Sun)
Tunisia	Tunis	14 flights per week (Mon 2 · Tue 2 · Wed 2 · Thur 2 · Fri 2 · Sat 2 · Sun 2)
Liberia	Manravia	Five weekly (Mon · Wed · Sat · Sun)
Canary Islands	Tenerife	3 flights per week (Thur, Sat, Sun)
Central african Republic	Bangui	3 flights per week (Tue, Fri, Sun)

※ No entry visa is required for tourist stay (1 month to 3 months)

Japanese companies entering Morocco (1)　- Around 60 Japanese Company -

- Since Morocco has excellent and inexpensive labor, Japanese manufacturing industry evaluates as a destination.



【Kenitra】
SEWS, Yazaki, Fujikura, AGC, GESTAMP(Mitsui), FICOSA(Panasonic)

【Tangier】
Denso, Sumitomo Wiring Systems, Yazaki, Fujikura, Furukawa Electric, Kansai Paint, JTEKT

【Ain · Seba】
YKK

【Rabat】
Embassy, JICA, Nippon Koei, JETRO

【Marrakech】
NASA Corporation

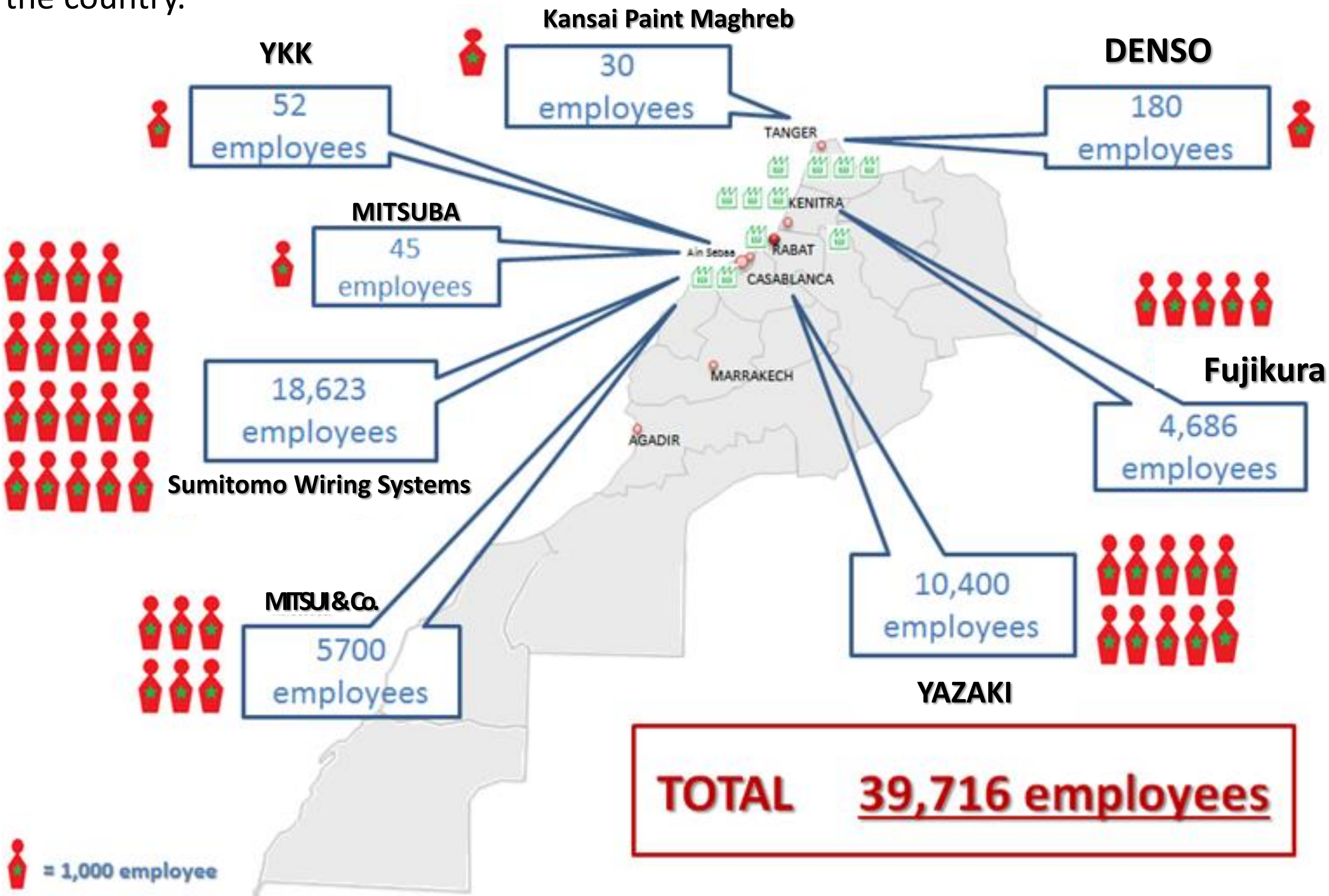
【Agadir】
Maruha Nichiro, Takasago Industry, Tottori Resource Recycling

【Casablanca and surroundings】
Mitsui & Co., Marubeni, Mitsubishi Corporation, ITOCHU Corporation, Sumitomo Corporation,
Sojitz, Amano, HIS, FujiFilm, Dentsu Drive, JT, Yamaha, Disco, Sumitomo Wiring, Mitsui High-Tech, Bridgestone, Mitsuba, CFAO(Toyota tsusho), Nippon Express, Taichi holdings

(Caution)
- Only those confirmed by public information such as the Internet are displayed
- Including agencies of Japanese companies
- The above includes business activities that do not involve investment in Morocco or deployment of expatriate staff

Japanese companies entering Morocco (2) - Contributing to local job creation in Morocco -

- In Morocco, it is well known that Sumitomo Wiring Systems is the largest foreign-owned employer in the country.



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Investment environment in Morocco (1) - Comparison with each country (wage, land acquisition, industrial park rent, office rent) ~

Item (Unit: US dollar, %)		Morocco (Casablanca)	Thailande (Bangkok)	Spain (Barcelona)	Romania (Bucharest)	Turkey (Istanbul)	Egypt (Cairo)
wage	Manufacturing worker (General worker) (Monthly)	263 ~ 880	344	1389 ~ 2726	547 ~ 768	420 ~ 4332	213 ~ 2356
	Manufacturing, Engineer (Mid-level engineer) (Monthly)	871 ~ 2085	651	2828 ~ 4198	1030 ~ 1694	971 ~ 4993	317 ~ 4586
	Manufacturing, middle managers (manager section class) (Monthly)	957~	1384	2675 ~ 7963	2025 ~ 2796	2855 ~ 10716	694 ~ 3652
	Statutory minimum wage (Monthly)	253	166	742	318	553 (Gross) 437 (Net)	157
	Nominal wage growth rate	2012: 3.2% 2013: 2.0% 2014: 2.4%	2012: 11.82% 2013: 8.82% 2014: 10.18%	2013: 0.2% 2014: 0.3% 2015: 0.6%	2013: 4.8% 2014: 7.6% 2015: 9.8%	2013: 7.3% 2014: 11.3% 2015: 7.9%	2012/13: 16.4% 2013/14: 24.9% 2014/15: 13.2%
Land Price, Office rent, etc.	Industrial park Land purchase price (Per 1m²)	51 ~ 169	130	775	51	(Gebze industrial park) 380 ~ 450 (Tuzla industrial park) 480 ~ 580	(Public corporation development complex) 18 ~ 49 (Private development park) 55 ~ 365
	Industrial park Land rent (Per 1m²)	0.62 ~ 0.72	6.37 ~ 6.92	4.34	4.35	(Gebze industrial park) 0.8 ~ 1.2 (Tuzla industrial park) 1.2 ~ 1.5	(Polaris industrial park) 4.19 (Suez Economic and Trade Cooperative Area) 1.96 ~ 2.23 (FTZ) 0.23 ~ 0.46 (Private real estate company) 1.31 ~ 15
	Office rent (Monthly) (Per 1m²)	9.44 ~ 26	17 ~ 24	12 ~ 24	19 ~ 20	28 ~ 38 18 ~ 24	(Garden city area) 5.24 ~ 6.28 (Nasser city area) 3.01 ~ 7.59 (Heliopolis area) 5.24 ~ 6.15 (Dokki area) 3.93 ~ 6.02 (Mohandissin area) 4.45 ~ 5.24 (New cairo area) 22 ~ 40 (6 october area) 20 ~ 205

Source: JETRO survey (2015 - 2016)

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Investment environment in Morocco (2) - Comparison with each country (public utilities, transportation costs) ~

Item		Morocco (Casablanca)	Thailande (Bangkok)	Spain (Barcelona)	Romania (Bucarest)	Turkey (Istanbul)	Egypt (Cairo)
Utility charges	Commercial electricity charge (per 1 kWh)	Monthly basic charge: ---- Fee per 1 Kwh: 0.16 ~ 0.19	Monthly basic charge: 8.64 per 1 Kwh: (peak time): 0.14 (Off peak time): 0,07	Monthly basic charge: 4.41 per 1 Kwh: 0.12	Monthly basic charge: ---- Fee per 1 Kwh: 0.09	Monthly basic charge: ---- Fee per 1 Kwh: Monthly fixed fee: 0.086 Metered rate. 0.087	Monthly basic charge: High voltage: 3.40* electricity amount of maximum consumption of month of last year Medium voltage: 4.97 * Maximum power consumption of previous year Low voltage: ---- Fee per 1kWh: High voltage: Voltage for heavy industry) 0.05 ~ 0.07 (0.05) For others: 0.03 ~ 0.05 (0.04) Medium voltage: 0.05 ~ 0.07 (0.05) Low voltage 0.03 ~ 0.08
	Commercial water service charge	Monthly basic charge: 1.75 Fee per 1m3: 0.93	Monthly basic charge: 2.49 Rent fee per 1 m3: 0.26 ~ 0.44	Monthly basic charge: n.a Fee per m3: 1.85~	Monthly basic charge: --- Fee per m3: 0.23	Monthly basic charge: --- Fee per m3: 3.27 (For industrial use)	Monthly basic charge: ---- Fee per m3: 0.3 ~ 0.37 (For industrial use)
	Commercial gas price (Per unit)	Monthly basic charge: --- Fee per 1m3: 0.69	Monthly basic charge: --- Fee per 1kg: 0.66	Monthly basic charge: 4.08 Fee per 1m3: 0.03	Monthly basic charge: ---- Fee per 1m3: 0.51 ~ 0.53	Monthly basic charge: ---- Fee per 1m3: 0.27 ~ 0.32	Monthly basic charge: ---- Fee per 1m3:: 0.11 ~ 0.30
Land Price, Office rent, etc.	40 ft container transport (Export to japan)	1840	1114	1647	1817	1285	1350
	40 ft container transport (Export to China)	1871	3020	1797	2270	2600	611
	40 ft container transport (Import to japan)	4185	1047	2697	1807	3305	865

Source: JETRO survey (2015 - 2016)

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Investment environment in Morocco (3) - Comparison with each country (corporate tax, personal income tax, remittance tax) ～

Item (Unit: US dollar, %)		Morocco (Casablanca)	Thailande (Bangkok)	Spain (Barcelona)	Romania (Bucarest)	Turkey (Istanbul)	Egypt (Cairo)
Tax system	Income tax (Surface tax rate)	30%	20%	25%	16%	20%	Oil and gas 40.55% (Other than that) 22.50%
	Personal income tax (Highest tax rate)	38%	35%	45%	16%	35%	30%
	VAT - Value Added Tax (Standard tax rate)	20%	7%	21%	20%	18%	10%
	Interest remittance to japan tax rate (Highest tax rate)	10%	15%	10%	10%	Remittance from financial deference: 10% Others: 15%	20%
	Dividend remittance to japan tax rate (Highest tax rate)	15%	10%	15%	10%	Capital ratio > 25%: 10% Capital ratio < 25%: 15%	Exemption
	Taxation on royalty remittance to Japan tax rate (Highest tax rate)	10%	15%	10%	Industrial usage fee: 15% Cultural usage fee: 10%	10%	15%

Source: JETRO survey (2015 - 2016)

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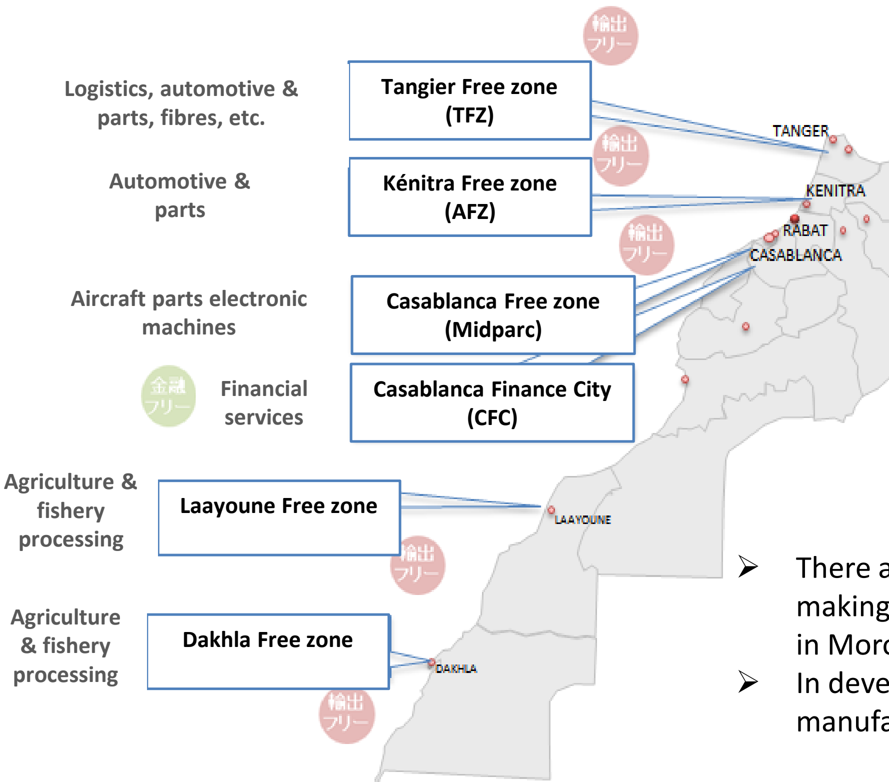
Moroccan business environment (1) ~ Free zone (tax incentive preferential zone) ~

Key Benefits (certification requirements: 7 to 80% sales overseas ※ excluding financial free zone)

- 5-year corporate tax exemption, then 20 years reduction (corporate tax 30% → 8.75%)
- Income tax exemption for 5 years, 80% reduction for 20 years thereafter
- Business tax exemption for 15 years
- Exemption of import duties, VAT exemption, corporate registration registration expenses etc, Simplification of customs procedures
- Vocational training aid, etc.



Subsidy system

「Hassan II Fondation 」

- Subsidies of up to 15% of the investment amount (up to 30 million DH) are invested in projects with a total investment of 10 million DH or more (including capital investment 50%) for strategic industries such as automobiles,
- With subsidization rate: Land acquisition · Up to 10% of factory construction cost, 100% of land / factory rent, up to 20% of capital investment

「Investment Industry Development Fund (Former Investment Promotion Fund) 」

1) For ecosystem construction projects agreed with the Moroccan Government.In case of:
「Locomotive Project」is investment over 50 million DH (Before tax) or at least 200 permanent jobs creation, 「Contractor Project」is at least 200 million DH (Before tax), 「Project for engineering and R&D centers 」is investment amount over 20 million DH (Before tax),or 50 permanent jobs creation. Based on the above conditions, The advantages are:
up to 30% of the total investment amount (before tax), up to 10% of the additional export turnover, up to maximum of 2% of the domestic purchase price, up to maximum of 2% of the additional annual turnover

(2) Invest an amount of at least 100 million DH or create at least 250 stable jobs
External infrastructure:5% of the overall investment program amount and can reach 10% when it involves investment in the spinning, weaving or textile embellishment sector
Real estate support: up to 20% of land acquisition cost, infrastructure development
5% to 20% of Professional training expenses

- There are few countries where free zones are maintained in the African continent, making them suitable for manufacturing, and the merit of the business environment in Morocco stands out.
- In developing Japanese market for Africa, it can be a gateway in terms of manufacturing.

Business environment in Morocco (2) - Tangier Free Zone (TFZ) -

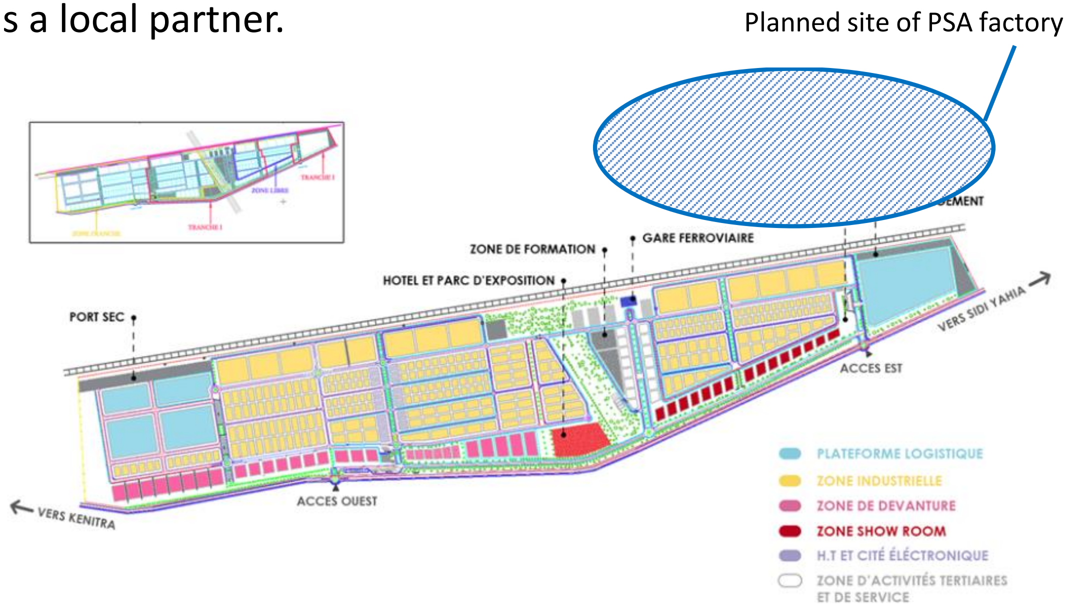
- Founded in 2000, TFZ is Morocco largest free zone. Adjacent to the European Continent at 14 Km of the Gibraltar Strait. Freight trucks go round-trip by ferry transport between the straits, and virtually land with the European market. The Tangier Mediterranean Special Agency (TMSA) has jurisdiction over the entire region, and Tanger Port Authority and Free Zone Development Bureau are located under TMSA.
- 750 companies in the Tangier Free Zone moved in and have export sales of EUR 5.5 billion (as of 2017).
- Since TMSA is a 100% government-owned public institution and has a legal personality (SA), it is also possible to establish a joint venture with a foreign company (eg, establishing CIRES Telecom, a joint venture with the Paris Airport Authority of France and IT for port facilities Expand service). TMSA has secured 3000 ha of development land in the Tangier region, of which 1,200 ha have been developed.
- In June 2017, JTEKT announced the establishment of an electric power steering plant in Tanger Automotive City.

Morocco Business Environment (3) - Kenitra Free Zone (AFZ) -

- Founded in 2012. MEDZ Morocco Government financial institution CDG subsidiary MEDZ and Spain's industrial estate development company EDONIA Corporation.
  350 ha. Since the maintenance of the adjacent Kenitra Port is in the planning stage, it connects to Tanger, Casablanca Port and Casablanca Airport by expressway and railway.
  In 2018, a high-speed railway (LGV) between Tanger and Kenitra (200 km) will be opened.

- Peugeot Citroën Group (France) is constructing a Kenitra factory at AFZ. Scheduled to begin production of low-priced cars for the Middle East Africa market by 2019. Initially planned to expand to 90,000, then to 200,000. In addition, the plant produces engine parts.

- March 2017 AGC Asahi Glass began construction of automobile glass production factory in AFZ with INDUVER as a local partner.



Morocco Business Environment (4) – Casablanca Industrial zone (Midparc) –

Strategic location & optimal networking

MidParc is lLocated in the urban commune Nouaceur,
30 km away from Casablanca, the park is spread over
a 125 ha area and offers excellent networking by:

- Airways (close to Mohamed V airport which serving more than 70 destinations throughout the world),
- Ports (Casablanca and Tangier Med)
- Railways and roads.

Competitive human resources

- The workforce is 6 to 8 times cheaper compared to Europe
- Each year, about 2000 persons get training in aeronautics, spaces, and electronics.
- Companies which start business in the park may benefit from a public training fund that ranges from 2000 to 6000 euros per employee.

Advantages related to the free zone

In addition to the free repatriation of profits and capital , the exemption from VAT and customs duties, the incorporated firms in the Park will be exempt from the "IS" tax for 5 years and get a reduced rate of 8.75% during the following 20 years.

Temporary offices and business centers

Whether it be for an initial temporary period prior to the main buildings being set-up, or for additional office requirements, Midparc can provide office space and meeting rooms calling on a flexible, practical system.

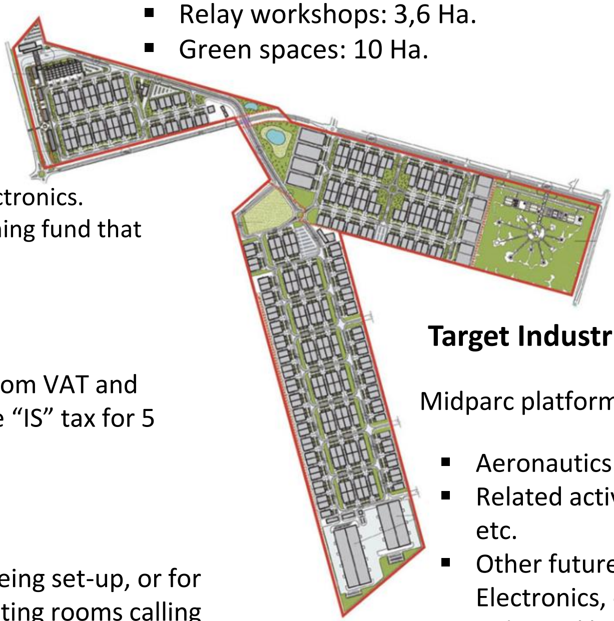
Start-up workshops

Midparc offers small temporary workshops for industrialists for the period following their decision to move in and until their own personal buildings are available. These workshops are just rented for a few months to enable companies to receive, adjust and test machines, train teams, etc.

Development programm

Midparc offers a development programm that will house :

- Intelligent buildings ready for use: 1 200m², 2 400m² and 4 800m².
- Other related services (living center, shops, a restaurant and hotel) : 5 Ha.
- Production units: 68 Ha.
- Logistics: 4 Ha.
- Relay workshops: 3,6 Ha.
- Green spaces: 10 Ha.



Target Industries

Midparc platform targets the following industries:

- Aeronautics industry.
- Related activities: spatial, defence, security, etc.
- Other future industries: medical, onboard Electronics, etc.
- Industrial logistics.
- Other services to support industry: maintenance, consultancy firms, business centres, etc.

Source: MEDZ, Midparc

Morocco Business Environment (5) - Casablanca · Finance · City (CFC) -

- Founded in 2010, Free zone for financial services granted various CFO status by giving CFC status to financial institutions (banks, insurance etc.), law firms, auditing firms, temporary staffing, regional headquarters of multinational companies, holding companies, etc.
- In April 2017, Marubeni acquired the CFC status for the first time in a Japanese company. Several other Japanese companies are considering use.
- It is expected that the use of CFC by foreign companies will increase with the development of French-speaking African economies such as West African countries.

CFC Holders (Example)

AIG, **BNP PARIBAS**, **SOCIETE GENERALE**, **PWC**, **Roland Berger**, **Bank of China**, **Coface**, **MoneyGram**, **MasterCard**, **Ford**, **DECATHLON**, **HUAWEI**, **ACCOR** , **AFRICA 50** , **Shell**

CASABLANCA FINANCE CITY

Casablanca Finance City（CFC）

Completed projection drawing

Key Benefits
(Conditions for certification: This is the above target industries, not to sell)

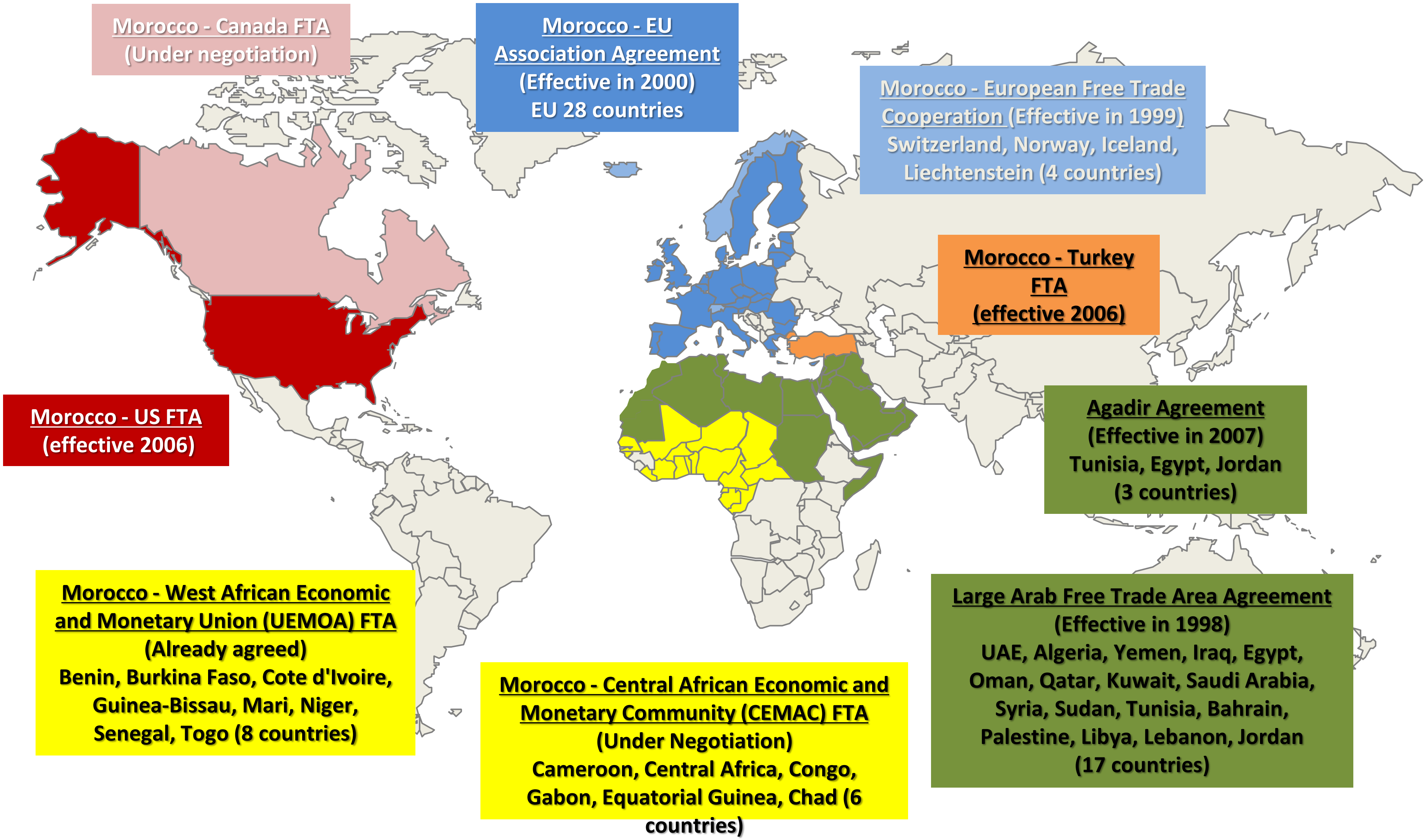
· Professional services are exempted from corporation tax for 5 years, then reduced for 20 years (Corporate tax 30% → 8.75%), the regional headquarters has 10% reduction tax from the first year

· Personal income tax can be set to 20% uniformly for the first 5 years, then normal tax rate, or standard progressive taxation (Max 38%) from the first year

· No restriction on employment of foreigners, shortening procedures for permission to work · stay (Within 2 weeks)

· No foreign currency regulation (Opening of foreign currency account OK)

Morocco's trade relations (1) - concluded a free trade agreement with 51 countries, signing with African countries ~



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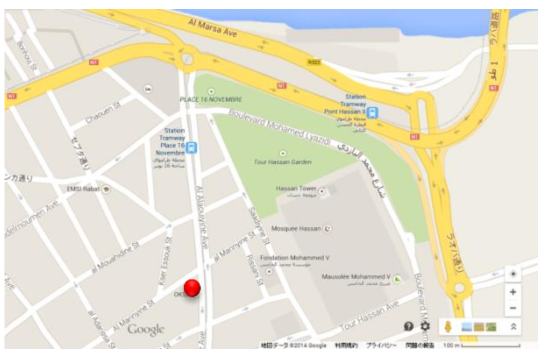
Business issues in Morocco

1. Currently, "tax treaty" and "investment agreement" have not concluded between Morocco and Japan
(* Since the Japan-Ala Economic Forum, has the discussion progressed to conclude an investment agreement?)
2. Therefore it is necessary to bypass other countries for entry into Morocco to avoid double taxation (Dubai, UK, France etc.)

3. Because of the Moroccan tax law, there is no concept of a representative office, expatriate dispatching also cost high
(10% of office expenses is deemed as deemed profit, corporate tax imposition, exceptional personal income
4. Although Morocco is a French speaking country, English is acceptable on the practical level, and there are also English speaker staff.
However, depending on the type of industry, French language is the center of practice.
In addition, the preference of the domestic consumer market seems to be close to Europe (Latin series?).

5. Local Japanese society is underdeveloped, there are difficulties in the lives of expatriate families (education, medical care)
French or Arabic is desired in daily life.

Thank you for your attention.



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