



Morocco's Business and Investment Environment

Tokyo December 2013

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Morocco: An attractive country for investors

- ✓ Political stability favourable to investment
- ✓ Strong macroeconomic drivers
- ✓ Ambitious sectorial strategies
- ✓ World-class infrastructure

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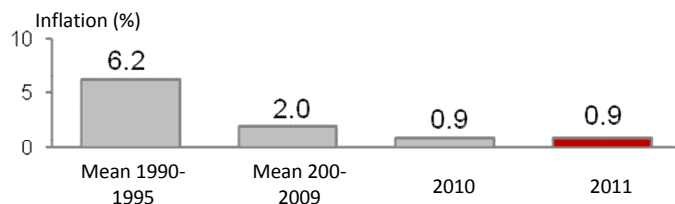
Morocco: Priority to investors

Strong macroeconomic fundamentals

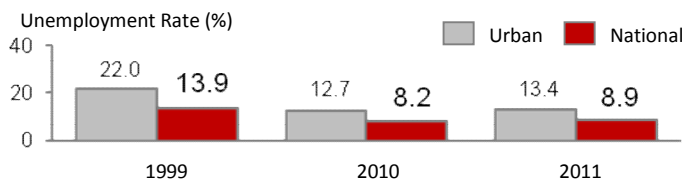
Sustained GDP growth



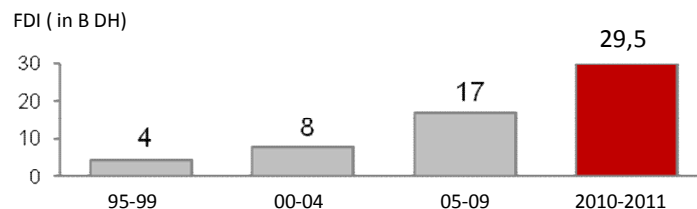
Controlled inflation



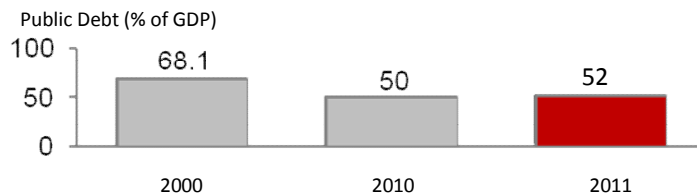
Declining unemployment



Rising FDI



Control of Public Debt



Successfully meeting the major challenges, 2011.



Morocco maintains A4 rating - 2011



Affirms Morocco's Investment rating- 2011



#1

In Africa

2011-2012 African Country of the future

Ambitious **sectorial strategies**

INDUSTRY: EMERGENCE PACT

Launched in 2009

Objectives:

- 1.6 % in additional GDP growth
- 220 000 jobs created
- Key sectors: automobile; aeronautics; electronics; IT; food industry; textile



ICT: DIGITAL MOROCCO 2013

Launched in 2008

Objectives:

- **General access** to high-speed internet
- E-government
- To encourage the use of IT in SMEs
→ **The greatest increase in the number of internet users in Northern Africa in 2011**



Ambitious sectorial strategies

RENEWABLE ENERGY

Launched in 2009 (Solar) and 2010 (Wind) with a budget of US\$ 15 billion

Objectives:

- Renewable energy >40% of national production by 2020
- Capacity: 2 000 MW of solar power + 2 000 MW of wind power



FINANCE: CASABLANCA FINANCE CITY

Launched 2010

Objectives:

- To make of Casablanca a regional hub for the Maghreb and Western Africa.
- The creation of employment opportunities.



CASABLANCA FINANCE CITY
القطب المالي للدار البيضاء

Ambitious sectorial strategies

LOGISTICS

Launched in 2010

Objectives:

- 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



TOURISM: VISION 2020

Launched in 2010

Objectives:

- 20 million tourists in 2020
- 200 000 new beds
- Tourism GDP: from US\$6 billion in 2010 to US\$14 billion in 2020



Ambitious sectorial strategies

AGRICULTURE: GREEN MOROCCO PLAN

Launched in 2008

Objectives:

- To modernise the agricultural sector
- US\$10 billion in additional GDP from agriculture
- US\$15 billion in public and private investments



FISHING: HALIEUTIS

Launched in 2008

Objectives:

- US\$1.5 billion in additional GDP
- The creation of 75 000 jobs by 2020



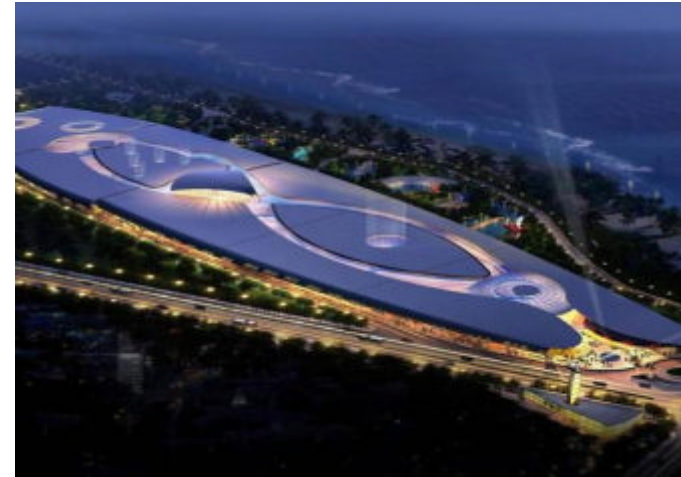
Ambitious sectorial strategies

RETAIL: RAWAJ 2020

Launched in 2008

Objectives:

- GDP from trade of DH98 billion, representing 12.5% of the country's GDP.
- The creation of over 200 000 jobs.



HOUSING

Launched in 2009

Objectives:

- To reduce the shortage of units
- To build 100 000 units per year
- To expand social housing



Important infrastructure improvements



Airports

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



Highways (number of Km)

- 2000 - 2010: from 150 to 1 000 km (≈ x 7)
- 2010 - 2015: from 1 000 to 1 800 km (≈ x 2)



Tramways

- Rabat and Casablanca
- €1 billion



Railway Network

- First high-speed train in Africa (Tangier-Casablanca) in 2015 – €1.8 billion

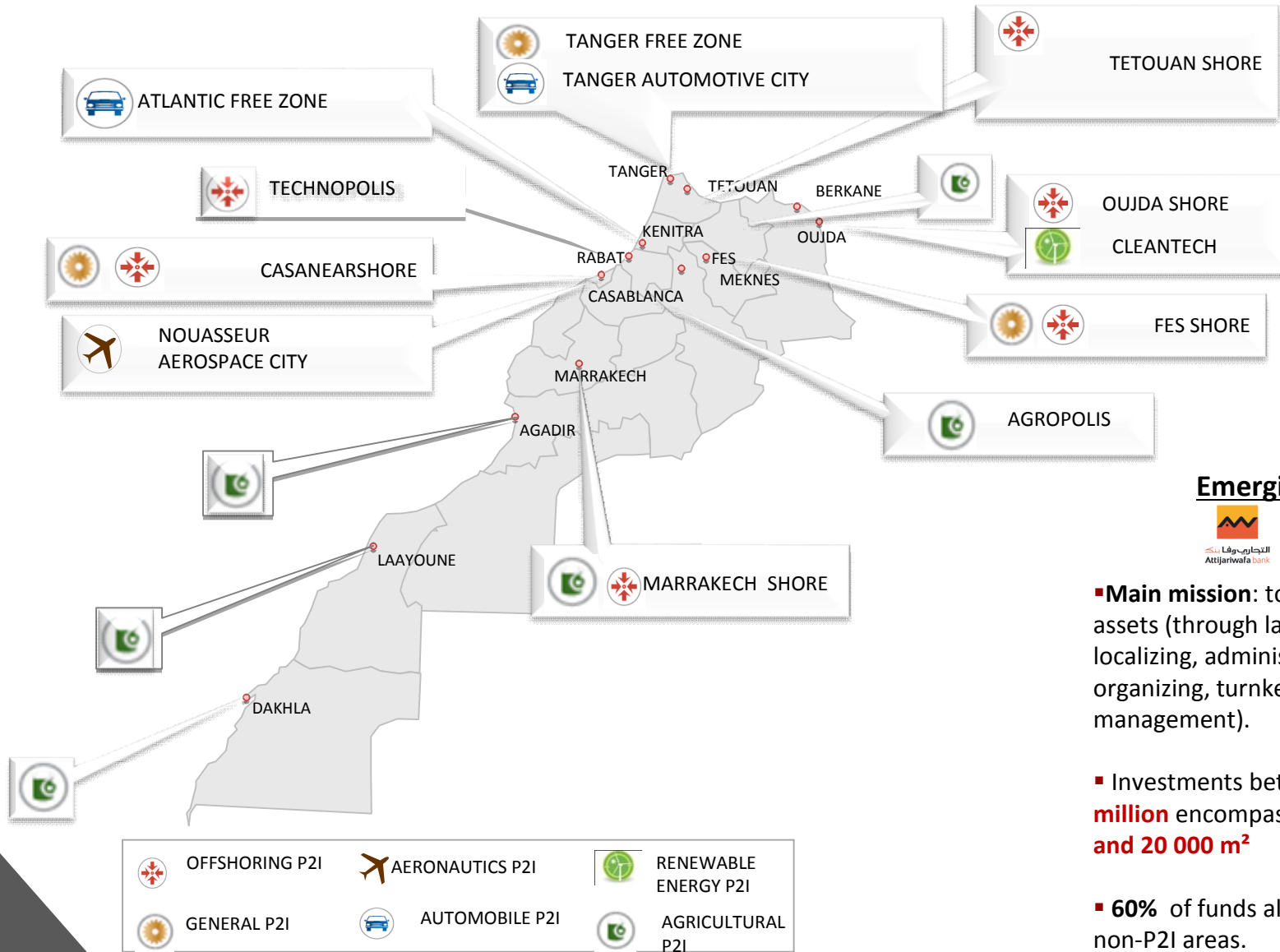


Tanger Med: world-class infrastructure in a strategic geographical location.

- Annual capacity of 3 million containers.
- Capacity of 8.5 million containers in 2014.
- Objective: reach World Top-15.
- Integrated industrial, logistics, and commercial zones neighbouring the port.

Ideal maritime platform to serve Europe and Western Africa.

22 Integrated Industrial Parks (P2Is)



Emerging Real Estate



- **Main mission:** to ensure the movement of assets (through land searching and localizing, administrative and legal organizing, turnkey delivery, and site management).
- Investments between **DH 100 and 300 million** encompassing between **5 000 m² and 20 000 m²**
- **60%** of funds allocated to P2Is and **40%** to non-P2I areas.

I

Morocco: An attractive country for investors

II

An attractive value proposition

- ✓ A strategically ideal geographical location
- ✓ A competitive destination
- ✓ A unique network of Free-Trade Agreements
- ✓ A young and qualified workforce

III

Morocco: Priority to investors

Morocco: a strategic geographical location

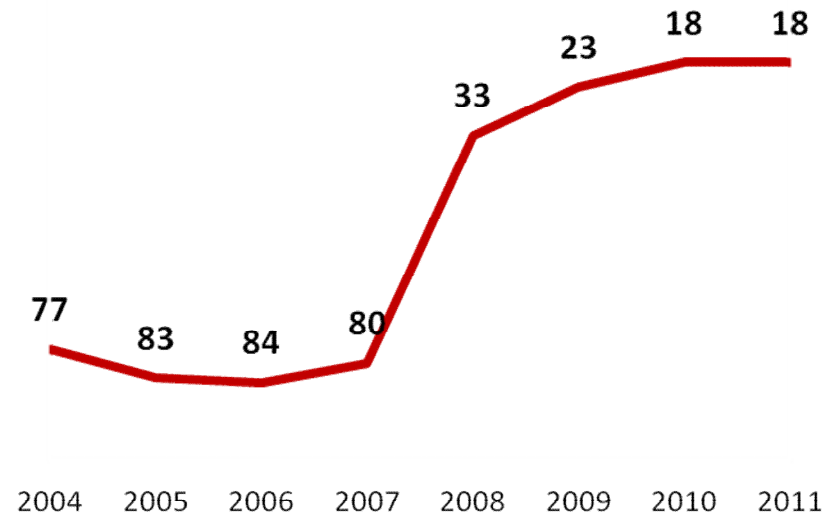


Tanger Med Port: **Connections to 130 ports in 65 countries**

A total traffic of **27 million tonnes** in 2011, a rise of **17% from 2010**

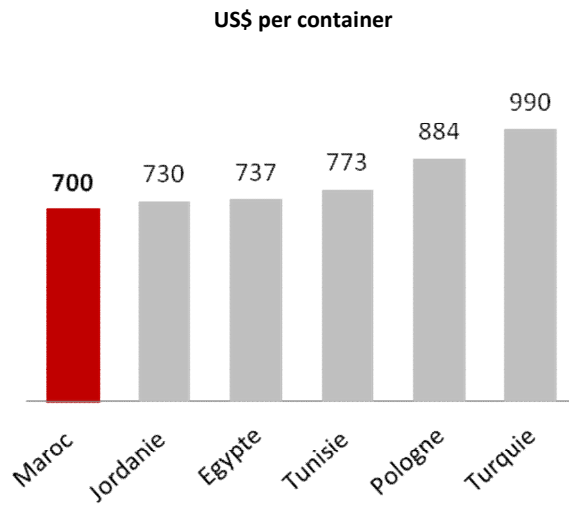


Ranking of Moroccan shipping routes

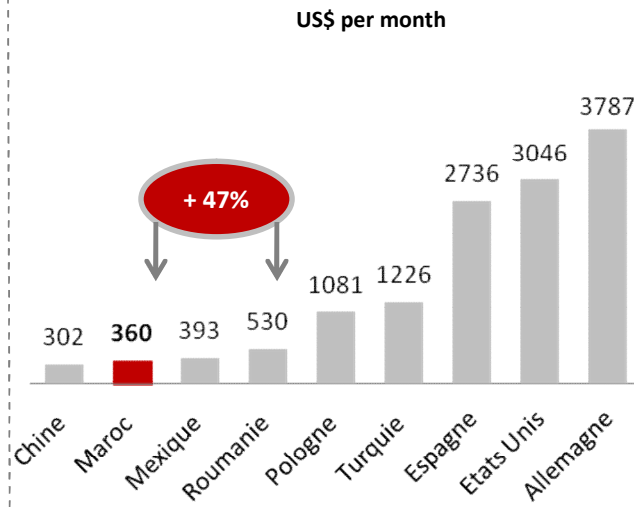


Competitive costs

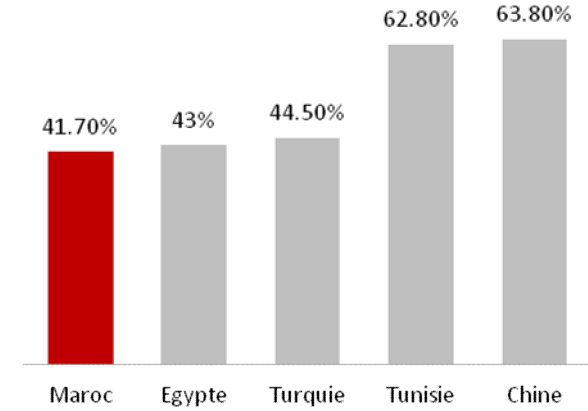
Exportation costs*



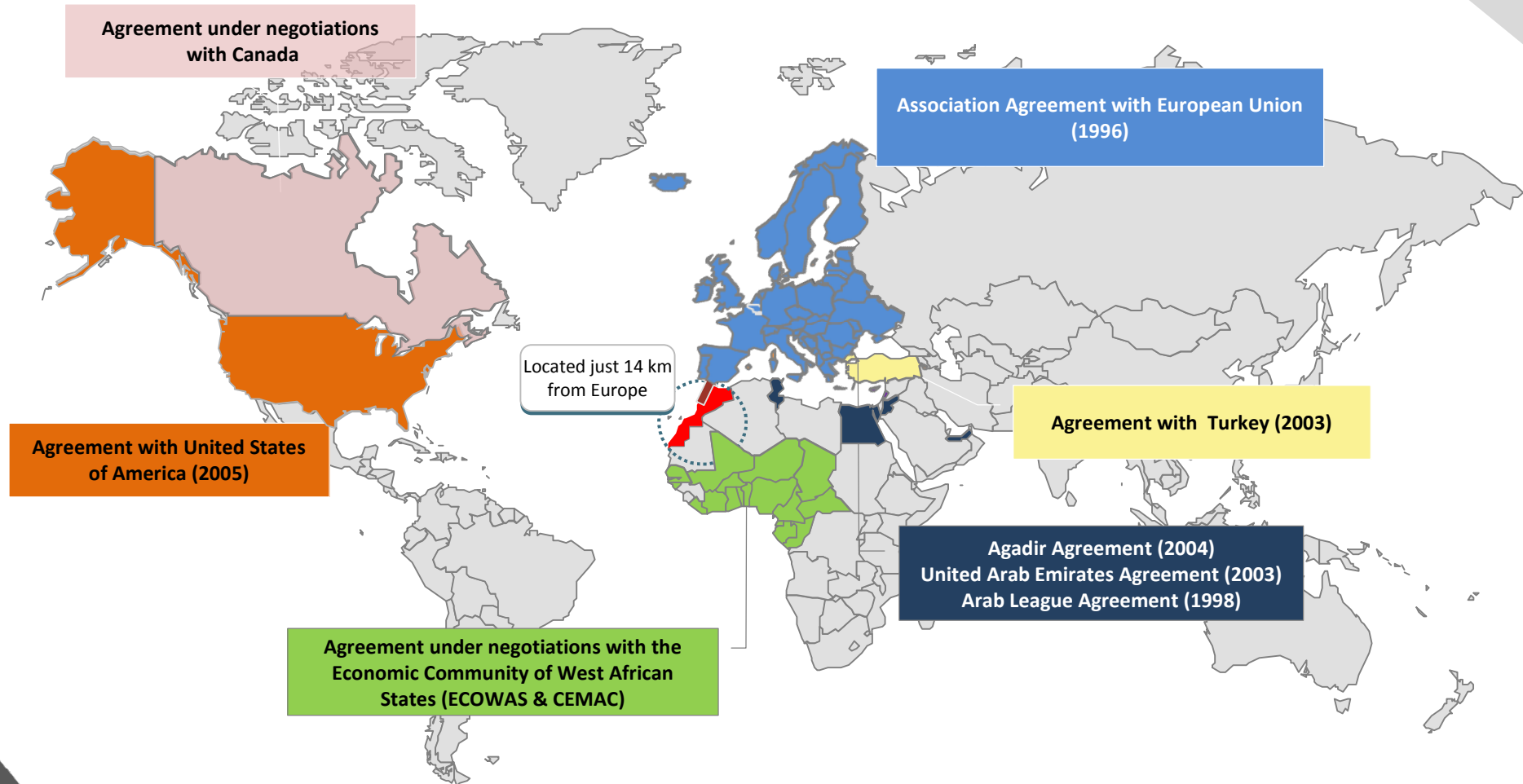
Competitive salaries (average)



Tax Burden (% of profit)



Access to custom fee exemptions



A quality workforce



A young and educated population

- 64% of Moroccans are aged under 34 years
- 6 million young people (between 18 and 35 years old)
- An active population of 12 million
- 175 000 university students
- 10 000 engineering graduates per year
- Over 100 public universities and schools
- Over 200 private universities

A youth open to the world

- 13 million internet users
- 4,1 million Facebook users (39th in the world), including 80% under 30 years old
- Steady growth of English, Spanish, and German learning
- Strong cultural and linguistic affinity with Europe



I

Morocco: an attractive country for investors

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An attractive value proposition

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Morocco: priority to investors

- ✓ An attractive incentive package
- ✓ Free zones
- ✓ An environment favourable to conducting business
- ✓ MIDA, your representative

An attractive **incentive package**

Investment Promotion Funds (IPFs)

- **Eligibility Conditions:**
 - Investment \geq DH200 million
 - Jobs created \geq 250
- **Land Assistance:** A contribution **up to 20%** of acquisition costs
- **External Infrastructures:** **assistance of up to 5% of total amount** of investment programme
- **Training:** **A contribution of up to 20%** of training costs.

Hassan II Fund

- **Eligibility Conditions:**
 - Total investment \geq DH5 million
 - Investment in goods and equipment \geq DH2.5 million
 - **Sectors:** Automobile, aeronautics, nanotechnology, microelectronics, and biotechnology.
- **Land Assistance:** **30% of costs** of land acquisition and development.
- **Equipment:** **10% of costs** of new equipment (excluding taxes and import duties).

Energy Funds

- **Eligibility Conditions:**
 - Investment in equipment goods \geq DH2.5 million
 - Signature of an investment contract with the State
- Budget of **DH52 Billion**
- **Objectives:**
 - To finance new energy facilities, especially in the field of renewable energy.
 - To offer subsidies to project leaders.

An attractive incentive package

Moroccan Fund for Tourism Development (FMDT)

- **Size**
Currently **DH1.5 billion**, increasing to **DH15 billion** over the next 10 years.
- **Objectives**
 - To support the carrying out of “**Vision 2020**”
 - To produce a significant impact on the Moroccan economy and to ensure financial stability for investors.
- **Eligibility Conditions :**
- The projects in question will operate in the fields of hotel infrastructure, recreation, entertainment, business tourism, and touristic cultural infrastructure.

General Tax Code

- **Eligibility Conditions**
 - Investment \geq **200 millions DH**
- VAT exemption for the importation of equipment goods, materials, and tools for the **36 months** following the start of the activity.

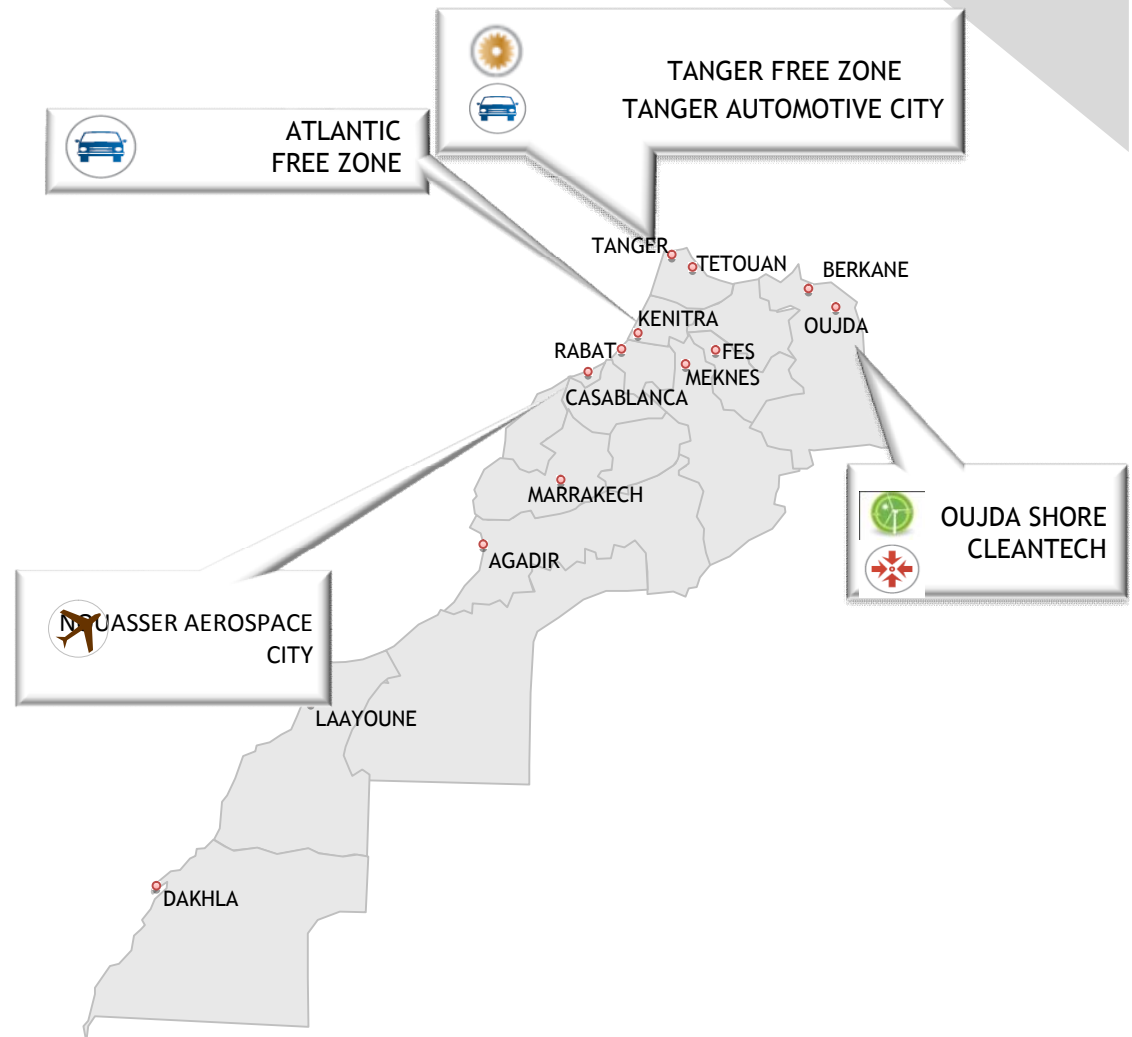
Casablanca Finance City

- **Eligibility Conditions**
 - Activities with non-resident businesses
 - Compliance with financial legislations and regulations.
- Full exemption for the first 5 years of activity and a rate of **8.75% thereafter.**
- Reduced corporate tax rate of 10 %
- Income tax set at **20%**

Free zones in Morocco

Incentive benefits in Free Zones

- Exemption from custom fees and simplified customs procedures
- **Full exemption from corporate tax for first 5 years and a rate of 8.75% for the following 20 years.**
- Full exemption from income tax for first 5 years and a reduction of 80% for the following 20 years.
- No restrictions on capital or dividend transfers.



A business environment favourable to investment

Investor Protection

- **51** Double Tax Avoidance Agreements
- **62** Investment Protection Agreements
- Member of **OECD Investment Committee**
- Member of **International Centre for Settlement of Investment Disputes (ICSID)**
- Member of **MIGA** (Multilateral Investment Guarantee Agency)

Legal Reforms

- The creation of the **Business Environment National Committee (CNEA)** to facilitate procedures and access to information, and to carry out legal reforms
- The modernisation of business law
- The strengthening of intellectual property protection
- A new law on arbitration and mediation
- New banking regulations
- Administrative simplification

An Incentive Tax System

- Reduction of tax burden
- The creation of funds specifically for investment promotion

International Instruments

- Morocco adhered to the OECD Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance and to the OECD Declaration on Green Growth



Morocco is "**the most improved**" country in business regulations in 2011
+21 positions in global ranking

MIDA, serving investors



Helps you settle and thrive

- ✓ Assists you in finding a location that meets the particular specifications of your project.
- ✓ Puts you in contact with free zones and industrial zones so you can benefit from the best possible offerings and opportunities.
- ✓ Facilitates the integration of your business into the local economy.

Helps you carry out your project

- ✓ Provides you detailed information on the regulations pertinent to your investment.
- ✓ Helps you identify the national and regional financial benefits available for your project.
- ✓ Assists you in accelerating procedures and guides you in the contacts with government services.

With you along the way

- ✓ Welcomes you and provides the advice necessary for your investment.
- ✓ MIDA, thanks to its after-care service, will ensure the post-installation satisfaction of investors.

Thank you for your attention

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APPENDIXES

Major investment projects of 2011

BOMBARDIER

- €160M invested in aerospace manufacturing factory.
- Start of implementation in 2012 and of manufacturing in 2013.

THALES

- Thales establishes its African Headquarters in Morocco (formerly in France)
- Morocco = 15% of turnover in Africa



- 50/50 Joint Venture: new factory for the production of harnesses and electricity cabinets for tramways and high-speed trains.
- €30M
- 400 jobs



- 1st Four Seasons in North Africa.
- €160M investment on 15 hectares.
- Inaugurated November 2011



- €90M
- Acquisition of 63.9% of Moroccan pharmaceutical manufacturer Promopharm.

Major investment projects announced in 2012



- Launch of its new 13 000 m² logistics platform in Sapino Industrial Park.
- €3.5M investment.



- Inauguration of new 3 000 m² factory in Berrechid.
- €3.2M investment and additional €11M investment for 2014.
- Should employ 2 500 people.



- The Indian number one in generic medicine manufacturing opens in Casablanca.
- Approximately €2M invested.



- €20M investment.
- Established in Tangier Automotive City, near Tangier.



- €40M investment in its Nouaceur factory for a new production line for “Pulpy” juice, the newest addition to its *Miami* brand.
- Total investment of €80M for the whole of its Moroccan activities in 2012.

The fight against corruption in Morocco

- Morocco signed the United Nations Convention against Corruption on 9 December 2003 and ratified it on 9 May 2007.
- Morocco signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 1997 and ratified it in 2000.
- The **Central Authority for Corruption Prevention** (L'Instance Centrale de Prévention de la Corruption - ICPC) was created in March 2007.
- The **Council of Competition** and the ICPC were constitutionalised in June 2011.
- A harmonious and coherent system to fight against corruption was implemented in June 2011.
- The new Constitution guarantees free elections, strict neutrality, fair access to resources, protection for witnesses of corruption, etc.
- The new government is immediately and firmly committed to fighting corruption, having launched 59 measures related to good governance while strengthening the ICPC's acting authority.

Morocco in the world

- Member of the **United Nations** (UN) since November 1956.
- Non-permanent member of **United Nations Security Council** (UNSC) until 2013.
- Member of the **World Trade Organisation** (WTO) since January 1995.
- Member of **OECD Investment Committee**.
- The Kingdom of Morocco is a very active member of the **NATO Mediterranean Dialogue**, established by the foreign ministers of NATO countries in December 1994.
- Major non-NATO ally since January 2004.
- Major partner of the European Union (EU).
- Signature of Morocco-EU Advanced Status in 2008.
Since February 2012, Morocco has gained the right to participate in all current and future EU programmes.
- Morocco is also a member of the **Arab League** (AL), the **Arab Maghreb Union** (AMU), **Francophonie**, the **Organisation of the Islamic Conference** (OIC), the **Group of 77**, the **Union for the Mediterranean** (UfM), and the **Community of Sahel-Saharan States** (CEN-SAD).

Morocco offers a solid banking system

with local players who are developing internationally thanks to their presence in Africa.

Key Factors

- The highest penetration of banking services in Africa after South Africa.
 - Bank assets reached 73% of GDP, as opposed to 69% in Egypt and 33% in Algeria.
- 3 national banks in African Top-10
 - Attijariwafa Bank: #6
 - Groupe Banque Populaire: #8
 - BMCE Bank: #9
- A strong presence in African countries to support Moroccan businesses.



Attijariwafa Bank

\$1.5B Turnover

\$35B Assets



2010: African Bank of the Year



BMCE Bank (and Bank of Africa)

\$0.8B Turnover

\$19B Assets

