

Building Tomorrow: Morocco's New Paradigm

Introduction: The new Morocco

Morocco has entered a new phase in its history: the international community has repeatedly saluted its efforts in terms of political, social and economic reform and the country is an open. It is a crucial time in terms of creating a global brand "Morocco". The country's ambitious transformation is targeting both internal and external affairs and foreign investors are eager to find more about what Morocco's place could be on the international business map of the 21st century. In terms of economics, the key policies that are implemented target the diversification of the traditional economy, public-private investments, and the liberalisation of trade and the strengthening of many sectors including financial services, telecoms, energy and transportation. The architects of Morocco's economic reform are determined to successfully integrate the kingdom into the global economy, to strengthen its ties with the international community and its alliances with major global players. Has the time come for Morocco to capitalize on its strategic advantages and embrace its potential role as regional platform for business? What are the factors that are driving the nation forward and how is Morocco positioning itself as the dynamic investment destination of choice for a growing number of partners?

Strategic positioning: a global advantage

Morocco is situated at the crossroads of Europe, Africa and the Middle East, and it is poised to become a neural centre for different business cultures and interests. With more than 55 trade agreements signed, Morocco is the natural gateway for doing business in the region. It is only eight miles from Spain, two and a half hours by air from major European capitals and seven hours from New York. Investor friendly rules, FTAs signed with the EU and the USA, as well as with Egypt, Tunisia, Jordan, Turkey, and UAE provide investors the framework for dynamic ventures. How will the public and private sector leaders capitalize on the possibilities offered by globalisation to tap into new sectors and markets and become a regional investment and trade platform between Europe, the United States and Africa?

A dynamic business climate

Morocco is changing its profile and together with it, long held international perceptions and negative stereotypes. The shift in the economic paradigm, major investment in soft and hard infrastructure and the reform of business practices such as the strengthening of intellectual property rights, improved labour law and a liberal approach to economic policy, are attracting more and more overseas businesses. The Kingdom is aiming for \$4 billion of foreign direct investment this year, up from \$3 billion in 2006 and a mere \$500 million, ten years ago. Will it reach its target and what is it about Morocco that draws major businesses such as Renault, Axa, BNP Paribas, Cap Gemini and India's Tata Group?

In that sense, local business has an important role to play: in terms of economic diplomacy the way in which they perform sends a strong message about the country's growth and stable development plans. In terms of business dynamics: they are the holder of local know how and important shareholders in the Moroccan market. Will further openness affect their practice and what is the position they are targeting within a fast moving global market place?

Looking at the sectors that are leading the race for growth:

o Emerging Moroccan industry

In the last two decades, Morocco has undergone a real transformation but to speed up that process and to diversify the economy and increase productivity, the government introduced the "Emergence plan" in 2005. It is a wide-ranging policy reform, which aims to increase growth by 1.6% per annum over the next ten years and create some 440,000 new jobs. The plan targets new sectors and industries such as off shoring, electronics, automotive and chemical products where Morocco can position itself on the international stage. It is also modernising and revitalising more traditional industry such as agro food processing and textiles. How will this ambitious plan help Morocco sustain its growth and what are the major initiatives and the game changers? While modifying its "low-cost" image, will it remain competitive?

o Towards a sustainable and renewable future

Like many other nations, Morocco faces challenges in the energy sector. In response, it is adopting energy resource management, to reduce consumption without affecting productivity and making alternative and renewable energy sources the pillar of its energy policy. Morocco has substantial renewable energy potential including extensive sunshine and air power generation capacity. A windmill park is currently under construction in Tangiers and Morocco is working with Spanish company, Idofoton, to set up 34,500 solar panels as part of an agreement with the Moroccan

electricity utility, One Facility. With considerable expertise in renewable energies- the Centre for Renewable Energies has been set up ever since 1982- how will the country develop its plans to increase the market share of renewable energies to almost 20% by 2020?

- o **Creating a financial centre of excellence in North Africa**

The Moroccan financial sector is one of the most advanced in North Africa thanks to a wave of reforms in the 1990s and adherence to Basle 11 requirement. An ambitious regulatory and institutional reform process has resulted in well-capitalized and healthy private commercial banks with a limited exposure to risk. We will take a look at the major players in Moroccan financial services and explore the challenges and opportunities for the future of the sector.

- o **Tourism: touring in a world of opportunities**

With over 3000 years of history, a rich and vibrant culture, miles of pristine coast, stunning desert and mountain landscapes and a reputation for exceptional hospitality, tolerance and openness, Morocco is fast becoming the destination of choice for an increasing number of tourists. Vision 2010, the government's national tourism strategy, aims to increase the number of international visitors to ten million by 2010 and create 600,000 new jobs. But it's about more than just tourism. Vision 2010 is also a powerful tool for kick starting development by upgrading the country's infrastructure, boosting investment, employment and income distribution within the population. We will explore how Morocco is creating six new state of the art coastal resorts, how it is liberalizing air space to increase air transport capacity and how it is investing in training and education for its people.

- o **"Plan vert": increasing productivity**

"Moroccans' strong attachment to the land is an intrinsic part of their identity," says HM King Mohammed VI. Agriculture is a booming economic activity but it faces a number of challenges and must become more competitive, which is why Morocco has introduced the "Green Plan" or "Plan vert". It is an inclusive, consultative, participatory plan that will vigorously develop more modern and productive agriculture; improve food security and support small farmers. We will take a look at how "Plan vert" will create 1.5 million new jobs in the countryside and examine some of the many projects that the government is supporting with \$2 billion of annual investment.

Regional diversity

The different regions of Morocco are extremely diverse and each has its own character and strengths. Regional development bodies under the auspices of the Confederation Generale des Entreprises du Maroc have been set up to promote and develop investment in each of the regions and their aim is to decentralise and simplify procedures for businesses and organisations. Each of the regions is involved in major development programmes. The Tangier-Tetouan region, for example is being positioned as a special development zone that will benefit from the creation of Tanger-Med, a major industrial port east of Tangier that has attracted leading shipping companies such as Maersk and DP World. We will examine what Morocco's regions can offer to international business.