



**TRADE POLICY REVIEW**

REPORT BY

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Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Morocco is attached.

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## **1 INTRODUCTION**

1.1. Despite a challenging global environment, Morocco has laid the foundations for a new multidimensional development model, based on consolidating democracy, strengthening economic growth, and human development.

1.2. Since its previous Trade Policy Review in 2016, Morocco's economy has experienced steady growth, notwithstanding cyclical fluctuations. Its average growth rate stands at 2.1%, thereby consolidating its position as an emerging economy in Africa. This expansion has been driven by several factors, including political stability, economic diversification and improved competitiveness.

1.3. At the political level, significant progress has been made, as reflected in the democratic development embodied by the 2011 Constitution, the implementation of advanced regionalization, and the holding of legislative, municipal and regional elections in September 2021. This political stability has been key to strengthening Morocco's trade policy, and it has also created a favourable and predictable environment for foreign investment and trade.

1.4. Morocco's ambitious and proactive reforms have laid the foundations for the far-reaching, sustainable and inclusive transformation of the national economy, and have enabled the Kingdom to consolidate its resilience and maintain its macroeconomic balance. Reforms include upgrading infrastructure, improving the business climate and diversifying trade partnerships, thus aiming to increase the competitiveness of the country in world markets.

1.5. Since its previous TPR, Morocco has embarked on the irreversible process of opening up its trade policy to the international environment, through greater integration into the world economy. The country has also focused on implementing the various trade agreements entered into at the bilateral, regional and multilateral level, as well as on broadening them by negotiating new agreements. In the same vein, Morocco is continuing to streamline formalities and make procedures more transparent.

1.6. Within the context of its overall economic liberalization strategy, Morocco has undergone profound change in terms of its traded products and their geographical distribution. Despite the buoyancy of exports, this economic openness has contributed significantly to the country's widening trade deficit. This has been all the more damaging owing to the emergence of a multi-crisis global environment, which has led to sluggish world growth and a surge in prices of raw materials.

1.7. Over the past decade, Morocco has emerged as one of the chief destinations for foreign direct investment in Africa. With one of the region's highest rates of investment, the country has attracted significant attention from international investors. Similarly, Morocco's outward investment, particularly in its African partners, has increased considerably, making it the leading investor in West Africa and the second largest on the African continent.

1.8. Morocco has also strengthened its budgetary framework to secure public finances, further investment and improve the living standards of the most vulnerable population groups. In addition, the Kingdom's monetary policy has remained accommodative, thus supporting economic growth and strengthening the country's external position.

## **2 ECONOMIC ENVIRONMENT**

### **2.1 Resilient economic growth in a challenging environment**

2.1. In recent years, the Moroccan economy has shown remarkable resilience in an unprecedented global environment characterized by successive crises that have coincided, at the national level, with six consecutive years of drought. This resilience has been bolstered by the appositeness of the Kingdom's policy choices, and its move towards sectoral diversification and supply development, which has played a key role in reducing the vulnerability of the production base.

2.2. In common with the rest of the world, the Moroccan economy suffered an unprecedented shock in 2020 on account of the COVID-19 pandemic and the health restrictions introduced to contain it. These measures, which resulted in the temporary cessation of economic activity and disruptions to global supply chains, impacted the national economy, which experienced its first recession since the

end of the 1990s. Management of the pandemic was characterized by particular consideration for the country's food sovereignty and its needs in terms of products to fight the spread of the virus, including the manufacture of COVID-19 protective and medical equipment, against the backdrop of an extensive vaccination campaign.

2.3. For many years, the Kingdom has had an ambitious reform agenda and a portfolio of large-scale economic and social infrastructure projects, with the aim of increasing the adaptability, agility and credibility of public policy, and strengthening the resilience of the national economy in an unstable global geopolitical environment.

2.4. The unanimous agreement that Morocco, Spain and Portugal will organize the 2030 Football World Cup clearly reflects the trust and credibility that Morocco enjoys in the eyes of the international community. This important event, which will be organized for the first time in two different continents, will undoubtedly generate considerable economic spin-offs, from which several sectors should benefit. In addition to sporting infrastructure, several investments are planned, including strengthening the transport network, the tourism sector and communications.

2.5. The Moroccan economy rebounded quickly and returned in 2021 to its pre-pandemic level. GDP growth reached 8%, outpacing global economic growth and particularly growth in the MENA region.

2.6. In 2022, the world economy slowed down owing to the effects of geopolitical crises, the synchronized tightening of monetary policy in advanced and emerging economies, and disruptions in global value chains. In Morocco, this adverse international environment coincided with an unprecedented drought. However, national economic growth continued its positive trend to reach 2.9% in 2023.

2.7. This performance can be attributed to the continued growth of non-agricultural activities (2.7%), in particular to the robust performance of tertiary activities (4%), including the rebound of the tourism sector, the value added of which increased markedly in 2023 (26%) due to the significant increase in tourist arrivals and overnight stays.

2.8. The state of public finances improved between 2013 and 2019. The budget deficit peaked at 7.1% during the pandemic before resuming its downward trend, falling from 5.5% in 2021 to 5.2% in 2022 and 4.5% in 2023. This improvement was possible owing to sustained growth in tax revenue, which increased by 17.4% in 2022, and non-tax revenue, which increased by 28.9%.

2.9. In 2018, Morocco undertook the voluntary and gradual transition of its fixed exchange rate regime to a more flexible exchange rate regime, to strengthen the resilience of the national economy to external shocks and support its competitiveness.

2.10. On a separate note, the Moroccan Government has set about implementing a royal structuring project that seeks to extend social protection to all Moroccans by 2025. This large-scale social project, which places the improvement of citizens' living standards at the heart of the economic development dynamic, aims to establish an efficient system of solidarity based on the generalization of compulsory health insurance (AMO), the distribution of family allowances to the most disadvantaged families, the broadening of pension schemes coverage and the generalization of job severance compensation.

2.11. Accordingly, the Government has formulated an appropriate regulatory framework for health coverage and pension plans, as a result of which more than 380,000 traders have benefited from AMO since January 2022.

2.12. The earthquake that struck the Al-Haouz region on 8 September 2023 was the most powerful in the history of Morocco, causing extensive damage in nearly 6,210 villages, killing 3,000 people and leaving 6,000 injured. Following this tragic event, a spirit of exemplary solidarity was shown by all sectors of Moroccan and international society, and Moroccans around the world came together to support their injured fellow citizens and help the victims.

2.13. To address the impacts of this tragedy, Morocco has implemented an integrated and multisectoral aid programme, with an estimated budget of MAD 120 billion over a five-year period. This recovery programme, which targets a population of 4.2 million, has four main components:

relocating those affected by the disaster, rebuilding housing and rehabilitating infrastructure; opening up and upgrading regions; accelerating the absorption of social deficits, particularly in the mountainous areas affected by the earthquake; and encouraging economic activity and employment, as well as promoting local initiatives.

## **2.2 A significant change in export performance**

2.14. In recent years, owing to sectoral and trade policy efforts, Moroccan goods exports have witnessed remarkable growth, increasing by 11% between 2016 and 2022, compared with the annual average of 6% between 2009 and 2015.

2.15. Owing in particular to Morocco's global businesses, exports have almost doubled since 2020, reaching MAD 428 billion in 2022, thus confirming the country's economic recovery from the health crisis. It should be noted that, in 2022, industrial exports accounted for 86.6% of Moroccan goods exports.

2.16. The export–import coverage ratio has improved significantly, rising from 50% on average between 2009 and 2015 to 59% on average during the period 2016–22. This improvement is expected to continue in the light of the country's move towards a policy of expanding exports and diversifying export products.

2.17. As a result of Morocco's policy to open up to global trade and increase the country's attractiveness, which has supported the further integration of the economy into global value chains, its market share of global exports increased from 0.14% in 2016 to 0.17% in 2022.

2.18. Owing to the increase in the international prices of energy products and raw materials, the value of Morocco's imports increased significantly to MAD 737 billion in 2022. This increase in imports affected Morocco's trade balance, which saw a record trade deficit of MAD 309 billion, an increase of 55% over the course of a year.

2.19. Exports from the automotive and aeronautical sectors, which are at the heart of the country's industrialization strategy, saw faster than average growth, almost tripling in less than a decade and reaching record highs in 2022 of MAD 111 billion and MAD 21 billion, respectively. Moroccan exports of phosphates and phosphate products amounted to MAD 115 billion in 2022, while exports of agricultural products, textile and leather products, and electric and electronic goods totalled MAD 83 billion, MAD 44 billion and MAD 18 billion, respectively, by the end of 2022.

2.20. With an average share of 55% between 2016 and 2022, Morocco's trade remains dominated by European Union countries, mainly by Spain and France, whose average shares stand at 18% and 15%, respectively. China and the United States rank third and fourth as the Kingdom's main trading partners, with 7% and 6%, respectively, of total trade during the period 2016–22.

2.21. Despite a strengthened position in non-European markets, Moroccan exports in 2022 remained highly concentrated on the country's long-standing partners, namely Spain (19.6%) and France (18.8%). Morocco has recently increased its market share in several of its trading partners, including India (third client), with its market share rising from 2.6% in 2017 to 6.4% in 2022.

2.22. Although imports are still mainly from Spain and France, with 14.1% and 10.6%, respectively, of the market share in 2022, several suppliers have strengthened their position, including China and Türkiye, which saw a respective average increase in their market share of 7.4% and 2.9% during the period 2009–15, and 10.3% and 5% during the period 2016–22.

2.23. In terms of trade in services, export growth (10%) outpaced import growth (7%) between 2016 and 2022. Despite a sharp slowdown in Moroccan service exports in 2020 and 2021 owing to COVID-19 restrictions, in 2022 they exceeded pre-pandemic levels to reach MAD 225 billion. As a result, the service trade balance remained in surplus at MAD 115 billion in 2022, compared with MAD 67 billion in 2016.

2.24. This trend is chiefly due to the rebound in travel receipts, which almost tripled in 2022 to MAD 93 billion. Business services, associated with the development of offshoring, were not particularly affected by the health crisis, and grew steadily from MAD 16 billion in 2016 to

MAD 41 billion in 2022. This reflects Morocco's attractiveness as a destination and the impact of its proactive development strategy in these areas.

2.25. While attenuated by the strong performance of trade in services, Morocco's goods and services trade deficit rose to MAD 153 billion in 2022, compared with MAD 105 billion in 2016. This is mainly attributable to Morocco's economic situation, which is characterized by large-scale projects requiring imports of capital goods and semi-finished products, a high demand for certain inputs needed in the industrialization process, and rising energy and cereal bills.

### **2.3 A notable improvement in external accounts**

2.26. The most significant performance was in transfers from Moroccan residents abroad (MRE), which have grown continuously at an annual average of close to 10% since 2016 and which stood at MAD 110 billion at the end of 2022. Most of the transfers made by the Moroccan diaspora come from EU countries, with an average share of 67%.

2.27. In its continued efforts to improve its business climate and increase its attractiveness, Morocco has retained its privileged position as the destination of choice for foreign investors. Despite a sharp slowdown in foreign direct investment (FDI) in 2020, Morocco attracted MAD 248 billion in aggregate investment during the period 2016–22, compared with MAD 234 billion between 2009 and 2015.

2.28. During the period 2016–22, the geographical breakdown of FDI flows illustrates the importance of EU countries, which are still one of the top sources of investment, with an average share of 58%, followed by the United Arab Emirates with 10%, and the United States and the United Kingdom with an average share of 7% each.

2.29. In terms of sectors, industrial investments accounted on average for 28% of foreign investment in Morocco between 2016 and 2022, with a cumulative total of MAD 70 billion, compared with MAD 56 billion between 2009 and 2015. Despite a 38% decline in 2020, FDI for the industrial sector has since recovered and surpassed pre-pandemic levels.

2.30. The stock of foreign direct investment reserves in Morocco stood at MAD 677 billion in 2022, compared with MAD 492 billion in 2015, an increase of 38%. In terms of sectors, industry ranks first with a 24% share, followed by real estate (19%), telecommunications (12%) and tourism (9%).

2.31. Moroccan direct investment abroad (IDME) tripled between 2009–15 and 2016–22, from MAD 28 billion to MAD 87 billion. African countries attract half of this investment, with accumulated investment since 2016 amounting to MAD 43 billion, compared with MAD 17 billion at the end of 2015.

2.32. The stock of Moroccan investment abroad increased by 62% between 2016 and 2022, rising to MAD 74 billion. By sector, banks and financial activities rank as the main recipient of IDME in terms of stock, which amounted to MAD 22 billion in 2022, compared with MAD 10 billion in 2015.

## **3 BUSINESS ENVIRONMENT**

### **3.1 The New Development Model - a national ambition for 2035**

3.1. The New Development Model (NMD) was introduced in order to address the weaknesses created by the country's changing socio-economic context and the resulting challenges. The NMD is an economic, social and environmental development plan that sets out the country's ambition for 2035.

3.2. The aim is to promote inclusive economic growth, reduce socio-economic inequalities, strengthen infrastructure, improve education and health care, and foster sustainable development.

3.3. A special commission was set up to develop the NMD through a broad-based consultation process involving all stakeholders. Close to 10,000 people participated in these national consultations through 70 institutional hearings and listening sessions, 113 workshops and 35 citizen listening sessions held in various towns across the country.

3.4. To achieve the ambition set out in the NMD, the special committee deemed it essential to focus on five key aspects that would drive the Model's launch and implementation. Those five drivers are: (i) leveraging digital technology to accelerate change; (ii) creating a competent and effective administrative apparatus; (iii) securing the resources needed to finance transformative projects; (iv) engaging the Moroccan diaspora and tapping into their know-how, networks and expertise; and (v) fostering cooperation with foreign partners through a win-win approach.

3.5. Alongside these key drivers, intensive efforts are needed to rally all national players around a national development pact and to establish a mechanism to monitor and steer the NMD's transformative projects. The pact will be consensus driven, ensuring development actors' commitment to the new national ambition and creating a common frame of reference to guide and steer the work of all national stakeholders.

### **3.2 A framework to improve the economic environment**

3.6. Morocco is working towards completing the institution-building required by the 2011 Constitution. In addition to consolidating the rule of law, Article 1 of the Constitution stipulates that the Kingdom's territorial organization shall be decentralized and rooted in advanced regionalization. This strategic initiative is central to all sector-specific reforms being undertaken in Morocco and seeks to promote sustainable and inclusive economic and social development.

3.7. Since its previous Trade Policy Review, Morocco has implemented several legal provisions to establish and operationalize regional council structures and adopt the national charter for administrative decentralization, which is key to the success of this large-scale initiative aimed at ensuring socio-economic development in Morocco.

3.8. The 2021 elections produced the elected bodies of the 12 regions established under the new geographical boundary arrangements and paved the way for the establishment of the second chamber of parliament in line with the new configuration provided for in the 2011 Constitution.

3.9. In conjunction with private- and public-sector partners, Morocco has developed a road map to improve the business environment in the period 2023–26. The road map has three main areas of focus, which are: (i) improving the structural conditions for investing and doing business; (ii) enhancing the country's competitiveness; and (iii) fostering an enabling environment for entrepreneurship and innovation. Another cross-cutting aim of the road map is to strengthen ethics and integrity and prevent corruption. Thus far, 70% of the initiatives set out in the road map have already been launched.

3.10. Another step forward was the reinstatement of the Competition Council in 2018, with measures taken to ensure that the Council carries out all of its duties with full independence and neutrality. In 2022, the Council strengthened its legal arsenal, thereby enhancing the efficiency and credibility of its work to promote a balanced economy and competitive market. This reform has made procedures more transparent and provides economic operators with more guarantees.

3.11. For a number of years, Morocco has been engaged in an irreversible process of digital transformation. As part of that process, the Digital Development Agency (ADD) was created in 2017. The ADD has been tasked with structuring Morocco's digital ecosystem and fostering the emergence of authentic operators within the digital economy. It also contributes to promoting digital administration, developing a regulatory framework for digital products and services, and driving the process of behavioural change within society through training and awareness-raising.

3.12. As part of these efforts, the first edition of Gitex Africa Morocco, the biggest tech and startup show in Africa, was held in Marrakesh in 2023. This collaborative technology and innovation platform brought together more than 275 international investors and helped to showcase Africa's dynamic tech industry and the high potential for future growth in the region.

3.13. The adoption of Law No. 31-13 on the right to access information, pursuant to Article 27 of the Constitution, enabled Morocco to strengthen the legal framework setting out the scope of the right to access information held by public authorities and elected bodies. The transparency and information portal, Chafafiya.ma, was launched in 2020, to enhance transparency and government openness.

3.14. In response to citizens' and civil society's growing awareness of the scourge of corruption, the Kingdom adopted a strategy to combat corruption and strengthened the role of the National Authority for Probity, Prevention and the Fight against Corruption (INPPLC). In 2018, Morocco joined the Open Government Partnership initiative, which fosters the principles of transparency, accountability and civic engagement.

3.15. Morocco also began reforming the state-owned enterprises and public institutions sector, in line with the NMD recommendations that the sector should become a driver of socio-economic development and its performance should be improved by building competitive ecosystems in strategic sectors.

3.16. In 2021, Morocco adopted Framework Law No. 50-21 on the reform of the state-owned enterprises and public institutions sector. The reform, which is being rolled out gradually over a five-year period, includes a programme to restructure state-owned enterprises and public institutions, strengthen their autonomy and improve their governance, with a view to boosting their economic and social efficiency.

3.17. In parallel, the National Agency for Strategic Management of State Holdings (ANGSPE), which became operational on 12 December 2022, protects the proprietary interests of the State as a shareholder, manages the State's holdings, and monitors and assesses the performance of state-owned enterprises and public institutions. The Agency covers 57 state-owned enterprises and public institutions (15 public institutions, 35 enterprises directly owned by the State, and seven holdings wholly or jointly owned by the State or by other state-owned enterprises or public institutions).

3.18. The Mohamed VI Investment Fund (FM6I) was set up in 2020, pursuant to Law No. 76-20. The aim of the Fund is to boost investment promotion and build the capacities of the national economy by providing production sectors with the support they need, supporting major projects through public-private partnerships and implementing financing solutions for companies involved in priority projects.

3.19. In response to changes to governance practices at the international level (G20/OECD Principles of Corporate Governance 2015), the Payment Observatory (ODP) was set up in 2017. The ODP is tasked with analysing payment practices, identifying abusive late payments, and taking remedial measures to improve payment times in Morocco and enhance transparency and accountability in business transactions.

3.20. Financial inclusion is another key component of national efforts to build the resilience of the population, particularly within those groups that are excluded from the formal financial sector. To that end, the National Financial Inclusion Strategy was strengthened and major reforms were adopted to improve access to banking services, including mobile payment services, promote access to financing for micro-, small and medium-sized enterprises (MSMEs) and develop the microcredit and participatory bank sectors.

3.21. Morocco's recent removal from the European Union's grey list, just three months after it was removed from the FATF's grey list, is undeniable proof of the efficacy and credibility of the reforms being undertaken by Morocco.

### **3.3 An attractive investment policy**

3.22. In line with the spirit and ambition of the NMD, Morocco has pressed ahead with its reform efforts to enhance the openness of the country's economy, improve its competitiveness and diversify its drivers of growth, while also seeking to ensure free and fair competition between public and private economic actors.

3.23. As a result of these efforts, Morocco quickly moved up the Ease of Doing Business ranking between 2010 and 2020, when it was placed 53rd out of 190 countries and came in as the third-best country in which to do business in Africa.

3.24. In addition, a new Investment Charter was adopted in 2022, through Framework Law No. 03-22, which replaced Framework Law No. 18-95 establishing the 1995 Investment Charter.



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The new Charter sets out the fundamental objectives of the State's efforts to develop and promote private investment, with a view to consolidating Morocco's position as an attractive regional and international hub for investors.

3.25. These fundamental objectives are to raise MAD 550 billion in private investment, create 500,000 sustainable jobs over the period 2022–26 and increase the share of private investment to 65% by 2035.

3.26. Framework Law No. 03-22 also provides for one main investment support mechanism and three specific support mechanisms. The aims of the main mechanism are to support investment projects that meet set criteria, reduce disparities between provinces and prefectures in terms of attracting investment, and promote investment in priority sectors. The specific mechanisms are designed to support strategic projects, MSMEs and Moroccan companies looking to expand internationally.

3.27. The new National Investment Committee was set up to support implementation of the Charter. Chaired by the Head of Government, the Committee determines whether an investment project can be considered strategic, carries out periodic assessments of the efficacy of the support mechanisms provided for in the Charter, and proposes any adjustments needed to promote investment and enhance the Kingdom's attractiveness.

3.28. To ensure the successful implementation of the Government's new vision for investment promotion and development, the Moroccan Investment and Export Development Agency (AMDIE) was created in 2017, under the supervision of the Ministry of Investment, Convergence and Evaluation of Public Policies (MICEPP).

3.29. Resulting from the merger of the Moroccan Investment Development Agency (AMDI), the Moroccan Export Promotion Centre (CMPE) and the Office of Fairs and Exhibitions (OFEC), AMDIE is responsible for implementing the State's strategy for the development, encouragement and promotion of national and foreign investment, as well as for exports of products and services in sectors under its authority; it does this through the actions listed in Law No. 60-16 establishing AMDIE.

3.30. AMDIE used Expo Dubai 2022 to launch Morocco's new investment and export brand, "Morocco NOW", internationally. The aim of this initiative is to promote Morocco as a world-class industrial and export platform. The brand vision is driven by four of the Kingdom's key assets: sustainability, competitiveness, guaranteed success and agility.

3.31. The reform of the Regional Investment Centres (CRI), through Law No. 47-18, led to an overhaul of the centres and their role as key players in promoting investments and the country's regions and in driving regional economic development. As part of the reform, the CRIs were placed under the responsibility of the Head of Government, who delegated some of his powers to the MICEPP. Major strides have been made as a result of this reform: the performance of the CRIs has improved considerably, with investment application processing times falling sharply, from an average of 130 days in 2019 to 12 days in 2022.

3.32. Under Law No. 55-19 on simplifying administrative procedures and formalities, 22 administrative decision-making processes relating to the eligibility of projects, urban planning authorizations, property access and utilization were streamlined and digitized through the "CRI Invest" electronic platform. The number of documents required for investors was reduced by 45%.

3.33. Since its previous Trade Policy Review in 2016, Morocco has continued to expand its network of investment promotion and protection agreements in order to foster foreign investment in Morocco and encourage Moroccan investment abroad. By the end of June 2023, Morocco had signed 79 bilateral investment agreements, 53 of which have entered into force, including four signed in 2022 and 2023.

3.34. Morocco has joined several international and regional investment initiatives, including: the OECD Declaration on International Investment and Multinational Enterprises; the Unified Arab Investment Agreement, which is in the process of being updated; the Protocol on Investment to the Agreement Establishing the African Continental Free Trade Area; the Agreement on Promotion,

Protection and Guarantee of Investments Among Member States of the Organization of the Islamic Conference, for which a permanent investment dispute settlement mechanism is in the process of being negotiated; and the WTO Agreement on Investment Facilitation for Development.

3.35. In 2019, Morocco adopted an updated and balanced investment promotion and protection agreement model. The model draws on best international practices and expands on the substantive clauses by integrating the notions of sustainable development and the host country's right to regulate and by upgrading the investor/State dispute settlement mechanism.

#### **3.4 A fiscal and monetary policy to boost economic recovery**

3.36. Starting in 2013, public finances underwent a period of fiscal consolidation, with major reforms to strengthen the resilience of the fiscal framework. The unprecedented crisis in 2020 required a countercyclical fiscal policy to be adopted in order to mitigate the consequences of the pandemic on affected households and companies; fiscal consolidation efforts then resumed in 2021. The aim of these efforts is to restore fiscal margins in order to provide protection against potential shocks, while also ensuring that the reforms are sustainable and support the economic recovery.

3.37. Morocco also embarked on a plan to gradually reform compensation. The aim of the plan's initial phase was to control the upward trend in compensation expenditure in order to ease the burden on the State's budget and free up financial resources that could be used to improve the living conditions of the most vulnerable population groups. As part of the gradual reform of the compensation system, compensation for liquid petroleum products was phased out in 2015.

3.38. The pace of tax reforms, aimed at developing a more equitable, transparent and effective tax system, picked up following the national consultations on taxation held in 2019. The recommendations stemming from the consultations led to the adoption of Framework Law No. 69-19 on tax reform, which provides a frame of reference for the State's tax policy. It includes a road map for the period up to 2026 aimed at strengthening taxpayers' rights, ensuring legal certainty and developing a straightforward, transparent and equitable tax system.

3.39. Since its previous Trade Policy Review, Morocco has, as part of its continued efforts to gradually relax its foreign exchange regulations, introduced a raft of measures to bolster the domestic production sector and provide a strong boost to economic operators, in particular by supporting innovative companies and improving individuals' access to foreign currency.

3.40. There have been a number of significant achievements in this area: the requirement for economic operators to file reports was lifted in 2022; in 2019, the advance settlement amount was set at MAD 200,000 for imports of goods and MAD 100,000 for imports of services; hedging instruments for all risks inherent in any asset or debt were authorized in 2018; and exporters holding accounts in foreign currency or in convertible dirhams are now authorized to pay for imports of goods and services in advance or in instalments that exceed the authorized rate.

3.41. New measures to relax rules on current transactions and liberalize capital transactions have also been adopted, including raising the cap on transactions relating to foreign investments by legal entities to MAD 200 million per year and capping e-commerce funding for young, innovative tech startups ("*jeune entreprise innovante*") at MAD 1 million.

3.42. As a result of these measures, the number of transactions still subject to prior approval by the Foreign Exchange Office has decreased. They now make up less than 3% of the total transaction volume on the foreign exchange market.

3.43. Monetary policy had remained loose in recent years and was further loosened in 2020 to support the domestic production sector and boost the post-COVID-19 economic recovery.

3.44. After keeping its key rate at an all-time low of 1.50%, Morocco's central bank then began tightening its monetary policy in September 2022 in order to rein in surging inflation, which reached 6.6% in 2022 – its highest level since 1991 – before stabilizing somewhat. The key rate was raised for the first time since 2008, with three consecutive 150 bp hikes bringing the rate to 3%.

3.45. The process of gradually loosening the foreign exchange regime also continued: the dirham's fluctuation range against other currencies was widened to  $\pm 2.5\%$  in 2018 and to  $\pm 5\%$  in 2020. This has been a smooth reform process, with few interventions by the central bank.

3.46. Before the next phases of this reform can begin and an inflation target can be introduced, the prerequisites relating to macroeconomic fundamentals need to be met and inflation and the uncertainty surrounding the global and domestic outlook need to have sufficiently eased. This is in line with the position of the International Monetary Fund (IMF), as set forth in Article IV of its Articles of Agreement.

## **4 TRADE POLICY**

### **4.1 An updated legal framework consistent with the opening up of the country's economy**

4.1. Morocco's general regulations on foreign trade have not been amended since the previous Trade Policy Review. Trade liberalization continues to be the basic principle, and any restrictions may only be imposed on an exceptional basis in accordance with Articles XI, XX and XXI of the GATT 1994.

4.2. As part of its contribution to the fight against the proliferation of weapons of mass destruction, Morocco has adopted a legislative framework that controls the export and import of dual-use goods (goods used for both civilian and military purposes) and related services. Law No. 42-18, adopted in 2020, seeks to establish a control regime for the export and import of dual-use products by requiring prior authorization. The aim is to determine the destination and end-use of these products, ensure that they are traded legitimately, and prevent their diversion to military use. The Law also establishes the Commission for Dual-Use Items and Related Services, which includes representatives from the relevant ministries and governmental agencies involved in the strategic control of trade. The Commission's main task is to give its opinion on export and import licensing for the products and services concerned.

4.3. The implementing texts for Law No. 42-18 set out, *inter alia*, the procedures for issuing, amending, suspending and withdrawing export and import licences for dual-use products, as well as the procedures for reviewing related decisions. They also specify the products subject to this control, the types of licence application, and the documents to provide with applications. The control regime will enter into force in May 2024.

4.4. The Moroccan legislative framework governing trade defence has remained unchanged since it was first introduced. Trade defence instruments, the sole aim of which is to rectify or eliminate the damage caused to productive sectors by unfair competitive practices relating to imports, are generally applied by Morocco in a measured way and when certain conditions are met. Morocco ensures that any trade defence measure envisaged is entirely compatible and compliant with the requirements of the applicable WTO Agreements and domestic legislation.

### **4.2 A sustained policy of export capacity building and import liberalization**

4.5. Morocco aims to reduce the structural trade deficit in its foreign trade by boosting and promoting its export supply and expanding its presence in diversified markets. To help achieve this, an "Export Task Force", made up of representatives from the public and private sectors, has been set up to identify and harness untapped export potential with a view to expanding Moroccan exports into new, high-potential markets. This work has led to the identification of 23 high-potential export markets, including seven priority markets.

4.6. At the same time, support services have been set up, including programmes to improve Moroccan companies' positioning in the global market and help them implement their international business plans.

4.7. These programmes seek to (i) provide customized support for companies, focusing on their international development goals; (ii) provide support for prospecting internationally, in collaboration with the Moroccan Investment and Export Development Agency (AMDIE); (iii) improve export insurance coverage by providing a complementary product so that insurance companies can cover a very broad range of high-potential markets; (iv) leverage national and international financing to

provide export companies with competitive financing; and (v) support companies in their efforts to certify their products with a view to improving their market access.

4.8. Morocco has stepped up its promotional initiatives in target markets. As part of this, AMDIE undertook a total of 169 investment and export development and promotion activities in 2022, targeting 1,320 prospects and providing export support to 298 Moroccan companies through some 2,000 export meetings.

4.9. In supporting these companies, AMDIE devotes particular attention to those that have export potential but have never exported before or have only exported occasionally. In this respect, AMDIE plans to support 250 enterprises over the period 2024-26. These companies require support to take the first step towards exporting.

4.10. In 2020, the maximum MFN import tariff was temporarily increased from 25% to 40% to deal with the effects of the COVID-19 crisis. Morocco subsequently began a process of tariff reform, which saw this rate lowered from 40% to 30%. The reform entered into force on 1 January 2024.

### **4.3 Undeniable achievements in trade facilitation**

4.11. To ensure inclusive governance regarding trade facilitation, Morocco established the National Coordinating Committee for the Facilitation of Foreign Trade Procedures (CNCFPCE) under Decree No. 2.17.594, adopted in 2018. This measure falls under Article 23 of the WTO Trade Facilitation Agreement.

4.12. In this context, the CNCFPCE has prepared an action plan to simplify, harmonize and digitize foreign trade procedures, with the aim of achieving paperless foreign trade by 2026.

4.13. The "PortNet" single window for foreign trade procedures, initially set up in 2010 to digitize port formalities and currently extended to all procedures, is the operational lever for the facilitation and digitization of foreign trade procedures, formalities and documents.

4.14. With around 95% of foreign trade procedures now paperless, Morocco opted to streamline its customs procedures by adopting a "zero paper" system from 1 January 2019 and, more recently, by introducing the electronic issue of certificates of origin and the digitization of post-clearance verification of proof of origin.

4.15. This development has contributed to a considerable reduction in the amount of time goods spend in ports - from 13 days in 2014 to less than eight days in 2023. Morocco's facilitation efforts have also had an impact on the national business climate ecosystem, with a clear improvement in Morocco's ranking for the Trading across Borders component of the *Doing Business* indicator, rising from sixty-third place in 2017 to fifty-eighth place in 2020.

4.16. As part of its efforts to protect consumers and improve the flow of imports of industrial products, Morocco has also overhauled its system for checking compliance with standards. The new system, which is based on the use of approved inspection bodies, provides for the inspection of a number of industrial products in their countries of dispatch, thereby reducing transit times for goods and the costs borne by importers. These inspection bodies form part of an extensive network and are present in all countries exporting to Morocco. The import control procedures for industrial products have been digitized and linked to the PortNet single window.

### **4.4 Commitment to the multilateral system**

4.17. In strengthening the Kingdom's international economic presence, Morocco is committed to honouring its obligations with regard to multilateral organizations. To this end, the Kingdom remains committed to a fair and equitable multilateral trading system, based on clear rules and fundamental principles serving as a benchmark for countries' trade policies.

4.18. The Constitution, adopted in 2011, explicitly enshrined the supremacy over domestic law of international conventions that have been "duly ratified by Morocco within the framework of the provisions of the Constitution and the laws of the Kingdom, in accordance with its unalterable

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national identity, as of the publication of those conventions [...]." This constitutes a solemn affirmation of Morocco's international commitments.

4.19. Morocco has played an active role in all the areas negotiated or addressed at the WTO and has been at the forefront of promoting the continent's interests through its positions and initiatives as part of the African Group. Against this backdrop, Morocco took the initiative of organizing the third WTO Mini-Ministerial Conference in Marrakesh in October 2016, as part of the preparatory work for the eleventh Ministerial Conference in Buenos Aires.

4.20. Morocco ratified the Trade Facilitation Agreement (TFA) on 14 May 2019. By the end of 2023, the country had implemented 91.2% of the commitments set out in the Agreement, with five Category C measures to be implemented before 2027 and just one Category B measure in the process of being implemented.

4.21. Morocco is actively and constructively engaged in the negotiations of the second phase of the WTO Agreement on Fisheries Subsidies, with the aim of reaching an agreement that substantially reduces global fisheries subsidies and has a real impact on the conservation of marine resources.

4.22. Morocco is in the process of ratifying the WTO Agreement on Fisheries Subsidies concluded at the twelfth Ministerial Conference, which prohibits harmful fisheries subsidies, especially subsidies for vessels and operators engaged in illegal, unreported and unregulated (IUU) fishing, subsidies regarding overfished stocks, and subsidies for fishing in unregulated areas in the high seas. In this respect, the Kingdom welcomes the first phase of the Agreement, which is the second agreement to have been concluded at the WTO since its creation.

4.23. Furthermore, Morocco is actively contributing to the joint initiative discussions on drafting an agreement on investment facilitation for development. The Kingdom is also a co-sponsor of the communication, dated 15 December 2020, launching the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade.

4.24. In addition, Morocco is working to further the integration of African and Arab countries into the multilateral trading system. To this end, the Kingdom chaired the WTO Working Party on the Accession of Iraq from May 2009 until May 2023, and has chaired the Working Party on the Accession of the Union of the Comoros since March 2021.

4.25. Morocco is also an active participant in UNCTAD-led efforts to further the integration of developing countries into the global economy. In this context, Morocco has expanded its participation in the 1998 Global System of Trade Preferences (GSTP) among Developing Countries and has signed the Final Act of the São Paulo Protocol, which includes only 11 of the 43 GSTP countries and covers further tariff reductions.

4.26. A review of services policy was undertaken in 2021 by the Government of Morocco with technical and financial support from UNCTAD and the United Nations Development Programme (UNDP). The review covered three service sectors, namely distribution services (wholesale and retail trade), legal services and logistical services provided in the transport and distribution of pharmaceutical products.

4.27. Furthermore, Morocco has adhered to 35 OECD legal instruments and actively participates in the OECD's work. Morocco is an "associate" in 12 different OECD thematic committees, holds "participant" status in three OECD committees, and holds "invitee" status in 32 OECD committees.

4.28. The Kingdom has been the subject of specific OECD policy reviews on education, public governance, public sector integrity, gender equality, and regional development. The recent creation of the Morocco Economic Desk at the OECD in February 2023 completes the economic pillar of the second phase of the Morocco Country Programme.

4.29. Morocco is fully committed to implementing the United Nations 2030 Agenda, and this commitment is shared by the Government and other domestic institutions. In April 2017, a plan was submitted to Parliament to implement the Sustainable Development Goals (SDGs). Under Decree No. 2.19.452 of 17 July 2019 on the organizational structure of the National Commission for Sustainable Development, the Office of the High Commissioner for Planning prepared two reports

on the voluntary national review of the implementation of the SDGs in 2016 and 2020, and a national report on the SDGs in 2021.

4.30. It should be recalled that Morocco is a signatory to the Washington Convention establishing the International Centre for Settlement of Investment Disputes (ICSID), a body that seeks to settle investment disputes between States and nationals of other States; it is also a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). In this respect, investors may, in the event of a dispute, resort to the ICSID or to an *ad hoc* tribunal set up under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

#### **4.5 Enhanced regional and bilateral trade cooperation**

4.31. Morocco is of the view that regional and bilateral trade cooperation complements multilateral cooperation by enhancing it and facilitating global trade openness and development. With this in mind, Morocco has, over the last decade, established a legal framework to support the development of trade relations with some of its strategic partners.

4.32. With 12 free trade agreements, Morocco offers market access to some 100 countries around the world, representing almost 2.5 billion consumers. Morocco implements regional trade agreements with the following partners: the European Union, the United States, Türkiye, the United Kingdom, the European Free Trade Association (EFTA), the African Continental Free Trade Area (AfCFTA), the Greater Arab Free Trade Area (GAFTA), the Agadir Agreement (Egypt, Jordan, Tunisia) and the United Arab Emirates.

4.33. After rejoining the African Union in 2017, Morocco signed the Agreement Establishing the African Continental Free Trade Area (AfCFTA) in March 2018 and ratified it in February 2022. This large-scale African project, which seeks to create a liberalized single market for goods and services facilitated by the movement of people and capital, is part of the Kingdom's vision to strengthen its commitment to the development of pan-African cooperation.

4.34. The AfCFTA Agreement includes eight protocols covering trade in goods, trade in services, dispute settlement, investment, competition, intellectual property, e-commerce, and women and young people in trade. With regard to trade in goods, signatory countries agreed to liberalize 97% of tariff lines over a transition period that varies according to their level of development. With the exception of least developed countries (LDCs), all customs duties must be eliminated over a transition period of 15 years from 1 January 2021.

4.35. In October 2019, Morocco and the United Kingdom signed an agreement establishing a free trade area between the two countries. The agreement, which provisionally came into force on 1 January 2021, seeks to ensure the continuity of relations between the two countries following the UK's exit from the European Union. The agreement is based on the provisions of the association agreement between Morocco and the European Union and contains related provisions on rules of origin, preferential tariffs, and quotas.

4.36. In 2001, Morocco established a legal framework to grant preferential tariff access to certain products originating in and coming directly from 33 African LDCs. This unilateral initiative, updated in 2023, is in line with the Kingdom's multi-faceted south-south cooperation in favour of its African partners. By the end of 2022, Morocco's total imports of products from African LDCs amounted to MAD 1.03 billion.

## **5 SECTORAL REFORMS**

### **5.1 A proactive industrial policy to boost growth**

5.1. Since launching the Emergence Plan in 2005 and adopting the National Pact for Industrial Emergence in 2009, Morocco has been actively pursuing growth and industrial modernization to become a globally competitive hub as a testament to its potential, resilience and agility. The country's industrial development policy has been significantly bolstered by the introduction of targeted sectoral strategies. The subsequent Industrial Acceleration Plan (2014-20) and Industrial Recovery Plan (2021-23) have set Morocco on a new path of growth and progress.

5.2. The aim of the Industrial Recovery Plan is to better integrate industrial sectors and engage them in innovation, thereby consolidating the Kingdom's position as a decarbonized and competitive industrial base.

5.3. Morocco boasts one of the world's most competitive low-carbon industries and is now working to give its manufacturers full access to medium-voltage renewable energy, which will enable them to meet the environmental requirements of certain trading partners. To this end, Morocco and the EU signed a Green Partnership in October 2022 to support the transition to more sustainable production and consumption methods and strengthen bilateral cooperation on energy transition and the decarbonization of the Moroccan economy.

5.4. As Africa's leading car manufacturer, Morocco is steadily shifting its automotive industry towards electric vehicles. This strategic refocusing has meant that certain electric car models are now being produced exclusively in Morocco and has favoured the development of the value chain for the production of electric vehicle batteries.

5.5. Since the launch of the first initiative in the aviation sector some 20 years ago, Morocco has become Africa's leading exporter of aeronautical equipment, parts and components. With a local integration rate of 42%, the sector currently employs over 21,000 people and includes 143 companies that are integrated into global value chains.

5.6. The agri-food industries sector is crucial to Morocco's socio-economic development, at a time when food security has become a major global concern. The sector plays a decisive role in enhancing the value of and regulating the Kingdom's agricultural and fisheries production and covers a wide range of activities, from simple value enhancement to the production of processed products.

5.7. Despite the challenges posed by the shift in global value chains, the textile and leather industry has demonstrated a high level of resilience and an ability to adapt effectively. The COVID-19 pandemic led to the emergence of new sectors in the area of technical medical textiles. For the leather industry, two new dedicated industrial zones have been set up to bring together all stakeholders in an effort to reduce logistics-related costs and risks.

5.8. Morocco's other industries, which are just as competitive as they are diverse, cover a wide range of sectors, including the chemical and paracheimical industry, the pharmaceutical industry, the electrical and electronics industry, the engineering and metallurgy industry and the construction material industry. These ecosystems are notable for the diversity of their offerings and are an essential link in the national manufacturing supply chain.

5.9. Morocco has seen a marked increase in the roll-out of industrial infrastructure with the launch of 40 new industrial zones in 11 regions of the Kingdom, covering an additional 2,100 hectares, of which 600 hectares have already been developed and 1,500 hectares are under development. The regulatory framework has similarly been updated to support more professional ways of managing such facilities, as well as the upscaling of human capital and technology transfer.

5.10. Launched in 2023, the "Tatwir R&D and Innovation" assistance programme offers a range of support and value-enhancement products to industrial companies, with the aim of improving their technological level by supporting them with R&D and industrialization. The launch of this programme forms part of a new generation of measures in response to the new priorities of the industrial strategy.

5.11. Morocco has also set up an industrial support service for project leaders. This support covers all phases of project development, including assistance with administrative procedures, information on industrial sites and the market, certification and standardization, training and contacts with public and private contractors.

5.12. In 2023, the Moroccan Industrial and Commercial Property Office (OMPIC) launched a database of innovative projects and a virtual platform, "[ipmarketplace.ma](https://ipmarketplace.ma)", which is dedicated to patent value enhancement, the marketing of R&D products and the leveraging of innovative projects based on patents that are freely available in Morocco, for the benefit of industrialists.



5.13. The Government has started work on its future industrial strategy (2023-30). This strategy will respond to the Kingdom's priorities of sovereignty, sustainable employment and human capital, innovation and upgrading, and the rational use of natural resources for the improved territorial distribution of wealth creation.

## **5.2 A supportive and proactive agricultural and fisheries policy**

5.14. Morocco's agricultural policy has brought about significant progress since the last Trade Policy Review. Morocco has in fact adopted a new approach in this respect, developing an ambitious and proactive agricultural policy to meet the challenges of competitiveness, sustainable development and improved living conditions for farmers.

5.15. As a result of efforts made under the Green Morocco Plan (2008-20), Morocco has doubled its agricultural GDP, amounting to MAD 125 billion in 2018, following private-sector investments of MAD 63 billion. The Plan also led to increased agricultural exports and significantly improved food self-sufficiency for key commodities, including cereals (70%), sugar (47%), fruits and vegetables (100%), and meat (100%).

5.16. When the Green Morocco Plan came to an end, it was replaced by the new "Green Generation 2020-23" strategy. The new strategy, which consolidates the achievements of the Green Morocco Plan, is based on two fundamental pillars: prioritizing the human element and continuing to develop the agricultural sector.

5.17. The first pillar of the new strategy aims to create a new agricultural middle class and a new generation of young entrepreneurs. The strategy also seeks to establish a new generation of agricultural organizations and support mechanisms, while mobilizing 1 million hectares of collective land for the benefit of investors, rights holders and young people.

5.18. There are four specific areas of focus for implementation of the second pillar: (i) developing and consolidating agricultural sectors through more targeted upstream intervention; (ii) improving marketing conditions for agricultural products and modernizing distribution chains; (iii) promoting quality, innovation and green technologies; and (iv) developing resilient and eco-efficient agriculture.

5.19. The Green Generation strategy is expected to double agricultural GDP to MAD 200 to 250 billion by 2030. The strategy also aims to double agricultural exports (to MAD 50 to 60 billion by 2030) and create more than 350,000 new jobs, while improving farmers' living conditions.

5.20. Following the devastating earthquake that struck the province of Al Haouz, Morocco launched an urgent agricultural reconstruction, rehabilitation and development programme in affected areas. The programme focuses on restocking livestock, reviving the livestock production sector, repairing irrigation infrastructure and improving access to farms in order to rebuild agricultural production capital.

5.21. With regard to fisheries, Morocco is the leading country in Africa and ranks 15th in the world in terms of marine fishing. With an exclusive economic zone of over 1 million km<sup>2</sup>, Morocco's waters are renowned for their abundance of fish. The Kingdom aims to make this sector, which employs a total of 247,143 people, one of the main drivers of its economy.

5.22. It should be noted that the marine fisheries sector is one of the main drivers of growth, contributing around 2% of the national GDP. Fish production amounted to 1.56 million tonnes in 2022, representing an increase of 10% compared to 2021. Exports reached an all-time high of MAD 28 billion in 2022, or 883,000 tonnes.

5.23. The Halieutis strategy (2009-20) has yielded many achievements, including the strengthening of fisheries research, which saw total investment of MAD 1.55 billion over the 10-year period, the implementation of various plans to ensure the sustainable use of resources, measures to address IUU fishing, the promotion of aquaculture, and the upgrading of fisheries infrastructure to meet international standards in order to enhance the value of fish and seafood products. The aim is to be a partner and supporter in the development of the processing industry.



5.24. By building up value-added industries, though the implementation of an institutional marketing strategy and a labelling system, Morocco has become the world's leading exporter of canned sardines and semi-preserved anchovies, and one of the world's leading exporters of octopus.

5.25. The new strategic roadmap for the fisheries sector aims to transform the sector and bring it into line with the global blue economy. This transformation is based on two guiding principles: the adoption of a systemic approach that favours the development of ecosystems and the harnessing of synergies; and the development of the sector by its stakeholders, who are supported by the State through capacity building. This process generates wealth at all stages of the value chain.

### **5.3 Drivers of socio-economic development: tourism and craft industries**

5.26. Tourism has become a key sector of the Moroccan economy, and stands out for its major contribution to job creation, its positive effect on foreign exchange earnings and the catalytic role it plays in the Kingdom's economic, social and territorial development.

5.27. After a temporary standstill in tourist activity due to the pandemic, Morocco is back on the path to growth, with a new all-time record of 13.2 million tourist arrivals in the first 11 months of 2023. This performance reflects Morocco's attractiveness as a must-visit destination and the effectiveness of its proactive tourism development strategy.

5.28. In this context, the Moroccan National Tourist Office (ONMT) has launched various initiatives to revitalize the sector and support its recovery, involving digital advertising campaigns and partnerships with airlines, tour operators, online travel agencies and the media to promote Morocco as a tourist destination.

5.29. A new strategic roadmap for tourism has been drawn up to strengthen this strategic sector against the backdrop of contextual and cyclical challenges. This action plan, which covers the period 2023-26, reaffirms the significant role of tourism in the national economy and aims to attract 17.5 million tourists, generate MAD 120 billion in foreign exchange earnings and create 200,000 direct and indirect jobs by 2026.

5.30. The roadmap is designed to deliver on the levers that are essential to shape products and services around customer experience. It includes measures to boost the airline sector, increase advertising and marketing, diversify tourism products and services, add new hotel capacity and modernize existing offerings.

5.31. As a fundamental pillar, the craft sector too is the focus of a new development strategy. This strategy, covering the period 2021-30, seeks to build up resilience and ensure a gradual transition towards a structured, modernized and competitive craft sector. It includes new programmes to support operators, in particular exporters, aggregators and centres of excellence, and a series of promotional measures, not least the modernization of marketing channels through e-commerce, the digitalization and optimization of the labelling process and the setting up of a support programme for labelled units.

5.32. It should be noted that the craft sector, with its two components of production and services, is a major source of employment in Morocco, employing around 2.4 million people while contributing almost 7% to national GDP. In 2022, Morocco's craft exports reached a record level of more than MAD 1 billion, a figure that was also achieved in 2023. The top three performing categories on foreign markets are ceramics, carpets and basketry.

### **5.4 Ambitious infrastructure and logistics to boost competitiveness**

5.33. With 1,800 km of motorways and 57,334 km of roads, including 1,857 km of expressways, the transport sector accounts for 6% of GDP and employs around 10% of the urban working population. Considerable progress has been made in terms of road network construction and upgrading. One of the Kingdom's most important infrastructure projects is the 1,055 km Tiznit-Dakhla expressway, which aims to link the southern provinces with a road that meets international standards and provides a high level of safety.

5.34. Morocco boasts a dense and high-performance rail network, including Africa's first high-speed train and one of the fastest trains globally. The 2040 Rail Strategy includes projects to extend the network with both conventional and high-speed lines. One such project is the extension of the high-speed rail line to Marrakesh (450 km) and then onwards to Agadir (240 km), which will highlight the Kingdom's strategic geographical location and redefine journey times between the north and south of the country. When completed, the national network will connect 87% of the population (compared to 51% in 2014), 12 ports (six in 2014) and 43 towns (23 in 2014), linking the city of Tangier with Marrakesh in three hours.

5.35. Morocco has 25 airports, 19 of which operate internationally, with a combined capacity of 40 million passengers. Various projects are currently underway to modernize the infrastructure at the airports serving Rabat, Tétouan and Al Hoceima, and other projects are in the pipeline to increase capacity at the airports in Marrakesh, Agadir and Tangier. As part of the Take-Off 2025 plan and the development strategy of Royal Air Maroc, a study on the short, medium and long-term development of Casablanca airport is currently underway.

5.36. Morocco's port infrastructure has undergone considerable development in recent years, now boasting a network of 43 ports, comprising 14 international commercial ports, 22 fishing ports and seven marinas. At present, the network encompasses 73 km of protective structures and 65 km of berthing facilities, with a potential capacity to handle 300 million tonnes per year, 11.2 million twenty-foot equivalent units (TEUs) for containers and 15.2 million passengers. This development is part of the 2030 National Port Strategy, which aims to turn port infrastructure into a lever for economic growth and regional development in Morocco.

5.37. The port of Tanger Med has become a major Mediterranean and continental hub, ranked fourth globally by the Container Port Performance Index. It handled over 8.6 million containers in 2023, or 95% of its nominal capacity. Two strategic projects are currently under construction: the port of Nador West Med, which is set to become operational by the end of 2025, and the new port of Dakhla Atlantique, which is scheduled for completion in 2029.

5.38. Meanwhile, Morocco is developing its telecommunications infrastructure in line with general guidelines (NOGs) that outline the sector's strategic development and provide visibility to existing investors and players. To this end, Law No. 121-12 amending and supplementing Law No. 24-96 on postal and telecommunications services, adopted in 2019, introduced new provisions to strengthen the role of the regulator, intensify and bolster competition in the various market segments, and help create the conditions necessary to use regulatory levers effectively.

5.39. Efforts to deepen and expand the network have led to continued growth in the telecommunications market in Morocco, driven mainly by the Internet and mobile segments. Internet penetration grew from 42.75% to 106.8% between 2015 and 2023. Mobile telephony has also grown significantly, reaching 57.3 million customers by the end of September 2023, representing a penetration rate of 154.8%. There is no difference in the use of mobile cellular telephones between different parts of the country, with a penetration rate of almost 100% in both rural and urban areas.

5.40. Given the impact of climate change on the availability of water resources, water security has become a priority for the Government and a central focus of national economic policies. Against a backdrop of structural drought, Morocco has embarked on a series of major projects as part of the National Drinking Water Supply and Irrigation Programme 2020-27, which includes linking watersheds and using non-conventional water sources. Specifically for desalination, the Kingdom has set a target to desalinate more than 1.3 billion m<sup>3</sup> of seawater per year by 2030 through more than 20 desalination plants.

5.41. A new development model for the southern provinces was drawn up in 2016, with a view to transforming the region into a competitive centre of economic excellence. With a budget of MAD 81 billion, this strategic vision centres on multisectoral investments across a number of structural infrastructure projects, such as renewable wind and marine energy production, the fishing industry and integrated renewable energy projects (seawater desalination, production of green hydrogen and ammonia). Moreover, the region's prime geo-strategic position, with excellent links to Africa via the Tiznit-Dakhla expressway and the new Dakhla Atlantique port, will transform it into a future African hub.

5.42. The logistics sector is an important lever for improving the country's economic competitiveness, helping to attract investment that creates jobs and added value, while facilitating the flow of trade. In this light, progress has been made within the framework of the national strategy for the development of logistics competitiveness, not only through the creation of innovative infrastructure, but also through the upgrading of economic operators and the strengthening of their skills.

5.43. With the aim of boosting the competitiveness of the national economy and establishing the Kingdom as a regional logistics hub, Morocco has drawn up a national plan to create a network of logistics zones, covering 1,185 hectares, by 2040. The plan is divided into 12 regional master plans.

## **5.5 Environmental and energy transition to boost sustainable development**

5.44. The national energy strategy is driven by major objectives designed to reduce dependence on imports of hydrocarbons, secure the national supply of various forms of energy, ensure the availability and accessibility of these forms of energy at competitive prices, and rationalize their use while protecting the environment.

5.45. Renewable energy is a key component of Morocco's energy strategy, as the country has significant renewable energy potential which, if harnessed, could see this energy replacing fossil fuels to meet a significant proportion of the country's growing needs. Morocco's strategy is therefore to increase the share of renewable energy in installed electricity capacity to more than 52% by 2030.

5.46. This approach has begun to bear fruit, with 111 renewable energy projects already completed or in the pipeline, including one of the largest solar farms in the world. The installed capacity of renewable energy sources topped 4.5 gigawatts, representing approximately 40% of the electricity mix, while electricity generated from renewable energy sources accounted for around 20% of total electricity produced.

5.47. In light of Morocco's renewable energy potential, a strategy has been launched to develop green hydrogen in the country by 2050, with the aim of capturing up to 4% of global demand for green molecules. Implementing this strategy also means building transport, storage and export infrastructure and taking the necessary steps to integrate local industry, including producing 1 million tonnes of green ammonia by 2027. Numerous large-scale green hydrogen production projects are planned to meet a growing demand in the decades to come.

5.48. The Moroccan Mining Plan (PMM) 2021-30 is an update of the development strategy for the national mining sector. It capitalizes on what has already been achieved, and has made necessary and appropriate adjustments, taking into account current needs and the convergence of interests of various stakeholders. The PMM sets out the basis for a global approach aimed at developing a competitive mining sector that works towards integrated industrialization and sustainable growth. Implementation of this strategy is broken down into 21 development axes, which in turn are divided into 58 levers and 127 actions.

5.49. Recognizing the importance of African regional integration for the continent's economic development, the Morocco-Nigeria gas pipeline was officially launched in 2016 at an estimated cost of over 25 billion dollars. Stretching some 7,000 kilometres along the Atlantic seaboard and snaking across 10 countries, the pipeline will connect Morocco to Nigeria's gas fields. In this way, the pipeline will feed into the Kingdom's new Atlantic strategy, which aims to secure the country's role as a hub between the Atlantic and the Mediterranean.

5.50. Morocco has also developed a political and strategic vision that places the environment at the centre of the country's socio-economic development. To this end, Morocco is committed to meeting current and future challenges by making sustainable development a societal project through social, economic and institutional reforms.

5.51. This commitment to sustainable development has been reinforced by a series of measures, such as: (i) enshrining sustainable development as a constitutional right in 2011; (ii) adopting Framework Law No. 99-12 on the National Charter for the Environment and Sustainable Development in 2014; (iii) adopting the National Sustainable Development Strategy (SNDD) for the

period 2017-21; and (iv) aligning the SNDD with the guidelines of the new development model and 2030 Agenda by 2035.

5.52. The new SNDD sets out a vision and outlines six sustainability transformation areas. To monitor this strategy, 75 national indicators have been set, with 225 targets to be achieved by 2035.

## **6 CONCLUSION**

6.1. This sixth review of Morocco's trade policy is taking place as Morocco reaffirms its commitment to pursuing structural change and the gradual modernization of its productive fabric. This vision, which is in line with the strategic guidelines of the new development model, involves territorial and sectoral diversification and deeper integration into global value chains, creating new levers for growth and for opening up to regional, continental and global markets undergoing profound change.

6.2. Through its trade policy and the creation of an investment- and business-friendly environment, Morocco has reaffirmed its choice to embrace openness, particularly by strengthening regional and multilateral cooperation, simplifying foreign trade procedures, promoting transparency and good governance, and introducing a new Investment Charter.

6.3. The steady momentum seen in terms of infrastructure and structural reform has been accompanied by the introduction of innovative sectoral policies. The undeniable impact that these initiatives have had on growth, employment and socio-economic indicators is gradually being felt within the context of a forward-looking approach that will enable Morocco to embark on a new path of development.

6.4. Lastly, it is important to stress that Morocco remains committed to the multilateral trading system and will continue to actively contribute to the success of the negotiations in order to ensure a positive, balanced, fair and equitable outcome that takes full account of the concerns of developing and least-developed countries.

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