

Morocco: The pearl of the Maghreb?

With its unique geo-strategic position, Morocco has become an attractive gateway between Africa and Europe.

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Morocco is a destination worth considering for managers and companies looking to grow and expand internationally. Its geographic location, relative political stability and economic liberalization make it an attractive location to serve both European and African markets.

This is the main finding of the report "[Destination: Morocco](#)," authored by IESE's [José Ramón Pin](#), Pilar García Lombardía and Andreu Peiró, and sponsored by ERES Relocation, a company specializing in talent internationalization.

The report analyzes the idiosyncrasies of this North African country and identifies the sectors that offer the greatest potential for investors or job-seeking expatriates.

An oasis of relative calm

Morocco's geo-strategic position is one of its most valuable assets, making it an ideal stepping stone between Europe and Africa. Unlike many of its neighboring countries, Morocco remains relatively stable, both politically and economically.

The country has established market-opening policies in the form of free trade agreements with the United States and the European Union. At the same time, it aims to become a launching pad for Asian companies looking to enter African or Arab markets.

The privatization of public entities, and the transfer of management of certain services to the private sector, have attracted foreign capital to sectors such as water treatment and distribution, waste management, energy, infrastructure, agribusiness, tourism and public transportation.

The country's steady growth over the past five years has been driven by four main factors: its strong export market, increasing internal development, a relatively mature financial system and cheap labor.

However, certain factors continue to hold back the country's growth potential, such as corruption, crime, high levels of poverty and illiteracy, a low-skilled labor force, a still bloated public sector, overdependence on the agricultural sector, and a fast-growing informal economy, which is detrimental to public finances.

A land of opportunity

As for the appeal of its regions, Souss-Massa-Drâa (Agadir) offers more facilities for doing business and is the area where contracts are most respected, while Chaouia-Ouardigha (Settat) is the most popular region for setting up a business.

The opening of the Moroccan economy to the outside world has led to major rationalization and restructuring processes in a variety of sectors, providing a rich source of opportunities.

- *Energy.* With an energy demand that is expected to grow annually by approximately 9 percent until 2020, the country has several projects under way to develop renewable energy, especially solar, wind and biomass.
- *Automotive.* The free trade zones of the Tanger-MED project and its generous tax advantages make the automotive industry one of the sectors with the greatest medium-term potential.
- *Infrastructure and Construction.* There are plans to build or improve ports and airports, as well as modernize the country's roads and railways. Especially attractive is the high-speed line linking Tangiers to Casablanca, as well as the proposed lines connecting the south and north, and the east and west of the country.
- *Offshoring.* Morocco wants to position itself as an African leader in attracting offshore companies. Customer service centers, or call centers, for example, are a priority area for the Moroccan administration.
- *Tourism.* The Alawite kingdom still lacks sufficient hotel establishments with comparable standards to those in Europe, leaving the market open to foreign groups specialized in tourism and hospitality.
- *Agrifood and Agribusiness.* The Moroccan authorities aim to encourage fruit and vegetable production by building 1,000 small dams by 2030. They are also promoting joint ventures with foreign investors in the fishing and canning industry.
- *Water Management.* The country's water resource ratio is below the shortage

threshold defined by the United Nations, hence the urgency to strengthen the country's wastewater collection and treatment networks.

- *Textiles and Leather.* This industry represents just over 15 percent of Morocco's industrial production and nearly 40 percent of its exports. The major advantages the African country has over its Asian rivals are its proximity to Europe and its favorable trade agreements with the United States.
- *Mining.* Morocco is the world's largest exporter of phosphates, boasting three-quarters of global reserves.

Living and working in morocco

For the most part, Morocco is a safe country. Although its public health-care system is poor, its private health system delivers a good service.

Labor legislation is based on the ILO Conventions and Recommendations, which establish a 44-hour working week.

The Ministry of Labor and Social Affairs must approve the recruitment of international staff, which is entitled to repatriate salaries, emoluments and allowances when they leave the country.

Although the country's official languages are Classical Arabic and Berber, French is commonly used in business, public administration, schools and newspapers. The major cities have a range of French, Spanish and American schools and institutes.

It is advisable to avoid doing business during the month of Ramadan, as the pace of activity drops off significantly in both the public and private sectors.

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