

## AFRICA RISK CONSULTING

### Morocco Monthly Briefing February 2025

---

#### Morocco Summary 24 February 2025

*The Haut Commissariat au Plan (HCP) (high commission for planning) says on 21 January that annual inflation in Morocco accelerated to 2% in January from 0.7% in December, driven by higher food prices. This increase prompts the International Monetary Fund (IMF) to urge Banque al-Maghrib (BAM) (central bank) to implement an inflation-targeting framework and the government to further expand its tax base to continue to its financial reforms and cut debt. The HCP also reports on 3 February that unemployment in Morocco increased marginally to 13.3% in 2024 from 13% in 2023, with the government attributing this to the drought in the region. France's culture minister, Rachida Dati, visits the disputed Western Sahara on 17 February.*

---

#### IMF urges Morocco to target inflation, which accelerates to 2% from 0.7%

Following the conclusion of its mission to Morocco on 10 February, the **International Monetary Fund (IMF)** urged the **Banque al-Maghrib (BAM)** (central bank) to implement an inflation-targeting framework and encouraged the government to further expand its tax base to continue to its financial reforms and cut the country's debt.<sup>1</sup> Inflation in Morocco cooled from 6.1% in 2023 to 0.9% in 2024 due to increased stability in food markets and a decline in the prices of imported goods.<sup>2</sup> However, after its quarterly policy meeting on 17 December, BAM warned that inflationary pressures have persisted, with the possibility of limited rain fuelling fears of another drought in the country, potentially further straining the already struggling farming sector and impacting both prices and supplies.<sup>3</sup> BAM also forecast that inflation would average 2.4% in 2025 from 1% projected for 2024 and 6.1% in 2023.<sup>4</sup> That forecast is currently being realised with inflation increasing significantly in last month, with the increase coming mainly from higher food prices.<sup>5</sup>

The **Haut Commissariat au Plan (HCP)** (high commission for planning) said on 21 January that annual inflation in Morocco accelerated to 2% in January from 0.7% in December and 0.8% in November.<sup>6</sup> It marked the highest inflation rate since January 2024, with food and non-alcoholic beverage prices increasing the most in a year (3.4% vs 0.6% in December 2024).<sup>7</sup> Inflation quickened for alcoholic beverages and tobacco (3.0% vs 2.4%), while remaining constant for housing and utilities (3.6%), furniture, household items, and routine household maintenance (0.3%), and education (2.3%).<sup>8</sup> Inflation moderated for clothing and footwear (0.9% vs 1.3%), miscellaneous goods and services (2.0% vs 2.2%), recreation and culture (0.2% vs 0.3%), and restaurants and hotels (3.5% vs 3.8%).<sup>9</sup> Meanwhile, communication prices remained unchanged after a marginal rise of 0.1% in December.<sup>10</sup> Furthermore, deflation in the transport sector eased (-2.7% vs. -3.2%). On a monthly basis, consumer prices increased by 0.8% in January, the first increase in five months, rebounding from a 0.2% decline in December:

---

<sup>1</sup> Reuters, 10 Feb 2025

<sup>2</sup> Reuters, 10 Feb 2025

<sup>3</sup> Bank Al-Maghrib, 17 Dec 2024

<sup>4</sup> Bank Al-Maghrib, 17 Dec 2024

<sup>5</sup> Morocco World News, 21 Feb 2025

<sup>6</sup> Haut Commissariat au Plan, 21 Feb 2025

<sup>7</sup> Haut Commissariat au Plan, 21 Feb 2025

<sup>8</sup> Trade Economics, 21 Feb 2025

<sup>9</sup> Trade Economics, 21 Feb 2025

<sup>10</sup> Haut Commissariat au Plan, 21 Feb 2025

*“People everywhere are struggling to keep up with rising prices, especially for food, since their incomes aren’t increasing fast enough”.<sup>11</sup>*

The IMF stressed that with inflation now back to 2%, it is necessary for BAM to continue its plans to adopt an inflation-targeting framework.<sup>12</sup> The IMF also encouraged the government to further broaden the tax base while reducing transfers to state-owned entities.<sup>13</sup> Despite that, the IMF praised Morocco’s tax reforms which have enabled the country to attain higher than expected revenue which has helped reduce the fiscal deficit to 4.1% of GDP.<sup>14</sup> In line with Morocco’s 2025 budget, the government should use the higher-than-expected revenues to accelerate debt reduction levels to what they were before **Covid-19**. While Morocco’s budget draft budget projected a 4.6% economic growth rate in 2025, the IMF expects the economy to grow by 3.9% this year, up from 3.2% last year.<sup>15</sup> Both the budget and IMF forecast attribute this growth to a rebound in agricultural output after recent prolonged droughts and an expansion of the non-agricultural sector amid strong domestic demand.<sup>16</sup> However, in relation to the unemployment rate increasing to 13.3% last year from 13% in 2023 (see below), the IMF recommended that Morocco act on joblessness by prioritising workers displaced from the agricultural sector due to the consecutive successive droughts.<sup>17</sup>

The sharp surge in Morocco’s inflation from 0.7% in December to 2.0% in January indicates a significant rebound in price pressures after a period of low inflation. Should the upward trend in inflation continue, it could prompt BAM to reevaluate its monetary positions, particularly if inflationary pressures persist or expand across different sectors. The central bank’s **Monetary Policy Committee (MPC)** lowered benchmark interest rates for the second time in 2024 by 25 basis points to 2.5% at its 17 December meeting.<sup>18</sup> The move reduced borrowing costs to support a massive investment drive that includes Morocco’s preparations to co-host the **2030 FIFA World Cup**.<sup>19</sup> In June 2024, BAM enacted its first interest rate cut in four years before holding in September. BAM said the December rate reduction, the lowest rate since 2023, was motivated by inflation that is *“in line with the price stability objective”*.<sup>20</sup>

### Unemployment rises in 2024 prompting government action

The HCP reported on 3 February that unemployment in Morocco increased marginally to 13.3% in 2024 from 13% in 2023, with the government attributing the increase in joblessness to the drought in the region, which is in its seventh consecutive year.<sup>21</sup> Six years of protracted droughts have decreased cattle and sheep herds by 38%, drained Moroccan dams, pushed the country to speed up its desalination plans and caused mass job losses in farming and other sectors.<sup>22</sup>

At the end of 2024, the number of jobless people in Morocco increased by 58,000 in 2024 to reach 1.63 million people countrywide.<sup>23</sup> The unemployment rate was particularly higher among the youth at 36.7% compared to 35.8% in 2023. In other groups, the jobless rate among graduates was 19.6% versus 19.7% in 2023, and among women it was 19.4% versus 18.3% in 2023. In urban areas, the unemployment rate remained elevated at 16.9% and increased from 6.3% to 6.8% in rural areas.<sup>24</sup> Despite these figures, the HCP reported that Morocco’s labour market created 82,000 new jobs in

<sup>11</sup> ARC Source, local resident

<sup>12</sup> IMF, 10 Feb 2025

<sup>13</sup> Reuters, 10 Feb 2025

<sup>14</sup> North Africa Post, 10 Feb 2025

<sup>15</sup> IMF, 10 Feb 2025

<sup>16</sup> Reuters, 10 Feb 2025

<sup>17</sup> Reuters, 10 Feb 2025

<sup>18</sup> Bank Al-Maghrib, 17 Dec 2024

<sup>19</sup> Bank Al-Maghrib, 17 Dec 2024

<sup>20</sup> Bank Al-Maghrib, 17 Dec 2024

<sup>21</sup> Haut Commissariat au Plan, 3 Feb 2025

<sup>22</sup> Reuters, 13 Feb 2025

<sup>23</sup> Haut Commissariat au Plan, 3 Feb 2025

<sup>24</sup> Middle East Monitor, 3 Feb 2025

2024, with the services sector creating the most jobs, followed by the industry and construction sectors.<sup>25</sup>

The government has come under intense criticism from trade unions and opposition groups for failing to deliver on its job creation promises.<sup>26</sup> In response to this, government spokesman, **Mustafa Baitas**, announced on 13 February that the government had launched a \$1.4 billion project to combat unemployment.<sup>27</sup> Baitas noted that the government prepared the plan after extensive and participatory consultations with the productive and social sectors and various actors, particularly employers through the **Confederation Generale des Entreprises du Maroc (CGEM)** (general confederation of Moroccan enterprises).<sup>28</sup> The government plans to promote job creation through several interconnected plans, including promoting youth employment, stimulating small and medium enterprises, and restructuring and expanding active employment programmes to include non-degree holders through a new government approach targeting all job seekers.<sup>29</sup>

The HCP's announcement reveals significant labour market challenges and structural issues within the domestic economy. Despite these concerns, Morocco's draft budget projected a 4.6% economic growth rate in 2025, due to expansion in the agricultural and non-agricultural sectors, and signalling optimism about the country's potential for recovery and expansion.<sup>30</sup>

### French minister visits Western Sahara angering Algeria...

France's culture minister, **Rachida Dati**, visited the disputed **Western Sahara** on 17 February, telling reporters that her visit to the region is a "*strong symbolic and political moment*", interpreted as France backing Morocco's claim to sovereignty over the territory.<sup>31</sup> During her visit, Dati referred to Western Sahara as Morocco's southern provinces, the local term for the area, and further praised Morocco's investment efforts to develop the Western Sahara, highlighting investments in renewable energy, fisheries and farming.

Dati concluded her visit by signing several deals with her Moroccan counterpart, **Mehdi Bensaid**, including establishing a French cultural institution in Western Sahara's largest city **Laayoune**.<sup>32</sup> Morocco and France also plan to collaboratively build an audiovisual and cinema training centre in **Dakhla** (Western Sahara), with the objective of developing a local cinema industry.<sup>33</sup> Dati emphasised that bolstering Morocco's cultural and creative industries, particularly in the cinema and video game sectors, is a top French priority as culture is an economic activity in its own right.<sup>34</sup>

**Algeria's** foreign ministry on 19 February condemned Dati's visit, calling the visit "*extremely dangerous and is objectionable on multiple levels*".<sup>35</sup> The foreign ministry further stated that the visit represents "*blatant disregard*" for international legitimacy by a permanent member of the **United Nations Security Council (UNSC)** and "*reflects the detestable image of a former colonial power in solidarity with a new one*".<sup>36</sup> Morocco claims complete sovereignty over the Western Sahara, while Algeria backs the local **Sahrawi** population's right to self-determination and backs the separatist **Polisario Front** armed group.

France in July 2024 became the second permanent UNSC member, after the **United States (US)** in 2020, to support Morocco's position. France has emphasised that Moroccan sovereignty is "*the only basis for reaching an agreement*" to resolve the long-running dispute, a decision which Algeria has

<sup>25</sup> Middle East Monitor, 3 Feb 2025

<sup>26</sup> Reuters, 3 Feb 2025

<sup>27</sup> Middle East Monitor, 14 Feb 2025

<sup>28</sup> Middle East Monitor, 14 Feb 2025

<sup>29</sup> Middle East Monitor, 14 Feb 2025

<sup>30</sup> Middle East Monitor, 18 Dec 2024

<sup>31</sup> North Africa Post, 18 Feb 2025

<sup>32</sup> North Africa Post, 18 Feb 2025

<sup>33</sup> Middle East Monitor, 19 Feb 2025

<sup>34</sup> North Africa Post, 18 Feb 2025

<sup>35</sup> Middle East Monitor, 19 Feb 2025

<sup>36</sup> Algerian Foreign ministry, 19 Feb 2025

called counterproductive. Following the recognition, Algeria withdrew its ambassador to France and downgraded its diplomatic representation to the level of chargé d'affaires in protest.

While Dati's visit to Morocco comes after a period of difficult relations due to French efforts to improve ties with regional rival Algeria, a visa dispute and a diplomatic spat over an alleged spying attempt by Morocco, ties are entering a new unprecedented era where they will be strengthened in various dimensions, including trade and security. For Morocco, improved ties with France significantly bolster its claim over the Western Sahara and Dati's visit is a continuation of the momentum launched by France's recognition of Morocco's sovereignty over the region.

As the former colonial power in **North Africa**, France had historically walked a diplomatic tightrope between Morocco and Algeria on the Western Sahara issue, despite most of its **Western** allies already backing Morocco's autonomy plan.<sup>37</sup> However, strengthening ties with Morocco is important for France, which is home to a sizeable Moroccan diaspora. Additionally, Morocco serves as a key transit point for irregular migration to Europe - Macron acknowledged this importance, emphasising that "*we need more results*" from cooperation on migration.<sup>38</sup> The Morocco-France alignment could also shift European and international perceptions in Morocco's favour, as France is a key player in EU diplomacy and a significant partner in North African geopolitics.

### Planner

July 2025 (**Morocco**) A dozen Moroccan cultural companies to visiting **Paris (France)** to take part in the **Entreprendre dans la culture Forum** (cultural entrepreneurship forum)

Dec 2025 (**Morocco**) Morocco to host 2025 **Africa Cup of Nations (AFCON)**

2026 (**Morocco**) General election

### Chronology

22 Feb 2025 **Rabat (Morocco)** *North Africa Post*. **French** President **Emmanuel Macron** and prime minister **Aziz Akhannouch** open the **Paris International Agricultural Fair**, with the event featuring a foreign country for the first time since its creation;

21 Feb 2025 **Rabat (Morocco)** *North Africa Post*. Government spokesman **Mustapha Baitas** says Morocco is planning to meet its needs of red meat by importing sheep from **Australia**;

20 Feb 2025 **Rabat (Morocco)** *Bloomberg*. Morocco is planning to sell bonds on the international market for the first time since 2023 as it readies costly reforms and a multi-billion-dollar spending spree ahead of co-hosting the **FIFA World Cup** in 2030;

19 Feb 2025 **Rabat (Morocco)** *Middle East Monitor*. A court in Morocco rejects an urgent legal request to ban **Israel's** transport minister **Miri Regev** from entering the country;

19 Feb 2025 **Bamako (Mali)** *North Africa Post*. The **Moroccan-Malian** joint military commission convenes its first meeting in **Bamako** this week to discuss cooperation prospects, especially in terms of training and equipment of the army of the **West African** country;

18 Feb 2025 **Algiers (Algeria)** *Le Monde*. Algeria denounces a visit by **France's** culture minister, **Rachida Dati**, to **Western Sahara**, stating it reinforces **Morocco's** attempt to claim sovereignty over the disputed territory;

17 Feb 2025 **Rabat (Morocco)** *France24*. **France's** culture minister, **Rachida Dati**, visits the **Western Sahara**, viewed as a sign of French support for Moroccan sovereignty over the disputed territory;

<sup>37</sup> Reuters, 30 Jul 2024; Middle East Monitor, 30 Jul 2024

<sup>38</sup> Bloomberg, 29 Oct 2024

15 Feb 2025 **Jorf (Morocco)** *North Africa Post*. **Germany** says it is backing Morocco's green hydrogen production with a \$32m investment in state-owned **OCP Group's** green hydrogen plant in Jorf;

14 Feb 2025 **Rabat (Morocco)** *Morocco World News*. Morocco's ambassador to **China**, **Abdelkader El Ansari** says Chinese investments in Morocco soared to \$4.6 billion between 2023 and 2024;

14 Feb 2025 **Rabat (Morocco)** *Morocco World News*. Digital transition and administrative reform ministry announces that as **Ramadan** approaches Morocco will implement a continuous work schedule from 9am to 3pm for public administrations, institutions, and local authorities;

13 Feb 2025 **Rabat (Morocco)** *Middle East Monitor*. Government launches a \$1.4 billion project to address unemployment;

13 Feb 2025 **Rabat (Morocco)** *Reuters*. Agriculture minister **Ahmed El Bouari** says that cattle and sheep herds have decreased by 38% compared with the last census nine years ago due to consecutive droughts;

11 Feb 2025 **Rabat (Morocco)** *Reuters*. The **United States Geological Survey (USGS)** says that a 5.1 magnitude quake hit near **Ksar el Kebir** in northern Morocco and there were no official reports of casualties;

11 Feb 2025 **Rabat (Morocco)** *Reuters*. Morocco has selected **Israel's Elbit Systems** as its primary defence supplier, securing a deal to acquire 36 Atmos 2000 self-propelled artillery systems;

10 Feb 2025 **Rabat (Morocco)** *Economy Middle East*. Industry and trade minister **Ryad Mezzour** attends discussions in **Doha (Qatar)** with his counterparts from **Jordan**, **Qatar**, **Bahrain** and **Turkey** to discuss enhancing economic cooperation and strengthen bilateral ties;

6 Feb 2025 **Rabat (Morocco)** *Reuters*. The interior ministry says Morocco stopped 78,685 migrants from illegally crossing into **European Union** territory in 2024, up 4.6% from a year earlier;

4 Feb 2025 **Rabat (Morocco)** *Middle East Monitor*. Morocco and **Mauritania** sign an agreement to connect their electricity networks which opens prospects for energy exchange between them, **Europe** and **West Africa** under the **West African Energy Community**;

4 Feb 2025 **Rabat (Morocco)** *Bloomberg*. Morocco's biggest labour groups call for the first nationwide strike in a decade to press prime minister **Aziz Akhannouch** to resume wage talks and roll back plans to reform the ailing pension system;

4 Feb 2025 **Rabat (Morocco)** *North Africa Post*. The tourism ministry says tourism revenue grew 7% to \$11.2 billion in 2024 due to increased arrivals;

1 Feb 2025 **Rabat (Morocco)** *Morocco World News*. Following discussions with unions and employers, the government agrees to changes in the draft strike law, including a revised definition of strikes and reducing the notice period but rejects a proposal to remove the 'no work, no pay' rule;

31 Jan 2025 **Rabat (Morocco)** *Bloomberg*. **United Kingdom (UK)**-headquartered **Xlinks First**, the company planning the world's longest subsea power cable between the UK and Morocco, says the project needs political support to become a reality;

30 Jan 2025 **Rabat (Morocco)** *Middle East Monitor*. **United Nations (UN)** tourism secretary-general **Zurab Pololikashvili** and Moroccan tourism minister **Fatim-Zahra Ammor** sign an agreement to establish **UN Tourism's** first African office in **Rabat**;

30 Jan 2025 **Rabat (Morocco)** *Zawya News*. Director general of the national office of electricity and drinking water **Tarik Hammame** announces investment of 27 billion dirhams (\$2.7 billion) into power projects and renewables over the next five years;

30 Jan 2025 **Rabat (Morocco)** *Reuters*. Morocco has halted imports of feed grains from **Germany** following an outbreak of foot-and-mouth disease;

28 Jan 2025 **Rabat (Morocco)** *Middle East Monitor*. For the first time in years, Morocco's leading Islamist movement, **Al Adl Wal Ihsane (AWI)**, has openly questioned the legitimacy of the monarchy, sparking speculation about its potential entry into the political arena after decades of a boycott;

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com)