

AFRICA RISK CONSULTING

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In a major diplomatic gain for Morocco, the United Kingdom (UK) announces on 1 June that it was backing Rabat's plan to govern the disputed Western Sahara, aligning itself with previous endorsements by the United States (US) and France. Following its latest quarterly policy meeting on 24 June, the Bank Al-Maghrib (BAM) (central bank) Monetary Policy Committee (MPC) pauses its monetary-easing cycle, choosing caution even as a tentative Iran-Israel ceasefire appears to ease immediate concerns over a potential rise in consumer prices. National carrier, Royal Air Maroc (RAM) nears the conclusion of a significant aircraft purchase, involving major orders from global aircraft manufacturing giants, US-headquartered Boeing and France-headquartered Airbus, as it prepares for a major expansion of its virtually all-Boeing fleet.

United Kingdom recognises Morocco's sovereignty over Western Sahara...

In a major diplomatic gain for Morocco, the **United Kingdom (UK)** announced on 1 June that it recognises Morocco's plan to govern the disputed **Western Sahara**, aligning itself with previous endorsements by the **United States (US)** and **France**.¹ Speaking to reporters in the Moroccan capital, **Rabat**, UK foreign Secretary **David Lammy** said that the UK considers Morocco's autonomy plan, under which it would maintain sovereignty over the territory while granting its **Sahrawi** population limited sovereignty, the "*most credible, viable and pragmatic basis*" to resolve the half-century dispute.² Lammy further noted that for a "*long overdue*" resolution to guarantee a better future for the Western Sahara's population and it must be secured ideally before the dispute marks its 50th anniversary in November.³

Lammy further noted that the UK also taking steps to bolster economic relations with Morocco and the two countries are "*beginning a new era*" in their relationship.⁴ Lammy concluded by saying that his country's new stance on the Western Sahara will unlock public procurement opportunities for UK firms across Morocco. Speaking on the matter alongside Lammy, Morocco's foreign minister, **Nasser Bourita**, praised the UK's position as historic, saying it was part of "*a momentum to speed up the solution of the conflict.*" The two foreign ministers also said areas of cooperation between their countries will include the UK helping fund investments in Western Sahara, as well as security, defence, and scientific research.

Algeria, which rejects Morocco's plan for the territory and cut diplomatic relations with Rabat in 2021, said it "*regrets*" the UK's decision to support Rabat's autonomy plan. 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. Sporadic clashes between Morocco and the Polisario Front claimed about 9,000 lives over 16 years. The **United Nations (UN)** brokered a ceasefire in 1991 but a planned referendum on independence was never held and the final status of the territory remained unresolved.

The UK has now become the third permanent member of the **United Nations Security Council (UNSC)** to endorse Morocco's autonomy plan for Western Sahara after France in July 2024 and the US in 2020. This marks a significant boost for Morocco as it gains growing international backing for its

¹ Middle East Monitor, 2 Jun 2025

² Bloomberg, 1 Jun 2025

³ Reuters, 1 Jun 2025

⁴ Bloomberg, 1 Jun 2025

claim over the disputed territory. The alignment of three UNSC heavyweights strengthens Rabat's position and further shifts the diplomatic balance in its favour.

The momentum extends beyond the West, with African countries **Ghana** and **Kenya** also shifting their positions. Kenya announced on 26 June that Morocco's proposal is the only credible and sustainable solution for the Western Sahara, a move Bourita hailed as reinforcing bilateral ties and lending fresh impetus to Morocco's "*national cause*".⁵ Ghana, which had supported the **Sahrawi Arab Democratic Republic (SADR)** since 1979, followed suit on 5 June, announcing after a high-level meeting with Moroccan officials, that it also endorses Rabat's autonomy plan.⁶ While support from three permanent members of the UNSC is strategically significant, Morocco is a member of the **African Union (AU)** and growing pan-African support could prove equally significant in legitimising its claims across the continent. Together, these endorsements indicate a shifting diplomatic tide that increasingly favours Morocco's vision for resolving the decades-long conflict in the Western Sahara.

Morocco pauses rate cuts as uncertainty swirls

Following its latest quarterly policy meeting on 24 June, the **Bank Al-Maghrib (BAM)** (central bank) **Monetary Policy Committee (MPC)** paused its monetary-easing cycle, choosing caution even as a tentative **Iran-Israel** ceasefire appeared to ease immediate concerns over a potential rise in consumer prices.⁷ Announcing the first hold since September, BAM elected to maintain its key interest rate at 2.25% citing noting an "*exceptional level of uncertainty*" around its medium-term macroeconomic outlook, citing factors including the Israel-Iran conflict and recent shifts in US trade policy. US President **Donald Trump** (2025-present) announced a ceasefire on 24 June between Israel and Iran, though its durability remains uncertain. Given the volatility, Moroccan authorities decided to hold off on any rate changes until there was greater clarity on whether Iran planned to escalate further.⁸

In June 2024, BAM enacted its first interest rate cut in four years and made its second cut of the year in December 2024, when it lowered benchmark interest rates by 25 basis points to 2.5% (*see ARC Briefing Morocco Jan 2025*).⁹ Inflation holding at 3% gave the MPC leeway to lower borrowing costs in December and support a spending splurge on infrastructure, particularly as Morocco prepares to co-host the 2030 **FIFA World Cup** with **Portugal** and **Spain**.¹⁰ BAM most recently cut its main rate again at its 18 March meeting from 2.5% to 2.25%, signaling optimism that inflation is under control even as protectionist policies by the Trump administration rattled global markets.¹¹ However, Israel's latest offensive has created risks for energy importers like Morocco.

Despite the instability in the broader region, Morocco's economic prospects look promising, with \$35 billion in large-scale investments planned through 2030 that are expected to strengthen the economic backbone of the country. These include the expansion of the country's high-speed rail network and the near-quadrupling of national carrier **Royal Air Maroc's (RAM)** fleet (see below). BAM also expects inflation in Morocco to hover around 1% by the end of 2025 before settling at 1.8% in 2026. Core inflation should follow a similar trajectory.¹² Morocco's economic growth is expected to accelerate to 4.6% this year, before consolidating at 4.4% in 2026.

Royal Air Maroc to order major Boeing and Airbus aircraft

RAM is nearing the conclusion of a significant aircraft purchase, involving major orders from global aircraft manufacturing giants US-headquartered **Boeing** and France-headquartered **Airbus**, as it

⁵ Reuters, 27 Jun 2025

⁶ Africa News, 6 Jun 2025

⁷ Bank Al-Maghrib, 24 Jun 2025

⁸ Bloomberg, 24 Jun 2025

⁹ Bank Al-Maghrib, 17 Dec 2024

¹⁰ Bloomberg, 24 Jun 2025

¹¹ Bank Al-Maghrib, 18 Mar 2025

¹² North Africa Post, 24 Jun 2025

prepares for a major expansion of its virtually all-Boeing fleet.¹³ RAM is reportedly in advanced discussions to acquire up to two dozen Boeing **787 Dreamliners** for long-haul routes and up to 50 Boeing **737s** for short-haul operations. At the same time, the airline is also considering a smaller order of about 20 Airbus A220s to serve regional destinations. Including a local manufacturing component in the aircraft deals also aligns with Morocco's goal of developing its domestic aerospace industry.

However, the precise timing of the announcements remains uncertain. While the Airbus deal was expected to be announced at the **Paris Air Show** in mid-June, it has yet to materialise. The Boeing order could be tied to higher-level diplomatic engagements, including a possible meeting between Morocco's King **Mohammad VI** (1999-present) and Trump.¹⁴ Both manufacturers declined to comment on the matter, while RAM said it would reveal the results of its wider tender for 188 aircraft in the coming days.

These purchases would mark the largest fleet purchase in the airline's 60-year history, reflecting Morocco's broader ambitions to position itself as a key aviation and logistics hub for the region.¹⁵ The expansion, which will also help scale up RAM's relatively small cargo business, is part of Morocco's preparations to co-host the 2030 FIFA World Cup with Spain and Portugal and aims to increase tourist arrivals to 26 million by that year. Morocco has also taken several measures to boost tourist arrivals in the country, such as the introduction of 120 airline routes in 2024, including a nonstop flight from **Newark** (US) to **Marrakesh** on US-headquartered **United Airlines**.¹⁶ Morocco in 2023 began doubling the number of foreign flights arriving in the country and reached an agreement with **Irish** low-cost airline, **Ryanair**, which is estimated to double the number of tourists that the company flies to Morocco to ten million by 2027.¹⁷ Morocco plans to expand its airport capacity to 80 million passengers by 2030 from 38 million currently.¹⁸

Beyond commercial aviation needs, large aircraft orders often carry diplomatic weight. Morocco's relationship with the US has strengthened in recent years, particularly under Trump's administration, which recognized Moroccan sovereignty over Western Sahara as part of the **Abraham Accords** in 2020. While the fleet purchase plan reinforces RAM's historic ties with Boeing, Morocco's move to reopen its relations with Airbus for the first time in almost 25 years coincides with improved ties between the country and France.¹⁹

Planner

Jul 2025 **Rabat (Morocco)** India's prime minister **Narendra Modi** (2014-present) to visit Morocco

Jul 2025 **Paris (France)** A dozen Moroccan cultural companies to take part in the **Forum Entreprendre dans la Culture** (cultural entrepreneurship forum)

21 Dec 2025 – 18 Jan 2026 **(Morocco)** Morocco to host 2025 **Africa Cup of Nations (AFCON)**

2025/2026 **(Morocco)** King **Mohammed VI** is expected to make a state visit to **France**;

2026 **(Morocco)** General election

Chronology

26 Jun 2025 **Rabat (Morocco)** *Morocco World News*. The **United Kingdom (UK)** government rejects the £25 billion (\$31.25 billion) **Xlinks project**, which aimed to import solar and wind energy from Morocco to supply nearly 10% of the UK's electricity demand;

¹³ Bloomberg, 11 Jun 2025

¹⁴ Bloomberg, 11 Jun 2025

¹⁵ MSN, 11 Jun 2025

¹⁶ Fatim-Zahra Ammor LinkedIn post, 9 Jan 2025

¹⁷ Bloomberg, 27 Feb 2024

¹⁸ Middle East Monitor, 16 Dec 2024

¹⁹ Reuters, 11 Jun 2025

25 Jun 2025 **Rabat (Morocco)** *North Africa Post*. Morocco's inbound tourism revenues reached \$3.7 billion during the first five months of this year, representing an 8% increase compared to the same period of last year;

23 Jun 2025 **Rabat (Morocco)** *North Africa Post*. **India's** prime minister **Narendra Modi** will visit Morocco in early July within the frame of a five-nation tour;

19 Jun 2025 **Rabat (Morocco)** *Morocco World News*. Four Moroccan companies - **Attijariwafa Bank, Banque Centrale Populaire (BCP), Bank of Africa, and Maroc Telecom** – rank among **Forbes Middle East's Top 100 Listed Companies for 2025** based on their market value, sales, profits and assets;

18 Jun 2025 **Rabat (Morocco)** *Morocco World News*. **United Nations** praises Morocco for its significant role in advancing peace, justice and institutional reform in the **Central African Republic**;

17 Jun 2025 **Rabat (Morocco)** *Morocco World News*. A diplomatic source states that King **Mohammed VI** is expected to make a state visit to **France** in late 2025 or early 2026, following an invitation from President **Emmanuel Macron** during his October 2024 visit to Rabat;

16 Jun 2025 **Rabat (Morocco)** *Morocco World News*. **Panama's** foreign minister, **Javier Martinez-Acha Vasquez**, reaffirms his country's support for Morocco's 2007 Autonomy Plan as the only viable solution to the **Western Sahara** dispute;

13 Jun 2025 **Rabat (Morocco)** *Korea JoongAng Daily*. **South Korean** company **Naver** announces that it is teaming up with **United States (US)**-based **Nvidia** and **United Kingdom**-headquartered **Nexus** to build an artificial intelligence data centre in Morocco;

8 Jun 2025 **Rabat (Morocco)** *Morocco World News*. Trade data indicates that in the first quarter of 2025, **Spain** imported €481m (\$548m) worth of fruits and vegetables from Morocco, marking a 24% increase in volume and a 23% rise in value compared to the same period last year;

7 Jun 2025 **Rabat (Morocco)** *Middle East Monitor*. King **Mohammed VI** issues a royal pardon for 1,526 individuals on the occasion of **Eid al-Adha**;

4 Jun 2025 **Rabat (Morocco)** *Bloomberg*. Morocco is looking to secure a slice of the lucrative global gaming market, starting with the opening of a major industrial park, part of a plan to diversify the economy and boost export revenues;

3 Jun 2025 **Rabat (Morocco)** *Bloomberg*. **Kasada Capital Management**, a private equity firm backed by **Qatar's** \$524 billion sovereign wealth fund, expects to strike a hotel deal in Morocco in the first half of 2026, marking its entry into **North Africa's** booming hospitality and tourism industry;

3 Jun 2025 **Abuja (Nigeria)** *Morocco World News*. Nigeria's vice president **Kashim Shettima** meets with representatives from **Swiss** energy trader **Vitol** to discuss investment in the **Nigeria-Morocco** gas pipeline project as Nigeria seeks investors for the \$25 billion project;

1 June 2025 **Rabat (Morocco)** *Morocco World News*. **Exchange Office** statistics indicate that remittances from the Moroccan diaspora dropped by 3.7%, amounting to a drop of MAD 1.37 billion (\$148.25m) by April 2025 compared to the same period last year;

29 May 2025 **Rabat (Morocco)** *Morocco World News*. Morocco signs four major investment agreements **Spanish** companies totalling MAD 500m (\$50m) in a bid to strengthen economic cooperation between Morocco and Spain;

28 May 2025 **Rabat (Morocco)** *Morocco World News*. Foreign minister **Nasser Bourita** meets with his **Egyptian** counterpart **Badr Abdelatty** to discuss taking steps to deepen their strategic

partnership by establishing new bilateral mechanisms aimed at enhancing cooperation across multiple sectors;

27 May 2025 **Rabat (Morocco)** *Middle East Monitor*. **Kenya** says it supports Morocco's plan for the disputed **Western Sahara**;

27 May 2025 **Rabat (Morocco)** *Morocco World News*. **Italy's Financial Group SACE** provides **OCP Group**, the world's largest producer of phosphate-based fertilisers, a €365m (\$ 415m) green financing agreement to advance its renewable energy initiatives;

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Please contact us by email info@africariskconsulting.com

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