

AFRICA RISK CONSULTING

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Morocco Summary 20 November 2023

King Mohammed VI (1999-present) expresses support for Palestine during a speech to the Arab-Islamic Summit on 11 November. Government will phase out subsidies on cooking gas in 2024 as the country attempts to balance its heavy spending commitments arising from its earthquake recovery and 2030 Fédération Internationale de Football Association (FIFA) World Cup preparation. The United Nations Security Council (UNSC) on 30 October adopts a resolution to renew the mandate of the United Nations Mission for the Referendum in Western Sahara (MINURSO) until 31 October 2024. United States-based Bloomberg Economics reports on 2 November that Morocco forms part of a new group of countries referred to as “connectors” that can navigate the United States-China geopolitical competition by benefiting and maintaining good relations with the two superpowers.

King Mohammed reiterates unwavering support for Palestine...

In a speech to the extraordinary **Arab-Islamic Summit** held on 11 November in **Riyadh (Saudi Arabia)** on the catastrophic situation in **Gaza**, King **Mohammed VI** (1999-present) affirmed that there can be no alternative to genuine peace in the region, specifically peace that affirms the legitimate rights of the **Palestinian** people based on two-state solution.¹ He also emphasised that there can be no alternative “to an independent Palestinian State, with East Jerusalem as its capital” or strengthening the **Palestinian Authority** under the leadership of leader **Mohammed Abbas** (2005-present).²

King Mohammed in a message of congratulations to Abbas on his country’s national day on 16 November, once again reiterated his unwavering support for the legitimate rights of the Palestinian people, particularly the establishment of an independent state with **Al Quds-East** as its capital.³ King Mohammed also emphasised the need for a two-state solution to the Israel-Palestine crisis, as is widely agreed on by the international community and under international legality resolutions.⁴ The Moroccan monarch also expressed his wishes for good health to Abbas and prosperity, freedom, security and stability for the Palestinian people.⁵

Since the conflict in Israel and Gaza erupted on 7 October, Morocco has stepped up its efforts to provide humanitarian support to Palestine, including dispatching a large batch of humanitarian aid on 1 November that entered Gaza in coordination with the **Egyptian Red Crescent**.⁶ It included food, water, medicine and medical equipment. The shipment was sent from Morocco on 25 October under instructions from King Mohammed.⁷

Morocco finds itself in a unique position among **Arab** states – it fully supports Palestinian rights and statehood and openly criticises what its media refers to as “*Israeli aggression*” but maintains full normalisation of relations with Israel. Morocco agreed to the normalisation of relations with Israel in

¹ North Africa Post, 16 Nov 2023

² North Africa Post, 16 Nov 2023

³ North Africa Post, 16 Nov 2023

⁴ North Africa Post, 16 Nov 2023

⁵ North Africa Post, 16 Nov 2023

⁶ Map News, 1 Nov 2023

⁷ Morocco World News, 1 Nov 2023

2020 in exchange for the **United States (US)** supporting its sovereignty over the **Western Sahara** (see below). Thus far, Morocco's public support for Palestine has not damaged its relatively good relations with Israel and it is unlikely for this to happen as Israel is seeking to normalise relations with as many Arab states as possible.

Morocco to cut subsidies to fund World Cup and earthquake recovery...

The government will reportedly phase out subsidies on cooking gas in 2024 as the cash-tight country attempts to balance its heavy spending commitments arising from its earthquake recovery and 2030 **Fédération Internationale de Football Association (FIFA) World Cup** preparation.⁸ Prime minister **Aziz Akhannouch** (2021-present) informed lawmakers on 24 October that state support for butane canisters, the largest component of the government's subsidy programme, will start to be dismantled from April next year.⁹ Akhannouch said the move is expected to save the government at least 12 billion dirhams (\$1.17 billion) through 2026.¹⁰

Subsidy spending has skyrocketed due to the impacts of **Russia's** invasion of **Ukraine**, but has since pledged to return to "*budgetary rigour*" as it aims to trim the budget deficit to 4% of GDP in 2024 from a projected 4.5% this year.¹¹ Akhannouch also announced that the implemented changes will allow officials to deliver on King Mohammed's plans for a "*social safety shield*" that will be directed towards the country's most vulnerable households. He also announced that direct cash transfers of at least 500 dirhams (\$49.54) per month will begin in December.

Morocco's boldest trimming of subsidies in a decade comes as the government faces a massive reconstruction bill from 2024 to 2028 for regions struck by the 8 September deadly earthquake. The government announced on 20 September that it is planning to spend at least 120 billion dirhams (\$11.7 billion) on rebuilding and redeveloping regions damaged by the 6.8 magnitude earthquake (see *ARC Briefing Morocco Oct 2023*).¹² The earthquake which is the strongest to strike Morocco in 120 years, killed almost 3,000 people and left 300,000 Moroccans without housing.¹³

The country will also spend 20 billion dirhams (\$1.98 billion) on upgrading football stadiums in preparation for the 2025 **African Cup of Nations (AFCON)** and 2030 World Cup it will co-host with **Portugal** and **Spain**.¹⁴ Hosting the FIFA World Cup is seen globally as a demonstration of soft power, national sporting pride for the host country, and projection of financial power. While trimming subsidies is understandable in the case of Morocco, populations in **African** countries usually do not react positively to their elimination as they provide a financial safety net for millions. It also tends to lead to social unrest, as was the case in **Kenya** when fuel subsidies were removed earlier this year.

UNSC renews mandate of UN mission for Western Sahara as Polisario "launch" attack...

The **United Nations Security Council (UNSC)** on 30 October adopted a resolution to renew the mandate of the **United Nations Mission for the Referendum in Western Sahara (MINURSO)** until 31 October 2024, with 13 votes in favour out of a possible 15, with **Mozambique** and Russia abstaining from the vote.¹⁵ The resolution calls on all parties, including include **Algeria**, Morocco, **Mauritania** and the **Polisario Front** separatist movement, formed by the Western Sahara's indigenous **Sahrawi** population, to resume negotiations on achieving a "*just, lasting and mutually acceptable solution for the region*".¹⁶ The resolution stressed that all parties should also engage with

⁸ Bloomberg, 24 Oct 2023

⁹ Bloomberg, 24 Oct 2023

¹⁰ Bloomberg, 24 Oct 2023

¹¹ Bloomberg, 24 Oct 2023

¹² Bloomberg, 20 Sep 2023

¹³ Business Standard, 21 Sep 2023

¹⁴ Bloomberg, 24 Oct 2023

¹⁵ Xinhua, 30 Oct 2023

¹⁶ United Nations, 30 Oct 2023

the UN secretary general's personal envoy for the Western Sahara, **Staffan de Mistura**, to ensure a successful outcome.¹⁷

Morocco's permanent representative at the UN, **Omar Hilale**, on 30 October expressed satisfaction with the UNSC's decision, adding his thanks to the US for its part in "*drafting and negotiating*" the resolution.¹⁸ He also stressed that the UNSC resolution affirms Morocco's autonomy initiative as the only "*serious and credible solution*" to the Western Sahara issue, despite the UNSC resolution calling for a mutually acceptable solution to the Western Sahara cause.¹⁹

Two days before the UNSC vote, several explosions struck several residential areas in the city of **Es-Semara**, the Moroccan-controlled part of the Western Sahara, on 28 October, killing one person and possibly indicating a potential flare-up in one of the region's most protracted territorial disputes.²⁰ The state-run news agency **Map News** reported that four projectiles hit Es-Semara, the nearest major city to Algeria.²¹ While there was no official claim of responsibility after the rare attack, the Sahrawi news agency **SPS** reported shortly before the incident that Es-Semara was among the Moroccan-controlled areas that Polisario guerrillas were focusing on.²²

In a press conference following the adoption of the resolution, Hilale vowed that Morocco would take any necessary measures against anyone or party involved in the explosions.²³ While Hilale emphasised that Morocco is not accusing anyone of the attacks, he admitted that the evidence points to the Polisario as evidenced by their communications before and after the event:

"Ignoring the substantial body of compelling evidence pointing in the same direction, as even acknowledged by the group responsible".²⁴

Morocco's public prosecutor has subsequently launched an investigation to uncover the circumstances of the attacks. The Western Sahara is a vast disputed territory bordering Morocco, Mauritania and Algeria.²⁵ The UN considers the Western Sahara to be a "*non-self-governing territory*", however, 80% of it is controlled by Morocco, which envisions the region as autonomous while Algeria has long backed the Polisario Front.²⁶ After Spain ended its colonial rule over Western Sahara in 1976, Morocco and Mauritania partitioned the territory between themselves, however, Mauritania in August 1979 under pressure from the Polisario Front guerrillas, withdrew all claims of its portion of the Western Sahara. Morocco then moved to occupy the territory and has since asserted administrative control over the whole Western Sahara.²⁷ This resulted in the outbreak of war between Morocco and the Polisario Front. The UN brokered a ceasefire in 1991 but a planned referendum on independence was never held and the final status of the territory remained unresolved.²⁸

Morocco among five key countries seen as 'connectors'...

A 2 November report by US-based **Bloomberg Economics** has found that Morocco, along with **Vietnam, Poland, Mexico, and Indonesia**, are part of a new group of countries referred to as "*connectors*", meaning that they are navigate the US-China geopolitical competition by benefiting and maintaining good relations with the two superpowers.²⁹ The report finds that the five countries emerged through the middle of heightened US-China tensions and **Covid-19's** aftermath to "*cash in on*

¹⁷ United Nations, 30 Oct 2023

¹⁸ Morocco World News, 30 Oct 2023

¹⁹ Morocco World News, 30 Oct 2023

²⁰ Morocco World News, 31 Oct 2023; Bloomberg, 29 Oct 2023

²¹ Map News, 28 Oct 2023

²² Bloomberg, 29 Oct 2023

²³ Morocco World News, 31 Oct 2023

²⁴ Morocco World News, 31 Oct 2023

²⁵ Middle East Monitor, 27 Sep 2023

²⁶ Africa News, 27 Sep 2023

²⁷ Xinhua, 30 Oct 2023

²⁸ Al Jazeera, 11 Dec 2020

²⁹ Bloomberg, 2 Nov 2023

the reshuffle of supply chains around the world".³⁰ The group is also selling goods and attracting investments from all sides of the geopolitical divide. As a group, the five countries only represent 4% of global GDP, however, they have been able to attract more than 10% or \$550 billion of all greenfield investments since 2017.^{31,32}

Morocco, which is home to the globe's largest reserves of phosphate, is becoming a key player in the global automotive sector's transformation. Phosphate is an important ingredient in lithium-iron-phosphate (LFP) batteries, a quickly growing type of rechargeable celled used in electric vehicles.³³ Morocco's growing automotive industry produces thousands of cars a day, supported by dozens of established US suppliers. The **Chinese-German** electric vehicle (EV) battery giant **Gotion High-Tech** and the Moroccan government also signed a memorandum of understanding (MoU) on 31 May for the construction of Africa's first gigafactory through a deal that is estimated to be worth more than \$6.3 billion (see *ARC Briefing Morocco Jun 2023*). The project, which could potentially create 25,000 jobs over ten years, will make electric car batteries and energy storage systems.³⁴ The aforementioned examples are among several that indicate that Morocco, which has strong relations with China, the US and **Europe**, has become a "meeting place" and "connector" where firms aligned on either side of the increasing US-China geopolitical rivalry can collaborate or compete.³⁵

Planner

Dec 2023 **Marrakech (Morocco)**; Direct cash transfers of at least 500 dirhams (\$49.54) per month for vulnerable groups to begin;

Chronology

18 Nov 2023 **Rabat (Morocco)** *Morocco World News*. The workers union, the **National Education Union**, issues a statement calling on teachers to join in a new strike from 21 to 23 November;

15 Nov 2023 **Rabat (Morocco)** *Morocco World News*. Princess **Lalla Hasnaa** chairs the **Diplomatic Charity Gala**, organised by the embassy of the **United Arab Emirates (UAE)** and the local **Diplomatic Foundation**;

15 Nov 2023 **Rabat (Morocco)** *Bloomberg*. Carmaker **Neo Motors**, which begins selling Morocco's first homegrown automobile this month, is targeting a listing on the country's main stock exchange, the **Casablanca Stock Exchange**, to expand into electric vehicle production;

13 Nov 2023 **Rabat (Morocco)** *United States State Department*. The **United States (US)** assistant secretary for the **Bureau of International Narcotics and Law Enforcement**, **Todd Robinson**, will make working visits to both Morocco and Algeria from 12 to 21 November;

11 Nov 2023 **Rabat (Morocco)** *Diplomatie*. King **Mohammed VI** at the **Extraordinary Arab-Islamic Summit** held in **Riyadh (Saudi Arabia)**, calls for an awakening of the conscience of the international community and joint action to stop the killing of human beings in the **Gaza Strip**;

³⁰ Bloomberg, 2 Nov 2023

³¹ Bloomberg, 2 Nov 2023

³² Greenfield investments are a form of foreign direct investment (FDI) where a parent company opens a new project in a foreign country by building new operational facilities from the ground up.

³³ Bloomberg, 2 Nov 2023

³⁴ China Global South Project, 5 Jun 2023; Morocco World News, 31 May 2023

³⁵ Bloomberg, 2 Nov 2023

8 Nov 2023 **Rabat (Morocco)** *Maroc*. King **Mohammed VI** addresses a message to participants at the 4th edition of the **Africa Investment Forum** being held in **Marrakech** under the theme 'Unlocking Africa's Value Chains';

6 Nov 2023 **Rabat (Morocco)** *Maroc*. King **Mohammed VI** delivers a speech on the occasion of the 48th anniversary of the **Green March**, a mass demonstration by Moroccans to assert its historical claim to the **Western Sahara** region from **Spain**;

3 Nov 2023 **Rabat (Morocco)** *Morocco World News*. Culture and youth ministry announces "significant archaeological discoveries" in the historic **Chellah** archaeological site in Rabat;

2 Nov 2023 **Rabat (Morocco)** *Morocco World News*. In a statement, Morocco denounces the international community's inaction as well as the **United Nations Security Council's (UNSC)** failure to fulfill its responsibilities in connection with the **Israel-Gaza** crisis;

1 Nov 2023 **Rabat (Morocco)** *Bloomberg*. **French** commodity trader **Sucres et Denrees SA** is reportedly set to buy a stake of about 10% in Morocco's sole sugar refinery, **Cosumar SA**;

29 Oct 2023 **Laayoune (Morocco)** *Morocco World News*. The general prosecutor at the court of appeals in **Laayoune** says that an investigation has been opened after the death of one person and the injury of three others due to the launch of explosives that targeted residential neighbourhoods as well as an industrial district in the city;

26 Oct 2023 **Casablanca (Morocco)** *Accra Herald*. Automotive industry experts and stakeholders gather at in Casablanca to discuss the impact of digitisation on the Moroccan automotive industry;

24 Oct 2023 **Rabat (Morocco)** *Maroc*. Morocco and the **African Development Bank (AfDB)** sign three financing agreements, amounting to more than 2.9 billion dirhams (\$282m) for health and social protection.

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