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Morocco Summary 21 July 2023

In a massive diplomatic victory for Morocco, Israel's government announces its recognition of Morocco's sovereignty over the Western Sahara on 17 July. Government publishes its macroeconomic forecasts for 2024 on 14 July, projecting a growth rate of 3.7%. However, it revises its 2023 growth forecast downwards from 4% to 3.4%. The Haut Commissariat au Plan (HCP) (high commission for planning) publishes its latest Permanent Household Survey on 17 July. The survey reveals that household confidence in Morocco has reached its lowest level since the survey's inception in 2008. The interior ministry announces on 25 June that Moroccan authorities have intercepted 25,519 irregular migrants attempting to cross the Mediterranean Sea into Europe in the first five months of 2023. The statistics prove that Morocco is an indispensable partner to the EU in managing irregular migrations.

Israel backs Moroccan claims over disputed Western Sahara...

In a massive diplomatic victory for Morocco, **Israel's** government on 17 July announced its recognition of Morocco's sovereignty over **Western Sahara**, the vast disputed territory bordering Morocco, **Mauritania** and **Algeria**.¹ A statement from the royal cabinet revealed that Israeli prime minister **Benjamin Netanyahu** (2022-present) sent a letter to King **Mohammed VI** (1999-present) informing him of the major decision.² Netanyahu said that Israel's recognition of Western Sahara will be reflected in documents and acts of the Israeli government, and be communicated to the **United Nations (UN)**, regional and international organisations to which Israel belongs, and to all countries that Israel maintains diplomatic relations with.³ Netanyahu also revealed that his government is considering opening a consulate in **Dakhla** (Western Sahara).⁴ Morocco is reportedly also in the "process" of upgrading the status of its diplomatic office in **Tel Aviv** to an embassy instead of a liaison office.⁵

King Mohammed expressed his "heartful thanks" and "great appreciation" to Israel for its decision to recognise Morocco's sovereignty over Western Sahara in a letter to Netanyahu dated 19 July. He also called the "important" decision made by Israel "both just and far-sighted".⁶ While noting that the cause is the top priority of Morocco's foreign policy, King Mohammed said the decision will likely strengthen relations between Israel and Morocco.

Israeli's recognition comes amid major diplomatic gains that Morocco has made over the past decade over the Western Sahara cause. Numerous countries, such as **Senegal**, **Bahrain**, **Burkina Faso**, **United Arab Emirates (UAE)**, **Italy**, **Germany** and the **Netherlands**, have expressed their support for Morocco's territorial integrity either through recognition of its plan for Western Sahara or by the opening of diplomatic offices in **Dakhla** and **Laayoune** provinces. Under Morocco's plan, the **Sahawaris** would run their government under Moroccan sovereignty and Morocco would also control the defence and foreign affairs of the territory.

¹ Middle East Monitor, 17 Jul 2023

² Map News, 17 Jul 2023

³ North Africa Post, 17 Jul 2023

⁴ Morocco World news, 17 Jul 2023

⁵ EFE, 17 Jul 2023

⁶ North Africa Post, 19 Jul 2023

The **United States (US)** became the first country to recognise Morocco's claim over Western Sahara on 10 December 2020 and reaffirmed Morocco's proposal to grant limited autonomy to **Sahrawis** under overarching Moroccan control:

*"The United States believes that an independent Sahrawi State is not a realistic option for resolving the conflict and that genuine autonomy under Moroccan sovereignty is the only feasible solution."*⁷

The Israeli decision to recognise Morocco's sovereignty comes a year after **Spain** officially endorsed the **Moroccan Autonomy Plan** as the serious and credible solution to end the dispute. However, these developments are a major diplomatic loss for Algeria which backs the **Polisario Front**, an armed group demanding independence for Western Sahara. Although Moroccan armed forces and the Polisario Front have been fighting for decades over Western Sahara, recent tensions between Algeria and Morocco stem from former US president **Donald Trump's** (2017-2021) administration's recognition of Moroccan sovereignty over Western Sahara in exchange for Moroccan normalisation of relations with Israel.⁸

Morocco accuses Algeria of supporting separatism in the region. The **United Nations** brokered a ceasefire in 1991 but a planned referendum on independence was never held and the final status of the territory remained unresolved.⁹ However, while Morocco enjoys increasing recognition of its claim over Western Sahara, the developments appear to further exacerbate tensions with Algeria which vows to continue challenging Morocco over the issue. The reluctance of major powers such as **France** and the **European Union (EU)** to back Morocco's claim has also in recent months caused diplomatic rifts with Morocco that are set to continue in the medium to long term unless they also change their stance over the Western Sahara.

Government expects 3.7% growth in 2024...

Morocco's government published its macroeconomic forecasts for 2024 on 14 July projecting a growth rate of 3.7%. However, the government also revised its 2023 growth forecast downwards from 4% to 3.4%, citing higher than anticipated inflation and drought.¹⁰ While presenting the general framework of the **2024 Finance Bill** at a joint meeting of the finance committees of the **Chambre des représentants** (house of representatives) and the **Chambre des conseillers** (house of councillors), budget minister **Fouzi Lekjaa** said the forecast will be taken into account in next year's budget.¹¹ Lekjaa said that the government's projections for 2024 are based on an expected cereals harvest of 7.5 million tonnes, declining prices of subsidised cooking gas, a cheaper US dollar and inflation slowing from 5.6% this year to 3.4%.¹²

Lekjaa also stressed the dire impact of the drought experienced in 2022 which resulted in a loss of 280,000 jobs in the year ending in the first quarter of 2023, leading to a rise in the unemployment rate to 12.9%.¹³ The minister said that the government measures to support the economy helped mitigate the impact of imported inflation and promote investments.¹⁴ Lekjaa also highlighted Morocco's removal from the **France-based Financial Action Task Force (FATF)** and **European Union (EU)**'s grey lists as well as the successful issue of the **International Monetary Fund (IMF)**'s \$5 billion **Flexible Credit Line (FCL)** as having bolstered the country's attractiveness to foreign investors.¹⁵ He added that Morocco's budget deficit is expected to remain within the government's expectations at 4.5% this year, before reducing to 4% in 2024.

⁷ Al Jazeera, 11 Dec 2020

⁸ Al Jazeera, 11 Dec 2020

⁹ Al Jazeera, 11 Dec 2020

¹⁰ North Africa Post, 15 Jul 2023

¹¹ Map News, 14 Jul 2023

¹² North Africa Post, 15 Jul 2023

¹³ Map News, 14 Jul 2023; North Africa Post, 15 Jul 2023

¹⁴ North Africa Post, 15 Jul 2023

¹⁵ North Africa Post, 15 Jul 2023

However, Lekjaa cautioned that the economic projections could be revised downwards in the event of a further deterioration in the global economic outlook, particularly, the reverberations from **Russia's** war in **Ukraine** and its effect on global production, commodity prices and supply chains, as well as tighter monetary conditions.¹⁶ The conflict in Ukraine particularly, has exacerbated economic pressures on average Moroccans, leading to higher energy and transportation costs. A growing domestic economy would go a long way in alleviating economic pressures felt by Moroccans. Furthermore, the government's optimism about the local economy is not reflected in the perceptions of Moroccan households (see below).

Household confidence in Morocco reaches lowest level since 2008...

The **Haut Commissariat au Plan (HCP)** (high commission for planning) published its latest **Permanent Household Survey** on 17 July, revealing that household confidence in Morocco has reached its lowest level since the survey's inception in 2008.¹⁷ According to the survey, a staggering 87.3% of Moroccan households reported a sharp decline in their living standards over the past 12 months, suggesting increasing pessimism among Moroccan households about their financial situations and the overall state of the country's economy.¹⁸

The survey which examined several indicators of household wellbeing, reveals a gloomy picture of the country's economic landscape during the second quarter of 2023.¹⁹ HCP's data indicates that the **Household Confidence Index (HCI)** dropped from 46.3 points in the first quarter of 2023, to 45.4 points.²⁰ The HCI was 50.1 points in the second quarter of 2022. Other key factors highlighting the deteriorating perception of household well-being include:

- 2.7% of local households saw an improvement in living standards, while 10% experienced no change. It represents a negative net opinion balance of -84.6 points, its lowest since 2008;
- 98.1% of households saw an increase in food prices over the past year and 70% expect this trend to continue over the next 12 months. Only 4.8% expect food prices to decrease;
- 85.3% of households expect unemployment to increase in the next 12 months. It represents a negative net opinion balance of -80.4 points;
- 78.8% of households see the current economic landscape as unfavourable for purchasing durable goods. It represents a negative net opinion balance of -68.9 points;
- 44% of households are dependent on debt or dipped into their savings to cover expenses;
- 53.4% reported that their current income is sufficient to meet their needs;
- 89.7% of households do not expect to save money over the next 12 months;
- 18.5% of households expect an improvement in their financial positions in the next 12 months, while 24.6% are concerned about further deterioration.²¹

HCP's survey overwhelmingly illustrates that Moroccans are discouraged by the domestic economic situation, which reflects the numerous challenges impacting their households and financial security. These economic pressures have led to social unrest in several Moroccan cities in recent months and calls for protests have increased as frustration with economic pressures seems to be boiling over, however, authorities have taken a tough stance, banning trade unions and individuals from taking to the streets, which will exacerbate tensions even further.

Morocco asserts its position as EU partner to tackle illegal immigration

The interior ministry confirmed on 25 June that Moroccan authorities have intercepted 25,519 irregular migrants attempting to cross the **Mediterranean Sea** into Europe in the first five months of 2023, with 3,150 migrants rescued over the same period, a decrease from the 70,781 interceptions in

¹⁶ Map News, 14 Jul 2023

¹⁷ Haut Commissariat au Plan, 17 Jul 2023

¹⁸ Haut Commissariat au Plan, 17 Jul 2023

¹⁹ Morocco World News, 17 Jul 2023

²⁰ Haut Commissariat au Plan, 17 Jul 2023

²¹ Morocco World News, 17 Jul 2023; Haut Commissariat au Plan, 17 Jul 2023

2022.²² The ministry attributed the decrease in the number of attempts to the “*strengthening of the system to fight against irregular migration*”.²³ The 2023 interceptions were made in the Spanish enclaves of **Ceuta** and **Melilla** on Morocco’s northern coast, which are considered key routes for illegal migrants from Africa heading toward Europe.²⁴ While the two enclaves are under Spanish jurisdiction, Morocco considers them occupied territories.

According to the ministry, in the last five years, Moroccan authorities have blocked an estimated 366,000 attempts by irregular migrants and rescued 90,000.²⁵ They also revealed that 117 trafficking networks have been dismantled since the start of this year, down from 290 networks in 2022.²⁶ This brings the total of dismantled irregular migration networks to 1,500 over the past five years.

Migration has been a hotly contested issue in **North Africa** over the past few years, particularly in Morocco, Algeria, **Libya**, **Tunisia**, and Mauritania, which have seen ever-increasing attempts by migrants, mainly from **Sub-Saharan Africa**, to escape to Europe for a better livelihood. However, despite the controversy, the statistics prove that Morocco is an indispensable partner to the EU in its quest to quell illegal migration. In May, the Spanish interior ministry praised Moroccan authorities for their contributions which led to a 36% year-on-year decline in irregular migration as of April 2023.²⁷ However, Moroccan authorities have in the past used irregular migration as an informal bargaining tool when diplomatic relations with European countries declined. In such periods, Moroccan authorities have deliberately been lax in managing irregular migration.

While Morocco’s latest statistics display its effective management of irregular migration and will play well domestically and in Europe, international human rights groups such as **Doctors Without Borders** and **Human Rights Watch (HRW)** have called for more humane ways to deal with the matter. Thousands of migrants are left without food, water, medical attention or shelter in North African countries. While some of the migrants manage to reach their destination, others often die during the journey. The international charity **Caminando Fronteras** revealed on 6 July that nearly 1,000 migrants from 14 different countries including Morocco, **Syria** and **Sudan**, died en route to Spain in the first half of 2023.²⁸

Planner

Sep 2023 **Rabat (Morocco)** Negev Summit

Oct 2023 **Marrakech (Morocco)** Annual meetings of the **World Bank** and the **International Monetary Fund**

Chronology

18 Jul 2023 **Rabat (Morocco)** *Morocco World News*. House of representatives approves the postponement of two bills on tax and financial information exchange agreements, to protect the interests of the Moroccan diaspora community residing abroad;

18 Jul 2023 **Rabat (Morocco)** *North Africa Post*. Morocco receives an agreement in principle to become a sectoral dialogue partner with the **Association of Southeast Asian Nations (ASEAN)**, making it the first African nation to achieve this status;

²² Morocco World News, 25 Jun 2023

²³ Morocco World News, 25 Jun 2023

²⁴ North Africa Post, 25 Jun 2023

²⁵ North Africa Post, 25 Jun 2023

²⁶ Morocco World News, 25 Jun 2023

²⁷ Morocco World News, 25 Jun 2023

²⁸ Caminando Fronteras, 6 Jul 2023

16 Jul 2023 **Rabat (Morocco)** *Morocco World News*. Security services reveal that they have rescued 2,000 migrants from boats attempting to cross Moroccan waters to the **Canary Islands** within the past two months;

15 Jul 2023 **Rabat (Morocco)** *Ministry of Energy Transition*. Energy transition ministry says Morocco has signed a deal to buy 0.5 billion cubic meters of liquified natural gas (LNG) over 12 years from **United Kingdom**-headquartered energy giant **Shell**, in a push to increase the share of natural gas in its energy mix;

12 Jul 2023 **Rabat (Morocco)** *North Africa Post*. Foreign minister **Nasser Bourita** says Morocco will assess its fisheries deal with the **European Union (EU)** and act accordingly, in line with the vision and foreign policy outlined by King **Mohammed VI** which favours partnerships “*with a clearer added value,*”

12 Jul 2023 **Rabat (Morocco)** *North Africa Post*. Prime minister’s office says that the national carrier **Royal Air Maroc (RAM)** plans to increase its fleet fourfold from 50 aircraft to 200 by 2037 as the country prepares to host 67 million tourists;

10 Jul 2023 **Rabat (Morocco)** *Morocco World News*. Head of **Israel’s Rabat** liaison office, **David Govrin**, who was implicated in allegations of sexual misconduct and workplace irregularities, is set to resume duties amid calls from human rights organisations threatening to launch a sit-in strike;

7 Jul 2023 **Rabat (Morocco)** *Morocco World News*. **Germany** expresses satisfaction with its cooperation with Morocco in different sectors, including renewable energies as part of the two countries’ energy transition goals;

3 Jul 2023 **Rabat (Morocco)** *North Africa Post*. **United States (US)** energy firm, **Verde Hydrogen Company**, a global leader in the transition to carbon-zero hydrogen solutions, says it has signed an agreement to develop and commission a 2MW green hydrogen electrolyser project in Morocco. The project, which will be completed in early 2024;

30 Jun 2023 **Rabat (Morocco)** *Anadolu Agency*. **Iran’s** foreign affairs ministry **Hossein Amir Abdollahian** expresses his country’s desire to restore diplomatic ties with Morocco, highlighting the importance of fostering friendly ties between Muslim countries;

28 Jun 2023 **Rabat (Morocco)** *Morocco World News*. **United States (US)** state department recognises Morocco’s commitment to fiscal transparency, featuring the country in the list of countries adhering to its minimum requirements;

25 Jun 2023 **Rabat (Morocco)** *Morocco World News*. **Israel’s** foreign affairs minister **Eli Cohen** refutes claims that the **Negev Summit** which was due to take place in Morocco in mid-July was cancelled, arguing that the meeting was “*postponed*” but “*not cancelled*”;

23 Jun 2023 **Rabat (Morocco)** *North Africa Post*. Foreign affairs minister **Nasser Bourita** says Morocco is ready to host the second edition of the **Negev Forum** in September, and hopes that the political context will be favourable;

21 Jun 2023 **Rabat (Morocco)** *Middle East Monitor*. Morocco confirms the postponement of the Negev summit set for 23 June, attributing the delay to an unfavourable political context amid the escalation in **Israeli-Palestinian** tensions;

21 Jun 2023 **Rabat (Morocco)** *Asharqbusiness*. **Kristalina Georgieva**, managing director of the **International Monetary Fund (IMF)**, says the Moroccan economy has made remarkable progress and impressive export growth, particularly in industrial sectors such as automotive and renewable energies.

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