

AFRICA RISK CONSULTING

Morocco Monthly Briefing February 2023

Morocco Summary 21 February 2023

The International Monetary Fund (IMF) commends Morocco for implementing “a very strong policy response” that has cushioned the social and economic impact of consecutive global crises over the past two years in its latest country profile of Morocco published on 17 January. The IMF projects economic growth will reach 3% and annual inflation will decline to 4% in 2023. Hundreds of Moroccans across the country take to the streets on 19 and 20 February to protest against the soaring prices of basic goods and to call for greater freedoms. Members of the European Parliament (MEPs) recommend on 16 February that the institution take measures against Morocco for its alleged implication in a European Union (EU) corruption case. French President Emmanuel Macron (2017-present) could reportedly delay his visit to Morocco until April due to deteriorating Morocco-French relations.

IMF commends Morocco’s strong response to recent global crises...

The **International Monetary Fund (IMF)** commends **Morocco** for implementing “a very strong policy response” that has cushioned the social and economic impact of consecutive global crises over the past two years in its latest country profile of Morocco published on 17 January.¹ The **Bank al-Maghrib (BAM)** (central bank) received recognition for its decision to tighten monetary policies last year to contain inflation. BAM raised its interest rates by 50 basis points for the first time in 14 years on 27 September to 2%, in a bid to curb accelerating inflation driven by the increase in food and fuel prices (see *ARC Briefing Morocco Oct 2022*).² The IMF also lauded Morocco’s 2023 budget, emphasising that it “strikes a balance” between the need to reduce the deficit, finance structural reforms and mitigate the social and economic impact of consecutive crises.³ The IMF further applauded Morocco’s progress in implementing several social reforms and particularly highlighted its commitment to “comprehensive structural reforms”.⁴

“The reform of the social protection, health, and education systems would improve fairness and quality of access, better target spending, and sustain human capital in the long run.”⁵

The IMF while highlighting the country’s efforts to transition to a greener economy, noted that ongoing efforts to address water scarcity, reduce dependence on fossil fuels and reduce gender inequality are all “essential” in bolstering Morocco’s potential growth.⁶ Although risks to economic stability persist, the government’s “continued strong policies” and “rapid implementation” of reforms will anchor Morocco’s economic activity in the future.⁷

¹ International Monetary Fund, 17 Jan 2023

² Bank Al-Maghrib, 27 Sep 2022

³ International Monetary Fund, 17 Jan 2023

⁴ Morocco World News, 25 Jan 2023

⁵ International Monetary Fund, 17 Jan 2023

⁶ International Monetary Fund, 17 Jan 2023

⁷ Morocco World News, 25 Jan 2023

The IMF projects that Morocco's economic growth will average 3% in 2023, largely driven by the expected recovery in agricultural input and its subsequent spillover onto the rest of the domestic economy.⁸ The IMF expects annual inflation to gradually decline this year to approximately 4% as the commodity price shock dissipates and the monetary stance becomes less accommodative.⁹ The assessment also noted that Morocco's budget deficit is showing signs of recovery and is projected to narrow toward 3% of GDP boosted by structural reforms.¹⁰ However, the IMF warns that its baseline projections are subject to unusually high uncertainty, primarily related to greater fallout from the conflict in **Ukraine** and the worsening of global conditions.

Protests in Morocco demanding greater freedom, against price hikes...

Hundreds of Moroccans took to the streets across the country on 19 and 20 February to protest against the soaring prices of basic goods and to call for greater freedoms.¹¹ The demonstrations coincided with the 12th anniversary of the **February 20 Movement**, which in 2011 became the first local version of the **Arab Spring. Confédération Démocratique du Travail (CDT)** (democratic confederation of labour) trade union organised the 19 February protest, after already holding several protests condemning surging food and energy prices in recent weeks.¹² **Moroccan National Front**, an umbrella organisation for human rights associations, trade unions and leftist parties, organised the demonstration held across the country on 20 February where approximately 30 protesters congregated in front of parliament displaying a sign demanding the "*immediate Freedom for political prisoners*" and called for the release of journalists **Omar Radi** and **Souleiman Raisuni**. The two were sentenced to years in prison in trials in February 2022 and March 2022 for crimes of assault and attacking the internal and external security of the state, in a trial global human rights groups **Human Rights Watch** and **Amnesty International** criticised. Their sentences were also part of a 19 January **European Parliament** non-binding resolution calling on Moroccan authorities to improve their respect for the freedom of expression and media freedom.¹³

In recent months, Moroccans have criticised the government for being unresponsiveness regarding soaring inflation which has sparked major worry and anxiety among the public who are overwhelmed by successive crises.¹⁴ The unfolding economic crisis has especially impacted low-income families who can no longer afford to buy basic foods such as fruits and vegetables. Citizens have also taken to social media, with thousands calling for public figures to address the current market imbalances and for government to intervene and introduce concrete solutions.¹⁵ Prime Minister **Aziz Akhannouch** (2021-present) said on 16 February that prices will decline in the coming weeks with the fasting month of Ramadan when consumption generally soars.¹⁶ Economy minister, **Nadia Fettah Alaoui**, also informed parliament on 8 February that the government is vowing to tackle the continuous increase in food prices ahead of Ramadan.¹⁷

Ever since Akhannouch assumed office in 2021, Moroccans have been calling for government assistance regarding soaring prices, but government efforts have been unsuccessful. It is unclear

⁸ International Monetary Fund, 17 Jan 2023

⁹ International Monetary Fund, 17 Jan 2023

¹⁰ International Monetary Fund, 17 Jan 2023

¹¹ La Prensa Latina, 20 Feb 2023

¹² La Prensa Latina, 20 Feb 2023

¹³ La Prensa Latina, 20 Feb 2023

¹⁴ Morocco World News, 15 Feb 2023

¹⁵ Morocco World News, 15 Feb 2023

¹⁶ La Prensa Latina, 20 Feb 2023

¹⁷ Morocco World News, 8 Feb 2023

if the government will be able to satisfy citizens' requests this time given it has repeatedly failed to do so under this administration. However, it is clear that Moroccans are reaching breaking point given the increasing and regular occurrence of protests in recent weeks.

European Parliament takes measures against Morocco for corruption...

Members of the European Parliament (MEPs) recommended on 16 February that the institution take measures against Morocco for its alleged implication in a **European Union (EU)** corruption case.¹⁸ MEPs also voted on a recommendation to bar Moroccan lawmakers from accessing EU headquarters until investigations into the alleged corruption case are complete.¹⁹ The EU recommendation, which was adopted by 401 votes and 133 abstentions, calls for “*a full investigation into corruption cases involving countries seeking to influence Parliament and taking the necessary measures in this regard.*”²⁰

The European Parliament stated in a press release on 16 February that “*the measures taken regarding representatives of Qatar should be extended to those of Morocco* - the EU legislature adopted a resolution in December 2022 outlining measures to be taken against Qatar for its implication in a corruption scandal that rocked the economic bloc.²¹ The measures taken by the EU parliament included the suspension of access badges for members of the Qatari mission to EU bodies pending an investigation, among others, and similar measures are to be taken against Morocco.

The EU's measures come after **Italian** politician and a former three-time member of the European Parliament, **Pier Antonio Panzeri**, confessed on 14 February to being part of a criminal network involved in an EU corruption scandal and agreed to reveal which countries were implicated.²² Panzeri is one of four suspects being held in **Belgium** accused of accepting bribes and gifts from Qatar and Morocco in return for influencing the European Parliament. Panzeri's lawyer, **Laurent Kennes** told the media following his confession:

“Mr Panzeri confesses today to having actively participated in acts of corruption in connection with Qatar and in connection with Morocco and therefore to having been corrupted and to having corrupted others.”²³

Reports that Morocco was involved in bribery operations, led prime minister Akhannouch to file a defamation lawsuit in **France**. Moroccan foreign minister **Nasser Bourita** in January also described the investigation into Morocco's involvement as “*judicial and media harassment*”.²⁴ The new EU measures against Morocco come almost a month after the European Parliament (EP) adopted a non-binding resolution on 19 January condemning Morocco for alleged breaches of press freedom, calling on Moroccan authorities to improve their respect for the freedom of expression and media freedom.²⁵ Morocco's two houses of parliament subsequently met in an extraordinary joint plenary session on 23 January, unanimously voting to reconsider its relations with the European Parliament (*see ARC Briefing Morocco Jan 2023*).²⁶

The recent developments are unprecedented given that the relationship between the EU and Morocco has traditionally been solid – the two have been linked in tight economic and

¹⁸ Morocco World News, 16 Feb 2023

¹⁹ Middle East Monitor, 19 Feb 2023

²⁰ European Parliament, 16 Feb 2023

²¹ Morocco World News, 16 Feb 2023

²² Middle East Monitor, 19 Feb 2023

²³ Middle East Monitor, 19 Feb 2023

²⁴ Morocco World News, 16 Feb 2023

²⁵ Morocco World News, 23 Jan 2023; AFP, 23 Jan 2023

²⁶ Moroccan Parliament, 23 Jan 2023; AFP, 23 Jan 2023

commercial relations, particularly in agriculture and fishing, since agreements were signed in 1996.²⁷ It is not clear whether Morocco will sever ties with the EU, but it is evident that the relationship has reached a new low.

Macron's visit to Morocco possibly delayed amid tensions...

French President **Emmanuel Macron** (2017-present) could reportedly delay his visit to Morocco until April due to deteriorating Morocco-French relations.²⁸ Macron's visit to Morocco has been on the cards since he visited neighbouring **Algeria** in August 2022 but appears to be in limbo due to Morocco's alleged reluctance to host the French president.²⁹ Renewed tensions between the two countries have been fuelled by the surprisingly ongoing visa crisis, the recent EU Parliament resolution on Morocco, and France's position on the **Western Sahara** dispute.³⁰ It was thought that the visit by French foreign minister **Catherine Colonna** to **Rabat** in December had calmed tensions but relations have only got worse.

Colonna alongside Bourita in Rabat stated on 16 December that France has resumed normal consular services with Morocco, a message that indicated that the diplomatic row over visa restrictions was over (See *ARC Briefing Morocco Dec 2022*).³¹ Colonna was in Morocco for an official visit on 15 and 16 December to discuss the state of bilateral relations amid months-long diplomatic tension between the two countries.³² France took the unilateral decision last year to reduce the number of visas given to Moroccans by 50% due to Morocco reportedly being "unwilling" to cooperate on the extradition of Moroccans illegally residing in France (see *ARC Briefing Morocco Sep 2022*).³³ The visa rift intensified in early August when reports emerged that French consulates in Morocco had slashed visa issuances by at least 75%, much higher than the 50% previously announced.³⁴ Local Moroccan reports note that French authorities have systematically rejected visa applications from Moroccans who meet all requirements and pose no risk of overstaying, including members of parliament, high-ranking officials in private and public companies, successful business people and former ministers.³⁵

The reports drew fierce criticism from Moroccans, with thousands rebuking France's "unjustified" measures. While France and Morocco announced the end of the visa crisis in December, recently emerging reports of continuing unjustified rejections of Moroccan citizens have cast a shadow of doubt over the announcement's validity.³⁶

Simultaneously, Rabat says that Paris' ambiguous position on Western Sahara is a major problem. Morocco has repeatedly communicated that it expects its international partners to take a clear stance on the issue, something France has not been willing to do.³⁷ Tensions have also been exacerbated further by the European Parliament resolution condemning Morocco for allegedly "intimidating" and "harassing" journalists.³⁸ Many Moroccan observers feel that the EU resolution was reportedly pushed by French politicians in frustration with Morocco's

²⁷ France24, 24 Jan 2023

²⁸ La Monde, 10 Feb 2023

²⁹ La Monde, 10 Feb 2023

³⁰ Morocco World News, 14 Feb 2023

³¹ North Africa Post, 16 Dec 2022

³² Middle East Monitor, 16 Dec 2022

³³ Hespress, 2 Sep 2022; Morocco World News, 28 Aug 2022

³⁴ Morocco World News, 28 Aug 2022

³⁵ Morocco World News, 28 Aug 2022

³⁶ Morocco World News, 14 Feb 2023

³⁷ Morocco World News, 14 Feb 2023

³⁸ Middle East Monitor, 19 Feb 2023; Morocco World News, 14 Feb 2023

diplomatic progress and its alignment with new international partners.³⁹ A local analyst told **Africa Risk Consulting Briefing (ARC Briefing)** that while France and Morocco may be able to resolve most of their issues in the short to medium term, Western Sahara may remain a sticking point:

“Before his possible visit to Morocco, it is claimed in some circles that Rabat wants Paris to distance itself from Algeria and publish a press release against the country. If true, I doubt Paris will adhere to that because it will complicate matters in the region even more.”⁴⁰

Planner

2023 **(Morocco)** Israel’s foreign affairs minister **Eli Cohen** to visit Morocco;

April 2023 **(Morocco)** French President **Emmanuel Macron** to reportedly visit Morocco;

23-25 May 2023 **(France)** First edition of **Morocco Investment Meeting and Entrepreneurship Meeting (MIM)** event;

June 2023 **Marrakech (Morocco)** Inaugural **Bloomberg** New Economy Gateway Africa conference.

Chronology

17 Feb 2023 **Rabat (Morocco)** *Ministère des affaires étrangères et de la coopération internationale*. Foreign affairs ministry says that Morocco continues to work on upgrading bilateral ties with the **United Kingdom** in a bid to strengthen its diplomatic approach and diversify partnerships with its oldest allies;

16 Feb 2023 **Ankara (Turkey)** *Moroccan Embassy in Ankara*. Moroccan embassy in Ankara says that the number of Moroccans who died due to the powerful earthquake that hit the country on 6 February has now climbed to 13;

16 Feb 2023 **Rabat (Morocco)** *Map News*. Moroccan news agency **Maghreb Arab Press (MAP)** announces that is the target of a Distributed Denial of Service (DDoS) attack;

16 Feb 2023 **Rabat (Morocco)** *European Bank for Reconstruction and Development*. **European Bank for Reconstruction and Development (EBRD)** announces that its investment in Morocco more than doubled last year, reaching €530m (\$565m), compared to €211m (\$224m) in 2021;

15 Feb 2023 **Rabat (Morocco)** *Morocco World News*. Water minister **Nizar Baraka** announces work is ongoing on the implementation of a series of measures to combat the ongoing drought;

15 Feb 2023 **Rabat (Morocco)** *Morocco World News*. Local organisation, **Government Work Observatory** publishes a damning report criticising the government for lacking a clear strategy to tackle the socio-economic crisis affecting citizens’ purchasing power;

15 Feb 2023 **Rabat (Morocco)** *Democratic Confederation of Labor*. **Confédération Démocratique du Travail (CDT)** (democratic confederation of labour) announces that

³⁹ Morocco World News, 14 Feb 2023

⁴⁰ ARC Source, Local Analyst

several protests will take place on 19 February in several Moroccan provinces as part of a social campaign to condemn the continuous price increases affecting citizens' purchasing power;

10 Feb 2023 **Rabat (Morocco)** *African Development Bank*. The **African Development Bank (AfDB)** announces the approval of a €201,000 (\$214,286) grant to help and support technical assistance for the design of dams, river development as well as inter-basin interconnection studies in Morocco;

10 Feb 2023 **Rabat (Morocco)** *Maroc Diplomatie*. Foreign affairs ministry issues a communique on the termination of duties of Morocco's envoy to Paris, **Mohamed Benchaaboun**;

9 Feb 2023 **Rabat (Morocco)** *Morocco World News*. Islamic affairs ministry announces new regulations for **Hajj**, including the abolition of the requirement for women under 45 to be accompanied by a male guardian in the upcoming Hajj season;

8 Feb 2023 **Rabat (Morocco)** *North Africa Post*. Morocco and the **United States (US)** aerospace company **Boeing** sign an agreement as part of the Moroccan approach to upgrade its military equipment and response readiness to various threats;

7 Feb 2023 **Rabat (Morocco)** *German Chamber of Commerce and Industry in Morocco*. **German Chamber of Commerce and Industry** in Morocco data reveals trade between the two reached €4.9 billion (\$5.2 billion) in 2022;

5 Feb 2023 **Rabat (Morocco)** *North Africa Post*. **Spain** and Morocco are taking new steps to construct the 40km tunnel that will link the two countries under the **Strait of Gibraltar**;

3 Feb 2023 **Rabat (Morocco)** *Reuters*. **United States (US)** publication **Reuters** reports that **Russia** is now working to reroute its energy supplies and increase supplies to **Turkiye** and Morocco in a bid to adapt to the **European** embargo, price cap, and lack of tankers;

2 Feb 2023 **Rabat (Morocco)** *Morocco World News*. **Spanish** prime minister **Pedro Sanchez** announces a credit line of \$879.48m to deepen bilateral cooperation through investments in Morocco as the two countries conclude a high-level meeting that also saw the signing of dozens of agreements to bolster economic and bilateral cooperation;

27 Jan 2023 **Rabat (Morocco)** *Morocco World News*. Finance minister **Nadia Fettah Alaoui** says that because of its "*well-structured economy*", Morocco has been able to avert the cluster of consecutive economic crises that started with the outbreak of the **Covid-19** pandemic;

27 Jan 2023 **Rabat (Morocco)** *Aawsat*. The spokesman for **France's** foreign ministry, **AnneClaire Legendre**, says that her country is "*not in crisis*" with Morocco, following criticism of the **European** country's approach towards Morocco;

25 Jan 2023 **Rabat (Morocco)** *Morocco World News*. Regional public opinion company **Arab Barometer** says that Moroccans view the economy as the top challenge facing their country, with 33% of respondents in a survey saying that they are worried about the economy.

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

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

Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)