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The government attempts to control unrest in the northern city of Al Hociema by accelerating development projects in the region. However, protests continue, with protestors demanding the release of the movement's nominal leader, Nasser Zafzafi. State-owned phosphate producer Office Chérifien des Phosphates (OCP) declines to participate in a trial in South Africa over a phosphate shipment from the disputed region of Western Sahara. The Bank Al Maghrib (BaM) (central bank) announces it will postpone an anticipated decision to liberalise the dirham currency, a key feature of an International Monetary Fund (IMF)-backed reform programme.

Government attempts to reduce social unrest with development projects

The government is attempting to reduce unrest in the northern city of **Al Hociema** by accelerating development projects in the region. The cabinet met on 7 July to implement new development programmes and to speed up existing projects on the instructions of **King Mohammed VI** (1999-present).¹ Tensions between protestors and the government remain high following the first days of the trial of **Nasser Zafzafi** on 11 and 12 July.² Zafzafi is the leader of the **Hirak** protest movement that has held protests in Al Hociema and capital **Rabat** since October 2016.³ The protests, which were originally over the death of local fishmonger **Mouhcine Fikri** who was crushed while trying to recover confiscated fish from a garbage truck, are the most significant political disruption in **Morocco** since the **Arab Spring** (see *ARC Briefing Morocco May 2017*).⁴ A protest in Rabat on 12 June attracted tens of thousands of protestors from across the country (see *ARC Briefing Morocco June 2017*).⁵ In the most recent protest in Al Hociema, Hirak attempted to organise a 'million man march' on 21 July to demand Zafzafi's release.⁶ However, police set up exclusion cordons in the city and dispersed groups of protestors with batons and tear gas.⁷ Protestors came to Rabat from across the country and from abroad.⁸ Police and protestors clashed, leaving at least 100 people injured when several hundred protestors broke through the police cordon to the city's main square.⁹

"The million man march was in reality a few hundred people, but the police kept many more away...I am worried that this could slip into greater use of force by the police against protestors."¹⁰

The cabinet meeting on 7 July followed Mohammed VI's public criticism of the government for not implementing programmes for the region on 30 June.¹¹ The lack of development projects, despite continuing central government funding for them under the **Agence de développement du Nord** (northern development agency), is a key complaint of the Hirak movement. Parliamentary relations

¹ L'Economiste, 7 Jul 2017.

² Morocco World News, 12 Jul 2017.

³ Morocco World News, 12 Jul 2017.

⁴ Morocco World News, 12 Jul 2017.

⁵ Morocco World News, 12 Jul 2017.

⁶ Le Matin, 19 Jul 2017.

⁷ Reuters, 21 Jul 2017.

⁸ Reuters, 21 Jul 2017.

⁹ Reuters, 21 Jul 2017.

¹⁰ Source, journalist, Rabat

¹¹ Le Matin, 30 Jun 2017.

minister **Mustapha El Khalfi** is heading a taskforce of the relevant national and regional bodies.¹² The government has identified \$1.45 billion of projects that are overdue for delivery to the region.¹³ These include projects to redevelop land in urban centres, build a dam to improve electricity supply and water control, and a major upgrade to the roads in the city and region.¹⁴ It will also put in place a new system to manage the progress of regional development projects.¹⁵ **Abdelali Berria**, the incoming inspector general of public finances, will investigate the failure to complete projects in the region on time. El Khalfi told the media that:

*"This is the beginning of a new stage [in development projects] characterised by [greater] mobilisation, reinforcement of the coordination between the various actors to ensure deadlines are respected."*¹⁶

The government's efforts, however, may not reduce the unrest. The trial of Zafzafi, along with approximately 56 other protestors, began in Rabat on 11 July.¹⁷ The state is prosecuting Zafzafi for

*"... threatening the territorial integrity of the kingdom by advocating for separatism and undermining state security."*¹⁸

Zafzafi's defence has focused on the fact that he has not advocated for separatism, and that the protests were both peaceful and lawful.¹⁹ Human rights lawyers released a video on 11 July that reportedly shows Zafzafi imprisoned half-naked, as evidence that the state is violating his rights in prison.²⁰ The government responded quickly and chief prosecutor **Hassan Matar** has started an investigation to determine the facts of the video.²¹ While there have not been major protests in July, protestors remain active on social media and have threatened more disruption if the government does not release the 176 protestors arrested in June.²²

The government remains unable to shift the public anger around the HIRAK movement. Efforts to increase the level of funding to the area will not give the immediate results the protestors demand. The government is unwilling to show any leniency to any movements that are linked, or appear to be linked, to secessionism, especially at a time when the question of sovereignty of **Western Sahara** is once again in international focus (see below). HIRAK is not turning into the nation-wide phenomenon the Arab Spring protests were, as anti-government sentiment remains mostly localised in the **Rif** region. However, the administration will have to endure poor sentiment for as long as the protests last – despite the benefit that the new projects in the region will inevitably bring.

OCP refuses to participate in South African phosphate shipment trial

State-owned phosphate producer **Office Chérifien des Phosphates (OCP)** declined to participate in a trial in **South Africa** over a phosphate shipment from the disputed region of Western Sahara on 13 July.²³ The OCP is attempting to delegitimise the strategy of the **Polisario Front (PF)** to launch court cases against shipments from the region, which the PF claims as the independent **Sahwari Arab Democratic Republic (SADR)**.²⁴ The PF launched a case on 1 May in the South African city of **Port Elizabeth** over the 50,000 tonne phosphate shipment, claiming that OCP had extracted it illegally as it

¹² L'Economiste, 7 Jul 2017.

¹³ L'Economiste, 7 Jul 2017.

¹⁴ L'Economiste, 7 Jul 2017.

¹⁵ L'Economiste, 7 Jul 2017.

¹⁶ L'Economiste, 7 Jul 2017.

¹⁷ Morocco World News, 12 Jul 2017.

¹⁸ Morocco World News, 12 Jul 2017.

¹⁹ Morocco World News, 12 Jul 2017.

²⁰ MEMO, 11 Jul 2017.

²¹ MEMO, 11 Jul 2017.

²² Morocco World News, 12 Jul 2017.

²³ Reuters, 13 Jul 2017.

²⁴ Reuters, 13 Jul 2017.

came from Western Sahara.²⁵ A court in Port Elizabeth ruled in June that the vessel **NM Cherry Blossom** and its \$5m cargo should remain in the port until the **Port Elizabeth High Court** has ruled on the case.²⁶ It also placed restraining orders on five individuals prohibiting them from removing the cargo from the ship.²⁷ The OCP and its Western Sahara-based subsidiary **Phosboucraa** released a statement on 13 July saying that the case was:

“... political piracy committed under judicial cover... [we] reserve the right to pursue and protect [our] property rights for this cargo using all means under international law.”²⁸

The PF argues that all minerals extracted in the region are from illicitly-held territory. Morocco and the PF are bound by a 1991 ceasefire in the region which the **United Nations (UN)** guarantees. However, the UN has so far failed to broker an agreement over the sovereignty of the region. Morocco has made significant headway in gaining allies in **sub-Saharan Africa** to its side of the debate over the past year (see *ARC Briefing Morocco January and May 2017*).

*“The PF are on the back foot, they can see Morocco has lots of support amongst the major world powers, and now also within **Africa**. The King [Mohamed VI] is now pushing this advantage to work with the UN to ‘fix’ the issue.”²⁹*

However, the PF has recently started court cases in order to prevent Morocco exporting profitable mineral deposits from Western Sahara.³⁰ A court in **Panama** ruled in June in OCP’s favour, as it said there is no evidence that the PF had a legitimate claim to the cargo.³¹ However, South Africa is a strong supporter of the PF against Morocco, which it sees as maintaining a colonising presence in Western Sahara.³² The Port Elizabeth High Court will rule before the end of July on whether the PF has made a convincing prima facie case that it owned the cargo.³³ OCP’s decision not to participate does not guarantee that the ruling will go in the PF’s favour.³⁴

“The PF recognises that if they restart military conflict it will erode international support so they have turned to legal solutions. It is unlikely that they will be able to do significant financial damage to OCP, but the reputation risk is real.”³⁵

The OCP is positioning itself to make the most of either a victory or defeat in the court case. By not participating, it can denounce the South African court process as political and frame non-participation as an act of protest. The court still has to rule on the validity of the PF claim, and South Africa has a strong history of judicial independence – especially in higher courts. If the PF wins the case it could set a precedent for cases in other jurisdictions. It will certainly embolden the PF to attempt to target other OCP shipments in an effort to deter the company’s clients. However, the cases will do little to alter the geopolitical position of the PF and the Moroccan government as they move towards a new round of UN talks later this year.

Central bank delays currency announcement

The **Bank Al Maghrib (BaM)** (central bank) announced that it will postpone an anticipated decision to liberalise its dirham currency, which was a key feature of an **International Monetary Fund (IMF)**-backed reform programme, according to media reports on 29 June.³⁶ The unexplained delay is likely

²⁵ Reuters, 13 Jul 2017.

²⁶ Morocco World News, 17 Jul 2017.

²⁷ Reuters, 13 Jul 2017.

²⁸ Morocco World News, 17 Jul 2017.

²⁹ Source, analyst, Cairo

³⁰ Morocco World News, 17 Jul 2017.

³¹ Reuters, 13 Jul 2017.

³² Reuters, 13 Jul 2017.

³³ Reuters, 13 Jul 2017.

³⁴ Reuters, 13 Jul 2017.

³⁵ Source, commodities trader, Rabat

³⁶ Daily Mail, 29 Jun 2017.

to increase investor concerns over the transparency of Morocco's liberalisation process, and the government's commitment to the reform process in general.³⁷ The central bank put out a brief statement that "*technical issues*" were to blame.³⁸ The BaM had announced in April 2016 that it would begin moving away from currency controls to a flexible but restricted exchange rate regime that it would gradually relax over the course of up to 15 years.³⁹ This is the second time that the BAM has decided to delay the introduction of liberalisation, after it did so in December (*see ARC Briefing Morocco December 2016*). It had also scheduled the formal announcement for 29 June, in which BaM governor **Abdellatif Jouahri** and finance minister **Mohamed Boussaid** were supposed to hold a joint press conference.⁴⁰ It is not clear when such an event will now take place. Until the BAM decides to move on liberalisation, the dirham remains fixed at a peg that is 60% weighted to the euro, and 40% to dollar.⁴¹

It is not clear what caused the BAM to delay the liberalisation of the dirham. Financial analysis from the government and external actors such as ratings agency **Fitch** all pointed to a smooth transition to the open currency markets.⁴² It is possible that the government is concerned that political issues such as the HIRAK protest movement (see above) could cause currency traders to doubt the viability of the currency. More likely the decision is linked to the need to put wider infrastructure in place for the liberalisation to move ahead.

³⁷ Daily Mail, 29 Jun 2017.

³⁸ Morocco World News, 7 Apr 2017.

³⁹ Daily Mail, 29 Jun 2017.

⁴⁰ Daily Mail, 29 Jun 2017.

⁴¹ Daily Mail, 29 Jun 2017.

⁴² Fitch, 4 Jul 2017.

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