

## AFRICA RISK CONSULTING

### Morocco Monthly Briefing August 2019

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#### Morocco Summary 27 August 2019

*King Mohammed VI (1999-present) marks the 20<sup>th</sup> anniversary of his reign by announcing plans to tackle national social inequalities, including a wave of pardons to Hirak El-Rif prisoners, plans for a government reshuffle, and the establishment of a new committee to tackle social inequality. Morocco's largest telecommunications company, Maroc Telecom, signs a \$1 billion deal with the Moroccan government to develop telecommunication infrastructure over the next three years. The government bids for 24 new Apache attack helicopters from the United States at a total cost of \$1.5 billion.*

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#### Political prisoners pardoned ...

**Morocco** celebrated the 20<sup>th</sup> anniversary of the coronation of its monarch on 30 July. On the eve of the anniversary, **King Mohammed VI** (1999-present) pardoned 4,764 detainees, including some from the 2016 popular mass protest movement in the **Berber**-speaking **Rif** region, known as the **Hirak El-Rif** or **The Rif Movement**.<sup>1</sup> Western governments and human rights organisations criticised the Moroccan state for its authoritarian response to the popular movement, but the king has since taken steps to repair the country's reputation and tackle social inequalities. The royal pardon is customary in Morocco to mark national and religious holidays. The justice ministry announced on 19 August that King Mohammed VI had also offered his royal pardon to 443 inmates on the eve of the 66<sup>th</sup> anniversary of the **King and People Revolution Day**.<sup>2</sup> The royal pardon includes an undisclosed number of prisoners convicted of "terrorism" as part of the fourth **Annual Reconciliation Programme**.<sup>3</sup> The Moroccan government launched the programme in 2018 to reintegrate prisoners into society. The king's royal pardon included the reduction of sentences to another 2,477 prisoners while 31 detainees had their death penalty sentences commuted to life imprisonment.

The Hirak El-Rif protests started in October 2016 in **Al-Hoceima (Rif Province)** when local fishmonger **Mouhcine Fikri** was crushed while trying to recover confiscated fish from a garbage truck (see *ARC Briefing Morocco June 2017*). At least 10,000 people demonstrated in the capital, **Rabat**, on 11 June 2017 against the allegedly heavy-handed treatment of protesters in Al-Hoceima and against the ruling elite.<sup>4</sup> The **Hirak al Shaabi** ('Popular Movement') spread to other cities and shook the establishment.

The confirmation on 6 April by the **Cour d'Appel de Casablanca** (Casablanca court of appeal) of the sentences against the activists sparked an immediate response. Thousands marched in Rabat to protest in a "*March of the Moroccan people*", demanding the release of the activists, including Hirak Rif leader **Nasser Zefzafi** and journalist **Hamid El Mahdaoui**. **United Kingdom (UK)**-based non-governmental organisation **Amnesty International** on 26 April described the appeal court's decision to uphold 20-year prison sentences against 43 people for their involvement in the Hirak El-Rif protests as a "*disturbing miscarriage of justice*".<sup>5</sup> Moroccan authorities have not declared official

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<sup>1</sup> Morocco World News, 30 Jul 2019

<sup>2</sup> Morocco World News, 20 Aug 2019

<sup>3</sup> Morocco World News, 30 Jul 2019

<sup>4</sup> Le Matin, 12 Jun 2017.

<sup>5</sup> Amnesty International, 26 Aug 2019

numbers but local analysts estimate that 400 protesters have been arrested and tried in connection with the demonstrations. About 250 were pardoned before the king's royal pardon on 29 July.

### ... and a government reshuffle planned

King Mohammed VI announced plans on 29 July to create a government committee that will be tasked to form a new development model to tackle social inequalities by the end of the year and called for a government reshuffle to improve the country's development strategy.<sup>6</sup> Analysts say King Mohammed VI made the announcements to improve his and the country's international reputation to pull in more foreign investment, but they are adopting a "wait and see" approach as to whether his development policies will be implemented.<sup>7</sup>

The committee will serve as an advisory body to make suggestions to improve reforms in fields such as education, health, agriculture, investment and taxation. To support the king's plans for more inclusive growth, he said:

*"I ask the head of government to submit to me, after the summer break, proposals to fill executive posts in the government and the civil service with high-level national elites chosen on merit and competence."*<sup>8</sup>

The king emphasised the need to open up the economy to foreign investors and revamp the public sector. He listed some major development and infrastructure project successes during his reign, but noted,

*"...what undermines this positive result is that the effects of the progress and the achievements made have not, unfortunately, been felt by all segments of the Moroccan society."*<sup>9</sup>

Morocco's protests during the **Arab Spring** led to a constitutional referendum in 2011 which caused the monarchy to delegate some of its powers to an elected government. The king retained overall authority as head of state, chief of the military and the country's top **Islamic** authority, as well as tight control over key sectors of the economy.

### Telecoms sector investment boost

Telecommunications major **Maroc Telecom** on 26 August signed a deal worth 10 billion Moroccan dirhams (\$1 billion) with the Moroccan government to develop telecommunication infrastructure over the next three years.<sup>10</sup> The latest deal will provide much-needed improvements to the country's mobile broadband and fixed-line networks, which will strengthen long-term economic growth projections as well as improve the ease of doing business.<sup>11</sup>

Maroc Telecom now has six infrastructure investment deals with the Moroccan government and total investments of MAD68 billion (\$7.10 billion). The Moroccan government owns 22% of Maroc Telecom after having recently sold an 8% stake in the company in a privatisation push to curb the country's budget deficit (see *ARC Briefing Morocco February 2019*). **United Arab Emirates**-based telecoms group **Etisalat** is the largest shareholder with a 53% stake in Maroc Telecom.

Maroc Telecom operates subsidiaries in much of **West** and **Central Africa**, including **Benin, Burkina Faso, Ivory Coast, Gabon, Mali, Mauritania, Niger, Togo** and the **Central African Republic**. The group's customer base grew 3.9% by June 2019 to 63 million users, including 19.3 million in Morocco.

Morocco's finance minister, **Mohamed Benchaaboun**, introduced a fresh series of privatisations and part-privatisation of state-owned enterprises at the start of the year to boost an otherwise lacklustre economy. The objective of the measures that emerged in a ratings agency report on 4 February is to

<sup>6</sup> Al Jazeera, 30 Jul 2019

<sup>7</sup> Source, analyst, London

<sup>8</sup> Al Jazeera, 30 Jul 2019

<sup>9</sup> Al Jazeera, 30 Jul 2019

<sup>10</sup> Reuters, 26 Aug 2019

<sup>11</sup> Source, analyst, London

reduce the fiscal deficit and to introduce new investment to the economy. The **Haut-Commissariat au Plan (HCP)** (national planning agency) expects economic growth to slow to 2.9% in 2019 from an estimated 3% in 2018.<sup>12</sup>

The government plans to sell its remaining share in Maroc Telecom. Analysts say that to achieve its 2019 revenue targets, the government needs to make at least MAD5 billion (\$522m) on the sale. Other companies such as the **Office National des Aéroports (ONDA)** (national airports office) and the **Office National des Chemins de Fer (ONCF)** (national railway office) have previously been mentioned as candidates for privatisation.

### Military expansion continues

The **United States (US)** department of commerce on 15 July revealed that the Moroccan government put in a bid to purchase 24 new **Apache** attack helicopters from the US for \$1.5 billion.<sup>13</sup> Morocco has built up its military capabilities over the past decade and its defence budget is expected to grow to \$3.9 billion by 2022.

The US also noted that Morocco purchased:

*"162 new **M1A1 tanks** at \$0.75 billion, 300 **TOW missile launchers** with 1800 missiles at \$180m and significant interest in purchasing **High Mobility Artillery Rocket System (HIMARS)**, **PATRIOT Air Defence** systems, and **G550 reconnaissance aircraft**."<sup>14</sup>*

Morocco and the US have close security and military-to-military ties and Morocco is the largest US weapons buyer in **Africa**.<sup>15</sup> The US has given Morocco "*major non-North Atlantic Treaty Organization (NATO) ally status*", which qualifies Morocco for increased US military cooperation. Beyond joint exercises, cooperation includes intelligence sharing, measures to stop terrorist financing, law enforcement partnerships, and a number of other multilateral efforts.

The overall goal is to build combined military capabilities to strengthen cooperation and operational proficiency. The **US Marine Corps Forces Europe and Africa** are leading this year's exercise, which **US Africa Command** sponsors. It includes military training in command-post activities and counter-violent extremist organisation and tactical training. US troops planned to carry out multi-lateral training with units from the **Royal Moroccan Armed Forces, Tunisia, Spain, Canada** and the UK.

Morocco's military budget increased slightly from MAD29.4 billion (\$3.2 billion) in 2012 to MAD34.7 billion in 2018 (\$3.5 billion), and is expected to increase to \$3.9 billion by 2022.<sup>16</sup> The country seeks to develop a local military industry to reduce its dependence on foreign arms and because of a surge of instability in **North Africa** and an arms race with **Algeria** that shows no signs of abatement. Morocco has signed similar deals with Spain and the UK.

Former **British** trade minister **Liam Fox** said on 31 May that his country sees promising prospects to develop cooperation with Morocco in the defence industry. A Moroccan source said that a joint venture was under preparation between Morocco and the UK's **Chemical Military Product (CMP)**, an ammunition manufacturer. Spanish defence minister **Angel Olivares Ramirez** held talks in March with Morocco's minister delegate to defence during which the launch of joint ventures was discussed, notably in fields relating to military aircraft and military ship hardware. Foreign minister **Nasser Bourita** signed a military technology sharing deal with **Brazil** on 18 June (see *ARC Briefing Morocco June 2019*).

In August 2018 the government council passed a law reinstating compulsory military service for men and women aged 19-25 in an attempt to further social cohesion and tackle high youth unemployment

<sup>12</sup> Fitch Ratings, 4 Feb 2019

<sup>13</sup> DefenceWeb, 2 Aug 2019

<sup>14</sup> Morocco World News, 1 Apr 2019

<sup>15</sup> 'Trends in World Military Expenditure 2018', SIPRI Military Expenditure Database, Apr 2019

<sup>16</sup> 'Trends in World Military Expenditure 2018', SIPRI Military Expenditure Database, Apr 2019

(see *ARC Briefing Morocco August 2018*). The first group of young conscripts will start their one-year training on 1 September.<sup>17</sup> The government will enlist 15,000 draftees out of the 25,000 called up.

The annual **Middle East and North Africa Business Aviation Association (MEBAA)** conference is being held at the **Marrakech Menara Airport** on 25-26 September. The air show attracts both military and business attendance, including numerous aviation giants such as US-based aerospace companies **Gulfstream** and **Boeing**. MEBAA chairman **Ali Ahmed Alnaqbi** said “*Morocco is a growing market when it comes to the business aviation*” and that companies “*must not miss [this] very important show in Morocco.*”<sup>18</sup>

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<sup>17</sup> Morocco World News, 17 Aug 2019

<sup>18</sup> Morocco World News, 27 Aug 2019

## Planner

25-26 Sep 2019 **Marrakech (Morocco) Middle East and North Africa Business Aviation Association (MEBAA)** conference;

Oct 2019: National congress of **Parti Authenticité et Modernité (PAM)**;

2019: Scheduled election of the president of the **Chambre des Représentants** (house of representatives, lower house of parliament);

2019: Energy and mining minister will introduce a roadmap for the energy sector;

2021: **Marrakech (Morocco) International Monetary Fund** and **World Bank** annual meetings to take place in Morocco;

2021: Scheduled legislative, regional and local elections;

## Chronology

26 Aug 2019 **Casablanca (Morocco) Reuters. Maroc Telecom** signs a deal worth 10 billion dirhams (\$1 billion) with the Moroccan government to develop telecoms infrastructure over the next three years;

20 Aug 2019 **Casablanca (Morocco) Morocco World News. King Mohammed VI** delivers speech on 66<sup>th</sup> anniversary of Morocco's **King & People's Revolution Day**;

8 Aug 2019 **Casablanca (Morocco) CN Traveler. United States**-based airline **American Airlines** plans to fly to Casablanca from mid-2020, its first route to **Africa**;

2 Aug 2019 **Accra (Ghana) Ghana Times. The deputy head of mission at the Morocco Embassy in Ghana, Abdelouahed Bekki**, renews commitments to enhance socio-economic partnerships with **Ghana**;

1 Aug 2019 **Amsterdam (Netherlands) Reuters. Netherlands**-based **Africa**-focused fuel retailer **Vivo Energy** posts a 2% rise in gross profit for the first half of the year, helped by higher volumes;

30 Jul 2019 **Rabat (Morocco) Reuters. BMCE Bank** president **Othman Benjelloun** says he looks to build on **China** ties to deliver \$11 billion tech city, to be called **Tanger Tech Mohammed VI**;

29 Jul 2019 **Rabat (Morocco) Al Jazeera. King Mohammed VI** pardons thousands of prisoners, including some from the 2016 **Hirak El-Rif**, or The Rif movement, anti-government protest movement;

29 Jul 2019 **Rabat (Morocco) Reuters. King Mohammed VI** announced plans to create a committee charged with elaborating a new development model to tackle social inequalities by the end of the year;

24 Jul 2019 **Rabat (Morocco) Reuters. A landslide, caused by heavy rain, kills 15 people in a van in Asni, south of Marrakech**;

22 Jul 2019 **Rabat (Morocco) Reuters. House of Representatives** pass a draft law to prioritise the **French** language in Moroccan schools, overturning decades of Arabisation;

15 July 2019 **Amsterdam (Netherlands) DefenceWeb. United States** government reveals that the Moroccan government has requested the purchase of 24 new **Apache** attack helicopters in a \$1.5 billion deal;

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