

## AFRICA RISK CONSULTING

### Morocco Monthly Briefing January 2021

---

#### Morocco Summary 15 January 2021

*The Moroccan cabinet extends the state of health emergency until 10 February as well as the nationwide COVID-19 curfew, opting for caution despite the country's relatively successful efforts to combat the virus. Morocco has the most advanced vaccination programme in the region, and plans to vaccinate 80% of its adult population to achieve "herd immunity". The World Bank forecasts economic growth of 4% for Morocco in 2021 and 3.7% in 2022. The International Monetary Fund (IMF) congratulates the government on its "prompt and appropriate" response to the COVID-19 pandemic, predicting a rebound in GDP growth.*

---

#### Government extends state of emergency and curfew again ...

The government of **Morocco** on 13 January extended by another week the nationwide night-time curfew to curb the spread of **COVID-19**, opting for caution despite the country's relative success in combating the virus.<sup>1</sup> The extension follows an announcement by prime minister **Saad Eddine El Othmani** on 7 January that the **Government Council** (cabinet) had decided to extend Morocco's state of emergency, scheduled to expire on 10 January, until 6 pm on 10 February.

Announced on 21 December, the curfew was initially supposed to last three weeks. Other measures that kicked in on 23 December included the 8pm closure of restaurants, shops, cafes and supermarkets, while all restaurants in **Casablanca, Marrakech, Tangier** and **Agadir** were closed entirely for three weeks.<sup>2</sup> All previously announced restrictions continue to be in effect.

Morocco continues to witness territorial disparities. Regions such as **Casablanca-Settat, Souss-Massa, Tangier-Tetouan-Al Hoceima, Marrakech-Safi** and **Rabat-Sale-Kenitra** continue to record more COVID-19 cases than other regions. The disparities prompted the government, in collaboration with local authorities, to implement targeted lockdowns and strict curfews on cities such as Agadir, Marrakech, Casablanca and Tangier.<sup>3</sup>

The extension of restrictions comes as Morocco continues to record hundreds of COVID-19 deaths and coronavirus-related deaths daily.<sup>4</sup> As of 15 January, Morocco had recorded 456,334 cases, 431,167 recoveries and 7,854 deaths in its population of 36 million since the pandemic began.<sup>5</sup> Morocco is the second-worst hit country in **Africa** after **South Africa** and the 33<sup>rd</sup> worst-hit worldwide. At the time the curfew extension was announced, Morocco had 18,654 active cases of COVID-19, and a total of 427,351 confirmed cases.

According to a government press release, the decision to extend the curfew follows the global evolution of the epidemiological situation. The document cited the appearance of new strains of the coronavirus as one of the reasons behind the decision to extend the curfew.<sup>6</sup> The measures follow recommendations of the **Commission scientifique et technique** (scientific and technical commission) to maintain the necessary measures and protocols to curb the virus.

---

<sup>1</sup> Morocco World News, 13 Jan 2021

<sup>2</sup> Morocco World News, 13 Jan 2021

<sup>3</sup> Morocco World News, 7 Jan 2021

<sup>4</sup> Morocco World News, 7 Jan 2021

<sup>5</sup> Worldometers Info, 15 Jan 2021

<sup>6</sup> Morocco World News, 13 Jan 2021

This is the tenth time the government has extended the state of health emergency since it first declared a health emergency on 19 March. The state of emergency is a legal framework that allows the government to promptly undertake exceptional measures to combat the spread of the COVID-19 virus.<sup>7</sup> These measures include lockdowns on neighbourhoods and cities, travel bans and night curfews.

### ... as Morocco prepares for mass vaccination campaign ...

Health minister **Khaled Ait Taleb** announced on 7 January that Morocco's preparations for a mass national vaccination campaign against COVID-19 are underway.<sup>8</sup> Morocco has the most advanced vaccination plans in the region, and plans to vaccinate 80% of its adult population – 25 of its 36 million inhabitants – free of charge, on the orders of King **Mohammed VI** (1999-present).<sup>9</sup> The large-scale operation will cover the entire national territory and will require significant logistical and human resources.<sup>10</sup> The health ministry will deploy a computerised register to target the population and track health status after vaccination.

Although Ait Taleb gave no specific start date, he said Morocco is ready to start vaccinations as soon as vaccines are delivered. Ait Taleb noted the need to wait for authorisation and to take all the important steps regarding clinical trials and monitoring the situation to ensure that Moroccans receive safe and effective vaccines.<sup>11</sup> Ait Taleb said that more than 3,000 vaccination points have been set up nationwide.<sup>12</sup> University hospitals such as Casablanca's **Ibn Rochd University Hospital** will be critical to the success of the vaccination campaign.

Ait Taleb said he expects the country to reach collective immunity against the virus in early May, following a 12-week vaccination campaign.<sup>13</sup> Noting that the intended "*herd immunity*" could only be achieved if more than 60% of the population is vaccinated, Ait Taleb said Moroccans will need to go through two vaccinations phases – two injections at least 14 days apart – to reach a certain level of immunity.<sup>14</sup> Ait Taleb emphasised that only time will reveal how long the vaccine remains effective against the virus, and did not exclude the possibility that COVID-19 could become seasonal like **H1N1**, which is now part of the influenza vaccination programme.<sup>15</sup>

The government announced that Morocco had bought 65 million doses of COVID-19 vaccines from **British-Swedish** pharmaceutical company **AstraZeneca** and **China's Sinopharm**.<sup>16</sup> However, the government did not indicate whether the vaccines were purchased by **COVAX**, the global project managed by the **World Health Organization (WHO)** to provide vaccines to developing countries.<sup>17</sup> Morocco said that it will start its vaccination programme with the Sinopharm vaccine, although it has yet to complete advanced trials to prove it is safe and effective.<sup>18</sup> There are also plans for local production of the vaccine, which was also tested on 600 Moroccans in the clinical trials phase.

### ... and economic outlook improves

.Despite the blow that the COVID-19 pandemic and measures to curb its spread has dealt Morocco's economy, the country is moving in a positive direction and economic activities are projected to show modest recovery in 2021 and 2022. COVID-19 containment measures and reduced global demand resulting from the pandemic, as well as the severe drought and drop in major exports, has negatively

<sup>7</sup> CGTN Africa, 8 Jan 2021

<sup>8</sup> Morocco World News, 9 Jan 2021

<sup>9</sup> Arab News, 25 Dec 2020

<sup>10</sup> Morocco World News, 14 Jan 2021

<sup>11</sup> Morocco World News, 9 Jan 2021

<sup>12</sup> Morocco World News, 9 Jan 2021

<sup>13</sup> Morocco World News, 14 Jan 2021

<sup>14</sup> Morocco World News, 14 Jan 2021

<sup>15</sup> Morocco World News, 14 Jan 2021

<sup>16</sup> Arab News, 25 Dec 2020

<sup>17</sup> Arab News, 25 Dec 2020

<sup>18</sup> Arab News, 25 Dec 2020

affected the country's macroeconomic balances.<sup>19</sup> Supply chain breakdown hit most of Morocco's export sectors such as aeronautics, automotive and textiles.<sup>20</sup> Morocco's trade deficit increased by 23.8% in the first quarter of 2020 with exports decreasing by 19.7% between January and April 2020. Economic growth receded by 1.1% in Q1 2020, and by 1.8% in Q2, with Morocco seeing economic contraction of 6.6% in 2020.<sup>21</sup>

The pandemic and associated containment measures also led to significant increases in unemployment and underemployment. National unemployment rates, which are projected to reach their highest levels since 2001, rose from 9.1% in 2019 to 13% in 2020.<sup>22</sup> For those aged 24 to 35 years, this number reached a record high of 22.6%. It is estimated that 581,000 jobs were lost year-on-year in Q3, mostly in rural areas. In the informal sector, which accounts for an estimated 20% of Gross Domestic Product (GDP), about 5 million workers have become unemployed since the start of the pandemic.<sup>23</sup> Working hours decreased on average from 46 to 22 hours per week, amounting to 265 million fewer weekly working hours in Q2 2020 compared to the same time period in 2019.<sup>24</sup>

Many businesses were severely impacted by the pandemic with approximately 142,000 – 57% of those registered – declaring suspension of operations, 135,000 temporarily, and 6,300 permanently.<sup>25</sup> The tourism industry, one of the worst-hit industries and one of the sectors on which Morocco's economy depends the most, is projected to account for only 6.4% of GDP in 2020. The tourism sector is expected to incur \$14 billion in losses between 2020 and 2022.<sup>26</sup> In the closely related hospitality sector, 89% of businesses ceased operations.<sup>27</sup>

However, the outlook for 2021 appears more positive. The **World Bank** in a report released on 10 January forecasts that Morocco's economy will grow by 4% in 2021 due to an increase in agricultural production after a rough drought season.<sup>28</sup> A lack of rainfall in the 2019-2020 agricultural season negatively impacted Morocco's cereal and agricultural production.<sup>29</sup> Production of three main cereals for the 2019-2020 season stood at 3.2 million tonnes, a 39% decrease compared to the previous season.<sup>30</sup> At 5.2 million tonnes of production, 2020 figures were down 57% compared to an average year under the agriculture ministry's **Green Morocco Plan**.<sup>31</sup> Morocco's **Haut Commissariat au Plan (HCP)** (high commission for planning) expects the country's economy to grow by 0.5% during the first quarter of 2021.<sup>32</sup> The World Bank predicts 3.7% economic growth for Morocco in 2022.

The **International Monetary Fund (IMF)** has congratulated the government of Morocco on its response to the COVID-19 pandemic, noting that the country's containment strategy was "*prompt*" and "*appropriate*".<sup>33</sup> The IMF's comments were published on 5 January in its 2020 **Article IV Consultation Staff Report** on Morocco's obstacles and achievements. The report acknowledges that despite the heavy toll the pandemic has taken on Morocco's population and the impact of the severe drought on agricultural output and the economy, the prompt response by Moroccan officials has helped to minimise the social and economic impact of the COVID-19 crisis. The IMF welcomed the measures the **Bank Al-Maghreb (MAB)** (central bank) implemented to reduce the impact of the

<sup>19</sup> Brookings Institute, 23 Dec 2020

<sup>20</sup> Brookings Institute, 23 Dec 2020

<sup>21</sup> Brookings Institute, 23 Dec 2020

<sup>22</sup> Brookings Institute, 23 Dec 2020

<sup>23</sup> Brookings Institute, 23 Dec 2020

<sup>24</sup> Brookings Institute, 23 Dec 2020

<sup>25</sup> Brookings Institute, 23 Dec 2020

<sup>26</sup> Brookings Institute, 23 Dec 2020

<sup>27</sup> Brookings Institute, 23 Dec 2020

<sup>28</sup> Morocco World News, 11 Jan 2021

<sup>29</sup> Morocco World News, 11 Jan 2021

<sup>30</sup> Morocco World News, 11 Jan 2021

<sup>31</sup> Morocco World News, 11 Jan 2021

<sup>32</sup> Morocco World News, 11 Jan 2021

<sup>33</sup> Morocco World News, 6 Jan 2021

pandemic on financial markets and the real economy.<sup>34</sup> The IMF expects Morocco to gradually recover in 2021:

*“IMF staff expects GDP growth to fall to 7.2 percent in 2020 and rebound next year to 4.5 percent, as the effects of the drought and pandemic wane and monetary and fiscal policy remain accommodative.”<sup>35</sup>*

Despite this optimism, the BAM noted on 15 December that the outlook for Morocco’s economic development in 2021 and 2022 is “*uncertain*”.<sup>36</sup> Morocco’s fiscal realities constrain and complicate the government’s response to the significant economic consequences of the COVID-19 pandemic. Without resources, the country does not have the wealth or solid economic structures necessary to deal with the pandemic.<sup>37</sup> King Mohammed VI announced in October a roadmap to relaunch the country’s economy with assistance of a major universal social security project which is expected to reform public establishments.<sup>38</sup> Another major priority will be determining how to revive key sectors including tourism, hospitality and transport.

Several key challenges remain. Morocco’s largest trading partner bloc, the **European Union**, is likely to face a recession, dampening prospects for an immediate trade recovery. Furthermore, while the government needs to reduce the high national unemployment rate, it has struggled with it for decades and is unlikely to resolve the problem in the immediate future.

As the country continues to record COVID-19 infections, the government is attempting to strike a balance between saving lives and reviving the economy.<sup>39</sup> However, the continuing pandemic and associated global travel difficulties will frustrate its efforts to revive the crucial tourism sector.<sup>40</sup>

---

<sup>34</sup> Morocco World News, 6 Jan 2021

<sup>35</sup> IMF Country Report 21/2, 5 Jan 2021

<sup>36</sup> Brooking Institute, 23 Dec 2020

<sup>37</sup> Brooking Institute, 23 Dec 2020

<sup>38</sup> Brooking Institute, 23 Dec 2020

<sup>39</sup> Brooking Institute, 23 Dec 2020

<sup>40</sup> Brooking Institute, 23 Dec 2020

## Planner

Feb-May 2021 **(Morocco)** National vaccination programme;

2021 **(Morocco)** Scheduled legislative, regional and local elections;

2021 **Oued Zem (Morocco)** Scheduled opening of automotive testing centre;

2022 **Marrakech (Morocco) International Monetary Fund and World Bank** annual meetings to take place in Morocco;

## Chronology

14 Jan 2021 **Warsaw (Poland)** *North Africa Post*. During a working session in Warsaw with **Morocco's** Ambassador to Poland, **Abderrahim Atmoun**, several Polish companies operating in various economic sectors express their wish to invest and visit Morocco's southern provinces;

13 Jan 2021 **Rabat (Morocco)** *Morocco World News*. Government extends the nation-wide **COVID-19** night curfew by another week;

13 Jan 2021 **Pretoria (South Africa)** *Morocco World News*. Algeria's foreign minister, **Sabri Boukadoum**, flies to South Africa in an apparent attempt to make sure of Pretoria's support in the **Western Sahara** issue;

13 Jan 2021 **Rabat (Morocco)** *Morocco World News*. **International Development Finance Corporation (DFC)** CEO **Adam Bohler** announces a \$100m fund to focus on market opportunities and tackle endemic problems in Morocco that need innovative solutions driven by local entrepreneurs;

13 Jan 2021 **Rabat (Morocco)** *North Africa Post*. **Japan**-based corporations **Yazaki** and **Sumitomo Electric Industries** will set up four plants in Morocco for a \$103m investment to support Morocco's car industry, expected to create 8,300;

12 Jan 2021 **Rabat (Morocco)** *Morocco World News*. **Saudi Arabia** and Morocco aim to create a joint investment fund to help businesses and boost trade between the two countries, which currently amounts to MAD 14.5 billion (\$1.65 billion), of which only MAD 1.6 billion (\$181.8 million) are Moroccan exports;

13 Jan 2021 **Rabat (Morocco)** *Morocco World News*. The health ministry announces that a screening operation for **COVID-19** will be carried out for 30,000 middle and high school students in six regions across the country;

12 Jan 2021 **Rabat (Morocco)** *The Arab Weekly*. **Israel** to reopen Morocco liaison office in 'days', after the two countries normalise relations;

12 Jan 2021 **Rabat (Morocco)** *Morocco World News*. Energy and mines minister **Aziz Rebbah** says government has invested a total of MAD 32 billion (\$3.64 billion) in a liquid sanitation programme over the last 15 years;

12 Jan 2021 **Rabat (Morocco)** *North Africa Post*. **Morocco-US Defense Consultative Committee** convenes 11th session in Rabat;

11 Jan 2021 **Rabat (Morocco)** *Morocco World News*. The **Fonds de Solidarité contre les Événements Catastrophiques** (solidarity fund against catastrophic events) announces it will assist citizens affected by recent floods, in accordance with Moroccan law;

11 Jan 2021 **Rabat (Morocco)** *Morocco World News*. Foreign affairs minister **Nasser Bourita** announces that the **United States International Development Finance Corporation (DFC)** is set to open a branch in **Dakhla (Western Sahara)**;

11 Jan 2021 **Tangiers (Morocco)** *Afrik21*. Morocco will transport green hydrogen from the port of **Tangiers** to **Hamburg (Germany)**;

11 Jan 2021 **Rabat (Morocco)** *Morocco World News*. Construction of the 10,000 square-metre **Agadir Technopark**, the fourth of its kind in Morocco, nears completion and will have capacity for 80 companies;

10 Jan 2021 **Rabat (Morocco)** *Morocco World News*. **Bank Al-Maghrib (BAM)** (central bank) reports that the Moroccan dirham appreciated by 0.91% against the Euro and by 1.44% against the US dollar during the period 31 December to 6 January;

10 Jan 2021 **Dakhla (Morocco)** *Morocco World News*. A high-level **United States** delegation led by assistant secretary of state for **Middle East and North Africa, David Schenker**, visits the location of the future American consulate general in **Dakhla (Western Sahara)**;

9 Jan 2021 **Rabat (Morocco)** *Middle East Monitor*. Unverified reports claim the governments of the **United Kingdom** and Morocco are considering building a tunnel to connect Tangier (northern Morocco) with **Gibraltar (Europe)**;

9 Jan 2021 **Casablanca (Morocco)** *Morocco World News*. Heavy rains fill Morocco's dams and reservoirs;

8 Jan 2021 **Rabat (Morocco)** *Morocco World News*. Morocco officialises purchase of a warship from **Spanish** state-owned shipbuilding company **Navantia** after over a year of negotiations;

7 Jan 2021 **Rabat (Morocco)** *Morocco World News*. **German** authorities withdraw Moroccan peppers from their market after finding a high concentration of pesticide residue;

7 Jan 2021 **Rabat (Morocco)** *SABC News*. The health ministry announces authorisation of emergency use of the **Oxford AstraZeneca** vaccine in the fight against **COVID-19**;

7 Jan 2021 **Midelt (Morocco)** *Morocco World News*. **Office National de l'Electricité et de l'Eau Potable (ONEE)** (national office of electricity and drinking water) unveils a new wind farm near **Midelt**;

7 Jan 2021 **Rabat (Morocco)** *Morocco World News*. The **Comité de Veille Economique (CVE)** (economic monitoring committee) signs five new contracts to assist the sectors hit hardest by the **COVID-19** crisis;

7 Jan 2021 **Rabat (Morocco)** *Morocco World News*. The **Marine Royale de Maroc** (Royal Moroccan Navy) and the **United States (US) Marine Corps** pledge to work together to support stability in **North Africa** as part of multifaceted US-Morocco military cooperation;

7 Jan 2021 **Casablanca (Morocco)** *Morocco World News*. **Royal Air Maroc** will operate three flights per week linking Casablanca to **Dubai (United Arab Emirates)** every Tuesday, Thursday, and Sunday;

7 Jan 2021 **Rabat (Morocco)** *Morocco World News*. The cabinet extends the country's state of health emergency until 10 February;

7 Jan 2021 **Rabat (Morocco)** *Morocco World News*. **Haut Commissariat au Plan (HCP)** (high commission for planning) says that it expects the economy to grow by 0.5% during the first quarter of 2021;

7 Jan 2021 **Tangier (Morocco)** *Morocco World News*. The third container terminal of northern Morocco's **Tangier Med** port is operational after 18 months of construction;

6 Jan 2020 **Rabat (Morocco)** *Mining Weekly*. **Canada-based Stellar AfricaGold** identifies two target zones for gold drilling in Morocco;

5 Jan 2021 **Rabat (Morocco)** *Morocco World News*. The **European Union Investment Bank** approves an 85 million Euro (\$103m) loan to Morocco's highways company;

5 Jan 2021 **Rabat (Morocco)** *Morocco World News*. Morocco and **Germany** sign an agreement

on water management;

5 Jan 2021 **Casablanca (Morocco)** *Africa News*. Unprecedented flooding in Casablanca has blocked roads and wreaked havoc, causing the municipal council of the economic capital to hold an emergency meeting;

4 Jan 2021 **Rabat (Morocco)** *Morocco World News*. The **Office National de Sécurité Sanitaire des Produits Alimentaires (ONSSA)** (national food safety office) intensifies the monitoring of Moroccan tomato exporters in order to overcome an ongoing **Russian** ban;

2 Jan 2021 **Tel Aviv (Israel)** *The North Africa Post*. Morocco's liaison office in **Tel Aviv** will soon open following a visit by a junior foreign ministry delegation to the Israeli capital after a landmark **US-Israel-Morocco** deal;

1 Jan 2021 **Essaouira (Morocco)** *Afrik 21*. Morocco to build new wind farm 25 kilometres north of Essaouira along the **Atlantic Coast** with a total capacity of 270 megawatts (MW) and an investment of MAD 2.8 billion (\$314m);

25 Dec 2020 **Rabat (Morocco)** *Arab News*. Morocco acquires 65 million **coronavirus** vaccine doses from **China** and the **United Kingdom**;

24 Dec 2020 **Ankara (Turkey)** *Anadolu Agency*. **United States (US)** Secretary of State **Mike Pompeo** announces that the US will establish a consulate in **Western Sahara (Morocco)**;

23 Dec 2020 **Rabat (Morocco)** *al Jazeera*. Morocco has pledged to soon repay part of a \$3 billion **International Monetary Fund (IMF)** credit facility;

22 Dec 2020 **Rabat (Morocco)** *Africa News*. Morocco announces a three-week night-time curfew;

22 Dec 2020 **Rabat (Morocco)** *AA*. **Moroccan, United States** and **Israeli** governments sign tripartite cooperation deal to establish mutual communication offices within two weeks;

20 Dec 2020 **Rabat (Morocco)** *Anadolu Agency*. Morocco says it is ready to permanently open its border with neighbouring **Algeria**, which has been closed since 1994 amid tension over the **Western Sahara**;

11 Dec 2020 **Rabat (Morocco)** *Reuters*. News outlet **Reuters** reports that **United States (US)** President **Donald Trump's** administration is moving ahead with a \$1 billion weapons sale to **Morocco**, a day after the US announced that Morocco had agreed to normalise diplomatic ties with **Israel**;

10 Dec 2020 **Rabat (Morocco)** *Financial Times*. **United States (US)** President **Donald Trump** says **Morocco** and **Israel** have agreed to "full diplomatic relations" in a US-brokered deal under which **Washington** recognises Moroccan sovereignty over the disputed territory of **Western Sahara**;

### 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](http://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](http://www.africariskconsulting.com)

### Getting in touch

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

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