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At least 10,000 people protest against the ruling elite in Morocco's capital, Rabat. The protest is linked to protests in Al-Hoceima that have continued since October 2016. The Economic Community of West African States (Ecowas) agrees in principle to admit Morocco as a member. The process of admitting Morocco to membership of the trading bloc may take some time, and raises questions about existing trade and tariff agreements. Switzerland-based commodities trader Glencore and United States (US)-based private equity house Carlyle Group reportedly launch a joint bid to purchase the Société Anonyme Marocaine de l'Industrie du Raffinage (Samir) from the government in an attempt to recoup \$600m in debts from the company.

Major protest in Rabat after police arrest Al-Hoceima protest leader

A major protest of at least 10,000 people demonstrating against the ruling elite took place in **Morocco's** capital, **Rabat**, on 11 June.¹ This is the largest protest in the country since the **February 20 Movement** in 2011 that resulted in a constitutional reform referendum and a snap election. The protests are linked to the allegedly heavy-handed treatment of protestors in the city of **Al-Hoceima (Rif Province)**, which have continued since October 2016 when local fishmonger **Mouhcine Fikri** was crushed while trying to recover confiscated fish from a garbage truck. The protests have increased after the arrest of Al-Hoceima protest organiser **Nasser Zefzafi** for “*threatening national security*”² along with at least 90 other protestors in May.³

Islamist movement **Adl Wal Ishan (AWI)**, a political organisation that is banned from participating in elections and was a major player in the February 20 Movement, reportedly helped organise the Rabat rally.⁴ AWI retains considerable support in Morocco and is able to mobilise on a large scale.⁵ Police claimed the march had roughly 10,000 participants but AWI put the number closer to 20,000.⁶ Leftist groups and Morocco's trade unions including the two largest, **Union Générale des Travailleurs du Maroc (UGTM)** and **Union Marocaine du Travail (UMT)**, also participated in the rally.⁷ Protestors accused Morocco's politicians and courtiers to King **Mohammed VI** (1999-present) – known as the *makhzen* – of being a “*mafia*”⁸ and protested “*corruption*”⁹ within the regime and the legal system.¹⁰ Protestors have also accused the king and palace of constraining the **Parti de la Justice et du Développement (PJD)**, which won the most seats in the 2016 elections, from ruling effectively.¹¹

“These protests have become a conduit for anger about the perceived undemocratic nature of the palace and the king...the involvement of AWI poses a greater risk of a more heavy handed

¹ Le Matin, 12 Jun 2017.

² L'Economiste, 2 Jun 2017.

³ Le Matin, 12 Jun 2017.

⁴ Le Matin, 12 Jun 2017.

⁵ Le Matin, 12 Jun 2017.

⁶ Le Matin, 12 Jun 2017.

⁷ Le Matin, 12 Jun 2017.

⁸ Le Matin, 12 Jun 2017.

⁹ Le Matin, 12 Jun 2017.

¹⁰ Le Matin, 12 Jun 2017.

¹¹ FT, 11 Jun 2017.

response, if the palace feels there is a genuine threat to security, there will be pressure to eliminate it.”¹²

Following protests in Al-Hoceima involving several thousand people across the first three weeks of May, police arrested 40 people on 26 May.¹³ Prosecutors have charged them with “*undermining the security of the state*”¹⁴ and other criminal charges including destruction of property and vandalism.¹⁵ The police issued a warrant for the arrest of Zefzafi, the leader of the movement, on 26 May. Prosecutors charged him with “*obstructing freedom of worship*”¹⁶ after he interrupted Friday prayers in a mosque to call for further demonstrations.¹⁷ Police arrested him after he spent three days on the run and transferred him to **Casablanca** pending trial.¹⁸ The **Association Marocaine des Droits Humaines (AMDH)** (Moroccan human rights association) released a statement on 30 May claiming that police had arrested over 70 people across Rif Province.¹⁹ The AMDH said that the state would:

“... bear the full responsibility for the consequences of this repressive approach in the face of peaceful demonstrations in support of the legitimate demands of the people.”²⁰

The government appears unable to calm the protestors. Courts have sentenced a number of figures in the local administration in relation to Fikri’s death, but the police officers involved have not faced criminal charges.²¹ The protests have called for an end to corruption and cronyism, and protestors claim that the state is covering up responsibility for Fikri’s death.²² Government ministers have made several visits to Al-Hoceima in order to appease the population. Interior minister **Mohammed Hassad** visited on 27 May promising greater investment and more jobs.²³ However, Rif, a centre of the ethnic **Berber** population, has a history of a poor relationship with Morocco’s central government and protestors appear sceptical of the government’s ability to reverse years of economic decline.²⁴ The arrest of Zefzafi has also meant that protest leaders are refusing to meet ministers and officials until the state has released him. The protests are beginning to have a wider impact. The **United Kingdom (UK)** foreign office issued a warning against travelling to the region on 31 May due to the protests that it warns may escalate.²⁵

The reaction of the Moroccan government to the protest is, in the wider regional context, one of relative restraint. The administration avoided major regime change and instability during the 20 February Movement around the Arab Spring by allowing protests to continue and changing to meet, or at least appear to meet, their demands. However, ongoing low-level corruption has combined with the difficulties of a political system that prevents any one party from governing, to create public resentment aimed primarily at the king and the number of royalist and technocratic ministers that look to him as the primary leader of the country. It is highly unlikely that the government will increase the heavy-handedness of its response while the protests are ongoing. It will attempt to satisfy Al-Hoceima by offering further financial programmes for the city, and then crack down on the source of the protests after they die down. However, the protestors may be able to force further concessions from the palace and the administration before they go home. The wider risk to businesses in Morocco remains low.

¹² Source, financial journalist, Casablanca

¹³ Le Matin, 27 May 2017.

¹⁴ Le Matin, 27 May 2017.

¹⁵ Le Matin, 27 May 2017.

¹⁶ AFP, 31 May 2017.

¹⁷ AFP, 31 May 2017.

¹⁸ AFP, 31 May 2017.

¹⁹ AMDH statement, 30 May 2017.

²⁰ ADMH statement, 30 May 2017.

²¹ AFP, 31 May 2017.

²² Le Matin, 27 May 2017.

²³ Le Matin, 31 May 2017.

²⁴ Le Matin, 31 May 2017.

²⁵ UK Foreign Office guidance, 31 May 2017.

Ecowas agrees to Morocco's membership

The **Economic Community of West African States (Ecowas)** agreed in principle to admit Morocco as a member on 4 June.²⁶ Morocco has expanded its economic and political influence in **sub-Saharan Africa** across 2017, re-joining the **African Union (AU)** and signing a number of bilateral trade agreements.²⁷ Joining Ecowas is an extension of Mohammed VI's expansion strategy and reflects the large number of Moroccan private and public sector interests in **West Africa**. Ecowas' 15 member states – **Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo** – voted to admit Morocco as a member in principle at the 51st Ecowas general summit in **Monrovia** (Liberia).²⁸ The leaders cited the “*strong and multi-dimensional ties of cooperation*”²⁹ between Morocco and the bloc.³⁰ The Ecowas secretariat will now examine the implications of membership under the organisation's governing treaty and recommend provisions for full membership at the next head of states meeting in Togo in December.³¹ Morocco's foreign minister, **Nasser Bourita**, told the media that the process would take time and be negotiated on a sector-by-sector basis:

“The political sequence has just ended, it paves the way for a legal sequence which will make this accession effective, and then a technical sequence will have to be negotiated sector by sector.”³²

Ecowas has a total gross domestic product (GDP) of \$700 billion and Morocco will add a further \$130 billion, making it the 18th largest economic bloc in the world.³³ Morocco will bring greater access to the **European Union (EU), United States (US), United Arab Emirates and Turkey** through strong diplomatic ties and free trade agreements.³⁴ Morocco will gain greater access to the bloc, and aims to increase its current trade flows of \$1 billion a year (roughly 4% of Morocco's trade in total).³⁵ There was reportedly strong support for Morocco's entry to the group with major economic players Nigeria, Cote d'Ivoire and Senegal co-sponsoring the bid. Senegal budget minister **Birima Mangara** told the press that it would be a “*boon for all parties*”.³⁶ However, agreeing the terms of entry may be a challenge. Economic policy think-tank **Centre Marocain de Conjuncture (CMC)** reported on 27 May that joining Ecowas may force Morocco to open its borders to West African migrants:

“... under the principle of free movement, nationals of member countries with a passport and Ecowas identity card would be able to access Moroccan territories freely.”³⁷

The CMC also pointed to Ecowas' common external tariff, which came into force in 2015 and which could affect a number of Morocco's free trade and bilateral trade agreements.³⁸ Morocco would become the first member of Ecowas not to share a border with other members. However, it follows a precedent set by Egypt and **Libya**, which are both members of the **Common Market for Eastern and Southern Africa (COMESA)** without sharing borders.³⁹ Ecowas is also considering a membership application by **Mauritania**, which left the bloc in 2000, and an application for observer status from **Tunisia**.⁴⁰

²⁶ FPA, 5 Jun 2017.

²⁷ FPA, 5 Jun 2017.

²⁸ FPA, 5 Jun 2017.

²⁹ FPA, 5 Jun 2017.

³⁰ FPA, 5 Jun 2017.

³¹ L'Economiste, 5 Jun 2017.

³² Morocco World News, 6 Jun 2017.

³³ L'Economiste, 5 Jun 2017.

³⁴ L'Economiste, 5 Jun 2017.

³⁵ L'Economiste, 5 Jun 2017.

³⁶ FPA, 5 Jun 2017.

³⁷ CMC report, 27 May 2017.

³⁸ CMC report, 27 May 2017.

³⁹ BBC, 4 Jun 2017.

⁴⁰ FPA, 5 Jun 2017.

Joining Ecowas will tie Morocco more into sub-Saharan Africa, a key area of economic and political expansion over the past ten years. Morocco already exports goods, as well as services, into the Ecowas bloc. However, opening up trade barriers will allow Moroccan companies – and the numerous international companies that are based in Morocco – greater access to those markets. However, the negotiations will be complex and have potentially wide-ranging implications for Morocco’s existing commitments and treaties. Morocco is betting on sub-Saharan Africa as its growth export market, but must be careful not to alienate its lucrative deals with **Europe** in the process.

Glencore & Carlyle bid to purchase Samir to recoup debts

International media reported on 16 May that **Switzerland**-based commodities trader **Glencore** and US-based private equity house **Carlyle Group** are launching a joint bid to purchase the **Société Anonyme Marocaine de l'Industrie du Raffinage (Samir)** from the government.⁴¹ The bid offers hope that Morocco’s sole refiner of petroleum products will keep functioning. If the **Mohammedia** plant closed for good, it would cost the government millions of dollars per year to import refined petroleum products. The **Cour d'appel de Casablanca** (Casablanca court of appeal) put Samir into administration in June 2016. Its former owner, **Saudi Arabia**-based **Corral Petroleum Holdings** group of **Mohammed al-Amoudi**, was unable to cover an estimated \$4.5 billion in commercial debts including \$1.35 billion in unpaid taxes and lost its appeal to retain rights to the plant (see *ARC Briefing Morocco June 2016*).

“The government has played a clever game, putting Samir into administration so that creditors have to take responsibility for its operations in order to reclaim some value...Glencore and Carlyle are experienced operators and will probably seek a hard bargain but the government has them on the back foot, especially with the amount of unpaid taxes Samir owes.”⁴²

Sources within the Moroccan government told the media that Glencore and Carlyle had put in the bid in an effort to recoup \$600m in loans to Samir.⁴³ Glencore has a \$200m debt restructuring deal with **France**-based bank **Natixis** and Saudi Arabia-based oil trader **APICORP**, which is currently on hold pending clarity over Samir’s future.⁴⁴ Glencore had publicly expressed hope of the plant re-opening in January 2017 in order for creditors to begin to recoup debts.⁴⁵ The Moroccan government is attempting to sell a stake in the 200,000 barrel per day (bpd) refinery for at least \$2 billion.⁴⁶ However, the complex nature of the debts surrounding the plant makes the process of arranging a sale complicated, and the government does not estimate the close of any deal until the end of 2017.⁴⁷ The court-appointed administrator, **Mohammed El-Krimi**, has declined to comment on the deal, as have Glencore and Carlyle. If the sale goes through, Samir would be Glencore’s first oil refinery, while it would be the third in which Carlyle holds a stake.⁴⁸

While the oil price remains low, the government can afford to import refined petroleum products to power the country. However, for as long as Samir remains offline, this poses a major risk to public finances in the (relatively unlikely) scenario that the oil price spikes. The government will be looking for long-term commitment to the refinery in any deal. Given the poor performance of oil it is unlikely that any other bidders will be as motivated as Glencore and Carlyle to purchase the asset.

⁴¹ Reuters, 16 May 2017.

⁴² Source, financial journalist, Casablanca

⁴³ Reuters, 16 May 2017.

⁴⁴ Reuters, 16 May 2017.

⁴⁵ Reuters, 16 May 2017.

⁴⁶ Reuters, 16 May 2017.

⁴⁷ Reuters, 16 May 2017.

⁴⁸ Reuters, 16 May 2017.

About Africa Risk Consulting:

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