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Morocco Summary 15 May 2018

Opposition parties including Istiqlal, the Parti Authenticité et Modernité (PAM) and the Parti du Progrès et du Socialisme (PPS) appoint new leaders to boost their competitiveness ahead of the 2021 legislative elections. The United Nations Security Council passes a resolution on the Western Sahara conflict that addresses most of Morocco's demands. Morocco cuts diplomatic ties with Iran over its alleged military support for the Polisario through Hezbollah. European Union (EU) member states give approval to the European Commission to resume negotiations with Morocco on a new fishing agreement. The Bank Al Maghrib (central bank) and the Trésorerie Générale du Royaume (kingdom's treasury) publish positive financial reports. A boycott targeting dairy company La Centrale Laitière, water company La Société des Eaux Minérales d'Oulmes, and forecourt retailer Afriquia Gaz, triggers government concern about Morocco's reputation as a foreign investment destination.

Main opposition parties change leadership ahead of 2021 legislative elections ...

Morocco's main opposition parties are undergoing major leadership changes ahead of early campaigning for the 2021 legislative elections. The monarchist **Istiqlal** party nominated **Chiba Mae El Aynayne** as president of its national council on 21 April.¹ Five candidates competing in the race withdrew to minimise disagreements amongst party leaders and create a united front.²

The Istiqlal national council also officially announced its unanimous decision to join the opposition on 21 April.³ Istiqlal secretary general **Nizar Baraka** announced that there would be some coordination with rival monarchist **Parti Authenticité et Modernité (PAM)** and other left-wing parties represented in the government.⁴ The decision was intended to end ambiguity around the positioning of Istiqlal in parliament, and was based on the party's criticism of government inefficiency in formulating policies to address current popular concerns.⁵ Istiqlal came third in the October 2016 general election, with 46 of 395 seats.⁶ The incumbent **Parti de la Justice et du Développement (PJD)** won 125 seats, while PAM came second with 102 seats.⁷ Without an overall majority, the PJD sought a coalition with Istiqlal, which had been a coalition partner to the PJD from 2011 to 2013.⁸

Istiqlal's break with the PJD was not unexpected. Istiqlal member of parliament and former deputy mayor of **Fes, Allal Amraoui**, criticised the government through a **Facebook** post on

¹ Telquel, 22 Apr 2018

² Telquel, 22 Apr 2018.

³ Le Matin, 22 Apr 2018.

⁴ Le Matin, 22 Apr 2018.

⁵ Le Matin, 22 Apr 2018.

⁶ Middle East Eye, 11 Oct 2016.

⁷ MPS, 10 Oct 2016.

⁸ Quartz, 21 Mar 2017.

16 April.⁹ He described the government as “*a ship without captain or development project*”, accusing the prime minister, **Saadeddine Othmani**, and his predecessors of leading the country into a governance and economic crisis.¹⁰

Other opposition parties are also undergoing leadership changes, choosing candidates likely to improve internal cohesion to foster greater competitiveness in the 2021 political race. The political bureau of minor opposition **Parti du Progres et du Socialisme (PPS)** announced its support on 7 May for **Nabil Benabdallah** to renew his mandate as secretary general of the PPS at its 10th national congress from 10 -13 May.¹¹ The PAM will also appoint a new party head on 26 May to replace current secretary general **Ilyas El Omari** who announced on 8 May that he would leave his position in accordance with his decision to do so in August 2017.¹² El Omari’s decision to resign as head of the PAM was mainly driven by perceptions in the party that he was responsible for the disappointing result in the October 2016 legislative election,¹³ although the PAM increased its seats by 55 from the 2011 election.¹⁴

Istiqlal’s repositioning away from the PJD is likely to foster greater cooperation amongst opposition parties, which have lately adopted a more critical stance towards the government’s lack of social policy implementation. This could influence the government to shift its focus away from its economic strategy to increase attractiveness for foreign investment. The reduction of intra-party competitiveness in opposition parties is likely to improve policy and programme formulation and allow for more efficient mobilisation of resources. Internally strengthened parties may be more competitive in the political sphere, posing a bigger threat to the PJD in power.

UNSC Western Sahara resolution a diplomatic victory for Morocco

The **United Nations Security Council (UNSC)** adopted **Resolution 2414** on 27 April to renew the mandate of the **Mission des Nations Unies pour l’organisation d’un référendum au Sahara occidental (MINURSO)**.¹⁵ The resolution came in response to the Moroccan government’s claims to have proof that the **Polisario Front (PF)** had violated the status of the buffer zone of **Guerguerat** (see *ARC Briefing Morocco April 2018*).¹⁶ The vote to extend the MINURSO mandate for another six months passed with twelve UNSC members in favour and three against, including **Russia, China and Ethiopia**.¹⁷

The UNSC had postponed the vote, initially scheduled for 25 April, after Russia and Ethiopia expressed concerns about the draft resolution.¹⁸ The **United States (US), United Kingdom (UK) and France** were responsible for drafting the resolution, which called for the immediate withdrawal of Polisario from Guergarat.¹⁹ The draft also called on the Polisario to stop its destabilising actions such as the movement of its administrative functions into the

⁹ Le Desk, 21 Apr 2018.

¹⁰ Le Desk, 21 Apr 2018.

¹¹ Telquel, 9 May 2018.

¹² Le 360, 9 May 2018.

¹³ Le 360, 9 May 2018.

¹⁴ Middle East Eye, 11 Oct 2016.

¹⁵ Le Matin, 27 Apr 2018.

¹⁶ Jeune Afrique, 2 Apr 2018.

¹⁷ Le Matin, 27 Apr 2018.

¹⁸ Telquel, 25 Apr 2018.

¹⁹ Medias 24, 23 Apr 2018.

city of **Bir Lahlou**, east of the security wall, without asking for an immediate evacuation.²⁰ The draft required the secretary general to carry out meetings with both parties and applauded Morocco's tempered response.²¹ The draft also mentioned the roles played by **Algeria** and **Mauritania**, which were called upon to facilitate negotiations and to cooperate fully with the UN to find a political solution.²² Ethiopia and Russia denounced the draft as unbalanced and favouring the Moroccan position.²³

Russia's dissent was surprising considering the good relationship it has maintained with Morocco during the past few years. A possible explanation lies in the current tension between the West and Russia over the **Syrian** crisis.²⁴ Russia condemned the mid-April bombing campaign in Syria by the US, UK and France in response to Syrian President **Bachar El Assad's** (2000-present) alleged use of chemical weapons in **Ghouta**.²⁵ Although the US was the 'pen-holder' of the drafting group, France reportedly also played a key role by inserting some paragraphs demanded by Morocco. In addition, Russia enjoys a special relationship with Algeria: an article published in January in Russian press agency **Sputnik** applauded Algerian foreign policy, underlining its independence from western political influence.²⁶

The Moroccan permanent ambassador to the UN, **Omar Hilale**, said that the UNSC's call for immediate withdrawal of the Polisario from Guergarat showed strong support for Morocco.²⁷ Morocco also saw the adoption of the resolution as a victory claiming the UN resolution makes the option of the referendum no longer viable.²⁸ Polisario representative **Mahmed Khadad** said in a press release that the Polisario would not accept anything less than its legitimate right to self-determination and independence, but agreed to engage in talks.²⁹

The crisis has become more international within a tense geopolitical context. Foreign minister **Nasser Bourita** announced on 1 May that Morocco had severed diplomatic relations with **Iran** over its alleged support for the Polisario militarily through **Hezbollah**, its **Lebanese** proxy.³⁰ Bourita returned from **Tehran** on 1 May where he informed his counterpart, **Javad Zarif**, of the unilateral decision to break relations.³¹ Bourita said he had irrefutable proof that Iran and the Hezbollah trained Western Sahara fighters and supplied weapons via an Iranian diplomat based in **Algiers**.³² Hezbollah denied the allegations and accused Morocco of bowing to pressure from the US, **Israel** and **Saudi Arabia**.³³ The Iranian *charge d'affaires* in **Rabat** was asked to leave Morocco immediately, whilst the Moroccan ambassador to Tehran left the city on 2 May.³⁴ Iran denied all accusations, while the **United Arab Emirates**, **Bahrein**, Saudi Arabia and **Qatar** voiced their support for the Moroccan

²⁰ Medias 24, 23 Apr 2018.

²¹ Medias 24, 23 Apr 2018.

²² Telquel, 24 Apr 2018.

²³ Telquel, 25 Apr 2018.

²⁴ Telquel, 25 Apr 2018.

²⁵ Telquel, 25 Apr 2018.

²⁶ Le Matin, 27 Apr 2018.

²⁷ Le Matin, 27 Apr 2018.

²⁸ Les Eco, 30 Apr 2018.

²⁹ Le Monde Afrique, 28 Apr 2018.

³⁰ Jeune Afrique, 2 May 2018.

³¹ Telquel, 2 May 2018.

³² Telquel, 2 May 2018.

³³ Telquel, 2 May 2018.

³⁴ Telquel, 2 May 2018.

decision.³⁵ The Algerian government summoned the Moroccan ambassador in Algiers, **Lahcen Abdelkhalek**, on 2 May to answer Morocco's accusation of Algeria's support to the Polisario.³⁶

Morocco scored an additional victory against the Polisario on 16 April when **European Union (EU)** member states gave their approval for the **European Commission** to resume negotiations with Morocco on a new fishing agreement that will take into account the recent decision of the **European Court of Justice (ECJ)** on Western Sahara.³⁷ The decision is a further reflection of Morocco's efficient diplomatic strategy. The agreement will enable the commission to amend the multi-year protocol between the EU and Morocco that expires on 14 July.³⁸ The commission deemed it possible to extend the bilateral agreements with Morocco to Western Sahara under certain conditions, and takes into account a re-examination clause to consider the evolution of the situation with Western Sahara.³⁹ The **Spanish** fishing minister, **Isabel Garcia**, claimed that the mandate was adapted to the ECJ's decision. The Polisario's representative in **Brussels**, **Abba Malainin**, condemned the decision to authorise the European Commission to negotiate the amendment in order to include Western Sahara.⁴⁰

Although the UNSC resolution does not fully satisfy either party, it is nevertheless a diplomatic victory for Morocco and avoids escalation of tensions and violence in the short and medium term. Neither Algeria nor Iran is likely to risk further censure from the UNSC by increasing support to the Polisario as the issue is not high on their agendas. The Polisario is likely to step up its diplomatic efforts until the end of the six-month MINURSO mandate, in order to prepare a new claim.

Central bank and treasury publish positive statistics on Morocco's finances...

The **Bank Al Maghrib** (central bank) published the results of its business survey for the first semester of 2018 on 30 April, showing a general perception of the economy as stable.⁴¹ Two-thirds of the industrial players surveyed deemed the business climate "*normal*".⁴² According to 66% of companies, staff employment is stagnating.⁴³ Growing competition, insufficient demand and the informal sector were mentioned as main challenges to production growth, in addition to problems of delays in payment.⁴⁴ Investments were also generally perceived as stagnant, with 84% of those investments having been financed by private funds.⁴⁵

The **Trésorerie Générale du Royaume** (kingdom's treasury) published its monthly statistics on public finances for March on 23 April.⁴⁶ Ordinary revenues decreased by 2.6% to MMDH 59.2 (\$6.3 billion) during the first three months of the year, while general budgetary

³⁵ Telquel, 2 May 2018.

³⁶ Jeune Afrique, 3 May 2018.

³⁷ Le Monde Afrique, 17 Apr 2018.

³⁸ Le Monde Afrique, 17 Apr 2018.

³⁹ Le Monde Afrique, 17 Apr 2018.

⁴⁰ Le Monde Afrique, 17 Apr 2018.

⁴¹ Telquel, 30 Apr 2018.

⁴² Telquel, 30 Apr 2018.

⁴³ Telquel, 30 Apr 2018.

⁴⁴ Telquel, 30 Apr 2018.

⁴⁵ Telquel, 30 Apr 2018.

⁴⁶ Le Matin, 23 Apr 2018.

expenditures decreased by 9.7% to MMDH 79.7 (\$8.5 billion).⁴⁷ The decrease of ordinary revenues was linked to the decrease of direct taxes by 10.2% and of non-fiscal revenues by 27.8%, in addition to an increase of custom duties by 22.7% and indirect taxes by 5.6% as well as registry and stamp fees by 6.8%.⁴⁸ Expenditure decrease was attributed to the 36.2% reduction of debt burden and 11.5% of investments as well as a 0.6% of spending for management.⁴⁹ The decrease in debt burden is explained by a 50.6% decrease in principal repayment (MMDH 5.4 (\$576m) against MMDH 11 (\$1.1 billion)) and by 12.4% of the debt interest (MMDH 5.8 (\$619m) against MMDH 6.6 (\$704m)).⁵⁰ These results show the continued stability of the Moroccan economy during the first semester

Boycott of leading companies raises concerns around foreign investments...

A consumer boycott movement launched on 20 April through social media has stoked government fears about possible damage to Morocco's reputation as a stable investment destination. The boycott targeted three companies which it alleged exercise an oligopoly in Morocco: la **Centrale Laitière** dairy, a subsidiary of **France-based Gervais Danone** group; Morocco-based bottled water company **La Société des Eaux Minérales d'Oulmes**; and forecourt retailer **Afriquia Gaz**.⁵¹ The boycott has had some impact on the companies' sales but the main concern came from government officials, worried about Morocco's reputation for foreign investors as a stable investment market. The boycott originated from a rumour of a milk price increase. Consumers decided to target market leaders to force them to decrease prices, which they hoped would push other players to follow suit.⁵² Police arrested a taxi driver on 24 April for sharing a video on social media **WhatsApp** calling for boycott and violence.⁵³

The boycott comes in the wake of growing social discontent. The household confidence index for March 2018 released by the **Haut Commissariat au Plan (HCP)** showed that 87% of households said food prices had increased over the past year, and the same percentage expects further increases in the coming year.⁵⁴ The **Casablanca Stock Exchange** reflected the negative impact on Centrale Danone and Afriquia Gaz, which both lost 6% in their share prices.⁵⁵ The share price of Eaux Minérales d'Oulmes lost 5% in value during the first day of the boycott, but recovered quickly.⁵⁶

The deputy minister in charge of general affairs and governance, **Lahcen Daoudi**, raised concerns in parliament on 7 May about the negative impact of the boycott on Morocco's reputation as a foreign investment destination.⁵⁷ Daoudi stated that many foreign investors had expressed concern about the situation and might start reassessing the risk environment for investments in the country.⁵⁸ La Société des Eaux Minérales d'Oulmes director **Miriam**

⁴⁷ Le Matin, 23 Apr 2018.

⁴⁸ Le Matin, 23 Apr 2018.

⁴⁹ Le Matin, 23 Apr 2018.

⁵⁰ Telquel, 30 Apr 2018.

⁵¹ Telquel, 20 Apr 2018.

⁵² Telquel, 20 Apr 2018.

⁵³ Jeune Afrique, 9 May 2018.

⁵⁴ Jeune Afrique, 9 May 2018.

⁵⁵ Telquel, 2 May 2018.

⁵⁶ Telquel, 2 May 2018.

⁵⁷ Morocco World News, 10 May 2018.

⁵⁸ Telquel, 9 May 2018

Bensalah noted in a press interview on 9 May that the company's prices had not increased since 2010, in spite of inflation.⁵⁹ Bensalah added that the company's profit margin was only 7% per bottle, as the bottled water is subject to taxation, and a decrease in price would only be possible if there were changes in taxation policy.⁶⁰ Centrale Laitière's response triggered some outrage when sales manager **Adile Benkiran** equated the decision to stop buying milk with national betrayal, followed by a public apology.⁶¹ Afriquia Gaz has not released an official statement, but owner **Aziz Akhannouch** publicly demonstrated his support for Centrale Laitière.⁶² Akhannouch denounced the boycott during the **International Agriculture Fair in Meknes** on 24 April, claiming that the Internet could not stop the activities of the 470,000 dairy sector employees.⁶³

The prime minister, El Othmani, reacted belatedly to the boycott on 9 May. El Othmani, in a bid to maintain cohesion in his majority coalition, was anxious to antagonise neither Akhannouch, owner of Afriquia Gaz as well as secretary general of the **Rassemblement National des Independants (RNI)**, nor a faction of the PJD that still supports former prime minister **Abdelilah Benkirane**.⁶⁴ Opposition leaders Nabil Benabdallah, general secretary of the PPS, and **Nabila Mounib**, general secretary of the **Parti Socialiste Unifié (PSU)**, both voiced their support for the boycott.⁶⁵ El Othmani addressed the press after meeting with the PPS and the PJD on 7 May and expressed his concerns about small-scale farmers working for Centrale Laitiere.⁶⁶

Planner

Oct 2018: Election of president of **Chambre des Conseillers** (house of councillors, upper house of parliament)

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

2021: Legislative, regional and local elections

Chronology

10-13 May 2018 (**Morocco**) *Telquel*: **Parti du Progres et du Socialisme (PPS)** secretary general **Nabil Benabdallah** renews his mandate during the party's 10th national congress;

8 May 2018 (**Morocco**): *Telquel*: **Parti Authenticité et Modernité (PAM)** secretary general **Ilyas El Omari** announces he will leave his position on 26 May;

7 May 2018 (**Morocco**): *Telquel*: **Istiqlal** party secretary general **Nizar Baraka** meets with parliamentary groups to finalise an amendment to the 2019 finance law, **Loi des Finance Rectificative**;

⁵⁹ Jeune Afrique, 9 May 2018.

⁶⁰ Jeune Afrique, 9 May 2018

⁶¹ Jeune Afrique, 9 May 2018

⁶² Morocco World News, 10 May 2018.

⁶³ Morocco World News, 10 May 2018.

⁶⁴ Huffington Post Maghreb, 10 May 2018.

⁶⁵ Morocco World News, 10 May 2018.

⁶⁶ Morocco World News, 10 May 2018.

2 May 2018 (**Morocco**): *Jeune Afrique*: The **Algerian** government summons Moroccan ambassador **Lahcen Abdelkhalek** to **Algiers** to address accusations of Algeria's direct support to the **Polisario**;

1 May 2018 (**Morocco**): *Jeune Afrique*: Foreign minister **Nasser Bourita** announces the end of diplomatic relations with **Iran**, claiming to have proof of Iran's arming and training of Polisario forces;

27 Apr 2018 **Washington (United States)** *Le Matin*: **United Nations Security Council** adopts **Resolution 2414** on the renewal of a **Mission des Nations Unies pour l'organisation d'un référendum au Sahara occidental (MINURSO)** mandate for six months in **Western Sahara** and the immediate withdrawal of the Polisario from the buffer zone of **Guerguerat**;

23 Apr 2018 (**Morocco**) *Le Matin*: The **Tresorerie Generale du Royaume** (royal treasury) releases its monthly report on public finances for March, showing a decrease in both revenue and expenditure;

21 Apr 2018 (**Morocco**) *Telquel*: The **Istiqlal** party appoints **Chiba Mae El Aynayne** chair of the national council;

20 Apr 2018 (**Morocco**) *Telquel*: Consumers initiate a boycott targeting dairy company, **La Centrale Laitière**, water market leader **La Société des Eaux Minérales d'Oulmes** and forecourt retailer **Afriquia Gaz**;

16 Apr 2018 (**Morocco**): *Le Monde Afrique*: **The European Union** passes a resolution to resume negotiations with Morocco for a new fishing agreement and extending it to **Western Sahara**

About Africa Risk Consulting:

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