

AFRICA RISK CONSULTING

Morocco Monthly Briefing December 2022

Morocco Summary 20 December 2022

French foreign minister Catherine Colonna says on 16 December that France has resumed normal consular services with Morocco, a message that indicates that the diplomatic row over visa restrictions is over. The Office National des Hydrocarbures et des Mines (ONHYM) (National Office of Hydrocarbons and Mines) signs five new Memoranda of Understanding (MoU) with Gambia, Ghana, Guinea, Guinea-Bissau, and Sierra Leone on 5 December. The MoU stress these countries' unwavering support for the implementation of the Nigeria-Morocco gas pipeline. Government is reportedly considering partnering with Gautam Adani, the world's third richest man, on a large-scale hydrogen project amid a renewable drive to meet demand both domestically and in Europe. States-owned fertiliser giant the OCP Group, announces on 29 November a record turnover of 89.5 billion (\$8.32 billion) collected throughout the first nine months of the year. Government will need to focus on reigning inflation while promoting economic growth and reducing levels of poverty in 2023.

France resumes normal consular activity in Morocco

France's foreign minister **Catherine Colonna** addressed a press conference alongside Moroccan foreign affairs minister **Nasser Bourita** in **Rabat** on 16 December, stating that France has resumed normal consular services with Morocco, a message that indicates that the diplomatic row over visa restrictions is over.¹ Colonna was in Morocco for an official visit on 15 and 16 December to discuss the state of bilateral relations amid months-long diplomatic tension between the two countries.² France took the unilateral decision last year to reduce the number of visas given to Moroccans by 50% due to Morocco reportedly being "unwilling" to cooperate on the extradition of Moroccans illegally residing in France (see *ARC Briefing Morocco Sep 2022*).³

The visa rift intensified in early August when reports emerged that French consulates in Morocco had slashed visa issuances by at least 75%, much higher than the 50% previously announced.⁴ Local Moroccan reports note that French authorities have systematically rejected visa applications from Moroccans who meet all requirements and pose no risk of overstaying, including members of parliament, high-ranking officials in private and public companies, successful business people and former ministers.⁵ The reports drew fierce criticism from Moroccans, with thousands rebuking France's "unjustified" measures. Several local nongovernmental organisations (NGOs) have also launched legal action in the **European Court for Justice** against European consulates, mostly French, for the unjustified and systematic visa refusals.⁶ Colonna's visit in December sought to calm tensions with Rabat.

Colonna, during her address in Rabat, said that "human capital between the two countries is an asset for both" before adding that human exchanges will remain the backbone of Moroccan-French relations.⁷ She also said that with her visit to Morocco, she was laying the groundwork

¹ North Africa Post, 16 Dec 2022

² Middle East Monitor, 16 Dec 2022

³ Hespress, 2 Sep 2022; Morocco World News, 28 Aug 2022

⁴ Morocco World News, 28 Aug 2022

⁵ Morocco World News, 28 Aug 2022

⁶ Hespress, 2 Sep 2022

⁷ North Africa Post, 16 Dec 2022

for a visit to the country by French **President Emmanuel Macron** (2017-present) in the first quarter of next year.⁸ Macros will be hoping to further smooth relations between the two countries when he visits Rabat next year and reportedly working to “*find appeasement gestures*” in an attempt to put an end to the lingering diplomatic crisis with Morocco.⁹ A local resident told **Africa Risk Consulting Briefing (ARC Briefing)** that the normalisation of relations is a positive development:

“The development is welcome give that France is probably Morocco’s most important foreign relationship yet, France does not seem willing to stand with us on the issues of Western Sahara.”¹⁰

Morocco signs new deals on implementation of Nigeria-Morocco pipeline

The **Office National des Hydrocarbures et des Mines (ONHYM)** (national office of hydrocarbons and mines) signed five new Memoranda of Understanding (MoU) on 5 December with several **West African** countries which stressed their unwavering support for the implementation of the **Nigeria-Morocco** gas pipeline.¹¹ The five agreements were signed between the pipeline partners, ONHYM and the **National Nigerian Petroleum Company Limited (NNPC)** with:

- **Ghana National Gas Company;**
- **Gambia National Petroleum Corporation;**
- **PETROGUIN-Guinea Bissau;**
- **Petroleum Directorate of Sierra Leone;**
- **La Société Nationale des Pétroles of Guinea.**¹²

The five MoUs are similar to those signed with the **Economic Community of West African States (ECOWAS)** on 15 September and with **Senegal** and **Mauritania** on 15 October. The MoU confirm the signatory countries’ commitment to the strategic project which, once completed, will supply gas to all West African countries and provide a new export route to Europe.¹³

The 5,600km long project will span more than eleven countries along Africa’s **Atlantic** coast, with the grand ambition of benefiting over 400 million West African inhabitants and improving energy infrastructure in the region.¹⁴ Morocco will house 1,672km of the pipeline which is also expected to transport Nigerian gas to **Europe** through the **North African** country.¹⁵

Amina Benkhadra, general director of ONHYM, said on 5 December that the pipeline project is on the right track, highlighting that it will ensure further integration and cooperation between West African countries and improve socio-economic developments in Africa.¹⁶ The chief executive of the NNPC, **Mele Kolo Kyari**, also expressed his satisfaction with the signed agreements emphasising that they will allow signatory member countries to provide support for the construction of the project.

While the project is expected to cost billions, Nigeria’s deputy oil minister **Timipre Sylva** said in June that the final price tag will not be determined until the project is designed (*RC Briefing*

⁸ North Africa Post, 16 Dec 2022

⁹ AFP, 6 Dec 2022

¹⁰ ARC Source, Local Resident

¹¹ Morocco World News, 6 Dec 2022

¹² North Africa Post, 6 Dec 2022

¹³ North Africa Post, 6 Dec 2022; Morocco World News, 6 Dec 2022

¹⁴ Morocco World News, 6 Dec 2022

¹⁵ Morocco World News, 6 Dec 2022

¹⁶ Morocco World News, 6 Dec 2022

Nigeria July 2022).¹⁷ The **Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development** and the **Saudi Arabia-based Islamic Development Bank** have pledged nearly \$60m to fund feasibility and engineering studies for the pipeline, which could be one of the longest ever built.¹⁸ If the pipeline progresses, it 25 years to complete. Currently, it is not confirmed where the rest of the investment will come from.

While the European market in 25 years may have an abundance of sources of gas or no longer use gas, the West African region and ECOWAS will be a primary market given that many of the countries spend a large sum of money to import energy resources. Gas from the pipeline will be a much cheaper and more accessible alternative.

Morocco eyes huge hydrogen projects for export to Europe

Morocco is reportedly considering partnering with **Gautam Adani**, the world's third richest person, on a large-scale hydrogen project amid a renewable drive to meet demand both domestically and in Europe.¹⁹ Energy minister **Leila Benali** said in an interview with **United States** media house **Bloomberg** on 3 December that policymakers are deliberating on signing final investment decisions for "at least two competitive industrial projects" in 2023.²⁰ Benali named Indian private conglomerate **Adani Group** as among the parties interested in the Moroccan hydrogen proposition:

"With Adani, we had some specific discussions, and they came up with some very good ideas that we are looking at because they are aligned with the Moroccan vision on some specific aspects."²¹

Although Morocco is one of Africa's largest fossil fuel importers, it is attracting increasing interest from investors seeking to export hydrogen to the European market, especially given Morocco's proximity and free trade agreement with the **European Union**.²² Europe has been seeking alternative sources of energy since **Russia's** invasion of **Ukraine** in February resulted in shortfalls in Russian pipeline gas.

Morocco's fertiliser turnover hits \$8.32 Billion by September

States-owned fertilizer giant the **OCP Group** announced a record turnover of MAD 89.5 billion (\$8.32 billion) collected throughout the first nine months of the year on 29 November.²³ The amount represents a 55% year-on-year increase compared to the same period in 2021. High-demand markets, including Africa, **South America** and **Asia** accounted for 87% of the group's export volume over the 2022 period.²⁴

The OCP, which experienced solid market conditions through the first nine months of the year, attributed the excellent performance to the increases in selling prices across all of its product categories.²⁵ Rock sales saw an increase of 74% compared to the same period last year, while phosphoric acid revenue slightly dropped by 6% year-on-year due to lower export volumes to **India** and Europe.²⁶

¹⁷ Further Africa, 20 Sep 2022; Bloomberg, 15 Sep 2022

¹⁸ Bloomberg, 15 Sep 2022

¹⁹ North Africa Post, 7 Dec 2022

²⁰ Bloomberg, 6 Dec 2022

²¹ Bloomberg, 6 Dec 2022

²² North Africa Post, 7 Dec 2022

²³ OCP Group, 29 Nov 2022; Morocco World News, 29 Nov 2022

²⁴ OCP Group, 29 Nov 2022

²⁵ Morocco World News, 29 Nov 2022

²⁶ OCP Group, 29 Nov 2022

The OCP, however, noted that fertiliser prices had been dropping gradually from June due to a fall in demand from some key markets such as **Brazil**, Europe, and the US where stockpiles have been bolstered already.²⁷ Sulphur prices have also decreased propelling reduced prices. The OCP also announced that they expect to see a decline in fertilizer prices in the third quarter of 2022 due to:

“Demand impacted by record prices in the first half of the year as well as high inventory levels and unfavourable weather conditions in some regions.”²⁸

The OCP said that fertiliser sales continue to dominate its largest share of sales, accounting for 65% of total sales at the end of September compared to 60% during the same period in 2021.²⁹ The OCP's earnings before interests, taxes, depreciation, and amortisation (known as EBITDA) increased slightly to 48% from 42% in the same period last year. The OCP highlighted that improvement in its EBITDA bolstered its position in the sector and its ability to adapt its production and “*redirect*” its exports to “*high-growth markets*” thanks to its industrial “*flexibility and commercial agility*.”³⁰

OCP announced in October that it will boost its fertiliser exports to Africa to four million tonnes in 2023 compared to two million tonnes in 2021, a decision that will help address the fertiliser supply gap on a continent where most countries are reliant on soil nutrient imports.³¹ The company also announced on 6 December that it plans to tap green hydrogen to produce green ammonia with the long-term goal of ending its status as the world's top importer of ammonia.³²

Key issues for 2023

This year Morocco's economy has performed fairly well as seen by US-headquartered credit rating agency **Fitch Ratings (Fitch)** update on 4 November affirming the country's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB+' with a stable outlook.³³ Morocco's record of macroeconomic stability, as well as its impact of keeping inflation relatively low, are also important factors contributing to the stable outlook. However, Morocco has weak development and governance indicators, high public debt and wider budget and current account deficits compared to other developing countries. With Morocco also experiencing its worst drought in four decades, economic growth is expected to decelerate due to the sharp contraction of agriculture output, the effect of inflation on consumption and the adverse international environment. Morocco is set to continue facing economic growth challenges in 2023 due to the expected recession in the EU, its major trading partner.³⁴ However, as Morocco's agricultural output recovers in 2023, the country's economic growth is forecast to average 2.8% and increase to 3.2% after the expected ease in energy and food prices, as well as the rebound in the tourism and industrial sectors.³⁵

The government must bring inflation under control, which soared in 2022, averaging 6.1% year-on-year against 1.4% in 2021, due to skyrocketing energy, food, and transport prices. Inflation could soar further in 2023 in the event of a prolonged commodity price shock, and poor domestic agricultural production due to continued rainfall deficit and wage pressures.³⁶ Government must also double its efforts in combating poverty and inequality which has led to

²⁷ North Africa Post, 29 Nov 2022

²⁸ OCP Group, 29 Nov 2022

²⁹ OCP Group, 29 Nov 2022

³⁰ OCP Group, 29 Nov 2022; Morocco World News, 29 Nov 2022

³¹ North Africa Post, 29 Nov 2022

³² Bloomberg, 6 Dec 2022

³³ Fitch Ratings, 4 Nov 2022

³⁴ Morocco World News, 6 Nov 2022

³⁵ Fitch Ratings, 4 Nov 2022; Morocco World News, 6 Nov 2022

³⁶ Fitch Ratings, 4 Nov 2022

social unrest and protest within the country with thousands calling for the prime minister's resignation in response to sharply rising prices of food and petrol in Morocco. The **Haut Commissariat au Plan (HCP)** (high commission for planning) published a study on 13 October indicating that poverty and vulnerability are affecting an additional 3.2 million people across Morocco.³⁷ The study "*raises the alarm*" for government to take immediate measures to mitigate the effects of inflation.³⁸

Morocco's economy also has scored several economic victories this year which bode well for the country including the OCP's record turnover, airports approaching pre-pandemic levels of traffic, the tourism sector bouncing back with a recovery rate of nearly 80% in the post-**Covid-19** era in addition to Morocco bolstering its position to become the leading exporter of passenger cars to Europe, overtaking the US, **China, Japan** and **South Korea**. These results indicate that Morocco's economy is on the right trajectory heading into 2023.

Planner

2022 **Dakhla (Morocco) Morocco-Caribbean Community (CARICOM)** forum;
 23-25 May 2023 **(France)** First edition of **Morocco Investment Meeting and Entrepreneurship Meeting (MIM)** event;
 June 2023 **Marrakech (Morocco)** Inaugural Bloomberg New Economy Gateway Africa conference.

Chronology

19 Dec 2022 **Rabat (Morocco)** *Map News*. Foreign affairs minister **Nasser Bourita** hosts the **United Arab Emirates (UAE)** industry minister **Sultan Bin Ahmed Al Jaber** to discuss the need for deepening bilateral cooperation;

18 Dec 2022 **Rabat (Morocco)** *Morocco World News*. King **Mohammed VI** sends a message of congratulations to the members of the national football team following their historic achievement at **FIFA World Cup** in **Qatar** where **Morocco** became the first **African** and **Arab** country to finish fourth at a World Cup;

18 Dec 2022 **Rabat (Morocco)** *Anadolu Agency*. **Danish** television channel **TV 2** issues an apology statement, regretting the "*offensive and inappropriate*" comment made against Morocco's national football team after it compared images of Moroccan players celebrating with their families at the **FIFA World Cup** to a "*family of monkeys*";

18 Dec 2022 **Rabat (Morocco)** *Morocco World News*. Morocco donates 5,000 tonnes of fertilisers to smallholder farmers in **Mauritania**;

16 Dec 2022 **Rabat (Morocco)** *Morocco World News*. **United Nations General Assembly (UNGA)** reaffirms the centrality of its political process in resolving the dispute over **Western Sahara** within the framework of the **UN Security Council (UNSC)**, echoing a resolution adopted by the UN's 4th committee last month;

16 Dec 2022 **Rabat (Morocco)** *Morocco World News*. Prime minister **Aziz Akhannouch** says that an integrated and inclusive partnership with **Africa** and the **United States (US)** is at the heart of **Morocco's** strategic priorities;

16 Dec 2022 **Rabat (Morocco)** *Morocco World News*. **Policy Center for the New South's (PCNS)** new study finds that the number of people owning cryptocurrencies in **Morocco** reached 1.15 million people in 2022, generating a \$8,612 GDP per capita;

³⁷ Haut Commissariat au Plan, 13 Oct 2022

³⁸ Morocco World News, 13 Oct 2022

16 Dec 2022 **Rabat (Morocco)** *FIFA*. **Morocco** is confirmed as the official host of the **FIFA Club World Cup 2022**, which is set to take place in early 2023;

15 Dec 2022 **Rabat (Morocco)** *OCP Group*. State-owned phosphate giant the **OCP Group** announces a partnership with **Kenya's** agriculture ministry to launch soil mapping exercises for over 100 participants;

14 Dec 2022 **Rabat (Morocco)** *Morocco World News*. **Uruguay** has reportedly frozen diplomatic ties with the self-proclaimed **Sahrawi Arab Democratic Republic (SADR)** amid SADR's decision to deepen diplomatic and trade cooperation with Morocco;

14 Dec 2022 **Rabat (Morocco)** *Zawya*. Energy ministry **Leila Benali** says the volume of investments in the mining sector exceeded MAD 13 billion (\$1.14 billion) in 2021;

12 Dec 2022 **Rabat (Morocco)** *Oil Review Africa*. **British** energy company **Chariot** and **Office National des Hydrocarbures et des Mines (ONHYM)** (national office of hydrocarbons and mines) reach an agreement with the **Office National de l'Electricité et de l'Eau Potable (ONEE)** (national office for electricity and potable water) on key principles for long-term gas sales from the **Anchois** gas project;

12 Dec 2022 **Rabat (Morocco)** *North Africa Post*. **European Bank for Reconstruction and Development (EBRD)** joins forces with the **Green Climate Fund (GCF)** and the **European Union (EU)** to allocate a financing package of €25m (\$26,5m) to **Morocco's Banque Centrale Populaire (BCP)** to support the country's green transition and increase women's access to climate finance;

11 Dec 2022 **Rabat (Morocco)** *Morocco World News*. **Office Marocain de la Propriété Industrielle et Commerciale (OMPIC)** (Moroccan Office of Industrial and Commercial Property) data indicates Morocco saw the creation of exactly 77,322 new companies in the first 10 months of 2022;

10 Dec 2022 **Rabat (Morocco)** *North Africa Post*. King **Mohammed VI** calls for strengthening and solidifying cooperative relations between **China** and the **Arab** world in a wide range of sectors;

9 Dec 2022 **Rabat (Morocco)** *Morocco World News*. **Morocco's** intelligence services help negotiate the release of German development worker **Jorg Lange** who has been held hostage in **Mali** since 2018;

8 Dec 2022 **Rabat (Morocco)** *Map News*. Prime minister **Aziz Akhannouch** arrives in Saudi **Arabia** to represent King **Mohammed VI** at the **China-Arab Cooperation and Development Summit**;

8 Dec 2022 **Rabat (Morocco)** *Morocco World News*. Finance and economic development committee of the house of representatives approves the 2023 Finance Bill in a second reading, with 23 members voting for and six voting against;

7 Dec 2022 **Rabat (Morocco)** *Middle East Monitor*. Energy ministry and **Gibraltar**-based **Adarco Energy** sign a deal with **Israeli** energy company **NewMed Energy** for offshore natural gas exploration and production;

7 Dec 2022 **Paris (France)** *Morocco World News*. Water minister **Nizar Baraka** presents **Morocco's** model of management of water resources before the **United Nations-Water Summit on Groundwater**;

7 Dec 2022 **Casablanca (Morocco)** *Morocco World News*. The second edition of the annual **International Forum of Industrial Zones** starts in **Casablanca**, intending to boost the attractiveness and competitiveness of **Morocco's** industrial zones in the global market;

4 Dec 2022 **Rabat (Morocco)** *Anadolu Agency*. Activists, members of trade unions and non-governmental organisations demonstrate in **Rabat** against the high prices of basic commodities, calling on authorities to raise workers' wages and limit the rise in the prices of basic materials and fuel;

2 Dec 2022 **Rabat (Morocco)** *Morocco World News*. **Foreign Exchange Office** data shows travel revenues reached MAD 71.10 billion (\$6.74 billion) at the end of October;

1 Dec 2022 **Rabat (Morocco)** *Morocco World News*. King **Mohammed VI** sends an oral message to **Tamim bin Hamad Al Thani**, the Emir of **Qatar**, conveying the countries' mutual desire to boost bilateral cooperation and relations;

1 Dec 2022 **Rabat (Morocco)** *North Africa Post*. Government sets aside MAD 115 billion (\$10.8 billion) to expand irrigation programs from 2020 to 2027, as farms in drought-stricken regions suffer from the diversion of irrigation water to supply households;

30 Nov 2022 **Rabat (Morocco)** *Morocco World News*. **United Nations (UN)** special rapporteur on extreme poverty and human rights **Olivier De Schutter** is set to arrive in Morocco on 9 December to review the country's efforts to eradicate poverty;

30 Nov 2022 **Rabat (Morocco)** *Morocco World News*. **Morocco** and the **United Nations World Tourism Organization (UNWTO)** partnered to support the digitalisation of 10,000 local Micro, Small & Medium Enterprises (MSMEs) in the tourism industry;

30 Nov 2022 **Rabat (Morocco)** *North Africa Post*. **Morocco** and **China** signed a memorandum of understanding (MoU) on the creation of a working group for the facilitation and promotion of trade between the two countries;

turnover of MAD 89.5 billion (\$8.32 billion) throughout the first nine months of 2022;

28 Nov 2022 **Rabat (Morocco)** *Morocco World News*. King **Mohammed VI** calls for rain-seeking prayers from citizens in all provinces and regions across **Morocco**;

25 Nov 2022 **Rabat (Morocco)** *North Africa Post*. **United Kingdom (UK)** government dedicates £4 billion (\$4.86 billion) for strengthening further trade exchanges and economic cooperation with Morocco, a longstanding partner;

25 Nov 2022 **Rabat (Morocco)** *Morocco World News*. **Morocco** ranks second in the **Africa Industrialization Index**, behind **South Africa**, thanks to its growing manufacturing and export operations;

24 Nov 2022 **Casablanca (Morocco)** *North Africa Post*. **Belgian** aerospace company **SABCA** opens a new assembly line in **Casablanca** of aerostructures of PC-12, a single-engine aircraft made by **Swiss Pilatus Company**.

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

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

Getting in touch

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

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