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Morocco Summary 29 February 2024

The Haut Commissariat au Plan (HCP) (high commission for planning) announces on 5 February that unemployment increased from 11.8% in 2022 to 13% in 2023, a rate not seen in over two decades. Morocco's largest trade union, Union Marocaine du Travail (UMT), pushes for a record 60% rise in the minimum wage and a general increase in public sector pay equal to at least the 29% granted to teachers in December. Spanish prime minister Pedro Sanchez (2018-present) arrives in Rabat on 21 February for a working visit as part of Spain's political agenda to bolster bilateral relations with Morocco. Tourism minister, Fatim-Zahra Ammor says on 27 February that the government sees co-hosting the 2030 FIFA World Cup as "a formidable opportunity" to develop tourism.

Unemployment rate hits two-decade high at 13% in 2023

The **Haut Commissariat au Plan (HCP)** (high commission for planning) reported on 5 February that **Morocco's** unemployment increased from 11.8% in 2022 to 13% in 2023, a rate not seen in over two decades.¹ The primary cause of the trend is the historic drought plaguing **North Africa**, which accounted for nearly 28% of job losses.² The domestic economy shed 1.58 million jobs last year, with the agricultural sector losing 202,000 jobs following a sixth year of drought.³ In terms of regions, rural areas bore the brunt of the trend, accounting for 198,000 job losses in total, while there were a modest 5,000 jobs lost in the urban areas.⁴ HCP data also shows the unemployment rate among the youth is 35.8% and among graduates is 19.7%.⁵ Unemployment among women is 18.3%, a high rate, but one that is directly linked to prevailing conservative perceptions relating to gender roles in the country.⁶ This highlights the point that beyond Morocco's over-dependence on agriculture to generate jobs, unemployment in the country is also driven by other reasons, such as culturally-motivated factors.⁷

Excluding agriculture, the HCP revealed that all the remaining sectors experienced notable job growth – the construction sector added 19,000 jobs, services 15,000 and the industry sector injected 7,000 jobs into the local economy.⁸

This again highlights that Morocco has long been dependent on the agricultural sector to generate employment, which is unsustainable in the long term. While the agriculture sector's contribution to Morocco's gross domestic product (GDP) has gradually declined over the past decade, it still accounts for over 10% of GDP.⁹ To counteract this, the government launched the **2021 New Development Model**, a state plan that stressed the need for a diversified local economy to offset the risk associated with agriculture and drought.¹⁰ There has already been some notable progress with the local auto sector growing each year and generating over \$6 billion in export revenues last year by focusing on

¹ Haut Commissariat au Plan, 5 Feb 2024

² Haut Commissariat au Plan, 5 Feb 2024

³ Reuters, 6 Feb 2024

⁴ Reuters, 6 Feb 2024; Morocco World News, 6 Feb 2024

⁵ Haut Commissariat au Plan, 5 Feb 2024

⁶ Morocco World News, 6 Feb 2024

⁷ Morocco World News, 6 Feb 2024

⁸ Haut Commissariat au Plan, 5 Feb 2024

⁹ Morocco World News, 6 Feb 2024

¹⁰ Morocco World News, 6 Feb 2024

the **European** markets. The government is also growing the tourism sector to contribute further to GDP, generate foreign exchange and create jobs (see below).

Trade unions demand 60% wage hike

Morocco's largest trade union, **Union Marocaine du Travail's (UMT)** leader **Miloudi Moukharik** said on 15 February that it will push for a record 60% rise in the minimum wage and a *general* increase in public sector pay equal to at least the 29% granted to teachers in December.¹¹ UMT, which has over 300,000 members, demands that the minimum wage be increased from about MAD 3,140 (310.10) to MAD 5,000 (\$493,79), along with an increase in pensions.¹²

In addition to its wage demands, UMT also wants the government to slash the income tax from an average of 38% to 30%.¹³ Moukharik revealed that the government's labour department recently invited UMT and other trade unions for preliminary talks to determine the agenda for a new round of industrial negotiations slated for April.¹⁴

The development is expected to add more pressure to the government, which is already facing a hefty \$11.7 billion in earthquake reconstruction costs, another estimated \$5 billion to co-host the 2030 **FIFA World Cup**, and crippling labour strikes from a rise in inflation.¹⁵ The demands will also make it more challenging for Morocco to trim its spending and regain an investment-grade credit score from the US rating agency, **S&P Global Ratings**.¹⁶

Spanish prime minister visits Morocco...

Spanish prime minister **Pedro Sanchez** (2018-present) arrived in **Rabat** on 21 February for a working visit as part of his country's political agenda to bolster bilateral relations with Morocco.¹⁷ Sanchez, who was accompanied by Spanish foreign minister **Jose Manuel Alabres**, was received by prime minister **Aziz Akhannouch** (2021-present) on his arrival in Rabat.¹⁸ On his **X** account, Sanchez thanked Akhannouch for the welcome and commented that bilateral relations are thriving:

"Our neighbour, friend, and strategic partner are at their best moment in decades".¹⁹

Sanchez was also hosted by King **Mohammed VI** (1999-present) on the same day at the royal palace in Rabat.²⁰ The leaders discussed a range of issues, including the **Western Sahara** dispute, trade and the ongoing preparations to jointly host the 2030 FIFA World Cup with **Portugal**.²¹ Sanchez reiterated Spain's endorsement of Morocco's autonomy plan for the Western Sahara, stressing its significance in promoting a realistic and credible resolution to the decades-old territorial dispute.²² Sanchez also praised Morocco's strategic initiatives, including efforts to promote cooperation among **Atlantic**-bordering **African** countries, such as the **Atlantic Gas Pipeline Project**.²³ In response, King Mohammed thanked Sanchez and his government for their constructive stance on the matter, emphasizing the importance of mutual respect and cooperation.²⁴

Sanchez's visit to Morocco comes almost a year after he and King Mohammed signed a declaration signalling a new era of cooperation between the two countries after years of diplomatic tensions.

¹¹ Bloomberg Law, 15 Feb 2024

¹² Hespress English, 18 Feb 2024; Bloomberg Law, 15 Feb 2024

¹³ Hespress English, 18 Feb 2024; Bloomberg Law, 15 Feb 2024

¹⁴ Hespress English, 18 Feb 2024; Bloomberg Law, 15 Feb 2024

¹⁵ Morocco World News, 7 Oct 2023; Bloomberg Law, 15 Feb 2024

¹⁶ Hespress English, 18 Feb 2024; Bloomberg Law, 15 Feb 2024

¹⁷ Africa News, 21 Feb 2024; Morocco World News, 21 Feb 2024

¹⁸ Africa News, 21 Feb 2024; Morocco World News, 21 Feb 2024

¹⁹ Morocco World News, 21 Feb 2024

²⁰ Africa News, 21 Feb 2024

²¹ AP News, 21 Feb 2024

²² AP News, 21 Feb 2024

²³ Africa News, 21 Feb 2024; News, 21 Feb 2024

²⁴ Africa News, 21 Feb 2024; AP News, 21 Feb 2024

Sanchez in March 2022 abandoned Spain's historic position of neutrality and officially endorsed Morocco's autonomy plan for the Western Sahara as *"the most serious, realistic and credible basis for settling the dispute"* (see *ARC Briefing Algeria Apr 2022*).²⁵ Morocco considers the Western Saharan territory as its own; however, the **Algeria-backed Polisario Front** movement demands a sovereign state.²⁶ The Western Sahara is a vast disputed territory bordering Morocco, **Mauritania** and Algeria.²⁷ The **United Nations (UN)** considers the Western Sahara a *"non-self-governing territory"*; however, 80% of it is controlled by Morocco, which envisions the region as autonomous.²⁸

After Spain ended its colonial rule over Western Sahara in 1976, Morocco and Mauritania partitioned the territory between themselves; however, in August 1979, under pressure from the Polisario Front guerrillas, Mauritania withdrew all claims of its portion of the Western Sahara. Morocco then moved to occupy the territory and has since asserted administrative control over the whole Western Sahara.²⁹ This resulted in the outbreak of war between Morocco and the Polisario Front. The UN brokered a ceasefire in 1991 but a planned referendum on independence was never held and the final status of the territory remained unresolved.³⁰ Spain's support for Morocco's autonomy plan provoked a swift move in Algiers to suspend its friendship treaty with **Madrid**, signed in 2002 and to limit commercial transactions with Spain by freezing banking operations with this country.³¹

While diplomatic relations between Algeria and Spain were re-established last year, the issue of the Western Sahara remains a sensitive issue and will continue to impact Morocco. It is not unreasonable to expect Algeria to use Spain's support for Morocco's autonomy plan against it should bilateral relations decline in the future. However, for Morocco, growing relations with Spain bolster trade and its international recognition for control over the Western Sahara. A local source told **Africa Risk Consulting and Briefing (ARC Briefing)**, that relations between Spain and Morocco should remain *"stable and on good terms"* in the medium to long term, noting that *"there's too much at stake for both countries with the World Cup around the corner in 2030"*.³²

Morocco seeks to use World Cup to fuel an 80% boost in tourism...

Tourism and handicrafts minister **Fatim-Zahra Ammor** said on 27 February that the government sees co-hosting the 2030 FIFA World Cup as *"a formidable opportunity"* to develop tourism and help to bring about an 80% increase in tourists by the end of the decade.³³ Ammor said that Moroccan officials plan to boost the number of tourists annually by at least one million through 2030, bringing the total to 26 million compared to 2023's record-breaking 14.5 million.³⁴ This plan is key for the economy, which is still recovering from the 8 September devastating earthquake near the tourist hotspot of **Marrakech** and seeking to attract new capital through investor incentives.

Ammor also said that the *"new objectives are quite a big challenge"* and it is necessary for the county to adopt a *"whole ecosystem"* to ensure that set targets are met.³⁵ She highlighted that last year Morocco began doubling the number of foreign flights arriving in the country and reached an agreement with **Irish** low-cost airline, **Ryanair**, which is estimated to double the number of tourists that the company flies to Morocco by 2027 to 10 million.³⁶ Ammor also revealed that Moroccan authorities are working

²⁵ Reuters, 18 Mar 2022

²⁶ Reuters, 18 Mar 2022

²⁷ Middle East Monitor, 27 Sep 2023

²⁸ Africa News, 27 Sep 2023

²⁹ Xinhua, 30 Oct 2023

³⁰ Al Jazeera, 11 Dec 2020

³¹ Africa News, 17 Nov 2023

³² ARC Source, Local Resident

³³ Bloomberg, 27 Feb 2024

³⁴ Bloomberg, 27 Feb 2024

³⁵ Bloomberg, 27 Feb 2024

³⁶ Bloomberg, 27 Feb 2024

with several other carriers to help achieve the growth targets by 2030, but did not divulge who or further details.³⁷

Ammor, commenting on the plans of national carrier **Royal Air Maroc** to buy 150 new long-and-medium-haul aircraft by 2037 to meet the expected spike in tourist arrivals and expand its network, said that while the government is expected to help cover the costs, “*the speed of execution*” remains a challenge given the disruptions impacting the airline industry.³⁸ Moroccan officials are also currently working on expanding accommodation capacity ahead of the **2025 African Cup of Nations (AFCON)** football tournament that Morocco is also hosting. Ammor highlighted that 150,000 additional hotel beds are to be ready before 2030, either through greenfield projects or the upgrading of existing facilities. Authorities are also working on the development of 14 large-scale projects to add options for tourists, including natural park resorts, amusement parks, and hot-air balloon sites.³⁹

Morocco’s plans for its tourism industry are very ambitious but the government has proven that it has the political will and commitment to meet them. The excellent performance of the tourism sector last year in attracting a record 14.5 million visits shows that Morocco is on the right trajectory of achieving its 2030 targets. Authorities can also be encouraged by Ammor’s revelation that a new investment charter, adopted in late 2022, is encouraging input from “*investors who have never shown an interest in Morocco*”.⁴⁰ The crucial tourism sector currently accounts for about 7% of Morocco’s gross GDP and employs 5% of the country’s workforce. The tourism sector’s strong performance also bodes well for Morocco’s inflow of hard currency and will be a key economic driving force in diversifying the local economy.

Planner

20-31 May 2024 (**Morocco**) **Africa Lion** military drills

2024 (**Morocco**) General election

Chronology

27 Feb 2024 **Rabat (Morocco)** *Anadolu Agency*. Foreign minister **Nasser Bourita** says the **Gaza Strip** is suffering a “*humanitarian catastrophe*” amid an **Israeli** military offensive on the enclave;

26 Feb 2024 **Rabat (Morocco)** *North Africa Post*. **French** foreign minister **Stephane Séjourné** says that Morocco can rely on France for support over **Western Sahara** and Morocco’s autonomy plan for the region;

25 Feb 2024 **Rabat (Morocco)** *Atalyar*. Representatives from Morocco and **Switzerland** meet for the second meeting of the **Permanent Joint Group on Migration** to discuss ways to improve migration and security cooperation;

22 Feb 2024 **Rabat (Morocco)** *APA News*. **King Mohammed VI** receives **Spanish** prime minister **Pedro Sanchez** to discuss bilateral relations;

21 Feb 2024 **Rabat (Morocco)** *Morocco World News*. **Spain’s** prime minister **Pedro Sanchez** arrives in Morocco for an official visit;

³⁷ Bloomberg, 27 Feb 2024

³⁸ Bloomberg, 27 Feb 2024

³⁹ Bloomberg, 27 Feb 2024

⁴⁰ Bloomberg, 27 Feb 2024

19 Feb 2024 **Rabat (Morocco)** *Middle East Monitor*. Prime minister **Aziz Akhannouch** says that the next governmental action will be devoted to employment as a national priority;

19 Feb 2024 **Rabat (Morocco)** *Middle East Monitor*. Converging reports indicate that **Spain** will reportedly not take part in this year's Moroccan-**United States** organised military drills, the **African Lion**, which is set to take place from 20-31 May;

14 Feb 2024 **Rabat (Morocco)** *Morocco World News*. **Spain** renews its commitment to Morocco's autonomy plan for the **Western Sahara**;

12 Feb 2024 **Rabat (Morocco)** *Morocco World News*. Water ministry reports that the filling percentage of dams has increased from 22.9% on 9 February to 24.5%, still way below Morocco's requirements as it grapples with drought;

13 Feb 2024 **Libreville (Gabon)** *Gabon Review*. Transitional national assembly president **Jean-François Ndongou** meets with **Morocco's** foreign affairs minister, **Nasser Bourita**, to discuss bilateral relations, reiterating Gabon's support for Morocco's sovereignty over **Western Sahara**;

11 Feb 2024 **Rabat (Morocco)** *Morocco World News*. Morocco and **Mauritania** agree to hold an annual parliamentary forum in a bid to boost cooperation and contribute to regional stability and security;

8 Feb 2024 **Rabat (Morocco)** *Middle East Monitor*. The government says that preparations for Morocco's general population and housing census, scheduled for this year, are underway;

5 Feb 2024 **Rabat (Morocco)** *AP*. Morocco is reportedly planning on passing new laws and strengthening penalties to combat art forgeries to protect a multimillion-dollar art market that officials believe will continue to grow;

4 Feb 2024 **Rabat (Morocco)** *Morocco World News*. **Office des Changes** (foreign exchange bureau) says tourism earned Morocco revenues of \$10.5 billion in 2023, a 34% increase compared to 2022 and a 12% increase on the pre-pandemic baseline year of 2019;

1 Feb 2024 **Rabat (Morocco)** *Middle East Monitor*. Morocco's telecommunication giant, **Maroc Telecom**, is set to appeal the 30 January court decision requiring it to pay \$636m in compensation in an antitrust case;

28 Jan 2024 **Rabat (Morocco)** *Morocco World News*. **Moroccan Office of Industrial and Commercial Property (OMPIC)** reports that 86,427 companies registered in the first eleven months of 2023, with 35.79% registered in the commerce sector;

26 Jan 2024 **Abuja (Nigeria)** *Punch*. Nigeria's government intensifies discussions with **Morocco** in a bid to fast-track the Final Investment Decision (FID) on the **Nigeria-Morocco Gas Pipeline**;

25 Jan 2024 **Rabat (Morocco)** *Morocco World News*. Morocco's ministerial delegation in charge of human rights rejects reports of human rights violations contained in **United States**-headquartered **Human Rights Watch's** 2023 report, stating they are biased and out of date;

22 Jan 2024 **Rabat (Morocco)** *Morocco World News*. Morocco's ambassador to **Egypt**, **Mohamed Ait Ouali**, reiterates Morocco's support for the **Palestinian** cause amid ongoing calls from citizens for Morocco to sever ties with **Israel**.

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