

AFRICA RISK CONSULTING

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Morocco Summary 30 June 2026

Industry and trade minister Ryad Mezzour confirms that China has asked Morocco to sign a free trade agreement as China continues to place increased emphasis on its relationship with Morocco. The African Development Bank's (AfDB) Africa Industrialization Index for 2025 reveals that Morocco surpassed South African as Africa's most industrialised economy last year. Bank al-Maghrib (BAM) (central bank) holds interest rates at 2.25%, aiming to support borrowing for the construction boom linked to the 2030 FIFA World Cup while guarding against the inflationary risks linked to ongoing geopolitical uncertainty surrounding the Middle East conflict.

Morocco considers free trade deal with China to deepen ties

Industry and trade minister **Ryad Mezzour** [said](#) in an interview published on 12 June that **China** has asked **Morocco** to sign a free trade agreement, with authorities currently weighing whether closer economic relations with the Asian powerhouse will benefit the local export-oriented manufacturing sector. While emphasising that China's request "*is under reflection*", Mezzour said Moroccan authorities are assessing what impact it would have on the economy and formal negotiation had not yet begun.

A free trade agreement [would](#) offer Moroccan manufacturers increased access to the Chinese market and help the country diversify trade relations beyond **Europe**. For two decades, Morocco has prioritised building manufacturing industries, such as automotive, aerospace and electric batteries, and has signed free trade agreements with dozens of countries and markets, including the **United States (US)** and **European Union (EU)**. However, Mezzour says any new agreement with China will require consultations with government stakeholders and businesses and authorities would also need to assess how it might affect Morocco's other free trade agreements. Beyond China, Mezzour also revealed that a free trade agreement with **Chile** is in the pipeline and the deal would offer local manufacturers, such as automobile producers, greater access to the **South American Mercosur** trade bloc.

There are several [reasons](#) why Morocco has emerged as a key partner for China. Morocco has established itself as a key automotive manufacturing hub, benefiting from unique free trade agreements that grant it access to both EU and US markets. This strategic position has made the country an appealing destination for Chinese auto manufacturers and parts suppliers, who have invested billions in Morocco in recent years to capitalise on these advantages. Emphasising its attractiveness to Chinese manufacturers, China expert **Eric Olander** said that Morocco's automotive manufacturing ecosystem is "*really unrivalled in the region*" and that it is one of the countries worldwide that has free trade agreements with both the US and EU.

As Chinese EV battery manufacturers also move to shield themselves from a new wave of US tariffs, Chinese companies such as **Gotion High Tech** are expanding operations in Morocco. Gotion, in a bid to bolster its global supply chain, [announced](#) plans in June 2024 to build Africa's first gigafactory in Morocco in the third quarter of 2026 at a cost of \$5.6 billion. Chinese companies also see an opportunity to engage in Morocco's infrastructure sector as the country prioritises the industry, particularly for major events like the 2030 **FIFA World Cup**. In fact, Chinese contractors have already secured the majority of contracts to construct the 430km high-speed railway linking **Marrakech** to **Kenitra** - further solidifying China's presence in Morocco's infrastructure development.

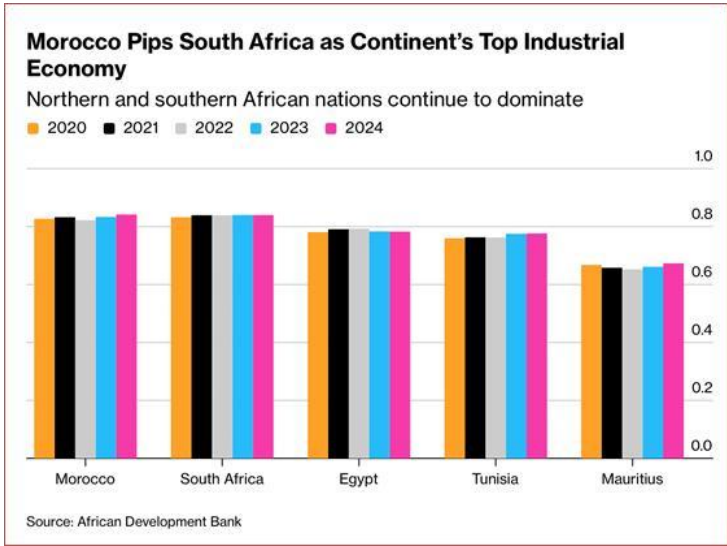
Mezzour’s comments are notable as they come at a time when European authorities have raised concerns about growing Chinese manufacturing investment in Morocco, particularly in the production of electric batteries. However, Mezzour dismissed these concerns and emphasised that Morocco welcomes foreign investments irrespective of their origins. Ultimately, Morocco has become a major hub of Chinese investment in Africa, and the proposed free trade agreement represents the latest strategy by China to deepen its presence, its economic footprint and consolidate its long-term presence in the country.

Increased Chinese investment in Morocco is also likely to strengthen the country’s industrial expansion, further reinforcing the factors that played a key role in it overtaking **South Africa** as the continent’s most industrialised economy (see below). Trade between Morocco and China reached \$10.96 billion in 2025, up from \$9.04 billion in 2024, making it Morocco’s third-largest trading partner globally and its largest in **Asia**. Speaking on the development, a North Africa-focused expert told **ARC Briefing**:

“Morocco is increasingly becoming China’s most important partner in Africa and in the long run could even surpass Beijing’s relationship with South Africa”.

Morocco overtakes South Africa to become Africa’s most industrialised economy

The **African Development Bank’s (AfDB) Africa Industrialization Index** for 2025, published on 25 May, [revealed](#) that Morocco had surpassed South Africa as Africa’s most industrialised economy in 2025 as it continues to upgrade its offering, diversify its exports and implement growth-oriented policies. The report also [indicated](#) that industrial capacity on the continent remains heavily concentrated in **North** and **Southern Africa**. These two regions account for most of Africa’s manufacturing output, export sophistication, and industrial competitiveness.



The AfDB noted in its report that while South Africa remains a continental industrial powerhouse, *“it continues to experience a steady decline in industrial competitiveness”*. South Africa has been impacted by experienced years of state corruption, power shortages, political uncertainty and surging living costs, all of which have discouraged investments and curbed economic growth. As a result, the country’s GDP has expanded by an average of less than 1% annually over the past decade. While South Africa’s GDP growth is [projected](#) to rise to 1.2% in 2026 and 1.6% in 2027, supported by improved energy supply, strong mining activity, and structural reforms, Morocco is [projected](#) to grow at 4.4% in 2026, supported by strong agriculture output and public infrastructure investment, and 4.5% in 2027.

Morocco’s **Haut-Commissariat au Plan’s (HCP)** (high commission for planning) also [revealed](#) in April that Morocco’s growth in Q2 2026 is likely to be around 4.7%, having been measured at 5% in Q1 2026 and 4.1% in Q4 2025. The HCP attributes this continued growth, despite poor global

economic conditions, to resilience in tertiary sectors, continued high domestic demand, and increased agricultural activity.

Morocco's industrial and economic momentum is only expected to grow, while South Africa continues to struggle with longstanding structural challenges that may continue to erode its industrial competitiveness. Meanwhile, Moroccan authorities are likely to view the AfDB's ranking as validation of the country's long-term industrialisation strategy and broader economic reforms.

Central bank leaves interest rates unchanged

Following its quarterly policy meeting on 23 June, the **Bank al-Maghrib (BAM)** (central bank) [opted](#) to hold interest rates at 2.25%, aiming to support borrowing for the construction boom linked to the 2030 FIFA World Cup while guarding against the inflationary risks linked to ongoing geopolitical uncertainty surrounding **Middle East** peace negotiations. BAM first set the rate at 2.25% in March 2025. In a statement, BAM said that a rate pause was appropriate given inflation projections, an uptick in economic activity and "*significant uncertainty surrounding the international economic outlook*". The central bank further [said that](#) the signing of an interim deal between the US and Iran this month "*suggests a gradual normalisation of maritime transport, but economic activity will continue to suffer in the short term from the fallout of this war*".

Morocco's roughly \$160 billion economy has registered its fastest growth since 2021, [expanding](#) by 4.6% in the first quarter of 2026, supported by improved agricultural harvests and a spending boom on infrastructure in preparation for the 2030 World Cup it will co-host with **Spain** and **Portugal**. Inflation has also slowed in the country over the past year and that was seen as paving the way for more monetary easing. However, the outbreak of the Middle East conflict this year resulted in an uptick in energy prices, raising expectations that BAM would respond with a small rate hike to contain inflationary pressures.

Annual inflation in Morocco declined every month from November to February, before increasing to 1.7% in April, the first full month following the outbreak of the **Iran** war. However, inflation cooled to 1.2% in May, aided by a decrease in food prices after abundant rainfall resulted in increased domestic production and supplies. Against this backdrop, BAM's decision to hold rates is seen as a cautious but pragmatic move that will support the economy as it faces growing borrowing needs and large debt repayments, while also helping to protect it from fluctuations in global energy prices. It is also likely that BAM will hold this rate for the remainder of 2026.

Planner

23 Sep 2026 (**Morocco**) Parliamentary elections;
 2026 (**Morocco**) King **Mohammed VI** expected to make a state visit to **France**;
 2026 **Nador (Morocco) Nador West Med** port expected to open

Chronology

27 Jun 2026 **Rabat (Morocco)** *Morocco World News*. Morocco and **China** sign three major customs agreements designed to combat trade fraud, secure international supply chains and modernise port operations through mutual programme recognition and digital collaboration;
 25 Jun 2026 **Rabat (Morocco)** *Morocco World News*. Security chief **Abdellatif Hammouchi** meets with **Iraqi** ambassador **Hayder Shiya Albarrak** to expand bilateral intelligence sharing and counterterrorism cooperation, particularly regarding the repatriation of Moroccan **ISIS** fighters held in Iraq;
 23 Jun 2026 **Rabat (Morocco)** *Morocco World News*. **United States Senate Armed Services Committee** advances a provision directing the **Pentagon** to formulate a comprehensive 10-year plan to deepen military cooperation with Morocco;

22 Jun 2026 **Rabat (Morocco)** *Bloomberg*. Two political parties are reportedly courting **Fouzi Lekjaa**, chairman of the national football association and budget minister, to become their leader ahead of the 23 September parliamentary vote;

17 Jun 2026 **Rabat (Morocco)** *Morocco World News*. **National Social Support Agency** reports government spent MAD 51 billion (\$5.52 billion), nearly 2% of its GDP, by the end of 2025 on its new **Direct Social Aid** programme, which currently supports 3.9 million households;

16 Jun 2026 **Rabat (Morocco)** *Morocco World News*. **Swiss** electronics firm **Cicor Technologies** is relocating part of its **North African** production from **Tunisia** to Morocco, concentrating operations in **Berrechid** and **Temara** after selling its **Tunisian** facility;

13 Jun 2026 **Rabat (Morocco)** *Morocco World News*. The **World Bank** approves two programmes totalling \$650m to advance Morocco's digital transformation strategy and strengthen its financial defences against climate, disaster and cyber risks;

12 Jun 2026 **Rabat (Morocco)** *Morocco World News*. The 13th session of the **Morocco-European Union (EU) Joint Parliamentary Committee** in **Brussels (Belgium)** reaffirms the two parties' commitment to deepening their strategic partnership across security, migration and energy sectors;

12 Jun 2026 **Rabat (Morocco)** *Bloomberg*. Industry minister **Ryad Mezzour** says **China** has asked Morocco to sign a free trade agreement, as Morocco weighs whether closer economic ties with China would benefit its export-oriented manufacturing sector;

11 Jun 2026 **Rabat (Morocco)** *Morocco World News*. The interior ministry urges citizens to register before the 13 June deadline for the September legislative elections, highlighting a massive voter deficit where roughly 12 million eligible Moroccans remain unregistered;

10 Jun 2026 **Rabat (Morocco)** *Morocco World News*. The inaugural **Moroccan-Chilean Economic Forum** concludes with the signing of a joint statement aimed at boosting commercial ties and expanding investment flows between the two nations;

8 Jun 2026 **Yaoundé (Cameroon)** *Cameroon Tribune*. Cameroon and **Morocco** hold discussions aimed at strengthening parliamentary cooperation and bilateral relations;

6 Jun 2026 **Rabat (Morocco)** *Morocco World News*. The newly strengthened **Franco-Moroccan** strategic partnership can serve as an inspiration for global cooperation, according to France's new ambassador to Morocco, **Philippe Lalliot**, who championed rules-based multilateralism at the Paris Peace Forum in Rabat;

4 Jun 2026 **Rabat (Morocco)** *Morocco World News*. The **United States (US)** proposes a 12.5% tariff on Moroccan goods after trade department investigation accuses the country, along with 53 other economies, of failing to enforce a legal ban on forced labour imports;

2 Jun 2026 **Rabat (Morocco)** *Morocco World News*. The **European Union (EU)** and several **European** partners launch a €348m (\$374m) programme to support Morocco's **National Water Plan**, aimed at improving water management and resilience against climate change;

1 Jun 2026 **Rabat (Morocco)** *Reuters*. Morocco's annual trade deficit widens by 18.4% to 127 billion dirhams (\$13.8 billion) in the first four months of this year;

27 May 2026 **Rabat (Morocco)** *Morocco World News*. Foreign minister **Nasser Bourita** meets with his **French** counterpart **Jean-Noël Barrot** meet in Rabat to advance a new strategic treaty that institutionalises the diplomatic reconciliation between the two nations;

About Africa Risk Consulting:

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Please contact us by email info@africariskconsulting.com

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