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 COUNTRY
REPORT



February 2018

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1. Executive Summary

Political and Economic Stability

Morocco has remained stable, compared to its neighbors, and since the Arab Spring, it has introduced a reform framework to address the concerns of Moroccan demonstrators.

These reforms, combined with Morocco's emphasis on developing industrial clusters, are credited in assessing the country's economic and social concerns, at least for the time being.

The economy is still dominated by agriculture (32% of the workforce and 14% of the GDP)

The industrial sector has been steadily gaining ground (21% of the workforce and 30% of the GDP) with new sectors like chemistry, automotive parts, computers, and electronics.

The services sector (47% of the workforce and 57% of the GDP) is dominated by tourism.

Morocco as a Regional Hub

Morocco has invested since 2010 more than USD 15 billion in its transportation infrastructure, building roads, highways, ports, and other transportation services.

This infrastructure development supports Morocco's overarching economic development plan to leverage its location in order to transform the country into a regional hub for North, West and Sub Saharan Africa for shipping, logistics, assembly, production and sales.

Trade Relations

Morocco has an open economy. Trade represents 80% of the GDP (2016).

The main trade partners are Spain (23% of exports and 16% of imports) and France (21% of exports and 13% of imports) followed by Italy, the United States, and China.

The country mainly imports crude oil, telecommunications equipment, wheat, gas and electricity.

Strong domestic demand is expected to lead into a steady increase in imports

Morocco mainly exports textiles, electrical components, fertilizers, citrus fruits and vegetables.

Morocco's status as a trade hub is bolstered by its trade agreements with Persian Gulf, Mediterranean and African nations, the USA, and the EU.

Moroccan businesses are increasingly developing a more international outlook on doing business, opting to expand their opportunities beyond the historically close relations with French business interests.

Competitiveness

Competitiveness will rise among Moroccan producers due to the gradual liberalization of the currency that started in early 2018, which will boost export growth and lead to some import substitution.

Social Risks

In spite of the country's economic growth that jumped to 4.6 percent in 2017, up from 1.2 percent in 2016, unemployment and underemployment remain a key economic and social issue.

There is also a great divide between urban and rural populations as well as between conservatives and progressives (secularists) in the Moroccan society.

2. General information

2.1 Geography

- Area: 446,550 km²
- Border countries: Algeria, Western Sahara and Spain

2.2 Population

- Total Population: 33,546,150
- Natural Increase: 1,4%
- Urban Population: 60.7%
- Density: 79 Inhabitants/km²
- Medium Age: 25 Years
- Religion: Islam is the state religion, practiced by almost the entire population, but freedom of religion exists.

2.3 Language

- Official Language: Arabic and Tamazight (Berber)
- Other Languages Spoken: 60% of the population speaks Moroccan Arabic while 30% to 40% speak Tamazight (Berber).
French is the second language of Morocco and occupies a very important place in public life.
Spanish is also spoken in the north of the country.
English is mostly used by Moroccans who have studied abroad (mainly in the United States).
- Business Language: French is used in a commercial context with Arabic for administration.

2.4 Government

- Type of State: Constitutional Monarchy Kingdom with an elected parliament.
- The monarchy is hereditary; prime minister appointed by the monarch from the majority party following legislative elections. Council of Ministers chosen by the prime minister in consultation with Parliament and appointed by the monarch.
- Current Political Leaders:
King: MOHAMED VI (since July 1999) – hereditary.
Prime Minister: Saad-Eddine al-OTHMANI (since 17 March 2017)

2.5 Currency

- Moroccan Dirham (MAD), 1 EUR = 11.3703 MAD

3. Economy

3.1 General Overview

In recent years, the Moroccan economy has been characterized by macro-economic stability and low levels of inflation. The Moroccan economy remains solid and mainly relies on exports, a boom in private investment and tourism.

Morocco continues to consolidate its public finances. The reform of subsidies has led to a significant reduction in current expenditure, while the increase in customs revenue and domestic taxation has increased revenues. The government deficit declined and the level of debt remained stable (around 64% GDP). Despite its unpopularity, a pension reform for civil servants was implemented.

The objectives of the 2017 Finance Bill were to accelerate the structural transformation of the economy, with a focus on industrialization and export, improving competitiveness and promoting private investment, the training of human capital, the reduction of social and territorial disparities and the strengthening of institutional governance mechanisms.

In 2016, Morocco was particularly active on the African continent and its reintegration into the African Union after more than 30 years of absence was approved in January 2017.

In November 2016, the country hosted the COP22 in Marrakech and is now committed to increase the share of renewable energies to 40% by 2020.

Unemployment, which has been rising in recent years (more than 10%), particularly affects the youth (15-24 years of age) and recent graduates.

The rate of poverty remains one of the highest in the Mediterranean region, with 15% of the population living under the poverty line.

There are also great differences in the levels of development of different regions. In this context, the policy of austerity has raised fears of provoking social unrest. On social issues, Moroccan society is heavily divided between conservatives and progressives.

Strengths

- King Mohammed VI remains generally popular and rule by the monarchy is an acceptable form of governance for the majority of the population.
- Sound commercial and diplomatic relations with the EU and the U.S.
- Economic resilience to volatile agricultural output, particularly resulting from periodic drought.
- Geographic proximity to a very large potential market (Europe) for international investors and traders.
- Although external debt stock has increased in recent years, debt servicing obligations remain manageable.

Weaknesses

- Wide gap between rural and urban standards of living.
- Poverty and unemployment remain high and are a principal cause of social discontent and provide a potential breeding ground for religious militancy.
- Weak record in relation to abuses of human rights and to press freedom.

- Although the monarchy remains popular and some reforms have been implemented there are lingering concerns that the government is merely a vocal expression of palace authority.

| Main Indicators | 2014 | 2015 | 2016 | 2017 | 2018 (e) |
|---|--------|--------|---------|---------|-------------|
| GDP (billions USD) | 109.88 | 100.59 | 103.62e | 105.62e | 110.87 |
| GDP (Constant Prices, Annual % Change) | 2.6 | 4.5 | 1.5e | 4.4e | 3.9 |
| GDP per Capita (USD) | 3,312 | 3,003 | 3,063e | 3,093e | 3,216 |
| General Government Balance (in % of GDP) | -5.7 | -4.4 | -4.9 | -4.4e | -3.5 |
| General Government Gross Debt (in % of GDP) | 63.5 | 64.1 | 64.7 | 64.3e | 63.6 |
| Inflation Rate (%) | 0.4 | 1.5 | 1.6 | 1.2e | 1.5 |
| Unemployment Rate (% of the Labor Force) | 9.9 | 9.7 | 9.4 | 9.3 | 9.5 |
| Current Account (billions USD) | -6.23 | -2.17 | -4.02 | -2.71e | -2.18 |
| Current Account (in % of GDP) | -5.7 | -2.2 | -3.9e | -2.6e | -2.0 |

Table 1: Main Economic Indicators. Source: IMF – World Economic Outlook Database - Latest available data

3.2 Structure of the Economy

Given the richness of Morocco's soil, the economy is dominated by the agricultural sector. This sector employs 32% of the workforce and contributes to nearly 14% of the GDP. Barley, wheat, citrus fruits, grapes, vegetables, olives, livestock and wine are the country's main crops. Economic growth relies heavily on this sector.

Morocco has a relatively small amount of mineral resources. Mining is dominated by phosphates, of which Morocco is the world's third largest producer and leading exporter and is its main source of wealth.

Industry contributes nearly 30% of the GDP and employs one-fifth of the workforce. The main sectors are textiles, leather goods, food processing, oil refining and electronic assembly.

However, new sectors have been booming: chemistry, automotive parts, computers, electronics and aerospace industry. The emergence of new sectors should allow the country to reduce its dependence on the agricultural sector.

The services sector contributes over 55% of the GDP and employs 40% of the workforce. It depends nearly exclusively on tourism, which remains very dynamic despite a slowdown following a series of terrorist attacks in the 2000s. Other than granting concessions for many public services in major towns, the country recently liberalized oil and gas exploration regulations. Calls for tender procedures have become increasingly more transparent.

| Breakdown of Economic Activity By Sector | Agriculture | Industry | Services |
|--|-------------|----------|----------|
| Employment By Sector (in % of Total Employment) | 32.6 | 20.7 | 46.8 |
| Value Added (in % of GDP) | 13.6 | 29.5 | 56.8 |
| Value Added (Annual % Change) | -11.3 | 1.2 | 2.7 |

Table 2: Economic Activity by Sector. Source: World Bank - Latest available data.

3.3 Taxation

- Both resident and non-resident taxpayers are subject to VAT on taxable transactions in Morocco. Non-resident companies must appoint a tax representative to handle VAT obligations.
- Corporate tax rate: 30%
- From MAD 0 to 300,000: 10%. From MAD 300,001 to 1,000,000: 20%. From MAD 1,000,001 to 5,000,000: 30%. Above MAD 5,000,000: 31%
- Leasing companies and credit institutions: 37%
- Opt-in tax for foreign contractors engaged in engineering, construction or assembly projects relating to industrial or technical installations: 8% of the contract price (net VAT and other similar taxes).
- Companies operating in free zones export: 8.75%.
- Companies with regional or international head offices as recognized by the Casablanca Finance City regime: 10%.
- Companies exporting goods and services whose tax-exempt statuses have expired after 5 years: 17.5%
- Reduced rate for the first 5 years for agricultural income earners subject to corporate tax, handicraft companies, private schools and educational institutions: 17.5%
- Mining companies: 17.5%
- Holding companies: USD 500 per year for the first 15 years
- Dividends: 15% unless otherwise provided in a tax treaty, Interest: 10% (a loan granted for 10 years or more is exempt from withholding tax), Royalties: 10% unless otherwise provided in a tax treaty.

4. Consumer Behavior

4.1 Consumer Characteristics

Moroccans are particularly sensitive to price. They are accustomed to a traditional method of supply, as such the availability and confidence of the sellers are important choice criteria.

All the same, it is better if the point of sale is recommended by their close relations.

Moreover, successful selling is often dependent on long-term trusted relationships. It's most likely that business transactions conducted in Darija, the local Moroccan Arabic. French is often used among more educated Moroccans.

Morocco has a young population and large households (4.5 people on average).

Consumer expenditure is unequally distributed. It is concentrated in the urban areas and in the fringe of the most well-off population.

Due to low levels of literacy, visual advertising has the most success, especially billboard advertising. Radio sales are a growing market as well.

4.2 Population

| Distribution of the Population By Age Bracket in % | |
|--|-------|
| Under 5: | 9,6% |
| 6 to 14: | 18,4% |
| 16 to 24: | 19,7% |
| 25 to 69: | 48,8% |
| Over 70: | 3,5% |
| Over 80: | 0,8% |

Table 3: Distribution of Population by Age.

Source: United Nations Population Division, 2010 (latest available data)

4.3 Household Composition

| | |
|--|-------------|
| Total Number of Households (<i>in million</i>) | 5.7 |
| Average Size of the Households | 5.2 Persons |
| Percent of Households of 1 Person | 4.3% |
| Percent of Households of 2 Persons | 11.4% |
| Percent of Households of 3 or 4 Persons | 25.0% |
| Percent of Households of 5 Persons and More | 59.3% |

Table 4: Household Composition. Source: High Commissioner for Planning, 2004; High Commissioner for Planning, 2004. Latest available data

4.4 Household Expenditure

| Household Final Consumption Expenditure | 2014 | 2015 | 2016 |
|---|--------|--------|--------|
| Household Final Consumption Expenditure (Million USD, Constant Price 2000) | 64,053 | 64,053 | 64,053 |
| Household Final Consumption Expenditure (Annual Growth, %) | 3.1 | 3.1 | 3.1 |
| Household Final Consumption Expenditure per Capita (USD, Constant Price 2000) | 1,847 | 1,847 | 1,847 |
| Household Final Consumption Expenditure (% of GDP) | 60.1 | 60.1 | 60.1 |

Table 5: Household Consumption. Source: World Bank, 2015

4.5 Household Expenditure

| Consumption Expenditure By Product Category as % of Total Expenditure | |
|---|-------|
| Food | 41.3% |
| Clothing | 4.8% |
| Housing and energy | 22.1% |
| Domestic appliances | 3.8% |
| Hygiene and medical care | 7.6% |
| Transport and communications | 7.5% |
| Teaching, culture and spare time activities | 3.6% |
| Other expenses | 9.3% |

Table 6: Consumption Expenditure by Product. Source: High Commissioner for Planning, Latest available data

5. Trade Relations

Morocco has an open economy. Trade represents 80% of the GDP (2016).

Morocco's main trade partners are France and Spain, followed by the United States and Italy.

The country mainly imports crude oil, telecommunications equipment, wheat, gas and electricity. It mainly exports textiles, electrical components, fertilizers, citrus fruits and vegetables.

Morocco has a structurally negative trade balance, which continues to deplete its foreign exchange reserves. However in 2015, the deficit was reduced thanks to a decline in energy imports as energy expenditure decreased with the fall in oil prices (MAD 154.2 billion).

In 2016, the trade deficit widened again (MAD 184 billion), with imports (especially capital goods) rising faster than exports. The authorities are trying to address the trade deficit through a series of sectoral plans: 'Emergence' for industry, 'Green Morocco' for agriculture and Morocco Export Plus, which aims to triple the volume of exported goods and services over the next ten years.

Free trade agreements have been signed with the United States, Turkey, Tunisia, Egypt and Jordan. Morocco has also been strengthening its commercial integration with the European Union.

| Foreign Trade Indicators | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|--------|--------|--------|--------|--------|
| Imports of Goods (<i>million USD</i>) | 44,872 | 45,190 | 45,832 | 37,514 | 41,528 |
| Exports of Goods (<i>million USD</i>) | 21,446 | 21,972 | 23,826 | 21,886 | 22,773 |
| Imports of Services (<i>million USD</i>) | 6,578 | 6,418 | 7,693 | 7,039 | 8,604 |
| Exports of Services (<i>million USD</i>) | 14,947 | 13,935 | 15,223 | 13,746 | 15,379 |
| Trade Balance (<i>million USD</i>) | 21,885 | 21,592 | 21,055 | 14,688 | 17,712 |
| Foreign Trade (<i>in % of GDP</i>) | 85.1 | 80.0 | 81.8 | 77.2 | 80.4 |

Table 7: Foreign Trade Indicators. Source: WTO – World Trade Organization; World Bank. Latest Available Data

| Main Customers (% of Exports) | 2016 |
|-------------------------------|-------|
| Spain | 23.3% |
| France | 21.1% |
| Italy | 4.6% |
| United States | 3.5% |
| India | 3.3% |

Table 8: Main Customers-Exports. Source: Comtrade, Latest Available Data

| Main Suppliers (% of Imports) | 2016 |
|-------------------------------|-------|
| Spain | 15.7% |
| France | 13.2% |
| China | 9.1% |
| United States | 6.4% |
| Germany | 5.9% |

Table 9: Main Suppliers-Imports. Source: Comtrade, Latest Available Data

| 22.9 bn USD of products exported in 2016 | |
|--|-------|
| Motor cars and other motor vehicles | 12.9% |
| Insulated incl. enameled or anodized wire, cable | 10.8% |
| Mineral or chemical fertilizers containing two or three of the fertilizing elements nitrogen, phosphorus and potassium | 8.0% |
| Diphosphorus pentoxide; phosphoric acid | 5.0% |
| Women's or girls' suits | 4.4% |
| Natural calcium phosphates and natural aluminum calcium phosphates | 3.3% |
| Molluscs, fit for human consumption, whether in shell or not | 3.3% |
| Prepared or preserved fish | 2.7% |
| Tomatoes, fresh or chilled | 2.2% |
| Electrical apparatus for switching or protecting electrical circuits | 2.0% |

Table 10: Products Exported. Source: Comtrade, Latest Available Data

| 41.7 bn USD of products imported in 2016 | |
|---|------|
| Petroleum oils and oils obtained from bituminous minerals (excl. crude) | 8.5% |
| Motor cars and other motor vehicles principally designed for the transport of persons | 4.8% |
| Wheat and meslin | 3.1% |
| Petroleum gas and other gaseous hydrocarbons | 2.7% |
| Insulated incl. enameled or anodized wire | 2.7% |
| Bodies, incl. cabs, for tractors, motor vehicles for the transport of ten or more persons | 2.6% |
| Parts and accessories for tractors, motor vehicles for the transport of ten or more persons | 1.4% |
| Cane or beet sugar and chemically pure sucrose, in solid form | 1.1% |
| Sulphur of all kinds | 1.1% |
| Coal; briquettes, ovoids and similar solid fuels manufactured from coal | 1.1% |

Table 11: Products Imported. Source: Comtrade, Latest Available Data

6. Greece – Morocco Bilateral Relations

Greek exports reached almost 82,5 million euros in 2016. This is a 147% increase comparing to 2015. Concerning the first 11 months of 2017 the exports witness a further increase.

The main export categories are Mineral Fuels and Machinery & Transport Equipment.

| Exports to Morocco (€) | 2014 | 2015 | 2016 | 11 months of 2017 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Food & Live Animals | 930.762 | 702.197 | 700.251 | 772.558 |
| Beverages & Tobacco | 256 | 34.893 | 3.255 | 66.449 |
| Crude Materials Inedible | 3.428.459 | 1.894.086 | 873.778 | 1.511.655 |
| Mineral Fuels, Lubricants | 27.308.576 | 10.737.762 | 40.150.585 | 68.293.860 |
| Animal and Vegetable Oils, Fats | : | : | : | : |
| Chemicals and Related Products | 5.869.067 | 6.297.581 | 5.985.064 | 6.150.245 |
| Manufactured Goods | 5.156.066 | 5.806.339 | 5.209.110 | 5.617.978 |
| Machinery & Transport Equipment | 8.465.656 | 4.893.063 | 25.559.867 | 7.555.194 |
| Miscellaneous Manufactured Items | 2.526.014 | 2.578.833 | 3.712.659 | 4.094.496 |
| Other Commodities | 1.060.425 | 481.934 | 276.014 | 927.758 |
| Total | 54.745.281 | 33.426.688 | 82.470.583 | 94.990.193 |

Table 12: Greek Exports to Morocco. Source: Eurostat, Latest Available Data

Greek imports from Morocco reached 45 million euros in 2016 showing an increase of 80% comparing to 2015. The first 11 months of 2017 have witnessed a small increase in imports. The main importing categories are Machinery & Transport equipment and Food & Live animals.

| Imports from Morocco (€) | 2014 | 2015 | 2016 | 11 months 2017 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Food & Live Animals | 10.846.138 | 11.706.359 | 19.102.138 | 10.217.516 |
| Beverages & Tobacco | 710 | 90 | 60 | |
| Crude Materials Inedible | 6.827.172 | 12.316.765 | 15.208.109 | 8.560.183 |
| Mineral Fuels, Lubricants | : | : | : | |
| Animal and Vegetable Oils, Fats | : | : | 65.269 | 31.668 |
| Chemicals and Related Products | 170.884 | 825.071 | 9.055.876 | 6.994.381 |
| Manufactured Goods | 381.793 | 367.335 | 887.608 | 847.523 |
| Machinery & Transport Equipment | 13.619 | 24.105 | 1.093.679 | 28.996.603 |
| Miscellaneous Manufactured Items | 142.093 | 140.272 | 214.558 | 222.853 |
| Other Commodities | : | : | : | 850 |
| Total | 18.382.409 | 25.379.997 | 45.627.297 | 55.871.577 |

Table 13: Greek Imports from Morocco. Source: Eurostat, Latest Available Data

7. Sectors

7.1 Food & Drinks

Strengths

- North Africa has a favorable demographic and socio-economic profile, with already large and growing population numbers increasingly concentrated in urban centers.
- The regional food and drink industry is underdeveloped, providing opportunities for importers of premium and value-added processed products.
- North Africa provides multinationals with a low-cost production base for exports within the continent, as well as access to the large regional market.
- Local players can benefit from joint ventures with foreign companies.
- The non-alcoholic drinks industry is relatively developed, benefiting from low consumption of alcoholic drinks due to the prevalence of Islam.

Weaknesses

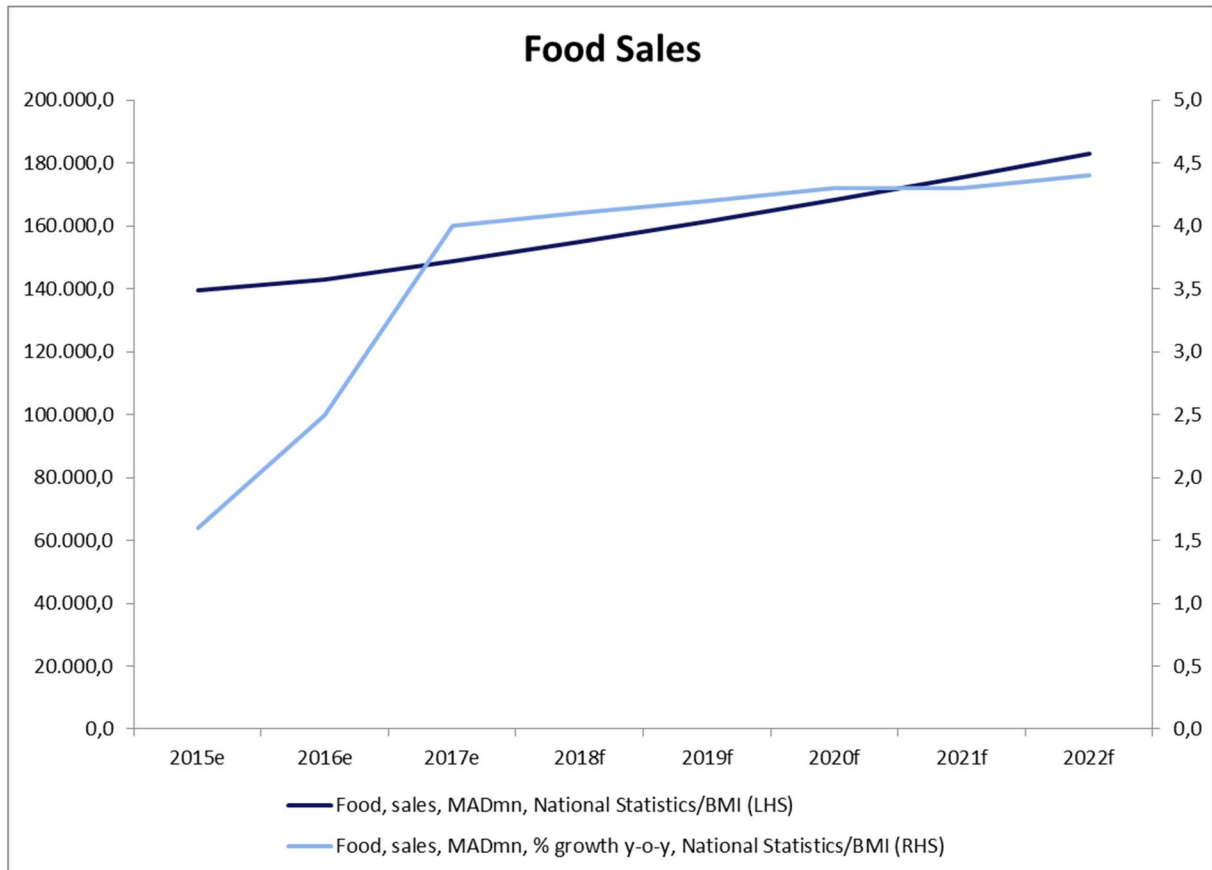
- Per capita spending on food and drink is relatively low in global terms.
- Many rural consumers remain too poor to consume significant amounts of processed food products.
- Infrastructure and modern retailing remain lacking in much of the region, especially outside larger urban centers - hampering better consumer and supplier access to existing MGR outlets.
- There are large income inequalities between urban and rural populations.
- Governments are generally protective of local industries.
- Much of the rural grocery market is supplied by small, independent retailers, limiting exposure to new and higher-value products.

Opportunities

- The unsaturated and fragmented food and drink industry provides plenty of entry opportunities for larger global players, through organic expansion and acquisitions.
- The gradual improvement of purchasing power will provide a base for premiumisation, as well as opportunities to launch novel products.
- The expansion of modern store formats is likely to support the development of food and drink sales over the long term.

Threats

- Consumer purchasing power will continue to suffer from high unemployment levels and the presence of grey economies across the region.
- The slow expansion of organized retail is hampering faster development of food values.
- Political risk in the region continues to unsettle consumer confidence.



Graph 1: Food Sales. Source: National Statistics/BMI

Food sales will grow in line with 2017 rates in 2018 and beyond, as the country continues to benefit from a positive consumer outlook. However, we caution that the pace of expansion, although steady, will not be rapid. The mass grocery retail sector will be a bright spot, benefiting from strong foreign investment, which will in turn allow consumers to shift towards more modern forms of consumption.

Soft drinks sales will continue to expand at a rapid pace in Morocco, owing to a young population, a robust tourism sector and rising disposable incomes. Given the dominant Muslim population, soft drinks will remain favored by the majority of consumers, while sales of alcoholic drinks will largely be driven by tourists.

7.2 Infrastructure

Strengths

- Solid road, airport and port infrastructure.
- Excellent strategic geographical location - bridging Europe and North Africa.
- European firms, notably French and Spanish, are well established and comfortable working in the Moroccan business environment.

Weaknesses

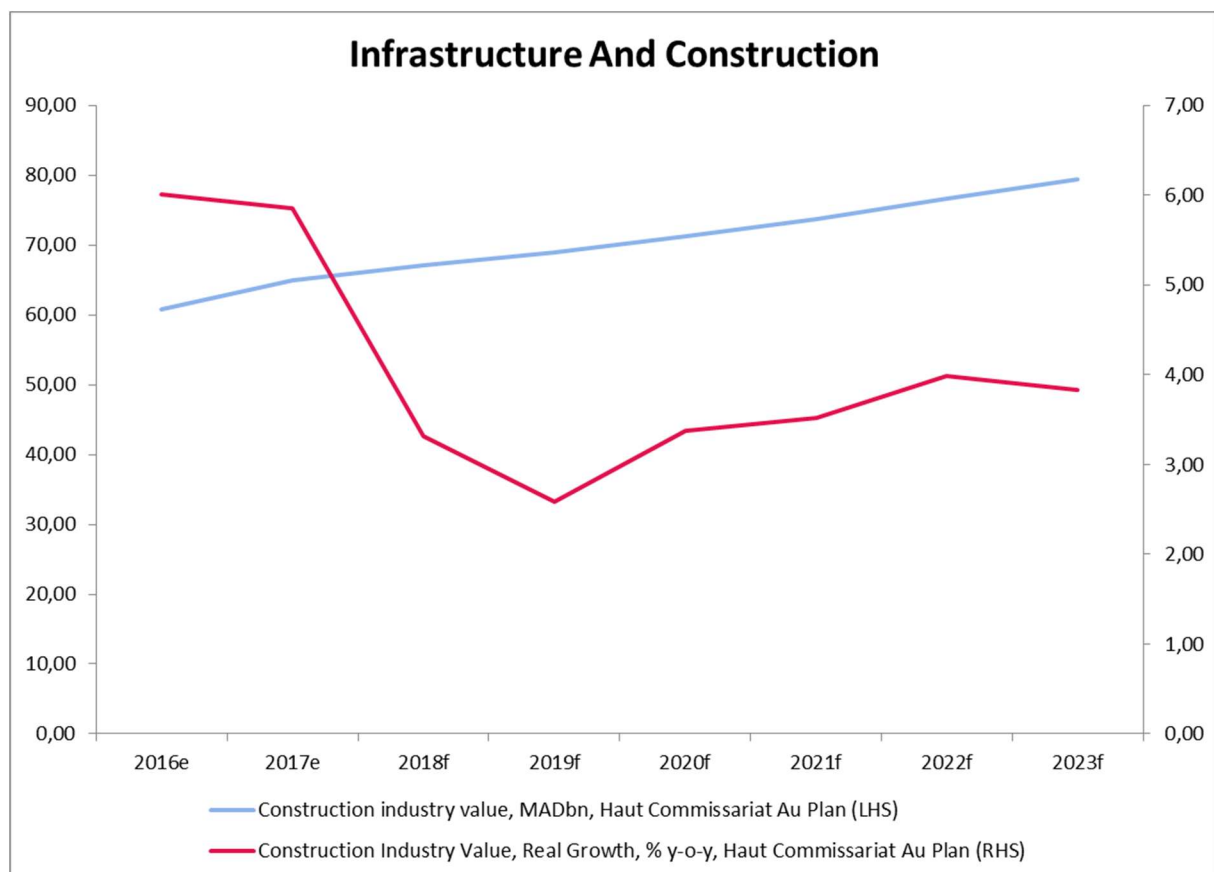
- Electricity shortages, particularly in rural areas.
- Existing infrastructure is still below par compared with European neighbors.
- Ongoing infrastructure deficit, particularly residential units.

Opportunities

- Strong state investment in rail and roads, especially between major population centers.
- Heavy investment in bringing power infrastructure up to scratch, including several renewable energy projects.
- A government commitment to PPPs and positive FDI policies.

Threats

- Over-reliance on agricultural production as a constituent of GDP could hamper economic growth, as it is highly dependent on the rainfall levels.
- Dominant position of French and Spanish companies in the country may limit organic national growth.
- A very strong relationship with French companies may at times make it difficult for other players from other countries to gain entry, particularly in the rail sector.
- Regional security concerns could undermine confidence in the country as a whole.



Graph 2: Infrastructure and Construction Industry Value. Source: Haut Commissariat Au Plan

Short-term growth in Morocco will be primarily driven by a series of high-value rail and power projects currently under construction, with gathering momentum in the country's renewables space offering support over the longer term. Morocco's risk environment and robust legal framework offers upside risk.

Morocco's construction sector is set for a period of modest growth in the coming years. The country's high degree of policy continuity and robust legal framework will facilitate growing levels of international investment, though a lack of big-ticket projects in the pipeline will mean that the country will grow at a slower rate than the Middle East and North Africa as a whole.

7.3 Pharmaceuticals

Strengths

- Swift pharmaceutical approvals process, which takes about 12 months for a new chemical entity.
- Morocco's strategic location as a bridge between Europe, the Middle East and Sub-Saharan Africa offers strong pharmaceutical trade potential.
- Economy has been experiencing high rates of foreign investment and sustained economic growth.
- Per-capita spending on pharmaceuticals compares favorably with other countries in the Maghreb region.

Weaknesses

- Relatively low drug consumption per capita on a global scale.
- Discriminatory pharmaceutical pricing system, which favors locally made medicines.
- Reliance on imported active pharmaceutical ingredients for local manufacturing.
- Lack of access to healthcare in rural areas.
- Generic uptake is being hampered by the lack of monitoring of safety standards.
- Public healthcare expenditure is not expected to see strong growth.
- The Maghreb countries have little prospect of regional harmonization.
- Relatively young population.

Opportunities

- Morocco-US free trade agreement should boost pharmaceutical trade.
- Expanding the compulsory health insurance scheme and the program subsidizing the country's poorest should increase medicine consumption.
- A growing middle class, with higher disposable incomes and greater health awareness, should support OTC sector and private health insurance.
- Reduction of retail mark-ups and VAT for chronic illness medicines should improve access and thus consumption of such treatments.
- Introduction of patent protection has reduced the threat from unauthorized generic products.
- Free trade zones for industrial products to encourage foreign involvement.
- The introduction of pharma-clusters to strengthen the domestic pharmaceutical industry.

Threats

- A significant question mark hovers over whether the current healthcare funding model is sustainable, especially given the ageing population and high drug prices.
- Retail mark-ups for some chronic disease treatment have been capped to protect sufferers from debilitating healthcare costs.
- Corruption is seen as an issue across the industry as a whole.
- The government is expected to negotiate lower drug prices for the Régime d'Assistance Médicale health insurance scheme for those most in need.
- Poorer harvesting conditions represents downside risk to economic growth forecasts, given the economy's reliance on agriculture.
- Unresolved political situation posing downside risks to the country's economic outlook, and thus also to its public sector spending.
- The proposed VAT hike on medicines poses a risk to pharmaceutical market development.

| | 2013 | 2014 | 2015 | 2016 | 2017f | 2018f | 2019f | 2020f | 2021f |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Pharmaceutical sales, <i>USDbn</i> | 1.327 | 1.489 | 1.373 | 1.401 | 1.482 | 1.571 | 1.666 | 1.780 | 1.903 |
| Pharmaceutical sales, <i>USDbn</i> , % <i>y-o-y</i> | 12.44 | 12.20 | -7.81 | 2.08 | 5.75 | 5.99 | 6.11 | 6.83 | 6.92 |
| Pharmaceutical sales, <i>MADbn</i> | 11.165 | 12.532 | 13.385 | 14.190 | 15.085 | 16.083 | 17.165 | 18.337 | 19.606 |
| Pharmaceutical sales, <i>MADbn</i> , % <i>y-o-y</i> | 9.52 | 12.25 | 6.81 | 6.01 | 6.30 | 6.62 | 6.73 | 6.83 | 6.92 |
| Pharmaceutical sales, <i>USD per capita</i> | 39.2 | 43.4 | 39.4 | 39.7 | 41.5 | 43.4 | 45.5 | 48.0 | 50.8 |
| Pharmaceutical sales, % of <i>GDP</i> | 1.24 | 1.35 | 1.35 | 1.35 | 1.42 | 1.44 | 1.46 | 1.48 | 1.50 |
| Pharmaceutical sales, % of health expenditure | 21.6 | 23.1 | 23.6 | 23.8 | 24.1 | 24.4 | 24.7 | 25.0 | 25.3 |

Table 14: Pharmaceutical Sales. Source: UN Comtrade/BMI

The Moroccan pharmaceutical market will continue to be held back by the country's low purchasing power and small pensionable population, which limits demand for high-value chronic disease treatments. The government's commitment to improving healthcare via the expansion of health insurance coverage will be a significant factor for future medicine sales growth; however, generics drugmakers will be the main beneficiaries as the state adopts a pro-generic stance.

8. Business Culture and Communication

8.1 Relationships & Communication

- Moroccans are very careful and indirect in their communication style. Any direct confrontation with a Moroccan could cause a loss of face and hence shame for their family, thereby potentially dooming your future relationship.
- It is considered better to express a criticism through a colleague or friend, rather than face to face. Also, a Moroccan may say one thing in public to avoid awkwardness or shame, but sing a different tune when no longer in the public spotlight.
- A Moroccan adage reminds one to “Praise your friend in public but reprimand him in private.”
- Never eat communal food with your left hand, as this is used for personal hygiene. The right hand is used for greeting and eating.

8.2 Business Meetings Etiquette

- Arriving on time for meetings is important even though you may be kept waiting.
- Beginning with small talk helps establish a base for the relationship, after which discussion of business matters can begin. It is best to allow your host to begin the business discussion. Appropriate small talk topics include: family, sports, coffee.
- Avoid talking and asking about politics, drugs, sex, and religion.
- Interruption and interrupting someone is common practice.
- Meetings can go on for longer than scheduled. Be patient and go with the flow.

8.3 Business Negotiation

- Morocco is a hierarchical society. Decisions come from the top down, even though there ample room for listening to the groups opinion and deliberating.
- Avoid hard selling and any sort of conflict or confrontation.
- Saving face is important to Moroccans and they respond much better to the soft sell with indirect communications. High-pressure sales tactics should be avoided. The French are more receptive to a low-key, logical presentation that explains the advantages of a proposal in full.
- When an agreement is reached, the French may insist it be formalized in an extremely comprehensive, precisely worded contract.

8.4 Dress Etiquette

- Businesspeople tend to dress well, opting for the latest styles.
- **For Men** - Formal suits and ties. Darker colors are the way to go.
- **For Women** - Conservative yet stylish is a good choice. Avoid wearing overly expensive accessories, dresses/skirts cut above the knee, and sleeveless attire.

8.5 Business Cards

- There is no formal protocol surround the giving and receiving of business cards.
- It is best to use the titles Mr., Mrs., and Miss, until you are on a first name basis.

9. Useful Contacts

9.1 Embassy of the Hellenic Republic in Morocco

Embassy in Rabat

Address : 5.5 Km Av. Mohamed VI, Villa Chems Souissi, Rabat 10 100 Maroc

Tel. : (00212537) 638964, 638975

Fax : (00212537) 638990

Emergency Tel: +212 624266264

Website: <https://www.mfa.gr/missionsabroad/morocco/>

E-mail: gremb.rab@mfa.gr

Ambassador: Panagiotis Sarris

Consular Office in Casablanca

Address : 48 Blvd Rachidi, Casablanca 20000

Tel. : (00212522) 277142

Fax : (00212522) 272412

E-mail : grcon.cas@mfa.gr

Head : Despoina Mpoumpalou

Commercial Section (Casablanca)

Address: 48 Blvd Rachidi, Casablanca 20000

Tel: (00212522) 203824

Fax: (00212522) 293760

E-mail: ecocom-casablanca@mfa.gr

Web Site: <http://agora.mfa.gr>

Head: Aggeliki Sarri

9.2 Embassy of Morocco in Athens

Address : 5, rue Marathonodromon, 15452 P. Psychico, Athens

Tel. : (+30) 210 6744209, 6744209

Fax : (+30) 210 6749480

E-mail: athens@embassyofmorocco.gr

Ambassador: Mr Samir Addahre

10. Sources

International Organizations

- OECD: Global Economic Outlook, Economic Surveys
- World Economic Forum: Global Competitiveness Reports
- IMF: Country Information
- International Trade Center
- UNCTAD
- The World Bank
- World Trade Organization: Trade Policy Reviews
- European Commission: Market Access Database, Eurostat
- Fitch Group: BMI Research
- The Economist Intelligence Unit
- Global Affairs Canada: Country Insights
- Euler Hermes: Economic Research, Country Reports

Financial Institutions

- Eurobank: Export Gate
- Rabobank: RaboResearch
- Banco Santander: Santander Trade

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