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Morocco: Country Fact Sheet

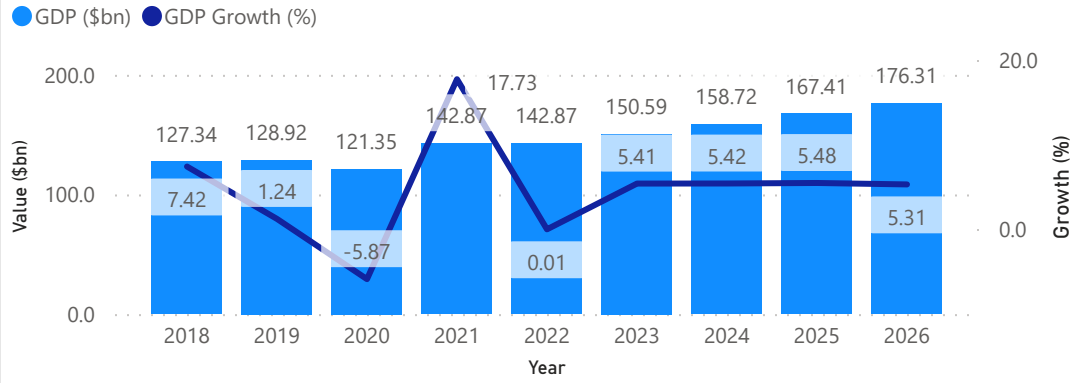
May 2023

Cape Town and the Western Cape – A Leading Regional Economy

1) Economic Overview - Morocco

Hard-hit by the global pandemic, the Moroccan economy contracted sharply in 2020, declining by 5.87% y-o-y, as shown in figure 1. Buoyed by the public administration and manufacturing sectors, the economy grew by 17.73% y-o-y in 2021, moving back into positive growth. While economic growth slowed again in 2022 on the back of lower agricultural output and surging inflationary pressures, strong tourist inflows together with growing industrial potential and rising exports saw the economy record positive growth, albeit just at 0.01%. Looking ahead, Morocco's GDP growth is forecast to expand to USD176.31bn by year 2026 as inflation eases and agricultural activity rebounds.

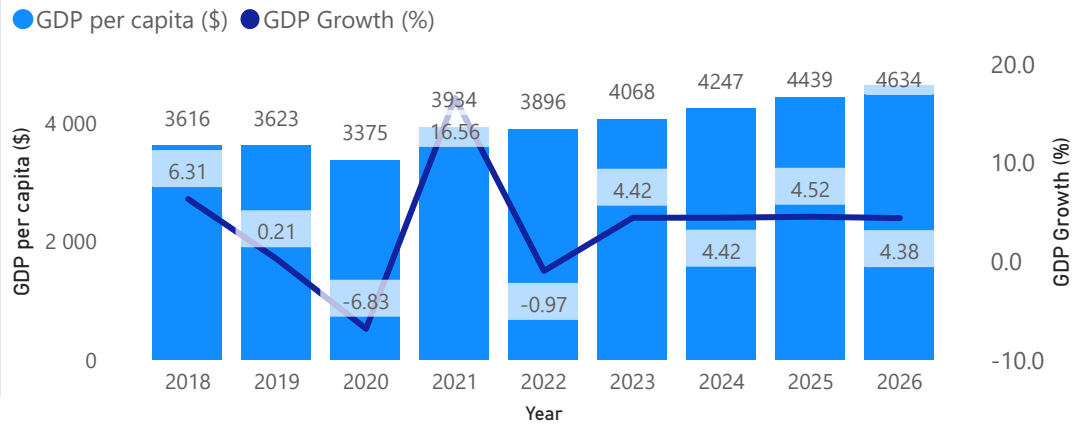
Figure 1: Morocco's GDP, 2018-2026f



Source: Euromonitor, 2023

Figure 2 illustrates how Morocco's GDP per capita has fluctuated in recent years, largely due to the impact of the Covid-19 pandemic. From a value of USD3,615.59 in 2018, GDP per capita rose to USD3,622.68 in 2019 before falling to USD3,375.27 in 2020, some 6.83% lower than the previous year. There has been a recovery in recent years, with GDP per capita at USD3,896.21 in 2022; higher than pre-pandemic values. Prospects are positive, with GDP per capita forecast to grow at an average annual rate of 3.35% per annum over the period 2022-2026 to reach a GDP per capita value of USD4,633.58 by 2026.

Figure 2: Morocco's GDP per capita, 2018-2026f



Source: Euromonitor, 2023

The services sector was the largest contributor to Morocco's GDP, accounting for an estimated 35.73% of the country's total GDP in 2022, as demonstrated in figure 3. Within the services sector, the most significant sub-sectors were public administration, and wholesale and retail trade. The industrial sector was the second-largest contributor, accounting for around 27.24% of the country's total GDP encompassing manufacturing, construction and mining. The primary sector (Agriculture, hunting, forestry and fishing) contributed the remaining GDP at approximately 13.82%, and other sectors, such as energy and water supply accounted for around 3.14% of the country's total GDP.

Figure 3: Morocco's Sector Contribution to Gross Value Added (%), 2022



Source: Euromonitor, 2023

2) Trade

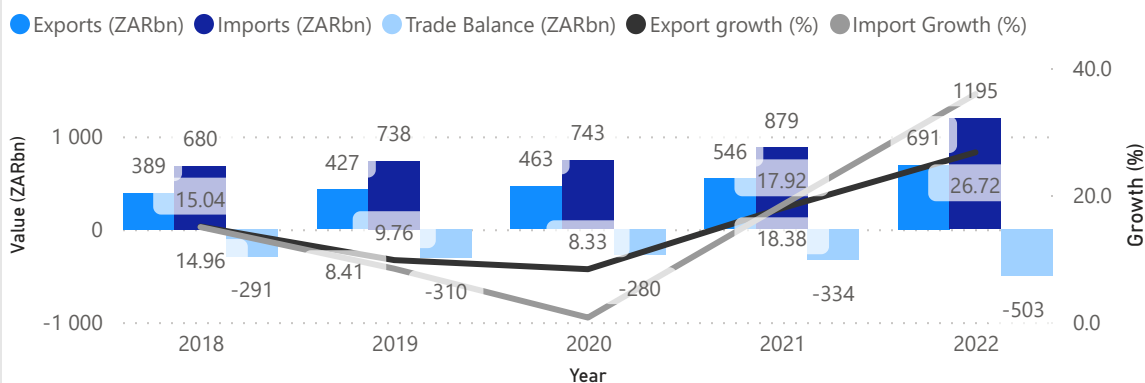
2.1) Morocco's Global Trade

Morocco's global trade balance remained firmly in deficit over the period 2018 - 2022, with the trade shortfall widening in 2022 despite a 26.72% y-o-y increase in export earnings to a value of ZAR691.47bn. A sharper rise in import costs underpins the widening of the deficit, with import costs reaching ZAR1,194.65bn in 2022, up from ZAR879.22bn incurred in 2021.

The trade shortfall totaled ZAR503.18bn in 2022, from a deficit of ZAR333.53bn recorded in 2021.

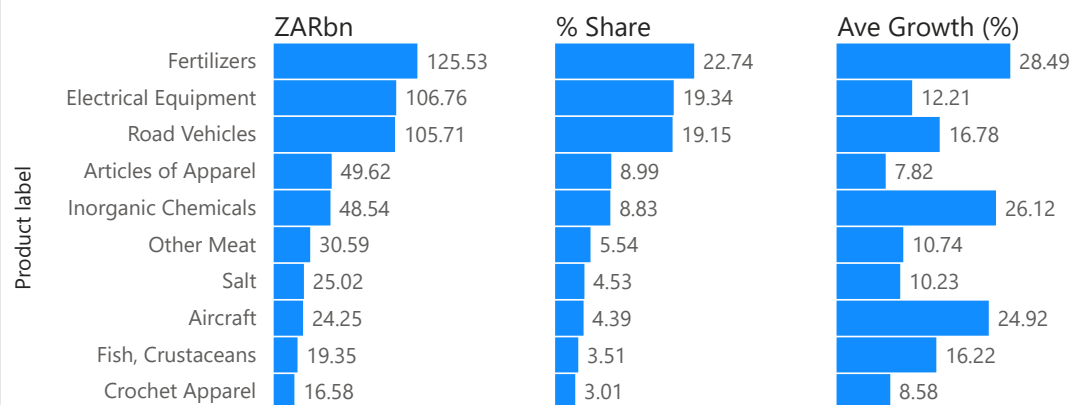
The country's largest export product category in 2022 was fertilizer, which at a value of ZAR125.53bn, was equivalent to a 22.74% share of total export earnings. Electrical equipment was the second largest export category at ZAR106.76bn, equivalent to 19.34% of total export earnings. Road vehicles followed at ZAR105.71bn (19.15%). Fertilizers have been the fastest growing export category in recent years, growing at an annual average rate of 28.49% from 2018 to 2022. This can be ascribed in part to global fertilizer price trends which have surged in recent years. Inorganic chemicals and aircrafts followed with average growth rates of 26.12% and 24.92% respectively.

Figure 4: Morocco's Global Trade, 2018-2022



Source: Euromonitor, 2023

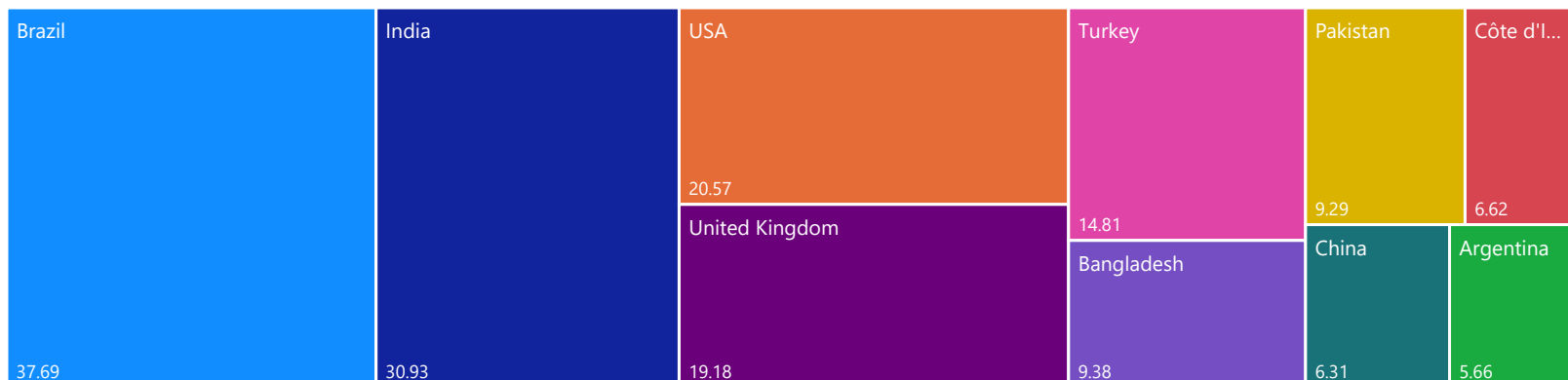
Figure 5: Morocco's Top Export Products, 2022: (Average Growth: 2018-2022)



Source: Euromonitor, 2023

Brazil, India and the United States of America (US) were Morocco's top three export destination markets in 2022, collectively accounting for more than 55% of total exports in 2022. Brazil was the country's largest export market in 2022, having received goods to the value of ZAR37.69bn, equivalent to 23.49% of Morocco's global exports in the said year. Goods to the value of ZAR30.93bn and ZAR20.57bn were exported to India and US respectively. Asia however remains the country's top destination region with four of the top ten export markets located on that continent.

Figure 6: Morocco's Top Export Markets (ZARbn), 2022

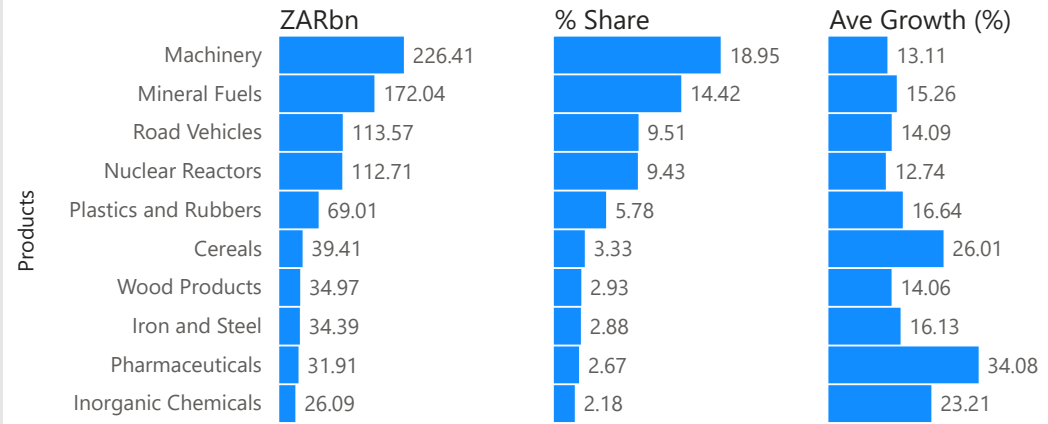


Source: Euromonitor, 2023

Regarding imports, machinery dominated in 2022 at an associated cost of ZAR226.41bn. Mineral fuels placed second at an import cost of ZAR172.04bn (14.42%), followed by road vehicles at ZAR113.57bn (9.51%).

Pharmaceutical product imports have grown significantly in recent years, recording a five-year average annual growth rate rate of 34.08%. This was followed by cereals with an average annual growth rate of 26.01% and inorganic chemicals (23.21%).

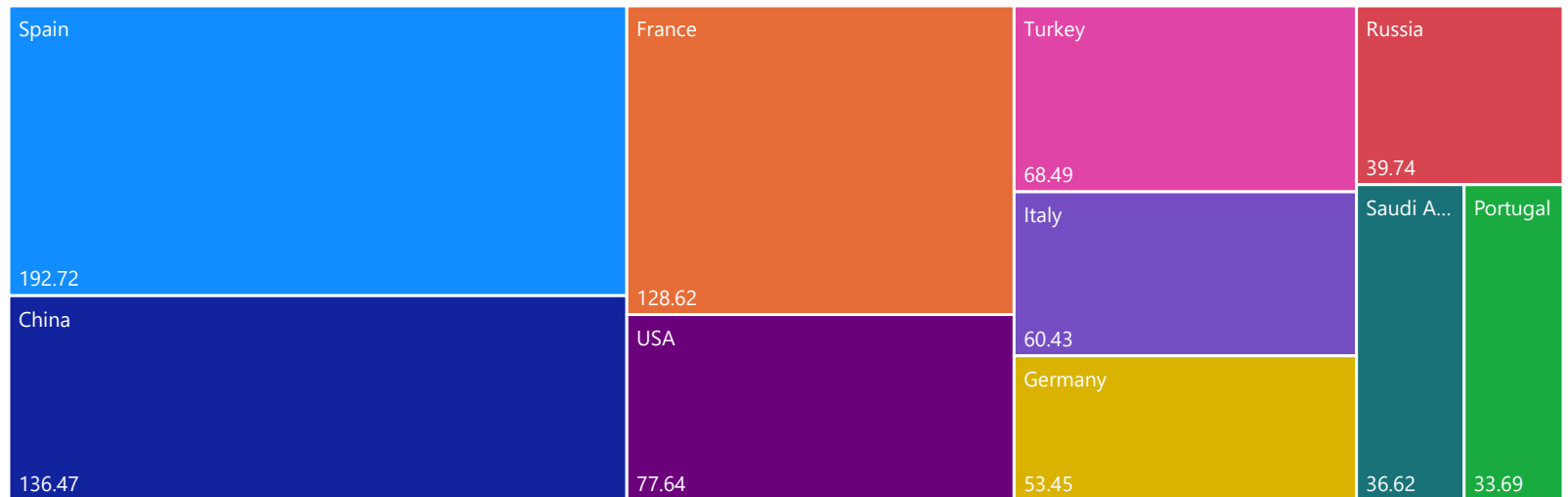
Figure 7: Morocco Top Import Products, 2022: (Average growth: 2018-2022)



Source: Euromonitor, 2023

A number of European countries, as well as the US and Turkey were Morocco's dominate import source markets in 2022. As indicated below, Spain was the main source market for goods entering Morocco, accounting for ZAR192.72bn worth of imports in 2022. China was second-largest top source market for Morocco, with imports from the Asian market totaling ZAR136.47bn in 2022. Six European nations were among the top 10 source markets for the north-African nation.

Figure 8: Morocco Top Import Markets (ZARbn), 2022



Source: Euromonitor, 2023

2.2) Trade Agreements and developments

Morocco is a signatory to numerous bilateral and multilateral trade agreements, including the US-Morocco Free Trade Agreement, which has helped to increase foreign investment in the country. Morocco has preferential trade agreements with 62 countries and the country recently signed bilateral agreements with three other African countries, namely, Guinea, Mauritania and Senegal. Furthermore, a number of other African countries have agreements with Morocco through multilateral agreements. This means that a small number of goods, including a few agricultural and fishery products and some number of semi-finished goods, have been exempted from customs duties for the country in Northern Africa.

The Moroccan government council adopted a bill ratifying the agreement to establish the African Continental Free Trade Area (AfCFTA) on February 22, 2019. The goal is to establish a single market for goods and services across 54 countries, allow the free movement of business travelers and investments, and create a continental customs union to streamline trade and attract long-term investment. The agreement is seen as critical for growth and job creation in Africa and its 1.27 billion people.

2.3) Bilateral Trade: South Africa and Morocco

South Africa's trade with Morocco has increased sharply in recent years, with exports rising from a value of ZAR0.97bn in 2018 to ZAR1.53bn in 2022, before surging to ZAR6.84bn in 2022; an increase of 345.62% y-o-y on 2021's value. This massive growth can largely be ascribed to a significant increase in coal-related product exports to Morocco in 2022, which surged by 380% y-o-y to a value of ZAR6.198bn up from ZAR1.275bn earned in 2021. Morocco was South Africa's 42nd largest export market in 2022.

In turn, South Africa's imports from Morocco have remained relatively flat in recent years, fluctuating between ZAR0.92bn in 2018 and ZAR2.02bn in 2022. Morocco was South Africa's 65th largest import market in 2022.

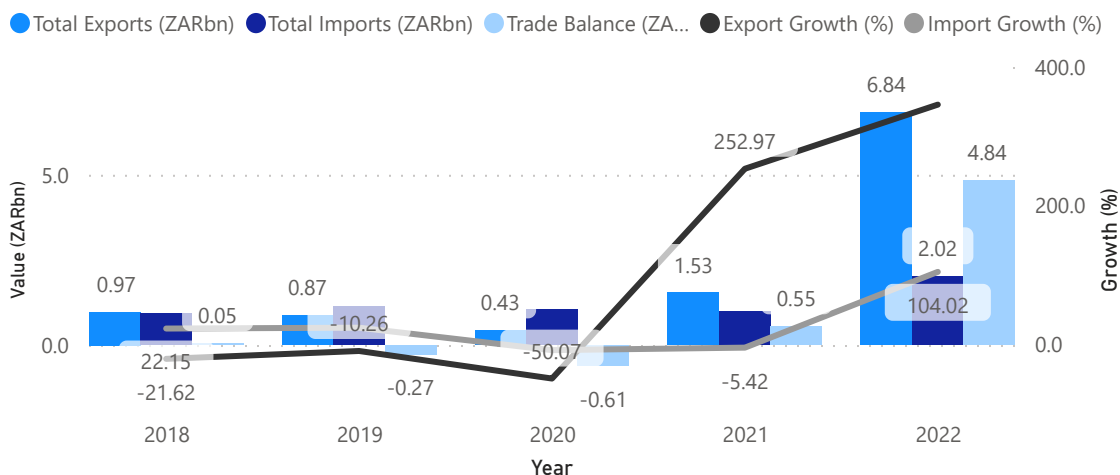
As noted above, South Africa's top export product to Morocco in 2022 was coal-related products, which at a value of ZAR6,198.09m accounted for 90.66% of the total exports to the country. Float glass, and chemical wood, at values of ZAR192.81m and ZAR76.45m respectively, were the second and third largest exports to the north-African.

Coal product exports have recorded robust growth over the past five years, increasing at an average rate of 413.42% per annum. This can be attributed to Morocco's bid to secure alternative energy sources from Russian supplies, as well as global coal price developments since early 2022.

South Africa's top import category from Morocco in 2022 was frozen fish. South Africa imported ZAR1,240.29m worth of fish from the north - African country in 2022, representing a 62.05% share of import costs last year. Of interest is that a number of the top 10 imports from Morocco were from the agriculture sector.

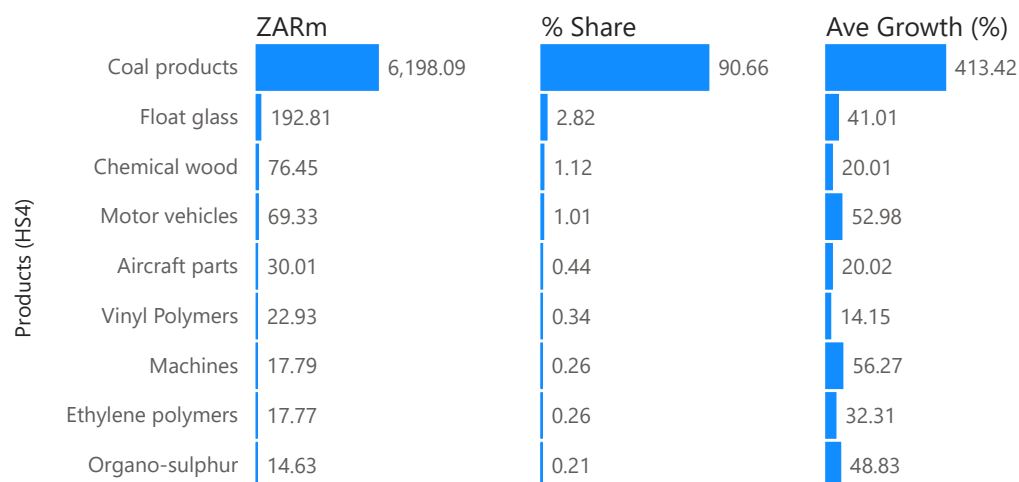
Waste and scrap imports have also increased notably in recent years, growing at an average of 13,419.06% per annum from 2018 to 2022, albeit off a very low base.

Figure 9: South Africa's Trade with Morocco, 2018-2022



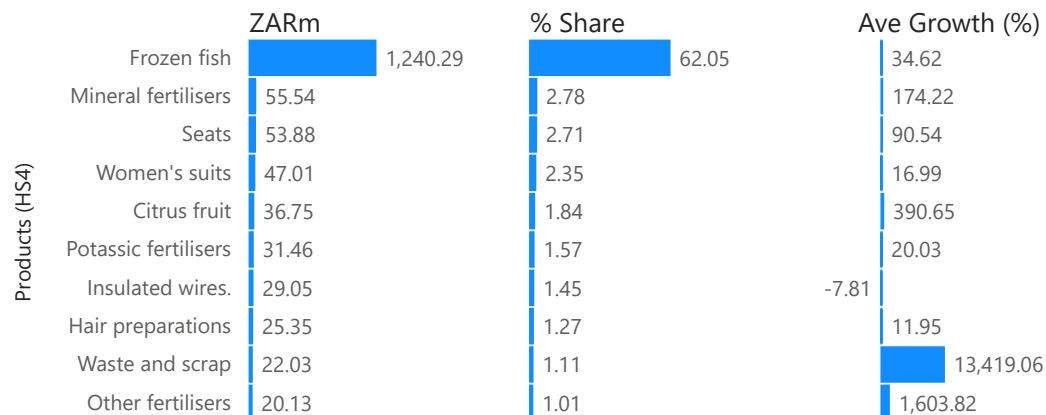
Source: Quantec, 2023

Figure 10: South Africa's Top Exports to Morocco, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

Figure 11: South Africa's Top Imports from Morocco, 2022: (Average Growth: 2018-2022)

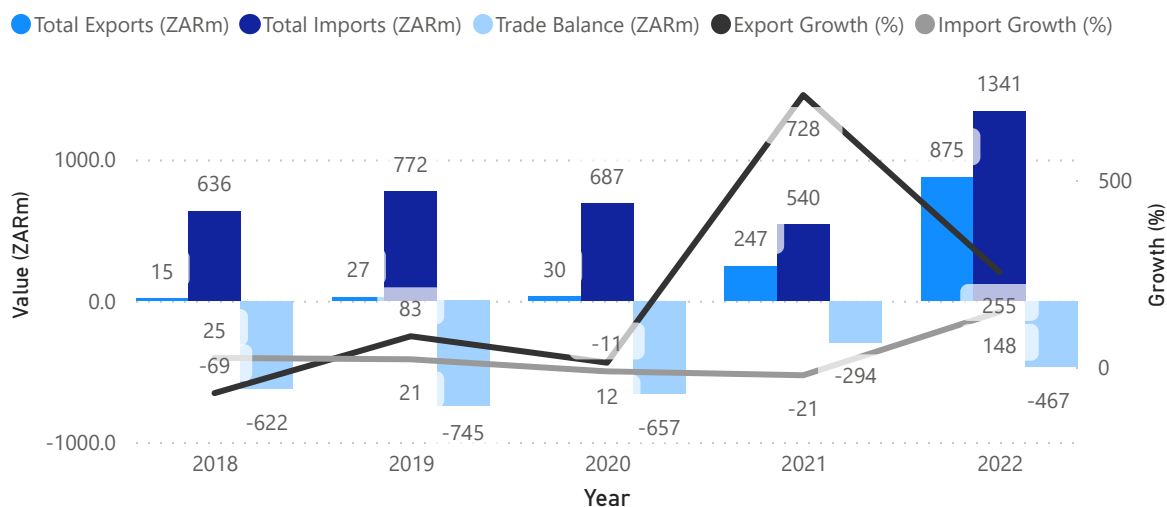


Source: Quantec, 2023

2.4) Bilateral Trade: Western Cape and Morocco

Morocco was the Western Cape's 39th largest export partner in 2022, with exports to the country growing at an average rate of 201.66% per annum from 2018 to 2022. In step with national developments, the Western Cape's exports to Morocco surged in 2022, increasing from a value ZAR246.63m in 2021 to ZAR874.57m in 2022, an increase of 254.61% y-o-y. Morocco was the Western Cape's 40th largest import market in 2022. Import costs totaled ZAR1,341.31m in 2022, an increase of 148.24% y-o-y on 2021's cost of ZAR540.32m. The Western Cape recorded a trade deficit with Morocco throughout the period analysed.

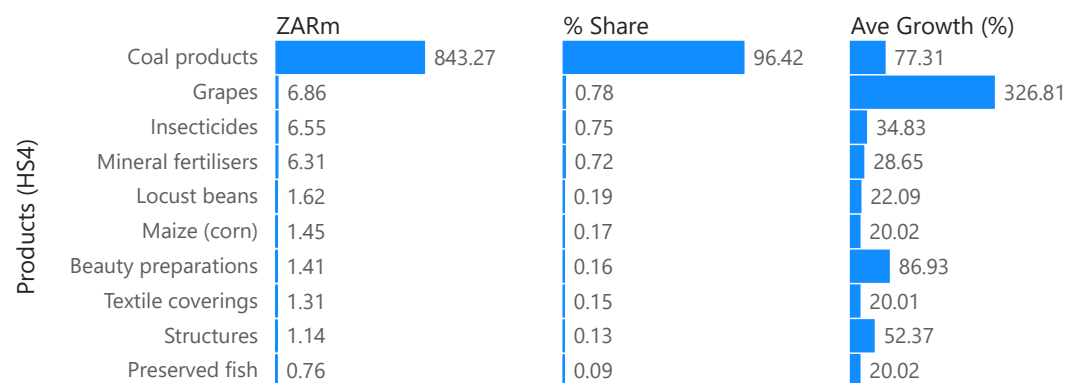
Figure 12: Western Cape's Trade with Morocco, 2018-2022



Source: Quantec, 2023

As can be observed in Figure 13, more than half of the Western Cape's top ten exports to Morocco were from the agribusiness sector. Coal-related products were the Western Cape's largest export to Morocco at a value of ZAR843.27m accounting for 96.42% of exports in 2022. This was followed by exports of grapes at ZAR6.86m, and insecticides at ZAR6.55m. Exports of grapes increased at an average annual rate of 326.81% from 2018 to 2022, while beauty preparations increased at an annual 5-year average rate of 86.93% over this period.

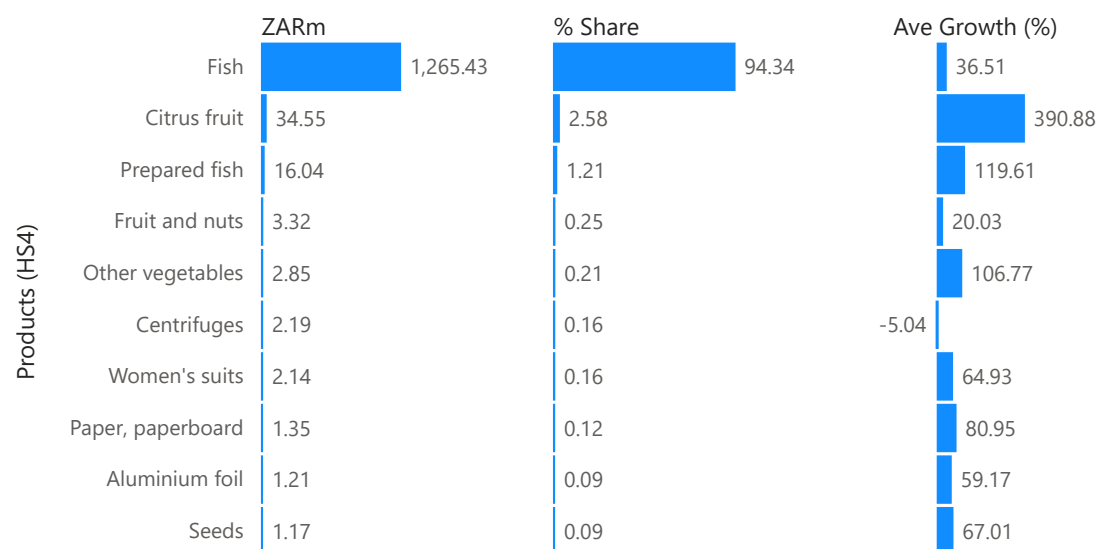
Figure 13: Western Cape's Top Exports to Morocco, 2022: (Average Growth : 2018-2022)



Source: Quantec, 2023

At an associated import cost of ZAR1,265.43m, fish was the Western Cape's largest import from Morocco in 2022, accounting for 94.34% of the total value of imports in that year. Citrus fruit was the second largest import (ZAR34.44m), while prepared fish (ZAR16.04m) took third place. The province's top 10 imports from Morocco were heavily concentrated in the primary agriculture sector.

Figure 14: Western Cape's Top Imports from Morocco, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

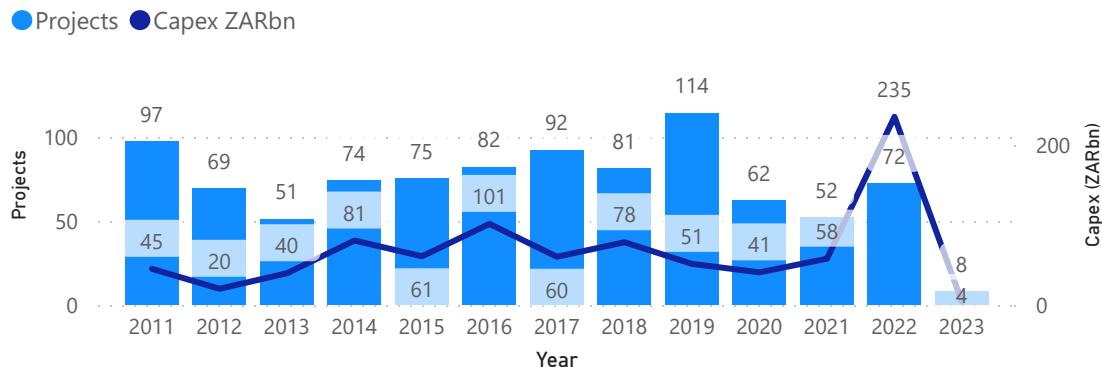
3) Foreign Direct Investment

3.1) FDI in Morocco

Morocco has been successful in attracting foreign direct investment (FDI) in recent years due to its strategic location, strong infrastructure, and pro-business environment.

Morocco attracted 929 inward FDI projects with a Capex value of ZAR875.85bn from 2011 to March 2023. These investments were made by 735 companies and a total of 208,251 jobs were created as a result. Inward FDI as measured by capex peaked in 2022 at ZAR235.28bn. This was due to tax incentives and the establishment of free trade zones by the government.

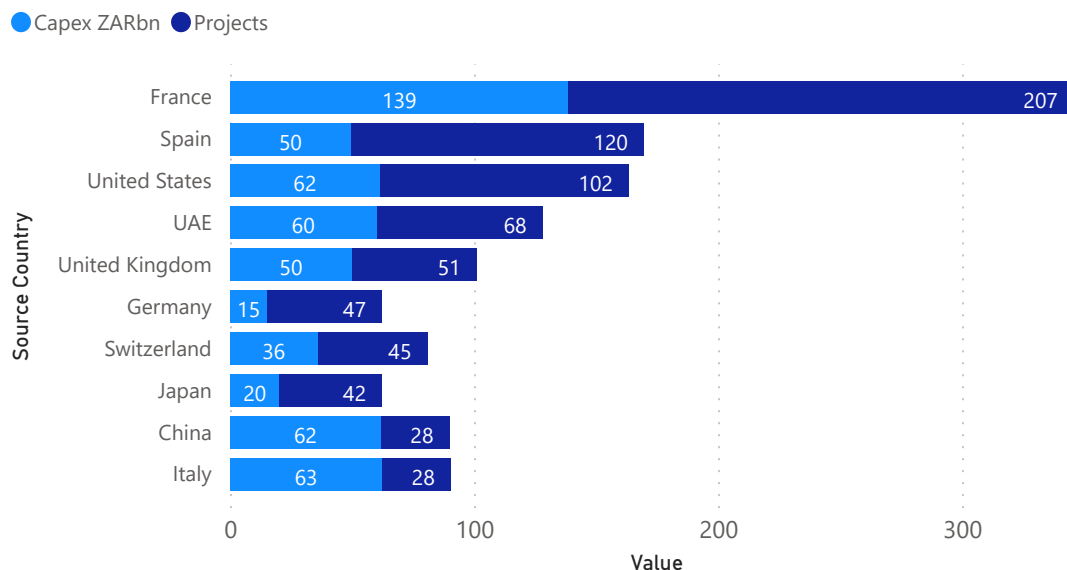
Figure 15: FDI in Morocco, 2011-2023



Source: FDI Markets, 2023

France was the top source market for FDI into Morocco from 2011 to March 2023 both in terms of capex and number of projects. Figure 16 shows that France invested in 207 projects with a capex value of ZAR138.91bn. Spain and the US were the second and third largest source markets when measured by the number of projects, with those countries investing in 120 and 102 projects worth ZAR49.73bn and ZAR61.53bn respectively. Europe remains the top source region for FDI into Morocco, with six of the top ten source countries from Europe.

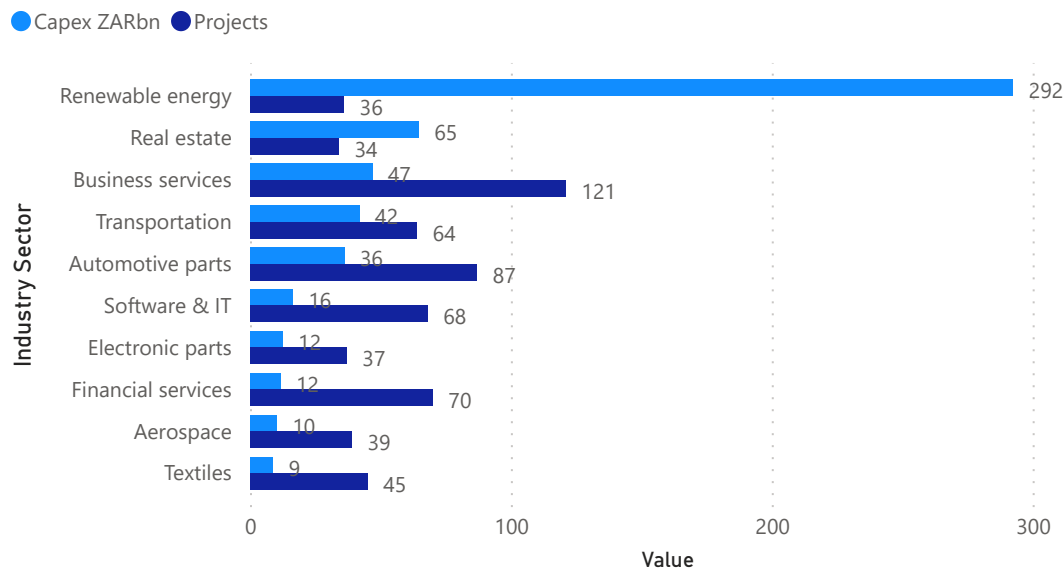
Figure 16: FDI in Morocco by Source Markets, 2011-2023



Source: FDI Markets, 2023

The north-African country's renewable energy potential has positioned the country on investors' radars across the world, with a number of investors reportedly looking to combine Morocco's solar and wind potential to produce green hydrogen. As can be seen in figure 17, the country's renewable energy sector attracted the most investments (as measured by capex) from 2011 to 2023 with FDI amounting to the value of ZAR292.42bn directed to this sector. When measured by number of projects, the business services sector was the largest recipient of FDI, recording 121 projects worth ZAR46.78bn over the period analysed.

Figure 17: FDI in Morocco according to Sector, 2011-2023

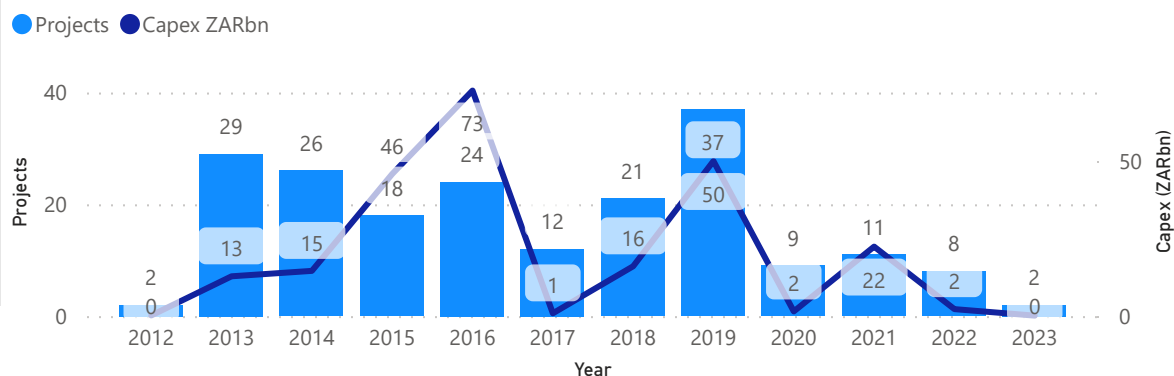


Source: FDI Markets, 2023

3.2) Global Outward Foreign Direct Investment (OFDI) From Morocco

Morocco actively invests beyond its own borders, and OFDI is expected to continue growing in the coming years, driven by the government's efforts to diversify the economy and increase trade and investment relations with other countries. From 2011 to March 2023, Morocco invested in 205 projects globally at a capex value of ZAR240.8bn, which generated 24,583 jobs worldwide. This can be seen in figure 18.

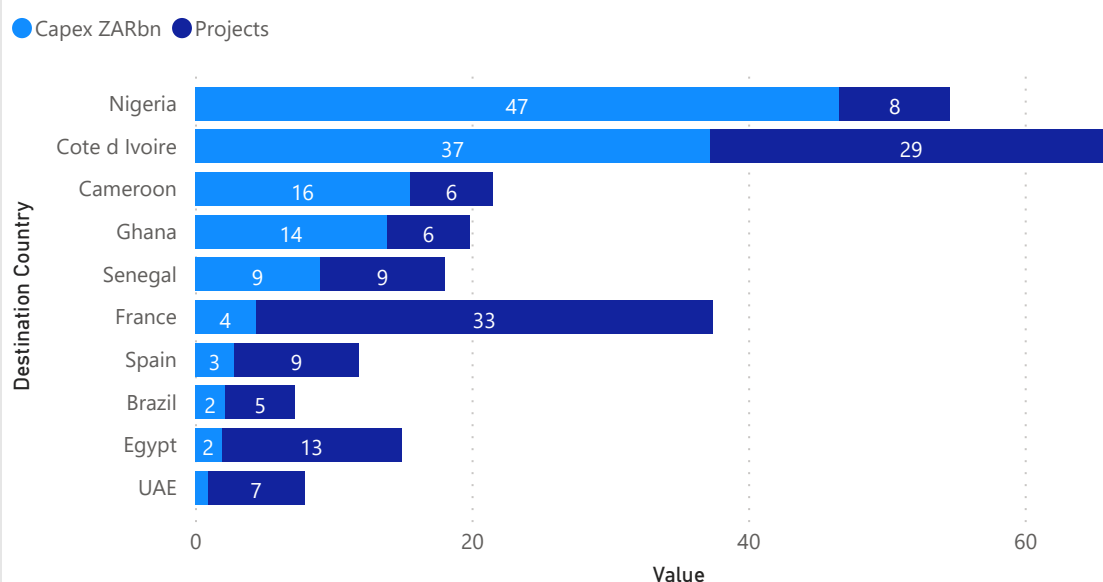
Figure 18: Trends in OFDI from Morocco, 2011 -2023



Source: FDI Markets, 2023

Moroccan OFDI is largely focused on the African continent, with a particular interest in French-speaking countries like Senegal, Côte d' Ivoire, and Cameroon when measured by number of projects. However, as shown in figure 19, Nigeria was the leading destination market for OFDI from Morocco in terms of capex, having benefited from investments valued at ZAR46.61bn. This was followed by Côte d'Ivoire and Cameroon each of which received investments worth ZAR37.29bn and ZAR15.56bn respectively.

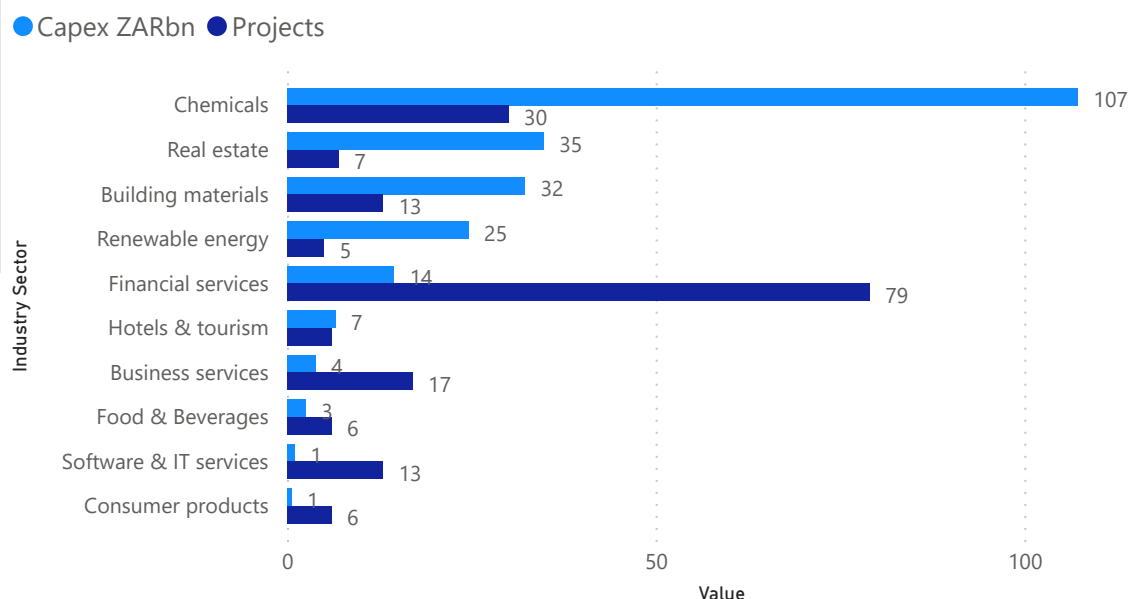
Figure 19: OFDI from Morocco according to Destination Markets, 2011 -2023



Source: FDI Markets, 2023

Africa remains the top destination region for FDI from Morocco, with the continent benefiting from 71 projects worth ZAR124.34bn in capital expenditure. In addition to Africa, Morocco is also expanding its OFDI in Europe, particularly in France, Spain, and Portugal.

Figure 20: OFDI from Morocco according to Top Sectors, 2011 -2023



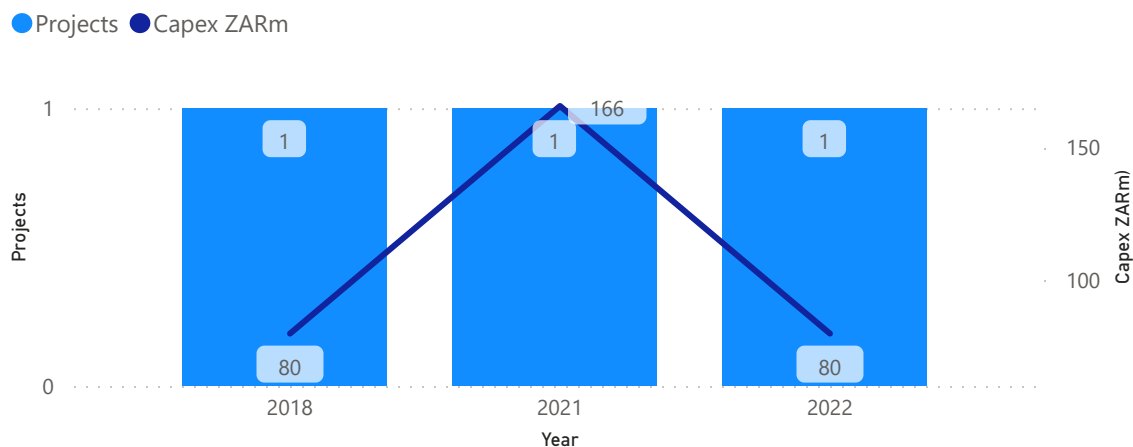
Source: FDI Markets, 2023

The chemicals sector was the preferred industry of choice for Moroccan investments abroad. This sector attracted investments worth a capex value of ZAR107.23bn in 30 projects from 2011 to March 2023, as shown in Figure 20. The real estate sector also benefited from OFDI worth ZAR34.77m which was invested in seven projects during this period.

3.3) Bilateral FDI: Morocco's FDI in South Africa

As shown in Figure 21, FDI from Morocco to South Africa was less robust. Morocco invested in three projects in South Africa, worth a total capex value of ZAR325.21m. These three projects generated 99 jobs.

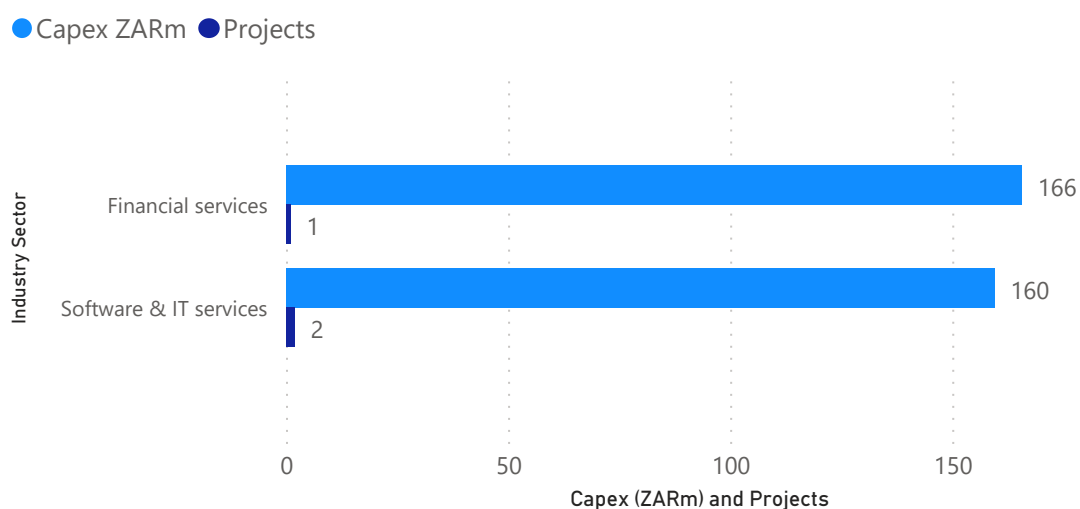
Figure 21: FDI from Morocco in South Africa, 2011-2023



Source: FDI Markets, 2023

South Africa's financial services sector was the main recipient of Morocco's FDI from 2011 to 2023, at a capex value of ZAR165.67m. When measured according to the number of projects, the software & IT services sector attracted the most FDI in South Africa from Morocco with two projects valued at ZAR159.54m. As a result of both investments, 99 jobs were created.

Figure 22: FDI from Morocco in South Africa according to Sectors, 2011-2023



Source: FDI Markets, 2023

Hightech Payment Systems and Societe Central de Reassurance were the two Moroccan companies that invested in South Africa, as shown in figure 23. Hightech Payment Systems invested in two projects in South Africa's software and IT services sector, at a capex value of ZAR159.54m and generated 18 jobs. Societe Centrale de Reassurance invested in one project at a value of ZAR165.67m and generated 81 jobs.

Figure 23: Morocco Companies Investing in South Africa, 2011-2023

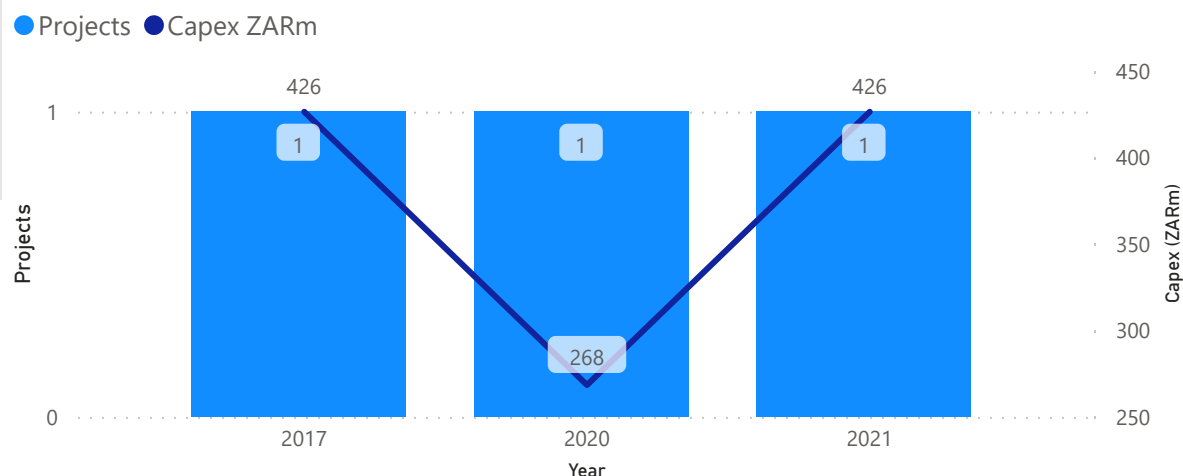
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Societe Centrale de Reassurance	1	165.67	81	Financial services
Hightech Payment Systems (HPS Worldwide)	2	159.54	18	Software & IT services
Total	3	325.21	99	

Source: FDI Markets, 2023

3.4) Bilateral FDI: South Africa's FDI in Morocco

FDI from South Africa to Morocco in terms of capex reached its peak in years 2017 and 2021, when ZAR426.45m was invested, as shown in Figure 24. Morocco also benefited from South African FDI to the value of ZAR268.45m in 2020 when Aspen Pharmacare Holdings invested in the pharmaceutical sector. Investment by South African companies into Morocco totaled ZAR1,121.53m over the period analysed.

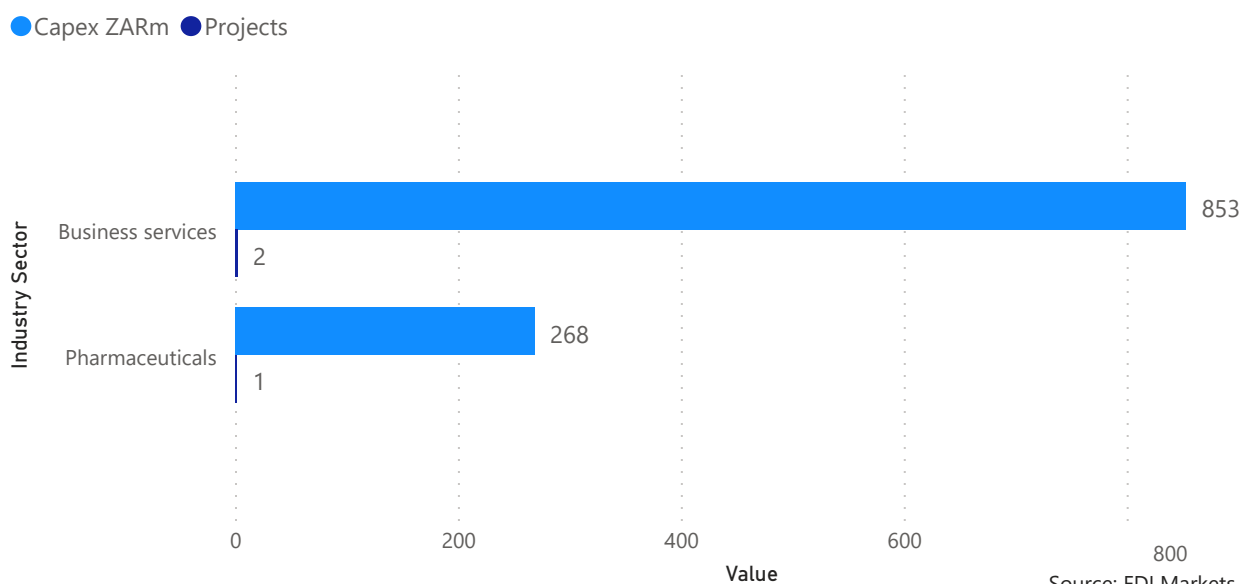
Figure 24: FDI from South Africa in Morocco, 2011-2023



Source: FDI Markets, 2023

Figure 25 shows that the business services sector in Morocco attracted the most FDI from South Africa, at a capex value of ZAR852.91m from 2011 to 2023. This was followed by the pharmaceuticals sector benefiting from FDI worth ZAR268.45m.

Figure 25: FDI from South Africa in Morocco according to Sector, 2011-2023



Source: FDI Markets, 2023

Figure 26 lists the South African companies that have invested in Morocco over the last 12 years. Africappractice and IBIS Consulting invested in two capital-intensive projects in the business services sector, at a capex value of ZAR426.45m on each project. Aspen Pharmacare Holdings also made a significant investment in Morocco, at a capex value of ZAR268.45m.

Figure 26: South Africa Companies Investing in Morocco, 2011-2023

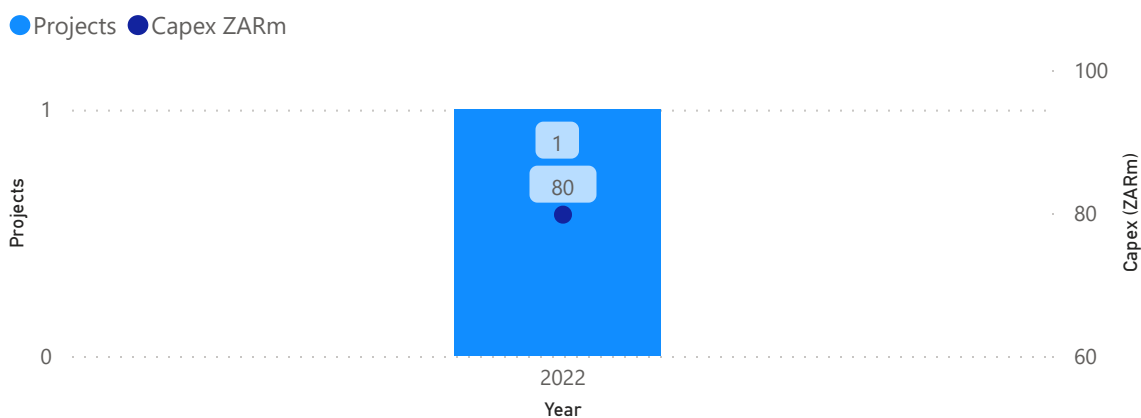
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Africappractice	1	426.45	46	Business services
IBIS Consulting	1	426.45	46	Business services
Aspen Pharmacare Holdings	1	268.45	231	Pharmaceuticals
Total	3		323	

Source: FDI Markets, 2023

3.5) Bilateral FDI: Morocco's FDI in the Western Cape (WC)

Figure 27 shows that from 2011 to 2023, Morocco invested in a single project in the Western Cape at a value of ZAR79.77m, which generated nine jobs.

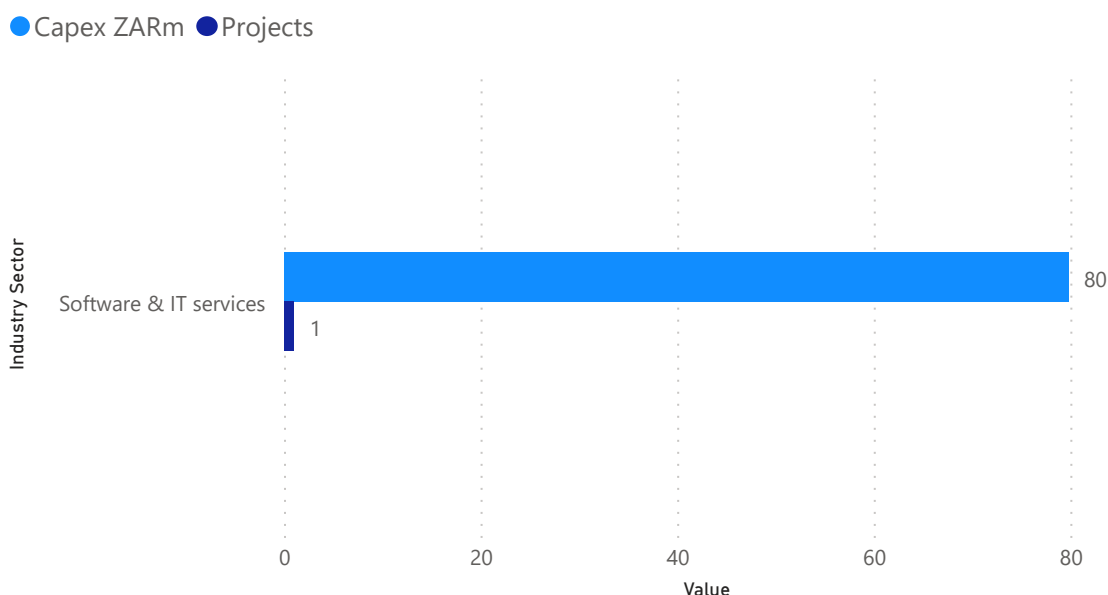
Figure 27: FDI from Morocco in the Western Cape, 2011-2023



Source: FDI Markets, 2023

The Software & IT services sector was the one sector that benefited from an FDI project from Morocco. Figure 28 shows that a total of ZAR79.77m was invested in a single project in this sector.

Figure 28: FDI from Morocco in the Western Cape according to Sector, 2011-2023



Source: FDI Markets, 2023

Figure 29 highlights that Hightech Payment Systems was the only company from Morocco that invested in the Western Cape from 2011 to 2023. The company invested an amount worth ZAR79.77m.

Figure 29: Moroccan Companies Investing in the Western Cape, 2011-2023

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Hightech Payment Systems (HPS Worldwide)	1	79.77	9	Software & IT services

Source: FDI Markets, 2023

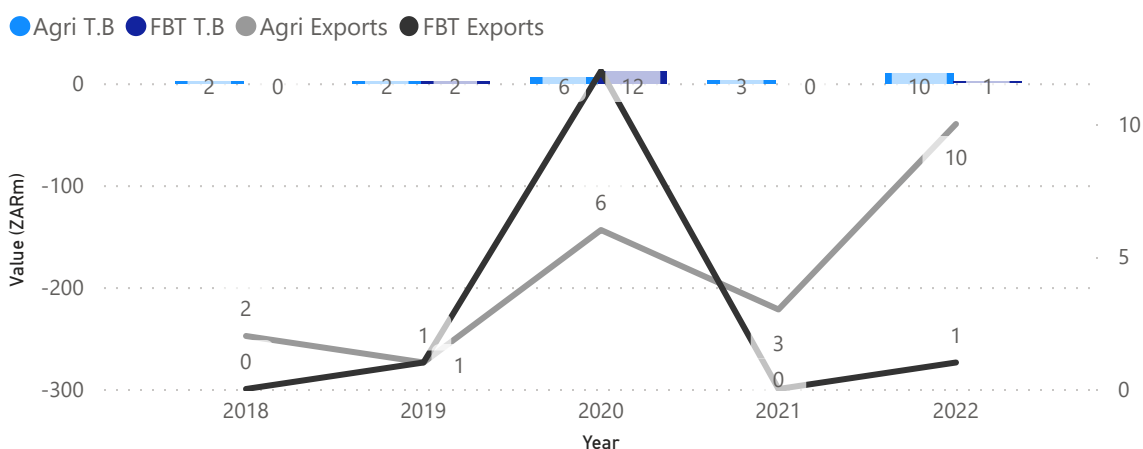
3.6) Bilateral FDI: Western Cape in Morocco

During the period 2011 to March 2023, no investments from the Western Cape in Morocco were recorded.

4) Western Cape's Agribusiness Trade with Morocco

As Figure 33 indicates, the Western Cape was a net importer of primary agricultural products, and of food, beverages, and tobacco from Morocco in 2018 - 2022. The province recorded a trade deficit of ZAR26.21m in 2022 in the agricultural sector, and a trade deficit of ZAR1,287.61m in the food, beverages and tobacco sector

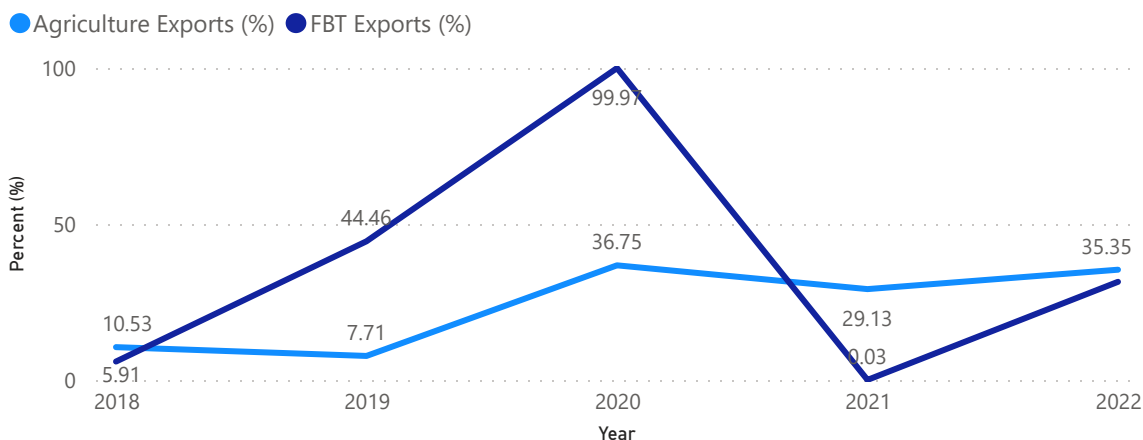
Figure 30: Western Cape's Agriculture and Food, Beverage and Tobacco (FBT) Trade with Morocco, 2018-2022



Source: Quantec, 2023

The Western Cape accounted for most of South Africa's agribusiness exports to Morocco as shown in Figure 34. The province accounted for a national average annual share of 23.89% of primary agricultural exports and 36.37% of food, beverage, and tobacco exports during the period 2018 to 2022. The Western Cape's share of agribusiness exports to Morocco decreased sharply in 2021, when the province accounted for only 0.03% of the food, beverages and tobacco exports. This was down from the share of 99.97% in 2020, arising from supply chain disruptions. In the agribusiness sector (a combination of the agriculture sector and the food, beverages and Tobacco sector), the Western Cape was responsible for a five-year annual average share of 60.26% of the national agribusiness exports to Morocco.

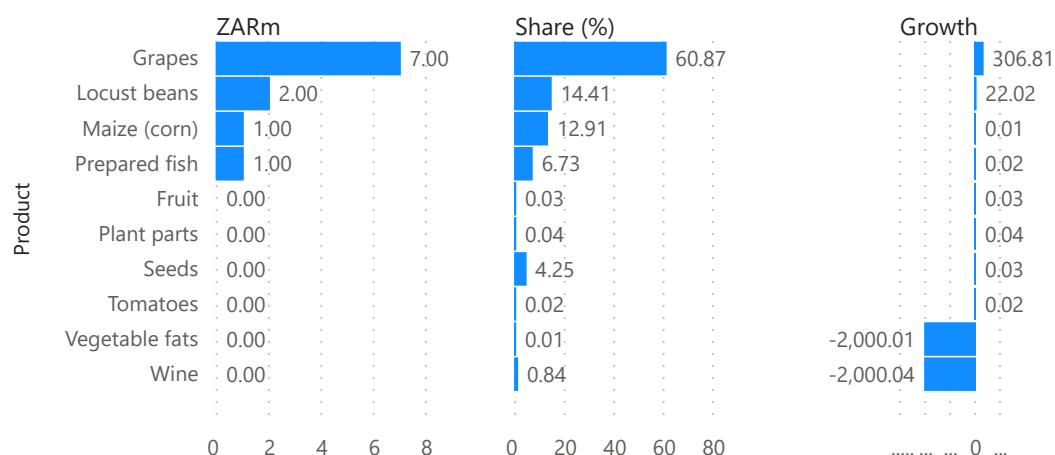
Figure 31: Western Cape's Share of National Agri and Food, Beverage and Tobacco (FBT) exports to Morocco, 2018-2022



Source: Quantec, 2023

At an export value of ZAR6.86m, grapes were the province's largest agricultural export to Morocco in 2022. Other noteworthy agricultural exports were locust beans (ZAR1.62m), and maize (ZAR1.45m). Among the top 10 agricultural exports to Morocco, the export of grapes increased the most at an average annual rate of 306.81% over the period analysed.

Figure 32: Top Agri Exports from Western Cape to Morocco, 2022: (Average Growth: 2018-2022)

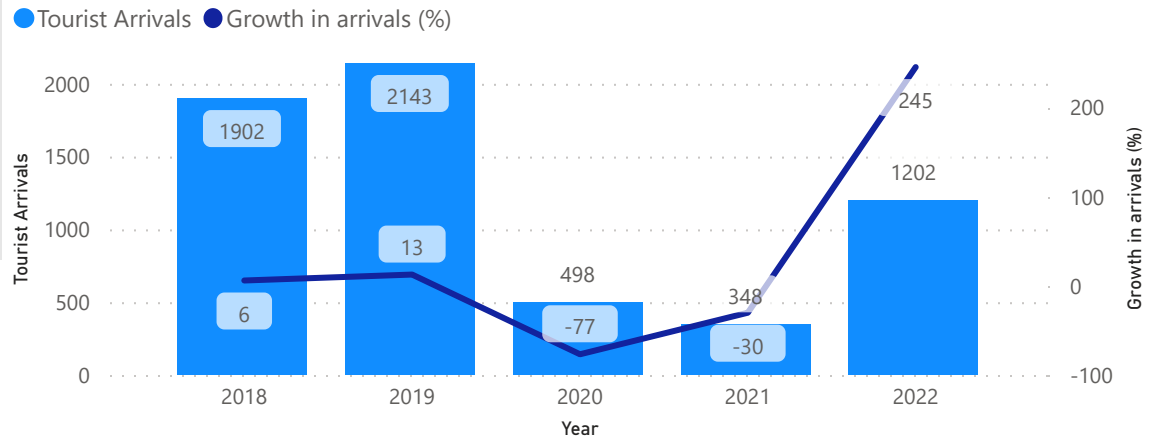


Source: Quantec, 2023

5) Tourism: South Africa and Western Cape Tourism Flows with Morocco

The number of Moroccan tourists to South Africa peaked at 2,143 arrivals in 2019 over the five-year period analysed. However this figure dropped by 76.76% to 498 in 2020 and by a further 30.12% to fall to reach 348 arrivals in 2021 as the global pandemic took hold. The year 2022 reflected a 245.42% y-o-y recovery with 1,202 arrivals recorded.

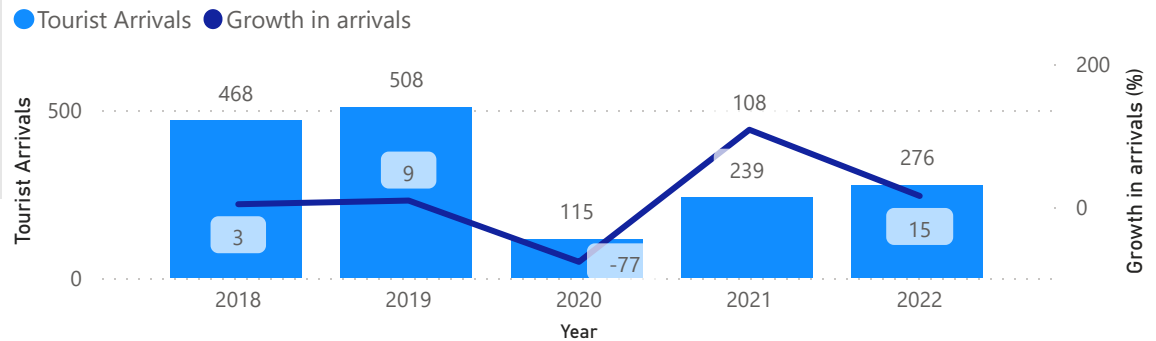
Figure 33: Morocco Tourist Arrivals to South Africa, 2018-2022



Source: South African Tourism, 2023

Following the Covid-19 pandemic, there has been a consistent recovery in the number of Moroccan tourists arriving at Cape Town International Airport (CTIA), albeit that levels are still well below pre-pandemic numbers. In 2022, Moroccan tourist arrivals to Cape Town by air totaled 276, reflecting a 15.48% y-o-y increase on 2021, as shown in figure 34.

Figure 34: Morocco Passenger Movement Through Cape Town International Airport, 2018-2022



Source: Stats SA, 2023

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