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fédération nationale de l'agroalimentaire

GUIDE FOR INVESTORS IN THE SECTOR OF AGRI-FOOD INDUSTRIES IN MOROCCO

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PREFACE

The development of the guide for investors in the sector of agrifood industries in Morocco is perfectly in line with the missions of the National Agrifood Federation in terms of contributing to the promotion and mobilization of investments in this sector. This guide highlights the advantages and potentialities that Morocco offers to investors and promoters of national and foreign projects in the agro-industrial fields, the various aspects that characterize the business climate, as well as the framework conditions and news of the reforms undertaken, more particularly the two sectoral strategies, namely the agricultural strategy “Plan Maroc Vert & Generation Green 2020-2030” and the Industrial Acceleration Plan & Industrial Recovery Plan 2021-2023.

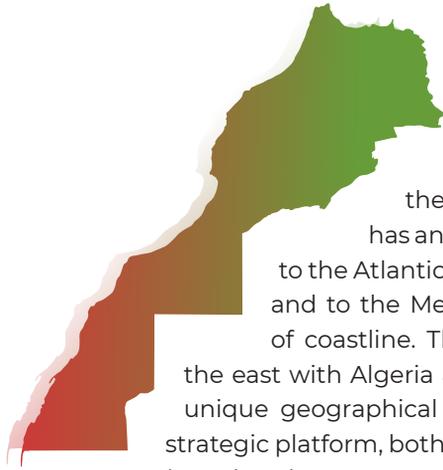




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1. INTRODUCTION



The Kingdom of Morocco is located in the northwest of the African continent and is barely 14 kilometres away from Europe via the Strait of Gibraltar. It is unequivocally a privileged crossroads between Africa, Europe, the Americas and the Arab world. Morocco has an area of 710,850 km² and opens up both to the Atlantic to the west, with 2,934 km of coastline, and to the Mediterranean to the north with 512 km of coastline. This vast territory shares its borders in the east with Algeria and in the south with Mauritania. This unique geographical location gives Morocco the role of a strategic platform, both on the politico-economic scale and on the cultural one.

With significant potential in terms of business climate and investment in agriculture and food industry, Morocco is one of the most attractive countries in terms of investment in the North African region and the Middle East (MENA) and has never stopped promoting private, national and foreign investments. This promotion was expressed first, through the undertaking of several reforms that allowed to set up a liberal legal framework offering the necessary guarantees to investors while simplifying the formalities and procedures required in this matter. Several treaties, agreements and conventions have been signed with many countries relating to the promotion and protection of investments made by nationals of these countries. Regional investment centers have been set up to welcome, inform and help national and foreign promoters to carry out their investment operations in Morocco. The Kingdom has also initiated several ambitious development strategies related to the agrifood sector, among them the Green Morocco Plan, Generation Green, the Halieutis Plan, the Industrial Acceleration Plan, the Rawaj Plan, the Industrial Recovery Plan, and different horizontal strategies such as: Energy, Sustainable Development, Supply chain, Digitization, etc...

2. ECONOMIC AND SOCIAL CONTEXT

2.1. Morocco in figures

Morocco is a lower middle income country with a population of approximately 35.2 million. It has a GDP of 3366 US dollars per capita and a GDP growth of around 2.6% recorded in 2019. Moroccan GDP growth is strongly correlated with the agricultural GDP.

The key figures are summarized in the following table :

Population in Millions	GDP/capita. (USD dollars)	GDP Growth (%) 2018	GDP Growth (%) 2019	Business environment note
35,2	3 366	3,0	2,6	A4

Sources : coface (Marsh 2020)

Over the past twenty years, Morocco has established itself as an emerging power in the world and a key economic player in the African continent.

Thanks to its state-of-the-art infrastructures, its ambitious sectoral strategies, its high-speed industrialization, the development of green energies and the signing of multiple free trade agreements with the world's largest economic players, Morocco offers great investment opportunities in various sectors including the agrifood industry.

Morocco is currently ranked as one of the most attractive and competitive economies in the region, and thus offers attractive opportunities for domestic and foreign investors.

In addition to the implementation of national sectoral strategies aimed at creating a favourable investment environment, Morocco is paving the way for investors to implement their services and start their activities while being accompanied along the way.

2.2. The agricultural sector in Morocco in figures

Agriculture is one of the pillars of the Moroccan economy; thanks to a new strategic vision, the Kingdom has succeeded in modernizing its agriculture, improving its productivity and developing its exports. A rich and diversified agricultural heritage with long harvest periods thanks to the diversity of soils and the climate. The fruitful agricultural area is **9** million hectares (**12.7%** of the total area of the country) with an increase in irrigation capacity of **+ 288%** in **10** years.

Over the period 2008-2017, the average annual growth of the agricultural sector is higher than that of the GDP which only increased by 3.9% (Ministry of Finance).

The economic and social role played by agriculture has been consolidated by the achievements of the Green Morocco Plan, in particular by:

- Proving comparative advantages in several production sectors;
- Carrying out major irrigation schemes linked to dams and greatly expanding the areas irrigated with water-saving irrigation systems (drip irrigation, etc.);
- Diversifying plant speculations resulting from the introduction of new crops with high profitability, such as fruit plantations, vegetables cultivation, and by improving techniques and production factors;
- The cost price competitiveness of agrifood activities directly linked to labour inputs and various other production factors;
- State subsidies granted to investors in the agricultural sector under the FDA;
- Tax and customs advantages granted by the State to the agricultural sector;
- The strong potential of the national market, associated in particular with demographic growth, improvement in living standards and consumption habits;
- A growing international demand for certain Moroccan agricultural products, raw or processed, making it possible to strengthen the export market.

2.3. The fishing sector in Morocco in figures

The industry of processing and valuing fishery products occupies a prominent place in

the Moroccan economy, providing 50% of agrifood exports and 12% of total Moroccan exports. This industry is estimated to be nearly 70% of coastal fishing catches and exports about 85% of its production to 100 countries around the world.

Morocco is today an essential regional platform for the promotion and export of fishery products.



This sector includes several activities, including canned fish, semi-canned fish, packaging of fresh seafood intended for export, freezing, manufacturing flour and fish oil, and processing of seaweed.

In the development dynamic of this sector, Morocco has equipped itself with a modern development infrastructure and implemented a development policy for the sector under the Halieutis Plan..

2.4. The agrifood sector in Morocco in figures

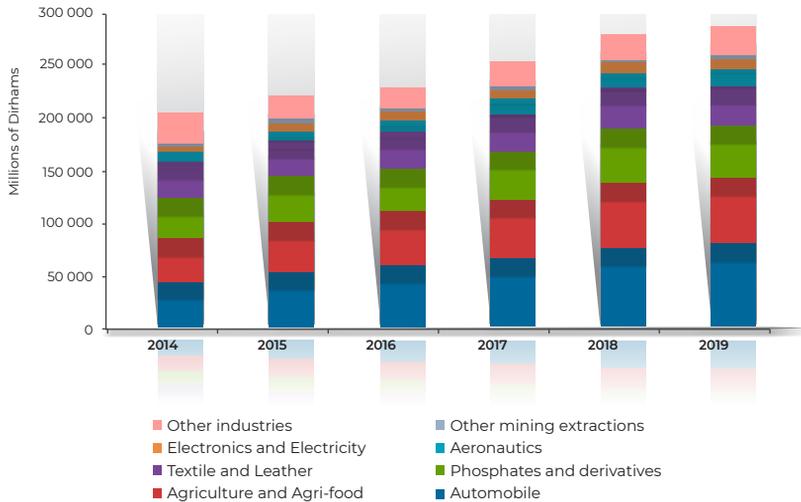
The agri-food industry is currently considered to be one of the pillars of the Moroccan economy.

The country has more than 2,000 companies operating in more than 18 agri-food activities, generating a turnover of 11.5 billion dollars (~ 108 billion dirhams) in 2018, 25% of which is intended for export. The agri-food industry currently employs 160,000 people and contributes around 35% to the industrial GDP (8% to the national GDP).

This performance is achieved as part of a strategy offering significant support measures to investors who choose Morocco and its diverse agricultural environment as a destination to develop their activities.

The agrifood industry benefits from two standard strategies, namely the Green Morocco Plan and the Industrial Acceleration Plan, and benefits from the support granted by the State, in particular by the FDA and by the FDII. It also has its own roadmap materialized by the 2017-2021 program contract.

The agrifood sector captures a significant share of the Moroccan exportable supply and its development represents a major stake and an undeniable economic growth potential, as shown by the evolution of Moroccan exports by sector in the following figure:



Source: Exchange Office

In 2019, Morocco's overall exports of the main sectors was MAD 282.057 billion. The export of agrifood products not including crustaceans, molluscs and shellfish represents around 17% of the overall volume of exports. It amounted to 47.856 billion DH (5.31 billion US dollars) against an import of 46.496 billion DH (5.16 billion US dollars) billion DH, which represents a trade surplus of 150 million DH (16.66 million US dollars) (source exchange office, 2019 annual report, Moroccan foreign trade).

For the 2019-2020 campaign, the value of exports of agrifood products, excluding fishery products, reached 39.5 billion DH (4.38 billion US dollars).

The Agrifood Industry sector is very diversified in Morocco. Indeed, the nomenclature in force of economic activities includes, in this sector, industrial categories related to drinks, fruits and vegetables, meat, fish, milk, fatty substances, flour and groats, cereals, animal feed, tobacco and other products. At this level, segmentation based on an integrated vision of the value chain around the first and second transformation, can be adopted to distinguish 6 key areas and more than 20 categories (refer to the nomenclature of Industry activities - Agri-Food:<https://aafir.ma/nomenclature-marocaine-des-activites>).

In terms of size, few categories are characterized by a large number of small units such as the flour manufacturing industry (modern pastries), while others are relatively concentrated, such as sugar, oils and seeds. Regarding marketing, certain types (fruit and vegetables, fish, etc.) target the external market while others (fats branch, dairy industry, processing of cereals, drinks, etc.) are mainly oriented towards the domestic market. The fruit and vegetable category is dominated by the preservation activity, followed by juices and tomato preparations. Large agrifood companies are either large national groups or foreign companies.

In terms of geographical distribution, the agrifood industry is concentrated in regions where agricultural activity is important, including Drâa-Tafilalt, Marrakech-Safi and Fès-Meknès, as well as Casablanca, due to the presence of the port.

2.5. Overview of the main development strategies in to the agrifood sector

The agrifood industry sector benefits from several sectoral strategies covering all value chains, namely the Green Morocco Plan, the Halieutis plan, the Industrial Acceleration Pan. These strategies are consolidated through the launch of 2 new sector strategies: Generation Green 2020-2030 and Industrial recovery plan 2021-2023. In addition to these sectoral strategies, there are horizontal strategies such as the digital development strategy, energy, supply chain, etc...

2.5.1. Green Morocco Plan 2008-2020

Launched in April 2008 following the first meetings held for agriculture, the Green Morocco Plan aims to revive agriculture, which is considered a real lever for socio-economic development in the Kingdom. Since its inception, this ambitious plan has unequivocally helped in accelerating growth, reducing poverty and consolidating the integration of agriculture into national and international markets.

In a few years, the Kingdom has considerably increased the public investments allocated to the agricultural sector, which has resulted in an increase and a diversification



of agricultural production, arousing the interest of many actors in agricultural development.

Cf Website : www.agriculture.gov.ma, www.ada.gov.ma, www.moroccofoodex.org.ma, www.onssa.gov.ma)

2.5.2. Generation Green 2020-2030

The Kingdom is continuing its agricultural revolution and is establishing itself as a role model for other African countries. It has acquired valuable experience in soil fertility mapping, sustainable agriculture and adaptation of fertilizers to soil types.

Its new strategy: "Generation Green", which adapts to the economic requirements of the 21st century, should consolidate Morocco's leadership in the agricultural sector and have repercussions on achievements in the fields of agrifood industries.

At a time of global warming and deep questioning of our relationship with rurality, the "Generation green" strategy presents itself as a real alternative and a new green revolution for the development of the sector. It should allow Moroccan agriculture to double the sector's share in the kingdom's GDP, while reducing the trade balance by exporting more products with high added value. Thus, 60 billion DH will be targeted as the value of exports by 2030 and one million hectares of collective land will be mobilized, with the aim of creating 350,000 new jobs as well as the emergence of a new generation of middle class agriculture.

In addition, "Generation Green" in the digital dimension, plans to connect 2 million farmers to digital services' platforms. It also includes aid and incentives enabling 180,000 young farmers to launch their projects and 150,000 young people to benefit from vocational training measures by 2030.



2.5.3. Industrial Acceleration Plan 2014-2020

The Industrial Acceleration Plan adopted an approach based on the establishment of efficient ecosystems, aimed at the integration of value chains and the consolidation of local relations between large companies and SMEs.

This strategy has put in place a public industrial investment fund (FDI), containing a financial envelope of 20 billion DH which allows the industrial fabric to consolidate, to modernize, and to develop its capacity in order to substitute imported products. It will also work to support the transition from the informal sector to the formal sector with the establishment of a series of financial and fiscal incentives.

The Industrial Acceleration Plan 2014-2020 aims to:

- ▶ Reduce sectoral dispersion and build a better integrated industry around locomotive companies to create a new dynamic and a new relationship between large groups and small businesses
- ▶ The establishment of support tools to improve the competitiveness of SMEs, by offering them access to investors, financing and markets.
- ▶ Strengthening the attractiveness of Foreign Direct Investments by setting up a team, which will rely on intermediation professionals and experts by profession.

This plan encourages South-South partnerships, and acts within the vision of shared value.

(Cf sites web : www.mcinet.gov.ma, <https://morocconow.com>, www.marocpme.gov.ma)

2.5.4. Industrial Recovery Plan 2021-2023

In order to strengthen the positioning of the Moroccan industry, a new strategy "Industrial recovery plan 2021-2023" was launched targeting three major projects :

- 1 Confirm the industrial place of the Kingdom and conquer new markets and industrial territories using public procurement as a catalyst



- 2 Improve Morocco's competitiveness to become the most competitive global pillar for Europe
- 3 Position Morocco as an industrial base, which uses part of the Kingdom's renewable energies in the service of industrial anchoring.

The objective of this new industrial strategy is to support industrial sectors and strengthen their integration, to increase the creation of jobs and value, to develop industrial entrepreneurship and to promote the emergence of a new generation of manufacturers and position itself as a strategic international partner, in the context of narrowing value chains.

2.5.5. Halieutis Plan

Morocco is a competitive player in the world's exports of fishery products. These are characterized by a great diversity of available resources (500 species, 60 of which are exploited) making Morocco a leader in the international canned sardine market, with an export market share of over 40%.

The fishing sector has established its roadmap, namely the strategy "Halieutis" which aimed for sustainable valorisation of Moroccan fishery resources.

(Cf website : www.mpm.gov.ma, www.anda.gov.ma, www.inrh.ma)

2.5.6. Horizontal strategies :

A. ENERGY STRATEGY :

Morocco's energy strategy aims to strengthen the security of supply and availability of energy as well as its general accessibility at reasonable costs.

This energy strategy is essentially based on increasing the share of renewable energies, energy efficiency and the balance between national production and energy imports.

(Cf Website : www.mcinet.gov.ma, www.mem.gov.ma)

B. SUPPLY CHAIN COMPETITIVENESS :

The supply chain competitiveness strategy targets Morocco's positioning on the main supply chain flows and makes it possible to

meet the logistics needs of the various sectoral strategies launched or in the process of being implemented at the national level.

The general objectives of this strategy are articulated around the reduction of supply chain costs and the contribution to the sustainable development of the country.

(Cf website : www.equipement.gov.ma, www.amdl.gov.ma)

C. PORT STRATEGY

The Kingdom's ports are an important lever for development and their performance plays a major role. Thus, the national port strategy for 2030 aims to support the development of the economy by anticipating demand for port infrastructure and by further integrating Morocco into global competitiveness.

This vision aims to consolidate the market share of international maritime trade and cruises through the integration of the port system into the regional transportation network. It defines an integrated offer in line with port demand, made up of six geographically integrated poles, taking advantage of major structuring projects and enhancing the comparative advantages of each region :

- ▶ The Pole of the Oriental;
- ▶ The North West Pole
- ▶ The Kenitra-Mohammedia-Casablanca Pole;
- ▶ The Abda - Doukkala Pole
- ▶ The Souss - Tensift Pole;
- ▶ The South Ports Pole comprising 3 ports: Tan Tan, Laâyoune, and Dakhla.



Casablanca-Kenitra area Pole

Energy
Containers
Cruises and yachting
Conventional

Abda-Doukkala Pole

Energy
OCP and derivatives
Hydrocarbons

Souss-Tensift pole

Containers
Cruises and yachting
Fishing

Southern Ports Pole

Fishing
Logistics export
Territory Development
Future opportunities

North West Pole

Transhipments
International Transit traffic
and ferrins
Cruises and yachting

Oriental Pole

International transit traffic
and ferrins in ADM
Coal
Containers
Cruises and yachting
Future opportunities
1. Motorways of the sea



Portures and their vocation

(Cf website : www.equipement.gov.ma,
www.amdl.gov.ma, www.anp.org.ma)



3. PROGRAM CONTRACT FOR THE DEVELOPMENT OF AGRIFOOD INDUSTRIES 2017-2021

The contract-program for agrifood industries signed between the government and the concerned professionals aims at the growth and upgrading of 7 agrifood sectors with high added value as locomotives of the sector, namely:

- Industry for valuing fresh fruit and vegetables;
- Processed fruit and vegetable industry;
- Olive oil industry;
- Dairy industry;
- Meat industry;
- Biscuit-chocolate-confectionery industry;
- Pasta and couscous industry.

This contract-program has set up an incentive framework for private investments at all levels of the value chain of each of the targeted sectors, job creation and promotion of research and development programs for new products with high added value and technology transfer to producers and other operators involved in these sectors.

The overall investment for the implementation of the provisions of this contract-program amount to 12 billion DHS, including 4 billion DHS supported by the Government and 8 billion DHS supported by private operators.

This contract-program provides for significant investment incentives for the sectors previously mentioned with ceilings ranging from 0.8 million DH to 40 million DH.



4. INVESTMENT OPPORTUNITIES IN THE AGRIFOOD INDUSTRY SECTOR - IAA

The Moroccan agrifood sector offers significant development possibilities to meet the growing demand of one billion consumers in local and African markets.

Preferential access to certain markets within the framework of free trade agreements signed by Morocco (European Union, United States of America, Arab countries, etc.). Morocco is among the countries that have concluded a high number of Free Trade Agreements with 100 countries, which represents a market of 1.5 billion consumers.

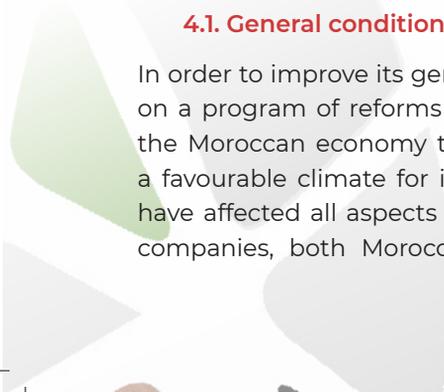
In this perspective, the Kingdom aims for ambitious objectives such as the creation of **300** new industrial units, the recording of an **additional added value of 1.3 billion** dollars (~ **12.6** billion Dirhams), the production of an additional turnover of **4.1 billion** dollars (~ **39.8** billion dirhams) and an export turnover of more than **1.2 billion** dollars (~ **11.6** billion dirhams) as well as the upgrade of the production base currently being implemented.

Contributing **up to 26%** to industrial GDP with the ambition of creating **more than 38,000** jobs, the agrifood industry is strengthened by the proximity to European, African and American markets and by an investment offer, which constantly generates local and international opportunities.

The sector's ecosystems work in synergy to highlight Morocco on the global agrifood industry map. The international market offers Moroccan products, already exported, an untapped potential estimated at 1.075 billion dollars. Sectoral and territorial opportunities to exploit.

Thus, Morocco fulfils the conditions required to promote investment in the economic sector, in general and in AFI, in particular. These factors are multiple: political stability, macroeconomic stability, labour cost, tax regime, quality of banking services and other financial intermediaries, cost of energy and availability of energy resources, etc.

4.1. General conditions of investments in Morocco



In order to improve its general investment climate, Morocco has embarked on a program of reforms of its business framework, which aims to adapt the Moroccan economy to movements in the world economy to develop a favourable climate for investment. These reforms, initiated by Morocco, have affected all aspects of the Moroccan economy, their impact is on all companies, both Moroccan and foreign ones. These various measures

to improve the general investment climate, whether intended for national or foreign companies, are complementary and closely linked.

4.1. 1. Legal Framework

The main actions of reform concern the business law, the investment charter and the various conventions in this area. Indeed, many institutions have been created with a vision to integrate the Moroccan economy into the worldwide system.



4.1. 1.1 General Tax Code

This code has been established since the 1980s, followed by reforms aimed at broadening the tax base, modernizing the taxation system and reducing the tax burden on all types of taxpayers. This Code constitutes the principal source of the Moroccan fiscal legislation, resulting from the compilation and updating of the texts in force on December 31, 2006 related to taxation. In fact, advantageous measures have been provided in terms of IS, IR, VAT, and registration fees, for both foreign and national private companies.

(Cf Website of the ADII : www.douane.gov.ma)

4.1.1.2. The commercial code

The code of commercial companies in Morocco has been adapted to allow the country to operate in a context of investment and trade with an internationalized vision. A new commercial code and laws for all types of companies was introduced starting from 1995.

Regarding the Commercial Code, innovations have been introduced concerning the status of the trader, the expansion of commercialism and the procedures for the treatment and liquidation of companies in difficulty.

4.1.1.3. The labour code

The Moroccan labour code is characterized by its compliance with the basic principles set by the Constitution and with international

standards as provided for in the United Nations conventions specialized organizations concerning the field of labour. Indeed, Morocco has adopted a modern labor code, which has brought a series of innovations aimed at involving employees in the life of the company and improving its governance. It sets up new institutions for employee representation and participation, namely; labour councils, union representatives and a collective bargaining council.

This new labor code has set up a legal and institutional framework for the management of labor relations; thus implicating a major modification of labour code in order to guarantee a favourable climate for relations in the business world which constitutes one of the main factors of trust and incentive for investors.

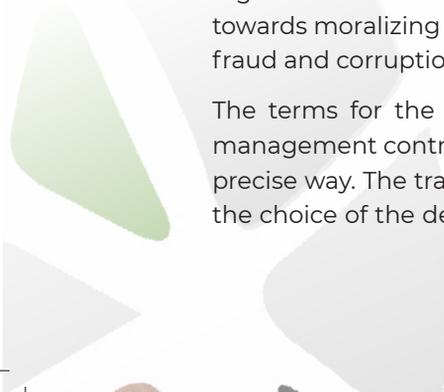
4.1.1.4. Investment Conventions

Other legal reforms are embodied mainly in the adoption of an "Investment Charter" and the signing of bilateral and multilateral conventions on investment. Indeed, the investment charter, adopted in 1995, brings together all the benefits provided for all sectors of economic activity. This charter, which brought the incentive treatment of the public sector into line with that of private companies, simplified administrative procedures and provided budgetary advantages for companies that meet certain conditions. Indeed, as part of its overall strategy of openness and liberalization, Morocco has, during the last decade, put in place a legal framework that is favourable to the development of its trade relations with few of its potential partners, through concluding free trade agreements.

4.1.1.5. Public Procurement and Delegated Management

To adapt the public administration to ongoing changes and to Morocco's commitments to its partners, the government has reformed the regulations on government procurement. The reform of these regulations reflects the orientation of the public authorities inclining towards moralizing the public life and fighting against all practices of fraud and corruption.

The terms for the award, execution and termination of delegated management contracts for public services are provided in a clear and precise way. The transparency of the competitive bidding process for the choice of the delegate is well established. Law n ° 54-05 carries a



significant guarantee intended to allow equality in terms of access to the Moroccan market between the various national and foreign operators; which resides in the establishment of a transparent procedure calling for competition in the process of choosing a delegate. This transparency seems to be the sine qua non condition for encouraging investments of all kinds and for the credibility of Morocco on the international market.

4.1.1.6. Competition and Intellectual Property Laws

Morocco has had a modern legislation since the Dahir n ° 1-00-225 of June 5, 2000, aimed at protecting free competition, transparency and fairness in commercial practices.

In addition, a competition council has been established that is responsible for ensuring the proper functioning of the markets and preventing situations of concentration that are in opposition with fair commercial practices or abuse of a dominant position.

This modernization, via the regulation of competition, is based on principles of transparency, non-discrimination and loyalty as laid down by the WTO. This reflects the general desire to adapt Moroccan legislation to international economic changes.

4.1.1.7. Protection of Foreign Investors

As part of the promotion of foreign investment, Morocco has ratified international conventions concerning the guarantee and protection of investment. Indeed, various agreements, conventions of cooperation and guarantee of investments bind Morocco with many countries: tax treaties, agreements of investments' guarantees, as well as agreements of cooperation, partnership, and creation of free trade zones. Through these agreements, Morocco grants foreign investors the same security, protection and advantages as those granted to nationals in terms of guarantee against the risks of nationalization and expropriation. These agreements include conventions that led to the creation of the International Center for Settlement of Investment Disputes "ICSID", the Multilateral Investment Guarantee Agency "MIGA", and the Inter-Arab



Organization for the Guarantee of Investments.

Likewise, Morocco has signed double taxation agreements with several countries on income taxes. These conventions establish the list of taxes and income concerned rules of reciprocal administrative assistance and the principle of non-discrimination.

Similarly, Morocco is one of the countries recognizing the competence of the International Center for the Settlement of Disputes related to Investments.

4.2. Financial and Economic Framework

In order to promote investments in its territory, Morocco has paid great attention to its business environment; a set of mechanisms have been put in place, aimed at consolidating transparency and competition.

4.2.1. Economic Openness

The Moroccan economy is qualified as a market economy. Morocco has pursued a program of trade and pricing reforms, accompanied by measures to convert the Moroccan dirham to current operations in 1993, and by the creation of a foreign exchange market (FOREX) in 1996.

Several free trade agreements have been signed by Morocco and have played a key role in attracting FDI to the Moroccan territory, and making Morocco a hub and an export platform to Europe, from the USA, from the Middle East, from Asia, from Africa,...

4.2.2. Moroccan Taxation

The Moroccan tax system has undergone a profound reform since the middle of the 1980s.

The essential objective expected from this reform was the development of a modern, coherent, efficient and more universalistic taxation system. Moroccan taxation has therefore become more alike similar to the major taxation systems known in the Western world in its overall architecture.

Indeed, Morocco has undertaken a vast project to modernize and open up its economy to the outside world, and to dismantle customs by signing several free trade agreements with many countries or important economic zones.

In recent years, the tax administration has opted for modernization, simplification and harmonization of tax provisions.





The Moroccan fiscal context has been reformed for a better efficiency and harmonization with international standards. Indeed, the upgrade of the Moroccan taxation system is simple, clear and stable, and flexible for any planned tax change; foreign capital should see it as an incentive to locate in Morocco.

4.2.3. Capital Markets

In order to make sources of financing more accessible, significant efforts have been made to improve the financial framework in Morocco, in order to improve the functioning and the conditions of access to the financial market; which have an undeniable impact on investment.

A new banking law was enacted in 2006, to replace the 1993 banking law. In addition, the adoption of the law on Islamic banks called "participatory or crowdfunding" was enacted in June 2014.

All these efforts were aimed at developing the banking activity, making this sector more competitive and improving the rate of use of the banking system in Morocco along with the rate of deposit, by simplifying access to banking services both for businesses and for individuals.

4.2.4. The Foreign Exchange Market

Morocco created the "Office des Changes" in 1944 which was reorganized by the Dahir on January 22, 1958. This office contributes to the implementation of the Government's guidelines in the area of foreign exchange by drawing up and implementing measures related to foreign exchange regulations.

Morocco continues in its vision of easing its regulations and facilitating its procedures. The majority of foreign exchange transactions can be carried out directly via economic operators with approved intermediaries.

With the reform of the dirham's flexibility that entered into force in mid-January 2018, Morocco has implemented its policy of economic openness by creating a more attractive environment for investments. Thanks to this new market, exporters and importers can, not only, negotiate preferential exchange rates, but also hedge against currency risk.



4.3 Investment environment specific to the AFI sector

In addition to the general framework of investment in Morocco mentioned above, measures specific to the AFI sector were put in place, in order to promote investment in this sector and strengthen its entrepreneurial fabric.

4.3.1. Connected Platform

Morocco is a connected platform located just 14 km from Europe with the best maritime connectivity in Africa :

- 19 international airports across the Kingdom
- 14 ports with state-of-the-art infrastructure dedicated to trade and export, including the port of Tanger Med which is connected to 186 ports around the world
- Highway network of more than 1,800 kilometres
- First high speed train in Africa.
- Positioning as a competitive platform.

Morocco offers lower production and export costs than its main international competitors in the agro-industry sector.

4.3.2. Dedicated agro-industrial zones

The AFI sector in Morocco is led by dedicated agro-industrial zones hosting companies operating in food processing, aquaculture and supply chain, including :

- ▶ Agro-poles of Berkane, Meknes, Agadir and Beni Mellal
- ▶ Haliopolis of Agadir
- ▶ Kenitra Atlantic industrial acceleration zone and Tangier zone
- ▶ Industrial zone of Boujdour

New projects for industrial, commercial, technological and R&D (research and development) infrastructures. An economic activity zone in Ksar Abjir covering a total area of 20.5 ha. The other flagship project concerns the city of Mohammed VI Tangier Tech over a total area of 100 ha. Among the projects announced, there is the Casablanca-Settat

industrial acceleration zone covering an area of 300 ha. The region of Fes-Meknes is not an exception, since it will have its own industrial acceleration zone covering a total area of 500 ha.

Regarding the industrial infrastructures by 2021, the government is counting on the creation of 10 new industrial acceleration zones specifically dedicated for FDI (foreign direct investment) and exports, ie an additional 1,000 ha. Regarding general industrial zones, authorities are announcing 12 new zones as well as the expansion of 11 others already existing, which is the equivalent of 1,400 ha. Regarding the targeted upgrading, the same sources evoke the redevelopment of 68 areas including 31 priority areas, for a total area estimated between 3,500 and 6,300 ha.

The provision of attractive hosting areas for industrial investors.

This map allows you to discover the different industrial zones across the Kingdom

(Cf interactive map [http : //www.zonesindustrielles.ma/map](http://www.zonesindustrielles.ma/map)).

4.3.3. Subsidy system and investment aid

The government has set up two major funds namely the Agricultural Development Fund (FDA) and the Industrial Development and Investment Fund (FDII).

In addition, there is an exemption from patent for the first 5 years for industrial companies (tax share) and other customs reductions (raw materials, etc.).

4.3.4. Access to Financing

In addition to traditional financing offered by Moroccan banks, the Moroccan banking sector is committed to support investors in the AFI sector.

4.3.5. Access to Real Estate

To develop the Moroccan agrifood sector, the state is implementing a program for the development of Agrifood Industrial Platforms (Agropoles and industrial zones), characterized by infrastructures and services abiding by the best international standards.

In addition, support from the Moroccan banking sector is provided in this



area through the establishment of an innovative financing instrument, the “Foncière Emergence”, allowing investors, wishing to settle in an agro-pole, to benefit from an advantageous rental offer.

Support from the Councils of the Regions is also provided to encourage investors to have access to real estate in agro-poles and industrial zones.

4. 3. 6. Strengthening the training dimension

The agrifood sector benefits from a very diversified academic and vocational training infrastructure (IAV Hassan II, Technicians' institutes, vocational training centers, etc.).

The “Cités des Métiers et des Compétences” in the 12 regions of the Kingdom aim to ensure quality training, according to new material and educational criteria that guarantee a certain convergence between the training provided and the real needs of the labor market. In addition, it contributes to the promotion of a vocational training image as a lever for development, employment and social inclusion.



4.4. Institutional and Administrative Framework

Significant efforts have been made in improving the Moroccan administrative framework, to bring it up to specific standards and simplify it vis-à-vis foreign investors, through a set of instruments.

4.4.1. Governance

Administrative reform has been a constant concern of public authorities since independence.

To do this, Morocco has undertaken a system of good governance, based on three fundamental principles :

- The moralization of public life
- Rationalization of public management
- Strengthening of communication, concentration and openness of the administration to its environment (bringing the administration closer to the citizens).

4.4.2. Institutional Environment

In order to support the promotion of investment in the AFI sector, institutional reform has accompanied the various development strategies. Thus, and in addition to the establishment of regional investment centers (CRIs), several institutions have been created, namely:

<p>Ministry of Agriculture, marine fisheries, rural development, water and forests - MAPMDREF</p>	 <p>الجمهورية المغربية Royaume du Maroc وزارة الزراعة والصيد البحري والتنمية الريفية والمياه والغابات Ministère de l'Agriculture, de la Pêche Maritime, du Développement Rural et des Bois et Forêts</p>	<p>www.agriculture.gov.ma www.pm.gov.ma</p>
<p>Ministry of Industry, Trade, and Green and Digital Economy - MICEVN</p>	 <p>Royaume du Maroc Mملكة المغربية وزارة الصناعة والتجارة والاقتصاد الرقمي Ministère de l'Industrie, du Commerce et de l'Économie Numérique</p>	<p>www.mcinet.gov.ma</p>
<p>Ministry of Energy and Mines</p>	 <p>Royaume du Maroc Mملكة المغربية وزارة الطاقة، المعادن والبيئة Ministère de l'Énergie, des Mines et de l'Environnement</p>	<p>www.mem.gov.ma</p>
<p>Ministry of Equipment, Transport, Water supply chain</p>	 <p>ROYAUME DU MAROC Mملكة المغربية وزارة المواصلات والبنية التحتية MINISTÈRE DES ÉQUIPEMENTS ET DES TRANSPORTS</p>	<p>www.equipement.gov.ma</p>
<p>National agency of ports - ANP</p>	 <p>الوكالة الوطنية للموانئ Agence Nationale des Ports</p>	<p>www.anp.org.ma</p>
<p>The Moroccan Agency for the Development of Investments and Exports - AMDIE</p>	 <p>الوكالة المغربية للترويج والاستثمار MOROCCO NOW INVESTMENT AND EXPORT</p>	<p>www.morocconow.com</p>
<p>Maroc PME</p>	 <p>Entrepreneuriat Croissance Compétitivité</p>	<p>www.marocpme.gov.ma</p>
<p>Agricultural Development Agency – ADA</p>	 <p>وكالة التنمية الفلاحية AGENCE POUR LE DÉVELOPPEMENT AGRICOLE</p>	<p>www.ada.gov.ma</p>

Morocco Foodex	 MOROCCO FOODEX	www.moroccofoodex
National Office for Food Safety – ONSSA	 ONSSA	www.onssa.gov.ma
Moroccan Institute for standardization	 IMANOR المعهد المغربي للتقييس Institut Marocain de Normalisation	www.imanor.gov.ma
Agency of digital development - ADD	 #ADD Agence du Développement Digital	www.add.gov.ma
Moroccan Agency for Energy Efficiency - AMEE	 amee Agence Marocaine pour l'Efficacité Energétique	www.amee.ma
Moroccan Agency for Supply Chain Development - AMDL	 AMDL الوكالة المغربية للتطوير الأسيطة اللوجيستية الوكالة المغربية للتطوير الأسيطة اللوجيستية Agence Marocaine de Développement de la Logistique	www.amdl.gov.ma
National Federation for Agrifood Industry - FENAGRI	 fenagri fédération nationale de l'agroalimentaire	www.fenagri.org



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