Trends and Developments
Transport & Logistics sector Morocco

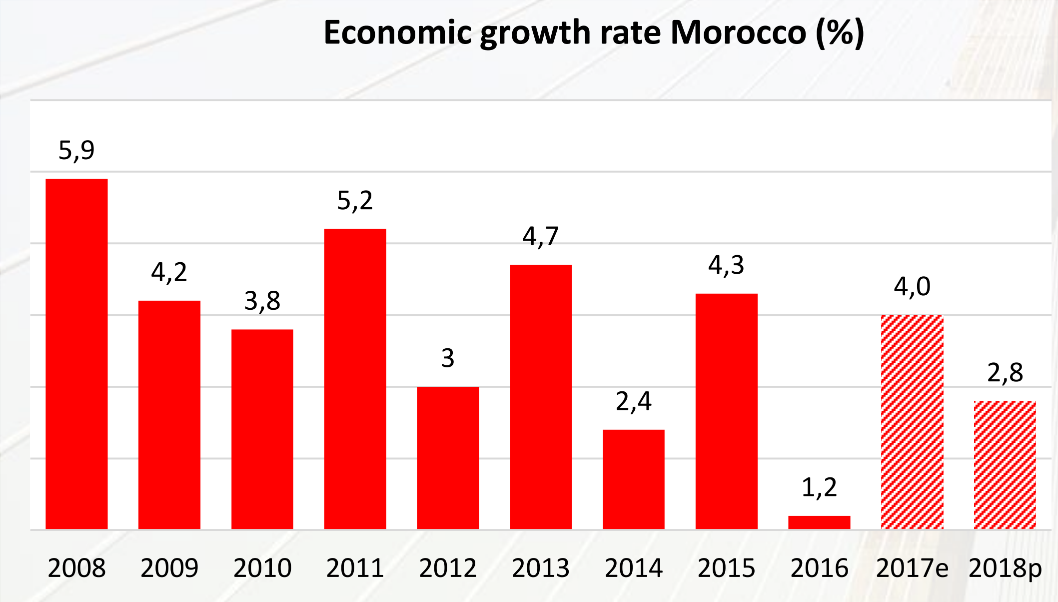
Presentation by

MEYS Emerging Markets Research

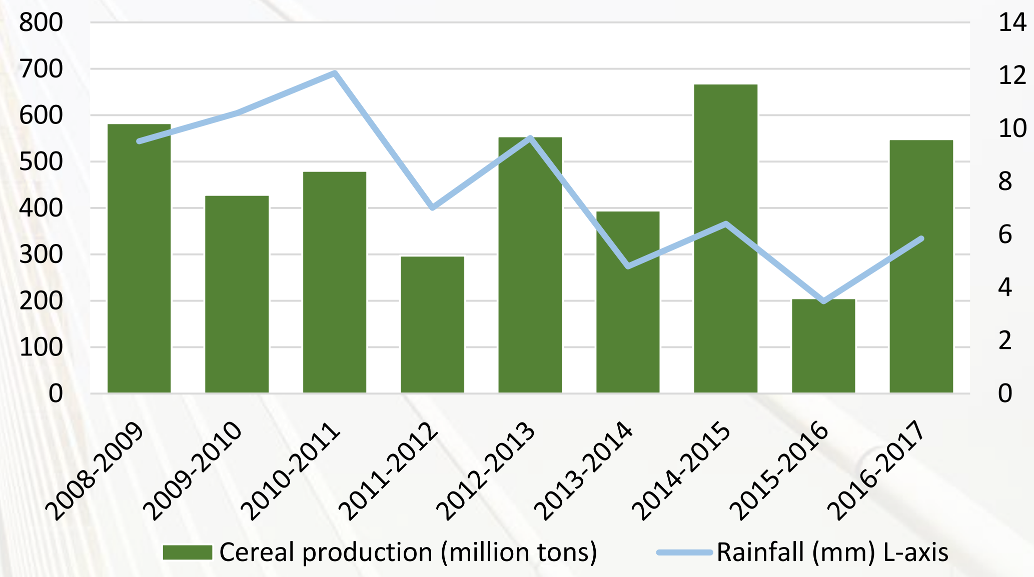
Country overview

❖ On average strong macro economic growth rates during the last ten years

❖ Performance of the agricultural sector huge impact on overall economic performance



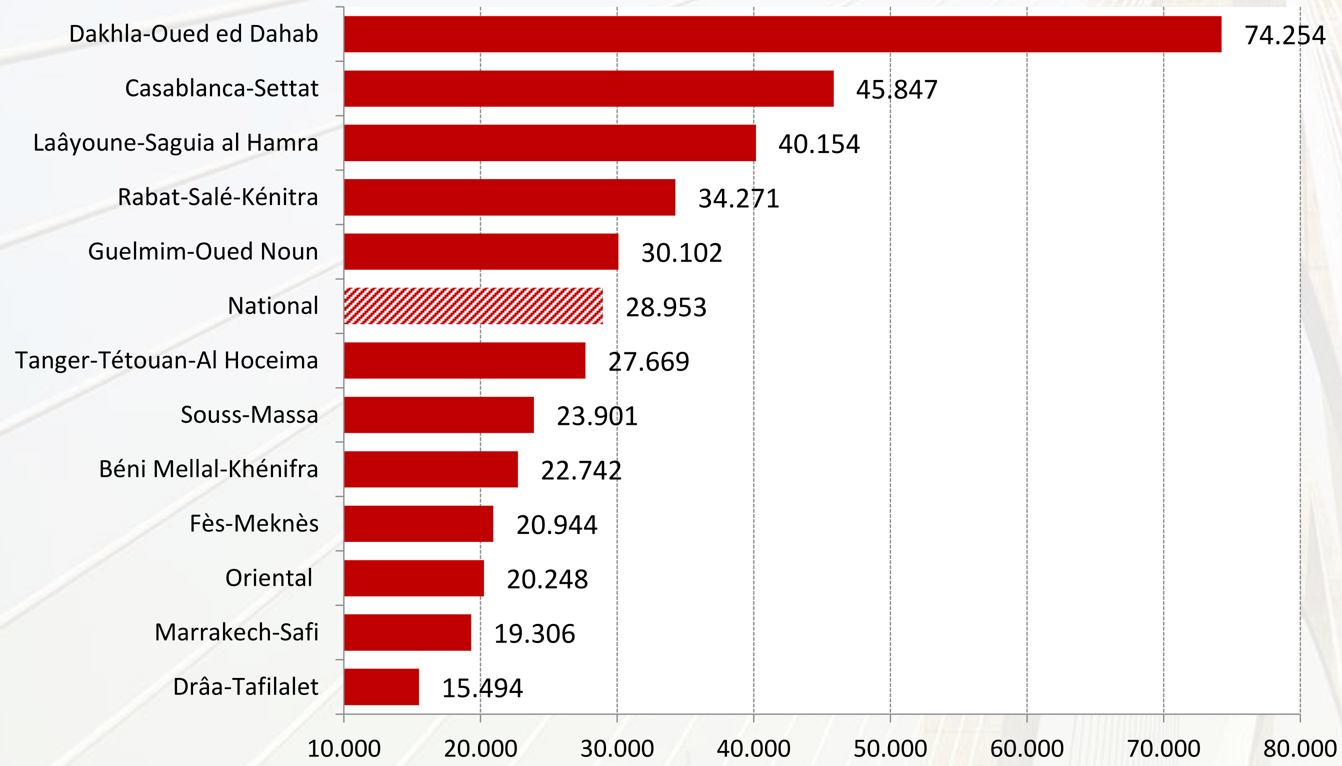
Note: (e) estimate; (p) prognosis
Source: HCP Maroc,



Note: The agricultural season begins in September and ends in May of the following year
Source: Ministry of Agriculture, HCP Maroc

- Large regional differences in income (GDP per capita)
- > 50% of public investments in 2 city regions: Casablanca – Settat and Rabat-Salé

GDP per capita by region, 2015 (dirham)



Source: HCP Maroc

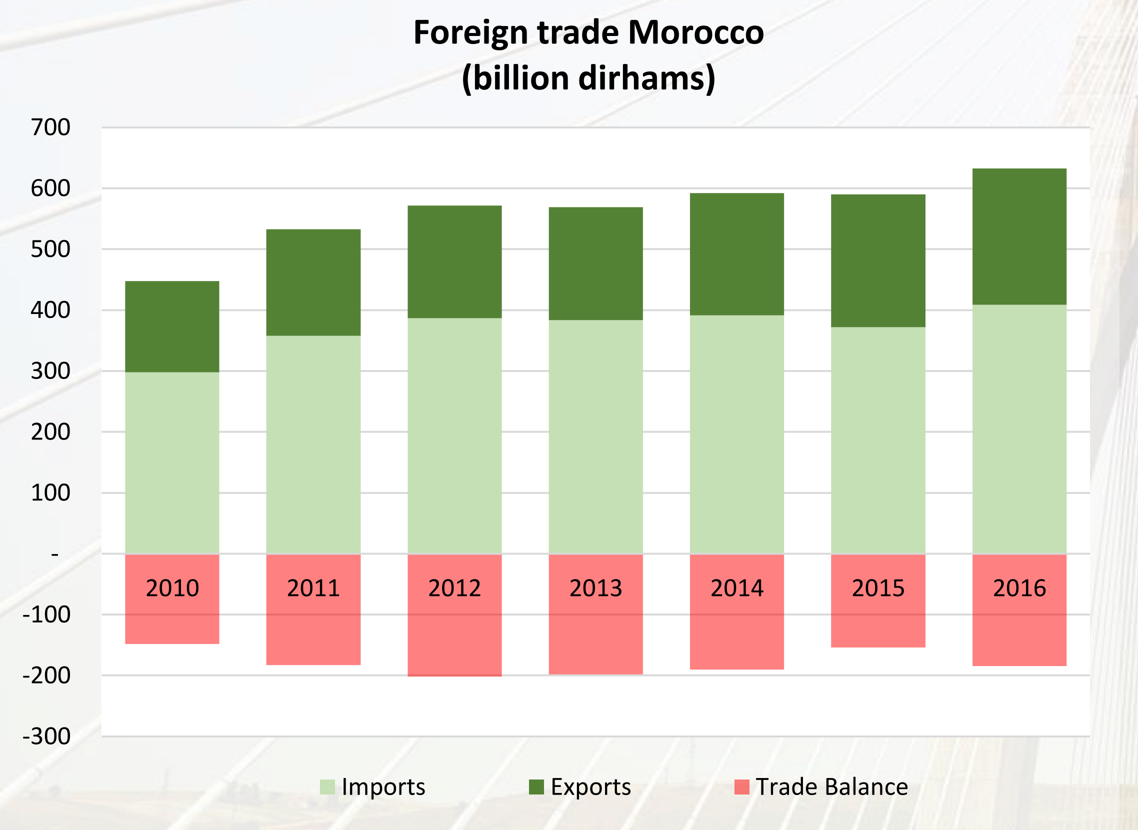
Investments public enterprises, state budget 2018 (million dirhams)

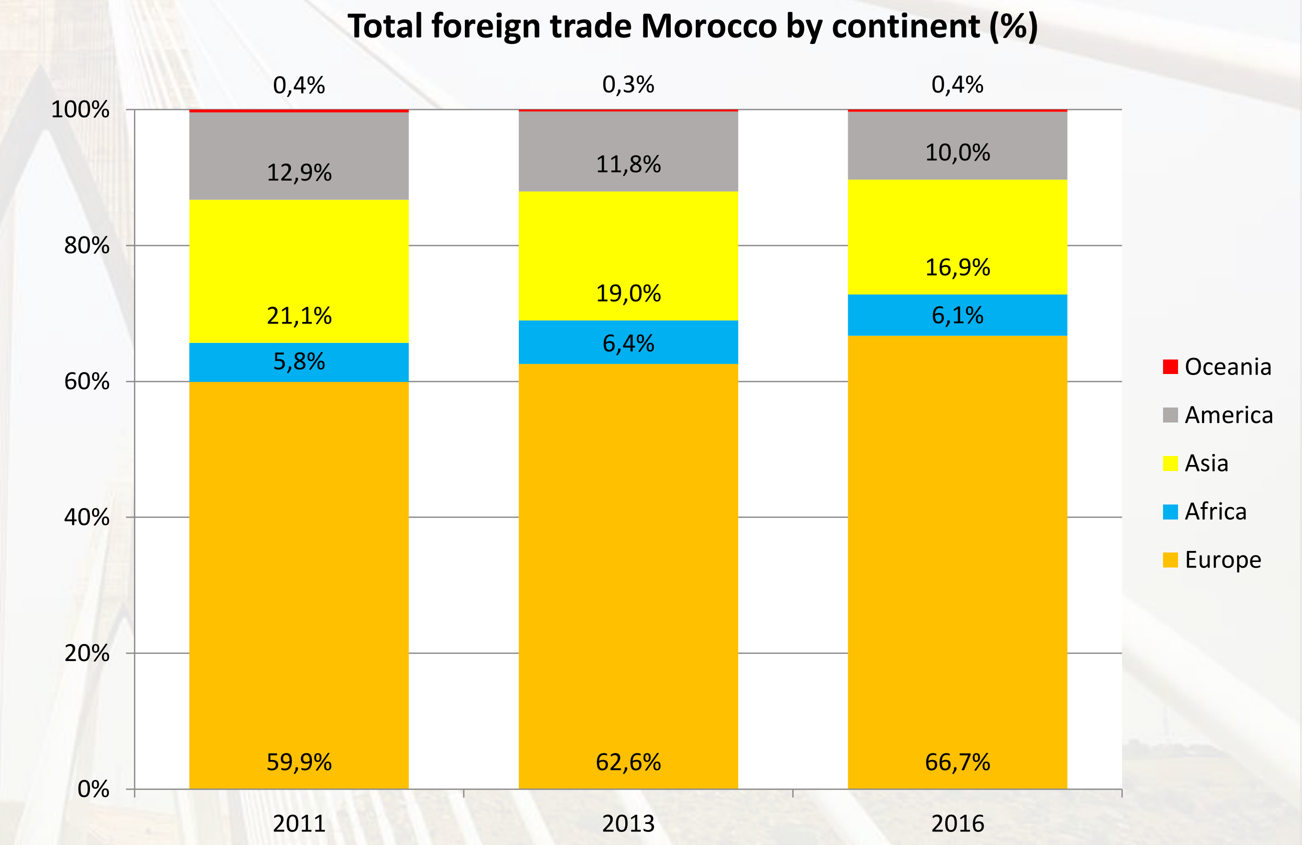
Region	Investment volume	%
Casablanca - Settat	29,910	28
Rabat - Salé	24, 346	23
Marrakech - Safi	10,995	10
Tanger – Tetouan – Al Hoceima	10,081	9
Oriental	8,495	8
Fes - Meknes	5,695	5
Benni Mellal - Knenifra	5,126	5
Souss - Massa	4,935	5
Laayoune – Sakia El Hamra	3,232	3
Daraa - Tafilalet	2,758	3
Guelmin – Oued Noun	1,281	1
Dakhla – Oued Eddahab	725	1
Total	**107,579**	**100.0**

Source: Ministry of Finance

Foreign trade

- Growing volumes in total foreign trade
- Consistent trade balance deficit (imports > exports) of around 180 - 200 million dirhams annually
- EU largest trading partner; trade with Africa is on the rise





Source: Office des Changes

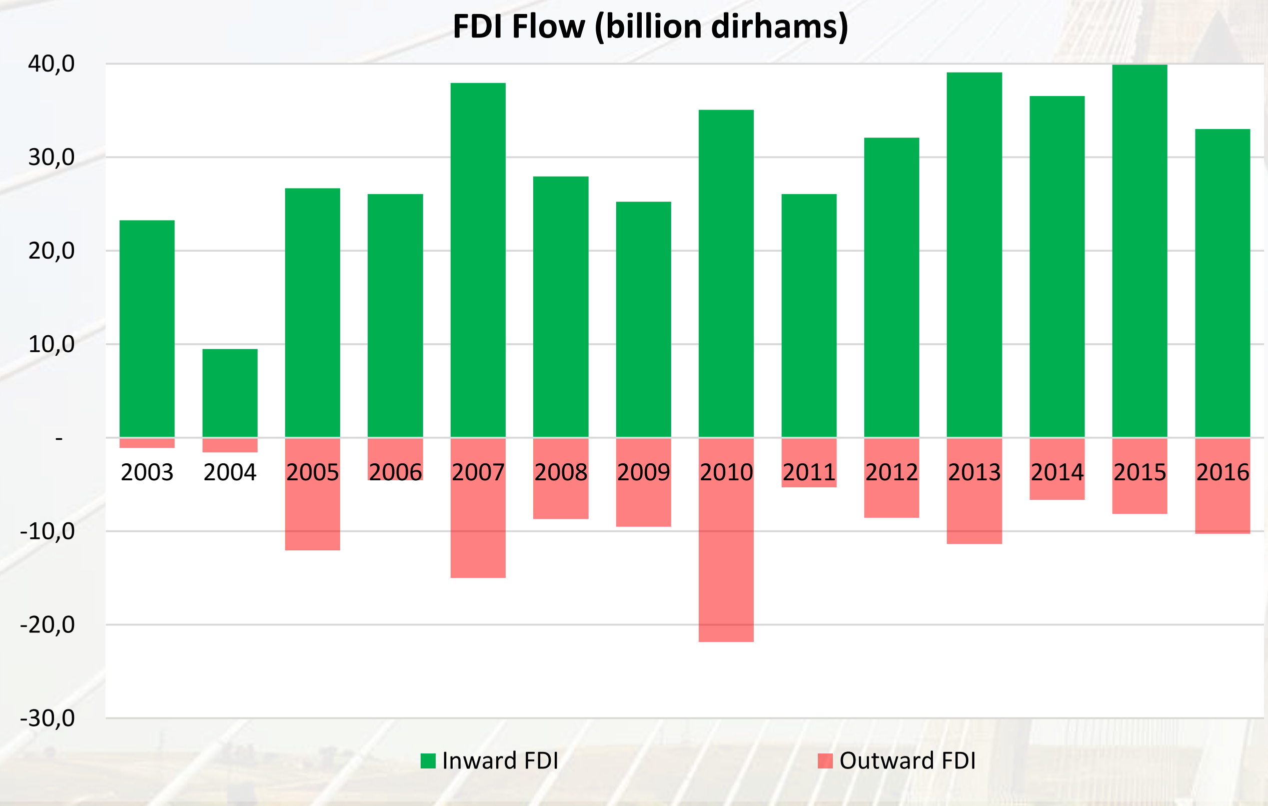
- Spain and France largest trading partners
- Relative strong increase in foreign trade with Turkey, UAE, South Korea, and Romania

Country Top 20	% in foreign trade Morocco 2016	% in foreign trade Morocco, 2010
Spain	18.4%	12.7%
France	16.0%	17.9%
China	6.3%	6.0%
USA	5.3%	5.9%
Italy	5.1%	5.5%
Germany	4.8%	4.1%
Turkey	4.0%	2.1%
Portugal	2.4%	1.5%
UK	2.3%	2.4%
India	2.2%	3.1%
The Netherlands	2.0%	2.1%
Brazil	1.9%	2.7%
Russia	1.9%	2.9%
Belgium	1.5%	1.8%
Saudi Arabia	1.4%	4.0%
South Korea	1.4%	1.0%
Algeria	1.3%	1.8%
UAE	1.2%	0.6%
Romania	1.2%	0.4%
Japan	1.1%	1.1%

Source: Office des Changes

Foreign Direct Investments

- Rising inward FDI flows since 2012; in 2016 33 billion dirhams
- Main foreign investor France, but increasingly from Middle East (UAE, Saudi Arabia, Qatar)



Source: Office des Changes

Country	Net FDI flows (million dirhams), 2016	% in total net FDI flows, 2016
France	6,528	28.7
UAE	3,614	15.9
Saudi Arabia	2,536	11.1
Qatar	1,676	7.4
USA	1,645	7.2
UK	1,537	6.8
Mauritius	1,067	4.7
Switzerland	1,046	4.6
The Netherlands	1,021	4.5
Germany	799	3.5

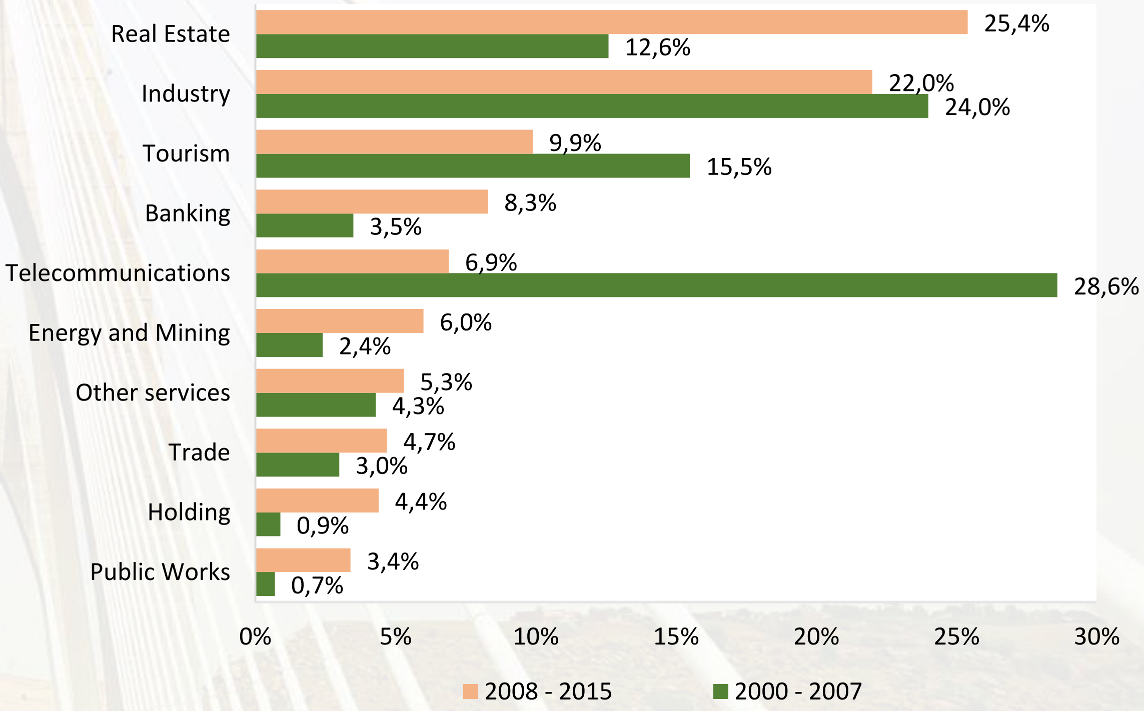
Source: Office des Changes

- In 2016 net FDI flows mainly in Real Estate, Industry & Construction, Trade
- Net FDI flows in Transport & Logistics relatively small; 1.9 percent (418 million dirhams) in 2016
- During last 15 years main sectors of FDI are Real Estate, Industry, Tourism; strong decrease in Telecommunications in period 2008 - 2015

Sector	% in Net FDI flows, 2016
Real Estate	52.1
Industry & Construction	16.0
Trade	14.0
Banking	4.8
Hotels & Restaurants (Tourism)	3.0
Transport & Logistics	1.9
Telecommunications	1.4
Agriculture & Fishery	1.6
Other Services	1.9
Other sectors	3.6
Energy	-0.2

Source: Office des Changes

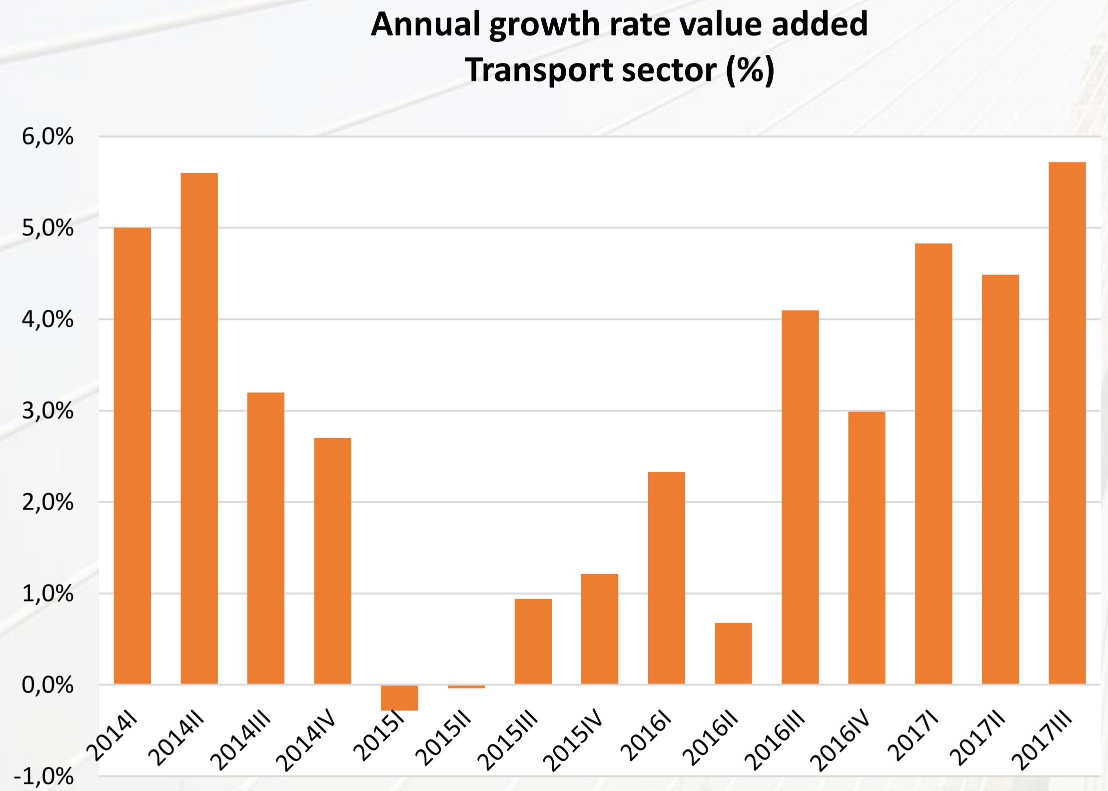
Inward FDI flows by sector in total FDI flows (%)



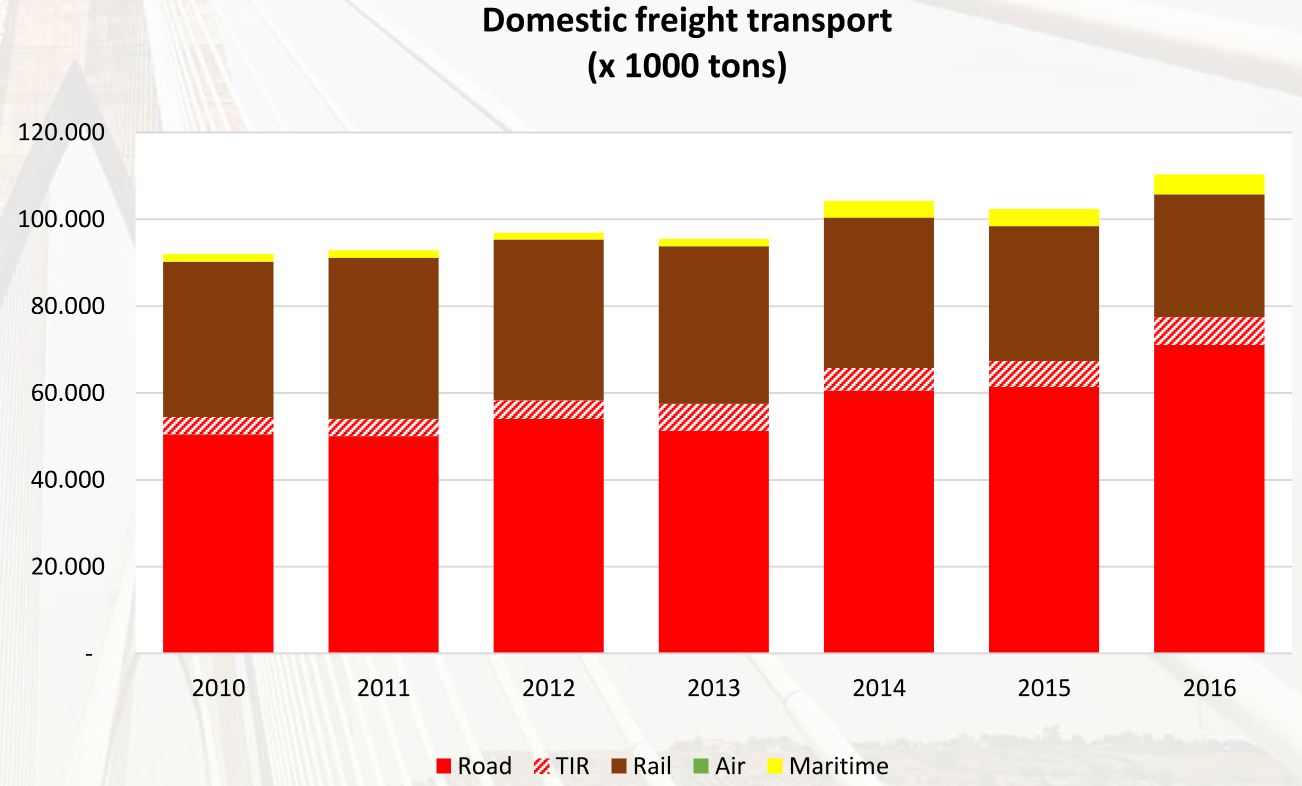
Source: Ministry of Finance

Developments in Transport & Logistics Morocco

- In 2015 and 1st half of 2016 Morocco's Transport & Logistics sector had a difficult time
- Recovery since 2nd half of 2016
- Domestic freight transport dominated by road freight transport (75 percent)

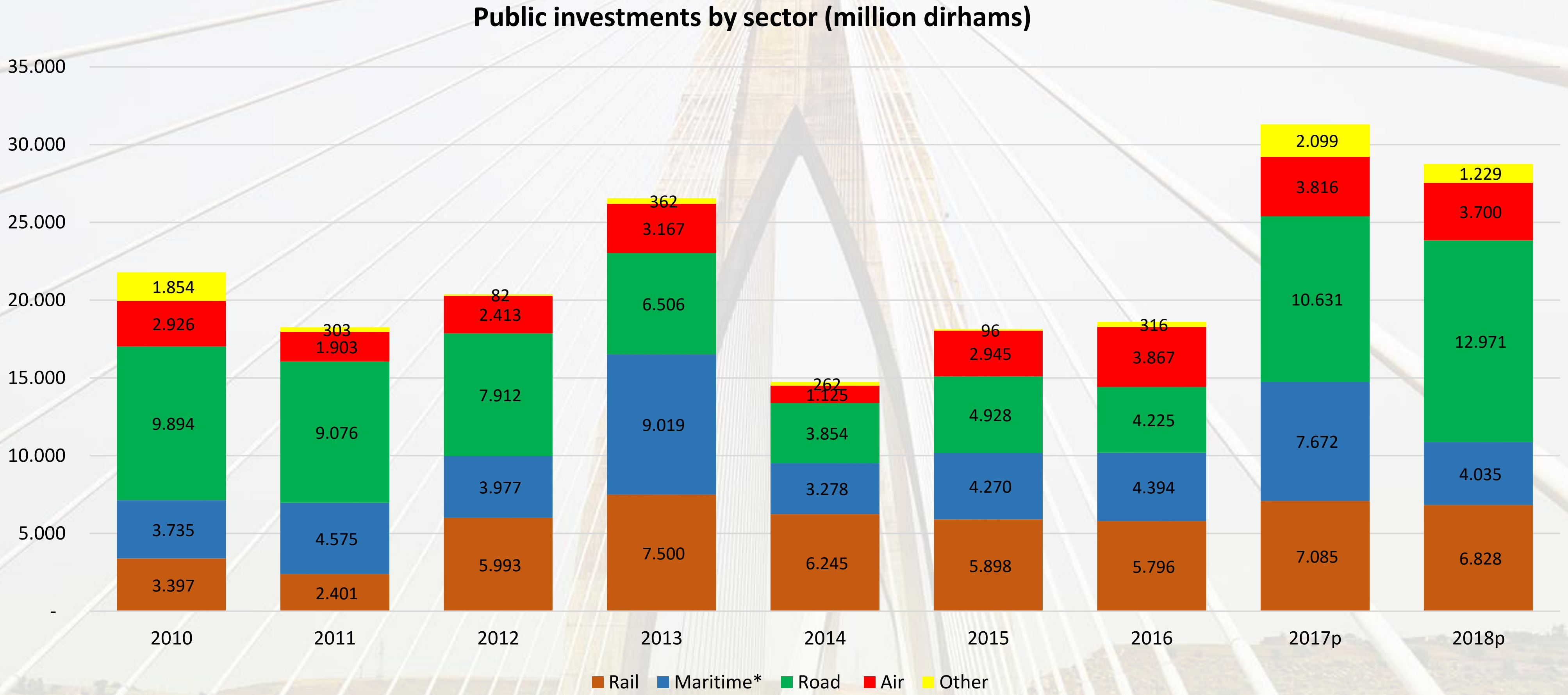


Source: HCP Maroc



Source: METL, ONDA, ANP, ONCF, SNTL

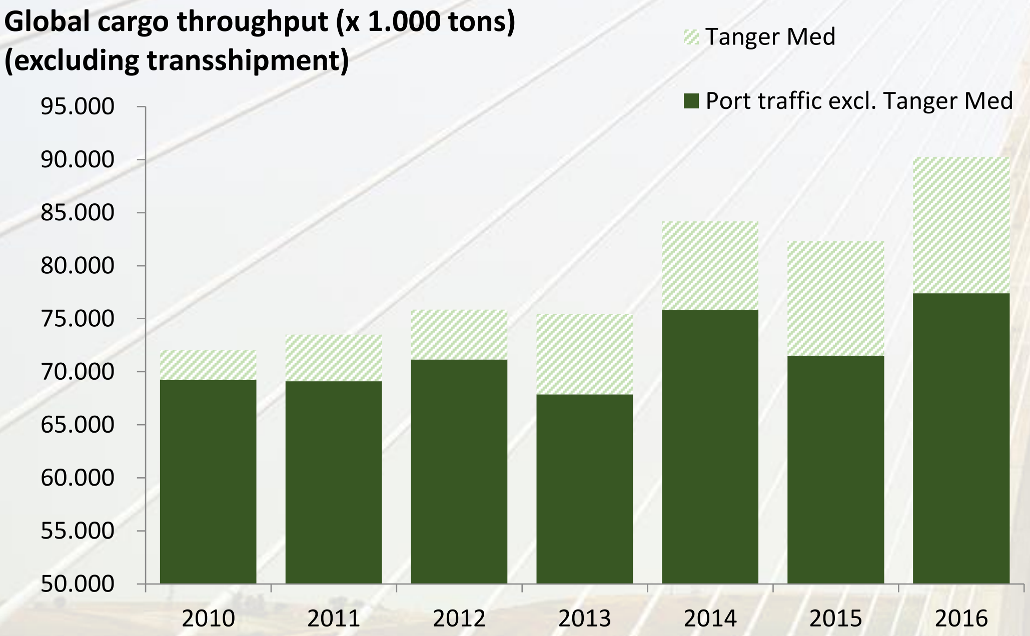
- Total public investments in domestic transport infrastructure in period 2014 – 2016 below period 2010 - 2013
- For 2017 and 2018 higher budget public investments in transport infrastructure compared to previous years
- Main public investments during last six years in road and rail infrastructure



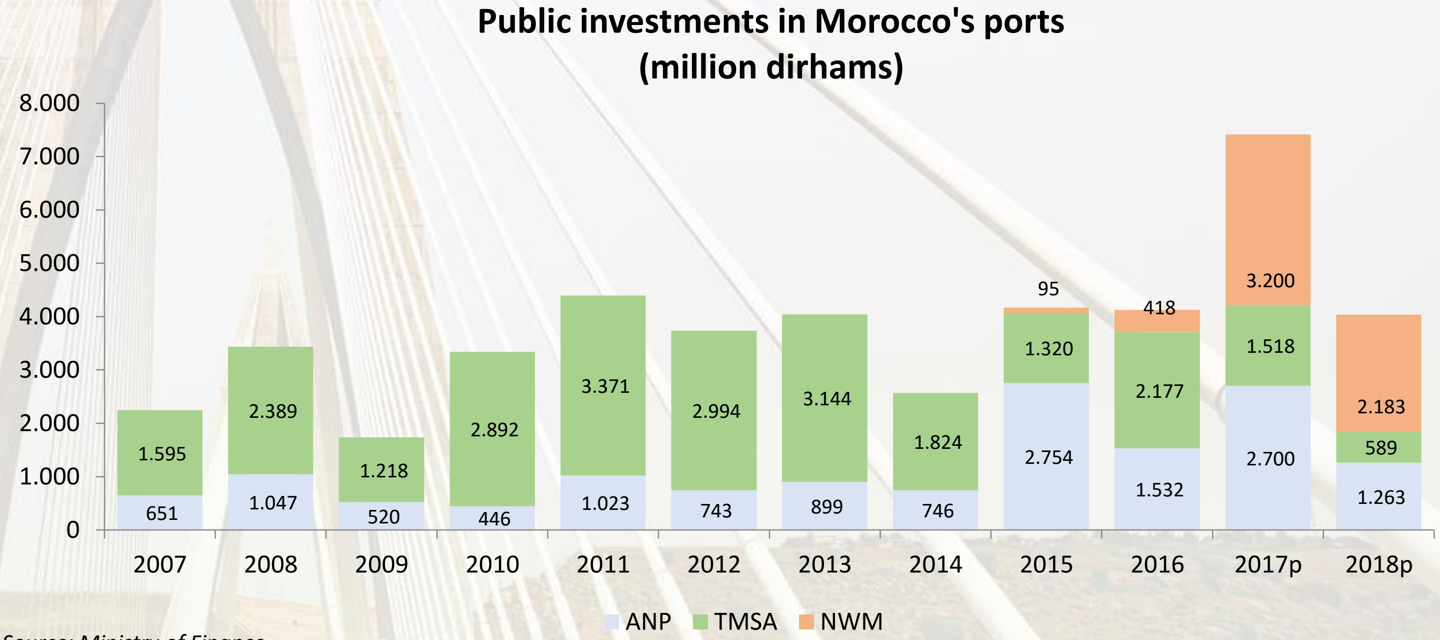
Note: (p) provisional budget; (*) for 2018 investments by Marsa Maroc are in the sector 'other'
Source: Ministry of Finance

Maritime transport

- Morocco has 36 commercial seaports, of which 13 ports for international trade
- Global cargo throughput has increased significantly since 2010; in 2016 around 90 million tons (+ 30 percent compared to 2010)
- Port of Casablanca largest domestic port: after opening Tanger Med II in 2019 this port will be the largest transshipment (container) hub in Africa and the Mediterranean region
- Since 2007 public investments in maritime sector predominantly aimed at building Tanger Med I and II; in 2017 and 2018 it will be aimed at developing new energy port Nador West Med (NWM)



Source: ANP



Source: Ministry of Finance

National Port Strategy 2030

Main objectives:

- supporting the economic developments in Morocco;
- contributing to regional balances and promoting social and human development;
- capturing a share of the maritime international trade and tourism market between Europe, the Middle East, Asia and Africa.

The METL also quantified this port strategy as follows:

- total cargo throughput (including transshipments) by 2030 between 290 – 370 million tons (in 2016 121 million tons);
- total port capacity by 2030 of 140 million tons.

Total public investments for implementing ‘National Port Strategy 2030’ estimated at 75 billion dirhams, of which 60 billion dirhams from 2016 onwards -> construction of 5 new ports largest share in total investments (62 percent)

- Modal split dominated by road freight transport; 83 percent of imported containers through Port of Casablanca are further transported by truck

- Limited use of rail transport and cabotage (sea) provide future opportunities for domestic transport companies

Road freight transport

Topic	Morocco
Total number of companies	65,000 (50% informal)
% SMEs	95%
Total number of employees	170,000
Annual turnover	1.4 billion euros
Average age truck fleet	13 years
Largest domestic company (annual turnover)	SNTL (69 million euros)

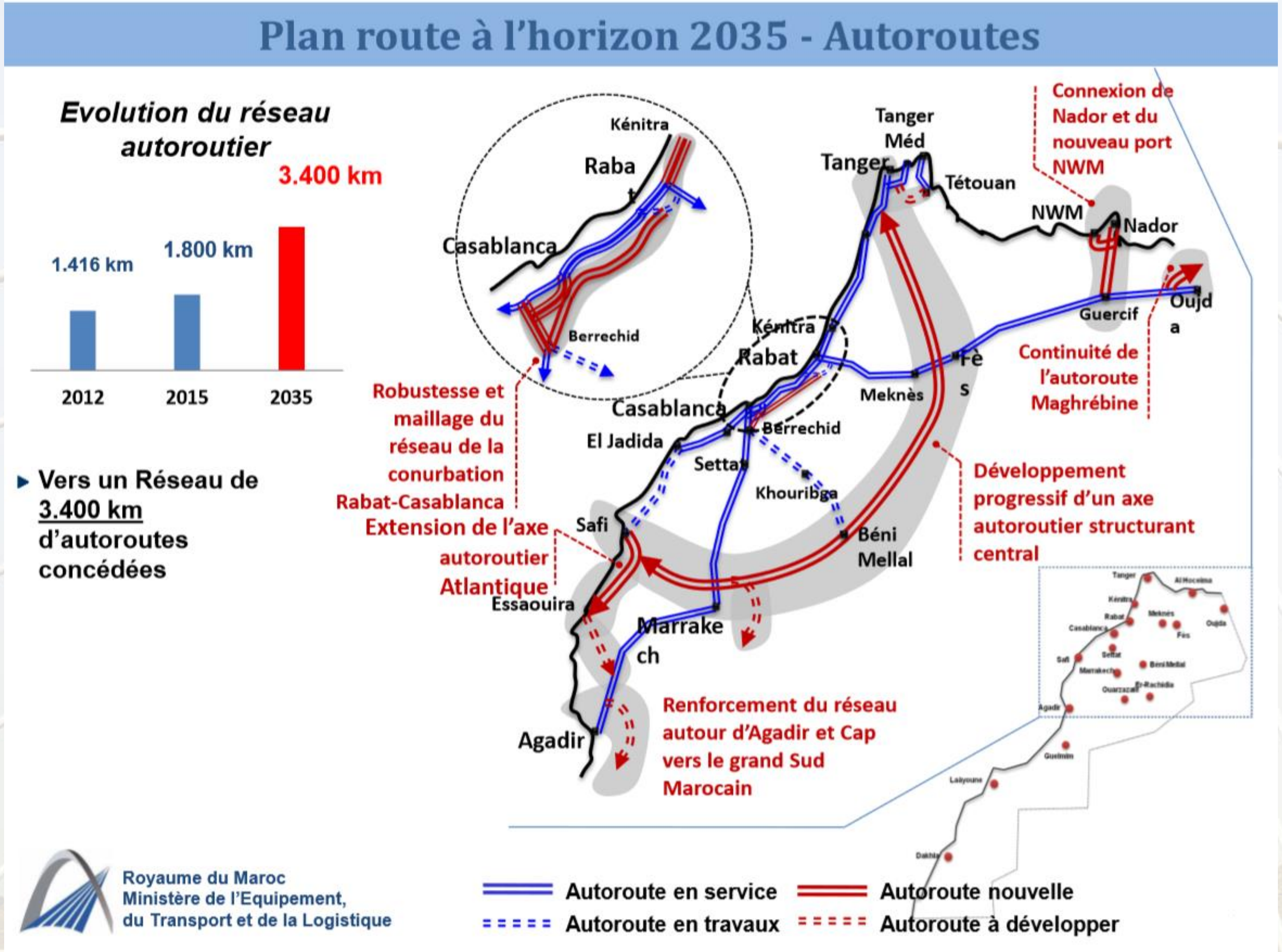
- The vast majority of road freight transport companies are SMEs
- Average age truck fleet in Morocco is relatively high
- Largest company in road freight transport is Moroccan state company SNTL
- 9 largest companies have 15% of the domestic market

Annual turnover main Moroccan road transport companies (million dirhams)

Year	SNTL	TIMAR	SDTM	Carré-SMTR	La Voie Express	Dislog	Tpm Transport	STMF	SOTRAFRIQUE
2012	876	212,1	--	90,2	100	336,5	217,4	83,2	92,5
2013	712	222,4	--	113,2	110,4	363,1	213,1	--	151,3
2014	705	236,1	89	166,7	109,5	441,5	156,7	--	180,1
2015	769	236,1	100,6	232,7	105,0	440,8	161,7	107,5	162,1
2016	891	258,4	111	--	105,3	--	--	--	--

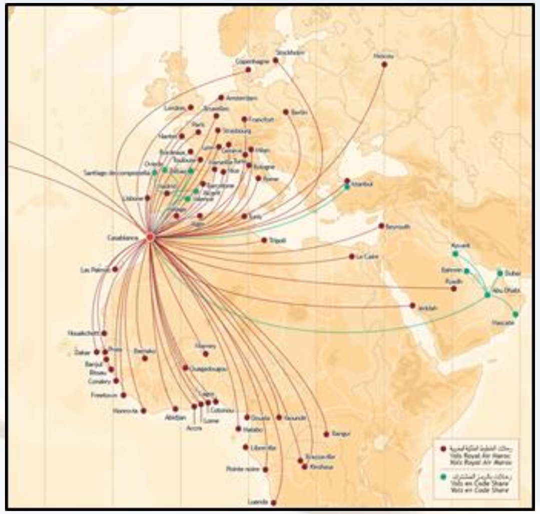
Source: Maroc1000.net, Economie Entreprises

Strong investments in national road network upto 2035, improving competitiveness road freight transport

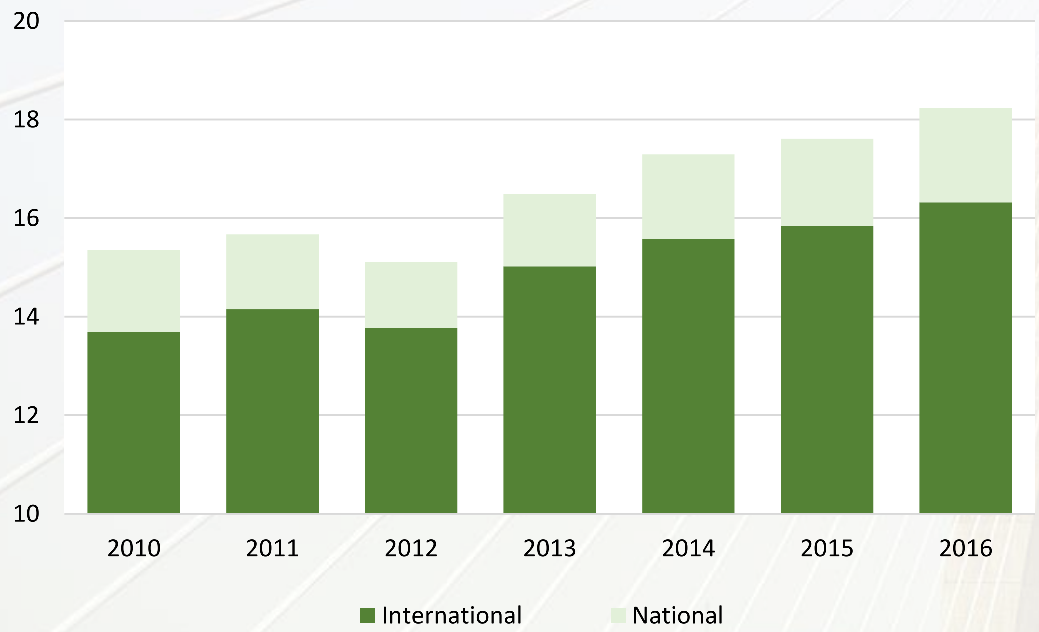


Air transport

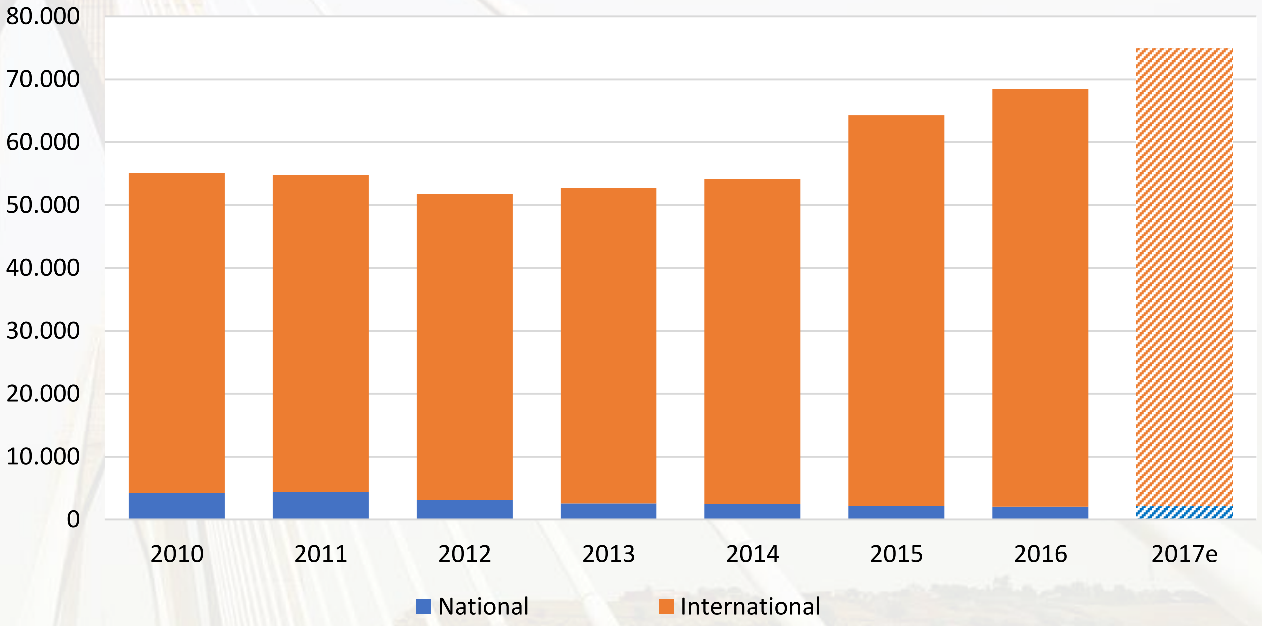
- Strong increase in number of passengers since 2010 (+20 percent)
- 90 percent are international travellers (mainly EU)
- Air freight transport showed a steady increase, 95 percent is international freight



Passengers (millions)



Air freight transport (tons)



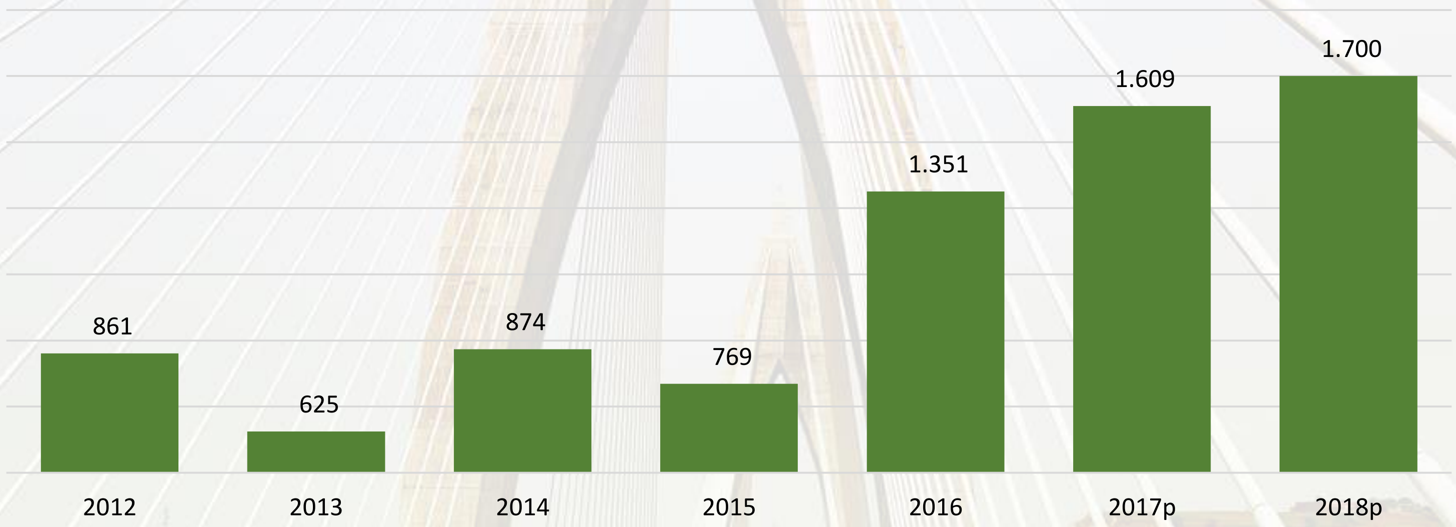
Source: ONDA

- Public investments in airport infrastructure will increase significantly in upcoming years

- Objectives **National Aviation Strategy 'Ajwae 2035':**
  - 70 million passengers will be transported (2016: 18.2 million passengers)
  - 182,000 tons of goods will be transported (2016: 68,000 tons)
  - 515,000 air movements per year (2016: 240,681 air movements)

- Total investment budget for implementing 'National Aviation Strategy 2035' is 94 billion, of which 40 billion dirhams in airport infrastructure -> largest investments are in expanding Morocco's airport capacity

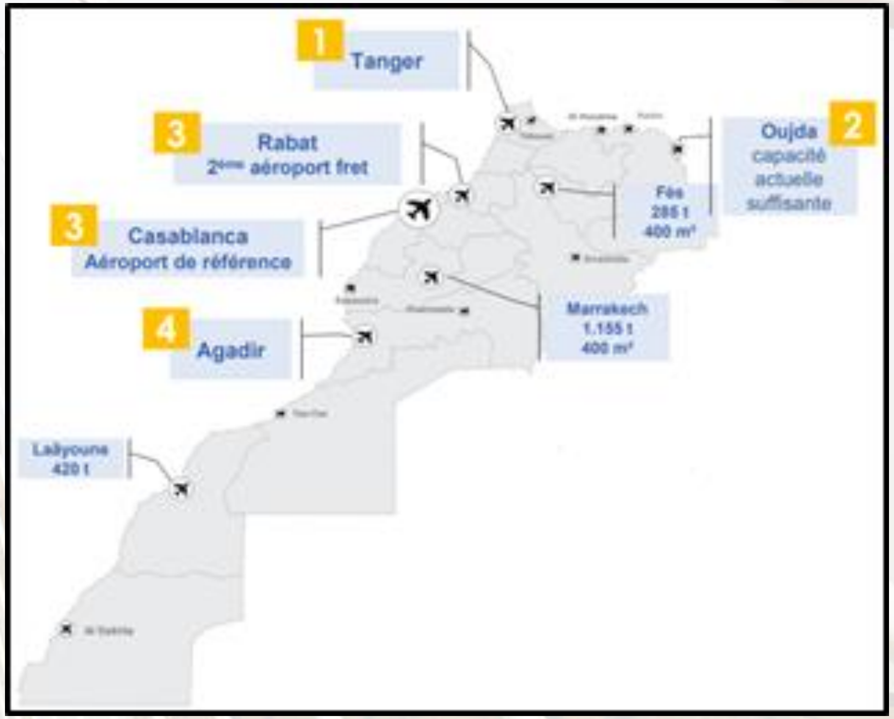
Public investments in airport infrastructure (million dirhams)



Note: (p) provisional budget
Source: Ministere of Finance

- To increase air freight transport in upcoming years, ONDA will invest in new developed integrated air cargo platforms
- 4 poles will be developed for integrated air cargo platforms
- Total investment budget 870 million dirhams

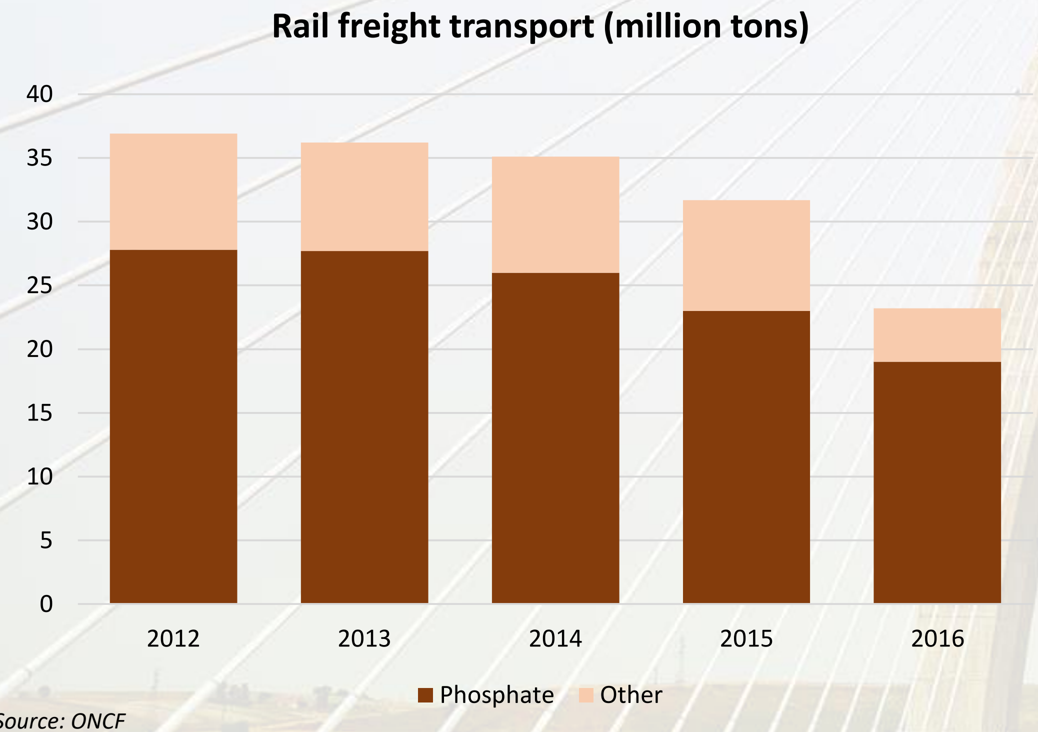
New integrated air cargo platforms

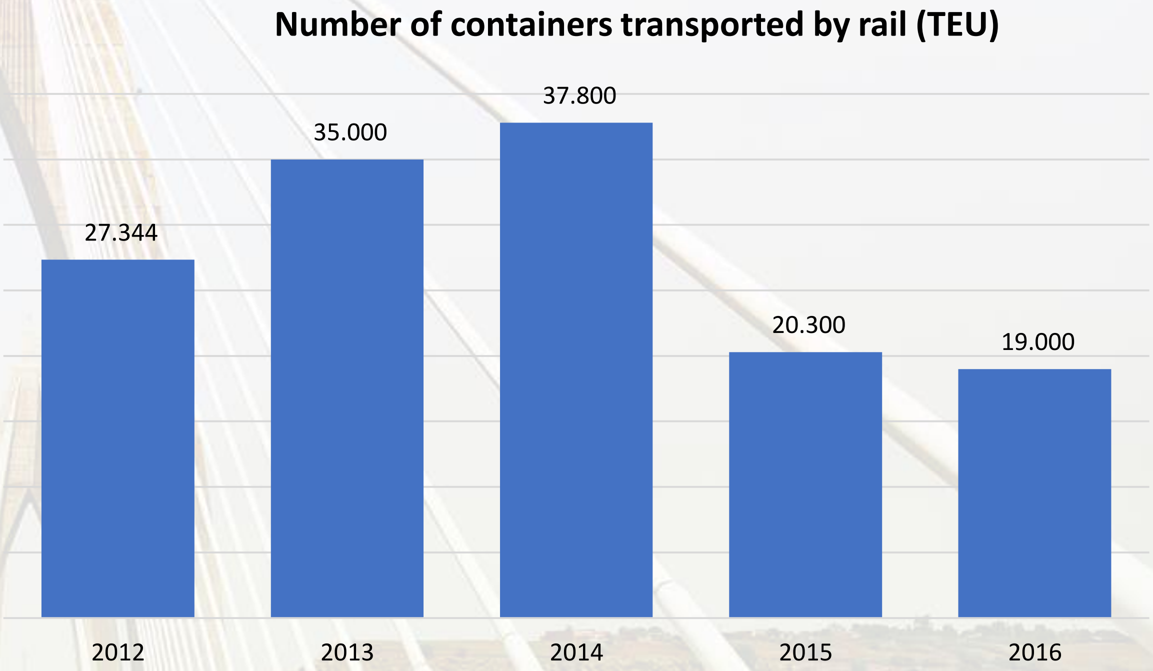


Four poles for integrated air cargo platforms

Rail freight transport

- Rail freight transport in Morocco is done by one operator, state company ONCF
- Rail freight transport dominated by transport of phosphate from OCP (75 - 80 percent of total rail freight transport)
- Number of containers transported by rail is relatively small





Source: ONCF

Logistics sector

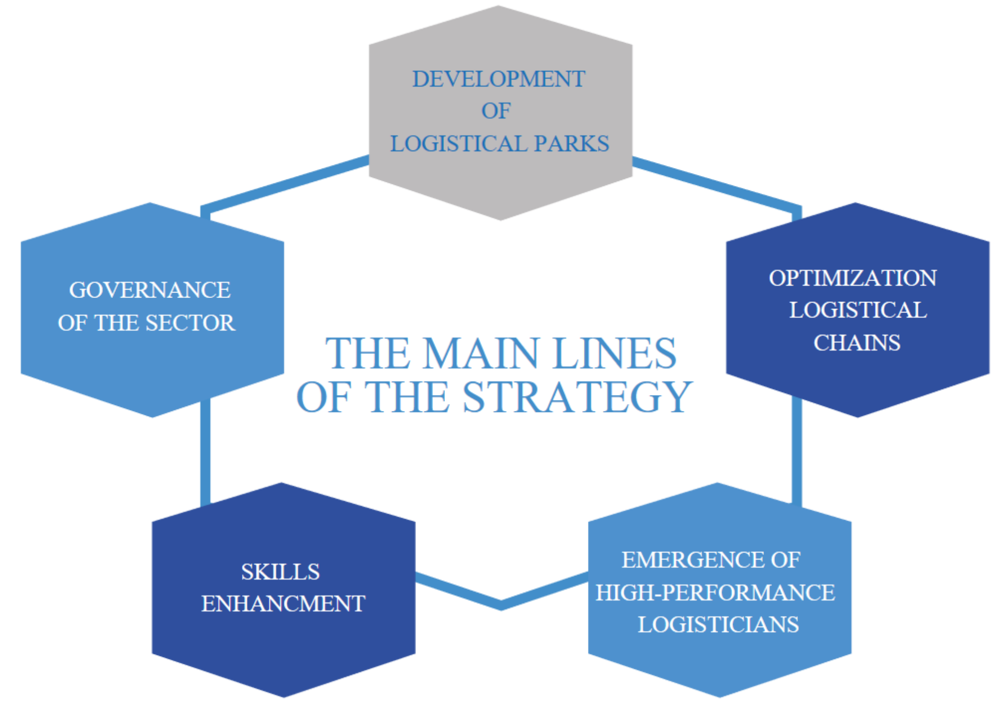
Main objectives of Morocco’s **National Logistics Strategy**:

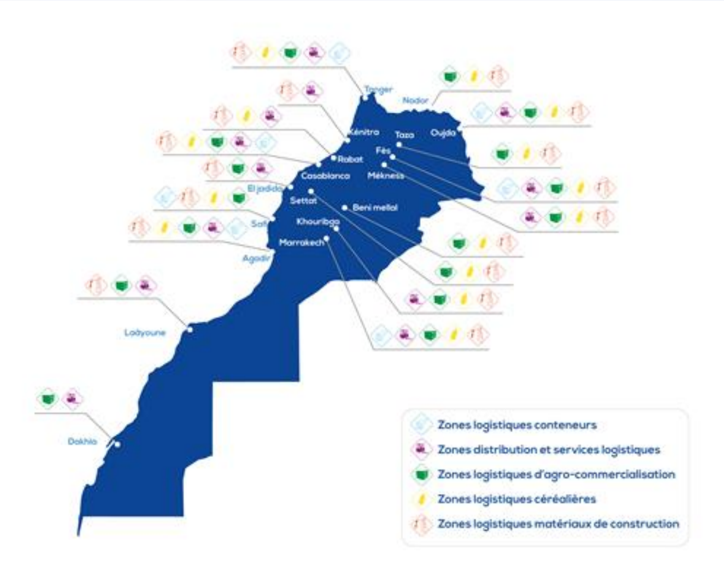
- Reduce the weight of logistics costs in Morocco in relation to the GDP by bringing them down from 20 percent currently to 15 percent over the medium term;

- Speed up GDP growth by gaining five percentage points over a 10 year period, by means of increasing the added-value induced by a drop in logistic costs and the emergence of a competitive logistics sector;

- Contribute to the country’s sustainable development through the reduction of CO_2 emissions linked to road transportation of goods, by as much as 35 percent over the medium term and a marked reduction of traffic on roads and in cities (Green Logistics).

Skills enhancement by providing professional (vocational) training via 'Centers of Excellence'

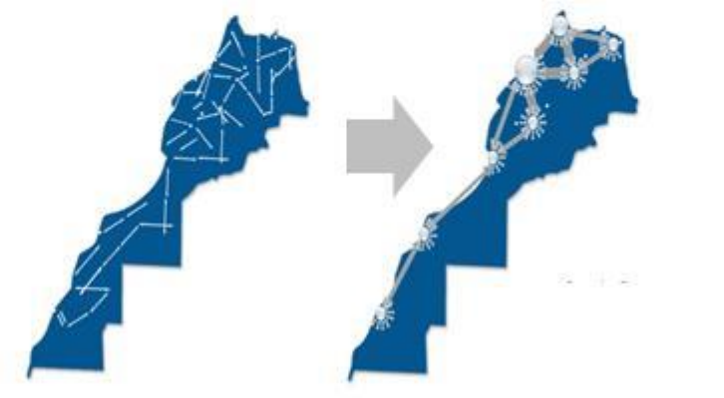




Development of logistic zones across the country

Improving governance of the sector through the setting up of dedicated bodies (AMDL, Observatory OMCL)

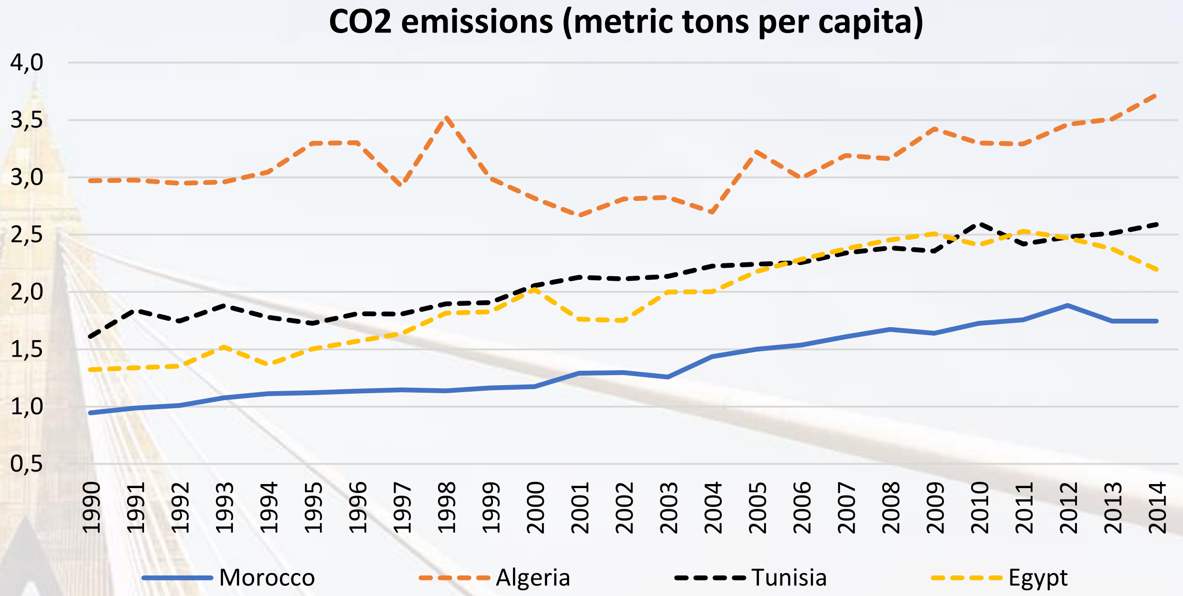
Emergence of high-performance logisticians, tackling informal sector

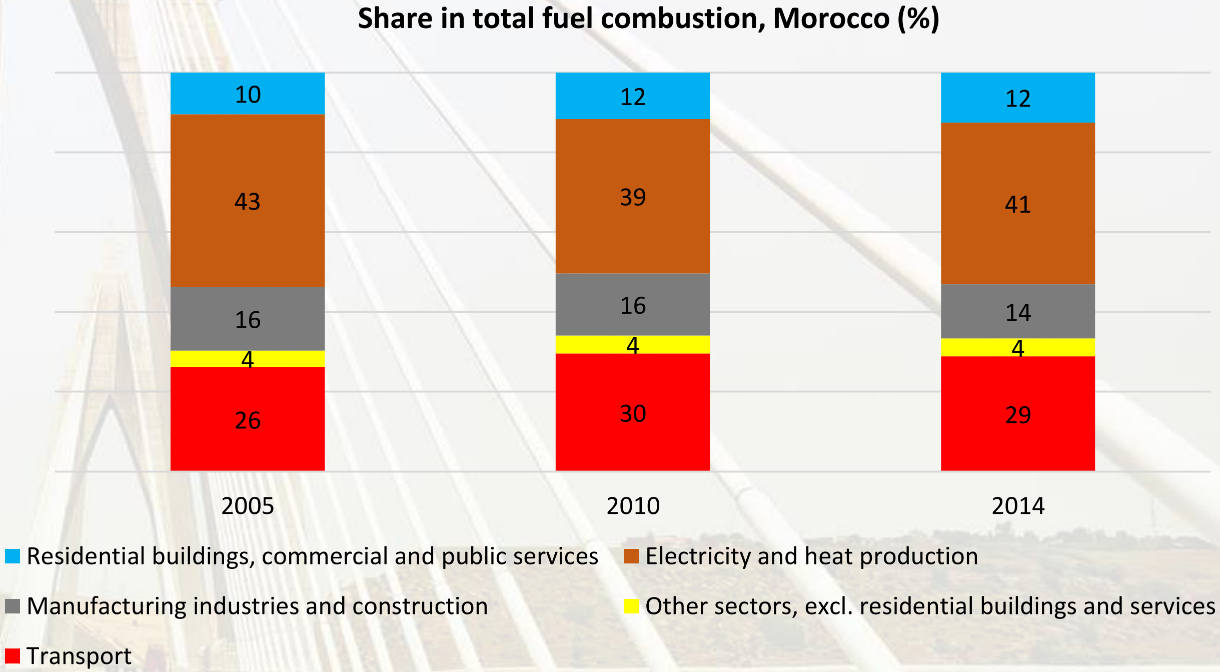


Optimization of logistics chains (e.g. urban logistics)

Traffic jams in major cities in Morocco causing transport delays and increasing air pollutions

Casablanca, Marrakech, and Tanger most air polluted cities in Morocco (3x times than the recommended level given by the WHO)





AMDL Urban Logistics Program 2016 - 2021

AMDL is looking at 5 – 6 cities in the country to improve urban logistics. The first city will be Casablanca were ADML together with the local government will create:

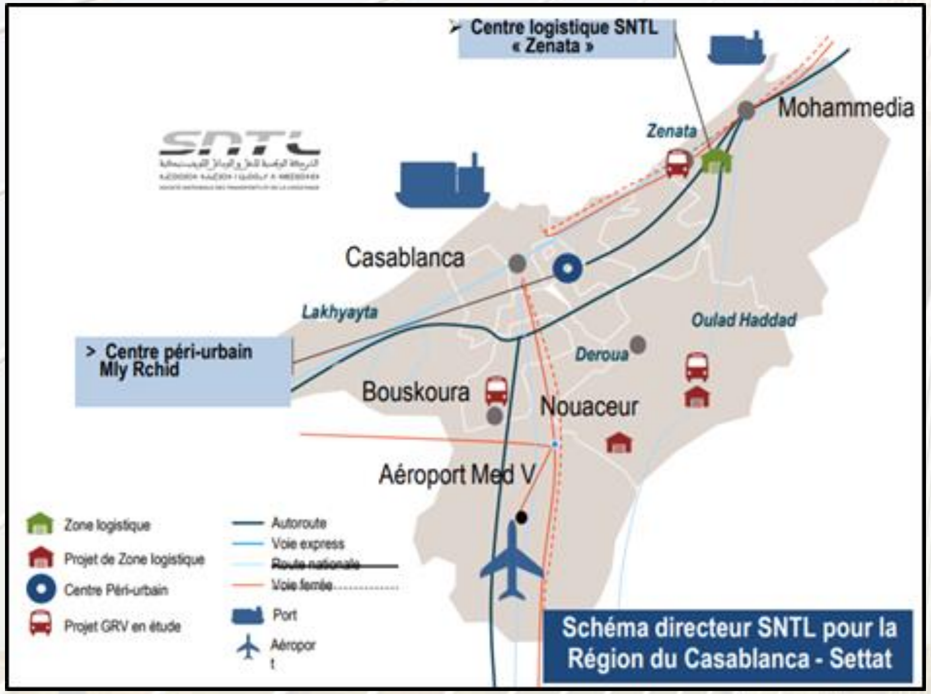
- 400 reserved parking places in the city were trucks can load and unload their goods;
- ‘Truck Centers’ which are secured parking areas outside the city center specifically for heavy trucks.

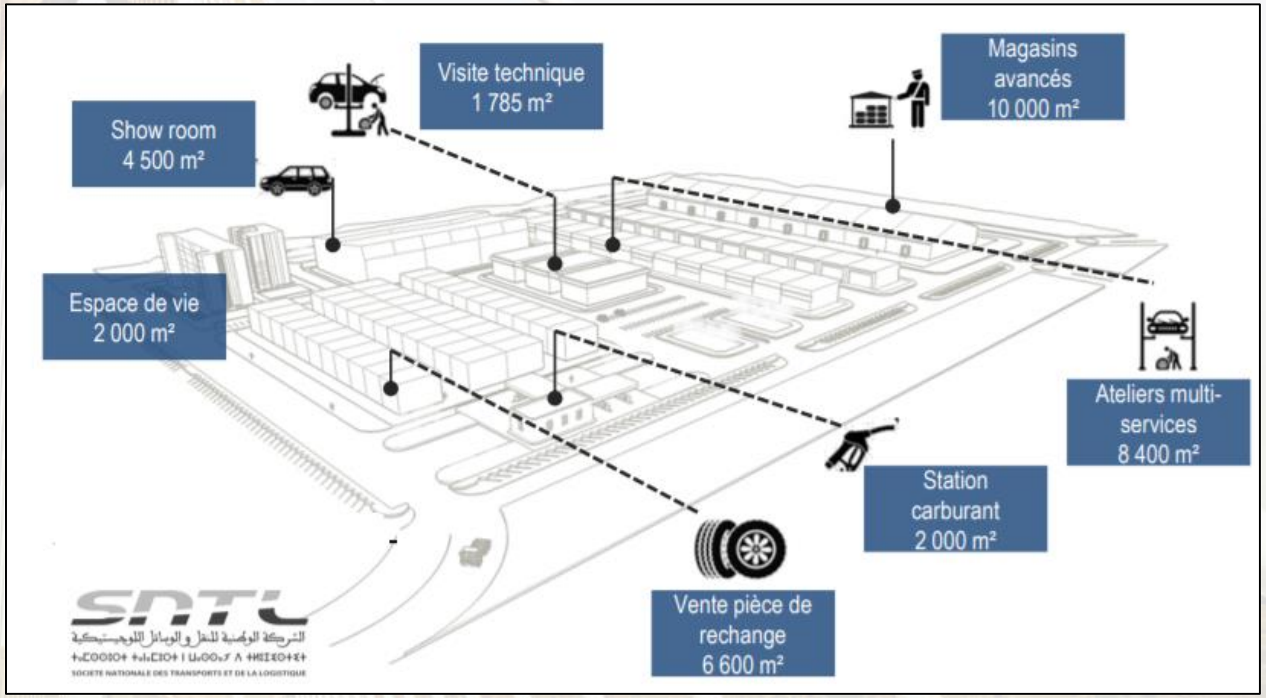
Total investment budget 700 million dirhams.

Truck Center

SNTL invest one billion dirhams during 2015 – 2020 in Urban Logistics in Casablanca- Settat:

- improvement of mobility: development and management of passenger bus stations
- the development of logistics zones: multi-flow logistic zones
- urban logistics: urban logistics centers at the periphery ('Automotive Village')





Cold chain logistics

Lack of sufficient and efficient cold chain infrastructure is a major contributor to food losses and waste; 55 percent of fruits and vegetables, 22 percent of meats, 30 percent of fish and seafood, and 20 percent of dairy are wasted.

Cold storage facilities in Morocco are still limited

Country	Total cold storage capacity m^3	m^3 per capita
Tunisia	1,310,011	0.122
Algeria	2,500,000	0.066
Egypt	3,250,000	0,034
Morocco	1,700,000	0.053

Source: FAO, GCCA

Thank you for your attention

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