



Ministry of Foreign Affairs

Transport & Logistics sector Morocco

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Business opportunities Dutch companies in Transport & Logistics sector Morocco



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Commissioned by:



Rijksdienst voor Ondernemend
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Foreword

Although the Kingdom of Morocco is only 14 km away from mainland Europe, doing business in the Kingdom demands a total different approach. Dutch companies are used to do business within a specific timeframe, based on formal contracts between buyer and supplier, and using the latest IT-technologies for business communication. In Morocco business is done more on informal and personal (face-to-face) contacts, in which you take time to learn and understand each other better, and therefore place more emphasis on inter-personal trust than on formal contracts. For Dutch companies to become successful in Morocco it is therefore necessary to adapt to the local business culture, thereby connecting to local businessmen to get things done and take time to learn and understand the country.

We would like to thank all Dutch companies and business associations who participated in the interviews for this market research. Their viewpoints on doing business in Morocco provided us with very valuable insight information on how Dutch companies can operate successfully in Morocco. Also, we would like to thank the representatives of AMDL for their view on Dutch business opportunities in Morocco's transport and logistics sector.

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Barendrecht (the Netherlands)

Casablanca (Morocco)

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Executive Summary

The Royal Dutch embassy in Rabat and Rijksdienst voor Ondernemend Nederland (RVO) wanted to gain a better insight in the business opportunities for Dutch companies in the Transport and Logistics sector in Morocco¹ by bringing together the needs and opportunities in Morocco on the one hand and Dutch solutions and technologies on the other hand.

Morocco's economy has been growing with an annual average of four percent during the last ten years. Political stability and her geostrategic location offers the country a competitive advantage compared to other countries in northern Africa. Foreign direct investments in Morocco are among the highest levels in Africa, providing almost two-hundred thousand qualified jobs. The focus of the foreign investments are in real estate, manufacturing industry and tourism. Especially during the last fifteen years the objective of the Moroccan government was to develop more high-end productive investment projects resulting in the creation of free zones for companies active in the automotive and aeronautics industry. Foreign direct investments in the transport and logistics sector in Morocco are with less than three percent in total foreign direct investments relatively limited.

Main foreign investors are coming from Spain, France, United Arab Emirates, Saudi Arabia, and the USA. With a share of 4.5 percent in total foreign direct investments inflows in Morocco in 2016, the volume of Dutch foreign investments is among the Top10 in Morocco. This position of the Netherlands is mainly due to several large Dutch companies active in Morocco like DAF, Philips, Unilever, and APM Terminals. Compared to other African countries in which Dutch companies are active, Morocco receives relatively low levels of Dutch foreign direct investments. Of the 40 African countries which received Dutch foreign direct investments in 2016, Morocco ranked number 17 which is below the level of the other North African countries Libya (nr. 6) and Tunisia (nr. 14). In Algeria Dutch companies withdrew their investment resulting in a negative level of FDI stock.

The geostrategic location of Morocco within Africa and the Mediterranean, the signing of free trade arrangements with the EU, USA, Turkey, together with a rise in income per capita, has resulted in increased volumes of international trade during the past fifteen years. The vast majority of Morocco's foreign trade (98 percent) comes by sea making it crucial for further economic growth to invest in the country's 35 commercial ports. Since 2008 the Moroccan government invested on average per year 3.0 – 4.0 billion dirhams in expanding and modernizing its seaports and will continue to do so in the period up to 2030. This include investments in upgrading the shipbuilding industry and expanding and modernizing the fishing industry. These multi-billion investments in Morocco's maritime sector provides strong business opportunities for Dutch companies.

Besides the growth in maritime transport, Morocco's road, air and rail freight transport together with the logistics sector have shown strong growth rates as well. Large public investments in the country's physical infrastructure in recent years, have contributed to the expansion of domestic transport and logistics. The construction of 1800 km of new expressways, expansion of the rail network, and the development of logistic and industrial zones led to a sharp rise in the number of companies active in transport and logistics. Currently Morocco's transport and logistics sector contributes about four percent to GDP and provides jobs to one million people. At the same time further growth in the transport and logistics sector is hampered by a large informal (unregulated) system. About half of the companies active in road freight transport are active in this informal system. A vast majority of these companies are very small, having only 1- 2 (old) trucks, providing services below cost price thereby underpinning the efficiency of the whole road freight transport sector. The Moroccan business association for the transport and logistics sector AMDL is aware of this situation and make it one of her top priorities in the next few years. In addition, AMDL has set priorities to the enhancement of logistic skills, optimization of

¹ The Western Sahara is listed as a non-self-governing territory under Article 73 e of the Charter of the United Nations. Any reference in this report to (the cities in) the Western Sahara should be read in this context. For more information: <https://www.rvo.nl/onderwerpen/internationaal-ondernemen/landenoverzicht/marokko/westelijke-sahara>

logistic flows and the strengthening of the sector's governance as well to improve the overall (inter)national competitiveness of Morocco's transport and logistics sector.

For Dutch transport and logistics companies Morocco's strong macro-economic developments, large public investments in the transport and logistics sector, and improvements in the regulatory framework of the country offers interesting business opportunities. In the maritime sector business opportunities can be found in the fishing industry, inland dredging of water reservoirs, supporting Morocco's national shipbuilding strategy, and in providing assistance to enhance the efficiency of Morocco's custom; in road freight transport Dutch business opportunities are in urban logistics, innovative transport solutions, training of Moroccan professionals and support in improving the regulatory framework, professionalizing road carriers (quality management, certification), implementing road security systems (including security of truck centers and logistics zones), and promoting supply chain security; in air transport providing knowledge and expertise to Moroccan counterparts in airside operations, design/consultancy, material/passenger handling systems, safety and security, terminal interiors, construction, and training to engineers on maintenance, repair and overhaul; in rail freight transport providing knowledge and expertise from Dutch companies and business associations on intermodal and multimodal rail freight transport, and investigate possibilities of new rail freight transport systems; in logistics business Dutch business opportunities are in cold chain logistics, the construction of cold storage facilities at Morocco's commercial ports and logistics zones, cooperation between Dutch and Moroccan educational organizations on providing vocational training and/or educational programs on logistic skills enhancement, and exchange of knowledge on improving logistics in among others sustainability, regulatory framework, and certification/labelling.

To be able to carry out the abovementioned activities successfully, it is important to expand the facilities for supporting Dutch companies in Morocco by setting up a dedicated economic support organisation in Morocco that assist Dutch transport and logistics companies in doing business in the Kingdom, organize regularly workshops, seminars, or business events in the Netherlands about market developments and business opportunities in the transport and logistics sector in Morocco, and creating a specific Dutch financial instrument that support Dutch SMEs from the transport and logistics sector in the need of small loans to do business in Morocco.

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1. Introduction

1.1 Context

1.1.1 Country profile

Part of the westernmost region of North Africa, Morocco² is also known as 'Al Maghreb' in Arabic, literally meaning 'the West'.

| GENERAL INFORMATION | |
|--------------------------|---|
| Area | 446,550 Km ² |
| Institutional system | Constitutional monarchy |
| Capital | Rabat |
| Economic Capital | Casablanca |
| Climate | Mediterranean |
| Time Zone | GMT (GMT+1 in summer) |
| Official language | Arab |
| Languages commonly used | French, Spanish |
| DEMOGRAPHY | |
| Population | 34.5 million inhabitants |
| Density | 80.1 persons/km ² |
| Activity rate population | 47.4% |
| Urban population | 60% |
| Life expectancy | 72 years |
| CURRENCY | |
| Currency | Moroccan Dirham (MAD) |
| 1 € | 10.93 MAD (average Nov. 2016 – Nov. 2017) |

Population: Morocco has a population of around 35 million people. Inter-marriage between different social cultural groups is common, as is inter-marriage with various other sub-Saharan African minorities. This has blurred ethnic differences through the centuries. There are, however, cultural divisions between cosmopolitan coastal regions, where European and Arab cultures trend to play a strong role, and the country's Berber and Sahara-dominated interior locales. The country has had a strong Jewish presence for many years (at one point the local Jewish community was 250,000 strong) though a substantial percentage of this population moved to Israel and Western Europe after 1948. Mellahs, the historic Jewish quarters that can be found in many of the Kingdom's cities, have distinct wall and fortified gates.

The country's central geographic location has resulted in a rich culture and 3000-year history of privileged relations with Europe and other nearby regions. Morocco's population is relatively young; approximately 29 percent of the population is below 15 years of age, while 65 percent is between 15 and 65, and around 6 percent is over 65. Average life expectancy has risen to 70 years for men and 74 years for women.

According to the latest national population and housing census (RGPH 2014)³, the overall illiteracy rate in Morocco is 32 percent of which for men it is 22 percent and women 42 percent. Ten years ago the overall illiteracy rate was 43 percent. Besides a gender difference in illiteracy rates, there is also a large divide between the rural and urban areas in Morocco. The illiteracy rate in the urban areas is 23 percent compared to 48 percent in the rural areas. The share of people in the age of 10 years+ who have attended higher education (minimum BA-level) is 6 percent compared to almost 9 percent ten years ago.

² See footnote 1 above.

³ Every ten years the national population and housing census RGPH (RECENSEMENT GENERAL DE LA POPULATION ET DE L'HABITAT) is carried out by the National Statistics Bureau of Morocco HCP.

Morocco has rapidly been transforming into a largely urban society over the past decade, with approximately 60 percent of citizens now living in cities and urban areas, due to a trend of rural migration to coastal centers. The high population growth rate in urban agglomerations in recent years is accompanied by a rise in unemployment with pressures mostly felt by younger generations. The trend of urban migration is partly fueled by the dwindling appeals of rural life and the higher standard of living perceived in the cities. The influx of Morocco's increasingly young population into urban areas, especially those located on the country's Atlantic seaboard, feeds a significant informal employment sector, which has been a focal point of the government's current long-term reform and legislative agenda.

Languages: There are at least four languages in regular use around the country, making Morocco a multi-lingual Kingdom. Many locals know numerous foreign languages. Classical Arabic is the country's official language, but its local dialect, Darija, is the most commonly used in everyday life. Darija differs from classical Arabic in both pronunciation and vocabulary, and it can have additional local influences in different regions of the country.

Berber is widely spoken in different regions in the country; an estimated eight million people use Berber daily. French is still extensively spoken, especially among influential foreign-educated classes, older generations and in the big urban centers. Spanish is widespread in the northern regions of the country, but French remains the favorite language for business, science and in higher education. English and German is also spoken in far smaller proportions, and mainly in connection with tourism and in large cities, such as Marrakech and Agadir.

Religion: The great majority of Moroccans are Sunni Muslims and followers of the local Malekite rite, which is principally known for its focus on tolerance. The King is considered to be "commander of the believers" and Morocco's top religious authority. Sufism is also widespread, and there are numerous Sufi holy places and festivals. Morocco was home to one of the world's largest Sephardic Jewish populations prior 1948, but emigration has sharply lowered numbers to around 4,000, down from around 250,000 prior the birth of Israel. The remaining community is still economically and politically influential, and the Moroccan Jewish Diaspora has been a powerful ally in foreign relations with the EU and the US. Christianity is practiced primarily by the country's European residents and by a growing community of sub-Saharan African immigrants.

Geography and Climate: Morocco offers a wide range of geographic diversity, with a total area of 446,550 km². The country rich soil and mild climate have resulted in thriving local agriculture sectors. The Kingdom is spread over four topographical zones: the Atlas and the Rif mountain ranges to the north, reaching altitudes of 4,165 meters; the fertile coastal plains to the west; the drier Anti-Atlas region in the center; and the Sahara desert to the south. The total length of Morocco's Mediterranean and Atlantic coastlines is 1,835 km. To the north, the Strait of Gibraltar separates North Africa from Europe by a mere 14 km at the narrowest point, making neighboring Spain easily visible most days.

Morocco has a Mediterranean climate. Rainfall is concentrated in the winter months, in line with northern hemisphere weather patterns. Most of the rainy conditions come off the Atlantic Ocean buffeting the coastal regions with rains and strong winds. The hot and dry summer months see temperatures as high as 40°C throughout the country and even higher in some remote inland regions. The Atlas is temperate and generally accounts for most of the country's snowfall during the winter months. The southern and Anti-Atlas regions are predominantly desert climates sprinkled with several lush oasis areas.

1.1.2 Foreign companies

During the last eight years Morocco has become a main destination in Africa for foreign investors. In 2016 alone 81 greenfield foreign direct investment (FDI) projects were announced with a total value of almost 6.6 billion US dollar. The highest number and value since 2009. The share of Morocco in greenfield foreign direct investments in North Africa was twelve percent in 2016 compared to twenty percent in 2015 making it second after Egypt. Morocco's share in Africa's greenfield FDI projects was seven percent in 2016.

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Number of announced Greenfield¹ FDI projects | 50 | 55 | 96 | 68 | 51 | 75 | 74 | 81 |
| Value of announced Greenfield FDI projects (million US\$) | 6,840 | 2,445 | 2,921 | 1,203 | 2,649 | 5,203 | 4,357 | 6,596 |
| % in Africa | 8 | 3 | 4 | 2 | 4 | 6 | 6 | 7 |
| % in North Africa | 17 | 13 | 24 | 7 | 22 | 20 | 20 | 12 |

Note: (1) Green Field Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Source: UNCTAD

The majority of foreign companies investing in Morocco are coming from the EU – mainly France and Spain – but increasingly from the Middle East (mainly United Arab Emirates). Also companies from the USA show a growing interest in investing in the Kingdom in recent years. Although the Netherlands has a large Moroccan Diaspora, only a relatively few number of Dutch companies are investing in Morocco. During the last twelve years of the total volume of foreign direct investments in Morocco less than one percent came from Dutch companies. It is estimated that around 60 – 70 Dutch companies are located in Morocco through either a Joint Venture with a local partner, a local agent or an affiliate. Most of these companies are active in agriculture and related business activities and have less than 250 employees (i.e. belonging to SMEs). In 2016 total FDI stock from the Netherlands in Morocco amounted to just over five-hundred million euros. Large(r) Dutch companies active in Morocco are among others Heineken, DAF, Unilever, Philips, Klaas Puul, The Makers, and APM. Agricultural companies active in the Kingdom are among others Enza Zaden, Messemer, Van Oers, and Koppert. The number of Dutch transport and logistics companies active in or on Morocco is estimated between 15 – 20, although exact numbers are not available due to a missing database of (such) Dutch companies.

1.2 Objective

Morocco's economy has been growing with an annual average of four percent during the last ten years. As a result average GDP per capita has risen with more than twenty percent thereby decreasing the number of people living in poverty. The social and political turmoil of the Arab Spring in 2011 has mainly surpassed Morocco, creating a very stable investment climate which have attracted major foreign investments in sea ports, infrastructure (roads, rail), manufacturing industry (automotive, aeronautics) and renewable energy (wind, solar). The transport and logistics sector is the backbone of the country's economy. Although the direct share of five percent in overall GDP is relatively small, the indirect role the transport and logistics sector play in the economy is much bigger. There will be no trade without the use of one or more different transport modes, industry depends on the im-/export of raw materials and/or processed goods, and agriculture needs transportation to move their produce from the fields to the (inter)national market.

The growing economy together with a strong developing domestic transport and logistics sector offers interesting business opportunities for Dutch companies. At the same time, as mentioned before, the number of Dutch transport and logistics companies active in or on Morocco is still limited. Partly this has to do with a

lack of knowledge from Dutch companies about these business opportunities, but also partly with the fact that many Moroccan clients (private/public) don't have enough understanding what Dutch companies could offer them.

Therefore, the **objective** of this market research is two folded:

- (1) gain better insight in the transport and logistics sector in Morocco, and
- (2) increase bilateral cooperation by bringing together needs and opportunities in Morocco on the one hand, and Dutch solutions and technologies in the transport and logistics sector on the other hand.

In addition to this objective, specific attention is paid to interesting developments for Dutch companies in Morocco's northern region of Tanger-Tetouan-Al Hoceima.

1.3 Guide for the reader

The structure of the market research is as follows:

- **Chapter 2:** the Moroccan business climate in general is given, including main economic developments, foreign trade and foreign direct investments, and the business environment;
- **Chapter 3:** trends and developments in the transport and logistics sector in Morocco in general are given and by sub-sector in specific. The sub-sectors of which detailed data is provided are maritime, air, road, rail and logistics. Furthermore, the results of the eleven personal interviews with Dutch companies and business associations in the transport and logistics sector are added to this chapter;
- **Chapter 4:** the institutional context in Morocco is provided in this chapter by looking at the regulatory reforms per sub-sector in recent years and each sub-sector is organized by the Moroccan government;
- **Chapter 5:** safety and security issues in the various sub-sectors are given and how the Moroccan governments wants to minimize them in the upcoming years;
- **Chapter 6:** business opportunities for Dutch companies in the transport and logistics sector are provided by confronting the collected data from the previous chapters 2 – 5 on Morocco's sector specific opportunities and threats with the strengths and weaknesses of the Dutch transport and logistics sector thereby taking a holistic view of the Dutch transport and logistics sector. Specific cases from the Dutch transport and logistics sector are added to this chapter to provide representative examples about what kind of products and services the Dutch companies could offer to Moroccan clients;
- **Chapter 7:** the conclusion is given by integrating all the data collected on Morocco's transport and logistics sector with the possibilities that Dutch transport and logistics companies can offer to Moroccan clients.

Specific information on relevant developments in the northern region of Tanger-Tetouan-Al Hoceima is integrated into chapters 2 and 3.

2. Moroccan Business Climate

2.1 Political environment

The Kingdom of Morocco is a constitutional monarchy based on French and Islamic law and French legal procedures. A new constitution came into force on July 1st 2011. King Mohamed VI is the head of state. The country has a bicameral system, consisting of a directly elected 395-seat lower Chamber of Representatives and a 120-seat upper Chamber of Advisers indirectly elected by an electoral college. Representatives are elected every five year by universal suffrage. The last election for the lower house was held in October 2016 which was won by the PJD (Justice and Development Party). Voter turnout is relatively low in Morocco. During the elections of 2016 voter turnout was 43 percent, in 2011 it was 45 percent. The Kingdom had undergone some significant changes in recent years, including closing the gender gap, tackling poverty and slowly decentralizing its government. The manner in which it has gone about implementing these reforms has ensured that political risk is kept at a minimum. This has been achieved thanks in large part to the strong executive authority of the King.

The King, who also holds the title of the Commander in Chief as the country's military leader and Commander of the faithful as the country's religious leader, appoints the Prime Minister following parliamentary elections. With the Prime Minister's recommendations, the King then appoints the other members of government. In event of legislative gridlock, the King has the power to dissolve parliament and call for new elections. Similarly, the monarch can dismiss a minister from office if he feels it is appropriate.

While power is consolidated at the highest levels of the monarchy, moves have been made to expand the authority of parliament in recent years, following a number of amendments to the constitution in the early 1990s. The changes have, among other things, given elected officials greater responsibility for a range of issues, including budgetary and investigatory matters. Additionally, the Chamber of Representatives has been given the authority to dissolve the cabinet though to a vote of no-confidence.

Main political parties (seats won during parliamentary elections in October 2016)

- **PJD** (Justice and Development Party) 125 seats
- **PAM** (Authenticity and Modernity Party) 102 seats
- **Istiqlal** (Independence Party) 46 seats
- **RNI** (National Rally of Independence) 37 seats
- **MP** (Popular Movement) 27 seats
- **USFP** (Social Union of Popular Forces) 20 seats
- Other parties 38 seats

National elections

Last elections: October 2016 (Chamber of Representatives); October 2015 (Chamber of Advisers); September 2015 (municipal and regional councils). Next national elections: October 2020 (Chamber of Advisers); October 2021 (Chamber of Representatives).

Judiciary System

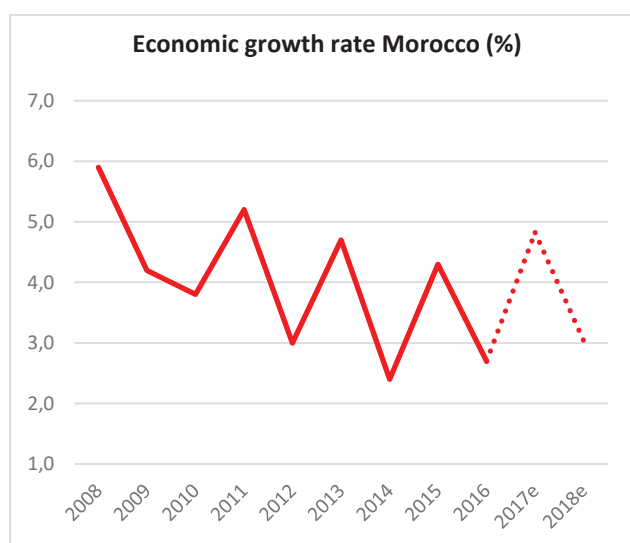
The judiciary system is based on a combination of Islamic law and European civil law, and is headed by the Supreme Court. Judges to the high court are appointed by the Supreme Council of the Judiciary, which is led by the King. There are five Chambers in the Supreme Court: constitutional, penal, administrative, social and civil. The constitutional chamber has the authority to review legislation.

Women's Right

Among some of the biggest reforms passed under King Mohammed VI has been that of the family code (Moudawana) a legislative overhaul aimed at reducing the gender gap and strengthening the rights of women. The Moudawana largely closed the door on polygamy, enabling women to file for divorce without their husbands' approval, making the decision subject to a court ruling. Similarly, the legal age for marriage for girl was raised from 15 to 18. The new legislation also codified family responsibility as being within the domain of both spouses. Finally, the nationality code was amending to grant Moroccan women married to foreigners the right to pass on citizenship to their children. The Moudawana was one example of how the Kingdom sought to build upon its reputation of a progressive social legislation, but reforms such as this have had more than a simply symbolic effect. The commitment of leaders to protecting the rights of women can be seen in the increasingly active role women play in determining the social, political and economic agenda of the country, women now holding a number of significant positions in private sector.

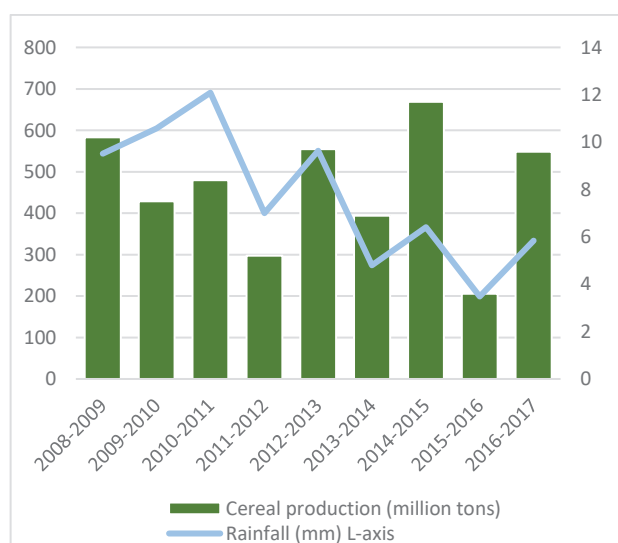
2.2 Economic developments

During the last fifteen years Morocco's annual economic growth rate was on average four percent. At the same time growth rates fluctuate widely between succeeding years. These fluctuations are the result of the strong influence in performance of the agricultural sector (including forestry and fishery). With a share of 14 percent in GDP and almost 40 percent in total (formal) employment, fluctuations in agricultural output due to (severe) weather conditions have a relatively huge impact on the economic development of the country. One of the main staple food are cereals. Cereal production during the past eight years has fluctuated sharply due to the amount of rainfall in a particular season. In the agricultural seasons of 2008/09, 2012/13, 2014/15, and 2016/17 cereal production was with more than nine million tons high at the time that annual rainfall was above the long-term average of around 327 mm. The opposite is the same; below average rainfall led to low cereal production creating a drain on many peoples income. The result is that economic growth in those years with relatively low agricultural production slowed down as well. For example the years 2012, 2014, and 2016 showed below average economic growth rates and had at the same time low agricultural output. For 2017 the International Monetary Fund (IMF) expects a relatively high economic growth rate of 4.8 percent. For 2018 it is expected that the growth rate will fall back to around 3.0 percent. The expected high growth rate for 2017 is primarily caused by a strong performance of the agricultural sector during the season 2016 – 2017.



Note: (e) estimate by IMF

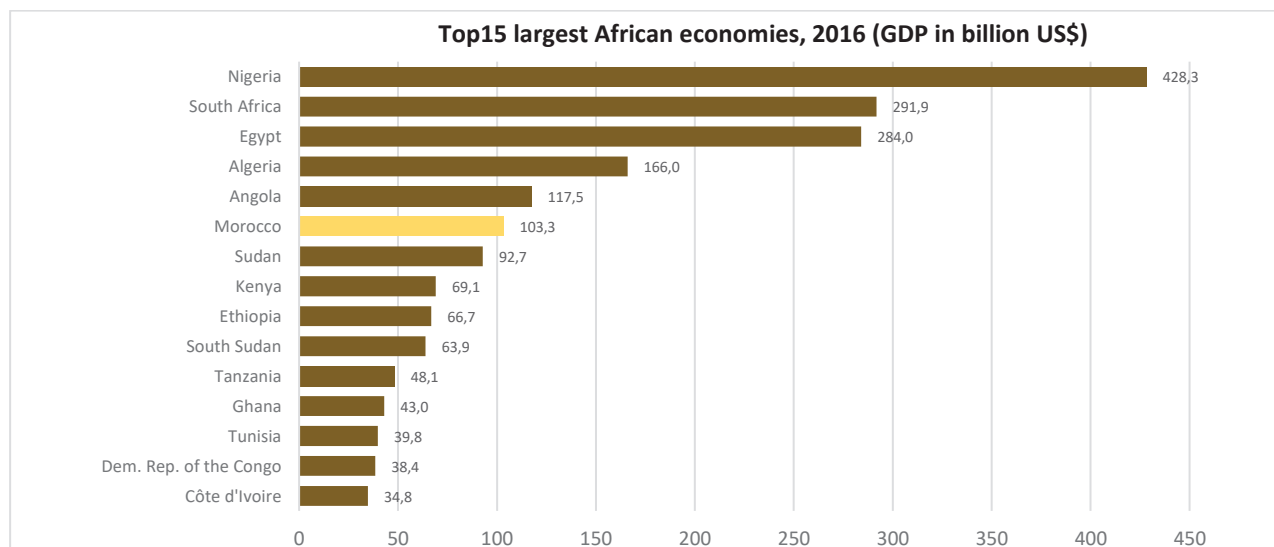
Source: HCP Maroc, IMF



Note: The agricultural season begins in September and ends in May of the following year

Source: Ministry of Agriculture, HCP Maroc

The relatively high average economic growth rate of four percent during the past fifteen years has resulted in the fact that Morocco's economy with an overall GDP of 103 billion US dollars in 2016 is number six in Africa. But with a GDP per capita of less than 3,000 US dollars Morocco has the lowest income level in North Africa. This is primarily caused by the large influence of the agricultural sector in Morocco, which has traditionally a relatively low value added compared to manufacturing or construction.



Source: UNCTAD

Within Morocco income per capita differs widely between regions. Moreover, income levels along Morocco's western coastline are among the highest in the country whereas in the eastern provinces near the Atlas mountains income levels are well below the national average. Income disparity is growing as investments by public and private actors are unevenly distributed across the country.

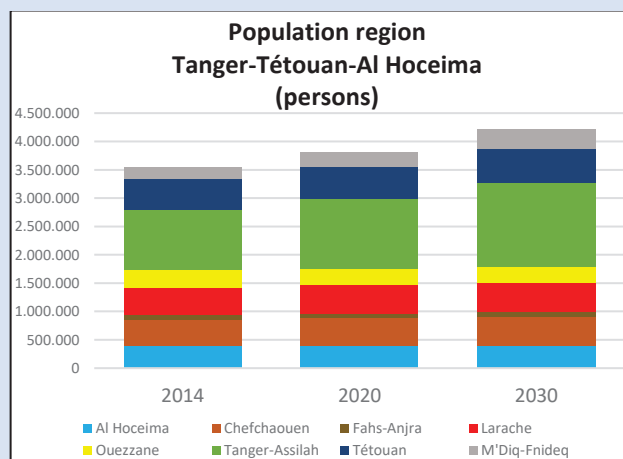
The volume of investments by public enterprises, a main source of investments, by region shows an overwhelming preference for the two most populated regions in the Kingdom namely Casablanca – Settat and Rabat- Salé. These two regions combined receive more than half of the total investment budget from Moroccan state companies. A trend which has been seen during the last couple of years.

Socio-Economic situation region Tanger-Tétouan-Al Hoceima

The size of the population in the northern region Tanger-Tétouan-Al Hoceima (TTA) is around 3.5 million people or about eleven percent in Morocco's total population in 2014. It is expected to increase to 3.8 million people by 2020 and 4.2 million people by 2040. Of the population sixty percent are living in urban areas and 58 percent is younger than 30 years. The largest province in this region is Tanger-Assilah with a total population of over one million people in 2014, which will further rise to an expected 1.5 million people by 2030. The province Al Hoceima has currently around 400,000 people and its population is expected to decrease to around 385,000 people by 2030. The drop in overall population in the province of Al Hoceima is caused by a decrease in the size of the rural population during the next twenty years.



Region Tanger-Tétouan-Al Hoceima



Source: HCP

According to Morocco's national statistical office HCP, the regional GDP of the region TTA was about 99.3 billion dirhams (approximately 9.1 billion euros) in 2015 or a share of ten percent in the national GDP of 988 billion dirhams (approximately 90.6 billion euros). This was an increase of 7.9 percent compared to 2014. Looking at the average GDP per capita for the region TTA, it is with almost 28,000 dirhams four percent below the national level. Compared to 2010, regional GDP per capita has risen with 22 percent which is comparable with the increase in the national average. The main economic sector in the region is agriculture followed by industry. With 878 industrial companies, representing around 11 percent of the total number of industrial companies located in Morocco, the region of TTA contributes 7 percent to industrial exports, 11 percent to the total industrial workforce, 7 percent of total industrial production and 25 percent of total investments in industry. Within the region TTA there is an economic imbalance. About 80 percent of industrial activities are located in the prefecture Tanger-Assilah.

The official unemployment rate in the region of TTA is 14.9 percent of the labour force, which is below the national average of 16.2 percent. In the provinces of Tanger-Assilah (15.1 percent) and Al Hoceima (16.3 percent) the unemployment rate is above the regional level. The monetary poverty rate⁴ in the region TTA is 2.6 percent compared to 4.8 percent nationally. The highest poverty rate is in the province of Fehs-Anjra (5.47) followed by Larache (5.33).

⁴ The monetary poverty rate is the proportion of poor people in total population whose per capita income is below the poverty line. The threshold is set by the Moroccan government at 4667 dirhams per person per year in urban areas and 4312 dirhams per person per year in rural areas.

2.3 Foreign trade and Foreign Direct Investments

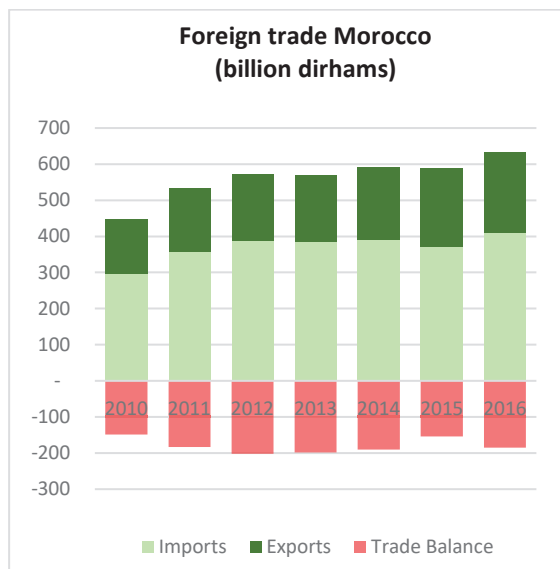
Due to her strategic geographical location between Europe and Africa, Morocco's foreign trade plays a significant role in the development of the country. During the last six years total foreign trade has increased steadily from a level of around 448 billion dirhams (41.1 billion euros) in 2010 to over 600 billion dirhams (55 billion euros) in 2016. This increase of around thirty percent is mainly caused by a stronger rise in imports than exports. In recent years Morocco has been importing goods at a higher level than it exports resulting in a continuous trade deficit of around 190 billion dirhams (17 billion euros). With a share of two-thirds in Morocco's total foreign trade, the European Union is the most important trading partner. Looking at individual countries, France and Spain are Morocco's largest trading partners for many years now followed by China and the USA. The Netherlands has a share of two percent (12.7 billion dirhams ~ 1.16 billion euros) in total foreign trade, making it number eleven of Morocco's main trading partners. Morocco imports more from the Netherlands than it exports resulting in a trade deficit of 2.9 billion dirhams (approximately 266 million euros) in 2016. The main import products from the Netherlands are fuel products (diesel, oil), commercial vehicles, and seed oil. Main export products to the Netherlands are phosphoric acid, agricultural products (e.g. citrus fruits, vegetables), and canned fish and vegetables.

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

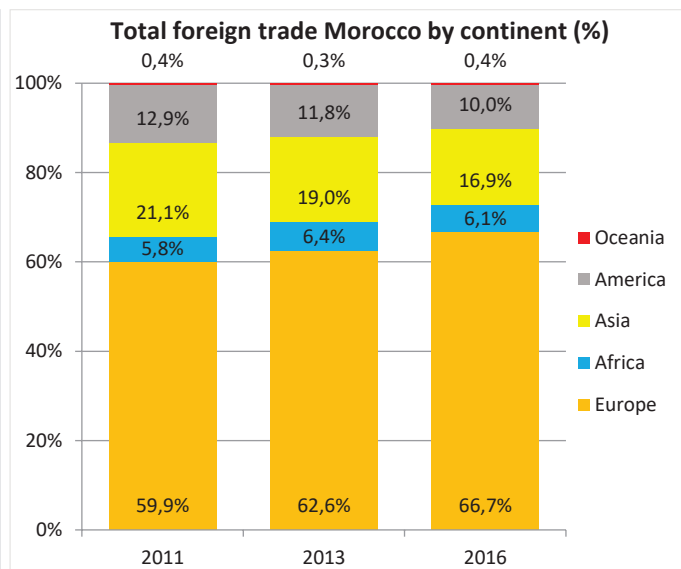
Source: Office des Changes Maroc

Africa is becoming more of an important trading partner for Morocco. During the last five years King Mohammed VI travelled to many African countries to promote and stimulate foreign trade and investments between Morocco and the rest of Africa. This has resulted in a significant increase in Moroccan companies from the public and private sector to look for new business opportunities on the African continent. Specifically companies who are active in real estate, construction, mining, finance, and telecom. Countries in Western Africa are their main target. In 2016 almost sixty percent of Morocco's foreign trade with Africa was with West African countries followed by East Africa (sixteen percent). This has resulted in the fact that Morocco has

become the largest African trading partner for countries like Cote d'Ivoire, Senegal, and Mauritania. In that regards, Morocco has becoming more and more of a regional trading hub for (francophone) West Africa.

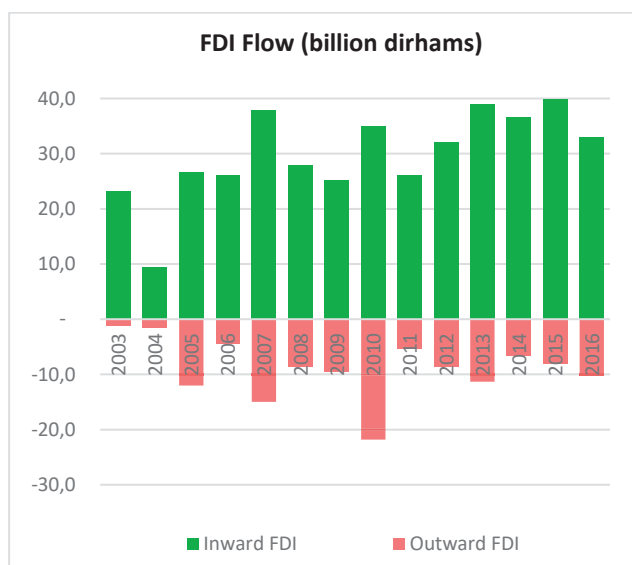


Source: Office des Changes Maroc

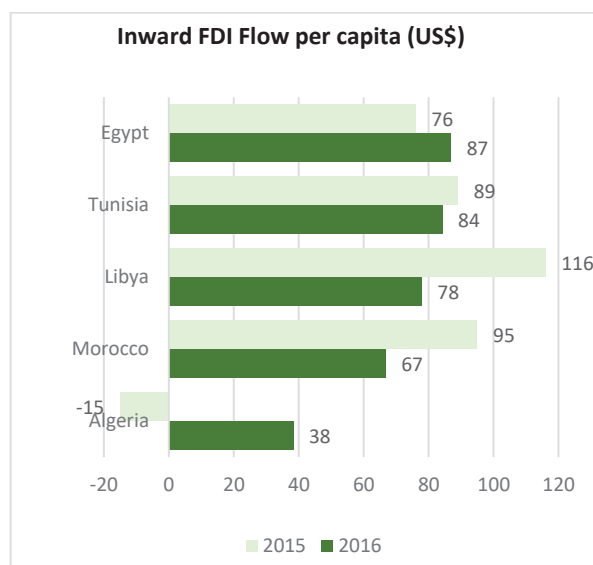


Source: Office des Changes Maroc

The flows of Foreign Direct Investments (FDI) into Morocco has been more or less stabilising between thirty and forty billion dirhams (approximately between 2.8 – 3.7 billion euros) annually during the last six years. Outward flows in FDI is relatively low. With the exception of the year 2010 it has been below eleven billion dirhams (approximately one billion euros) per year since 2008 resulting in a net flow of FDI in 2016 of 22.8 billion dirhams (2.1 billion euros). In 2015 it was 31.8 billion dirhams (2.9 billion euros) due to a larger volume of inward FDI.



Source: Office des Changes Maroc

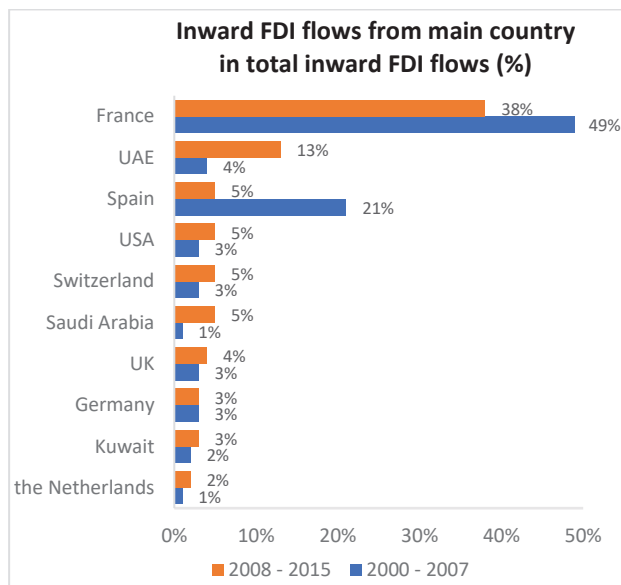


Source: UNCTAD

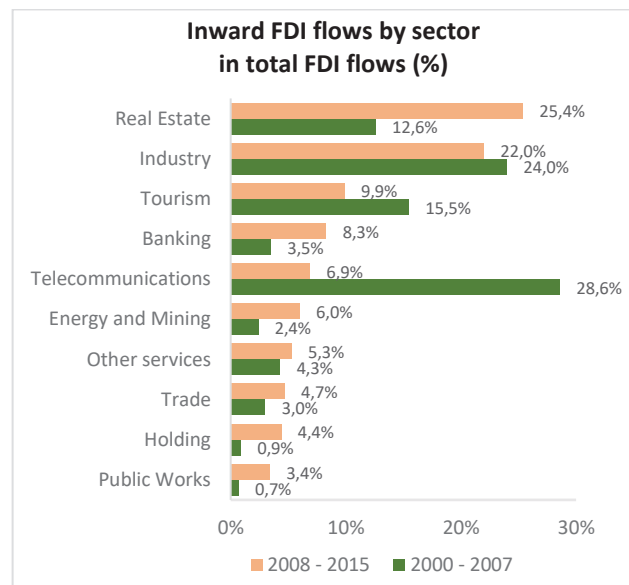
Compared to neighbouring countries in Northern Africa, Morocco's level of per capita inflow of foreign direct investments in 2016 was 67 US dollar which was much lower than the levels received by Egypt, Tunisia and Libya. Only Algeria had a lower level of FDI per capita received. In 2015 Morocco was among the top receiving countries in Northern Africa. The largest foreign investor in Morocco is France with a share of 32 percent in

total inward FDI followed by UAE (12 percent) and Saudi Arabia (eleven percent). The Netherlands is a relatively small foreign investor in Morocco with a share of around three percent.

Looking at the last fifteen years of FDI flows in Morocco, there is a shifting trend in the origins of the main foreign investors. During the first eight years of this millennium France and Spain were the two largest investors followed at a distance by other European countries. During the subsequent period of eight years Spain saw its share in total FDI flows tumbling from 21 percent to only 5 percent. Also France saw its share decreasing although it remains by far the largest foreign investor in Morocco. New investors are mainly coming from the USA and the Middle East like the United Arab Emirates (UAE) and Saudi Arabia. In 2014 UAE and Saudi Arabia were the second and third largest foreign investors in Morocco. In 2015 and 2016 these two countries together with Qatar strengthen their investment position in the Kingdom. The share of the Netherlands in FDI flows to Morocco doubled and reached 4.5 percent or around one billion dirhams (around 90 million euros) in 2016. This makes the Netherlands among the Top10 foreign investors in Morocco. FDI stock from the Netherlands in Morocco amounted to 514 million euros in 2016, a decrease of 22 percent compared to 2015. One of the main private investments done by a Dutch company in recent years is the construction of a new shrimp factory for Klaas Puul in Tanger with a total investment of fifteen million euros in 2014. Also in 2014 Dutch financial institute FMO provided a loan of 1.5 million euro to the Dutch clothing manufacturer The Makers based in Tanger to relocate their production facility to another free zone in the city.



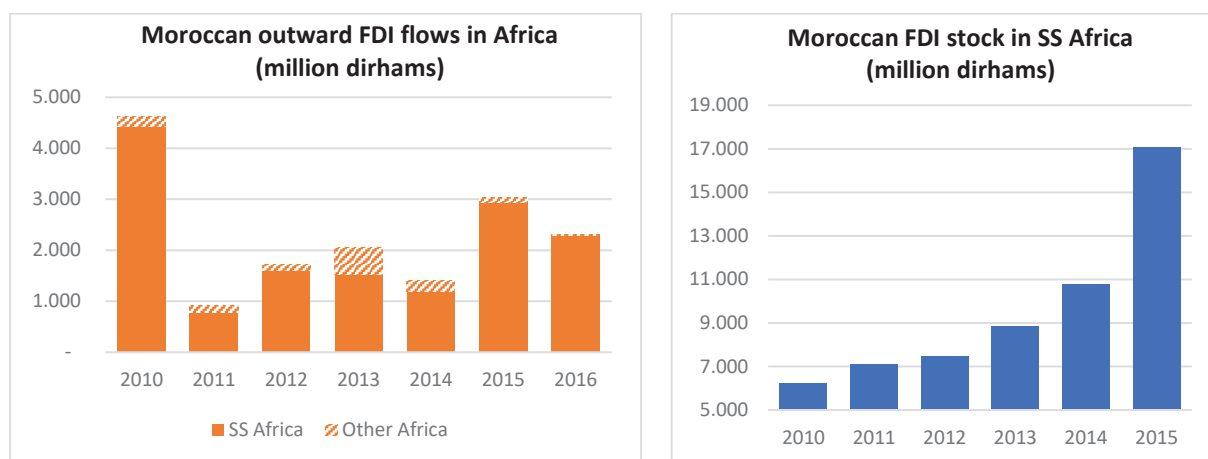
Source: Ministry of Finance



Source: Ministry of Finance

During the last eight years the economic sectors receiving the largest shares in foreign direct investments were real estate and the rapidly growing high-tech manufacturing industry (cars, aeronautics, food processing, etc.). Tourism and the banking sector (banking, insurance) followed with respectively 9.9 percent and 8.3 percent. The share of FDI in Morocco's transport sector during the last eight years was relatively small (less than three percent). The drop in FDI in the telecommunication sector is significantly. During the first eight years of this millennium telecommunications received the highest share in FDI, but in the following eight years it dropped to 6.9 percent. One of the reasons for this drop is the fact that during the first decade of this millennium Morocco invested strongly in the development of industrial parks aimed at attracting foreign telecommunications and IT companies to set up business in the Kingdom as part of their global outsourcing or offshoring strategy. Industrial park Casanearshore (Casablanca) is a good example of that trend. It opened up in 2007 and attracted foreign companies like Oracle, SAP, and Altran. During the last eight years Morocco's strategy is more at attracting foreign companies active in automotive, aeronautics, and renewable energy.

Morocco's relationship with Africa has been growing over the last five years. Not only foreign trade has increased significantly, but also more Moroccan companies are investing in Africa especially in Sub-Saharan Africa. Of Morocco's total outward FDI flows to Africa roughly ninety percent goes into Sub-Saharan Africa. That is over fifty percent of total Moroccan FDI outflows between 2008 and 2016. Main recipients of receiving Morocco FDI flows in 2016 were the (French speaking) West African countries Côte d'Ivoire, Cameroun, Senegal, Guinee, and Benin. But also other Sub-Saharan African countries like Congo, Chad and Togo have seen increased flows of foreign direct investments from the Kingdom. Concerning Moroccan FDI stock in Sub-Saharan Africa, it almost tripled from 6.2 billion dirhams in 2010 to 17 billion dirhams in 2015.



Source: Office des Changes Maroc

Looking at Moroccan FDI stock by economic sector in Sub-Saharan Africa, it is dominated by investments in the banking sector (40 percent), followed by telecommunications sector (34 percent), insurances (13 percent) and industry (6 percent).

2.4 Trade and foreign investment regulations

2.4.1 Laws and Regulation

Aware of the fact that investment is a key factor to ensure sustainable and sustained economic growth, Morocco has liberalized its economy by easing procedures, providing better protection to private operators through introducing new laws aiming at improving investment conditions and, thus, acquiring significant flow of domestic and foreign private capital, including:

Labor code:

⇒ This Code matches the basic principles set by the Constitution and international standards as spelled out in the UN conventions and its specialized organizations in connection with the work field.

The protected rights include:

- Trade union freedom and effective adoption of the right to organize and to bargain collectively
- Prohibition of all forms of work coercion;
- Effective abolition of child labor
- Prohibition of discrimination in terms of employment and professions;
- Equal wages.

Copyrights

The law on copyright and related rights anticipates measures that aim, on the one hand, to strengthen and modernize the protection system for creators and works and on the other to harmonize national legislation with commitments made by Morocco as part of International treaties and agreements. The Moroccan Office of Industrial and Commercial Property (OMPIC)⁵ under the Ministry of Industry and Communications is responsible for the protection and exploitation of copyright and its sister rights.

Industrial property

The law on the protection of industrial property anticipates provisions for a brand opposition system as well as for border measures to control merchandise suspected of being counterfeit. It also covers the protection of sound signals and brand smells, and includes the deposit of brands in electronic format. What is more, as a signatory of international treaties on industrial property Morocco has many advantages. These include a strengthened legal framework that protects industrial property rights for both national and foreign investors and conformity to the highest international standards in the field. The formalities for protecting the rights of Industrial and Commercial Property and applying international and national legislation are made at OMPIC.

Freedom of pricing and competition

The 06-99 Law on free pricing and competition sets the rules for the protection of competition and aims to boost economic efficiency, improve the welfare of consumers and ensure transparency and fairness in trade relations. The Competition Council is the body responsible for ensuring transparency and fairness in economic relationships, through the close analysis and regulation of market competition. It achieves this by attentively checking anti-competition and disloyal business practices as well as any operations that increase economic concentration and monopoly.

Personal data protection

The Law on the protection of individuals with regard to processing of personal data introduced a set of legal provisions aimed at protecting the identity, rights and individual and collective freedoms as well as privacy against all attacks that may affect them through use of computers. The Law defines, among others and with precision, the right of access to databases containing personal data, to object to certain treatments, to request correction of erroneous data and delete outdated information or those whose purpose of treatment was performed. The CNDP (National Commission for the control of Personal Data protection) is responsible for verifying that personal data is handled in an approved, legal way and its use does not carry a risk to private lives, freedoms or fundamental human rights.

Arbitration & mediation

The arbitration legal arsenal is characterized by a series of innovations aimed at harmonizing the Moroccan trade law with international principles. Among the novelties of this paper are broadening the scope of arbitration to legal entities under public law. The implementation of the arbitration judgments relating to these acts remains however subject to the exequatur which returns to the administrative jurisdiction in the competence of which the judgment will be executed, or in the administrative court of Rabat, when the arbitration judgment concerns the whole national territory.

The text also gives the tribunal the right to rule, either automatically or at the request of either party, on the validity or limits of its powers, or the validity of the arbitration agreement. It can also take, at the request of

⁵ OMPIC is the organization in charge of industrial property protection (trademarks, patents, industrial designs) and maintaining of the central trade register in Morocco. OMPIC is a public institution with legal personality and financial autonomy. It is supervised by the Ministry of Industry, Trade, Investment and the Digital Economy.

either party, any interim measure it deems necessary within the limits of its mission. This law has also contributed to achieving an international quality of arbitration and provides conventional mediation as an alternative for resolving conflicts.

2.4.2 Free Trade Agreements

Within the framework of its global openness and liberalization strategy, Morocco has set up during the last decade a legal framework conducive to developing its commercial relations with some of its potential partners, through the conclusion of free trade agreements either bilaterally or regionally.

Morocco-European Union association agreements

Nature of agreement: Association agreement

Date of signature of the agreement: February 26th, 1996

Entry into force: March 1st, 2000

Field of application: any sector of economic activity.

Morocco-United States Free Trade Agreement

Nature of agreement: Free Trade Agreement

Date of Signature of the agreement: 06/15/2004

Entry in force: 01/01/2006

Field of application: any sector of economic activity.

Morocco - EFTA Free Trade Agreement

Nature of the agreement: Free trade agreement

Date of Signature of the agreement: 06/19/1997

Entry in force: 03/01/2000

Field of application: Trade of goods

Morocco-Turkey Free Trade Agreement

Nature of agreement: Free trade agreement

Date of Signature of the agreement: 04/07/2004

Entry in force : 01/01/2006

Field of application: Trade of goods

Arab Free Trade Zone

Date of signature: 02/27/1981

Date of application: 01/01/1998

Field of application: All products originating and coming from the Arab states contracting, with the exception of the prohibited products excluded for sanitary, moral reasons, as well as for public security and preservation of the environment.

Morocco Arab Countries Trade Agreement

Date of signature : 02/25/2004

Date of application : 27/03/2007

2.4.3 Tax System

General Regime

Value-Added Tax (VAT)

In general, VAT arises when a services is performed, goods are delivered or, in case of imports, when clearance documents are filed with customs. Exports are exempt from VAT. The applicable VAT rates are as follows:

- 7 percent rate applies for some goods of general consumption, water, renting out of water and electricity meters
- 10 percent rate applies bank and credit transactions and exchange commissions except leasing, the supply of catering services and the activities of some professions (lawyers, interpreters)
- 14 percent rate is applies for transportation transactions, electrical energy, etc.
- 20 percent is the standards VAT rate applicable to transactions other than those subject to the reduced VAT rates mentioned above

Corporation Income Tax and Withholding Tax

Residency is the key of determining corporation taxation. Under territoriality rules relating to corporate tax, companies, whether resident in Morocco or not, are subject to corporate tax on all profits or income relating to goods or property they own, activities they perform or profit-making transactions they carry out in Morocco, even when these are occasional nature, or which the right of taxation is attributed to Morocco by virtue of a double tax treaty.

Also, non-resident entities receiving remunerations such as royalties, interest or other payments for work performed or services rendered to their permanent establishment in Morocco or branches or entities domiciled or performing activities in Morocco are taxed generally through withholding tax.

The normal corporate tax rate is 30 percent (37 percent for banks and insurance companies). It is 15 percent for companies with an annual turnover not exceeding 3 million dirham.

The withholding tax rate is 10 percent maximum on the distribution of dividends to non-resident shareholders and after tax profits to the branch's head office.

Thus, total tax burden is 37 percent (30 percent + 0.7×10 percent) (43.3 percent for banks and insurance companies), though some double tax treaties signed by Morocco can reduce the withholding tax rate.

Taxable income is determined on the basis of financial statements obtained according to the generally accept Moroccan principles, with some adjustments relating to fiscal law.

It should be note that a minimum levy is also required by the fiscal law.

The minimum levy in general may not be less than 0.5 percent of the sales with a minimum of 1,500 dirham. However, the entity will not subject to its levy during the first 36 months following the commencement of operations.

Tax losses arising from normal business activities of the enterprise are deductible.

Losses may be carried forward four years.

Income Tax

Individuals who are tax residents in Morocco are liable for income tax on all their income derived in Morocco. Income tax is calculated by applying a progressive tax rate to the taxable income base. As a general rule, all

types of remuneration and benefits received by an employee for services rendered are considered taxable income.

Each month, the Moroccan employer has to withhold and pay income tax to the Treasury on every payment to the employee.

Repatriation of profits and transfer pricing

In addition to paying interest and dividends, the payment of management fees, service fees and royalties are methods of repatriating profits to the non-resident associates, controllers and owners of Moroccan entities. In these circumstances, the payments made by the Moroccan resident to the non-resident associate must reflect the market value of the goods and/or services to the Moroccan company, that is all payment must have paid an excessive amount for the goods and/or services, the tax office can disallow the deduction claimed by the Moroccan company, and substitute an alternative price.

Other transactions between the Moroccan taxable entities (or branches), and their related foreign entities or head offices are also subject to the transfer pricing rules.

Foreign tax relief

Considering that a Moroccan resident is taxed on worldwide income, the Moroccan tax system provides relief from foreign taxes paid on such worldwide income by means of a foreign tax credit. This foreign tax credit cannot exceed the Moroccan tax otherwise payable in respect of the foreign-source income.

Withholding tax

Dividends paid to a non-resident are subject to a 10 percent withholding tax unless the rate is reduced under an applicable tax treaty.

Interest on loans obtained from a non-resident is subject to a 10 percent withholding tax.

Royalties paid to non-residents are subject to a 10 percent withholding tax unless the rate is reduced under an applicable tax treaty.

Professional Tax

Professional tax applies to individual or legal entities, either Moroccan or non-Moroccan, which carry on professional activity in the Kingdom. Professional tax is determined on the basis of the gross rental value of the premises using leases and rent contracts, by comparison or direct appreciation performed by the tax authorities. There is a tax exemption for the first five years since the start of the activities.

Property Tax

Property tax applies to building used by their owners for primary or secondary residence or made freely available to their spouses, children and relatives for use. The tax is calculated annually by applying the property tax rate to the rental value of the building. New buildings acquired as a primary residence are exempt from property tax during the first five years and they also benefit from 75 percent reduction of the rental value thereafter.

Communal Tax

Communal tax applies to the land, buildings and equipment, and is levied on the rental value, as ascertained for professional tax or property tax as the case may be. The communal tax is established on the rental value at

the rate of 10.5 percent for the buildings located in the vicinity of urban communes and delimited centers and 6.5 percent for the buildings located in the peripheral zones of urban communes.

Free Zones Tax System

Free Zones offer number of tax advantages such as:

- Exemption of taxes on dividends and partnership shares
- Corporate tax is 0 percent during the first five years and then a reduced rate of 8.75 percent starting at the 6th year applies, for the next 20 years
- License Tax & Urban Tax : exempted during 15 years
- Exemption of all registration taxes and stamp duties
- Exemption of VAT and tax-free repatriation of foreign earnings

Double Taxation Treaties

Morocco has signed double tax treaties with 39 countries, including with the US, the majority of the European countries, many Middle Eastern countries, some East Asian countries and with some African countries.

2.4.4 Investment Incentives

In addition to the tax exemptions granted under the common law, Moroccan law provides specific financial, tax and customs advantages to investors, as part of agreements or investment contracts to be concluded with the State, provided that they meet the required criteria.

This concern:

- The contribution of the state to certain investment expenses: Investment Promotion Fund;
- The contribution of the state to certain expenses for the promotion of investment in specific industrial sectors and the development of modern technologies: the Hassan II Fund for Economic and Social Development;
- Exemption from customs duties under Article 7.I of the Finance Act No. 12/98;
- Exemption from import VAT under Section 123-22 °-b of the General Tax Code.

These four advantages can be benefited from in a single investment project.

Investor Protection

International conventions relating to the guarantee and protection of investments

As part of foreign investment promotion efforts, Morocco has ratified international conventions relating to the guarantee and protection of investment. These include agreements on the establishment of :

- The International Center for Settlement of Investment Disputes "ICSID"
- The Multilateral Investment Guarantee Agency "MIGA"
- The Inter-Arab Organization for Investment Guarantee Corporation

Bilateral agreements and conventions relating to the guarantee and protection of investment

The promotion of foreign investment in Morocco is not only limited to the adherence to international multilateral conventions but extends to the bilateral ones, as part of strengthening relations with key partners. So many treaties, agreements and conventions for the promotion and protection of investments and avoidance of double taxation have been signed throughout the recent decades.

Agreements and conventions related to promotion and investment protection

The main provisions of these agreements and conventions concern the following aspects:

- Treatment of permitted investments
- Free transfer of capital and income
- The non-expropriation of investment, except for public utility reasons and following a court decision (on a nondiscriminatory basis and to pay a prompt and adequate compensation)
- Disputes with recourse to domestic courts or international arbitration at the choice of the investor

Non-double Taxation Agreements

Morocco has signed agreements with several countries to avoid double taxation with respect to income tax. These agreements establish the list of taxes and income concerned, the rules for mutual administrative assistance and the principle of non-discrimination.

Investor protection under the national law

Foreign investors benefit from a convertibility regime, which ensures that the investor has the right to:

- Carry out investment operations in Morocco;
- Transfer income produced by these investments abroad;
- Re-transfer income from the liquidation or sale of investments.

CNEA (Comité National de l'Environnement des Affaires)

In order to ensure a clear and transparent framework for investment for the benefit of national and international operators, the National Committee of Business Environment CNEA was created in December 2009. This high-level body is chaired by the Prime Minister. It is composed of representatives of public and private sectors and aims to identify and implement measures to enhance Morocco's attractiveness. CNEA has become a Public-Private platform for Public-Private Dialogue on how to improve the Moroccan business environment and the image of the nation internationally.

2.5 Business environment

2.5.1 Introduction

Due to various economic reforms in recent years, Morocco's business environment has improved considerably. According to the World Bank Ease of Doing Business Index 2018, Morocco ranks number 3 in Africa after Mauritius and Rwanda. In North Africa Morocco has the highest ranking. Globally the country stands at rank number 69 out of 190 countries. In 2010 Morocco only ranked number 128 globally.

"If you do business in Morocco it is important to have regularly personal contact with your Moroccan client or partner."

(Mr. Daniël Bakels, BBC Expéditeurs)

At the same time companies operating in the Kingdom are facing many obstacles. Competitors' practices in the

informal sector appeared as the main constraint to doing

business in Morocco. These companies are offering their products below cost price as they pay no taxes and social security, providing employment without labour contracts, and paying employees below official minimum wage. The share of firms that reported competing against firms in the informal sector was 47.3 percent. The informal sector in Morocco is large, accounting for an estimated 40 percent of the official estimated GDP. Those living in rural areas, especially young people and women, face difficulties finding jobs in the formal sector and are therefore relegated to working in the informal sector. Also, some small businesses prefer to operate in the informal sector in order to avoid complicated bureaucratic procedures and payment of taxes.

Corruption was the second most severe obstacle facing firms economically active in Morocco. As in other Mediterranean countries, personal contacts and informal gifts or payments are often used to facilitate or speed up administrative or customs procedures. Of firms surveyed by the World Bank, 18.2 percent reported that an informal gift or payment was expected or requested to obtain an import licence – the highest in the Mediterranean region. In addition, 7.5 percent of firms reported that an informal payment or gift was expected or requested by tax officials – above the Mediterranean average of 6.2 percent. When it comes to the court system, 65.3 percent of firms surveyed tended to disagree or strongly disagree that the court system was fair, impartial and uncorrupted.

Workforce skills were the third major constraint. Tertiary education does not provide the young with the necessary skills that are demanded by the private sector. Although the Moroccan government has managed to increase the number of children enrolled in primary and secondary schools, the quality of this education lags behind. According to the African Development Bank, there is also a skills mismatch in the form of an oversupply of university students majoring in social sciences, education and humanities (around 75 percent of Moroccan students). Only around 18 percent of students pursue scientific, technical and engineering subjects at university – the fields that offer most of the jobs in the private sector.

Interview Mr. Daniël Bakels, managing director BBC Expeditours



“Our company was established thirty years ago by my father. Before that time my father and mother lived for several years in Tunisia. Especially my father found it always a pleasure to work with and live among Arabs, so starting a business venture in Tunisia was almost a natural step for him. He saw a business opportunity to support Dutch freight transport companies to do business with Tunisia. So after returning to the Netherlands my father started BBC Expeditours in the city of Tilburg in 1987. BBC Expeditours is an international expediter. We don’t have our own trucks or ships, but we organise the whole transport (road, sea) for our clients by hiring transport companies – our partners – who deliver the goods from our clients to the buyers abroad. This service includes handling all necessary documents, custom clearance and advising clients on the best ways to export their goods. In the beginning the focus of the company was on Tunisia where my father had built up a strong local network during his years living there, which he could now use for developing his own business. In the following years we also started our activities in other countries of North Africa, mainly Morocco and Algeria.

Depending on the type of goods to be transported and their final destination, we work with various partners in Belgium, France and Italy. With most of our partners we have established long-term relationships. Our advantage of these long-term relationships is that we know exactly who is good in a specific area of business, so that we can use their competitive advantage as our own. BBC Expeditours can take care of a wide variety of goods, ranging from anchor chains to textile, but we want to focus more on the transport of (hazardous) chemicals. The export of hazardous chemicals is much more demanding than the exports of - for instance - textiles, as it is much more regulated and therefore the flow of documents is quite complicated. If you can arrange this whole process smoothly for your customer, you can create a competitive advantage.

Our company is active in both sea and road freight transport to Morocco and vice versa. The volume in goods or containers exported to and imported from Morocco that we take care of is fifty-fifty. The majority of exports from the Netherlands to Morocco consist of chemicals while the other way around it is primarily textile and semi-finished goods. For example, we organized the transport of the building materials for the new factory of Klaas Puul in Tanger in 2014 and we transport electrical components for hybrid and full electric passenger cars from Tanger Free zone to mainland Europe. Many of these electrical components are re-distributed around the globe after we deliver them to central distribution platforms in Belgium, Holland & Germany.

We don’t have an office in Morocco, but we work with our French partner who knows the Moroccan market very well or clients who have their own transport company in Morocco and are looking for an expeditor like BBC for exporting. Transporting goods from the Netherlands to Morocco is more expensive by road than by sea, but Moroccan customs give higher priority to international road freight transport than sea transport. That means that although goods transported by sea takes less time to arrive at the port in Casablanca compared to road freight transport, it takes much longer time to get them through customs. Sometimes the time in border compliance between sea and road transport differs from one day up to a week resulting in the fact that goods transported by road are quicker at the final destination than by sea. Furthermore, it cost money when goods or containers arriving at a port are not allowed to enter the country. At the end of the day the cost difference between sea and road transport from the Netherlands to Morocco is almost negligible.

A good example of the difficulties that lengthy border compliance can create to international operating companies is that of one of our clients. They are active in fashion. Several years ago they started with a clothing shop in Morocco. The clothing is manufactured in the Netherlands and then exported to Morocco. Fashion is seasonal which means that clothing aimed to be sold during - for example – Easter shouldn't arrive afterwards. This has happened to our client. The goods were sent on time to Morocco, but got stuck at Moroccan customs for several weeks and finally arriving in the shop too late and could only be sold with large discount.

Next to lengthy border time, international payments from Morocco to the Netherlands can be a long term process. In some cases we had to wait for more than one-hundred days before our invoice got paid. These factors have an enormous influence on the willingness to do business in Morocco. For less experienced Dutch companies or companies who don't have the possibility to wait for such a long time before getting paid, they could start losing interest in doing business with Morocco. Unfortunately, at this moment I don't see much improvements in Morocco's custom services and I'm also a bit sceptical for the near future.

To stay in touch with our Moroccan clients I travel every year once or twice to Morocco. If you do business in Morocco it is important to have regularly personal contact with your Moroccan client or partner. So for us communicating in a structural way with our clients and partners in Morocco and abroad is crucial for our business to succeed in Morocco.”

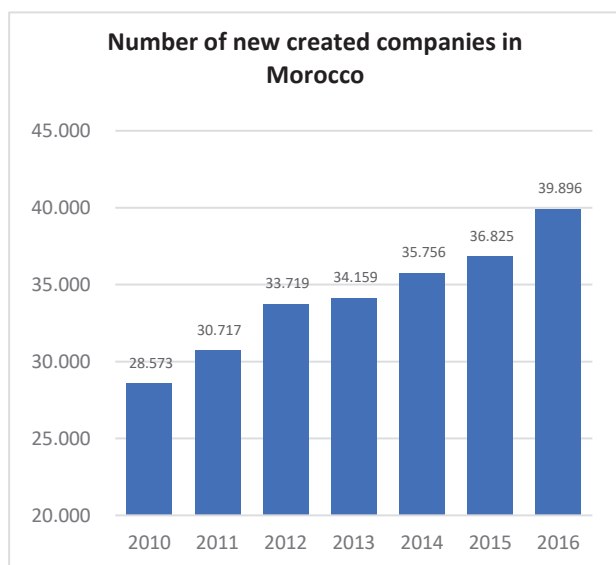
2.5.2 Starting a business

According to the Moroccan Office of Industrial and Commercial Property (OMPIC), the number of newly created companies in Morocco has been increasing during the last couple of years. In 2010 the total number of newly registered companies was around 29,000, which rose to almost 40,000 in 2016. An increase of forty percent in only six years. The regional breakdown of new registrations in the Trade Register in 2016 shows that the majority set up a new business in Casablanca - Settat, with a share of 37 percent in total newly created companies in 2016. This number 1 position has been constant over the years. Secondly is the region of Rabat-Salé-Kenitra (fifteen percent). Looking at the legal form of the newly created companies in 2016, almost fifty percent are Single Member Limited Liability Companies (one-person companies or SARLAU) and about forty-eight percent are Limited Liability Companies (SARL).

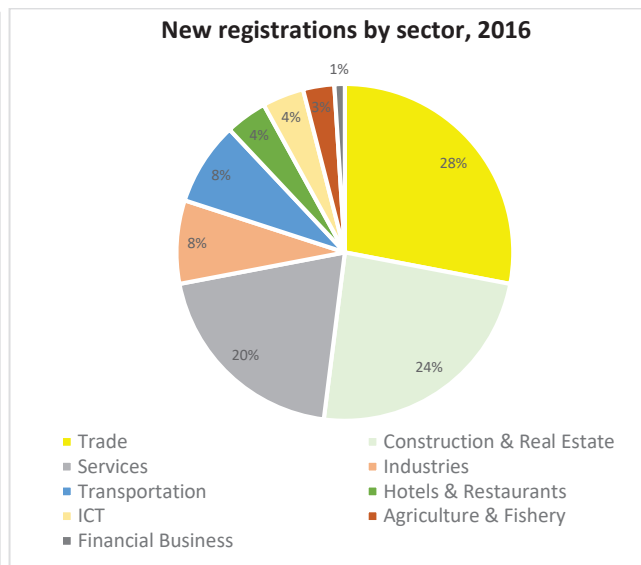
“We set up SEKO Logistics in Morocco, because we see that this country has a huge potential in logistics.”

(Mr. Bob van der Putten, SEKO Logistics)

New registrations of companies by sector breakdown reveals that there are three sectors which together count for two-third of all new registrations in Morocco in 2016. These sectors are Trade, Construction & Real Estate and Services (excluding Financial services). The sector Transportations only had a share of eight percent. In 2010 the sectors Trade, Construction & Real Estate and Services were also the Top 3 ranking sectors for new registrations.



Source: OMPIC



Source: OMPIC

How to create an enterprise in Morocco?

The main stages for creating a commercial enterprise of **natural entity** type are as follows:

Stage 1: Negative certificate

It is a document which proves that the trading name (for legal persons), acronym or trading name (for individual businesses) requested is not already used and can be registered for the registration in the trade register. This is the first document needed to create an enterprise.

Stage 2: drafting of the statutes of company

The status is a set of contractual, and legal provisions that define the impersonal and objective rules applicable to a determined legal situation. The status can be a notarial deed; written by a notary at the customer's request or private agreement concluded by the parties or by third parties (trustee or counsel...).

Stage 3: Establishment of the subscription form

The subscription form is a document that must be filled by the person who wishes to participate in the capital formation of the enterprise. This form includes a promise of contribution in cash.

Stage 4: Establishment of the statement of subscription and payment

The statement of subscription and payment is a document drawn up and signed by the president in which he states the amount of payments made by shareholders.

Stage 5: Blocking of funds

Blocking of capital is made at the bank that provides the customer with a bank certificate proving that he has the necessary and mandatory funds required by law.

- For the SARL : suppression of formality of blockage for companies of which the capital does not exceed 100,000 dirhams
- The amount differs depending on the legal form of the chosen-enterprise.

Stage 6: The registration of legal acts

The formality of registration has the effect of acquiring certain date to private conventions and ensure the conservation of acts, it gives rise to the collection of a tax called "registration fee".

- 1 percent of the capital with a minimum of 1,000 dirhams.

Stage 7: Subscription to business tax and tax identification

This is the registration of the company with the tax administration. This stage of the creation allows the enterprise to choose its tax regime and particularly obtain its identifier to the business tax.

Stage 8: The registration in the trade Register

The registration in the commercial register means the birth of the enterprise. The registration in the commercial register must be made within three months after the creation of the company. The registration of a company can be required by the managers or members of the administrative, executive or management or by agents provided with the powers.

Formalities after the creation

Publication

After the registration in the trade register and in a period not exceeding one month, two advertisements are mandatory in the journal of legal notices and the Official Gazette.

Membership to the CNSS

Membership of the CNSS (Morocco's social security system) is a legal obligation. Any enterprise subject to the social security must be member of the CNSS, issuing it therefore a membership number which is an official recognition of its identification, its registration and attachment to the regime.

For the creation of a natural person enterprise (individual) the following stages have to be taken:

Stage 1: Negative certificate (optional)

The trader can opt for the choice of a trading name (for individual business) that affix to his business and that will allow him to make known his business to the public. In this case, the trader must request a negative certificate attesting that this trading name (for individual business) is not already used and can be operated for the registration in the trader Register.

Stage 2: Subscription to the business tax

it is the registration of the company with the tax administration. This stage of creation allows the enterprise to obtain its identifier to the business tax.

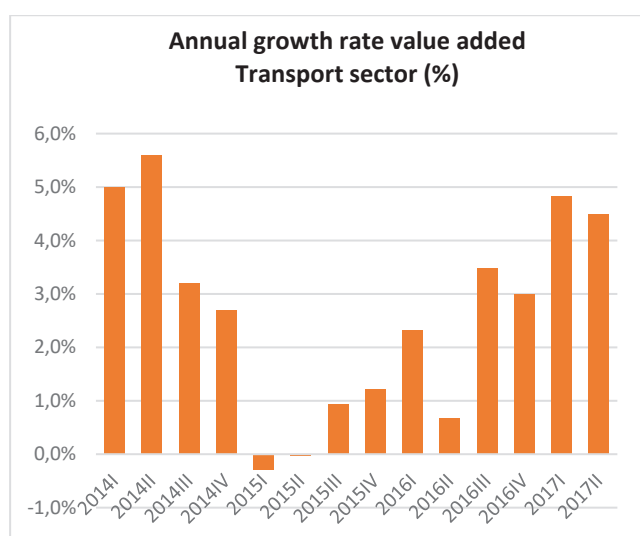
Stage 3: The registration in the Commercial Register

Trader must file a written application to the secretariat of the clerk's tribunal on which depends the principal establishment or commercial enterprise. The registration in the trade Register must be made within three months after the opening of the commercial establishment or the acquisition of goodwill.

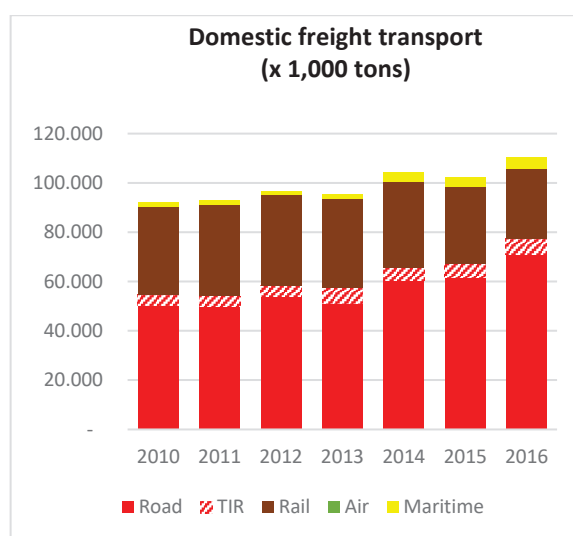
3. Trends and Developments Transport and Logistics Morocco

3.1 Main developments in Transport and Logistics Morocco

Morocco's transport and logistics sector contributes about four percent to GDP (or approximately 3.6 billion euros) and provide employment to 4.7 percent (about one million people) of the total Moroccan working population. After a difficult 2015, Morocco's transport sector regained strength and showed stronger growth rates in value added in 2016 and the first half of 2017. The main transport mode for freight in Morocco is by road, followed by rail, maritime (cabotage) and air⁶. Of the total volume of freight transported domestically, 75 percent consist of the transport of phosphate. Primarily the transport of phosphate is done by rail which is then being moved to Morocco's sea ports and uploaded on cargo vessels for export.



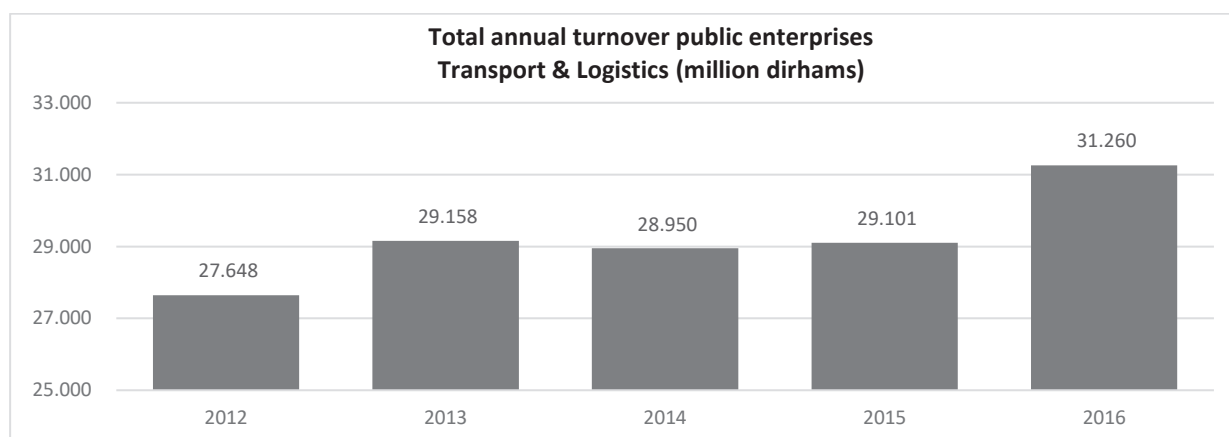
Source: HCP Maroc



Source: METL, ONDA, ANP, ONCF, SNTL

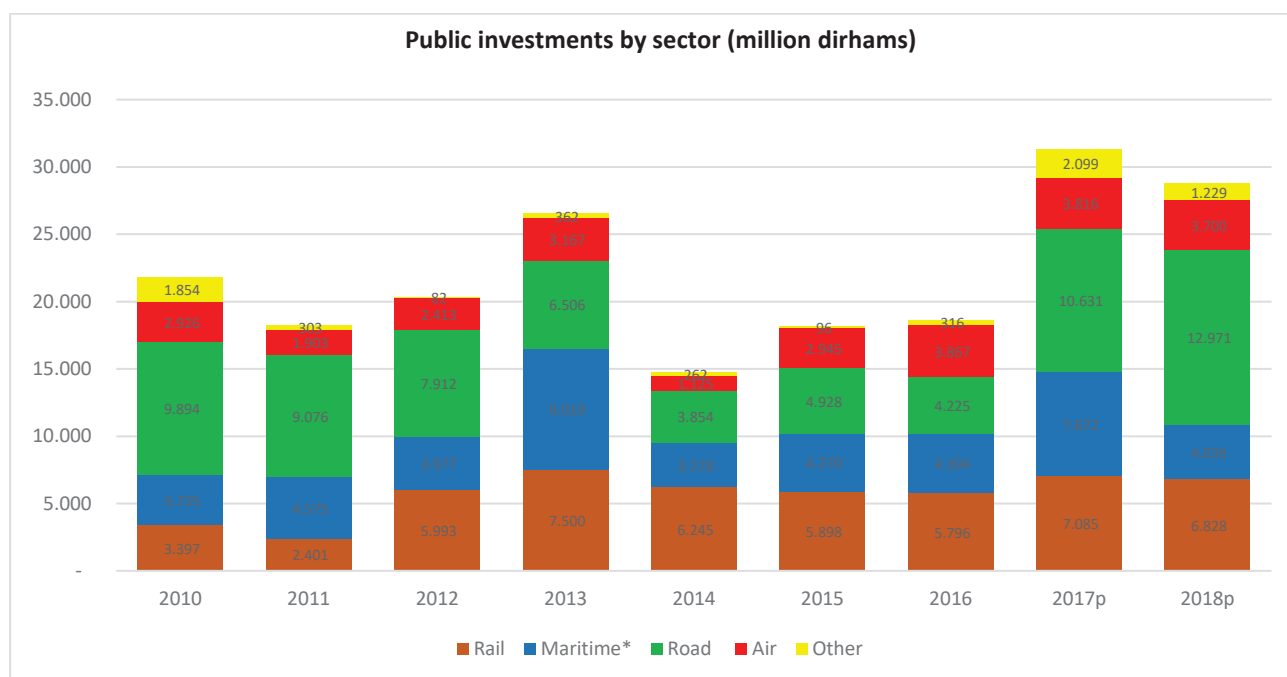
Although Morocco's economy was growing with more than four percent in 2015 and total foreign trade increased with seven percent compared to 2014, the national transport sector was not financially able to benefit much from these increased (international) flows in goods. Annual turnover of the large public companies active in the transport and logistics sector only showed a small increase of one percent in 2015 compared to 2014 to 29.1 billion dirhams (2.7 billion euros). In 2016 annual turnover grew at a rate of seven percent compared to the previous year to more than thirty-one billion dirhams (2.8 billion euros). This was mainly due to the public companies active in the maritime (a.o. Marsa Maroc) and air transport sectors who could take benefit of the increase in foreign trade and (international) passenger transport. As the domestic economy was growing at a lower rate in 2016, the public companies who are more active on the national transport and logistics market witnessed a smaller increase in turnover.

⁶ Of the estimated 65,000 companies active in road freight transport about half is operating in the informal (unregistered) sector. The vast majority of these companies are very small, having only 1 – 2 trucks. That means that figures about domestic road freight transport can be underestimated.



Source: Ministry of Finance

Public investments by Morocco's state-owned companies were during the period 2014 - 2016 at a relatively low level of less than 20 billion dirhams (approximately 1.8 billion euros) compared to the previous period 2010 - 2013. This was mainly due to much lower investments in road and logistics. For 2017 and 2018 the Ministry of Finance has projected that public investments will be much higher due to higher levels of investments in all sectors. Of the projected total public investments of more than 31 billion dirhams in 2017, 34 percent will be done in the road and logistics sector followed by maritime (25 percent) and rail (23 percent).



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

Source: Ministry of Finance

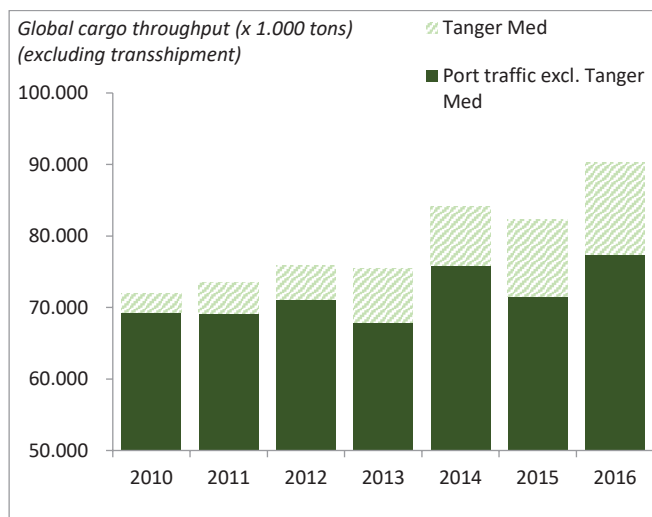
3.2 Maritime transport

3.2.1 Introduction

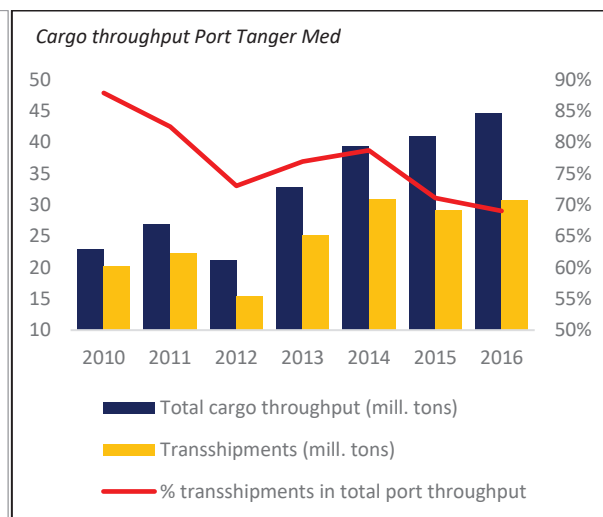
Due to her strategic location Morocco's maritime transport is at the core of the country's economic development. About 98 percent of total merchandise trade is through her sea ports. With 35 sea ports, of which 11 ports for international trade including Tanger Med, Morocco's maritime transport sector plays not only an important national role but also becoming increasingly an international hub for the trade with West Africa.

Global cargo throughput (excluding transshipments⁷) in the ports of Morocco increased from around 70 million tons in 2010 to almost 90 million tons in 2016. An increase of almost thirty percent in only six years. An important contributor to this strong increase in cargo throughput came from the port Tanger Med. After the opening of Tanger Med I in July 2007 cargo throughput for this port has risen significantly, resulting in a share of thirteen percent in total cargo throughput in 2016. With the opening up of a rail network for the transport of containers between Tanger Med and various main cities in Morocco including Casablanca in 2009, it is estimated that the share of non-transshipments in total cargo throughput in the port of Tanger Med will increase in the upcoming years from the current level of around thirty percent. In 2010 this share was only twelve percent. That means that in the near future Tanger Med will become more important for imports and exports domestically.

Taking transshipment into account the total volume of cargo throughput in Tanger Med is almost 45 million tons in 2016, an increase of almost fifty percent compared to the level in 2010. Excluding transshipment, the largest cargo port in the country is the port of Casablanca.



Source: ANP



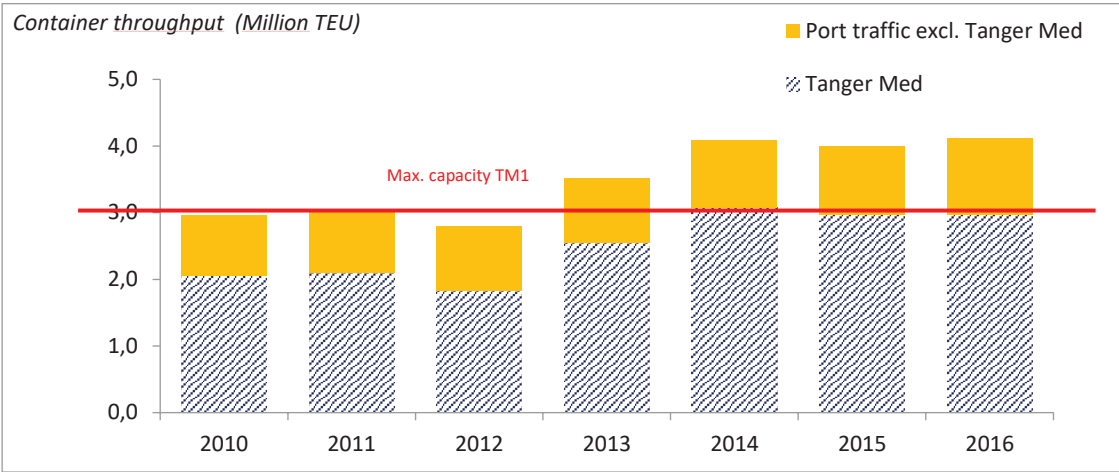
Source: ANP

Next to cargo throughput, container transport by sea has become an important mode of transport of goods from and to Morocco. When Tanger Med I opened in 2007 it became quickly one of the largest container terminals in the Mediterranean. It consists of two container terminals; TC 1 which is operated by APM Terminals and the Moroccan company Akwa Group, and TC 2 by an international consortium consisting of CMA CGM, MSC, TangerMedGate Management and CoMaNac who together form Eurogate. Tanger Med I was designed to handle a total capacity of 2.8 million TEU per year. By 2014, despite the global financial crisis, the port already was at its maximum capacity thereby becoming the third largest container terminal in Africa after the combined container terminals in Egypt (Port Said, Suez and Alexandria) and in South Africa (Durban). In 2009 the Moroccan government decided to expand Tanger Med port by building Tanger Med II with an annual handling capacity of 5.2 million TEU. When Tanger Med II will open in 2019, Morocco will boast the largest container terminal on the African continent.

“.. the already expanding sustainable energy sector (solar, wind) in Morocco and the growing exports of phosphate to other countries in Africa or elsewhere in the world creates interesting cargo flows for UAL.”

(Mr. Edwin Mirck, UAL)

⁷ Transshipment is the process of off-loading a container from one vessel and loading it onto another vessel.



Source ANP

Besides Tanger Med there are only two other ports in Morocco which can handle containers. Those are the ports of Casablanca and Agadir. Together these two ports handled 1.15 million TEU in 2016, an increase of twenty six percent compared to 2010.

Interview Mr. Edwin Mirck, Line Manager Universal Africa Lines Netherlands (UAL)



“Company UAL is for more than forty years active in Europe, USA and Africa. The company is specialized in break bulk and project cargoes for the oil & gas industry. UAL offer a regular direct liner service with short transit times from Europe, USA and South Africa from and to West-, South- and East Africa, and has own storage sites with all facilities to support the oil industry in Equatorial Guinea, Nigeria and Angola. UAL also specialises in transporting equipment and tools to the western and eastern coasts of Africa, particularly for the oil and gas industry. The company has a fleet with modern cargo vessels, as well as feeder vessels, a coastal vessel and three landing crafts in West Africa.

The company is looking at new business opportunities elsewhere in Africa. The growing economy, foreign trade and investments together with a political stable climate in Morocco could offer interesting opportunities for UAL. Although the offshore industry in Morocco is still relatively small, recent announcements made by several foreign companies on gas findings could make Morocco’s offshore industry an interesting target market for UAL in the near future. At the same time the already expanding sustainable energy sector (solar, wind) in Morocco and the growing exports of phosphate to other countries in Africa or elsewhere in the world creates interesting cargo flows for UAL. Furthermore, the government investments in the rail sector (passenger and freight) in the next 5 – 10 years needs the shipment of equipment (wagons, locomotives, spare parts, etc.) as they are not produced in Morocco. The same holds for the investments in the growing automotive and aeronautics industry in the country. Many of the products needed for the manufacturing of cars are produced outside Morocco and must therefore be shipped to Morocco. These kind of specific cargo flows – rail equipment, car parts – is something that we are capable of transporting with our specialized vessels. The key for us is that there must be enough volumes in cargo from Europe to Morocco. Prices in global cargo flows are very low, making it necessary to have high volumes to make it financially interesting enough to start in Morocco.

Our company strategy for Africa is that we work with local reliable agents. These agents must know and understand the local market, but must also be able to translate our vision and high quality services to potential clients. When we would start in Morocco we would use the same kind of strategy. At first working with a local agent, and only if after some years the business is growing this strategy could be altered by setting up a joint venture with a Moroccan partner or starting our own ltd. (sarl) in the country.

Overall, we think that our experiences in doing business in West and East Africa during the last forty years will help us if we decided to enter the Moroccan market.”

3.2.2 Maritime companies

The main shipping companies (containers and cargo) sailing on Morocco are foreign companies:

- Maersk
- CMA CGM-Comanav
- MSC-Maroc
- OPDR-Maroc (OPDR daughter company of CMA CGM)
- NileDutch, working with Marmedsa Noatum Maritime Maroc a Spanish maritime agent with a local office in Casablanca
- United Arab Shipping Company
- Arkas

Smaller shipping companies with regular calls on Morocco's ports are:

- Marbar Maritime: Moroccan company with HQ in Casablanca
- Lasry Maroc: Moroccan agent of the French WORMS Group
- Sigma Shipping: Moroccan company with HQ in Casablanca
- Globe Marine: Moroccan company with HQ in Casablanca
- Comarship: Moroccan company with HQ in Casablanca

Currently there are 84 vessels (excluding fishing and navy vessels) sailing under Moroccan flag. Sixty percent of these vessels are tugboats operating in the various ports of Morocco. The main Moroccan maritime company is terminal operator Marsa Maroc⁸ with 16 vessels including 12 tugboats, followed by dredging company DRAPOR. The other type of vessels include one oil tanker, six general cargo and six container ships. The towing services in Tanger Med are done by two foreign companies, namely Boluda from Spain operating in Tanger Med 1 and Danish Svitzer – part of the Maersk Group – will deliver the towing services with nine new tugboats in Tanger Med 2 as it opens in 2019.

Moroccan flagged vessels, 2017

| Owner Group | No. Vessels | Tugboats | Other type |
|--|----------------|-----------|------------|
| Marsa Maroc | 16 | 12 | 4 |
| DRAPOR | 13 | 2 | 11 |
| Somagec | 12 | 12 | 0 |
| Offshore Maroc SA | 8 | 7 | 1 |
| Societe Cherifienne de Remorquage et d'Assistance (SCRA) | 7 | 7 | 0 |
| Boluda Tanger (affiliate of Spanish towing company Boluda) | 4 | 4 | 0 |
| IMTC | 3 | 0 | 3 |
| Marcab | 2 | 0 | 2 |
| Petrocab | 2 | 0 | 2 |
| JL Tug (subsidiary SCRA) | 4 | 4 | 0 |
| Fedela Tug (subsidiary SCRA) | 2 | 2 | 0 |
| Inter Shipping | 2 | 0 | 2 |
| Maglob | 1 | 0 | 1 |
| Marocaine de Nav | 1 | 0 | 1 |
| Societe Cabotage Pet | 1 | 0 | 1 |
| Conade | 1 | 0 | 1 |
| Transtour | 1 | 0 | 1 |
| Melopex Societe | 1 | 0 | 1 |
| Fishingod | 1 | 0 | 1 |
| Britamar | 1 | 0 | 1 |
| Action Shipping | 1 | 1 | 0 |
| Total | 84 | 51 | 33 |

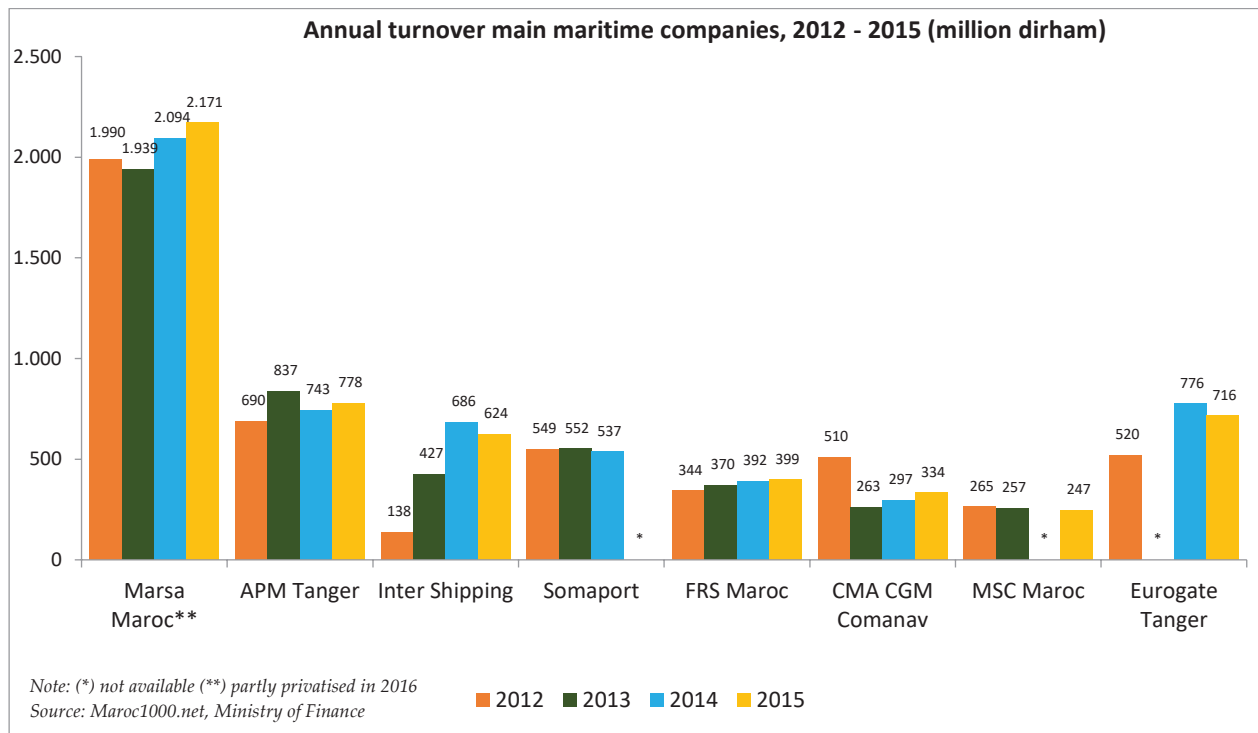
Source: Clarkson, companies websites

⁸ Marsa Maroc is a semi-public enterprise of which 30 percent of its shares are traded on the Casablanca stock exchange since 2016.

Since 2000 the size of Morocco's commercial fleet measured by DWT (Dead Weight Tonnage) has decreased by two-third to around 153,000 DWT in 2017. Especially during the last six years the size of the fleet has diminished strongly due to the bankruptcies of local maritime companies IMTC and Comarit/Comanav.

Besides the transport of goods and containers, maritime companies operating in Morocco are also active in passenger transport and vehicles:

- Inter Shipping: Spanish company active in Ro-Ro and passenger transport between Spain and Morocco
- FRS Maroc: German company active in passenger transport between Spain and Morocco
- Höegh Autoliners: Norwegian company active in the transport of cars and trucks
- Neptune Lines: Greek company active in the transport of cars
- LD Seaplane: joint venture between Norwegian Leif Höegh Group and French Louis Dreyfus Armateurs for transporting parts for the aeronautic industry in Morocco
- Acciona-Trasmediterranea: Spanish company active in passenger transport between Spain and Morocco (Nador, Tanger)



The total market size of Morocco's maritime transport sector is currently estimated at around 750 million euros or roughly one percent of GDP. Measured by annual turnover, terminal operators Marsa Maroc, APM Tanger, Eurogate, and Somaport⁹ are the largest maritime companies. Besides these terminal operators there are four other companies active, but they operate in a specific market. These operators are national electric state company JLEC with a coal terminal at Jorf Lasfar, public company OCP with a phosphate terminal at Casablanca and Jorf Lasfar, private company Mass Céréales Al Maghreb – affiliate of the Holmarcom Group – with grain terminals at Casablanca and Jorf Lasfar, and public company SOSIPO with grain terminals at Casablanca, Safi, and Agadir. In 2016 Marsa Maroc had 42 percent of total cargo throughput, APM and Eurogate combined had a market share of 11 percent, grain operators Sosipo and Mass Céréales 5 percent, and Somaport also 5 percent market share. The Moroccan maritime sector provides around 10,000 jobs

⁹ Private terminal operator Somaport is only active in the Port of Casablanca with a container and multi-purpose terminal.

directly. Semi-public company Marsa Maroc is the largest employer within the maritime sector providing jobs to around 2100 people. Also APM Tanger with 800 jobs is a relatively large employer in this sector.

3.2.3 Sea ports

Morocco is endowed with a large coastline giving it a strong opportunity for developing sea transport as a main mode of national and international transport of goods. The commercial ports in Morocco are divided as follows:

- 11 ports that are developed for international trade: NADOR, AL HOCEIMA, TANGER VILLE, TANGER-MED, KENITRA, MOHAMMEDIA, CASABLANCA, JORF LASFAR, SAFI, AGADIR, TANTAN,;
- 18 ports that are developed for the fishing industry: RAS KEBDANA, EL JEBHA, M'DIQ, LARACHE, MEHDIA, EL JADIDA, ESSAOUIRA, SIDI IFNI, TARFAYA, CALA IRIS, SIDI HSSAINE, CHMAALA, FNIDEQ, KSAR SGHIR, ASSILAH, SALE, SOUIRIA LAKDIMA, IMESOUANE;
- 6 ports that are marina's: SAIDIA, KABILA, MARINA SMIR, BOUREGREG, MARINA D'AGADIR, LAGUNE DE MARCHICA.

The fishing ports are relatively small ports, primarily focussing on the local and regional markets. In regards to the main commercial ports in Morocco, the port of Casablanca is by far the largest port for handling cargo in the country. Of the total cargo of eighty-seven million tons handled by Moroccan ports in 2016, thirty percent was done by the port of Casablanca followed by the port of Jorf Lasfar with twenty nine percent. The most important products going through Morocco's ports is dry bulk. Of the eighty-seven million tons, forty-four million tons is dry bulk followed by twenty-two million tons of liquid bulk primarily crude oil coming in through the ports of Mohammedia and Jorf Lasfar. Of the dry bulk going through the port of Casablanca, cereals, animal feed, and phosphate are the main products.

Global traffic per commercial port, 2016 (in tons)

(excluding transshipment)

| SEA PORTS | IMPORT | EXPORT | TOTAL | 2016/2015 |
|--------------|------------|-----------|------------|-----------|
| CASABLANCA | 17,939,698 | 9,775,598 | 27,715,296 | 9.5% |
| JORF-LASFAR | 18,065,128 | 8,025,918 | 26,091,046 | 15.0% |
| MOHAMMEDIA | 5,491,688 | 229,782 | 5,721,470 | -27.7% |
| SAFI | 2,224,841 | 3,744,337 | 5,969,178 | 4.9% |
| AGADIR | 3,171,716 | 1,746,609 | 4,918,325 | 22.9% |
| NADOR | 2,465,426 | 1,003,947 | 3,469,373 | 17.5% |
| TAN-TAN | 36,445 | 4,311 | 40,756 | -15.7% |
| TANGER VILLE | 5,038 | - | 5,038 | -7.4% |
| TANGER MED | 8,122,269 | 4,731,422 | 12,853,691 | 19.0% |

Source: ANP

3.2.4 Modal split

Although Morocco has a long stretch of coast line with many sea ports, the use of cabotage¹⁰ in Morocco's maritime transport is still limited. In 2015 and 2016 only about five percent (3.7 million tons) of the global cargo throughput was through cabotage. The ports of Mohammedia and Casablanca are the main ports for

¹⁰ Cabotage: sea transport between two ports (a port of loading/embarkment and a port of unloading/ disembarkment) located in the same country irrespective of the country in which the seagoing vessel is registered (OECD definition).

cabotage. Since August 2015 the Samir oil refinery at the port of Mohammedia is shut down, which since then has a huge impact on the volumes of cabotage.

Moroccan companies who are currently active in cabotage are Petrocab and Marcab. They are only transporting oil products from the port of Mohammedia to several other ports in the country. Furthermore, foreign companies CMA CGM (France) and D'Amico Dry Maroc-Pac Ocean Maghreb (subsidiary of Italian company d'Amico Società di Navigazione) are active in cabotage as well. D'Amico sails between the ports of Agadir, Casablanca and Tanger Med and CMA CGM opened up a cabotage line for container transport in 2013 with a roundtrip Tanger Med – Casablanca – Agadir.

When looking at how the modal split is between the various means of container transport in the country's largest port Casablanca, it can be noticed that about eighty percent of the containers arriving in the port of Casablanca will be transported by road to other destinations inland. The other twenty percent is divided by cabotage (sixteen percent) and rail transport (one percent).

Besides cabotage, the use of feeders or feeder service¹¹ is currently limited in Morocco's maritime transport. Companies active at this moment are Danish company Maersk using feeders for container transport between the ports of Casablanca and Tanger Med, and Turkish maritime company Arkas which opened up a feeder service for containers (max. capacity 900 TEU) between the ports of Casablanca and Tanger Med in August 2017 under the name Maroc Feeder and is also looking to expand its feeder service to the port of Agadir in the Fall of 2017.

National railway company ONCF experiences the expansion of the feeder service on the Tanger Med - Casablanca line as an increased competition for transporting containers by rail. In 2016 the volume of containers transported by rail was 19,000 TEU (2015 – 20,300 TEU) with the main destination Marrakech. Only 2,900 TEU came in through the port of Casablanca and 150 TEU through the port of Tanger Med.

¹¹ Transport service whereby loaded or empty containers in a regional area are transferred to a "mother ship" for a long-haul ocean voyage.

Interview Mr. Arjen Uytendaal, managing director Nederland Maritiem Land (NML)



“The Dutch maritime cluster comprises of 12,000 companies, employing more than 265,000 people, and generating a total value added of almost 24 billion euro (approximately 4 percent of GDP). It is among the most innovative industries in the Netherlands. The strength of the Dutch maritime sector is its inter-connectivity among the various public and private actors. For example, the Port of Amsterdam can only function well when there is a strong connection to the (European) hinterland via road, rail, water, or air. In that sense, the overall strength of the value chain within the maritime industry depends on the weakest link. Also, it is becoming more and more important for port authorities to offer efficient (custom) services to companies operating in ports to stay internationally competitive. As more countries in Europe, Asia, and Africa will upgrade their physical infrastructure during the next decades to attract more foreign companies and investors, the quality of custom services offered will make the difference.

Due to the fact that 98 percent of Morocco’s international trade goes through their ports, inter-connectivity is key to the success of the Moroccan maritime sector. Morocco’s strategy of not only investing in ports but also in the expansion of the infrastructure (road, rail) from the ports to the rest of the country is therefore a good choice. Looking at the long coastline of Morocco and the relatively large number of sea ports, more use of cabotage could be an opportunity to strengthen the position of maritime transport within Morocco. This will lead to more competition in the transport sector, reducing prices and congestion on roads.

Another trend we see as NML is the position of the large shipping companies in global sea freight transport. Large(st) shipping companies primarily follow the flows of (bulk) cargo wherever that is globally. When such a flow dries up they leave that country in search for another opportunity. That means that when a government has invested billions of euros in building (new) ports to accommodate these large shipping companies, on the long run it could mean that is an inefficient investment. Governments and port authorities should therefore focus more on a broader scope of clients than only at the largest ones. The orientation of Morocco to become more of a regional transport hub for North and West African countries is in that regards an interesting trend.

The Dutch maritime cluster operates in many countries outside the Netherlands. The wide variety of business environments in which these companies must operate means that they often need a local partner with the right connections and knowledge of the local market. In more and more countries national governments have stipulated in their law on foreign investments that such *local content* is even mandatory to be able to operate within their national borders. Unfortunately, not always are the skills, knowledge, products or services offered by local actors at the required level demanded by Dutch companies in order to compete at the international level. Therefore, for the Moroccan maritime sector to compete successfully internationally and to attract more foreign maritime companies it is also necessary to invest in these ‘soft skills’. That means investing in training and education aimed at the maritime industry.

For the Dutch maritime cluster as a *collective* the Moroccan maritime industry is at this moment, due to its relative limited size and variety in sub-sectors, less of an interest although for *individual* Dutch companies in e.g. port dredging, port services (towing, pilotage), maritime services (insurances, research & consultancy, ship suppliers, etc.), or harbour works (break waters, terminals, warehousing, etc.) it can still offer good business opportunities.”

By depending so heavily on freight transport by road, the logistical costs are relatively high in Morocco compared to several other countries in Africa thereby putting pressure on the international competitiveness of the country. According to the Logistics Performance Index 2016 (LPI 2016) of the World Bank¹², Morocco ranked number 86 out of 160 countries. Germany had the highest ranking (1), followed by Luxembourg, Sweden and the Netherlands. Comparing the six factors influencing the international logistics performance of Morocco with neighbouring countries and the average in Sub Saharan Africa, it can be noticed from the table below that Morocco performs relatively poorly on custom services (i.e. efficiency of the clearance process), the quality of trade and transport related infrastructure (e.g. ports, railroads, roads, information technology), the competence and quality of logistics services (e.g., transport operators, customs brokers), and track and tracing of consignments. Morocco scores relatively well on the ease of arranging competitively priced shipments and the timeliness of shipments in reaching destination within the scheduled or expected delivery time.

In 2012 Morocco ranked number 50 and Algeria number 125. Despite the strong investments by the Moroccan government in the construction of new roads and upgrading and modernizing sea ports during the last ten years, the LPI-indicators of 'customs' and 'infrastructure' showed a relatively strong downfall in international competitiveness between 2012 and 2016.

Logistics Performance Index 2016

| Country | Rank | LPI Score | Customs | Infrastructure | International shipments | Logistics competence | Tracking & Tracing | Timeliness |
|---------------------------------|------|-----------|---------|----------------|-------------------------|----------------------|--------------------|------------|
| Morocco | 86 | 2.67 | 2.22 | 2.46 | 3.09 | 2.59 | 2.34 | 3.20 |
| Algeria | 75 | 2.77 | 2.37 | 2.58 | 2.80 | 2.91 | 2.86 | 3.08 |
| Egypt | 49 | 3.18 | 2.75 | 3.07 | 3.27 | 3.20 | 3.15 | 3.63 |
| Tunisia | 110 | 2.50 | 1.96 | 2.44 | 2.33 | 2.59 | 2.67 | 3.00 |
| Sub Saharan Africa ¹ | n/a | 2.47 | 2.36 | 2.29 | 2.49 | 2.42 | 2.39 | 2.84 |

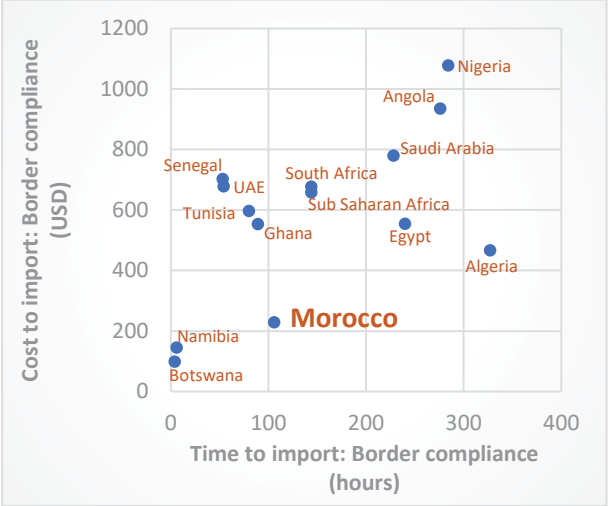
Note: (1) countries in Sub Saharan Africa with higher ranking than Morocco are Kenya (42), Botswana (57), Uganda (58), Tanzania (61), Rwanda (62), Burkina Faso (81), and Mozambique (84). South Africa has the highest ranking in Africa at number 20.

Source: World Bank

Looking more specifically at the time and costs of importing and exporting a shipment of goods, Morocco has relatively an international strong competitive position. For importing a shipment of goods, Morocco has the lowest costs for border compliance in the MENA-region and also compared to other ports in West Africa. Only Botswana and Namibia are doing better. The time it takes to import a shipment of goods is lesser of an competitive advantage for Morocco but still relatively strong. Several countries in West Africa and also Tunisia shows a better track record in the time spend on border compliance for importing a shipment of goods. This result is compatible with the afore mentioned low quality of the custom services in regards to the outcome of the Logistics Performance Index.

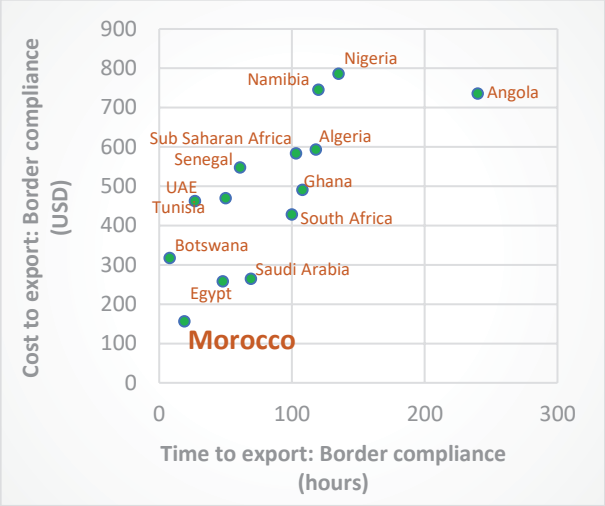
¹² The LPI is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics "friendliness" of the countries in which they operate and those with which they trade. The LPI-score is between 1 (lowest) and 5 (highest).

Importing a shipment of goods



Source: World Bank Ease of Doing Business Index 2016

Exporting a shipment of goods



For exporting a shipment of goods, the international position of Morocco within the MENA-region and Africa is much stronger. It has the lowest costs in border compliance and after Botswana the lowest time necessary to fill in all the paper work for exporting a shipment of goods. This strong position is due to the development of port Tanger Med and corresponding free zones.

Interview Mr. Nico Valkenier, managing director W.E.C. Lines



“W.E.C. Lines - with the head quarter in Rotterdam - started its business activities in 1978 with a short sea service from the U.K. to the Iberian Peninsula and the Canary Islands, and has been active on the Red Sea and East African trade since 1979. From the start W.E.C. Lines is only active in container services, no bulk cargo. If it is coffee from Ethiopia or tea from Kenya, all products are shipped in containers. The company has an extensive agent network and W.E.C. offices in Belgium, Germany, Spain, Morocco, Kenya, Uganda and Egypt. Currently eighty people work at the head quarter in Rotterdam, in total 230 people work worldwide for W.E.C. Lines. At the start of our business in East Africa the management of W.E.C. Lines consisted mainly of foreigners, but today all our staff of 45 people working at our offices in East Africa are local. We see that more and more young people in East Africa are better educated and highly motivated to work for our company.

Looking at the global maritime transport sector there is currently an oversupply in ships capacity. The result is that prices for shipping goods are under tremendous pressure making it financially difficult for many shipping companies worldwide. Mergers, acquisitions and bankruptcies in the global shipping market have become a day to day business. For us at W.E.C. Lines we have defined a long term strategy, but the constantly changing international shipping market makes it a challenge to stay on course.

W.E.C. Lines started shipping containers from Portugal to Casablanca about twenty-five years ago. Nowadays we operate a container line service from various ports in NW Europe, Spain and Portugal to the port of Casablanca. On an annual basis we import about 30,000 TEU for the domestic market in Morocco. The export of containers from Morocco is very limited leading to an imbalance in trade of about eighty-five to ninety percent. The port of Casablanca is the only port in Morocco we currently are operating on. In the past we have looked at some other Moroccan ports in the south, but we found out that this was not commercially viable enough for us. We are not active in reefers or cabotage, which makes it for W.E.C. Lines not interesting in going to the port of Tanger Med.

Since the start of our business in Morocco we have a joint venture with local company Exmaris which is based in Casablanca. For us it is absolutely necessary to work with a local partner who knows the local market, understand the business culture, can provide high quality services to local clients, and has the right connections. Maintaining such an important relationship with a local partner also means that you have to invest in that relationship. That is why I travel frequently to Casablanca to meet in person our local partner to talk about business and other things in life. We see a growth in sea transport to Morocco due to – among others - large investments in various sectors like for example the renewable energy sector. For building the multi-billion solar project NOOR and the numerous wind turbines in the north of the country, materials had to be shipped from factories in Europe to Morocco. W.E.C. Lines was one of the shipping companies who transported these materials by containers from Spain to Morocco.

Due to our broad client base in Europe and Morocco we believe that, together with our local partner in Casablanca, we are able to take advantages of the various sectoral developments in the country and have confidence in expanding our business activities in Morocco in the near future.”

3.2.5 Public investments in Maritime sector

In 2012 Morocco's Ministry of Equipment, Transport & Logistics (METL) formulated the 'National Port Strategy 2030'. This strategy aims to promote port consolidation through a number of poles: the pole of the Orient (port of Nador), the pole of the North West (Tanger and Tanger-Med), the pole of the axis Kenitra-Casablanca (ports of Casablanca, Mohammedia, Kenitra), the pole of Abda-Doukkala (ports of Jorf Lasfar and Safi) and the pole of Souss-Tensift (port of Agadir). This port consolidation should make it possible to align the management and organization of Moroccan ports better with international standards, while at the same time integrating the regional territorial variation.

The main objectives of the national port strategy are as follows:

- 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.

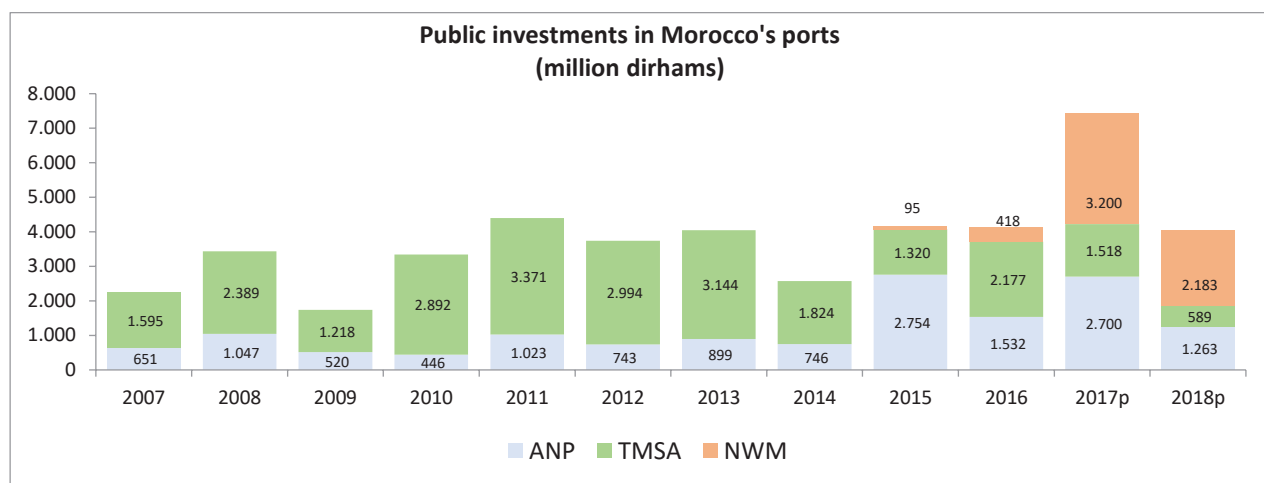
Total investments for implementing the national port strategy during the next twenty years is estimated by the Moroccan government at approximately 66 billion dirhams (approximately 6 billion euros). This investment volume is excluding the investments made in Tanger Med II of one billion euros.

Public port investments 2012 - 2030

| Port | Investments (million dirhams) | |
|----------------------------------|-------------------------------|--------|
| New ports | | |
| Nador West Med | 8,810 – 9,600 | |
| Kenitra Atlantique | 5,930 | |
| Jorf Lasfar Energetique | 14,094 | |
| Safi | 10,800 | |
| Sub-total | | 40,424 |
| Large extensions | | |
| Agadir | 3,930 | |
| Jorf Lasfar | 3,730 | |
| Mohammedia | 2,430 | |
| Casablanca | 9,540 | |
| Tarfaya | 500 | |
| Sub-total | | 20,310 |
| Integration of ports with cities | | |
| Tanger Ville | 2,340 | |
| Safi Ville | 800 | |
| Nador Ville | 510 | |
| Tan Tan | 1,910 | |
| Sub-total | | 5,560 |
| Total | | 66,294 |

Source: METL

The majority of public investments in Morocco's ports during the next two decades (excluding Tanger Med) will concentrate on the poles Orient (Nador), North-West (Tanger), the axis Kenitra – Casablanca, and the pole Abda-Doukkala (Jorf Lasfar and Safi). Since the implementation of this port strategy in 2012, public investments in Morocco's ports were primarily at developing Tanger Med II.



Note: (p) provisional budget

Source: Ministry of Finance

Out of the yearly budget of three to four billion dirhams during the last six years, more than half went to the port authority of Tanger Med (TMSA) for constructing Tanger Med II. After finishing the construction works of Tanger Med II by the end of 2019 it is expected that this situation will change. For 2017 and 2018 public investments in the new port Nador West Med will be larger compared to investments in other ports. Besides a regional diversification, the bulk of the port investments (more than 60 percent) will go into the construction of five new ports (Nador West Med, Kenitra Atlantique, Safi, Jorf Lasfar Energetique,).

From 2016 onwards 60 billion dirhams (5.6 billion euro) remain to achieve the afore mentioned objectives. The financing of the 'National Port Strategy 2030' must come from the state budget, national port authorities and public-private partnerships (PPP). According to METL there are several projects which are eligible for PPP¹³:

- the new Atlantic Port of Kenitra: total costs estimated at 8 billion dirhams of which 4.5 billion dirhams for harbour protection works (breakwaters, etc.) and 3.5 billion to the construction of a ro-ro terminal for the new car factory of Peugeot at Kenitra, and a bulk terminal. The construction of the terminals are optional for PPP. The construction of the first phase (harbour works) starts in 2017 and finishes in 2021. In June 2016 six candidates for phase one were pre-selected namely Group STFA (Turkey)-SGTM (Morocco)-JDN (Belgium); Group DAEWOO (South Korea)-DRAPOR (Morocco); Group CMC (Italy)-HOUAR (Morocco)-SEPROB (Morocco); CYES (Spain); ARCHIRODON (the Netherlands); CGGC (China)¹⁴;
- the new Port of Jorf Lasfar: the total costs for developing this new energy port – specifically for oil and gas (LNG) import/export – are estimated at 7.82 billion dirhams of which 6.9 billion for the first phase of harbour protection works (breakwater, etc.). The first phase starts in 2017 and finishes in 2021;

Besides investing in Morocco's commercial ports, the government is also investing in ports for international cruise ships and expanding and upgrading marina's as part of the country's strategy to attract more (international) tourists. Currently there are ten marinas operational and one (Casablanca) being developed.

¹³ Compared to the initial National Port Strategy 2030 the latest estimations of the total costs by the METL of these three new ports are different due to more detailed information about the (harbour) work to be done.

¹⁴ At the writing of this report it's unknown which consortium is finally selected to start construction.

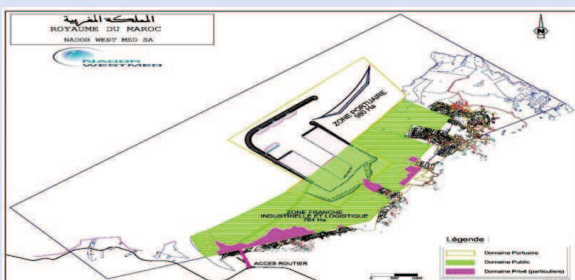
In regards to cruise ports, only the port of Agadir, Casablanca and Tanger can receive large cruise ships. Despite an increase in overall numbers of international tourist arrivals, the number of tourists arriving by international cruise ships has dropped significantly during the last six years. In 2010 the number of passengers arriving by cruise ship was approximately 453,000. Six years later the number was just over 333,000 or a decrease of 26 percent. During the first nine months of 2017 this negative trend continued with a 45 percent lower number of passengers arriving by cruise ships in Morocco compared to the same period in 2016, with the largest drop at the Port of Casablanca. Reasons for these dramatics drops in tourist arrivals by cruise ships are according to local travel agencies the nuisances given by taxi drivers at the ports, long waiting hours before getting through customs, and the overall bad shape of port infrastructure. For the period 2017 – 2021 national port authority ANP is planning to build a new cruise terminal at the Port of Casablanca which is scheduled to be inaugurated by the end of 2018. Estimated investment budget is 379 million dirhams.

Project Nador West Med

The goal of the project Nador West Med (NWM) is to contribute to eradicating regional disparities, particularly by accelerating and strengthening the economic and social development of the Oriental Region through enhancement of its attractiveness and creation of wealth and jobs. The project is located 30 km from the city of Nador in the Northern region of Morocco.

More specifically, the project NWM seeks to: (i) strengthen Morocco's port services in the Western Mediterranean region and take advantage of its geostrategic position on the Strait of Gibraltar to attract part of global shipping activities; (ii) firmly establish Moroccan value chains in the global economy and develop the hinterland; and (iii) secure the supply of energy commodities to Morocco, particularly for the future thermal power plant that will be built in the project area, by establishing a second pole. (Source: *Africa Development Bank*). The project consist of the construction of a new deep-water port for (the transhipment of) containers and storage facilities for liquid (petroleum) and bulk goods (coal); and an industrial platform including a free zone of 1500 ha.

The total costs of the project is estimated by the Ministry of Equipment, Transport & Logistics at 8.8 billion dirhams (approximately 800 million euros). The first phase of this project, consisting of the construction of the terminals for containers, petroleum and coal will be finished by 2020. The port becomes operational in 2021. The consortium who won the public tender for the construction of the first phase is STFA (Turkey)-SGTM (Morocco)-Jan de Nul (Luxembourg). The value of their bid was 7.6 billion dirhams (almost 700 million euros).



Interview Mr. Ralph Dazert, market analyst Netherlands Maritime Technology (NMT)



“The Netherlands Maritime Technology (NMT) trade association represents the Dutch maritime technology sector. A sector which already exist for several centuries, dating back to the Dutch Golden Age when the Dutch merchant fleet had one-third of the global cargo capacity. NMT has more than 400 members including shipyards, marine equipment suppliers and service providers. The sector provides jobs to almost 30,000 people, creating a combined annual turnover of over seven billion euros and an export value of almost four billion euros. The Dutch maritime technology sector operates in all corners of the world, although it has in recent years a main focus on Europe, South East Asia, and North America.

The Moroccan shipbuilding industry with an estimated annual turnover of less than fifty million euros, providing jobs to no more than 1,000 people working at only three shipyards which focus primarily at fishing vessels, is still of a very limited size. Due to this current situation, Morocco’s shipbuilding industry offers very little business opportunities for the majority of our members. The exception could be for Dutch companies who are active in the designing, building, or renovating of (larger) sea going fishing vessels (trawlers). Morocco’s strategic plan for the fishing industry (Plan Halieutis) offers interesting opportunities for Dutch companies operating in this subsector of the shipbuilding industry. Although Morocco has a large fishing fleet, it consist for only 2 percent of larger sea going trawlers. The vast majority are very small wooden boats. As one of the strategies within Plan Halieutis is to modernize the national fishing fleet by building more (larger) up-to-date sea going fishing vessels, specialized Dutch companies like shipbuilders Padmos and Hoekman Shipbuilding, or fish processing companies like Parlevliet & Van der Plas and Cornelis Vrolijk can provide the Moroccan fishing industry with valuable innovative products, knowledge, and decades of expertise at all levels of the sectoral value chain. In that regards is the latest type of fishing trawler designed and built by various Dutch companies, MDV 1, a good example of a very innovative product which could be of high value for Morocco’s fishing industry.

Another niche market within Morocco’s maritime industry that could be of interest to Dutch companies, is the dredging of the 140+ inland reservoirs across the country. Morocco’s reservoirs loose storage capacity every year due to continues sedimentation. This lead to less availability of drinking water and water for the growing agricultural and industrial sectors. Dredging of inland reservoirs provides many challenges. Several Dutch dredging companies are capable of handling these challenges with smaller, demountable dredgers.

Although Morocco’s maritime industry is of a too limited size to been seen as a ‘maritime hotspot’ for the majority of our members, niche markets like the fishing industry and specialized dredging projects are interested enough for some of our members.”

3.3 Road freight transport

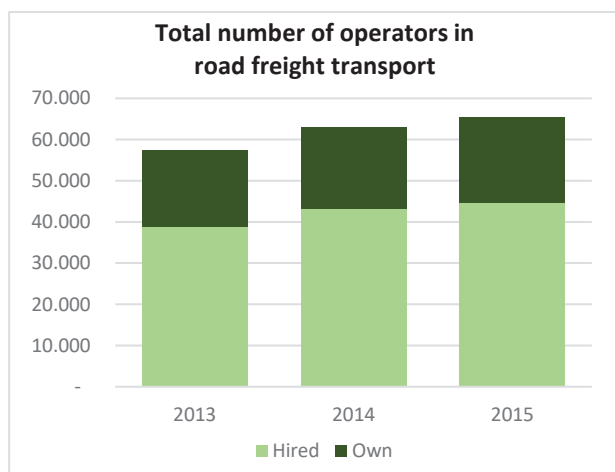
3.3.1 Introduction

Road freight transport in Morocco constitutes the major mode of domestic transport of goods. It accounts for more than 75 percent of the national freight (excluding phosphates) transported and generates an annual turnover of around fifteen billion dirhams (approximately 1.4 billion euros). The domestic road freight transport sector consists of around 20.000 road carriers (formal registered), operating 73.275 trucks, including 53 percent hired and 47 percent owned. However, road freight transport suffers from several difficulties which slows down its development and hinder its operation. This include the fragmentation of the sector dominated by SMEs which account for 95 percent of the companies operating in the sector of which 90 percent are individual (one-person) companies having on average a fleet of 1 - 2 trucks each. These small entities generally escape social and tax legislation, compared to the (larger) more structured companies which account for only 10 percent.

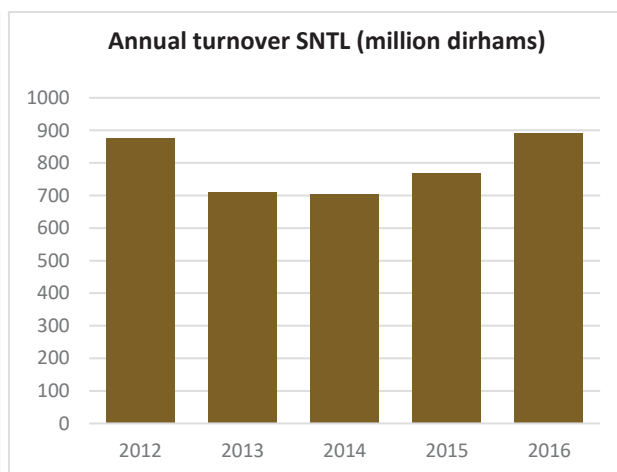
Furthermore, Morocco's national truck fleet is outdated with an average age of 13 years. In addition, the strong competition by the informal (unregistered) sector, whose share is about 50 percent, constitutes a true handicap for the development of this sector. The entire set of these factors contribute to making transport costs relatively high in Morocco and negatively impacts the competitiveness of national production.

3.3.2 Developments in Road freight transport

According to the Ministry of Equipment and Transport, the total number of operators in the domestic road freight transport sector increased during the last few years to more than 65,000 companies in 2015. This include formal and informal companies. In 2003 the number was less than 3,000 companies. The majority of these operators are hired, that means they drive for somebody else instead of their own.



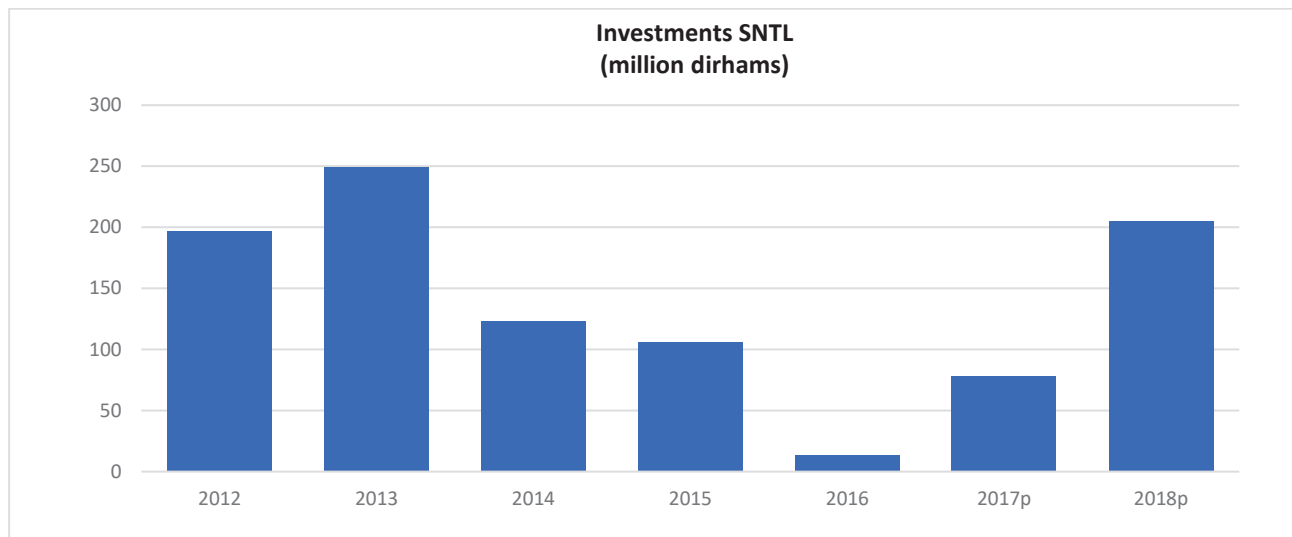
Source: METL



Source: Maroc1000, Economie Entreprises, Ministry of Finance

The largest Moroccan transport company is public enterprise SNTL. The company transport annually around 20,000 tons of goods across the country. With an annual turnover between 700 – 900 million dirhams during the last five years, employing 800 persons, and having around 210,000 m2 of storage capacity as well, SNTL is dominating the Moroccan road transport sector.

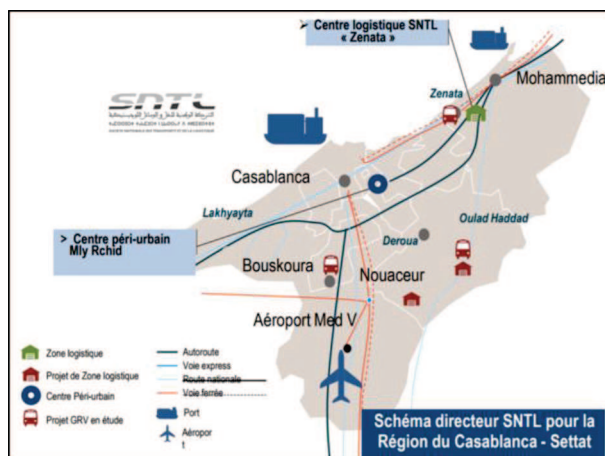
Besides being active in Morocco, SNTL has expanded its business activities into Africa during the last couple of years. They have 50,000 m2 of storage facilities in eighteen different African countries, working with 22 local agents. Since 2012 SNTL has invested 689 million dirhams (approximately 65 million euros) in expanding their business activities (freight transport, storage, insurances) in Morocco and abroad.



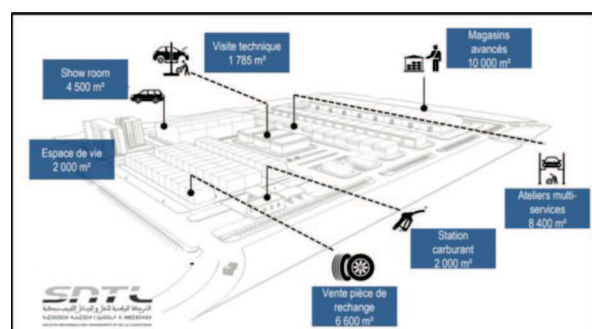
Source: Ministry of Finance

In March 2016 SNTL announced that they invest one billion dirhams (approximately 94 million euros) during the period 2015 – 2020 in improving urban logistics in the city area of Casablanca-Settat, thereby creating 3,000 new jobs and help to professionalize 1,000 small companies (truck companies, garage owners, etc.). The project will be centred around three axes:

- 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')



SNTL investments in Urban Logistics



New Automotive Village Casablanca-Settat

Source: SNTL

This third axis is presented as a top priority. It is launched mid-2016 and will mobilize an estimated budget of around 80 million dirhams. It will require the development of 5 hectares dedicated to a showroom (4,500 m²), a technical visit center (1,785 m²), advanced stores (10,000 m²), a sales area for spare parts (6,600 m²), multi-service workshops (8,400 m²) and a living space (2,000 m²).

Next to SNTL the national courier transport company Carré SMTR, a full subsidiary of state railway company ONCF, is active in domestic road freight transport. With an annual turnover of over 230 million dirhams (2015), 370 employees, carrying on average one million tons of goods per year, and having a truck fleet consisting of 250 trucks and vans, Carré SMTR is another strong actor in the domestic freight transport sector.

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: Marco1000.net, Economie Entreprises

Other relatively large Moroccan transport Companies state company SDTM, private operator Dislog which is strong in the transport of FMCG, and the smaller private companies La Voie Express, Tpm Transport, STMF, and SOTRAFRIQUE who is specialised in refrigerated transport between Morocco and Europe. Together these companies have almost fifteen percent of the national road freight transport market. Next to these 100+ million dirhams companies, there a dozen of companies who have an annual turnover between 50 – 100 million dirhams, but the fast majority of road freight transport companies in Morocco are SMEs with less than fifty million dirhams (approximately 4.5 million euros) annual turnover.

Interview Mr. Bob van der Putten, managing director Benelux & Germany SEKO Logistics



“SEKO is an American company established in 1976 with the head quarter in Chicago. They work as a global “franchise” organisation consisting of an international network with 120 offices operating in forty countries worldwide. I’m responsible for the Benelux and German market. SEKO Logistics Benelux is a limited liability company with the head quarter at Schiphol (Amsterdam). We provide transport services by air, road, and sea. Besides the responsibility for the Benelux and German markets, I helped to expand the SEKO network into Africa during the last couple of years. Currently there are SEKO offices in Uganda, Kenia, South Africa, Mauritius, Egypt and Tunisia. About two years ago, together with my Egyptian SEKO partner, we set up SEKO Logistics Morocco with an office in Casablanca. SEKO Logistics Morocco is a joint venture and consist of three partners, namely SEKO, my Egyptian partner who introduced me to Morocco, and our Moroccan partner. The Moroccan partner already had a family business in transporting goods from Morocco to Europe and vice versa, but he wanted to expand his network to other parts of the world as well.

We set up SEKO Logistics in Morocco, because we see that this country has a huge potential in logistics. The investments in the national road network, especially in the expressways, during the last fifteen years is impressive. Also the construction of the new highspeed rail line connecting Tanger with Casablanca is a good sign that Morocco makes serious business of her ambitions to improve the international competitiveness of the country. Our main business activities at this moment are importing goods from China to Morocco and the distribution of it within the country. We try to get more business done between the Netherlands and Morocco, but the focus of Morocco’s international trade on France is very strong. The volume of exports and imports between the Netherlands and Morocco are therefore limited, making it a challenge for us to have a healthy business in Morocco at this moment.

But not only do I have a business interest in Morocco, personally I like the culture and people of the country as well. Moroccans are very friendly people to work with. It is a beautiful country to travel around and see the many differences in landscape between the cities along the western coastline and the villages in the mountainous areas.

Doing business in Morocco means also that you have to build up a personal relationship with your local partner. In my opinion you cannot work in Morocco without a trustworthy local partner, therefore knowing each other and show interest in the local (business) culture is very important to become successful. I frequently travel to Morocco to meet up with my local SEKO partner in Casablanca to talk to him in person. Doing business in Morocco from behind your Dutch desk doesn’t work.

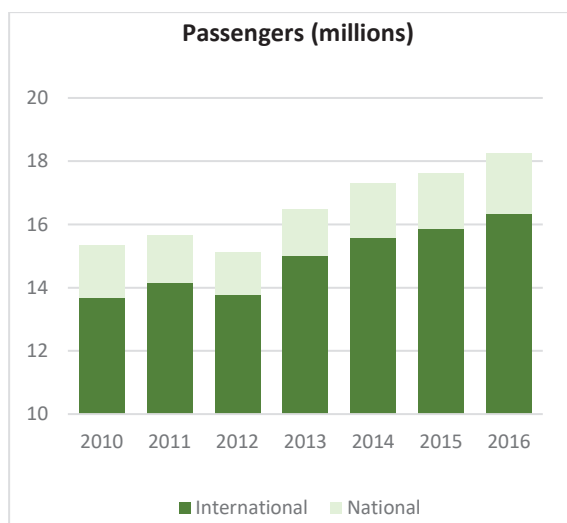
A main difference in the way business is done in Morocco and the Netherlands is what I would call ‘decisiveness’. In the Netherlands we are more used to take action immediately when there shows up a potential business lead. In Morocco business people tend to be more hesitant when it comes to making a quick business deal. They need more time to think things over before making a decision. Compared to countries in Sub Saharan Africa business in Morocco is still easier to do, but it could be much more effective and efficient. When I talk with my Moroccan partner about this, I try to convince him that becoming more decisiveness will lead to more business deals. So a win-win for all three partners involved. Language barriers, in that regards, can be an obstacle for doing business in Morocco as it is important how things are said (tone, punctuation) to each other. My Egyptian business partner – who speaks good English – talks Arabic to our Moroccan partner who speaks little English, and my knowledge of the French language is too limited. Business in Morocco is still done primarily in Arabic or French.

To conclude I believe in the potential of Morocco, but it takes more time to become successful than we are used to in the Netherlands. A local presence with a local trustworthy partner is in that regards absolutely necessary.”

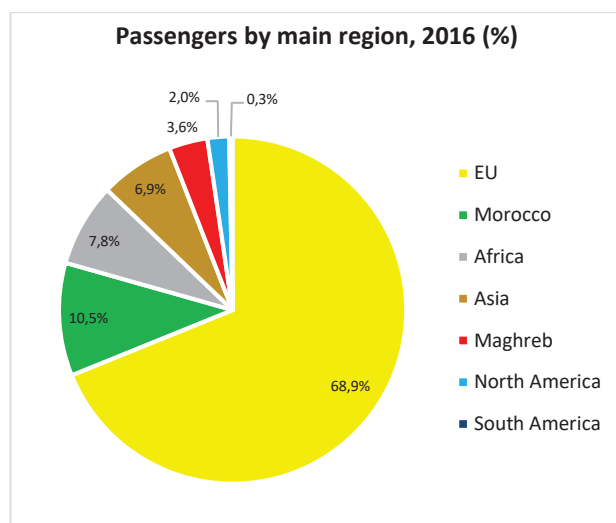
3.4 Air transport

3.4.1 Introduction

Morocco's aviation industry has been growing steadily during the last six years. In 2010 the total number of registered passengers going through Morocco's airports was around fifteen million people. Six years later this number has risen to more than eighteen million people, or an increase of almost twenty percent. For 2017 it is expected to increase further to a total of 19.2 million passengers. Of the total number of passengers registered at the country's airports, on average ninety percent are international travellers. The majority of passengers (68.9 percent) are coming from Europe, followed by Moroccans (10.5 percent) and Sub-Saharan Africa (7.8 percent). The number of passengers coming from Sub-Saharan Africa has more than doubled since 2010 showing the growing position of Morocco as a regional hub for air transport.



Source: ONDA



Source: ONDA

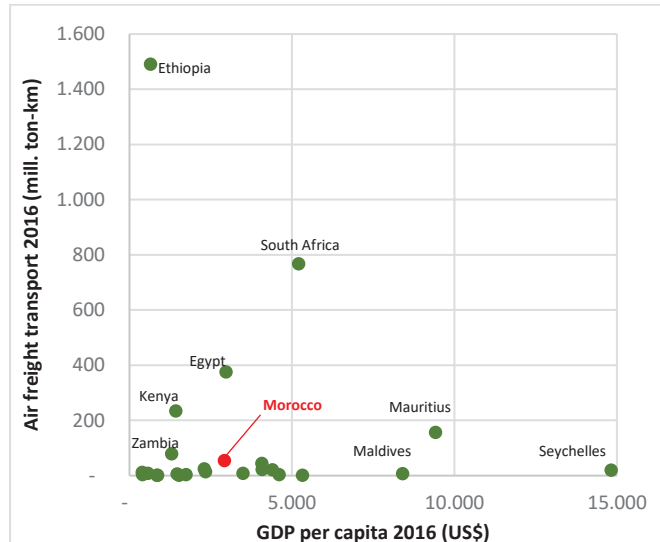
By far the largest airport in Morocco is Mohammed V Airport in Casablanca. In 2016 around 8.6 million passengers were registered at this airport, an increase of almost twenty percent compared to 2010, making it one of the ten most busiest airports in the whole of Africa. The airports of Marrakech (3.9 million) and Agadir (1.3 million) are second and third largest in the Kingdom. State carrier Royal Air Maroc (RAM)¹⁵ has the largest share in the number of passengers carried (43 percent) followed by the various international charters like Ryan Air, Easy Jet, Jet Air, etc.

The volume of freight carried by airplane is still relatively small compared to the other modes of freight transport (road, sea, rail) in Morocco. During the period 2010 - 2014 the total volume of air freight transport was on average around 54,000 tons per year, but in 2015 and 2016 it increased to 64,000 tons respectively 68,000 tons. For 2017 it is expected that total air freight volume will increase further to 74,000 tons. Of this total volume 95 percent is international freight transport, making the use of air freight domestically at the moment very modest. The high costs of goods transported by air compared to rail or road is the main reason for these modest transport volumes. The international airport Casablanca Mohammed V is the dominant airport in Morocco for registering national and international air freight. About 95 percent of the total air freight volume goes through this airport. Second-largest in international air freight is the airport of Rabat-Salé followed by Tanger airport. Concerning domestic air freight, the airport of Marrakech handles more volume than Rabat-Salé making it the second largest after Mohammed V.

¹⁵ RAM has a fleet of 55 airplanes with an average age of eight years, and belongs to the Top5 of largest airline companies (by passengers carried) of Africa.



Note: (e) estimate
Source: ONDA



Source: World Bank, UNCTAD

When comparing air freight transport in Morocco with other countries in Africa, it can be seen that in relation to her GDP per capita and the government ambition of becoming a regional transport hub the volume of air freight handled in the Kingdom is relatively low. Countries like Zambia, Kenya, and Ethiopia has lower income levels but a higher volume of air freight transported within their respective countries. Ethiopia is also the country with the highest volume in air freight transport within Africa followed by South Africa. This high volume of air freight transport in Ethiopia has to do with the fact that the country is land-locked and doesn't have a sea port of their own. All maritime traffic is done through the port of Djibouti in neighbouring country Djibouti. In comparison with the other countries in North Africa, Morocco is second after Egypt. Although Algeria and Tunisia has higher levels of GDP per capita, the volume of air freight transport is much lower than that of Morocco. Overall, air freight transport in Africa is still at an infant state. The total volume of air freight in Africa of 3.4 million ton-km. in 2016 was lower than that of the Netherlands (4.7 million ton-km).

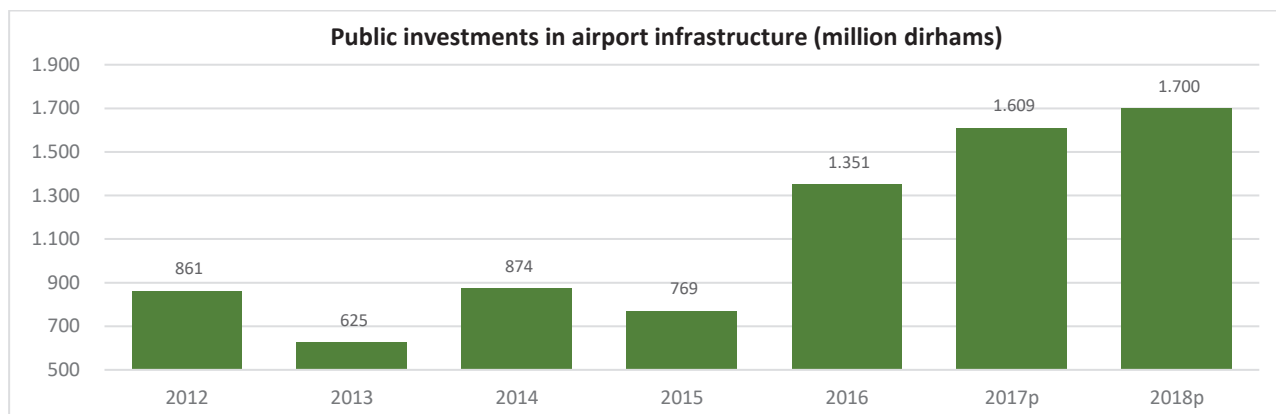
3.4.2 Public investments 2012 - 2016

The strategy of METL regarding civil aviation and air transport sector during the period 2012 -2016 consisted of five poles:

- Development of air transportation:
 - positioning of Casablanca Mohamed V airport as a hub in North African air transport;
 - consolidating air services in the European market in order to achieve the objectives of Vision 2020 (tourism);
 - promotion of domestic air transport;
 - development of air freight in Morocco;
 - implementation of the provisions of the program contract between the State and RAM;
- Institution:
 - adoption of the bill (40-13) regarding the Code of Civil Aviation and development of implementing legislation;
 - strengthening the economic regulation of air transport;
 - establishment of the Observatory of Air Transport (OTA);
- Safety, Security and Quality of civil aviation:
 - upgrade the national rules on aviation safety in accordance with international standards;
 - strengthen supervision of air safety and monitoring of the national aviation industry;
 - increase the level of safety of civil aviation in Morocco;

- improve the quality of air transport services;
- Training:
 - creation of a training center for the civil aviation sector;
 - human resource development of the Moroccan CAA: values, skills, abilities, motivation and improving the system of lifelong learning;
- Airports capacity and airspace:
 - development of airport platforms;
 - reorganization of Moroccan airspace.

In order to promote national mobility, to encourage domestic tourism, to reduce regional disparities, and to open up some provinces especially in the South, representatives of several ministries, southern regions, ONDA and RAM have signed seven agreements in 2013 to promote and stimulate domestic air transport. The result of this closer cooperation is an annual average growth rate in domestic passenger traffic of 5 percent between 2012 and 2016. In 2016 1.9 million passengers travelled domestically by airplane.



Note: (p) provisional budget

Source: Ministry of Finance

Through the national state agency for air transport ONDA, the Moroccan government invested 4.5 billion dirhams (approximately 413 million euros) during the period 2012 – 2016 for improving the infrastructure of air transport. Main investment projects during this period were:

- new airport terminal at the airport of Fes (479 million dirhams)
- extension of the terminal at Casablanca Mohammed V airport (1.6 billion dirhams)
- new terminal at the airport of Marrakech (1.2 billion dirhams)

3.4.3 National Aviation Strategy 'Ajwae 2035'

In 2014 METL implemented a new long-term strategy for Morocco's aviation sector called 'Ajwae 2035'. This strategy has the following objectives, namely that by 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)

To reach these objectives, the Moroccan government set up an investment budget of 94 billion dirhams (approximately 8.6 billion euros), of which 40 billion dirhams (approximately 3.7 billion euros) for developing aviation related infrastructure and 37 billion dirhams (approximately 3.4 billion euros) for expanding and modernizing Morocco's air fleet. The ambition of state carrier RAM is to add 103 new aircrafts to their current fleet of 55 aircrafts.

For the period 2016 -2020 ONDA has allocated an investment budget of 9.4 billion dirhams (approximately 862 million euros), of which an estimated 1.6 billion dirhams in 2017 and 1.7 billion dirhams in 2018. These investments are aimed at the following projects:

- increasing airport capacity (6.7 billion dirhams)
- air navigation (1.5 billion dirhams)
- airport operations (553 million dirhams)
- IT (235 million dirhams)
- the Mohammed VI International Academy of Civil Aviation (234 million dirhams)
- commercial and marketing activities (127 million dirhams)
- quality improvement program (25 million dirhams);
- human capital (17 million dirhams)

For 2017, within ONDA's long-term investment program 2035, a total investment budget of 1.6 billion dirhams is calculated for the implementation of previous planned projects such as:

- extension and redevelopment of the airport passenger terminal at Nador airport
- launch of technical extension studies of terminal T2 at Casablanca Mohammed V Airport
- launch of technical extension studies of terminal T1 at Marrakech airport
- the airport development program of the southern provinces
- the implementation the air cargo terminal development program
- control tower modernization program

In April 2016 representatives of state agency ONDA, state carrier RAM, employers organization CGEM, and the national logistics agency AMDL signed an agreement on stimulating Morocco's domestic air freight transport during the period 2016 - 2020. During the last six years domestic air freight has been decreasing to around 2,000 tons in 2016, accounting for just three percent of total air freight transport. The objective of the agreement is to have a total air freight volume of 100,000 tons in 2020 and 182,000 tons by 2035. To be able to reach higher volumes in air freight transport, ONDA will invest in the development of new types of integrated cargo platforms or freight centers. These new freight centers consist of the following logistical functions:

- terminal(s) for air freight
- installations (e.g. refrigerators) for perishable products
- health and quality inspections
- office buildings for logistic operators, forwarders
- general service buildings



New integrated air cargo platforms

Source: ONDA

By integrating all related activities for handling air freight transport into a well-equipped, single platform brings cost savings to businesses, improve operational efficiency and timely delivery, thereby improving overall competitiveness of Morocco's airports.

Based on a study by ONDA four poles in Morocco will be developed into integrated cargo platforms:

- Center: airports of Casablanca (Mohammed V) and Rabat- Salé
- North: airport of Tanger
- South: airport of Agadir
- Orient: airport of Oudja

Total investments for developing these four poles into integrated cargo platforms is estimated at 870 million dirhams (approximately 82 million euros).

Interview Frank Jansen, managing director NAG



“The Dutch aviation industry plays an essential role in the national economy. In 2016 the Dutch aerospace and airport industry had a total turnover of 15.9 billion euros, of which 4.6 billion euros came from the aviation industry and 11.3 billion euros from airports & airlines business. Total employment in the Dutch aerospace and airport industry is about 116,500 employees, of which 16,900 are working in the airport industry. Within the airport industry the sub-sector Maintenance, Repair and Overhaul has the largest share with 49 percent of industry turnover and almost 60 percent in industry employment. Together with aircraft manufacturing (0,97 billion euro turnover) and airport development (0,6 billion turnover) they are the backbone of the Dutch aviation industry.

The NAG is the trade association of national and international organisations established in the Netherlands and active in aerospace and airport development. The NAG has more than 100 members who represent 95 percent of the Dutch aviation industry’s revenue. The NAG’s mission is to continuously optimize the Dutch aviation industry’s ability to compete internationally. To realize this collective ambition worldwide, the NAG supports the sector through the development of expert knowledge, advocacy, access to the national and international market, and providing an extensive network to her members. International organizations, public and private, see the Dutch NAG as a high-tech industry providing high quality solutions to all kinds of problems related to the aviation industry.

The growth in Morocco’s aeronautics industry during the last fifteen years is an interesting development, although for our members it is less of an interest to be established in Morocco. The reason is that the Dutch aviation industry consist mainly of very innovative suppliers, providing custom made solutions to the worldwide aviation industry. An industry that is becoming more and more robotized, making labour costs less important in the decision where to locate your production. It is more important where the end-user or customer is located. Our members are therefore not looking for a production site where costs for labour and land are the lowest, but if there exist (strong) local demand for their (custom-made) innovative products and services. The government agency, which is responsible for developing the aeronautics industry in Morocco, is currently more looking for companies who want to establish their business activities in the Kingdom from where they manufacture their (standardized) products against low costs for clients in the global aviation market. This is more of a cost-driven than an innovative-driven production approach, which is something were the majority of our members is no longer looking for. In fact, for companies with a strong development focus, the Netherlands is an excellent location where government, knowledge institutes and companies work closely together to create the optimum innovation environment for companies to grow.

What is more of an interest to our members is Morocco’s ambition to extend, upgrade and modernize the country’s airports. Also the expansion of Morocco’s air fleet to accommodate the expected growth in passengers and freight in the next twenty years could be of an interest to our members. Especially those operating in maintenance and repair. Not only Dutch companies can provide the necessary equipment, experience and knowledge, but also (specialized) training programs for Moroccan engineers. Furthermore, as members of the NAG are also active in airport development & infrastructure (among others construction, IT systems, passenger handling systems, safety & security), and logistics & services (among others area development, supply chain management, education/training) we are able to provide all kinds of solutions to Morocco’s airport infrastructure challenges. This can be done by individual members of NAG or collectively. If there is a specific demand from Morocco’s airport authorities, the NAG is more than willing to come to Morocco and talk to representatives and explain where we can help them in achieving their ambitions.”

3.5 Rail freight transport

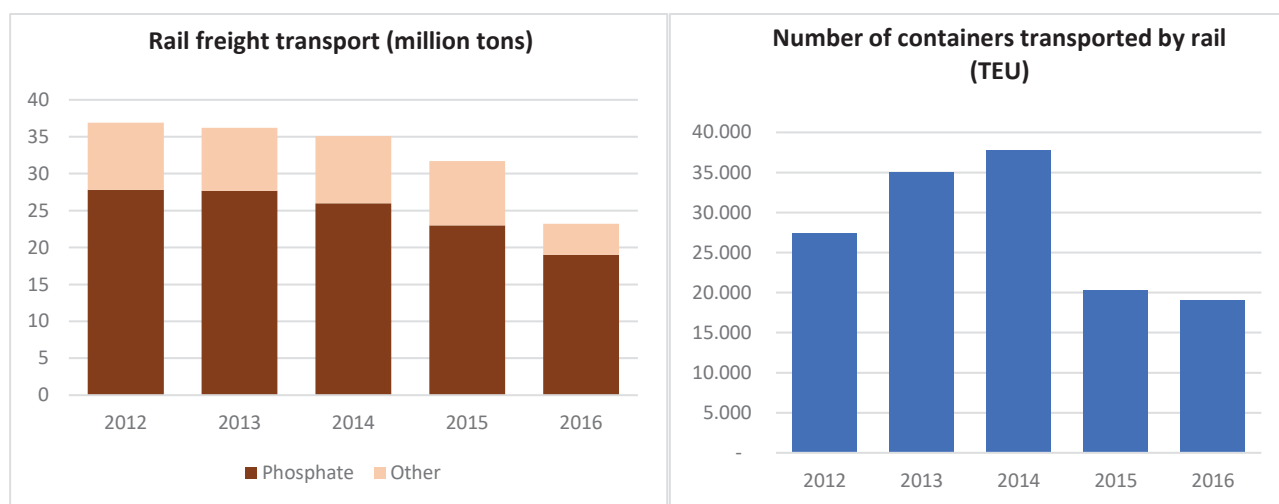
3.5.1 Introduction

Rail transport in Morocco is currently characterized by a weak coverage of the national territory. Moreover, the prospective increase of transport activities in Tanger Med could accentuate the insufficiency of the railway services, hence the need and importance to reinforce this network so that it can cover 30 to 35 percent of the traffic coming from Tanger Med. The sole operator on Morocco's rail network is state-owned company ONCF.

3.5.2 Developments in Rail freight transport

Since 2012 the total volume of rail freight transport (bulk cargo) done by state rail operator ONCF has decreased with almost 40 percent to less than 25 million tons in 2016. Not only had the volume of non-phosphate freight (coal, cereals, sulfur, acid) transport decreased, also the volume in phosphate transported showed a decline. For the national phosphate company OCP, the transport of phosphate by rail still remains the most important mode of transport domestically.

Besides transporting bulk cargo and liquids by rail, ONCF is also active in the transport of containers. After an increase in the number of containers transported between 2012 – 2014, the number dropped significantly in 2015 and 2016 to less than 20,000 TEU. The dry port Casablanca-Mita, which is managed by ONCF and opened up in 2014 (total investments 280 million dirhams), also showed a significant drop in containers handled. In 2016 14,000 TEU was handled at the dry port compared to 25,500 TEU in 2015. The main rail line for containers is that between the port of Casablanca and Marrakech.



Source: ONCF, METL

Source: ONCF

Annual turnover by transported goods of ONCF is also dominated by the transport of phosphate. Of the total turnover of transported goods of 1.9 billion dirhams in 2016, 77 percent was contributed by the transport of phosphate followed by the transport of energy products (coal, gasoline) and chemicals (acid, sulphur). The turnover from transporting containers is still relatively limited contributing only one percent to the total turnover in transported goods.

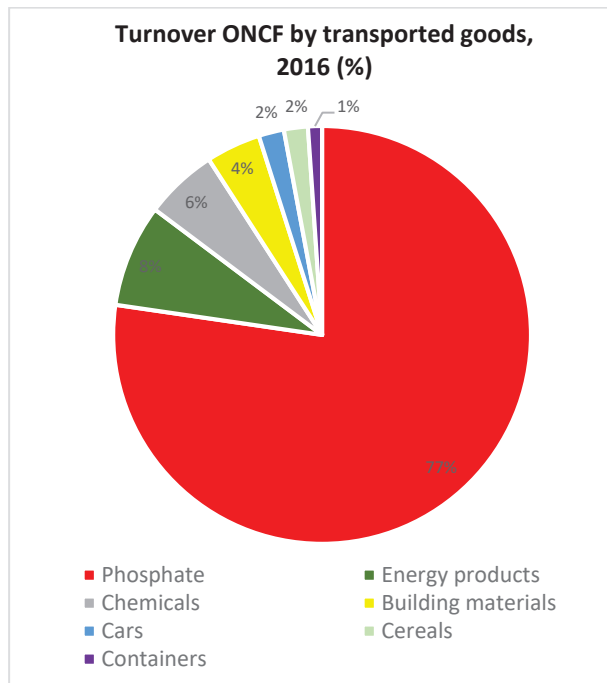
3.5.3 Multimodal freight transport

ONCF is the only intermodal operator in Morocco. Currently it offers multimodal services for the transport of marine containers between the major seaports (Casablanca, Tanger Med) and railheads in the hinterland. According to ONCF the following dry ports – which are defined as intermodal terminals – are part of the logistics zones in the country:

- Casablanca – Mita (Ain Sebaâ): total area logistics zone is 40 ha. of which 8 ha. as a dry port

- Marrakech – sidi Ghanem: total area logistics zone is 10 ha. of which 4 ha. as a dry port
- Fès – Bensouda: total area logistics zone is 56 ha. of which 7 ha. as a dry port

In upcoming years four more logistics zones including a dry port will be developed in Tanger, Mohammedia, Nador, and Oudja.



Source: ONCF

To be less dependent on the transport of phosphate from OCP, ONCF has been broaden her horizon to other market segments. Recently it has signed contracts with car manufacturer Peugeot to transport more cars from their new to be build factory at Kenitra, but also by signing contracts with oil company Afriquia to transport more oil products by rail. Furthermore, ONCF is expecting to benefit from the construction of the new energy port Nador West Med by transporting more coal, and new investments by companies located at the dry port Casablanca Mita. The development of other dry ports in the country in upcoming years is expected to lead to higher volumes in container rail transport.

3.6 Logistics sector

3.6.1 Introduction

Since early 2000, Morocco has initiated a policy of implementing major sectoral strategies aimed at improving the country's economic infrastructure:

- Plan Route 2035: expanding the length of the national road network with 1,600 km of intercity highways and rural roads with 30,000 km. within the next twenty years;
- Plan Rail 2035: the construction of the first highspeed train line TGV (1,500 km) on the African continent and expanding the rail network for passengers and goods across the country;
- National Port Strategy 2030: construction of five new ports (excluding Tanger Med), expansion of four ports and integrating five ports with the city;
- Master plan for airport development 2035: strengthen the position of Mohamed V (Casablanca) airport as a regional hub, increase the capacity of all airports in the country from the current level of 24 million passengers to 75 million passengers by 2035;

- National Logistics Strategy 2030: decrease logistics costs, contribute to higher GDP growth rates, create 36,000 jobs and reduce CO2 emissions.

During the last twenty years public investments in Morocco's infrastructure totalled 300 billion dirhams (approximately 28 billion euros). During the period 2012 – 2016 alone 166 billion dirhams was invested in the various sectors, almost double the investment volume during the previous four year period (90 billion dirhams). The largest investment sum went into logistics.

| Sector | Investment volume (billion dirhams) 2012 - 2016 | Investment volume (billion dirhams) 2016 - 2035 |
|---------------------------------------|---|---|
| Roads (rural, inner-city, provincial) | 26.1 | 125 |
| Highways (inter-city) | 15.8 | 81 |
| Rail | 27.5 | 330 |
| Ports | 28.5 | 67 |
| Airports | 5 | 47 |
| Logistics | 63 | 110 |
| Total | ~ 166 | 760 |

Source: METL

By implementing the sectoral strategies during the next twenty years, METL estimates that an initial 760 billion dirhams (approximately 70 billion euros) of investments will be necessary to reach the goals set by these sector programs. The highest investment volumes will be in expanding and improving the rail network including the new TGV. Compared to the previous twenty years, the Moroccan government want to work closer with the private sector on financing these major projects through Public-Private-Partnerships (PPP).

Despite the high volume of investments in the country's domestic infrastructure during the past twenty years, Morocco's competitive position on transport and trade related infrastructure towards neighbouring countries in Africa shows a mixed result. According to the Domestic Logistics Performance Index¹⁶ 2016 of the World Bank, Morocco's scores relatively well on all trade and transport related infrastructure compared to Algeria and Tunisia. Only on rail are the scores of Morocco compared to Egypt better. Countries in Sub Saharan Africa show much better scores on almost all type of infrastructure.

Quality of the domestic infrastructure

| Evaluate the quality of trade and transport related infrastructure in your country of work | Percent of respondents answering low/very low | | | | | | |
|--|---|---------|--------|---------|--------|---------|--------------|
| | Morocco | Algeria | Egypt | Tunisia | Ghana | Senegal | South Africa |
| Ports | 16.67% | 100% | 0% | 80% | 7.14% | 0% | 21.43% |
| Airports | 33.33% | 100% | 0% | 40% | 7.14% | 0% | 0% |
| Roads | 16.67% | 33.33% | 0% | 70% | 46.15% | 33.33% | 0% |
| Rail | 33.33% | 100% | 42.86% | 88.89% | 100% | 66.67% | 50% |
| Warehousing/transloading facilities | 16.67% | 33.33% | 12.5% | 66.67% | 7.14% | 33.33% | 0% |
| Telecommunications and IT | 14.29% | 33.33% | 0% | 33.33% | 7.14% | 0% | 14.29% |

Source: Domestic Logistics Performance Index 2016, World Bank

¹⁶ The Domestic LPI looks in detail at the logistics environments in 116 countries. For this measure, surveyed logistics professionals assess the logistics environments in their own countries. It uses four major determinants of overall logistics performance to measure performance: Infrastructure, Services, Border procedures and time, and Supply chain reliability.

According to the same survey respondents in Morocco have all agreed that since 2013 the trade and transport infrastructure in the country has (much) improved, but in an international context not yet enough to have a competitive edge on neighbouring countries.

Interview Mr. El Hadine, General Manager of National Observatory of Logistics & Mr. Aissam ECH-Chabbi Strategy, Studies and Information Manager AMDL (Agence Marocaine de Développement de la Logistique)



The National Observatory of logistics is a public / private project launched in 2014. The convention between CGEM (private sector representative) and the Ministry of Transport and logistics was signed in 2014. The aim of the observatory is to draw the national strategy of logistics in Morocco and do business intelligence for the sector.

In the present action plan an investment program was signed on October 2017 allowing a budget of 63 million dirhams to business upgrade for SME's in the sector: mainly trainings, organization...). About 600 enterprises will benefit from this program.

Regarding the concentration of enterprises by regions, it is clear that Casablanca and Tanger remain the most important followed by Agadir.

The oriental zone has very few companies operating in the logistics sector and this aligned with Moroccan regional development.

AMDL has launched a program of development for logistic zones and the oriental region will benefit from this program.

Regarding Urban logistics, Casablanca remain the pilot at present with smart city cluster (EMadina).

Morocco's main event in logistics is Logismed that take place on annual bases. The next one will be 9 to 15th Mai 2018 in Marrakech. This edition will see the organization of Eurolog 2018 that will take place for the first time out of Europe.

A special invitation is launched to Dutch Association of logistics to come and even sign a partnership with AMDL.

The AMDL has a unique business model and an aim to develop a strategy to sustain Moroccan development in Africa.

Dutch companies can play a very important role as partner with Morocco in developing such strategy.

The increase rate of the logistic sector in Morocco is rather high as it's around 5 percent per year.

The sector of transports and logistics gives at present huge opportunities of development for companies willing to invest.

Storage, warehousing is starting to develop is a real niche for investors.

3.6.2 National Logistics Strategy

The main objectives of Morocco's National Logistics Strategy are as follows:

- 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 CO2 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).

To achieve these objectives the Moroccan government created a roadmap for the logistics sector based on five pillars:

- A. Development of logistics zones:** provide the country with logistic zones of 3,300 ha. by 2030 of which 2,750 ha. is demanded by local private actors in the various regions in Morocco:
 - Grand Casablanca in total 978 ha.
 - Tanger-Tétouan, Rabat-Salé-Zemmour-Zaër, Gharb-Chrarda-Béni Hssen, Fès-Boulemane, Souss-Massa-Drâa in total 1,103 ha.
 - Marrakech-Tensift-Al Haouz, Oued Eddahab-Lagouira, Meknès-Tafilalet in total 527 ha.
 - Oriental, Taza-Al Hoceima-Taounate, Tadla-Azilal, Doukkala-Abda
- B. Optimization of the logistic chain:** accelerate the modernization of the sector through sectoral action plans aimed at the optimization of logistic flows;
- C. Emergence of high-performance logisticians:** The development of integrated and efficient logistics actors capable of offering reliable services that meet quality standards;
- D. Skills enhancement:** Implement a global national plan for the development of logistic skills;
- E. Governance of the logistics sector:** Strengthen the governance of the sector through the setting up of dedicated bodies such as the Moroccan Agency for Logistics Development (AMDL) and the Moroccan Observatory for Logistics Competitiveness (OMCL).

3.6.3 Current situation National Logistics Strategy

Morocco, which in 2010 had only 80 hectares of modern logistic platforms, now totals nearly 600 hectares in Casablanca, Tanger and several other regions. During the period 2010 – 2015 87 percent of the area developed as logistic zones has been done by public organizations, whereas 74 percent of the constructed logistic buildings were done by private operators. In Casablanca alone 500,000 m² of logistic buildings were constructed during that period. Furthermore, 20,000 new jobs and over 5,000 new companies were created since the implementation of the logistics strategy in 2010. By setting the logistics sector at the center of Morocco's economy, the growth rate in annual turnover of this sector (5.2 percent) during the period 2010 – 2015 exceeded that of the national average (3.9 percent) reaching 21 billion dirhams¹⁷ (approximately 2 billion euros).

A. Development of logistic zones

Since the implementation of the National Logistic Strategy in 2010, several logistic zones have been developed:

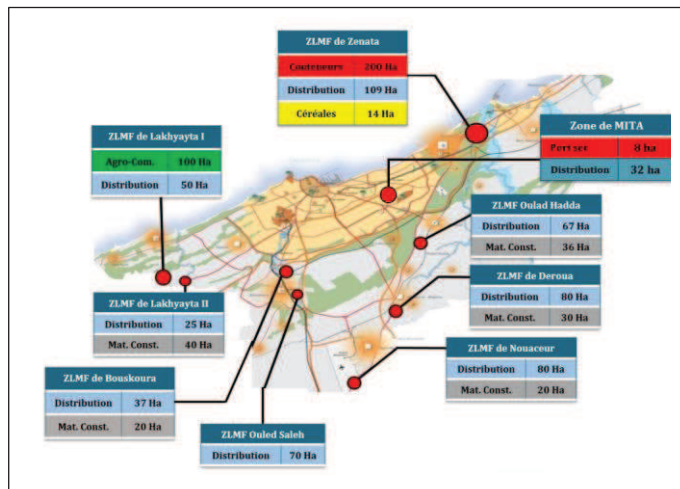
- Grand Casablanca:
 - logistic zone ZENATA: first phase covering an area of 28 ha. with a total investment of 600 million dirhams (approximately 55 million euro) is developed by national state transport company SNTL. The

¹⁷ Include companies active in road freight transport and warehousing.

total surface of ZENATA logistic zone when it is fully developed covers an area of 323 ha. and will be the largest logistic zone in Morocco. The logistic zone is part of the newly built Eco-city Zenata, with an investment of 21 billion dirhams (approximately 1.9 billion euro) one of the largest residential building projects in the country. When finished Zenata should host 300,000 new residents;

- logistic zone MITA: first phase covering an area of 12 ha. with a total investment of 220 million dirhams (approximately 20 million euro). The total area to be developed is 32 ha. including a dry port of 8 ha. The developer is national rail company ONCF;

Logistic zones in Grand Casablanca



- Tanger: operational zones around Tanger Med (Med-hub, Tetouan Park, Tanger Automotive City and Tanger Free Zone) as well as private investments;
- Other regions: a total area of nearly 200 ha. for logistic activities in Agadir (Haliopolis-fishing industry), Kenitra (AFZ Industrial Park), Meknes (Agropolis-agribusiness), Nouacer (Midparc Industrial Park) near Casablanca, etc.

Besides the development of logistics zones, the Moroccan government has also been investing in the development of industrial zones across the country as part of the national industry strategy 'Pacte National pour l'Emergence Industrielle' which was implemented by the government in 2009. The objective of this new strategy was to develop tailor made industrial zones aimed at specific industries like offshoring and offering Integrated Industrial Platforms (P2i)¹⁸. Total investments to implement this strategy was estimated by the government at 12.4 billion dirhams (1.1 billion euros) for the period 2009 – 2015. Since the implementation of 'Pact Emergence' there are 23 newly developed industrial zones operational with a total surface of 2785.8 ha. (see *Annexes* for list of Industrial Zones), which is excluding the investments announced in 2016 by the Chinese company HAITE in an industrial park near Tanger.¹⁹ The type of companies located on these industrial zones are active in a wide variety of industrial sectors (manufacturing, (petro-)chemicals, construction), agribusiness, and offshoring (Telecommunications/IT). The majority of these industrial zones can be found in the major city regions of the country (Casablanca, Rabat, Marrakech, Tanger). In 2014 the Ministry of Industry implemented a new national strategy titled 'Plan d'Accélération Industrielle 2014 – 2020' with three objectives: (1) increase

¹⁸ Integrated Industrial Platforms (P2i) offers a wide variety of services (one-stop-shop) to companies located at an industrial zone. In Morocco there are three different P2i's: (a) General P2i open to all economic sectors; (b) sectoral P2i e.g. automotive industry; (c) regional/national P2i areas reserved for companies from the same region or from abroad (e.g. free zones).

¹⁹ In June 2016 Morocco and China signed an agreement for the development of an industrial and residential park of 1200 ha. near the city of Tanger. Total investments 10 billion US\$.

industrial employment with 500,000 new jobs, (2) raise the contribution of the industrial sector to GDP with nine points to a share of 23 percent by 2020, and (3) have an equilibrium in the balance of trade.

B. Optimization of logistics chains

The National Logistics Strategy aims at implementing a network of logistics platforms across the country for bundling and unbundling (flow of) goods. These platforms are (being) located near production and consumption areas and transport networks (connectivity criteria):

- motorway connection in order to facilitate access of heavy freight vehicles to and from these areas;
- railway connection is of particular importance for containers, grain and construction materials platforms;
- proximity and easy access to the city center are to be taken into consideration by distribution, agro-marketing and construction materials platforms in order for them to be able to best serve their consumption areas.

State agency Agence Marocaine de Développement de la Logistique (AMDL) is responsible for coordinating and implementing sector-based action-plans with associated public actors and private economic operators in order to improve, structure, and develop the logistics chains of the main flows of goods in the country.

Based on discussions with operators in the private and public logistics sector, AMDL has drawn action plans focussing on improvements in the following trade flows:

B.1. Action plan: Import - Export flows

Foreign trade constitutes an essential component of the Moroccan economy. Thus, the optimization of logistics competitiveness of import-export flows – notably through the development of infrastructure — the adoption of good practices in logistics (integration, outsourcing, and services rendered to customers), and the development of competencies in the area of international logistics, constitute a priority-topic for AMDL, in as much as its outcomes have direct and positive impacts on the Moroccan economy.

The reduction of logistics costs; the improvement of the reliability of logistics chains; and the reduction of import-export operations-related impacts on the environment are aimed specifically at four types of flows generated by import-export, namely:

- Agricultural produce and fisheries flows;
- Textiles and traditional craft industry products flows;
- Industrial goods flows;
- Container flows.

Results of this action plan so far are as follows:

- improving the traceability system for goods, in particular for containers and hazardous goods;
- the harmonization of working hours at Moroccan ports to 3 shifts (24 / 24h);
- setting up an observatory of the competitiveness of Moroccan ports to monitor the competitiveness of the sector;
- operationalization of Portnet, a one-stop shop information system for port formalities aimed at actors in the maritime sector. Currently, over 15,000 people are using Portnet of which 97 percent are importers.

“In our business 24/7 all year around is essential. Next to frozen agricultural and fish products we transport temperature controlled perishable agricultural products, which means that every delay in delivering these products to our clients will lead to a loss in profits for them.”

(Mr. Twan Krebbers, HSF Logistics)

B.2. Action plan: Construction materials flows

The optimization of logistics concerning construction materials is a priority subject for AMDL as well. The reduction in logistics costs of transporting construction materials across the country will have a direct and positive impact on the following aspects:

- The purchasing power of households at the moment of the acquisition, construction, or rental of a housing unit;
- The creation of employment in the construction material sector (manufacturers, intermediaries, logisticians, distributors, and construction workers);
- The budgets allocated to central and local administrations, through cutting the costs of building public infrastructures and curbing unregulated and randomly-built houses;
- Sustainable utilization of natural resources which are used in the manufacture of construction materials, through enhanced professionalization of the actors in the sector.

B.3. Action plan: Domestic trade flows

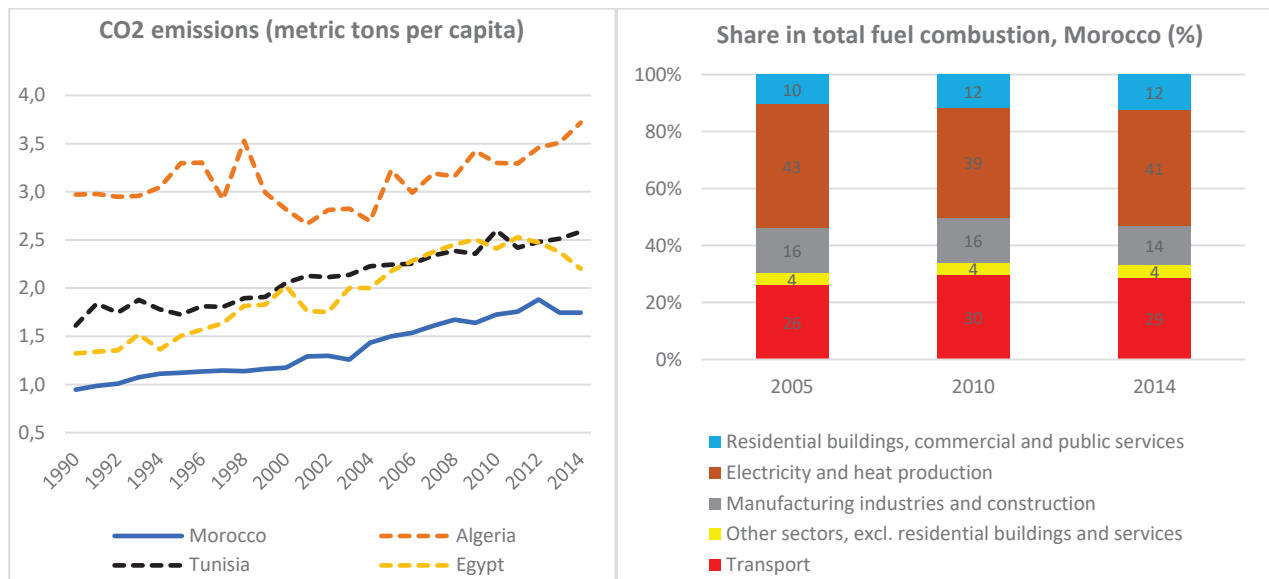
Domestic trade plays an essential role in the Moroccan economy. It functions as an intermediary between producers and importers on the one hand, and consumers on the other hand. The logistics costs of domestic trade in Morocco are significant. According to AMDL these costs accounts on average for 20 percent of the selling price of goods.

The optimization of the logistics of domestic trade flows, notably domestic distribution flows, will therefore have a considerable impact on the following:

- The purchasing power of household, for which the estimated logistics costs pertaining to consumer goods, represent roughly 10 percent of their budgets;
- The security of the country's food supply, through the securing of logistics chains;
- Consumer sanitary safety via compliance with the rules underpinning the cold-chain in transportation, handling, and storage activities;
- Sustainable development achieved by a reduction in the number of "tons x kilometers" and diminishing greenhouse gas emissions;
- The quality of life lived by the citizens, on account of urban congestion and pollution generated by the transportation of goods;
- Development of modern distribution, considering the potential of jobs that this process entails, while modernizing the traditional distribution network.

One of the main areas in this action plan is urban logistics in relation to urban congestion and consequently air pollution in cities across the country. Although compared to neighboring countries Morocco has still relatively low per capita CO₂ emissions, this level has risen significantly during the last twenty-five years. CO₂ emissions measured by metric tons per capita almost doubled in Morocco, although since 2012 it decreased slightly with seven percent. The largest contribution to Morocco's CO₂ emissions comes from the energy sector followed by transport. This has to do with the fact that Morocco depends heavily on coal for its energy production. Concerning the transport sector, road transport contributes the most to the CO₂ emissions²⁰. This is due to the fact that about half of the heavy truck fleet (> 3,5 tons) in Morocco consist of trucks older than ten years and one out of five is even older than twenty years. These older trucks generate more CO₂ emissions than the more recent build trucks (< 5 years) creating especially in Morocco's cities a huge air pollution problem.

²⁰ According to AMDL, the contribution of rail freight transport to total CO₂ emissions of Morocco's transport sector is about 2 – 4 percent.



Source: World Bank

In 2015 a study was carried out to investigate more in-depth the current problems that urban logistics creates in Morocco's main cities and solutions to be offered for the near future. Based on this study AMDL developed an 'Urban Logistics Program 2016 – 2021'. With a budget of 700 million dirhams (approximately 64 million euros) AMDL is looking at five to six cities in the country to improve urban logistics. The first city will be Casablanca where ADML together with the local government will create:

- 400 reserved parking places in the city where trucks can load and unload their goods;
- Truck Centers which are secured parking areas outside the city center specifically for heavy trucks. The first of such a truck center is developed by port authorities ANP. It consists of an area with a total surface of almost 10 ha. consisting of 600 places and will be located near the port of Casablanca. Other areas for truck centers that will be developed during the next five years will have a surface between 2 – 5 ha.



Truck Center (Source: AMDL)

Interview Mr. Christiaan van Luik, Transport en Logistiek Nederland (TLN)



“TLN is the business association for Dutch companies who are active in transport and logistics. The mission of TLN is to improve the business climate of transport and logistics in the Netherlands and Europe. It supports its members by providing knowledge, expertise, and offering a network platform where members can meet and connect with each other. The association has currently 5,500 members. The total number of companies active in the Dutch transport and logistics sector is about 12,000 providing jobs to more than 350,000 people of which one-third in road freight transport. The sector has a share of around four percent in total employment in the Netherlands and contribute around five percent to the GDP in the Netherlands.

The majority of our members are only active within the EU. Due to the strategic location of the Netherlands in Europe, the transport and logistics sector forms an important link in the cross-border trade of our country. During the last fifteen to twenty years many companies located their business on the main (inter)national transport corridors in the Netherlands. A good example is the West – East corridor from the Port of Rotterdam to the German border via highway number A15 or via the Southern part in the Netherlands highway number A58. Along these highways multiple logistic zones have emerged organically (‘bottom up’) or developed (‘top down’) by local and provincial governments in the Netherlands. Companies located at these zones are active in the various sub-sectors within the transport and logistics sector. The success of such logistic zones is the connectivity with other modes of transport, the underlying physical infrastructure, but also the availability of high quality logistic services. For example, an efficient and pro-active Dutch customs has led to improved competitiveness of our members on the European market.

The strong increase in the transport of goods in the Netherlands during the last twenty years, have created the problem of higher levels of CO₂-emissions especially in the urban areas. The Dutch government, as part of the Paris Agreements, aims to reduce CO₂-emissions with nine percent between 2016 and 2030. Prior to the Paris Agreements, in 2013 the Dutch government together with representatives from the labour unions, employers organisations, environmental organisations and financial institutions signed the ‘Agreement on Energy for Sustainable Growth’. Objectives of this Energy Agreement are energy efficiency savings, increasing the share of renewable energy in total energy consumption and the creation of jobs in the renewable energy industry. As the transport sector contributes about three percent to total CO₂-emissions in the Netherlands, TLN was one of the signatories of this agreement. The organization committed itself to the objective of reducing CO₂-emissions by the transport sector with sixty percent by 2050 compared to the emission level of 1990.

One of the topics mentioned in the Energy Agreement where TLN will specifically focus on is urban logistics. Increasing urban populations in the next decades will lead to the necessity of improving the way in which the distribution of goods in inner-cities is done. In that regards an agreement was signed in 2014 called ‘Green Deal Zero Emission City Logistics’ between a wide variety of organizations from the private and public sector with the overall objective to reduce harmful emissions resulting from city logistics to zero by 2025. To reach this objective transport companies who invest in low and zero emissions vehicles will be given priority by municipalities in providing goods to clients in inner-cities and new logistic concepts will be developed. TLN support their members to adept to these sustainable challenges by – for example – working together with Dutch universities of applied sciences in providing educational programs, develop new sustainable business models, and traineeships. Sister organization Fenex provide vocational training to our members with more of a focus on practical issues (customs, regulations, IT, finance, digitalization, etc.).

Looking at the challenges of Morocco's growing cities, the way in which urban distribution is currently done, and the goal of the Moroccan government to reduce CO2-emissions, the knowledge, expertise and experiences we as TLN have developed with other public and private parties in the Netherlands around urban logistics during the last couple of years could be of great interest to Morocco."

C. Emergence of high-performance logisticians

The road freight transport sector transport between 65 and 80 million tons of goods annually (~ 13 billion tons km annually), representing 90 percent of the national freight flow and 80 percent of freight transport jobs in Morocco. As the main mode of domestic freight transport, this sector is growing at a constant rate of 6 percent annually. The road freight transport sector, which is undergoing modernization following the reforms of 2003, is still generally under-optimized. It accounts for 90 percent of domestic transport costs and 95 percent of CO2 emissions. The majority of companies within the road freight sector are still having archaic business models undermining structural reform efforts. The sector is fragmented (more than 20,000 formal registered companies) with 3 types of actors:

- the formal structure (~ 200 companies): actors with a modern logistical fleet;
- the unstructured formal (~ 20.000 companies): actors registered at the Ministry of Equipment and Transport, but they are very small (90 percent have an average of 1-2 trucks) and not meeting all the standards of a modern truck fleet (e.g. an average of 13 years vs 7 years for the national benchmark);
- the informal (non-registered) structure (~ 20-30,000 companies): actors creating a situation of unfair competition for the formal sector (e.g. offering prices that are almost 50 percent lower compared to the formal sector).

At the same time the demand for modern transport and logistics services is expected to increase in the following years, making it necessary to modernize the logistical sector. According to METL the following actions have to be taken:

- Restructuring of freight transport operators, measures to be taken are among others:
 - Improve the business models of the 20,000 companies active in the formal sector so that they are better prepared for the challenges ahead;
 - Improve the criteria for access to the profession of logistician and the conditions of operation and control;
 - Establish a rating and labeling system as a tool for easy access to bank financing, public procurement and tenders for multi-flow logistics zones;
 - Support training and awareness-raising among companies, in particular SMEs, for the development of (more) expertise (increase the number of professional drivers from the current level of about 35,000 professional to 65,000 by 2030);
 - Diminishing the role of the informal sector by stressing out to clients to only do business with the regulated (formal) sector.
- Emergence of integrated operators in the logistics sector: in order to attract investors in the logistics sector and to promote the emergence of integrated national and international operators, METL is – among others - planning to:
 - Develop and introduce a system of classification and qualification of integrated logistic actors (labeling system);
 - Facilitate and put in place transparent rules for access to land reserved for logistics activities;
 - Establish an incentive framework to facilitate entry into the local market for companies operating in the third-party logistics sector.
- Increase the service level of logistics operators: the development of the logistics sector also depends on the (guaranteed) quality of the service level offered. In that sense it is, according to METL, important to raise awareness among the logistics operators about professionalizing the sector. Communication between the various public and private actors within the logistics sector should therefore be much more promoted.

Interview Mr. Remco Buurman, CEO NDL/HIDC



“Nederland Distributieland/Holland International Distribution Council (NDL/HIDC) is a business association with more than three-hundred members. Our members are active in logistics, freight forwarding, consultancy, finance, R&D, and higher education. All members are direct or indirect active in logistics by road, railway, air, sea or pipeline. The objective of NDL/HIDC is to promote the Netherlands as the logistics hub in Europe. The activities of NDL/HIDC are aimed at providing advisory services, practical assistance and matchmaking between our Dutch members and foreign public/private actors.

The logistics sector is one of the nine sectors – called Top sectors – in which the Netherlands is focusing on. Top sectors are areas in which Dutch companies and R&D centers excel globally. Companies, universities, research centers and the Dutch government all work together on stimulating innovation, internationalization, human capital and the reduction in bureaucracy (red tape), to make the competitive position of the Netherlands even stronger. The logistics sector generates a value added of around 53 billion euros and provides employment to 646,000 people.

To further strengthen the international competitiveness of the Dutch logistics sector an action program was formulated, including the identification of eleven specific action points. One of these action points is the promotion of the Netherlands as an international logistics hub abroad. In this regard three objectives were formulated:

- Attract more foreign logistics companies to the Netherlands
- Increase the volume of goods going through the Netherlands
- The export of the Dutch know how on logistics

An important characteristic of the logistics sector in general is the wide variety of public and private organizations and their business activities within this sector. Instead of trying to succeed on your own in the very competitive global market place, we have decided that it is better to work together. Therefore, in 2014 we set up a joined platform for promoting the Dutch logistics sector abroad. Members of this platform are the Dutch government, the business association TLN (Transport & Logistics Netherlands), Schiphol airport, Port of Rotterdam, regional development corporation BOM, TKI-Dinalog (cooperation between various Dutch knowledge and innovations centers), and NDL/HIDC. This platform focuses on five countries for attracting more cargo flows to the Netherlands, namely USA, South Korea, China, India and Japan. Countries which are, outside the EU, also our main trading partners. It is in these five countries that we are promoting the Netherlands as an interesting place to do business in or with.

In regards to the objective of exporting Dutch know how on logistics, we have again a focus on the aforementioned five countries supplemented by Brazil, Turkey, South Africa, Taiwan and Colombia. Although we have identified these ten countries as our priority for the next few years, it doesn't mean that we are not interested in other countries request for supporting them with their logistics sector. But this has to be a very precise formulated question and it should include financial means to answer such a question by a third party.

The type of question from a Moroccan counterpart primarily determines which Dutch organisation within the platform could answer it. TKI-Dinalog is about innovations within the logistics sector and exporting knowledge and experiences on logistics abroad, TLN is a member organisation for the road transport sector and we as NDL/HIDC are more concerned

with the promotion of the Netherlands abroad to attract business to the Netherlands and not vice versa. If a Moroccan agency like AMDL has a specific question about for instance urban logistics, TKI-Dinalog could be an interesting partner to talk to.

Therefore, to conclude, Morocco is not a priority country for NDL/HIDC as such, but if we receive a specific request from a Moroccan counterpart we – i.e. NDL/HIDC and the platform members – will look at it seriously.”

D. Skills enhancement

According to ADML the human resources component is one of the main keys to the success of logistics development in Morocco. Therefore, a 'Training' component has been identified as a priority focal point of the National Logistics Strategy. The main objective of this project is to offer training opportunities in such a way that it responds to the needs of the sector, both in qualitative and quantitative terms.

In 2014 an agreement was signed between the government and the private sector for the period 2014 – 2020 aimed at developing training and logistical skills. Seventeen action points were identified which revolves around three major axes:

- Increase the number (quantity) of trainings offered for certain profiles in the logistics sector
- Diversify and improve the quality of what is offered in trainings on logistical skills
- Matching better the demand and supply of training offered in the logistics sector.

Since the implementation of the Logistics Strategy in 2010, the number of companies offering training in logistical skills and the number of trainees have increased significantly. There are around 120 companies providing over two-hundred training programs in logistical skills covering higher education and vocational training. Between 2009 and 2015 the number of people following a logistical training increased from 2,500 to almost 7,500 people of which 40 percent works in the private sector. The majority of companies offering logistics training programs are located in Casablanca.

In addition, several Centers of Excellence in logistics and supply chain management has been established in Morocco. Examples are the 'Tamayuz Supply Chain Center of Excellence' (Mohammedia) developed by national transport company SNTL which opened its doors in November 2015, and the 'Center of Excellence and Logistics' (CELOG) by Moroccan educational institute ESITH (l'École Supérieure des Industries du Textile et de l'Habillement).



Tamayuz Supply Chain Center of Excellence, SNTL



Center of Excellence and Logistics (CELOG), ESITH

3.6.4 Major actors in Logistics

The major actors (measured by number of employees and annual turnover) operating in the logistics sector of Morocco are foreign owned companies (e.g. UPS, Rhenus, IPSEN, DB SCHENKER) or affiliates of foreign owned companies (e.g. Dachser Morocco, GEODIS Wilson Morocco, Bolloré Africa Logistics Maroc). Primarily these companies have their head quarter in Europe. Moroccan companies are, with the exception of state owned company SNTL, on average smaller companies compared to their foreign counterparts. The majority of the logistic companies are active both in freight transport and warehousing.

Major companies active in Morocco's logistics sector

| Company | Location head quarter | Annual turnover in Morocco, 2016 (mill. dirhams) | Transport | Warehousing | Courier services |
|------------------------------------|-----------------------|--|-----------|-------------|------------------|
| ARAMEX | UAE | <i>n.a.</i> | | | |
| Blue Eagle Logistics | USA | <i>n.a.</i> | | | |
| Bolloré Africa Logistics Maroc | France | 211.4 | | | |
| Carré – SMTR ² | Morocco | 232 ¹ | | | |
| CTM ³ | Morocco | 600 | | | |
| Dachser Morocco | Germany | 168.5 | | | |
| DHL Express Morocco | Germany | 517 | | | |
| GEFCO Maroc | France | 257.2 ¹ | | | |
| GEODIS Wilson Maroc (part of SNCF) | France | 115.8 | | | |
| GSTM (part of STVA) | Germany | <i>n.a.</i> | | | |
| ID Logistics | France | <i>n.a.</i> | | | |
| IPSEN Logistics | Germany | 115.3 | | | |
| KUEHNE & NAGEL | Germany | <i>n.a.</i> | | | |
| La Voie Express | Morocco | 105.3 | | | |
| LOGICOLD (part of SANAM Holding) | Morocco | <i>n.a.</i> | | | |
| LOGISMAR | Morocco | <i>n.a.</i> | | | |
| Militzer & Münch (M&M) | Switzerland | 117.6 ¹ | | | |
| MARBAR Groupe | Morocco | <i>n.a.</i> | | | |
| MTR LM | Morocco | <i>n.a.</i> | | | |
| NUMILOG | Algeria | <i>n.a.</i> | | | |
| OMSAN (part of OYAK) | Turkey | <i>n.a.</i> | | | |
| RHENUS | Germany | <i>n.a.</i> | | | |
| DB SCHENKER | Germany | <i>n.a.</i> | | | |
| SDTM ⁴ | Morocco | 111 | | | |
| SNTL | Morocco | 890.6 | | | |
| TIMAR ³ | Morocco | 258.4 | | | |
| TRANSMEL | Morocco | <i>n.a.</i> | | | |
| UPS | USA | <i>n.a.</i> | | | |
| URBANOS | Portugal | <i>n.a.</i> | | | |
| Ziegler Maroc | Belgium | <i>n.a.</i> | | | |

Note: (1) 2015

(2) company is part of state railway company ONCF

(3) listed on the Casablanca Stock Exchange and includes CTM Messagerie (courier services, turnover 135 million dirhams in 2016), CTM Tourisme and ISSAL both in passenger transport

(4) company was acquired for 103.1 million dirhams by state company Barid Al-Maghrib (Poste Maroc) in 2013

Source: AMDL, Bourse Casablanca, Maroc1000.net, Economie Entreprises

Interview Mr. Twan Krebbers, director HSF Logistics France



"HSF Logistics France is a full daughter of the Dutch holding company HSF Distri Holding. HSF Logistics has more than 1700 employees of which around 220 employees are working for HSF Logistics France. HSF Logistics is one of the largest companies in Europe when it comes to refrigerated food logistics and the resulting services such as sophisticated distribution, (cold) storage and cross docking facilities, packaging management and packaging cleaning. The management of HSF Logistics France is responsible for the activities in France and Morocco.

About six years ago we were thinking of expanding our business into other markets. At that time I met some Dutch business people who were importing fruit and vegetables from Morocco. I thought this could be of interest to HSF Logistics as well. I still had a good contact with a local business man in Morocco from my earlier business ventures some twenty years ago. After some research and negotiations HSF Logistics set up HSF Logistics Maroc with an office in Tanger. In the beginning we only had one truck for bringing refrigerated fruit and vegetables to the Netherlands. In the other direction, from the Netherlands to Morocco, there was and still is hardly any goods transported. This is not only a problem for HSF Logistics, but for all (Dutch) road transport companies driving between Europe and Morocco. Therefore, on our route southbound we combine freight destined for Morocco with goods destined for France and Spain for different clients. The type of freight going southbound is quite diverse, ranging from car parts, bicycles to shoes and pharmaceuticals.

In our business 24/7 all year around is essential. Next to frozen agricultural and fish products we transport temperature controlled perishable agricultural products, which means that every delay in delivering these products to our clients will lead to a loss in profits for them. Each month per truck we carry out three times a roundtrip the Netherlands – Morocco. Due to the fact that we have standard two drivers on each truck, we are able to provide our clients these short transit times. Competition on the Moroccan market is not so much coming from local companies, as they are often very small, financially weak, and driving with outdated trucks, but from international companies although this is still limited.

Having our own office in Morocco with local staff who know the market and have the right connections, is for our business key to success. The current director of HSF Logistics Maroc is already working in this market for more than thirty years. He has studied abroad like many of Morocco's current top managers in the private and public sector, which can make it easier for him to get business done. Especially his good relationship with Moroccan customs and customs clearance agencies, which he has built up during the last three decades, means that our trucks don't have unnecessary delays at the port of Tanger Med.

Although the new port Tanger Med brought relief in the transport between Spain and Morocco compared to the situation before, we think that the continuous growth in Morocco's foreign trade will lead to a funnel at Tanger Med. That means longer waiting times at the port before crossing the Strait. Also expected tighter inspections by EU customs on imported food products from Morocco next year could further exacerbate this situation. That is something we as a company of transporting refrigerated food products want to prevent at all costs. Therefore, we are looking at other possibilities to transport products from Morocco to the Netherlands. Examples are using refrigerated containers / trailers on a train or a ship that sails not only from Tanger Med to different ports in Europe. Another opportunity we see as HSF Logistics in the Moroccan market is the offering of groupage to our clients. At the moment cold storage and cross-docking is hardly done in Morocco. Only in Tanger Med there is a relatively small cold storage facility. By providing groupage we create the opportunity to handle a mixture of different cargo in various volumes from one or more clients. Not only from Morocco to Europe but also vice versa.

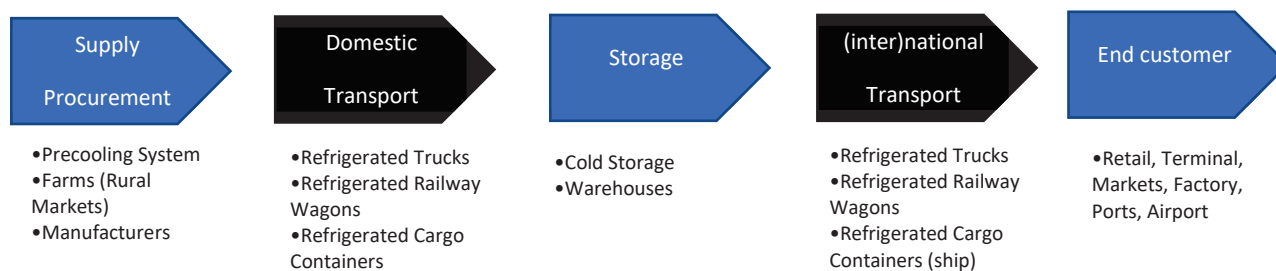
The growing agricultural sector in Morocco provides interesting business opportunities for HSF Logistics in the upcoming years. Together with our local office in Tanger we are confident that we can take advantage from these developments and expand our business organically. The challenge thereby is that at the moment Morocco's road transport sector is more or less unregulated with regards to environment, digital tachograph, driving and resting regulations, payrolling, and companies who offer prices far below formal operational costs. But we think that in the near future Morocco's road transport sector will become much more regulated as the EU will put pressure on the Moroccan government to change this situation. And when this happens HSF Logistics will be at the forefront of the Moroccan transport market and grasp the opportunities to grow our business."

3.6.5 Cold chain logistics

Refrigeration is relatively recent in Morocco: the first industrial cold-storage facility was built in 1945 (in Fès). Few other facilities were set up until 1970 as most of them were state-funded. However, in 1975, following state incentives and media coverage implemented by the relevant authorities, the private sector started to show an interest in the refrigeration sector. From then on, the private sector and government authorities combined forces to drive the sector towards exponential growth (Chemsî, 2003).

Many perishable foodstuffs are produced on a seasonal basis, meaning that they are only available for part of the year. During this short period, the rate of production is higher than the market's absorption capacity and it is therefore necessary to process or preserve the surplus in order to prevent wastage and loss of earnings. According to the FAO food losses in low-income countries like Morocco mainly occur in the early and middle stages of the food supply chains with proportionally less amounts wasted at the consumer level. Food losses in these countries are the result of "inadvertent losses" due to the 'poor' state of their supply chains. Premature harvesting, poor storage facilities, lack of infrastructure, lack of processing facilities, and inadequate market facilities are the main reasons for high food losses along the entire food supply chain.

Cold chain logistics infrastructure



The lack of sufficient and efficient cold chain infrastructure is a major contributor to food losses and waste in Near East and North Africa (NENA) region, estimated by the FAO to be 55 percent of fruits and vegetables, 22 percent of meats, 30 percent of fish and seafood, and 20 percent of dairy. This amounts to up to 215 kg/year per capita, which not only exacerbates the food insecurity in the NENA region and the high reliance on imports, but is a waste of scarce natural resources (water and land, most acutely) and a source of economic losses and environmental problems. A reliable and efficient cold chain can not only contribute to reducing losses and waste in the quantity and quality of food, but can also improve the efficiency of food supply chains and compliance with food safety and quality standards,

The success of refrigeration lies in its capacity to prolong the period during which perishable foodstuffs remain in an acceptable state, by slowing down decay or physiological changes. Refrigeration makes it possible to market safe foodstuffs, while maintaining their nutritional and organoleptic characteristics for some time, depending on the method used (chilling or freezing). Refrigeration also makes it possible to supply foodstuffs to non-producing regions and to provide high-quality products to importing countries (Chemsî, 2003).

Total cold storage capacity in Morocco is after Tunisia the lowest in North Africa. The country has around 1.7 million m³ cold storage capacity. Measured by per capita the Kingdom ranks second after Egypt as having the lowest cold storage capacity per capita in North Africa. Compared to the Netherlands, Morocco's per capita cold storage capacity is 1/18 of that of the Netherlands.

| 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 |
| The Netherlands | 16,025,000 | 0.943 |

Source: FAO, GCCA

It is estimated that Morocco's national truck park reserved for temperature-controlled transport for perishable goods consist of nearly 443 vehicles, belonging to 236 international road transport companies: 26 percent of these vehicles are less than 6 years old, 29 percent are between 6 and 9 years old, and 44 percent are older than 9 years.

Based on findings from the FAO, establishing an uninterrupted series of cold storage and distribution facilities and activities, especially for perishable foods, within maintained temperature conditions not only requires the infrastructure and technology, but the coordination between multiple stakeholders, capable technical personnel, adequate information, and sound operational management. Characteristics of the agriculture sector in the NENA region have prevented this, namely (i) the predominance of small-scale producers and traders and their limited financial means or know-how to adopt technologies, especially due to the limited or non-existence of cooperatives; (ii) lack of capacity in the management and maintenance of cold chain infrastructure, especially among small and medium enterprises (SMEs); (iii) lack of infrastructure and misuse or non-use of existing infrastructure; (iv) minimal or lack of application of food quality and safety standards and regulations, and lack of enforcement particularly in domestic markets; and (v) lack of education and awareness among producers and value chain actors, especially consumers, on the adverse effects of high ambient temperature on the quality and safety of food, and use of traditional techniques that often exacerbate the problem (FAO).

In Morocco the growing and increasingly urbanized population is, especially through higher incomes, demanding more diversified diets. Consumption of perishable foods is growing at a rate that exceeds growth in consumption of cereals. Purchasing habits are evolving as well, through supermarkets and hypermarkets that demand higher quality products.

Currently the following large actors in offering cold storage capacity are active in Morocco:

- SOCAMAR: Moroccan private company based in Casablanca, annual turnover 400 million dirhams (2015), total storage capacity 34,900 tons;
- Friopuerto Tanger Med: Spanish private company Friopuerto has a cold storage capacity of 5,500 m² at Tanger Med Free zone;
- Agricold*: Moroccan private company based in Berrechid (40 km southeast from Casablanca);
- Logicold*: Moroccan private company (around 30 employees) based in Casablanca;
- Logifood*: Moroccan private company based in Casablanca, has a cold storage capacity of 1,500 tons;
- Logismar*: Moroccan private company based in Casablanca;
- Régie Autonome des Frigorifiques de Casablanca (RAFC): public company based in Casablanca, with an annual turnover of around 26 million dirhams and a total cold storage capacity of 54,000 m³.

Note: (*) company is accredited by ONSSA (Moroccan organisation for food security and healthcare) for cold storage of food products.

3.7 Financial instruments

3.7.1 Introduction

Although access to finance is for the average company operating in Morocco not the biggest obstacle for doing business in the Kingdom, it is still mentioned as the number four of main obstacles. One-quarter of the companies in Morocco identifies access to finance as a major constraint. This is relatively lower than compared to the average in the MENA-region, but the problem is still big enough not to ignore. Specifically among smaller companies the constraint on finding enough funding for their business activities is above the countries average. Almost one out of three identifies this as a serious constraint. More so is access to finance for domestic companies a relatively bigger problem than for companies with a foreign shareholder.

Percent of firms identifying access to finance as a major constraint (%)

| | Morocco | MENA region |
|-------------------------------|---------|-------------|
| Average | 27.7 | 35.1 |
| <i>By firm size:</i> | | |
| Small (5 – 19 employees) | 30.1 | 36.8 |
| Medium (20 – 99 employees) | 25.3 | 31.2 |
| Large (100+ employees) | 25.2 | 31.7 |
| <i>By ownership:</i> | | |
| Domestic | 28.6 | 35.9 |
| 10% or more foreign ownership | 25.4 | 24.4 |

Source: World Bank

These results on the access of finance as a major constraint for companies active in Morocco is also applicable for Dutch companies who want to do business abroad. According to the annual 'Trends in Export' of business association Fenedex and credit insurance company Atradius, the limited availability of financial instruments for funding export activities is an important constraint to do business outside the Netherlands.

3.7.2 Moroccan financial institutes

The banking system in Morocco is supervised by the Central Bank of Morocco (Bank Al Maghrib). In 2015, the number of credit institutions authorized by the Central Bank remained stable at 84 institutions of which 19 banks. Seven banks and eight finance companies are essentially owned by foreign shareholders of French, Spanish, American and Jordanian origins; seven banks are mostly Moroccan-owned private banks; and five banks with largely state-owned capital.

The nine authorized banking groups in Morocco, with a combined balance sheet of 1359 billion dirhams (125 billion euros) in 2015, are the following:

- Attijariwafa bank (Morocco)
- BMCE (Morocco)
- Banque Populaire (Morocco)
- Société Générale (France)
- Crédit du Maroc (Morocco)
- BMCI (Morocco)
- CIH Bank (Morocco)
- CAM – Crédit Agricole du Maroc (Morocco)
- CDG Capital (Morocco)

Dutch banks do not have (yet) a representation in Morocco.²¹

3.7.3 International financial institutes

African Development Bank (AfDB)

The AfDB is a long-term privileged partner in the development of Morocco. The country has the Bank's largest portfolio, comprising 35 operations for a total commitment of 2 billion US dollars. The portfolio covers seven areas: energy (38.7 percent), transport (24.8 percent), water and sanitation (14.5 percent), agriculture (6.8 percent), the social sector (4.9 percent), non-sovereign operations (0.6 percent) as well as multi-sector operations (9.8 percent). The portfolio is concentrated on infrastructure (85 percent of commitments) especially in the energy and transport sectors. However, this portfolio mainly reflects the Bank's investment projects and that 39 percent of allocations over the 2012-2015 periods (1.85 billion US dollars) are provided as budget support to the State. These operations have supported reforms to promote the private sector, industrialization (competitiveness, financial sector, agriculture) and employment (matching training to employment, protection of workers), these being sectors in which the Bank has recognized expertise. The Bank, together with the World Bank, KfW (Germany), AFD (France) and EU (and its institutions), is one of Morocco's leading donors. The support of the Gulf countries (Qatar and Saudi Arabia) is also significant (1.5 billion US dollars) and is provided in the form of grants.

EBRD (European Bank for Reconstruction and Development)

The EBRD is an international financial institution created in 1991 to promote the transition of the former countries of the former USSR to the market economy. Today, the EBRD invests in 35 countries, including Morocco, Egypt, Jordan and Tunisia, which joined the group in 2012. Based in London, the EBRD is owned by 65 countries and two intergovernmental institutions (EU and European Investment Bank). It has a capital of 30 billion euros and rated AAA by the rating agencies.

In addition to its credit lines to financial institutions, the EBRD accompanies Moroccan companies directly. To limit the risk of foreign exchange losses, the bank grants loans in dirhams, unlike other international lenders. It can also take on larger risks than commercial banks. Since its establishment in the Kingdom, the EBRD has provided technical assistance to more than 214 local SMEs. This assistance can cover different areas such as energy efficiency, corporate governance or industry. In order to involve the beneficiaries of this technical assistance, a minimum contribution is requested.

3.7.4 Dutch financial instruments for Morocco

The Dutch Ministry of Foreign Affairs, through the Netherlands Enterprise Agency (RVO), have the following for the Dutch Transport and Logistics sector relevant financial instruments available for companies who want to do business in Morocco:

Development Related Infrastructure Investment Vehicle (DRIVE):

With DRIVE, the Dutch Ministry of Foreign Affairs facilitates investments in infrastructural projects that contribute towards a good business climate and entrepreneurship in the area of water, climate, food security and sexual and reproductive health and rights (SRHR).

²¹ Rabobank has together with Dutch development bank FMO and the Norwegian Investment Fund for Developing Countries (Norfund) set up a new investment bank named Aris which specifically aims at financial institutions that service the urban and rural mass markets in Sub-Saharan Africa. Through Aris these three banks have invested 660 million euros in projects in twenty countries in – mainly – East Africa and want to increase this investment volume to one billion euros over the next few years.

Projects must be supportive of, and built on the Dutch agenda for aid, trade and investment. For instance by joining initiatives that have already been developed as part of Dutch development policy.

The overall objective of DRIVE is to contribute to inclusive and sustainable growth in developing countries. DRIVE supports investments in expansion and/or quality improvement of public infrastructure that improve the development of the private sector by promoting entrepreneurship, productivity, employment opportunities, and lifting wages.

DRIVE promotes investments in public infrastructure that contribute to private sector development in the following priority sectors:

- food security;
- water;
- sexual and reproductive and health rights (SRHR) and
- climate.

Public infrastructure with high development relevance in other sectors also can apply for DRIVE support.

The financial DRIVE support can include grants, guarantees and loans.

Dutch Good Growth Fund (DGGF)

The Dutch Ministry of Foreign Affairs provides finance and insurance through the DGGF program, facilitating development related trade and investment in over 60 countries among others in Morocco. The fund consists of 3 parts:

- Investing
The DGGF provides Dutch SMEs doing business in Morocco with customized financing. The DGGF facility Investing Dutch SMEs offers guarantees and direct financing with a repayment obligation, such as loans and equity investments in projects;
- Local SMEs
To increase local SMEs' access to finance, the DGGF part Investment funds for local SMEs invests in funds which in turn invest in businesses in the DGGF countries including Morocco. The DGGF enlarges its impact by investing in intermediary funds that are better placed to reach local SMEs. This part of the DGGF is a 'fund of funds': it is building up a portfolio of intermediary funds that are catalysts for local economic growth;
- Exporting
If a Dutch company needs help exporting capital goods to one or more of the DGGF countries including Morocco, the DGGF facility Exporting Dutch SMEs provides export credit insurance and export financing. A company can insure transactions worth up to 15 million euros with the DGGF to cover the cost of manufacture and payment risks when exporting capital goods.

Subsidy scheme for demonstration projects, feasibility studies and investment preparation studies (DHI)

The DHI scheme supports Dutch enterprises that want to invest in or execute a project in emerging markets and in developing countries. The DHI scheme consists of 3 modules:

- Demonstration projects: presentation of a technology, capital goods or service in one of the DHI countries.
- Feasibility studies: assessment of the profitability of a foreign investment in a product or service.
- Investment preparation studies: assessment of the technical and commercial profitability of an investment in a company in one of the DHI countries.

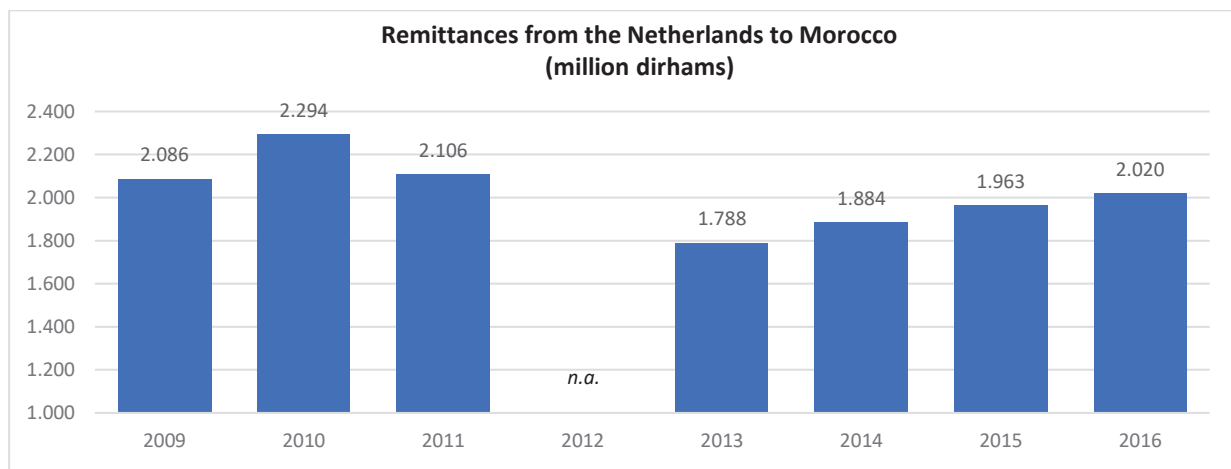
DHI focuses on Dutch SMEs with international ambitions and an interest in emerging markets and developing countries. The DHI scheme is open to projects in all countries, with the exception of The Netherlands and sanction countries.

FMO

Dutch development bank FMO was founded in 1970 and is a public-private partnership, with 51 percent of the shares held by the Dutch State and 49 percent held by commercial banks, trade unions and other members of the private sector. FMO has a triple A rating from both Fitch and Standard & Poor's. Dutch Rabobank uses often FMO to fund investment projects in Africa including Morocco. In 2014 FMO provided Dutch clothing manufacturer The Makers in Tanger a loan of 1.5 million euros and in November 2016 set up a loan facility with the European Investment Bank (EIB) and the Moroccan bank BMCE. The loan facility of 20 million euros is to fund pre-identified solid waste management projects. Both FME and EIB provide a 10 million euro loan.

3.7.5 Informal investments

For many Dutch(-Moroccan) startups in Morocco informal investments by family and or friends in the Netherlands constitute the largest financial facility. According to official statistics, the volume of money send from the Moroccan Diaspora in the Netherland to friends and or relatives in Morocco was more than two billion dirhams (approximately 185 million euros) in 2016. During the last seven years the volume of these remittances kept at a level of around two billion dirhams, although between 2013 – 2015 it was about 6 – 7 per cent below this figure. The majority of these investments goes into buying real estate, health care, and setting up a business in Morocco.



Source: Office des Changes Maroc

Regional development project 'Al Hoceima, Manarat Al Moutawassit'

In 2015 King Mohammed VI launched the regional development project 'Al Hoceima, Manarat Al Moutawassit' with an estimated investment budget of 6.5 billion dirhams (approximately 596 million euros) for the period 2015 – 2019. This five-year program is organized around five main axes: territorial upgrading, promoting the social environment, environmental protection and risk management, strengthening the infrastructure, and spatial development. Over 500 projects will be executed during this time plan.



In the area of "Promoting the social environment", work has been carried out - among others - in the construction of a multi-disciplinary hospital in the province with an investment of 374 million dirhams, and upgrading and equipping the regional center for oncology (15 million dirhams).

With regard to infrastructure development, this program includes the expansion and development of classified roads with a total length of 170 km and an investment budget of 714 million dirhams. Examples are the regional road linking Khalfal and Issaguen (52 km, 160 million dirhams), the provincial road linking Mrika and Bni Hadifa (19 km, 40 million dirhams), the provincial road linking Ait Kamra and Al Hoceima (13 km, 58 million dirhams), the provincial road linking Moulay Ahemd Chrif and Jebha (15 km, 25 million dirhams), and the road linking Khalfal and Taghzout (14 km, 25 million dirhams). Furthermore a new 148 km expressway between Taza and Al Hoceima will be completed (705 million dirhams).

The program also gives priority to the agricultural sector by planting 8,000 hectares of fruit trees. Since the start of the project 6,000 hectares have been planted by mid-2017. In 2018 the remaining 2,000 hectares will be planted with fruit trees.

In order to promote sport in the region, in the rural town of Ait Kamra a new Sports City is planned. Furthermore, in the city of Al Hoceima a new large football stadium will be build, an Olympic swimming pool and indoor halls, in addition to 39 nearby sport fields of which 22 are currently under construction.

Other projects have also been initiated to address the province's water scarcity, including the construction of the Ghiss dam, which is expected to cost about 1.3 billion dirhams. With a capacity of 93 million m³, this dam will serve to provide access to drinking water and irrigation in the northern region.

Concerning "Environmental protection and risk management", the program includes the fight against soil erosion and flooding, the upgrading of public waste dumps in the province, the construction of an ecological museum and a marine research laboratory, the creation of a greenbelt and the enhancement of Al Hoceima National Park.

The education and training sectors are also among the priorities of this program. Three vocational training schools will start in 2017 in Beni Bouayach, Issagen and Targuist. They are in addition to others already operational, several specialized schools and the Faculty of Science and Technology of Al Hoceima.

4. Institutional context Morocco

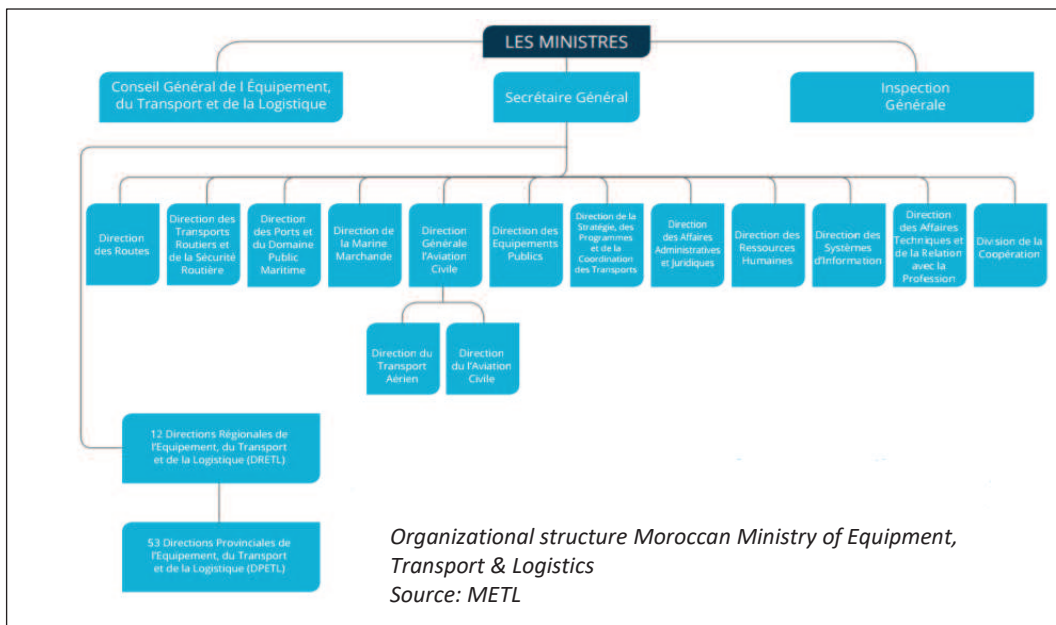
4.1 Introduction

As part of the development of an integrated policy for the development of different modes of transport, the Ministry of Equipment and Transport has made significant progress in the development of transport infrastructure: roads, highways, railways, airports and ports. It also made a breakthrough in the reform of liberalization and introduction of competition in the various modes of transport and improving the quality of service in addition to the fight against the economy annuity.

The **overall mission** of the Ministry of Equipment and Transport is:

- to develop and implement governmental policies in the areas of road, port, rail and sea;
- to develop and implement governmental policies on road, rail and marine transportation;
- it is responsible for defining the government's road safety policy and coordinating its implementation.

The Ministry of Equipment and Transport can also act on behalf of other departments or local authorities, or public institutions or associations of public utility or state companies.



4.2 Institutional reforms

The Ministry of Equipment and Transport has worked on institutional reform of the management of several provisions:

- restructuring of several services and facilities belonging to the transport sector;
- standardization and organization of the sector with the preparation of national and regional mobility plans;
- development of contract programs with some operators in several areas which we quote: maritime, aviation, construction;
- establishment of the Moroccan Agency for the Development of Logistics competitiveness (AMDLC);
- open to private sector investments in basic infrastructure, operation of facilities, the provision of service.

4.3 Regulatory reforms

4.3.1 Introduction

Under the Government program, which provides the government's commitment to put in place a legislative level, the Ministry of Equipment and Transport has prepared its legislative program in a consultative approach in coordination with the various departments, public institutions and companies under the Ministry. Also, the Ministry has developed a regulatory plan including draft decrees and decisions that the Ministry plans to submit for approval to the proper guidance in the regulatory field.

4.3.2 Roads and Road transport

Within the Ministry of Equipment and Transport, two Directorates are responsible for the roads, road transport and security. Directorate Roads respectively Directorate Road Transport & Road Safety. Their mission is to develop strategies, policies, studies and set up regulations in respective to their directorate.

State-owned company **ADM** (Autoroute du Maroc) is responsible for the management and operations of the national road network. The organization has the following **mission**:

- the construction, maintenance and operation of motorways granted to it by concessions or contracts;
- the management, protection and conservation of the public domain depending on the transport network put at its disposal by the government;
- the creation and operation of tourist services, hotels and other services in the geographical proximity of the motorway;
- the operation and management of real estate and transportable property;
- customer satisfaction through the development of innovative services to guarantee their safety, comfort.

Areas of Road Sector Development

The development and modernization of roads and highways is a stimulus for economic development, regional and local integration, and effective contribution to attract investment, create jobs, enhance the space and solve the problem of road safety. To achieve these objectives, the Ministry of Equipment and Transport ensures :

- the connection of the major economic and residential centers;
- support the development of mobility and traffic;
- the complementarity and coherence between the roads, highways and expressways;
- the opening up of rural and mountainous areas as well as the development and enhancement of territories.

Motorway Sector: Strategic Objectives

The total length of the highway network in the country is around 1800 km 2016 compared to 1437 km in 2011. Today, 60 percent of the Moroccan population is directly connected by a motorway and all cities with more than 300,000 inhabitants are attached to the motorway network.

Among the objectives set in the long-term strategy 'Plan route 2035' of the Ministry are:

- expansion of the national highway network from currently 1800 km to 3400 km by 2035;
- construction of 2100 km. of expressways;
- rural road program for the construction of 45,000 km of new roads in the countryside.

4.3.3 Railways and Rail transport

The national railway company **ONCF** is a public entity and falls directly under the supervision of the Ministry of Equipment and Transport. It has financial autonomy. ONCF has the following **objectives**:

- the operation of the national rail network;
- carrying out studies, construction and operation of new railway lines;
- exploitation of all related businesses, directly or indirectly, to the objectives of ONCF.

To support the economic development in the country, the Moroccan government through ONCF is investing strongly in improving and expanding rail transport through:

- modernizing the current rail network
- improved rail products and offer more attractive services to train passengers;
- improve profitability, competitiveness and efficiency of rail transport compared to other modes of transport (sea, air, road);
- completion of the railway high-speed train Tanger - Casablanca by 2019 and conducting studies of expanding the high-speed train to Marrakech;
- expansion and modernization of railways (to Beni Mellal and Tetouan)

Upgrading and development of existing rail network

- modernization of railway stations;
- study of development of regional rail lines in major urban areas such as Casablanca, Tanger, Tetouan, Marrakech , Agadir , Oujda, Fez;
- development of rail logistics zones (realization of the first tranches of rail logistics zones Mita-Zenata, Fez, Marrakech and Tanger;
- new rail line between Tanger and Kenitra (200 km) and an operating speed of 320 km/h;
- railway equipment;
- purchase of high speed trains and construction of maintenance of high-speed trains in Tanger.

4.3.4 Ports and Maritime transport

The Ministry of Equipment and Transport is focusing on the continued development of the national port landscape and implementation of port projects and new projects. Also, the Ministry has worked on ensuring the safety of shipping along the coast of the Kingdom and to protect the natural environment. Along with this, the Ministry continued to emphasize the importance of general and technical education.

In this context, after experiencing the results generated by the series of reforms of the port sector and the economic success of Tanger-Med Port, the government developed a new vision based on consolidating the gains and strengthening the national 'Port strategy 2030' by adopting a constructive approach to a full participatory involvement of stakeholders in the public and private sectors (Public-Private-Partnerships). The main objective is to provide the country modern and well-equipped sea ports, thereby strengthening the position of Morocco as an important logistic hub in the Mediterranean and Africa.

This strategy is characterized by the concept that each of the regions in the Kingdom promote its strengths, resources and infrastructure and can benefit from the economic dynamism generated by the ports. Based on this approach, several areas were identified:

- Cluster port of Oriental,
- Port Pole Northwest
- Port hub Kenitra - Casablanca
- Port cluster Doukkala Abda

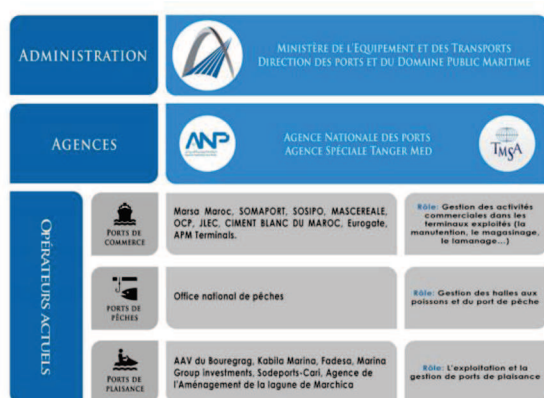
- Port cluster Souss- Tensift

The organizational structure of the maritime sector in Morocco is as follows:

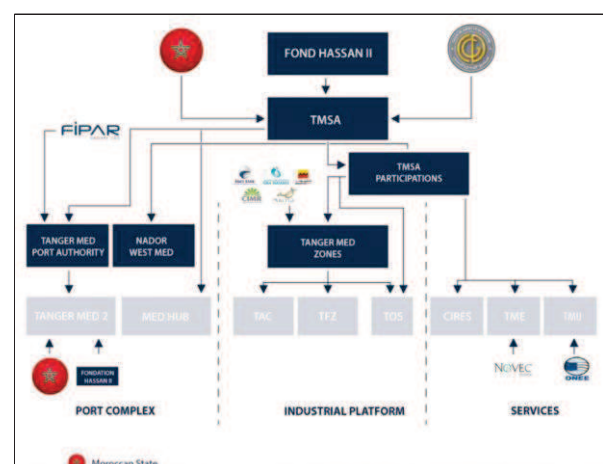
- The ministerial Department Ports and Maritime Public Domain (DPDPM) is responsible for the overall functioning of the sector (policies, regulations, investments, public tenders). The **mission** of DPDPM is:
 - Development and follow up the implementation ministry policy in the port sector and the maritime public domain
 - Realization of new ports and maritime infrastructure
 - Management, protection and valorization of the maritime public domain (e.g. beaches)
- The National Port Authority (ANP) is the state agency which is responsible for implementing and controlling of the maritime policies set by the Ministry. ANP has the following eight priorities:
 - Preserving port heritage;
 - Contributing to the implementation of the national logistic strategy;
 - Simplifying and facilitating port transit procedures;
 - Continued implementation of the port reform subject to Law 15-02;
 - Regulating activities and port operators;
 - Improving competitiveness in the port sector;
 - Police, security, and environmental protection in port zones.

Although it is a public institution and supervised by the Ministry, ANP has its own financial authority and responsibility. Public tenders for all national ports (construction, services, equipment) – excluding Tanger Med and Nador West Med – are supervised by ANP.

The Port of Tanger Med is not subject to ANP, but has its own port authority namely Tanger Med Special Agency (TMSA). Day to day business at Tanger Med Port is the responsibility of Tanger Med Port Authority (TMPA), which is a public limited company with a board of directors, and a capital of 1,250 billion dirhams (approximately 118 million euros). The capital is allocated as follows: 70 percent for TMSA and 30 percent for FIPAR, the investment company of Morocco's financial conglomerate CDG Group. The development of the new energy port Nador West Med falls under the supervision of TMSA.



Organisation of Morocco's port developments
Source: METL



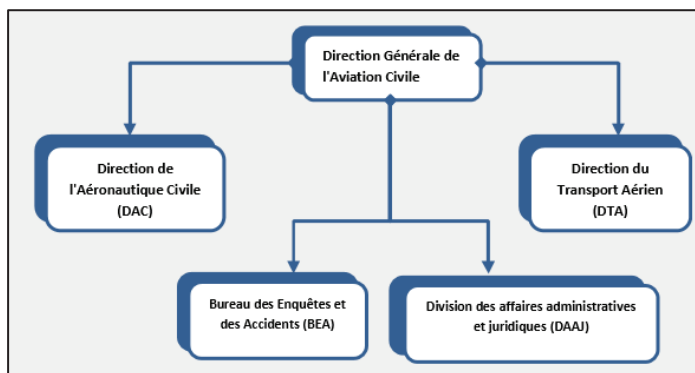
4.3.5 Airports and Air transport

To support the tourism policy 'Vision 2020', the Ministry of Equipment and Transport adopts a proactive strategy for the national aviation industry by:

- strengthening the status of the airport Casablanca - Mohammed V as the international air hub to and from Central and West Africa;
- continued effort of airport infrastructure development under the new director of airport scheme, which will help determine the long-term development of each airport in Morocco and remain its competitiveness as well as airport infrastructure needs on the medium (2020) and long term (2030);
- the signing of two agreements with two companies specializing in the aviation industry;
- promoting domestic air transport by developing airport capacity and enhancement of the airport public domain.

The civil aviation sector in Morocco is governed by the **Directorate General of Civil Aviation** (DGAC) which falls directly under the responsibility of the Ministry of Equipment and Transport. Its mission is as follows:

- ensure the coordination, control and evaluation of the Ministry's interventions in the civilian aviation sector. It is responsible for the basic infrastructure and air navigation facilities and for the general operation of the civilian aviation sector and regulates and enforces its regulations;
- ensure control and coordination of airport activities;
- conduct international negotiations and ensure the implementation of international agreements in the aviation field to which Morocco has acceded;
- apply the Ministry's guidelines regarding the supervision of the department on public establishments, whose activity is related to the field of air transport.



The mission of the **Directorate of Civil Aeronautics** (DAC) is as follows:

- ensure the safety and regularity of air navigation;
- align, define, control and coordinate all aeronautical activities within Morocco;
- establish regulatory texts concerning civil aviation and ensure their application;
- ensure compliance with international standards in civil aviation;
- control and supervise the safety and security of civil aviation;
- develop cooperation with international and regional bodies in the field of civil aviation;
- develop airport infrastructure planning and ensure its implementation;
- establish documents regulating the airport environment;
- adopt standards and practices recommended by international organizations

The **Directorate of Air Transport** (DTA) focus primarily on the strategy and economic regulation of the aviation transport sector in Morocco. Its mission is as follows:

- develop strategic and economic studies for the development of air transport;
- develop and adapt air transport regulations;

- the promotion of air lines, overseeing the responsibilities to operators and ensuring the management and control of air lines;
- prepare air agreements and ensure their monitoring and enforcement;
- responsible for the Air Transport Observatory.

Moroccan Airports Authority (ONDA) is a state-owned company and responsible for the development and management of Morocco's airport infrastructure. It is also the air navigation services' provider in the Kingdom. ONDA's mission is:

- to plan maintenance operations and development of air traffic at the country's airports;
- to manage the air navigation facilities and the implementation of means for air traffic control;
- to process passengers, air cargo as well as all services dedicated to users satisfaction;
- to develop links with international organizations and airports to meet the needs of air traffic;
- to operate of certain projects and services that may grant to other partner's needs;
- to provide high level education in civil aviation and airport operations management fields.

DGAC and her directorates DTA and DAC are the regulatory bodies for the aviation sector, whereas ONDA is responsible for the implementation and control of the projects and (day-to-day) activities of the national aviation sector.

GIMAS is The Moroccan Aerospace Industries Association created in 2006. Its mission is as follows:

- to consolidate and reinforce Morocco's aerospace industry competitiveness and contribute to its global exposure;
- to coordinate, represent and defend Moroccan companies' interests in public and private, national and international spheres;
- to represent its members in national and international air shows – Le Bourget, Farnborough, Aerospace Meetings Casablanca, etc.;
- to meet the industry's needs in trained work force with the development of IMA Moroccan Aerospace Institute;
- to integrate Research & Development in the national aerospace strategy through partnerships with universities and research centers.

4.3.6 Logistics sector

The development of logistics sector, which is necessary to improve the competitiveness of the national economy, depends on:

- rehabilitation of logistics services;
- liberalization of transport modes (road, rail, sea, air);
- the realization of major projects and the development of transport infrastructure (ports, roads and highways, railways, airports).

To achieve these objectives, the Ministry of Equipment and Transport has set up an ambitious plan that includes several provisions aimed at accelerating the pace of development of a logistics strategy through the implementation of the first tranche of the national network of logistics areas amounting to 3,300 hectares by 2030, while promoting the emergence of logistics contractors and providing logistics services of high quality. On the other hand, the development of this sector will reduce logistics costs in Morocco, accelerate economic growth due to the high value added and contribution to sustainable development by reducing negative effects on the flow of goods.

To accompany the Transport & Logistics sector and adapt to the new needs of the Moroccan and regional market, the Ministry attached great importance to economic activities supporting the sector:

- the development of regional service centers in the various modes of transport (road, rail , sea, air) and in the processing industry and construction materials;
- the development of a national industrial base in the field of maintenance on the transport and transfer of expertise to neighboring countries.

The 'Agence Marocaine de Développement de la Logistique' (Moroccan Agency for Logistics Development- **AMDL**) is a national state agency headed by the Ministry of Equipment and Transport with a board of representatives from the private and public sector.

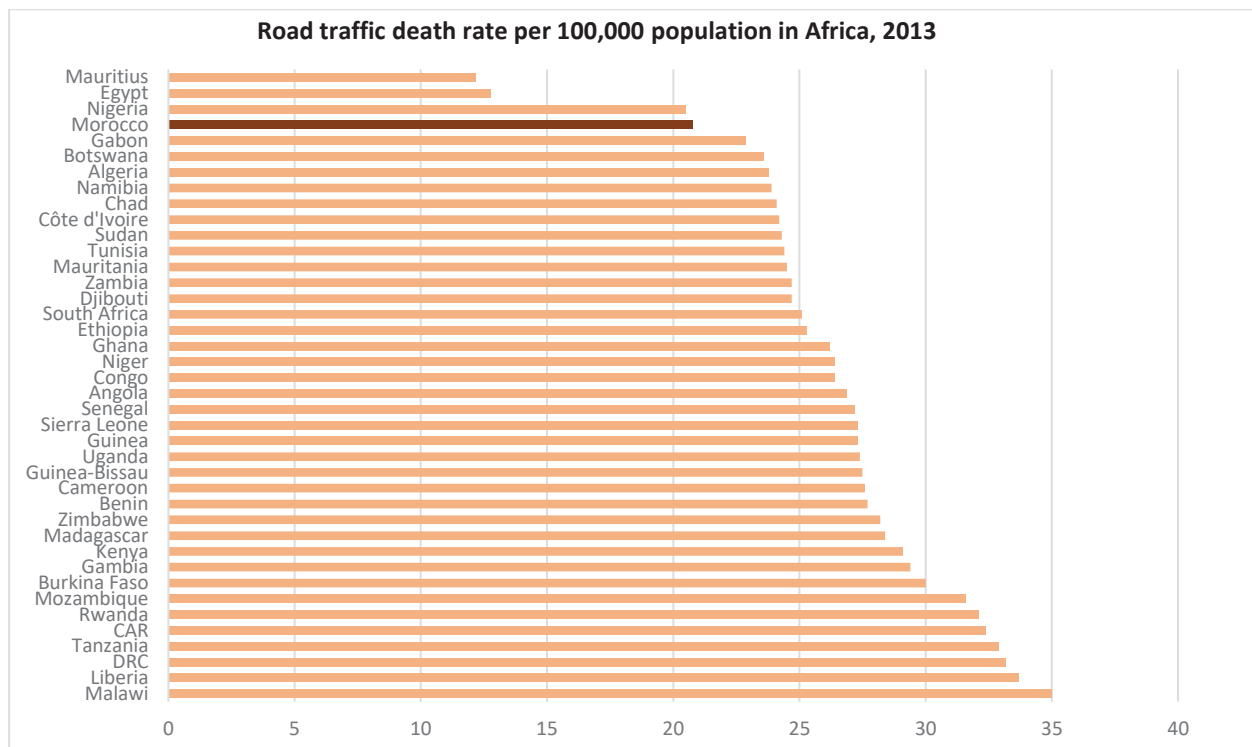
The mission of AMDL is as follows:

- Carry out strategic studies and devise action-plans aimed at developing logistics ;
- Draw up the master scheme governing logistical activity estates/parks ;
- Undertaking research relating to projected logistical activity parks/estates ;
- Search for and identify land-stocks for the development of logistical activity parks ;
- Set up and develop logistical activity parks ;
- Implement the Government policy which is aimed at facilitating the emergence of integrated operators in the area of logistics ;
- Participate in the elaboration of training plans in the area of logistics ;
- Follow-up on and measure the level of efficiency and performance in the provision of logistical services.

5. Safety and security

5.1 Road transport

Although the quality of the road network has much improved in recent years, the number of lethal traffic accidents has increased. In general, traffic accidents rose to 81,827 in 2016, compared to 78,864 in 2015. According to the statistics of the Ministry of Equipment, Transport and Logistics, one accident in six is considered lethal compared to one in four back in 2012, a slight improvement that is mainly due to the national security strategy adopted back in 2004.



Source: WHO

According to the latest available data of the World Health Organization (WHO) on road traffic deaths in Africa, Morocco has relatively low traffic deaths per 100,000 population compared to the majority of African countries. In North Africa Egypt has relatively the lowest number of traffic deaths per 100,000 population. Comparing the level of Morocco (20.8) to the Netherlands (3.4), Morocco's roads can still be considered as very hazardous.

The new 2016-2025 security strategy is expected to reduce traffic deaths considerably, with its long term and more demanding vision to adopt a safer and more responsible behavior on Morocco's roads. This new security strategy aims to reduce traffic mortality by 50 percent by 2025.

In an effort to curb the trend in traffic mortalities the government has launched a nationwide training campaign aimed at professional drivers. In addition, it gives incentives to bus and truck owners to dispose of old vehicles. Between 2014 and 2016 a total of 520 million dirhams (approximately 46.2 million euros) was set aside as compensation for the acquisition of used trucks and buses that are not in line with safety standards. In this way, the government aims to renew the national fleet of vehicles meant for public use, some 70 percent of which is older than 10 years.

By the end of the term the government aims to have replaced at least 30 percent of the total. Another budget line has been created to support transport firms willing to comply with international management and control standards.

Action plan and realizations:

- Completion of road rehabilitation related to security during the period 2011-2013 (120 blackheads treatment , construction of 30 km of seawalls , 120 km of bike lanes);
- Improved road safety through the implementation of the 2011-2013 emergency plan and integrated strategic plan to 2016.

5.2 Rail transport

Improving the safety in rail transport by:

- acceleration of the elimination of level crossings (118 crossings in 2015);
- continuation of the program of modernization of equipment and facilities of the safety and security;
- updating the system of safety management and the safety and strengthening the regulatory arsenal;
- implementation of the various plans safety and security.

5.3 Maritime transport

Improving the safety in maritime transport by:

- strengthening of safety and security in ports and along the Moroccan coast (operation of a set of technical control systems: MARIS, HAZMAT, LRIT, VTS);
- improvement of maritime laws in the field of safety and security.

5.4 Airports and Air Transport

Improving the safety in air transport by:

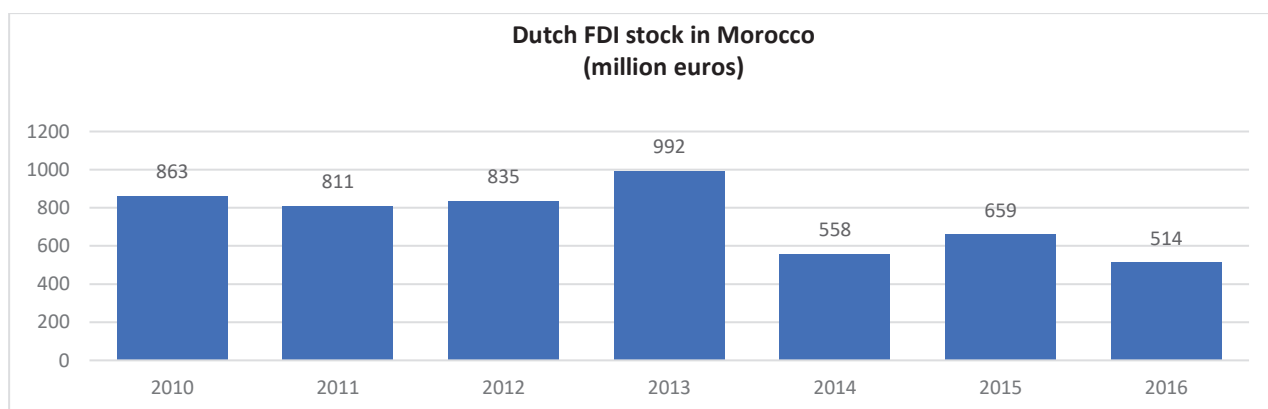
- rehabilitation of Moroccan laws in the field of aviation safety;
- strengthening of monitoring and improving the level of system the safety of civil aviation;
- implementation of a training program in the field of the safety and security of civil aviation;
- program execution airport certification.

6. Business opportunities Dutch Transport and Logistics sector

6.1 Introduction

The Dutch freight transport and logistics sector²² consist of around 30,000 companies, providing employment to more than 300,000 people, having a combined annual turnover of more than sixty billion euros, and are active in a large number countries outside the Netherlands although with a focus on other European countries. Around eighty percent of Dutch foreign trade is done within the EU. In 2016 the volume of Dutch foreign direct investments (FDI) stock in the transport and logistics sector globally was around 500 billion euros or around ten percent of total Dutch FDI stock. Forty percent of Dutch FDI stock in transport and logistics is done within the EU. Outside the EU Dutch foreign direct investments are primarily oriented at the transport and logistics sectors in USA and Japan. The share of the rest of the world is 32 percent or approximately 160 billion euros. Many of the Dutch transport and logistics companies are innovative leaders internationally, working closely with universities, government, business associations, and other private partners. Good examples are the Dutch aviation and maritime industries.

Overall Dutch FDI stock in Morocco has decreased during the last three years compared to the previous period. In 2016 total FDI stock amounted to just over five-hundred million euros, which was the lowest level since 2010²³.



Source: DNB

Comparing the volume of Dutch FDI stock in Morocco with the rest of Africa, it can be noticed that the Kingdom ranks as number seventeen among the destinations of Dutch foreign direct investments in Africa in 2016²⁴. The main destinations of Dutch FDI stock in Africa is South Africa. In 2016 it amounted to more than 28 billion euros or a share of 24 percent in total Dutch FDI stock in Africa. Also the other African countries of which Dutch companies are primarily focussing on are the resource countries on the continent, with the exception of Algeria where Dutch companies withdrew their investments in 2016. Nigeria (22 percent) and Angola (15 percent) are among the top destinations. Even in Libya where since the fall of the Gaddafi-regime in 2011 – during the ‘Arab Spring’- a civil war is raging on, Dutch foreign direct investments are with a volume of 3.8 billion euros still relatively high. These high positions of Nigeria and Angola has primarily to do with the investments done by one company namely Shell.

²² The Dutch transport and logistics sector consists of companies that transport goods via road, rails, water or air. In addition, loading, unloading and transshipment companies and freight forwarders are part of the sector as well.

²³ No specific data on Dutch FDI investments in transport and logistics sector in Morocco is given by the Dutch Central Bank.

²⁴ The total Dutch FDI stock in Africa in 2016 was 116.4 billion euros, which is only 3 percent of total Dutch FDI stock.

The strong position of Egypt as a prime destination of Dutch FDI stock is caused by the geostrategic position of the country and her population of more than ninety-five million people making it an interesting market for Dutch consumer products. Besides the individual resource rich countries like Nigeria, Angola and Gabon, the countries of Sub Saharan Africa are all targeted by Dutch companies. Based on a survey done among Dutch companies active in Sub Saharan Africa in 2013 (Lem *et al.*, 2015), it was found out that the four most popular countries to invest are Kenya, Ghana, South Africa and Tanzania.

Most Dutch companies active in Sub Saharan Africa are involved in trade. Transport and logistics companies from the Netherlands are less active in Africa, with a few exceptions like terminal operators (e.g. Vopak, APM Terminals), maritime transport (e.g. U.A.L. Lines, NileDutch, Supermaritime), and logistics (Kloosterboer).

According to the aforementioned survey, 38 percent of Dutch companies are primarily involved in exports to the region, 12 percent are primarily involved in imports, and about 25 percent are involved in local production or assembly and retail sales in Sub Saharan Africa. The majority of companies have a representative in one or more of the Sub Saharan countries in which they work, most often a local office, sales agent or partner. In general, Dutch companies prefer market entry modes that involve sharing control with a local partner.

Dutch companies doing business in Morocco are mostly from the agricultural sector and are primarily involved in importing directly from the Kingdom. Dutch agricultural companies with a production facility in Morocco are among others Agro Care, Van Oers²⁵ and Messeim. Companies actively importing agricultural products from Morocco are among others Masr Fruit, Alpha Fruit, Maroc Fruit Europe, and AgroFair. Large(r) Dutch companies active in Morocco are from a variety of economic sectors like for example Philips (manufacturing industry), Unilever (retail), DAF (manufacturing industry), Heineken (beverages), MEYN (manufacturing industry), Dunlop (manufacturing industry), Klaas Puul (fishing industry), The Makers (clothing industry), and APM Terminals (logistics). Klaas Puul in Tanger is one of the largest employers providing jobs to around 2,500

| Country | Dutch FDI stock (million euros), 2016 |
|-------------------------|---|
| Africa | 116,407 |
| <i>of which:</i> | |
| 1. South Africa | 28,332 |
| 2. Nigeria | 25,802 |
| 3. Egypt | 19,052 |
| 4. Angola | 17,976 |
| 5. Mauritius | 6,140 |
| 6. Libya | 3,814 |
| 7. Kenya | 1,967 |
| 8. Congo-Brazzaville | 1,751 |
| 9. Gabon | 1,417 |
| 10. Uganda | 1,402 |
| 11. Ghana | 1,348 |
| 12. Tanzania | 1,199 |
| 13. Congo-Kinshasa | 1,175 |
| 14. Tunisia | 764 |
| 15. Mozambique | 730 |
| 16. Mauritania | 627 |
| 17. Morocco | 514 |
| 18. Zambia | 416 |
| 19. Namibia | 305 |
| 20. Cameroon | 297 |
| 21. Ethiopia | 293 |
| 22. Chad | 282 |
| 23. Sierra Leone | 208 |
| 24. Malawi | 206 |
| 25. Madagascar | 164 |
| 26. Cote d'Ivoire | 144 |
| 27. Niger | 122 |
| 28. Rwanda | 58 |
| 29. Seychelles | 41 |
| 30. Senegal | 34 |
| 31. Botswana | 24 |
| 32. Liberia | 24 |
| 33. Guinea | 16 |
| 34. Benin | 10 |
| 35. Zimbabwe | 9 |
| 36. Mali | 7 |
| 37. CAR | 5 |
| 38. Equatorial - Guinea | -21 |
| 39. Burkina Faso | -96 |
| 40. Algeria | -150 |

Source: DNB

²⁵ Van Oers United was taken over by French company Agrial in June 2015.

people, but also The Makers with a factory in Tanger is a large employer providing jobs to around 1,200 people.

6.2 Dutch Transport and Logistics companies in Morocco

The number of Dutch transport and logistics companies who are on a regular basis active in or on Morocco is limited. Exact numbers are not available as there is no clear database with companies registered as doing business with Morocco. Using company data from the Dutch trade register in combination with information provided by individual Dutch companies, a list of Dutch transport and logistics companies who are active in Morocco has been drawn up (see table below).

Dutch Transport & Logistics companies active on/in Morocco¹

| Company name | Size company ² | | | Sector | | Office in Morocco | |
|---------------------------------|---------------------------|--------|-------|-----------|-----------|-------------------|----|
| | small | medium | large | Transport | Logistics | Yes | No |
| HSF Logistics | | | | | | | |
| W.E.C. Lines | | | | | | | |
| Van Duuren districenters | | | | | | | |
| BBC Expeditours | | | | | | | |
| APM Terminals | | | | | | | |
| Seko | | | | | | | |
| Allround Transport | | | | | | | |
| Kennis Transport & Logistics | | | | | | | |
| Transheroes | | | | | | | |
| All4Logic | | | | | | | |
| Cargo Company | | | | | | | |
| DR Logistics | | | | | | | |
| HV Logistics | | | | | | | |
| Brinkman Trans-Holland | | | | | | | |
| Boekstijn-Janismar ³ | | | | | | | |
| Attrans ⁴ | | | | | | | |

Note: (1) excluding foreign owned companies with a Dutch daughter company who is active in/on Morocco

(2) small < 50 employees; medium 50 – 250 employees; large > 250 employees

(3) Janismar is a Moroccan transport company with HQ in Casablanca

(4) Attrans works together with Moroccan transport and logistic company Timar with HQ in Casablanca

The majority of Dutch transport and logistics companies operating regular in or on Morocco are small companies (i.e. < 50 employees). This is comparable with the Dutch transport and logistics sector in general, where 97 percent are SMEs especially in road freight transport. The largest group (40 percent) are even one-person companies. In the table below these one-person companies are not taken into account as they are only (unregularly) riding on Morocco for primarily moving furniture of re-emigrating Dutch Moroccans.

Besides the relative small number of Dutch transport and logistics companies active with Morocco, the majority also don't have an office in the Kingdom. An office meaning either working with a local agent (sometimes as a joint venture) or having their own subsidiary in Morocco. In general, only the relatively larger transport and logistics companies have a formal representation in Morocco.

According to the annual survey 'Trends in Export' of Dutch business association EvoFenedex and insurance company Atradius, the Top5 obstacles experienced by Dutch exporting companies are:

1. Finding the right local partner
2. Custom duties
3. Regulation
4. Risks of payments

5. Available market knowledge within the company

The most important obstacle experienced by more than half of the companies surveyed is finding the right local partner. The main reasons given by these companies regarding this obstacle are lack of insight in the market knowledge the local partner really has; not knowing which local partners are available; and the problem of finding out if the local partner can be trusted or not.

These obstacles and issues regarding the identification of the right local partner were also mentioned by the organisations interviewed for this market research. Moreover, all Dutch companies who were interviewed and have a local partner in Morocco mentioned that finding a

partner is one thing but keeping a strong and successful relationship with that partner is another. It is more time consuming due to the fact that personal contact - i.e. face-to-face business contact – is much more appreciated in Morocco than in the Netherlands. Trying to do business from the Netherlands by e-mail, skype or telephone doesn't work. Visiting Morocco frequently is therefore absolutely necessary.²⁶

“For us it is absolutely necessary to work with a local partner who knows the local market, understand the business culture, can provide high quality services to local clients, and has the right connections.”

(Mr. Nico Valkenier, W.E.C. Lines)

6.3 Strategic choices

In the previous chapters of this report the developments in the various sub-sectors of Morocco's transport and logistics sector have been described. In that sense the external business environment for transport and logistics companies is identified. Furthermore, the various interviews with individual Dutch companies and business associations gave more insight in how the Dutch transport and logistics sector in general and individual companies in particular perceives Morocco as a potential market or not (yet). The next and final step is to confront these developments in the external business environment (i.e. the Opportunities and Threats) with the internal business environment of each sub-sector of the Dutch Transport and Logistics sector (i.e. the Strengths and Weaknesses). To be able to define the strengths and weaknesses a holistic view is taken of each sub-sector²⁷, although knowing that there are many different types of companies within each sub-sector of the Dutch transport and logistics sector. In that regards, **strengths** are measured by the strong points of a Dutch sub-sector and what they herewith can offer to (potential) Moroccan clients; **weaknesses** are measured by the internal factors that lead to a low(er) competitive position of that respective Dutch sub-sector in Morocco compared to the same domestic sub-sector or from another foreign country. The market **opportunities** and **threats** are about the sub-sectors specific business environment in Morocco. Opportunities are those

²⁶ Similar findings were identified in an earlier study on Dutch companies doing business in Sub Saharan Africa (see Lem et al., 2013).

²⁷ Normally, the aim of a SWOT-analysis is to identify the degree to which the strengths and weaknesses of an individual organization are relevant to and capable of dealing with the changes taking place in the business environment in order to counter threats and to exploit opportunities in the environment (Gekonge, 2014).

supportive to further market growth in each sub-sector, whereas threats create obstacles to these developments and should be removed or diminished.

The confrontation between the external business environment in Morocco and the internal strengths and weaknesses of a Dutch sub-sector is presented by a TOWS-matrix. The function of such a matrix is to give clear choices regarding the development of a particular strategy or strategies for a specific Dutch sub-sector within the context of the developments in Morocco's business environment.

In the following paragraphs a TOWS-matrix is given for the following sub-sectors within the Dutch Transport and Logistics sector:

- Maritime transport
- Road freight transport
- Air transport
- Rail freight transport
- Logistics sector

Furthermore, per sub-sector a case study is presented in which a specific service or product is described from a Dutch company or (network) organization that could be offered to Moroccan private and or public clients.

“Looking at the challenges of Morocco’s growing cities, the way in which urban distribution is currently done, and the goal of the Moroccan government to reduce CO2-emissions, the knowledge, expertise and experiences we as TLN have developed with other public and private parties in the Netherlands around urban logistics during the last couple of years could be of great interest to Morocco.”

(Mr. Christiaan van Luik, TLN)

6.3.1 Maritime sector

The analysis of the TOWS-matrix for the maritime sector results in the following strategic possibilities:

| | | |
|--|---|--|
| <p>Dutch Maritime companies</p> | <p>Strengths</p> <ul style="list-style-type: none"> • Strong global position • Internationally recognized as very innovative companies (high R&D-expenditures) • Diversified and modern shipping fleet • Large shipbuilding industry • Qualified staff & personnel • Close cooperation between companies-government-educational institutes • Supportive business associations • High level of professional education and vocational training | <p>Weaknesses</p> <ul style="list-style-type: none"> • Focus on foreign trade within EU, Asia, North America, and West Africa -> limited board-room interest for Morocco • Language barrier (French is not commonly spoken as a business language in the Netherlands) • No collective business support present in Morocco • Limited knowledge about Moroccan maritime market (including regulatory framework) • Limited/no knowledge of trustworthy local partners with strong connections • Too much dependence for doing business in Morocco on Moroccan Diaspora in the Netherlands • Limited financial instruments from Dutch government to support Dutch maritime SMEs |
| <p>Moroccan Maritime sector</p> <p>Opportunities</p> <ul style="list-style-type: none"> • Growing volumes in merchandise trade • Geostrategic location of Morocco • Becoming transport hub for West Africa • Existing free-trade agreement with EU, USA, Turkey • Multi-billion investments in port infrastructure • Growing cabotage of containers and bulk cargo • Modernizing/expanding Morocco's fishing fleet • Dredging of inland reservoirs | <p>➤ Provide Dutch maritime products and services to:</p> <ul style="list-style-type: none"> - support 'Plan Halieutis' (fishing industry) - solve problem of reservoir sedimentation | <p>➤ Set up a Dutch dedicated economic support organisation in Morocco</p> <p>➤ Provide training/courses on doing business in Morocco</p> <p>➤ Promoting market opportunities Moroccan maritime sector in the Netherlands and vice versa via trade fairs, events, seminars, workshops</p> <p>➤ Develop a database of Dutch maritime companies active in/on Morocco</p> |
| <p>Threats</p> <ul style="list-style-type: none"> • Ineffective customer services at ports • Limited size of Moroccan shipbuilding industry (including maintenance, repairs of larger vessels) • Fiscal advantages of the Moroccan flag are limited • Currently relatively low volumes of merchandise trade between Morocco and the Netherlands • Small local agents (e.g. freight forwarders, expeditors, etc..) | <p>➤ Closer cooperation between Dutch maritime business associations NMT and NML and Moroccan port authorities ANP, TMSA and Moroccan Ministry of Equipment in supporting Morocco's 'Shipbuilding Strategy 2030'</p> <p>➤ Provide support from Dutch port customs to improve Morocco's port customs</p> | <p>➤ Create a specific Dutch financial instrument (public/private) that support Dutch maritime SMEs in need of small loans (< 100,000 euros) to do business in Morocco</p> |

Case: State-of-the-art fishing vessel

Dutch shipbuilders Padmos and Hoekman Shipbuilding recently built the MDV-1 “IMMANUEL”, which is at the moment the most economical and environmentally friendly fishing vessel available on the market.



The MDV-1 is a twin-rig fishing vessel suitable for efficient fishing on both plaice and sole with a capacity to carry 850 boxes. The most striking feature of *MDV-1* is the way she looks, both above and below the waterline. The vessel has a length-over-all of 31 metres. The propulsion is diesel-electric with a variable-speed generator and a DC-bus. This allows to run the generator always at a very high efficiency, at speeds ranging from 800 to 1,200 rpm, and it allows to equip the boat with two generators (one running) instead of three in the case of AC (where normally two would be running). The larger generator (500 kW) is used during transit and fishing, while the smaller one (117 kW) is mainly an emergency generator, capable to bring the boat back to shore at a lower speed. The E-motor on the shaft line water-cooled with a freshwater cooling system.

The noise level is much lower than on other fishing vessels, which reduces fatigue. The noise level is about 50dB(A) in the accommodation, both during steaming and trawling. Vibrations are virtually non-existent as the generator sets are mounted more flexibly than a diesel engine in the case of a diesel-direct propulsion installation. The aft deck is sufficiently large to place a 20-foot container, for example with survey equipment, and extra beds are provided. This allows the vessel to seek work outside of the fishing industry, if the market dictates this. The foredeck is much smaller than on other fishing vessels, but is only accessed during mooring and unmooring. The net handling can entirely be done on the spacious aft deck, sheltered by the deckhouse and the bulwarks.

During fishing, *MDV-1* typically consumes 55 to 60 litre per hour. When steaming to the fishing grounds (at ten knots), it usually is 80 to 90 litre per hour. (Source: NML)

Principal particulars

| | |
|---------------------|-------------|
| Length o.a. | 30.15 m |
| Length l.l. | 28.95 m |
| Beam o.a. | 8.60m |
| Draught | 3.75 m |
| Depth to main deck | 4.87 m |
| Length shelter deck | 8.54 m |
| E-motor | 1 x 400 kW |
| Generator | 1 x 500 ekW |
| Harbour generator | 1 x 117 ekW |
| Max. speed | 10.5 knots |

Capacity

| | |
|---------------|---------------------|
| Crew | max. 8 |
| Cabins | 4 |
| Fuel tanks | 15.9 m ³ |
| Fishing boxes | 850 (34 tons) |

6.3.2 Road freight transport

The analysis of the TOWS-matrix for the road freight transport sector results in the following strategic possibilities:

| <div>Dutch Road freight transport companies</div> <div>Moroccan Road freight transport sector</div> | Strengths <ul style="list-style-type: none"> • Modern and young truck fleet • Well-trained and highly experienced staff and personnel • Experienced in international road freight transport • Strong support from business associations • Strong cooperation between government (including customs), private companies, and education • Highly innovative companies | Weaknesses <ul style="list-style-type: none"> • Limited knowledge of Moroccan road freight transport market • Focus is on the EU • Limited/no knowledge of trustworthy local partners with strong connections • Language and cultural barriers (French is not commonly spoken as a business language in the Netherlands) • Limited to no (collective) contacts with counterparts in Morocco • Too much dependence for doing business in Morocco on Moroccan Diaspora in the Netherlands |
|--|--|--|
| Opportunities <ul style="list-style-type: none"> • Growing volume in domestic road freight • Continuing public investments in road infrastructure (highways, rural roads) • Urban logistics • Implementing certification of qualified companies • Raising the quality and quantity of professional drivers | <ul style="list-style-type: none"> ➤ Provide knowledge and experiences via Dutch business association TLN/FENEX and her members to AMDL and individual Moroccan companies in regards to: <ul style="list-style-type: none"> - urban logistics (urban distribution) - innovative transport solutions - training of professionals in Moroccan transport sector | <ul style="list-style-type: none"> ➤ Set up a Dutch dedicated economic support organisation in Morocco ➤ Provide training/courses on doing business in Morocco ➤ Promoting market opportunities Moroccan road freight transport sector in the Netherlands and vice versa via annual trade fairs, seminars, workshops ➤ Develop a database of Dutch road freight transport companies active in/on Morocco |
| Threats <ul style="list-style-type: none"> • Large (unregulated) informal sector • Large number of SMEs with insufficient investment capital and equipment • Lack of compliance of government regulations • Outdated truck fleet • Seasonal fluctuations in freight volumes • Limited freight volumes between the Netherlands and Morocco • Growing congestions at Tanger Med • Inefficient and ineffective customs • Relatively high road traffic death rate • Increased government regulations concerning pollution in cities | <ul style="list-style-type: none"> ➤ Provide support from Dutch customs to improve Morocco's customs (<i>see also remarks Maritime transport</i>) ➤ Set up cooperation between business associations in the Netherlands (TLN) and Morocco (AMDL) concerning: <ul style="list-style-type: none"> - improving regulatory framework - professionalizing road carriers (quality management, certification) - implementing road security systems (including security of truck centers and logistics zones) - promoting supply chain security | <ul style="list-style-type: none"> ➤ Carry out detailed (market) research on determining market volumes of specific cargo flows Morocco – the Netherlands vv (agriculture, textile, manufacturing) ➤ Create a specific Dutch financial instrument (public/private) that support Dutch freight transport SMEs in need of small loans (< 100,000 euros) to do business in Morocco |

Case: Urban Logistics in the Netherlands

Good city logistics are key to the economic vitality and attractiveness of our cities. They ensure that online orders are delivered to our homes, restaurants can serve their customers, stores can display the latest collections on time and renovation work can be carried out smoothly. Urbanization places new demands on mobility within a city. As customers' requirements change, city logistics networks are becoming more and more finely meshed and services are increasingly being provided on a just-in-time basis.



At the end of 2014, 54 parties signed the Green Deal Zero Emission Urban Logistics (Green Deal ZES). Apart from the ministries of Infrastructure & the Environment and Economic Affairs, signatories were municipalities, haulage firms, shippers, car manufacturers, research institutes and related sector and lobbying organizations like BOVAG, EVO, TLN, Natuur & Milieu and Rai Vereniging. These parties are investigating how the zero-emission delivery in urban centers can be implemented in practice, with the aim of realizing zero-emission urban logistics as much as possible by 2025. There is a demand in the city for transporting more goods with fewer movements and lower emissions.

The Green Deal ZES participants are testing not only new practical logistics solutions but also combinations of new technologies, public-private partnership and amended regulations. The Topsector Logistics is helping to develop innovative urban logistics.

The Green Deal ZES participants are using Living Labs (regional pilots) to test various improvement options for alternative ways of organizing transport, using new vehicle technology to test innovative logistics solutions. The government is exploring the what is feasible for this in terms of policy and regulation. The solutions that work and are affordable will subsequently be scaled up. Several Living Labs have already started up and the development is in full swing. (Source: Green Deal ZES)

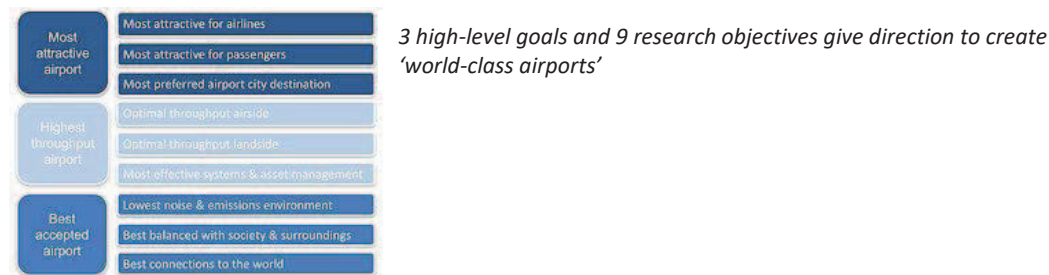
6.3.3 Air transport

The analysis of the TOWS-matrix for the air transport sector results in the following strategic possibilities:

| | | |
|--|---|--|
| <p>Dutch Aviation companies</p> <p>Moroccan Aviation sector</p> | <p>Strengths</p> <ul style="list-style-type: none"> • High-tech companies • Global active • International position in airport development and infrastructure • Strong support by business association • Close cooperation between companies-universities-government • Highly trained professionals in maintenance, repair, overhaul | <p>Weaknesses</p> <ul style="list-style-type: none"> • Limited presence in Morocco • Limited/no knowledge on specific Moroccan air transport developments • Limited to no (collective) contacts with counterparts in Morocco |
| <p>Opportunities</p> <ul style="list-style-type: none"> • Growing volumes in freight and passenger air transport • Morocco's strategic regional hub • Investments in airport expansion (including terminals) and modernization of existing airports • Upgrading aviation safety and security • Training of staff and personnel | <ul style="list-style-type: none"> ➤ Providing Dutch knowledge and expertise on airport development and infrastructure via NAG members to Moroccan public/private organizations: <ul style="list-style-type: none"> - airside operations - design/consultancy - material/Passenger handling systems - safety and security - terminal interiors - construction ➤ Provide training to engineers on maintenance, repair and overhaul via NAG members to ONDA, RAM | <ul style="list-style-type: none"> ➤ Set up a Dutch dedicated economic support organisation in Morocco ➤ Organizing field trips, seminar, events between Dutch and Moroccan companies from the aviation sector ➤ Set up cooperation between NAG and ONDA for exchanging know how and expertise on airport development |
| <p>Threats</p> <ul style="list-style-type: none"> • Delays in airport construction works • Growth in air transport depends strongly on international tourism • Competition from neighbouring countries in attracting airline companies • Increased competition from domestic road and rail freight transport | <ul style="list-style-type: none"> ➤ Deliver consultancy services from NAG members to support Moroccan counterparts on (inter)national promotion of Moroccan air freight transport | <ul style="list-style-type: none"> ➤ Create a specific Dutch financial instrument (public/private) that support Dutch SMEs from the aviation sector in need of small loans (< 100,000 euros) to do business in Morocco |

Case: Innovation Airport – TU Delft

Innovation Airport is a Delft University of Technology (TU Delft) wide initiative, aimed at creating and developing innovative (concepts for) world-class airports in close collaboration with industry partners. Innovation Airport has the potential to enable a large societal and economic impact and contributes to solutions in the field of mobility, smart cities, international air transport safety and security, aviation's impact on the environment and others.



As in the past decades, the coming years expect a continuous growth in travel demand. The number of passengers per year is expected to increase from 3.1 billion in 2012 to 6.4 billion passengers in 2030¹. This presents various challenges, such as congestion and capacity issues, and an increase in noise and emissions. To overcome these hurdles, changes to the current way of travelling are required, and new concepts and innovations need to be embraced. Airports are the key to innovation in air transport, which is why this is the focus of the Innovation Airport initiative.

The Innovation Airport initiative of TU Delft facilitates and endeavours towards two main goals:

- Stimulate co-operation and networking between scientific entities and the industry, focusing on innovation in airports, such as 'Living Lab' initiatives;
- Conduct research around the subject of airport development using a 'system approach', including the broadest range of insights and disciplines (e.g. landside, terminal, airside) relevant for future airports.

The businesses that join in the Innovation Airport program will leverage their investment by delivering innovative solutions to airports worldwide. The general benefits of joining in and contributing to Innovation Airport are based on the access to state-of-the-art knowledge and technology, access to a pool of potential expert employees, economies of scale for research and development, options for leveraging investments by shared funding and subsidies, and easier cooperation. (Source: TU Delft)

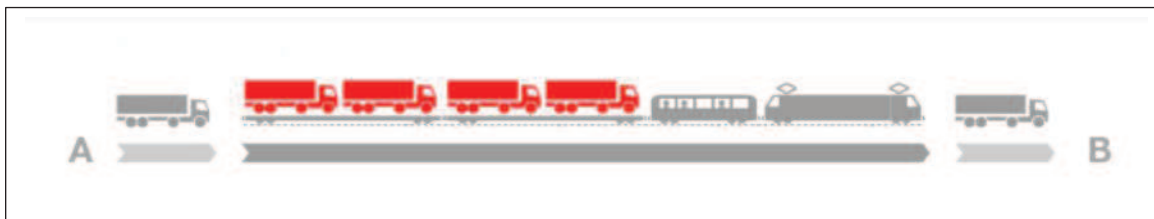
6.3.4 Rail freight transport

The analysis of the TOWS-matrix for the rail freight transport sector results in the following strategic possibilities:

| | | |
|---|--|--|
| <p>Dutch Rail freight transport companies</p> <p>Moroccan Rail freight transport sector</p> | <p>Strengths</p> <ul style="list-style-type: none"> • Strong international competitive position • Cooperation between various actors in (promoting) rail freight transport • Extensive international connections between Dutch ports and cities in Europe and Asia • Availability of intermodal freight transport • Strong expertise available at foundation RailCargo and associated members about (inter)national rail freight transport | <p>Weaknesses</p> <ul style="list-style-type: none"> • No presence of Dutch freight transport companies active in Morocco • Limited/no knowledge about Moroccan market for rail freight transport • Focus on EU and Far East (China) |
| <p>Opportunities</p> <ul style="list-style-type: none"> • Expansion logistics zones including dry ports • Investments in new rail lines • Broaden rail freight transport into other goods besides phosphate • Improving connections with main sea ports and cities in hinterland | <p>➤ Provide knowledge and expertise by RailCargo and associated members to Moroccan counterparts about intermodal and multimodal rail freight transport</p> | <p>➤ Set up a Dutch dedicated economic support organisation in Morocco</p> <p>➤ Organizing field trips, seminar, events between Dutch and Moroccan companies from the rail freight transport sector</p> |
| <p>Threats</p> <ul style="list-style-type: none"> • Monopoly rail freight transport by state company ONCF • Increased competition from road freight transport and cabotage | <p>➤ Dutch and Moroccan organisations investigate possibilities of new rail freight transport systems (e.g. RoLa)</p> | |

Case: Rolling Highway

With this type of rail transport the entire truck is on the track, including the towing unit and driver.



Guided transport

Because the driver stays with the truck it is called the 'Rolling Highway' or accompanied combined transport. This is in contrast to intermodal transport where the driver and the towing unit do not go along. That is the unaccompanied combined transport. In special terminals, trucks drive directly from the street onto the wagon via a ramp to be transported to their destination. The drivers can rest in a special sleeping car, reboard their trucks at their destination and deliver the goods safely to their customers.



For standard trucks

The principle of the 'Rolling Highway' (RoLa) is simple. It is a rail service between two places, where the trucks can enter and exit the train directly via a platform (Roll on – Roll off). Because no use is made of cranes, the system is applicable to all standard trucks. For the 'Rolling Highway' special wagons are used with a low load floor in order to prevent problems with the overhead line.

Many advantages

Currently RoLa services are mainly used in the Alpine countries to circumvent road tolls or weekend driving bans. In addition, it provides benefits for the driver because he does not suffer from traffic jams, experiences less stress and can comply with his mandatory rest time during the train journey. The drivers stay in a separate passenger car during the train ride. Finally, the use of the RoLa is favourable for fuel consumption and for reducing emissions.

6.3.5 Logistics

The analysis of the TOWS-matrix for the logistics sector results in the following strategic possibilities:

| | | |
|--|--|--|
| <p>Dutch Logistics companies</p> <p>Moroccan Logistics sector</p> | <p>Strengths</p> <ul style="list-style-type: none"> • International active • Strong support from Dutch business association to individual companies • Close cooperation between companies, government (national, local), universities, R&D centers • Innovative (high R&D investments) companies | <p>Weaknesses</p> <ul style="list-style-type: none"> • Limited contacts Dutch companies in Morocco • No structural contacts between Dutch business association NDL/HIDC and AMDL • Too much dependence for doing business in Morocco on Moroccan Diaspora in the Netherlands • Limited/no knowledge of developments Moroccan logistics • No priority from the Netherlands given to Moroccan logistics sector • Language and cultural barriers (French is not commonly spoken as a business language in the Netherlands) |
| <p>Opportunities</p> <ul style="list-style-type: none"> • Development of new logistics zones across Morocco • Construction of cold storage facilities at logistics zones • Investments in the optimization of logistic flows (better connections rail, roads/highways) • Strengthening the governance of the logistics sector | <ul style="list-style-type: none"> ➤ Providing Dutch knowledge and expertise via members Dutch business association NEKOVRI in developing cold chain logistics for Morocco's agriculture and fish industry ➤ Construction of cold storage facilities by Dutch//Moroccan companies at Morocco's commercial ports and logistic zones | <ul style="list-style-type: none"> ➤ Set up a Dutch dedicated economic support organisation in Morocco ➤ Organizing events, workshops, seminars on logistic developments in Morocco and the Netherlands |
| <p>Threats</p> <ul style="list-style-type: none"> • Relatively low volumes in goods between the Netherlands – Morocco • Main logistic companies are non-Moroccan • Large (unregulated) informal sector • Lack of quality control of logistic companies in Morocco | <ul style="list-style-type: none"> ➤ Cooperation between Dutch and Moroccan educational organizations (private/public) on providing vocational training, bachelor/master courses on logistic skills enhancement ➤ Set up cooperation between (partners of) NDL/HIDC and AMDL regarding exchange of knowledge on improving quality of logistics (sustainability, regulatory framework, certification/labelling, PPP-projects, etc.) | <ul style="list-style-type: none"> ➤ Create a specific Dutch financial instrument (public/private) that support Dutch SMEs from the logistics sector in need of small loans (< 100,000 euros) to do business in Morocco |

Case: Cool Port Rotterdam

The port of Rotterdam is Europe's premier port for refrigerated and frozen cargo. With its unrivalled number of reefer plugs, wide array of specialised companies, state-of-the-art container terminals, cold storage facilities and multimodal connections to the hinterland, Rotterdam is the leading import and export hub.



The port of Rotterdam's position in reefer cargo is strengthened by the Netherlands' leading trade position in refrigerated and frozen products. Over a third of all food from Africa, Asia and the Americas destined for Europe flows through the Port of Rotterdam. The nearby Greenports where perishable activities are concentrated, handle and distribute large reefer volumes. Due to the port's busy departure schedule, reefer cargo can be quickly shipped overseas to the UK, Ireland and Scandinavia as well as Russia and the emerging markets in Eastern Europe.

The growth in the cold chain sector is highly visible in Rotterdam. Two new large cold-storage facilities were recently built that house thousands of tons of seafood, meat, fruit and vegetables. International company AGRO Merchants has built a new temperature-controlled warehouse at the Maasvlakte. The building, with a floor area of 9,000 m² and a capacity of 18,000 pallets, is mainly equipped for the import, export and storage of frozen and refrigerated meat and fish. Another recent development is Rotterdam Cool Port. This is Dutch company Kloosterboer's brand new cold store facility in the Eemhaven. This state of the art facility offers a wide range of services, ranging from cross docking and cold storage to quality inspections and repackaging. The terminal has a capacity of 40,000 temperature-controlled pallet spaces to handle an estimated 400,000 pallets a year.

Thanks to high-frequency hinterland connections, products distributed via Rotterdam are able to be transported to their final destinations in Europe more quickly and efficiently, saving costs and reducing the environmental impact. The lion's share of the fruit (citrus) and vegetables grown in Southern Europe is transported to Western Europe by road. In view of the growing restrictions placed on road haulage and the increasing attention for sustainability issues, a major share of this cargo is stimulated to move to rail and shortsea. Port of Rotterdam and its business partners work together on several intermodal shuttle projects. (Source: Port of Rotterdam)

7. Conclusions

Morocco's Transport and Logistics sector contributes about four percent to GDP (or approximately 3.6 billion euros) and provide employment to about one million people (4.7 percent) of the total Moroccan working population. During the last four years the sector has shown growth figures of more than two percent annually with the exception of 2015. Public investments in transport and logistics are strong. Since 2010 these investments were above 15 billion dirhams annually. For 2017 and 2018 public investments will be around thirty billion dirhams with the largest investments in the road sector followed by maritime and rail.

Foreign investments are an important source of income for Morocco's growing economy, but with less than three per cent of total inward FDI flows the transport and logistics sector receives a relatively low share. This sector in Morocco is dominated by large foreign companies, with the exception of air transport and rail transport where the Moroccan state has a monopoly. The majority of foreign companies are coming from the EU – specifically France and Spain – and increasingly from the Middle East (UAE, Saudi Arabia) and the USA.

Dutch companies currently play a very modest role in Morocco's economy in general, and in the transport and logistics sector more in specific. It is estimated that in total 70 – 80 Dutch companies have set up a business in Morocco. They are in majority active in agriculture and related business activities. Although more than 30,000 companies are active in the Dutch freight transport and logistics sector, having a combined annual turnover of more than sixty billion euros, and operating in many countries outside the Netherlands, in Morocco it is estimated that only 10 – 15 Dutch transport and logistics companies are active. Most of these companies are SMEs with only a handful having a local office in Morocco.

Based on the interviews with Dutch transport and logistics companies and business associations it is found that important reasons for the low number of Dutch companies from this sector active in Morocco are:

- Limited volumes of goods traded between the Netherlands and Morocco;
- Lack of knowledge about market developments in Morocco;
- Not knowing how to find a local partner;
- Language barrier as French is the business language in Morocco which is not commonly spoken among Dutch businesses;
- Lack of business support for Dutch companies in Morocco;
- Differences in business culture, i.e. in Morocco it is more about having regularly personal contacts with potential clients which makes it more time consuming and therefore more expensive as it is necessary to travel very often to the Kingdom instead of doing business by e-mail or skype.

At the same time, Dutch companies and business associations from the transport and logistics sector are interested to know and learn more about the market developments in Morocco. They perceive Morocco as a very stable economy, situated at a geostrategic location making it also ideal for seeing the Kingdom as an important transport hub for West Africa, and a country with a clear long-term vision and a government which invests in multi-billion project to enhance the competitiveness of the country in the next 15 – 20 years.

To overcome the obstacles for Dutch companies and to let them take advantage of Morocco business potential, per sub-sector the following strategic choices are given:

- **Maritime sector:** Dutch business opportunities in fishing industry, reservoir sedimentation, supporting Morocco's national shipbuilding strategy, and in providing assistance to enhance the efficiency of Morocco's custom;
- **Road freight transport:** Dutch business opportunities in urban logistics, innovative transport solutions, training of Moroccan professionals and support in improving regulatory framework, professionalizing road carriers

(quality management, certification), implementing road security systems (including security of truck centers and logistics zones), promoting supply chain security;

- **Air transport:** Providing Dutch knowledge and expertise in airside operations, design/consultancy, material/passenger handling systems, safety and security, terminal interiors, construction, and training to engineers on maintenance, repair and overhaul;
- **Rail freight transport:** Provide knowledge and expertise on intermodal and multimodal rail freight transport, investigate possibilities of new rail freight transport systems (e.g. Rolling Highway);
- **Logistics:** Dutch business opportunities in cold chain logistics, the construction of cold storage facilities at Morocco's commercial ports and logistics zones, cooperation between Dutch and Moroccan educational organizations (private/public) on providing vocational training/educational programs on logistic skills enhancement, and exchange of knowledge on improving logistics (sustainability, regulatory framework, certification/labelling, PPP-projects, etc.).

To be able to carry out the abovementioned activities successfully, it is important to expand the facilities for supporting Dutch companies in Morocco by:

- setting up a dedicated economic support organisation in Morocco that assist Dutch companies in doing business in the Kingdom. Such an organisation could be a public-private-partnership providing (paid) professional services like for example legal and financial issues, specific market research, provide interpreters, offer flexible office space, help in applying for visa, recruitment of local employees, organize events (e.g. workshops, seminars, trade shows) in Morocco;
- organize regularly workshops, seminars, or business events in the Netherlands about market developments and business opportunities in the transport and logistics sector in Morocco. This could be done by either a private or public organizations or as a combined effort via the business support office;
- creating a specific Dutch financial instrument (public/private) that support Dutch SMEs from the transport and logistics sector in need of small loans (< 100,000 euros) to do business in Morocco.

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Annexes

Newly developed Industrial Zones

| Logistics zone | Developer | City/Region | Surface (ha.) | Type | Year opening |
|---|---|--|-----------------------------------|-----------------------------|--------------------------------------|
| Zone Industriel Omrane Sahel | Al Omrane | Berrechid/Casablanca-Setta | 25 | Various economic activities | 2011 |
| Casanearshore | Casanearshore | Casablanca/Casablanca Settata | 53 | Offshoring | 2008 |
| Zone d'Activités Economiques Ennasr | Al Omrane | Chichaoua/Marrakech-Safi | 40 | Industry | 2000 |
| Zone Industrielle de Sidi Bouathman | Al Omrane | Marrakech/Marrakech-Safi | 107 | Industry | 2002 |
| Parc Industriel Settapark | CFCIM (French Chamber of Commerce in Morocco) | Settat/Casablanca-Settat | 20 | Industry | 2015 |
| Parc Industriel Jorf Lasfar | MedZ | El Jadida/Casablanca-Settat | 490 | Chemical industry | 2011 |
| Parc Industriel Ecopark | CFCIM (French Chamber of Commerce in Morocco) | Berrechid/Casablanca-Settat | 61 | Industry | 2014 |
| MIDPARC Free Zone | MedZ | Nouaceur/Casablanca-Settat | 124.4 | Aeronautics | 2011 |
| Zone Industrielle Mohammedia | Al Omrane | Mohammedia/Casablanca-Settat | 58 (1st phase) 117 (2nd phase) | Industry | 1990 (1st phase) 2011 (2nd phase) |
| Parc Technopolis | Casanearshore | Rabat/Rabat-Salé-Kénitra | 107 | Offshoring | 2008 |
| Atlantic Free Zone | MedZ | Kénitra/Rabat-Salé-Kénitra | 345 | Car industry | 2010 |
| Agropolis | MedZ | Meknes/Fes-Meknes | 140 | Agribusiness | 2010 |
| Zone Industrielle Miftah El Kheir | Al Omrane | Moulay Yacoub / Fès-Meknès | 44 | Industry | 2009 |
| Fes Shore Park | Casanearshore | Fes/Fes-Meknes | 20 | Offshoring | 2012 |
| Tanger Free Zone | Tanger Med Zones | Tanger-Assilah / Tanger-Tétouan-Al Hoceïma | 400 | Various Economic activities | 1999 |
| Tanger Automotive City | Tanger Med Zones | Tanger-Assilah / Tanger-Tétouan-Al Hoceïma | 260 | Car industry | 2011 |
| Parc Industriel TetouanPark | Tanger Med Zones | Tétouan / Tanger-Tétouan-Al Hoceïma | 156 | Industry | 2009 |
| Tetouan Shore | Tanger Med Zones | Tétouan / Tanger-Tétouan-Al Hoceïma | 6 | Offshoring | 2012 |
| Zone d'Activités Economiques Ait Kamra, | MedZ | Al Hoceïma / Tanger-Tétouan-Al Hoceïma | 41 | Industry | 2011 |
| Parc Industriel de Selouane | MedZ | Nador/l'Oriental | 72 | Industry | 2011 |
| Agropole de Berkane | MedZ | Berkane/l'Oriental | 102 | Agribusiness | 2011 |
| Technopole d'Oudja | MedZ | Oudja Angad/l'Oriental | 107 | Industry | 2009 |
| Oudja Shore Park | Casanearshore | Oudja Angad/l'Oriental | 2.4 | Offhsoring | 2008 |

Source: Zones Industrielles Maroc

International Organizations in Morocco

| | | |
|---|---|--|
| European Investment Bank Riad Business Center, Im S3, Aile Sud, 4ème Bd- Hay Riad - Rabat Tel: 00212 537 56 54 60 | United Nations Development Programme (UNDP) 13, Av. Balafrej - Casier ONU - Souissi - Rabat Tel: 00212 537 63 30 90 | United Nations Information Centre (UNIC) 6, Charia Tarik Ibnou Ziad (Angle Rue Radouane) - Quartier la Résidence - Rabat Tel: 00212 537 76 86 33 / 76 32 04 |
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| United Nations Development Fund for Women in North Africa (UNIFEM) Angle Avenue Moulay Hassan et Moulay Ahmed Loukili -Casier ONU - Rabat Tel: 00212 537 70 35 55 | United Nations Population Fund (UNFPA) Angle Av. Moulay Hassan et Rue Moulay Ahmed Loukili- Casier ONU - Rabat Tel: 00212 537 70 17 58 / 767 831 / 767 833 | Japan International Cooperation Agency 6. Rue Rif -Route de Zaers -Souissi - Rabat Tel: 00212 537 63 87 08 |
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