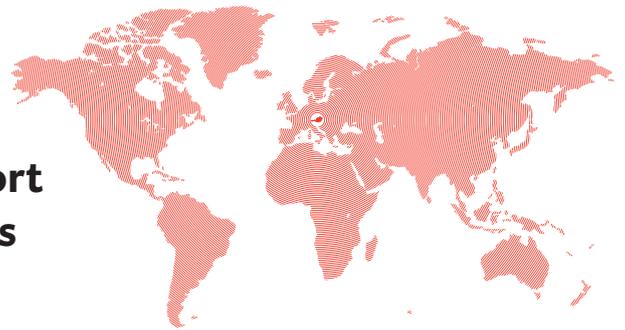


Oberbank

Economic and Banking Report

Global Financial Institutions



Morocco

Economic situation

> GDP growth 2021: 6.0 %

Morocco - the kingdom of economic opportunity.

The nation in the north of Africa is characterised by a high degree of economic freedom, low labour costs and political stability and promises medium- to long-term investment security for companies. In addition, the increasing integration into the African market as well as the geographical proximity to Europe strengthens the attractiveness of the Moroccan market, which thus forms the bridgehead between Europe and West Africa. With **economic growth of 6 %** in 2021 and a GDP growth forecast of over 3 % for 2022, the economic recovery is becoming tangible. Not only supply chains but also demand is increasingly stabilising. Despite the high degree of crisis resilience and dynamic adjustment to the challenges of the pandemic, the crisis is

not yet considered over. The reason for this is the still stumbling tourism sector. This recorded a fall of over 50 % in 2020 (8.3 % of GDP in 2019). The hoped-for recovery is not yet in sight.

No. 1 in car manufacturing on the African continent

The country's economic growth trend can partly be explained by growing industrialisation, which is increasingly finding its way into the central economic sectors of mining and agriculture. Currently, the **agricultural sector** provides **30 % of Morocco's jobs** and is responsible for 15 % of GDP. In addition, Morocco's position in automobile manufacturing is strengthening, leading the nation to the top of the African continent in this regard.

The **unemployment rate** currently stands at **12.8 %**. Young people, women and people with university degrees are particularly affected. Wage levels for unskilled workers remain very low.

According to the head of government, Aziz Akhannouch, unemployment is expected to fall in the future, driven by the post-Covid economic upswing. With the help of largely government-initiated contracts, one million new jobs are to be created, primarily for young people and women. As in the rest of the world, rising global energy prices are causing increased inflation, which rose from 0.6 % to 1.1 % in 2021. The peak is expected to be around 1.9 % in 2023.

„Be Green“ as a government strategy

> Morocco on the road to a sustainable economy

In terms of **sustainability**, Morocco plays a **pioneering role in Africa**. Renewable energy and sustainable business are being promoted by the Moroccan government. The Moroccan government has set a target of 50 % renewable energy by 2023. In the medium term, a share of 100 % is targeted. The state is living up to its reputation as an environmentally friendly player and African-European industrial partner through projects such as „Generation Green 2020-2030“. This large-scale initiative aims to make agriculture attrac-

tive, sustainable and ecologically sound for future generations. In addition to investment prospects for companies in the renewable energy sector, the increased demand in the textile production sector also opens up new opportunities. The focus here is also on environmentally compatible production.

Likewise, the currently weak tourism sector is to be strengthened in the future through structural reforms and „ecotourism“.

Summary:

- GDP growth +6.0 %
- Morocco proves resilience to crisis
- Bridgehead between Europe and Africa
- Leading the way in Africa in terms of sustainability and climate protection
- Planned switch to 100 % renewable energy
- No. 1 in car manufacturing in Africa

Key economic figures	2019	2020	2021*	2022*
Nominal GDP in billion USD	119.9	114.25	127.1	130.6
Gross domestic product/capita at purchasing power parity in USD	7.99	7.53	7.95	8.33
Population in millions	36.5	36.9	37.3	37.8
Real economic growth in %	+2.5	-7.1	+4.6	+3.4
Inflation rate in %	0,2	0.6	1.1	1.4
Unemployment rate in %	9.8	11.9	12.4	12.0
Exchange rate DH to EUR; 1 Euro = in DH	10.77	10.84	10.75	10.74
Goods exports of the country in billion USD	24.7	23.7	27.9	30.0
Goods imports of the country in billion USD	44.9	39.2	47.5	50.2

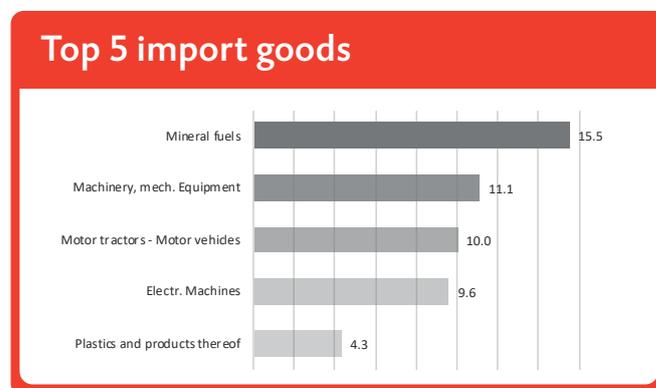
* Preliminary forecast; Source: WKO, Wirtschaftsbericht, October 2021

Exports/Imports

Morocco’s economic relations with Spain and France are particularly intensive for historical reasons. With a share of 26.5 % and 21.1 % respectively, these are Morocco’s most important export countries. With a 4.5 % share, Italy is far behind in third place. Likewise, Spain and France are Morocco’s predominant import countries, ahead of China.



Source: WKO, Länderprofil October 2021; 2019 in %.



Economic relations with Austria

Morocco is one of the five richest countries in Africa and, as an African state, has the most developed relationship with the EU. More than 60 % of Moroccan exports and around 50 % of imports go to or come from the EU. The strongly Western-oriented nation benefits from the economic upswing in the West, but in return is dependent on its economic situation.

> Morocco’s exports to Austria

To a large extent, Austria’s imported goods from Morocco are found in four sectors: A large part of the imported goods come from the textiles, clothing and leather goods sector (37.0 %). The textile sector is followed by the automotive sector and electronic products, each with 21.5 %. Agricultural products and foodstuffs are the fourth most important sector with a 12.7 % share of goods imports.

Morocco’s exports to Austria 1st half of 2021: +15.8 %

> **Austria's exports to Morocco**

Over the past 20 years, Austria's exports to Morocco have increased six-fold, recording a 25 % increase in the first half of 2021 after a pandemic-related low in 2020, bringing Morocco back to pre-Covid levels. Furthermore, it can be assumed that the export figures only reflect the economic relationship with Morocco to a certain extent. Due to deliveries to Moroccan customers via French and Spanish branches of Austrian companies, Austrian exports are expected to be an additional 25 % higher.

Austria's exports to Morocco 1st half of 2021: +25.0 %

Morocco's foreign trade



Exporte	175.90	-2.17 %
Importe	130.10	-20.40 %
Bilanz	45.80	



Exporte	1,316	-2.80 %
Importe	1,908	-13.00 %
Bilanz	-592	



Exporte	48.40	18.90 %
Importe	133.80	-17.80 %
Bilanz	-85.40	



Exporte	118.00	-6.60 %
Importe	127.50	-40.00 %
Bilanz	-9.50	



Exporte	197.40	6.40 %
Importe	294.20	-23.50 %
Bilanz	-96.80	

2020, change YOY, in EUR million
 Imports, exports and balance from Morocco's perspective; own presentation
 Source: Trademap

Assessment of the business environment

Climate Change Performance Index 2022	Rank 7 of 64
Global Competitiveness Index 2019	Rank 75 of 141 countries
Corruption Perceptions Index 2021	Rank 87 of 198 countries
Rule of Law Index (World Justice Project) 2021	Rank 90 of 139 countries
Most important goods export market ATs / DEs 2020	Rank 65 / Rank 52

In terms of the business environment, Morocco clearly stands out in the Climate Change Performance Index 2022 with a rank of 7, underlining the country's sustainability efforts.

In the other areas, the nation has been consistently in the midfield for years. Nevertheless, the rankings show

Current rankings of Oberbank regions in the Climate Change Performance Index:

Germany	13
Austria	37
Czech Republic	51
Hungary	53
Slovakia	40

clear potential for improvement, especially in the areas of corruption and competitiveness.

Rating Morocco

> Non-Investment Grade

Agency	Rating	Outlook	Date
Fitch	BB+	Stable	20.12.2021
Moody's	Ba1	Negative	04.02.2021
S&P	BB+	Stable	02.04.2021

Source: Fitch

Dual B ratings with stable and negative outlooks for the nation respectively

Morocco has been reassessed by all three major rating agencies over the past year. Fitch justifies its „BB+“ rating on the one hand by macroeconomic stability and low inflation, and on the other hand by a moderate share of foreign currency debt in total government debt.

In addition, the nation has comfortable external liquidity buffers, according to Fitch. These positive developments are depressed by weak governance indicators, high government debt and high fiscal and current account deficits. Moody's decision in February 2021 to change the outlook from stable to ne-

gative, the rating agency justifies it with the pandemic-related downward developments with regard to Morocco's financial strength. The debt burden, which has been on an upward trend for 14 years, also contributes to Moody's outlook.

Fiscal policy developments

The Moroccan Dirham (MAD) enjoys a stable reputation, but is not considered freely convertible. The foreign exchange sector is subject to government restrictions. The currency is expected to be liberalised in the coming years, although full liberalisation of the exchange rate is not expected until 2025.

With regard to support measures for the financial market, the central bank lowered the key interest rate to 1.5 % in 2020. Since then, this has been maintained and is expected to remain constant until 2023. Morocco is still considered an attractive nation for foreign direct investment.

After peaks in 2018, investments are recovering after a pandemic-related slump and already set a new record in the first half of 2021 (10.6 billion dirhams).

Morocco's largest banks

Place	Bank	Total Assets
1	Attijariwafa Bank	63,822
2	Banque Centrale Populaire	49,910
3	Bank of Africa – BMCE Group	37,287
4	Crédit Agricole du Maroc SA	13,932
5	Société Générale Marocaine de Banques SA	11,634**
6	Crédit Immobilier et Hôtelier	10,062
7	Banque Marocaine pour le Commerce et l'Industrie SA	7,432**
8	Fonds d' Equipement Communal	2,867*

Total assets as of 31.12.2020 in USD million; *not consolidated; **consolidated as of 31.12.2019
Source: Bankers Almanac, download on 28.02.2022

Oberbank expertise

Banks shaded in grey:

Oberbank has an active relationship with these relationship banks (SWIFT/RMA) and is thus able to provide documentary transactions for customers. Payment transactions are also possible with all Moroccan banks via our clearing bank partners.

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