



NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

غرفة التجارة الأمريكية العربية الوطنية

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+1 (202) 289-5920
info@nusacc.org

اضغط هنا للنسخة العربية



RECENT DEVELOPMENTS IN U.S. – MOROCCO COMMERCE POINT TO SUSTAINED ECONOMIC GROWTH

U.S. – Morocco Strategic Dialogue and U.S. – Morocco Business Development Conference Highlight Positive Trends in Trade, Investment, and Regional Integration in Northwest Africa

In Rabat, U.S. – Arab Chamber President Commends Morocco for “Looking Outward” for Investment Opportunities During the Arab Spring

Rabat, Morocco - The U.S. - Morocco Strategic Dialogue was held this week under the auspices of the U.S. Department of State and Morocco’s Ministry of Foreign Affairs and Cooperation. The gathering was co-chaired by the Hon. John Kerry and his Moroccan counterpart, H.E. Salaheddine Mezouar. A wide variety of bilateral and regional issues were discussed, including but not limited to political affairs, economic and security cooperation, and educational and cultural opportunities. The timing of this week’s Strategic Dialogue also highlighted the recent arrival of America’s new Ambassador to the Kingdom of Morocco, the Hon. Dwight L. Bush.

Against this backdrop of government-to-government talks, private sector representatives from the United States and Morocco met in Rabat recently to participate in the Second U.S. – Morocco Business Development Conference. The National U.S. – Arab Chamber of Commerce (NUSACC) provided strong support for this gathering, which brought together more than 250 government and business leaders from Morocco and the United States to explore economic cooperation. NUSACC was privileged to sponsor a welcome dinner at the



The U.S.-Morocco Strategic Dialogue was co-chaired by U.S. Secretary of State John Kerry and Moroccan Foreign Minister Salaheddine Mezouar.



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guarantees provided to U.S. investors by the Free Trade Agreement, the flow of U.S. Direct Investment in Morocco has grown from \$27.27 million in 2005 to \$197.2 million in 2012, with an average annual increase of 58.6 percent," he said. These investments accounted for 5.1 percent of total FDI in Morocco in 2012, he suggested, ranking the United States as Morocco's third largest investor.

Despite this surge in investment from the United States, Minister Boussaid noted, U.S. investment has been relatively modest, and there is clearly room for improvement. "When considering the flow of American investment abroad, Morocco receives only 0.01% of total U.S. investment in the world," he said. For this reason, he suggested, it was Morocco's desire to use the Second Morocco - U.S. Business Development Conference as a platform to enhance and deepen the economic relationship. "Our objective is to increase U.S.

investment in Morocco and to introduce U.S. firms to the dynamics of growth in our economy, which has shown a clear and recognized resilience to the crises that have affected the world in general, including the neighboring countries," he noted.

Sofitel Jardins des Roses Hotel in Rabat for more than 100 delegates, many of whom were visiting Morocco for the first time.

David Hamod, NUSACC's President & CEO, was invited to offer remarks during the opening plenary session. "During the Arab Spring, perhaps no nation has 'looked outward' more successfully than the Kingdom of Morocco, which has emerged as a safe haven for investment," he said. As a result, he suggested, "Foreign Direct Investment (FDI) stock in Morocco totaled nearly \$52 billion in 2013, with U.S. FDI more than doubling since 2009. While the primary purpose of the Free Trade Agreement is to promote trade, there is no doubt that the impact of the FTA on investment has been salutary."

FDI was also at the heart of plenary remarks offered by H.E. Mohamed Boussaid, Morocco's Minister of Economy and Finance. "Thanks to important



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He concluded, “It is for those reasons that U.S. entrepreneurs who have come all the way from the United States will have the opportunity to meet Moroccan decision-makers representing diverse economic sectors – such as aeronautics and automotive industry, energy, mining, tourism, or pharmaceutical industry – as well as business leaders in their field of activity, to explore opportunities for partnerships.”



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A Private Sector Perspective

A passionate advocate of Morocco’s exporters, Ms. Miriem Bensalah-Chaqroun, President of the General Confederation of Enterprises of Morocco (CGEM), highlighted the need to strengthen Moroccan exports to the United States. This will help to create productive jobs in Morocco, she suggested, while also addressing the trade imbalance between the two countries.

Since the FTA’s entry into force in 2006, she said, “Moroccan imports from the USA have more than quadrupled, but Moroccan exports have not followed the same trend.” There has been a “steady increase in the value of trade by 23 percent on average, growing from \$1.04 billion in 2005 to \$3.93 billion in 2012.” Nevertheless, she argued, the “balance of trade remains in a deficit to the detriment of Morocco.” Moroccan goods exports to the United States in 2013 totaled \$977.1 million.

According to U.S. Government figures, exports of U.S. goods to Morocco grew to \$2.3 billion in 2013, up 2.9 percent from the previous year. This has helped to transform Morocco into the sixth most important destination for U.S. merchandise exports in the Middle East and



North Africa (MENA) region. (The top five destinations for U.S. goods are all energy producing countries.)

While the Free Trade Agreement has not met all expectations, commercial activity is moving in the right direction, according to NUSACC's David Hamod. Bilateral trade growth in the four years *before* the FTA totaled only four percent, he noted, but in the four years *after* implementation of the FTA, bilateral trade growth averaged 12 percent. The longer term horizon looks even more promising, Hamod suggested. Eight years *before* the FTA, he said, bilateral trade growth was in the four percent range, but in the eight years *after* the FTA, bilateral trade growth averaged 20 percent.

According to research conducted by the National U.S. – Arab Chamber of Commerce, Hamod said, U.S. market share and exports to Morocco are expected to continue doubling every three years. Merchandise is on track to grow from \$2.3 billion in 2013 to \$4.9 billion in 2016, while services are expected to grow from \$210 million in 2013 to \$450 million in 2016. By 2016, Hamod concluded, exports of U.S. goods and services to Morocco are slated to grow to \$5.38 billion.

Morocco as a Gateway to Africa

For U.S. companies, Ms. Bensalah-Chaqroun of the CGEM noted, "It is important to rely on Morocco as a platform" and to "serve as a bridge for access to Africa." This is a theme that



Speaking at a press conference in Rabat (from left to right): Todd Shwartz, U.S. Department of State Deputy and Special Representative for Commercial and Business Affairs; David Hamod, NUSACC President; Miriem Bensalah-Chaqroun, CGEM President; H.E. Mohamed Boussaid, Minister of Economy and Finance; and Scott Eisner, U.S. Chamber of Commerce Vice President.

surfaced repeatedly during the day-long conference, particularly during a panel discussion entitled "Morocco as a Trade and Investment Partner for the Development of Africa."

That panel featured senior representatives from Casablanca Finance City, Tangier Med Port Authority, Attijari Wafa Bank, and the Overseas Private Investment Corporation. The bottom line: Increasingly, Morocco is serving as a staging ground for the regional development of Greater Northwest Africa.

Africa is anticipating \$540 billion in infrastructure development by the year 2020, according to panelists,



and Morocco has emerged as the continent's second largest investor in Africa. (South Africa is the top intra-African investor, according to Ernest & Young, with 235 investment projects launched between 2007 and 2012, an overall increase of 57 percent during this period.) Only ten percent of trade in Africa is intraregional, creating excellent opportunities for savvy traders and investors interested in the world's second most populous continent, with more than one billion people.

U.S. – Morocco commercial cooperation in Africa has support at the highest levels. A Joint Statement issued by President Obama and H.M. King Mohammed VI in November 2013 noted that the two Heads of State “recognized the importance of Morocco as a trade and investment platform for North Africa and Sub-Saharan Africa and the benefits of maintaining an attractive business climate for investment in Morocco.” The communiqué went on to note that both countries are “committed to explore joint initiatives to promote human development and stability through food security, access to energy, and the promotion of trade based on the existing Free Trade Agreement.”

The two Heads of State were “pleased to note their common assessment of the critical role of human and economic development in promoting stability and security on the African continent,” according to the Joint Statement, and they “committed to explore in greater detail concrete options for pragmatic, inclusive cooperation around economic and development issues of mutual interest.”

High Tech: Automotive and Aeronautics

When it comes to investment in such high tech sectors as automotive and aeronautics, Morocco is a regional success story. This was the focus of a panel discussion on “Strengthening and Diversifying Investment and Markets for the Automotive and Aerospace Industries.” The panel included senior officials from such U.S. companies as Ford Motor Company and Boeing.



Around 100 companies in Morocco currently operate in the aeronautics sector – employing around 10,000 people – with much of the workforce based in component manufacturing, engineering and services. Boeing, Royal Air Maroc, and the electrical-wiring company Labinal were pioneers in this sector, establishing “MATIS” in Morocco in 2001. (The facility manufactures wire bundles for Boeing 737s, 747s, 757s, 767s, and 777s.) MATIS was

CasaAero, an aeronautics training center and MATIS, an electrical wiring factory, are two joint venture projects established by Boeing in Morocco.



followed in 2005 by a second joint venture, CasaAero, a training center established by Royal Air Maroc and Alteon, a Boeing wholly-owned subsidiary.

Over the years, Boeing's footprint in Morocco has served to attract other aeronautics companies, including such firms as Airbus, Bombardier, and United Technologies.



Ford Motor Company has joined Renault in the automotive market in North Africa "in response to the opportunity this region presents in the global auto market," said Simonetta Verdi, Ford Director of Governmental Affairs for the Middle East and Africa.

The automotive sector also has success stories to share, with some of the world's most prominent automotive brands setting up shop in Morocco. French multinational vehicle manufacturer Renault recently inaugurated a \$1.5 billion car factory in Melloussa, near Tangier, where the plant now has an annual production capacity of 150,000 cars. It is gearing up to produce 400,000 vehicles a year by 2015 – mainly for the export market. The French automaker also has a \$785 million assembly plant in Casablanca, with an annual capacity of 80,000 cars.

Delphi Automotive, formerly a division of GM, currently employs around 5,000 workers in Morocco. In the same vein, Lear Corporation, one of the world's leading suppliers of automotive seating and electrical power management systems, operates a number of plants in Morocco. The most recent of these is a new automotive wiring plant, which comes on the heels of other plants that manufacture such industry-leading electronics as battery chargers and gateway modules.

Ford Motor Company has also jumped into the Moroccan market. "As of January 1 of this year, Ford established the Middle East and Africa operation in response to the opportunity this region represents in the global auto market," said panelist Simonetta Verdi, Ford's Director of Governmental Affairs for the Middle East and Africa. "At the same time, we want to give back and be part of the fabric of the communities in this region. Ford in Morocco has a great distributor partner and a long established presence. Ford also sources from Morocco-based suppliers, and this is an area of opportunity we are looking to strengthen."

According to Adil Chikhi, Acting Director General of the Moroccan Investment Development Agency (MIDA), Morocco's automotive clusters are offering highly competitive production conditions and a unique investment environment. He suggested that Morocco's success in this sector is based on three main pillars:



- The Government of Morocco has dedicated three new-generation industrial zones to the automotive sector.
- Four automotive training institutes have been put in place in order to fill this sector's human resources needs. These institutes expect to train more than 70,000 people in the automotive sector between 2009 and 2015.
- Morocco has established attractive incentives in

this sector to boost investments, including but not limited to an exemption from corporate taxes during the five first years in the automotive free zones, as well as state subsidies of up to 30 percent of professional building costs and 15 percent of equipment costs for machinery investment.



Adel Chikhi, Acting Director General
of the Moroccan Investment
Development Agency.

Energy and Power Generation

According to a 2006 estimate by the *Oil and Gas Journal* (OGJ), Morocco has proven oil reserves of 1,070,000 barrels (170,000 m³) and natural gas reserves of 60 billion cubic feet (1.7×10⁹ m³). Morocco may have additional hydrocarbon reserves, as many of the country's sedimentary basins have not yet been explored. This goes a long way to explain why Morocco is on the cutting edge of energy exploration, both conventional and renewable.



Dr. Robert Ichord, U.S. Deputy Assistant Secretary of State for Energy Transformation, considers Morocco's experience of providing electrical energy nationwide to be a model worth considering for Sub-Saharan Africa.

In a panel discussion moderated by Dr. Amina Benkhadra, Director General of the Moroccan National Office of Hydrocarbons and Mines (ONHYM), discussants tackled Morocco's prospective role as an energy provider for Morocco and Northwest Africa.

Morocco has clearly captured the attention of business leaders and policymakers alike. Dr. Robert Ichord, U.S. Deputy Assistant Secretary of State for Energy Transformation, noted, "As evidenced by President's Obama's Power Africa Initiative, the U.S. is giving increased attention to energy development in Africa. We support Morocco's impressive efforts to diversify its energy mix and develop its indigenous energy resources – renewables and conventional – as well as to explore the potential for non-conventional gas."



“We look forward to cooperation to further U.S. investment and business partnerships and to collaborate in efforts throughout Africa,” Ichord said. “The lessons from Morocco’s achievements in electrifying the whole country, through both centralized and decentralized approaches, are important to consider as we tackle the great challenge of energy access and development in Sub-Saharan Africa.”

Africa’s demand for electricity is growing by 7 – 10 percent per year, Ichord suggested, and it will take a “transaction-oriented approach, working with the private sector as well as governments, to expand electricity generation and to improve electricity access to the 600 million people in Africa without electricity.”

Carl A. Atallah, Vice President and Country Manager of Chevron Morocco Exploration Limited, indicated that the future for oil & gas exploration in Africa looks bright. Chevron has invested \$37 billion in Africa during the past decade, he said, and Africa’s “yet-to-find resource potential is more than 50 billion barrels of oil and gas equivalent.”



Chevron Morocco Exploration Ltd., a subsidiary of Chevron Corporation, signed petroleum agreements in 2013 with Morocco’s Office National Des Hydrocarbures Et Des Mines for three offshore areas.

levels of Moroccan engineers and technical staff to meet the needs of an emerging hydrocarbon industry.”

“A successful operation anywhere starts with partnership,” Atallah concluded, so Chevron “starts our endeavor in a new country by sending our best people to the country to listen, to learn, and to build relationships from the very beginning on a foundation of trust, respect and transparency.”

Morocco’s “welcoming business environment, its strong commercial links, and its exploration potential” were important attractants for Chevron, he said. The U.S. energy company also likes the human resource potential of Morocco, Atallah noted. Working with Moroccan stakeholders, he said, Chevron has developed the Morocco Capacity Advancement Partnership (M-CAP).

He said, “The M-CAP initiative has a focus on education – including support for creation of a petroleum engineering and geosciences development program – and building the capacity of technical engineering institutes to increase skill



Morocco intends to cut its dependence on foreign gas and oil imports with an ambitious plan to generate 2,000 megawatts (MW) of solar power. When this \$9 billion initiative is completed in 2020, this solar project will be capable of supplying about 40 percent of the country's entire energy needs. With over 3,000 hours of sunshine per year, Morocco estimates that generating about five kilowatt hours per square meter per day is feasible. This project will involve the development of five solar power stations that, collectively, will generate 2,000 MW of electrical power.

As part of its commitment to tap into renewable energy sources, Morocco has undertaken a vast wind energy program. The Moroccan Integrated Wind Energy Project, spanning a decade with a total investment of about \$3.8 billion, will enable the country to bring the installed capacity from wind energy alone from 280 MW in 2010 to 2,000 MW by 2020.

Site Visits

Following the day-long Business Development Conference in Rabat, the U.S. Embassy, in cooperation with CGEM, organized site visits to select companies in Casablanca. The U.S. Commercial Service organized "Casablanca Day," the first of these two tours, for 50 U.S. company representatives who participated in the Second U.S. - Morocco Business Development Conference. The tour included a site visit to a Boeing joint venture facility in Casablanca's Nuacer Zone, as well as a luncheon meeting with CGEM - Morocco's largest chamber of commerce - to discuss business issues of mutual interest with Moroccan private sector leaders.



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Business briefings led by the U.S. Commercial Service were held at the residence of Consul General Brian Shukan to discuss commercial rules and challenges in the Morocco market, and the day was capped with a networking dinner hosted by AmCham Morocco at Rick's Café in Casablanca.

A second group of U.S. companies traveled to Tangier, where they toured a Renault plant where 200,000 Dacia models will be manufactured for export this year. Delegates were also received by the Tangier Med Port Authority (TMPA), where U.S. companies were provided with an overview of Phases 1, 2, and 3 of the port, as well as the strategic plan to become the leading transshipment port throughout the Mediterranean basin.

Delegates went on to visit the Tangier Free Zone, where the Tangier Med Special Agency arranged tours of Polydesign, a leading American manufacturer of automotive parts, and Powerex, a subsidiary of GE and Mitsubishi.

Concluding Remarks

In his concluding remarks, H.E. Mohamed Boussaid, Morocco's Minister of Economy and Finance, noted, "Thanks to our network of free trade agreements with the EU, Mediterranean countries, the Middle East and African countries and with the U.S., investing in Morocco will allow you to access a market of 1.2 billion consumers. American companies can benefit from the extensive experience and strong connections that Moroccan companies have developed in the African continent, thanks to investment in several strategic sectors, including banking, insurance, real estate, ITC and transportation, and to take advantage of the economic dynamic occurring in Africa."

Morocco is "committed to the continuation of the structural projects in strategic sectors of our economy," he said, "and we are focusing on sharing opportunities with our partners because we strongly believe that it is through private investment that we can increase our growth rate, create sufficient jobs, and achieve prosperity in our country."

Minister Boussaid concluded, "Morocco has the infrastructure, the workforce, and the business climate you need. Morocco provides an outstanding and competitive environment to welcome U.S. companies. It is the platform you deserve to be more competitive in today's global economy."



H.E. Mohamed Boussaid with David Hamod, NUSACC President and CEO.



Hon. Chandra Brown, Deputy Assistant Secretary of Commerce: "This is the time to take advantage of our great historic relationship and continue to increase trade and investment between our two countries."

business in the development of Morocco's commercial sector and the importance of commercial cooperation in overall bilateral relations." She concluded, "We at the U.S. Department of Commerce look forward to continued progress as we remain committed to facilitating increased trade and investment between the United States and Morocco."

The last word came from H.E. Rachad Bouhlal, Morocco's Ambassador to the United States. His official duties in the United States precluded him from attending this year's conference, but he played an instrumental role in the success of that event. "Our Embassy is very pleased that quality companies from the United States took advantage of the Morocco – U.S. Business Development Conference to gain a first-hand look at commercial opportunities in the Kingdom of Morocco," he said. "There is room for growth in the Morocco – U.S. economic relationship, and public – private partnerships like these help to pave the way for our respective private sectors to conduct business together."

Closing remarks were also offered by the Hon. Chandra Brown, Deputy Assistant Secretary of Commerce for Manufacturing. "The depth of support from business and government in growing the bilateral relationship between our two countries is impressive," she said. "Increasing trade between the United States and Morocco is essential and well supported by all groups. We realize the value of the U.S. – Morocco commercial relationship as a gateway to other countries in Africa and we'll continue to support the progress in mutual recognition of standards."

"This is the time to take advantage of our great historic relationship and continue to increase trade and investment between our two countries," she noted. "We support the positive role of U.S.



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Ambassador Bouhlal concluded, “I am very grateful to the National U.S. – Arab Chamber of Commerce for hosting the welcome dinner for the Business Development Conference and for inviting so many excellent NUSACC member companies to participate in this Conference.”



The National U.S.-Arab Chamber of Commerce, represented by David Hamod, President & CEO (middle left) sponsored an evening reception for the Business Development Conference participants and U.S. Government officials, including Hon. Chandra Brown, Deputy Assistant Secretary of Commerce (middle right); Hon. Robert Ichord, U.S. Deputy Assistant Secretary of State for Energy Transformation (to her right); and Doug Wallace, Senior Commercial Officer, U.S. Embassy in Morocco (second from left).

The National U.S.-Arab Chamber of Commerce, widely regarded as the voice of American business in the Arab world, is in touch with business communities across the United States and serves as the U.S. point of contact for the national chambers of commerce in the 22 Arab nations. On a daily basis, NUSACC works closely with leaders throughout the Arab world, as well as high-level decision makers in the U.S. business community, public policy research centers, multilateral institutions, nongovernmental organizations, media, and the U.S. Government.

WASHINGTON D.C. (HEADQUARTERS) • HOUSTON • LOS ANGELES • NEW YORK • SALT LAKE CITY
1023 15TH STREET N.W. • SUITE 400 • WASHINGTON, D.C. 20005
TEL: (202) 289-5920 • FAX: (202) 289-5938 • WWW.NUSACC.ORG