

‘Cap au Sud’: Course South for Morocco’s Economy

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News:

In late 2014, the French weekly *Le Point* published an article on ‘how Morocco attacks Africa’¹, and in the same year *La Tribune* published one titled ‘How Morocco is becoming a great [player] in Africa again’². The international magazine *Jeune Afrique* had a cover page on ‘M6, King of Africa’³. The Moroccan business weekly *Challenge* even demonstrated the importance of Moroccan-African relations four times on its 2014 front pages⁴. All this fits into a series of similar coverage by national and international newspapers, magazines and reports over a number of years⁵.

Key Words:

Morocco, Africa, trans-Saharan relations, trade, investment.

Summary:

International and national media are currently showing increased attention to Morocco’s economic presence in sub-Saharan Africa. After a brief survey of the country’s trade relations and economic agreements across the Sahara, the paper focuses on Moroccan investment and firm cooperation, illustrated by strategic sectors such as finance, telecommunication and air transport. The conclusion will situate these developments in the broader context of Morocco’s multidirectional economic regionalization.

Analysis:

Introduction

The following news analysis explores Morocco's increasing economic engagement on the African continent (mostly understood as sub-Saharan Africa), a fact that is widely ignored outside the region. Hence, the paper starts with a brief survey of the kingdom's recent economy-related contacts across the Sahara. The study then investigates in more depth the field of direct investment and other kinds of firm cooperation. The conclusion of the paper situates these relations in the broader context of Moroccan endeavours for a multidirectional regionalisation of its economic activities.

Morocco's Increased Economic Interest in Sub-Saharan Africa

Morocco has old commercial, cultural and political connections with areas south of the Sahara. In colonial times these links were mostly cut. After independence, Morocco showed a strong political commitment to sub-Saharan Africa, but economically, it remained highly dependent on European countries. The Western Sahara conflict in the 1970s had a major impact on the country's relations with Africa as a whole, notably when it decided to leave the Organisation of African Unity. Nevertheless, it maintained good political ties with individual regimes throughout the 1980s (Wippel 2012a; Barre 2004).

Only in the course of the 1990s did Morocco start to improve relations on a larger scale.⁶ Since he came to power in 1999, King Mohamed VI repeatedly toured sub-Saharan Africa. On these round trips, big delegations of Moroccan businessmen accompanied him. Each time, this led to numerous construction, supply and cooperation contracts. Already in the 1990s, the network of bilateral preferential trade agreements was enlarged. But more recently, negotiations on farther-reaching regional accords stumbled.⁷ However, transport infrastructure has been or is being improved, from the opening of the first trans-Saharan tarmac road to Senegal in the last decade (Marfaing/Wippel 2005) to the current expansion of maritime links together with ambitious port projects. Also, extensive development aid is allocated to African countries, specifically in the field of higher education.

Material economic exchange, first of all, concerned trade relations. Whereas imports from African countries have essentially stagnated, exports started to boom in the early 2000s: over ten years, their volume quintupled to more than 1.2 billion USD (2013), and their share tripled to 6% of all Moroccan exports.⁸ This trade strongly concentrates on West African countries (80%) and consists of a variety of Moroccan consumer and industrial products. It has been announced that by the end of the current decade Africa's share in Moroccan exports should even increase to almost 20%⁹.

Moroccan Firm Presence and Cooperation in Sub-Saharan Africa

Morocco's direct investment in sub-Saharan Africa, including joint ventures and other forms of cooperation among firms, is even more impressive. A few activities of this kind were already in place before 2000, mostly carried out by Moroccans with family ties to Senegal and Mali and expatriated to Côte d'Ivoire (Abou El Farah/Akmir/Beni Azza 1997), and on a state-to-state basis, e.g. to support the Mauritanian ally in the early phase of the West Saharan conflict. However, this kind of business only started to boom on a larger scale in the course of the last decade.

If we consider only associated capital transfers, Moroccan direct investment abroad reached a maximum of 622 million USD in 2007, and in 2013 it stood at 331 million.¹⁰ With that, FDI stocks reached nearly 2.6 billion USD (2.4% of the national GDP). The sub-Saharan share in FDI outflows from Morocco is around 50% and goes overwhelmingly to French-speaking countries (Office des Changes 2014). Important investment and firm cooperation in Africa exists in fields like mining, power and water supply, agriculture and notably in numerous real estate projects (including social housing). But among the broad range of sectors targeted, finance, telecommunications and air transport are the most illustrative.

Banking and Insurance

In the financial sector, for more than one decade, notably the three biggest Moroccan banks have shown an increasing presence.¹¹ The takeover of entire banking groups, which are present in several countries, has been particularly instrumental.

- In 2008, *Attijariwafa*, the biggest Moroccan bank, purchased the Senegalese *Compagnie Bancaire de l'Afrique Occidentale* and merged it with two existing

subsidiaries. Today, the group has nearly 400 branches in 12 West and Central African countries and is the biggest bank in the West African Economic and Monetary Union.

- The *Banque Marocaine du Commerce Extérieur* had acquired a stake in a Malian development bank as early as 1989. A decisive step forward was the acquisition of the Mali-based *Bank of Africa* in 2007. This makes BMCE regionally the most broadly positioned Moroccan bank today; it also covers English-speaking East African countries. It owns 460 branches in 17 countries.
- The *Banque Populaire du Maroc* has had subsidiaries in Guinea and the Central African Republic since 1991. In 2012, it purchased the Ivorian *Banque Atlantique*, which also has a subregional network in francophone West Africa.

Moroccan financial institutions also started entering the insurance business in sub-Saharan Africa. The most outstanding example is *Saham Assurance*, the third-largest Moroccan insurance provider.¹² In 2010, it purchased the Pan-African *Colina* group. Altogether, it has 37 sub-Saharan affiliates serving markets in 18 West, Central and East African countries.

Moroccan companies thereby increasingly also cover the eastern part of the continent, but strikingly abstain from Nigeria and South Africa, which have their own important banks that strive for regional expansion. In the four mentioned financial institutions, sub-Saharan activities contribute between 13 and 46% (2012/13) of their results.

Telecommunication

In the telecommunication sector, *Maroc Télécom* increasingly extended its activities into sub-Saharan Africa.¹³ Between 2001 and 2009, it acquired majority stakes in several telephone providers in Mauritania, Burkina Faso, Mali and Gabon in the course of their privatisation. These joint ventures realised considerable growth and hold an average share of 45% in the national mobile markets. Their activities account for about 40% of the result of *Maroc Télécom*. To connect its service areas, a 5,000-kilometre-long fibre optic cable between Morocco and Burkina is currently under construction.

While the Moroccan company showed further interest in participation and licenses in sub-Saharan Africa in the late 2000s, no projects were realised. But in 2014, the French *Vivendi* group, which had entered the *Maroc Télécom* capital in 2001, sold its 53% share to *Etisalat*. In 2005, this Emirati company had entered the private Ivorian mobile operator *Atlantique Télécom*. Under the joint *Moov* brand, it serves six West and Central African countries. Now, *Etisalat* will successively cede these subsidiaries to *Maroc Télécom*.

Air Transport

The national carrier *Royal Air Maroc* (RAM) only started expanding its network considerably into French-speaking West Africa in the mid-2000s, but soon included Central African destinations as well as anglo- and lusophone countries. Today, the airline serves about 30 airports (among a total of 55 worldwide) in 20 sub-Saharan countries.¹⁴ The airline thereby succeeded in establishing Casablanca as the second transit hub for intercontinental flights from and to Africa, after Paris. The sub-Saharan connections alone now contribute 30% to RAM's turnover. Current plans target new connections, notably to Eastern Africa.

In contrast, attempts to take over national carriers south of the Sahara were less successful. In particular, *Air Sénégal International*, in which RAM had an important stake from 2001 to 2009, had established a close-knit network in Western Africa. But finally financial and management problems resulted in its closing. The cooperation with the run-down *Air Mauritanie* was also short-lived, and neither its entry into the planned new carrier for Gabon, nor takeover attempts in Cameroon, nor an envisaged regional airline for Central Africa materialised.

Conclusion

The World Investment Report 2006 already proposed to pay more attention to transnational cooperation among non-Western countries, including those that are not in the top tier of emerging economies (UNCTAD 2006). Morocco is an excellent example of these. Even if some takeover attempts failed, Morocco has become a considerable economic player south of the Sahara over the last years, in particular in the field of strategic service-related investment and firm cooperation.

For trade and investment, Morocco was greatly dependent on European countries for a long time. The new agreements in the context of the Euro-Mediterranean partnership conferred few additional advantages on Morocco for its exports, whereas competition on its national market increased further. Only in 2013 did the EU respond to long-lasting Moroccan desires by starting negotiations on closer connections (Kaspers 2014).

Against this background, Morocco regionally diversified its economic relations further in the course of the last two decades (Wippel 2012b). However, integration among the Arab countries, particularly among the EU's Southern Mediterranean partners, also made slow progress (e.g., Behr 2010). Instead, economic and political actors began searching for new economic outlets in sub-

Saharan Africa. Whereas Africa started to be considered an economically emerging world region, Morocco offers relatively cheap and high-quality commodities and services. But while sub-Saharan representatives do not perceive Morocco as a threatening economic power, they still fear increasing competition with their own enterprises and a loss of national control. Last but not least, this is a major reason why the institutional context lags behind the booming economic exchange. And Moroccan firms have to confront severe competition on the continent, not only from European companies, but also from other emerging African and Asian economies.

In the end, Morocco's trans-Saharan relations are part of an increasingly complex pattern of multidirectional regionalisation. Recently, this has also been supplemented by enhancing orientations towards new partners in Asia (China, India, the Gulf) and Latin America (particularly Brazil). Finally, these developments demonstrate the geo-economic strategies of actors in the 'global South', who attempt to position themselves beyond their limited national economies and to form country-crossing regional networks.

Endnotes:

- 1 'Investissements: comment le Maroc s'y prend avec l'Afrique', *Le Point Afrique* 08/12/2014 (at <http://afrique.lepoint.fr>, accessed 17/01/2015).
- 2 'Comment le Maroc redevient un Grand d'Afrique', *La Tribune* 07/04/2014 (<http://www.latribune.fr>, 22/08/2014).
- 3 'M6, roi d'Afrique', *Jeune Afrique* 2775, 16/03/2014 (<http://www.laboutiquejeuneafrique.com>, 17/01/2015).
- 4 'Visite Royale en Afrique: La consécration d'une vision', *Challenge* 455 (placed online 24/02/2014), 'Afrique: La nouvelle dimension du Maroc', *Challenge* 456 (28/02/2014), 'L'Afrique est une opportunité', *Challenge* 457 (07/03/2014), 'Conférence au Senat français: Le Maroc consacré comme Hub africain', *Challenge* (06/06/2014). See *Les unes de challenge* (<http://www.challenge.ma/pagetestearchive>, 17/01/2015).
- 5 See also the slogan 'Cap au Sud' in the headlines of articles in *Jeune Afrique* 23/06/2014 (<http://economie.jeuneafrique.com>, 21/08/2014) and *Le Point Afrique* 01/05/2014 (<http://afrique.lepoint.fr>, 17/01/2015).
- 6 For detailed background in the following, see Abou El Farah et al. 2010; Wippel 2012a; Institut Amadeus 2014; DEPF 2014.
- 7 This is particularly true for the trade and investment agreement with the West African Economic and Monetary Union, under negotiation for nearly 15 years now.
- 8 Data retrieved from IMF eLibrary (<http://elibrary-data.imf.org/DataExplorer.aspx>, 09/07/2014; limited access).
- 9 'Maroc. Exportations: un business plan africain', *Jeune Afrique* 21/12/2010 (<http://www.jeuneafrique.com>, 07/09/2014).
- 10 Data retrieved from United Nations Conference on Trade and Development (<http://unctad.org>, 17/01/2015).
- 11 In addition to numerous articles, cf. Attijariwafa bank (<http://www.attijariwafabank.com>), Banque Marocaine du Commerce Extérieur

(<http://www.bmcebank.ma>), Banque Populaire (<http://www.gbp.ma>) and Internet sites of affiliated banks (all 22/08/2014).

¹² See also Saham Assurance (<http://sahamassurance.com>, 24/08/2014)

¹³ See Portail Maroc Telecom (<http://www.iam.ma>) and affiliated companies (all 25/08/2014).

¹⁴ See Royal Air Maroc (<http://www.royalairmaroc.com>, 25/08/2014).

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