

ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA : REALITY AND PROSPECTS

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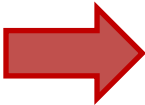
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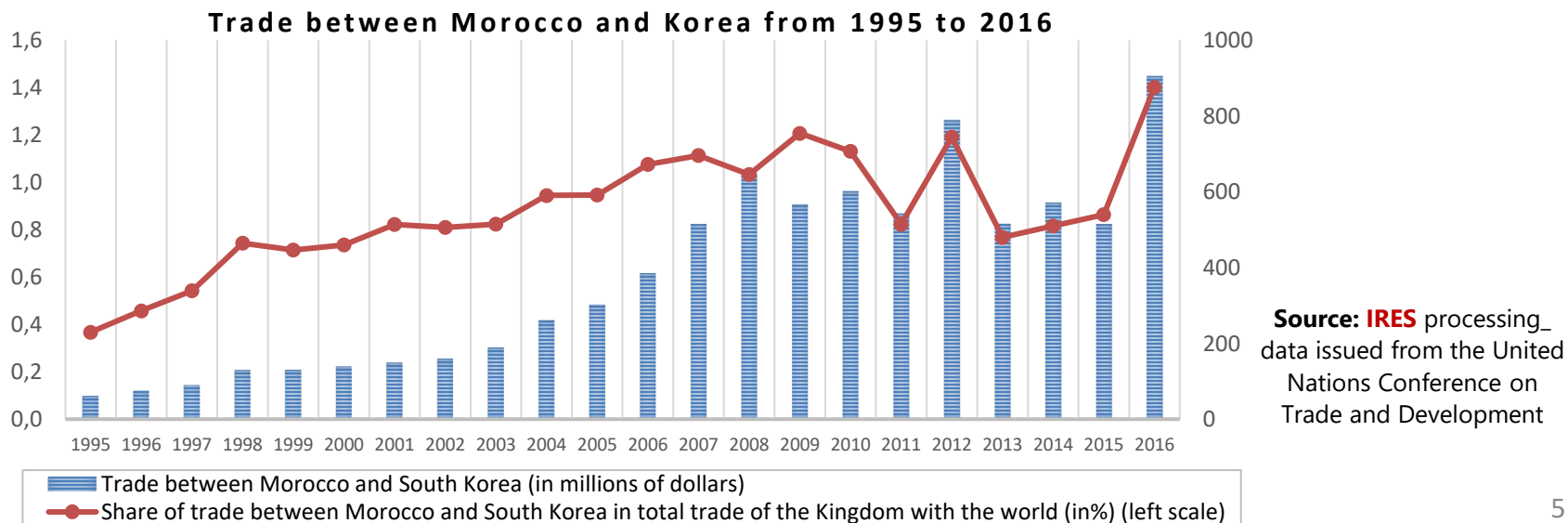
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I. ECONOMIC RELATIONS BETWEEN MOROCCO AND KOREA

- Morocco and Korea established diplomatic relations in 1962. Several ties bond the two countries, who share a number of common values such as democracy, commitment to international security and peaceful resolution of conflicts.
 - The relations between Morocco and Korea have generally been characterized by their positive development and the convergence of the two countries' views in multilateral organizations.
 - Morocco's relations with Korea are the subject of several cooperation agreements in the political, economic, commercial and cultural fields.
-  Nowadays, cooperation is specially seen in the areas of economic and development cooperation.

ECONOMIC RELATIONS BETWEEN MOROCCO AND KOREA

- Economic relations between the two countries have been strengthened through the signature of a number of cooperation agreements. In addition, the two countries signed Bilateral Investment Treaties, as well as the convention of "non-double taxation".
- The trade exchange between Morocco and Korea increased from 140 million dollars in 2000 to 905 million dollars in 2016. Despite this positive evolution, in 2016, Moroccan-Korean trade did not exceed 1.5% of total Moroccan trade. Moreover, in the same year, Moroccan-Korean trade represented only 0.08% of total Korean trade.
- In fact, Moroccan-Korean trade is characterized by a lack of diversification and includes few products. Morocco exports are mainly phosphates, textile, leather, clothing and seafood. The main imported products from Korea are mostly appliances, telecommunications equipment, digital devices, cars, auto parts, synthetic fibers and filaments.



II. LEVERS FOR STRONGER COOPERATION BETWEEN MOROCCO AND KOREA

MOROCCO : AN ATTRACTIVE DESTINATION FOR FOREIGN INVESTMENT

- Morocco is a millennial monarchy, enjoying genuine popular legitimacy. Ever since its independence, the Kingdom has opted for political pluralism, a people-friendly market economy, and has fostered the development of civil society.
- Between 2003 and 2005, Morocco conducted a national reconciliation process, with the support of political parties, trade union confederations and civil society. It sought to exhume the past to better apprehend the future: victims of human rights violations were compensated, and adequate mechanisms were introduced to prevent any violations thereafter.
- Morocco took a leap forward with the adoption of the Constitution in July 2011 which :
 - Recognized **the plurality of the Moroccan identity**: Arab-Islamic, Amazigh, Saharan-Hassani, enriched by its African, Andalusian, Hebrew and Mediterranean tributaries.
 - Established a stronger rule of law and **an independent judiciary power**.

MOROCCO : AN ATTRACTIVE DESTINATION FOR FOREIGN INVESTMENT (2)

Morocco has become an attractive destination for foreign investors. As a **safe and peaceful** country, the Kingdom enjoys :

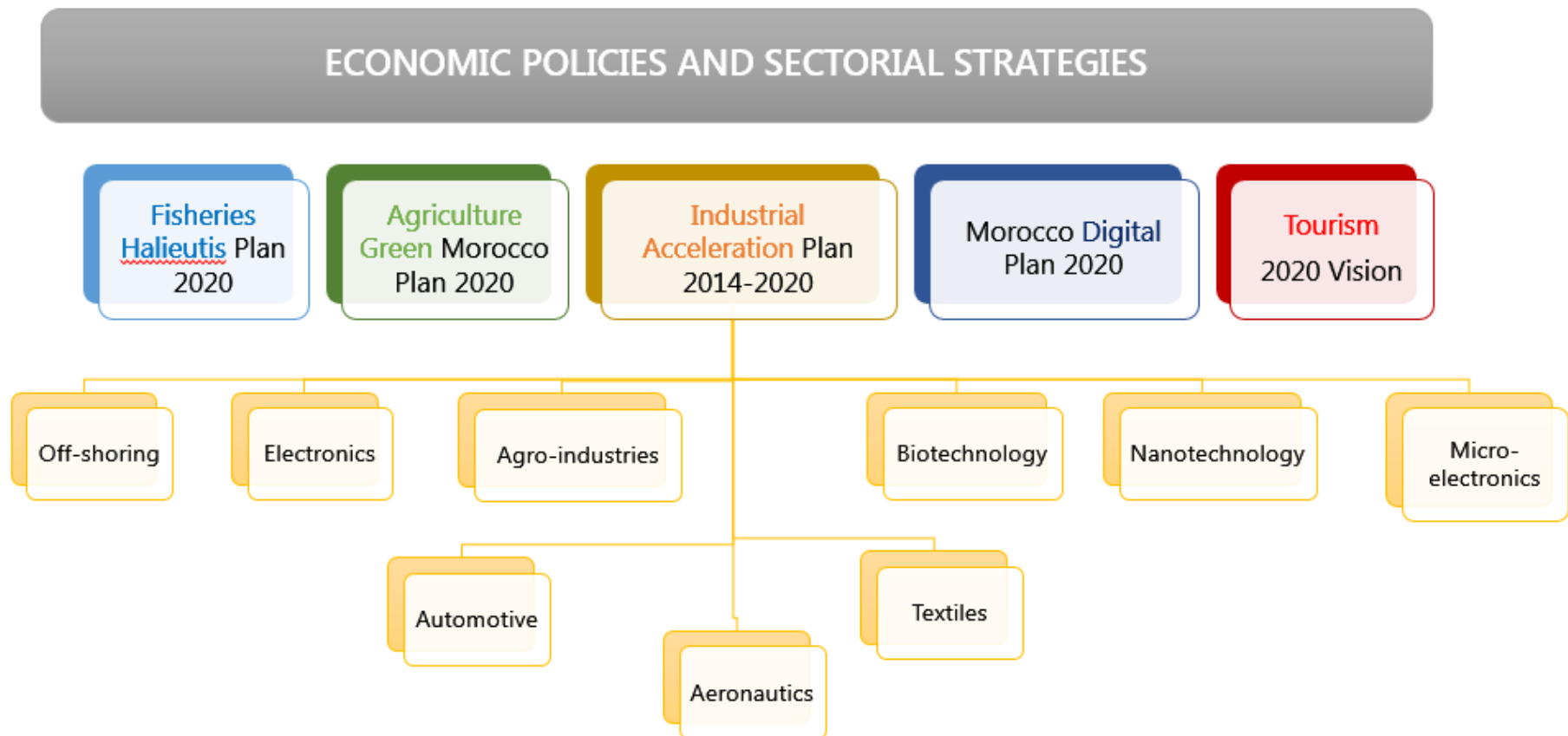
- **A strategic geographical location** between Europe and Africa, the Mediterranean and the Atlantic.
- **A political and social stability.**
- **A credible partner profile.**
- **A macroeconomic stability**, with the best credit rating in the region (investment grade) :
 - ✓ An average level of economic growth (4% over the period 2008-2017),
 - ✓ A controlled inflation (1.4% over the period 2008-2017),
 - ✓ A sustainable public debt (62.8% in 2017),
 - ✓ A controlled budget and account deficits (4% of GDP in 2017) ,
 - ✓ An appropriate level of foreign exchange reserves (6.7 months of imports in 2017).
- **A solid financial sector :**
 - ✓ The financial system meets all Basel requirements for prudential regulation. It has shown resilience, in the face of the international economic crisis impacts.
 - ✓ Morocco has recently launched a reform of the exchange rate regime (flexible exchange rate system). This reform is aimed at strengthening the resilience of the national economy to external shocks in order to support its competitiveness and to improve its level of growth, as well as to support the structural changes taking place in the Moroccan economy, particularly in terms of diversification, openness and integration into the global economy.

- **A developed infrastructure sector** in line with international standards :
 - ✓ a densified highway network : within 18 years, Morocco has built more than 1.590 km of highways.
 - ✓ International ports, particularly Tanger Med I and II (the fifth port in the Mediterranean), which have enabled Morocco to strengthen its maritime connectivity and to position itself as a regional hub.
 - ✓ A high speed lines network. The first line will start operating at the end of 2018. The total network length will reach 1500 km between 2030 and 2035. This first high-speed rail line in Africa is a costly investment that has enabled Morocco to expand its heavy industry.
 - ✓ Airport infrastructures composed of 25 airports, 18 of which are international airports.

According to the global competitiveness index, Morocco is ranked 48th out of 148 countries for the quality of its infrastructures. It is ranked 37th for the quality of its railways, 41st for the quality of its port infrastructures, 49th for the quality of its airport infrastructures and 53rd for the quality of its roads.

MOROCCO : AN ATTRACTIVE DESTINATION FOR FOREIGN INVESTMENT (4)

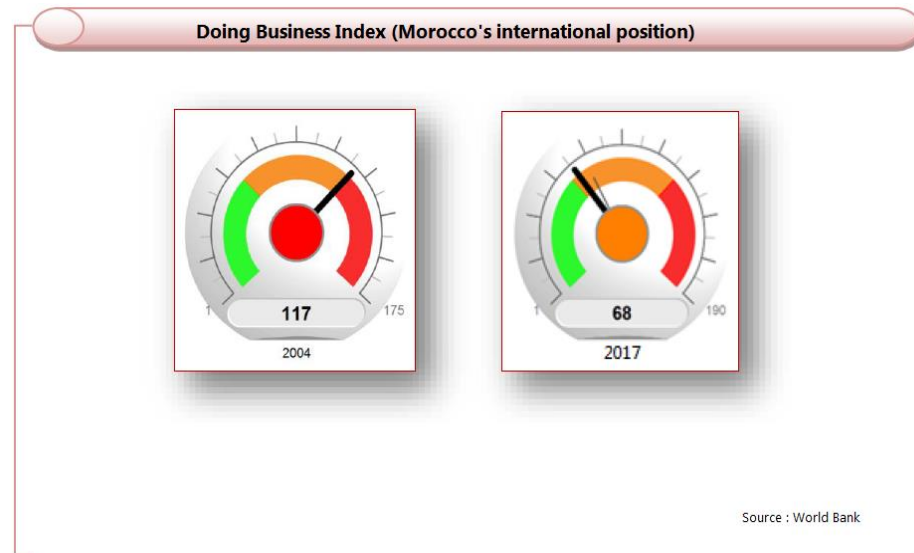
- **Sectorial strategies** aimed at transforming Morocco's specialization profile and developing Morocco's global business as illustrated below.



MOROCCO : AN ATTRACTIVE DESTINATION FOR FOREIGN INVESTMENT (5)

■ A favorable business climate :

- ✓ Easy procedures for doing business (starting business, dealing with construction permits, getting electricity, registering property, trading across borders, ...),
- ✓ Comprehensive protection for private operators thanks to the introduction of new laws (protecting minority investors, resolving insolvency,...),
- ✓ Structures strongly committed to improving the business climate (especially the Commission of Investments and the National Committee of Business Environment (CNEA), chaired by the Head of Government).

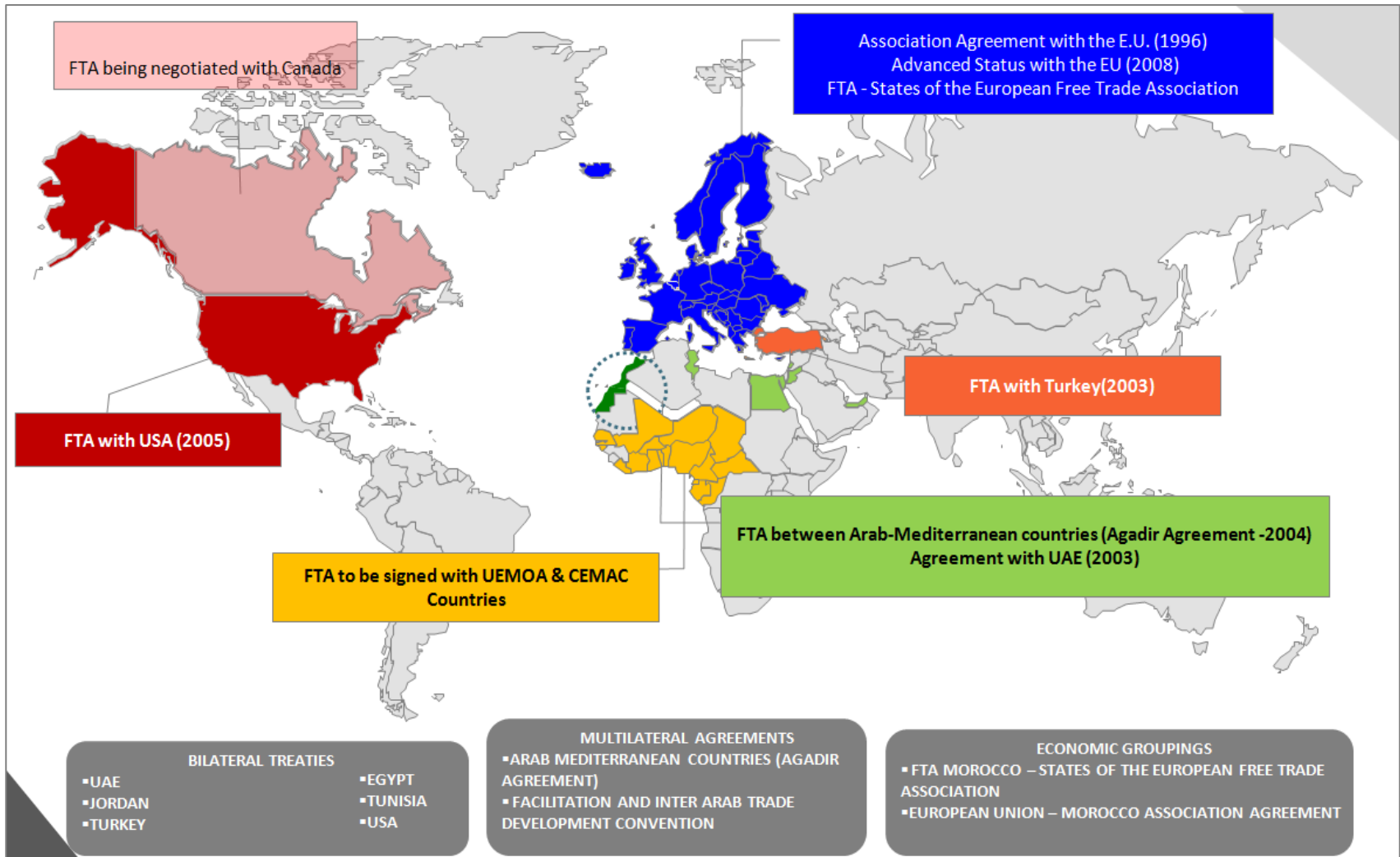


■ An **intangible capital** representing **75% of Morocco's global wealth**.

- ✓ A human capital with high potential that could be easily adapted and trained as needed,
- ✓ A Moroccan diaspora with the ability to driven and pull up the country,
- ✓ A generally positive international image. Morocco's reputation is at the same level as that of Indonesia. It is better than the BRICs and far exceeds that of Turkey and all the Arab and African countries.

MOROCCO : AN ATTRACTIVE DESTINATION FOR FOREIGN INVESTMENT (6)

- **A dense network of partners** that gives Morocco duty-free access to a potential market of nearly 2 billion consumers.



Morocco and Korea have abundant opportunities to increase economic cooperation.

- As for commercial relations, Morocco and Korea should expand their bilateral trade not only in terms of size, but also diversification. **An Association agreement** between Morocco and Korea, **along with a collocation of industrial activities and a development of competitive advantages**, could be a good test for both partners. Indeed, Morocco and Korea could diversify export basket and each part could be a gateway to the regional market for the other country.
- **This potential partnership** could strengthen the diversification in sectors with high added value, such as in the key export industries known as "world crafts of Morocco", particularly the **automotive and aeronautics industries, renewable energy, tourism and digital industry**.

FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (2)

In the automotive industry

- The automotive industry was born in Morocco in 1960 and has expanded with the arrival in 2005 of the Renault group looking forward to develop its low-cost strategy initiated in Romania. The Renault Group chose the Kingdom for its geographical, political and economic assets.

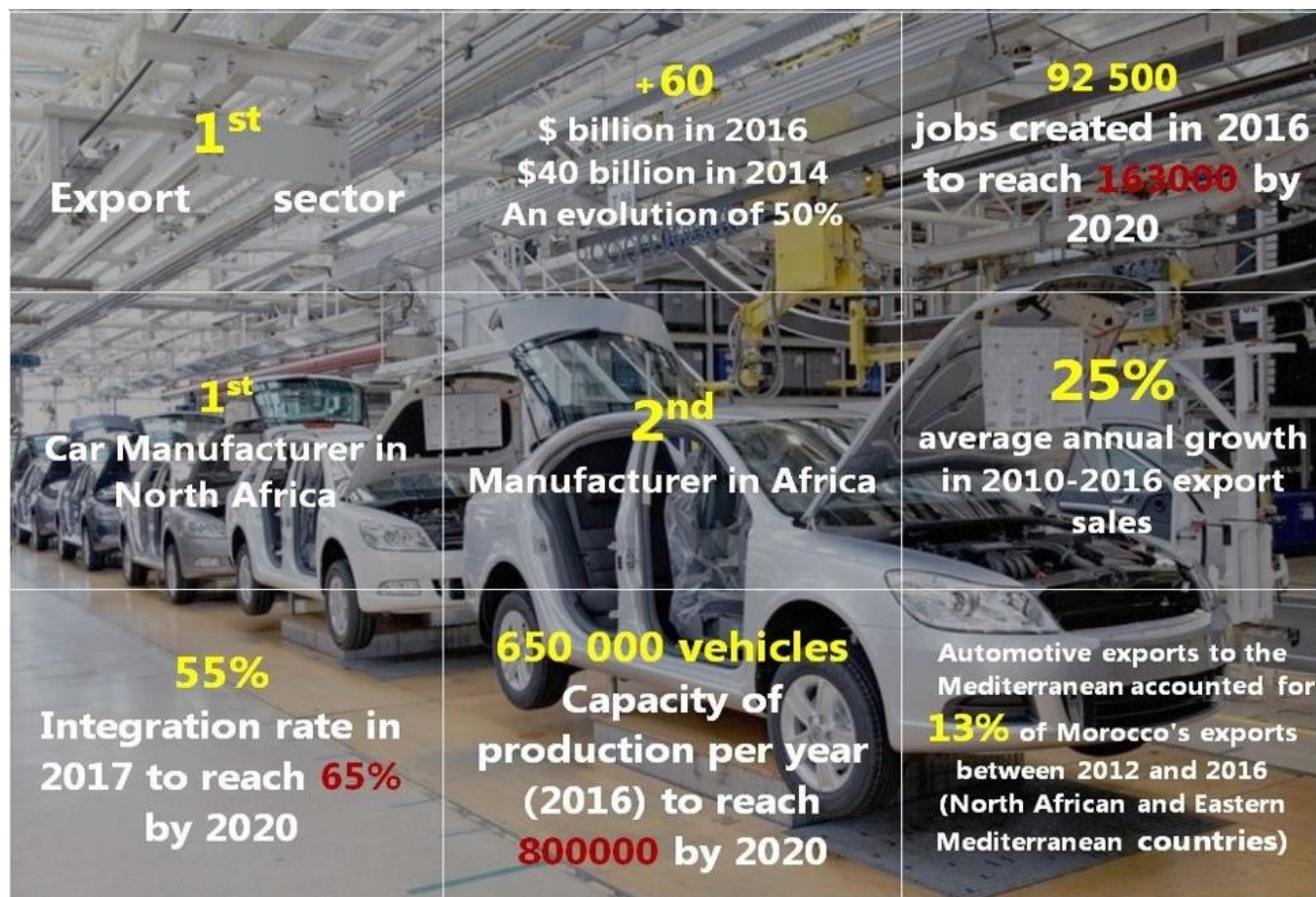


- The sector's strategy is based on improving the integration rate, reinforcing the expanded value offer and further anchoring Morocco as a destination in the global automotive industry.

FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (3)

In the automotive industry (2)

- As a strategic sector in the national industrial policy, the Moroccan automotive industry has risen to sustained levels of growth over the last decade. In just a few years, the Kingdom joined the closed circle of automotive exporters. This fact is an illustration of the technological progress which Morocco has made.



Source:
IRES' processing -
Ministry of
Industry,
Investment, Trade
and Digital
Economy

FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (4)

In the automotive industry (3)

- At a crossroad between Africa and Europe and having the best infrastructure in the region, as well as a booming automotive market with significant growth potential, Morocco represents an opportunity for Korea to develop its automotive industry in Africa, **especially that with high technological value, such as hybrid electric and hydrogen vehicles.**

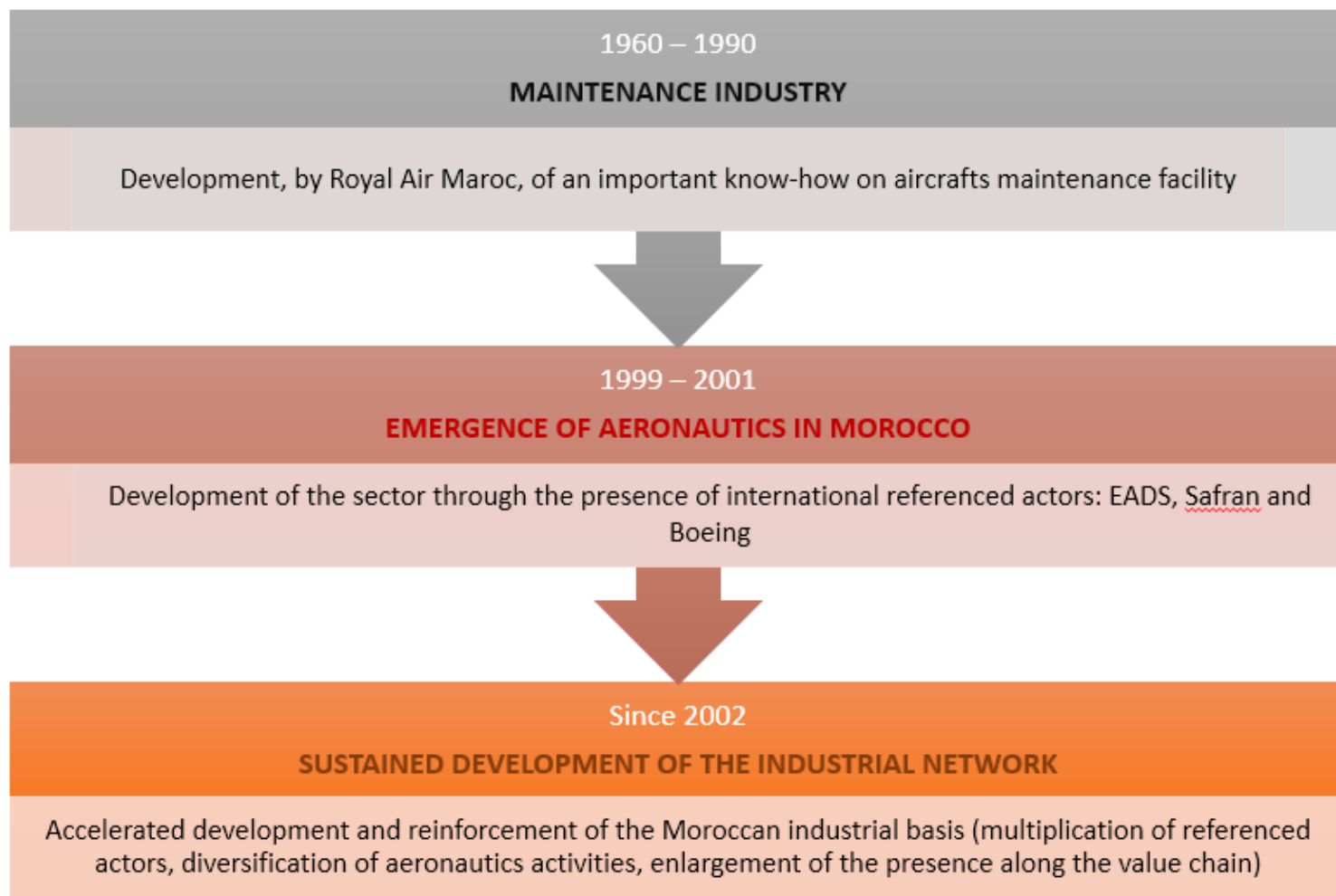
Presence of some Korean companies in Morocco's automotive sector

- In July 2016, Yura Corporation started producing auto components, namely wiring harness, in Meknes. Currently, they employ around 1,000 Moroccan workers.
- Several Korean companies are keen to join the investment process in Morocco:
 - ✓ Daedong Systems is building their factory in Tangier Automotive City to produce auto components. They expect to start production in 2018;
 - ✓ Hands Cooperation announced their decision to invest around \$350 million U.S. in Tangier Automotive City. They expect to produce around 6 million aluminum wheels annually.

FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (5)

In aeronautics industry

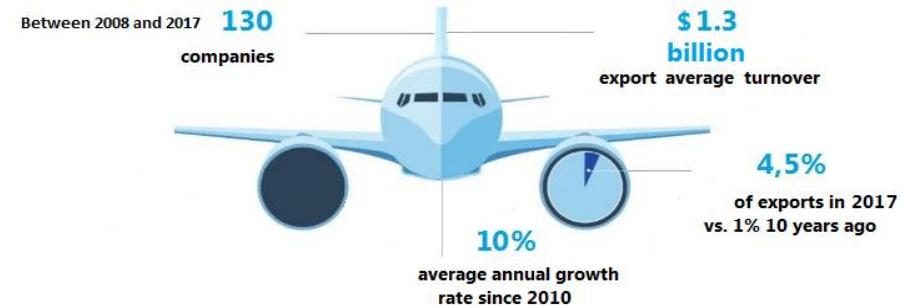
- **Morocco's aeronautical sector is expanding** and includes many foreign companies.
- The aim of the Kingdom is to reduce sectoral fragmentation and to promote integrated development of industrial activities.



FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (6)

In aeronautics industry (2)

- During recent years, **Morocco's aeronautics sector** has shown outstanding dynamism and good performance.
- A clear illustration of the **aeronautics industry's growth** in Morocco is the presence of international operators such as BOMBARDIER, EATON, STELIA and ALCOA.



Objectives for 2020



Employment

12000 jobs created

11000 jobs will be created to reach, in 2020, 23000

2008 - 2017 2018 - 2020



Companies

130

230

2017 2020



Local integration rate

29%

35%

2008 - 2017 2018 - 2020



Export average turnover

\$1.3 billion

\$2.3 billion

2008 - 2017 2018 - 2020

Source: **IRES'** processing - Ministry of Industry, Investment, Trade and Digital Economy

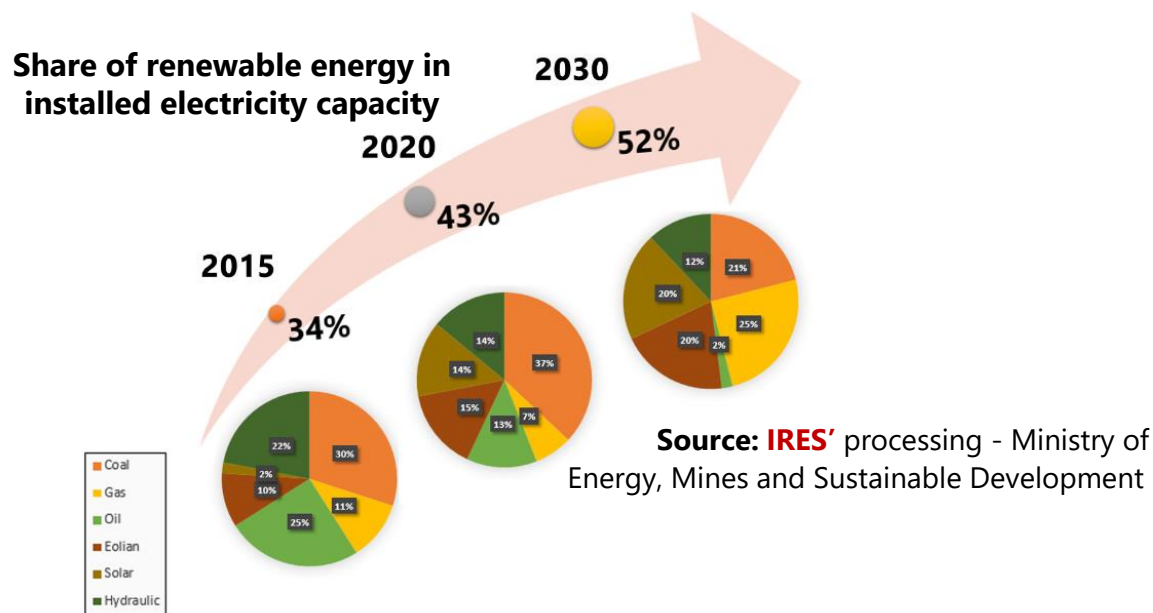


Cooperation in **the field of aeronautics** offers major prospects for Morocco and Korea, given the quality of basic research in Morocco, as well as Korea's decision to prioritize the development of digital aeronautical sector ("the fourth industrial revolution").

FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (7)

In renewable energy sector

- Since 2009, Morocco has embarked on an energetic dynamic giving great importance to **the development of renewable energies**. In particular, solar and wind power constitutes a central pillar of Morocco's 2009 energy strategy.
- The Kingdom, with its Ouarzazate solar plant operating since 2016 and expected to be fully operational at the end of 2018, **is pioneer in the field of solar power**.

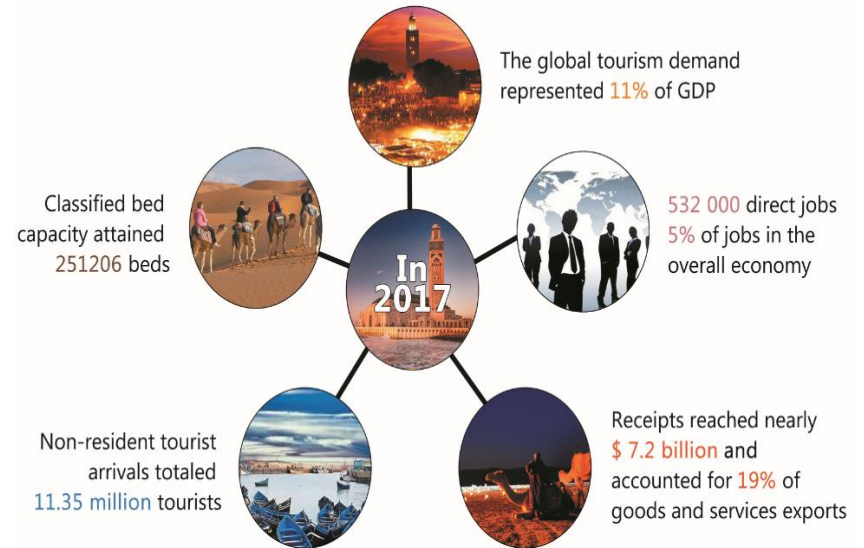


- Meanwhile, **Korea's own green initiatives** are on the right track with active investment and impressive growth in the renewable energy sector.
- With abundant solar resources, **the Kingdom offers strategic investment opportunities in the solar photovoltaic** energy. This sector is experiencing a surprising expansion in Morocco.

FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (8)

In tourism sector

- Blessed with a millennial culture, a great heritage and a strategic location, Morocco's tourism is flourishing.
- The development of **tourism** has started since 1960. **This sector plays a major role** in the Moroccan economy and is increasingly gaining more importance.
- Moroccan sectorial strategy, the **2020 Vision**, aims to :
 - Make Morocco a top 20 tourism destination;
 - Double the foreign tourists' arrivals to reach 20 million by 2020;
 - Attract tourists from emerging markets;
 - Triple the number of domestic travelers.



Source: **IRES'** processing - Ministry of Tourism, Air transport, Handicrafts and social economy

During the official visit paid by Morocco's Head of Government, Saâd Eddine El Othmani (May 21-22, 2018), to Korea, the two countries agreed to organize a roadshow in Seoul on Morocco's tourism offer, which will be followed by an exploratory mission by South Korean tour operators in the Kingdom.

In tourism sector (2)

- Bringing peoples together and having an importance for socio-economic development, tourism **offers a real prospects for the development of economic cooperation between Morocco and Korea.**
- In particular, **creative tourism**, a policy implemented by Korea since 2011, could be efficiently combined with **Morocco's cultural tourism policy** (imperial cities), and thus, increase cultural exchanges between the two countries, as well as generating mutual benefits.

FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (10)

In digital industry

- The National Pact for Industrial Emergence, a program aimed at sustaining Morocco's industrial competitiveness, has highlighted new technologies sector as a strategic development line, promoting it as a driver of economy.
- Telecoms sector has been liberalized 20 years ago. It knew an important development and is now expanding in Africa : Moroccan companies are very active in the continent.
- Morocco is committed to accelerating its **digital transition** in order to make it a pillar of its economic emergence and a central axis of its overall modernization. The Kingdom has a "**transition**" type position in the digital field.
- Following Digital Morocco 2013, the Kingdom is currently implementing a **new digital development agenda to be achieved in 2020, Digital Morocco 2020**. At the heart of this program: reducing the digital divide by 50% through the digitization of administrative services, improved access to the internet through free Wi-Fi in public spaces and digital literacy programs, aiming to train over 39,000 ICT professionals by 2020.
 - ✓ **The Digital Development Agency**, which will supervise the smooth running of the digital strategy, is officially in motion.



Cooperation in **the digital economy** offers major prospects for Morocco and Korea, given the quality of basic research in Morocco, as well as Korea's expertise in this field.

FOR A STRONG ECONOMIC COOPERATION BETWEEN MOROCCO AND KOREA (11)

Other prospects for a strong economic cooperation

- The choice of these five sectors with high potential for the development of economic cooperation between Morocco and Korea does not exclude the existence of important fields that could give a new dynamic to the bilateral economic cooperation.
- Morocco and Korea could foster partnerships in the fields of :
 - ✓ food industry: the Moroccan agro-industry sector has experienced a sustained growth over the last decade.
 - ✓ e-learning: The growing interest for e-learning is a consequence of the two-digit growth of the Moroccan IT market. It will solve the problem of unequal access to education.
 - ✓ scientific research and innovation: Morocco set up a national strategy for the development of scientific research and innovation by 2025. Furthermore, relevant programs were set up in order to strengthen this sector.
 - ✓ technology transfer: Thanks to its material and human potentialities, a national network for technology transfer between universities and research centers was developed in Morocco.
 - ✓ decentralization and regionalization: The new organic laws relative to regions came to draw new territorial architecture of Morocco with the objective of promoting and strengthening the cooperation and the solidarity between regions with a measure of autonomy.

III. MOROCCO-KOREA PARTNERSHIP WITH AFRICA

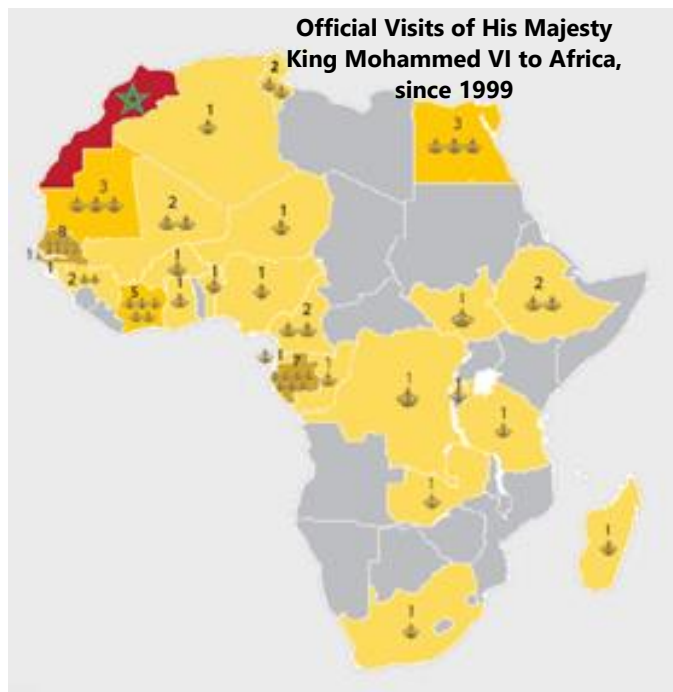
- In parallel to the bilateral dimension, the expansion of the field of cooperation to areas of common interest, **notably Africa**, could give a new dynamic to the partnership between the two countries and give them a highly strategic character in a time where there is a growing importance of tripartite development cooperation **in Africa, in the perspective of the continent's development needs.**

MOROCCO IN AFRICA

Morocco, a stakeholder in Africa's economic transition

- As an African leader in South-South cooperation, **Morocco places Africa at the heart of its foreign policy** priorities. His Majesty King Mohammed VI has always pleaded in favor of Africa's autonomous development and for Africa's leadership internationally.
- The contribution of Morocco is evident in three areas : economic integration, investment and areas of excellence.
 - ✓ Since 2000, Morocco has concluded **over 1,000 agreements** with over 40 African countries, as compared to only **500 between 1956 and 1999**.
 - ✓ Morocco the **first African investor in west Africa and the second in the continent**

From 1999 to 2017, His Majesty King Mohammed VI made 53 visits to 27 African countries. Among those were 8 countries to which the Sovereign went for the first time, including 4 in East Africa (Ethiopia, Tanzania, Rwanda, South Sudan), 2 in Southern Africa (Madagascar and Zambia) and 2 in West Africa (Nigeria and Ghana).

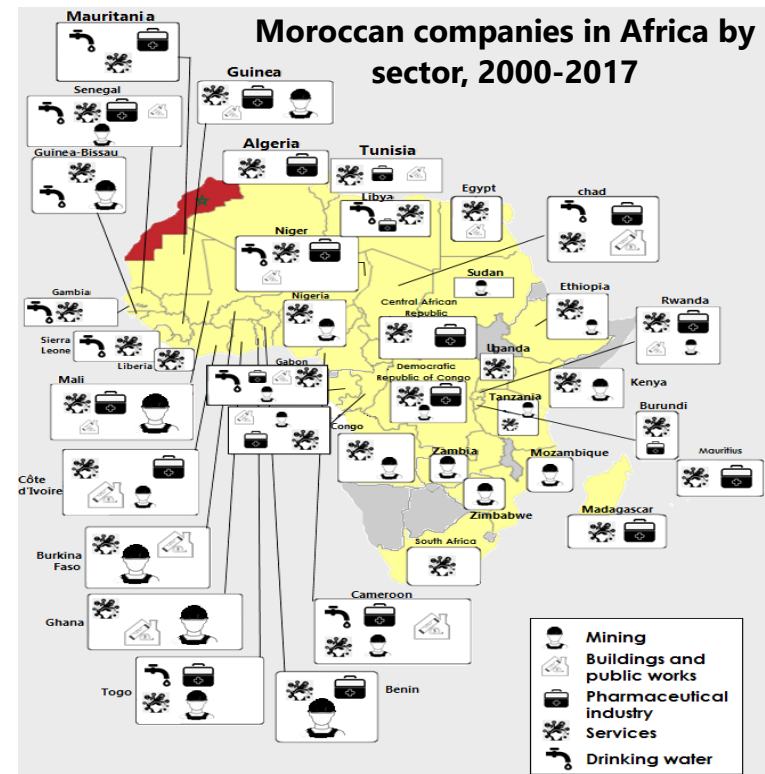


Source: IRES processing_ data issued from Ministry of Foreign Affairs and International Cooperation and Maghreb Arab Press

MOROCCO IN AFRICA (2)

Morocco, a stakeholder in Africa's economic transition (2)

- His Majesty King Mohammed VI spurred **Moroccan economic diplomacy** in Africa from the early 2000s, leading large Moroccan companies to compete in the African market.
- Today, these new “regional champions” work in the continent’s strategic sectors. **Over 1,000 Moroccan operators** are present in Africa. From 2008 to 2015, they have invested over 2.2 billion dollars on the continent.



Source: IRES processing of data available online from some Moroccan operators and data from the Ministry of Foreign Affairs and International Cooperation

MOROCCO IN AFRICA (3)

Morocco, a stakeholder in Africa's economic transition (3)

- The Kingdom shares his expertise with other African countries in many sectors :
 - ✓ **Banking** : The Moroccan banking sector is present in over 26 African countries. As the backbone of Moroccan investment in Africa, the expansion of this sector has helped to boost trade, facilitate investment from Moroccan entrepreneurs in the continent, improve the continent's financial inclusion and shape a new African culture of banking. Some Moroccan banks generate over a third of their net banking income in Africa.
 - ✓ **Finance** : The Moroccan platform "*Casablanca Finance City Authority*" makes the link between north and south and encourages international investors to do business in Africa. In 2017, according to global financial centers index, Casablanca Finance city was positioned as the first financial center in Africa, ahead of Johannesburg financial center.
 - ✓ **Mining and infrastructure engineering** : The Kingdom shares its mining expertise with its African partners and attaches particular importance to this sector's development, in the context of South-South cooperation in Africa.
 - ✓ **Agriculture** : The Kingdom is taking concrete action to help Africa meet the major challenges of food security and achieve successful green revolution : In response to Africa's low fertilizer use (10% of the global average and nearly 20 times lower than the Asian average), which is partly responsible for insufficient agricultural productivity, the OCP group allocates a significant part of its fertilizer production to the African market.
 - ✓ **Fisheries** : through capacity-building in the marine fisheries sector and in erecting fishing harbor infrastructure.
 - ✓ **Air transport** : Casablanca-Mohammed V airport is a regional hub serving Africa's major destinations.
 - ✓ **Telecoms** : Morocco contributes to the consolidation of telecom infrastructure and helps to improve the quality of services. Some Moroccan operators invested over a quarter of their revenue in the continent.

MOROCCO IN AFRICA (4)

Morocco's contribution to African human capital

- Morocco **is the second African country** (after South Africa) with the highest number of African students : During the 2017-2018 academic year, Moroccan higher education institutions attracted 10,000 African students (vs. 1,040 in 1995), of whom over 80% receive a scholarship.
- The Kingdom :
 - ✓ **trains African executives** in several areas: Between 1986 and early 2017, 5,000 African administrative executives perfected their knowledge and expertise in Morocco.
 - ✓ **initiated**, in April 2017, as part of its Soft Power strategy, **an African alliance for the development of vocational training.**

TOWARDS A TRIPARTITE COOPERATION

- **Continent of hope and opportunities**, Africa has a remarkable potential both in terms of natural and human resources. In addition to changing the perception of herself, Africa must leapfrog to take another path towards growth and development.
- **Africa must quickly seize the levers of change**, opening access to the world of tomorrow : the energy transition, the digital transition and the economic transition.
- **The tripartite cooperation** opens up real prospects for Morocco and Korea to expand their economic cooperation, and thus, generate mutual benefits.
- **The Kingdom's membership in the African Union**, tied with the large scale of development projects deployed by the country in several African countries, as well as Korea's expertise in advanced industries, could help Africa to skip the stages for **economic transition**.
 - ✓ Like for bilateral cooperation, Morocco-Korea partnership with Africa could focus on the automotive industry, renewable energy sector, especially photovoltaics sector, digital industry.
 - ✓ As an indication, the fishing sector holds opportunities for the development of cooperation between Morocco, Korea and Africa.



THANK YOU

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