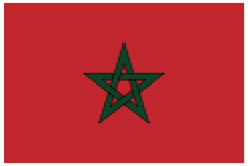
Kingdom of Morocco

Tanger Mediterranean Special Agency

Morocco on the move: The business environment and investment opportunities

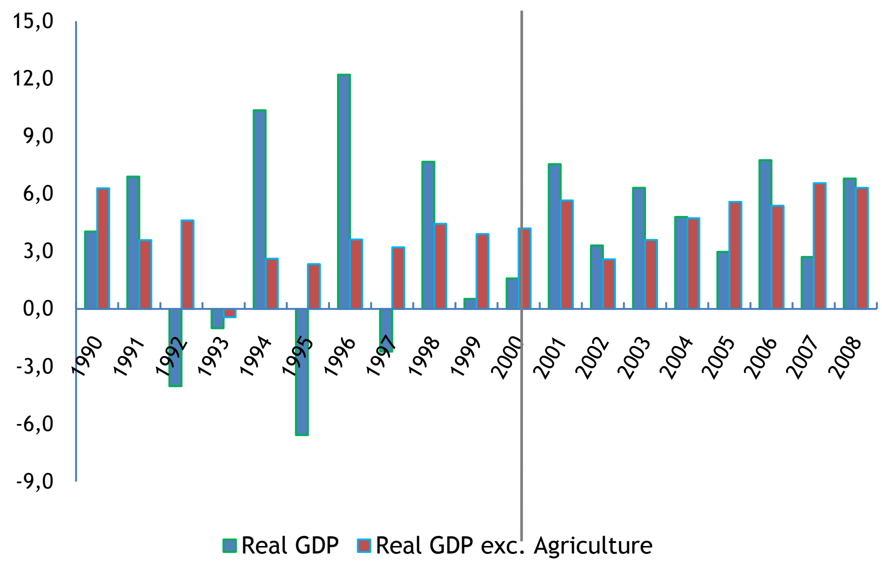


Hamburg, Germany

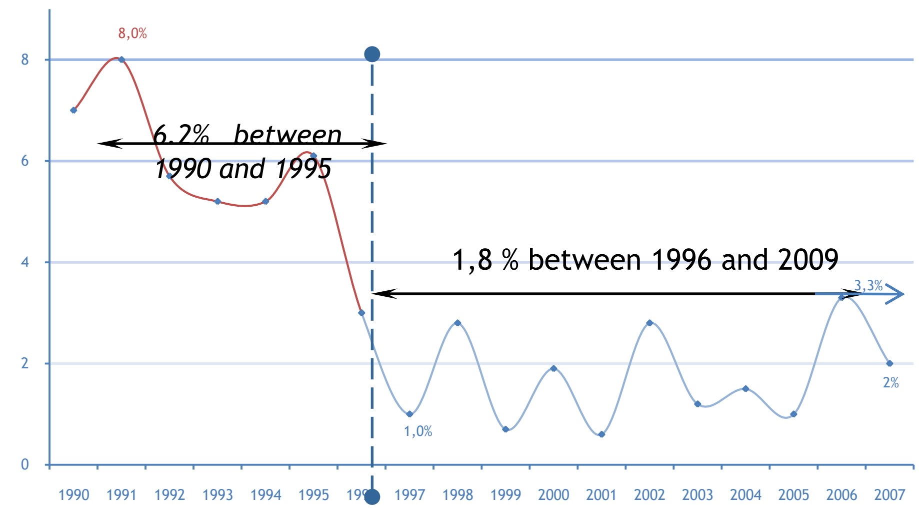
February 2nd 2010

Solid growth based on sound economic fundamentals

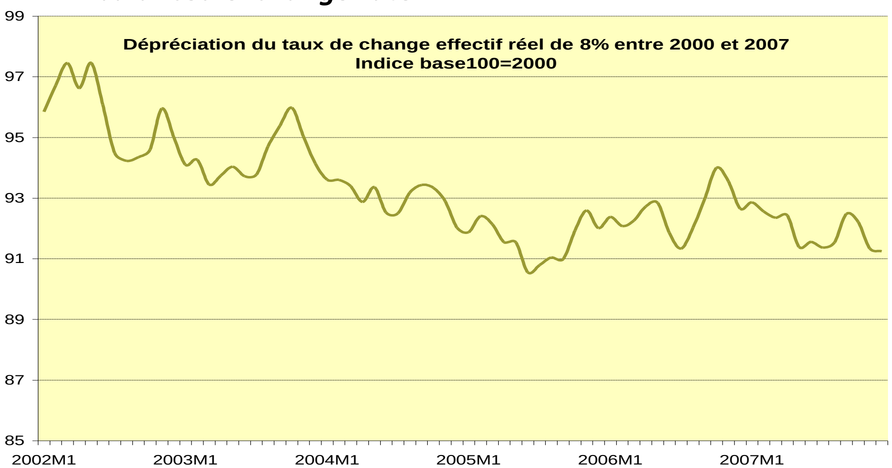
- ***Real GDP growth average of 5.4% since 2001 against average of 3.4% over the previous decade***



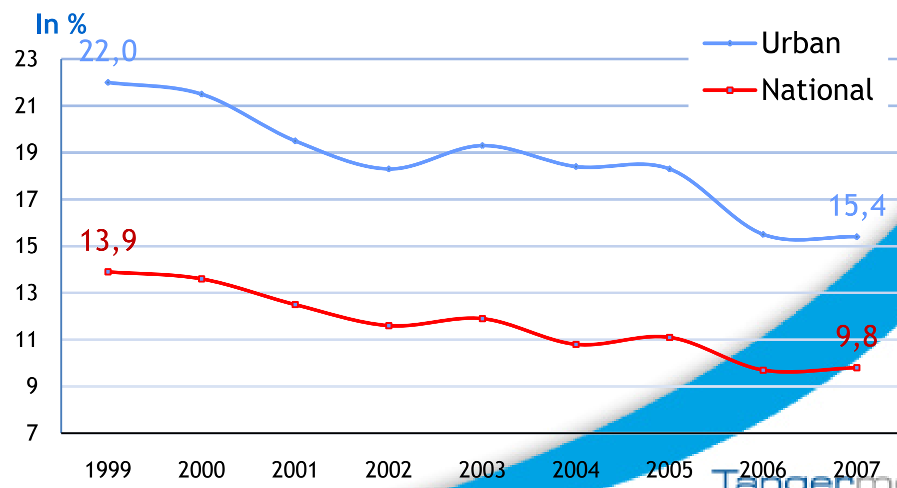
- ***No inflation pressure during the last decade***



- ***A balanced exchange rate***



- ***Unemployment has begun to decline***



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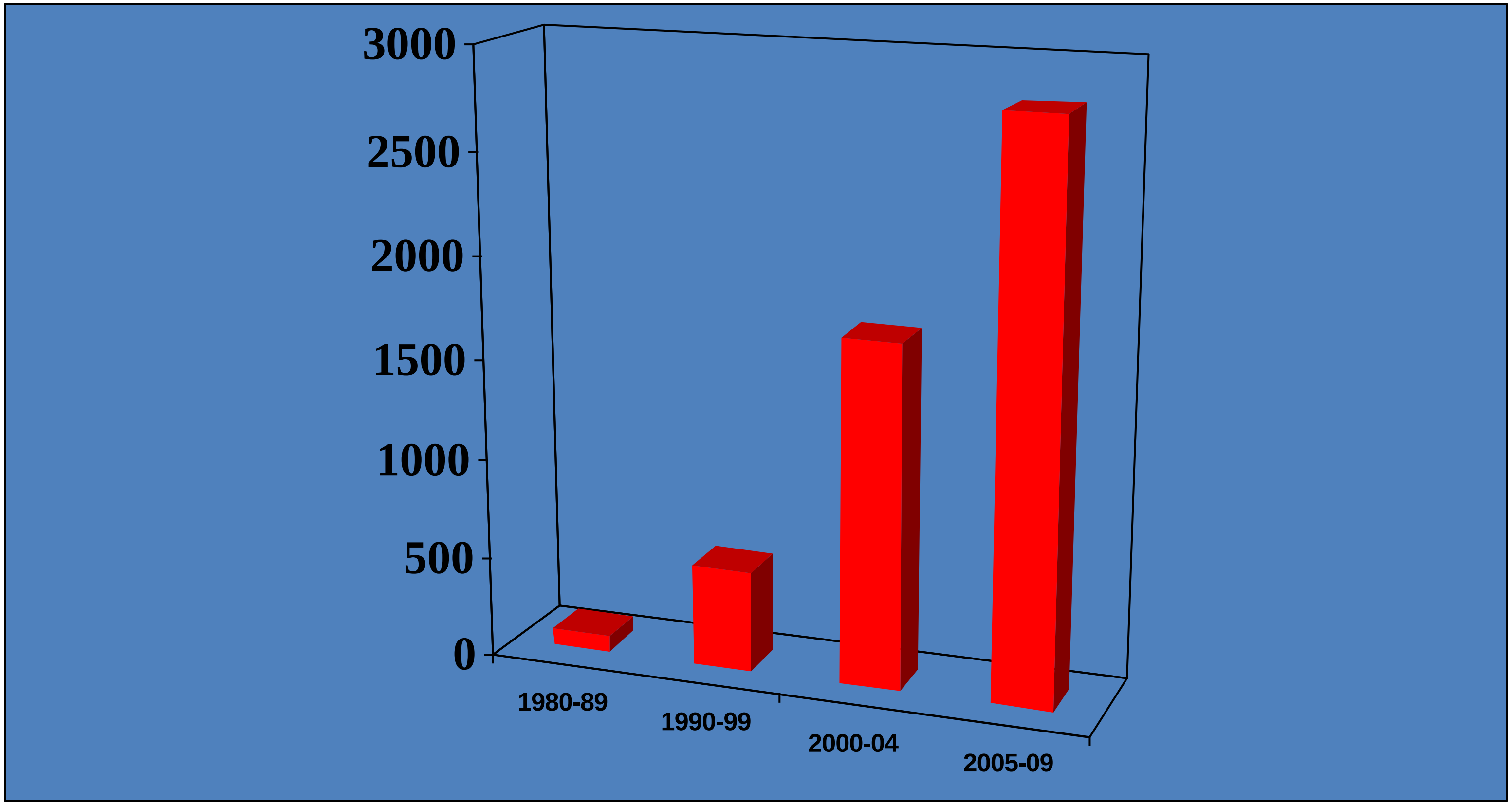
Evolution of foreign investments in Morocco (in Million Euros)

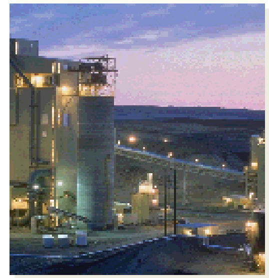
- Positive evolution of FDI flows towards Morocco
- Morocco received more than 20 billion euros of FDIs this last decade



Overview of the major development axis (1/2)

Tourism – Vision 2010 : 10 million tourists

- Traditional pillar based on natural assets (proximity, climate, history, culture etc.)
- ***A Strategy*** around 6 thrusts (product, image, hosting, airlines, capacities, training)
- “Plan Azur”: New offer around ***6 seaside resorts*** with almost 200.000 beds



Industry –Integrated Strategy : Development strategy around 7 export-driven sectors

- Decisive and **Voluntary targeting** of growth engines *:*
  1. Offshoring services
  2. Automotive
  3. Electronics
  4. Aeronautics
  5. Textile
  6. Agro-industry
  7. Transformation of sea products
- **Integrated Industrial Platforms** and flagship projects
- National Training plan, business climate improvement and modernization of SMB
- Aggressive Promoting of **FDIs**

Agriculture – Green Morocco Plan

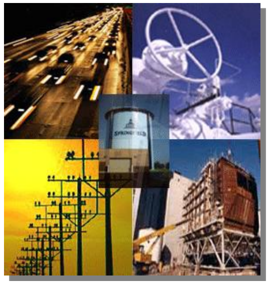
- *« An all-inclusive agricultural sector » but differentiated strategies depending on target producers*
- « Address the underlying problem relating to producers – innovative aggregation models which are socially adapted to each sub-sector
- « At the centre of the equation – investment ». Objective: MAD10bn a year around a targeted offer
- « A pragmatic, transactional approach »: 1,000 to 1,500 practical development projects

Overview of the major development axis (2/2)

Energy & Mining:
Challenges and reinforcement

- **Energy:** 3 pillars strategy
  - Secure supply (diversify sources and optimize the electrical mix)
  - Widen access to energy at competitive prices
  - Sustain development with regional and international integration

- **Renewable Energy** : Setting up of a renewable energy strategy through the development of wind and solar parks
- **Mining - phosphate**: New fertilizers-oriented strategy based on 3 pillars (International chemical hub, strategic partnerships and improved inland transport)



Infrastructures :
Reinforcement and major investments
(11 billion € in 2008-2012)

- ***Highways:*** *m*ore than 1000 kms of existing highways, 400 new kms planned in 2008-2012

- ***Roads****:* about 15'000 kms of rural roads, 2000 kms/year program to reach 80% of population covered by 2010

- ***Ports / « Tangiers Med »***: launch of a port in the North of Morocco at international standards with 3 Mio containers capacity today and 8 Mio (total capacity) by 2014

- ***Airports*****:** Expansion of major international airports (Casablanca's Med V Airport, Marrakech, Tangiers, Agadir…)

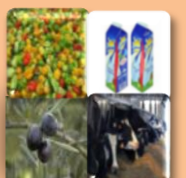
- ***Railways:*** High speed line between Tangiers and Casablanca to be started in 2009

- ***Utilities:*** *major* investments in water/sewage; private management

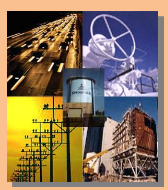
- ***13 New cities*** and Social Housing program (200'000 houses)

A voluntarist integrated strategy targeting 7 "growth engines" sectors in what Morocco has competitive advantages

Industry's development strategy



Other development axis



Industry as an important part of the global Morocco's strategy of development

7 priority sectors targeted

1. **Offshoring**
   - Leadership position in the French & Spanish-speaking ***nearshoring*** around dedicated ***zones***
   - Impact : +100,000 jobs

2. **Automotive**
   - Creation of a ***stable industry*** in the long-run, around ***MAS and suppliers***
   - Development of ***dedicated industrial zones*** at the best international standards (logistics, real-estate, services…) particularly in Tangier
   - Impact : *+70-80,000* ***jobs***

3. **Aeronautic**
   - Enlargement channels targeted and move upmarket: subcontracting and industrialization (migration levels 2 and 3)
   - Development of an aerospace cluster in an area of 200 hectares around the airport Mohamed V
   - Impact: +17,000 jobs

4. **Electronics**
   - Focus on ***specialty electronics***, in synergy with the Automotive and Aeronautics sectors
   - Grouping in dedicated zones in the North of Morocco
   - Impact : +10,000 jobs

5. **Textile**
   - Repositioning on the ***fast-fashion*** around more balanced cooperation North-South models (co-contracting)
   - Better upstream integration
   - Impact : +30,000 jobs

6. **Agro-industry**
   - Development of ***8-10 high potential fields*** (e.g. olive oil) around integrated projects (dedicated Agro poles or Agrotech Hubs)
   - Impact : +6,000 jobs

7. **Transfo. of sea products**
   - Industrial and commercial valorization of ***pelagic fish***, and development of ***frozen foods***
   - Creation of regional Fishing Transformation Hub
   - Impact : 35,000 jobs

Approach – Flagship projects* covering the whole territory

Dedicated Offshoring zones

- *CasaShore*
- *RabatShore*
- *FesShore*
- *TetuanShore…*

Med Zones

- *Tangiers Automotive City*
- *Electronic: Mohammedia Cluster/Rabat Technopolis*
- *Nouacer Aeronautics Pole…*

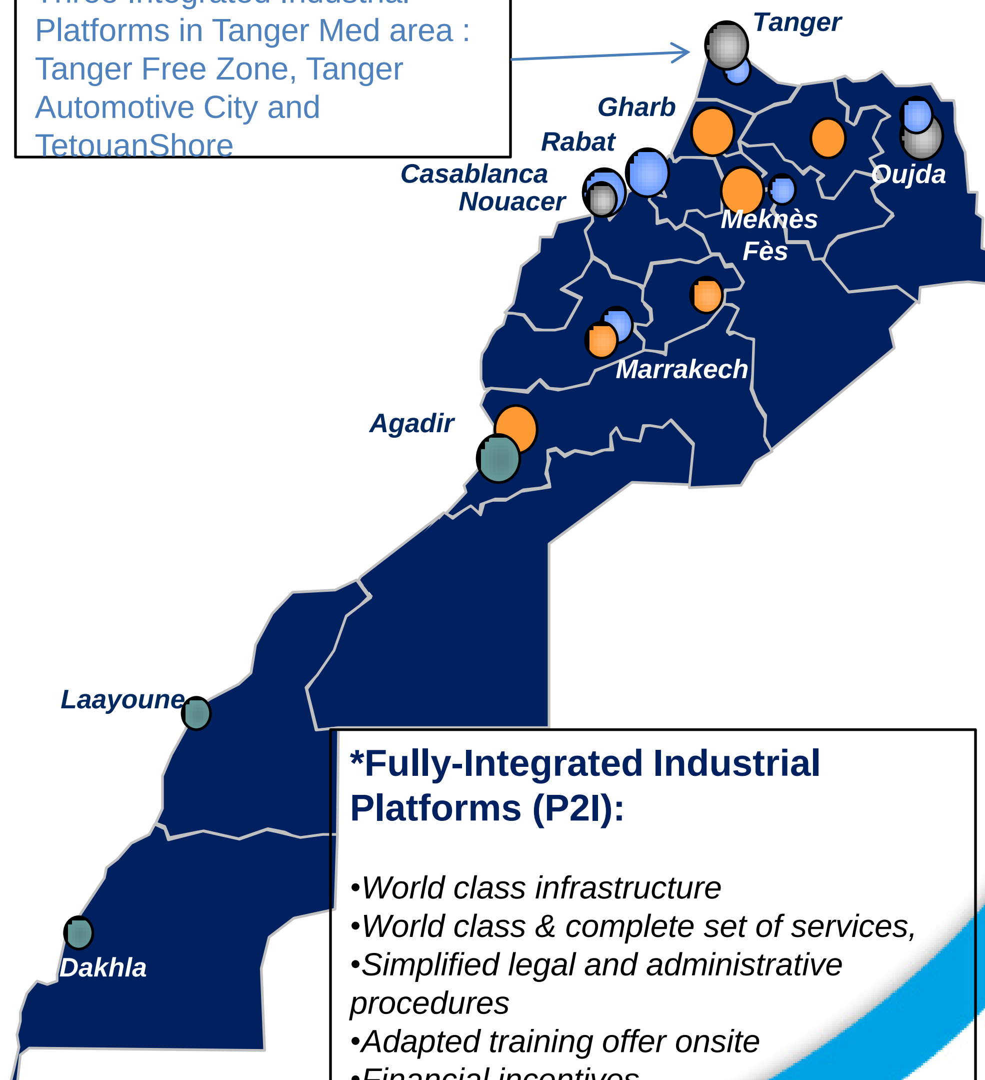
« Agro-Poles / Agro Techs» :

- *Agro pole Meknès*
- *Agro pole Gharb*
- *Agro pole Tadla*
- *Agro pole Oriental…*

Regional Fishing Transformation Hubs

- *Agadir*
- *South Provinces / Dakhla - Laâyoune*

Three Integrated Industrial Platforms in Tanger Med area : Tanger Free Zone, Tanger Automotive City and TetouanShore



***Fully-Integrated Industrial Platforms (P2I):**

- *World class infrastructure*
- *World class & complete set of services,*
- *Simplified legal and administrative procedures*
- *Adapted training offer onsite*
- *Financial incentives*

INVESTMENT FRIENDLY ENVIRONMENT

Tangermed

Morocco’s global value proposition…

Structural advantages of Morocco

- Geographical and cultural
- Human resources pool at competitive costs
- Good infrastructures

A decisive Industrial Strategy

- Dedicated zones
- Targeted education and training plan
- Aggressive incentive packages
- Key investments already announced

Morocco value proposition : Commitments on 3 critical dimensions

Dimension 1
"World Class" infrastructures and services

Dimension 2
Competitive human resources pool and training subsidies

Dimension 3
Competitive Incentive package

Morocco’s global value proposition…

Dimension 1
“World-class“
Infrastructures and
Services

- **Fully-integrated** Industrial Integrated Platforms, sector/investor/country dedicated or generalist
- **Ready-for-Output** zones for investors – very flexible model
- A tailored ***administration system*** (Single Point of Contact in the Zone)
- **Infrastructures and services** offer at the international quality and costs standards
- A **world-class logistics** offer around Tangier Med port

Dimension 2
Competitive human
resources pool
and Training Support

- **National training Plan**, focused on industrials’ needs
- Exemptions of payroll taxes for 24 month for a salary of 750$ per month;
- Very attractive ***Training incentive scheme***
- ***10.000 engineers/year Plan***

Dimensions 3
Attractive
incentives

- Significant reduction of the corporate tax
- Financial support for the establishment in key areas

Main investment incentives

Taxation

Corporate Tax
Normal Rate : 30% Exportation : 0% (0-5 years) ; 17.5% from the 6th year
Specific treatment for Free Trade Zone (ie Tangier Free Zone)
Income Tax
Maximum rate : 38%
VAT
Maximum Rate : 20%
Exemption or reimbursement in case of investment dedicated to exportation

Custom

- Minimum rate for equipment and capital goods : 2.5% ; 0% in case of FTA
- Temporary admission is free of duties for imported raw material in case of re-exportation
- Free industrial warehouse for export companies
- Speeding up of custom clearance

Exchange regulations

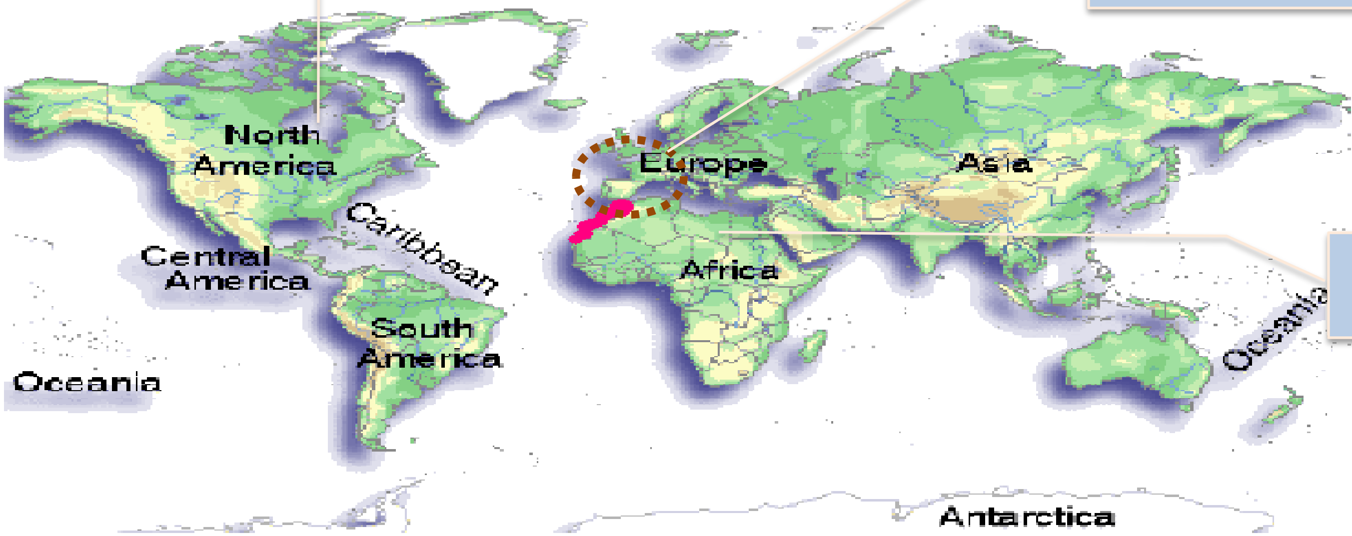
- Foreign investors have automatically a convertible bank account
- Foreign investors can repatriate freely their profit, revenue, dividend and capital
- Export companies can keep on foreign currency up to 50% of their export receipt

Duty free access to 1 billion consumers

The Eastern Coast, less than 6 days far

Just In Time delivery to Europe

Gateway to Arab Countries



▪ EU Agreement (1996) ▪ EFTA Agreement (1997)	**Strengthen the traditional market**
▪ Agadir Agreement (2004) ▪ Arab League Agreement (1998)	**Extend the domestic market**

▪ Turkey Agreement (2004)	**Euro Mediterranean integration / accumulation of origin**
▪ USA Agreement (2005)	**Regional distinctiveness**
▪ UEMOA Agreement (on process)	**Access to African market**

Thank you very much for your intention