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Morocco has been making steady progress in terms of decreasing bureaucracy and red tape by creating one-stop shops for investors

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Last year, the USA surpassed France as Morocco's largest source of foreign direct investment, and Morocco is the only country in Africa to boast a free trade agreement with the US. AmCham Morocco's Rabia El Alama outlines some of the major trends underpinning the US-Morocco trading relationship, the weighting of pharmaceuticals within the Chamber's activities, and Morocco's potential as a gateway to the wider African market.

Could you give our international audience a brief introduction to the operations of the American Chamber of Commerce in Morocco (AmCham Morocco)?

The American Chamber of Commerce in Morocco (AmCham Morocco) was established in 1966 by a network of Moroccan and American entrepreneurs with the aim of boosting bilateral relations. AmCham Morocco works under the umbrella of the U.S. Chamber of Commerce in Washington D.C. which makes it part of a network of 70 other AmChams around the world. The core mission of AmCham is to help American and Moroccan companies expand in Morocco, Africa, and the US marketplaces respectively.

For example, to reach our goal, we invite Moroccan companies to significant events in the business world; the US trade and investment summits and SelectUSA among others. For US companies that are looking to expand across Morocco, we collaborate with the commercial services and economic sections of the US Embassy. The chamber has around 250 members in all sectors; and around 120

American companies in areas such as fast-moving consumer goods (FMCG), pharmaceuticals, aerospace, education, franchises, banking, insurance, and logistics. Today, American companies have invested over USD three billion and employed over 100,000 direct and indirect jobs.

Are many Moroccan companies taking advantage of this bilateral relationship and expanding their operations to the US?

Morocco signed a free trade agreement (FTA) with the US back in 2004, and it came into force in 2006. The US-Morocco FTA is unique since no other African country enjoys this privilege. The trade value between the two countries has rapidly grown over the years from a few hundred million before 2006 to approximately USD five billion annually today. Obviously, the US has a surplus with the Moroccan market being significantly smaller in comparison, still, there is room for growth especially in sectors like agribusiness, fisheries, mining, textiles, automotive, services and other sectors. We encourage Moroccan companies to establish a base in the US for the advantages the latter offers and to use this base to expand into close regional markets such as those in Latin America.

We are proud of the success stories we had the pleasure to witness. Many Moroccan companies established subsidiaries in the US or bought existing ones. Cartier Saada, for instance, is a company operating in the food industry that sold a ten percent stake to Mario Camacho Inc, a leader of table olives trade in the US specializing in selling non-household catering (HORECA) and in retail chains. Another brilliant success is that of Mutandis, a Moroccan company, that acquired an American distribution subsidiary called Season Brand LLC from The Manischewitz Company Inc. back in June 2021.

In summary, the US offers larger distribution channels and networks. Today, the US is among the largest trading and investment partners of Morocco.

The USA has surpassed France last year in total FDI in Morocco. What trends are behind this?

Morocco is an important gateway to many major markets due to its geographical proximity to Africa, Europe, the US, and the Middle East. If you take for example the American companies that have positioned themselves in the free trade zone of Tangier and operate in the automotive sector, they can have their products shipped to Europe within 24 to 48 hours thanks to Tanger Med port.

The same token applies to those in the aerospace sector and based in Midparc, Casablanca.

You have been in this role for over 20 years now. How would you describe the improvements and developments related to the ease of doing business in Morocco?

Morocco has been making steady progress in terms of decreasing bureaucracy and red tape by creating one-stop shops for investors. We have around 12 regional investment centers and a dedicated ministry for investment. The country has made significant advancements in the administration and streamlining of customs procedures, a critical aspect given that customs serve as the initial point of contact when assessing trade between nations.

Additionally, upon signing the Free Trade Agreement (FTA), Morocco substantially enhanced its legal and regulatory frameworks to align with US standards, particularly in the realm of intellectual property (IP) protection. Furthermore, the country has granted 100 percent ownership in a majority of sectors, ensuring full protection for foreign investors with the freedom to exit their investments at their discretion. Surprisingly, exits are infrequent. On the contrary, numerous US companies are actively seeking expansion opportunities within Morocco.

Expansion is a sign of confidence in Morocco and the steps it has been taking. I must highlight that this is backed by strong investments in logistic zones and ports in the North, South, and Mediterranean regions. The country wants to create new logistic hubs and global trade routes for exporters and importers.

Many other countries in the Mediterranean, including those within the EU, are investing heavily in ports. How can Morocco compete with these nations?

Morocco is a very stable country that has an abundance of human resources who are very well versed in languages; French, Arabic, English, and in the north, Spanish. Furthermore, Morocco is considered a bridge that connects Africa to the US, the Middle East, and Europe. Today, we have many FTAs with other nations, not just the US, this includes Turkey, Jordan, Tunisia, the UAE and an advanced association agreement with the EU in addition to the Africa Continental Free Trade Agreement (AfCFTA). The nation is really putting itself forward to be considered a top player and a hub for international activity.

How well-represented is the pharmaceutical industry in the chamber?

We have about 10 American pharmaceutical companies in Morocco today. Pfizer is the only player with its own production facilities while other companies are partnering with local partners for manufacturing. American companies are highly valued for their innovation and bolstering of the healthcare ecosystem, although, in the past, the growth potential was limited by market size.

Nevertheless, everything is changing fast. A new healthcare plan for 2025 is set by the Moroccan ministry of health to boost the healthcare system through the generalization of healthcare coverage. Here, we can note that today 22.3 million citizens have general healthcare in contrast to only 8 million a few years ago, a huge increase! Therefore, the ministry must increase the number of available hospitals, clinics, medical professionals, and medications. This, of course, offers an abundance of new opportunities to pharmaceutical companies.

Consumption and demand are on the rise, and the new vision will only bring about greater opportunities. This, in turn, may entice more American companies to expand their business to Morocco and open larger operation facilities for production, which can then be exported to the rest of the world since Morocco offers all of the aforementioned benefits.

Do you foresee this push to bring greater operations to Morocco as a gradual one or do you think it will happen quickly as the market size grows?

The vision laid out by His Majesty King Mohammed VI has put healthcare as a top priority while the Ministry of Health is aiming to be even more transparent. The predictions state that the market would double in size. Therefore, I, in turn, do see greater operations coming here quickly and swiftly. With that being said, US companies could also bring innovative ideas and play a bigger role in upcoming projects.

It is crucial to keep in mind that drugs account for a mere 30 percent of the healthcare market. Other opportunities, such as medical devices, telemedicine, healthcare services, and soon, AI are vital and account for the rest 70 percent of the sector. Another news, Morocco has recently adopted English as the instruction language in some medical and pharmacy universities which means that there could be a great potential for further collaboration with American universities and hospitals in the future.

Can Morocco also act as a gateway to Africa for US investors?

Certainly, American companies are increasingly recognizing this reality. Africa, with its vast population of 1.3 billion people, presents a substantial market. However, a concerning aspect is that within the medications circulating on the continent, a significant 20 to 30 percent is counterfeit, predominantly originating from Asia. It is crucial to ensure that prescribed treatments for patients are of high quality and available at an affordable price.

American companies situated in Morocco stand to benefit from the US-Morocco Free Trade Agreement (FTA) and other FTAs, notably the Africa Continental Free Trade Agreement (AfCFTA), provided they adhere to the rules of origin outlined in these agreements. By doing so, American companies can effectively distribute their products both locally and across the African continent. This strategic positioning could potentially establish Morocco as the leading African supplier of pharmaceuticals in the future.

Looking beyond healthcare and pharmaceuticals, what excites you moving forward when it comes to the future of Morocco?

The number of jobs that American companies have already created in sectors like aerospace and automotive is impressive, and these sectors will continue to grow in the future. We also see opportunities in EVs, electric batteries, water technology and equipment, mining, medical and wellness tourism and hospitality, agribusiness, fisheries with the country’s vast coastlines and higher education.

I think the next priority for Morocco is to develop a new raw-material hub. China and India make up around 80 percent of the global supply and are thus called “the pharmacies of the world”. Morocco needs to make raw materials a priority if it wants to join the global supply chain, especially since the infrastructure and logistic zones are already here.

What is your final message to US companies considering Morocco as a possible destination to expand their business operations?

Come and join those successful American companies such as Lear Automotive, Aptiv, Spirit AeroSystems, Hexcel, Pfizer, Mondelez, and many others!

Abundant growth opportunities await, particularly with the recent implementation of the new investment charter and the signing of the Continental Free Trade Agreement (AfCFTA). The Moroccan government’s substantial investment in enhancing the business environment is a testament to its commitment to fostering a business-friendly nation. Join the momentum towards success in Morocco!

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