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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

In recent years, the Moroccan economy has been characterised by macroeconomic stability and low levels of inflation, relying mostly on exports, a boom in private investment, and tourism. However, the COVID-19 shock has pushed the Moroccan economy into its first recession since 1995. The country's GDP rebounded in 2021 but showed modest growth in 2022: based on the most recent projections from the IMF, the economy is estimated to have grown by 2.4% in 2023. This growth is fueled by a partial rebound in agricultural output, net exports, and services (particularly tourism). The recovery is anticipated to strengthen in the medium term, with real GDP growth forecasted to reach 3.6% in 2024 and 3.2% in 2025, as domestic demand gradually rebounds from recent shocks. Reconstruction efforts and new policy incentives are set to enhance investment, thereby supporting income and consumption, while the resurgence of agricultural production should contribute to the growth of rural employment.

The fiscal impact of the health and social protection reform and postponement of the liquefied petroleum gas and flour subsidy reform slowed the consolidation of the budget deficit, which was estimated at 5% of GDP in 2023. Modest revenue growth (+0.9% year-on-year through September) has been sustained by increased tax collections. However, government spending has experienced upward pressures (+7.2% year-on-year) due to the impact of the drought on food supply and high inflation. While gas subsidies were lower than budgeted, there were increases in subsidies for food and farmers, along with accelerated investment in water infrastructures (Fitch Ratings). The deficit is expected to decrease over the forecast horizon, to 4.4% this year and 3.8% in 2025 (IMF), with the debt-to-GDP ratio following a similar trend (from 69.7% in 2023 to 68.7% by 2025). After peaking in February, inflation averaged 6.3% in 2023, as energy prices declined and agriculture output improved. The projection indicates a gradual decrease to 3.5% in 2024 (IMF), influenced by reduced energy and food prices and the impact of rising interest rates. Key risks include prolonged droughts affecting agricultural production, a more pronounced slowdown in crucial European markets, and a potential further increase in commodity prices.

Albeit its high levels, the unemployment rate has been declining in recent years and averaged 12% in 2023. For 2024 and 2025, the IMF expects it to decrease to 11.7% and 11.6%, respectively. According to the Moroccan Higher Planning Commission, unemployment particularly affects the youth (15-24 years of age – at 38.2% as of June 2023 – latest data available), recent graduates, and women (19.8% each). The rate of poverty remains one of the highest in the Mediterranean region, with almost one-fifth of the population living near the poverty line. Finally, the GDP per capita (PPP) was estimated at USD 10,408 in 2023 by the IMF.

| Main Indicators | 2022 | 2023 (E) | 2024 (E) | 2025 (E) | 2026 (E) |
|--|--------|----------|----------|----------|----------|
| GDP (<i>billions USD</i>) | 130.91 | 147.34 | 157.40 | 166.49 | 175.33 |
| GDP (<i>Constant Prices, Annual % Change</i>) | 1.3 | 2.4 | 3.6 | 3.2 | 3.2 |
| GDP per Capita (<i>USD</i>) | 3,570 | 3,980 | 4,212 | 4,415 | 4,608 |
| General Government Balance (<i>in % of GDP</i>) | -5.1 | -5.0 | -4.4 | -3.8 | -3.5 |

| Main Indicators | 2022 | 2023 (E) | 2024 (E) | 2025 (E) | 2026 (E) |
|---|-------|----------|----------|----------|----------|
| General Government Gross Debt <i>(in % of GDP)</i> | 71.5 | 69.7 | 69.1 | 68.7 | 68.4 |
| Inflation Rate <i>(%)</i> | n/a | 6.3 | 3.5 | 2.9 | 2.4 |
| Unemployment Rate <i>(% of the Labour Force)</i> | 11.8 | 12.0 | 11.7 | 11.6 | 11.6 |
| Current Account <i>(billions USD)</i> | -4.62 | -4.52 | -5.05 | -4.79 | -4.86 |
| Current Account <i>(in % of GDP)</i> | -3.5 | -3.1 | -3.2 | -2.9 | -2.8 |

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country risk analysis provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY



Given the richness of Morocco's soil, the agricultural sector is pivotal for the country's economy, employing 35% of the workforce and contributing 10.5% of GDP (World Bank, latest data available). Barley, wheat, citrus fruits, grapes, vegetables, argan, olives, livestock and wine are the country's main crops. In recent years, the government has focused on the sector through its "Green Morocco Plan" and the Agricultural Development Fund. The country's cereal production is highly variable, with local dams providing irrigation for only 15% of the agricultural land and rainfed agricultural production accounting for 85% of the aggregate output (FAO). According to preliminary data by the national statistical office, the added value of the primary sector in volume, adjusted for seasonal variations, recorded an increase of 8.9% in the third quarter of 2023 compared to a decrease of 13.8% during the same period one year earlier, thanks to a rise in agricultural activity by 5.7%, and in fishing by 80.7%. Overall, the agricultural sector recorded a forecasted growth rate of 3% for the 2022-2023 campaign, compared to -14.8% in the previous one, showing significant resilience despite unfavourable weather conditions and cyclical imbalances.

Industry contributes 25.5% of the GDP and employs 23% of the workforce. The main sectors are textiles, leather goods, food processing, oil refining, and electronic assembly. However, new sectors have been booming: chemistry, automotive parts, computers, electronics and the aerospace industry. The automotive industry, in particular, has been growing in the last decade, with double-digit annual growth in terms of job creation and exports (becoming the country's main exporting sector and Africa's main automotive hub). Overall, the manufacturing sector is estimated to account for 15% of GDP. The emergence of new industries should allow the country to reduce its dependence on the agricultural sector. Morocco's industrial sector is the largest beneficiary of foreign direct investment. The country has around 75% of the world's estimated reserves of phosphates, and the mineral sector accounts for almost 30% of exports (Oxford Business Group). Mining accounts for 10% of GDP, of which 90% derives from phosphates. The manufacturing industries' activity experienced a modest increase of 0.6% in 2023, compared to 0.3% the previous year. This development was mainly attributed to the decline in the chemical industry by 4.1%, weakened by the decrease in the production of phosphate fertilizers, and the slowdown in the agro-food and textile industries due to the rise in production costs (National Statistical Office).

The services sector accounts for more than half of GDP (54.5%) and gives employment to 43% of the workforce. It is spearheaded by real estate and tourism, which has been very dynamic in recent years (accounting for around 11% of GDP and hitting a record of nearly 13 million arrivals in 2019). Although tertiary activities recorded a downward trend following the outbreak of the COVID-19 pandemic, with a particularly weak tourism performance, improvements were achieved in 2022 and 2023: tourist arrivals in Morocco reached 13.2 million during the first eleven months of 2023, surpassing their pre-Covid-19 pandemic levels. Finally, the Moroccan banking sector is dominated by locally owned banks, which account for more than 80% of industry assets (U.S. Department of Commerce).

| Breakdown of Economic Activity By Sector | Agriculture | Industry | Services |
|---|-------------|----------|----------|
| Employment By Sector <i>(in % of Total Employment)</i> | 34.6 | 22.8 | 42.6 |
| Value Added <i>(in % of GDP)</i> | 10.7 | 27.2 | 52.3 |
| Value Added <i>(Annual % Change)</i> | -15.3 | -0.4 | 5.3 |

Source: World Bank - Latest available data.

| Monetary Indicators | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|
| Moroccan Dirham (MAD) - Average Annual Exchange Rate For 1 USD | 9.81 | 9.69 | 9.39 | 9.60 | 9.50 |

Source: World Bank - Latest available data.

FOREIGN TRADE

Morocco is very open to foreign trade, which represents 101% of its GDP (World Bank, latest data available). According to the latest figures from the Office des Changes, in terms of sectors, in 2022 exports were led by natural and chemical fertilizers (27.1%), cars (26.11%), agricultural (19%), and textile products (10.3%); whereas energy products were the main imports (20.8%), followed by wheat (3.5%), vehicle parts (3.2%), plastics and ammonia (2.9% each).

The country's main trade partners were Spain (19.6%) and France (18.7%), followed by Italy (4.5%) and Germany (4.1%). Spain was also the main supplier (14.1%), ahead of France (10.6%), China (10%), and Turkey (5.2% - data OdC for 2021). While European Union countries were the main trading partners (56.6% of total exports, 45.4% of imports), Morocco has also been strengthening its commercial integration with the rest of Africa, namely through the ratification of the African Continental Free Trade Area Agreement.

Morocco has a structurally negative trade balance, which continues to deplete its foreign exchange reserves. In 2022, the overall trade deficit was estimated at 11.5% of GDP by the World Bank (from 9.3% one year earlier). According to WTO data, in 2022 Morocco exported USD 41.4 billion worth of goods, recording an increase of 15.7% year-on-year; whereas the value of its imports stood at USD 71.8 billion, 23.7% more than the previous year. Morocco is a net exporter of services, with USD 21.9 billion in exports (+42.5% y-o-y, thanks to the good performance of the tourism sector) against USD 10.7 billion in imports (+25.3% y-o-y). The latest figures from the Office des Changes show that in the first six months of 2023, the merchandise exports of Morocco showed a significant increase, reaching MAD 221.3 billion, representing a rise of 1.9% compared to the previous year. This growth was primarily driven by the automotive, textile and leather, as well as the electronics and electricity sectors. Goods imports recorded a decrease of 1.6%, primarily attributable to the decline in purchases of semi-finished products, energy products, and raw materials. Overall, Morocco's imports totalled MAD 359.5 billion in the period under review.

| Foreign Trade Values | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|--------|--------|--------|--------|
| Imports of Goods <i>(million USD)</i> | 51,038 | 50,734 | 43,831 | 58,034 | 71,807 |
| Exports of Goods <i>(million USD)</i> | 28,609 | 29,132 | 27,159 | 35,843 | 41,481 |
| Imports of Services <i>(million USD)</i> | 10,513 | 9,631 | 7,140 | 8,573 | 10,746 |
| Exports of Services <i>(million USD)</i> | 18,634 | 19,353 | 13,867 | 15,416 | 21,981 |

Source: World Trade Organisation (WTO) ; Latest available data

| Foreign Trade Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------|---------|---------|---------|---------|
| Foreign Trade <i>(in % of GDP)</i> | 77.3 | 76.0 | 68.8 | 75.0 | 98.6 |
| Trade Balance <i>(million USD)</i> | -20,253 | -19,771 | -15,540 | -19,967 | -26,462 |
| Trade Balance (Including Service) <i>(million USD)</i> | -12,131 | -10,049 | -8,813 | -13,125 | -15,227 |
| Imports of Goods and Services <i>(Annual % Change)</i> | 4.8 | 2.1 | -11.9 | 11.8 | 17.7 |
| Exports of Goods and Services <i>(Annual % Change)</i> | 3.8 | 5.1 | -15.0 | 8.7 | 21.5 |
| Imports of Goods and Services <i>(in % of GDP)</i> | 43.4 | 41.9 | 38.1 | 42.0 | 55.1 |
| Exports of Goods and Services <i>(in % of GDP)</i> | 33.8 | 34.1 | 30.8 | 32.9 | 43.5 |

Source: World Bank ; Latest available data

| Foreign Trade Forecasts | 2023 | 2024 (e) | 2025 (e) | 2026 (e) | 2027 (e) |
|--|------|----------|----------|----------|----------|
| Volume of exports of goods and services (Annual % change) | -8.7 | 3.3 | 3.6 | 3.4 | 2.8 |

| Foreign Trade Forecasts | 2023 | 2024 (e) | 2025 (e) | 2026 (e) | 2027 (e) |
|--|------|----------|----------|----------|----------|
| Volume of imports of goods and services (Annual % change) | -5.5 | 2.6 | 2.6 | 2.4 | 2.2 |

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Morocco is a member of the following international economic organisations: IMF, Development (AFESD), ICC, Arab Maghreb Union (AMU), WTO, Arab Monetary Fund (AMF), G-77, Arab League, among others. For the full list of economic and other international organisations in which participates Morocco click [here](#). International organisation membership of Morocco is also outlined [here](#).

Free Trade Agreements

The complete and up-to-date list of Free Trade Agreements signed by Morocco can be consulted [here](#).

Main Partner Countries

| Main Customers (% of Exports) | 2022 |
|----------------------------------|-------|
| Spain | 19.6% |
| France | 19.1% |
| India | 6.4% |
| Italy | 4.5% |
| Brazil | 4.0% |
| See More Countries | 46.4% |

| Main Suppliers (% of Imports) | 2022 |
|----------------------------------|-------|
| Spain | 14.1% |
| France | 10.6% |
| China | 10.0% |
| United States | 7.4% |
| Saudi Arabia | 6.5% |
| See More Countries | 51.4% |

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

King: MOHAMED VI (since 30 July 1999) - hereditary

Prime Minister: Aziz AKHANNOUCH (since 7 October 2021)

Next Election Dates

House of Representatives: 30 September 2026

House of Councillors: 31 October 2027

Current Political Context

King Mohammed VI – who has been ruling the country since 1999 – appointed a new government comprising a coalition of liberal and conservative parties, led by Aziz Akhannouch, after the victory of his National Rally of Independents (RNI) party in the general elections that were held in September 2021, which revealed the collapse of the Islamist Justice and Development Party (PJD) that had led the government over the previous two legislative terms (from 125 seats in the assembly to only 13 seats out of 395). A new coalition government was thus formed by the liberal RNI and Authenticity and Modernity (PAM) parties together with the conservative Istiqlal. The three parties together enjoy a comfortable majority, holding 270 seats compared to the 198 needed to pass legislation, with a shared common platform focusing on economic and social reforms. The coalition government published its three-year budget plans as part of the 2023 budget, focusing on employment creation measures and an extension of social programmes while also seeking a reduction of the deficit.

In 2023, despite political stability, the country faced rising discontent over a high unemployment rate and the elevated cost of living due to recurrent droughts impacting harvests. Moreover, an earthquake claimed 3,000 lives and left over 15,000 homeless in the Atlas and Marrakech regions. The government's budget plan prioritized emergency aid, reconstruction, and social-economic development in the affected region.

In 2024, tensions with the Polisario Front and Algeria will persist, centring on the Western Sahara. Israel's recognition of Moroccan sovereignty in July 2023 and Spain's acknowledgement of the autonomy plan in 2022 are contentious decisions. The former is part of an unpopular alignment between the countries, including the United States, on defence matters, although the process could be hindered by the outbreak of the Israel-Hamas conflict.

Main Political Parties

Multi-party system, consisting of numerous parties. Parties work with each other to form coalition governments.

- **National Rally of Independents (RNI)**: centrist, relatively inclined towards social liberalism. Was the leading party in the last elections, heads the ruling coalition
- **Authenticity and Modernity Party (PAM)**: modernist and reform-oriented, formed by an advisor to the King and former Interior Minister
- **"Istiqlal" Independence Party (PI)**: conservative nationalist
- **Socialist Union of Popular Forces (USFP)**: left-wing socialist
- **People's Movement (MP)**: centrist, dominated by Berber (Tamazight) speakers, but without a distinct Berber agenda
- **Constitutional Union (UC)**: economically liberal, conservative on societal matters
- **Justice and Development Party (PJD)**: moderate Islamist, was the ruling party between 2011-21
- **Party of Progress and Socialism (PPS)**: socialist, formerly communist
- **Democratic and Social Movement (MDS)**: social democracy, royalism

Executive Power

The executive power is shared between the government and the King. The **Prime Minister** is promoted to head of government and as such presides over the Governing Council, but the Council of Ministers continues to be chaired by the King. The Government Council consists of all the ministers, deputy ministers and other Secretaries of State. It discusses public and sectoral policies, the commitment of the government's responsibility to the House of Representatives, current issues related to human rights and public order, bills, decrees, draft regulatory decrees and the appointment of secretaries and central directors of the public administration, university presidents, deans and directors of schools and higher institutes. The Governing Council only has deliberative power concerning the general policy of the State, international conventions, and the finance bill. The

Council of Ministers, where only the head of government and the ministers sit, is responsible for the strategic direction of the state policy, the revision of the Constitution, drafting of organic laws, general guidance of the finance bill, amnesty, draft texts related to the military, the declaration of a state of siege, the declaration of war.

Legislative Power

The Parliament comprises the [House of Representatives](#) (395 deputies elected by universal direct suffrage for 5 years) and the [House of Councillors](#) (120 members elected by indirect universal suffrage for 6 years).

The Parliament votes the law; any bill must be successively examined by the two Houses. It moreover shares the initiative of the laws with the Prime Minister.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the government of Morocco, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).