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Morocco's Emergence as a Gateway to Business in Africa

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Africa is home to seven of the world's ten fastest-growing economies.[1] By 2050, the continent's population is expected to overtake India's and China's, doubling to two billion people. Moreover, those two billion Africans will be younger than their counterparts in every other region of the world and will account for one in four workers globally by mid-century. Africa's rich endowment of natural resources, including about 30 percent of the world's known reserves of minerals and 60 percent of the planet's uncultivated arable land, is already well-known to investors.

But corruption, burdensome and ambiguous regulations, underdeveloped human resources, poor infrastructure, and insecurity continue to pose significant challenges to businesses looking for opportunities on the continent.

Morocco provides a potential solution. A bastion of stability on the doorstep of an often-turbulent continent, it is also a rising economic power, whose burgeoning economic and commercial links—across the continent and beyond—and its expanding contributions to regional political stability and security[2] make it an especially attractive portal for investment and a significant US partner in Africa. It is also the only country on the African continent to have signed a free trade agreement with the United States, a pact renewed and furthered as recently as 2013 by a trade facilitation agreement.

1 The seven African countries are Ethiopia, Mozambique, Tanzania, the Democratic Republic of the Congo, Ghana, Zambia, and Nigeria; the other three "top ten" countries are China, India, and Vietnam. See Lois René Berman and Sakina Balde, *Business Challenges and Opportunities in Africa* (London: Euromonitor International, 2013); "The Lion Kings?," *Economist*, January 6, 2011, http://www.economist.com/node/17853324.

2 J. Peter Pham, "Morocco's Vital Role in Northwest Africa's Security and Development," Atlantic Council, November 2013, http://www.atlanticcouncil.org/images/publications/Moroccos_Vital_Role.pdf.

Africa Center

The Atlantic Council's Africa Center was established in September 2009 with the mission to promote strong geopolitical partnerships with African states and to redirect US and European policy priorities toward strengthening economic growth and prosperity on the continent.

The Africa Center provides thought leadership on emerging security, geopolitical, and economic challenges in Africa through congressional testimony, publications, briefings, events, and a robust media presence. The Center assists policymakers in addressing the complex security challenges facing Africa, including the problems of state collapse; humanitarian crises; piracy; the growing nexus between extremism and criminality in West Africa and the Sahel; the ongoing political transitions in North Africa; ongoing challenges in Central and Southern Africa; and the growing impact of Islamist extremism on African polities and economies. Within the context of the Atlantic Council's work to promote constructive US leadership and engagement in international affairs, the Center supports and collaborates with the public and private sectors in forging practical solutions to challenges and opportunities in Africa, especially those associated with the strong economic growth that many nations on the continent have experienced in recent years.

Improving Macroeconomic Conditions

Morocco has undertaken aggressive reforms that have resulted in it becoming one of the top five recipients of foreign investment in Africa.[3] It has moved up to

3 Wilhelmina Maboja, "S. Africa Top Investment Destination in Africa but Nigeria Close Behind," CNBCAfrica.com, October 18, 2013, http://www.cnbcafrica.com/news/special-report/2013/09/09/safrica-top-investment-destination-in-africa-but-nigeria-close-behind/.

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President Ibrahim Boubacar Keïta of Mali welcomes King Mohammed VI of Morocco to Bamako in February 2014.

seventy-seventh place on the Word Economic Forum's competitiveness ranking, making it the third highest ranked African country after South Africa and Rwanda,[4] and it has jumped twenty-nine places in three years in the World Bank's *Doing Business* report.[5]

The last decade has seen Morocco reaping the benefits of reforms initiated in the last years of the reign of the late King Hassan II and the first years of the country's current monarch, his son Mohammed VI. Economic growth accelerated from an average of 2.2 percent to 5 percent, its external debt to GDP ratio fell some 65 percent from 79 percent in 1999 to about 14 percent by the end of 2009, and more than 1.5 million Moroccans rose from poverty,[6] leading the then-managing director of the International Monetary Fund to describe Morocco as a "pillar of development in the region."[7]

But challenges remain. Morocco still grapples with an often challenging regulatory environment, including capital controls, complex hiring and firing processes, and an unwieldy property registry.[8] Women's economic participation still hovered around 25 percent in 2012, and youth unemployment remains stubbornly high.[9] But given Morocco's recent record of economic reforms, there is reason to hope it will make headway on these issues as well. In fact, the General Confederation of Moroccan Enterprises (CGEM), the country's largest private business association,[10] has been led for the past two years by a woman, Miriem Bensalah Chaqroun, chief executive officer of the Holmarcom Group, one of Morocco's top-five industrial, commercial, and financial groups.

Established "Beachhead" Investments in Numerous African Countries

When Malian President Ibrahim Boubakar Keïta was inaugurated in September 2013, thus restoring constitutional order to the country after an eighteen-month hiatus following the March 2012 coup and the collapse of government authority in the north, Moroccan King Mohammed VI was the only North African or Arab head of state to attend. The king's

4 Klaus Schwab, ed., *2013-2014 Global Competitiveness Report*, (Geneva: World Economic Forum, 2013), p. 15, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf.

5 The *Doing Business* reports compiled by the World Bank and the International Finance Corporation are available at http://www.doingbusiness.org/Reports.

6 Lahcen Ahcy, "Morocco's Experience with Poverty Reduction: Lessons for the Arab World," Carnegie Endowment for International Peace, Carnegie Papers 25, December 2010, http://carnegieendowment.org/files/morocco_poverty1.pdf.

7 "Statement by IMF Managing Director Dominique Strauss-Kahn at the Conclusion of his Visit to Morocco," International Monetary Fund, July 31, 2008, https://www.imf.org/external/np/sec/pr/2008/pr08186.htm.

8 Dalibor Rohac, "The Moroccan Model?," *Foreign Policy*, July 16, 2013, http://www.foreignpolicy.com/articles/2013/07/16/the_moroccan_model.

9 World Bank, "The Challenge of Youth Inclusion in Morocco," May 14, 2012, http://www.worldbank.org/en/news/feature/2012/05/14/challenge-of-youth-inclusion-in-morocco.

10 Founded in 1947, CGEM is comprised of business from different sectors—including industry, commerce, and services—and varying sizes, although 95 percent of its membership consists of small and medium enterprises.

presence at the head of a large Moroccan delegation was reflective of the country's push to expand ties with sub-Saharan African countries, a symbolic reversal from the kingdom's previous neglect of the continent following the ill-considered embrace of the separatist Polisario Front and its phantom Sahrawi Arab Democratic Republic by the now-defunct Organization of African Unity.[11]

MOROCCO HAS UNDERTAKEN AGGRESSIVE REFORMS THAT HAVE RESULTED IN IT BECOMING ONE OF THE TOP FIVE RECIPIENTS OF FOREIGN INVESTMENT IN AFRICA.

The king returned to Mali just a few months later, in February 2014, on the first leg of a three-week tour that resulted in more than eighty bilateral agreements with four countries.[12] These are in addition to the seventeen bilateral trade agreements with other African countries the king had concluded earlier during his reign as well as the accords signed with Tunisia in May 2014. The numbers are compelling: in the 1990s, Moroccan trade with sub-Saharan Africa amounted to an average of $300 million annually. Since 1998, it has averaged $529 million annually and reached $1 billion in 2008.

Furthermore, Morocco has reinforced its presence in several African-related forums, such as the Franco-African summits and the first Africa-European Union summits. And Moroccan foreign direct investment outflows to sub-Saharan Africa have increased more than 40 percent over the course of the decade—the country's renewed emphasis on Africa is even written into the 2011 constitution, which pledges the nation to "consolidate relations of cooperation and of solidarity with the peoples and countries of Africa."[13] During a speech in Côte d'Ivoire, the Moroccan sovereign expanded upon this commitment:

> Morocco...fully assumes its African vocation, which it has always had throughout its history... [But] cooperation formerly based on the relationship of trust and historical links, is now increasingly based on efficiency, performance, and credibility. Efficiency always bears fruit. It is the pledge of tangible results, measurable progress, and the ability to meet expectations. It ensures quality and generates trust. Credibility means that the riches of our continent must, first and foremost, benefit the peoples of Africa. This implies that South/South cooperation is at the heart of their economic partnerships. In its opening up, Africa will continue to develop fruitful relations with the countries with which it has the deepest historical relations and the greatest affinities. But, while they are a definite asset, these links alone are not enough. They must now be accompanied by credible action and constant commitment.[14]

A number of Morocco's top companies have been key to the country's integration project in Africa. Maroc Telecom is not only Morocco's largest telecommunications company, but it is also the market leader in French-speaking Africa. The company has well over thirty million subscribers between its longstanding controlling interests in mobile telephone firms in Gabon, Burkina Faso, Mali, and Mauritania,

11 See Terence McNamee, Greg Mills, and J. Peter Pham, *Morocco and the African Union: Prospects for Re-engagement and Progress on the Western Sahara* (Johannesburg: Brenthurst Foundation, February 2013), http://www.thebrenthurstfoundation.org/Files/Brenthurst_Commisioned_Reports/Brenthurst-paper-201301-Morocco-and-the-AU.pdf.

12 J. Peter Pham, "Morocco: Willing and Able in Africa," *Hill*, February 19, 2014, http://thehill.com/blogs/congress-blog/foreign-policy/198635-morocco-willing-and-able-in-africa; "Morocco's Role in Africa," *Pomegranate* (blog), *Economist*, February 25, 2014, http://www.economist.com/blogs/pomegranate/2014/02/moroccos-role-africa; and Thomas Hubert, "Moroccan King Plays Up Business, Religious Ties on African Tour," France 24, March 5, 2014, http://www.france24.com/en/20140305-moroccan-king-plays-business-religious-ties-african-tour/.

13 Preamble of the Moroccan Constitution. For an English translation, see Jefri J. Ruchti, "Morocco: Draft Text of the Constitution adopted at the Referendum of 1 July 2011," in *World Constitutions Illustrated*, ed. Jefri Ray Ruchti, (Buffalo: William S. Hein & Co., Inc., 2011), http://www.ancl-radc.org.za/sites/default/files/morocco_eng.pdf.

14 "Texte intégral du discours de SM le Roi au Forum économique maroco-ivoirien à Abidjan," Maghreb Arabe Presse, February 24, 2014, http://www.map.ma/fr/discours-messages-sm-le-roi/texte-integral-du-discours-de-sm-le-roi-au-forum-economique-maroco-ivoir.

and more recently acquired mobile voice and data operations in Benin, the Central African Republic, Gabon, Côte d'Ivoire, Niger, and Togo.[15]

> MOROCCAN COMPANIES ACCOUNTED FOR NEARLY 9 PERCENT OF THE BUSINESS TRANSACTED IN AFRICA.

There are other examples of major Moroccan companies aggressively expanding into the rest of Africa. The chairman of OCP, Morocco's largest commercial enterprise and the world's largest exporter of phosphates and derivatives, accompanied the King during his most recent African tour. An agreement was signed in Mali to finance a local production unit for mineral fertilizer that will generate more than a million tons a year exclusively for the African market, with much of that amount targeted for Mali and other countries in the Niger River region. A second agreement created a $2.3 billion joint venture with Gabon to build fertilizer production plants, one in each country, which will be fed by Moroccan phosphoric acid and Gabonese ammonia, with the resulting fertilizer to be applied to undernourished soils across the region. The latter project includes the construction in Gabon of Central Africa's first factory to produce ammonia from natural gas.[16] Even Morocco's largest chocolate manufacturer, the Compagnie Chérifienne de Chocolaterie, has joined the fray with plans to build a forty thousand ton-per-year factory in Cameroon, while the Saham Group, whose chairman was appointed Morocco's minister of industry, trade, investment, and the digital economy last year, has emerged as the largest insurance network in Africa outside South Africa, doing business in twelve countries.

15 Mfonobong Nsehe, "Maroc Telecom to Acquire Etisalat's West African Business for $650 Million," *Forbes*, May 7, 2014, http://www.forbes.com/sites/mfonobongnsehe/2014/05/07/maroc-telecom-to-acquire-etisalats-west-african-business-for-650-million/.

16 Souhail Karam, "Morocco's OCP Raises $1.55 Billion in Debut Sale of Bonds," *Bloomberg*, April 16, 2014, http://www.bloomberg.com/news/2014-04-16/morocco-s-ocp-raises-1-55-billion-in-debut-sale-of-bonds.html.

Moroccan firms are also active in infrastructure projects across Africa, including those in support of other investors. Last year, Buzzichelli Maroc, for example, landed a contract estimated to be worth about $75 million, to rebuild the infrastructure of the French mining giant Areva's operations in Arlit, Niger. This follows on electrification projects Buzzichelli has carried out in recent years in Cameroon and Mauritania, in addition to the work it has done for various foreign firms, including Siemens, Mitsui, Daewoo, and the Turkish conglomerate Tekfen.[17] Meanwhile, in March 2014, the Moroccan developer, the Addoha Group, reached an agreement with the Republic of the Congo to have one of its subsidiaries, Ciment de l'Afrique (CIMAF), build a new cement plant outside of Pointe-Noir which will produce one million tons by the time it is fully operational next year.[18] A part of that production will, undoubtedly, go into the construction of some fifteen thousand units of affordable housing which, it was subsequently announced, the company would begin building in Congo-Brazzaville in July 2014, representing an almost €250 million investment.[19]

Managerial and Financial Expertise

The Casablanca Stock Exchange (CSE) is one of the oldest on the African continent and as of June 2014 lists seventy-four companies and has a total capitalization of almost $57 billion. Earlier in the year, the CSE signed an agreement with the London Stock Exchange Group to broaden its activities in Africa, and has been training three thousand people a year in financial education.[20] These efforts have been rewarded as Casablanca entered the Global Financial Centers Index in March 2014 at sixty-second in the world despite not being previously listed.[21]

Moroccan financial institutions have not only played an important role in preparing the ground for the country's reengagement with Africa, but also, through their

17 Safall Fall, "Buzzichelli Maroc décroche un gros contrat auprès d'AREVA au Niger," *Les Eco Afrique*, July 8, 2013, http://www.actuniger.com/societe/310-societe/5974-buzzichelli-maroc-decroche-un-gros-contrat-aupres-dareva-au-niger.html.

18 "Une cimenterie du groupe Addoha au Congo-Brazzaville," *Le Matin*, March 24, 2014, http://www.lematin.ma/journal/2014/maroc-afrique_une-cimenterie--du-groupe-addoha--au-congo-brazzaville/199213.html.

19 "15.000 logement sociaux au Congo: Addoha lance la construction en juillet prochain," Maghreb Arabe Presse, May 12, 2014, http://www.lematin.ma/express/2014/-15000-logements-sociaux-au-congo-_addoha-lance-la-construction-en-juillet-prochain/202056.html.

20 London Stock Exchange Group, "London Stock Exchange Group Signs Partnership Agreement with Casablanca Stock Exchange," June 17, 2014, http://www.lseg.com/resources/media-centre/press-releases/london-stock-exchange-group-signs-partnership-agreement-casablanca-stock-exchange.

21 Mark Yeandle and Nick Danev, *The Global Financial Centres Index*, vol. 15, March 2014, p. 6, http://www.longfinance.net/images/GFCI15_15March2014.pdf.

One of the Bank of Africa's fourteen retail branches in Bamako, Mali.

commercial success, are an increasingly vital conduit for a continent where lack of access to the formal banking sector remains a major impediment to economic growth. In the late 1980s, the Banque Marocaine du Commerce Extérieur (BMCE) helped to revamp the moribund state-owned Banque de Développment du Mali. In 2010, BMCE acquired a majority stake in the Bank of Africa Group, which has operations in seventeen African countries and has ambitious expansion plans for another thirteen. BMCE explicitly embraces African development as one of its core responsibilities, declaring in its corporate identity statement that "the best way to support development in Africa is for us to bring business to the continent thus directly contributing to people's livelihoods through job creation and improved infrastructure."[22] Attijariwafa Bank is Morocco's largest private bank and sixth-largest in Africa in terms of deposits, has also aggressively expanded its presence into eight countries in sub-Saharan Africa, where it currently boasts 367 branches, as well as into Libya and Tunisia, where it has 190 branches. Moreover, the bank has announced plans to cover all the countries of the Economic Community of West African States (ECOWAS) and North Africa.

The Société Nationale d'Investissement (SNI), the private holding company whose shareholders include both Moroccan and foreign institutional investors, has likewise played an important role facilitating partnerships between the private sector in Morocco and other countries and African companies. Since its reorganization in 2010, SNI has moved away from its origins as a conglomerate running its various subsidiaries, shifting instead to function more as an investment fund incubating and developing companies in a number of sectors, including banking, mining, construction, agriculture, tourism, and renewable energy.

Overall, seventy-seven Moroccan enterprises are listed in the 2014 edition of the annual list of "Top 500" African companies compiled by the magazine *Jeune Afrique* from a review of data for over 10,000 firms. Four Moroccan companies—OCP, Maroc Telecom, the giant oil-refining SAMIR Group, and SNI—made the even more exclusive "Top 20" list for the continent. In total, Moroccan companies accounted for nearly 9 percent of the business transacted in Africa.[23]

A Natural Cultural Fit

Perched on the northwest corner of Africa and blessed with coastlines on both the Atlantic Ocean and the Mediterranean Sea, Morocco is geographically well-suited to serve as a portal to Africa. Due to its proximity

22 BMCE Bank International, Statement of Social Responsibility, http://www.bmce-intl.co.uk/about/corporate-identity/social-responsibility.html.

23 "Les 500 premières entreprises africaines," *Jeune Afrique*, special issue 37, April 2014.

Students at Mohammed V University in Rabat, Morocco. The kingdom gives out more than ten thousand grants annually to African students from some thirty-five countries for study at Moroccan universities, many in highly sought-after technical fields.

to Europe, the Middle East, and sub-Saharan Africa, Moroccan society today is also a confluence of those cultures, a unique legacy that enables it to have a foot in all three worlds.

Morocco embraces its diverse heritage and uses it to enhance its standing throughout Africa and beyond. Its constitution explicitly acknowledges that Morocco's national unity is "forged by the convergence of its Arab-Islamic, Berber and Saharan-Hassanic components, nourished by its African, Andalusian, Hebrew, and Mediterranean influences."[24] It is a member of the Arab Maghreb Union (UMA), a regional economic community whose founding was rooted in member countries' shared Arab and Berber culture and language, Muslim religion, and experience of French colonialism. Longstanding tensions between Morocco and Algeria over the latter country's support of separatists in Western Sahara caused the union to be "frozen" since 1994, but its existence is itself evidence of the potential for Morocco's history and culture to serve as a bridge to its neighbors.

Morocco also plays an important role in providing education for the wider region. Under the present king, a grant program for African students was launched which today awards over ten thousand grants annually to African students from some thirty-five countries for study at Moroccan universities, many in highly sought-after technical fields. Moroccan companies also play a progressive role in cultivating human capital across Africa through both extensive in-house training programs for employees of their enterprises, the overwhelming majority of whom come from the communities where they operate on the continent, as well as outreach initiatives. OCP Entrepreneurship, for example, a signature undertaking of the phosphate company, seeks to stimulate economic development and job creation by targeting small businesses and local entrepreneurs by engaging them in entrepreneurial development (including information, technical assistance, and training), access to capital, assistance with marketing and contracting, and advocacy for start-ups. In another case, Attijariwafa, which employs more than five thousand professionals in its African branches outside of Morocco, has adopted a formal policy of skills transfer and cultivating local personnel; to this end, the bank employs more than 1,200 interns each year, who form an important pipeline for future hires, and has deployed barely four dozen Moroccan and other expatriates to its operations in Africa.

International donors have come to recognize the value of "triangulating" their capacity-building efforts for Africa with Morocco. Since 2001, for example, the Japan International Cooperation Agency (JICA) has partnered with Morocco's National Office for Electricity and Drinkable Water (ONEE) to deliver a three-year joint

24 Preamble of the Moroccan Constitution, *op.cit.*

program of training in the latter's facilities in Morocco for technical personnel for water and sanitation operations from a number of sub-Saharan African countries. With the graduation of the fifth class of students at the end of last year, the initiative's alumni now include managers and engineers from Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, the Central African Republic, Chad, Comoros, the Republic of the Congo, the Democratic Republic of the Congo, Côte d'Ivoire, Djibouti, Gabon, Guinea, Mali, Mauritania, Niger, Senegal, and Togo.[25]

Skillful Economic Diplomacy

King Mohammed VI has harnessed Morocco's growing economic power to enhance his country's outreach. In 2000, the King announced a debt forgiveness plan for Africa's least-developed countries, and the eradication of customs duties on products imported from these states. And Morocco has made a point of taking a leading role in African and developing country economic forums—it has in the last decade served as chair of the Africa Group in the World Trade Organization (WTO) and president of the "Group of 77," the coalition of developing nations that constitutes the largest caucus for economic interests and enhanced negotiating capacity within the United Nations.[26]

In any discussion of Morocco's economic diplomacy, not to be overlooked is the important role that the country's flagship air carrier, Royal Air Maroc, plays in connecting not just the kingdom to its African neighbors, but African countries to each other as well as to Europe and North America. Currently, the airline serves twenty-nine African destinations outside Morocco[27] thirty-three European cities,[28] as well as Montreal's Pierre-Elliott Trudeau and New York's John F. Kennedy International Airports in North America.

Growing Integration into the World Economy

The largest automobile factory in Africa sits in a suburb of Tangiers. Inaugurated in 2012, the three hundred-hectare plant is expected to produce up to 340,000 vehicles a year and employs more than 5,000 workers. The plant is the result of a collaboration between French carmaker Renault and the Caisse de Dépôt et de Gestion (CDG), the institution that manages long-term savings in Morocco.

INTERNATIONAL DONORS HAVE COME TO RECOGNIZE THE VALUE OF "TRIANGULATING" THEIR CAPACITY-BUILDING EFFORTS FOR AFRICA WITH MOROCCO.

Active in both fund management and mobilization of capital for development and currently headed by Anass Houir Alami, an alumnus of New York University's Stern School of Business, CDG is a major player in Morocco's push to integrate more deeply into the world economy, and has developed a number of industrial parks inside free trade zones laden with incentives for investors, including tax and customs breaks. In addition to landing Renault, Morocco's industrial parks have enticed high-tech firms such as Hewlett-Packard and aviation companies like Boeing and France's Safran to set up shop in the kingdom to better serve the growing African market.

China, Africa's largest trading partner since 2009, has not been slow to notice the potential for a Moroccan bridge to the continent in addition to its own direct

25 "L'ONEE met son expertise à la disposition des cadres africains: un travail réalisée avec la coopération japonaise (JICA)," *L'Economiste*, December 25, 2013, http://www.leconomiste.com/article/914424-l-onee-met-son-expertise-la-disposition-des-cadres-africains.

26 The Group's name derives from the number of members at its founding. Currently, it actually has 133 states on its official list of members; see http://www.g77.org/doc/members.html.

27 Algeria (Algiers), Angola (Luanda), Benin (Cotonou), Cameroon (Douala, Yaoundé), Cape Verde (Praia), Central African Republic (Bangui), Republic of the Congo (Brazzaville), Democratic Republic of the Congo (Kinshasa, Pointe-Noire), Côte d'Ivoire (Abidjan), Egypt (Cairo), Equatorial Guinea (Malabo), Gabon (Libreville), The Gambia (Banjul), Ghana (Accra), Guinea (Conakry), Guinea-Bissau (Bissau), Liberia (Monrovia), Libya (Tripoli), Mali (Bamako), Mauritania (Nouakchott), Niger (Niamey), Senegal (Dakar), Sierra Leone (Freetown), Togo (Lomé), and Tunisia (Tunis). An additional new route to Chad (N'Djamena) was announced in May 2014.

28 Belgium (Brussels), Denmark (Copenhagen), France (Bordeaux, Lyon, Marseille, Nantes, Nice, Paris, Strasbourg, Toulouse), Germany (Berlin, Frankfurt, Munich), Italy (Bologna, Milan, Rome, Turin), the Netherlands (Amsterdam), Portugal (Lisbon), Russia (Moscow), Spain (Alicante, Barcelona, Bilboa, Las Palmas, Madrid, Málaga, Tenerife, Valencia), Sweden (Stockholm), Switzerland (Geneva, Zurich), Turkey (Istanbul), and the United Kingdom (London).

Africa's largest wind farm, Dhar Saadane, near Tangier, Morocco, was inaugurated in June 2010.

forays. To cite just one example, more than 250 major Chinese and African firms attended a China-Africa Investors Meeting organized in Rabat in June 2014 by the BMCE Group in collaboration with the China Africa Joint Chamber of Commerce and Industry. In his opening address to the conference, BMCE's chairman, Othman Benjelloun, heralded the fact that "the Africa of today is a land of development, investment, growth, and dynamism" that ought to be approached "without condescension or any sense of superiority."[29]

In addition to its free trade agreement with the United States, Morocco is integrated into the world economy via a number of other trade pacts, including a longstanding association agreement with the European Union, which was upgraded within the European Neighborhood Policy to "advanced status" in 2008, making Morocco the first country in the southern Mediterranean region to achieve the distinction and opening the way to higher levels of political cooperation. In addition to opening up opportunities for expanded commerce and other links with America and Europe, the country has also moved to conclude preferential and free-trade accords with the West African Economic and Monetary Union (UEMOA),[30] the Economic and Monetary Community of Central African States (CEMAC),[31] and the Economic Community of West African States (ECOWAS).[32] Morocco has also organized an ambitious series of international forums with the goal of creating a broader "Atlantic Community" linking the African states on the ocean's littoral with their European and American counterparts.

29 "BMCE Bank lance le nouveau 'triangle d'or', Afrique, Maroc, Chine," *La Tribune Nouvelle*, June 27, 2014, http://www.lnt.ma/actualites/bmce-bank-lance-le-nouveau-triangle-dor-afrique-maroc-chine-105849.html.

30 UEMOA is a customs and currency union established in 1994 between seven francophone members of ECOWAS—Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo—that were joined by lusophone Guinea-Bissau in 1997. The organization's objective is to increase its members' collective economic competitiveness through open markets and harmonization of the legal environment. The members use the West Africa CFA franc (XOF) as their currency.

31 CEMAC is a customs and currency union established in 1994 and implemented in 1999 between four francophone countries in Central Africa—Cameroon, the Central African Republic, Chad, the Republic of the Congo, and Gabon—which, along with their Spanish-speaking neighbor Equatorial Guinea, use the Central African CFA franc (XAF) as their common currency.

32 The members of ECOWAS (known in its francophone members as CEDEAO) are Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

Implications for US Policy

American businesses have overestimated the costs and risks associated with African corruption and lack of infrastructure, and are consequently reluctant to enter the African market space, despite Africa's blossoming consumer base, attractive worker demographics, and abundant natural resources.

Even as China, Brazil, India, Japan, and other more enterprising nations have competed for market share on the continent, Washington has done little to encourage American businesses to take a closer look at Africa or to position US firms to compete with better-funded Chinese competitors. But Africa is poised to become one of the world's largest consumer markets, so the inability of American firms to operate there poses serious challenges to US competitiveness over the long term.

Moroccans and other Africans are bewildered by Washington's apparent willingness to cede market share in Africa. All are concerned that Washington's comparative neglect of African economic development may help condemn the continent to continued insecurity and rising religious extremism if economic needs of the rapidly growing populations are not addressed.[33]

First, Washington should push to finalize any outstanding bilateral and preferential trade and investment treaties currently being negotiated with African countries, and should consider expanding and constructing new pacts with suitable partners. These treaties can be powerful drivers of growth. At the same time, Washington needs also to ensure that the potential benefits of trade agreements are not undercut by nontariff barriers on the US or African side, such as distorting financial, labor, or logistics regulations. Other simple measures—ranging from improving the accessibility of existing consumer data to better marketing of investor opportunities—could help persuade American businesses to get off the fence and start competing for African business.[34]

Washington should also exert more pressure on its African allies to commit to market and regulatory reforms. Africa's abundant resources can be an economic boon, but the overwhelming attraction of extractive industries has too-frequently allowed governments to postpone needed economic and political reforms. Government over-reliance on natural resources also renders African nations overly vulnerable to resource price fluctuations in the global market. The United States should use its political influence to assist resource-rich African nations to diversify—particularly by modernizing agriculture.

GIVEN ITS UNIQUE HERITAGE, MOROCCO IS WELL-SUITED TO SERVE AS A BRIDGE FOR AMERICAN COMMERCIAL DIPLOMACY INTO AFRICA.

In addition, the United States should more robustly encourage American companies though its overseas financing and insurance agencies to participate in large-scale projects such as Power Africa and the expansion of ports and logistics networks to provide sorely needed infrastructure linkages within and among African markets. If the coming decade is to witness the broadening of economic benefits to the people of Africa, the United States should utilize its vast array of private and public sector channels to play a prominent role in that effort. Morocco is a bridge and enabler for maximizing US resources committed to economic development in Africa.

The US government can make another important contribution to Africa's growth by promoting public-private sector cooperation in which American companies, working with US government agencies, develop the enormous potential of Africa as a food source for itself and globally. US foreign assistance should be directed toward sustainable efforts with local and national African companies, nongovernmental organizations, and other agencies, in which US technical expertise and technology can be applied in key sectors. These efforts should include seed and

33 Ahmed Charai, "Transatlantic Trade and Security: A View from Morocco," *National Interest*, April 30, 2014, http://nationalinterest.org/feature/transatlantic-trade-security-view-morocco-10324.

34 Aubrey Hruby, "Investment and Ingenuity: Overcoming Obstacles to Doing Business in Sub-Saharan Africa," Atlantic Council Issue in Focus, August 2014, http://www.atlanticcouncil.org/publications/issue-briefs/investment-and-ingenuity.

feed strategies for better crop and herd cultivation, sustainable fertilizer usage, water management, agribusiness development, marketing and distribution for local, national, and international customers, and the introduction of waste, renewable energy solutions, and remediation strategies to holistically shape favorable outcomes for this critical sector.

IT IS IN THE UNITED STATES' STRATEGIC INTERESTS TO FURTHER DEEPEN ECONOMIC AND COMMERCIAL COOPERATION AND CULTIVATE STRONGER POLITICAL AND SECURITY PARTNERSHIPS WITH MOROCCO.

Morocco is a long-standing US ally and a burgeoning regional power on a critical continent. And it is in the United States' strategic interests to further deepen economic and commercial cooperation and cultivate stronger political and security partnerships with Morocco. Given its unique socio-cultural heritage, Morocco also operates comfortably in the Arab, European, and sub-Saharan—particularly, but not exclusively, Francophone— African contexts, and its extensive cultural and commercial relationships with those regions makes it well-suited to serve as a bridge for American commercial diplomacy into Africa. King Mohammed VI, throughout his tours of Africa and in recent addresses to international forums on Africa's economic development has articulated a clear and reasoned rationale for his commitment to Africa's growth—calling for example for triangular aid projects to build sustainable programs utilizing regional talents and resources.[35]

35 "Morocco Highlights Role of South-South Cooperation in Promoting Stability, Progress in Africa," *North Africa Post*, June 23, 2014, http://northafricapost.com/5675-morocco-highlights-role-of-south-south-cooperation-in-promoting-stability-progress-in-africa.html.

Morocco's economic reforms have had positive effects that underscore the country's commitment to linking human and economic development. Its political reforms, while still progressing, indicate a similarly strong commitment to democracy, good governance, and the rule of law.[36] The United States should partner with Morocco to speed and deepen the reform process in Morocco, while also benefiting from the country's compelling advantages that position it to help the United States and its businesses expand their own engagement with the African continent.

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36 J. Peter Pham, "Morocco's Momentum," *Journal of International Security Affairs* 22, spring 2012, pp. 13-20.

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