

RPTB1

TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

90/91 TRADE AND ECONOMIC OVERVIEW

Mission: RABAT

Country: MOROCCO

In 1988, Morocco was once again one of Canada's major markets in Africa and the Middle East. With exports of \$278 million, Morocco was second only to Algeria (by \$10 million) as a purchaser of Canadian goods. Sulphur again dominated the figures, representing 85% of exports (\$235 million), followed by wheat, ambulances, steel rails and asbestos.

In 1989, exports will be down significantly owing to problems in the international phosphate market & the resultant decline in Moroccan demand for sulphur (sulphur is used in the processing of phosphate). Total exports for this year should be in the \$100-130 million range, of which only \$20 million will be sulphur. This means a substantial diversification into non sulphur exports, primarily telecommunications products (Northern Telecom), metals and minerals, steel and railroad rails. We view this as a healthy trend and one which will ultimately make Morocco a more mature, diversified and stable market for Canada.

In addition to sales contracts, increasing numbers of Canadian firms are establishing offices in Morocco. Bell Canada has 80 Canadian staff and Videotron has 7. Northern Telecom has now opened a sales office in Casablanca. Three consulting firms, ETI, Setym/Dessau and Deltri have also opened offices and Petro Canada Intl's activities will continue for the next few years.

Moroccans retain an enthusiastic interest in Canada and the Embassy is increasingly approached for help to identify joint venture partners in such fields as agriculture, informatics and communications. Loblaw's is currently discussing investment possibilities with a large agricultural group. We expect this aspect of our work to continue.

In 1990-91, the Post will attempt to continue diversification away from sulphur. Great progress has already been made in the high tech. sector (telecomms and informatics). New initiatives will be taken in areas of fisheries, agriculture (livestock and services), forest products, minerals and metals (steel), energy (electricity), and consulting services. The transportation sector (urban, air, rail) will be closely monitored. Major customers will remain the state companies. Financing remains a problem in Morocco. The temporary inaccessibility of CIDA's parallel line of credit had a negative impact on various sales possibilities as does the lack of availability of concessional financing. Our competitors, primarily Europeans, offer attractive financing packages to Morocco and we are increasingly under pressure in this regard.

In 1988, the economic results proved satisfactory in several respects and fit in with the stabilization and reorganization program whose benefits had already made themselves felt in the previous year. During that year the favourable repercussions of the international climate and the effects of an exceptional agricultural season led to a 10% rise in the GDP in real terms, whereas it was down by 2.9% in 1987, due to the bad cereal crop (-24%). Agricultural value increased fact by 32%, but other sectors also fared well :

+ 15% for mines; + 7% for energy; + 5% for manufacturing industry; + 10% for building and public works, and + 5% for the services industries. These results were achieved without aggravating inflationary tensions; price increases were limited to 4.1%. Exports have increased by 27.2% and