

INTERVIEW WITH YASSIR ZARHOUNI - REGULATORY FRAMEWORK IN MOROCCO

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With **Amr Reda Abdullatif**

Morocco has undergone significant reforms in recent years to attract foreign direct investment (FDI) and encourage local and international enterprise. In this interview, LegalcommunityMENA speaks with [Yassir Zarhouni](#), an expert lawyer in Morocco, to gain insights into the legal and regulatory framework that supports this ambition. Through Zahrouni's expertise, we'll explore the specific strategies, promising sectors, legal support mechanisms, and incentives in place to foster a thriving business environment in Morocco.

How has Morocco's legal and regulatory framework developed to encourage significant local and international enterprise? Are there specific laws or initiatives aimed at facilitating business activities and attracting investments?

In Morocco, the legal and regulatory framework has developed to encourage significant local and international enterprise through reforms aimed at simplifying administrative procedures, reducing the time required to incorporate a company, and providing tax and financial incentives for investments. Initiatives such as the new investment charter, the Export Free Zones, and non-double taxation treaties have been implemented to facilitate business activities and attract investments.

What strategies has Morocco implemented to attract foreign direct investments (FDIs)? Are there specific legal incentives or regulations in place to make Morocco an attractive destination for international investors?

Morocco has implemented various strategies to attract foreign direct investments (FDIs), including:

- **Legal and regulatory reforms:** Morocco has undertaken legal and regulatory reforms aimed at improving the business environment, streamlining administrative procedures, and providing greater protection for investors.
- **Investment incentives:** The country offers a range of investment incentives such as tax exemptions, reduced corporate tax rates for certain sectors or regions, customs duty exemptions, and subsidies for certain types of investments.
- **Free trade agreements:** Morocco has entered into several free trade agreements with countries and economic blocs, which provide preferential access to markets and reduce trade barriers for investors.
- **Investment Promotion Agencies:** Morocco has established investment promotion agencies, such as the Moroccan Investment Development and Exports Agency (AMDIE), whose mission is to implement the Moroccan's strategy for the development of domestic and foreign investment and the export of goods and services, and it therefore plays an important role in promoting the Moroccan's investment sector.

What are the promising foreign investment sectors in Morocco? Are there specific industries or areas that present significant opportunities for international investors?

Several sectors in Morocco present promising opportunities for foreign investment:

- **Renewable energy:** Morocco has prioritized renewable energy development, with ambitious targets for increasing the share of renewable energy in its total energy mix. Projects such as solar and wind farms offer significant opportunities for international investors, especially given Morocco's favorable regulatory environment and government incentives in this sector.
- **Automotive industry:** Morocco has emerged as a competitive hub for automotive manufacturing in North Africa. The country's strategic location (near Europe), skilled workforce, and attractive investment incentives have attracted major international automotive companies to establish production facilities and supply chains in Morocco, such as Renault, PSA Group (now Stellantis) and Toyota.

- **Tourism and hospitality:** Morocco's tourism sector has been a key driver of economic growth, attracting millions of international visitors each year. Investments in hotels, resorts, tourism infrastructure, and related services offer significant opportunities for international investors, particularly in popular destinations like Marrakech, Casablanca, and Fez, especially as Morocco will host the Africa's Cup of Nations of 2025 and the 2030 World Cup.
- **Green hydrogen:** Morocco is actively exploring the potential of green hydrogen as a clean and sustainable energy source, presenting significant opportunities for international investors in this emerging sector. Morocco is currently preparing legislative and regulatory frameworks to support the development of green hydrogen and to offer investment opportunities in this sector.

How does Morocco's legal system support the identified promising sectors for foreign investment? Are there regulations or legal frameworks in place to facilitate and protect investments in these sectors?

A new Moroccan investment charter (enacted on 2022) has established several support mechanisms, including a primary support mechanism that includes various types of incentives (common investment incentive, territorial incentive, and sectoral incentive).

- **Common Investment Incentive:** granted and based on criteria related to the number of permanent jobs (5% to 10% of eligible investment, depending on the number of jobs), gender approach (3%), jobs in future or technological sectors (3%), sustainable development (3%), and local integration (3%).
- **Territorial Incentive:** granted and based on criteria to enhance investment attractiveness in provinces and prefectures and reduce territorial disparities. Provinces and prefectures are classified into two categories. Amounts are 10% for investments in category A and 15% for category B.
- **Sectoral Incentive:** Up to 5% of the investment amount, granted to all projects in priority sectors such as industry, tourism, leisure, cultural industries, digital, renewable energies, waste recycling, transportation, and logistics.

Additionally, the investment charter has established support for strategic projects, which can be granted to projects with an investment amount equal to or greater than two billion MAD (approx. 190 million EUR), conditioned by meeting at least one of the following criteria:

- Effectively contribute to water, energy, food, or health security in Morocco;

- Creation of a significant number of jobs;
- Contribute to the economic influence and strategic positioning of Morocco at the regional, continental, or international level;
- Have a significant impact on the development of sectoral ecosystems;
- Contribute significantly to technology development.

Support measures (for strategic projects) are subject to discussion on benefits within a convention with the State. It should be noted that benefits granted to strategic investment projects are not cumulative with the primary support mechanism.

What efforts has Morocco made to incentivize new economic sectors, particularly in the knowledge and digital economy? Are there legal initiatives or policies aimed at fostering innovation and growth in these sectors?

Morocco has implemented several initiatives and policies aimed at incentivizing new economic sectors, particularly in the knowledge and digital economy. Some of the efforts made by Morocco include:

- **Digital Development Strategy:** Morocco has launched a digital development strategy aimed at transforming the country into a digital hub. The strategy focuses on developing the digital infrastructure, promoting digital entrepreneurship, and increasing digital literacy among the population.
 - **Startup Act:** In 2019, Morocco enacted the Startup Act, which aims to support and promote the development of startups and innovative enterprises. The law provides various incentives for startups, including tax benefits, access to funding, and support for innovation and research.
 - **Investment in ICT Infrastructure:** Morocco has invested in improving its information and communication technology (ICT) infrastructure. This includes expanding access to high-speed internet, promoting the use of digital technologies in various sectors, and encouraging the adoption of e-government services.
 - **Innovation Funds and Grants:** Morocco has established innovation funds and grants to support research and development activities in the knowledge and digital economy. These funds aim to stimulate innovation, technology transfer, and the development of new products and services.
 - **Promoting Entrepreneurship:** Morocco has implemented programs to promote entrepreneurship and innovation, including the establishment of startup incubators, accelerators, and innovation centers. These initiatives provide support and resources for entrepreneurs and innovators in the digital economy.
 - **Regulatory Reforms:** Morocco has undertaken regulatory reforms to create a more conducive environment for innovation and growth in the digital economy. These reforms aim to streamline administrative procedures, reduce bureaucratic barriers, and create a more business-friendly environment for digital businesses.

Overall, Morocco has taken significant steps to incentivize new economic sectors, particularly in the knowledge and digital economy, through legal initiatives, policies, and investments in infrastructure. These efforts are aimed at fostering innovation, entrepreneurship, and growth in these sectors, positioning Morocco as a competitive player in the global digital economy.

in conclusion: **Yassir Zarhouni's** trilingual expertise (Arabic-French-English) and extensive experience, coupled with the firm's dedication to staying abreast of legal and regulatory developments, position [ZARHOUNI LAW FIRM](#) as a reliable partner for clients seeking robust legal representation and advisory services in Morocco.