



# TEXTILE INDUSTRY

OCTOBER 2021



# WHY MOROCCO ?

## Large & rich textile industry...

- Large existing local market 157k jobs
- 1bn items annual production
- 7th largest supplier to Europe
- An anchored historic know-how

## ...to serve the world's largest markets...

- Competitive lead time
- Trade Agreements with more than 50 countries
- International recognition from leading textile players

## ...leveraging a unique combination of competitive advantages...

- Strategic position 14km to Europe
- 1st sea connectivity in Africa
- Highly qualified and well-trained workforce
- Attractive export costs

## ...in an overall attractive environment for investors

- Green production with access to renewable energies and new eco-friendly Industrial zones
- Developement of the Upstream industries through the use of new local raw materials as hemp
- Markets diversification



# TEXTILE INDUSTRY AT GLANCE

## THE TEXTILE INDUSTRY IN 6 KEY FIGURES



**> 189K JOBS**  
Among the 1<sup>st</sup> industrial  
employer in Morocco

**27%**  
of industrial jobs



**>1.200**  
companies

**1bn PIECES**  
produced annually














**12%**  
of Moroccan exports

**USD 3.6bn**  
export turnover



# STRATEGIC POSITIONING WORLDWIDE

MOROCCO IS THE 7TH EXPORTER  
OF APPAREL ITEMS TO THE EU...

MARKET SHARE IN EU IMPORTS (%) S1-2021			
1		CHINA	26,4%
2		BANGLADESH	20,7%
3		TURKEY	13.4%
4		INDIA	5.8%
5		VIET NAM	4.1%
6		PAKISTAN	3.7%
7		<b>MOROCCO</b>	<b>3.6%</b>
8		CAMBODIA	3.2%
9		TUNISIA	2.9%
10		MYANMAR	2.2%
11		OTHERS	14%

Source: HS codes 61 & 62 / Source: Trademap  
\*1st semester 2021

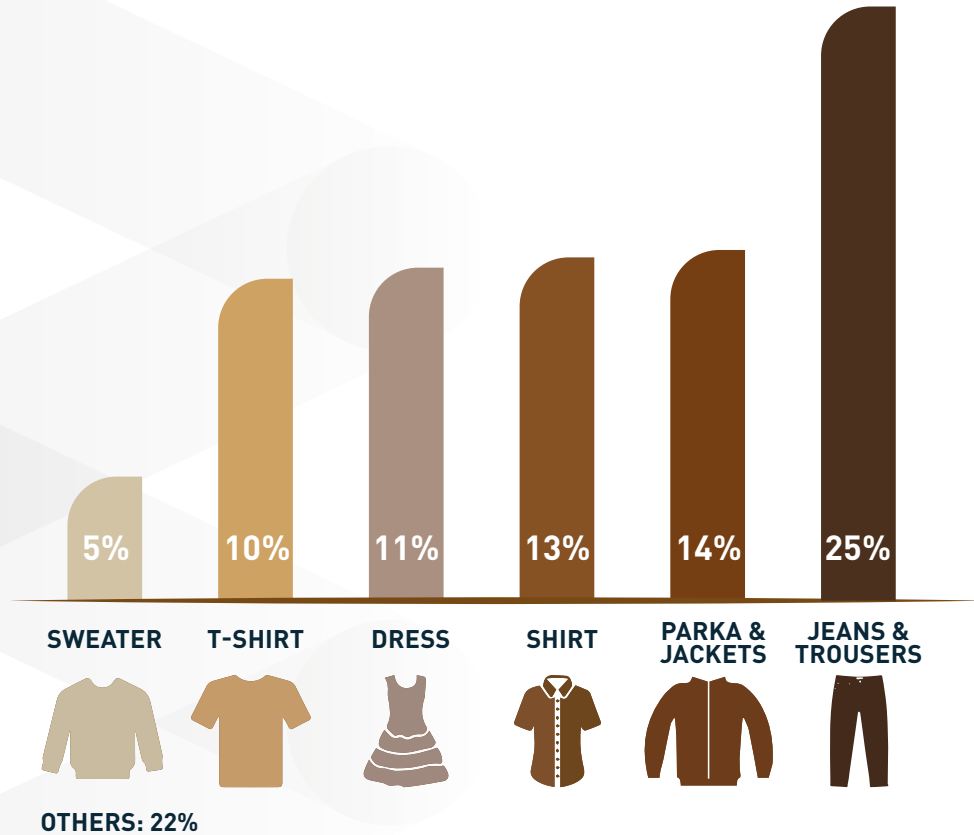
...SHOWING A ROBUST PERFORMANCE  
OVER H1 2021



**+23.2%** growth in textile exportation compared  
with the same period of 2020\*

# MULTIPLE SEGMENTS WITH EXTENSIVE PRODUCTION CAPABILITIES

## A MULTI-SEGMENT POSITIONING *(by value)*



Source: Evalliance

## EXTENSIVE CAPABILITIES



**1bn** ITEMS a year

*Morocco's total installed textile  
production capacity*

# A UNIQUE COMBINATION OF COMPETITIVE ADVANTAGES

## CAPACITY TO QUICKLY ADAPT TO CHALLENGES

- Swift reallocation of capacity towards health equipment during the pandemic (e.g. masks)

## SET OF GOVERNMENT INCENTIVES

- Government Subsidies
- Tax Free Zones
- Special Economic Zones

## ABUNDANT AND WELL-TRAINED WORKFORCE

- Large and young workforce
- Dedicated training centers & schools
- Predominantly feminine work force

## SHORT LEAD TIME

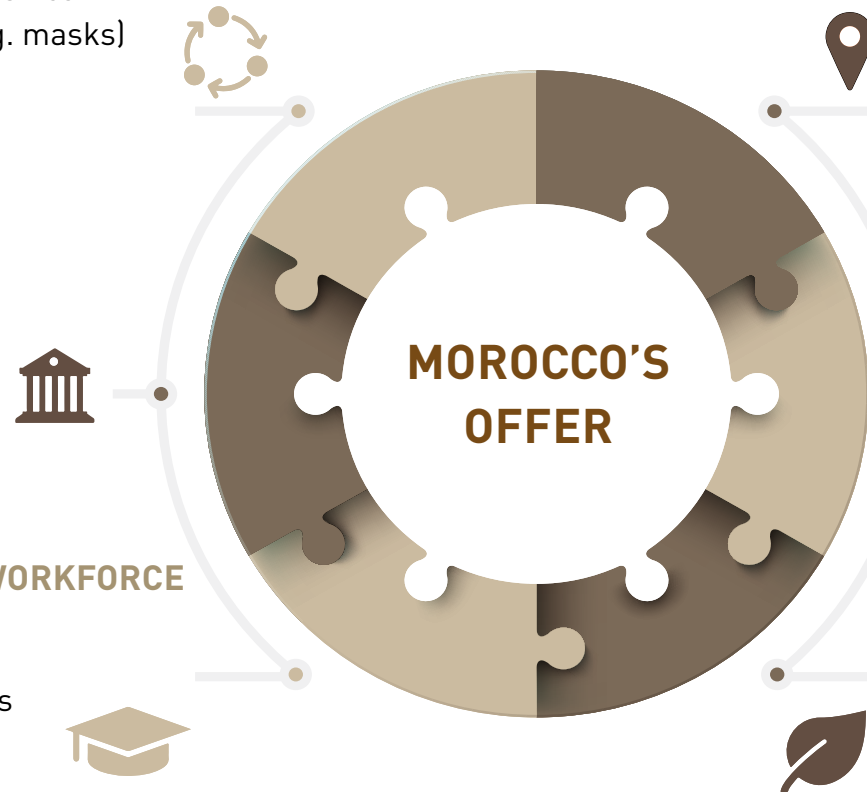
- 14km from Europe: Closest African country to the US and Europe
- High connectivity: The 1<sup>st</sup> transshipment platform in Africa

## TRADE AGREEMENTS

- More than 50 free Trade Agreements worldwide among which the US & EU
- Only African country having an FTA with the US

## SUSTAINABLE TEXTILE

- Morocco's proximity to the main retail markets is an opportunity to a lower carbon footprint textile



Source: BCG Analysis

# HIGHLY QUALIFIED AND WELL-TRAINED WORKFORCE



## A LARGE AND YOUNG WORKFORCE

1/3 of total Moroccan population between 20 and 45 years old



## A DEDICATED TRAINING ECOSYSTEM

Education offer from production engineering and manufacturing to fashion design



## A PREDOMINANTLY FEMININE WORK FORCE

Women represent 60% of the Moroccan textile industry work force



# STRONG TRADE TIES WITH US & EUROPE

## FREE TRADE AGREEMENT MOROCCO – USA



SINCE **2005**

Free access to the **US Market:**

**Triple transformation rule**

- Products triply transformed on Moroccan soil can be exported in the US with 0% tariffs
- Steps: Thread, fabric & garment manufacturing

- Exception of the triple transformation for textile products manufactured with cotton produced in **sub-Saharan LDCs**

- **Morocco, the only African** country having an FTA with the USA

## FREE TRADE ZONE EU28 - MOROCCO



SINCE **1996**

- Complete **dismantlement of tariffs** on textile products

- **Mandatory EUR1 certification**

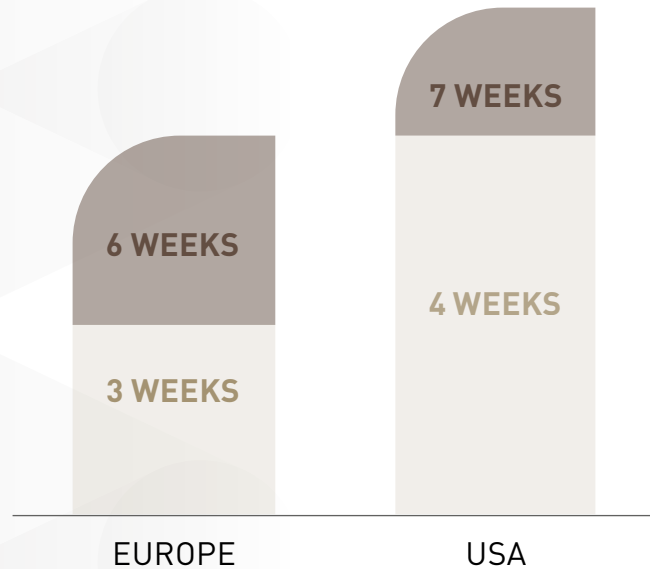
**Pan-Euro-Mediterranean rules of origin**

- Applied between Morocco & 42 countries, among which EU, EFTA or Turkey
- Enables the transformation of imported raw material

# COMPETITIVE LEAD TIME AT A GLOBAL SCALE

## AN EASY ACCESS TO EU AND US MARKETS

### AVERAGE LEAD TIME TO PRODUCTION & SHIPPING



Source: BCG Analysis

*We have produced almost one million pieces since the beginning of this year. All these items are made in Morocco and we present them in our Moroccan stores as “Made in Morocco” items, and this is now a source of pride for us*

**DeFacto**

Elif Cam  
Director of Global Sourcing DeFacto Group

*At the time when the health crisis reached its highest level, we signed a memorandum with the Ministry of Industry in July 2020, We chose to settle in Morocco for its political stability, its privileged location and its available and skilled workforce*



Cai Jie  
Country Manager Omega Groue

# GOVERNMENT INCENTIVES

## AN ATTRACTIVE INCENTIVE PACKAGE

### GOVERNMENT SUBSIDIES

- Investment: tailor-made offer for investors.
- Recruitment & Training: financial incentives to cover costs

### SPECIAL ECONOMIC ZONES

- Land, office space, and industrial plants in main economic zones
- Financial support for building and equipment

### GOVERNMENT SUPPORT

- Support from Moroccan Investment & Export Development Agency (AMDIE): end-to-end assistance



# A BRIGHT AND GREEN FUTURE

## Green investment, today a strategic priority

### GOVERNMENT SUPPORT

**Access** to competitive renewable energies

**Availability** of new eco-friendly industrial zones generation

### UPSTREAM INDUSTRIES DEVELOPMENT

**Development of** alternative raw materials

New law of the valorization of **hemp**

### MARKET DIVERSIFICATION

**Access** to new markets as scandinavian countries, Japan and United Kingdom



# MOROCCO



INVEST AND EXPORT

# WHY MOROCCO ?

## World class aeronautics platform...

- Morocco emerged as a prime aeronautics platform with annual growth rates of 20% over the last years
- The country is ranked among the world's most dynamic aerospace ecosystems
- Diversified and highly integrated supply chain

## ...appealing to major international players...

- Top OEMs are using parts produced in Morocco and many key industry players have built successful long-term partnerships in the country



## ...attracted by a geostrategic location and a unique set of competitive advantages...

- A unique combination of competitive advantages
- Well-trained Human Resources and dedicated training institutes ensure access to a top qualified and competitive labor cost
- Closest African country to the US, Canada and Europe ensuring on time delivery, and easy access to the main aerospace industry markets

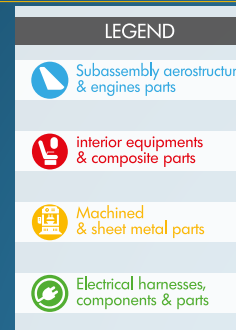
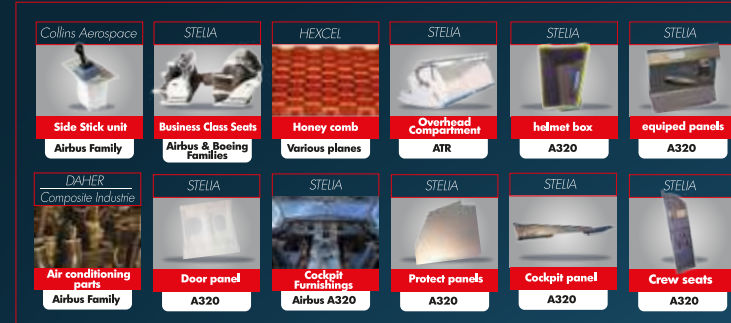
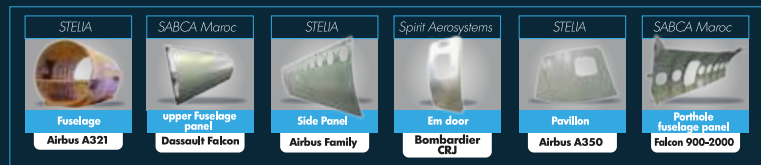
## ...long term vision to enhance the competitiveness of the Moroccan aerospace

- Target to grow more complex capabilities
- New opportunities: Space industry, Composites, Interiors...
- Vision to support the decarbonization of the industry



# HIGH VALUE-ADDED PARTS PRODUCED USING THE LOCAL SUPPLY CHAIN

## PARTS **MADE IN MOROCCO** HIGHLY INTEGRATED CAPABILITIES



THESE AIRCRAFT FLY  
WITH PARTS  
MADE IN MOROCCO



# THEY TRUST MOROCCO



# DIVERSIFIED SUPPLY CHAIN WITH ENHANCED CAPABILITIES (1/2)

## AERONAUTIC EQUIPMENT

Equipment, final assembly & test ( Actuators, Cockpit & Cabin Equipment)



## AEROSTRUCTURE AND ENGINE PARTS

Assembly work packages (fuselage, nacelles...) Composite structural & non-structural



## MACHINING

CNC machining /aluminum/ steel/titanium metal analysis/ mechanical testing



## SPECIAL PROCESSES

Anodizing (OAC,OAD,OAS,OAT...) Plating, coating, phosphating, passivation



## SHEET METAL WORKS

Cutting metals stamping, bending, shot peening, or welding processes



38% OF LOCAL INTEGRATION RATE



# DIVERSIFIED SUPPLY CHAIN WITH ENHANCED CAPABILITIES (2/2)

## ELECTRICAL WIRING

Wiring /technical harnesses  
electronics systems testing



## ENGINEERING

Mechanic, Electric, Electronic,  
Hydraulic Study, design, FEA,  
Simulations, 3D Printing



## MRO

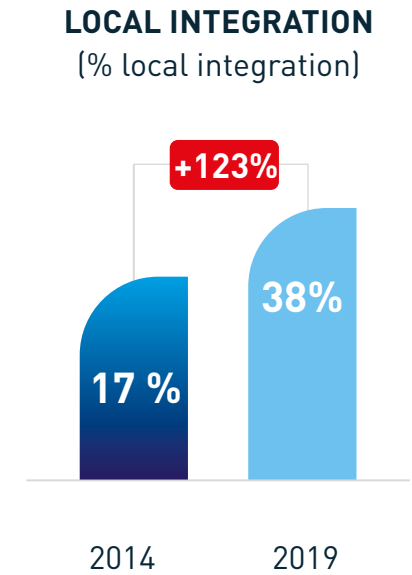
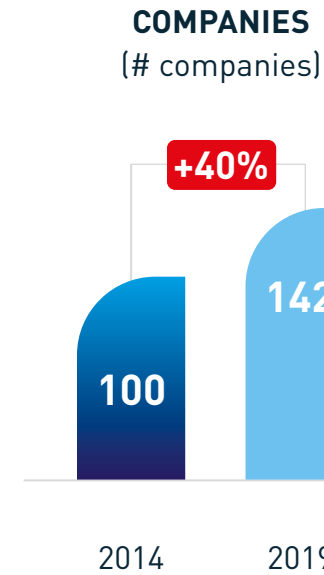
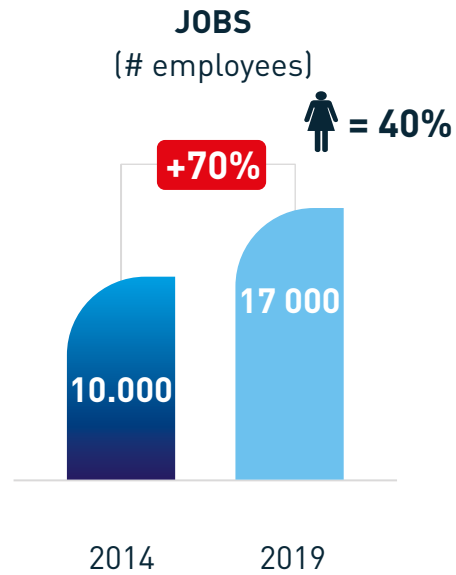
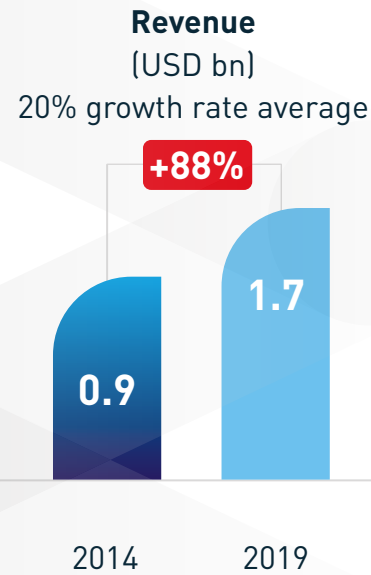
Heavy/line engine support services  
interiors



38% OF LOCAL INTEGRATION RATE

# THE FUTURE OF AVIATION WILL BE MADE “WITH” MOROCCO

## Key figures



“

*In 2020, like the rest of the aeronautics industry, we have been going through a period of economic turbulence for the past year, but at no time did we question this strategic choice.*

”

*Olivier Andriès, CEO, Safran*

# BOEING SUCCESSFUL SOURCING ECOSYSTEM IN MOROCCO



- Memorandum of Understanding signed 2016/27/9 by BCA former CEO Ray Conner and The Kingdom of Morocco (KoM).
- The Kingdom of Morocco, as part of the MoU, will provide a variety of critical parts to the Boeing production system with good quality and on-time delivery performance.

120  
SUPPLIERS

\$1bn  
ECONOMIC IMPACT<sup>1</sup>

8,700  
JOBS<sup>2</sup>

1. Yearly expected exports, in-country direct and indirect revenues 2. Expected number of direct jobs created  
Sources: Institutional sites, AMDIE



“ This MoU has been a great success as we have been able to integrate 11 suppliers including 2 that supply Boeing directly. These early successes have demonstrated that the Kingdom of Morocco offers excellent value for money and sets it apart from many other countries. We believe that together we can meet the challenges of global aviation and support the long-term growth objectives of both Morocco and Boeing. Stan Deal, President & CEO Boeing Commercial Airplanes



# PILATUS PC12- ASSEMBLY TO BE COMPLETED IN MOROCCO



- *Pilatus Aircraft and Sabca Maroc have signed a contract for the assembly of PC12- aerostructures in Casablanca.*
- *The first fuselage and wing structure assembled at the new Sabca facility will be ready for delivery by the end of 2022.*
- *The training required will be completed in collaboration with IMA.*



“ Pilatus trusted us after an international competition, in which we were able to **demonstrate that Sabca Maroc was the most competitive, the most qualified in terms of quality, work capacity but also confidence, motivation of the teams and their ability to achieve this goal.** ”

*Thibauld Jongen, CEO, SABCA*

# TALENTED PEOPLE YOU CAN RELY ON

## HIGHLY TRAINED WORKFORCE

### SPECIALIST TECHNICIANS AND OPERATORS

- Ad hoc training programs jointly developed with investors to address industry specific needs (e.g. soft skills with, middle management training)
- Subsidized by the government



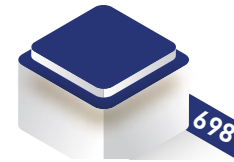
### AERONAUTICS ENGINEERS TRAINED IN MOROCCO AND ABROAD

- **2,500 engineers** to be trained per year in Moroccan specialized engineering schools
- A growing number of partnerships with **leading international universities**



## COMPETITIVE PRODUCTION COSTS

Cost, Morocco, \$/ months



ASSEMBLY/FABRICATION



MECHANICS



QUALITY CONTROL

**TURNOVER RATE IS LESS THAN 5%**

*Our Spirit Casablanca site is strategically important to us. It provides a very competitive cost base, a highly skilled workforce, it gives us access to a very strong ecosystem and it is ideally located logistically for our customers in the UK and Europe and for other destinations around the world. Scott McLarty, SVP Spirit Aerosystems*



# PROXIMITY AND FREE OF DUTIES ACCESS TO MAJOR AEROSPACE MANUFACTURING HUBS

## Easy access to a USD +60 bn market



SOURCE: TRADEMAP



FRANCE

- **1st** worldwide market: USD 15.1 bn imports in 2019
- **2 days** transportation by land
- Free Trade Agreement (EU)



UNITED STATES

- **2nd** worldwide market: USD 20.3 b imports in 2019
- **10 days** transportation by sea
- Free Trade Agreement



GERMANY

- **3rd** worldwide market: USD 8.2 b imports in 2019
- **3 days** transportation by land
- Free Trade Agreement (EU)



UNITED KINGDOM

- **5th** worldwide market: USD 5.6 b imports in 2019
- **3 days** transportation by sea
- Association Agreement, with free of duties access



CANADA

- **6th** worldwide market: USD 5.3 b imports in 2019
- **10 days** transportation by sea

# YOUR WORLD-CLASS FACILITY READY IN LESS THAN 12 MONTHS

## MIDPARC CASABLANCA FREE ZONE



## NOUACEUR AEROPOLE



## TFZ (Tanger Free Zone), MELLOUSSA



## INDUSTRIAL PARKS: HAD SOUALEM, SAPINO, CFCIM



INDUSTRIAL PARK



AEROSPACE DEDICATED PARK



# A COMPREHENSIVE INCENTIVE PACKAGE AVAILABLE

## Direct Capital Expenditure Subsidies for investment in aeronautics

Direct Capital Expenditure Subsidies for aerospace activity, based on investment's level, added value and job creation.

## Tax incentives & Industrial Acceleration Zones advantages

One stop shop services for customs and administration requirements.

## Free on-demand training

On-demand and tailor-made training: Workers are trained in advance, to meet the start-of-production schedule.



# THE FUTURE OF AVIATION WILL BE MADE “WITH” MOROCCO

## 2025 AMBITION

- Reinforce existing capabilities with a focus on : Engineering, MRO
- Develop new ecosystems: Space, Interiors, Engine, Composites
- Export revenue x2,5
- Decarbonization of operations



# MOROCCO



INVEST AND EXPORT