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Global Analysis Report

Market Overview

Morocco

April 2017

Executive summary

The Kingdom of Morocco is located in the northwest corner of Africa, and at its closest point, it is less than 15 kilometres away from Spain. With a population of 35.0 million people, Morocco was the 10th largest economy in the Middle East and North Africa (MENA) region, in 2016. Morocco is considered a developing country by international standards.

Morocco had a gross domestic product (GDP) of US$104.1 billion in 2016, this is expected to grow by 5.3% in 2017. Morocco is forecast to see some sustained economic progress over the short to medium term with a 5.7% compound annual growth rate by 2020 and beyond, according to Euromonitor.

This growth is largely stimulated by domestic demand, and Morocco is on track to see continued improvements in its economic performance due to a combination of government policy measures to enhance the business climate, focused expansion of middle class and improvements in competitiveness.

According to Euromonitor, Moroccan consumers have a significantly lower level of discretionary spending compared to the global average, although it is slightly higher than some of their regional counterparts. Consumer expenditure will see healthy growth through to 2030, creating more opportunities for providers of agri-food and seafood products; especially with the strongest spending expected to be in hotels and catering services, on the back of rising tourist arrivals and the growing trend for dining out among affluent Moroccans.

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PRODUCTION

Morocco is extremely dependant of its domestic agricultural sector as it accounts for 19% of Morocco's GDP (depending on the harvest) and employs about 40% of the country's workforce. Over 90% of the country's agriculture is rain dependant and thus this output varies greatly from year to year.

Moroccan agricultural production consists mainly of wheat, sugar beet, orange, tomatoes, potatoes, olives, and olive oil. However, Morocco produces enough food for domestic consumption except for grains, sugar, coffee and tea. More than 40% of Morocco's consumption of grains is imported. Morocco is a net exporter of fish as well as fruits and vegetables. High quality agricultural products are usually exported to Europe.

Top ten crops (tonnes)	2011	2012	2013	2014
Wheat	6,017,821	3,878,000	6,933,983	5,115,884
Sugar beet	3,035,143	1,626,670	2,142,221	3,208,617
Potatoes	1,721,402	1,656,891	1,928,606	1,950,982
Barley	2,317,611	1,201,388	2,722,622	1,638,086
Olives	1,415,902	1,315,794	1,181,676	1,573,206
Tomatoes	1,217,905	1,219,071	1,293,320	1,230,953
Oranges	858,587	961,738	759,290	1,001,246
Onions, dry	860,913	855,764	929,866	813,707
Melons, other	777,605	717,602	700,035	736,546
Sugar cane	763,913	540,985	619,561	278,551

Livestock (heads)	2011	2012	2013	2014
Sheep	18,737,340	19,006,080	18,979,704	19,230,835
Goats	5,991,370	5,601,500	5,905,394	6,147,225
Cattle	3,037,930	3,029,180	3,172,984	3,238,688
Asses	950,190	947,110	944,360	947,000
Mules	465,240	456,880	453,330	456,000
Camels	55,000	56,500	181,020	182,830
Horses	139,950	138,150	139,210	140,000

Meat (tonnes)	2011	2012	2013	2014
Meat, cattle	198,657	204,422	254,000	259,078
Meat, sheep	143,430	147,592	118,000	120,359
Meat, goat	23,591	24,276	26,000	26,520
Meat, camel	4,296	5,148	4,340	4,292

Source for all: *FAOSTAT Agricultural Production, January 2017*

Trade

Morocco agriculture is extremely dependant on rainfalls and thus its output could fluctuate drastically from year to year. Consequently, Morocco is a net importer of agri-food products. In 2015, Morocco's agri-food and seafood trade deficit was a mere C$9 million with imports valued at C$5.73 billion, and C$5.72 billion in exports, however Morocco may experience a larger deficit in 2016 according preliminary data because of the severe drought that the country experienced in 2015/2016.

Trade	2011	2012	2013	2014	2015	2016*	**CAGR 2011-15
Morocco exports	3,886.77	3,858.20	4,423.89	5,175.56	5,724.63	5,252.72	10.2%
Morocco imports	5,908.55	5,966.53	5,394.08	6,661.93	5,733.71	5,906.50	-0.7%
Gap	-2,021.78	-2,108.33	-970.19	-1,486.37	- 9.08	-653.78	-74.1%

Source: *Global Trade Tracker, January 2017*
**please note: 2016 partial year*
***CAGR= compound annual growth rate*

Morocco top agri-food and seafood suppliers, 2015 and 2016*

Partner country	2015 Rank	2015	2016*	2016 Rank
World	-	5,733,713,706	5,906,498,770	-
France	**1**	732,683,607	1,115,929,804	**1**
Brazil	**2**	637,378,182	539,380,660	**2**
Argentina	**3**	506,338,844	479,116,511	**3**
United States	**4**	438,162,760	425,375,837	**4**
Germany	**5**	394,776,574	262,989,452	**9**
Canada	**6**	358,894,849	292,211,069	**8**
Spain	**7**	347,105,132	380,619,806	**5**
China	**8**	328,398,963	294,673,444	**7**
Netherlands	**9**	227,876,607	202,339,633	**10**
Ukraine	**10**	208,522,645	309,131,679	**6**

Source: *Global Trade Tracker, January 2017*
**please note: 2016 partial year*

Morocco's top agri-food and seafood imports in 2015 were wheat, corn, soybeans oil, cane sugar, durum wheat, oilcake, and green tea. Key supplying countries were France, Brazil, Argentina, the United States, Germany and Canada. Canada was Morocco's sixth largest supplier of agri-food and seafood products in 2015, with a 6.3% share.

Canada ranked as the 19th destination for Moroccan agri-food and seafood products in 2015. Canada import's mainly citrus fruit from Morocco, accounting for 67.5% of all agri-food and seafood imports, and totalling C$55.8 million in 2015. Prepared octopus and olives are also other important import products for Canada; their imports totalled C$5.2 and C$5.1 million respectively.

Morocco top agri-food and seafood imports from the world, 2015

Commodity	Import Value C$ millions	Top Suppliers & Market Share			Canada's Share
		1	2	3	
Wheat (excluding durum wheat)	705.1	France (39.8%)	Germany (20.3%)	Ukraine (16.7%)	0.00%
Corn (excluding seed corn)	542.9	Argentina (47.3%)	Brazil (29.9%)	United States (13.0%)	0.00%
Soybean oil	429.2	Germany (41.7 %)	Spain (20.6%)	United States (19.9%)	0.00%
Durum wheat	405.9	Canada (81.1%)	France (18.7%)	n/a	81.10%
Raw sugar cane	357.9	Brazil (95.6%)	Mexico (0.04%)	France (0.001%)	0.00%
Oilcake	232.3	Argentina (69.1%)	United States (30.8%)	n/a	0.00%
Green tea	152.5	China (99.8%)	United Kingdom (0.001%)	Spain (0.001%)	0.00%
Fresh or dried dates	139.5	Tunisia (50.2%)	United Arab Emirates (30.6%)	Egypt (14.9%)	0.00%
Coffee, not roasted	108.3	Indonesia (30.1%)	Guinea (14.7%)	Togo (13.8%)	0.00%
Barley (excluding seeds for sowing)	103.6	Argentina (47.0%)	France (23.3%)	Uruguay (7.9%)	0.00%

Source: *Global Trade Tracker, January 2017* *n/a= not applicable*

Canada's agri-food and seafood exports to Morocco were valued at C$358.9 million in 2015. (C$292.2 as of October 2016). Top exports were durum wheat (C$329.6 million), frozen shrimp and prawns (C$8.9 million) , frozen cold water shrimp (C$7.8 million), dried shelled lentils (C$5.8 million) and dried peas (C$2.1 million). Canada registered an agri-food and seafood trade surplus of C$275.9 million with Morocco.

Morocco top agri-food and seafood exports market, 2015 and 2016*

Rank 2015	Country	2015	2016*	Rank 2016
	World	5,724,630,475	5,252,722,612	
1	Spain	1,185,047,185	1,226,378,287	1
2	France	1,020,299,450	964,795,998	2
3	Netherlands	314,723,927	342,006,143	4
4	Italy	352,704,226	308,948,134	3
5	United States	167,096,692	197,560,137	7
6	Russian Federation	220,849,983	185,583,358	5
7	Japan	188,706,991	150,997,767	6
8	Germany	167,008,897	142,936,642	8
9	Turkey	152,724,811	119,593,287	9
10	United Kingdom	117,664,839	119,209,060	10
19	Canada	82,914,396	47,609,680	19

Source: *Global Trade Tracker, January 2017*
**please note: 2016 partial year*

Consumer foodservice

Consumer foodservice volumes in Morocco historic in '000 tonnes

Category	2011	2012	2013	2014	2015	2016	% CAGR 2011-16
Packaged food foodservice	645.21	675.17	707.40	742.80	783.93	825.00	5.04
Baked goods	277.05	292.32	309.06	326.67	348.05	371.27	6.03
Dairy	205.48	214.54	224.40	236.23	248.68	258.37	4.69
Edible oils	73.01	74.34	75.84	77.22	78.65	80.20	1.90
Rice, pasta and noodles	44.92	46.91	48.88	50.95	53.70	57.18	4.94
Ice cream and frozen desserts	15.48	16.52	17.27	18.20	19.20	20.26	5.53
Sauces, dressings and condiments	13.55	13.94	14.34	14.73	15.24	15.75	3.05
Processed meat and seafood	6.67	7.27	7.98	8.85	10.08	11.32	11.16
Processed fruit and vegetables	3.62	3.74	3.86	3.99	4.16	4.34	3.69
Confectionery	1.44	1.50	1.55	1.60	1.65	1.71	3.50
Spreads	1.49	1.53	1.56	1.61	1.65	1.70	2.67
Sweet biscuits, snack bars and fruit snacks	1.29	1.33	1.37	1.41	1.46	1.51	3.20
Savoury snacks	0.99	1.02	1.05	1.09	1.14	1.18	3.57
Breakfast cereals	0.19	0.21	0.22	0.23	0.25	0.26	6.47
Soup	0.02	0.02	0.02	0.02	0.02	0.02	0.00

Moroccan lifestyle and consumption trends have changed significantly in recent years, with the increasingly hectic pace of modern life fuelling demand for convenience. As a result, many consumers are ordering ready-to-eat meals from consumer foodservice outlets during lunch, while they might rely on processed foods bought from retailers when eating at home.

According to Euromonitor, in 2015, consumer expenditure per capita amounted to US$2,002. This amount is expected to increase by 3.5% in 2016. Spending on hotels and catering will be the fastest-growing consumer category. It is forecast that in the period 2016 to 2030, total consumer expenditure will grow at an average annual rate of 5.7%.

Consumer foodservice volumes in Morocco- forecast in '000 tonnes

'000 tonnes	2017	2018	2019	2020	2021	% CAGR 2017-21
Packaged food foodservice	869.17	916.53	967.28	1,021.79	1,080.74	5.60
Baked goods	396.47	423.86	453.52	485.7	521.01	7.07
Dairy	268.38	278.73	289.44	300.51	311.93	3.83%
Edible oils	81.81	83.48	85.23	87.06	88.96	2.12
Rice, pasta and noodles	60.95	65.02	69.41	74.14	79.25	6.78
Ice cream and frozen desserts	21.38	22.58	23.86	25.22	26.67	5.68
Sauces, dressings and condiments	12.75	14.4	16.3	18.49	21.02	13.31
Processed meat and seafood	16.29	16.87	17.49	18.15	18.85	3.72
Processed fruit and vegetables	4.53	4.73	4.94	5.17	5.41	4.54
Confectionery	1.76	1.82	1.88	1.95	2.02	3.50
Spreads	1.77	1.82	1.88	1.95	2.01	3.23
Sweet biscuits, snack bars and fruit snacks	1.56	1.62	1.68	1.75	1.82	3.93
Savoury snacks	1.22	1.26	1.31	1.36	1.41	3.68
Breakfast cereals	0.28	0.3	0.32	0.34	0.37	7.22
Soup	0.03	0.03	0.03	0.03	0.03	0.00

Source for both: *Euromonitor, January 2017 CAGR= compound annual growth rate*

Retail sales

Agri-food retail sales in Morocco, historic in US$ millions

Category	2011	2012	2013	2014	2015	2016	% CAGR 2011-16
Packaged food	4,500.1	4,786	5,023.9	5,291.5	5,552.4	5,797.6	5.20
Dairy	1,677.1	1,790.6	1,857.1	1,930.4	1,992.6	2,047.9	4.08
Processed meat and seafood	473.3	516.2	562.4	613.7	681.5	714.7	8.59
Edible oils	601.7	619	644.8	669.2	680.4	708.7	3.33
Baked goods	492.1	514	536.8	562	583.5	608.3	4.33
Confectionery	253.7	266.9	277.5	289.4	300.3	317.2	4.57
Rice, pasta and noodles	216.6	239.2	249.1	260.6	275.8	293.8	6.29
Ice cream and frozen desserts	175.6	193.3	211.3	236.5	258.7	283.5	10.05
Sweet biscuits, snack bars and fruit snacks	178.2	193.5	208.2	225.5	242.9	261.1	7.94
Sauces, dressings and condiments	107.8	110.8	114.1	117.9	122.5	126.8	3.30
Spreads	75.2	78.5	82.9	88.3	94.3	100	5.87
Baby food	83.5	87.3	91.1	95	97.8	99.9	3.65
Savoury snacks	75.7	78.8	82.3	86.6	92.4	97	5.08
Processed fruit and vegetables	55.1	59.9	64.9	71.1	80.2	85.2	9.11
Breakfast cereals	29.3	32.3	35.3	38.6	42.1	45.9	9.39
Ready meals	2.1	2.5	2.8	3.3	3.8	4.0	13.75
Soup	3.1	3.2	3.3	3.4	3.5	3.6	3.04

Source: *Euromonitor, January 2017* *CAGR= compound annual growth rate*

Several factors are influencing the ever-changing retail sector in Morocco. Shifting consumer lifestyles, particularly a high rate of population growth and rapid urbanization, combined with the rise of disposable income. This in part explains the growth of the packaged food segment and the multiplication of modern grocery distributors in Morocco.

Packaged food sales increased by a compounded annual growth rate (CAGR) of 5.2% over the period of 2011 to 2016 with further increases of 6.8% forecasted to 2021. Within this category, the best performing segment was ready meals with a CAGR of 13.7% over the same period. This reinforces the Euromonitor observations that consumers in Morocco are looking for convenient products.

The retail distribution of food in Morocco varies across income levels. Superstores generally cater to the more affluent consumers. Traditional neighbourhood stores cater to the lower income population who tends to buy fewer items on a frequent basis. Weekly rural farmer’s markets still persist and cater to rural populations. Higher income earners tend to buy more processed and packaged foods on a frequent basis.

Euromonitor notes that Moroccans are gradually shifting towards modern retail channels and embracing technology. Internet retailing packaged food sales are expected to continue increasing. The fact that the number of women joining the workforce is continuously rising means that a growing number of female consumers are looking for practical solutions to make life easier.

There has been a boom in the level of health awareness among Moroccan consumers in recent years. The demand for healthy alternatives is rapidly spreading including the use of stevia in sweet recipes to replace sugar or taking daily amounts of coconut oil to cleanse the digestive system. Because of these trends, pharmacies have started to import and offer a wide range of different supplements, which have proven popular among Moroccans and continue to reinforce the growing health and wellness trend.

Agri-food retail sales in Morocco, forecast in US$ millions

Category	2017	2018	2019	2020	2021	% CAGR 2017-21
Packaged Food	6,169.2	6,573.8	7,014.0	7,493.2	8,018.9	6.78
Dairy	2,147.6	2,254.3	2,368.4	2,490.6	2,621.7	5.11
Processed meat and seafood	764.8	818.6	876.7	939.1	1,006.3	7.10
Edible oils	743.5	781.2	822.3	867.2	918.6	5.43
Baked goods	647.2	689.1	734.3	783.0	835.6	6.60
Confectionery	317.8	357.5	403.7	458.2	523.1	13.27
Rice, pasta and noodles	341.5	368.3	397.9	430.2	464.3	7.98
Ice cream and frozen desserts	319.5	347.6	378.4	412.4	450.0	8.94
Sweet biscuits, snack bars and fruit snacks	286.2	313.3	342.0	371.6	403.5	8.97
Sauces, dressings and condiments	133.9	141.4	149.4	157.8	166.7	5.63
Spreads	108.3	117.7	128.1	139.6	152.6	8.95
Baby food	103.5	111.1	119.3	128.2	137.8	7.42
Savoury snacks	92.3	99.9	108.3	117.3	127.1	8.33
Processed fruit and vegetables	104.1	108.5	113.1	118.0	123.2	4.30
Breakfast cereals	51.1	56.9	63.3	70.6	78.7	11.40
Ready meals	4.3	4.6	4.9	5.2	5.5	6.35
Soup	3.7	3.9	4.0	4.2	4.3	3.83

Source: *Euromonitor, January 2017* *CAGR= compound annual growth rate*

Convenience-oriented stores, in particular, are changing the landscape of the Moroccan market. While shopping at convenience stores, discounters and forecourt retailers is relatively limited, the traditional grocery retailers are currently losing ground to supermarkets, and hypermarkets and neighbourhood modern grocery stores which feature smaller surfaces, limited product assortments, and a focus on convenience items. There has been a notable trend towards this type of retail channel because of Moroccans' busy lifestyles. The fact that convenience stores have extended hours of operation is also certainly a factor. The demand for convenience, health and wellness, as well as indulgence, will be the main consumer trends that are likely to impact retailing in the years to come in groceries.

Distribution channels - historic - retail value RSP - % breakdown

Outlets	2011	2012	2013	2014	2015	2016
Grocery retailers	98.1	98.1	98.1	98.1	98.1	98.1
Modern grocery retailers	32.5	33.1	33.6	34.1	34.9	35.2
Convenience stores	0.1	0.1	0.1	0.1	0.1	0.1
Discounters	0.2	0.3	0.3	0.3	0.3	0.3
Forecourt retailers	1.1	1.1	1.1	1.1	1.1	1.1
Hypermarkets	19.4	19.9	20.3	20.7	21.2	21.4
Supermarkets	11.7	11.7	11.8	11.9	12.2	12.3
Traditional grocery retailers	65.6	65.0	64.4	64.0	63.2	62.9
Food/drink/tobacco specialists	1.5	1.5	1.5	1.5	1.5	1.5
Independent small grocers	58.7	58.1	57.6	57.2	56.5	56.2
Other grocery retailers	5.4	5.4	5.4	5.3	5.2	5.2

Source: *Euromonitor, January 2017*

For more information

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in Morocco**
  www.tradecommissioner.gc.ca/ma
  http://www.rabat.gc.ca

- **Find a Trade Commissioner**
  [www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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RESOURCES

Consumer Lifestyles in Morocco - Euromonitor International – 2016
Package Food in Morocco- Euromonitor International -2016
Agricultural Production –Morocco- FAOSTAT- 2017
Import and export statistics – Morocco- Global Trade Tracker- 2017
World Bank- 2017

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