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INVEST AND EXPORT

TEXTILE INDUSTRY



OCTOBER 2021

WHY MOROCCO ?

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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...

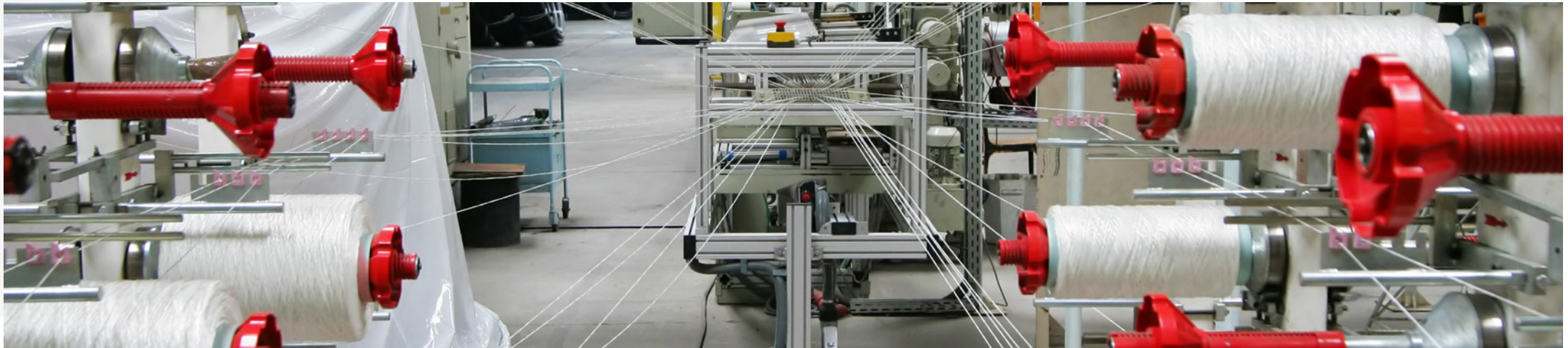
- Competitive lead time
- Trade Agreements with more than 50 countries
- International recognition from leading textile players

...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

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THE TEXTILE INDUSTRY IN **6 KEY FIGURES**

> 157K JOBS
Among the 1st industrial employer in Morocco

27%
of industrial jobs

>1,075
companies

1bn PIECES
produced annually

12%
of Moroccan exports

USD 3.6bn
export turnover



STRATEGIC POSITIONING WORLWIDE

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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	**MOROCCO**	**3.6%**
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

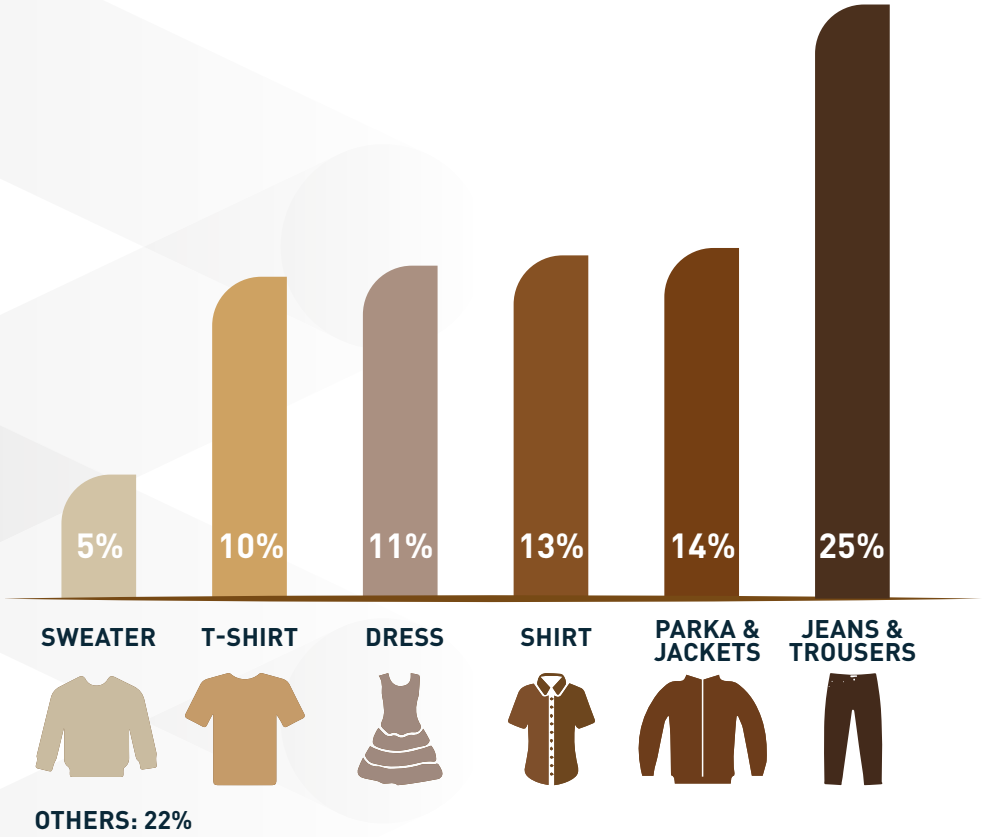


***+23.2%** growth in textiles exports compared with the same period of 2020**

MULTIPLE SEGMENTS WITH EXTENSIVE PRODUCTION CAPABILITIES

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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

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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 1st transhipment 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

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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

OFPPT

ESITH

CMA CASA MODA ACADEMY Ecole Supérieure de Création et de Mode de Casablanca

A PREDOMINANTLY FEMININE WORK FORCE

Women represent 60% of the Moroccan textile industry work force



STRONG TRADE TIES WITH US & EUROPE

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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 & garnment 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

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AN EASY ACCESS TO EU MARKET

LEAD TIME TO EUROPE: 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

omega

Cai Jie
Country Manager Omega Groue

GOVERNMENT INCENTIVES

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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

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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



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