

BTI 2012 | Morocco Country Report

Status Index	1-10	4.50	# 94 of 128	
Political Transformation	1-10	3.90	# 98 of 128	➔
Economic Transformation	1-10	5.11	# 79 of 128	➔
Management Index	1-10	4.20	# 89 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

More on the BTI at <http://www.bti-project.org>

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Key Indicators

Population	mn.	32.0	HDI	0.582	GDP p.c.	\$	4712
Pop. growth ¹	% p.a.	1.0	HDI rank of 187	130	Gini Index		40.9
Life expectancy	years	72	UN Education Index	0.447	Poverty ³	%	14.0
Urban population	%	56.7	Gender inequality ²	0.510	Aid per capita	\$	28.5

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

The major political and economic trends in Morocco remained consistent with those of the previous period. Despite fairly transparent parliamentary elections in 2007, Morocco's political system is still authoritarian in nature. The widespread abstention seen in 2007 was also evident in the 2009 municipal elections, although to a lesser degree. These elections also confirmed that elections are subject to manipulation by gerrymandering and vote buying. The 2009 elections were won by the latest pro-regime party, the Party of Authenticity and Modernity of Fouad Ali al-Himma, a close associate of King Mohammed VI. This party, although founded only in 2007, rallies old supporters of the monarchy who are eager to join the party that is closest to the palace. Press freedom deteriorated further in the 2009-2010 period, with two major investigative journalism publications put out of business in 2010. Human rights abuses increased both against Islamists and Sahrawi activists.

The government has continued its program of economic liberalization with a further reduction of its tariffs and the strengthening of investor protections. Economic growth has been sound at around 5% and less volatile than in previous periods. The unemployment rate decreased to around 9%, although youth unemployment is still very high. The rise in tax revenues observed in the previous reporting period continued, and the Moroccan government has managed the years of the global economic crisis without a substantial increase in its deficit. Remaining challenges include a lack of social safety nets, illiteracy and gender inequality.

Morocco enjoys strong support from the United States, France and Spain. In 2010, economic support from the European Union increased in the context of the "Advanced Status" granted to Morocco in 2008.

History and Characteristics of Transformation

Following its independence from France in 1956, the Moroccan monarchy based its rule on the rural elites, the urban bourgeoisie and the military. In the decades thereafter, political opposition from Leftists and Nationalists was contained by a mix of harsh repression, co-optation, and divide and rule politics. As the regime relied on support from the major rural landowners, it refrained from initiating massive industrialization programs financed through a transfer of wealth from the agricultural sector. At the same time, it emulated other developing nations in resorting to tariff barriers to promote national industries that helped to generate support among the bourgeoisie.

In the late 1960s and early 1970s, King Hassan II reacted to social unrest and two military coup attempts by adapting redistributive policies aimed at appeasing the constituencies of the political opposition. He raised the minimum wage and granted scholarships to all students attending university; the parastatal sector was expanded. The financial cost of this economic reorientation was initially borne by a surge in phosphate prices, Morocco's key export, during the early 1970s. Subsequently, Morocco resorted to foreign loans, which eventually led the country into massive debt. Additional costs were generated by Morocco's annexation of the Western Sahara territories in 1975, which created an expensive and lengthy war with the Polisario Front.

The ensuing crisis of public finances and the subsequent restrictions of structural adjustment programs triggered waves of social unrest and bread riots in the 1980s and early 1990s. Morocco's economic and social problems strengthened the monarchy's political opposition and forced the regime to enact economic and political reforms in the 1990s. On the economic front, Hassan II modernized the legal environment for the business sector. New laws were implemented in the banking sector, the tax system was overhauled to simplify and optimize tax collection, and a major privatization program was set in motion. This fell short of dismantling Morocco's complex and deeply entrenched patronage system.

Political liberalization measures appeased the opposition and the international community's critical attitude towards Morocco's deplorable human rights record. Political prisoners were released and press freedom increased. A constitutional reform provided for the first direct elections of all members of parliament in 1997. This same reform also introduced a new upper chamber with wide-ranging prerogatives and a pro-regime composition to counterbalance a strengthened lower chamber. King Hassan II reached out to the political opposition and appointed opposition leader Abderahmane Youssoufi, then secretary general of the major opposition party, the Socialist Union of Popular Forces, as prime minister in 1998. The government also included other opposition parties, namely the Istiqlal and the Party of Socialist Progress. Since then, these parties have formed a government coalition with changing pro-regime parties and have lost much of their reform drive and mobilization potential.

Another important feature of the 1997 elections was the first participation of an Islamist political party, the Party of Justice and Development (PJD), which represents one of the two main currents of political Islam in Morocco. Since the 1997 elections, the PJD has strongly expanded its electoral support but has ultimately failed to become the strongest political force in the country. Nevertheless, at present the PJD remains the strongest challenge to the authoritarian regime among included actors and is treated accordingly by the regime. The other major current of Islamism, represented by Justice and Charity (JC), has to date refused to accept the monarchy's religious and political leadership and remains illegal and is occasionally persecuted.

After Hassan II died in July 1999, his successor, Mohammed VI, positioned himself as a political and social reformer. Initially, two symbolic gestures stood out in particular, namely his release of the JC leader Abdessalam Yassine from house arrest and the firing of Driss Basri, the former minister of the interior, who was Hassan II's most trusted advisor and was also the embodiment of human rights abuses and rigged elections. Mohammed VI also established the Equity and Reconciliation Commission, with a mandate to identify and compensate former victims of human rights violations. Additionally, he initiated a new personal status law that improved the legal situation for women. In spite of these improvements, Muhammad VI's reign has not changed the configuration of power; the system remains autocratic. The two parliamentary elections (in 2002 and 2007) under his reign have been more transparent than previous ones, but excessive gerrymandering and the toleration of vote buying have ensured a fragmented parliament and good electoral results for pro-regime actors. Especially after the Casablanca terrorist bombings on 16 May 2003, human rights abuses have again increased, as have violations of press freedom.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

The state possesses a monopoly on the use of force throughout the internationally recognized Moroccan territory. In the Western Sahara territories (annexed in 1975), where Moroccan sovereignty is not recognized, fighting has stopped, but the Polisario Front still constitutes an important challenge. The Moroccan state's anti-drug-trafficking actions in the northern Rif region send contradictory messages: on the one hand, officials have been arrested for complicity in drug trafficking and the state has cracked down on a cocaine-related drug cartel in 2009; on the other hand, human rights activist Chekib el-Khayari was sentenced to three years in prison in the same year for accusing officials of complicity in drug trafficking and laxness in combating it.

Monopoly on the
use of force
8

Morocco's status as a nation-state is considered legitimate by almost all actors. Amazigh groups have gradually claimed more cultural rights but do not question the Moroccan nation-state. By establishing the Royal Institute of Amazigh Culture, the monarchy has appropriated the question of cultural rights in order to defuse the issue.

State identity
7

One aspect of Moroccan state identity that is under critique is the hereditary monarchy, which the most powerful Islamist organization, Justice and Charity, still views as illegitimate. Also, some (though few) secular and liberal voices on the left of the political spectrum have called for constitutional reforms in this respect.

The boundaries of the state are also questioned by the Polisario. For the regime, the annexed Western Sahara is part of Moroccan "territorial integrity," an issue that has become a key pillar of Morocco's state identity. Groups or individuals who question the legitimacy or even usefulness of this claim are still severely persecuted.

Islam is the official religion of the state. The king holds the title of Commander of the Faithful and his power to rule is linked to his ability to maintain and constantly reinvigorate his religious legitimacy. Clearly, he has a personal interest in upholding religious dogmas. Nearly all Moroccans are Muslims but there is still a very small minority of Christians and Jews, the latter constituting around 0.2% of the population. Religious communities are permitted to practice their faith without government interference, but proselytism for a religion other than Sunni Islam, as well as conversion, are against the law.

No interference of religious dogmas

6

In 2009 and 2010, close to 100 Christian missionaries were expelled from Morocco. In the same period, there was also a campaign against Morocco's tiny Shi'a community on the grounds of alleged proselytism.

Morocco's legal system has primarily secular origins, but laws pertaining to personal affairs (marriage, inheritance, etc.) have a religious basis. In 2009, the authorities detained several members of the Moroccan Alternative Movement for Individual Freedoms for organizing a public picnic during the month of Ramadan to protest against article 222 of the penal code, which forbids Muslims to eat during fasting hours.

The state's basic administrative structure extends throughout the territory of the country, but it remains operationally deficient despite attempts at reform. It suffers from widespread corruption in particular and the low skill level of many public employees. A decentralization process that started in the early 2000s has not been accompanied by a substantial devolution of power to elected municipal or provincial entities, although a new municipal charter was enacted in 2009. Pending democratization, Moroccan plans for regionalization, currently developed by an "Advisory Committee for Regionalization" appointed by the king, are likely to suffer the same fate. Thirty percent of Moroccans are still without access to sanitation, and another 20% have no access to water. The authorities also remain poorly prepared to respond to yearly recurring floods. They still have not put in place a functioning alert and prevention system. In the winter of 2009/2010, such floods claimed hundreds of lives and forced more than 6,000 people to be evacuated. As part of a new prevention policy, the government is planning to construct around 30 dams by 2011. The sources of funding for these dams were not specified, and it remains to be seen whether the dams will actually be built.

Basic administration

6

2 | Political Participation

National and local elections, although held regularly, do not and are not intended to produce autonomous democratic institutions. The latest parliamentary elections, held in 2007, were considered transparent by international observers, but local observers and numerous political parties reported that the authorities had turned a

Free and fair elections

3

blind eye to widespread vote buying. The low turnout – 37% of registered voters – indicated disinterest in voting for a parliament and government that are mere window-dressing. This was the lowest turnout among the educated, suggesting that disaffection is highest among the most politically conscious. But Moroccans all across social categories are generally aware that actual power does not reside in the parliament or the government, but with the monarch and the closest informal circles of power. Results at the level of the polling station have not been released for the 2007 elections and there are issues related to both transparency and gerrymandering.

Municipal elections were held in 2009. Before the elections, the regime had again resorted to gerrymandering. The key intention was to decrease the electoral scores of the Islamist Party of Justice and Development (PJD), namely by adding villages – where voting is rather clientelistic – to cities where the PJD has more support. The Party of Authenticity and Modernity (PAM), founded in 2002 by Fouad Ali El Himma, a close associate of King Mohammed VI, won the largest number of votes and seats. These seats were mainly won in rural areas, thus suggesting that the PAM is the regime’s latest vehicle of organized clientelism. Some observers have begun describing PAM as part of the dominant party phenomenon typical of Middle Eastern regimes. The Islamist Party of Justice and Development (PJD) won most of its seats in urban areas, where programmatic voting is more common. After the elections, the authorities, in collaboration with PAM members, interfered in coalition building in numerous cities to prevent alliances between the PJD and the Left.

Elected officials in Morocco do not possess effective power to govern. This power rests with the monarch, who appoints the prime minister and key ministers such as for the defense and the interior. The king also appoints the secretaries of state of all ministries, all the governors, heads of administrative provinces, directors of public agencies and enterprises, as well as judges and magistrates. According to article 39 of the Moroccan constitution, elected officials can be stripped of their immunity if they express opinions that may be “injurious to the monarchical system” or “derogatory to the respect owed the king.” Royal commissions with more power than the ministers remain an important feature of the autocratic nature of the regime. To the extent that their policies do not stand in contrast to the monarch’s interest, the national and municipal governments have some scope to design and implement policies. From a constitutional point of view, a unified government could potentially claim greater power to govern. The al-Fassi government, in power since 2007, has, however, not shown any interest in claiming its prerogatives.

Effective power to govern

2

The Moroccan constitution guarantees the right of assembly and association. In 2003, a new labor law was introduced as a comprehensive legal framework for organizing labor in Morocco. The new law entailed a commitment to adopt and ratify International Labor Organization (ILO) Convention No. 87 on Freedom of

Association / assembly rights

4

Association and Protection of the Right to Organize, but as of today, Morocco has not signed the convention. There is also a large segment of employees in precarious circumstances, for example in the emerging call center sector, who are completely outside the purview of labor organizations.

In practice, NGOs are subject to different forms of administrative and financial regulation by the state. Registration procedures may be applied in a discriminatory fashion. Groups with non-political objectives generally do not face problems with registration, but Islamist groups in particular struggle to gain legal status. The largest Islamist organization, Justice and Charity, remains illegal as it has different views on the religious legitimacy of the monarchy. The Islamist organization associated with the Party of Justice and Development, Movement of Unity and Reform, is also only partly legalized. Groups advocating the independence of the Western Sahara are persecuted. Demonstrations are simultaneously tolerated and regularly dispersed by police force.

Freedom of expression in Morocco has been seriously constrained and has deteriorated in 2009 and 2010. The 2002 press code gives the prime minister the right to order the suspension of a publication if it undermines Islam, the monarchy, “territorial integrity” (meaning Morocco’s claim to the Western Sahara) or public order. The king has the authority to name the heads of all public radio and television stations, as well as to appoint the president and four board members of the High Authority for Audio-Visual Communication, which issues broadcast licenses.

Freedom of
expression
4

In the last year, Morocco continued its slide in the Reporters Without Borders’ Press Freedom Index, from an initial rank of 97th in 2006 to 106th in 2007, 122nd in 2008, to 135th in 2010. The Committee to Protect Journalists (CPJ) has also noted an increase of imprisoned journalists since 2008. Two strategies have been used with increasing frequency to silence critics. One is to use the judiciary to prosecute the media, often via fabricated libel trials. This is how Morocco’s first and best publication of investigative journalism, *Le Journal*, was put out of business in 2010. The second is to force publications into bankruptcy through advertisement “boycotts.” In the case of *Nichane*, the most widely read Arabic-language newsweekly, the boycott was initiated by *Omnium Nord Africain*, Morocco’s biggest holding company, which is run by the royal family. Subsequent pressure was put on other companies to follow suit and the journal closed in autumn 2010. In 2010, Morocco also suspended *al-Jazeera* operations for reporting that was considered damaging to Morocco’s “territorial integrity.” The Moroccan state still insists on the notion of the so-called “*tawabit*,” which are considered “sacred issues” (Islam, Monarchy and the Western Sahara) that cannot be freely and openly debated and criticized. A number of seemingly “independent newspapers” are in fact instruments of the state.

3 | Rule of Law

There are no functioning checks and balances in the Moroccan political system. The king legislates via royal commissions, and he dominates the judicial branch via his right to appoint judges. In one way or another, the legislative, executive and judicial branches of government are ultimately controlled by the regime. The constitution offers no counterbalance to monarchical power. The monarchy continues to ignore demands from some political parties and NGOs to initiate a process of substantial constitutional reforms that would broaden those of the 1990s. No serious debate on such reforms is currently taking place in Morocco. A debate is made difficult by the regime's negative attitude toward meaningful constitutional reforms. In addition, a predominantly acquiescent and co-optable political elite within mainstream political parties from both the left and the right have put aside any calls for political and constitutional reforms, a situation that has resulted in the political stasis and apathy that has dominated the Moroccan political scene for the past decade.

Separation of powers

2

The judiciary remains largely subservient to the regime. The Higher Council of the Judiciary (Conseil Supérieur de la Magistrature) is dominated by the monarchy's appointees, and judges are chosen by the king. In 2009, the king announced a judicial reform that would "consolidate" the independence of the judiciary. Given that in practice, the judiciary system can be used as a tool of state control, pressure and repression, this seems an unlikely outcome of the reform. Throughout 2009 and 2010, judges continued to issue harsh sentences on freedom of speech cases to journalists and political activists. Cases tried under the anti-terrorism law do not get a fair trial. Consequently, according to the 2006 Arab Barometer survey, almost 60% of Moroccans do not trust the courts.

Independent judiciary

2

Nepotism, bribery and patronage are so common that they are widely accepted facts of life. Notably, citizens who denounce corruption are vulnerable since there are no whistleblower protection mechanisms. In 2008, the government created an anti-corruption agency, the Central Instance for Corruption Prevention (CICP), which serves in an advisory role to public, private and non-governmental actors on policies to prevent corruption. Yet because the CICP lacks the required investigative and sanctioning powers to adequately pursue corruption charges, it remains ineffective and useless. The Court of Audit (Cour des Comptes) publishes well-documented reports of abuse of office and mismanagement, but it is left to the discretion of the authorities whether to follow up. In practice, the political system instrumentalizes these institutions for its own advantage. Hence, abuse of office is mainly prosecuted to settle scores or to purge individuals who have fallen in disgrace. Access to budget data is difficult for citizens. According to the 2010 Open Budget Survey, only minimal information on the government budget is available to citizens on request.

Prosecution of office abuse

4

Civil rights and equality before the law are constitutionally guaranteed. In practice, after an optimistic start in the early reign of King Mohammed VI, civil rights have been violated with increasing frequency. Human rights organizations have reported abductions by security forces in recent years. In particular, suspects arrested under Morocco's counterterrorism law routinely face serious human rights violations that compromise their right to a fair trial, according to a Human Rights Watch report released in October 2010. According to this report, abuse is less severe than under the reign of Hassan II, but disregard for the law by the security forces is no less important. Under Hassan II, abducted victims often "disappeared" forever. Presently, the abducted person reappears after several weeks in custody. Many victims of such illegal practices are currently serving long prison sentences after unfair trials. Throughout recent years, Sahrawi activists have been detained without trial. In 2009, a number of students who were involved in demonstrations have been imprisoned and were allegedly tortured. In 2010, seven members of Morocco's largest Islamist organization, Justice and Charity, were arrested without warrants, followed by alleged torture at police headquarters. Four years ago, the final report of Morocco's Equity and Reconciliation Commission, a truth commission performing important work on acknowledging and making reparations for human rights abuses in past decades, made recommendations to the government to prevent and punish future abuses. These recommendations have not been implemented and are still ignored by the regime.

Civil rights
6

4 | Stability of Democratic Institutions

Democratic institutions formally exist and elections are held regularly but the political system remains autocratic. The directly elected parliament cannot legislate without the consent of the king. Additionally, if the regime puts its weight behind particular laws, political parties do not take the risk of contesting these laws, as was shown in the Islamist party's approval of the reform of the personal status code in 2003, a reform it had opposed vigorously before it became a regime initiative. The same applies to municipal governments, where policies and budgets have to be approved by a governor who is appointed by the king. At the same time, democratic institutions are weaker than they could be from a constitutional point of view. On the national level, elected governments typically include around four or five parties that make no efforts to design and commit to a joint program. On the local level, pro-regime municipal councils simply endorse the governor's program. At this level, some potential for change has coalesced in the form of new coalitions of Islamists and the Left after the 2009 municipal elections. These are united by their declared intention not only to provide better services but also to stand up for the rights of elected institutions vis-à-vis the parallel structures of the monarchy.

Performance of
democratic
institutions
2

At the level of official discourse, the Moroccan regime presents itself as committed to an as yet unspecified democratization process, but since the reforms of the 1990s, which breathed new life into the power of elected institutions, the regime has not engaged in any meaningful constitutional reforms. This indicates that the stated intentions of the monarchy to move towards a more democratic system are not clearly followed by concrete actions and serious institutional changes. Pro-regime parties, such as the PAM, the UC or the RNI, all do not stand to gain from democratic reforms as their electoral support is conditional on their proximity to the present regime. Even the left wing parties, such as the socialist USFP and the communists, have become more obedient to the monarchy. All but one potential reform actor are currently co-opted into government and have not pushed energetically for democratic reforms. The Islamist Party of Justice and Development is slightly more vocal about the need for constitutional reforms.

Commitment to
democratic
institutions
2

5 | Political and Social Integration

The Moroccan political scene has been depoliticized in different ways in the past decade and the Moroccan party system is highly fragmented. In 2007, 20 parties won seats in the national parliament, out of which four won only one seat, and another five only five seats or less. A 6% threshold, first implemented in the latest municipal elections of 2009, had the intended effect of cleaning up the municipal councils: a typical municipal council now has around four parties, rather than the previous ten. Additionally, the Party of Authenticity and Modernity (PAM), the latest regime party organized around a close associate of King Mohammed VI, has absorbed large chunks of the politicians of other parties, as they are attracted by the PAM's proximity to the regime. The PAM is in effect a mishmash of opportunist politicians and urban and rural notables without any form of ideological coherence or clear political principles. Whether this will lead to an overall reduction of political parties contesting elections remains to be seen in the next parliamentary elections in 2012. The degree of institutionalization of political parties is generally low. This is shown by the very large numbers of floor crossing politicians (or "political nomadism," as it is locally referred to), typically in order to join a governing party and by the rare change of leadership in political parties. Additionally, parties have little control over the members of parliament, and no voting discipline is enforced. Accordingly, the disaffection of voters with political parties is high. The 2006 Arab Barometer survey reports that 54.4% of Moroccans have "no trust at all" in political parties.

Party system
3

Clientelist linkages with voters are a defining characteristic of the Moroccan party system. In rural areas, citizens typically vote for the local notable, regardless of their party label. Local notables switch parties often but they generally run for pro-regime parties because they need patrons at higher levels to preserve their interests.

Clientelism in Morocco thus plays a stabilizing role for the regime. The importance of clientelist linkages is further indicated by the much higher turnout among poorer and less educated voters than among the educated, both in the latest parliamentary and municipal elections. Moreover, in recent years, a once core programmatic party, the Socialist Union of Popular Forces (USFP), has slid into clientelist support. Up to 1997, this party was the most organized opposition force to the regime and was strongest in towns and among the educated. Since its co-optation into government in 1998, this support has steadily eroded and the USFP now derives most of its support from rural areas and the south. A debate in the USFP as to whether the party should leave the government in order to renew its appeal and position as a force of democratic reform has not led to such a move, thus indicating the extent to which its leadership is attached to the spoils of office. At the moment, the Islamist Party of Justice and Development is the only significant party with programmatic appeal and a relatively high level of institutionalization. In general, political parties have followed the strategic orientation of the monarchy in terms of dealing mainly with liberalizing the economy and raising social issues while at the same time putting politics on hold. As a result, there are in general no political debates, and most parties have lost much of their legitimacy vis-à-vis the people and have failed to propose any political alternatives. The performance of political parties is essentially mediocre. Whether intended or not, this situation has served the monarchy very well, as it appears more and more as the more credible and effective institution.

Employer's associations as well as unions are represented in the upper chamber. This chamber was introduced in 1996 in the context of the broader constitutional reforms of the 1990s. From the regime's point of view, this serves the purpose of curbing the influence of the lower chamber and thus has considerable prerogatives. However, its role vis-à-vis the monarchy is subject to the same limitations as the lower chamber.

To the extent that unions are affiliated with political parties, they suffer from the same disaffection among the citizenry as do political parties. Compared to the 1980s and early 1990s, when unions were able to organize massive strikes, their mobilization potential appears to have decreased. The mediation role of trade unions is also restricted by provisions of the labor code that prohibit the unionization of certain categories of workers, such as agricultural workers. Additionally, the right to strike is often violated. In 2009, the Moroccan Labor Union reported many cases of repression against its members. According to the union, union executives were dismissed in several companies. In the textile sector, this occurred at both Fruit of the Loom (Salé) and Canada Diffusion (Casablanca) and in the construction sector at 10 Rajeb and Cima Bois companies. In the pharmaceutical industry, Sofaca in Casablanca harassed executive members of the union.

Interest groups
4

According to the Arab Barometer survey data from 2006, large numbers of Moroccans approve of democracy as a form of government. Specifically, 84% agreed that “democracy may have its problems but is better than any other form of government.” As far as the constrained political conditions of the Moroccan context are specifically concerned, the extent to which citizens associate elected representative institutions with democracy is not fully clear. For example, more than 50% of respondents in the same survey said that they would prefer “experts rather than government” to make decisions. The official discourse, according to which Morocco is leading up to its own rhythm and path to gradual process of democratization, plays in favor of the regime in terms of reducing popular pressure for democracy. At the same time, the high abstention rate and an increasing number of null votes in both the latest parliamentary (2007) and municipal elections (2009) indicate a rising awareness about the flaws of these elections and an unwillingness on the part of citizens to play the game of a procedural democratic process that does not exist in reality.

Approval of
democracy
n/a

Trust is low among Moroccans. According to the Arab Barometer Survey Data from 2006, 78.5 % agreed that one “must be very careful in dealing with people.” This was the lowest level among the surveyed Arab countries. According to the World Values Survey from 2005, this figure stands at 85.3%. The picture improves considerably at the neighborhood level, where – following the Word Values Survey – 48% trust people of the same neighborhood “completely.” Membership in “voluntary associations” is at 13%, according to the Arab Barometer, below the Arab average of around 17%. The World Values Survey even puts this figure much lower. The highest figure reported is for sports or recreational organizations, in which 9% of Moroccans reported being members.

Social capital
5

II. Economic Transformation

6 | Level of Socioeconomic Development

Morocco has improved its position in the Human Development Index from 127th in 2007/2008 to 114th. The HDI value has seen a slight increase to 0.567, from 0.556 in 2008. This is still below the world average. A key reason for this low score continues to be Morocco’s extremely low literacy rate, which is at 56.4%. Income inequality is average for international standards, with a Gini coefficient of 40.9, according to data from 2007; this is a small increase compared to previously published data, although it is not clear how comparable these are. According to World Bank data, 14% of Moroccans live on an income of less than \$2 per day. No new data is available on rural-urban inequality but it is likely to have remained at or

Question
Score

Socioeconomic
barriers
3

near previous levels. Gender inequality, according to UNDP data, is high: 0.70 compared to a world average of 0.56, although in line with other Arab countries. Gender inequality is marked by differences in literacy, with male literacy standing at 69.4% and female literacy at only 44.1%. This remains true even for the young, where male literacy is 84% and female literacy only 67%. Women are thus much more likely to be socially excluded than men.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	75226.3	88883.0	90908.4	90804.6
GDP growth	%	2.7	5.6	4.8	3.7
Inflation (CPI)	%	2.0	3.7	1.0	1.0
Unemployment	%	9.7	9.6	10.0	-
Foreign direct investment	% of GDP	3.7	2.8	2.2	1.4
Export growth	%	5.2	7.3	-14.8	16.3
Import growth	%	15.0	12.2	-6.0	3.3
Current account balance	\$ mn.	-122.0	-4528.5	-4971.3	-3925.2
Public debt	% of GDP	54.6	48.2	47.7	49.9
External debt	\$ mn.	20543.5	20824.8	23750.7	25403.1
Total debt service	\$ mn.	4018.4	4203.8	3410.9	3311.8
Cash surplus or deficit	% of GDP	2.5	2.0	1.0	-
Tax revenue	% of GDP	25.1	27.6	24.0	-
Government consumption	% of GDP	18.2	17.1	18.2	17.5
Public expnd. on edu.	% of GDP	-	5.6	-	-
Public expnd. on health	% of GDP	5.2	5.3	5.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.2	3.3	3.4	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

Morocco strengthened investor protections by requiring greater disclosure in companies' annual reports. Since the introduction of a competition law in 2000, freedom of pricing has become the general rule and government price controls have become the exception, applying only to sensitive products such as sugar and bread. Foreign investors can repatriate their capital without problems but exporters must repatriate their export earnings within 150 days.

Market-based
competition

5

Market competition is hampered by the government's involvement in the economy. The phosphate industry and much of the economy are dominated by the royal family and the so-called "500 families" who control large, multi-sector holding companies and are close to the monarchy. Such companies are much more likely to "win" public bids or enjoy immunity for corrupt practices. According to an investment climate survey among Moroccan firms, around 40% of those surveyed felt that rules and regulations were not applied in a predictable and consistent manner. A 2010 report by FEMISE also stated that SMEs face inequality in terms of taxes and credit access. Credit is generally awarded to exporters and big companies that have foreign capital or significant lobbying power. At the same time, access to credit was strengthened with a new private credit bureau that began operating in March 2009.

According to a 2009 report of Morocco's Haut Commissariat au Plan, the informal economy generates 280 billion dirham a year and its volume is growing by 40,000 production units annually. The report also estimates that the number of unlicensed businesses rose from 1.23 million in 1999 to 1.55 million in 2007, an increase of nearly 18%.

The role of Morocco's Competition Council is still purely consultative. According to its own mission statement, its limited tasks are to "raise awareness among the public and economic actors," to study the competition of different sectors, and to deliver an annual report to the prime minister. As was the case before, the prime minister has the exclusive power to decide whether or not to follow up on the council's recommendations. It has remained an instrument for the executive to cherry-pick the anti-competition cases it is interested in prosecuting.

Anti-monopoly
policy

4

Consistent with its engagements with the European Union, the United States and the World Trade Organization, Morocco has continued to decrease its tariff rates. Morocco adopted a tariff reform covering products under chapters 25 to 97 of its customs tariff. The aim is to reduce the maximum tariff to 25% in 2012 from the 40% rate applied in 2008. The first phase entered into effect in January 2009. According to a 2009 WTO report, Morocco has taken steps to liberalize its economic sectors, in particular key services. It has reduced the level of its average

Liberalization of
foreign trade

7

tariff protection by 13.2 percentage points to 20.2%. However, it still imposes some tariffs at rates higher than the limit levels, and maintains a VAT regime that does not respect the principle of national treatment. In November 2009, Morocco became the 42nd country to adhere to the OECD Declaration on International Investment and Multinational Enterprises. As an adherent to the Declaration, Morocco commits to providing national treatment to foreign investors and to promoting responsible business conduct. Morocco has also taken trade facilitation measures, such as the streamlining and computerization of customs procedures: the Computerized Online Customs Database, which started to operate in January 2009, has raised the level of computerization of customs procedures to over 90%. Inefficiency of the administration and Morocco's widespread corruption remain, however, obstacles to foreign trade.

The Moroccan banking system adopted the Basel II standards in 2007. The Moroccan financial sector has only been slightly affected by the global economic crisis due to its low exposure to international financial markets. Accordingly, the share of non-performing loans – at around 17%, still above world average – has not increased in recent years, as Morocco is an exception in this respect. Nepotism and the unwillingness of the financial regulatory bodies to clamp down on irregularities when committed by well-connected institutions remain concerns.

Banking system

7

8 | Currency and Price Stability

A 2006 reform of monetary policy, which was formerly under the joint responsibility of the Bank Al-Maghrib (BAM) and the Ministry of the Economy and Finance, has made it the sole responsibility of the BAM, thus increasing its independence. As is the case with all Moroccan institutions, such independence is always hampered by the autocratic nature of the regime. The BAM responded to an exceptionally high inflation of 3.7% in 2008 by raising the interest rate to 3.5%, at which rate it has been maintained since. In 2009, inflation fell to only 1%, thus making 2008 the exception. Additionally, the government keeps inflation artificially under control by providing large subsidies for food and oil. Morocco's currency has been stable over the last ten years, with very little exchange rate volatility.

Anti-inflation /
forex policy

7

Morocco has pursued efforts to attain macroeconomic stability and maintain the achievements of previous years. While the budget deficit increased slightly in 2009, Morocco performs better than the world average, where the trend has been towards increasing debts more substantially. Public as well as external debt remained relatively stable during recent years. Morocco has been building up its reserves steadily over the last decade. It is noteworthy that the trend of decreasing government consumption has been maintained in spite of the crisis; it now stands at 15.3% of GDP. Similarly, the government has increased tax receipts by more than 5% since 2006. In the context of the global economic crisis, this is a successful

Macrostability

7

performance. Although Morocco is less exposed than other countries, important sources of revenue have been affected. For instance, worker remittances – accounting for revenue of \$6.7 billion in 2008 – dropped by 15.5% in the first quarter of 2009.

9 | Private Property

Property rights are well defined under Moroccan law but pervasive judicial corruption and the judiciary's lack of independence are major sources of concern regarding the enforcement of property rights. No legal changes have occurred in recent years but Morocco's ranking regarding the ease of registering property has decreased. In this category, the country also performs worse than the average of Middle Eastern and North African countries, where fewer procedures and 15 days or less are required for this task.

Property rights
6

While the “ease of doing business” in Morocco had fluctuated in previous years, it has stabilized at an improved ranking of 114th. Many individual indicators of private enterprise have worsened, though, including starting a business, registering property, paying taxes, and cross-border trading. In contrast, considerable improvements have been made in investor protection and business closure.

Private enterprise
5

The major privatization wave in Morocco has come to a halt in recent years. A 2008 announcement that the national airline, Royal Air Maroc, would be privatized has not been implemented. Previous privatizations have been characterized as short-term income generation for the treasury as well as benefiting the king's business operations.

10 | Welfare Regime

Morocco's social safety nets remain inadequate. Public expenditure on health has been increasing, but only mildly. With only 1.7% of GDP, it remains way below the world average of 3%. Only a small fraction of workers are affiliated with the compulsory social security scheme, which obviously does not extend to the large workforce in the informal sector. Moroccans who can afford it increasingly spend on private health insurance, but for the majority of Moroccans, health problems imply a lack of income and a potential slide into poverty. According to a poll made for the 2009 Arab Development Report, health conditions were the most important source of insecurity for Moroccans, followed by poverty and unemployment. A number of Moroccans have lost their lives as a result of malpractice and major medical mistakes both in public and private hospitals. Moroccans have no legal safety net to take hospitals or doctors to court. Traditional solidarity networks have been eroded by rural-urban migration, which has yet to come to a halt. Basic

Social safety nets
4

commodities such as bread, sugar and oil are subsidized. The move towards a philanthropic culture has started to take a paternalistic form. Social measures in Morocco often take the form of charity rather than of citizens' rights, for instance the distribution of food baskets by the king to the poor during Ramadan. Life expectancy at birth is above average at 71 years.

The 2003 reform of the family code improved the legal status of women in Morocco but women still do not enjoy equal rights and opportunities. The reform did not remove inequalities regarding inheritance rights. The reformed code faces implementation problems among conservative judges, and illiterate women at the countryside are particularly unlikely to know of its existence. For political representation, a women's quota, first introduced in 2002, increased the number of female MPs. In the 2009 municipal elections, a gender quota was also applied, with women competing on separate lists. Nevertheless, women are far from enjoying equal opportunity. According to a UNICEF study, Moroccan women earn 40% less on average than men with similar degrees and positions. They are also more likely to be illiterate than men (44.1% male literacy vs. 69.4% female literacy). Even official statistics show significant differences in enrollment rates according to gender, especially at the secondary level, with 92.8% male enrollment but only 81.9% female enrollment. Enrollment rates also display important rural-urban inequities. In the cities, 87.3% of the urban population attend secondary schools, but only 50.1% of the rural population do so.

Equal opportunity

4

11 | Economic Performance

Economic growth has been less volatile in Morocco than in the past and is solid at around 5%. The forecast for 2010 is 4%. Unemployment has seen a slight decrease to 9%. FDI has been more directly affected by the global economic crisis, decreasing dramatically by half since 2008. Similarly, Moroccan exports have decreased drastically, almost by 10% in 2009. Nevertheless, the country's growth, together with Morocco's relatively low levels of debt and its increasing tax revenue, suggest that the country remains economically sound.

Output strength

6

12 | Sustainability

Morocco scores 65.6 in the current Environmental Performance Index compiled by the Yale Center for Environmental Law and Policy. This is a decrease of more than six points compared to 2008. At the same time, Morocco's score is well above the median of around 55 for MENA countries. Morocco performs especially badly in the protection of biodiversity and habitat and on water use. According to data from the Moroccan Ministry of Trade and Industry, the cost of environmental damage is calculated to be around 8% of Morocco's annual GDP. The Moroccan government

Environmental policy

4

has shown its intentions of moving towards a more serious environmental policy. In November 2009, it announced plans to invest more than \$9 billion to install 2,000 megawatts of solar power, thereby shifting 42% of the country's electrical power to this resource by 2020. In April 2010, the government announced a National Charter for Environment and Sustainable Development, which will provide the framework for all future national environmental laws. The charter also sets specific goals. Wastewater recycling is to increase to more than 96%. As with all ambitious Moroccan policies, it remains to be seen whether this charter will have a tangible effect on environmental policies or whether it will remain a PR initiative.

Achieving universal literacy remains a challenge for Morocco. Even among 15- to 24-year-olds, the literacy rate is only 84% for men and 67% for women. According to the World Development Indicators 2010, Morocco has now attained 100% primary school enrollment. For rural areas, where many girls are reported not to attend school, this is a dubious figure. Improving the quality of education is another major challenge for the government. With an education expenditure of more than 5% of GDP, Moroccan education spending is above average. In 2009, the government launched an "Education Emergency Program 2009–2012" to improve the effectiveness and efficiency of service delivery and educational outcomes. In 2010, it secured a \$60 million loan from the World Bank to support the implementation of this program. Spending on R&D is low. One major problem within the educational sector is that there is a predominantly technical conception of how reforms should take place. Modernity and the subsequent educational reforms that it requires are conceived of more in technocratic terms than in philosophical and intellectual ones. The World Economic Forum ranks the quality of Moroccan research institutions towards the bottom of the world and of the Middle Eastern and North African countries.

Education policy /
R&D
5

Transformation Management

I. Level of Difficulty

Key structural constraints are high illiteracy rates and a high urban youth unemployment of around 30%. The economy still relies too much on agriculture (18.8% of Morocco's GDP and 44.6% of its labor force). This vulnerability to rainfall fluctuations makes long term planning by the government more difficult. At the same time, socioeconomic structural constraints appear to have decreased in recent years, with absolute poverty decreasing to 9% and overall unemployment to 9.6%, according to the World Bank. In addition, rural infrastructure, such as roads and access to water and electricity, has been increasing over the last decade.

Structural
constraints

6

Civil society activities encompass the whole spectrum of political, social, economic and environmental aspects. NGOs, especially human rights and women's organizations, have a long-standing history in Morocco with the first human rights organizations being established in the 1970s. Since the 1990s, NGOs have flourished and the country is reported to have more than 30,000 NGOs. At the same time, a relatively low percentage of Moroccans report involvement in such organizations. According to the Arab Barometer Survey from 2006, 13% of Moroccans state that they are involved in NGOs, a figure below the average of the surveyed countries; according to the 2005 World Values Survey, this figure is far below 10%. Engagement in less formal, more ad hoc activities, such as joining a demonstration is, in contrast, average. Most NGOs are encouraged by the regime, partly as a strategy to marginalize political parties. Only pro-regime NGOs receive public funding, such as for example the Mohammed V Foundation for Solidarity, a foundation of pro-monarchy actors in order to establish the regime's leadership in the NGO sector. Often, the funding of international donors also benefits this type of NGOs as their funding is channeled through the government. Social capital is low. According to the Arab Barometer, 78.5% agreed that one "must be very careful in dealing with people"; according to the World Values Survey, this figure is 85.3%.

Civil society
traditions

5

The Western Sahara conflict remains the biggest source of tension but it is limited to the annexed territories. The great majority of Moroccans appear to agree with the regime's claim to these territories. Demand for greater cultural rights by Amazigh, especially regarding language, have largely been met in the last decade. Besides, there are no major cleavages in Morocco that would mobilize large numbers of the

Conflict intensity

3

populace. No terrorist attacks occurred in 2009 and 2010, although violent jihadist groups certainly remain present in Morocco.

II. Management Performance

14 | Steering Capability

Question
Score

Economic modernization and liberalization are clearly prioritized over political reforms that would hurt the regime. For the elected government, it is difficult to set long-term priorities because of its lack of programmatic coherence and instability and, most importantly, its dependence on the monarchy. Key policies are decided by the king, who then “urges” the government to set them in motion. Many government parties are not dedicated to any political program; accordingly, there is a flurry of reform or development activities in Morocco, but their prioritization, coherence, sources of funding, let alone the dedication of the leadership for these policies is not always clear. For example, in 2009, the king declared a major reform of the judiciary, a reform supposedly in motion since the 2000s. However, given that the judiciary is used by the regime to settle scores with opponents and deliberately lacks independence from the executive, one of the declared goals of the reform, the “consolidation of the independence of the judiciary,” lacks credibility.

Prioritization
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The implementation of economic reforms has generally been more successful than the implementation of political ones, the latter of which have less support. The reforms and upgrading of the education and health systems as well as of the judiciary have been obstructed by lack of funding and/or political will. Even the reform of the personal status law, a landmark reform under the reign of King Mohammed VI, has been criticized for lack of financial support. No resources have been devoted for making its existence known to Moroccan women; women seeking child support require expensive and largely unavailable paternity tests.

Implementation
4

The Moroccan government is neither particularly flexible nor innovative but this results rather from the lack of a long-term strategy rather than from incapacity. There is broad consultation with international experts on a wide variety of policy issues, but when recommendations collide with regime interests, they are not implemented. In addition, government officials are more interested in changes in technical practices that are suitable for control as opposed to institutional changes. In contrast, the leadership is very apt in learning what policies are acceptable to Western governments and which are not. Repression of journalists, for instance, is now enacted via the judiciary or via a “boycott” of companies rather than through

Policy learning
3

the ministry of interior. Elections are now manipulated through gerrymandering and the toleration of vote buying, rather than being rigged directly.

15 | Resource Efficiency

Morocco's leadership achieved a relatively balanced state budget and a manageable level of state debt. The Court of Audit publishes well-documented reports of mismanagement but these are not necessarily followed up. There is a lack of transparency in budget data. According to the 2010 Open Budget Survey, only minimal information on the government budget is available to citizens on request. Morocco's decentralization program has been one without devolution of power, thus only creating expensive double structures where every representative institution, such as municipal councils, is monitored by an equivalent of the regime-appointed executive.

Efficient use of assets

4

Government programs often suffer from mismanagement and problems in local implementation. For example, the Villes sans Bidonvilles (cities without shantytowns) program, launched in 2004 with the goal of eradicating shantytowns by providing better housing and which was "completed" in 2010, has often led to the relocation of slum-dwellers to faraway places, thus depriving them of economic activity or increasing their costs of living. Circumstantial evidence also suggests that substandard houses have been constructed in some towns. In the city of Larache, for instance, houses were constructed without sewer systems. These houses are bound to deteriorate in the near future, thus wasting important government resources.

In the structures of the Moroccan political system – a governing monarchy that dominates an elected government – lack of coordination is programmed. The high level of fragmentation in the party system leads to additional conflicts. A Moroccan government typically consists of numerous parties that, rather than working together and being united by a common policy vision, compete against each other for ministries, proximity to the regime, or government resources that they can hand out to their supporters and local constituencies. The government in place since 2007 comprises both pro-regime parties and former opposition parties. Reshuffles are common and illustrate the lack of a common policy vision. In 2009, the latest pro-regime party, the Party of Authenticity and Modernity, withdrew its support of the government while keeping its ministers in place. Another pro-regime party, the Popular Movement, joined the government, gaining two ministries.

Policy coordination

4

In 2008, the government had created an anti-corruption agency, the Central Instance for Corruption Prevention (CICP), which has an advisory role towards public, private and non-governmental actors in policies to prevent corruption. It remained ineffective because it lacks the required investigative and sanctioning powers to

Anti-corruption policy

3

adequately pursue corruption charges. No additional steps toward a more thorough anti-corruption policy were taken in recent years. Whistleblowers such as Chekib el-Khayari, who accused officials of complicity in drug trafficking, face the threat of being prosecuted by the government, suggesting that the Moroccan government is not committed to an active anti-corruption policy; indeed, it may actually protect corrupt officials to a certain extent. Morocco's Court of Audit publishes well-documented reports of mismanagement but a follow-up remains at the discretion of the authorities. The public only gets delayed access to these reports (the 2008 report was first made available in 2010). The 2010 Open Budget Survey judges that the Court of Audit is weak. Budgets are not transparent. According to the Open Budget Survey, only minimal information on the government budget is available to citizens on request.

16 | Consensus-Building

All key actors are essentially in favor of a market economy, with the caveat that some preferential treatment for royal companies is maintained. There is much less consensus on democracy. The regime has shown no intention of initiating meaningful constitutional reforms. In recent years, former reform actors pressuring for constitutional reforms, namely the Istiqlal party and the Socialist Union of Popular Forces (Union Socialiste des Forces Populaires, USFP) have demonstrated that they are more interested in hanging on to office in a government that is weak and inconsequential vis-à-vis the monarchy rather than pushing for change. The USFP, although it suffered substantial electoral losses in the latest elections, has even envisaged an alliance with the latest pro-regime party, the Party of Authenticity and Modernity, rather than forging a pro-democracy alliance with the Islamist Party of Justice and Development.

Since the political opening of the late 1990s, reformers have either been co-opted or sidelined by the regime. The historical reform actors, the Istiqlal party and the Socialist Union of Popular Forces, have been successfully co-opted into government since 1998 and have not exerted meaningful pressure for democratic reforms. This is particularly visible since the 2007 elections, when a weak government formed around Istiqlal leader Abbas Al-Fassi, who followed the king's political initiatives. The last remaining meaningful reformer, the Islamist Party of Justice and Development, has been effectively silenced by its fear of being outlawed after the 2003 Casablanca attacks. Since its weak electoral performance in 2007, which was linked to its lack of outspoken political action, the party has become a more vocal advocate of reforms again. Without an alliance of powerful reform actors, the monarchy will not feel significant pressure regarding democratization.

Consensus on goals

6

Anti-democratic actors

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To some degree, the Moroccan regime effectively uses social cleavages to gain advantage over its opponents and pit them against each other. The Left-Islamist cleavage is used to this end. The Amazigh-Arab cleavage, in contrast, has been purposefully and successfully managed with the goal of not generating a major Amazigh mobilization, which could have led to conflict. The key conflict remains the one over the annexed territories in the Western Sahara. In 2008, Morocco proposed an autonomy plan, while the Polisario Front is demanding a referendum for full self-determination. On 8 November 2010, Morocco's plan regarding talks on the Western Sahara faced a major challenge when its security forces raided a protest camp in Layoune, where around 20,000 people were camping. Both sides – the Polisario and the Moroccan government – reported casualties, but differed in their numbers. The raid occurred on the eve of UN-mediated talks in the United States.

Cleavage /
conflict
management
5

Civil society is welcome to contribute to policy formulation as long as it is in line with the leadership's agenda. Funding is disbursed only to those NGOs who do not question the legitimacy of the state. The regime, which controls the national media, gives voice to different civil society actors, but it excludes those who clearly oppose the system. If they challenge the authority of the state, dissenting opinions are at best ignored and at worst prosecuted, such as in the case of NGOs representing Sahrawi militants or of those close to the Islamist Justice and Charity Organization (JCO). Sometimes, this can also apply to whistleblowers, as in the case of Chekib el-Khayari, who was prosecuted in 2009 on the basis of fabricated charges after he denounced the involvement of Moroccan officials in drug trafficking.

Civil society
participation
5

In January 2004, the king set up the Equity and Reconciliation Commission to address human rights abuses that took place prior to 1999, when he ascended to the throne. The commission studied 16,000 cases and decided to compensate 9,779 victims. While this was unprecedented in the Middle East and North Africa and was in principle a significant achievement, the commission's work was criticized on several points. The commission failed to address the abuses perpetrated in the Western Sahara and it did not name the perpetrators of the abuses. Its denunciation of the security apparatus' lack of cooperation in its investigation carried no consequences. Many of its recommendations have not been implemented.

Reconciliation
7

17 | International Cooperation

The Moroccan leadership is apt in seeking assistance for its policies from international donors and repeatedly secures major funds from the United States and the European Union. It is also consistently hailed by Western countries for its comprehensive reform efforts towards democratization, even if these are effectively limited to economic reforms. The latest achievement was to be granted "Advanced Status" by the European Union in 2008. Celebrated by the Moroccan state media, it

Effective use of
support
7

remained unclear – and to some extent still is – what this status entails. A first summit in the context of the “Advanced Status” was held in Granada in March 2010. It consisted of the typical exchange of niceties between the two partners, with the European Union focusing on migration issues – and pushing for the finalization of a readmission agreement – and refraining from any critique of growing human rights abuses and violations of press freedom in Morocco. In May 2010, an EU-Morocco Joint Parliamentary Committee was set up under the “Advanced Status” designation. For Morocco, the main gain, aside from the important image effect of advanced status, has been a substantial increase in funding from the European Union: the National Indicative Program for the three-year period 2011-2013 is worth €580 million, compared to €554 million for the four-year period 2007-2010; this is a €30 million increase per year.

Morocco’s political leadership benefits from the dynamics of international Realpolitik, Morocco’s status as a “moderate” Arab state – and the fact that other Middle Eastern and North African countries fare worse in terms of economic and political reform. Morocco receives praise from Western countries for its “democratic” elections and its reform efforts. It has been granted “Advanced Status” by the European Union and provided with additional funding. Morocco is subject to considerable EU pressure to sign a readmission agreement for migrants, although Morocco is known to deport to Algeria individuals recognized as refugees by the UNHCR. Negotiations for such an agreement have continued over the last decade and Morocco’s unwillingness to reach a conclusion underscores how useful this issue is as a bargaining chip with the EU. The ongoing Western Sahara conflict appears to be the only serious problem Morocco faces in its dealings with the international community. In 2010, diplomatic communications were leaked to the press that showed the support of the United States, France and Spain for Morocco’s proposed autonomy plan in which the Western Sahara would remain under Moroccan control.

Moroccan diplomacy is essentially concerned with relations with Europe and the United States, but the leadership also maintains very good relationships with the Gulf countries and Saudi Arabia, from which large-scale investments have come over the last decade. Relations with its neighbors or countries in the region, such as in the context of the politically irrelevant Arab Maghreb Union, are not a key priority. Morocco is not a member of the African Union because of the latter’s recognition of the Sahrawi Arab Democratic Republic. Morocco’s relations with Algeria remain tense and the borders closed. In 2009, an exception was made and these borders were opened to allow a humanitarian convoy for Gaza to pass through, but the borders were closed immediately afterwards. In practice, the border with Algeria is porous, with smuggled food exports from Morocco and more lucrative petrol “imports” from Algeria getting through, a fact recognized by the Oujda chamber of commerce.

Credibility

6

Regional
cooperation

4

Strategic Outlook

An entrenched authoritarian system and the absence of a strong pro-democracy reform coalition are stalling any major political transformation in Morocco. In the late 1990s, the monarchy successfully weakened the political opposition by co-opting major parties and bringing them into government. The once relatively powerful Socialist Union of Popular Forces (Union Socialiste des Forces Populaires, USFP) is on its way to becoming a rural-based clientelist party, a trend that was further evidenced in the 2009 municipal elections. The monarchy has rationalized its supporting parties via the creation of the Party of Authenticity and Modernity (PAM), which has absorbed large numbers of politicians from other parties and won the 2009 elections. The next parliamentary elections will be held in 2012. For the regime, key challenges will be to increase turnout, which is necessary in order to claim some legitimacy from these elections, and to ensure the success of the PAM. For the opposition, the key challenge is to build a strong reform alliance that does not fall apart at the first attempt of co-optation. Within this context, the only positive, albeit small, signal in support of political transformation has come from local alliances between the USFP and the Islamist Party of Justice and Development. These alliances were initially based on both parties' desire to claim the rights of the representative institutions vis-à-vis the executive. The importance of such Left-Islamist alliances for political change has been underscored by the regime's attempts to prevent them. In the case of the USFP, the alliances came about as a result of local activists taking initiative, not of the party executive, which has remained attached to its cabinet seats instead of choosing programmatic opposition. The potential contained within such alliances to advance democratic transformation in Morocco remains unclear.

An increase in human rights violations and shrinking press freedoms are cause for concern. These issues have not been properly addressed by international actors and have mainly attracted the attention of human rights organizations and press freedom watchdogs. Given that these developments have continued over several years – mainly since the Casablanca attacks of 2003 – the ongoing disinterest of the international community signals their tacit toleration. The European Union should exert less political pressure in getting Morocco to sign a readmission agreement for irregular migrants and instead denounce the aforementioned abuses vigorously.

Economic transformation is well under way when it comes to liberalization measures and, in part under way in terms of market regulations. In contrast, social safety nets and human development remain key challenges for Morocco. Health, unemployment and poverty are seen as major sources of insecurity by Moroccans and need to be addressed more forcefully by the government. The same applies to illiteracy as well as gender and rural-urban inequality. These social issues could benefit from an integrated social development program, rather than ad hoc short term plans that mostly fall short of their targets, as is currently the case.

The revolutionary and spontaneous social movements that have occurred in Tunisia, Egypt and other Arab countries, which might not necessarily manifest themselves in the Moroccan context, should serve as a wake-up call for the regime to initiate and take seriously meaningful political reforms. Morocco's political system has existed for a long period because it has often been capable of adapting to changing historical and political circumstances. The move towards a real constitutional monarchy remains a potential and positive future for the continuity of the monarchy. The political status quo will ultimately not be sustainable.