



Here we start our special report on the corporate and legal issues affecting Africa by turning to Morocco and speaking exclusively to Zineb Hamzi. Zineb is a Moroccan lawyer, registered at the Casablanca Bar, since 1996, and the founder and managing partner of HAMZI LAW FIRM, a Morocco-based business law firm. Since the firm's establishment in 1999, it has developed extensive experience assisting local and foreign investors and offering high level-expertise on consultancy or contentious matters, touching on all business and commercial issues. The law firm's main areas of expertise include, principally, construction, corporate and M&A, mining and renewable energies, economic law, insurance, contract enforcement and labour-related issues.

**Please tell me about the kinds of cases you deal with related to the mining industry?**

As the forms of investment in the mining industry are varied, we intervene to support our clients, both for the creation of new entities under Moroccan law and the assistance in completing the necessary applications to obtain exploration permits and mining operating licenses or the acquisition or conclusion of joint venture agreements with existing local entities already licensed, which allows investors to avoid the administrative procedures to obtain new licenses.

**What challenges do you face on these types of cases? How do you navigate them?**

Challenges vary depending on the form of investment. In the case of the acquisition of a local company already owning exploration permits or operation licences, it is necessary to ensure that

this company will be a truly worthwhile investment. A complete legal and tax due diligence will be required and the existence and validity of the supposed permits held by it shall also be verified.

In case of the incorporation of a new entity, it will be necessary to negotiate with the National Office of Hydrocarbons and Mines Moroccan obtaining permits, depending on the mining exploration area covered. In the case of a JV, the compatibility of the legal structure of the partnership planned shall be audited to ensure that it complies with the conditions set by Moroccan law for the granting of the permits and concessions that are required.

**How healthy is the Moroccan mining industry at the moment? Has it suffered any difficulties over the last few years?**

Despite the adverse changes of the prices of raw materials, the mining sector in Morocco is doing

well and continues to expand with the opening to foreign investors.

Morocco is a traditional mining country whose soil contains both phosphate, base metal and precious metal variety, the total production of these products having reached 2.4 million tons in 2013. Approximately 170 companies are in the business of "mines" in Morocco.

The mining sector plays an important economic role, with approximately 170 companies in the business, contributing to gross domestic product up to 10%, representing 30% of the value of domestic exports, an investment volume of 22.9 billion dirhams, and 40.175 job positions, in 2013.

**How buoyant is the M&A market within the mining sector at the moment?**

Despite rather unfavorable global economic conditions, transactions in the mining sector continue to grow. The main sectors concerned are the exploitation of phosphates and derivatives, and gas and oil exploration.

The mining industry is characterized by a high level of net margin which shows a significant profitability of the sector.

exploration and mining research to nearly 4 billion Dirhams. The strategy includes the implementation of several structural pillars affecting the entire mining chain; exploration, research, exploitation, recovery and processing of minerals.

As a result, in 2014 Morocco joined for the first time the annual world ranking "The 2014 Global Survey of Mining Companies" by finishing in 4th place in Africa (after Namibia, Botswana and Zambia) and 40th largest in the world of the most attractive countries for mining investment (to Brazil, South Africa and Kazakhstan), including a world-class regulatory environment, a highly competitive taxation, little risk of political uncertainty, and total stability of the mining plan.

**What are the advantages of running a business in Morocco?**

There are many benefits, both in terms of competitiveness, with a low salary level, the average salary standing at around 237 USD / month, low tax rates, and stability of macroeconomic performances, with an average growth rate of 4.7% over the period 2001-2013.

Foreign investors can also benefit from a set of mechanisms put in place to increase competition and transparency as the simplification of

Corruption have been created to improve the business climate.

**What are the key issues foreign companies should be aware of when looking to do business in this country? What are the potential pitfalls, and how can you ensure your clients avoid them?**

Firstly, the constraints of the exchange regulations should be considered. Foreign investors are allowed to freely repatriate their capital and profits, but any financial transaction must be declared to the Exchange Office (Office des Changes). Some transfers of money abroad are subject to its authorization. Then, when drafting JV agreements or agreements between a mother company and its local subsidiary, involving international

financial transactions, it shall be verified that these contracts comply with exchange regulations, to not encounter, later, releases in the application for authorization.

At an early stage, it is also essential for foreign companies to protect their trademarks in Morocco by applying for trademark protection with the Moroccan Office for Industrial and Commercial Property in Casablanca (Office Marocain de la Propriété Industrielle et Commerciale – OMPIC).

Establishment of commercial courts in 1998 has improved commercial law operations, although slowness of the procedure and the difficulty to obtain the enforcement of decisions still constitutes a problem. Therefore, companies are advised to include arbitration clauses in all their contracts.

**Is there anything else you would like to add?**

Thanks to its strategic geographical position, 14 km from Europe, and its historical and excellent relationship with West Africa countries, Morocco is a regional hub for investment.

With the signing of several free-trade agreements (with European Union, USA, Turkey, Egypt, Jordan and Tunisia, WAEMU) Morocco also offers access to a market of 55 countries representing more than 1 billion consumers and 60% of world GDP.



*“Approximately 170 companies are in the business of “mines” in Morocco”*

**Is there much investment coming from outside of Morocco?**

Yes, more and more. As Morocco has over recent years, implemented a new National Strategy for development of the mining sector, based on ambitious targets to nearly triple the industry turnover to over 15 Billion Dirham by 2025, multiplying by 10 the volume of investment in

administrative procedures for businesses, and the strengthening of the business law framework (law on competition and free pricing, law on economic interest groups, law on industrial and intellectual property ...). In parallel, financial markets have been modernized.

The Business Environment National Committee and the Central Authority on the Prevention of

## Contact



**Zineb Hamzi**  
Attorney at Law  
Ph. D

**HAMZI LAW FIRM**  
96, Boulevard Al Massira - Résidence Granada  
- CASABLANCA, MOROCCO  
Tel: (212) 522.39.39.06/ 95.19.12/39.39.31  
Fax: (212) 522.39.39.13/ 39.39.16  
Email: zhamzi@hlf.ma  
cabhamzi@menara.ma