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Insights

Morocco's new government: What companies should expect

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A few weeks ago, Morocco's King Mohammed VI appointed a new government following September's parliamentary elections. The centrist, monarchy-aligned Authenticity and Modernity Party (PAM) secured the largest number of seats, displacing the previously governing National Rally of Independents (RNI), and formed a coalition with three other parties: the nationalist Istiqlal Party and the left-leaning Party of Progress and Socialism (PPS) and Socialist Union of Popular Forces (USFP). King Mohammed VI's appointment of Fatima Ezzahra El Mansouri as the country's first female prime minister marked a historic milestone. A lawyer and former mayor of Marrakech who also served as housing minister, El Mansouri is no stranger to politics. She has longstanding ties to Morocco's political establishment and experience overseeing urban development and infrastructure projects.

Despite the change in the governing coalition, Morocco's long-term strategic direction remains anchored in priorities set by the Palace. With 2030 a key milestone for several national ambitions, the government is expected to maintain its focus on preparations for the FIFA World Cup, which Morocco will co-host with Spain and Portugal, alongside infrastructure development, renewable energy expansion, water and energy security, industrial growth, and implementation of the Investment Charter. These priorities are central to Morocco's efforts to attract foreign investment and strengthen its position as an industrial and logistics hub connecting Europe and Africa. While the country's long-term strategic priorities are expected to remain intact, companies and investors should prepare for a few shifts in the commercial landscape, including:

- a more interventionist regulatory environment, with stronger oversight of markets and pricing;
- tighter anti-corruption and public procurement requirements; and
- growing expectations that investment translates into job creation and tangible benefits for local communities.

What has changed? What is business as usual?

The new government's messaging and early statements to Parliament indicated how these changes may take shape. In her October 19 address presenting the government's 2026-2031 priorities, Prime Minister El Mansouri emphasized increasing employment, purchasing power, and ensuring that growth delivers tangible benefits for Moroccan citizens. The government program also outlined clear economic targets, aiming for 5% annual growth between 2027 and 2031 while keeping inflation near 2%, the fiscal deficit at 3% of GDP, and reducing public debt to 62% of GDP by 2031. Importantly, El Mansouri emphasized strategic sovereignty in water, energy, and food, including plans to accelerate desalination capacity to 1.8 billion cubic meters by 2031.

The draft 2027 Finance Bill, presented on October 23 by Fouzi Lekjaa, the newly appointed Minister of Economy, Finance and Public Performance, reiterates the government's focus on inclusive growth. It proposes MAD 400 billion in public investment and nearly MAD 6 billion for youth employment, training, and business support, alongside increased spending on healthcare and education. The budget builds on the 2023-2026 tax reform agenda Lekjaa

oversaw as Budget Minister, which reduced the standard corporate tax rate to 20% for most companies. It proposes further relief for households, raising the annual income tax exemption threshold from MAD 40,000 to MAD 60,000 and gradually lowering the top rate from 37% to 30% by 2031.For large oil distributors, the approach is more targeted: the draft bill proposes increasing their corporate tax from 35% to 40%. Separately, it provides a 5% advance tax payment on certain imports for resale. ts the model's use for offensive cyber operations.

Beyond fiscal policy, the government is pursuing a more assertive approach to market regulation and anti-corruption. In outlining the second of her government's seven priorities, Prime Minister El Mansouri pledged to tackle monopolistic practices in coordination with the Competition Council – whose former president, Ahmed Rahhou now sits in Cabinet – and investigate suspected collusion in public tenders. The government's agenda also includes proposals to criminalize illicit enrichment, tighten sanctions for conflicts of interest, and strengthen asset declaration requirements, reforms that could reinforce investor confidence if implemented effectively. More broadly, El Mansouri has called for a shift from measuring investment by volume to better assessing its economic and social returns. Companies should prepare for closer scrutiny of commercial practices and higher expectations on the returns for their investments.

Despite the change in political leadership, the new cabinet preserves considerable continuity across ministries central to Morocco's strategic priorities. Ryad Mezzour now has an expanded portfolio covering industry, trade, investment, and economic inclusion as Minister of Industry and Trade, while Abdessamad Kayouh retains his positions as Minister of Transport and Logistics, and Nizar Baraka continues as Minister of Equipment, Water and Forests. Their reappointments reinforce the importance of industrial development, infrastructure investment, and water security to Morocco's long-term economic agenda. It also comes as Morocco seeks to capitalize on its improved sovereign credit standing, having regained investment-grade status from S&P Global Ratings in September 2025 (and reaffirmed in March 2026). Morocco is one of only three African sovereigns rated investment-grade by at least one major agency, alongside Botswana and Mauritius, and the only one of the three on an improving trajectory.

While key appointments underscore policy continuity, the reshuffling of several strategic portfolios introduces new leadership in sectors central to Morocco's development agenda. Notably, Lekjaa – who recently joined PAM – now holds expanded authority over public finances, resource allocation, and government spending. He also retains his role as president of the Royal Moroccan Football Federation, placing him at the intersection of economic policymaking and World Cup preparations.

In another strategically important portfolio, Charafat Afailal, a former Secretary of State for Water and a senior figure in the PPS, replaced Leila Benali as Minister of Energy, Mines and Sustainable Development. Benali, an internationally recognized energy expert, had overseen Morocco's energy transition amid scrutiny over delays to major projects and regulatory reforms. Afailal's appointment brings a different technical background, particularly in water and public infrastructure, to a ministry central to Morocco's renewable energy, green hydrogen, and mining ambitions. During her handover, she emphasized continuity in existing reforms while highlighting the need for closer coordination between energy, mining, water, and food security.

Tourism, another key pillar of Morocco's investment strategy, also saw a change in leadership. Jalal Charaf replaced Fatim-Zahra Ammor as Minister of Tourism, Handicrafts and Solidarity Economy following a period in which the sector exceeded its growth targets, with 19.8 million arrivals in 2025 against a 2026 target of 17.5 million. An engineer by training and former deputy director general of the General Confederation of Enterprises of Morocco (CGEM), Charaf comes from outside the sector. His immediate priority will be to shape the next phase of Morocco's tourism strategy, building on the 2023–2026 roadmap and the existing target of attracting 26 million visitors by 2030. The challenge will be to translate rising visitor numbers into greater tourism revenues, job creation, and tangible benefits for local communities.

And finally, a particularly notable appointment was Ahmed Rahhou as Minister of Artificial Intelligence, Digital Transformation, and Administrative Reform. The elevation of digital transformation from a portfolio overseen by a minister delegate to a standalone ministry with artificial intelligence explicitly included in its remit, reflects its growing importance within Morocco's modernization agenda. Rahhou's appointment adds further weight to this priority, particularly given his reputation as a trusted figure close to the Royal Palace.

With a career spanning senior roles across banking, industry and diplomacy – including as CEO of CIH Bank and over five years at the head of the Competition Council – he is one of the most experienced and independent-minded figures in Moroccan public life, and the only new technocratic profile in the government. Rahhou also chairs the newly established Artificial Intelligence and Data Authority, combining ministerial responsibility with institutional oversight of the sector. His standing and track record as a regulator suggests the ministry is likely to carry more weight within government than its predecessor, with a more assertive approach to digital governance.

Implications for companies and investors

For businesses with interests in Morocco, the change in government is unlikely to disrupt existing investment plans or opportunities in priority sectors. However, a potentially more assertive approach to regulation, public procurement, and investment accountability could reshape the regulatory and commercial landscape, creating several important considerations for companies and investors.

- **Reassess stakeholder engagement strategies.** While many senior officials have retained their positions, changes in key portfolios could affect how companies navigate government decision-making. Investors should review their stakeholder relationships and understand how responsibilities are distributed across ministries and implementing agencies. The expansion of the industry ministry's portfolio to include investment and economic inclusion, for example, is particularly relevant for companies considering new industrial projects or expansion.

- **Anticipate a more assertive regulatory and compliance environment**. Companies should review their competition and anti-corruption controls, particularly around pricing practices, relationships with intermediaries, and participation in public tenders. They should also assess their exposure to proposed sector-specific tax measures, including higher corporate taxes for large fuel distributors and advance tax payments on certain imports for resale, and factor any potential cash flow implications into their planning.

- **Prepare for greater scrutiny of local economic contributions.** Prime Minister El Mansouri's emphasis on employment, social inclusion, and measurable investment outcomes suggests that companies should consider how their operations contribute to national development priorities. Local sourcing, workforce development, skills transfer, and regional investment may become increasingly important considerations in government engagement and public procurement.

- **Align business activities with Morocco's 2030 World Cup ambitions.** Preparations for the tournament are a central driver of Morocco's infrastructure and economic development agenda, creating opportunities well beyond the sports and hospitality sectors. Companies across sectors should consider how their operations, investments, products, and services can support the country's preparations, whether through renewable energy, water infrastructure, transport, logistics, digital connectivity, or workforce development. Demonstrating how their activities contribute to the successful delivery of the tournament, while advancing Morocco's longer-term economic and social priorities, could help companies strengthen relationships with government stakeholders and identify new opportunities for collaboration.

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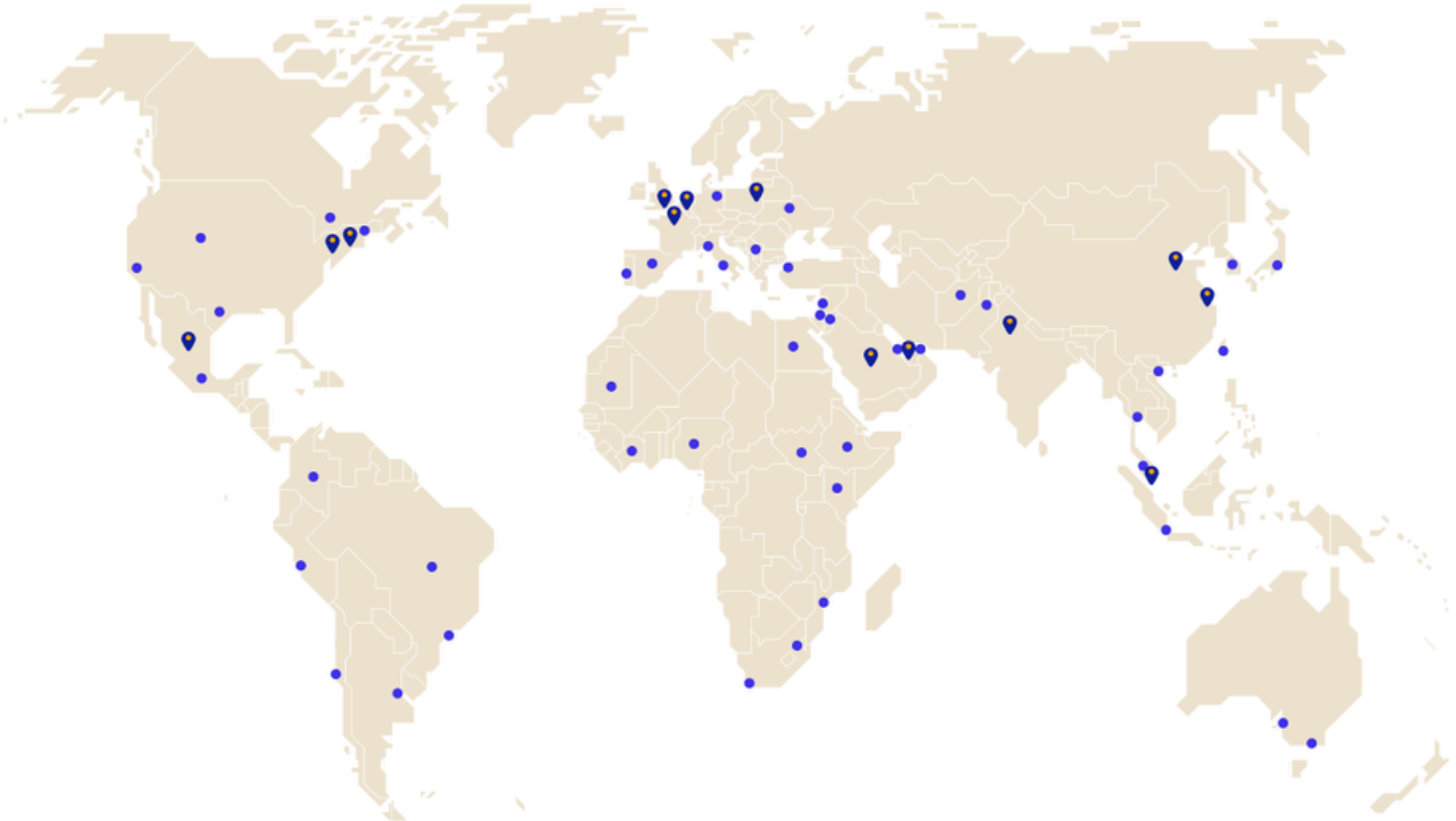
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