

# EMERGING MARKETS SPECIAL REPORT 2011: THE EXPANDING VIEW FROM MOROCCO

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## **The arrival of UK law firms in Morocco marks a change of strategy in North Africa, but they are keen to reinforce that opportunities still exist for Iberian firms across the continent**

Until this summer, Morocco had largely been the preserve of Spanish and French law firms. Garrigues and Cuatrecasas Gonçalves Pereira alongside Gide Loyrette Nouel and UGC & Associés, alongside smaller firms like Suárez de la Dehesa, have all built strong practices, winning North African mandates through their local offices. Such a strategy contrasting with that of the heavyweight London firms which had largely chosen to service the region from Paris.

### **New strategies**

This Autumn however things changed. Allen & Overy (A&O), Clifford Chance and Norton Rose all unveiled launches in Casablanca, while Bird & Bird announced an association with local firm El Amari. A&O was the first to open after adding two partners from Gide's local office – Yassir Ghorbal and Philippe de Richoufftz – with Abu Dhabi-based banking and corporate partner François Duquette relocating to lead the new operation. Clifford Chance and Norton Rose, meanwhile, said they were to relocate Paris Partners Mustapha Mourahib and Alain Malek respectively to open their offices.

"I was surprised that the UK firms announced their offices," admits José Ignacio García who leads Garrigues' Moroccan practice. "The market is quite small and the volume of transactions is not particularly high." The firm has been a traditional referral partner of Norton Rose, the only top ten UK

firm without its own Iberian practice.

Indeed, most global firms still tend to manage North Africa (and much else of the continent) via France, principally because of its historical links with the Maghreb.

Morocco's domestic economy may itself be small (GDP reached \$153bn in 2010) but the firms' launches underscore the shifting dynamics of the region, the global firm's increased interest in emerging markets, and the perception of North Africa as an expanding economic zone even with the events of the "Arab Spring". Many Moroccan organisations – including those with French investments – are starting to look at the wider African market for opportunities, say lawyers. The likes of Royal Air Maroc, Maroc Telecom and Attijariwafa Bank have all expanded across the continent.

"Many Moroccan companies and banks are involved in sub-Saharan Africa, specifically in Francophile countries like Senegal, Cameroon and Mauritania," says Duquette. "Only by collaborating with our London, Paris and Madrid offices are we able to cover much else of Africa." Moroccan banks play a major role in financing companies' expansion. And among which, leading Spanish and French banks like Santander, BNP Paribas, Société Générale and Crédit Agricole are major shareholders. "This has meant many financings can be negotiated locally but also require global input," adds García.

Given the country's relative political and economic stability, Morocco is also attracting new international investment as a manufacturing and logistics base, say lawyers. Recent arrivals include Hikma Pharmaceuticals' (Jordan) acquisition of Promopharm and Hewlett-Packard's (US) opening of a Casablanca data centre. The global UK law firms, like the Spanish and French, are looking therefore to increase their share of the growing cross-border work as well as mandates for expanding domestic companies like Wana Corporate, Technopolis Rabatshore and Médi Telecom. As an example, A&O's Gulf practice was, until recently, joint counsel with Gide in Morocco for Abu Dhabi client TAQA on the 700MW expansion of the Jorf Lasfar power plant. Since the Casablanca launch, A&O has now taken over the mandate.

### **The Spanish acquisition**

So if the UK firms are moving in to Morocco to capitalise on the mix of cross-border work, what does this mean for Spanish firms already in the country, and other Iberian firms across Africa?

Miguel Guerrero Acosta, who leads Cuatrecasas' Casablanca office, believes that his firm can compete with the US firms locally and continue to advise Moroccan telecoms, oil and gas players, on their moves deeper into Africa. "This presents an opportunity for all international practices as Moroccan law firms are still quite limited in the services they can offer," he says.

There is little doubt that the Morocco-France axis is more significant than Morocco-Spain in terms of African expansion. The UK firms clearly intend therefore to focus on developing a French-leaning practice in Morocco – as seen by A&O's raid on Gide – which also implies a wider strategic emphasis towards Francophile Africa.

"The focus of our Casablanca office, like others, is on Morocco and North Africa rather than sub-Saharan Africa," Guerrero Acosta at Cuatrecasas states. "We are fortunate to already have offices in Mozambique and Angola and in any event most of the investment from here is instead going to places like Cameroon, the Ivory Coast and Senegal."

Not that the Spanish firms are untouched by competition. Spanish companies are among the most active in Morocco, even if the focus is the Maghreb rather than elsewhere, and both A&O and Clifford Chance have Madrid offices.

"Spain is one of Morocco's biggest trading partners," Duquette observes. "Spanish companies are especially active in the tourism industry, with many Spanish hotel operations, as well as in areas like renewable energy. The Spanish financial institutions, to a lesser extent, are also active."

The Spanish influence can be found in Morocco's infrastructure aspirations. The country is developing the Plan Azur programme; a multi-billion euro scheme to build six coastal resorts, the first of which was awarded to Spanish construction company Fadesa. There are also bold proposals

for solar energy, which includes the development of 2,000 MW of production plant power by 2020. Spanish companies and banks are already leaders in the global construction and renewable energy market, which means Spanish law firms are well-placed to tap existing clients to compete with the UK firms for such mandates.

"Around 90 percent of our portfolio consists of Spanish companies and their investments cover all sectors," García comments. "Our whole team is locally-qualified so we can service all our clients' needs here, in terms of investment projects in energy, transport and airports."

A subsidiary of another Spanish constructor Ferrovial Agroman has won a contract to build a €60m desalination plant in Jorf Lasfar, while Endesa has acquired a 32 percent stake in Energie Electrique de Tahaddart, the company which owns the 384 MW CCGT plant in Tahaddart. The banks too have been bulking up; Santander has a stake in Attijariwafa Bank and BBVA has a holding in Wafabank. "Our priority is to expand our activity in Morocco and work for more of the big local companies," Guerrero Acosta says.

While the UK firms may be targeting pan-European, Middle East, African and international transactions, the Spanish firms are more reserved in their strategy. A&O, Clifford Chance and Norton Rose will bring a new edge – and competition – to the market across North Africa. But with the exception of South Africa, the UK firms are demonstrating little appetite to expand elsewhere across the continent, meaning continuing opportunities in other markets where Iberian firms dominate, notably Angola and Mozambique.

The domestic Moroccan firms may even be able to learn a lesson from firms such as Cuatrecasas, Garrigues and Gide about how to embrace the challenge of the Anglo-Saxons into their domestic markets and survive, but also thrive.