

STUDY DAY

"STRATEGIC RELATIONSHIP ISSUES BETWEEN MOROCCO BRAZIL"

INTRODUCTION SPEECH BY

MOHAMMED TAWFIK MOULINE

DIRECTOR GENERAL OF THE ROYAL INSTITUTE FOR STRATEGIC STUDIES

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Excellency, Ladies and Gentlemen

It is of great pleasure to welcome you today at the Royal Institute of Strategic Studies (IRES) within the context of a study day devoted to "the strategic relationships issues between Morocco and Brazil. "

I wish, first, to thank Mrs Farida JAIDI, former Morocco's ambassador to Brazil, who kindly accepted to lead this event and share with us her knowledge on relations between Morocco and Brazil.

This event should be remembered, having comes after the study day organized on the same topic in October 2010 in which we were honoured to receive His Excellency Virgilio MORETZOHN DE ANDRADE, the Brazilian Ambassador Morocco.

Excellency, Ladies and Gentlemen

The findings of IRES study day and the work made by several research institutes show that Brazil, which is already the leading economic power in the South American region, is gradually moving towards becoming a key player in the international economic and political affairs. This country is now a strong supporter of the reform of the international order. Brazil argues for the enlargement of the United Nations Security Council, defends the G20 as a key forum of global governance and reform of international financial institutions. Brazil also works for the conclusion of the Doha cycle and plays an important role in international negotiations in terms of climate change.

Along with its regional base (Mercosur), Brazil operates actively within the context of IBSA (coordination mechanism within which India, South Africa and Brazil address the issues of world peace initiatives and economic interest) and within the context of BRICs as an area of coordination and experience exchange.

The many reforms undertaken by Brazil in recent years, allowed it to restore the balance of its fundamental macroeconomic and regain the confidence of International financial markets. The prepayment of external debt vis-à-vis the IMF (\$ 15.6 billion) and the Paris Club (2.6 billion) in 2005 reflects the strong financial strength of this country. In addition, since 2009, Brazil moved to a net creditor status of IMF, to which it has lent \$ 10 billion.

Through its development model, based on a wise balance between export promotion and development of domestic market, Brazil is among the few countries that have resisted the global crisis of 2008-2009 and quickly pick up the recovery, as evidenced by the growth rate of 7.5% recorded by Brazil in 2010.

The perspectives regarding the balance of power at global level and the long-term economic projections made by some institutions (Goldman Sachs, Price Waterhouse Cooper ...) predict that Brazil would be the fourth largest economy by 2050. Other prospective studies recently have stated a less ambitious future for Brazil. CEPPII (France) estimated that Brazil would move from the 11th to 8th position on the world scale between 2008 and 2050 respectively, with a world GDP weight maintained at 2% over the same period.

In any event, the promising future of Brazil should not disregard many of the challenges that would face this country. Price competitiveness of its exports is subject to the risk of

overvaluation of the Real. Conversely, the continuing dynamics of its domestic market could possibly be damaged by excessive household debt.

Excellency, Ladies and Gentlemen

The importance of Brazil in the Moroccan strategic options draws its importance of several considerations, which are both of economic and geopolitical order.

Already, trade relations between Morocco and Brazil showed positive development in recent years, especially after the Royal visit in November 2004. The volume of trade has more than tripled between 2003 and 2008, from 4.3 billion Dirhams to 13.3 billion Dirhams respectively, before moderating in 2009 due to the effect of the world crisis.

Despite their positive development, the relations between Morocco and Brazil are far from having exhausted their potential. Currently, the sixth customer of Morocco at the international level (after France, Spain, India, Italy and the United States) and the 10th supplier, Brazil is deemed a-not-to-be-ignored potential in terms developing the Moroccan exportable offer. It could be an important key to enter the Latin America, particularly at the level of the Mercosur.

Meanwhile, the mesh of free trade agreements that Morocco enjoys, offers the opportunity for Brazilian companies to invest in vast intercontinental market by making Morocco a platform of export markets towards Europe, Africa and Arab countries.

Beyond boosting trade relations, mobilizing the potential of cooperation between the two countries deserves to be extended to other areas where structuring expertise of Brazil is proved. These include areas relating, among other things, to water, energy, food processing and medicine.

Equally important, the convergence of views, particularly in terms of defending the interests of developing countries in international forums, is considered to be a another positive factor in bilateral relations. The two partners shall benefit broadly from such factor in terms of official consultation between Africa and Latin America in which Morocco and Brazil could play a catalytic role.

Excellency, Ladies and Gentlemen

To better understand the current issues and future cooperation between Morocco and Brazil, an explanation shall be given to following questions:

1. What role could Brazil play in the new world configuration after the crisis, particularly as regards to the building of a new system of global governance?
2. Taking into account the opportunities offered by both sides, which basic actions should we deploy to realize the potential cooperation between Morocco and Brazil?
3. Beyond the economic opportunities, which are elementary of course, what are the relevant elements of the Brazil development experience that Morocco may take

advantage of to accelerate its development (human development, industrialization, exports platforms, etc)?

4. What other areas of cooperation that should be invested commonly by both countries to broaden the spectrum of their strategic interests? Could Africa be one the important spaces where the Morocco- Brazil cooperation could acquire its Strategic character?

Ladies and Gentlemen

Those are some lines that should frame our discussion today and the answers to which will help us certainly deepen our understanding of the relevant relationship aspects between Morocco and Brazil from a strategic point of view.

I thank all participants for their willingness to accepting our invitation and I am sure that our debate today will be of high level as usual at IRES.