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Morocco is future proofing its car industry with green innovation

The kingdom is setting up its car industry to move from made in Morocco to made by Morocco, writes Angela Kolongo and Inas El-Aidi.

Morocco's automotive sector is undergoing a remarkable transformation. What started as a regional assembly hub has grown into a leading player in electric vehicle (EV) and green hydrogen technology. This North African nation is strategically positioning itself as a global automotive powerhouse, attracting major international players while nurturing local talent and innovation. This development is taking place against a backdrop of evolving geopolitical dynamics, including rising protectionism and escalating global competition.

From humble beginnings to high-tech hub

Morocco's automotive journey started back in 1959 with SOMACA, a company that initially focused on assembling cars from imported parts from Italy and France. What makes this story remarkable isn't just how it started, it's how Morocco thought ahead. The country made a series of smart policy decisions like the integration-compensation law and targeted free trade agreements. This paved the way for attracting major original equipment manufacturers such as Renault-Nissan, PSA (now Stellantis), and more recently BYD. These partnerships have boosted production numbers to nearly a million cars a year and have also facilitated vital technology transfers and specialised skills development for Moroccan workers.

The Renault-Nissan plant in Tangier is Africa's largest and greenest car factory, exporting a whopping 90 per cent of its vehicles to 74 countries. Stellantis, has built a complete automotive value chain in Kenitra, including engine manufacturing. Together, they have helped transform Morocco into a true automotive manufacturing hub.

Driving into the future

Morocco's vision extends far beyond manufacturing the cars of today. The country is building a decarbonised transportation value chain to future proof production. The country is embracing the global shift towards EVs and green hydrogen-powered vehicles. Chinese EV giant BYD has set up shop in Morocco, with plans to build three additional factories focused solely on electric mobility. This expansion fits perfectly with Morocco's ambitious goal to produce one million passenger vehicles a year by 2025, with a significant chunk of those being hybrid or electric.

Morocco is also making waves in green hydrogen technology. The innovative NamX Hydrogen Utility Vehicle is the brainchild of Moroccan entrepreneur and co-founder Faouzi Annajah. It is designed in collaboration with Italian design house Pininfarina and represents a bold step towards a cleaner, greener automotive future, redefining the narrative from "Made in Morocco" to "Made by Morocco".

Morocco's strategic location, sitting just a stone's throw from Europe, coupled with its free trade agreements with major economic blocs like the EU and the US, provides a significant advantage. The next step for the Kingdom is to fully capitalise on the African Continental Free Trade Area (AfCFTA), to leverage its potential to access more affordable inputs and expand export markets.

Morocco is navigating the complexities of global trade wars and protectionist measures, leveraging its geographic advantages, skilled labour, and fiscal and financial incentives. It is doing so under a supportive industrial policy to attract investment and forge strategic partnerships. With abundant phosphate reserves, notable reserves of cobalt and manganese, and a strong renewable energy production capacity, Morocco is set to play a vital role in the rapidly expanding global EV supply chain, solidifying its position in the automotive industry.

Challenges and opportunities on the road ahead

While Morocco's automotive sector is undoubtedly thriving, it is not without challenges. Morocco still needs to increase local integration, develop more Tier 2 and 3 suppliers, and boost research and development. However, Morocco is tackling these challenges head-on, especially through specialised training institutes like its Institut De Formation Aux Métiers De l'Industrie Automobiles, showing a real commitment to growing its automotive ecosystem from the ground up.

Morocco's journey offers valuable lessons for other African nations striving for industrial growth and economic diversification. By playing to its strengths, embracing innovation and navigating a complex geopolitical landscape, Morocco is transforming its economy and paving the way for a sustainable and prosperous automotive future for the entire African continent.

Download the full report: *Impact of geopolitical dynamics on global trade: the case of the African automotive sector*

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About the author



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