

## Morocco's Energy Wager: What European Partners Should Expect by 2030

### GEOPOLITICAL MONITOR

The contemporary European energy landscape faces an acute reordering characterized by the rupture of legacy hydrocarbon corridors, the accelerated decarbonization of industrial demand, and the securitization of supply geographies against chokepoint dependencies. This fragmentation has created an unprecedented opportunity structure for states possessing credible renewable capital and Atlantic-facing infrastructure to project energy influence beyond their territorial boundaries. Morocco's energy strategy emerges within this context as a deliberate infrastructural response to several converging dynamics: the Russian invasion of Ukraine in February 2022, which transformed the European Union's gas supply crisis into a permanent structural reorientation materialized in REPowerEU, the Carbon Border Adjustment Mechanism (CBAM), the Renewable Energy Directive III, and the European Hydrogen Bank, a set of instruments that collectively privilege geographically proximate and decarbonized supply partners; the October 2021 rupture of the Maghreb-Europe Gas Pipeline when Algiers unilaterally declined to renew the transit contract, severing Morocco from its historical gas supply and, paradoxically, freeing the Kingdom to reinvent that same infrastructure in reverse by importing Spanish regasified LNG through the same pipeline under ONHYM's leadership, and the more recent closure of the Strait of Hormuz following the US-Israeli campaign against Iran, which tightened European demand for Atlantic-routed, non-chokepoint supply and sharpened the strategic value of the corridors Morocco had already begun to build.

Unlike hydrocarbon-endowed exporters that deploy extractive rent, or transit states that mediate chokepoints, Morocco commands no comparable resource base or natural transit monopoly and leverages instead its geographic liminality, simultaneously African, Arab, Atlantic, and Mediterranean, combined with institutional continuity under the Alaouite monarchy's long-horizon planning capacity. This infrastructural soft power serves multiple objectives simultaneously: embedding Morocco within European decarbonization supply chains, consolidating its role as a regional convening power through cross-border pipelines and electricity corridors, and domestically anchoring a monarchical strategy of structural transformation away from import dependency. The Kingdom's energy strategy thus can be considered an investment in positional capital that transforms geographic and regulatory assets, pipelines, cables, electrolyzers, and ports, into contemporary geopolitical instruments. That investment is made from a structurally vulnerable baseline: over 90% of Morocco's primary energy remains imported, coal still generated more than 60% of its electricity in 2023, and sovereign exposure to imported price shocks remains present.



## Signals to Decode

Morocco's codification of its 2024-2025 energy architecture marks a decisive shift from reactive energy management, characterized by emergency LNG contracts and electricity imports from Spain, to an institutionalized, multi-instrument framework designed to embed Morocco's energy future within binding domestic and international obligations. This framework, alongside the May 2024 Gas Roadmap, the March 2025 approval of six flagship green hydrogen projects under the Offre Maroc envelope, the December 2025 launch of tendering procedures for the Nador West Med FSRU (currently under re-evaluation) and its associated pipeline network, and the October 2025 updated nationally determined contribution setting a conditional 2040 coal phase-out date under the Paris Agreement, demonstrates Morocco's ambition to function as the regional reference point for low-carbon infrastructure planning. The Offre Maroc alone commits around 30 billion US Dollars across five investor consortia, ORNX (Ortus, Acciona, Nordex), Taqa-Cepsa, Nareva, ACWA Power, and UEG-China Three Gorges, operating on a model that combines renewable generation capacity with downstream electrolytic hydrogen and ammonia production. This programmatic codification shows Morocco's understanding that energy influence in the 21st century requires not merely resource endowment or political intent but bureaucratic capacity to deliver standardized investment vehicles at scale. Ultimately, European decarbonization imperatives will override concerns about dependency on extra-EU supply partners.

Throughout Morocco's recent history, pipeline infrastructure has consistently played a pivotal role, with the Kingdom's relationship to cross-border gas corridors, particularly the Maghreb-Europe line and the emergent African Atlantic Gas Pipeline (AAGP), evolving from passive transit status to active convening authority. The AAGP's trajectory has moved forward through a sequence of formal milestones since 2022: the September 2022 tripartite memorandum of understanding between Morocco, Nigeria, and ECOWAS; the signature of Memoranda of Understanding with national oil companies along the route, ensuring strong alignment among stakeholders. the completion of the feasibility studies and the Front-End Engineering Design (FEED); and the intergovernmental agreement soon to come. The pipeline proposes a 6,900-kilometer hybrid offshore-onshore route with a maximum capacity of 30 billion cubic meters per year, including around 15 bcm dedicated to export to Europe. Its phased architecture, explicitly designed to avoid dependency on a single final investment decision, allows early segments (Morocco-Mauritania-Senegal) to generate revenue before the full Nigerian connection comes online, with first gas projected for 2031. This architecture reflects Morocco's preference for institutional gradualism and its accommodation of heterogeneous stakeholder coalitions, characteristics that align with the Kingdom's interests in promoting cross-border cooperation without hegemonic overreach.



### Does Morocco have a Role to Play?

Morocco possesses unique structural advantages that position it as a credible energy interlocutor, but its capacity to fulfill European decarbonization expectations remains conditional on execution and on these partners' own regulatory coherence. The Kingdom's principal asset lies in its resource fundamentals: solar irradiance in the south is among the highest globally, with Global Horizontal Irradiance roughly 20 percent above Spain's peak and more than twice the United Kingdom's average, while wind regimes of 8 to 11 meters per second in the Tangier-Tétouan corridor and 7 to 8.5 m/s in Dakhla-Tarfaya translate into capacity factors that compress the levelized cost of electricity, and therefore of electrolytic hydrogen. This resource base provides a competitive positioning that cannot be manufactured through financial resources or political maneuvering alone. Morocco's second advantage is its infrastructure endowment, rare in the African context: a 1,300-kilometer gas pipeline (the former Maghreb-Europe line) already operating in reverse mode since 2022 to deliver regasified LNG from Spanish terminals; deep-water Atlantic and Mediterranean ports including Tanger Med and the emerging Nador West Med; and two 700 MW subsea cables connecting the Moroccan grid synchronously with the Spanish, and thereby the European, power system, a configuration unique on the African continent. The absence of oil wealth paradoxically strengthens this positioning by reducing suspicions of hegemonic ambitions that attach to hydrocarbon-endowed states' energy initiatives.

By the same token, these supply-side fundamentals meet a European regulatory architecture that is actively converting climate policy into procurement incentives. This regulatory reality provides Morocco with a distinctive asset in contemporary energy diplomacy: the Kingdom can credibly position itself as embodying alignment with European decarbonization objectives rooted in actual resource and infrastructure fundamentals rather than merely aspirational rhetoric. The Carbon Border Adjustment Mechanism (CBAM), entering its definitive phase in 2026, prices embedded carbon on imports of cement, steel, aluminium, fertilizer, hydrogen, and electricity, creating measurable demand for certified low-carbon Moroccan output, particularly from OCP's fertilizer value chain and any future green steel capacity. The Renewable Energy Directive III mandates quantified shares of renewable hydrogen in industry and transport across the EU, while the European Hydrogen Bank, whose second auction attracted 61 bids requesting 4.8 billion Euros against a 1.2 billion Euros budget, provides the subsidy bridge that allows imported renewable molecules to compete with domestic production during the cost-decline phase. On the bilateral level, Germany has designated Morocco as its principal African hydrogen partner through the Federal Ministry for Economic Cooperation and Development; the Dutch-Moroccan Action Plan signed in Rotterdam in May 2024 covers port infrastructure, certification, and green shipping corridors; and Rotterdam's hydrogen-carrier entry points, the Hydrogen Network Netherlands, and the Delta-Rhine Corridor are being engineered to receive Atlantic-landed green ammonia at scale. The AAGP's 15 bcm per year earmarked for European delivery adds a pipeline-gas complement, offering a supply route that diversifies away from existing European import dependencies. The diplomatic utility of this convergence is undeniable: Morocco's positioning rests on an alignment between demand-side instruments and its own supply build-out that cannot be engineered retroactively.



## Points of Vigilance

The most critical vigilance point concerns the structural mismatch between the declared 2040 coal phase-out horizon and the underlying pace at which substituting infrastructure is being commissioned. In October 2025, Morocco became one of the few coal-dependent economies to set a date for coal phase-out, pledging in its updated NDC to eliminate coal power by 2040, or by the late 2040s unconditionally. It joined the Powering Past Coal Alliance in 2023 and has formally halted the planning of new coal-fired plants. Yet coal still provided over 60% of Moroccan electricity generation in 2023, and the ONEE power-purchase agreement with the 1,360 MW Jorf Lasfar complex has been extended through 2044, seventeen years beyond its original 2027 expiry. Coal units are being retained as firm dispatchable capacity to cover the period until gas-fired CCGTs, storage-backed renewables, and grid reinforcements can jointly provide equivalent reliability. The vigilance point is therefore not the political commitment itself but the operational pace at which its preconditions are delivered: every year of delay on the Nador FSRU, on new CCGT capacity, or on storage rollout mechanically extends coal utilization beyond its declared trajectory, and with it the exposure of Moroccan industrial exports to CBAM-priced embedded carbon. The coal exit is credible only to the extent that these substituting workstreams deliver on schedule.

The Moroccan gas import chain represents a particularly exposed workstream: designed to bridge the transition from coal to renewables, dependent on a single FSRU whose tender has been suspended, operating on interim arrangements whose cost-efficiency is already compromised, and facing a demand trajectory that may outrun supply capacity. The vigilance signals accumulated through 2025 and early 2026: the Nador West Med FSRU tender was suspended by the Ministry of Energy pending a revision of technical and commercial parameters, the connecting pipeline to the former Maghreb-Europe line and the extension toward Mohammedia and Kénitra remain at preparatory stage, and the domestic demand projection has been revised upward to approximately 8 bcm by 2027 against roughly 1 bcm today, a more than sevenfold increase in three years. Until the Nador terminal is commissioned, Moroccan LNG continues to be routed through Spanish regasification facilities and onward via the reverse-mode GME pipeline, a workable but cost-inefficient arrangement that exposes the domestic generation cost curve to spot LNG price volatility.

## OPPORTUNITIES & RISKS



### Opportunities



#### **A diversified capital stack:**

Morocco's energy diplomacy serves as a mechanism for mobilizing capital pools that no single regional player could assemble alone. The composition of the Offre Maroc consortia, combining Gulf-based developers (ACWA Power, TAQA), European utilities and technology providers (Acciona, Cepsa, Nordex, ENGIE, TotalEnergies), a Chinese group (UEG-China Three Gorges), and domestic capital (Nareva), matters for project finance. By positioning itself as the coordinating anchor between these pools, Morocco creates durable networks of co-investment that complement its institutional agreements with European governments and its infrastructure ambitions across the continent. This financial dimension offers Morocco a competitive advantage over purely material-driven agendas: green molecule projects require fifteen- to twenty-year payback horizons, equity tickets that single European utilities can no longer comfortably absorb given their own domestic investment pipelines, and risk appetites compatible with pre-commercial demand curves. Gulf developers provide balance-sheet depth and operational track records on large renewable and desalination assets; European counterparts contribute technology and certification expertise under CBAM and RED III; and the Chinese participation provides competitive electrolyzer and equipment supply chains. The opportunity lies in Morocco's potential to construct project companies that mobilize several of these pools concurrently, reducing concentration risk on any single source of equity and improving the prospects of reaching FID on projects whose long-term investments would otherwise exceed what any one investor can carry alone.



#### **OCP as a strategic anchor:**

Morocco's integration of OCP into its hydrogen strategy generates a form of industrial demand credibility that international partners cannot easily replicate. The OCP Group, the world's leading phosphate exporter and one of the largest fertilizer producers, provides Morocco with something most aspirant hydrogen exporters lack: a massive domestic industrial consumer of ammonia with credible decarbonization obligations under CBAM. This partnership generates multiple benefits: it anchors early hydrogen projects with offtake that pre-exists market consolidation; it positions Morocco advantageously over European fertilizer imports into CBAM-exposed markets; and it creates institutional learning that makes Moroccan hydrogen credibility strategically valuable beyond its traditional role in phosphate exports. The Jorf Hydrogen Platform, targeting 100,000 tonnes per year of green ammonia from 2026, and the broader OCP-ENGIE partnership convert what would otherwise be a speculative export bet into an anchored industrial demand signal. This internal offtake materially de-risks early hydrogen projects, accelerates the learning curve, and generates fertilizer affordability for African agriculture that is difficult to contest. Few competitors possess an equivalent industrial anchor. OCP's ability to decarbonize its fertilizer supply chain becomes the demonstration project on which broader Moroccan hydrogen credibility rests.



#### **AAGP and regional integration:**

Morocco's unique geographic position between Africa and Europe, combined with its convening role through the AAGP, allow it to construct a platform for regional energy integration that transcends the usual bilateral Euro-African binaries. Beyond its commercial rationale, the African Atlantic Gas Pipeline carries a structural opportunity that has been understated in public discourse: it creates a 13-country, Co-led by Morocco and Nigeria, ECOWAS-endorsed infrastructure authority that will necessarily involve landlocked states (Niger, Burkina Faso, Mali) and coastal producers (Nigeria, Senegal, Mauritania, Côte d'Ivoire) in a common institutional framework. At a moment when other regional frameworks have fractured and when ECOWAS itself has lost three member states, Morocco positions itself as the convening power around tangible infrastructure. The 15 bcm earmarked for European delivery adds a second dimension: the pipeline embeds Morocco within European supply-security planning as the continent's principal Atlantic gateway for African gas. Success in this arena would elevate Morocco to a unique diplomatic status as a convener of

transregional energy cooperation, a diplomatic instrument disguised as an engineering project, whose multi-decade timeline compounds the embedding effect.



## Risks:



### Exposure in a volatile hydrogen market:

Morocco's energy diplomacy operates within a crowded and uncertain marketplace of decarbonized molecules where European offtakers, Gulf producers, and Asian importers all vie for advantageous terms. The most material financial risk is that hydrogen demand materializes later, smaller, or at lower prices than current project economics assume. The IEA's downward revision of 2030 hydrogen forecasts, the cancellation of major projects including BP's HyGreen Teesside, and the shift of some investors such as Masdar toward AI-related energy investments together signal a market that remains neither mature nor assured. If only a fraction of the six Offre Maroc projects reach final investment decision, the sunk costs in land reservation, infrastructure, and institutional capacity will still have been incurred. The specific risk is that Morocco's emphasis on large-scale green hydrogen positions it in an uncomfortable middle ground: too ambitious for cautious utilities, too export-oriented for domestic-first European strategies, too expensive for price-sensitive buyers. In a polarized molecule marketplace, the center may prove untenable. Morocco must actively manage this risk through phased contractual design, co-financing with public development banks, demand-aggregation mechanisms with European offtakers, and insistence on long-dated rather than short-dated offtake agreements that would otherwise re-expose the Kingdom to cyclical volatility.



### The regional counter-move:

Morocco's energy diplomacy success creates a paradoxical risk: the more credibly Morocco positions itself as the Atlantic gateway for African gas, the more its competitors are incentivized to revive the alternative corridors that Morocco's trajectory has rendered uncompetitive. The revived Trans-Saharan Gas Pipeline project between Nigeria and Algeria constitutes, on paper, a direct competitor to the AAGP. This competitive dimension is real and cannot be dismissed as irrelevant. In practice, however, the TSGP's trajectory illustrates why announced competition and delivered competition are not the same variable: the project's modern iteration originates in a 2002 memorandum, was formalized through a 2009 intergovernmental agreement, and has been periodically re-announced, in 2022, 2024, and again in subsequent statements following the reactivation of Russian technical interest, without progressing to FEED completion, binding upstream commitments, or final investment decision. The obstacles are structural rather than procedural. The onshore route crosses roughly 1,000 kilometers of Nigerien territory in regions where sustained security deterioration has already disrupted other energy infrastructure; financing a cross-border pipeline traversing jurisdictions subject to international sanctions regimes and shifting political authority is, under current capital market conditions, a substantially harder proposition than it was when the project was first conceived; and the Algerian terminus remains connected to European markets whose import strategies are now explicitly oriented toward diversification rather than consolidation. However, the AAGP is positioned as a short-term priority (Category A), with higher demand and projects close to final investment decision (FID). In contrast, the Trans-Saharan Gas Pipeline falls under mid-term opportunities (Category B), reflecting a longer timeline and lower maturity despite significant volumes.



### The 2040 Coal exit as an operational bet:

Morocco's deepening commitment to a 2040 coal exit creates exposure to execution volatility compounded across interdependent infrastructure projects. The conditional 2040 phase-out commits the country to retiring over 4 GW of installed capacity, Jorf Lasfar, Safi, Jerada, Mohammedia, that still provides the majority of its dispatchable electricity. The timeline assumes that gas-fired CCGTs, storage-backed renewables, and grid reinforcements will jointly deliver equivalent baseload reliability within fourteen years. This operational volatility means Morocco's climate pledges, bilateral agreements, and industrial decarbonization targets may not generate the long-term credibility anticipated if delivery proves uneven.

Every month of slippage on the Nador FSRU, on transmission build-out, or on battery storage deployment mechanically extends the operational necessity of coal beyond its declared retirement horizon, and with it, the CBAM exposure of Morocco's entire industrial export base. The margin between the conditional 2040 pathway and the unconditional late-2040s fallback is narrower than the ten-year gap suggests: it is measured in commissioning dates, not in political commitments.

## FORESIGHT

Morocco has constructed an impressive energy infrastructure unmatched in its comprehensiveness in the African context: the Offre Maroc framework mobilizes around 30 billion US-Dollars across five diversified consortia combining renewable generation, electrolytic capacity, and ammonia production; the AAGP extends Moroccan convening authority across 13 countries and positions the Kingdom as Europe's principal Atlantic gateway for African gas; the Nador West Med hub anchors the domestic gas transition; and bilateral agreements with Germany and the Netherlands formalize Morocco's role as decarbonization partner. Yet a fundamental paradox emerges: while Morocco possesses unique infrastructural and geographic assets that genuinely differentiate it from its competitors, the economic viability of the hydrogen pillar on which a significant share of these assets depends remains structurally uncertain, a wager that deserves to be described as such. The economics remain unproven: the levelized cost of green hydrogen has declined less quickly than forecast in 2020-2022, subsidies on both the production side (European Hydrogen Bank) and the demand side (industrial mandates) are politically contingent, and offtake contracts at bankable prices remain difficult to secure.

Hydrogen may not be the right molecule for the uses currently assumed: direct electrification is already overtaking hydrogen in light transport, building heat, and short-haul logistics, while e-methanol, e-ammonia, biomethane, and advanced battery storage are competing for the same niches in shipping, aviation, and heavy industry. The premise that green hydrogen will occupy a large share of the decarbonized energy system is a hypothesis, not a certainty, and the IEA's successive downward revisions of 2030 demand forecasts signal that the consensus itself is softening. Even if the market materializes, it will be crowded, with multiple countries positioned to serve European and Asian buyers, often with comparable or superior resources or closer proximity to specific demand centers. Morocco's overall energy position, by contrast, retains strength because its renewable and gas pillars stand on their own commercial logic, anchored in OCP's internal offtake, Spanish grid interconnection, and the AAGP's gas-transit rationale. Morocco has effectively mobilized capital for hydrogen infrastructure, secured bilateral alignment with European offtakers, and institutionalized the Offre Maroc tender envelope. But Morocco has not yet developed equivalent operational safeguards to ensure that the infrastructure built in anticipation of hydrogen demand remains convertible should that demand fail to materialize on the expected timeline. The result is a strategic portfolio where Morocco's most distinctive assets risk being overshadowed by the commercial fragility of a single molecule. Morocco confronts an important challenge about whether and how to insulate the two self-standing pillars from hydrogen-market volatility. Morocco must fundamentally invest in repurposability, in phased contractual design, and in long-dated offtake architectures that preserve strategic optionality. The test over the next decade will be to ensure that the hydrogen bet, whatever its outcome, does not crowd out the two pillars that do not depend on it, and that the infrastructure built in anticipation of hydrogen export remains repurposable for ammonia, methanol, or direct power export should the molecule of choice turn out to be different from the one being planned for today.

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