

Building Morocco's defense industry

GEOPOLITICAL MONITOR

Especially since the war in Ukraine, the defense industry has returned to the center of security policy. European governments raised budgets and opened new production lines, and at The Hague in June 2025, NATO allies pledged to spend 5% of GDP on defense and security by 2035. Turkey, India, South Korea and Saudi Arabia had begun building their own industries well before that. Morocco started later and on a smaller scale. For decades the Royal Armed Forces bought almost all of their main equipment abroad. A licensing law adopted in 2020 opened manufacturing to private firms, and industrial zones and the first plants followed. Armored vehicles now come off a line in Berrechid, near Casablanca, and at Benslimane Lockheed Martin and its partners are building a heavy maintenance center for military aircraft. Morocco therefore has the first elements of a defense technological and industrial base (DTIB). Whether these first plants become an industry that lasts is the question this brief examines.



Signals to Decode

Two public bodies gave Law 10-20 a physical footprint. The Agence de logements et d'équipements militaires (ALEM), which manages land and infrastructure for the armed forces, supplied the sites. In June 2024 the Council of Ministers approved two industrial acceleration zones reserved for defense on ALEM property. MEDZ, the industrial park developer of the Caisse de dépôt et de gestion (CDG) group, brought the experience of running such zones. The CDG is a state-owned financial institution and Morocco's largest institutional investor. In 2025 the two bodies created the Société de gestion des zones industrielles de défense (SGZID) as equal partners. A decree adopted in November gave the new company the concession for both zones.

For licensed firms, this means dedicated sites under a single manager. ALEM keeps the zones close to the defense administration, while MEDZ applies the model it developed for Morocco's automotive and aerospace parks. MEDZ is also a partner in the Benslimane venture that will maintain the air force's F-16 and C-130 fleets, so the same developer is present in both the zones and the first large maintenance project.



Does Morocco have a Role to Play?

A Moroccan defense industry will have one large customer, the Royal Armed Forces, and the way they place their orders will shape everything else. The 2026 finance bill allocates about 73 billion dirhams (around \$8 billion) to the National Defense Administration. It also authorizes 157 billion dirhams (around \$17 billion) in multi-year commitments for the purchase and repair of Royal Armed Forces equipment. An order book opened step by step to local firms is a sound way to begin. It gives new suppliers steady volume and a reason to meet military standards before they are asked to do more. Turkey followed a comparable path: its armed forces placed small first orders with local firms years before those firms began to export.

The first orders can go to sectors that already have the skills. Armies buy ordinary goods in bulk. Uniforms, boots, tents and backpacks wear out every year, and vehicles consume tires, filters, batteries and cables. Moroccan textile and automotive suppliers make similar goods for civilian customers, and fleet maintenance offers another market that does not require new plants. Qualification is the main obstacle. Military buyers demand strict specifications and full traceability, which most civilian suppliers have never had to document, and a first contract gives them a reason to do so. Textiles show a limit of the approach, since Moroccan garment workshops import most of their fabric. Once a supplier has learned military standards and long delivery commitments through routine orders, it can move on to the larger programs, which will need suppliers of that kind.



Points of Vigilance

Naval work lags behind the rest of the sector. European yards built the navy's main vessels. The national port authority, the Agence nationale des ports (ANP), is tendering a 30-year concession for the new Casablanca shipyard. Morocco's next ship purchases, and the share of their upkeep done at home, will determine what the yard becomes.

Two recent conflicts have changed what navies buy. Ukrainian sea drones and missiles sank or damaged several Russian warships and forced much of the Black Sea Fleet out of its main base on occupied Crimea. From late 2023, attacks launched from Yemen on shipping in the Red Sea led navies to fire interceptors that cost many times more than the drones and missiles they destroyed. Fleets have drawn the same lesson from both cases. Frigates and submarines still carry the air defenses and stay at sea for weeks, but they are now paired with uncrewed vessels and networked sensors that add numbers at a much lower unit cost. For Moroccan industry, the two categories lead to different outcomes. Frigates and submarines will be imported for the foreseeable future, with maintenance done at home. Uncrewed vessels and maritime sensors rely on electronics and composites, two fields in which Moroccan civil industry already works, and more than 3,500 kilometers of coastline create permanent demand for them. Decisions on the large ships and on the Casablanca concession will fall within the same few years. A frigate order that brings maintenance to Casablanca would give local firms their first substantial naval work, as would a surveillance program open to Moroccan drone and sensor makers.

OPPORTUNITIES & RISKS



Opportunities



Maintaining the existing fleet

The Royal Armed Forces operate a large fleet of imported aircraft and vehicles. Each platform stays in service for thirty years or more, and over that period its upkeep costs more than its purchase. That demand exists whether or not new contracts are signed, and depots can do most of the work close to the units. Maintenance also needs far less capital than production. A depot runs on skilled technicians and on access to the manufacturer's technical data, and its staff learn how systems fail and how to modify them, something an assembly line does not teach. Moroccan civil aerospace firms already repair aircraft engines, and those skills transfer. The Benslimane center for F-16 and C-130 aircraft is the first step in this direction. Air forces across Africa fly the C-130, so a Moroccan depot could in time serve customers other than the Royal Armed Forces.



Access to international supply chains

Western defense manufacturers are looking for new suppliers. Production has risen on both sides of the Atlantic, and supply chains sized for peacetime are stretched. A Moroccan firm that qualifies for domestic defense work can bid for part of that business, from plants a few hours from Europe. Civil aerospace shows how this can happen. Two decades ago, Moroccan plants made simple parts for European and American manufacturers; today they assemble complex subassemblies. Defense suppliers can climb the same way, one qualification at a time, although the initial cost is higher. Defense work brings confidentiality rules and export controls, and buyers audit their suppliers in detail. The firms that clear these hurdles first will be on the lists when foreign manufacturers look for new sources.



Small drones built from civil components

Ukraine turned small drones built from commercial parts into a mass weapon. Most of their components come from civil electronics, designs change every few months, and a production line costs a fraction of an aircraft plant. Small firms can work at that pace and at that price. The same airframes map crops and inspect mines, which gives manufacturers a civilian market between military orders. Moroccan start-ups already sell drone mapping services; in October 2024 one of them, Aerodrive Engineering Services, signed an innovation funding agreement with the Ministry of Industry. A long coastline and large farming areas keep domestic demand steady. There is a further advantage. Because the design is Moroccan, even a basic one, the country can modify and export it without asking a foreign government for permission.



Risks



Small orders for civil suppliers

Steered procurement relies on civil firms taking on defense work, and for most of them defense will remain a small market. An automotive supplier counts its output in millions of parts a year, while military orders come in hundreds or thousands. In France, the typical defense supplier earns less than a fifth of its revenue from defense. The cost of qualifying does not shrink with the order: audits, military specifications, traceability and confidentiality rules add the same overhead whether a contract is large or small. A firm that sells to European carmakers may reasonably decide the effort is not worth it. If too few firms qualify, the supplier base stays thin and local content stalls. Grouping orders over several years would change the calculation for more of them.



Competition for skilled labour

Defense projects will recruit from the same pool as automotive and aerospace, two sectors that keep growing. Safran alone plans a landing gear plant with about 500 jobs by 2029, and the ten authorized defense projects are expected to add some 2,500 direct jobs. Emigration takes its share of the same pool: in 2019 the education minister told Parliament that about 600 engineers leave Morocco every year for Europe and North America. Defense work then narrows the pool further. Some posts require security clearance, and skills such as military quality assurance and testing take years to learn on the job. A young defense firm competing with a European multinational for the same engineer starts at a disadvantage on salary. The new plants will need training programs designed with them, and careers that give engineers a reason to stay.



Financing the first steps

Qualifying for defense work costs money before any customer pays. Firms pay up front for tooling and certification, then carry long contracts on their own working capital, and small and medium-sized firms feel this most. Europe shows how difficult the financing can be. In 2020, France's armaments agency acknowledged that banks were reluctant to lend to defense firms. Parliamentary reports described refused loans and, in some cases, refused bank accounts, in part because ESG screening excluded the whole sector, and smaller firms with thin equity took the brunt. Moroccan suppliers moving into defense should expect the same questions from their banks. Public innovation funding has reached a drone start-up, but a defense supplier also needs ordinary credit and guarantees, and without them a steered order book will reach only the firms able to finance themselves.

As Morocco's defense industry grows, the link between military requirements and industrial development will matter more. The armed forces decide what they need, while the National Defense Administration licenses manufacturers. Other institutions have specific roles of their own. This division of labor works while the number of programs remains small. It becomes harder to sustain when more companies enter the sector and several programs run at once. Industry then needs a clearer view of future requirements, and the armed forces need a direct way to assess what Moroccan companies can actually deliver. France addressed this problem early. In 1961 it created the armaments agency now known as the Direction générale de l'armement (DGA). The agency provides a permanent link between the armed forces and industry and follows each program from the definition of requirements through testing and delivery, and its technical centers give manufacturers access to domestic testing and qualification facilities. Saudi Arabia has moved in a similar direction more recently, with a dedicated authority that connects military procurement to the development of local industry.

Morocco does not need to reproduce either model. A small defense-industrial unit within one of the existing institutions could perform part of this coordinating role. It would translate longer-term military requirements into an industrial outlook that firms can plan against, and give Moroccan companies a defined channel through which to present technologies, discuss requirements and gain access to testing. Institutions such as SGZID and the Ministry of Industry would keep their current responsibilities and work through this structure. Moroccan researchers have already raised the idea of a dedicated institution to support the development of the DTIB.

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