Norwegian Institute of International Affairs

POLICY BRIEF – 2 / 2026

Morocco's climate policy at a turning point under the EU CBAM

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Brief Summary and policy recommendations

Morocco's climate leadership is now tested by the European Union's (EU) Carbon Border Adjustment Mechanism (CBAM), which shifts attention from ambition to verifiable industrial performance. Despite strong renewable efforts, the carbon intensity of electricity and gaps in monitoring, reporting, and verification (MRV) readiness expose exporters to rising compliance pressure. The next phase of CBAM will also affect small and medium-sized enterprises (SMEs), many of which lack reporting and decarbonization capacity. Morocco now faces a turning point where climate ambition must translate into systems that support export competitiveness.A focused set of reforms can strengthen energy access, data credibility, and institutional coordination for a CBAM-ready transition.

- Improve access to low-carbon electricity and streamline self-generation
- Accelerate development of an MRV system with clear institutional roles, publicly available emission factors and reliable carbon emissions accounting tools.
- Support SMEs with targeted CBAM-readiness tools, training and finance.
- Consider gradual domestic carbon pricing to reduce CBAM costs and fund industrial decarbonization.

Morocco's climate policy foundations and emerging ambition

Morocco has been an early adopter of climate and renewable energy policies among developing countries. It ranks 8th in the 2025 Climate Change Performance Index, providing an external benchmark of performance. Over the past two decades, Morocco has progressively expanded its climate policy framework. Early policy engagement has contributed to international visibility, but it now places growing expectations on the country's ability to deliver.

Morocco's climate engagement accelerated in the late 2000s, notably with the adoption of the 2009 National Energy Strategy, which introduced ambitious renewable energy objectives to reduce fossil fuel imports and boost energy sovereignty. Climate policy development has been supported at the highest political level, contributing to continuity across successive strategies.

Morocco has deployed large-scale solar and wind projects supported by grid expansion and system upgrades. The country initially targeted 42% renewable installed capacity by 2020 and now aims for at least 52% by 2030, with current deployment broadly aligned with this trajectory. The "Offre Maroc"—a flagship initiative launched in 2024—seeks to position Morocco as a hub for the green industry. Six national and international consortia have been selected to develop seven green hydrogen projects, primarily in southern regions. Morocco's Nationally Determined Contributions (NDCs) have reflected a gradual increase in scope and specificity. The NDC 3.0, released in September 2025, represents an increased emphasis on implementation and feasibility. Key mitigation updates include a strengthened emissions reduction target of 53% by 2035, a commitment to triple renewable energy installed capacity (from 5 to 15 GW by 2030), the country's first-ever conditional coal phase-out date by early 2040, and major investments in storage, grid reinforcement, and regional interconnections. Adaptation commitments include 80 sectoral objectives and 107 projects, with a focus on water security, reflecting Morocco's exposure to recurrent droughts.

Financing is a core pillar of NDC 3.0, which estimates total needs at USD 96 billion for both mitigation and adaptation. Notably, Morocco integrates climate priorities into its national budgeting process for the first time (2026–2028), strengthening fiscal-policy alignment. NDC 3.0 increases international scrutiny of Morocco's capacity to translate commitments into implementation, and the gap between vision and delivery is now increasingly examined. The high share of mitigation measures is dependent on conditional international finance, and persistent constraints related to grid capacity, storage deployment, and the operationalization of large-scale renewable and hydrogen projects.

Morocco's 2050 Low Carbon Strategy (LT-LEDS), outlines a long-term decarbonization pathway but has not been formally adopted or submitted to the UNFCCC. It is referenced in NDC 3.0 as a "low-carbon roadmap" and targets 96% carbon-neutral electricity generation by 2050.

The EU CBAM as an external stress test for Morocco's climate delivery

The EU's Carbon Border Adjustment Mechanism (CBAM), which will become effective in January 2026 on embedded carbon emissions of six product categories (i.e., iron & steel, aluminum, cement and some mineral products, fertilizers, electricity and hydrogen), is reshaping the terms of industrial competitiveness. For Morocco, it functions as an external audit of its climate credibility and readiness, shifting the focus from national ambition and diplomatic visibility toward something far more concrete: the ability of factories to measure, verify and report emissions in a way that satisfies European regulators.

Current exposure is already significant, with around 19% of Morocco's cement exports to the EU (USD 12.12 million) and 13% of fertilizer exports (USD 455 million) falling under CBAM. Looking ahead, Morocco's future hydrogen exports will be fully covered by CBAM, as 100% of projected volumes are intended for the European market and hydrogen is explicitly listed among regulated products.

Yet a leaked draft by the EU Commission on CBAM Verification circulated in November 2025 shows that the mechanism will soon expand to additional products and downstream goods, many of which are produced by SMEs, raising concerns about whether regulatory adjustment capacity can keep pace with a widening regulatory scope. The same draft signals this shift by tightening scrutiny of non-EU emissions data, reducing reliance on default values, and eventually linking all CBAM declarations to a fully integrated digital customs interface. This evolution marks the end of a transition period that was already difficult for exporters. It now signals the arrival of a much more demanding compliance system.

As recently assessed by the country's Economic, Social and Environmental Council, the CBAM is considered as an opportunity to accelerate industrial decarbonization and as a threat to the competitiveness of insufficiently prepared companies. Morocco's climate narrative remains strong, built on major renewable investments

and early NDC commitments. Yet CBAM does not assess narratives. It evaluates evidence. At this stage, exposure is concentrated among large industrial exporters, who must generate installation level emissions data, apply EU methodologies, and secure verification that meets European standards. As the mechanism expands, smaller firms may also face compliance requirements, raising questions about their preparedness and digital emissions data management and reporting capabilities.

Institutional Preparedness and Firm-Level Readiness

At the institutional level, Morocco has been working for several years on the establishment of a national transparency system to structure the measurement, reporting and verification of emissions reductions planned under its NDCs in line with the Enhanced Transparency Framework established under Article 13 of the Paris Agreement. However, the extent to which this system is already operational remains difficult to assess from the outside, given its evolving design and the limited publicly available information.

In parallel, more recent developments have taken place in the area of carbon standards and certification. IMANOR (the national body responsible for standards, certification and accreditation) received an expanded mandate in 2025 to deliver carbon-related conformity certificates. However, the scope of work of IMANOR and the value and use of carbon-related conformity certificates are still to be aligned with CBAM requirements, given that the declared embedded emissions are only verified by independent verifiers accredited in accordance with established EU accreditation rules. Yet, EU implementing acts relevant to key technical aspects of the CBAM Regulation to define emission methodologies (benchmarks), convert paid carbon prices, and the detailed functioning of certificate trading are still pending.

Meeting CBAM requirements demands accurate emissions data, technical documentation, and digital reporting capacities that remain uneven across Moroccan firms. Large exporters are generally better equipped, while SMEs, which represent around 90% of the industrial fabric, often lack the administrative and technical resources needed for complex reporting.

From 2026 onward, EU importers will favor suppliers able to provide reliable, verifiable emissions data. Moroccan competitiveness will therefore depend on two elements. The first is carbon intensity, shaped by the pace of the national energy transition, at a time when the electricity mix still carries a relatively high emission factor. The second is the ability of firms to meet CBAM's procedural expectations, including data quality and verification requirements. What emerges is a structural vulnerability. Even sectors with low embedded carbon can become commercially at risk if they cannot document their emissions properly. The absence of publicly available information on key parameters, such as the annual electricity grid emission factor, further complicates compliance and contributes to a persistent implementation gap between national climate ambition and factory-level verification capacity.

In effect, CBAM transforms Morocco's climate ambition into a practical test of industrial readiness. It highlights the urgency of MRV capacities, supporting SMEs through technical assistance and financing, and aligning climate commitments with export-oriented industrial policy. Without this shift, Morocco risks seeing its early leadership undermined by a regulatory mechanism designed not to judge ambition, but to measure delivery.

Strengthening Morocco's Industrial Readiness for CBAM

CBAM highlights a structural reality in which competitiveness increasingly depends on the carbon content of electricity, the credibility of emissions data and the ability of firms to demonstrate compliance. Industrial performance is shaped not by installed renewable capacity but by the carbon intensity of the electricity consumed, by the functionality of MRV systems, and by the readiness of firms to operate within a climate-regulated trade environment. Moving forward, maintaining Morocco's position under CBAM requires progress on several strategic fronts that directly influence the country's export competitiveness.

Reconsidering the foundations of the energy transition

Variability in renewable generation persists and the electricity system continues to rely on fossil-based backup, which keeps the effective emissions profile of the grid relatively elevated.

Industrial users also face limited and unpredictable access to low-carbon electricity. Many firms willing to invest in self-generation encounter administrative hurdles, delays in connecting to the grid and regulatory uncertainty. The legislative framework built through Law 40-19 and Law 82-21 opened the door to self-generation, although several regulatory provisions still constrain its practical uptake, especially for off-site projects and collective schemes.

Creating better conditions for low-carbon electricity use requires greater system flexibility, investment in transmission and storage, and a regulatory environment that makes self-generation a workable option rather than an uncertain one.

Building a credible and interoperable MRV system

Under CBAM, exporters who can demonstrate the actual carbon intensity of their products enjoy a tangible advantage. This elevates the importance of an MRV system that is transparent, consistent and aligned with international methodologies. While progress has been made, further clarification is needed to ensure that installation-level reporting aligns with CBAM rules and that data are collected and verified in a way that withstands external scrutiny. Without this alignment, exporters risk being assigned default values that overestimate emissions and erode competitiveness.

Reinforcing the credibility and recognition of emissions data

For Morocco, the challenge goes beyond measurement. Emissions data must be trusted, traceable and accessible to industry and regulators. Firms continue to operate within an institutional landscape that does not always offer clear guidance on verification processes or on how national certification will interact with CBAM requirements. The role of IMANOR, whose mandate has recently expanded, remains insufficiently defined in relation to CBAM-related verification. Greater visibility on how this institution fits within the wider MRV architecture would help reduce uncertainty.

Several key parameters, including the annual electricity grid emission factor, need to be made publicly accessible in a predictable and transparent manner as was the case when the country was engaged in developing CDM projects. Without access to such information, firms cannot reliably calculate emissions or prepare for CBAM reporting.

Preparing SMEs for the next phase of CBAM

As CBAM expands to downstream and more complex products, its impact will increasingly reach sectors where Moroccan SMEs play an essential role. These firms often lack the tools, skills and financial resources to meet CBAM expectations. A national initiative focused on capacity-building, digital reporting tools and access to decarbonization finance would help prepare SMEs ahead of time and avoid a widening compliance gap across industrial actors.

Exploring domestic carbon pricing as a strategic lever

A domestic price on carbon gives exporters formal recognition for the mitigation efforts they undertake within Morocco, since CBAM deducts any verified carbon cost already paid at home. Instead of absorbing a charge determined entirely in Brussels, Moroccan firms would face a system shaped partly in Rabat, where revenues remain in the country and can be channeled toward strategic priorities.

A national carbon price would also play a coordinating role by giving investors, utilities and regulators a clearer long-term signal about the direction of Moroccan climate policy. For SMEs, it creates a funding base that can support the tools and training they will need as CBAM expands to more complex products.

If introduced gradually and aligned with NDC 3.0, carbon pricing can therefore shift Morocco from a reactive stance to a position where CBAM becomes partially internalized, fiscally productive and strategically useful.

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