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## **MACRO PICTURE**

# **China's EV Push in Morocco and Europe's De-Risking Dilemma**

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**Nato Balavadze**

***China's EV Push in Morocco and Europe's De-Risking Dilemma***

**17 June 2026**

**Executive Summary**

**China's EV Strategy Goes Global**

- ✦ Backed by over \$6 billion in Chinese investment, Morocco is emerging as a strategic EV manufacturing hub linking Chinese capital with European and African markets.
- ✦ However, it raises concerns in Brussels that Europe's de-risking efforts may be undermined by growing Chinese integration into regional supply chains.
- ✦ Decades of state-led industrial policy have transformed China into the world's leading EV power, dominating batteries, critical minerals, and EV manufacturing while increasingly exporting its overcapacity and supply chains abroad.
- ✦ As Western trade barriers rise, China is rapidly expanding EV and battery investments across MENA, using countries such as Morocco, Turkey, and Saudi Arabia as strategic hubs to access new markets and extend its global electrification ecosystem.

**Morocco in China's EV Strategy**

- ✦ Since joining the Belt and Road Initiative in 2017, Morocco has emerged as a key destination for Chinese investment in renewable energy, batteries, and EV supply chains.
- ✦ Abundant phosphate reserves, an established automotive sector, and preferential access to European markets have made Morocco an attractive manufacturing hub for Chinese firms.
- ✦ Major projects, including Gotion High-Tech's \$1.3 billion gigafactory and investments in Tanger Tech City, are positioning Morocco as a regional EV production and export hub.
- ✦ The proposal promotes domestic manufacturing in strategic sectors through "Made in Europe" procurement rules, local-content requirements, investment conditions, and faster permitting.

**Europe's De-Risking Dilemma**

- ✦ Brussels fears Chinese firms may use Morocco and other third countries to maintain access to European markets despite tariffs and other trade restrictions.
- ✦ As Chinese investment expands from vehicle assembly into batteries, components, and critical materials, European and Chinese supply chains are becoming increasingly intertwined.
- ✦ This creates a dilemma for the EU: reducing dependence on China while avoiding disruptions to automotive supply chains that are increasingly integrated through neighbouring countries such as Morocco.

## Introduction

As the EU seeks to reduce its dependence on Chinese technology and supply chains, Chinese firms are increasingly relocating parts of their EV ecosystem to countries with privileged access to European markets. Morocco has emerged as one of the most important examples of this trend. [Backed by more than \\$6 billion in Chinese investment](#), the country is rapidly developing into a hub for batteries, EV components, and clean-tech manufacturing, with major projects led by firms such as Gotion High-Tech and BTR New Material Group.

Morocco's appeal lies in a combination of strategic advantages: vast phosphate reserves, a growing automotive industry, access to renewable energy, competitive labour costs, and preferential trade agreements covering around 50 countries, including the EU and the US. As a result, Morocco is becoming more than a destination for Chinese investment; it is emerging as a geoeconomic intermediary linking Chinese capital, European markets, and African demand.

This growing convergence of interests has raised concerns in Brussels. European policymakers fear that Chinese firms could use Morocco's preferential access to EU markets to mitigate the impact of tariffs and other trade restrictions. Moroccan officials reject these claims, arguing that Chinese investment supports the development of a domestic EV value chain rather than serving as a vehicle for tariff circumvention. The debate highlights a broader challenge for Europe: how to pursue de-risking from China while remaining economically intertwined with neighbouring countries that increasingly view Chinese investment as a driver of industrial development and export growth.

## China's EV Strategy Goes Global

China's emergence as a global automotive leader is the result of a long-term industrial strategy that combines decarbonization, technological upgrading, and geopolitical ambition. As the world's leading "[electrostate](#)", an economy built around the production, transmission, and application of electricity, China has made electrification central to its industrial and economic model.

Since introducing subsidies for new energy vehicles (NEVs) in 2009, Beijing has systematically supported EVs, batteries, and critical supply chains through industrial policy, state financing, and technological investment. Initiatives such as Made in China 2025 and Xi Jinping's vision of [China as a "car superpower"](#) sought to reduce dependence on foreign technologies while securing leadership in the industries of the future.

The strategy has been highly successful. Chinese firms now dominate global battery production and critical mineral processing, while companies such as [BYD rank among the world's largest automakers](#). State support, cheap financing, and intense domestic competition have created substantial overcapacity, with EV production far exceeding domestic demand.

As a result, Chinese automakers are increasingly expanding abroad. [In 2024, overseas EV investment surpassed domestic investment for the first time](#). Leveraging China's control of key supply chains and low production costs, Chinese manufacturers can offer technologically advanced vehicles at highly competitive prices, rapidly gaining market share across Europe, the Middle East, North Africa, and other emerging markets.

## China's EV Expansion in the Middle East and North Africa

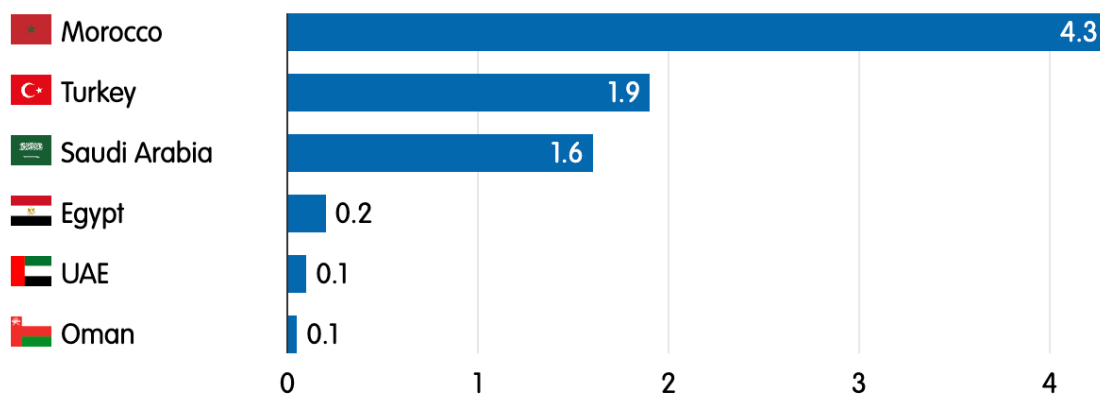
The Middle East and North Africa (MENA) has become an increasingly important pillar of China's global EV strategy. As Europe and the US tighten trade restrictions, Chinese automakers and battery producers are

redirecting investment toward the region. MENA's share of China's global EV-related FDI rose from less [than 2% in 2021-2023 to around 25% in 2024](#).

China's investments build on the region's strategic advantages. Morocco is emerging as a major battery hub due to its vast phosphate reserves and proximity to European and African markets, while Turkey's established automotive industry and customs union with the EU make it an attractive manufacturing base. Egypt offers access to African markets, and Gulf states are leveraging diversification plans such as Saudi Arabia's Vision 2030 to attract EV and clean-tech investment.

These investments reflect China's broader strategy as the world's leading electrostate: extending its dominance in EVs, batteries, and critical supply chains beyond its borders. By embedding itself across MENA's industrial and energy transition, Beijing is creating new production hubs, expanding market access, and strengthening its position in the global electrification economy.

**Figure 1: Chinese EV Investments in the Middle East and North Africa (Announced FDI Transactions, Q1 2014 - Q2 2025, \$Bn)**



Source: [ECFR](#)

### Morocco in China's Global EV Expansion Strategy

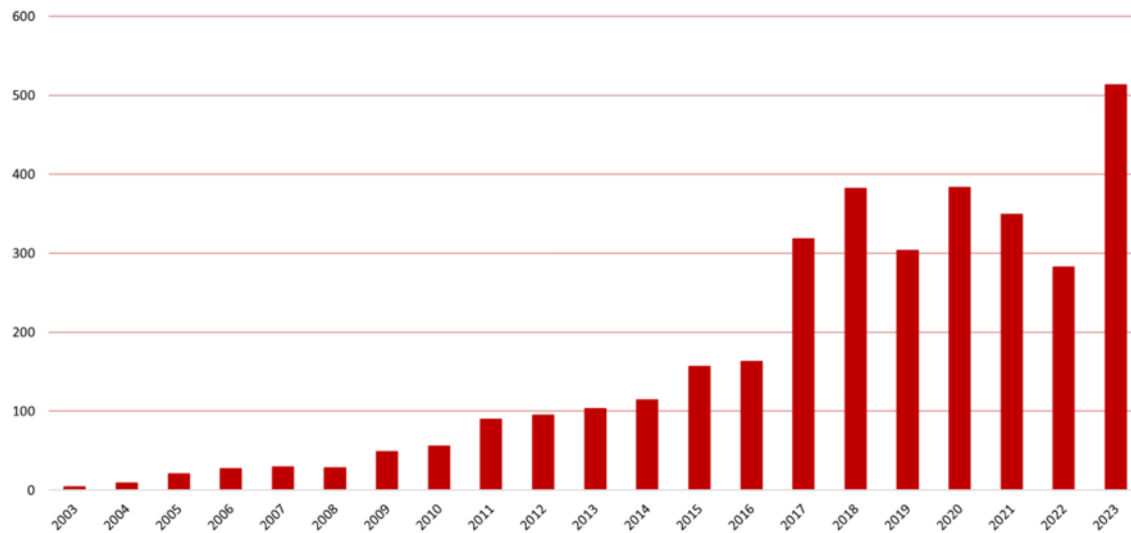
Since joining China's Belt and Road Initiative in 2017, Morocco has attracted growing Chinese investment in renewable energy, batteries, and EV supply chains. Chinese firms have participated in major projects such as the Noor solar complex and are increasingly establishing battery and EV component manufacturing facilities.

Morocco offers a unique combination of strategic assets: abundant phosphate reserves, a mature automotive sector, and privileged access to European markets. These advantages have positioned the country as a natural destination for Chinese EV and battery manufacturers seeking to expand their international footprint.

Chinese investment is reshaping Morocco's automotive landscape. Around Tangier, industrial zones such as Tanger Tech City have attracted a growing cluster of Chinese manufacturers producing tires, brakes, batteries, and EV components. Companies including Sentury Tire, BTR New Material Group, and APG have committed substantial investments. Reflecting this trend, Chinese medical manufacturer Jiangsu Aishelun recently broke ground on its first African production facility there and [announced plans to increase its investment in Morocco to €20 million](#).

Further strengthening Morocco's position, Chinese battery producer Gotion High-tech is constructing a [\\$1.3 billion gigafactory in Kenitra](#) as part of the country's ambition to develop a complete EV value chain capable of supporting up to 500,000 vehicles annually by 2026.

**Figure 2: Chinese FDI (stock) in Morocco (USD Million)**



*Source: PRC Ministry of Finance; data compiled and elaborated by ChinaMed.*

### Europe's De-Risking Dilemma

Morocco's growing role in Chinese EV supply chains has placed it at the centre of Europe's de-risking debate. The EU remains Morocco's largest trading partner, absorbing roughly one-third of its exports, making access to European markets central to the country's industrial strategy. At the same time, Morocco continues to welcome Chinese investment for the jobs, industrial upgrading, and export opportunities it brings.

### Concerns Over Tariff Circumvention

Chinese investment in countries such as Morocco and Turkey [has heightened concerns in Brussels](#) that Chinese firms may use third-country production bases to maintain access to European markets despite growing trade restrictions. Both countries benefit from preferential trade arrangements with the EU, making them attractive locations for Chinese automakers and battery manufacturers seeking to mitigate the impact of EU tariffs and other protectionist measures. The timing of many recent investments also suggests a strategic response to rising Western trade barriers, including the EU's tariffs on Chinese EVs and the US Inflation Reduction Act.

For European policymakers, the challenge lies in distinguishing genuine industrial cooperation from tariff circumvention. While Brussels is developing tools to prevent the rerouting of Chinese products through third countries, enforcement remains complex and often reactive. At the same time, Chinese firms are expanding beyond vehicle assembly into batteries, components, and critical materials, particularly in Morocco, deepening their role across the broader EV supply chain.

This highlights a central dilemma for Europe's de-risking strategy. Efforts to reduce dependence on China are becoming more difficult as European, Chinese, and regional supply chains become increasingly intertwined. As Chinese investment expands across key sectors underpinning the green transition, European automakers

operating in the region risk becoming more, rather than less, dependent on Chinese-controlled industrial ecosystems.

### **The Limits of De-Risking**

Yet Morocco is already deeply integrated into European automotive value chains. Major manufacturers such as Renault and Stellantis operate extensive production facilities in the country, while growing Chinese investment is increasingly embedding European and Chinese supply chains within the same industrial ecosystem.

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This creates a difficult balancing act for Brussels. Efforts to reduce dependence on China may prove harder to implement as production networks become increasingly intertwined in third countries. The outcome may ultimately depend on how the EU treats countries such as Morocco under its evolving industrial policies.

For Europe, the challenge is not simply limiting Chinese influence, but reconciling its de-risking objectives with the economic realities of a neighbouring country that sees Chinese investment as a source of growth, industrial development, and export competitiveness.