

Morocco

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“The Delicate Balance between Traditional Identity and
Modernization in Morocco”

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RLOs (Reusable Learning Objects)
designed for International Business and Economics courses

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The Port of Tangier – Tangier Med Port
Global Gateway
Free Trade Zone

<http://www.skyscrapercity.com/showthread.php?t=432528>

The following are notes from a tour (with a guide) in July of 2008 of the Tangier-Med cargo port, located about 25 miles from Tangier. These notes can serve as the basis for a lecture on this new business venture in Morocco—a recipe for success.

*Tangier Med-Port is both the largest port on the Mediterranean and in all of Africa. The cliffs along the Mediterranean were blown up to flatten the area for the new port. Visions of the port began in 1986; and construction of the port began in 2003 by AP Moller Maersk, a Danish company who



was awarded the contract to operate the new world-class container terminal for 30 years. All project management timelines were met; King (Mohammed VI) was at the port for opening ceremonies in July of 2007. APM Terminals, a division of Moeller-Maersk, is providing third party global supply chain management expertise. The port was one-year old when we visited and is projected to be one of the main ingredients in Morocco's recipe for GDP growth and improved Standard of Living. Projections indicate that by 2012 the port will bring Morocco to dramatically improved status in the world economy.

In addition to the world-class container port, three additional ports are in the strategic plans, with expected date of fruition in 2015 and anticipated employment of up to 100,000. The hopes are to attract businesses from all over the world that will build here and then export. One of these additional ports, Tan II Port, is underway now in the Fall

of 2008; this port will house a Renault/Nissan plant, capable of manufacturing and shipping 400,000 vehicles per year. This second port is anticipating hiring 4,000 employees. A loan to finance this project was signed on October 18, 2008, between the Arab Fund for Economic and Social Development and the Tangier Mediterranean Special Agency.

<http://translate.google.com/translate?hl=en&sl=fr&u=http://www.tangerfreezone.com/&sa=X&oi=translate&resnum=1&ct=result&prev=/search%3Fq%3DTanger%2BFree%2BZone%26hl%3Den%26rls%3Dcom.microsoft:en-us>

Another of the ports, projected to be built in 2009, is a Passenger Port to accommodate masses of emigrants who come back to Morocco in the summer to see families and for ceremonies such as weddings. In addition, trucks/vehicles will be able to go through the Straits of Gibraltar and pass from Spain to Morocco when this port opens. It becomes obvious why this port is of great significance! The ports will diversify the Moroccan economy which has been so dependent on rain and its agricultural products.

Import-export containers at Tanger-Med port have heightened Morocco's industrial sector and facilitated Moroccan companies' competitive positioning to link with many trading nations of the world. The Moroccan government is vitally aware that reducing poverty and providing jobs are key to domestic security and development.

Likewise, it is hoped that the Port will entice foreign businesses to redirect operations to free trade zones (FTZs) linked to the port via new highways and railroad lines.



Taxes collected here in the free zone will be approximately 20 percent of what import/export taxes would have been previous to the FTA. This concession is part of the 30-year contract. In addition, there is movement in the government to decrease salary federal taxes from 40 to 38 percent (formerly it was 45 percent).



Med-Port I will focus on transferring containers from small ports onto huge container ships, headed to Europe, Asia, Africa, the Americas, and the Middle East. It is a strategic position—North to South and East to West. The port expects to handle 1 million containers by the end of this year (2008) and 13 million by its peak in 2015. The containers are mostly made in China, who is continually striving for higher quality.

There are both dry and refrigerated containers

APM Terminals employed local Moroccan population in the construction and maintenance of the port. The terminal port employs 800 people, 98 percent of whom are Moroccans. Of the 800 employees, 120 are administrative and 150 are technical (changing tires, doing repairs, etc.), and 20/25 percent of all employees are female.

Human Resources from the Port visit all universities in Morocco plus posts on their website to solicit new employees. In addition, IT (Information Technology) and accounting positions are advertised in magazines; the Port also employs Head Hunters. All employees must take six exams, including profile index skills and logical index skills, which they use to classify every position at the port. In addition, all employees must be fluent in English to work at the container port. Supervisors of the vessels and yards must have 2-4 year university degrees and some marine experience.

APM Terminals here is known as “an “employer of choice.” Most employees are trained here at the port, sometimes being trained by an expert brought in from another country; some teams are sent abroad for further training. They believe in talent development of their local citizens and embrace diversity of nationality and gender. They recruit people with the right “mind set” and with team culture who want long-term sustainability and commitment. Employees at the port represent a shift from family-owned businesses to an international profile, and those with potential will have opportunities for advancement.

Sixty to seventy percent of the employees are blue collar workers coming from southern Morocco because they are known to be hard workers. Specialized training is offered to the truck and Rubber Tired Gantry (RTG) crane operators who must also take simulated tests, medical tests, and then interview. It takes six weeks to train a crane operator and four weeks for a truck operator (must have a C & E license). These operators provide support via sorting and moving the containers to add to the smooth functioning of the port. <http://www.shuttlelift.com/> The RTG crane operators work 2 1/2 hours and then are off one hour. The truck drivers work three hours and then are off one hour.

The port operates 24/7. The employee shifts alternate—3 days starting in the morning, 3 starting in the afternoon, 3 starting at night, and then 3 days off. Ladies cannot accept work at night at the Port. The scale of pay is linked to the positions. Basic salary is 3150 Dirham per month (\$425).

Unlike most other businesses in Morocco, the Port does not offer a prayer space for those of the Muslim faith. Employees cannot stop the operation to pray. The philosophy is that religion is private.

The port is held to international standards of quality, along with ISPS compliance (maritime security). Security is of high importance, especially because of the new FTA with the U.S. and transferring of merchandise. “Safety for Life” is a strategy; 450 of the employees are trained in First Aid. There is a nurse on each shift and a doctor visits three times per week. They have a fire fighting infrastructure with 52 hydrants.



Crane operators take the containers from the vessels to the trucks that then position them in the yard in a specific place, where they are stacked. Ideally when the crane operator is ready, there should be a truck waiting. The IT personnel have software that tracks every single container, from the moment it arrives until it is placed back onto a ship to leave the port. Some containers are immediately transferred from one ship to another. Cranes can offload 20 containers per hour. If, for instance, Morocco sends a container to Spain and Spain has nothing to send back at that time, the container comes back empty. This is a ‘container port.’

*Source: picture on p. 19: <http://www.skyscrapercity.com/showthread.php?t=432528>

All other photos were digital images of the writer

The Port of Tangier – Tangier Med Port

ASSIGNMENT:

1. Define Free (Foreign) Trade Zone. List several (4-5) reasons why it was important to include a Free Trade Zone at the Med Port of Tangier.
2. Explain how a company can benefit by building its plant in the FTZ.
3. Are there labor (human rights) codes that foreign countries have to abide by in Morocco? Cite specifics.
4. While employment increases in countries that have FTZs, there are human rights issues and social concerns. Research these and write a two/three page paper illuminating the issues. Are any of these issues highlighted in your research of the U.S. – Morocco FTZ?
5. Research the Turkey Aegean Free Zone and compare it to the Tangier Free Trade Zone in Morocco, including:
 - a. When was this put into effect?
 - b. How many companies are represented in the port? How many from the U.S.?
 - i. What tax and other benefits do they receive?
 - c. Who built the port
 - d. How many employees work in the FTZ port
 - e. What \$ amount does the U.S. benefit from this FTZ?
 - f. What are the major import/exports from/to the U.S. from Turkey?
 - g. What other comparisons/contrasts do you find?
6. Compare/contrast the Mexican FTZ Maquiladora companies to the Med Port of Tangier, using the same questions from #4 above.
 - a. Consumer Consciousness: Do you know where your products come from? Research the FTZ companies located in the FTZ of the U.S./Mexico maquiladoras. What companies/products do you buy that are made here?

FREE TRADE WITH MOROCCO

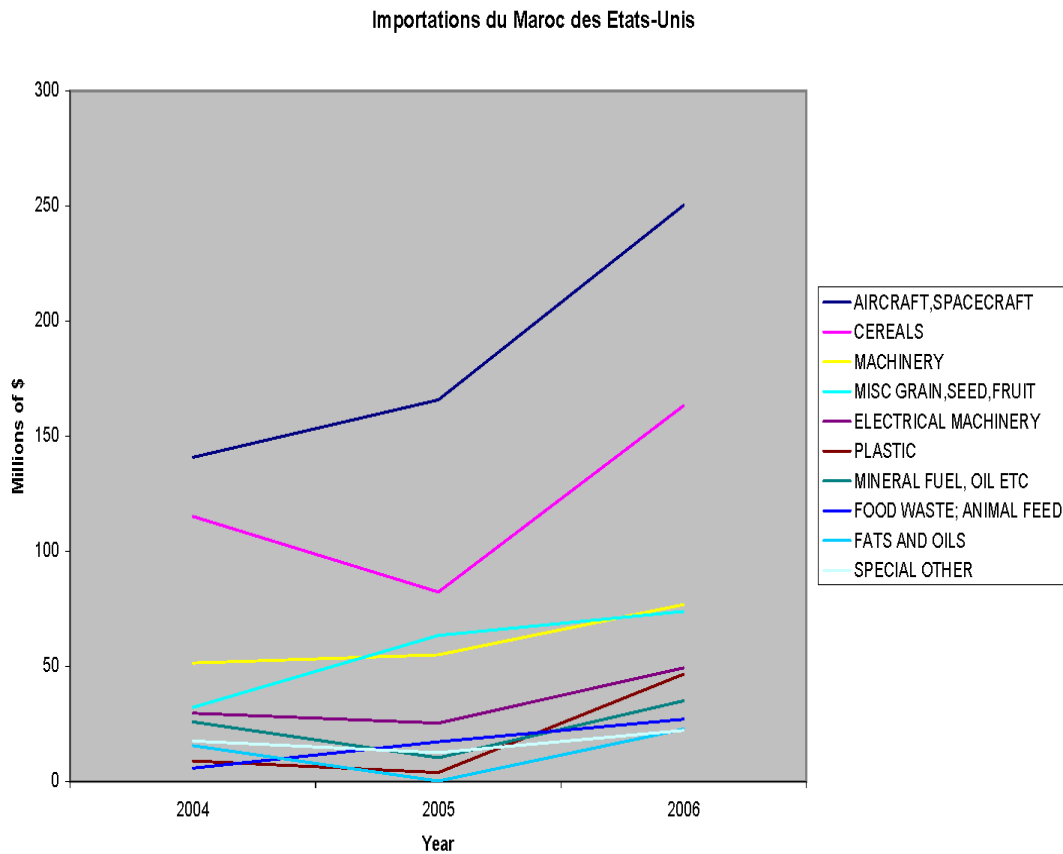
The following are July 2008 notes from meeting with the U.S. Economic Counselor, Mr. Stuart Smith, Embassy of the United States of America, Rabat, Morocco. Please also read pertinent sections of: <http://www.moroccousafta.com/successtory.htm> to gain an understanding of the basis of this agreement.

Morocco was the first country to recognize the independence of the United States in 1776. Now more than two hundred years later, Morocco, a developing country in Northwestern Africa, has committed to globalization via its bi-lateral FTA (Free Trade Agreement) with the U.S, which eliminates barriers to trade and tariffs on most consumer and industrial products. Free trade and investment opportunities encourage economic growth in the affected countries. For comparison purposes, the U.S. has bi-lateral agreements also with: Australia, Bahrain, Chile, Israel, Jordan, Oman and Singapore. In addition it has multi-lateral FTAs with its neighbors. NAFTA (North American Free Trade Agreement) was negotiated under President George Bush, Sr. and enacted by President Clinton in 1994. CAFTA (Central American Free Trade Agreement), another multi-lateral agreement, was negotiated and then enacted in 2005 under President Clinton .

Negotiations for the U.S.-Moroccan Free Trade Agreement originated in April of 2002 when President George W. Bush of the U.S. and King Mohamed VI of Morocco announced a plan to pursue free trade among the two nations. This announcement sent a signal to the Middle East regarding the benefits of economic and trade liberalization. Negotiations resulted in an FTA signed in 2004. Morocco is the first African but second Arab (Jordan) nation to have an FTA with the U.S.

In January 2006 the US-Morocco FTA became effective. It has increased U.S. business, FDI (foreign direct investment), agricultural and service sector exports. Morocco welcomes the opportunity to increase employment as a result of the FTA, especially among its youth. They have increased educational and job training programs as a result of the agreement, thus raising not only the GDP and Standard of Living via economic growth, but literacy and educational levels as well.

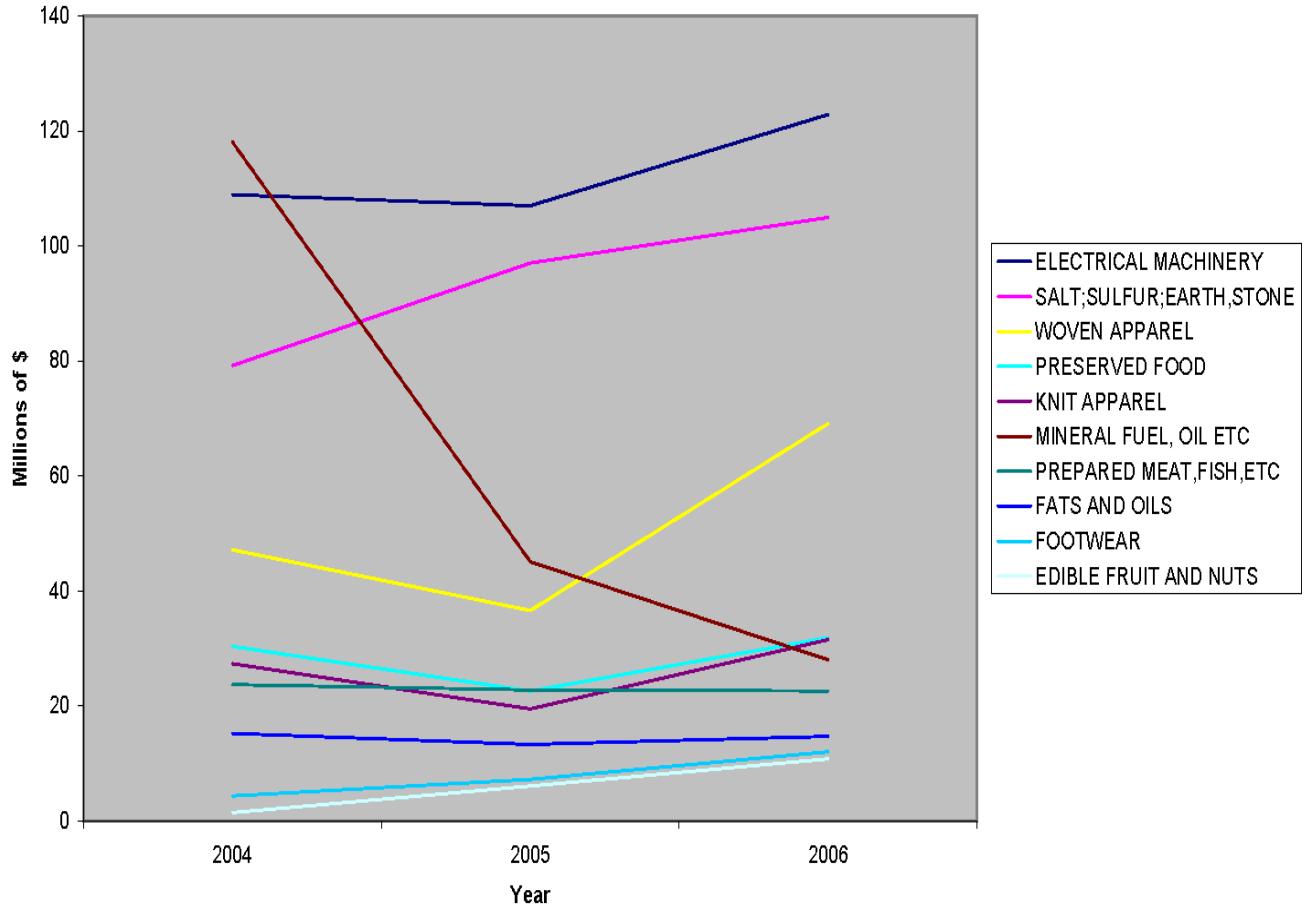
In the first year alone (2006), there were significant increases in imports/exports of the two countries. Imports by Morocco from the U.S. increased significantly during this initial year of the FTA. Note the major sectors in the chart below:



Source: <http://www.moroccousafta.com/downloads/BilanALE2006.ppt#313,6,Chiffres Clefs 2006>

In addition, exports from Morocco to the U.S. during the initial year of the FTA also increased. See chart below and note the major types of products the U.S. receives from Morocco.

Exportations du Maroc vers les Etats-Unis



Source: <http://www.moroccousafta.com/successtory.htm>

<http://www.moroccousafta.com/downloads/BilanALE2006.ppt#313,6,Chiffres Clefs 2006>

http://en.wikipedia.org/wiki/US-Morocco_Free_Trade_Agreement

FREE TRADE WITH MOROCCO



ASSIGNMENT:

Students will analyze the GDP (Gross Domestic Product), inflation rate, and growth rate since the inception of the FTA (free trade agreement). How has this changed the unemployment rate or poverty rates in Morocco? Or is eliminating tariffs lessening treasury monies and deepening social issues in the developing country of Morocco? How have imports/exports in Morocco and the U.S. changed as a result of the FTA?

Use this website from 2006 to begin your research about the FTA with Morocco.
<http://www.moroccousafta.com/whyanfta.htm>

To find updated statistics about trade with Morocco, begin with this website:
<http://www.census.gov/foreign-trade/balance/>

Use this website to read the main points of the FTA with Morocco:
<http://www.moroccousafta.com/downloads/FTASummEn.pdf>

After researching the US-Morocco Free Trade Agreement, please answer the following questions:

1. Summarize what you believe to be the main advantages of this agreement, from the U.S. viewpoint (list 8-10).
 - a. What are some disadvantages?
2. Summarize what you believe to be the main advantages of this agreement, from the Moroccan viewpoint (list 8-10).
 - a. What are some disadvantages?
3. Explain the terms trade balance and trade imbalance.
4. Does America have a trade balance or imbalance with Morocco?
 - a. How have the numbers changed from 2006, 2007, 2008, current year?
 - i. Cite the numbers in billions.
5. What are the current year main exports from U.S. to Morocco?
6. What are the current year main imports to U.S. from Morocco?
7. How have exports to Morocco changed since the FTA was signed? Cite statistics.
8. How have imports from Morocco changed since the FTA was signed? Cite statistics.
9. How has the GDP of Morocco changed since the inception of this FTA? Cite statistics.
10. How has the unemployment of Morocco changed since the inception of this FTA? Cite statistics.
11. Why do you think the FTA with Morocco is important?
12. Challenge question: How does the depreciation of the U.S. dollar affect imports/exports with Morocco? Compare the currency values from the time of the origination of the FTA (2002) until now.
13. Challenge question: Has eliminating tariffs lessened treasury monies and deepened social issues in the developing country of Morocco. Cite specifics and statistics.

Photo/icon credits: http://www.moroccousafta.com/index_ang.htm

ECONOMIC STATUS OF MOROCCO 2008



The following are July 2008 notes from meeting with the U.S. Economic Counselor, Mr. Stuart Smith, Embassy of the United States of America, Rabat, Morocco. These notes can provide the basis of a lecture for the current (summer 2008) economic condition of Morocco (updates are encouraged on all statistics).



<http://rabat.usembassy.gov/>

- Average income - \$2,200
- GDP –grows about 5% yearly
 - About 60% is from services
 - About 20% is from manufacturing
 - About 20% is from agriculture
 - Weather droughts are severe
 - 2006 was great
 - 2007 was only 25% of 2006
 - 2008 is better but will be only 50% of 2006
- Unemployment is about 9.8%
 - Urban is higher at 15%
 - Ages 18-25 is highest at 30%
 - College grads cannot find jobs in their field – many migrate
- Morocco is experiencing a commodity crisis and an oil crisis (96% is imported) but still holding up well.

- Emphasis in future will be on coal
- Forecast growth is 6.8% for 2008
- Inflation is 3%
- Current worries: Account deficit (imports more than exports)
- Tourism is a big part of the economy—helping to cover the imbalance of goods
 - 40% of tourism is from Moroccans returning for part of the summer
- 10% of the population of Morocco lives abroad and sends back transfers (money) to Morocco (their families)
- In 2007 the Casablanca Stock Market was the only market that continued to improve
- Education reforms are needed because it is not what is needed in the economy
- Most of Morocco's debt is internal
- Central Bank of Morocco puts out an annual report every year:
 - www.bkam.ma
- Building boom is incredible
 - Difficult for average Moroccan to buy a house
- FDI (Foreign Direct Investment) really helping
- Positive budget last year
- Tax receipts have been very good but first half of 2008 showed increased subsidies (6 percent of budget)
 - Subsidies for wheat, bread, butane gas for cooking
 - Subsidies for gas end up going mostly to the wealthy who use more gas
- Infrastructure greatly improved under King Mohammed VI

2008 Economic Status of Morocco

ASSIGNMENT:

The World Bank loan of \$57.6 million to Morocco launched a Rural Roads Project. This project alone has had illuminating effects on most all of the major concepts addressed above by the U.S. Economic Counselor in Rabat.

Explore this initiative to answer the following questions, using the “View the World Bank Development 360” site to begin your research:

http://dev360.worldbank.org/dev360_project.php?project=10

1. Outline the benefits of the 1995-2005 Rural Roads Project.
2. What are its goals for 2015?
3. How is this project helping the economic status of Morocco? Cite comparison statistics, year to year, for each:
 - a. GDP (Gross Domestic Product)
 - b. Standard of Living
 - c. Employment
 - i. what are the current roles of women in the labor force
 - ii. urbanization effects in Morocco.
 - d. Infrastructure
 - e. Poverty rates
 - f. Education
 - i. How is Morocco investing in human capital
 - g. Production
 - h. Tourism
 - i. Health effects



Millennium Challenge Corporation (MCC) in Morocco – 2007
Part of: ``Millennium Challenge Act of 2003''

The following are July 2008 notes from meeting Mr. Jamal Dadi, Specialist en Aide au Developpement Agriculture et Peche, MCC/Maroc, Rabat, Morocco. dadj@mcc.gov

To reduce poverty, Morocco must increase economic growth via enhanced productivity and employment. Focus will be on five main areas: fruit tree production, small-scale fisheries, artisan crafts, financial service, and enterprise support.

The \$700 million pact signed with the U.S. is to be distributed as follows:

- \$300.9 million: **Fruit Tree Productivity Project** – olive, almond, fig trees



- Add: 100,000 hectares olive; 15,000 hectare almonds; 5,000 hectare figs
- Change agricultural lands from high-water need grain crops to low-water need fruit trees (less volatile crop)
 - Olive trees live 1,000 years and need no pesticides

- Improve fruit tree species to become drought resistant
 - Decrease soil erosion via changing from grain to fruit tree crops on hillsides
 - Must be between 5-50 degree grade to qualify for program
 - Small farms of <5 hectares receive 75% of funds
 - Improve Morocco's export of fruits (higher value than wheat in world markets)
 - May grow crops between the rows of trees
 - Partner with USAID Vocational training
- \$116.17 million: **Small-scale Fisheries Project**



- Modernize catching, storing, marketing
- Increase local and export markets
- Construct 20 fish-landing sites along Atlantic and Mediterranean
- Upgrade fishers' facilities in 13 ports
- Build/rebuild 6 wholesale markets in selected cities
- Technical assistance and training
- Acquisition of fresh fish transportation equipment
- Establish marine-protected areas

- \$111.87 million: **Artisan and Fez Medina Project**



- Modernize production via training/skills/business management
- Strengthen literacy and vocational education, especially among women/girls
- Micro-credit loans
- Invest in modern kilns and pottery workshops
- Renovation of historic sites in Fez Medina
 - Attract tourists
 - Increase artisan sales
- \$46.2 million – **Financial Services Project**
 - Lower borrowing costs for micro enterprises
- \$33.85 million – **Enterprise Support Project**
 - Reduce high unemployment among young grads
 - Support the Moukawalati (Small Business) and the INDH (National Initiative for Human Development) of 2005 to aid the poor, vulnerable, and socially excluded.
 - King Mohammed VI indicates that it will be a lifetime open project and will be his reign’s most important deed.

Icon credit and to view, at a glance, a summary of the MCC, see:
<http://www.mcc.gov/countries/morocco/index.php>

Millennium Challenge Corporation (MCC) in Morocco

ASSIGNMENT:

1. Read Section D of the following website and summarize the impacts that are targeted for each of the above five areas of the Millennium Challenge. Begin research here:
<http://www.mcc.gov/documents/compact-summary-executive-morocco.pdf>
<http://www.mcc.gov/countries/morocco/index.php>
2. What are the main criteria that Morocco had to meet to qualify for these funds? (Research Millennium Challenge Act of 2003)
3. Now research the INDH (National Initiative for Human Development) in Morocco, a \$100 million loan from the World Bank. List each of the components of the initiative, explaining detail of each. Begin your research here:
<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:21160389~menuPK:64282137~pagePK:41367~piPK:279616~theSitePK:40941,00.html>
4. Compare/contrast the above two initiatives (MCC and INDH). Indicate which of the two you think will have the most economic impact on Morocco. Support your answers with result statistics and/or goal statistics.



**USAID (United States Agency for International Development)
5-year Training Program (2005-2009)**

<http://www.alef.ma>

The following are notes from visiting the USAID officer Mohammed Boutata in Rabat, Morocco, who has worked with the project the past three years (one year remaining of the project). These notes can provide the basis of a lecture for the current USAID agricultural initiative in Morocco.

The program has three components:

1. Primary/middle school – to improve literacy rates
2. Communication and Technical Information
3. Vocational training
 - a. Agriculture (employs about 40% of the population and contributes up to 30% of the GDP)
 - i. Shift crops to those with higher value
 - ii. Shift crops to drought resistance species (fruit trees)
 - b. Communication technology
 - c. Tourism
 - i. Promote rural destinations
 - d. Empower the youth

This project will focus on item 3 above: Vocational training.

USAID is working with 15 vocational schools in four regions of Morocco:

1. Meknes area (trees—olives, almonds, apples)
2. NE region by Mediterranean and on down
3. South of Casablanca down to Agadir (cereals)
4. Area around Casablanca (tomatoes, vegetables)

Each school has some land connected to it (one with 70 hectares). Because they are government owned and profits go into the treasury (giving no new monies to the farms), a new push is to partner public education with private farm cooperatives so that capital can be reinvested into the farms. Part of the funds for the technical training comes from

the USAID and part from the Moroccan government. Employees are Moroccan, so local expertise is being used. Below are the initiatives being pursued.

- The project is updating the curriculum (reengineering), training managers, and helping develop partnerships with professionals. Steps include:
 - Define the competencies and then design the curriculum
 - Goal: improve employability
 - Need for ‘demand’ driven training, not ‘supply’ driven
 - Evaluate mastery of competencies
- Literacy training
- IT (Information Technology) and internet connections provided
- Experts are hired to explain the international norms of exporting – mostly relevant to the US Morocco Free Trade Agreement.
 - Example: livestock breeding and farm management
 - Apprenticeships being developed – part time in school and part time on the farm. Some of these are paid positions.
- Employability training
 - How to find jobs with farmers, NGOS, rural banks, etc.
 - Interviewing skills
- New program in phosphates/fertilizer
- Training the trainers = sustainability
- Develop entrepreneurship spirit
 - Problem: older farmers are illiterate and change is difficult
- New tool: Schools track the graduates via IT (Information Technology) database
 - Keeps good relationship with alumni
 - Continuous training/ideas
 - **Tracking system so successful – has been presented to King and parliament to help with youth and employment
- Participatory Strategic Planning
- Integrated Agriculture & Agribusiness
 - Develop new cooperatives, such as the one in Meknes
 - Livestock breeding
 - Milk production
 - Manufacturing of cheese/yogurt

- School Projects and Relevance
- Incubator concept
 - Experimental area where the best trainees will learn the trends in school and then go out and create their own business (Entrepreneurship)
 - New leadership is essential
 - Creates new mentality – Agricultural Engineers
- New initiative
 - Organic farming of mint (for tea)- certification

This vocational training program has led to substantial educational improvements and has caused a whole new attitude in Morocco. Farmers are not waiting for someone to rescue them; they are learning to go out on their own and become successful.

Icon credit: http://www.usaid.gov/ma/programs/ed_program.html

USAID (United States Agency for International Development)

ASSIGNMENT:

1. Morocco's labor force is key to its economic growth and improved Standard of Living. Research the successes of the USAID vocational training assistance in Morocco.

Begin your research here:

http://www.usaid.gov/ma/programs/ed_overview.html

Continue to research the web on your own.

- a. Cite 6-8 Successes of the USAID 5-year plan in Morocco (2005-9), summarizing in your own words.
- b. Indicate your opinion of the long-term effects of each.

2. Another of the major initiatives via USAID in Morocco is the “**Green Morocco Plan**” for Agriculture and Food Production”.

Begin your research of this plan at:

<http://memrieconomicblog.org/bin/content.cgi?news=1967>

Continue to research the web on your own.

- a. Outline the strategic goals. Relate these goals to the vocational training being done in Morocco. What are some parallel goals?
- b. Cite estimated costs
- c. Note the overseeing agency in charge
- d. Indicate tax implications for small farmers