



**POLICY CENTER
FOR THE NEW SOUTH**

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MOROCCO:

**ACCELERATING GROWTH AND JOB
CREATION IN A RAPIDLY CHANGING
AND INTEGRATED WORLD**



Hinh T. Dinh

With contributions by Vandana Chandra, Emmanuel Pinto-Moreira,
& Mahmoud Arbouch

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Table of Contents

About the Policy for the New South	07
Preface	09
Overview	11
Chapter 1. Recent Developments and Critical Issues Facing the Moroccan Economy	25
Introduction	26
Morocco's Recent Economic Developments	28
Structural Transformation	32
Challenges to the Current Growth Model	44
The Premature Deindustrialization in Labor-Intensive Manufacturing	49
A Lack of Product and Geographical Trade Diversification	51
References	53
Annex	54
Chapter 2. Leveraging Exports to Create Jobs and Transform Morocco into an Upper Middle-Income Country	57
Introduction	59
Is Morocco Poised to Achieve Upper MIC Status and Create MIC-Jobs?	60
Analysis of Morocco's Production and Exports	66
References	75
Annex	76

Chapter 3. The Three Critical Clusters of the Moroccan Industry	89
The three clusters	90
Electronics and Electrical Equipment (E&E) Cluster	99
Automotive Products Cluster	104
Aerospace Cluster	107
References	112
Annex	113
Chapter 4. Policy Recommendations to Expand Traditional Exports	119
Potential for export expansion	122
Policies to Expand Labor-intensive Exports	130
References	141
Chapter 5. Policies to Upgrade Exports	143
Part 1: Upgrading Existing Production Capability	149
Part 2: Technology Adoption, Adaptation, and Diffusion	163
Part 3: Policies to Promote Human Resource Development	180
Part 4: Other Policies: Deep Preferential Trade Agreement with the EU and/or the US, Competition, and Role of the State	186
References	190
Annex	193

About the Policy for the New South

The Policy Center for the New South (PCNS) is a Moroccan think tank aiming to contribute to the improvement of economic and social public policies that challenge Morocco and the rest of Africa as integral parts of the global South.

The PCNS pleads for an open, accountable and enterprising “new South” that defines its own narratives and mental maps around the Mediterranean and South Atlantic basins, as part of a forward-looking relationship with the rest of the world. Through its analytical endeavours, the think tank aims to support the development of public policies in Africa and to give the floor to experts from the South. This stance is focused on dialogue and partnership, and aims to cultivate African expertise and excellence needed for the accurate analysis of African and global challenges and the suggestion of appropriate solutions.

As such, the PCNS brings together researchers, publishes their work and capitalizes on a network of renowned partners, representative of different regions of the world. The PCNS hosts a series of gatherings of different formats and scales throughout the year, the most important being the annual international conferences “The Atlantic Dialogues” and “African Peace and Security Annual Conference” (APSACO).

Finally, the think tank is developing a community of young leaders through the Atlantic Dialogues Emerging Leaders program (ADEL) a space for cooperation and networking between a new generation of decision-makers from the government, business and civil society sectors. Through this initiative, which already counts more than 300 members, the Policy Center for the New South contributes to intergenerational dialogue and the emergence of tomorrow’s leaders.

Preface

This book aims to address job creation in Morocco in the context of a new export-driven growth model. Prior to the COVID-19 pandemic, the unemployment situation in Morocco was serious, particularly among young people. Morocco's competitive edge in the global market had been eroding, especially in labor-intensive, low-wage industries that typically create large numbers of jobs. The COVID-19 pandemic has created further setbacks to the economy in 2020 and beyond, including a collapse in economic growth and worsening unemployment.

At the same time, fundamental transformations in the international environment in recent decades have had profound implications for what Morocco can produce and export to the world to create jobs. These factors include fierce competition from low-income and lower middle-income Asian and Sub-Saharan African countries in labor-intensive manufactured goods; widespread presence of global supply chains which dictate what local firms can or cannot manufacture for Morocco's medium- and high-tech sectors; accelerating digitization and automation which have led to the displacement of workers by machines in industries as simple as footwear and as sophisticated as automobiles and aircraft assembly.

While the book focuses on subsector-specific industries for scaling up modern exports, and upgrading medium- and high-tech export and import-replacement, it also offers policy actions to foster long-term growth, including technological adoption, adaptation, and diffusion as well as human resource development. It applies a wide lens to learn from the experience of Malaysia, Korea and China that had success in achieving an upper middle-income or high-income status in a relatively short period, by leveraging selective strategies and policy solutions to leapfrog in technological catch-up in export-oriented manufacturing, creating largescale employment.

Even though the book was prepared before the COVID-19 pandemic, the key conclusions of the authors are as, if not more, pertinent today as they offer targeted and innovative policy solutions for getting large numbers of unemployed Moroccans back to work in the short-term and position the country to achieve a high-income status in the medium-term. This book's focus is particularly fitting for these times when government's resources are stretched, the risk of a renewed outbreak of the virus is non-negligible, and the outlook for a sustained economic recovery remains fragile.

The authors' contribution fits into the Policy Center for the New South's research program on the New Moroccan Economy. Several contributions were produced in the spirit of this program including Morocco's growth strategy (Agenor & El Aynaoui, 2015), manufacturing and structural transformation (Aït Ali & Msadfa, 2019), and Morocco's growth and employment prospects (Pinto-Moreira, 2020).

Karim El Aynaoui

Executive President,

Policy Center for the New South

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This book aims to address job creation in Morocco in the context of a new export-driven growth model, with a focus on subsector-specific industries for scaling up modern exports, and upgrading medium- and high-tech export and import-replacement. The book also offers policy actions to foster long-term growth, including technological adoption, adaptation, and diffusion as well as human resource development. It applies a wide lens to learn from the experience of Malaysia, Korea and China that had success in achieving an upper middle-income or high-income status in a relatively short period, by leveraging selective strategies and policy solutions to leapfrog in technological catch-up in export-oriented manufacturing, creating largescale employment.

Hinh T. Dinh

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