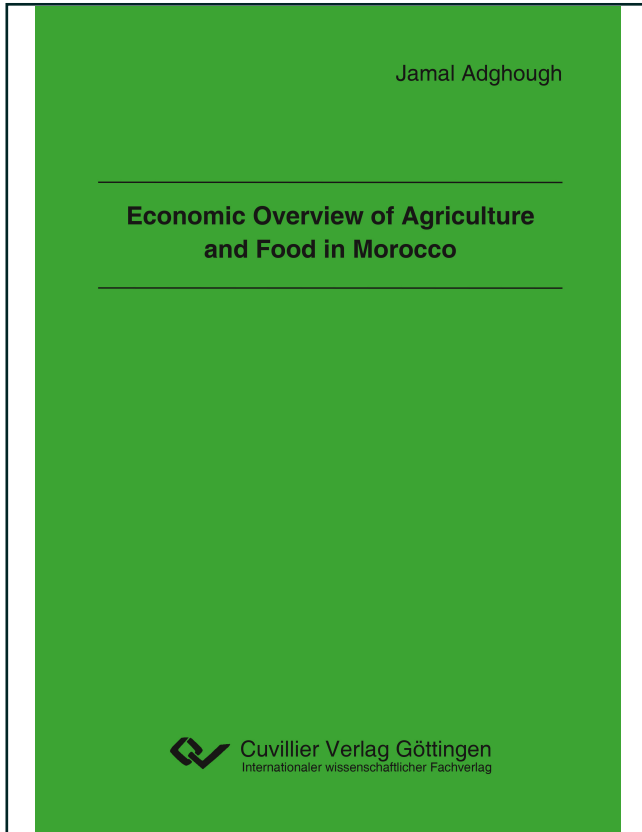




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Economic Overview of Agriculture and Food in Morocco



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1 Introduction

Agriculture is a very important economic sector in Morocco. It generates about 14% of gross domestic product (GDP) (MAPM, 2014), But with significant variations (11 to 18%) depending on the year and on climatic conditions. The country's growth rate is strongly correlated with that of agricultural production. Agriculture remains the country's largest source of employment, far ahead of other economic sectors; more than 40% of the population earning their livelihood in this sector (MAPM, 2014).

The useful agricultural area (UAA) is estimated at 8,700,000 hectares, which represents only 12.25% of the total land area of the country. However, this number should be qualified by highlighting the importance of rangelands (over 20 million ha), which are not very productive, but which play a significant role as pastoral areas for feeding livestock. Moroccan agriculture is also characterized by the duality of its farm structures. On the one hand, the small farms (less than 5 ha each) take up the majority in number (70%) but cover only one third of the UAA, On the other hand, there are a limited number of large to very large farms which take up a large part of the agricultural area (MAPM, 2014).

There is the intermediate category of average farms (from 5 to 20 ha). Small farms are generally not very productive and are handicapped in their development. They are oriented towards self-consumption and the local market. Their overall economic impact is low, but their social influence is considerable. Larger farms have much greater potential; they can implement advanced technologies and meet the requirements of external markets. This duality explains why the agricultural policies implemented by the Moroccan government and the corresponding projects implemented within the framework of the Green Morocco Plan are specific to each of these categories. There is also the difference between irrigated and rain-fed agriculture. Morocco started very early in the creation of large dams,



supplying irrigated perimeters of 1.1 million hectares, which contribute predominantly to agricultural production (export.gov, 2016).

Today, preference is given to small hydraulic handiwork, localized irrigation has become developed and more economical and, therefore, more adapted to a period of climate change where water resources tend to become scarce. In recent years, about 400,000 ha irrigated by gravity has been converted to localized irrigation. The zones of rain-fed agriculture remain the majority on the surface (83% of the UAA) (MAPM, 2014) but are much less productive due to being severely affected during the dry years.

2 The Macroeconomic Position of Agriculture and Food in Morocco

In recent years, the Moroccan economy has become characterized by its macroeconomic stability coupled with low inflation. In 2015, Morocco enjoyed dynamic economic growth (4.9%), an increase compared to 2014. This result can be explained by a satisfactory agricultural season. However, the forecast for 2016 is much less optimistic. Indeed, agricultural activity is expected to decline due to insufficient rainfall. However, the economy will continue to be supported by manufacturing and services. The Moroccan economy is solid and based on exports, the rise of private investment, and tourism (10% of GDP) (Nordea, 2016).

Morocco is a country that has a long agricultural and rural tradition. The diversity of its production is fostered by the geographical, climatic, demographic, and economic richness of the territory. The sector accounts for almost 19% of the national GDP: 15% for agriculture, 4% for agri-food, and 16% of total exports. It employs almost 80% of the rural workforce as well as 21% of workers in the industry (Invest, 2017). Its evolution constitutes a crucial issue for the socio-economic development and the strengthening of the territorial cohesion of the country.

Morocco is a country that has 40% of its working population living in the agricultural sector. It has a UAA estimated at about 9,500,000 hectares,



representing 95,000 km², the equivalent of 3.11 times the size of a country like Belgium. The main agricultural products of the country consist of cereals (wheat, barley, and maize), sugar beet, sugar cane, citrus fruits (oranges, clementines, etc.), grapes, vegetables, tomatoes, olives, and animal husbandry. However, cereal production in particular and general agricultural production remains highly dependent on weather conditions and hazards facing the country. It is in order to parry these hazards that the "Green Morocco Plan" was recently set up (ADA, 2017).

Morocco is endowed with numerous exploitable resources. With approximately 33,000 square miles (85,000 square km) of arable land (one-seventh of which can be irrigated) and its generally temperate Mediterranean climate, Morocco's agricultural potential is matched by few other Arab or African countries. It is one of the few Arab countries that has the potential to achieve self-sufficiency in food production. In a normal year, Morocco produces two-thirds of its grains (chiefly wheat, barley, and corn [maize]) needed for domestic consumption. The country exports citrus fruits and early vegetables to the European market; its wine industry is developed and the production of its commercial crops (cotton, sugarcane, sugar beets, and sunflowers) is expanding. Newer crops such as tea, tobacco, and soybeans have passed the experimental stage, the fertile Gharb plain being favorable for their cultivation. The country is actively developing its irrigation potential which will ultimately irrigate more than 2,500,000 acres (10,000 km²).

3 The Economic Transformation of Agriculture and Manufacturing Resources

One of the leading industrial sectors of the Moroccan economy is the agri-food sector, which has a strong domestic and international demand and contributes about 35% to the industrial GDP (8% of national GDP). It produces more than 80 billion DH, of which 25% is destined for export. In terms of investments, the sector received nearly 16 billion dirhams of



investments over the period 2004-2008 (export.gov, 2016). It now comprises 29% of industrial enterprises, employing over 90,000 people.

Economic development transforms an economy from one that is largely agricultural to one that largely depends on manufacturing and services. Since, however, agriculture currently dominates Moroccan's economy and employment, there is an issue as to what its role should be in getting from here to there. In the normal process of economic growth, non-agricultural sectors grow more rapidly than the agricultural sector does. The slower growth of agriculture, its relative decline, the concern about the difficulty of modernizing agriculture, and pessimism about the potentials for technological change in agriculture suggest to some that agriculture should not be given priority for scarce resources in the interests of rapid overall growth. There is substantial evidence, however, that raising agricultural productivity is possible and that agricultural growth plays a key role in economic growth, particularly in low-income countries.

Morocco is one of the countries affected by the Arab Spring. The country grew at an average rate of about 5 percent per year for the 10 years before 2011, which led to a decline in poverty from around 15 percent of the population to 6 percent. Yet, Moroccans (especially youth) felt that the fruits of that growth were not equitably shared. They demanded more freedom, social justice, and an end to corruption. In this regard, Morocco is very similar to other Arab Spring countries (e.g., Tunisia and Egypt) (Hafez Ghanem, 2015) where youth remained discontented in spite of a fairly robust economic growth and improvements in social indicators.

The economic reforms that help achieve rapid and inclusive growth are important for the success of the political transformation. According to the World Bank, inequality is a key challenge. Morocco's Gini coefficient of 0.41 is high compared to other emerging economies and indicates that inequality is a serious problem. This is compounded by huge disparities across the regions. For example, the poverty rate in the region of Gharb-Chrarda-Béni-Hssen is 72 percent higher than the national average (Hafez Ghanem,