Table of Contents

CHAPTER 1: BACKGROUND .................................................................................................................. 14
  1.1. GENERAL PRESENTATION ........................................................................................................ 15
  1.2. COUNTRY AT A GLANCE: BASIC INFORMATION AND NATIONAL STATISTICS .............. 17
  1.3. BASIC FINDINGS OF MOST RECENT NATIONAL REPORTS .................................................. 20
  1.4. CONCLUSION ............................................................................................................................ 31

CHAPTER 2: MACROECONOMIC OVERVIEW .................................................................................... 33
  2.1. INTRODUCTION ......................................................................................................................... 34
  2.2. THE HISTORICAL AND SOCIAL CONTEXT .............................................................................. 34
  2.3. THE ADJUSTMENT ERA ........................................................................................................... 38
  2.4. RECENT MACROECONOMIC TRENDS ................................................................................... 40
  2.5. SECTORAL PATTERNS OF THE MOROCCAN ECONOMY ...................................................... 42
  2.6. AGRICULTURE, LAND ALLOCATION AND RURAL DEVELOPMENT ...................................... 45
  2.7. MODERNIZATION AND INDUSTRIALIZATION ...................................................................... 50
  2.8. LARGE VERSUS SMALL AND MEDIUM ENTERPRISES (SME) .............................................. 52
  2.9. SCIENCE AND TECHNOLOGY ................................................................................................. 55
  2.10. CREDIT AND FINANCIAL SYSTEM ......................................................................................... 56
  2.11. GOVERNMENT AND ECONOMIC POLICY .......................................................................... 58
  2.12. DEVELOPMENT STRATEGY, QUANTITATIVE TARGETS AND EXTERNAL AID AND DONORS .... 63
  2.13. INTERNATIONAL ORGANIZATIONS’ RECOMMENDED POLICIES ...................................... 65

CHAPTER 3: TRADE AND FDI ........................................................................................................... 68
  3.1. BASIC STATISTICAL TRENDS ................................................................................................. 69
  3.2. COMPARATIVE ADVANTAGES AND INTERNATIONAL COMPETITIVENESS ......................... 72
  3.3. IMPORT AND EXPORT COMPOSITION ................................................................................... 74
  3.4. GEOGRAPHICAL DISTRIBUTION OF MOROCCAN TRADE .................................................. 78
  3.5. FDI FLOWS: SOURCES, ACTIVITIES, OWNERSHIP, JOINT VENTURES ................................. 80
  3.6. TRADE POLICY AND REGULATION ....................................................................................... 84
  3.7. FDI POLICY AND REGULATIONS ............................................................................................ 87
  3.8. FINANCIAL INTERNATIONAL FLOWS, POLICY AND REGULATIONS ................................. 89
  3.9. THE EXTERNAL DEBT .......................................................................................................... 90
  3.10. EXPECTED POLICY REFORMS ............................................................................................ 92

CHAPTER 4: EMPLOYMENT ............................................................................................................. 93
  4.1. BASIC STATISTICAL TRENDS ................................................................................................. 94
  4.2. ECONOMIC GROWTH AND EMPLOYMENT ......................................................................... 97
  4.3. EMPLOYMENT AND UNEMPLOYMENT COMPOSITION ......................................................... 99
  4.4. SECTORAL AND REGIONAL COMPOSITION OF EMPLOYMENT .......................................... 103
  4.5. UP-SKILLING OF THE LABOR FORCE ..................................................................................... 105
  4.6. UNDEREMPLOYMENT AND HIDDEN UNEMPLOYMENT .......................................................... 106
  4.7. EDUCATION AND VOCATIONAL TRAINING ......................................................................... 108
  4.8. LABOR MARKET REGULATION AND POLICY ....................................................................... 110

CHAPTER 5: INCOME DISTRIBUTION AND POVERTY ...................................................................... 114
  5.1. INTRODUCTION ...................................................................................................................... 115
  5.2. INCOME DISTRIBUTION: BASIC STATISTICS AND TRENDS ............................................. 116
  5.3. ABSOLUTE POVERTY: BASIC STATISTICS AND TRENDS .................................................. 118
  5.4. RELATIVE POVERTY AND ECONOMIC VULNERABILITY .................................................... 125
  5.5. URBAN VERSUS RURAL PATTERNS OF POVERTY AND INEQUALITY ................................ 126
  5.6. THE ROLE OF THE INFORMAL SECTOR ................................................................................. 127
  5.7. REGIONAL DISPARITIES PATTERNS OF POVERTY AND INEQUALITY ............................... 131
CHAPTER 6: OPENNESS AND EMPLOYMENT ................................................................. 137

6.1. INTRODUCTION .................................................................................................. 138

6.2. THE EMPLOYMENT IMPACT OF TRADE: LITERATURE OVERVIEW ................. 138
   6.2.1. Theoretical overview .................................................................................. 138
   6.2.2. Empirical results ....................................................................................... 140

6.3. EMPLOYMENT IMPACT OF TRADE IN MOROCCO ........................................ 142
   6.3.1. Measurement issue .................................................................................. 142
   6.3.2. Descriptive analysis ............................................................................... 142
   6.3.3. Econometric investigation ..................................................................... 147

6.4. THE EMPLOYMENT IMPACT OF FDI ............................................................... 152
   6.4.1. Theoretical overview .............................................................................. 152
   6.4.2. Empirical results .................................................................................... 153

6.5. THE EMPLOYMENT IMPACT OF FDI IN MOROCCO .................................. 154
   6.5.1. Descriptive analysis ............................................................................... 154
   6.5.2. Econometric investigation ..................................................................... 155

6.6. OPENNESS AND EMPLOYMENT, AND RELATED ISSUES .......................... 158
   6.6.1. Trade and FDI as possible vehicle of labor saving / skill-biased technologies 158
   6.6.2. National policies for maximizing the positive impact of trade and FDI ........ 158

6.7. CONCLUSIONS ............................................................................................... 160

CHAPTER 7: OPENNESS, INCOME DISTRIBUTION AND POVERTY .................... 162

7.1. TRADE, INCOME DISTRIBUTION AND POVERTY: LITERATURE REVIEW .... 163

7.2. TRADE, INCOME DISTRIBUTION AND POVERTY: THE CASE OF MOROCCO 166
   7.2.1. Data availability issue ............................................................................. 166
   7.2.2. Reconstructing the jigsaw ..................................................................... 167

7.3. TRADE, FDI AND THE INFORMAL SECTOR ............................................... 172

7.4. ECONOMETRIC INVESTIGATION ................................................................ 174

7.5. OPENNESS, INCOME DISTRIBUTION, POVERTY AND RELATED ISSUES .... 178
   7.5.1. FDI, income distribution and poverty ....................................................... 178
   7.5.2. The impact of policies for increasing openness ....................................... 178
   7.5.3. The role of financial liberalization ......................................................... 179

7.6. CONCLUSIONS ............................................................................................... 180

CHAPTER 8: CONCLUSIONS .................................................................................. 182

REFERENCES ........................................................................................................ 191