

How should Sino-Moroccan trade relations be judged?

Saturday, 24 July 2010

Will Morocco be able to position itself in this market which has such vast potential? Or should it be viewed as perilous to the national productive fabric? Especially as imports are to a significant extent carried out by Moroccan operators. China is effectively setting itself up as a base for on demand production at very competitive prices.

The story of the babouche speaks volumes about the system. Didn't the Moroccan artisanal product begin to be mass produced? What's more with plastic as the primary material? So that the presence of Chinese citizens is seen in the flow of these products and the revenue harvested is often reinvested in the acquisition of real property. And, what a bonus to invest in local money! In this respect, the focus given to this relationship by the last biannual newsletter of the Centre Marocain de Conjoncture calls for a thorough discussion.

"Concentrating at the beginning of the millennium on a few products, notably the import of tea and consumer goods and the export of fertilizer, trade between Morocco and China has since experienced a great diversification," reports the most recent CMC study. An evolution resulting a great extent from the momentum of Moroccan purchases, the study points out. This growth in trade being the exclusive result of Moroccan imports. They reached 21 billion Moroccan Dirhams in 2009 compared to 1.2 billion for exports to China. Indeed, China has become Morocco's 6th partner in five years. Analysed globally, these trade exchanges have two distinguishing features. On the one hand, our exports did not average more than 1 billion Moroccan Dirhams between 2005 and 2009 compared to 15 billion for imports. On the other, the low coverage rates that splits the trade balance that just widens year on year.

The deficit has practically grown at the same rate as imports, some 26.5% in the same period. In parallel, the structure of the flux has undergone a great diversification. Even more in the direction of imports. The number of products imported has more than doubled in less than a decade, culminating in 3,004 items now compared to 1,306 in the year 2000. However, exports are now around 146 products compared to 66 at the beginning of the millennium. But it must be said that 70% of our sales remain concentrated on fertilizers and scrap copper. As for imports, although diverse they remain somewhat concentrated on five areas but with high value added products. These are finished consumer goods, equipment and appliances. Cars, motorcycles, computers, television sets, childrens' toys... and the list gets longer to extend also to food products such as prepared fish, tomato conserves and seasoned condiments. Even manufactured tobacco is included. Certainly, these latter products represent no more than 3% of imports from China but they show elevated growth levels. A double digit growth, notes the CMC.

In the past, it must be remembered, tea constituted the flagship product in the food category. More so now. Between 2000 and 2009, there were 31 imports in this category of which 20 were traded last year.

Viewed globally, the evolution of imports over 5 years reveals the levels of growth exceed 20%. The case of textiles and leather is instructive in this regard. Although in slight decline, compared to 2008, fabrics remain by far the primary product imported in the textile and leather category representing 38%. The remainder is divided between shoes, threads, nets, ropes and cables. All that is evidently no more than a fairly restrained sample of the 3,000 products destined for the Moroccan market. What then of exports? The structure of our exports is limited to 3 families. Minerals, chemicals and metallurgy in fact make up more than 90% of Moroccan sales in China. Exports of minerals essentially comprise non ferrous metals (scrap copper). As for chemicals, is represented by fertilizer and other nitrogenous products. Their evolution remains dependant on Chinese order but is rising steadily, to such an extent that they currently stand at almost 50% of our exports to China.

Regarding textiles and clothing, exports are primarily occurring in the area of outsourcing, China being the more competitive than Morocco in providing labour. It is therefore a loss for the local workforce in addition to the very serious deficit already seen in our trade relations.