

# Socioeconomic Situation and Transport Infrastructures in the Maghreb

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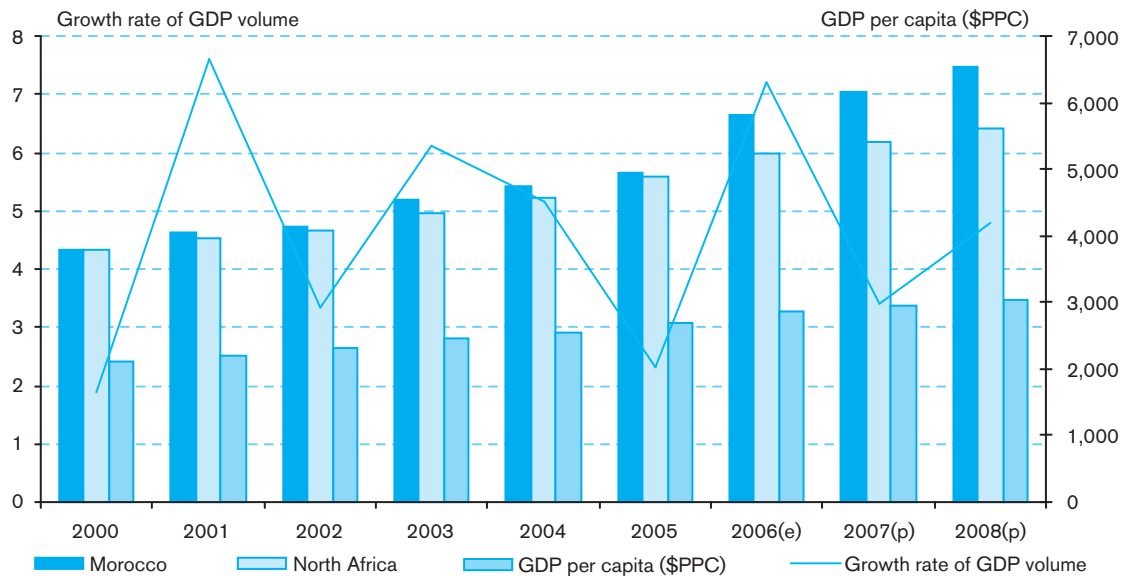
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## Socioeconomic Situation in the Maghreb

“The Euro-Maghrebian Partnership,” say the participants meeting during these days in late May 2008 in Skhirate, the magnificent tourist resort on the Moroccan coast close to Rabat and to the King of Morocco’s palace, “is the strong point of Euro-African relations.” And yet the history of the process of constructing Euro-Mediterranean, or trans-Mediterranean, relations has been until now much more difficult than we imagined: the economic integration of the Maghreb countries with each other, led by the Arab Maghreb Union (AMU), and with the European Union (EU) have not yet yielded the results expected. The frontier between Morocco and Algeria remains closed and relations between Morocco, Tunisia and Libya are almost more complicated than the bilateral relations between each country and the European Union. However, the participants called by the Minister of the High Commissioner for Planning 2030 of Morocco, Ahmed Lahlimi Alami, insist on their need by repeatedly referring to the *costs of the non-Maghreb* and to the development opportunities lost because of the lack of cooperation between the Maghreb countries. This explains the interest in launching a process of prospective work comprising, at a Maghreb level, the work undertaken or underway in Morocco, Algeria, Tunisia, Libya and Mauritania, all planned for 2030. A work of reflection and prospective debate undertaken jointly by all countries will enable a visualisation of future scenarios of shared prosperity and a clearer identification of shared interests, beyond the specific positions of the countries today.

But it is not the politicians or the senior officials, affirms Rachid Tlemçani, Director of Development of the Group ONA, an industrial and financial holding of Morocco, who will make possible economic, or even political, integration of the Maghreb or will facilitate relations with the EU but rather the decisions of the companies to locate in one city or another, to trade with one or the other, and the migration flows. In Morocco, where the government has made clear progress stabilising the main macroeconomic indicators and where reforms of the legal, financial and social regulation systems are underway, the conditions are already in place to make possible an accelerated process of growth, similar to that experienced recently by other countries as distinct as Chile, South Korea, China or Ireland. At this time, the infrastructure investment plans, affirms Rachid Tlemçani, are strategic for facilitating the implementation of industrial companies and fostering tourism and international trade. And the large infrastructures can only be developed in an environment of low demand, when they respond to supply logistics, based on future strategic visions.

In fact, the Maghreb countries, especially Morocco and also Tunisia, have in recent years made great efforts to modernise their economies and the investment climate. Notable progress has been made in the stabilisation of prices, the reduction of public debt, the reform of the financial system, the improvement of infrastructures, the reform of education, the processes of privatisation and the launch of tourism. GDP has grown at an average rate of 5% since 2001, although it is still very slow in the agricultural sector which depends excessively on the highly variable climatology of the region. The fertility rate, at around 2.5 children per woman, continues evolving downwards and it is expected to reach values of 2 children per woman before 2015, when the national population will no longer rise. The active role of women in society, both through their integration into the labour market and in institu-



Source: BAID/OECD *Perspectives économiques en Afrique 2007*.

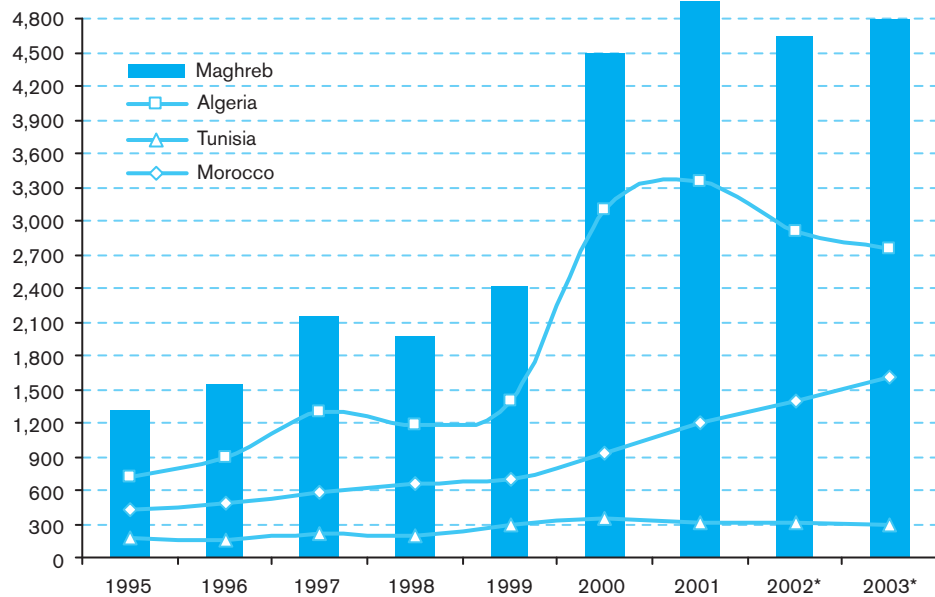
tions, political parties or government organisations, is extremely important in the advance of modernisation of the social and cultural structures in the region. Morocco, moreover, has a particularly favourable geographical situation, half way between Africa and Europe, the international organisms value its political and social stability, and foreign investors recognise its appeal. The plans Vison 2010 (to boost the economy), Azur 2010 (to boost tourism), and Génie (training of 10,000 engineers before 2010 to service the technological sectors), among others, have generated confidence in the international markets. Between 2006 and 2007, Spain has invested more than €1.5 billion in the countries, and the number of companies has already reached 900, of which more than 300 are in the region of Tangiers. The volume of Spanish exports to Morocco has tripled in the period 1995-2003, surpassing the €1.8 billion in 2003 and becoming the third Spanish client outside the EU, only behind the United States and Mexico, while imports rise 15% annually, now making it the first trading partner of Morocco ahead of France. Cement consumption in Morocco has increased from 7.5 million tonnes in 2003 to 13 million in 2007, and is expected to reach 20 million in 2012. With the construction crisis in Spain, the major Spanish groups find a property market in Morocco with strong potential. Fadesa, established in the country since 2000 and winner of the construction of Guelmim-Smara, one of the resorts of the Plan Azur on the Atlantic coast facing the Canary Islands – €450 m, 650 ha, 8 hotels, 5,000 apartments, golf course and shopping centre

– has set up a joint venture with Addoha, a national company specialised in social housing, of high quality developments. It is estimated that the property deficit in Morocco is around one million homes, with an annual demand for 40,000 new homes. The cost of property in Tangiers has now reached €2,000/m<sup>2</sup>.

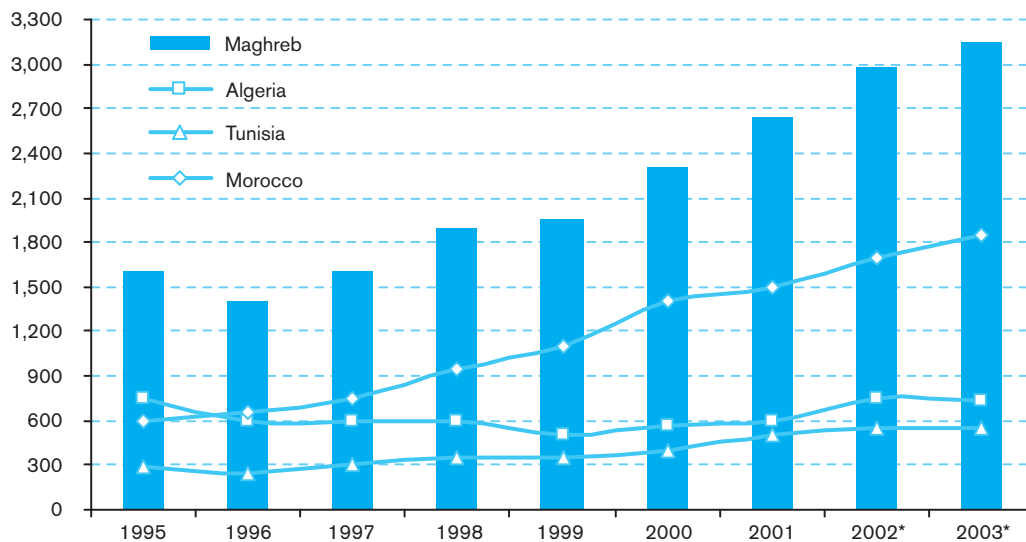
### Transport Infrastructures

A recent World Bank study (2006) on the integration of the Maghreb countries emphasises the importance of transport infrastructures in the growth of trade relations in these countries. A growth of 10% in transport costs can reduce the volume of exchanges by 20%; the duplication of the number of airports in the country can increase imports by 14%; and the duplication of each 100 km<sup>2</sup> of asphalted roads can increase the volume of trade exchanges by 13%. In Morocco, the government motorway programme aims to construct 1,500 km of high capacity roads by 2010. Started in the late 1980s, the rate of motorway construction has passed from around 40 km per year during the 1990s to more than 150 km per year at present, currently exceeding 800 km of motorways. Thus, all the main cities in the country will be connected by 2010, from Tangiers to Agadir, from Casablanca to the Algerian border. This will be funded by toll charges as national resources are limited; the same formula, in fact, which was adopted for the Spanish Mediterranean corridor when it was built in the 1970s. It is worth recalling

Spain-Maghreb Imports



Spain-Maghreb Exports



Source: Iván Martín (2003)

that both Spain and France developed approximately 40% of their motorway networks in very short periods of time, less than 10 years.

In 2006, Moroccan trains transported 23.5 million passengers, 12.2% more than the previous year. Goods transport by train is substantially greater in Morocco than in the rest of the Maghreb countries mainly because of the importance of the transport of phosphates, which represents 75% of the 35.5 million tonnes transported in 2006. In the late 1980s, the *Office National des Chemins de Fer* (ONCF) launched

a programme for the modernisation of the national railway network, which is 1,907 km long, with the improvement of tracks, the reform of stations and the electrification of some sections. The company has had positive operating profits since the 1990s, which supports the feasibility of the planned investments. The implantation of a new high speed network is expected, which would start with the section between Tangiers and Casablanca and would then extend towards Marrakech and Agadir, and towards Fez and Oudja. The objective is to construct 1,500 km of track in 20

TABLE 33 Maritime Transport Indicators, 2004

	Access		Cost	Quality
	Container port traffic (TEU)	Total merchant fleet (in thousands GRT)	CIF/FOB freight cost (% of imports)	Commercial perception of port facilities index
Algeria	354,724	862	9.3	-
Morocco	560,682	523	17.4	3.7
Tunisia	230,671	175	5.2	4.4
East Asia & Pacific	102,039,032	1,766	9.9	4.2
Europe & Central Asia	-	1,011	4.5	3.6
Middle East & North Africa	1,039,369	832	-	4.1

Note: The most recent data used beginning with 2004. For commercial perception indices, 1 = worst and 7 = best. Source: WDI, 2005; Review of Maritime Transport 2005; and Estache and Goicoechea, 2005.

years. With the information surveys already undertaken and a pre-contract signed with Alstom, the Tangiers-Casablanca section should come into service in 2013, with an estimated cost of €2 billion.

In December 2006, the reform of the Moroccan port sector was implemented, which clarifies and simplifies the necessary bureaucracy to operate in a Moroccan port and introduces competition between different ports of the country. 90% of Morocco's trade with foreign countries is carried out by sea. With 3,000 km of coast and a strategic geographic situation, the Moroccan merchant navy maintains a preponderant place between the Arab and African fleets. However, the costs of maritime transport in the Maghreb are still higher than those of other competing regions, mainly because of the costs of port maintenance – the greater number of obligatory services – and slower customs bureaucracy. If in Estonia and Latvia, for instance, only one day is needed to negotiate the customs process, in Morocco the time is 8 days. Among the 30 ports in Morocco, 11 have international trade; Casablanca concentrates 40% of national goods traffic, which amounts to around 70 million tonnes. Strategically, the port of TangerMed is being constructed on the shores of the Gibraltar Strait and

will substitute the current port of Tangiers which will be reserved for the stopover of tourist cruisers and leisure boats. Along with hosting passenger lines that cross the Strait – around 3 million passengers per year –, the port will work as a freight distribution point in the Mediterranean, in the form a hub and in competition with Algeciras – the leading container port in Spain – with which cooperation agreements have been signed. In contrast to Algeciras, TangerMed has land for the development of complementary logistics and industrial activities which have been developed as duty-free zones. TangerMed is one of the key pieces in the development programme of the north region, which seeks the implementation of foreign industrial activity. The efforts of liberalisation of the Moroccan air sector (2004-2005) have resulted in a strong decrease of the airport charges, resulting in quick growth of flights between Europe and Morocco. Air Europa, Clickair and Air Nostrum in Spain, Corsair and AirHorizon in France, the German companies LPU and Air Berlin, and the British First Choice have established flights to the main world cities; Ryanair offers destinations of Marrakech, Fez and Tangiers; the Marrakech-London route has passed in a short time from 8 monthly connections to more than

TABLE 34 Air Transport Indicators, 2004

	Access			Cost		Quality		
	Air transport, passengers carried (millions)	Air transport, freight (million tonnes per km)	Air transport, registered carrier departures	Daytime landing and takeoff charges (\$)	Charges related to passengers carried (\$)	Number of first-class airports per one million population	Number of first-class airports per 100,000 km <sup>2</sup>	Commercial perception of air transport services index
Algeria	3.2	21.44	48,531,862	734	125	0.53	0.71	-
Morocco	3.0	61.90	41,526	2,020	2,137	0.34	2.24	4.8
Tunisia	1.9	20.29	20,554	2,120	2,517	0.60	3.86	5.4
East Asia & Pacific	203.3	13,730.1	2,078,864	1,168	1,942	0.33	1.69	0.0
Europe & Central Asia	65.1	2,138.5	984,537	2,765	2,818	0.29	2.28	3.9
Middle East & North Africa	34.0	1,103.5	357,602	884	2,236	0.69	2.08	4.9

Note: The most recent data is used beginning with 2004. For commercial perception indices, 1 = worst and 7 = best. Cost refers to a B767-300 devoted to international operations. Source: WDI, 2005; Estache and Goicoechea, 2005; ICAO, 2005.

46. Faced with this increasing competition, the national company Royal Air Maroc has undertaken a process of corporate restructuring, launching a low-cost subsidiary in 2004 under the name of Atlas Blue. The Mohammed V airport in Casablanca has been enlarged and modernised until becoming one of the biggest in Africa, acting as a hub in the north-east of the continent. With a capacity for 11 million passengers, it currently has traffic of 5.9 million passengers (ONDA, 2007) and offers connections, along with Europe, with Algeria, Mauritania, Senegal, Egypt, the Middle East, Syria and Turkey. The arrival of low-cost companies is an important factor for the invigoration of the national tourist activity, both in its traditional forms and other more advanced, including residential tourism and weekend stays, mainly by European residents seeking a higher quality of life and weather at affordable prices. In this sense, the Moroccan residential sector is developing strongly especially on the outskirts of Marrakech but also in Fez. The Moroccan government, under the umbrella of the Plan Azur, is constructing 6 large luxury tourist resorts in several places of the country with the objective of opening the tourist market to foreign operators and diversifying the supply and the clientele. The plan seeks to enlarge the national hotel capacity by 80,000 new rooms and 170,000 additional beds and attract 10 million visitors per year by 2010.

The reform of the transport sector in the Maghreb countries is underway. The enlargement of the motorway networks, the restructuring of the railway services, the high speed projects, the simplification and improvement of the port bureaucracy, the liberalisation of the Maghrebian sky or the privatisation of the national transport companies are actions addressed to a restructuring of the sector enabling the improvement of its competitiveness reducing costs and improving services. Morocco has progressed most in this sense, but Tunisia has also made important advances, above all in maritime traffic. According to the World Bank, regional cooperation is now necessary in the short term through a certain harmonisation of the transit expenditures and a reduction of the excessive charges that increase the administrative costs of the exchanges between the Maghreb countries. A network made up of multimodal port and airport platforms and their connections with the existing or planned transport networks is a key factor to promote the exchange and investment opportunities in the Maghreb.

We should expect the strengthening of the structural reforms in the Maghreb countries, the maintenance of

the political and social stability, the recognition of the Maghrebian citizens living abroad as actors of the national development, the advance in the chapter of individual rights and the continuation of the opening towards more democratic governance models to continue with a view to the implementation of advanced statutes with the EU. Although the seeds of a promising future seem to have been planted, it does not seem foolish to believe that the next few years may involve a virtuous process of economic development that places the countries on the southern shore of the Mediterranean within the framework of the emerging countries.

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