

THE « GREEN MOROCCO »

Agricultural Development Strategy

“Facing rising food prices”



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Outline


1. Impacts & Mitigation measures
2. The new Agricultural Development Strategy
« Green Morocco »



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1. Impacts & Mitigation measures
2. The new Agricultural Development Strategy:
« Green Morocco »



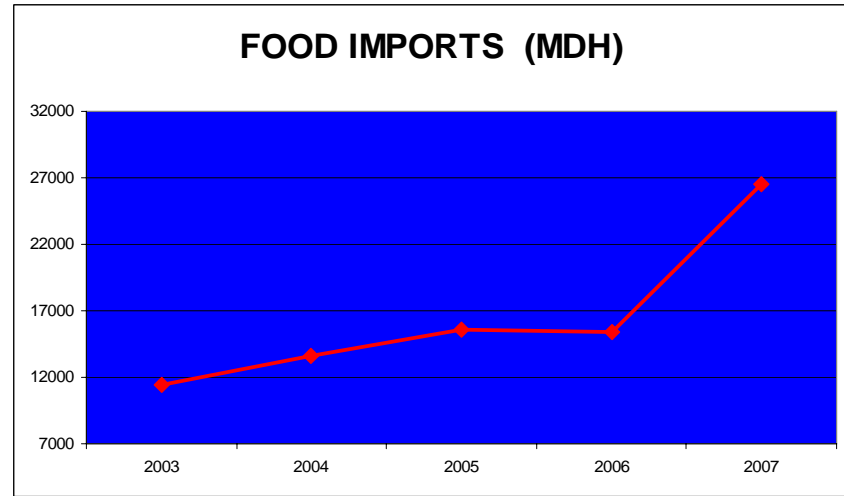
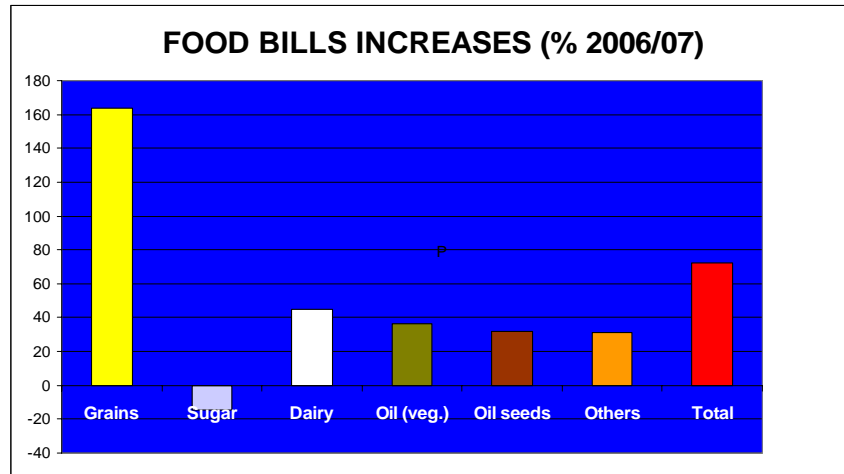
A satellite-style map of the Mediterranean region, showing the Mediterranean Sea, the Red Sea, and parts of Europe, North Africa, and the Middle East. A white callout bubble with a black border is positioned over the western part of the Mediterranean coast, containing text about Morocco's economic challenges.

With its heavy dependence on imports of wheat, maize, oilseeds and energy for domestic consumption Morocco has been severely hit by rising world food and oil prices. This has raised serious concerns about food security, macroeconomic and social stability

1 Impacts and mitigation measures

➤ Increase of 72% in aggregate food import bills (2006/2007)

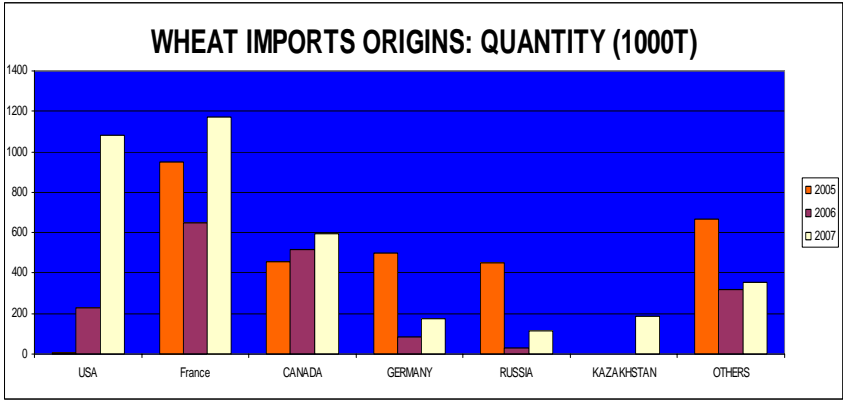
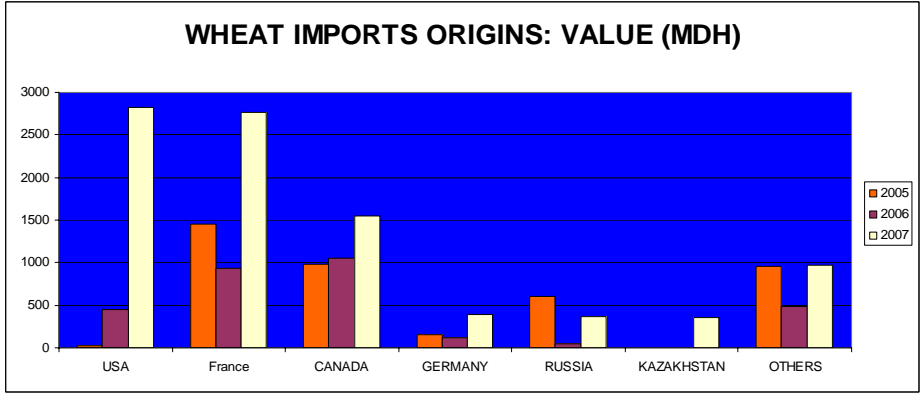
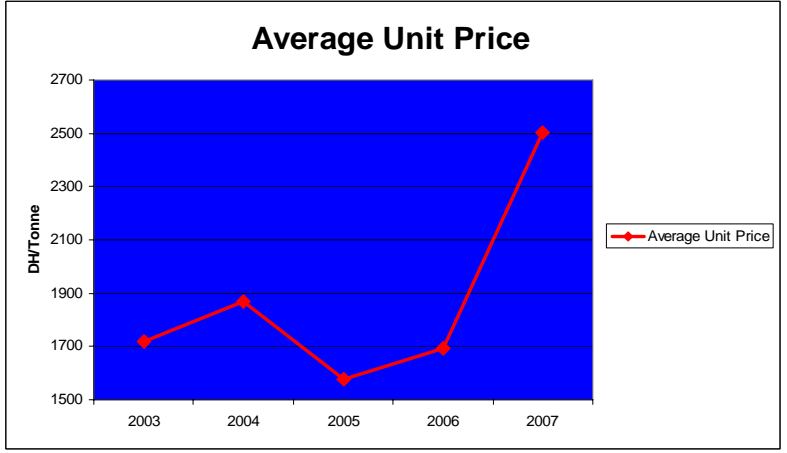
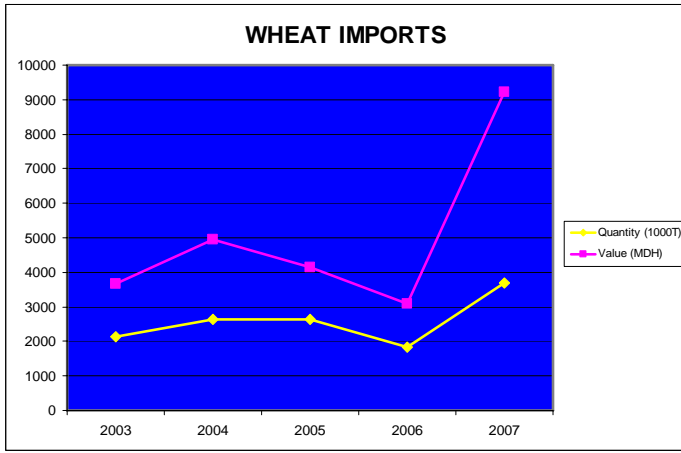
➤ Food import bill in 2007 was over twice what it costed in 2003



1 Impacts and mitigation measures

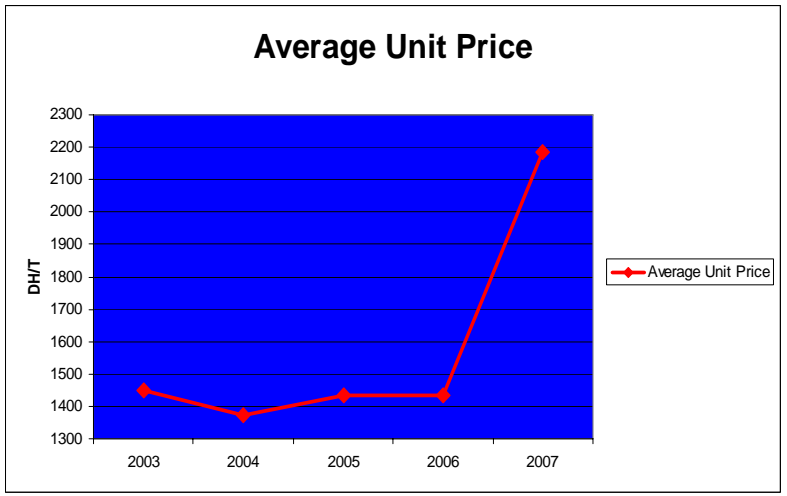
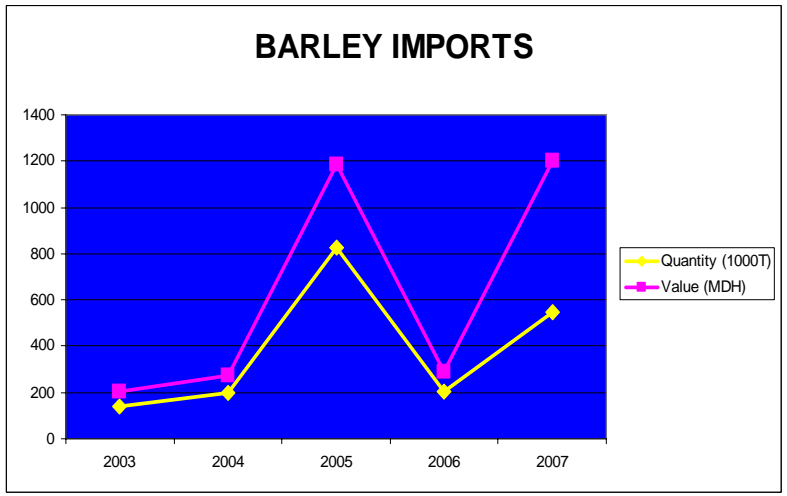
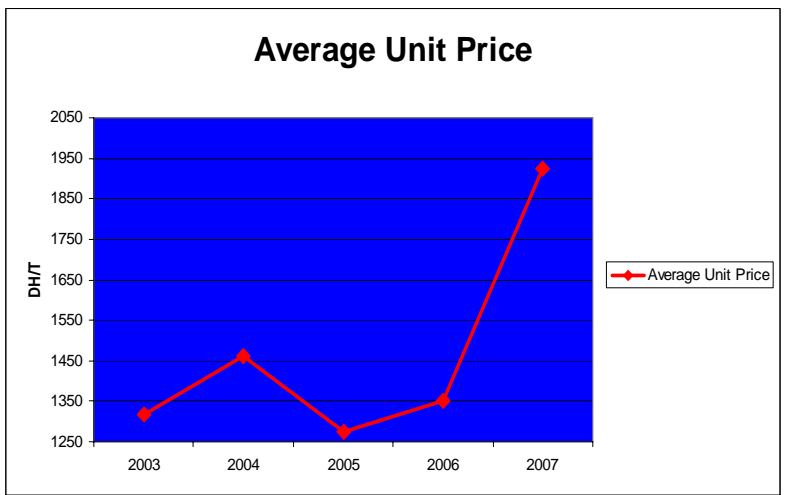
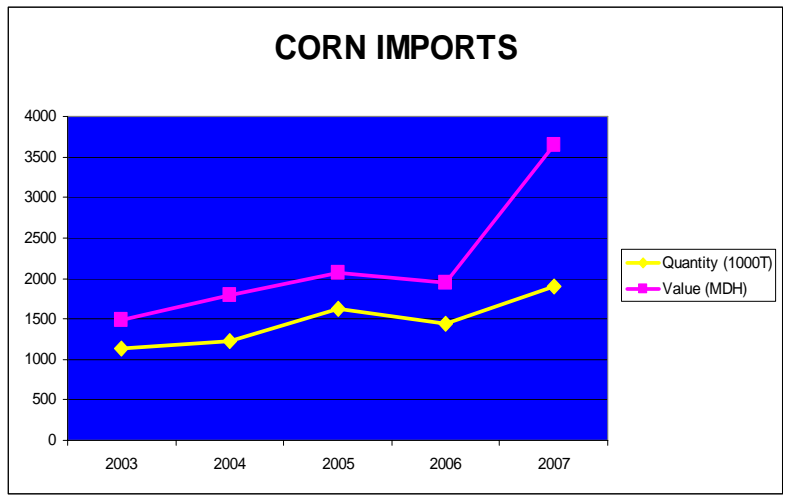
Increase of 72% in aggregate food import bills (2006/2007)

WHEAT



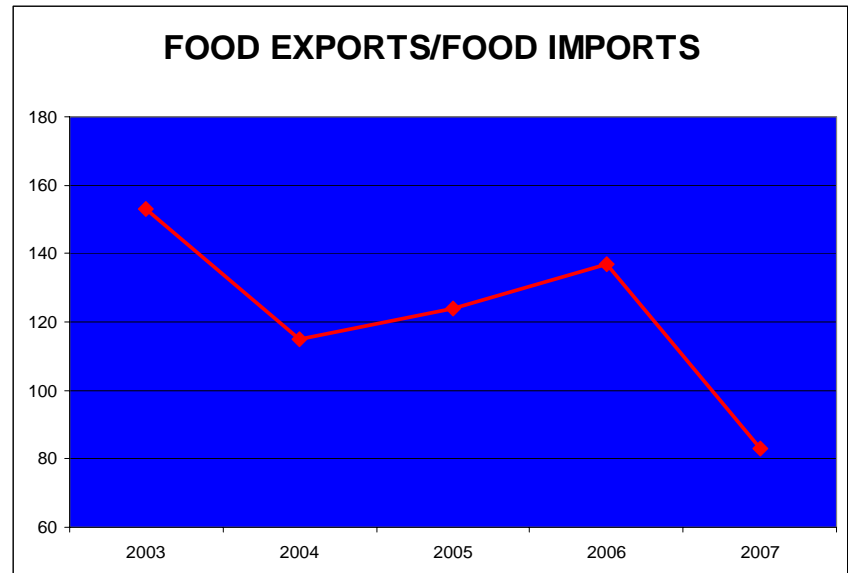
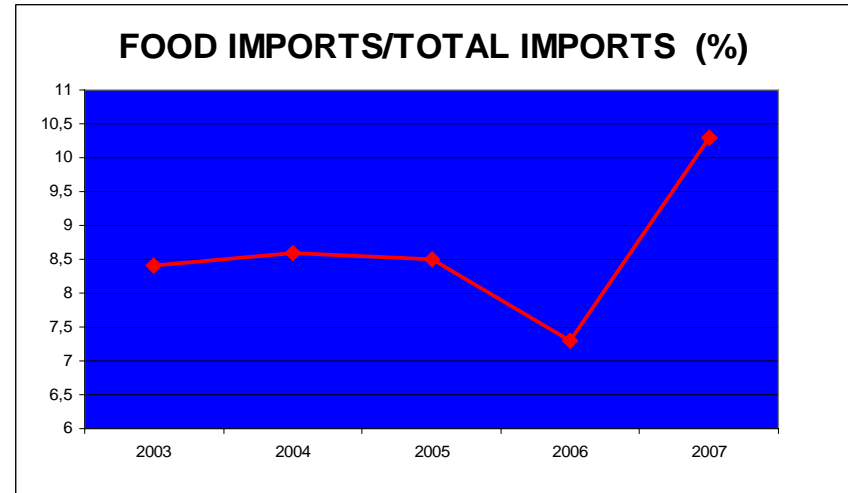
1 Impacts and mitigation measures

Increase of 72% in aggregate food import bills (2006/2007)



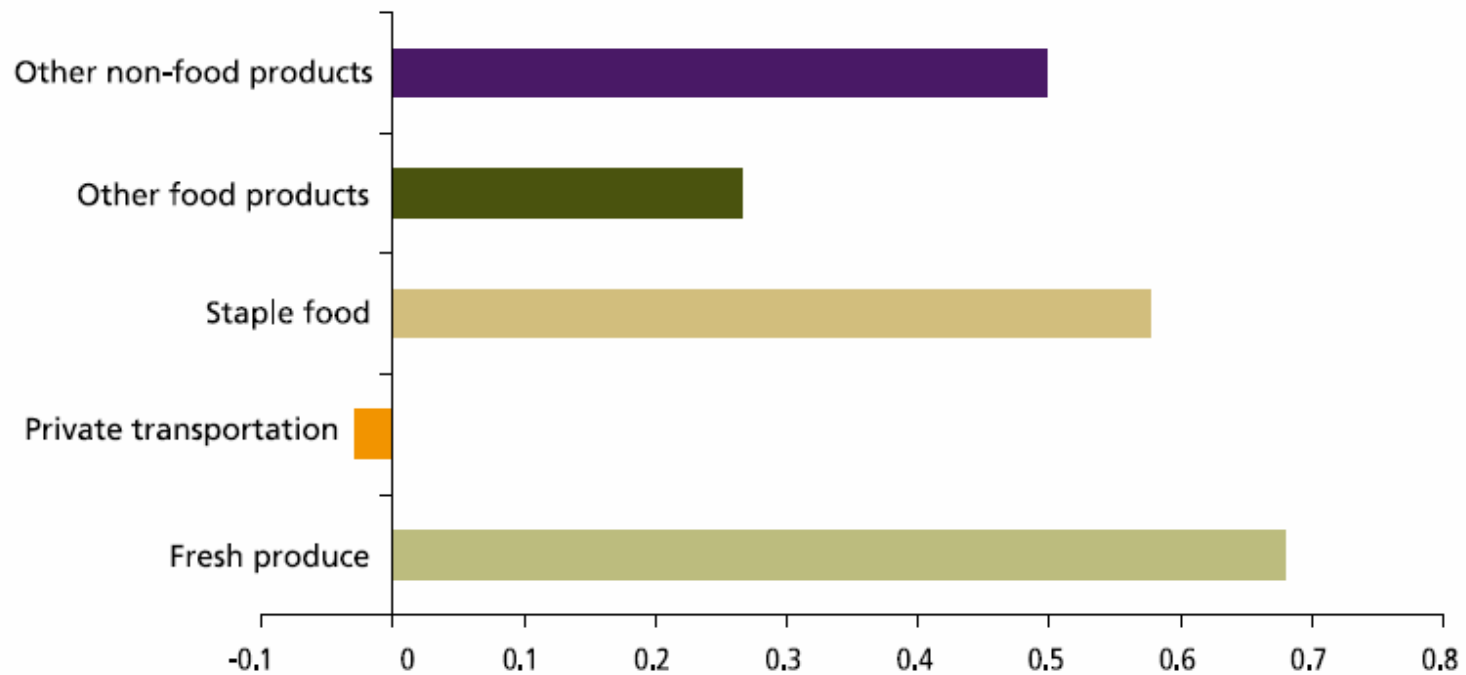
1 Impacts and mitigation measures

- The share of food imports in total imports has come up from 7.3% in 2006 to 10.3% in 2007.
- The rate of coverage of food imports by exports declined substantially in one year dropping from 137% to 83%
- The trade deficit grew by 40.8% and represented nearly 23% of GDP
- The current account showed, for the first time in 6 years, a deficit of about 0.1% in GDP



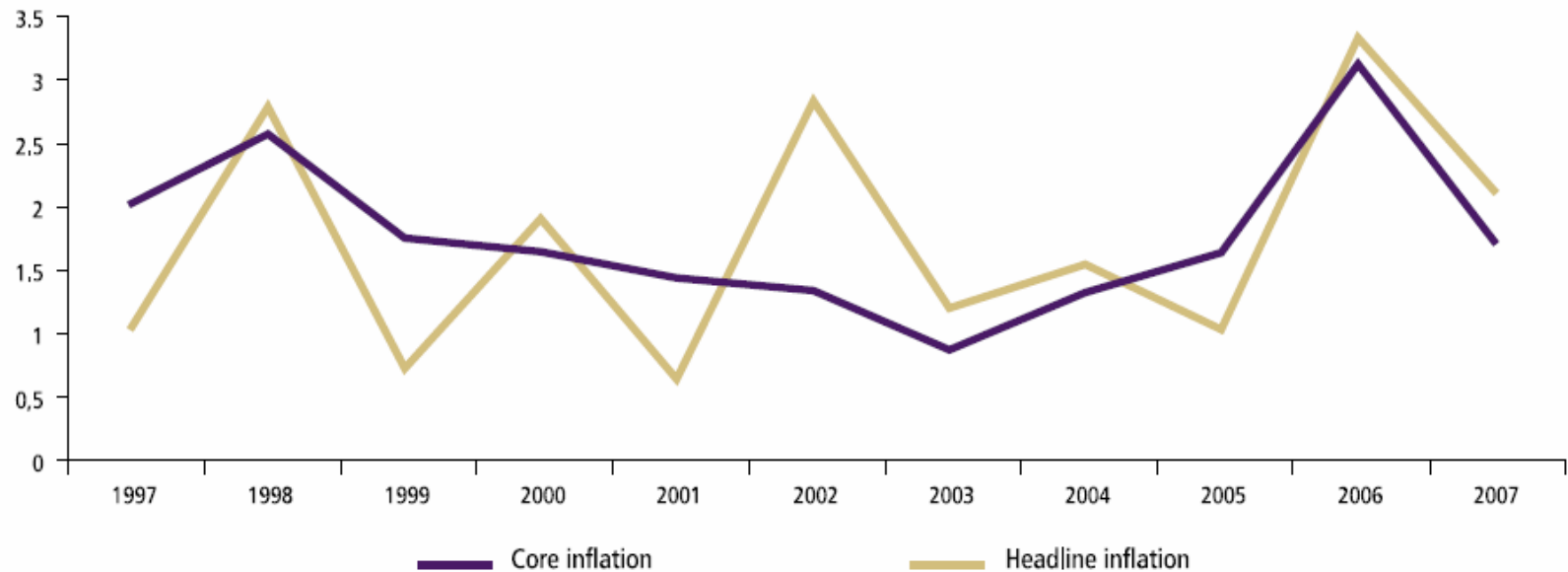
1 Impacts and mitigation measures

Contribution to headline inflation in 2007, per main headings (in percentage points)



1 Impacts and mitigation measures

Yearly evolution of headline inflation and core inflation (in %)



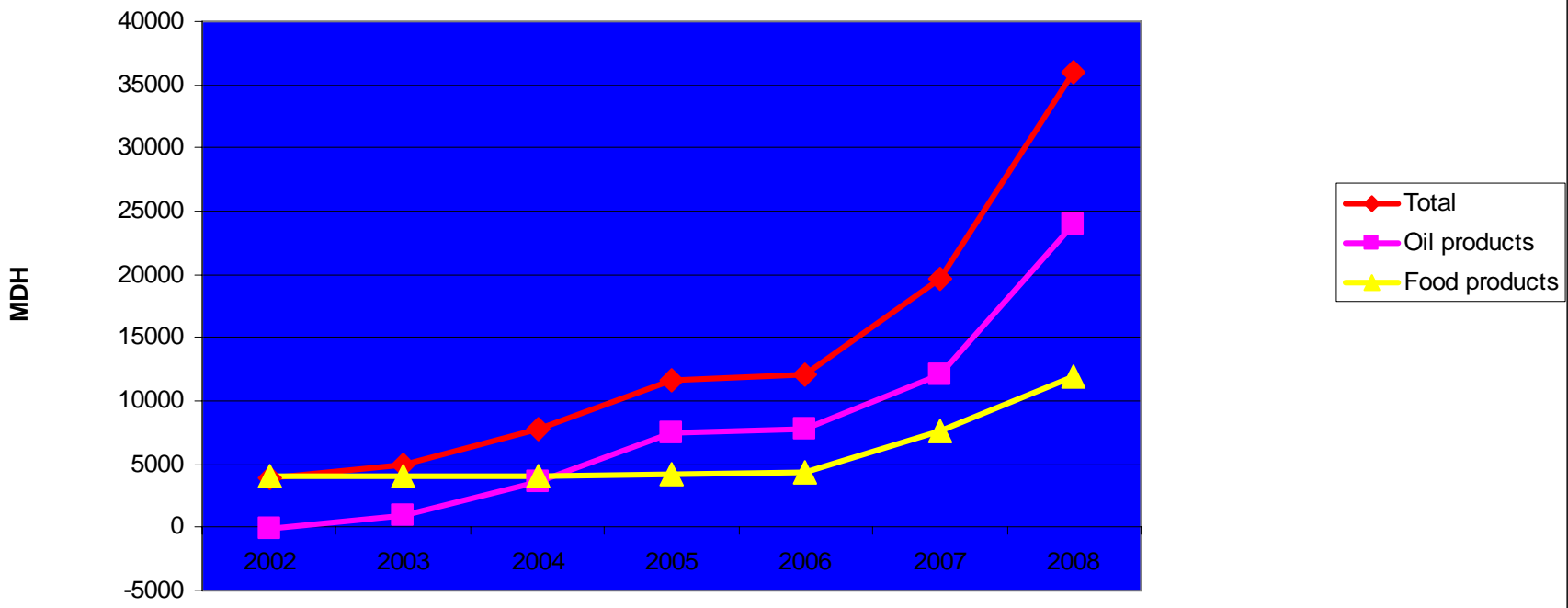
1 Impacts and mitigation measures

The inflationary effect of the rise in staple food and oil prices in 2007 was mitigated by a number of measures taken by the Government:

1. Freezing the mechanism of fuel prices indexation to oil price on international markets;
2. Reducing/Suspending import duties on some staple food (soft wheat, durum wheat, barley, UHT milk, powder milk and butter)

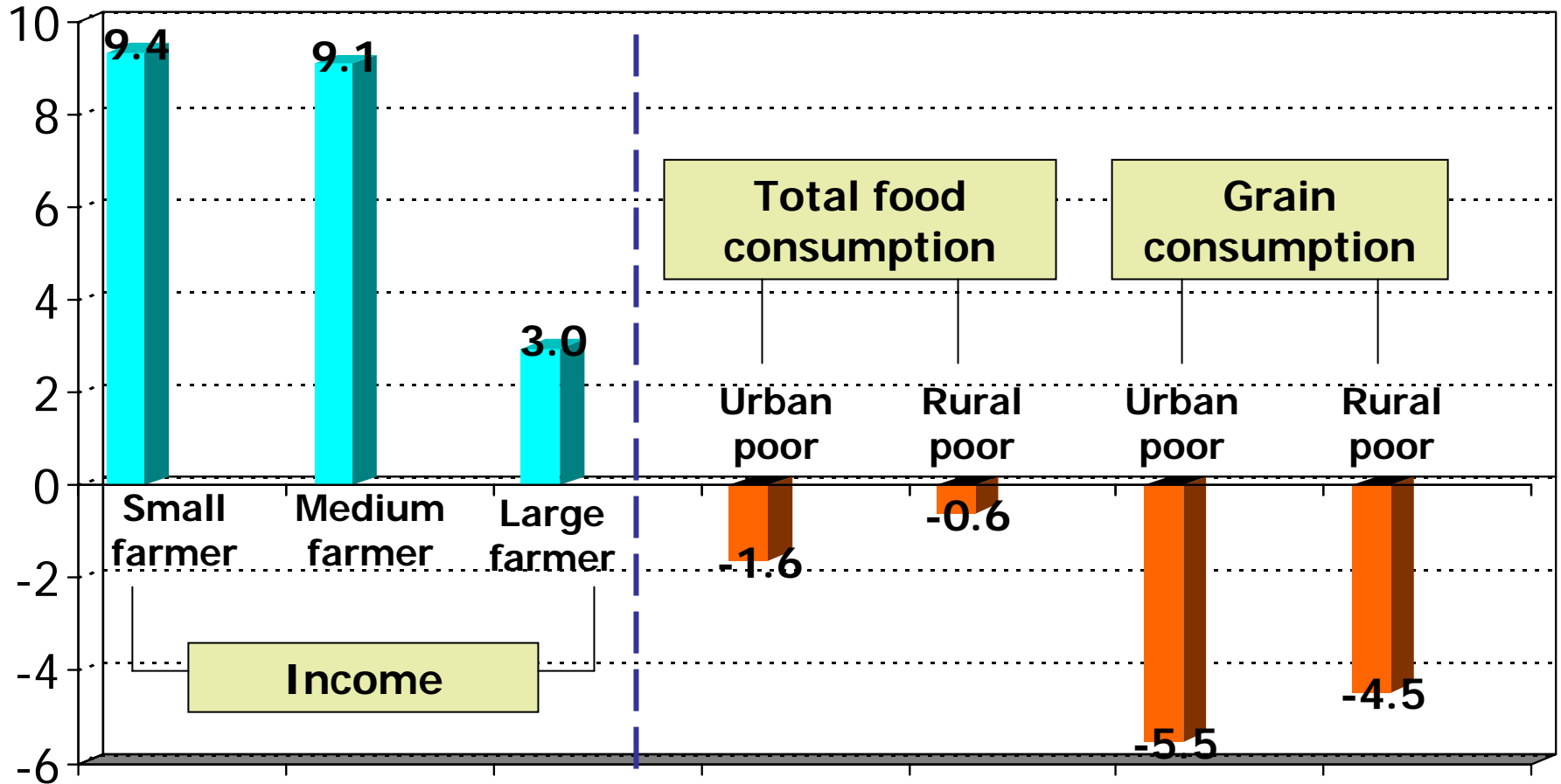
1 Impacts and mitigation measures

SUBDIZATION FUND EXPENDITURES (MDH)



Small farmers benefit more from such price increase, while poor consumers hurt

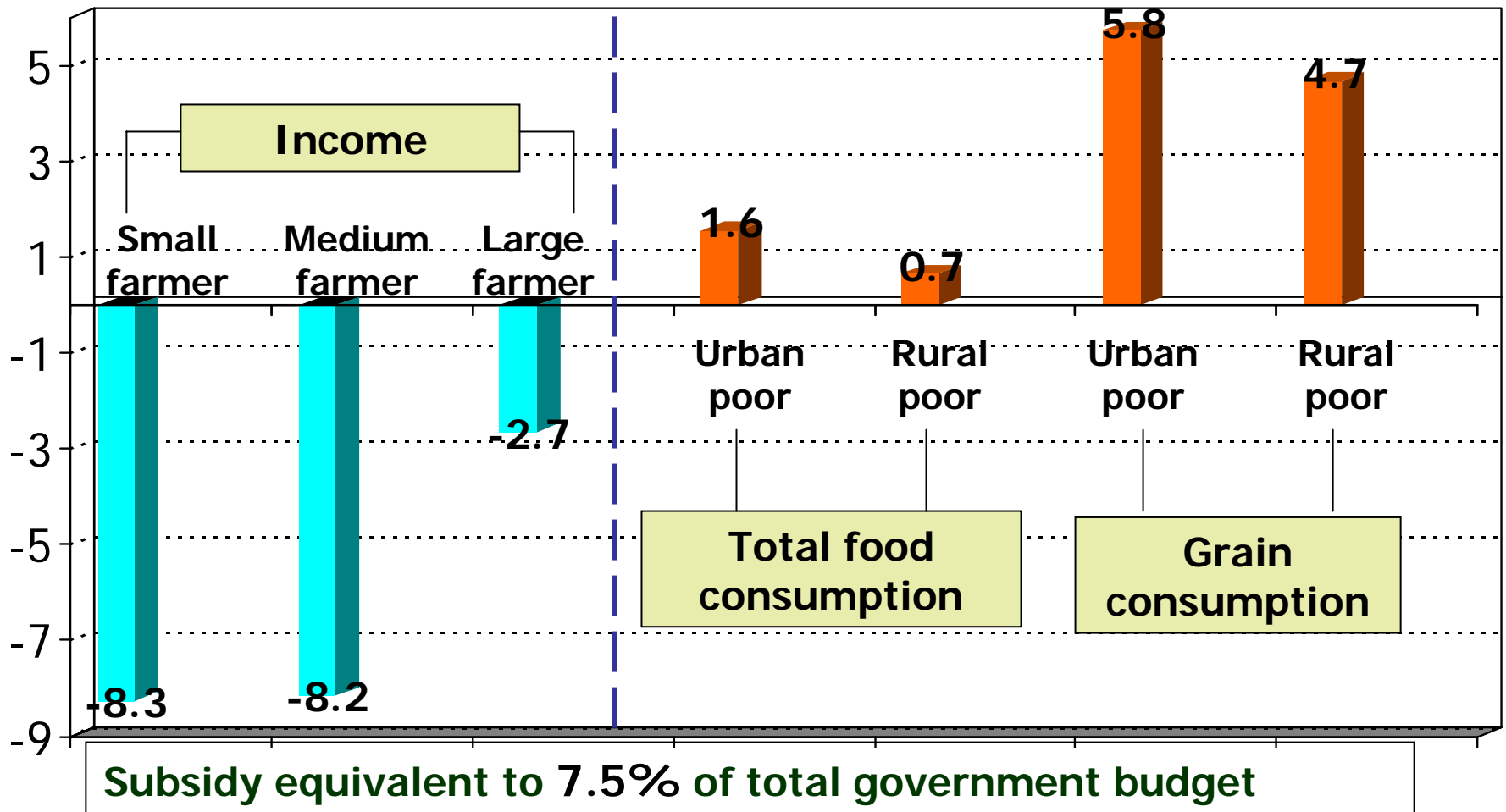
(% change from the base year under the scenario without any policy intervention)



Source: New Morocco CGE model results

Import subsidy compensates the poor consumers but the small farmers lost the gains from the price increase

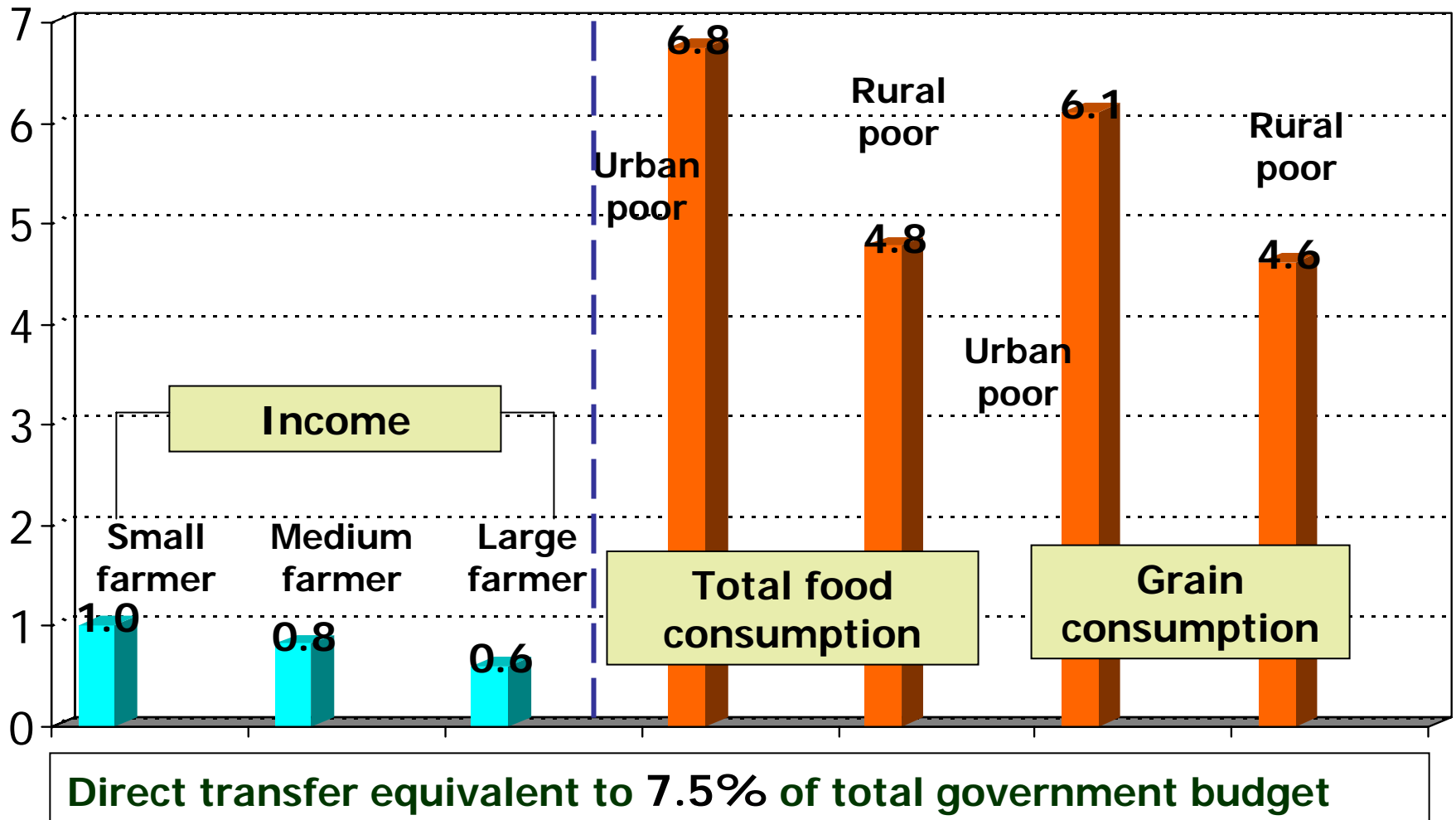
(% change due to import subsidy from the price rise scenario)



Source: New Morocco CGE model results

Targeting the poor consumers through direct transfer benefits both

(% change due to the direct transfer from the price rise scenario)



Outline

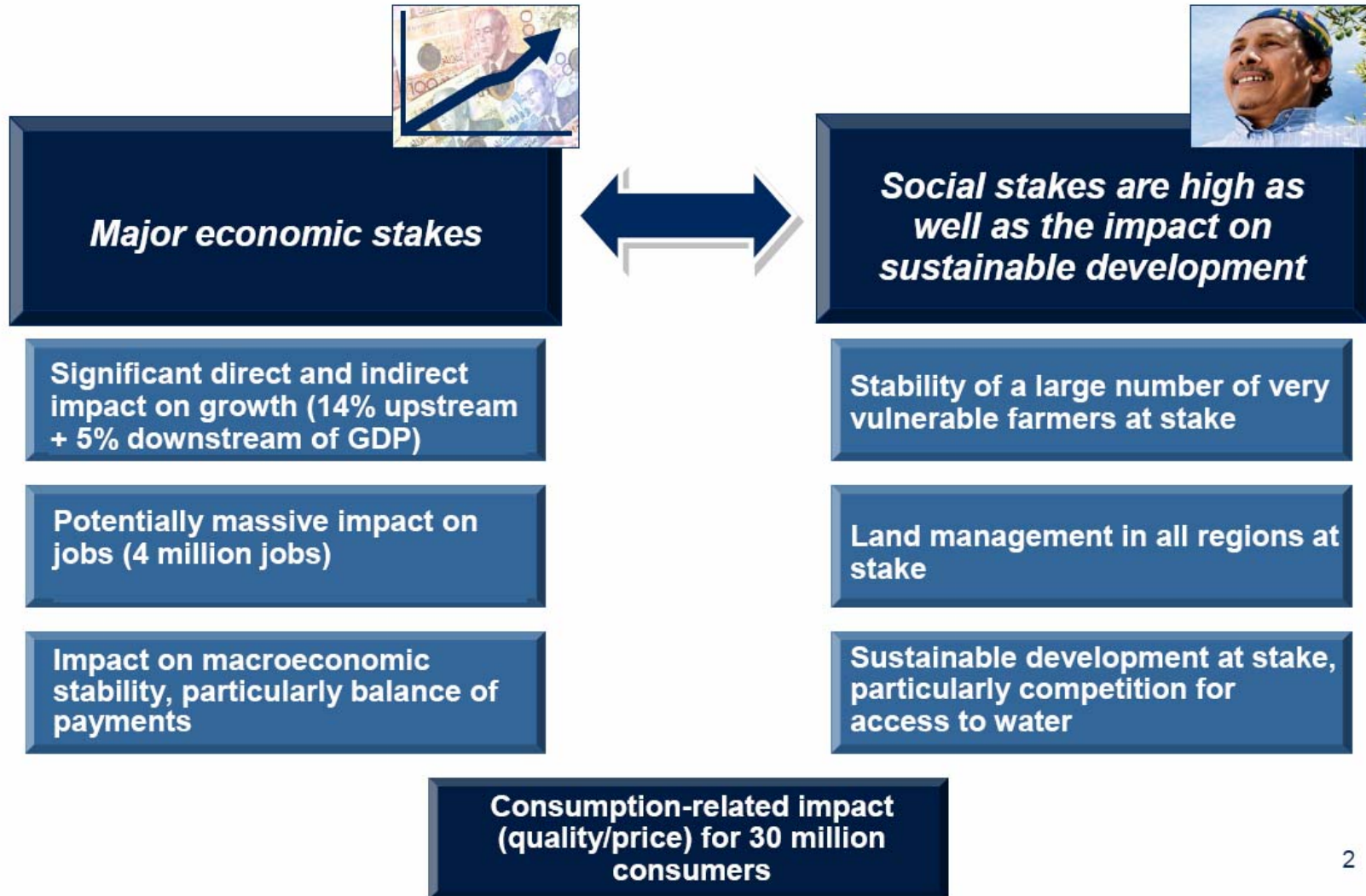
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2

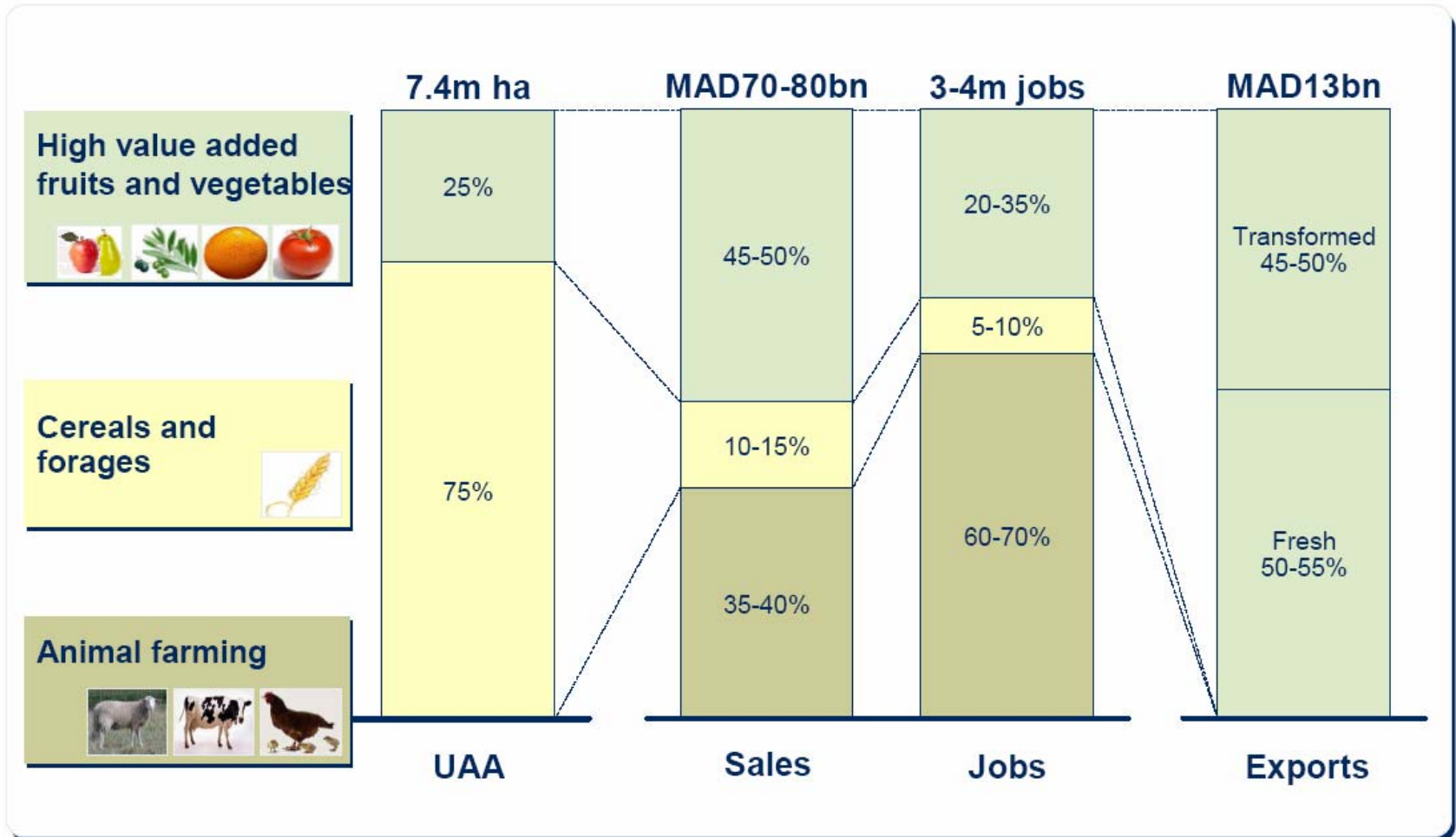
« The Green Morocco »

Moroccan agriculture socio-economic stakes



« The Green Morocco »

SURFACE AREAS DOMINATED BY CEREALS, EXPORTS BY HIGH VALUE ADDED FRUITS & VEGETABLES AND JOBS BY ANIMAL FARMING

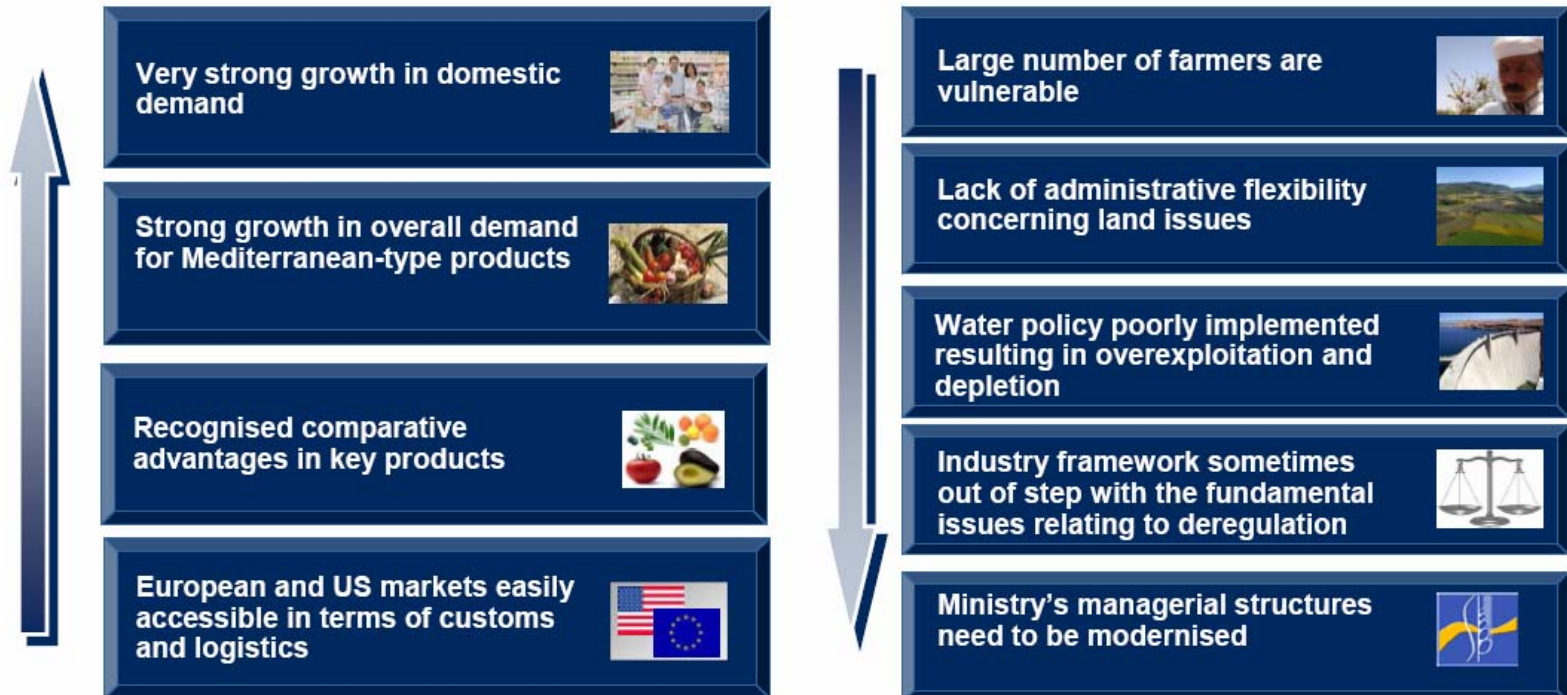


MOROCCAN AGRICULTURE AT A CROSSROADS



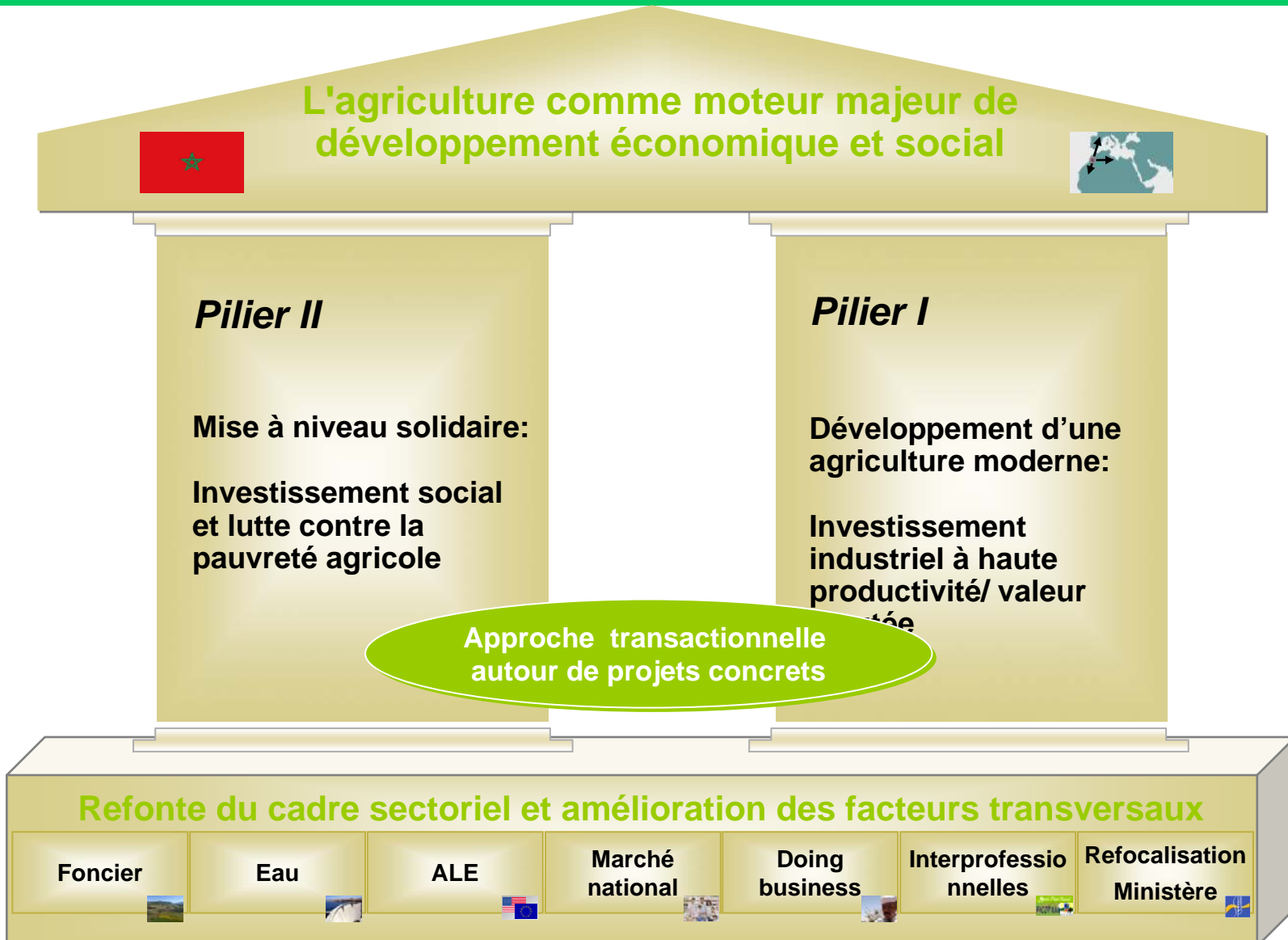
Huge opportunities...

... but major obstacles still exist



2 « The Green Morocco »

Reform strategy built around 2 Pillars



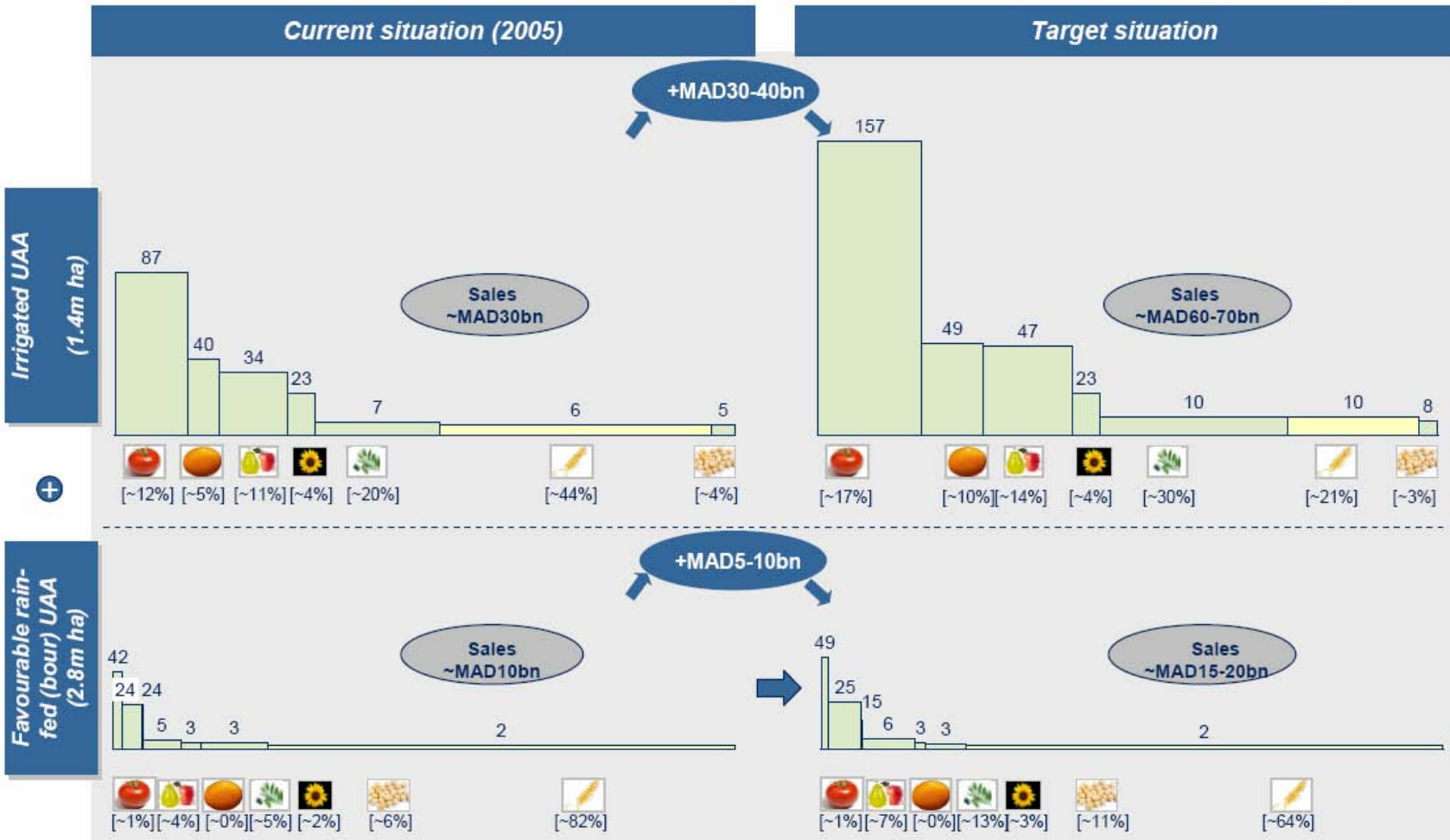
« The Green Morocco »

CONVERSION OF ABOUT 1.4 MILLION HECTARES IN THE CONTEXT OF « PILLAR I » BY 2015

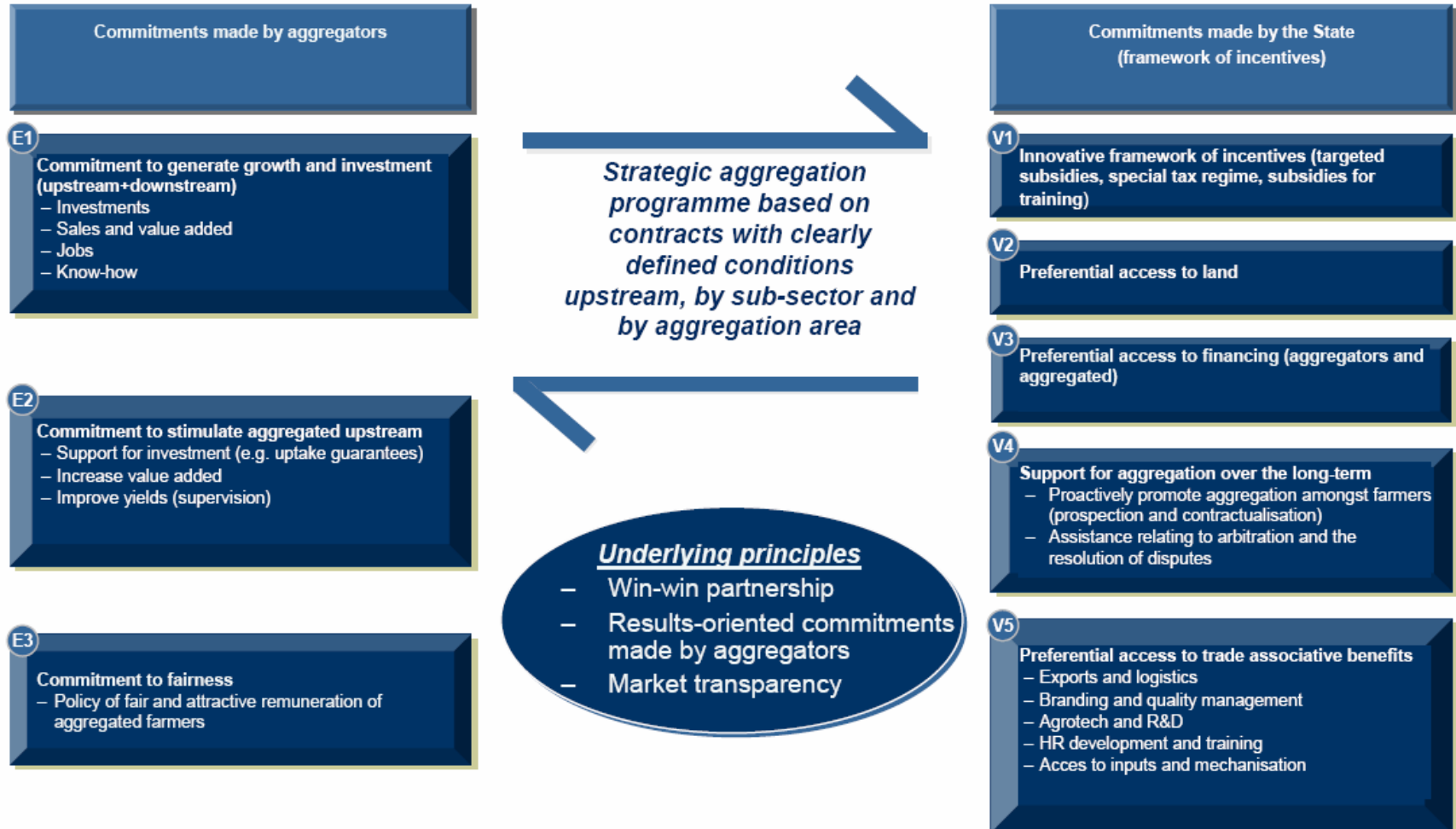
Producer sales per hectare and UAA

[X%] share of surface area

- Olives
- Citrus
- Cereals
- Garden and other vegetables
- Other fruits
- Industrially-cultivated

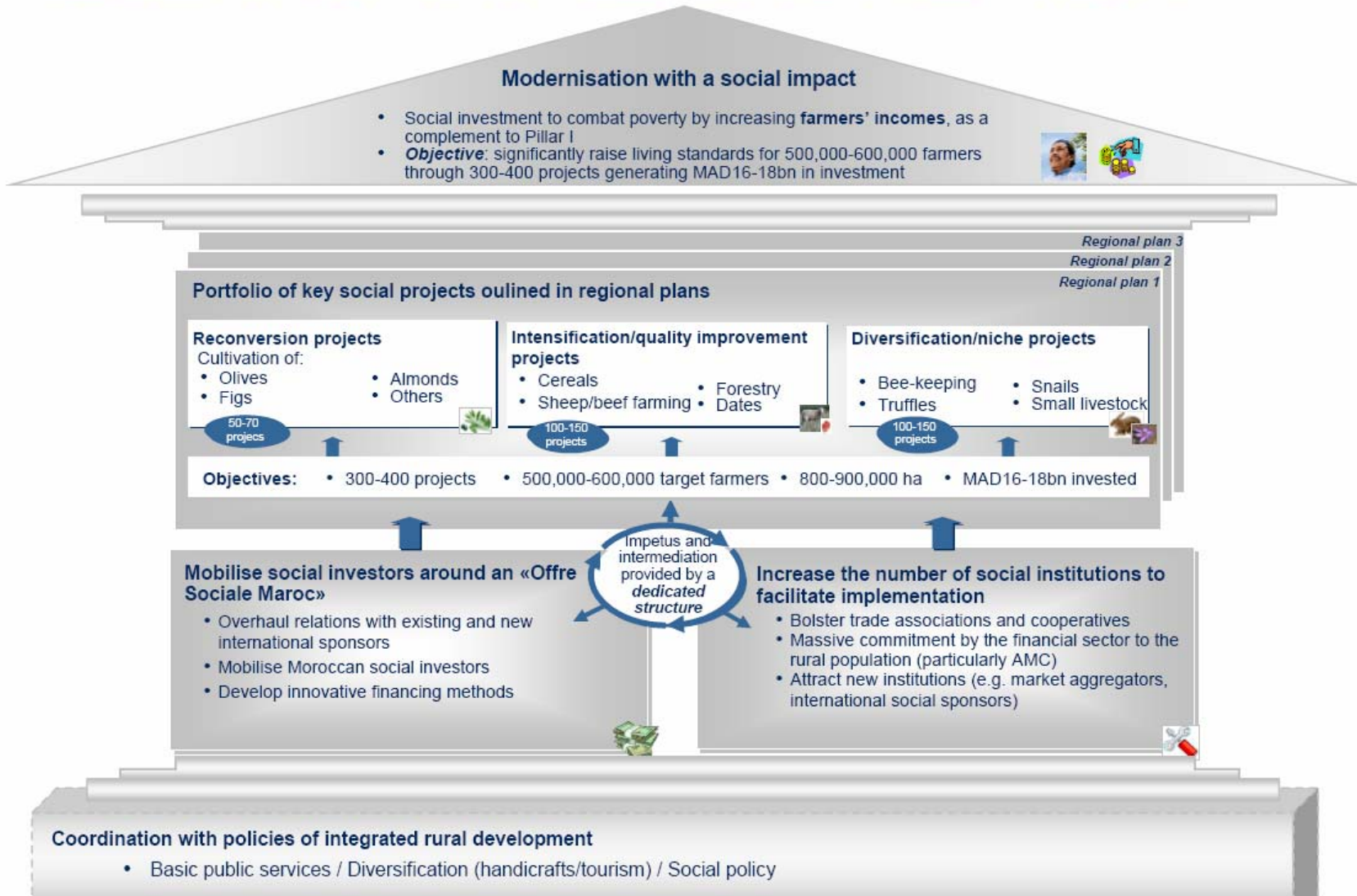


« OFFRE MAROC » FOR INVESTORS – A WIN-WIN PARTNERSHIP IN THE CONTEXT OF AGGREGATION



« The Green Morocco »

PILLAR II STRATEGY STRUCTURED AROUND THREE PROJECTS



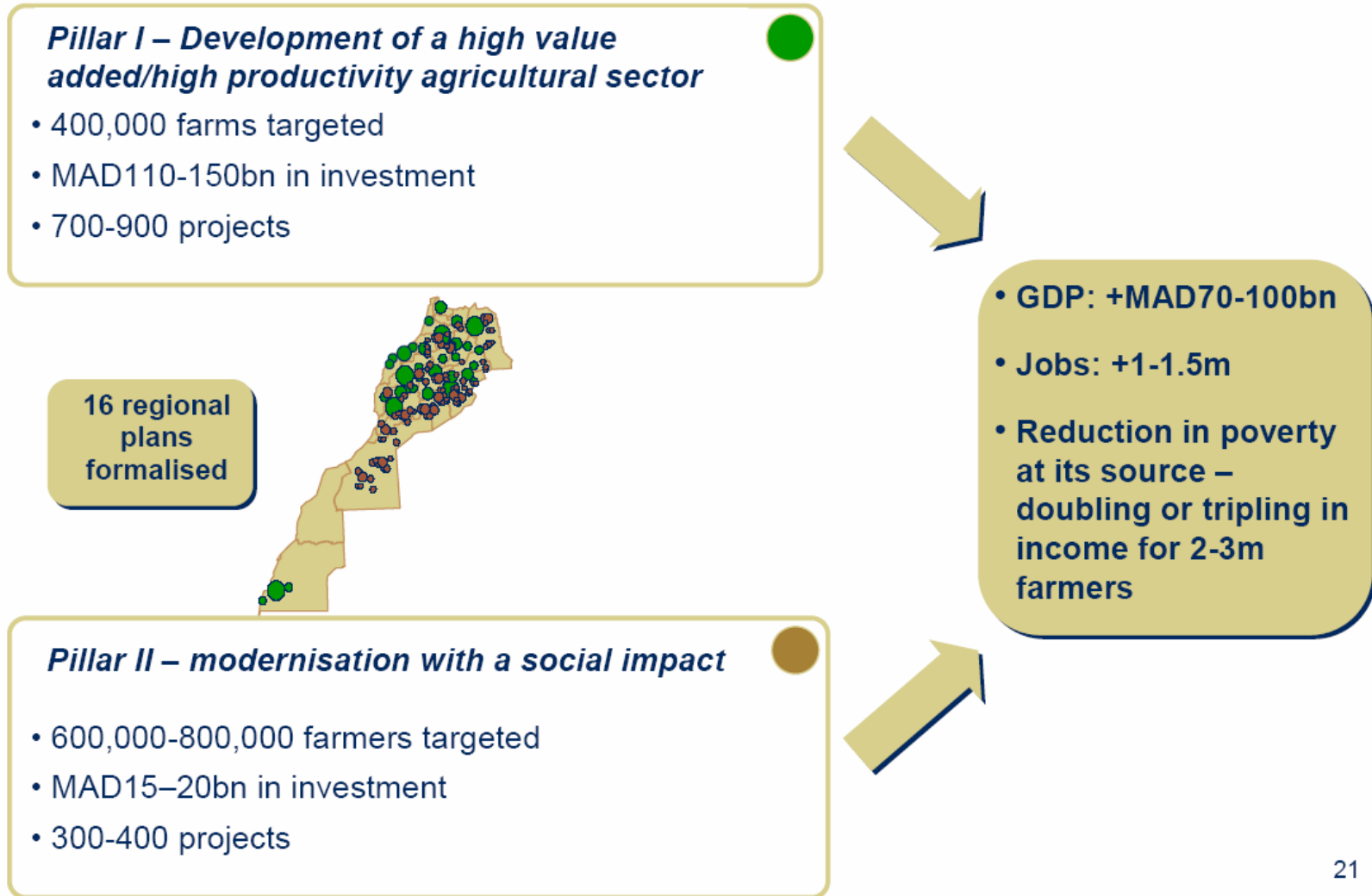


« The Green Morocco »

« OFFRE SOCIALE MAROC » - A UNIQUE VALUE PROPOSITION WITH FOUR DIMENSIONS



POTENTIALLY HUGE IMPACT IN ECONOMIC AND SOCIAL TERMS



1. National policies in Developing Countries

1. Increase investment in agriculture, rural infrastructure and market access for farmers
2. Expand social protection (rural and urban) for the poorest

2. Global policies and Development Aid

- Eliminate agricultural trade barriers, incl. stop biofuels subsidies
- Expand aid to agriculture and rural services
- Increase support to science and technology and facilitate technology transfer
- Expand food development aid incl. social protection, child nutrition

