Morocco's Industrial Acceleration Plan (2014- 2020) and its implications for the structural transformation process

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Abstract:

In this paper we analyzed the indicators of the structural Transformation of the Moroccan economy before and after the implementation of the Morocco's Industrial Acceleration Plan(2014-2020), and we conclude that The structural transformation of the Moroccan economy is slow and takes the form of a shift from an agricultural economy to a service economy without passing through the historical intermediate phase of industrialization.

As well The Moroccan manufacturing sector is experiencing a dual internal process consisting of a decline of traditional industries such as textiles and leather that is insufficiently compensated for by the emergence of new industries such as the mechanical, metallurgical and electricity industries, which requires that the structural transformation process be strengthened through two directions: The first is related to the acceleration of the diversification pace; the second is a change in nature of the process through its reorientation towards more dynamic and new technology-intensive products

Keywords: Industrial Acceleration Plan, structural transformation, Moroccan economy.

JEL Classification Codes: L60, O25, O40, P28

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1. INTRODUCTION

Morocco is now more than ever threatened by the trap of middle-income economies. On one hand, it is caught between increased competition from low-income countries in low productivity and labor-intensive sectors and, on the other hand, the difficulty of accelerating its pace of structural transformation towards activities with higher value added and higher technological content, the high volatility of raw materials prices, coupled with the recent year's crises, had slowed down the economic growth and showed a high vulnerability of Moroccan economy to shocks, despite its low level of integration into the global markets, stressing the need of a structural transformation.

Experiences of both developed and emerging countries, especially Asian ones, show that these countries achieved a real development mainly through the structural and deep transformation of their economies, similarly, studies show that the transition from low-income countries to medium-income countries depends on a strong transformation of the economies and emphasize the role of the States through the industrial policy in this process.

Indeed, the status of the economy implies to conduct an effective industrial policy, which should encourage private investment and orient it towards the most dynamic and complex sectors. **Depending on this, the following problem can be raised**:

How much structural transformation has taken place in morocco over the period (2000-2018)? And what are the implications of Morocco's Industrial Acceleration Plan (2014- 2020) on its structural transformation process?

For that question we put the following hypothesis: Morocco's industrial plan (2014-2020) has a positive effect on structural transformation process.

1.1. Search importance and its objective:

The importance arises from the importance of structural change, which constitutes one of the main ingredients of economic development

since the reallocation of resources is expected to generate higher overall productivity and therefore higher incomes.

Industrialization is also a key factor in the structural transformation needed by morocco country in the subregion to diversify its economy and reduce the volatility of its growth. Structural transformation is also crucial to addressing the many social challenges they face, such as unemployment, as for the objective of this study is to explore Morocco's industrial plan (2014- 2020) and its implications for the structural transformation process.

1.2. Methodology:

We relied on the analytical descriptive approach to highlight the literature review concerning our paper, also to explore Morocco's industrial plan (2014- 2020) and its implications for the structural transformation process.

1.3. Search Sections:

The study has the following section: The first section of the paper provides a brief literature review on structural transformation and the industrial policy, section too presents the structural transformation Policies Overview in Morocco, while section three presents Overview of industrial policy in morocco,Section four Morocco's industrial acceleration plan implications for the structural transformation process, and finally concludes.

2. Literature review on structural transformation and the industrial policy:

2.1. Definition of Structural transformation:

Economic growth theories emphasize that technical progress and physical and human capital accumulation are all key drivers of gross domestic product (GDP) growth. However, at earlier stages of development, growth is concentrated in a limited number of low productivity sectors, with limited technological improvement. Growth then occurs mainly through the emergence of new and more productive activities.

This process, called structural transformation, involves the reallocation of resources from old to new activities and from less to more productive sectors,this is an old idea in development economics, going back at least to Arthur Lewis, who drew attention to large productivity gaps between economic sectors in developing countries (rural and urban sectors, for example) and indicated that the reallocation of labour from traditional to modern activities would lead to substantial productivity increases.

The **UNCTAD** defines the structural transformation Also denoted as structural change, structural transformation refers to the movement of labour and other productive resources from low-productivity to high-productivity economic activities.Structural transformation can be particularly beneficial for developing countries because their structural heterogeneity – that is, the combination of significant inter-sectoral productivity gaps in which high-productivity activities are few and isolated from the rest of the economy – slows down their development (UNCTAD, 2016, p. 4)

The **Economic Commission for Africa** defines structural transformation as the fundamental changes in economic and social structures that foster equitable and sustainable development (ECA, 2018, p. 8), and the core objective of accelerating structural transformation, has three intrinsic dimensions that need to be assessed: employment, production, and society.

2.2. Importance of Structural Transformation:

Structural transformation can generate both static and dynamic gains. The static gain is the rise in economy-wide labour productivity as workers are employed in more productive sectors. Dynamic gains, which follow over time, are due to skill upgrading and positive externalities that result from workers having access to better technologies and accumulating capabilities. Productive structural transformation can be defined as the structural transformation process that simultaneously generates productivity growth within sectors and shifts of labour from lower to higher-productivity sectors, thereby creating more, better-remunerated, more formal, and higher-productivity jobs (UNCTAD, Structural Transformation and Industrial Policy, 2016, p. 6)

2.3. Structural Transformation and the role of Industrial Policy:

Given the importance of structural transformation for economic growth, industrial policy can be defined broadly as measures to alter the allocation of resources within an economy in favour of manufacturing industry and within the sector to shift resources in line with a strategic view of where the greatest growth potential lies (Weiss, 2011, p. 11)

As labour shifts from lower to higher productivity sectors, value added increases and rapid technological change further boosts economic growth. This explains why structural transformation is associated with faster economic growth. For many years, thinking about industrial policy was shaped by the unsuccessful import substitution experiences in many parts of the developing world. Those who are against government intervention for industrial development tended to deny the successful experiences of East Asian countries as an outcome of industry policies in these countries. (UNIDO, 2017, p. 70).

Today, there is a renewed interest in industrial policy to achieve greater competitiveness in the world economy. This is also true for some low income countries that emerged from periods of colonial rule and have experienced distortions in their economies, which arguably held back economic progress, and failed to realize structural transformation.

2.4. Designing Industrial Policies for Structural Transformation:

In order to improve the business environment and attain a structural transformation towards sectors with high growth potentials, governments adopt diverse policy interventions. These interventionist policies can be selective or functional industrial policies. Selective (or vertical) policies aim to attain structural transformation by targeting specific sectors, technologies or tasks. These sectors are believed to promote productivity, job creation, technology transfer, export and growth. On the other hand, Horizontal policies would include neutral policies such as getting the macroeconomic fundamentals right, maintaining a competitive exchange rate, providing an educated workforce and improving the business

environment; they can also include non-targeted interventions such as providing subsidies to R&D and training or other forms of across the board subsidies and trade policy (FEMISE, 2015, p. 4)

3. Structural transformation Policies Overview in Morocco:

Morocco is the fifth largest economy in Africa1 and it has a per capita income of $2,833 (2016), which places it in the lower band of middle-income countries. Morocco is stable politically and in terms of security and has put in place an institutional framework that is attractive to investment and conducive to doing business. The quality of its human capital has made tangible progress as a result of improved availability of and access to basic social services. Persistent challenges nonetheless remain, especially a lack of facilities in rural areas, the macroeconomic reforms the country has put in place, accompanied by a multitude of sectoral strategies, have improved the economic resilience of the country, although job creation, especially for the young, is still a major challenge.

Morocco does not have a single national development framework, but a plethora of sectoral strategies with varying objectives and timelines:

3.1. The Industrial Acceleration Plan 2014-2020:

The Industrial Acceleration Plan follows the Emergency Plan and aims to make industry a major driver of growth. The new industrial strategy assigns to the sector the following general objectives to be achieved by 2020 (Ministry, 2020) :

- The creation of half a million jobs, half of them from foreign direct investment (FDI) and half from an overhaul of the industrial fabric;
- A nine-point increase in the share of industry in gross domestic product (GDP), taking it from 14 to 23 % by 2020.

3.2. The Green Morocco Plan: the strategy of the Green Morocco Plan concerns the agriculture and agro-industrial sectors, these sectors play a decisive role in the macroeconomic balance of the country since they carry a very large social burden. The objective of this plan is, first, efficient agriculture through a new wave of private investment organized around new fair aggregation models, and, second, to develop an approach directed

towards fighting poverty by significantly increasing the agricultural income of the most vulnerable farmers, especially in outlying areas (ECA E. C., 2016, p. 4)

3.3. Vision 2020 for development of the tourism sector: The commitment of Vision 2020 is to continue to make tourism a driver of development in Morocco. The precise objective is to make Morocco one of the 20 most visited destinations in the world by 2020 by doubling the size of the sector and accommodation capacity, with the creation of 200,000 further beds. This new capacity should make it possible to double tourist arrivals: the aim is to create 470,000 new direct jobs and that tourist revenue should reach 140 billion dirhams (DH) by 2020. Vision 2020 also includes the promotion of domestic tourism (ROUDIES, 2013, p. 3)

3.4. The Moroccan Solar Plan: The Moroccan Solar Plan was launched in 2009 and is part of a far more ambitious programme on the energy strategy of Morocco, which is based on the use of renewable energy. The use of the considerable potential in this regard will enable the country to cover a substantial proportion of its energy needs, and reduce its energy dependency and its greenhouse gas emissions. The national plan is supplemented by other sectoral strategies that target marine fishing, crafts and logistics, among others.

In addition, in order to reduce the effects of external crises on the national economy, Morocco recently reformed its exchange rate regime by introducing a flexibility mechanism that allows some fluctuation of the national currency, also the preparation of the National Sustainable Development Strategy 2016-2030, adopted in 2017, is a product of these two reference frameworks.

4. Overview of industrial policy in morocco:

4.1. Main features of industrial policy:

Morocco's industrial history is comprised of several phases, these phases refer to clearly defined industrial policy choices and shifts, generally related to broad and proactive economic development policies, this implies that the State plays a direct and dominant role in industry or, on the

contrary, that it limits its role to supporting the development of the private sector.

The first phase was characterized by controlled and planned economies with a highly interventionist state. This was the case of Maghreb countries in the 1960s,the main thrust of industrial policy was in favor of greater protectionism and much more prominent role of the State. During this phase, the establishment of heavy industry and an imports substitution industry justified numerous nationalizations. The major industrial policy choices were therefore made in favor of developing an import substitution industry through a deliberately interventionist policy and a number of protectionist measures

In the 1970s Morocco initiated an attempt to open its economy and encourage private initiative through a number of measures and laws in favor of a more liberal industrial policy. openness to foreign direct investment was accompanied by incentives for private initiatives aimed, ultimately, at replacing FDI.

The structural adjustment plan also led the authorities to adopt the World Bank and the International Monetary Fund's (IMF) new development policy standards in the 1990s. These standards were in favor of a less interventionist State and the establishment of the principles of an open market economy (private property, opening up national markets and competition). They also implied a partial implementation of the Washington Consensus' structural reforms (liberalization of foreign trade, deregulation of the financial sector, and privatization).

In parallel with the liberalization of trade, free trade agreements were concluded, in particular the agreement with the European Union signed in 1996 and implemented in 2000.

In Morocco, the 2000s marked a turning point in terms of the role of the State in the design and implementation of industrial policy. This turning point was influenced by the experience of new Asian industrialized countries, where state intervention was instrumental in boosting the competitiveness of domestic industry. Thus, during the first half of the 2000s, Morocco introduced measures to promote investment as well as tax exemptions. The Emergence Plan was launched in 2005 and updated in

2009 to become the National Pact for Industrial Emergence .It targeted specific sectors such as automotive, aeronautics, electronics, textiles, the agrifood industry, etc. It was used to direct exports to high-growth markets (l'Afrique, 2017, p. 23)Incentives for domestic and foreign investment were provided for economic and social development. Beginning in 2014, the Ministry of Industry, Trade, Investment and the Digital Economy adopted a new program, the Industrial Acceleration Plan (IAP) 2014-2020, which introduced a new industrial ecosystems-based approach. Their role was to foster the development of targeted and mutually beneficial strategic partnerships between industry leaders and VSEs/SMEs (Very Small, Medium-Sized Enterprises).

4.2. Industrial Acceleration Plan (2014–2020):

The new Industrial Acceleration Plan (IAP) is based on three pillars: stability, ability to attract, and efforts made towards developing infrastructure. It is part of a particular context of working to reduce unemployment. According to the Ministry of Industry, the aspiration is to create 500,000 jobs and increase the industry's contribution to Morocco's GDP from 14 to 23 % by 2020. However, given the progress made by the NPIE, these objectives are probably not very realistic (industry, 2014).

The general approach of the IAP aims to create jobs in the most promising export sectors. The driving idea is to promote the emergence of an industrial ecosystem, unifying corporate group leaders who possess the required impetus to attract (particularly foreign) investors and professional associations. The state supports job creation by signing "contracts" that grants these associations' advantages in terms of access to land, taxation and establishment (Guesmi, 2018, p. 11)

Moreover, for the first time within the textile sector has been the emergence of a long-term vision, enshrined in the Textile Plan 2025 (Alami, 2015, p. 6)

As with the NPIE, it is difficult to evaluate or estimate the success of this plan, especially because its implementation remains in progress. It would appear that the objectives in terms of the number of jobs created will struggle to meet the declared ambitions. It is also unclear whether these

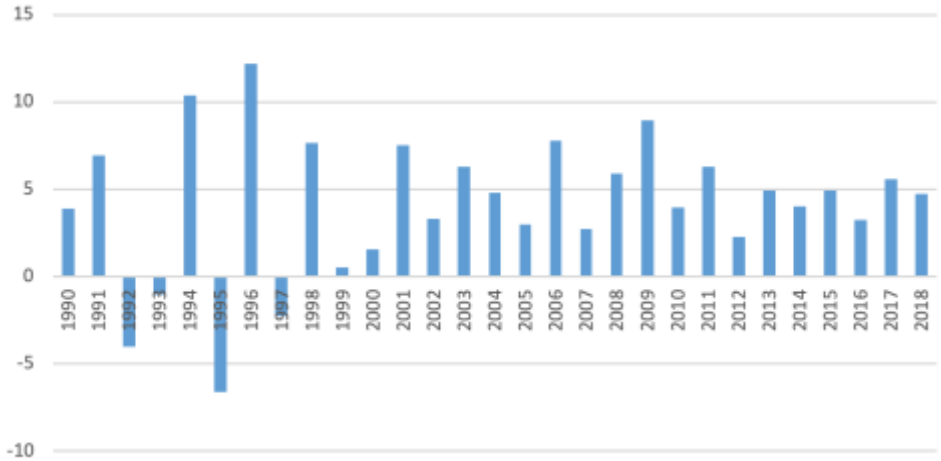
plans will prove sufficient to rectify the different distortions in the Moroccan industry even if industrial fabric fragmentation is taken into account. The media has expressed positive perspectives that can be difficult to document and that are based on the success of the automobile sector. Peugeot is relocating to Kenitra and should produce 90,000 vehicles per year from 2019. Boeing plans to relocate to Tangier in 2019 and create 8,500 jobs (Iraqi, 2017, p. 65).

5. Morocco's industrial acceleration plan(2016-2020) implications for the structural transformation process:

5.1. Economic growth and Diversification:

Morocco's real GDP growth is established on average at 4.48% over the period 2000-2017, with growth of 5.59% in 2017 against 1.59% in 2000. Despite sinusoidal economic growth over the 2000 period -2017, the Moroccan economy remains resilient. The average level of economic growth has remained above that of North African countries (3.42) and of all African countries (4.32).

Figure1: Morocco's GDP growth rate (1990-2018)



Source: Organization for Economic Cooperation and Development (OECD) (2017).

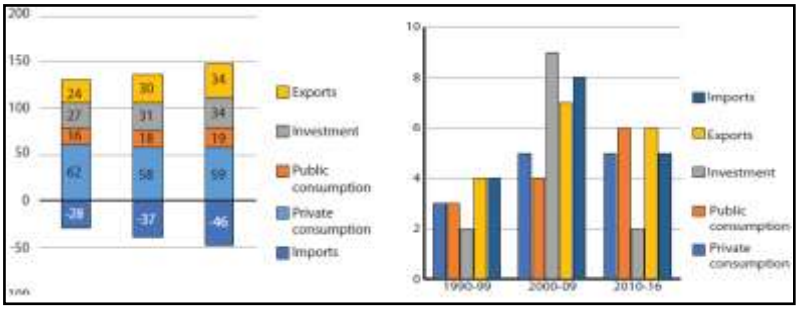
Development of the primary sector, dominated by agricultural activities, is strongly dependent on rainfall and therefore develops erratically according to the quality of the agricultural campaign. Years of

drought, such as 2012 and 2016 in Morocco, strongly impact agricultural production and negatively affect national value added. In order to mitigate this dependence on rainfall, the country has put in place an agricultural development strategy, the Green Morocco Plan, which aims to promote activities with high value added such as forestry, market gardening and olive growing, and to reduce the proportion of low productivity activities such as animal husbandry and cereals.

While the Moroccan economy is still dependent on cereal production, which is highly dependent on rainfall, the country has not experienced a recession since 1998. The Green Morocco Plan has reduced the volatility of growth in agricultural value added, without eliminating it completely. The secondary sector, 60% of which consists of transformative industries, is undergoing steady positive change, with the exception of the extractive industries that make up between 8 and 15% of the sector, depending on the year, and are reliant on global demand (L'Afrique, 2018, p. 20)

In 2009, the precipitate fall in sales of phosphates and their derivatives, the main mined resource of the country, following the global financial crisis alone explains the fall in the growth rate of the secondary sector recorded that year. In Morocco, transformative industries accounted for only 15.91 % of the value added produced in 2016. The structural transformation of the country therefore requires a move from an agricultural economy to an economy whose vitality is ensured by the tertiary sector to the detriment of industrialization.

Figure 2: Composition of GDP (%) Figure 3: Growth of spending (%, average)



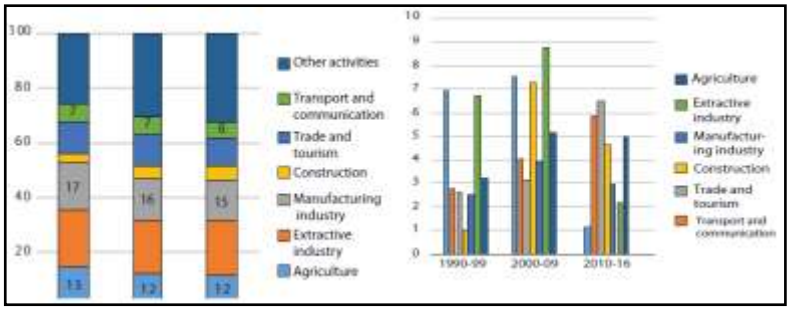
Source : UNCTAD, data base(2017).

The different activities in the transformative industries are undergoing various changes. The Moroccan economy is in fact experiencing a dual internal process characterized by the decline of traditional industries such as textiles and leather and the emergence of new ones such as the mechanical, metallurgical and electricity industries. The relatively high growth of the agrifood, chemical and parachemical industries also helps to make up for the decline of traditional activities.

Nonetheless, the development of new sectors of industrial activity does not yet compensate for the decline in traditional activities, in spite of national efforts to support industrialization through the policy to develop the "new global professions".

The tertiary sector contributes steadily to the development of national value added. The drivers of the sector are public administration, trade, financial services and real estate, and business services.

Figure 4: Composition of gross value added (%) Figure 5: Sectoral growth, main sectors (%,average)



Source : UNCTAD, data base(2017).

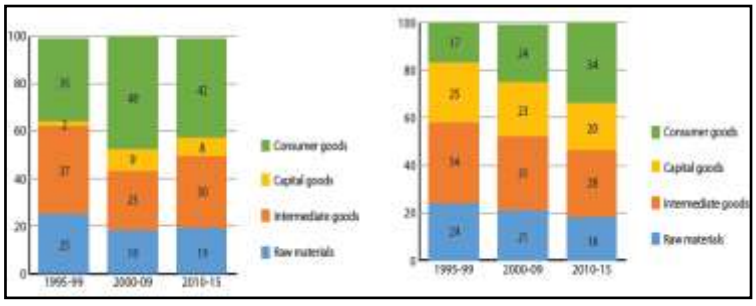
5.2 Export Diversification:

In 2015, Morocco had a score of 0.163 on the Herfindahl-Hirschmann Index, close to the scores of Tunisia and Egypt. The country had barely improved its score over the previous 20 years, however, since its current level corresponds to the score recorded in 1995, which was 0.165. Its more dynamic neighbours, Tunisia and Egypt, improved steadily, from

scores of 0.212 and 0.302 respectively in 1995, much higher than that of Morocco, to scores of 0.141 and 0.14 in 2015. The stagnation of the level of concentration of the export products of the country and the results achieved by comparable economies show the potential for improvement upon which national policies need to capitalize.

An analysis of the trading partners of Morocco shows a strong concentration of its exports to certain countries, despite some slight diversification in recent years. At 68 % , the share of the ten largest customers of the Kingdom was very substantial during the period 2007-2014, despite a 10-point fall from its level in 2000-2007, when it was 78 % . Europe is traditionally the largest customer of Morocco. In 2015, the European Union accounted for 63.7 % of Moroccan exports. It is also its largest supplier, with a market share of 53.4 % . In 2015, Spain, the largest customer and supplier of Morocco, had a market share of 14.4 % , followed by France with 12.4 % these two largest partners were followed by Italy, India and the United States of America with regard to customers, and by China, the United States and Germany with regard to suppliers.

Figure 6: Exports of goods by use (%) Figure 7: Imports of goods by use (%)



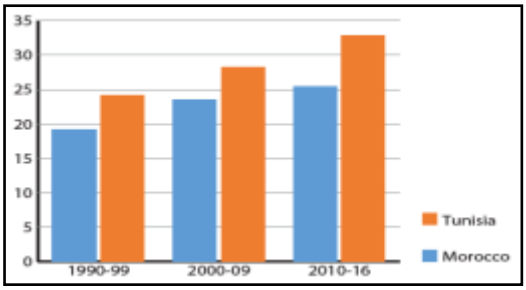
Source : UNCTAD, data base(2017).

Trade in intermediate goods is relatively large, in 2015 accounting for 27.52 % of the exports of Morocco and 29.84 % of its imports. These figures confirm the relative integration of the national economy in global production circuits. The integration of the Moroccan economy in global and especially regional production circuits would allow exports of intermediate goods to be promoted. The example of the development of the automotive,

aeronautical and electricity industries, which led integration in global value chains, could be extended to other sectors of activity.

After recently becoming part of certain global value chains with s strong technological content, the country wishes to improve its integration rate. The share of domestic value added in exports is often used as an additional indicator to measure the degree of integration of an economy in global value chains (L'Afrique, 2018, p. 23).

Figure 8: Share of foreign value added in exports (%)



Source: Organization for Economic Cooperation and Development (OECD) (2017).

The share of domestic value added in exports in 2011 – around 75 % – is comparable to those achieved by Turkey and India, two large emerging economies with proven strong performances in the international market. The countries of south-east Asia, such as Singapore, South Korea, Taiwan and Thailand, whose economies are more open to global markets, naturally had weaker domestic shares, with scores around 60 %.

The industrial development to which the country aspires by relying on the "new global professions", particularly the automotive and aeronautic industries, through the current industrial policy set out in the Industrial Acceleration Plan 2014-2020, should enable it to improve its position in the product space by joining global value chains. Moroccan Ministry of Industry estimates of the national integration rate of the automotive sector at around 30 % are evidence of the weakness of the industrial fabric of the country in terms of offering significant production in the sector, despite the delocalization of part of the production of major global manufacturers. The Industrial Acceleration Plan aims to improve the national integration rate to

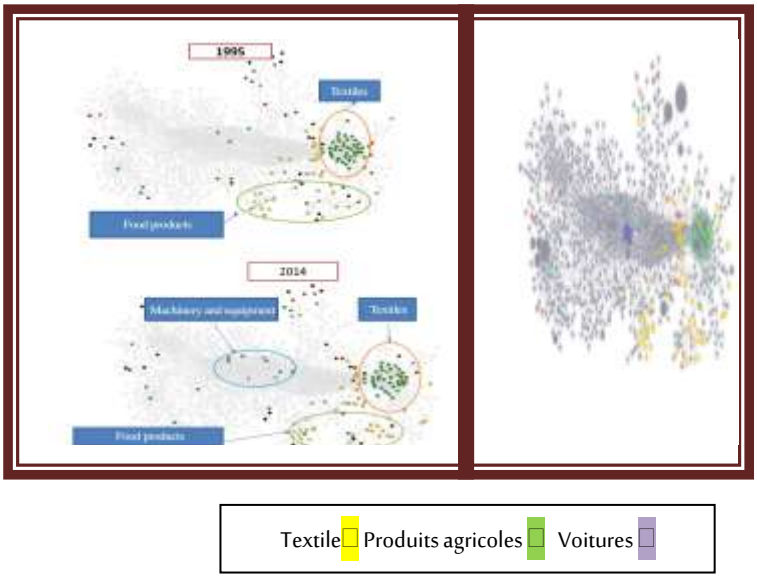
65% by 2020, which would enable the country to root its production firmly in this global value chain.

5.3. Economic complexity indicator:

Slow structural transformation is under way. The relatively slow process of industrial development of the country, particularly of manufacturing industry, can be explained by the positioning of its unsophisticated productive apparatus. In 2016, Morocco ranked 70th (of 89 countries) according to the economic complexity indicator (ECI). This indicator, which measures the level of knowledge and productive skills of countries by the sophistication of their exports and the diversification of the export structure per product, places the country among the countries of intermediate complexity, but quite close to the lower limit bordering

the countries of little complexity.

Figure 9: Product space (exports, 1995, 2014, 2015)



Source: (MOKRI, 2015, p. 5) plus The Atlas of Economic Complexity(2016).

Moreover, the changes the country has made in the "product space" are limited and demonstrate slow structural transformation.

The country is positioned mainly on unsophisticated products, such as textiles and agrifood, while its presence in products with high

technological content is weak. It should nonetheless be noted that, recently, Morocco has, especially through its new Industrial acceleration Plan 2014-2020, succeeded in positioning itself on more sophisticated products such as cars and aeronautical products. The identification of other sectors, most of which are among the best performing on the global market, including chemicals and parachemicals, electronics, pharmaceuticals, electricity and renewable energy, as priority sectors of the Plan should enable the country to improve its score and presence in global value chains in the medium and long term.

Analysis of the product space confirms the major lesson of the duality of the Moroccan productive structure, divided between new industrial sectors that are competitive on the global market, such as cars, chemicals, parachemicals and electronics, and other traditional sectors in which the industrial value added is steadily declining, particularly textiles and clothing.Thus, the textile and leather industries, which accounted for 16.05 % of the value added of transformative industries in 2007, accounted for only 10.55 % in 2016, while the "mechanical, metallurgical and electricity industry" went from a 23.19 % share in 2007 to 28.87 % in 2016. This two-speed development affects the performance of the entire industrial sector in terms of the integration of Morocco in global value chains (l'Afrique, 2017)

5.4. Productivity:

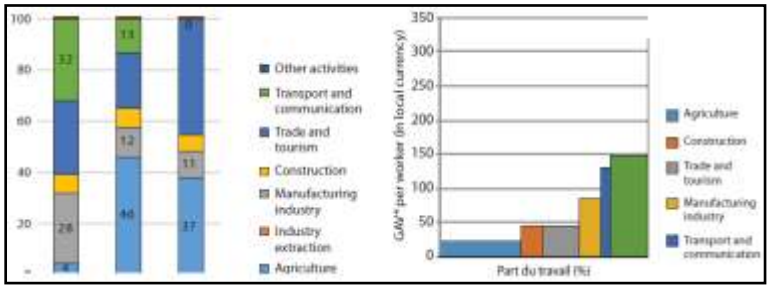
Changes in employment patterns confirm the development of the service sector, while the achievements of the new industries do not yet make up for losses in the traditional industries. The distribution of employment by sector shows a slow but steady change, characterized by a decline in the share of agriculture, from 45.2 % in 2005 to 38 %in 2016, and a rise in the share of services, from 35.1 % to 40.8 %.The share of the industrial sector has remained constant at around 21 % over the period. This points to a shift towards services in the Moroccan economy, the labour factor moving from the primary to the tertiary sector without the national economy undergoing industrialization (Achy, 2013, p. 10)

The current structural transformation is driven more by the development of sectors such as telecommunications and financial services than by industrial development

The Office of the High Commissioner for Planning notes that, during the period (1999-2014), an annual average of 8,000 jobs were created in the agricultural sector, compared with an annual average of 6,000 jobs during the period 2008-2014. The industrial sector lost an average 4,000 jobs during the period 1999-2014 and 15,000 during the period 2008-2014. With an average of 89,000 jobs created during the whole period, services have made up for the losses in agriculture and industry.

The sectoral distribution nonetheless shows quite large differences in momentum. The agricultural sector has the greatest potential for improved productivity and, through the transfer of jobs to other sectors, recorded a significant improvement in labour productivity averaging 9.2 % annually during the period (2008-2014). Similarly, the improvement of labour productivity in the industrial sector in 2008-2014 was almost zero, recording an average of only a meagre 0.1% of growth per year throughout the period. This situation is explained by the fact that Morocco has a two-speed industrial sector, the components of which develop in opposite directions. First, segments of very vibrant activities are driven by leading enterprises that have taken advantage of the policy to open up the economy to build competitive export strategies. Second, the performance of a great many enterprises in the traditional sectors has declined since the mid-2000s, according to the data of the Office of the High Commissioner for Planning.

Figure 10: Employment by sector (%) Figure 11: Share of labour and productivity



Source: Economic Commission for Africa, data base,(2018)

Regarding services,labour productivity has grown by an average 3.3% a year. Because of this, across different sectors, the Moroccan economy has very productive activities such as the extractive industry, the financial and real estate sectors, electricity production and the food industry, and others that are far less productive and therefore offer significant potential for improvement, such as agriculture, the textile industry, construction and public works.

6. CONCLUSION:

After analysis of Morocco's industrial plan (2014- 2020) and its implications for the structural transformation process, we arrived identify positive and also negative effects for this plan, which is:

6.1. Results:

- The structural transformation of the Moroccan economy is slow and takes the form of a shift from an agricultural economy to a service economy without passing through the historical intermediate phase of industrialization.
- the economic growth of the country continues to be highly dependent on rainfall and cereal production.
- The Moroccan manufacturing sector is experiencing a dual internal process consisting of a decline of traditional industries such as textiles and leather that is insufficiently compensated for by the emergence of new industries such as the mechanical, metallurgical and electricity industries. The development of these sectors of industrial activity does not yet compensate for the decline in traditional activities, despite national efforts to support industrialization through the development of the "new global professions".
- Analyses of the product space and of the technological content of Moroccan exports confirm the emergence of these new products and their potential to promote more substantial industrial development.
- In Morocco, the industrial sector has become relatively diversified in recent years thanks to the rapid growth of new sectors (automotive, aerospace, electronics and offshoring). But the share in GDP of added value from manufacturing has declined .

- the dynamism of the private sector, whose investments represent over 25% of GDP, has been of only marginal benefit to the country's industries.
- The growth model of the country is driven by domestic demand. Its export product range suffers from lack of competitiveness, causing a structural trade deficit.
- reallocation of the labour force from the primary sector to less productive activities
- Impedes the structural transformation of the national economy. The development of sophisticated sectors of activity, such as those connected with transformative industries, is dependent on the transfer of labour from less productive activities.

6.2. Recommendation:

- should promote further profound integration of the industrial fabric of the country in order to facilitate the participation of enterprises with national capital.
- Improved national competitiveness is a prerequisite for reducing the structural trade deficit of the country.
- Promoting human capital because creation of new high added-value activities and the export of sophisticated products require an improved training, education and research policies.
- Developing logistics chains and trade facilitation
- Promoting investment in high added-value activities.
- Integration into regional value chains: it represents an opportunity to develop the industries sector that may be eliminated by global markets, and exporting, along regional value chains, to countries at the same level of development can encourage the openness of emerging and fragile sectors, to be the cornerstone of structural transformation.
- Adopting a regional integration strategy.

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