

Mundiapolis University

Conference

GLOBAL MEGATRENDS: CHALLENGES AND OPPORTUNITIES FOR MOROCCO

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A world with multiple transformations causes strong effects on Morocco

The world has become increasingly complex and uncertain, with an unprecedented acceleration of the transformation pace at the economic, geopolitical, social and technological levels, as a result of the systemic crisis.

This is a world based on new paradigms and inconsistent with the traditional markers. Global and local Borders are growing closer to each other. New global governance is still to be developed, together with a new balance between the production system, social system and the natural system. There also occurs a high velocity crisis, with significant cultural and values permeability, etc.

There is an international environment with real opportunities for Morocco, which made the opening-up process an essential strategic choice that is, on the other hand, faced by many challenges (cut-throat competition, regional base, security, societal changes, etc.).

A world that is increasingly vulnerable to global and interdependent crises, etc.

A multidimensional crisis highlighting the boundaries of the current mode of governance to end the imbalances of the world system

World governance system

- Financial and economic crisis
- Food crisis
- Social crisis
- Energy and environment crisis

- ✓ Increased volatility in the prices of agricultural and energy raw materials in a way that pressurizes the public budgets (as in cases of grants).
- ✓ Serious threats of food supplies relating to the deterioration of production base and population growth.
- ✓ Strong control of the world economy by financial markets.
- ✓ Economic growth that generates social inequalities worsened by massive job losses.
- ✓ Negative impacts of climate change on the environment sustainability (health risks, natural disasters, etc.)

1. Upset economic and financial balances caused by the world crisis

A financial and economic crisis on an unprecedented scale

- A multidimensional crisis as vast as that of the Great Depression of 1929;
- Crisis initially confined to the financial sphere, which then spread to the real economy before transforming finally into a systemic crisis affecting all countries indiscriminately.
- A crisis that reveals the non-sustainability of the growth patterns of the post World War II: Fragility of global economic and financial balances, inadequate system of global regulation, etc.
- A crisis that highlights the indispensable role of the state illustrated in correcting market failures (public support for financial and financial industrial groups: Privatizing profits and socializing losses);
- A total direct cost due to the financial crisis amounting to \$ 945 billion (600 billion Euros), according to an estimate conducted by the IMF in April 2008. This figure exceeded 5000 billion dollars in 2010.

While Responses to the crisis are certainly necessary, they are still insufficient

Apart from the slight revision of the economic and financial regulation system in terms of a wider cooperation (moving from G7 to G20), the measures adopted to handle the crisis are more inclined towards economic crisis scenario (credit markets recovery, monetary policy, budget stimulus, consolidating funds of international institutions, especially the IMF, etc.)

- Answers carrying the seeds of a far more serious crisis:

- ✓ How to finance the bailouts and stimulus favoring the accumulation of deficits and important imbalances, as evidenced by the sovereign debt crisis of some European countries;
 - ✓ Releasing the support of the international community to the development of low-income countries (hypothetical MDGs, tensions and regional conflicts in vulnerable areas...).
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Foreshadowing the emergence of a new power hierarchy

- Sharp increase in the power of Brazil, Russia, India and China, while Europe is relatively declining;
 - Emergence of new logical reconstruction of influential spheres (energy alliances, migration issues, security challenges, etc.);
 - Intensification of international competition, with an enhanced role of innovation and human capital in building competitive advantages of nations (Accelerating the pace of technological innovation, and employment shifting towards high skilled staff);
 - Sustainable increase in raw material prices, particularly food prices (because of drought, natural disasters) and energy prices (because of tight supply, strong demand from emerging countries, notably China, etc.).
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A decisive geostrategic environment for Morocco

- Despite the opportunities accrued by the advanced status, Morocco is part of a regional grappling with multiple structural weaknesses:
 - The Arab Maghreb Union coming to a deadlock;
 - Limited effect of the Barcelona process in terms of converging and catching up with the South Mediterranean economies;
 - Uncertainty about the future of the Mediterranean Union
 - Exacerbation of international competition, especially that coming from Asia, and that is threatening the domestic market as well as the traditional export markets.
 - Limited bargaining power in the international arena, due to the lack of a regional dialogue, conveyed by a weak influence while setting the global agenda.
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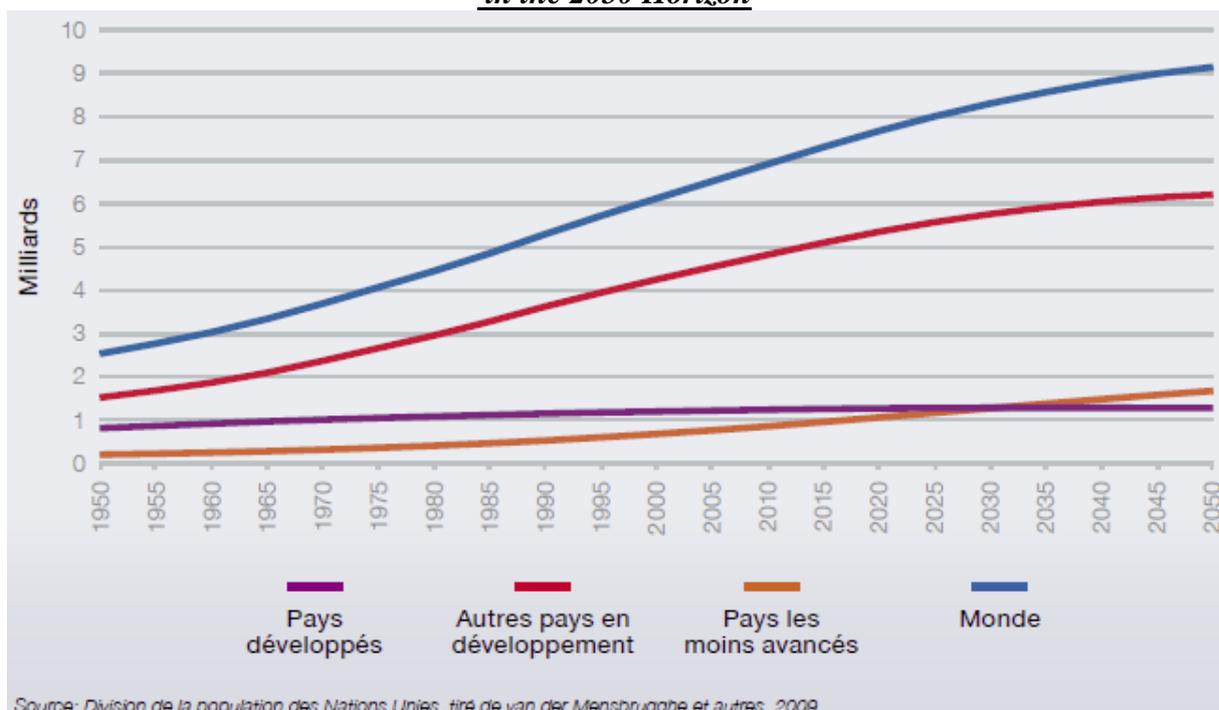
Social impact of the global crisis worsened by the contrasting demographic development

Emergence of new social paradigms

- Obvious consequences of the global crisis:
 - Reviewing the liberal regime of growth around the world, highlighting the limits of market mechanisms as exclusive determinants of value creation and distribution of growth outcomes.

- An increased awareness, highlighting the need to relay the recovery efforts of macroeconomic and financial balance by strengthening social cohesion through the reweaving of the social bond (new paradigms separating economy market and society market).
- Major questions about the sustainability of governance systems in countries characterized by authoritarian and personalized social regulations (claims for a more equitable and inclusive social order).

Social crisis increased by contrasting demographic development
International demographic development
in the 2050 Horizon

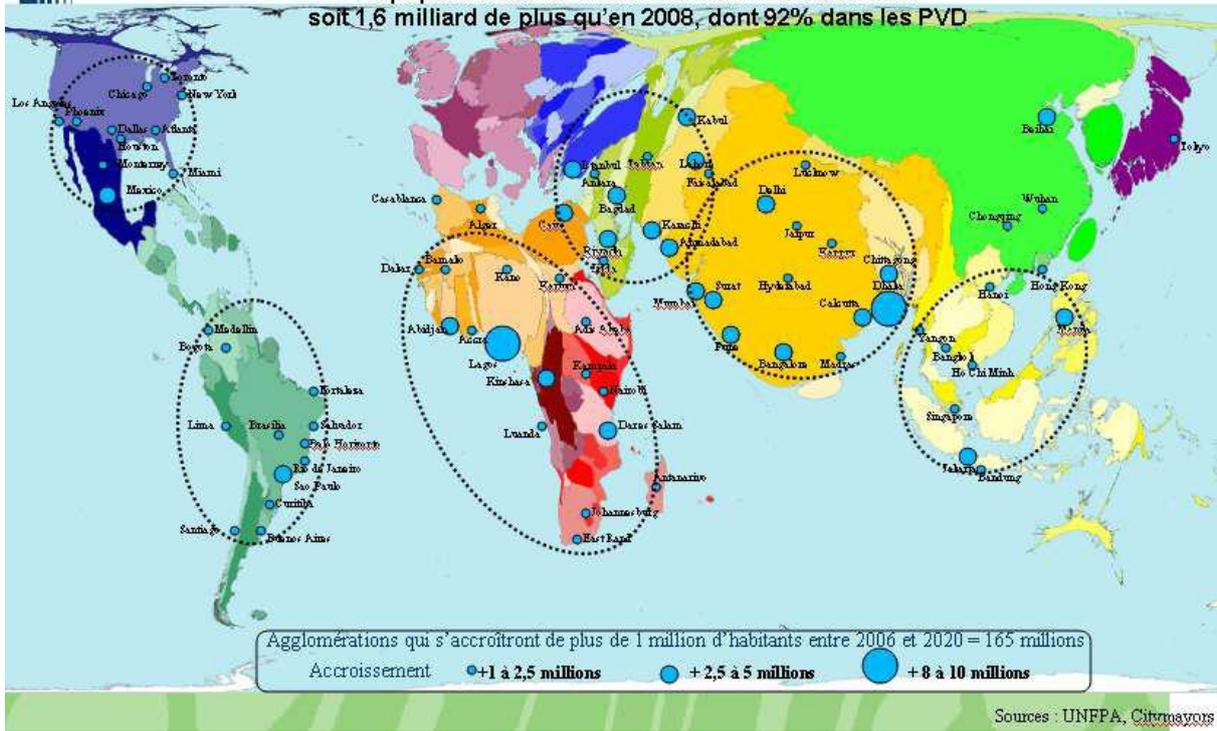


Significant pressure induced by Population dynamics on labor market in developing countries, with the outcome intensification of international migration and accelerated urbanization and coastal development.

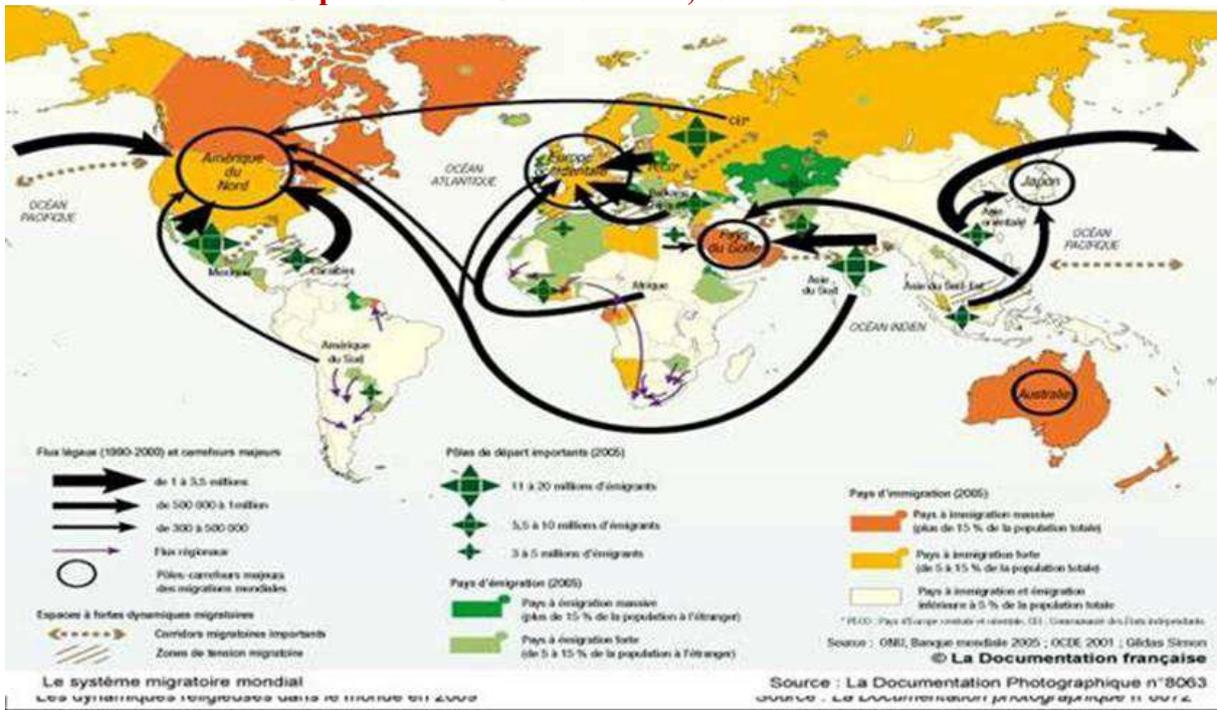
Rapid urbanization around major cities, especially in developing countries

L'explosion démographique urbaine, un défi planétaire

La population urbaine atteindra 5 milliards en 2030
soit 1,6 milliard de plus qu'en 2008, dont 92% dans les PVD



Intensification of migratory flows to the traditional reception areas: USA, Europe, Japan and the Gulf countries, to a lesser extent.



A demographic transition in Morocco posing significant challenges in terms of employment and absorption of migration flows

Structure Development according to the age of the population between 2004 and 2030

Demographic windfall phase until 2014.

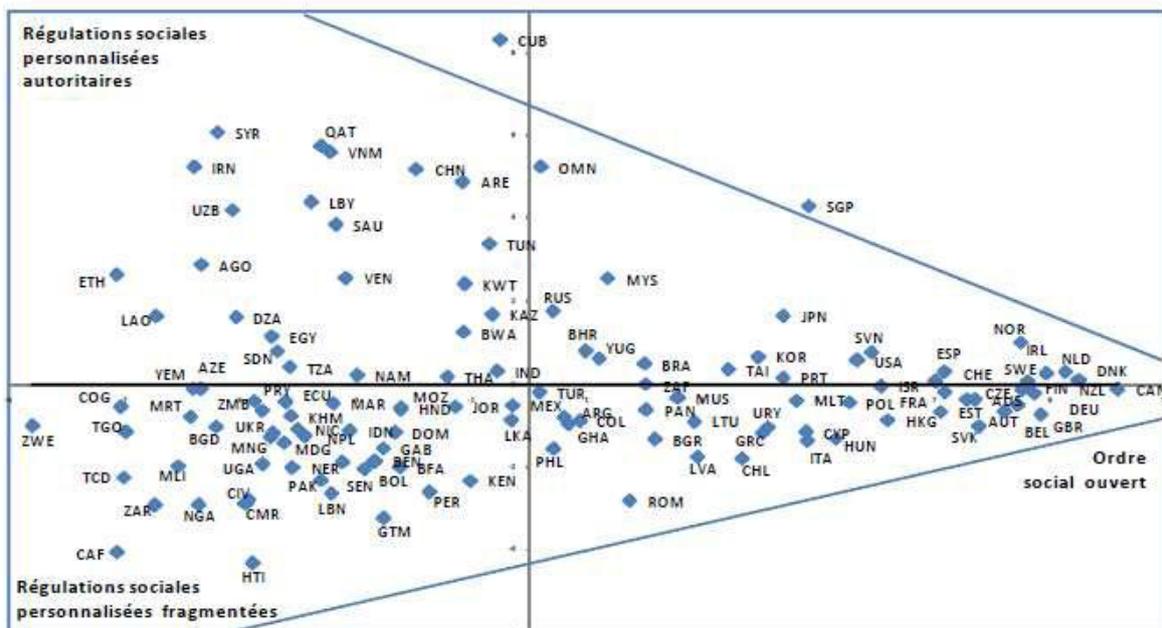
By 2015, additional demand on labor market is estimated at 400,000 jobs per year (against a current average annual creation of 217,000 jobs).

Urbanization rate to be expected following the ongoing trend: 68% with a strong focus on the urban axis Kénitra -Jorf Lasfar (37% of urban population in 2000).

To expose the country with consequences of Sub-Saharan migration with its dual economic and climate dimension.

Considerable uncertainty about the demographic determinants, particularly the birth rate and the migration balance

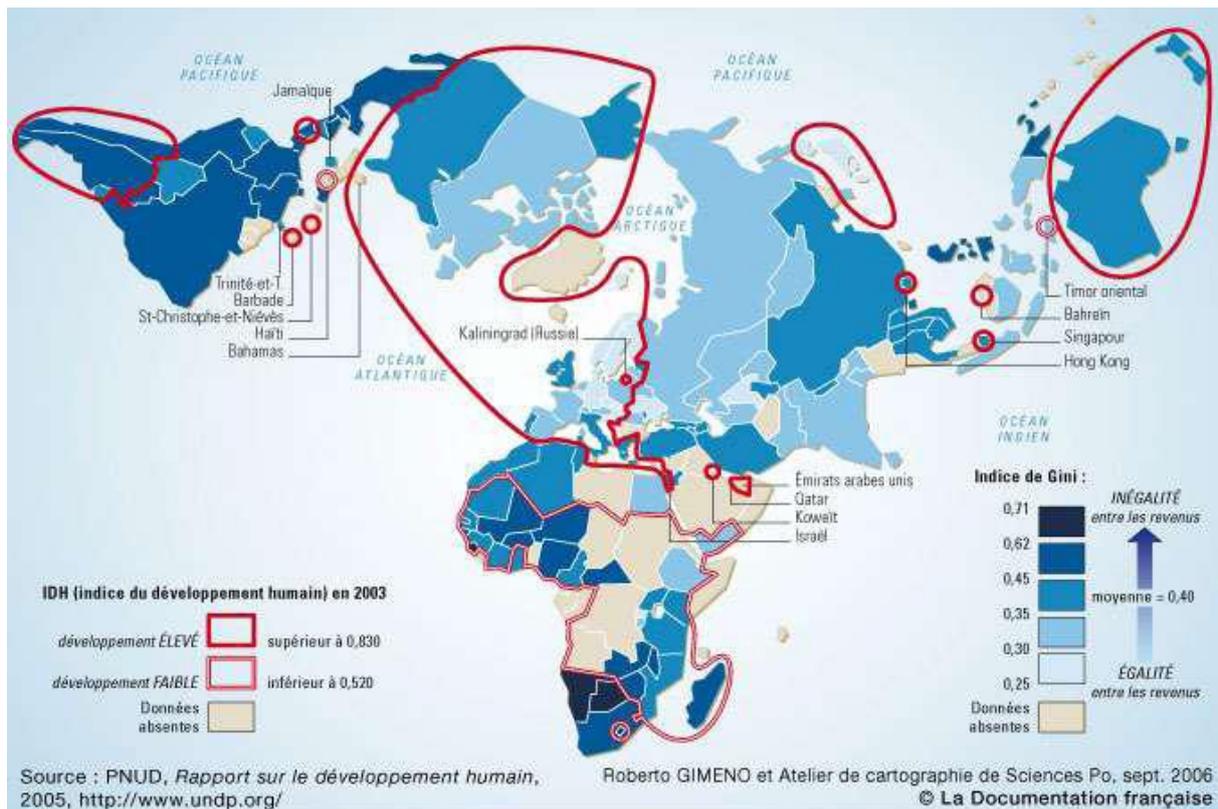
A strong correlation between the existence of an open social order and the level of political and social stability



Social Cohesion and economic increase Corruption
Institutional and interpersonal trust
Social inequity

- Generating direct and indirect costs in economic and social plan
- Base of social capital and political and social stability of a country (key determinant of competitiveness and attractiveness)
- Inequalities encumber the potential economic growth, especially if they are related to unequal capabilities (access to basic services, health, education, housing, etc.)

Persistence of significant inequalities with regards to development



Inégalité des revenus et développement humain Source : *Questions internationales* n°22, nov.-déc. 2006

A multi-speed globalization, with the establishment of barriers that separate prosperous spaces at a development level higher than that in the developing nations.

Reconsidering the trust in institutions around the world

Trust in representative institutions has been significantly eroded over the world, under the effect of the social consequences caused by the crisis and the ways of governance borrowed to cope with it (use of measures less sensitive to the socially disadvantaged people).

This finding is significant in countries where these institutions are not the product of credible elections and where the organs in place have proven unfit to foster solidarity, create transparency and ensure competition.

Challenging the political stability in some MENA countries, as a result of the accumulation of several shortcomings (authoritarian regimes, deficient institutions, spread of corruption, growing social inequalities...).

Important challenges for Morocco in terms of reweaving the social bond and social cohesion

- Fight against social inequalities to secure economic growth
- Preservation of the Moroccan cultural diversity, its enrichment and its application for country development, as part of the advanced regionalization.
- Strengthening the system of values for consolidating the Moroccan citizen identity.
- Integrating and involving young people as key stakeholders in the process of development.

3. A global sensitive environmental and Energy balance

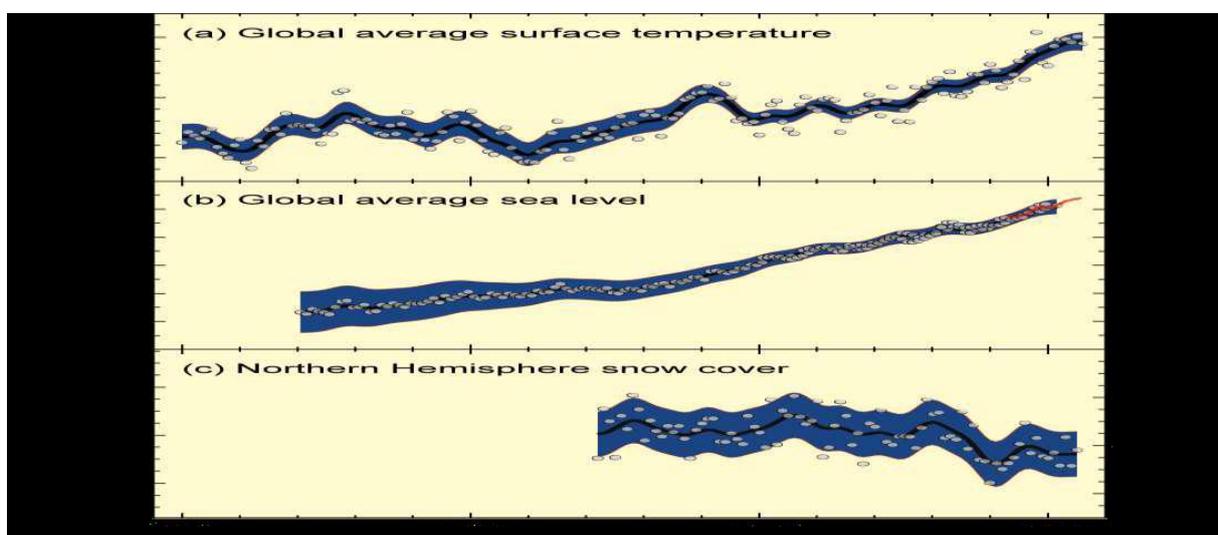
A global energy context is significantly doubted

- A growing global energy demand, driven by demographic and economic growth, particularly in developing countries.
- ✓ According to the scenario given by the International Energy Agency (IEA), world primary energy demand could reach 17 billion TOE (Gigatons of Oil Equivalent) in 2030, an average growth rate of 1.6% per year.
- A global energy supply characterized by a geographically unbalanced distribution of natural resources is in the heart of geopolitical tensions
- ✓ Large uncertainties about actual levels of world reserves of fossil fuels, especially oil.

A fragile environmental equilibrium

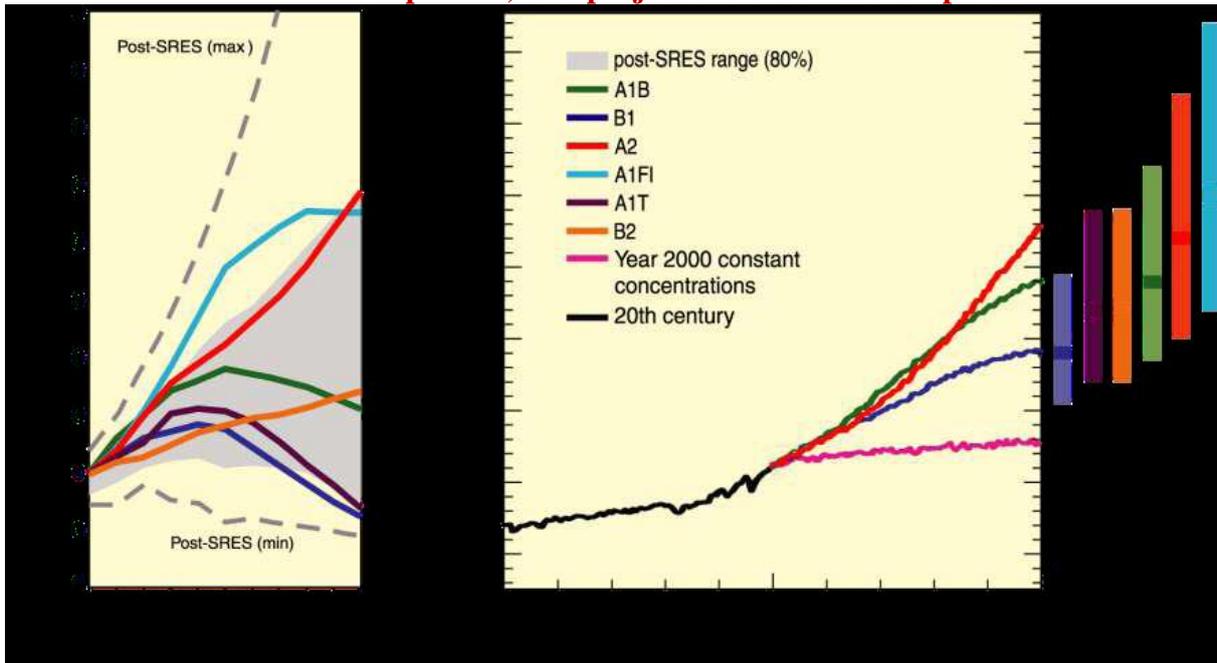
- The environment is not an inexhaustible resource and human activities have worn out such resources in recent decades:
- ✓ Ecological footprint exceeds the global bio-capacity of the planet. Humans used so more resources than nature can regenerate.
- ✓ There is a rapid decline of biodiversity in the world. The population of vertebrate species fell by 40% between 1970 and 2000. Human activity has accelerated the natural extinction of species for almost 100 times faster. Each year 13 million hectares of forest disappear worldwide.
- ✓ Disruption of the world natural systems, especially the climate with the effects brought by the exacerbation of extreme events (flood disasters, devastating fires ...) and the rise of the aridity and desertification.

Changes in temperature, sea level and snow cover in the northern hemisphere



Source : Report of GIEC (2007)

Emission scenarios of greenhouse gas emissions from 2000 to 2100 (in the absence of additional climate policies) and projections of surface temperatures



Source : Report of GIEC (2007)

An environmental deal before a major concern of the international community



MONDE- Possibles effets d'un réchauffement climatique (Projection 2050 - 2100)

Source : GIEC Climate change, 2001 © La Documentation française
Source : Les Dossiers en ligne de La Documentation française

Impacts of climate change strain the survival of Man (water stress, health issues, food security, extreme events ...), with uneven adaptation capacity on the level of countries development.

Real threats on water resources

Ressources en eau par habitant en 2000



Fond de carte : Google

Ressources en eau par habitant en 2025



Fond de carte : Google

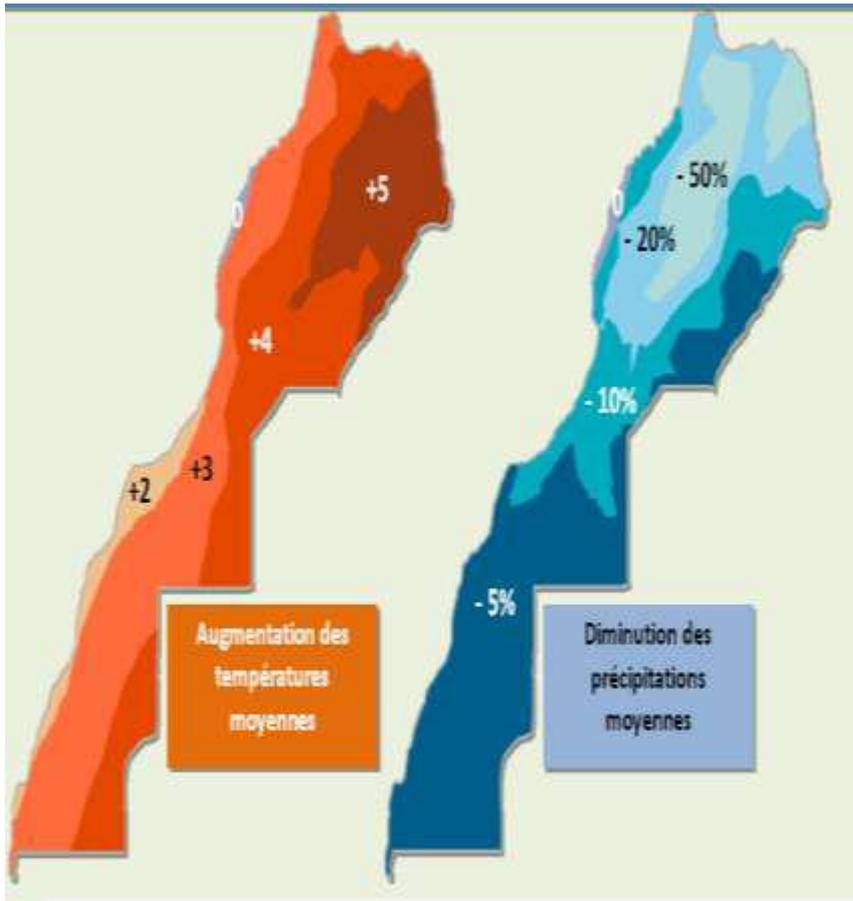
m³ par habitant et par an



High exposure to climate change in Morocco

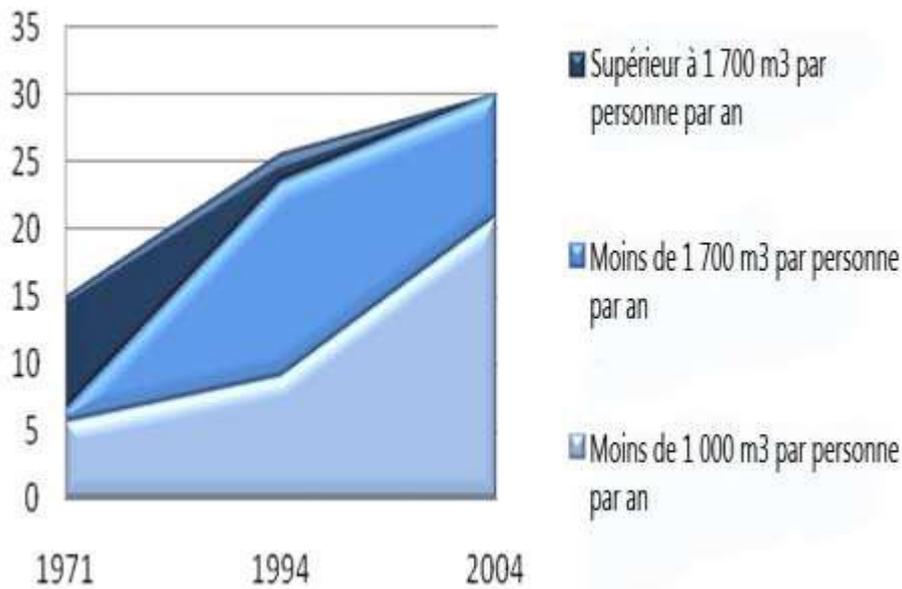
Future climate (2070-2099)

-On the basis of the climate reference (1961-2000) -



Source : DMN

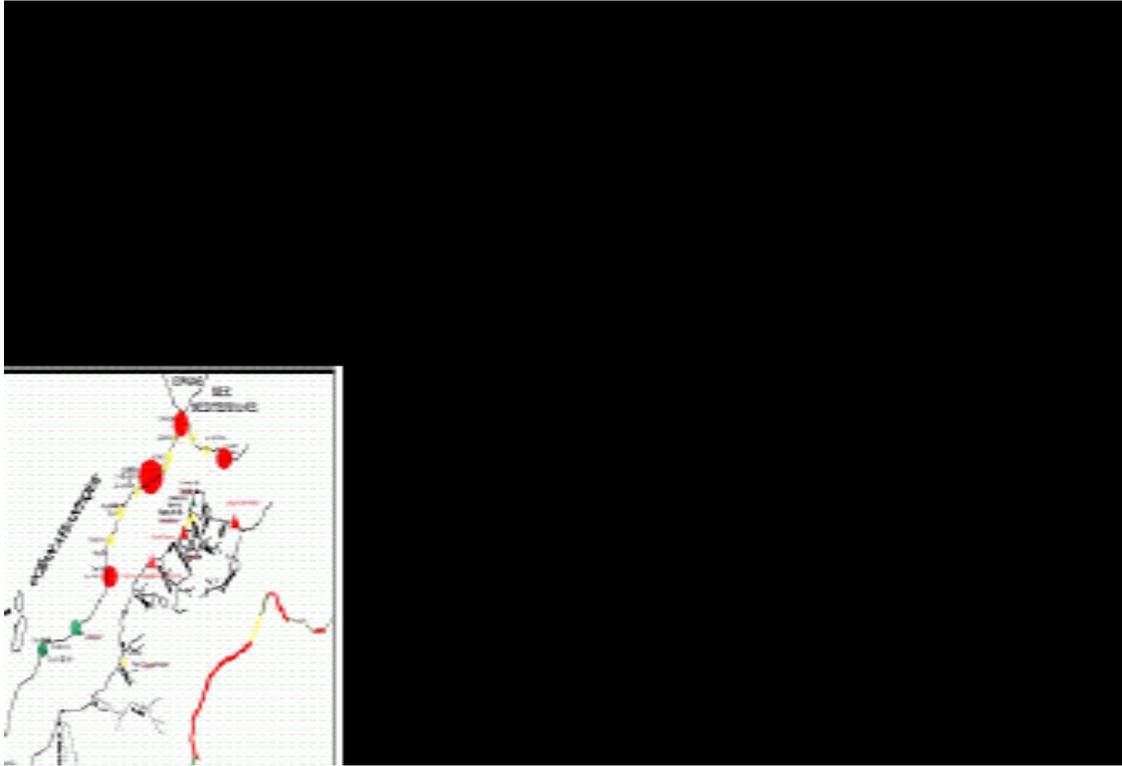
Development of the water situation in Morocco



Source : State Department in charge of water

An increase in aridity with strong implications on the ecosystems balance and especially on water resources

Coastal vulnerability to rising sea levels, threatening populations and economic activities



Source : MATEE

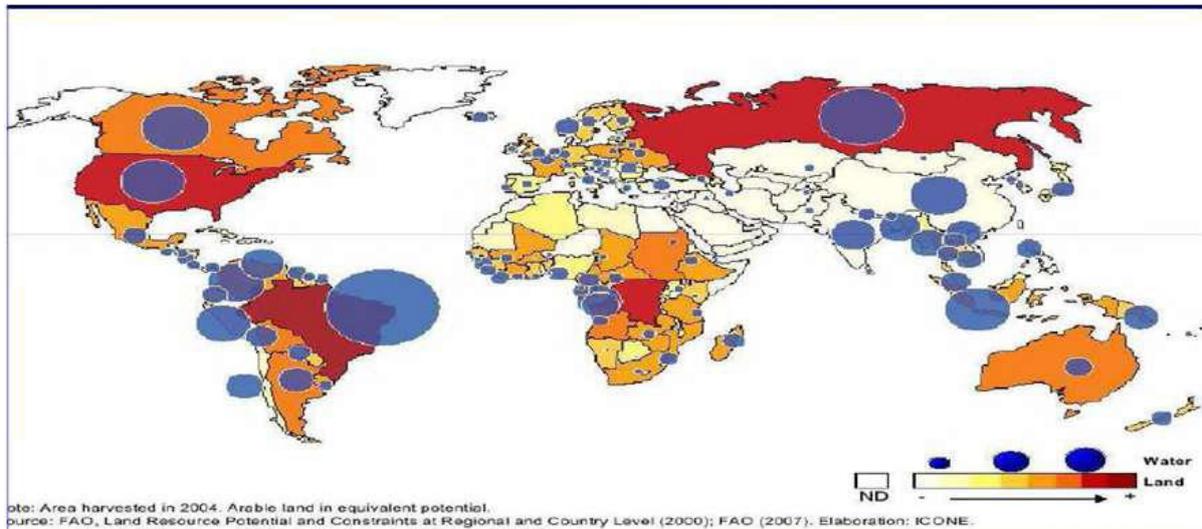
The emergence of a conscience for rebalancing the development models, with some reluctance in taking a binding obligation.

A renewed interest in the environment, particularly through the place accorded to it in the economic stimulus packages around the world, notably in the European Union (120 billion are allocated to green economy) and United States (51 billion dollars for energy and environment sectors in addition to tax breaks).

- However a firm international commitment seems to materialize soon, despite some progress made at the last summit in Cancun in December 2010:
- ✓ Reinstatement of commitments made at the previous round of negotiations in Copenhagen in 2009 within the UN multilateral framework.
- ✓ Re-launching negotiations on the continuation and expansion of market tools introduced by the Kyoto Protocol.
- ✓ Setting a technical and methodological roadmap for the negotiations of the next COP. This will take place in December 2011 in Durban, South Africa.

4. Significant challenges in terms of food security

Potential foster of the planet aggravated by the high demand due mainly to population growth



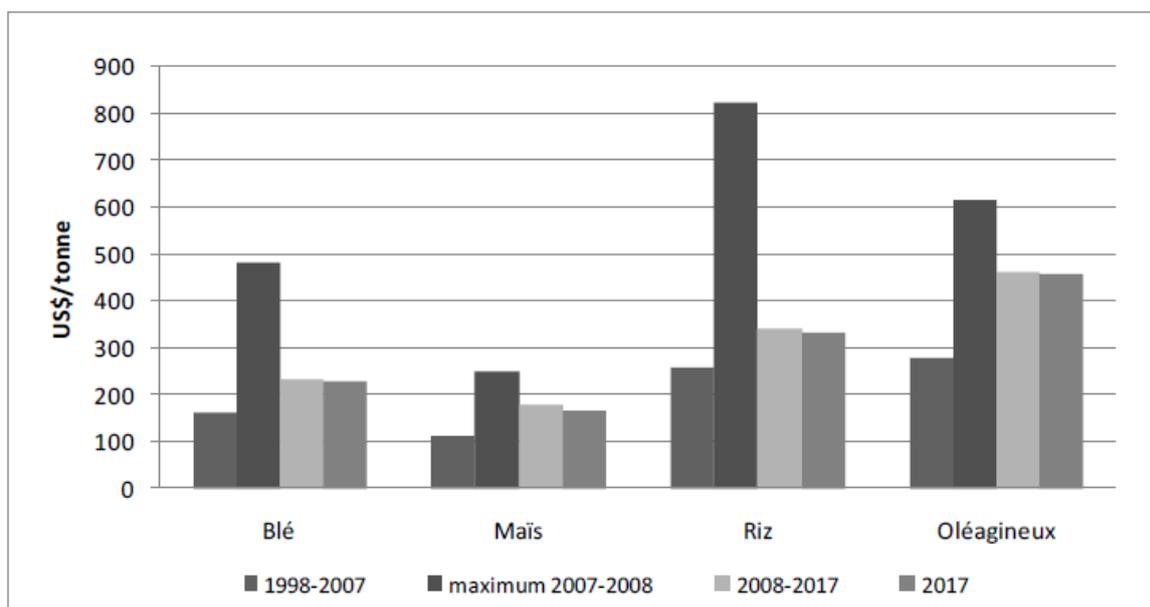
Asia, Middle East and North Africa have exhausted their potential for arable land and used a large part of their renewable water resources.

We will face enormous challenge in terms of agricultural production to meet the needs of a rapidly growing world population.

According to FAO, to feed the world population, which will rise from 6.9 billion in 2009 to 9.1 billion by 2050, we would need to increase agricultural production by 70%.

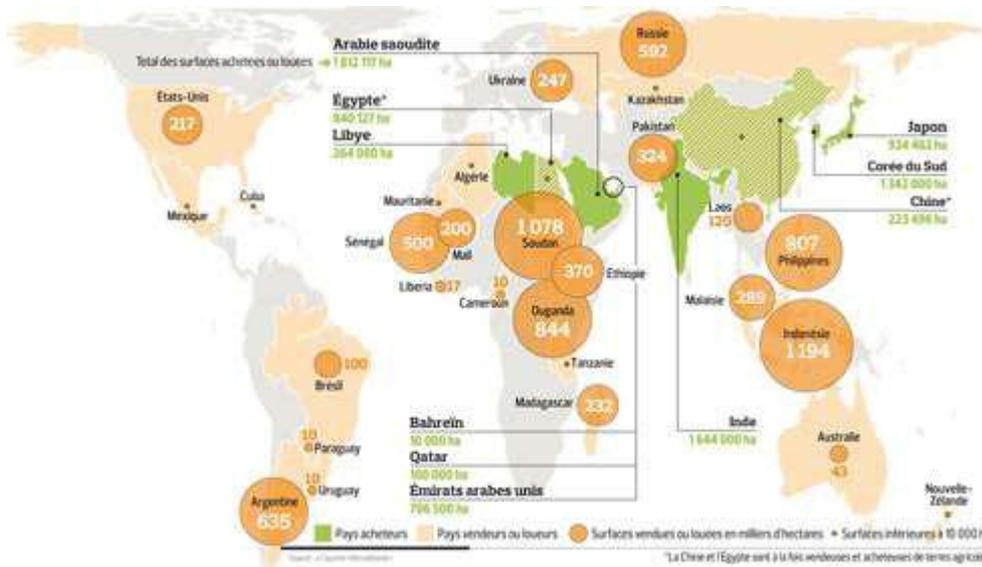
In developing countries alone, 44 billion dollars a year should be invested in agriculture, against \$ 7.9 billion invested today (improving access to modern inputs, development of irrigation systems, mechanization, storage, roads and rural infrastructure, training of farmers ...).

A global context characterized by a sustained increase of agricultural commodities



A food crisis masked temporarily by the global economic crisis.

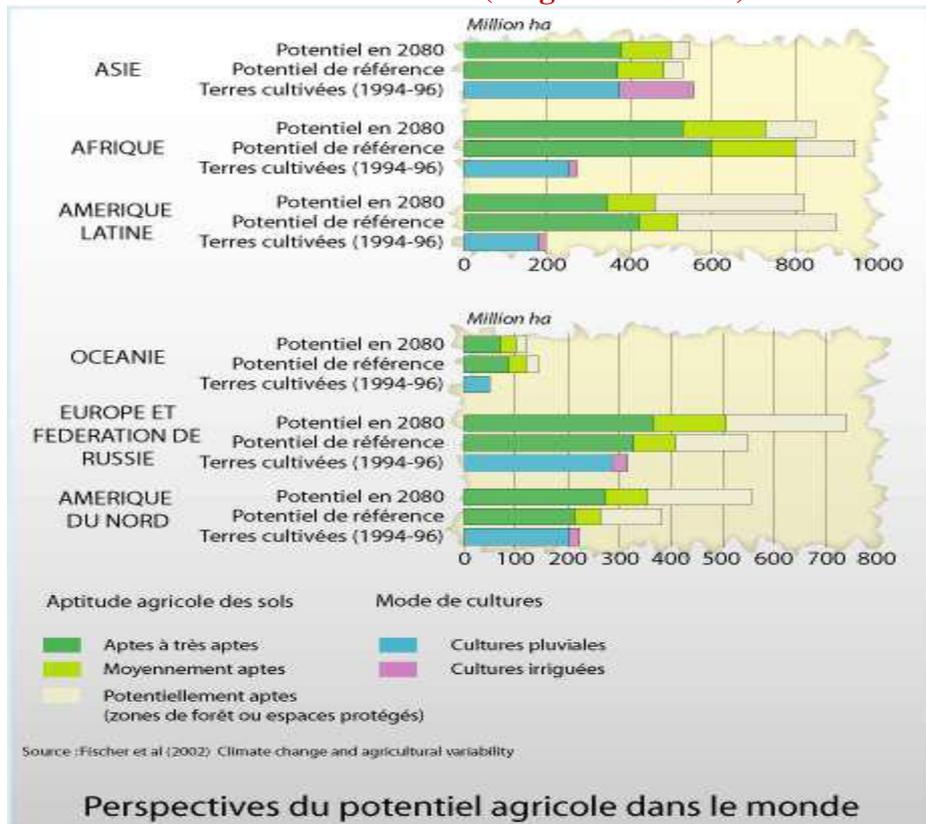
A remarkable outbreak of the phenomenon of "Land Grabbing"



China, South Korea, Japan and Saudi Arabia now have nearly 5 million hectares to cultivate outside national territory.

Africa is the main geographical area of cultivable land rental. The buyers are groups that have substantial financial resources to deploy irrigation and fertilization. This should draw up agricultural productivity in the continent.

High agricultural potential especially in Africa (rain-based method) and Europe (irrigation method)



5. Major challenges for Morocco to build up a favorable position in the world after the crisis

Significant challenges in the medium and long terms

{CHALLENGES OF INTERNATIONAL ENVIRONMENT}

- Challenges related to the world shift in terms of the diversification of strategic alliances importance
- Social challenges critical to the stability and social cohesion
- Demographic challenges: Mastering the migration balance, tensions on the labor market, skills drain
- Important environmental challenges: Water energy and food security

The Necessity to develop a strategy for global competitiveness to better face the global challenges

{GLOBAL INTEGRATED RESPONSES }

- Continuously develop the competitive advantages of countries to cope with new competitive rules
- Better manage the changes in society to accelerate the development of Morocco from a relation-based society to a law-based society
- Transform the demographic challenge into an opportunity for development
- Adapting to climate change through a multidimensional environmental strategy

Thank you
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