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The Construction Industry in Morocco : An economicanalysis

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Abstract :_Construction industryis a very profitable business in developed countries as well as in the developing and emergingones: In fact, construction is one of the largest industries in terms of investment, employment and the contribution to the GDP._
In Morocco, the economy depends greatly on the construction industry: approximately 55.000 operating firms, 1 million jobs, 6.5 percent of the GDP and 80 percent of public commands are dedicated to thatindustry.
In this article, weaimedatsheding light on the specificities of this industry by focusing on its contribution to the Moroccaneconomy as well as on the difficulties and challenges faced by construction firms.
In order to do so, were viewed some empirical studies that were conducted on the case of Morocco.
The resultsof our review showed that, despite the challanges faced by the firmssuch as : The decline in activity, revealed by the decrease in turnover and the cost of energy, which is a burden for Moroccan companies, the Moroccan Economy still depends greatly on the construction industry because of the strong backward and forward linkages that exist with other industries.

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I. Introduction

According to Myers (2016), a very broad definition of the construction industry includes: building construction, infrastructure work, repair, maintenance, demolition, raw material extraction, manufacturing of building materials and products, and the sale of construction products

In our analysis, we use a slightly narrower definition that excludes, for example, the raw materials and the extraction sector.

In Morocco, the construction industry can be divided into 4 main sectors, which are the following:
Site preparation: Demolition and earthworks, drilling and sounding; Construction of building works and civil engineering structures: Construction of major building works, construction of engineering structures and tunnels, construction of networks, construction of electric and telecommunication lines, and the construction of road pavements. Installation work: Plumbing work, installation of thermal equipment and air conditioning.Finishing work: Plastering, wood and plastic carpentry, metal joinery, floor and wall covering, building mirrors, glazing and painting.

This article is therefore divided on 4 sections, the first one is dedicated to the composition of the demand, the second section is dedicated to a categorization of the firms operating in the construction industry, in the third section, we will present the challenges and obstacles faced by firms and finally, we will discuss the construction of the construction industry to the Moroccan Industry.

II. Composition of the demand

Clients of construction companies can be categorized and ranked in terms of their importance as follows:

- In the first place, we find the administrations and the public enterprises, they represent about 66% of the global turnover is realized by the companies of the sector of the construction.
- In second place, comes the private sector to almost the fifth global of the turnover.
- In the third place, local authorities come with less than one-tenth of the overall turnover.
- Finally, households account for less than 5% of the overall turnover of construction companies.

III. Structure of construction companies in Morocco

According to the National Federation of Real Estate Developers, companies operating in the construction industry can be categorized into 3 different types:

- Thus, there are approximately 2000 structured and organized companies;
- 10,000 companies with a local but unstructured;
- and 40,000 non-localized firms, working in the informal economy (black economy)

IV. Difficulties encountered by construction companies in Morocco

The main difficulties mentioned by the entrepreneurs of the construction industry according to a survey conducted by Zarouali (2012), are the following:

- The decline in activity, revealed by the evolution of order books and therefore by the decrease in turnover;
- The cost of energy, is a burden for Moroccan companies that operate in the construction industry, for example, in Morocco, the price of the kilowatt-hour of electricity (kwh) is 27% higher than in France, 33% higher than in Turkey and Portugal and 60% higher than in Tunisia;
- The rigidity of the prices, it concerns the prices of the raw materials and the other expenses of the companies which increase continually, but which decrease only very rarely;
- The repayment of loans contracted with banking institutions and the absence in Moroccan law, contrary to French law in terms of repayment difficulties, of solutions to prevent banks from aggravating the financial situation of construction companies;
- The increase in capital expenditure, (i.e.) the acquisition of capital goods (machinery, equipment, software, etc.) necessary to renew obsolete fixed assets and / or to increase the production capacity and performance and reduce the time;
- Difficulties of recruitment: in spite of the youth of the Moroccan population and the large supply of labor force, on the one hand, construction companies have a lot of trouble recruiting the following profiles: specialized workers, skilled workers , foremen, technicians and managers and secondly, they fail to retain their new recruits.

V. The contribution of the construction industry to the Moroccan economy

Construction industry in Morocco has positive impacts on the economy; these impacts can be measured by several economic indicators, such as: the GDP, the employment, the gross fixed capital formation and the outward investment flows.

For instance, the contribution of this industry to the creation of employment was 54,000 jobs in 2017. This industry also contributes to the creation of wealth (6.5% of GDP) and represents 12% of the total employed labor force (2017).The construction industry therefore has positive spin-off effects on other upstream and forward linkage sectors.

Moreover, with regard to the contribution of the construction industry to the out of all outward investment flows from Morocco to abroad, 20% are in the construction sector.

The overall turnover (C.A) of all construction companies exceeds 30 billion Dhs annually.

According to the Moroccan Exchange Office in its annual report on foreign trade, foreign direct investment in real estate has reached during the first nine months of 2012, 5.99 billion Dhs against 6.33 billion Dhs registered in the same period of 2011. The construction industry remains among the most attractive branches of the Moroccan economy with regard to foreign investments.

VI. Conclusion

Finally, Morocco implements several major urban development programs, in addition to various urban development schemes (SDAU) launched by the main regions and future RDPs (Regional Development Plans). Construction of 15 new cities: like Tamensa, Tamensourt, Hrafat, Lakhayata. Repositioning these cities for a better welcome of its inhabitants. New city Zenata: area of 1,830 ha, the Eco-city aims to accommodate 300,000 inhabitants in accordance with international standards. sustainable development. Urban Pole of Mazagan.

Designed to be a viable model of city, pioneering in the use of new technologies and integrated in an urban and sustainable territory.1,300 ha of total area, including 614 hosting the various components of the project (residential area, academic center, research and innovation, tourist and cultural facilities, tertiary activity areas, etc.). Casa-Anfa: presence of many renowned developers on this project: THOMAS & PIRON (Belgian), BOUYGUES IMMOBILIER (French), ASMA INVEST (Moroccan-Saudi) as well as local groups WALILI, CGI, and YASMINE IMMOBILIER. Green city Mohammed VI: a city with a university vocation and placed under the prism of sustainable development and respect for the environment.

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