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MASTER THESIS

THE EXPORT STRATEGIES OF AGRO-FOOD SECTOR OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) IN MOROCCO

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Title of Thesis : **THE EXPORT STRATEGIES OF AGRO-FOOD SECTOR OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) IN Morocco**

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STATEMENT OF NON PLAGIARISM

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ABSTRACT

THE EXPORT STRATEGIES OF AGRO-FOOD SECTOR OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) IN MOROCCO

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The purpose of this study is to help the decision makers in the Kingdom of Morocco to formulate an appropriate and sustainable export strategy for SMEs of Agro-food sector. Morocco is becoming an important food exporter in the Mediterranean basin. The Moroccan food industry represents more than third of Morocco's national GDP during the last decade. However, after the outsets of economic crisis and maturity of regular markets (EU) which absorb 72% of total exportation of processed vegetal products, the country is pushed to reformulate its strategies of exports. A qualitative methodology is used in this investigation, such as interviews with experts and analysis of secondary data and throughout using the experience of Turkey in this field. The findings of the analysis suggest: encouraging the establishment of agro-food industrial sites; inviting corporations and companies of agro-food industry to invest on new promising industries parallel with the mean activity; prospecting new promising countries; passing to industrialization; encouraging creation and development of agro-food SMEs business association and encouraging the intratrade between MENA countries. All these facts will lead to improve the export performance of agro-food sector. However, there still different challenges for agro-food SMEs in Morocco, such as Positioning the brand of Moroccan products in overseas markets, understanding more consumers' behaviors of different nations, which are subjects that still need to be researched by other studies in order to become one of competitive Agro-food exporters of the world.

Keywords: Agro-food sector, SMEs, export strategies, Morocco

ÖZET

FAS'TA GIDA SEKTÖRÜNDEKİ KÜÇÜK VE ORTA BÜYÜKLÜKTEKİ İŞLETMELERİN İHRACAT STRATEJİLERİ

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Haziran 26, Sayfa 104

Bu araştırmanın amacı, FAS Krallığı'ndaki karar vericilere ufuk açıcı olarak, Fas'ın Gıda Sektöründeki KOBİLERİ için sürdürülebilir ve uygun ihracat stratejilerini formüle etmelerine yardımcı olmaktır. FAS Krallığı, bugün Akdeniz bölgesinde önemli bir gıda ihracatçısıdır. Fas'ın gıda sanayii son dönemlerde sürekli artmaktadır. İhracat rakamları, yaklaşık 80 milyar Fas Dirham'ına ulaşmaktadır. Dolayısıyla bu sektörün büyüklüğü, FAS'ın gayri safi milli hasılasının üçte birinden fazlasını oluşturmaktadır. Dünyadaki ekonomik krizden sonra gıda sektöründeki müdavim piyasalardaki durgunluk karşısında, bu ülkenin kendi ihracat stratejilerini yeniden formüle etmesi gerekmektedir. Bu araştırmada, niteliksel metodoloji uygulanmıştır. Gerekli konularda uzmanların görüşlerine başvurulması ve ikincil bilgilerin kullanılması, İhracat konusunda önemli mesafe kat etmiş olan Türkiye'nin tecrübesinin kullanılmasının önemine dikkat çekilmiştir. Bu araştırmanın bulguları aşağıdaki hususları önermektedir: Gıda sanayi ve toptancı sitelerinin kurulmasını teşvik etmek, firmaların ana gıda sektöründe çalışması ile yeni gelişen sektörlerde yatırım yapmaları için teşviklerde bulunulması, yeni pazarlara girilmesi (Sahra altı ülkeleri), hızla sanayileşmeye geçilmesi, ambalaj sanayinin geliştirilmesi, gıda sektöründeki Kobiler 'in bir örgüt çatısı altında toplanması, işadamları dernekleri kurulması veya mevcut olanların geliştirilmesi, Ortadoğu ve Kuzey Afrika'daki ülkeler arasında iç ticaretin güçlendirilmesi. Bu hususların hepsi, gıda sektöründeki Kobilerin ihracat performansını geliştirme yolunu açacaktır. Ancak, ihracatçıların önünde pek çok zorluklar bulunmaktadır. Dış piyasada Fas'ın imajının konumlandırılması, başka ülkelerin müşterilerinin taleplerinin iyice araştırılması ve uygun dağıtım kanallarının oluşturulması vb. konular, Fas'ın en çok gıda ihracatı yapan ülkelerden biri olması için, başka araştırmacılar tarafından da incelenme ve analizlere tabi tutulması ihtiyacı vurgulanmaktadır.

Anahtar kelimeler: Gıda sektörü, KOBİLER Küçük ve Orta Büyüklükteki İşletmeler, ihracat stratejileri, FAS.

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ABBREVIATIONS

AYTOP : Anatolian Side Food Industrial Zone

BOSB : Birlik Organized Industrial Region

CHELEM : Comptes Harmonisés sur les Echanges et L'Economie Mondiale – Harmonised Accounts on Trade and the World Economy

CIA : The Central Intelligence Agency

CIHEAM : International Center for advanced Mediterranean Agronomic

DEPF : Financial Forecasts and Research Directorate- Morocco

DOLAPDERE: Automotive industrial site

DREE : Directorate of Investment of Morocco

EACCE : Autonomous Establishment of Control and Coordination of Exports in Morocco

EU : European Union

Eurostat : Statistical Office of the European Union

FDI : Foreign Direct Investment

FOGAM : Fonds de Garantie des Crédits pour la Mise à Niveau Guarantee Fund of Upgrading purpose loans

ISTOÇ : Site of Wholesalers

KADOSAN : Kadıköy automotive Industrial site

KOBI : Small and Medium Enterprises

KOSGEB : Small and Medium Enterprises Development Organization

MAD : (DH) Moroccan Dirham

MENA : Middle East and North African countries

MMO : Chamber of Machinery engineers

MNC : Multinational Corporations

MODOKO : Furnishers Site

NEPAD : The New Partnership for Africa's Development

ODCO : Development and cooperation agency of Morocco

OECD : Organization for Economic Co-operation and Development

OIZ : Organized Industrial Zone

OPEC : Organization of Petroleum Exporting Countries

OSTIM : Organized Industrial Region

PANKOBIRLIK : United of Cooperations of Beet Sugar of Turkey

R&D : Research and development

SIS : Small Industrial Sites

SME : Small and Medium Sized Enterprises

T.C : Turkish Republic

TCMB : Central bank of Republic of Turkey

TIK : Turkish Statistics establishment

TIK : Turkish Statistic establishment

UNDP : United Nation Development Program

USDA : United States Department of Agriculture

1 TL : 0,57 dollar

11 DH : 1 euro

TL : Turkish Lira

DH : Moroccan Dirham

INTRODUCTION

The term "Agro-industry" include "agro-processing and its network of marketing and support services from farm to consumer. The support network, analyzed at the sectorial level, including finance and banking services, logistics and infrastructure, quality management professional services including inter professional organizations, and cooperatives." [1]

Professor Michael Porter of Harvard University has said that "a company doesn't really have a strategy, if it performs the same activities as its competitors, only a little better. To be successful you should have a strategy, which has strong points of difference from your competitors' strategies" [2], it is remarked from this statement, that there is not a standard formula for strategy for exports in the literature of economy.

The Kingdom of Morocco is situated in the northwest region of Africa, it is less than 15 kilometers away from Spain. Morocco's population is 31.2 million people, Morocco is, moderate Arab and Muslim middle-income country, it is considered by international standards to be a emerging country. It has an open economy and it is progressing towards greater levels of globalization and modernization. [3]
Morocco is near to European continent and (EC), it is one of the important and promising markets. It is considered a member and founder of the Maghreb Union north Africa. Moreover, Morocco is easily accessible from North America, the Middle-East and Sub-Saharan Africa. These several continents represent a diversified markets of different incomes and different preferences of consumers.

The agro-food industry is one of the most considerable engines of Moroccan economy. It is the first industry of the country that benefits from strong domestic and international demand; the sector contributes with about 35% to Moroccan total GDP. It achieves an output of more than 80 billion DH, 25% of it are destined for export. In terms of investment, the sector received nearly 16 billion DH investments over the period 2004-2008. It currently attracts 29% of industrial enterprises, employing over 90 000 person. [4]

On the other hand, Moroccan SMEs contribute to the development of Moroccan economy in multiple ways throughout creation of job opportunities, providing sustainable and innovative economy. In addition to that, many people directly or indirectly rely on the small and medium enterprises.

Several criteria lead this study, to think about using the experience of Turkey to develop this sector formed mainly of SMEs, and attempts to search about the key of success that have led Turkish food companies to increase performance and become successful. The outcomes of this research will contribute to the export strategy literature for emerging countries and may add a special contribution to Moroccan and to investors who wish to invest in Morocco or used as their base for more exports in other regions.

And they are described as following in the Third chapter:

- Encouraging creating industrial sites of food wholesalers and agro-food companies.
- Prospecting new markets especially African countries.
- Encouraging integrated systems of agro-food sector throughout giving the example of PANKOBIRLIK Cooperation in Turkey)
- Encouraging creation of business groups and business association by agro-food SMEs.

Research will investigate the export strategies pursued by firms located in emerging countries, And suggest that organizing of SMEs in that way, will lead them to increase their export performance.

We begin by presenting an exhaustive research about the findings of exports strategies on the agro-food sector in Morocco. Then, we describe and discuss the importance of agro-food sector in world, then in the MENA basin which includes Turkey and Morocco. Then we provide in details an overview about the agro-food sector in Morocco and their SMEs.

In the third chapter, we describe the agro-food sector in Turkey and its SMEs, after that, we provide an analysis of recommended issues of the export strategy.

Finally, we conclude with a discussion of the implications of recommended points in the research, summarizing the limitations of the study and identifying further research avenues.

CHAPTER 1

LITERATURE REVIEW

Numerous researchers have examined the strategies and performance aspects of multinational corporations (MNCs), furthermore the few studies examining the behavior and performance of exporting firms have primarily identified management characteristics and attitudes (for instance, experience in foreign markets, cultural orientation, risk-taking propensity), firm characteristics (firm size, international experience), and product, industry, and export market variables as key factors in explaining export initiation and performance (e.g., Aaby & Slater, 1989, Rosson & Ford, 1982).

In addition, Few methodical researches and studies on the exporting strategies done by firms from emerging economies and the performance participation of these strategies

The few studies that exist have examined the internationalization process of developing country firms (e.g., Vernon-Wortzel & Wortzel, 1988), the relationship between organizational characteristics and export performance (e.g., Ghristensen, Rocha, & Gertner, 1987; Dominguez & Sequeira, 1993), or the links between macro policy initiatives, trade liberalization, and economic development at the country level (Otani& Villanueva, 1990).

1. EXPORT STRATEGIES IN GENERAL

For this reason a number of studies, such as a study conducted by AULAKH, KOTAPE and HILDY TEEGEN named (export strategies and performance of firms from emerging economies: [5] has developed a framework of investigating the export strategies of firms from emerging economies and their performance in foreign markets.

Basing on a sample of firms from Brazil, Chile, and Mexico through incorporating the different export strategies available to exporters as they compete in foreign markets and they linked those strategies to export performance.

The study has used three distinct strategic factors to explain export performance:

1) The competitive strategies of cost leadership and differentiation,

2) Marketing standardization (or adaptation) across foreign markets,

3) Geographical diversification of exports.

Also they defined the strategies of cost leadership and differentiation such as how firms develop a benefit with respect to players in a special industry. (And they bring examples such as Rolls Royce automobiles), technology (Polaroid cameras), customer service (Saturn cars), or innovative products (Rubbermaid).

They add that the objective of firms following a differentiation strategy is to build customer loyalty and create barriers to entry for newcomers.

The cost-leadership strategy includes giving the consumers value comparable to that of other products at a lower cost (Porter, 1986). According to Porter, cost leadership strategy requires "aggressive construction of efficient-scale facilities, strong execution of cost reductions from knowledge, tight charge and overhead mechanism…and cost minimization in areas like Research and Development, service, sales force, and advertising This strategy may provide returns above the average since firms following cost leadership can decrease prices to match prices of competitors and still earn profits (Miller & Friesen, 1986b).

The study also refers to a third generic strategy, focus strategy identified by Porter (1980), that involves serving a specialized segment more successfully than competitors who are competing more broadly.

this study has also defined Marketing standardization strategy as another export strategy of firms in emerging countries which they define as the degree to which an exporting firm used the same marketing programs in different foreign markets (Samiee & Roth, 1992). At one extreme, an exporting firm can develop marketing programs that differ in terms of products, pricing, distribution, and promotion for individual foreign markets.

On the other hand, a firm can develop one marketing program, and then implemented in all export markets. But this strategy still very hard to be applied in foreign markets, especially for SMEs facing a huge competitors. It should be noted that marketing standardization is distinct from cost leadership and differentiation. The latter relate to a firm's posture with respect to competitors, but marketing standardization concerns the consistency of marketing programs and processes between domestic and foreign markets as well as across multiple markets. Thus, it is possible for firms pursuing cost leadership or differentiation-based competitive strategies to implement either standardized marketing programs or to adapt their programs to individual markets.

The third component of strategy considered in this study was export diversification. The number of foreign markets that an exporting firm targets is a strategic choice that can have important implications for the firm's overall export performance. Although the costs and benefits of MNCs' international diversification through foreign direct investment have been well documented (e.g., Garpano et al, 1994; Hitt, Hoskisson, & Kim, 1997; Geringer, Beamish, & daGosta, 1989; Kim, Hwang & Burgers, 1989; Tallman & Li, 1996), the performance impact of export diversification has not been examined.

These researchers argue that diversification into a foreign market from a firm’s home base or across multiple markets allow the firm to build and sustain competitive advantage.

Findings of this study propose that these strategies (cost-based strategies) boost export performance in developed country markets meanwhile the strategies differentiation enhance performance in other emerging countries.
Furthermore choosing marketing mix variables to the specific needs of developed country markets also develop export performance.

However, this study was focusing on emerging countries and provided a very important value to our thesis, it still more general because it is covering all the firms operating in emerging countries (MNCs and SMEs), so there is a need of focusing on SMEs in these emerging countries.

But we believe that an understanding of the export strategies and performance of Latin American firms competing with firms from developed countries in both domestic and international markets which is provided by this study can bring important insights into management thought and practice in the contemporary global environment.

2. STRATEGIES OF MALAYSIAN SMES EXPORTERS

Another Empirical Study of Business Strategy of Manufacturing Firms in Malaysia by Abdul Jumaat, Mohd Yunus 2009- [6] tried to investigate the best strategy adopted by Malaysian exporting firms which enhance their performance.

The major finding of this study provided some insights into the business strategies affecting the export performance. According the study, the top three dimensions of business strategies used by Malaysian SMEs exporters that gave good impression on their export performances were innovative differentiation, product differentiation, and marketing differentiation. by focusing on an empirical study using Porter's generic strategies, conducted by Nobuaki Namiki -a professor of strategic management in University of Tokyo- who has focused on studying the successful strategies for small and medium sized enterprises, in which he found that four types of strategies were employed by SMEs U.S exporters and he addressed a number of questions such as: What strategies are followed by SMEs in foreign markets? What strategies are involved in providing these firms with reasonable advantages in export markets? Namiki concluded that exporting SMEs in general adopt four types of competitive strategies. The first, the marketing differentiation, which is based on the , brand development, control over distribution, competitive pricing, advertising and innovation in terms of marketing techniques. The second, known as segmentation differentiation which relies on the ability to supply specialized products to specific groups of customer. The third, called innovation differentiation is based on the ability to offer new and technologically superior products. The last one, called the products service which is based on the quality of the products and services provided to customers. [7]

The study ran on Malaysian firms above, had explored business strategies employed by SMEs in exporting to foreign markets. In which the respondents were asked to identify the business strategies pursued by the company five years ago. This study showed that innovative differentiation strategy (technological superiority of products and new products development and use of advanced communication technologies) is most adopted by the SMEs exporters that enhanced their export performance.

3. IMPACT OF EXPORT ORIENTATION ON PERFORMANCE OF SMES

John o. Okpaa and Nicholas Kumbiadis have carried out a study about the SMEs Export Orientation and Performance [8]

The main of this research is to research the influence of export orientation on performance of Small and Medium sized Enterprises in Nigeria.

The findings, says that the most successful firms are those who use proactive orientation. Results of the study show that a durable proactive orientation is related with the success of export. The reason for this according to the researchers could be that the exporting firms aggressively seek export market information by attending trade seminars and fairs. They are also ready to admit temporary losses in order to win long-term market share.

And they address a number of important policy implications for SMEs in Nigeria as following:

(1) Accepting temporary losses to penetrate the export market can be an brilliant strategy,

(2) SMEs should be encouraged to improve new products for export markets; this should support them to attain sustainable good advantage,

(3) Firms must adopt strategies that will allow them to be elastic when making decisions because it is essential to answer rapidly to market conditions in today's hypercompetitive environment.

(4) The victory of SMEs in this era will mostly be contingent on their aptitude to internationalize their actions and answer quickly to market circumstances.

4. STRATEGIC CLUSTERS OF INTERNATIONAL STRATEGIES OF SMES

Another study done by Birgit Hagen, Giada Palamara, Antonella Zucchella, Paola Cerchiello, and Nicolò De Giovanni focusing on mapping strategic clusters of International strategies of SMES aimed to increase the knowledge of the international strategies of SMEs. [9] Starting from a sample of 148 Italian SMEs, trying to uncover strategic types across the SMEs universe. later the suggest a cluster analysis, which is an explorative approach that allows structure-discovering analysis out of data. From this analysis four strategic types arose , two of them presenting a clear strategic orientation,

and they classify them as following:

- "Shelter from the storm" cluster implements a niche strategy, based on competitive advantage on a solid customer orientation in terms of awareness. this strategy permits SMES benefits from great export.
- The other cluster is “born to run”, where a resilient global promise of the businesspersons convert into viable advantage founded on innovativeness and rising orientation.
- The third cluster “should I stay or should I go?” can be described as “stuck in the middle”. It is identified by the absence of profession thus lacks of clear strategy. This kind of firms reflects the specification of the opportunistic/reactive firm.
- The last cluster, "Strawberry fields forever", appears to enjoy an inherent competitive advantage, founded on the ability to propose a product which has a constant demand and low competition levels.

5. STRATEGIES OF EXPORT OF FOOD EXPORTERS IN THE WORLD

Also, Constanza C.Bianchi and Rodrigo had carried out a study of the main challenges and success factors for Chilean Food Exporters through which they tried to examine the Chilean salmon, wine, and fruit export, and to understand more in deep and investigate the marketing export strategies. [10]

According to the research food exporters may face many challenges, for instance the positioning of the image of chile in the foreign markets, perception more in depth

consumers of varied countries, and adequate channels of supply are issues that still need to be addressed.
One of the important challenges in the food sector in Chile, similar to Morocco; is that Chilean food exporters are operating at the distributor level, and have very limited contact with end retailers. which is impeding huge financial returns.

5.1 THE MARKETING EXPORT STRATEGIES

The latter study tried to answer the following questions: (1) what are the successful marketing strategies of developing countries? (2) Do they face the same challenges as exporters of developed countries? Through using a sample of firms operating in the food sector of Chile.

In the same context, we observe that less studies have displayed the export strategies that fit emerging countries (such as morocco) (Dominguez and Brenes, 1997; Aulakh et al., 2000). Most of these researches have focused on China and Central and Eastern European countries (e.g., Luo, 2000; Chao, Samiee, and Yip, 2003; Walters and Samiee, 2003), and has overlooked Latin American countries and North African countries.
For this reason, Balbanis et al. (2004) argued the need to research the export marketing strategies pursued by firms in the emerging countries, since they are getting important role in the world trade.

6. STRATEGY OF COST LEADERSHIP

Although this study cited that developed countries should pursue the cost leadership strategy of export to improve performance, Latin American food industry approved that differentiation and development of value-added products as a better strategy than cost leadership. Therefore, there is a necessity to understand in focus the factors that influence the export performance of emerging countries such as Morocco, specifically for food exports, which is a relevant industry within emerging countries.
Another important remark seen in this study; is that most export sectors in Chile have chosen the strategy of grouping under public and private trade associations have been

chosen by the most export sectors in Chile , in order to gather more resources, capabilities, and volumes to compete globally. For instance, the Chilean governmental organization of international promotion provides valuable help to exporters for obtaining contacts, organizing trade shows and business meetings, through commercial agencies located in different countries, or through Chilean embassies. In this context, the three export sectors under study have joined efforts and participate in joint promotional efforts such as Flavors of Chile, which helps position the country as a high-quality food producer in order to increase international demand.

In addition, according to the study, private associations have been essential in the export sector for the growth. for instance, Fundacion Chile' has supported the joint efforts of producers of salmon in aspects such as research, legal, environmental, technical, as well as in the development of different markets.
Moreover, the study suggests that the exporters in Chile must understand the marketing as an important tool to gain valuable resources to increase export performance.

The research also recommends that the food industry in Chile must search for a new ways that avoid excessive dependence on traditional comparative advantages by developing the specific competencies that allow confronting in a better way the exigently demanding international market.
Because the producers from the emerging countries trust in excess the low cost labor and the resources advantage to occupy leadership place in export market. Therefore, it can inhibit competitiveness and innovation.
This fact is similar to our case of study of Morocco, and seems to be applied also to the Moroccan SMEs subject of our research, thus we will try to incorporate it ahead in our research.

7. THE DETERMINANTS OF THE EXPORT PERFORMANCE OF SMES

Furthermore a study conducted by Carole Maurel to identify the determinants of the export performance of French wine industry SMEs. [11]

He underlined numerous factors that could impact on the export performance of SMEs especially wine industry. This can be detailed as below:

7.1 Internal Determinants of the Export Performance

- Characteristics of the firm (size, experience, export experience…).
- Firm management (export commitment, orientation, entrepreneurship).
- Technological resources (innovation, creativity).
- Characteristics of Decision-maker (age, background, background level).

7.2 External Determinants (Incontrollable)

- The environment of the firm (institutional, legal, cultural, financial environments).
- The structure of industry (concentration, export barriers, clusters)

7.3 Determinants Related to the Export Strategy

- Marketing strategy
- Relationships with partners
- Product adaptation
- Geographical diversification or concentration
- Niche strategy

One of other study try to cover the export aspect of food sector in a developing country (Egypt) was the "Exporting firms' strategic choices: the case of Egyptian SMEs in the food industry" carried out by Amira Kazem, in which he tried to answer the following questions: Does following exports outcome in greater sales and profits for small and medium-sized enterprises (SMEs) are effective exporters more entrepreneurial than unsuccessful ones? [12]

In order to perform the survey she studied a number of aspects such as:

- entrepreneurial orientation
- Decision making style
- Operational strategies
- Marketing strategy
- Production strategy
- Financial strategy

8. NICHE STRATEGY

Export strategy, which was measured by the following seven questions:

(1) Consideration of new export markets?

(2) Looking for export market data?

(3) Visiting international fairs?

(4) Risk of Exporting should wait till local demand is satisfied or not?

(5) Risk of local Export market

(6) Export market offers opportunities or risks

(7) Acceptance of temporary short-term losses in export market

Based on international data, according to the researcher SMEs have tended to practice the niche strategy, not to be targeted from the bigger firms but offering satisfactory profitability and concentrating on niche markets under their marketing strategy to develop competitiveness. However, according to the Egyptian data exporters were probable to have a predominant focus strategy.

Furthermore, the study shows that firm who take decisions quicker than others are more likely to have higher growth in sales. the same exporters who participate in more international exhibitions and trade fairs are likely to have a higher growth rate of sales, on average. The same to those who minimize production times and those who improve payment terms to avoid liquidity crunches, and those who accept short-term losses in order to create export market share.

9. STRATEGIES OF EXPORTS OF MOROCCAN FOOD EXPORTERS

A study “Moroccan exports of citrus to Europe, what strategy? Belghazi. Berioula, Naguib” through where the exporting strategies toward the EEC are investigated. [13]

The study subject of question has used the three levels of strategic management (basic, functional, and operational strategies) in order to identify for every kind of citrus products designed to be exported to the EEC, an appropriate strategy by which the exporters can face the impediments of the citrus Moroccan sector, such as:

- The aging of the Moroccan orchard, the long process of production, the weak return of production.

- The low level of potential innovation that weaken the exporter, especially in areas of differentiation, production of new varieties, developing the final product quality.
- Using the shipment instead of trucks, so the exporters do not reach the consumers or the retailer.
- The protectionist regulation of EEC (reference price-quotas), because the regulation of EEC which is heavily penalize Morocco in favor of his principal competitor “Spain”. [13]

9.1 Criteria of Analysis

They used a number of criteria, such as:
Analyzing the orchard – the intrinsic quality of the product – innovation level – cooperation opportunities – logistic and service quality – geographic position – brand image – the best distribution canals – market share –potential of investment – regulations.

The researchers have proposed a strategy to horizon 2000 to face these impediments, to benefit from the opportunities of the environment, mitigate the weaknesses and exploit the strengths of Moroccan exporters of citrus.
They suggest the following strategies:

- maintaining the position of Moroccan exporters of citrus in the western Europe, and
- Starting diversification in the Eastern Europe countries.

  Nevertheless we found these strategies as defensive, because they just lead to maintain the export position instead of developing it, but they defend this strategic choice by proving that the orchard doesn’t become productive until 10 or 15 years.

  Although we think that this fact is not anymore valid, because of the currently developed situation of the sector due to use of technological methods.

In the other hand, the researchers basing on the 5 kinds of citrus products designed to be export, they classified them according to BCG matrix:

- Three type of these citrus (Clementine – Navel - Salustiana) are questions marks. (Weak market share- important growth of the market).
- (Maroc Late) as the star (strong market share- important growth of the market).
- (Sanguine orange) as the dog position (low market share- low growth of the market).

10. STRATEGY OF LIQUIDATION IN EXPORT

For this reasons, they suggest for the Clementine a strategy of Liquidation, because of the aging orchard, low production, and the rigidity of the EEC regulation, and replace it by new varieties of small fruits, such as Bekria, Nour, Ortanique…
Furthermore, because of the banal consumption and the stagnation of the demand of (Navel orange) leaded them to propose also a liquidation strategy for it.
For the (Salustiana) they suggested a restructuration strategy, because of the growing demand and the weak Moroccan production, so the exporter can benefit from this opportunity.

(Maroc Late) as a star of Moroccan citrus with 50% of market share in European Market, make it leader, for this reason they suggest an expansion strategy for this product.
This study realized within 1989 and 1991 have some limits, like it cover just the EEC and solely the citrus sector.

11. STRATEGY OF MAINTAINING MOROCCAN EXPORTATION

This study has been confirmed in 1998 by another study called (Stratégie De Maintien En Valeur Des Exportations Marocaines D'agrumes Sur Le Marché de l'UE: SODEA- Zouhair Bellahcen and Ali oulal.) [14]

In the same context, a number of possibilities of applying several hypotheses that seems very important in agro-industrial sector:
- Using the Integrated industry system through the optimization of the value chain.
- Vertical integration

- Horizontal integration

  Especially for Small and medium sized enterprises that face the problem of resources' lack to expand their industry.

A study ran on the apricot and olive sector in morocco has also strongly suggested a vertical integration of the sector that involves gaining ownership or increased control over suppliers or distributors. [15]

12. COOPERATION STRATEGY OF MASS DISTRIBUTION IN EXPORT MARKET

Under the framework of free trade agreements of Moroccan SMEs, Hicham ABBAD conducted a research to extract the possible strategies of developing the SMEs of Agro-food sector in Morocco. He suggested a cooperation strategy under five fields between the mass distribution (super and hypermarkets) and Agro-food SMEs, as following: [16]

Merchandising, Introduction of new products, First price product, Promotion Physical distribution.

He also suggested a number of currently contribution resulted from the cooperation between the Agro-food SMEs in morocco and mass distribution.

And he invited the Moroccan government to more contribute in the fields of infrastructures, energy, technological, research, training, financial and social support…

CHAPTER 2

THE AGRO-FOOD SECTOR
AND SMES IN MOROCCO

1- OVERVIEW OF THE AGRO-FOOD SECTOR IN THE WORLD

1.1- Agro-food Sector in the World

It is a challenge subject to find a general definition that cover all aspects of food processing and sale. The Food Standards Agency, a government body in the United Kingdom, described it like follow:

"...the whole food industry – from farming and food production, packaging and distribution, to retail and catering." [17]

The Economic Research Service of USDA - U.S. Department of Agriculture- uses the term food system like follow:

"The U.S. food system is a complex network of farmers and the industries that link to them. Those links include makers of farm equipment and chemicals as well as firms that provide services to agribusinesses, such as providers of transportation and financial services. The system also includes the food marketing industries that link farms to consumers and which include food and fiber processors, wholesalers, retailers, and foodservice establishments." [18]

In this research,

Agro-food term includes agro-processing and its network of marketing and support services from farm to consumer, including inter professional organizations, and cooperatives. [19]

1.2- The Characteristics of the Agro-food Market

According to CIHEAM - International Center for advanced Mediterranean Agronomic Studies- estimations (2004), world production of Agro-food sector is around 2,4 trillion US dollars at 1998. This sector represents the first worldwide industry with one quart of manufacturing. Also it represents 4% of planet GDP and provides 22 million jobs to it. [19]

1.2.1- The Agro-food industry in the world

Table 1 The Agro-food Industry in the World -1998 [19]

	Production		**Added Value**		**Job**	
	G US $	**%**	**G US $**	**%**	**Millions**	**%**
North America	584	24.5	251	29.7	1.82	8
Latin America	168	7	67	7.9	1.78	7.8
Europe	982	41.2	313	37	7.04	30.8
Asia	564	23.7	187	22.1	10.9	47.7
Africa	46	1.9	14	1.7	1.07	4.7
Ocean	39	1.6	14	1.7	0.24	1.1
World total	**2383**	**100**	**846**	**100**	**22.84**	**100**
Mediterranean	328	13.8	84	9.9	1.81	7.9
MENA	41.3	1.7	9.8	1.2	0.67	2.9

1.2.2- Agro-food market segmentation

The activities can be segmented as following:

Table 2 Agro-food Market Segmentation [20]

Categories	Content
Meat industry	Beef meat, poultry, product issued from meat
Fish industry	Canned , freezing, deep freezing, drying, storing, product preparation (caviar, filet…), ready food
Fruit and vegetables industry	Transforming, conserving of potatoes, fruit and vegetables, juices.
Dairy industry	Liquid milk (fresh, pasteurized, UHT…) and fresh products (cream, yogurt…), butter, cheese, and other lactic products
Seeds industry	Milling, semolina, white rice or transformed, roasted cereals, etc. Starchy products (starches, glucose syrup, tapioca…)
Beverages industry	Natural water, spirits, alcohol for fermentation, wine, cider, malt, water (of source and mineral), soft drink (soda, tonic, fruit syrup)…
Animal feeding	Farm animals' feeding products
Fatty substances industry	Herbal oil and fatty substances (sunflower, colza, olive…) and animal oil, margarine…
Other Agro-food industries	Bakery and fresh confectionery, conserving confectionery, sugar industry, chocolate industry, pasta, tea and coffee transformation…

1.3- European Market

Only developed countries represent 70% of market share of the world production. But demand progress very slowly, with the customers start to be sensitive to the dietary questions, food security and health. And more demand for strong value added products is remarked.

The demand in the European Union can be evaluated around 800 billion of Euros at 2002, for 450 million citizens. Households in the EU spend around 13% from their revenues to food products and beverages. But after the extending of the EU, the spending vary from 12% to 22% [20]

1.3.1-Allocation of the agro-food activity per product in the EU

Table 3 Allocation of the Agro-food Activity per Product in the EU

Industry	Production	Added value
Meat	20%	17%
Fish	2%	2%
Fruits and vegetables	6%	6%
Dairy industry	15%	10%
Seed production	4%	3%
Beverage production	16%	19%
Animal feed	6%	4%
Fatty substances	4%	2%
Other Agro-food industries	27%	37%

Four industries (meat, beverages, milk industries and other industries) represent 80% of Agro-food industry of the EU. [21]

1.3.2- Supply and suppliers strategies

Worldwide sector general description:

The concentration of world agro-food sector is medium, A lot of large diversify and/or integrated multinational companies, are cohabiting with a number of SMEs specialized on a niche products and/or are targeting local market. The companies are confronted with a rapid and advanced competition: local market facing the competition and foreign investments, the shaping of demand to the emerging countries,

There is a need to put new strategies of differentiation for saturated markets in developed countries, increasing of budget reserved for R&D and marketing, distribution concentration and aggressive strategies of distributors to acquire more margin profit, increase of legislative constraints, appearing of new competitors coming from emerging countries in which they profit from protected local market (china for instance).

1.3.3- European supply

Europe profit from; a high agriculture base, environmental regulation, also a competitive and demanding domestic market, also from high technical environment and logistical quality, and long industrial tradition in the agro-food sector . Europe is the first exporter in the world and mean pole of international transactions.

The Turn-over of agro-food sector in the EU is almost 800 billion Euros in 2003, with an increasing of 2.5% per year in the last 5 years/ this activity is ranked first industrial sector in the world, according to the CIA with 13.6% of turn-over for the (EU -15) in 2002. It is supplying 4.1 million jobs, in which 61% are offered by SMEs. Even with domination of these SMEs, the European multinationals remains among the first ranked holdings (Nestle, Unilever, Diageo, Danone, Cadburry Schweppes, Heineken, parmalat, Scottish Newcastle, Associates British foods, Inbev). And constitute the main investors in the MENA countries (including Morocco). [22]

Four countries: France, Germany, United Kingdom, Spain, represent 80% of the value added created, for instance, Agro-food industry in France represent the first industry in term of turn-over and second in term of job supplying. [20]

2- THE AGRO-FOOD SECTOR IN THE MENA COUNTRIES AND POSITION OF MOROCCO

The countries in question are:
Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestine, Syria, Tunisia and Turkey.
Agro-food sector is one of the engine sectors in the Mena region, it represent from 3% to 4% of GDP depending of the country [20].

2.1- A limited Industrial Development of the Sector

The agro-food sector (except agriculture) represents a turn-over of 41 billion euro in the MENA region and remains a principal sector for the countries, especially Morocco. The sector provides 700.000 jobs.

Table 4 Agro-food Sector in the Mediterranean Countries in (2001)
(source: CIHEAM)

	Production		**Added value**		**Job**	
	Billion US$	**%**	**Billion US$**	**%**	**thousands**	**%**
Turkey	**13**	**31.4%**	**3.4**	**34.7%**	**136**	**20.4%**
Israel	7	16.9%	1.8	18.4%	50	7.5%
Egypt	6	14.5%	1.2	12.2%	200	29.9%
Morocco	**4.6**	**11.1%**	**0.95**	**9.7%**	**92**	**13.8%**
Tunisia	3.1	7.5%	0.5	5.1%	34	5.1%
Algeria	3	7.3%	0.8	8.2%	90	13.5%
Syria	1.8	4.4%	0.4	4.1%	24	3.6%
Lebanon	1.5	3.6%	0.35	3.6%	15	2.2%
Cyprus	0.55	1.3%	0.2	2%	8	1.2%
Jordan	0.55	1.3%	0.12	1.2%	16	2.4%
Malta	0.24	0.6%	0.07	0.7%	3	0.4%
Total	**41.3**	**100%**	**9.8**	**100%**	**668**	**100%**

Four countries (Turkey, Morocco, Israel, and Egypt) represent 74% of the Agro-food production in this region. And provide a total of 478 000 jobs.
Morocco's agro-food production in the MENA region represents 11.1%, a 9.7% of its added value, and provides 92.000 jobs (13.8%).

2.2- Sectors of Activity of the MENA Countries

The emerging sectors are those of fruits and vegetables, olive oil and canned, which have a positive balance. Instead, the sectors of processing of sugar, cereals, fatty substances (except olive oil) and red meat are not even satisfying the demand of MENA domestic market.

2.3- Overview of Foreign Trade of the MENA Countries

It is remarked that since 1960's, the international transactions of agro-food products started to increase, due to liberalization of the transactions, increasing of demand, local branches' specialization. This progression was little bit slowly in the trading of agro-food products. The main flows are related to cereals, meat, sugar, and dairy products. At 2002, agro-food products are increased to 468 billion dollars, which represent 7.2% of total trade.

According to the WTO statistics 2002, the EU is the main exporter in the world (40%), followed by Unites states (11%), the MENA countries' exportation part is 1.9%.

The export of agro-food products in the MENA countries represent 8% from its total foreign trade, but their importation represent 10.5% of the its total foreign trade. Source: data base Chelem

The EU represents the principal trade partner of the MENA countries in term of their exportation. Around 49.8% of their export to the EU, however their import is well diversified – only 35% from EU and 44.5% imported from other destinations.

Some countries; like Turkey Israel and Egypt import important quantities from the USA.

Morocco's main importing countries are EU (40.3%), USA (8.8%), and MENA (3.1%). However its main exporting countries are EU (96.6%), USA (3.7%), and MENA (2.9%).

Source: data-base CHELEM

It is noted that there is a weak intra-zone trade.

2.4- National Specificities

Two countries - Turkey (44.4%) and Morocco (19.9%) - represent alone two thirds of total exportation of the region.

Four countries or regions – Egypt, Middle East (except OPEC), Turkey, and Algeria – absorb 70% of the region import. [20]

2.5- The Part of Agro-food Products in the MENA and World's Trade

Table 5 The Part of Agro-food Products in the MENA and World's Export and Import (Source: Data Base CHELEM)

	Part of Agro-food/ export	**Part of Agro-food/ import**
Turkey	**11.3%**	**6.2%**
Israel	4.0%	6.5%
Cyprus, Malta	9.2%	6.6%
Algeria	0.3%	21.0%
Morocco	**24.3%**	**12.4%**
Tunisia	6.8%	9.7%
Egypt	12.5%	20.3%
M.E (non OPEC)	**6.7%**	**16.6%**
Total	**8.0%**	**10.5%**
World	**8.0%**	**8.8%**
MENA/world	**1.9%**	**3.2%**

The figure above shows that Agro-food industry represents a high part of total exportations of Morocco (24.3%) and Turkey (11.3%).

The import of agro-food products by Egypt, Middle East (non OPEC), Algeria is particularly high.

2.6- Agro-food Products Analysis in the MENA

It is noticed that despite the high deficit for Algeria and Middle East (non OPEC), there is a high surplus in the trade balance of agriculture products and vegetal canned, (especially Morocco and Turkey). Also there is a surplus in the trade balance for: cereal processed products, meat and fish, animal canned and beverages for Morocco and Turkey, but negative for the other countries in the MENA region, which make it balanced.

The categories: cereals, fatty substances, sugar, aliments for animals and processed tobacco know a general deficit in their balance, caused specially by Algeria, Egypt, and Middle East (non OPEC).

The category of inflammable agricultural products, still have a quite deficit due to Turkey's import from this category. (See figure 7)

2.6.1- Agro-food products trade balance per MENA countries

Table 6 Agro-food Products Trade Balance per MENA Country (million $) (CHELEM) [20]

Category	Turkey	Israel	Cyp, malta	Algeria	Morocco	Tunis.	Egypt	M.E	MENA
Cereals	-520.5	-319.7	-89.6	-922.5	-438.2	-290.4	-1120.3	-479.8	-4226
Other Agricultural Product	1428.8	159.5	47	-389.7	550.4	10.2	-161.1	-509.6	1189.5
Inflammable Agri Prod.	-1067.6	96.7	-58.9	-223.7	-218.4	-137.8	-89.5	37.2	-1662
Cereal Processed Products	312.2	-65.9	-81.4	-16.9	14.9	34.1	-8.7	-101.5	86.8
Fatty Substances	-105.3	-67	-95.3	-699.6	-210.4	-26.4	-453	-545.5	-2202.5
Meat And Fish	104	-174.1	78.5	-87.7	593.4	89.3	-194.2	-148.7	103.5
Animal Canned	43	-7.9	-60.2	-9.7	358.1	0.4	-42.9	-92.1	188.7
Vegetal Canned	700.8	-16	-120.8	-147.8	166.3	-0.6	15.4	-203.1	394.2
Sugar	322.3	-165.8	-74.8	-211.6	-124.1	-73.4	-86.5	-449	-862.9
Aliments For Animals	-158.4	-58.1	-64.2	-99.4	-24	-42	-260.2	-134.9	-841.2
Beverages	106.4	-22	-146.3	-14.9	-7.3	16.6	3.2	-80.1	-144.4
Processed Tobacco	-10.4	-74.8	-64.3	-1.5	-8.1	8.7	-69.7	-182.8	-402.9

3- AGRO-FOOD SECTOR IN MOROCCO

Morocco is primarily an agricultural country with major fishery resources. Nevertheless, it is dependent to its agro-food needs. Moroccan imports of agro-food products vary yearly, ranging between $1.5 and $2.0 billion.

The main imported products are cereals, crude vegetable oils, dairy products (butter, milk powder, cheese, etc.), value-added products, sugar, livestock feed, legumes, livestock and plant seeds.

Moroccan food exports are not varied and have a small contribution to the value added.

They are dominated essentially by cereals and dry vegetables, citrus fruit, canned vegetables and seafood products. The major large companies of agro-food are either national holdings (such as ONA holding, Holmarcom, Ynna Holding) or foreigner investors (such as Coca Cola, Nestlé, Danone, P&G, Savola and Unilever). [23]

The food industry is one of the most considerable engines of Moroccan economy. It is the first industry of the country that benefits from strong domestic and international demand.

The sector contributes with about 33% in industrial GDP (8% of GDP). It achieves an output of more than 80 billion DH, 25% for export.

In terms of investment, the sector received nearly 16 billion DH of investment over the period 2004-2008. It currently attracts 29% of industrial enterprises, employing over 96,000 people in more than 1904 company. [24]

To encourage investment in the sector and strengthen its business base, Morocco provides through several initiatives, notably through the launch of Green Morocco.

3.1- An Overview About the Agro-food Industry

3.1.1- The Composition of agro-food industry

The nomenclature of the economic activities in effect, regroup under the Agro-food sector;

- Beverage industries,
- Fruits and vegetables,
- Meat,
- Fish,
- Milk,
- Fatty substances,
- Wheat, cereals,
- Aliments for animals,
- Tobacco,
- Other food products. [25]

It is remarked that the composition of the Agro-food industry is vast.

In term of size, some branches are characterized by an important number of small sized units, like: the industry of wheat (modern bakeries). However, other industries are almost large production units (sugar seed oils, milk). In term of market, some branches are oriented to abroad markets (fruits and vegetables, fish), instead other branches are oriented to domestic market (fatty substances, dairy industry, cereals processing, beverage industries, meat processing).

Fruits and vegetables branch is dominated by fruit and vegetables conservation activities, juices and finally products prepared from tomatoes.

3.2- Regional Allocation

Agro-food industries generally are concentrated in which irrigated areas are abundant/ for instance Marrakech, Fes, Meknes, Oujda and Agadir cities. However, the existing of this activity in Casablanca city is due to the existing of the port.

3.2.1- The Agro-food industries production per region

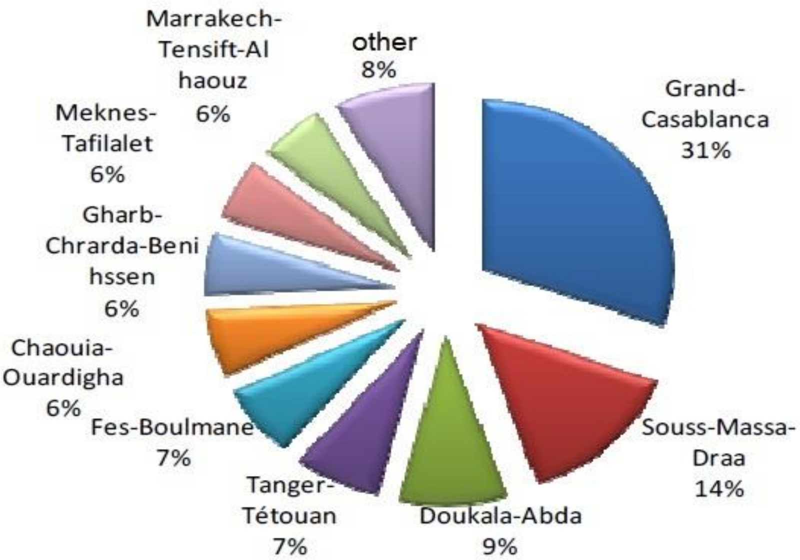

Figure 1 The Agro-food Industries Production per Region (2007)

The allocation of Agro-food production by region, shows that Casablanca region occupy a third of this industry (31%), followed by Souss-Massa-Draa region (14%). **[25]**

3.3- The Evolution Mean socio-economic Variables of Agro-food

The Agro-food industry offers more than 104.000 jobs, in which 76% of them are permanent jobs. Women part represents 36% of permanent job. Moreover, during the period 2002-2008 the production has achieve 67 billion Dirhams (7.81 billion USD) , in which 13.6 billion Dirhams (1.59 billion USD) are destined for export. On 2009, the export of the sector reached 16.6 billion Dirhams (1.94 billion USD).

Furthermore, the Added value generated is 22 billion Dirhams (2.57 billion USD), and the investment has been achieved is 3.2 billion Dirhams (373 million USD) in the same period- Ministry of Industry, Commerce and New Technology DEPF-

3.3.1- Evolution of mean variables of agro-food sector

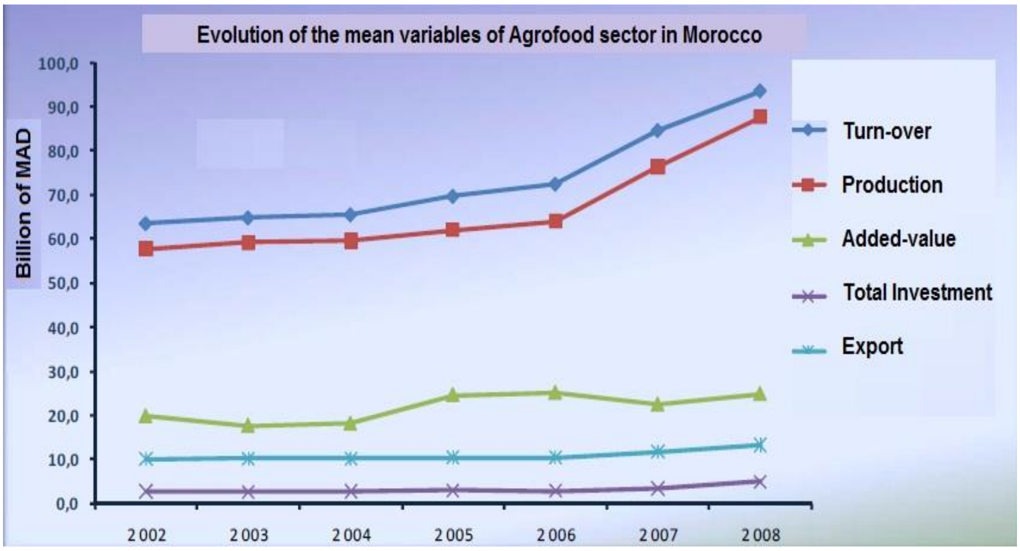

Figure 2 Evolution of Mean Variables of Agro-food Sector in Morocco

Because of its social- economic weight and its high contribution to the exportation of Agro-food industry, processed Fruit and vegetable branch, need a special analysis. This branch employ around 6000 persons permanently (7%), and around 2000 seasonally (10% together with created permanent jobs). [25]

The contribution of this industry to the investment and production of Agro-food industry remain weak, with around 4%. Otherwise this industry occupies the second rank after fish branch (61%) within the global exportation of the Agro-food industry, around (19%) [25]

3.3.2- Evolution of fruit and vegetable industries

The analysis by branches shows the importance of canned of vegetables, in term of added value and turn-over of exportation. This branch is composed especially of; olive canned, pickles and capers.

The activities of fruit conservation come on second position, and the principle exported products are: apricot canned. Concerning the products destined to domestic markets, they are jams, tomatoes canned, and some processed vegetables like, chips.

More than half of production is destined to the exportation, however this activity started to be oriented more and more to domestic market, due to the crisis in supply of juice industries.

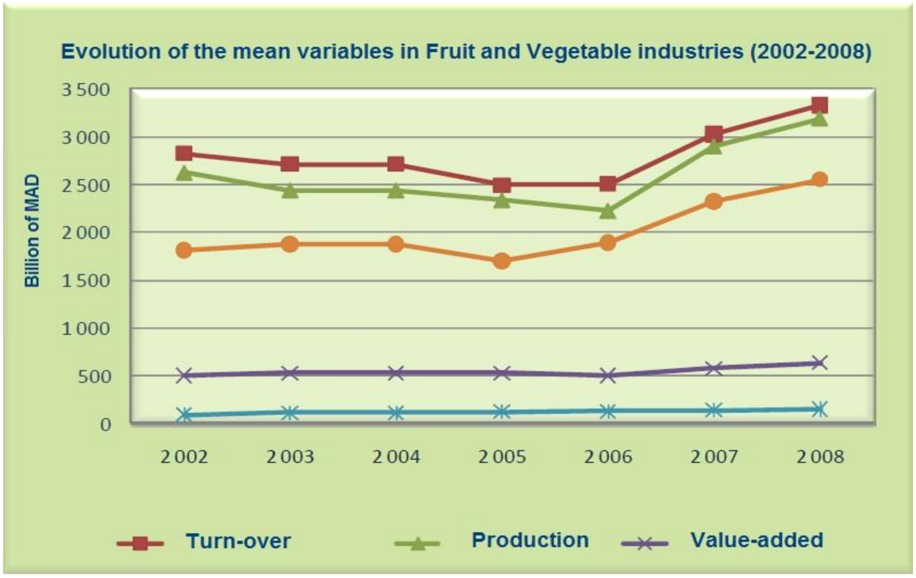

Figure 3 Evolutions of the Mean Variables in Fruit and Vegetable Industries

Generally, the mean processed exported products are; olives, apricots, green beans, pickles, and capers canned, frozen products (strawberries and green beans), products issued from tomatoes, oranges and spices, essential oils, and mushrooms. In return a lot of products are almost disappeared from exported line, like tomato paste because of the subsidies introduced by the common agricultural politic of EU.

Source: Ministry of Industry, Commerce and New Technology

3.3.3- The Structure of exportation of Moroccan processed plants

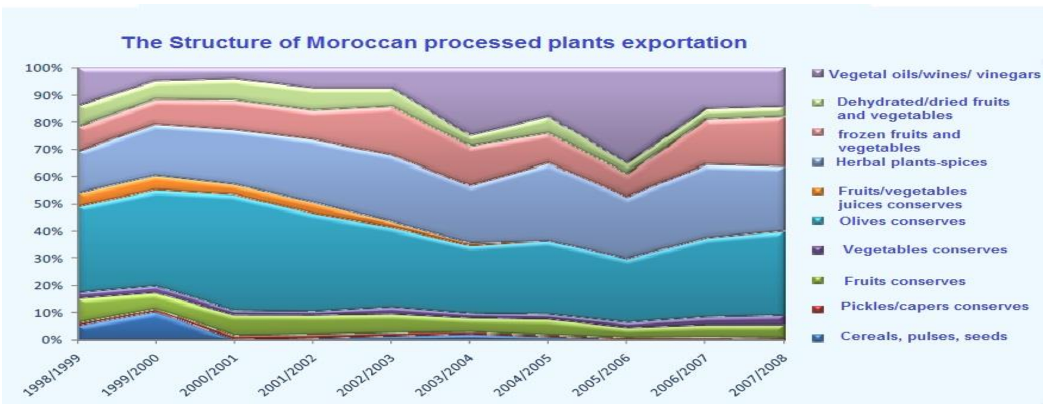

Figure 4: The Structure of exportation of Moroccan processed plants Source: (EACCE)

The exportation of products decreasing are particularly; olives canned, cereals, seeds, pickles/capers canned, fruit canned, also dehydrated/dried fruits and vegetables.
In return, the products which seen an increase in their exportation are; spices/herbs, frozen fruits and vegetables, also plant oils/ wines/ vinegar.

3.3.4- The Evolution of fresh and processed agro-food products export

The analysis of evolution of Fresh and processed agricultural products[27] (except meat fish and the industry of tobacco) exportation structure, shows that Morocco export more fresh agricultural products than processed ones during the period 1990-2008. In fact the part of processed agricultural products has been decreased from 27,7% at 1990 to 25,7% at 2000, and increase again to 27% at 2008. However the enhancing of the export of agricultural production remains not enough. [25]

According to DEPF statistics, The category of other agricultural products contribute in a big part of fresh agricultural products export (an average of 90,8% during 1990-1998). In fact their export average shaped from 611 million USD during the period of 1990-1998 to 1 billion USD, which means a progressing of 64.8%.
Other agricultural products refers to; living animals, eggs, fruits and vegetables, tropical products, oleaginous, and brut tobaccos.

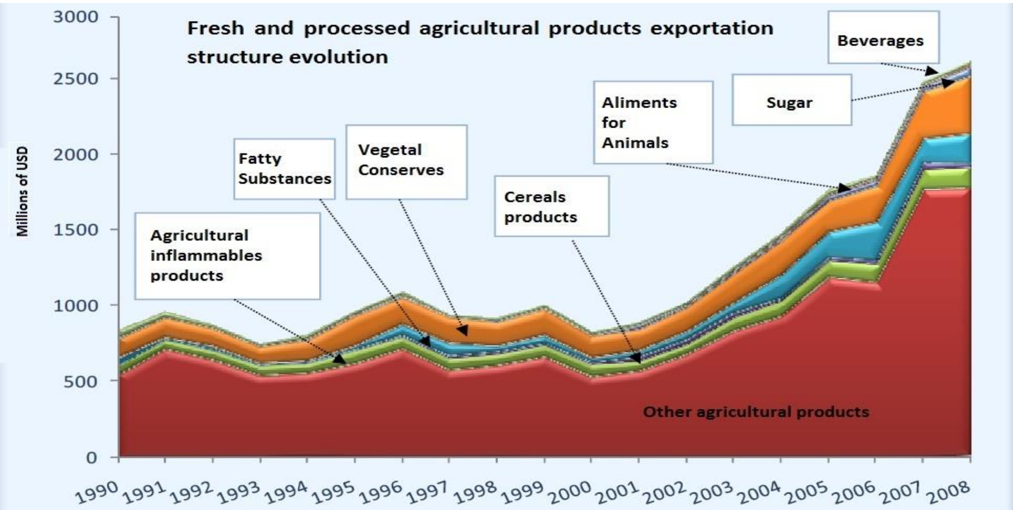

Figure 5 Fresh and Processed Agricultural Products Exportation Structure Evolution

Fresh agricultural products: cereals, inflammable agricultural products and other agricultural products.

Processed agricultural products: products processed from cereals, fatty substances, vegetal canned, aliments for animals, sugar and beverages.

The agricultural processed products for export are almost vegetal canned and fatty substances. The average exportation of vegetal canned has been increase from 146 million USD during 1990-1998 to 216,6 million USD during 1999-2008, which means a progress of 48%. [25]

However, the exportation of fatty substances have passed from 33 million USD to 114,5 million USD during the same period. [25]

Moreover, the trade balance of Agro-food, has recorded a trade deficit of 4 billion USD during the period 1990-2007. In fact, during this period of time the importation of processed agricultural products has reached 9,5 billion USD, composed essentially of fatty substances (230,1 million USD), sugar (133,8 million USD). The rest of imports are; aliments for animals, vegetal canned, beverages and cereal products. [25]

3.3.5- The Evolution of processed agro-food products trade balance

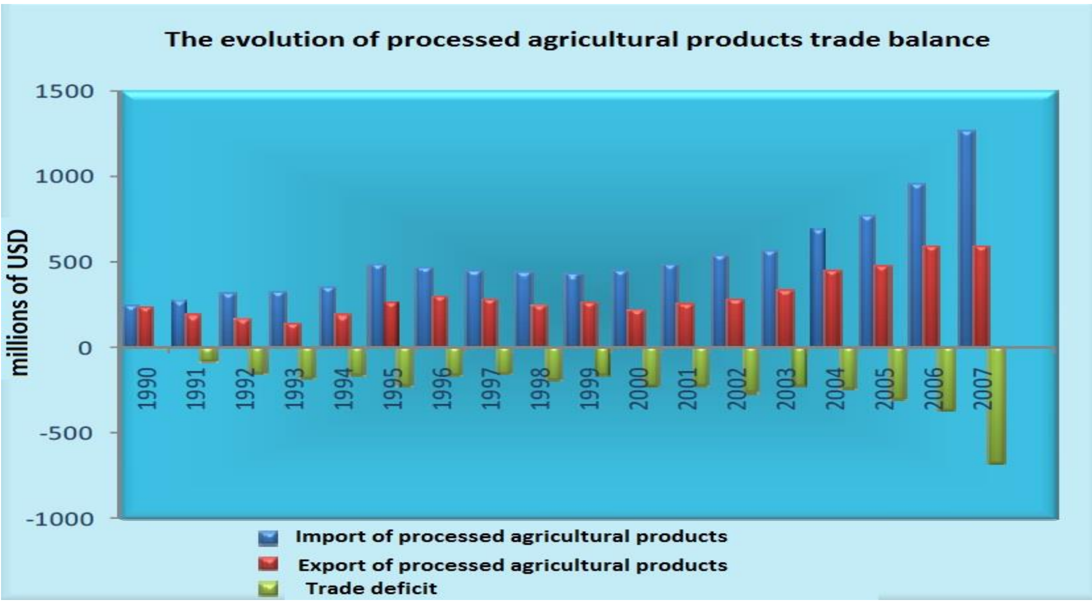

Figure 6 The Evolution of Processed Agricultural Products Trade Balance

The figure shows the top grow of export and import of agro-food products in 2007. But also an increase in the deficit of the trade balance of this sector.

3.4- Importing Partners

As cited in the previous part, EU is the principle importer of Moroccan Agro-food products. In fact, during the period between1998-2003, this market has absorbed 78% of total exportation from vegetal processed products, but this part has been decreased between 2003-2008, which represent 74.4% from total export. This decreasing continued in 2009 to be around 72%.

In term of countries, France hold the biggest part of Moroccan export from vegetal processed products (39%) during 1998-2003, Followed by Spain (13.8%), United States of America (8.6%), Italy (8%), Belgium (6.4%), Germany (4.4%), and Netherland (2.8%).

For the period 2003-2008; this parts are decreased respectively as follow; Germany (3.8%), France (27.2%), with a progressing for Spain (20%), USA (9.2%), Italy (8.9%) and Belgium (7.9%). [25]

From these data also, it is remarkable that Moroccan exports are focusing on western markets. Instead of that Morocco must search and reinforce its activity on new markets (such as Africa,) in order to face the changes in the international economy and deal with the financial crisis. For these reasons, the thesis will use the actual facts and opportunities to set up new strategies for the Agro-food sector in Morocco, which represent an essential engine to its economy, through focusing on the SMEs in this sector because of their importance. And compare it with Turkish structure of the SMEs of this sector.

4- MOROCCAN SMES

4.1- Image of Moroccan SMEs (Small and Medium-Sized Enterprises)

The definition of the SME (small and medium sized enterprises), have been developed according to the regulations of the different articles that tried to encourage creation of this type of enterprises. For instance, accelerated procedure of 1972, investment law of 1983, Moroccan Central Bank of 1987, articles of FOGAM for upgrading the SMEs [26]

Recently, the Ministry of Finance and Economy has set the following criteria to define the SMEs in Morocco:

- Less than 200 workers.
- Entrepreneurial phase: a turn-over less than 5 million DH (Moroccan Dirham)
  Growth phase: a turn-over less than 20 Million DH.
  Maturity phase: a turn-over less than 50 million DH. [26]

The SME is present in all economic activities of Morocco: Industry, handicraft, construction, commerce and services (tourism, communication, logistics, finance and services…)

Trade sector in Morocco is formed almost of SMEs, and provide 880 000 job (exclude informal). SOURCE: DEPF

In the industrial sector, the SMEs employ more than 250 000 workers distributed as follow:

- Textile and clothing (26%),
- Chemistry and Para-chemistry (24%),
- Mechanic and metallurgy (12%)
- Electric and electronics (3%).

In the handicraft sector, the SMEs are well presented in fishing, forestry, and breeding sectors, also in the social and cultural activities generating high added values. (Carpets, clay products, metals, leather and traditional sewing…). And provide more than 1 million jobs.

The SMEs are well represented in the construction sector, hardware and manufacturing of construction materials. The majority of Moroccan enterprises working in this sector are SMEs.

More details about the SMEs in Morocco are shown in the following paragraphs.

4.2- The Weight of Moroccan SMEs and Large Businesses in Morocco

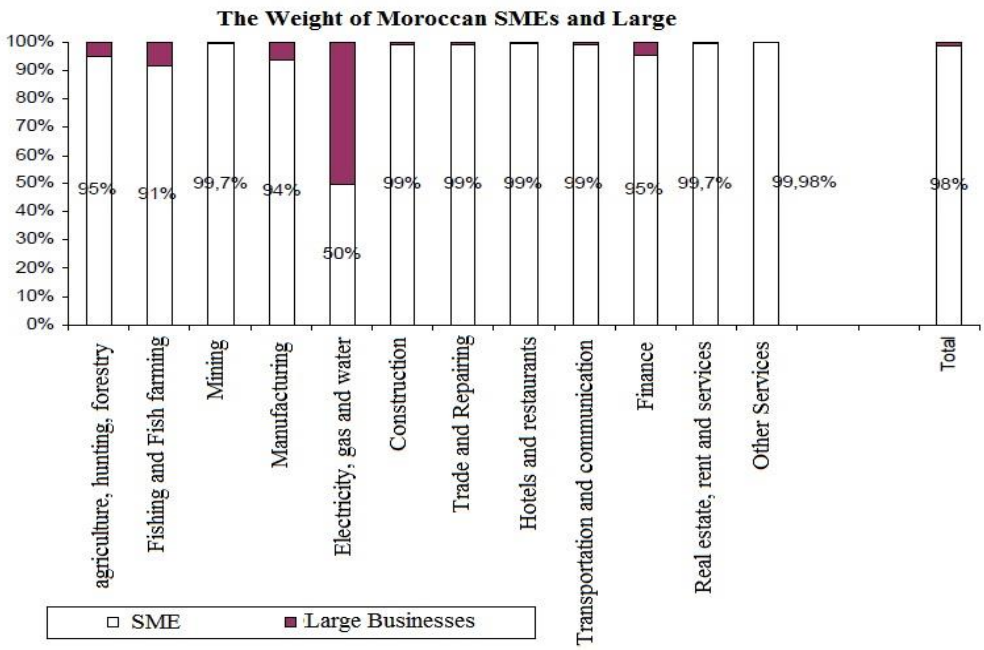

Figure 7 The Weight of Moroccan SMEs and Large Businesses
Source: Ministry of Economy and Finance of Morocco

The number of SMEs represents 98% of total companies in Morocco. The part of SMEs is more than 90% in almost all sectors. But for the distribution of Gas, Electricity and water SMEs represent just 50%.

4.3- The Value-Added Generated by the SMEs and Large Businesses

The Added-value created by the Moroccan SMEs is about 21%, moreover it is variable between 0,2% (gas, electricity and water production) to 73% for real estate and services, as the following graph shows:

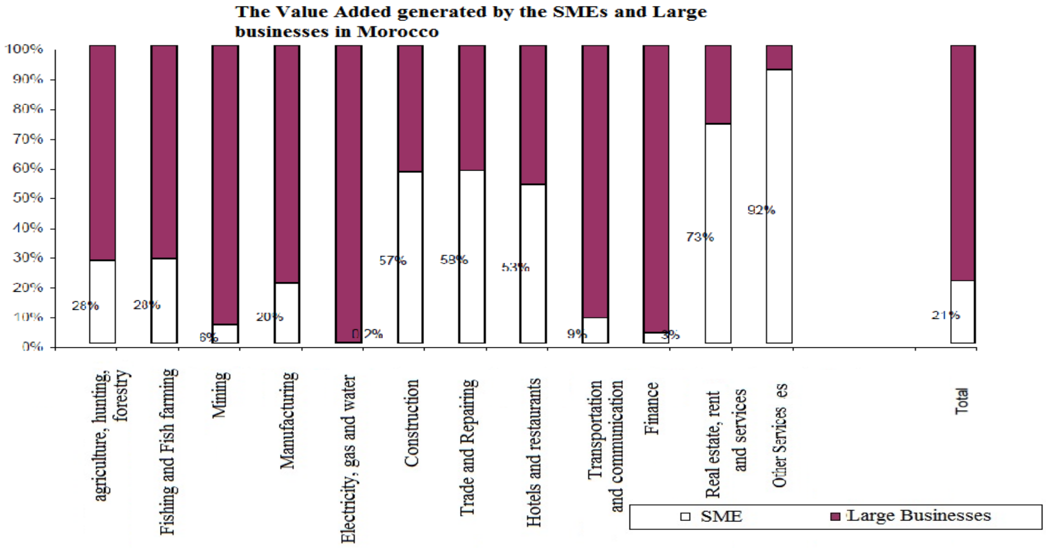

Figure 8 The Value-Added Generated by the SMEs and Large Businesses in Morocco

4.4- The Allocation of Moroccan SMEs by Branch of Activity

4.4.1- The Main sectors of SMEs - number of enterprises

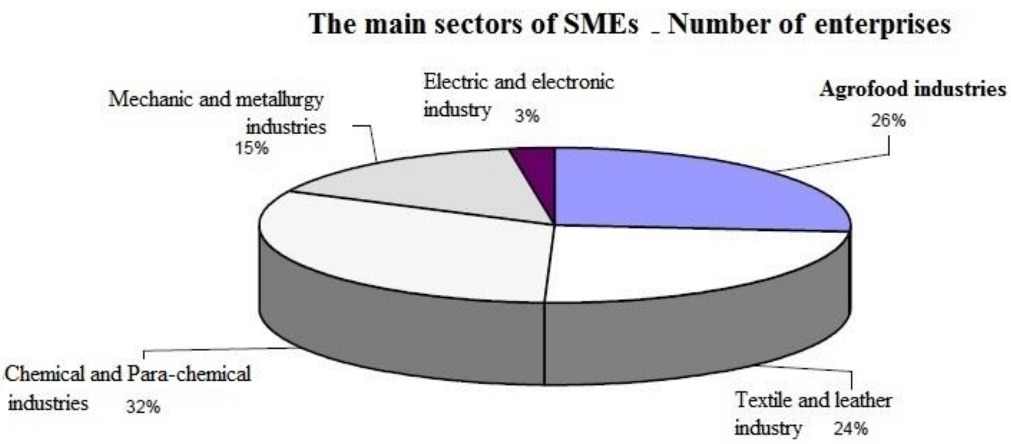

Figure 9 The Main Sectors of SMEs - Number of Enterprises

The Moroccan SMEs are concentrated on three sectors of activities: Chemical and Para-chemical industries (32%), Agro food industries (26%) , textile and leather industry (24%)

Source: Ministry of Economy and Finance

4.4.2 The Value-added generated by Moroccan SMEs

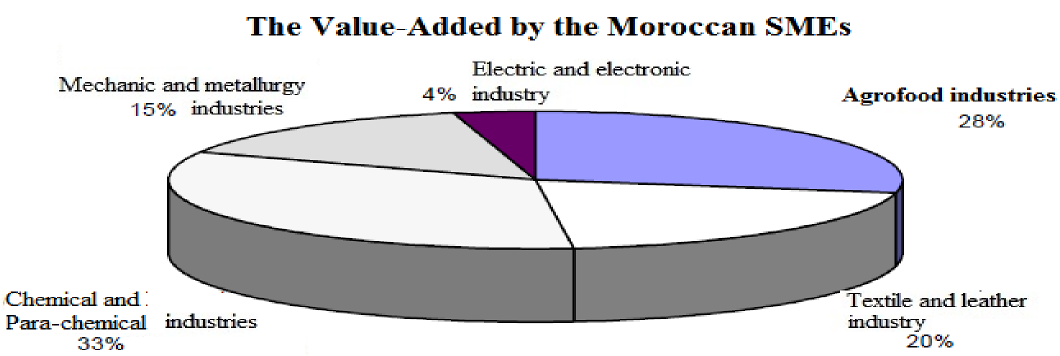

Figure 10 The value Added Generated by Moroccan SMEs

Mostly the same concentration is observed: Chemical and Para-chemical industries (33%), Agro food industries (28%), textile and leather industries (20%).

Source: Ministry of Economy and Finance

4.4.3 Number of jobs provided by Moroccan SMEs

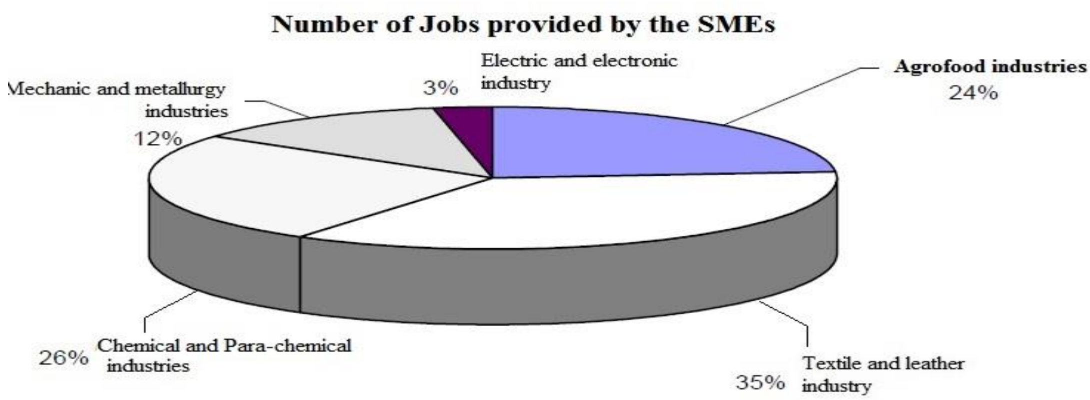

Figure 11 Number of provided jobs by Moroccan SMEs

In term of number of jobs provided, textile and leather industries come on first rank (35%), followed by Chemical and Para-chemical industries (26%), and Agro food industries (24%). **Source:** Ministry of Economy and Finance

4.4.4 The part of exports of SMEs by sectors

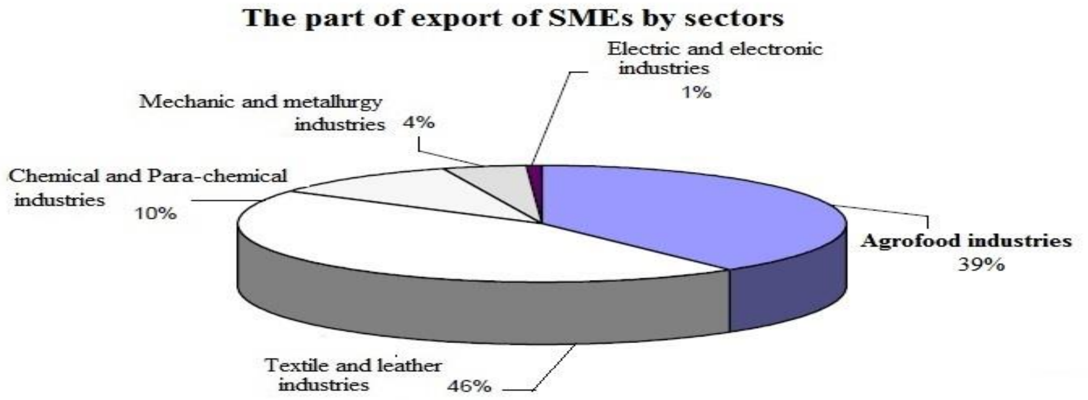

Figure 12 The Part of Export of SMEs by Sectors

In term of exportation of Moroccan SMEs again textile and leather industries come on first rank (46%), followed by Agro food industries (39%), then Chemical and Para-chemical industries with (10%). **Source:** Ministry of Economy and Finance

4.4.5 The Investment of Moroccan SMEs by sectors

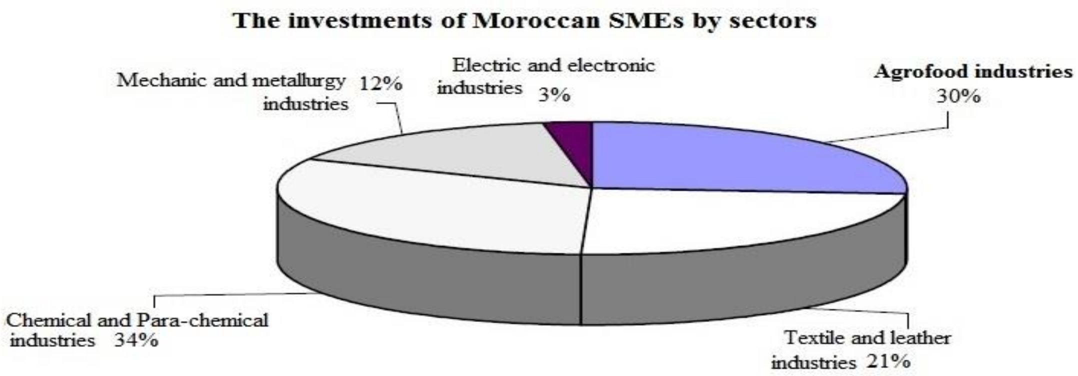

Figure 13 The Investment of Moroccan SMEs by Sectors

In term of Moroccan SMEs investments, Chemical and Para-chemical industries (34%), followed by Agro food industries (30%), then textile and leather industries (21%). These graphs show the importance of the SMEs in the agro-food sector in the economy of Morocco. In the next paragraph, many incorporated measures by Moroccan government to develop small and medium sized enterprises will be introduced.

Source: Ministry of Economy and Finance

4.5- Programs Dedicated by Moroccan Government to Support SMEs

SMEs are an important part of the fabric Moroccan. The state is aware of the socio-economic importance of SMEs, which make it made important efforts in recent years.

The Emergence Covenant aims to develop the network of Moroccan SMEs and this through the support of SMEs in order to achieve their investment while improving the productivity of all actors.

The measures applied by the government to support the SMEs are:

4.5.1- Imtiaz Program

Aims to support the growth of SMEs most promising, subsidizing up to 20% of their investments as part of a contract growth.

4.5.2- Fund public / private support for the funding of SMEs

To support the activities of high potential companies whose equity deficiency is an obstacle to their development?

4.5.3- Moussanada Program

For improving the productivity of SMEs through functional programs by injecting expertise and information systems

4.5.4- Entrepreneurship development

In order to support entrepreneurial skills the government plans to carry out, within higher education establishments, administration program of SMEs as well as MBA programs.

To implement these programs, 2 billion Dirhams have been mobilized by the state.[27]

CHAPTER 3

TURKISH EXPERIENCE IN AGRO-FOOD SECTOR AND STRATEGY TO DEVELOP THE EXPORTS OF SMEs OF AGRO-FOOD SECTOR IN MOROCCO

The case of agro-food firms in Turkey can be taken as a reference case for Mediterranean countries, and in particular for emerging countries (Morocco). Turkey's significance is based on the size of its population (second largest after Egypt) among the Mediterranean countries, the highest per capita income level among non-EU members except Israel, and the country's ranking in Mediterranean food product production and foreign direct investment (FDI) inflow such as it is already explained in the second chapter of agro-food sector in the Mediterranean region. The case of Turkey can provide lessons to other agrofood firms of emerging countries. Thus, while searching how to develop new export strategies for SMEs of agro-food sector in Morocco, it is concluded that the experience of Turkey is very interesting and need to be examined.

1. THE AGRO FOOD SECTOR IN TURKEY

Today the agro-food sector in Turkey is one of the mean sectors of the country. (16% of the manufacturing industry) [28]. Turkey now is the mean manufacturer and exporter of the MENA region as it is explained in the previous chapter while talking about the agro-food sector of the MENA countries. The development of this sector has increased in the last years due to the combination of a number of reasons despite the actual crisis, such as: strong agriculture, more than 74,7 million consumers, with a fast grow [29], the impact of structural reforms (privatization, conquering of new markets…), efforts for renewing local enterprises in order to face foreign competitor, development of box stores, moreover, the efforts to improve the product quality (international standards, hygiene…), innovation,(R and D)…etc.

1.1- The Principal Sub-Branches of the Sector

Production of Fruits and vegetables is 32 million tons in 2003 [28]. Turkey is one of the major producers of the Mediterranean region; it is the world's biggest producer of hazelnuts and apricots, the second largest producer of cucumber pistachios, watermelons, figs, lentils and chestnuts, and the third most important producer of chick peas, walnuts and olives. [29]

In term of beverage sector, despite the abundance of grape production, wine production still weak in Turkey comparing to the beer production. Also there is a wide development of juice production, like in the case of Coca Cola (CAPPY), Tamek, Pinar, etc. [30]

In term of dairy industry, production of milk and derivate products are about 8,18 billion TL. [30] The market leaders in this sector are : AKGIDA, SÜTAŞ, PINAR, DANONE (TIKVESLI).

Turkey is a big cereal producer, with a production of 6.118 billion TL. Turkey has produced more than 500 000 tons of macaroni in 2003. [30]
There are a well-known number of companies like: Nuh Ankara, Filiz-Barilla, Piyalle, Pasta ville and Silva.

The industry of biscuits has known a fast development and modernization (34.657 billion TL). Around 500 000 tons produced in 2003. [30]
Despite the capacity of the cattle of 10,4 million head, the production of red meat is insufficient (300 000 tons) and leads the country to do import. Instead, the poultry industry is shine, with a production of 800 000 tons in 2003. [28]

1.2- The Number of Agro-food Companies

Table 7 The Number of Agro-food Companies in Turkey

The industry	**Year 2004**	**Year 2009**
Agro-food industry	**32 187**	**40 077**
Food industry	31 906	39 579
Meat industry	390	454
Fish industry	53	52
Fruit and vegetable industry	1 091	1 545
Plant and animal fat and oils industry	767	819
Dairy industry	1 112	1 570
Cereal and starch industry	4 355	4 172
Animal feed	443	330
Other food industry	23 695	30 637
Beverage industry	281	498

The number of agro-food companies has been increased from 32 187 company in 2004 to 40 077 company in 2009. [30]

1.3- The Jobs Generated by Agro-food Sector

Table 8 The Jobs Generated by Agro-food Sector in Turkey

The industry	Year 2004	Year 2009
Agro-food industry	**285 073**	**349 135**
Food industry	**276 070**	**337 176**
Meat industry	24 474	28 380
Fish industry	3 864	3 835
Fruit and vegetable industry	32967	41 872
Plant and animal fat and oils industry	12 710	11 732
Dairy industry	18 515	26 330
Cereal and starch industry	20 865	21 486
Animal feed	7065	7 567
Other food industry	155 619	195 974
Beverage industry	9 003	11 959

In 2004, the agro-food sector has generated 285 073 job while in 2009 it has provided 349 135 job.

1.4- The Production of Agro-food Industry

Table 9 The Production of Agro-food Industry in Turkey

The industry	Year 2004	Year 2009
Agro-food industry	**40 583**	**69 504**
Food industry	38 041	64 664
Meat industry	3 796	7 107
Fish industry	464	784
Fruit and vegetable industry	6 869	11 000
Plant and animal fat and oils industry	4 549	6 648
Dairy industry	3 310	8 181
Cereal and starch industry	4 482	6 118
Other food industry	12 857	21 877
Beverage industry	2 542	4 840

The production of agro-food industry in 2009 was 69,504 billion Turkish Lira (16% of manufactured industry) [30]

1.5- The Sales Turnover of Agro-food Sector

Table 10 The Sales Turnover of Agro-food Sector in Turkey

The industry	Year 2004	Year 2009
Agro-food industry	**42 024**	**73 446**
Food industry	39 461	68 524
Meat industry	3 862	7 244
Fish industry	464	822
Fruit and vegetable industry	7 335	11 700
Plant and animal fat and oils industry	4 785	7 305
Dairy industry	3 457	9 183
Cereal and starch industry	4 837	6 728
Animal feed	1 846	3 253
Other food industry	12 875	22 288
Beverage industry	2 563	4 921

The sales turnover of agro-food sector in Turkey has seen an increase since 2004, in 2009 73,446 billion Turkish Lira. [30]

1.6- The Added-Value Generated by Agro-food Sector (million TL)

Table 11 The Added Value Generated by Agro-food Sector in Turkey

The industry	Year 2004	Year 2009
Agro-food industry	**7 734**	**11 856**
Food industry	6 999	10 571
Meat industry	563	1 133
Fish industry	153	199
Fruit and vegetable industry	845	1 227
Plant and animal fat and oils industry	532	505
Dairy industry	564	1 415
Cereal and starch industry	688	634
Animal feed	235	390
Other food industry	3 420	5 068
Beverage industry	735	1 285

The highlighted sector has generated 11,856 billion TL of Added value in 2009 while in 2004 it was just 7,734 billion TL of Added Value. [30]

1.7- The Export Situation of Agro-food Sector (million dollars)

Table 12 The Export Situation of Agro-food Sector in Turkey

	Year 2004	%	Year 2011	%
Turkey	63 166	100%	134 954	100%
Industry	60 292	95,5%	128 961	95,6%
Food and beverage sector	**3 350**	**5,3%**	**8 884**	6,6%

The export of agro-food industry in 2011 was 8,884 billion dollars (6,6% of Turkey's total exportation. [30]

1.8- The Export of the Sub-sectors in the Agro-food Sector (million dollars)

Table 13 The Export of the Sub-sectors of the Agro-food Sector in Turkey

	The industry	Year 2004	%
	Agro-food industry	**8 884**	**100%**
1	Fruit and vegetable industry	2 729	30,7%
2	Cereal and starch industry	1 288	14,5%
3	Plant and animal fat and oils industry	1 011	11,4%
4	Confectionery industry	841	9,5%
5	Bakery industry	622	7%
6	Meat industry	436	4,9%
7	Fish industry	242	2,7%
8	Dairy industry	227	2,6%
9	Other food industry	1 483	16,7%

The most export of agro-food sector is formed of fruit and vegetables, cereals, starch industry and oil industry. [30]

1.9- The Trade balance of agro-food sector in Turkey (million Dollars)

Table 14 The Trade Balance of Agro-food Sector in Turkey

	Year 2004	Year 2011
The Export of agro-food industry of Turkey	3350	8 884
The Import of agro-food industry of Turkey	1904	4 905
The Trade balance of agro-food sector of Turkey	**1 446**	**3 979**

The trade balance of agro-food sector is positive with a surplus 3,979 billion dollars in 2011.

According to the TIK (Turkish Statistics Establishment), the imports of Turkey in term of agro-food sector reached 4 905 million dollars in 2011. And represents 2% of total imports of Turkey. [30]

1.9- The Exporting Partners of Turkey

Table 15 The First Ranked Countries of Agro-food Sector Exportation

	Countries	Export value (dollar)	
1	Iraq	2 098 776 534	23,6%
2	Germany	840 796 230	9,5%
3	England	351 266 173	4,0%
4	Holland	325 196 208	3,7%
5	USA	281 028 560	3,2%
6	Libya	272 417 624	3,1%
7	France	248 473 082	2,8%
8	Italy	200 101 055	2,3%
9	Saudi Arabia	192 135 861	2,2%
10	Belgium	149 611 668	1,7%
	The total exports of agro-food sector to 10 countries	**4 959 802 995**	**55,8 %**
	The total of exports of agro-food sector to the world	**8 883 755 703**	**100 %**

Iraq and Germany are the major destination of Turkish exports of agro-food products. However, new destinations have emerged as the figure above shows. [30]

1.10- The Agro-food Sector SMEs in Turkey

According to the KOSGEB, the SMEs in Turkey are defined as follow:
This definition was harmonized with EU on November 2005

Table 16 SMEs Definition in Turkey

Category	Number of personnel	Turnover per year
Micro Enterprises	1-9	≤ 1 million TL ($ 570.000)
Small Enterprises	10-49	≤ 5 million TL (2.9 million $)
Medium Enterprises	50-249	≤ 25 million TL (14.3 million $)

According to the data provided by the TUIK (2008, 2009):
The SMEs represents 99, 92 of the enterprises in Turkey, which means around 3 084 183 enterprises. SMEs play an important role in the economy of Turkey, because of their abundance and large workforce.

The SMEs provide 7 865 403 job opportunity (78%).
It produces 150 billion of TL of added value (55%).
The amount of investments of SMEs in Turkey is: 51 billion TL
According to the a bulletin in SABAH newspaper (source TIK): 59,6% of the export in Turkey are realized by the SMEs. [32]
The total of the SMEs of agro-food sector in Turkey is 34 440 enterprise (represent 12,7% of the SMEs of the industry in Turkey). [33]
Providing 309 063 job and contribute with 17,6% of the added value of the industry in Turkey. [34]

2- AGRO-FOOD SITES (PARKS)

2.1- Different Types of Sites and Zones

One of the interesting experiences of Turkey is the industrial sites (or parks). According to different articles laws and regulations texts of Turkish constitution for defining these sites, they can be dismantled as follow:

2.1.1- Organized industrial zones (OIZ)

"Goods and services production zones whose borders are registered and which is formed by supplying the land parcels on the basis of particular systems, determined according to the requirements and also operated as per provisions of the OIZs Law, with the necessary infrastructure services and the social facilities, techno parks, and also with small production and renovation units, trading, education and health units, research and development regions…". [35]

2.1.2- Small industrial sites (SIS)

A SIS generally is amalgamating small and medium enterprises working in the same branch of activity, either maintenance works, outsourcing, production or wholesaling activities. Such as AYTOP food site, or sites gathering artisans and handicraftsmen working at workshops (like KADOSAN automotive site).

2.1.3- Industrial zones (IZ)

An industrial zone (trading estate, industrial estate) is an area zoned and planned for the purpose of producing and marketing.

2.2- The History of Appearance of Industrial Sites in Turkey

The development plan of Turkey for 5 years (1986-1990) has known a set of encouragement of the establishment of industrial sites together with encouraging the export. [37]

For instance, before this period, the residential regions and coast areas of Istanbul were polluted and contaminated due to leather factories' releases, these pollution causes lead them to move to TUZLA leather industrial site in Istanbul. This represent a start point for the other sectors to shift to appropriate sites, such as food sector, plastic, marble, chemical, painting…etc.

Since 1962, 237 OIZ have been built, the first site set up on 1962 on Bursa city. [38] Generally the most OIZs in Turkey are formed of different Small and medium Industrial sites. The biggest one is Ikitelli Organized zone on Istanbul formed by 37 small industrial zone. [39]

According to the statistics of ministry of industry and trade of Turkey, the number of Small industrial sites in whole country is 469 sites at 2011.*

Today in Morocco, there is huge need to set up more of these sites, also the government is conscious about the importance of these sites in the economy and export encouragement. But why Moroccan industrial sites are not efficient as well as the sites in Turkey.

After the research it is concluded that the organized industrial zones and Small industrial sites are built by the initiative and financial contribution of the companies themselves, even with the existence of a set of support of the government rather than the sites in Morocco which are initiated by Moroccan authorities. As the vice mayor of Benslimane city in Morocco have stated. It is observed that the most industrial sites are done by the initiative of Moroccan government, but they are facing multiple constraints such as non-willing of companies to move to the industrial sites.

* This number exhaust just the sites used loans from the ministry of science industry and technology

2.3 Organization of Industrial Sites in Turkey

So how the industrial sites (zones) are organized in Turkey? To give more light about this issue, many interviews are done with several responsible persons of several sites and zones: such as (AYTOP food site, KADOSAN oto industrial site, MODOKO Furniture site, DOLAPDERE Automotive industrial site, ISTOÇ Wholesalers site, OSTIM Industrial site, BOSB (Birlik Organized Industrial Zone), KONYA 1.Organized Industrial zone, POLATLI Small Industrial site, kuyumcukent (bijouterie city), IMES Industrial site, DES Industrial Site…etc. Thus, it is concluded that:

1- In the past, these organized Small and Medium Enterprises were working separately at different locations of the city or even outside the city.

2- One of these SMEs owner start the idea of building a site, and start to disseminate the idea of grouping the companies of the same branch of sector in a same site, then organizing meetings with different businessmen of the same activity.

3- Member of the board and founder of AYTOP food zone Mr. Baykal GÜNEY has said that they have invited the members of food sectors in whole Istanbul to establish cooperation in order to build a site gathering all firms, they named it AYTOP food zone"

4- During a meeting with "DOLAPDERE Automotive industrial site chairman board" "Mr. Cemal BACAKCI" stated that they selected an executive council responsible for carrying out the next steps:

- Specify the criteria of the members who will be in the site according to the texts of law.
- Choosing an appropriate land for building the industrial site.
- Foundation, and making the registration and legal entity.
- Providing the land and decision of public interest.
- Making bidding of the plan and the project.
- In order to buy the land the members start to gather a special amount of money from the members. Mr. Mustafa YAVUZ the chairman of the board of the site KADOSAN said that " the members were paying an amount of contributions in order to buy the land for the site".

- Preparing the reconstruction plan and confirming it at the appropriate ministry.
- Preparing the bidding of building of the infrastructures (water, electricity, canalization, roads asphalting, making the fences of the site…)
- Starting payment of construction of buildings throughout collecting contributions from the members of cooperation each month.

The finishing of construction of AYTOP food site took 6 years to be finished. But according to the contributions paid by the members of the cooperation, for instance the delay of some sites have took more than 10 years to finish its construction,.

After the construction and finishing the site building, the members organize a lottery in order to give every member a local on the site in an equal and transparent way.

According to Mr. Fuat FETTAHOĞLU the Chairman of the board of AYTOP food site cited that: "the members can move into the locals in the site or they can rent or sell it to other interested people".
Then, they name a board of managing the site (security, cleaning, electricity, water and maintenance…etc.)

These sites are more effective when they are carried out by the owners themselves, instead they are inefficient when they are built and delivered for free, by the government or other organizations such as the case for the industrial sites in Morocco, in which the companies refuse even to shift their locals to settle in the built sites.

While a visit in OSTIM Industrial Organized site in Ankara, a businessman member of the site said "we can carry out our industrial site ourselves, as long as they do not interfere in our business."

2.4- The Benefits and Contributions of these Sites to the SMES

2.4.1- The Value added to the estate or city's surplus

During the construction of the industrial sites which take many years of contributions, the new locals during the period of construction gain an added-value of estate or city's surplus.

For instance, Mr. BAYKAL (AYTOP) stated that: " the total costs of one local of 600 m2 consist of 3 floors (1st floor: usually reserved as a warehouse and freezing room, 2nd floor: showroom, 3rd floor: production and packaging, Related with a high capacity elevator) in AYTOP food site is around 50 000 dollars paid as contributions every month during 6 years. But nowadays the price of selling same local is at least 750 000 dollars, which means that the value of these locals has increased 15 time after 6 years.

Mr. Baykal stated also, that before the establishment of this site at Sultanbeyli (Istanbul) the region was almost empty, but after set up the AYTOP food site, the region become more crowded than before, which means that the site contribute to the urbanization of the region and movement of the country.

2.4.2- Transfer of technology

Usually the site is gathering firms working in the same branch of activity. This means that these firms are mostly using the same family of machines, equipments and technology.

If one of the members of the site uses a new machine or new equipment or new way of technology that help him to reduce the costs and increase the quality of production, automatically the other members will use the same tool and technology. Consequently, this manner will lead them to compete and well increase the quality of production using high technology and high standards that make them more competitive in export market.

2.4.3- Competitive prices

The members working in the same site or zone are always proposing low prices due to lower fixed costs paid within the site.

2.4.4- The Image of the site

The delay of 6 years of construction of food site AYTOP, lead to establishment of an image of reputation of the site towards Turkey and the region of Turkey. AYTOP as the other sites such as KADOSAN, receive everyday hundreds or even thousands of targeted clients, for example every client interested by a food product will be happy to find it in a reputed site, specially the clients interested by a range of variety of products of agro-food, they can find all what they need in this site without searching in multiple different places.

Moreover, the chairman of the board of KADOSAN site Mr. Mustafa YAVUZ stated that the firms working outside the industrial site can sell its products to a defined part of clients; also the chances of growing of these firms are limited. Instead of the firms working within the industrial sites which benefit from the notoriety image of the site in question; that means expanding the portfolio of clients.

2.4.5- Other advantages of establishment of industrial sites

- Discipline of the industry,
- Contribution to the expansion of cities,
- Increase of output and incomes
- Encouraging industrialization into marginalized regions.
- Organizing the use of agricultural fields in the industry.
- set up cheaper healthier and reliable infrastructure and common social facilities
- Preventing environment from pollution,

Source: The ministry of science, industry and technology of Turkey

2.5- Some Issues for Development of Sites done by Turkish Cooperations

2.5.1 Buying additional land more than the need

The most of these cooperations of these sites or zones purchase expressly a surface of land more than they need for their own locals, such as " OSTIM Industrial organized site" have done. So they build a part of this land according to their need (number of locals), and leave the rest of the land empty until it gain a real estate value in the future. Nowadays, AYTOP food cooperation is starting to build locals on the rest of the land bought before, and sell them with more than 750 000 dollars each local.

OSTIM organized industrial zone used also the rest of reserved land in the past to build apartments and deliver them to the members of the cooperation of OSTIM.

2.5.2 Company of investment

While a meeting with of Mr. Şefik ÇALIŞKAN " Project coordinator of OSTIM Investment Company", is a new way of developing and coordinating the performance of the site.

Usually, the companies members of an industrial site or organized site are in form of Small and Medium enterprises (SMEs), this means that the demand they can full fill is very limited to their offer and power of production, so this lead them to create a subsidiary company called an INVESTMENT COMPANY " Yatırım AŞ". This company is responsible of coordinating the efforts of the members and find new opportunities of investments throughout forming a chain between them. For instance, in OSTIM OIZ "OSTIM Investment Company" gained a bid of building and establishing a whole factory of production of vegetal oil in Iraq.

In order to apply the different parts of this work, they divide the tasks between the members interested by a part of set up the project. Even the firms who are performing this part of job did not know what is about until the end.

This example of "Investment Companies" can be applied in a different way by the agro-food sites in order to increase their performance.

2.5.3 School of vocational training "Çırak okulu"

The most of industrial sites or zones have a school to teach and train the future masters of the sites. Throughout a visit realized in the vocational school of OSTIM OIZ, the school provides a training to qualify trainees in order to satisfy the needs of the companies' members of OSTIM OIZ.

2.6- The Impact of Creating These Sites on Performance of SMEs of Agro-food Sector in Morocco

The agro-food sector in Morocco is a well-qualified sector as underlined in the previous chapter. Despite this reason, the sector still suffering from weak organization and coordination, especially that the most of food products **''wholesalers**'' in Morocco are working separately in different locals within the cities without any organization method, this means that they are suffering from a number of constraints especially: insufficiency of financial resources, lack of clients, chances of growing very low, and specially the non-specialization in agro-food products.

Moreover, this wholesalers in Morocco do not think about extending their activities in order to pass to manufacturing, or selling directly to consumers, instead of that they sell to retailers; unfortunately this makes products more expensive to the final consumer (because of multiple intermediaries).

The most of these " Wholesalers" of agro-food products in Morocco are SMEs, that is why the idea of making them gathered in one simple site of food such as AYTOP food site in Istanbul, will help them to profit from their collective powers, and the advantages described above. Thus they can pass to the step of production (especially with the infrastructures provided by the sites or zones.)
Be gathered in one food site for these wholesalers will make easier for them attraction of new clients and think about supply to new abroad markets. As it is highlighted before, the existence of a site destined for food sector, means an image of reputation of the members within the site being built. Per consequent the firms of the site will start to attract more clients not just from nearest countries "EU" but also from the neighbor sub-Saharan countries of Africa - the importance of African markets will be shown in the next part of this chapter – whom will come particularly to this sites which provides all types of agro-food products needed.

Moroccan agro-food products are well reputed according to the exportation numbers provided in the previous chapter. But still, exporting them in a bulk is a wrong way of evaluation, processing packaging and then export them is the wise way of their evaluation. Processing these food products will affect several area of activity especially, the machinery industry. These sites will make their firms gain more resources, and then they can put more investment in order to develop their production chain and the quality of products, through the transfer of technology between the other site members.

Because processing means: more added value, long life of the products, attracting more clients and tastes. So these firms "wholesalers" will shift their activities from buy and sell to buy and process or package or using contract manufacturer, throughout forming industrial food sites.

Morocco has started with a lot of campaigns for promotion processing of food products, Except for large companies or cooperation firms. But these campaigns still not competitive to other suppliers of other countries.

Establishment of these sites can be done by using the experience of Turkey due to the well reputation organization of SMEs among the world, so Turkey in this area can be a good example to follow because of the next shared common issues with Morocco:

- Similar culture, religion, habits…
- Same Mediterranean region "MENA".
- Turkey as an emerging country
- The well-constructed image of Turkey in the mind of Moroccan citizens.
- Reputation of Turkish products in Morocco.
- The success of the sites and zones in Turkey.
- Harmonization between Moroccan and Turkish policies and laws.
- Same history.

3- PANKOBIRLIK A REAL EXAMPLE OF AGRO-FOOD VERTICAL INTEGRATION

PANKOBIRLIK is a grouping of beet cultivators, founded on 1951 in order to expand production of sugar in Turkey. It is an important actor of sugar beet producer in Turkey. [41]

Sugar beet production is the highest production branch in term of producer organization level of agriculture in Turkey. Performed in 64 province, in nearly 5 877 town by 500 000 farmer family in Turkey. Sugar beet provides a huge capacity of employment in agriculture and industry. This feature is concerning also the actors and their families in sugar industry and its sub-branches. [42]

3.1- Overview about PANKOBIRLIK

PANKOBİRLİK main goals are:

- organizing the cultivators
- Providing all basic needs, equipment and material to its members
- Insuring the best evaluation of agricultural products of the members

PANKOBİRLİK is one of the most important cooperation in Turkey working for the agriculture purpose in term of number of members. PANKOBİRLİK is gathering 28 cooperation and reached 1 million 446 thousand partner of beet producers in Turkey.
Its establishment has encountered the decision of Turkey of expanding the sugar industry. [41]

All the companies' owners in whole Turkey especially small sized enterprises have been gathered in order to from the necessary capital for the establishment of sugar beet factories. Groups of 250-300 cultivators come together to set up "Sugar beet cultivators cooperation of Kocaeli" This was the first step of forming other cooperations of other cultivators such as, Amasya, Eskişehir, Turhal...etc.

After 1972 the cooperations of beet sugar has been gathered under PANKOBİRLİK "the United of Sugar beet cooperations" with the announcement 1163 cooperation law, The cooperation system has known a new era, through establishment of new cooperations of beet and the increasing of number of PANKOBİRLİK cooperations to 31 cooperation. [41]

The mean goal of PANKOBIRLIK is to insure the sustainable agriculture production. And develop the cooperation movement in an efficient way and provide an expected social and economic productivity. The united of cooperations must comply each others.

This type of cooperations system has been developed in many countries in which these cooperations has expanded its activities to international level or even to intercontinental level and they are sharing information, help and solidarity under the cooperation system.

The foundation of PANKOBİRLİK was started after the visit and recommendation of the German RAIFFEISEN UNITED chairman board Dr. FERDINAND SCHMIDT to Turkey. [41]

3.2- Definition of PANKOBIRLIK

PANKOBİRLİK is a high executive of beet cooperations and general directorate representations of 7500 locations in 64 province of beet producers with around 1,6 million partner, 31 beet cooperations, around 300 branch , 6 cooperations of sugar factories and more 50 different subsidiary of agriculture sub-sectors.
The members didn't take any support from the state since the beginning. They just gathered their own resources to form capital of the cooperations.
PANKOBİRLİK is responsible of coordination, control, distribution and supplying all types of inputs.

3.3- PANKOBIRLIK and Moroccan Cooperation Situation

The Moroccan farmers of agro-food sector are very miscellaneous; most of them are gathered under cooperations joining small sized cultivators. Cooperation system is playing an important role in sustainable development of Morocco. Per consequent it has a very distinctive place in economic and social development projects, this place has been launched through the National Initiative for Human Development initiated by Mohammed VI King of Morocco in 15 May 2005. [43]
The number of cooperations in Morocco is 9046 cooperation working in different sectors, especially agriculture sector involved by 65% cooperations. These cooperations are providing 24 719 job with a capital of around 6,4 DH. [44]

Our example of PANKOBİRLİK is not given to encourage the creation of cooperations in Morocco, instead it is provided to give more lights about the development of their area of application throughout giving examples of success and new work methods, especially that the findings says that there is a few academic studies and analysis about Moroccan cooperations. According to Mustapha BOUCHAFRA – Moroccan expert of ODCO- Moroccan cooperation system is suffering from the following issues:

- High illiteracy rate: A number of cooperations are suffering from this problem which limits their capacity of management and profiting from the chances that international markets are offering.
- Low capital: The most of cooperations have a low capital. Per consequent, they do not gain the trust of suppliers and banks, in other words they cannot be involved in medium and long term projects.
- Non investment of surpluses: A lot of cooperations decide to do not reinvest the surpluses they realized at the end of the year, instead of that they share it.
- Lack of good governance:
- Market constraints: In term of quality and quantity requirements.
- Low infrastructure
- Informal environment
- Inappropriate legal framework.

3.4- The Policy of Subsidiaries of PANKOBIRLIK

Regarding the new issues applied by PANKOBİRLİK under the framework of the policy of subsidiaries, different establishments have been created to evaluate and produce new products apart from sugar beet production.

PANKOBIRLIK is a good example of cooperation system in Turkey. It is a reference in tem of realization of objectives towards perseverance and decisions and the results showed either in agriculture activities or in economic sides. PANKOBIRLIK is sustaining works of increasing productivity of efficient seeds and fertilizes in the production activities of beet agriculture and other factoring that aim better use of modern agriculture technics and technologies by Turkish cultivators.

Turkish sugar beet cooperation United "PANKOBIRLIK" is the first popular and successful example of contract farming practices. It is developing investments of processing products to finished products, create value added, increase prosperity, increase exportation and contribute in provide more employment.

3.5- Chain of Vertical Integration of PANKOBIRLIK

In order to perform this, PANKOBIRLIK has intended to create a chain of integration for the purpose of evaluating these products and fulfill their needs; throughout investing on new activities beside sugar beet production and establishing partnership with many existing companies.
PANKOBIRLIK's owned companies and shares are:

- 7 sugar factory
- 13 fodder factory
- Liquid sugar factory
- Irrigation motor pump factory
- Fuel alcohol Bioethanol factory
- Frozen French fries potatoes factory
- A plant of 50 000 bovine livestock
- An integrated plant of meat

- Beta seed production
- Factory of milk and dairy industry
- Fresh water products
- Factory of candies and chocolate
- Coal and mining products
- 16 partnership plant for agricultural purpose
- 18 different plants for different purposes [41]

Pankobirlik is showing activity in more than 20 different sub-industries of agro-food sector.

Moroccan cooperations must think about how to be joined in a system that involves different sectors of activity either than their own specialty. PANKOBIRLIK has shown a real example of vertical integration of different products starting from beet sugar to candy production.

Despite the constraints described above by Mr. Mustapha BOUCHAFRA, the cooperations in Morocco do not have any real reason to be limited. And they can proceed like Pankobirlik which started without taking any support.

The experience of PANKOBIRLIK is very distinctive and can be applied in Morocco because of the similar conditions of the two countries.

4- PROSPECTING NEW MARKETS

The position of agro-food sector of Morocco in the region of Mediterranean is well reputed. But a number of challenges are facing and inhibiting the development of this sector, and are pushing this country to reformulate its strategies of exports and prospect new markets, especially after the outsets of economic crisis and maturity of regular markets (especially EU) which absorb 72% of total exportation of vegetal processed products, particularly France. [45]

From these data, it is remarkable that Moroccan exports of food processing are focusing on the western markets. Instead of that Morocco must search and reinforce its activity on new markets (Asia, Africa, Middle East countries) in order to face the deviations in the worldwide economy and deal with the financial crisis. Thus, prospecting new markets will be gainful to the economy of Morocco in order to offset the losses of eventual market share.

Morocco's geostrategic position in the world is very important – the most westerly of north African countries, gate to Europe through Spain, gate to Mediterranean countries through Mediterranean sea and gate of Africa and two Americas. Morocco's rich heritage of languages (Arabic, French, English, Spanish…etc.). Morocco's strong infrastructures (TANGIER MED Port-the largest ports of Mediterranean region and Africa [46] - high ways, fast train projects, international Airports –Casablanca MED 5 Airport-…etc.) are all advantages that qualify Morocco to be first country to benefit from the new born markets such as AFRICAN Sub-Saharan countries, which represent 13% of world population. [45]

4.1- African Sub-Saharan Countries, New and Fresh Markets

The cultural similarities of language, colonization history, and other similarities are always facts that obligate Morocco to reinforce its cooperation with sub-Saharan countries. Throughout multiple initiatives like; the participation in cancelling loans of 13 countries of Africa in the summit of Cairo Conference "Europe-Africa (2000), [47] total exemption of customs duties of products exported by these countries and entering to Moroccan market. [48]

4.2- Promising Growth of African Countries

During the 80's and the beginning of 90's the sub-Saharan countries has shown incapability to cut off with weak economic growth and high inflation rate scenarios.[49]

Nevertheless, since 2000 the economic situation of African sub-Saharan countries has been relatively redressed; with the progress of real GDP from 4% on 1997 to 5,5% on 2004. [50]

The positive recovery of economies of sub-Saharan countries can be explained by several exogenous factors:

- The region has benefit from the development of exchanges terms (consolidation of raw materials prices)
- Increasing of international helps.
- First historical decrease of inflation rate.
- Amelioration of trade balance and public finance, especially for those exporting oil and minerals. [51]

The future of Sub-Saharan countries is shining and promising due to the additional couple of reasons:

- The declaration of Istanbul organized by the United Nations about the millennium goals development of the least developed countries (34 countries of them are situated in Africa) are resumed on encouraging trade and promoting vocational training in these countries.[52]

- The Organization Islamic Conference OIC has an agenda of priority of supporting all projects of agricultural industry in African countries. [53] This will lead the development of two areas: agriculture and industry; the engine of their economies.
- One of very important issues is that many international organizations are aiming to increase the purchase power of African citizen; means creation of a new market in Africa.*
- Cancelling of 13 Sub-Saharan countries' loans.
- Also, the increasing of the interest of United states to Africa through new partnership to develop Africa "NEPAD" [54]

All these facts are showing the pavement of the development road for Africa toward a new raised economy in Africa.

4.3- The Limits of Trade between Morocco and Sub-saharan

The inflexibility of trade between Moroccan and sub-Saharan countries can be attributable to several factors which limit the expansion of trade relations between them. Particularly tariff and non-tariff factors, as well as the weak infrastructures of transportation. The lack or the absence of direct lines of transportation are generating more cost and lead to price increases. In addition to the insufficiency of information of trade preferential trade with Sub-saharan African partners.

4.4- Trade Structure of Morocco with Sub-Saharan African Countries

During the period between 1990 and 2004 the total amount of trade between Morocco and African Sub-saharan countries is about 360 million dollars per year, means 2,1% of total value of foreign exchange of Morocco. Source CHELEM

* Interview with CEO of Holding YEŞİLKAYA Mr. Ridvan ASLAN

Moreover, the trade exchanges of Morocco with its African economic partners during 1990-2003 are characterized by a long deficit; 81 million dollars on yearly average. However, Morocco has educed a small surplus in its trade balance with African Sub-saharan countries in the period 2003 and 2004 with 14 million dollars and 97 million dollars respectively.
Outwards South Africa, the principle African suppliers of Morocco are Gabon, Ivory Coast. While its principle clients are Senegal, Nigeria and Ivory Coast. [51]

Furthermore, the structure of trade exchange between Morocco and Sub-saharan countries reflects comparative advantages of the two parties. Between 1999 and 2003 the structure of exports and imports is like follow:

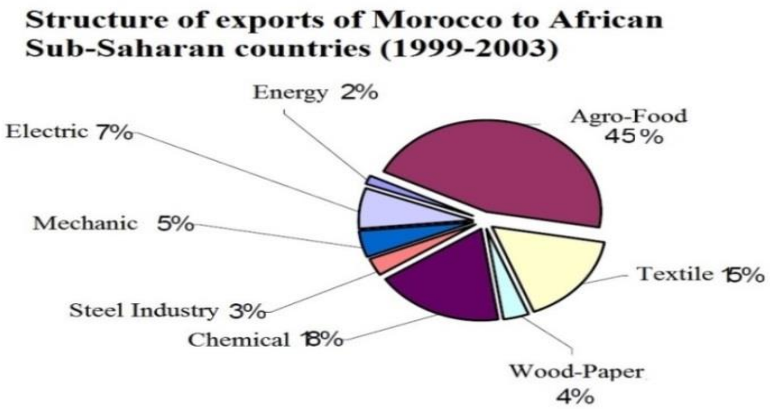

Figure 14 the structure of Morocco to Sub-saharan countries 1999- 2003

The composition of Moroccan exports per products show the important weight of agro-food products, chemical, textile and mechanical products, which is 45%, 18%, 15%, 7% respectively of total Moroccan exportation to this region.
CHELEM –DEPF calculation - July 2006.

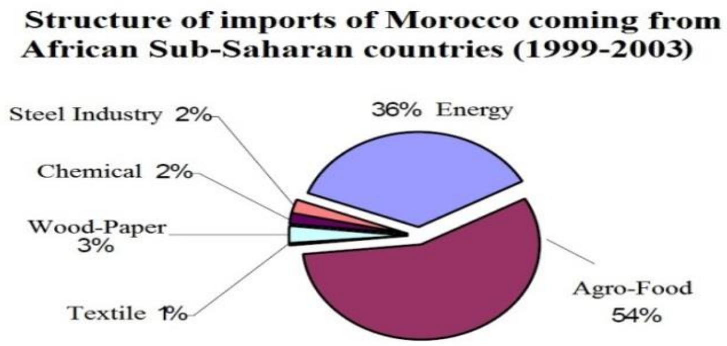

Figure 15 The Structure of Imports of Morocco Coming from African Sub-Saharan Countries 1999-2003- CHELEM, DEPF calculation

During the same period, the importations of Morocco from African Sub-saharan countries are 54% of agro-food products and 36% of energy products.

As shown in the figures above, the agro-food products represents more than a half of exportation toward these countries. In the other hand, the imports coming from these countries are almost composed of agro-food and energy products.

The essential of Africa agro-food imported products are imported from China India and France. Morocco is not well positioned in the African markets. The exports of agro-food Moroccan products did not pass 3,7% of total exports of this products, and 0,7%of total imports of Africa's agro-food products during 1990 and 2003. [55]

4.5- Assessment and Strategy

It is concluded from what already explained, that Moroccan exports to Sub-saharan African countries especially of well demanded products-agro-food products- still in a weak position, which it does not answer to real opportunities displayed by this market.

The Sub-saharan markets are holding important opportunities and promising shining future, in which the concretization supposes the elaboration of a coherent strategy for Moroccan companies. This effort will be necessary to reinforce the eligibility of Moroccan companies particularly SMEs small and medium enterprises to be part of the projects financed by international initiatives.

Moreover, Morocco can play an important role in term of technical scientific as well as assistance and share its experiences of several sectors especially those of agro-food sector and infrastructure works, transportation, technology of information, and communication which can be executed and coordinated throughout the International Moroccan Agency of Cooperation.

Founding dialogues based on convergence mutual monitoring of economic and commercial policies toward organization of more consultation and exchange forums: Partnership and cooperation of private companies of the two partners, institutional bilateral partnerships, exchange of expertise and technics between different parts.

In addition to reinforcement of cooperation links between Chambers of commerce of two partners in order to stimulate non-governmental trade diplomacy.

Despite the economic reforms and large reserves of human and natural resources, Africa couldn't take a position in the international economy. The population of Africa represents 13% of world population, however economic weight still weak (1,6% of international trade and 1,7% of international investment). [56]

Also, the increasing interest showed by Moroccan companies to the Sub-saharan markets, the Moroccan private investments still few. However it is easy for Morocco to access to these markets than other destinations in the world. Moreover, the image of Moroccan is well reputed, as many successful Moroccan businesses are showing.

Since now, Moroccan exporters must adopt a strategy of adaptation to the demand of this region.
Nevertheless, due to the actual low of buying power of African consumers, Moroccan companies must adopt also a strategy of penetration based on cost considerations (cost leadership).

This strategy is already applied by China in African markets in which results are proved to be successful. Absolutely, it is hard to compete with China in term low prices, but Moroccan companies must profit from the positive image of Morocco in these countries and found its trade transactions through using a ratio quality/price. [56]

Also the presence of Moroccan financial institutions in several countries of this region represent an important advantage to Moroccan exporters to benefit from support of expertise that they acquire from their experiences in these countries, this fact can be a strategic support to Moroccan exporters. (BMCE bank, Attijari Wafa Bank, and other different large brands).

But as it is explained before, Today Africa is a priority in the international agenda, throughout the several initiatives of international organizations. And Morocco has been already engaged in this process and chose to enhance its position in Africa in order to play a role of bridge between Europe Asia Middle-East and Africa.

Even if African market does not represent a large part of Moroccan trade export, this market still very fresh and promising market, due to huge potential it represent, for these reasons, it is required to found a long term strategy by Morocco to benefit from positive evolutions which will take place in Africa.

5- GROUPING UNDER PUBLIC AND PRIVATE TRADE ASSOCIATIONS

5.1- Business Associations and Their Efficiency

A vast array of studies and researches about business associations and business clusters and their effect on economy and the role that they are playing in the economic structure of our markets, Research come out that " business associations are abundant, extremely varied in terms of their composition, scale and organization, and assume an extensive range of tasks " Moore and Hamalai (1993); Doner and Schneider (1998)".

There are many forms and types of business association in markets, starting with the peak associations which are the form of all well-staffed business bodies, sector and sub-sector associations and regional and local chambers.
Others are small in scope and scales, the rest just exist on paper only.

Business associations are organizations that gather businesses together from specific field or region. [56]

Forming such groups or associations has many benefits especially in developing countries (emerging countries) such as Turkey, China, India and Mexico. Since business associations are representing the elements of an industrial cluster, it is both an aspect of formal width and socially embedded institution.

Tarun Khanna and Krishna Palepu in their book (Winning in emerging market) define the emerging market through the institutional voids.
They define emerging market by the lack of intermediaries which facilitate the transaction between sellers and buyers.

The purpose of these intermediaries (Business Association) is filling the essential institutional voids that come with any transaction. These intermediaries help to decrease the transaction cost between buyers and sellers.

In addition Khanna and Palepu cite another transaction cost, such as:
- The time required to start a business.
- The number of procedures to register a business.
- The time required to build a warehouse.
- The time required to execute a contract.
- The time required to register an asset.

Furthermore, in the emerging markets, obviously, there are different market failures, resulted from agency problems and information asymmetry.
For instance, the lack of the precise disclosure of the financial market, and the fragile corporate governance and control, the absent or the weak evolving of the intermediaries such us, investment bankers, financial analysts, mutual funds and the financial press and Securities regulations are insufficient and their enforcement is inattentive.

Information asymmetries between management and the potential employer combined with the lack of human development agencies and business school that may mitigate this asymmetric information can cause a serious labor market failures.
This information problems and lower level of literacy than developed economies make it costly to communicate the product's value. Therefore, labor and capital markets are characterized by spacious institutional gaps.

These kinds of intermediary's absence problems and the resultant transaction cost, reveal that a firm can often be more profitably operating as a part of a wide business associations, which may act as an intermediary between individual entities and imperfect markets.

The phenomenon of Business Association is ubiquitous in emerging economies and markets, such us India, Pakistan, Brazil, China, South Korea, Turkey, Thailand, Mexico and many more even in some developed countries.

These Business Associations generally consist of independent entities that operate in different activities and industries and gathered together through formal or informal bounds.

Forming such associations has many benefits and advantages for the economy of the country and for the sector itself, and these benefits:

5.2- The Benefits of Business Association

5.2.1- Networking opportunities

A businessmen association provides network and share information and resources.

In the other hand, association members help each other openly, such as accounting, building maintenance, recruiting staff. Joining together provides members contact information for other local businesses.

5.2.2- Political participation

Businessmen associations permit members to be strong politically. Most associations have not a special party affiliation or political itinerary, but the political issues that affect members are among their worries. For instance, a business association would possible be beside a government sales tax increase, as such a rise would directly touch business by obliging consumers to pay extra. Business associations can communicate politicians on behalf of their associates and fund administrative movements to push forward regulations that favor its own interests.

5.2.3- Social advantages

For a business, the occasion to contribute in a business association can be abundant for personal reflection as a business choice. Associations prepare dinners and special occasions for their affiliates, giving them opportunities to encounter with their peers and appreciate the company of parallel businesspersons. Contribution in a business association may too serve as a collective expectation in a public where small business proprietors recognize one another over work as well as its outdoor.

5.2.4- Improved business climate

The result of contributing in a business association, whatever immediate welfares it provides, must be an enhancement in a business climate. As business holders get to identify one another they discover ways to share incomes unite on significant subjects and improve new implements for saving their success in the community and making an atmosphere that encourages cooperation and attracts new consumers. [57]

Association spokespeople deal with joining their voices under one tremendous, businesses are able to found a solid and unified existence and efficiently protect their mutual benefits.

Large companies have been long active members in business associations, using the union to progress their objectives in a wide array of regions, from regulatory subjects to investigate to business image expansion. Nevertheless, smaller businesses can profit from association affiliations as well, provided they catch an organization that sufficiently reproduces their significances and desires, which can be radically dissimilar from those of large companies.

Associations can be a affirmative power for a minor business, but all associations are not equal. Some are unwell structured, poorly joined, and provide little profit to motivated entrepreneurs. [57]

RECOMMENDATIONS AND CONCLUSIONS

This study contributes to the export enhancing literature by investigating how to realize appropriate export strategies for the SMEs of Agro-food sector in Morocco. Morocco is one of the steady and developed nations of Africa and Mediterranean basin and it is toughly characterized by exports. The country has tried a strategy of diversification of its agro-food exports founded on innovation and marketing. All the subsectors of the considered industry in this study have been growing consistently during the last decade, however this progress is limited and need to be redressed.

The main goal of this study is to investigate the agro-food industry in order to understand the core reasons behind the success of export and the challenges confronted by the exporting companies. And to help decision makers of Morocco to formulate decisions that can maximize the added value and better exploit the opportunities of the sector in question.

The findings of literature review exhausted before have focused on emerging countries and provided very important value to our thesis, but it still more general because it is covering all the firms operating in emerging countries (MNCs and SMEs), thus there is a need of focusing on strategies that enhance the export of SMEs in emerging countries, which represent 98% of total companies in Morocco, while they generate only 28% of value added, 24% of jobs, 39% of total exportation, and 30% of total investment of Agro food total industries in Morocco. Actually, these numbers do not represent the real position that Moroccan SMEs have to be in. Moreover, the strategies that Morocco have implement to develop this important part of Moroccan enterprises are revealed in the research, but they are not efficient due to the bankruptcy and non-professionalism of many SMEs in Morocco.

But it is clear that an understanding of the strategies provided by these studies can bring important insights into management thought and practice in the contemporary global environment.

The choice of Turkish experience in the agro-food sector stemmed from the results have been realized by the agro-food sector in a short time and efficient way, in addition to the common similarities between Turkey and Morocco (belonging to the same Mediterranean basin, culture, the well-built image of Turkey in the mind of Moroccan citizens…) that guide us to search about the keys of success of Turkey.

The situation of agro-food firms in Turkey can be taken as a reference case for Mediterranean countries, and in particularly for emerging countries. Turkey's significance is based on the size of its population, the country's ranking in Mediterranean food product production and FDI investment inflow. And the exportation of Turkey between 1985 and 2012 give more sight about the booming of this period;

Year 1985: 7, 95 billion dollars. [58]

Year 2012: 152, 489 billion dollars [59]

All these developments have opened up new opportunities but have also brought insights and curiosity to find out the implemented policies which have shown efficiency in the economy of Turkey as a whole and especially in the export of agro-food sector. And lead it to be an example to agro-food firms and stakeholders of other emerging countries.

Unlike the other researches, we try to develop export strategies that encompass agro-food sector's sub-branches, because we come out that this sector must be developed as whole not partially. All the following recommended strategies are exhausting all sub-sectors of agro-food sector, particularly the Small Medium Enterprises, and proved to be efficient and successful in Turkey. Based on what we have found in the study, the following recommendations can be made:

First, encouraging the establishment of agro-food industrial sites…

After a detailed analysis of industrial sites of agro-food companies, their establishment method and the advantages of being within a site, and throughout realizing different interviews with responsible people in these sites.

The findings shows that even with the existence of a set of support of the Turkish government, the organized industrial zones and industrial sites are made by the initiative and financial contribution of the members themselves, unlike the few industrial sites in Morocco which are initiated by Moroccan authorities.

In addition, these sites are more abundant and effective when they are carried out by the owners themselves, instead they are inefficient when they are built and delivered for free, by the government or other organizations such as the case for the industrial sites in Morocco, in which the companies refused even to shift their locals to settle in the new built sites.

Thus the Moroccan officials, instead of initiating this sites, they have to facilitate the tasks for people who want to build such a site, give loans for the members of the sites, accelerate the process of bureaucracy in order to build this sites, allocate lands for this purpose and especially increase awareness of the importance of these sites throughout presenting the advantages and benefits they can acquire by transiting their work locals to locals within sites.

The advantages can be displayed as follow: The value added to the estate or generated city-surplus, Transfer of technology, competitive prices, image of the site, the benefit from buying additional land more than the need, creating investment company and improving vocational training throughout vocational training schools.

Despite That agro-food sector in Morocco is a well-qualified sector as underlined before, the sector still suffering from weak organization and coordination; especially: insufficient financial resources, lack of clients, very low chances of grow, and the non-specialization in agro-food products. Most of agro-food "wholesalers" in Morocco are very abundant and working separately in different places outside the industrial sites without any organization system.

In order to pass to processing the food products, or selling directly to consumers, these wholesalers in Morocco do not think about extending their activities. Instead of this, they sell to retailers; consequently, this makes products more expensive to the final consumer (because of pluralism of intermediaries).

Most of these " Wholesalers" of agro-food products in Morocco are SMEs. That is why the idea of encouraging them to come together in one industrial food site such as AYTOP food site in Istanbul, will make them profit from their collective powers and above advantages. And they can pass automatically to the step of processing and competing in the international market.

Be gathered in a food site, will facilitate to these wholesalers attracting new clients and think about supplying new markets abroad. Also, the existence of a site specialized on food industry, will build an image of reputation of the members within the site. Per consequent the firms within the site will start to attract more clients not just from nearest countries "EU" but also from the neighbor sub-Saharan countries of Africa whom will come particularly to these sites, which provide all types of agro-food products needed.

Second, encouraging cooperations and companies of agro-food industry to invest on new promising industries parallel with the mean activity…

For this reason, a successful example of vertical integration in Turkey has been conducted: PANKOBIRLIK "united of beet sugar cultivators' cooperations ". (Through interviews with high executive Pankobirlik Mr. Cem KAPTAN, high executive of the factory of Konya sugar, and officials of beet sugar cooperations in Konya).

Our example of PANKOBİRLİK is not just given to encourage the creation of cooperations in Morocco, instead it is provided to give more light about the development of their area of application throughout giving examples of success and new application methods, especially when the findings says that there is a few academic studies and analysis about Moroccan cooperations. PANKOBIRLIK has intended recently to create a chain of vertical integration for the purpose of evaluating these products and fulfill their needs; throughout investing on new activities beside sugar beet production and establishing partnership with many existing companies.

PANKOBIRLIK's owned companies and shares are: 7 sugar factory, 13 fodder factory, Liquid sugar factory, Irrigation motor pump factory, Fuel alcohol Bioethanol factory, Frozen French fries potatoes factory, A plant of 50 000 bovine livestock, An integrated plant of meat, Beta seed production, Factory of milk and dairy industry, Fresh water products, Factory of candies and chocolate, Coal and mining products,16 partnership plant for agricultural purpose,18 different plants for different purposes, Pankobirlik is showing activity in more than 20 different sub-industries of agro-food sector.

Moroccan cooperations must think about how to be joined in a system that involves different sectors of activity either than the main specialty, instead of focusing in one special area of activity. Particularly those cooperations can benefit from abundant financial resources, or just through reinvestment of dividends. PANKOBIRLIK has shown a real example of vertical integration of different products starting from beet sugar to candy production.

Cooperations in Morocco do not have any real reason to be limited, for instance, Pankobirlik has started its activity with the financial means of the members without taking any support from the state. The findings show that the experience of PANKOBIRLIK is very distinctive and can be applied by cooperations in Morocco.

Third, prospecting new markets; Africa a new promising continent…

Several challenges are facing and inhibiting the development of this sector, and pushing Morocco to reformulate its strategies of exports and prospect new markets, especially after the outsets of economic crisis and maturity of regular markets (especially EU) which absorb 72% of total exportation of vegetal processed products, particularly France. Thus, prospecting new markets will be gainful to the economy of Morocco in order to offset the losses of eventual market share. The economic situation of African sub-Saharan countries has been relatively redressed; with the progress of real GDP. In addition to the actual economic situation of African Sub-saharan countries, their future also is shining and promising, thus the concretization supposes the elaboration of a coherent strategy for Moroccan companies. This effort will be necessary to reinforce the eligibility of Moroccan companies particularly SMEs to be part of the projects financed by international initiatives, approved by the additional couple of reasons:

- The declaration of Istanbul organized by the UN about the millennium goals development of the least developed countries (34 countries are in Africa) are resumed on encouraging trade and vocational training in these countries.
- One of very important issues is; many international organizations are aiming to increase the purchase power of African citizen; which means creation of a new market in Africa for high income products.
- The OIC has an agenda of priority of supporting all projects of agricultural and industry in African countries. This will lead the development of two areas: agriculture and industry; the core of the economy.
- Cancelling of 13 Sub-Saharan countries' loans.
- Also, the increasing of the interest of United states to Africa through new partnership to develop Africa "NEPAD".

All these facts are showing the pavement of the development road for Africa toward a new raised economy.

It is notices from what already explained, that Moroccan exports to Sub-saharan African countries of agro-food products still in a weak position, which it does not answer the real opportunities displayed by this market.

However it is easy for Morocco to access to these markets than other destinations in the world. Moreover, the well reputed image of Morocco, the geographical position, gate to Europe through Spain, gate to Mediterranean countries through Mediterranean sea and gate of Africa and two Americas. Morocco's rich heritage of languages (Arabic, French, English, Spanish…etc.). Morocco's strong infrastructures (TANGIER MED Port-the largest ports of Mediterranean region and Africa- high ways, fast train projects, international Airports –Casablanca MED 5 International Airport-…etc.) are all advantages that qualify Morocco to be first country to benefit from this new born market; as many successful Moroccan businesses have shown.

Nevertheless, due to the actual low of buying power of African consumers, Moroccan companies must adopt also a strategy of penetration based on cost considerations (cost leadership).

This strategy is already applied by China in African markets in which results are proved to be successful. Absolutely, it is hard to compete with China in term of low prices, but Moroccan companies must profit from the positive image of Morocco in these countries and make its trade transactions through using an adequate quality/price ratio.

Fourth, passing to industrialization, importing fresh food products process them then re-export them…

The exportation of Morocco is focusing on export of fresh products more than processed products, which make this country more depending on natural factors, climate and the export program described by the traditional client (EU). Our research is recommending in this level two strategies: first, Morocco must think about passing to processing and industrialization of agro-food sector together with encouragement of machinery industrialization.

Second, the criteria of development of Morocco (such as infrastructure, know how, qualified workforce, geographical position…etc.) qualify it to be an important actor of processing fresh products of Sub-saharan African countries and export them to international markets or even re-export them again to this countries.

Exporting food products in a bulk and fresh way is a wrong way of evaluation, processing packaging then export them is the wise way of their evaluation. Processing these food products will affect several area of activity especially, the machinery industry. These sites will make the firms gain more resources, and put more investment in order to develop their production chain and the quality of products, throughout the transfer of technology between members within the site.

Because processing means: more added value, long life of the products, attracting more clients and tastes. So these firms "wholesalers" will shift their activities from buy and sell to buy and process or package or using contract manufacturer, through passing by industrial food sites.

Fifth, encouraging creation and development of agro-food SMEs business association…

Morocco must focus on encouraging, guiding and developing the agro-food business associations, because of proven importance ubiquitous in emerging economies and markets, such us India, Pakistan, Brazil, China, South Korea, Turkey, Thailand, Mexico and many developed countries.

These Business Associations generally consist of independent entities that operate in different activities and industries and gathered together through formal or informal bounds. Forming such associations will have many benefits and advantages for the economy of Morocco and for agro-food sector; such as:

- Networking Opportunities: providing network and share information and resources.
- Political Participation: allowing members to join forces politically. And asking for application of laws that enhance and serve their interest.
- Social Advantages
- Improved Business Environment: As business holders get to distinguish each other they find means to share assets unite on main topics and recover original tools for obtaining their viability in the public and generating an atmosphere that boosts cooperation and attracts new consumers.

We recommend agro-food companies strategy of alliances within public and private business associations in the goal to gather further incomes, skills, and capacities to compete globally. Therefore, associations may be a constructive power for small sized enterprises.

Because it will provide them valuable help for finding contacts, establishing profession exhibitions and business conferences, among commercial organizations situated in diverse countries, or through the political representation missions.

Sixth, encouraging the intratrade between MENA countries…

Our analysis of MENA countries has shown that intra-trade between MENA countries (Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestine, Syria, Tunisia and Turkey) is very weak. This must be encouraged by new strategies that can rise up level of foreign trade between these countries.

Based on these recommendations, we can conclude that there are still several challenges for agro-food exporters in Morocco, such as positioning the image of Morocco in foreign markets; throughout Morocco must benefit from its historical image in Africa to position its image.

All the elements of the export strategy defined before: will help Morocco to maintain in a long term and sustainable way and improve its image in overseas markets. For instance. The agro-food parks or sites will be like an image of reputation of food products, for example, every businessman who want to buy agro-food products, he prefer to go to AYTOP because of the well-built image of the site and the existence of all his needs.

Then Morocco must also position its image throughout the businessmen associations who will represent and improve the image of the country's products, such as by fairs and exhibitions.

Investigating in depth consumers' behavior of different nations, and choosing suitable networks of supply.

In order to have a complete investigation, we would suggest for further studies to diversify the area of cover and incorporate the recommended issues.

The next wish for further investigation would be, to spread the research on other successful experiences of other emerging countries like Malaysia and Chile. It will be fascinating if in the further studies, the unsuccessful experiences of these issues would be assessed as well; in order to well identify the positive points of the recommended issues.

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APPENDIX

INTERVIEWS AND MEETINGS

1. INDUSTRIAL ZONES AND PARKS

KADOSAN . Oto Sanayi Sitesi. "YAVUZ, M.".
(http://www.kadosan.org.tr/)

A.Y.T.O.P. gıda toptancı sitesi. "BAYKAL, G. and FETTAHOĞLU, F."
http://www.aytop.com.tr/

MODOKO . Mobilyacılar Sanayi Sitesi.
(http://www.modoko.com.tr/)

DOLAPDERE Otomotiv Sanayi Sitesi" – "BACAKCI, C."
http://www.dolapderesanayi.com.tr/

OSTIM Organize Sanayi Bölgesi – "ÇALIŞKAN, Ş."
http://www.ostim.org.tr/

BOSB Birlik Organize Sanayi Bölgesi – "TELLI, A."
http://www.birlikosb.org.tr/

POLATLI Küçük Sanayi Sitesi.

KUYUMCUKENT
http://www.kuyumcukent.com.tr/www/turkce/index.asp

2. BUSINESSMEN ASSOCIATIONS

IKTISAD Sanayici ve İşadamları Derneği
http://www.iktisad.org/

DERSIAD - Dünya Erdemli Sanayici ve İş Adamları Derneği
SEZGİN, Ş.
Yönetim Kurulu Başkanı
http://www.dersiad.org.tr/

TUMBIAD Tüm Bürokratlar ve İşadamları Sosyal Dayanışma Derneği
AKAY, C.
Yönetim Kurulu Başkanı
http://www.tumbiad.com/

3. PANKOBIRLIK

Meetings with:
The high executives of Konya sugar beet cultivators cooperation
high executives of Konya Sugar factory
Mr. KAPTAN Cem the vice director of Anadolu Holding PANKOBIRLIK.
(http://www.pankobirlik.com.tr/)

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MS	Çankaya Univ. International Trade & Finance	2013
BS	Faculty of legal economics and social sciences of Ibn ZOHR.- Morocco: Management and Trade of food processing Companies.	2009
High School	Hassan II high school	2005

WORK EXPERIENCE

Year	Place	position
2011- to this moment	OMEG company for vocational training and businessmen training	Interpreter and coordinator of projects in Africa

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