Export performance, comparative advantage and competitiveness: the case of Moroccan citrus sector

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Introduction

- Morocco is established supplier of citrus fruit to European and North American markets. The economic importance of the sector for economy and rural areas is significant since the citrus sector presents the main source of income for more than 10,000 growers and their families. In 2008, Morocco exported US$421 million worth of citrus fruit, of which US$211 million were mandarins and US$197 million were oranges.

- In recent years, a decline in export of citrus fruit compared to other fruit and vegetable varieties has been observed. It is assumed that changing market structures, increasing regulatory complexities, consumers' concerns about product quality and safety, and trade regimes have contributed to this decline. Due to these competitive pressures, exporters have to modify export strategies to secure international competitiveness.

- The objective of this study was to investigate export performance of Moroccan citrus sector in the period from 1993 to 2008 through measures of comparative advantage and competitiveness. The study also investigated practices and strategies used to attain competitiveness in international business environment, while reviewing the impact of chain actors, food regulation and infrastructure on citrus export chain competitiveness.

Results

- The analysis of sector’s supply chain management practices and strategies identified changes in the organisation structure of citrus export chain. Consequently, Moroccan citrus chain shows presence of both horizontal and vertical integration. Co-ordination of export activities is confined to the EACCE that guarantees conformity of exported products with international technical and commercial requirements.

- Alongside, the investments in infrastructure rapidly increased at all levels of the supply chain, especially in processing facilities, equipment and certification. On the side of human resources, investments were made in training and education of personnel. Small producers are unfortunately excluded from export chains as they are unable to implement quality and safety standards or to adopt technical innovations. These occurrences come from financial constraints, which can, however, be partly mitigated by membership in a producer co-operative or affiliation to exporter group.

- Apart from relying on natural predispositions for export of certain products, a competitive supply chain needs to be able to enhance and maintain global market shares. It also needs to be able to assure required investments, co-ordinate activities of chain actors and fulfill product requirements posed by foreign markets. Moroccan citrus export chain shows that it is partly able to handle the global performance requirements.

- The export of citrus fruit builds upon the comparative advantage that was observed from 1993 to 2008. The analysis of competitiveness revealed that the main competitiveness strategy includes competition in terms of price. This strategy did not manage to endure in several destination markets. The CMSA, however, revealed the emergence of the new export strategy that is based on redirection of lower-value products to non-EU markets.

- Moroccan citrus sector is also strengthening its competitiveness through structural modifications and investments in infrastructure, quality and safety management systems.

Data sources and methods

- Data sourced from the UN COMTRADE database were used for quantitative analysis of sector’s comparative advantage and competitiveness.

- Comparative advantage was assessed by the Revealed Comparative Advantage (RCA) index that measures the level of specialisation of a certain sector. It is calculated by dividing the share of citrus fruit in Morocco’s total exports by the share of citrus fruit in total world exports.

- Competitiveness was assessed through the relative unit value (RUV) Index and Constant Market Share Analysis (CMSA). The RUV index shows unit value of a country’s exports in relation to the world average unit value. Using RUV index enabled a comparison of price competitiveness of Moroccan citrus sector with other citrus exporters. The CMSA decomposes the total change in exports into three components: the market size effect, the market composition effect and the competitiveness effect. Using CMSA enabled the analysis of export performance of Moroccan citrus sector in various destination markets.

- Practices and strategies for competitiveness were investigated qualitatively through semi-structured interviews. The first round of interviews involved informants from government institutions and professional associations of fruit producers and exporters. In the second round, interviews were conducted with key stakeholders of the citrus value chain: export groups, producer co-operatives, packing houses and producers. Interviews were performed in two major citrus producing regions, Gharb and Souss-Massa.

Conclusion

- The results of the CMS analysis show that, when it comes to the EU market, Morocco incurred losses in quantities and value of citrus fruit exported. Morocco was neither able to maintain market shares and competitiveness, nor to distribute citrus to high-growing markets in the EU.

- Morocco was neither able to maintain market shares and competitiveness, nor to distribute citrus to high-growing markets in the EU. Nonetheless, the difference in values between the two market clusters is positive, which shows that, by restricting its lower-value citrus exports to non-EU markets, Morocco was able to increase earnings of its citrus sector.

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