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**The territorial attractiveness, governance, Infrastructures and logistics activities: Case of Tangier city, Morocco**

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**ABSTRACT:**

Globalization keeps triggering business processes of delocalization and (re)localization around the world in looking for the most attractive regions (zones). In order to be attractive, a territory should attract, absorb and maintain businesses. The ability to attract businesses also entails the ability to respond quickly to threats and opportunities so that the territory can survive competition. The objective of this study is to set the first foundations of a link to be discovered between territorial governance as a relevant factor to increase the level of industrial attractiveness and logistics within businesses in Tangier. We will try to demonstrate that effective practice of local territorial governance can contribute positively to the improvement of the entrepreneurial business environment.

**Keywords:** Territorial attractiveness; territorial governance; infrastructures; logistics activities; Tangier; localization.

**1. Introduction**

According to various studies, and based on national and international surveys, Morocco has been marked by a delay in terms of attractiveness in economic activities compared to other Mediterranean countries. However, it is endowed with higher potential for the development of the industrial component, and the supply of logistics services. By means of partnership with the private sector (the General Confederation of Moroccan companies), the state has signed a contract program in April 2010 targeting the development of road networks, ports, railways, and maritime platforms. The aim behind such development is to reduce the impact of logistics costs to 20% of the GDP by 2015 (currently at 15%). It also aims at reducing CO2 to 35% discharges from road transportation of goods. Since the signing of the contract program, Morocco has in fact been able to develop these logistics performance just after the signature of the contract program, moving from the 94th rank worldwide in 2007 to the 50th in 2012. On the other hand, Morocco has also significantly improved its ranking in terms of maritime connectivity, moving from the 77th rank worldwide in 2007 to the 17th in 2012 (World Bank report entitled "Connecting to compete 2012"). This is mainly due to the implementation and commissioning of Tangiers Med-Port.

In this paper we will attempt to answer two main questions:

1. What are the tools of territorial governance of logistics infrastructure in Tangier?
2. What are the main factors of the logistics activities attractiveness in Tangier?

## **2. Theoretical Background**

The purpose of this section is to present the basic concepts of logistics and logistics activities and try to suggest a definition of attractiveness of logistics activities.

### **2.1 The basic concepts of the attractiveness of logistics activities**

Before talking about the attractiveness of logistics activities, we will start by introducing some definitions of logistics. The most known ones are the following

Afnor: "Logistics is a function whose purpose is to satisfy expressed or implied needs, for the best economic advantage to the company and to a specific level of service";

Aslog: "Logistics is a task whose main objective is the availability of a product, at the least price and with the required quality, at the right place and at the right time, wherever the demand exists. It concerns all the key operations that govern the movement of products such as the location of factories, warehouses, supply-chains, inventory management, order taking and handling, transportation and delivery rounds".

In fact, "logistics exerts a leverage effect that increases competitiveness in industry and allows current economic renewal in promoting integration of new industries based on the geographical accessibility of markets" (Pipame, 2009). On the other hand, the logistics activities are conceived of as activities between the needs of industry and the needs of business units. We can distinguish between traditional activities (picking, packing, packaging, management of paperwork) and productive activities (S. Masson, Petiot R). Savy (2006) states that "today, we notice that logistics probably monitors some industrial or marketing plants, but in turn it has become a location factor. The diversity and quality of logistics services are among the assets of a region, usually a metropolitan area to attract business transformation or distribution". Thus, we can conclude that the attractiveness of logistics activities of a territory is the ability of a country to provide investors with infrastructure and logistics within a given period so that the cost of logistics becomes competitive in terms of price in competitive countries.

### **2.2 The basic concepts of territorial governance**

At this level, we will define the basic concepts of governance and territorial governance by proposing a conceptual diagram of the acting agents in the territory.

#### **2.2.1 Governance**

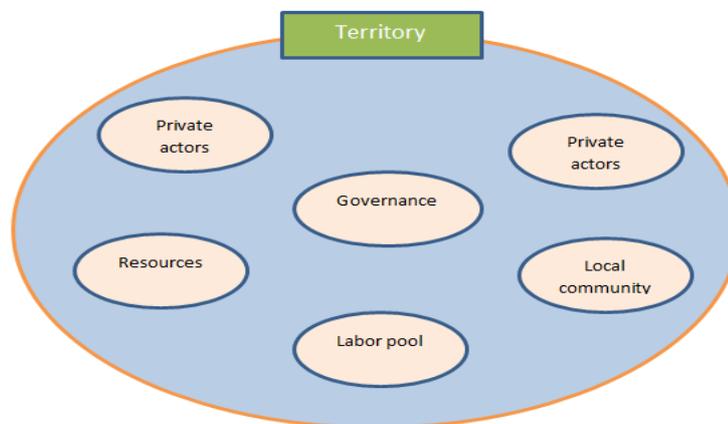
The issue of governance was discussed by multidisciplinary researchers. It is also becomes inevitable when the need arises for decision-making processes and management processes in complex environments (Goxe, 2006). According to the report of the World Bank titled "Managing development: the governance dimension", published in 1991, the definition of governance is "the exercise of authority, control, management, power of government". According to Catherine Figuière and Michel Rocca, governance is the coordination between different actors (Figuière, C. and Rocca, M., 2012). This will be taken on later in the early nineties to study the forms of collective action (Simad J., G. Chiasson, 2008).

For Baron (2003) "Governance is a coordination mode involving public actors (state, local authorities, etc.) and Simoulin (2003) governance is " a mode of coordination among others». Of all the definitions proposed in the literature, we note the following:

**Table 1:** Definitions related to banking

<b>The World Bank</b>	The exercise of political power, as well as a control in the context of the administration of company resources for economic and social development.
<b>The Institute of Governance</b>	Governance is defined as a set of institutions, processes and traditions that dictate the exercise of power, decision making, and how citizens make their voice heard.
<b>PNUD</b>	The exercise of political, economic and administrative authority to manage the tasks of the company. It is a broad concept that encompasses organizational structures and activities of the central government, regional and local parliament and the institutions, organizations and individuals that includes civil society and the private sector to the extent that they participate actively and influence the design of public policy that affects all people.
<b>Overseas Development Institute</b>	The term governance refers to the exercise of legitimate authority in the use of public power and governance. It refers to institutional arrangement, consultative mechanisms, processes of public policy formulation, and style of political leadership.

According to the World Bank (1996), "good governance is the way in which power is exercised in the public management of economic and social resources for development". "Governance involves a complex set of actors and institutions that do not all belong to the sphere of government; it reflects interdependence between the authorities and institutions involved in collective action. Governance involves networks of autonomous actors and assumes that it is possible to act without relying on state power" "(Stoker, G., 1998). Drawing on the above definitions, we propose the concept defined in Figure 1, which shows the advantages of governance territory.



**Figure 1:** The governance actors' territory

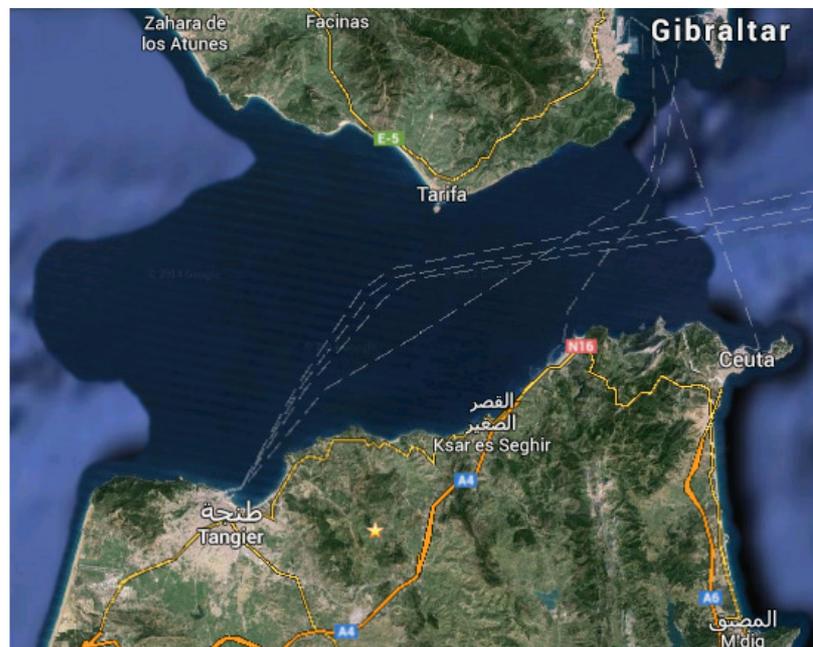
The area brings together various stakeholders and resources necessary for logistics activities. Without forgetting good governance, this plays a coordinating role between the private, the public and the local labor market.

## 2.2.2 Territorial governance

According to Pipame (2009): "The territory is the geographical context in which human activities, economic relations and trade of products and information are carried out. It is the framework within which it will make concrete logistics operations". However, and according to Chia E., et al (2014) "Territorial governance is defined as a dynamic coordination process (hierarchy, conflict and consultation) between public and private actors with multiple identities and asymmetrical resources (in the broadest sense: Power, relationships, knowledge, status, financial capital) about territorial issues". All actors in the governance of the territory are circumscribed within the same space (see Figure 1); but the key governance actors are public actors represented by the state and elected officials and private actors represented by lobbies, professional unions and associations by profession.

## 2. Territorial governance in Tangier

Tangier is a historic city located in the northwest of Morocco and covers an area of 11.570Km<sup>2</sup>, almost 1.6% of the total country and situated at 15 km far from Southern Spain. On the industrial level, it is considered to be the second largest industrial center in Morocco after Casablanca.



**Figure 2:** Positioning of Tangier with regards to Spain (Europe)

**Source:** [www.google.com/maps](http://www.google.com/maps)

In fact, despite the strengths of Tangier (geographic and strategic position, both seaboard, industrial fabric, the labor pool, cultural diversity) it is still an under-developed city until a State Royal Decree established the Agency for the promotion of economic and social development of the northern provinces on the 6th of September 1995. The main objective of this agency is to facilitate, participate and initiate actions for the promotion of economic and social development in the North. In partnership with local actors (elected and private), the

agency has made structural projects such as roads, railway stations, port; airport, telecommunications infrastructures; promoting communication, branding and marketing the advantages and competitiveness of the territory by the agency and the Investment regional center , the creation of free zones, construction of hospitals, construction of social and educational infrastructure, while accompanying local authorities to establish a participatory approach to development. The role of the latter has been framed by the speech of His Majesty King Mohammed VI of 12 December 2006 on the occasion of the opening of the National Meeting of Local Government, in Agadir, which was held under the theme "Development of cities, citizenship and responsibility".

"Our ambition is great to ensure that cities and local authorities, as well as the government, private sector and civil society can be effective partners in the overall development process of our country, and that a source of proposals for the implementation of the various national strategies. Good governance has become a major tool for the management of large cities. Our cities must, therefore, aim at a system to pave the way for initiatives based on a contract and participatory approach involving the state and cities, and promoting adherence to various political, economic and social actors, and the participation of citizens in various execution phases of local programs.

### 3. The state of territorial logistics

Good governance for the strategy of the development of northern Morocco on the one hand, and the close collaboration of public and private stakeholders on the other hand, allowed the city of Tangier to be equipped with the infrastructure that meets international standards (Figure 3).



**Figure 3:** Map of infrastructure in Tangier (Source: [www.investangier.com](http://www.investangier.com))

#### 3.1 Tanger Med Port

The construction of the Tanger Med Port aimed to improve the economic competitiveness of the region in a context of globalization. This port has allowed the decongestion of the City of freight traffic through the city to go through the old port. For this project, a budget of 7.5 billion euros of public and private investment has been released to further comprise the port, free zones and infrastructure. TangerMed port is a complete logistics and stands as a locomotive of development and spatial reorganization of the region (the creation of a new

province “Fahs Anjra”, Creating Prefecture “Mdiq Fnideq”). The scale of this project enabled the province of Tangier to expand its administrative powers at the expense of the city of Tetouan. This has enabled it to monitor the new TangerMed port. The geographical and strategic position of the Tanger-Med port enables direct and regular connection with 120 ports worldwide.

### 3.2 Industrial Zones

By the virtue of the 19-94 (Dahir No. 1-95-1 26 January 1995) Law, Morocco has initiated the establishment of export processing zones. They are spaces that determined the customs territory, despite exemption from customs regulations, control of foreign trade and exchange, and all export activities to industrial or commercial, as well as activities related service. Each zone is created and defined by a decree establishing the nature and activities of companies that can locate there. The company managing the export processing zone is responsible for the development and management of the area and the presentation investor folders approval of the local board Export Processing Zones.

Tangier has a land bank that consists of several industrial areas

**Table 1:** industrial areas located on Tangier

<b>Free Zone (ha)</b>	<b>Area (ha)</b>
Industrial area of Gzenaya	129 ha
Industrial area of M'ghogha	138 ha
Industrial area of Al Majd ((Zone B);	18,5 ha
Industrial area of Mghogha Seghira	70 ha
Tangier Free Zone (TFZ) 1- Industrial Zone under customs 2- Logistics Zone	345 ha
Free Zone Logistics Tanger Med	250 ha, including 130 ha under development
Free industrial zone Melloussa I	600 ha
Free industrial zone Melloussa II	120 ha

Source: [www.investangier.com](http://www.investangier.com)

To improve export competitiveness, the state has granted various zones exceptional benefits (tax and customs exemptions, an exchange rate regime to facilitate measures to unique accompaniment).

### 3.3 Logistic Zones

Within the TangerMed found an integrated logistics platform with a current processing capacity of 3,000,000 TEUs and an ongoing expansion to reach a total capacity of 8.2 million TEUs. The port also has a free zone logistics competitive Med hub, located in the business center of the region and enabling access and rapid distribution to a market of 600 million consumers spread over an area of approximately 100 hectares. It includes logistics and post-manufacturing (assembly, packaging) and distribution (consolidation, deconsolidation, storage). This helped improve the Morocco logistics performance index (The world Bank, 1991).

## 4. Analysis and discussion

### 4.1 Methodology

Our research methodology is based on a multi-stage approach

1. Review of literature to inform our theoretical argument: It focuses on the examination of articles and books on territorial governance, the attractiveness of logistics activities.
2. Implementation of an interview guide based on 8 questions:
3. Interviews with 20 managers of companies operating in the logistics industry (carriers, logistics manager's flat shapes).
4. Data analysis collected during the interviews
  - a. The main factors for selecting location for the companies?
  - b. Perception of the flow of traffic of people (Entrepreneurs, Associate, Client) and merchandise in Tangier.
  - c. Criteria for the location in Tangier.
  - d. The weaknesses of the attractiveness of Tangier for logistics activities.
  - e. The five priorities for developing the territory in Tangier.
5. The study of local governance and attractiveness of companies in Tangier is based on the outcome of recorded interviews that were conducted with some territorial (economic and administrative policies) responsible for the city of Tangier.

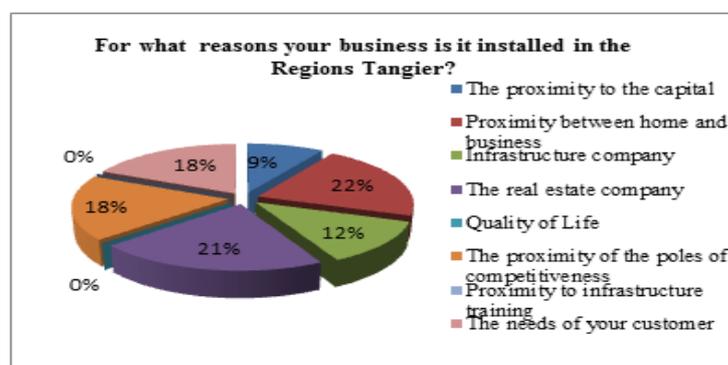
### 4.2 The results of the study

#### 4.2.1 The results of the interviews with the private actors

The presentation of the results of the study will be done in the order of the sections of the issues of our interview guide

##### 4.2.1.1 For what reasons your business is it installed in the regions Tangier?

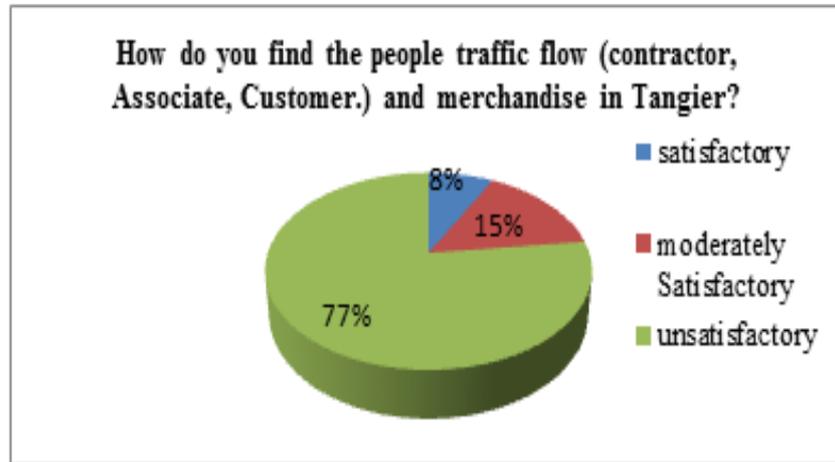
This question shows the independent factors of localization of the targeted companies: 30% of the companies interviewed declare that the first reason for establishment is the real estate of the companies, 26% for the proximity of the poles of competitiveness and at the request of the customers, and 17% for the availability of the infrastructure.



**Figure 4:** For what reasons your business is it installed in the Regions Tangier?

**4.2.1.2 How do you find the people traffic flow (contractor, Associate, Customer.) and merchandise in Tangier?**

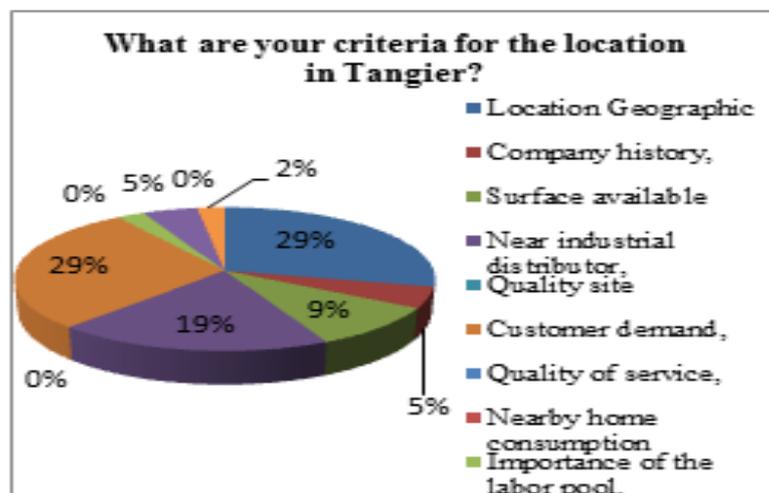
For this question, 77% of the officials interviewed expressed unsatisfactory. This is due to the inadequacy of public transport and the inability of urban roads to ensure smooth flow of traffic in peak hours.



**Figure 5:** How do you find the people traffic flow (contractor, Associate, Customer.) and merchandise in Tangier?

**4.2.1.3 What are your criteria for the location in Tangier?**

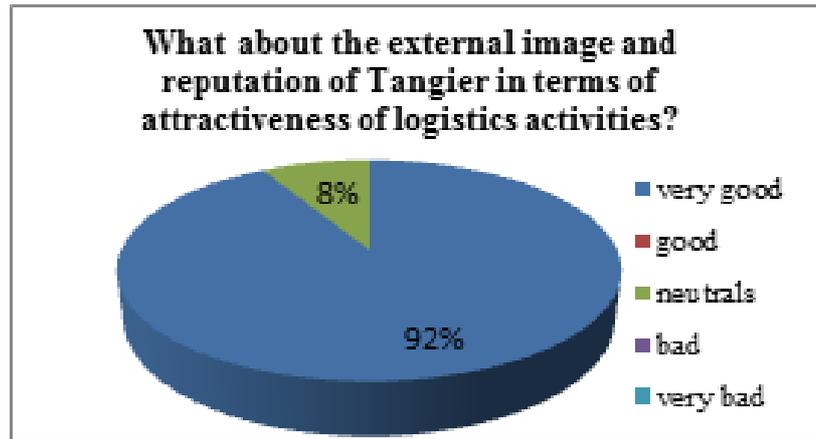
For this question, 29% of respondents choosing Tangier officials say as city location to approach their client and also due to the geographic location of the city close to Europe.



**Figure 6:** What are your criteria for the location in Tangier?

**4.2.1.4 What about the external image and reputation of Tangier in terms of the logistics activities attractiveness?**

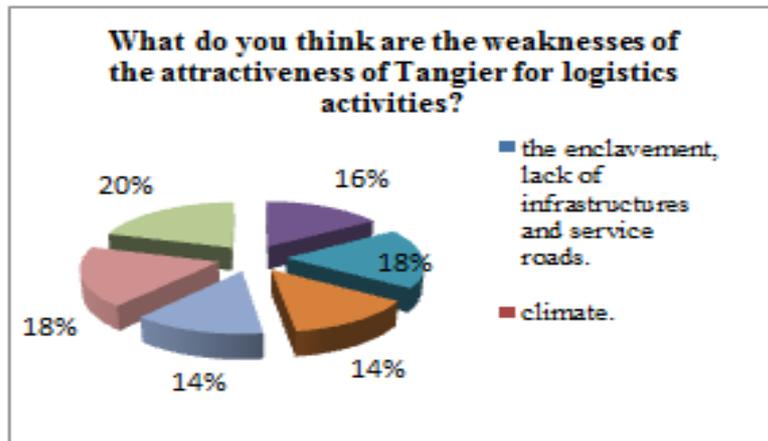
For this question, 92% are very satisfied with the image external and the reputation in terms of attractively of the logistic activities.



**Figure 7:** What about the external image and reputation of Tangier in terms of the logistics activities attractiveness?

#### 4.2.1.5 What do you think are the weaknesses of the attractiveness of Tangier for logistics activities?

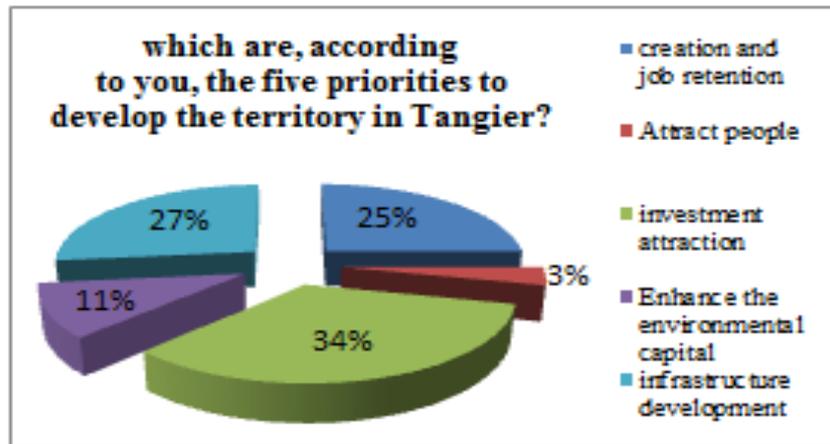
For this question, the principal weaknesses of attractively logistics are classified as follows: the qualification of the hands of opens, the bureaucracy in the administration, safety, the poor quality of subcontracting.



**Figure 8:** What do you think are the weaknesses of the attractiveness of Tangier for logistics activities?

#### 4.2.1.6 Which are, according to you, the five priorities to develop the territory in Tangier?

For this question, the answers are ranked as follows: 34% investment attraction, 27% infrastructure development, 25% creation and job retention. The survey and interviews that we conducted allowed us to have an idea about the strengths and weaknesses of logistics in Tangier.



**Figure 8:** Which are, according to you, the five priorities to develop the territory in Tangier?

### **4.3 The results of the interviews with the public actors**

#### **4.3.1 The strengths for the development of logistics in Tangier**

All the public actors had estimated points below as factors of attractiveness of the logistic activities in Tangier

1. A geographical and strategic position in relation to Europe allowing it to be the ultimate corridor of international trade flows,
2. A good external image and reputation of Tangier in terms of attractiveness of logistics activities.
3. Moroccan authorities provide the necessary investment in infrastructure development,
4. Establishment of a Regional Application contract of the National Development Strategy of Competitiveness Logistics.
5. Political stability in Morocco
6. Development training institutions specialized in logistics,
7. Advanced Partnership between government and the private sector.
8. Government policy attractiveness of industrial activities for export
9. The creation of the Moroccan Agency for development of logistics (AMDL) will ensure one of its main missions: governance of national logistics strategies

#### **4.3.2 Weaknesses and obstacles of logistics development in Tangier**

1. An eccentrically national positioning in the North compared to the Moroccan market as the majority of the industrial base is for export.
2. Despite efforts by the public and the commitment of the State, the logistics supply does not meet all the demands (lack of land, high cost of rent, ...)
3. Presence of a culture among Moroccans investors, to create areas of logistics activities on their own heritage which can have a negative impact on the environment and existing infrastructure.
4. Presence of an informal sector operating in the logistics sector

Low participation of rail freight transportation implying the dominance of road transport, which has a negative impact on the environment.

## **5. Conclusion**

The development of logistics in the area of Tangier is a priority, declared by the government and one of the ambitions of making this region an international hub of excellence in sustainable logistics. On the other hand, the study has brought us closer to private actors who do not hide their desire to invest more in logistics activities. At the same time, they sum up their expectations in the following way

1. Improvement and development of education and training
2. Improving the business environment
3. Improved responsiveness of local public authorities to find innovative solutions to problems raised by investors solutions.
4. Improving the safety of property and people,
5. Availability of land and reduction of the cost of rent
6. Cost of rent flat logistics forms Tanger-Med compared to Algeciras
7. Qualification hands lumber
8. Cost of labor (an absurd degree, with a minimum wage of 250 Euros / month)

This may confirm the link between territorial governance as a relevant factor to increase the level of attractiveness of industrial and logistics providers. On the other hand, taking into account the expectations of private actors will have a positive impact on the business environment and participate positively in improving the business environment and economic development of enterprises. Coming back to the 2010-2015 contract programs between the state and the private sector, signed in April 2010, it is clear that there is a plan of action in five areas that meets the expectations reported by private actors. In fact, the fifth section is devoted to governance and regulation of the logistics sector. These two actions will be undertaken by both organizations. (Moroccan Agency Logistics Development) (AMDL) and (Moroccan Observatory of logistics competitiveness (OMCL) The objective of the first agency to coordinate the implementation of the plan action, promotion of investment and development of the sector. Meanwhile, the objective of the second agency is to follow the industry's competitiveness by ensuring the monitoring, measurement and monitoring of indicators of logistics performance.

In response to our second inquiry, the state has recognized the implications of the supply chain and he understood the contribution of logistics to the development and improvement of the competitiveness of the economy. Therefore, he led the implementation of the national strategy for development of logistics competitiveness. This strategy reflects an awareness of the state of important logistics sector in economic and social development. To implement this strategy, the State began by investing in infrastructure such as highways, railways, the Tangier Med port, export processing zones, industrial parks and building communications networks and energy. The land was considered as a potential factor in preventing the implementation of the national strategy. As current tool of territorial governance logistics infrastructure (first questioning), local authorities in collaboration with AMDL and private operators have launched the preparation of an implementation agreement that will define the size and location of logistics platforms. The goal is to book and put at the disposal of public land investors with competitive prices to meet the needs of operators so that they can invest and develop platforms and logistics buildings. Noting here, the participation of banks in funding through the "The Land Emergence" creation that is an investment fund whose principal activity is the acquisition of land within the platforms to offer them on rent to

industry service providers and logistics involved as "turnkey". On the other hand, the state in collaboration with the CGEM, will announce the creation of an observatory that will be a standby database to track costs and measuring logistics performance. As a conclusion and recommendation, we emphasize the need to implement the projects in progress and catch up of creation (AMDL). The latter has almost completed the program Tangier contract. In addition, we recommend the implementation of OMCLs in the best time that should be open to all private logistics operators.

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