



The new public port management in Morocco: Between the progressive withdrawal of the State and the ascending entry of the private sector

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ABSTRACT:

The integration of the Supply Chains is currently a real opportunity, in this sense, the port is asked to adjust its portfolio of activities to the new requirements induced by the significant changes in the configuration Supply Chains. However, the multitude of resources to be implemented and the diversity of activities necessary for the delivery of the goods to the customer, and therefore, the increasing number of service providers to be solicited, make the supply chain a whole complex whose design can probably only be considered globally. These challenges that confront the Moroccan port with the need for agility and proactivity, and therefore with a more suitable port governance model, and marking a break with the old model experiencing many failures.

KEYWORDS: Governance, Port Reform, Globalization, Integration, Privatization

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I. INTRODUCTION

The search for an improvement in the economic efficiency of the port areas and, consequently, the financial and operational performance, has led a good number of countries to undertake reforms qualified as institutional.

Faced with significant changes in logistics chain strategies, ports are no longer considered as obligatory places of passage, but as actors in full evolution taking into account the new functions performed and the role played, which have significantly suffered changes in various sides, becoming logistic platforms for international trade and high value-added centers seeking to optimize variables, namely deadlines, quality of services and costs.

Thus, this perspective is favored by the search for a rebalancing and complementarity between public actors, and national and transnational private actors and therefore between the State and the market.

This work aims at highlighting the challenges of port reforms in Morocco, and to show the relevance of such public management focused on the restructuring of the sector through the upward entry of the private sector into port management.

II. THE CONTEXTE OF THE PRIVATIZATION OF PORT SERVICES

Over the past two decades, an increasing number of countries around the world have undertaken policies aimed at reforming their port industries. Indeed, the evolution of the role of the port authority in the institutional environment has resulted in new organizational orientations [1]. , such as the adoption of policies of deregulation and decentralization of transport infrastructure and port management.

This global reform movement, which concerns such a capital-intensive industry, aims to improve efficiency, as well as reduce financial burdens. Indeed, privatization has often been an important aspect of these policies.

Today, expanding the role of the private sector in the ownership, management and operation of ports is one of the priority issues facing the port industry today.

This organizational reform movement is part of the deregulation policies adopted by countries around the world in various sectors, including the port industry.

As an essential link in global logistics, the level of efficiency and performance of port areas influence, to a large extent, the competitiveness of a country. To achieve and maintain a competitive advantage in international markets, countries need to both understand the underlying factors of port competitiveness and continuously assess their effectiveness.

Thus, Tongzon [2] emphasizes that the efficiency of port terminals promotes international trade in a country open to the international economy.

II.1. THE CURRENT CHALLENGES OF PORT MANAGEMENT: TOWARDS NEW PERFORMANCE CRITERIA

The globalization of value chains, the generalization of containerization have induced considerable changes in the operation of the ports both in terms of their stakes and at the level of their modes of governance. These must now be integrated into the within maritime and terrestrial multimodal logistics chains in geographical expansion for serving hinterlands [3].

These changes have had an impact on the requirements of shippers and shipowners (De Souza G.A., Beresford A.K.C., Pettit S.G. [4].which have been translated at the port level by the constant claim of additional value in terms of cost, time and services.

In order to study the impact of the integration of the port into Supply Chains on the performance of (quality, cost, responsiveness, customization); Song D.W., Panayides P.M. [5]. conducted a worldwide survey of a sample of 300 container terminal ports. Respondents are mainly port directors and terminal managers in containers.

Song D.W., Panayides P.M. [5]. identified 11 variables to measure the level integration of the port into Supply Chains. It is about: Use of technologies information and communication, Relations with shipping companies (shipping line), Value-added services, Integration of modes of transport, Relations with transport operators ground transportation, channel integration practices and performance, costs, quality, reliability, customization, responsiveness.

Source[5].

Variables	Measures
Use of information and communication Technology (IT)	<ol style="list-style-type: none"> 1. We use integrated electronic data interchange to communicate with shipping lines 2. We use integrated information systems to share data/information with shipping lines 3. We adopt computerized port service systems for our operations with shipping lines
Relationship with shipping line	<ol style="list-style-type: none"> 1. The shipping line is viewed as a strategic partner in mutually designing the flow of goods and information 2. The relationship with the shipping line is more based on mutual trust rather than on contractual obligations 3. We work together with the shipping line to ensure higher quality of service 4. We work together with the shipping line to reduce costs
Value added service	<ol style="list-style-type: none"> 1. We have adequate facilities for adding value to cargoes (e.g. pre-assembly, manufacturing, packaging) 2. We have the capacity to provide the widest possible hinterland and foreland for road/rail access 3. We have the capacity to launch new tailored services should the need arise 4. We have the capacity to handle different types of cargo 5. We are quick on taking decisions regarding altering schedules, amending orders and changing design processes to meet customers' demand 6. We have a variety of services to handle the transferring of cargo from one mode to another 7. We have the capacity to convey cargo through the most diversified routes/modes at the least possible time to end-users premises 8. We have the capacity to deliver even more tailored services to different market segments
Integration of transport modes	<ol style="list-style-type: none"> 1. The port has adequate connectivity/operability for the ship/rail interface 2. The port has adequate connectivity/operability for the ship/road interface 3. The port has adequate connectivity/operability for the ship/inland waterway interface (if applicable)
Relationship with inland transport operators	<ol style="list-style-type: none"> 1. We use integrated electronic data interchange to communicate with inland transport operators 2. We use integrated information systems to share data/information with inland transport operators 3. We adopt computerized port service systems for inland transport operations
Channel integration practices and performance	<ol style="list-style-type: none"> 1. We constantly evaluate the performance of the transport modes available for linking our port/terminal to its hinterland destinations 2. We evaluate alternative routes for more efficient transportation of cargoes via our port/terminal 3. We collaborate with other channel members (e.g. shipping lines, shippers, etc.) to plan for greater channel optimization 4. We seek to identify other competing channels for cargoes that might flow through our port

	<ol style="list-style-type: none"> 5. We benchmark the logistics/supply chain options available for cargoes that will flow through our port vis-a`-vis alternative routes via competing ports 6. We seek to identify least cost options for the transport of cargoes to hinterland Destinations 7. We study how road/rail transport operators use the port facilities 8. We listen to inland transport operators in developing/upgrading our port facilities 9. We meet with inland transport operators to discuss issues of mutual interest
Cost	<ol style="list-style-type: none"> 1. We offer competitive prices 2. We are able to offer prices as low or lower than our competitors 3. We can offer lower service charges than competitors 4. The cargo handling services at our port are cheaper than competitors
Quality	<ol style="list-style-type: none"> 1. We are able to compete based on quality of services 2. We offer port services of high quality to our customers 3. Our port service performance creates higher value for customers
Reliability	<ol style="list-style-type: none"> 1. Our port services are highly reliable 2. We deliver the kind of port services needed 3. We deliver services on time (minimize delays) 4. We provide dependable service delivery
Customization	<ol style="list-style-type: none"> 1. We provide customized port services to our customers 2. We alter our service offerings to meet client needs 3. We respond well to customer demand for 'new' service features or specific performance
Responsiveness	<ol style="list-style-type: none"> 1. We have fast new service development 2. We deliver new services to the market quickly 3. We are first in the market in introducing new services 4. We have time to market lower than industry average

Table 1: Measures of port integration of SC Measures of port/terminal supply chain integration.

According to the results obtained, the authors note, in a first observation, that it is important to compare the prices of the services rendered with the level of added value brought to the cargo through the port. Thus, they consider it acceptable that the prices of services port costs are high, but on the condition that the added value is amply brought to goods passing through the port.

Moreover, they suggest that a high price will not make necessarily a non-competitive port as long as it offers services that users perceive the contribution of added value to their company, in particular the personalization of port services.

II.2. FACTORS IN FAVOR OF PRIVATIZATION

In his book, *The Wealth of Nations*, Adam Smith [6] points out that private ownership improves productivity and efficiency, therefore leads to economic performance.

However, while advocating a limited role of the state (the invisible hand), Adam Smith [6]. tried to show how the factors of competition and profit research would lead individuals, in pursuit of their own private interests, to serve the public interest.

By introducing competition in the market, rival companies pursuing the purpose of survival; struggle to produce services in accordance with market needs, while highlighting the factor of price competitiveness.

Proponents of the privatization policy argue that improved management will create greater operating efficiency and spark entrepreneurial dynamism and innovation.

II.3. FACTORS AGAINST PRIVATIZATION

Opponents of privatization argue that the pursuit of profit by private actors is likely to result in exploitation of users (excessive prices), employees and the environment. In fact, the implementation of a privatization policy could have negative repercussions on the social level.

Therefore, even though privatization may lead to greater efficiency through better management, (Jones et al., [7].point out, this is likely to be accompanied by a simultaneous reduction in market power. Moreover, asserts that private operators will operate to maximize profits, while public operators mobilize to maximize user satisfaction.

III. PORT ADMINISTRATION MODELS

Baird [8] offers a port function matrix as a model for port administration. The author identifies three essential functions of the port:

The models	Regulator	Landowner	Operator
Public Pur	Public public public	Public public private	Public private private

Public /Private	Private	Private	Private
Private/public			
Private			

Table 2: port governance models

The globalization of value chains, the generalizations of containerization have led to considerable changes in the operation of ports both in terms of their challenges and in terms of their modes of governance. These must now be integrated into maritime and land multimodal logistics chains in geographical expansion for the service of hinterlands [3].

These changes have had an impact on the requirements of shippers and ship-owners (De Souza GA, Beresford AKC, Pettit SG [4]. which have been translated at port level by the constant demand for additional value in terms of cost, time and service.

III.1. VIEW OF THE PORT INDUSTRY: CASE OF MOROCCO

With a double maritime coastline with a length of about 3500 km, Morocco has 39 ports with various vocations, distributed as follows:

13 ports open to foreign trade	Nador, Al Hoceima, Tangier city, Tanger-Med, Kenitra, Mohammedia, Casablanca, Jorf Lasfar, Safi, Agadir, Tantan, Laayoune, Dakhla,
10 regional fishing ports	Larache, Mehdiya, Sidi Ifni, Tarfaya, Boujdour, El Jadida, Ras Kebdana, El Jebha, M'diq, Essaouira,
9 local fishing ports	Cala Iris, Sidi Hssaine, Chmaala, Fnideq, Ksar Sghir, Assilah, Sale, Souiria Lakdima, Imesouane
7 marinas	Saidia, Kabila, Marina Smir, Bouregreg, Sables D'or , MarinaD'agadir, Lagune De Marchica

Table 3 : Port heritage

In Morocco, the development of the logistics sector appears as a strategic lever to strengthen the competitiveness of the economy in the equipment and transport sectors. Thus, any development of logistics services cannot be achieved without efficient infrastructures, or without removing institutional constraints such as situations of low competition or monopoly.

Due to its geographical position which places it at the crossroads of international flows, Morocco has enormous potential in terms of ports. However, due to the weaknesses of its port industry, Morocco suffers from a logistical competitive disadvantage. Several factors explain these weaknesses which overwhelm its competitiveness (National Foreign Trade Council [9].

Indeed, the port sector is called upon to face up to the challenges of long-term traffic prospects with the commitment of numerous strategies: Energy sector strategy, Phosphate sector strategy, Industrial strategy, Emergence plan, National strategy the development of logistics competitiveness, Halieutis Plan, Tourism Strategy, Green Morocco Plan. Obviously, it is essential to ensure the support and success of these commitments to have efficient and competitive ports allowing them to seize the opportunities of opening up to the world economy.

These objectives have led the public authorities to develop a strategy based on partnerships with the private sector with the aim of giving real impetus to the logistics services sector. (National Strategy for the Development of Logistics Competitiveness, 2002)

III.2. FACTORS OF FAILURE OF THE MOROCCO PORT INDUSTRY

Houssaini.A, [10]. argues "that instead of being at the service of exports, the port industry in Morocco, for a long time, put them at its service" hence the urgency of a reform.

At the time of the ODEP, the port sector suffered from various dysfunctions which are summarized in the following elements (Source: ANP June 2015):

- Excessive port passage costs lacking transparency.
- High ship waiting time;
- The yields achieved are far from satisfactory, due to the difficulties of reconciling the objectives of profitability and the provision of a public service judged...
- Port environment deemed unattractive for investors wishing to invest in the port sector.
- The situation of the monopoly in terms of handling on land and the situation of oligopoly of handling on board
- Stakeholders dissatisfied with the functioning of the sector.
- The absence of a legal and legal framework related to the exercise of port activities.

Since its creation, the ODEP was invested with a triple mission (commercial, sovereign and infrastructure) Houssaini [10].).

The mix of these allocations has had a negative impact on prices and quality of service; which means that the ODEP "has failed in its mission to make Moroccan ports competitive and to make them real transport facilitation interfaces between Morocco and the rest of the world" [11].

In the sense of Houssaini , [10]. all of these weaknesses translate into: "Excessive costs of port services to finance infrastructure and to operate a double tariff equalization between surplus and deficit ports and between freight with high added value and so-called poor freight". Indeed, it took years to realize that the State had neither the profile nor the vocation of the market and that it objectively could not properly and effectively ensure the roles it fills. [12].

IV. PORT REFORM

Morocco is, today, convinced of the need to partially and gradually disengage from the sphere of the market in favor of contractual methods with private players, the purpose is to cover the needs of an increasingly global[13]. .

Like many countries, Morocco is committed, in accordance with Law No. 86-12 on public-private partnership contracts, to a reform of its port sector. [14] With a view to meeting the challenges and needs of foreign trade, and in order to bring improvements to the port tool, the new organization of the port sector has set itself the following main objectives:

- By subdividing port functions into three main categories, the new organization defines the modes of management and operation of ports, as well as the entity responsible for each function.
- The search for port management marked by effectiveness and efficiency by providing the organizations that will have to ensure port activities with flexibility in operation and regulation.
- Improving the competitiveness of Moroccan ports through their endowment with the means required for proper functioning, with the aim of improving their productivity and their effectiveness and efficiency.
- The encouragement and development of the progressive participation of the private sector in port construction and operation activities. .

In order to achieve these objectives, which seem ambitious, a profound structural overhaul of the port sector is necessary; so as to enable these challenges to be met. [15]. This port reform mainly defined three major functions for the port sector:

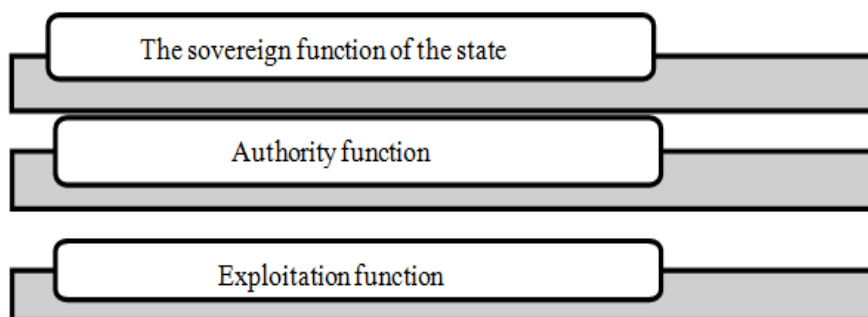


Figure1: Major functions for the port sector

- **The sovereign function:** this function has the role of defining port policy and its implementation, planning and building new port infrastructure. This mission is carried out under the responsibility of the Ministry of Equipment and Transport, through the Directorate of Ports and the Public Maritime Domain.
- **The function of port authority:** this function is responsible for regulation through the granting and monitoring of the movement of concessions and authorization to exercise port operating activities. These responsibilities are carried out by ANP, the national port agency, and TMSA, which manages the port of Tangier Med. Endowed with legal personality and financial autonomy, the national ports agency is a public establishment subject to the supervision of the State, the national ports agency ANP is subject to the financial control of the State applicable to establishments public.

- **The commercial function:** Within the framework of concessions or authorizations to exercise port operating activities, the commercial functions are entrusted to the company operation of ports concurrently with port operators and operators (private or public entities as operators or service providers). According to these objectives, it is clear that the port reform aims to create the conditions for better cost transparency by better separating roles, eliminating the situation of monopolies, and introducing more competition. This reform should therefore lead to an alignment of costs with regional standards.

OVERHAUL OF THE MANAGEMENT AND OPERATION OF PORTS

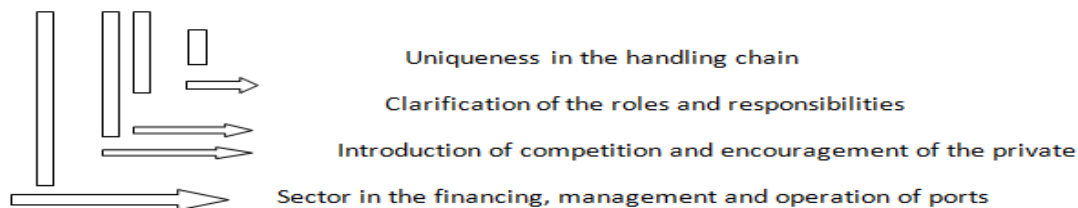


Figure 2: Definition of a legal and regulatory framework

It should be noted that the commissioning of the port of Tangier-Mediterranean will have to practice a competitive tariff policy due to its vocation as a transshipment port which will influence the tariffs of other Moroccan ports.

In order to achieve these objectives, a profound structural overhaul of the port sector is necessary, so as to enable these challenges to be met.

Source: Ministry of Equipment and Transport

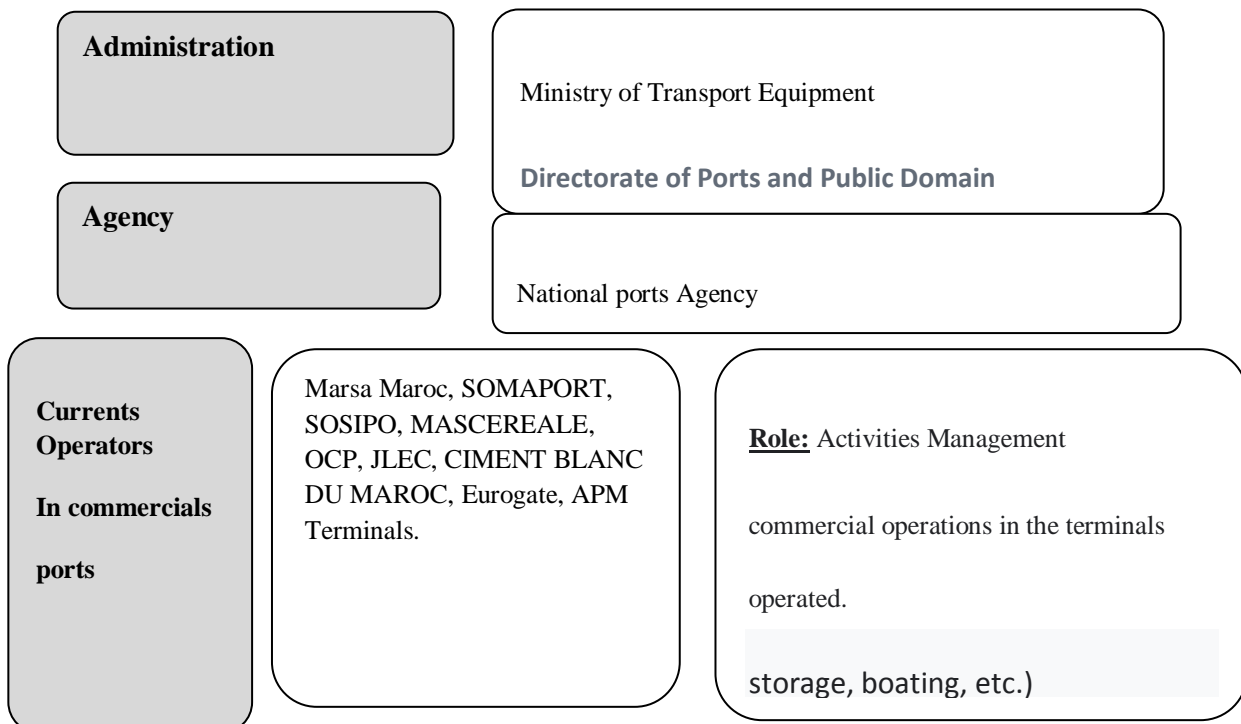


Figure 3 : The current organization of the port sector in Morocco

V. CONCLUSION

In a context of openness and liberalization, the maintenance of current public services in their current state (degradation of quality, inability to face competition, etc.) is contrary even to the principle of equality between companies in the face of competition. [16]. This reality has led to the emergence of a movement to reform and renew public activities and policies.

In Morocco, the relative scarcity of resources to be allocated to financing a rapidly growing social demand on the one hand, and the concern to adapt to the new economic and political environment on the other, have led the central public authorities and local authorities to concern themselves with the renovation of major public services.[12].

In addition, the major dysfunctions essentially relate to the inefficient methods of managing certain public services, many public services of which are experiencing serious difficulties, both financial and managerial, preventing them from fulfilling their missions of general interest in a fair and efficient manner. These dysfunctions have led the public authorities to adopt other forms of organizing activities.

Indeed, the forms of involvement of private actors are numerous, ranging from simple subcontracting to pure and simple privatization, through the management contract, the interested management, leasing or concession.

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