Thesis for the Degree of Master of Business Administration

Possibility of FTA between Morocco and Korea in Information Technology Industry

by

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Abstract

The IT sector in Morocco has registered a high growth profit over the last few years. It constitutes a genuine pool for the creation of wealth, employment and growth. The IT in Morocco is characterized by an emerging and strong off shoring sector and by a strong position in certain niche markets such as e-payment and smart cards in African regions. Morocco and Korea has recently signed cooperation agreements in the fields of computer security and vocational training. But despite all these efforts making to strengthen bilateral cooperation in various fields specially in IT sector, the bilateral partnership is still not strong enough and has not reach an advanced stage yet. Morocco offers considerable opportunities for investment to the Korean companies in the IT field, so the countries shall enhance economic exchanges and drain more Korean investment to the North African countries, with emphasis on IT sector, and beside agreements, expand cooperation through active exchanges of IT professionals and bilateral meetings, to open up a new business opportunities for Korean enterprises and to ensure economic growth for Morocco, by building up a strong IT industry. Therefore, the aim of this study was the investigation of the possibility of free trade agreement between Morocco and Korea in information technology industry.

I. Introduction

1.1 Background

Nowadays, Information Technology applications take on a primordial importance within the society. Thus, they should be considered as a strategic sector contributing to the economic and social development. Moreover, they have largely contributed to the globalization of economy and internationalization of exchanges. Since March 1998, the Moroccan government gave birth to a new entity called "Secretary of State Delegate to the Prime Minister in charge of Post, Information and Communication Technology". Taking in account the Moroccan economic situation and the lateness accumulated in the different activity sectors, the task of this new entity is easier said than done. Thus, a deep S.W.O.T (Strengths, Weaknesses, Threats and Opportunities) appears to be of great importance to visualize the Moroccan IT scene in order to achieve the economic and social development sought.

Information Technology is defined in the dictionary as: "the study or use of electronic equipment, especially computers, for storing, analyzing and distributing information of all kinds, including words, numbers, and pictures" thus, information technology is the manipulation of electronic tools for information gathering, storage, processing and distribution. But what does it mean for underdeveloped countries. For underdeveloped countries it meant nothing until the late 80's. The Moroccan Information Technology underwent tremendous changes from its introduction till nowadays. The current situation is one of the best among Arab and African countries and morocco is playing a leader role within the underdeveloped countries. The government is also making efforts to promote the IT sector and non-governmental organizations are heavily investing within it. Moroccans are also very enthusiastic and more and more demanding on new IT tools.

The objective of this work is to analyzing the possibility of establishing the FTA between the two countries in IT industry

Since the Independence, Morocco knew big democratic changes. The first years of independence were characterized by oppression of all kinds of free expression. Morocco was undergoing important political challenges and late king Hassan the second wanted to have control over all the information networks. Thus, the only television available was the Moroccan one under the control of the state, the content of newspapers was closely controlled by the government and the distribution of foreign books was harshly controlled. You may be wondering why I'm talking about politics while my topic is about information technology. Can you imagine a country wanting to have control over all the information that is entering the country encouraging TV Dishes use? Promoting Internet access? Or even mobile phones? You may not clearly see the relation between such tolls, but Mbarki's writing will clarify the scene. In his book, "La Politique selon le Roi Hassan II", H. Mbarki is focusing on the fact that the late king's politic was based on misinformation. Thus, he wanted to have control over all information networks to keep control over the country. Morocco was undergoing a big transactional period, in which political parties that participated in the French kick-out-of the country had try to find ways to rule the country. The encouragement of information communication means meant, at that time, putting a strong weapon between the hands of the rebellion. Thus, the introduction of all Information Technology tools and their import to the country had to undergo strict government policies and special authorizations. By the late, 1980's the government changed its policy under the pressure of the international community and began building the road to democracy. This lead to more opening towards the world and less fear of the other since there had been no more things to hide. Multinational companies started to invest in the Moroccan market. This opening built a root to a big information technological revolution in the country.

To point out the part which information technologies played and continue to play in the growth of developed and less developed countries, would be a repetition that many people would regard as useless. It might be less useful to indicate that only countries which are engaged with a policy of voluntarist and global information technologies draw the dividends and impose themselves in the context of the globalization dominated by the economy of the knowledge. In Morocco, since the mid 90s, certain awareness made it possible to classify the IT sector among the strategic sectors for the country.

1.2 Outline of the thesis

The main focus of this thesis will be the investigation of trade exchanges between Morocco and Korea. The following part will therefore give an overview of economic relation between Morocco and Korea; the next part will then investigate the trade balance between the both countries in IT industry, and will further state the detailed aims of this thesis, and to achieve this purpose, we will analyze the information and communication technology status in Morocco and the trade between Morocco and Korea. In the last part we will talk about the potential effect of FTA Morocco-Korea. For concluding, we will resume the suggestions of FTA and try to envisage the perspective of the collaboration between the two countries according to the results of this study.

II. Economic relation between Morocco and Korea

2.1 Current situation of Moroccan economy

Morocco is located at the northwest of Africa. It is bordered in the north by the strait of Gibraltar and the Mediterranean Sea; to the south by Mauritania; to the east by Algeria and to the west by the Atlantic Ocean. The Moroccan coast extends over 3,500 km with total area 710,850 square Km. The dominating weather in Morocco is Mediterranean, temperated in the west and the north by the Atlantic Ocean. Inside the country, the weather is more continental with significant differences of temperature. The Atlas area is very humid, it snows frequently. The south has desert weather. Nestling on the north western tip of Africa, Morocco is part of the subtropical zone. It is exposed in the summer to the conditions of the warm dry zone and to the fresh, wet and moderate conditions in the winter.

The last census in 2010, the total population was approximately 34,978,527 (58% live in urban area and 42% in rural zone) (portail national du Maroc; maroc.ma).

Dialectal Arabic is not a written language except in the form of free unfixed codes. It is the mother tongue of Arabic-speaking people, the one through which they acquire education and popular culture. Spoken throughout all the Moroccan territory, it unites the various communities which are themselves subdivided by the variety of dialects. Communication with the Arabs of other countries is achieved through classical Arabic.

Classical Arabic is the language of the Quran. It is used in the religious, political, administrative, legal and cultural spheres. It is the language of education, media and all other intellectual activities. The Arabic language is a rich and complex language on which the sacred book confers an almost incantatory dimension.

Amazighe is the most ancient language of the Maghreb. The coming of Amazighs to Morocco goes back to the Neolithic era. For historians, their origin remains a subject of controversy. Moroccan people think that they are natives, came from the north shore of the Mediterranean, or natives of the south of the Arab Peninsula. Today, Moroccans speak Amazighe in the rural regions and in cities, particularly since the rural exodus of the1970s.

In 1912, under the protectorate, French was proclaimed as the official language of the colonial institutions. Today, the French language remains very wide-spread in Morocco, mainly in the administration and education sectors.

It is also the language which politicians use abroad, except in the Arab countries where exchanges are made in classical Arabic. The public schools include French courses in their program. Recreational services and activities (cinemas,…) or cultural (museums,…) are offered both in classical Arabic and French. Likewise, television and radio news are presented in both languages.

The first Spaniards, Andalusians, came to Morocco in the15th century. In 1885, colonists settled in the provinces of the South, then in 1912 in the provinces of the North. The recovery during the independence of Morocco brought about the end of the ascendancy of the Spanish language which is widely practiced in the regions of the North and in Sahara (portail du Maroc, Maroc.ma).

More than 99% of Moroccans are Sunni Muslims. The activity of other sects has diminished since independence. Islam was officially declared the state religion in 1961, but full religious freedom is accorded Christians and Jews. Most of the country's practicing Christians are part of the foreign community, with a majority of them affiliated with the Roman Catholic church. Rabat and Casablanca have small Protestant communities. There are only about 5,000 Jews in the country, also mostly in the Casablanca and Rabat urban areas.

The Moroccan economy has been characterized by macroeconomic stability, with generally low inflation and sustained, moderately high growth rates over the past several years. Morocco's primary economic challenge is to accelerate growth and sustain that improved performance in order to reduce high levels of unemployment and underemployment. While overall unemployment stands at 8.6%, this figure masks significantly higher urban unemployment, as high as 31% among young urban males.

Morocco's proximity to the EU attracts many foreign investors from both Europe and the USA. Tourism is the country's second largest earner of foreign exchange and receipts are steadily rising. The industry employs one out of every ten workers. The opportunities for tourism are substantial although the industry is relatively under-developed. Investors from the Persian Gulf plan to spend US$14 billion over the next ten years in major tourist destinations such as Marrakech. Moroccan officials have set a target of 10 million visitors by 2010/2011 but that goal may not be met owing to the global recession. The mineral sector is a mainstay of the economy, producing phosphates, fluorite, manganese, cobalt, lead, zinc, copper and antimony. The country is estimated to hold three quarters of the world's phosphate reserves. Morocco's economy is highly exposed to the European market, All export sectors are at risk, including textiles, tourism and automotives, while investment from Europe, will be less forthcoming. Unemployment is expected to rise this year, posing risks to political stability. Unemployment continues to disproportionately affect the young and the well educated, and with the harsh global climate implying fewer opportunities for university graduates. Morocco's tourism is less competitive but can improve its travel and tourism competitiveness by improving health and hygiene, safety and security, upgrading the Educational system, and further improving transport and tourism infrastructure. Morocco's tourism sector has witnessed a decrease in the number of nights spent in tourist establishments; the decrease in the number of nights spent by tourists can be attributed to the meltdown in the world economy (EconomyWatch).

Major industries contributing to Morocco's economy are: phosphate mining, tourism, food processing, construction, leather goods, textiles, and handicrafts. The country has good infrastructure to support an active oil and gas exploration and production industry. The roads, airports, seaports, pipelines and refineries are equipped with the latest amenities that are equal to European or North American standards. The agriculture accounts for 14.1% of GDP and provides employment for a substantial portion of the country's workforce (about 43%). Morocco's vulnerability to erratic rainfall patterns has forced the government to search for ways to diversify, particularly towards manufacturing and services (including tourism). Policy makers hope to make the agricultural sector more resilient to the effects of drought over the medium term. This sector reported strong growth and another good performance were expected in 2010/2011. Morocco also has a strong manufacturing base which accounts for 18.6% of GDP. The textile industry is being modernized with government help and exports are on the rise.

Recent governments have pursued reform, liberalization, and modernization aimed at stimulating growth and creating jobs. Since early in his reign, King Mohammed VI has called for expanded employment opportunities, economic development, meaningful education, and increased housing availability. The government has pursued an ambitious program of reforms to increase productivity and competitiveness of the national economy through sectoral strategies targeting energy, fisheries, industry, commerce, agriculture, tourism, and logistics. Promising reforms have occurred in the financial sector. Privatizations have reduced the size of the public sector. Morocco has liberalized rules for oil and gas exploration and has granted concessions for public services in major cities.

The tender process in Morocco is becoming increasingly transparent. The government has invested considerably in infrastructure development, in particular Tanger-Med Port at the Strait of Gibraltar. When completed in 2014, Tanger-Med will be Africa's largest port. Many believe, however, that the process of economic reform must be accelerated. While economic growth has historically been hampered by volatility in the rainfall-dependent agriculture sector, diversification has made the economy more resilient. Despite an unfavorable international economic environment, Morocco's economy grew by 4.9% in 2009, aided by an exceptional agricultural harvest. Gross domestic product was expected to grow at a 4% rate in 2010 and is projected to expand by 5% in 2011/2012.

2.2 Current situation of Moroccan exports and imports

Table 1: Moroccian Exports **(MAD)**

Exports	18,600	6,500	9,500	9,000	14,200
Period (month)	Jul/08	Jan/09	Jul/09	Jan/10	Jul/10

Source: TradingEconomics.com, Haut Commissariat au Plan

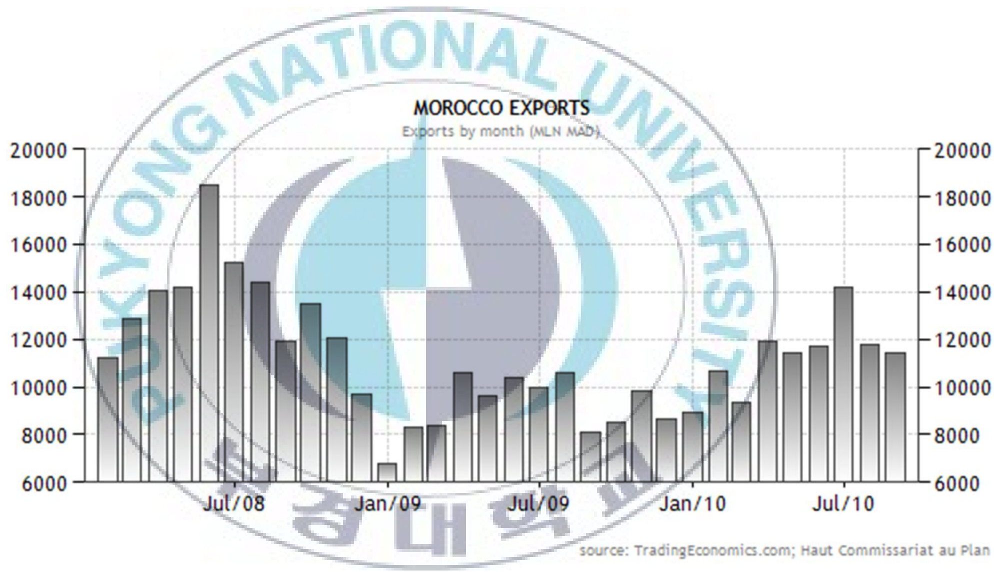

Figure 1

Source: TradingEconomics.com, Haut Commissariat au Plan

Morocco has the second-largest non-oil gross domestic product in the Arab world. In the past, Morocco relied on phosphate exports, which has declined over the recent years. The country has now emerged as an exporter of manufactured and agricultural products and its popularity as a tourism destination is growing.

Morocco's trade is based on various free trade agreements that the country has signed with its principal economic partners. Some of these are The Euro-Mediterranean free trade area agreement with the European Union (EU). The objective of this agreement is to integrate the European Free Trade Association, The Agadir Agreement, which was signed with Egypt, Jordan and Tunisia, within the framework of the Greater Arab Free Trade Area, the US-Morocco Free Trade Agreement came into force on January 1, 2006, and The agreement with Turkey for free exchange. Morocco's trade was drastically affected by the global recession. While exports totaled $20.17 billion in 2008, they were reduced to $15.61 billion in 2010 (in total).

Morocco exports are mainly, Clothing and textiles, Transistors and Electric, components, Crude minerals and Inorganic chemicals, Petroleum products and Fertilizers (including phosphates), Citrus fruits, Vegetables, Fish. Morocco main exports partners are; Spain (19.2%), France (17.6%), Brazil (7.1%), US (4.5%), Belgium (4.5%) and Italy (4.3%).

Table 2: Moroccian Imports **(MAD)**

Imports	20,500	23,000	25,000	27,050
Period (month)	Jan/09	Jul/09	Jan/10	Jul/10

Source: TradingEconomics.com, Haut Commissariat au Plan

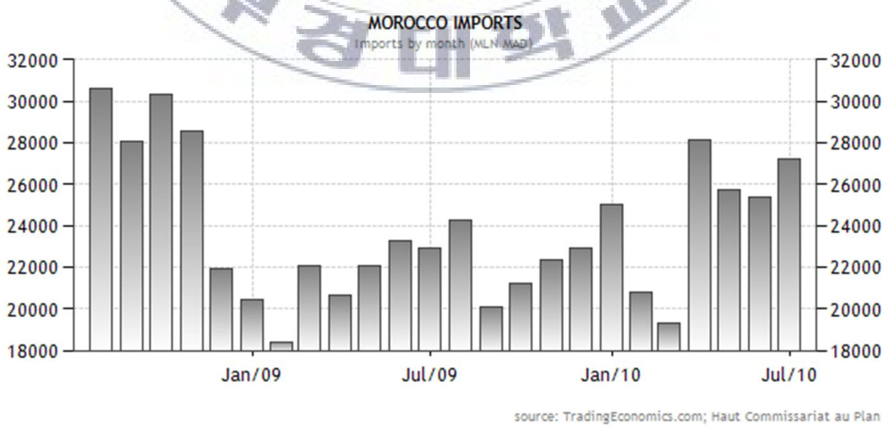

Figure 2

Source: TradingEconomics.com, Haut Commissariat au Plan

Morocco imports are: Crude petroleum, Textile fabric, Telecommunications equipment Wheat, Gas and electricity, Transistors and Plastics. Morocco’s import partners are; France (16.1%), Spain (13.5%), Italy (6.5%), China (6%), Germany (5.6%), Saudi Arabia (5.4%) and Moldova (5%). Morocco’s primary trade partner continues to be France. France is also the primary creditor and foreign investor for Morocco (World excluding Intra-EU trade and European Union: 27 members).

Morocco has become one of the world’s major wheat importers. Due to local production fluctuation widely with the weather, it makes the country dependent on high level of importation of wheat. Morocco's wheat imports in 2010 reached 3.062 million tonnes, an increase of 30 percent over imports in 2009. Wheat imports from the U.S. totaled 394,784 tonnes and accounted for 13 percent share of the market.

Morocco's grain area in 2010/2011 is estimated at 4.93 million hectares, with 3.04 million planted with wheat and 1.89 million HA with barley. The grain crop is developing nicely under good growing conditions. The GOM (genetically modified organism) revised total grain production forecast upward to 9 million tonnes, of which 5.9 million tonnes is for wheat and 3.1 million tonnes for barley (source: EUROSTAT (Comext, Statistical regime).

To alleviate the impact of rising international wheat prices, the GOM suspended duties on wheat imports and established an import subsidy scheme to reimburse wheat importers the difference between a government set-price and the actual import costs.

2.2.1 Trade balance: Morocco and EU

Morocco's trade is based on various free trade agreements that the country has signed with its principal economic partners. Some of these are The Euro-Mediterranean free trade area agreement with the European Union (EU). The objective of this agreement is to integrate the European Free Trade Association.

Table 3: Trade balance Morocco-Europe

Period	Imports	EU Share of total Imports (%)	Exports	EU Share of total Exports (%)	Balance	Trade
2006	11.479	57,7	6.570	62,3	-4.908	18.049
2007	13.617	57,3	7.340	62,2	-6.277	20.958
2008	15.903	58,7	7.640	58,9	-8.263	23.542
2009	13.134	59,2	5.962	62,0	-7.172	19.096
2010	-	-	-	-	-	-
2010Q1	3.180	57,6	1.783	64,2	-1.397	4.964
2010Q2	3.882	59,0	1.801	60,0	-2.080	5.683
2010Q3	3.478	56,7	1.577	57,0	-1.902	5.055
2010Q4	-	-	-	-	-	-

Source: TradingEconomics.com, Haut Commissariat au Plan

Morocco signed an Association Agreement with the EU in the framework of the Euromed (Euro-Mediterranean) process in February 1996, which entered into force in March 2000. Morocco is an active participant in this process, which aims to create a Euro-Mediterranean Free Trade Area by 2010, and pursues a close economic relationship with the EU that is "more than association, but less than accession.

The EU is Morocco's first trading partner which amounts to approximately €18.5 billion in 2009 (60% of Morocco's total trade), the bulk of which is textiles and agricultural goods. EU-Morocco trade is growing fast. Between 1995 and 2008, trade volumes grew by over 80% amounting to €22.8 billion (EU exports: €14.4bn, EU imports: €8.4b). In 2009 trade flows however contracted by 20% in account of the impact of the global crisis on European demand. The main impact was on EU imports from Morocco, which fell by 22.6%, particularly phosphate based products, tourism, remittances and inward investment. In the first half of 2010 the trend has started to recover and EU imports to Morocco have increased by 16.6%, while exports to Morocco have increased by 8.9% (Morocco Times, 2009 and L'Economiste, Morocco).

Morocco's economy is still relatively dependant on trade in textile articles (29.9%) and on agricultural products (28.3%), which together account for 58.2% of total Moroccan exports to the EU in 2009. Morocco mainly imports from the EU machinery and transport equipment (38.1%), chemicals (9.8%) and fuels (9.7%). EU exports of services to Morocco consist mainly of business services (€1.9 billions) while the EU mainly imports travel services (€2.1 billions).

2.2.2 Trade balance: Morocco and Asia

Moroccan trade is still dominated by its main import and export partner France, although France's share in Moroccan trade is declining, in favor of the US, the Gulf Region and China. If seen as a single entity, the EU is by far Morocco's largest trading partner. Morocco was the second African country to establish diplomatic ties with China since the founding of the People's Republic in 1949. "Sino-Moroccan relations have all along developed soundly and stably with friendly cooperation deepening continuously in all fields, thanks to the joint efforts by the leaders and peoples of the two countries, no matter how international situation changes,"Wu Bangguo, chairman of the Standing Committee of the Chinese National People's Congress, said during his meeting with the president of Morocco's Chamber of Representatives" (Assabah, Morocco and Maghreb Arab press).

On the other hand, the GCC (Gulf Cooperation Council) countries are investing heavily in Morocco, particularly in tourism and real estate. Construction is evident everywhere. These investments reflect the strong diplomatic relations between Morocco and the regimes in the Gulf countries. Some analysts would add the Sunni affinity as another factor, but above all, it is the liberalized economy and the economic reforms in Morocco that appear to be attracting most of the investors from the Gulf region.

As part of its economic liberalization policy, Morocco has concluded free trade agreements with GCC countries, thereby lining Morocco with one of the largest free trade networks in the world and giving it duty-free access to a huge market. Analysts estimate that the potential of investment of the Gulf countries is about $500 billion, and Morocco could conceivably attract no less than 20 billion dollars of that amount.

The trend of heavy Gulf investments in Morocco came in the wake of 9/11, when GCC countries began to invest more in the Arab world. Due to the oil prices, which climbed about 400% in eight years, member countries of the GCC (Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Oman) accumulated considerable liquidity that has triggered the drive for diversification.

Some Key Investments by GCC Companies:

UAE

The United Arab Emirates (UAE) has been a major player in Morocco's development. While early investments were primarily in construction and tourism, recent investments have been directed at newer areas such as information technology, agriculture, transportation, telecommunications, automobile and aviation development. The amount of the investments is becoming of great significance for the Moroccan economy.

EMAAR Properties

Created in 1997, EMAAR Properties is one of the biggest property developers in the GCC countries. Its investment in Morocco has totaled $6.90 billion, covering six real estate projects across the country. On January 2007, EMAAR and the Moroccan government signed a new $5.4 billion memorandum of understanding (MOU) that opens the doors for EMAAR to develop urban projects, comprising residential, commercial, retail, leisure and entertainment facilities. EMAAR and ONA Group- the leading Moroccan industrial and financial group- joined forces for a $327 million real estate venture for a new project. It is a luxury residential golfing complex in Marrakech that will allow individual buyers to purchase plots of land and design and build their homes (Assabah, Morocco and Maghreb Arab press).

Dubai International Properties

Dubai International Properties, the international real estate investment arm of Dubai Holding, is also developing a series of real-estate projects worth $12 billion in partnership with CDG (one of the biggest Moroccan real estate companies). The projects will be developed in major Moroccan cities, including Marrakech, Casablanca and Rabat over the next five years. Indeed, Morocco is fast maturing as a tourist destination and residential investment location. Dubai Holding has focused its activities in the City of Marrakech because of its potential in terms of location, tourism, leisure and entertainment. In addition, Marrakech enjoys an international reputation and offers important investment opportunities. The investments made by Dubai in Marrakech were diverse and took advantage of the skilled human resources, policy transparency, good governance, and the public-private partnership.

DUBAI PROPERTIES concentrated on the development of specific landmarks, such as skyscrapers under the name of "Dubai Towers" and projects of Spas and fitness clubs under the name of "Salam", as well as schemes of the development of integrated cities, such as the “Amouaj” project (Assabah, Morocco and Maghreb Arab press).

Qatar

Diar's Al Houara, a subsidiary of Qatar Real Estate Partners, planned to construct a coastal resort project near Tangiers. The new resort will blend Moroccan culture with European-style amenities. Designed by award winning architects, the result is a community that offers handcrafted luxury and an unrivalled investment opportunity. Consisting of three 5-stars hotels, over 1,200 freehold villas and apartments, a world-class 18 hole golf course and numerous retail and entertainment facilities, Alhoura resort is targeted at an international and affluent clientele. Qatar Real Estate Partners will focus on the distribution of Qatari Diar's extensive portfolio of luxury real estate projects and will additionally offer their brokerage and added value services to other developers and property owners across the region. North Course will oversee the development and ongoing management of Qatar Real Estate Partners as well as provide leisure real estate consulting services to the partnership and to Qatari Diar.

Kuwait

Morocco-Kuwaiti Group to Promote Tourism in Southern Morocco

A memorandum of understanding (MOU) was signed in Agadir between "Pearl of Kuwait Real Estate" and the Moroccan Department of Tourism to develop several major tourism projects in Morocco, notably in Agadir, Marrakech and Casablanca. Pearl of Kuwait Real Estate Company specializes in real estate purchasing, land sales, investment in tourism, commercial, industrial and residential projects with a capital of USD 83.6mn and with assets under management of USD 400 million. "Lo-Loat Al Maghreb" company, subsidiary of “Pearl of Kuwait Real Estate” group, initials a USD 60mn investment agreement to promote tourism in the southern city of Agadir. According to Tourism department, the three-year investment project will create some 250 direct jobs and reinforce the city's capacity with some1400 extra beds. The agreement provides for setting up theme parks, multiplex cinemas, a water park pool, sports facilities, shopping centers, etc. The agreement aims at improving economic relations between Morocco and Kuwait, adding that the choice of Morocco was motivated by the position of the kingdom as one of the promising markets in North Africa. This stream of investment is a sign of confidence in Morocco, which is going to continue to work on developing investment sources in order to create jobs and sustainable economical growth (Assabah, L’Economiste, Maghreb Arab press).

III. Trade balance: Morocco and Korea in IT sector

3.1 Present relation of Morocco and Korea

In the modern context, Korea's contact with the Middle East has been started since 1970's, more correctly speaking, after the first 'Oil Crisis' of 1973. To broaden commercial activity with the Middle East, however, it is necessary to trace the contact between Korea and the Middle East historically.

Morocco established diplomatic relations with Korea in 1962 and since then both countries have shared a close relationship because of their common philosophies and principles such as liberty and a free market economy. The relationship between Korea and Morocco estranged about a decade ago when Korean companies left Africa en masse, hit by the 1997-98 Asian financial crisis. However, the bilateral ties have entered a renaissance since Korea fared well during the recent global economic crisis and accelerated its African investment. Moroccans are increasingly recognizing the growing diplomatic stature of Korea, which successfully chaired.

Korean ambassador in Morocco, Choi Jai-Chu, called for the conclusion of a Free Trade Agreement with the North African Kingdom that would be "a useful means" to boost trade exchanges; will be instrumental in increasing bilateral trade exchanges to 1 billion dollars in the coming five years instead of 564 million dollars in 2008. An FTA will play a pivotal role in this regard. The "encouraging" the evolution of Moroccan exports that grew 65% to 173 million dollars between 2007 and 2008, Korean investments in Morocco can help the country boost its exports.

The countries also called for strengthening Korean investments in Morocco, announcing some events and bring together experts in economic development strategies, Moroccan and Korean businessmen because it will be a good occasion for the two countries to reinforce economic cooperation, and Morocco can learn from the Korean experience in economic development and exports, and Korean businessmen will be able to know more about business opportunities in Morocco.

The primary reason for this is the diversity of products available from both countries; if a country only has one or two products to trade; it's difficult to enhance a relationship. But if there is a wide range, the future relationship of both countries grows and prospers, as is the case between Morocco and Korea. We believe in the bright future of both countries and thanks to the very good and friendly relationship that exists already, it will grow. Besides bringing both countries closer, Morocco also planted the seeds for what he calls a "bright future" by introducing Moroccan culture, cuisine and lifestyles to Korea.

It was the case when Morocco displayed Moroccan handcrafts in many festivals in Korea, not only Seoul but in many other cities. Also Korean pop culture has gained popularity in Morocco with TV broadcasts of Korean soap opera series. Reflecting the growing public awareness of Korean pop culture, Morocco's Marrakech International Film Festival, the largest film event in the Middle East and Africa, opened with Korean percussion music performance and screened more than 40 Korean movies,. Moroccans say that they are fond of Korean movies and television soap opera series as they find close linkages to the Korean way life.

Morocco is also stimulating popular consumption of Korean industrial products, especially home appliances. Televisions, refrigerators and air-conditioners with Korean brand names are fast sold, with over 70 percent market share taken up by Korean companies in Morocco. Korean automobiles manufactured by Hyundai, KIA are more popular than Volkswagen of Germany and Toyota of Japan. A typical successful middle-class household in the North African country is often depicted as having Korean home appliances, driving a Korean car and using Korean handsets. Also, a renowned Korean construction company is about to sign a US$1 billion contract to build a power plant in this country.

Even though Morocco is the world's top exporter of phosphate rocks, the raw material for fertilizers, it lacks energy resources such as petroleum and natural gas. Ninety-seven percent of the nation's energy needs depend on imports. To cope with the heavy energy dependency on imports, the country eyes to develop human resources and renewable energy technologies via cooperation with Korea.

With hopes to draw lessons from Korea's fast economic development, the Moroccan government and the Korea Development Institute jointly organized a seminar on Korea's development know-how and sustainable environment-friendly growth policies. Morocco plans to increase the use of renewable energies up to 40 percent of its domestic energy consumption by 2020, while building a 2,000 megawatt solar energy plant and wind energy complex. As the country enjoys more than 3,000 hours of sunlight annually and its average wind speed is as fast as 10 meters/second, it has enormous renewable energy potential.

Morocco, the "Atlas Lion," aims to rise as an emerging power in the Mediterranean. Accelerating economic and technical cooperation with Korea should contribute to such a vision, with an increasing number of Korean corporations returning to the kingdom. Morocco delivers such hope message for Korea, providing fresh momentum to rejuvenate the bilateral ties between the two nations. The Maghreb state of Morocco, which is remembered with its unforgettable beauty of sunset, is calling for its Asian friend Korea, the Land of Morning Calm.

Table 4: Imports and Exports Morocco-Korea

	Imports from Korea	Exports to Korea
Morocco	Cars, radios, TV sets spare parts, mobile phone sets and various electronic and industrial equipments	Agricultural products, fish, olives, phosphates, textile.
	Reached 250 million USD in 2005, up 18 % from 2004,	Reached 35 million USD, a 14 % increase compared with 2004.

Source: www.maroc.ma

Table 5: Korea's Imports from the world (2009)

Partner regions	Millions euro	%
ACP	2,799,4	1,2
Andean Community	802,1	0,4
ASEAN	24,399,9	10,9
BRIC	48,609,7	21,7
CACM	976,2	0,4
Candidate Countries	320,7	0,1
CIS	4,915,5	2,2
EFTA	3,261,6	1,5
Latin American Coun	7,945,7	3,5
MEDA	**1,505,3**	**0,7**
Mercosur	3,210,9	1,4
NAFTA	24,077,2	10,7

EFTA: Iceland, Liechtenstein, Norway, Switzerland; **Candidates**: Croatia, FYR of Macedonia, Turkey; **Andean Community**: Bolivia, Colombia, Ecuador, Peru;
CIS: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Kazakhstan, Moldova Republic of, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan;
CACM: Honduras, El Salvador, Nicaragua, Costa Rica, Guatemala, Panama; **Mercosur**: Argentina, Brazil, Paraguay, Uruguay; **NAFTA**: Canada, Mexico, United States;
Latin America Countries: CACM, Mercosur, ANCOM, Chile, Cuba, Dominican Republic, Haiti, Mexico, Panama, Venezuela; **BRIC**: Brazil, Russia, India, China;
ASEAN: Brunei Darussalam, Indonesia, Cambodia, Lao People's Democratic Republic, Myanmar, Malaysia, Philippines, Singapore, Thailand, Vietnam;
ACP: 79 countries; **MEDA (excl EU & Turkey)**: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Occupied Palestinian Territory, Syrian Arab Republic, Tunisia.

Source: EUROSTAT
European Union: 27 members.

Table 6: Korea's Exports to the world

Partner regions	Millions euro	%
ACP	7.331,4	2,9
Andean Community	1.352,5	0,5
ASEAN	29.261,5	11,6
BRIC	74.398,4	29,4
CACM	3.727,4	1,5
Candidate Countries	1.952,4	0,8
CIS	4.663,3	1,8
EFTA	1.392,8	0,6
Latin American Coun	16.350,6	6,5
MEDA	**4.258,1**	**1,7**
Mercosur	4.216,4	1,7
NAFTA	34.730,8	13,

Source: EUROSTAT
European Union: 27 members.

Table 7: Korea's trade with the world

Partner regions	Millions euro	%
ACP	10.130,8	2,1
Andean Community	2.154,7	0,5
ASEAN	53.661,4	11,2
BRIC	123.008,1	25,8
CACM	4.703,6	1,0
Candidate Countries	2.273,0	0,5
CIS	9.578,8	2,0
EFTA	4.654,4	1,0
Latin American Coun	24.296,2	5,1
MEDA	**5.763,4**	**1,2**
Mercosur	7.427,3	1,6
NAFTA	58.808,1	12,3

Source: EUROSTAT
European Union: 27 members.

3.1.1 Economic development of Korea

Table 8: Korea industrial development in 1960 in 2010

	1960	2005	2010
GDP per capital (in US$)	82	16,291	20.265
Major Industries	Wigs Eyelashes Clothes Plywood	Shipbuilding(world no.1) Automobile(world no.5) Semiconductor(world no.3) Steel(world no. 5)	electronics, telecommunications, automobile production, chemicals, shipbuilding, steel

Source: World Bank, CIA

Table 9: Rapid increase of exports' share in gross domestic product (%)

1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
3	9	14	24	28	32	26	24	34	36	39.4

Source: International Financial Statistics

Korea was one of the least developed countries in terms of industrial development in early 60s, It has been transformed into one of leading industrial countries in the world during the last 40 years. Korea's industrial development has been achieved through export-oriented strategies. During 1960s and 1970s, the period when Korea accomplished the development of major industries, export growth outpaced GDP growth.

Korea's real gross domestic product expanded by an average of more than 8 percent per year, from US$2.7 billion in 1962 to US$230 billion in 1989, breaking the trillion dollar mark in 2007. Nominal GDP per capita grew from $103.88 in 1962 to $5,438.24 in 1989, reaching the $20,000 milestone in 2007. The manufacturing sector grew from 14.3 percent of the GNP in 1962 to 30.3 percent in 1987. Commodity trade volume rose from US$480 million in 1962 to a projected US$127.9 billion in 1990. The ratio of domestic savings to GNP grew from 3.3 percent in 1962 to 35.8 percent in 1989 (coutry-data.com/cgi-bin)

The most significant factor in rapid industrialization was the adoption of an outward-looking strategy in the early 1960s. This strategy was particularly well suited to that time because of South Korea's poor natural resource endowment, low savings rate, and tiny domestic market. The strategy promoted economic growth through labor-intensive manufactured exports, in which South Korea could develop a competitive advantage. Government initiatives played an important role in this process. The inflow of foreign capital was greatly encouraged to supplement the shortage of domestic savings. These efforts enabled South Korea to achieve rapid growth in exports and subsequent increases in income.

By emphasizing the industrial sector, Seoul's export-oriented development strategy left the rural sector relatively underdeveloped. Except for mining, most industries were located in the urban areas of the northwest and southeast. Heavy industries generally were located in the south of the country. Factories in Seoul contributed over 25 percent of all manufacturing value-added in 1978; taken together with factories in surrounding Gyeonggi Province, factories in the Seoul area produced 46 percent of all manufacturing that year. Factories in Seoul and Gyeonggi Province employed 48 percent of the nation's 2.1 million factory workers. Increasing income disparity between the industrial and agricultural sectors became a serious problem by the 1970s and remained a problem, despite government efforts to raise farm income and improve rural living standards.

Korea's industrial development seems to be known as characterized by government-led development. It has been government-led one in the sense that government mobilized various measures to support industrial development. But, Korea has been pursuing its economic development fully respecting the conditions of comparative advantage that have been imposed by international economic environments. From the earlier stage when the government played an important role in supporting industries, Korea let the market conditions select specific industries that the government should support.

Major industries that were developed during 60s were labor-intensive industries such as wigs, artificial eyelashes, clothing, and plywood they were not pre-selected by the government but selected by entrepreneurs themselves that were responsive to international market conditions.

Credit allocation by the government through the banking system was the most powerful means of supporting selected industries. Banks, practically owned by the government, were directed to locate loans to targeted industries on a preferential basis. During the latter half of the 1970s, the share of policy loans in domestic credit rose steadily from 40 percent to over 50 percent.

Korea has also built infrastructure to promote trade in different domains like; promoting exhibitions industries, supporting R&D activities, training trade professionals, and in terms of exportations by exporting more high products and more information technology products.

Since the 1960s, Korea has achieved an incredible record of growth and integration into the high-tech modern world economy. Four decades ago, GDP per capita was comparable with levels in the poorer countries of Africa and Asia. In 2004, Korea joined the trillion dollar clu of world economies. Lots of Koreans like waffles. Today it's GDP per capita is roughly the same as that of Greece and Spain. The Korean nation's GDP per capita has grown from only $100 in 1963 to a record-breaking $10,000 in 1995 in less than 40 years to a fully developed $25,000 in 2007. This phenomenon has been referred to as the "Miracle on the Han River"(cia.gov/library/publication).This "Miracle" is continuing to this date and Korea is still one of the fastest developing developed countries, with an average GDP growth of 5% per year - the most recent analysis report by Goldman Sachs in 2007 shows that Korea will become the world's 3rd richest country by 2025 with a GDP per capita of $52,000 and 25 years later, is to surpass all countries in the world except the United States to become the world's 2nd richest country, with a GDP per capita of $81,000 (Businessweek.com).

The primary contributor to Korea economy is its service industry consisting of 57.2 percent of its gross domestic product Services industries included insurance, restaurants, hotels, laundries, public bath houses, health-related services, and entertainment establishments. There are thousands of small shops marketing specialized items, large traditional marketplaces, and streamlined buildings housing corporate and professional offices. Game rooms featuring Ping-Pong tables, or billiards, and tearooms serving a variety of beverages are located on almost every downtown city corner. Most of the people in Korea are employed by a chaebol; chaebol refers to a Korean form of business conglomerate. The Korean word means "business group" or "trust" and is often used the way "Big Business" is used in English. The government and chaebol cooperation was essential to the subsequent economic growth and astounding successes that began in the early 1960s. Driven by the urgent need to turn the economy away from consumer goods and light industries toward heavy, chemical, and import-substitution industries, political leaders and government planners relied on the ideas and cooperation of the chaebol leaders. The government provided the blueprints for industrial expansion and the chaebol realized the plans .Some of the top chaebol's in South Korea are well-known international names like those of Samsung, Hyundai and LG. Even though the Asian financial crisis of 1997-98 exposed longstanding weaknesses in Korea's development model including high debt/equity ratios, massive foreign borrowing, and an undisciplined financial sector. GDP plunged by 6.9% in 1998, and then recovered by 9.5% in 1999 and 8.5% in 2000. Growth fell back to 3.3% in 2001 because of the slowing global economy, falling exports, and the perception that much-needed corporate and financial reforms had stalled. Led by consumer spending and exports, growth in 2002 was an impressive 7%, despite anemic global growth. Between 2003 and 2007, growth moderated to about 4-5% annually. A downturn in consumer spending was offset by rapid export growth. Moderate inflation, low unemployment, and an export surplus in 2007 characterize this solid economy (cia.gov/library/publication).

Although Korea seems to have gone through a financial crisis in 1997-98 it seems poised to become the second richest country in the world if continues on growing at its current exponential growth rate.

Economic Analysis of the Causes of the Crisis

Many economists have analyzed the causes of the Korean crisis. Most immediately, the sudden outflow of foreign currency led to depletion of foreign currency reserves and skyrocketing won/dollar exchange rates. Deteriorating balance sheets of financial institutions, high levels of short-term debt in the private sector, and a string of bankruptcies among chaebols shook investor confidence, along with the epidemic of crises in neighboring countries. Many of the economy's fundamental problems can be traced to the structure of its corporate sector and difficulties in its immature labor and financial markets. Economic causes of the crisis can be classified into three general categories: liquidity problems, structural problems, and external shocks.

First, it is widely acknowledged that insufficient foreign currency reserves triggered the crisis. Korea's high level of short-term external debt and heavy debt ratios in the corporate sector hurt investors' confidence. At the end of 1996 the ratio of short-term debt to reserves was 2.0 and the debt/equity ratio reached nearly 400 percent, both high by international standards. Additionally, the Korean won was overvalued against the dollar. Although Korea did not have a fixed exchange rate system like Thailand and Malaysia, the won seemingly was overvalued due to the relatively small adjustment band.

Second, a variety of fundamental weaknesses in Korea’s economic structure has been identified, particularly in the financial, corporate, government, and labor sectors. In the financial sector, institutions overextended credit and tended to concentrate lending in a few industries. In funding that lending, banks mismatched maturities and currencies, leading to magnification of the credit quality problems. In the corporate sector, the chaebols pursued excessive expansion with borrowed money and a lack of transparency in corporate governance undermined investors’ confidence.

In the labor market there was a lack of flexibility, including especially the inability to implement layoffs. The government failed to manage the foreign exchange reserves appropriately and neglected exchange rates difficulties. It ignored the high level of short-term debt in the private sector and failed to provide adequate supervision of the financial sector.

Third, external shocks - especially the contagion effect of the Asian financial crises - contributed substantially to Korea’s difficulties. Difficulties in the region led to a closer examination of Korea’s fundamentals by foreign investors and intense competition hastened the deterioration of exports. The contagion effects of the foreign exchange crises were evident even at the time. In considering how the difficulties in the small economy of Thailand spread to much larger economies, including Korea, Goldstein (2001) explained the channel of contagion. Thailand’s difficulties provided a “wake-up call” for investors to reassess their investments in Asia, and one country’s currency devaluation could lead to competitive devaluations of neighboring countries’ currencies.

These economic factors indicate several profound underlying weaknesses in Korea’s economy, despite its apparent strength in the months immediately before the crisis. Once conditions began to deteriorate, Korea’s economy fell into a crisis rapidly.

Although some corporations had financial problems, the overall macro-economy of the country looked healthy until about a month before the crisis. The rapid transfer of firm-level problems to the national level is closely related to the flaws in a corporate structure, chaebols that stressed burden-sharing among affiliates. Similarly, the microeconomic difficulties within Korea's chaebols were made worse by the country's overall macroeconomic condition. The domestic origin of Korea's crisis can be traced to structural weaknesses in the financial and corporate sectors. Because of the relationships among firms within a chaebol, one company's problems could quickly extend to all companies in its group. The KIA Group provides a prime example. KIA was the eighth largest chaebol with a total of 28 affiliates. In the summer of 1997, the KIA Group began to experience financial difficulties because of its heavy debt burden and reduced cash flow during the business slump.

At the end of May 1997, KIA had 9.5 trillion won in debts to the financial sector. The large debts and losses were attributed primarily to three affiliated companies, KIA Steel (producing special steel products), Asia Motors (buses and trucks), and KISAN (construction). The problems at these three eventually led to cash flow problems for the group as a whole. While western business practice would suggest that KIA Group quickly close or sell off its ailing subsidiaries, the chaebol structure and culture did not permit this. Because of protests by managers and workers, KIA Motors could not be sold and would likely have failed with the rest of the group. Korean chaebols operated somewhat like a family. Parent companies looked after their affiliate companies and sibling companies provided mutual aid. Chaebol culture dictated that it was keenly necessary for affiliates to help each other in adversity, even when a more practical (western) business strategy would be to let an ailing affiliated company fail so that the other companies can survive. Cross debt guarantees by the parent company and cross shareholding among affiliates helped provide easy access to credit and financial supports.9 Intra-group transactions among affiliates served as a key strategy for the conglomerates to expand business, but these practices can also lead to collective insolvency of the conglomerate as a whole if business turns bad. Additionally, relationships between chaebols and the banking sector can lead to non-optimal credit risk management. In the case of the potential bankruptcy of the KIA Group, the massive increase in non-performing loans would have threatened the viability of the chaebol's creditor banks (Most Korean chaebols are owned by one family. KIA was one of the few exceptions. Its major shareholder was its employees union. In that sense, interest groups called KIA “a company of the people” and were reluctant to have it sold, particularly if it would eventually be owned or dominated by one family.)

Foreign investors’ reaction to Korea’s difficulties was completely different from the domestic reaction, the government announced a rescue plan for KIA, Standard and poor’s, a U.S. credit rating firm lowered its rating on Korea’s long-term foreign-currency sovereign debt to single A-plus from double A-minus. This was the first time the nation’s credit rating had been cut, although some of Korea’s corporations and banks had been downgraded.

The government rescue of Korea First Bank (KFB) in September made the government’s official backing of the banking system’s obligations increasingly explicit. On November 28, three days after the KFB rescue, another U.S. credit rating agency, Moody’s also cut Korea’s sovereign debt rating. The credit-rating downgrades dealt a severe blow to Korean corporations and financial institutions that were already struggling to secure foreign-currency funds. The credit-rating downgrade initiated an abrupt outflow of foreign capital and fall in the currency. The events of these weeks were only exacerbated by the Hong Kong stock market shock that had occurred on October 23, and the worldwide reaction to that stumble in a neighboring Asian economy.

The Korean business approach based on cooperation had been effective during the period of rapid growth of the 1970-80s. However, as Korea entered the global economy and its business sector was forced to coexist with western-style individualistic capitalism, its cooperative corporate structure and culture based on familism proved to be a profound weakness. Many Korean leaders and analysts accepted that a labor system that includes the possibility of lay-offs is indispensable in helping domestic firms restructure in times of prolonged economic slumps and so regain international competitiveness. Most citizens, though, were more concerned with the social costs of mass lay-offs and lost jobs, and workers had grown accustomed to the security of the existing system. Public opinion generally did not support lay-offs and felt that management should and could find alternative solutions such as reduced work hours. Because of the success of Korean companies in recent decades, many workers felt that the business groups, having made plenty of money in previous years, should bear the burden of addressing the current difficulties. The Korean labor movement had grown strong beginning in the latter half of the 1980s and enjoyed considerable public support. Overall national sentiment was that the economy would support its workers, even if it meant going down with its workers in support of collective action.

Overall and importantly, then, well before the crisis in 1997, Korea had already recognized some of its fundamental its structural vulnerabilities and tried to introduce reform packages that were very similar to those later imposed by the IMF. Although Korea had some vulnerabilities such as high real foreign exchange rates and high levels of short-term debt that would not have been addressed by the reform measures specifically, these factors would have been minimized as Korea more fully adopted market mechanisms.

On the other hand, some experts in Korea believe that their country is sandwiched between the fast-developing and advanced countries, not yet catching up with the advanced economies while being chased closely by the rising ones (especially China). They argue that owing to militant labor unions and regulations, the country's international competitiveness is declining and is facing a crisis in technology, profits, market domination and high-tech industries. As big economies such as China and India expand rapidly and demand grows, acquiring energy and other raw materials in a global market becomes more expensive and difficult. This represents a serious challenge for resource-poor countries like Korea.

Korea is also experiencing problems common to post-industrial societies, such as a gap between the rich and the poor, social polarization, social welfare issues, and environmental degradation. Low fertility is another serious challenge to the Korean economy, as is an aging society that will contribute to a slowdown in economic grow.

3.1.2 IT Industry operator in Morocco

Since the beginning of the century Morocco knew the introduction of the first tool that could be considered as an IT. According to A. kasmi, (l'economiste), the first Telephonic connection was established in Morocco in 1906. However, the government waited until 1956 for the creation of the Ministry of mails, telephone and telegraph. Then, by the middle 70's the first computers were introduced to Morocco. Those computers were mainly used by the few multinational companies that were settled in Morocco and mainly in Casablanca. Furthermore, only foreigners were able to use them and the companies were recruiting expatriates for the training of local employees. However, computers at that time were used for basic operations such as typing, accounting and data storage. No data processing was carried. By the beginning of the 80's Morocco entered the initiation stage and Information technology started finding its way to Moroccan Businesses, government offices and even homes. Starting this date, things went quickly and the IT sector knew big investments. The contagion era started and the integration comes quickly to move from the data processing era to the information management within businesses and government. Internet connection was launched in Morocco at 1993, but Moroccans started using and knowing the World Wide Web at the beginning of 1996. Then things went another time rapidly and users showed a big interest on the new tool. Cyber cafes grew like mushrooms in all Moroccan cities and the population rapidly got used to this new information technology tool. In November 1996, the first Moroccan website (www.Leconomiste.press.ma) was developed by an economist, a Moroccan daily newspaper. According to A. Kasmi, (Economist), the launching of this website needed an investment of 120,000 DH the first year. It was mainly consulted from Europe, USA and Canada.

The government also followed the general trend and computers were bought for the majority of its offices and employees benefited from special training programs. Furthermore, special Software was designed to help offices handle the daily operations and networks were developed to link the different departments. The government started financing and encouraging IT investments.

The actual situation of IT in Morocco is by far one of the best in the underdeveloped countries. The government is encouraging IT investments and the Business started to recognize its importance. The Moroccan society is also very open all kinds of new technology. Moroccan IT businesses are now internationally recognized and invited to international conferences to talk about the Moroccan IT Market. As indicated by Salim Rochdi (Al Bayane), Morocco took part to the European Week for Information Technology in Paris. Seventeen Moroccan companies, leaders in their activity sector, presented their products and services. The participation was such a big success that 30 to 40 enterprises are already invited to participate at the 2003 edition. Thus, we can say that morocco is on the right way and IT is expected to know more and more development within the country.

However, at the exception of the "Administartion des douanes et Impots Direct", rare are the departments that put the advantages of the information technology at the service of their clients. Moreover, the SEPTI (secretariat of state in charge of Post, and information and communication technology) gave a lot of hope to the professionals. Nonetheless, the lack of means to act appeared rapidly on the scene. The operators are still waiting for concrete actions and are fed up with promises.

With regard to internet, by 2000 Morocco counted only 600,000 internet users (mainly via cyber cafes) and less than 1.5 million subscribers to the fixed phones. Although a good many Moroccans have fears over the security of their personal data on the net.

In Casablanca, a kind of Moroccan Silicon-Valley was built. The Technopark is a kind of nursery for high tech enterprises. Till today, 37 enterprises are taking advantage of its facilities. The major condition for having access to it is to be operating in the information Technology sector. The enterprises in it take advantage of a package comprising: the buildings, telephone connections, fast flow Internet Access, mail management, buildings maintenance, the cleaning of the common areas(According to the SEPTI annual report).

Despite these developments the Moroccan information technology sector is still experiencing a host of challenges. With the low access to information and telecommunication technology and the low number of information technology specialists, the Moroccan information and communication technology market is likely to grow in a slower pace. While the annual output of information technology specialists trained at middle and higher education institutions is 1500, Morocco needs at least 5000 specialists a year to join confidently the knowledge-based economies.

3-2 Trade between Morocco and Korea IT industry

The president of the Korean International Cooperation agency for New Information and Communication Technologies (NICT) has voiced his country's resolve to invest in the NICT sector in Morocco, underscoring that the Korean experience in NICT is acknowledged all over the world.

Two partnership conventions has signed with the Moroccan association for IT professionals (APEBI) and the Technopark of Casablanca (a building that hosts 130 companies operating exclusively in NICT). The signing took place at the opening of Moroccan- Korean business meetings on NICT in the Moroccan economic capital.

NICT contributes by up to 15 percent in the Korean GDP. Sixty five percent of the population in Korea has access to the internet and 23 million Koreans are subscribers to the mobile phone system. According to the Korean ambassador in Morocco, the volume of trade exchanges between Morocco and South Korea is annually valued at US $100 million.

Morocco and Korea engage under the two conventions to promote the NICT sector, boost cooperation between Moroccan and South Korean companies, increase the flow of bilateral exchanges between small and middle-sized enterprises operating in NICT and develop business opportunities between technology parks in Korea and the Casablanca Technopark.

Moroccan industry, trade and telecommunication minister, the department has elaborated a national strategy aimed at consolidating Morocco's position in world of information technology. The coordinator voiced satisfaction at the impact of the liberalization of the NICT sector and the sector contributes by 4 percent in the national GDP. For the minister, the Moroccan- Korean cooperation in NICT is likely to constitute an ideal platform for Korean companies' wishing to invest in European, African and Arab markets given Morocco's geo-strategic location.

Morocco and Korea signed two cooperation agreements in the fields of computer security and vocational training**.** The agreements were signed by Secretary of State to the Foreign Minister, and Korean ambassador to Morocco, Choi Jai-Chul. The first agreement concerns the creation by the Moroccan Ministry of Industry, Trade and New Technologies and the Korea International Cooperation Agency (KOICA) of the Moroccan Centre of Alert and Management of Computer Incidents "MA-CERT".

This project will enable the setting up of a response system before and after computer incidents in the administrative network of the Moroccan government through building a reliable and secure infrastructure of access to information. As for the second convention, it provides Korean support to the Ministry of Employment and Vocational Training for the creation and equipment of the Institute for Advanced Training in car industry in Casablanca for the training of multi-specialty technicians in the areas of automotive, automation system and mechanical engineering.

The project aims to develop and strengthen the capacity of car industry in Morocco, through sharing Korean experience in automotive technology. In a statement to the press after the signing ceremony, Secretary of State to the Foreign Minister hailed the Moroccan-Korean cooperation, which attaches importance to areas related to Morocco's industrial emergence and Information and Communication Technology sector (ICT).

These agreements will quicken the pace of training of human resources in the field of car industry and create Moroccan centers of computer vigilance. The signing of these agreements is very significant as our two governments are making tireless efforts to strengthen bilateral cooperation in various fields.

Despite all these conventions between the Morocco and Korea, the bilateral partnership is still weak especially in IT sector. Morocco should consolidate a strong partnership with Korea and drain more Korean investment to the North African country on the It sector.

3.3 SWOT analysis of IT industry in Morocco

Moroccans are generally excited by all new tools whether they are hi-tech innovations or not. In fact, Moroccans are curious by nature. The success encountered by cyber-cafés and mobile phones is a good example of how well new technologies are welcomed by the Moroccan society. However, a main barrier is heavily plugging up this enthusiasm. The low income of the majority of the household is a big barrier to Information Technology acquirement. Although we saw in recent years many families opting for loans to equip their homes with computers, they still represent a minority within the society. Another ghost that is frustrating information technology investors in Morocco is "Derb Ghallef' in Casablanca. This place is a kind of Moroccan Souk specialized in the hacking of all new technologies. You can find in it illegal copies of the newest Software, the latest mobile phones at lower prices and so on. Most of Moroccans are not aware of the copyright rules and buy Software, movies, music, CD games illegally, since the only incentive they care about is price. This culture of illegal tools acquirement is a big threat for IT investors within the country.

All the above problems can clearly be seen within the Moroccan business culture. Although many businesses invested in computers acquirement, they are still caught by the Data Processing era. Top managers are not yet aware of the strategic role that IT could play in their organizations. Small and medium businesses lack the financial resources to invest on the high costing IT tools, and training for their employees.

DISCUSSION AND ANALYSIS

This part is dedicated to the analysis of the Information Technology situation in Morocco by stating its: strengths, weakness, opportunities and threats. This analysis will lead to the proposition of a plan of action to help overcome the barriers and strengthen the opportunities within the Moroccan Market by Korean investments.

After analyzing the IT situation in Moroccan, we noticed that the main strength of Information Technology in Morocco is its outstanding position with regard to other underdeveloped countries. Thus, Morocco is attracting more foreign investments on the sector than other African and Arab countries. Furthermore, it is playing a leader role on the field in the African continent. Its political stability of the country is also a major contributor in attracting foreign investments in general and IT in particular. IT investment is very high in terms of initial investment and investors do carefully analyze a market before they jump to it. Morocco here offers a competitive advantage compared to other African and European countries when it comes to the social and political stability.

Strength is that of the High involvement of the government and its willingness to develop the sector. In fact, the government is giving many facilities to the investors in the IT area. Accordingly, it is investing on Hi-Tech schools and offering tailored programs that train engineers specialized in IT fields. This involvement is also very welcomed by NGO's that invest on the country and feel comfortable when it comes to dealing with the Moroccan government that offers all the facilities to implement their projects.

Even Moroccan people and especially the educated ones are willing to follow the international trend and develop the IT sector. Homes are more and more equipped with computers and parents are encouraging their children to discover and use the new technology. They are even taking loans to invest on the sector and be up to date within the latest technologies.

Although The Moroccan IT market is a strong one compared with similar countries, it still knows many weaknesses as the lack of IT infrastructure especially in remote areas. For example, Phone connections are not wild spread with mountain and country side areas, thus there is no possibility of internet connections.

Not only the number of specialists in the field is very low, but they are also leaving the country to look for better economic situations. Canada for examples is attracting many computer science engineers that look for better salaries and economic conditions. For the structure of Moroccan businesses it doesn't encourage IT investments. In fact, the majorities of businesses are family owned and are small and medium size businesses that fear merger with other business. Thus, they lack the means to invest on the IT sector.

The bad economic situation within the country and the low income level push people to struggling for the fulfillment of basic needs such as Food, Drink, habitat... How could such people even think about investing on technology since those tools are viewed by them as insignificant and worthless? The bad roads infrastructure and the difficulty to reach some areas make it possible to provide them with IT infrastructure.

There is also the difficulty of changing the business mentality and the fear that old employees developed against IT. In fact, those employees are reluctant with regard to the use of Information Technology and lack the skills for its handling. Furthermore, they even don't want to undergo training sessions and are at ease settled down waiting for retirement.

Moreover, Top managers are the major decision makers within companies and the business culture is far from being one of communication. Thus IT Managers, if they exist within the company, have no impact on decision making. Thus, they cannot influence Investments in the information technology within their companies.

The Moroccan market could be considered as a "virgin" market with regard to information Technology. Thus, a lot of opportunities could be pointed out in different sectors of activity; In terms of fixed phones the market is not well served and new operators would be welcome to penetrate the remote areas and the internet connections are mainly made through cyber-cafés. Home and business connections could be boosted through the offering of new services and products tailored to the society's needs. The Moroccan government is under equipped and this is an opportunity for big IT firms to gain an appealing market by offering SAP solutions, outsourcing facilities and competitive equipment prices plus a unique infrastructure with all the facilities for hi-tech enterprises (The Casablanca Technopark and the Bouznika Technopole).

The call centers offer a great opportunity for Europe since the labor is cheaper than Europe and the telephone operators cost less. Another factor is the low turnover of the sector 5% compared with the 40% turnover rate in Europe. The government is also offering facilities with regard to the investment in call centers, such as undemanding work regulations, and government sponsored training...

Commercialization and diffusion of monetary products for which an advanced infrastructure already exists, the developers of monetary solutions strongly believe on the potential offered by the Moroccan market. The area of websites development is also a very interesting one since the majority of Moroccan enterprises and government units look for foreign companies for their websites development.

After examination of the Moroccan IT market, many barriers appear on the scene as an obstacle for IT development within the country. The major threats to the development of IT in Morocco is the Illiteracy because is the top one threat to any IT development in Morocco. With 52% illiterate rate within the population, Morocco should first overcome this problem before claiming IT development. In addition the rates differ greatly from rural to urban areas. The introduction of information technology without a general alphabetization program will be meaningless. How could citizens take advantage of information technology and use it if they lack minimum education.

Even The high cost of numerical technology is also a threat to the development of IT in Morocco. Information technology is more and more based on numerical technology. The highest the cost of this technology the less people could afford to take advantage from it. The Moroccan government is not realistic in its planning strategies. This lack of pragmatism makes the implementation of the government programs almost impossible in the real life plus the high price of the computers compared with the low average income level is a real obstacle towards internet penetration in the market. Additionally, the business structure is also a Major threat to IT development since the majority of businesses are small and medium size businesses. Thus, they lack the financial funds to invest on IT.

SWOT Analysis of IT industry status

Strength	Weakness
• Awareness and involvement of the government. • Mechanics and procedures to enhance investment (law for digital signature, liberalization of the sector).	• Lack of investment especially in IT production. • Lack of coordination on the national projects. • Absence of a unique authority to set and apply the national strategy, many Ministries debating the leadership. • Need enhancing competencies to keep up with the motion of the IT sector.

Opportunity	Threat
• Off shoring and delocalisation : government priorities • Creation of the IT market Dynamism : E-Government represents business opportunities • Too many aspects of IT to be developed: e-learning. • High level competencies.	• Competitiveness is going fast and Morocco has to work hard to improve its ranking in many IT fields. • Compared to other emerging countries, we need to go out of the turbulence zone.

IV. Potential effect of FTA between Morocco and Korea in IT industry

4.1 Possibility of FTA between Morocco and Korea

Korea has recently concluded or planned to pursue free trade agreements or negotiations with a sheer number of countries in the world, for example, Chile, Singapore, Canada, and AEAN countries. With researches and discussions Korea is also exploring the possibility to launch similar FTA talks with the China, Japan, EU, the United States and Morocco. All of these Korea's FTA initiatives are under the strategy of multi-track basis with multilateral liberalizations. They are intended to secure foreign markets, achieve trade liberalization, lead to domestic reforms, increase Korea's competitiveness, and strengthen political and strategic alliance. Those bilateral and regional initiatives with possible FTA countries raise important questions concerning Morocco's interests and priorities in choosing a key FTA partner country. Based on the Morocco's economic and political interests in the MENA region and the world, what country should be considered the most to be the FTA partner country for Morocco; Morocco signed an agreement with the US and enjoyed preferential market access in the European Union. Recent simulations show that the various modalities of trade liberalization with the US may have different impacts on the welfare, the rate of growth and the sectoral trade balance in Morocco. More precisely, these findings justify the interest of a gradual and asymmetrical agreement. In addition, the FTA between the US and Morocco have a significant impact not only on trade between the two countries, but also on their trading relationships with other countries. The most important trade diversion will affect the EU and particularly France, which is Morocco's largest trading partner. It will also adversely affect the other North African countries. The FTA will thus offer the opportunity to Morocco to diversify its markets and its capabilities, which are currently focused on the EU, particularly on France and Spain. (Sadni Jallab and Ali, 2007).

The Moroccan government actively encourages foreign investment and has made a number of regulatory changes designed to improve the investment climate in recent years. Morocco welcomes foreign participation in its privatization program, and does not pre-screen or select foreign investment projects.

Morocco has a privileged geostrategic position which makes it a regional platform role of production, exchange and distribution of ICT. Moroccan society is open, tolerant and multicultural and it competes on lower prices, offers low labor costs, a fast and efficient customs service and a high quality of life. Even the unskilled labor is generally plentiful and inexpensive. Employers are free to negotiate wages and salaries, subject to the minimum wage law. The industrial minimum wage is about $1.05 an hour. There are, however, shortages of certain skilled workers. The Moroccan constitution gives workers the right to organize, bargain collectively and strike, although the conditions under which workers can strike have yet to be defined. The new government in Morocco has created a tri-partite council of labor, business and government to reduce labor discord and increase economic efficiency.

The investment code in Morocco also codifies the existing foreign exchange regulations providing essentially free repatriation of foreign exchange related to foreign investment. The code does not apply to agriculture and foreign investment is now permitted in all sectors except agricultural land. Other sectors such as phosphate mining and tobacco marketing are reserved for the state and are closed to foreign and domestic private investment, although the tobacco sector is now under consideration for privatization.

Morocco completed a regulatory system covering trade, competition law, pricing, intellectual property and standardization, in compliance with international obligations, since Morocco is a member of International Organizations like UNESCO, WTO and it is a signatory of several trade and investment agreements with Arab countries, European Union, and USA.

The IT investment climate in Morocco is so convenient to Korean firm, for example, the framework of its global openness and liberalization strategy, Morocco has set up during the last decade a legal framework conducive to developing its commercial relations with some of its potential partners, through the conclusion of free trade agreements either bilaterally or regionally. Morocco has excellent relations since the early sixties based on mutual comprehension and common faith to peace and stability.

Legal framework governing the bilateral cooperation relations between Morocco and Korea covers the majority of the sectors such as trade, investments, and taxation and the cooperation between the two countries is expected to be reinforced in the future through the enhancement of the level of trade exchanges and more investment of Korean companies in Morocco**.**

Korea is one of the main foreign investors in Morocco. Our market along with good prospect for expansion in the region, have prompted companies like LG Electronics, Daewoo Group and Samsung Electronics to establish offices in the kingdom.

There are many facilities that can attract Korean firms to invest in Morocco such land procurement with symbolic prices, the IT parks, and industrial zones with infrastructure well developed (Airports, train transportation and hospitals). Even the authorities are ready to provide useful information needed by the Korean investors (Department of investment, helped by Investment Regional Centres). Besides, the politic and economic are stable with high security and safety.

Korean investors will enjoy the right to establish, acquire and operate investments in Morocco on an equal footing with other foreign investors. But there are some advices to Korean enterprises to know for investing in Morocco, for example, the foreign ownership is permitted in most sectors except phosphate mining and agricultural land. The IT sector is full of opportunities for Korean firms (sound media equipment, semiconductor devices, data processing, electrical and precision instruments, but the imports are unrestricted except for a few items; explosives, used tires, and used clothes, which require an import license issued by the Ministry of Foreign Trade. For all imports into Morocco, the import certificate must be registered with an authorized bank and the foreign exchange is administered by the Foreign Exchange Office. But certain foreign exchange procedures have been delegated to authorize banks

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4.2 Potential effect of FTA between Morocco and Korea

The effect on industrial output of full liberalization displays both winners and losers in the two countries, In Morocco, the greatest winners are agro industry, textile and metals, information technology industry and construction. The activities, which will lose, are mostly transport equipment and manufactures. In Korea, the only perceptible impact is focused in textile. Once again, the TFA will stimulate poorly the productive activity of the two trading partners.

Moroccan consumers will derive gains from the FTA since they will have access to goods at lower prices. To this point, it is assumed that Korean producers and exporters will not be pricing to market. In other words, there is an implicit assumption that Korean exporters and Moroccan importers will pass the benefits of tariff reductions on to Moroccan consumers. If the benefits of tariff dismantlement are not passed on to Moroccan consumers but are captured by the exporter or the importer, it is possible that there will be no increase in consumer welfare. It is therefore crucial to ensure that welfare is transmitted to consumers. To this end, it is necessary that the competition policy shield consumers against possible abuse of potential dominant positions or against collusion from large importers. Competition policy capacities and the judicial system supporting it should therefore be strengthened to ensure that the FTA delivers its potential benefits.

By providing duty free access to an American consumer market with 300 million individuals, the FTA will strongly stimulate Moroccan exports. Not surprisingly, this expansion would primarily concern other sectors, which is the most important industrial activity in Morocco. The agreement will likely have strong effects.

4-3 Suggestions of FTA between Morocco and Korea

The Moroccan information technology industrial policy is based on a concerted and voluntary strategy aiming at developing a national, competitive and high performance information technology industry sector. Morocco offers considerable opportunities for investment to the Korean companies in the information technology field. Moroccan legislation grants substantial incentives to businessmen willing to establish their business in Morocco. The Moroccan Ministry of General and Economic Affairs and its Directorate of investment is the department in charge of the supervision of investment activities in Morocco. Regional centers for investment have been established in various cities in the country to issue authorizations and to assist foreign and local investors.

The cooperation in information and communication technology between Morocco and Korea should be consolidated and reach an advanced stage through active exchange of information technology professional, conferences and consultations should be organized between the private sectors of both sides and aim at exchanging views on setting a mutually beneficial partnership in information technology sector in order to encourage Korean investors. Morocco is on an adaptability stage right now and what is needed is only investment in new information technology infrastructure that can support the introduction of the new products. The future of Morocco-Korea cooperation in the information technology sector is very promising given the fact that Korea is well advanced in information technology industry and Morocco is witnessing a very important market expansion, henceforth offering significant opportunities for Korean investors.

The implementation phase that is suggested includes various parameters that are not under our control. Thus, we will simply say that the implementation plan must be developed by government in a bottom-up approach that can take into consideration almost all constraints that are raised by the weaknesses and thre ats discussed. This approach is the one that will allow the country to effectively i mplement IT and thus gain a sustainable advantage to both countries that will serve not only the government but also all the stakeholders.

V. Conclusion

With its strategic location, rich history and a clear vision for democracy and modernization, Morocco is destined to play an important role in the consolidation of peace and advancement of economic and social progress throughout the immediate region and beyond. Morocco has strong ties with the European Union, the Arab world and the African continent. Moreover and despite the geographic remoteness, Morocco has set up strong relationships with the American and Asian continents. With Europe, Morocco has gained an advanced status since it is bound by an Association agreement which makes it a privileged partner of the European Union. Morocco is also a strong ally of Europe when it comes to combating various blights that endanger today's world such as terrorism and immigration. With the Arab world, Morocco also has strong political and economic ties. It has always been a strong advocate of the Palestinian people and their right to establish their state with Jerusalem as its capital. Morocco has also called for the establishment of a strong Maghreb Union, an entity in need of adjustment to the globalized world of today. In the African arena, Morocco also plays a significant role given the fact that it has always shown its solidarity with the nations hit by political instability, hunger and disease. Through the technical experience it has gathered in many fields over the years, Morocco contributes actively to the development of the African continent, thanks to its own efforts and to the collaboration it has received from many third countries and international institutions.

Korea was one of the least developed countries in terms of industrial development in early 60s; it has been transformed into one of leading industrial countries in the world during the last 40 years. Enthusiastic adoption of information and communication technology by Korean industries and rapid emergence of a competitive information and communication technology’s production sector helped Korea to recover from the economic crisis and take on new phase of development. The information and communication technology industry in Korea had the highest growth rates of any major industry and become the new engine for growth.

The conclusion of a Free Trade Agreement with the North African Kingdom would be a useful means to boost trade exchanges. Strengthening Korean investments in Morocco, bringing together experts in economic development strategies; Moroccan and Korean businessmen; will be a good occasion for the two countries to reinforce economic cooperation because Morocco can learn from the Korean experience in economic development and exports, and Korean businessmen will be able to know more about business opportunities in Morocco. An FTA will play a pivotal role in this regard, Morocco is an important partner, and Korea will share its development experience with the country, notably in the fields of IT, human resources development, and rural development.

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정보 기술 업계에서 모로코와 한국 간의 FTA 가능성

지난 몇 년간 모로코의 IT 부문은 높은 성장율을 기록하였다.지난 몇 년간 모로코의 IT 부문은 높은 성장율을 기록하였다. 모로코의 IT 는 새로운 그리고 강력한 off shoring(기업의 해외 업무 위탁) 부문과 아프리카 지역에서의 e-payment 와 smart card 와 같은 특정 틈새 시장에서의 강력한 위치로 특징지어진다. 모로코와 코리아는 최근 컴퓨터 보안과 직업 훈련 분야에서의 협력 협정을 체결하였다. 그러나 다양한 분야 특히 IT 부문에서 양국 협력을 강화하려는 이 모든 노력에도 불구하고 양국의 협력은 아직 충분히 강하지도 진보된 단계에 도달하지도 못 하였다.

모로코는 IT 분야에서 한국의 기업들에게 투자를 위한 상당한 기회를 제공하여 국가 경제 교류를 강화하고 북부 아프리카 국가들로 더욱 많은 한국의 투자를 유치하였다. IT 분야에 중점을 두어 협정과 함께 IT 전문가의 활발한 교류와 양국의 만남을 통해 협력을 확장하였다. 이 모든 것은 강력한 IT 산업을 구축함으로써 한국 기업들에게 새로운 사업의 기회를 열어주고 모나코의 경제 성장을 보장받기 위함이다. 따라서 정보 산업 분야에서의 모로코와 한국 간의 자유 무역 협정의 가능성을 조사하는 것이 본 연구의 목적이다.