

MICROECONOMIC ANALYSIS

TUNISIA AND MOROCCO



DEMAND ANALYSIS

- Consumer Income
- Consumers taste and preferences
- Prices of related goods
- Number of consumers
- Consumer expectations about the future



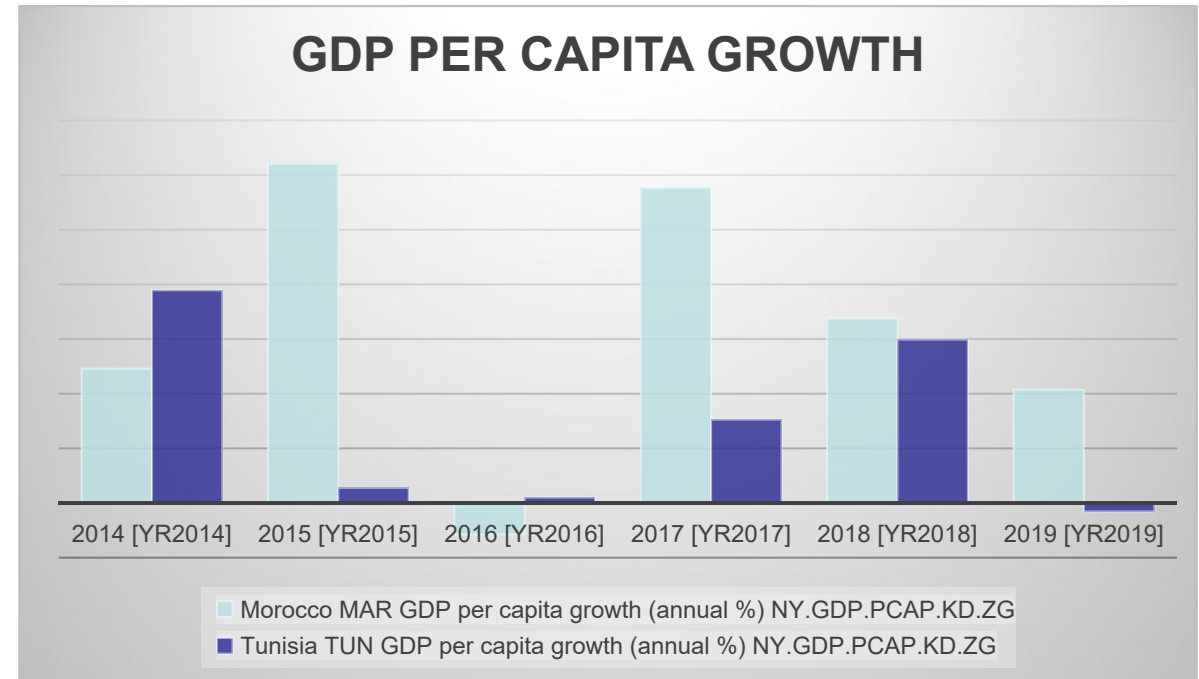
CONSUMER INCOME

For the consumer income, I will use the GDP per capita.

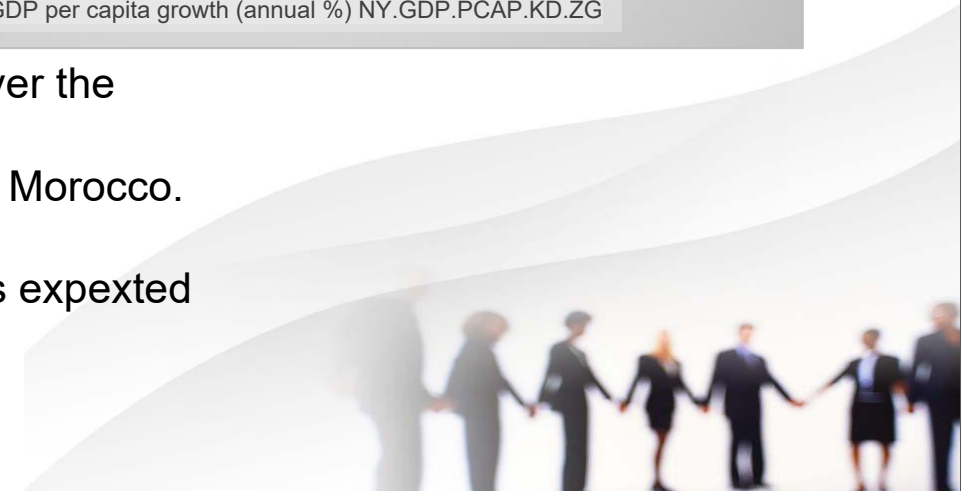
Also, to analyse the future of the consumer income, I will use the GDP percapita growth rate.

GDP PERCAPITA \$	
TUNISIA	3317.5
MOROCCO	3204.1

From the data it can be seen that Tunisia has a higher per capita GDP than Morocco



However, it can be seen hat over the past few years the it's growth been lower than that of Morocco. This shows that Morocco's income per capita is expexted to keep growing



TASTE AND PREFERENCES

- To represent the taste and preferences I will use the two countries imports of wheat.
- In Tunisia, 1650 (1000 metric tonnes) of wheat is imported into the country. While in Morocco, 5100 (1000 metric tonnes) of wheat is imported. 2019 data.
- Over the years, the importation of wheat in Morocco has been higher than that of Tunisia.



	PRICE OF WHEAT FLOUR	NUMBER OF CONSUMERS (POPULATION)
TUNISIA	\$1.71/KG	11.57 MILLION
MOROCCO	\$0.27/KG	36.03 MILLION

- The wheat milling industry should be within a monopolistic competition and oligopolistic competition. As there is no number limit or minimum to identify.
- The price of wheat is more expensive in Tunisia than in Morocco which is more attractive for investment. As the milling company might make more profit in Tunisia.
- Using the population, the number of consumers in Morocco is more than in Tunisia.



CONSUMERS EXPECTATIONS ABOUT THE FUTURE

- To explain this inflation and unemployment will be used.

From the macroeconomic analysis done previously, it can be seen that as the unemployment in Tunisia is increasing, the unemployment in Morocco is decreasing. In 2019, the unemployment rate in Tunisia and Morocco is at 16% and 9% respectively.

Also, the inflation in Tunisia is significantly higher than that of Morocco. Morocco operates an inflation targeting. So, consumers will not expect drastic increases in prices unlike in Tunisia. In 2019, the inflation of Tunisia and Morocco is at 6.2% and 0.2%.



SUPPLY ANALYSIS

Technology

Prices of Raw materials

Government policies

number of suppliers in the market

Supplier expectations about the future.



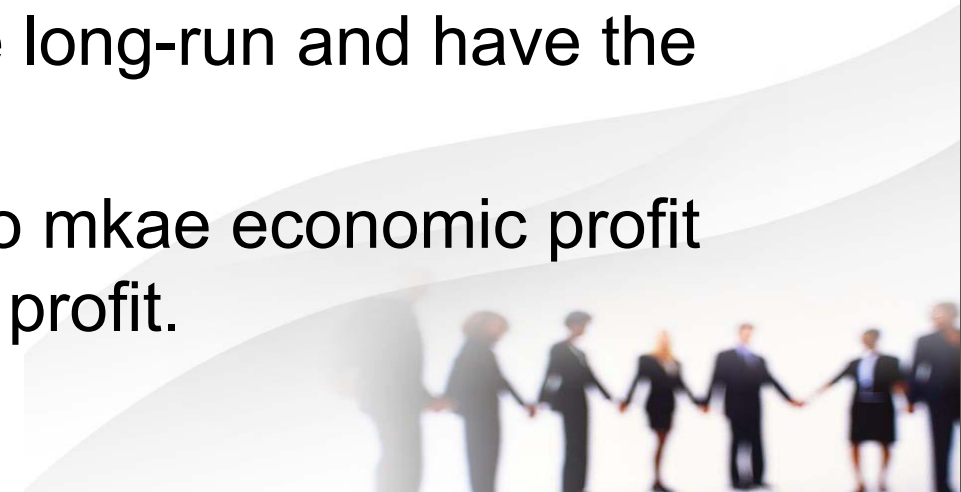
	TECHNOLOGY (HIGH TECHNOLOGH EXPORTS % of manufactured exports)	RAW MATERIALS (RAW MATERIALS EXPORTS % of merchandise exports)	NUMBER OF SUPPLIERS IN THE MARKET	GOVERNMENT POLICIES (EASE OF DOING BUSINESS INDEX 2019) (MINIMUM WAGE) (CORPORATE INCOME TAX)		
				INDEX	WAGE	TAX %
TUNISIA	7.4	0.7	25	78	\$0.41	25
MOROCCO	3.8	0.8	34	53	\$1.62	31



THE MARKET STRUCTURE

The market structure is a monopolistic competition for both countries. This is because in Tunisia there are 25 firms and in Morocco there are 34 firms in the industry. In a monopolistic competition there is price influence and product differentiation. So the company can set its price. However, as there are other firms in the industry, setting a very high price would not be beneficial to the company. In setting price, it should be set with respect to the other firms price. The firm should also look towards making a better quality product to have market leadership in the long-run and have the ability to set a higher price.

In the short run, it is possible for the company to make economic profit but in the long run there would be no economic profit.



SUPPLIERS EXPECTATIONS ABOUT THE FUTURE

- From the inflation rate, it would look like Moroccan suppliers would have a better expectations about the future than in Tunisia because of the inflation targeting of Morocco at between 0.2% to 2%. So, there would not be drastic rise in prices of inputs.



TOTAL ANALYSIS

	TUNISIA	MOROCCO
COSUMER INCOME	1	1
TASTE	0	1
PRICE	1	0
NUMBER OF CONSUMERS	0	1
CONSUMERS EXPECTATIONS	0	1
ACCESS TO TECHNOLOGY	1	0
RAW MATERIALS AVAILABILITY	0	1
NUMBER OF SUPPLIERS	1	0
GOVERNMENT POLICIES	1	0
SUPPLIERS EXPECTATIONS	0	1
TOTAL SCORE	5	6



- In the total look of the microeconomic environment, it can be seen that there is no significant difference between the two countries. However, Morocco has a slightly better microeconomic environment than Tunisia. It can also be seen that the Moroccan economy is expected to grow in the future.



- Would you attempt to compete based on price/cost leadership (attempting to provide the product at the lowest possible price), and if so, what would give you the ability to do so?
- Or would you concentrate on promoting/strengthening your brand and its uniqueness to gain ability to charge a higher price, and if so, how and why?



- I would compete based on cost leadership. It would be possible for the company to compete based on cost leadership because it has over 100 years of experience. ADM milling company would be able to have ***economies of scale in production*** and would be able to produce at a lower cost. It would be able to be more ***efficient in production*** and be able to afford and ***implement advanced technology***. It can also ***source materials***.



- <https://tradingeconomics.com/morocco/corporate-tax-rate>
- <https://tradingeconomics.com/tunisia/corporate-tax-rate>
- https://en.wikipedia.org/wiki/List_of_minimum_wages_by_country
- <https://www.nordeatrade.com/en/explore-new-market/morocco/economical-context>
- <https://www.tridge.com/intelligences/wheat-flour/TN>
- <https://www.tridge.com/intelligences/wheat-flour/MA>
- <https://www.millermagazine.com/english/grain-and-flour-market-in-tunisia/.html>
- <https://www.world-grain.com/articles/10263-focus-on-morocco#:~:text=There%20are%20an%20estimated%20154,300%2C000%20tonnes%2C%20the%20report%20said.>
- data.worldbank.org (inflation rate, unemployment rate, GDP per capita, population)

