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# Unveiling the Effects of FDI Spillover on Local Firms: the role of Competition for Skills

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## Résumé

This study investigates the spillover effects of foreign direct investments (FDI) on manufacturing firms. We leverage a pivotal 2005 industrial policy in Morocco promoting FDI in specific sectors to analyze the dynamics of these spillovers. Our findings reveal that negative competition effects from horizontal FDI outweigh positive spillovers. This competitive impact is particularly pronounced when FDI concentrates on the same local area. We further show that firms relying on skilled workers have been more adversely affected, suggesting competition for skilled labor as a key driver. Moreover, the negative competition effect primarily affects less-performing firms, with no evidence of positive spillovers for others. Examining upstream and downstream FDI spillovers yields no significant positive externalities.

**Mots-Clés:** Foreign direct investments, Policy evaluation, Spillovers, Manufacturing, Industrial Policy

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