



-Morocco-
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Table of Contents

GENERAL FEATURES OF TRADE POLICY

TARIFFS AND DUTIES

NON TARIFF BARRIERS

RESTRICTIVE EXPORT MEASURES

INVESTMENT RELATED BARRIERS

IPR

OTHERS

GENERAL FEATURES OF TRADE POLICY

Morocco acceded to the GATT in 1987. It participated actively in the Uruguay Round negotiations and hosted the Marrakesh Summit in April 1994. It has accepted the WTO Agreements and has therefore committed itself to pursue the liberalization of its external trade in a multilateral context.

Within the framework of the WTO, Morocco has completed the binding of all its tariff lines. The country has also bound its fiscal import levy and, like other members of the WTO, it has undertaken the tariffication of the quantitative measures which affect agricultural products.

Morocco's merchandise exports comprise three main groups of products which account for about 80 per cent of the country's merchandise export earnings: agricultural produce and seafood, textiles and clothing, and phosphate and phosphate derivatives. Morocco possesses more than half the world's phosphate reserves and, internationally, is the leading phosphate exporter. The structure of Morocco's merchandise imports has changed in recent years to reflect the needs associated with the investment encouraged by economic adjustment and growth. The shares of food and energy imports are declining whereas imports of machinery and other capital goods, together with imports of raw materials needed by the chemical industry, are increasing.

The European Union continues to be Morocco's main trading partner. Within the Union, France, Spain, Italy and Germany have the largest shares in the trade with Morocco. Outside the EU, Morocco's trade with Japan and the United States is on the increase.

The factors that have favoured export trade with the EU include both Morocco's lower labour costs and the preferential treatment granted to many Moroccan products. However, some categories of agricultural products are subject to tariff quotas.

Subject to limitations concerning the physical presence of foreigners, Morocco has entered into commitments under the General Agreement on Trade in Services. It has bound the conditions of market access for certain categories of services, in particular professional services, other business services, value-added telecommunications services, environmental services, and financial and tourism services.

Within the Arab Maghreb Union (AMU), of which Morocco is a member, Tunisia and Algeria are the two most important destinations for Moroccan products. Exports to these markets are exempt from import duties for certain products (in the case of Tunisia). The volume of trade within the Union is still limited.

Morocco is a member of, inter alia, the Organization of the Islamic Conference and has concluded bilateral trade and tariff agreements with several Arab and Sub-Saharan African countries.

The following table is an overview of the tradeflow between the European Union and Morocco

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	223,853,660	82,574,390
	1997	258,760,180	56,490,070
	1998	283,021,460	90,062,890
	1999	290,051,300	89,547,110
	2000	386,217,700	115,886,800
	2001	431,305,410	142,088,150
	2002	468,415,500	128,400,670
	2003	435,648,870	128,823,700
Vegetable products	1996	503,220,900	171,011,300
	1997	444,768,160	154,340,390
	1998	444,259,110	214,062,250
	1999	521,154,010	216,504,990
	2000	492,436,130	393,355,530
	2001	530,889,800	291,863,370
	2002	624,969,770	250,463,860
	2003	622,926,450	232,083,710
Animal or vegetable fats	1996	2,547,670	50,482,510
	1997	2,008,700	53,587,670
	1998	1,307,210	49,334,630
	1999	981,910	64,432,120
	2000	898,920	63,675,920
	2001	8,147,980	24,733,920
	2002	3,594,660	37,406,920
	2003	4,373,820	44,066,170
Prepared foodstuffs	1996	236,105,620	43,028,940
	1997	229,734,950	47,242,730
	1998	236,965,110	53,584,170
	1999	254,914,490	69,931,500
	2000	286,394,780	82,042,110
	2001	282,218,630	79,832,470
	2002	307,642,700	96,726,330
	2003	322,603,660	90,822,430
Mineral products	1996	218,532,540	130,116,140
	1997	257,602,480	175,669,450
	1998	326,261,670	172,370,230
	1999	356,311,380	170,288,740
	2000	502,844,310	353,755,000
	2001	418,566,280	262,639,900
	2002	317,258,580	294,200,220
	2003	284,782,590	487,310,580
Chemical products	1996	348,918,490	348,576,710
	1997	381,380,340	380,014,430
	1998	329,290,020	430,970,430
	1999	323,841,230	438,794,790
	2000	347,534,900	463,943,530
	2001	350,201,270	509,446,930
	2002	302,373,620	599,406,210
	2003	257,348,670	612,342,310
Plastics & rubber	1996	17,017,860	192,001,800
	1997	20,021,770	211,412,580
	1998	21,506,800	225,522,410
	1999	28,629,440	229,074,390
	2000	33,227,460	254,301,760
	2001	24,310,870	274,894,150
	2002	23,356,340	300,193,730
	2003	21,835,000	307,412,240
	1996	68,916,210	39,651,860
	1997	55,010,490	45,579,060

Hides & skins	1998	39,379,810	39,036,320
	1999	35,329,380	42,652,800
	2000	58,816,950	49,026,200
	2001	61,964,560	50,161,880
	2002	50,889,480	46,426,740
	2003	44,420,090	44,962,170
Wood & wood products	1996	19,488,340	66,983,400
	1997	21,804,990	76,855,380
	1998	28,548,150	75,385,500
	1999	34,586,300	71,917,390
	2000	55,222,350	69,253,610
	2001	49,076,510	71,507,090
	2002	41,404,990	82,504,650
2003	46,685,750	110,739,680	
Wood pulp products	1996	26,255,320	143,295,270
	1997	33,849,680	150,650,060
	1998	25,583,100	161,470,760
	1999	36,351,760	169,015,520
	2000	47,445,020	192,720,540
	2001	25,241,190	189,489,870
	2002	40,549,460	201,520,580
	2003	35,649,920	212,123,500
Textiles & textile articles	1996	1,538,572,870	874,306,640
	1997	1,745,136,330	1,090,287,640
	1998	1,849,250,760	1,230,170,870
	1999	1,898,539,520	1,262,944,980
	2000	2,167,147,920	1,419,899,300
	2001	2,483,592,530	1,579,768,490
	2002	2,494,126,710	1,559,427,850
	2003	2,367,353,500	1,515,049,820
Footwear, headgear	1996	107,782,310	27,554,220
	1997	126,928,830	31,604,560
	1998	135,613,810	39,969,610
	1999	157,541,520	49,042,140
	2000	170,962,850	57,693,190
	2001	189,626,500	54,015,980
	2002	195,701,890	53,067,860
	2003	189,932,450	53,648,220
Articles of stone, plaster, cement, asbestos	1996	16,952,310	49,037,980
	1997	23,189,120	53,594,190
	1998	26,775,550	54,140,100
	1999	33,598,500	61,083,410
	2000	36,878,790	71,675,960
	2001	38,922,630	80,301,440
	2002	37,006,800	87,143,060
	2003	41,326,630	91,766,760
Pearls, (semi-)precious stones, metals	1996	16,189,190	2,678,130
	1997	27,331,430	13,817,960
	1998	32,073,720	9,387,420
	1999	27,914,970	3,172,250
	2000	35,526,780	2,730,300
	2001	39,065,650	5,464,130
	2002	42,790,540	12,281,440
	2003	28,834,310	7,308,860
Base metals & articles thereof	1996	51,930,380	306,633,500
	1997	77,138,060	305,456,560
	1998	76,780,590	330,563,870
	1999	74,029,040	323,436,710
	2000	146,776,320	353,053,170
	2001	109,620,970	429,675,490
	2002	122,173,530	447,213,070

	2003	113,964,030	551,704,360
Machinery & mechanical appliances	1996	346,547,300	1,083,144,910
	1997	429,360,180	1,179,782,270
	1998	514,774,000	1,440,007,500
	1999	602,313,740	1,702,497,710
	2000	533,813,220	2,262,808,230
	2001	578,831,990	2,007,935,280
	2002	696,668,400	1,968,769,800
	2003	849,368,870	2,082,028,080
Transportation equipment	1996	115,648,270	423,768,370
	1997	168,155,770	521,947,260
	1998	48,496,670	395,664,580
	1999	20,429,470	399,146,460
	2000	104,983,780	506,864,430
	2001	53,497,940	496,259,700
	2002	36,463,090	621,656,100
	2003	24,625,210	624,630,110
Instruments - measuring, musical	1996	8,233,920	70,404,770
	1997	8,674,540	96,462,370
	1998	14,457,550	84,765,230
	1999	13,863,480	93,387,390
	2000	18,374,810	102,854,820
	2001	19,212,170	118,379,360
	2002	15,216,800	131,544,570
	2003	25,400,180	135,079,530
Arms & ammunition	1996	44,250	2,752,970
	1997	146,380	2,120,520
	1998	84,080	2,898,410
	1999	10,210	3,945,680
	2000	163,530	4,382,140
	2001	396,250	5,988,140
	2002	53,240	4,205,740
	2003	610	4,806,130
Miscellaneous	1996	12,847,150	60,311,270
	1997	15,792,540	73,184,130
	1998	24,833,760	73,576,840
	1999	25,124,740	80,996,940
	2000	31,642,070	110,842,650
	2001	35,948,490	110,100,460
	2002	40,526,820	112,623,450
	2003	57,974,450	120,710,330
Works of art	1996	638,300	191,030
	1997	463,560	428,660
	1998	639,910	738,100
	1999	549,460	1,159,520
	2000	538,110	1,602,590
	2001	534,140	806,620
	2002	318,650	1,740,730
	2003	632,950	4,865,450
Other	1996	10,813,540	12,262,510
	1997	7,273,720	14,480,570
	1998	13,811,200	19,371,150
	1999	4,959,570	19,141,010
	2000	6,629,540	24,402,960
	2001	15,123,990	40,096,290
	2002	7,379,820	39,730,220
	2003	5,571,110	53,726,750

jobs are in agriculture.

The usable area for agricultural production is 9.2 million hectares, nearly 60 per cent of which are used to produce cereals (principally common wheat, durum wheat, barley and maize). The main pulses grown are beans, chick peas, lentils, and peas. Fruit and vegetable production for export consists mainly of tomatoes, potatoes, onions, melons and water melons. Farmers are also starting to turn towards organic crops. Livestock rearing focuses on sheep, followed by goats and cattle.

The agricultural sector's major assets are the early arrival of spring, which favours the production of early fruit and vegetables, a relatively cheap labour force, and the proximity of the EU, Morocco's principal customer.

Only 12 per cent of the usable surface area is irrigated at present; although irrigation potential is limited, it has not been fully utilized because of the lack of financial resources allocated to the irrigation sector. Drought affects traditional sectors most, but export sectors (arboriculture and fruit and vegetables) are usually in irrigated areas.

Morocco has almost 1.5 million farms, of which close to 1 million raise livestock. Small farms predominate.

Fishing, particularly ocean fishing, is fairly developed, whereas forestry is negligible.

Policy objectives and instruments

The major objectives fixed by the Government as regards agricultural policy are food security, raising farmers' income, integrating the agricultural sector into the national and international economies, protecting natural resources, and promoting the status of women in rural areas. An Agricultural Investment Information Centre has been in operation since 1999. In 2001, a vast study was undertaken on a rural development strategy up to 2020.

Since 1996, the Government has embarked on the liberalization of staple food products, which had previously been administered by the State. The monopoly of imports of these products into Morocco has been dismantled and now only imports of common wheat for the manufacture of domestic flour are still administered by the National Interprofessional Cereals and Pulses Board (ONICL). Prices have also been liberalized. The State no longer intervenes to fix the price of agricultural inputs (fertilizer, seed, phytosanitary products, agricultural machinery). Nonetheless, a policy to encourage and protect domestic production is still in effect. In addition to State investment, the Government gives priority to four instruments, i.e. loans, taxation and financial support (subsidies and premiums), and protection at the border.

The Government applies minimum duties and taxes on the import of certain products and equipment intended for the agricultural sector. In order to provide farmers with support, agricultural income is exempt from taxation until 2010. The Agricultural Development Fund (FDA) grants subsidies for agricultural investment at rates of 10 to 30 per cent, which are generally linked to CNCA loans. These are granted to farmers for the introduction of new technology and to encourage private investment in areas previously reserved to the State (hydro-agricultural works, land improvements), provide facilities, intensify animal production, develop arboriculture, improve supplies of certified cereal seeds to farmers, and promote agricultural exports by air freight. The rate for the subsidies granted to farmers for the purchase of agricultural equipment ranges from 10 to 60 per cent.

In 1996, Morocco put into effect new rates resulting from the tariffication of quantitative restrictions on agricultural imports as part of the WTO Agreements. This has led to a marked increase in the level of tariff protection in this sector, with rates of up to 339 per cent and an average of around 33 per cent.

Under the Uruguay Round, during which Morocco completed the binding of all its tariff lines, it reserved the right to apply the special safeguard clause to 374 lines of agricultural products, pursuant to Article 5 of the WTO Agreement on Agriculture.

Following the Association Agreement with the EU, Morocco established preferential tariff

quotas for certain agricultural products. A tariff quota also applies to imports of bananas as a safeguard measure. Currently, bananas are the only product subject to import licensing. Licences are, however, also used to administer preferential quotas governed by preferential trade agreements.

Automotive
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Morocco's automobile industry assembles private vehicles and light and heavy goods vehicles, builds bodies for buses and motor coaches, and repairs and manufactures certain spare parts for vehicles.

This subsector comprises around 100 plants and provides 20,000 direct jobs.

Currently, there is only one assembly chain for private vehicles (Fiat Auto Maroc); there are two for light goods vehicles (SOPRIAM and Renault Maroc), and 12 for heavy goods vehicles by such makers as DAF, Isuzu, MAN, Mercedes, Mitsubishi, Nissan, Renault, Scania, and Volvo.

Since 1996, the automobile industry has experienced relatively important growth, which has led to a renewal of the stock of automobiles and a decline in imports of second-hand vehicles from 90,000 in 1994 to less than 15,000 in 2001. The Government has also revised the amortization table for second-hand vehicles. The amortization rates taken into account for the purposes of customs valuation of second-hand vehicles have fallen by a maximum of 50 to 40 per cent, then to 25 per cent for vehicles over three years old. As a result of this measure, the Moroccan market for second-hand vehicles has declined significantly. Customs tariffs on imported new vehicles are up to 50 per cent.

Mining
last updated on
2003-12-17

Mining
Overview

The mining sector plays an important role in Morocco's economy. In 2001, mining products accounted for close to 13 per cent of total exports.

Morocco is the leading exporter and the world's third largest producer of crude phosphate, and the second largest exporter of solid fertilizer. Baritin, salt, zinc, lead, cobalt, fluorite, bentonite, and smectite clays are some of Morocco's other important mining products.

The mining legislation in effect is to be found in the Dahir of 16 April 1951 containing the mining regulations, as amended, together with the implementing texts. In addition to the incentives provided under the Investment Charter, the sector enjoys special benefits such as the right of any mining company to set aside funds under a scheme known as "provision pour reconstitution de gisement" or PRG (depletion allowance), free of tax on professional profits or corporation tax, up to a maximum of 50 per cent of its fiscal profits or 30 per cent of its turnover. This is used to establish a social fund (20 per cent) and for "reconstitution de gisement" (mining rehabilitation; 80 per cent). The latter sum may be used, inter alia, to conduct studies, carry out works and building, purchase equipment and acquire technology, and the 20 per cent to cover compensation to personnel if the mine closes or if the mining company totally or partially ceases its activities.

Mines are State property, and prospection and exploitation require a mining permit (prospection or exploitation permit). Prospection permits are granted in the order in which applications are filed, with the exception of phosphates (which are a State monopoly), solid fuel and radioactive substances, for which specific technical and financial expertise is required. An exploitation permit is not issued for phosphates (Article 46 of the mining regulations), because the production and marketing of phosphates is a State monopoly exercised by the Moroccan Phosphates Board (OCP), a State enterprise.

The Government's strategy in this sector covers all mining activities (upstream and

downstream). Its aim is to promote geological and mining potential, develop prospecting, diversify outlets, create a climate favourable to partnerships, and adopt legal and fiscal incentives, taking into account social and environmental considerations. It is planned to improve the geological infrastructure, reform the institutional framework, and revise the legislative and regulatory framework. The strategy also provides for an active contribution to mining development by the private sector, while at the same reinforcing the State's role in basic infrastructure (the geological and exploration infrastructure), regulation and promotion, and boosting the private sector's role in exploration, development and utilization.

Phosphates

Morocco has three-quarters of the world's phosphate reserves. The exploitation, processing and marketing of phosphates are a State monopoly exercised by the OCP.

The OCP Group is a mining enterprise whose production focuses on exports. The OCP Group is the world's leading exporter of all types of phosphate; its share of the global market was around 27 per cent in 2001. Morocco's major export markets are the United States (2.4 million tonnes), Spain and Mexico (1.9 and 1.3 million tonnes respectively). It also exports by-products, namely commercial phosphoric acid (1.47 million tonnes) and solid fertilizer (2.45 million tonnes). Exploitation royalties for phosphates and energy costs have a significant impact on the competitiveness of the OCP's products.

In order to reinforce its global market share of phosphates and by-products, the OCP Group is seeking to increase its production and development potential and is pursuing its partnership strategy. Investment projects concern exploitation, development, transport, and the social sphere; projects are being carried out in cooperation with foreign firms. The OCP has partnerships with the Belgian company Prayon, the Pakistani group Al Noor Fertiliser Industries Limited (Anfil), the French company Grande paroisse, and the Indian group BIRLA.

Services - Communications & Audiovisual last updated on 2003-12-18

Morocco has embarked upon substantial reforms to liberalize telecommunications services since 1996. In 1997, Law No. 24-96 on postal and telecommunications services was enacted and, as a result, the Post and Telecommunications Board (ONPT) was divided into two bodies in 1998: Itissalat Al Maghrib (IAM) or Maroc Télécom S.A. for telecommunications, and Barid Aln Maghrib for postal services. The Law also established the National Telecommunications Regulation Agency (ANRT), a State body responsible for monitoring the liberalization of telecommunications services. It proposes ceiling rates for supplying universal services.

The TELECOM I programme, introduced on 27 May 1999, received joint financing from the World Bank and the ABD in 1999 in an amount of US\$200 million. The aim of the programme is to open up the supply of telecommunications services to competition, to support the drafting of a new legal and regulatory framework, to prepare the privatization of Maroc Télécom, and to extend access to telecommunications services to the most under-privileged sectors of the population. Following the introduction of this programme, a second private mobile telephone licence was granted (a GSM licence had been given to Méditel in August 1999 for an amount of DH10.6 billion) and value added services were liberalized.

In January 2001, 35 per cent of Maroc Télécom's capital was sold to Vivendi Universal for DH23.3 billion following an invitation to tender. It is planned to sell a further share of the capital. At present, Maroc Télécom is the only fixed telephony operator. On 24 April 2002, the ANRT issued an invitation to tender for the granting of a second fixed telephony licence, which should have ended Maroc Télécom's monopoly, but no offers were received before the deadline. A new buy-out proposal is planned but the share of the capital to be sold has not yet been determined.

Since March 2000, the mobile telephone market has been divided between two operators:

Maroc Télécom and Méditel.

ANRT has recently granted other licences, five for global mobile personal communications systems (GMPCS) (two in 1999 and three in 2002), three very-small aperture terminal (VSAT) licences in 2000, and three trunked private mobile radio (3RP) licences in 2002.

The TELECOM II Programme, introduced in August 2000 is intended to consolidate what has already been achieved and pursue the reforms initiated. These include the privatization of Maroc Télécom, improving competition in services and infrastructure, and increased use of information technology. In 2002, the IBRD granted a new loan amounting to US\$65 million for the programme in order to develop the information infrastructure. According to the authorities, the State does not grant any aid or financing to suppliers of telecommunications services.

Regarding the audiovisual sector, the adoption of a Decree-Law in 2002 ended the State's monopoly of the telecommunications infrastructure needed for broadcasting and television services (but not the State's monopoly of such services). A Dahir creating the High Audiovisual Communication Authority was also adopted in 2002. The latter's responsibilities include the following: to provide advisory opinions and legal expertise; to consider applications and grant authorizations for the establishment and operation of audiovisual communication stations; to ensure observance of the legislative and regulatory texts and the specifications; to administer the radio frequencies allotted to audiovisual communication services; to define and ensure respect for the division of air time during electoral campaigns; and to impose sanctions if the texts and/or the terms of the specifications are not observed.

Under the WTO's *General Agreement on Trade in Services*, Morocco undertook commitments on telecommunications services, which it completed when it took part in the latent negotiations on telecommunications services.

**Services -
Financial
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Banking

The banking system currently comprises 18 banks and 49 financial companies. There is strong financial concentration with three major banks accounting for 48 per cent of the aggregate status of bank accounts and five medium-sized companies with 39 per cent. There is a stock exchange in Casablanca.

In 1993, Morocco's banking system was substantially reformed with the enactment of the Dahir containing Law No. 1-93-147 of 6 July 1993 on the operations of loan establishments and their control. Other important changes took place in the meantime, namely, liberalization of interest rates, the lifting of credit restrictions, and the gradual elimination of compulsory jobs. The majority of prudential ratios were revised and new liberalization measures were adopted on foreign exchange and classification and origin of debts in arrears. Banks' own funds were strengthened as a result of the development of banking activities and requirements on solvency. Recourse to loan establishments remains the economy's main source of financing because enterprises only turn to capital markets to a limited extent.

Reform of the Moroccan People's Credit Bank, which comprises the Central People's Bank and regional people's banks, was initiated following the entry into force of Law No. 12-96, enacted by Dahir No. 1-00-70 of 17 October 2000. The reform provides, inter alia, for the transformation of the Central People's Bank into a public limited company with fixed capital and its opening up to private capital, as well as reinforcing the autonomy of regional people's banks.

The exercise of loan activities is subject to approval by the Minister for Finance, following a favourable opinion by the Loan Establishments Committee. Banks must have wholly paid up minimum capital (or allotment) of DH100 million; banks with their headquarters in Morocco must be established in the form of public limited companies with fixed capital. The

minimum capital required for financing companies varies (depending on the nature of the operations they are authorized to conduct) between DH100,000 and 20 million. Granting or refusal of approval is notified within a maximum of six months. Loan establishments must belong to one of the two professional associations (the Professional Group of Moroccan Banks (for banks) or the Professional Association of Financing Companies (for financing companies)).

Loan establishments must respect all the prudential rules issued by the monetary authorities, for example the liquidity ratio, solvency, and risk diversification. These rules appear to conform to the international standards established by the Basel Committee. The Minister for Finance (during the approval procedure) and Bank Al-Maghrib control the activities of loan establishments.

Under the GATS, Morocco reserved the right to limit foreign participation in the capital of large banking institutions in cases where the holding could lead to taking over control.

Insurance

Following the various mergers and buy-outs in the subsector since 1999, the Moroccan insurance market now comprises 18 companies (15 commercial companies and three mutual associations). They are grouped together within the Moroccan Federation of Insurance and Reinsurance Companies (FMSAR). The Insurance and Social Security Department in the Ministry of the Economy and Finance acts as the regulatory authority.

The regulatory framework was amended in 2002 by the adoption of the new Insurance Code. The following are some of the innovations: for the first time, mutual insurance associations are regulated; the Automobile Guarantee Fund has been reformed; regulation of life insurance; precise definition of the extent of the control exercised by the State; introduction of a solvency margin; and placing bankinsurance on an official basis.

Any change in majority holdings, any sale of more than 10 per cent of shares and any takeover exceeding 30 per cent of the capital stock of an insurance or reinsurance company requires the prior agreement of the Ministry of Finance. Approval of insurance and reinsurance companies is granted to companies governed by Moroccan law with their headquarters in Morocco (with capital stock of at least DH50 million), following the opinion of the Advisory Committee on Insurance. The principal criteria for approval of the creation of insurance companies are their technical and financial resources and their adjustment to the company's programme of activities; the good character and qualifications of the directors; how their capital is divided and the status of the shareholders. The Ministry responsible for finance is in charge of the approval procedure and no fees are payable.

The revised schedule of Morocco's commitments on financial services makes it obligatory for any insurer to have a head office in Morocco. Such services cannot be supplied by natural persons. All insurance companies must submit a reinsurance plan in accordance with the regulations in effect on insurance, reinsurance and foreign exchange, and subject to the transfer of operations to the Central Reinsurance Company. Commercial presence with a view to exercising reinsurance activities is not subject to any restrictions.

Services - Tourism and Travel

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Tourism plays a key role in Morocco's economy.

In view of tourism's importance, the Government is seeking to promote investment, for which benefits are available under the Investment Charter, the Hassan II Fund, the Finance Laws. A reduction in VAT for hotels is under consideration.

On 10 January 2001, a framework agreement was signed between the Government and the

General Confederation of Moroccan Enterprises (CGEM) reaffirming that tourism was a national priority and defining several objectives for the coming decade, including an increase in the number of tourists to 10 million by 2010. The implementation of these objectives has been codified in the Implementation Agreement signed on 29 October 2001, which constitutes the operational charter for the new tourism policy (called "Vision 2010"). The following are some of the measures taken to achieve the objectives: liberalization of land ownership and State participation in the cost of purchasing land (through the Hassan II Fund); tax exemptions and simplification; better training and a more professional approach in tourism-related occupations; facilitation of access to financing; increased resources for promoting tourism; restructuring of the Moroccan National Tourism Board (ONMT); availability of special financing for the renovation of hotels; liberalization of air transport; and the creation of a strategic steering committee. At the legal level, two decrees have recently been adopted on the classification of hotels and the status of tourist facilities; a new text regulating tourist transport, independently of the text on passenger transport, is under consideration.

Under the General Agreement on Trade in Services, Morocco undertook commitments covering restaurants and other tourism services. Under these commitments, travel agencies established outside Morocco must provide their services through agencies set up within Morocco; foreign (and Moroccan) agencies may not establish a commercial presence in Morocco without an operating licence. Tourist guides must be Moroccan nationals. Groups may, however, be accompanied by tour leaders.

**Textiles and
Leather
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Textiles and leather goods

The textiles, clothing and leather industries are the most important subsectors in Morocco's manufacturing sector.

The textiles and clothing subsector is composed of a textiles and knitted and crocheted articles branch and a clothing branch (almost exclusively for export). The EU is the principal export market. Subcontracting in this subsector (together with that in the leather industry) accounts for 62 per cent of total turnover and 98 per cent of the export turnover. Subcontracting enjoys privileges, for example, temporary entry for inward processing which allows raw materials to be imported with suspended duties and taxes.

In August 2002, the Government abolished the list of reference prices as a first step towards the lowering of trade barriers to products in the subsector. In 2001, a compulsory standard on the labelling of textile and clothing products was introduced in order to maintain the quality of textiles and clothing products and to give the consumer adequate information.

Before the initiation of the restructuring and rehabilitation of the subsector, the Moroccan Textile and Clothing Industries Association (AMITH) signed a framework agreement with the Government on 23 August 2002 for the period 2002-2010 and undertook commitments regarding production, employment and investment. The Government, for its part, undertook to promote investment through the Hassan II Fund for economic and social development, to establish a Fund for the Restructuring of the Textile Sector (FORTEX), and to lower the cost of production factors. The establishment of the free-trade area with the United States also raises hopes of a revival in the subsector.

The Moroccan leather industry encompasses activities as varied as tanning (particularly for the domestic market), leather goods, and the manufacture of leather garments and footwear (almost all of which go for export). Because of its importance, the Government has extended the benefits under the Hassan II Fund for economic and social development to this subsector in order to promote investment; it is also introducing several measures to promote the industry and enhance its competitiveness, for example, the establishment of a technical centre for the leather industry and a leather industry zone.

The local leather industry has faced difficulties in recent years in securing supplies of

hides and skins because of an international shortage due to diseases and epidemics and a substantial increase in foreign demand for Moroccan unfinished hides and skins. As a result, Morocco introduced an export licence for skins and leather of sheep, cattle, equine animals, and goats. This measure applies to all trade partners, including those with which Morocco has signed free-trade agreements. In October 2002, the licence was abolished for certain types of leather and skins (buff, patent or plastic-surfaced and metallized leather).

Customs tariffs on imports of textiles and leather currently range from 2.5 to 50 per cent, the average rate rising according to the level of processing (9.6 per cent for raw materials, 37.5 and 46.4 per cent for semi-processed and processed products respectively). Under the Association Agreement with the EU, as of March 2003 customs tariffs on a number of products will decrease by 10 per cent annually until they have been totally abolished.

[back to top](#)

TARIFFS AND DUTIES

Tariffs have been gradually reduced in recent years. The maximum tariff for most goods is 35 percent, although the range of tariffs is 2.5 percent to 300 percent, with the highest tariffs applied to cereals. Despite the downward trend, tariffs on some products have increased as quantitative restrictions were replaced with higher tariffs. For example, following the elimination of licensing requirements, tariffs on dairy products, cereals, vegetable oils and sugar have increased. There is also a 10 to 15 percent surtax on imports of most goods as well as a value added tax ranging from 0 to 20 percent. Tariffs on most industrial products imported from the European Union will be gradually eliminated once the Association Agreement is implemented, with a target date of 2010 for complete elimination.

[back to top](#)

NON TARIFF BARRIERS

Registration, Documentation, Customs Procedures

Customs procedures are simple and straightforward, but in practice they are sometimes marked by delays. The Customs Administration has launched a program to speed up the customs clearance process. Average processing time has fallen from several days to several hours. A commercial invoice is required, but no special invoice form is necessary. Certification as to country of origin of the goods is required.

Standards and Other Technical Requirements

The standards currently in force in Morocco are based on those of the ISO of which Morocco is a member, the French Standardisation Association (AFNOR) and the Codex Alimentarius of the WHO and FAO for foodstuffs. The technical standards relating to animals are based on the provisions of the zoosanitary code of the International Office of Epizootic. According to the authorities, no distinction is made between imports and local products. The application of Moroccan standards is mandatory in the clauses and specifications of Government contracts and contracts of an equivalent nature.

The Higher Interministerial Quality and Productivity Council lays down standardisation guidelines and gives its opinion on Moroccan draft standards with a view to their approval. Moroccan standards are generally drawn up by technical committees set up by the ministers responsible for the products concerned. These committees include representatives of Government agencies and interested private bodies.

The adaptation of these standards to Moroccan conditions is the responsibility of the Standardisation and Quality Promotion Directorate of the Ministry of Trade and Industry. The Moroccan Industrial Standardisation Service (SNIMA) of this Ministry is in charge of co-ordination and the printing, circulation and sale of the Moroccan standards catalogue.

Morocco began accreditation operations in the area of testing and certification in 1990.

Government Procurement

In Morocco, most purchases and civil works are arranged by the Ministry of Public Works which manages about 2 billion dirhams worth of Government procurement contracts relating principally to roads and hydraulic engineering works.

In terms of participation, a distinction is made between invitations for open and selective (four or five bids satisfying the technical standards are considered) competitive bidding and single tendering which, according to the authorities, is becoming increasingly rare. The contracts relating to 90-95% of the projects managed by the Ministry of Public Works were awarded on the basis of competitive bidding. Whether or not the bids are opened in public depends on the nature of the contract. The committee responsible for assessing the bids meets in closed session and decides on the basis of value, quality and references. The bids may be opened publicly if the administration considers it necessary, and this will then be mentioned in the notice of invitation to tender. The public session is a two-phase process : first, a list of bids received, or submitted during the proceedings is drawn up; then the list of approved bidders and the content of their bids are read out and the unsuccessful bids are returned.

Morocco has not signed the Tokyo Round Agreement on Government Procurement and has not yet indicated any intention of acceding to the plurilateral agreement that emerged from the Uruguay Round.

Pricing and Marketing Arrangements

The State regulates the prices of goods whose consumption is subsidised, monopoly goods and services, basic services (water, electricity, compulsory motor vehicle insurance, transport, school books) and social goods and services (pharmaceuticals). Maximum profit margins are also established for certain goods including pharmaceuticals. The Inter-Ministerial Price Commission, which consists of representatives of the administrations concerned, makes proposals concerning price regulation. The decisions are taken by the Ministry for Promotion of the Economy. Certain margins and tariffs for regional services are determined by the local authorities (governors) following consultation of a provincial commission.

Agriculture and Fisheries

Sanitary and phytosanitary measures

● 040050-Morocco- beef, meat and bone meal and tallow [2004-12-20]

Ban on import of beef, meat and bone meal, tallow, fats and greases due to BSE

- General statement on BSE to all Third Countries at the SPS Committee on 17/03/2004 in reaction on the statement of the USA
During the XXXI SPS Committee in October 2004 the Commission has given a general statement on BSE (Bovine Spongiform Encephalopathy). Some WTO members started to lift the ban due to BSE for some EU live ruminants and ruminant derived products (e.g.: China, New Zealand, Brazil, Philippines). The EC requested other WTO members to follow the same line and to respect guidelines as set up by international organizations (OIE).

Textiles and Leather

Quantitative Restrictions and Related Measures

● 020006-Minimum estimated values [2002-07-03]

Morocco still maintains minimum values for the valuation of customs duties for textile products.

RESTRICTIVE EXPORT MEASURES

Textiles and Leather

Export Prohibition and Other Quantitative Restrictions

● 020045-ban on the export of raw hides and skins [2003-10-29]

Raw hides and skins and "wet blue" of all categories are blocked by an administrative measure implemented by the Moroccan authorities (Decret 760-01 of 12 April 2001).

- A note was sent on 2 May 2002 to the ambassador of Morocco in Belgium requesting the lifting of the ban. No reply has been received so far. The Commission will continue to seize every opportunity to press for an appropriate solution to this problem.

[back to top](#)

INVESTMENT RELATED BARRIERS

With a view to promoting investment, especially foreign investment, the law limiting foreign holdings in Moroccan companies, known as the "Moroccanization" law, was abolished in September 1993, new banking regulations were adopted and a privatization programme was launched.

Foreign financing for joint ventures with Moroccan partners is now being encouraged; such investment could also help to finance the replacement of obsolete plant and equipment.

Direct Foreign Investment Limitations

Efforts to promote investment, and particularly foreign direct investment, in Morocco have aimed at improving investor confidence by opening up the economy and ensuring its stability. Various measures have been introduced in order to simplify procedures and offer both national and foreign investors a better environment. Liberalisation of the financial sectors has been accelerated, not only to improve the workings and competitiveness of the economy by reducing financial costs, but also to stimulate investment.

The reforms carried out since 1989 have helped to raise the share of private investment within total investment: 92% of new industrial investment is now being made by private investors. Moroccan investors account for 70% of total industrial investment, and foreigners for 22%.

The bulk of foreign investment in Morocco comes from the European Union, and particularly France and Great Britain which are among its major trading partners. EU institutions have helped to promote this investment in Morocco. Financial facilities are granted through the European Community Investment Partner for joint ventures (interest-free advances, financing of capital requirements for companies of which at least 10% of equity is held by EU enterprises, and loans for promotion and assistance purposes). The EU has also set up the Medinvest programme to promote a favourable environment for the development for the small and medium sized enterprises in Mediterranean countries, including Morocco.

Profit Repatriation Limits

Since September 1993, foreigners are allowed to freely invest in Morocco and transfer the income from their investment as well as the proceeds of the sale or liquidation of that investment. The investment concerned must be financed in foreign exchange (sale the foreign exchange to Bank Al-Maghrib, outgoings debited to a foreign-currency account) or by debiting an account in convertible dirhams. However, foreign investors (including Moroccan nationals abroad) have a deadline of six months, from the date when the investment operation was realised, to submit to the Exchange Office a report containing inter alia information on the investor responsible for the project, the sector of activity concerned and the amount and form of investment. Accounting and legal documents showing that the investment has actually been made are also required.

Morocco has ratified the Multilateral investment Guarantee Agency (MIGA) convention and also the Washington convention on the settlement of investment disputes. It also signed bilateral agreements for reciprocal promotion and protection of investments with a number of states. (Austria, Belgium, France,

Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom between the Member States of EU and other countries)

The privatisation programme under way since 1993 has borne out the government's resolve to have the State withdraw from economic activities; public investment is now focused on social and infrastructure projects.

The present system of investment incentives consist of specific texts governing investments in industry, mining, handicrafts, tourism and the maritime property sectors, as well as export-oriented trading activities, private education and professional training diplomas. According to the IMF (1995), the benefits provided by the investment codes vary according to the regions where the projects are located, the scale of the investment and the activity concerned. Morocco is divide into four geographical regions according to level of industrial development and promotion objectives. The codes encourage investment in the least developed regions. The prefecture of Casablanca-Anfa where most industrial enterprises are currently located, has the least advantages of all the areas. Polyvalent or highly capital-intensive industries and real estate speculation have thus been encouraged de facto. Over and above advantages such as tariff and tax exemptions and reductions, the World Bank (1995a) notes that these codes provided subsidies for the purchase of land and for employment. In the least developed area the State assumes 50% of the cost of land purchase for an industrial investment, while in another area this aid depends on the number of stable jobs created. All these codes provide tax breaks, but special treatment may be negotiated in the case of major investment.

Foreign-Exchange Measures

The dirham has gradually been made convertible for current transactions and foreign investment. This has encouraged the pursuit of the process of liberalisation of foreign exchange transactions. The regime currently in force enables economic operators freely to settle accounts relating to imports, exports, international transport, insurance and reinsurance, foreign technical assistance and tourism. However, the exporter is required to repatriate the proceeds of his sale within 150 days, although he may withhold some of the foreign exchange for his commercial requirements. Foreign trade is monitored through the documents made out by the operators for goods which are generally commercial in nature.

A new Banking Act was adopted in 1993. It is aimed at decompartmentalizing the banking sector and giving it a common legal framework, improving protection for savers and borrower and extending co-ordination between monetary authorities and credit institutions. similarly, precautionary measures have been taken to strengthen the banking system and to bring it upon international standards.

Pharmaceuticals **Direct Foreign Investment Limitations**

010022- *Establishment problems* [2002-09-13]

EU pharmaceutical companies operating in Morocco cannot own more than 49% of their capital as indirectly stipulated in article 9 of Dahir 1-59-367. This act as a brake on investment in Morocco for EU pharmaceutical companies.

[back to top](#)

IPR

Morocco has a relatively complete regulatory and legislative system for the protection of intellectual property, but strong enforcement is lacking. Morocco is a member of the World Trade Organization (WTO) and is expected to comply with its obligations under the Trade Related Aspects of Intellectual Property (TRIPs) Agreement. Morocco is also a member of the World Intellectual Property Organization and is a party to the Berne Convention for the protection of literary and artistic works (copyright), the Universal Copyright Convention, the Paris Convention for the protection of industrial property (patent and trademark), the Brussels Satellite Convention, and the Madrid Agreement Concerning the International Registration of Marks (as revised at Nice, 1957).

Copyright: The Moroccan Parliament is considering legislation that will increase protection for computer software. Morocco's new commercial courts recently ruled in Microsoft's favor in two cases against software pirates.

Patents: A quirk dating from the era of the French and Spanish protectorates requires patent applications for industrial property to be filed in both Casablanca and Tangier for complete protection.

Trademarks: Counterfeiting of clothing, luggage, and other consumer goods is illegal, but not uncommon. Counterfeiting is primarily for local sales rather than for export. Trademarks must be filed in both Casablanca and Tangier, although this too will be amended in the new law.

Other IPR Related Problems

010023- *Enforcement problems* [2003-03-31]

There is a lack of effective enforcement policy for intellectual property rights. The most recent law on IPR is the Moroccan law 17/97. However this law is not effectively being applied because there has been no implementing decree published specifying how the law should be enforced. Furthermore law 17/97 doesn't tackle the problem of protection of confidential data. Confidential data is an important issue for the pharmaceutical industry.

[back to top](#)

OTHERS

State Trading Enterprises

According to the available statistics, the portfolio of State holdings includes almost 700 enterprises and indirect holdings, i.e. held by public enterprise in the form of subsidiaries or sub-subsidiaries. The Moroccan legislation does not define a public enterprise, but it requires companies in which the State has more than one-third interest to be audited by the Audit Office.

In recent years, branches of activity over which certain State agencies and enterprises exercised a monopoly have been liberalised.

Nevertheless, some activities remain State monopolies. The National Port Authority (ODEP) has a monopoly on the management and operation of certain port services. BURAPRO imports oilseeds and crude oil. The National Transport Company (ONT), the National Railway Board (ONCF) and the National Airport Authority (ONDA) hold monopolies or exercise exclusive rights in their respective fields of activity. According to the authorities, a start has been made on liberalising these branches.