

# MOROCCO

## TRADE SUMMARY

The U.S. goods trade surplus with Morocco was \$1.3 billion in 2012, a decrease of \$502 million from 2011. U.S. goods exports in 2011 were \$2.3 billion, down 20.0 percent from the previous year. Corresponding U.S. imports from Morocco were \$933 million, down 6.3 percent. Morocco is currently the 57th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Morocco was \$350 million in 2011 (latest data available), down from \$445 million in 2010.

## The United States–Morocco Free Trade Agreement

The United States-Morocco Free Trade Agreement (FTA) entered into force on January 1, 2006. Duties on 95 percent of bilateral trade in industrial and consumer goods were eliminated upon entry into force, with duties on other such goods phased out in stages over the subsequent 10 years, *i.e.*, by January 1, 2016. Some sensitive agricultural products have longer periods for duty elimination or are subject to other provisions, such as tariff-rate quotas (TRQs). In addition to provisions which grant key U.S. export sectors immediate duty-free access to the Moroccan market, the FTA includes commitments for increased regulatory transparency and the protection of intellectual property rights. Through assistance programs, the United States continues to provide Morocco targeted technical assistance supporting FTA compliance and Moroccan regulatory reform.

## IMPORT POLICIES

Morocco has undertaken liberalizing reforms as a member of the WTO and as a party to several bilateral free trade agreements. Under the United States-Morocco FTA, goods of key U.S. sectors, such as information technology, machinery, construction equipment, chemicals, wheat, and textiles, enjoy either duty-free or preferential duty treatment when entering Morocco.

In order further to facilitate the flow of trade, the United States and Morocco concluded negotiation of a trade facilitation agreement in December 2012. The agreement includes new commitments reflecting practices developed since the FTA was signed in 2004, such as the submission of information before goods arrive and the electronic payments of duties, taxes and fees. The Parties expect to sign the agreement in early 2013.

## Agriculture

The FTA allows preferential access to Morocco for U.S. durum and common wheat exports through two TRQs. The Moroccan government's administration of these wheat TRQs, however, has led to difficulties for U.S. producers attempting to benefit from the preferential access provided under the FTA. The U.S. Government is continuing its efforts to improve access for U.S. wheat producers.

## GOVERNMENT PROCUREMENT

The FTA requires the use of fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures for covered procurement. Under the FTA, U.S. suppliers are permitted to bid on procurements for most Moroccan central government entities, as well as

procurements for the vast majority of Moroccan regional and municipal governments, on the same basis as Moroccan suppliers. However, the 45-day and 90-day timeframes given to foreign companies to respond to government tenders are often too short, guidance for bidders issued by procuring entities is often vague, and channels for distributing information are limited to local newspapers and circulars sent to foreign embassies.

Morocco is not a signatory to the WTO Agreement on Government Procurement.

## **SERVICES BARRIERS**

Although U.S. companies in principle enjoy the same treatment in Morocco's insurance market as their Moroccan counterparts, the policies and practices of Morocco's insurance regulatory body have effectively prevented U.S. insurance companies from introducing competing products. In practice, the regulatory body is only likely to approve applications that bring new products or "added value" to the sector. Applications must first be reviewed by a Consultative Committee composed principally of other companies active in the sector. While this committee's recommendations are not binding, the Ministry of Economy and Finance generally has followed its advice when considering applications.

In 2012, the United States and Morocco endorsed two sets of voluntary joint principles that are designed to facilitate trade in services and investment: Trade Principles for Information and Communication Technology Services and Principles for International Investment.

## **INTELLECTUAL PROPERTY RIGHTS PROTECTION**

Morocco has enacted legislation to enhance protection for trademarks, copyrights, patents, and undisclosed pharmaceutical and agricultural chemical test data. This legislation includes provisions concerning disputes regarding Internet domain names, strong anti-circumvention provisions to prohibit tampering with technologies designed to protect copyrighted content, and specific protections for temporary copies, which are critical in the digital environment. The Moroccan Copyright Office has reported that Morocco's capacity to detect and address Internet-based intellectual property rights (IPR) violations is insufficient.

Morocco is a signatory to the Anti-Counterfeiting Trade Agreement (ACTA), which is awaiting ratification by the Moroccan parliament. The ACTA establishes an international framework that will assist parties in their efforts to effectively combat the infringement of IPR, in particular the proliferation of counterfeiting and piracy, which undermines legitimate trade and the sustainable development of the world economy.

## **OTHER BARRIERS**

The greatest obstacles to trade in Morocco are irregularities in government procedures, lack of transparency in the operation of governmental and judicial bureaucracies, inefficient transport systems, and corruption among junior-level officials. Morocco's cumbersome tax and employment regimes, property registration, and investor protections also impede business. Although the government is working to liberalize the business environment and improve the efficiency of government operations related to business, foreign corporations still complain that these negative factors can limit their access to the Moroccan market.

U.S. companies report that the absence of a viable credit reporting agency in Morocco presents a serious hurdle in vetting potential partners and thus constitutes a significant barrier to trade.