

Interim Environmental Review

United States - Morocco Free Trade Agreement

Office of the U.S. Trade Representative

September 2003

EXECUTIVE SUMMARY

Pursuant to authority delegated by the President in Executive Orders 13277 and 13141 and relevant Guidelines for conducting environmental reviews, the United States Trade Representative (USTR) submits this Interim Environmental Review of the prospective United States-Morocco Free Trade Agreement (FTA).

On October 1, 2002, in accordance with section 2104(a)(1) of the Trade Act, the U.S. Trade Representative, Ambassador Robert B. Zoellick, notified the Congress of the President's intent to enter into negotiations for a free trade agreement with Morocco. The formal launch of negotiations took place on January 21, 2003. The two governments are seeking to conclude the negotiations by the end of 2003.

Following the guidelines for environmental reviews (65 Fed. Reg. 79,442), this Interim Review examines possible environmental effects that may be associated with the FTA. In determining the scope of this review the Administration solicited public comments through a *Federal Register* notice (67 Fed. Reg. 70,476) and sought the advice of all agencies with relevant expertise. In preparing the Interim Review, the Administration relied on the expertise of these agencies, as well as a variety of other sources of information, including published reports.

The Interim Review provides provisional conclusions and identifies areas for continued attention in the course of the ongoing negotiations. The Administration welcomes public comment on the interim review, including these preliminary determinations:

- Based on existing patterns of trade and investment and changes likely to result from provisions of the FTA, the impact of the FTA on total U.S. production appears likely to be very small. As a result, the FTA is not expected to have significant direct effects on the U.S. environment.
- Based on an analysis of comparable provisions of previous FTAs, the U.S.-Morocco FTA is not expected to have a negative impact on the ability of U.S. government authorities to enforce or maintain U.S. environmental laws or regulations.
- As compared to its effect in the United States, the FTA is expected to have relatively greater effects on the economy of Morocco. Changes in exports may be relatively small, however, because exports to the United States already face low or zero tariffs.
- The FTA may have positive environmental consequences in Morocco by reinforcing efforts to effectively enforce environmental laws, accelerating economic growth and development through trade and investment and disseminating environmentally beneficial technologies.
- The FTA provides a context for reinforcing and extending existing cooperation activities to address both trade-related and other environmental issues.

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I. LEGAL AND POLICY FRAMEWORK

A. The Trade Act of 2002

The Trade Act establishes a number of negotiating objectives and other priorities relating to the environment. As relevant here, the Trade Act contains three sets of requirements: overall trade negotiating objectives; principal trade negotiating objectives; and promotion of certain priorities, including associated requirements to report to Congress.

Overall environment-related trade negotiating objectives include:

- (1) to ensure that trade and environmental policies are mutually supportive and to seek to protect and preserve the environment and enhance the international means of doing so, while optimizing the use of the world's resources (section 2102(a)(5)); and
- (2) to seek provisions in trade agreements under which parties to those agreements strive to ensure that they do not weaken or reduce the protections afforded in domestic environmental and labor laws as an encouragement for trade (section 2102(a)(7)).

In addition, the Trade Act establishes the following environment-related principal trade negotiating objectives:

- (1) ensuring that a party to a trade agreement does not fail to effectively enforce its environmental laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the parties, while recognizing a party's right to exercise discretion with respect to investigatory, prosecutorial, regulatory and compliance matters and to prioritize allocation of resources for environmental law enforcement (sections 2102(b)(11)(A)&(B));
- (2) strengthening the capacity of U.S. trading partners to protect the environment through the promotion of sustainable development (section 2102(b)(11)(D));
- (3) reducing or eliminating government practices or policies that unduly threaten sustainable development (section 2102(b)(11)(E));
- (4) seeking market access, through the elimination of tariffs and nontariff barriers, for U.S. environmental technologies, goods and services (section 2102(b)(11)(F)); and
- (5) ensuring that environmental, health, or safety policies and practices of parties to trade agreements with the United States do not arbitrarily or unjustifiably discriminate against U.S. exports or serve as disguised barriers to trade (section 2102(b)(11)(G)).

The Trade Act also provides for the promotion of certain environment-related priorities and associated reporting requirements, including:

- (1) seeking to establish consultative mechanisms among parties to trade agreements to strengthen the capacity of U.S. trading partners to develop and implement standards for the protection of the environment and human health based on sound science and reporting to the Committee on Ways and Means and the Committee on Finance (“Committees”) on the control and operation of such mechanisms (section 2102(c)(3));
- (2) conducting environmental reviews of future trade and investment agreements consistent with Executive Order 13141 and its relevant guidelines and reporting to the Committees on the results of such reviews (section 2102(c)(4)); and
- (3) continuing to promote consideration of multilateral environmental agreements and consult with parties to such agreements regarding the consistency of any such agreement that includes trade measures with existing exceptions under Article XX of the GATT 1994 (section 2102(c)(10)).

B. The Environmental Review Process

The framework for conducting environmental reviews of trade agreements under the Trade Act is provided by Executive Order 13141, *Environmental Review of Trade Agreements* (64 Fed. Reg. 63,169) and the Guidelines for Implementation of Executive Order 13141 (65 Fed. Reg. 79,442). The Order and Guidelines are available on USTR’s website at <http://www.ustr.gov/environment/environmental.shtml>.

The purpose of environmental reviews is to ensure that policymakers and the public are informed about reasonably foreseeable environmental impacts of trade agreements (both positive and negative), to identify complementarities between trade and environmental objectives and to help shape appropriate responses if environmental impacts are identified. Section 5(b) of Executive Order 13141 provides that as a general matter, the focus of environmental reviews will be impacts in the United States, “but [a]s appropriate and prudent, reviews may also examine global and transboundary impacts.” Reviews are intended to be one tool, among others, for integrating environmental information and analysis into the fluid, dynamic process of trade negotiations. USTR and the Council on Environmental Quality jointly oversee implementation of the Order and Guidelines. USTR, through the Trade Policy Staff Committee (TPSC), is responsible for conducting the individual reviews.

The environmental review process provides opportunities for public involvement, including an early and open process for determining the scope of the environmental review (“scoping”). Through the scoping process, potentially significant issues are identified for in-depth analysis,

while issues that are less significant or that have been adequately addressed in earlier reviews are eliminated from detailed study.

The Guidelines recognize that the approach adopted in individual reviews will vary from case to case, given the wide variety of trade agreements and negotiating timetables. Generally, however, reviews address two types of questions: (1) the extent to which positive and negative environmental impacts may flow from economic changes estimated to result from the prospective agreement; and (2) the extent to which proposed agreement provisions may affect U.S. environmental laws and regulations (including, as appropriate, the ability of state, local and tribal authorities to regulate with respect to environmental matters).

II. BACKGROUND

A. Economy and Environment in Morocco

Morocco is a lower-middle-income developing country and an emerging market at the crossroads of Europe, Africa and the Middle East. Morocco is also at a crossroads of political and economic transformation. The modern era of political adjustment began in the late 1980s and now spans a dozen governments and two kings. Morocco has amended its constitution, and in 2002 held national elections which are widely regarded as the most free and fair in the country's history. The Moroccan constitution provides for a monarchy with an elected Parliament and an independent judiciary.

Morocco's friendship with the United States is also historic; Morocco was the first country to recognize the independence of the United States of America in 1777, and more recently, was one of the first countries to condemn the September 11 terrorist attacks against the United States. The Free Trade Agreement will serve as an additional demonstration of this continuing friendship.

People and Geography

Morocco is a country of about 30 million people, predominantly Muslim, located in Northern Africa. Morocco borders the North Atlantic Ocean and the Mediterranean Sea, between Algeria and Western Sahara. Morocco has a land area of 446,300 square kilometers (slightly larger than California), including a coastline of 1,835 km. Approximately 20 percent of the land is arable. The northern coast and interior of the country are mountainous with large areas of bordering plateaus, intermontane valleys and rich coastal plains. The climate is Mediterranean.

Economy

In 2002, Morocco's gross domestic product (GDP) was \$37.3 billion (approximately \$1,200 per capita). Services account for more than half of GDP (53 percent in 2002). Agriculture continues

to be an important component of GDP (16 percent in 2002), but is highly variable as a consequence of periodic droughts. Trade is important to Morocco's economy: exports of goods and services accounted for 30 percent of GDP in 2002 (about \$11 billion), although Morocco is a net importer of both goods and services. Manufactures account for more than half of goods exports. Morocco's trade has historically focused on European markets. The European Union (EU) provided nearly 55 percent of Morocco's imports and took in nearly 67 percent of Morocco's exports in 2002.

Morocco has initiated significant economic reforms in recent years. The most promising reforms have generally focused on increased transparency across economic sectors. However, Morocco continues to face economic challenges characteristic of developing countries: sustaining economic growth consistent with a growing population and labor force, while at the same time restraining government spending. Following structural adjustment programs supported by the International Monetary Fund, World Bank and the Paris Club, Morocco's currency (the dirham) is now fully convertible for current account transactions, and reforms of the financial sector have been implemented.

Civil Society

Concurrent with economic liberalization, Morocco is moving ahead with significant political reforms. The recent Parliamentary elections represent a significant step forward in Morocco's further democratization.

These reforms are supportive of a more open society in Morocco, where the presence of civil society organizations have expanded and matured rapidly. Moroccan non-governmental organizations (NGOs) and local development associations have gained greater competence and confidence over the past few years. NGOs emerged in response to the process of political opening, focusing initially on development concerns. These groups mobilize resources and initiate activities in fields such as public education. In recent years, increasing numbers of Moroccan NGOs have focused on environmental issues.

Morocco's Environment

Morocco faces environmental challenges common to many developing countries experiencing economic growth: pressure on natural resources and the environment that are the consequence of population growth, urbanization, limited funds available for natural resource management and a nascent legal and regulatory framework for environmental protection. Nevertheless, Morocco has demonstrated a commitment to address its environmental challenges.

Attention to environmental issues has increased markedly in recent years. Since the 1980's, Morocco has developed and started to implement action plans and programs to protect its environment. Most of the early programs were very general and addressed primarily water

management issues. Morocco is currently in the process of updating its environmental regulatory regime through development of additional and more detailed environmental legislation.

In 1992, Morocco developed a National Action Plan for the Environment (PANE). Created with the support of the United Nations Development Program (UNDP) and the UN Fund for Population, the goal of PANE is to design tangible, concrete actions that reflect the objectives stated in Morocco's national environmental strategy and ensure their continuing development. The PANE is structured around seven broad priorities that reflect Morocco's environmental needs: 1) Protection and sustainable management of water resources, 2) Protection and sustainable management of soil resources, 3) Air protection and promotion of renewable energies, 4) Protection and sustainable management of natural surroundings, 5) Prevention of natural disasters and major technological risks, 6) Improving urban and urban-related areas and 7) Environmental management and communication.¹

In 1995, the Moroccan government reorganized its environmental protection and regulatory agencies, which had previously been dispersed, into one central entity - the Ministry of Regional Development, Urbanism, Habitat and the Environment. Within the Ministry, the Department of Environment is responsible for the coordination of environmental activities and for implementation of the national environmental strategy, including drafting of Morocco's environmental laws and regulations. Among the Department's priorities is establishing a regulatory framework for the protection of Morocco's environment.² In addition to the Department of Environment, several other ministries now include special offices concerned with environment matters, including the Ministries of Agriculture, Fisheries and the Interior. Morocco also created a National Environment Council, chaired by the Prime Minister, where all ministries are represented.

In January 2003, the Moroccan Parliament approved three important environmental laws: a general, framework law on environmental protection; a law requiring environmental impact assessments; and an air pollution law. These laws have entered into force and implementing decrees are expected to be issued later this year. A bill concerning waste management and disposal practices is awaiting passage in the Moroccan Parliament. There are also a number of additional laws under development within the Department of Environment, including laws concerning management of coastal zones.

Although Morocco has demonstrated an increasing commitment to environmental protection and sustainable development, it still faces major environmental challenges. The quality and quantity of water present challenges for the country, which experiences recurring and severe droughts. Water pollution is a nationwide problem and, in addition to the health risks, creates social,

¹ For further information see: <http://www.minenv.gov.ma> and www.undp.org/capacity21/arabstates/morocco.html

² An inventory of Morocco's environment-related laws and regulations (in French) can be found at <http://www.minenv.gov.ma>.

environmental and economic problems. To address water issues, Morocco enacted (in 1995) and is implementing a water law, which is much more detailed and prescriptive than prior water-related measures. The law creates nine river basin agencies to manage water at the local level and regulates water use in an integrated manner. Water quality norms were also established. In addition, air pollution, resulting primarily from fossil fuel emissions, poses health and environmental risks, particularly in and around the industrial centers. The recently passed air pollution law is expected to help address this problem. Land degradation, caused by a variety of factors including overgrazing, destruction of vegetation and unsustainable farming practices, also is an environmental concern and results in loss of biodiversity as well as soil erosion.

Morocco has only begun to address seriously its environmental challenges and will need to continue to develop its environmental regulatory regime in order meet the many goals that it has set out for itself in PANE. Morocco faces resource constraints in its implementation, but the high-level commitment on the part of the Moroccan Government, including the personal commitment of King Mohammed VI, bodes well for Morocco's environmental future. The inclusion of environment-related commitments as an integral part of the FTA is expected to increase awareness of environmental issues in Morocco and help support Morocco's environmental development priorities.

B. U.S.-Morocco Trade

Two-way trade between Morocco and the United States totaled \$958 million in 2002.³ U.S. exports to Morocco totaled \$565 million in 2002. The United States enjoyed a trade surplus with Morocco of \$173 million in 2002, a reversal of a \$152 million trade deficit in 2001. Agricultural products (including cereals, grains and oilseeds) account for a large share of U.S. exports - 22 percent – in 2002. Aircraft exports can also be sizable, but vary from year to year.

Notable U.S. export sectors in 2002 (two-digit HTS) include: cereals (\$50 million); oilseeds and grains (\$37million); and electrical machinery and parts (\$18 million). All of these sectors stand to benefit from the FTA. At present, U.S. products entering Morocco face an average tariff of more than 20 percent, while Moroccan products entering the United States are subject to an average tariff of 4 percent. The FTA will create duty-free treatment for Moroccan and U.S. goods alike and is expected to facilitate increased trade.

As noted earlier, compared to Morocco-EU trade, Morocco-U.S. trade is relatively small (currently about 3 percent of Morocco's total exports) and for most products shows considerable variation from year to year. In terms of total U.S. trade, Morocco barely accounts for 1 percent of U.S. goods imports and exports.

³ Detailed trade statistics are available from the U.S. Department of Commerce at <http://www.ita.doc.gov/td/industry/otea>

In 2002, the five largest categories of U.S. imports from Morocco (two-digit HTS) were: electrical machinery (\$119 million); salt, sulfur, earth and stone (\$85 million); apparel (\$75 million); and preserved foods (\$23 million). Given that U.S. tariffs are already relatively low, and Morocco already benefits from special tariff treatment for many items through the Generalized System of Preferences, U.S. imports are not expected to change significantly as a result of the FTA.

U.S. foreign direct investment (FDI) in Morocco was reported to be \$269 million in 2002, a 0.4% increase from 2001. Morocco and the United States currently have a bilateral investment treaty in force. An investment chapter in the FTA is expected to build on that relationship.

C. U.S. Objectives in the Free Trade Agreement

President Bush and King Mohammed VI announced their shared goal of negotiating a bilateral free trade agreement in April 2002, building on a 1995 Trade and Investment Framework Agreement. On October 1, 2002, in accordance with section 2104(a)(1) of the Trade Act, the U.S. Trade Representative, Ambassador Robert B. Zoellick, notified the Congress of the President's intent to pursue an FTA with Morocco. Many members of Congress expressed support for such an agreement.

The FTA will, among other things, eliminate duties and other barriers to bilateral trade in goods, liberalize trade in services and provide for heightened protection and enforcement of intellectual property rights. The FTA will also strengthen U.S. economic and political ties to the region, complementing the U.S.-Israel and U.S.-Jordan FTAs and leading the way for additional trade agreements with key U.S. allies in the region. Trade liberalization with Morocco will support the Administration's commitment to promote more tolerant, open and prosperous Muslim societies.

An FTA will facilitate increased U.S. exports to Morocco and to North and West Africa, for which Morocco serves as a trade hub. The FTA is expected to address the comparative disadvantage for U.S. exporters resulting from implementation of Morocco's association agreement with the European Union, which provides preferential tariff treatment for most EU industrial and some agricultural exports to Morocco. A U.S.-Morocco FTA will support the significant economic and political reforms underway in Morocco, enhance the Moroccan government's efforts to attract new trade and investment and promote sustainable development and a more open society. The FTA will also foster economic growth and increase living standards while reinforcing democracy and rule of law in the region. Specific U.S. objectives for negotiations with Morocco, as identified in the U.S. Trade Representative's letter to the Congress on initiation of negotiations, are as follows:

§ *Trade in Goods:*

Seek to eliminate tariffs and other duties and charges on trade between Morocco and the United States on the broadest possible basis, subject to reasonable adjustment periods for import-sensitive products.

Pursue favorable staging of tariff elimination and other market access commitments that improve the competitive position of U.S. goods vis-à-vis the European Union, which already has an association agreement with Morocco.

Seek to have Morocco join the WTO Information Technology Agreement.

Seek to eliminate Morocco's non-tariff barriers to U.S. exports, including licensing barriers, restrictive administration of tariff-rate quotas, unjustified trade restrictions that affect new U.S. technologies and other trade restrictive measures that U.S. exporters identify.

Seek to have the Moroccan government reform its policies in the agricultural sector, particularly with respect to the grains market.

Seek to eliminate Moroccan government practices that adversely affect U.S. exports of perishable or cyclical agricultural products, while improving U.S. import relief mechanisms as appropriate.

Pursue a mechanism with Morocco that will support achieving the U.S. objective in the WTO negotiations of eliminating all export subsidies on agricultural products, while maintaining the right to provide *bona fide* food aid and preserving U.S. agricultural market development and export credit programs.

Pursue fully reciprocal access to the Moroccan market for U.S. textile and apparel products.

§ *Customs Matters, Rules of Origin and Enforcement Cooperation:*

Seek rules to require that Morocco's customs operations are conducted with transparency, efficiency and predictability and that customs laws, regulations, decisions and rulings are not applied in a manner that would create unwarranted procedural obstacles to international trade.

Seek rules of origin, procedures for applying these rules, and provisions to address circumvention matters that will ensure that preferential duty rates under the FTA with Morocco apply only to goods eligible to receive such treatment, without creating unnecessary obstacles to trade.

Seek terms for cooperative efforts with the Moroccan government regarding enforcement of customs and related issues, including trade in textiles and apparel.

\$ *Sanitary and Phytosanitary (SPS) Measures:*

Seek to have Morocco reaffirm its WTO commitments on SPS measures and eliminate any unjustified SPS restrictions.

Seek to strengthen collaboration with Morocco in implementing the WTO SPS Agreement and to enhance cooperation with Morocco in relevant international bodies on developing international SPS standards, guidelines and recommendations.

\$ *Technical Barriers to Trade (TBT):*

Seek to have Morocco reaffirm its WTO TBT commitments and eliminate any unjustified TBT measures.

Seek to strengthen collaboration with Morocco on implementation of the WTO TBT Agreement and create a procedure for exchanging information with Morocco on TBT-related issues.

\$ *Intellectual Property Rights:*

Seek to establish standards to be applied in Morocco that build on the foundations established in the WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPs Agreement) and other international intellectual property agreements, such as the World Intellectual Property Organization Copyright Treaty and Performances and Phonograms Treaty and the Patent Cooperation Treaty.

In areas such as patent protection and protection of undisclosed information, seek to have Morocco apply levels of protection and practices more in line with U.S. law and practices, including appropriate flexibility.

Seek to strengthen Morocco's procedures to enforce intellectual property rights, such as by ensuring that Moroccan authorities seize suspected pirated and counterfeit goods, equipment used to make such goods or to transmit pirated goods and documentary

evidence. Seek to strengthen measures in Morocco that provide for compensation of right holders for infringements of intellectual property rights and to provide for criminal penalties under Moroccan law that are sufficient to have a deterrent effect on piracy and counterfeiting.

\$ *Trade in Services:*

Pursue disciplines to address discriminatory and other barriers to trade in Morocco's services markets. Pursue a comprehensive approach to market access, including any necessary improvements in access to the telecommunications, financial services, energy and other sectors.

Seek improved transparency and predictability of Moroccan regulatory procedures, specialized disciplines for financial services and additional disciplines for telecommunication services and other sectors as necessary.

Seek appropriate provisions to ensure that Morocco will facilitate the temporary entry of U.S. business persons into its territory, while ensuring that any commitments by the United States are limited to temporary entry provisions and do not require any changes to U.S. laws and regulations relating to permanent immigration and permanent employment rights.

\$ *Investment:*

Seek provisions that will help improve Morocco's investment climate, building upon Moroccan investment reforms to date.

Seek to establish rules that reduce or eliminate artificial or trade-distorting barriers to U.S. investment in Morocco, while ensuring that Moroccan investors in the United States are not accorded greater substantive rights with respect to investment protections than U.S. investors in the United States, and to secure for U.S. investors in Morocco important rights comparable to those that would be available under U.S. legal principles and practice.

Seek to ensure that U.S. investors receive treatment as favorable as that accorded to domestic or other foreign investors in Morocco and to address unjustified barriers to the establishment and operation of U.S. investments in Morocco. Provide procedures to resolve disputes between U.S. investors and the government of Morocco that are in keeping with the trade promotion authority goals of being expeditious, fair and transparent.

\$ *Electronic Commerce:*

Seek to affirm that Morocco will allow goods and services to be delivered electronically and seek to ensure that Morocco does not apply customs duties to digital products or unjustifiably discriminate among products delivered electronically.

\$ *Government Procurement:*

Seek to establish rules requiring government procurement procedures and practices in Morocco to be fair, transparent and predictable for suppliers of U.S. goods and services who seek to do business with the Moroccan government.

Seek to expand access for U.S. goods and services to Morocco's government procurement market.

\$ *Transparency/Anti-Corruption/Regulatory Reform:*

Seek to make Morocco's administration of its trade regime more transparent, and pursue rules that will permit timely and meaningful public comment before Morocco adopts trade-related regulations and other measures.

Seek to ensure that Morocco applies high standards prohibiting corrupt practices affecting international trade and enforces such prohibitions.

\$ *Trade Remedies:*

Provide a bilateral safeguard mechanism during the transition period.

Make no changes in U.S. antidumping and countervailing duty laws.

\$ *Environment:*

Seek to promote trade and environment policies that are mutually supportive.

Seek an appropriate commitment by Morocco to the effective enforcement of its environmental laws.

Establish that Morocco will strive to ensure that it will not, as an encouragement for trade, weaken or reduce the protections provided for in its environmental laws.

Help Morocco strengthen its capacity to protect the environment through the promotion of sustainable development, such as by establishing consultative mechanisms.

\$ *Labor, including Child Labor:*

Seek an appropriate commitment by Morocco to the effective enforcement of its labor laws.

Establish that Morocco will strive to ensure that it will not, as an encouragement for trade, weaken or reduce the protections provided for in its labor laws.

Establish procedures for consultations and cooperative activities with Morocco to strengthen its capacity to promote respect for core labor standards, including compliance with ILO Convention 182 on the worst forms of child labor, building on technical assistance programs administered by the U.S. Department of Labor.

\$ *State-to-State Dispute Settlement:*

Encourage the early identification and settlement of disputes through consultation.

Seek to establish fair, transparent, timely and effective procedures to settle disputes arising under the agreement.

In addition, the FTA will take into account other legitimate U.S. objectives including, but not limited to, the protection of the environment, health or safety, essential security and consumer interests.

Finally, the FTA will establish a Joint Committee that will supervise the implementation of the agreement and review the overall bilateral trade relationship. The Joint Committee will also have a role in settling any disputes that might arise under the FTA.

III. SCOPE OF THE ENVIRONMENTAL REVIEW

To determine the scope of this review, the Administration sought the advice and input of the public; USTR's advisory committee on trade and environment issues, the Trade and Environment Policy Committee (TEPAC); and input from environmental, trade and investment experts within federal agencies. In addition to providing guidance on the scope of the environmental review, any information, analysis, and insights available from these sources are being taken into account throughout the negotiating process and are considered in developing U.S. negotiating positions. As envisaged by the Guidelines, environmental reviews are an ongoing process to examine environmental issues and inform the negotiating process. This document describes the results of this process at this interim stage.

Section III.A below describes the process used to solicit comments and advice on the scope of the environmental review. Section III.B discusses the possible direct impacts of the FTA on the environment in the United States resulting from prospective changes in the U.S. economy. Section III.C describes transboundary and global environmental issues that were examined. Although possible domestic impacts are the primary concern of this environmental review, global and transboundary impacts are considered as appropriate and prudent.⁴ Section III.C describes possible indirect effects on the U.S. environment resulting from the FTA's economic effects in Morocco. Section III.D considers the extent to which the FTA might affect U.S. environmental laws, regulations, policies and/or international commitments.

A. Public Comments

In a *Federal Register* notice dated November 22, 2002 (67 FR 70,476), USTR, through the interagency Trade Policy Staff Committee (TPSC), initiated this environmental review of the proposed FTA between the United States and Morocco. The *Federal Register* notice requested written comments from the public on what should be included in the scope of the environmental review, including the potential environmental effects that might flow from the free trade agreement and the potential implications for U.S. environmental laws and regulations. The notice also invited public views on appropriate methodologies and sources of data for conducting the review. No public comments have been received to date.

The Trade and Environment Policy Advisory Committee (TEPAC) provides broad-scale advice on trade and trade policy, including approaches to conducting environmental reviews and enhancing public participation in the process. To date, the TEPAC has not provided specific comments to USTR on the environmental review of the proposed U.S.-Morocco FTA.

B. Potential Economically-driven Environmental Impacts of the U.S.-Morocco FTA

Consistent with EO 13141 and its Guidelines, the primary task of this review is to identify the possible environmental effects of the proposed FTA on the United States. Based on existing patterns of trade and investment, the small size of the Moroccan economy and changes in U.S. trade likely to result from provisions of the FTA, the impact of the FTA on total U.S. production through changes in U.S. exports appears likely to be very small. Therefore, it appears unlikely that there will be any significant economically-driven environmental effects in the United States as a result of the U.S.-Morocco FTA. The Administration welcomes public comments on this preliminary determination of *de minimus* environmental impacts.

C. Transboundary and Global Issues

The guidelines for environmental reviews encourage consideration, as appropriate, of potential transboundary and global environmental consequences that may flow from the prospective trade

⁴ See section I.B, above.

agreement. In examining these issues, the Administration took into consideration a number of factors, including the relatively significant geographic distance between the United States and Morocco, the lack of shared border with Morocco, and the *de minimus* anticipated environmental effects of the FTA in the United States.

While the environmental impacts of expected economic changes in the United States attributable to the FTA are expected to be minimal, the Administration examined a variety of environmental issues with potential global and transboundary impacts in determining the scope of this review. The issues examined were provisionally identified through an open-ended scoping process among agencies with environment, trade and economic expertise. Topics were subsequently eliminated from further and more detailed analysis where there was no identifiable link to the FTA. The Administration has not been able to identify any possible significant transboundary or global effects of the FTA. However, the following issues warranted detailed consideration based on direct links to trade between the United States and Morocco, possible indirect effects on the U.S. environment, and environmental outcomes (both positive and negative) that could be addressed in the context of the FTA.

1. Economically-driven Environmental Effects in Morocco

Morocco is in the process of conducting its own environmental review of the FTA. While the results of that review are not available at this time, the Administration expects that the review will examine possible changes in Morocco's economy and environment as a result of the FTA.

As compared to its effect in the United States, the FTA is expected to have relatively greater effects on the economy of Morocco. Changes in exports may be relatively small, however, because exports to the United States already face low or zero tariffs. The FTA's investment provisions could contribute to increased production through U.S. investment in Morocco, although this is difficult to predict and analyze given the complex mix of considerations that shape investment decisions.

The FTA may have positive environmental consequences in Morocco by reinforcing efforts to effectively enforce environmental laws, accelerating economic growth and development through increased trade and investment and disseminating environmentally beneficial technologies. The FTA provides a context for reinforcing and extending existing cooperation activities to address both trade-related and other environmental issues.

Implementation of the FTA could also positively affect Morocco's environment through FTA provisions requiring each country to effectively enforce its environmental laws, ensure that its environmental laws and policies provide for high levels of environmental protection, and not to weaken environmental laws to attract trade and investment.

2. Fisheries

Morocco is a low-cost, competitive producer of sardines, anchovies and cephalopods, with abundant stocks of these fish in its territorial waters. Morocco is a major exporter of sardines to the United States, most of which already enter the United States duty-free. Therefore, the proposed FTA is not expected to significantly affect this trade. As a relatively high-cost fish and seafood producer, the United States exports very little fish and seafood to Morocco. This situation is unlikely to change as a result of the FTA. Based on these patterns of trade and relative stock abundance of sardines, anchovies and other fisheries in which Morocco is competitive, the FTA is not expected to have any significant, economically-driven environmental effects on U.S. or Moroccan fisheries.

The Administration also examined the possible effects of the FTA on highly migratory species of fish, such as tuna. Overfishing of these species in the Moroccan exclusive economic zone (EEZ) could have an impact on the quantity and quality of the global stock of these fish, thereby affecting the United States. The Moroccan fisheries industry is regulated by the Morocco Fisheries Agency (ONP), which has plans to revamp the industry by embarking on a modernization program for its fleet. The FTA will not inhibit this effort and may provide an impetus, for example through enhanced environmental cooperation. Such a modernization program can yield environmental benefits to the extent that it is accompanied by sustainable fisheries management policies. In this context, Morocco and the United States are parties to the International Convention for the Conservation of Atlantic Tuna (ICCAT), which binds parties to catch limits based on scientific management plans. Also, through commitments to effectively enforce environmental laws and increased environmental cooperation, the FTA is expected to reinforce such efforts. However, the FTA is not expected to have any significant, economically-driven environmental effects on migratory species of fish based on the fact that most fish, including tuna, enter the United States duty-free. The Administration welcomes public comments on this preliminary determination.

3. Wildlife Trade and CITES

There is relatively little trade between the United States and Morocco in wild flora and fauna. For the most recent years for which data are available (1998-2001), there were no commercial imports by the United States of species native to Morocco and listed on appendices of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES). U.S. commercial exports and re-exports to Morocco of CITES-listed species totaled less than \$100,000 in declared value (comprised exclusively of birds-of-prey for the falconry trade). Over the same period, non-commercial trade between the United States and Morocco in CITES-listed species consisted of a pair of pet parrots.⁵

Trade between Morocco and the United States in wild plants and animals that are not regulated

⁵ U.S. Fish and Wildlife Service data.

under CITES also is small. Over the period 1998-2001, the declared value of wild plant and animal products imported by the United States from Morocco was less than \$12,000. U.S. exports and re-exports of wild plants and animals consisted of a small number of scientific samples going to Morocco.⁶

There have been a few, apparently isolated cases of illegal wildlife trade detected between Morocco and the United States. All cases on record for CITES-listed species involve relatively small numbers of specimens (most of which were ivory carvings or leather products) and appear to be either seizures from tourists returning to the United States or illegal commercial activity. These seizures were a combination of commercial and non-commercial shipments, totaling a few thousand dollars in value.⁷

Both Morocco and the United States are parties to CITES. In the United States, the Endangered Species Act (ESA) and related regulations implement CITES, which is not a self executing treaty. The ESA protects both native and foreign species that are designated by the United States as either endangered or threatened. ESA protections for species found outside U.S. jurisdictions are the same as protections for species found inside the United States, but application of the ESA may be limited by limits on U.S. jurisdiction.

Although Morocco ratified CITES in 1975, it has been classified as a "Category 3" country under the CITES National Legislation Project. Category 3 includes countries whose CITES implementing legislation "meets some requirements for CITES implementation, while additional legislation is needed in many areas." Under requirements adopted by the CITES Standing Committee at its 46th meeting (March 2002; Geneva), the CITES Secretariat has advised Morocco that it should take steps to adopt adequate legislation by 31 December 2003 or further measures (which may include restrictions on commercial trade in specimens of CITES-listed species) could be required.⁸

Generally, U.S. tariffs on wild plants and animals are already low; as a consequence, it appears unlikely that the FTA will lead to an increase in this trade. The United States addresses concerns related to CITES-regulated species and effective implementation of CITES within the framework of CITES and through cooperation between the U.S. CITES Management Authority (the U.S. Fish and Wildlife Service) and the Moroccan Management Authority. Nevertheless, the FTA can provide opportunities to reinforce such efforts through proposed commitments to effectively enforce environmental laws and to ensure that environmental laws provide for high levels of

⁶ *Op. Cit.*

⁷The existence of more substantial levels of illegal wildlife trade is possible; examples of studies providing information on Moroccan wildlife trade, including illegal trade are: A.C. Highfield and J.R. Bayley, "The Trade in Tortoise-derived Souvenir Products in Morocco" (available at: <http://www.tortoisetrust.org/articles/banjo.html>) and WWF/TRAFFIC, Switching Channels: Wildlife Trade Routes into Europe and the UK (available at <http://www.wwf-uk.org/filelibrary/pdf/switchingchannels.pdf>).

⁸ See SC49 Doc. 18 (April 2003), available at <http://www.cites.org>, for additional information. Morocco is among more than 50 countries that did not meet a 31 May 2002 deadline for submission of a CITES Legislation Plan.

environmental protection, as well as through additional environmental cooperation activities. The Administration welcomes public comments on these preliminary conclusions.

4. Environmental Goods and Services

Environmental goods and services can improve quality of life and economic well-being, enhance economic efficiency and foster environmentally sound business practices by helping control and mitigate air, water and soil pollution. This broad sector includes goods and services related to: water and wastewater treatment; air pollution control; solid waste management; consulting; engineering and other related services; and hazardous and medical waste management.

U.S. trade with Morocco in environmental goods is currently small. In 2002, total U.S. exports of environmental goods to Morocco were approximately \$4.6 million, and Moroccan exports to the United States were below \$450,000 during the same period. While the majority of environmental technologies enter the United States duty-free, Morocco has inconsistent tariffs on these products, reaching 35 percent in some sectors and above 50 percent after the value-added tax and local taxes. FTA provisions to phase-out tariff and non-tariff barriers can be expected to facilitate increased U.S. exports of environmental goods. Because U.S. trade barriers affecting these goods are already low, little change is expected in U.S. imports.

Environmental services include sewage, refuse disposal, cleaning of exhaust gases, noise abatement, nature and landscape protection and sanitation and similar services. Consistent with its commitments under the General Agreement on Trade in Services (GATS), the United States already provides comprehensive market access in key environmental service sectors. The FTA is unlikely to have any substantial impact on imports of environmental services by the United States.

Morocco is also a party to the GATS and has committed to national treatment for environmental services provided through all modes of supply. Morocco has also committed not to restrict market access for environmental services delivered through a commercial presence in its territory. However, Morocco has not made commitments on market access for other modes of environmental service supply, namely cross-border supply, consumption of services outside Morocco, or presence of natural persons in Morocco. Based on the expectation that Morocco's services-related commitments in the FTA will be more comprehensive than those under GATS, the FTA may lead to increased imports of U.S. environmental services by Morocco. Therefore, the FTA may contribute to improvements in the environment of Morocco. The Administration welcomes public comments on this preliminary determination.

5. Tourism

Tourism has the potential to create opportunities for sustainable development as well as to introduce new environmental stresses. Tourism is an integral element of Morocco's efforts to

diversify and strengthen its economic base. The Moroccan government has outlined an ambitious plan to increase its tourism sector, with the primary goal of bringing 10 million tourists to Morocco annually by 2010. The strategy focuses on aggressive promotion of Morocco as a tourist destination, as well as investment in tourism-related infrastructure, such as hotels and air transport. Currently, Morocco averages about two million visitors per year. Morocco's tourism industry accounts for 17 percent of total GDP; revenue from tourism was \$2.15 billion in 2002. The tourism sector can also help to boost the economy by generating new jobs.

The most significant tourism-related threats to the environment include land development (affecting terrestrial and especially coastal ecosystems), pressure on marine resources and habitats, air pollution, water pollution and solid waste disposal. Coastal development contributes to soil erosion, land degradation and loss of wildlife habitats and water demand for hotels and swimming pools adds pressure on limited supplies of fresh water. Further threats to wildlife result from souvenir trade.⁹

At the same time, Morocco's environment is an important factor in attracting tourists to the region and thus justification and motivation for conservation. Miles of beaches (on both the Mediterranean and Atlantic coasts), the Atlas Mountains and Morocco's imperial cities attract the majority of visitors to Morocco. However, Morocco has just begun to tap into the fastest growing component of world tourism – eco/adventure tourism.

While eco-tourism activities can cause degradation of marine ecosystems through physical damage, pollution and commercial harvesting for sale to tourists, eco-tourism can also contribute to environmental conservation and preservation as well as economic development. If eco-tourism is implemented correctly, it can minimize the negative impact on the environment and improve the awareness of the unique ecological attributes of the country. In addition to increasing interest in eco-tourism, the concept of sustainable tourism is attracting the attention of both the private sector and the Moroccan government.

To date, we have not identified any significant governmental restrictions on the provision by U.S. firms of tourism services in Morocco, and therefore are not aware of potential direct impacts of the FTA on the tourism sector in Morocco.¹⁰ The FTA's investment provisions could lead to increased investments in the tourism sector in Morocco, although this is difficult to predict and analyze given the complex mix of considerations that shape such business decisions. The negotiation of the FTA may provide opportunities, however, to build on existing cooperative activities to encourage tourism development that is consistent with protection of cultural and

⁹ Tourist souvenirs (e.g., fire bellows and stringed instruments) made from endangered species, including CITES-listed species, are sold in Moroccan souks (markets). This commercial activity may have significant, detrimental impacts on local populations. Although undeclared importation of these items to the United States and European Community is illegal, there is evidence that this trade exists. See for example, A.C. Highfield and J.R. Bayley (*Loc.cit.*).

¹⁰ The FTA is not expected to have any impact on tourism services in the United States because the U.S. market for such services is already open.

natural resources. (See Annex II for more information on cooperative activities in the tourism area.)

D. POTENTIAL REGULATORY IMPACTS

Consistent with Executive Order 13141 and the Guidelines, this review includes consideration of the extent to which the FTA might affect U.S. environmental laws, regulations, policies and/or international commitments. FTA negotiators are aware of the need to preserve the U.S. government's ability to maintain strong environmental laws and regulations and an effective process for enforcing them. As the FTA negotiations proceed, negotiators will continue to ensure that this important objective is met.

FTA obligations related to investment, services, sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT) can have particular significance for domestic regulatory practices concerning the environment, health and safety. Previous environmental reviews, including the preliminary and final reviews for Jordan, Chile and Singapore FTAs, have considered potential impacts on the U.S. regulatory regime of these obligations in all of these areas and have found that the respective trade agreements were not anticipated to negatively affect U.S. legal or regulatory authority or practices. Further, in all cases, the reviews noted the potentially positive impact that the FTAs could have on the U.S. environmental regulatory regime as a result of FTA commitments to effectively enforce U.S. environmental laws, not to weaken U.S. environmental laws to attract trade or investment and to ensure that U.S. environmental laws and policies provide for high levels of environmental protection.

Based on this previous analysis and assuming that the core obligations in these areas will be similar to those undertaken in prior FTAs,¹¹ the Administration does not expect that the U.S.-Morocco FTA will have a negative impact on the ability of U.S. government authorities to enforce or maintain U.S. environmental laws or regulations. We welcome comments on this preliminary determination.

For a more in depth analysis of the core FTA commitments and their potential regulatory impacts in the United States, please see the preliminary and final reviews for Jordan, Chile and Singapore FTAs at <http://www.ustr.gov/environment/environmental.shtml>.

IV. ENVIRONMENTAL COOPERATION

The Trade Act establishes that a principal negotiating objective of the United States is to strengthen the capacity of our trading partners to protect the environment through the promotion of sustainable development. In addition, the Trade Act instructs negotiators to seek to establish consultative mechanisms among parties to trade agreements to strengthen the capacity of U.S.

¹¹ Texts of the prior agreements are available at: <http://www.ustr.gov>.

trading partners to develop and implement standards for the protection of the environment and human health based on sound science. Environmental cooperation is expected to be an important complement to the environmental provisions of the FTA.

Morocco and the United States plan to establish a cooperative action plan through a Joint Statement on Environmental Cooperation, which is currently under discussion. The TPSC invites public comment on specific ideas for environmental cooperation to inform these discussions.

The FTA is expected to promote bilateral cooperation to strengthen Morocco's capacity to develop, implement and enforce environmental laws and regulations. The United States (through the United States Agency for International Development and the Environmental Protection Agency) is working with Morocco's Department of the Environment to develop training programs on environmental compliance and enforcement. Additional cooperative work is intended to improve Morocco's capacity to conduct environmental assessments of major industrial projects and environmental inspections.

A shared objective of both governments in these cooperative efforts is to increase active participation by citizens and non-governmental organizations. The decentralization and strengthening of local governance in areas such as water management are approaches promoted by an interagency Working Group of the U.S. Embassy in Rabat focused on democracy and governance.

The two governments currently engage in other environment-related cooperation. For example, the U.S. Department of Energy and Morocco's Ministry of Industry, Commerce, Energy and Mines signed a Memorandum of Understanding in 2002 to promote the development and use of clean energy sources, such as solar power or windmills. The U.S. Department of Agriculture's Drought Mitigation Center in Morocco provides assistance in water management. The U.S. Trade and Development Agency has provided grants for several environment-related projects, such as training and construction of a solid waste landfill and feasibility studies for water desalination plants.

Recent cooperation between the United States and Morocco has addressed a variety of key environmental concerns identified in this review, including the critical issue of water management. The two governments are working together to establish a model water management agency in the Souss-Massa River Basin, where more than half of Morocco's exported fruits and vegetables are produced and shipped. A council of national, regional and local government authorities, together with representatives of private sector interests, NGOs and citizens' groups, will direct this agency. By enabling local people to make decisions on the use of a scarce resource, the agency could become a model public-private partnership for water management. The agency will take on the important job of regulating river basin management, wastewater treatment and industrial pollution.

In preparation for the FTA negotiations, the U.S. government (through funding from USAID) brought Moroccan government officials and representatives from Moroccan NGOs to Washington, DC for a study tour in October 2002. The purpose of the study tour was to introduce Moroccan experts to the U.S. environmental regulatory regime and to discuss the links between trade and environment, including as addressed in the Trade Act. The Moroccan delegation met with Congressional offices, U.S. government agencies and local think tanks and NGOs. The study tour was useful in building relationships between U.S. and Moroccan negotiators and in preparing for the FTA negotiations. The study tour has greatly facilitated negotiations of the FTA's environment provisions, as well as bilateral discussions concerning environment-related capacity building.

ANNEX I—International Environment-Related Agreements to which Morocco is a Party¹²

Convention for the Protection of the Mediterranean Sea against Pollution (1980)

Convention for the Protection of the Ozone Layer (1985)

Montreal Protocol on Substances that Deplete the Ozone Layer with Annexes (1987)

Geneva Convention for Reducing Nitrogen and Sulphur Oxide Waste (1979)

Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1995)

Convention on Biodiversity (1995)

United Nations Framework Convention on Climate Change (1996)

United Nations Convention to Combat Desertification (1997)

Convention on International Trade in Endangered Species of Wild Fauna and Flora (1975)

Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter with Annexes

International Commission for the Conservation of Atlantic Tunas (1969)

Protocol of 1978 relating to the International Convention for the Prevention of Pollution from Ships

Ramsar Convention on Wetlands (1980)

International Convention for the Prevention of Pollution of the Sea by Oil

International Whaling Convention

¹²The date of Morocco's accession is in parenthesis.

ANNEX II—Selected Recent Environmental Cooperation Activities with Morocco

This annex provides examples of recent and ongoing environmental cooperation activities between agencies of the U.S. Government and Morocco. Although illustrative of the number and variety of cooperative activities, the list is not exhaustive. Further information on these activities is available from the relevant agencies.

A. U.S. Agency for International Development

In the last several years USAID has financed several environmental activities in Morocco, most notably:

Souss-Massa Integrated Water Management (SIWM)

By helping to establish a River Basin Agency (RBA) in the Souss-Massa region, the SIWM Project supports decentralization, economic development and improved environmental quality. The RBA's broad-based management council will enable local decision-making on the use and availability of a scarce resource that affects people's everyday lives. To help make the Souss-Massa RBA operational, USAID is financing technical assistance and training and is funding pilot activities in irrigation efficiency, wastewater treatment and reuse, erosion control, pollution prevention, coastal zone management and other improved practices of water management. All pilot activities are defined and developed according to the priorities of the RBA. A study tour to the United States will enable Moroccan partners to observe successful integrated water management practices that may be useful models for the Souss-Massa. By the end of the SIWM project, the Souss-Massa River Basin Agency will be entirely managed and funded within the region.

Water Resources Sustainability (WRS)

The Water Resources Sustainability project aims to improve Morocco's water resource management in the agricultural, urban and industrial sectors by introducing policies, technologies, new water management processes and expanded community participation. Key components focus on pilot and demonstration activities and on water resources management in three areas:

- A municipal liquid waste treatment plant in Drarga, near Agadir, to treat municipal sewage and recycle treated water for irrigation.
- A chromium treatment and recycling plant in Fez to reduce pollution from tanneries.

Soil erosion control in the Nakhla watershed near Tetouan. The project will help improve watershed management through improved policy development, technology selection and application, as well as public participation.

Water Protection and Management (WPM)

The WPM project's main objective is to expand and disseminate the successful results achieved under WRS. The project's activities are under-taken in two regions: The Nakhla Watershed and the Souss-Mass watershed.

- In the first site, the project expands the soil erosion and conservation activities to the entire watershed.
- In the Souss-Massa region, WPM is implementing three pilot activities: soil and water conservation, industrial pollution control and municipal wastewater treatment.

Urban Environmental Credit Program and Urban Environmental Services (UES)

The Urban Infrastructure, Land Development and Financing Program seeks to provide access to affordable shelter for low-income households. One purpose of the program is to increase the capability of the National Shelter Upgrading Agency (ANHI) and the Municipal Finance Bank (FEC) to improve urban environmental infrastructure and shelter in Moroccan cities. Loan guarantees of \$100 million, as well as grant funding, has helped ANHI and the FEC move toward self-sufficiency. Another purpose is to strengthen the capacity of selected municipalities to collaborate to provide shelter and a better quality of life for poor families.

Urban environmental protection will be emphasized throughout the program. Physical improvements such as connecting households to potable water and sewerage systems will be combined with efforts to raise awareness with a view to finding ways to minimize social, financial and institutional problems related to the use and distribution of environmental infrastructure in urban areas.

Tadla Resources Management (TRM)

The goals of the Tadla Resources Management (TRM) project were to increase the efficiency, economic yield and environmental sustainability of irrigated areas of Morocco's Tadla Basin. These goals have been achieved through an integrated program of technology transfer, research and demonstration, institutional and private sector strengthening and policy analysis. The project improved irrigation system management and on-farm water control, and will serve as a model for other major irrigated areas. The project ultimately seeks to ensure the long-term competitiveness and environmental sustainability of Moroccan irrigated agriculture.

Over the past five years the TRM project has introduced innovations such as laser leveling to improve water control, integrated pest management to reduce the use of chemical insecticides, water conservation through electronic surveillance and Geographic Information Service (GIS) and use of private associations through which farmers manage their own water supplies.

Rural Tourism

In 2003, a USAID contractor (Chemonics International) began to implement a \$3.1 million

program to support local public and private organizations in developing and marketing dozens of new rural tourism packages to complement existing beach and cultural destinations. Three circuits have been selected (southern High Atlas Mountains, Mid-Atlas Mountains and Northern Rif Mountains) for development and marketing in the 2004 tourist season. All new tourism packages will respect and reflect the principles and criteria for eco-tourism and sustainable tourism development, including such principles as conservation and management of natural resources and protected areas and preservation of local and traditional culture.

B. Environmental Protection Agency

In October 2003, the U.S. Environmental Protection Agency, in cooperation with USAID, will initiate a program in Morocco to enhance Morocco's capacity to protect the environment through the development of laws and other environmental policies and programs. The program will include seminars and training courses to discuss elements of effective environmental regimes, including enforcement. EPA will also provide information regarding the use of environmental impact assessments and economic incentives to help achieve environmental objectives.

C. Department of Energy

In June 2002, the United States Department of Energy and the Moroccan Ministry of Industry, Commerce, Energy and Mines signed an agreement (a Memorandum of Understanding) to promote development of "clean" energy sources. Morocco's National Office of Electricity (ONE) is considering expanding the use of hydroelectric pumped storage (i.e., the 230-MW Afourir project in the Azilal region south of Rabat), solar power (widely used in many remote, rural areas of the country) and wind power parks (including a 140-MW windfarm at Tangier, a 50-MW farm near Tetouan and a 60-MW facility at Tarfaya). Morocco has also expressed interest in nuclear power for desalination and other purposes, and in September 2001 signed an agreement with the United States establishing the legal basis for construction of a 2-MW research reactor just east of Rabat.

D. Trade and Development Agency

U.S. TDA funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. Over the last several years, TDA has supported several environment-related projects in Morocco and the north African region:

Fez Controlled Landfill \$100,000 - Grant to the Communauté Urbaine de la Wilaya de Fez for training related to the selection of Edgeboro International/Sadat International for a landfill concession.

Fez Solid Waste Management \$100,000 - Grant to the Communauté Urbaine de Fez for training activities on the construction and operation of the Fez controlled landfill.

Azzemour Wastewater Treatment \$200,000 - Grant to the Office National de l'Eau Potable for a feasibility study of a wastewater treatment and reuse project in the city of Azzemour.

Bou Regreg Ozonation Facility \$400,000 - Grant to the Office National de l'Eau Potable for a feasibility study on the development of an ozonation facility at Bou Regreg.

GIS and Information Technology \$399,880 - Grant to the Office National de Recherches et d'Exploitations Pétrolières for a feasibility study on a proposed geographic information system and information technology project.

Casablanca Solid Waste \$350,000 - Grant to La Région du Grand Casablanca for a study on a proposed solid waste management concession.

Desalination \$250,000 - Grant to the Office Cherifien des Phosphates for desalination and cogeneration project at its Jorf Lasfar location.