

**Press Conference**  
**U.S. Trade Representative Robert B. Zoellick and**  
**Moroccan Minister-delegate of Foreign Affairs and Cooperation Taib Fassi-Fihri**  
**Washington, DC, March 2, 2004**

**Zoellick:** Well I would like to welcome all of you here and I'm glad you're a good distance away so you won't catch my virus. (laughter) I want to thank all of you for coming.

President Bush and King Mohammed have spoken on a number of occasions about the very close friendship that the United States and Morocco have built over the years. It's a friendship with a very long history that began more than two centuries ago, in 1777, when Morocco was the very first nation to recognize the sovereignty of a newly independent United States. The Treaty of Peace and Friendship between the U.S. and Morocco, negotiated in 1787, is the longest unbroken treaty relationship in U.S. history.

So I want to begin by expressing on behalf of all my colleagues our deepest sympathies to the people of Morocco for the suffering and destruction of the recent earthquakes. Because at a time of trial, we want to be a good partner and a good friend.

But also, therefore, I'm especially pleased today to be here with my colleague, Minister Fassi-Fihri, to announce an important milestone in the long history of friendship between our countries: because we have successfully concluded a Free Trade Agreement between Morocco and the United States.

Now, when our two leaders met at the White House in April of 2002, they spoke of Morocco's cooperation and support in the war on terrorism, but also Morocco's regional leadership in courageously standing for tolerance, economic reform and democracy.

Our leaders, and also our countries, share a vision -- that free trade will strengthen our friendship by promoting growth, development, prosperity, and security.

I've had a chance to witness Morocco's impressive political and economic reforms when I visited the country some two years ago that helped us begin on the trail that led to today. I was encouraged to come by my close friend and former colleague, Amb. Margaret Tutwiler, who I'm very pleased could be here with us today. This is definitely her accomplishment, too.

Today, after just over a year of hard work, I think we have achieved a win-win agreement. This comprehensive free trade agreement will open markets but also help promote economic reforms. We believe it sends a powerful signal to the rest of the Middle East and North Africa that the United States is firmly committed to supporting tolerant, open, and more prosperous Muslim societies.

I hope that other developing nations in the Middle East and North Africa will help review the terms of this agreement; because perhaps it can be a model for how others advance their economic, trade, and investment relationships with the United States.

Last year, President Bush outlined his vision to create a Middle East Free Trade Area by the year 2013. His initiative offers a pathway for nations in the region to expand and deepen their trade relationships with the United States, through approaches that are tailored with the readiness and levels of economic development of individual countries.

For some -- such as Saudi Arabia, Lebanon, Algeria, and Yemen -- that means first working to get them to be members of the World Trade Organization. But to also help our countries move along a path of reform with stronger bilateral ties, we are trying to build a series of Trade and Investment Framework Agreements or TIFAs. And indeed we have signed TIFAs last month with Kuwait and Yemen, and we already have TIFAs in place with Algeria, Egypt, Tunisia, and Saudi Arabia. And indeed in the coming weeks, I am also planning to sign TIFAs with the United Arab Emirates and Qatar, as well. So we are starting to get some momentum here.

For those that are most committed to openness, we will negotiate bilateral free trade agreements and that's what we've done today with Morocco. We are also beginning the process of negotiating an FTA with Bahrain and indeed the negotiators are here this very week. And so we look forward to these countries joining with our other FTA partners already in the region, Israel and Jordan.

Indeed, we believe that this agreement with Morocco is an important milestone in the President's free trade initiative to try to develop a trade, growth, and development strategy for the region. Our existing FTAs with Israel and Jordan have already provided concrete results, creating hope and economic opportunity.

This agreement with Morocco establishes very high standards of excellence we hope that will help set a tone for continued expansion with Morocco, through the Maghreb and also then in Bahrain, with the countries in the Persian Gulf.

So it's very important to see our agreement with Morocco not just as a single announcement, but as a vital step towards creating a mosaic of U.S. free trade agreements across the Middle East and North Africa.

For the United States, the FTA with Morocco opens an \$11 billion import market, with a population of some 31 million people, in a country that stands at the crossroads of Europe, North Africa and the Middle East.

More than 95 percent of U.S. consumer and industrial goods products trade will enter Morocco duty-free on Day One of this agreement. This is the best market opening package of any U.S. Free Trade Agreement with any developing country. It will create new export opportunities for

American goods and services in key sectors, such as information technologies, construction equipment, machinery, chemicals, and many more.

In doing so, it helps us level the playing field for America's producers of consumer and industrial goods because they currently face an average tariff rate in Morocco of about 20 percent, and that compares to an average trade weighted average in the United States of about under 2 percent.

The agreement covers all agricultural products and will open Morocco's market to U.S. farm products. Poultry, beef and wheat will benefit from greater access under tariff-rate quotas and frankly this will help U.S. farmers and ranchers get a new tool to compete against Canada and the EU in Morocco's markets. Tariffs on corn, sorghum, and soybeans will also be cut significantly or eliminated immediately, allowing U.S. exporters to respond to Morocco's growing interest in feed ingredients. And processed foods, nuts, and horticultural products will gain significant new market access.

At the same time we try to deal sensitively with Morocco's special needs with its small farmers. Because we believe we can protect the social stability that is important for Morocco at the same time we expand markets for American products. The United States will phase-out all agricultural tariffs under the agreement, most in fifteen years. An agricultural safeguard will be available in the event of significant price decreases for certain horticultural products.

In addition to eliminating tariffs, the FTA includes commitments to open the Moroccan services sector to American businesses, including significant new opportunities for U.S. companies in telecommunications, computer and related services, tourism, energy, transport, financial services, insurance, entertainment, and others.

In the area of Intellectual Property Rights, we've negotiated a very strong set of protections that build on the provisions of the Chile and Singapore FTAs, and at the same time they in no way undermine Morocco's ability to use the provisions that were developed as part of the WTO to deal with problems of HIV-AIDS or other academics (pandemics) under the Access to Medicines provisions.

We've negotiated some very gold-standard provisions on investment, e-commerce, and increased transparency in government regulation, procurement and customs administration. It will buttress Morocco's efforts on environmental protection and labor through a commitment to fully enforce domestic labor laws. And I point out in the course of the negotiation Morocco actually developed a new labor law that will come into effect this year. Transparency and anti-corruption provisions agreed to in this agreement will also help focus on a more open and predictable business environment.

Now to help Morocco meet these commitments, the U.S. will refocus some of its foreign assistance aid including not only from the State Department, EPA and AID but also from the Department of Labor to provide additional technical assistance. We will also work closely with

the private sector in Morocco and in the United States to fully realize the trade and investment benefits that should come from the agreement. Because we believe that one of the real benefits of this agreement will be to create a business and investment climate in Morocco that will lead to increased prosperity, economic growth and good paying jobs.

Now, as we celebrate today's accomplishment, I want to thank in particular my friend and colleague Minister Fassi-Fihri and their entire negotiating team for their very hard work. The Minister had a very challenging task. I know he had to spend a lot of time going back to Morocco to explain some of the complexities of this agreement, but time after time, with good spirit and creativity and hard work and intelligence, he proved to be a first class partner. I want to also thank Ambassador Mekouar (MEH-kwar) who could join us today because he's done an excellent job in our country of trying to explain the changes taking place in Morocco in terms of economic and political reform.

I also want to thank Cathy Novelli, the chief negotiator, and her deputy, Doug Bell, who really do most of the work in these agreements. They sort of bring me in at the end of the process. I give them a little guidance along the way and her commitment to not only this agreement but fulfilling the President's vision for the Middle East is something I have deep respect for. She leads an inter-agency team, as many of you know, and I just want to thank all of them because we have 10, 12 different agencies at the table to make this work. And one of our most sensitive topics was obviously agriculture. And I want to thank Al Johnson and his deputy Mary Latimer. Frankly they were the ones working all this weekend to make this happen while I was at home trying to recover from a little illness. But all these people spend a lot of time away from home from their families trying to be creative and come up with something of service to their country.

But I tell you we don't let grass grow under people's feet. Tomorrow Cathy, after a full night's rest, will get to proceed with our next round of negotiations with Bahrain. I hope others will soon follow. And I just want to share with you that I have really been struck over the past year in the effort to move towards the TIFA's explains how there is a wind of change in that region. I hope this agreement can help spread the seeds of liberty and economic reform

Of course, all of you who know my friend, Under Secretary, formerly Ambassador, Margaret Tutwiler, recognize it was her vision and leadership that actually made this agreement a reality. And sometime I hope to find out when I talk to Taib who she prodded more -- me or the Moroccans! But right now that's a secret.

I'm sorry that I couldn't name everyone personally. We've had more than 100 negotiators from both countries through these eight rounds of talks in Washington, Rabat, Geneva and videoconference. And the quality of this agreement is a testament to the quality of those people.

And yet our work is not finished. After the President formally notifies Congress of our intent to enter into this free trade agreement, we will be consulting closely with Congress to explain the many benefits and how this agreement fits into our larger strategy for development, opportunity,

liberty, in the Middle East. It's our hope to be able to release the full draft text of this agreement to the public as soon as possible. We're aiming for the end of the month.

And I'm also glad I can see in the audience we've got some people here from the U.S.-Moroccan Business Coalition, because they are going to play a key role in terms of promoting this agreement and building awareness throughout the country and with Congress about the benefits.

But again, for us, we think this is important because it does two things at once. It builds a very strong relationship with a long time partner and friend, the kingdom of Morocco. But it also serves a larger aim: because together, the United States and Morocco can show many others throughout the Middle East, the power of free trade to try to support democracy, promote prosperity, and build a more tolerant, stable and peaceful world. Thank you.

**Minister Fassi-Fihri:** Thank you very much, Bob. Ladies and gentleman let me say first how I appreciate to be here today, to announce with my colleague and friend, Bob Zoellick, the conclusion of the FTA. Let me also say in how I appreciate the presence of Ambassador Tutwiler and Ambassador Bill Burns as they express their support, they always express their support, political support, for the FTA. And if I may, let me just add, some words in French and I apologize for that.

As Ambassador Zoellick mentioned, we have concluded our free trade agreement, as his Majesty Mohammed VI and President George Bush, wanted to do starting in April 2002 and therefore after 13 months of nonstop negotiations. Negotiations that have never been interrupted and concluded by this very last round of negotiations. And the negotiations, of course, were carried out in a very favorable, understanding atmosphere, all along everybody understand each other and everytime we face difficulties, everytime that the interest of one party clashed with the sensitivities of the other party, we have endeavored to find creative solutions, compromise solutions and solutions that were good for both parties. We have reached therefore this very comprehensive agreement, a balanced agreement, an agreement that is a very promising for the future, because it will open and create opportunities. It will promote free trade and investment among the two countries. For the US economy the agreement not only creates some opportunities, but it will offer new immediate results, for some of the sectors, that my friend Bob, mentioned. Especially for cereals or grain in the United States, will recover and also go beyond the place that they had in our market, the same going for beef and poultry. This agreement is also very good in the area of services in general, and I would like to mention here, that it is with the United States, our American partner, that we have for the first time in the history of our country, that we have started negotiations in the area of services, financial services, other services, IPR, e-commerce and also an agreement that includes social clauses, and something with the environment. So it's on the basis of this experience that we have developed with you, that lead to these new opportunities for your commercial operators and that is where we decided we would go along, with this agreement. The conclusion of this agreement justify the political willingness of both countries, to make each other economic partners and to contribute both countries to the

world economy, especially in the area of the Middle East and North Africa. And this agreement is therefore for, that agreement, an example, it's a model of free trade, we have reached it. And it will be from now on a model for the other countries of the region of the Maghreb or the Middle East in general. And this happened, because you trusted us. You trusted us in the reforms that we had undertaken the, opening up of our economy, our process of democratization, you trusted us for all this. And this model has allowed us to conclude this agreement with you and we hope that the same thing will happen in all the countries of the region, in the Middle East and North Africa, allowing them to enter into similar agreements with you.

This agreement is good for your economic operators, for goods and services, who will be able to reach the Moroccan market and also markets of other countries eventually. And for our country this agreement is proof of the trust that you have placed on us in economic reforms and all other reforms that we have undertaken to improve the business climate in Morocco. And through this FTA Morocco recommits itself to the opening or the balanced opening of its economy and its further integration in world trade, in order to make these tools of economic and social development.

The agreement that we just concluded now, takes into account, our social reality, our economic specificities, in order to open up trade between the two countries and take into account, most of all, the modernization of Moroccan economy. So this bilateral relation is now reinforced, supported by this FTA which is part of the strategic partnership that links both of our countries. And in the context of this agreement is also a model for the coming years in terms of any, similar initiatives, that the Bush Administration may take towards this very special and sensitive region, in terms of, of course their economy, and also in political terms.

I would like therefore, on behalf of the government of his Majesty, the King to express, my most profound gratitude to Ambassador Zoellick, for his personal commitment, to this effort. I want to thank very much my colleague and friend Cathy Novelli for her understanding, she always listened, her flexibility and her generosity, throughout this very hard work. I would like also to stress here the very productive role of Ambassador Al Johnson. My friend, also, with whom, we have worked hard in the last hours, last day, last minutes, in order to reach an agreement which is satisfactory to both parties and treading on a very delicate area, of course the agricultural trade. I would like to thank all the US officials who have endeavored, to reach this agreement, who always came to Morocco, who welcomed (unintelligible), and opened spirit of discussion and sincerity, in which allowed us to reach this point today. Thank you all and I'm sure that this agreement is a new starting point for multilateral relations, is a new stone in the construction of the relations between United States and the whole area of the Middle East and North Africa. Thank you very much.

**Reporter:** Just two quick questions

**Zoellick:** I'm sorry it's probably useful if you give your name.

**Reporter:** Oh, Neil King, Wall Street Journal. Just refocusing on foreign assistance, well I'm just curious if you could elaborate a little bit, will this amount to a net increase in foreign assistance to Morocco? I was also curious, obviously this agreement will have to get in line with CAFTA and the Australian accord and I'm just curious what your read is on the temperature on Capitol Hill and how swiftly they're likely to deal with this and to what effect and obviously contentious election year on the trade front.

**Zoellick:** Well, on your first question. There have been some increments in assistance already added because we wanted to create the context for this agreement to be well received as part of a larger development strategy. For example, I think the Department of Labor is spending about \$5 million on some programs related to child labor and the implementation of some agreements. As I mentioned Morocco is in a larger process of reform and actually took action on its labor code on December 8<sup>th</sup> of last year and it will take effect on January 7<sup>th</sup>. And in the environmental area, I think it is a combination of some of the current resource and possibly some reprogramming of some resources. I mean, for example, in the particular Morocco has developed a new waste management law, a new air pollution law and these are the areas where along with adding public participation that we expect to work with EPA and USAID and State. In this agreement in addition to the requirements that countries enforce their own labor and environment laws there are ongoing cooperation arrangements in both labor and environment that we'll be developing with the State Department and others to have an ongoing set of work as we did as you know with the other trade agreements. And I think that makes a larger point which is that while a core aspect of these trade agreements is making sure that there is fairness in terms of enforcing labor and environmental laws, we want to keep working with countries to upgrade that process. It's our view that the best way to do so is to have a closer network with the societies so that the improvements in the laws come from within as opposed to being pressured from without. And so you can see a new labor code, new waste management laws, new air pollution laws - those will be most successful if they come in this case from Morocco and then we help develop and promote them.

Now in your second question on timing. The, some of you follow this more closely than others, the next step would be for the President to send up the notice of an intention to sign. And we will work with the NSC to try to get that up as soon as we can. Because I have been traveling, a little bit sick, my staff has been working on this with the NSC but I think that will go up pretty quickly. That triggers a process that of a 90-day period prior to the President being able to sign the agreement. So given that this is early March, the earliest you can imagine the signing would be early in June. Once an agreement is signed, then the President has a choice about sending the agreement up under the TPA procedures. And before one sends up the agreement, we work very closely with the committees of jurisdiction on developing the implementing legislation and the Statement of Administration action. And so I expect we can have some of those discussions during the 90-day period. So what does that mean in terms of timing for this one. Well, obviously you've got a shorter Congressional year. And you know you've got up to the July 4<sup>th</sup> recess. And I think Congress is in for about 3 weeks after that prior to the convention period starting. So it

will be a tight time. I can't say now. We'll have to consult with Congress. I will say this, Neil, we've sensed a lot of support and interest in this agreement. Because it is a good deal for both countries, we've got good, strong business community support. You can see here, we've got people from agriculture community, you got people from the high tech community, there's a lot of investors, you know, energy, pharmaceutical companies, others in Morocco are ready. They see it as a potential regional hub. So in terms of the ability to get done during that window. I think we should try but of course this is up to the Congressional leadership. And I'll be having a number of testimonies in March so I'll probably hear more about it at that point.

And I think that is true for the other agreements as well. In other words, you know, we obviously have Australia, we have CAFTA, the five countries of Central America, we are trying to finish the Dominican Republic during the course of this month to be able to add it to CAFTA. And we'll just have to talk to the leadership about their willingness to take up these agreements. And again what I've sensed, particularly on this one, and Australia is a good interest. As you know Central America is going to be harder in part because of some of the opposition from the minority party. But we hope they'll back trade.

Ted? Well, anyway, either one. I'm sorry.

**Reporter:** Ted Alden, Financial Times. Two questions on where you go from here in terms of the Middle East Trade initiative. Has Egypt done anything to put itself back in line for an FTA? And what is your position on the ideas being pushed by Senator Baucus and some Democrats for a preferential agreement that would open up, they argue, trade more quickly for some reason or another?

**Zoellick:** Well, we've been in touch with Egypt and, you know, some of you actually I don't think perceived why we ran into a stumbling block. It wasn't to deal with a particular WTO litigation matter, it was really more to deal with the fact, as Minister Fassi-Fihri said, these are complex difficult agreements. We need to have a sense we've got a good partner on the other side of the table that, frankly, can deliver. Look as all of you know, Taib, we couldn't close on agriculture on the end of last year and this is a good example of what these take. So we sent first an ag staff team including USDA so we could learn more about some of the sensitivities in the Moroccan market. Then Al went to have particular discussions. So by the time that the Minister and his team came back we had some ideas about how we could try to use a combination of tariff weight quotas, safeguards, extended periods to try to make sure that we can show that to our constituencies this was a good deal but also deal with the sensitivities. And so what we need to build with countries is the sense of confidence and moving forward. We've made some progress on that with Egypt and I hope we can make more. The Egyptians have taken some steps in the WTO and others which you may have known, Ted, you know they were out of compliance with the WTO in textile and apparel. For goodness sakes, you know, that's an area where you would expect a country like Egypt to be able to at least have its tariffs. I think they are moving on that. So you know Egypt is an important country, we hope to try to work with them as we go forward. We are running up against a bit of a problem which is that USTR is a rather small organization



and as you know we are already committed to begin negotiations with the Andean countries, Panama, Thailand, as well as finish Bahrain.

And so in terms of timing what I hope frankly we will have accomplished at the end of 2004 is to have, you know, as many as these agreements get through the Congress as possible, tee 'em up, ready for 2005, have others that are well on their way if not completed and continue to create the interest among other countries that see we deliver on what we say what we are going to do, and meanwhile move the WTO negotiations forward, and I just had a conversation with Celso Amerim last night where we talked about that as well as the ALCA. So you can see we are actively moving forward, even in an election year, to get these projects done, and I think frankly that reflects a lot of the cooperation we get from some of the business groups and others that are committed to having America create more job opportunities through trade.

Now what you had a second question, oh, the preference agreement. As I've said to Senator Baucus, I think that's a well motivated interest and we are certainly willing to work with him and Senator McCain, but our focus has been somewhat different. As you can see, the President's initiative does include drawing on preferential possibilities, for example, we talk about the use of how we can expand generalized system of preference benefits. But we then want to go beyond, we want to try to create reciprocity. The one way preference agreements open up US markets but they don't open up markets for US exporters so in our view it's a better deal if we can make sure that US companies and farmers and others can open up more markets as we are doing in this agreement. And also these agreements end up going much deeper as we are doing here in services, intellectual property and others, and frankly, for a country like Morocco or Bahrain, they become the catalyst for reform.

I won't mention the country, but there is a country in Latin America where their leadership has recently told us the reason they are trying so hard to move forward with the free trade agreement is they know that absent that they will have a hard time making their domestic reform at home and they can use the free trade agreement to help prod it. So that's why, you know, we will discuss those preferential agreements, they are never easy to get through the Congress, but we tend to see this perhaps as a slightly more customized process of using preferential trade, getting countries in WTO, building on the TIFA's and working toward FTA's. And just to take this agreement or the one with Bahrain which Cathy and her team are moving quite quickly along with - is that we hope these can become, kind of nodes, that others can connect into. We've already had some interest to that in the Gulf region with Bahrain and obviously our partners have shown an interest in being a model for others as well.

I want to make sure, I'll come back to you, I want to get the Moroccan.

**Reporter:** Congratulations on the successful conclusion of this agreement. I would like to know how tough were the negotiations? (Laughter)

**Zoellick:** Well, I'll say this, I'll say Minister Farsi Ferri has a very gentlemanly, and at least to an

American, a somewhat reserved style but that is combined with a very strong will and someone who promotes his country's interest with great care but also knowledge. Because you see what we strive for in these agreement is not one side taking advantage of the other we are trying to find a win-win possibility.

Now take agriculture, which I know is very sensitive in Morocco. We had extended negotiations obviously on the poultry market. Well, frankly, one of the things that will make Morocco's poultry more competitive not only with the United States but around the world, is the fact if they bring in some US feed grains. So one of the things that we are doing is we're obviously lowering and then eliminating the tariff on some of the feed grains. Now that's great for us 'cause Chairman Grassley was very interested in that and so we are able to, we hope, please Chairman Grassley and he helped push us -- who is by the way the Chairman of the Senate Finance Committee from the state of Iowa, the "Great State of Iowa" -- but also it helps in the meantime. We then worked in a phase - in for poultry exports to Morocco and we divided it quite carefully, we dealt with whole birds, then we dealt with leg quarters and dealt with different sensitivities. And so I would just conclude by saying that when I went to speak with his Majesty before we launched this and, Ambassador Tutwiler was there, she will remember this, I said it was very, very important that we had a first rate counterpart. Someone that had the respect of his Majesty, someone that could work across different ministries to deal with difficult problems. Someone that could be creative, but also persistent with us. And I am absolutely delighted that King Mohammed gave us Fassi-Fihri but we also had a number of other good people including the Ambassador here to make this happen. So he was also a pleasure to work with because he's a fine gentleman too.

I'm sorry. Let me get through to this gentleman. You could argue against that if you want, but it's probably not best. (Laughter)

**Reporter:** Thanks. Mark Drajem from Bloomberg. A question. You mentioned Senator Grassley. He said today that the fact the Australian, Central America may be held up because agriculture is not behind those two agreements in full force. Do you think agriculture's going to be behind this agreement given the fact that wheat's not getting full access and what about the general sense that agriculture might not be fighting for these trade agreements as it had in the past?

**Zoellick:** Let me just mention on the first part. You know each agreement has to be customized to special needs. Take the Australia agreement. I've never seen the manufacturing community in the United States as interested in a free trade agreement as I've seen them with Morocco (Australia), and just last week I had the members of the National Association of Manufacturers and the Chamber of Commerce and both Jerry Jasinowski and Tom Donahue told me that they are very committed to working that agreement, cause some of you may have noticed there is a little sensitivity about manufacturing in the United States and so they believe this is a good shot in the arm for the US manufacturing sector. Now, on agriculture with Australia, frankly we do have some interest, we have some interest in pork, we have some interest in soybeans, which is

obviously important to the Midwest and, frankly, some of the other specialty crops, which we also help move along. But I understand the Chairman's point because we had to deal very sensitively with dairy and with beef and with sugar, but I think, when you look at each agreement, you have to look at where the momentum comes from. In the case of CAFTA there are a number of very strong interest that support that agreement if you look at the list of supporters. Now, and the agriculture community actually gets some very big gains under CAFTA. That's a twenty billion dollar trade relationship - that's a pretty big trading relationship. And, frankly, the barriers in Central America are pretty high compared to our barriers so you get some pretty big gains. Now one of the sensitivities we've got in there is apparel, but one of the things that we are going to need to do and frankly with some of our friends in the apparel industry is to try to explain that when the textile quotas in the United States and around the world come off at the end of 2004, both Central America and the United States would be much better off if we create this integration of the North and Central American market. This is the type of thing that, frankly, some of the new investors in the textile industry have been pushing and they were pushing us to include some provisions here to sort of see the benefits of that. We got sensitivity cause of sugar in Central America and frankly what we have to keep explaining to people is that the amount of sugar that we increased in the quota turns out to be about 1.3 or 4 percent of US consumption, and I think it raises to about 1.5 or 6 percent over fifteen years so I don't think it really undermines the program.

Coming back to this agreement. Al has been in touch with a number of our ag constituencies and, he can jump in if he feels I misrepresented it, I think our beef industry is pleased with this agreement. I think our poultry industry is pleased with this agreement. And we are discussing with the wheat industry about some of the possibilities and explaining to them what we have. Here is what we think have. We think we have something that frankly gives us opportunities we don't have today. Frankly about 5 times as many opportunities to sell both durum and non-durum wheat and be able to compete against Canada and the EU in a way that we don't today. And frankly to have that opportunity grow over time so it's a net benefit. I think going back to Neil's question the challenge will be the time and the clock. But I think all these agreements ultimately will be passed and we'd like to get as many as we could done this year.

I'm sorry. I'd skipped somebody over here.

**Reporter:** You answered my question.

**Zoellick:** Okay. Go ahead.

**Reporter:** Hi, Doug Palmer with Reuters. I just have a question for Mr. Fassi-Fihri. I just wondered this free trade agreement, which sectors of the Moroccan economy do you see benefitting most? What are the biggest near-term benefits of this agreement for your country?

**Minister Fassi-Fihri:** As you know this is the first agreement that the U.S. signs with an African country. This is the second agreement that the United States enters into with a Muslim-Arab

country but it is the first agreement and in the context, particularly of TPA. Therefore, there is an opening of the Moroccan market, as Ambassador Zoellick reminded us earlier, industrial products, agricultural products and all American services to enter Morocco. So in the context of this win-win agreement, we of course looked into what was opening up for our export potential, our economic potential in Morocco. Therefore, I wanted to say at this point that the greatest benefit that Morocco draws from the agreement is this trust that is placed on our reform process. A trust that is placed on this vision of what should be and could be in the Middle East and the North African economies. This is an encouragement for us in what we do and it is a signal that is sent to the other countries and, to actually answer your question more precisely, we hope that a certain particular sectors of our industry will develop. We have one of the sectors that is very sensitive is of course textiles and we also hope benefits to our food production sector.

If you allow me to bring up something here without of course getting involved with the decision process that is carried out here in the United States, I just can say to you that we follow the procedure now with great interest to be of course looking forward to the entry into force of this agreement. And Morocco wants this agreement to enter into force as quickly as possible so that immediate and concrete results could be shown as soon as possible within this geo-strategic context that I have mentioned to you. So Morocco wants its quickest entry into force because Morocco is sure that there is of course an interest for the American economy here. Not just because of the economy of Morocco which is a limited market but because of the real concrete and effective possibilities in which Morocco would be a platform for U.S. goods towards Europe and the rest of the African market.

**Zoellick:** Let me just add one more point. I think from the start we thought that the standards of this agreement and, as the Minister said, the confidence it shows in the reforms in Morocco would be very useful in terms of U.S. investors. Now, just to give you a little feel. One of the biggest investors already in Morocco is CMS which has about a \$1.6 billion investment with ABB. But to give you a sense of the range, it's got Delphi Automotive, Proctor and Gamble, Goodyear, Pfizer, Jordache, Kohler (from Wisconsin, does the plumbing materials) and so as you see the growth of the market either exporting into Europe, exporting into the United States or elsewhere in the Maghreb, we think that this can help Morocco be a hub of development and, frankly, we've got some people here from some of the intellectual property industries, they've also seen it that way. You get very large film production in Morocco, very large film production. And there are some special sensitivities we dealt with that in the process to help to support that. So, what we hope will develop in Morocco over time is a diversified economy: manufacturing, services, intellectual production, as well as the transitions in agriculture. So we tried to structure things to promote that.

**Question:** Corey Henry, Inside US Trade. Ambassador, you've been speaking a lot about investment and new opportunities for US investors. I just wondered if you can comment on whether or not the Morocco agreement includes an appellate mechanism for investor-state dispute mechanism. I know in the CAFTA there is the option of negotiating one. But I wonder if one has been created in this agreement. And with respect to Congressional timing, you've been

clear that you would like to see this short window before the Congressional summer recess sort of get through some of these trade agreements, I wonder if you think it is possible for any agreements to pass Congress after that summer recess in the Fall session in September, October, just before the election.

**Zoellick:** You know in part...let me take your second question first, I'll let Cathy answer the first one. On the second question, because I've been out traveling for about 3 weeks, I'm going to have some Congressional meetings later this week and then the following weeks. I don't want to predict exactly, you know, what action can be taken by when. I'll just suffice it to say that when Congress passed straight promotion authority, they urged us to use it and to go out and press forward with a number of agreements. Some people were skeptical we'd be able to do that. Well, we've demonstrated with Chile and Singapore and CAFTA and Australia and Morocco and others that we're committed to that task. While at the same time, doing as much or more than anybody else to try to get the Doha negotiations going on and try to restructure the Free Trade Area of the Americas. So obviously we hope that Congress can take up as many of these agreements as possible because as the Minister said, other countries are making commitments. They want to get on with it, they want to use this as part of their reform process. At the same time we respect Congress has a very full agenda, it's got a lot of demands on its time and so we just have to try to work through the schedule and the best we can do is bring home agreements that get the broadest based support. Cathy, do you want to handle the appellate?

**Novelli:** Sure, in close consultation with the Congress, we decided not to include an appellate mechanism because it was one country. We have a history under our bilateral investment treaty so there is not an appellate mechanism.

**Zoellick:** You're right. The reason we took a slightly different course in CAFTA was because you had five countries and there was a greater interest as part of a package that we developed with Senator Baucus on some of the environmental issues to give that assurance. And so as you may know in Chile and Singapore we also have provisions that would allow you to link into a multilateral accord but in this one keep in mind, I think the number of disputes we actually have in these systems is pretty small and so it really didn't make sense to set up a new mini-bureaucracy for something that might never be used .

Okay? Thank you.

End.