MOROCCO

TRADE SUMMARY

The U.S. goods trade surplus with Morocco was $1.1 billion in 2009, an increase of $581 million from 2008. U.S. goods exports in 2009 were $1.6 billion, up 11.9 percent from the previous year. Corresponding U.S. imports from Morocco were $468 million, down 46.7 percent. Morocco is currently the 61st largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Morocco was $252 million in 2008 (latest data available), up from $249 million in 2007.

FREE TRADE AGREEMENT

The United States-Morocco Free Trade Agreement (FTA) entered into force on January 1, 2006, eliminating duties on more than 95 percent of all goods. In addition to key U.S. export sectors gaining immediate duty-free access to Morocco, the Agreement includes commitments for increased regulatory transparency and commitment to the protection of intellectual property rights. Through foreign assistance programs, the United States continues to provide Morocco targeted technical assistance supporting FTA compliance and Moroccan regulatory reform. U.S. negotiators have pressed repeatedly for changes to Morocco's system of administering tariff-rate quotas (TRQs) for U.S. wheat, which has created significant difficulties for U.S. wheat producers seeking to benefit from the access granted under the FTA.

IMPORT POLICIES

Under the FTA, goods of key U.S. sectors, such as information technology, machinery, construction equipment, chemicals, and textiles, enjoy either duty-free or preferential duty treatment when entering Morocco. Certain other originating products are subject to TRQs, which increase over time. Morocco's textile and apparel goods receive preferential duty treatment according to a 10 year tariff reduction schedule. Specified originating apparel products that do not conform to the FTA's rules of origin may still qualify under a Tariff Preference Level quota established for non-originating articles.

Agriculture

Wheat TRQs

The FTA provides for access to Morocco for U.S. durum and common wheat exports through two TRQs. The Moroccan government's administration of these wheat TRQs through an auction mechanism has led to significant difficulty for U.S. producers attempting to benefit from the preferential access provided under the FTA. The U.S. Government is continuing its efforts to improve access for U.S. wheat producers and to determine the viability of auctioning as the system for administering Morocco's wheat TRQs.

GOVERNMENT PROCUREMENT

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

The FTA requires the use of fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures for covered procurement. Under the FTA, U.S.

suppliers are permitted to bid on procurements for most Moroccan central government entities, as well as the vast majority of Moroccan regional and municipal governments, on the same basis as Moroccan suppliers. However, the 90 day timeframe given to foreign companies to answer government tenders is often too short, and channels for distributing information are limited to local newspapers and circulars sent to foreign embassies. Because the Moroccan government does not have an official website for government tenders, foreign companies often find it difficult to identify and bid on tenders.

SERVICE BARRIERS

Prior to the entry-into-force of the FTA, Morocco effectively prevented U.S. services firms from competing in large segments of its services sector. The government imposed bans on foreign participation in the domestic services market and included onerous ownership requirements and business operating practices.

The FTA accords U.S. firms substantial market access across Morocco's services sector. Key services sectors covered by the Agreement include audiovisual, express delivery, financial, insurance, telecommunications, distribution, computer, mining, construction, and engineering. The FTA provides benefits for businesses wishing to supply cross-border services, as well as businesses wishing to establish a local presence in the other country.

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

During this year's Joint Committee Meeting under the FTA, the Governments exchanged letters correcting omissions related to certain measures affecting trade in services. The letters amended Morocco's schedule in respect to Annex I and II of the FTA. The amendment took effect on November 18, 2009.

INVESTMENT BARRIERS

The United States and Morocco have a Bilateral Investment Treaty (BIT) that entered into force in 1991. The FTA also contains investment provisions. All forms of investment – such as enterprises, debt, concessions, contracts, and intellectual property – are subject to the FTA investment chapter obligations. The FTA requires Morocco to remove certain restrictions and prohibits the imposition of other restrictions, such as requirements to buy Moroccan rather than non-Moroccan inputs for goods manufactured in Morocco. Although foreigners are prohibited from owning agricultural land, Morocco does allow for long-term leases of up to 99 years and permits agricultural land to be purchased for non-agricultural purposes.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

The FTA includes strong intellectual property provisions and has led Morocco to strengthen its IPR laws. The Agreement includes strong antipiracy provisions and provides for authorities to seize, forfeit, and destroy counterfeit and pirated goods, as well as the equipment used to make them. The FTA also requires each government to provide criminal liability for Internet piracy, even if there is no motivation of financial gain.

Pursuant to its FTA obligations, Morocco enacted legislation that increased protection of trademarks, copyrights, patents, and undisclosed test data. This legislation included state-of-the-art elements such as provisions concerning disputes over Internet domain names, strong anti-circumvention provisions to prohibit tampering with technologies designed to prevent copyright infringement, and specific protections for temporary copies, which are critical in the digital environment. Despite the progressive elements contained in the new legislation, the Moroccan Copyright Office has identified weaknesses in the ability of the country's enforcement mechanisms to adequately detect and address internet-based IPR violations. The Moroccan government has requested further technical assistance from the United States and other partners in order to bring its capacity to address copyright infringement up to international standards.

OTHER BARRIERS

The greatest obstacles to trade in Morocco are irregularities in government procedures, lack of transparent governmental and judicial bureaucracies, inefficient transport systems, language and other practical barriers, and low-level corruption. Morocco lags particularly in areas relating to its cumbersome tax and employment regimes, property registration, and investor protections. Although the government is diligently working to liberalize the business environment and improve its business efficiency, foreign corporations still complain about these market access issues.