MOROCCO

TRADE SUMMARY

U.S. goods exports in 2014 were $2.1 billion, down 16.7 percent from the previous year. Morocco is currently the 63rd largest export market for U.S. goods. Corresponding U.S. imports from Morocco were $991 million, up 1.4 percent. The U.S. goods trade surplus with Morocco was $1.1 billion in 2014, a decrease of $427 million from 2013.

The stock of U.S. foreign direct investment (FDI) in Morocco was $599 million in 2013 (latest data available), down from $606 million in 2012.

The United States-Morocco Free Trade Agreement

The United States-Morocco Free Trade Agreement (FTA) entered into force on January 1, 2006. Duties on 95 percent of bilateral trade in industrial and consumer goods were eliminated upon entry into force of the FTA, with duties on most other such goods scheduled to be phased out in stages over the subsequent 10 years, and eliminated as of January 1, 2015. Some sensitive agricultural products have longer periods for duty elimination or are subject to other provisions, such as tariff-rate quotas (TRQs). In addition to provisions which grant key U.S. export sectors duty-free access to the Moroccan market, the FTA includes commitments for increased regulatory transparency and the protection of intellectual property rights as well as the maintenance of labor and environmental laws.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Prior to 2013, Morocco only permitted vehicles meeting the United Nations Economic Commission for Europe (UNECE) vehicle standards to be imported into Morocco. Morocco's regulations thus precluded the sale in Morocco of cars and trucks produced in the United States to Federal Motor Vehicle Safety Standards (FMVSS) or Canadian Motor Vehicle Safety Standards (CMVSS). Therefore, American auto manufacturers were unable to take advantage of lowered tariff rates under the FTA for exports to Morocco. Morocco revised its regulations on June 3, 2013, to recognize FMVSS/CMVSS as equivalent to UNECE standards. The Moroccan authorities have identified a number of areas (mostly related to lighting) where Moroccan law would have to be adjusted to enable standard specification U.S. vehicles with no modifications to be sold on the Moroccan market.

Sanitary and Phytosanitary Barriers

Morocco restricts imports of U.S. poultry and poultry products due to avian influenza and salmonella-related issues. Morocco also restricts imports of beef and beef products. In 2008, the United States and Morocco began negotiations on sanitary certificates for poultry and for beef, consistent with international standards. These discussions continue. In February 2015, at the meeting of the United States-Morocco FTA Joint Committee, both sides agreed to launch additional discussions in 2015 to make progress on SPS issues.

IMPORT POLICIES

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

In order to further boost the flow of bilateral trade, the United States and Morocco signed a trade facilitation agreement in November 2013. The agreement includes new commitments reflecting practices developed since the FTA was signed in 2004 that will facilitate the movement of goods. These include provisions on internet publication, transit, transparency with respect to penalties, and other topics that will improve Morocco's environment for trade in goods.

Agriculture

The FTA allows preferential access to Morocco for a number of U.S. agricultural products through tariff rate quotas (TRQs), including access for U.S. durum and common wheat exports through two separate wheat TRQs. The Moroccan government's administration of these wheat TRQs, however, has led to difficulties for U.S. producers attempting to benefit from the preferential access provided under the FTA. In fact, in 2012 and 2013 no U.S. wheat was shipped under the TRQs. Morocco has agreed to conduct a review of its wheat import regime in an effort to improve implementation of the U.S. TRQ. Discussions with the Moroccan government are ongoing.

GOVERNMENT PROCUREMENT

The FTA requires the use of fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures for covered procurement. Under the FTA, U.S. suppliers are permitted to bid on procurements for most Moroccan central-government entities, as well as procurements for the vast majority of Moroccan regional and municipal governments, on the same basis as Moroccan suppliers. Morocco has sought, with some success, to increase the transparency of its public tenders and improve the efficiency of government operations related to business.

Morocco is not a signatory to the WTO Agreement on Government Procurement, though it does participate as an observer in the WTO's Government Procurement Committee.

SERVICES BARRIERS

Morocco's insurance regulation formally treats U.S. companies the same as their Moroccan counterparts. However, U.S. insurance suppliers report that, in practice, the decisions of Morocco's insurance regulatory body (part of the Ministry of Economy and Finance) impede U.S. insurance companies from introducing products that compete with those of Moroccan firms. Stakeholders report that the regulatory body is only likely to approve applications that bring new products or "added value" to the sector. Applications must first be reviewed by a consultative committee composed principally of other companies active in the sector. While this committee's recommendations are not binding, companies contend that the regulatory authority generally has followed its advice when considering applications.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Morocco was not listed in the 2014 Special 301 Report. In 2014, the Moroccan Parliament approved a new intellectual property rights (IPR) law that improves the patents system by streamlining patent processing. The law also consolidates the enforcement of IPR by improving procedures for the destruction of counterfeit goods, enlarging the scope of border investigations, and providing complainants enhanced judicial remedies through civil and criminal courts to defend their rights.

Nevertheless, Moroccan officials agreed at a March 2015 meeting of the United States-Morocco FTA Joint Committee to work with U.S. experts to address remaining gaps in Morocco's IPR protection regime: in particular, Morocco's capacity to detect and address Internet-based IPR violations remains inadequate in some respects and counterfeiting of consumer goods (including clothing and luggage) is still common. U.S. software firms allege that the use of pirated software is widespread, with up to 80 percent of all software in Morocco (including in some parts of the public sector) being used without a license. The Moroccan government has been active in other areas of enforcement against copyright infringement, including against video and audiotape piracy.

EXPORT RESTRICTIONS

U.S. industry has raised concerns over recent limitations placed by the Moroccan government on exports of certain seaweed. The Moroccan Ministry of Agriculture and Maritime Fisheries issued an order on July 25, 2014, limiting the harvesting of seaweed. Roughly one month earlier, the Moroccan Ministry of Industry, Commerce, Investment and the Digital Economy issued a notice to exporters limiting the export of Gigartina seaweed to 300 MT (a drop of 900 MT from recent export levels). Both harvesting and exports are limited to the same quantities. The export restrictions may affect the ability of U.S. firms to secure sufficient quantities of Gigartina to meet their industrial needs (chiefly related to food processing). The Ministry of Agriculture and Maritime Fisheries advised that it intends to maintain the restrictions through 2016 to monitor for overharvesting. In response to requests from U.S. officials at a March 2015 meeting of the U.S.-Morocco FTA Joint Committee, the Ministry agreed to provide additional information regarding its rationale for this action.

OTHER BARRIERS

U.S. firms report that among the greatest obstacles to trade and investment in Morocco are irregularities in government procedures, including lack of efficient and transparent processes for obtaining government permits, land-use approvals, and other government permissions. Companies complain of the need to follow formal protocols and navigate excessive bureaucracy, leading to long wait times, particularly when dealing with public-sector entities. Morocco's cumbersome tax and employment regimes and property registration procedures also impede business.

Moroccan restrictions on prepayments of imported orders are often problematic for those U.S. exporters who require 100 percent advance payment. Currently, in an effort to avoid an excessive drain on foreign exchange, Moroccan authorities allow Moroccan companies to prepay only 30 percent of a total shipment's value in advance of import. A Moroccan company can prepay 100 percent only for orders under 200,000 dirhams (about $23,343).