

MOROCCO

TRADE SUMMARY

The U.S. goods trade surplus with Morocco was \$1.3 billion in 2010, an increase of \$100 million from 2009. U.S. goods exports in 2010 were \$1.9 billion, up 19.4 percent from the previous year. Corresponding U.S. imports from Morocco were \$685 million, up 46.4 percent. Morocco is currently the 58th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Morocco was \$311 million in 2009 (latest data available), up from \$263 million in 2008.

FREE TRADE AGREEMENT

The United States-Morocco Free Trade Agreement (FTA) entered into force on January 1, 2006, and will ultimately eliminate 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 FTA includes commitments for increased regulatory transparency and a 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.

IMPORT POLICIES

Morocco has undertaken liberalizing reforms as a member of the WTO and a party to several 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.

Agriculture

Wheat TRQs

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

GOVERNMENT PROCUREMENT

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 45 day and 90 day timeframes given to foreign companies to answer government tenders is often too short, guidance is often vague and channels for distributing information are limited to local newspapers and circulars sent to foreign embassies.

SERVICE BARRIERS

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. Pending legislation before Parliament would change the insurance regulation regime, creating an independent regulator separate from the Ministry of Finance. However, the prospects for passage of this bill in the near future are unclear.

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 including dispute settlement provisions that largely supersede the BIT provisions. 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

Morocco has enacted legislation to enhance protection for trademarks, copyrights, patents, and undisclosed pharmaceutical and agricultural chemical test data. Elements of the new legislation include 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.

The Moroccan Copyright Office has reported that Morocco's capacity to detect and address internet-based IPR violations is insufficient. The Moroccan government has requested technical assistance from the United States and other parties, to enhance its capacity to address copyright infringement.

Morocco was also an active participant in the Anti-Counterfeiting Trade Agreement (ACTA) negotiations, which were concluded in November 2010. The ACTA establishes an international framework that will assist Parties in their efforts to effectively combat the infringement of intellectual property rights, in particular the proliferation of counterfeiting and piracy, which undermines legitimate trade and the sustainable development of the world economy.

OTHER BARRIERS

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