



United States
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FACT SHEET

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U.S.-Morocco Free Trade Agreement

Implementation of the U.S.-Morocco Free Trade Agreement (FTA) began on Jan. 1, 2006. Under the agreement, most agricultural tariffs between Morocco and the United States are eliminated immediately or over 2 years, 6 years, or 9 years.

Background

In March 2004, the United States and Morocco reached agreement on a comprehensive and groundbreaking FTA designed to reduce and eliminate barriers and facilitate trade and investment in both countries. Negotiations for the FTA began in January 2003. In August 2004 and January 2005, respectively, the U.S. Congress and Moroccan Parliament ratified the FTA.

Trade Overview

Morocco is an emerging market at the crossroads of Europe, Africa, and the Middle East that imports \$17 billion worth of agricultural goods each year. The U.S.-Morocco FTA will improve U.S. agricultural exporters' competitiveness in this market. The United States exported agricultural goods valued at \$66 million to Morocco in 2005, including corn, soybeans, sugar, tobacco, and wheat. In that same year, the United States imported about \$66 million worth of agricultural goods from Morocco. The chief U.S. agricultural imports from Morocco consist of processed vegetables, olive oil, and essential oils.

Morocco has an Association Agreement with the European Union (EU) that provides preferential tariff treatment for most EU industrial and some agricultural exports to Morocco and puts American producers at a comparative disadvantage. Morocco also has concluded an FTA with Turkey, and a regional FTA with Jordan, Egypt, and Tunisia.

Key Elements of the Agreement

Export Subsidies. The United States and Morocco have agreed to not use agricultural export subsidies in each other's markets, unless the exporter believes that a third country is subsidizing its exports into the other FTA country's market. In such cases, special provisions provide for measures to counter the third country's subsidies.

Export State Trading Enterprises. The United States and Morocco have agreed to work in the World Trade Organization (WTO) toward an agreement that: (1) eliminates restrictions on the right to export; (2) eliminates special financing granted directly or indirectly to state trading

enterprises that export a significant share of a country's exports of an agricultural good; and (3) ensures greater transparency in the operation and maintenance of export state trading enterprises.

Agricultural Trade Forum. The United States and Morocco will address bilateral agricultural trade issues through the Joint Committee established under the Agreement.

Rules of Origin. The Agreement contains strong but simple rules of origin, consistent with other U.S. free trade agreements in the region. The general rules of origin are designed to ensure that only U.S. and Moroccan goods benefit from the preferential market access commitments. More detailed provisions apply to a few agricultural goods.

Sanitary and Phytosanitary (SPS) Measures. Under the Agreement, the United States and Morocco affirmed their existing rights and obligations under the WTO SPS Agreement. In addition, they gave up recourse to the Agreement's dispute settlement procedures for any SPS issues arising under the SPS Section of the agriculture chapter, and affirmed their desire to create a forum on SPS matters through the Joint Committee.

Moroccan Commitments on Market Access

The Agreement enhances access to the Moroccan market for U.S. agricultural products, while at the same time complementing Morocco's agricultural reform efforts and preserving the economic and social stability in a sector of the Moroccan economy that employs almost half the population.

Morocco provides preferential market access on all agricultural products according to schedules negotiated on a product-specific basis. Preferential tariff phase-outs on most products will occur in equal annual installments over the following phase-out periods: immediate, 2 years, 5 years, 8 years, 9 years, 10 years, 12 years, 15 years, and 18 years. Tariffs on other products will be phased out using non-linear formulas applied over 5 years, 6 years, 10 years, 18 years, 19 years, and 25 years.

The Agreement establishes preferential tariff-rate quotas (TRQs) for high quality and standard quality beef, chicken and turkey whole birds, chicken leg quarters and wings, durum wheat, common wheat, almonds, and apples. The details of the preferential TRQs vary by product, but in general, the imported product receives a preferential duty reduction for a specific quantity that expands over time. Volumes imported over the specific amounts have higher tariffs. The lower in-quota tariffs are eliminated, except for common wheat, as are the higher over-quota tariffs, except for durum wheat, non-durum wheat, and standard quality beef. In addition, the Agreement contains a provision ("preference clause") that will afford U.S. exporters of products such as wheat, beef, poultry, corn and corn products, and soybeans and soybean products, market access comparable to Morocco's other trading partners, thereby giving U.S. exporters a new tool to compete with Europe and others in Morocco's market.

U.S. Commitments on Market Access

The United States provides preferential market access on all agricultural products according to specific schedules negotiated on a product-specific basis. Preferential tariff phase-outs are immediate, 2 years, 5 years, 8 years, 9 years, 10 years, 12 years, 15 years, and 18 years. Tariffs on other products are phased out immediately or over 9 years.

The Agreement establishes preferential TRQs for Morocco for beef, liquid dairy, cheese, milk powder, butter, other dairy products, peanuts, cotton, tobacco, sugar and sugar-containing products, tomato products, tomato sauces, dried onions, and dried garlic. Under these TRQs, the imported (Moroccan) product receives a zero duty for a specific quantity that expands over the implementation period. Volumes imported over the specific amounts have higher tariffs. The higher tariffs are gradually eliminated over 15 years. Sugar and sugar-containing products also are subject to a net surplus exporter methodology.

Note 1: Moroccan agricultural import statistics derived from Global Trade Atlas

Note 2: U.S. agricultural export statistics derived from U.S. Trade Exports-WTO Agricultural Codes