



MOROCCO

Capital: Rabat

Commercial Center: Casablanca

Location: Strait of Gibraltar (North Africa), bordering Spain, and Algeria

Population: 30 million

Land Area: 446,550 sq.Km. Roughly the size (and shape) of California

Per capita income:(U.S.) \$1,954 (2006)



Strategically located at seven hours from JFK and three hours from Paris, Morocco is seen more and more as a regional hub in North Africa for transportation, transit, and business. Morocco's moderate Mediterranean climate on 2,750 miles (3,500 km) of coastline and its developing infrastructure make it an attractive location for business and leisure.

Morocco's main export revenues are derived from phosphates, tourism and textiles, which helped Morocco over the last decade to maintain the equivalent of 11 months of imports in foreign exchange reserves. Through a foreign exchange rate anchor and well-managed monetary policy, Morocco has held inflation rates to industrial country levels over the past decade (around 1.5%). US goods represented 3.4% of Morocco's imports, where as the U.S. received 3.7% of Morocco's exports for 2006. The EU is Morocco's primary trade partner as a result of long established historical ties, proximity and language. The U.S. ranks third with a large growth potential.

The current government continues to pursue reform, liberalization, and modernization aimed at stimulating growth and creating jobs. Thanks to the extensive reforms process, Morocco was included among the beneficiaries of the Millennium Challenge Account for the year 2006. Morocco will have the third largest capacity container port on the Mediterranean, Tanger-Med port, which will also include industrial and commercial free zones.

There are over 120 American businesses operating in Morocco who have invested \$600 million and have created 90,000 direct and indirect jobs. Taking advantage of Morocco's 11-million person workforce, American manufacturers are expected to follow the lead of Fruit of the Loom and Dell to expand their activities in Morocco, boosting its \$59.7 billion GDP. The greatest challenge for Morocco and international investors lies in providing effective education and job training.

In June 2004, the United States and Morocco signed a bilateral Free Trade Agreement (FTA), which was implemented in January 2006. The FTA was the first in Africa, and the first under President Bush's Middle East Free Trade Area. The U.S.-Morocco FTA will immediately eliminate tariffs on 95% of bilateral trade in consumer and industrial products with all remaining tariffs to be eliminated within nine years. The negotiations produced a comprehensive agreement covering not only market access but also intellectual property rights protection, transparency in government procurement, investments, services, and e-commerce. The FTA provides new trade and investment opportunities for both countries and will encourage economic reforms and liberalization already under way.

In addition to Morocco's Association Agreement with the EU, Morocco has recently completed a free trade agreement with Turkey and is expected this year to complete the Agadir Initiative, a free trade agreement with Tunisia, Egypt, and Jordan. This has spurred manufacturing development in Morocco, an activity that will be heightened by the recently implemented US Morocco Free Trade Agreement (FTA).

Along the development of key revenue sectors previously mentioned, Morocco will continue to improve its business infrastructure and environment, including transportation, telecommunication, education and legal system essential to attracting sustainable investments. Major growth areas include: Medical equipment, Telecommunications equipment and services, Airport ground support equipment, Automotive aftermarket parts and equipment, Safety and security equipment, Solid waste management. Alternative energies are one of the main concerns of the country as oil prices continue to increase and therefore threaten the competitiveness of the industrial exports of Morocco.

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