

FTA Stirs Prospects in Morocco

By Aziz Abdelali

The United States and Morocco are pursuing negotiations to form an FTA (free trade agreement). This agreement should provide U.S. food exporters with new opportunities and significant advantages over other suppliers that will still face high customs duties.

Located in the northwest corner of Africa, Morocco is a middle-income, largely Muslim country. The U.S.-Morocco FTA will be the first under the U.S.-Middle East Trade Initiative and

exemplifies a commitment to forge close ties with the Arab world.

A Matter of Time

The upcoming FTA with Morocco promises to trigger larger trade flows, opening new markets for U.S. products as well as increasing market share for existing exports. Now is the time for new-to-market U.S. exporters to start establishing links with Moroccan importers to ensure early entry in the post-FTA market.

Doing Business in Morocco

Morocco's 30 million people speak mostly Arabic, with French the common language of business. However, Moroccan business persons increasingly are speaking English.

FTA Not a First

An international treaty with Morocco is not a novel concept. Morocco was the first country to officially recognize the United States in 1777. The 1787 Treaty of Peace and Friendship constitutes the longest unbroken treaty relationship in U.S. history. Now this long-standing relationship will be further strengthened through the new FTA.

The banking business in Morocco is well developed, and foreign currencies are readily available to importers with appropriate import documents. Although letters of credit are commonly used, many importers prefer the use of "payments against documents" after the first few



transactions. Advance payments are prohibited by current exchange regulations.

Morocco has been liberalizing its economy and trade. With little government involvement in imports and food processing, prices of most consumer-oriented products are market-driven.

Traditionally, most U.S. agricultural exports to Morocco have been basic commodities—corn, wheat, soybeans and soy products—at \$123 million in calendar 2002.

With a steady Western influence on the Moroccan lifestyle, and rising demand for consistent, high-quality, consumer-oriented products, the Moroccan marketplace offers a great opportunity for U.S. food exporters.

Demand is generated not only by the retail sector, but also by an increasing number of hotels and restaurants. The local food industry will find it difficult to keep up with the high and increasingly diversified demand.

Food distributors are modernizing rapidly, but traditional distribution channels are still prevalent. In the large cities, growing numbers of supermarkets are helping to bring rapid change in consumers' buying habits.

Supermarkets are privately owned. Foreign investors own some; joint ventures with multinational chains have developed other stores.

Most supermarkets today buy from importers. Thus importers play a major role in introducing, marketing and promoting new food products. Importers like to make purchasing decisions based on samples, because they are not always familiar with U.S. food products. They also like to confirm that the product complies with regulations before purchasing large amounts.

Best Prospects

- **Dairy products.** Skim milk powder, unsalted butter, cheeses for processing
- **Dried fruits and nuts.** Almonds, walnuts, pistachios, raisins, nonpitted prunes, dried apricots
- **Honey**
- **Confectionery items**
- **Canned vegetables and fruits.** Tropical fruits, fruit mixes, mushrooms, asparagus, canned red beans
- **Popcorn, bulk and microwave**
- **Edible dried beans.** White kidney beans, lentils, chickpeas, green split beans
- **Sauces and condiments**
- **Fresh apples and pears.** Niche market for high-quality red and golden delicious and Fuji apples during March-June
- **Processed eggs**

New Labeling Taking Effect

Implementation of some requirements of the June 2002 labeling law—Arabic language, importer name and production date—was delayed until March 2004 to allow exporters time to comply.

The law encourages a straightforward description of product contents. Some products may require additional labeling, but these are the general requirements:

- Arabic language
- Name of product
- List of ingredients by decreasing weight
- Net quantity or weight in metric units
- Production and expiration dates
- Any special storage requirements
- Name and address of manufacturer, packager or importer
- Place of origin as appropriate
- Notice of use if appropriate
- Alcoholic content if more than 1.2 percent

Shelf-life dates for perishables are set by law. Though not mandatory, a best-use

date can be added for products considered nonperishable, and for other pre-packed foods not covered by regulations.

All stick-on labels must be pre-approved, and cannot be added after the product arrives in Morocco. Regulations limit food health claims, and while not required, U.S. nutritional labels are acceptable.

Let FAS Help

Besides conducting specially designed market tours to illustrate the full scope of the Moroccan market, FAS organizes the Casablanca American Café, a targeted, invitation-only U.S. food show in Casablanca. The annual event, held each June, provides an opportunity for U.S. exporters of shelf-stable foods to display, at minimal cost, their products to Moroccan buyers and to meet with potential importers and distributors. ■

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To help familiarize U.S. exporters with Morocco's promising market, the FAS Office of Agricultural Affairs in Rabat has prepared detailed reports on conducting business, retail food distribution and food and agricultural import regulations. The most recent information on the marketplace can be found in FAS Reports MO3018, MO2022 and MO3016. All of the reports are available on the Web at www.fas.usda.gov.

