

US-Morocco FTA

Assessment of Agricultural Trade Success

**Hassan F. Ahmed, Agricultural Attaché
U.S. Embassy –Rabat, Morocco**



The USDA logo is located in the top right corner of the slide. It features a globe icon to the left of the text 'USDA' in a bold, blue font. Below 'USDA' is the text 'FOREIGN AGRICULTURAL SERVICE' in a smaller, blue font. The logo is set against a background of a green field and a blue sky.

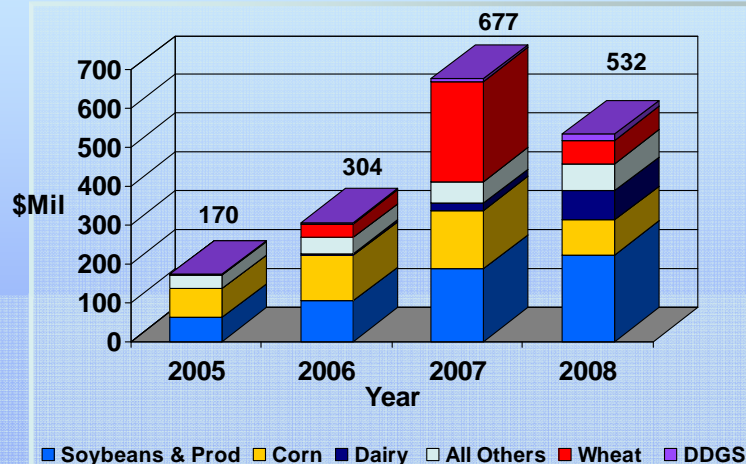
Context

- **Agricultural exports play a major role in the growth of U.S. and Moroccan Economies**
- **Assessment focus mainly on trade aspects of FTA**
- **Misconception: The U.S. -Morocco FTA did not benefit Morocco's Agriculture**

FTA Agricultural provisions effective January 2006

- For most agricultural goods, duty-free access was immediate or over a period of years
- All tariffs on U.S. agricultural products are phased out within 15 years
- Tariffs on feed grains, soybeans products, nuts and processed food products were cut significantly
- Some U.S. commodities have long phase-out periods or are subject to indefinite border protection such as beef and chicken leg quarters/wings.
- A complex arrangement of tariff-rate quotas (TRQs) was negotiated for durum and common wheat
- Some Moroccan exports to the U.S. would face long tariff phase-out periods, including dairy products, preserved tomato products, and dried onions

(Graph 1) Major US Agricultural Exports to Morocco



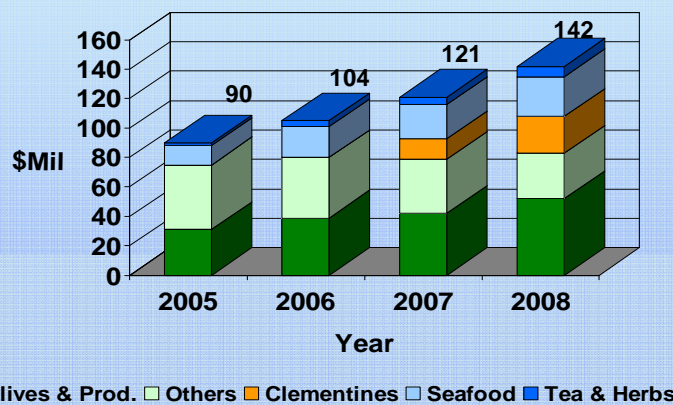
Data Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics



(Table 1) **Main U.S. Agricultural Exports to Morocco**
2006 - 2008, \$1,000

EXPORTS, \$1,000	2006	2007	2008
Soybean Oil, Crude	17,601	51,049	122,036
Corn	117,548	150,400	89,698
Dairy Products	3,599	18,960	74,032
Wheat, Common & Durum	35,695	256,538	59,886
Soybean Meal & Flour	16,732	43,581	54,306
Soybeans	69,576	92,766	46,494
DDGs	2,859	7,108	15,584
Beet Pulp	7,140	6,252	10,339
Tallow	4,438	11,360	9,043
Cotton	0	864	7,459
Dairy Cattle	0	0	6,464
Barley	0	3,170	3,840
Apples	194	444	1,724
Almonds	1,936	1,722	1,684
Fruit Juice	0	2,076	1,639
All Others	59,906	60,866	28,053
TOTAL	304,529	676,658	532,281

(Graph 2) **Major US Agricultural Imports from Morocco**



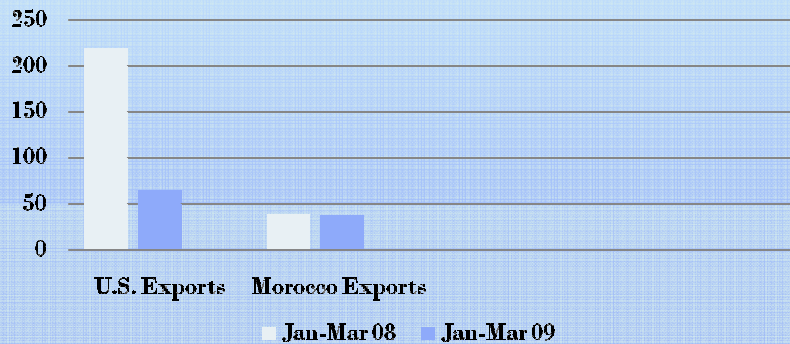


(table 2) **Main Moroccan Agricultural Exports to the U.S.**
2006 - 2008, \$1,000

IMPORTS, \$1,000	2006	2007	2008
Olives, Processed	35,988	39,069	44,289
Clementines	0	14,379	25,313
Sardines	8,979	9,446	14,415
Anchovies	11,802	13,173	12,630
Olive Oil	2,751	3,298	7,468
Agar-Agar	4,362	6,906	4,909
Tea, Herbal & Medic plants	4,047	3,670	5,397
Carob Gum, Processed	5,069	2,741	2,938
Tomato, Dried	2,631	6,097	2,719
All Others	28,752	23,560	23,531
TOTAL	104,381	121,335	142,124

Mixed picture for 2009
U.S. and Moroccan Ag Exports in Jan-March

\$ million



How did Ag trade progress under FTA in its first 3 years?

- Many U.S. agricultural exporters took advantage of the opportunities provided by FTA to gain market access/shares
- Some New-to-Market U.S. exports: Apples, Cotton and Live Animals
- Several Newly-Competitive U.S. exports: Dairy Products, Soybeans, Soybean Meal, Soybean oil and Distilled Dry Grain (DDGs)
- U.S. Farm Groups have very positive assessment of FTA and have endorsed the agreement
- Moroccan exports experienced strong/steady growth since the start of the implementation in 2006, especially for fresh fruits (citrus)

Issues of Concern for FTA Implementation

From the Moroccan perspective:

- Inability to meet U.S. standards, SPS (tomatoes/Massa & new berries)
- Long phase-out periods of U.S. tariffs on some Moroccan products
- Difficulties for some Moroccan exporters with U.S. Customs
- Discrepancies between Moroccan and U.S. trade statistics
- No direct shipping line with U.S. contributed to increasing export costs

From the U.S perspective:

- Administration of the Tariff Rate Quotas (TRQs) for U.S. wheat exports to Morocco

Where we go from here?

- Established **effective/open communication** channels between U.S. and Moroccan trade officials to address FTA implementation issues
- Target U.S. technical assistance to help Morocco's exporters learn and comply with **U.S. regulatory requirements, especially in SPS areas**
- Engage Moroccan agribusiness in marketing/promotional activities **tailored for U.S. market** that emphasize qualitative and unique cultural aspects of products
- USDA/USAID/MCC and Morocco Min. Ag agencies should coordinate activities to help Moroccan exporters tackle international market challenges and **share lessons-learned**