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TRADE POLICY REVIEW

REPORT BY

THE KINGDOM OF MOROCCO

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by the Kingdom of Morocco is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on the Kingdom of Morocco.

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1 INTRODUCTION

1.1. Despite adverse international conditions, Morocco has consolidated its economic achievements and brought about faster growth by implementing profound reforms that delivered structural changes.

1.2. Moreover, the Government is making every effort to achieve strong, ongoing, inclusive growth that generates employment by stimulating domestic demand, supporting investment and improving the capacity of businesses to capture external demand and gain a stronger foothold on international markets.

1.3. Similarly, significant efforts have been made to sustain macroeconomic stability and ensure a fairly high level of economic openness and integration in an ever-changing global economy. Particular attention is paid to the employment of young people and women, social cohesion, poverty reduction, infrastructure development and environmental protection.

1.4. At the same time, Morocco has continued its strategy to diversify its economy and liberalize its foreign trade. This strategy has performed well: the average annual growth in real GDP was close to 4% during the period 2009-2014 despite the negative impact of the global financial and economic crisis. The period was also marked by low inflation and a considerable reduction in absolute poverty.

1.5. In addition, over the last ten years, Morocco has become one of the chief destinations for foreign direct investment in the MENA region. Indeed, it has recorded some of the region's highest rates of investment. Meanwhile, Moroccan investments abroad rose over the same period, especially in African countries, making it the second-highest ranking African investor in Africa.

1.6. Likewise, the action to strengthen the budgetary framework through implementation of the new Finance Law and the reforms to the tax and subsidy systems is designed to secure fiscal sustainability, ensure room for manoeuvre and shift the focus of fiscal policy towards investment and the social sectors.

1.7. Structural changes have taken place in foreign trade both in terms of the products traded and geographical structure. The volume of Moroccan exports is growing visibly but is still smaller than that of imports. This imbalance has been magnified by the combined effect of weak growth in the eurozone, still the chief destination for Moroccan exports, and the surge in prices of raw materials, especially oil. The trade deficit has also become one of the Moroccan Government's major concerns because of its negative impact on macroeconomic stability, the economy's financing capacity, and the risk that it may undermine development efforts.

1.8. The aim of this report is to review the Moroccan policy record since the fourth Trade Policy Review of 2009, and set out the outlook for the country in terms of reforms and growth, as well as the difficulties it must address.

1.9. We will describe the measures taken by the Moroccan Government as part of an ongoing series of reforms to improve the economic framework, stimulate business and facilitate trade and investment.

2 ECONOMIC ENVIRONMENT

2.1. Since its last Trade Policy Review (TPR), Morocco has continued its efforts to consolidate growth through measures that include beefing up investment and improving the purchasing power of the population. It has continued to diversify and improve the competitiveness of its production system by designing and implementing several supply development strategies.

2.2. Consolidation of the macroeconomic balances in view of the rapid changes in the international environment that followed the economic and financial crisis, has become another of the country's major concerns. The economic and social stimulus policies adopted to that end have helped to develop and deepen structural reforms and have made the Moroccan economy more resilient.

2.3. In this context, the Government's actions have focused on stepping up and broadening sectoral policies, as well as ensuring that they are more coherent, while continuing to improve fundamental indicators, rein in the budget deficit by beefing up measures to rationalize expenditure and boost revenue, raise finance abroad, strengthen export promotion mechanisms, and combat smuggling and under-invoicing.

2.1 A sustained level of growth

2.4. In common with other countries, beginning in 2008 Morocco experienced the effects of an adverse economic environment characterized in particular by the international financial crisis; the entrenchment of a lengthy phase of slow growth in the eurozone; and continued high prices for commodities, especially oil. This led to a considerable drop in the country's macroeconomic room for manoeuvre, including a significant deterioration in the twin deficits in 2012.

2.5. In 2013, in order to re-establish stability in its macroeconomic framework and continue its countercyclical fiscal and monetary policy to support domestic demand and contain the impact of the crisis, the Government phased out fiscal stimulus and implemented structural reforms and measures to reduce fiscal and external vulnerabilities.

2.6. Thanks to this policy, the Moroccan economy proved resilient to the international crisis. The policy also helped it to address the needs that became apparent in the "Arab Spring" in 2011 and underpinned the accelerated political and social reforms that culminated in the adoption of a new constitution and legislative elections that were fully compliant with democratic standards.

2.7. The Moroccan economy has thus moved into a phase of growth commensurate with its potential: its average annual growth rate of close to 4% over the period 2009-2014 is among the highest in the MENA area. This buoyancy was the result of a policy to stimulate domestic demand and a drive to secure investment in a country where it accounts on average for over 35% of GDP, one of the best performances in the MENA region.

2.8. Growth in household consumption, which represents over 60% of GDP, has gradually accelerated from an annual rate of 2.7% at the beginning of the 2000s to 5.2% in the last five years. The rise was facilitated by public policies to raise wages, cut income tax, bring inflation under control, and reduce the impact of drought on rural households' incomes. The result has been an increase in gross national income per capita of around 4.8% per year on average over the period 2000-2014, from DH 15,141 in 2000 to DH 29,146 in 2014.

2.9. Meanwhile, investment has grown by close to 7% over the last ten years compared to just 3.5% in the 1990s. This significant increase was facilitated by continued reforms aimed at improving the business climate and factor costs, the launch of major infrastructure projects, the development of a series of ambitious sectoral policies, and support for increased foreign direct investment.

2.10. Foreign trade indicators have been improving since 2013. Exports have risen more quickly than imports: by 7.9% compared to 0.6% respectively, as a result of work to improve Moroccan exportable supply and better positioning of Morocco on target markets. The contribution of foreign trade to growth tended to be negative over the period 2011-2013, but that pattern was broken in 2014. Morocco's foreign trade transactions had a positive impact on growth in Moroccan GDP in 2014 and contributed 1.2 percentage points. Exports added 2.1 percentage points to GDP growth in 2014, compared to an average contribution of around 2 points over the period 2010-2014. By contrast, imports cost GDP growth 0.8 percentage points in 2014, compared with an average of 2 points over the period 2010-2014.

2.11. The labour market benefited not only from the impact of growth but from the various measures introduced by the Government to enhance flexibility, ensure correlation with business needs and encourage self-employment. This has resulted in the creation of close to two million jobs since 2000 together with a 3.7% fall in unemployment to 9.9%.

2.2 Significant reforms to the public finances

2.12. The fiscal policy of recent years is in line with the Government's intention to establish conditions conducive to a gradual re-establishment of macroeconomic fundamentals. This policy preserved the sustainability of the public finances without endangering the financing of economic and social development. It prioritized the establishment of room for fiscal manoeuvring in terms of both revenue and expenditure.

2.13. The drive to re-establish macroeconomic stability helped to bring down the fiscal deficit and the current account deficit in the balance of payments to 4.9% and 5.7% of GDP, respectively, at end-2014. This trend is set to continue in 2015, when the deficits are projected to fall to 4.3% and 2% of GDP respectively.

2.14. The improvement in the fiscal deficit is due in particular to the drive to contain compensation costs, the rigorous approach required to execute public expenditure, and the efforts to protect revenue performance against a background of low tax receipts. Additionally, since 16 September 2013 the Government has had a system of partially indexed pricing for petroleum products. This reform alone has accounted for close to half of the effort to reduce the fiscal deficit. The cost of subsidies, which stood at 6.5% of GDP in 2012, fell to 3.5% of GDP in 2014. These efforts will be consolidated in 2015 through full liberalization of the price of petroleum products, with the exception of butane gas used chiefly for household consumption.

2.15. The rate of growth in Treasury debts has been falling since 2014, signalling a slowdown in the upward trend that began in 2010. The debt-to-GDP ratio was 63.4% compared to 61.5% in 2013 and 49% in 2010. The average cost of debt fell from 4.7% in 2010 to 4.4% in 2013 and 4.3% in 2014 while the average lifespan fell from 5.8 to 5.6 years before rising again to 6.6 years respectively.

2.16. Analysis of the direct public debt in 2014 shows that the Treasury's domestic debt rose by 4.9% to 445.5 billion, equivalent to 48.2% of GDP compared to 47.1% in 2013. The Treasury's external debt stood at 141 billion in 2014, a debt-to-GDP ratio of 15.3%.

2.17. With respect to fiscal receipts, Morocco is continuing its reform of the tax system in order both to support the process of rebalancing the public finances and to introduce a fair and equitable fiscal policy. A roadmap outlining the actions to take in this area in the short, medium and long terms was adopted at the National Conference on Taxation attended by both government and private sector representatives.

2.18. As part of the process to implement the roadmap, measures are already underway concerning VAT, the taxation of large farms, combating tax evasion and better capturing the informal sector, regional equity, and the rationalization of certain fiscal expenditure. Other organizational arrangements have also been made to consolidate the relationship of trust between the fiscal authorities and taxpayers. These include provisions on the streamlining of procedures and rationalization of oversight operations, the modernization and development of information systems and the launch of the project to classify taxpayers.

2.19. Moreover, the reform of the Organic Law on finance laws is crucial to the process of fiscal reform in Morocco. Launched in conformity with the provisions of the new Constitution of the Kingdom adopted in July 2011, the reform requires *inter alia* the adoption of a three-year programme that takes account of the need to keep the State budget in balance, the introduction of results-based fiscal management, and greater transparency both in the public finances and in the financial foundations through a system of accounts that facilitates rigorous monitoring of the overall cost of public services.

2.20. It should also be noted that the various efforts to consolidate the public finances have strengthened confidence among international institutions and international investors in the Moroccan economy, as reflected in the country's continued eligibility to access the IMF Precautionary and Liquidity Line, and successful forays into the international financial market under favourable conditions. Similarly, the Kingdom has retained the sovereign investment grade ratings awarded to it by the two international agencies "Fitch Ratings" and "Standard & Poor's", its outlook was described by them as stable and the country has risen steadily (to 75th in 2015 from 130th in 2009) in the World Bank "Doing Business" rankings.

2.3 A targeted, proactive monetary policy

2.21. Since its last TPR Morocco has implemented an accommodating monetary policy structured chiefly around improved credit conditions, a downward trend in the key policy interest rate and the monetary reserve ratio, an inflation target that is conducive to stable prices, and an enhanced legal framework for the banking system.

2.22. It should be noted that the gradual easing of credit conditions over the last two years can be attributed in particular to the positive outlook for economic activity, and owes much to the financial support programme for very small, small and medium-sized enterprises (TPME) introduced by the Bank Al-Maghrib. This improvement was facilitated by the considerable boost to net international reserves that arose as a result of the significant reduction in the trade deficit, and substantial receipts in the form of grant income to the State and loans to public establishments. Money supply growth has speeded up over recent years, reaching a rate of 6.2% in 2014 compared to 3.1% in 2013.

2.23. These favourable money supply conditions have led to lower interest rates on various markets, especially the currency market. As a result, Bank Al-Magrhib reduced the key policy rate twice in 2014, from 3% to 2.75% in September, and then to 2.5% in December. Similarly in recent years it has reduced the mandatory reserve ratio, bringing it down to 2% in 2014. The interbank rate has remained generally in line with the key policy rate and the lending rate has fallen from a year-on-year average of 6.23% to 6%. On sovereign and private debt markets, rates are all on a downward path.

2.24. Similarly, to facilitate falling interest rates and credit access conditions even more, Bank Al-Maghrib has implemented a new programme to further promote bank finance for TPMEs, especially those in the industrial or export-oriented sectors. The programme focuses on guaranteed loans worth DH 8 billion with a one year term in the year 2014.

2.25. Fluctuations in inflation have been contained within a 2% band on average, thus maintaining public buying power and stabilizing the real effective exchange rate. Inflation in Morocco stabilized at around 1.9% over the period 2000-2013. In 2014 inflation fell sharply to just 0.4%, in line with the fall in oil prices, the considerable drop in the food products index and the fall in the prices of most commodities on world markets.

2.26. Underlying inflation, which follows the key price trend, was 1.2% in 2014 compared to 1.5% in 2013. The change was caused by a slowdown from 1.7% to 0.9% in the prices of non-tradable goods; by comparison the prices of tradable goods rose by 1.4% compared to 1.2% the previous year.

2.27. Industrial production prices continued to move down in 2014 with a fall of 2.8% following a 1.9% drop in 2013. This trend is due chiefly to the fall in international prices in energy-related commodities and the rise in national agricultural production for agrifood industries.

2.28. Additionally, to support the structural changes and improve competitiveness, the Government has laid the groundwork for a gradual transition to a more flexible foreign exchange regime. To that end, the first stage in that process was the restructuring of the currency basket for the dirham on 13 April 2015. During 2014 the value of the national currency remained almost flat against the euro and depreciated slightly, by 0.09%, in relation to the dollar. The nominal effective exchange rate appreciated by 0.9% year on year, but fell slightly in real terms because of the inflation differential in favour of Morocco.

2.29. On the institutional front, 2014 was marked by the adoption of the Law on credit institutions and similar entities and by the completion of work on overhauling the Law on the statutes of the Central Bank. These documents take account of the lessons learned from the recent world crisis and aim to redefine the Bank's responsibilities and roles. The new banking law provides for broader banking supervision, the introduction of participatory finance, and the ratcheting up of rules on bank governance. The aim of the new bank charter is to strengthen the Bank's autonomy, give it responsibility for financial stability, and establish a framework for macroprudential oversight of lending institutions and similar organizations including financial conglomerates.

2.30. Where market governance is concerned, the Law establishing the Moroccan Capital Market Authority (AMMC), which replaces the Dahir on Law No. 1-93-212 concerning the Council for Ethical Standards in the Securities Market, was published in the Official Bulletin in April 2013. The authority will oversee the activities of investment advisers by awarding authorizations to practise. Similarly, the rules on procedures for public offerings were reviewed with a view to increasing the information disclosed for the benefit of issuers of public securities.

2.31. Additionally, Morocco has implemented reforms to increase the autonomy of the Central Bank in relation to monetary policy and the institutional framework for oversight of the financial system. The reforms also aimed to improve the efficiency of financial markets through the adoption of several texts to modernize the capital market and included the adoption of a law on money laundering to bring Morocco into line with the relevant international laws and charters.

2.4 Remarkable improvement in external accounts

2.32. The value of trade in goods and services rose by 3.6% in 2014 compared to the previous year to DH 715.8 billion, and grew at an average annual rate of 2.5% over the period 2008-2014.

2.33. Exports of goods and services grew at an average annual rate of 2.5% from DH 259 billion in 2008 to DH 301 billion in 2014. This buoyancy was sustained by the increasingly rapid growth in exports of goods.

2.34. Exports of goods have increased considerably at an average annual rate of 4.3% from DH 155.7 billion in 2008 to DH 200 billion in 2014. This increase was the result of steady growth in exports of Morocco's global businesses, including the automotive sector, where shipments to other countries grew by 26.5% from DH 31 billion to DH 40 billion between 2013 and 2014. The same is true of sales abroad in electronics, which grew by 26.2% while sales in aeronautics grew by 3.2%. Other traditional sectors also experienced a revival, with agriculture and agrifood, textiles, leather, phosphates and phosphate products growing by 4%, 3.9% and 2.1% respectively.

2.35. Exports of services reached DH 133 billion in 2014 compared to DH 103.4 billion in 2008. This trend is due to steady growth in telecommunications services and business services, associated with the development of offshoring.

2.36. Meanwhile, tourism revenue grew at an average rate of 2.2% during the same period, reaching DH 59.3 billion in 2014 as compared to DH 55.6 billion in 2008. This reflects Morocco's attractiveness as a destination and the impact of its proactive development strategy in this area.

2.37. Imports of goods and services grew at an annual rate of 2.5% from DH 359 billion in 2008 to DH 415 billion in 2014. This trend is chiefly due to the growth in imports of goods.

2.38. Imports of goods grew at an annual rate of 2.9% from DH 326 billion in 2008 to DH 386 billion in 2014, largely because of rising energy and cereal bills, the strong growth in imports of capital goods and higher demand for consumer goods as a result of greater purchasing power.

2.39. Imports of services rose to DH 74 billion in 2014 compared to DH 52 billion in 2008, an average annual growth rate of 6% over the period 2008-2014.

2.40. In terms of the geographical structure of trade, the European Union remains Morocco's chief trading partner, accounting for 60% of the country's exports, and is its top-ranking supplier of imports with an average share of 50% of all imports between 2008 and 2013. The EU was the source of 79% of travel receipts, 78% of receipts from Moroccans resident abroad, and 64% of direct investment in the Kingdom. Despite a relative drop in in recent years, France and Spain are Morocco's chief clients with shares of 20.5% and 22.0% respectively in 2014, compared to 30% and 20% in 2005.

2.41. The trade deficit in goods and services stood at DH 114 billion in 2014, 13% lower than in 2013 as a result of faster growth in exports than in imports. It grew at an average rate of 2.3% over the period 2008-2014.

2.42. The current account deficit fell sharply in 2014, to 5.7% of GDP from 7.9% in 2013, owing to a narrowing of the trade balance deficit (FOB-CIF) from 22.8% to 22% and 20.1% of GDP between 2013 and 2014.

2.43. The improvement continued over the first ten months of 2015: the trade balance deficit fell by DH 32.4 billion, 20.1% lower than in the same period in 2014, and the rate of coverage was 57.9%. This is attributable in part to an increase in exports of goods and services in the order of DH 10.7 billion (6.4% compared to the same period in 2014) and in part to the fall in total imports, down by DH 21.7 billion (-6.6% compared to the same period in 2014). The fall in imports concerned in particular the energy bill (-32.9%) and the food bill (-16%), whereas imports of capital goods, semi-finished products and raw materials grew by 10.2%, 3.6% and 6.4% respectively.

2.44. The other current-account components, including travel receipts and transfers from Moroccans resident abroad, also helped to improve the current account situation despite the stagnation in travel receipts, the chief source of services-related receipts.

2.45. The most significant performance was in transfers from Moroccans resident abroad (MRE), which grew at an annual average of close to 2% over the period 2008-2014 and stood at DH 59.9 billion in 2014 compared to DH 53 billion in 2008.

2.46. Foreign direct investment inflows to the capital and financial account hit a record level of close to DH 36.3 billion in 2014. The geographical breakdown of FDI flows illustrates the importance of France, still the top source of investment with a share of 28.4% followed by United Arab Emirates with 13.5% and the Kingdom of Saudi Arabia with 12.8%. In terms of sectors, real estate activities were most attractive in 2014 with a share of 32.6%. Although falling, investments in manufacturing remain significant, accounting for 24.2% compared to 45.6% in 2013. The decline particularly affected the food industry, where investment fell from DH 10 billion to DH 3.5 billion.

2.47. Moroccan direct investment abroad rose from DH 0.94 billion to DH 3.7 billion of which 35.2% went to France. Investment in Africa fell from DH 2 billion to DH 1.4 billion year on year. The financial and insurance sectors attracted 46% of these investments compared to 66.2% one year previously.

2.48. The performance of external flows resulted in a substantial improvement in currency reserves to DH 180.8 billion in 2014, equivalent to over five months of imports of goods. At end-October 2015 the stock of net international reserves stood at DH 218 billion, equivalent to 6 months 19 days' worth of imports.

3 TRADE POLICY

3.1. Since the last TPR Morocco has continued to implement a policy of foreign trade liberalization, export development and greater integration into the world economy. It has also focussed on following up the implementation of the various agreements and commitments entered into by Morocco at the bilateral, regional and multilateral levels, as well as on broadening them by negotiating new agreements. Morocco is also continuing the process of streamlining and rationalizing its customs taxation and foreign trade procedures and making them more transparent.

3.1 An updated legal framework that strengthens openness

3.2. The new constitution adopted in 2011 enshrined the supremacy over domestic law of international conventions that have been "duly ratified by Morocco within the framework of the provisions of the constitution and the laws of the Kingdom, in accordance with its unalterable national identity upon publication of those conventions […]". This constitutes a solemn affirmation of Morocco's international agreements.

3.3. In 2011 Morocco adopted a comprehensive, modern legislative framework for trade defence that is compatible with its commitments under the WTO agreements and other trade agreements concluded by Morocco. Law 15-09 adopted to that end lays down provisions setting out the conditions governing a determination of dumping, subsidy, massive increase in imports, and injury or the threat of serious injury, together with the procedures for implementing anti-dumping, countervailing and safeguard measures. The law also established an Import Inspections Commission within the Ministry of Foreign Trade with responsibility for delivering to the Minister an opinion on all matters relating to the implementation of trade defence measures.

3.4. Morocco has also updated Law 13-89 adopted in the early 1990s, which is the baseline text for legislation governing Moroccan foreign trade. The new draft law adopted by the Council of Government and currently undergoing the adoption process in parliament, reaffirms free trade as the founding principle of foreign trade legislation. It incorporates commitments under the trade agreements concluded by Morocco into national legislation in order to make the legal framework governing foreign trade easier to understand. Additionally, the draft law sets out the regulatory framework for international trade negotiations, in the interests of making the negotiation process more inclusive.

3.5. As a country that supports the international community's efforts to combat the proliferation of weapons of mass destruction, Morocco has formulated a draft law that enables it to control exports of dual-use items and related services in conformity with Resolution No. 1540 adopted unanimously on 28 April 2004 by the United Nations Security Council. It may be recalled that the resolution provides *inter alia* that "all States shall refrain from providing any form of support to non-State actors that attempt to develop, acquire, manufacture, possess, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery".

3.6. The draft law provides for a system of export controls for dual-use items and associated services. Under that system, such exports are subject to prior authorization in the form of an export licence. It establishes the Inter-Ministerial Dual-Use Export Controls Commission to coordinate export controls of such items in an efficient manner.

3.2 A sustained policy on import liberalization and export capacity-building

3.7. Of its own volition, Morocco has lowered its MFN customs duties over the years. The rates applied are generally lower than the rates bound in the Uruguay Round. The simple average of MFN rates and customs duties has fallen steadily to an average of 12.5% compared to a bound rate of 55% for non-agricultural products. The maximum tariff on these products has been cut to 25% since 2012 compared to 35% in 2009. Morocco's tariff scheme has been reduced from 6 rates in 2009 to 4 rates currently (2.5%, 10%, 17.5% and 25%).

3.8. Moreover the tariff reform of 2013 led to a reduction in customs duties on the bulk of agricultural products and resulted in a fall in tariff peaks on animals and meat. Thus, 46% of tariff lines on those products have an MFN rate of less than 10%, and 30% of tariff lines have an MFN rate of 2.5%. As a result, tariff protection rates greater than 100% account for only 7% of tariff lines.

3.9. Additionally, as part of its efforts to continue to liberalize the agricultural sector, out-of-quota tariffs have been reduced to rates much lower than the in-quota duties for agricultural commodities (cereals, oil products and sugar) in Morocco's schedule of commitments.

3.10. Morocco is relying on export development to address the structural deficit in its foreign trade. Accordingly, it is sparing no effort to tackle the market access difficulties faced by its exports and would like access improvements to be a major concern both of the multilateral system and of regional and bilateral cooperation.

3.11. Morocco has made efforts to promote its exports by invigorating and rationalizing the export promotion system with a view to diversification of markets towards Africa, the Americas and Asia. The policy has targeted strategic sectors such as textiles and leather, the agrifood and marine product processing industries, the electrical and electronics industries, the automotive industry, aeronautics, offshoring, and information and communications technologies.

3.12. Through Maroc Export, the public agency responsible for implementing national export promotion policy, Morocco has beefed up its promotional activities in target markets. As part of this process, in 2015 Maroc Export carried out over 113 promotional activities chiefly in the form of support for participation in trade fairs (45% of promotional activities), setting up B2B meetings (17%) and incoming missions (6%). In order to support business, Maroc Export pays close attention to the recruitment of new enterprises: thus, in 2015, 222 businesses were first-time users of Maroc Export's services.

3.13. Additionally, to encourage Moroccan businesses to access new markets, especially in Africa and the Arab countries, in 2013 credit insurance premiums were cut substantially for cover for political, disaster and transfer risks. Moreover, to support the expansion of exporting businesses on the international scene and encourage operators to seek out new trade opportunities, the annual amount they are allowed to invest abroad was raised in 2010 to DH 50 M for any investment operation in any destination and to DH 100 M for investment in Africa. In the same spirit, in 2010 Morocco liberalized buyer credit to allow exporters to grant short, medium and long-term credit to their foreign clients.

3.14. Promotional activities on the local market are organized by the Casablanca Fairs and Exhibitions Office (OFEC), a public body answerable to the Ministry of Foreign Trade. In 2015, OFEC held 22 trade fairs that attracted a wide range of participants from Morocco and other countries.

3.15. Morocco has received aid from the International Trade Centre (ITC) to improve the capacity of institutions that provide trade-related support and increase the effectiveness of pro-export activities in Morocco. The projects implemented by Morocco, in cooperation with the ITC, include the Enhancing Arab Capacity for Trade Programme (EnACT) and Export Development for Employment Creation (EDEC). The aim of the programme is to increase trade-related employment in the leather, seafood and processed foods sectors.

3.16. Morocco has continued to strengthen its decision support and surveillance system for exports, using the databases and information systems that have been set up by various international organizations including the WTO, the ITC, the World Bank, and the IMF. It plans to work with these establishments to boost its skillset in this area.

3.3 Undeniable achievements in facilitation

3.17. Morocco has implemented a series of actions that can be regarded as early implementation of the priority areas of the Agreement on Trade Facilitation. This resulted in the introduction of new measures to streamline customs procedures with a view to expedited adoption of a paperless customs channel, in particular through the introduction of the Computerized Online Customs Database (BADR) that has been operational since January 2009.

3.18. A virtual single window for foreign trade, "PortNet", has been set up to provide the community of foreign trade operators with a community software tool that can enhance the process of going paperless and electronic data interchange between operators through connections between the various information systems used by the port operators and other actors in trade operations (importers, exporters, forwarding agents, banks, etc.).

3.19. Against this background, Morocco made all its foreign trade documents paperless, including the import document, notification of arrival for vessels, manifest, summary declaration, single goods declaration, and others. The paperless import document alone resulted in over 12,500 importers connecting to the PortNet platform and reduced the cost of their operations as well as the time taken to process the document from several days to just a few hours. Morocco plans to continue the paperless process and to make foreign trade procedures and documents completely paperless.

3.20. The process is also likely to involve abolishing certain documents. As of 28 March 2014, Morocco abolished the foreign exchange undertaking required for freely exportable goods. It should be noted that this operation alone helped raise Morocco's ranking under the 2015 Ease of Doing Business trading across borders criterion to 31st from 37th.

3.21. PortNet has also made it possible to synchronize the controls conducted by the various border agencies and to strengthen management of fraud risks both at customs level and with regard to conformity with technical, sanitary and phytosanitary standards.

3.22. Additionally, Morocco has established a transparent formal procedure whereby exporters and importers can obtain on demand from the Customs Department any information on the tariff classification of goods, their origin and the relevant valuation method.

3.4 Commitment to the multilateral system

3.23. The aims of Morocco's economic reforms included implementation of the country's WTO commitments. In selecting and implementing its national policy, Morocco is committed to ensuring that there is appropriate interaction between the multilateral and regional systems, and that both development needs and the requirements of trade liberalization are taken into account. In this connection Morocco has fully honoured the extensive commitments it has entered into since its accession to the WTO and has made a significant contribution to strengthening the multilateral trading system.

3.24. Morocco firmly believes that the conclusion of the Doha Development Agenda (DDA) will bring more trade, investment and employment opportunities; foster a more stable and open external environment; and further enhance the role of the multilateral trading system in global economic governance. Morocco welcomes the outcomes of the Ninth Ministerial Conference in December 2013 in Bali on trade facilitation and the decisions in favour of least developed countries.

3.25. However, the outcomes fall short of the DDA ambition to place the needs and interests of developing countries at the heart of multilateral trade negotiations. Morocco has consistently called on all WTO Members to exercise greater flexibility to ensure a fair and balanced outcome in order to reach a rapid conclusion of the Doha Round on the basis of a single undertaking.

3.26. Morocco is committed to implementing the "Bali package", especially the Agreement on Trade Facilitation, in accordance with the time-frame laid down in the Bali Ministerial Declaration. Morocco is currently implementing the Agreement in its national law. The Agreement has been adopted by the Government and is awaiting the parliamentary approval it requires before it can be notified to the WTO. Additionally, Morocco continues to be an active participant in negotiating groups and reiterates its willingness to support any reasonable, balanced proposal concerning the Work Programme on the outstanding Doha Round issues.

3.27. As an African developing country, Morocco has played a leading role in defending the interests of African country Members of the WTO through the positions and initiatives it has taken as part of the African Group. In this connection, Morocco also took the initiative to mark the Organization's twentieth anniversary in April 2015 by hosting a Ministerial Conference of African countries in Marrakesh attended by African parliamentarians, with the effective personal participation of the Director-General of the WTO.

3.28. Morocco is pressing for priority to be given to the as yet unresolved DDA issues, in particular in the areas of agriculture, flexibilities, and special and differential treatment with regard to the LDCs, as well as implementation issues. It has made considerable efforts to frame Aid for Trade as a major development component of the Doha Round and has played an active role in all the thematic areas negotiated or discussed at the WTO. Morocco is working with all the other WTO Members or Groups to ensure that there is no dilution of the development mandate of the Doha Round and that the special needs of the developing and the least developed countries are met.

3.29. Turning now to multilateral organizations other than the WTO, Morocco is a member of the Governing Board of the Organisation for Economic Co-operation and Development (OECD) Development Centre, and is strongly committed to upholding all of the OECD's values. This accession embodies Morocco's new approach, which incorporates in a cohesive framework the economic, social and human-development dimensions with the involvement of professional organizations, representative institutions and civil society as well as government reinvigorated by public-private partnership. Morocco is currently a member of the Centre's Governing Board.

3.30. In November 2009, Morocco became the 42nd country to adhere to the OECD Declaration on International Investment and Multinational Enterprises. By adhering to the Declaration, Morocco undertook to accord national treatment to foreign investors (with the exception of a negative list notified upon adherence and regularly updated) and to promote responsible corporate behaviour. In return, other adhering governments guarantee fair treatment to Moroccan investors abroad.

3.31. In May 2012 Morocco adhered to the OECD Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance. In so doing, Morocco voiced its intention to adopt best practice in governance. According to Transparency International, Morocco ranked 80th out of 175 in 2014 for governance, a significant improvement on its ranking of 91st out of 177 countries in 2013. Morocco recently adhered to two further OECD instruments relating to business transparency and green growth.

3.32. Morocco took part in the negotiations and acceded to the Anti-Counterfeiting Trade Agreement (ACTA), and was one of the signatories to the Agreement in 2011. It should be noted that ACTA is a plurilateral agreement that focuses on intellectual property rights, combating counterfeit goods and illicit file-sharing without the right holder's authorization. Morocco is of the view that this Agreement is an opportunity to establish a new legal framework to strengthen the intellectual property rights laid down in existing WTO and WIPO agreements.

3.33. In the same vein, Morocco has put measures in place to combat counterfeiting. Firstly, it is consolidating the provisions laid down in the Law enhancing the enforcement of intellectual property rights, such as improvements to opposition procedures, as well as provisions on measures at frontiers that permit the Customs and Indirect Taxation Department (ADII) to suspend the free movement of goods suspected of being counterfeit. Secondly, it has introduced a mechanism for coordinating the work of the authorities involved in combating counterfeiting through the National Industrial Property and Anti-Counterfeiting Committee (CONPIAC). Established in 2008, CONPIAC brings the public and private sectors together and includes representatives from the relevant ministries and bodies.

3.34. Morocco is signatory to the Final Act of the São Paulo Round Protocol to the Global System of Trade Preferences among developing countries (GSTP) and ratified the Agreement in July 2013. The Agreement, which aims to improve market access and establish the conditions and mechanisms for a platform that further promotes South-South integration, has the support of 11 countries: Argentina, Brazil, Cuba, Egypt, India, Indonesia, the Republic of Korea, Malaysia, Morocco, Paraguay and Uruguay.

3.5 Enhanced regional and bilateral trade cooperation

3.35. Morocco is of the view that regional and bilateral trade cooperation complements multilateral cooperation by enhancing it and facilitating openness to global trade and its development. To that end, Morocco has now concluded 9 free trade agreements (FTA) with 56 countries and 7 limited scope preferential trade agreements, and is negotiating the extension of 4 other agreements.

3.36. Trade relations between Morocco and the European Union are governed by the Association Agreement signed on 26 February 1996 that entered into force on 1 March 2000 and led to the establishment of an industrial free trade zone in 2012. In order to further the gradual liberalization of agricultural, processed agricultural and fishery products, an agricultural agreement was signed on 13 December 2010 and entered into force in 2012.

3.37. Since 2008, Morocco has had Advanced Status with the EU. The aim of that status is to beef up cooperation with the EU in all areas. Morocco has begun negotiations with the EU on a Deep and Comprehensive Free Trade Agreement. The Agreement, which will go beyond the historical concept of trade liberalization, covers the following areas: trade defence measures, technical barriers to trade, sanitary and phytosanitary measures, customs and trade facilitation, investment and trade in services, public procurement, intellectual property, competition, trade-related aspects of energy, transparency, trade and sustainable development. It will include a section to bring regulations more closely into line with the European Community legislation in order to further embed integration of the Moroccan economy in the European market.

3.38. The Free Trade Agreement between Morocco and the European Free Trade Association (Switzerland, Norway, Iceland and Liechtenstein) was signed on 19 June 1997 and entered into force on 1 March 2000. It established an industrial free trade area in 2012 through the gradual liberalization of bilateral trade in agriculture with each of the EFTA member States and improvements to the Protocol on processed agricultural products at multilateral level. The Agreement also provides for the liberalization of trade in services and the right of establishment.

3.39. Since its entry into force, the free trade agreement with the United States has provided for free access to the United States market for the bulk of Moroccan non-agricultural products, including fisheries, but excluding textiles and clothes, which have been subject to gradual liberalization. Most agricultural products are currently traded free of duty and the most sensitive products enjoy tariff preferences subject to an annual tariff quota. The agreement provides for strategic dialogue. Three dialogue sessions have been held since Morocco's last TPR in 2009.

3.40. As part of the negotiations for a Free Trade Agreement between Morocco and Canada, in 2015 Morocco launched a study to investigate the impact of the agreement on the Moroccan economy. These negotiations between Canada and Morocco began in 2010.

3.41. The Agreement to establish an inter-Arab free trade area was concluded pursuant to the executive programme of the Agreement on Facilitation and Development of Trade among Arab Countries signed in Tunis on 27 February 1981. The programme aimed to establish the free trade area over a 10-year transitional period beginning on 1 January 1998 for products originating in contracting Arab countries. It should also be noted that the member countries of the Arab League are in the process of establishing a customs union.

3.42. The Agadir Free Trade Agreement binding Morocco, Egypt, Jordan and Tunisia was signed at Rabat on 25 February 2004 and entered into force on 6 July 2007. It is part of the Pan-Euro-Mediterranean process. Under this agreement, all products traded among the four countries are fully exempted from duties and taxes of equivalent effect as from its entry into force. Similarly, the use of the system of cumulation of origin is a factor that supports integration among these four countries and their integration in the Euro-Mediterranean area.

3.43. It should be noted that the free trade agreement between the countries of the Maghreb with a view to the establishment of a free trade area for economic integration in the Maghreb in all areas of economic activity was initialled by trade ministers in 2010 but is still unsigned.

3.44. In addition to these initiatives, Morocco has established bilateral free trade agreements with Jordan, Egypt, Tunisia and the United Arab Emirates. The aim of the agreements is to establish an environment that is conducive to the development of trade relations between Morocco and these countries through the gradual liberalization of the bulk of trade, in conformity with the WTO agreements.

3.45. The free trade agreement between Morocco and Turkey was signed on April 2004 and entered into force in January 2006. Its primary focus is industrial products and some agricultural products where trade is partially liberalized under preferential tariff quotas. Under the agreement a free trade area for industrial products between Morocco and Turkey was gradually established over a period of ten years, with asymmetrical treatment in favour of Morocco. Moroccan industrial products have enjoyed full exemption since the Agreement entered into force.

3.46. Bilateral economic and trade cooperation has always been an important tool in Morocco's strategy towards African countries. Since the 1960s, after a large number of African countries became independent, Morocco has established a significant network of bilateral cooperation agreements with its fellow African countries by formulating an appropriate regulatory framework. Economic relations between Morocco and the African countries are governed by a legal framework composed of over 500 cooperation agreements. The stand out feature is the involvement of the private sector in various government initiatives in the continent.

3.47. Morocco has signed a set of bilateral agreements with sub-Saharan African countries on trade and investment. The agreements take the form of trade agreements, investment promotion and protection agreements, double taxation conventions or establishment agreements. Morocco has concluded 14 bilateral MFN trade agreements with countries of sub-Saharan Africa, 8 of which are with countries in West Africa and 6 with countries in Central Africa. It has concluded a trade and tariff agreement with Guinea Conakry that provides for the grant of reciprocal tariff preferences for certain products.

3.48. To strengthen relations with the countries of sub-Saharan Africa, Morocco has focused on concluding comprehensive regional agreements covering trade and investment. A draft trade and investment agreement with the West African Economic and Monetary Union (WAEMU) was initialled in 2008.

4 A NEW GENERATION OF REFORMS

4.1. The reforms being implemented by the Government address the challenges of development, and many multifaceted major projects have been launched to that end. They aim to continue institution-building as required under the new constitution, speed up major infrastructure projects, stimulate the country's industrialization, continue various sectoral strategies, improve the business climate and step up action to overcome regional and social disparities.

4.1 A business-friendly legal framework

4.2. The Government is working towards completing the institution-building required by the new Constitution of 2011. In addition to consolidation of the rule of law, the incorporation of human rights into the constitution and the separation of powers, the new constitution stipulates that the regions are territorial entities capable of unlocking the country's development potential by harnessing the riches it has inherited from the Arab, Amazigh and Saharan cultures and opening the country up to the world. To that end, it provides for a renewal of the institutional framework through the establishment of various constitutional institutions, including the Constitutional Court, the Supreme Council of the Judiciary, the Supreme Security Council, the National Council of Moroccan Languages and Culture, and the Advisory Council on Youth and Community Action.

4.3. Against that background, Morocco has established the necessary legal provisions to implement the advanced regionalization advocated by the new constitution, which stipulates that the local authorities are to be a major player in the country's socio-economic development. The elections of 2015 produced the elected bodies of the 12 regions established under the new geographical boundary arrangements, and paved the way to the establishment of the second chamber of parliament in line with the new configuration provided for in the 2011 Constitution.

4.4. Reforms to the justice system currently under way will, *inter alia*, make it possible to establish a Supreme Council of the Judiciary to embody the judiciary's independence *vis-à-vis* the executive and legislative branches. A draft law has already been adopted by the Government to that end, setting out the nature and prerogatives of this new constitutional body that will undoubtedly play a role in consolidating the rule of law.

4.5. Several major projects have been completed or are under way to improve the business climate and enhance the competitiveness of businesses. They include reform of the Investment Charter, reform of the institutional framework governing government procurement, reform of the law on joint-stock companies, a complete overhaul of the legislation governing security interests in movable property, reform of the small and medium-sized enterprise charter, reform of the Commercial Code *vis-à-vis* failing businesses, and the streamlining of customs procedures and action to combat fraud.

4.6. The year 2009 marked the revitalization of the Competition Council and the beginning of a debate on raising the bar for competition monitoring. This resulted in the adoption at end-2014 of new legislation in this field. The new legal mechanism gives a fresh boost to the job of monitoring compliance with competition rules and confers the chief powers in this area upon a body that is independent of Government, as is the case in most countries, namely the Competition Council. The reform also emphasizes greater transparency in procedures and more guarantees for operators.

4.7. Since its last TPR in 2009, in keeping with its international commitments, Morocco has introduced a series of measures and reforms to strengthen the framework in which companies operate and to offer foreign investors a legal framework that meets international standards. These efforts were backed by the conclusion of several bilateral investment promotion and protection agreements and double-taxation conventions.

4.8. At the same time, the Government of Morocco has set about improving the institutional framework, *inter alia* by setting up the Moroccan Investment Development Agency, the Investment Commission (CI), Regional Investment Centres (CRI), the National Committee for the Streamlining of Investment Procedures (CNPI) and the Regional Commission for certain land-related transactions.

4.9. Moreover, the Investment Charter is an incentive mechanism that aims to promote domestic and foreign private investment, reduce the cost of investing, streamline procedures, and confirm the free transfer of foreign capital invested, etc. These incentives are reinforced in the various finance laws.

4.10. UNCTAD reviewed Morocco's investment policy in 2008 and a report on the implementation of the recommendations of that review is expected at the end of 2015. The OECD published a similar review in 2010 after Morocco became the 42nd country to adhere to the OECD Declaration on International Investment and Multinational Enterprises in November 2009. The reform of the 1995 Investment Charter, already recommended by UNCTAD in 2008, is still in progress.

4.11. The reform of regulations on public procurement was reinforced in 2013 with the adoption of a new Decree on government procurement that applies to State bodies, a list of public institutions determined by an order of the Minister responsible for finance, and all local authorities. The Code establishes the requirements and methods for awarding government contracts as well as certain rules governing their management and control. It was tailored to fit the new approach to the management of public finances, which is based on respect for the principles of good governance, free access to public contracts, equal treatment of bidders and enhanced rights of recourse, transparency, and streamlining and automation of procedures.

4.12. By acceding to international treaties on intellectual property Morocco has been able to strengthen its legal framework for the protection of intellectual property rights for national and foreign investors and to align more closely with the highest international standards in the field. Accordingly, Law No. 17-97 on industrial property protection, as amended and supplemented by Law No. 31-05 of 2006, was recently amended by Law No. 23-13.

4.13. The new law entered into force on 18 December 2014. It is anchored on the following pillars: organization of the profession of industrial property adviser, modernization of the application procedures for industrial property rights, improvement to the patent system, reform of the national system for industrial designs, consolidation of the national trademark system, establishment of a date-marking system, and strengthening of the enforcement of intellectual property rights.

4.14. The Government is continuing its reforms to liberalize prices. In that context, the reform of the consumer prices subsidy system that began in 2013 is still in progress. The Government began by abolishing the subsidy for less socially sensitive products, including heavy oils used in industry and petrol.

4.15. In 2014, Morocco began phasing out the diesel subsidy, which disappeared completely in January 2015. This allowed a return to prices that reflect costs and helped to re-establish macroeconomic balances by easing the pressure on the State's fiscal deficit. Currently the Government is continuing its subsidies for consumer prices for a restricted number of products deemed essential to consumers, such as bottled butane gas, sugar and a limited volume of flour. The debate on an alternative to these subsidies is continuing.

4.2 Ambitious sectoral strategies and major investment in infrastructure

4.16. The new growth model adopted by Morocco is based on supporting demand and developing supply. It has paved the way for Morocco to achieve encouraging levels of growth, gradually transform the structure of the fabric of production and increase the resilience of the national economy by integrating it into world value chains. Those factors have formed the background for several of the sectoral strategies designed and implemented over recent years.

4.17. The outcomes of those strategies not only improved the structure and dynamics of exportable supply, but also substantially reduced the country's energy dependence and strengthened its macroeconomic balances. Implementation of the strategies, supported by considerable efforts to improve the business climate, has also served as leverage in promoting private investment and creating job opportunities.

4.18. The Government has continued to implement the Industrial Acceleration Plan 2014-2020 (PAI) and strengthen Morocco's position in world value chains through the development of better integrated industrial ecosystems. The aim of the plan is to make industry a major lever for growth and employment by 2020 by creating half a million jobs, with 50% of these coming from foreign direct investment and the other 50% from the renovated domestic industrial fabric. It also aims to raise industry's share of GDP by nine points from 14% to 23% by 2020.

4.19. The approach advocated under the PAI is to develop efficient industrial ecosystems by building a more integrated system of industry based on the ecosystem rationale for creating a new momentum and a new relationship between large groups and SMEs. By reducing the disparities between sectors, this new type of working relationship between industrial leaders and SMEs should make industry a major job provider, especially for young people, triggering a virtuous circle that will create a self-sustaining momentum.

4.20. The plan aims to enhance Morocco's position internationally. Accordingly it envisages improving the competitiveness of its industrial exportable supply by concentrating support on sectors with high export potential.

4.21. Launched in April 2008, the Morocco Green Plan (PMV) aims to develop and modernize the agricultural sector, strengthen its role as a driver of the country's economic growth and improve farmers' incomes. Based on a comprehensive, participative approach, the strategy represents a complete break with the successive agricultural policies of the 1960s and attempts to address agricultural development as a whole, in all its diversity, taking account of its fundamental relationship to rural development and the sustainability of natural resources.

4.22. The review of this ambitious strategy published at the end of the 7th year of implementation reported some encouraging results. They are the outcome of the combined efforts of the authorities as well as unconditional commitment from farmers and professionals in the sector. Annual agricultural GDP growth stood at 7% as a result of sustained investment that rose from DH 4 billion in 2009 to DH 7 billion in 2015. The Plan also facilitated improvement in agricultural productivity, an increase in exports, a significant improvement in food self-sufficiency for the chief commodities (70% for cereals, 40% for sugar and 100% for meat, fruit and vegetables), reinvigoration of marginal agricultural areas and the rational use of water resources thanks to efforts to promote the use of economic irrigation technologies for this increasingly scarce resource.

4.23. The Halieutis strategy adopted on 29 September 2009 seeks to exploit the assets of the maritime fisheries and aquaculture sector and to ease the constraints on its growth by setting two key objectives, namely the conservation of fishery resources and sectoral improvements, coupled with an increase in the sector's contribution to the country's economic and social development. This strategy can boast several achievements, namely the establishment of management plans, the overhaul of the management model for fishing ports, improvements in the legal framework, the establishment of the national integrated control plan for the fishing industry, and the institutional marketing and labelling strategy at national and international levels.

4.24. The national energy strategy is based on major objectives that seek to reduce dependence on imports of hydrocarbons, secure national supply in various forms of energy, ensure its availability and accessibility at competitive prices, and rationalize its use while protecting the environment. To meet these objectives, it is envisaged that by 2020 there will be an additional installed electrical capacity of 9,246 MW and investment of around DH 200 billion will have been raised for the various power and petroleum projects. The share of renewable energy in the fuel mix will rise to 42%. Since the launch of this strategy at the first Energy Conference on 6 March 2009, progress has been made in several areas of this critical sector of the national economy.

4.25. The new mining strategy adopted in 2013 aims to strengthen Morocco's position as a mining country. The goals are to develop mining research, establish geological infrastructure, promote mining projects, diversify sources of production, modernize methods and means of extraction and improve vocational training. The guiding principles that underpin the strategy are the launch of a programme to upgrade mining assets; incentives to invest and develop mining research; and the establishment of an appropriate mechanism to promote mining on the local and international markets.

4.26. Owing to its impact on employment, the stability of external balances and the country's brand image promotion, the tourism sector is also one of the vehicles for economic, social and cultural development in Morocco. Accordingly, the "Vision 2020" strategy aims to make Morocco one of the world's top tourist destinations by developing a strong, diversified and balanced range of tourism facilities.

4.27. The strategy aims to lift Morocco into the world's top 20 tourist destinations by doubling accommodation capacity and constructing 200,000 additional new beds, and doubling the number of tourist arrivals at the border to 20 million. In terms of impact, the strategy projects that by 2020 some 470,000 direct jobs will be created across the national territory, tourism receipts will rise to DH 140 billion and the sector's contribution to GDP will grow to DH 150 billion.

4.28. Morocco has bolstered initiatives to harness international and national private investment by supporting the implementation of major infrastructure projects and establishing public services including transport and logistics, as well as developing transport and logistics as leverage for private investment while exploiting the opportunities provided by the new legal framework for Public-Private Partnerships. Accordingly, in order to establish greater efficiency in sectoral strategies, the various investment projects are chosen on the basis of criteria that satisfy standards of economic rate of return as well as social and regional development requirements, while promoting the idea that existing infrastructure and projects should be profitable. Altogether, total public sector investment is expected to amount to DH 189 billion in 2016.

4.3 Major programmes to reduce regional and social disparities

4.29. Morocco is sparing no efforts to reinforce social cohesion, combat poverty and reduce regional and social disparities by focusing on the continued implementation of the programmes and strategies already in place. These include the National Human Development Initiative (INDH), programmes to upgrade rural and mountain areas, and programmes financed as part of the Social Cohesion Support Fund and the Family Assistance Fund.

4.30. Morocco has also launched a new programme to reduce regional and social disparities in rural areas that aims to make some headway in plugging the gaps in provision faced by the rural population. These include the Global Rural Electrification Programme (PERG), the second National Rural Roads Programme (PNRR II), and the Pooled Supply Programme for Drinking Water for the Rural Population (PAGER).

4.31. The INDH is implemented through four programmes: (i) combating rural poverty, (ii) combating urban social exclusion (iii) combatting insecurity and (iv) the cross-cutting programme to assist human development stakeholders by supporting training, capacity-building and communication activities. Over the period 2005-2014 the INDH led to the implementation of 38,341 projects and 8,294 activities for a total investment of DH 29 billion, of which INDH contributed over DH 17 billion, a leverage of 41%. Around 9.75 million people in total have benefited from the projects, of whom 50% live in rural areas.

4.32. Since their adoption in 2000 the Millennium Development Goals (MDG) have provided the framework around which to structure economic and social development in Morocco. The outcomes in terms of poverty reduction are very positive and have exceeded the goals. In fact, in 2014 Morocco eradicated extreme poverty (defined as living on less than one dollar a day).

4.33. In 2006 Morocco achieved the MDG of generalized access to drinking water for urban populations. Noteworthy efforts have been made in this field in rural areas (94.5% in 2014 compared to 14% in 1994). The MDGs for the numbers of subscribers to fixed and mobile telephony services and the Internet per 1,000 head of population were exceeded in 2011. The outlook in 2015 is good for generalized access to sanitation for the urban population. The same is true of the goal for reducing all forms of slum dwellings by 2020: the share of the urban population living in slums fell from 9.2% in 1994 to 5.9% in 2012.

4.34. The MDG for children everywhere, boys and girls alike, to be able to complete a full course of primary schooling is very likely to be achieved, given that primary school enrolment rates were 99.5% in 2013-2014. Results in terms of parity in primary and secondary education are encouraging: parity rates are 91% in primary education and 92.3% in secondary education.

4.35. Additionally, Morocco has halved its malnutrition rate, enabling it to attain the goal of combating hunger ahead of time (0.1% in 2014 compared to 4.6% in 1985). The goal on eliminating malaria by 2015 is regarded as having been achieved in 2006 as Morocco has not recorded a single case of indigenous malaria since that year.

4.36. The national development priorities post-2015 are reflected in five sectoral themes: economic and social rights, governance and the rule of law, a sustainable environment, peace and security, and the coordination and financing of development; and two cross-cutting themes: human rights and combatting corruption. Programmes are under development to realize these ambitions.

5 CONCLUSION

5.1. This report confirms Morocco's intention to continue the process of structural change and steady modernization of its fabric of production, through diversification across areas and sectors targeted at world value chains as the anchoring point. The rationale that underpins openness in a local setting generates new, externally oriented vehicles for openness that are more in step with a perpetually changing regional, continental and world environment.

5.2. Through its open foreign trade policy, Morocco has been able to reinforce its chosen path of liberalization, in particular by continuing to reduce tariff protection, eliminating quantitative restrictions, streamlining foreign trade procedures, creating an environment conducive to the development of business, investment and government procurement, and contributing to a stronger multilateral trading system.

5.3. Major efforts have been made in terms of infrastructure projects and structural reforms, and innovative sectoral policies launched. The impact of these initiatives on growth, employment and human development indicators are becoming palpable and in some cases the achievements exceed the initial goals.

5.4. This, the fifth trade policy review of Morocco, is taking place against an institutional and legal background of a new generation of reforms that will have a decisive effect on economic governance in Morocco.

5.5. Morocco remains committed to the multilateral trading system and will continue to play an active role as a WTO Member and in particular in the Doha Round negotiations, in order to ensure a successful, balanced, fair and equitable outcome that fully addresses the concerns of developing and least developed countries.

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