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## SUMMARY

1. Since its last trade policy review (TPR) in 2015, Morocco was able to increase its GDP per capita from USD 3,236 to USD 3,570. That period was also marked by a major recession in 2020 (-7.2%), owing to the effects of the COVID 19 pandemic. However, a strong rebound in 2022 enabled the Moroccan economy to return to its pre-pandemic level very quickly. Nevertheless, Morocco's public finances deteriorated steadily during the period under review, with the Treasury's debt reaching 69.8% of GDP in 2022. During the same period, state presence in the economy remained strong and the Government invested massively in infrastructure.

2. Dominated by manufactured goods, Morocco's international trade grew considerably between 2015 and 2022. The European Union remained the Morocco's main trading partner. Moroccan exports are fairly diversified, consisting primarily of chemicals, vehicles and transport equipment, electrical machinery and equipment, textiles, vegetable products and mineral products. Historically, Morocco has run a services balance surplus, largely thanks to tourism. Morocco remains highly attractive to foreign investors, as illustrated by the fact that the stock of foreign direct investment (FDI) increased from USD 49.7 billion in 2015 to USD 73.0 billion in 2021.

3. Morocco participates actively in the work of the WTO and submitted several notifications during the review period. However, certain notifications were still pending as of December 2023, including those concerning agriculture, and subsidies and countervailing measures. The country was involved in three dispute settlement procedures at the WTO as the respondent. It has signed the Information Technology Agreement (ITA), but has not yet notified its final Schedule of Commitments. It ratified the Trade Facilitation Agreement (TFA) in 2019.

4. Morocco has regional trade agreement (RTAs) in force with the European Union, the United States, the European Free Trade Association (EFTA), Türkiye and most Arab countries. During the review period, it signed a new RTA with the United Kingdom and ratified the Agreement Establishing the African Continental Free Trade Area (AfCFTA). The latter was not notified to the WTO. In addition preferential access is granted to certain products from 33 African least developed countries (LDCs).

5. In December 2022, a new investment law entered into force, covering all sectors, except agriculture. It contains provisions that seek to encourage the replacement of imports with local production, boost exports and reduce regional disparities. However, the conditions for receiving the premiums are relatively complex. Foreign investment remains restricted for certain activities in the electricity, transport, hydrocarbon, mining and fishery sectors.

6. Since Morocco's previous TPR, many changes have been made to customs tariffs. The simple average of MFN tariffs rose from 12.5% in 2015 to 16.6% in 2023. The average duty was 32.2% for agricultural products (WTO definition) (a slight increase from 30% in 2015), and 13.7% for non-agricultural products, compared with 9.5% in 2015. All MFN tariff lines are bound and the simple average bound rate is 42.2%; 58% for agricultural products and 39.6% for non-agricultural products. As of 1 January 2024, customs duties have been amended further. For example, the 40% rate has been reduced to 30% for the majority of products concerned. Variable duties continue to be applied to sugars and cereals. In addition, other duties and taxes still target imports only.

7. As was the case during the previous TPR, Morocco still has a considerable number of tariff lines for which the applied rates exceed the bound rates, although number did decrease slightly to 774 (down from 792 in 2015). This has been the case since 2000, when Morocco amalgamated "other duties and taxes", more specifically, the 15% fiscal levy on imports (PFI), with customs duties.

8. The VAT system is complex, with two different regimes ("domestic" and "imports"), with or without a "right of deduction". Reform of this tax has been approved and will be implemented over a three-year period (2024-26) to produce a simplified VAT regime with two base rates of 10% and 20%, respectively. An internal consumption tax (TIC) is applied to tobacco, beverages, energy products and sugar-containing products.

9. In 2020, export processing zones were renamed Industrial Acceleration Zones (ZAIs). Goods entering or leaving ZAIs are exempt from all duties and taxes for the first five years. The tax system

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is in the process of being reformed to harmonize the ZAI regime with that of companies operating outside these zones. To be eligible for the ZAI status, companies must export 75% of their output.

10. New safeguard and anti-dumping measures have entered into force since 2016. At the end of June 2023, 10 definitive anti-dumping measures were in force. Moreover, one anti-dumping measure has been in force for more than 10 years.

11. A new Government Procurement Code came into force in 2023. The rules apply to all government entities, public institutions and local authorities. The Code gives preference to domestic companies and includes measures that favour micro-, small and medium-sized enterprises (MSMEs).

12. The Competition Council was set up in 2018 and imposed penalties for the first time in 2022. The telecommunications, financial services, audiovisual communication, port activities and electricity sectors have their own competition authorities. Prices for flour, sugar and butane gas, as well as for basic services, health products and services, and manufactured tobacco are set by the State. Sugar and flour are subject to price controls.

13. The National Food Safety Board (ONSSA) carries out systematic controls of imported agricultural and agri-food products. Import and export licences are required for a number of products. In February 2021, Morocco joined the African Organisation for Standardisation (ARSO).

14. Since Morocco's previous TPR, no changes have been made to the legislative framework on industrial property. Copyright and related rights are managed by the Moroccan Office of Copyright and Related Rights (BMDAV), which has had financial autonomy since 2022. The Office's administrative costs will be funded by a percentage taken on income received from the exploitation of copyright and related rights.

15. The agricultural sector remains a major source of employment. Moroccan agricultural exports and imports increased sharply between 2015 and 2022. The "Generation Green 2020-30" strategy seeks to further develop the sector, create additional jobs and improve the living conditions of farmers. Morocco's last notification on agricultural domestic support measures dates back to 2012.

16. The phosphates and derivatives sector remains one of the pillars of the Moroccan economy. Morocco is the world's leading exporter of phosphates and one of the top exporters of phosphorous fertilizers. The sector's exports have grown at a remarkable rate, mainly as a result of higher fertilizer prices. In 2022, they accounted for about 27% of the country's total exports. The sector remains dominated by the state-owned enterprise, OCP S.A., which has a monopoly over reconnaissance and mining activities.

17. Fossil fuels are still the main source of primary energy. Although Morocco has made great strides in the development of renewable energy, it remains highly dependent on supplies of energy products from abroad. During the review period, it undertook reforms of the electricity sector, including the creation of a national regulatory authority and the reorganization of electricity distribution. Several initiatives are under way to develop the natural gas sector.

18. The manufacturing sector plays a key role in the Moroccan economy, accounting for close to 15% GDP over the period 2015-22. The country's industrial and trade policies are largely correlated. Since 2015, Morocco has put in place Industrial Acceleration and Industrial Recovery Plans, which seek to promote innovation, the development of clusters and import substitution, and to step up the country's integration into international value chains. The development of the aeronautical and automotive industries reflects the country's greater participation in these value chains. In line with its industrial policy, Morocco increased its MFN tariffs on non-agricultural products in 2020. It continues to offer various support measures to the industrial sector, which have not been notified to the WTO.

19. Accounting for around 54% of GDP, the services sector is Morocco's main provider of employment. The financial and telecommunications services sectors have seen significant growth in recent years. The transport and storage sector was ranked second in service exports in 2022. During the review period, Morocco continued to invest heavily in transport infrastructure. The country is one of the main maritime hubs in the Mediterranean.

20. Tourism is the top service export. Severely affected by the pandemic, the sector recovered in 2022. During the period under review, Morocco initiated a comprehensive reform of the sector's regulatory framework. It has introduced nationality (or residency, as the case may be) requirements for tourist guides and travel agents.