

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## ACCESSION OF MOROCCO

### Questions and Replies to the Memorandum on Foreign Trade Régime (L/5820 and Add.1)

In a communication dated 8 March 1985 circulated as L/5790, the Government of Morocco applied for accession to the General Agreement pursuant to Article XXXIII. At its meeting on 30 April-1 May 1985, the Council set up a Working Party to examine Morocco's application for accession. The questions submitted for this purpose by contracting parties in connection with Morocco's foreign trade régime and the replies thereto now provided by the Moroccan authorities are given below.

Delegations wishing to raise additional questions concerning Morocco's foreign trade régime might inform the delegation of that country (with a copy to the secretariat) of such questions in advance of the meeting of the Working Party, so that considered replies can be made available by Morocco to members at the time of the Working Party meeting.

REPLIES BY THE KINGDOM OF MOROCCO  
TO QUESTIONS RAISED BY CONTRACTING PARTIES  
REGARDING MOROCCO'S FOREIGN TRADE REGIME

Objectives of the 1981-1985 five-year plan and current guidelines

Question No. 1

In describing the current Moroccan trade régime, the Memorandum states that "Foreign trade accounts for nearly 45 per cent of GDP." Could Morocco explain exactly what that ratio means? Does this include trade in services?

Reply

This ratio represents the share of Morocco's foreign trade (imports c.i.f. and exports f.o.b.) in relation to GDP and is calculated as follows:

$$\text{Ratio:} \quad \frac{\text{Imports c.i.f. + exports f.o.b.}}{\text{GDP in current prices}}$$

Question No. 2

Could Morocco describe in more detail the more numerous measures instituted to promote export activities mentioned on pages 7, 11 and 26 of document L/5820/Add.1, in particular the products concerned and the amounts of export aid involved?

Reply

There are no export subsidies in Morocco but there is a set of incentive measures designed to encourage export activities.

Accordingly, with a view to promoting exports of industrial products and handicrafts, Dahir No. 1-73-408 of 13 August 1973 established incentive measures for industrial and handicrafts undertakings. Commercial undertakings engaged in exporting such products also benefit from these measures under Dahir No. 1-77-217 of 19 September 1977.

These measures are as follows:

A. Export Code

- Full exemption from tax on business profits for the amount of turnover from exports during the thirteen (13) first years following the starting up of export activities for new undertakings, or for the thirteen (13) first years following publication of the above-mentioned dahirs for undertakings already in existence on the date of their promulgation.

This exemption is further subject to the condition that the annual turnover of the commercial undertakings concerned must be not less than DH 10 million.

- Annual grant in foreign exchange of 3 per cent of the amount of turnover, designed to cover prospection costs in foreign markets, operating costs of agencies abroad and publicity.
- Guarantee of transfer of tax-free dividends distributed to non-residents, and guarantee of retransfer of invested capital for foreign investors.
- Guarantee of retransfer of proceeds from settlement of capital invested by a foreigner in a new undertaking.

These advantages are additional to those provided for under the Industrial Investment Code and the Handicrafts Investment Code.

#### B. Export credits

Export credits are granted to exporters at preferential rates to cover the financing of certain general needs (stocks abroad, liberation of claims established abroad, etc.)

#### C. Export insurance

Under Dahir No 1.73.366 of 23 April 1974, a State insurance scheme for exports was established for the benefit of natural or legal persons resident in Morocco and engaged in export operations; the scheme is administered by the Moroccan Foreign Trade Bank under Decree No. 2.73.299 of 29 April 1974.

This insurance comprises:

- Credit insurance which covers the commercial risk, political risk, disaster risk and monetary risk. These risks are guaranteed within the limits of a maximum of 90 per cent, and cover a period of one year which is renewable tacitly.
- Prospection insurance for persons seeking outlets in foreign markets, guaranteeing the reimbursements of costs incurred in connection with prospection that is unfruitful or whose results are not sufficient to offset the costs incurred. Such reimbursement may not, however, exceed 50 per cent of actual outlay.
- Trade-fair insurance which guarantees to participants in international trade fairs abroad the reimbursement of costs incurred by them on that occasion in the event that they fail to achieve a turnover sufficient to cover those costs. This reimbursement may not exceed 50 per cent of actual outlay.

- D. New export régime (joint Order of the Minister for Trade, Industry and Tourism and the Minister for Finance No. 778-84 of 8 August 1984)

This Order established the principle of export liberalization.

Apart from the very few products specifically designated on the list attached to that Order and products of foreign origin on which import duties and taxes have been paid, all other products may be freely exported under a simple "export declaration - exchange indenture".

- E. Special customs régimes

These were established in their present form under the Customs Code, Title V (Dahir No. 1-77-339 of 9 October 1977) and the relevant implementing Decree (No. 2-77-862 of 9 October 1977).

They include systems which provide for customs duty suspension (customs warehousing, temporary admission, temporary import, outward processing traffic, temporary export; transit) as well as the drawback system.

Among these special customs régimes, those particularly relevant to export promotion are temporary admission, temporary import and drawback.

- Temporary admission

This allows the admission to national territory, with suspension of duties and taxes and likewise any prohibitions and restrictions applicable on admission, of goods intended for processing, working or additional labour application with a view to subsequent export in the form of finished products (compensating products).

- Temporary import

This procedure allows the admission to national territory, with suspension of duties and taxes and likewise any prohibitions and restrictions applicable on admission, of products and materials exportable without further processing after having been utilized as intended.

These are basically inputs and materials that can be integrated in or used for export-oriented industries.

- Drawback

This procedure allows the flat-rate refunding of certain duties and taxes charged on imports of foreign materials used in the manufacture of exported products.

In addition to these legal provisions or regulations, a set of administrative measures has been established to allow relaxation of administrative formalities and procedures, in the light of both domestic and external economic restraints.

In this context:

- Eligibility for the temporary admission and temporary import régimes has been extended to all products except those included in the attached list, the import of which is subject to prior approval from the supervisory department.
- A declaration system for settlement conditions (wastage rate and yield rate) has been established in respect of the temporary admission records; under this system, economic agents operating under these suspensive customs procedures can propose the modalities for settling accounts they underwrite, whereas in the past those rates were determined either by the above-mentioned decree or by the administration after an investigation.
- As regards customs bonds, apart from the traditional guarantee systems (bank bond or deposit), operations under the temporary admission procedure can also be covered by:
  - A mutual bond between undertakings, case by case.

In this regard and in order to reduce the financial burden to export undertakings, since the beginning of 1984 the customs administration allows them to provide guarantees on a reciprocal basis;

- An annual global guarantee.
- Imports of production materials that remain under foreign ownership and are intended for the manufacture of goods intended for export can be carried out under the temporary import procedure without payment of quarterly fees.

Furthermore, and taking account of manufacturing or marketing constraints inherent to certain sectors, the administration has adopted certain new customs clearance procedures.

These are clearance on premises, and the simplified procedure of provisional declaration.

- Clearance on premises allows exporting industries to carry out customs formalities on their own premises, whether for import or export.
- The simplified procedure of a provisional declaration covering a specified period, one or more listings, giving

indications other than the type of goods being furnished, only at the end of the period considered (in particular, quantities and values).

Question No. 3

Do the measures designed to "promote exports and industrial output" include export performance or domestic content requirements? What specific financial incentives, if any, are provided under this programme for export and industrial promotion?

Reply

Manufacturers operating under export-oriented special customs régimes are required to export the compensating products obtained after the processing of imported raw materials.

In addition, it should be noted that except in the motor vehicle assembly sector, there are no legal requirements regarding domestic content.

As regards motor vehicle assembly, under the law on integration and compensation (No. 1-81-306 of 6 May 1982), the grant of import permits for CKD kits (motor vehicle components) is subject to the requirement that the assembled vehicle must comprise 40 per cent, in terms of value, of parts of domestic origin for passenger vehicles, and 50 per cent for utility vehicles (heavy vehicles).

As regards "financial incentives" to export activities, see the reply to Question 2.

With respect to "industrial output", Law No. 17/82, promulgated by Dahir No. 1-82-220 of 17 January 1983, established certain incentive measures to industrial investment (see Memorandum, page 28).

Question No. 4

As one of the objectives of the reforms initiated under the 1981-1985 five-year plan, Morocco indicates that it intends to adjust the protection of domestic industry toward tariff protection and away from non-tariff measures and quantitative restrictions. The Memorandum indicates that movement in that direction has already taken place. Does Morocco have a timetable for progressive movement toward the completion of this process?

Reply

A timetable has indeed been set for implementing the adjustment programme in respect of industry and international trade; the Global Import Programme (GIP) for 1985 was drawn up under that timetable.

A large number of products formerly in List B or C have been transferred to List A or B under the GIP for 1985.

In addition, in the context of the above-mentioned adjustment programme the Moroccan Government is planning:

- to liberalize certain products in January 1986;
- to transfer into List A of the GIP, in the course of 1987, products such as cement, electric cables, part of the textile industry and durable consumer goods.

In conclusion, the only products that will not be liberalized for import until 1987-89 are those requiring special consideration, namely:

- iron and steel products;
- vehicles;
- that part of the textile industry covered by the Multifibre Arrangement;
- agricultural products vulnerable to unfair trading practices;
- products such as soap and fats which are indirectly the subject of counter-trade.

#### General import programme in effect since 1967

##### Description of the régime

##### Question No. 5

What is the general rationale for selective import controls in the foreign trade régime of Morocco and are they seen as a permanent feature?

##### Reply

Morocco's import régime as described on pages 8 to 10 of the Memorandum was devised having regard to various considerations, inter alia:

- to ensure regular supply of the Moroccan market as regards current consumer goods, raw materials, semi-finished products and capital goods needed for domestic industry;
- to afford protection on a rational basis to domestic production and manufacturing industry, while ensuring optimum conditions of quality and price for consumers;
- considerations in regard to public morals and public order - these mainly concern imports of drugs, narcotics and weapons;
- considerations in regard to the trade deficit: if this deficit worsens, import control measures are taken but only in respect of a small number of finished consumer products for which a market shortage

does not hamper producing structures or disrupt the country's normal and regular supply of essential products;

- considerations in regard to protection of the national heritage; these are mainly of a sanitary nature, aimed at safeguarding Morocco's fauna, livestock, etc.

Such import control measures are temporary to the extent that a basic objective of the adjustment programme for trade and industry is to replace quota protection by tariff protection.

Question No. 6

How is Morocco's import régime administered? Specifically, who decides which list covers specific imported items? Is the process open to appeal? Are import deposits required for imports on Lists A or B?

Reply

The Ministry of Trade and Industry decides in which of the three lists of the General Import Programme products are to be classified.

This decision is taken after consultation of the supervisory departments and professional organizations concerned.

The consultation takes place in a national commission which meets once a year in the last quarter of each year.

Decisions are taken by consensus among the various parties concerned; in the event of disagreement the Prime Minister makes the final decision.

The import deposit requirement has been eliminated since July 1984 (see reply to question 17).

Question No. 7

In regard to imports (including allocation of the necessary foreign exchange) of products in Lists A and B respectively, who makes the final decision and on the basis of which criteria?

Reply

For products in List A: approved banks are designated by the Exchange Bureau; they release the necessary payment means directly for any import of liberalized products. In respect of these products, prior approval by the Ministry of Foreign Trade is not required.

The import document established by the importer and domiciled with his bank automatically gives entitlement to allocation of the necessary foreign exchange to pay for the import concerned. To this end, the approved bank purchases the foreign exchange from the Bank of Morocco (Central Bank).



For products in List B: import applications are examined by the Ministry of Foreign Trade which, in certain cases, seeks an opinion from the technical services of other departments.

The Ministry of Foreign Trade examines import certificate applications (licence applications) for these products and makes the final decision to grant the certificates or not, in particular on the basis of the following criteria:

- trade balance situation and advisability of allocating foreign exchange for the products requested by importers;
- existence of domestic production which is competitive in regard to quality and price with the products requested;
- market requirements;
- technical and commercial qualifications of the importer;
- conditions of public health and safety, etc.
- once the import certificate has been granted by the Ministry of Trade and endorsed by the Exchange Bureau, the bank is entitled to transfer the necessary foreign exchange for payment of the import.

#### List A, products liberalized for import

##### Question No. 8

Are the products on List A subject to any import restraints other than tariffs?

##### Reply

Inclusion of a product in List A means that it is not subject to any quantitative import restrictions.

Nevertheless, this freedom to import does not exempt importers from specific regulations in respect of certain products based on considerations of public health (plants, animals, quarantine) or public safety (weapons for civilian use, etc.).

##### Question No. 9

Is the transfer of products from Lists B or C to List A irreversible? If so, can the Moroccan Government give any guarantees in this regard?

##### Reply

Such liberalization is the objective of the adjustment programme for trade and industry which is currently being implemented and is to continue

until quantitative restrictions have been eliminated and national tariff protection has been established.

Given this principle, Morocco obviously wishes to maintain on List A all the products currently included.

Nevertheless, Morocco is sovereign to apply safeguard methods in the event of conjunctural difficulties. Any such measures will nevertheless be taken in accordance with the GATT provisions and in particular those of Part IV on Trade and Development.

List B - products subject to import permit

Question No. 10

Could an indicative list of items falling under List B be provided? Which finished consumer goods are included? Are there published quota lists indicating annual permissible import levels for these products? Who determines the level of importation for these products? What criteria are used to determine these levels?

Reply

The Moroccan Government has furnished a copy of the General Import Programme for 1985 to the GATT secretariat. This document, which gives full details of the trade régime for goods (Lists A, B and C) is available for consultation by interested delegations in the Development Division, Office 2010.

Import permits in respect of products on List B of the General Import Programme, are granted by the Ministry of Trade and Industry in the light of the country's economic requirements, while taking account of the considerations mentioned above (see reply to Question 5).

Question No. 11

Given the Moroccan Government's desire to move away from non-tariff measures and quotas, will future years see a continuing reduction in the number of goods subject to List B restriction? Is there any definite timetable for the phase-out of such restrictions?

Reply

See reply to Question 4.

List C, imports subject to import prohibition

Question No. 12

What are the products still covered by List C? Does Morocco have a formal timetable for phasing out its import prohibition list?

Reply

The few products still on List C are the following:

- retreaded tyres
- tyres for retreading (used)
- carpets
- other rugs and carpeting
- wall coverings
- used clothing
- spangled lamps.

Under the above-mentioned programme, these products will be transferred to List B in a first stage and to List A later.

Adjustment of protection

Question No. 13

How does the adjustment policy in regard to protection result in "channelling investment into the most profitable sectors"? Is classification of a product in List A designed to expose the industry concerned to more international competition and thus influence investment decisions? How are the "most profitable" sectors selected? Are they sectors which are already the most competitive? Are there any other "measures channelling investment" toward certain sectors?

Reply

(a) The adjustment policy in regard to protection of domestic industry is aimed at restructuring industry and, as a consequence, channelling investment into the most profitable sectors. Branches that are not profitable economically and which survive solely because of tight administrative protection will no longer be protected, so as to encourage them to make the necessary productivity effort and formulate and carry out a restructuring programme.

In addition, fair and harmonious protection should be granted to industry as a whole in order to avoid investment being directed toward one

or other sector according to the sole criterion of level of protection. In other words, contingency must no longer be the key element determining the choice of investors.

Accordingly, the new protection system for domestic industry will henceforth take account of the following objectives:

- The need for the industry concerned to achieve a net foreign exchange yield in the long term.
- The value of social benefits resulting from protection, (job creation, taxes and charges paid to the State by reason of industrial activity, etc.) must be greater than the value of benefits sacrificed (additional cost to the consumer, non-collection by the State of revenue on like imported finished products, etc.) which would have resulted from alternative expenditures.
- Establishment of an import duty rate taking account of these elements and likewise of additional cost to domestic industry, such as energy prices, etc., in order to preserve the price competitiveness of domestic products.
- Tariff protection will take precedence over quota protection.

Accordingly, the Administration will recommend that potential investors take account of these criteria for any new investment project.

(b) Classification of a product in List A is designed to expose domestic industry to foreign competition so as to make it more competitive and to encourage improved quality of its output.

This is the objective of the new system of protection of domestic industry.

In addition, this new policy does not seem to influence investment decisions unduly, since manufacturers are continuing to invest in branches of activity whose products have been transferred to List A of the GIP. Thus, projected investment in these branches totalled some DH 187 million in the first half on 1985, covering 21 new projects, 43 extensions and some 2,000 jobs.

(c) In addition to the incentive measures in favour of export industries mentioned in the reply to question 4, efforts are likewise being made to channel investment into certain sectors either through promotion drives and project studies carried out by semi-public bodies, or by the creation and organization of industrial zones, or again through participation of those bodies in industrial projects such as the manufacture of equipment goods.

Import procedure

Question No. 14

Concerning import procedures: In essence, is an "import indenture" a type of exchange permit and open general import licence? What customs procedures are required for processing an "import indenture" through customs at time of importation? Who determines what is an "approved intermediary bank" and what are the criteria used? What are the terms under which an "import certificate" is issued?

Reply

(1) The import indenture is the document governing the import of products not subject to administrative permit (List A of the GIP).

It is signed directly and domiciled by the importer with an approved intermediary bank of his choice, and accordingly is to be deemed an exchange document.

As regards the customs procedures required at the time of import under an import indenture, a declaration of the goods concerned must be presented to the customs services at the point of import. After the goods have been verified by the customs and any applicable duties and taxes have been paid or guaranteed, the goods can be removed.

(2) Exercise of the banking profession in Morocco is governed by Royal Decree No. 1067/66 of 21 April 1967 (Law on the banking profession and credit).

Under Article 4 of that Decree, the exercise of this activity is subject to prior authorization by the Ministry of Finance.

Such authorization is granted by an order of the Minister of Finance after the application has been examined by the Bank of Morocco and an opinion has been obtained from the select commission of the Committee on Credit and the Financial Market and the professional grouping of banks.

The Bank of Morocco establishes and keeps up to date the list of authorized banks.

The opening of branches, agencies or offices is likewise subject to authorization by the Minister for Finance, after the select commission of the Committee on Credit and the Financial Market has given its opinion.

Banking activities comprise financial, credit, stock market or exchange operations.

Recognition as an agreed intermediary is granted by the Minister for Finance, under Article 3 of Dahir No. 1-58-021 of 22 January 1958 on the Exchange Bureau.

All banks authorized to operate in Morocco under the Law on the Banking Profession are approved to engage in exchange operations.

(3) As regards the first part of this question, see the reply to Question 9.

Question No. 15

Concerning State-traded items: What is the purpose of this régime? Please describe the workings of this régime more fully. What percentage of Moroccan imports are State-traded? For those items covered by State price monitoring, how does this affect the price and quantity of imports?

Reply

The main reasons for the import monopoly of the Moroccan State in respect of certain products is that these products are subject to strict consumer price control and in most cases to direct subsidization. The subsidization is administered by the Compensation Fund.

The products under State import monopoly are the following:

- sugar and tea
- grains and vegetables
- vegetable oils
- butter
- petroleum products
- coal
- tobacco
- fertilizers

This monopoly is operated either directly by public establishments or through monitoring and centralization of purchases on the international market.

As regards the volume of imports and prices, the State determines the quantities to be imported each year and the level of marketing prices.

In 1984, these products accounted for 43.68 per cent of total imports, i.e. a value of DH 15,025.2 million, of which:

- |             |  |
|-------------|--|
| - petroleum | DH 8,393.6 million, i.e. 24.4 per cent |
| - tea       | 479.5 " " 1.39 "                       |
| - sugar     | 482.8 " " 1.40 "                       |

-	grains	3,618.1	"	"	10.51	"
-	tobacco	311.5	"	"	0.90	"
-	edible oils	1,058.9	"	"	3.07	"
-	butter	153.9	"	"	0.44	"
-	coal	72.2	"	"	0.20	"
-	fertilizers	455.7	"	"	1.32	"

Payment procedures for imports

Question No. 16

Are the payment procedures for imports considered to be consistent with the provisions of the General Agreement; is there any intention of liberalizing this policy in the near future?

Reply

In our opinion, the payment procedures for imports are consistent with the provisions of the General Agreement, in particular Article XV.

From the general aspect, the exchange legislation will be adapted to the policy of liberalization, market opening and prospectation for new foreign partners which Morocco is currently undertaking.

Question No. 17

Would the Moroccan Government please clarify the requirement on importers to pay a deposit of 25 per cent of the f.o.b. value of imports.

Reply

The 25 per cent deposit on imports introduced under Decree No. 2-78-273 of 13 June 1978 was revoked on 2 July 1984.

Question No. 18

Has the previous requirement whereby importers were obliged, when applying for an import licence, to pay a deposit of 25 per cent of the f.o.b. value of the goods, now been discontinued?

Reply

See reply to Question 17.

Export regulations

Question No. 19

What is the basis for maintaining items on an export prohibition list? Are there circumstances under which Morocco could foresee increasing the number of items subject to export prohibition? What is the purpose of the State export monopoly in phosphates, phosphate products, fresh fruit and vegetables, and wine?

Reply

Since the publication of the Order issued jointly by the Minister for Trade, Industry and Tourism and the Minister for Finance on 8 August 1984 (No. 778-84) the list of products originating in Morocco and prohibited for export has been eliminated. Export prohibition now applies only to products of foreign origin on which import duties and taxes have been paid, subject to exemptions granted by the Department of Trade.

In addition, this text, which recognizes the principle of unrestricted exports, has shortened considerably the list of products subject to export permit and further reductions are being considered. The list at present includes only a few mining products, zoological and mineral specimens and objects of art.

The State monopoly on exports of phosphates and phosphate products is based on historical considerations and on the fact that the phosphate sector requires considerable investment for the extraction, processing and transport of phosphate products. In present economic circumstances, only the State can finance investment of this kind.

In addition, because of the importance of phosphates and phosphate products in Morocco's trade balance, this is a strategic sector and State control is essential.

As regards fresh fruit and vegetables and wine, the Marketing and Export Board administers exports of these products in order to channel orders from foreign clients who thus deal with one single agency which is well equipped and has listening points abroad for better prospection of foreign markets.

This centralization is designed to ensure verification of foreign exchange repatriation and to have one single operator, having regard to the complexity of protective measures introduced in our principal market (the EEC) in the context of the common agricultural policy.



Legal framework for foreign trade relations

Co-operation with developing countries

Question No. 20

Please describe more fully Morocco's preferential trading arrangements. Which countries, in addition to those listed (i.e. Tunisia, Algeria, etc.), have preferential tariff arrangements with Morocco? Do Morocco's "tariff conventions" with Senegal, Niger, the Ivory Coast, and the Republic of Guinea involve trade preferences? What products are involved in the preferential agreements, and what is the level and type of preference and the amount of trade involved?

Reply

As indicated in the Memorandum, the agreements concluded between Morocco and developing countries are of two types:

- trade agreements, and
- trade and tariff conventions.

The trade agreements do not involve any tariff advantages; they are concluded on the basis of most-favoured-nation treatment.

Although these arrangements are generally accompanied by indicative lists of products to be traded, commercial exchanges take place in accordance with the foreign trade and exchange regulations in force in each of the contracting countries.

On the other hand, the trade and tariff conventions provide for preferential tax treatment in regard to trade, as follows:

- either reduction of import duties by 50 to 100 per cent according to the product concerned,
- or
- duty-free treatment.

It should be noted that in general the preferential treatment established under these conventions is reserved for products entirely obtained or comprising an added value of not less than 40 per cent; nevertheless, some of the agreements comprise restrictive lists: one list of products admitted without quantitative limitations, and another setting tariff quotas by product (in terms of either value or quantity).

The preferential treatment established by these agreements remains subject to observance of certain rules in order to avoid trade diversion (in particular, triangular trade). These rules concern:

- rules of origin stipulated by those agreements; and

- the rule of direct transport.

The volume of trade under these tariff conventions represented 0.25 per cent of aggregate imports by Morocco in 1984.

Lastly, it should be noted that all these tariff conventions stipulate that the trade is to take place in accordance with the foreign trade and exchange regulations in force in each of the countries concerned.

Question No. 21

In what way do the reciprocal trade preferences granted by Morocco help "maintain traditional trade flows"?

Reply

Morocco has concluded tariff agreements with a number of developing countries, providing either for duty-free treatment or for tariff reductions in respect of products included in lists agreed between the two parties on the basis of reciprocity.

Morocco considers that tariff concessions thus agreed on could only encourage economic operators to expand, and at least maintain, the volume of trade with the countries concerned.

Co-operation with developed market-economy countries

Question No. 22

Concerning the Morocco-EEC co-operation agreement: The Memorandum states that Morocco grants m.f.n. (i.e. non-preferential) treatment to the EEC "with the exception of preferences established in the following two cases: (1) maintenance or formation of customs unions or free-trade areas; and (2) measures adopted to further the economic integration of the Maghreb or in favour of developing countries". Please specify what products imported by Morocco from the EEC benefit from preferential (non-m.f.n.) treatment. In what way would non-m.f.n. treatment by Morocco of imports from EEC "further the economic integration of the Maghreb etc.?" Are there any further instances (other than those listed in pages 12-14) where Morocco accords preferential treatment? What per cent of Moroccan imports enter under preferential trading régimes?

Reply

Upon import into Morocco, products originating in and imported from the European Economic Community do not benefit from any preferential tax treatment other than m.f.n. treatment.

No reciprocity conditions are attached to the tariff concessions granted by the EEC under the co-operation agreement concluded between Morocco and the EEC in April 1976.

The tariff rates are established erga omnes and are applicable to all imports without distinction as to their origin, apart from cases falling under the trade and tariffs agreements mentioned in the reply to Question 20.

Accordingly, the second part of the question regarding economic integration of the Maghreb is not relevant.

As regards the last part of the question, see reply to Question 20.

Question No. 23

Concerning Moroccan co-operation with other developed market-economy countries: Do the bilateral agreements proposed or already concluded with the countries of the European Free Trade Association contain or provide for preferential tariff provisions?

Reply

These trade agreements do not provide for tariff preferences.

Question No. 24

Concerning the Moroccan customs régime for imports: Who determines the classification of goods for customs purposes? What redress is available to importers that disagree with a customs classification? Are there customs courts or other institutions to which importers could apply for review of individual classifications?

Reply

Under Dahir No. 939-68 of 30 September 1969, Morocco acceded to the CCC nomenclature convention signed in Brussels on 16 December 1950; accordingly, its tariff is modelled on the structure of that nomenclature.

It may happen, nevertheless, that certain goods are not specifically designated in the tariff or can fall within two or more tariff headings or sub-headings; in such cases they are classified by administrative decision.

Such decisions are immediately applicable and are published.

For certain disputes and in case of doubt, the administration consults the Nomenclature Committee of the CCC.

Before any import operation, importers can request from the administration a classification decision for the products they intend to import.

Question 25

Concerning non-tariff customs charges: What is the purpose of the "special import tax"? Is it a tariff surcharge? Does Morocco intend to

discontinue this tax? What is the purpose of the "customs stamp duty"? How is it levied and what is its level?

Reply

The special import tax was established to furnish resources needed to meet the country's infrastructure expenditure.

The proceeds from this tax were incorporated in the budget by the Finance Law of 1972 and its rate, initially fixed at 2.5 per cent ad valorem, has been increased on a number of occasions, reaching 15 per cent ad valorem on 29 June 1979 under Order No. 774-79 of the Minister for Finance.

Successive adjustments of the rate of this tax, due to unsatisfactory operation of the tariff instrument, have maintained customs receipts at a reasonable level without any change in fiscal burden.

It should be noted that under the structural adjustment programme for industry and international trade, it has been decided to reduce the rate of this tax progressively; the rate was lowered first to 10 per cent in 1984, and thereafter to 7.5 per cent in 1985.

The customs stamp duty is charged on all receipts issued by the Customs and Indirect Revenue Administration in respect of duties and taxes collected for the Treasury account; it is currently calculated at the rate of 10 per cent of the amount of those duties and taxes.

Customs valuation

Question No. 26

Concerning the customs valuation factors contained in Article 20 of the Moroccan customs code: What criteria are used to determine the priority of customs valuation factors to be applied in individual cases? Are there standard guidelines used by customs officials which indicate the priority to be used? Are these guidelines publicly available?

Reply

For application of the various factors set forth in Article 20 of the Customs Code and to be taken into consideration for determining customs value, the customs authorities take account of the following criteria:

1. Degree of processing of the goods to be imported: raw materials, semi-manufactures, finished products;
2. Destination of the goods: raw materials and semi-manufactures imported by production units; finished products intended for equipment, for the agricultural sector, etc.;

3. Special régimes applied to the marketing of products whose price is fixed or negotiated by the Moroccan authorities, products the price of which is subsidized (food, petroleum products);
4. Amount of customs duty and import control régime;
5. Customs procedure requested.

In applying each of these factors, and in order to prevent under-invoicing, the Customs Administration can adjust declared values in order to ensure equal fiscal treatment for all imports in comparable trade transactions (level of transaction, conditions of payment, etc.).

The Customs Administration regularly issues guidelines for its officials, in almost all cases with the agreement of the professional bodies concerned.

#### Question No. 27

Concerning the application of paragraph 2(b) of Article 20, could you estimate its frequency of application by the Moroccan customs service as the principal determinant of valuation for customs purposes? Under normal circumstances of application, would "the wholesale cash value of the goods on the domestic market" mean the same thing as "the value of merchandise of national origin"? Could the application of paragraph 2(b) of Article 20 permit increased valuation of goods for customs purposes based on the domestic selling price?

#### Reply

As indicated in the reply to the previous question, selection of the criteria taken into account for determining customs value depends on several variables; it is therefore difficult to give a precise answer to the question regarding frequency of application of paragraph 2(b) of Article 20 by the Moroccan Customs Services.

On the basis of recent statistics established at the port of Casablanca, the Customs Services accepted the declared value in respect of more than 80 per cent of operations passing through this port.

#### Countervailing and anti-dumping duties

##### Question No. 28

Concerning countervailing or anti-dumping duties: Recognizing that these regulations have never been applied, could you give us further information on how the procedures would work if they were to be applied?

#### Reply

These measures would consist of surcharges in the form of increased customs duties.

Special customs régimes

Question No. 29

Concerning special customs régimes: Are the régimes that provide for suspension of import duties and taxes publicly notified? If so, what are the procedures for notification of these régimes? Are these notifications regularly updated? With regard to duty-drawback provisions, what are the duties and taxes levied on imports that are eligible for refund at the time of exports?

Reply

All the provisions, whether legislation or regulations (Dahirs, Decrees, Orders) regarding special customs régimes (Table V of the Customs Code) are published in the Official Gazette of the Kingdom of Morocco:

- Dahir No. 1-77.339 of 9 October 1977 was published in Official Gazette No. 3389 bis of 13 October 1977 (page 1383);
- Decree No. 2.77.862 of 9 October 1977 was published in Official Gazette No. 3400 of 28 December 1977 (page 1526).

In addition, all the circulars of the Customs and Indirect Revenue Administration are broadly distributed, in particular those concerning special customs régimes.

Copies of these circulars are sent regularly to various organizations and professional associations such as:

- the Chamber of Forwarding Agents,
- the General Economic Confederation of Morocco,
- the Professional Grouping of Banks,
- the Morocco Exporters' Association,
- the Chambers of Commerce and Industry,
- professional associations (AMIT for textiles, AMICA for the engineering industries).

In this connection, measures to relax and simplify customs procedures in regard to those régimes have been widely publicized, in particular in the national daily press, and in both Arabic and French.

In parallel, these régimes have been the subject of lectures and discussions on the occasion of various events (Casablanca International Trade Fair, specialized shows such as the Textile and Leather Show, SATEC, etc.).

Lastly, as regards drawback, the duties and taxes reimbursed under this régime are:

- customs duty,
- special tax,
- internal consumption tax,
- stamp duty.

The tax on products is either deducted or is refunded by the financial service concerned (Turnover Tax Division).

### Moroccan tariff system

#### Customs duty

##### Question No. 30

Concerning the application of the Moroccan tariff system: does the Moroccan tariff have columns other than G and U? What do the labels "G" and "U" stand for? What is the statutory basis for column U rates of duty? Are there currently any import items subject to column G rates of duty?

#### Reply

The Moroccan tariff has no columns other than columns G and U.

The letters G and U stand respectively for "tarif général" (general tariff) and "tarif d'usage" (customary tariff).

The statutory basis for column U rates of import duty is Article 1 of Dahir No. 1-57-170 of 24 May 1957.

Under that Article, the tariff of ad valorem duties to be levied on imports is established according to the indications given in column G; however, as a temporary measure and until further notice, the rates set out in column U are being applied.

To date, the rates set out in column G have never been applied.

##### Question No. 31

Could the Moroccan Government please clarify the rationale for the lower rate of duty in column "U" of the Moroccan tariff?

#### Reply

See replies to questions 22 and 30.

Breakdown of imports by tariff rate

Question No. 32

Concerning the level of Moroccan tariffs: are the maximum rates of duty (currently 60 per cent) indicated in the Memorandum column G or column U rates? What is the current average rate of duty actually applied (column U) to imports from m.f.n. countries?

Reply

The maximum rates of duty of 60 per cent correspond to those indicated in column U; they are differentiated according to whether the articles concerned are raw materials, semi-manufactures, manufactures, equipment goods or essential consumer goods for the Moroccan population.

The average rate recorded in 1984 was 5.5 per cent.

Prospects

Question No. 33

Is it the intention of the Moroccan Government to sign the various Codes resulting from the Tokyo Round?

Reply

The desirability of signing the various Codes resulting from the Tokyo Round will be examined case by case after Morocco's definitive accession to the General Agreement and in the light of any particular constraints that the Moroccan economy might encounter.