This single chapter on leading sectors for U.S. exports and investment is excerpted from the 2005 (Fall 2004 Update) Country Commercial Guide for Morocco. The full text of the report is also available on this website.

CHAPTER 5: LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

Best Prospects for Non-agricultural Goods and Services

1. Wastewater Treatment
2. Tourism Infrastructure, Equipment and Services
3. Housing and Construction
4. Engineering and Consulting
5. Environmental Equipment and Services
6. Seawater Desalination
7. Telecommunications Equipment and Services
8. Airport/Aviation Equipment and Services
9. Renewable Energy
10. Food Processing and Packaging

1. Wastewater Treatment

Morocco is a semi-arid country where water resources are limited. As a developing country with a high birth rate, Morocco faces the problems of increased water residue and the difficulty in finding alternative solutions to protect the environment and to improve quality of life. Since Morocco is losing about 10% of its water table each decade, it is imperative to find alternative methods to purify water and treat wastewater associated with urban and industrial pollution.

The National Office of Potable Water (ONEP) which produces about 80% of the potable water for the entire country, has identified several aquifers used for drinking water in many regions of Morocco that have been contaminated with high levels of nitrates. These pose a serious health problem to the population of these regions, and ONEP is planning to conduct a feasibility study to identify the extent of the contamination and select appropriate technologies to treat the groundwater. In addition, ONEP plans to conduct several feasibility studies to develop more water treatment projects. These studies will help to define the best way to re-use water, to build plants for potable water discharge treatment, to use simple techniques for water purification and to eliminate the excess of fluoride in water. These studies will also evaluate the use of small compact equipment for potable water distribution in about 200 small towns to replace the large and exhausted treatment systems, which exist today.

During 2001, USTDA funded two feasibility studies for the National Office of Potable Water (ONEP). The first one is assessing whether the chlorination system used to treat water from the Bour Regreg River should be upgraded with ozonation technology followed by activated carbon filtration. The second study is dedicated to building a wastewater treatment plant for the city of Azzemour and to reuse the treated wastewater for irrigation. Both studies will constitute an opportunity to introduce American wastewater treatment technology in Morocco.

USAID is active in several water management projects in Morocco. Currently, they are sponsoring a pilot project for the reduction of chromium discharged by the tanneries in Fes. This chrome is discharged in the Oued Sebou of Fes, polluting Morocco's largest river, which could be used for agricultural purposes, potable water or industry. Using U.S. technology, USAID has signed an agreement with the Urban Community of Fes and the Ministry of Environment to help the tanneries to revise their methods. The second project, Nakhla, is located in a water basin near Tetouan, located in northern Morocco. Since this dam contains a lot of sediments, USAID introduced citrus and olive trees to protect it. The Moroccan government is pleased with the results of USAID's method and has decided to allocate $1.5 million for the extension of this program. For its third project, USAID has placed a wastewater purification system in an area of five hectares and built ten large basins in Drarga, south east of Agadir representing 1,500 communes of which 500 are urban. Wastewater is treated and reused for agricultural purposes using U.S. technology. Equipment needed for one commune is estimated at about $2 million. This system will be installed in about 1,500 communes.

Today, Morocco is looking for state-of-the-art water purification technology and wastewater treatment equipment. Water treatment plants and water purification equipment will also be needed to process the urban effluents for cities located along the coast. Plans for increasing water supply capacity to meet increased rural population and agricultural sector demand offers a growing market to U.S. suppliers of water and wastewater equipment.

(In $million)	**2001**	**2002**	**2003**
A. Total Market Size	283	326	375
B. Total Local Production	120	130	143
C. Total Exports	0	0	0
D. Total Imports	163	196	225
E. Imports from the U.S.	15	49	56

The above statistics are unofficial estimates.
(Sources: National Office of Potable Water (ONEP)

2. Tourism Infrastructure

During 2002, Morocco's tourism sector generated $2.471 billion in receipts, a 15% decrease over 2001. Despite the downturn, it remained the second most important foreign exchange earner in Morocco. This trend is a direct result of the negative effects of September 11 on the world's economy.

In the fall of 2000, access to Morocco was improved when Delta Airlines launched its code share with Royal Air Maroc to provide direct connections from Chicago, Los Angeles, San Francisco, Washington, D.C., Boston and Orlando. Furthermore, after recently signing contracts for 20 new 737s and 4 new A321s, Royal Air Maroc's 36-plane fleet is rapidly expanding to better serve growing domestic and international flight demand.

With royal endorsement, the government and the Tourism Federation, a group of private actors in the tourism industry, have signed an ambitious plan called the Framework Agreement (Contract-Program). According to this document, Morocco plans on attracting 10 million tourists by 2010 becoming a regional hub for vacations, conventions and trade events. If this occurs, tourism will become the main source of foreign currency contributing up to 20% to the GDP.

The government is dedicated to achieving these objectives by:

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- Concentrating on coastal tourism (with the future development of 6 beach resorts that will add 75,000 beds to the current lodging capacity) presumed to have a higher comeback rate than cultural tourism. At the end of 2003, the international developers for these new beach resorts will be announced. Moreover, the state will subsidize 50% of the land cost and participate in the costs related to off-site infrastructure development.

- . Offering special tax advantages for development projects with an investment value that exceeds $20 million.

- . Promoting other types of tourism: rural-tourism, sports events, and business events, mainly by the creation of 80,000 additional beds, which will require an investment of $3 billion.

- Restructuring of the tourism promotion agency ONMT.

- Creating a Renovation Fund in order to help finance the upgrading of the existing facilities.

- Hosting more regional conventions in Marrakech such as 2003's Global Women's Summit and in Casablanca, after constructing a new multimillion dollar coastline convention center complex.

The 1999 restructuring of fiscal regulations allows non-resident investors to transfer their revenue, price of disposition of business (including increment value), and dividends after tax, without limits on duration or on amounts. Firms that commit to invest at least $20 million benefit from the exemption from Import Tax (PFI) and TVA not only on finished products but also on the imports of goods and equipment needed to realize their projects. The exemption is also applicable to spare parts and accessories imported at the same time. These incentives are granted to companies that have signed agreements with the Moroccan government.

American architectural, engineering and resort development firms, hotel management and information services providers, and infrastructure support services will find many excellent opportunities in Morocco's tourism sector.

	2001	**2002**	**2003 (est)**
Number of Visitors (in millions)	2.20	2.22	2.00
Tourist Receipts (in $ millions)	2.91	2.47	2.40
Investments (in $ millions)	604.00	263.00	120.00

The above statistics are unofficial estimates.

3. Housing and Construction

In 2002, the Moroccan government launched 49 projects valued at $800 million. The projects, launched in cooperation with King Hassan II Economic and Social Development Fund and the Municipalities, include tourism, housing and highway projects.

Moroccan residential housing increased steadily during the last five years but there is still a large unmet demand, especially in the urban areas. With 57% of the total 30 million inhabitants living in urban areas and demographic growth exceeding 2.5% per year, inadequate or illegal housing and shantytowns that lack basic amenities continue to increase and exceed 23% of the total urban housing. The current housing shortage in urban areas is evaluated at 1,000,000 units. The need for 125,000 new houses per year,

resulting from demographic growth alone, exceeds the present building rate of 90,000 units. Under its 2000-2004 Economic and Social Development Plan, the Ministry of Housing and Urbanism (Ministère de l'Habitat et de l'Urbanisme "MHU") plans to build approximately 143,000 new houses per year. Morocco needs to increase that number four-fold in order to meet the demand by 2014. The late King Hassan II launched the 200,000 Dwellings Program, which grants tax incentives to developers that commit to a minimum of 3,500 low-cost housing units.

Since its inauguration in 1994, local competition has increased and foreign firms are now entering this market, making property more accessible to low- and mid-range income households. To meet the demand for affordable housing in May 2003, King Mohammed VI launched private sector housing projects in Casablanca worth $820 million.

In spite of the high demand for affordable housing, Morocco's issues of insufficient private banking participation, lack of low-cost housing and scarcity of urban land are worsened by the multiple government agencies involved in the attribution of land. The building industry in Morocco consists of a few large contractors and a myriad of small companies and sub-contractors. Morocco needs U.S. technology in order to obtain a competitive advantage. U.S. firms will find excellent opportunities when offering safe and fast building methods.

Furthermore, Morocco has recently announced its bid for the 2010 World Cup Games. If they should win, Morocco will offer American corporations even greater opportunity to construct stadiums, hotels and roads. There is also a USTDA funded feasibility study underway for constructing a state-of-the-art convention center and hotel complex on the Casablanca coastline that will provide great opportunity for large-scale American construction companies.

Morocco has more than 37,580 mi (60,500 km) of road network, which is generally adequate and considered the best in Africa. However, considering its land surface, development objectives (tourism, transportation of goods, developing rural areas) and international standards, Morocco's road infrastructure is described as inadequate in terms of both quality and quantity. Morocco's developmental plans addressing improved safety and higher capacity recommend that the government construct 930 mi (1,500 km) of highways by 2010. The most ambitious Moroccan projects include the Oujda-Algerian border highway (75 mi or 120 km), the Marrakech-Agadir highway (155 mi or 250 km, estimated at $600 million) and the Agadir-Taroudant highway (44 mi or 70 km, estimated at $160 million). The Morocco-Spain fixed link project, which is under consideration, is estimated at approximately $3 billion over a 17-year period. It includes a 25 mi (39 km) tunnel, 18 mi (29 km) of which under sea, with 2 main circular galleries and a side drift. All these projects offer excellent opportunities to U.S. firms to introduce American high technology and know-how.

Sources: Ministry of Commerce and Industry, Moroccan Customs Office, FCS best estimates based on business publications.

4. Engineering and Consulting

An influx of engineering experts is essential to the entire Moroccan economy's development. Necessary advances in infrastructure such as new roads and tunnels, water treatment and solid waste management centers, power plants, ports and airports will not be possible without strong professional engineering support. In addition, engineers are imperative to realizing Morocco's goal of attracting 10 million tourists by 2010. Their expertise is indispensable to the construction of new hotels, resorts and modes of transportation. All of Morocco's best prospects in 2004 require experts in their respective fields but also

engineers to help create the infrastructure necessary to launch these projects. Since Morocco still lacks the necessary amount of engineering experts that its development demands, there is great opportunity for American corporations.

5. Environmental Equipment and Services

Rapid urbanization in recent years continues to increase the problems of household waste disposal and vehicular air pollution. Thus municipal wastewater collection as well as solid waste disposal and treatment have become key sectors. Due to unprecedented increase and neglect, Morocco's production of solid waste is a critical issue. To address the solid waste issue, the Moroccan government drafted a law on solid waste management, which stipulates that, effective February 1999, the Communautés Urbaines "CU" (that have charge of landfill management) and their Communes Urbaines (that have charge of collection) have 3 years to insure that household waste is properly collected and dumped in controlled landfills. As a result of this draft law, Morocco's main cities are moving rapidly towards delegating the management of solid waste to private firms through international tenders. In June 2003, Morocco passed its first law on protection of the environment (Law 11-03), which prohibits dumping waste or gas into the environment and introduces the concept of paying for the damage**.**

In December 2001, the Communauté Urban of Fez signed a contract for a controlled landfill for the Fez metropolitan area with the American consortium composed of Edgeboro and Sadat International and the Moroccan firm Ecomed. This contract represents Morocco's first concession of a controlled landfill and the second most important concession granted by the Moroccan government. With a total investment of approximately $10 million in 10 years, Edgeboro/Sadat-Ecomed is offering American know-how and expertise in treating Fez's 800t/day solid waste production. This same U.S.-Moroccan consortium also recently won a contract to manage the landfill in Agadir.

After several years of discussions, Morocco's largest city with four million inhabitants, Casablanca, elected to conduct a feasibility study for a project that will treat the 3,000 tons/day of solid waste that are inadequately disposed of in a saturated landfill. In March 2002, Casablanca signed a contract with the American engineering firm Brown, Vence & Associates (BVA) to study a concession of solid waste management for the city of Casablanca and its region. The study, sponsored by TDA's technical assistance program, recommended waste management systems and assisted Casablanca in the preparation of the bidding document for an international tender that will be launched towards the end of 2003. The contract with a private firm should be concluded at the beginning of 2004 for a 25-year concession. The Communauté Urbaine of Marrakech is also preparing to launch an international tender for a controlled landfill in Marrakech at the end of 2003. The Communauté Urbaine of Marrakech plans to award a fifteen-year contract based on the Fez model. However in light of Morocco's ambition to safeguard natural resources, bio-diversity and tourism, progress toward private delegation remains slow.

After hosting the COP7 conference on climate change in the fall of 2001, Morocco passed its first law on air quality. In addition to aging car emission's impact on the health, industrial pollution remains a major concern, especially now that the EU agreement with Morocco requires cleaner Moroccan production. Approximately half of total industry is concentrated in Casablanca alone. These industries reuse only 23% of their waste. Especially in light of the fact that the FTA will create more stringent environmental protection guidelines, Morocco is in great need of education and models for efficient equipment that can decrease production costs while reducing environmental emissions. U.S. environmental technology companies are competitive and powerful internationally, although in Morocco, U.S. firms have lost to European competitors, with the Danes and Germans particularly strong, and the Spaniards in good geographic position to supply heavy equipment. Nevertheless, American strength in innovative

technology, particularly in waste treatment, pollution abatement and clean up, leaves plenty of opportunity.

6. Seawater Desalination

With 57% of the rural population not being properly served, providing safe drinking water to the countryside is a priority for the Moroccan government. Thus given Morocco's long coastline, desalination research is imperative. By 2010, the Moroccan government hopes to satisfy the water distribution and sewage service demand of at least 80% of the rural population.

The National Office of Potable Water (ONEP) awarded a reverse osmosis project in Laayoune to the French group Vivendi in January 2002 for drinking water with 7000- m3/day-production capacity. However, even when this project is begun in late 2003, it will not be adequate to satisfy the demand estimated at 10,000 m3/day.

In addition, due to water shortages in southern Morocco, the National Office of Potable Water is planning to launch several large seawater desalination projects currently under study.

In 2001, the USTDA funded a feasibility study for the National Office of Phosphates (OCP) to examine the possibility of developing a heat recovery system from a sulfuric acid plant distillation process to harness cooling water to generate energy for a desalination plant. The U.S. consultant Duke Engineering conducted the study for this 60,000-m3/day project. The international tender for its implementation will be announced sometime during 2003. OCP has also launched a tender for a 4000 m3/day seawater desalination plant in Laayoune to produce pure water.

(In $million)	**2001**	**2002**	**2003 (est)**
A. Total Market Size	320	368	423
B. Total Local Production	0	0	0
C. Total Exports	0	0	0
D. Total Imports	320	368	423
E. Imports from the U.S.	64	76	84

The above statistics are unofficial estimates.
(Sources: National Office of Potable Water (ONEP)

7. Telecommunications Equipment and Services

Opportunities in the Moroccan telecommunications sector continue to increase. Investments in the telecommunication sector as a percentage of total foreign investment was 0.35% in 1998, 55% in 1999, 64% in 2000 and reached 80% in 2001. However, the state of global telecommunications industry and delay of new licenses affected investments in 2002 and drastically decreased the share to 7%. In 1999, imports of telecommunication equipment rose by 193% compared to 1998. When the U.S.-Moroccan FTA is passed, telecommunications imports from the U.S. should increase.

The Moroccan 2000-2004 Economic and Social Development Plan outlines telecommunications as Morocco's most strategic sector. Morocco's strategic plan, "e-Maroc," aims at developing new technologies within education, administration and the private sector. With e learning, e-commerce and government on-line, the Moroccan government hopes to reach 10 million Internet users by 2010. To achieve the objectives of integrating the country into the global economy, the Moroccan government adopted a modern institutional and legal framework with the creation of an independent regulatory

agency, ANRT. In addition, an operator, Maroc Telecom or the former Itissalat Al Maghrib, was created with the enactment of telecommunications law 24/96. The Economist Intelligence Unit ranked Morocco as having the most autonomous telecommunications regulator in all of Africa and the Middle East. It was ranked as having the second best overall regulatory structure in Middle East and Africa, behind Israel. In accordance with an agreement signed with the WTO, Morocco fulfilled its commitment to liberalize all telecommunications by 2002. The privatization of Maroc Telecom started in December 2000 when it awarded 35% of Maroc Telecom's capital to the Vivendi Universal group for $2.3 billion dollars. By the end of 2004, Maroc Telecom will sell an additional 16% of its shares.

Progress has been made in infrastructure development as well, with fixed lines increasing from 827,000 in 1993 to 1,471,000 at the end of 1999. Maroc Telecom seeks to recover lost subscribers with free connections, free calls and lower tariffs. However, the density ratio remains very low. With 55% of the lines concentrated in the Rabat-Casablanca axis, there are excellent opportunities for growth in rural areas and a large unmet demand for fixed line telecommunications, particularly for business, Internet and data services. Launched in June 2002, the international tender for the second fixed line telecommunications network was cancelled due to the global state of the telecommunications sector and lack of bidders. The Moroccan government is discussing a new tender to be launched by 2004. This project will require new infrastructure in the seven major cities and is an excellent opportunity for U.S. equipment suppliers.

The International Telecommunication Union classed Morocco as the fastest growing mobile market in the world. Experts estimate the Moroccan cellular market growth rate at 100% during the period 2001-2002. Since the award of the second GSM license to the Spanish Telefonica-led consortium, Meditel, the total number of GSM based station systems (BSS) increased from 170 in 1999 to 2,500 in 2002. Since its inauguration in March 2000, Meditel has gained more than 26% of the total mobile market (March 2003). The second GSM operator successfully completed Morocco's first GPRS (general packet radio services) allowing data transmission across a mobile telephone network. In response, the state-owned carrier Maroc Telecom (MT) continued to install new infrastructure, to enhance its marketing and promotional activities and to offer competitive services. MT's number of mobile subscribers rose from 1 million (2000) to 4.7 million (March 2003), representing 74% of the market in March 2003. An international tender for a third mobile license is slated for mid 2004. This new license is expected to offer prodigious business potential to American firms.

The Moroccan telecommunications market has rapidly opened to foreign investors. In 2001, three companies won a license for trucking (radio electrical systems "3RP"). Since 2000, the three private license holders, Gulfsat Maghreb (U.S. Hughes Systems and Gulfsat International, Kuwait), Argos (Norwegian Telenor) and SpaceCom (Moroccan- French consortium) operate VSAT and use U.S. equipment. The U.S. Orbcomm, which operated one of the two GMPCS licenses, was approved for two additional ones in 2002, posting a 300% increase in revenue for the period 2000-2001.

The Moroccan Internet market ranks first in the Maghreb region and second in Africa, after South Africa. The entry of foreign competitors (Wanadoo, France) in 2000 forced the state-carrier Maroc Telecom to reduce prices and subscription fees. In 1999, introduction of reforms by the regulator ANRT ended the Internet bottleneck, doublingthe number of Internet subscribers by 2001. Despite its presently small size, with approximately 255,000 official users, (55,000 ISP subscriptions, 100,000 cyber café clients, and 100,000 universities and administrations), the Moroccan Internet market is expected to grow strongly in the near future.

Source: ANRT

8. Airport Ground Support And Security Equipment

Morocco has 28 airports, of which 16 are international, offering 112,400 m2 of reception area. Twenty-two air transportation companies and 50 charter companies fly regularly to Morocco. Its national carrier, Royal Air Maroc (RAM), flies to 64 airports in 30 countries.

In 2001, 75% of tourism arrivals transited through airports. The Mohamed V airport of Casablanca, with its 41,000 m2 of reception area, received 40% of total arrivals. The Menara airport of Marrakech, which is five times smaller than Casablanca received 27% of total arrivals. Finally, 17% transited by the Al Massira Airport of Agadir, which has a reception area of 25,000 m2.

The management of Moroccan airports is assigned to a government agency, ONDA, which is supervised by the Ministry of Transportation. The latter is dedicated to liberalizing charter activity, concluding more private to government agreements and encouraging the private sector to be more involved in airport management. In fact, the Ministry of Economy, Finance, Tourism and Privatization has recently benefited from a TDA grant to conduct a feasibility study concerning Airport Privatization. This will eventually require future investment in ground support infrastructure and security equipment.

Future investments projected for the next five years, with an envelope of $240 million will include:

- The extension of Mohammed V airport through the construction of a new 40,000-m2-reception area, reserved for departures to Europe. This will reinforce its role as a regional hub for connections to Africa, the Americas and the Middle East. The project will cost $60 million and will be fully financed by African Development Bank (AFDB). The studies are being finalized and should be implemented starting the first semester of 2004. This airport, which should be completed by the end of 2004, will be equipped with a second runway, adequate technology for severe weather condition landings and a cargo terminal with a capacity of 60,000 tons. The investment, which will cost $22 million, will also include the building of commercial spaces and reception halls for passengers,

- The extension of the airports of Tangier, Essaouira, Errachidia and Al Hoceima. The latter is expected to have a larger runway to accommodate bigger carriers.

- ONDA will allocate $70 million for safety and security projects. It includes installing three S mode secondary radar systems and three approach radar systems as well as extending the V/SAT station networks for satellite communication in order to achieve full radar coverage of Moroccan airspace. In terms of safety, $12.6 million will be reserved for renewing safety equipment at all airports, acquiring new detection equipment, upgrading video-surveillance systems and installing an automatic luggage processing system at the Mohamed V airport.

Future projects also include the relocation of Ali Massira airport, which is currently located in Marrakech. A recent Definitional Mission on Transportation Infrastructure conducted by TDA indicates that this project offers great potential for U.S. equipment and technology exports. In addition, ONDA has undertaken a project for the development of a techno-pole in the vicinity of the Mohamed V airport for the innovation of zero-pollution industries. To date, a $100 million investment helped establish 50 companies in different hi-tech industrial sectors.

9. Renewable Energy

Because of its geographical location on the coast, Morocco has many potential renewable energy sources. Morocco holds great potential for solar energy. Today, the small country of Morocco uses 4% of the world's photovoltaic cells, where the installed capacity is estimated at about 4 KVA with the average use of about 700 KVA per year.

This growth is expected to increase with the surge of rural electrification projects. For wind energy, Morocco boasts several sites where the wind conditions are very favorable (3500 km of coastline). The average speed of the wind varies from less than 3m/second to more than 10m/second. Due to a large number of stock-farming zones, residues and waste from agri-business industries and dumps providing raw material for energy, Morocco holds great biomass potential. About 200 different sites have been identified for the construction of micro-hydraulic power plants, which can produce energy for rural areas.

Several factors will influence changes in the market in the next five years as rural electrification increases demand for renewable energies. This growth is expected to reach 30% over the next five-year period (2003-2008). Moroccan statisticians estimate that about 40,000 villages exist with 50 homes each, amounting to more than 12 million rural inhabitants. Eighty percent of these remote areas do not have access to electricity.

The National Office of Electricity (ONE) is planning to supply 1.5 million homes (9 million inhabitants) at a pace of 100,000 homes a year by the year 2012.

In 2004, ONE is planning to launch an international tender for the construction of a turnkey 220-MW thermo-solar project in the northern part of Morocco, near Oujda, using natural gas and solar energy. There will also be a pre-qualification international tender for a 60MW-wind park in Essaouira that ONE is also planning to launch during 2004. In addition, ONE is currently undertaking a feasibility study for a 120 MW oil shale power plant. In the north of Morocco, it is also preparing the technical studies for a power plant using biomass gas.

(In $million)	**2001**	**2002**	**2003**
A. Total Market Size	73	95	109
B. Total Local Production	0	0	0
C. Total Exports	0	0	0
D. Total Imports	73	95	109
E. Imports from the U.S.	15	18	23

The above statistics are unofficial estimates.
(Sources: National Office of Electricity)

10. Food Processing and Packaging Equipment

The FPP industry is the primary processing industry in Morocco. With a production of $5.6 billion, a value added of $1.8 billion, an export value of $917 million, 63,992 jobs and investments of $288 million, FFP represents respectively 33%, 33%, 20%, 19% and 25% of the total processing industry figures.

Besides its integration of rich and highly diversified local natural resources, this sector is considered strategic thanks to its ability to feed a rapidly growing population and to generate hard currency receipts through important exports.

The high potential of this sector, which remains under-exploited, is expected to develop substantially thanks to the following factors:

- Rapid demographic growth
- Changing consumption habits in favor of processed products
- Proximity to Europe
- Need to improve product quality to face worldwide competition

The FPP industry can be divided into two sectors, which target two separate markets:

- The first category, basic food, aims to provide the local market with self-sufficiency in basic food products. The latter includes sub-sectors of sugar, dairy, vegetable fats and oil, and cereals transformation industries. This category is dominated by large private enterprises.

- The second category is export-oriented and is constituted primarily (80% in 1999) by sub-sectors of seafood canning and fruit & vegetable canning. This category is expected to continue its rapid growth mainly through the flourishing of small and medium-sized businesses.

The FPP equipment market, which had a dollar value of $106 million in 2002, is mainly supplied by imports (91.2%). Local production is limited to low technology profile equipment. EU countries dominate 94% of the imports with France, Italy, Spain and Germany occupying the largest shares. Exports are also distinguished by the strong presence of food packaging equipment, which represents 32.5%. Although US exports have a small share of 2.33%, it has marked a rise of 50% compared to 2000 and is expected to grow by 30% in the coming three years.

In fact, as a result of a feasibility study financed by the TDA, US companies Yasmine Enterprises and Service Tool International and a Moroccan business consortium established International MENA Can, a food can manufacturing plant to be built in Agadir. This company will produce cans for the fruit and vegetable processors and also for the fish processing industry. Under the coordination of Service Tools International and Yasmine Enterprises, this $34 million project will require importing equipment and technology from the United States.

Moroccan buyers are aware of the high quality of U.S. equipment but they are also price sensitive as the EU FTA puts non-EU origin products at a disadvantage. The U.S.- Moroccan FTA will also greatly benefit this sector. Besides accessories and spare parts, most imported equipment faces a maximum duty rate of 2.5%. The ability to provide tailored equipment and favorable financing terms usually makes good sales arguments among Moroccan buyers.

Best Prospects for Agricultural Products

The recently signed FTA offers great opportunities for export of agricultural products to Morocco., Customs duties will go down for all key products, over different time periods. The FTA will allow the U.S. to recapture market share for many key commodities (grains) and will allow entry into the market for many others (meat, poultry). The U.S. was able to secure tariff rate quotas for meat, poultry, and some fresh fruit and get immediate (upon implementation) and significant reduction in duties for many others (such as corn).

Detailed information on FTA can be found at www.ustr.gov. The Moroccan demand for U.S. products will continue to be for bulk commodities but the FTA should result in more demand for many U.S. products, including apples, dried fruit, milk powder, and cheese.

Best Prospects for Morocco are:

- Wheat, including durum
- Corn for feeding
- Feed grains and non-grain feed ingredients (in drought years)
- Crude vegetable oil
- Oilseeds and products (soybean meal)
- Purebred pregnant dairy cattle and dairy semen
- Milk powder and unsalted butter
- Dried fruits and nuts (non-pitted prunes, raisins, and almonds)
- Apples and pears
- Confectionary items
- Canned products.

Several consumer-oriented food products offer good opportunity for U.S. suppliers in spite of the high freight cost. These include sauces, condiments, canned fruit and vegetables, confectionary and snack foods.

Commodity: Total Wheat

(1,000 Metric Tons)	**2002**	**2003**	**2004**
A. Total Market Size	6,426	6,567	6,600
B. Total Local Production	3,357	5,147	5,300
C. Total Exports	0	0	0
D. Total Imports	2,995	1,900	1,500
E. Imports from the U.S.	44	500	500

Commodity: Soybean Oil

(1,000 Metric Tons)	**2002**	**2003**	**2004 (est)**
A. Total Market Size	395	396	398
B. Total Local Production	56	68	70
C. Total Exports	0	0	0
D. Total Imports	331	320	320
E. Imports from the U.S.	40	40	50

Commodity: Soybean Meal

(1,000 Metric Tons)	**2002**	**2003**	**2004 (est)**
A. Total Market Size	317	382	432
B. Total Local Production	310	370	420
C. Total Exports	0	0	0
D. Total Imports	7	10	10
E. Imports from the U.S.	0	10	10

Commodity: Corn

(1,000 Metric Tons)	**2002**	**2003**	**2004**
A. Total Market Size	1,000	1,100	1,200
B. Total Local Production	200	150	300
C. Total Exports	0	0	0
D. Total Imports	1,066	1,000	1,200
E. Imports from the U.S.	438	300	350

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List of USDA/FAS Commodity Reports and Briefs
In addition to the scheduled reports listed on the table below, Agricultural Attaché regularly reports on special issues (such as significant changes in policy).

Report	**Due Date**
Oilseeds and Products	February 1
Grain and Feed	March 6
Trade Policy Monitoring Report	March 15
Sugar	April 10
Food/Agriculture Import Regulation And Standards (FAIRS)	July 31
Promotion Opportunities	October 1
Seafood Report	September 30
AgExporter Guide	September 30
Citrus	November 1
Retail Food Sector	November 15

Trade Event Schedule
AGRIMAROC - (Agriculture Show)
Date: 23-26 September 2004
Office des Foires et des Expositions de Casablanca (OFEC)
Rue Tiznit, Face à la Mosquée Hassan II
Casablanca 20000, Maroc
Phone: (212) 22-27-32-82/227-16-64/220-0654
Fax: (212-) 22-27-49-73/-226-4949
Email: foire@ofec.co.ma Website: www.ofec.co.ma
Agriculture and Food show

SAM-2005 - (Food and Agricultural Show)
Date: March 2005
Contact: Ms. Medkouri, Houda
Espace Tori, Blvd Sidi Mohammed Ben Abdellah, Casablanca
Phone: (212) 22-94-02-47/294-0315/294-0296
Fax:(212) 22- 94-02-22/294-9371
Food And Agricultural Show

Dawajine Show - (Poultry and Feed Show)
End of June 2005
Federation Interprofessionnelle du Secteur Avicole (FISA)
M. Jirari, Chaouki; CEO
123, Boulevard Emile Zola, Casablanca
Phone: (212) 22-31-12-49/254-2488/254-2489
Fax:(212) 22-44-22-76
Email: fisa@iam.net.ma Web site: www.fisa.org.ma
Poultry Feed Exhibition. The largest agricultural and food show in Morocco. An excellent opportunity to meet poultry producers and feed manufacturers.

Casablanca American Café IV - 2005
June 2005
Contact: Agricultural Affairs Office – U.S. Embassy, Rabat
Phone: (212) 37-70-11-35/776-5987 Fax: (212) 37-76-54-93
Email: Aziz.Abdelali@usda.gov
U.S. made Food Products Exhibition. A one-to-one meeting with Moroccan food importers. Strictly for Moroccan importers and distributors.

Please Note: Country Commercial Guides are available to U.S. exporters on the website: **http://www.export.gov**. They can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS.

U.S. exporters seeking further recommendations for trade promotion opportunities in Morocco and country-specific commercial information may also wish to visit the website of the U.S. Commercial Service in Morocco at **www.buyusa.gov/morocco**.

Travelers may wish to obtain the most recent travel advisory from the U.S. Department of State at **www.state.gov**

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** of the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to one of the following websites: **www.usatrade.gov** or **www.tradeinfo.doc.gov**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.