Why Morocco?

Free Trade Access to One Billion Consumers

Thanks to diverse free-trade agreements, Morocco offers investor free duty access to a market of 55 countries representing more than 1 billion consumers and 60% of world GDP.

- **Morocco/European Union**: Morocco is the first country in the southern side of the Mediterranean to benefit from the advanced status in its relations with the European Union
- **Morocco/USA**: The Free Trade Agreement with the United States (Morocco's 6th largest trade partner) is part of the overall strategy of the Moroccan economy.
- **Agadir Treaty**: signed in February 2004 and came into effect in April 2007, the Agadir free trade agreement between Morocco, Egypt, Jordan and Tunisia, provides for the immediate lifting of Non-Tariff Barriers and the gradual establishment of a free trade area.
- **Morocco and Turkey**: The Free Trade Agreement signed with Turkey supports trade between the two countries that continues to grow, as it reached in 2009 an annual volume of USD 900 million against 260 million in 2003.
- **Morocco/WAEMU(underway)**: The upcoming signature of trade and investment agreement between Morocco and the he West African Economic and Monetary Union will lay the ground for sustained regional cooperation and contribute to making the kingdom a gateway to the West African market.

For more details on the treaties and agreements, pease visit Free Trade Agreements section.

Thanks to its geostrategic location, Morocco is at the crossroads of the main international exchange routes, linking the United States of America, Europe, Africa and the Middle-East

They chose Morocco

PREMO
HIGH QUALITY
Inductive Components

Xavier Pericas

PREMO Group is a Spanish company established in 1962, specializing in the design and manufacture of inductive components used in several industrial sectors such as automation, renewable energies, and telecommunications. The PREMO Group supplies leading multinationals such as GE Medical, Nokia, Alstom, Mercedes-Benz, Renault, Audi, and Chrysler. The company employs over 550 people and its turnover exceeds 22 million Euros.

In 2006 (six years after opening a factory in China), the PREMO Group decided to continue its activity at the international level by relocating part of its production to Morocco. The Group's CEO, Xavier Pericas, explains that in the decision phase of opening a second plant abroad, multiple destinations were on the table, such as Mexico and India, but it was ultimately Morocco that was chosen due to its many competitive advantages. "Since the group's headquarters is in Spain and a much of our sales are in Europe, one of the key advantages is the proximity of Morocco to Spain. The very short distance separating Tarifa from Morocco makes it possible to produce components at costs six to seven times lower than in Europe; the proximity also helps us work directly with headquarters without having to deal with a big difference in time zones. Morocco's benefits lie in its proximity and is very competitive in terms of labour force".

The case of PREMO is a perfect example of a company that manages to maintain its competitiveness while growing through collocation. In this sense, it retains much of its business in Spain, particularly in its Barcelona and Malaga development centers. These locations specialize in R&D, customer, and financial services. "We keep a large part of our R&D, marketing, management, and logistics activities in Spain as we have a highly trained team on location, who are able to develop the technology we need to sell our products.»

In 2009, after three successful years in Tangier, PREMO moved its facilities to the Tangier Free Zone to benefit from significant tax advantages such as a 5 year tax exemption and a waiving of the 8.75% corporate tax, as well as appealing pledge of customs exemptions for the following 20 years. Thanks to the free-trade agreements with the United States, the Arab League, the European Union, and several African countries, companies established in free zones have access to a market of over 1 billion consumers and benefit from an exemption of customs duties. These agreements have just allowed Morocco to become a true export hub which gives PREMO the benefit of being better able serve international customers. "What is particularly interesting in the case of Morocco is the possibility to manufacture components for the United States under an agreement that exempts exports from certain tariffs to a certain market like the US which remains one of the largest in the world. This is why both the free trade zone agreements currently in force are very useful and are one of the factors that drive companies like ours to settle in Morocco."
"We provide clients of various industrial sectors, but mainly in the European and American markets. We work for the automation industry for German and British customers who supply world-renowned brands such as Audi, Mercedes and Chrysler. We also supply our products to major French manufacturers, including Renault."
One of the most crucial aspects for PREMO is the quality of Moroccan teams. The training plans established by the government provide for the training of 70,000 people (between 2009 and 2015) who will work in the automotive sector. PREMO benefits from these training plans while its employees contribute to it thus making the group as a key player in the evolution of Moroccan personnel.

"The Moroccan government is promoting training, supporting companies based on the territory, and we believe this is a very important aspect. We believe that especially when a training process is implemented, the parties involved reap the benefits, both the country and its citizens, and companies investing in it." In this sense, the support of the Moroccan government is crucial to everyone's future.
Due to the stability of the country, the government's support, improved infrastructure, and the presence of qualified human resources, PREMO's investment is a success. This situation helps ensure our company maintains its investment in Morocco. "The process worked very well. The high stability of the country has enabled us to develop our strategy and goals and we hope to continue to invest in Morocco in the years to come. We strive to continue our growth in Morocco."

Dirk Beeuwsaert

Morocco benefits from a particularly strong and dynamic economy and provides attractive investment opportunities with a high potential for the development of energy infrastructures. GDF Suez is a leading player in onshore wind energy and as such we can build on this experience to carry out the Tarfaya project with our partner Nareva Holding. We are honored to be able to contribute to this prestigious project's ambitious goal of becoming the leader in renewable energy for the MENA region

Franck Riboud

"This operation is part of Danone's internationalization strategy in fast growing emerging markets. In this respect, Morocco is of particular interest for Danone as it is stable, booming and features an economic environment conducive to investment."becoming the leader in renewable energy for the MENA region

Anwar Dehab

DELL's choice to come to Morocco responded primarily to operational objectives. Dell wanted to develop a service site (initially in sales and after sales service in France), which would minimize costs.

Starting from a broad list of countries including among others Vietnam, Romania and some countries in sub-Saharan Africa, which potentially met the criteria of language, Dell reduced the list to Morocco and Tunisia.

Although the cost motivated the establishment of the site out of France, the final decision was based on:

- Linguistic criteria: in addition to a largely Francophone population (with better mastery of oral communication compared to other countries such as Romania and Vietnam), Morocco also has many Spanish speaking people. This enabled to broaden to Spain the services offered by the Casablanca platform.
- Skills: Moroccan population is much higher than the Tunisian population (32 million against 11 million), recruitment is easier.
- Telecommunications infrastructure of the era, ahead of other countries: This was essential to operational efficiency and thus to a successful offshoring.
- Support of public authorities from the start of the project
- Geography: geographical proximity of Morocco to two markets (France and Spain) provides enhanced operational convenience.

M. Farrugia

Wishing to strengthen its industrial and logistics business, Edonia World expressed to Moroccan authorities its interest to invest in Morocco 3 years ago.

Several factors favored the choice of Morocco as a host investment country:

- Kingdom's modernity, its stability and proper functioning of administrations: Morocco has macroeconomic assets to attract investors as well as effective administrations able to carry out complex projects
- Cost of labor in Morocco: the cost is low with a stable trend (around 2 to 3%) in recent years in comparison with other emerging countries in Europe
- Location of the Kingdom and its proximity to Europe: enabling a significant reduction in transport costs and delivery times compared with other emerging countries
- Support of and leadership of public authorities since the beginning of the project (detailed below)
- Infrastructure development of the kingdom, with highways connecting the north and south of the country and a very important port in Tangier, Morocco has developed in recent years the infrastructure linking Kenitra to Europe and the rest of the Kingdom
- Taxation: by designating the project as Free Zone, the Kingdom has increased its attractiveness by providing tax and customs advantages to companies established in the zone.

M. Benmezouara

There are many reasons behind our choice of Morocco for our business. Firstly, because the population - estimated at over 34 million - is largely a young population. The level of national income and wealth in human resources are themselves very promising. In Morocco there is a middle class that is becoming more important and a market in constant growth. On the other hand, compared to other countries in the region, the country has a higher level of development both in the retail sector and in infrastructure services.

Dirk Van Leeuwen

WEBHELP MAROC - Managing Director11/03/2010

Morocco has become a competitive destination in terms of quality and outsourcing costs of the customer relationship. In Morocco, human resources are of very good quality which enables us meet requests from our customers at a competitive price.

Alain Donzeau

Groupe Capgemini - Secretary General11/03/2010

I will go back to 4 or 5 points that are the key to the offshoring offer, you've highlighted them Mr Minister:

First, it is fundamental, are there any resources in quality and quantity that can provide answers to the points raised? The answer is yes, certainly in terms of quality: we all know the quality of the Moroccan education, in addition to its proximity to the French training.

Jean-Philippe Bol

Capgemini Morocco and CEO of Capgemini France Technology Services - chief executive11/03/2010

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Pasquale Pistorio

ST.Microelectronics - Former Chairman11/03/2010

We were impressed by the skills and enthusiasm of young Moroccan engineers. We are happy with the contribution they can bring to our range of innovative products and technologies and the role they can play in the growth of the high technology industry in Morocco.

Gilles Pelisson

Accor - Managing Director11/03/2010

In Morocco, there is economic development. Extension of airport infrastructure, fast-growing infrastructure, political will to make the country move ahead, variety of destinations in the country ... all these are vital assets. Morocco meets several conditions as a great destination.

Jean-Louis Richard

Sofrecom Maroc - Chairman11/03/2010

The income tax being fixed at 20% represents a significant added value for Sofrecom Services Maroc with 75% of employees are engineers from major Moroccan schools ... This allows us to remain competitive while maintaining high quality services meeting the highest standards in terms of software development such as CMMI model.

Jacques Chauvet

RENAULT - Leader of the Management Committee of the Euromed Region

Having settled in Morocco for 80 years, Renault is the leader of the Moroccan car market with its brands Renault and Dacia. Already holder of a production unit in Casablanca (SOMACA), the Group launched in 2008 the construction works of a vast industrial complex in Tangier.

1) The decision to install the Renault Project at Tanger Med in Morocco was based on several factors:

- Prospects related to the automotive sector in Morocco with a rapidly growing equipment rate and an attractive domestic market
- Wide trade zone to which Morocco provides access because of its geographical proximity to several European and African countries and opportunities offered by the Agadir Agreement
- Good infrastructure conditions through primarily the Tangier Med port and the dedication of space (13 hectares) to the exportation of Renault vehicles
- Solid wage and fiscal competitiveness that allows Morocco to target the competitiveness levels of Romania
- Support of public authorities and presence of a financial partner for the Renault Tanger Méditerranée Project (The Caisse de Depot et de Gestion contributes by up to 48% to Renault Tanger Med Project)
- Free Zones in Tangier and Tetouan which facilitate the installation of vendors near the industrial complex.

Andy Green

Logica – CEO

We were attracted to Morocco for a wide range of reasons. Firstly, its political stability is very important for us. The encouragement that the government gives to business to create new jobs by investing in the right infrastructure: roads, airports, all the things we need for the global organization to be successful. The way they support with incentives the offshore centers that they created in places like Rabat, Casablanca and elsewhere in Morocco. And of course, by the education system: we are a people business: we rely on great people prepared to work hard, learn hard and grow and develop with us. We found plenty of those in Morocco.

We are ambitious for our Moroccan operation: I have asked them to see how they can grow to a thousand employees, and then beyond that in the very near term. We continue to look at new locations around Morocco as we see how the economy develops.

So overall, we found it a really excellent experience investing in Morocco.

- ## Labor Code

This Code matches the basic principles set by the Constitution and international standards as spelled out in the UN conventions and its specialized organizations in connection with the work field.

The protected rights include:

- Trade union freedom and effective adoption of the right to organize and to bargain collectively
- Prohibition of all forms of work coercion;
- Effective abolition of child labor
- Prohibition of discrimination in terms of employment and professions;
- Equal wages.

- ## Copyrights

These measures aim to harmonize national legislation with the commitments made by Morocco in the framework of the international treaties and agreements, including the TRIPS (Trade Related Aspects of Intellectual Property Rights) of the World Trade Organization (WTO), the WIPO Internet Treaties: WIPO Copyright Treaty (WCT), WIPO Performances and Phonograms Treaty (WPPT), and the Free Trade Agreements (FTAs) concluded by our country with other partner countries, mainly the one between Morocco and the United States of America.

The Moroccan Office of Copyright (OMPIC) under the Ministry of Industry and Communications is responsible for the protection and exploitation of copyright and its sister rights.

- ## Industrial Property

Industrial property is an exclusive right that gives its holder the right to enjoy the benefits or use the property concerned. It concerns the following intangible assets:

  - Technical creation: Patents
  - Decorative designs: Designs and Industrial Models
  - Distinctive signs: Trademarks, company names, trade names, appellations of origin and geographical indications.

The law introduced new provisions such as the trademark opposition system, border measures for suspected counterfeit goods, protection of sound marks and olfactory marks and trademark submission in electronic form.

The formalities for protecting the rights of Industrial and Commercial Property and applying international and national legislation are made at the Moroccan Office of Industrial and Commercial Property (OMPIC).

- ## Freedom of Pricing and Competition

The 06-99 Law on free pricing and competition sets the rules for the protection of competition and aims to boost economic efficiency, improve the welfare of consumers and ensure transparency and fairness in trade relations.

The Law prohibits anti-competitive economic practices that may prevent, restrict or distort competition in the domestic market. These practices are: unlawful agreement, abuse use of a dominant position and abuse use of a position of economic dependency.

The penalties provided by law are essentially pecuniary. The levels of penalties are determined based on the seriousness of the offense and the harm suffered by the market or by operators and the circumstances justifying them: bad faith, recurrence.

Competition policy in Morocco is not intended to impose constraints on companies; it is intended to enable them to operate in open markets, whose working procedures are not impeded by anticompetitive behavior from other companies.

- ## Personal Data Protection

The Law No. 09-08 on the protection of individuals with regard to processing of personal data introduced a set of legal provisions aimed at protecting the identity, rights and individual and collective freedoms as well as privacy against all attacks that may affect them through use of computers.

The Law defines, among others and with precision, the right of access to databases containing personal data, to object to certain treatments, to request correction of erroneous data and delete outdated information or those whose purpose of treatment was performed.

With the adoption of the Law 09-08, Morocco is among the first Arab and African countries with a complete protection system, and ranks among the safe destinations in terms of movement of personal data.

Arbitration and Mediation

The arbitration legal arsenal is characterized by a series of innovations aimed at harmonizing the Moroccan trade law with international principles.

Among the novelties of this paper are broadening the scope of arbitration to legal entities under public law. The implementation of the arbitration judgments relating to these acts remains however subject to the exequatur which returns to the administrative jurisdiction in the competence of which the judgment will be executed, or in the administrative court of Rabat, when the arbitration judgment concerns the whole national territory.

The text also gives the tribunal the right to rule, either automatically or at the request of either party, on the validity or limits of its powers, or the validity of the arbitration agreement. It can also take, at the request of either party, any interim measure it deems necessary within the limits of its mission.

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GENERAL INFORMATIONS		
Capital	Rabat	
Main Cities	Casablanca, Fes, Marrakech, Oujda, Agadir, Tanger, Dakhla, Laâyoune	
Insitutional System	Constitutional democratic and social monarchy	
Administrative regions	16 regions	
Superficy	710 850 km²	
Position	North Africa	
Climate	Mediterranean	
Time Zone	GMT (GMT+1 in Summer)	
Official Language	Arab	
Languages commonly used	French, Spanish, English	
DEMOGRAPHY		
Population	31 millions unhabitants	
Density	67,59 unhabitant/ km²	
Active Population	50,6%	
Urban Population	56,9%	
Life Expectancy	72 years	
CURRENCY		
Currency	Moroccan Dirham (MAD)	
1 US Dollar	8,22 MAD (14/09/2011)	
1 Euro	11,23 MAD (14/09/2011)	
1 GBP	12,89 MAD (14/09/2011)	
1 Yen	0,107 MAD (14/09/2011)	
MACROECONOMY		
GDP (2010)	764 302 million MAD	
GDP per capita (2010)	23 996 MAD/capita	
GDP per sector (2010)	Primary Sector	14,5%
	Secondary Sector	29,5%
	Tertiary Sector	55,0%
Inflation Rate	1,2% (2010)	
Average Inflation Rate	1,9% (over the last 10 years)	
GDP Growth	3,7% (2010)	
Average Growth	4,9% (over the last 5 years)	
COMMERCIAL TRADE		
Exports Volume	147 974 million MAD (2010)	
Imports Volume	297 089 million MAD (2010)	
Main Customers (2009)	France	22,5%
	SPAIN	16,9%
	INDIA	6,1%
	ITALY	4,5%
	UNITAD-STATES	1,3%
Main Providers (2009)	FRANCE	15,5%
	SPAIN	10,6%
	CHINA	8,4%
	UNITED-STATES	7,0%
	KSA	5,9%
FOREIGN DIRECT INVESTMENTS		
FDI	32,2 billion MAD (2010)	
Main Sectors (cumul 2000-2009)	TELECOMMUNICATIONS	25,2%
	INDUSTRY	18,9%
	REAL ESTATE	17,1%
	TOURISM	15,0%
	BANKING	8,5%
Main Investors (cumul 2000-2009)	FRANCE	44,3%
	SPAIN	17,6%
	UNITED ARAB EMIRATES	5,2%
	SWITZERLAND	3,5%
	GREAT BRITAIN	3,0%
TELECOMMUNICATIONS		
Mobile Subscribers	34.9 millions (juin.2011)	
Fixed Phone Subscribers	3,6 millions (juin. 2011)	
Internet Subscribers (ADSL)	527 016 (JUIN. 2011)	
Internet Subscribers (3G)	1,816 millions (juin. 2011)	
Internet Users	14 millions (2010)	
INFRASTRUCTURE		
International Airports	15	
International Passengers	15 498 789 millions (2010)	
Highways	1 416 km (2011)	
TOURISM		
Toursits	9,3 millions (est. fin 2010)	
Tourism Revenue	56.6 billions MAD (2010)	

Free Trade Agreements

Within the framework of its global openness and liberalization strategy, Morocco has set up during the last decade a legal framework conducive to developing its commercial relations with some of its potential partners, through the conclusion of free trade agreements either bilaterally or regionally.

- ### Morocco-European Union association agreements

  - The Association Agreement between Morocco and the European Union signed on February 26, 1996 which came into force on March 1st, 2000, provides for gradual establishment of an industrial free-trade zone in 2012 and progressive liberalization of agricultural trade.
  - For industrial goods, the Agreement provides for gradual dismantling over 12 years of products originating from the EU within the framework of 3 lists against free access of Moroccan industrial products.
  - In addition, bilateral negotiations were conducted to adapt the Association Agreement following the EU enlargement to include ten new countries (these negotiations were completed April 16, 2004).

- ### Morocco-United States Free Trade Agreement

  - Signed on June 19, 1997 and entered into force on March 1, 2000, the Association Agreement with the European Free Trade Association (EFTA) provides for a gradual dismantling of industrial products over 12 years following the EU scheme.
  - Concerning agricultural products, and unlike the EU, the EFTA does not have a common agricultural policy. Also, concessions have been exchanged with each member state.

- ### Morocco - EFTA Free Trade Agreement

Under the process of Euro-Mediterranean regional integration, Morocco and Turkey signed a FTA in Ankara, April 7, 2004. It provides for the gradual establishment of an industrial free trade zone over a period of 10 years from the date of entry into force with an asymmetrical treatment in favor of Morocco.

Industrial products of Moroccan origin will benefit from total exemption upon the entry into force of the Agreement. Regarding agricultural products, there was an exchange of concessions.

- ### Morocco-Turkey Free Trade Agreement

  - The application of the Convention for the facilitation and development of inter-Arab trade exchanges came into force on January 1st, 1998. It aims to gradually establish a free trade zone among member countries of the Arab League (except Algeria, Djibouti, Comoros and Mauritania).
  - This Program provides for gradual dismantling, until complete exemption on January 1, 2005. However, difficulties remain regarding its implementation.

Arab Free Trade Zone

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- ## Morocco-Arab Countries Trade Agreement

  - Morocco signed on February 25, 2004, a quadrilateral FTA with Egypt, Tunisia and Jordan under the Agadir Declaration, signed May 8, 2001. The Agreement aims at establishing a quadripartite free trade zone, while remaining open to all Mediterranean Arab countries.
  - It states a total exemption of customs duties starting from the date of entry into force (January 1st, 2005) for all industrial and agricultural products with the exception of some products excluded for security, health and environmental reasons.

Taxes

A simplified and modernized tax system

The Moroccan tax system, for the sake of simplification, rationalization and modernization, has been codified under the General Tax Code (CGI).

The main taxes are:

- **Income Tax** concerning income and profits of individuals and private companies,
- **Corporate Tax** concerning income and profits earned by companies and other legal entities,
- **Value added tax** (VAT), which applies to consumer spending,
- **Registration fees and stamp duties**.

Moreover, in order to encourage investment and promote certain sectors, the existing legislative provisions relating to tax incentives envisage tax exemptions in terms of common law and at the sectoral level.

- ## Income Tax

Definition
The Income Tax (IT) applies to income and profits of natural persons and legal entities that have not opted for Corporate Tax.

The concerned incomes are:

- Wage income;
- Professional income;
- Land income and profits;
- Income from movable capital and profits;

- The agricultural income (exempt from the IT and CT until 12/31/2013 (L.F. 2009).

IT Rate
Starting from January 1, 2010, the scale for calculating the IT is between 0% and 38%.

Income Groups (In DH)	Rate
0 - 30 000	0%
30 001 - 50 000	10%
50 001 - 60 000	20%
60 001 - 80 000	30%
80 001 - 180 000	34%
Beyond 180 000	38%

Besides, specific rates and partial or total exoneration apply for certain products and payments. For more informations, please download the Factsheet Income Tax.

- ## CorporateTax

  - *Definition*
  - The Corporate tax applies mandatorily to income and profits of capital companies, public institutions and other corporations that carry out lucrative transactions and on an irrevocable basis to partnerships.
  -

  CT Rates
  - **30%**: Normal rate

  37 %: Fixed rate for credit institutions, Bank Al Maghrib, CDG, insurance and reinsurance companies and leasing companies.
  -
  - Besides, specific rates and partial or total exoneration apply for certain products and payments.

  For more informations, please download the Factsheet Corporate Tax.

- ## Value Added Tax

Definition
VAT applies to industrial, craft, commercial and liberal activities, as well as import operations. Retailers' income is also taxable when their turnover accomplished during the year exceeds or equals 2,000,000 DH.
VAT rates
There are three rates:

- A standard rate of 20%
- Reduced rates of 7% for certain consumer products,
- 10% on certain food products, beverages and hostelry industry in particular and 14% for other products.

Besides, specific rates and partial or total exonerations apply for certain products and payments.
For more information, please download the Factsheet Value Added Tax.

Investment Incentives

Attractive incentives for your projects

In addition to the tax exemptions granted under the common law, Moroccan law provides specific financial, tax and customs advantages to investors, as part of agreements or investment contracts to be concluded with the State, provided that they meet the required criteria. (Download the Factsheet Investment Incentives)
This concerns:

- The contribution of the state to certain investment expenses: Investment Promotion Fund;
- The contribution of the state to certain expenses for the promotion of investment in specific industrial sectors and the development of modern technologies: the Hassan II Fund for Economic and Social Development;
- Exemption from customs duties under Article 7.I of the Finance Act No. 12/98;
- Exemption from import VAT under Section 123-22 °-b of the General Tax Code.

These four advantages can be benefited from in a single investment project. And for more information on each of these advantages:

Investment Promotion Fund

The Investment Promotion Fund (IFP) manages operations relating to the state’s taking charge of the cost of some advantage granted to the investments that meet the criteria, within the framework of contracts, and in accordance with the investment charter and its implementation decree:

- **Land support**: the IFP takes charge of 20% of the expenses of land acquisition necessary for the realization of the investment;
- **External infrastructure**: the IFP participates in the expenses of external infrastructure with up to 5% of the overall amount of the investment program;
- **Training**: the IFP participates in the expense of vocational training provided as part of the investment program with up to 20% of the cost of this training.

These advantages are cumulative, provided that the state'sparticipation does not exceed 5% of the total investment program. However, if the investment project is expected in a suburban or rural area or in the case of investment in spinning, weaving and textiles finishing, the participation of State may reach 10% of the total investment program.

The investment project must meet at least one of the following criteria:

- Invest an amount equal to or greater than MAD 200 million,
- Create a number of stable jobs equal to or above 250;
- Realize the project within one of these provinces or prefectures: Al Hoceima, Berkane, Boujdour, Chefchaouen, Es-Smara, Guelmim, Laayoune, Larache, Nador, Oued Ed-Dahab, Oujda-Angad, Tangier-Asilah, Fahs-Bni-Makada, Tan-Tan, Taounate, Taourirt, Tata, Taza and Tetouan;
- Ensure transfer of technology;
- Contribute to the environment protection

- ## Hassan II Fund

Hassan II Fund for Economic and Social Development (FHII) grants financial assistance for investment projects in some industrial sectors for:

- **Building or acquiring professional buildings**: the Fund can support up to 30% of the cost of professional buildings on the basis of a maximum unit cost of 2,000 MAD/m2 (excluding taxes);
- **Acquiring new equipment goods:** the Fund may contribute up to 15% of the purchase cost of new equipment goods (excluding import duties and taxes).

These contributions are limited to 15% of the investment amount and 30 million MAD.

The relevant sectors are:

- Manufacturing equipment for the car industry
- Manufacturing components for electronic assemblies and subassemblies
- Manufacturing equipment for the aviation industry

Manufacturing activities related to nanotechnology, microelectronics and biotechnology

- Manufacturing tools and mould for the car and the aircraft industry
- Aeronautical maintenance and planes dismantling

The beneficiary projects are the new investment projects (creation or extension) with a total investment amount of more than 10 million MAD (excluding import duties and taxes) and under the condition that the amount of investment in equipment goods is above 5 million MAD (excluding import duties and taxes).

Specific treatment:

- The projects in the aircraft industry which the investment amount in capital goods is upper to 200 million dirhams (except import duties and tax) can be realized in one or several phases considering each of the phases as eligible project for the Fund contribution.
- The eligible investment projects in the manufacturing equipments activities for the car industry benefit from a maximal contribution of 15 % to the acquisition of the imported capital goods used in the deep-drawing activities, the plastic injection and tools and moulds manufacturing.

- ## Import Duty Exemption

  - Businesses that commit to making an investment of an amount equal to or greater than two hundred (200) million dirhams can benefit, as part of agreements to be concluded with the government, from exemption from import duty and the value added tax applicable to goods, materials and tools needed for their project and imported directly by the companies or on their behalf.
  - This exemption is also granted to the parts, spare parts and accessories imported at the same time as capital goods, machinery and equipment for which they are intended. The investment must be made within thirty-six (36) months from the date of the signature of the abovementioned agreement.

- ## VAT Exemption

Equipment goods, materials and tools needed to achieve investment projects involving an amount higher than or equal to MAD 200 million are exempt from VAT on imports within the framework of an agreement concluded with the State, in favor for the beneficiaries during a period of thirty six (36) months from the start of business. This exemption is also granted to parts, spare parts and accessories imported at the same time as the aforesaid equipment.

Investor Protection

Your investments are guaranteed and protected

International conventions relating to the guarantee and protection of investments
As part of foreign investment promotion efforts, Morocco has ratified international conventions relating to the guarantee and protection of investment. These include agreements on the establishment of :

- The International Center for Settlement of Investment Disputes "ICSID"
- The Multilateral Investment Guarantee Agency "MIGA"
- The Inter-Arab Organization for Investment Guarantee Corporation

Bilateral agreements and conventions relating to the guarantee and protection of investment
The promotion of foreign investment in Morocco is not only limited to the adherence to international multilateral conventions but extends to the bilateral ones, as part of strengthening relations with key partners. So many treaties, agreements and conventions for the promotion and protection of investments and avoidance of double taxation have been signed throughout the recent decades.

Agreements and conventions related to promotion and investment protection
The main provisions of these agreements and conventions concern the following aspects:

- Treatment of permitted investments
- Free transfer of capital and income
- The non-expropriation of investment, except for public utility reasons and following a court decision (on a nondiscriminatory basis and to pay a prompt and adequate compensation)
- Disputes with recourse to domestic courts or international arbitration at the choice of the investor

Non-double Taxation Agreements
Morocco has signed agreements with several countries to avoid double taxation with respect to income tax. These agreements establish the list of taxes and income concerned the rules for mutual administrative assistance and the principle of non-discrimination.

Investor protection under the law
The investment charter has set up a regime of convertibility for foreign investment. This scheme allows investors to freely carry out their investment in Morocco and transfer, directly through the banking system, revenues generated by these investments and the proceeds of their sale or liquidation.

CNEA

Steady Reinforcement of Morocco's Attractiveness
In order to ensure a clear and transparent framework for investment for the benefit of national and international operators, the National Committee of Business Environment was created in December 2009.

This high-level body is chaired by the Prime Minister. It is composed of representatives of public and private sectors and aims to identify and implement measures to enhance Morocco's attractiveness.

For further information, visit the Committee's website: www.climatdesaffaires.ma

Industry

Background

Facing the challenges of an evolving global economy, the National Pact for Industrial Emergence aims to build a strong industrial sector and create a virtuous circle of growth.
The state and the private sector have sealed this covenant by signing a contract program covering the period 2009-2015. By consolidating into one document their mutual commitments, partners bring to all investors the necessary visibility on the changes of the future Moroccan industry. This contractual formula also guarantees the proper execution of measures agreed upon, by ensuring the involvement of all parties concerned, around specific, concrete, concerted and budgeted actions.

Mission and objectives

- Gathering efforts to revive the industrial sectors for which Morocco has clear competitive and exploitable advantages (World Crafts of Morocco), through dedicated development programs.
- Improving the competitiveness of companies through 4 major "Cross-cutting Projects":
  - Strengthening SMEs' Competitiveness
  - Improving business climate
  - Training
  - Creating the next generation industrial parks, called "P2I - Integrated Industrial Platforms".
- Establishing an institutional structure to enable the implementation of effective and efficient programs
- Targets for 2015:
  - Creating 220 000 direct jobs and reducing unemployment
  - Creating wealth through an increase in GDP by MAD 50 billion
  - Generating an additional volume of exports by MAD 95 billion
  - Generating additional private investment by up to MAD 50 billion

Means

- Program Cost: MAD 12.4 billion over the 2009-2015 period
- 34% of the total cost dedicated to Training and Human Capital
- 24% of the total cost dedicated to incentives for investors
- Establishing an enforcement tool dedicated to the promotion and development of investments: the Moroccan Agency for Investment Development (AMDI)

Solar Energy

Presentation of the sector

As part of its strategy towards energy use, Morocco gives priority to developing renewable energy and sustainable development. With abundant solar resources (a potential of 2 600 kWh/m²/year) and a strategic position at the heart of an energy hub (Connexion with Spanish Network through two electric lines 400kV/700 MW), Morocco offers a wide range of investment opportunities in the sector of thermal and photovoltaic solar energy, including the launch of the following structuring programs:

- **The Moroccan Project of Solar Energy:** This integrated development project aims to set up in 2020 a capacity of electricity production driven from solar energy with a total capacity of 2000 MW in five major sites: Ouarzazate, Ain Bni Mathar, Foum Al Oued, Boujdour and Sebkhat Tah. The two technologies - Concentrated Solar Power (CSP) and Photovoltaic-are designated to be used in these stations. This program will increase by 14% the role of solar energy in total electricity capacity by 2020 and prevent the emission of 3.7 million tonnes of CO_2 per year.

- **Development Program of the Moroccan market for solar water heaters (PROMASOL)**: This program involves the installation of 440,000 m2 of thermal solar sensors in 2012 and 1.7 million m2 in 2020. In terms of thermal energy produced annually, these figures will correspond to 1190 GWh by 2020. This program will avoid the emission of 920,000 tons of CO2 per year and create 920 permanent jobs.

Both plans were designed to fall under the criteria of a Clean Development Mechanism.

Value proposition

Regulatory Framework:
The Renewable Energy Law (No. 13-09) aims to promote energy production from renewable resources, to market and to export by public entities or private. It also introduces the subjugation of facilities producing energy from renewable sources to a system of prior authorization if their power is equal to or greater than 2 MW, or prior notification for operating activities which necessitate power between 20 KW and 2 MW. Finally, it provides the right for an operator to produce electricity from renewable energy sources on behalf of a consumer or a group of consumers connected to the national grid of medium voltage (MV), high voltage (HV) and extra high voltage (EHV), under an agreement whereby they undertake to remove and consume the electricity produced exclusively for their own use.

Financing:

This strategy benefits from the resources mobilized under the pole of the Energy Development Fund with an amount equivalent to $ 1 billion donation from the Kingdom of Saudi Arabia (U.S. $ 500 million), UAE (U.S. $300 million) and the contribution of the Hassan II Fund for Economic and Social Development (200 million U.S.). The year 2010 was highlighted by the establishment of the Energy Investment Corporation (EIS) with a capital of one billion dirhams endorsed by the state (71%) and the Hassan II Fund for Economic and Social Development (29%).

Training

- Creation of specialized energy courses within the major Engineering Schools and Universities s
- Training of technicians in wind energy by Vocational Training Institutes
- Conclusion of Industry partnerships-Large Schools - Universities, Institutes specializing in R & D applies.

Governance:

- **Moroccan Agency For Solar Energy (MASEN)**
  MASEN's mission is to ensure the implementation of the Moroccan Solar Plan (see more)

- **ADEREE**
  The National Agency for the Development of Renewable Energy and Energy Efficiency, which aims to contribute to the implementation of government policy on renewable energy and energy efficiency (see more).

- **AMISOLE**
  The Moroccan Association of Solar Industries and Windmills (Amisola) was created to promote the interests of industrialists and Moroccan professionals working in the renewable energy sector (see more).

- **National Electricity Office (ONE)**

Wind Energy

Top of Form

Bottom of Form

Presentation of the sector

As part of its strategy towards energy use, Morocco has undertaken a vast wind energy program, to support the development of renewable energy and energy efficiency in the country. The Moroccan Integrated Wind Energy Project, spanning over a period of 10 years with a total investment estimated at 31.5 billion dirhams, will enable the country to bring the installed capacity, from wind energy, from 280 MW in 2010 to 2000 MW in 2020.

The development of 1720 MW of new wind energy farms are planned as follow:

- 720 MW under development in Tarfaya (300 MW), Akhfenir (200 MW), Bab El Oued-Laayoune (50 MW), Haouma (50 MW) and Jbel Khalladi (120 MW)
- 1000 MW planned in 5 new sites chosen for their great potential: Tanger2 (150 MW), El BaidaKoudia in Tetouan (300 MW), Taza (150 MW), Tiskrad Laayoune (300 MW) and Boujdour (100 MW).

Objectives of the wind energy program are:

- Increase the share of wind power in the national energy balance to 14% by 2020
- Achieve a production capacity from wind power of 2 GW and annual production capacity of 6600 GWh, corresponding to 26% of current electricity generation
- Save annually 1.5 million tons of fuel, matching the sum of 750 million U.S. dollars, and prevent the emission of 5.6 million tonnes of CO_2 per year.

Value proposition

Real assets:

- Huge potential in wind power estimated at 25,000 MW (see wind map)
- A strategic location in the heart of an energy hub (connected to the Spanish electrical grid)

Regulatory Framework:

The Renewable Energy Law (No. 13-09) aims to promote energy production from renewable resources, to market and to export by public entities or private. It also introduces the subjugation of facilities producing energy from renewable sources to a system of prior authorization if their power is equal to or greater than 2 MW, or prior notification for operating activities which necessitate power between 20 KW and 2 MW. Finally, it provides the right for an operator to produce electricity from renewable energy sources on behalf of a consumer or a group of consumers connected to the national grid of medium voltage (MV), high voltage (HV) and extra high voltage (EHV), under an agreement whereby they undertake to remove and consume the electricity produced exclusively for their own use.

Financing:

To support the national plan for renewable energy development, an energy investment company for developing renewable energy (SIE) was created specifically for this purpose with a 1 billion dirhams capital.

This strategy benefits from the resources mobilized under the frame of the Energy Development Fund with an amount equivalent to $ 1 billion donation from the Kingdom of Saudi Arabia (U.S. $ 500 million), UAE (U.S. $300 million) and the contribution of the Hassan II Fund for Economic and Social Development (200 million U.S.).

Training

- Creation of specialized courses in wind energy in large engineering schools anduniversities
- Training of technicians in wind energy by Vocational Training Institutes
- Conclusion of Industry partnerships-Large Schools - Universities, Institutes specializing in R & D applies.

Governance:

- **Energy Investment Company (SIE)**

- **ADEREE**
The National Agency for the Development of Renewable Energy and Energy Efficiency, which aims to contribute to the implementation of government policy on renewable energy and energy efficiency.

- **National Electricity Office (ONE)**

Tourism

Presentation of the sector

Morocco is a tourist destination that has many strengths and clear potential that allowed it to become a highly popular tourist destination. With varied and contrasting landscapes (3500 km of coastline, mountains, deserts ...), a rich cultural heritage (imperial cities, old towns, food and crafts), Morocco is a unique and diverse touristic experience only 2h30 flight from major European cities .

Between 2005 and 2010, the number of tourists visiting Morocco has increased from 5.8 to over 9.3 million, and a mounts of foreign direct investments are around € 30 billion over this period combined. In addition, in 2009, Morocco was the only Mediterranean countries to havev increased more than 6% while the world market decreased by 5%.

Value proposition

Sectorial incentives:

- Exemption of import duty preference for all capital equipment needed for the promotion and development of the project
- VAT exemption for capital goods, machinery and equipment acquired in Moroccofor a period of twenty four (24) months from the date of commencement of business of the company
- Exemption from import VAT for a period of thirty six (36) months for capital goods, machinery and equipment acquired on importation.
- Total relief of the SI of turnover in foreign exchange business and hotel for a period of5 years from the year in which the first accommodation was made in foreign currencies and a reduction of 17.5% over this period.
- Total exemption from IR to the amount of turnover in foreign currency by the hotel companies and for a period of 5 years and a reduction of 50% over this period.

Conventional Terms
For investments that meet a number of criteria, the investor may conclude with the State, investment agreements granting implementation aid for the project (for details, see the Factsheet Investment Incentives)

Financing offers
To remove the constraints on the access to financial resources, Vision 2020 considers the establishment of an instrument for national and international investment mobilization: the Moroccan Fund for Tourism Development (FMDT). Investment premiums will be implemented taking into account the level of risk perceived by investors for each type of product and for each destination.
To strengthen its commitment in supporting the implementation of Vision 2020, the banking sector is willing to mobilize a budget of 24 billion DH.

Aside from commercial banks responsible for financing the sector, funds for national investments were created to support the dynamic development of tourist projects. Some of them are Actif Invest, Madaef, H Partners, capital T and Saham Hotels.

Investment Opportunities

- **Azur 2020 Program :** Establishment of a considerable Morocco seaside offer internationally competitive.
- **Program Green / Eco / Sustainability:** Valuation of natural resources and rural areas in respect to socio-cultural authenticity of host communities.
- **Heritage and Legacy Program**: Promotion of the Moroccan cultural identity through the structuring and valuation of tangible and intangible heritage of the Kingdom together with the construction of coherent and attractive tourist products.
- **Animation Program, Sport & Leisure**: Creating consistent animation offers, varied and complementary to the basic tourist infrastructure in order to consolidate Moroccan tourism and make it more competitive and attractive to many tourists.
- **Niche Program with high added value (or business and Welfare)**: Strengthening the position of Morocco as a tourist destination for Business, welfare and health.
- **Biladi Program:** Strengthening the tourist offer for natives through a suitable product that takes account of their habits and customs.

Governance:

- Moroccan Society of Tourism Engineering (SMIT)

The U.S.—Morocco Free Trade Agreement (FTA)

General Information

As a result of the U.S.-Morocco Free Trade Agreement (FTA), 95% of U.S. consumer and industrial goods exported to Morocco no longer need to pay a tariff. Tariffs on U.S. goods export to Morocco will be phased out entirely by 2024.

The FTA also expands the significant protections already afforded U.S. investors under a Bilateral Investment Treaty (BIT) signed in 1985. All forms of investment are protected under the FTA, including enterprises, debt, concessions, contracts and intellectual property. U.S. investors will enjoy in almost all circumstances the right to establish, acquire and operate investments in Morocco on an equal footing with Moroccan investors, and with investors of other countries. U.S. investment in Morocco stood at $233 million in 2009.

Adding to the benefits provided by the FTA, Morocco's economy has been steadily growing at an increasing rate over the past ten years. With a stable exchange rate, low inflation, and moderate unemployment, in 2010, the Moroccan economy had a growth rate of 4 percent. Since the agreement entered into force on January 1, 2006, the value of U.S. exports have risen from $481 million in 2005 to $1.95 billion in 2010. This translated into a trade surplus with Morocco of $1.26 billion in 2010, a 3,505% increase over the $35 million trade surplus of 2005.

By Sector

U.S. exports to Morocco grew 19% in 2010, with the sectors of waste and scrap, apparel manufactures, food manufactures, electrical equipment and appliances, and nonmetallic mineral products growing the fastest. Overall, the principal U.S. exports to Morocco in 2010 are in the sectors of mineral fuel and oil, aircraft and spacecraft, fats and oils, food waste, and cereals.

Additional Information

- U.S. – Morocco Free Trade Agreement legal text
- Summary of the U.S. Morocco Free Trade Agreement
- Trade Information Center
- U.S. Commercial Office in Morocco
- MENA Business Information Center (MENABIC) – Morocco
- U.S. Export Assistance Center in your neighborhood
- Country Office
- Industry Offices