MOROCCO
INVESTMENT CLIMATE STATEMENT
2015

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Executive Summary

Despite global economic uncertainty and slowed capital inflows into North Africa following the regional upheaval linked to the Arab Spring, the Moroccan government is making great strides in attracting foreign direct investment (FDI) to the country. It actively encourages foreign investment and has sought to facilitate it through macro-economic policies, trade liberalization, and structural reforms. Further, due to its political stability, solid infrastructure, and strategic location, Morocco is rapidly becoming a regional manufacturing and export base for international companies. Morocco's overarching economic development plan is based on leveraging its location, along the Strait of Gibraltar between Spain and Africa, to transform the country into a regional hub for North, West, and Sub-Saharan Africa for shipping, logistics, finance, manufacturing, assembly, and sales.

The Government of Morocco has implemented a series of sector strategies aimed at raising performance and output in key revenue-earning sectors, boosting employment, and attracting foreign investment. Notably, its 2009 National Plan for Industrial Development set the groundwork for large-scale global investments, such as those by France's Renault in Tangier and Canada's Bombardier in Casablanca. The strategy focuses on developing export-oriented economic sectors (aeronautics, automotive, offshoring, and electronics) and contributed roughly 75,000 jobs to the manufacturing sector in the past ten years. In 2014, the government refreshed its industrial strategy which aims to amplify the impacts of its 2009 plan, accelerating job creation and growth in the industrial sector, largely by attracting FDI and strengthening the linkages between the small business sector and the Morocco's industrial leaders. The ambitious 2014 strategy aims to create 500,000 new jobs in manufacturing by 2020. In addition to its industrial strategy, the Casablanca Finance City (CFC), Morocco's flagship project launched in 2010 by King Mohammed VI, aims to make Casablanca a financial hub for Africa, offering incentives for firms who locate their regional headquarters in the financial and business center.

Morocco has ratified 62 bilateral agreements for the promotion and protection of investments and 51 agreements that aim to eliminate the double taxation of income or gains. Its Investment Charter has put in place a convertibility system for foreign investors and gives investors the freedom to transfer profits. Morocco's Free Trade Agreement (FTA) with the United States entered into force in 2006. Since then, overall bilateral trade has increased by more than 300 percent.

Multinational companies cite Morocco's security and stability as positive factors contributing to the country's appeal as a base for regional activities. Despite significant progress in its business and economic environment, they also express concern over Morocco's lack of skilled labor, weak intellectual property rights protection, and the lack of regulatory transparency. Nevertheless, foreign companies operating in Morocco still find it suitably profitable to maintain their presence.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Morocco actively encourages foreign investment and has sought to facilitate it through macro-economic policies, trade liberalization, structural reforms, as well as investments in infrastructure and incentives for investors. As it works to position itself as a gateway to Africa, multinational companies are beginning to relocate their regional headquarters to Morocco. In 2012, Morocco became the first Middle East and North Africa partner to endorse the Joint Principles for International Investment and the Joint Principles for Information and Communication Technology (ICT) Services, sending a strong signal to domestic and international investors that Morocco embraces an open, 21st century approach to investment and growth. Despite its general openness to FDI, the government generally requires investors to use domestic content in goods or technologies, and some government originated tenders have local content requirements, particularly in certain sectors.

Under the U.S.-Morocco Free Trade Agreement (FTA) and the Association Agreement with the European Union (EU), Morocco has eliminated or reduced its tariffs on imports from the U.S. and the EU. Morocco has also signed a quadrilateral FTA with Tunisia, Egypt and Jordan (under the Agadir Declaration), an FTA with Turkey, and concluded third round FTA talks with Canada in June 2012. In 2008, Morocco was the first country in the region to be granted “advanced status” with the EU. In April 2014, Morocco entered into fourth round talks with the EU for a Deep and Comprehensive FTA. Additionally, Morocco is seeking various bilateral memorandum of understandings with African, Asian and Latin American countries in an effort to expand trade and investment in targeted sectors. However, the Moroccan government has put on hold negotiations for new FTAs while it assesses the benefits it has received thus far from its current agreements.

In September 2012, the U.S. and Morocco launched a Strategic Dialogue, annual high level consultations that promote mutual priorities including efforts to increase trade and investment. Further, the annual U.S.-Morocco Business Development Conference (BDC) provides a platform to strengthen business-to-business ties.

Morocco is ranked 71 out of 189 economies in the 2015 Doing Business report, three positions lower than in 2014, as a result of the increased challenges associated with starting a business, paying taxes, resolving insolvency issues, minority investor protection, and obtaining credit. However, registering property and trading across borders improved over the course of the year, despite the fact that Morocco still lags far behind the region with respect to the former category.

Other Investment Policy Reviews

UNCTAD’s 2008 Investment Policy Review of Morocco can be found here (French and Spanish): http://unctad.org/en/pages/PublicationArchive.aspx?publicationid=9321. The Investment Policy Review noted that Morocco had the potential to attract increased FDI inflows and FDI of a high quality in order to meet the development objective of the “Plan Emergence” of moving into high value added activities. UNCTAD analyzes investment conditions and opportunities in Morocco in a 2010 report available here (French): http://unctad.org/fr/Docs/diaepcb20093_fr.pdf

The World Trade Organization (WTO) 2009 Trade Policy Review (TPR) of Morocco can be found here: http://www.wto.org/english/tratop_e/tpr_e/tp317_e.htm. The review found that the macroeconomic and structural reforms, including trade reforms, pursued by Morocco since the previous TPR (2003) have contributed to the growth diversification and positive overall performance of its economy.

The OECD's 2010 Investment Policy Review of Morocco can be found here: http://www.oecd.org/daf/inv/internationalinvestmentagreements/morocco-investmentpolicyreview-oecd.htm. The review found that Morocco has adopted a series of laws and amendments needed to improve the local investment climate. Progress has been made in improving transparency and business access to information, and in reducing the time and cost of administrative procedures.

Laws/Regulations of Foreign Direct Investment

Law 18-95 of October 1995, constituting the Investment Charter, (http://www.usa-morocco.org/Charte.htm) is the principal Moroccan text concerning investment and applies to both domestic and foreign investment.

The Foreign Exchange Office's Circular 1589 of September 1992 instituted a convertibility regime that allows foreign investors to conduct their investment operations in Morocco freely. The 1995 Charter guarantees free transfer of funds (Article 16) and gives foreign investors the freedom to transfer profits and capital for persons who make investments in foreign currency (Article 15).

Morocco accepted Article VIII of the Articles of Agreement of the International Monetary Fund in January 1993.

Further information about Morocco's investment laws and procedures is available on the Invest in Morocco website at: http://www.doingbusiness.org/data/exploreeconomies/morocco/

Industrial Promotion

Building on its previous industrial development strategy, in 2014 Morocco introduced an ambitious seven-year industrial growth and acceleration plan. It allocates USD 2.1 billion to a public industrial investment fund to support programs that will increase manufacturing's share of GDP from 14 to 23 percent and to create 500,000 new jobs by 2020. The plan aims to support the development of small and medium-sized enterprises (SMEs), improve youth employability, support integrated industrial platforms, and promote exports, using increased foreign investment to boost knowledge sharing and technology transfer. At the same time, it aims to protect local industries against 'unfair' competition and reduce import dependency. The plan targets the same sectors as its predecessor, including automotive, aeronautics, offshoring, electronics, textile and leather, and the food industry.

More information on the Industrial Acceleration Plan can be found here:
http://www.invest.gov.ma/?Id=23&lang=en

Morocco's 2009 National Plan for Industrial Development set the groundwork for large-scale global investments, such as those by France's Renault in Tangier and Canada's Bombardier in Casablanca. The strategy focused on developing export-oriented economic sectors in which Morocco had a comparative advantage, including four that had attracted significant FDI – automobile, aeronautics, electronics, and offshoring – and three that were largely financed by domestic investment – leather, food processing, and textiles. The plan also developed Morocco's industrial parks, offering investors land for new or expanding businesses, special tax breaks, transport connections, and services such as security, telecommunications, and recruitment support. In the past ten years, the manufacturing sector created 75,000 jobs.

More information on this strategy can be found here:
http://www.emergence.gov.ma/en/Pacte/Pages/LePacte.aspx.

The Moroccan government established the CFC in December 2010 to position Casablanca as a financial hub for Francophone Africa. The CFC exclusively targets financial institutions (investment banks, asset management firms, private equity firms, and insurance companies), multinational regional headquarters, and professional services firms (consulting, law, audit, and credit rating agencies). The CFC is ranked 42 of 83 worldwide per the March 2015 Global Financial Centers Index, which represents a 21-position improvement over the March 2014 ranking. The CFC is the second ranked financial center in Africa, after Johannesburg.

By 2020, Morocco plans to have invested USD18.95 billion in its Energy Strategy to decrease energy dependence, preserve the environment, and generate 50,000 jobs. Its goal is to have 42 percent of its total electrical power produced by renewable energy (solar, wind, and hydraulic). With a goal to make solar energy 14 percent of total electric capacity, Morocco aims to increase solar electric production capacity to 2000 MW by 2020 principally using two technologies: concentrated solar power and photovoltaic. It plans to increase installed wind-generated electrical capacity from 280 MW in 2010 to 2000 MW by 2020, reducing $CO2$ emissions by 5.6 million tons per year. In addition, Morocco recently announced plans to invest $4.6 billion in an LNG regasification terminal and related infrastructure, including several gas to power plants, to increase its use of natural gas for the production of electricity.

Morocco has 13 commercial ports that processed 2.5 million twenty-foot-container equivalent units in 2013, according to the World Bank. Morocco has two port management agencies, the National Port Agency (ANP) and Tanger-Med Special Agency (TMSA). TMSA manages Tanger Med, the largest port by volume in Morocco. Tanger-Med Port terminals 1 and 2 are operational and traffic has now reached capacity, exceeding 3 million containers in 2014, which represented a 20 percent increase over 2013. The port is expected to process 8 million containers, 7 million passengers, 700,000 trucks, 2 million vehicles, and 10 million MT. Once fully operational in 2016, Tanger Med is expected to rank as the largest transshipment hub in Africa.

Morocco has implemented other sector strategies including the Green Morocco Plan (to revive Morocco's agriculture sector), Digital Morocco 2013 Plan (to position Morocco as a dynamic emerging country in information technology), Halieutis Plan (to improve the competitiveness of Morocco's fishing industry), Logistics Strategy (to improve logistic services and transportation infrastructure), National Strategy for the Craft Industry (to promote production and sales of handicrafts), and Tourism Vision 2020 strategy (to double the number of foreign tourists and triple the number of national domestic travelers). To support the tourism strategy, the government is implementing a development strategy to promote Casablanca airport as an international hub for traffic to Central and West Africa, and develop Marrakech airport as a hub for African traffic toward Europe. It also seeks to improve Morocco's airport infrastructure through airport extension, modernization, and new construction.

Morocco's main platform for information about investing in the country is Invest in Morocco or the Moroccan Investment Development Agency (AMDI). Information on its services as well as investing in Morocco can be found at: http://www.invest.gov.ma/?Id=1&lang=en.

Limits on Foreign Control

According to the OECD 2010 Investment Policy Review, Morocco places limits on foreign investment in air and maritime transport companies and maritime fisheries, allowing for only a minority stake (49 percent or less for air transport and 25 percent or less for maritime and fishing vessels). Although foreigners are prohibited from owning and cultivating agricultural land, they can purchase it for non-agricultural purposes. Morocco has sought to encourage foreign investment in the agricultural sector by making land available to foreigners through leases of up to 99 years. French, Spanish and Middle Eastern investment in the sector centers mostly on citrus and olives, with smaller investment in grapes and berries.

Morocco adheres to the OECD Declaration on International Investment and Multinational Enterprises. Morocco's OECD FDI Regulatory Restrictiveness Index in 2010 was 0.067 (closed economy = 1; open = 0).
http://www.oecd.org/daf/inv/internationalinvestmentagreements/45563285.pdf.

Privatization Program

Foreign investors are permitted to participate in privatization programs. In 1993, an ambitious program of privatization was initiated, focused on key sectors such as telecommunications, agribusiness, banking, and tourism, among others. When it ended in August 2011, total revenue from divestment in state-owned enterprise (SOE) and the granting of telecom licenses totaled about 107 billion dirhams (approximately USD13 billion). Privatization has attracted FDI, giving a boost to Morocco's economy.

Screening of FDI

The formalities related to investing in Morocco do not pose a meaningful barrier to investment in the country. The U.S. Mission is not aware of any formal investment review process or any instances in which investors have been turned away.

Competition Law

Restrictive agreements and practices are regulated by the Competition Law. Morocco's Competition Law no. 06-99 on Free Pricing and Competition (June 2000) outlines the authority of the Competition Council (http://conseil-concurrence.ma/) as an independent executive body with investigatory powers. Together with the Central Authority for the Prevention of Corruption, the Competition Council is one of the main actors in charge of improving public governance and advocating for further market liberalization.

Investment Trends

Morocco's investment trend rankings generally improved in 2014.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	80 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	71 or 189	doingbusiness.org/rankings
Global Innovation Index	2014	84 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 3,020	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) or USD4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

2. Conversion and Transfer Policies

Foreign Exchange

Morocco guarantees full currency convertibility for capital transactions, free transfer of profits, and free repatriation of invested capital. Generally, the investors must notify the government of the investment transaction, providing the necessary legal and financial documentation. With respect to the cross-border transfer of investment proceeds to foreign investors, the rules vary depending on the type of investment.

A currency-convertibility regime is available to foreign investors, including Moroccans living abroad, who invest in Morocco. This regime facilitates their investments in Morocco, repatriation of income, and profits on investments. Foreign investments financed in foreign currency can be transferred tax-free, without amount or duration limits. This income can be dividends, attendance fees, rental income, benefits, and interests. Capital contributions made in convertible currency, contributions made by debit of forward convertible accounts, and net transfer capital-gains may also be repatriated. For the transfer of dividends, bonuses, or benefit shares, the investor must provide the balance sheets and profits and losses accounts, annexed documents relating to the fiscal year in which the transfer is requested, as well as the statement of extra-accounting adjustments made in order to obtain the taxable income.

Morocco has achieved relatively stable macroeconomic and financial conditions under an exchange rate peg, which has helped achieve price stability and insulate the economy from nominal shocks. The peg, which was set at an 80/20 split Euro/Dollar until April 2015, has recently been reallocated to a 60/40 Euro/Dollar basket, reflecting evolving trade relations. The IMF advocates a more flexible exchange rate, which would allow Morocco to respond better to shocks while improving the economy's competitiveness. The Central Bank has signaled its willingness to consider such a change but on a gradual basis.

Remittance Policies

Please refer to previous section for information applicable to remittances.

Morocco is a member of the Middle East and North Africa Financial Action Task Force. The 2014 International Narcotics Control Strategy Report (INCSR), Volume II: Money Laundering and Financial Crimes Country Database, classifies Morocco as a "jurisdiction of concern" http://www.state.gov/j/inl/rls/nrcrpt/2014/supplemental/227713.htm.

3. Expropriation and Compensation

Article 15 of the Moroccan Constitution stipulates that no expropriation can take place except in certain cases provided by law. The right to own property is guaranteed, but its extent and use may be restricted by law if the needs of economic and social planning and development require it.

U.S. Mission Morocco is not aware of any recent, confirmed instances of private property being expropriated for other than public purposes, or being expropriated in a manner that is discriminatory or not in accordance with established principles of international law.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Moroccan legal system is based on both civil law (French system) and Islamic law. The principal sources of commercial legislation in Morocco are the 1913 Dahir of Obligations and Contracts, as amended, and the 1996 Code of Commerce. Law No. 53-95 established Morocco's

Commercial Courts. According to a Moroccan WTO submission: "This law gives these courts exclusive jurisdiction to hear trade disputes" . These courts also have sole competence to entertain industrial property disputes, as provided for in Law No. 17-97 on the Protection of Industrial Property, irrespective of the nature of the parties."

According to the European Bank for Reconstruction and Development's 2013 Morocco Country Assessment Report (http://www.ebrd.com/downloads/sector/legal/morocco.pdf), the establishment of special commercial courts in 1997 led to some improvement in the handling of commercial disputes. Nevertheless, the lack of training for judges on general commercial matters remains one of the key challenges to effective commercial dispute resolution in the country. In general, litigation procedures are time consuming and resource-intensive, and there is no legal requirement with respect to case publishing.

Bankruptcy

Morocco's bankruptcy law is based on French law. Commercial Courts have jurisdiction over all cases related to insolvency. The law follows the classical scheme in terms of protecting creditors, giving secured debtors priority claim on assets and proceeds over unsecured debtors, who in turn have priority over equity shareholders. Bankruptcy is not criminalized. The Ministry of Justice and Liberties (MOJL) is currently reviewing the national bankruptcy legislation. The draft law intends to shift the focus of bankruptcy from liquidation and restructuring to prevention and settlement.

The World Bank's 2015 Doing Business report ranked Morocco 113 out of 189 countries in "Resolving Insolvency" (down 5 positions from 2014).

Investment Disputes

In an effort to promote foreign investment, the Moroccan legislature has adopted laws to protect both foreign investors and their Moroccan counterparts. Morocco is a member of the International Center for the Settlement of Investment Disputes (ICSID) and a party to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (with reservations) and the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of Other states.

In general, investor rights are backed by an impartial procedure for dispute settlement that is transparent.

There have been no investment disputes involving a U.S. person in the last 10 years.

International Arbitration

Foreign companies have cited their ability to choose arbitration outside Morocco (in the case of litigation) as a strong benefit for doing business in the country.

Law No. 08-05 established a system of conventional arbitration and mediation, while allowing parties to apply the Code of Civil Procedure in their dispute resolution. Disputes may be brought before eight Commercial Courts, (located in Rabat, Casablanca, Fez, Tangier, Marrakech, Agadir, Oujda and Meknes) and three Commercial Courts of Appeal (located in Casablanca, Fez and Marrakech).

Arbitration is increasingly used in Morocco. The U.S. Agency for International Development (USAID) and the International Finance Corporation (IFC) worked with Morocco in 2008 and 2009 to establish a national commission on Alternative Dispute Resolution (ADR) with a mandate to regulate mediation training centers and develop mediator certification systems. The goal of this program was to increase the use of mediation in the prevention phase of bankruptcy proceedings and in the resolution of business disputes outside of the courts. Although the program remained limited in its implementation, the business community generally viewed early use of the system in Rabat and Casablanca as favorable.

There have been no claims brought by foreign investors under the investment chapter of the U.S.-Morocco Free Trade Agreement since it came into effect in 2006.

ICSID Convention and New York Convention

Morocco is a member of the International Center for Settlement of Investment Disputes (ICSID) and signed its convention in June 1967. Morocco is also party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Duration of Dispute Resolution

According to the Center of Arbitration and Mediation in Rabat, maximum duration of mediation cases per Moroccan law is six months, which is renewable. In reality, cases are usually solved in less than three months. In cases involving arbitration, Moroccan law does not proscribe any fixed period, but rather the duration of dispute resolution depends on the parties. In the most complex cases, arbitration can take 12-18 months. Regarding court resolutions, industry sources indicate that proceedings before commercial court take approximately 12 months, and the same at the appeal level. Court resolution duration can range from 2 to 10 plus years in some cases.

The main challenges to resolving disputes when litigated within local courts include inconsistencies of judgments; lack of dissemination of case-law; and inadequate training of magistrate, lawyers, legal experts, and judicial officers. Despite these challenges, justice reform is ongoing and is generating tangible improvements.

Morocco officially recognizes foreign arbitration awards. Domestic arbitration awards are also enforceable subject to an enforcement order issued by the president of the commercial court, who verifies that no elements of the award violate public order or the defense rights of the parties. As Morocco is a member of the New York Convention, international awards are also enforceable in accordance with the provisions of the said convention. Morocco is also a member of the Washington Convention for the International Centre for Settlement of Investment Disputes (ICSID), and as such agrees to enforce and uphold ICSID arbitral awards.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The WTO Trade Related Investment Measures' (TRIMs) database does not indicate any reported Moroccan measures to be inconsistent with TRIMs requirements. However, many measures, regarding public procurement for example, reportedly show preferences to companies utilizing local content or establishing local production facilities. The government also maintains several "free zones" in which companies enjoy lower tax rates and relaxed labor laws in exchange for an obligation to export at least 85 percent of their production. In some cases, the government provides generous incentives for companies to locate production facilities in the country but stipulates other requirements in return.

Investment Incentives

Morocco offers incentives designed to encourage foreign and local investment. Morocco's Investment Charter gives the same benefits to all investors regardless of the industry in which they operate (except agriculture, which remains outside the scope of the Charter.)

Morocco provides a range of investment incentives including:

- A corporate tax holiday during the first five years of business and a 17.5 percent rate thereafter.
- VAT exemptions: Equipment goods, materials, and tools needed to achieve investment projects involving an amount higher than or equal to 200 million dirhams (around USD 24 million) are exempt from VAT on imports, within the framework of an agreement concluded with the state, during a period of 36 months from the start of business.
- Import duty exemptions: Businesses that commit to making an investment of an amount higher than or equal to 200 million dirhams are exempt from import duties (applicable to goods, materials, and tools needed for their project and imported directly by the companies) within the framework of an agreement concluded with the state.

Morocco has six integrated industrial zones within the region of Tangier, each dedicated to a different sector of the economy, including car manufacturing and aeronautics. Morocco has set up many free zones to offer companies incentives ranging from tax breaks, subsidies, and reduced customs duties.

Additionally, businesses associated with Casablanca Finance City receive a variety of incentives, including exemption from corporate taxes for the first five years after receiving CFC status. Afterwards, companies will be taxed a reduced rate of 8.75 percent instead of the standard 17.5 percent tax on export turnovers. Companies with regional headquarters in the CFC pay a reduced ten percent rate on profits, versus the average 30 percent standard rate. Employees of CFC-status companies also benefit from reduced personal income tax rates. Other CFC advantages include administrative assistance. CFC-status companies benefit from expedited processing of work permit applications for their foreign employees, cutting wait times from six months to one week.

More details on investment incentives:
http://www.invest.gov.ma/upload/documents/en_Doc_236.pdf

Research and Development

U.S. companies successfully compete for Moroccan government tenders, with no exclusions for competing in research and development programs.

Performance Requirements

The Moroccan government allows the hiring of foreign employees at all levels, although the process for obtaining visas can take up to six months.

Data Storage

The Government of Morocco generally requires investors to use domestic content in goods or technologies, and some government-originated tenders have local content requirements, particularly in certain sectors (such as solar energy). Likewise, local regulation requires the release of source code for certain telecommunications hardware products.

6. Right to Private Ownership and Establishment

Private ownership is permitted in all but a few sectors, including the mining and agricultural sectors. Phosphate extraction is managed by state-owned corporation, OCP. In addition, private investment in mining operations in the Tafilalet and Figuig regions is currently restricted. However, the Ministry of Energy, Mines, Water, and Environment has drafted legislation to eliminate this restriction. Although foreigners are prohibited from owning and cultivating agricultural land, they can purchase it for non-agricultural purposes. Morocco has sought to encourage foreign investment in the agricultural sector by making land available to foreigners through leases of up to 99 years.

7. Protection of Property Rights

Real Property

The World Bank's 2015 Doing Business Report ranked Morocco 115 out of 189 countries in 2015 (up 11 positions from 2014) on "Registering Property." Some of the report's metrics on registering property in Morocco are below:

Process: 8 procedures required
Time to Register Property: 40 days
Cost: 5.9% of property value

Information on the procedures to register property:
http://www.doingbusiness.org/data/exploreeconomies/morocco/#registering-property

In rural areas, land tenure insecurity, the fragmentation of land ownership, and the common ownership of land inhibit economic growth. The rates of land titling and land rights registration are low.

Land and natural resource issues facing Morocco include: (1) lack of comprehensive policies governing land, water, forests and mineral resources; (2) underdeveloped legal frameworks and limited, ambiguous formal laws governing land and other natural resources; (3) a limited rural land market; (4) limited water; (5) undeveloped programs for participatory forest management; and (6) slow progress on women's rights of access to and control over land and natural resources.
USAID's report on Morocco's Property Rights:
http://usaidlandtenure.net/sites/default/files/country-profiles/full-reports/USAID_Land_Tenure_Morocco_Profile.pdf.

Intellectual Property Rights

According to the 2014 International Property Rights (IPR) Index, Morocco ranks 54 out of 97 countries in protecting physical and intellectual property rights. In December 2004, the Moroccan Parliament passed amendments to its intellectual property legislation bringing it into compliance with its commitments under the WTO TRIPS Agreement. Morocco has been a member of the World Intellectual Property Organization (WIPO) since 1971. It is party to the Bern Copyright, Paris Industrial Property, and Universal Copyright Conventions; the Brussels Satellite Convention; and the Madrid, Nice, and Hague Agreements for the Protection of Intellectual Property.

Morocco is working with the U.S. to fulfill its commitments under the U.S.-Morocco FTA. The FTA contains strong intellectual property protections, which were incorporated in Moroccan intellectual property legislation in 2006. In 2011, Morocco took the significant step of completing its accession to the Budapest treaty on patents and to the WIPO treaties on Copyright and Phonograms. In addition, it signed the Beijing Treaty on Audiovisual Performances in 2012. Morocco is also a signatory to the Anti- Counterfeiting Trade Agreement (ACTA), though it has not yet entered into force. The ACTA establishes an international framework that will assist parties in their efforts to effectively combat the infringement of IPR, in particular the proliferation of counterfeiting and piracy, which undermines legitimate trade and the sustainable development of the world economy. On December 18, 2014, Morocco approved a new intellectual property rights (IPR) law, 23.13, which seeks to streamline the regulation of patents, trademarks, and industrial design to conform to international standards. The law also improves IPR legal remedies and the enforcement capabilities of the Moroccan government.

The Ministry of Industry, Trade, Investment, and the Digital Economy oversees the Moroccan Office of Industrial and Commercial Property (OMPIC), which serves as a registry for intellectual property rights for patents and trademarks in the industrial and commercial sectors. In 2014, Morocco granted 1,096 patents, including 588 to non-residents; registered 11,709 trademarks, including 5,462 to non-residents; and recorded 1,167 industrial designs, including 436 to non-residents. The Ministry of Communications oversees the Moroccan Copyright Office (BMDA), which registers copyrights for literary and artistic works, including software.

Morocco has a non-discriminatory legal system that is accessible to foreign business. While criminal and civil courts can hear IPR-related cases, commercial courts, particularly those in the Casablanca region, are becoming adept at adjudicating patent, trademark, and copyright cases. Casablanca courts hear approximately 85 percent of counterfeiting cases in Morocco. From filing until judgment, the average case takes 18 months. The new IPR law expands these efforts by increasing penalties for violation of those rights and by better defining civil and criminal jurisdiction and legal remedies. It also sets in motion an accreditation system for patent attorneys in order to better systematize and regulate the practice of patent law.

Moroccan Customs, BMDA, and OMPIC have initiated campaigns to target Morocco's largest counterfeit manufacturers and importers. To support these efforts, OMPIC partnered with the Moroccan General Business Confederation (CGEM) to form the National Committee for Industrial Property and Anti-Counterfeiting (CONPIAC), a bridge between the public and private sectors. CONPIAC has been active in supporting research regarding counterfeiting in Morocco and sponsored public events to raise awareness of the problem.

CONPIAC estimates that counterfeiting in Morocco results in a loss for the economy of 6 - 12 billion dirhams (USD734 million - USD1.47 billion) or 0.7 to 1.3 percent of gross domestic product (GDP). Preliminary studies show that counterfeiting is highest in textiles, followed by leather products, electrical goods, automobile parts, and cosmetics. A 2013 CONPIAC study estimated that the government loses 1 billion dirhams (USD122 million) in tax revenue annually and that the economy loses 30,000 jobs due to counterfeiting.

Morocco is not listed on either USTR's Special 301 report or the notorious markets report. Nevertheless both software and DVD piracy are issues in Morocco. Moreover, while the IP registration system is fairly efficient and protection mechanisms are in place to defend these rights, enforcement is lacking and legal avenues constrained due to a lack of familiarity with IP law.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Resources for Rights Holders

Embassy point of contact: U.S. Consulate General Casablanca, Foreign Commercial Service: Brenda VanHorn (Brenda.VanHorn@trade.gov)

The American Chamber of Commerce (AmCham) in Morocco can provide a list of lawyers: http://www.amcham.ma/

8. Transparency of the Regulatory System

The government of Morocco makes draft legislation, including those related to investment, available for public comment. Morocco's Decree 2-06-388 of February 5, 2007 sets the conditions and terms for public procurement. It provides a detailed framework for public procurement and conforms to the principles of good governance, which guide efforts on an international level. The 2007 Decree applies to central government and local authorities. Public enterprises and establishments can adopt their own specific regulations provided they comply with regulations regarding competition and transparency. The new mechanism seeks to encourage competition by introducing the principle of equal treatment for bidders in all phases of procurement and by requiring the contracting authority to provide adequate and equitable information to all competitors via the government procurement website.

Despite government efforts to increase the system's transparency, Morocco's administration is opaque and difficult to navigate. Routine permits, especially those required by local government agencies, can be difficult to obtain. Morocco has sought, with some success, to increase the transparency of its public tenders. However, recent moves to decentralize the procurement process have seen only limited implementation pending the government's general "regionalization" plan.

In 2006 a new charter for the central bank created an independent board of directors and prohibited the Ministry of Finance and Economy from borrowing from the central bank except in exceptional circumstances.

As noted above, the Competition Council and the Central Authority for the Prevention of Corruption have responsibility for improving public governance and advocating for further market liberalization.

According to the World Economic Forum's Global Competitiveness Report 2013-2014 (http://reports.weforum.org/global-competitiveness-report-2014-2015/economies/#economy=MAR), the surveyed companies cite limited access to financing as the most problematic factor for doing business in Morocco, followed by inefficient government bureaucracy and inadequately educated workforce.

Morocco is a member of UNCTAD's international network of transparent investment procedures: http://rabat.eregulations.org/. On this site, foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time and legal bases justifying the procedures.

9. Efficient Capital Markets and Portfolio Investment

The Casablanca Stock Exchange (CSE,) founded in 1929 and re-launched as a private institution in 1993, is one of the few regional exchanges with no restrictions on foreign participation. With a market capitalization of $56 billion (per CSE's 2013 annual report) and 74 listed companies (as of April 2015), CSE is the third largest exchange in Africa. The market is currently dominated by institutional investors which act on long-term trends. Short-selling, which would enable investors to profit from the downward trend, is not allowed on the CSE at present.

The market in Morocco is shallow and illiquid compared to other emerging and frontier markets, with many large firms controlled by privately owned holding groups. The Morgan Stanley Capital International's (MSCI) 2012 Annual Market Classification Review announced in June 2012 Morocco's reclassification to "Frontier Markets" from "Emerging Market" status, where it remains, mainly due to its illiquidity. The report stated that, “the MSCI Morocco Index is more in line with the size and liquidity requirements of Frontier Markets following a significant decrease in liquidity since 2008, which resulted in a simultaneous decrease in the number of constituents in the MSCI Morocco Index.”

The 1993 Law on the CSE has changed little over the years, and efforts are ongoing to further liberalize the management of the CSE and to empower the market regulator.

Money and Banking System, Hostile Takeovers

Morocco's banking system is one of the most liberalized in North Africa. Nonetheless, it is highly concentrated, with the six largest banks accounting for 85 percent of banking sector assets and access to finance, particularly for small and medium sized enterprises, remains challenging.

Credit is allocated on market terms, and foreign investors are able to obtain credit on the local market. There are some cross-shareholding arrangements, but they are not tailored to exclude foreign investment. The U.S. Mission has not received any reports of efforts by the private sector or industry to restrict foreign participation in standard-setting organizations. The government has actively sought out the participation of foreign investors for discussions on improving the business climate in Morocco.

In the 2013-2014 World Economic Forum’s Global Competitiveness Report (http://reports.weforum.org/the-global-competitiveness-report-2013-2014/) Morocco dropped in ranking from 70 to 77 out of 148 countries. In the report’s eighth pillar, “Financial Market Development,” Morocco received a score of 4.6 (down from 4.8 a year before) for “availability of financial services” (where 1 = not at all; 7 = provides a wide variety). Morocco received a 2.8 (down from 3.2 a year before) for “ease of access to loans” (where 1 = difficult; 7 = easy). Morocco improved its score from a year before from 5.3 to 5.7 for “soundness of banks” (where 1 = insolvent and may require bailout; 7 = generally healthy with sound balance sheet). Morocco was ranked 41 out of 148 countries on soundness of banks.

Among the main legal reform projects for the banking sector is the creation of a new provision that will enable banks to specialize in offering Islamic products. These new banks, called participatory banks, will be supervised by the Sharia Financial Committee to ensure the products are sharia-compliant.

A new chapter called “macro-prudential supervision” is also being added to the current banking Law 34-03 to create a new governmental supervisory body (the Supervisory and Coordination Committee of Systemic Risks) to analyze the risks of the financial market.

10. Competition from State-Owned Enterprises

Reform of the state-owned enterprise sector in Morocco has undergone three distinct phases: 1) structural reforms in the 1980s; 2) modernization of their environment in the 1990s; and 3) the liberalization of numerous industries in the 2000s.

The public enterprise portfolio consists of 241 state-owned enterprises (SOEs), 42 percent of which operate in productive sectors and 38 percent in the social domain, according to a 2012 report by the OECD (http://www.oecd.org/corporate/ca/corporategovernanceofstate-ownedenterprises/50087769.pdf). The Treasury has direct equity interest in 44 companies, 43 percent of which operate in the infrastructure sector. Act No. 69-00 on State Financial Control of Public Enterprises, adopted in 2003, defined Moroccan SOEs for the first time using three distinct categories: (1) state companies are those in which public bodies hold all the equity, (2) public subsidiaries are companies of which public bodies hold more than half the equity, and (3) semi-public companies are companies of which public bodies hold less than half of the equity.

Forty-nine percent of SOE firms are affiliated with three public holding companies (Caisse de Depot et de Gestion, OCP SA, and Banque Centrale Populaire); 119 are local or regional in scope; 53 have subsidiaries or affiliates abroad; and 11 are publicly traded.

Several sectors remain under public monopoly, managed either directly by public institutions (phosphate production, rail transport, some postal services, airport services) or by the municipalities (wholesale distribution of fruit and vegetables, fish, slaughterhouses). Several activities that were traditionally run by the government are now open to private domestic or foreign operators, under the delegated management or concession arrangements generally subject to tendering procedures. This is the case, for example, with water and electricity distribution, construction and operation of motorways, and the management of non-hazardous wastes.

Morocco is not party to the WTO Government Procurement Agreement.

OECD Guidelines on Corporate Governance of SOEs

The Moroccan National Commission on Corporate Governance was established in 2007. It prepared the first Moroccan Code of Good Corporate Governance Practices in 2008. Based on the OECD Principles of Corporate Governance, it applies to both the private and public sectors. Recognizing the specific features of the SOE sector, the Commission drafted in 2011 a code dedicated to state-owned enterprises, drawing on the OECD Guidelines on Corporate Governance of SOEs. The code, which came into effect in 2012, is aimed at enhancing SOE's overall performance. It requires greater use of standardized public procurement and accounting rules, outside audits, the inclusion of independent directors, board evaluations, greater transparency, and better disclosure.

Moroccan SOEs are overseen by boards of directors or supervisory boards. These bodies are governed by the Financial Control Act and the Limited Liability Companies Act. The Ministry of Economy and Finance's Department of Public Enterprises and Privatization monitors SOE governance. Pursuant to Act No. 69-00, SOE annual accounts are publicly available. Under Act No. 62-99, or the Financial Jurisdictions Code, the Court of Accounts and the Regional Courts of Accounts audit the management of a number of public enterprises.

Currently, a number of governance-related initiatives are a priority. These include an initiative that aims to help SOEs contribute to the emergence of regional development clusters. The government is also attempting to improve the use of multi-year contracts with major SOEs as tool to enhance performance and transparency.

Sovereign Wealth Funds

Morocco currently does not have a sovereign wealth fund.

11. Corporate Social Responsibility

Corporate social responsibility (CSR) has gained strength in tandem with Morocco's economic expansion and stability. The country's businesses are slowly taking responsibility for the impact of their activities on the environment, communities, employees and consumers. For example, CGEM has awarded "social labels" to companies based on a systematic analysis of the effects of their activities. The Moroccan Association of Textile and Apparel Industries also award a “Fibre Citoyenne” label to socially worthy companies. Additionally, Morocco launched the UN Global Compact network in 2006 in Casablanca. The project provides support to companies who affirm their commitment to social responsibility. The major trade unions (CDT, UMT, UGMT, and FDT) and CGEM were among its initial members. Maroc Telecom joined in November 2012, demonstrating its commitment to adhere to the Compact’s principles in the area of human rights, labor law, environment, and corruption.

AmCham in Morocco has five committees, including one that promotes good corporate citizenship and social responsibility. The committee focuses on recognizing excellence in CSR of AmCham members. The committee also develops public-private sector partnerships and implements programs that have an educational, philanthropic, and/or socially responsible nature within the broader context of U.S.-Morocco economic relations.

OECD Guidelines for Multinational Enterprises

While there is no legislation mandating specific levels of CSR, foreign and some local enterprises follow generally accepted principles such as the OECD CSR guidelines for multinational companies. NGOs are also taking an increasingly active role in monitoring corporations' CSR performance. Morocco’s national contact point is the Moroccan Investment Agency (www.invest.gov.ma).

12. Political Violence

Morocco is a monarchy with a constitution, government, Parliament and judiciary, in which ultimate power and authority rest with the King. A process of qualified democratic reform is underway, and the country is broadly regarded as politically stable. The U.S. government maintains excellent relations with Morocco and designated Morocco a Major Non-NATO Ally in 2004. A series of terrorist bombings in Casablanca in March 2003, March and April 2007, as well as the bombing of the Argana Café in Marrakesh in April 2011, underscore that Morocco continues to face a terrorist threat. Counterterrorism cooperation is excellent. The Moroccan Government aggressively investigates terrorist suspects and has dismantled a number of terrorist cells over the past years.

Demonstrations occur frequently in Morocco and usually center on domestic issues. Most demonstrations have been peaceful and orderly. There are infrequent reports of anti-American sentiment and isolated instances of violence. In September 2012, protesters held demonstrations in Casablanca in response to the video, The Innocence of Muslims, produced in the U.S. The largest turnout of the two demonstrations consisted of 200 - 300 protesters who gathered near the U.S. Consulate.

During periods of heightened regional tension, large demonstrations may take place in major cities. Additionally, the Arab Spring of 2011 led to the creation of the February 20th Movement in Morocco. This disparate group of protesters took to the street in numbers of between a few hundred to tens of thousands almost every Sunday from its inception through March 2012. It has since attempted to inspire new popular protests, but attendance is often low. Unions and labor groups occasionally organize public demonstrations to protest working conditions, salary levels, or other social benefit issues.

The sparsely settled Western Sahara was the site of armed conflict between the Moroccan government and the POLISARIO Front, which demands independence. A cease-fire has been in effect since 1991, but sovereignty over the territory remains disputed. Negotiations to reach a settlement resumed in 2007 under UN auspices, but the dispute hampers development in the territory, as well as economic and political integration in the North Africa region.

13. Corruption

According to the 2013 State Department's Country Report on Human Rights Practices, Moroccan law provides criminal penalties for official corruption, but the government does not implement the law effectively. Officials often engage in corrupt practices with impunity. Corruption is a serious problem in the executive branch, including police, as well as the legislative and judicial branches of government. There have been reports of government corruption and several notable prosecutions. In July 2013 courts sentenced the director general of the National Airports Office to five years in prison for embezzlement of public funds. Observers generally consider corruption a serious problem, particularly among magistrates. In 2013, courts sentenced magistrates from Kenitra, Taza, Meknes, and Inezgane to prison terms for corruption. The King, who has made statements calling for judicial system reform since 2009, acknowledged the judiciary's lack of independence and susceptibility to influence. Many members of the well-entrenched and conservative judicial community are loath to adopt new procedures.

The Central Commission for the Prevention of Corruption (ICPC) is the agency responsible for combating corruption but lacks authority to require responses from government institutions. An implementing law that will give it expanded authorities to conduct investigations of corruption is forthcoming. In 2010 ICPC set up an internet portal for civil society and small businesses to identify instances of corruption: www.stopcorruption.ma. ICPC also publishes quarterly reports covering specific cases of corruption and the outcome of any subsequent prosecution. ICPC acknowledges that the anticorruption situation has not improved significantly and that governmental policy continues to lack a strategic dimension and effective commitment.

In addition to ICPC, MOJL and the government accountability court have jurisdiction over corruption issues but have pursued no high-profile cases. The inspector general of MOJL investigated 107 ethics complaints against judges in 2012, which resulted in the referral of three judges to the Supreme Judicial Council for disciplinary measures.

Observers have noted that there is widespread corruption in the police force. The government claims to investigate corruption and other instances of police malfeasance through an internal mechanism. In one widely publicized investigation in 2014, 24 police officers in Casablanca were presented with a choice between resigning or facing justice on charges of corruption, with the majority choosing resignation. In general, authorities did not provide official information on the results of the investigations.

See more at: http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper

In the 2014 Corruption Perception Index published by Transparency International (TI) (http://www.libertadciudadana.org/archivos/ipc2013/2013_CPIBrochure_EN.pdf), Morocco ranked 80 out of 175 countries, an improvement of 11 places over its 2013 rank. Government officials have criticized the Index, which reflects public perceptions concerning corruption, for not emphasizing recent anti-corruption efforts. These include enhancing the transparency of public tenders and implementation of a requirement that senior government officials declare their assets at the start and end of their government service.

The latest TI report on Morocco:
https://www.transparency.org/cpi2014/results.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

UN Anticorruption Convention:
Morocco signed the UN Convention against Corruption in 2007 and hosted the States Parties to the Convention's Fourth Session in 2011.

Morocco has published its anti-corruption measures here:
http://www.invest.gov.ma/upload/documents/en_Doc_223.pdf

Resources to Report Corruption

Instance Centrale de Prévention de la Corruption:
Avenue Annakhil, Immeuble High Tech, Hall B, 3ème étage, Hay Ryad-Rabat
Tél.: 05 37 57 86 60
Fax: 05 37 71 16 73
E-mail: contact@icpc.ma

Transparency International National Chapter:
transparency@menara.ma
+212-522-542-699
http://www.transparencymaroc.ma/index.php

14. Bilateral Investment Agreements

Morocco has signed Bilateral Investment Treaties (BITs) with the following 75 countries:

Argentina, Austria, Bahrain, Benin, Belgium-Luxembourg Economic Union, Bulgaria, Burkina Faso, Cameroon, Central African Republic, Chad, China, Croatia, Czech Republic, Denmark, Dominican Republic, Egypt, El Salvador, Equatorial Guinea, Estonia, Finland, France, Gabon, Gambia, Germany, Greece, Guinea, Hungary, India, Indonesia, Iran, Islamic Republic of, Iraq, Italy, Jordan, Korea, Republic of, Kuwait, Lebanon, Libya, Macedonia, The former Yugoslav Republic of, Malaysia, Mauritania, Netherlands, Oman, Pakistan, Poland, Portugal, Qatar, Romania, Senegal, Senegal, Serbia, Slovakia, Spain, Sudan, Sweden, Switzerland, Syrian Arab Republic, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Vietnam, Yemen.

Morocco's BITs: http://investmentpolicyhub.unctad.org/IIA/CountryBits/142#iiaInnerMenu

The U.S. and Morocco signed a BIT on July 22, 1985, but its provisions were subsumed by the investment chapter of the U.S.-Morocco FTA, which entered into force on January 1, 2006. The BIT's dispute settlement provisions remain in effect for ten years after the effective date of the FTA for certain investments and investment disputes which predate the Agreement.

Investment Chapter of the FTA:
http://www.ustr.gov/sites/default/files/uploads/agreements/fta/morocco/asset_upload_file651_3838.pdf

Bilateral Taxation Treaties

The U.S. signed an income tax treaty with Morocco in 1977:
http://www.irs.gov/pub/irs-trty/morocco.pdf

15. OPIC and Other Investment Insurance Programs

Morocco signed an agreement with OPIC in 1961. The agreement was updated in 1995 and ratified by the Moroccan parliament in June 2004. The agreement can be found here:
http://www.opic.gov/sites/default/files/docs/africa/Morocco-1995.pdf

In August 2013, OPIC provided its consent for a new $40 million, eight-year term loan facility with Attijariwafa Bank to support loans to small and medium-sized enterprises (SMEs) in Morocco under a risk sharing agreement between OPIC and Citi Maghreb. In August 2014, OPIC signed an additional agreement with Attijariwafa and Wells Fargo to provide additional support to SMEs. OPIC has a long history of supporting projects in Morocco and has provided finance or insurance support to 22 deals over the past four decades. This recent agreement between Citi Maghreb and OPIC is OPIC's first risk-sharing agreement for the banking sector in Morocco.

16. Labor

Morocco is in a paradoxical situation: large numbers of graduates are unable to find jobs commensurate with their education and training, while employers complain of skills shortages and mismatches. According to some U.S. companies in Morocco, qualified labor is not only rare, but also expensive, with wages equivalent to those in France.

In 2012 the World Bank described the problem of youth unemployment in Morocco as “very serious.” Youth (aged 15 to 29) make up about 30 percent of Morocco’s total population and 44 percent of the working age population (aged 15 to 64). According to a June 2012 World Bank report, Moroccan youth are largely excluded from the sustained economic growth the country has experienced in the last decade.

World Bank report: http://www.youthpolicy.org/national/Morocco_2012_Youth_Report.pdf

The national unemployment rate for the third quarter of 2014 was 9.6 percent (up from 9.1 percent from the same period last year) with urban unemployment reaching 14.5 percent compared to 4.1 percent rural unemployment. Nationally 20.6 percent of youth aged 15-24 were unemployed, and 13.6 percent of those aged 25-34 were unemployed. The unemployment rate of university graduates was 20 percent. Unemployment rates are disproportionately higher for graduates from universities, secondary schools, and vocational training institutions that have open enrollment.

Source: Haut Commissariat au Plan http://www.hcp.ma

Lowering youth unemployment is a government priority since high youth unemployment has historically resulted in serious social and political tensions. Moreover, without a trained workforce capable of increasing productivity, Morocco cannot generate sufficient prosperity through private-sector growth.

USAID is launching a $38 million project to address this challenge and enhance the employability of young Moroccans. The project will help university and vocational students’ transition from school to work by building stronger links between education institutions and the private sector.

According to the State Department’s Country Report on Human Rights Practices (http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper), the Moroccan constitution grants workers the right to form and join unions, strike, and bargain collectively, with some restrictions (S 396-429 Labor Code Act 1999, No. 65/99). The law prohibits certain categories of government employees, including members of the armed forces, police, and some members of the judiciary, from forming and joining unions and from conducting strikes. The labor code does not cover domestic workers.

The law concerning strikes requires compulsory arbitration of disputes, prohibits sit-ins, calls for a ten-day notice of a strike, and allows for the hiring of replacement workers. The government may intervene in strikes. The government generally respects freedom of association and the right to collective bargaining. Labor disputes (S 549-581 Labor Code Act 1999, No. 65/99) are common and in some cases result in employers failing to implement collective bargaining agreements and withholding wages. Trade unions complain that the government at times uses Article 288 of the penal code to prosecute workers for striking and to suppress strikes.

Once strong and politically influential, the Moroccan trade union movement is now fragmented and no longer possesses the political clout it had 50 years ago when it helped lead the country to independence. Nevertheless, five of the more than 25 trade union federations remain strong enough to wield some political influence. Although unions claim high membership rates (Morocco has about 600,000 unionized workers), less than six percent of the 11.26 million person workforce.

Investors continue to view labor regulations as a significant constraint. They complain that procedures regarding lay-offs remain complicated and onerous, imposing a significant financial burden on companies. Rules regarding foreign personnel are also vague and can lead to conflicting interpretations and arbitrary decisions.

Morocco’s labor code prohibits all forms of forced or compulsory labor. Penalties for forced labor include a fine for the first offense and jail term of up to three months for subsequent offences. The minimum age for employment in all sectors is 15 (S 143 Labor Code Act 1999, No. 65/99). The law prohibits any employee from working more than 10 hours per day except under specific circumstances.

Morocco’s minimum wage for the industrial sector (SMIG) was recently renegotiated and will increase by ten percent to 13.46 DH/hour (or USD 1.66/hour) by July 2015. While the minimum wage will increase consumer purchasing power, many in the business community fear a loss of competitiveness. According to Morocco’s business association CGEM, minimum wage has increased annually between 2001 and 2012 by 9.7 percent while inflation has increased by 1.7 percent. In exchange for the increase in minimum wage, CGEM has asked for the government to update its regulation on strikes and the Labor Code.

Morocco has ratified the following International Labor Organization (ILO) conventions: Forced Labor Convention (1957); Right to Organize and Collective Bargaining (1957); Equal Remuneration (1979); Abolition of Forced labor (1966); Discrimination-Employment and Occupation (1963); Minimum Age (2000); and the Worst Forms of Child Labor Convention (2001). Morocco has yet to ratify the Freedom of Association and Protection of the Right to Organize Convention.

For a list of the 62 ILO conventions Morocco has ratified, see here: http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102993.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

Instituted by Law 19-94 (Dahir No. 1-95-1 dated January 26, 1995), export processing zones are identified areas of the customs territory where industrial and commercial export activities are exempted from customs regulations, foreign trade and exchange control. Each zone is created and defined by a decree which stipulates the nature and activities of the companies that can operate in the zone.

Free zones in Morocco include: Nouaceur Free Zone in Casablanca; Tanger Free Zone; Tanger Automotive City; Tetouan Shore; Oujda Free Zone; and the Atlantic Free Zone.

Detailed information on Morocco's free zones (in French): http://www.ilo.org/wcmsp5/groups/public/@ed_dialogue/@actrav/documents/publication/wcms_183548.pdf.

General information on Morocco's free zones (in English): http://www.invest.gov.ma

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		**USG or international statistical source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	103.8	2013	99.4	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2012	217.72	2013	599	http://bea.gov/international/factsheet/factsheet.cfm?Area=426
Host country's FDI in the United States ($M USD, stock positions)	n/a	n/a	2013	-15	http://bea.gov/international/factsheet/factsheet.cfm?Area=426
Total inbound stock of FDI as % host GDP	n/a	n/a	2013	1.0%	

* Local source for GDP: Bank Al-Maghrib (http://www.bkam.ma/)

Table 3: Sources and Destination of FDI

Data listed below is from 2013 and sourced from the IMF's Coordinated Direct Investment Survey (CDIS). Data from the Moroccan Investment Development Agency from 2014 indicates a 52% drop in direct investments from France, an 88.7% rise in U.S. direct investments, and a 69.1% increase in Saudi Arabian investments. Emirati investments remained steady, rising just 5.5%.

Outward direct investment data from Morocco is not available from the IMF, which relies on country authorities to submit data for this survey.

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	22,293	100%	Total Outward	n/a	100%
France	15,171	68%			
United Arab Emirates	1,628	7%			
Spain	1,115	5%			
Kuwait	820	4%			
The Netherlands	797	4%			
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	22,293	100%	All Countries	n/a	100%	All Countries	n/a	100%
France	15,171	68%						
UAE	1,628	7%						
Spain	1,115	5%						
Kuwait	820	4%						
Netherlands	797	4%						

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

Contact Point at Post for Public Inquiries:

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