

# US-Arab Tradeline



National U.S.-Arab Chamber of Commerce  
الغرفة التجارية العربية الأمريكية الوطنية

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## NUSACC Welcomes King Mohammed VI of Morocco

*The National U.S.-Arab Chamber of Commerce proudly welcomes H.M. Mohammed Ben Al-Hassan, the King of Morocco, to Washington.*

*King Mohammed VI is here to meet with President George W. Bush in an effort to promote even closer relations between the United States and Morocco. The two nations signed a Free Trade Agreement on June 15, an important step in a historic relationship that has thrived for more than two centuries.*

*NUSACC is pleased to lend its strong support for the Free Trade Agreement, America's second in the Arab world, and we wish H.M. King Mohammed VI every success during this visit.*

### Statement from His Majesty King Mohammed VI of Morocco

The friendship between Morocco and the United States has spanned 228 years. Born during the American Revolution and fostered through two World Wars and the Cold War, our partnership continues to be warm, open and forward-looking.

As our two countries look to the future, we share a determination to pursue a variety of cooperative efforts.

One of these efforts, of course, is the fight against terrorism. Combating terrorism is as much a concern to Morocco as it is to the United States and to all freedom-loving people.

On another front, we are pleased that our mutual efforts – which have been much assisted by President George W. Bush and the U.S. Trade Representative,



His Majesty King Mohammed VI of Morocco.

Photo Courtesy of www.mincom.gov.ma

Robert B. Zoellick – have finally yielded a joint Free Trade Agreement.

With the June 15 signing of the U.S.-Morocco FTA, we look forward to working closely with our American partners in order to bring about the democratization goals of this program and enhance the already close trade relationship between the United States and Morocco. ♦

## Morocco: With Economic Reforms and Incentives Come Opportunities and Challenges

By Tim Kennedy

With its growing population, strategic location, and \$33.8 billion gross domestic product (GDP), Morocco is a very attractive location for U.S. investors.

More than 120 U.S. firms now operate in Morocco, including Boeing, Goodyear, Proctor & Gamble, Jordache, Coca-Cola, and TimeWarner. In addition, over 150 Moroccan firms distribute and represent hundreds of U.S. products and services.

"We are definitely a country that has an open economy and is ready to do business," says Majid Iraqui, Finance Director of CMS Energy Morocco, a power generating company whose American partner, CMS Energy, is based in Jackson, MI. "But in order for us to attract companies to the Moroccan trading platform, we need certain prerequisites. FTA is, of course, a positive step."

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NUSACC President David Hamod

## Morocco: A Distinguished Past, a Promising Future

Two hundred and seventeen years ago, in July 1787, a young United States ratified a Treaty of Peace and Friendship with Morocco. In signing this pact, our fledgling democracy sought “most favored Nation” status with Morocco, a regional “superpower” in those days, so that the United States could pursue unfettered trade and commercial opportunities.

Today, that accord is the oldest unbroken treaty in the history of America's foreign relations. In the words of Congressman Lincoln Diaz-Balart, “Quite simply, the Kingdom of Morocco is our most permanent and enduring friend.”

With this in mind, it is fitting that the two nations have once again signed a groundbreaking agreement that promises to significantly enhance commercial relations between our two countries: the U.S.-Morocco Free Trade Agreement (FTA).

This issue of *U.S.-Arab Tradeline* is dedicated to the Kingdom of Morocco as a business destination. Against the backdrop of the FTA signing on June 15, *U.S.-Arab Tradeline* highlights some of the sweeping reforms that have taken place in that North African nation in recent years. As a result of this commitment to transparency, competitiveness, and the global marketplace, Morocco today is once again emerging as a regional economic “superpower.”

For the United States, the FTA will help to level the playing field for U.S. companies and American workers doing business with Morocco. The FTA also represents an opportunity to create U.S. jobs through exports and to increase U.S. market share in a part of the world that has traditionally been dominated by the Europeans – Morocco's neighbors to the North.

In the words of the U.S. International Trade Commission, “Trade liberalization is likely to increase the competitiveness of U.S. manufacturers and farmers in the Moroccan market not only relative to Moroccan producers, but also relative to other foreign suppliers such as the European Union – with which Morocco already has an FTA.”

But what will the FTA provide for Moroccans? In a word: Hope. The FTA translates into opportunities for job creation in a nation whose 30 million citizens face double digit unemployment, particularly among the youth. The FTA is not a cure-all, to be sure, but it promises to provide a

way out of the hopelessness that can fuel extremism and breed terrorism.

At the FTA signing ceremony, H.E. Taib Fassi Fihri, Morocco's Minister Delegate for Foreign Affairs and Cooperation, said the new accord means that “Morocco will gain a renewed incentive to complete the task of reform. The process of economic reform is never easy, but Morocco knows where the future is headed. Whatever the cost today, we know the longer-term payoff will be worth it.”

In a way, Minister Fassi Fihri's words about short-term sacrifice for long-term benefit are reminiscent of President George Washington's words to the Emperor of Morocco, penned on December 1, 1789.

He wrote, “It gives me Pleasure to have this Opportunity of assuring your Majesty that, while I remain at the Head of this Nation, I shall not cease to promote every Measure that may conduce to the Friendship and Harmony” between the United States and Morocco.

Washington apologized for the fact that the United States, “just recovering from the Waste and Desolation of a long War, have not, as yet, had Time to acquire Riches by Agriculture and Commerce. But our Soil is bountiful, and our People industrious; and we have Reason to flatter ourselves that we shall gradually become useful to our Friends.”

The United States has indeed been useful to its friends, and Morocco ranks high on the list of America's most reliable allies.

President George W. Bush, as he considers strategies to move the Free Trade Agreement through Congress, might benefit from some additional advice proffered by George Washington. America's first President counseled, “The national Legislature (which is called by the former Name of Congress) will assemble, and I shall take Care that Nothing be omitted [so that U.S.-Morocco relations will remain] satisfactory to all the Parties.”

David Hamod  
President

## Qatar's Minister of Energy & Industry: \$55 Billion in Investments Sought

*Minister Al Attiyah Addresses Luncheon Organized by NUSACC*

“The Development and utilization of Qatar’s huge gas reserves are now the cornerstone of the overall economic development of Qatar, based on diversification away from oil and toward establishing Qatar as the number one player in the international gas/energy market by the end of the current decade ... Qatar’s investment in energy projects is expected to reach \$55 billion in coming years.”

With those words, H.E. Abdullah Bin Hamad Al Attiyah, Qatar’s Second Deputy Premier and Minister of Energy & Industry, kicked off a luncheon for more than 100 U.S. business executives at the Ritz Carlton Hotel in Washington DC. The June 16 event, held in cooperation with the Embassy of Qatar, was co-hosted by the National U.S.-Arab Chamber of Commerce, the U.S.-Qatar Business Council, and the U.S. Energy Association (in association with the International LNG Alliance).

Minister Attiyah is a regular visitor to the United States, but this was his first stop in the USA since Qatar hosted the international LNG 14 conference in March. (See story on LNG 14 in the April/May issue of *U.S.-Arab Tradeline*) American investment in Qatar is up nearly 1200 percent in recent years, according to the minister, so his message fell on very receptive ears.

“The new dynamics of LNG in the United States and Europe make it possible for Qatar’s gas, as LNG, to enter these markets,” Minister Attiyah said. “In fact, our LNG production and export capacity is set to reach a level of around 70 million tons per annum (mtpa) by the end of this decade, and over 30 percent of this will be for the U.S. market.”

Qatar has also set a goal of becoming the world leader in gas-to-liquids (GTL) – a dream that, Minister Attiyah said, is “visibly being realized.” He highlighted the ORYX



*Members of the media interview Minister Attiyah.*

Photo Courtesy of NUSACC

GTL expansion project, which is under construction and on track for a mid-2005 start up. Qatar Petroleum (QP) signed a Memorandum of Understanding (MOU) worth \$6 billion with Sasol Chevron earlier this year that will expand output of the GTL foundation plant from 34,000 barrels per day (bbl/day) to 100,000 bbl/day.

Minister Attiyah told the crowd that “added-value gas-based petroleum projects represent an integral part of our plan to monetize Qatar’s gas resources and broaden the economic base by way of forward integration.” This includes expansion of some of Qatar’s existing downstream operations, such as the Qatar Petrochemical Company, Qatar Fertilizer Company, Qatar Fuel Additives Company, Qatar Vinyl Company, and the Qatar Chemical Company. But it also involves bringing new projects on line, such as the Ethylene Cracker project in Ras Laffan, which Qatar expects to be the largest of its kind in the world.

Minister Attiyah and Qatar’s Ambassador, H.E. Bader Omar Al Dafa, strongly encouraged U.S. companies – particularly small and medium-sized enterprises (SMEs) – to participate in Qatar’s remarkable expansion. The Minister described Qatar as the “healthiest country in the entire Middle East, and very helpful to companies,” and Ambassador Al Dafa promised, “We will help your companies, and we will support you.”

During the Q&A session, in response to a question about the proposed U.S.-Qatar Free Trade Agreement (FTA), Minister Attiyah said an FTA would “help to grow mutual interest” between the two nations. But with or without the FTA, he advised, his ministry, QP, and the State of Qatar are forging ahead with efforts to promote bilateral trade and investment with the United States, a crucial partner. ♦

“Our LNG production and export capacity is set to reach a level of around 70 million tons per annum (mtpa) by the end of this decade, and over 30 percent of this will be for the U.S. market.”

H.E. Abdullah Bin Hamad Al Attiyah, Minister of Energy & Industry



*Minister Attiyah shares a laugh with David Hamod, NUSACC’s President, at the luncheon.*

Photo Courtesy of NUSACC

### US-Arab Tradeline

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## NUSACC Hosts Private Bankers of Iraq

### High-Level Delegation Looks for Partners, Expertise

The Private Bankers of Iraq (PBI), an informal association composed of Iraq's 19 private banks, visited New York and Washington on June 14 – 18. Their visit was co-hosted by NUSACC and the Arab Bankers Association of North America (ABANA) and was made possible by a grant from the U.S. Trade and Development Agency in cooperation with the Coalition Provisional Authority (CPA).



Kevin Woelflein, Senior Advisor for the CPA (left), introduces delegation members to the U.S. business community.

Photo Courtesy of NUSACC

The high-level PBI delegation was headed by Hajji Faleh Dawood Salman, Deputy Governor of the Central Bank of Iraq. He was joined by Chairmen, General Managers, and CEOs representing Iraq's private banks. NUSACC co-hosted two events in New York with ABANA and organized two events in Washington: a June 17 reception at the Madison Hotel with the Center for International Private Enterprise (CIPE), and a June 18 luncheon at the Cosmos Club for 100 U.S. bankers and business leaders.

Kevin Woelflein, the CPA's Senior Advisor to Iraq's Ministry of Finance, told lunch attendees that in Iraq "the banking industry's potential for growth is enormous." Woelflein helped to establish the new association in May and has provided bankers in Iraq with practical advice to expand their operations.

"The existing small private banks are the window to the Iraqi market," says Woelflein, "a market which has been closed for three decades. They need capital, bank technology, and experienced bank management and staff. Their knowledge of the Iraq market is an invaluable asset, especially to any other financial institution contemplating entry into Iraq."

But for private banks to succeed in Iraq, according to Woelflein, they will need to overcome several challenges as soon as possible. First, Iraq needs a secure environment for business and a stable, growth-oriented government that places economic development above economic self-interest. Second, Iraq's massive external debt needs to be settled

quickly to preclude mortgaging the future of Iraq.

Third, Woelflein says, bank management and owners need to recognize that "administrative control must be relinquished if they expect a foreign investor to provide a large multiple of book in capital and agree to have the administrative control of the bank left to the management." Finally, the private bankers in Iraq must be prepared to act as a lobbying group so that they can speak with one voice when bringing their issues and concerns to the attention of Iraq's new government.

As soon as private bank networks extend nationwide, Woelflein suggests, these banks "will become the core of the future banking structure of Iraq." The state-owned banks have traditionally been inefficient and corruptible, and the banking community in Iraq believes that most Iraqis will have greater confidence in private banks once they secure a solid foothold.

On November 1, 2003, private banks in Iraq received official authorization to provide international banking services. But the process of expansion has been slow. "These banks are very small, lack assets, employ few staff trained in modern bank management, and have few reliable customers," according to Charles Kestenbaum, Chief Operating Officer of Diligence LLC, a D.C.-based firm that specializes in providing corporate intelligence to its clients. "Most of the lending is small scale, focused on short-term trade lending, and there is little protection from default and fraud. Private banks have as yet no access to any insurance."

In Iraq today, according to Woelflein, 85 percent of the banking sector's assets are controlled by the nation's two state-owned banks, Rafidain and Rasheed. These assets total approximately \$2 billion, representing about 10 percent of Iraq's estimated Gross Domestic Product. The market share of Iraq's private banks is approximately 12 percent.

The Private Bankers of Iraq (PBI) delegation made it clear, however, that the state-owned banks' domination is beginning to change. For example, the Credit Bank of Iraq, which was represented in the delegation by its Managing Director, Fouad Moustafa, recently announced that it is selling 85 percent of the bank's shares to the National Bank of Kuwait (75 percent) and the World Bank (a 10 percent equity stake to the International Finance Corporation). Within a few short years, the Credit Bank of Iraq will be a \$100 million juggernaut with more than 55 branches nationwide. (As of February 2004, there were a total of 455 bank branches operating in Iraq.)

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"The banking industry's potential for growth is enormous. These banks will become the core of the future banking structure of Iraq."

Kevin Woelflein,  
CPA Senior Advisor

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Another member of the PBI delegation, Mowafaq Mahmood, CEO of the Bank of Baghdad, noted that Iraq expects big changes in the “money market, capital market, and the banking business. It is only a matter of time, short rather than long.” He says that under a new directive by the Central Bank of Iraq (CBI), banks are now free to extend consumer credit for the first time and interest rate ceilings, which used to be set by CBI, will now be lifted. “To cut a long story short,” he suggested, “banks are free to set their own interest rates according to market conditions.”



Nofal Barbar (far right), NUSACC Board member and Regional Manager of Arab Bank plc, introduces key Congressional staff members to Hajji Faleh Dawood Salman (right), Deputy Governor of the Central Bank of Iraq.

of Kuwait, the Hong Kong and Shanghai Banking Corporation (HSBC), and Standard Chartered. Iraq's new Banking Law limits the Central Bank to awarding six foreign banking licenses through the year 2008, but this limitation may be removed soon, according to Woelflein.

In addition, the Trade Bank of Iraq signed an agreement last September with a consortium of international banks headed by J.P. Morgan Chase. The Trade Bank has already obtained \$2.4 billion from export trade finance institutions, including a \$500 million line of credit from the Export-Import Bank of the United States.

Iraq's economy has been driven by cash for as long as anyone can remember, and given the abuses that Iraq's citizens suffered under Saddam Hussein and his cronies, it will take years for Iraqi citizens to place their trust in the banking system. It is estimated that only 40 percent of Iraq's currency is deposited in banks, a far cry from nations like the United Kingdom, for example, where 90 percent of the currency is in banks and 10 percent is in circulation.

But Iraq's cash-based economy allures bankers, who see great value in the huge potential deposit source for banks. “Once deposits expand bank balance sheets,” says Woelflein, “the availability of loanable funds will be expanded, depositors will earn interest, and economic growth will be enhanced.” He concludes, “The incentive for banks to succeed is enormous in Iraq, given the natural resources, oil, water, industrious population, and capital investment requirements needed to rebuild.” ♦



Luncheon co-hosts, Hani Findakly of ABANA (left) and David Hamod of NUSACC, pose for the cameras.

Photo Courtesy of NUSACC



*NUSACC gratefully acknowledges support from the following associations and companies, co-hosts and sponsors of the June 18 luncheon at the Cosmos Club in Washington, D.C.*

### Co-Hosts

Arab Bankers Association of North America (ABANA), Bankers' Association for Finance & Trade (BAFT), and Financial Services Roundtable

### Sponsors

Arab Banking Corporation, BearingPoint, Inc., Citigroup Inc., Gulf International Bank, Diligence LLC, and Wachovia Corporation





Minister Fassi Fibri and Ambassador Zoellick sign the FTA.

## U.S.-Morocco Free Trade Agreement: Who Benefits?

By Tim Kennedy

On June 15, 2004, the United States and Morocco signed a comprehensive and groundbreaking bilateral Free Trade Agreement (FTA) that ushers in a new era of economic ties while elevating the overall bilateral relationship.

Increased exports and investment, an improved business environment, greater economic growth, and new jobs are just a few of the benefits that both countries expect to derive from the FTA.

Talks for the U.S.-Morocco FTA were formally initiated in January 2003. The Agreement was concluded in 2004 after eight negotiating rounds, with teams of experts meeting in Rabat, Washington, Geneva, and via digital videoconferences. Congress is expected to ratify the FTA in the months ahead.

"This agreement cuts tariffs and opens markets for America's workers, farmers, investors, and consumers," said Robert B. Zoellick, the U.S. Trade Representative, speaking at the June 15 signing ceremony in Washington. "It's a groundbreaking FTA that not only slashes tariffs, but sets a new high standard for the protection of intellectual property, opens markets for services, ensures government transparency, and provides effective labor and environmental enforcement."

From the very first day of implementation, Morocco will enjoy duty free access to America's dynamic market comprising nearly 300 million consumers who import \$1.5 trillion in goods and services annually. Duties on 95 percent of Morocco's merchandise exports to the United States will disappear immediately upon implementation of the Agreement, with all remaining tariffs to be eliminated within nine years.

"Morocco, with the FTA, will have the best environment to do business," says H.E. Aziz Mekouar, Morocco's Ambassador to the United States. "In fact, the FTA itself, which sets very high standards, affirms this."

The U.S. Government seems to agree. Catherine Novelli, Assistant U.S. Trade Representative for Europe



Ambassador Robert Zoellick initiates the FTA signing ceremony.

Photo Courtesy of NUSACC

and the Mediterranean, predicts that Moroccan and American exporters will be the biggest beneficiaries of the Agreement. "We have seen positive change in the regions where we have FTAs," says Novelli. "Jordan, for example, has experienced a very dramatic uptick in the flow goods to the U.S., with the annual value of U.S.-bound exports jumping from \$11 million (pre-FTA) to \$700 million last year."

Novelli, a principal negotiator for the U.S.-Morocco FTA, also thinks the FTA "will actualize the potential that has existed within our relationship from the beginning. The FTA will allow our trade, in a different relationship, to grow in a significant way."

The FTA offers U.S. exporters immediate duty-free access to key sectors in Morocco, such as information technologies, machinery, construction equipment, and chemicals.

Textiles and apparel trade will be duty-free if imports meet the Agreement's rules of origin. This component of the FTA will promote new opportunities for U.S. and Moroccan fiber, yarn, fabric, and apparel manufacturers.

Unlike Morocco's trade agreement with the European Union, the FTA covers nearly all agricultural products, opening Morocco's market to U.S. poultry, beef, wheat, sorghum, corn, soybeans, cranberries, pistachios, pecans, whey products, processed poultry products, pizza cheese, walnuts, grapes, pears, cherries, and almonds.

Under the terms of the FTA, Morocco will accord substantial market access across almost the entire services regime. Key services sectors covered by the Agreement include audiovisual, express delivery, telecommunications, computer and related services, distribution, construction, and engineering.

The FTA offers U.S. financial service suppliers, for the first time, the right to establish subsidiaries and joint ventures in Morocco. Banks and insurance companies will be permitted to establish branches. Morocco will



Minister Fassi Fibri of Morocco addresses the signing ceremony crowd in the State Department's Ben Franklin Room.

Photo Courtesy of NUSACC

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allow U.S.-based firms to supply insurance on a cross-border basis (through electronic means) for key markets, including reinsurance, reinsurance brokerage, and marine, aviation and transport insurance. U.S.-based firms will also be able to offer services cross-border to Moroccans in areas such as financial information and data processing, as well as financial advisory services.

The FTA grants U.S. phone companies the right to interconnect with former monopoly networks in Morocco at non-discriminatory, cost-based rates. U.S. firms seeking to build a physical network in Morocco will have non-discriminatory access to key facilities, such as telephone switches and submarine cable landing stations. U.S. firms will also be able to lease elements of Moroccan telecom networks on non-discriminatory terms and to re-sell telecom services of Moroccan suppliers to build a customer base.

The FTA also: requires each government to commit to non-discriminatory treatment of digital products such as DVDs and CDs; promotes e-commerce; institutionalizes laws governing trade and investment; combats bribery; grants universally accepted legal protections to American investors; expands protections for patents, trade secrets and intellectual property; penalizes piracy and counterfeiting; enhances customs procedures; promotes worker rights; and helps to protect the environment.

“Morocco is a good friend of the United States, and this agreement sends a strong signal that the United States is firmly committed to supporting tolerant, open and more prosperous Muslim societies,” says Ambassador



Photo Courtesy of NUSACC

*Participants in the FTA signing ceremony include (from left): H.E. Hatem Atallah, Tunisia's Ambassador to the United States; Congressman Ben Gilman and his wife, Georgia; Hon. Marc Ginsburg, former U.S. Ambassador to Morocco; David Hamod, NUSACC's President; Hon. Ed Gabriel, former U.S. Ambassador to Morocco.*

Zoellick. “I hope other nations in the Middle East and North Africa will closely study the terms of the Agreement and view it as a model to advance their economic relationships with the United States.”

“Our agreement with Morocco is not just a single agreement,” Zoellick adds, “but a vital step in creating a mosaic of U.S. free trade agreements across the Middle East and North Africa.”

“The ideal effect of the FTA on Morocco will be improved communications between our two countries,” says Abderrazak Mahmoudi, Director General of the Euro-Marrakech Investment Group. “The United States will better understand Morocco and businesses will become aware of where Morocco is located on the map.” ♦

“Our agreement with Morocco is not just a single agreement, but a vital step in creating a mosaic of U.S. free trade agreements across the Middle East and North Africa.”

Ambassador Robert Zoellick

## CMS Energy: Generating Energy With a Moroccan Partner

By Tim Kennedy

Michigan-based CMS Energy is an integrated energy company whose primary business operations are electric and natural gas utility, natural gas pipeline systems, and independent power generation.

CMS Energy is half-owner and operator of the Jorf Lasfar power plant, which produces 60 percent of Morocco's electricity and is the largest power generating facility on the African continent.

“CMS is an American company, and I am very happy to represent CMS. The company's experience in Morocco has been built on a successful and rewarding relationship – in fact, some Moroccan authorities have likened it to a love story,” says Majid Iraqui, Finance Director of CMS Energy Morocco. “Over the past seven years, our American partners have found Moroccan workers to be very trainable, efficient, and productive.”

“Morocco is a country that imports 100 percent of its energy resources,” Iraqui adds. “Since CMS began generating electricity in Morocco in 1994, we have seen power rates drop by 35 percent. As the Moroccan economy

becomes more open, we would like to see these positive trends in the energy sector gain additional momentum.”

In the short term, Iraqui anticipates that the U.S.-Morocco Free Trade Agreement (FTA) will benefit CMS Energy Morocco by reducing import duties on parts and equipment. In the longer term, he sees a strong energy sector – propelled by the FTA – making an important contribution to Morocco's economic development.

“Morocco has a very dynamic electricity sector that is growing at a rate of 9 to 10 percent a year,” says Iraqui. “At this rate of demand, we estimate that Morocco will need to build a 400-megawatt power plant every two to three years. Thus, Morocco's growing energy production sector – fueled by the FTA – represents a great opportunity for other American companies to follow our path and invest in power generation facilities. Clearly, if our country can attract foreign investment and manufacturing investment, we will see the economy grow and demand for energy increase.” ♦



## Interview With H.E. Aziz Mekouar, Morocco's Ambassador to the United States

By Tim Kennedy

*How would you define current relations between Morocco and the United States?*

We have very good bilateral relations, an excellent rapport that has been going on for quite a while now, for over 200 years. Morocco was one of the first countries to officially recognize the United States when America declared its independence in 1776.

On the bilateral front, we enjoy excellent relations on trade. On the issue of trade, unfortunately, it is not at the level that we would like it to be.

But we have just signed the U.S.-Morocco Free Trade Agreement (FTA) on the 15th of June, and we anticipate that Congress will ratify the agreement by January of 2005. This is a very positive step.

*How will the FTA change relations between our two countries?*

When you look at the countries that have already signed Free Trade Agreements with the United States in recent years, you will see that they have, on average, seen their trade with the United States multiply by ten. We hope we will experience at least the same multiplying effect on our trade, and more.

The FTA is important to us for many reasons. One of them, of course, is to cut down on customs fees. The elimination of these fees will significantly open markets between our two countries.

Secondly, the fact that the FTA has been previously extended to seven other countries – Mexico, Canada, Japan, Singapore, Israel, Jordan, and Australia – will bring Morocco to the attention of the international community.

People have been talking a lot about the U.S.-Morocco FTA since last year. Now, everybody knows that Morocco exists, that we are truly a player in the global marketplace.

*In recent years, Morocco has spent enormous sums to upgrade its port facilities. Why have you made these improvements?*

Morocco has been upgrading its seaports in anticipation of the increase in trade that will result from the FTA. Our seaports not only can serve as hubs for the transport of goods from the Americas to markets in Morocco, North Africa, Africa, Europe, and the Middle East; they can also serve as stocking and dispatching points for these goods.

*Trade experts frequently echo your characterization of Morocco as a trading hub, but what differentiates Morocco from other countries in the region that make similar claims?*

You are right: Every country considers itself an ideal hub for trade.

The number one reason Morocco is the perfect trading hub is our location. We have ports on the Atlantic and inside the entrance of the Mediterranean, and we are situated just ten miles from Europe.

Additionally, we have close associations with European markets. We have very strong trade links with many countries in the region and free trade agreements with the United States, Europe, North Africa, the Middle East, and Turkey. And we have very good relationships with countries in Africa.

*How have the bombings in May 2003 in Casablanca changed the security relationship between our two countries?*

The bombing events in Casablanca were something that nobody in Morocco expected. In many ways, it was "Morocco's 9/11."

The reaction to the bombing in our country was very strong. We had 3.5 million people march on the streets of Casablanca. This demonstrates that people were unanimously angry about the bombings.

Security cooperation between the U.S. and Morocco has been going on for a long time, even before September 11, 2001.

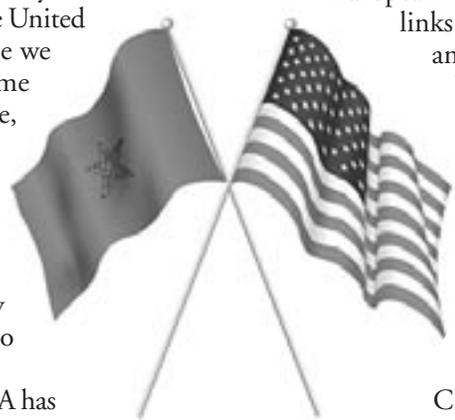
That being said, Morocco is still a very safe and secure country. And people know that, particularly European tourists who come to Morocco for vacation. In fact, during the war in Iraq in early 2003, tourism in Morocco actually increased. This year, we have seen an increase in tourism by 20 percent.

So this suggests that people know that Morocco is safe and secure. And this is why many companies are coming to Morocco, because it is a safe and secure place to do business. ♦



Morocco's Ambassador to the United States, H.E. Aziz Mekouar

Photo Courtesy of LA World Affairs Council



"People have been talking a lot about the U.S.-Morocco FTA since last year. Now, everybody knows that Morocco exists, that we are truly a player in the global marketplace."

Ambassador Aziz Mekouar

## Destination Morocco: Tourism Gets a Boost From "Morocco 2010"

By Tim Kennedy

Morocco's thriving tourism sector is a vital component of the national economy, contributing nearly \$3 billion each year to the country's gross domestic product. Last year, nearly 2.5 million international tourists enjoyed Morocco's beaches, mountains, deserts, archaeological sites, and cosmopolitan cities.

"Unquestionably, Morocco is a terrific destination. It has a wonderful tourism sector. Their properties are the highest quality, and it has great golf facilities, which is a big part of the American market," says Richard Copland, President of the Washington-based American Society of Travel Agents (ASTA). "The best news of all is that it's close to the U.S. – it only takes about 5 hours to get there, which certainly makes it a viable destination."



Poolside at the Hotel Palais Jamai, Fez

Over the past four decades, Morocco's tourism industry has matured and grown during two distinct phases. During the first phase, from 1960 to 1995, tourist activity evolved slowly at an average rate of 3 to 7 percent a year. During the second phase, from 1995 to the present, the rate of growth in Morocco's tourism sector jumped to double digits.

By the mid-1990s, nights spent by tourists in the Kingdom had grown annually by 1.5 percent, and yearly spending by tourists had grown an average of 16 percent.

But as Morocco's tourism boom gained momentum, a downside began to emerge: the Kingdom's hospitality infrastructure – air transport, highways, air terminals, hotels, telecommunications – could not accommodate the hundreds of thousands of new visitors.

To remedy this, 31 projects for the extension and refurbishment of tourism facilities were approved by the Technical Coordination Committee of Tourism Projects (TCCTP) at a cost of \$62.3 million.

Morocco's accommodation infrastructure was consolidated in 1996 with the launch of 17 hotel projects yielding 1,512 more beds. This brought the national capacity of graded hotels to 92,023 beds.

To improve the competitiveness of enterprises operating in the tourism sector, the TCCTP also convinced the government to reduce the value added tax (VAT) applicable to tourism activities from 14 percent to 10 percent. Additionally, laws regulating some tourism-related activities were liberalized, particularly guidelines for professional guides and travel agents.

"Everything in Morocco is reasonable, particularly in its tourism industry," says Copland. "The price is right for the value that you get. There are rooms at five-star hotels in Morocco that cost about a \$100 a night. If you went to London or Paris or Rome, would probably pay \$700 for the same room."

Attracting investments in the Kingdom's hospitality infrastructure has also played a vital role in helping to put Morocco "on the map" for international tourists. To facilitate such investment, the Government of Morocco devised a package of generous tax incentives that were launched in 1999 as part of "Morocco 2010."

"Morocco 2010 is intended to improve Morocco's tourism sectors," says Adil Embarch, the First Secretary and Commercial Counselor at the Embassy of Morocco in Washington, DC. "The ultimate aim of Morocco 2010 is to accommodate a projected 10 million visitors by 2010 by significantly increasing the total number of the country's hotel beds."

Under the auspices of Morocco 2010, the Ministry of Tourism has spent millions of dollars enhancing the hospitality infrastructure in traditional Moroccan tourism destinations, including Agadir, Marrakech, Fez, and Ouarzazate. To date, the Ministry has increased the country's total number of hotel beds nearly 10 percent. By 2010, the count is expected to jump another 50 percent, to 230,000 beds.

Morocco has also made huge strides in enhancing the country's tourism-related infrastructure. It has six international airports and 10 seaports with new facilities that cater to cruise ships, and the Kingdom now boasts 16,000 miles of paved roads and well over a thousand miles of rail lines.

Says Embarch, "Our direct support is largely focused on the preparation of beachfront sites for potential hotel resorts. These green field resort areas are located just outside many beachside tourist destinations: the Mediterranean city of Oujda and, on the Atlantic, Tangier, Casablanca, Essaouira, Agadir, and Guelmim."

"The Moroccans are very committed to Morocco 2010. They're spending hundreds of millions of dollars along the Moroccan coast in coming years to make it happen," says ASTA's Copland. "I foresee that Morocco will become a hugely popular destination for the American market." ♦



Atlantic beach near Casablanca

Morocco has made huge strides in enhancing the country's tourism-related infrastructure. It has six international airports and 10 seaports with new facilities that cater to cruise ships.



## Morocco: Opportunities and Challenges *from page 1*

“The FTA has precipitated positive change in Morocco,” Iraqi adds. “The justice system has been changed, the business climate has improved and – most importantly – FTA has improved Morocco’s ability to keep pace with the country’s growing demand.”

“One of the reasons why the Bush Administration signed a Free Trade Agreement with Morocco was because Morocco was committed to reform, had made a lot of reforms, and was continuing to make reforms,” says Catherine Novelli, Assistant U.S. Trade Representative for Europe and the Mediterranean. “Morocco, I think, has certainly proved its bona fides as a country that believes economic openness is the way to the future.”

Morocco’s 41-year-old king, H.M. Mohammed VI, says he is steadfast in his plans to promote economic development, nurture political progress and combat terrorism. He is also intent on lowering the Kingdom’s double-digit unemployment rate and reducing the country’s 19 percent poverty rate. With this in mind Morocco is highly receptive to foreign direct investment. The government has devised a range of financial incentives to attract new firms that will bring capital, technology and jobs for an estimated workforce of 11 million people.

### Economic Reform: Two Decades in the Making

“I think the U.S.-Morocco Free Trade Agreement will help Morocco to continue many of the very important reforms that are already underway, including investment rules and reforms of various sectors, such as agriculture,” says Khalid El Hariry, a Member of the Moroccan Parliament from El Jadida – Azemmour. “For the long-term, however, I think it is important for Morocco to demonstrate that it is an ideal regional platform where American companies can invest, build plants, manufacture their products, and sell these products to North and West Africa, and to Europe.”

During the past two decades, Morocco has implemented many reforms to strengthen the country’s basic microeconomic balance and to speed its integration into the global marketplace.

These reforms include repeal of the Moroccanization Law, opening all economic sectors to foreign capital, relaxing foreign trade and exchange systems, modernizing how companies are regulated with the passage of the Corporate Law, establishing commercial law courts, protecting intellectual property rights, privatizing state-controlled sectors, relaxing credit, and modernizing the stock exchange.

The reforms have boosted per capita income, reduced inflation, lowered fiscal and current account deficits, and enabled the Kingdom to qualify for generous trade agreements with the United States, the European Union, and other regions.



Casablanca’s business center, Place Mohammed V

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### The First Step: Privatization

The 1980s saw the Government of Morocco undertake a program of privatization that would eventually result in the sale of many state-owned enterprises, including components of the vital energy sector.

Commercial acquisition of state-run sectors gained momentum with passage of the 1989 Privatization Law, which called for the privatization of 112 firms by the end of 1995. (In late 1994, the Privatization Law was amended to add two additional firms and extend the deadline to the end of 1998.)

With a little prodding from the International Monetary Fund (IMF) and World Bank, Morocco accelerated development of its already market-oriented infrastructure, opening the door to investment opportunities in telecommunications, road construction, water distribution, and private energy production.

### Next: Reforms Extended to Monetary Regulations, Stock Exchange and Customs

The promise of IMF financial support induced Morocco in 1993 to change its monetary policies, ease import restrictions, lower tariffs, and liberalize the foreign exchange regime.

Soon after laying this foundation of monetary reform, the Kingdom cut government spending, revised the tax system and reformed the banking system.

The Moroccan dirham is fully convertible for all currency transactions, as well as for some capital transactions, notably capital repatriation by foreign investors. Foreign exchange is available through the commercial banks, and the Central Bank sets the exchange rate for the dirham against the currencies of Morocco’s principal trading partners.

The Casablanca stock exchange was privatized in the mid-1990s. It initially experienced significant growth, became stagnant in 2000, and is now enjoying a revival thanks in part to new laws intended to encourage transparency and efficiency.

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“I think it is important for Morocco to demonstrate that it is an ideal regional platform where American companies can invest, build plants, manufacture their products, and sell these products to North and West Africa, and to Europe.”

Khalid El Hariry,  
Parliamentarian

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The 1990s also witnessed an unprecedented simplification of Morocco's customs duties. Now, two flat rates apply to all imported capital goods, equipment, machinery, parts, and accessories needed to develop and expand an investment. These duties are 2.5 percent and 10 percent, respectively, on locally made and foreign made goods (see accompanying story on page 13).

## Reform Movement Spawns New Investment Incentives

By the mid-1990s, the Moroccan government began to improve the foundation of a liberalized economy by promulgating incentives for foreign and national private investment.

On October 3, 1995, the Investment Charter Law went into effect, replacing a variety of restrictive investment codes.

"Morocco has an investment climate that is favorable to success," says Abderrazak Mahmoudi, Director General of the Euro-Marrakech Investment Group. "Our investment incentives are why European capital is flowing into the country."

The Investment Charter Law contains a number of incentives, many of them relating to taxes.

The tax advantages outlined in the Investment Charter include: exemption from registration fees associated with the purchase of land intended for capital investment; a discounted 2.5 percent tax for the acquisition of land intended for housing development or building sites; and a 0.5 percent tax on all company contributions to capital formation or a capital increase.

The Investment Charter also exempts investors from Morocco's value added tax (VAT) on imported goods.

Moreover, for the first five years of a new business, the Charter waives license duties, corporate taxes, and general income taxes. Following the 5-year moratorium, new businesses are required to pay generously discounted corporate taxes and general income taxes.

Government incentives are also available to qualified investors under the auspices of the State Enterprise Contract. This includes cash incentives for vocational training and the purchases of land and external infrastructures.

Additional cash grants from the Hassan II Fund are available to companies that invest in such new niche markets as vehicle subcontracting, electronics, information technology, ready-to-wear clothing, and leather processing.

Oil exploration firms are also accorded generous provisions under the Petroleum Code, including government support for exploration and infrastructure costs.

Firms are required to pay the government franchise duties of 10 percent and 5 percent, respectively, on oil and natural gas production.

## Revised Legal Protections Also Aim to Attract Business

Strictly speaking, Morocco does not have foreign investment laws. Instead, "sectoral codes" regulate industry, tourism, export industries, real estate, maritime, mining, and crafts. With few exceptions, the codes apply equally to foreign and Moroccan investors.

The sectoral codes have recently been revised to provide various investment incentives, including partial or total exemption from corporate income taxes, VATs and import duties. A few sectoral codes now also offer government financing to qualified businesses.

Some sector incentives are based on the location where an investment is made. For example, incentives are available for businesses that locate in the Tangier Free Zone (see accompanying story on page 14) and in several other free trade zones.

Morocco has a relatively progressive set of protections for intellectual property. It is a member of the World Intellectual Property Organization and is a signatory to the Brussels Satellite Convention, Universal Copyright Conventions, the Bern Copyright Convention, Paris Industrial Property Convention, and the Madrid, Nice, and Hague Agreements for the Protection of Intellectual Property.

"Sectoral codes" regulate industry, tourism, export industries, real estate, maritime, mining, and crafts. With few exceptions, the codes apply equally to foreign and Moroccan investors.



Photo Courtesy of NUSACC

*Laura Lane, V.P. for Public Policy at TimeWarner, leads members of the U.S.-Morocco FTA Coalition in a briefing of Senate Finance Committee staff. NUSACC, as part of the Coalition, also participated in the briefing.*

## The Ultimate Incentive: A Free Trade Agreement with the United States

The U.S.-Morocco Free Trade Agreement (FTA), signed on June 15, 2004, makes Morocco the second Arab country and the first African nation to enter into an FTA with the United States. The FTA offers U.S. exporters greater access to Moroccan markets and gives American firms based in Morocco virtually unfettered access to European markets.

"The U.S.-Morocco FTA is an important agreement

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for advancing U.S. and Moroccan commercial interests – with its high standard goods, services, investment and intellectual property provisions,” says Laura Lane, Vice President for Public Policy at TimeWarner Inc. “Through the Free Trade Agreement, Morocco has committed to additional economic and labor reforms, which will help advance trade and investment in that country while also demonstrating to the broader global trading community that openness and fair trade will yield substantial economic benefits.”

In order to qualify for the FTA, Morocco has implemented several rigorous modernization and globalization measures, including the creation of the country’s first commercial courts, streamlining customs departments, and implementing comprehensive labor laws that protect both the employer and employee.

### Reformers Look to the Future

“Morocco has implemented many reforms to facilitate closer trade relations with the United States, but I think it would be equally useful to our trade relationship if reciprocal changes were made in America,” says El Hariry, the parliamentarian. “To begin with, we would like to see the end of non-tariff barriers, like entry visas. The U.S. visa process, which is expensive and time-consuming,

is not just a barrier for Moroccans, but it is also a barrier for American companies.”

“Secondly, we would like American businesses to look at Morocco as something more than just 30 million potential consumers,” El Hariry adds. “Morocco is a regional focal point of trade. When Americans consider Morocco, I would like them to think of it as the gateway to North Africa, West Africa and Europe.”

“Since 1997, Morocco has evolved and made giant strides in its development,” says Iraqui of CMS. “With all the reforms that the government has taken, I think Morocco offers investors a unique opportunity. Morocco will develop, with or without American investment. However, we would like our American friends to benefit from this unique investment opportunity.”

Novelli of USTR shares Iraqui’s optimism and is equally hopeful about Morocco’s economic future. “I hope and I certainly believe that the reforms that paved the way for our Free Trade Agreement will provide a framework within which the Moroccan government and the Moroccan people can make decisions about reform in a way that allows change to occur in a gradual but directed way,” says Novelli. “Ideally, this will produce higher pay and more jobs for people in Morocco.” ♦

“Morocco will develop, with or without American investment. However, we would like our American friends to benefit from this unique investment opportunity.”

Majid Iraqui, CMS Energy

## Ambassador Jordan Says Saudi Arabia Remains “Critically Important”

At a June 29 reception in London co-hosted by NUSACC, Robert W. Jordan, former U.S. Ambassador to Saudi Arabia, said the Kingdom remains a “critically important business hub” and that now is definitely not the time to “turn out the lights” on the U.S.-Saudi relationship.

“The Kingdom is making great efforts to attract foreign investment,” said Jordan. “With the energy and petrochemical industries as a base, Saudi Arabia is poised to privatize numerous other industries, such as water, power, aviation, telecoms and higher education.” This expansion presents extraordinary opportunities for U.S. companies, Jordan suggested.

The former U.S. Ambassador offered his comments at a reception co-hosted by NUSACC, the Middle East Association, the Arab-British Chamber of Commerce, and the law firm of BakerBotts LLP, where Jordan is a partner. ♦



Photo Courtesy of BakerBotts

Ambassador Robert Jordan (right) greets Sir Alan Mumro, Chairman of the Arab-British Chamber of Commerce.

**BAKER BOTTS** L.L.P.

## Morocco's Customs Reform Lauded by World Bank as "Useful Lesson"

By Tim Kennedy

Many developing countries talk about reforming customs practices, but few countries actually *do* something about it.

Morocco is one of those rare exceptions.

Over the last 15 years, Morocco has implemented many changes in its customs service, including simplifying of procedures and selective controls, increasing the use of information technology, improving management of special customs procedures (particularly procedures for transshipped goods), and enhancing transparency and partnerships with the private sector.

"Morocco's reforms were the result of a shared vision between public and private actors determined to work together to tackle corruption and improve customs procedures," says a recent report by the World Bank, *Best Practices in Customs Reform – Lessons From Morocco*. "Morocco's success in overcoming these obstacles offers useful lessons for other countries interested in reforming their customs services," said the bank.

Morocco initiated a gradual phase-out of customs duties in the mid-1990s, with the ultimate goal of abolishing the duties by 2010. The move was precipitated by trade agreements with the European Union, Morocco's key trading partner, and the World Trade Organization.

Morocco's move was bold. At the time reforms were instituted, customs duties accounted for 4.2 percent of the country's gross domestic product (GDP).

But Moroccan customs and tax officials were confident that a drop in customs revenue would eventually be offset by the value added tax (VAT) on imports.

As predicted, annual revenue from customs duties fell an average of 3.6 percent of GDP from 1996-2000. But the lost revenue was largely offset by a substantial increase in VAT taxes, which shot up 25 percent.

"Morocco has done great things reforming its customs service, particularly in its effort to have things operate in a transparent and very efficient way," says Catherine Novelli, Assistant U.S. Trade Representative for Europe and the Mediterranean. "Morocco has demonstrated that it is possible for a developing country to operate an efficient and very modern customs service."

The World Bank says two factors contributed to Morocco's reforms: trade agreements, which established a "code of conduct for customs workers," and "the private sector (which), having been called on to become Morocco's engine of economic growth, became vocal in requesting [that] services facilitate rather than hamper trade."

The reform of Morocco's customs service also had the support of H.M. King Mohammed VI, thereby enabling the director of the Customs Administration to make the changes necessary to boost trade while sustaining revenue.



Port of Casablanca, North Africa's busiest

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The high-level backing also allowed customs officials to implement measures that helped Morocco achieve its reform objectives while sustaining employee morale. For example, in order to stem corruption, worker performance is now evaluated impartially and model employees are rewarded with appropriate bonuses.

The reforms have dramatically streamlined the importation process. A survey conducted by the World Bank in 2001 found that 93 percent of exporters and 66 percent of importers had few or no problems with trade procedures.

Traders responding to the World Bank survey also said that the average processing time for customs and port services dropped from 5.5 days in 1997 to 2.0 days at the end of 1999. The World Bank now ranks the Kingdom's customs service as faster than many countries renowned for quickly clearing goods, including India, Thailand, and the Republic of Korea.

The World Bank says Morocco's massive reform of its customs service "is the result of a shared vision between the public and private actors determined to work together to tackle corruption and improve customs procedures."

Dr. I. William Zartman, Chairman of the Conflict Management Department at Johns Hopkins University, is a Morocco specialist who sees the Kingdom's voluntary reform of its customs service as a strategic move that will eventually make Morocco a trading powerhouse in the region.

"I see Morocco as the center of a certain trading world that brings together Africa, the Middle East, Europe, and the United States," says Zartman. "It is the one country in the Arab world closest to the United States and Europe and – perhaps more than any other country of the south Mediterranean – has reached into Sub-Saharan Africa."

Zartman concludes, "These relationships – both the traditional ties and ones that have been formalized with trade agreements – make Morocco well-positioned to have access to both the European and American markets." ♦

"Morocco's reforms were the result of a shared vision between public and private actors determined to work together to tackle corruption and improve customs procedures."

The World Bank



## Tangier Free Zone: Tax-Free Gateway to the World

By Tim Kennedy

Situated 15 kilometers from Europe in northern Morocco near the bustling Mediterranean port city of Tangier, the Tangier Free Zone (TFZ) exempts both foreign and Moroccan businesses from all import duties and all taxes on produced exports.

Trade experts believe the rewards of locating in the TFZ substantially enhance the already generous incentives offered by Morocco to its trading partners.

“I think Morocco is very well situated to serve as a platform to trade in the region,” says Catherine Novelli, Assistant U.S. Trade Representative for Europe and the Mediterranean. Novelli was one of the principal negotiators for the U.S.-Morocco Free Trade Agreement.

“First of all, it benefits from its geography. It is on the continent of Africa, yet it is so close to Europe,” Novelli notes. “Secondly, Morocco has established strategic relationships with its neighbors in the Middle East, more broadly with countries in Africa, as well as having historic ties with Europe.”

The Tangier Free Zone is comprised of two areas: the Logistics Zone, where goods are received and shipped, and the Bonded Industrial Zone.

Both areas meet or exceed international standards for their infrastructure, services, safety, environmental protections, and security of goods.

The Bonded Industrial Zone (BIZ) is fenced and guarded 24 hours per day. Modulable plots in the BIZ range from 1,000 square meters to 20,000 square meters, and the current selling price for BIZ plots is \$50 per square meter. Plots in the Bonded Industrial Zone can also be leased.

Adjacent facilities in the Bonded Industrial Zone include a management center, a warehouse complex, restaurants, a health club, and furnished, leased office spaces.

Industrial activities accommodated by the Tangier Free Zone include agribusiness, leather, textiles, metalurgy, electronics, chemical and related industries, and high technology industries.

The Tangier Free Zone is located close to the newly refurbished Port of Tangiers and adjoins Tangier’s international airport.

In addition to the adjacent international airport, investors at the Tangier Free Zone have several other transport options, including excellent roads and an extensive national rail service.

Businesses that choose to locate at the Tangier Free Zone have the benefit of simplified administrative procedures. The TFZ itself serves as a one-stop processing center, much like Morocco’s much-touted Regional Investment Centers (see accompanying story on page 15).

TFZ administrative staff welcome, assist and guide investors in the setting up of their businesses. The TFZ

staff also handles the tedious task of obtaining all licenses and authorizations.

In addition to being exempt from duties, taxes and surcharges on imports and exports, TFZ investors also enjoy exemptions from:

- Taxes and duties associated with the acquisition of plots
- License taxes for 15 years
- Urban taxes for 15 years
- Corporate taxes for 5 years, and a rate reduction to 8.75 percent thereafter
- Value-added tax (VAT) on goods

For certain sectors, the Moroccan government, through the Hassan II Fund, offers state financial aid to subsidize the acquisition of plots and/or the construction of production units. This subsidy can be as much as 100 percent of the price of a plot, subject to a maximum acquisition of 250 square meters.



“Morocco has a huge dream to be the transfer point for trading traffic coming into the Mediterranean and for the transshipment of goods. Tangier – with its upgraded port, international airport and Free Trade Zone – is a big piece of this dream,” says Dr. I. William Zartman, a specialist in Moroccan affairs who chairs the Department of Conflict Management at the Johns Hopkins University.

“If you look at the map, Morocco is the part of the Arab world closest to the United States and Europe,” Zartman notes. “This makes Morocco a potential trading platform that brings together Africa, the Middle East, Europe, and the United States.”

“I think Morocco’s efforts at streamlining the way in which investment can occur and its enhancement of its ports make it an attractive place for companies to locate,” says Novelli, Assistant U.S. Trade Representative. “Morocco’s historically close ties with the region, coupled with the benefits of the U.S.-Morocco Free Trade Agreement, mean Morocco’s trading partners have virtually unrestricted access to Morocco’s strategic relationships, particularly with the United States.” ♦

“Morocco has a huge dream to be the transfer point for trading traffic coming into the Mediterranean and for the transshipment of goods. Tangier – with its upgraded port, international airport and Free Trade Zone – is a big piece of this dream.”

Dr. I. William Zartman,  
 Johns Hopkins University

## Regional Investment Centers: One-Stop Shopping for Businesses

By Tim Kennedy

Within the last year, Morocco has established 16 Regional Investment Centers that serve as “one-stop shopping centers” for foreign businesses entering the Moroccan market. This is part of the Kingdom’s effort to cut bureaucratic red tape and make itself more business-friendly to potential global partners.

“In other countries, if you want to do business, you are required to obtain dozens of authorizations and licenses and letters of consent,” says H.E. Aziz Mekouar, Morocco’s Ambassador to the United States. “Through our Regional Investment Centers, you can go in the morning and get out in two or three hours with everything you need to commence doing business.”

Located strategically throughout the Kingdom in key cities (see list on page 19), Regional Investment Centers are linked via Internet to key ministries in Casablanca and Rabat.

“The Centers were created to help business by simplifying administrative procedures, streamlining communications, promoting development and encouraging direct investment throughout the Kingdom,” says Adil Embarch, who serves as Ambassador Mekouar’s First Secretary and Commercial Counselor. “We are committed to helping people complete all the different formalities required for the creation of a company within hours of depositing their application materials.”

“Someday,” adds Embarch, “we’d like people to be able to do this themselves right over the Internet.”



A Casablanca Restaurant of Arabesque design

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The speed and efficiency of the process is made possible through Morocco’s new E-Government Cyber Network, a secure Internet-based system that links each of the Regional Investment Centers with key government agencies in Rabat and Casablanca.

Thanks to E-Government, start-up businesses no longer need to personally contact approval authorities at the Industrial and Commercial Property Office, the Tax Subdivision, the Trade Court, the National Security and Social Fund, the Labor Department, and the Office of Legislative Services.

But work of the Regional Investment Centers does not end when an application form is successfully processed. Staff at the Center remain in contact with a fledgling business during the first year of operation, and will offer – when it is sought – advice and support to ensure that the new enterprise prospers.

On a broader level, the staff at each Regional Investment Center has two additional functions.

First, they assist economists in the Moroccan government by routinely assessing and reporting the economic health of their assigned region. This knowledge helps government decision-makers create long-range economic and social development strategies.

Second, the Center staff keeps a watchful eye for potential investment opportunities within their region.

“The Regional Investment Centers came into existence because the King directed the Prime Minister to create the best investment climate possible and to make the process of doing business with Morocco as easy as possible for potential investors,” says Embarch.

“The King recognizes that we are living in an increasingly globalized society. Thus, he created a trade policy that seeks to make government regionalized, not centralized.” ♦

“The King recognizes that we are living in an increasingly globalized society. Thus, he created a trade policy that seeks to make government regionalized, not centralized.”

Adil Embarch,  
Commercial Counselor



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Businessmen enjoy Casablanca’s modern facilities

Visitors to a Regional Investment Center are greeted by knowledgeable staff trained to explain the registration process and help start-up businesses complete a single set of application forms.

Thereafter, responsibility for the prompt processing of the application is in the hands of the staff. All administrative procedures are handled right at the Center.



Helicopters hover in a scene from "Black Hawk Down."

## Hollywood in Morocco

By Tim Kennedy

Generations of famous motion picture directors ranging from Alfred Hitchcock to Martin Scorsese have gone on location in Morocco, lured by the country's brilliant sunlight, diverse geography, skilled film crews, and close proximity to Europe and the United States. "Lawrence of Arabia," "Patton," "The Man Who Would be King," "The Jewel of the Nile," and "Black Hawk Down," are just a few of the more than 400 feature motion pictures recently filmed in Morocco.

"Morocco is currently liberalizing the audiovisual sector and image-related enterprises in the framework of a partnership between the public and private sectors," says Andre Azoulay, Special Adviser on the Motion Picture Arts to H.M. King Mohammed VI. "Efforts are being made to create partnerships between the different parties involved in the cinema industry."

Azoulay, who serves as assistant vice president for the Marrakech Film Festival, says there is "a real political will" in Morocco to make cinema a more productive sector of the economy.

Toward that end, Morocco generously supports foreign film producers using the Kingdom as a movie location. Government support includes simplified administrative procedures for permits, streamlined regulations for the importation of weapons and munitions used in film production, virtually unlimited use of Royal Armed Forces equipment and personnel, and discounted customs duties, value added taxes and airfares for people and equipment flying on Royal Air Maroc, the national airline.



David Lean directs a scene from "Lawrence of Arabia."

"From a tax perspective, there were few if any tax complications while 'Black Hawk Down' was filming in Morocco," says Michael Nazitto, Director of Tax Planning at Sony Pictures, the company that distributed the 2001 docudrama about the ill-fated American



David Lean, left, directs Peter O'Toole and Omar Sharif in a scene from "Lawrence of Arabia."

peacekeeping mission in Somalia. "Under Moroccan law, the cast and crew were not subject to income tax, provided that they were in the country for less than 183 days."

"Exempting actors from foreign income tax is unique," Nazitto adds. "In other foreign filming jurisdictions our tax treaty allows foreign governments to collect income tax from actors, even if they work on location for just one day. The Moroccans have a domestic law that exempts crews and actors equally from income tax. Clearly, Moroccan's domestic law is much more generous than what our treaty provides."

H.M. King Mohammed VI's objective to "make Morocco more accessible to foreign filmmakers" was the basis for creating the Moroccan Cinematographic Center (MCC), a Rabat-based government agency that, much like a Regional Investment Center, operates as a "one-stop shopping center" for film producers.

The MCC ([www.ccm.ma](http://www.ccm.ma)) issues shooting permits, professional identity cards and film exhibition permits. Staff at the MCC help film producers scout locations, hire local crews and rent equipment and facilities. The MCC also features a state-of-the-art film-processing laboratory, a theater, editing suites, a film archive, and a full-service satellite television facility.

"It certainly makes things easier for a Sony Pictures legal team negotiating with an actor to make the case that going to Morocco isn't going to create an additional tax cost or compliance burden," says Nazitto. "If you are dealing with a country like Morocco, it makes the whole process of filmmaking a lot simpler." ♦

Photo Courtesy of Columbia Tri-Star

Photo Courtesy of Columbia Tri-Star

## Business Sectors Tout the U.S.– Morocco FTA

**Motion Picture Association of America,  
Washington, DC**

*Filmed Entertainment Industry*

“The U.S. – Morocco FTA’s provisions on market access for cultural industries are balanced and mutually beneficial, striking a reasonable balance between promoting local creative industries in Morocco and increasing certainty and predictability in market access .... Both the Moroccan and the U.S. film industries should benefit from the provisions of this Agreement.”

“The U.S.-Morocco Free Trade Agreement demonstrates Morocco’s leadership in addressing the theft of copyrighted works, which threatens creators everywhere. The Agreement contains measures designed to protect copyright in the digital age, from anti-circumvention provisions that prohibit the hacking of copyright protection technologies to the protection of copyrighted works on the Internet to copyright term extension. The Agreement also contains strong enforcement provisions, which is the key to deterring piracy. In addition, Morocco has committed to implement the World Intellectual Property Organization Internet Treaties.”

**U.S. – Morocco Trade Alliance, Inc.,  
Washington, DC**

*Business and Trade Association*

“The Morocco-U.S. Free Trade Agreement provides the best market access of any FTA being negotiated by the United States with a developing country at this time, according to United States Trade Representative Robert Zoellick. Upon Congressional approval, this deal will immediately eliminate 95 percent of tariffs on goods currently being traded between the two nations.”

“Many U.S. business sectors have heartily endorsed this agreement, including agriculture (wheat, corn and soybean growers, cattlemen), information technology, entertainment and financial services and manufacturers. This agreement will benefit the United States, stimulating an already profitable economic partnership. Morocco is one of the few states with which the United States enjoys a trade surplus – over \$1.5 billion over the past 10 years. In addition, passage of this agreement will cement a unique 200-year-old friendship with an Arab nation and ally in the war on terrorism.”

**The Boeing Company, Seattle, WA**

*Aircraft Manufacturer*

“The Boeing Company has developed a long-term business relationship with Morocco and its national flag carrier, Royal Air Maroc, which has a nearly all-Boeing

fleet of airplanes. Additionally, Royal Air Maroc, Boeing and Labinal Snecma Group together created a state-of-the-art wire bundling facility in Casablanca, known as MATIS Aerospace. This joint venture demonstrates the value of free trade and the possibility with the signing of the U.S.-Morocco FTA of increasing benefits to both countries. Boeing applauds the efforts of the Moroccan government.”

**U.S. Coalition of Service Industries,  
Washington, DC**

*Service Trades Association*

“We strongly support the FTA with Morocco. The agreement expands market access for a broad range of services and is consistent with key U.S. service industry objectives: it includes strong disciplines on transparency, crucial protections for US investors, and was negotiated on a negative list basis.”

**National Association of Manufacturers,  
Washington, DC**

*Manufacturing Trade Association*

“We think the Free Trade Agreement promises economic benefits for both the U.S. and Morocco by making American consumer goods and our industrial inputs more affordable. For people and companies that are based in Morocco, not only will this improve their standard of living, but it will also make their companies more competitive and it will improve sales for our members, America’s manufacturers.”

“President George W. Bush has the goal of a Middle East Free Trade Agreement by 2013. We think the U.S.-Morocco FTA is an opening link to that agreement. It sets a very high standard that can be met by the region.”

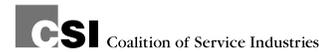
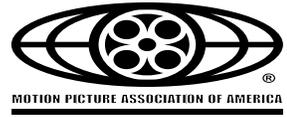
**Merck & Co., Whitehouse Station, NJ**

*Pharmaceutical Products Company*

“The U.S. Morocco Free Trade Agreement serves as proof of Morocco’s commitment to trade liberalization, integration with the global economy, and improving conditions for foreign investment.”

“To us, the most important component of the FTA is its strong protection of intellectual property. This enhances conditions in Morocco for investment in the life sciences and sets a good precedent for continued trade liberalization in the region.”

“In anticipation of the U.S.-Morocco FTA, Merck has increased its investment in Morocco over the past year. Merck looks forward to further investment, growth and increased employment in Morocco.” ♦





## Useful Addresses and Points of Contact When Traveling to Morocco

### Embassy of the Royal Kingdom of Morocco

1601 21st St., NW  
 Washington, DC 20009  
 Tel: (202) 462-7979  
 FAX: (202) 265-0161

### Consulate of the Royal Kingdom of Morocco

Economic and Commercial Offices  
 1821 Jefferson Pl., NW  
 Washington, DC 20036  
 Tel: (202) 462-7722

### U.S. Embassy – Morocco

2 Avenue de Marrakech  
 Rabat  
 Royal Kingdom of Morocco  
 Tel: (212)(37) 76-22-65  
 U.S. Citizens Hotline: (212)(22) 43-05-78  
 Internet: <http://rabat.usembassy.gov>



*A Guest Suite at a Five Star Hotel in Casablanca*

### U.S. Consulate General

8 Boulevard Moulay Youssef  
 Casablanca  
 Royal Kingdom of Morocco  
 Tel: (212)(22) 26-45-50  
 Travel and consular information Internet site:  
<http://travel.state.gov/morocco.html>  
 Moroccan customs authorities encourage the use of an ATA (admission temporaire/temporary admission) Carnet for the temporary admission of professional equipment, commercial samples, and/or goods for exhibitions and fair purposes.



*Entrance to the Royal Palace in Rabat, Morocco's Capital*

### To obtain an ATA Carnet in the U.S., contact:

#### U.S. Council for International Business

1212 Avenue of the Americas  
 New York, NY 10036  
 Tel: (212) 354-4480  
 E-mail: [atacarnet@uscib.org](mailto:atacarnet@uscib.org)  
 Internet: [www.uscib.org](http://www.uscib.org)

### For information about ATA Carnet requirements in Morocco, contact:

#### Chambre de Commerce, d'Industrie et des Services de la Wilaya du Grand Casablanca

98 boulevard Mohammed V  
 Casablanca  
 Royal Kingdom of Morocco  
 Tel: (212-2)26.44.38 or 26.43.27 OR 26.43.71  
 Fax: (212-2)26.84.36

### To obtain a copy of the current edition of the *Commercial Guide for Doing Business in Morocco*, contact:

#### U.S. Department of Commerce

Commercial Service  
 14th and Constitution Ave., NW  
 Washington, DC 20230  
 Tel: (202) 482-2000  
[http://www.export.gov/comm\\_svc/](http://www.export.gov/comm_svc/)

## Regional Investment Centers – Points of Contact

*There are sixteen Regional Investment Centers located throughout Morocco*

### Agadir

Director: Karim Lahlou  
Tel: 048 82 69 77  
FAX: 048 82 69 80  
E-mail: [contact@cri\\_agadir.ma](mailto:contact@cri_agadir.ma)

### Al Hoceima

Director: Othman Badich  
Tel: 039 98 39 83  
FAX: 039 98 29 88  
E-mail: [othma.badich@caramail.com](mailto:othma.badich@caramail.com)

### Casablanca

Director: Mouad Jamai  
Tel: 022 48 18 54/72/88  
FAX: 022 48 21 15  
E-mail: [mjamai@casablancainvest.ma](mailto:mjamai@casablancainvest.ma)  
Web: [www.casablanca.ma](http://www.casablanca.ma)

### Dakhla

Director: Mohamed Lamrabet  
Tel: 048 89 85 35  
FAX: 048 89 79 12  
E-mail: [cri@dakhlainvest.ma](mailto:cri@dakhlainvest.ma)  
Web: [www.dakhlainvest.ma](http://www.dakhlainvest.ma)

### Fes

Director: Fouad Ouzzine  
Tel: 055 65 20 57  
FAX: 055 65 16 46  
E-mail: [ouzzine@crif.es.ma](mailto:ouzzine@crif.es.ma)

### Guelmin/Essmara

Director: Bari Bourqia  
Tel: 048 77 17 77  
FAX: 048 77 14 44  
E-mail: [bourqia@netcourrier.com](mailto:bourqia@netcourrier.com)

### Kenitra

Director: Jamal Attari  
Tel: 037 37 46 27  
FAX: 037 37 45 36  
E-mail: [info@kenitrainvest.ma](mailto:info@kenitrainvest.ma)

### Laayoune

Director: Ech Charki Ritab  
Tel: 048 99 12 01  
FAX: 048 89 11 79  
E-mail: [echarkiritab@hotmail.com](mailto:echarkiritab@hotmail.com)

### Marrakech

Director: Abderrazaq Moumni  
Tel: 044 42 04 93/044 31 01 34  
FAX: 044 42 04 92  
E-mail: [moumni@crimarrakech.ma](mailto:moumni@crimarrakech.ma)

### Meknes/Tafilalt

Director: Hassan Bahi  
Tel: 055 51 18 46/055 51 18 46  
FAX: 055 51 39 22  
E-mail: [crimt@iam.net.ma](mailto:crimt@iam.net.ma)

### Oujda

Director: Farid Chourak  
Tel: 056 68 28 27/056 68 57 45  
FAX: 056 69 06 81  
E-mail: [chourak.farid@caramail.com](mailto:chourak.farid@caramail.com)



*Entrance to Rabat's medina*

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### Rabat

Director: Nabil Kharoubi  
Tel: 037 73 13 07  
FAX: 037 70 25 94  
E-mail: [info@rabatinvest.ma](mailto:info@rabatinvest.ma)  
Web: [www.rabatinvest.ma](http://www.rabatinvest.ma)

### Safi/Doukkala

Director: Mohamed Yacoubi  
Tel: 044 61 01 54/58 044 61 21 39  
FAX: 04461 21 40  
E-mail: [yacoubimed@hotmail.com](mailto:yacoubimed@hotmail.com)

### Settat

Director: Jelloul Samsseme  
Tel: 023 72 37 61  
FAX: 023 72 36 81  
E-mail: [jsamsseme@hotmail.com](mailto:jsamsseme@hotmail.com)

### Tadla/Azilal

Director: Ahmed El Haouti  
Tel: 023 48 20 72/023 48 22 43  
FAX: 023 48 23 13  
E-mail: [criazitad@yahoo.fr](mailto:criazitad@yahoo.fr)  
Web: [www.tadlazilainvest.ma](http://www.tadlazilainvest.ma)

### Tanger/Tetouan

Director: Jabri Younes  
Tel: 039 94 98 24  
FAX: 039 94 33 14  
Web: [www.tanger-tetouaninvest.ma](http://www.tanger-tetouaninvest.ma)



**NATIONAL US-ARAB  
CHAMBER OF  
COMMERCE**

National Headquarters:  
1023 15th Street, NW  
Fourth Floor  
**Washington, DC 20005**  
Tel: (202) 289-5920  
Fax: (202) 289-5938

1330 Post Oak Boulevard  
Suite 1600, Office 1644  
**Houston, TX 77056**  
Tel: (713) 963-4620  
Fax: (713) 963-4609

8929 South Sepulveda  
Boulevard, Suite 310  
**Los Angeles, CA 90045**  
Tel: (310) 646-1499  
Fax: (310) 646-2462

420 Lexington Avenue  
Suite 2034  
**New York, NY 10170**  
Tel: (212) 986-8024  
Fax: (212) 986-0216

# Emirates Airlines Inaugurates Direct Flights from New York

## NUSACC President Participates in June 4 Launch

Emirates, the Dubai-based airline renowned for its superior service and world-class innovation, has just chalked up another “first”: Daily non-stop flights from New York to the United Arab Emirates.

In an over-the-top launch worthy of the Big Apple, Emirates invited business leaders, politicians, and *glitterati* to New York to be wined and dined at Cipriani on 42nd Street. Entertainment was provided by the indefatigable Tom Jones, who is still belting out ballads after more than four decades on stage.

Revelers were invited to experience firsthand a First Class suite, flown in for the occasion, which is fully enclosed with a flat bed and sliding doors for privacy. Each suite costs \$175,000 to construct, according to Emirates, and there will be twelve on every flight. Passengers will be treated to more than 500 channels of video and audio entertainment, as well as Room Service, an Emirates first, which enables them to order meals from the galley whenever they please.

Maurice Flanagan, Emirates’ Vice Chairman and Group President, flew in from Dubai on June 1 for the launch. He was joined by Madeleine Albright, former U.S. Secretary of State, and Astronaut Edwin “Buzz” Aldrin, who walked on the moon with mission commander Neil Armstrong on July 20, 1969. Said Flanagan with tongue-in-cheek, “We hope that they found our award-winning service really out of this world.”

The new A340-500 aircraft “may not fly them to the moon,” Flanagan admitted, but “it will reach any place on earth with no more than a single stop.” The new Airbus is the world’s longest-range aircraft, with daily departures from New York at 11:30 p.m. Travel time to Dubai is just under 13 hours.

Ghaith Al Ghaith, Emirates’ Executive V.P. for Commercial Operations Worldwide, said the new service will “connect America’s largest city and number one inbound market for overseas visitors with Dubai, which ranks among the world’s fastest-growing commercial hubs.”

Dubai plans to attract 15 million visitors per year by 2010, and Dubai International Airport is being expanded to handle 60 million travelers annually.

Nigel Page, Emirates’ Senior V.P. for Commercial Operations in the Americas, says Emirates plans to expand soon to other gateways in North and South America. “The demand already exists for a rapid succession of other



One of Emirates’ new Airbus A340-500 long range airliners

Photo Courtesy of Emirates Airlines

gateway openings,” he notes. “In the 12 months through the end of February, the number of travelers from the U.S. who arrived in Dubai on Emirates flights increased by 61 percent in First Class, 47 percent in Business, and 31 percent in Economy.”



Dignitaries celebrate at the New York launch of Emirates’ direct flight to Dubai. H.E. Alasri Al Dhabri (second from right), the UAE’s Ambassador to the United States, “shakes on it” with Nigel Page, Emirates’ Senior V.P. for Commercial Operations. David Hamod (right), NUSACC’s President, shares a light moment with Haig Kalbian (far left), Principal of Kalbian Hagerty LLP.

Photo Courtesy of Stuart Ramson

David Hamod, NUSACC’s President, attended the New York launch. “If the First Class Suite meets the high standards of an astronaut, a Secretary of State, and a Las Vegas legend,” he quipped, “it’s certainly good enough for me!” ♦