

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND MOROCCO

SUMMARY

The Free Trade Agreement between the EFTA States and Morocco was signed on 19 June 1997. It entered into force on 1 December 1999. The English and the French versions are equally authentic.

The Agreement covers industrial products, processed agricultural products, and fish and other marine products. The EFTA States have eliminated all duties and other restrictions for products upon entry into force, whereas Morocco will gradually abolish its duties on most industrial products over a transition period of 12 years. The transitional period for the dismantling of customs duties will end on 1 December 2011.

In addition, each EFTA State has concluded a separate agreement with Morocco on agricultural goods. These bilateral agreements are part of the instruments creating the free trade area between the EFTA countries and Morocco.

The Agreement includes provisions relating to the elimination of customs duties and other trade barriers as well as other trade-related disciplines such as rules of competition, protection of intellectual property, public procurement, state monopolies, state aid, arbitration and payments and transfers. However, special provisions on structural adjustment allow Morocco to introduce, if necessary, temporary measures to protect infant industries and sectors undergoing restructuring or facing difficulties, particularly when these difficulties produce important social problems. Institutional provisions establish a Joint Committee, which supervises the Agreement.

TRADE IN GOODS

Morocco is an important trading partner for the EFTA States in the Mediterranean region and an important market for its exports, with significant growth potential. Trade between Morocco and the EFTA States amounted to 394 million USD in 2005, up 33% from 2004.

Rules of Origin

The rules of origin for industrial goods concerning the definition of the concept of originating products and the methods for administrative co-operation, are similar in terms of layout to the rules in the EU-Morocco Association Agreement. The specific list rules have been amended in accordance with the 2002 version of the harmonized system.

Industrial Goods

The Agreement with Morocco has been conceived to take into account the different level of economic development by providing for an asymmetrical approach. While the EFTA States abolished their existing customs duties and quantitative restrictions on imports or exports from Morocco and measures having equivalent effect at the entry into force of the agreement, Morocco was allowed to phase them out during a longer transition period, leaving it the necessary time to adapt its economy to free trade conditions. In the case of Morocco this dismantling period will last twelve years ending on 1 December 2011.

Processed Agricultural Products

The Agreement contains a Protocol A on processed agricultural products laying down the applicable arrangements (price compensation system) in this field. The underlying principle is that duties reflect the difference between the domestic market price and the world market price of the basic agricultural component of the product. The industrial (processing) component is duty-free. Under the protocol each country has its own table listing the products for which it grants concessions to its partner countries. These concessions represent a treatment not less favourable than that granted to the EC by each country.

Fish and marine products

The Agreement is based on the principle of free trade in fish but allows Morocco to maintain, for a certain number of products, customs duties on imports or charges having equivalent effect during various transitional periods as defined in Annex II to the Agreement.

Agricultural products

Trade in agricultural products is covered in three bilateral agricultural agreements negotiated between the respective EFTA State (Iceland, Norway and Switzerland/Liechtenstein) and Morocco.

They provide for substantial concessions on both sides, while taking into account the respective sensitivities. Each agreement contains specific rules of origin, generally based on the "wholly-obtained" criteria.

PUBLIC PROCUREMENT

The article on public procurement contains a review clause with a view to further liberalisation of the public procurement markets in the Partner countries.

INTELLECTUAL PROPERTY

The provisions on protection of intellectual property rights covers, inter alia, patents, trademarks and copyright and geographical indications.

The level of protection in certain areas goes beyond what is stipulated under the WTO Agreement on Trade Related Aspects of Intellectual Property, taking into account the principles of most favoured nation treatment and of national treatment.

COMPETITION

The Agreement includes provisions on co-operation and exchange of information with the aim of ensuring and facilitating the enforcement of the Parties' respective competition laws.

STATE AID

The Agreement contains comprehensive and specific rules governing the granting of state aid by public authorities of the partner countries. The objective of these provisions is to ensure that aid granted by the authorities to private entities do not distort, or threaten to distort, competition among undertakings in the applicable territories of the agreement. The rights and obligations of the Parties relating to state aid and countervailing measures shall, as a general rule, be governed by Article XVI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures. The Parties shall ensure transparency of state aid measures by exchanging their annual notifications to the WTO.

INSTITUTIONAL ISSUES: JOINT COMMITTEE AND DISPUTE SETTLEMENT

A Joint Committee comprising the EFTA States and Morocco supervises the implementation of the Agreement.

Consultations are the fundamental mechanism of dispute settlement between the FTA partners. The agreement implies that the Parties are to endeavour to solve any differences between them on the interpretation and application of the agreement by direct consultations, and, if need be, through consultations in the Joint Committee. For cases where the consultations do not lead to a satisfactory solution, the Parties may revert to arbitration. Annex VIII governs the constitution and functioning of the tribunal.
