Morocco

RISK & COMPLIANCE REPORT

DATE: March 2018

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Executive Summary - Morocco	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	US Dept of State Money Laundering Assessment Non - Compliance with FATF 40 + 9 Recommendations Not on EU White list equivalent jurisdictions
Medium Risk Areas:	Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score) Offshore Finance Centre

Major Investment Areas:

Agriculture - products:

barley, wheat, citrus fruits, grapes, vegetables, olives; livestock; wine

Industries:

phosphate rock mining and processing, food processing, leather goods, textiles, construction, energy, tourism

Exports - commodities:

clothing and textiles, electric components, inorganic chemicals, transistors, crude minerals, fertilizers (including phosphates), petroleum products, citrus fruits, vegetables, fish

Exports - partners:

France 21%, Spain 17.3%, Brazil 5.4%, India 4.9%, US 4.6% (2012)

Imports - commodities:

crude petroleum, textile fabric, telecommunications equipment, wheat, gas and electricity, transistors, plastics

Imports - partners:

Spain 13.1%, France 12.1%, China 6.9%, US 6.8%, Saudi Arabia 6.2%, Italy 5.1%, Russia 5%, Germany 4.9% (2012)

Investment Restrictions:

Morocco actively encourages foreign investment and has sought to facilitate it through macro- economic policies, trade liberalization, and structural reforms.

Foreign investment is permitted in nearly every sector. Additionally, although foreigners are prohibited from owning agricultural land, the law does allow for long-term leases of up to 99 years and permits agricultural land to be purchased for non-agricultural purposes. Morocco has sought to encourage foreign investment in the agricultural sector by making land available for leasing.

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Section 1 - Background

In 788, about a century after the Arab conquest of North Africa, a series of Moroccan Muslim dynasties began to rule in Morocco. In the 16th century, the Sa'adi monarchy, particularly under Ahmad al-MANSUR (1578-1603), repelled foreign invaders and inaugurated a golden age. The Alaouite dynasty, to which the current Moroccan royal family belongs, dates from the 17th century. In 1860, Spain occupied northern Morocco and ushered in a half century of trade rivalry among European powers that saw Morocco's sovereignty steadily erode; in 1912, the French imposed a protectorate over the country. A protracted independence struggle with France ended successfully in 1956. The internationalized city of Tangier and most Spanish possessions were turned over to the new country that same year. Sultan MOHAMMED V, the current monarch's grandfather, organized the new state as a constitutional monarchy and in 1957 assumed the title of king. Although Morocco is not the UN-recognized Administering Power for the Western Sahara, it exercises de facto administrative control there. The UN assists with direct negotiations between Morocco and the Polisario Front, but the status of the territory remains unresolved.

Gradual political reforms in the 1990s resulted in the establishment of a bicameral legislature, which first met in 1997. Morocco enjoys a moderately free press, but the government has taken action against journalists who they perceive to be challenging the monarchy, Islam, or the status of Western Sahara. Influenced by protests elsewhere in the region, in February 2011 thousands of Moroccans began weekly rallies in multiple cities across the country to demand greater democracy and end to government corruption. Overall the response of Moroccan security forces was subdued compared to the violence elsewhere in the region. King MOHAMMED VI responded quickly with a reform program that included a new constitution and early elections. The constitution was passed by popular referendum in July 2011; some new powers were extended to parliament and the prime minister, but ultimate authority remains in the hands of the monarch. In early elections in November 2012, the Justice and Development Party - a moderate Islamist party, won the largest number of seats, becoming the first Islamist party to lead the Moroccan Government. In January 2012, Morocco assumed a nonpermanent seat on the UN Security Council for the 2012-13 term.

PORT.
SPAIN
Strait of Gibraltar
Mediterranean
Sea
Ceuta (SP.)
Tangier
Tétouan
Nador
Melilla (SP.)
Oujda
RABAT
Kenitra
Fès
Meknès
NORTH
ATLANTIC
OCEAN
Casablanca
Mohammedia
Bou
Arfa
Safi
Marrakech
Jebel
Toubkal
Ouarzazat
Agadir
ALGERIA
Tarfaya
Sebkha Tah
Western Sahara
MAUR.
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Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Morocco is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 18 October 2013

The FATF welcomes Morocco's significant progress in improving its AML/CFT regime and notes that Morocco has established the legal and regulatory framework to meet its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in February 2010. Morocco is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Morocco will work with MENAFATF as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report.

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Morocco was undertaken by the Financial Action Task Force (FATF) in 2007. According to that Evaluation, Morocco was deemed Compliant for 3 and Largely Compliant for 9 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 5 of the 6 Core Recommendations.

US Department of State Money Laundering assessment (INCSR)

Morocco is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Morocco continues to strengthen its AML regime, making strides in risk management, information sharing, and streamlining implementation. The Financial Intelligence Processing Unit (UTRF), Morocco's FIU, conducted a national risk assessment (NRA) leading to the establishment of the National Coordinating Commission, chaired by UTRF. One of the commission working groups addresses threats and vulnerabilities related to money laundering. The assessment process is expected to lead to the development of a national strategy to combat money laundering.

The principal money laundering vulnerabilities in Morocco stem from a large informal sector, the prevalence of cash-based transactions, a high volume of remittances, and international trafficking networks. Morocco is an integration point for illicit drug money into the legitimate economy, and hundreds of millions of euros are laundered through the Moroccan economy yearly. In one case, members of an international money laundering organization (MLO) were arrested by French, Belgian, and Dutch authorities and accused of laundering 300 to 400 million euros from Western Europe through Dubai to Casablanca. Casablanca was used by the MLO as an entry point into the legitimate economy for proceeds derived from sales of illicit drugs throughout Western Europe. The illegal proceeds went from Western Europe to Dubai by hawala transfers and entered Morocco through front companies.

VULNERABILITIES AND EXPECTED TYPOLOGIES

The informal business sector, estimated at nearly 13 percent of GDP, and Moroccans' tendency to transact in cash, present regulatory challenges. A 2014 government survey found that more than half of Morocco's 1.6 million informal businesses made less than U.S. $10,000 yearly. However, the volume of business conducted informally, exceeding U.S. $40 billion yearly, makes the informal sector a source of vulnerability. In 2015, the government passed Law 114- 13, which offers benefits for informal sector workers to register as "self-employed," regulating small businesses and requiring them to pay taxes. More than 40,000 entrepreneurs registered by the end of 2016.

Money transfer services present a money laundering vulnerability due to their volume. Annual remittance transfers rose 4 percent to U.S. $62.6 billion in 2016. The majority of transfers originate in Europe, with more than one-third from France. UTRF now requires operators in this sector to collect information enabling the identification of senders and recipients abroad.

Morocco's geographical location as a gateway to Europe makes it an attractive conduit for smuggling, human trafficking, and illegal migration. The legislature has passed an anti-trafficking in persons law, which introduces a legal framework consistent with international standards. The law seeks to deter trafficking and money laundering with heavy sentences for offenders and a broad definition of trafficking to include anyone who gives or receives payments or benefits related to trafficking.

Unlawful trade in Moroccan-grown cannabis and the transiting of cocaine generates illicit profits. Morocco has also increasingly become a destination for cocaine trafficking. Moroccan authorities recently dismantled an international drug trafficking network and seized more than 2,500 tons of raw cocaine worth approximately U.S. $3 billion.

Morocco has seven FTZs. An interagency commission chaired by the Ministry of Finance regulates the FTZs. The FTZs allow customs exemptions for goods manufactured in the zones for export abroad. Currently, offshore banks are located only in the Tangier Free Zone. The UTRF has reported suspicions of money laundering schemes using the Tangier Free Zone.

Casino accounts are another vehicle through which money enters and exits Morocco without currency control restrictions. A person can establish an in-house account at a Moroccan casino, and this account can receive money from any casino in the world where an individual has an account. There are no limits on how much money can be transferred into or out of Morocco by this method. The extent to which this transfer method is used to launder illicit drug proceeds is currently unknown.

KEY AML LAWS AND REGULATIONS

UTRF continues to update policies, improve capacity, and promote coordination. Morocco has all key AML laws and regulations in place, including comprehensive KYC programs and STR procedures. High-risk customers/transactions are scrutinized under Morocco's AML law and the Periodical of the Governor of the Central Bank, No.2/G/2012.

Morocco is a member of the MENAFATF, a FATF-style regional body.

AML DEFICIENCES

The real estate market, art and antiquities dealers, and vendors of precious gems were included in the NRA. Drug proceeds are still laundered easily through investments in jewelry or vehicles, but mostly through real estate. Most non-financial sectors, including notaries and accountants, do not appear to pose significant risks, according to UTRF.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Morocco works closely with international partners to strengthen its AML regime. Morocco has implemented the 1988 UN Drug Convention and other applicable agreements and has voluntarily initiated exchanges with private sector partners to address key vulnerabilities. While the Central Bank holds supervisory authority to ensure compliance with banking regulations, the UTRF plays a vital role as the recipient of STRs. UTRF also assesses systemic risk, disseminates information to financial entities, and regularly hosts dialogues with banks, other financial entities, and government authorities to facilitate information sharing, capacity building, and coordination.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Morocco does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

EU White list of Equivalent Jurisdictions

Morocco is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

The port of Tanjier is considered to be an Offshore Financial Centre

Reports

US State Dept Narcotics Report 2017 (introduction):

Morocco is the world's largest producer and exporter of cannabis. According to the United Nations Office on Drugs and Crime (UNODC), Morocco's total cannabis production for the 2015-2016 growing season was an estimated 700 metric tons, which, potentially equivalent to as much as 23 percent of Morocco's $100 billion GDP once processed into hashish.

Government of Morocco representatives have stated that Morocco is becoming a transit route for cocaine originating from South America to Europe. Couriers of mostly West African origin are arrested on a weekly basis at the Casablanca International Airport with kilograms of cocaine concealed inside their luggage or ingested. In late 2016, Moroccan authorities achieved two record cocaine seizures, including a 250 kilogram (kg) seizure involving the arrest of two Peruvian "cooks" at a cocaine conversion laboratory in Oujda, and an approximately 1,230 kg seizure from a ship in Dakhla. These were the two largest cocaine seizures ever recorded in Morocco.

Hashish is the most widely used illicit drug within Morocco. Moroccan authorities cite "karkoubi," a generic name for several addictive benzodiazepines, as the second most commonly used drug. The Moroccan government has claimed that these psychotropic drugs enter the country from mainly from Algeria, and have been tied to a number of violent crimes committed by mostly young men under their hallucinogenic and aggressive effects. Approximately 25 percent of all Moroccan inmates (approximately 19,000) are incarcerated on drug charges. There is a domestic market both for cocaine and heroin, albeit a relatively small one due to the high price of these drugs.

Morocco is updating its criminal code of procedure to enable law enforcement agencies to conduct undercover operations and other techniques not currently allowed. The new law is expected to take effect in spring 2017. The Government of Morocco recognizes its current limitations and works within the existing framework with its U.S. and European partners. Due to rivalries between Moroccan law enforcement agencies with overlapping drug control mandates, some Moroccan civil society commentators have advocated for creating an agency dedicated to combating drug trafficking.

In February 2017, the U.S. Drug Enforcement Administration (DEA) opened its first regional office on the African continent in Rabat, Morocco. There is no extradition treaty in force between the United States and Morocco. Mutual legal assistance between the United States and Morocco is governed by a bilateral agreement that entered into force in 1993. Both countries are parties to multilateral conventions which provide for cooperation in criminal matters.

US State Dept Trafficking in Persons Report 2016 (introduction):

Morocco is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Morocco is a source, destination, and transit country for men, women, and children subjected to forced labor and sex trafficking. According to a November 2015 study conducted by the Moroccan government, with support by an international organization, children are exploited in Morocco for labor, domestic work, begging, and prostitution. Although the incidence of child domestic work has reportedly decreased since 2005, girls are recruited from rural areas for work in domestic service in cities and become victims of forced labor. Some Moroccan boys endure forced labor while employed as apprentices in the artisanal and construction industries and in mechanic shops. The 2015 study also found that some women are forced into prostitution in Morocco by members of their families or other intermediaries. Some female undocumented migrants, primarily from sub-Saharan Africa and South Asia, are coerced into prostitution. Criminal networks operating in Oujda on the Algerian border and in the northern coastal town of Nador force undocumented migrant women into prostitution and begging; networks in Oujda also reportedly force children of migrants to beg. Some female migrants, particularly Nigerians, who transit Oujda are forced into prostitution once they reach Europe. International organizations and local NGOs report unaccompanied children and women from Cote d'Ivoire, Democratic Republic of the Congo, Senegal, Nigeria, and Cameroon are highly vulnerable to sex trafficking and forced labor in Morocco. Some reports suggest Cameroonian and Nigerian networks force women into prostitution, while Nigerian networks also force women to beg in the streets by threatening the victims and their families; the victims are typically the same nationality as the traffickers. Some women from the Philippines and Indonesia are recruited for employment as domestic workers in Morocco; upon arrival, some are subjected to forced labor, experiencing non-payment of wages, withholding of passports, and physical abuse at the hands of their employers. Moroccan men, women, and children abroad are exploited in forced labor and sex trafficking, primarily in Europe and the Middle East. Moroccan women who are forced into prostitution abroad experience restrictions on movement, threats, and emotional and physical abuse. Recruiters reportedly offer Moroccan men jobs in the Persian Gulf, but seize the victims' passports and subject them to debt bondage after arrival. Some Moroccan men and boys, initially lured to Europe by fraudulent job offers, are forced to sell drugs. Some foreigners, primarily from France and Spain, engage in child sex tourism in major Moroccan cities.

The Government of Morocco does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government continued efforts to prevent human trafficking, including child sexual exploitation. Moroccan law does not prohibit all forms of human trafficking and its lack of clarity frequently led officials to conflate human trafficking, human smuggling, and illegal migration. To address this challenge, the government provided anti-trafficking training to prosecutors and judges. The government reported minimal efforts to investigate potential trafficking crimes under existing laws and did not provide the details of such cases to determine if they included trafficking offenses. The lack of prosecutions and convictions for trafficking crimes was not commensurate with the scope of the known problem. The government did not proactively identify trafficking victims among vulnerable populations, especially among migrants. As a result, unidentified victims among vulnerable populations remained at risk of penalization and re-trafficking. The government, however, funded protective services, particularly for migrants, and maintained cooperation with NGOs and international organizations in referring vulnerable populations, including potential unidentified trafficking victims, to social services on a limited ad-hoc basis.

US State Dept Terrorism Report 2016

Overview: Morocco has a comprehensive counterterrorism strategy that includes vigilant security measures, regional and international cooperation, and counter-radicalization policies. The government has treated counterterrorism as a top priority since the country experienced suicide bombing attacks in Casablanca in 2003, and that focus has been reinforced by attacks in 2007 and 2011. In 2016, Morocco's counterterrorism efforts effectively mitigated the risk of terrorism, although the country continued to face threats, largely from small, independent violent extremist cells. The majority of the cells claimed to be inspired by or affiliated with ISIS.

During the year, authorities reported the disruption of multiple groups with ties to international networks that included ISIS, al-Qa'ida in the Islamic Maghreb (AQIM), and al-Nusrah Front (al -Qa'ida's affiliate in Syria). According to local media, Moroccan security forces dismantled 18 terrorist cells and conducted 161 terrorism-related arrests in 2016, including of Algerian, Chadian, French, and Italian nationals. The government remained concerned about the potential return of Moroccan foreign terrorist fighters who could conduct attacks at home or potentially in Western Europe. Moroccan authorities reported approximately 1,500 Moroccan nationals are foreign terrorist fighters. As a result of increased international cooperation and vigilance by Moroccan authorities, and consistent with global trends on foreign terrorist fighters, only a few Moroccans departed for Iraq or Syria in 2016.

Morocco is a founding member of the Global Counterterrorism Forum (GCTF) and the Global Coalition to Defeat ISIS, and participates in all of the Coalition Working Groups. In April 2016, Morocco took over the GCTF co-chair role from Turkey. Morocco and the Netherlands serve as GCTF co-chairs and the co-chairs of the GCTF Foreign Terrorist Fighters Working Group.

Legislation, Law Enforcement, and Border Security: Morocco enacted comprehensive counterterrorism legislation in 2003. In 2015, Morocco expanded existing legislation to address the foreign terrorist fighter threat by widening the definition of terrorist offenses to cover terrorist acts or attempts to join a terrorist group and involvement in recruitment and training activities, making it compliant with UN Security Council resolution (UNSCR) 2178 (2014). This law also extended the jurisdiction of national courts to allow the prosecution of foreign nationals who commit terrorist crimes outside Morocco if they are present on Moroccan soil.

Moroccan law enforcement units aggressively targeted and effectively dismantled terrorist cells within the country by leveraging intelligence collection, police work, and collaboration with regional and international partners. The Moroccan Central Bureau of Judicial Investigation (BCIJ), a central institution established in 2015, is the primary law enforcement agency responsible for counterterrorism law enforcement. Reporting to the General Directorate for Territorial Surveillance (DGST), the BCIJ operates under the supervision of the public prosecutor of the Court of Appeals. The Penal Procedure code grants DGST agents the rank of judicial police officers, allowing them to conduct investigations, questioning, and arrests. The Penal Procedure code also grants DGST officers the recourse to electronic tracking and telephone surveillance upon receiving written consent from the Court of Appeals or a judge.

The General Directorate for National Security (DGSN) is primarily responsible for handling border inspections at established ports of entry such as Casablanca's Mohammed V Airport, where most border crossings occur. Law enforcement officials and private carriers have worked regularly with the United States to detect and deter individuals attempting to transit illegally. Moroccan government authorities worked directly with U.S. Customs and Border Protection's Regional Carrier Liaison Group and the U.S. Department of Homeland Security's (DHS) Investigations Attaché office at the U.S. Consulate in Casablanca to address watchlisted or mala fide travelers. Moroccan airport authorities have excellent capabilities in detecting fraudulent documents, but currently lack biometric screening capabilities. In addition, the police, customs officers, and Gendarmerie Royal operate mobile and fixed checkpoints along the roads in border areas.

Morocco continued to participate in the Department of State's Antiterrorism Assistance program to support the development of Moroccan law enforcement expertise in the areas of crisis management, border security, and terrorism investigations, and to strengthen regional counterterrorism capabilities to deny space to terrorists and terrorist networks. Under the Trilateral Initiative framework, in 2016 the Governments of Morocco and the United States hosted a course in critical incident management for members of the Senegalese security services. Morocco also continued to partner with the United States to improve the police criminal investigation process through the development and implementation of chain of custody and evidence management procedures; forensic evidence collection and analysis, including DNA analysis; and mentoring and training. Morocco participated in GCTF and Department of Justice programs to improve technical investigative training for police and prosecutors. DGSN, Moroccan Customs, and the Royal Gendarmerie were active partners and participants in DHS-sponsored training events on border security and financial investigation. Finally, Moroccan government officials participated in several U.S. Federal Bureau of Investigation-led courses to improve capacity in intelligence analysis and cybersecurity.

While no terrorist incidents occurred in Morocco in 2016, Morocco's counterterrorism efforts and cooperation with international partners led to numerous disruptions of alleged terrorist cells and prosecutions of associated individuals.

Countering the Financing of Terrorism: Morocco is a member of the Middle East and North Africa Financial Action Task Force, a Financial Action Task Force (FATF)-style regional body. Its financial intelligence unit, the Unité de Traitement du Renseignement Financier (UTRF), is a member of the Egmont Group of Financial Intelligence Units. Morocco criminalizes money laundering violations in accordance with international standards and actively uses the statutes to detect terrorist financing. Through September 2016, UTRF received 297 suspicious transaction reports. UTRF has signed memoranda of understanding facilitating information exchange with regional FIUs. The UTRF is also working to update current legislation to better implement UNSCR 1373 (2001) and the UN Security Council ISIL (Da'esh) and al-Qa'ida sanctions regime. Finally, in alignment with the 2012 FATF Recommendations, the UTRF is preparing a national risk assessment to plan and execute more effective counter measures against terrorist financing.

Moroccan officials are demonstrating success in detecting terrorist financing. In November, a joint BNPJ and BCIJ operation arrested two Turkish nationals and a Moroccan who were involved in diverting a national telephone operator's communication lines to sell stolen services to raise funds for ISIS. The group had ties with ISIS operational leaders and intended to fund ISIS activities and facilitate the return of foreign terrorist fighters to Europe

International Sanctions

Morocco is not currently subject to any International Sanctions

Arab League

November 28, 2011 - The Arab League (comprising 22 Arab member states), of which this country is a member, has approved imposing sanctions on Syria. These include: -

- Cutting off transactions with the Syrian central bank
- Halting funding by Arab governments for projects in Syria
- A ban on senior Syrian officials travelling to other Arab countries
- A freeze on assets related to President Bashar al-Assad's government

The declaration also calls on Arab central banks to monitor transfers to Syria, with the exception of remittances from Syrians abroad.

The Arab League has boycotted Israel in a systematic effort to isolate Israel economically in support of the Palestinians, however, the implementation of the boycott has varied over time among member states.

There are three tiers to the boycott. The primary boycott prohibits the importation of Israeli-origin goods and services into boycotting countries. The secondary boycott prohibits individuals, as well as private and public sector firms and organizations, in member countries from engaging in business with any entity that does business in Israel. The Arab League maintains a blacklist of such firms. The tertiary boycott prohibits any entity in a member country from doing business with a company or individual that has business dealings with U.S. or other firms on the Arab League blacklist.

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	40
World Governance Indicator – Control of Corruption	53

Corruption represents a problem for businesses in Morocco. Almost all sectors suffer from rampant corruption. Cultures of patronage, nepotism and wasta (the use of connections) exist, and inefficient government bureaucracy and excessive red tape deter investors. The legal framework concerning corruption, transparency and integrity is in place, and the regulatory system is becoming increasingly transparent. Under the Moroccan Criminal Code, active and passive bribery, extortion, influence peddling and abuse of office are illegal. Anti-corruption laws are reportedly not enforced effectively by the government. Prosecutions of corruption cases have been accused of targeting only petty corruption, and, allegedly, companies owned by highly influential persons are rarely disciplined. Facilitation payments and giving and receiving gifts are criminalized under Moroccan law, but businesses indicate the likelihood of encountering these practices is high. **Information provided by GAN Integrity.**

US State Department

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. 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. 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 2013 Corruption Perception Index published by Transparency International (TI) http://www.libertadciudadana.org/archivos/ipc2013/2013_CPIBrochure_EN.pdf, Morocco dropped 3 spots from its 2012 rank of 88 to 91 out of 177 countries. 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.

Corruption and Government Transparency - Report by Global Security

Political Climate

Morocco faces a number of socio-political challenges, including the occurrence of both petty and grand corruption in economic as well as political arenas. The general public believes that politicians are corrupt and merely in search of personal gain, which has led to deep public mistrust in the political system. In February and March 2011, thousands of Moroccans took to the streets of Moroccan cities, demanding an end to corruption, reforms to fight unemployment in the country, better civil rights, and also a reduction in the power of the incumbent King Mohammed VI. In March 2011, the King promised reforms, and as a consequence of the uprisings during the Arab Spring, the King held parliamentary elections, originally scheduled for 2012, in November 2011. The outcome of the elections reflected voters' dissatisfaction with unemployment and corruption, as the majority of seats went to the largest government opposition, the Justice and Development Party. In addition, the Parliament also in October 2011 passed a landmark law to protect trial witnesses and experts, as well as whistle-blowers.

An anti-corruption campaign carried out in 2001 revealed corruption and embezzlement in banking, social security, agricultural credits, public housing, state contracts, public companies, municipal councils, and even international aid projects. However, a December 2010 article by The Guardian argues, citing a leaked US Embassy report, that corrupt practices have become 'much more institutionalised' under King Mohammed VI, and that the royal family has been using public institutions to 'coerce and solicit bribes'. According to the article, this type of corruption particularly affects the real estate sector. Furthermore, significant drug trafficking in northern Morocco is conducive to corruption, and drug lords successfully bribe the police, judges and high-level officials within the security and customs services in order to smuggle drugs to Europe.

The problem of corruption in Morocco has been well publicised, and the country's outspoken media, civil society and successive governments have advocated launching a fight against corruption. This has led to the ratification of the United Nations Convention against Corruption (UNCAC) in 2007 and the creation of an anti-corruption commission (the ICPC, in French) in December 2008. However, the ICPC is not entitled to investigate and prosecute corruption cases, and therefore its efficiency is not limited, according to the Bertelsmann Foundation 2012. According to a January 2010 article by Magharebia, the Minister for Public Sector Modernisation had set up an inter-ministerial committee to oversee government actions against corruption. The committee has presented a series of recommendations, such as creating a hotline to receive complaints on corruption and developing a code of conduct for civil servants. The government has also carried out investigations against officials, many of which resulted in convictions. Nevertheless, these measures have been criticised of only targeting petty corruption. Also high profile cases and political cases have been promptly halted in order to avoid political embarrassment. In effect, the US Department of State 2011 reports that corruption is considered a serious problem in all branches of the government. Transparency International's National Integrity System Morocco 2009 reports that the country has no law regulating conflict of interests between a minister's official functions and private activities. Currently, a conflict of interest law is working its way through the legislative process, according to the American Bar Association Rule of Law Initiative. Ministers and parliamentarians are obliged to declare their assets, but declarations are not publicly available. According to Transparency International's Global Corruption Barometer 2010/2011, only 18% of the surveyed households consider the government's efforts in fighting corruption as effective. The surveyed households also identify public officials/civil servants as the most corrupt sector in Morocco, with more than 18.4% of the surveyed households consider this sector to be 'extremely corrupt'.

Business and Corruption

Morocco enjoys macroeconomic stability with low inflation, a large reserve of foreign exchange and a diminishing foreign debt. However, although the country has performed well in economic terms over the past few years, it still faces structural problems, including a heavy reliance on agriculture. Morocco is highly accommodating to both foreign and domestic investment, and the US Department of State 2013 reports that the government has actively sought to discuss with foreign investors how to improve the investment climate. Public procurement amounts to 15% of the country's GDP and is allegedly stained by corrupt practices with harmful consequences for both the cost and quality of public services, despite the fact that government tender processes have been reformed to enhance transparency. A new public procurement code has been in place since 2007, stating conditions and rules for the management and control of state procurement. The new code aimed to address the shortcomings of the 1998 procurement code in terms of competition and transparency in the procurement process. Freedom House 2011 comments that despite witnessing some progress in the procurement process, there is still considerable room for improvement in this area.

According to the Bertelsmann Foundation 2010, Morocco’s large informal sector and weak law enforcement against corruption are amongst the main reasons for the existing problem of widespread corruption. Corruption remains a major problem for the private sector in Morocco. In fact, corruption and red tape have been identified by both domestic and foreign companies as being major impediments to business operations. For instance, in the World Economic Forum Global Competitiveness Report 2012-2013, the surveyed companies cite corruption to be the third most problematic factor for doing business in Morocco, after inefficient government bureaucracy and access to financing. According to the report, public funds are sometimes diverted to companies, individuals or groups due to corruption and that government officials tend to show favouritism when deciding upon policies and contracts. In addition, companies behave unethically in interactions with public officials, politicians and other companies to the point that their behaviour constitutes a competitive disadvantage for the country. According to a March 2012 article by Magharebia, the Prime Minister has prioritised to fight corruption in granting of licences, housing and procurement. Amongst the measures that have been undertaken is strengthening the powers of the Competition Committee, whose mandate is to control unfair business. The chairman of the Committee states that corrupt practices have cost the national economy between 1 and 1.5% of the GDP. The Minister Delegate for General affairs and Governance assured that stamping out corrupt practices such as securing a public tender by 'a phone call' was one of the government's priorities. Of the companies surveyed in the World Bank & IFC Enterprise Surveys 2007, slightly more than 27% state that corruption is a major constraint to doing business in Morocco, while more than 13% expect to pay bribes to public officials to 'get things done'. Investors are strongly recommended to develop, implement and strengthen integrity systems and to conduct extensive due diligence before committing funds and when already doing business in Morocco.

Economic reforms have failed to materialise fully into increased investments, as many Moroccan investors lack confidence in the business environment. The Carnegie Endowment 2008 report on Morocco states that a majority of local entrepreneurs consider corruption to be the main obstacle to investment and economic development, and an understanding of the need to combat corruption is emerging within the private sector in Morocco. The General Confederation of Moroccan Entrepreneurs (CGEM) has taken several initiatives to raise awareness about corruption and the necessity of fighting it, for example, an anti-corruption committee has been set up and, in 2008, the CGEM has in a joint initiative with public authorities adopted the Moroccan Code of Good Practice for Corporate Governance.

Regulatory Environment

In line with its positive stance towards investment, Morocco has made tremendous efforts to improve its regulatory environment. To facilitate foreign investment, the government has created a number of Regional Investment Centres (in French) in 2002 in cooperation with USAID, to provide one-stop shops to minimise and accelerate cumbersome bureaucratic procedures. Several economic reforms have been implemented; modern laws have been passed to regulate the stock market and the banking industry, and the tax system has been somewhat simplified. Furthermore, bookkeeping and auditing procedures have been aligned to Western European standards. There is no formal screening or government selection process for foreign companies wishing to invest in Morocco, nor are there performance requirements. The government welcomes foreign participation in its privatisation programme, and the Investment Code from 1995 applies equally to foreign and local investors, although foreign investors are favoured in many areas, such as in foreign exchange provisions. Nevertheless, according to the World Bank & IFC Doing Business 2013, the country's excessive bureaucratic red tape continues to be a major constraint on the competitiveness of the economy and deters investors.

Also the US Department of State 2013 pinpoints that the government's efforts to increase transparency in the regulatory system have not yet been fruitful, as the Moroccan administration remains opaque and difficult to navigate, and obtaining routine permits can be difficult. This view is also endorsed by Freedom house 2012, which reports that corruption remains institutionalised both in the public sector and in the business world despite the government's rhetoric on combatting widespread corruption. On the other hand, business executives surveyed in the World Economic Forum Global Competitiveness Report 2012-2013 give complying with administrative requirements (permits, regulations, reporting) issued by the government a score of 3.4 on a 7-point scale (1 'extremely burdensome' and 7 'not burdensome at all').

The legal framework concerning corruption, transparency and integrity seems to be in place, and the regulatory system itself is becoming increasingly transparent. However, allegations persist that regulatory agencies fail to discipline regulation-violating companies owned by highly influential persons and that regulations shown to jeopardise the entrenched interests of the higher circles of political and economic power are disregarded. As an illustration of this point, the Bertelsmann Foundation 2008 reports that the government passed legislation in 2001 to improve and regulate competition practices, and members of a competition council were already appointed by 2002. However, according to the Bertelsmann Foundation 2012, the council only has a consultative role, with the Prime Minister having the ultimate authority to decide whether or not to implement the council's recommendations. Furthermore, the council is used as an instrument for the executive to pick out the anti-competition cases it wants to prosecute, and is not functioning as an impartial institution. Nevertheless, a March 2012 article by Magharebia reports that the Competition Council has become recognised by the constitution and its powers have expanded. The article notes that the former initiatives are one of the measures that the new Prime Minister has undertaken to fight competitive irregularities in the Moroccan economy. In general, and according to the Morocco Rule of Law Assessment 2010, the widely held view is that corruption is tolerated in all sectors of the government and that political elites act with impunity. The assessment regarded corruption as one of the most significant challenges facing the country. The Bertelsmann Foundation 2012 points to the fact that the private sector is dominated by companies owned by the monarchy, which can easily evade regulations to their advantage and with impunity. According to a December 2010 article by The Guardian, which cites a leaked US embassy report, the Omnium Nord African (ONA), a holding company owned by King Mohammed VI, has regularly 'coerced' development project workers to grant beneficial rights to it. The article has described the King's involvement in business as lacking transparency and integrity.

Morocco has signed the New York Convention of 1958 (with reservations) on the Recognition and Enforcement of Foreign Arbitration Awards, and the Washington Convention, which provides for the use of the International Centre for the Settlement of Investment Disputes (ICSID). While Morocco's commercial and appeals courts have generally improved the dispute settlement climate, Moroccan and foreign companies continue to complain about the inefficiency and the lack of transparency in the judicial system, according to the US Department of State 2013. The same source reports that other shortcomings include legal procedures being inefficient and the courts being slow and unable to enforce legal rulings. As a result, foreign companies often settle disputes through arbitration instead of using local courts. Given these shortcomings, companies are advised to include arbitration clauses in all their contracts. Access the Lexadin World Law Guide for a collection of legislation in Morocco.

Section 3 - Economy

Morocco has capitalized on its proximity to Europe and relatively low labour costs to work towards building a diverse, open, market-oriented economy. Key sectors of the economy include agriculture, tourism, aerospace, automotive, phosphates, textiles, apparel, and subcomponents. Morocco has increased investment in its port, transportation, and industrial infrastructure to position itself as a centre and broker for business throughout Africa. Industrial development strategies and infrastructure improvements - most visibly illustrated by a new port and free trade zone near Tangier - are improving Morocco's competitiveness.

In the 1980s, Morocco was a heavily indebted country before pursuing austerity measures and pro-market reforms, overseen by the IMF. Since taking the throne in 1999, King MOHAMMED VI has presided over a stable economy marked by steady growth, low inflation, and gradually falling unemployment, although poor harvests and economic difficulties in Europe contributed to an economic slowdown. To boost exports, Morocco entered into a bilateral Free Trade Agreement with the US in 2006 and an Advanced Status agreement with the EU in 2008. In late 2014, Morocco eliminated subsidies for gasoline, diesel, and fuel oil, dramatically reducing outlays that weighted on the country's budget and current account. Subsidies on butane gas and certain food products remain in place. Morocco also seeks to expand its renewable energy capacity with a goal of making renewable more than 50% of installed electricity generation capacity by 2030.

Despite Morocco's economic progress, the country suffers from high unemployment, poverty, and illiteracy, particularly in rural areas. Key economic challenges for Morocco include reforming the education system and the judiciary.

Agriculture - products:

barley, wheat, citrus fruits, grapes, vegetables, olives; livestock; wine

Industries:

automotive parts, phosphate mining and processing, aerospace, food processing, leather goods, textiles, construction, energy, tourism

Exports - commodities:

clothing and textiles, automobiles, electric components, inorganic chemicals, transistors, crude minerals, fertilizers (including phosphates), petroleum products, citrus fruits, vegetables, fish

Exports - partners:

Spain 22.1%, France 19.7%, India 4.9%, US 4.3%, Italy 4.3% (2015)

Imports - commodities:

crude petroleum, textile fabric, telecommunications equipment, wheat, gas and electricity, transistors, plastics

Imports - partners:

Spain 13.9%, France 12.4%, China 8.5%, US 6.5%, Germany 5.8%, Italy 5.5%, Russia 4.4%, Turkey 4.3% (2015)

Banking

In comparison to the rest of the Arab world and Africa, Morocco continues to modernize its relatively comprehensive banking system, originally modeled after the French system. There are 16 banks in the country plus five government-owned specialized financial institutions, about 30 credit agencies and about 12 leasing companies. The bank reform law of 1993 laid out parameters for banking activities, clarified oversight and control responsibilities, specified legal penalties for violations of banking regulations and established a deposit guarantee fund. Pending banking reform legislation will further liberalize the sector and improve oversight coordination and lines of authority.

Since financial liberalization, credit is allocated freely, and the central bank has used indirect methods to control the interest rate and volume of credit. The banking system is still used by the government to channel domestic savings to finance government debt, and banks are required to hold part of their assets in bonds paying below market interest rates.

Morocco's banking sector is stronger, and the private sector's role is more active, than in many other African countries. The potential in this sector is great, as it is estimated that only 47% of the population use banks.

Stock Exchange

The Casablanca Stock Exchange is one of the largest and most important in Africa. Privatized in 1996, the CSE is managed by 13 brokerage companies and regulated by an independent oversight commission similar to the SEC.

Section 4 - Investment Climate

Executive Summary

Despite global economic uncertainty and slowed capital inflows into North Africa following the Arab Spring, the Moroccan government is making great strides in attracting foreign direct investment (FDI). It actively encourages and facilitates foreign investment through macro-economic policies, trade liberalization, and structural reforms. Further, due to its political stability, solid infrastructure, and strategic location, Morocco is becoming a regional manufacturing and export base for international companies. Morocco's overarching economic development plan seeks to leverage its unique status as a multilingual nation with a tri-regional focus (toward Sub-Saharan Africa, Middle East, and Europe) to transform the country into a regional hub for shipping, logistics, finance, manufacturing, assembly, and sales.

The Government of Morocco has implemented a series of strategies aimed at raising performance and output in key revenue-earning sectors, boosting employment, and attracting foreign investment. An ambitious 2014 strategy set out to create 500,000 new jobs in manufacturing by 2020 by targeting higher levels of FDI and strengthening the linkages between the small business sector and Morocco's industrial leaders. Morocco has also focused on positioning itself as a financial hub for Africa, and offers incentives for firms that locate their regional headquarters in the Casablanca Finance City (CFC), Morocco's flagship financial and business center launched in 2010 by King Mohammed VI.

Morocco has ratified 63 bilateral investment treaties for the promotion and protection of investments and 51 agreements that aim to eliminate the double taxation of income or gains, including with the United States and most EU nations. 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, immediately eliminating tariffs on more than 95 percent of qualifying consumer and industrial goods. For a limited number of products, tariffs will be phased out through 2024. Since the United States-Morocco FTA came into effect, overall bilateral trade has increased by more than 300 percent, and the United States is now Morocco's third largest trading partner. 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.

Despite significant progress in its business and economic environment, Morocco continues to face limitations posed by its lack of skilled labor, spotty intellectual property rights protection, inconsistently enforced anti-corruption laws, and limited regulatory transparency. According to the World Economic Forum's Global Competitiveness Report 2014-2015 (http://reports.weforum.org/global-competitiveness-report-2014-2015/), 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. Nevertheless, multinational companies cite Morocco's security and stability as positive factors contributing to the country's appeal as a base for their regional activities.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	88 of 175	https://www.transparency.org/cpi2015/#results-table
World Bank's Doing Business Report "Ease of Doing Business"	2015	75 of 189	http://www.doingbusiness.org/rankings
Global Innovation Index	2015	78 of 143	https://www.globalinnovationindex.org/content/page/gii-full-report-2015/#pdfopener
U.S. FDI in partner country (USD millions, stock positions)	2014	$237.7	IMF's Coordinated Direct Investment Survey (http://data.imf.org/CDIS)
World Bank GNI per capita	2014	$3,070	http://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) of USD 4,125 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.

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.

Moroccan legislation applies equally to Moroccan and foreign legal entities and to both domestic and foreign investment (direct and portfolio), with the exception of certain protected sectors such as phosphate mining. Morocco also limits foreign ownership stake in air and maritime transport companies and maritime fisheries, and foreigners are not allowed to own agricultural land, although they may lease it. (See section 1.5 for further information.)

In 2012, Morocco became the first Middle East and North Africa partner of the United States 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 specify local content preferences, particularly in certain sectors.

Morocco has signed numerous bilateral and international trade agreements in an effort to liberalize its business environment and has adopted internationally accepted business laws, accounting procedures and technical norms.

Morocco is ranked 75 out of 189 economies in the 2016 Doing Business report, five positions better than in 2015. The report attributed the improvement to several recent reforms that simplified registration formalities for starting a business, simplified the process of gaining access to electricity, simplified procedures to register property, and facilitated taxes payment via electronic systems. However, Morocco continues to rank below the worldwide average in resolving insolvency, trading across borders, minority investor protection, and credit availability.

Other Investment Policy Reviews

The World Trade Organization (WTO) 2015 Trade Policy Review (TPR) of Morocco can be found here: https://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm#bycountry. The review found that the trade reforms implemented since the last TPR (2009) have contributed to the economy's continued vigorous growth by stimulating competition on the domestic markets, encouraging innovation, creating new jobs, and contributing to growth diversification.

In February 2015, the European Bank for Reconstruction and Development published its first country strategy for Morocco: http://www.ebrd.com/news/2015/ebrd-approves-first-country-strategy-for-morocco-.html. The analysis recognized Morocco's notable political reforms since 2013, as well as its good economic performance, despite some volatility.

The United Nations Conference on Trade and Development (UNCTAD) analyzes investment conditions and opportunities in Morocco in a 2010 report available here (French): http://unctad.org/fr/Docs/diaepcb20093_fr.pdf. The review noted that Morocco's economic performance has improved due to positive trade reforms as well as a favorable economic and political environment.

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 on 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 charter provided for a highly liberalized environment for foreign investors by permitting foreign investment in most sectors.

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).

In January 1993, Morocco accepted Article VIII of the Articles of Agreement of the International Monetary Fund to liberalize all current payments and provide full convertibility for current transactions.

When Morocco acceded to the OECD Declaration on International Investment and Multinational Enterprises in November 2009, Morocco guaranteed national treatment of foreign investors (i.e., according like treatment to both foreign and national investors in like circumstances).

The only exception to this national treatment of foreign investors are in those sectors closed to foreign investment (the negative list), which was notified upon accession to the Declaration.

Other regulations that governs foreign investment are Decree no. 2-00-895 of January 31, 2001, Decree no 2-04-847 of October 22, 2004, and the General Instruction and circulars of the Foreign Exchange Office (*Office d'Échange*).

The 2011 Constitution provides for independence of the judiciary and separates the legislature and the judiciary from the executive.

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/

Business Registration

In the World Bank Doing Business 2016 report, Morocco ranked 43 out of 189 economies worldwide in terms of ease of starting a business, an improvement of 9 rankings over the previous year. In the past three years, Morocco has implemented a number of reforms facilitating business registration such as eliminating the need to file a declaration of business incorporation with the Ministry of Labor, reducing company registration fees, and eliminating minimum capital requirements for limited liability companies.

According to the World Bank, the process of registering a business in Morocco takes an average of 10 days (significantly less than the Middle East and North Africa regional average of 18.8 days). Including all official fees and fees for legal and professional services, registration costs 9.1 percent of Morocco's per capita income (less than half the region's average, 25.8 percent). Moreover Morocco does not require any paid-in minimum capital to be deposited in a bank or with a notary.

Except for French companies, which are provided an exemption, foreign companies are required to provide an apostilled translated copy of its articles of association, and an extract of the registry of commerce in its country of origin. Moreover, foreign companies must report the incorporation of the subsidiary a posteriori to the Foreign Exchange Board (Office National de Change) to facilitate repatriation of funds abroad (such as profits, dividends).

Registration requires four steps: 1) obtain a "Certificat Négatif" online, which registers the company name at the Regional Investment Center (CRI, Centre Regional d'Investissement), 2) pay stamp duty, 3) file documents with CRI to register with the Ministry of Finance for patent tax, with the Tribunal of Commerce, and for social security and taxation, 4) and make a company stamp.

The main laws governing business registration are Commercial Code Law No. 5-96 (relating to limited liability companies and corporations), and Law No. 17-95 (relating to public companies).

Information about business registration may be found on the Moroccan government portal: http://rabat.eregulations.org/procedure/2/2?l=fr

The Moroccan Agency for Investment Development (Agence Marocaine de Développement des Investissements) is Morocco's primary agency is responsible for the development and the promotion of investment in Morocco: http://www.invest.gov.ma

Morocco's National Agency for the Promotion of Small and Medium Enterprises (ANPME) defines micro enterprises as those having an annual turnover less than USD 1.03 million, and small and medium enterprises (SMEs) as those with an annual turnover between USD 1.03 million and USD 20.7 million. Within the framework of the Industrial Acceleration Plan, ANPME has launched the Istitmar-growth program, which supports micro enterprises and SMEs by focusing on their restructuring needs, modernization, and competitiveness.

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. In 2015, the industrial sector created 15,000 jobs, per Haut-Commissariat au Plan figures. The plan aims to support the development of SMEs, improve youth employability, support integrated industrial platforms, and promote exports, using increased foreign investment to boost knowledge sharing and technology transfer. 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

The Moroccan government established the Casablanca Finance City (CFC) in December 2010 to position Casablanca as a financial hub for 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). In the March 2016 Global Financial Centers Index, Casablanca is ranked 33 of 84 worldwide, which represents a 29-position improvement over the March 2014 ranking. Casablanca was the only financial center in Middle East and Africa not to fall in rank since the last report (September 2015). Casablanca is now the fourth ranked financial center in the Middle East and Africa region, and is the highest ranked financial center in Africa, ahead of Johannesburg.

Morocco is investing heavily in its energy sector, and seeks to have 52 percent of its total installed electricity generation capacity be from renewable energy (solar, wind, and hydraulic) by 2030. With a goal to make solar and wind energy 14 percent of total installed generation capacity respectively by 2020, Morocco aims to increase solar and wind electricity production capacity to 2000 MW. To increase its use of natural gas for the production of electricity, Morocco announced plans in 2014 to invest USD 4.6 billion in a liquefied national gas (LNG) regasification terminal and related infrastructure, including several gas to power plants.

As of 2015, Morocco has 13 international trade ports, 12 regional fishing ports, 9 local fishing ports, and 6 marinas. The total volume processed through the ports equaled 110 million tons in 2015, a 19.5 percent increase over 2010 figures. 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 in 2014 traffic reached capacity, exceeding 32 million tons (of which 22.2 million transshipment). Once additional terminals become 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 is also improving 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 and Right to Private Ownership and Establishment

Morocco places a 49 percent cap on foreign investment in air and maritime transport companies and maritime fisheries. Foreigners are prohibited from owning agricultural land, though they can lease it for up to 99 years. (Morocco does allow foreigners to purchase non-agricultural land.) French, Spanish and Middle Eastern investment in the agricultural sector centers mostly on citrus and olives, with smaller investment in grapes and berries. The Moroccan government holds a monopoly on phosphate extraction through the 95 percent state-owned Office Chérifien des Phosphates. Morocco has also reserved a discretionary right to limit all foreign majority stakes in the capital of large national banks, but does not appear to have exercised that right. Moreover, the Moroccan central bank (Bank Al Maghrib) may use regulatory discretion in issuing authorization for the establishment of domestic and foreign-owned banks.

Morocco adheres to the OECD Declaration on International Investment and Multinational Enterprises. Morocco's OECD FDI Regulatory Restrictiveness Index in 2014 was 0.07 (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, the Moroccan government initiated an ambitious program of privatization, which enabled

Morocco to channel a large volume of foreign direct investment to key sectors such as telecommunications, energy, agribusiness, financial services, and tourism. When this program ended in August 2011, total revenue from divestment in state-owned enterprise (SOE) and the granting of telecom licenses totaled approximately USD 13 billion. The state still holds significant shares in the main telecommunications companies, banks, and insurance companies as well as railway and air transport companies.

Screening of FDI

As set forth in the 1995 Investment Charter, there is no requirement for prior approval of FDI, and 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 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.

Law No. 20-13, adopted on August 7, 2014, amended the powers of the competition council to bring them in line with the 2011 constitution. The Competition Council is now charged with: 1) making decisions on anti-competition practices and controlling concentrations, with broad powers of investigation and sanction, 2) providing opinions in official consultations by government authorities, and 3) publishing reviews and studies on the state of competition.

2. Conversion and Transfer Policies

Foreign Exchange

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 balance sheets and profit and loss statements, 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 guarantees full currency convertibility for capital transactions, free transfer of profits, and free repatriation of invested capital, when such investment is governed by the convertibility arrangement. 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.

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 was adjusted from an 80/20 Euro/Dollar split to a 60/40 split in April 2015 to reflect 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. In December 2015, Bank Al-Maghrib Governor Abdellatif Jouahri indicated that the central bank would launch a more flexible currency regime.

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 2015 International Narcotics Control Strategy Report (INCSR), Volume II: Money Laundering and Financial Crimes Country Database, classifies Morocco as a "Country of Concern" http://www.state.gov/documents/organization/239561.pdf. The actual money laundering problem in jurisdictions classified as "Countries of Concern" is not as acute as in those considered to be of "Primary Concern."

3. Expropriation and Compensation

Article 3 of Law No. 7-81 of May 1982 on expropriation and the associated Royal Decree of May 6, 1982 and Decree No. 2-82-328 of April 16, 1983 regulate government authority to expropriate property. Expropriation may only occur in the context of public interest for public use by a State entity, although in the past private entities that are public service "concessionaires," mixed economy companies, or general interest companies have also been granted expropriation rights. The process of expropriation follows two phases. In the administrative phase, the State declares public interest in expropriating specific land, and verifies ownership, titles, and value of the land, as determined by an appraisal. If the State and owner are able to come to agreement on the value, the expropriation is complete. If the owner appeals, the judicial phase begins, whereby the property is taken, a judge oversees the transfer of the property, and payment compensation is made to the owner based on a judgment.

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, the 1996 Code of Commerce, and Law No. 53-95 on Commercial Courts. 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 legal status of the parties. According to the European Bank for Reconstruction and Development's 2015 Morocco Commercial Law Assessment Report (http://www.ebrd.com/documents/strategy-and-policy-coordination/read-ebrds-morocco-country-law-assessment.pdf), Royal Decree No. 1-97-65 (1997) established commercial court jurisdiction over commercial cases including insolvency. Although this led to some improvement in the handling of commercial disputes, the lack of training for judges on general commercial matters remains a key challenge 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.

Judgments of foreign courts are enforced after exequatur procedure as regulated in Article 430 et seq of the Code on Civil Proceedings.

Bankruptcy

Morocco's bankruptcy law is based on French law. Commercial Courts have jurisdiction over all cases related to insolvency, as set forth in Royal Decree No. 1-97-65 (1997). The commercial court in the debtor's place of business holds jurisdiction in insolvency cases. 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 redrafting *Livre V*, the national insolvency code. The draft law intends to shift the focus of bankruptcy from liquidation and restructuring to prevention and settlement.

The World Bank's 2016 Doing Business report ranked Morocco 130 out of 189 economies in "Resolving Insolvency" (the same rank as 2015).

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.

The U.S. Embassy is aware of approximately ten cases of business disputes over the past ten years involving U.S. investors. In several of these cases, the investors claimed that the incentives for their investment were not fulfilled.

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. Foreign investors commonly rely on international arbitration to resolve contractual disputes. Commercial courts recognize and enforce foreign arbitrations awards. Morocco is signatory to over 60 bilateral treaties recognizing binding international arbitration of trade disputes, including one with the United States.

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. The 2015 EBRD Assessment of Commercial Laws of Morocco indicates that due to the inefficiency and lack of transparency of the judicial system, alternative dispute resolution is widely considered as the only viable option. Litigation and enforcement procedures remain lengthy nonetheless. Morocco is currently seeking to position itself as a regional center for arbitration in Africa, but the capacity of local courts remains a limiting factor.

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. Law No. 08-05 provides for enforcement of awards made under these conventions.

Duration of Dispute Resolution – Local Courts

According to the Center of Arbitration and Mediation in Rabat, maximum duration of mediation cases per Moroccan law is six months. 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. In some cases, court resolution has taken significantly longer, ranging up to 10 plus years.

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 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 that are inconsistent with TRIMs requirements. However, companies have reported that with regards to public procurement there tends to be a preference for companies utilizing local content or establishing local production facilities. The government also maintains several "free zones" in which companies enjoy lower tax rates 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 may stipulate other requirements in return.

Investment Incentives

As set out in the Investment Code (Section 2.4), 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:

- Corporate tax holiday: Companies receive a corporate tax holiday during the first five years of business and a 17.5 percent rate thereafter.

- VAT exemptions (under Section 123-22 B of the General Tax Code): Equipment goods, materials, and tools needed to achieve investment projects involving an amount higher than or equal to 200 million dirhams (around USD 20.5 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 (Article 7.I of the Finance Act No. 12/98): 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.

- Assistance from the Hassan II Fund for Economic and Social Development: The fund provides financial assistance for investment projects in certain industrial sectors by supporting up to 30 percent of the cost of building or acquiring professional buildings as well as contributing up to 15 percent of the cost of new equipment goods (excluding import duties and taxes). These industrial sectors relate to automobile and aeronautical manufacturing, and nanotechnology, microelectronics, and biotechnology.

- Assistance from the Investment and Industrial Development Fund (IIDF): The fund grants support to qualifying investments for land acquisition, external infrastructure, and training.

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 also set up many free zones to offer companies incentives ranging from tax breaks, subsidies, and reduced customs duties (*see also* Section 16. Foreign Trade Zones/Free Ports/Trade Facilitation).

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 are 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 rate of 10 percent 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, which reduces wait times from six months to one week. For details on CFC eligibility, see: http://www.casablancafinancecity.com/en/statut-cfc#quoi

More details on investment incentives: http://www.invest.gov.ma/?lang=en&Id=20

Research and Development

U.S. companies successfully compete for Moroccan government tenders, with no exclusions from research and development programs. In some instances, foreign companies may be required to have Moroccan partners for research programs.

Performance Requirements

The Government of Morocco does not require the use of domestic content in goods or technologies. However, calls for tender may set a preference for local content.

The Moroccan government views foreign investment as an important vehicle for creating local employment, although Moroccan labor law does not specifically require that companies hire Moroccan employees. However, visa issuance for foreign employees is contingent upon a company's inability to find a qualified employee for a specific position, and can only be issued after that company has verified the unavailability of such an employee with the National Agency for the Promotion of Employment and Competency (ANAPEC). If these conditions are met, the Moroccan government allows the hiring of foreign employees, including for senior management. The process for obtaining and renewing visas and work permits can be slow and may take up to six months. The hiring of foreign employees is governed by Law No. 65-99 Chapter 5 on the Employment of Foreigners, Law No. 02-03 Pertaining to the Entry and Stay of Foreigners in Morocco, and the provisions of Articles 516 to 519 of the Labor Code.

Data Storage

Local regulation requires the release of source code for certain telecommunications hardware products. However, the Embassy is not aware of any Moroccan government requirement that foreign IT companies should provide surveillance or backdoor access to their source-code or systems

6. Protection of Property Rights

Real Property

Morocco's rating for "Registering Property" improved significantly over the past year, with a ranking of 76 out of 189 countries worldwide in the World Bank's Doing Business 2016 report versus 103 in 2015 and 156 in 2014. Some of the World Bank report's metrics on registering property in Morocco are below:

Process: 5 procedures required
Time to Register Property: 30 days
Cost: 5.9 percent of property value

In 2015, Morocco made property transfers faster by establishing electronic communication links between different tax authorities, according to the World Bank.

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. The Millennium Challenge Corporation and African Development Bank's 2015 constraints analysis (http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Diagnostic_de_croissance_du_Maroc_%E2%80%93_Analyse_des_contraintes_%C3%A0_une_croissance_large_et_inclusive.pdf) indicates that as little as 10 percent of agricultural land may be registered. Moreover, the sale of traditional homes in Morocco under unofficial "melkia" title requires permission from all members of an owning family. Such complications in obtaining clear title could pose problems for U.S. investors seeking to purchase property. To ensure land for industrial investment, the Moroccan government has established industrial zones, although these zones have suffered from lack of planning and coordination. Moreover, in southern Morocco, the quality of infrastructure and equipment poses a problem, whereas in urban areas land price and availability are major problems.

Underscoring the importance of land law reform to the Moroccan government, it held National Land Law Policy Conference in December 2015 to debate over 50 recommendations to further improve Moroccan land law.

Foreign investors are allowed to lease land, although World Bank data ("Accessing Industrial Land") indicate that the average time it takes to lease public land in Morocco is 296 days and time to rent private land is 101 days.

Mortgages and liens exist in Morocco, and banks compete heavily to market specialized mortgage products to Moroccans resident abroad in countries such as France and Belgium.

Other 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 2015 International Property Rights (IPR) Index, Morocco ranks 63 out of 129 countries in protecting physical and intellectual property rights. (http://internationalpropertyrightsindex.org/country?s=morocco) Morocco has been a member of WIPO since 1971. It is party to the Bern Copyright, Paris Industrial Property, Universal Copyright, and Brussels Satellite Conventions, as well as the Madrid, Nice, and Hague Agreements for the Protection of Intellectual Property. In December 2004, the Moroccan Parliament passed amendments to its intellectual property legislation bringing it into compliance with its commitments under the WTO's Agreements on TRIPS. In 2011, Morocco completed its accession to the Budapest Treaty and ratified the WIPO Performances and Phonograms Treaty (WPPT), the WIPO Copyright Treaty (WCT) and, in 2014, the Beijing Treaty on Audiovisual Performances. To fortify its copyright enforcement capacity, on May 20, 2014, the government also issued two decrees, one of which created a copyright commission to oversee copyright regulation and another which detailed those who are subject to payment for copyright infringement, the amounts owed for such infringement, and exemptions. Further, on December 18, 2014, Morocco approved Law No. 23-13 on Intellectual Property Rights, 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 GOM.

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 patents and trademarks in the industrial and commercial sectors. In 2015, Morocco granted 1,818 patents, including 797 to non-residents; registered 17,730 trademarks, including 5,750 for non-residents; and recorded 1,996 industrial designs, including 571 to non-residents. The Ministry of Communications oversees the Moroccan Copyright Office (BMDA), which registers copyrights for literary and artistic works, including software, and enforces copyright protection.

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. Moreover, Law No. 23-13 on Intellectual Property Rights increased penalties for violation of those rights and better defined 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.

The 2006 Law No. 34-05, amending and supplementing Law No. 2-00 on Copyright and Related Rights, includes 15 items (Articles 61 to 65) devoted to punitive measures against piracy and other copyright offenses. These range from civil and criminal penalties to the seizure and destruction of seized copies, with fines between USD 500 and USD 10,000, and imprisonment terms from two to six months. These measures can either be applied by a court authority upon written request of the copyright holder with supporting evidence of an IPR violation, or by Customs when counterfeit of pirated goods are imported into the country.

Since 2014, the Ministry of Communication has provided BMDA greater human and material resources in protecting copyrights and coordinating with Moroccan and international partners to combat piracy. For instance, the Ministry of Communication supported the enactment of new copyright decrees on May 20, 2014, which obligate the police to work on behalf of BMDA to investigate suspected cases of copyright infringement including the illegal selling/production of unlicensed media as well as the pursuit of illegal media use on the radio or television. As a result, in 2015, the BMDA coordinated raids in Fes, Casablanca, Marrakech, and Rabat, seizing 16,150 pirated compact discs, arresting 14 people, and ultimately prosecuting 4 companies and 5 individuals. Total fines levied in all fours areas amounted to USD 18,850.

Additionally, the Ministry of Communication and the BMDA have formed a national anti-piracy committee, which is responsible for developing a strategy and a plan for consistent action in combating copyright infringement and counterfeit goods. This 12-person committee includes representation from the Ministry of Communication (in charge of information technology) and the Ministry of Industry (in charge of foreign trade). It also includes the following individuals: the Director General of the National Agency for Telecommunications Regulation; the Director General of the Customs Department; the Director General of National Security; the Royal Gendarmerie commander; the Director of the Tax Administration; the Director of the BMDA; the Director of the Moroccan Cinematographic Center; the Director of Industrial and Commercial Property Office (OMPIC); and two representatives from the private sector. The National Committee will be supported locally by regional committees that will mirror the national committee in composition and goal.

Finally, OMPIC has 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 between USD 734 million and USD 1.47 billion or 0.7 to 1.3 percent of 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 counterfeiting costs the government USD 122 million annually in lost tax revenue and a loss to the economy of 30,000 jobs.

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 intellectual property registration system is increasingly efficient and protection mechanisms are in place to defend these rights, enforcement can be lacking and legal avenues at times constrained due to a lack of familiarity with IPR law.

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

Resources for Rights Holders

The U.S. Commerce Department has positioned Intellectual Property Attachés in key markets around the world. For assistance, U.S. companies are welcome to contact Aisha Y. Salem, Intellectual Property Attaché for the Middle East & North Africa: Aisha.Salem@trade.gov.

The Commerce Department's point of contact in Morocco is Brenda VanHorn, Senior Commercial Officer, U.S. Consulate General Casablanca: Brenda.VanHorn@trade.gov.

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

7. Transparency of the Regulatory System

The Government of Morocco makes draft laws, 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 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.

The World Bank's 2016 Doing Business Report indicates that although the Middle East and North Africa has the lowest average level among world regions in terms of transparency and engagement around rulemaking, Morocco is a "notable exception" to the region. Between July 2014 and June 2015, Morocco implemented four reforms aimed at reducing regulatory complexity and strengthening legal institutions. These include simplification of property registration, enhanced electronic systems for paying taxes, and implementation of an unemployment insurance plan. Despite these efforts, Morocco's government continues to pose challenges to investors. 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.

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.

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 officials in charge of procedures, required documents and conditions, costs, processing times and legal bases justifying the procedures.

8. 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. Local and foreign investors have identical tax exposure on dividends (10 percent) and pay no capital gains tax. Morocco has accepted the obligations of IMF Article VIII, sections 2(a), 3, and 4, and its exchange system is free of restrictions on making payments and transfers on current international transactions.

With a market capitalization of USD 48.3 billion (as of March 2016) and 75 listed companies (as of March 2016), CSE is the third largest exchange in Africa (after the Johannesburg Stock Exchange and the Egyptian Exchange). The market is currently dominated by institutional investors which act on long-term trends. Short-selling, which would provide liquidity to the market, 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. Going forward, the Casablanca Stock Exchange plans to diversify its holdings by listing shares from state-owned companies and by launching a dedicated exchange for SMEs. In April 2016, the CSE and its strategic partner the London Stock Exchange (LSEG) launched ELITE, the LSEG's development program for high-growth businesses, in Morocco. The business development program will support SMEs in providing them the resources needed to obtain further funding, including the possibility of listing with CSE.

In November 2015 the Government, the Moroccan financial market supervisory body, and shareholders signed a memorandum of understanding setting out a framework to convert the CSE, which is currently a customer-owned mutual organization, into a joint stock company whose purpose is the management of the cash market. Through this demutualization, the stock market's share capital will be divided among banks, the Caisse de Depot et de Gestion (a State-owned financial institution), independent brokerage firms, insurance companies, and Casablanca Finance City Authority. The changes will allow the CSE greater flexibility and access to global markets, and better position it as an integrated financial hub for the region.

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."

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 five largest banks accounting for 80 percent of total assets, 80 percent of deposits, and 82 percent of loans as of 2014. Morocco's banks are the main source of financing in the country, with bank loans increasing from USD 62.5 million in 2008 to USD 85.3 million in 2014, accounting for 87 percent of all financing in the economy. However, access to finance, particularly for small and medium sized enterprises, can still be 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 government has actively sought out the participation of foreign investors for discussions on improving the business climate in Morocco.

The proportion of debt that is overdue fell from 19.4 percent in 2004 to 6 percent in 2008 (an improvement attributed to the loan consolidation process banks undertook) before rising slightly to 6.9 percent in 2014. The overdue rate is 7 percent for banks under majority private ownership, and 11.8 percent for banks under majority foreign ownership. The incidence of non-performing loans in Morocco has increased in the past five years, due to difficulties some companies have faced as a result of a slowdown in Europe, with corporate default rate reaching 15 percent in 2015.

The 2014-2015 World Economic Forum's Global Competitiveness Report (http://reports.weforum.org/global-competitiveness-report-2014-2015/) indicates that

Morocco's banking system has improved in some regards while it has worsened in others. For the report's eighth pillar, "Financial Market Development," Morocco received a score of 4.0 (down from 4.6 a year before) for "availability of financial services" (where 1 = not at all; 7 = provides a wide variety). Morocco received a 3.1 (up from 2.8 a year before) for "ease of access to loans" (where 1 = difficult; 7 = easy). Morocco's score for "soundness of banks" (where 1 = insolvent and may require bailout; 7 = generally healthy with sound balance sheet) dropped slightly from a year before from 5.7 to 5.6. Overall, Morocco was ranked 42 out of 144 countries on soundness of banks.

Legal provisions regulating the banking sector include Law No. 76-03 on the Charter of Bank Al-Maghrib, Morocco's central bank, which created an independent board of directors and prohibits the Ministry of Finance and Economy from borrowing from the central bank except in exceptional circumstances. Law No. 34-03 (2006) reinforced the supervisory authority of Bank Al-Maghrib over the activities of credit institutions. Bank Al-Maghrib permission must be obtained to implement changes affecting the nationality or control of a credit institution, or its operations, as well as in mergers and acquisitions. Between 2008 and 2014, the Bank Al-Maghrib's Credit Institutions committee denied two such authorization requests. Moreover, the government is currently finalizing reforms to the Bank Al-Maghrib charter which would bring prudential regulations into line with the provisions of new banking law and international standards.

In 2015, Law No. 130-12 set out the parameters for Islamic banking, called participative finance, in Morocco. Under the provisions of the law, Bank Al-Maghrib is charged with granting licenses to institutions which will specialize in offering Islamic banking products. The law also established a central commission of Islamic jurisprudence experts, chosen from the National Council of the Ulema, in order to ensure Sharia compliance of products and contracts.

9. Competition from State-Owned Enterprises

As of June 2015, the Moroccan Treasury held a direct share in 212 state-owned enterprises (SOEs) and 44 companies, representing a total investment of USD 7.4 billion with an annual turnover of USD 20.3 billion, per 2015 WTO statistics. Several sectors remain under public monopoly, managed either directly by public institutions (rail transport, some postal services, and airport services) or by municipalities (wholesale distribution of fruit and vegetables, fish, slaughterhouses). The Office Chérifien des Phosphates (OCP), a public limited company that is 95 percent held by the Moroccan state, is a world-leading exporter of phosphate and derived products. Morocco has opened to private domestic or foreign operators several traditional government activities using delegated-management or concession arrangements, which are generally subject to tendering procedures. Examples include water and electricity distribution, construction and operation of motorways, and the management of non-hazardous wastes. In some cases, SOEs continue to control the infrastructure while allowing private-sector competition through concessions.

Morocco is neither party to nor an observer of 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 (in single-tier boards) or supervisory boards (in dual-tier 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 Law No. 69-00, SOE annual accounts are publicly available. Under Law 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.

10. Responsible Business Conduct

Large multinationals first started implementing responsible business conduct (RBC) programs in Morocco in the 1990s. RBC has gained strength in the broader business community in tandem with Morocco's economic expansion and stability. Businesses are active in RBC programs related to the environment, local communities, employees and consumers. For example, business association CGEM awards "social labels" to companies based on a systematic analysis of the effects of their RBC activities on local communities. The Moroccan Association of Textile and Apparel Industries also awards a "Fibre Citoyenne" label to socially responsible companies. Additionally, Morocco launched the UN Global Compact network in 2006 in Casablanca. The project provides support to companies that 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.

The Moroccan government does not have any regulations requiring companies to practice RBC nor gives any preference to such companies. However, authorities have supported companies' RBC programs by giving companies permission, where necessary, to operate them and in some cases by implementing these programs through public-private partnership. Companies generally inform Moroccan authorities of their planned RBC involvement.

The American Chamber in Morocco has a committee dedicated to promoting responsible business conduct. The committee focuses on recognizing excellence in RBC of AmCham members. The committee also develops public-private 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 RBC, foreign firms and some local enterprises follow generally accepted principles, such as the OECD RBC guidelines for multinational companies. NGOs are also taking an increasingly active role in monitoring corporations' RBC performance. Morocco's national contact point is the Moroccan Investment Agency (www.invest.gov.ma).

11. 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 2003 and 2007, and the 2011 bombing of the Argana Café in Marrakech, 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. They can attract thousands of people, but most 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 United States. The largest turnout of the two demonstrations drew 200 to 300 protesters, who gathered near the U.S. Consulate.

The Armed Conflict Location and Event Data Project (ACLED) indicates that the frequency of conflict events (including protests and violence against civilians) in Morocco increased in 2011, coinciding with the onset of the Arab Spring. It jumped from an average of 17.4 events per year during the period 1997-2010 to an average of 133 events per year between 2011 and 2015. Even with this increase, Morocco still has the lowest number of reported fatalities and conflict events for the North Africa region, as indicated by the most recent ACLED regional report from April 2014 (http://www.acleddata.com/wp-content/uploads/2014/04/ACLED-Regional-Report_North-Africa_April-2014.pdf).

12. Corruption

The Central Commission for the Prevention of Corruption (ICPC) is the agency responsible for combating corruption. In 2015, parliament amended the mandate of the ICPC, expanding its authority to conduct investigations of corruption allegations and solicit mandatory responses from government institutions. In 2010 ICPC set up an internet portal for civil society and small businesses to identify instances of corruption: www.stopcorruption.ma.

In addition to ICPC, MOJL and the government accountability court have jurisdiction over corruption issues but have not pursued any high-profile cases recently. However, in 2015, several police officers were put on trial after they were caught on camera trying to extort bribes from Spanish tourists. The government reports corruption and other instances of police malfeasance through an internal mechanism.

In the 2015 Corruption Perception Index published by Transparency International (TI) (https://www.transparency.org/country/#MAR), Morocco ranked 88 out of 168 countries. There has been little change in Morocco's ranking over the last ten years (the 2010 ranking was 85 out of 178 countries and the 2005 ranking was and 78 out of 158 countries). Government officials have criticized the Index, which reflects public perceptions concerning corruption, for not emphasizing recent anti-corruption efforts. These efforts include enhancing the transparency of public tenders and implementation of a requirement that senior government officials submit financial disclosure statements at the start and end of their government service, although their family members are not required to make such disclosures.

According to the 2015 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. See more at:
http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper

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
Tel.: 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

13. Bilateral Investment Agreements

Morocco has signed Bilateral Investment Treaties (BITs) with the following 63 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, Iraq, Italy, Jordan, South Korea, Kuwait, Lebanon, Libya, Macedonia, Malaysia, Mauritania, Netherlands, Oman, Pakistan, Poland, Portugal, Qatar, Romania, 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, which eliminated or reduced tariffs on imports from the U.S. to Morocco. 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

Morocco has also signed a quadrilateral FTA with Tunisia, Egypt, Lebanon and Jordan (under the Agadir Agreement), an FTA with Turkey, an FTA with the United Arab Emirates, the Greater Arab Free Trade Area agreement (which eliminates certain tariffs among 15 Middle East and North African nations), 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 has also sought various bilateral memoranda of understanding with African, Asian and Latin American countries to expand trade and investment in targeted sectors. However, over the past year the Moroccan government has put on hold negotiations for new FTAs while it assesses the economic benefits it has received from existing agreements, particularly where Morocco has a trade deficit.

Bilateral Taxation Treaties

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

14. Foreign Trade Zones/Free Ports/Trade Facilitation

As set forth by Law No. 19-94 (Dahir No. 1-95-1 dated January 26, 1995), Morocco's export processing zones are areas of the customs territory where industrial and commercial export activities are exempt 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. Goods entering and leaving the free zones are tax exempt. After a company's fifth year of operation, a business tax of 8.75 percent is charged, versus the usual tax of 30 percent. Companies with export free zone status have no minimum export requirement and no limit on the share of goods that they may sell in Moroccan national territory.

As of 2015, there were 13 free zones in Morocco, including the Nouaceur Free Zone in Casablanca; Free Zone at Tanger Med Ksar el Majaz Mellousa 1 and 2; Oujda Free Zone; Export Processing Zone in Kenitra; Export Processing Zone of Tangier; Tangier Automotive City; Technopolis; Technopole d'Oujda; Tétouanshore; Casanearshore; Fèsshore; Oujdashore; and Free Storage Zone of hydrocarbons at Kebdana and Nador.

Morocco has made great strides in improving the release and clearance procedures for these free zones. Known operators are now able to conduct 30 operations remotely, such as the release and clearance of goods, digital signature of customs declarations, and e-payment. Moreover, an agreement between Customs and the Directorate-General of Taxation permits approved economic operators to exchange tax data, reducing tax-related procedures.

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

15. 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) ($B USD)	2013	$107.4 billion	2014	$110.0 billion	International source: http://data.worldbank.org/country/morocco Host country source: Central Bank, 2014 Annual Report, Year covered 2013, In Billion Dollars, Exchange Rate = 8.39 dhs : USD1
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 (USD millions, stock positions)	2013	$2,383.9	2014	$237.7	IMF's Coordinated Direct Investment Survey (http://data.imf.org/CDIS)
Host country's FDI in the United States (USD billions, stock positions)	2013	$10.85	N/A	N/A	N/A
Total inbound stock of FDI as Percent host GDP	2013	10.10%	2014	0.22%	N/A

* FDI Host Country Source: Office des Change, Morocco's Global External Financial Position, 2013. Note: The discrepancy between the host nation and international statistical sources is due the two sources referring to different periods of time for their stock figures.

Table 3: Sources and Destination of FDI

The direct investment data below are from the Office des Changes (Morocco's Global External Financial Position, 2013).

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (USD millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	$50,337.4	100%	Total Outward	$2,481.8	100%
France	$24,159.9	42%	France	$714.2	29 %
Spain	$5,551.0	32%	Mali	$348.4	14%
UAE	$3,828.6	4%	Ivory Coast	$272.0	11%
U.S.	$2,383.9	3%	Great Britain	$136.6	6%
Switzerland	$1,736.2	3%	Gabon	$130.1	5%
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (USD millions)								
Total			Equity Securities			Total Debt Securities		
All Countries	$737.9	100%	All Countries	$727.84	100%	All Countries	$10.07	100%
France	$385.3	52.2%						
Germany	$133.0	18.0%						
Luxemburg	$46.3	6.3%						
Great Britain	$32.7	4.4%						
Portugal	$20.5	2.8%						

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

mixed legal system of civil law based on French law and Islamic law; judicial review of legislative acts by Supreme Court

International organization participation:

ABEDA, AfDB, AFESD, AMF, AMU, CAEU, CD, EBRD, FAO, G-11, G-77, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAS, MIGA, MONUSCO, NAM, OAS (observer), OIC, OIF, OPCW, OSCE (partner), Paris Club (associate), PCA, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNOCI, UNSC (temporary), UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

Exchange controls are in place over Moroccan currency. However, foreign nationals resident in Morocco are entitled to transfer cash saved from their Moroccan wages

Treaty and non-treaty withholding tax rates

The Moroccan government is eager to encourage foreign investment. This is reflected by the territoriality principle for taxation applicable to corporations mentioned above. In addition, Morocco has concluded about 47 treaties including a multilateral agreement with MAU (Maghreb Arab Union: Algeria, Tunisia, Libya and Mauritania) for the prevention of double taxation, mainly with developed countries. Morocco's list of treaty-partners include Belgium, Canada, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Romania, Spain, the United Kingdom and the United States. However, the treaty signed with Sweden was cancelled and has not been applicable since 2007.

Most of the tax treaties are based on the UN (United Nations) model and do not contain specific anti-abuse provisions. Reduced withholding tax rates vary from one treaty to another. Of special interest is the treaty with France which offers advantages involving self-employed foreigners and payments for technical assistance and contracts (eg imported supplies).

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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