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END OF TOUR REPORT

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INTRODUCTION

I was hired by Development Alternatives Inc (DAI) in March 1994, to hold a long term position as Agribusiness Specialist for the USAID-funded project **Morocco Agribusiness Promotion Project (MAPP)**

The MAPP project was fully staffed by December 1992, including an Agribusiness Specialist who unfortunately did not match the needs of the project and resigned in December 1993. I first worked at DAI offices with the Morocco Trade Development Center (MTDC) in Bethesda for one month and traveled to Morocco in April 1994.

The purpose of the MAPP project is to increase the capacity of the private sector in Morocco to produce, package and market a wide variety of demand-driven, value added commodities. **L'Agribusiness Marketing Investissement (AMI)** was the acronym given to the DAI managed component of the MAPP project in Morocco, and the MTDC was established as the U S market promotion unit of the MAPP project in Bethesda.

The goals of the project were met by finding new markets for Moroccan products, increasing exports, promoting U S investment, introducing new technologies, and by taking a proactive approach to changing the regulatory and investment climate in Morocco.

The main task of my assignment was to generate trade and investment between Morocco and North America. Secondary, but nonetheless important tasks, included the transfer of new technologies, the Promotion and Investment Fund (PIF), financial services, and other activities in support of the Agricultural Economist, the Horticultural Specialist, the Marketing Specialist, and the Chief of Party.

From the onset of the project, priority was given to identification of horticultural products that could be used to diversify exports to North American and European Markets. A series of subsector studies, were done to evaluate the potential for growth in exports of non-traditional horticultural products and to identify new market outlets.

The primary commodities with which I was involved were the following

- Fresh fruits (strawberries, melons) ,
- Fresh vegetables (tomatoes, potatoes, garlic and jalapenos) ,
- Processed fruits and vegetables ,
- Ornamental plants ,
- Herb/spices and essential oils ,
- Table grapes and wine ,
- Beer and hops ,
- Olive oil and processed olives , and,
- Argan oil

Our individual performance and that of the MAPP project overall were evaluated in 1995 by an independent evaluation team. The evaluation rated our performance as excellent. I attribute that to a well designed and managed project, and a qualified long-term TA team.

The MTDC unit provided a great deal of support to MAPP. My thanks go to Melissa Graham, Rebecca Army, and Erika Kirwen for your dedication and understanding, and to the rest of the DAI team.

My special thanks to Don Humpal, Chief of Party for allowing our creative approach to make MAPP a successful project, and to the rest of the professional team: Patrick Fachot, Abdellatif Aboukassimi, Bill Grant and Ann McDermott. To the rest of our supporting staff many thanks to Rachida Youmouri, Sanaa El Messaoudi, Souad Rezzat, Hicham Amrani, and Nawal Haida.

My special thanks to Mike Farbman, Jerry Cashion, Jeff Allen and Allen Fleming from USAID Morocco for your support of my family, and your professionalism in helping me carry out my efforts in the development work necessary to create new jobs, and to increase incomes for Moroccans in the agricultural and agribusiness sectors.

I MAJOR TASKS UNDERTAKEN AND TIME ALLOCATION

		% TIME ALLOCATED
TASK 1	TRADE AND INVESTMENT	58
TASK 2	TECHNOLOGY TRANSFER	20
TASK 3	INSTITUTIONS	0
TASK 4	FINANCING	3
TASK 5	HUMAN RESOURCES	0
TASK 6	POLICY AND REGULATIONS	0
TASK 7	PROMOTION AND INVESTMENT FUND	15
TASK 8	PRIVATIZATION	0
TASK 9	MANAGEMENT AND ADMINISTRATION	5
TOTAL		100 %

The time allocation given to the Agribusiness Specialist emphasized first trade and investment with North America, and secondly technology transfer. Part of the time spent in technology transfer activities was handled in conjunction with the Horticultural Specialist, subsector studies, PIF projects and their evaluations, and regulatory-related activities were done in conjunction with the Agricultural Economist. The Chief of Party worked with the Agribusiness Specialist on investment promotion and planning of all activities.

The bulk of these activities were devoted to the private sector and associations such as APEFEL. To a lesser degree the Agribusiness Specialist worked with public institutions such as MAMVA and DPVCTRF.

II PROMOTIONAL ACTIVITIES UNDERTAKEN

Trade shows and US commercial tours were the vehicles for making contact with buyers and suppliers of U S equipment, distributing information and identifying potential technologies for Morocco. During his 4-year assignment, Mr. Brenes participated in 12 international trade shows and 4 Moroccan trade shows, as well as four industry awareness and commercial tours (see Tables 1 & 2). Trade show industry objectives varied by region and type of participation. Mr. Brenes supervised the organization of trade shows in a joint effort between the AMI and MTDC units.

A Trade Shows U S ,Europe, and Morocco

Since Mr Brenes's primary target was the U S market, an English language brochure covering twelve products was designed in 1995. The product brochure was an important tool as it included a product description, company list, product availability chart, and a general description of the opportunities to supply product from Morocco via the project.

For the U S , the Agribusiness Specialist organized booth participation at four Fancy Food Shows (FFS) with companies grouped in a Moroccan Pavilion. AMI was awarded the prestigious Best of the Aisle Award at FFS in 1994. The exhibitors were suppliers of herb & spices, green olives, olive oil, capers, truffles, jams, herbal teas, fish products and beer. Product samples for the show were inspected to ensure that they met US regulations. Additional assistance was provided in product development, such as packaging, and individual company brochures. This support prepared Moroccan exporters for effective presentation of their product and efficient management of their stand.

The shows were a source of contacts, an opportunity for sales of Moroccan product, a way for companies to learn how to comply with FDA rules and regulations, and an exposure to packaging needs. The decision to return to the FFS by companies like Les Conserves de Meknes, Societe des Brasseries du Maroc, and SONIAL was based on the hundreds of new contacts and millions of dollars of sales generated, signs of the success of the FFS trade show participation.

Moroccan producers of fresh fruits and vegetables visited the Produce Marketing Association (PMA) trade shows in an effort to target new technologies (pre-cooling, packaging), services, and to educate growers about U S produce distribution. Producers of tomatoes, melons and strawberries and grower associations participated at three PMA shows.

Participation in two European trade shows allowed the Agribusiness Specialist to follow up with U S companies, gather market information, and identify new areas for product diversification. The Agribusiness Specialist visited the European trade shows listed in Table 1.

Our participation in Moroccan trade shows targeted U S companies interested in exhibiting or visiting as buyers. The primary focus was to host U S suppliers of equipment and services, and importers of Moroccan product. The other important element was to educate the industry on US product standards. This objective was accomplished by product sampling and comparative tasting of traditional and non-traditional products. Subsector study information was shared at these shows with the industry and the public.

Table 1

TRADE SHOWS 1994-1998

Trade Show	Products	Date	Place
<i>Fancy Food Show</i> FFS	Gourmets Foods	Jul 10-13, 1994	NY New York
<i>Salon International de l'Alimentation</i> SIAL	Food Products	Oct 23-27, 1994	Paris France
<i>Fancy Food Show</i> FFS	Gourmet Foods	Jul 9-12, 1995	NY New York
<i>National Frozen Food Show</i> NFFS	Frozen Foods	Oct 8-10, 1995	San Francisco
<i>Produce Marketing Association</i> PMA	Fresh Fruit & Vegetables	Oct 13-17, 1995	San Diego
<i>Alimentaria Maghreb</i>	Food Products & Equipment	Nov 10-14, 1995	Casablanca Morocco
<i>Canadian PMA</i> CPMA	Fresh Products	Jan 31-Feb 3, 1996	Vancouver Canada
<i>Alimentaria Barcelona</i>	Food Products	Mar 6-11, 1996	Barcelona Spain
<i>Fancy Food Show</i> FFS	Gourmet Foods	Jun 23-26, 1996	Philadelphia
<i>4eme Foire Internationale d'Agriculture</i> <i>Agrimaroc</i>	Agricultural Production	Sept 10-15, 1996	Casablanca Morocco
<i>Produce Marketing Association</i> PMA	Fresh Products	Oct 11-15, 1996	Atlanta Georgia
<i>Salon Agricole du Maroc</i> SAM	Agribusiness Products	Mar 12-16, 1997	Casablanca Morocco
<i>Fancy Food Show</i> FFS	Gourmet Foods	Jun 29-Jul 2, 1997	New York
<i>National Beer Wholesalers Association</i> NBWA	Beer	Sep 21-24, 1997	Las Vegas Nevada
<i>Produce Marketing Association</i> PMA	Fresh Products	Oct 17-21, 1997	Florida
<i>Salon de l'Alimentation et de la Technologie</i> <i>Alimentaire (Alitec)</i>	Agribusiness Products	Nov 27-30, 1997	Casablanca Morocco

B U S Commercial Tours

One Commercial tour per year was organized by the Agribusiness Specialist. The tours targeted U S exporters of products, equipment, and technology (see Table 2)

Strawberry Tour 95. The tour was organized by AMI and MTDC and was subcontracted to IMCC. It grouped 12 strawberry growers to visit nurseries producing strawberry plants in Florida and California. In California, headquarters marketing and sales departments, production facilities, and packing houses were visited. One freight forwarder in San Francisco provided the group with detailed information of their services as they affected the export of plants. The 12 growers and a representative from the Wafabank met in Agadir in May of 1995. A total of 1.5 million strawberry plants were imported by CASEM in 1995. An agreement was reached, and CASEM was designated by the strawberry growers to be the agent importer. A critical obstacle to the negotiations was property rights and royalties as they affected the importation of new strawberry varieties such as "Camarosa" from the US to Morocco. The U S firm EMCO Cal captured 10% of the Moroccan market of strawberry plants in 1996.

Herb and Spice Equipment Tour 96. Nine herb and spice companies traveled to California, Minneapolis, and New York to learn about quality control, cleaning equipment, packaging, and financing in the U S. Two companies sent product samples for analysis to Carter Day Inc., of Minneapolis to develop machinery specifications. A proforma by Carter Day to FORAFRIC for the purchase of herb and spice equipment for \$120,000 was signed, and the installation with a local engineer was executed in October 1997. Important adaptations were made on site for the equipment to clean grain, herbs and spices.

Ornamental Plant Tour 97. Five ornamental plant companies participated as visitors to the Tropical Plant Industry Exhibition (TPIE), they visited several nurseries in South Florida and learned about the inspection of ornamental plants by APHIS/PPQ (USDA Animal and Plant Health Inspection Service/Plant Protection and Quarantine). Sales resulting from this tour were targeted at \$50,000 to \$100,000 based on previous years sales of ornamental palms from Florida to Morocco. In addition, two U S suppliers of nursery equipment signed distribution contracts with a Moroccan company.

Wholesale Tour 98. The University of Minnesota coordinated the Wholesale Market Tour 98, consisting of a one week visit to Florida and New York wholesale markets. A total of ten people representing Moroccan growers/shippers of fresh produce (tomatoes, melons and strawberries), cooperatives, grower associations, the EACCE (Etablissement Autonome de Contrôle et Coordination des Exportations) and DPV/MAEE (Direction de Production Végétale/Ministère de l'Agriculture, de l'Équipement et de l'Environnement) participated in this tour.

Visits were arranged to three important wholesale markets in the US for offshore fresh fruits and vegetables the Miami Wholesale Market, the Pompano Market, and Hunts Point Market in New York The group also visited two farmers markets and observed two important inspections for tomatoes USDA Agricultural Marketing Service grading and APHIS phytosanitary control They met importers and wholesalers, and gathered price information from the USDA Market News offices The trip prepared Morocco for its planned 1998-1999 authorization by APHIS to export red tomatoes to the USA

Table 2

U S Tours 1994-1998

U S Tours	Date	Place	Sales	
<p><i>Strawberry Tour</i> Strawberry tour 95, Industry Awareness and commercial tour visited nurseries of strawberry plants in Florida and California</p>	<p>Apr 22 -May 11, 1995</p>	<p>Florida, California</p>	<p>1995 1996 1997 1997 1998</p>	<p>1 5 million strawberry plants 6 million strawberry plants 40,000 strawberry mother plants for nursery 2 million strawberry plants 150,000 mother plants</p>
<p><i>Herb & Spice Tour</i> Visit to US suppliers of equipment, banks and producers</p>	<p>May 4-14, 1996</p>	<p>California Minnesota New York</p>	<p>1997</p>	<p>\$ 120,000 Herb & Spice cleaning equipment</p>
<p><i>Ornamental Plant Tour</i> TPIE Trade Show, nurseries</p>	<p>Jan 15-21, 1997</p>	<p>Florida</p>	<p>1995-96</p>	<p>\$ 60,000 ornamental plants</p>
<p><i>Wholesale Tour</i> Wholesale markets, importers, inspectors, market information, inspections and air cargo and sea transport</p>	<p>Feb 17-24, 1998</p>	<p>Florida New York</p>	<p>1998-99</p>	<p>future sales of red tomatoes and melons</p>

III TRADE AND INVESTMENT ACTIVITIES UNDERTAKEN

A Moroccan Exports

The Agribusiness Specialist promoted Moroccan exports during Trade Shows (see Table 1), and during three marketing visits per year to the U S The objective was to increase the marketability of Moroccan products in the U S and Canada, and to target new joint ventures between U S and Moroccan investors To arrange meetings with importers, distributors and retailers he worked directly with MTDC Table 3 summarizes export sales to the U S of a selected group of products with which the Agribusiness Specialist was directly involved

Table 3: EXPORTS OF A SELECTED GROUP OF COMMODITIES TO THE U.S

Company	Product	Totals'96 (\$)	Totals'97 (\$)
SBM	Beer	20,000	1,000,000*
Somial/ Soma/ Sicopa	Olives	1,600,000	1,400,000
Aicha	Olive Oil	200,000	2,300,000
Suorex/ Benchab/& others	Herb & Spice	1,100,000	1,400,000

* contracted in 1997 for 1998 delivery

B Moroccan & U S Joint Ventures

The MAPP project was designed to help increase U S investment in Morocco To help identify and promote U S investment for the Moroccan Agribusiness sector, the Investment Promotion Unit (IPU) in Maryland was conceptualized to be the main vehicle for investment opportunities However, USAID's new investment promotion policy under the U S Foreign Assistance Acts of 1994 and later 1995, prohibited the use of U S aid funds by offices in the USA to promote overseas investment by U S companies The IPU unit was renamed the Morocco Trade Development Center (MTDC) This change in policy seriously hurt the MAPP project's ability to generate new investments

The Agribusiness Specialist's tour of duty started at a very difficult period due to that policy change which affected both AMI and the reorganized MTDC, as well as the fact that he was taking over from a predecessor in the Agribusiness Specialist position, who had resigned from the project. The climate for investment was not favorable in Morocco due to exchange fluctuations, drought, and a debt-burdened agricultural sector which had little financial means for investment. If the MTDC unit could no longer give investment support from the USA, this meant that the Agribusiness Specialist would have to increase travel to the U S. This approach was later extended to the Horticulture Specialist in an effort to increase the number of new technologies transferred from the USA.

Efforts to generate results had to be re-evaluated. Practical solutions were offered, and within six months of his arrival, the Agribusiness Specialist traveled to the U S with expenses paid by Maghreb Tubes, a Moroccan company (see Table 4), to sign a joint venture agreement with Lindsay International.

The Agribusiness Specialist also helped develop AMI/DAI capacities to support trade and investment promotion in Morocco, with Commercial Assistant Rachida Youmouri. The AMI/DAI unit developed visitor itineraries, followed up trade inquiries and investment contacts, accompanied U S visitors, and supported trade shows.

Table 3 Investment Activities Status summarizes the status of investments in which the Agribusiness Specialist was involved.

Table 3

INVESTMENT ACTIVITIES STATUS

1994-1998 Lindsay International, Inc (Texas and Nebraska) and Maghreb Tubes - Commercial and investment partnership for the distribution of center pivots, the creation of an agricultural department within Maghreb Tubes, and partial fabrication of center pivots Total 1994 sales were \$500,000 Estimated sales for 1995 and 1996 fell short of target, primarily because of the level of debt of cereals producers Maghreb Tubes will place an important order in 1998 Total investment \$150,000 Total sales \$750,000

1995-1996 Rock Garden (Florida) a fresh herbs company Projected a partnership for 1996 The US partner was absorbed by Coosemans Worldwide Company's distribution operations New international efforts will be directed by the new parent company The project is closed

1995-1998 HVJ International, Inc (Texas) twice visited Morocco and signed letters of intent on co-packing of condiment products to be formalized in 1996 Production and processing contracts were signed with the Lukus company in March 1996 A co-packing investment, originally developed for 1996, was put on hold During 1997, the Agribusiness Specialist worked with an alternate Moroccan firm to buy and pack the Jalapeno peppers already processed

1995-1997 Speedling Inc (Florida) a bedding plant nursery systems company and two Moroccan companies AMI provides investment advice to a Moroccan group which has entered into management contract negotiations with a Speedling licensee

1995-1996 Desert Glory a greenhouse producer of cherry tomatoes and a Moroccan company Desert Glory decided to invest in Mexico and expand operations in Texas rather than Morocco This venture is closed

1995-1998 EMCO Cal/Ekland (California) and Comptoir Agricole des Semences S.A. (CASEM) a Moroccan seed and plant company have established a pilot strawberry plant nursery This partnership began with the signature of a letter of intent in the early Summer of 1996 In Fall 1997 the two firms sold 6 million US strawberry plants to Morocco, a quantity equivalent to 10 % of Morocco's needs They also initiated trials to select a nursery site A high elevation nursery produced 600,000 plants for the Moroccan market for delivery in early November 1997

The two companies will register a Societe Anonyme (S A) and plan to produce 6-7 million plants in 1998 By 2003 they intend to produce 21 million plants, and will supply domestic and international markets Total investment in 1998 is \$85,000 and is projected to grow to \$1 2 million by 2002 Ongoing investment

1995-1998 **Energy Essentials (California)** and a Moroccan group started negotiations to produce organic herbal products and natural cosmetics and in 1996 established a new Moroccan firm "Nectarome" The U S partner went bankrupt Nectarome continued development and will be operational by June 1998 Total investment will be \$75,000 by the end of 1998 This is an ongoing investment

1996-1998 **Sukon Marketing (New York) and the Société des Brasseries du Maroc (SBM)** signed a marketing agreement for the development of the Casablanca brand name beer for export to the USA in October 1997 Fifty Casablanca nights, 300 buses with Casablanca Beer advertising, magazines, newspapers, billboards, and radio spots will comprise the bulk of the advertising agreement U S services in 1998 will total \$1,000,000

1997-1998 **The Trident Group LTD (Connecticut) and SBM** signed an import agreement for 100,000 cartons of 24 beers, with 12 oz bottle size in individual sixpacks The Trident group has signed a contract with a distributor in NY ranked 22nd in the U S for total cartons sold in any one year Total beer sales in 1998 are projected at \$1.5 million

1996-1998 **Earthgreen Products Inc (Texas) and CASEM** ran a series of trials of Earth Green Humate, a soil amendment, in 1996 and 1997 We project a distribution agreement by early 1998

1998 US garden tool companies **Corona** and **Toro** signed distribution agreements in 1997 and partnerships are projected for 1998 This is ongoing investment

Table 4**INVESTMENT RELATED IMPORTS**

Company	Products	Total 95-96 (\$)	Total 97 (\$)	Total 98 \$ Estimated
CASEM	Strawberry plants	100,000	400,000	500,000
CASEM	Strawberry mother plants		6,000	30,000
FORAFRIC	Herb & spice cleaning equipment		120,000	250,000
Benzit	Forced air cooling equipment			50,000
SBM	Sukon services	8,300	1,000,000	700,000
Maghreb Tubes	Center Pivots	500,000	250,000	500,000

IV TECHNOLOGY TRANSFERS

The Agribusiness Specialist increased his level of effort in technology transfer from 5% to 20% in an attempt to generate new joint venture investment opportunities for the Moroccan Agricultural sector. New technologies were identified during participation at trade shows, U S visits and U S tours. The Agribusiness specialist worked closely with the Horticulturist to help in the introduction of new technologies. Technology transfer completes its full cycle of adoption once it spreads by commercial means to the user level. It is then that the effects can be evaluated. The Agribusiness Specialist worked in several major areas of technology development (see table 5), and several others such as artichoke varieties, Speedling nursery systems, garlic varieties, and IQF.

Table 5 TECHNOLOGY TRANSFER

Date	Type	Status
1995	Sweet Charlie Strawberry variety	A joint multiplication agreement between CASEM and EKLAND was signed in 1996. The variety has been in production at the commercial level since 1997 in Morocco. Transferred.
1995	Jalapeno Sauce	Transfer of Jalapeno sauce product formula by HVJ.
1996	Russet Burbank Potato variety	Microtuber trials of a Russet Burbank potato variety from Small Potatoes Inc. Stopped.
1996-97	Humate soil amendment	Introduced in 1996-97 with a commercial application in 1998. Ongoing.
1997	Spice cleaning machinery	Spice cleaning line machinery operational by 1997. Transferred.
1997-98	Precooling, forced air equipment unit	Equipment will be operational by June 1998 and transferred.
1997-98	Argan Oil extraction machinery	It will be operational by June 1998 and transferred.

V. PROMOTION AND INVESTMENT FUND (PIF)

The Promotion and Investment Fund is a financial assistance fund provided to U S , Moroccan, or joint ventures considered too risky for conventional bank lines of credit. The PIF was an important tool set up to create an incentive for trade and investment promotion. The Agribusiness Specialist worked with AMI professional staff to evaluate new PIF proposals. He also identified potential PIF projects, and prepared PIF proposals in an effort to assist Moroccan applicants. Following is a list of PIF projects where he was involved.

- 1994** Avon-Val-Maroc commercial truck shipment of non-refrigerated tomatoes to Europe
- 1995** Lindeman/ Melon quality improvement
- 1997** Argan oil
- 1997** Elsargane production of cosmetic and food consumption Argan Oil
Introduction of new technology and packaging
- 1998** Nectarome organic essential oils for cosmetics

VI MEETINGS AND REPORTS

The Agribusiness Specialist participated at weekly staff meetings, and prepared four quarterly reports per year. He participated in 4 Annual Workplan sessions of one-week duration in September of 1994, 1995, 1996, and 1997.

VII. SUBSECTOR STUDIES

The Agribusiness Specialist worked during the first part of 1994 in the preparation of the Fresh Fruit Subsector Study. He worked closely with the Agricultural Economist to assist the consultants with travel in the country and to gather information. The field work prepared the Agribusiness Specialist to assess the needs for new varieties of strawberry plants. He also participated with AMI staff in the review of four other subsector studies.

VIII FINANCING

The Agribusiness Specialist worked to identify new financial channels to help the importation of U S equipment and the export of Moroccan agricultural products. He invited a representative of the Wafabank (North American division) to travel with the Strawberry Tour. The connections made enabled the bank to improve letter of credit handling for purchase of U S goods and services. Later, that same preferential service, which allowed access to a revolving account was extended to Moroccan exporters. The tracking of financing efforts was eliminated by the 1995 evaluation.

IX RECOMMENDATIONS

The Agribusiness Specialist devoted 83% of his time to trade and investment, PIF, and technology transfer areas. During his four-year tenure he was able to assess the needs of the agricultural sector. Four critical areas to help propel exports and investments are discussed and recommendations are made in this section of the report.

A The Investment Climate.

Morocco's strategic geographical location, and its cheap and abundant labor are attractive incentives, at first glance, to European and U S investors. MAPP, unfortunately, was restricted in its promotion of investments from the U S and played a limited role in European investments. A platform for trade development was laid out with Europe, but the natural progression from trading to an investment was not part of our objectives in Europe.

Morocco needs to develop a national investment code for foreign investment in the agricultural and agribusiness sectors. The current agricultural code discourages foreign investment in Moroccan agriculture.

Morocco's competition from other Maghreb countries and West African countries will increase in the years to come. The opportunity to benefit from European companies trying to relocate their experience to other capital and production markets will be lost, if Morocco does not move more quickly. The few favorable variables for investment will evaporate very quickly if Morocco's government and the private sectors do not take a giant step towards the creation of an agricultural investment code. The current investment code is ambiguous in nature and does not address the key needs of investors in the agricultural sector. The government needs to be pro-business, proactively.

The following suggestions provide a set of guidelines and incentives necessary to put together an attractive investment package:

- 1 The right for foreign firms and Corporations to purchase and own agricultural and industrial land**

- 2 One hundred percent exemption from**
 - * all export taxes associated with the export and re-export of goods**
 - * local sales and consumer taxes**
 - * unrestricted profit repatriation of capital investment, profits and dividends**
 - * all taxes on profits from 5-10 years and on service contract fees**
 - * the development of tax-free zones for industry and agribusiness**
 - * full convertibility of the Dirham with foreign currencies, including risk insurance**
 - * import duties on raw materials**
 - * import duties on machinery, spare parts, equipment, molds, and other accessories**

B Firm Structure

The structure of the firm in the agricultural sector needs to include greater vertical integration. Vertical integration can be accomplished with an individual large company, or small to medium size operations grouped as a cooperative and/or an association. However, the small farmer or agribusiness owner/producer has financial limitations, limited and costly access to inputs and technology. They usually lack management and marketing skills.

The lack of management skills leads to poor accounting practice and poor cost control. If farms and agribusinesses used basic accounting and marginal cost analysis, then financial inputs and human resources could be saved. For this to happen more training of managers at all levels needs to occur.

The government needs to review the current business code to restructure the statutes of cooperatives, associations, and agricultural S A (S C A). MAEE needs to evaluate the possibility of creating marketing orders to help small to medium growers.

C Market Diversification

Sustained market diversification effort is needed to enhance trade and investment. Three key points:

- * AMI has orchestrated the introduction of new technologies and supported the adoption of the 1996 plant variety and breeder rights law in Morocco promulgated in May 1997. Now, new crop varieties, production and postharvest technologies need to be introduced to improve Morocco's ability to penetrate new markets.
- * Product development needs to be adapted to each targeted market. For that to happen the supporting industries supplying materials need to invest in new technology. Those industries are packaging, for example cartons, plastic packaging, canning, bottling, and labeling. These industries need an attractive package for new tax-free zones.
- * The government and/or private sectors need to invest in the creation of a network of international offices to help promote their products and gather market information on consumer tendencies and trends in new products in the overseas markets.

D Quality Control

To create a positive image for their agricultural and agribusiness products, Morocco has to be more selective on what is exported. Tougher controls for grading, packaging, and inspections are needed. In the sector of herbs and spices, for example, Morocco has a negative image in the U.S.

Areas for improvement

- * Integration of production and processing
- * Postharvest handling, especially forced air precooling and proper packaging
- * Food safety controls
- * Cargo transportation by air and by land needs to be liberalized and foreign competition allowed in Morocco. The cost is high and the availability is limited in space, frequency, and routing outside of France. Airport cargo facilities also need improvement.
- * Streamlining the documentation process for export should be a priority.
- * Extension and information dissemination services from MAEE and other government groups need to go to work. They have played minor roles up to now.
- * Training of technicians and management is needed to show owners how to involve employees in decision making, and how to transform a company from a one-man show to a modern firm.