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AGRICULTURAL MARKETING IMPROVEMENT STRATEGIES PROJECT

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Assisting AID Missions and Developing Country Governments
to Improve Agricultural Marketing Systems

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**USAID/GOVERNMENT OF
MOROCCO AGRIBUSINESS
TRADE AND INVESTMENT
CONFERENCE
DECEMBER 12-13, 1991**

USAID/GOVERNMENT OF MOROCCO
AGRIBUSINESS TRADE AND INVESTMENT CONFERENCE
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Submitted to
USAID/Rabat

Agricultural Marketing Improvement Strategies Project (AMIS)

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TABLE OF CONTENTS

	<u>Page</u>
PREFACE	i
1 EXECUTIVE SUMMARY	1
1.1 Introduction	1
1.2 Current Issues and Trends in International Agricultural Trade and Implications for Morocco	2
1.2.1 The GATT Uruguay Round	2
1.2.2 EC 1992	3
1.2.3 NAFTA	3
1.3 Practical Considerations for Entering the U.S. Market	3
1.3.1 Tariff and Non-tariff Barriers to Trade	3
1.3.2 Product Quality	4
1.3.3 Phytosanitary Regulations	4
1.3.4 Packaging	5
1.3.5 Transportation	5
1.3.6 Financing of Export Transactions	6
1.3.7 Summary Notes on a Case Study: U.S. Investor in Morocco	6
1.3.8 Summary Notes on a Case Study: U.S. Importer of Moroccan Olives ..	7
1.3.9 Steps to Developing Export Markets in the U.S.	8
1.3.10 Opportunities for Export Markets in the U.S.	8
1.4 U.S./Morocco Agribusiness Development Assistance Programs	9
1.4.1 Trade and Investment Service (USAID)	9
1.4.2 The U.S. Foreign Trade Service (U.S. Department of Commerce) ...	10
1.4.3 Foreign Agricultural Service (U.S. Department of Agriculture)	10
1.4.4 Morocco Agribusiness Promotion Project (USAID)	11
1.4.5 Private Sector Division (USAID)	12
1.5 Question and Answer Sessions: Viewpoints and Concerns	13
1.5.1 Identification of Appropriate Products and Markets in the U.S	13
1.5.2 Meeting U.S. Product Quality and Packaging Requirements	13
1.5.3 Promotion	14
1.5.4 Identifying Research Needs and Appropriate Research Linkages Between the Moroccan Public and Private Sector	14
1.6 Conclusions and Recommendations	15

1.7	Statutory Tariff and Applied Tariffs in the U.S. for Different Stages of Processing by Product Categories, 1989 (Percent)	17
2	CONFERENCE PROGRAM AND PRESENTATIONS	18
2.1	Conference Program	19
2.2	Conference Presentations	
2.2.1	Welcome Address by Mr. Abdelhak Bennani, Vice-President and Director General of Wafabank	22
2.2.2	Address by His Excellency Michael Ussery, Ambassador of the U.S. to Morocco	24
2.2.3	Address by Mr. My. A. Alaoui Abdellaoui, Secretary General of the Ministry of Agriculture and Agrarian Reform	25
2.2.4	Presentation of USAID Activities in Morocco by Mr. Dennis Chandler, Director of USAID	29
2.2.5	Address by Mr. Kacem Bennani Smires (Delassus), member of the USAID/Morocco Agribusiness Promotion Project Steering Committee	31
2.2.6	Presentation by Mr. Albert Glad (U.S. Expert): International Agricultural Trade Issues and Trends: How do They Influence Morocco?	34
2.2.7	Presentation by Mr. William Haines (U.S. Expert): Agribusiness Marketing: How to Enter the U.S. Market	42
2.2.8	Presentation by Dr. Joseph Karpati, APHIS Attaché: Role of APHIS in Clearing Agricultural Imports into the USA	51
2.2.9	Presentation by Mr. Abdelaziz Arifi, Director, DPVCTRF: Moroccan Phytosanitary Control for Exports	75
2.2.10	Presentation by Mr. David Sullivan, TIS Program Director: Promotion of Moroccan Exports to the USA—TIS Morocco	80
2.2.11	Outline of the Case Study Presentation by Mr. Vincent Argembau, U.S. Importer of Moroccan Olives	85
2.2.12	Presentation by Mr. Samuel Starrett (U.S. Trade Consultant)	88
2.2.13	Presentation by Ms. Sophia Alami (U.S. Agricultural Service, Rabat)	90
2.2.14	Presentation by Mr. Driss Meski (Agricultural Division, USAID)	93
2.2.15	Presentation by Mr. Alexander Shapleigh (Private Sector, USAID)	97
2.2.16	Case Study Presentation by Mr. Hari Schucka, Pioneer Seed Company	99
2.2.17	Outline of the Presentation by Mr. Mohamed Zohry, Royal Air Maroc	109
2.2.18	Presentation by Mr. Ismail Bouayad, CONADE	118
2.2.19	Rapporteur's Report by Ms. Judith Edmister, PIP	119

3	MATERIALS DISTRIBUTED TO CONFERENCE PARTICIPANTS	122
3.1	List of Permitted Items from Morocco	123
3.2	Major Produce Importers in the Northeast U.S.	124
3.3	Flower Importers of the Northwest U.S.	125
3.4	U.S. Produce/Floral Publications	126
3.5	U.S. Trade Organizations and U.S. Government Agency Information	127
3.6	Pest-Free Areas	128
3.7	USAID/Morocco: Development of Private Enterprise in the Decade of the 1990s	133
3.8	USAID/Morocco: Training for Development Project	137
3.9	USAID/Morocco: Morocco Agribusiness Promotion Project	141
4	LIST OF ACRONYMS	150
5	LIST OF CONFERENCE PARTICIPANTS	152

PREFACE

The Agricultural Marketing Improvement Strategies Project (AMIS), core-funded by the Agency for International Development's Bureau for Science and Technology, is a five-year project designed to assist USAID Missions and developing countries to:

- improve diagnosis of agricultural marketing system constraints, using rapid appraisal techniques,
- conduct in-depth analysis of specific marketing problems identified during rapid appraisal or by other studies,
- identify, design, and monitor appropriate marketing system innovations and improvements,
- build local capacity in both the public and private sector to do marketing systems analysis.

AMIS is also assisting AID/W and USAID Missions in planning new marketing initiatives and projects.

The rationale for the AMIS Project, which began operations in October 1987, was the realization that benefits from increases in agricultural production, often the result of successful A.I.D. or other donor-sponsored projects, frequently do not reach farmers and others in the marketing chain because of constraints or bottlenecks in marketing systems. Likewise, inefficient distribution systems for fertilizer and other inputs may result in late deliveries and high cost to farmers. These constraints may be technical, institutional or infrastructural. They are often the result of government policies with disincentive effects -- policies that discourage private sector participation in marketing. Through analysis and active interventions, AMIS is promoting a better understanding and appreciation of the importance of marketing in the agricultural development process.

The prime contractor for the AMIS Project is Abt Associates, a policy research and economic analysis firm based in Cambridge, Massachusetts and operating through its Washington, D.C. area office. Abt is assisted by two subcontractors: The Postharvest Institute for Perishables at the University of Idaho, a research and information center dedicated to improving postharvest handling and marketing of perishable crops, and Deloitte & Touche, an accounting, management, and agricultural development consulting firm with special expertise in market liberalization studies.

**1. EXECUTIVE SUMMARY
USAID/GOVERNMENT OF MOROCCO
AGRIBUSINESS TRADE AND INVESTMENT CONFERENCE
DECEMBER 12-13, 1991**

1.1 Introduction

Morocco's agribusiness sector appears poised for significant growth and development. The country's increasing agricultural production capacity, investments in irrigation infrastructure, low labor costs and proximity to EC markets give its agribusiness sector a considerable comparative advantage in accessing many of these markets. In support of the considerable opportunities for growth projected in the agribusiness sector, the U.S. and Moroccan governments are pursuing cooperative agricultural and economic programs designed to facilitate foreign investment and trade. Moroccan government interventions to develop domestic and international transportation networks, liberalize administrative procedures governing foreign trade, privatize public enterprises and provide export marketing and technical services to Moroccan entrepreneurs, indicate a far-ranging commitment to improving the climate for business development and foreign market access. These interventions are complemented and reinforced by U.S. private sector assistance programs and public sector research, technology transfer and training programs designed to support private sector initiatives.

The U.S.-Moroccan Agribusiness Trade and Investment Conference was designed as a precursor to continuing government initiatives in agribusiness development, with two over-arching objectives: 1) to inform Moroccan agribusiness representatives of export opportunities for Moroccan agricultural products to the U.S. market; and 2) to enhance awareness within the Moroccan agribusiness community of U.S. government programs and services available to facilitate Moroccan agribusiness development in general and U.S. market entry in particular.

This executive summary documents the key issues and concerns for Moroccan agribusiness development brought to light during the course of the conference presentations and question/answer sessions, and outlines recommendations for future activities suggested by conference speakers and participants. The executive summary is followed by the complete set of presentations and materials distributed during the conference. In its entirety, the conference proceedings will also be a resource guide to Moroccan agribusiness sector development issues, opportunities and constraints as well as to U.S./Moroccan programs and services that support agribusiness development.

Conference organization; scope of discussions: The two-day conference was jointly sponsored by USAID, the U.S. Foreign Commercial Service, and Wafabank in Casablanca, with the latter hosting the conference. Participants, approximately 100 in number (see participant list) included representatives of Moroccan private sector agribusiness and public agribusiness supporting institutions. Conference speakers included U.S. and Moroccan public and private sector representatives who discussed topics ranging from U.S. agribusiness investment in Morocco, to international agricultural trade policy issues, to U.S. market entry considerations and product requirements. Presentations also pinpointed opportunities for/constraints to exporting to the U.S. as well as programs/services available through the U.S. and Moroccan governments to facilitate market entry. Case studies of a U.S. importer of olives from Morocco and a foreign investor in Morocco complemented the general discussions of market entry issues and constraints. Question and answer sessions highlighted critical issues presented during the

conference and provided participants with the opportunity to clarify and elaborate on the issues discussed.

1.2 Current Issues and Trends in International Agricultural Trade and Implications for Morocco

Recent developments in international agricultural trade policy will have far-reaching effects on agricultural commodity trade in developed and less developed countries around the world. The last decade has been marked by a slowdown in global economic growth with a concomitant slowdown in agricultural trade. These conditions provide the impetus for increased competition among exporting nations to supply countries such as the U. S. with the agricultural commodities it must import, and form the backdrop against which recent multilateral trade negotiations have occurred. Three events of particular interest to Morocco are the GATT negotiations-Uruguay Round, EC 1992, and the North American Free Trade Agreement. The results of these negotiations and their implications for Morocco's participation in foreign agricultural trade are summarized below.

1.2.1 The GATT Uruguay Round

Status of Negotiations: The Uruguay Round of GATT negotiations, begun in 1986, aimed to address the root causes of disputes in agricultural trade: export subsidies, internal supports, and market access barriers. At the time of the mid-term review of these talks in 1988, the proposal of one group of major trading nations -- the U.S. and the Cairns group¹ as well as developing nations such as Brazil, Argentina and Thailand -- aimed at fundamental agricultural trade reform by reducing export subsidies, internal supports and market access barriers. The EC, on the other hand, supported by Korea and Japan, argued for much more modest reforms phased over a longer period of time. The inability of negotiators to reach a compromise proposal led to continued talks through 1989 and 1990.

In late 1990, the negotiating group chairman submitted a compromise proposal which the U.S. and Cairns group countries accepted as the basis for continued negotiations; however, the EC, Japan and Korea did not. Negotiations remained stalled until early 1991. Since that time, many of the remaining technical questions have been resolved, and there has been some progress in reaching agreement on how to implement reductions, the annual cuts and the base period used.

Implications for Morocco: It appears likely that some form of compromise agreement will be reached soon. Reductions in market access barriers (including tariffs, variable levies, quotas and taxes) should stimulate Moroccan agricultural exports, particularly citrus. Reductions in internal supports and export subsidies should enhance Morocco's ability to compete with other exporting countries and open new markets for Moroccan goods. However, lowering internal supports for wheat, sugar and feed grains in developed countries will increase costs of Moroccan imports of these items. Increased prices of such imported items may be offset by granting Morocco and other developing nations preferential treatment for their exports.

¹Cairns group member nations: Argentina, Australia, Brazil, Colombia, Chile, Canada, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay.

1.2.2 EC 1992

EC 1992 is designed to unify the economies and harmonize trade regulations of the 12 member countries by the end of 1992. Trade regulations will be standardized by implementing approximately 300 directives applying to labeling, pesticide, food preservative and other product requirements.

Implications for Morocco: The directives covering trade regulations will likely be more strict than those already in place. Moroccan agricultural commodities destined for export to the EC will have to meet the standards required; however, once the standards are met, Moroccan exports will enjoy equal access to markets in all EC member countries.

1.2.3 NAFTA

The North American Free Trade Agreement (NAFTA) aims to create free trade between the U.S., Canada and Mexico. Initiated by the Mexican government, NAFTA will reinforce Mexico's already strong position in U.S. agricultural trade. Although there has been considerable progress towards completing negotiations, it appears unlikely that a final agreement will be reached before the 1992 U.S. presidential election.

Implications for Morocco: Agricultural trade between the U.S. and Mexico is already well developed and market access barriers are low. Therefore, the impact of more liberalized trade in agricultural products is likely to be minor; however, the Moroccan government should monitor the results of negotiations to ensure that any advantages gained by Mexico through NAFTA do not exclude Moroccan exports such as citrus, other horticultural products and processed food from the North American market.

1.3 Practical Considerations for Entering the U.S. Market

Moroccan agribusinesses must be fully informed of U.S. market opportunities, requirements and trade barriers in order to develop long-term export marketing strategies. The following section outlines key areas of concern in accessing U.S. markets and means of resolving them in a logical marketing plan. Experiences of a U.S. importer of olives from Morocco and a U.S. investor in Moroccan agriculture illustrate how some of these concerns can influence market entry and development. The section ends with a list of suggestions for developing export markets in the U.S. and potential market opportunities for Moroccan agricultural products.

1.3.1 Tariff and Non-tariff Barriers to Trade

Trade barriers in the form of tariffs or duties on agricultural products entering the U.S. or exclusions of certain agricultural commodities from entry into the U.S. exist primarily to protect the U.S. domestic agriculture industry. Tariffs are put in place to equalize market access for commodities produced both domestically and internationally. Certain commodities grown outside the U.S. may be required to undergo special treatment before entry into the U.S. or be excluded entirely from the U.S. market as a means of preventing the spread of plant pests or disease to U.S. agriculture (see discussion of phytosanitary requirements below). **It is the responsibility of exporting countries to be informed of and understand U.S. market access barriers in order to plan logical export development programs.** (The reader is referred to Section 1.7 for an abbreviated list of U.S. tariffs on selected

agricultural commodities, and to Section 3.1 for a list of Moroccan agricultural products currently permitted to enter the U.S.)

1.3.2 Product Quality

U.S. fresh product quality grades and standards are among the highest in the world and, as such, can be quite difficult to meet. The USDA's Agricultural Marketing Service, Fruit and Vegetable Branch, sets grades and standards for fresh fruits and vegetables in cooperation with industry. Domestic and imported commodities are inspected for quality at the point of warehouse/distribution. FAO's Codex Alimentarius is also in the process of establishing international grades and standards for fresh fruits and vegetables; however, potential exporters of these products to the U.S. should be aware that U.S. grades and standards are more stringent than those established by Codex and must be satisfied for their products to be traded on the U.S. market.

1.3.3 Phytosanitary Regulations

U.S. Program: The USDA's Animal and Plant Health Inspection Service (APHIS) is responsible for regulating and monitoring the importation of plant and plant products to safeguard domestic agriculture from plant pests and diseases. Entry of plant material into the U.S. is subject to APHIS inspection; diseases and pests are controlled either by eradication of the pests or exclusion of the material. Eradication calls for removal of the infected plant material at the port of entry; exclusion calls for inspection or treatment measures to avoid entry of pests. The U.S. prohibits or restricts entry of unknown or little known plant pests, plants, plant products, soil, etc., that are likely to carry these pests.

Specific regulations vary and are modified constantly, as distribution of plant pests vary and new pests are discovered. There are, however, some restrictions that apply to all regulated imports; these are listed in Section 2.2.8.

Another aspect of APHIS' work is to seek out and adopt new methods for eliminating pest hazards. Strategies include: 1) development of guidelines for conducting field inspections; 2) development of survey protocols for detecting pests and diseases; and, 3) research conducted by USDA's Agricultural Research Service (ARS) on methodologies and techniques in plant protection and quarantine. ARS research includes development of treatments such as irradiation, dry heat and hot water dips to eradicate pests on infested materials.

Entry of pests and infected plant material is controlled at U.S. ports of entry through the APHIS border patrol program. In addition, APHIS inspectors "preclear" shipments of agricultural products such as flower bulbs from certain foreign countries in the country of origin.

Specific APHIS quarantine restrictions on the import of fruits and vegetables into the U.S. are presented in Section 2.2.8, as is a list of fruits and vegetables currently approved for entry from Morocco.

Morocco Program: The Ministry of Agriculture's Plant Protection Service is responsible for implementing national and international phytosanitary regulations. The Plant Protection Service has central and regional diagnostic laboratories as well as fumigation facilities at certain ports to assist in carrying out this task. Moroccan agricultural commodities destined for export are submitted to a phytosanitary inspection at the point of departure to ensure conformity with importing country

regulations. The nature of this inspection depends on the commodity in question as well as on the phytosanitary requirements of the importing country. If the commodities in question are found to meet the phytosanitary requirements of the importing country, a phytosanitary certificate is awarded immediately. However, if certain insect pests are observed, award of the certificate may be delayed pending fumigation of the shipment. When organisms are observed for which no effective eradication treatment exists, award of a phytosanitary certificate is refused. Depending on the importing country and pests/plant diseases discovered, potatoes, aromatic or medicinal plants, dates, almonds and spices may be fumigated.

For certain plants or plant products, the U.S. requires an import permit that prescribes special handling procedures. For example, wild onions and garlic must be fumigated against certain insects, and a cold treatment is required for fruits to prevent introduction of the Mediterranean fruit fly. Citrus fruits must be transported in ships equipped with a cold treatment system. Moreover, certain products can only be admitted through North Atlantic ports or in Virginia, where fumigation chambers are available.

New EC phytosanitary regulations will be in effect as of 1993. A full description of these regulations as well as a summary of the status of Moroccan agricultural exports to Japan is included in Section 2.2.9.

1.3.4 Packaging

Packaging requirements for agricultural commodities imported to the U.S. are directly related to maintenance of product quality. Packaging materials and construction must be able to withstand long distance transportation and conform to U.S. size/capacity specifications. (See olive importer case study, Section 2.2.11, and question and answer summary, Section 1.5.2, for further discussion of packaging considerations.)

1.3.5 Transportation

Access to reliable, frequent, low cost and appropriate transportation is basic to developing a long-term export marketing strategy for fresh fruits and vegetables. Advances in storage technology for transport, such as refrigerated containers and controlled atmosphere storage, allow perishable products to be shipped long distances with little effect on product quality. Sea transportation is generally more reliable and less expensive than air transportation, and space availability is usually not a concern. Chartered vessels can also be a cost effective means of transporting large shipments of citrus and other products. Such vessels are usually refrigerated; thus, products need not be containerized. Air transportation is preferred for highly perishable, high value, limited window of opportunity products.

Both air and sea transportation are available to Moroccan exporters. CONADE, the Moroccan representative of the U.S. maritime company Sea Land, transports fresh and processed agricultural products by refrigerated/non-refrigerated container to the U.S. and Canada, Europe, the Mediterranean Basin, the Far East, and the Middle East. Transit time of containers from Casablanca to New York is ten days. CONADE offers complete transportation service from the exporter's warehouse/factory to the product's final destination.

Royal Air Maroc (RAM) presently offers air freight services to New York and Montreal twice weekly; this will be increased to four flights a week in 1993. Freight costs to New York are 20.00 dirhams (\$1.00 = approx 8.3 dirhams)/kg for fruits, vegetables, plants, cut flowers, and mint. RAM

can also arrange ongoing freight service from New York with various U.S. air carriers at a cost \$1/kg, or by refrigerated truck (cost is a function of shipment weight). Before agricultural commodities are imported into the U.S., an "Application for Permit to Import Plants or Plant Products" must be completed. Further, depending on the commodity in question, imported shipments are subject to inspection or to a fumigation treatment before final delivery.

1.3.6 Financing of Export Transactions

Export transactions may be financed in several ways. Usually export/import transactions are on a consignment basis; the product is sold at the current market price when it arrives on the market. The import distributor, the exporter's U.S. partner, sells the product at the maximum price and pays the exporter/supplier a predetermined percentage of the selling price. Payment to the exporter/supplier usually occurs within 21-30 days. Joint venture arrangements are also becoming more frequent. In this case, a U.S. company would partially finance the supplier's production and packaging costs and split the profits once the product is sold. A good relationship with a U.S. partner is basic to conducting these transactions successfully; it is suggested that Moroccan entrepreneurs visit the U.S. to meet with potential partners before entering a business relationship.

1.3.7 Summary Notes on a Case Study: U.S. Investor in Morocco

Pioneer Seed Company, with home offices in Johnstown, Iowa, has seed production operations world wide. Pioneer's commercial operations in the Maghreb region and Morocco began in 1989 with trading of corn, sorghum and alfalfa, and have recently been diversified into fruit and vegetable seed production. Elements of Pioneer's approach to business development, criteria utilized to assess foreign investment and market opportunities, and challenges identified for U.S. businesses in Morocco reiterate many of the issues addressed throughout the conference. Readers are referred to Section 2.2.16 for a complete discussion of this approach and a schematic diagram. Issues of particular concern are summarized below.

Criteria for Foreign Investment: Criteria of particular importance to Moroccan agribusiness include:

- Evaluation of market potential, both in terms of the overall climate for foreign investment (as indicated by government policy) and demand for specific products.
- Product availability on the market. Since many of the horticultural products currently produced in Morocco compete with similar products produced and available in the U.S., emphasis should be placed on product development to create/expand markets for alternative products.
- Attention to product diversification. Moroccan agribusinesses should be particularly attentive to opportunities for product diversification and market expansion.

Criteria for Entering New Markets: Moroccan agribusinesses should be aware of competing products and strive to keep ahead of competitors.

Future Challenges Identified for U.S. Businesses in Morocco: Modifications of Moroccan government policy relative to certain aspects of foreign investment will facilitate and support expansion of investment in Moroccan businesses:

- Implementation of a free market system. Reduction of government involvement in the market system will encourage foreign businesses to expand the scope of their investments.
- Reduction of internal subsidies will assist Moroccan farmers to be more profitable and efficient.
- Government facilitation of investors' administrative needs in terms of timely provision of work permits and visas for foreign personnel will promote more rapid business development.

1.3.8 Summary Notes on a Case Study: U.S. Importer of Moroccan Olives

Argembau and Co. has a long history of experience in importing olives and other bulk food products to the U.S. Identified through IESC's Trade and Investment Service (see Section 2.2.10) as a potential marketing associate/specialist importer of Moroccan olives to the U.S., this company has since become the exclusive agent of a single local olive supplier. Their experiences illustrate two key components of developing successful business relationships between Moroccan food exporters and U.S. importers:

Development of a U.S. Agent/Moroccan Supplier Relationship: The Moroccan supplier depends on the U.S. agent for essential market information and effective representation with U.S. customers. An exclusive relationship between the supplier and agent promotes trust that allows for a more thorough coverage of potential U.S. markets. To identify prospective U.S. agents and markets, Moroccan exporters can take advantage of IESC services in-country and/or attend food processors' conventions in the U.S. or elsewhere. Investing in a trip to the U.S. is seen as key to identifying a trustworthy U.S. partner.

Ability to Satisfy Requirements of the U.S. Buyer: First, the supplier must be able to adapt to and meet U.S. product quality and packaging standards. Accurate records of processes and equipment should be kept for inspection purposes. If possible, technicians should be sent to U.S. food processing schools to increase credibility with U.S. regulatory agencies. With respect to packaging standards, the U.S. market has little tolerance for packaging imperfections such as rusty or swollen cans, and labels must be neat, legible and accurate.

Deliveries must be made on time. If delivery schedule changes are necessary, customers must be notified promptly. The supplier must be able to communicate this and all information effectively in English and to reply promptly to orders and requests. This requires responsible, knowledgeable management personnel who can relay sales, production and financial information to U.S. buyers with minimum delay.

1.3.9 Steps to Developing Export Markets in the U.S.

Public Sector Actions:

- Provide support to Moroccan agribusinesses to the fullest extent possible, encouraging cooperation rather than competition in developing U.S. markets.
- Take advantage of U.S. government agencies and services that support agribusiness development.
- Encourage trade missions of agribusiness representatives to the U.S. to meet with U.S. firms specializing in marketing and distribution, trade groups and government agencies in order to become familiar with market requirements.
- Sponsor trade missions of U.S. firms to Morocco to assess opportunities for trade and investment.

Private Sector Actions:

- Seek out and participate in U.S. and Moroccan government programs to encourage agribusiness trade and investment.
- Visit the U.S. to meet with import distributors, assess opportunities for export market development, and become familiar with U.S. product quality and packaging requirements.
- Join a national trade association.
- Develop a working relationship with a reliable import distributor.
- Develop long-term export marketing strategies based on supplying top quality product to a specific market rather than on moving excess production.
- Couple excess production of lower quality fresh agricultural products with processing industries.

1.3.10 Opportunities for Export Markets in the U.S.

- At certain times of the year, Morocco can and should target fresh produce markets on the East coast of the U.S. In addition, Moroccan agribusiness should look for increased consumption of and market requirements for fresh produce in the coming years due to the increasing health consciousness of U.S. consumers. Moroccan fruits and vegetables not already permitted entry into the U.S. must be registered with the USDA before export can begin.

Market Opportunities for Moroccan Products Include:

- Fresh fruit and vegetable "convenience foods" (pre-cut, pre-sliced).

- **Frozen fruits and vegetables.**
- **Olives, canned peeled tomatoes, pepper strips, artichoke hearts and bottoms and mushrooms.**
- **Tomato powder, dehydrated tomatoes and other dehydrated vegetables (peppers, leeks, cabbage, chives, zucchini) in plastic sacks in cartons.**
- **Marinated artichoke quarters, pepperoncini, pimentos and capers in jars.**

1.4 U.S./Morocco Agribusiness Development Assistance Programs

The U.S. and Moroccan governments offer assistance to Moroccan agribusiness through a variety of technical, economic and marketing assistance programs. Programs and agencies within the U.S. Foreign Commercial Service, Foreign Agriculture Service and USAID's Agriculture and Private Sector Divisions promote access to U.S. markets by providing market information, facilitating contact between Moroccan and U.S. agribusinesses, identifying joint venture and market opportunities, sourcing products and equipment, etc. Current activities and plans for future services are summarized in this section.

1.4.1 Trade and Investment Service (USAID)

The Trade and Investment Service (TIS), implemented by the International Executive Service Corps (IESC), assists the Moroccan private sector to develop export markets by promoting and facilitating commercial relationships between U.S. and Moroccan firms. Activities are focused on two areas: procurement of export orders for Moroccan businesses and identification of U.S. partners for joint ventures.

Since the program's inception in 1989, \$6.6 million in export orders have been procured for 20 Moroccan export companies, 95 percent of which have been in agro/fish industries. Two significant joint-venture opportunities have been identified, and sector surveys have been conducted to assess the export potential of a number of Moroccan products including olives, canned fruit and vegetables, fresh and frozen seafood, essential oil, herbs and spices, and wine. TIS also promotes Moroccan products by providing investment information to U.S. agribusinesses and potential investors in Moroccan companies.

The success of the TIS program to date has been based not only on its commercial approach, but also on the ability of IESC volunteer executives to connect Moroccan businesses with appropriate U.S. joint-venture partners; the program's ability to appoint marketing associates or specialist importers to work directly with Moroccan firms in developing export markets; and the degree to which cooperating Moroccan firms are dedicated to penetrating the U.S. market. TIS has identified three major issues for Moroccan agribusinesses in order to be successful U.S. market participants:

- **Quality/Packaging.** Products must conform to U.S. specifications, including microbiological and color standards and package size;

- **Competitiveness.** Morocco must prove, through competitive pricing, that it can produce quality product in line with its major competitors -- Spain, Portugal, Italy, Greece, Turkey, and southern California; and
- **Delivery/Communications.** Moroccan businesses must strive to deliver product and communicate (in English) with U.S. business partners in a timely fashion.

Through its services, TIS has identified a number of U.S. market opportunities for Moroccan agricultural products. These opportunities are included in Section 1.3.10, Opportunities for Export Markets in the U.S.

1.4.2 The U.S. Foreign Trade Service (U.S. Department of Commerce)

The primary objectives of the U.S. Foreign Trade Service (FTS) are to assist U.S. companies to market their goods and services in Morocco, and to assist Moroccan businesses in procuring needed goods and services through U.S. companies. Services are free to Moroccan importers of U.S. goods; however, U.S. firms are required to pay for access to certain international market information.

Moroccan importers of U.S. goods have access to U.S. suppliers through the FTS "Trade Opportunity Program". Importers' needs for goods and services are advertised through U.S. trade journals and a Department of Commerce data bank. Response time from the U.S. is quite rapid, often within three days of the original request. Other FTS services include:

- Distributing a monthly trade magazine (in English) listing new products in various industries, including agribusiness. FTS can facilitate contacts with U.S. firms advertized.
- Organizing trade exhibitions, including some on agribusiness themes.
- Hosting U.S. trade missions and groups of investors to assess joint-venture opportunities.
- Organizing escorted trips to the U.S. for Moroccan business people to attend conventions and exhibitions in their areas of interest. This is a particularly good way to make contact with potential joint-venture partners or investors.

1.4.3 Foreign Agricultural Service (U.S. Department of Agriculture)

The Foreign Agricultural Service (FAS) promotes export of U.S. agricultural products primarily by facilitating contact between U.S. exporters and foreign importers. Sub-groups within the FAS deal with different aspects of international trade (international trade policy, agricultural trade statistics, export credit program) to assist in making U.S. agricultural commodities more accessible to foreign markets.

FAS works through about 60 private sector commodity associations to promote export and utilization of U.S. products around the world. As wheat is the primary commodity exported from the U.S. to Morocco, the U.S. Wheat Producers Association maintains an office in-country and offers assistance and training to Moroccan wheat processors in milling and baking technologies.

Potential Moroccan importers of U.S. commodities can gain access to lists of suppliers and, if product specifications are known, can have orders transmitted directly to U.S. suppliers through the USDA. Further, FAS can arrange visits to the U.S. for importers to meet with potential suppliers and attend trade fairs and exhibitions.

1.4.4 Morocco Agribusiness Promotion Project-MAP (USAID, Agriculture Division)

USAID and the Government of Morocco's Ministry of Agriculture and Agrarian Reform (MARA) have recently initiated this project to promote growth and development of Morocco's agribusiness sector. The project will focus on programs and activities that assist agribusinesses to produce, process and market high demand, high value-added products. It will target product sub-sectors that have been identified as having significant potential for growth, including fresh and processed fruits and vegetables, spices and essential oils, olives and olive oil, food legumes, cut flowers and ornamental plants, grapes, raisins, and wine.

Specific project activities in the above sub-sectors will be divided into four components: promotion, improving the agribusiness investment climate, strengthening organizational and institutional capacity, and human resource development. These activities are summarized by component below.

Promotion: The overriding objective of this component is to facilitate contact and development of commercial relationships between the U.S. and Moroccan private sectors. The scope of activities include:

- Investment prefeasibility studies and market identification studies;
- U.S. agribusiness study tours for the Moroccan public/private sector to become acquainted with product processing, packaging and handling techniques;
- Organization of tours for the U.S. private sector in Morocco to enhance awareness of agribusiness investment and joint-venture opportunities; and
- Direct technical assistance to Moroccan firms and trade/professional associations to address identified problems in sourcing, processing and marketing, along with sponsorship of appropriate conferences and workshops.

A promotion and investment fund will be established to stimulate and support research initiatives in processing, packaging and marketing, and to promote the establishment of commercial contacts and joint-ventures. Grant funds will be made available to Moroccan and/or U.S. private agribusiness firms for up to 50 percent of the total cost of an activity, with a per activity funding ceiling of \$50,000.

Improvement of the Agribusiness Investment Climate: Activities in this component will focus on identifying and removing policy and regulatory constraints to agribusiness investment, and will likely include in-depth studies of problem areas such as transportation, marketing and privatization of organizations linked to agribusiness.

Institutional Support: Activities in this component will concentrate on ways in which public sector services in support of agribusiness can be improved. This will include strengthening the GOM's

market monitoring, analysis and reporting services to the private sector, along with its phytosanitary and grades and standards inspection, enforcement and outreach services. The bulk of this assistance will be provided through an inter-agency agreement with the U.S. Department of Agriculture.

Human Resource Development: The goal of activities in this component is to develop private sector competence in production, handling, packaging and marketing of agricultural commodities. MAP will support U.S. training for both public and private sector personnel. The bulk of this will be in the form of short-term technical and marketing courses and agro-industry internships. MAP will also work with Morocco's *Institut Agronomique et Vétérinaire Hassan II (IAV)* in upgrading and expanding its program of in-country agribusiness training (both long and short-term), applied research and outreach efforts in support of Moroccan agribusinesses.

Additional details on MAP project activities and implementation are found in Sections 2.2.14 and 3.9 respectively.

1.4.5 Private Sector Division (USAID)

USAID's Private Sector Division initiatives are designed to stimulate private investment, promote business creation/expansion, and expand export markets for Moroccan products. Programs and activities aimed at private sector promotion are grouped into nine categories and described in greater detail in Section 3.7; four projects of particular note are described briefly in the following paragraphs.

Export Loan Guarantee Fund: One of the most common difficulties experienced by smaller companies is lack of collateral necessary to obtain bank credit for business transactions. To address this problem, USAID has created an export Loan Guarantee Fund in the amount of \$10.5 million, currently managed by Citibank. The fund guarantees up to fifty percent of medium term loans granted to small and medium sized private Moroccan exporters by local commercial banks.

Expansion of Small/Medium Sized Enterprises: The *New Enterprise Promotion Project*, operational in mid 1992, is to result in the creation or expansion of over 600 small/medium-sized enterprises. It will address constraints to business development identified in business management, administration and financing through technical assistance and training programs. Support services to businesses will be furnished through a "Moroccan Business Center"; businesses will be charged for services rendered.

Human Resource Development: In the past, USAID's training program resources have been concentrated in Morocco's public sector. With the *Training for Development Project*, also slated to begin in mid 1992, training/educational needs in the private sector will be addressed. Participants will have the opportunity for short-term as well as long-term (Master's level) business management training in the U.S., or short-term training in Morocco. The project will also furnish direct assistance to Moroccan educational institutions, primarily in the private sector, to improve the quality of in-country business management and related training. (See Section 3.8 for further details.)

Energy Conservation: This project aims to assist Moroccan companies to reduce their energy costs -- and increase their competitiveness -- by conducting energy audits and establishing firms and private sector agencies specializing in energy audit and conservation. Again, businesses will pay for energy conservation services rendered.

1.5 Question and Answer Sessions: Viewpoints and Concerns

During question and answer sessions conference participants had the opportunity to request clarification and/or elaborate on issues addressed in previous discussions. Most of the questions/comments focused on practical constraints to U.S. market entry in four broad categories: 1) identification of appropriate products and markets in the U.S.; 2) means of meeting U.S. product quality and packaging standards/requirements; 3) promotion of Moroccan products in the U.S.; and, 4) identification of private sector research needs and appropriate research linkages between the public and private sectors. The main points of the question and answer sessions are summarized by category below.

1.5.1 Identification of Appropriate Products and Markets in the U.S.

Lack of communication between the Moroccan and U.S. private sectors was seen as a major constraint to identifying market opportunities and products appropriate for the U.S. market. Participants were reminded that opportunities for Moroccan/U.S. private sector contact are available through the TIS program, a USAID program that brings potential U.S. investors to Morocco to meet with potential business partners. **Technical competence of the Moroccan private sector** through appropriate training was also seen as basic to effective communication with U.S. partners. Training programs for the Moroccan private sector will be available through the MAP and other USAID projects.

Morocco's orientation to EC markets was also raised as a constraint to U.S. market entry. Moroccan food producers and processors are accustomed to European varietal, processing and packaging requirements, and will have to make significant changes in these areas to meet U.S. market requirements. Again, good communication between Moroccan exporters and U.S. partners will assist in identifying necessary changes.

In addition to relying on U.S. business partners for assistance in identifying appropriate products and markets, **participants were encouraged to become familiar with the competition: i.e. with similar products produced in the U.S. and other countries.** Opportunities exist for certain Moroccan horticultural products to be competitive on the East coast of the U.S., but only if exporters can produce and ship efficiently and ensure product quality.

1.5.2 Meeting U.S. Product Quality and Packaging Requirements

U.S. product quality and packaging requirements, while strict, can be met if exporters have access to and are able to make use of appropriate information and assistance services. The USDA's Food Safety and Inspection Service (FSIS) publishes grades and standards for horticultural products, and should be the Moroccan exporter's first source of information on industry's quality requirements (refer to Section 3.5 for FSIS' address). However, exporters should be aware that any products imported into the U.S. must first be registered with the USDA and pass APHIS inspection.

In addition to meeting quality grades and standards, **products destined for U.S. markets must also meet U.S. consumer preferences** for appearance, taste, etc., which will vary by region and market. The U.S. import distributor is the exporter's primary source of information for pinpointing these preferences.

U.S. regulations are also strict regarding pesticides and pesticide residues allowed in horticultural products. However, Moroccan exporters have access to information on kinds and amounts

of pesticides allowed through the Chemical and Pesticide Review, a U.S. journal that lists pesticides approved for vegetable products, and FAO's Codex Alimentarius. Exporters can consider opportunities for reduced pesticide use through integrated pest management (IPM) and pest movement forecasting methods. The U.S. organic food industry also presents a market opportunity for Moroccan products that have not been subjected to industry prohibited pesticides.

Exporters must meet U.S. product packaging requirements. Again, direct contact with U.S. industry is one of the most efficient means of obtaining precise information on those requirements. Once the required packaging is seen and understood, it can likely be duplicated in Morocco or Europe. Further, exporters should be aware that the *Institut Marocain d'Emballage et de Conditionnement* provides packaging research and development services, and has already developed package prototypes for U.S. approval.

1.5.3 Promotion

Moroccan firms' lack of financial assets for large-scale promotional activities was identified as a major constraint to U.S. market development. Although it was agreed that such activities are advantageous if funds exist, other effective but less costly promotional techniques were also suggested, including:

- visits to the U.S. to assess opportunities for Moroccan products currently available.
- utilization of export promotion services available through the *Centre Marocain pour la Promotion des Exportations* (CMPE). The CMPE has targeted North American markets for promotional activities including organization of exhibitions/fairs to promote specific products, and organization of Moroccan export interest groups to promote products on-site in the U.S. and Canada.
- exhibition of Moroccan products at U.S. national trade conventions such as the Produce Marketing Association annual convention and exhibition held in October, and the United Fresh Fruit and Vegetable Association annual convention held in February.

1.5.4 Identifying Research Needs and Appropriate Research Linkages Between the Moroccan Public and Private Sectors

Lack of a well-coordinated research effort between Moroccan agricultural production, processing and export industries was identified as a primary deterrent to U.S. market entry. Private sector representatives expressed the need for government research institutions and programs to be more responsive to their research needs.

To improve this situation, it was felt that the private sector must play an active role in defining the nature and scope of public sector research activities and be willing to contribute financially to the implementation of these activities. Further, it was felt that institutions should be developed for the express purpose of forging linkages between public and private sector research programs.

Representatives of Morocco's *Institut Agronomique et Vétérinaire* (IAV) invited producers and processors of horticultural products to take advantage of IAV's highly qualified research staff and modern

facilities to meet their technical assistance needs. Again, the need for the private sector's cooperation in terms of setting research direction and contributing financially to research programs was stressed.

1.6 Conclusions and Recommendations

This conference underscored the commitment of the U.S. and Moroccan governments to stimulate growth and development of the Moroccan agribusiness sector as well as to promote expansion of U.S. business investment in Morocco. As an important step in the USAID/GOM agribusiness development strategy, the conference brought together representatives of the U.S./Moroccan public and private sectors and university community to identify: 1) opportunities for Moroccan agribusinesses in entering U.S. markets, 2) challenges that must be confronted to enter these markets, 3) recommendations for resolving these challenges, and 4) relevant U.S./Moroccan government support services and programs available. Major challenges and opportunities identified are reiterated below.

Challenges: Morocco's agribusiness sector must confront and resolve issues of product quality, phytosanitary and packaging requirements, consumer preferences, transportation of perishable product over long distances, identification of and communication with U.S. business partners, and identification/production of products for U.S. markets before it can take advantage of the market opportunities identified. Exporters must have access to accurate, up-to-date information on product requirements and have means to communicate directly with the U.S. public and private sectors on a regular basis to meet these requirements and identify appropriate products. Further, they must have access to technical and marketing assistance services to resolve problems encountered. The U.S. and Morocco governments have already initiated a variety of agribusiness support programs. USAID's Morocco Agribusiness Promotion (MAP) Project and Private Sector project initiatives, scheduled to become operational in 1992-93, will complement and extend the range of technical and marketing services available, and strengthen the teaching and research capabilities of Morocco's agricultural education system to better serve the private sector.

Opportunities: U.S. market requirements for fresh horticultural products continue to increase, and there is good potential for Moroccan products to participate in this market. Further, Morocco's similarity in climate and geography to southern California means that Morocco should be able to produce many of the same varieties of horticultural products produced in California, indicating good potential for product diversification.

Opportunities identified during the conference for specific Moroccan products are:

- Fresh fruit and vegetable "convenience foods" (pre-cut, pre-sliced);
- Frozen fruits and vegetables;
- Olives, canned peeled tomatoes, pepper strips, artichoke hearts and bottoms and mushrooms;
- Tomato powder, dehydrated tomatoes and other dehydrated vegetables (peppers, leeks, cabbage, chives, zucchini) in plastic sacks in cartons; and
- Marinated artichoke quarters, pepperoncini, pimentos and capers in jars.

Conference presentations and subsequent discussions made it clear that the cooperation, expertise, facilities and financial resources of the public and private sectors and university community will be required for the Moroccan agribusiness sector to fully realize its potential for growth. Through further exchange of ideas and mutual support among the major players in agribusiness development, the groundwork for success can be laid.

1.7 Statutory Tariff and Applied Tariffs in the U.S. for Different Stages of Processing by Product Categories, 1989 (Percent)

Agriculture	GATT Bound Tariff Average			Applied Tariff Average		
	Raw Materials or Unprocessed	Intermediate or Semi-Processed	Final or Processed	Raw Materials or Unprocessed	Intermediate or Semi-processed	Final or Processed
Foodstuffs	1.5	2.6	7.1	3.1	2.6	6.6
Grains	0.1	X	X	0.1	X	X
Animals and products thereof	0.2	X	1.9	0.2	X	1.9
Oil seeds, fats, oils, and their products	0.9	X	3.7	0.9	X	3.7
Cut flowers, plants, vegetable materials	3.7	X	X	3.6	X	X
Beverages and spirits	X	X	2.7	X	X	2.7
Dairy products	2.3	X	9.7	2.3	X	9.7
Fish, shellfish, and products	0.2	2.9	5.5	0.2	2.0	5.5
Tobacco	11.1	X	24.7	11.1	X	24.7
Other agricultural products of animal origin	3.2	X	X	3.2	X	X
Other agricultural products of vegetable origin	1.0	0.0	1.5	1.0	0.0	1.5

X No item in the category belongs in this stage of processing

NA Ad valorem equivalents of specific rates are not available for tariff items in this category.

Source: GATT Tariff Study

2 CONFERENCE PROGRAM AND PRESENTATIONS

2.1 Conference Program

AGRIBUSINESS TRADE AND INVESTMENT

Casablanca, Morocco

December 12 & 13, 1991

Thursday, December 12, 1991

09:00 - 10:15:

Opening Session

- Welcome Address by Mr. Abdelhak Bennani, Vice President & Director General of Wafabank
- Address by His Excellency Michael Ussery, Ambassador of the U.S. to Morocco
- Address by Mr. My. A. Alaoui Abdellaoui, Secretary General of the Ministry of Agriculture and Agrarian Reform
- Presentation of USAID activities in Morocco by Mr. Dennis Chandler, Director of USAID
- Address by Mr. Kacem Bennani Smires (Delassus), Member of the USAID/Morocco Agribusiness Promotion Project Steering Committee

10:15 - 10:30

Coffee Break

10:30 - 11:00

- Presentation by Mr. Albert Glad (U.S. Expert)
Subject: Problems and Trends in International Agricultural Trade

11:00 - 11:45

- Presentation by Mr. William Haines (U.S. Expert)
Subject: Accessing the U.S. Market: Conditions and Means

11:45 - 12:30

Discussion

12:30 - 14:15

Luncheon at Wafabank Restaurant

14:15 - 14:45

- Presentation by Dr. Joseph Karpati
Subject: U.S. Regulations in the area of Phytosanitary Control

14:45 - 15:00

- Presentation by Mr Abdelaziz Arifi (Director, Ministry of Agriculture)
Subject: Moroccan Phytosanitary Control for Exports

15:00 - 15:20

- Presentation by Mr. David Sullivan (Director of TIS)
Subject: Promotion of Moroccan Exports to the USA

15:20 - 15:45

- Case Study: Mr. Vincent Argembau, U.S. Importer of Moroccan Products

15:45 - 16:00

Coffee Break

16:00 - 17:30

Discussion: Led by Messrs. Haines, Glad, Karpati, Argembau & Sullivan

Friday December 13, 1991

08:30 - 9:30

Presentation of the USA/Morocco Cooperative Economic and Trade Program

- Presentation by Mr. Samuel Starrett (U.S. Trade Consultant)
- Presentation by Ms. Sophia Alami (U.S. Agricultural Service, Rabat)
- Presentation by Mr. Driss Meski (Agricultural Division, USAID)
- Presentation by Mr. Alexander Shapleigh (USAID Private Sector)

09:30 - 10:15

Case Study: Mr. Hari Schucka, Representative of Pioneer Seed Company, U.S.

10:15 - 10:30

Coffee Break

10:30 - 11:15

Transportation between Morocco and the USA

- Presentation by Mr. Mohamed Zohry, Assistant Director, Freight, Royal Air Maroc
- Presentation by Mr. Ismail Bouayad, CONADE, maritime company representing Sea Land

11:15 - 12:00

Discussion

12:00 - 12:30

Closing Remarks and Adjournment

12:30 - 14:30

Luncheon at Wafabank Restaurant

Afternoon: Messrs. Haines, Glad & Karpati remain at the disposal of guests who wish further information on particular aspects of subjects taken up during the seminar.

IMPORTANT

- 1) The official program ends Friday 12/13/91 at lunchtime. However, the U.S. experts who will have participated in this seminar remain at the disposal of any participants who would like further information during the afternoon of Friday 12/13/91 in the Conference Room. Those who are interested are asked to sign up at the Conference Check-in and indicate:
 - the subject to be discussed,
 - the name of the discussion leader to be met.

The Conference Check-in staff will provide you with a card to fill out with this information.

- 2) We ask you to kindly hand in your confirmation slips if you expect to attend the two luncheons.
- 3) For those of our guests who do not reside in Casablanca, we have been able negotiate a very special price of 660 dirhams per person, tax and breakfast included, at the Holiday Inn Crowne Plaza (5 stars) in lieu of the normal price of 1,350 dirhams per person. We therefore ask you to kindly confirm your reservations, either by phone or with your confirmation slips.

**2.2.1 Welcome Address by Mr. Abdelhak Bennani
Vice-President and Director General of Wafabank**

Your Excellency,
Mr. Consul General,
Mr. Secretary General of the Ministry
of Agriculture and Agrarian Reform,
Mr. Director of USAID/Morocco,
Ladies and Gentlemen,

I am happy to welcome you to Wafabank and, on behalf of the co-organizers of this event, to thank you for having been kind enough to accept our invitation to participate in the proceedings of this colloquium, whose topics reflect the central concern of Moroccan economics, namely, the vital necessity of promoting exports, particularly through development of the agro-industrial sector.

Faithful to its strategy of support and backing of production activity, Wafabank is today and will continue to be at the disposal of all enterprises and administrations for taking and supporting initiatives in this area.

Today, I would like to extend particular congratulations to the staff of USAID and the U.S. Department of Commerce, headed by His Excellency, the Ambassador of the U.S., Mr. Michael Ussery, for the initiative that they have displayed in organizing this meeting, and for having involved Wafabank in it.

I will not expand upon Moroccan-American economic relations, particularly in the agro-industrial sector; I leave this task to the specialists who are participating in this colloquium and to our guests who will most certainly have judicious remarks to make on this subject.

I would simply like to state one obvious fact, namely that exchanges between our two countries today reflect neither the political good will expressed on both sides, nor the real economic opportunities available. I will therefore spare you the statistics regarding trade between our two countries.

Nevertheless, His Majesty's recent trip to the U.S. seems to hold new promise for the development of political and economic relations with the U.S..

Morocco, a land of welcome, a cultural melting pot, a crossroads of civilization and trade, a meeting point between Europe, Africa and the Arab World, a favored site for the establishment of industry oriented toward the Common Market, has prepared herself well for this opportunity:

- by developing her infrastructure (ports, airports, telecommunications);
- by liberalizing a certain number of administrative procedures, notably those governing foreign commerce;
- by implementing a coherent process of overall structural adjustment of her economy, with the objective of coming into phase with world economy;

- by opting for a widespread program of privatization of public enterprise; and
- by putting in place structures whose principal objective is the systematic canvassing of foreign markets for the benefit of our businessmen. I am speaking here of the Moroccan Center for Export Promotion (CMPE) which is supported in its mission to reach the U.S. market by U.S. agencies connected with USAID, such as the TIS and IESC, whose efforts I commend.

Your Excellency, Ladies and Gentlemen, the agro-industrial sector in Morocco constitutes, along with the textile industry, the very basis of the Moroccan industrial network, which should be encouraged by every means and by all agencies serving the economy, including, quite naturally, the banking system.

As for Wafabank, I can assure you that it continues to unfold along these lines by offering an ever-improving range of banking services and by the ever so energetic and hardy intervention of its sister organization Wafatrade.

But ultimate success lies in the hands of Moroccan businesses. It is up to them, who really need it, to make the requisite efforts and take the necessary steps in the direction of the U.S. market with conviction, perseverance and professionalism, for the task is, of course, not an easy one. It is a matter of approaching another culture and another language, as well as customs and standards that are often different.

But neither these differences nor the dimensions nor the distances involved should discourage them. I am sure that by virtue of youth, dynamism and open-mindedness, the Moroccan entrepreneur has the needed abilities. Others have done it, and very well indeed, coming from still more distant countries and cultures . . . some even with "strange eyes".

All investments which are made along these lines will prove profitable in the long run. Businesses can no longer afford to ignore a market that is larger than the European market. It is a matter of their own security and their future, as well as the path leading to both, a path which was blazed fully five centuries ago.

Thank you, Christopher Columbus, because without you, this meeting could not have taken place.

Your Excellency, Ladies and Gentlemen, I wish you the greatest success in the work ahead of you, and I thank you for your attention.

2.2.2 Address by His Excellency Michael Ussery Ambassador of the U.S. to Morocco

The timing of this conference is particularly propitious, coming soon after His Majesty King Hassan's trip to the U.S. and the emphasis placed on trade and investment by both President Bush and His Majesty. Agribusiness is one of the fastest growing sectors in Morocco. Moreover, Category Eleven processed foods, the items most suitable for export, showed a growth of 15 percent in production last year and 22 percent in exports. Increases in investment and job creation have been commensurate with production and exports.

It is clear from statistics, as well as from the guidance of President Bush and King Hassan, that Morocco's agribusiness sector will be an increasingly important element of the U.S.-Moroccan trade relations. The U.S., for example, imported 22 billion dollars in agricultural products last year. Although only 22 million dollars worth were from Morocco, this figure has doubled in the last two years. What is more, this strong growth has been across the board -- vegetables, fish and spices all doubled in value. With total American imports of agricultural products growing, there is ample room for Moroccan exports to fill an increasing part of these needs.

Morocco also needs to buy over 100 million dollars of machinery per year to meet its production and processing needs. The U.S. supplies less than two percent of these needs and would like to furnish more. As a general rule, it is easier to meet U.S. requirements for entry when the processing has been done with American equipment. There are, in fact, certification programs to help products enter the U.S., while providing protection for the consumer.

Another way that the American private sector can assist is by investing in production facilities here. Several recent American investments have been in this field. An important facet of these investments is the technological transfer and access to markets provided.

The opportunities are great, and the resources available to carry them out are all present. Morocco is gifted with entrepreneurial skills, a trained labor force and the proper growing conditions. Furthermore, international financing is abundant. For example, the World Bank Group has planned an additional 600 million dollars in financing for agricultural projects and water resources over the next few years. The U.S. has initiated several programs under USAID to assist the agribusiness sector. European countries also have programs to help Morocco develop its agribusiness potential.

We have assembled a team of experts from the U.S. Government and the American private sector to guide you through the sometimes complex process, explaining just who has the responsibility for what. Over the next two days, I am confident many of your questions will be answered. My staff in Rabat and Casablanca and I are available to provide further information.

**2.2.3 Address by Mr. My. A. Alaoui Abdellaoui
Secretary General of the Ministry of Agriculture and Agrarian Reform**

Mr. Ambassador of the United States, Mr. Director of the U.S. Agency for International Development,
Mr. Representative of the U.S. Department of Commerce,
Mr. Vice-President and Director General of Wafabank,
Ladies and Gentlemen,

It is a pleasure for me to take part in this important colloquium dedicated to "Trade and Investment in the Agro-Industrial Sector" here in our country.

As you know, given its economic and social importance, development of the agricultural sector has always been placed in the first rank of our national priorities due to the fact that it constitutes the driving force of the Moroccan economy. This priority has always been maintained in the various economic and social development plans adopted in our country.

Two major and complementary objectives have been assigned to this sector, namely the improvement of our self-sufficiency in the area of staple food production and the promotion of agricultural exports. In order to attain these two objectives, the State has adopted three basic policies whose simultaneous implementation is intended to result in the creation of a favorable economic environment:

- the first concerns the deregulation of trade channels with a view toward greater efficiency in the flow of agricultural products;
- the second aims to replace the system of protective quotas by a system of protective tariffs, making possible a greater liberalization of foreign trade; and
- the third and final goal is the targeting of subsidies and their orientation toward investment as a means of promoting new technologies.

As of this very moment, institutional reform measures linked to these principles have already been introduced, notably in the creation of agricultural development funds and the liberalization of agricultural foreign trade.

These reforms are a part of the framework of new measures adopted by Morocco, which is directed toward a greater opening up of our country and support of its insertion into the international economy.

However, if this opening outward offers real possibilities for stimulating our economy, it is nonetheless true that risks are involved, due in particular to lively international competition, and particularly in world trade in fresh agricultural produce.

Well aware of this situation, Morocco has decided to focus attention on the agro-industrial sector in order to furnish much more specialized and differentiated products than just fresh agricultural produce, hence generators of greater added value.

Currently, the agro-industrial sector occupies an enviable position within the processing industry, because of employment, added value and investment, as well as exports.

Indeed, this sector:

- accounts for nearly 1,500 industrial establishments, or 27 percent of all units comprising the industrial sector;
- is responsible for a production value of more than 29 billion dirhams, or one third of all processing industry production;
- has an export turnover of around 4 billion dirhams, which corresponds to 16 percent of our country's industrial exports;
- generates accretion value on the order of 9 billion dirhams, or 34.5 percent of the value added by the processing industries; and, last but not least,
- employs more than 116,000 people.

Nevertheless, in spite of all these performance statistics, the opportunities offered by this sector are far from having been made the most of.

First of all, there is a large and diversified supply of fresh agricultural products which can be processed. This is particularly true in the area of truck farming, which produces a great variety of fruits and vegetables. Production in this sector represents nearly 3.5 million tons, of which only about 10 percent undergoes processing.

In addition, with the exception of a few businesses that have invested in the expansion and modernization of their facilities, industrial processing plants for fresh agricultural produce are insufficient in number and under-equipped with old-fashioned and sometimes obsolete equipment; the majority of them are of medium capacity and lack financial resources.

Indeed, the level of investment in agro-industry, despite the sector's rapid evolution, remains slight. Between 1986 and 1990, investment in the processing of fruits and vegetables went from 236 million dirhams to 600 million dirhams.

Mr. Ambassador,
Ladies and Gentlemen,

Given the importance of this sector for the valorization of agricultural products, correction of the balance of trade and generation of employment, Morocco is now implementing on the national level various incentives for agriculture, including agribusiness. Without going into detail, I would like to cite:

- the modification in January 1990 of the law relating to Moroccanization, a measure taken to encourage private foreign investment, particularly in agribusiness, since partnership is considered one of the most appropriate ways to introduce improved technology and access to new markets;

- the announcement of new regulations which encourage investment and export by providing for tax exemption for newly installed industrial facilities during the first five years of operation and reduction by 50 percent of taxes for companies engaged in export after expiration of the period of total tax exemption;
- exoneration from duties and taxes on virtually all raw materials and agricultural equipment; and
- the implementation of a more flexible and less interventionist monetary exchange policy.

These measures, and several others of a fiscal, financial and monetary nature, are essentially directed toward supporting the competitive capabilities of Moroccan enterprise in foreign markets, as well as encouraging private investors.

Mr. Ambassador,
Ladies and Gentlemen,

The Morocco Agribusiness Promotion Project, which we have just signed with USAID, comes on the scene just in time to support and stimulate the agro-food sector in Morocco. Its objectives and components will be presented to you in detail during the course of this colloquium.

We are convinced that agribusiness can contribute significantly to giving a boost to this sector, considering the very encouraging climate which has just come into being and the existence of niches which heretofore have not been sufficiently explored. We are thinking more specifically of frozen vegetables, fruit juices and other fruit and vegetable products whose demand remains very high on the European as well as the U.S. market.

The quality of our products, whether fresh or processed, is by now well recognized. Everything must be done to maintain or even improve this reputation. It constitutes a major trump card in the hands of exporting companies to the degree that, thanks to this project, the Moroccan label can improve our competitive edge and increase our power to penetrate non-traditional markets.

The commitment to conquer new markets and consolidate already existing ones requires that the effort we are currently expending remain sustained; our hope is that this project will contribute in a very significant way to that cause.

In addition, we should call attention to the originality of this type of project in which, for the first time, the private sector has been implicated and empowered; the administration is limiting its intervention to lessen the constraints which might interfere with business activity.

The catalytic role assumed by the administration in this project will be played out in the framework of ongoing and open cooperation with the private sector.

The necessity of diversifying outlets for our exports leads us quite naturally to attach particular importance to the largest world market, namely the U.S. market.

It is for this reason that we are certain, thanks to the dynamic nature of the Moroccan private sector and the support which the public sector constantly offers, that agents within our own economies

will succeed in capitalizing efficiently on the numerous opportunities offered by our agro-food sector in the ultimate interests of both of our countries.

A meeting such as the one today, which puts Moroccan businessmen into contact with their U.S. counterparts, allows our private sector to become acquainted with opportunities for our products on the U.S. market and permits them to familiarize themselves with conditions for accessing that market.

Our hope is that our businessmen can benefit from the technology and know-how of the United States, particularly in matters of marketing and management strategy.

The partnership that this project is to engender or strengthen will be capable of giving rise to the emergence of competitive agro-industrial facilities with international scope, able to capture a sizable share of the huge European market which is forming. The anticipated liberalization of international trade under GATT lends a character of reality to this view of our future.

Mr. Ambassador,
Ladies and Gentlemen,

I wish your colloquium the greatest success, and I am convinced that, thanks to the good will which reigns in both of our countries following the recent visit of His Majesty King Hassan II to the U.S., trade between Morocco and the U.S. will undergo significant development along the lines of the exceptionally high-quality secular relationship which already unites our two countries.

I will now close my remarks, but not before offering my sincere thanks to the Government of the United States for the support which it has never ceased to offer to the development of Moroccan agriculture, and today to our agribusiness sector.

Many thanks are also due to the management and staff of Wafabank for the effort they have taken to insure the success of this important event.

I thank you for your attention.

2.2.4 Presentation of USAID Activities in Morocco by Mr. Dennis Chandler, Director of USAID

**Mr. Secretary General of the Ministry of Agriculture and Agrarian Reform,
Mr. Ambassador,
Mr. Deputy General Director of Wafabank,
Ladies and Gentlemen,**

On behalf of the U.S. Agency for International Development (USAID), I would like to welcome everyone to this conference on agribusiness. In particular, I would like to thank Wafabank for hosting this seminar and for the assistance it has provided in helping to make all the necessary arrangements.

I would like to take this opportunity to review briefly the activities of USAID in Morocco and our hopes for this seminar. As you know, USAID has long supported Morocco with technical and financial assistance to help in the nation's economic and social development. Specifically, USAID has assisted Morocco in the area of agricultural research and education, long-term and short-term training of over 3,000 Moroccans in the U.S. and other countries, health and family planning, and housing and urban development.

Up to the late 1980s, USAID focused its activities in Morocco on assisting primarily public sector institutions, providing them with the human and logistic means to participate in and fully support the nation's development. As a result of such efforts and those of our Moroccan partners, we believe that Morocco now possesses the technological and institutional basis on which to undertake further, accelerated development.

Now, however, we wish to concentrate more on the development of the private sector. Experience around the world confirms that national development cannot be achieved relying on the public sector only. This is especially true in view of the current, highly competitive world economic environment. The steps being taken in the European Market that tend to limit access of Moroccan products illustrate the need for Morocco to intensify and expand its international economic activities. If Morocco is to effectively progress in this global economy, it will have to efficiently use all its natural, institutional and economic assets, among them its active, growing private sector.

In view of this situation, USAID is now directing more of its assistance toward those programs with international competitive potential and that provide job opportunities and foreign exchange earnings. Efforts already underway in the public sector in training, research and technology transfer are also oriented toward support for the growth and employment generating elements of the economy, which lie primarily in the private sector.

This approach is consistent with policies presently being implemented by the Moroccan Government. The actions already initiated under the Moroccan economic structural adjustment program demonstrate the Government's determination to have the private sector play a key role in this development. Market liberalization, the plan to privatize a number of public institutions and laws encouraging foreign investment are examples of the Government's commitment to this economic liberalization.

As a result of these efforts, Morocco is beginning to enhance its market competitiveness, diversify its foreign partners and increase exports. For example, Morocco has increased the value of its exports in the agribusiness sector which, since 1987, have averaged almost 982 million dollars per year. But, given Morocco's vast potential in items of climate, location and institutional base, there is much more that can be accomplished.

We are especially convinced that the U.S. and Morocco have numerous areas of complementarity in the agribusiness sector. Morocco should be able to profit from the American market, as well as from America's international production and marketing experience. The potential for commercial ties, investment, joint production and marketing ventures appears significant.

Because of Morocco's own efforts in this area, USAID is pleased to participate in this seminar on trade and investment in agribusiness. We would like to use this conference to make known how USAID can work with the Moroccan private sector so that it contributes more effectively and efficiently to the country's economic growth. To this end we have recently signed three grant agreements with our Moroccan partners totalling almost 75 million dollars, to provide technical and financial assistance to assist Morocco's private sector. These projects are the Moroccan Agribusiness Promotion, New Enterprise Development, and Training for Development. In addition, we have on-going projects in export finance and export promotion.

This seminar is only one of a series of events we wish to organize with our Moroccan partners under the projects that we have recently begun together. Our goals for this and subsequent events are to provide information and stimulate exchanges between American and Moroccan businessmen, identify information needs and impediments to increased commerce and investment, provide information on foreign markets for Moroccan products, and promote investment in Moroccan agribusiness. Through these means we hope to develop partnerships and boost Moroccan exports to the U.S. and other countries. We are convinced that all these activities are possible and that they will contribute to creating needed employment and to increasing the country's gross domestic product and foreign exchange earnings.

Once again, USAID is very pleased to be associated with this important effort. We hope that the results of this conference will serve to raise interest within both the American and the Moroccan agribusiness communities. The important themes to be addressed and the many participants' interest should ensure a large success. I wish you well in your deliberations and look forward to working with you.

Thank you.

2.2.5 Address by Mr. Kacem Bennani Smires (Delassus)
Member of the USAID/Morocco Agribusiness Project Steering Committee

Mr. Ambassador,
Mr. Consul General,
Mr. Secretary General,
Mr. President,
Ladies and Gentlemen,

It is incumbent upon the Delassus organization to share with you our experience in an area which is of particular interest to all of us today. Our company is focused upon the production and marketing of citrus fruit, but is attempting to diversify and adopt a policy of development in the area of early fruits and vegetables and cut flowers as export crops.

Control exercised by the O.C.E. for the past 21 years has had, among other results, a strangulation effect involving lack of commitment and passivity on the part of citrus producers as well as truck farmers. Absence of motivation has been such that Morocco has fallen behind considerably and lost the position of preponderance that it once held in foreign markets.

Shortly after denationalization, we found ourselves, once we had taken stock of the situation, at something of a loss as to what to do with this new-found freedom. We were forced to realize that our backwardness in the areas of technology, logistics and plant varieties cultivated, as well as in the area of marketing, was of an order such that we felt it would have been presumptuous on the part of Delassus to attempt to make up the lost time without outside help. This was the source of the idea which took shape in our minds to seek out foreign partners who had undeniable experience with the products we were interested in, in order to work together toward the successes that give us such real satisfaction today.

But how do you explain to farmers with little land, limited funds, and out-dated technology that the time for assistance, as it was planned for in days gone by, has already come and gone? How do you explain to them that a producer must have as his objective the satisfaction of his customers' desires regarding type and quality of product, packaging and time-lines for delivery, all of which the customer has a perfect right to require?

We realized that we were facing three problems in particular:

- crop locale,
- old-fashioned farming methods, and
- the farmer's individualism.

It is a matter of necessity to seek out the areas which are most appropriate for the cultivation of each product and employ the requisite farming methods using new technology. By way of an example, we noted that strawberry yields in the Souss region were practically double those in the Larache region, and that the same statement could be made for tomatoes as well.

You may ask what will happen to regions that are used to depending on tomatoes or strawberries once a shift begins toward more favorable regions such as Massa in the Province of Agadir. We would say that we must retool such areas and orient them toward crops that will satisfy the

agro-industrial sector that we must develop. It is obvious that it is more profitable for a farmer in Larache to grow a hectare of hot peppers than a hectare of strawberries, and it has been demonstrated that it is better to grow a hectare of asparagus than, for example, a hectare of potatoes.

It is pointless to develop new products, no matter how much it costs, in regions where optimal crops have already been determined. Along the coast near Casablanca, tomato farming can no longer be considered competitive and profitable compared to the same activity in the South. On the other hand, the Casablanca region could focus its efforts on growing green beans or peas to be marketed as fresh or frozen produce.

It is often said that "traditionally" such and such a region has always grown tomatoes, but this flies in the face of developments that have taken place during the twenty years of slumber that the sector has known.

Since agricultural technology is evolving very rapidly, the farmer owes it to himself to be receptive to changes that must be made in his farming, both in varieties grown and in methods. Unfortunately, one runs into many preconceived notions which slow down the evolution of the profession. We might cite the firsthand example of tomatoes grown right out in the field using new techniques that gave us yields twice as large as those obtained earlier in the hothouse. This example is all the more striking in that it had been regarded with much skepticism by professional tomato growers.

There is a third aspect which seems to us to have considerable significance in facing up to the challenge posed by conversion. In a word, the individualistic tendencies of Moroccan farmers must give way to a group spirit, be it on a cooperative, corporate, or any other basis. The development of agribusiness such as we envision it here can only address units of a certain size, capable of being regrouped in the interests of necessary structuring, product rotation, and sufficient volume to constitute a privileged and not easily avoided client for the processing plants.

If we were to pick up our tomato distribution channels again, for example, how could we compete with the Canary Islands where producers are grouped into marketing units of between 15,000 and 17,000 tons, when the average pick-up point for tomatoes in Morocco moves an estimated 350 tons per year? This amounts to saying that a Moroccan exporter puts only two tons a day on the common market during the period of production.

It is difficult in these conditions to develop a brand image or guarantee an adequate supply to a marketing channel. This is why it is necessary to seek out and multiply factors which would operate in favor of a concentration of production and processing units.

Unfortunately, the phenomenon of individualization is favored by the fragmentation of property resulting from successive inheritances within individual families, which are generally large, and which adds a land ownership problem to the one just touched on above.

It is our duty to explain this situation in a straightforward manner to the parties involved; it is our duty to put aside all demagoguery and invite the actors in this sector to see what is facing them by offering a helping hand and coming up with policies based on partnership, on the redeployment of crops as a function of natural conditions, and on the placement of processing facilities capable of promoting the development of production.

The quickest way to make up for lost time is to favor foreign partnerships, with qualified producers who have recognized experience and who are able to transfer their technology to the enrichment of our country's immense potential.

I thank you for your kind attention.

2.2.6 Presentation by Mr. Albert Glad U.S. Expert

International Agricultural Trade Issues and Trends: How Do They Influence Morocco?

Introduction

This is a critical period for the future of world agricultural trade. The Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT) is likely to conclude soon. The European Economic Community (EC), the world's largest agricultural importer, is implementing an ambitious program to harmonize all internal trade rules and reform its internal farm program, the Common Agricultural Policy (CAP). Finally, the U.S., Canada and Mexico are negotiating a free trade agreement that will eventually eliminate tariffs and other trade restrictions among these three countries. The outcome of these events will impact Morocco's future agricultural trade.

International Agricultural Trade - Overview and Trends

Conditions in world agricultural markets over the past two decades have provided the impetus for the reforms now underway. During the 1970s world farm imports by developing nations expanded at an annual rate of 19.5 percent, while for the developed nations the growth was less, but still considerable at 14.2 percent. During the decade of the 1980s there was a downturn in overall growth, a decline in commodity prices, and a severe credit constraint, notably in many of the developing nations that had borrowed heavily in the preceding decade. As a result, the growth in farm imports by the developing countries dropped to only 0.4 percent, while in the developed nations growth dropped to a modest 3.3 percent annually. It is noteworthy, however, that in the developing nations as a whole the decline in agricultural trade was less than that in overall imports.

As the world's single largest agricultural exporter, the U.S. saw its overseas markets decline in absolute terms. The annual growth rate for U.S. farm exports dropped from 19 percent in the 1970s to -3.1 percent in the 1980s. Much of the decade was marked by excessive supplies and increasing competition in export markets. Disputes over trade were frequent, notably between the U.S. and the EC, and export subsidies, such as the EC's export restitutions and the U.S. Export Enhancement Program, came under increasing criticism by other trading nations. From a record of \$45 billion in 1981, U.S. farm exports declined sharply to \$26 billion in 1986, but recovered somewhat late in the decade.

Because of its natural resources and climate, the U.S. is a major producer and exporter of a wide range of commodities. The largest category of U.S. farm exports is grains and feeds, while oilseeds/products is in second place. Horticulture exports are expected to displace livestock/products as the third most important category of exports in 1991.

Although it traditionally has a large surplus in farm trade, the U.S. is also a major farm importer. Imports are expected to be around \$22.5 billion in U.S. fiscal year 1991 (Oct-Sept), about the same level as the previous year. USDA estimates that imports of competitive products will total \$17 billion in fiscal year 1991. Horticulture is the largest category of these imports, totaling \$6.3 billion. Imports of tropical products, such as bananas, coffee and cocoa, account for the balance of U.S. agricultural imports.

The basic goals of the EC's CAP, adopted in 1967, have been food security, improved productivity, and an ensured standard of living of European farmers. The CAP has enabled the EC to increase its stake in agricultural export markets in the past two decades, becoming a major supplier of horticultural and dairy products, cereals, and meat and preparations. By 1988 EC farm exports, including intra-EC trade, reached \$119 billion.

Despite the strong export growth, the EC still has a deficit in world agriculture trade, with imports, including intra-EC trade, valued at \$136 billion in 1988. The EC's largest deficits are in fruits and vegetables and tropical products (coffee, cocoa, tea and spices), which totaled \$7.6 billion and \$6 billion, respectively, in 1988.

Agriculture (including fisheries products) is a key export earner for Morocco. Historic ties and geography have made the EC Morocco's main overseas market, accounting for around 75 percent of these exports. In 1990 Moroccan farm and fisheries exports reached \$1.2 billion, making that year the third with a trade surplus in this category. Morocco tends to export higher value items, such as fisheries products, citrus and vegetables, and to import bulk commodities such as wheat and feed grains, forest products, and vegetable oil. Because of a good harvest, overall agricultural imports were down slightly in 1990 from 1989.

Special trade arrangements with the EC and France are also a factor in the geographic distribution of Morocco's agricultural trade. The 1986 agreement with the Community gives preferential treatment to Moroccan products in the form of tariff concessions ranging from 20 to 100 percent. There are quotas on many products, however, and safeguards for EC producers. Some imports are also subject to a reference price system, which raises the cost of Moroccan exports to the fixed level, protecting EC producers. France provides for duty free treatment, within limits, to Moroccan exports of potatoes, fruits, vegetables, citrus juices, and wine.

The U.S. has been a major supplier to Morocco and in 1990 accounted for 19 percent of Morocco's agriculture imports, mainly wheat and feed grains, vegetable oil, and cigarettes. The U.S. accounted for only 2.2 percent of Morocco's agricultural exports last year, mainly fisheries products, processed tomatoes, canned olives, and citrus.

Morocco's Structural Adjustment Program and Agriculture

The Government of Morocco faces serious challenges in trying to move to a modern and dynamic economy. In 1984-85 the agriculture sector employed 40 percent of the work force, but contributed only 18.4 percent of the GDP. Moroccan agriculture is challenged to satisfy the needs of a population growing by 2.5 percent annually. Only about 10-15 percent of Moroccan land area has a potential for agriculture, and because most production is rain-fed there are often wide annual variations. Morocco has had to import essentials such as wheat, sugar, dairy products, feed grains and vegetable oil.

In an effort to overcome these obstacles, the Government of Morocco has undertaken a series of structural adjustment measures over the past few years. The dirham has gradually been devalued, making the country's exports more competitive and stimulating import-competing industries. Imports of some agricultural products have also been liberalized, allowing for private imports and lower duties. Imports of a few essential commodities, notably wheat, sugar, and vegetable oil, can still only be imported by state monopolies or under license.

A few years ago, private firms were permitted to export citrus fruits and products and vegetables. Trade data for the past two years indicates a growth of these exports. The Government is also converting state-owned enterprises to private ownership and 20 such agro-industry firms are slated for privatization. These programs to strengthen and expand the private sector should help Moroccan firms compete more effectively in export and domestic markets.

The GATT Uruguay Round

The Uruguay Round is the latest multilateral trade negotiation to be held under the auspices of the General Agreement on Tariffs and Trade (GATT). The Uruguay Round was initiated at Punta del Este, Uruguay in 1986. At that time, trade ministers from the roughly 100 GATT signatory nations agreed to the "urgent need to bring more discipline and predictability to world agriculture trade by correcting and preventing restrictions and distortions so as to reduce the uncertainty, imbalance and instability in world agriculture markets." Previous multilateral trade talks made some progress in reducing tariffs on farm products, but did not deal with the domestic support programs that give rise to high tariffs and other barriers to international trade. A study by the Organization for Economic Cooperation and Development (OECD) in the 1980s found that its member (industrialized) countries were spending around \$250 billion on farm support, about one half in direct government outlays.

By the time the mid-term review in the Uruguay Round talks was held in Montreal in December 1988, the positions of major trading nations and blocs were set in broad terms. The U.S., as a major farm exporter, had seen its market share of some commodities reduced and it was facing higher costs to support American farmers. Other traditional agriculture exporting countries, such as Australia, Argentina and New Zealand, also faced declining earnings from key farm exports.

The proposals of the U.S. and the Cairns Group, an alliance of 13 agricultural exporting nations including Australia and New Zealand, as well as developing nations such as Brazil, Argentina and Thailand, were aimed at fundamental reform of agriculture trade. Both the U.S. and Cairns Group called for the elimination of internal and export subsidies. With regard to market access barriers, the U.S. suggested a 10-year phase out, while the Cairns Group proposed a freeze and reforms.

Proposals from the EC, Japan and South Korea were much less ambitious and aimed at improving rules on existing practices. The EC offered nothing specific on export subsidies, while Japan suggested a freeze and phase out. At Montreal a group of net food importers, including Morocco, raised concerns about the loss of welfare due to more expensive food imports. The negotiating proposal from that group included stronger rules on subsidies and compensation for welfare losses due to higher costs of food imports. The proposal also suggested lower tariffs in developed countries and an expanded generalized system of preferences (GSP).

Inability to agree on the direction of world agricultural trade reform forced the negotiators to meet again in Geneva in the spring of 1989. At that time, trade ministers did agree to call for substantial progressive reduction in agricultural support and protection sustained over an agreed period of time, resulting in correction and prevention of restrictions and distortions in world agricultural markets.

During 1989 and 1990 working level negotiators concentrated on reaching a consensus on a methodology for tariffication and an aggregate measure of support (AMS), and the policy on emergency relief for importers. Tariffication is the conversion of non-tariff barriers, such as quotas and variable levies, to tariff equivalents. An AMS is an indicator of the level of government support or cost of

internal subsidy programs, such as acreage payments and interest subsidies. These tools have been developed by the negotiators to facilitate uniform, multilateral cuts in internal subsidies and trade barriers.

In the summer of 1990 the chairman of the agriculture negotiating group, Mr. de Zeeuw of the Netherlands, called on the participating countries to present proposals for specific commitments in three key areas of concern: border measures or market access, internal supports, and export competition or export subsidies. Mr. de Zeeuw asked that export subsidies be subject to stricter disciplines than other kinds of unfair trade practices. Sanitary and phytosanitary measures have also been a major concern to the negotiators, as these measures can be used as artificial barriers to trade. By mid-1990 there was general agreement on draft sanitary and phytosanitary rules.

In October 1990, two months before the Brussels summit that was to end the Uruguay Round, the U.S. and Cairns Group submitted similar negotiating proposals, calling for a 75 percent cut in internal supports and market access barriers to be phased over 10 years. The cuts were to be based on the actual level of supports and restrictions in 1986-88. Both the U.S. and Cairns Group called for a cut of 90 percent in export subsidies on commodities, with subsidies on processed agricultural products to be eliminated in 6 years.

The EC proposal was quite modest, calling for 10-30 percent reduction in internal supports over a 10 year period based on the 1986 level. The EC rejected tariffication of trade barriers for a system that would continue to isolate its markets from outside competition and failed to include any specific commitments on export subsidies. In addition, the EC included "rebalancing" in its proposal, which would have placed a ceiling on imports of oilseeds and non-grain feed ingredients at the level of 1986-88 trade.

Not surprisingly, the wide chasm separating the U.S. and Cairns Group on one side and the EC, Japan, and Korea on the other caused the negotiations to deadlock. In an attempt to break the stalemate, the Chairman of the negotiating group, Swedish Agriculture Minister Hellstrom, submitted a compromise paper calling for 30 percent cuts in the three key areas, border measures, internal supports, and export subsidies, based on 1990 levels. While the U.S. and Cairns Group agreed to accept the Hellstrom paper as basis for further talks, the EC, supported by Japan and Korea, refused. Thus, fundamental disagreement over agriculture caused a halt in all of the negotiating groups.

Early in 1991 Director General Dunkel of the GATT succeeded in re-starting the negotiations with the aim of finishing the work by the end of this year. Negotiators have succeeded in resolving many outstanding technical questions.

In recent weeks senior negotiators have met to seek agreement on specific instruments to be used to implement commitments in the three key areas, the annual cuts and the base period to be used. Although no agreement has been reached as of November 1991, there was reportedly some progress at the recent U.S. - EC summit in the Hague.

Reform of the EC's CAP

The Uruguay Round has intensified criticism of the CAP, but the EC has yet to implement reforms. EC authorities admit that the volume of agricultural output increased 2 percent annually from 1973 to 1988, while internal consumption rose only 0.5 percent each year. The result has been large surpluses which can only be exported with subsidies. The 1988 imposition of stabilizers, or penalties on

output beyond fixed levels, has generally been ineffective, and total intervention stocks reached 18.8 million metric tons early this year. The cost of the CAP has continued to grow and is projected to reach \$43.2 billion for market support in 1992, about 60 percent of the overall EC budget.

In January 1991 EC Agriculture Commissioner Mac Sharry issued a proposal for reform of the CAP, which was subsequently modified by the Commission. As it now stands, the proposal is to cut cereals support prices 35 percent, beef and butter prices, 15 percent, and milk prices, 10 percent. Set asides are required for cereals, oilseeds and protein crops and there are provisions to encourage less intensive agriculture. Deficiency payments are proposed to compensate farmers for lower prices, set asides and quotas. The plan fails to address supports for such important products as wine, olive oil, fruits and vegetables, and there are no specific provisions regarding extra-EC trade. A recent USDA analysis concludes that as now proposed, CAP reform will have little impact on world agricultural markets, essentially because of the exemptions for small farmers and generous deficiency payments.

EC 1992

EC 1992 is the EC's program to unify the economies of the 12 member countries. Although tariffs on intra community trade have long since disappeared, trade rules have differed, hampering complete economic integration. When implemented, EC 1992 will result in a unified market with a population of 320 million and a purchasing power of \$4 trillion. The legal basis for EC 1992 is the Single Europe Act of 1987 which amended the Treaty of Rome and simplified the passage of directives that will harmonize trade rules throughout the Community. It is estimated that over one third of the 282 directives to be passed will cover the food and drink industry. As of September 1991, 213 directives had been approved by the EC Council of Ministers and the European Parliament. The status of implementation of the directives at the national level varies from country to country. Application of the implementing legislation by member countries will be monitored by the EC Commission.

Implementation of EC 1992 will necessitate the elimination of the agrimonetary system, which has long been a controversial feature of the CAP. Under the system, green rates, special exchange rates for agricultural products, started as a scheme for allowing farm commodity markets time to adjust to exchange rate changes. Over time, however, the system became a complex mechanism for granting limited national control over prices. The system causes economic distortions, not only among member countries, but between commodity sectors within countries. Because border controls within the Community will disappear with the implementation of EC 1992, the system will, of necessity, have to be eliminated. Action is reportedly already underway within the Community to tighten currency arrangements, including further alignment of green rates with market rates and the elimination of green rate differentials between commodities. EC authorities aim to phase out the agrimonetary system by the end of 1992.

The North American Free Trade Agreement

The goal of the North American Free Trade Agreement (NAFTA) is to create free trade between the U.S., Canada, and Mexico. The U.S. and Canada are already bound by a free trade agreement which began in 1989. Although the NAFTA does not create a common external tariff like that of the EC, it will liberalize trade among the three countries with 365 million people. The impetus for the NAFTA came essentially from the current Mexican Administration, which initiated a thorough program to liberalize the economy in the late 1980s. Mexico's economic reform measures include strict discipline on government borrowing, liberalization of foreign trade, privatization of government

enterprises, and less pervasive regulation of the economy. Mexico has benefitted from a debt reduction plan supported by the International Monetary Fund (IMF), the World Bank, and commercial banks.

Farm trade between Mexico and the U.S. is already important. Overall, the U.S. takes 90 percent of Mexico's agricultural exports, mostly fruits, vegetables and feeder cattle. This trade was valued at \$2.6 billion in U.S. fiscal year 1990. Mexico's agricultural imports from the U.S., primarily grains and oilseeds, were \$2.7 billion in the same period. Mexico has become the third or fourth largest market for U.S. farm exports in recent years.

Actual negotiations on the proposed NAFTA were initiated in Toronto last June by the U.S., Canadian and Mexican trade ministers. Since that time working level negotiators representing 18 groups have met regularly. Progress has been slower than predicted but the three administrations remain strong supporters of the idea. It now seems likely, however, that the current economic slowdown may cause the U.S. Administration to postpone sending the agreement to the Congress until after the November 1992 Presidential election.

Uruguay Round Implications for Morocco

Agriculture remains the main stumbling block to a successful conclusion of the Uruguay Round with important implications for trade in all sectors. Without agreement in agriculture, new rules covering such areas as intellectual property and services, and improved dispute settlement procedures cannot be concluded. Because interest in these and other areas is high, there is considerable pressure to reach a compromise in agriculture, but the U.S. has continued to take a tough stance. USDA estimates that a successful agreement will expand U.S. farm exports by \$6-8 billion by 1996, adding \$1-2 billion to farmers' incomes. U.S. farm groups will insist that a final agreement include commitments to limit export subsidies, acceptable dispute settlement and sanitary and phytosanitary rules, and provisions for continuing trade liberalization beyond five years.

In his December 1990 address to the GATT trade ministers, the head of the IMF, Mr. Camdessus, said that "elimination of farm subsidies in industrial countries could increase foreign exchange earnings of net exporters of agricultural products among developing countries by about \$50 billion." The importance of agriculture to the Cairns Group and other farm exporters will make those nations reluctant to accept a settlement that does not improve their access in international markets.

Thus, it is likely a final agreement will be concluded soon which will be somewhere between the position of the U.S., Cairns Group and certain developing nations on the one hand, and that of the EC, Japan and Korea on the other. Such a compromise could well resemble the December 1990 proposal by Minister Hellstrom, which required a 30 percent cut in protection in the three areas, market access, import competition and internal supports, over five years.

Assuming that this kind of agreement is reached, what are the likely implications for Morocco's agriculture trade and what should be the response of the Government and private sector of Morocco? Fruits and nuts have been highly protected by some importing nations by high tariffs and non-tariff measures such as quotas and reference prices. The reduction of these barriers should enable Morocco to better compete, notably in the EC and other European markets where protection has been high. Citrus producers/exporters in the Western Hemisphere see promising opportunities in the Far East. Lower trade barriers in Japan and Korea may also open new opportunities to Morocco. In addition, Morocco exported eating oranges to the U.S. when there was a shortfall in California output. The

opening of Far Eastern markets may enhance Morocco's opportunities in the U.S. as California producers target Far Eastern markets.

The U.S. is seeking a gradual phase out of subsidies on processed food products, and Morocco's food processing industry could benefit if such disciplines are adopted. The Government of Morocco and the private sector may wish to cooperate to take advantage of these new opportunities, notably in the EC and other European markets.

Wheat and feed grains are among the crops often supported by the industrialized nations. Studies by USDA and the World Bank conclude that lowering internal supports will raise world prices and curb production in the subsidizing countries. Such a move could raise the cost of Morocco's commercial imports. For Morocco, the situation with regard to sugar may be similar. Sugar has been highly supported and protected in many industrialized nations, depressing world market prices and distorting trading patterns. Liberalization is expected to raise world sugar prices.

Morocco is among the food importing/developing countries concerned about a possible loss of welfare resulting from higher commodity prices. Although economic assistance falls outside the purview of the GATT, Director General Dunkel has consulted with the International Monetary Fund and World Bank about the impact of higher commodity prices on food-importing developing nations. In addition, the U.S. and other industrialized countries generally favor more generous treatment for developing nations in any final Uruguay Round settlement. For example, the period for liberalizing internal support and market access barriers may be extended or levels of reduction may be less. Another possibility is expanded market access treatment for export products of the developing nations. As well, Article XVIII of the GATT permits developing nations to control the general level of imports to safeguard their external financial position.

A successful Uruguay Round agreement should enable Morocco and other developing countries to diversify their export markets. Although preferential schemes such as the GSP, the Caribbean Basin Initiative of the U.S., and the Lomé Agreement of the EC will no doubt continue, multilateral trade liberalization is expected to dilute their significance.

Morocco and EC 1992

The implementation of EC 1992 will cause incomes within the Community to grow, stimulating consumption and reducing exports of domestic products. The EC Commission estimates that demand for food will grow 1.5 to 9.7 percent. On the other hand, the harmonization of technical and physical trade barriers will make the EC more efficient, stimulating production and exports. Observers generally agree that the share of intra-EC farm trade will be higher than at present after EC 1992, but the degree to which the growth rates of trade shares will accelerate is unclear.

EC member states are now implementing the many directives covering key trade regulations, such as pesticide residues, food additives, food inspection, and freezing methods. It is likely that the new rules will be more stringent than those currently in effect. However, producer/exporters to the EC will only have to satisfy one standard, not 12 different national rules.

An important but less obvious result of EC 1992 is its impact on the trade regulations and rules of the European nations seeking membership in the Community. Sweden, Austria, and Norway have applied for or are considering membership, and the EC Commission is discussing association

arrangements with Poland, Hungary, and Czechoslovakia. Some of these countries are already adopting new rules to be in harmony with those of the EC to facilitate their membership. The Government of Morocco and the private sector should monitor new EC regulations to ensure that they do not become new barriers to sales to the Community and other European countries adopting the rules.

The elimination of the EC's agrimonetary system will require the EC to reform its farm support payment system, using real exchange rates rather than special rates for farm commodities. The impact of these changes will likely be generally lower farm supports within the EC. The Government and private sector in Morocco should monitor these developments which should also benefit Moroccan exports to the Community.

Morocco and the NAFTA

In recent years the U.S. has had a surplus in farm trade with Mexico, where the market is expected to grow 5-6 percent annually in the 1990s. Mexico is the main supplier of horticultural and tropical products to the U.S. and in 1990 its exports of horticulture products alone, mainly fresh vegetables, totaled \$1.4 billion. Mexico has also become a major supplier of processed products, such as tomato sauce and paste, fruit juices, and beer. On balance, farm interest groups in both the U.S. and Mexico support the NAFTA. Approval of an agreement by the three countries is unlikely before 1993, however, and implementation of the provisions will take at least 10 years, the time allotted for the U.S. - Canadian Free Trade Agreement.

What are the implications for Morocco of the proposed NAFTA? Because of geography and history, trade between the U.S. and Mexico in horticultural products is already well developed. Horticultural production in the two countries is generally complimentary and tariffs and other barriers are already low. Thus, the impact of more liberal trade could be relatively modest in horticultural products. Nevertheless, the Government of Morocco and the private sector should monitor developments to ensure access to the U.S. and Canada for products, notably citrus, other horticultural products, and processed food, where Morocco is competitive.

Conclusion

Morocco should take advantage of potential benefits from the Uruguay Round, application of EC 1992, and the NAFTA. Morocco's horticultural and processed food sectors can benefit from the multilateral reduction of internal and export subsidies. Such measures as improved access in foreign markets for Moroccan exports should help to compensate for the higher prices of some basic commodity imports. The outcome of EC 1992 remains unclear, but the income effect will stimulate Morocco's high value exports of horticultural and processed food products. Morocco must be prepared, however, to meet the stricter rules and regulations that will govern food and drink trade within most of Europe. When implemented, the NAFTA will further enhance the position of Mexico as the number one supplier of horticultural products to the U.S. market. Morocco must ensure that these developments do not exclude its competitive exports from the North American market.

2.2.7 Presentation by Mr. William Haines U.S. Expert

Agribusiness Marketing: How to Enter the U.S. Market

As we begin this morning, I will attempt to give you an overview of the basic requirements to consider in exporting to the United States, including phytosanitary requirements. This will include a review of the list of products currently allowed into the U.S. We'll also discuss tariff and non-tariff barriers, and we'll talk a bit about transportation and transaction financing.

I'll try to put this all into the context of where Morocco is, as an exporter of horticultural products today, with an eye toward existing export opportunities in the U.S. This will include a look at the market in the U.S., its consumers and how they are being supplied.

We'll address existing constraints preventing Moroccan agribusiness from taking advantage of these opportunities and finally, I'll give you recommendations on how to proceed with an export venture, as a post conference plan of action.

If we can get that all covered in the thirty or so minutes we have for this section of the conference, we'll be doing very well. I understand that we'll have ample opportunity for questions and answers this afternoon and informally during and after the conference.

So let us begin. The U.S. marketplace is made up of approximately 250 million consumers, most of whom consume a large amount of fresh fruits and vegetables each year.

Approximately 80 percent of all fruits and vegetables consumed in the U.S. are grown within the U.S.. This means that currently we are importing approximately 20 percent of our fresh produce needs, up significantly in the last five years. This 20 percent comes from some 40 different countries currently exporting horticultural products into the U.S. from all over the world, and Morocco is one of them.

Why does the U.S. import so much of their horticultural needs? Basically for two reasons. First, some of the products are not available in the U.S. or are not commercially produced. These tend to be exotic items such as kiwano, canned bamboo shoots or Belgian endive, for example. The vast majority of imports are products that we do produce in America but in limited quantities or only seasonally and which are produced in other parts of the world, as well. These products meet U.S. standard and quality requirements and the consumer's taste requirements, and are allowed to enter the U.S. by the U.S. Government. Examples of these products would be stone fruits, apples and grapes from South America, specifically Chile, which now exports over 1 billion dollars annually into the U.S., and of course bananas, which we import all year round from Central and South America and to some extent from the Caribbean.

A great deal of our vegetables are produced in Northern Mexico during our winter months. These products supply us for several months when we cannot meet the constant demand with the production in our own agricultural producing areas. Mexico, of course, borders the U.S. on the southwest, so transportation over water is not required, but all of the phytosanitary conditions required by the U.S. government must still be met.

Currently there are several major produce items allowed by the U.S. government to enter North American markets from Morocco. As a handout, the current list is available separately (see Section 3.1). Some of the major ones are bananas, green beans, bulb garlic, ginger root, pineapples, yams, apricots, asparagus, some varieties of grapes, melons, peaches, pears and citrus including clementines, grapefruit and oranges. This is quite a selection and it represents a great deal of your climatic capabilities, from tropical to semitropical fruit to cooler climate vegetables.

Trade Barriers

Trade barriers that do exist between the U.S. and some of its supplying countries are in place primarily because of our government's efforts to protect our domestic agricultural industry. These barriers may be in the form of tariffs or duties on certain products entering the U.S., such as a 10 percent duty on mangos that are imported into the U.S. from Mexico. The U.S. has a small domestic mango industry in the state of Florida, and this tariff is intended to equalize the marketplace without penalizing our domestic producers of mangos. Most trade barriers are in the form of exclusions from our country of products grown or produced in other countries that may have pests or plant disease that we do not want our agricultural industry exposed to.

Mangos are another example of this. Currently we import them from Mexico, the Caribbean and Peru. Peru is a new entry into the U.S market this year. But before Peruvian mangos can cross our borders they must be put through a hot water dip treatment to kill the larva of the Oriental fruit fly, (indigenous to both Mexico and Peru) to protect our mango and other agricultural producing industries.

As a side note, the Mexican mango producers are essentially convinced that this is an artificial trade barrier that is unnecessary and unwarranted. In reality, the Oriental fruit fly from Mexico could literally devastate the citrus industry in California, which is why the hot water dip treatment is required. The U.S. government and the state of California are not about to jeopardize their agricultural industries just so the American consumer can eat Mexican mangos.

This issue is a very real issue in the U.S. and consequently to any country seriously interested in developing its export industry to the U.S. Therefore it is the responsibility of the exporting country to determine what the U.S. entry requirements are on their exportable products, so as to logically develop their export strategies based on sound programs that comprehend the existing barriers, tariffs or otherwise.

Product Quality

Probably the single biggest market entry trade barrier that exists between the U.S. and its supplying countries lie in the issue of product quality. I cannot stress this enough. The demands of the American consumer are very rigid. They want premium quality in all the products they buy, especially fresh horticultural products. Quality can be a very elusive ingredient and can be thought of as somewhat intangible. However, I am here today to tell you that the grades and standards requirements for fresh produce and flower products sold in the U.S. are among the highest in the world, probably second only to those of Japan. In Japan, as you may know, fresh fruit is almost revered, a cultural phenomenon which helps to command extremely high prices. It is often given as gifts.

Because the U.S. produces so much of its own agricultural products, because there are 50 different state borders to cross in distribution throughout our land, and because our consumers demand the very best, product requirements are very difficult to meet.

The grades and standards to achieve these quality demands are, for the most part, established and documented through the U.S. Department of Agriculture (USDA) Agricultural Marketing Service. They are monitored by the Food Safety & Inspection Service (FSIS), whose responsibility it is to determine if fresh produce commercially traded within the U.S. meets the grades and standards requirements. This is determined through inspections taking place in the warehouse receiving distribution centers, where all products are ultimately received and sent out for distribution. Although the grades and standards have been devised to regulate the domestic production of fresh produce within the U.S., it applies to all products distributed in the U.S., which of course includes imported products.

You may be aware that there is an ongoing effort to establish international grades and standards for fresh agricultural items that are traded throughout the world sponsored by Codex Alimentarius, based in Rome, Italy. Codex is a joint effort by the Food and Agricultural Organization (FAO) of the United Nations based in Rome, and the World Health Organization based in Geneva. They have an ongoing effort to establish grades and standards for those key items being traded across international borders. The U.S. is one of 135 participating countries involved in this effort.

Although the government of the U.S. has agreed to participate and support this process, the realities of the situation are that the U.S. Federal grades and standards are far more strict than any of those established by Codex. Therefore, you must meet the U.S. standards or you don't trade in the U.S. markets. This is a commercial issue. You may enter products legally into the U.S. and have it meet Codex standards and USDA entry requirements, but if it doesn't meet the trading standards established it will not sell.

Developing Export Industries

Traditionally, countries who have developed successful export industries have run a pattern of trial and error. This is something that Morocco can avoid if you are careful and learn from other countries' mistakes. The mistake that happens most often occurs when domestic producing industries decide to export produce only when they have an unplanned excess of production of a given agricultural commodity. When they realize this excess exists, the first thoughts they have are to export the product. Why? To support the prices of the normal crop in their own domestic markets. Economically this may be a sound theory. In practice, it's the right answer for the wrong reason. Export markets must be targeted and export markets developed. You cannot simply export excess product, anytime you have it. Even if you could find a customer to buy from you the first time, if he wants it again and you cannot supply, you'll never supply him again.

Therefore, I recommend that as you expand your export efforts, you target certain markets that have need for your products, whose quality demands you can meet and whom you know you can supply on a developing and consistent basis. These markets then need to be developed as you would any domestic market.

As Morocco currently supplies France and other EC countries, you should know that the U.S. markets are possible for you to target. As you gradually develop these new markets, they afford your agribusiness export industry an opportunity to relieve supply/demand price pressure between domestic

and European markets, while at the same time affording you new growing target markets for your product. This allows you to program your own growth at a healthy, profitable pace.

You must also be aware that often times your export market will demand higher quality produce than those of your domestic market. This certainly is true in U.S. markets.

Because this is true, many of the exporting countries have learned a further lesson that you can take advantage of. That is, as you produce for larger markets with higher quality demands, only a small portion of your production will meet these higher quality specifications. Ultimately, this means you are overproducing for your domestic market to meet quantity and quality requirements of the export market. This overproduction must be absorbed somehow as your agribusiness industries gradually increase their percentage of quality production. The logical place for this over production is the processing industry, either canning processes or Individually Quick Frozen (IQF) plants.

For any successful exporting agribusiness industry, there is an equally successful food processing industry, and the two must go hand in hand. If you understand this concept, which applies to any country's stage of export development, as an industry you can reduce your risks tremendously.

It is worth mentioning, at this point, that the marketing efforts required to export fresh agricultural products to the U.S. and that of processed food are distinctly different, primarily because the merchandising, buying and distribution systems servicing these industries are completely separate.

Transportation

In order to successfully market any product to new markets, your agribusiness export industry must have access to reliable, frequent, regular and affordable transportation to those markets. I understand that this service exists now, by sea to several major ports of entry in the Northeastern markets of the U.S.

Regular containerized sea vessels, with refrigerated containers, are sailing weekly now between Casablanca and the U.S. on Sea Land and I believe Maersk shipping lines. Tremendous innovations have been made in recent years that have improved the ability of shipping perishable products virtually around the world by sea container.

With the innovation of the "controlled atmosphere" process, whereby the respiration rate of perishable products is reduced to near zero through temperature and humidity control, it is now possible to ship perishable products great distance by sea. This has contributed tremendously to the globalization of the horticultural industry.

For example, it is now possible to pack and ship lettuce harvested in Northern California, on the extreme west coast of the U.S., by land bridge (refrigerated trailers) to an East coast port where it is loaded in refrigerated sea containers and shipped to markets in Europe. Total transit time is approximately 25 days to market for lettuce, one of the most perishable of produce products. This is indeed remarkable.

Ocean service is available from Morocco to the East coast of the U.S., with service ranging from 10 to 14 days, which allows ample shipping time for many of Morocco's agricultural products to be shipped to U.S. markets by sea. Charter sea vessels are also available and are often used to ship large

quantities of citrus and other items. When the quantities shipped are large enough, this can be a very cost effective method of transportation. Generally speaking, the charter vessels are refrigerated and do not use containers.

For those items that lend themselves to air freight due to high perishability, high value or short term window of opportunity in U.S. markets, air transportation is available.

Air transportation tends to be very expensive and less reliable than sea transport. Most air transportation is transhipped, meaning it goes through one or more shipping hubs on the shipping and receiving ends, which means extra handling. Often space availability is a serious problem. Air shipments tend to get bumped for other, higher paying cargos, unless you have contracted space with an air carrier or forwarder.

Chartering aircraft can solve some of these issues, however it is very expensive when you consider that there are no backhaul guarantees.

Packaging

A word about packaging. Assuming the quality of the product going into the package is excellent, when you are transporting product the distances that we are discussing, the packaging of that product has to have integrity for the quality to be maintained in excellent condition all the way to the market place. Packaging is an investment, and only quality packaging will serve quality product.

The distribution system in the U.S. tends to be standardized. For example, the Produce Marketing Association has implemented a standard pallet in our industry to ease some of the logistics of transport. That pallet standard is 40" x 48". This has been agreed to, on a voluntary basis, by our transportation industry, including truckers, rail shippers and sea vessels. Therefore much of the product we receive is pre-palletized in this configuration. The cartons or packaging used for the product going on these pallets must be of a strength that can withstand stacking several high on these pallets, without crushing those cartons on the bottom of the stack.

The whole point of this discussion is that as an export industry, you must be open to the packaging requirements of the marketplace you want to serve. The packaging technology and materials are available to you in Europe, if not domestically.

Financing

When you export to the U.S., there are several ways to finance your transactions. All of them involve a relationship with an importer or import distributor that is based on trust. In almost any form this relationship is a partnership or joint-venture, in which you the exporter/supplier rely on the ability of the receiver-import distributor to market and distribute your product quickly and at the highest price. At that point you are almost totally vulnerable to the abilities of your import distributor. Therefore, it had better be someone you trust.

Normal export/import transactions are on a consignment basis, meaning that you ship produce not knowing what the market price will be when it arrives on the market. Produce gets sold en route or upon arrival at market price, which can fluctuate rather dramatically in a short period of time. Your import distributor will sell at the maximum price possible in a given market and pay you a fixed,

predetermined percentage of the price, which of course has been agreed upon in advance. Usually an import distributor (commission merchant) will work on 15-20 percent of the landed sales price. That price includes product cost and transportation costs to the customer's warehouse.

An example of this would be produce sold for \$24.00 a carton at a retailer warehouse in Philadelphia that includes ocean freight charges of \$4.00 per carton and \$2.00 per carton local transportation. The import distributor would take 20 percent of \$24.00, or \$4.80 per carton, leaving the exporter with the total transportation cost of \$6.00. Therefore, in this simple example the exporter's costs would be \$4.80 in commissions, and \$6.00 in transportation, effectively making his FOB (Free on Board) selling price from Morocco \$13.20, which is \$24.00 less \$10.80 for various costs.

Payment for this type of transaction is usually within 21 to 30 days by telegraphic transfer to your bank, or deposited in your account in the U.S., if you have one. Some of the reason for the apparent slow pay is simply the gathering of all transit costs from shipper to receiver. The time of payment is certainly negotiable, but this is rather typical.

It is possible to sell your product at a fixed price but this happens rarely, and generally would not be to your advantage because the buyer would typically negotiate a lower price to protect himself as a seller, in a volatile market.

True joint-ventures which are occurring more often these days would have your U.S. company partially financing your production and packaging costs, and splitting the profits of the product once it's sold. These types of arrangements are understandably with large U.S. agribusiness firms who are quite expert at marketing and distribution. Again, the common theme in all of these transactions is that you must feel comfortable with your U.S. partner. Your relationship is key to long term success.

Therefore I encourage you to travel to the U.S. and meet with several potential importers. Go to their place of business, see how they operate, talk to others of their export suppliers and get independent verification that they are knowledgeable and well thought of in our industry. You cannot spend too much time in this effort. It is imperative that you go to the U.S., see the market, see how produce is sold and meet with importers to find someone you can trust to be your partner and representative in the U.S..

Overview of Current Moroccan Exporters to the U.S.

Currently, Morocco is exporting to the U.S. limited quantities of onions, green tomatoes, asparagus and citrus. The Moroccan citrus industry output was projected to increase overall some 21 percent during the 1991 season to 1.21 million tons. This increase in production was projected to be in tangerines and navel oranges. Navels were expected to be smaller in size and therefore more exportable than the previous year.

Morocco normally exports over 40 percent of its citrus production. The 1991 citrus exports were forecast to increase by some 23 percent to 535,000 tons based on the expected larger crop. The European community continues to be the largest outlet for Moroccan citrus, accounting for more than 70 percent during the last several years. The Scandinavian countries of Finland, Norway and Sweden account for over 15 percent. Saudi Arabia and Canada are also important markets.

The October through April period of 1991 saw approximately 8000 tons of citrus, valued at around \$740 per ton, or around \$6,000,000, enter U.S. markets. This was by far the most significant fresh agricultural export to the U.S. market.

However, there is great demand for many more products that are or could be produced in Morocco, given a good long term agribusiness development strategy. In my judgment this is the key to your long term success. Now let's take a look at some of the demographics of the U.S. market place.

Opportunities in the U.S. Market

As I said earlier, the U.S. has a population of approximately 250,000,000 people. Two thirds of these people reside east of the Mississippi River, in the eastern part of our country, the side nearest Morocco. Most of the agricultural production in the U.S. for fresh produce comes from the far west coast and specifically from California. California is 3,000 miles away from many of the East coast markets. Transit time by truck or rail can run from three to seven days. In certain instances and at certain times of the year this very much works in favor of you here in Morocco.

During the last ten years we have seen a tremendous increase in the amount of consumption of fresh produce in the U.S., up some 23 percent to over a 32 billion dollar industry, annually. Why has there been this significant increase in recent years? For several reasons. The American consumer is becoming far more health conscious, and therefore aware of the many health and nutrition benefits of fresh produce in their diet. The National Cancer Institute has come out strongly in favor of the benefits of fresh produce in the American diet, with its many vitamins and minerals and high fiber content. These have been found to be beneficial to the deterrence of cancer, one of the primary causes of death in America.

In fact, there is a new national promotion underway being funded by the National Cancer Institute with a commitment of \$26,000,000 added to funds from the produce industry to promote "Five a Day", which teaches the American consumer to eat five servings a day of fresh fruits, vegetables and whole grains each day to prevent cancer. The current national consumption average is around two servings per day. So you can easily see the potential for dramatic growth in the years to come.

There are other factors contributing to this substantial increase in produce consumption. The microwave oven has had an impact. In our rushed society of two working parents, time has become an elusive ingredient. Quick preparation of food has made quite an impact on how we eat. And the microwave oven has certainly contributed to the phenomenon. Many vegetables are now microwavable and packaged as such. Potatoes are thrown in the microwave for a quick meal, etc.

Innovations in produce packaging have contributed as well. Pre-prepared vegetables, sliced mushrooms, salad makings and pre-cut vegetables have made it easier for consumers to prepare vegetables at home. Finally, despite a current economic malaise in the U.S., the American consumer has become wealthier and more curious. They are willing to try and pay for new exotic food items, making the U.S. a very attractive export market. All of these factors have contributed to a growing industry in which there are many significant future opportunities.

As you evaluate these significant opportunities you must see the long term development opportunities that lay before you. You have an ideal climate to produce many agricultural products desirable in America. There is a strong and growing demand for them and generally prices are attractive.

There are the beginnings of good regular transportation to these markets, and recent innovations in long distance transit of perishable agricultural products is working in your favor. These are all positive indicators.

Constraints

Are there constraints? Certainly. We've identified some of them regarding tariffs and non-tariff barriers. Despite innovations in transportation, transit time is an issue, as is available space capacity, both in sea and air transport. Transshipping is a problem; having to tranship through a hub delays product to market. Lack of knowledgeable marketing skills can be the biggest inhibitor. Where do you go, who do you talk to, how do you get started? These are all questions that must be asked and answered before you can realize the potential for success, as an industry or as an individual exporter.

I am making available to you separately, as handouts, and included with this paper, lists of produce trade publications available to you from the U.S. that will inform you weekly of activity in U.S. markets (Section 3.4). Also included is a list of key major importers in northeastern markets (Section 3.2) who you can contact for first hand discussions about opportunities and a list of U.S. government agencies you may need to deal with regarding entering new items into the U.S., pesticide restrictions, etc. (Section 3.5). Finally, there is a list of trade organizations you should consider joining for help in doing business in the U.S. (Section 3.5). The national organizations have international trade committees that can be very helpful.

I will be available during the conference and for two days after the conference for questions or concerns you may have.

Conclusions and Recommendations: Post Conference Action Plan

Finally, in summary, I would offer the following action steps to be identified and followed for you to begin the process of developing alternative agribusiness trade with the U.S..

Your government leaders need to:

- 1) recognize the very real long term agribusiness development opportunity for Morocco, as you begin to develop alternative growth markets for your agricultural products.
- 2) support the agribusiness community to the fullest extent possible and encourage cooperation rather than competition in targeting the U.S. as a developing market.
- 3) take full advantage of the agencies of the U.S. government whose purpose is to encourage development and investment. We will hear from some of these people today.
- 4) encourage trade missions, taking your agribusiness leaders to the U.S. markets to meet with private sector U.S. firms, specializing in marketing and distribution, as well as trade groups and government agencies, to learn the market requirements.
- 5) sponsor trade missions of private U.S. firms to come to Morocco to see the opportunity for investment and trade.

- 6) **develop a long term strategy addressing trade promotion of Moroccan agribusiness products in the U.S. market on an ongoing basis, as you further develop your capacity to produce quality, exportable agribusiness products.**

Your private sector agribusiness firms need to:

- 1) **take full advantage of all programs available to encourage trade and investment from both U.S. and Moroccan governments.**
- 2) **travel to the U.S. to meet with import distributors. Learn from them what products fit the market and when the windows of opportunity occur. Rather than sell what you already produce, you may find you can grow what is needed and sell more produce more profitably.**
- 3) **join a national trade association and begin to meet the people you will trade with.**
- 4) **when traveling to the U.S. market, visit the supermarkets where your products are sold. See how they are sold. Look at packaging requirements to get them from your field to the U.S. consumer in the best possible condition.**
- 5) **develop a relationship with a reliable importer you trust and can do business with for the long term. I cannot stress this enough.**
- 6) **develop your market/business strategies for the long term.**
- 7) **finally, be patient and open to the American culture. The opportunity is there for those willing to work hard to develop it and patient enough to reap its rewards.**

I wish you all good business. Thank you for your time.

2.2.8 Presentation by Dr. Joseph Karpati, APHIS Attaché Role of APHIS in Clearing Agricultural Imports into the USA

Introduction

It is doubtful that many people would think of agriculture as the single biggest U.S. industry, yet it is true. It has assets totalling \$1 trillion, equal to 88 percent of the capital assets of all U.S. manufacturing corporations.

Agriculture is also the largest U.S. employer, with around 22 million people -- one out of five jobs -- in some phase of agriculture. While we may be the world's greatest producer of agricultural products, we are extremely vulnerable to the entrance of foreign pests and diseases. Plant protection, therefore, is taken very seriously.

The accelerated movement around the world of plant and plant products has created a significant international threat of increased dissemination of dangerous pests and diseases. Facilitation of fast travel, whereby a person or commodity can easily move to a distant part of the world in a matter of hours, has added a new dimension to this threat.

The constant outbreak of fruit flies in California is costing us hundreds of millions of dollars. Such outbreaks could even be costlier in the future, affecting up to 81 percent of the U.S. citrus crop. Safeguards are, therefore, indispensable in preventing the introduction or spread of dangerous pests and diseases, presenting major hazards to our agriculture.

The best and most economical safeguard is the practice of proper and adequate plant quarantine. The aim of plant quarantine is to protect agriculture from avoidable damage by hazardous organisms, which may have been inadvertently introduced into a particular country. Introduction of a new pest into an area where it is not known to occur can be devastating. The lack of natural enemies in a new and favorable environment can turn an insignificant cosmopolitan pest into a very dangerous quarantine pest. On the other hand, plants may be introduced to a new environment and become hosts to previously unknown pests.

The United States regulates the importation of plant and plant products because of the risk of importing pests. When plant material is regulated by quarantine, two means of control are utilized: exclusion and eradication. Exclusion means that the entry of the organism is prevented by inspection and treatment, or the host is burned or restricted. Eradication, on the other hand, calls for the removal of infested or infected plants or plant parts at ports of entry, or the plant material is subjected to treatment or therapy.

Importance of Plant Quarantine

Plant pests with weak natural means of dispersion, such as bacteria, certain fungi, nematodes, mites, viruses, and limited-flight insects, could not effectively move great distances until humans succeeded in reducing the effectiveness of natural barriers. The oriental fruit fly (Dacus dorsalis), for example, could not have found its way to California without help.

Undoubtedly, humans began dispersing plant pests when they first engaged in agriculture. There have been some deliberate introductions for the purpose of agricultural improvement that did not live up to expectations, and to the contrary, became a means of establishing notorious pests.

It is quite obvious that to prevent or retard the introduction of pests and diseases into countries where they do not occur is most desirable; however, the importance of plant quarantine services designated to achieve this is not always recognized.

Experience has proven that it is possible to prevent, or in some cases at least to retard, the introduction of some of the most destructive plant pests and diseases at a relatively low cost in relation to the potential economic losses.

The Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture (USDA) is charged to protect U.S. agriculture.

Plant Quarantine Regulations

In order to understand the important role that plant quarantine plays in our agriculture, one has to be thoroughly familiar with the legislation and regulations governing the safe movement of plants and plant products and also with the scope of international cooperation.

To protect the nation's farms, gardens, and forests, plant quarantine regulations prohibit or restrict entry into or passage through the United States from foreign countries or the offshore U.S. islands of any of the following:

- plant pests¹ not known to occur or not widely established in the United States, and
- plants, plant products, soil, or other materials or conveyances carrying or likely to carry such pests.

Specific Regulations Vary

Magnitude and complexity of the foreign plant pest threat makes the promulgation of one set of simple rules governing imports a practical impossibility. The great variety of pests, their spotty distribution around the world, the many forms in which they appear, and the many different plants attacked by the different pests, as well as the varied safeguards required to prevent the entry of particular pests, have made it necessary to formulate a wide variety of specific regulatory provisions to meet specific situations.

Further complicating the regulatory job, the foreign pest situation is constantly changing as new pests are discovered in some countries and brought under control or eradicated in others. Also changing the situation is new knowledge about pests and improved pest-control techniques constantly being developed through research. To meet new situations with the best pest-control weapons available,

¹As used in the regulations, a plant pest refers to any living stage of insects, bacteria, fungi, viruses, snail, nematodes, or any other organism that can directly cause plant disease or injury to plants or any processed, manufactured, or other product of plants. (For a complete, official definition of a plant pest, see the Federal Plant Pest Act or the Federal Plant Pest Regulations).

it therefore becomes incumbent on the Animal and Plant Health Inspection Service to revise regulations periodically whenever changed circumstances make it advisable to do so.

Regulation Applying to all Regulated Imports

Some general requirements apply to all imports of restricted plants, plant products, and other materials regulated by the plant quarantine laws and regulations. Six general entry requirements are listed below:

- 1) No restricted plants or plant material may be imported except as provided by an official permit.
- 2) Request for permission to import plant materials should be made by the importer in advance of shipment. The request should be made to the Permit Unit, Plant Protection and Quarantine, APHIS-USDA, Federal Building, Hyattsville, MD 20782. Permit applications should include the following information: 1) kind of fruits (botanical name), vegetables, plants, or plant products to be imported; 2) the country and locality where the restricted agricultural products were produced; 3) manner of importation (by baggage, cargo or mail); 4) port or ports of arrival and whether other shipments are contemplated; and, 5) the name and address of the importer. If the applicant is uncertain what plants he will be importing, the permit application may say "admissible materials" in lieu of naming the kinds and varieties of plants to be imported. Permits are issued to persons in the United States who are to receive the plant material.
- 3) All agricultural imports are subject to inspection by APHIS officers.
- 4) Importers are liable for any costs incurred in meeting plant quarantine requirements. For example, charges for fumigating or otherwise treating infested materials are the responsibility of the importer. Similarly, any costs, delays, and losses involved in unpacking the restricted goods for inspection and treatment, or for rerouting to PPQ stations having inspection and treatment facilities must be borne by the importer.
- 5) If restricted material entering the United States are found to be dangerous to plant culture, they may be seized, treated, ordered removed from the country, or otherwise disposed of as may be appropriate to eliminate the pest hazard.
- 6) Agricultural products must remain in the custody of the Customs Service until they have met plant quarantine entry requirements and are released by the APHIS officer.

In addition to these general requirements, every restricted import must meet the particular regulatory provisions required to make it safe for entry.

The short summaries following the Reference Index should furnish most of the information regarding the special regulations or quarantines applying to particular items.

New Strategies

As stated earlier, APHIS is charged to protect U.S. agriculture, but at the same time they are constantly searching for, and adopting, new and effective methods to eliminate the pest hazard, thus making less stringent the entry requirements on certain commodities. The following are just a sample of this great effort.

**Reference Index to Some Plants, Plant Products, and Miscellaneous Items
Subject to Plant Quarantines, Regulations, or Orders²**

Item	Quarantine	CFR³ Title 7, Chapter 3 Section
Bacteria	-	330
Bamboo	34;69	319.34; 319.69
Broomcorn	41	319.41
Bulbs	37	319.37
Burlap bags	8	319.8
Citrus fruits	27; 28; 56	319.27; 319.28; 319.56
Citrus nursery stock	19	319.19
Coffee	73	319.73
Corn	24; 41	319.24; 319.41
Cotton	8; 47	318.47; 319.8
District of Columbia regulations	-	302
Emergency measures	-	330.106
Export certification (Phytosanitary)	-	353
Flowers, cut	74	319.74
Forest litter	69	319.69
Fruits and vegetables	13; 27; 28; 56; 58	318.13; 318.58; 319.27; 319.28; 319.56
Garbage	-	330.400
Grasses	37; 41	319.37; 319.41; 360
Guam, shipments from	82	318.82

² Omission from this list does not necessarily mean that a plant or plant product is eligible for importation without restrictions into the continental United States or the Offshore Islands.

³ Code of Federal Regulations

Item	Quarantine	CFR Title 7, Chapter 3 Section
Honeybees	76	319.76; 322
Insects	-	330
Job's-tears	24; 41	319.24; 319.41
Johnson grass	41	319.41
Mail (plants imported by)	-	351
Mexican border regulations	-	320
Mollusks	-	330
Napier grass	41	319.41
Nematodes	-	330
Nursery stock	37	319.37
Packing materials	69	319.69
Pearl millet	41	319.41
Plant pests, as such	-	330
Potatoes	-	321
Rice	55; 69	319.55; 319.69
Seals	-	330.110
Seeds	8; 12; 24; 34; 37; 41; 47; 55	318.47; 319.8; 319.12; 319.24; 319.34; 319.37; 319.55; 360
Shrubs	37	319.37
Snails	-	330
Soil	37; 60	318.60; 319.37; 330
Sorghum	41	319.41
Sudan Grass	41	319.41
Sugarcane	15; 41	319.15; 319.41

Item	Quarantine	CFR Title 7, Chapter 3 Section
Sweet potato	30	318.30
Teosinte	24; 41	319.24; 319.41
Trees	37	319.37
Vegetables	13; 56; 58	318.13; 318.58; 319.56
Viruses	-	330
Wheat	59; 69	319.59; 319.69
Weeds	-	360

**Summary of Quarantines Applying to Hawaii, Puerto Rico, Virgin Islands, and Guam
(See CFR Title 7, Chapter 3, Part 318⁴ for official regulation)**

Quarantine No. and Title	Offshore Island Involved	Pests or Plant Diseases Involved	Regulatory Requirements
<u>Quarantine 13</u> Hawaiian Fruits and Vegetables	Hawaii	Med. fruit fly, melon fly, oriental fruit fly, green coffee scale, beanpod borer, bean butterfly, Asiatic rice borer, mango weevil, Chinese rose beetle, cactus borer.	Regulates the movement of fruits, vegetables, rice straw, cut flowers, mango seeds, and cactus plants from Hawaii to other parts of the United States.
<u>Quarantine 30</u> Sweet potatoes	Hawaii, Puerto Rico, Virgin Islands	Sweet potato stem borer, sweet potato scarabee.	prohibits movement into or through any other territory or State of any sweet potatoes unless fumigated or certified at origin.
<u>Quarantine 47</u> Territorial Cotton, Cottonseed, and Cottonseed Products	Hawaii, Puerto Rico, Virgin Islands	Pink bollworm, cotton blister mite.	Prohibits the movement of all parts and products of cotton plant, except in accordance with regulations.
<u>Quarantine 58</u> Fruits and Vegetables from Puerto Rico and Virgin Islands	Puerto Rico, & Virgin Islands	Certain injurious insects including fruit flies and bean pod borer; cactus borer from St. Croix, V.I.	Prevents movement of fruits, vegetables, & cactus plants into or through other states and territories except as provided in the regulations.
<u>Quarantine 60</u> Sand, Soil, or Earth, with Plants (other than clean ocean sand)	Puerto Rico, Hawaii, Virgin Islands	Injurious insects including white grubs, and several species of termites and white ants.	Prohibits the movement into or through any other State or territory of sand, soil, or earth around roots of plants.
<u>Quarantine 82</u> Guam Quarantine	Guam	Many pests.	Various. See regulations for specific information.

⁴ Code of Federal Regulations reference no. for quarantines restricting imports from the offshore islands of the United States

Summary of Foreign Plant Quarantines
(See CFR Title 7, Chapter III, Part 319⁵ for official regulation)

Quarantine No. and Title	Countries Where Restricted Imports Originate	Pests or Plant Diseases Involved	Major Regulatory Provisions
<u>Quarantine 8</u> Foreign Cotton and Covers	All foreign countries.	Pink boll worm, golden nematode, flag smut disease & other dangerous pests.	Regulates the importation of cotton plants and products, secondhand burlap and other covers used for containing cotton, grains, field seeds, tubers.
<u>Quarantine 15</u> Sugarcane	All foreign countries.	Various sugarcane diseases and pests.	Importation of sugarcane cuttings or parts, bagasse, and other sugarcane products prohibited except under permit and where so treated or processed that entry will involve no risk.
<u>Quarantine 19</u> Citrus Canker and other Citrus Diseases	All foreign countries.	Various citrus diseases, including citrus canker.	Prohibits importation of all plants, or parts thereof, except fruits and seed, of citrus plants listed in regulation. Fruits and seeds are covered in other regulations. (Quar. 23, 37, 56)
<u>Quarantine 24</u> Corn Diseases	Many oriental countries (See Quarantine 24 for complete list).	Downy mildews and Physoderma diseases of Indian corn.	Importation of Indian corn, maize, and related plants prohibited, except by permit upon compliance with regulations.

⁵ Code of Federal Regulations reference no. for quarantines restricting imports from foreign countries.

Quarantine No. and Title	Countries Where Restricted Imports Originate	Pests or Plant Diseases Involved	Major Regulatory Provisions
<u>Quarantine 27</u> Citrus Canker--Mexico	Several states in Mexico (see Quarantine 27 for complete list)	Citrus Canker.	Importation prohibited of fruit and peel of Mexican lime from all parts of Mexico, and fruit and peel of all species or varieties of the sub-families Aurentioideae, Rutoideae & Toddalioidae of the family Rutoceae from the infected areas of Mexico. Importation restricted of other citrus fruits (see table in Quar. 27).
<u>Quarantine 28</u> Citrus Fruit	Consult quarantine for list of countries & varieties involved.	Citrus canker disease, sweet orange scab, "Cancrosis B" disease.	Importations of fruits and peel prohibited, except as provided by supplemental regulations.
<u>Quarantine 34</u> Bamboo	All foreign countries.	Dangerous diseases, including bamboo smut.	Importation of any variety of bamboo seed, plants, or cuttings capable of propagation prohibited. (The order does not apply to bamboo timber, consisting of mature, dried culms or canes, articles manufactured from bamboo, or bamboo shoots cooked or otherwise preserved).

Quarantine No. and Title	Countries Where Restricted Imports Originate	Pests or Plant Diseases Involved	Major Regulatory Provisions
<u>Quarantine 37</u> Nursery Stock, Plants and Seeds	All foreign countries.	Various diseases & insect pests affecting a wide variety of nursery stock, including plants, bulbs, cuttings, and seeds.	The regulation (1) prohibits the importation of certain nursery stock and other plants from designated countries; (2) restricts the importation of non-prohibited plants; and, (3) specifies plant material that may be imported subject to post-entry quarantine. (Consult quarantine for complete list of regulated items & specific requirements).
<u>Quarantine 41</u> Indian Corn or Maize, Broom-corn, and Related Plants	All foreign countries.	European corn borer & other dangerous insects and plant diseases.	Importation of a long list of potential carriers of pests is forbidden, except as provided in regulation. Restricted items include: stalk and all other parts of plant whether used for packing or other purposes of Indian corn, broomcorn, sweet and grain sorghum, Johnson and napier grasses, sugarcane, pearl millet, teosinte, and jobs-tears.
<u>Quarantine 55</u> Rice	All foreign countries.	Injurious fungus diseases of rice, including downy mildew, leaf smut, blight, glume blotch, as well as dangerous insect pests.	Importation of seed or paddy rice from all foreign countries except Mexico prohibited; seed and paddy rice from Mexico regulated; rice straw and rice hulls from all foreign countries regulated.

Quarantine No. and Title	Countries Where Restricted Imports Originate	Pests or Plant Diseases Involved	Major Regulatory Provisions
<u>Quarantine 56</u> Fruits and Vegetables	All foreign countries, except Canada.	Injurious insects including fruit flies and melon flies.	Importation prohibited except as provided under the rules and regulations or permitted under other quarantines.
<u>Quarantine 59</u> Wheat Diseases	Many foreign countries as listed in the quarantine	Flag smut disease of wheat, and Karnal bunt.	Importation of seeds, plants and products, straw, chaff, etc., (excepting wheat flour) of <i>Triticum</i> spp. (wheat) and <i>Aegilops</i> spp. (barb goatgrass, goatgrass) is forbidden, except as provided in the regulation.
<u>Quarantine 69</u> Packing Materials (Consult regulation for detailed list of restricted materials)	Varies with packing materials used.	Injurious insects and plant diseases.	Entry of a wide variety of packing materials, including cotton, is prohibited with exceptions and conditions listed in the regulation. (Excelsior, paper, ground cork, and charcoal are among the exceptions.
<u>Quarantine 73</u> Coffee	All foreign countries.	Coffee cherry borer, also a rust disease.	Importation into P.R. & Hawaii of coffee plants (incl. leaves, berries, seeds) or unroasted coffee beans, prohibited. Regulates importation of empty sacks previously used for unroasted coffee.
<u>Quarantine 74</u> Cut Flowers	All foreign countries, except Canada.	Various pests.	Entry restricted.
<u>Quarantine 75</u> Khapra Beetle	Many foreign countries as listed in the quarantine.	Khapra beetle	Restricts the entry of a variety of articles; for conditions see the regulations.
Quarantine No. and Title	Countries Where Restricted Imports Originate	Pests or Plant Diseases Involved	Major Regulatory Provisions

Quarantine 76 Exotic Bee Diseases	(To be Issued)	
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**Summary of Miscellaneous Orders and Regulations
(Authorized under a number of different laws⁶)**

CFR No. ⁷ , Title and Legal Authority	Countries Where Restricted Imports Originate	Pests or Plant Diseases Involved	Major Regulatory Provisions
<u>PART 302</u> District of Columbia Regulations (Plant Quarantine Act)	All foreign and domestic sources. (Interstate shipments in the U.S. are covered by this regulation.)	Various foreign & domestic plant pests and plant diseases affecting a wide variety of nursery stock and plant products.	Provides for movement of plants & plant products in to and out of the District of Columbia; and for the certification of nursery stock for compliance of Federal and State interstate regulations.
<u>PART 320</u> Mexican Border Regulations (Mexican Border Act & Mexican Border Regulations).	Mexico.	Various insect pests and plant diseases.	Provides for examination of passengers' baggage and disinfection of railway cars and other vehicles, express, & other shipments. Also regulates the importation of soil.
<u>PART 321</u> Potato Regulations (Plant Quarantine Act)	All countries except parts of Canada, and Bermuda.	Injurious plant diseases & insect pests.	Prohibits the importation of potatoes.
<u>PART 322</u> Honeybee Act Regulations (Honeybee Act and Honeybee Regulations)	All foreign countries except Canada.	Diseases attacking adult honeybees.	Prohibits the importation of all life stages of bees of the genus <i>Apis</i> & honeybee semen.

⁶ The first column of this summary gives the particular law or regulatory order under which importation of the different regulated items is restricted or prohibited.

⁷ Code of Federal Regulations reference number. All regulations listed in this summary can be found in the Code of Federal Regulations, Title 7, Chapter 3, under the appropriate Part, as listed in the first column of this summary.

CFR No./Title and Legal Authority	Countries Where Restricted Imports Originate	Pests or Plant Diseases Involved	Major Regulatory Provisions
<u>PART 330</u> Federal Plant Pest Regulations (Federal Plant Pest Act)	All foreign countries. (Interstate shipments in the U.S. are also covered by this regulation.)	Foreign plant pests. This includes insects, mites, nematodes, snails, fungi, microbes, and viruses that cause disease or damage to plants or plant products. (See regulation for special definition).	Prohibits the importation, in any living state, of foreign plant pests not known and distributed in this country, except as provided in the regulation.
<u>§330.106</u> Emergency Measures	All foreign countries	Khapra beetle or other damaging plant pests found on conveyances arriving at U.S. ports from foreign countries or offshore islands or their cargo or stores.	Provides for fumigating, or otherwise treating infested ships or other conveyances (except aircraft), their stores, and cargo, to prevent the entry of pests.
<u>§330.110</u> Seals	Various countries, depending on pest involved.	Khapra beetle or other damaging plant pests found on conveyances arriving at U.S. ports from foreign countries or offshore islands or their cargo or stores.	Provides for sealing, fumigating, or otherwise treating infested ships or other conveyances (except aircraft), their stores, and cargo, to prevent the entry of pests.
<u>§330.200</u> Movement of Plant Pests	All foreign countries.	All living stages of insects, mites, snails, nematodes, bacteria, fungi, protozoa, parasitic plants or parts, viruses, or other similar organisms or infectious substances.	Movement of plant pests into, through, or between any States, territories, districts, or possessions of the U.S. is prohibited except under permit.
<u>§330.300</u> Soil	All foreign countries; also, U.S. offshore areas.	All foreign plant pests and diseases capable of being carried by soil.	Prohibits the importation of soil, except under permit and after treatment to prevent entry of plant pests.
<u>§330.400</u> Garbage	All foreign countries.	Various plant pests.	Provides for safe disposal of garbage from ships or other means of conveyance arriving at U.S. ports from foreign countries.

CFR No./, Title and Legal Authority	Countries Where Restricted Imports Originate	Pests or Plant Diseases Involved	Major Regulatory Provisions
<p>PART 351 Importation of Plant or Plant Products by Mail (Plant Quarantine Act and Federal Plant Pest Act)</p>	<p>All foreign countries.</p>	<p>Plant pests not known or widely distributed in the United States.</p>	<p>Provides for inspection and handling of regulated articles mailed to the U.S.; gives directions for labeling and mailing such imports to official inspection stations (See regulations for details.)</p>
<p>PART 352 Plant Quarantine Safeguard Regulations (Plant Quarantine Act, Federal Plant Pest Act, Mexican Border Act, and other plant quarantine legislation)</p>	<p>Various foreign countries, depending on the plant, plant product and pest involved.</p>	<p>All foreign plant pests not already widely distributed in this country.</p>	<p>Provides safeguards for landing or unloading for transshipment and exportation of restricted or prohibited articles, plants and plant products.</p>
<p>PART 353 Phytosanitary Export Certification Regulations (Section 102 of USDA Organic Act of Sept. 21, 1944)</p>	<p>United States.</p>	<p>Various plant pests and plant diseases present in the United States.</p>	<p>Provides for inspection and certification of domestic plants and plant products for export to countries requiring certification.</p>
<p>PART 360 Noxious Weed Regulations (Federal Plant Pest Act, Federal Seed Act, Federal Noxious Weed Act).</p>	<p>All foreign countries</p>	<p>Aquatic, parasitic & terrestrial weeds as listed in the regulation.</p>	<p>Prohibits the importation into or through the U.S. of noxious weeds.</p>

Field Inspection

Plant Protection and Quarantine, in cooperation with State plant regulatory officials and concerned industry groups, has undertaken the task of developing uniform inspectional guidelines or standards detailing the procedures of growing season field inspections. Such guidelines were deemed to be necessary because of increasingly stringent foreign plant quarantine regulations and the inability of the industry to obtain valid phytosanitary field inspections in certain areas of the United States.

It is expected that the existence of the manuals will promote field inspection uniformity among the States and increase the credibility of the Federal Phytosanitary Certificates.

Detector Dog Program

In the United States, dogs are being used in the passenger arrival areas of some international airports to sniff out prohibited fruit and meat from the baggage of incoming travelers. The \$80,000 pilot project was launched July 12, 1984, at Los Angeles International Airport by APHIS.

Beagle dogs, on leashes and under the constant supervision of their handlers, sniff out prohibited fruits and meats from the luggage of foreign travelers arriving in the United States. When they smell citrus fruits, mangoes, beef, sausages, etc., they immediately sit down and look up at their handlers, who praise them and give them small treats. The dogs, who wear bright green USDA jackets, are passively trained and friendly to the public. When a dog "alerts" to a piece of baggage, a green quarantine tag is placed on the bag and a green "A" is marked on the traveler's Custom Declaration Card. After a primary inspection by customs, the traveler is referred to an APHIS Officer, who confirms the accuracy of the alert.

Besides being extremely cooperative, beagles have an extraordinary sense of smell, even for dogs. They are gentle with humans and have a puppy-like nature. Since beagles are raised in packs, they do not become nervous when surrounded by commotion in baggage inspection areas.

Civil Penalties

In March of 1984, APHIS received civil penalties authority for the first time, in addition to the criminal provisions which can still be used for the repeat violator or the more flagrant cases. This means that stiff fines -- either \$25 or \$50 -- are now being imposed on travelers who fail to declare or try to smuggle prohibited agricultural products through baggage inspection. Travelers may contest the fines, but those who do could be fined up to \$1,000 if they lose the case. (No fines are imposed for prohibited products if they are declared, but illegal products are confiscated with no compensation.)

Travelers can avoid fines, delays, and losses of personal property during baggage inspection if they know which foreign agricultural products are allowed and which are prohibited. To find out, they can obtain a free pamphlet by writing: TRAVELER'S TIPS, USDA/APHIS, 700 Federal Building, Hyattsville, MD 20782, or to the nearest International PPQ Regional or Area Office. (Specify English, Spanish, Italian, or Japanese). Travel agents may order free bulk supplies by writing to the same address.

Surveys

APHIS, in order to aid the timely detection of exotic pests and diseases, embarked on the development and publication of survey protocols. So far, work has been completed on survey protocols for Mango Seed Weevil, Peanut Stripe Virus, Mediterranean, Oriental, Melon, Queensland, Natal and Mexican Fruit Flies, and Citrus Canker.

Research

The Agricultural Research Service (ARS) of USDA is charged with this task, however, there is continuous cooperation between APHIS and ARS scientists. APHIS research is considered as applied research to develop methodologies and techniques in plant protection and quarantine.

APHIS-PPQ is working on the development of alternate treatments to replace chemicals. There is also cooperation in these areas between the U.S. and Japan as well.

International Cooperation

Historically, APHIS has relied on its border program to exclude pests and diseases. Some 1,100 APHIS inspectors stationed at major U.S. ports of entry guard the United States from the invasion of unwanted foreign pests and diseases.

Facilitation of rapid travel, growing trade in agricultural commodities, and the accelerated movement around the world of plant and plant products added a new dimension to the already rampant dissemination of dangerous pests and diseases. Out of this grew the philosophy of keeping pests at the country of origin or intercepting them before they reach our shores.

APHIS, foreseeing this danger, started "preclearance" programs some years ago. APHIS employees "preclear" agricultural products as free of pests or disease before shipment to the U.S., including products such as bulbs from Holland, fruit from Australia, Spain, and Chile, and fruit and vegetables from Mexico.

APHIS has 81 treaties, agreements, and memoranda of understanding with 38 foreign governments providing for animal and plant health cooperation. APHIS employees also serve as technical advisors in USAID programs in nine countries.

Subscribing to the theory that "by helping others we can help ourselves," APHIS established its own career foreign service. APHIS foreign service personnel work closely with other USDA personnel stationed in foreign countries, and plant and animal protection personnel at Ministries of Agriculture. Coordination for APHIS International Services are provided through regional and area offices located throughout the world.

As the world population grows, so does the movement of agricultural commodities, and with it the threat of rising pest and disease penetration. APHIS plans to meet this threat with its expanded international services by stationing additional personnel in foreign countries.

Fruits and Vegetable (F&V)

So far we have discussed the functions of APHIS, and PQ regulations in general. It is hoped that by now it is quite clear why we have so many and such complex regulations when it comes to agricultural commodities.

Although the speaker was asked to talk on the role of APHIS in clearing agricultural imports into the U.S., it was felt that in order to appreciate our situation, a general overview of the U.S. plant quarantine was in order.

Furthermore, since most countries are interested not only in fruit but vegetable exportation as well, this section will shed light on quarantine requirements for both commodities.

Manual Section 319.56 is dedicated strictly to fruits and vegetables. This is a very important section, and at times most disliked by would-be foreign exporters. This quarantine is quite specific in stating that the purpose of regulating the entry of fruits and vegetables is to prevent the introduction of injurious insects. No reference is made in the quarantine or the implementing regulations to other plant pests as a cause for action. Nevertheless, the presence of disease organisms or other plant pests cannot be disregarded and appropriate action may be taken under authority of the Federal Plant Pest Regulation if the pest risk involved is deemed significant.

Restrictions on Entry of Fruits and Vegetables (F&V)

Criteria for Entry

The following criteria have been considered in giving approval to the entry of the fruits and vegetables:

- assurance that such commodities are not attacked in the country of origin by injurious insects;
- their importation from specific areas under prescribed safeguards can be authorized without risk;
- prescribed treatments have been or will be given; and
- other quarantines are not controlling factors as to entry.

Unauthorized Commodities with Approved F&V

The presence of commodities not approved for entry intermixed in a container with approved F&V in a commercial shipment may be considered sufficient cause to deny entry to the entire container. All containers in a shipment which includes such intermixtures should be segregated in order that the intermixed containers may be identified. Treatment may be required or the entire shipment refused entry when the risk of pest introduction is substantially increased by the presence of the unauthorized commodities.

Importation of F&V by Mail

It has long been our policy to discourage the importation of fruits and vegetables by mail since it is impractical to monitor all packages arriving from foreign countries to prevent the entry of those fruits and vegetables that, for pest reasons, are excluded. This policy of not issuing formal permits for mail entry is also in accord with the intent of the Postal Regulations to exclude items subject to rapid decay and the generating of obnoxious odors. On the other hand, small lots of fruits and vegetables encountered which are otherwise admissible through the port of interception may be released without formal permit if they are free of plant pests, there is acceptable evidence as to origin, and items are sufficiently sound to reach destination in good condition.

Fruits and vegetables not approved for entry for plant quarantine reasons, or which are decayed, shall be removed or destroyed.

Issuance of Permits

Commercial Importation. When importation of fruits and vegetables are entered under a permit issued to a Custom House Broker, the broker will be held responsible for the fulfillment of all requirements.

Oral Permit. Small lots of admissible fruits and vegetables brought in as baggage, mandado, or trade samples may be released under an oral permit. In the case of mail importation, the "Released" stamp placed on the package will be considered as meeting the permit requirement. (See Restrictions on Entry of Fruits and Vegetables, criterion no. 3, Section 2.2.8.)

Inspection and Disinfection of Importations of Fruits and Vegetables

Inspection Criteria. While the inspection of fruits and vegetables shipments is on a sampling basis, the size of the sample will necessarily vary with the estimated pest risk, considering such influencing factors as the character of the commodity, method of packaging, whether certified as to treatment, geographical location of the port, previous experience with the commodity and origin. More important than size is that the sample selected be sufficiently representative of the lot to permit a reliable appraisal of the pest risk. Bananas and pineapples from approved sources, for example, are known to present an extremely low risk and their inspection is primarily concerned with plant debris and pest contamination rather than an active infestation. On the other hand, commodities from unfamiliar sources or which are new to the experience of the port shall be given a particularly thorough examination. For those fruits and vegetables frequently imported in large volume from a single source and which experience has shown are not likely to be infested with quarantine-significant pests, a one percent inspection may suffice. For other F&V inspections are increased to percentage levels required to provide a sound appraisal of pest risk.

Bad Condition Shipment. Decayed, overly ripe, or badly damaged F&V shall be denied entry if inspection difficulties are such as to make determination of pest risk unreliable or a required treatment questionably effective.

Infested Shipment. Shipments infested with pests which give evidence of their ability to do considerable damage and which cannot be sufficiently identified at the port to determine what treatment

or disposition would be appropriate, shall be held under adequate safeguard and immediate advice requested from the Hyattsville office. For prompt identification, pests shall be forwarded to Hyattsville as Urgent Interceptions.

Required Treatment. The pest risk of some commodities is such that they are permitted entry only with treatment. Such shipments shall be moved, without undue delay, to a commercial treatment facility approved by APHIS to perform the type of treatment indicated.

Fruits and Vegetables Approved for Entry from Morocco

Section I -- Informatory Notes

The following notations are additions to or otherwise modify the listing of fruits and vegetables in Section 2.

- **Chestnuts.** Fumigation is not mandatory for chestnuts originating in Canada, or for those from any country via Canada, if accompanied by a Canadian certificate attesting to fumigation with methyl bromide as specified in USDA Treatment Manual.
- **Coconuts.** Coconuts with husks removed or coconuts with the "milk" ("water") inside the seed removed (making germination unlikely) may enter at any port for consumption without permit. Inspection at time of arrival is required.
- **Frozen Fruits and Vegetables.** Frozen fruits and vegetables, including those not otherwise admissible, are authorized entry when quick frozen at subzero temperatures and not above -6C (20F) at time of arrival. Items not admissible are: mangoes with seeds, citrus with peel, and black currant.
- **Fruit Juice.** Commercial shipments of fruit juices, concentrates, and purees are admissible without restriction other than verification. Noncommercial importations of fresh fruit juice may be released provided there are no live fruit fly larvae in the juice. If there is an unusual amount of pulp present that would hinder the inspection, the entry may be denied.
- **Segmented or Sliced Citrus.** Segmented or sliced citrus, peeled and commercially packed in natural juices or in syrup, may be imported without restriction other than verification to determine that the fruit is peeled and segmented or sliced, and inspection for freedom from plant pests.
- **White Asparagus.** Asparagus shoots harvested before emergence from soil or other growing media so that no green appears on the shoots. Determination made by APHIS at port of entry. Shoots showing green disqualifies the shipment for entry.

Section 2 – Approved F&V

Preface

- The fruits and vegetables listed in this Section are approved for entry through the ports named subject to any special conditions indicated. Unless noted, import permits are required for all commodities listed. The permit will outline the conditions of entry.
- Ports of entry are designated by groups, e.g. "All Ports", "North Atlantic", "South Atlantic and Gulf". Items listed under "All" plus those listed under specific smaller areas are enterable at ports in those areas.

- All** - Ports at which officers are stationed or to which they move in the normal discharge of their duties, including Guam.
- NA** - Atlantic ports north of and including Baltimore; ports on the Great Lakes and St. Lawrence Seaway; Canadian border ports East and including North Dakota; Washington D.C., (including Dulles) for air shipments.
- SAG** - Atlantic ports south of Baltimore; Gulf ports, Puerto Rico, and the Virgin Islands.
- PR** - Puerto Rico (also included under SAG).
- VI** - U.S. Virgin Islands (also included under SAG).
- MB** - U.S. land border ports on the Mexican border.
- NP** - Pacific ports north of California, including Alaska; Canadian border ports west of and including Montana, but not Hawaii.

Definitions

- No Leaves** All leaves must be removed from commodity and containers at origin. (Note that the quarantine prohibits plant parts other than the edible portion).
- No Tops** Leafy portions of plant developed above the ground must be removed at origin.
- No Roots** All roots of plant must be removed at origin.
- Corn, Green** Fresh edible corn on the cob.
- Hothouse** Produce must have been grown solely in a hothouse.

List of F&V

All: Allium (bulb--no tops)
Banana (fruit, leaf, p. 2.11)
Bean, green (pod or shelled)
Cannonball fruit (no permit)
Cipollino (bulb), (wild onion) T104(k), (at Norfolk Virginia and Baltimore, Maryland only)
Coconut, p. 4.23
Corn Smut galls (see Special procedures, p.2.33)
Cyperus corn (no permit)
Dasheen
Garlic (bulb) (Allium Sativum) T104(i)
Ginger root
Lily bulb (no permit)
Maguey leaf (no permit)
Mushroom (fresh -- no permit)
Palm heart
Pea (no permit)
Peanut (no permit)
Pineapple, smooth Cayenne cultivar only (prohibited into Hawaii)
St. John's bread (no permit)
Tamarind, bean pod (no permit)
Truffle (no permit)
Vegetables (frozen)
Tomato (green only, commercial shipments only)
Waterchestnut (no permit)
Waternut (no permit)
Yam, T104 (g)

NA:

Apricot, T107 (a) or T108
Artichoke, Jerusalem
Asparagus
Clementine Citrus reticulata cv T107(a)
Ethrog, T107(a); T108; or T101(d)(2), p.2.26
Grape, T101(d)(1) and T107(a) or T101(d)(2)
Grapefruit, T107(a)
Melon (Cucumis melo only)
Orange, T107(a)
Peach, T107(a) or T108
Pear, T107(as) or T108
Plum, T107(a) or T108
Tangerine, T107(a)
Thyme

In addition to the above items, other food materials including such items as dried beans and peas (except Vicia faba, Lens spp., and Lathyrus spp.), dried seeds, dried bamboo leaves, dried herbs, and similar

commodities are admissible for food purposes and may be imported without permit from all sources into any port in the United States subject to inspection on arrival. Dry nuts without fleshy or leathery husk (except acorns, macadamia nuts and chestnuts) are enterable for food without permit at all ports, subject to inspection.

Conclusion

It is quite obvious that the international movement of agricultural commodities is on the increase. Countries are constantly on the lookout for new markets for their agricultural surpluses. As exports increase, so does the pest risk, therefore constant vigilance by plant protection personnel is of utmost importance. No country in the world, not even the United States, has the resources to continually eradicate economically significant pests and diseases introduced into its territory.

It is, therefore, extremely important that introduction be done under strict quarantine control in order to eliminate all possible pest and disease risks. In order to carry out this task, properly trained personnel, approved techniques, available knowledge on plant pests and pathogens and familiarity with regulations are the key factors in the U.S. quarantine service.

Emphasis is placed on effective operation to eliminate possible barriers and illegal and uncontrolled entry of infested or infected agricultural commodities.

Animal and Plant Health Inspection personnel cover most of the globe and play an ever-increasing role in communication and cooperation. They should be utilized to the fullest possible extent to help with the safe movement of agricultural commodities when and where needed.

We in the United States cannot visualize proper agricultural trade without functional plant quarantine.

2.2.9 Presentation by Mr. Abdelaziz Arifi Director, DPVCTRF

Moroccan Phytosanitary Control for Exports

Introduction

A century ago, when transportation was rudimentary, almost all plant production was carried out locally. Thus, if phytosanitary controls did not exist before, it was because plants and plant products could not be transported over long distances and consequently the risk of introducing disease and pests from one region to another was small.

But with the Industrial Revolution of the twentieth century, particularly in regard to transportation by air, sea and land, international trade grew rapidly, with the attendant risk of introduction and dissemination of plant enemies. Among the many infiltrations, a few classic examples may be cited:

- the introduction from America into Europe of mildew and grapevine phylloxera, the Colorado potato bug, and bacterial infestations of rosaceous plants;
- the spread from China throughout several continents of the San Jose louse; and
- the invasion by the Mediterranean fruit fly of more than 90 countries on five continents.

Faced with damage on this scale, and in order to prevent or limit the propagation of organisms hostile to plants from one region or one continent to another, phytosanitary measures became an absolute necessity.

In order to be able to export to a foreign market, one must respect, among other things, the phytosanitary standards defined by the government of the importing country as a means of minimizing or preventing the introduction and dissemination of harmful organisms. At the international level, the International Convention for Plant Protection (Convention Internationale de la Protection des Végétaux), of which Morocco is a signatory country, is the source of basic phytosanitary precautions. In order to facilitate exchange, regional organizations for plant protection, such as the Euro-Mediterranean Organization for Plant Protection (Organisation Euro-Méditerranéenne de la Protection des Plantes) aspire to a standardization of norms and measures undertaken by trade partners and the exchange of information on regulations in force in the various member nations.

In Morocco, the Plant Protection Service is responsible for applying national and foreign plant health standards. As a part of its campaign to promote agricultural production and particularly exports, Morocco has allocated funds to implement plant health control structures both within the borders of the country and at import and export points. To carry out this task, the Plant Protection Service has both central and regional diagnostic laboratories, as well as fumigation stations in some seaports.

Inspection of Exports

Moroccan agricultural products for export (see Table 2, Section 2.2.9) must undergo inspection at their exit point to verify their compliance with the plant health regulations of the importing country.

The methodology applied depends on the one hand on the nature of the product to be exported (citrus fruit, potatoes, fresh fruit, early truck garden crops, cut flowers, seedlings, aromatic plant products, etc.) and, on the other hand, the laws of the country to which it is being sent (European Economic Community, Middle East, Eastern Bloc, Canada, USA, USSR, Japan, etc.).

According to the results of the inspection, various steps are taken:

- Award of a phytosanitary certificate in the case of lots which meet standards. This certificate, which is designed along the model recommended by the International Convention for Plant Protection, is the Plant Protection Service's attestation that the exported commodity conforms to the phytosanitary regulations of the country of destination.
- Award of a phytosanitary certificate after fumigating the commodity in cases where certain insect pests are detected.
- Refusal to award certification in cases where quarantined organisms are detected for which there is no effective treatment.

Fumigation

Each year, enormous quantities of plant products are fumigated (Table 1, below) with methyl bromide. This procedure falls within the scope of the Plant Protection Service, which applies standards and techniques on an international scale, taking into account the requirements of importing countries.

TABLE 1: Fumigation Operations at the Port of Casablanca		
Year	Number of operations carried out	Total weight (in tons) of commodities fumigated
1988	111	1,960,188
1989	173	945,078
1990	80	338,049
Overall Total	364	3,302,315
Yearly Average	121	1,100,771

Fumigated Products

- a) Edible potatoes destined for Europe when moths (Phthorimea operculella zell) are detected.
- b) Aromatic or medicinal plants destined for the USA or when certain stored food pests (Lasiodermes, Tribolium, Rizoperta, Accarus) are detected.

- c) Dried fruits (dates, almonds) when moths (Ephestia and Plodia) or other stored food pests (Oryzophylus surenamensis, Rizoperta dominica) are detected.
- d) Spices, against stored food pests.

Phytosanitary Measures Relating to Export to the U.S.

For certain plants or plant products, the U.S. requires prior import authorization which prescribes special treatment of the commodity.

For this reason, wild onions must be fumigated with methyl bromide for the insect Exosoma lusitanica, and garlic for Brachycerus spp and Dyspessa uhula.

To prevent the introduction of Mediterranean and Oriental fruit flies, cold treatment is required. For citrus, the fruit must be transported in boats equipped with a cold treatment system, which is calibrated and passed by Plant Protection agents. Certain products are only admitted in North Atlantic ports, and others in Norfolk, VA where acceptable fumigation chambers are available.

New EC Phytosanitary Regulations

The countries of the European Economic Community, our traditional partners, have absorbed 85 to 90 percent of our exports to date. After 1993, when the single market opens, new legislation will come into effect which treats the entire community as a single space without interior borders, where all member countries will benefit by the same degree of protection from harmful organisms.

This internal restructuring will bring about:

- an updating of the list of quarantined organisms with simplified annexes of EC Directive 77/93 (currently under discussion);
- standardization of inspection methodology used;
- definition of isolated zones;
- definition of protected areas;
- creation of a plant passport based on the type of product, allowing free movement of plants within the entire EC area; and
- registering of plant producers subject to phytosanitary requirements.

For imports from third countries, shipments must always conform to the government regulations in force, a condition which is attested to by a phytosanitary certificate. They will be inspected by the local Service at the first point of entry. Depending on the type of import, a passport will be awarded so the commodity can move freely in the same way as EC products.

In order to facilitate access to the EC, extension of the use of the plant passport system to other countries (third countries) will be possible within the framework of technical arrangements.

The restructuring of these regulations is causing concern among our producer/exporters, especially since Moroccan agricultural production for export has undergone so much growth (infrastructure and production techniques) in the last decade. In any event, the anticipated changes affect the interior of the EC much more than conditions for import from other countries. Revision of the annexes of EC Directive 77/93 will be finished by late June of 1992, and the Office of Plant Protection, Technical Inspection and Elimination of Fraud (Direction de la Protection des Végétaux, Contrôles Techniques et Répression des Fraudes) wishes to organize an Information Day for Moroccan exporters in order to explain the details to them. It will also offer an opportunity to discuss other EC requirements, e.g. tolerances in the area of pesticide residues.

Phytosanitary Regulations in Japan

In general, Japan does not authorize entry of any Moroccan plant products into their boundaries, in order to protect their own agricultural heritage. Nevertheless, this embargo may be lifted if certain procedures are applied:

- eradication of pests and disease and precautionary measures by the Quarantine Service to avoid reinfestation;
- experimentation in practical disinfestation methods and submission of findings for evaluation by Japanese plant quarantine authorities;
- sending Japanese plant quarantine inspectors for on-site inspection of export products (preacceptance); and
- public hearings in Japan.

Finally, frozen fruits and vegetables may be admitted with a phytosanitary certificate bearing a supplementary declaration regarding freezing temperature.

Disease Situation in Morocco

Considerable effort has been expended to reduce the spread of organisms harmful to plants. For example, in the case of ceratitis (*Ceratitis capitata*), quarantined by certain countries including Japan and the USA, a national campaign supported by the International Atomic Energy Agency has been carried with the goal of eradicating it.

In the same vein, legal regulations and control measures regarding imports have been undertaken to avoid the introduction and spread in Moroccan territory of harmful new organisms which could threaten not only national agricultural production, but also export opportunities in certain markets (e.g. spindle tuber viroid in potatoes, Tristeza, Greening, Pierce disease, etc.). Indeed, the fact that Morocco is entirely free of certain serious diseases represents a production potential which has not yet been explored, opening new horizons and offering guarantees for new investment.

Table 2
Type and Quantity of Plants and Plant Products
Exported in 1990 (In Tons)

TYPE OF PRODUCT	COUNTRY OF DESTINATION	WEIGHT
Citrus Fruit	EC/Canada/Scandinavia	222,620.455
Early Fruits and Vegetables	EC/Canada/USA/UAM	234,729.627
Potato (Edible)	EC	70,184.629
Cut Flowers -- Carnation, Gladiolus, Rose	EC/USA	*13,740.807
Spices -- Coriander, Fenugreek, Thyme, Clove	EC/USA/UAM	6,789.718
Fresh Fruit -- Grape, Strawberry, Peach Melon	EC/USSR/Scandinavia/Mideast	213,029.592
Legumes -- Lentil, Bean, Chickpea	EC/UAM	138,074.310
Aromatic & Medicinal Plants -- Verbena, Carob	EC/UAM/Pakistan	4,522.966
Frozen Foods -- Green Bean, Bell Pepper	EC/Canada/USA	571.194
Citron	EC/Canada/USA	8.130
Dried Fruit -- Date, Almond, Pistachio	EC/UAM	1,115.449
Ornamental Plants -- Geranium, Claminta	EC	48.000
Miscellaneous -- Cork, Peanut, Cotton, Mushroom	EC/USA/USSR/UAM	30,894.249
TOTAL		798,388.319

* Number of Stems

2.2.10 Presentation by Mr. David Sullivan
TIS Program Director
Promotion of Moroccan Exports to the U.S. – TIS Morocco

Purpose

The purpose of the TIS (Trade and Investment Service) program in Morocco is to help the Moroccan private sector develop long-term export business by establishing commercial relations between Moroccan and U.S. companies which result in sustainable, ongoing, Moroccan export. This effort has two components:

1. **Export Development** - TIS helps Moroccan exporters to obtain the sine qua non of export development - Orders, orders, orders!
2. **Venture Stimulation** - TIS helps Moroccan companies to find foreign, primarily U.S., partners for joint and cooperative ventures which result in Moroccan exports. We count only signed agreements which result in exports.

Results Overview: Agro only

This overview covers the activities of the Morocco TIS program during the 26 month period from its approval by USAID/Rabat 31 July, 1989 to 30 September, 1991. The accomplishments of the program are summarized below and will be expanded upon later.

- Export orders totalling approximately \$6.6 million in value have been obtained for 20 different Moroccan export companies although well over 200 Moroccan companies have been contacted. Ninety-five percent have been agro/fish exports. The most important products exported in descending order of importance are olives, olive oil, peeled tomatoes, sardines, anchovies, capers, cipollini and pickles.
- Two potential agro joint-ventures have been identified. One is in its initial exploratory stages. The other, a \$1.5 million investment, should be signed Jan/Feb 1992.
- One exclusive sales representation agreement has been signed.
- Ten sector surveys (IESC Volunteer Executive-led diagnostics of the export potential of Moroccan industries) have been completed of which olives, canned fruits and vegetables, fresh and frozen seafood, essential oil, agribusiness venture stimulation, herbs & spices, wine) are in the agro area. The VEs (Volunteer Experts) continue to perform ongoing follow-up work in the U.S.
- Four marketing associates have been identified and appointed; three are in agro:
 - 1) olives
 - 2) canned peeled tomatoes
 - 3) sardines
- One marketing associate agreement (olives) has been terminated due to success.

- One U.S. marketing survey on behalf of Moroccan products has been completed. Approximately 70 U.S. companies were contacted. The leads identified resulted in more than \$1 million of the \$6.6 million of orders obtained to date.
- A 14-page agro investment promotion brochure has been completed and distributed to over 150 American agro-companies potentially interested in doing business in Morocco.
- A 12-page general investment brochure was completed in September and is now being distributed to potential U.S. investors from the Moroccan Embassy in Washington.
- Thanks to the invitation of Moulay Massaoed Agouzoul and *Huileries de Meknes*, one American association (Association of Food Industries, AFI) has committed to holding its annual convention in Marrakech in May 1992. This is the first all American group to ever hold a convention in Morocco, and it is the AFI's first ever overseas convention. It will bring approximately 125 American buyers of food products to Morocco for the convention May 4-6 at the *Palais des Congrès*.

Program Management

The program is managed in as close to a real life commercial manner as is possible. Real Moroccan business men and women are introduced to real American business men and women. Participation by academics, consultants and purported trade experts is discouraged; seminars, fairs, debates, round tables and workshops are not a featured part of this program. We are here today as an exception due to an invitation by your hosts.

In addition to a quasi-commercial approach, the following features have facilitated the program's results:

- Selection of TIS Moroccan clients has been based on working only with companies truly dedicated to breaking into the U.S. market, i.e. companies willing to make the necessary effort to succeed.
- The IESC Volunteer Executives have been selected primarily for their commercial experience and ability to introduce TIS to appropriate U.S. industry executives with buying or investing authority.
- USAID funding has allowed TIS to appoint U.S. marketing associates (specialist importers in their product lines), thus enabling TIS to obtain rapid export development results by using professionals on the U.S. end.
- Supported by a youthful and hardworking two-person staff in Stamford, Connecticut, USA, the program is managed here in Morocco and is supported by a staff of three in Casablanca.

QUALITY ISSUES

There are always three major make-or-break issues which must be successfully resolved in order to develop business with the Americans:

- 1) Quality/packaging
- 2) Competitiveness
- 3) Delivery time/communications

1) Quality/Packaging

In addition to normal standards of quality which Morocco must meet anywhere it exports, the U.S. market imposes additional norms; some are industry imposed, others are governmental.

For example, can and bottle sizes are not metric and are different from European types; one must, like it or not, become familiar with pints, quarts, pounds, ounces, A-10 cans as opposed to the 5 kg can.

Examples of industry quality norms are the Howard Mold Count for peeled tomatoes and ASTA standards for paprika.

Governmental norms usually fall under USFDA, which must protect Americans from a health viewpoint, and USDA which is concerned with protecting U.S. agriculture from importing pests/insects along with fresh, dried or nonprocessed foods. USDA also regulates some markets in terms of quality standards.

2) Competitiveness

Morocco's major agro competitors are Spain, Portugal, Italy, Greece and Turkey, the Mediterranean countries which grow similar crops. Also the USA, especially southern California, is a major competitor because of a climate almost identical to Morocco's.

Assuming quality is equal, Morocco as a new, essentially unknown player in the U.S. market, must introduce its products at competitive prices in order to displace entrenched competition. We call it buying one's way into the market. Once a product line is accepted by buyers and consumers, prices can be raised to levels established by proven suppliers from other countries. Morocco has advantages over most of its competitors:

1. low cost labor
2. proximity to U.S. - freight cost advantages

Due to rising labor costs, we know of Spanish and American agro processors who have located some of their production overseas. The two possible joint-ventures mentioned earlier are just that -- one an American, the other a Spanish effort to establish production in Morocco to enjoy low costs and thus be more competitive in the U.S. market.

It is also interesting to note that Morocco even enjoys a transportation cost advantage over California vis-à-vis the U.S. East coast. From Casablanca to New York, a container of 6 A-10 cans of

olives, tomatoes or whatever can be shipped to New York for approximately \$1.50 a carton. That same carton shipped from California to New York will cost between \$2.00 and \$2.50/carton.

3) Delivery/Communications

This is a critical area where much improvement is needed. The pace of business today has accelerated enormously. Telephone, fax and DHL have replaced mail, cables and the occasional telex of 30 years ago. U.S. customers need prompt information on order status, shipment information, and documentation.

I have been in Morocco since late 1986 and am happy to note that communications here have significantly improved especially in Casablanca, whereas sometimes it is almost impossible to communicate with outlying towns like Tan Tan or Essaouira where export action is occurring.

In the U.S., due to the need to manage inventories to keep them as low as possible to preserve cash flow, many buyers insist on programmed deliveries sufficient to keep supply lines open but maintain minimum stock in the U.S.. A late delivery or deliveries can result not only in order cancellations but also dollar claims for late delivery.

Another major problem for Morocco vis-à-vis the U.S. is that the Americans do not speak Arabic, Berber or French. They speak a foreign language imposed upon them over 300 years ago, i.e. English. They communicate in English internationally and expect their overseas suppliers also to communicate in English; it is a must.

Future Possibilities

It seems almost daily that we see or learn of some new equipment or new venture being added to the Moroccan agro scene.

The government is now on the right track and is encouraging agro investment as well as foreign agro investment in Morocco.

I have had experienced U.S. agro-industry types tell us that the Moroccan agro opportunity reminds them of the California opportunity after WW II and of Spain twenty years ago.

There are significant fresh and frozen fruit and vegetable export opportunities vis-à-vis the U.S. but first an effort must be made to register the product with the USDA. Once these formalities are completed, 1-1.5 years of registration effort, we are sure that early season fruits and vegetables can be exported to the East coast of the U.S..

We know of many vegetables which can be grown and processed in Morocco for export to the U.S.. Below are listed only those for which we have identified buyers ready to buy if we could introduce them to a Moroccan exporter capable of offering the product at a competitive price, meeting U.S. norms and sale conditions and delivering on time:

1. tomato powder in plastic sacks in cartons
2. dried tomatoes in plastic sacks in cartons

3. dehydrated vegetables (peppers, leeks, cabbage, chives, tomatoes, zucchini) in plastic sacks in cartons
4. canned peeled tomatoes
5. artichokes hearts and bottoms in cans, marinated quarters in jars
6. roasted peppers in jars
7. pepperoncini in drums and jars
8. pepper strips in cans
9. pimentos in jars
10. mushrooms in cans
11. capers in jars

In conclusion, we are very optimistic for the future growth of Moroccan agro products in the U.S. and look forward to any questions you may have.

2.2.11 Outline of the Case Study Presentation by Mr. Vincent Argembau U.S. Importer of Moroccan Olives

1. Description of Argembau & Co.
 - a. History
 - i. Has imported olives from Spain since 1890
 - ii. Figs and dates from Turkey & Iran – 1920/40
 - iii. Added Greek peppers – 1970s
 - iv. Added pickles – 1980s
 - b. Business
 - i. Sells bulk products to packaging companies
 - ii. Slowly adding packaged products sold to distribution companies
 - c. Method
 - i. Buyer's agent – peppers and pickles
 - ii. Shipper's agent – olives
 - iii. Importers – but only as an accommodation to our customers, never competition
 - d. Members
 - i. Association of Food Industries (AFI) – devoted to U.S. food import companies
 - ii. Pickle Packers International – devoted to pickle and pepper packers
2. How Argembau & Co. got started in Morocco
 - a. Identified by International Executive Service Corps (IESC) for olive business
 - b. The market of suppliers was surveyed by a volunteer expert who reported the possibilities
 - c. Trade and Investment Service (TIS) program accelerated process of contact development
 - i. Arranged frequent trips to Morocco
 - ii. Trips were short but efficient
 - (1) 4 days
 - (2) 10 suppliers visited
 - iii. During visits we bought small lots acting as buyer's agents
 - d. Through our frequent contact we eventually decided to deal with one supplier of olives and become their exclusive agent
 - i. Reason
 - (1) Supplier was first with packaged product we required
 - (2) Packaged product requires more extensive collaboration than for bulk product
 - (3) Exclusivity promotes a trust that makes business logical and easier
 - ii. Result of exclusive arrangement
 - (1) Trust allows a more thorough review of U.S. market
 - (a) Meeting customers
 - (b) Reviewing technical details with these customers
 - (2) With a thorough review, new investment to cover production needs can be made with confidence
 - (3) With increased production, sales go up

3. **Importance of an agent**
 - a. **U.S. market is much bigger than Moroccan exporters can know and cover independently**
 - b. **Agents have current market information from their contacts among customers of exporter's product**
 - c. **It is impossible for a good customer to also represent exporters to others**

4. **How can exporters identify agents and customers in the U.S. market?**
 - a. **Use the services of IESC. Have them survey the market, bring in consultants**
 - b. **Attend conventions:**
 - i. **AFI -- this May in Marrakech**
 - ii. **ANUGA in Germany**
 - iii. **Alimentaria in Spain**
 - c. **Finally, go to the U.S.**

5. **What American buyers look for in a supplier**
 - a. **Willingness to adapt to American standards**
 - i. **Willingness to be inspected**
 - ii. **Readiness to invest to make necessary changes**
 - iii. **Readiness to find subcontractors, printers and can producers, for example; willingness to change**
 - b. **On-time deliveries**
 - i. **A delivery made on-time commands respect**
 - ii. **A late delivery with forewarning will be understood**
 - iii. **A late delivery with no prior advice creates a loss of respect**
 - c. **Good communication**
 - i. **English**
 - ii. **Prompt replies to offers and questions**

6. **Example of American standards: Americans buy with their eyes, the French buy with their nose**
 - a. **Demand labels that are bright, clean and accurate. Local printers have to improve**
 - b. **Demand cans that are clean -- no residue marks and no rust**
 - c. **There is absolutely no tolerance for swollen cans -- greater demands have to be made on the can manufacturers**
 - d. **On the other hand, Americans do not appreciate flavor**

7. **Communication: A well-produced one-time shipment is a beautiful form of communication. An American buyer understands it.**
 - a. **Requires management with delegated authority -- this is a general statement regarding all Argembau's businesses, Spain and Greece included:**
 - i. **Sales manager who can quickly communicate prices and makes offers**
 - ii. **Production manager who can communicate directly and make required changes promptly**

- iii. Export manager who can regularly communicate about shipments
- iv. Finance manager who can quickly report delinquent payments
- v. If one person does all the above then the business will not grow beyond that person's capability to communicate
 - (1) Argembau deals with many small companies that have only one person in charge – Spain, Greece, etc., mainly bulk shippers
 - (2) Producers of packaged goods (A/10) require more delegation of authority. Higher value business requires delegating
- b. Requires well-educated technicians for process and analysis
 - i. Packaged goods require
 - (1) Continual inspection and adjustment of machinery
 - (2) On-line tear down
 - (3) Careful record keeping
 - (4) A laboratory that is fully in use
 - ii. Bulk products require much less technical but plenty of detail
 - (1) Careful attention to process
 - (2) Cleanliness

8. USFDA

- a. Has control over all food products sold in the U.S.
 - i. Domestic
 - ii. Imported
 - iii. Not political – but slowly responds to consumer concerns
 - (1) Pesticides are a big topic in the States. Some irrational decisions could develop
 - (2) Health scares can cause drastic reactions, grapes from Chile for example
- b. On imported foods they can only assume that the product is made under the correct conditions.
 - i. A small percentage (1 percent) is inspected
 - ii. Only certain things are looked at
- c. The best defense is not to break the trust invested
 - i. Avoid having anything incorrect
 - ii. Keep accurate records of all processes and shipments. Be able to make prompt and accurate response to their questions
 - iii. Have technicians attend food processing courses in the U.S. approved by the FDA
 - iv. Be thorough and act independently if necessary; cleanliness is very important – Greek peppers for example

9. Opportunities

- a. Point of view is food – specifically olives and pickles
- b. Spain will possibly give less emphasis to U.S. market, leading to opportunities for Moroccan products
- c. Effort of Moroccan government to increase olive and olive oil production interests Argembau greatly

2.2.12 Presentation by Mr. Samuel Starrett U.S. Trade Consultant

I insist that we begin on time this morning, because we have a large number of interesting and useful presentations on the agenda.

First of all, I'd like to point out to you several U.S. Government programs which should help you to better assess your competition and compete with them more effectively on the international market.

I will make the first presentation in the name of the U.S. Department of Commerce, which I represent in Morocco, then I will give the floor to Ms. Sophia Alami from our Agricultural Service in Rabat, who will then be followed by Mr. Driss Meski, from the Agriculture Division of USAID in Rabat, and Mr. Alexander Shapleigh from the Private Sector Division of USAID.

You will also hear from Mr. Hari Schucka, the Regional Director of Pioneer Seed Company, who will share his experiences with you as an American investor in Morocco.

Next, we will hear from Mr. Mohamed Zohry and Mr. Ismail Bouayad, who will talk to you about air and sea transportation of agricultural products and initiatives taken in this area.

As for me, I would like to introduce you to the U.S. Foreign Trade Service, which represents the U.S. Department of Foreign Commerce, whose objective is the promotion of U.S. exports.

Our mission, a simple one for that matter, consists of helping U.S. companies export their products and offer their services to Morocco, where we attempt to demonstrate to Moroccan businessmen that our products are as competitive as those they are used to. We also help put Moroccan businesses into contact with U.S. manufacturers who can supply their needs in terms of equipment and services, and to define more clearly the best ways of funding their various projects.

Our activities run the full range from the simplest to the most complex, from a simple search in a business directory to a sophisticated computerized study.

Our services are free to Moroccan importers. U.S. companies, on the other hand, are obliged to pay several hundred or even several thousand dollars, in the case of Japan, to access certain information concerning international markets.

One of our most interesting programs for the Moroccan importer is the Trade Opportunity Program, which I will now explain.

When you need a particular product, we send your request directly to Washington by computer, describing everything you need. This information is immediately sent out, within 24 hours of its arrival, to several trade papers which are read by hundreds of thousands of readers; it is also entered into the data bank of the U.S. Department of Commerce. This procedure is very fast and efficient, since Moroccan businesses often receive responses within three days of sending the message.

We also distribute a monthly trade magazine which features new products in several areas including agribusiness. This trade magazine is published in English. In any event, after you have identified the product you want, we can put you into direct contact with the U.S. exporter.

We also organize several trade shows in particular industrial areas. Besides the U.S. Pavilion at SITEB, we are going to organize a catalogue exhibit at the beginning of next year with the theme "Earth Science and Agro-Industry", and we will see to it that each of you receives an invitation.

Another facet of our role consists of hosting trade missions and U.S. investors. Two years ago, we hosted in Morocco a large trade delegation of U.S. investors which resulted in four joint ventures with Moroccan partners, two of which were in the area of agribusiness.

Soon we will be hosting here in Morocco a group of U.S. businessmen specializing in hydraulic and irrigation equipment. All potential Moroccan clients who wish to meet the members of this delegation will be kept informed.

In another area, our mission consists of organizing group trips and personally escorting Moroccan businessmen to attend conventions and visit special expositions in the U.S..

As recently as October 1991, our trade specialist accompanied 48 Moroccan businessmen to two of the most prestigious trade fairs in the U.S., one of which was the Food and Dairy Show, held in Chicago. In conjunction with this, our trade specialist, with the help of the Chicago Chamber of Commerce, organized meetings and business lunches for the members of the Moroccan delegation. Results were deemed quite satisfactory by all participants.

One of our next projects in the agribusiness area will be to accompany a group of Moroccan businessmen to the California Farm Equipment Show, to be held in Tulare, California from February 9-11, 1993. At this important fair specializing in agricultural and agro-industrial equipment, there will be more than 1,000 U.S. exhibitors introducing their products and machinery.

Nearly all of those who have presented thus far have spoken of the problem of packing agricultural produce. We intend to organize a trip for Moroccan businessmen to visit a special exhibit of food packing equipment called PACK-EXPO, which will be held in Chicago from November 8 through 12, 1992.

These fairs present some of the best opportunities to get into contact with U.S. manufacturers. The results are often positively surprising, and I hope that many of you will express interest in them.

In the hope that this seminar will be everything you want it to be, I wish you good luck and thank you very much.

2.2.13 Presentation by Ms. Sophia Alami U.S. Agricultural Service, Rabat

I have come as a representative of the U.S. Bureau of Agricultural Affairs in Morocco (Bureau des Affaires Agricoles Américain au Maroc), where I am in charge of the marketing area. This office is located in Rabat at the U.S. Embassy. It is a unit of the U.S. Department of Agriculture, and, more specifically, the branch responsible for promotion of exports, the "Foreign Agricultural Service" (widely referred to as the FAS).

The FAS is one of approximately fifty agencies of the U.S. Department of Agriculture, or USDA; I will name a few of them for you. APHIS, the Animal and Plant Health Inspection Service, is represented here today by Dr. Karpati. Others include the Services for Soil Conservation, Agricultural Marketing, Agricultural Research, Economic Research, Food and Nutrition, Food Inspection and Safety, and the Federal Service for Inspection of Cereal Grains.

The FAS has an overseas wing and is headquartered in Washington, D.C. Of the 800 employees at FAS, 100 work abroad as agricultural attachés at 70 different posts. One of these attachés, stationed in Rabat, is Mr. John Wilson, whose service I represent today. There are also two agricultural attachés in Algiers, one in Tunis, two in Egypt and two in Ivory Coast.

It is interesting to note that some agricultural attachés cover several countries; for instance, the attaché in Ivory Coast also covers Guinea, Liberia, Senegal, Sierra Leone and Zaire. The one in the Netherlands covers Belgium and Luxemburg.

The first principle of the FAS is:

- to promote U.S. exports, particularly by facilitating contact between exporters and importers.

The service keeps the U.S. informed of the situation in regard to supply and demand by means of reports and messages electronically transmitted to the USDA and, thereafter, to potential exporters.

It also:

- represents U.S. agriculture's overseas interests,
- keeps track of international agricultural trade and production,
- promotes the export of U.S. farm products, and
- works on improving the conditions of international trade exchange.

The FAS headquarters in Washington is made up of:

- A group in charge of International Trade Policy (the ITP), which supports the Secretary and Special Trade Representative, Carla Hills, at the Uruguay Round. Its goal is to

break down international trade barriers and make U.S. exports more accessible to the world market.

- A group in charge of reports and statistics which processes reports on major foodstuffs (cereal grains for human and animal consumption, cattle and poultry, products with high added value, oil seeds and oils, tobacco, cotton and seed) coming from all over the world. This is how a great profusion of information is made available on world supply and demand and on agricultural conditions in various countries of the world.
- A group in charge of export credit and, more specifically, credit guarantee programs. These programs protect U.S. banks against default of payment by foreign banks.

The FAS works in close collaboration with the private sector to promote exports. Indeed, the USDA has financial arrangements with sixty or so private organizations representing producers and exporters of all sorts of commodities. There is an organization for producers of soy beans, wood, apples, nuts, etc., as well as a Federation of American Exporters of Meat, an American Council of Cereal Grains for Animal Feed, and an Association of Wheat Growers.

Since wheat is the principal Moroccan import from the U.S., the association of wheat producers has an office in Casablanca which gives assistance in milling, bread-making, etc., in order to promote the use of U.S. wheat. Among other activities, this office organizes training programs for Moroccans in the U.S..

Our office is headed by the Agricultural Attaché, Mr. John Wilson, who was not able to be with us today because he is attending a conference for Agricultural Attachés in Lisbon which brings together all the agricultural attachés for Europe, Africa and the Middle East. He is employed, as you will recall, by one of the many branches of the USDA, the Foreign Agriculture Service, which is the branch responsible for export promotion.

The Office of Agricultural Affairs in Rabat is relatively small, since it is made up of only the Cultural Attaché, two support staff and a secretary, but its function and the role it plays are important. Above all, we are a trade service among whose principal objectives is to promote export of U.S. farm products and encourage Moroccan importers to get into contact with U.S. producers and exporters in order to promote trade exchange between the two countries.

By way of information, Morocco imported \$250 million worth of agricultural products from the U.S. in 1989 out of a total of approximately one billion dollars, and \$185 million in 1990 out of a total of \$963 million.

These imports are primarily:

- wheat (\$144 million in 1989 and \$72 million in 1990)
- feed grains (\$10 million in 1989 and \$29 million in 1990)
- vegetable oils (\$44 million in 1989 and \$33 million in 1990)
- tobacco (\$35 million in 1989 and \$29 million in 1990)

- cotton (\$5 million in 1989 and \$14 million in 1990)

The range of these products can be expanded, since the U.S. has all sorts of agricultural products available for export.

Any Moroccan interested in trade exchange with the U.S., and particularly in importing U.S. products, is invited to contact the Agricultural Attaché's office near the American Embassy. We furnish assistance and advice in the import area as well as lists of providers for direct contact. If you wish to import an agricultural product from the U.S. and you know the exact specifications of this product, we can electronically transmit your order immediately to the USDA who will then send it on immediately to providers.

We also provide information regarding guaranteed lines of credit and subsidy programs for various commodities, and assist private importers interested in these programs.

We can help Moroccan importers who wish to travel to the U.S. and contact U.S. partners by arranging for them a worthwhile schedule of visits. You may also come to us for information on U.S. agricultural fairs and expositions.

2.2.14 Presentation by Mr. Driss Meski Agricultural Division, USAID

Ladies and Gentlemen,

Within the framework of its program of cooperation with the Moroccan Government, USAID has just signed a grant agreement with the Ministry of Agriculture and Agrarian Reform to promote activities in the agribusiness sector. By agribusiness, we mean the entire range of activities taking place both upstream and downstream from agricultural production, extending from production, collection, marketing and processing on through to delivery of the finished product to the consumer.

The purpose of my presentation is to outline for you this project's broad objectives, the various components which make it up, and the mechanisms for its implementation.

Goals and Objectives of the Morocco Agribusiness Promotion Project

In the course of the year 1990, USAID carried out studies to evaluate the agribusiness sector in Morocco. Like those carried out by other agencies long before us, these studies confirmed Morocco's great potential for becoming competitive internationally in the agribusiness area. In addition to its excellent geographical location and great heritage of arable land, Morocco is endowed with great resources in the area of technical personnel. Moreover, its service infrastructure is rather well developed. These studies also pointed out that changes made in Morocco in the area of trade liberalization, the lifting of several constraints affecting foreign investment and foreign trade, and the option for numerous public institutions to become private, constitute an important turnaround affecting the future of the Moroccan economy.

Based on these considerations and within the framework of the changes that have taken place in Morocco, USAID feels that it is possible to further promote the agribusiness sector so that it contributes significantly to the growth of the Gross National Product and increased influx of foreign currency to the country.

The goal, then, is to motivate the Moroccan private sector to increase its production, processing and marketing capabilities for a wide variety of agricultural products with high demand and high added value.

For the time being, project activities will concern the following sub-sectors:

- fresh vegetables
- fresh fruits
- processed fruits and vegetables
- spices and essential oils
- olives and olive oil
- food legumes
- cut flowers and ornamental plants
- fresh grapes, raisins and wines

However, other sub-sectors may be defined later in conjunction with project authorities in the Ministry of Agriculture. For the group of defined sub-sectors, the project will assist the private sector

in carrying out the activities required for its promotion. What are, then, the various project activities to be?

Project Components

Project intervention in these sub-sectors will be in the areas of promotion, improvement of the investment climate, organization and support of institutions, and human resource development.

Promotion Activities

The project will furnish assistance necessary to facilitate contact between the U.S. and Moroccan private sectors with the aim of developing marketing and investment activities in the defined sub-sectors. It will support all activities required to stimulate the U.S. private sector to become interested in Moroccan agribusiness. Without being limited to these alone, the following activities may be cited:

- Carrying out prefeasibility studies for investment. These studies could concern aspects linked to foreign markets and their demand for specific products.
- Organizing and sponsoring study tours in the U.S. agribusiness sector for public and private sector Moroccan staff. This will allow Moroccans to become familiar with modern production, processing, packaging and marketing techniques.
- Organizing study tours in Morocco for Americans in the private sector, so that they will become acquainted with the potential for agricultural production in Morocco and opportunities for promoting agribusiness activities.
- Establishing contact between the U.S. and Moroccan private sectors.
- Organizing seminars and workshops on new techniques and products developed in agribusiness and possibilities for technology transfer.
- Identifying markets for new products.
- Determining new methods for helping finance initial promotion of Moroccan exports.

The project will establish a Promotion and Investment Fund to encourage companies in the early stages of development to create new products or methods of processing or packaging. This is with the aim of stimulating the private sector to break into the area of research and development and to take more risks in agribusiness. This fund will be accessible to Moroccan and U.S. private companies on a competitive basis. Beneficiaries will be chosen according to a certain number of criteria to be established in advance. The total amount in this fund is to be two million dollars for the entire life of the project. The fund will finance up to 50 percent of the activity with a maximum of \$100,000 per activity. The beneficiary must contribute 50 percent of the financing of each activity.

Activities to Improve the Investment Climate

Within the framework of this project, it is anticipated that in-depth studies will be undertaken in areas where new activities might stimulate the agribusiness sector. These could touch on sea and air transportation as well as Morocco's foreign and domestic marketing and the privatization of entities having linkages with agribusiness. The purpose of this body of studies is to lift barriers to agribusiness promotion on the whole and create a favorable investment climate in this sector.

Project Activities that Support Institutions

In this component, project activities will be oriented towards ways to effect the improvement of services already provided or to be provided by the public sector. It is a matter, then, of giving necessary assistance to certain MARA staff so that they can better serve the agribusiness sector. This means that the project will attempt to strengthen the capabilities of MARA in keeping track of foreign and domestic markets as regards regulations and information. Accordingly, a data base for these markets will be created at MARA to take care of the needs of the private sector.

The project will assist the Moroccan plant protection and phytosanitary control services, as well as the agency governing modern techniques for quality control, the Autonomous Establishment for the Coordination and Control of Exports (EACCE), in responding to U.S. and international market requirements. To this end, a draft agreement will be drawn up with the USDA phytosanitary control services to provide required assistance in this area and ease the constraints that most Moroccan exporters encounter in the U.S. market.

In this component, studies are to be carried out which would analyze various approaches to getting professional and business associations to participate in research and development.

Human Resource Development Activities

The objective to be attained through this component is to develop required skills in the area of staffing the agribusiness sector. For this reason, the project will finance all necessary assistance which seeks to improve the training of private sector personnel. This will include the areas of crop production and collection, harvesting, processing, packaging, and marketing. Therefore there is a plan to establish an agribusiness support program with IAV in Rabat, where appropriate training in agribusiness will be carried out. To this end, IAV will receive all required assistance to address the sector's needs in training, outreach and staffing.

Planning also provides for the organization of training programs in modern agribusiness techniques to be carried out in the USA and other countries.

Project Implementation

Project implementation takes into account the entire body of operators intervening in the agribusiness sector. The Ministry of Agriculture and Agrarian Reform is the leading government agency in this project. Two people have been designated to manage the project for MARA; they are the individuals in charge of the unit responsible for tracking foreign and domestic agricultural markets. Other MARA institutions are implicated in the implementation of this project because of the role they play in the sector. These are the DPV, DPVCTRF, DPAE, IAV and EACCE. The private sector is involved

in the steering committee, where it is represented by three members, one of whom is co-chairman of the committee. The project steering committee will be responsible for examining work plans, approving various project documents, and participating in the selection of the Promotion Fund beneficiaries.

Long and short-term technical assistance duties will be assigned to a U.S. contractor who will reside in Morocco. This contractor is to have a representative in the USA to guarantee follow through of operations undertaken there. The contractor must supply to the project a team of approximately six persons with various areas of expertise to carry out studies and maintain contact between the U.S. and Moroccan private sectors.

These are the broad outlines of the project which has just begun and which USAID hopes to carry out successfully with the help of its MARA counterparts. The MARA and USAID project teams will be happy to provide you with more details.

Thank you.

2.2.15 Presentation by Mr. Alexander Shapieigh Private Sector, USAID

Ladies and Gentlemen,

Following the presentation of my colleague Driss Meski, who described the Morocco Agribusiness Promotion Project in some detail, the purpose of my own presentation is to tell you about a number of other related efforts on the part of AID in favor of private sector development. They are numerous. These efforts are summarized in the document entitled "USAID/Morocco - Development of Private Enterprise in the Decade of the 1990s" which has been distributed to you (Section 3.7). Although we are as yet only at the beginning of this period, and I am sure that other new activities or programs will be initiated in the course of the next ten years, this document will give you some idea of what we are doing at the moment.

First of all, I would like to touch upon the strategy which underlies all USAID's efforts in this area. We are seeking particularly to accelerate the pace of private investment, stimulate the creation of new businesses as well as the expansion of already existing ones, increase export and cash receipts, and, finally, from a social viewpoint, ensure the creation of jobs through private investment.

When we say accelerate, we are thinking particularly of acceleration in investment decision-making, but we cannot dictate investment. USAID can do nothing, and nothing will be done by the private sector, without a well situated economic environment oriented toward a market economy. If these conditions exist, development can be stepped up. Fortunately, as everyone knows, because of policies of progressive liberalization of the economy carried out in the 1980s Morocco has succeeded in creating this environment favorable to investors. This has been primarily the function of the public sector, of the administration with whom USAID has played and will continue to play a supporting role, particularly in the areas of privatization, financial sector and administrative reform, and capital market stimulation.

So it is within this context that USAID has initiated the activities directly in favor of private enterprise that you will find described in the document now in your hands. We have grouped activities into the nine categories that you see before you, where, in most cases, we have added facts to give you better information on one project or another.

Without mentioning the Agribusiness Promotion Project or the activity which finances the operations of the IESC, of which we have already spoken, I would like to emphasize four initiatives:

- 1) First, I want to emphasize the Security Fund for small and medium-sized Moroccan export companies. This fund came into being in July of the current year and is managed by Citibank, a private intermediary. It is aimed at identifying solutions to the common problem encountered by small and medium-sized companies, namely the lack of security necessary to obtaining a bank loan. The fund guarantees up to 50 percent of medium-term loans granted by commercial banks to small and medium companies investing in export. With capital of 10.5 million dollars currently, this will eventually translate into a lump-sum investment of 21 million dollars. This is a good example of accelerating the economy.

- 2) Second, I would like to call your attention to another project initiated in August 1991, which should be operational by mid 1992: the New Business Promotion Project. This project has three central components and will lead to the creation or expansion of over 600 small and medium-sized companies. It is primarily a technical assistance and training project, based on marketing principles - that is, support services will be furnished to business on a paying basis and provided by a private Moroccan company/council. This project also aims to strengthen associations within the private sector in order to better represent business interests vis-à-vis the administration.
- 3) Thirdly, I would like to mention the Training for Development Project, which is described in detail in another document which has been distributed to you (Section 3.8). Until now, USAID has always concentrated its resources on public sector training. In this instance, the majority of participants will come from the private sector, and an important aspect has been added which affords direct assistance to Moroccan training establishments, primarily private ones. This project will begin formal operations in mid 1992.
- 4) Finally, and in conclusion, I personally attach a great deal of importance to the "Management of Energy Demands" project, initiated in 1988. This project helps Moroccan companies reduce energy costs and, consequently, increases their ability to compete. Support services are on a paying basis, and it is anticipated that an ongoing market for this type of service will be created.

This ends my short summary of some of USAID's current programs.

Thank you very much.

2.2.16 Case Study Presentation by Mr. Hari Schucka Pioneer Seed Company

Good morning ladies and gentlemen. It is a great pleasure to be invited to this well- organized and successful conference.

For those of you who might not be quite familiar with Pioneer activity, I would like to tell you in a few words what Pioneer is about. We are a U.S. company based in Johnston, Iowa, USA. We help agricultural growth through genetic research -- we are a seed producing company. We are present worldwide in the U.S., Latin America, Europe, Russia, Soviet Union (or whatever the name might be in the future) Asia, Africa and the Middle East.

Our mission is to produce quality products which maximize the yield and the profit of our partners and business associates. Our presence in this area does not go back a long time ago. We started in the Middle East & Africa region in 1985 with a small operation in Cairo, Egypt. Today we have 17 offices from Pakistan to Morocco, and from Turkey to Lesotho in South Africa, as shown in Figures 1 and 2. As for the Maghreb, our operation is quite young. We started at the end of 1989 with trading activity in corn, sorghum, and alfalfa. We have expanded this activity to vegetables and fruit seeds as well. These investments are approved and known world over. There are other plans currently under study which can make the Pioneer investment in Maghreb much higher than those figures presented today in Figure 4.

When we got into the market in the Middle East and Africa we used more or less the same business development approach shown in Figure 5.

Pioneer's criteria for investment are shown in Figure 6. Now, whether we are coming into the Moroccan market or trying to get into the U.S. market, there are certain things which should be done. I believe most if not all of them were mentioned in several presentations yesterday. I believe that we can summarize them as shown in Figure 7.

Now finally, what are Pioneer's future challenges in Morocco? Why are we not growing with the same speed we would like to? (See Figure 8.)

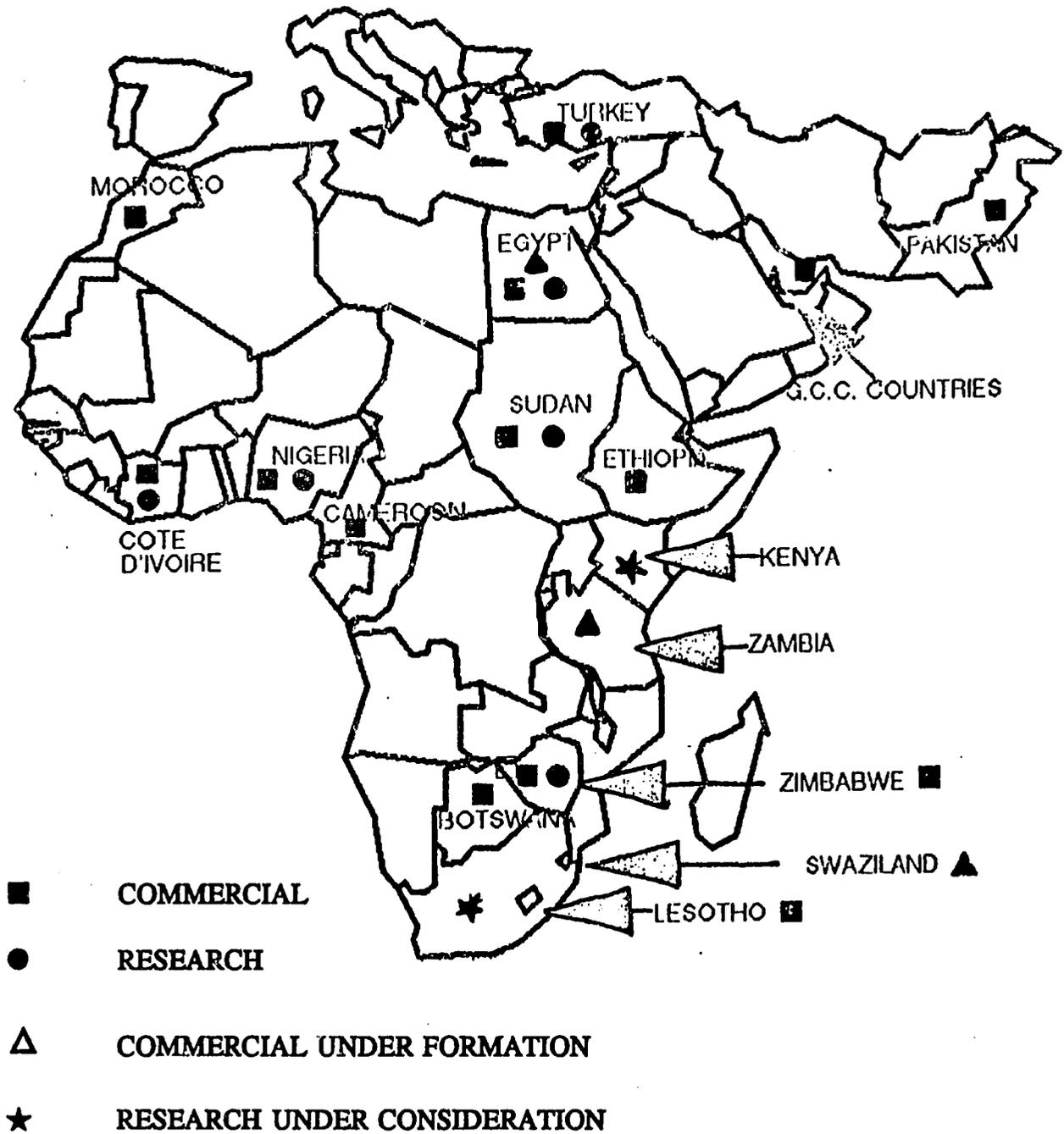
In general, we see a great potential in expanding our activity in Morocco, especially if the Moroccan market is growing to penetrate into other markets, as mentioned earlier in my presentation. We help our customers and business associates produce the right product. So once you find out the needs -- whether for the U.S. market or any other market -- and you want to develop this product locally, we can work together to help you produce this product.

Finally, I would like to share with you Pioneer's philosophy worldwide, which is summarized in the four points shown in Figure 9.

Once again thank you for your attention and thank you for inviting us to this meeting.

PIONEER HI-BRED INTERNATIONAL INC.

Figure 1. P.H.I. NETWORK IN MIDDLE EAST & AFRICA



MIDDLE EAST AND AFRICA

PIONEER HI-BRED INTERNATIONAL INC.

Figure 2. BUSINESS ENTITIES

1985	EGYPT	1
1985 - 1989	TURKEY SUDAN COTE D'IVOIRE PAKISTAN	5
1989 - 1990	MOROCCO LESOTHO	7
1990 - 1991	ZIMBABWE CAMEROON BOTSWANA ETHIOPIA NIGERIA G.C.C. COUNTRIES	13
1991 - 1993	SWAZILAND ZAMBIA R.S.A EGYPT	17

MIDDLE EAST AND AFRICA

PIONEER HI-BRED INTERNATIONAL INC.

**Figure 3. PIONEER PRESENCE
IN MIDDLE EAST AND AFRICA
YEAR 1992**

*	TOTAL INVESTMENT	59.0 MILLION
*	TOTAL ASSETS	52.0 MILLION
*	TOTAL SALES	48.0 MILLION
*	FULL TIME EMPLOYEES	500

MIDDLE EAST AND AFRICA

PIONEER HI-BRED INTERNATIONAL INC.

Figure 4. PIONEER MAGHREB S.A.

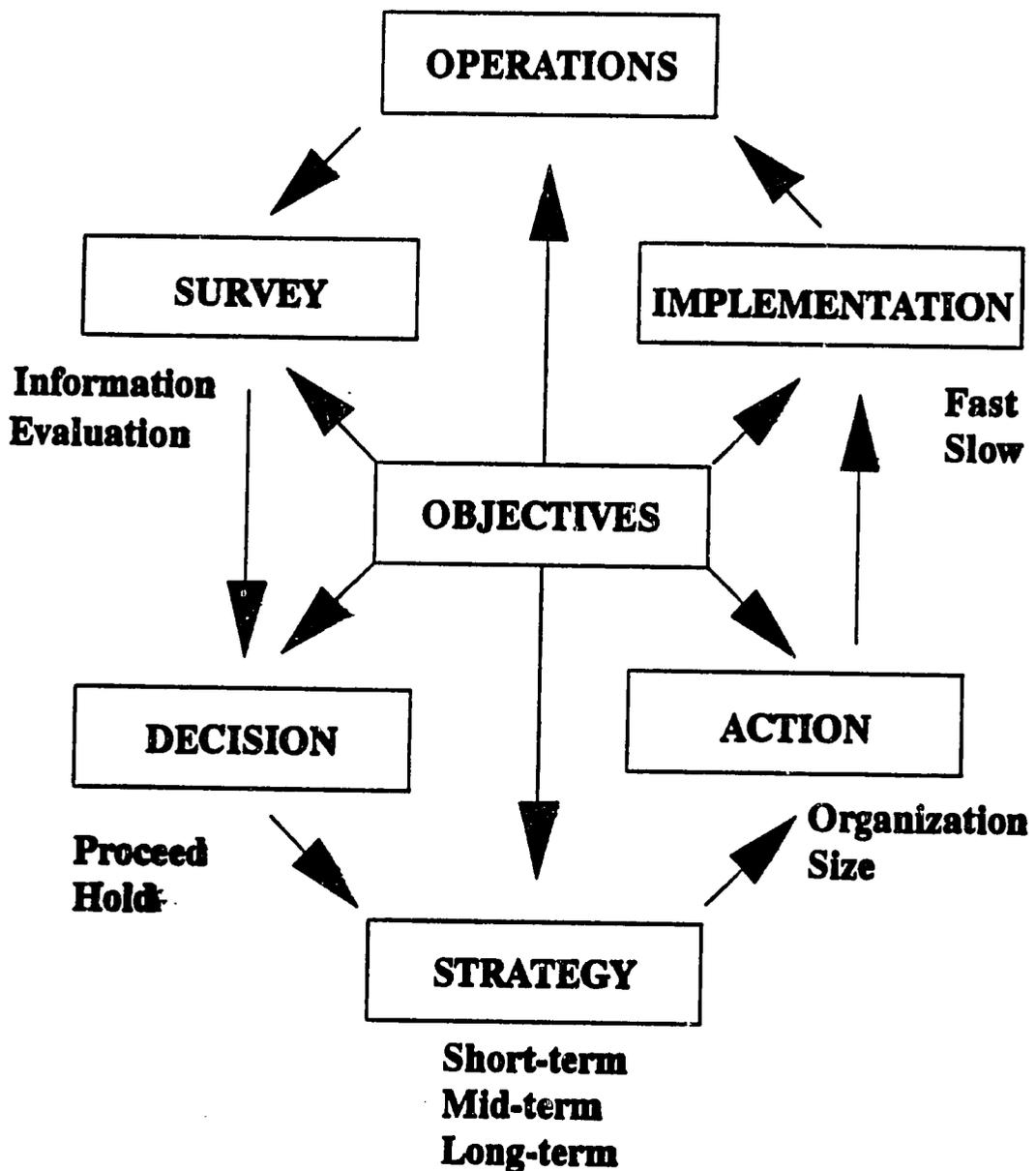
YEAR STARTED:	1989
INVESTMENT TILL 1991:	U.S. \$1.2 M.
PLANNED INVESTMENT BY 1992:	U.S. \$42.7 M.
TOTAL INVESTMENT AT MATURITY:	U.S. \$8.7 M.

MIDDLE EAST AND AFRICA

PIONEER HI-BRED INTERNATIONAL INC.

**Figure 5.
ENVIRONMENT NEEDS & SUPPORT FOR
PRIVATE SECTOR**

BUSINESS DEVELOPMENT APPROACH



PIONEER HI-BRED INTERNATIONAL INC.

Figure 6. CRITERIA FOR INVESTMENT

- * MARKET POTENTIAL**

- * PRODUCT AVAILABILITY**

- * QUALITY ASSURANCE**

- * AGRONOMIC SERVICE WITH SALES**

- * DIVERSIFICATION TO OTHER PRODUCTS**

MIDDLE EAST AND AFRICA

PIONEER HI-BRED INTERNATIONAL INC.

Figure 7. ENTERING NEW MARKETS

- * SURVEY & FIND OUT NEEDS**
- * TRANSFER & ADOPT TECHNOLOGY**
- * DEVELOP COMPREHENSIVE PACKAGE**
- * PROVIDE SERVICE**
- * COMPARE AND BE COMPARATIVE**
- * BE AHEAD OF COMPETITION**
- * COST EFFICIENT**

MIDDLE EAST AND AFRICA

PIONEER HI-BRED INTERNATIONAL INC.

Figure 8. FUTURE CHALLENGES

* **FREE MARKET**

* **CREDIT POLICIES**

* **RESEARCH**

* **PRODUCTION**

MIDDLE EAST AND AFRICA

PIONEER HI-BRED INTERNATIONAL INC.

Figure 9. PIONEER'S PHILOSOPHY WORLDWIDE

- * WE TRY TO PRODUCE THE BEST PRODUCTS FOR EVERY MARKET**

- * WE TRY TO DEAL HONESTLY AND FAIRLY WITH OUR CUSTOMERS AND BUSINESS ASSOCIATES**

- * WE TRY TO ADVERTISE AND SELL OUR PRODUCTS VIGOROUSLY BUT WITHOUT MISREPRESENTATION**

- * WE TRY TO GIVE HELPFUL MANAGEMENT SUGGESTIONS TO OUR ASSOCIATES AND CUSTOMERS TO ASSIST THEM IN MAKING OPTIMUM PROFIT FROM OUR PRODUCTS**

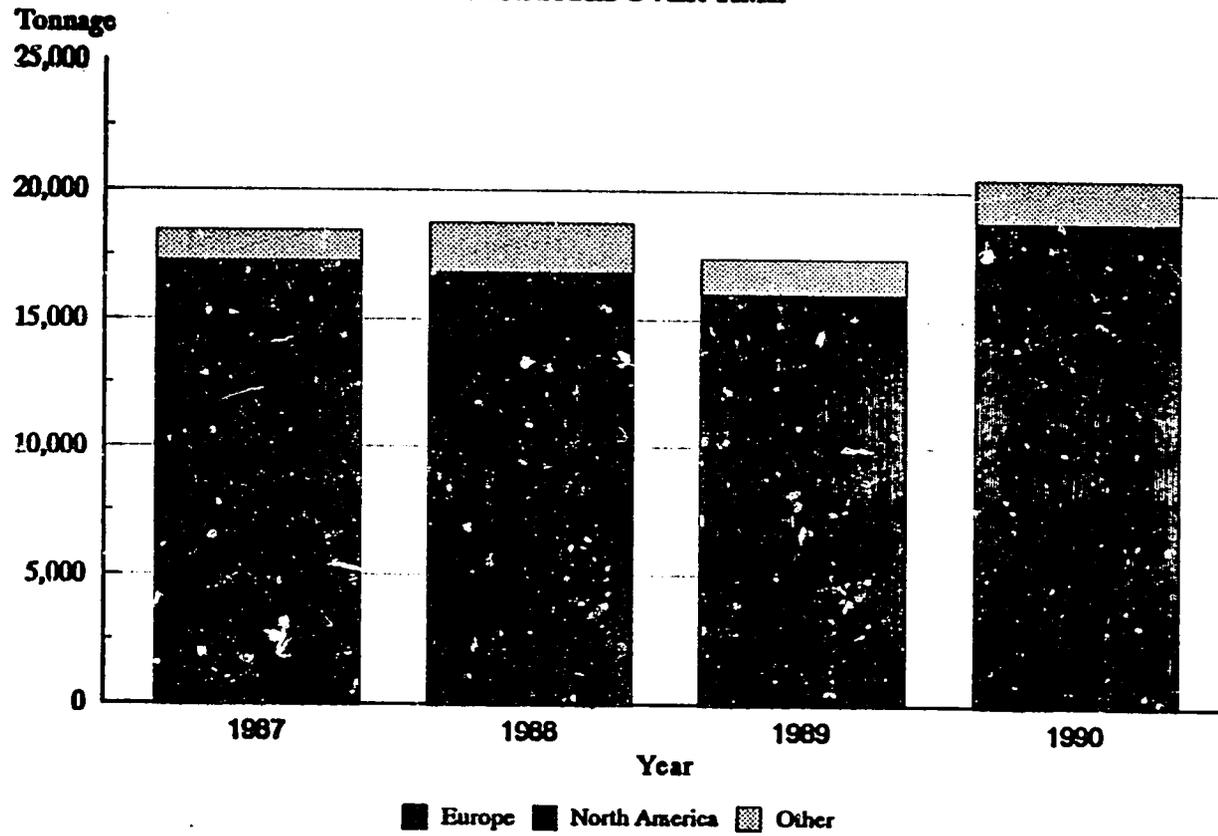
MIDDLE EAST AND AFRICA

**2.2.17 Outline of the Presentation by Mr. Mohamed Zohry
Royal Air Maroc**

P L A N

- **TRANSPORTATION VIA AIR FREIGHT: TONNAGES OVER TIME**
- **FLIGHT SCHEDULES MOROCCO/USA**
- **CONTAINERS USED**
- **RATES AND COST PRICES**
- **COMMODITY ENTRY INTO USA TERRITORY**
- **DATA PROCESSING**
- **TRANSPORTATION BEYOND NEW YORK**

TRANSPORTATION VIA AIR FREIGHT TONNAGES OVER TIME



FLIGHT SCHEDULES MOROCCO/USA

111

	<u>BY WEIGHT</u>	<u>BY VOLUME</u>
● FROM NOVEMBER 1 TO MARCH 30		
- 2 PASSENGER FLIGHTS B747 (14 PALLETS)	30 T	140 M3
- 1 CARGO FLIGHT B707 (13 PALLETS)	<u>30 T</u>	<u>180 M3</u>
	60 T	320 M3
	per week	per week
● FROM APRIL 1 TO JUNE 30		
- 2 PASSENGER FLIGHTS B747 (14 PALLETS)	30 T	140 M3/S
● FROM JULY 1 TO OCTOBER 30		
- 4 PASSENGER FLIGHTS B747 (20 PALLETS)	44 T	200 M3

CONTAINERS USED

- **STANDARD IATA PALLET**
88 X 125 INCHES
USED ALL OVER THE WORLD

LOAD 2 T 500
VOLUME 10.5 M3

B747 PALLET
BASE 3M X 2M
HEIGHT 1M60

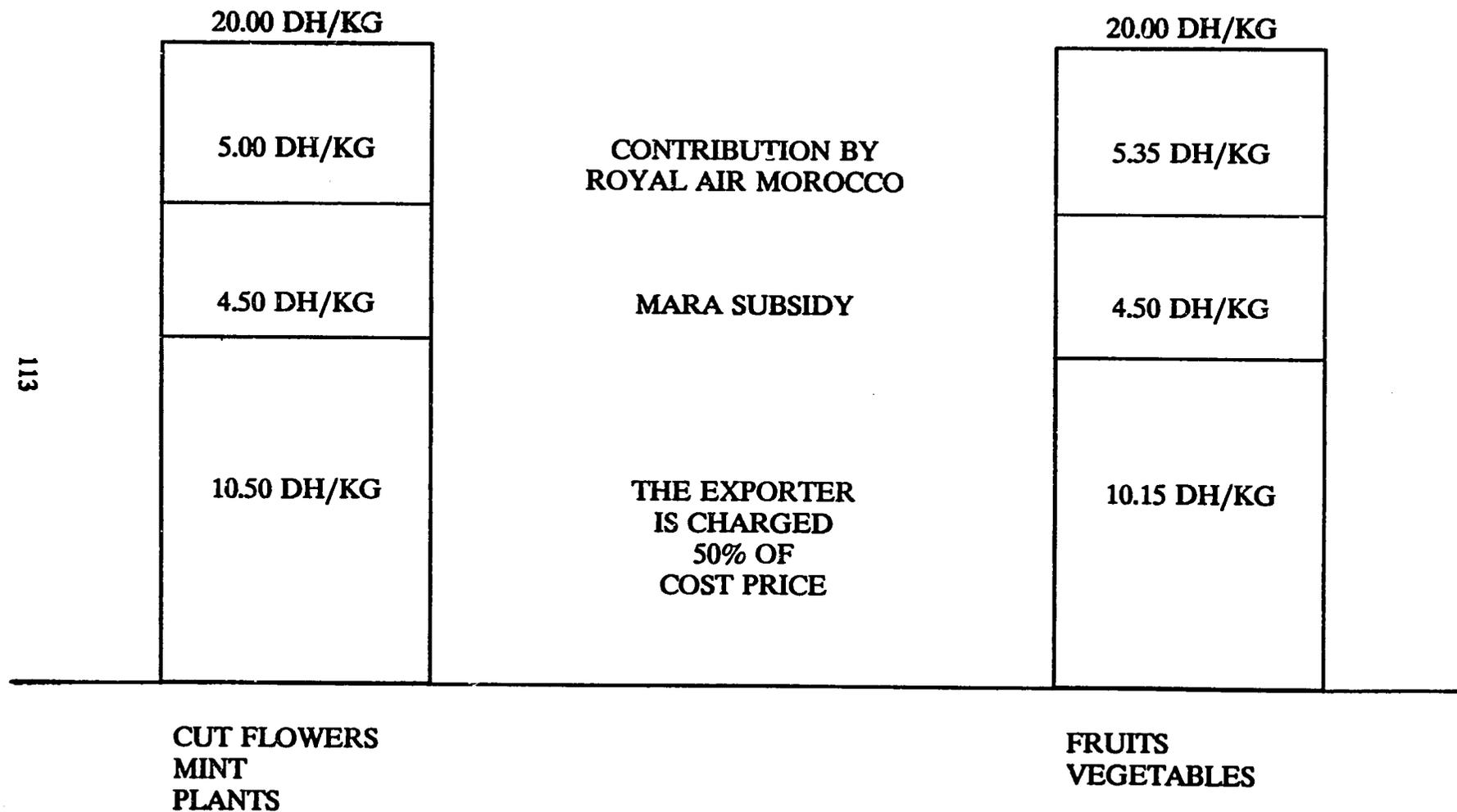
LOAD 2 T 500
VOLUME 11 M3

B707 PALLET
BASE 3M X 2M
HEIGHT 1M20 SIDES
1M80 CENTER

- **STANDARD IATA LD3 CONTAINER**
ONLY ON B747

LOAD : 600 KG
VOLUME : 4.3 M3

RATES AND COST PRICES: FULL PLANE LOAD BASIS



REGULATIONS IN THE USA

- **OBLIGATORY COMPLETION OF FORM**

"APPLICATION FOR PERMIT TO IMPORT PLANTS OR PLANT PRODUCTS"

- **DEPENDING UPON CIRCUMSTANCES, FRUITS AND VEGETABLES ARE SUBJECTED TO:**
 - **EITHER AN INSPECTION UPON ARRIVAL AND BEFORE DELIVERY, OR**
 - **AN OBLIGATORY TREATMENT (FUMIGATION)**

DATA PROCESSING

CASABLANCA



NEW YORK



- THE CUSTOMER IS ABLE TO OBTAIN ALL SORTS OF INFORMATION FROM ROYAL AIR MOROCCO IN NEW YORK REGARDING HIS SHIPMENT (RESERVATIONS, LTA NUMBER, FLIGHT NUMBER OF TRANSPORT, ETC.)
- THE LTA CAN BE PRINTED AUTOMATICALLY IN NEW YORK IF THERE IS A NEED FOR IT.

TRANSPORTATION BEYOND NEW YORK

- **ROYAL AIR MOROCCO HAS AIR FREIGHT CONNECTIONS WITH THE FOLLOWING AMERICAN COMPANIES:**

- **AMERICAN AIRLINES :AA**
- **TWA :TW**
- **USAIR :US**
- **DELTA AIRLINES :DL**
- **UNITED AIRLINES :UA**
- **CONTINENTAL AIRLINES :CO**

AVERAGE PRICE: 1 DOLLAR US/KG

- **SHIPMENT BY REFRIGERATED TRUCK PRICED ACCORDING TO SHIPPING WEIGHT**

2.2.18 Presentation by Mr. Ismail Bouayad CONADE

Your Excellency,
Mr. Secretary General of the Ministry of Agriculture and Agrarian Reform,
Ladies and Gentlemen,

I would first like to thank the organizers who have made it possible for all of us to attend this important meeting, with particular thanks to the U.S. Agency for International Development (AID) which furnishes precious assistance in the economic and cultural development of our country, as well as to Wafabank, the number one private banking firm in Morocco, which is well-known for its exemplary dynamism in the Moroccan business environment.

Please allow me, Ladies and Gentlemen, before introducing you to our company, to point out to you that my presentation is intended to be of an informational rather than a promotional nature.

CONADE, the company which it is my privilege to acquaint you with today, is a maritime navigation company specializing in container transportation. We are the exclusive representatives of Sea Land, the number one U.S. corporation in the area of multimodal container transport. Thanks to this collaborative effort and an ideal spirit of partnership, we are able to offer logistical support of the highest quality in the shipping of agricultural and agro-industrial products to the U.S. and Canada, in addition to service to Europe, the Mediterranean, and the Middle and Far East.

In order to accomplish this, we have at our disposal some 70,000 shipping units, 145,000 containers, and 14,000 refrigerated containers with electronic temperature control.

We have weekly departures from Algeciras, Casablanca and Tangier for more than 150 ports in 60 countries.

Our computer link with Sea Land allows us continuous monitoring in real time of the location of all containers and their arrival times.

The strict organization of our various timetables allows us to offer reduced transit time, so that, for example, a container leaving Casablanca takes only ten days to get to New York and eleven days to Montreal.

Our multimodal system permits us to pick up merchandise right at the factory and take to it directly to the consignee without any intervention on the part of the client, using all modes of complementary transportation, such as highway, rail and canal, to deliver the goods. And all this has been made possible by the perfect collaboration of Sea Land, who have communicated to us their know-how by means of an ongoing training program carried out at all levels of our company.

2.2.19 Rapporteur's Report by Ms. Judy Edmister Postharvest Institute for Perishables

Ladies and Gentlemen,

On behalf of USAID/Morocco and Wafabank, I am happy to have the opportunity to report to you briefly the proceedings of this conference on Agribusiness Trade and Investment. In yesterday's opening conference session, the extent of the U.S. and Moroccan Governments' commitment to private sector agribusiness development was clear. During this conference, by providing information on investment and trade opportunities and programs of assistance in accessing U.S. markets, it is hoped that Moroccan agribusinesses will be able to take full advantage of opportunities for international investment and trade.

During the last day and a half, presentations and discussions centered on current international economic, agricultural production and marketing conditions that favor increased participation of the Moroccan agribusiness sector in international trade and investment, as well as on constraints which must be addressed in order for Moroccan agricultural products to be competitive on the international market. Marketing and technical assistance programs for potential exporters were also described. Case studies were presented as pragmatic examples of how importers to and exporters from Morocco have confronted the challenges of the international market. Following, then, is a brief summary of the major topics and issues addressed by the conference speakers, as well as suggestions for post-conference activities to further promote development of the agribusiness sector.

With respect to current issues and trends in international agricultural trade and their implications for Moroccan agribusiness, three recent events were discussed. The General Agreement on Tariffs and Trade (GATT)-Uruguay Round, EC 1992 and the North American Free Trade Agreement (NAFTA) all have potential to impact Moroccan agribusiness participation in international markets. If the expected GATT compromise is reached, the resulting reductions in export subsidies, internal supports and market access barriers will serve to make Morocco's agricultural exports more competitive on the international market, and will help to open new markets for Moroccan products. Increased prices for imports to Morocco of commodities such as wheat and sugar, caused by reductions in internal supports, may be offset by preferential treatment for Morocco's exports. EC 1992 trade regulations, while strict for member countries, will be uniform and will allow equal access to markets in all member countries. Morocco will need to monitor new regulations as they are implemented, to ensure that its agricultural commodities can meet the requirements stipulated. Morocco should also monitor the results of NAFTA negotiations to ensure that any advantages gained by Mexico as a result of these negotiations do not exclude Moroccan exports from the market.

Practical considerations of U.S. market entry were raised, as well as the issues of phytosanitary requirements, tariff/non-tariff barriers to trade, transportation and transaction financing. The importance of product quality was stressed -- this was a recurring theme throughout the conference - - as was the necessity to meet phytosanitary requirements on all agricultural commodities exported to the U.S. Trade barriers exist in the form of duties to protect the U.S. agricultural industry from competition, or in the form of product exclusions to prevent exposure to pests or plant disease. It is the responsibility of the exporting country to be familiar with U.S. entry requirements and to plan export strategies based on these requirements. Access to quality packaging and reliable, inexpensive means of transportation is also basic to developing viable export industries, as is developing a good relationship with a U.S.

importer/distributor to handle product sale and distribution. Opportunities for Moroccan agricultural products exist in certain circumstances and at certain times of the year on the East coast of the U.S.. An action plan for developing agribusiness trade with the U.S. emphasized Moroccan government intervention and support to agribusiness, participation in trade missions to the U.S., and involvement in government agribusiness assistance programs.

Two separate discussions of phytosanitary regulations in the U.S. and Morocco emphasized the use of these regulations as control measures to safeguard domestic agricultural production from disease and/or insect damage. The role of APHIS (Animal and Plant Health Inspection Service) in clearing agricultural imports into the U.S., and that of Morocco's Plant Protection Service in monitoring agricultural export commodities, was explained in detail. The APHIS report included a reference index to plants, plant product and miscellaneous items subject to plant quarantines, regulations and orders (This list will be published as part of the conference proceedings).

One of the marketing assistance programs currently available to Moroccan exporters is the Trade and Investment Service (TIS). The activities of the TIS program include procurement of orders for export companies, identification of joint-venture opportunities, preparation of sector surveys and investment literature, and identification of specialist importers or marketing associates. Three issues were identified as critical to development of successful business relationships with U.S. importers: quality/packaging; competitiveness; and timeliness of delivery/communications. Future opportunities for U.S. trade were identified for fresh and frozen fruit and vegetables as well as for dehydrated and canned specialty vegetables.

A case study of the TIS program in action was presented in which a U.S. importer of olives from Morocco outlined a number of practical suggestions for Moroccan agribusinesses wishing to enter the U.S. market. Again, the importance of establishing a relationship with a trustworthy U.S. agent, periodic contact with the U.S., product quality and packaging, timeliness of deliveries and adaptability/adherence to U.S. quality standards was emphasized. Opportunities for continued agribusiness market development were identified particularly for olives both in the European Economic Community and in Morocco.

This morning's presentations centered first on discussion of the U.S. and Morocco cooperative economic and trade program. This program provides outreach services to Moroccan agribusinesses through activities in 4 departments: the U.S. Department of Commerce, USDA's Foreign Agricultural Service, and USAID's Agriculture and Private Sector Divisions.

The objective of the U.S. Foreign Trade Service is to promote U.S. exports overseas by assisting U.S. companies to export their products and offer their services to Morocco. The service endeavors to promote U.S. products in Morocco. The service also assists Moroccan businesses to get in contact with U.S. manufacturers able to respond to their needs in equipment and services, as well as to ascertain the most appropriate means of financing different projects. The Trade Opportunity Program is a service offered to Moroccan importers in which requests for products or services are communicated directly to the U.S. and appear in trade journals. Other services include distribution of monthly marketing journals, organization of marketing expositions, hosting of trade missions of U.S. investors to Morocco, and organization of trips for Moroccan business people to attend trade conventions and expositions in the U.S..

The Foreign Agriculture Service (FAS) aims to promote U.S. export products by facilitating contact between importers and exporters. The FAS represents the interests of U.S. agriculture, collects information on international agriculture production and exchanges, ensures export promotion of U.S. farm products, and works to improve conditions for international marketing exchange. FAS also works in close cooperation with the private sector to promote exports through producer associations.

With respect to **USAID's Agribusiness programs**, the Agricultural division has recently reached an agreement with the Ministry of Agriculture and Agrarian Reform (MARA) to further promote activities in this sector. Project activities will focus on agribusiness promotion, improvement of the climate for investment, organization and support of public sector institutions, and development of human resources through training. The agricultural sub-sectors targeted for assistance will include fresh and processed fruits and vegetables, spices and essential oils, olives and olive oil, food legumes, cut flowers and ornamental plants, grapes, raisins and wine.

Other USAID private sector initiatives include development of a guaranty fund for small and medium businesses, a new enterprise development project, a training for development project, and a project entitled, "Management of Energy Demands", which aids Moroccan companies to reduce their fuel costs.

Next, a representative of **Pioneer Seed Company** presented a summary of Pioneer's involvement in seed production around the world and specifically in Morocco. As was emphasized throughout the conference, Pioneer's experience points to the importance of developing sound strategies for business development, producing quality products for the appropriate market, and attention to product diversification.

The final two conference presentations treated questions of **air and sea transportation of Moroccan agricultural commodities** to foreign countries. Royal Air Maroc has modest operations in America compared to activities in Europe. As of 1993, however, flights will be doubled to four flights a week to NY and four flights a week to Montreal. Sea Land, a maritime company specializing in container transport, transports agricultural commodities to the U.S. and Canada as well as to the Mediterranean Basin, the Middle East, and the Far East.

It is clear from the presentations we have heard that numerous opportunities and possibilities exist for development and expansion of Morocco's agribusiness sector. With assistance through the various U.S. and Moroccan government services and programs described during this conference, Morocco's dynamic agribusiness sector can take advantage of the country's favorable geography and climate, agricultural production potential and human resource base to become fully competitive on the international market.

Thank you very much.

3 MATERIALS DISTRIBUTED TO CONFERENCE PARTICIPANTS

3.1 List of Permitted Items From Morocco

**U.S. Department of Agriculture
Animal and Plant Health Inspection Service
Plant Protection & Quarantine**

All U.S. Ports of Entry:

All Allium
Banana (fruit leaf)
Bean: Green (pod or shelled)
Cipollino (bulb) (wild onion) T104 (k)
Dasheen
Garlic (bulb) T104 (i)
Ginger Root
Palm Heart
Pea (pod or shelled)
Pineapple (prohibited into Hawaii)
Tomato (green only--commercial shipments only)
Yam

North American Ports of Entry Only:

Apricot T107 (a) or T108
Artichoke, Jerusalem
Asparagus
Clementine T107 (a)
Ethrog
Grape T101 (d) (1) and T107 (a) or T101 (d) (2)
Grapefruit T107 (a)
Melon (Cucumis melo only)
Orange T107 (a)
Peach T107 (a) or T108
Pear T107 (a) or T108
Plum T107 (a) or T108
Tangerine T107 (a)
Thyme

3.2 Major Produce Importers in the Northeast U.S.

Boston Tomato Company, Inc.
117 New England Produce Center
Chelsea, MA, USA 01250
Contact: Charles S. Scimeca
Phone: (617) 884-5901
Fax (617) 889-0497

Pacific Fruit, Inc.
Shed 138, Marsh Street
Port Neward, NJ USA 07114
Contact: James Geogallas
Phone: (201) 465-1171
Fax: (210) 589-0362

Turbana Corporation
110 Benjamin Court
Dayton, NJ USA 08810
Contact: Michael Potts
Phone: (201) 329-0077
Fax: (201) 329-0079

Mondial Trading, U.S.A. LTD.
Woodbridge Place
517 Route 1 South, Suite 2021
Iselin, NJ USA 08830
Contact: Robert R. Benedetti
Phone: (201) 855-0202
Fax: (201) 274-2934

Pacific Fruit, Inc.
19 Rector Street
New York, NY USA 10006
Contact: Shillo Adir
Phone: (212) 344-1370
Fax: (212) 509-5636

Polly Peck International
9 West 57th Street
New York, NY USA 10019
Contact: Eytan Sella
Phone: (212) 688-0505
Fax: (212) 755-5078

D'Arrigo Bros. Co. of NY Inc.
315 NYC Terminal Market
Bronx, NY USA 10474-7094
Contact: Stephen A. D'Arrigo
Phone: (212) 991-5900
Fax: (212) 960-0544

Banana Services, Inc.
One Saville Avenue
Eddystone, PA USA 19022
Contact: Emanuel Lazopoulos
Phone: (215) 499-6776

Socodis Bocchi Trading
3460 N. Delaware Ave Suite 210
Philadelphia, PA USA 19134
Contact: Kurt A. Sochacki
Phone: (215) 426-1900
Fax: (215) 426-8807

Unifruiti of America, Inc.
3460 N. Delaware Ave. Suite 302
Philadelphia, PA USA 19134
Contact: Andreas P. Economou
Phone: (215) 425-2777
Fax: (215) 426-4044

David Oppenheimer & Company
Delaware River Industrial Park
2 Dock View Drive
New Castle, DE USA 19720
Contact: John Lazopoulos, Jr.
Phone: (302) 429-0966
Fax: (302) 987-5859

Turbana Corporation
326 Maryland Route 3 South
Millersville, MD USA 21108-9803
Contact: Herb Garritt
Phone: (301) 987-1822
Fax: (301) 987-5859

Chiquita Brands Inc.
250 East 5th Street
Cincinnati, OH USA 45202
Contact: Anthony D. Battaglia
Phone: (513) 784-8750
Fax: (513) 784-6770

Frupac International Corp.
400 Market Street
Philadelphia, PA USA 19106-2513
Contact: Marcel Jeanneret
Phone: (215) 925-2800
Fax: (215) 925-1490

3.3 Flower Importers of the Northeast U.S.

Holland Floral, Inc.
350 South White Horse Pike
Waterford Works, NJ USA 08089-0538
Contact: Herman Mens
Phone: (609) 767-9400
Fax: (609) 767-9051

Sunshine Bouquet Company
3A Chris Court
Dayton, NJ USA 08810-0892
Contact: John Simko
Phone: (201) 272-2900
Fax: (201) 274-2934

Florimex Inc. New York
151-04 132nd Avenue
Jamaica, NY USA 11434
Contact: Robert Brueckner
Phone: (718) 481-8000
Fax: (718) 481-8209

Agrexco USA Ltd.
150-12 132nd Avenue
Jamaica, NY USA 11434
Contact: Jacob Lubinsky
Phone: (718) 418-8700
Fax: (718) 481-8710

3.4 U.S. Produce/Floral Publications

Produce:

The Packer (The Business Newspaper of the Produce Industry)
PO Box 2939
Shawnee Mission, KS 66201 USA
(also publishes a floral monthly supplement--Supermarket Floral)

Produce Business-a monthly magazine
301 Yamato Road, Suite 4110
Boca Raton, FL 33431 USA
(also publishes a floral supplement--Floral Business)

The Produce News
(National Business Weekly of the Fresh Fruit & Vegetable Industry)
2185 Lemoine, Fort Lee NJ 07024 USA

Fresh Produce Council Digest
1601 E. Olympic Blvd. Suite 212
Los Angeles, CA 90021 USA

Euro-Fruit (int'l monthly publication)
Market Intelligence Ltd. Market Tower,
New Convent Garden, Space 5NQ
London SW8, England
Fax: 71-498-6473

Floral:

Floral & Nursery Times
629 Green Bay Road
Wilmette, IL 60091 USA

Floraculture International
P.O. Box 532
Geneva, IL 60134 USA

SAP-Business News for the Floral Industry
A publication of the Soc. of American Florists
1601 Duke Street
Alexandria, VA 22314 USA

United States Department of Agriculture Weekly Market News Reports:

Federal-State Market News
630 Sansome Street, Room 727
San Francisco, CA 94111 USA

Miami Produce Center
1200 N.W. 21st Terrace, Suite 3
Miami, FL 33142 USA

3.5 U.S. Trade Organizations and U.S. Government Agency Information

Trade Organizations:

Fresh Produce Council
1601 East Olympic Blvd. Suite 212
Los Angeles, CA 90021 USA
Fax: (213) 623-403

Floral Marketing Association
1500 Casho Mill Road/P.O. Box 6036
Newark, DE 19714-6036
Fax: (302) 731-2409

Produce Marketing Association
1500 Casho Mill Road/P.O. Box 6036
Newark, DE 19714-6036 USA
Fax: (302) 731-2409

United Fresh Fruit & Veg. Assoc.
727 North Washington Street
Alexandria, VA 22314 USA
Fax: (703) 836-7745
Telex: 510 101 2401

Society of American Florists
1601 Duke Street
Alexandria, VA 22314 USA

U.S. Government Agencies:

Agricultural Marketing Service
USDA, Information Staff Room 3058-S
Washington, D.C. 20250
Phone: (202) 447-8998

Transportation Marketing Division
USDA
Washington, D.C. 20250
Phone: (202) 653-6275

Animal & Plant Health Inspection Service
USDA-Plant Protection & Quarantine
Federal Building
Hyattsville, MD 20782
Phone: (301) 436-8645 (Information)
Permit Sect: Contact Peter Grosser Room 631
Phone: (301) 436-6799

Economic Research Service-USDA
Economic Management Staff
Washington, D.C. 20460
Phone: (202) 447-7943

Environmental Protection Agency
Off. of Pest. & Toxic Substances
401 M Street SW
Washington, D.C. 20460
Phone: (202) 382-4374

Food and Drug Administration
U.S. Dept. of Health & Human Service
5600 Fishers Lane
Rockville, MD 20857
Phone: (301) 443-4480

Food Safety & Inspection Ser.-USDA
Foreign Programs Division
Washington, D.C. 20250
Phone: (202) 447-7943

Foreign Ag. Service--USDA
Info. Division Room 5074-S
Washington, D.C. 20250
Phone: (202) 447-7115

Office of Int'l Coop. & Dev. USDA
Private Sector Relations Division
Agribusiness Information Center
Washington, D.C. 20250-4300
Phone: (202) 653-6275

U.S. Customs Service, U.S. Dept. of Treasury
1301 Constitution Ave., N.W.
Washington, D.C. 20229
Phone: (202) 566-2957

Animal and Plant Health Inspection Service
International Services
USDA APHIS IS
American Embassy--Rome
Via Veneto 119/A
00187 - Rome Italy
Contact: Dr. Joseph Karpati
Phone: 396-4674-2131
Fax: 396-4674-2387

3.6 Pest Free Areas

WHEN TO ESTABLISH PEST-FREE AREAS FOR PRODUCT EXPORT

- 1. The Country of origin wants to export one or more products.**
- 2. Pests (insects, mites, plant diseases, nematodes, weeds) of quarantine significance to importing country are associated with product(s). Pests may fall into either of the following categories:**
 - Pests for which either inspection or quarantine treatment is an acceptable condition of entry to the importing country. Pest-free areas are not needed.**
 - Candidate pests for pest-free areas. (See Table 2. All listed circumstances must apply).**

IDENTIFYING THE CANDIDATE PEST FOR PEST-FREE AREAS

- 1. The importing country determines that the pest is of quarantine significance on particular product from the exporting country.**
- 2. The importing country determines that product inspection for the pest is not an acceptable method for providing quarantine security.**
- 3. A quarantine treatment is either not desirable to apply, or it is not acceptable to the importing country.**
- 4. It is technologically, politically, and financially feasible to establish or maintain specific areas of the country of origin as free from the target pest; and these areas will be used to produce the product for export.**

**SOME COUNTRIES WHICH HAVE ADOPTED THE PEST-FREE AREA
CONCEPT IN ORDER TO EXPORT PRODUCTS TO THE U.S.**

COUNTRY	PEST FREE AREA	TARGET PESTS	PRODUCTS
AUSTRALIA	Tasmania	<u>Ceratitis capitata</u> <u>Dacus tryoni</u>	Apple and other hosts for these fruit flies.
BRAZIL	Mossoro	<u>Anastrepha grandis</u>	Honeydew melon
CHILE	Certain Provinces	<u>Ceratitis capitata</u>	Numerous medfly hosts
ECUADOR	Area near Guayaquil	<u>A. grandis</u>	Honeydew melon
MEXICO	Parts of Sonora	5 fruit fly spp.	Citrus, apple peach

HOW TO ESTABLISH AND MAINTAIN A PEST-FREE AREA IN A FOREIGN COUNTRY FOR EXPORTING TO THE U.S.

1. Obtain copy of 7 CFR 319.56-2 (e) & (f) and study these regulations for pest-free areas.
2. Identify:
 - a) Target pest(s) for which area will be determined free.
 - b) Products which will be produced in the free area and which require "free area certification" in order to be exported.
 - c) Area(s) which will be subject of free area program.
3. Ensure support and cooperation of industry groups (producers, exporters) who will benefit by, financially support, and provide day-to-day operational support for free area program.
4. Ensure support and cooperation of government entities (primarily the national plant protection service) who will direct and enforce program technical requirements and carry out negotiations with USDA/APHIS.
5. Develop work plan for surveillance for and exclusion of target pest from proposed free area:
 - a) Work plan must contain proven survey technology and requirements (e.g. quarantines) to prevent introduction of target pest into the free area.
 - b) Work plan must include full details of action which will be taken in the event that the target pest is detected in the free area (i.e. cancellation of free area status, eradication measures, surveys to demonstrate recovery of free status).
 - c) Work plan must include procedures for marking and certifying the product which is to be exported from the area and for safeguarding it to prevent infestation after leaving the free area.

- 6. Implement work plan (step 5) for a minimum of one year. One year of data must show non-occurrence of the target pest in the proposed free area.**
- 7. Work plan and complete data (step 5-6) must be submitted in writing to APHIS for approval. APHIS approval of the work plan and data will most likely include:**
 - a) Preliminary review of work plan and data submitted.**
 - b) Site visit by APHIS officer (expenses reimbursable to APHIS).**
 - c) Publication in the Federal Register to formally establish the existence of approved, pest-free areas.**
- 8. Ongoing approval of exports from approved, pest-free area depends on continued satisfactory execution of the approved work plan. Based on site review by APHIS officer (expenses reimbursable to APHIS).**

3.7 USAID/Morocco: Development of Private Enterprise in the Decade of the 1990s

The U.S. Agency for International Development (USAID) is orienting its program of economic aid in Morocco increasingly toward private sector support and market centered development. Several activities target private enterprise directly. Moreover, almost all new projects have large components relating to business promotion. Activities carried out for the benefit of the private sector call for direct support of companies and private organizations, as well as for improvement of the environment in which private enterprise operates.

The major areas in which USAID is assisting the private sector are export promotion, development of small and medium-sized businesses, access to credit and financial market reform, agribusiness, human resource development, privatization, energy conservation, and aid for the Moroccan ministries that support the private sector.

Export Promotion

The **Project for Private Sector Export Promotion (Projet de Promotion des Exportations du Secteur Privé)**, initiated in 1986 with a budget of 29.4 million dollars, contributes to export expansion through four components:

- **Moroccan Society for Export Insurance (Société Marocaine d'Assurance à l'Exportation, or SMAEX)**

USAID has financed the capitalization of a reserve fund for business ventures and provides training and technical assistance aimed at helping SMAEX become a private insurance company. SMAEX has significantly increased insurance services for export credit, which helps exporters increase both production and sales. To date, 547 companies have taken out at least one insurance policy for export credit from SMAEX.

- **Credit for Pre-financing of Exports**

To increase short-term credit to small and medium exporting companies, USAID offers through two commercial banks (the BMCE and the BCP) a line of credit equivalent in dirhams to 4.5 million dollars in order to meet the operating capital needs of these businesses. Thirty-six companies have enjoyed export financing thanks to this line of credit.

- **Assistance in the Area of Export Production and Marketing**

Through an agreement signed with the International Executive Service Corps (IESC), companies are provided with specialized technical assistance in export production, management and marketing, thanks to its network of retired executives. More than 100 Moroccan companies have been assisted by IESC experts at least once. IESC's Trade and Investment Service (TIS) encourages Moroccan export by assisting marketing, putting Moroccan exporters in touch with U.S. buyers, and encouraging joint-ventures. To date, 20 companies have exported goods worth 6.6 million dollars to the U.S. as a direct consequence of the work carried out by TIS.

- **Guarantee Fund for Small and Medium Moroccan Exporters:**

USAID recently provided 10.5 million dollars to capitalize a Guarantee Fund for loans to small and medium-sized enterprises (SME). Within the same framework, it will provide a program of technical assistance and training. This fund guarantees up to 50 percent of medium-term loans given by the participating commercial banks to SMEs who invest in export. Currently, the fund is administered by the Maghreb Citibank, but it will be institutionalized as a private entity in the near future. Most Moroccan commercial banks anticipate participation in this program.

For further information on this project, please contact SMAEX (Tel: 02 29.48.18), IESC (Tel: 02 30.58.59), USAID's Project Planning and Private Sector Division (Tel: 07 76.22.65), or participating banks.

Expansion of Small and Medium-Sized Businesses

The creation and expansion of small and medium-sized businesses are essential to the growth of employment in Morocco, but the SMEs continue to encounter a certain number of obstacles. USAID's **Project for Promotion of Small and Medium-sized Businesses** (16 million dollars, initiated in 1991) will help alleviate problems encountered by means of three components:

- SME support services will be available thanks to the creation of the "Moroccan Business Center", which will provide information, orientation and consultation services to SMEs in order to improve their internal management.
- Administrative conditions for the creation and expansion of SMEs will be improved through technical assistance and the creation of a public/private Consulting Committee responsible for studying and recommending reform measures. In addition, limited monetary aid will be awarded to strengthen private sector institutions and organizations.
- If the pilot program has positive results, a third component will be added (9 million additional dollars) to expand financing possibilities available to SMEs. This component will establish a facility offering partial guarantees for loans awarded to SMEs by the commercial banks, loans based on business assets.

Access to Credit and Development of Financial Markets

In addition to the components concerned with funding that have already been described above, other USAID programs help alleviate the financial burdens of SMEs and strengthen financial markets in Morocco.

The **PL 480 Section 108** credit line (equivalent in dirhams to 10 million dollars) offers short-term loans to SMEs through four commercial banks (Wafabank, SMDC, SGMB and BMCI). Another loan-on-credit program, (the **Renewable Fund**) makes 2.5 million dollars available to Moroccan businessmen through Wafabank. USAID has also initiated the **Loan Portfolio Guarantee** program (**Garantie de Portefeuilles de Prêt**, or GPP) which guarantees up to 50 percent of short and medium-term loans awarded to SMEs by the banks. Wafabank, Wafabail and SMDC are all participating

currently in the GPP program, which has 5.5 million dollars to cover loan guarantees. To date, approximately 100 Moroccan companies have benefitted from these programs.

USAID also provides technical assistance and training to advance the liberalization and expansion of financial markets. Until now, efforts expended have been to improve the functioning of the Stock Exchange, establish a secondary debt market, and train the SMEs in the area of loan methodology.

Additional information on these programs may be obtained at participating banks or USAID's Project Planning Division (Tel: 07 76.22.65).

Development of Agribusiness

Agribusiness is a dynamic sector of the Moroccan economy which has great potential for improving export and employment. The Morocco Agribusiness Promotion Project (20 million dollars, initiated in 1991) will help develop this sector through the following components:

- Promotion of agribusiness by means of trips undertaken by Moroccan businessmen to study other markets and encourage exchange in the areas of trade and investment to benefit U.S. and Moroccan agribusinesses, and technical assistance in the areas of stimulation of the sector, processing, marketing and export promotion.
- Improvement of the investment climate in Moroccan agribusiness through policy analysis and dialogue.
- Improvement of the efficiency of private companies, professional associations and public institutions that provide support to agribusiness, by means of technical assistance, subsidies and training.
- Development of human resources and the capabilities of Moroccan training facilities to meet the needs of the private sector, by means of already trained professionals able to manage Moroccan agribusiness and access to more efficient applied research and extension services in the agribusiness area.
- Promotion of greater risk-taking on the part of companies in the early stages of product creation and market establishment, and strengthening of research and development activities favoring agribusiness, by means of a Promotion and Investment Fund.

Further information on this project may be obtained at USAID's Agriculture and Natural Resources Division (Tel: 07 76.22.65).

Human Resource Development

For many years, USAID has offered Moroccans training opportunities in the U.S., and training efforts are now concentrated more and more on the needs of the private sector. The Training for Development (Projet en Faveur de la Formation pour le Développement, 28 million dollars, initiated in 1991) will offer the possibility of training in the USA at the Master's level as well as short-term training in management. The project also offers short-term training in Morocco in management, trade and English. Most participants (approximately 15,000) will come from the private sector. The project will

also provide direct assistance to Moroccan training and educational establishments, primarily private facilities, in order to improve teaching and training in Morocco in the area of management and other disciplines linked with business.

Further information on this project may be obtained at USAID's Division of Population and Human Resources (Tel: 07 76.22.65).

Privatization

USAID assists the Ministry of Economic Affairs and Privatization in carrying out its privatization program of 112 national companies, banks and hotels. Currently, the International Privatization Group, directed by Price-Waterhouse, offers long-term consultant services as well as technical assistance and short-term training programs.

Energy Conservation

The **Management of Energy Demands Project** (\$5 million dollars, initiated in 1988) helps companies reduce energy costs by conducting audits and seminars and establishing companies and private study facilities specializing in audits and energy conservation. To date, 20 companies have benefitted from audits relating to energy conservation.

Further information on this project may be obtained through the GEM Project (Tel: 07 75.56.47).

Other Activities

The **Economic Policy Analysis Support Project** (\$8.6 million, initiated in 1985) is strengthening GOM capabilities in the development, appraisal and implementation of market oriented reform policies. This project has supported the USAID efforts in financial market reform and privatization. Among the many other areas which have received technical assistance are price deregulation, the informal sector and trade liberalization.

The **Project for Technical Support and Development Studies** (10 million dollars, initiated in 1991) will support the identification and composition of new policies, strategies and project initiatives. Approximately 60 percent of project activities will be carried out in direct support of the private sector.

Future Projects

In the future, USAID plans to initiate projects relating to microenterprise expansion, foreign investment promotion, health care financing, and financial privatization/market development.

3.8 USAID/Morocco: Training for Development Project

Broad Project Parameters

Context

Since 1983, the Moroccan Government has been implementing a program of structural adjustment which has already resulted in impressive economic growth. The motivating force for this expansion has been the private sector, which has taken advantage of the opportunities afforded by the liberalization of the economy and the increasing withdrawal of the public sector from numerous areas better suited to the private sector. Among Morocco's essential tasks in the next decade are the acceleration of economic growth to reduce unemployment and increase productivity and efficiency. The private sector will have to be the primary source of new jobs and economic growth.

Since training based on the needs of the private sector is a major concern of the project, the Government will need to provide ongoing support to this sector. The public sector should adapt to its new role of facilitating economic growth and the opening of markets. In order to allow the Government to make this transition, important project resources will be allocated to the training of involved public sector personnel.

Goal and Purpose of Project

The goal of the project is to eliminate obstacles relating to human resources which impede the creation of open markets in Morocco. The purpose is to strengthen training capabilities in Morocco and improve Moroccan skills in management and methodology for economic development and expansion of the private sector.

Total Cost of Project

The total cost of the AID project is 28 million dollars, to be expended over a period of eight years, from fiscal year 1991 to fiscal year 1999.

Beneficiary

The project was signed with the Ministry of Public Works, Professional Training and Staff Training and the Ministry of Finance. The Ministry of Public Works, represented by the Office of Staff Training (DFC) was designated the State institution in charge of implementing the project.

Entities Responsible for Implementation

A Consultative and Selection Committee, composed of representatives of USAID, the Government and members of the private sector, will provide consulting and technical support to the project. The LFC has the essential responsibility of seeing to it that the implementation of the project is compatible with the objectives of long-term economic development in Morocco. USAID has the overall responsibility for supervising the project and seeing to its implementation. A U.S. institutional contractor will manage all aspects relating to training in Morocco, administer a certain number of short-term training activities in the U.S. and see to the needs of Moroccan training establishments in the

area of technical assistance. The contractor will be able to arrange sub-contracting with private Moroccan agencies and intermediaries in order to implement specific training activities in Morocco or other programmatic tasks.

Summary of Project Components

The project will revolve around two primary interventions designed to eliminate obstacles relating to human resources which both the public and private sectors encounter: a) inadequate training infrastructure to produce staff qualified to deal with the needs of a market economy, and b) lack of high-level managers and adequately trained middle-level staff in both the public and private sectors to support rapid economic growth. Consequently, the project is structured around the following two components, each with multiple aspects: strengthening of Moroccan training establishments in order to eliminate obstacles relating to human resources, and funding of special training programs in management and methodology taking place in Morocco and abroad. Some 15,000 Moroccans will benefit directly or indirectly by project financed training. Of all training opportunities, 30 percent are reserved for women.

COMPONENT 1: STRENGTHENING OF MOROCCAN TRAINING INFRASTRUCTURE

Through this component, the project will develop training infrastructure in Morocco in order to improve the quality of training, strengthen the country's ability to respond to employment market demand, and increase training opportunities. Private training establishments as well as large schools will benefit by project support, through competition, for implementation of training programs. Technical and financial assistance will be provided by four types of activities:

a. Adaptation and commercialization of training to meet the needs of the private sector

The project will fund 20 diagnostic studies. These studies will evaluate training needs with precision and determine whether training programs addressing these needs already exist. Formal and informal surveys will be carried out to complete the process of collecting information as a means of establishing at the same time what courses are offered and the marketing skills of existing public and private training establishments.

b. Technical assistance for Moroccan training establishments

Six training establishments will receive technical assistance to improve management, teaching faculty skills and pedagogical programs and materials, so that these establishments will be able to better adapt training to market demand. Assistance will also be provided to develop and improve courses targeting the private sector which are already offered in Morocco, as well as to design and market new courses to answer the needs of the private sector.

c. Agreements between U.S. and Moroccan establishments

Currently, many universities and other U.S. training establishments are attempting to develop linkages with similar agencies abroad. In order to benefit from this situation and improve Moroccan training establishments, at least four official agreements will be established between training institutions or professional associations in Morocco and the U.S.. These agreements will be funded through a cost-sharing arrangement with the "Agreements for University Development Project" sponsored by USAID/Washington's Center for University Cooperation and Development, or other official mechanisms.

d. Promoting human resource development in Morocco

The project will fund a series of seminars and round table discussions for public and private employers. These seminars and round table discussions will target explaining the advantages of developing human resources for a developing economy such as Morocco's. Research services in areas relating to human resource development which affect Morocco's current situation will also be funded.

COMPONENT 2: IMPROVING MOROCCAN CAPABILITIES IN MANAGEMENT AND METHODOLOGY

The project will fund both short and long-term training programs in areas crucial to the development of the Moroccan economy. Having as a primary concern training directly addressed to the private sector, the activities of this second component will concentrate on persons in private companies, professional associations, training establishments and public agencies who are directly or indirectly involved in private sector activities. Financial aid will be provided for four types of interventions in the area of training:

a. Support for short-term training in management and methodology in Morocco

The project will offer support for training approximately 4,800 individuals in the public and private sectors. These people will attend courses in training establishments receiving technical assistance and other appropriate training establishments. Areas of training receiving support will be determined by sector surveys and diagnostic studies carried out by the project. Approximately 80 percent of support allocations will go to individuals in the private sector and around 20 percent to individuals in the public sector.

b. Short-term training in management and methodology in the U.S. and other countries

The project will offer 420 opportunities for short-term training, generally through already existing seminars and courses, carried out in French, Arabic and English in the U.S.. In addition, 130 individuals will attend conferences or participate in study tours tailored to their needs. Of the 420 available spots, approximately 60 percent will be reserved for individuals from the private sector and approximately 40 percent for the public sector.

c. Advanced university training in the U.S.

The project will offer 420 opportunities for advanced university training (Master's degree preparation in two years or accelerated staff training in one year) in areas such as business management, marketing, economics, biotechnology, computer science, telecommunications, etc. Candidates will be recruited in equal numbers from both the public and private sectors.

d. English language training

The project will offer English language training in Morocco for approximately 1,800 counterparts, 400 training beneficiaries, and 100 English teachers. Beneficiaries of training in the U.S. will receive English language training prior to departure. Programs in technical and specialized English for Moroccan counterparts and other training beneficiaries not going to the U.S. will also be funded.

Basic Criteria for Selection of all Categories of Beneficiaries

Candidates for project-funded training must be Moroccan citizens residing in Morocco, have a clear grasp of project objectives and commit themselves personally to coming back to their job and making a contribution to Morocco's economic development, and have the required university and professional qualifications for the desired training.

In addition to the above-mentioned conditions, candidates for training abroad must be able to demonstrate at least three consecutive years of professional experience, good leadership qualities, and a knowledge of English at an intermediate level. Candidates for long-term training will have an interview with the Consultative and Selection Committee who will choose them; candidates selected will be automatically entitled to intensive training in English in order to meet university requirements. Candidates chosen for short-term training carried out in English will be entitled to basic English or review courses.

October 1991

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3.9 Morocco Agribusiness Promotion Project

Goal and Subject of Project

Assistance provided within the framework of this project targets the elimination of obstacles that impede the general development of the agribusiness sector.

The **Goal** of the Project is to increase the contribution of the private and commercial agribusiness sector to the GDP, the influx of foreign currency, employment and revenue.

The **Subject** of the Morocco Agribusiness Promotion Project (MAPP) is to increase the capabilities of the Moroccan agribusiness sector to produce, process and market a wide variety of agricultural products with high demand and added value. Emphasis will be placed on vertical marketing channels, from collection of raw materials to delivery of the fresh or processed finished product to the consumer.

Production by Sub-sectors

Most project activities will concentrate first of all on those agribusiness sub-sectors which seem most likely to react positively to the resources the project brings to bear. These sub-sectors, by product, are:

1. fresh vegetables
2. fresh fruits
3. processed fruits and vegetables
4. spices and essential oils
5. olives and olive oil
6. food legumes
7. cut flowers and ornamental plants
8. fresh grapes, raisins & wines
9. other products as agreed upon

All project activities concerning production, processing and marketing of citrus for export will require prior authorization by USAID.

The project's strategy will consist of a process beginning with the diagnosis of involved sub-sectors to the establishment and implementation of work plans, this process being as flexible and sensitive as possible to the needs of private enterprise in these sub-sectors.

Project Components

The project will be composed of four major components, namely:

1. Promotion of agribusiness products as well as investment and marketing, particularly export marketing;

2. Improvement of the agribusiness investment climate by making practical recommendations to the Beneficiary concerning changes in policy and regulations in this sector;
3. Strengthening of sector organization and support of institutions in order to improve efficiency and skills on the part of companies, private groups, industry and trade associations, and public institutions; and
4. Development of human resources to strengthen the human capital required by agribusiness.

In addition, the project will develop and strengthen Morocco's capabilities to provide training, pertinent applied research and extension activities in support of agribusiness. For this reason, the project will strengthen the capabilities of the Hassan II Agronomic and Veterinary Institute (IAV) in these areas.

Planned Activities in the Various Components

The types of activities to be carried out within the various project components include, without being limited to these alone:

1. Promotion

- a. Putting Moroccan and U.S. companies in contact with one another in the areas of production, marketing and franchising.
- b. Measures intended to stimulate the interest and participation of the U.S. public and private sectors in Moroccan agribusiness activities. These measures consist of:
 - sponsoring investment prefeasibility studies;
 - sponsoring study tours for Moroccan personnel in agribusiness, trade associations and other parts of the private sector to visit production, processing and export centers in the U.S. agribusiness sector;
 - sponsoring trips which allow the major operators of U.S. agribusiness to become familiar with Moroccan agribusiness;
 - establishing contacts and logistics which might lead to partnerships and/or enterprises involving both Moroccan and U.S. agribusiness, by means of personal networking and public relations operations carried out by the staff of the institutional contractor based in the U.S.; and
 - sponsoring conferences and workshops on the creation of new products, market development and technology transfer through partnership.
- c. Identification of markets and creation of new products by providing technical assistance that permits the creation and/or adaptation of new products which can be marketed by Moroccan agribusiness agents based abroad.

- d. **Studies concerning markets and demand for specific products by providing technical assistance to Moroccan agribusiness (1) for planning studies and analyses of foreign markets, and (2) for carrying out these studies in those markets.**
- e. **Measures aimed at making the Moroccan agribusiness sector more active in the promotion of its products abroad. These measures consist of:**
 - **organizing workshops and providing follow-up technical assistance to implement the recommendations resulting from market and demand studies;**
 - **sponsoring trips which allow public/private sector agribusiness and marketing support service representatives to study foreign markets; and**
 - **establishing marketing strategies to introduce specific products into foreign markets by providing short-term technical assistance.**
- f. **Industry promotion and training workshops aimed at presenting new and adequate processing technology to Moroccan agribusiness executives.**
- g. **Determination of new methods of funding initial promotion of Moroccan exports, through:**
 - **short-term technical assistance to determine means of promoting Moroccan brands in foreign markets; and**
 - **assistance to create support for marketing and public relations activities in support of Moroccan agribusiness abroad.**

2. Investment Climate

The activities included in this component are aimed at making practical recommendations to the Moroccan Government so that changes are carried out in areas linked to agricultural investment involved with agribusiness. These recommendations will be made by means of in-depth studies of areas in which new policies will stimulate agribusiness.

In conjunction with the areas concerned, one of these studies will address the Moroccan transportation system's role in domestic marketing and export. Other areas which might be studied in depth in order to make practical recommendations include private investment in refrigerated warehousing, private sector laboratories for quality control, and funding systems for professional associations. Additionally, studies will be carried out to define actions to be taken on the behalf of public sector entities linked to agribusiness in the framework of privatization, and others.

The project's institutional contractor will draw up the terms of reference for these policy studies, submit them for commentary to the committee chair, and be responsible for their implementation. The studies can be done by the institutional contractor, through short-term technical assistance, by IAV, or by other specialized public institutions or local study offices sub-contracted by the institutional contractor.

3. Sector Organization and Institutional Support

The strategy consists of improving the various public and private sector services provided to agribusiness as follows:

- a. The project will help the Ministry of Agriculture and Agrarian Reform (MARA) strengthen its capacity to track domestic and foreign markets with regulations and information through the unit recently created for that purpose. For this reason, MARA will receive computerized equipment and training in order to establish an operational system of market information and to improve MARA's current agribusiness data base. In addition, the services of the Plant Production Department (DPV) involved in the project will benefit by special training and appropriate equipment.
- b. The project will provide to the two campuses of IAV, in Rabat and Agadir, state-of-the-art processing and packaging equipment to facilitate research and development. By publishing the results of applied research carried out in these new facilities, private sector activities in laboratory analysis, management, marketing and other support services will be stimulated.
- c. The draft agreement (PASA) between the U.S. Department of Agriculture (USDA) and USAID, whose activities are funded by the project, will permit assistance to the Department of Plant Protection, Technical Control and Elimination of Frauds (DPVCTRF) and the Autonomous Establishment for Coordination and Control of Exports (EACCE) by providing short-term technical assistance and training so that they will become aware of U.S. and international principles and practices concerning standards relating to fresh and processed foods, inspection and elimination of fraud.

In order to assist the unit in charge of tracking agricultural markets mentioned in Item a. above, USDA, through PASA, will carry out a feasibility study to establish a database on foreign markets at MARA. To this end, the USDA will prepare specifications for the equipping and managing of this unit, and will help install data processing hardware and software for this same unit. In addition, the Morocco Agribusiness Promotion Project (MAPP) will provide short-term technical assistance to help the above-mentioned unit determine a way to strengthen existing data on Moroccan agribusiness as a means of covering all producers for the local market as well as for export.

- d. An environmental study office will provide services and training in the area of environment, with the goal of ensuring that project activities will have minimal negative impact on the environment.
- e. The project will provide MARA with technical assistance for drawing up a draft agreement with international services of APHIS (Animal and Plant Health Inspection Service/USDA) in Rome. This draft agreement will be drawn up and managed by the DPVCTRF.

- f. **Other studies** could be carried out to see how a professional and trade association approach might lead to:
- greater private sector participation in agribusiness research and development,
 - better knowledge of foreign markets,
 - specific promotion of the sector, and
 - improvement of regulations and coherent organization of sub-sectors.

4. Human Resource Development

The objective of this component is to provide the Moroccan agribusiness sector with professionals having theoretical and practical experience in the technology required in the areas of harvest management, processing and manufacturing, and who are capable of managing the technological and business aspects of competitive agribusiness companies during this decade. By means of theoretical training programs in Morocco, short and long-term training programs in the U.S. (at the graduate school level) -- and, under exceptional circumstances, in other countries -- business internships and visits to foreign companies and markets, this component will allow the training of managers capable of comprehending what is needed in the way of products, production, processing and manufacturing corresponding to foreign market demand. Other objectives include training qualified technicians, teaching technology relating to quality control, processing and marketing of agricultural products, and training managers in business administration.

An essential activity of this component will be to offer to IAV Hassan II necessary support to strengthen and develop existing training in the area of agribusiness, meet training demands to be formulated by the public and private sectors, initiate programs in applied research and extension, and furnish technical assistance in the area of agribusiness.

The institutional contractor will be directly responsible for the following activities:

- Apprenticeships of as much as six months each for at least 20 Moroccans in companies and industrial centers of the U.S. and, in exceptional cases, in target markets in other countries.
- Short-term training in the U.S. and Europe for at least 16 Moroccans, in order to sensitize them to the problems of agribusiness. These programs are designed for people from industry, governmental and regulatory agencies and teaching establishments, so that they may become acquainted with new government policies, including professional industrial associations, as a function of their needs and interests.
- Long-term study for nine individuals having at least an advanced academic degree, which will take place in the U.S. and will involve subjects relating to agribusiness.
- Conferences and follow-up workshops for students and participants who have returned to Morocco, so that they will be able to share their newly-acquired knowledge with their colleagues.

Diagnostic Studies

Activities will normally begin with a study for the establishment of diagnostics by sub-sectors, designed to provide project managers with an exhaustive in-depth report on sub-sectors by products. With a detailed study and determination of specific problems, a base of programs for carrying out specific activities may be established.

Promotion and Investment Fund

A Promotion and Investment Fund will be established to promote greater risk-taking on the part of companies during the initial phases of product creation and market establishment, and to strengthen the capabilities of the private sector in research and development, an ability which forms the very base of agribusiness.

Access to the fund will be competitive. Procedures for examination and awarding funding of various activities through the fund and criteria for selection of proposals will be established by the project's institutional contractor in conjunction with the administrative committee, who will submit them to USAID for final approval. The final decision to designate beneficiaries of the fund will be made by the project's administrative committee. Management of the fund will be the responsibility of the institutional contractor. Final acceptance of any proposal submitted in the framework of the fund will be carried out by USAID.

The fund will be accessible to Moroccan and U.S. companies interested in developing activities involving processing, production and marketing out of Morocco, or any combination of these companies. The existence of the fund will be made known throughout Morocco through the news media, the institutional contractor, the Moroccan Government, USAID contacts with the agribusiness sector, and by workshops and seminars organized by the project. In the U.S., it will be announced in newspapers such as the "Commerce Business Daily". The fund will finance up to 50 percent of costs with a ceiling of \$100,000 per activity. The total amount budgeted for the fund for the duration of the project is approximately two million dollars.

The fund will assist companies or groups of companies either directly, by helping them pay a portion of the cost of creating products or a portion of transportation costs for launching products in new markets, or indirectly, by funding services furnished by a third party with the requisite expertise.

Awards granted within the framework of the fund will not exceed 10 percent of gross revenue of the beneficiary company during its most recently completed fiscal year, unless a special decision is made jointly by MARA and USAID.

With the object of facilitating contact between industrial firms, the fund will subsidize up to 50 percent of direct costs for Moroccans traveling to visit foreign markets, and up to 50 percent of travel for foreign buyers coming to Morocco.

Except for project support for contact travel, all proposals sent to the administrative committee for approval will be accompanied by a prior recommendation concerning the environment. Proposals approved by the administrative committee will be sent to the USAID office in charge of environment, which will decide if a supplementary examination is necessary.

Responsibilities of Project Participants

1. Steering Committee

This committee will meet each quarter (or more often if the chair deems necessary) to examine project implementation policy, examine and comment upon annual work plans, carry out semi-annual examinations, and examine and approve proposals submitted for funds administered by the Promotion and Investment Fund. The committee will examine analyses carried out within the framework of the project to improve the agribusiness investment climate, and will recommend means of promoting policy and administration reforms already identified and recommended, and based on these analyses.

The committee will be co-chaired by the Secretary General of MARA and a representative of the private sector, and will be composed of the following members:

- 3 representatives from the private sector
- 2 representatives from MARA
- 2 representatives from USAID

Secretarial support will be provided by the institutional contractor. The steering committee can invite participation by representatives of entities and institutions involved in the project.

As the project progresses and the condition of agribusiness changes within the country, composition of the administrative committee may be modified by agreement of USAID and MARA.

2. MARA

The Ministry of Agriculture and Agrarian Reform will be the project's home ministry. It will designate the persons charged with managing the project in its name in compliance with Article 4.1(b) of the Grant Agreement. One of these representatives will be designated Chief of Project. Accordingly, the Chief of Project will coordinate work carried out in his ministry with other ministries, supervise the drawing up of a draft agreement with the international services of USDA/APHIS/PPQ, and guarantee technical coordination with these same services. He will work in close association with USAID in all aspects of project implementation. Responsibility for the implementation of project activities within MARA is as follows:

- a. The **DPV** will be in charge of everything relating to production in the sub-sectors affected by the project and agro-industry. It will therefore be associated with:
 - drawing up terms of reference for technical studies to be undertaken in that sector;
 - identifying new products to be put on the market; and
 - introducing new production, processing and packaging techniques.
- b. The **DPVCTRF** will be in charge of all activities having to do with quality control and with inspection of sanitary conditions and elimination of fraud within the framework of the project. It will be responsible for the implementation of the PASA agreement regarding aspects of inspection and regulation. It will be involved in implementing

everything within the project framework relating to the introduction of phytosanitary treatment products and techniques, and respecting regulations and standards. In the event that studies concerning aspects mentioned above are undertaken, DPVCTRF must be involved in the examination of findings.

c. Office of Planning and Economic Affairs (DPAE)

Trade policy and economic studies constitute an important component among project activities. Since DPAE has great experience in this area, it will be involved in the drawing up of terms of reference and supervision of these studies in collaboration with USAID and the institutional contractor.

d. IAV Hassan II

IAV Hassan II will implement training sessions in Morocco, applied research and extension activities for the benefit of private sector agribusiness. Coordination of IAV Hassan II activities will be provided for within the framework of the administrative committee.

e. EACCE

The EACCE will have the responsibility of implementing the tasks relating to its functions in export control and coordination.

3. USAID

USAID will designate a person to be responsible for the project from within its Division of Agriculture and Natural Resources who will coordinate all project activities and supervise all contracts and grants relating to the project. This person will transmit the recommendations of the committee regarding PASA expenses and the Promotion and Investment Fund to authorized USAID signatories. USAID will choose a U.S. institutional contractor and will fund sub-contracts and services concerning environment as detailed above.

USAID reserves the right, whenever it deems necessary, to review final commitment of funds for all project activities.

4. Institutional Contractor

Within the framework of a direct contract, USAID will call upon an institutional contractor to provide 1) long-term technical assistance for the four project components, 2) short-term technical assistance, and 3) operational coordination among the various project components and the various participants. The institutional contractor will also be responsible for the implementation of training programs (short and long-term) in the U.S. which are included in the project. The institutional contractor will also be responsible for preparing a data base which will be used in future evaluations. The institutional contractor's team leader is required to ensure secretarial support for the steering committee and coordination of the various public and private entities participating in the project, and to maintain close ties with project managers appointed by MARA (Article 4, Section 4.1b of the Grant Agreement). In order to accomplish this, space will be made available to the team leader by MARA in Rabat.

The contracted team will include a U.S. investment and promotion specialist and a Moroccan marketing specialist who will supervise the activities of the Promotion component. The team will also include a U.S. agricultural economist and a Moroccan horticulture specialist, who will direct the activities of the Investment Climate, Support Services, and Human Resource Development components. The U.S. agribusiness specialist on the team will be based in the U.S., and will be responsible for promotion activities, contacts between Moroccans and Americans, and supervision of training programs and study tours in the U.S..

4. ACRONYMS

AFI	Association of Food Industries
AMS	Aggregate Measure of Support
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
ASTA	American Spice Trade Association
BCP	Banque Centrale Populaire (Central People's Bank)
BMCE	Banque Marocaine pour le Commerce Extérieur (Foreign Trade Bank of Morocco)
BMCI	Banque Marocaine pour le Commerce et l'Industrie (Trade and Industry Bank of Morocco)
CAP	Common Agricultural Policy
CFR	Code of Federal Regulations
CMPE	Centre Marocain pour la Promotion des Exportations (Moroccan Center for Export Promotion)
DFC	Direction de la Formation des Cadres (Office of Staff Training)
LH	Dirhams (\$1 = approx 8.3 dirhams)
DPAE	Direction de la Planification et des Affaires Economiques (Office of Planning and Economic Affairs)
DPV	Direction de la Production Végétale (Office of Plant Production)
DPVCTRF	Direction de la Protection des Végétaux, Contrôles Techniques et Répression des Fraudes (Office of Plant Protection, Technical Inspection and Elimination of Fraud)
EACCE	Etablissement Autonome de Coordination et de Contrôle des Exportations (Autonomous Establishment for the Coordination and Control of Exports)
EC	European Economic Community
FAO	Food and Agricultural Organization of the United Nations
FAS	Foreign Agricultural Service
FOB	Free on Board
FSIS	Food Safety and Inspection Service
FTS	Foreign Trade Service
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEM	Gestion de l'Energie dans les Entreprises Marocaines (Energy Management in Moroccan Enterprises)
GOM	Government of Morocco
GPP	Programme de Garantie de Portefeuilles de Prêt (Loan Portfolio Guarantee Program)
GSP	Generalized System of Preferences
IAV	Institut Agronomique et Vétérinaire Hassan II (Hassan II Agronomic and Veterinary Institute)
IESC	International Executive Service Corps
IMF	International Monetary Fund
IPM	Integrated Pest Management
IQF	Individually Quick Frozen
ITP	International Trade Policy
MAPP	Morocco Agribusiness Promotion Project

MARA	Ministère de l'Agriculture et de la Réforme Agraire (Ministry of Agriculture and Agrarian Reform)
NAFTA	North American Free Trade Agreement
OCE	Office de Commercialisation et d'Exportation (Office of Trade and Exports)
OECD	Organization for Economic Cooperation and Development
PASA	Participating Agency Services Agreement
PIP	Postharvest Institute for Perishables
PPQ	Plant Protection and Quarantine
SGMB	Société Générale Marocaine des Banques (Moroccan General Bank Association)
SITEB	Salon International des Télécommunications et de la Bureautique (International Exhibition on Telecommunications and Office Automation)
SMAEX	Société Marocaine d'Assurance à l'Exportation (Moroccan Society for Export Insurance)
SMDC	Société Marocaine de Dépôt et de Crédit (Moroccan Savings and Loan Association)
SME	Small and Medium-Sized Enterprises
TIS	Trade and Investment Service
UMA	Union Maghrebienne Arabe
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USFDA	U.S. Food and Drug Administration

5. LIST OF CONFERENCE PARTICIPANTS

NAME	ORGANIZATION
My Ahmed Alaoui Abdellaoui	Secrétaire Général du Ministère de l'Agriculture
Michael Ussery	Ambassador of the U.S. to Morocco
Abdelhak Bennani	Vice President Directeur Général de Wafabank
Dennis Chandler	Director of USAID
Timberlake Foster	U.S. Consulate
James Lowenthal	USAID
Samuel Starrett	U.S. Consulate
Albert Sasson	Ministère de l'Agriculture
Abdellatif Rami	Ministère de l'Agriculture
Abdelaziz Arifi	Ministère de l'Agriculture
Anechoum Mohamed	Ministère de l'Agriculture
Ahmed Jawad	Ets. Autonome de Contrôle
Benchekroune Saad	Ets. Autonome de Contrôle
Dr. Beqqali Hassan	Ets. Autonome de Contrôle
Charles Uphaus	USAID
Driss Meski	USAID
Jacques Aubert	U.S. Embassy
Sophia Alami	U.S. Embassy
Latifa Louraoui	U.S. Consulate
M'hamed Hanafi	USAID
Richard Burns	USAID
Alexander Shapleigh	USAID
David Sullivan	TIS
Vincent Argembau	TIS
Saad Kettani	SOPAR
Hassan El Kouhene	Wafabank
Mustapha Lazrak	Wafabank
Bennani Mohammed	Wafabank
Mohamed Mikou	Wafabank
Azeddine El Hilali	Wafabank
Larbi Aouad	Wafabank
Ali Benjelloun	Wafabank
Frederick Scott	USAID
Jerry Brown	USAID
Joseph Beausoleil	USAID
Joseph Karpati	APHIS-Rome
Hugh Geoghan	USIS
Stephen Holgate	USIS
Badreddine Abdelhadi	AGENCE MEDIA-SIS
My M'hamed Loultiti	AGRI-SOUSS
Drissi Ali	AGROPLUS
Benaïouch Alain	ALCOMAR
Monette Raymond	AMCHAM

Moumile Abdellatif
Sakkat Larbi
Attou Hassan
Boussetta Brahim
Joundy Majid
Karti Bouchaib
Essadki Hassan
Hssaini Mohamed
Laghrari Ahmed
Cartier Pierre
R'biaa Majida
Terrab Driss
Doghmi Mustapha
Belarbi
Bensaid Mounir
Berrada
Rachdi Lahoucine
Benhalima Nadia
Bounnoua Mohamed
Commamant Karia
El Jabri Mohamed
Kabbaj Said
Zakrani Hassan
Bennani Azeddine
Claude David Benchimol
Draimi Fatima
Ghfir Fatima
Ben M'chiche El Alami Mlah
BenchaiB Ghallab
Ennajeh Ahmed Alaoui
Trombati Boubker
Abanouas Larbi
Ben Azzouz Mohamed
Berrada Aziz
Ayouche Abdelhamid
Agouzzal
Zaki Ali
Lamrini Rida
Louafi Chami
Benkaddour Mohamed
El Guermaz Omar
Charif Khalil Ahmed
Zendafou Mahamed
Bahraoui Anis
Devico Elie
Bennani Abdellatif
Hassani Mourad
Siegel Jean

AMPEX FLEURS
ARBOR
ASMEX
ASPEM
ASSAMAK/BELMA
Atlas Fruit Board
BIOMICOL
Café Al Moubarika
CAMSA SA
Cartier Saada SA
CEGEDEP
CEGEDEP
CMC
CMPE
CMPE
CMPE
COFRUSOUSS
CONADE
CONADE
CONADE
CONOR
CONSERNOR
Conserves TAM
COPRAGRI
COPRAGRI
COSERVA
Data Processing Systems
Ets. Ben M'chiche El Alami
Ets. BenchaiB SA
Ets. Polyvalent Ennajeh
Ets. Tromady
FETTAH
FICOPAM
Galaxie Négoce
Grandes Marques Conserve
Huileries de Meknes
IMEC
International Trading Co.
IPHIM
IRTL
Laboratoire Officiel
MAG Conserves
MAG Conserves
Maroc Développement
MAROCAPRES
MARTCO
MEDIROSES
MIDAV

Lagroun Ahmar Abdelkrim
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Laraki Mohamed
Izem Abdellatif
Benabbou Mohamed
Anwar Sobhey Boctor
Attalah Wahid
Rakesh Bhardwaj
Bouziane Mohamed
Oukacha Ali
Oukacha Hassan
Sebellini Pierre
Chbili Abdallah
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