

One Year into the FTA

Observations & Opportunities

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Presentation Points

- Observations
- Opportunities Defined
- Success Stories
- Going Forward from the Morocco Side

Observations

- Elite company (8 bilateral FTA's)
- Data shows both countries profiting
- US is « waking-up » to Morocco
- Foundation is in place but...
- \$526 million vs. \$1 billion a day from Canada!

Interpretation of the FTA in Morocco

- Tariff relief (15% duty to 0 means what?)
- Easier Customs treatment? NO!
- Each FTA has different market access

How are the opportunities defined?

- US Side (Demand):
 - New products or services (Uniquely Moroccan)
 - Alternative source (manage risk)
 - Supply-chain efficiency (speed to market)
 - FTA/Cost (no duty)

How are the opportunities defined?

- Morocco Side (Supply)
 - New market (diversify and increase business)
 - Comparative advantage (FTA)
 - Joint venture (partnership opportunities)
 - Modernization (factory improvements)

What are the Opportunities?

- Textile (Tariff relief ranges from 8-30%)
 - Garments made from synthetic fabrics
 - Garments made from locally produced fabric

Leather

Small level of tariff relief (supply chain efficiency)

Taking advantage

- Chapstar
 - Garment manufacturer
 - Proposed fabric called « Tencel »
 - Garments made of Tencel have a normal duty rate of 30%
 - Resulted in first shipments to US

Taking Advantage

- Tremolede
 - Manufacturer of leather shoes
 - Producing for high-end European clients with existing US market share
 - Tariff relief of 8.4%
 - More efficient supply chain to US
 - EU companies increasing production in Morocco for US market

Continuing Success

- Proactive not reactive
- Determine niche (don't change business model)
- Commitment at each level in Morocco

Choukran

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