

US And Morocco Further Strengthen Economic Ties -- But Who Benefits Most?

By Kathleen Caulderwood

on March 1, 2014

The U.S. Chamber of Commerce signed a memorandum of understanding with a Moroccan business organization here in the capital Monday, meant to strengthen business ties made under the nations' 8-year-old free trade agreement.

So far, it's been a lucrative arrangement for both sides. Trade volume has increased greatly since 2006, but Moroccans are looking for more benefits.

"While Morocco's imports from the U.S. increased, Morocco's exports are far from growing as much," said Miriem Bensalah Chaqroun, chair of the General Confederation of Moroccan Enterprises and a signer of the MOU.

Among other benefits, the relationship is meant to help Morocco serve as a hub for American companies on the African continent. U.S.-Morocco trade volume has increased at an average rate of 23 percent every year, reaching more than \$4 billion in 2012, up from about \$1 billion before the free trade agreement.

He cited the country's relative political stability compared with the rest of the Maghreb as key advantages, along with its connections to the many French-speaking countries in fast-growing sub-Saharan Africa. "Morocco is a soft landing point for a lot of American companies, and the FTA is one of the key things that's an attraction for American businesses," said Scott Eisner, vice president for African affairs at the U.S. Chamber of Commerce, who also signed the MOU.

Indeed, Morocco's economy grew at a rate of 4.8 percent in 2013, with inflation rates at around 2 percent. Meanwhile, King Mohammed VI has just visited Cote d'Ivoire, Mali, Guinea and Gabon, all Francophone nations, in an effort to strengthen economic ties.

U.S. businesses have taken notice. American direct investment in Morocco jumped from \$25.25 million in 2005 to \$197 million in 2012. Boeing (NYSE:BA) has created thousands of Moroccan

jobs, as have Fruit of the Loom (a subsidiary of Berkshire Hathaway (NYSE:BRK)) and Dell, to name a few.

But the potential is much higher.

"There's been a quadrupling of bilateral trade," said Eisner, "and yet there's still quite a lot of work to be done to fully utilize it."

The United States is the country's third-largest investor, but Morocco represents just 0.01 percent of total American investments worldwide. And Moroccan exports represent just 0.03 percent of total American imports.

One success story is a company called Fresh Fruit Maroc, which recently signed a five-year agreement to export 35,000 metric tons of citrus to the United States.

All of this was discussed at the second annual Morocco-U.S. Business Development Conference, held at the Ministry of Foreign Affairs and Cooperation in Rabat, where business and government representatives from both countries met to assess their economic relationship.

"What would actually be interesting if we can get these things from presentations to reality," said Adil Chikhi, head of the Moroccan Investment Development Agency, who attended the conference.

"If we're able to discuss details where the actual opportunities exist, so they can make it a bit more tangible for an investor that's out there," he said.

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