

WORLD TRADE ORGANIZATION

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Committee on Subsidies and
Countervailing Measures

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SUBSIDIES

New and Full Notification Pursuant to Article XVI:1 of GATT 1994
and Article 25 of the Agreement on Subsidies
and Countervailing Measures

MOROCCO

The Secretariat has received the following communication, dated 3 July 2003, from the Permanent Mission of the Kingdom of Morocco.

The Permanent Mission of the Kingdom of Morocco to the Office of the United Nations in Geneva and the other international organizations in Switzerland presents its compliments to the Secretariat of the Committee on Subsidies and Countervailing Measures of the World Trade Organization (WTO) and has the honour to submit the attached copy of Morocco's notification prepared by the Ministry of Foreign Trade pursuant to Article 25.1 of the Agreement on Subsidies and Countervailing Measures (ASCM).

**NOTIFICATION BY MOROCCO PURSUANT TO THE AGREEMENT
ON SUBSIDIES AND COUNTERVAILING MEASURES**

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INTRODUCTION

Morocco is submitting the present notification pursuant to Article 25.1 of the Agreement on Subsidies and Countervailing Measures and Article XVI:1 of GATT 1994. In accordance with Article 25.7 of the Agreement on Subsidies and Countervailing Measures, the notification of programmes or measures does not prejudice either their legal status, their nature or their effects under GATT 1994 and the Agreement on Subsidies and Countervailing Measures (ASCM).

I. INVESTMENT INCENTIVES

1. Title or description of the subsidy

Framework Law No. 18-85 establishing an investment charter.

2. Objective of the subsidy

The investment charter is intended to promote investment and encourage employment through incentives characterized by a certain inter-sectoral neutrality. The measures provided for in this charter concern: tax charter reductions relating to transactions involving the purchase of equipment, tools, capital goods or land needed for investment purposes, the promotion of employment and regional development.

3. Beneficiaries and mechanism

The investment incentive measures provided for in the charter are horizontal in nature and benefit every sector of activity.

4. Background and authority

Framework Law No. 18-85 establishing an investment charter promulgated on 8 November 1995.

5. Duration of the subsidy

The investment charter will continue in effect for 10 years from the date of its entry into force in January 1996.

II. PROGRAMME OF SUPPORT FOR THE FINANCING OF ECONOMIC AND SOCIAL DEVELOPMENT

1. Title or description of the subsidy

Hassan II Fund for Economic and Social Development.

2. Objective of the subsidy

In general, the Hassan II Fund provides financial assistance for any project that contributes to the promotion of investment and employment.

3. Background and authority

Law No. 36-01 establishing the Hassan II Fund for Economic and Social Development promulgated on 29 January 2002.

4. Form of the subsidy

The support provided by the Fund takes the form of a direct contribution to investors.

5. Beneficiaries and mechanism

New investment projects and extensions investing more than DH1 million in capital equipment qualify for assistance from the Hassan II Fund.

6. Amount of the subsidy

The amount granted by the Hassan II Fund for the investment projects in question is of the order of DH595 million.

7. Duration of the subsidy

The subsidy ends when the amount allocated is exhausted.

III. INCENTIVES FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)

1. Title or description of the subsidy

Incentives for Small and Medium-Sized Enterprises (SMEs)

2. Objective of the subsidy

The purpose of the State support is to preserve an environment that favours the establishment and promotion of SMEs.

3. Background and authority

Law No. 53-00 establishing a charter for Small and Medium-Sized Enterprises (SMEs) promulgated on 23 July 2002.

4. Form of the subsidy

The State support takes the form of a guarantee fund for loans made in connection with the establishment of a budding enterprise.

5. Beneficiaries and mechanism

The purpose of the loan guarantee fund is to cover the risk incurred by credit institutions participating in the financing of the investment projects of young entrepreneurs.

IV. EXPORT FREE ZONES

1. Title or description of the subsidy

Export free zones.

2. Objective of the subsidy

The objective of the measures taken within the framework of this programme is to promote and encourage employment.

3. Background and authority

- Law No. 19-94 on export free zones promulgated on 26 January 1995.
- Law No. 1-76-366 of 23 April 1974 as amended by Law No. 1-92-282 of 29 December 1992 on export insurance.

4. Form of the subsidy

The measures in question are fiscal in nature.

5. Beneficiaries and mechanism

Any enterprise that establishes itself in a free zone is eligible for these incentives whatever the sector of activity.

Such enterprises benefit from:

- Exemption from registration fees and stamp duty;
- exemption from Value Added Tax (VAT);
- exemption from the National Solidarity Contribution (PSN) on profits subject to Company Tax (IS);
- exemption for the first 15 years of operation from the trading licence tax and the urban tax;
- exemption from Company Tax (IS) for five years from the date of commencement of operations and reduction of the IS rate to 8.75 per cent for the next ten years;
- exemption from General Income Tax (IGR) for five years and application of a rebate of 80 per cent on that tax for the next ten years.

V. EXPORT INSURANCE SYSTEM

The Export Insurance mechanism is intended to support the commercial efforts of exporters by protecting them from risks such as political and transfer risks, exceptional commercial risks relating to credit insurance, and risks relating to fair and market development insurance.

Fair Insurance: This type of insurance guarantees exporters participating in a foreign fair or commercial event the reimbursement of part of the expenses incurred in connection with their

participation if they fail to do sufficient business to cover all their expenses, in particular those connected with renting and equipping a stand, transport, transport insurance, packaging of the exhibits, advertising, and staff travel and subsistence.

The reimbursement may not exceed 50 per cent of the expenses incurred.

Market Development Insurance: This insurance guarantees the exporter repayment of the expenses incurred in developing new outlets if the return is insufficient.

The repayment may extend to 50 per cent of the expenses incurred and the market development activities may relate to any country.

Credit Insurance: This insurance protects the exporter against the risk of non-payment due to political risk, natural disaster, exchange risk or any ordinary or exceptional commercial risk.

The percentage cover may not exceed 90 per cent of the debt insured.
