

# WORLD TRADE ORGANIZATION

RESTRICTED

G/STR/Q1/MAR/4

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(98-0231)

Working Party on  
State Trading Enterprises

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## STATE TRADING

### Reply to Question Posed by the United States<sup>1</sup> Concerning the Article XVII Notification of Morocco<sup>2</sup>

The following communication was received on 2 January 1998 from the Permanent Mission of Morocco.

#### Question

It is our understanding that the State Tobacco Monopoly of Morocco, the sole importer and distributor of cigarettes in Morocco, prohibits international trademark owners from accessing lower price market segments or from freely choosing which brands to market in the premium price segment. Moreover, it appears that excise taxes on imports are imposed on an *ad valorem* basis, resulting in higher excise taxes being imposed on imported cigarettes. Finally, it appears that non-Moroccan companies are restricted in their ability to manage internal distribution or marketing of their tobacco products. Could Morocco please provide further information on the structure and operation of its tobacco marketing and distribution system? Since this system appears to be in violation of national treatment provisions of GATT Article III, can Morocco provide us with an indication of when it intends to bring this system into conformity with its WTO obligations?

As has already been indicated (see document G/STR/Q.1/MAR.2), tobacco business activities in Morocco are carried out through a monopoly granted to the Tobacco Board, a private-law corporation whose capital stock is entirely owned by the State.

The monopoly, which concerns the procurement, manufacture and selling of tobacco, was granted to the Tobacco Board under an agreement dated 31 December 1967.

1. It may be seen from the business management of the portfolio of different product ranges and in particular the introduction of new brands of imported cigarettes on the domestic market, which is a matter concerning the Tobacco Board's business policy, that the Board has an open-market policy towards internationally marketed foreign brands such as those manufactured by Philip Morris, R.J. Reynolds Tobacco, SEITA France, etc.

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<sup>1</sup>G/STR/Q1/MAR/3

<sup>2</sup>G/STR/N/1/MAR.

2. With regard to duties and taxes having an equivalent effect, it should be noted that these are applied on an *ad valorem* basis, as follows:

	<u>Duty</u>	<u>P.F.I.</u> (Fiscal Import Levy)
Imported cigarettes	10%	15%
Unmanufactured tobacco	2.5%	15%

3. In the case of other excise taxes, it should be noted that the tax on tobacco is set at 65 per cent and applies across the board to all local and imported products.

4. As regards the possibility for foreign enterprises to engage in the manufacturing, distribution or marketing of tobacco in Morocco, this is not ruled out by the law, which provides for the possibility of granting full or partial exercise of the monopoly to other public or private entities. Thus, on 25 July 1997 Morocco signed an Agreement with the Spanish company Tabacalera covering various aspects of cooperation in the tobacco sector.

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