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United States and Morocco Sign Historic Free Trade Agreement

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Important step towards Middle East Free Trade Area

WASHINGTON – U.S. Trade Representative Robert B. Zoellick and Minister-Delegate of Foreign Affairs and Cooperation Taib Fassi-Fihri today signed the U.S.-Morocco Free Trade Agreement, an historic pact that will expand opportunities for the workers, manufacturers, consumers, farmers, ranchers and service providers of both Morocco and the United States. The agreement will also support the economic and political reforms of a key Arab partner while marking an important step towards President Bush's vision of a Middle East Free Trade Area by 2013.

"Step by step, the Administration is working to build bridges of free trade with economic and social reformers in the Middle East. Our plan offers trade and openness as vital tools for leaders striving to build more open, optimistic, and tolerant Islamic societies," said Zoellick. "In Morocco, Jordan, Bahrain, and elsewhere, we are laying the building blocks that will lead to President Bush's vision of a Middle East Free Trade Area."

The U.S.-Morocco FTA will immediately eliminate tariffs on 95 percent of bilateral trade in consumer and industrial products, with all remaining tariffs to be eliminated within nine years – the best market access package of any U.S. free trade agreement with a developing country signed to date. The agreement also significantly reduces barriers to U.S. agricultural products and services.

"Through free trade agreements we can embrace reforming states, encouraging their transformation and bolstering their chances for success even as we open new markets for American goods and services," said Zoellick.

Ambassador Zoellick praised the skill and dedication of his Moroccan counterpart as well as the Moroccan negotiators. "I would also like to thank the hard working professionals from USTR and the many other U.S. government agencies that helped craft this U.S.-Morocco FTA," Zoellick said. "I need to single out chief U.S. negotiator Cathy Novelli, the skillful architect of this accomplishment as well as Chief Agricultural Negotiator Al Johnson, without whom we would not have succeeded."

Zoellick noted the importance of Congressional passage of Trade Promotion Authority in 2002, and thanked business and farm leaders for their strong support. "I especially want to thank Congressmen Phil English, Lincoln Diaz-Balart, John Tanner and Chris John for the vision they have shown in advancing U.S. interests in a vibrant and reforming Middle East," Zoellick said.

Background:

Negotiations began in January 2003 and agreement was reached in March 2004. The draft text was made available to the general public on April 2, 2004, only one month after conclusion of the negotiations.

The signing of the final agreement took place in the Benjamin Franklin Room at the U.S. Department of State. Benjamin Franklin urged Congress to pursue the first treaty between the United States and Morocco, ratified in 1787, marking the beginning of the longest unbroken treaty relationship in U.S. history.

Morocco is an emerging market at the crossroads of Europe, Africa, and the Middle East that imports \$11 billion of goods each year. The United States currently exports an average \$475 million worth of products to Morocco each year. Leading exports include aircraft, corn, and machinery. Recently, U.S. exports of pharmaceuticals and fabrics have also increased. U.S. products entering Morocco face an average tariff of over 20 percent, while Moroccan products are subject to an average tariff of 4 percent as they enter the

United States.

In May 2003, the President announced his initiative to create a Middle East Free Trade Area by 2013. The initiative is designed to deepen U.S. trade relationships with all countries of the region through steps tailored to individual countries' level of development. For some countries, such as Saudi Arabia, Lebanon, and Algeria, the initiative involves working with them to join the World Trade Organization (WTO). In other cases, strengthening bilateral trade ties as a step towards a future free trade agreement is appropriate through a Trade and Investment Framework Agreement (TIFA). The United States now has a network of TIFAs with eight nations from Tunisia to Yemen. The United States currently has free trade agreements with Israel and Jordan and has recently completed negotiations with Bahrain.

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