



## Summary of the U.S. - Morocco Free Trade Agreement

**\*\*The information presented on this website is meant to serve as a guide. Only agreement text and the customs regulations issued to implement the agreement are definitive.**

If you have any questions about this Agreement, please contact Linda Martinich, Department of Commerce, Office of Textiles and Apparel, (202) 482-3588.

Status: Implemented on January 1, 2006

### **How U.S. Textile and Apparel Companies Benefit**

Through duty elimination, the U.S.-Morocco FTA (USMFTA) allows U.S. textile, apparel, footwear and travel goods exporters to be more price-competitive in the Moroccan market when competing with domestic suppliers and with third country suppliers that do not have duty benefits. Through the elimination of a variety of non-tariff barriers, the FTA further opens the Moroccan market to U.S. products. The FTA affords substantial benefits in a broad range of service sectors; enhances the protection of intellectual property; facilitates U.S. investments through predictable access and a stable business environment; and provides for open and fair government procurement.

### **Tariff Elimination**

Under the FTA, duties on qualifying textile, apparel, footwear, and travel goods have been eliminated.

Also see the [FTA Tariff Tool](#) for the duty-free status or reduced duties that apply to products eligible under U.S. free trade agreements.

### **Rules of Origin**

In order to take advantage of the duty reduction/elimination, products must qualify as "originating" goods under the terms of the Agreement. In general, the product must have sufficient U.S. or Moroccan content or processing to meet the criteria.

### **Textiles and Apparel**

For textile and apparel products, goods containing only U.S. or Moroccan inputs qualify. The rules for textile and apparel products are generally referred to as "**yarn forward**," which requires that the yarn production and all operation forward occur in either Morocco or the United States, but the fiber may be from anywhere. There are some exceptions in the rules requiring "fiber forward," and some requiring "fabric forward".

If a good does not meet the rule of origin requirements as indicated above, a textile or apparel product might be considered originating if all non-originating fibers and yarns make up less than a "de minimis" seven percent of the total weight of the product. Special provisions also apply to textile and apparel goods put up in sets for retail sale.

Tariff-Rate Quotas (TRQs) on Certain Apparel and Made-up Goods: The USMFTA contained a

provision that allowed for duty-free treatment for certain originating goods (listed in Annex 4-B, page 45 of the Agreement), subject to annual limits. These goods became duty-free on January 1, 2011.

**Tariff Preference Levels (TPL):** The USMFTA allowed for a certain quantity of fabric and apparel that did not meet the rules of origin to come in under a preferential tariff rate. These limited allowances for the use of yarn and fabric from a nonparty, referred to as TPL, allowed U.S. fabric and apparel exporters some flexibility in their inputs. The TPL was set at an initial level of 30,000,000 square meters equivalent (sme) for the first four years and was reduced over the next six years. **With the expiration of the TPL on January 1, 2016, all trade under the FTA must adhere to the yarn-forward rule of origin.**

**Limited Cumulation for Cotton:** The FTA also contains a special allowance for U.S. and Moroccan industries to use cotton fibers from least-developed sub-Saharan African countries. Preferential tariff treatment is allowed for certain textile and apparel goods (listed in Annex 4-A of the Agreement) that do not meet the rules of origin, but contain cotton fiber, classified in HTS heading 5201.00, that originates in one or more of the least developed sub-Saharan African countries designated in Article 6 of the Bulletin Officiel, No. 4861 bis -6 chaoual 1421 (1.2001), certains pays d'Afrique, as of the date of the entry into force of this Agreement. Goods containing such cotton and provided that the cotton fibers are carded or combed in the territory of a Party or of a designated least developed country may be accorded preferential tariff treatment up to 1,067,257 kilograms annually.

### **Footwear and Non-Textile Travel Goods**

The direct costs of the processing operations performed and value of each material produced in the territory of Morocco, the United States, or both, must be at least 35% of the appraised value of the good. Also, the article must be substantially transformed such that it is a new or different article.

(Note: Textile travel goods are included under HTS numbers: 4202.12, 4202.22, 4202.32, and 4202.92; textile footwear and footwear parts are included under HTS numbers: 6405.20, 6406.10 and 6406.99.)

### **Commercial Availability**

Article 4.3.3 of the Agreement provides for a consultation mechanism to consider whether the rules of origin applicable to a particular textile or apparel good should be revised to address issues of availability of supply of fibers, yarns, or fabrics in the territories of the Parties.

For information on commercial availability requests and modifications to the rules of origin, see the [Morocco Commercial Availability](#) webpage.

### **Measures to Prevent Circumvention of the Agreement's Rule of Origin**

The USMFTA contains additional measures to ensure that textile and apparel goods are not subject to fraud, such as transshipment. The parties agree that the exporting Party, at the request of the importer Party, shall conduct verification procedures to determine that a claim for origin of a textile and apparel good is accurate, allows the exchange of information between parties when suspicion occurs, and permits the importing party to suspend preferential tariff treatment to the textile and apparel good under suspicion or any textile and apparel good produced or exported by a specific company.

## **Documentation Requirements**

For qualifying goods in which USMFTA duty benefits are requested, the importer must make a claim of preference. The Agreement does not require that the importer provide a certificate of origin in support of the claim of preference. However, both the importer and the exporter have obligations to generate supporting documentation to back-up any claims of preferential treatment under the USMFTA.

To make a claim for preferential tariff treatment for a good, the importer must submit to the customs authority of the importing Party, on request, a signed declaration setting forth all pertinent information concerning the growth, production, or manufacture of the good. A requested declaration may require the following details:

- a description of the good, quantity, numbers, and invoice numbers and bills of lading
- a description of the operations performed in the growth, production, or manufacture of the good in the territory of one or both of the Parties and, where applicable, identification of the direct costs of processing operations
- a description of any materials used in the growth, production, or manufacture of the good that are wholly the growth, product, or manufacture of one or both of the Parties, and a statement as to the value of such materials
- a description of the operations performed on, and a statement as to the origin and value of, any materials used in the good that are claimed to have been sufficiently processed in the territory of one or both of the Parties so as to be materials produced in the territory of one or both of the Parties, or are claimed to have undergone an applicable change in tariff classification specified in Annex 4-A or Annex 5-A
- a description of the origin and value of any foreign materials used in the good that are not claimed to have been substantially transformed in the territory of one or both of the Parties, or are not claimed to have undergone an applicable change in tariff classification specified in Annex 4-A or Annex 5-A.

Moroccan customs officials may verify a claim of preferential treatment up to five years after the date of importation. Therefore, it is recommended that importers and exporters maintain documents relating to the importation of the good and all supporting documents for at least five years.

## **Intellectual Property Rights (IPR)**

The FTA's strong anti-piracy provisions mandate both statutory and actual damages under Moroccan law for IPR violations. Under these anti-piracy provisions, monetary damages can be awarded even when it is difficult to determine the actual amount of economic harm. Each government also commits to granting and maintaining the right for authorities to seize, forfeit, and destroy counterfeit and pirated goods and the equipment used to make them. The agreement also requires each government to provide criminal liability for internet piracy, even if there is no motivation of financial gain. Under its FTA obligations, Morocco will offer increased IPR protection and enforcement for copyrights, trademarks, geographical indications, patents, and undisclosed test data.

## **Government Procurement**

The FTA requires the use of fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures for procurement covered by the Agreement. Under the FTA, U.S. suppliers are permitted to bid on procurements for most Moroccan central government entities, as well as the vast majority of Moroccan regional and municipal governments, on the same basis as Moroccan suppliers. The anticorruption provisions

in the FTA require each government entity to ensure that bribery in government procurement is treated as a criminal offense or is subject to comparable penalties.

**Supporting Documentation**

[Full Text of Agreement](#)

[Textiles and Apparel Chapter](#)

[Rules of Origin](#)

[U.S. Tariff Elimination Schedule](#)

[Morocco Tariff Elimination Schedule](#)

[U.S.-Morocco Free Trade Agreement Implementation Act \(Public Law 108-302\)](#)

[ISAC 15 Advisory Committee Report on the USMFTA](#)