



*European Economic and Social Committee*

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**EU-Morocco Trade**  
**Relations**

Brussels, 4 March 2014

**OPINION**

of the  
European Economic and Social Committee  
on  
**EU-Morocco Trade Relations**  
(own-initiative opinion)

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At its plenary session of February 2013, the European Economic and Social Committee decided, under Rule 29(2) of its Rules of Procedure, to draw up an own-initiative opinion on

*EU-Morocco Trade Relations.*

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 February 2014.

At its 496th plenary session, held on 26 and 27 February 2014 ... (meeting of 26 February 2014), the European Economic and Social Committee adopted the following opinion by 179 votes to 3 with 3 abstentions.

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**1. Conclusions**

- 1.1 The EESC notes the deeper trade relations between the EU and Morocco. Nevertheless, it calls for greater civil society involvement in the design and implementation of the trade agreements and advocates the effective and broad inclusion of sustainable development.
- 1.2 The EESC notes Moroccan concerns that the new EU-Morocco trade agreements will continue to have a negative impact on its trade balance. Faced with growing scepticism within Moroccan civil society, the EU needs to respond with a trade strategy that not only promotes trade in goods, but also lays the foundations for creating decent skilled jobs, promoting the voluntary sector, consolidating labour rights<sup>1</sup> and protecting the environment.
- 1.3 So as to ensure that sustainable development standards are met after the Deep and Comprehensive Free Trade Agreement (DCFTA) comes into force, the EESC urges the European Commission's DG Trade to insist that a chapter on sustainable development be included in the agreement, setting out mechanisms for follow-up by civil society.
- 1.4 The EU will only experience the full potential of a new trade agreement with Morocco if progress is made on investment protection and legal certainty for investors is ensured. The EESC points out that the new trade Dispute Settlement Mechanism is an incentive for a more favourable trade environment.

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<sup>1</sup> In line with the provisions of the International Labour Organisation (ILO).

- 1.5 The EESC would, however, stress that civil society monitoring of the DCFTA sustainable development chapter ought to be coordinated by the Moroccan Economic, Social and Environmental Council and the EESC, given the representative nature of these bodies and the expertise they have in providing such follow-up.
- 1.6 The EU and Morocco should seek to enhance the full potential of such an agreement by increasing the levels of investment in all areas of training and in gender equality measures as soon as possible. They should give priority to the specific needs of young people and women and people from the most disadvantaged areas. The EESC believes that EU financial support programmes should contribute to advancing human rights and labour rights and legislation to promote equality.
- 1.7 The Mobility Partnership between Morocco and the EU will only open up new development prospects in the most vulnerable areas if substantial financial support is provided to strengthen legal and operational capacity and instruments. The management of migration flows and free movement of persons could be improved if civil society organisations were more actively involved.
- 1.8 Morocco relies on agriculture as one of the main drivers of its economy. New opportunities for Moroccan farming in the EU market should not result in the country's external dependence for basic raw materials, biodiversity loss and the disappearance of family farms<sup>2</sup>. Morocco and the EU should cooperate to ensure food security.
- 1.9 Ongoing negotiations for a Deep and Comprehensive Free Trade Agreement (DCFTA) should bring Moroccan legislation closer to the standards of the EU *acquis*. This will be a complex process and will require close and sustained cooperation with realistic time frames for important issues such as intellectual property or health and phytosanitary measures.
- 1.10 The EESC calls for Moroccan and EU economic and social stakeholders to be more actively involved in designing, monitoring and implementing trade agreements. In this connection the EESC advocates setting up a joint consultative committee comprising the Moroccan Economic, Social and Environmental Council and the EESC, on the basis of Article 85 of the Association Agreement, in order to enable organised civil society to monitor the impact of all EU-Moroccan agreements, including the overall impact of trade agreements between the EU and Morocco. Furthermore, direct relations between similar EU and Moroccan organisations should also be strengthened, supporting their initiatives in the context of social dialogue between workers and employers and in other areas.

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<sup>2</sup> See FAO definition of family farming. [www.fao.org/family-farming-2014](http://www.fao.org/family-farming-2014)

## 2. **Introduction**

- 2.1 The EU and Morocco have very strong bilateral relations which have resulted in important agreements, which include trade relations among their main pillars. The EU is not merely Morocco's main trading partner since it counts on Morocco as a primary strategic partner in the development of democracy and prosperity in the Mediterranean region.
- 2.2 Traditionally, EU-Morocco trade relations have been marked by intense and sometimes difficult negotiations over market access and the gradual liberalisation of tariffs. Agriculture has featured prominently in these discussions but now, since the liberalisation of the agricultural chapter is almost complete, a broader dynamic has been adopted, through new instruments, to improve the overall trade environment.
- 2.3 Morocco has embarked upon a complex process to get closer to the standards of the EU *acquis*. This effort should allow greater benefit to be drawn from the instruments of the new European Neighbourhood Policy and a higher degree of integration. The Kingdom of Morocco remains the main beneficiary of EU funds for technical and financial cooperation.
- 2.4 The EU's reaction to the "Arab Spring" focused on promoting trade relations with four Mediterranean countries: Egypt, Tunisia, Jordan and Morocco. The EU has stepped up negotiations with Morocco and other Mediterranean partners, while re-orientating its reading of the political and social situation in the region and overhauling its political strategy for the entire Mediterranean region.
- 2.5 Morocco has embarked upon a set of reforms that have led to a new Constitution which seeks to adapt to changes in the Mediterranean region and to meet the EU's conditions for moving towards greater integration. However, the EESC believes that the challenges remain immense and require continuous and coherent long-term action.
- 2.6 In this new outlook on trade, it is vital to consider ways to guarantee the effective participation of EU and Moroccan civil society in the design and implementation of the trade agreements, following the principle of civil society involvement in other recent trade agreements reached by the EU. These joint discussions should also consider the social and environmental concerns of a society which increasingly calls for future trade agreements to be guided by sustainability.

## 3. **Long-term EU-Morocco trade relations**

- 3.1 The EU is Morocco's main trade partner and foreign investor, followed at some considerable distance by the US and China, who in recent years have made an effort to step up trade relations with a Mediterranean partner.

- 3.2 Morocco has a service economy which has made significant efforts towards sector diversification in recent years. EU-Morocco trade occurs mainly in the processed products sector, transport equipment and machinery, food and chemical materials. Morocco is a high-potential economy but its economic growth has nevertheless fallen over the last year.
- 3.3 Its most important partner within the EU is France, followed closely by Spain and the United Kingdom, whose investments are concentrated in sectors such as tourism, services, banking and transport. Although Morocco has not felt the full force of the international economic crisis, it is beginning to suffer collateral damage from an uncertain economic context in sectors such as tourism, transport and migrant remittances. Poverty and widespread unemployment are at the root of the region's economic, migration and security problems. The European economic slowdown also has an impact on the situation.
- 3.4 Commercial ties have grown stronger over the last decade since the entry into force of the Association Agreement of 2000 and the Action Plan adopted in July 2005 as an integral part of the European Neighbourhood Policy. The Advanced Status granted in 2008 has opened up a new phase, taking association to a more ambitious and broader level. In 2012, a new trade Dispute Settlement Mechanism began to operate. During the same year, the agriculture and fisheries sectors were both the subject of controversial trade agreements. In 2013, the EU opened negotiations with Morocco on an agreement on the protection of geographical indications, which the parties hope to conclude by 2014.

#### 4. **The Arab Spring and the development of a new outlook on trade**

- 4.1 The Arab Spring has revived EU efforts to rework its role in this region by overhauling its activities, instruments and relations. The EU has adopted new instruments in an effort to provide a quick and coordinated response through a balanced and gradual liberalisation of trade to establish an area of peace and prosperity in the Mediterranean.
- 4.2 In May 2012, the Commission published the roadmap to guide the implementation of EU policy vis-à-vis its Mediterranean partners in the framework of the new European Neighbourhood Policy.
- 4.3 The promotion of trade relations with its Mediterranean partners, and Morocco in particular, has become an important objective for the EU in this new strategy, which seeks to overcome a political and economic context fraught with uncertainties.
- 4.4 On 1 March 2013, the EU formally launched EU-Morocco negotiations for an ambitious Deep and Comprehensive Free Trade Agreement. The objective, as already demonstrated in the similar agreements negotiated (but not yet finalised) with the EU's Eastern Partnership neighbours, notably Ukraine, Georgia and Moldova, is to go "behind the borders" to bring about greater regulatory coherence between the EU and specific neighbouring countries. It is to broaden traditional trade-related questions and address fundamental issues in order to

improve the global trade environment (protecting investment, public procurement, services, etc.), bring Morocco closer to the rules of the EU internal market and broach specific issues which had been sidelined during earlier negotiations (intellectual property, health and phytosanitary measures, etc.).

The European Commission has recognised the importance of this new agreement's chapter on social and environmental sustainability, following the precedent already set in every recent trade agreement reached by the EU. The EESC has also adopted several opinions calling on the EU also to prioritise social and environmental issues when negotiating free trade agreements.

## 5. Trade aspects of sustainable development - EU-Morocco negotiations for a DCFTA

- 5.1 The last stage in EU-Morocco relations will be determined by the opening of negotiations for a DCFTA. Once tariffs have been dismantled for agricultural and industrial goods, the main objective will be to improve the trade environment and bring Moroccan legislation closer into line with the EU *acquis*<sup>3</sup> This bilateral agreement is of the utmost importance because it will be the model for similar agreements between the EU and some of its most important partners in the southern Mediterranean.
- 5.2 The European Commission has decided to include a specific chapter on sustainable development in the negotiations. In fact, the EU commissioned an impact assessment from the consultancy Ecorys for the "sustainable development"<sup>4</sup> chapter of the agreement.
- 5.3 This study covers key issues to which the EESC would like to make a constructive contribution, so that both parties ensure that trade is used to foster sustainable development. Below are listed the key aspects which the EESC believes that the EU and Morocco must take into account to ensure that their deepened trade relations are consistent with economic, social and environmental development.

### Economic development

- 5.4 Morocco's trade deficit with the EU has increased in recent years, partly as a consequence of trade liberalisation agreements, and has generated a degree of scepticism in Morocco about the "opportunities" of the new agreement. Previous experience, based on agreements with the United States or Turkey, has heightened caution and concerns about excessive dependence on external resources. A flagship sector such as agriculture shows signs of growing Moroccan dependence on the importation of basic raw materials like milk and cereals, which

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<sup>3</sup> In 2015, Morocco is expected to submit a plan for legislative convergence with the EU *acquis*.

<sup>4</sup> Trade sustainability impact assessment (TSIAs) in support of negotiations of DCFTAs between the EU and the Kingdom of Morocco and the Republic of Tunisia.

undermines its food sovereignty. The trade strategy between the two parties must promote **production diversification**.

- 5.5 The European sector continues to call for greater investment protection to ensure the **legal certainty** required to facilitate foreign direct investment. The progress made in recent years should lead to additional changes in Moroccan legislation. European businesses continue to count on Morocco as a place where certain phases of "offshore" production can be relocated. Sectors relating to the automotive, aviation and electronics industries have been pioneers, but transparent regulation and new forms of collaboration with national businesses could create new opportunities.
- 5.6 The EU sees great potential for its businesses to benefit from new opportunities in the services and financial sector. For its own part, Morocco wants more EU funds to facilitate the complex process of legislative harmonisation.
- 5.7 The economic benefits of free trade with Morocco have often been concentrated in specific sectors or areas of the country, which has contributed to the marginalisation of the most disadvantaged areas. Impact assessments should make it a priority to analyse the advantages and risks for **local and regional communities**.

### **Social development**

- 5.8 The new trade boost must not be allowed to undermine the rights of workers. Trade union rights must be strengthened and the foundations set for creating **decent quality employment, in line with ILO standards**. A traditional failing of EU-Morocco trade relations has been the lack of job creation.
- 5.9 The EU and Morocco must **invest in training** so that the new opportunities can also benefit the lower skill strata, workers in disadvantaged areas, young people and women. The promotion of entrepreneurs, the reinforcement of cooperatives and the development of small and medium-sized enterprises should be a pillar of the new training strategy. Social economy initiatives should be promoted.
- 5.10 **The Mobility Partnership** between Morocco and the EU<sup>5</sup> is the outcome of intensive efforts by both parties to facilitate the free movement of people and to manage migration flows. The EESC welcomes the commitment of the EU and Morocco to give civil society organisations a greater role in monitoring the different points agreed by the parties.

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<sup>5</sup> The Joint declaration establishing a Mobility Partnership between the Kingdom of Morocco and the European Union and its Member States was signed in Brussels on 3 June 2013.

- 5.11 This partnership should contribute towards improving academic exchange, the transfer of research information and towards cultural and tourism flows. The brain drain is clearly a problem and must be addressed through specific provisions.
- 5.12 EU financial support to facilitate legislative convergence should promote the practical application of the legislation to promote **gender equality and fundamental rights**. It is not enough to generate more legislation to empower women; regular improvements must be seen on the ground and the work of civil society organisations should be supported.

### **Environmental development**

- 5.13 **The conservation of natural resources and biodiversity** is not incompatible with increased growth in trade. Trade liberalisation must not lead to an increase in activities with potential negative environmental impacts. The EU and Morocco must prioritise gradual environmental harmonisation, based on set time frames, despite the financial cost involved in aligning rules on health and phytosanitary protection, the management of industrial residues or water pollution.
- 5.14 Trade sustainability impact assessments carried out by the EU on its trade relations with Morocco have still failed to close a serious gap in these agreements; the **detailed monitoring** of their environmental impact as progress is made towards trade liberalisation. This makes it essential to give EU and Moroccan civil society the tools to support their authorities in the difficult task of pursuing economic growth and increasing trade without undermining the environmental protection required.
- 5.15 The negotiation of a **fisheries agreement** between the EU and Morocco<sup>6</sup> is an example of the need for all trade initiatives to entail respect for human rights, environmental sustainability and benefits for the affected local communities. The legitimacy of these agreements can only be ensured if they are combined with measures that guarantee their sustainability.

### **6. The question of agriculture: threat or opportunity?**

- 6.1 The agricultural sector is an important component of Morocco's social and economic fabric. In 2012, it represented 15% of its GDP and remains the main source of employment in the country, employing 43% of the working population and comprising 78% of rural jobs. Average pay in Morocco is between EUR 0.55-0.65/per hour<sup>7</sup>, seasonal workers have not been able to take full advantage of labour rights, and child labour on Moroccan farms persists.

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<sup>6</sup> On 24 July the European Commission and the Kingdom of Morocco concluded a new fisheries agreement which should put an end to an 18-month paralysis of the European fishing fleet in Moroccan fishing grounds. The European Parliament will have to endorse or reject the agreement, ensuring its environmental sustainability.

<sup>7</sup> Source: Moroccan National Federation for the Agricultural Sector (UMT).

The livestock sector is also important to Morocco's farming economy, representing 30% of agricultural added value and 20% of the rural working population.

6.2 Furthermore, the food industry plays a strategic role in the Moroccan economy. The sector comprises 1 700 businesses, which represent a quarter of the country's total industrial production.

## 7. **EU-Morocco agreement on agriculture**

7.1 Strong EU-Morocco agricultural ties date back to the Euro-Mediterranean Association Agreement signed between the European Communities and Morocco on 26 February 1996, and subsequent amendments introduced by new agreements. The most recent stage was concluded in 2012 with a new agreement on agriculture, which the European Parliament adopted by a majority.

7.2 Looking at the agricultural agreement alone, relations between the two countries have been difficult, especially with southern EU countries, due to competition in the fruit and vegetable sector, mainly as a result of quota overruns and at certain times alleged irregularities in the Moroccan entry-level prices for tomatoes, a flagship product of the agreement.

7.3 The EESC believes that criteria and clauses should be introduced in the EU-Morocco agreement on agriculture, making it possible to verify the impact of trade opening for both sides, in particular the impact on the environment and labour rights.

## 8. **Green Morocco Plan (Plan Maroc Vert - PMV)**

8.1 The framework of the agreement on agriculture is completed by two other future, closely interlinked actions: the Green Morocco Plan and the so-called "Advanced Status".

8.2 The 2020 PMV aims to increase the added value of the country's agriculture GDP and quadruple its olive oil production by 2020 to 340 000 tonnes, whereas its citrus production is to be increased from 1.5 to 3.7 million tonnes and its fruit and vegetable production from the current 4.45 million tonnes to 10 million tonnes. Meanwhile, the overall 5.3 million hectares used for cereal production will be scaled back to 4.2 million hectares. The Moroccan government claims that it intends to increase productivity even though foreign investment will go to the fruit and vegetable sector. As a result, Morocco's main priority is to improve its trade balance and to do this it has to support the export sector.

## 9. **Advanced Status**

9.1 On 17 April 2013, the Commission published the Joint Proposal for a Council Decision on the implementation of the EU-Morocco Action Plan implementing the advanced status (2013-2017), which explicitly mentions, as a first measure, "Modernisation and capacity-building in

agriculture with a view to trade liberalisation, in accordance with the perspectives of the Green Morocco Plan (Plan Maroc Vert - PMV)".

9.2 The agricultural improvements included in the plan to implement the advanced status already benefit from EU funds which go directly and exclusively towards supporting Pillar II of the Green Morocco Plan. In the last ten years, the EU has granted Morocco EUR 1 330 million in development funds. Between 2011 and 2013, another EUR 565 million were earmarked, including EUR 70 million through the support programme for Morocco's agricultural sector policies (PAPSA), followed by EUR 60 million for a second programme. Part of this EU support is being used to develop Mediterranean arboriculture, especially olive trees.

## 10. **Food security**

10.1 These measures to develop the agrarian economy will undoubtedly contribute to the objectives of Pillar I of the PMV: an increase in the export of predominantly irrigation-fed fruit and vegetables. It is with good reason that the outcomes of the models set out in the impact assessments published by Ecorys in 17 October 2013 forecast a possible expansion of the fruit and vegetable sector and plant products thanks to the DCFTA.

10.2 Morocco's laudable efforts to improve its agricultural efficiency run up against the shortage of arable land. Sixty-five percent of farmland is taken up by cereal production, followed by 11% for fruit trees (citrus fruit and olives); 4% for industrial crops (sugar beet and sugar cane) and another 4% for legumes and 3% for other fruit crops (tomatoes, strawberries, melons etc.). Fruit and vegetable crops are the spearhead of Moroccan exports.

10.3 The handicap for the development of Pillar II of the PMV is substantial: only 12% of surface area is utilised agricultural land, much of which is non-irrigated. Small family farms of under five hectares dominate the agricultural landscape (over 70% of all Moroccan farm holdings occupy less than a third of Moroccan agricultural land).

10.4 The transition from cereal production to intensive farming in Morocco is aggravating salinisation - something to which, moreover, we are no strangers in the northern Mediterranean - and affects 5% of the country's area. The EU must act to help ensure a balance between the two pillars of the PMV is achieved and to foster an agricultural sector geared to small farmers, since it is currently totally imbalanced in favour of export farming, which very largely excludes the majority of Moroccan producers. The next "ENPARD" pilot projects in Morocco could also open up new opportunities for them.

## 11. **The role of civil society**

### 11.1 **Reforms, freedom of association and civil society**

11.1.1 In the case of some countries in the region, freedom of association, in a more or less consolidated form, did not exist prior to the ongoing democratic transitions. However, in Morocco, independent associations representing workers, employers and other civil society associations pre-date the current reforms. These associations had freedom of action, albeit subject to certain limits and restrictions by the political authorities.

11.1.2 Reforms carried out in recent years have improved the situation, which is why Morocco's political liberalisation is held up as an example for other Arab countries to follow. Nevertheless, there are still areas which could be improved.

11.1.3 Civil society organisations are experiencing a period of growth even if many activists complain of enduring administrative barriers, especially with respect to formalities for registering associations.

11.1.4 It is worth noting that the institutional instruments adopted during the political reform include the establishment of a Moroccan Economic and Social Council in February 2011 (now the Economic, Social and Environmental Council) with advisory and assessment functions vis-à-vis the government, the House of Representatives and the House of Councillors with respect to economic, environmental, and vocational training policy orientations. The Moroccan EESC is also responsible for promoting and strengthening ties with social and economic stakeholders.

11.1.5 There are a number of associations that are not represented in the Moroccan EESC but which have a proven track record in defending women's rights and human rights in general or in fighting corruption.

11.1.6 Other advisory bodies regulated by the Constitution include the National Human Rights Council, the Central Observatory for the Prevention of Corruption, the Youth Council, the Council for the Moroccan Community Abroad, the Competition Council, and the Security Council. The councils for justice, family, gender parity and the national council for Moroccan languages and culture have yet to be established.

### 11.2 **European and Moroccan civil society participation in EU-Morocco agreements**

11.2.1 As already stated in the EESC's previous opinion on Morocco<sup>8</sup>, negotiations on the Association Agreement were concluded without sufficient prior consultation with economic and social organisations.

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<sup>8</sup> Opinion CES264/2010, rapporteur: Margarita López Almendáriz.

- 11.2.2 The Association Agreement in force does not establish a concrete mechanism for civil society participation in the agreement's follow-up and development.
- 11.2.3 Article 85 of the Association Agreement requires the Association Council to take measures to facilitate cooperation between the European Economic and Social Committee and its counterpart in Morocco.
- 11.2.4 Since the Moroccan EESC has already been established and cooperates closely with the EU EESC, the two institutions should call on the Association Council to set up a joint consultative committee, which could submit reports and requests to the Association Council and the Association Committee.
- 11.2.5 The joint consultative committee would comprise six representatives from the Moroccan EESC and six EU EESC members, who would hold two meetings a year, alternating between Morocco and the EU.
- 11.2.6 It would also be appropriate to establish other mechanisms to complete participation in EU-Morocco relations, e.g. for social dialogue between employers and workers.

Brussels, 26 February 2014

The President  
of the  
European Economic and Social Committee

Henri Malosse

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