

## U.S.-Morocco Free Trade Agreement Market Access Results

### **Chemicals**

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#### **Trade and Tariffs**

The Chemical Harmonization Agreement defines the chemicals sector, and includes pharmaceuticals, fertilizers, agro-chemicals, and cosmetics. Chemical products accounted for 8 percent of total U.S. non-textile industrial exports to Morocco, averaging \$29.7 million<sup>1</sup>. Supported catalysts, polyethylene, and medications lead U.S. exports in this sector.

Moroccan tariffs on chemicals range from 0 to 50 percent, averaging 27.9 percent. The highest tariffs in this sector generally apply to herbicides and glues.

Moroccan exports to the United States in this sector were about \$26 million<sup>2</sup>, or about 9 percent of the country's total non-textile industrial exports to the United States.

The United States, as a party to the Chemical Harmonization Agreement, applies duties ranging from zero to 6.5 percent on most chemicals, with some 8 and 14 percent duties on rubber products.

#### **Tariff Elimination**

Tariffs will be phased out according to five tariff elimination categories: immediate elimination, equal cuts over two years, equal cuts over five years, and equal cuts over nine years and non-equal cuts over ten years. Duties on products in the last category will decrease by 3 percent for the first five years and then by 15 percent until duty-free in year ten.

Overall, 70 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on 3 percent of exports will be eliminated over five years. Duties on the remaining 27 percent of U.S. exports will be eliminated over nine years. Only one product (used pneumatic tires), will be subject to non-linear tariff elimination in Morocco.

The U.S. agreed to eliminate all duties on Moroccan chemical exports immediately.

#### Subsectors: Pharmaceuticals, Fertilizers and Agro-Chemicals, and Cosmetics

Pharmaceuticals: 61 percent of U.S. pharmaceuticals exports will be duty-free immediately upon implementation of the agreement. Tariffs on the remaining 39 percent of exports will be eliminated over nine years.

Fertilizers & Agro-Chemicals: 26 percent of U.S. fertilizers and agro-chemicals exports will be duty-free immediately upon implementation of the agreement. Tariffs on another 7 percent of exports will be eliminated over two years. All remaining duties will be eliminated over nine years.

Cosmetics: All Moroccan duties on cosmetics are to be phased out over nine years. The United States will eliminate all duties on cosmetics immediately.

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<sup>1</sup> Based on Moroccan Imports for Consumption from the United States (Average 1999-2001)

<sup>2</sup> Based on U.S. Imports for Consumption from Morocco (Average 1999-2001)