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Page: 1/6

**Committee on Subsidies and Countervailing Measures**

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## SUBSIDIES

### NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

#### MOROCCO

The following communication, dated 13 February 2019, is being circulated at the request of the delegation of Morocco.

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The attached notification from Morocco contains information on programmes granted or maintained in Morocco during 2017 and 2018.

Morocco initially drafted this notification, which solely concerns programmes for the maritime fisheries sector, to fulfil the commitment made under paragraph 2 of the Ministerial Decision of 13 December 2017, adopted at the Buenos Aires Ministerial Conference held from 10-13 December 2017 (WT/MIN(17)/64).

Nevertheless, with regard to other sectors, Morocco is collecting the necessary data to submit a complete notification as soon as possible.

Pursuant to Article 25.7 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement), this notification does not prejudice, under GATT 1994 and the SCM Agreement: (i) the legal status of the notified programmes; (ii) their effects; or (iii) the nature of the programmes themselves.

Data may reflect approximations, estimates, or preliminary information. Technical or legal inaccuracies may have been inadvertently introduced in the text, given the focus on making the description of the programmes sufficiently illustrative, but also straightforward and concise.

#### Table of Contents

<b>1 FISHERIES AND AQUACULTURE SECTOR .....</b>	<b>2</b>
1.1 Removal of taxes on energy products.....	2
1.2 Reduced VAT rate and import duty rate for fishing bait, nets and gear .....	2
1.3 VAT exemption for certain operations involving fishing vessels .....	3
1.4 VAT exemption and import duty reduction for aquaculture sector inputs.....	4
1.5 Programme for the modernization of the fisheries sector .....	5
1.6 Programme for the purchase of seines resistant to attacks by common bottlenose dolphins.....	6

## **1 FISHERIES AND AQUACULTURE SECTOR**

### **1.1 Removal of taxes on energy products**

1. Title of programme

Removal of taxes on energy products.

2. Period covered by the notification

2017 and 2018.

3. Policy objective and/or purpose

Full exemption from customs duties and all other duties and taxes on fuels and lubricants used for maritime navigation by fishing vessels sailing under the Moroccan flag. This tax removal aims to reduce the burden of the excessive taxation of energy products applicable to Morocco, for the benefit of certain professionals, including fishing professionals.

4. Background and authority

Article 164-1(i) of the Customs and Excise Code

Article 123-8 of the General Tax Code

Article 1 of Decree No. 2-85-890 of 18 Rabi II 1406 (31 December 1985)

Article 3(h) of the Dahir establishing Law No. 1-77-340 of 25 Shawwal 1397 (9 October 1977)

5. Form of the subsidy

Tax concession in relation to the local market retail price for energy products.

6. To whom and how the subsidy is paid

The subsidy is granted to vessels which comply with regulations and which must periodically justify the effective use of energy products for fishing operations.

7. Total amount

In 2017, the removal of taxes on fuels for vessels benefitting from this tax concession (of which fishing vessels make up only one part) amounted to around **145** million dirhams.

8. Duration of the programme

Not determined.

9. Trade effects

It is not possible to determine what, if any, trade effects result from the use of these measures.

### **1.2 Reduced VAT rate and import duty rate for fishing bait, nets and gear**

1. Title of programme

Reduced VAT rate and import duty rate for fishing gear and equipment.

2. Period covered by the notification

2017 and 2018.

3. Policy objective and/or purpose

Application of a reduced VAT rate (10% instead of 20%) with the right to deduction on fishing bait, nets and gear that are intended for maritime fishing professionals and purchased new.

Application of a reduced rate of 2.5% on import duties.

This measure ensures that shipowners purchase fishing equipment on the official market and that gear complies with national regulations.

4. Background and authority

Article 121-2 and 99-1 of the General Tax Code  
Article 164 bis-1(k) of the Customs and Excise Code

5. Form of the subsidy

Tax concession.

6. To whom and how the subsidy is paid

Shipowners.

7. Total amount

In 2017, the fiscal cost of the application of the reduced rate of 10% with the right to deduction on fishing gear and nets intended for maritime fishing professionals was around 50 million dirhams.

8. Duration of the programme

Not determined.

9. Trade effects

It is not possible to determine what, if any, trade effects result from the use of these measures.

**1.3 VAT exemption for certain operations involving fishing vessels**

1. Title of programme

VAT exemption for certain operations involving fishing vessels.

2. Period covered by the notification

2017 and 2018.

3. Policy objective and/or purpose

VAT exemption with the right to deduction on the sale, repair or conversion of seagoing vessels, including vessels engaged mainly in maritime navigation.

VAT exemption with the right to deduction on the sale, to navigation enterprises, fishing professionals and fishing vessel owners, of products intended for incorporation in seagoing vessels.

VAT exemption for imports of fishing vessels of any tonnage.

4. Background and authority

Article 92.1.33 of the General Tax Code  
Article 92.1.34 of the General Tax Code  
Article 123.9 of the General Tax Code

5. Form of the subsidy

Tax concession.

6. To whom and how the subsidy is paid

Shipowners.

7. Total amount

Not available.

8. Duration of the programme

Not determined.

9. Trade effects

It is not possible to determine what, if any, trade effects result from the use of these measures.

**1.4 VAT exemption and import duty reduction for aquaculture sector inputs**

1. Title of programme

VAT exemption for aquaculture sector inputs.

2. Period covered by the notification

2017 and 2018.

3. Policy objective and/or purpose

VAT exemption with the right to deduction on food intended for use as feed for fish and other aquatic animals, fish and aquatic animal larva, and spat.

VAT exemption for imports of food intended for use as feed for fish and other aquatic animals, fish and aquatic animal larva, and spat.

Reduction of import duties to 2.5% (instead of 25%) for fish feed under tariff heading 2309.90.90.82 within the limits of a quota of 15,000 tonnes per year.

The aim of these exemptions is to promote the development of the marine aquaculture sector in light of the burden of inputs on the cost of farmed fish production and the high subsidization of aquaculture by other countries.

4. Background and authority

Article 123-51 of the General Tax Code  
Article 8 of Finance Law No. 68-17 for the budget year 2018  
Article 92, paragraph 50 of the General Tax Code  
Article 6 of the 2018 Finance Law

5. Form of the subsidy

Tax concession.

6. To whom and how the subsidy is paid

Operators in the aquaculture sector.

7. Total amount

Not available.

8. Duration of the programme

Not determined for VAT exemptions.

From 1 January 2018 to 31 December 2023 within the limits of an annual quota of 15,000 tonnes for the application of the reduced import duty rate of 2.5%.

9. Trade effects

It is not possible to determine what, if any, trade effects result from the use of these measures.

**1.5 Programme for the modernization of the fisheries sector**

1. Title of programme

Programme to modernize fishing activities.

2. Period covered by the notification

2017 and 2018.

3. Policy objective and/or purpose

Programme for the purchase of standardized containers with the aim of preserving the quality of the catch and eliminating the use of wooden boxes to carry and transport fish.

Programme for the purchase of isothermic boxes with the aim of equipping vessels operating in the traditional fishing sector with boxes for carrying and transporting the catch.

4. Background and authority

Programme launched by the Department of Maritime Fishing in line with its "Halieutis" fishing strategy.

5. Form of the subsidy

Public investment.

6. To whom and how the subsidy is paid

Shipowners are the direct beneficiaries of the Programme.

Nevertheless, the implementation of the Programme benefits all operators in the fish distribution chain by ensuring a high-quality product that meets hygiene standards.

7. Total amount

260 million dirhams: total cost for the purchase of containers under the standardized container programme.

18 million dirhams for the two years (Mediterranean only): Programme for the purchase of isothermic boxes.

8. Duration of the programme

Programme for the purchase of standardized containers: subject to a time-limit.

Programme for the purchase of isothermic boxes: implementation staggered by geographical region. The South Atlantic is already covered. The North Atlantic will be covered after 2018.

9. Trade effects

It is not possible to determine what, if any, trade effects result from the use of these measures.

**1.6 Programme for the purchase of seines resistant to attacks by common bottlenose dolphins**

1. Title of programme

Programme for the purchase of seines resistant to attacks by common bottlenose dolphins.

2. Period covered by the notification

2017 and 2018.

3. Policy objective and/or purpose

This programme subsidizes the purchase of new seine nets by seiners operating in the Mediterranean that have experienced attacks by the common bottlenose dolphin ("*el negro*"), which is a protected species, most notably under the Agreement on the Conservation of Cetaceans in the Black Sea, Mediterranean Sea and Contiguous Atlantic Area (ACCOBAMS).

4. Background and authority

Programme launched by the Department of Maritime Fishing in view of the significant damage caused by dolphin attacks and the vulnerability of the fisheries sector in the Mediterranean.

5. Form of the subsidy

Direct subsidies.

6. To whom and how the subsidy is paid

The subsidy is granted directly to fishers using purse seines who suffer losses due to dolphin attacks.

7. Total amount

178 million dirhams for 2017 and 2018.

8. Duration of the programme

Subject to a time-limit.

9. Trade effects

It is not possible to determine what, if any, trade effects result from the use of these measures.

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