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Morocco

Grain and Feed

Imported Barley Exonerated from VAT

2005

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Report Highlights:

As a drought relief measure, the government decided to exonerate imported barley from the Value Added Tax (7%) through December 2005.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Rabat [MO1]
[MO]

The Government of Morocco decided to exonerate imported barley (non-malting) from Value Added Taxes (VAT) through December 2005. This drought relief measure aims to support farmers by making cheaper barley available. The same measure was taken by the government in June 2001 following the poor grain crop and removed the VAT on imported barley (1003009090) through December 2001. Whether the government is going to extend this measure beyond December 2005 will depend on the rainfall during the fall, which heavily impacts on pasture conditions and roughage supply throughout Morocco.

Normally, depending on its claimed final destination, barley was subject to the following VAT rates:

Harmonized Code	Commodity	VAT Rate OLD (%)	VAT Rate NEW (%)
10030011	Barley, Seeds for Planting	0	0
1003009010	Barley for Malting	20	20
1003009090	Barley, Other	7	0

Source: Office des Change (Ministry of Finance)

The barley exonerated from the VAT could be used both by the industrial feed mills or to be distributed directly throughout the country. It is believed that a good part of the imported barley that is distributed ends up being used also for human consumption especially in the central and southern parts of Morocco.

Starting September 2005, Morocco is expected to import large quantities of barley (as well as other non grain feed ingredients) to fill the gap resulting from the poor barley crop in 2005. Rainfall at the beginning of the rainy season (October 2005) will affect heavily the volume of imports next year as a large quantity of imported barley will be used for feed to, at least partially, compensate for the poor pasture conditions. AgAtt (MO5012) estimated that some 800,000 MT are likely to be imported before the next local crop comes into the market (June 2006).