

Voluntary Report – Voluntary - Public Distribution

Date: May 12,2020

Report Number: MO2020-0011

Report Name: Morocco Extends Suspension of Common Wheat import Duty until December 2020

Country: Morocco

Post: Rabat

Report Category: Agricultural Situation, Grain and Feed, Country/Regional FTA's, Trade Policy Monitoring

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Report Highlights:

On May 7, 2020, the Government of Morocco extended the suspension of customs duties on common wheat and its products through December 2020. This measure is intended to keep the cost price of imports at a competitive level and to build stocks.

General Information: On May 7, 2020, the Government of Morocco extended its suspension of customs duties on common wheat. The measure states that common wheat (ie all wheat classes except durum) as well as their products may be imported through December 2020 at nil tariff. Government sources report that the products covered by the decree fall under the HS Codes 1001990090 and 1001990019. This measure is intended to keep the cost of imports at a competitive level as well as build Morocco's wheat stocks. The [initial decision](#) to suspend customs duties was approved January 1, 2020.

Comment: The decision to lift wheat import duties throughout the summer months is unprecedented. Historically, Morocco raises tariffs during the summer harvest period in order to ensure strong prices for local wheat producers. This policy change was predicated on drought and local production which is expected to fall at least 50 percent below Morocco's 10-year production average. According to Morocco's April 24, 2020 production estimate, Moroccan common wheat production is forecast to fall to 1.65 million metric tons (MMT), durum wheat to .75 MMT and barley to .58 MMT.

Morocco is a regular importer of European and Black Sea wheat, but inconsistently imports U.S. wheat due to cost and freight considerations. Opening the Moroccan market throughout the summer months provides an opportunity for new crop U.S. hard red winter and hard red spring wheat exports, which are typically at their lowest price between June and September. USDA's Office of Agricultural Affairs in Morocco estimated on April 2, 2020 that Morocco will import 5.4 million metric of common and durum wheat in the 2020/21 marketing year.

The following is an unofficial translation of the government council press release issued on May 7, 2020. Begin translation:

“Government Council press release on May 7, 2020

Article 4: Approval of draft Decree No. 2.20.345 to extend the suspension of import duty imposed on common wheat and its products.

*The draft decree, which was presented by the Minister of Economy and Finance, seeks to give Moroccan actors access to the international market and take advantage of the opportunities that the expected levels of world agricultural production will provide in terms of prices and supply. Thus ensuring that the national market is supplied with this product in the best conditions, by extending the suspension of the import duty on common wheat and its products **until December 31, 2020** instead of **June 16, 2020**.*

This decision will reduce the price of common wheat at the port level from 310-305 dh/ql \approx (313-308 usd/MT) to 260 dh/ql \approx (263 usd/MT)*, which will reflect positively on the common wheat price in the local market.*

End Translation

**Exchange rate on May 7, 2020, (1 USD = 9.899 MAD)*

Attachments:

[MinAg Press Release Ar.pdf](#)