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Retail Foods

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Report Highlights:

This report provides U.S. exporters of consumer-ready food products with an overview of the Moroccan retail foods sector. Best product prospects are included in this report. Best prospects for U.S. products are dried fruits and nuts (pistachios, walnuts, non-pitted prunes, raisins, and almonds), dairy (milk powder, whey, cheese, butter), confectionary items and frozen seafood. In 2015, U.S. exports of consumer-oriented product to Morocco were valued at \$24 million.

Table of Contents

SECTION I. MARKET SUMMARY	4
Major Categories of Supermarkets	4
Trends in Distribution Channels	4
Trends in Services Offered by Retailers	6
SECTION II: ROAD MAP FOR MARKET ENTRY	8
A1. Large Retail and Wholesale Supermarkets.....	8
A2. Small Retail Supermarkets, Convenience Stores, Large Grocery Stores	11
A3. Traditional Markets - "Mom & Pop" Small Independent Grocery Stores.....	15
SECTION III. COMPETITION	16
SECTION IV: BEST PRODUCT PROSPECTS.....	18
SECTION V. POST CONTACT AND FURTHER INFORMATION	19

Executive Summary:

Morocco's food retail sector continues to develop as the economy becomes increasingly open. The arrival of western style food distribution outlets has changed the purchasing habits of a wide base of urban consumers throughout the country. However, traditional channels still dominate grocery retailing in 2016, with an 80 percent of the Moroccan retail food sector, and they will continue to play a major role in most parts of large cities and particularly in rural areas and small towns.

The concentration of high-income populations in Casablanca, Rabat, Tangiers and Marrakech has driven the existence of large supermarkets in these cities. The Casablanca-Rabat corridor accounts for about 50 percent of all modern supermarkets. Large supermarkets are currently in all major Moroccan cities (including Agadir, Tangiers, Fes, Meknes, Tetouan, and Mohammedia) and are increasingly being opened in even middle size cities (such as Beni Mellal, Khouribga and Oujda) as well as in lower-income areas of major cities, thus providing alternatives to traditional buying habits. In 2016, Marjane Holding maintained its leading position in hypermarkets with a 22 percent of market share ahead of Label'Vie (Carrefour Market), which holds about 15 percent market share.

Moroccan modern retail chains were heavily targeted by European multinationals, mostly French. They brought knowledge in supermarket management that Moroccan investors lacked. Most of the existing chains have, or had, at least some European participation. Some are increasingly consolidating purchases (food and non-food) in centralized purchasing departments in Europe while others are exporting their products to Morocco under their private label.

According to a 2016 Euromonitor survey, online grocery sales are seeing rapid development in Morocco, with the emergence of many new grocery websites, in addition to the development of the online ordering services of existing grocery retailers, which offer rapid delivery and also payment on delivery is a very important factor encouraging consumers to shop online, especially for those who are not yet confident sharing their bank card details online.

SECTION I. MARKET SUMMARY

Major Categories of Supermarkets

The Moroccan food retail sector can be divided into three major categories:

- Large modern retail and wholesale supermarket chains.
- Small supermarkets, convenience supermarkets, large self-service grocery stores and deep-discounters.
- “Mom & Pop” stores.

Imported, high-value food products typically do not reach the open-air markets that exist mostly in rural areas where the lower income segment of the population lives.

Trends in Retail

The food retail market has rapidly developed since the 1990s. It represents about 13 percent of the GDP. The government recently adopted a new strategy called RAWAJ 2020, which aims to create a significant number of modern retail stores. Industry members anticipate that the large-scale distribution will represent 30 percent of the national consumption in 2025, depending in particular on the demography, the growth of the urbanization rate, and the evolution of the consumers' purchasing behaviors. According to current estimates, modern food retail accounts for nearly 20 percent of total retail food sales in Morocco. Hypermarkets recently developed in the cities of Casablanca, Rabat, Marrakech, and they represent at present around 15 % of the food retail sales. Six supermarket chains are presented on the Moroccan market today, and are held by four operators, led by SNI (National Investment Company), holder of Marjane and ACIMA.

Morocco's food retail network witnessed significant changes with the expansion of a number of retail food outlets and opening of new ones. These included the partnership franchise arrangement between the French multinational Carrefour with the Moroccan supermarket chain Label Vie to create the new chain “Carrefour Markets”. Label Vie (Carrefour, Carrefour Market and Atacadao), the direct competitor to the local SNI (National Investment Company owner of Marjane Holding). Atacadao positions halfway between a hypermarket and a discounter. It targets both consumers with low purchasing power as well as professionals (including smaller retailers).

Table 1: Grocery retailers outlets by channel in Morocco (Units)

Outlet	2011	2012	2013	2014	2015	2016
Modern Grocery	1,665.0	1,756.0	1,858.0	1,944.0	2,104.0	2,250.0

Retailers						
- Convenience Stores	141.0	142.0	155.0	169.0	188.0	205.0
- Discounters	85.0	110.0	165.0	196.0	285.0	355.0
- Forecourt Retailers	1,142.0	1,169.0	1,193.0	1,217.0	1,258.0	1,307.0
-- Chained Forecourts	46.0	48.0	48.0	50.0	69.0	105.0
-- Independent Forecourts	1,096.0	1,121.0	1,145.0	1,167.0	1,189.0	1,202.0
- Hypermarkets	45.0	52.0	54.0	63.0	66.0	67.0
- Supermarkets	252.0	283.0	291.0	299.0	307.0	316.0
Traditional Grocery Retailers	235,898.0	236,784.0	237,705.0	238,712.0	239,846.0	240,569.0
- Food/Drink/Tobacco Specialists	38,688.0	39,106.0	39,505.0	39,940.0	40,367.0	40,777.0
- Independent Small Grocers	164,670.0	164,884.0	165,131.0	165,412.0	165,809.0	166,041.0
- Other Grocery Retailers	32,540.0	32,794.0	33,069.0	33,360.0	33,670.0	33,751.0
Grocery Retailers	237,563.0	238,540.0	239,563.0	240,656.0	241,950.0	242,819.0

Source: Euromonitor, trade associations.

Table 2: Number and Type of Retail Outlets in Morocco

Type of Store	Estimated Number*	Identified Supermarket Locations
Large Supermarkets (Including Independent) 12-32 registers, over 500 parking spots, Over 40,000 ft ²	76	Casablanca, Rabat, Sale, Marrakech, Agadir, Fes, Tanger, Meknes, Mohamedia, Kenitra, Tetouan, Temara, Safi, Oujda, Saidia, Essaouira, Nador, Khouribga, Beni Mellal, Kelaat Es-Sraghna, Al Hoceima , Fkih Ben Saleh , Taza .
Small Supermarket & Convenience Stores: 1. Small Supermarket & Convenience Stores (> 3 registers, >12,000 ft ²) 2. Small Self-Service Grocery Stores (2 registers, > 1000 ft ²)	205 316	Casablanca, Rabat, Marrakech Agadir, etc. Casablanca, Marrakech, Rabat, Agadir, Meknes, etc.
Mom & Pop Stores 1. 1000 ft ² 2. 226 – 1000 ft ² 3. Less than 226 ft ² 4. Small convenience Gas-Marts	560 5,000 240,569 205	Estimated 15,000 in Casablanca Marrakech, Casablanca, Agadir, and Rabat.

Source: Importers, Ministry of Commerce and Industry, Agricultural Affairs Office, Rabat

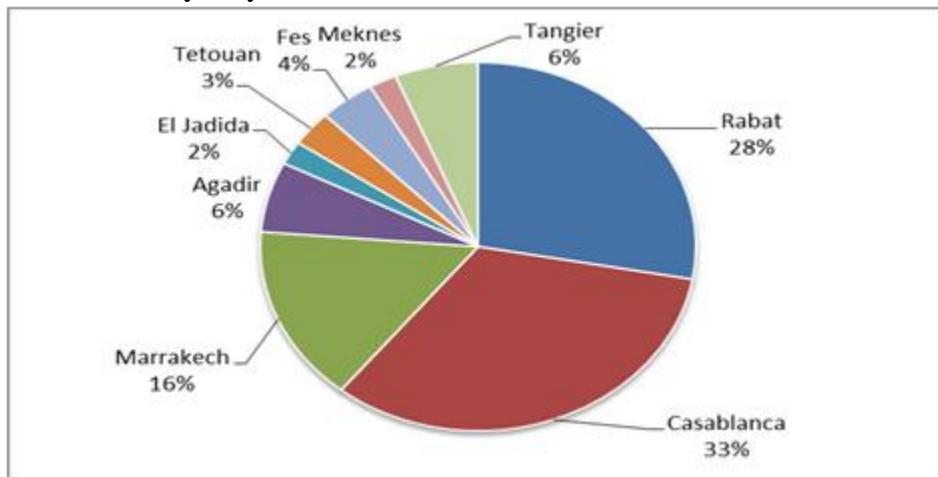
Trends in Services Offered by Retailers

Large supermarkets in Morocco tend to be located in small malls that include a large number of European and U.S. franchises for fast food, textiles, shoes, quick car repairs, banks, and car services. The number of adjacent shops varies from 10 to 25 and is meant primarily to attract a large number of visitors. Large supermarkets started a couple of years ago to allocate space for ready-to-eat food, which is becoming a familiar trend in Moroccan supermarkets and reflects the increasing habit of eating outside for a certain segment of Moroccan consumers. In many cities, the lack of adequate entertainment and amusement sites draws many Moroccan families to visit supermarkets to roam around where they often end-up buying or at least exposed to new products.

In an effort to attract the lower income segment of the population, large supermarket chains have developed their own private labels. The brands are being used for food and non-food products and some imported products are also being offered under the label “Most Economic”.

In 2016, the online grocery sales is seeing rapid development in Morocco, with the emergence of many new grocery websites, in addition to the development of the online ordering services of existing grocery retailers, which offer rapid delivery and also the payment on delivery is a very important factor which is encouraging consumers to shop online, especially those who are not yet confident sharing their bank card details online.

Figure1: All Retail Outlets by City



Source: Ministry of Commerce and Industry, Agricultural Affairs Office, Rabat

Table 3: Number and Type of Retail Outlets in Morocco, 2016

Type of Store	Estimated Number*	Identified Supermarket Locations
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Large Supermarkets (Including Independent) 12-32 registers, over 500 parking spots, Over 40,000 ft ²	76	Casablanca, Rabat , Sale, Marrakech , Agadir, Fes, Tanger, Meknes, Mohammedia , Kenitra, Tetouan, Temara , Safi , Oujda, Saidia, Essaouira, Nador, Khouribga, Beni Mellal, Kelaat Es-Sraghna. Al Hoceima, Fkikh Ben Saleh,Taza.
Small Supermarket & Convenience Stores: 1. Small Supermarket & Convenience Stores (> 3 registers, >12,000 ft ²) 2. Small Self-Service Grocery Stores (2 registers, > 1000 ft ²)	205 316	Casablanca, Rabat, Marrakech Agadir, etc. Casablanca, Marrakech, Rabat, Agadir, Meknes, etc.
Mom & Pop Stores 1. 1000 ft ² 2. 226 – 1000 ft ² 3. Less than 226 ft ² 4. Small convenience Gas-Marts	560 5,000 240,569 205	Estimated 15,000 in Casablanca Marrakech, Casablanca, Agadir, and Rabat.

Source: Importers, Ministry of Commerce and Industry, Agricultural Affairs Office, Rabat

*The total number of small supermarkets and small stores has to be taken with care as reliable statistics are not available.

Table 4: Advantages and Challenges of the Moroccan Market

Advantages	Challenges
34 million Moroccans, 10-15 percent of which can afford to buy imported products.	45 percent in rural areas. Limited purchasing power in small cities and rural areas
Morocco and the U.S. signed a free trade agreement that provides preferential access to many U.S. food products, especially on the medium and long term.	Currently, high prices on imported products.
Western-minded youth. Developing middle class. More women working outside the home.	Promotional activities very difficult in traditional outlets
Increased acceptance of packaged products.	Relatively small volume involved even in large supermarkets
There are very progressive and marketing oriented importers	Modern independent supermarkets require an entry fee for each new product.
Fast growth of modern distribution channels. More supermarkets are expected to open in the near future.	Proximity of Europe to Morocco: -Imports of small quantities are economically feasible. - EU is a traditional supplier. - EU suppliers are more aggressive.
Growing perception that supermarkets offer safer and cheaper products.	Multinational chains procure some food products through their home office and in many cases under a private label.

SECTION II: ROAD MAP FOR MARKET ENTRY

A1. Large Retail and Wholesale Supermarkets

Large retail in Morocco still represents only 12 to 13 percent of the retail market that is far behind certain countries, but with an annual revenue (17 billion DH) growth at a rate of 9 percent, an objective of 30 percent of the retail market in 2020, fixed by the Rawaj plan, remains realistic. This growth depends on the change of the Moroccans' consumption habits and the development of the urbanization. It is these two factors that encourage the big supermarket chains (Label Vie, Marjane, ACIMA and Asswak Assalam) to multiply their openings. Marjane Holding maintained its leading position in hypermarkets with a 22 percent of market share ahead of Label'Vie (Carrefour Market) with about 15 percent market share in 2016.

After the big metropolises, they are aiming now to conquer the small and average cities such as Taza, Beni-Mellal, Fquih BenSalah, Al Houceima, Kalaat Sraghna or Larache. Marjane Holding and Label'Vie have also oriented their strategies to 100 percent business to consumer and thus limited their transactions with wholesalers. This step has presented an interesting opportunity for Ynna Holding Group, which absorbed the majority of wholesalers and gave more attention to this channel.

The supermarket space in Morocco usually encompasses several private shops including pharmacists, fast-food chains, amusement centers, and in most cases gas stations. These stores have large parking lots that can fit up to 1,000 cars. Typically, these supermarkets are not in walking distance, which is likely to restrain the consumer base to medium-high class consumers. These supermarkets offer both food and non-food items. The number of different food items is often over 17,000 SKU and is believed to generally account for 40-50 percent of the total sales.

The race to openings of new retail outlets by these supermarket chains is, in the opinion of professionals, justified because of the Moroccans' demand for branded, more diverse, and high-quality products. These demands are offered by the large-scale retail that has the necessary logistics, and marketing. A study of the average basket in large-scale retail reveals that consumers first spend on staple commodities (flour, oil and sugar), second on fruits, vegetables, and dairy products, and finally on meat and fish to complete the shopping list. The average bill is 100 to 110 dirham (DH), or roughly \$10-11, in hypermarkets. In cash-and-carry stores, the range is from 500 to 700 DH as these stores attract mainly professional customers.

Moroccan consumers remain very price sensitive and actively search out sales. While many of the best prices can still be found in traditional "mom-and-pop" outlets, large-scale retailers have made inroads to lower costs through increasing economies of scale and buying power when negotiating with suppliers.

Modern food retail has supported the evolution of the Moroccans' consumer habits and contributed to the development of several sectors, including frozen products, which did not exist in the Moroccan market 10-15 years ago.

Entry Strategy

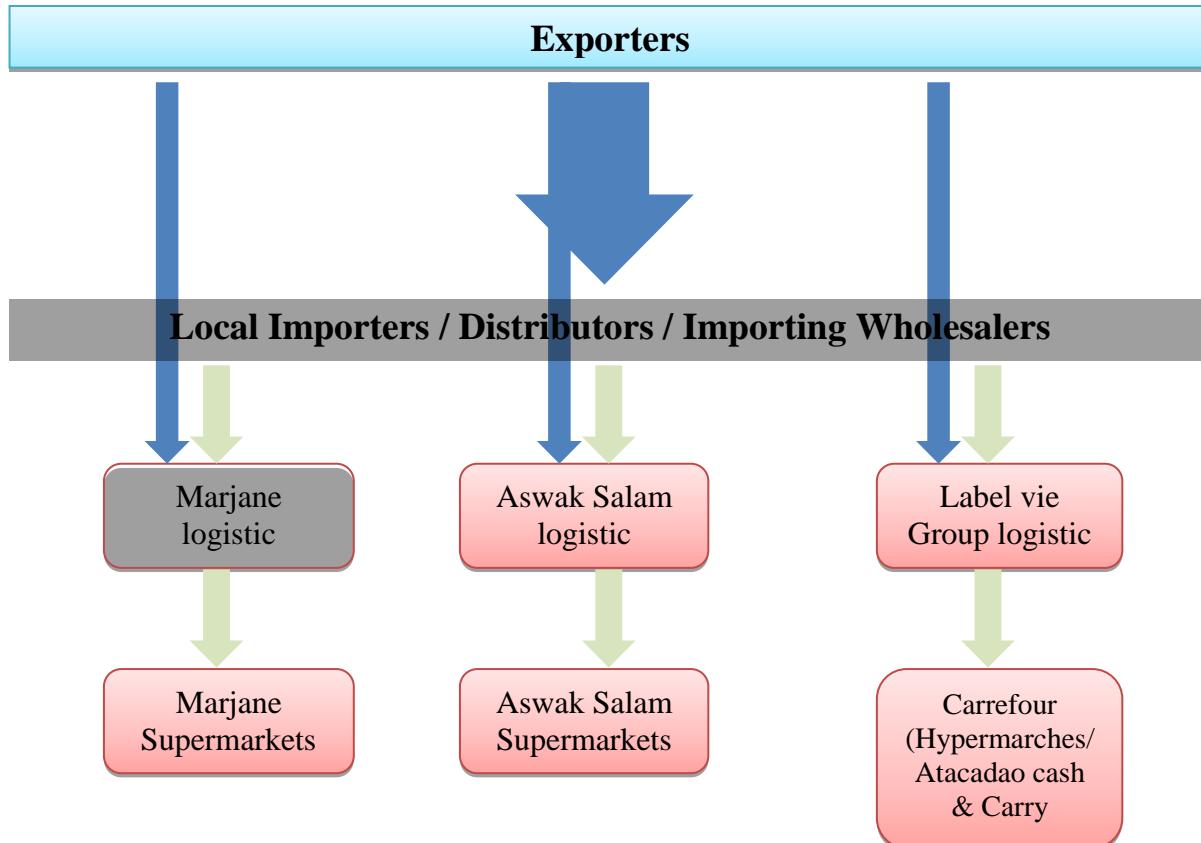
The best way to introduce new products to these supermarkets is to go through local importers because:

- Many have long experience and direct relations with supermarkets. Thus, they are in much

better position to negotiate space and promotional events.

- They have their own distribution fleet and are able to deliver in relatively small volumes.
- They carry out promotional activities regularly in these stores.
- They supply smaller supermarkets as well.
- Supermarkets might only work with well-established importers or in some case do import directly European label.

Figure 2: Modern Distribution Channel for Large Retailers



Source: Agricultural Attaché Office, Rabat

Local importers supply a large share of imported food products to the large supermarket chains in Morocco. Purchases (from local producers and from importers) by these large supermarket chains are typically handled by their headquarters in Casablanca. Since Marjane Chain and ACIMA convenience stores belong to the same company Marjane Holding – which is owned by the National Investment Company (Société National d'Investissement SNI) – food procurement (except fresh produce and meat) is handled by the central office in Casablanca.

Supermarkets in this category are aggressive in promoting their products. They publish monthly brochures and occasional flyers where the importers promote their products. Also, these supermarkets, especially Marjane, advertise regularly on the radio for available sales and discounts to attract

customers. The Marjane chain has been very aggressive in promotion over the past few years, as they have been organizing heavy radio advertising campaigns that claim cheaper prices, quality products and after-sales service for non-food products. They have also been promoting a card that provides interest-free delayed payments to consumers.

Moroccans are increasingly shifting to modern grocery channels rather than traditional. Hectic lifestyles and self-service shopping are the main factors behind this movement. Consequently, it is expected that many independent, small grocers will switch their existing businesses to discounters, as this new shopping concept is gaining share amongst retailers.

Company Profiles

Table 3: Morocco's Large Retailers

Retailer Name	Ownership	*Turnover (\$Mil.)	Est. # of Outlets	Locations and Number of stores	Purchasing Agent type
<i>Marjane</i>	The group SNI, owner of Marjane Holding group	\$1,000	38	5- Casablanca 2- Rabat, Marrakech, Meknes, Tanger, Fes 1- Sale, Agadir, Mohammedia, Safi, Kenitra, Tetouan, Oujda, Saidia, Nador, Khouribga, Beni mellal, Kelaat Es-Sraghna, Al Hoceima, Fkih Ben, Saleh, Taza	Buys from limited number of local importers / distributors. (Same buying platform as for small convenience stores chain, <i>ACIMA</i>).
<i>Atacadao</i> (formerly <i>METRO</i> wholesale Cash and Carry)	Managed by HLV SAS of which 95% Moroccan (Label Vie SA) and 5% belongs to Carrefour	\$300-350	10	2-Casablanca 1-Rabat, Fes, Agadir, Marrakech, Oujda, Tanger	Buys from local importers and/or imports directly under own private labels.
<i>Aswak Essalam</i> (No alcoholic beverages or pork sold)	Ynna holding 100 Moroccan	\$150-200	15	2-Rabat, Marrakech, Agadir, Tanger, Casablanca 1- Mohammedia, Kenitra, Emara, Oujda, Essaouira	Buys from local importers / distributors. Plans to open 2 new supermarkets each year
<i>Carrefour hypermarchés</i>	Managed by HLV SAS, of which 95% Moroccan (Label Vie SA) and 5% Carrefour	\$66-90	5	1-Casablanca, Fes, Marrakech, Sale, Rabat	Buys from local importers and/or imports directly under own private labels.

Source: Agricultural Affairs Office, Ministry of Commerce and Industry/* Estimation. Turnover

The supermarket stores Marjane first opened in Morocco in the early 1990's and was launched by

Morocco's largest consortium of private companies, the National Investment Company (Société National d'Investissement SNI). These supermarkets are very modern and are comparable to ones in the United States. They are usually located in relatively remote areas and thus are visited by higher-income consumers who are also the major buyers of imported food products. Marjane employs about 8,800 people and serves annually over 55 million customers at its 85 stores each year. Competing on the same segment with Marjane is Aswak Essalam supermarket chain. These are smaller supermarkets but comparable to Marjane stores in their concept as they also carry food and non-food and are considerably larger than other supermarkets in Morocco. Aswak Essalam does not carry alcoholic beverages or pork products in order to be perceived by the public as a more tradition-preserving, genuine Moroccan supermarket. Since 2013, Marjane removed alcohol from the shelves of all its hypermarkets.

The Department of Trade and Industry has developed the Vision 2020 Rawaj Plan for Retail Sector Development and Trade Distribution. The Rawaj Plan revolves around four main axes:

- The Large and medium distribution
- The Independent commerce
- Trade network and the franchise
- Public space merchants under the responsibility of municipalities (wholesale markets, slaughterhouses, and fish markets).

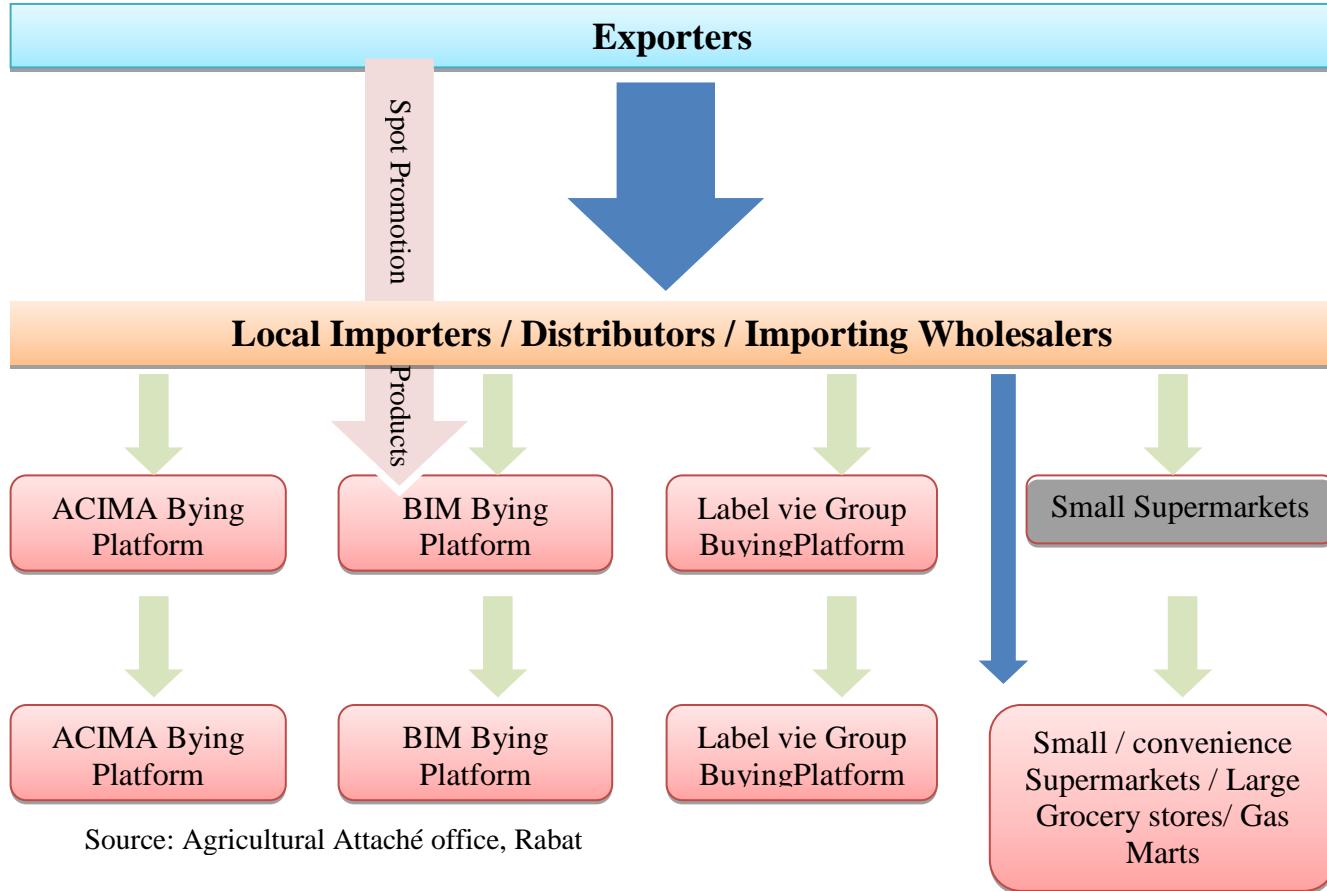
A2. Small Retail Supermarkets, Convenience Stores, Large Grocery Stores

Typically, supermarkets in this category don't get involved in direct imports because of the small volume involved. The supermarkets belonging to the largest chains ACIMA and Carrefour Market (Ex Label Vie) buy through their purchasing boards. Thus, importers will still play a major role to introduce new products to these convenience outlets because:

- Many have long experience in this market and have agents that work on a regular basis with these supermarkets and are in a better position to negotiate space and promotional events.
- They have their own distribution fleet that can deliver relatively small volumes.
- They carry out promotional activities regularly in these stores.
- These supermarkets work often with a relatively small number of suppliers that carry known brands that sell well.

Markets Structure

Figure 3: Modern Distribution Channel for Small Retailers



U.S. exporters will find it very difficult to sell directly to these supermarkets because of the small volume involved. Supermarkets, or their buying board for the existing chains, buy imported goods directly from importers. For the convenience store chain ACIMA, food purchases are combined with those of Marjane (see large supermarket chains section). On the other hand, some importers devote full-time sale agent(s) to deal with specific supermarkets. Eventually, the importer's trucks and utility cars deliver the imported goods to the supermarkets.

In addition, the small self-service stores may also purchase from local wholesalers if the quantities involved are very small. Both importers and wholesalers provide financing to supermarkets. Typically the importer's agents deliver the imported products to the supermarkets in small vans (panel trucks) or trucks.

Table 4: Morocco's Small Retailers

Retailer Name	Ownership	Turnover (\$Millions)	Est. # of Outlets	Locations	Purchasing Agent type
Small Supermarket Chain (ACIMA) (6 registers, typically > 20000 ft ²)	100 % local since August 2007. Same Owner as Marjane Supermarkets	\$250-300	40	12-Casablanca 3-Rabat, Tanger 2-Marrakech 1-Fes, Safi, Khouribga, Beni Mellal, El Jadida, Temara, Berrechid	Buying Board. Buys from Importers. Also through combined imports with Marjane Chain
Small Supermarket Chain (Carrefour Markets) (> 3 registers, >25000 ft ²)	95 % Locally owned by Label Vie SA and 5% owned by Carrefour	\$250-300	45	13-Casablanca 7-Rabat 2-Meknes, Mohammedia, Kenitra 1-Marrakech, Fes, Khemisset, Agadir, El Jadida, Settat, Temara, Safi, Sale	Buying Board. Buys from Importers. Import Also through combined imports with Carrefour
Small Supermarket (> 3 registers, >25000 ft ²)	Local – private	\$50-100	30	15-Casablanca 7-Rabat 3-Agadir	Buys from Importers, and wholesalers
Large grocery stores (Self-service, > 1 register, < 2000 ft ²)	Local -private	\$100-150	270	75-Casablanca 15-Marrakech, Rabat 10-Agadir	Buys from Importers and Wholesalers
BIM Hard discount franchise First shops in 2009	A Turkish Franchisee. (Groupe Birlesik Magazal A.S)	\$15-20	330	1-Casablanca, Rabat, Sale and plans to cover other regions.	Through its first centralized purchasing platform; project a second opening

Source: Importers, Ministry of Commerce and Industry, Agricultural Affairs Office, Rabat.

The first two groups (small supermarkets) are much smaller than Marjane but have a minimum of 20,000 ft² and 3 to 6 registers. These stores offer a wide variety of products including non-food items. The largest stores in this category also sell home appliances. Typically these supermarkets include butcher shops, sell frozen products and alcoholic beverages, and have relatively limited parking space. They are located in, or within walking distance to, medium to high-income neighborhoods. These supermarkets are appropriate outlets for imported products since they are frequented by medium-high income consumers and could be used to carry out in store promotion activities.

ACIMA convenience supermarket chain opened 40 supermarkets over the past ten years and they expect to open 5 new supermarkets annually in the coming years. In fact, ACIMA and the largest supermarket chain in Morocco Marjane belong to the largest consortium in Morocco Société National d'Investissement (SNI). These large convenience stores are meant to attract urban consumers from the traditional mom-and-pop shops and open-air markets where they would otherwise go. ACIMA as a

convenience store offers a much larger percentage of food products, including fresh fruits and vegetables. It is estimated that ACIMA supermarkets carry over 5,000 items.

The Carrefour Market (Ex- Label Vie) carries some 4,000-5,000 food items (40 percent of the total number of products carried). They make purchases mostly through importers but do get involved direct imports of private label and specialty products (including alcohol).

The deep-discount food outlets have been gaining ground recently in Morocco, with the Turkish deep-discounter BIM continuing to grow, now reaching 320 outlets, and the arrival of new-comers, such as the British group Costcutter. The Label Vie group also intends to get into the deep-discount market segment through its Atacadao stores.

Gas Marts

This category includes mostly gas-marts of 500 to 3,300 ft² with one electronic register and carrying mostly convenience food.

The first store of this category opened in early 1990's. More and more gas distributors are including this service in their best-located (near exit of the major cities) gas stations. This segment is likely to continue to develop in the future. These stores are usually more expensive and carry a large number of imported convenience items, especially snack food, non-alcoholic drinks, and confectionary.

Table 5: Gas Mart Retail Chains in Morocco

Retailer Name	Est. # of Outlets	Location	Purchasing Agent
Afriquia Mini-Brahim (Managed by Maroshop)	25	Casablanca, Marrakech, Agadir, Meknes, Settat, and highways.	Buys from Importers And distributors.
Mobile Gas Stations On the Run / Mobile Mart	16	Casablanca, Rabat, Marrakech, highway	Buys from Importers and distributors.
Shell Gas Stations (Select Shop)	24	Casablanca and highways	Buys from Importers and distributors.

Source: Agricultural Affairs Office

*No official data is available from the Moroccan Ministry of Commerce and Industry.

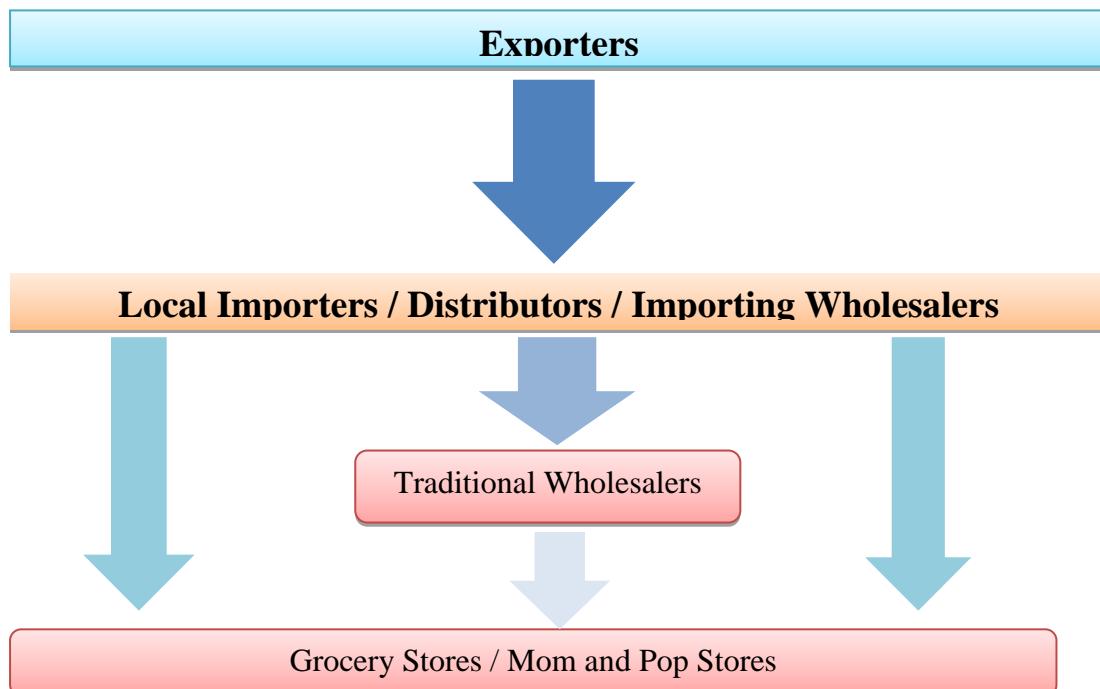
A3. Traditional Markets - "Mom & Pop" Small Independent Grocery Stores

Entry Strategy

To reach small mom-and-pop stores, imported products will have to go through importers and very likely sub-distributors. The quantities involved are too small and imported food products are sold only in larger shops or in shops that are located in medium to high-income neighborhoods.

Market Structure

Figure 4: Traditional distribution channel



Source: Agricultural Affairs Office, Rabat

Company Profiles

This category includes an estimated 45,000 grocery stores that are not in the above categories. Their size varies from less than 226 ft² (estimated 40,000 stores) to 1,000 ft² (500 stores). These shops have limited financial resources and are typically managed by one person. The consumer cannot help himself in this store because the goods are behind a counter. Therefore, the shop owner plays a major role in introducing new brands to the consumer. These shops are literally packed with a wide range of convenience and relatively low price food and non-food items. Depending on the location and size, some of these stores may have some imported products. Many of these stores in the cities have a refrigerator and a very small number have ice cream freezers. Convenience, proximity, and credit to the final consumer are their strongest assets.

SECTION III. COMPETITION

The Morocco-US free trade agreement (FTA) entered into force in January 2006 and provides U.S. exporters with new opportunities of exporting high-value, consumer-oriented products in the medium and long term. With an average duty on consumer-oriented products of about 50 percent and the phase out of duties under the FTA generally scheduled over 10 years, gains in market access and U.S. competitiveness has, for the most part, been fully realized.

In previous years, Moroccan imports of high value products from the U.S. have grown due to a weaker dollar compared to the Euro and more competitive U.S. prices. The most significant increase came from dairy products used as ingredients by the food industry (butter, skim milk powder, dairy ingredients, whey, and cheese) or to be resized and repackaged locally for retail sale (butter).

However, Moroccan imports of U.S. consumer-oriented products directly from the United States are rather marginal as noticed when visiting Moroccan supermarkets or retail shops. The main reason for this small share is the geographical distance and the absence of a regular direct shipping line between Morocco and the United States. In practice, the long shipping time (up to 45 days because transit by Europe is necessary) excludes most products with limited shelf-life from being exported to Morocco. This situation, however, may improve in the coming years with the opening of a direct shipping line between the Moroccan port of Tanger-Med and the port of Norfolk, VA in the U.S. East Coast.

Moroccan consumers (and importers) are more familiar with European (French and Spanish) products and lifestyle. Middle and high-income classes in Morocco also tend to watch more French and Spanish TV channels in the Northern part of the country where competitor products have an advantage in direct and indirect advertising. European exporters also regularly visit Morocco and offer their products to importers and distributors. Most of the key Moroccan importers also regularly visit food trade shows such as SIAL (Paris), ANUGA (Germany), ALIMENTARIA (Spain), and Gulfood (Dubai), where they meet with European and Asian producers and exporters.

Locally produced goods continue to account for the largest share of food products sold in local retail outlets. Imported consumer-oriented food products, because of their generally high price (high duties), are mostly sold in supermarkets and grocery stores located in higher income neighborhoods. It is estimated that only about 10-15 percent of the population repeatedly buy imported products. The local industry produces a relatively limited number of products that in many cases can hardly keep up with the high quality and diversity of imported products put on the supermarket shelves every day.

Table 6: 2015 Morocco Imports by Product Category

Product Category (Total Imports)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Dairy (\$204 million)	21% - New Zealand 18% - France 13% - Netherlands	-Price competitive. -Some major U.S. suppliers have their representative/agent in	-Very seasonal production. -Morocco is a net importer of butter and skimmed milk

	7.5% - Ireland 5.6% - Belgium 4.8% - United States	Morocco but importers more exposed to other suppliers. -U.S. products have good reputation for quality.	powder for production of milk derivatives (yoghurts). -Virtually no cheese production (except for spread cheese)
Tree Nuts (\$9.4 million)	60% - United States 60% 7.9% - Cote d'Ivoire 6.6% - Indonesia 5.0% - Spain	Pistachios are duty-free under the Morocco-US FTA.	-Extensive pass-through via two Spanish enclaves in the north of Morocco.
Processed Fruit and Vegetables (\$61 million)	19% - Egypt 11% - Spain 11% - France 10% - Syria 10% China 6% - Netherlands 6% - Germany 5% - Belgium ... 1% - United States	-Major European brands are represented by local importers. -Price competitiveness for canned corn from Thailand.	-Most of the consumption is canned mushroom, sweet corn, asparagus, palm, and pulses. -Except for the traditional canned peas, and tomato paste, other products are basically not produced by local manufacturers
Beverages (\$77.7 million)	91% - European Union 1% - United States	-Well established brands. -Competitors are represented/have agents in Morocco. -Most hard liquors come in duty free under the US-Morocco FTA.	-Some local production (mostly wine and beer). -Morocco population is 99% Muslims. -Consumption is tolerated.
Seafood (\$174 million)	30% - Netherlands 12.5% - China 12.3% - Spain 7.4% - Canada 7.1% - Greenland 4.5% - Argentina 4.0% - Norway 2.7% - Senegal	-Most seafood can come into Morocco duty-free under the FTA. -Great potential for US products.	-Moroccans are mostly used to purchasing fresh fish (not frozen). -Traditional distribution channels not suited for frozen fish. -Moroccan consumer is familiar with few fish species.
Fresh Fruit (\$137 million)	Competition from Tunisia (Dates); Ghana, Costa Rica (Banana); and Italy, Spain & France (Apples)	-US has a tariff-rate quota under the FTA open February to May -EU has a duty-free quota for apples. -Market expected to grow.	-No significant production for Red Delicious. -Inconsistent quality.

Source: Agricultural Affairs Office, Moroccan Customs Data (Office des Changes 2015)

SECTION IV: BEST PRODUCT PROSPECTS

Products present in the market that have good sales potential:

- Canned Fruit and Vegetables
- Health and Diet products (not organic)
- Confectionary
- Dried Fruits and Nuts (Almonds, Pistachios, Dried Prunes and Raisins, Walnuts)
- Popcorn
- Dairy products, including Butter

- Breakfast Cereals / Biscuits and Crackers / Flour Mixes
- Pulses (Lentils / Chickpeas / Green beans / White beans)
- Sauces including hot, Asian, BBQ, Salad dressings
- Snack Foods, including Diet Snacks
- Pet Food
- Wine

Products Not Present in Significant quantities but which have good sales potential:

- Pistachios / Pecans Preferential Access under FTA
- Garlic Preferential Access under FTA
- Mushrooms Preferential Access under FTA
- Soy Sauce Preferential Access under FTA
- Spaghetti Preferential Access under FTA
- Seafood Preferential Access under FTA
- Rice

Products Not Present because they Face Significant Barriers

- Meat Customs duties
- Cheese Customs duties
- Poultry Customs duties

SECTION V. POST CONTACT AND FURTHER INFORMATION

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Reports that might be useful to U.S. exports of consumer-oriented food products to Morocco (can be found at website: <http://www.fas.usda.gov>)