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Foreign Labor Trends: Morocco

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Foreign Labor Trends

Foreign Labor Trends

Morocco



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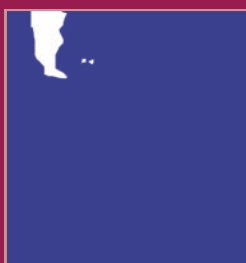
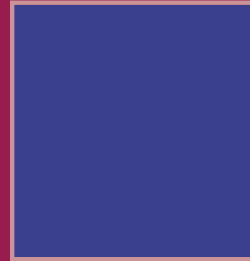
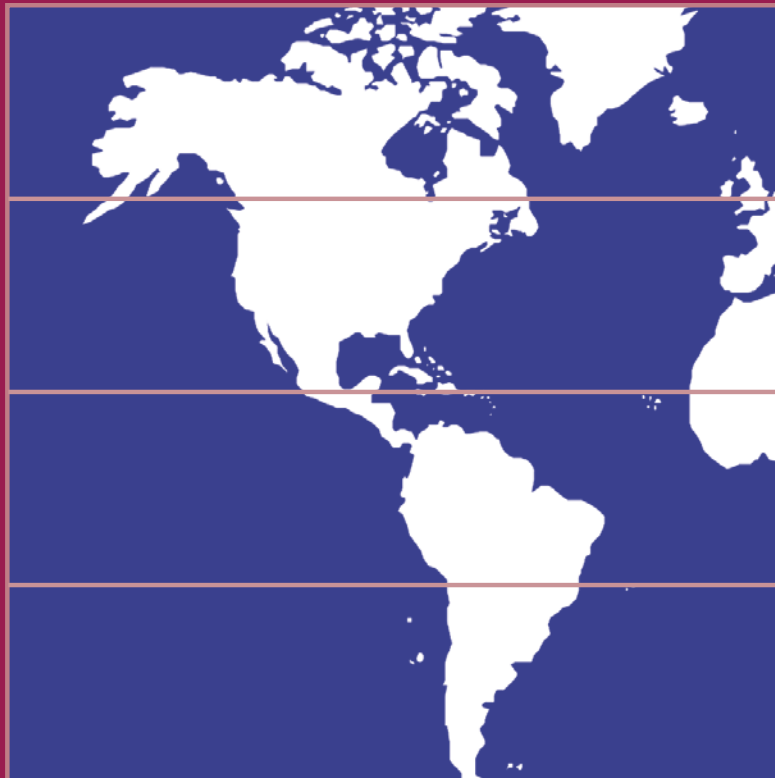


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KEY LABOR INDICATORS

Morocco 2002

<u>INDICATOR</u>	<u>1999</u>	<u>2000</u>	<u>% CHANGE</u>
1. Per capita GDP current prices (US\$)	1,235	1,300	5.3
2. —, in Agriculture (%)	16	16	0.0
3. —, in Manufacturing (%)	30	30	0.0
4. —, in services	54	54	0.0
5. —, (Dh)	12,151	12,183	0.3
6. Population, total (millions)	27.8	28.2	1.4
7. —, major ethnic groups (%) ¹			
Arab-Berber	99.1	99.1	0.0
Jewish	0.2	0.2	0.0
Other	0.7	0.7	0.0
8. —, in major urban areas (%)	53.8	54.5	1.3
9. Birth rate (per thousand population)	22.8	22.4	-1.8
10. Life expectancy at birth, total	68.8	69.5	1.0
11. —, male	67.1	67.5	0.6
12. —, female	70.7	71.5	1.1
13. Adult literacy rate (over 15 years, %)	52	52	0.0
14. Labor force, civilian, total	48.1	54.4	13.1
(age 15+ of population, %) ²			
15. —, male (%)	79.3	n/a	~
16. —, female (%)	20.7	n/a	~
17. Employment, civilian, total	10,042	n/a	~
(organized sector, 000) ³			
18. —, in industry (000)	2,166	n/a	~
19. —, in free trade zones	n/a	n/a	~
20. —, in agriculture (000) ⁴	4,563	n/a	~
21. —, in services (000)	3,313	n/a	~
22. Unemployment rate (%)	13.9	13.6	-2.2
23. Underemployment rate (%)	n/a	n/a	~
24. Labor productivity, manufacturing (% change)	n/a	n/a	~
25. Work-related accidents and illnesses	n/a	n/a	~
26. Days lost from industrial disputes (000)	450	370	-17.8

¹ *The World Factbook 1999 and 2000*

² Government statistics show workforce of 10 million.

³ Government employs approximately one million people, representing one-tenth of the labor force.

⁴ Forty percent of the labor force is in agriculture, although the number decreases annually as rural inhabitants migrate to urban centers.

Morocco 2002

<u>INDICATOR</u>	<u>1999</u>	<u>2000</u>	<u>% CHANGE</u>
27. Minimum hourly wage rate (Dh) ⁵	n/a	8.78	~
28. —, (US\$)	n/a	0.83	~
29. Average yearly earnings industry (Dh)	n/a	48.3	~
30. Hourly compensation costs for production workers in manufacturing (US\$)	n/a	n/a	~
31. —, (Dh)	n/a	n/a	~
32. Hourly compensation costs for laborers (US\$) ⁶	n/a	n/a	~
33. —, clerical	n/a	n/a	~
34. —, mechanic	n/a	n/a	~
35. —, commercial assistant	n/a	n/a	~
36. Supplementary benefits as % of manufacturing earnings	n/a	n/a	~
37. Average hours worked per week ⁷	n/a	n/a	~
38. Unionization of labor (%) ⁸	6	6	0.0
39. Average personal income per year at current prices (US\$)	n/a	n/a	~
40. Average disposable income after taxes and withholding (US\$)	n/a	n/a	~
41. Percent of population beneath poverty level ⁹	n/a	n/a	~
42. Consumer price index (%) ¹⁰	n/a	n/a	~

n/a = not available

Exchange rate: US\$ 1= 9.593 Dirhams (Dh)(1998); 9.841 Dh (1999); 10.62 Dh (2000)

Sources: Ministry of Economic Forecasting and Planning, Statistics Department, Statistics Annual, 1996, 2000; Morocco in Figures, 1996-99, BMCE Bank.

⁵ Minimum wage rate per month is \$160.

⁶ The government does not report statistics for wages by sector. A survey in October 2001 found the following wages prevailing among international businesses and organizations (average annual gross salary in US\$ minimum-maximum) messenger: 4,219-7,465; driver: 6,412-10,987; sr. driver: 7,508-13,055; clerk, 7,476-11,799; secretary: 9,375-14,531; sr. secretary: 11,730-18,706; exec. Secretary: 16,333-26,351; finance clerk: 9,532-16,904; finance asst.: 14,974-24,955; sr. finance asst.: 21,762-34,539; admin. Clerk: 6,891-13,174; admin. Asst.: 16,919-23,761; sr. admin. asst.: 24,248-34,726; entry-level professional: 25,140-39,555; full professional: 34,626-53,275; senior professional: 48,549-70,966; manager: 68,591-91,312.

⁷ The average workweek for the public sector is 37.3 hours and for the private sector is 44-48 hours.

⁸ This is of the organizable workforce.

⁹ Estimate of population beneath poverty level in 1990-91 was 13.1 percent.

¹⁰ Consumer price index in 1998 was 2.5 percent and in 1999 was 1.9 percent.

SUMMARY

Labor-management conflict is rife in Morocco's industrial and service sectors. Absent a new labor code, social dialogue has been treading water while strikes have increased. In 1997, 30,000 workers went on strike; by 1999, this number had grown to 43,000. The number of workdays lost rose from 200,000 in 1997 to about 450,000 in 1999. Workdays lost declined 18 percent in 2000, falling to 370,000; however, the number of strikes increased to 440.

Economic changes have had repercussions in the social sphere. Urban unemployment is a serious problem, increasing from 12 percent in 1982 to 18 percent in 1996. In 2000, the Moroccan government officially estimated unemployment nationwide at under 14 percent; however, urban unemployment was close to 22 percent, and among urban youth (aged 15-24), it was 38 percent. In June 2000, unemployed university graduates embarked on long hunger strikes to highlight their precarious situation to the government. In addition, numerous demonstrations were organized to put pressure on the government to address the problem of unemployment.

Such a protest may, at least in part, be fueled by the process of democratization and consequent rise in expectations taking place in the country. Several incidents typify some of the problems surrounding labor conflicts.

Highlights of 2000

A six-week strike at Morocco's premier mineral water producer erupted into violence on February 2, 2000, after government security forces were sent in by the prosecutor to disperse workers and townspeople that had blockaded the factory. About 40 police officers were reported wounded in the clashes. Several civilians suffered injuries; however, no reliable figures are available. Eyewitnesses reported that the town's residents were shot at with rubber bullets, tear-gassed, and agitators arrested. Government sources claimed that workers and their supporters who had erected barricades, destroyed public and private property, and disrupted means of communication, triggered the police reaction.

In the lead-up to the clashes, a Moroccan court sent a clear message: while upholding the constitutionality of strikes, it stands ready to "prevent union freedoms from hindering the freedom to work." The aggrieved labor union, the Confederation Democratique de Travail (CDT), threatened additional unspecified action in the near future, criticizing a government it characterized as unresponsive to social issues.

Several months later, the CDT threatened to call a general strike, indicating its lack of confidence in the Youssoufi government. An eleventh-hour convocation by the Moroccan Prime Minister, of labor leaders, employers, and Labor Ministry officials averted the April 25 general strike, but resulted in significant government concessions. Driving a hard bargain, two leading syndicates (CDT and Union General de Travailleurs du Maroc (UGTM)) negotiated a 10 percent industrial minimum wage increase, public sector raises, conversion of temporary government workers to permanent status, universal medical insurance, earlier retirement eligibility for women, and a commitment to hire more civil service employees.

While the stalled social dialogue effectively was jump-started by this intervention, the independent UMT syndicate withdrew from discussions; employers cried foul, and outside observers denounced the concessions as deeply harmful to Morocco's financial well-being. CDT

union leader Amaoui burnished his credentials at the expense of the Prime Minister's Socialist Union of Popular Forces (USFP)-led coalition, the CDT'S political patron.

Another significant development in the Moroccan labor scene occurred during the usually quiet summer doldrums. August 3, 2000, saw Morocco's deadliest labor unrest in years when the nephew of a private transportation company owner drove a bus into a crowd of striking workers, killing three and wounding about 15, in an attempt to break-up the occupation and obstruction of the company's bus depot. Government security forces arrested the provokers, including the owner, and conducted an investigation into the six-week strike that culminated in this deadly incident. Union leaders of all stripes decried the loss of life, generally denouncing management's criminal behavior and disrespect for workers rights, while appealing to the King.

The Government, conspicuously quiet on the issue, may have not stepped in earlier with security forces to resolve the escalating dispute because of the widespread public condemnation it suffered for its heavy-handed intervention breaking up a bottling company strike in January. This incident further underscored for observers of the labor sector the need for Moroccan social partners to institutionalize a conflict resolution mechanism to prevent labor disputes from erupting into violent and sometimes deadly exchanges.

About 200 employees of a major U.S.-owned textile firm illegally staged a sit-in for about 3 weeks in September, blockading one of the company's three Casablanca facilities and halting production. The workers were not supported in this labor dispute by their union (CDT). Management sued the workers, requesting a judgment to expel them on the basis of an illegal disruption to the means of production. A rapid court decision was promised but never materialized. Local authorities seemed reluctant to use security forces against the workers, even if a ruling to disband the workers had been made. The company lost about US\$ 1.2 million; each week not on-line cost another US\$ 250,000 in losses.

After a protracted two weeks of false starts and dashed hopes in the quest to end the labor sit-in at the facility, labor-management negotiations ended successfully on September 29, with a compromise that saw the return of all workers to their stations on October 2. The U.S. Consul General coaxed management and worker union reps into resolving their differences, averting the permanent closure of the factory and withdrawal of a major U.S. investment from Morocco. Senior Moroccan government officials also weighed in with the necessary tacit pressure to effect a resumption of production, saving at least 1,200 jobs.

Violence re-emerged when Moroccan security forces beat striking workers in an Agadir canning facility in late November. One worker died (of natural causes away from the factory, it was later determined) and eight others were wounded. Twenty-one workers of the Islamist-affiliated UNTM (Union Nationale du Travail du Maroc) involved in the sit-in were arrested on November 27, but 20 were released one week later.

The union's party patron, the Islamist PJD (Justice and Development Party), condemned the violence and called for an immediate inquiry. Unions competing for membership in the factory may have played a role in triggering the aggressive security force response. Some speculate that the heavy-handed government reaction also may have been a thinly veiled message to agitating Islamists to cease any challenges to the government and its policies.

Labor Conflict Resolution

The mediation and conciliation services of the Moroccan Ministry of Labor at the local level are in great demand to defuse labor conflicts. Labor inspectors are called upon depending on the

seriousness of the situation. However, these same individuals devote little or no time to ensuring that labor law is enforced in the workplace despite the fact that this basic measure is likely to have a preventive effect on disputes.

Conflicts frequently turn violent, particularly when management seeks to adapt its production methods without consulting employees. Workers respond by seizing and occupying factories, bringing enterprises to a full stop, sometimes for weeks or months at a time. Unions insist that rights relating to employment, wages, and training be respected, and fight against precarious working conditions. Employers bemoan unclear labor laws and an unresponsive and inconsistent judicial system.

Labor and individual disputes commonly erupt because labor legislation, to deal with work situations or the demands of economic competitiveness, is nonexistent or inadequate, or because the parties to the dispute each has a different interpretation of vaguely defined legislation.

The conflict resolution mechanisms laid down by the labor laws currently in force, such as the conciliation and arbitration procedures the parties to the conflict themselves are required to establish, are used only infrequently and applied inconsistently.

A draft labor code, which has remained under discussion by the social partners for over 20 years, may be submitted to a parliamentary vote this year if consensus can be achieved. Significant fundamental points of disagreement persist, however, which may result in the vote being postponed or lead to the government sponsoring a code on which consensus has not been reached.

Relations between the trade unions, the employers association, and the state have also changed considerably. As enterprises were privatized and re-structured, the focus of labor relations shifted from dialogue between government and trade unions--where conflicts were more political--to dialogue between employers and trade unions. Although the state is no longer the primary employer, it is still finding it difficult to encourage and actively participate in tripartite negotiations as an honest broker. The labor unions, in particular, are skeptical of the government's ability to remain independent.

The social partners' desire and willingness to establish ongoing dialogue was expressed in the signing of two important tripartite agreements--those of August 1, 1996, and April 23, 2000 (the UMT was not a signatory).

The April labor accord, known as the 19 Moharram Accord (after the Islamic date on which it was struck), provided the CDT and UGTM negotiators and signatories with a great sense of victory. Having achieved an increase in the industrial minimum wage, permanent status for formerly temporary civil servants, mandatory health insurance, optional early retirement for women, and not least an increase of about 17,000 public sector jobs, these two unions were riding high and could claim to have imposed their will on the government. The UMT, however, smarted from what it claimed was a labor sell-out at the 19 Moharram Accord, and denounced Minister of Employment Alioua as well as the Government for a continuing lack of respect for workers' rights.

Generally, agreements struck among the social partners advocate respect for freedom of association and the right to organize by all partners, as well as the development of collective bargaining, employment policy, low-cost housing, and social welfare. In spite of these accords, conflict over these issues continues, in particular because the social partners lack practical experience in bipartite or tripartite negotiations and the culture of social dialogue is relatively weak.

One solution to this problem lies in improving the dynamics of social dialogue through tripartite training and other innovative initiatives that encourage Morocco's democratic, economic, and social development.

Towards this goal to support the promotion and application of the International Labor Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work, the U.S. Department of Labor is funding a \$1.5 million technical assistance program to improve industrial relations in Morocco. The project will promote social dialogue in Moroccan enterprises by strengthening mediation skills and increasing the capacity of the Labor Ministry, employers, and unions to negotiate collective bargaining agreements.

The technical assistance should result in more proactive intervention by labor inspectors to prevent strikes and factory closures. The attendant benefits to Morocco are a more efficient economy, greater worker productivity, and a reduction in work-hours/days lost. Through institutionalization of a labor mediation and arbitration system, workers will enjoy collective bargaining agreements and strengthened rights.

BACKGROUND

Political Context

Morocco is a constitutional monarchy whose constitution was last amended in 1992. Establishment of a second chamber in Parliament, via a referendum held in 1996, was an important step in Morocco's continuing democratization. It has promoted decentralization of government and guaranteed representation for unions and other professional groups.

On February 4, 1998, following legislative elections of December 1997, the King authorized an "opposition" government to be set up for the first time since independence in 1956. Since then, the historical opposition forces (notably the Socialist Union of Popular Forces, or USFP, and the Istiqlal, or Independence Party) have taken part in government, with USFP's Abderrahman Youssoufi as Prime Minister. One of the objectives of the government is to modernize salary structures, particularly by reforming the Labor Code.

The accession of King Mohammed VI to the throne at the end of July 1999, gave new impetus to Morocco's democratization and its opening to European and world markets. The cabinet reduction and reshuffle of September 2000 was further evidence of the willingness to continue these efforts and pursue political and economic reforms.

Economic Context

Some 40 percent of Morocco's labor force works in agriculture, although that number decreases annually as rural inhabitants migrate to urban centers. The service and manufacturing sectors are second in employment importance, each absorbing about another 20 percent of the workforce. The percentage employed in these two sectors continues to grow, as Morocco's economy transforms from heavily agricultural, to one based on industry and services. The mining, agribusiness and textile industries dominate the industrial sector, while commerce and tourism are the main activities of the tertiary sector. Eighty percent of Morocco's production comes from small and medium-sized, mostly family-based, enterprises. The Government employs approximately one million people, representing one-tenth of the labor force. There are considerable inflows of remittances from Moroccans working abroad, particularly in Europe.

The private sector continues to grow, with non-agricultural GDP rising steadily at over three percent annually. Morocco's economic strengths, however, are offset in large measure by the country's demographic growth and related social problems, centralized political decision-making, and relatively heavy but declining debt burden. The most serious threat to its long-term prosperity comes from a demographic growth rate (2.1 percent annually) that outstrips its ability to create jobs.

According to the Ministry of Economic Forecasting and Planning, Morocco's population has surpassed 28 million, although that may reflect undercounting. It is projected to reach 35 million by 2010. About half of the present population is under age 20, placing great strain on educational resources and contributing to high unemployment. Moroccan government statistics set the country's workforce at about 10 million.

Unemployment among urban youth was officially estimated at 38 percent. King Mohammed VI recognizes that, along with fighting illiteracy, generating jobs is the greatest challenge to his country's economy as it enters the 21st century. His father, King Hassan II, had made employment the number-two national priority, behind only the resolution of the territorial dispute over the Western Sahara.

According to official statistics, per capita GDP for 2000 was about \$1,300. Living standards are higher than that, however, due to uncounted income from the thriving informal sector, smuggling, and remittances from Moroccans living abroad. The purchasing power equivalent of the per capita GDP is estimated at about \$2,500.

Morocco has not been bypassed by the technological and economic changes that have been shaping the world since the 1960s and 1970s. During the 1970's, however, while the world economy embraced liberal policies (opting for market economies and widespread privatization), Morocco found itself faced with mounting external debts and was required to adopt a stabilization policy. In 1983, the International Monetary Fund (IMF) recommended a structural adjustment program for a period of 10 years. The program was intended to permit the country progressively to transform essential economic mechanisms, in particular by means of privatization, the rescheduling of debt, and the abolition of price controls.

Morocco accepted new challenges by signing the 1994 GATT agreements that gave rise to the World Trade Organization (WTO). In 1996, Morocco signed an association agreement with the European Union (EU), which will eliminate tariffs on EU industrial products entering Morocco by 2012. Morocco began phasing in the EU association agreement in 2000. Most of Morocco's trade is with Europe; France alone accounts for about a quarter of Morocco's imports and over one-third of its exports. Morocco has been slowly lowering its external trade barriers, but continues to protect products and industries it considers to be essential.

A major challenge facing Morocco today thus is adapting its economy to changes resulting from globalization and upcoming implementation of the EU association agreement. World Bank reports underscore the progress made by Morocco over the past few years to liberalize its economy and open up to the world economy. The Government has made considerable efforts to promote the development of the private sector and institute reforms, such as the establishment of a new legal and regulatory framework for the finance sector.

The Government has pursued an economic reform program since the early 1980's. It has restrained government spending (although still suffers under a heavy public wage burden), revised the tax system (but collection remains inefficient), privatized the banking sector, followed appropriate monetary policies, eased import restrictions, lowered tariffs, and liberalized the foreign exchange regime. The reforms have contributed to lower inflation (a CPI increase of

0.7 percent in 1999) and narrower fiscal and current account deficits. An ambitious privatization program launched in 1993 is proceeding apace. The state telecommunications entity, Maroc Telecom, sold a 35 percent share to a foreign strategic partner, Vivendi. The national air carrier, Royal Air Maroc, may be privatized in the next several years, pending a better balance sheet. Some government entities such as the phosphate production monopoly, however, are considered strategic national assets and will not likely be privatized.

The country must still take measures to improve the competitiveness of its economy and individual enterprises. The latter need to be able to generate the added value and employment needed for Morocco's development. A study of the textiles and apparel industry (a sector comprising primarily small and medium-sized family businesses) carried out by the ILO in 2000 indicates that one of this industry's major problems is workers' generally low skill levels. Some 52 percent of Moroccans over age 15 are illiterate; this has a direct negative impact on the ability of Moroccan enterprises to adapt to newer and more competitive methods of production and introduce technology.

THE LABOR SECTOR

Morocco has at least 17 trade union federations, most of them small. The Union Marocaine de Travail (UMT), the Confederation Democratique de Travail (CDT), and the Union Generale des Travailleurs Marocains (UGTM) are the three federations, which have the most affiliated unions. The ILO, in a June 2000 ruling, found the UMT "the most representative union" in Morocco, primarily because of its long-standing collective bargaining agreements in most sectors, but also because it is the most independent, not being formally associated with any political party. A fourth federation, the Islamist UNTM, also has potential political and economic influence.

Union Marocaine de Travail (UMT)

The UMT, founded in 1955 on the French model of trade unions formerly present in Morocco under the Protectorate, long held the monopoly on collective bargaining. Most currently valid Moroccan collective labor agreements were signed by the UMT in the late 1950s. The UMT, led by Mahjoub Benseddik, also was often the sole representative in national or international labor organizations. Under the new politics of "alternance," the UMT begrudgingly has had to share that power with the other two leading confederations, the CDT and UGTM, which it considers illegitimate representatives of Morocco's workers. The UMT dismisses the UGTM and the CDT as extensions of political parties, not trade unions. The UMT claims to be politically independent, but its detractors often cite its close affiliation to the palace, something that can be traced back to the days when the UMT was a significant force in the fight for independence and a proponent of maintaining the monarchy.

Union Generale des Travailleurs Marocains (UGTM)

Abderrazak Afilal, a former UMT cadre who became disenchanted with the direction of Benseddik's UMT, founded the UGTM in 1960. To this day, Afilal remains Secretary General of the UGTM; he is also the elected mayor of a borough of Casablanca that comprises one of the country's largest industrial zones. Like the UMT, the UGTM has never held free elections to choose its leader. The UGTM is closely affiliated with the Istiqlal party; however, its positions and statements have sometimes given the current USFP/Istiqlal coalition government pause. The Minister of Employment appointed in September 2000, Abbas el-Fassi, is also the Secretary General of the Istiqlal Party.

Confederation Democratique de Travail (CDT)

The CDT, founded by Noubir Amaoui in 1978, has risen to greater prominence since the appointment of the USFP-led "government of alternance" in 1998. Amaoui, a teacher who broke with the UMT over political differences, is considered the most vitriolic Moroccan labor leader. His socialist rhetoric over the years has taken on an Arab nationalist flavor and the CDT is often in the vanguard of defending Arab and Muslim nations from what Amaoui characterizes as U.S. or Western aggression. Always the champion of Third World nations, he lashes out at any hint of colonial attitudes or Western economic hegemony. The CDT is the labor affiliate of the Socialist Union of Popular Forces (USFP). The CDT, whose party patron is the leading coalition partner in the current government, has eroded the former monopoly of the UMT in Moroccan labor affairs. That said, Amaoui has not made Prime Minister Youssoufi's job easy. Amaoui often takes potshots at the Government for inaction on labor issues and holds Youssoufi responsible for abandoning his former opposition colleagues.

The UGTM and CDT have often combined their forces during social dialog with employers and the Government. The UMT refuses to sign any national tripartite agreement "owing to the absence of the conditions necessary for sincere and responsible dialog," a declaration made by the UMT on the occasion of its meeting with the Government on July 5, 1998, and often repeated.

Union Nationale du Travail au Maroc (UNTM)

The UNTM is the labor affiliate of Morocco's sole legal Islamist political party, the Parti de Justice et Development (PJD). Founded in 1973 by Dr. Abdelkrim El Khatib, it wasn't until the late 1990's that the UNTM slowly began to grow and raise its profile under Secretary General Abdeslam Maati. Emphasizing UNTM's Islamist nature and culture of inclusion and dialogue, Maati claims that the UNTM values mediation and conciliation over more disruptive labor tactics such as strikes and factory sit-ins. UNTM is strongest in the public education sector; however, it also claims unions in the building trades, public health, textiles, and agriculture, spread across 23 cities and major towns.

Confederation Generale des Entreprises Marocaines (CGEM)

The main organizations representing Moroccan employers are on the one hand the General Confederation of Moroccan Enterprises (CGEM), and on the other hand the trade associations, such as the Chamber of Commerce and Industry, Handcrafts Association and Chamber of Agriculture. The functions and competencies of each of the above appear to be clearly defined.

After undergoing major restructuring in the mid-1990's the CGEM has now become the most important employers' representative in social dialogue. It represents most of Morocco's large enterprises and is playing an increasingly important role in small and medium-sized enterprises. The CGEM consists of 23 sectoral federations and 16 regional branches, some of them well established for many years. The organization has demonstrated skill in negotiating with trade unions. To date, it is the only employers' organization to have signed agreements on a tripartite social dialogue.

The Trade Associations fall under the supervision of the relevant Ministry. Their role is to put forward requests relating to any issue of interest to the trade or profession in question, to

promote the creation and maintenance of structures within the profession and, on occasion, to serve as intermediary between different professions.

WORKER RIGHTS

The Right of Association

Workers are free to form and join unions throughout the country. The right is exercised widely but not universally. About 6 percent of Morocco's 10 million workers are unionized, mostly in the public sector. The unions are not completely free from government interference. Narrowly focused strikes continue to occur. Work stoppages are normally intended to advertise grievances and last 48-72 hours. Unions maintain ties to international trade secretariats.

The Right to Organize and Bargain Collectively

The protection of the right to organize and bargain collectively is implied in the Constitution and Labor Law. The Government protections are generally not enforced in the informal sector. Observance of labor laws in larger companies and in the public sector is more consistent. The laws governing collective bargaining are inadequate. Collective bargaining has been a long-standing tradition in some parts of the economy, notably heavy industry, and is becoming more prevalent in the service sector.

There is no law specifically prohibiting anti-union discrimination. Employers dismiss workers for union activities regarded as threatening to their interests. Courts have authority to reinstate such workers but are unable to enforce rulings to compel employers to pay damages or back pay.

Prohibition of Forced or Compulsory Labor

Forced/compulsory labor is prohibited in Morocco.

Minimum Age for Employment of Children

The law prohibits the employment of any child under 15 years of age. Special regulations cover the employment of children between the ages of 14 and 16. In practice, however, children are often apprenticed before age 12, particularly in the informal handicraft industry. The use of minors is common in this informal sector of the economy, which includes rug making, ceramics, woodworking, metalworking and leather goods. Children are also employed informally as domestics and usually receive little remuneration. Child labor laws are generally well observed in the industrialized, unionized sector of the economy but not in the informal sector. In September 1998, the Government of Morocco adopted the International Labor Organization's Convention 138 on the prohibition of child labor.

Acceptable Conditions of Work

The minimum wage is about \$160 a month, a figure above per capita income. The minimum wage is not enforced effectively in the informal sector of the economy. It is enforced fairly well throughout the industrialized, unionized sectors where most workers earn more than the

minimum wage. They are generally paid between 13 and 16 months' salary, including bonuses, each year.

The law provides for a 48-hour maximum work-week with not more than 10 hours any single day, premium pay for overtime, paid public and annual holidays, and minimum conditions for health and safety, including the prohibition of night work for women and minors. As with other regulations and laws, these are not universally observed in the informal sector.

Rights in Sectors with U.S. Investment

Worker rights in sectors with U.S. investment, all of which is in the formal, industrial sector of the Moroccan economy, do not differ from those described above.

INVESTMENT ENVIRONMENT

U.S. Business Prospects in Morocco

As a developing economy, Morocco offers significant potential for investment. U.S. foreign direct investment is increasingly viewed as a complement to, or even a necessary component of trade. Nearly 60 percent of total U.S. exports originate with American firms, which have investments abroad. Sectors with investment potential in Morocco include tourism, agribusiness, textile, construction, and mining, among others. Morocco is also making the development of its communications and transportation networks a top priority. In addition, some 28 state-owned enterprises remain to be privatized over the next several years.

Best prospects for non-agricultural exports are: telecommunications equipments; electrical power system; environmental equipment and services; water resources equipment; tourism; and oil and gas exploration. Best prospects for agricultural exports are: wheat including durum; feed grains (corn, sorghum, and barley); crude vegetable oil, oilseeds and products; purebred pregnant dairy cattle and dairy semen; milk powder and unsalted butter; pulses (lentils, chickpeas, white beans, and green split peas); dried fruits and nuts non-pitted prunes, raisins, and almonds). Several consumer food products offer good opportunity for U.S. exporters. These include sauces, condiments, canned fruits and vegetables, ethnic food, and snacks foods.

Forms of Foreign Business Participation

Foreign manufacturers and exporters are represented in the market either through their own branch offices or through authorized agents/distributors. Moroccans are increasingly interested in joint venture business opportunities with American partners as a way to modernize their factories or license a technology. Morocco is open to franchising, and the first franchise was a Pizza Hut established in 1992. Close to 85 foreign franchises are now successfully operating in the sectors of fast food, clothing, furniture, cosmetics, office cleaning and auto repair.

Investment Treaty, Guarantees and Laws

A bilateral investment treaty between the United States and Morocco took effect on May 29, 1991. The treaty stipulates that U.S. investors will be accorded status no less favorable than any other nationality; expropriation claims shall be handled promptly; and disputes may be

referred to international arbitration. Morocco has similar agreement with 29 countries. Under the Moroccan investment code, the Government guarantees repatriation of both invested capital and profits, provided that the initial capital investment was filed and registered. There have been no significant expropriations in Morocco since the early 1970s.

The Moroccan government encourages foreign investment and has made a number of regulatory changes designed to improve the investment climate in recent years. Morocco welcomes foreign participation in its privatization program, and does not pre-screen or select foreign investment projects. Private ownership is permitted in all but a few sectors that are specifically reserved for the state, including phosphate mining.

Procedural Arrangement, Permission, and Incentives

The October 1995 Investment Code applies equally to foreign and Moroccan investors, with the exception of foreign exchange provisions, which favor foreign investors. The Ministry of Economy maintains an investment promotion office and the Moroccan government, in compliance with the Investment Code and with the assistance of the U.S. Agency for International Development (USAID), is implementing measures to reduce the paperwork associated with investment.

The Investment Code provides essentially free repatriation of foreign exchange related to foreign investment. The code does not apply to agriculture. There are no foreign investor performance requirements or requirements regarding local value added, local equity, substitution of imports or employment of Moroccan workers. Incentives for foreign investors have been created under the Free Trade Zone laws.

Financing

Advance payments to foreign exporters are forbidden under the current regulations. Local financing is available for Moroccan investors and importers, but real interest rates are high by American standards. Moroccan banks generally require high collateral. The Moroccan Dirham is convertible for all current transactions and for some capital transactions, notably capital repatriation by foreign investors if the original investment is registered with the foreign exchange office. Foreign exchange regulations now allow expatriate employees to repatriate 100 percent of their salaries. Most Moroccan imports are paid for by irrevocable confirmed letters of credit issued by local banks through U.S. banks.

Travel

American citizens may enter Morocco for a period of three months without a visa. A residence permit is required to remain in Morocco for more than three months.

FURTHER INFORMATION

Visit <http://www.uscommercialservice.com/morocco>, for Commerce Country Commercial Guide or contact:

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U.S. Department of Commerce

Morocco Desk Officers
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U.S. Department of State

Morocco Desk Officer NEA/ ENA
Tel.: (202) 647-4675; Fax: (202) 736-4458

Office of the Coordinator for Business Affairs

Tel.: 202-746-1625; Fax: 202-647-3953

U.S. Department of Agriculture, Foreign Agriculture Service

Trade Assistance and Promotion Office
Director Grain & Feed Division
Tel.: (202) 720-6219; Fax: (202) 720-0340

U.S. Export Import Bank (Ex-Im)

North Africa Desk Officer
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Overseas Private Investment Corporation (OPIC)

North Africa Desk Office
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Fax: (202) 408-9859; WEB: <http://www.opic.gov>; Email: info@opic.gov

U.S. Trade Development Agency (TDA), Arlington, Va.

Regional Director Africa/ Middle East
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Union Nationale du Travail au Maroc (UNTM)

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Minister: Abbas El Fassi
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EMPLOYER ORGANIZATION

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