

## Morocco Gives Brazil One or Two Lessons in Trade

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OCP Group (Office Chérifien des Phosphates), a Moroccan state-owned company that operates in mining, processing and trade of phosphates and derivatives, is studying the possibility of investing in the fertilizer sector in Brazil.

This information was provided by the company's president, Mourad Cherif. He headed the delegation of 12 Moroccan businessmen who participated in business roundtables with representatives of Brazilian companies, at the offices of the Arab Brazilian Chamber of Commerce (CCAB) in São Paulo. The event took place in parallel to the visit Moroccan king Mohammed VI took to the country.

"We have agreed to, in the long term, supply 70% of the needs of Bunge group in Brazil and neighboring countries," stated the executive. "We have also studied the possibility of joint investment," he added.

Cherif did not want to provide further information regarding the project as he stated that his company is an open capital enterprise, with shares traded on the stock market, and details may only be announced after the deal has been closed.

But he stated that Brazil is a fertile ground for Moroccan investment in the area of production of phosphate derivatives, both for domestic consumption, and for exports to neighboring countries. The product is used in the production of fertilizers.

"Brazil is very important to us. In the last 10 years, the agricultural sector in the country has had significant growth," he said.

Just to have an idea of how business between OCP and Bunge may evolve, it is enough to say that Bunge is a multinational that operates in around 25 countries and that has been present in Brazil since the beginning of the last century.

In 2003, the company's food division was in 4th place among the largest exporters in the country, losing only to oil giant Petrobras, mining company Vale do Rio Doce, and aircraft maker Embraer.

OCP is in turn a giant in the phosphate sector that, according to Cherif, has revenues of US\$ 1.6 billion per year, being US\$ 165 million due to export to Brazil. This represents over two thirds of all that Brazil imports from Morocco.

The Arab country is the largest world exporter of phosphates and, according to the executive, his company answers to 30% of the worldwide market of products of the kind and their derivatives.

It is also responsible for around 20% of Moroccan exports, employing 21,000 people, and moves around 3.5% of the country Gross Domestic Product (GDP).

But the possibility of reciprocal investment does not end in the fertilizer sector. Cherif, who was the Moroccan minister of Foreign Trade, Foreign Investment and Handcraft, minister of Finance and Investment, and minister of Habitation, Employment, and Professional Training in the 1990's, and is currently president of the Moroccan National Council for Foreign Trade, detailed the other business opportunities. Read below the main stretches of the interview:

### Morocco and Brazil as Export Platforms

"Brazilian companies may use Morocco as an export platform. We have a geographically strategic position, as we are at a crossroads between Africa, the Arab countries, and Europe. We are only 14 kilometres away from Europe across the

Strait of Gibraltar. Apart from that, the country is bathed by the Mediterranean and we have a long Atlantic coastline."

"In the same way, Brazil has a strategic position in South America. For this reason, we can develop partnerships here (in Brazil) to answer to the domestic market, which is very large, and to that of all the neighboring markets."

#### Trade Agreements

"Brazil can also establish production units in Morocco to export to markets with which we have trade agreements (the European Union, United States, Tunisia, Egypt, Jordan and Turkey). Apart from that, Morocco offers great incentives to foreign investment."

"We also have a free zone in Tangier, where many companies are already installed. It is a door of entry to Europe and there is no bureaucracy. It works like an 'offshore' system for exports. The company produces and exports. There is also a project for development of other zones like this one. One example of use of the sector is the auto industry. We already have auto parts companies that produce for export."

#### Bilateral Trade

"To me, trade between Brazil and Morocco can increase fourfold. It may double in three or four years, and then may double again. If the trade balance is currently favorable to Brazil, we must focus on balancing it, by growing together, not shrinking."

#### Tourism

"We must have the ambition of developing tourism. Brazilians like Morocco. We must work for the creation of a direct flight. Casablanca, for example, is a center that connects Africa, the Middle East and Europe. Brazil may also be a connection center for the Americas. It is necessary to work on promotion, to put tourism operators in touch with each other. Knowledge is lacking, Morocco is the only Arab country (apart from Tunisia) to which the Brazilians do not need entry visas."

#### Telecommunications

"Brazil may export services to Morocco. Next year the government will open tenders for exploration of fixed telephony. Maybe Brazilian companies will be interested."

#### Negotiation with the Mercosur

"Negotiations may be fast, it depends on political wish." On Friday (26), king Mohammed VI and president Lula signed a framework agreement marking the beginning of negotiations for a tariff preference agreement between Morocco and the South American bloc. "With the United States, negotiations took little more than one year, it was a record."

"Morocco has experience in this kind of negotiation, I think that the discussion of items to be included in the agreement should take longer. Morocco was one of the first developing countries in the GATT (General Agreement on Tariffs and Trade, the agreement that preceded the World Trade Organization) to choose free trade. Apart from that, the agreement that created the WTO was signed in Marrakech."

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