

**Under the actual Presidency of His
Majesty the King Mohammed VI**

=====
FRAMEWORK AGREEMENT 2001 - 2010
MARRAKECH, JANUARY 10, 2001

Between

THE GOVERNMENT OF HIS MAJESTY THE KING, REPRESENTED BY:
Mr. FATHALLAH OUALALOU, Minister of Economy, Finance,
Tourism and Privatization;

And

**THE GENERAL CONFEDERATION OF MOROCCAN ENTERPRISES
(CGEM), REPRESENTED BY:**

- Mr. Hassan Chami, President;
- Mr. Mohamed Benamour, President of Tourism Federation;

PREAMBLE

The CGEM, in close cooperation with the Department of Tourism, and further to a lengthy debate between the private and public operators of national tourism sector, has elaborated a contract program during 2001-2010 period, entitled "**Tourism: a vision, a challenge, a will**".

This contract program, while integrating the objectives and orientations of the Economic and Social Development Plan (ESDP) 2001-2004, revolves around three main points:

- To construct, with realism, an ambitious vision of the development of the sector by the year 2010;
- To establish the diagnosis concerning the assets to be exploited and the challenges to be taken up in order to achieve these objectives,
- To propose a global and voluntarist strategic system likely to trigger the powerful dynamic of tourism development which will allow the Kingdom of Morocco to appear among the most sought-after destinations all over the world.

By fixing the objective of 10 million of tourists by the year 2010, this contract program proposes indeed a plan of fast development of the Kingdom through sustainable and accelerated growth of its tourist industry.

Moreover, the parties agree to sign the present framework agreement, with a view to symbolizing their shared views and their commitment to work jointly for the development of national tourism, and that in pursuance of the High Directives contained in the Speech of Marrakech of His Majesty the King Mohammed VI on January 10, 2001, instructions which constitute the preamble of the present framework agreement.

THERE UPON, THE PARTIES SETTLED AND DECIDED ON WHAT FOLLOWS:

GENERAL ENGAGEMENTS

ARTICLE 1: THE TOURISM, NATIONAL ECONOMIC PRIORITY

The enormous growth potential that the national tourist industry contains places this sector among the Government's high priorities, from a more general perspective of the implementation of a program of accelerated development of the Kingdom, at a political and economic level.

By its revitalizing effects on the main macro-economic variables (jobs, growth, external balances, and investments), by its multiplier effects on the other sectors of national economy, by its structuring effects on the industrial base of small and medium enterprises PME/PMI, town and country planning, local communities, and rural environment, the Government declares that it is keen to set tourism up as a national economic priority.

ARTICLE 2: THE PDES 2001-2004 AND THE CONTRACT PROGRAM, FRAMEWORK OF REFERENCE

The parties agree that, further to a concerted approach between private or public operators of the sector and Tourism Department, the contract program, taking into account the objectives and orientations of the 2001-2004 PDES, proposes a coherent and structured vision of the tourist sector for the next decade, and consequently, constitutes the framework of reference to the joint actions of both the Government and the private operators, with a view to planning and promoting a sustainable and accelerated development of the tourist national industry.

ARTICLE 3: ENGAGEMENT IN THE 2010 VISION

The parties decide officially to reach the objective of ten million of tourists by the year 2010 and to consider this goal as an important national priority which aims to position Morocco among the first world tourist destinations.

The parties commit themselves, consequently, to a global strategic device intended to implement, as soon as possible, and according to a schedule to be defined, the policy to follow for the next decade.

The parties also agree that the achievement of this objective presupposes mainly:

- the construction by the private sector of 80.000 supplementary rooms for an investment of about 30 billion of dirhams;
- the setting in adequacy of the transport capacities (air, maritime and land);
- the realization of programs concerning infrastructures and investments, payable by the State and by public and private organizations.

ARTICLE 4: ENGAGEMENT IN THE STRATEGY

The parties decide that the fulfilment of the 2010 vision requires the simultaneous starting point of several dynamics:

- A commercial dynamics to re-establish the competitiveness of the destination and Moroccan product;
- An industrial and financial dynamics to improve the profitability of tourist investment in Morocco and to direct the national and international savings towards the tourism sector
- An institutional dynamics which aims at the restructuring:
 - by the State, of its intervention organs,
 - by the private sector, of its professional associations, to endow the Tourism sector with structures that will allow a concerted planning of the new tourist policy.

COMMERCIAL DYNAMICS

ARTICLE 5: TO RE-ESTABLISH THE COMPETITIVENESS OF THE DESTINATION

Conscious of the need to trigger and to maintain, all along the decade, a powerful and sustainable commercial dynamics that will ensure a yearly rhythm of about 15% concerning the growth of international tourists arrivals so as to reach the objective of 10 million of tourists in 2010, the parties agree to adopt a set of measures destined to re-establish the competitiveness of Morocco's destination .

The parties decide, consequently, to implement the strategies adopted relating to " product", "price", "promotion" and "professionalization trades" in order to position the Kingdom as one of the major and natural tourist destinations all over the world and more particularly in European tourist markets.

PRODUCT STRATEGY

ARTICLE 6: OFFENSIVE POSITIONING ON SEA RESORT TOURISM

The parties agree that the achievement of the 2010 goal passes necessarily by an offensive positioning of Morocco on resort segment so that this one will represent about 70% of the supply in 2010, that is an additional capacity of about 65.000 rooms.

The parties agree thus to launch rapidly 4 to 5 new sea side resorts, with the objective of having a permanent supply relating to seaside resorts in the South, reinforced from May to September by a Mediterranean supply of quality.

The different sites which should provide a base for these seaside resorts were identified (Saïdia, Khmis Sahel, Haouzia, Essaouira, Taghazout, Guelmim). The program of development of these seaside resorts will be defined in co-ordination with all the parties, with a view to designing a global supply of quality which is meant to be harmonious, coordinated and adapted to different requirements of the tourist demand.

The parties also agree that the credibility of moroccan supply relating to seaside resorts passes by the consolidation of the bay of Agadir, the repositioning and the restructuring of Tangier and the coast of Tetouan..

ARTICLE 7: REPOSITIONING OF THE CULTURAL PRODUCT

The parties agree about the objective of increasing the capacity concerning the cultural product by creating 37.000 rooms, by the year 2010, that is an additional capacity of about 15.000 rooms .

The parties are called upon , considering the saturation and the state of the existing capacities, as well as the periods of realizing new capacities concerning the seaside segment, to program a large plan of renovation(revitalization) and extension of the "Cultural Product"and more particularly in Marrakech, Ouarzazate, Fès, Meknès, Tangier, Rabat and Casablanca,.....

This program of renovation to be conducted by the concerned hotel establishments should intervene during the period of 2001-2004.

PRICE STRATEGY

ARTICLE 8: IMPROVEMENT OF THE QUALITY/PRICE RATIO CONCERNING MOROCCO'S DESTINATION

The parties agree on the necessity to practice a pricing policy adapted to the positioning and to the product of Morocco destination. This policy would permit, at the same time, to reach the objectives of frequentation and profitability, necessarily bound to the realization of the 2010 vision.

For that purpose, the parties decide, regardless of the provisions of the following articles, to conduct an in-depth study on the competitive positioning of Morocco destination. This study, which will get financial backing jointly from all the parties concerned or interested, should be achieved by an international consultancy -firm, in association with Moroccan specialists.

ARTICLE 9: LIBERALIZATION OF AIR TRANSPORT

The parties agree that the liberalization of air transport is one of the best ways to contribute to the implementation of a new tourist policy.

The Government undertakes to pursue the approach already started for the promotion of a liberal policy of air transport and to encourage the creation of new regular companies and charter planes, as well as the access, at competitive prices, to the Moroccan sky and race-tracks for foreign companies, at competitive prices..

ARTICLE 10: CONCERTED PRICING POLICY AND QUALITY-LABEL

The parties agree on the principle of a concerted pricing policy between the intervening parties of the tourist chain, and all through a double concern:

- to assure the true value of every tourist service and the overall competitiveness of the destination;
- to make sure that certain particular abuses don't put into question the general interest and the reputation of the destination.

The parties will study the forms that this concerted pricing policy may take (professional convention, grid of reference prices).

Within the framework of the legislative provisions, the parties still accept the principle of the institution of a quality label for all sorts of trades intended for tourist activities and located on tourist development areas, with a view to reassuring international tourists and urging all the professionals of the sector to guarantee the prices and a quality of service in compliance with international standards.

PROMOTION STRATEGY

ARTICLE 11: RESTRUCTURING OF THE PROMOTION CAMPAIGNS

The parties agree to restructure all the promotion campaigns of the destination, with the objective, on the one hand, to design, in co-ordination with the professionals, a promotion policy which is more creative, reactive and adapted to particular demands, and on the other hand, to reinforce the financial means of this policy.

The parties agree , consequently, on the need to refocus the activities of the National Moroccan Office of Tourism(ONMT) on the promotion and the image of Morocco abroad, while relieving it progressively and according to a schedule to be defined, of the collection of the Tourist Promotion Tax, and of the management of the State's hotel heritage .The parties agree also about transferring the expenses of the training staff which come within the competence of the ONMT to the supervision authority .

The parties decide also to restructure the ONMT by possibly modifying its name and developing the way it operates, and that is all by involving the representatives of the profession into its decisions organ.

ARTICLE 12: INCREASE OF THE PROMOTIONAL BUDGETS

The parties decide the creation of a promotion fund managed by the "restructured ONMT" and funded by the Tourist Promotion Tax, the State's budget and the contribution of the private sector in a proportion which is still to be specified.

The parties agree on an objective of annual endowment which amounts to 500 million Dirhams by the year 2010, exclusively intended to the promotion. For that purpose, they also agree on the need to program an increase of the TPT product and to predict the contribution of other institutions or private/public organizations benefiting directly or indirectly from the positive effects of tourism, and all within partnership agreements.

TRAINING AND PROFESSIONALIZATION OF THE PROFESSIONS STRATEGY

ARTICLE 13: STRENGTHENING OF EDUCATION AND TRAINING COURSES AND GENERALIZATION OF CONTINUING EDUCATION

In order to meet the needs for qualified staff that will be required by the new tourist policy, the parties decided, during the first term of the year 2001, to reflect hard on how to define a strategy of strengthening the courses of study, with a view to training progressively, all along the decade, the necessary human resources, and that according to the rhythm of the programmed investment. (cf. articles 5 and 6).

This collective reflection, which will take into account the charter of education and training, will associate the Department of Professional Formation , the Ministry of National Education, the Department of Higher Education and the Department of Culture. It will permit to plan ,over the decade, the rhythms of training to be adopted in order to satisfy the needs of the sector, and to define , consequently, different action programs, with a view to prompting a lot of graduates to take a close interest in the tourism trade, and to planning their professional insertion program by the private sector.

The parties agree to turn the establishments of Marrakech, Agadir, Mohammedia, and Fez into Higher Institutes Specialized in hotel and tourist management. They also agree to study the principle of creating tourism courses of study which are made for the university level.

In the same way, a program adult continuing education and professional reconversion will be planned out together with the private sector wich will be achieved in line with the existing instruments (special training contracts training-insertion...).

ARTICLE 14: MOTIVATION SYSTEM OF THE STAFF

The parties agree to institute and to generalize, through the private sector, an effective motivation system likely to prompt the staff to join exploitation performances, and that, in order to contribute structurally to the improvement of quality and productivity of the service. They agree also to invite the private operators to observe the norms of employment, the required qualifications and to enhance an appropriate incentive payment grid.

ARTICLE 15: SUPERVISION AND CONTROL OF QUALITY MECHANISM

In order to guarantee the practical exercise of some tourist activities (travel agents, hotel keepers, restaurant owners, car hire companies, renters of cars, "carriers", tour-guides, ...), by duly authorized professionals, and to encourage a general dynamics based on competence and seriousness, the parties agree to reconsider the procedures of professional accreditations and to generalize the use of a quality label for all sorts of trades intended for tourism and located on areas of tourist development.

The parties also agree to institute a control of quality mechanism on the whole territory. However this device will have to predict fast proceedings and it will be backed up by all the guarantees concerning ethics.

INDUSTRIAL DYNAMICS

ARTICLE 16: TO IMPROVE THE PROFITABILITY OF THE TOURIST INVESTMENT IN MOROCCO

Conscious of the need to trigger and to maintain, all along the decade, the powerful dynamic of investment necessary for the construction of 80.000 additional rooms, the parties agree to elaborate one of the most competitive incentive mechanisms intended for national and international investors.

The parties agree on the objective of improving the profitability of tourist investment in Morocco and of attracting to it, in great numbers, the professional and institutional investors.

The parties agree that the levels of profitability targeted should be set, according to the projects, between 15 and 20%, for frequentation rates supposed to be superior to 50%.

The parties decide, as a consequence, to implement fiscal, financial and on land strategies adapted for the construction of a favourable environment for tourist investments in Morocco and its profitability.

ON LAND STRATEGY

ARTICLE 17: SETTING UP OF RESERVES DEDICATED TO TOURISM

The parties agree on the principle of constituting an on land reserve which gathers the lots of land intended for tourism.

The study of identification of such lands, which has been currently conducted by the Public Authorities, will permit to draw up the list of on land sites having to constitute this reserve.

The Government undertakes to work for the re-engineering of the existing tools of tourist development, with a view to:

- acquiring and cleaning up the aforementioned lands ;
- developing them in order to put them at the investors' disposal, in compensation for precise and firm commitments, at competitive prices in comparison with similar international areas and, in any case, by respecting the international norms concerning the on land sites price which is set for the scheduled investments.

ARTICLE 18:DEVELOPMENT OF INTEGRATED RESORT AREAS

The parties note with satisfaction that the amounts of money allocated by Hassan II FUND for the development of new resort area, have made it possible to trigger a new dynamics intended for the promotion of resort tourism in Morocco.

The parties note also with satisfaction that the Government's efforts are reflected by the adoption of the principle of granting private developers the development of integrated resort areas, in compensation for restrictive conditions of contract .

The parties consider this approach as being likely to permit a marked increase in terms of quantity and quality as for the national supply and in record time. These contractual frameworks will permit to impose on developers the main guide lines concerning the general planning and to have access to different means likely to stop any deviations.

The parties agree that the setting of such detailed and restrictive contractual frameworks constitute the correct counterpart of making available the on land sites and of realizing the off- sites infrastructures payable by the State.

Finally, the parties, conscious of the need to promote these new resort areas, decide to take all the measures likely to enable the developers to plan at least three sites which are under consideration, and that during the first term of the year 2002 at the latest.

FISCAL STRATEGY

ARTICLE 19: TO REDEFINE A COHERENT AND INCENTIVE FISCAL SYSTEM

Considering that the whole fiscal system currently in force has given the tourism sector some fiscal advantages during the last finance acts, with a view to absorbing the deficit recorded in the field of hotel capacity, the parties agree to pursue the efforts in order to improve the fiscal system applied to tourism, and all in the light of the three following principles:

- a principle of simplification and harmonization;
- a principle related to tax incentive and orientation;
- a principle of international competitiveness.

ARTICLE 20: DEFINITION OF THE TOURIST ENTERPRISE

The parties agree on the need to harmonize the fiscal statutes of the different intervening parties of the tourist chain, by defining, from a legal and statutory point of view, the notion of tourist enterprises or enterprises intended for tourism.

The parties decide that tourist enterprises which should be considered as such are presented as follows:

- enterprises which own or exploit tourist accommodation units ;
- enterprises of management of accommodation units;
- enterprises of tourist catering;
- travel agencies;
- rental car enterprises;
- tourist transport enterprises ;
- enterprises of animation and other leisure activities ;
- tourist units practicing thalassotherapy and hydrotherapy activities.

ARTICLE 21: CUSTOMS DUTY

The parties, agree that the customs' reduced rates planned by the Investments Charter for the imports of industrial capital goods will be extended to goods used for facilities, planning and the furnishing of tourist enterprises subject to their identification within the customs nomenclature and the agreement of the Department of industry, and that, in order to encourage the reduction of investment costs and the improvement of the profitability of tourist investments in Morocco.

For that purpose , the parties undertake to draw up the lists of products together with infrastructure having to benefit from the reduced rates and that will be submitted to the approval of the Department of industry.

ARTICLE 22: HARMONIZATION AND SIMPLIFICATION OF THE NATIONAL TAX SYSTEM

The parties agree that the Tourism sector is today the first provider of foreign currencies in the country. They take due note of the efforts made by the Government during the two previous Finance Acts , more particularly as regards company tax , VAT (TVA) applied to tourist catering enterprises, the right to registration, the licence and urban tax.

In addition, the parties undertake to fall into line with the medium-term perspective which aims to harmonize the rate of VAT(TVA) applied to hotel business with all tourist enterprises referred to in article 19 above.

The parties decide, as regards company tax, to review, for hotel enterprises, the provisions governing this tax allowance on the share of the turnover made in foreign currencies, so that this incentive measure becomes easy to implement.

ARTICLE 23: MEASURES OF SIMPLIFICATION OF THE LOCAL TAX SYSTEM

The parties agree to redevelop progressively the present local tax system, aiming thus at a rationalization and a harmonization of this tax system.

ARTICLE 24: FISCAL TRANSPARENCY

The Tourism Federation of the CGEM undertakes to work with its affiliated members in order to make them aware of the need of more transparency concerning the tax system and to urge them to adhere to the notion of a responsible and social enterprise.

FINANCING STRATEGY

ARTICLE 25: SETTING UP OF A RENOVATION MECHANISM

As regards the saturation of the existing capacities and the deadline of the implementation of new capacities, the parties agree to consider the need to set up a mechanism which makes it possible to finance the renovation of a part of the existing capacity which is not marketable abroad and additional by the year 2003.

The parties agree, however, to study in detail the precise modes for the implementation of such a mechanism, the conditions of eligibility for its financing, the guarantees to be provided by the potential recipients.

ARTICLE 26: INVOLVEMENT OF THE BANKING SECTOR

Conscious, on the one hand, of the specificity of the tourism sector as a highly capital-intensive industry which demands substantial and long-term financing, and on the other hand of the pressing need to encourage a stronger involvement of commercial banks in the financing of the new tourist policy, the parties agree to promote the three following measures intended to facilitate and to secure the distribution of credits by commercial banks, while encouraging the access to credits with favourable interest rates, in due time, and in line with the objectives of profitability of the sector:

- the setting up of an appropriate concept of "tourism credit" that takes into account the necessity to promote investments in the sector;
- the creation of an "observatory of competitiveness and costs" to permit, through periodic statistical publications, a better knowledge of the costs and standards of performance;
- more involvement of the Central Fund of Guarantee and of Dar Addamane, alongside the commercial banks.

ARTICLE 27: STRUCTURE OF FINANCING

The Tourism Federation of the CGEM undertakes to work with its affiliated members so that they may adopt, in the framework of the achievement of their project, a balanced financing structure, with a substantial contribution of equity capital.

FINANCIAL DYNAMICS

ARTICLE 28: TO DIRECT THE SAVINGS TOWARDS THE TOURISM SECTOR

The parties, noting the increasing specialization of the world tourism industry and, consequently, and with a few exceptions, the reluctance to invest of big international chains, specialized in the management, agree to promote a financial strategy which aims to widen the basis of the investors as regards equity capital, and to encourage the meeting between professional investors and institutional ones, and that, through an easier or rather recommended access to the national financial markets.

For that purpose, the parties agreed to analyse, during the first term of the year 2001, the measures likely to encourage the orientation of the savings towards the tourism sector.

The parties have already taken note of the existing legislative provisions which aim to encourage the companies listing in the Casablanca Stock Exchange, with the creation of the new market and significant tax incentive during the first three years of quotation.

In view of this, the parties decide to consider complementary measures specific to the tourism sector, with in particular, the creation of private tourism funds as well as the encouragement of insurance companies to invest in the sector.

INSTITUTIONAL DYNAMICS

ARTICLE 29: CONCERTED PLANNING OF THE NEW POLICY

Noting that:

- tourism is a multiform specific industry that entails a wide range of competences and experts as regards Government, local authorities and at the level of different professional fields ;
- tourism is a global, competitive industry that requires a long term strategic vision as much as a permanent reactivity;
- tourism is a heavy industry, with strong capital-intensive force that requires the provision of important financial means, for very long periods, and requires, therefore, visibility and stability;
- tourism is finally, through its growth potential in Morocco, an important strategic priority to encourage the development of the country and the well being of the population;

The parties agree and decide that the implementation of the new tourist policy in Morocco will be based on:

- a concerted coordination between the Government, the central and local Administrations and the sector's professionals, within the framework of a constructive and intelligent partnership;
- a rigorous planning of all components related to the global strategic system.

As a result of which, it has been decided to create a strategic steering committee to assure the follow-up and the implementation of the present Framework Agreement.

ARTICLE 30: PROFESSIONAL ASSOCIATIONS

The Tourism Federation of the CGEM undertakes to bring together all tourist professions within its domain. The Tourism Federation of the CGEM undertakes also to reinforce the structures of different professions for much more efficiency and participation at the regional as well as the national level.

TERMS OF IMPLEMENTATION

ARTICLE 31: IMPLEMENTATION AGREEMENT

Right from the signature of the present Framework Agreement, the parties have decided to elaborate, during the 1st term of the year 2001, the implementation agreement of this present Framework Agreement.

This implementation agreement will define with precision the global system in its entirety, the orientations of which are drawn by the present Framework Agreement.

ARTICLE 32: DEADLINE

The parties agree to make their best efforts so that the whole measures or action plans planned out, mentioned or considered by the present Framework Agreement might be implemented by December 31, 2002, but according to a planning and a quarterly schedule of repayments to be defined subsequently by the strategic steering committee.

ARTICLE 33: STRATEGIC STEERING COMMITTEE

The composition and the terms of functioning of the " strategic steering committee which is affected by article 28 above, will be defined by mutual agreement between the parties.

This committee will have to assure the follow-up and the implementation of the provisions of the present Framework Agreement.

Made in Marrakech on January 10, 2001

FOR THE GOVERNMENT:

Mr FATALLAH OUALALOU

Minister of the Economy, Finance,
and Tourism

Mr MOHAMED BENAMOUR

FOR THE CGEM

Mr HASSAN CHAMI

President

Privatization

President of the Tourism Federation
of the CGEM