

USDA Foreign Agricultural Service

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Global Agricultural Information Network

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## Morocco

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### Domestic Common Wheat Flour Quota Distribution

**Report Categories:**

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SP2 - Prevent or Resolve Barriers to Trade that Hinder

U.S. Food and Agricultural Exports

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**Report Highlights:**

This report contains an unofficial translation of Morocco's policy on the distribution, production and delivery of the quota for domestic common wheat flour and special flour intended for the southern provinces. Associated domestic support with this program was last notified to the WTO via [G/AG/N/MAR/37](#) for the years 2003-2007.

**Joint Circular No. 6 of June 15, 2001 (Rabii I 22, 1422) as amended by Joint Circular No. 1 of June 19, 2003 (Rabii II 1424) of the Ministers of:**

- Interior;
- Economy, Finance, Privatization and Tourism;
- Social Economy, Small and Medium-sized Enterprises and Crafts, in charge of the General Affairs of the Government;
- Agriculture, Rural Development and Water and Forests;
- Industry, trade, Energy and Mines;
- Economic Forecasts and the Plan.

**The purpose of this circular is to define the distribution, production and delivery of the quota for domestic common wheat flour and special flour intended for the southern provinces.**

**FIRST SECTION: Distribution of the quota for domestic common wheat flour and special flour intended for the southern provinces.**

The determination of the biannual distributions to be allocated to the prefectures and provinces as well as their revision are decided by an Interministerial commission comprising, under the chairmanship of the representative of the Ministry Social Economy, Small and Medium-sized Enterprises and Crafts, in charge of the General Affairs of the Government:

- The representative of the Ministry of the Interior;
- The representative of the Ministry of Economy, Finance, Privatization and Tourism;
- The representative of the Ministry of Agriculture, Rural Development, Waters, and Forests;
- The representative of the Ministry of Industry, Trade, Energy and Mines;
- The representative of the Ministry of Economic Forecasts and Planning;
- The representative of the National Inter-professional Office of Cereals and Pulses (ONICL).

This commission also fixes the endowments to be granted to the beneficiary centers belonging to the various prefectures and provinces, distinguishing the quantities to be allocated to trade, to the bakeries and to the stewardship and assimilated.

The Interministerial commission will take into consideration in its work:

- The quota level set by the government;
- The assessment of the market flours supplies situation;
- The regional specificities such as the eating habits and cereal character of each region;
- The purchasing power of consumers;
- The requests expressed by the prefectures and the provinces.

The Ministry of the Interior, the Ministry of Industry and Trade and ONICL are required to provide their external services with semi-annual endowments to centers under their jurisdiction.

**SECTION II: The quota distribution of domestic common wheat flour and special flour intended for the southern provinces among manufacturing centers.**

A manufacturing center consists of one or more mills located in a province or in prefectures of the same wilaya (state).

The distribution of the domestic common wheat flour and special flour quota was made among various manufacturing centers and the development of the supply plan, which follows this distribution, are adopted by a technical committee comprising, under the chairmanship of the representative of the National Inter-professional Office of Cereals and Pulses (ONICL), the representatives:

- Ministry of Economy, Finance, Privatization and Tourism;
- Ministry Social Economy, Small and Medium-sized Enterprises and Crafts, in charge of the General Affairs of the Government;
- Ministry of Industry, Trade, Energy and Mines;
- Ministry of Economic Forecasts and Planning;
- The National Federation of Flour Mills.

In its works, the technical committee will take in consideration:

- Level of endowments granted to prefectures and provinces;
- The need to ensure a relative equilibrium in the distribution of the production of domestic common wheat flour and special flour intended to the southern provinces among different manufacturing centers;
- The particularity of the supply and consumption of flours in certain provinces and prefectures;
- The minimization of transport costs.

### **SECTION III: Distribution among the mills of the quotas of domestic common wheat flour and special flour intended for the southern provinces.**

Any industrial flour milling machine equipped for common wheat crushing and the facilities and equipment that has been found comply with the provisions of [Law No. 12-94](#) relating to the ONICL and the cereals and pulses market organization may participate in the production of the quota of the domestic common wheat flour and special flour intended to southern provinces.

Flour mills closed for a period of 12 months or more and two months prior the beginning of the distribution semester are excluded from the distribution of the production quota.

The distribution of the production quota among mills of a given manufacturing center is made by the technical committee referred to in section II by application of distribution ratios calculated on the basis of the common wheat milled and intended for the domestic market over the last two years (July to June or January to December) according to the following formula:

$$C_i = R_i * Q_c$$

$C_i$  = quota to be allocated to the flour mill  $i$

$Q_c$  = quota allocated to the manufacturing center

$R_i$  = ratio of distribution set aside for the flour mill  $i$  determined as follows:

$$R_i = E_i / E_c$$

$E_i$  = common wheat milled over the last two years of the flour mill  $i$

$E_c$  = common wheat milled over last two years of the flour mills of the considered manufacturing center

The integration of new flour mills is carried out by taking as milling, in a single fiscal year, the utilization rate of the milling capacity of mills within their manufacturing center  $((Ec / 2) / \text{center capacity}) * 100$ , applied to their milling capacity.

In determining utilization rate (TU), common wheat milled and milling capacity of the newly created mills or those whose integration is less than twelve (12) months is not taken into account.

This formula is also applied to flour mills closed less than twelve (12) months and to those, which have not been able to function normally in the case where this formula proves more advantageous. For this category of mills, the calculation of the TU includes common wheat milled and the milling capacity of the flour mills concerned. However, the minimum quota to be allocated to a flour mill is fixed at 2,500 quintals (250 MT) per month and this, within the limit of the global quota of the manufacturing center to which belongs the mill concerned.

Where the application of the minimum results in an overrun of the quota of the manufacturing center concerned, the quota fixed for the said center by the supply plan is allocated uniformly among the flour mills forming the center in question.

The newly established flour mills and flour mills closed for a period of 12 months or more, including compliance with Law No. 12-94 was found, and having formulated their application for integration two months before the beginning of the semester concerned by the distribution of the quota will benefit from a quota of this flour for that semester.

The mills benefiting from quotas are required to:

- Produce and sell the domestic common wheat flour and special flour intended to the southern provinces only within the framework of the programs notified to them;
- Preserve the quality of the domestic common wheat flour and special flour intended to the southern provinces, strictly in accordance with the standards laid down by the regulations in force;
- Package the domestic common wheat flour and special flour intended for the southern provinces in the packaging provided for by the regulations in force;
- Spread the sale of monthly quotas;
- Not subordinate the sale of the domestic common flour to the acquisition of any other product or byproduct of the industrial mill.

#### **SECTION IV: Procedures for delivery of the domestic common wheat flour:**

##### **VI. 1 - Assignment of endowments from beneficiary centers to flour mills:**

On the basis of the endowments allocated by the Interministerial commission mentioned in section I, to the various beneficiary centers, the regional or provincial services of ONICL conducts the designation of the flour mills charged to supply, under their responsibility, the beneficiary centers assigned to them, within the limits of the quotas allocated to these mills.

In these assignments, the ONICL regional or provincial services will take into consideration:

- The supply plan established by the technical commission mentioned in section II;
- The most economical flour transport links.

These endowments, expressed in quintals (Qx) / month, are notified to the mill for execution, with a copy to:

- The prefectural or provincial authority concerned;
- The regional or provincial anti-fraud service;
- The regional or provincial delegation of the Ministry of Industry and Trade.

#### **IV. 2 - Choice of traders**

The mills are required to halt, by semester, the lists of their traders as well as the corresponding monthly endowments. These traders must meet the following conditions:

- Belong to the profession of trade in food products. This membership must be justified by the registration in the commercial register and the roles of the business taxes;
- Provide a recent tax certificate;
- Have an adequate and accessible facility for control.

The flour mills are required to choose their traders from those working in the endowments beneficiary centers. However, in the absence of traders at certain centers, the mills must designate their traders among those working in the nearest centers.

The lists of traders chosen by the flour mills must be submitted by them to the ONICL regional or provincial services at the beginning of each semester. The latter ensures their transmission for control to:

- The prefectural or provincial authority concerned;
- The regional or provincial delegation of the Ministry of Industry and Trade;
- The regional or provincial anti-fraud service;

These latter are required to transmit copies of the said lists to their central administrations.

Any change of traders or monthly endowments, intervening in the semester, must be motivated, by the milling industry, in a correspondence addressed to the regional or provincial service of the ONICL. The latter communicates copies of this correspondence to:

- The prefectural or provincial authority concerned;
- The regional or provincial delegation of the Ministry of Industry and Trade;
- The regional or provincial anti-fraud service;

These latter are required to inform their central administrations.

#### **IV. 3 – Delivery of the domestic common wheat flour to traders:**

The endowment allocated to a trader from a given beneficiary center must not exceed 200 Qx (20 MT) per month and per flour mill.

When the supply of a beneficiary center is provided by several mills, a trader can only be delivered by two mills at most.

The traders are required to:

- Regularly remove the quantity of domestic common wheat flour assigned to them by the mill and to sell it with the official price at the level of the beneficiary center for which it is intended,

- Keep a record showing the purchases of the domestic common wheat flour by indicating the flour mill, the date and the number of the corresponding invoice.

Deliveries of domestic wheat flour by mills to traders are limited to the working days of the administration, except for the quantities of subsidized flour delivered to the OCE on behalf of the southern provinces and the southern FAR (Royal Army Force).

#### **IV. 4 – Delivery of domestic common wheat flour to bakeries:**

The bakeries are required to regularly remove the amount of the domestic common wheat assigned to them and to use it for baking the bread types provided for by the regulations in force. In the event of non-removal of these quantities or their non-use for the making the corresponding statutory bread types, the endowments allocated to these bakeries will be transferred to the commercial sector.

Bakeries receiving domestic common wheat flour endowments must keep, in addition to the monthly declarations sent to ONICL, a record showing, by mill, the purchases of domestic common wheat flour, specifying the invoice numbers and the corresponding quantities as well as the uses and quantities of breads from such flour.

#### **SECTION V: Certification and sales control of the domestic common wheat flour and special flour intended for the southern provinces:**

The common wheat flours sold by industrial mills eligible for the subsidy are:

- The domestic common wheat flour,
- The flour called "special" intended for the southern provinces.

Deliveries of these flours by flour mills must comply with the conditions laid down by the Organizational Regulation.

To enable the various departments concerned to verify and control the sales of common flour, which gives rise to the right to compensation, the flour mills are required to:

- Keep, in accordance with the regulations in force, material accounting relating to the movements of the common wheat, the manufacture and sales of common wheat flour, giving right to compensation.
- Continue to set the daily sales statement. These records, duly certified by the mills, are prepared in 4 copies and intended:
  - 3 copies (original + 2 copies) to the ONICL regional or provincial service, who sends a copy to the prefectural or provincial authority to which the mill belongs, after verifying the contents of the said statement with the supply and distribution program.
  - A copy is kept by the mill.

In addition, flour mills are required to prepare on the 1<sup>st</sup> and 16<sup>th</sup> of each month a summary statement of daily sales records for the fortnight.

These bimonthly statements, duly certified by the mills concerned, constitute the basis for liquidation and settlement of the compensation, and are intended in 4 copies (the original and 3 copies) to the ONICL regional or provincial service to which the flour mill belongs.

Daily sales records and their fortnight summary statements are based on models approved by ONICL.

The regional or provincial service of ONICL communicates daily to the prefectural or provincial authority, to the regional or provincial delegation of the Ministry of Trade and Industry and to the regional or provincial anti-fraud department, the deliveries made to the different beneficiaries within their jurisdiction areas.

For control purposes, mills are required to set, for each 10-day period, the schedules for the forecast deliveries of the domestic common wheat flour by province or prefecture. These schedules, mentioning the beneficiaries and the corresponding quantities, must be sent, before the beginning of each 10-day period, to the ONICL regional or provincial service to which the mill belongs. The ONICL regional or provincial service communicates copies of the schedules, as soon as they are received, to the prefectural or provincial authority, to the regional or provincial delegation of the Ministry of Industry and Trade, and to the regional or provincial anti-fraud service.

Any misrepresentation or attempted misappropriation of the subsidy will be sanctioned in accordance with the legislation in force.

The various departments are required, each in what concerns, to ensure the proper implementation of the provisions of this circular.

This circular, which cancels and replaces the Interministerial circular No. 206 CAB of July 31, 1996, will come into force on July 1, 2001.

- **Minister of Interior**, AHMED EL MIDAOUIU
- **Minister of Economy, Finance, Privatization and Tourism**, FATHALLAH OUALALOU
- **Minister of Social Economy, Small and Medium-sized Enterprises and Crafts, in charge of the General Affairs of the Government**, AHMED LAHLIMI ALAMI
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