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Implementation of the agreement in the form of an exchange of letters between the European Union and the Kingdom of Morocco on amending Protocols 1 and 4 of the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, of the other part

2021 Report on the benefits for the people of Western Sahara on extending tariff preferences to products from Western Sahara

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EXECUTIVE SUMMARY

The EU–Morocco agreement amending Protocols 1 and 4 to the EU-Morocco Association Agreement (hereafter “the Agreement”), which extends the tariff preferences provided for under the Association Agreement to products originating in Western Sahara, entered into force on 19 July 2019.

The Agreement was the result of an extensive process of negotiation that began on 29 May 2017, when the Council authorised the Commission to negotiate on behalf of the EU an international agreement, in the form of an Exchange of Letters, to amend the Association Agreement as necessary. On 16 July 2018, the Commission proposed a Council Decision on the conclusion of the Agreement, which was adopted on 28 January 2019. Prior to that, on 16 January 2019, the European Parliament adopted a non-legislative resolution giving its consent to this agreement.

This report responds to the European Parliament’s calls on the Commission and the European External Action Service (EEAS) to closely monitor the implementation and impact of the Agreement and to regularly report their findings to Parliament¹. It updates the previous annual report of 23 December 2020², and builds on the analysis concerning the extension of the tariff preferences provided in the EU-Morocco Association Agreement to products from Western Sahara and on the related benefits for the people concerned that was prepared jointly by the Commission services (with contribution from the EEAS) in 2018³. As provided for in the Agreement, it aims, in particular, at assessing the impact of the Agreement, particularly on sustainable development and with regard to the advantages for the population concerned and the exploitation of the natural resources of the territories in question.

In order to provide some general elements of background useful to frame the context of the report and the specific situation of Western Sahara, the report contains a description of the latest developments with respect to the case brought before the EU’s General Court by the Polisario Front⁴, the UN-led peace process, and the situation with respect to fundamental rights⁵.

The report contains data on production, employment and other indicators up to the end of 2020, and data on exports to the EU of products originating in Western Sahara up to September 2021. The main tool for the elaboration of this report has been, as provided for in the Agreement, an exchange of information with Morocco to assess the impact of the Agreement, which is due to take place on an annual basis⁶. In this respect, the Agreement establishes that the EU-Morocco

¹ [Texts adopted - EU-Morocco Agreement on the amendment of Protocols 1 and 4 to the Euro-Mediterranean Agreement \(Resolution\) - Wednesday, 16 January 2019 \(europa.eu\)](#)

² [2020-report-benefits-preferential_access.pdf \(europa.eu\)](#)

³ Document 52018SC0346R: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018SC0346R%2801%29>

⁴ Judgments in Case T-279/19 and in Joined Cases T-344/19 and T-356/19 *Front Polisario v Council*.

⁵ With respect to human rights, cf. recital 7 of Council Decision (EU) 2019/217 of 28 January 2019, OJ L 34 of 6.2.2019.

⁶ This report includes among others information provided by Morocco, and therefore introduces references to Morocco that in no case represent any recognition of Morocco’s territorial claims over Western Sahara. These references are rather a result of the fact that large parts of the territory are currently administered by the Kingdom of Morocco, and therefore only the Moroccan authorities are able to ensure compliance with the rules necessary

Association Committee “shall decide the modalities for the exchange of information”, which were adopted by Decision No 1/2020 of the EU-Kingdom of Morocco Association Committee of 16 March 2020⁷. Information from other available sources collected during a technical visit that took place in September 2021 to the region of Dakhla-Oued Ed-Dahab in Western Sahara⁸ has also been used, as well as information received from various representatives of the population concerned.

A *technical visit* to this region, of which the main purpose was to assess first-hand the impact of the Agreement and provide underpinning to the analysis of this report, took place from 20 to 23 September 2021 and was composed of Commission and EEAS representatives. In the course of this mission, many stakeholders were consulted, including authorities and business and other representatives in Dakhla. The mission included five field visits to farms and establishments that export to the EU and meetings with representatives of the fishery, agriculture and handicraft sectors, cooperatives and a training centre. The technical visit showed that the region experienced a rapid development of its agricultural and fishery activities that has taken place essentially over the last decade and a half, fostered also by public investment by the Moroccan Government. Natural resources, and in particular ground water in agriculture, appear to be used in a rational way. During these visits and meetings, local business representatives emphasised that access to the EU market was a decisive factor for most private sector investments in the region, and expressed wide-spread support for, and reliance on, the agriculture and fishery agreements with the EU.

There are important projects that are expected to push the development further, notably the construction of a new deep-water harbour in the Dakhla-Oued Ed-Dahab region, a wind park and a desalinisation plant that could give a boost to the development of the area. Besides fisheries and agriculture, tourism and handicraft are important economic activities. In all these sectors there is a significant economic participation of women in the workforce.

The Commission is in regular contact with EU Member States’ customs to monitor the application of the Agreement. According to the information received, the Agreement is being implemented as intended and the Commission has received no report of any difficulties or irregularities concerning its application from either economic operators or customs authorities.

Exports from Western Sahara to the EU concerned only two sectors, *agriculture and fisheries*, as no other sectors of export from Western Sahara to the EU have been identified. The main findings per sector are the following:

(a) Agriculture

Since the publication of the 2018 report, there has been an increase in the production of

for the granting of such preferences and possess first hand information about the territory. As such, references to Morocco, including in particular those contained in section 4 of this report, are to be understood in this context and are therefore without prejudice to the position of the European Union with regard to the status of Western Sahara as a separate territory which is not part of Morocco (see Court of Justice's case law in C-104/16P and C-266/16).

⁷ OJ L98 31.03.2020: <https://eur-lex.europa.eu/legal-content/ES/TXT/?uri=CELEX:22020D0468>

⁸ In this report when the word “region” is used generally and without qualification it is understood as referring to the territory of Western Sahara. In other occasions, as can be ascertained from the context in which it is used, it refers to the two specific administrative regions of which it is mostly composed (see section 1.2.2 for the description). Occasionally, it also refers to a wider region covering neighbouring countries and territories. For references to Morocco, cf. footnote 6.

agricultural products, which has risen from 64,000 tonnes recorded in 2016 to 92,000 tonnes in 2019 and to 100,000 tonnes in 2020, with a total cultivated area of 1,300 hectares as compared with 900 hectares in 2018. Thus, the increase in production corresponds proportionally to the increase in the cultivated area but also to an improvement in the cultivation process, which indicates a moderate increase of productivity per hectare.

The only agricultural exports from Western Sahara to the EU originate from the Dakhla-Oued Ed-Dahab region, whose production is mostly destined for export, whilst the production of the region of Laâyoune-Sakia El Hamra is destined to local consumption. The main characteristics of the sector per region in 2020 are the following:

- the cultivated surface in the region of Laâyoune-Sakia El Hamra was around 400 hectares, and its production, of 24,000 tonnes – mainly for animal feed –, was destined to the local market with no exports to the EU;
- the cultivated surface in the region of Dakhla-Oued Ed-Dahab was around 900 hectares, under greenhouse and irrigated, which produced a total of 76,000 tonnes essentially of two main market garden products, tomatoes and melons, mostly exported to the EU.

In addition to supplying the local market, the production in the Western Sahara area is intended for export to foreign markets, including Russia and Sub-Saharan Africa, but mostly the European Union with 66,700 tonnes of the 100,000 tonnes produced being exported to the EU. This means that **88% of the production of agricultural products in the Dakhla-Oued Ed-Dahab region, and 66.7% of the total production of agricultural products in Western Sahara, depend directly on exports to the EU.**

Exports to the EU reached during the year 2020 a volume of around 66,700 tonnes (stemming only from the region of Dakhla-Oued Ed-Dahab), of which **55,200 tonnes of tomatoes and 11,500 tonnes of melons**, compared to 59,400 tonnes of the total volume of exports of agriculture products from Western Sahara in 2019 i.e. an increase of 12.3%. The total value of agricultural exports from Western Sahara to the EU in 2020 was **about MAD 837 million (EUR 79.5 million⁹)**, of which MAD 706 million (EUR 67.07 million) for tomatoes and MAD 131 million (EUR 12.45 million) for melons.

The products are not exported to the EU directly, but packaged at conditioning stations of Agadir, where they are subject to the necessary phytosanitary checks before being exported. Agadir serves as a hub for trade in agricultural products and several private sector companies are active in the packing and export business. In 2020, there was only a unit in the Laâyoune-Sakia El Hamra region for the storage and export of dairy products which are destined to the African market. There are no exports of processed agricultural products to the European Union market from Western Sahara.

As to **employment**, in 2020 there were in this sector around 14,000 direct jobs in the region of Dakhla-Oued Ed-Dahab, a figure unchanged from 2019. Since 88% of the production of the Dakhla-Oued Ed-Dahab region is exported to the EU, it can be estimated that **about 12,320 jobs (88% of 14,000) depend directly on exports to the EU**, although it can also be considered that a higher figure is more likely since many of the agricultural farms would not be viable

⁹ The exchange rate utilised for the conversion of MAD to EUR in this report is the average exchange rate for 2020, 1 EUR = 10.526 MAD.

without exports to the EU.

Thus, the entry into force of the Agreement and its implementation in 2020 confirmed the expected positive effects in terms of production (and therefore in terms of employment and investment) and in terms of exports.

(b) Fishery products

In 2020, 954,400 tonnes of fish products were captured in waters adjacent to Western Sahara with a value of MAD 5,286 million (EUR 502 million). This volume is 10.6% lower than in 2019, where the captures totalled 1,067,000 tonnes valued an estimated MAD 5,221 million (EUR 496 million).

Total ***exports of fishery products to the EU in 2020*** from Western Sahara reached ***140,500 tonnes, with a value of MAD 4,337 million (EUR 412 million¹⁰)***. As compared to 2019 when exports amounted to 124,000 tonnes with a total value of MAD 4,705 million (EUR 447 million), there was an increase in exports of 13.3% in volume and a decrease of 7.8% in value. The number of jobs connected to the fishery sector – direct and indirect – was 123,563, an increase of 10% as compared to 2019 when there were 111,090 jobs in the fishery sector. As compared to 2016, the number of jobs has increased by 37% (from 90,000 jobs).

The public authorities have indicated that they intend to continue developing the fishing industry in Western Sahara through the facilitation of access to land for fish processing establishments and to fishing licenses. Initiatives have been adopted towards assisting young people, such as provision of training and space for aquaculture farms, help in putting together administrative files, support in obtaining bank loans, etc. Women are also highly valued in the fishing industries, where they constitute a majority of the work force.

With respect to the use of natural resources and in particular water, the report confirms the use of groundwater for the production of crops exported to the EU, and the launch of an important desalination project based on the use of renewable energy in the Dakhla area, which will provide for sufficient water supply both for the population and to replace the use of ground water at least in part.

In ***conclusion***, the information collected from the available sources and the data received on the spot during the technical visits are consistent with the findings of the 2020 report. ***Exports to the EU and employment figures show a continuing and moderate increasing trend***, which can be considered as due largely to the favourable economic conditions of Western Sahara and to granting of the tariff preferences under the Agreement. The Agreement has thus supported the exports in the two most strategic sectors in Western Sahara – agriculture and fishery – and their growth, and therefore employment and investment. In the absence of the preferences granted by the Agreement, in all likelihood the reported increase in exports, production and employment would not have taken place, and it is likely that a very significant part of these activities would have been replaced by exporters from neighbouring countries (which all benefit from tariff preferences with the EU).

The report thus confirms that the Agreement is resulting in benefits for Western Sahara and its population in terms of exports, economic activity and employment. The report also notes that

¹⁰ Source: FOODEX database.

the use of water and natural resources corresponds to what is considered a normal use of resources to satisfy the needs of the size of the population of the area and that there are significant investments in producing renewable energy and reducing the reliance of groundwater by developing a desalination plant.

1. INTRODUCTION

1.1 The Agreement

In its judgment of 21 December 2016 in Case C-104/16, the Court of Justice of the European Union ruled that the Association Agreement, as well as the Agreement providing for reciprocal liberalisation measures on agricultural products, processed agricultural products and fish and fishery products (the ‘Liberalisation Agreement’) between the Union and Morocco, did not apply to Western Sahara. Following the Court judgment, the practice of applying the trade preferences set out in the Association Agreement and its protocols on a de facto basis to products originating in Western Sahara, a non-self-governing territory, could not continue, unless Protocol 1 (access to the EU market for Moroccan agricultural products, processed agricultural products, fish and fishery products) and Protocol 4 (concerning rules of origin) were amended to establish that products originating in Western Sahara should be treated in the same way as those from Morocco.

The necessary amendments were made through an agreement in the form of an exchange of letters introducing the required amendments to Protocol 4 and Protocol 1 of the EU-Morocco Association Agreement, with a view to respecting the obligations of the Court judgment of 21 December 2016 and to providing a legal basis for granting preferences to products from Western Sahara. The Agreement entered into force on 19 July 2019.¹¹ In this way, trade with Western Sahara could remain undisrupted while maintaining access to the EU market at a stable level, since no new preferences were granted. The Agreement thus prevented Western Sahara from suffering a disadvantage as compared with other regional competitors which benefit from tariff preferences on different grounds.

Given that the matter is related to the Common Commercial Policy, the legal basis that permitted the amendment to the Agreement was Article 207 of the Treaty on the Functioning of the European Union (TFEU), in conjunction with Article 218(6)(a)(i) and the first subparagraph of Article 218(8). In this respect it is recalled that Article 207 TFEU (1) *in fine* provides that “the common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action”. Those principles and objectives of the Union’s external action include the respect for, and promotion of, the universality and indivisibility of human rights and fundamental freedoms, the respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law.

¹¹ In its judgement of 29 September 2021 in the case *Front Polisario v Council* (Case T-279/19), the General Court annulled Council Decision (EU) 2019/217 of 28 January 2019 on the conclusion of the Agreement. It also ruled that the effects of Decision 2019/217 are maintained during a period of two months in which an appeal to the ruling can be lodged or, if an appeal is lodged within that period, until the Court of Justice delivers judgment on that appeal. The Council and the Commission have lodged appeals before the Court of Justice, and thus the Council Decision 2019/217 remains applicable, as is the Agreement, pending the judgement of the Court of Justice.

With respect to Western Sahara, the Agreement creates formally obligations only for the EU. In effect, it provides that products originating Western Sahara are entitled to preferential tariff treatment – the same granted to products originating in Morocco – when imported into the EU. From an EU perspective, the wording of the Agreement does not contain any obligation for Western Sahara to grant preferential tariff treatment to products originating in the EU – or, actually, any obligation for Western Sahara vis-à-vis the EU.

The Agreement confers on its Western Sahara producers the possibility to benefit from tariff preferences, provided that certain conditions are respected.

1.2 Objective, scope and sources of the report

1.2.1 Objective

The purpose of the report is to present the findings and the result of the monitoring of the implementation of the Agreement. It responds to the call from the European Parliament in its non-legislative resolution of 16 January 2018 to “the Commission and the EEAS to closely monitor the implementation and impact of the Agreement and to regularly report their findings to Parliament”¹². It brings up to date the previous report published on 20 December 2020, presenting an update of data collected by the mechanisms provided for in the Agreement and those available through other sources.

In accordance with the Agreement, this report focuses on the evaluation of *“the impact of the Agreement, particularly on sustainable development and, with regard to the advantages for the people concerned and the exploitation of the natural resources of the territories in question”*¹³.

In its non-legislative resolution of 16 January 2019, the European Parliament also asked the Commission *“to ensure that a mechanism will be put in place for Member States’ customs authorities to have access to reliable information on products originating in Western Sahara and imported into the EU, in full compliance with EU customs legislation”*, and that such a mechanism should *“make available detailed and disaggregated statistical data provided timely on such exports”*. It asked the Commission *“to present to Parliament an annual assessment of the conformity of this mechanism with EU customs legislation”*¹⁴, which is contained in section 3 of this report.

1.2.2 Scope

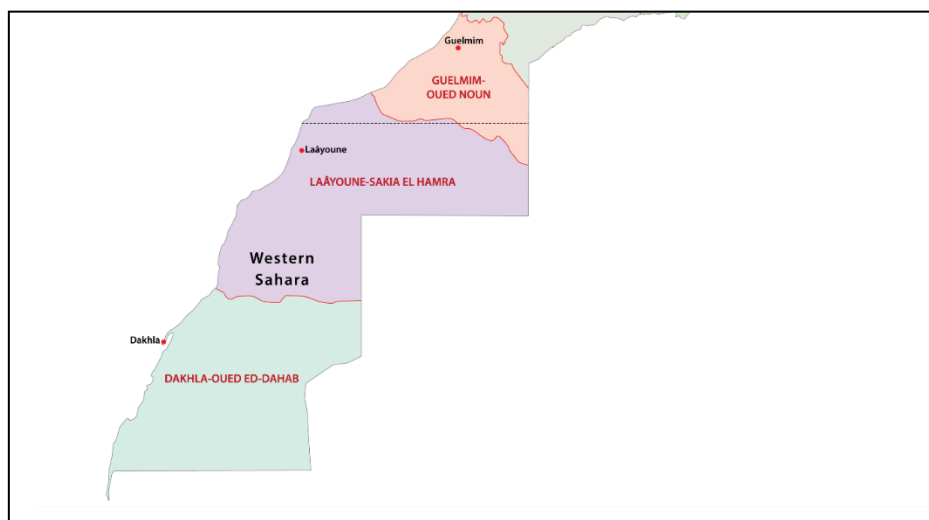
The report considers the economic activity in the two regions of Laâyoune-Sakia el Hamra and Dakhla-Oued Ed-Dahab in order to assess the economic impact of the Agreement. It should be noted that a small part of the territory of Western Sahara is included in another region, Guelmim-Oued Noun. The territory of Western Sahara thus does not correspond exactly to the ‘southern provinces’ referred to by the Moroccan authorities in their publications or in

¹² Paragraph 29, P8_TA(2019)0016 EU-Morocco Agreement on the amendment of Protocols 1 and 4 to the Euro-Mediterranean Agreement - (Resolution) European Parliament non-legislative resolution of 16 January 2019 on the draft Council decision on the conclusion of the agreement in the form of an Exchange of Letters between the European Union and the Kingdom of Morocco on the amendment of Protocols 1 and 4 to the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, of the other part (10593/2018 – C8-0463/2018 – 2018/0256M(NLE)).

¹³ Cf 6th paragraph of the Joint Declaration contained in the Agreement. Recital (7) of the COUNCIL DECISION (EU) 2019/217 of 28 January 2019 also refers to the impact on human rights.

¹⁴ See its paragraph 26.

information exchanged with the Commission (the three regions of Laâyoune-Sakia el Hamra, Dakhla-Oued Ed-Dahab and Guelmim-Oued Noun). The region of Guelmim-Oued Noun is not considered for the purpose of this report as there is no relevant production in the Western Saharan part of this region of goods exported to the European Union.



The report focuses on the economic activities in Western Sahara which are most likely to be impacted by the Agreement, i.e. those economic sectors which export to the EU. It also updates the section of the 2020 report on the overall situation of Western Sahara and on human rights.

1.2.3. Sources

The report draws on several sources of information. The Commission services have used the information provided by the Moroccan authorities on the basis of the Decision 1/2020 of the EU-Kingdom of Morocco Association Council, the Eurostat and Traces databases, other publicly available information, and information collected during the technical visit to the Dakhla-Oued Ed-Dahab region on 21-22 September 2021 and at a meeting with several human rights organisations with presence in Western Sahara.

An additional source of information is a system set up by Morocco (more specifically by FOODEX¹⁵) to provide the EU and EU Member States' customs direct access to regular information on exports to the EU, which comprises inter alia goods originating in Western Sahara. The IT system set up by Morocco consists of a data information system under which statistics by product are collected on exports to the EU by region, and which includes specifically data by volume on all exports of products originating in Western Sahara¹⁶. This mechanism is complemented by the provisions for administrative and customs cooperation between the EU and Morocco contained in the Association Agreement with Morocco, which provide for tools that enable EU Member States' customs authorities to verify the origin of the products exported to the EU from Western Sahara, and to take remedial action as it may be necessary. All these elements have been in place and operational since the entry into force of the Agreement.

¹⁵ FOODEX, the Food Export Control and Coordination Organization, is a public structure under Morocco's Ministry of Agriculture, Fisheries, Rural Development, Water and Forests, created in 1986, which supports exports of agri-food and maritime products. This organisation has been in charge of setting up the IT system, which provides information on exports from Western Sahara to EU according to the EU-Morocco agreement.

¹⁶ See description of the IT system in section 3 below.

The assessment covers the period since the last report up until 2020. Nevertheless, available trade data with Western Sahara from the first three quarters of 2021 are included in order to confirm tendencies.

1.3. The technical visit to the territories and consultation with human rights organisations

1.3.1 Technical visit to Dakhla on 21-23 September 2021

On 21-23 September 2021 a technical visit by the Commission services and the EEAS took place to the territory at the invitation of Morocco that focused on the Dakhla-Oued Ed-Dahab region. This mission had been planned in 2020, but could not take place due to the COVID-19 pandemic restrictions. The mission provided for multiple contacts and visits that have enabled to get a good understanding of the functioning of the Western Sahara economy and serves to support the report with first-hand accounts. It confirmed earlier findings pointing to a very positive impact of the Agreement for the economic development of Western Sahara, which to a large extent depends on exports to the EU in particular in the fishery and agricultural sectors. The visit showed that Western Sahara is an economy in rapid transition from a nomadic and shepherding economy to an increasingly sophisticated and competitive agricultural and fishery one: most of these sectors have developed from a very low level of activity over roughly a decade and a half, (e.g. fish processing, cherry tomatoes and aquaculture).

Morocco's development plans and investments have played an important role in the development of Western Sahara. There are important projects that are expected to push its development further, notably a new port in Dakhla, a wind park and a desalination plant that could give a boost to the development of the area. Tourism and handicraft are the other two main economic activities, although there is also a small shepherd activity based on camel herding. In all these sectors there is a significant participation of women in the workforce.

As for the fisheries sector, there are reported plans to develop further the fishing industry in Western Sahara through the facilitation of access to land and additional fishing licenses to more operators. Particular attention is paid to young people (training, provision of space for aquaculture farms, help in putting together administrative files, support in obtaining bank loans, etc.).

The visit was preceded by discussions in Morocco, namely in Rabat with different representatives of the Moroccan Government, as well as of discussions in Casablanca with the Confédération Générale des Entreprises du Maroc (CGEM) and at the headquarters of FOODEX, where the sanitary and quality control of exports from Western Sahara to the EU were presented. The main points made by the CGEM were the importance of the Agreement to ensure the necessary predictability of the trade regime between the EU and Western Sahara for investments to be made in the region, and also that the development of Western Sahara promoted by the Agreement contributes to absorb some migration from sub-Saharan Africa, which helps reduce the migration pressure on the EU.

One of the findings from the meeting in FOODEX relate to the practical working of the conditioning stations in Agadir (Morocco) notably for tomatoes from Western Sahara for export to the EU. FOODEX indicated that tomatoes from Dakhla are not mixed with those

from Agadir or from elsewhere in Morocco. It was also explained that Moroccan exports of tomatoes have for at least the past 5 years respected the minimum entry prices, and that the standard import price (or “valeur forfaitaire à l’importation” or VFI) had during that period been above the entry prices for all kinds of tomatoes including in particular round tomatoes. In that context, they indicated that it made no practical sense to try to mix, in the consignments sent to the EU, the round tomatoes from Morocco with the more expensive cherry tomatoes from Western Sahara in order to respect the entry prices applicable in the EU, due to differences of types, calendars, and deliveries of both kinds of tomatoes.

In Dakhla, the mission visited three fishery processing and aquaculture factories and two agricultural farms (one of them a cooperative), an agricultural vocational training centre and two social cooperatives, and held meetings with the Chambers of Agriculture and Fisheries as well as with the Governor of the Region, in addition to numerous contacts with the authorities in the region responsible for agriculture, fisheries and exports.

These visits gave an overview of the economy of the Dakhla-Oued Ed-Dahab region. In the *agricultural* area, they highlighted the relative sophistication of the production of vegetables and in particular tomatoes, where the particular temperate and stable climate, the long duration of the days, and the availability of underground water have made it possible to develop the cultivation of high value added cherry tomatoes practically all year round, and of *charentais* melons well in advance of the usual season in Europe, in a way that such production is largely complementary to that in the EU. One of the firms visited was a cooperative, where the partners were all local, mainly young, entrepreneurs who had been able to set up their farm thanks to public support via subsidized loans and some grants. Their main concerns were the need to ensure the continuation of the preferential access to the EU market, undergoing business management training, and being able to export directly from Dakhla to the EU without having to pass through the conditioning and quality control stations in Agadir, something that involves additional costs (up to 20%) and that they expect the future Dakhla port will help avoid. Although they expressed appreciation for the public support received, some of them indicated that they would welcome more support in particular in terms of management training and export assistance, and also requested support from the EU to be able to market their products in the EU. They also provided information on the use of water, based on dripping systems, that for the time being comes from underground reserves.

The visits to the *fishing* processing firms showed the complementarity and integration between the fishing activities off the coast of Western Sahara and the processing of the captures on land. Some of these firms were set up and owned by locals, and in other cases they were part of a larger group which included also local shareholders, and which had a close partnership relationship with EU business. Some of the facilities were newly created, and were characterised by a large participation of female workforce – often 70-80% – in the processing establishments. These firms highlighted the importance of the tariff preferences to be able to maintain and develop their production, as the EU market was by far the most important, accounting for between 50% and 100% of the production depending on the products, and the high custom duties applied in particular on canned fish could be determinant for their ability to sell in the EU market. These points were made also at the meeting with the Chamber of Fisheries, where some participants pointed out that around 90% of their fisheries production was exported to the EU, and also expressed concerns about the serious impact that any possible loss of tariff preferences would have for local business and population.

One of the points made by the *Chamber of Agriculture* concerned the existence and application

of minimum wages for all workers in the region (set at MAD 2,800/month and MAD 90/day) and of mandatory public cover (by the Caisse Nationale de la Sécurité Sociale, CNSS) for social, accident, unemployment and health protection, that has been improving over time. They indicated that all workers were subject to such social protection, including all foreign workers including temporary/seasonal ones, for which contracts for a minimum of 6 months were mandatory. The normal working time is 8 hours per day, with the possibility of paid supplementary hours. They indicated that typically there were 2 permanent workers per cultivated hectare, to which between 2.000 and 3.000 days of temporary work per hectare would need to be added. They pointed to the rapid development of the agricultural sector, as in 1989 there was only one farm as compared with 13 nowadays. They indicated that the animal production, of which none for exports, amounts to some 40,000 camels, 40,000 sheep and 30,000 goats.

The visit was also an opportunity to note the efforts done by public authorities in the region to provide training and support to local young entrepreneurs and farmers as well as in the agri-business area, and to visit some cooperatives in other sectors, in particular in the processed agricultural products area and in handicraft, where the participation of women is predominant.

At a meeting with the local authorities, an overview of the investments made by public authorities in the Dakhla-Oued Ed-Dahab region was provided, in particular in the areas of public health (hospitals) and education (universities and vocational training centres). He explained that the Dakhla region has a thriving niche tourism industry, based on sustainability and high value added taking advantage of its particular conditions for the activity of kite surfing. He also pointed to an important fiscal surplus of Western Sahara, indicating that what it receives in investments and transfers from Morocco is 7 times higher than the Western Saharan contribution to Morocco's public budget.

1.3.2 Consultation with human rights organisations active in Western Sahara

On 4 November 2021, a consultative meeting was held between the Commission services, the EEAS and three human rights organisations active in Western Sahara, with the objective of seeking their views on the impact of the Agreement on the population of Western Sahara and on the use of natural resources¹⁷. In this exchange, all the representatives of the organisations which attended the meeting expressed their support for the extension of preferential tariffs to Western Sahara. They reported that the inhabitants of Western Sahara benefit directly and indirectly from the Agreement, as it had enabled considerable economic development, notable through significant exports to the EU. The representatives considered this as a human right of the local population in Western Sahara.

These organisations indicated that, on the basis of their experience, there was also a strong support for the Agreement from the population living in the territory. They noted that depriving the Western Saharan population from the tariff preferences would imply discriminating them as compared with producers and exporters in neighbouring territories and countries, which

¹⁷ These were: Conseil National des Droits de l'Homme (attended by the presidents of the three regional councils concerned in the Western Sahara region), the president of the Observatoire du Sahara pour la Paix et la Démocratie et les Droits de l'homme (OSPDH), and the president of the Commission Indépendante pour les Droits de l'Homme, CIDH AFRICA. Three other associations, Euromeds Rights, Frontline Defenders, and the Frente Polisario, were also invited to this consultation but did not attend.

benefit from similar tariff preferences.¹⁸

During the meeting, it was also underlined that all agreements between Morocco and the EU covering Western Sahara should be respected and separated from prejudices and political judgments, which could affect the achievement of prosperity and well-being.

These organisations explained that there are no census or records of the population on ethnic grounds, and highlighted that diverse origins also included the nomadic tradition of parts of that the population in Western Sahara.

One of the representatives acknowledged that at the same time there are challenges regarding issues of transparency and bureaucracy in Morocco. However, according to them, this should not blur the fact that there is a fairly rapid positive change at all levels in Western Sahara. In particular, they reported positive developments regarding the human rights situation in Western Sahara, with some emphasising the need to distinguish between human rights defenders and biased, politically motivated actors. They indicated that publicly known Sahrawi activists generally enjoy a large margin of freedom to express their opinion on different issues, both as individuals and as associations. Nevertheless, concerns were voiced with regard to mechanisms for political association in the territory, with an overwhelming majority of activists never submitting requests for official recognition. Consequently, there were calls for the adoption of specific protocols for the organisation of political demonstrations in Western Sahara.

2. IMPACT OF THE AGREEMENT ON THE WESTERN SAHARAN ECONOMY AND THE USE OF NATURAL RESOURCES

2.1. Impact on the population and economic sectors

2.1.1 Population and economy in Western Sahara

Western Sahara has developed only recently, in particular as regards agriculture, fisheries, tourism and renewable energy infrastructure, and a large part of the activities in these areas have developed only over the last decades.

For instance, information available on the Dakhla-Oued Ed-Dahab region shows that this region is experiencing an important growth in the recent years. For instance, the unemployment rate is at 7%, which is low compared to the neighbouring regions. Investment rates are also reported to be higher than in neighbouring regions¹⁹. The economic activity in Western Sahara is driven by three main sectors (agriculture, fisheries and tourism) and there are promising perspectives for renewable energies (wind, solar, green hydrogen). Similar trends are being observed also in the region of Laâyoune-Sakia El Hamra, meaning that the population in Western Sahara as a whole is experiencing significant improvements in living standards. The

¹⁸ They also pointed to important investments in education, health and infrastructures carried out in the territories by the Government in Morocco and to the existence of a favourable tax regime (including tax exemptions) applicable in Western Sahara as compared to those in applied in Morocco, which results in a very positive fiscal balance for Western Sahara vis-à-vis Morocco.

¹⁹ Information obtained in a meeting with local authorities on 21 September in Dakhla.

local population is reported to be well integrated in the labour market and the economic activity, and benefit from increasingly better services e.g. in the areas of health and education with new facilities being created regularly (for instance, there is one military and one civilian hospital in Dakhla, with 14 intensive care beds which were served regularly during the worst periods of the COVID-19 pandemic).

However, a common challenge to the economic activity is the lack of sufficient local workforce in this region. Much of the local population was originally nomadic herders, with little tradition in e.g. services or sedentary or industrial activity. This is why the authorities are investing in professional trainings e.g. in the areas of agriculture, fishery and tourism services. There is a higher-level education for management (trade and business management) as well as for technology, although for other subjects the closest universities are in Agadir. In line with a wider programme, the province of Dakhla will host a Cité des Metiers, e.g. a campus where professional training will be provided.

Western Sahara shows the characteristics of a market economy in expansion, and the main industries are fishing and fish processing, phosphate mining, agriculture (especially early-growing fruit and vegetables and pastoral nomadism), trade and craft industries. Other sectors, such as tourism, are growing recently.

In Western Sahara, owing to unfavourable agronomical conditions, farming must concentrate on high value added, niche fruits and vegetable products (“industrie maraîchère”), exploiting the advantage vis-à-vis the main client markets in the EU of early harvesting and production almost all year round, which results from its Southern geographical situation and a stable climate without great temperature variations.

In terms of surface, the Dakhla-Oued Ed-Dahab region covers an area of 130,898 km² and the Laâyoune-Sakia El Hamra region covers 139,480 km², approximately 270,000 km² in aggregate²⁰. According to the latest available data provided by the Moroccan authorities, the population was 597,339 in 2019, with the vast majority living in urban areas. The most populated cities are Laâyoune with 367,758 (census 2014) inhabitants and Dakhla with 142,955 (census 2014). According to a local Government source, in the Dakhla-Oued Ed-Dahab region, 25% of the population lives in rural areas.

In terms of income growth, the 2019 regional accounts show GDP growth rates of 7.1% for Guelmim-Oued Noun, 7% for Laâyoune-Sakia el Hamra, and 4% for Dakhla-Oued Ed-Dahab. This compares for instance with a lower growth rate for Morocco of 2.6%.

According to the statistics issued by the Haut Commissariat au Plan (HCP) or Higher Planning Commission in Morocco²¹, in 2018, the GDP per capita was MAD 85,669 (EUR 8,139) in Dakhla-Oued Ed-Dahab and MAD 49,275 (EUR 4,681) in Laâyoune-Sakia el Hamra. By way of comparison, this was more than double the average of Morocco, where the GDP per capita was MAD 31,473 (EUR 2,990) in 2018.

²⁰ The regions of Dakhla-Oued Ed-Dahab and Laâyoune-Sakia el Hamra do not correspond exactly with the geographical area of Western Sahara as a minor part of Laâyoune-Sakia el Hamra is outside Western Sahara while a minor part of the region of Guelmim-Oued Noun is in Western Sahara.

²¹ The Haut Commissariat au Plan (HCP) or Higher Planning Commission in Morocco, is an independent government statistical institution, established in 2003. The HCP is the main source of economic, demographic and social statistical data.

Data to determine the share in the GDP of each sector (agriculture, fisheries, industry, services, mining, administration) in Western Sahara are not available.

Although Western Sahara has relatively higher GDP per capita levels than neighbouring regions, the economy is largely export-driven due to a limited domestic market.

With the entry into force of the Agreement, Western Sahara enjoys preferential trade tariffs on its exports to the EU market. Phosphate production is a major industry in Western Sahara. However, there are no exports of Western Saharan phosphates to the EU. This is due to the fact, as indicated in the 2018 report, that there is not yet a production in Western Sahara of processed phosphate products and that there is no interest in the EU to process raw phosphates from Western Sahara. Raw phosphates from Western Sahara are likely to be used in Morocco to manufacture phosphate derivatives that are then exported to the EU under preferences as the processing carried out in Morocco is sufficient to confer preferential origin under the Association Agreement with Morocco. Therefore, in respect to phosphates, the Agreement has had no impact, and this sector is therefore not analysed in this report.

2.1.2. The agricultural sector

In 2020, the total agricultural production in Western Sahara was around 100,000 tonnes, of which 24,000 tonnes was produced in the Laâyoune-Sakia El Hamra region and 76,000 tonnes in the Dakhla-Oued Ed-Dahab region. By comparison, in the 2018 report it was indicated that 64,000 tonnes of early-growing crops were harvested in the territory in 2016, 78% of which were tomatoes (50,000 tonnes of various types and varieties) and 22% melons (14,000 tonnes), covering an area of some 900 hectares²². These data show an increase of more than 50% from 2016 to 2020, which could be due to a proportional increase of the production area with a relative limited expansion of plantation infrastructure.

By region, the production of agricultural products in Western Sahara in 2019 and 2020 was as follows:

Production of agricultural products in Western Sahara by region in 2019 and 2020		
	2019	2020
Dakhla-Oued Ed-Dahab	68,000 tonnes	76,000 tonnes (+11.8%)
Laâyoune-Sakia El Hamra	24,000 tonnes	24,000 tonnes (+0.0%)
Total	92,000 tonnes	100,000 tonnes (+8.7%)

The agricultural production in the Laâyoune-Sakia El Hamra region consists of fodder crops. There are no exports of any agricultural products from that region to the EU, and therefore all exports from Western Sahara to the EU originates in the Dakhla-Oued Ed-Dahab region.

The total cultivated surface in Western Sahara in 2020 has remained stable, at around 1,300 hectares, of which 400 hectares in the region of Laâyoune-Sakia El Hamra, and 900 hectares in the region of Dakhla-Oued Ed-Dahab was around 900 hectares, all of it under greenhouse

²² By way of comparison, in terms of exports from Morocco to the EU in 2020, 1,471,300 tonnes of agricultural products were exported from Morocco to the EU with a total value of MAD 20,301 million (EUR 1,929 million).

and irrigated²³. Western Sahara area is largely deserted and the ratio between surface of irrigated land and its total extension (approximately 270,000 km²) is very low.

In terms of exports from Western Sahara to the EU, exports reached a total of 66,700 tonnes (+12.3% up from 59,400 tonnes in 2019) worth MAD 837 million (EUR 79.5 million), up +10.7% from MAD 756 million (EUR 71.8 million) in 2019.

By product, the data referring to 2019 and 2020 are:

Exports of agricultural products from Western Sahara to the European Union		
	2019	2020
Fresh tomato	50,100 tonnes	55,200 tonnes (+10.2%)
Melon	9,300 tonnes	11,500 tonnes (+27.8%)
Total	59,400 tonnes	66,700 tonnes (+12.3%)

Taking into account the data provided for 2020, the application of tariff preferences to EU imports of 11,500 tonnes of melons at a total value of MAD 134.3 million (EUR 12.8 million) would mean savings of MAD 11.9 million (EUR 1.1 million) in customs duties. For tomatoes, assuming that all Western Saharan exports have benefitted from preferences (52,200 tonnes at a total value of MAD 706 million (EUR 67.1 million)), the savings in customs duties is estimated to be around MAD 82.3 million (EUR 7.8 million), as long as the specific duty did not apply. Therefore, the total amount of savings in terms of duties for 2019 is estimated to be around MAD 94 million (EUR 8.93 million)²⁴. This is an increase over the figures contained in the 2020 report, where without tariff preferences such exports from Western Sahara in 2018 would have been subject to approximately MAD 71.5 million (EUR 6.8 million) in customs duties.

The evolution of imports from Western Sahara, especially of tomatoes, is being monitored regularly by the Commission. A series of factors may explain why so far there have been no significant concerns expressed specifically with respect to the level of agricultural exports specifically from Western Sahara to the EU: the relatively low level of production and exports²⁵; the particular nature of the tomatoes produced (high value added cherry tomatoes); and the fact that producers partially target their production in a manner complementary to the seasonal production in the EU (for instance, as the melon season starts up to two months before than in the EU, and tomato growers can focus on producing outside the tomato season in the EU).

²³ By way of comparison, in 2020, the surface area by culture in Morocco was 129,300 hectares of citrus, 259,000 hectares of vegetable crops and 5,342,200 hectares of large cultures and a total of 7,447,600 hectares for all cultures. The total volume of agriculture products from Morocco to the EU was 1,538 thousand tonnes for a value of MAD 21,138 million (EUR 2,008 million).

²⁴ For this calculation, the total value of exports of melons and tomatoes was retrieved from data provided by FOODEX with a regular customs duty (applicable in the EU under the most-favoured nation (MFN) clause) of 8.8% for melons. For tomatoes, the unit price is set at 1,285 based on the average price of total exports of tomatoes, and the regular customs duty varies from 8.8 to 14.4% depending on the time of year. The duties saved were calculated with a rate of 8.8% for 1 November to 15 May and 14.4% for 16 May to 31 October (due to limitations of accessibility of data as exports are reported by month, exports in May were assumed to be distributed evenly throughout the month).

²⁵ By way of comparison, Morocco's exports to the EU of fresh tomatoes in 2020 amounted to 462,800 tonnes, mostly or round tomatoes, compared with Western Sahara's exports of 55,200 tonnes, mostly of cherry tomatoes; Morocco's exports of melons in the same year amounted to 38,800 tonnes as compared with Western Sahara's exports of 11,500 tonnes.

At a meeting with local authorities in Dakhla held on 21 September 2021, they referred to the multi-dimensional plan project to irrigate 5,000 hectares of land with desalinated water from a plant powered by a wind park (the plant is worth 360 million MAD), coupled with a new port in the proximity (for an investment of 1 billion USD), all financed by the public State budget. The farming land would be brought up to 5,000 hectares and be allocated to interested investors following a competitive bidding process. According to plans, larger plots (100 hectares each) will be allocated to 5-6 leading companies, which will act as “agregateurs”, and smaller plots (between 5-20 hectares each) will be given to local young entrepreneurs, usually without previous farming experience, but who will benefit from appropriate training and credit facilities (zero interest). Housing will be created and provided to farmers around the area. Production in this new land, which may be up and running by 2025, should concentrate on high value production such as cherry tomatoes, cranberries and blueberries, the latter two with the US market in mind.

It was also explained that water is due to be priced at 7 MAD per cubic meter, and 3,5 MAD for agricultural use. Electricity produced is due to cost 0,26 MAD/KWh compared to 3,05 MAD/KWh for diesel (actual production). The construction of the desalination plant had suffered some delays owing to the pandemic and the recent political elections but that the consortium had been already selected and will associate European and Moroccan companies. According to the local authorities, the Dakhla Atlantique port should be completed by 2027.

2.1.3. The fishery sector

As explained in the 2018 report, Western Sahara has a sizeable integrated fish industry, composed of both the fishing activity as well as a fish transformation industry. It is composed of vessels of different ownership and nationality, which typically land their captures in Western Saharan ports where fish is transformed in different products (canned, frozen, transformed into other processed products, fishmeal, etc.). According to the data received for 2020, the captures in Western Saharan waters that have also been landed in Western Saharan ports and thus processed there, amounted to 954,400 tonnes in 2020 with a total value of the landed fish of MAD 5,286 million (EUR 502.2 million).

In 2020, 954,400 tonnes of fish products were captured and landed in Western Sahara²⁶ with a value of MAD 5,286 million (EUR 502.2 million), of which 140,500 tonnes were exported to the EU at a value of MAD 4,337 (EUR 412 million). The distribution by region was the following:

- Dakhla-Oued Ed-Dahab with 570,100 tonnes with a total value of MAD 3,172 million (EUR 301.3 million).
- Laâyoune-Sakia El Hamra with 384,300 tonnes with a total value of MAD 2,114 million (EUR 200.8 million).

In terms of exports from Western Sahara to the EU, in 2020 the total amounted to 140,500 tonnes, with a total value of MAD 4,337 million (EUR 412 million).

²⁶ The data correspond to fish landed in Western Saharan ports, which normally has been captured in waters adjacent to Western Sahara although it may also come from outside.

Captures²⁷ and exports to the EU of fishery products in 2020²⁸				
	Total captures		Exports to the EU	
	Volume	Value (in million)	Volume	Value (in million)
Laâyoune-Sakia El Hamra	384,300 tonnes	MAD 2,114 (EUR 200.8)	58,700 tonnes	MAD 1,817 (EUR 172.6)
Dakhla-Oued Ed-Dahab	570,100 tonnes	MAD 3,172 (EUR 301.3)	81,800 tonnes	MAD 2,520 (EUR 239.4)
Total	954,400 tonnes	MAD 5,286 (EUR 502.2)	140,500 tonnes	MAD 4,337 (EUR 412)

Exports of fishery products to the EU by region and by product family are shown in the table below²⁹:

Exports of fishery products from Western Sahara to the EU in 2020	
Product	Volume (million tonnes)
Dakhla-Oued Ed-Dahab	
Frozen fish products	61.8
Frozen sardine	28.2
Frozen octopus	13.7
Frozen cuttlefish	8.7
Squid congealed	5.7
Frozen mackerel	4.1
Frozen shellfish	0.2
Others	1.2
Fish flour	11.9
Canned fish:	3.4
Canned sardine	2.6
Canned mackerel	0.9
Fresh fish products	1.2
Fish oil	3.3
Others	0.1
Total	81.8
Laâyoune Sakia El Hamra	
Frozen fish products	38.0
Frozen sardine	19.5
Frozen octopus	8.2
Frozen squid	4.6
Frozen cuttlefish	4.0

²⁷ See previous footnote.

²⁸ By way of comparison, the total captures in Morocco in 2020 amounted to 424,500 tonnes worth MAD 5,592 million (531), and its exports of fish and fish products to EU the amounted to 180,500 tonnes worth MAD 7,998 million (EUR 766 million).

²⁹ Source: FOODEX, November 2021

Frozen mackerel	0.6
Frozen shellfish	0.2
Others	1.0
Fish flour	4.2
Fish oil	10.2
Canned fish:	6.1
Canned sardine	4.9
Canned mackerel	1.3
Others	0.1
Total	58.7

According to Moroccan authorities, the number of establishments authorised to export to the EU had increased to 172 in 2020 (from 141 in 2018 and 165 in 2019).³⁰

The Commission services have recorded no particular concerns regarding a negative impact on the EU market of the exports of fish and fish products from Western Sahara.

2.2. Impact on employment and investment in Western Sahara

2.2.1. Impact on employment

Given that the main sectors that generate economic development in Western Sahara are agriculture and fisheries, the analysis to determine the impact that the entry into force of the Agreement has had on the Western Sahara economy continues to focus on these two main sectors.

Agricultural sector

The level of employment in agriculture in the Dakhla-Oued Ed-Dahab region in 2020 has remained stable at 14,000 jobs, similar to the figures for 2019. According to available figures, 88% of the production of agricultural products in the Dakhla-Oued Ed-Dahab region (the only region in Western Sahara which exports agricultural products to the EU) depend directly on exports to the EU. On that basis, it can be estimated that some 88% of these 14,000 jobs (12,320 jobs) depend directly on exports to the EU. However, it can be considered that a higher figure is more likely, since most of the agricultural farms in the region would not be viable without their ability to export to the EU under the competitive conditions provided by the Agreement. No information is available on employment in the Laâyoune-Sakia El Hamra region.

The authorities are promoting the qualification of employees and entrepreneurs in the agricultural sector in the Dakhla-Oued Ed-Dahab region.

During the mission that took place in September 2021, the newly established "Institute des Techniciens Spécialisés en Agriculture de Dakhla" was visited. This is a training centre largely devoted to the functioning of a campus that welcomes 100 resident students (80% female) for a post-bachelor training course of two years on horticulture and fruits and vegetables. Its target is to train 3,700 young people by 2030. The nearest university of agronomic studies is in Agadir, and the Commission was informed during the visit that the training facility is important to accommodate growth in the agricultural sector in the Dakhla-Oued Ed-Dahab region. Representatives at the centre informed that Dakhla is bound to become a hub for

³⁰ According to EU TRACES, as of November 2021, the total number of approved establishments is 166.

agricultural products exports, like Agadir is today, through the creation of the Dakhla Atlantique port and the creation of 5,000 hectares of new agricultural land, which would allow exports to ship directly from the region with no intermediate passage via Agadir needed.

Fishing sector

In the 2018 report, approximately 90,000 jobs were considered directly and indirectly connected to the fisheries activity. According to the available data of 2019, the level of employment is reaching 111,090 jobs, which is an increase of 23%. In 2020 there were 123,563 direct and indirect jobs in the fishery sector (+11.2% compared to 2020).

Region	Direct employment on land	Direct employment on sea	Indirect employment	Total
Dakhla-Oued Ed-Dahab	12,512	14,698	37,540	64,750
Laâyoune-Sakia El Hamra	8,059	26,574	24,180	58,813
Total Western Sahara	20,571	41,272	61,720	123,563

The number of establishments connected with the fishing sector in 2020 is 172 according to Moroccan authorities³¹, divided between the two regions with an increase of 4% compared to 2019 (165 establishments recorded) and of 22% as compared with the 141 establishment recorded in 2018. The division by region is as follows:

- Dakhla-Oued Ed-Dahab with 98 establishments in 2019, and 101 in 2020
- Laâyoune-Sakia El Hamra with 67 establishments in 2019 and 71 in 2020

The two sectors of agriculture and fisheries are both labour intensive, hence the entry into force of the Agreement is a key factor for maintaining and even increasing the rate of employment, especially in time of economic crisis. The fisheries sector employs a considerable share of women, notably in the canning industry.

2.2.2. Impact on investments

The Moroccan government is boosting its investments in Western Sahara. The continuation of the implementation of the 2016-2021 development program is part of the 2021 finance bill orientations. According to the presentation of the draft finance bill for 2022, investments have been revised upward from MAD 77 billion (EUR 7.3 billion) to MAD 85 billion (EUR 8.1 billion). A detail of the current and planned investments by Morocco in the region is provided in the annex.

2.3. Trends from January to September 2021 and the impact of the COVID-19 pandemic

Below is, on the basis of information provided by FOODEX and the data provided by Moroccan authorities, a comparison of the first semester of 2019 with the first semester of 2020.

	January-June 2020	January-June 2021	Change January-June 2020-2021
Tomatoes	15,470 tonnes	23,070 tonnes	+49%
Melons	11,500 tonnes	10,500 tonnes	-9%
Fishery products	52,960 tonnes	66,436 tonnes	+25.4%

The table below shows the development of tomato, melon and fishery products exports from Western Sahara to the EU in the period between July and September of 2020 and of 2021 (most recent three months with available data):

³¹ According to EU TRACES, as of November 2021, the total number of approved establishments is 166.

	July-September 2020	July-September 2021	Change July-September 2020-2021
Tomato	18,000 tonnes	20,700 tonnes	+15.2%
Melon	0 tonnes	193 tonnes	N/A
Fishery products	45,060 tonnes	45,000 tonnes	-0.1%

2.4 Impact on the use of natural resources

The primary constraint in Western Sahara is access to water, due to the type of terrain and the very scarce rainfall. Research and available data shows that there is groundwater in the region, though it is hard to put an exact figure to the level of reserves and their rate of replenishment.

Water for early-growing crops has so far come from groundwater (also used for supply of drinking water). According to Morocco, groundwater is present in a large area (of 90,000 km²), is deep (up to 1,800 m) and contains an estimated 3 billion m³ of permanent reserves. The General Monograph of the Region of Dakhla-Oued Ed-Dahab, produced by the Directorate-General for Local Authorities of the Moroccan Ministry of the Interior, says: “[There is a] sedimentary basin (called Laâyoune-Dakhla) extending along the Atlantic coast in the west and covering an area of some 110,000 km² on the continent. It is relatively rich in extensive underground water reserves, but not enough is known about them and they are quite varied in depth, lithology, productivity and water quality. In hydrogeological terms, however, there are signs that the basin includes several layers of groundwater, containing a potentially major but non-renewable water source”³².

As for the water management, which is essential for the development of agricultural activities, despite the large reserves of groundwater, water is used in a rationalised way thanks to the generalization of drip systems for crops irrigation. According to Morocco, less than 3 million m³, or some 0.1% of the available volume, is currently used per year for agriculture.

During the mission in September 2021 to the region of Dakhla-Oued Ed-Dahab, several farms were visited. One of them provided detailed insight into the water usage of farming tomatoes and melons. The farm manager informed that it cultivates some 17,000 to 20,000 plants of tomatoes per hectare, each of which needs 1 litre of water per day, compared to 2 to 2.5 litres for melons. The farm manager informed that the farm uses around 50 cubic metres per day per hectare, which is all taken from underground water that is pumped up to the surface and kept in a reservoir.

The Chamber of Agriculture of the Region Dakhla-Oued Ed-Dahab informed during a meeting that the region has access to abundant underground water resources 300-600 metres below ground. During another meeting with the Regional Director of the Moroccan Ministry for Agriculture, it was explained that groundwater use would be rationalised further due to the more widespread use of drip irrigation systems.

The High Commissariat of the Plan³³ (HCP) of Morocco, in charge of preparing statistics and studies, points out that a significant amount of water consumption is due to the progressively

³² Information provided in the 2018 report, section 3.2.1.3, use of resources. No update of this study is available as due to the cost of such evaluation no new assessment has been carried out.

³³ Monographie de la Région Eddakhla Oued Eddahab, Haut-Commissariat au Plan, 2018.

increasing expansion of the perimeter farm of Taouart (in the Dakhla-Oued Ed-Dahab region), partly equipped with classical means of irrigation (which consumes more water). These two issues could be the cause of reduction in water fossils. The HCP highlighted in the report the multiplication of requests for large agricultural projects, especially in the Dakhla-Oued Ed-Dahab region. It is difficult to quantify the exploitable volumes and distribution of water resources destined, on the one hand, to drinking water and, on the other, to agricultural uses.

There are studies that point to the need for further rationalisation of the use of water. Some of them point out that proper and efficient management of water resources requires further rigorous and public analysis of the Dakhla water basin, taking into account that the cultivation of tomatoes and melons requires significant volumes of water. According to these sources, of which the reliability has not been verified by the Commission services, an intensive use of water for agricultural production can also put strain on the availability of water for human consumption in the area³⁴. These elements have to be considered in connection with the right of the local populations to find sources of employment and income that are necessary to develop.

There are plans to address the issue of scarcity of water via a large project of desalination of ocean water. Since the 2018 report, a project to build a desalination unit for the irrigation of up to 5,000 hectares of arable agricultural land was launched, whose start was foreseen in 2020. This project consists in building a seawater desalination plant for agriculture use MAD 1,640 million (EUR 155.8 million) 75 km from the city of Dakhla. It will be supplied with energy generated by a wind park with a capacity of 40 MW. These two projects are expected to generate 10,000 permanent jobs.

The Dakhla Desalination and wind park projects

The project of desalination of seawater for irrigation in Dakhla, to be set up under Law 13-09 on renewable energies of Morocco, is designed to provide drinking water but also to be used for irrigation in the area of Dakhla and Boujdour. The cost of the project is estimated at almost MAD 2 billion (or some EUR 190 million). The public financing is of MAD 1.5 billion, and the remainder (MAD 0.5 billion) is being provided by private investors.

Announced in 2016, as part of the development program for the Dakhla-Oued Eddahab region, this project was entrusted to private operators, under two separate contracts, in order to co-finance, design, build and manage the future wind-powered desalination unit, as well as the irrigation infrastructure, in better technical, economic and financial conditions.

Located in the town of Bir Anzarane at a distance of 1 km from the coastline and about 130 km north of Dakhla, the desalination station will have a desalinated water production capacity of 90,000 to 100,000 m³ per day (or 30 million m³/year).

According to the information available³⁵, the construction for a seawater desalination unit, an electricity wind park and an irrigation system within the perimeter of this region combined is estimated to cost around MAD 2 billion (EUR 190 million). MAD 1.64 billion (EUR 155.8 million) of this sum is spent on the seawater desalination plant and the wind park that will supply energy with a capacity of 40 MW. The irrigation network is planned for a length of around 130

³⁴ Mundibat, Un estudio sobre la producción de tomate en la región de Dakhla (p.33)

³⁵ Cf. inter alia: <https://aujourd'hui.ma/economie/pres-de-2-milliards-dh-pour-une-unite-de-dessalement-de-leau-de-mer-et-un-parc-eolien-a-dakhla>
<https://fr.le360.ma/economie/dakhla-2-milliards-de-dirhams-pour-un-projet-dirrigation-204659>
<https://lematin.ma/journal/2019/megaprojet-dakhla-starting-blocks/327448.html>

km serving 5,200 hectares of arable farmland. These lands will be exploited by investors under Public Private Partnership (PPP) contracts launched by the Agency for Agricultural Development.

The plant will utilise a reverse osmosis desalination technology and will include a wind power plant designed to meet the electrical energy needs of the desalination process and to supply also the local population. In its wake, the project aims to create 10,000 permanent jobs, mainly in the Dakhla-Oued Ed-Dahab region, and will benefit young entrepreneurs, small and medium-sized farmers with innovative projects, as well as major agricultural promoters (especially for greenhouse farming dedicated to export). It is estimated that it will generate a yearly value added of around MAD 500 million (EUR 47.5 million). The latest information available on the project indicate that the effective start of the work is planned for December 2021 or January 2022 for both the desalination plan and the wind park.

Other sectors offer investment opportunities in the Dakhla-Oued Ed-Dahab region, in particular the renewable energy sector, which has been identified as a driver of growth and which has a strong potential for job creation. Three wind projects aimed at supplying electricity to the local grid are currently already underway.



3. THE IT SYSTEM SET UP BY MOROCCO TO PROVIDE INFORMATION TO THE EU ON EXPORTS OF PRODUCTS ORIGINATING IN WESTERN SAHARA

3.1. Main features of the system

In its non-legislative resolution of 16 January 2019³⁶, the European Parliament asked the

³⁶ P8_TA(2019)0016 EU-Morocco Agreement on the amendment of Protocols 1 and 4 to the Euro-Mediterranean Agreement (Resolution) - European Parliament non-legislative resolution of 16 January 2019 on the draft Council decision on the conclusion of the agreement in the form of an Exchange of Letters between the European Union

Commission “to ensure that a mechanism will be put in place for Member States’ customs authorities to have access to reliable information on products originating in Western Sahara and imported into the EU, in full compliance with EU customs legislation” and that such a mechanism should “make available detailed and disaggregated statistical data provided timely on such exports” and also asked the Commission “to present to Parliament an annual assessment of the conformity of this mechanism with EU customs legislation”.

Morocco agreed to set up a mechanism that will cover the exports under the Association Agreement as amended by the Exchange of Letters. This mechanism, which was set up very quickly by Morocco, systematically and regularly provides accurate data to enable the EU to have transparent and reliable data on the origin of these exports to the Union.

This system makes it possible to know all exports to the EU of products originating in Western Sahara that comply with the origin requirements of the Agreement, on the basis of the criteria of tariff headings and production (origin) at aggregated level. The information provided covers, by product on the basis of the Harmonised System codes, information on the volume (quantity) and value of those exports by region. It has a breakdown by EU Member State of data in terms of volume, if such export data exist in the defined period (month) and for the EU Member State concerned. The data on goods exported to the EU are based on the criterion of origin, regardless of the place where they may have been conditioned or boarded for export. Thus, the database provides information on the exports of products that according to the Agreement are originating in Western Sahara.

The data are provided by month, and are available from 20 July 2019 (the following day to the entry into force of the Agreement). The data are collected by the Moroccan authorities on an ongoing basis, but are made available every month after being validated. The Commission has direct access to this data, as well as the customs authorities of the EU Member States.

Although the system covers products exported to the EU not only from Western Sahara – it covers products originating in the regions covered by the Association Agreement with Morocco as amended by the Exchange of Letters – it allows the identification of the quantities and values of imports of products originating from the territories of Western Sahara. These territories correspond to three regions, i.e. Laâyoune-Sakia el Hamra, Dakhla-Oued Ed-Dahab and Guelmim-Oued Noun³⁷. Although there is a partial overlap between two of these territories and Western Sahara, the information contained in the database on exports from two of these three regions (Laâyoune-Sakia el Hamra, Dakhla-Oued Ed-Dahab) corresponds to the totality of exports of products originating in Western Sahara. There are also exports recorded in the Western Saharan part of Guelmim-Oued Noun on both agriculture (fruits and vegetable products, “industrie maraîchère” and fishery products) that are exported to the EU, but they concern production outside Western Sahara, and there are no exports to the EU in the Western Saharan part of the Guelmin-Oued Noun region. Also, although part of the territory of Laâyoune-Sakia El Hamra is in Morocco, there are no exports to the EU from the small Moroccan part of this territory. Therefore, all exports recorded in the system from the regions of Laâyoune-Sakia El Hamra and Dakhla-Oued Ed-Dahab correspond to the exports from Western Sahara under the Agreement.

and the Kingdom of Morocco on the amendment of Protocols 1 and 4 to the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, of the other part (10593/2018 – C8-0463/2018 – 2018/0256M(NLE)).

³⁷ See map in section 1.2.2.

So far the database covers all goods that are currently exported from the two abovementioned regions to the EU (i.e. vegetables and fishery products), but should there be exports of other products that develop, then the database will be expanded to cover them.

The Commission services carry out regular analyses of the statistics, which allow the identification of any significant changes in trade patterns that may require further in-depth examination. This system has provided an increased quantity and quality of information on exports from Western Sahara since the entry into force of the Agreement, and the information is now available from July 2019 to September 2021. The Commission services consider that the data available in the IT system on the exports covered by the Agreement are reliable and accurate.

This system is supplemented by the administrative and customs cooperation procedures provided for in the Association Agreement (see next section).

3.2. Assessment of the system and conformity with EU customs legislation

The assessment on this matter contained in the 2020 report remains valid.

The system put in place by Morocco enables the EU to have statistics on the imports into the EU of products originating from the two regions coinciding for the essential with Western Sahara. The criterion used for the elaboration of export data are the origin of the products, as provided for by the Agreement. Thus, all exports of agricultural or fishery products originating in Western Sahara that are exported to the EU are recorded at aggregated level in the system as exports from those two regions, even if they had been exported from, or packaged in, a port or a location outside Western Sahara (e.g. Agadir).

This information enables a statistical monitoring of such exports, which can help – together with other trade statistical tools available by the Commission – to identify the trends in imports from Western Sahara and to detect sudden changes in trade patterns that may require further enquiry.

This system is supplemented by a tool available to customs under the Association Agreement: the provisions on administrative cooperation for the management of the provisions on origin of the Association Agreement, which are destined to ensure their proper application³⁸. These provisions set up a procedure for the verification of the origin of products to make sure that they are entitled to preferential treatment. They provide for procedures for the verification of movement certificates and invoice declarations, to be carried out randomly or whenever the customs authorities of the importing State have reason to doubt the authenticity of such documents, the originating status of the products concerned or the fulfilment of the requirements necessary to comply with the origin rules. This verification is to be carried out via a request to the Moroccan customs authorities, which are bound to respond to the questions posed by EU Member States' customs under the terms provided for under the Agreement (which refers to products originating in Western Sahara).

Under these provisions the requesting customs authorities shall, except in exceptional circumstances, refuse entitlement to the preferences covered by the amendment to the EU-Morocco Agreement as agreed by the exchange of letters, in case of reasonable doubt by the

³⁸ Protocol No 4 to the Agreement concerning the definition of originating products and methods of administrative cooperation, in particular Title V on Arrangements for Administrative Cooperation.

customs authorities of the importing EU Member State that the products concerned originate in Western Sahara as provided for under the Agreement, on the basis of information provided for in the EUR1 movement certificates, the invoices, the IT system set up by Morocco or other evidence, if:

- a) there is no reply by the Moroccan authorities to the customs authorities' request within a certain period (10 months), or
- b) the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products³⁹.

The IT system set up by Morocco provides information to the Commission and to EU Member States' customs at aggregated level per region and per product, and as such does not contain any element that could be considered in contradiction with EU customs legislation. This mechanism is a region-based statistical tool that provides information at aggregated level on the import per product of goods originating in Western Sahara; it does not provide by itself information at consignment level that could be collected directly by customs authorities on the basis of the customs declarations and movements certificates.

The procedures for verification of origin are provided for in the Association Agreement and are applicable directly by EU Member States' customs authorities. To the Commission's knowledge, the legality of both the Moroccan IT system and of the actions undertaken by Member States' customs under the administrative cooperation procedures have not been subject to any legal challenge before the courts.

The Commission is regularly in contact with EU Member States' customs to assess the application of the provisions of the Agreement. There have been only one case reported to the Commission where a Member States' customs have requested – as a consequence of the regular random selection - the verification of origin of products from Western Sahara since the entry into force of the Agreement, and there have been so far no cases of denial of the preferences after the process of verification has been completed.

4. OVERALL FRAMEWORK AND FUNDAMENTAL RIGHTS⁴⁰

4.1. Political and cooperation framework

Official international sources on the human rights situation in Western Sahara remain scarce and are mainly to be found in the latest available UN reports (see the latest report by the UN Secretary General on Western Sahara to the UN Security Council of 1 October 2021 in Annex 3).

Western Sahara is considered by Morocco as an integral part of its own territory, where its overall national policy concerning human rights therefore equally applies. By way of consequence, and without prejudice to the EU's own position on Western Sahara (which is recalled in the Agreement), the situation of human rights in Western Sahara has traditionally been followed by the EU pursuant to the institutional framework governing bilateral EU-Morocco relations.

³⁹ Paragraphs 1 and 6 of Article 33 of Protocol No. 4 of the Association Agreement.

⁴⁰ References in this chapter have to be seen as indicated in footnote 6.

The human rights situation was last officially addressed in the framework of the EU-Morocco sub-committee on Human rights of 25 March 2021. In addition to the formal discussion in the sub-committee, regular exchanges between the EU and Morocco on human rights take place at various levels.

The adoption and entry into force in July 2019 of the EU-Morocco agreement extending preferential tariffs to products originating in Western Sahara contributed to the normalisation and relaunch of EU-Morocco relations and, as such, to maintaining their dialogue and constructive cooperation on the protection of human rights, which could have been otherwise affected or compromised. Moreover, it can be inferred that the overall contribution of the said agreement to the socio-economic development of Western Sahara has also had a positive spill-over effect on the protection of human rights. Local stakeholders have particularly underlined the benefits reaped in terms of social and economic rights since the entry into force of the Agreement.

This continued EU engagement and cooperation policy is largely in the spirit of the recommendations expressed in the latest report of the UN Secretary General on the situation of Western Sahara (1 October 2021) and the latest resolution of the UN Security Council (2602) on Western Sahara (29 October 2021). At the same time, the EU has remained committed to providing humanitarian assistance to the Sahrawi refugees in the camps and increased its involvement in resilience-oriented activities while supporting the request for consideration of a refugee registration in the Tindouf refugee camps contained in UNSCR 2602.

4.2 The current situation

After three years of standstill, EU-Morocco political relations were formally relaunched in 2019 with the holding of the Association Council and the adoption of a Joint Declaration, which identified shared values, including human rights and good governance, as one of the main areas of future cooperation. The subcommittee on human rights, held in the framework of the Association Agreement in March 2021, was an opportunity to exchange views on the protection and promotion of human rights. The parties agreed to intensify their exchanges and further develop cooperation in a number of fields, including justice, fight against corruption and the promotion of rights of women. The parties also discussed the possibility to launch a tripartite dialogue on human rights and civil society.

For the year 2020, the overall assessment of the human rights situation, as reflected in the EU annual report on human rights and democracy in the world⁴¹, indicated that a series of important efforts regarding the promotion and protection of human rights and fundamental freedoms were made. These included the commitment of the Public Prosecutor to reinforce a rights-based approach in line with international standards, and the development of a monitoring system to that effect, in particular regarding the protection against and the penalisation of gender-based violence. With the outbreak of the COVID-19 pandemic, the development of an online support platform ensured access to justice for victims. Results were overall uneven, however, with progress in several important areas, such as the improvement of the social security system and a comparatively successful vaccination campaign against COVID-19, and remaining long-term challenges that still need to be addressed in some other areas.

⁴¹ https://eeas.europa.eu/sites/default/files/eeas_annual_report_humanity_2021_web.pdf

Despite significant steps forward, there have been reports of journalists and citizens prosecuted for criminal offenses related to freedom of expression, including on social media. The 2021 World Press Freedom Index by Reporters without Borders ranked “Morocco/Western Sahara” at 136 (out of 180 countries listed). Freedom of assembly and association remain sensitive areas too, with reported restrictions to registration.

According to reports by independent sources, local human rights NGOs continued to face obstacles to their legal registration and some Sahrawi human rights defenders were allegedly subject to harassment during the reporting period. The EU has followed up on alleged individual cases of human rights violations through its contacts with civil society organisations, human rights defenders, the Conseil National des Droits de l’Homme and its regional offices, particularly with regard to freedom of assembly and the right to protest.

The ‘EU-Morocco Action Plan implementing the advanced status’ for the period 2013-2018, which was extended by two years in 2019, continued to form the basis for EU actions on the human rights situation in Western Sahara. The focus areas for dialogue and cooperation include: the strengthening of processes and institutions that guarantee democracy and the rule of the law, in particular the CNDH; decentralisation and regionalisation; the reform of the justice system; the promotion and protection of human rights and fundamental freedoms; freedom of expression and media professionalization and freedoms of association and assembly, promotion of women’s rights and gender equality, children’s rights and the rights of vulnerable people; cooperation with the Council of Europe; and the fight against corruption.

The EU provides financial and technical support to Morocco in the field of democracy and human rights to promote gender equality, good governance, the implementation of the migration policy and reform of the justice sector. The EU acknowledges the important role played by civil society, including through its support to civil society actors. Morocco also receives additional funding in this domain under the European Instrument of Democracy and Human Rights.

Morocco is a State party to all major United Nations conventions on human rights, and cooperates in the reporting cycles. Morocco was a member of the Human Rights Council (HRC) between 2014 and 2016, and is an active member of several core groups, authoring several resolutions which promote human rights in important areas. Its last Universal Periodic Review (UPR) took place in 2017 and the next one is planned for 2022, in line with the HRC’s four-and-half year review cycle. In January 2021, the EU and the Council of Europe jointly launched the project ‘Support to the National Preventive Mechanism against Torture in Morocco’, which will assist efforts conducted by the CNDH until 2023. Morocco submitted the mid-term review of the UPR in 2019.

UNSCR 2602 welcomes steps and initiatives taken by Morocco, and the role played by the National Council on Human Rights Commissions (CNDH) operating in Dakhla and Laâyoune, and Morocco’s interaction with Special Procedures of the UN Human Rights Council.

UNSCR 2602 also stresses the importance of improving the situation in Western Sahara and the Tindouf camps, and encourages parties to work with the international community to develop and implement independent and credible measures to ensure full respect for human rights, bearing in mind their relevant obligations under international law. The resolution also encouraged parties to sustain their respective efforts to enhance the promotion and protection of human rights in the Western Sahara and the Tindouf refugee camps, including the freedom

of expression and association. The UN Security Council noted with deep concern the continued hardships faced by Sahrawi refugees and their dependence on external humanitarian assistance, the impact of the COVID-19 pandemic and the insufficient funding for those living in Tindouf refugee camps and the risks associated with the reduction of food assistance.

4.3 Western Sahara and related UN process

Western Sahara is listed by the United Nations as a non-self-governing territory, whose status remains the object of a negotiation process conducted under the auspices of the UN. This dedicated UN-led process assists the parties in achieving a just, lasting and mutually acceptable political solution, which will provide for the self-determination of the local population of Western Sahara in the context of arrangements consistent with the principles and purposes of the Charter of the United Nations as per UNSCR 2602.

In this context, the UN-sponsored roundtable process, encompassing quadripartite negotiations involving Morocco, the Polisario Front, Algeria and Mauritania under the auspices of former Personal Envoy Köhler, has remained on hold since the latter's resignation in May 2019. The appointment of Mr. Staffan de Mistura as new Personal Envoy of the UN Secretary-General on 7 October 2021 constitutes an opportunity to relaunch UN-led negotiations, which the EU fully supports.

Mr. Staffan de Mistura will work with all relevant interlocutors, including the parties, neighbouring countries and other stakeholders, guided by Security Council resolution 2548 (2020) and other relevant resolutions. Morocco has welcomed his appointment and expressed its willingness to resume the political process in accordance with the parameters laid out in the UN Security Council's resolution 2602. He will work with all relevant interlocutors, including the parties, neighbouring countries and other stakeholders, guided by Security Council resolution 2548 (2020) and other relevant resolutions.

The mandate of the UN peacekeeping mission in Western Sahara, MINURSO (Mission des Nations Unies pour l'Organisation d'un Référendum au Sahara Occidental) was renewed for a period of one year – until 31 October 2022 – by UNSC Resolution 2602 of 29 October 2021. The EU conveyed its resolute support to the new Personal Envoy and the UN process, and stands ready to contribute to increased regional cooperation.

The EU has repeatedly expressed its concern about the long duration of the conflict and its implications for security and human rights at a regional level. The EU has consistently encouraged the parties to continue their respective efforts to enhance the promotion and protection of human rights in Western Sahara while welcoming the strengthening of the CNDH operating in Dakhla and Laâyoune.

5. MAIN CONCLUSIONS

■ *Confirmation of trends from the report of 2020 and a positive impact in terms of trade*

The data available since the entry into force of the Agreement show that the agricultural and fishery industries from Western Sahara have benefitted from the tariff preferences granted under the Agreement. Both sectors show positive results, with increases in terms of production, which has a positive effect on the level of employment and rate of investment.

Depriving Western Sahara of tariff preferences would have caused a disadvantage as compared with exporters from neighbouring regions, all of which enjoy tariff preferences in their exports to the EU, as it would have resulted in a loss of export opportunities for the economy of Western Sahara. The commercial margin of some local exporters (e.g. canned fishery products) is limited in relation to the custom duties imposed on such products, which means that the availability of tariff preferences makes an important difference in terms of market access.

■ ***Implementation of the Agreement: exchange of information system***

The Agreement is being implemented smoothly. The tools for a proper implementation are in place and function properly. The exchanges of information as set out in the Decision No 1/2020 of the EU-Kingdom of Morocco Association Committee of 16 March 2020 have taken place regularly in a spirit of cooperation, and the system that provides on a monthly basis information on exports from Western Sahara to the EU is also in place and functions adequately.

■ ***Dialogue between the contracting Parties***

There is a constructive dialogue between the European Commission and the Moroccan authorities in order to resolve any issue that might arise in the implementation of the Agreement. There are regular contacts at technical level in order to clarify or further enrich the information provided and to discuss potential challenges in order to ensure the correct implementation of the Agreement. The Moroccan authorities showed a cooperative and open attitude for the organisation of the technical visit by the Commission services and the EEAS that took place in September 2021.

■ ***Continuous monitoring of the impact***

At this stage and after two and a half years since the entry into force of the Agreement, the Commission services continue to monitor the implementation of the Agreement and manage the information provided by the Moroccan authorities, in close cooperation with EU Member States' customs, which have reported no difficulties in the application of the Agreement. Although the COVID-19 pandemic seems to have had an impact on the evolution of exports, there has been no noticeable impact of the COVID-19 pandemic on the implementation of the Agreement.

■ ***Investments in infrastructure***

There are some important infrastructure projects undertaken by Morocco in Western Sahara that are expected to contribute to its further economic development. There is an expectation that the new deep sea port, Port Atlantique, which will be constructed near Dakhla, will facilitate the direct export of goods from Western Sahara to the EU without needing to pass through conditioning stations in Agadir, which should result in savings for Western Sahara exporters.

■ ***Use of natural (water) resources***

The report confirms the current use of groundwater for the production of crops exported to the EU. It contains an update on the launch of an important desalination project in the Dakhla area based on the use of renewable energy from a new wind park, which will provide for sufficient

water supply both for the population and to reduce reliance on use of ground water for irrigation, and will in addition provide electricity and generate employment.

■ ***Overall political and human rights situation***

The EU looks forward to the swift resumption of the UN-led process to achieve a just, lasting, and mutually acceptable political solution under the guidance of the UN Secretary General's Personal Envoy Staffan de Mistura. The Commission considers that the EU's pragmatic approach, including with respect to trade arrangements applicable to products from Western Sahara, are conducive to a better socio-economic environment and dovetail our continued engagement in support of the UN endeavours.

■ ***Outcome of the technical visits and of contacts with human rights organisations***

The elements contained in this report include information collected during a technical visit by the Commission services and the EEAS of September 2021 to the region of Dakhla-Oued Ed-Dahab, which included visits to production facilities and meetings that allowed to interact with economic operators and other representatives and social organisations in the area. From the visit, it appeared that all producers/exporters interviewed were satisfied with the Agreement and its implementation. However, some of them also expressed concerns regarding the possibility that the Agreement might cease to apply as a consequence of ongoing legal challenges. The visit showed a dynamic region with many investments, many of them from the local population and entities and from cooperatives that depended on the ability to export to the EU under the tariff preferences granted by the Agreement.

The human rights organisations that attended a consultation meeting with the Commission and the EEAS held on 4 November 2021 also expressed their support for the Agreement as a tool for the economic and social development of Western Sahara and its population, which they consider as an important human right.

ANNEX

Public investment programme by the Moroccan authorities in Western Sahara

The 2016-2021 Southern Province Development Program (PDPS) is a concretization of the New Development Model of the Southern Provinces (a division by Morocco which includes the territory of Western Sahara), which resulted in the launch of 7 framework agreements signed in Laâyoune in November 2015, then in Dakhla in February 2016, namely:

- Three integrated development program contracts with each of the three regions of Laâyoune Sakia El Hamra (MAD 38.6 billion), Dakhla Oued Ed-Dahab (MAD 16.5 million) and Guelmim Oued Noun (MAD 7 million –developed for the period 2016-2021);
- A framework agreement for the financing of the Tiznit Dakhla Expressway Project, part of the NMDPS 2016-2021 program (MAD 8.6 million).

In addition to the three integrated development program contracts for the three regions and the Framework agreement for the financing of the Voie Express, other programs of a inter-regional were also integrated into the initial set-up of the PDPS program 2016-2021 to give rise to more than 700 projects with an initial overall cost of around MAD 77 billion. Thus, three State commitment agreements provide financial support of the order of MAD 19.2 billion for the benefit of the 3 regions for the period 2016-2027, in two phases 2016-2021 then 2022-2027. The financial support provided for this purpose under 2016-2021 amounts to MAD 8.18 billion including MAD 3.012 million for the LSH region, MAD 2.820 million for the Dakhla-Oued Ed-Dahab region and MAD 2.348 million for the Guelmim Oued Noun region.

During the execution of the Program, the overall cost of the 2016-2021 PDPS was reviewed at the increase to currently around MAD 84.6 billion affecting different sectors according to the breakdown below:

Economic Sectors: MAD 41.868 billion
Phosphates (MAD 16,175 million),
Renewable energies (MAD 8,599 million),
Hydrocarbons and Mines (MAD 5,612 million),
Agriculture (MAD 4,345 million),
Fishing and Fishing Villages (MAD 4,979 million),
Tourism and Handicrafts (MAD 2,158 million);
Development and Infrastructure sectors: MAD 35.638 billion
Port infrastructure (MAD 10,260 million),
Road infrastructure (MAD 10,622 million),
Water drinking water and sanitation (MAD 3,531 million),
Electrical infrastructure MAD (3,170 million), at urban level (MAD 3,210 million),
Water and flood control (MAD 1,980 million),
Digital Infrastructures (MAD 985 million),
Airports (MAD 497 million),
Water and Forests (MAD 727 million) and
Industrial zones (MAD 656 million).

Social sectors: MAD 7.076 billion

Health (MAD 2881 million), Technopole Fom El Oued and OCP social projects (MAD 2,830 million), National Education, Teaching. Higher and Vocational Training (MAD 814 million), Culture (MAD 206 million) and Support for Employment and Businesses (MAD 345 million). According to the Moroccan authorities, the development of the Program was the result of a participatory approach with the local authorities, officials representatives, the private sector and the civil society in the three regions.

The breakdown by region is as follows:

1. Region of Laâyoune Sakia Al Hamra (261 projects): MAD 42.238 billion;
2. Dakhla Oued Ed-Dahab region (151 projects): MAD 23.075 billion;
3. Region of Guelmim Oued Noun (294 projects): MAD 11.582 billion;
4. Inter-regions (11 projects): MAD 7.690 billion.

TOTAL: 717 projects: total cost of MAD 84.585 billion

Rolling of the projects

As of March 31, 2021, the total number of projects launched under the PDPS 2016-2021 amounts to MAD 62.393 billion, of which the committed appropriations reached MAD 46.507 billion , or an overall financial commitment rate of 75%.

Of the 717 projects in the Program, 74% are either completed, under implementation or pending for starting according to the following distribution:

- a) 212 completed projects for MAD 14,043 million;
- b) 310 ongoing projects for MAD 46,122 million;
- c) 6 projects ready for starting: MAD 2,228 million
- d. 189 projects not yet started: MAD 22,192 million

TOTAL: 717 projects: MAD 84.585 billion

Below is the situation of completed projects, projects in progress, projects in start-up body and projects still to be launched

A. **Completed Projects** (212 projects, MAD 14,043 million)

Among the completed projects, there are in particular:

- the connection of the city of Dakhla to the national electricity network (MAD 2,372 million),
- the construction of a new 22 MW Diesel power station (MAD 444 million) and the extension of

the existing 16 Mw diesel plant (MAD 320 million)

- the extension of the wind park at Akhefennir (extension power of 100 MW, cost including tax = MAD 1,800 million);
- the 2 Nour solar energy parks in Laâyoune and Boujdour (MAD 1,328 million);
- the upgrading of Guelmim, Tan Tan and Laâyoune airports (MAD 387 million);
- the strengthening of digital networks in the three regions (MAD 985 million);
- the reinforcement of drinking water for the city of Dakhla (MAD 250 million);
- liquid sanitation in the city of Dakhla (MAD 245 million);
- strengthening of drinking water by desalination in Boujdour (MAD 134 million);
- the sections of the Tiznit-Dakhla express-way completely finished, mainly expanded between Laâyoune and Dakhla (MAD 942 million);
- The OCP Club (MAD 189 million);

- the construction of the Lamhiriz fishing port (MAD 260 million);
- the construction of seven medium-sized dams at a cost totalling MAD 152 million (Lamhajib, Sidi Ahmed Rguibi, Laboiur dams in the LSH region and dams Aabar, Amesra, Boussaka and Tlatntarmat in the GON region);
- the Boujdour Offshore (MAD 993 million) and Boujdour hydrocarbon exploration license maritime (MAD 370 million);

B. Projects under implementation (310 projects, MAD 46,122 million)

Among these projects under construction, it can be mentioned in particular:

- the three components of the industrial project of Phosboucraâ (MAD 16,175 million) including the pre-treatment units (68%), the fertilizer complex (10%) and the Island Port (22%),
- the Boujdour 300 MW wind park, (MAD 3,971 million, 26%);
- the Technopole of Foug in El Oued (MAD 2,080 million, 50%);
- the construction of the Fask dam (MAD 1,500 million, 46%);
- the sections of the Tiznit-Dakhla expressway under construction (MAD 7,958 million, 50% taking into account the bypass and its OA);
- the projects for the enhancement of small pelagics in Dakhla (MAD 1,200 million, 88%, i.e. 4 factories carried out on 5); the range development and regulation program transhumance flows in the regions of Guelmim Oued Noun and Dakhla Oued Eddahab (MAD 470 million, 74%);
- the Private investments in aquaculture (MAD 800 million, 30%)
- development project of the irrigated perimeter of Jrifia-province of Boujdour (MAD 450 million, 80%);
- the development projects for camel red meat, goats and sheep in the LSH region (MAD 845 million 85%);
- the University Hospital Center of 500 beds in Laâyoune (MAD 1,600 million, 16%) and the Regional Hospital of Guelmim (MAD 462 million, 50%);
- Laâyoune STEP (MAD 420 million, 93%) and the reinforcement of Laâyoune AEP by desalination (MAD 670 million, 48%).

C. Projects pending start-up (6 projects, MAD 2,228 million)

This is in particular the

- **Seawater desalination project for irrigation of 5000 ha north of Dakhla** subject of Public Private Partnership agreement signed in November 2019 (MAD 2,000 million); The seawater desalination plant, mainly to provide drinking water but also for irrigation, in Dakhla and Boujdour. Such infrastructure will make it possible to increase the cultivated surface area to 5,000 hectares, as part of a Public and Private irrigation project which could create around 10,000 permanent jobs.

- the Assalam industrial zone of Dakhla (MAD 130 million);

And finally,

D. Projects still to be launched (189 projects, MAD 22,192 million)

The main projects remaining to be launched are as follows:

- The **Atlantic Port of Dakhla**; (MAD 10,000 million) whose works will have to start at the end of 2021 after designation of the Group of Companies;
- 100 MW Tiskrad wind park (MAD 1,500 million);
- Bypass of the city of Laâyoune with a work of art (MAD 1,100 million), integrated into the

Tiznit-Dakhla expressway project;

- Industrial zone projects Bir Guendouz-El Guergagart (MAD 160 million) and ZI El Ouatia (MAD 67 million);
- AEP supply of 8 fishing villages (MAD 218 million);
- Provincial hospital center project of Sidi Ifni (MAD 300 million),

On the other hand, Western Sahara regions are making efforts to attract investments, and private investments also continue to increase in projects mainly related to the agricultural sector (new agricultural cooperatives) and fishing (new facilities for the conservation and processing of fish). Projects related to the tourism sector have also been initiated, mainly in the Dakhla-Oued Ed Dahab.

Overall, international investments are increasing, which underlies the importance of EU export markets for the Western Sahara economy⁴².]

Relevant projects from the Development Program in the regions of Laâyoune-Sakia El Hamra and Dakhla-Oued Ed-Dahab (2016-2021)

The Moroccan Development Program in the regions of Laâyoune-Sakia el Hamra and Dakhla-Oued ed Dahab for 2016-2021 focuses on the investment in different relevant sectors such as phosphates, renewable energies, agriculture, port and road infrastructures.

The breakdown by region is as follows:

1. Region of Laayoune Sakia El Hamra (269 projects): MAD 47,287 billion (57%).
2. Region of Dakhla Oued Ed-Dahab (155 projects): MAD 21,196 billion (25%).

As of November 2019, the progress of the programme shows that approximately 75% of the projects are either completed or in progress. The budgets actually committed for all the projects at the end of November 2019 reached MAD 40.5 billion, i.e. an overall financial commitment rate of 50%.

A. Completed projects (135 projects, MAD 8,289 million)

Completed main projects include the following:

- The extension of the Akhefennir wind park (extension capacity of 100 MW, including all taxes and charges is MAD 1,800 million).
- Two solar energy parks in Nour in Laayoune and Boujdour (MAD 1,328 million).
- The reinforcement of the drinking water supply of the city of Dakhla (MAD 250 million).
- Liquid sanitation in the city of Dakhla (MAD 245 million).

B. Projects in progress (302 projects, MAD 44,862 million)

⁴² As examples of recent investment decisions, a Memorandum of Understanding has been recently signed between the investment regional centre of Dakhla-Oued Eddahab and the Oxford Business Group to prepare a Focus Report on Dakhla (The Report Dakhla 2021) for the analysis of business environment in the city, especially on key sectors: agriculture, fisheries, aquaculture, tourism and renewable energies, in addition to education and training. In addition as part of the recent agreement between the US and Morocco, an US company (Soluna technologies) is investing in renewable energies with USD 2.5 billion in wind parks.

These main ongoing projects include in particular:

- The connection of Dakhla city to the national electricity network (MAD 2,372 million).
- The Foug El Oued Technopole (MAD 2,080 million).
- Projects for the development of small pelagic areas in Dakhla (MAD 1,402 million).
- Projects for the development of camel, goat and sheep red meat in the region of L51-1 (MAD 845 million).

C. Projects in the process of being started (13 projects, MAD 8,095 million).

In particular:

- Seawater desalination project for the irrigation of the 5,000 ha north of Dakhla (MAD 2,000 million) the Public Private Partnership Agreement of which has just been signed.

D. Projects still to be launched mainly in 2020 (269 projects, MAD 21,969 million)

The remaining important projects to be launched are in the following order:

- The New Port Dakhla Atlantic (NPDA) in the tender to construct a new infrastructure by 2030 with a bid of EUR 966 million; the first phase of 10,000 million was due to start in 2019.

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