

Morocco

Morocco's deepening involvement with the region and the wider world meant that it was inevitable that it would suffer from the international crisis of 2008.

Nevertheless the continuation of the macroeconomic and structural reforms instituted over the past ten years, combined with a pick-up in non-agricultural activities and in demand from Morocco's partner countries, offer favourable prospects for growth and the economy should record growth of 4.6% in 2011.

Morocco is well aware of its dependence on Europe and has encouraged partnership agreements with several emergent economies with a view to widening the range of its partners. The most important of these are Arab countries (Saudi Arabia and the United Arab Emirates, in particular), Asian states (China and South Korea), Latin American countries (Brazil and Mexico) and Turkey.

The involvement of the Moroccan economy in its regional and global environment has found expression in the signature of several free-trade agreements with its main trading partners. But it also exposed the country to the fall-out of the international crisis which hit world markets in 2008. The basics of the national economy remained stable in spite of the crisis and the country displayed a degree of resilience in the face of external shock, with a growth in gross domestic product (GDP) of 4.9% in 2009 and 3.3% in 2010. Nevertheless, the crisis has highlighted structural weaknesses, in particular in certain export-oriented sectors such as textiles and clothing.

The problems that the government has to confront were summarised by King Mohammed VI in July 2010. In a speech from the throne he identified priorities including:

"To take up the challenges of opening-up and competitiveness by undertaking the necessary reforms to restructure the sectors whose weaknesses have been exposed by the global crisis and turn the first fruits of the pick-up in the world economy to our account."

He also said that preserving macroeconomic balances was an absolute necessity, like the rationalisation of public spending and the updating of the legal and regulatory framework to make the country more attractive to enterprise and business.

He added that there was a further need to pay attention to a judicious use of the credibility enjoyed by the national banking and financial sector and the confidence in Morocco as a centre of attraction to international capital and investment.

In this context the continuation of the macroeconomic and structural reforms put in place over the past decade, combined with the revival of non-agricultural activities and demand from Morocco's partners, offer favourable prospects for growth and the economy should expand by 4.6% in 2011 and 5.0% in 2012.

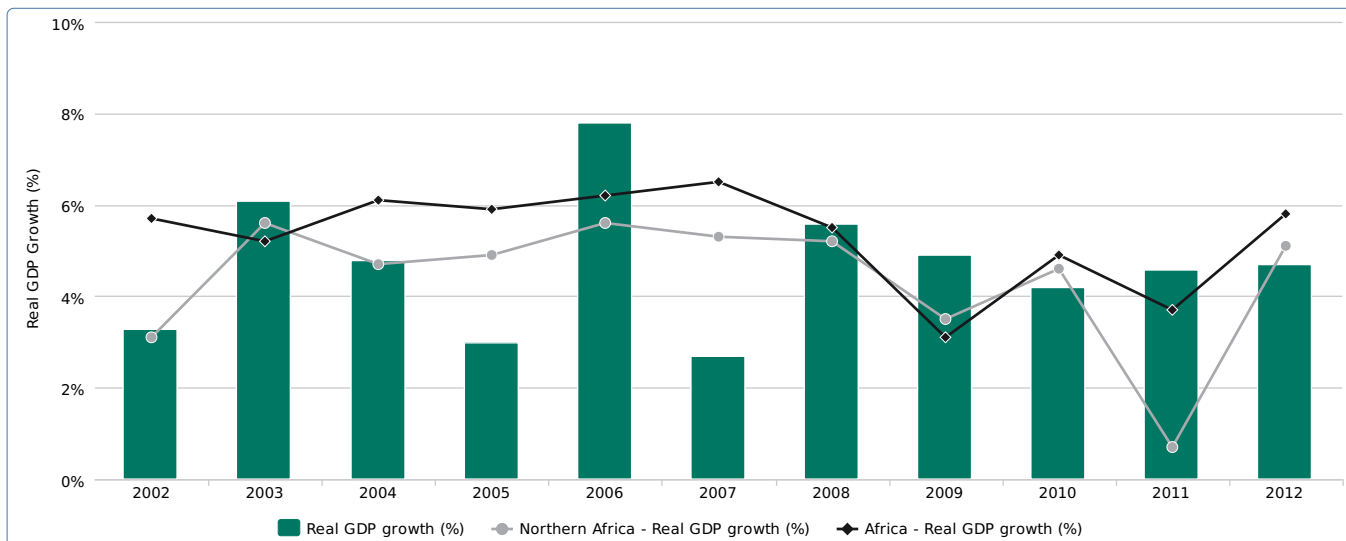
Table 1: Macroeconomic indicators

	2009	2010	2011	2012
Real GDP growth	4.9	3.3	4.6	5
CPI inflation	1	0.9	2.1	2.7
Budget balance % GDP	-2.2	-4.1	-3.5	-3.4
Current account % GDP	-5.1	-4.2	-4.5	-5.2

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

Figure 1: Real GDP growth (N)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.