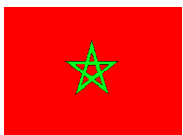




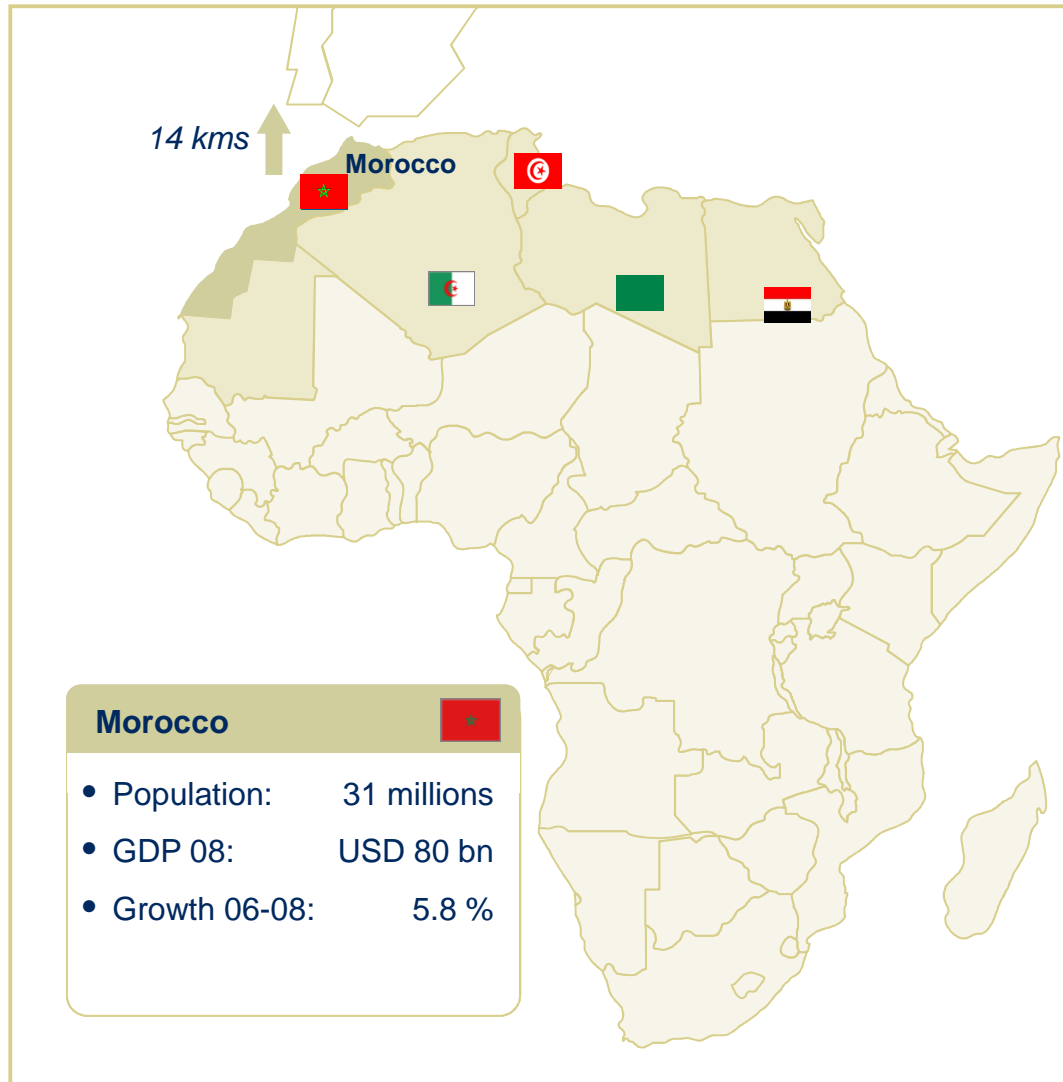
# MOROCCO

*Continued growth in  
challenging times*



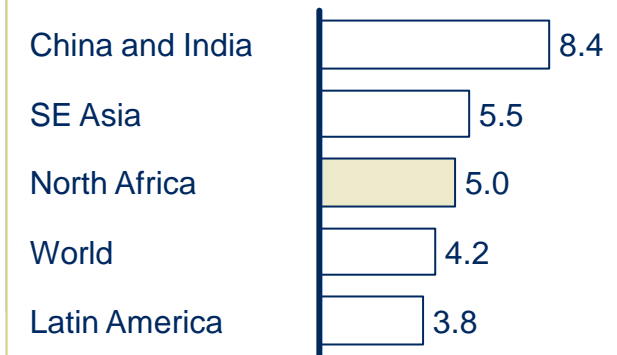
*M. Salaheddine MEZOUAR  
Minister of Economy and Finance*

# MOROCCO, A SOLID EMERGING ECONOMY IN A REGION WITH MASSIVE STRUCTURAL GROWTH POTENTIAL



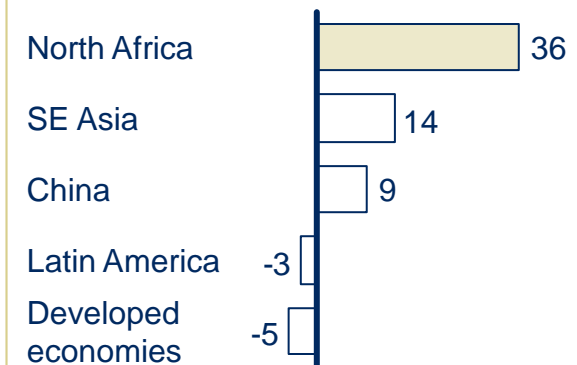
## Real GDP growth, 2000-07 CAGR

Percent



## FDI flows, 2000-07 CAGR

Percent



# MOROCCO, A SOLID EMERGING ECONOMY AT THE DOORSTEP OF EUROPE

*Track  
record  
2000-2008*

**A strong and diversified growth**

**Sound macroeconomic fundamentals,  
leaving significant room for maneuver**

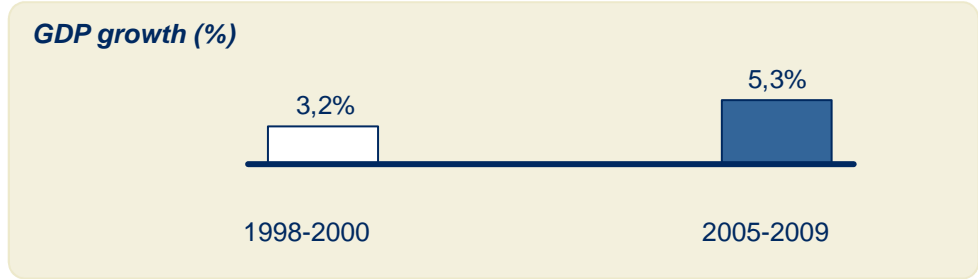
*2009  
onwards*

**An aggressive and coherent agenda  
of structural reforms**

**“Navigating through the Storm”:  
An anticipative, innovative and voluntaristic strategy**

# A STRONG AND DIVERSIFIED GROWTH

**1**  
A stronger growth dynamics



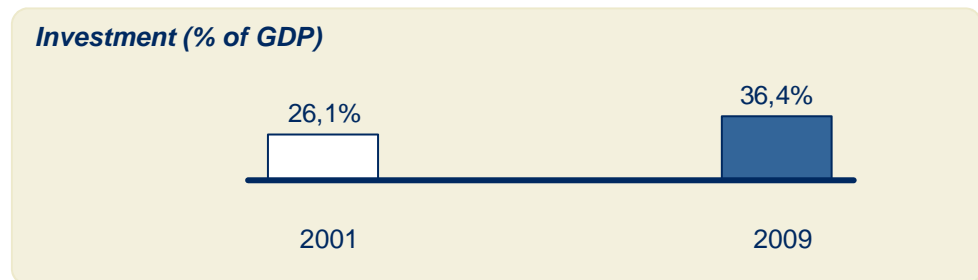
**2**  
A sector mix evolving in favor of growth service sectors



**3**  
Growth driven by an increasing internal demand...

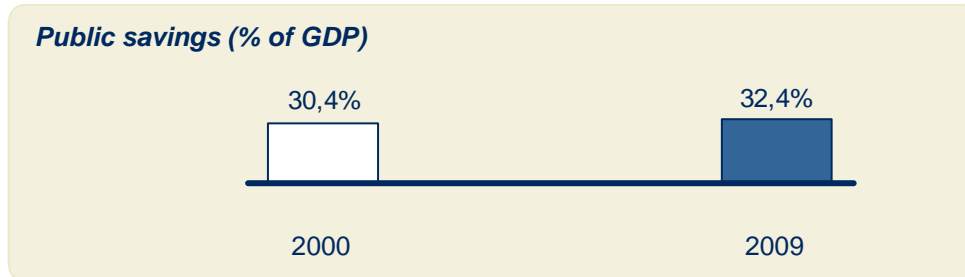


**4**  
...and by accelerating investment dynamics

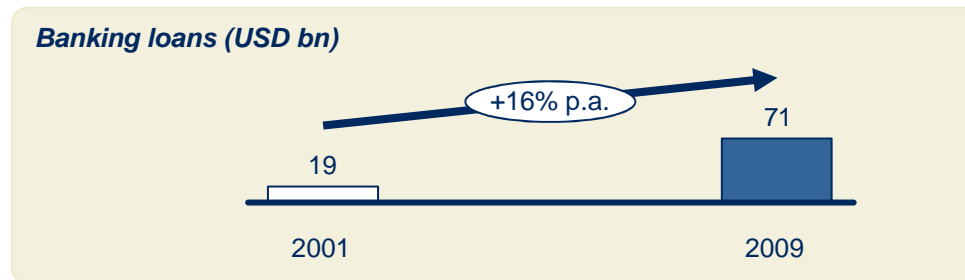


# A STRONG AND DIVERSIFIED GROWTH

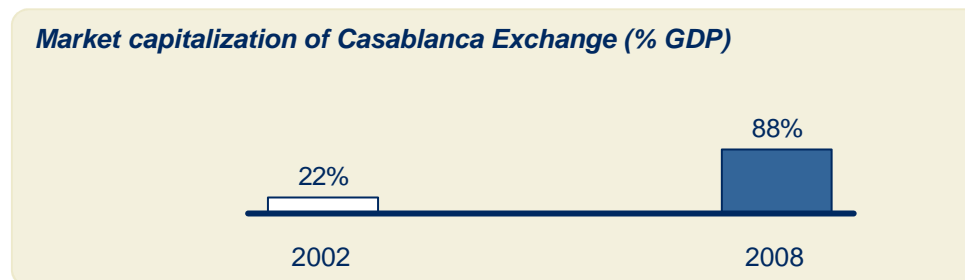
**5**  
*A substantial increase in public savings...*



**6**  
*...enabling a better financing of the economy...*

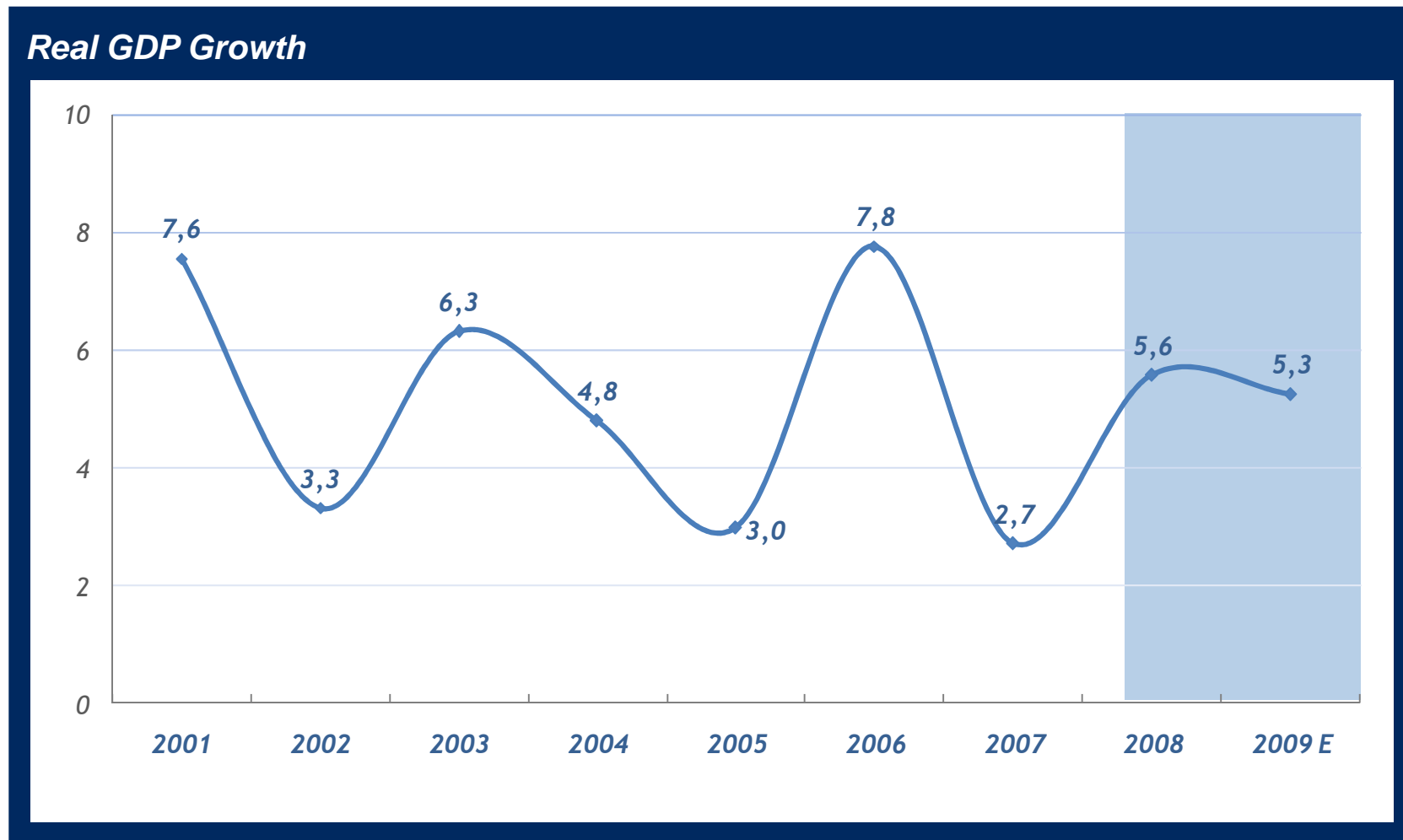


**7**  
*...supported by thriving banking and capital markets sectors*



# 1 A STRONGER GROWTH DYNAMICS

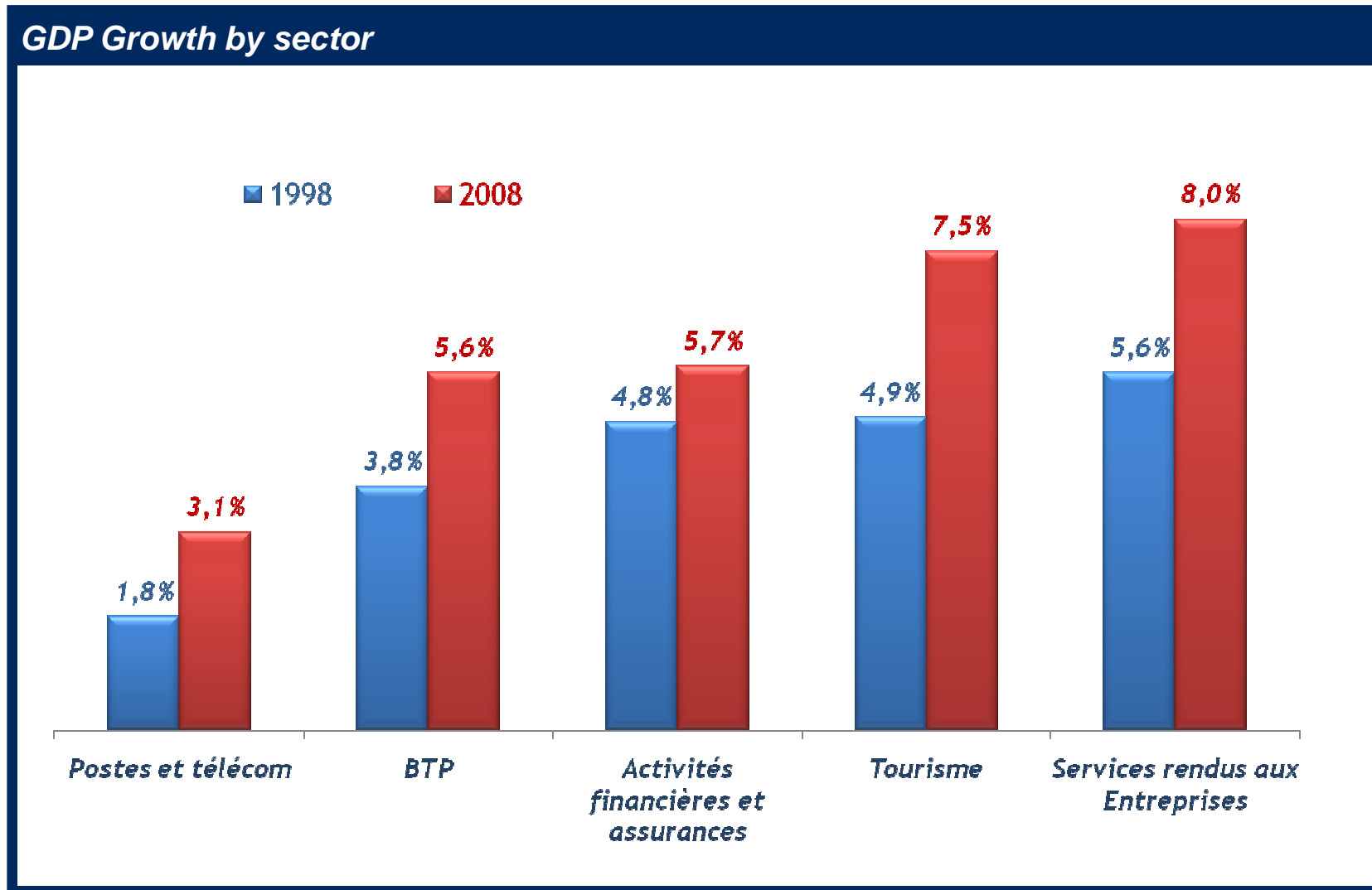
Percentage



## 2 A SECTOR MIX EVOLVING IN FAVOR OF GROWTH SERVICE SECTORS

BACK-UP

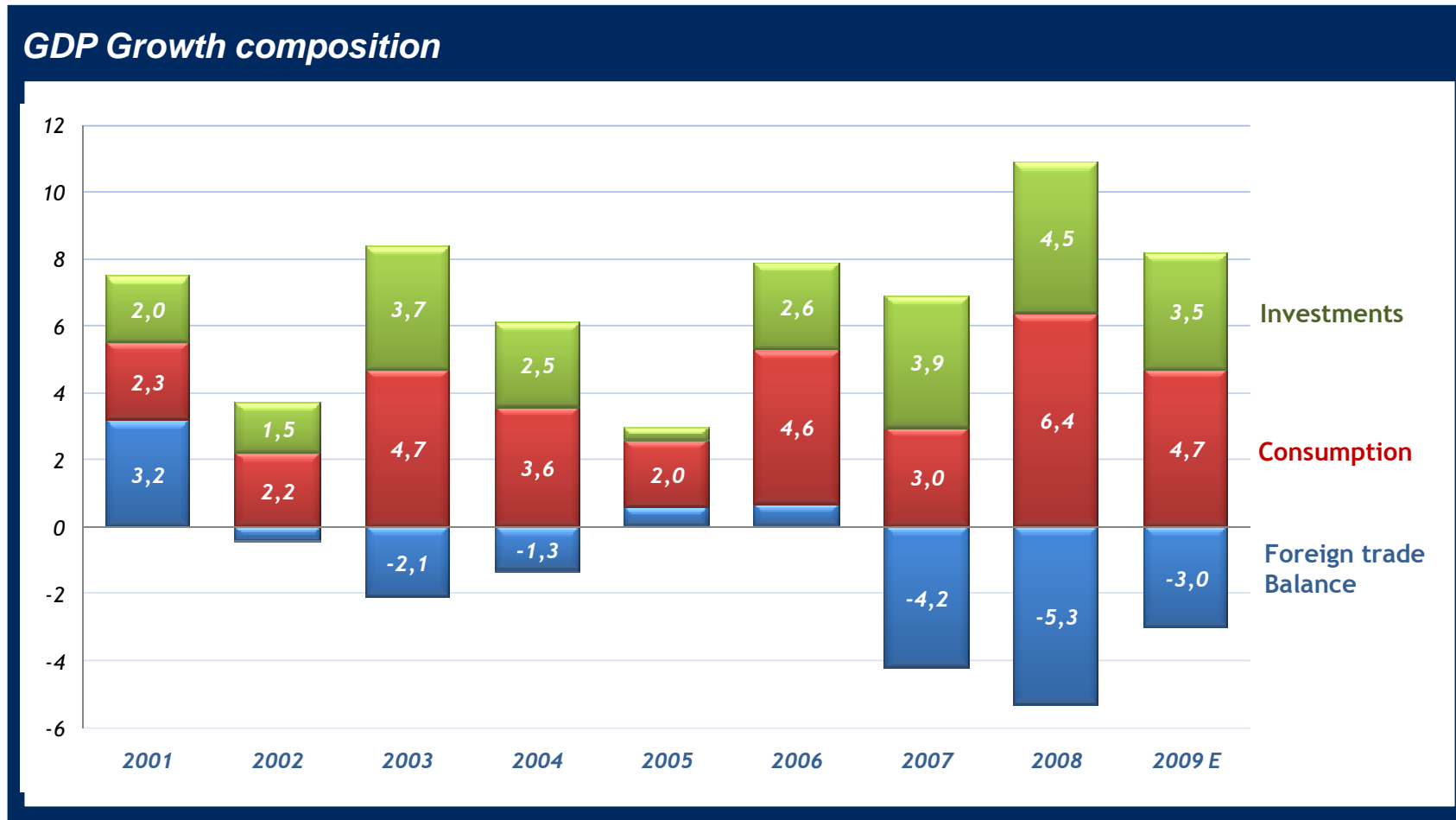
Percentage



### 3 GROWTH DRIVEN BY AN INCREASING INTERNAL DEMAND...

BACK-UP

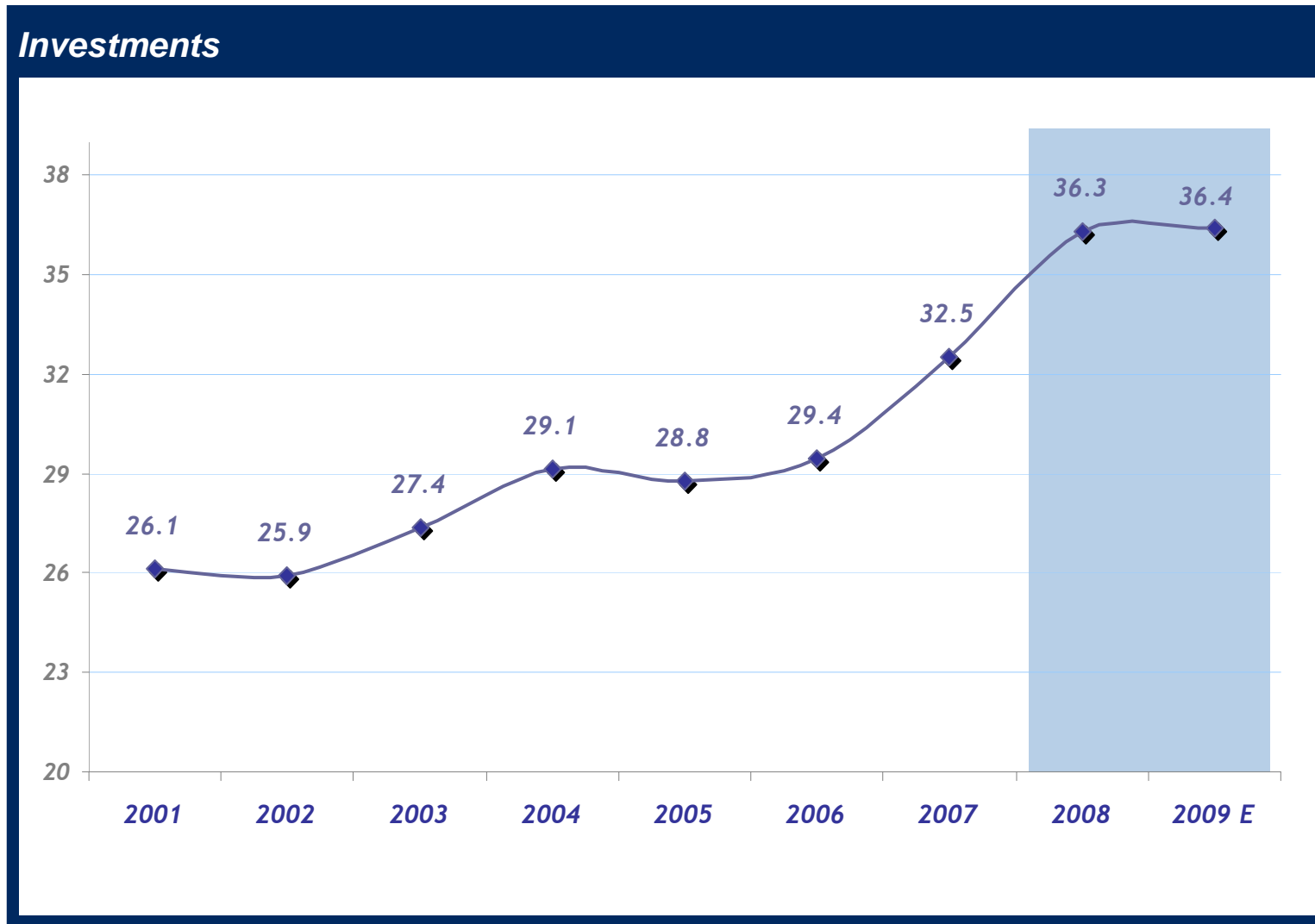
GDP pts



## 4 ...AND BY ACCELERATING INVESTMENT DYNAMICS

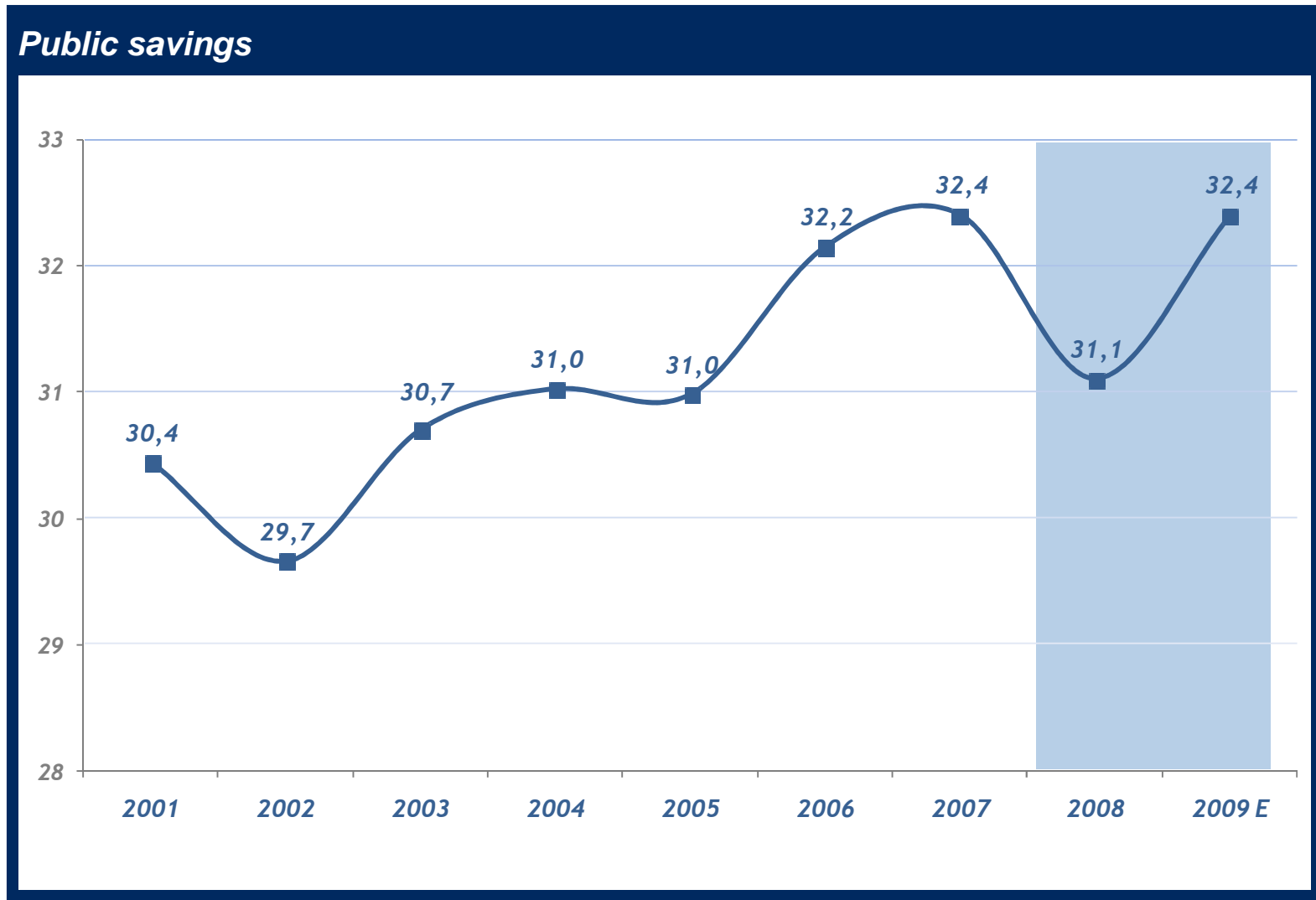
BACK-UP

Percentage of GDP



# 5 A SUBSTANTIAL INCREASE IN PUBLIC SAVINGS...

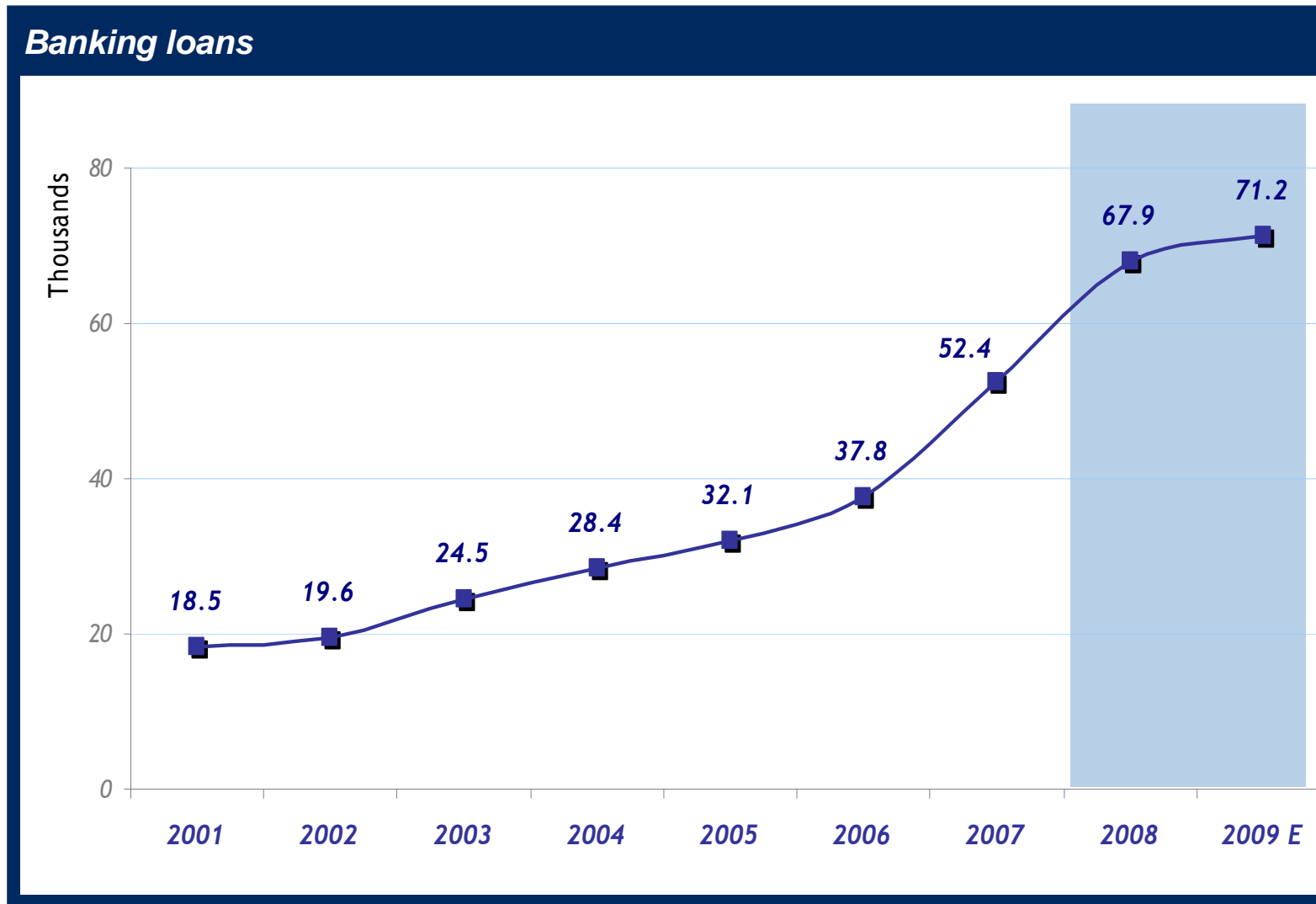
Percentage of GDP



## 6 ...ENABLING A BETTER FINANCING OF THE ECONOMY...

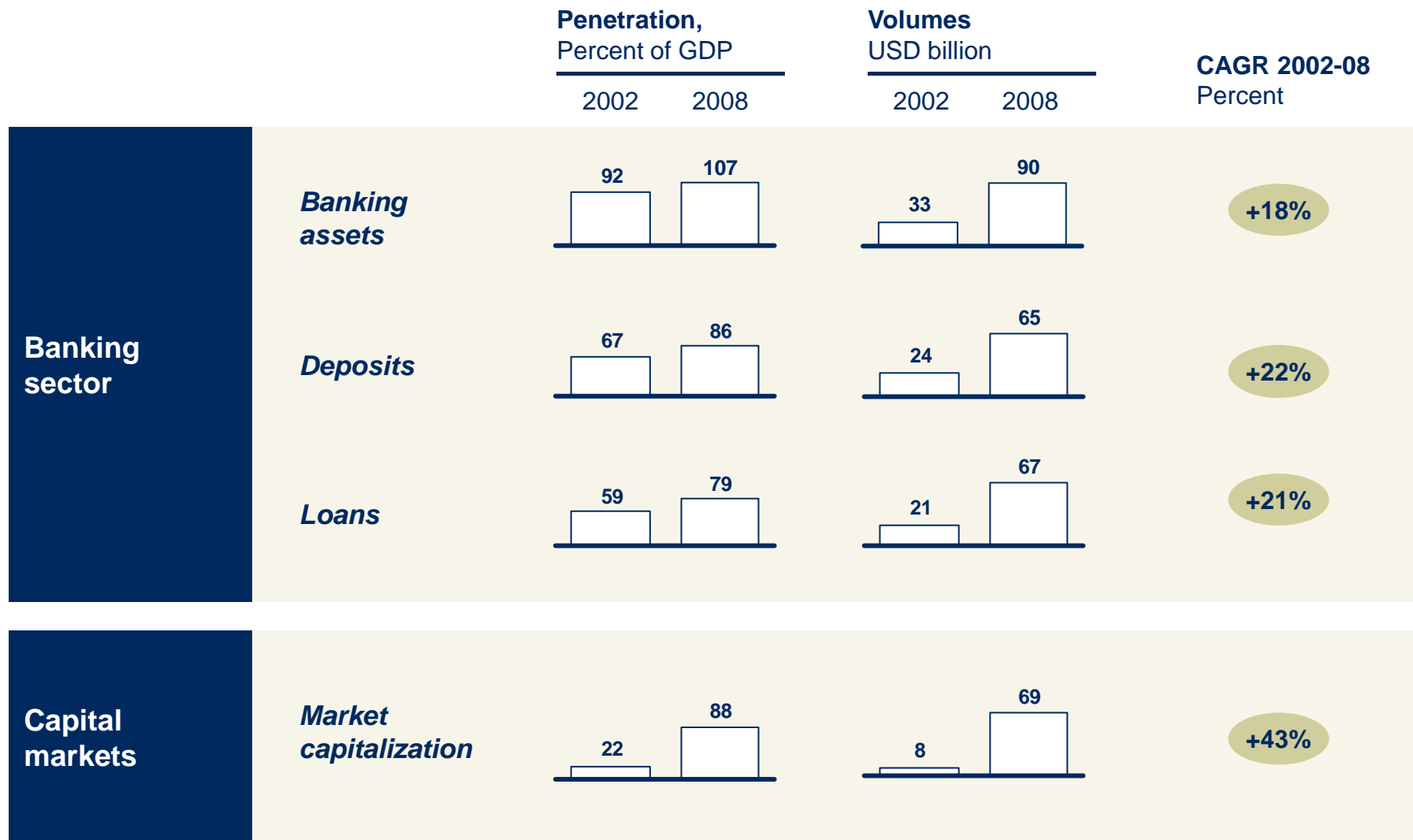
BACK-UP

USD Billion



# 7 ...SUPPORTED BY A THRIVING BANKING SECTOR

BACK-UP



# MOROCCO, A SOLID EMERGING ECONOMY AT THE DOORSTEP OF EUROPE

*Track  
record  
2000-2008*

**A strong and diversified growth**

**Sound macroeconomic fundamentals,  
leaving significant room for maneuver**

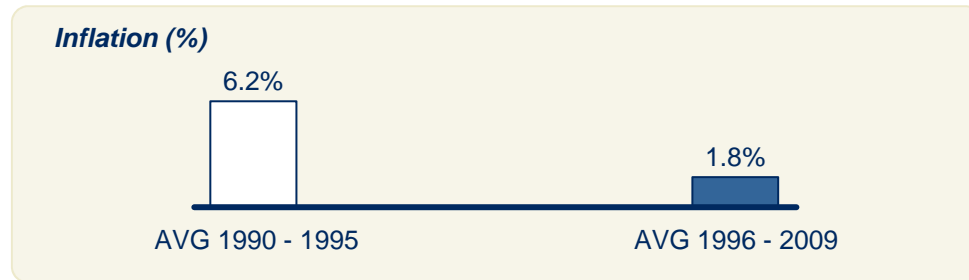
*2009  
onwards*

**An aggressive and coherent agenda  
of structural reforms**

**“Navigating through the Storm”:  
An anticipative, innovative and voluntaristic strategy**

# SOUND MACROECONOMIC FUNDAMENTALS, LEAVING SIGNIFICANT ROOM FOR MANEUVER (1/2)

1  
**Low and stable inflation**



2  
**A balanced budget offering increasing degrees of freedom**

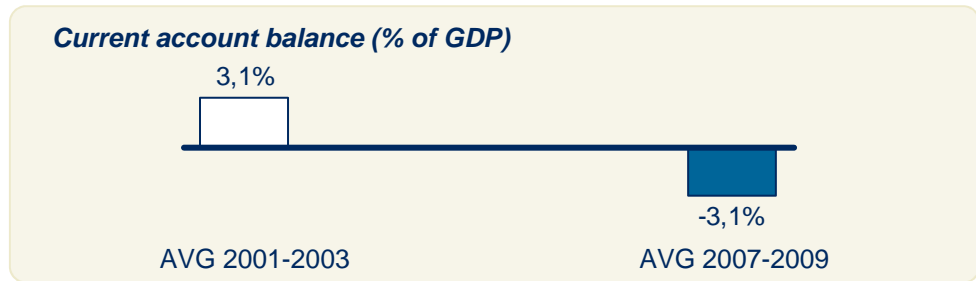


3  
**A decrease in total government debt reflecting a prudent debt management**

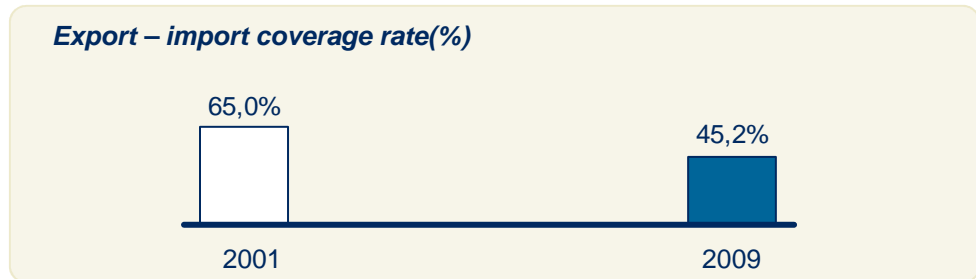


# SOUND MACROECONOMIC FUNDAMENTALS, LEAVING SIGNIFICANT ROOM FOR MANEUVER (2/2)

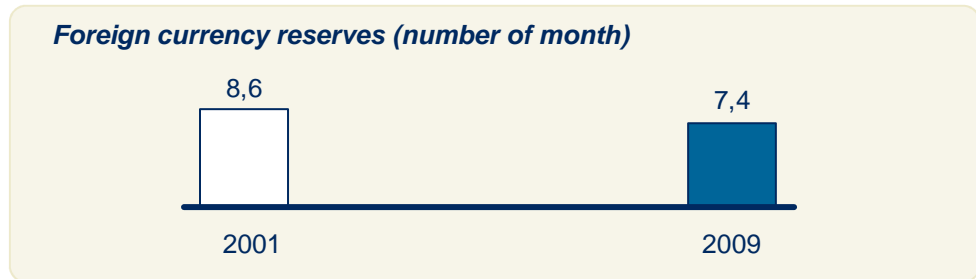
4  
*A recently negative but supportable current account balance...*



5  
*... caused by a widening commercial deficit*



6  
*A satisfying level of foreign currency reserves*

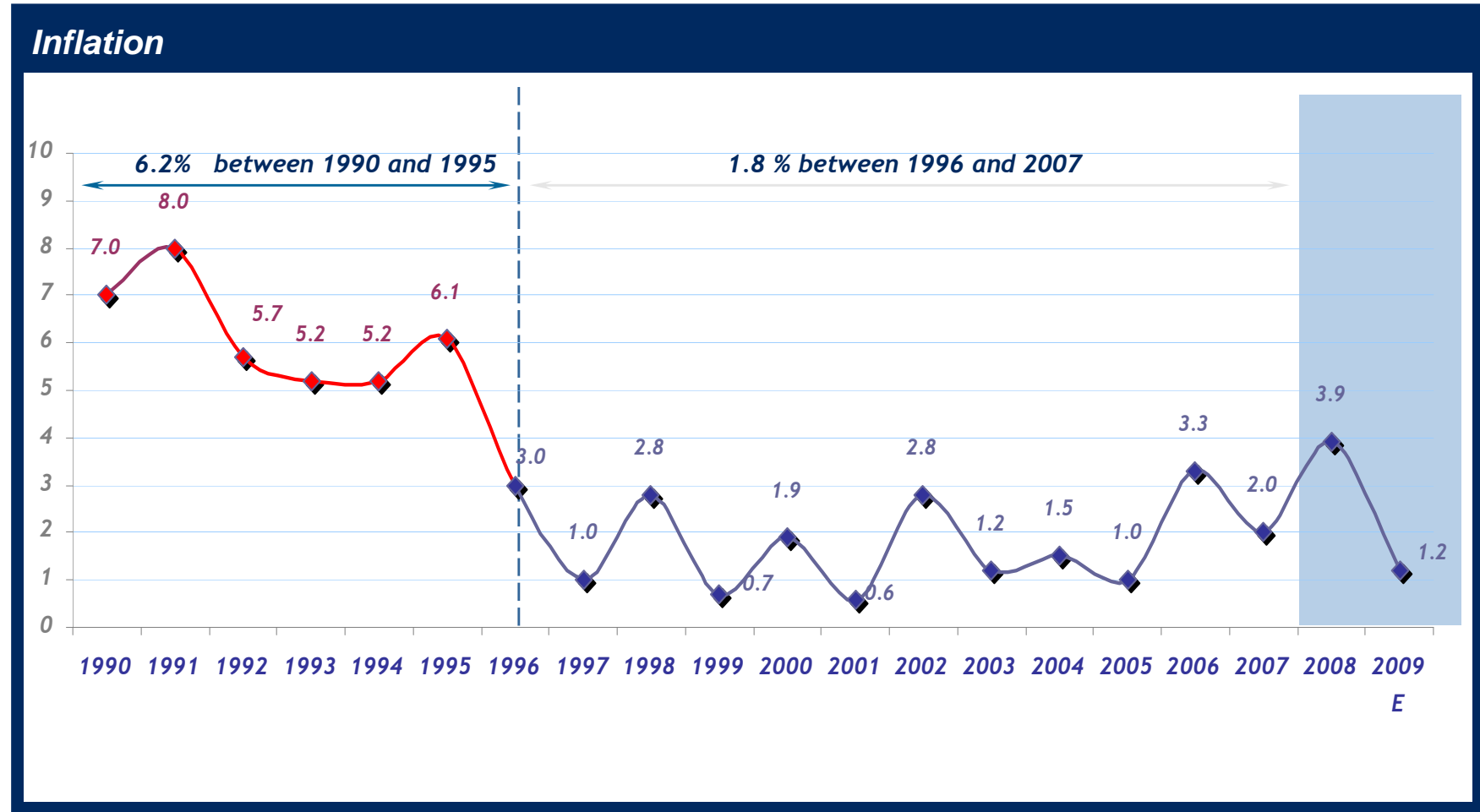


7  
*A stock of external assets largely covering external public debt*



# 1 LOW AND STABLE INFLATION

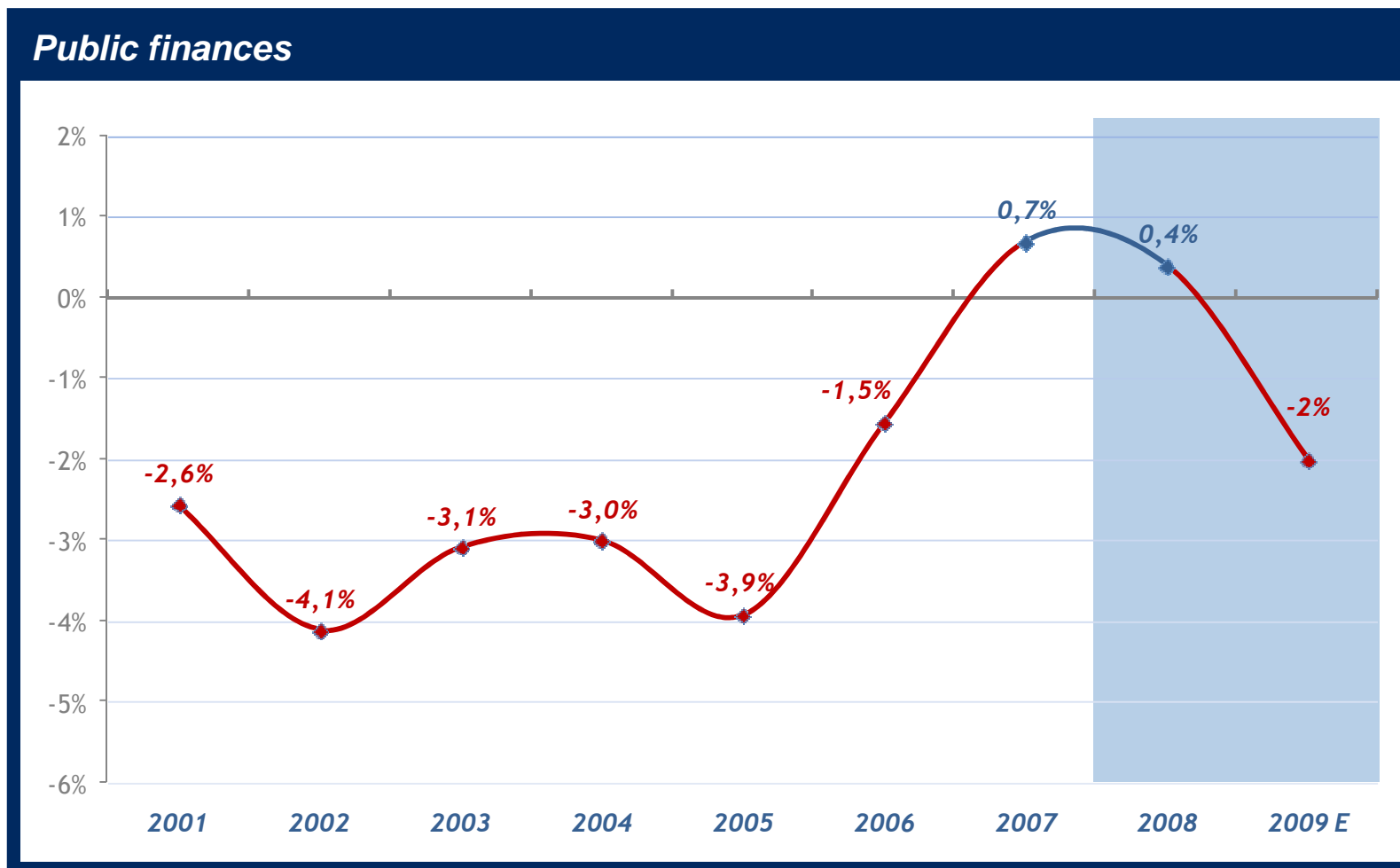
Percentage



## 2 A BALANCED BUDGET OFFERING INCREASING DEGREES OF FREEDOM

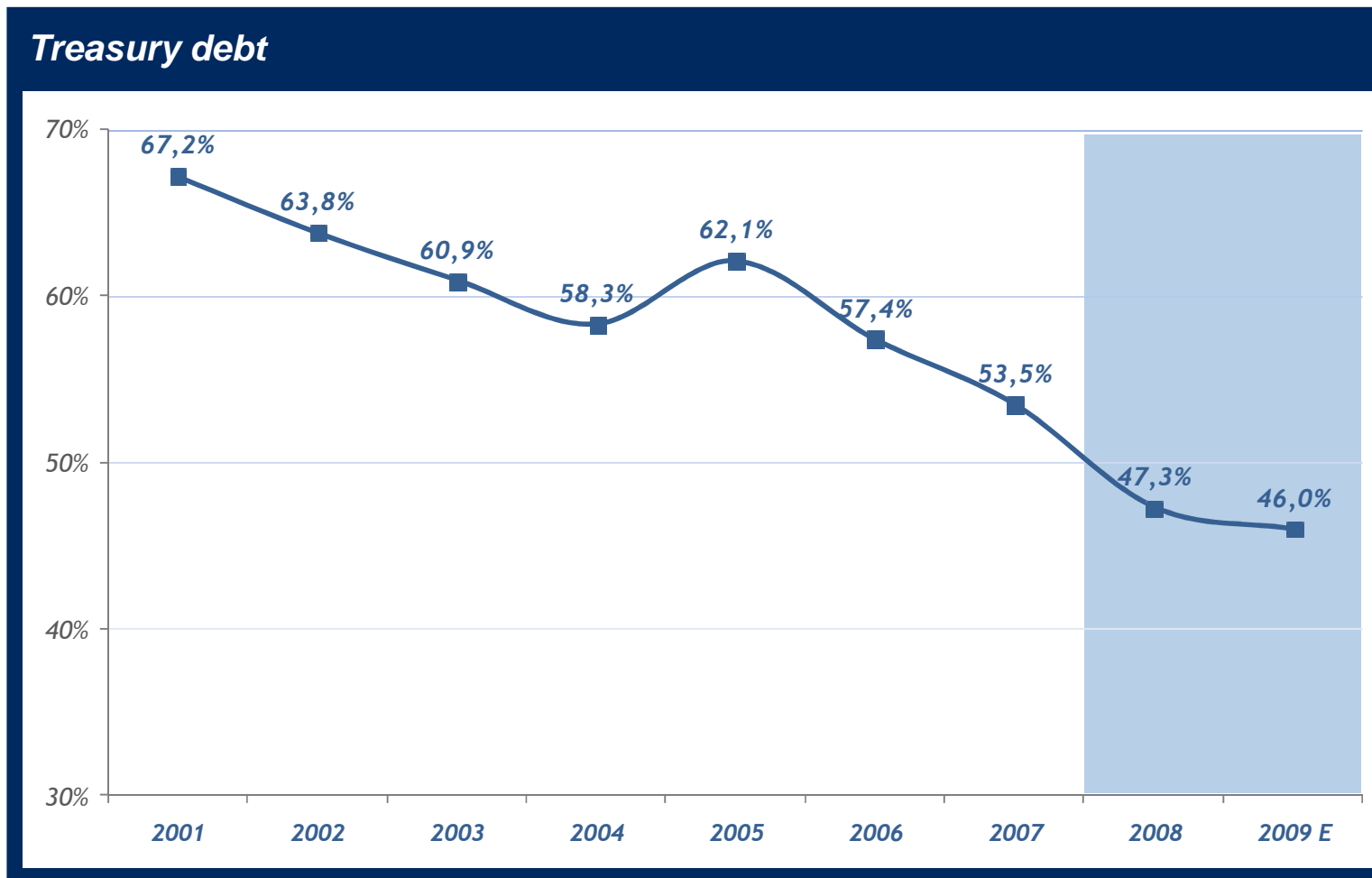
BACK-UP

Percentage of GDP



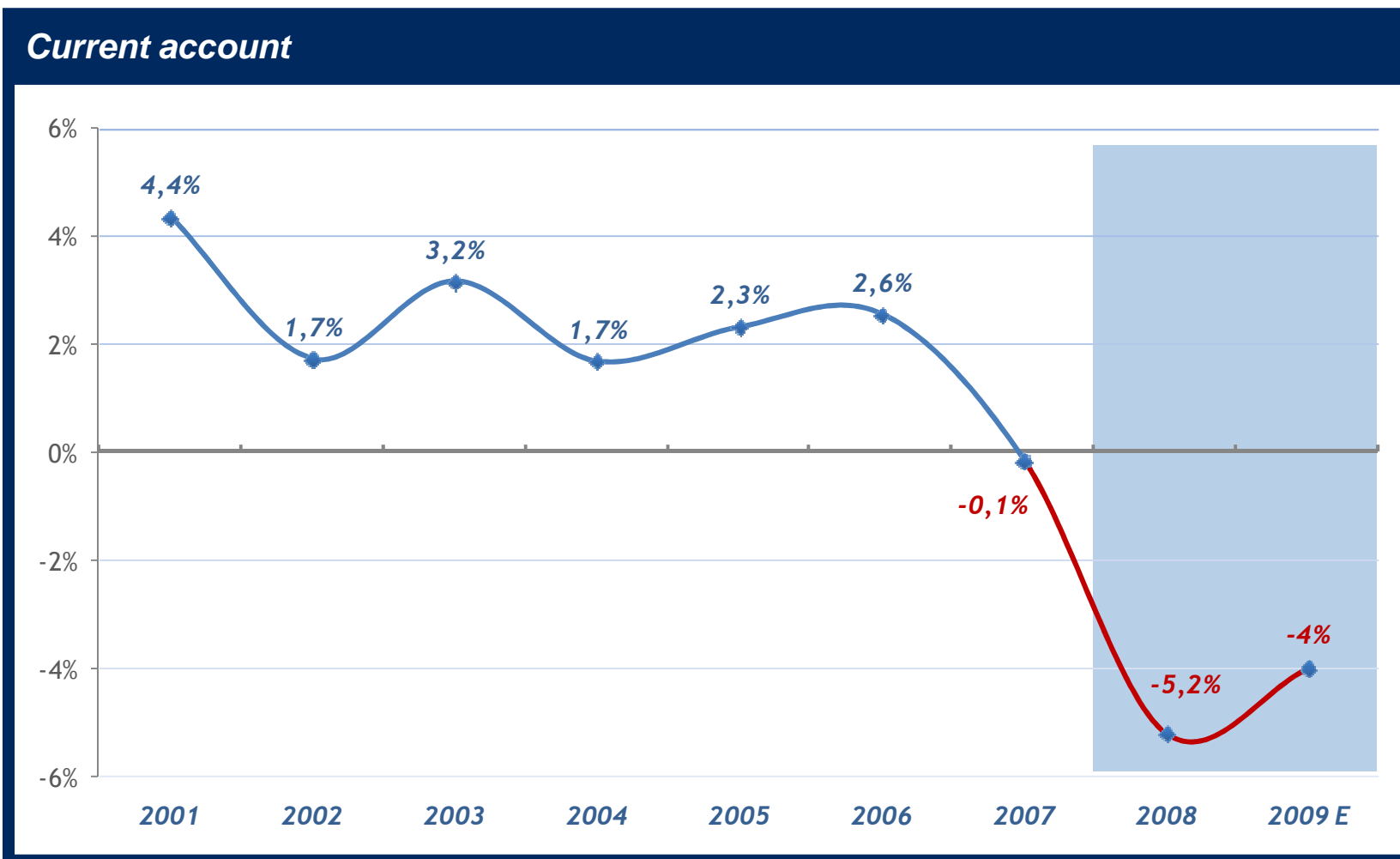
### 3 A DECREASE IN TOTAL GOVERNMENT DEBT

Percentage of GDP



# 4 A RECENTLY NEGATIVE BUT SUPPORTABLE CURRENT ACCOUNT BALANCE...

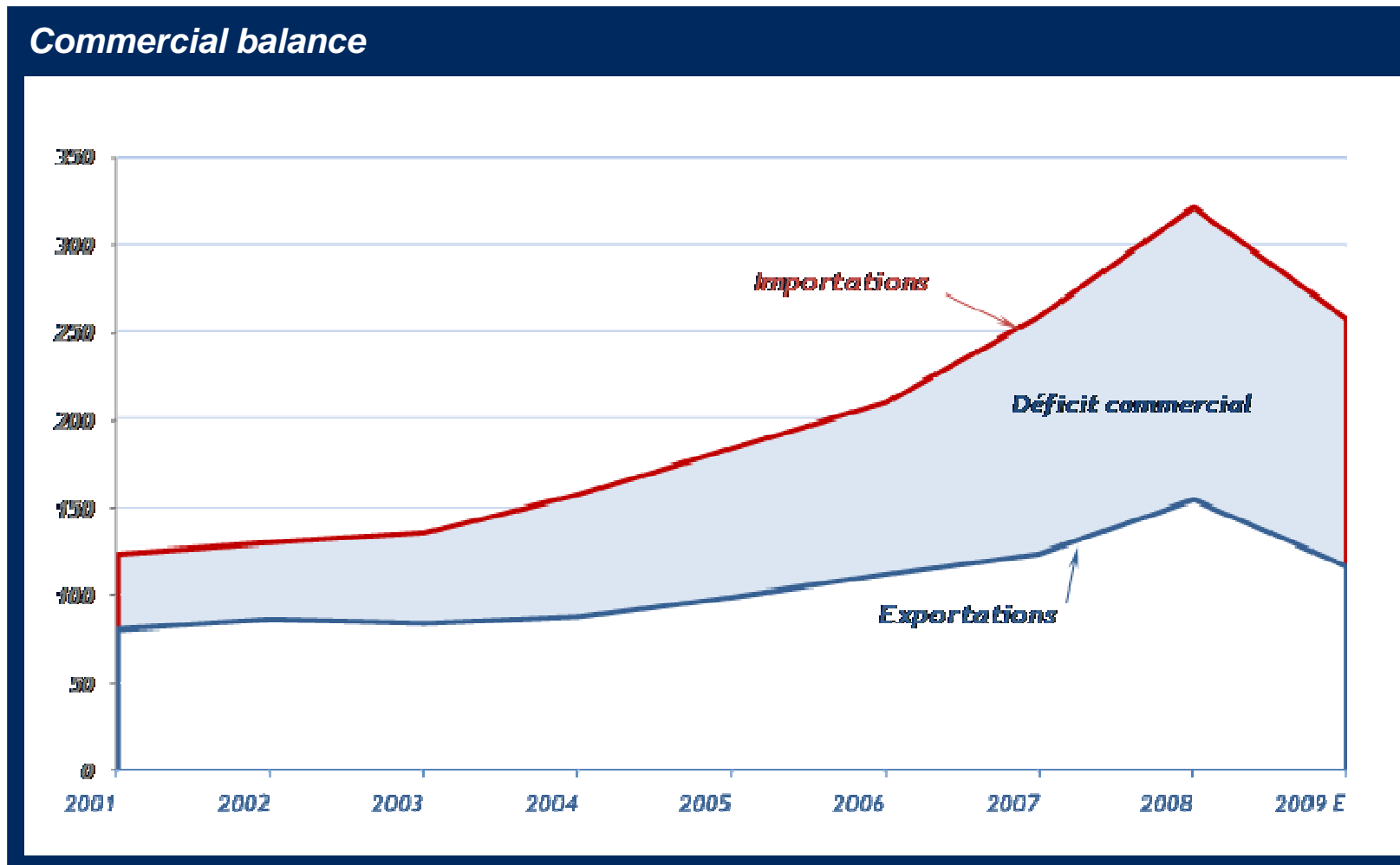
Percentage of GDP



## 5 ...CAUSED BY A WIDENING COMMERCIAL DEFICIT

BACK-UP

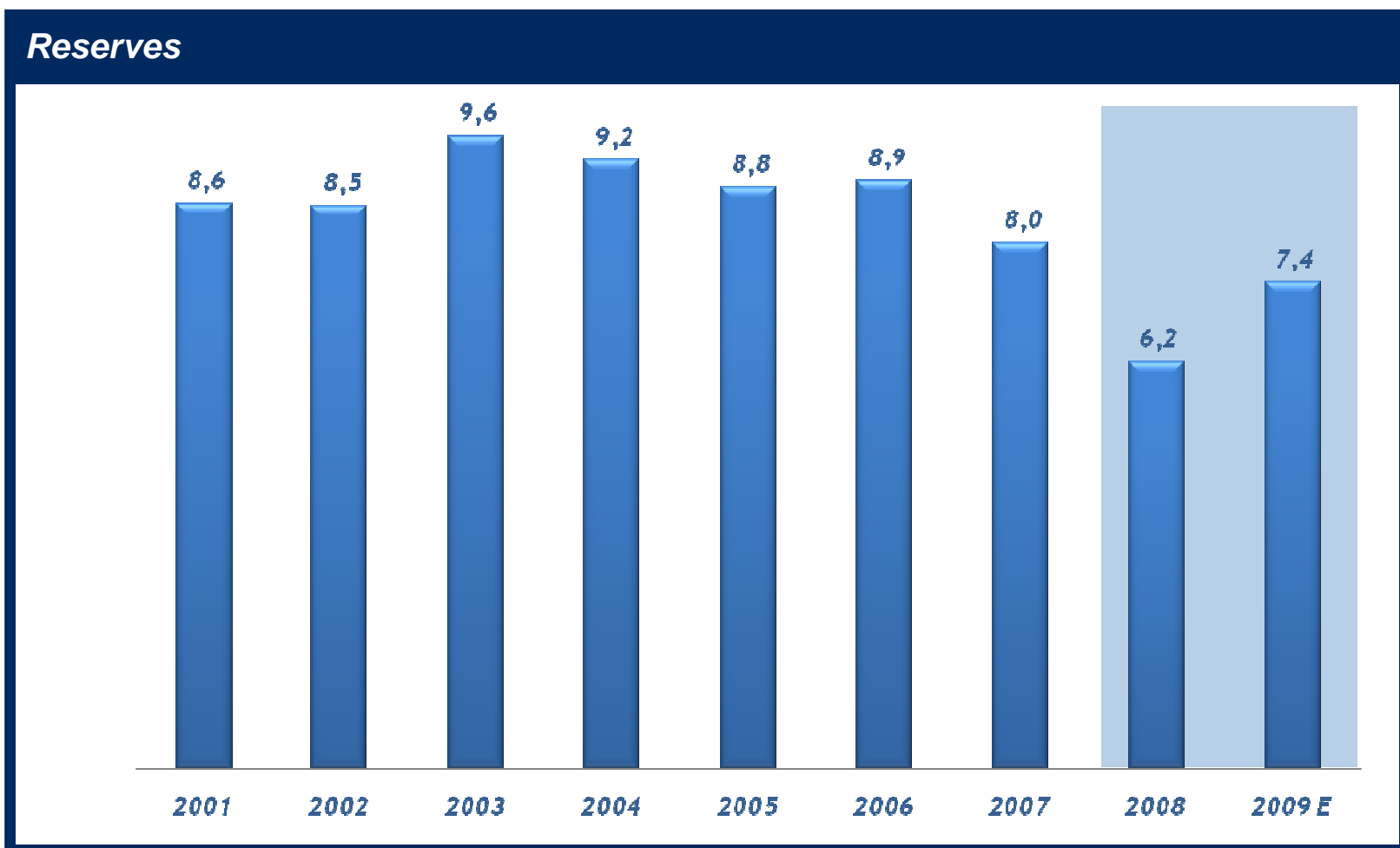
MAD Billion



## 6 A SATISFYING LEVEL OF FOREIGN CURRENCY RESERVES

BACK-UP

Number of months of imports

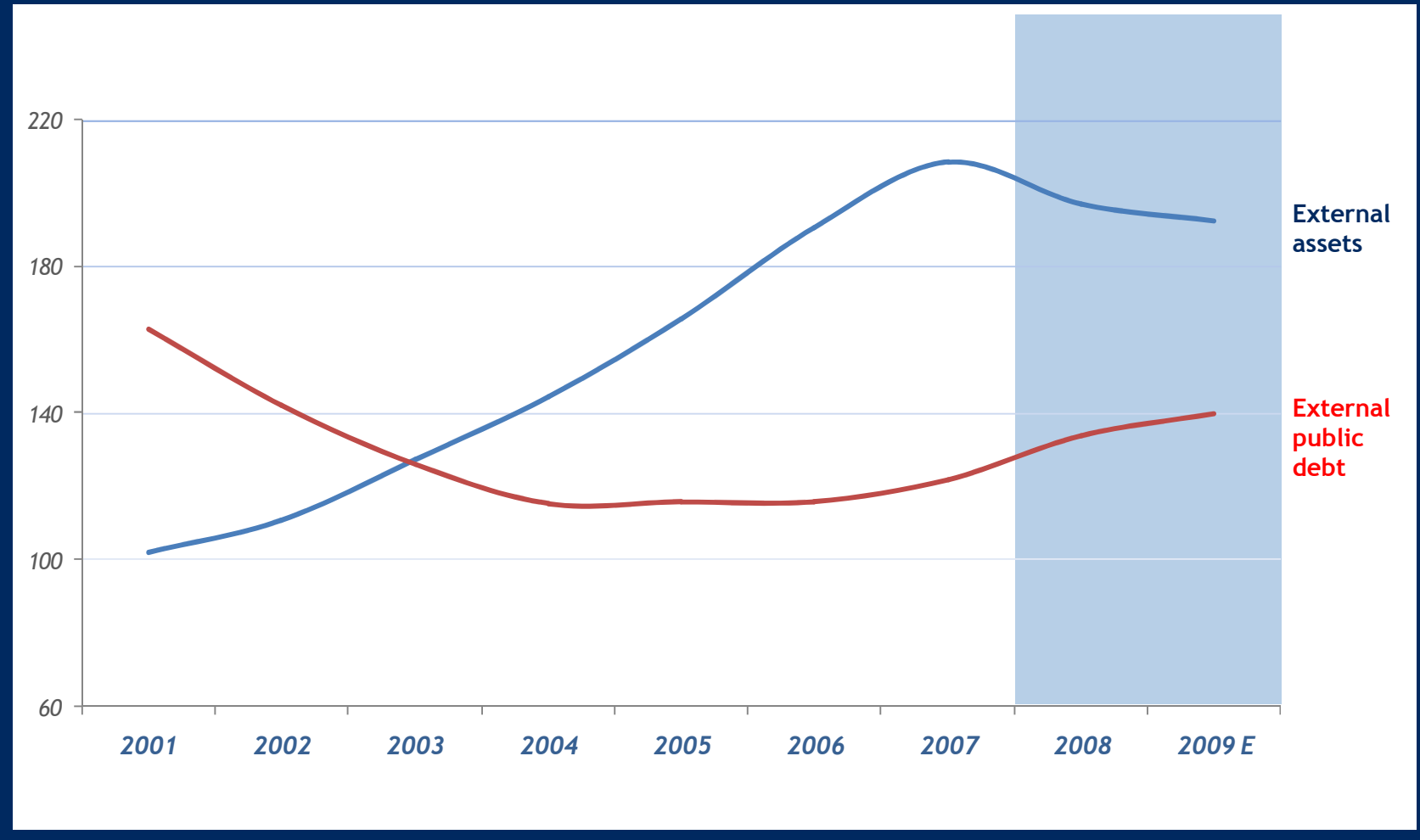


# 7 A STOCK OF EXTERNAL ASSETS COVERING 137% OF THE EXTERNAL PUBLIC DEBT

BACK-UP

MAD Billion

En **Banking loans**



# A STRONG AND RECOGNIZED ECONOMIC PERFORMANCE

## Fitch Ratings-London-10 July 2008 – Investment Grade

- Morocco's Long-term foreign currency Issuer Default ratings (IDR) at '**BBB-**' with Stable Outlooks
- Morocco's Long-term local currency IDR at 'BBB' with Stable Outlooks
- Morocco's Short-term foreign currency IDR at 'F3'
- Country Ceiling at 'BBB'

### Extracts:

- « ...resilient net external creditor position...
- ...continuing shift of the economy towards higher-value-added activities, which has translated into sustained growth of non-agricultural GDP...
  - ...Morocco's fiscal performance improved last year...»

## International Monetary Fund, July 2008

« Morocco's recent economic performance has been favorable »

### Extracts:

« With a more diversified economy, stronger public finances, and a sound financial sector, Morocco is well-poised to continue its progress despite the current difficult global economic and financial climate. The outlook is encouraging, with growth projected to remain strong and the external position sound. Risks to the outlook are generally tilted to the downside. »

# MOROCCO, A SOLID EMERGING ECONOMY AT THE DOORSTEP OF EUROPE

***Track  
record  
2000-2008***

**A strong and diversified growth**

**Sound macroeconomic fundamentals,  
leaving significant room for maneuver**

***2009  
onwards***

**An aggressive and coherent agenda  
of structural reforms**

**“Navigating through the Storm”:  
An anticipative, innovative and voluntaristic strategy**

# A CONTINUOUS DYNAMIC OF STRUCTURAL REFORMS...

***Commitment to macroeconomic stability and sound public finances***



***Commitment to Free Trade and Regional Integration***



***A Modern public administration (e-government)***



***Privatization, Concession, Substrate management of public services (telecoms, water, electricity and transport)***



***Improving business environment: Regional Investment Centers, commerce, business and labor laws, arbitration, tax reform***



# LAUNCH OF SECTOR STRATEGIES USING INNOVATIVE APPROACHES

Promoting tourism heritage  
(*Azur et Vision 2020*)



Accelerating exports and Foreign  
Direct Investment  
(*National Contract for the  
Emerging of Industry*)




Promoting Agricultural sector and  
Improving its productivity  
(*Morocco's Green Plan*)



Energy and Sustainable  
Development



# A COMMITMENT TO STRUCTURAL REFORMS IN INFRASTRUCTURES AND HUMAN DEVELOPMENT

 Average investment over 5 years

## Major infrastructure development programs

- Highways, roads and railways:** 1'000 km of highways, 15'000 km of rural roads and railways USD 10-15 bn
- Major integrated infrastructures** (e.g., "Tanger Med"): launch of a port in the North of Morocco at international standards, one of the top 3 ports in the Med USD 2-3 bn\*
- Energy policy:** massive investment programs in power generation and clean renewables and liberalization agenda USD 2 bn
- Utilities:** massive development of rural electrification (PERG), water distribution (PAGER) and waste management USD 1.5 bn
- Sustainable development / Water resources:** modernization of water efficiency systems in agriculture and new sustainable sources (pipeline, desalinization, dams) USD 6 bn
- Social Housing and urban development** (200'000 houses p.a.) USD 15 bn





## Human Development and Social Investment

- INDH** (Initiative Nationale pour le Développement Humain) : large program, covering the whole country USD 2 bn
- Education reform:** re-foundation of the Education and Training system USD 15 bn
- Health reform:** Re-foundation of the health system and creation of health insurance USD 5 bn
- Social reforms:** e.g., new family code granting more rights to Moroccan women na
- Local governance:** strong move towards regionalization/ decentralization na



# MOROCCO, A SOLID EMERGING ECONOMY AT THE DOORSTEP OF EUROPE

***Track  
record  
2000-2008***

**A strong and diversified growth**

**Sound macroeconomic fundamentals,  
leaving significant room for maneuver**

***2009  
onwards***

**An aggressive and coherent agenda  
of structural reforms**

**“Navigating through the Storm”:  
An anticipative, innovative and voluntaristic strategy**

# AN ANTICIPATORY AND VOLUNTARISTIC FINANCIAL BILL 2009

## 2 main objectives

**Encouraging Interior demand**

**Accelerating reforms  
and sector strategies**

## Key measures

Encouraging consumption and purchasing power: USD 5,4 bn (tax on revenues, compensation, targeting, salaries)

Public investments: USD 16,5 bn, of which USD 5,5 bn of general budget

### Significant increase of investment efforts in

Agriculture: +150% (USD 500 mn in 2009 against USD 200 mn in 2008)

Education: +23% (USD 5,6 bn in 2009 against USD 4,75 bn in 2008)

Health: 20,3% (USD 1,2 bn in 2009 against USD 1 bn en 2008)

# AN INNOVATIVE "STRATEGIC WATCH COMMITTEE " BASED ON A PUBLIC-PRIVATE DIALOG

## Reinforced participatory mechanisms

- Maximum reactivity
- Direct contact with field realities



## Contingency Plans (B) and provisional measures

- Prudential management
- "B Plan" and provisional measures



## Post Crisis structural and competitive acceleration

- Accelerating key reforms
- Post-crisis opportunities and proactive positioning

## Strategic Watch Committee

### Government



Home Office



Ministère du Commerce Extérieur



### Private sector



AMICA



AMITH

## Strong concrete and quickly implemented measures

1. *Social Aspect:* employment and capabilities preservation
2. *Financial Aspect:* financing access maintaining
3. *Trade Aspect:* trade dynamism reinforcement
4. *Training Aspect*

# FINANCIAL BILL 2010: STAYING THE COURSE AND POST-CRISIS ANTICIPATION

## 3 main objectives

---

**Pursuing the encouragement of interior demand**

## Key measures

---

Encouraging purchasing power (e.g. taxes on revenues))

Public investment: USD 21 bn, of which USD 7 bn of government budget)

**Accelerating structural reforms**

Education Emergency Program

Legal system reform

Business environment reinforcement

**Extension of sector strategies**

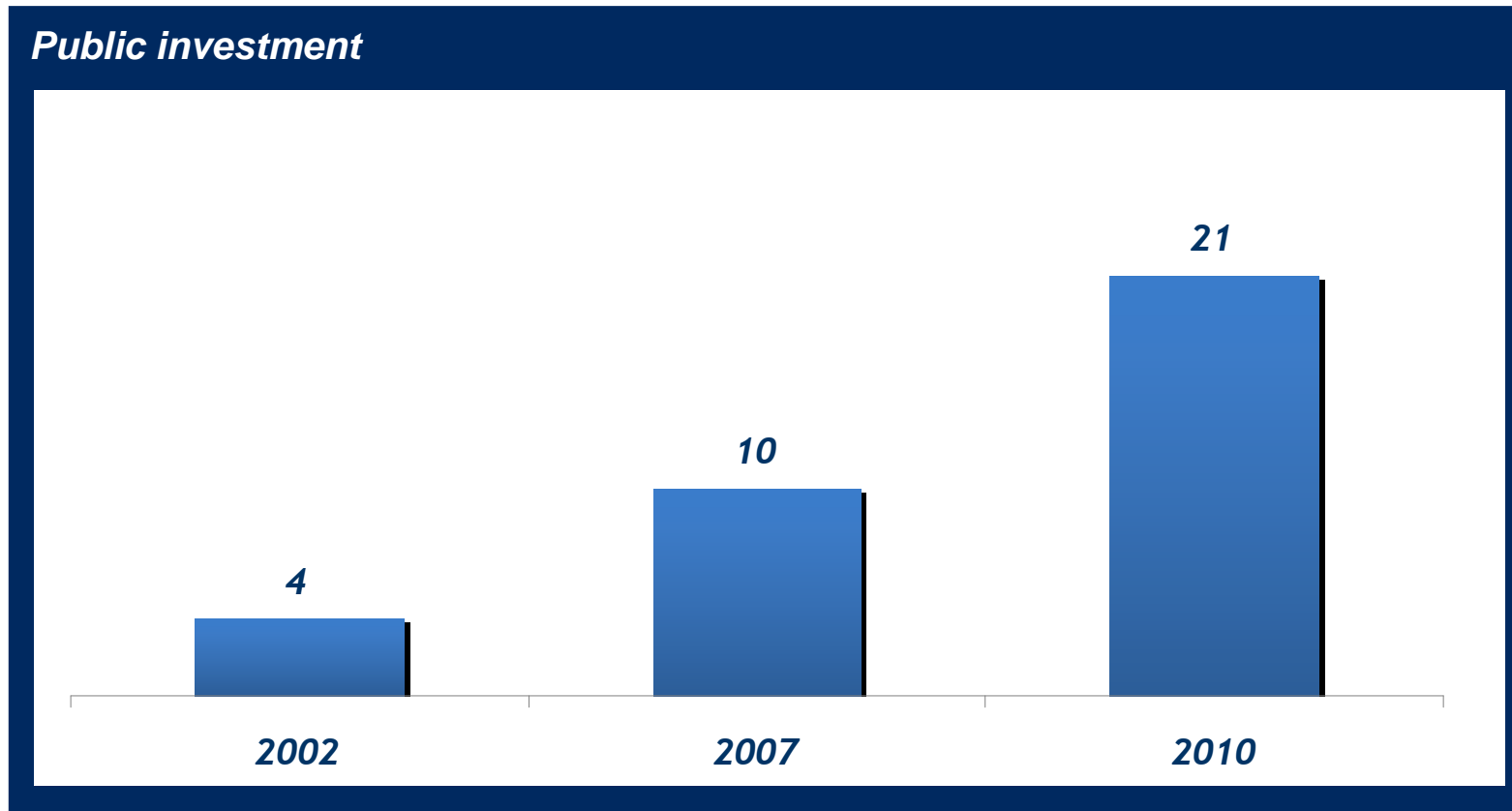
Fishing: Halieutis Plan

Morocco Digital Plan

Solar Energy and sustainable development

# FINANCIAL BILL 2010: MASSIVE INCREASE IN PUBLIC INVESTMENTS

USD Billion



# ACCELERATION OF STRUCTURAL REFORMS ON REMAINING CHALLENGES

BACK-UP

## Reform of education



*Deep reform of education system on 4 major dimensions*

- 1 Generalization of education and fight against school withdraw
- 2 Developing Universities and improving access to first jobs
- 3 Improving and promoting scientific research
- 4 Accelerating professional training

## Reform of justice



*Effective enhancement of judiciary system on 3 dimensions*

- 1 Strengthening the independence of the system
- 2 Improving judicial and administrative structures
- 3 Improving judicial efficiency

## **FINALLY, MOROCCO...**

**... is strongly and irreversibly committed to open economy**

**... offers increased visibility to investors through controlled macroeconomic fundamentals and voluntaristic reforms**

**... and is here to diversify its economic partnerships and reinforce its ties with the United Kingdom**