

Morocco economic profile

Economic growth of 6 per cent is predicted for 2001 marking a significant improvement on the previous year when severe drought inflicted intense agricultural recession and a reduction in agricultural output which had a massive impact in a country with one of the richest agricultural sectors in the Arab world. A positive forecast for current growth comes from the Arab Monetary Fund which assessed the economic performances of nine Arab countries and concluded that Morocco was top. With its rich arable lands and natural resources such as the sub-Saharan region and the Rif Mountain, it is unsurprising that agriculture has played a dominant role in the economy, although it is diversifying increasingly into areas such as tourism, manufacturing and fishing. In contrast to the agriculture sector, tourism, construction, mining and telecommunications are forecast for growth.

In budget proposals for the coming year approved by the country's parliament the main features are a 4.5 per cent target GDP growth, two per cent average inflation and three per cent deficit. A further devaluation of the currency in the first half of 2002 was not ruled out. The Dirham was last devalued in April in a successful bid to boost exports to its large European markets. In addition, total expenditure is estimated at \$15 billion with \$6 billion in public sector investment. Some privatisations have been delayed, but the government still expects \$1.1 billion in privatisation revenues in 2002, although this will represent a decrease of 41 per cent on 2001 when such revenues totalled \$2.3 billion. A large public sector wages bill accounts for almost 50 per cent of all government expenses, but this is being balanced out by strong privatisation revenues. Foreign Direct Investment (FDI) is estimated to top \$3.2 billion for 2001, a figure significantly boosted by privatisation. Another positive economic sign is the steady reduction in both rural and urban unemployment figures over the past year.

Imports/Exports

Tourism is one of the country's main sources of hard currency and has been a major growth sector with the majority of visitors coming from Europe. Between January-September 2001 the number of European tourists rose 43 per cent on the previous year. Tourism contributed 8.5 per cent to the GDP. In total 2.5 million foreign tourists visited the country bringing it a record \$2 billion. The government has ambitious plans to quadruple visitors within the next ten years which is stimulating major investment in construction projects for hotels and tourist resorts. In the aftermath of September 11 the plans remain in place and Morocco is "determined to carry on investments in this vital sector to attract more visitors in the future," Finance Minister Fathallah Oualalou stated.

International Ties

The country has held membership of the WTO since 1995; and also has an association agreement with the EU, a vital relationship since two thirds of the country's trade is conducted within the euro zone. Its links agreement with the EU presents Morocco with an opportunity to construct a strong manufacturing base in partnership with international firms and impact of the EU is expected on standards of technology and production quality. A revival of the Arab Maghreb Union with the possible benefit to the economy in closer relations with Algeria. Then there was the development of a further trade association in the Arab-Mediterranean free trade zone between Morocco, Tunisia, Egypt and Jordan in May 2001. It was decided to extend it to Algeria, Libya, Mauritania, Syria, Lebanon and Palestine.