Country Report

Morocco

October 2010

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Economist Intelligence Unit

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Executive summary

Highlights

October 2010

Outlook for 2010-14

- The rule of the king, Mohammed VI, will be generally stable in 2010-14 with no serious challenges to his rule. The king and his advisers will continue to set the policy agenda.
- Parliament will remain weak and there will be widespread disaffection with formal politics.
- Some Moroccans will turn to Islamist political and social movements as a reaction to poverty and unemployment, but only a small minority are likely to support militant groups.
- The fiscal account will remain in deficit in 2010-14 as the government's development programmes keep capital expenditure high and the subsidy system remains linked to international commodity prices.
- Real GDP growth will average 4.5% a year in 2010-14 but remains dependent on the performance of the agricultural sector. Services, particularly offshoring from companies in Europe, will account for an increasing share of GDP.
- Morocco will continue to record a current-account deficit, led by a trade deficit primarily resulting from energy imports. However, the deficit will narrow over the forecast period as the services balance recovers.

Monthly review

- At the opening of the new session of parliament in early October, the king called for improvements in the professionalism and effectiveness of the legislature. He also reiterated the government's claims over Western Sahara.
- The government and Moroccan press have criticised the Polisario Front, a Western Saharan independence group, after it arrested a police officer who voiced his support for a Moroccan autonomy plan for the disputed region.
- The Ministry of Finance has announced that it will introduce reforms to the pension system in the 2011 budget. An extensive review has shown that the pension system is in serious need of restructuring.
- France Telecom has bought a 40% stake in Meditel, Morocco's second-largest mobile operator. It will compete with Vivendi, another French company, which recently increased its stake in Maroc Telcom, the market leader.
- Morocco's fiscal position deteriorated significantly in the first seven months of the year after tax receipts fell sharply and expenditure, particularly on energy subsidies, increased dramatically.
- A €1bn ten-year international bond was successfully issued in late September. The bond was twice oversubscribed and had a coupon of 4.5%, lower than that on Morocco's previous international debt issuance.

Outlook for 2010-14

Political outlook

Political stability

The political scene will remain broadly stable in 2010-14, under the rule of the king, Mohammed VI, but there will be widespread disaffection with the formal political process and with parliamentary politics in particular. The monarch and his coterie of advisers will maintain their dominance over policymaking and are unlikely to take significant steps towards further democratisation. Parliament and the political parties within it are therefore expected to remain relatively weak. Morocco's version of proportional representation tends to result in a fragmented elected chamber, and at present the 325 seats in the House of Representatives (the lower house) are divided between 21 parties, none of which has a strong power base. The king is believed to be relatively well liked and is young and in good health. Tight restrictions on public criticism of the monarchy will remain; several independent publications went out of business in 2010 after publishing articles that criticised the king. Moreover, widespread poverty and high urban unemployment could lead to protests calling for increased government support and wage rises. These developments will prompt further state investment in housing and infrastructure.

The legislative agenda will continue to be set largely by the king—who reshuffled the cabinet early in 2010, putting technocrats into the interior and justice posts, to prioritise judicial reform and decentralisation (with a focus on Western Sahara, a territory that Morocco claims sovereignty over and has controlled since Spain left it in 1975)—and by his inner circle, the *makhzen*. There are likely to be tensions within the ruling coalition, which is led by Parti Istiqlal (PI), the party of the prime minister, Abbas el-Fassi, as the parties hold different viewpoints and compete for influence. The Parti de l'authenticité et de la modernité (PAM) recently left the coalition, to be replaced by the right-wing Mouvement populaire, but the PAM will continue to build political support, particularly in rural areas.

The majority of Moroccans are likely to give more weight to religious and social groups than to formal political parties. The Islamist-leaning Parti de la justice et du développement (PJD) will face challenges in building popular support while also improving its relations with the political establishment. Although the PJD won the second-largest number of seats in the 2007 parliamentary election, it is not included in the ruling coalition, reflecting tensions between it and the other parties and the concerns of the political elite about empowering a religious group. The PJD's limited progress within the parliamentary system could prompt some of its supporters to turn instead to the country's biggest Islamist movement, al-Adl wal-Ihsane (Justice and Charity), which opposes the monarchy and therefore is not legally recognised as a political party.

To forestall support for anti-government Islamist groups—including the minority that espouse violence—the government will continue to promote a state-sanctioned, politically quiescent interpretation of Islam. There is an ongoing risk of violent attacks by militant Islamists on government and Western targets, although these attacks do not present a systemic threat. There is a risk that Moroccan militants may pool resources with groups that have been held responsible for attacks elsewhere in the region and in Europe.

Election watch

The next parliamentary election is scheduled for September 2012. The king has the power to dissolve parliament, but the current legislature is unlikely to be disruptive or combative enough to warrant such a move. Political parties are likely to favour opportunism over ideology when forming coalitions. Pro-monarchy parties—including the PAM, which was founded by a close confidant of the king, Fouad el-Himma, in August 2008, the PI, the Mouvement populaire and the Union constitutionelle—are expected to form a right-wing coalition after the next election. The Rassemblement national des indépendants could be another partner for the PAM as there had been discussions about forming a joint list to contest the 2009 municipal elections.

International relations

Morocco's relations with neighbouring Algeria will remain tense, largely because of the dispute over Western Sahara, which Algeria would like to see become independent from Morocco. Morocco is committed to its plan for limited autonomy for the territory, whereas the Sahrawi national liberation movement, the Polisario Front, which is backed by Algeria, is demanding a referendum on self-determination. A recent UN resolution will keep a peacekeeping force in place, but a formal political agreement between Morocco and the Polisario Front is unlikely. A round of UN-mediated negotiation in 2010 failed to produce any common themes for discussion. Tensions between Morocco and Algeria will hold back attempts to boost intra-Maghreb co-operation, including regional trade, through the Arab Maghreb Union.

Maintaining good relations with EU member states, especially Spain and France, will remain important. Morocco is keen to play a key role in the Union for the Mediterranean and has secured "advanced status" with the EU, which could eventually mean freer access to European labour markets for Moroccan workers, although this is unlikely in 2010-11, given the poor outlook for EU growth. The issue of two Spanish territories, Ceuta and Melilla, on the Moroccan coastline has been a cause of friction between the two countries in the past, most recently in the summer of 2010. Given the Spanish position that the two territories are an integral part of Spain, there are likely to be periods of tension in the future, but these will not severely damage relations between the two countries.

Economic policy outlook

Policy trends

The government is aware that its popular support will largely depend on its success in dealing with social and economic exclusion and will maintain high social spending on slum clearance, rural infrastructure, education and health. However, given limited resources, an inefficient bureaucracy and widespread nepotism and corruption, addressing the shortcomings of the country's infrastructure will prove difficult. Poverty remains a pressing concern and the government is committed to increasing employment and bringing jobs into the formal economy.

The government, in its development plan, Emergence II, has retained its target of 6% annual average real GDP growth over the long term but has cut its job-creation target. The government is also committed to building 150,000 housing units annually until 2013. These targets still look overambitious, particularly given the weak global economy and the vulnerability of GDP growth to shocks that affect agricultural output. Another key policy issue will be upgrading agriculture and fisheries, under the Maroc Vert and Halieutis plans respectively. There will be increasing investment in the energy sector, with a focus on alternative energy sources to alleviate the country's dependence on expensive energy imports.

The government will take steps to improve the business environment in Morocco, such as relaxing the regulations for setting up a business, in an effort to encourage private investment. Priority sectors for foreign direct investment are textiles, electronic components, offshore services and tourism (a particularly labour-intensive sector). Investment in the technology sector and research and development are also receiving attention from the government.

Fiscal policy

The Economist Intelligence Unit expects Morocco to post fiscal deficits in 2010-14, although they will broadly narrow as the forecast period progresses. The fiscal account moved back into deficit in 2009 after two years of small surpluses. However, the shortfall (excluding privatisation earnings) during the forecast period will, at an average of 3.6% of GDP, be manageable. Tax penetration is increasing, as compliance has improved and the tax base has widened. However, tax receipts will rise only modestly over the forecast period, as private consumption, customs duties and corporate profits grow slowly and the tax cuts mandated in the 2010 budget take effect. Nevertheless, the strong revenue base built up in 2007-08 will stand Morocco in good stead. The government has announced some cuts in spending for 2010-11, mostly current expenditure, but the commitment to subsidies will continue to be a drag on the public finances. A sharp fall in subsidy costs in 2009 (because of a decline in commodity prices) was offset by higher public-sector wages and extensive infrastructure spending. Reforming the subsidy system is a priority for the government, as large rises in global commodity prices can be a serious drain on the public finances, but this will be politically difficult given widespread poverty.

The government will be able to make use of both domestic and international debt markets to cover its deficits and raise funds for its capital investment projects. In September 2010 Morocco issued a €1bn ten-year bond that was favourably received by investors, and mainly taken up in Europe. Based on the success of this issue, the finance minister, Salaheddine Mezouar, has said that Morocco plans to make use of international markets more frequently. Good rates of GDP growth and the government's efforts to control spending mean that the public debt/GDP ratio will fall to an average of around 57% of GDP in 2010-14, compared with over 70% a few years ago. Additional revenue is likely to come from further privatisations; the government sold off another block of its shares in Maroc Telecom in 2010.

Monetary policy

With the economy growing more slowly, inflation easing and credit conditions tightening, Bank al-Maghrib (the central bank) will maintain its policy rate at

3.25%. The central bank will remain concerned about a lack of liquidity in the Moroccan market and will takes steps to encourage deposits in the banking system. Falling property prices will keep interest rates low (particularly as inflation remains muted), as sluggish recovery in the euro zone and weaker financing conditions there will bite into European demand for second homes in Morocco. Interest rates will probably pick up in late 2011 or 2012 as developed economies reverse their loose monetary policies and Morocco seeks to encourage investment, particularly from Moroccans abroad. The central bank will also use other tools to improve liquidity; reserve requirements were lowered to 6% from 8% in March.

Economic forecast

International assumptions

	2009	2010	2011	2012	2013	2014
Economic growth (%)						
US GDP	-2.6	2.3	1.5	1.9	2.2	2.4
OECD GDP	-3.4	2.4	1.6	1.9	2.1	2.3
World GDP	-2.2	3.1	2.5	2.9	3.0	3.1
World trade	-11.1	11.5	5.7	6.3	6.4	6.6
Inflation indicators (%)						
US CPI	-0.3	1.4	1.0	1.9	2.5	2.8
OECD CPI	0.0	1.2	1.1	1.6	2.0	2.2
Manufactures (measured in US$)	-3.3	2.3	-1.6	-0.5	1.2	1.7
Oil (Brent; US$/b)	61.9	78.0	76.4	81.3	78.3	75.5
Non-oil commodities (measured in US$)	-22.5	18.4	5.3	-1.6	-0.7	2.4
Financial variables						
US$ 3-month commercial paper rate (av; %)	0.3	0.2	0.3	0.7	2.2	4.1
Exchange rate Dh:US$ (av)	8.06	8.36	8.50	8.56	8.60	8.68
Exchange rate US$:€ (av)	1.39	1.30	1.19	1.15	1.14	1.14

Economic growth

The Moroccan economy will grow by an average of 4.5% in 2010-14. Despite government strategies to diversify the economy and the increasingly large contribution that the services sector makes, GDP will remain vulnerable to shifts in agricultural production. The economy grew by 4.9% in 2009 as the agricultural sector had an exceptionally strong year, boosting private spending. The 2009/10 harvest was smaller than the bumper 2008/09 harvest but was still higher than the five-year average. Flooding has ruined some valuable crops, like citrus fruits, and over the longer term the non-agricultural sector's role will gradually increase as the government tries to promote value-added manufacturing and offshoring industries. During the forecast period, a new Renault car assembly plant will begin operations, with the finished products largely aimed at the export market. In addition, the expansion of the Tanger Med Port in the north of the country will add an important logistics element to services growth. Government housing and infrastructure projects will partly offset a contraction in private-sector tourism developments, which have been hurt by risk aversion among investors.

Private consumption growth will track agricultural performance, although government public works, particularly in tourism, should generate some new jobs. Given that the equivalent of 20% of the domestic workforce is employed in Europe, the sustainability of the recovery there will affect private consumption in Morocco. Remittances from Moroccans employed abroad, mostly in Europe, are equivalent to 8-9% of Morocco's GDP, on average, and are a crucial source of funds for household consumption and of liquidity for banks. Investment growth is likely to be slower than in previous years as regional investors, mainly Gulf-based banks, re-evaluate their property lending models. Government consumption growth will be steady as the state seeks to boost infrastructure provision. Export performance, although improving, will be constrained by competition from lower-wage countries and by weak European demand. Import growth should also be moderate as consumer demand growth will be weaker than in 2007-08 because of higher international commodity prices and a weaker Moroccan dirham.

Economic growth

%	2009	2010	2011	2012	2013	2014
GDP	4.9	4.2	3.8	4.9	4.4	5.3
Private consumption	4.0	3.7	3.8	4.8	4.7	5.7
Government consumption	11.2	4.5	3.7	4.2	4.4	4.0
Gross fixed investment	2.5	4.2	5.0	6.5	5.3	5.0
Exports of goods & services	-13.1	4.0	3.7	5.5	6.0	7.0
Imports of goods & services	-6.0	4.6	4.5	6.0	6.6	6.0
Domestic demand	5.2	3.9	4.1	5.1	4.7	5.1
Agriculture	30.6	-2.0	3.5	3.0	2.0	4.0
Industry	-0.3	4.4	3.9	4.5	4.0	4.7
Services	3.9	4.6	4.7	6.0	5.2	5.5

Inflation

We expect inflation to average 2.7% in 2010-14 as government subsidies for energy and food keep prices artificially low for Moroccan consumers. The government has pledged to keep domestic prices stable through subsidies, but this will place an increasing burden on the public finances. In 2008, when food and energy prices surged, the subsidy bill was equivalent to 5% of GDP; the government has now pledged to keep it at a maximum of 2%. As world and local food prices fell, consumer price inflation dropped to an average of just 1% in 2009. Low historical inflation has been a result of the managed exchange rate, but also of deficiencies in the way it is recorded; reforms to the latter may lead to a temporary spike in official inflation. The real cost of living may have increased more rapidly in recent years than government data suggest. Lower deposits in the banking system from Moroccan residents abroad will keep money supply growth modest, also curbing inflation. The depreciation of the dirham against the US dollar will also be a concern for the monetary authorities, with subsidies for imports likely to continue to be a drain on the public finances.

Exchange rates

The current exchange-rate regime is a tightly managed float against a euro-dominated basket of currencies. Despite opposition from exporters, Bank al-Maghrib argues that this system has been useful in anchoring the economy and keeping inflation low. In 2010-14 the dirham will move in line with the euro's downward trajectory and will be vulnerable to further pressure should global financial sentiment weaken. From an average of Dh8.06:US$1 in 2009, it will depreciate to an average of Dh8.60:US$1 in 2010-14. The decline against the dollar, and resultant increase in the import bill (particularly oil imports denominated in dollars), may increase pressure on the central bank to consider moving away from the managed float, although we believe that this is unlikely until the later part of the forecast period. An stronger dirham against the euro will help to ease the cost of some imports, but protective tariffs, imposed on agricultural products during times of high prices to protect Moroccan consumers, will counteract market movements.

External sector

The current account will remain in deficit in 2010-14, as high energy prices and a weaker dirham-dollar rate hurt the terms of trade. The trade deficit is expected to shrink over the forecast period, from US$19.7bn in 2010 to US$18.1bn in 2014 as oil prices trend downwards. Investment in renewable energy and a liquefied natural gas plant are efforts to move away from currently expensive oil imports, from Saudi Arabia. However, the trade and income deficits will be partly offset by surpluses on the services and current transfers accounts—which will both widen in 2010-14, having shrunk in 2009 owing to weakening tourism demand and lower remittances from Moroccan workers in Europe. The current-account deficit will average 7.5% of GDP in 2010-11, before narrowing to an average of 3.6% of GDP over the remainder of the forecast period.

Forecast summary
(% unless otherwise indicated)

	2009[a]	2010[b]	2011[b]	2012[b]	2013[b]	2014[b]
Real GDP growth	4.9	4.2	3.8	4.9	4.4	5.3
Gross fixed investment growth	2.5	4.2	5.0	6.5	5.3	5.0
Gross agricultural production growth	30.6	-2.0	3.5	3.0	2.0	4.0
Unemployment rate (av)	9.1	9.8	9.9	9.7	9.5	9.3
Consumer price inflation (av)	1.0	2.5	2.6	2.7	2.6	3.0
Consumer price inflation (end-period)	-1.5[c]	2.6	2.7	2.7	2.8	2.8
Short-term interbank rate	3.3	3.3	3.4	3.5	3.4	3.8
General government balance (% of GDP)	-2.1	-3.9	-3.7	-4.0	-3.5	-3.1
Exports of goods fob (US$ bn)	13.9	14.5	16.2	18.2	19.7	21.6
Imports of goods fob (US$ bn)	30.5	34.2	35.2	36.8	38.1	39.8
Current-account balance (US$ bn)	-5.0	-7.9	-6.5	-5.2	-4.0	-2.6
Current-account balance (% of GDP)	-5.4	-8.4	-6.6	-5.0	-3.6	-2.2
External debt (end-period; US$ bn)	21.1[c]	22.7	23.0	23.2	23.2	24.0
Exchange rate Dh:US$ (av)	8.06	8.36	8.50	8.56	8.60	8.68
Exchange rate Dh:US$ (end-period)	7.86	8.30	8.53	8.58	8.64	8.35
Exchange rate Dh:€ (av)	11.22	10.84	10.11	9.85	9.80	9.90
Exchange rate Dh:¥100 (av)	8.60	9.48	9.68	9.87	10.00	10.10

[a] Actual. [b] Economist Intelligence Unit forecasts. [c] Economist Intelligence Unit estimates.

Monthly review: October 2010

The political scene

King opens new session of parliament

In early October the king, Mohammed VI, chaired the opening of the first session of the fourth legislative year of the current five-year parliament. He called for good governance, efficiency and the regular attendance of members of parliament (MPs), whose high rate of absenteeism and lack of professionalism have alienated voters and weakened the institution's credibility. The king addressed members of both houses, telling them that "being a member of parliament is not so much a personal privilege as a sacred mission". The parliament became bicameral in 1996, with a lower house (the House of Representatives) directly elected by universal suffrage and an upper house (the Chamber of Advisers) chosen by electoral college; however, the king noted that it is still viewed as "a legislative institution made up of two separate parliaments" and called for improvements in the performance of the entire legislature.

The legislative agenda will continue to be set largely by the king. The main topic of discussion for this parliamentary session is the state budget for 2011. The budget will be presented by the finance minister, Salaheddine Mezouar, in October. Further amendments to the electoral laws and political parties' law in preparation for the 2012 parliamentary election will also be discussed in this session. The voting system, changed in 2008, currently combines proportional lists in cities with a single-name system in rural municipalities. Adjusting the parliament eligibility threshold (currently at 5%) will also be debated. The new laws will also aim to restore the credibility of party politics; voters have become disenchanted with the system because of frequent changes of MPs' loyalties, leading to splits and defections.

The king reiterated his view that Western Sahara remained Morocco's "sacred cause" and called on parliament to support the government's autonomy proposal for the disputed territory. He also emphasized the importance of reform of the judiciary and launched what he called a new concept under the motto "The Judiciary: Serving the Citizen". Judicial reform has featured as a priority in many of king's speeches in recent years, but so far no significant progress has been made.

Morocco plays human rights card to attack PF

Moroccan officials and media criticised the Polisario Front (PF, the main group campaigning for the independence of Western Sahara from Morocco) for arresting a police officer, Mustapha Salma Ould Sidi Mouloud, for his outspoken support of the Moroccan autonomy proposal for the territory. After a UN-sponsored family visit to southern Morocco to see his father for the first time in 31 years, Mr Ould Sidi Miloud was arrested in late September by the PF on his return to the refugee camps for those who have fled Western Sahara (near Tindouf in Algeria). While in Morocco, Mr Ould Sidi Mouloud had spoken out in favour of the Moroccan plan and vowed to share his views in the camps that it was the best resolution for the territory. The PF considers

Morocco to be an occupying force on its territory and the Moroccan autonomy proposal to be a denial of Sahrawis' right to self-determination. The Ministry of the Interior of the Sahrawi Arab Democratic Republic (SADR), the state proclaimed by the PF, which is recognised by some African and Organisation of the Islamic Conference countries, said that it had arrested Mr Ould Sidi Miloud for "espionage on behalf of the enemy". According to Human Rights Watch, a New York-based non-governmental organisation, Mr Ould Sidi Miloud, who lives in the El Ayoun refugee camp with his family, had no prior political profile in the camps.

The UN-co-ordinated family visits, which are meant to connect the Sahrawi refugees with their relatives in the territory of Western Sahara, had been on hold since March and resumed in late September. The UN had urged the FP and the Moroccan government to engage in confidence-building measures to help speed up the sluggish negotiation process (September 2010, The political scene). Both parties, however, often disagree about who should be on the visitor lists. Morocco has for months objected to some of the individuals on the list drawn up by the UNHCR (the UN Refugee Agency). On arrival in Tindouf on a September flight, 20 passengers were prevented from disembarking by PF representatives, according to the UNHCR.

Economic policy

Failing pension system needs reform

The Ministry of Finance announced that some pension reform measures would be introduced in the 2011 budget, on the basis of the findings released in late August by the technical commission on retirement, a body set up by the government in 2004 to study pension reform. The reforms are based on a study by a French consultancy firm, Actuaria, which was presented to the commission in late 2009. Some of the measures addressed in the local press include increasing the retirement age from 60 to 65; progressively increasing contribution rates by 6 percentage points; computing the pension on the basis of an 8-year average wage rather than the final salary; and the regrouping of the existing funds into a single fund.

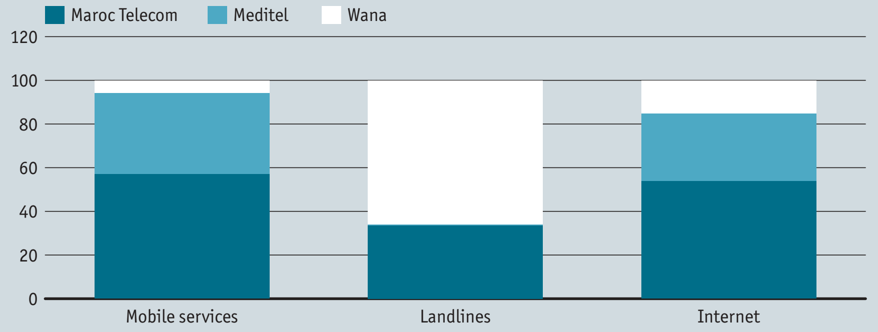
Morocco's pension system had 1.1m beneficiaries in 2008, covering only former wage earners, an equivalent of less than 30% of the workforce owing to the country's large agricultural and informal sector. An estimated 7.5m Moroccans do not have a retirement plan. The system suffers from major financial imbalances (its implicit debt is about 170% of GDP according to *L'Économiste*, a French-language business daily), a multiplicity of pension funds (two funds in the public sector, one for the private sector and a voluntary complementary pension fund) and weak co-ordination between the funds. The notional contribution rates necessary to ensure the system's viability would be very high (reaching 54% of salaries in the case of the main civil service fund) compared with the current actual rate, ranging between 12% and 20%. This is set against the alarming demographics of an increasingly aging population. According to official figures, the ratio of retirees to the active population is expected to double or treble by 2060. The Caisse moroccaine des retraites (the pension fund for civil servants) is expected to move into deficit in 2012, which explains the urgency to introduce reforms from next year.

Government announcements since this summer have stirred debate among unions, which oppose the immediate implementation of the plan and say the reform requires time. Parliament will soon have to decide which changes need to be implemented next year to rescue the failing system.

France Telecom buys a 40% stake in Meditel

In late September France Telecom agreed to buy 40% of Meditel (Morocco's second-largest telecommunications company) for €640m. France Telecom's chief executive, Stephane Richard, speaking at a news conference in Rabat, the Moroccan capital, said that he planned to increase the group's holding in Meditel to 49% within the next five years, starting with a 5% additional acquisition in 2011. The new shareholder will compete with Vivendi, another French company and the majority owner of Maroc Telecom, Morocco's largest telecoms company. Meditel's Moroccan shareholders announced that the company expected to list on the Casablanca Stock Exchange (CSE) in 2011, adding that details of the deal would depend on prevailing market conditions.

Company market share in Moroccan telecommunications sector
(% of total; based on subscriber numbers on June 30th 2010)



Source: Agence nationale de réglementation des télécommunications.

Meditel was jointly owned by the Caisse de dépôt et de gestion (CDG), a state investment vehicle, and a local private company, Finance.com, after former shareholders, Portugal Telecom and Spanish Telefónica, sold their stakes in late 2009 (Economic policy, October 2009). The former foreign owners had constantly complained about Maroc Telecom's privileged position as the former state monopoly, and called for further market liberalisation. In February this year, the government introduced long-awaited regulatory measures to liberalise the sector further. The new regulations were introduced as a third operator, Wana (51%-owned by Omnium Nord Africain, the royal family's investment arm), launched Morocco's third Global System for Mobile Communications network under the name Inwi. According to officials, under this new framework, infrastructure-sharing will be improved, interconnection rates will be reduced and the regulatory body, the Agence nationale de réglementation des télécommunications, will be strengthened (March 2010, Economic policy).

Economic performance

Fiscal position deteriorates in the first seven months of 2010

The government's fiscal position deteriorated significantly in the first seven months of the year as tax revenue continued to fall and subsidy costs rose more than threefold. As a result, the fiscal account recorded a deficit of Dh16.5bn (US$1.97bn), compared with a surplus of Dh6.9bn in the same period of 2009.

Tax revenue, which began to fall in early 2009, shrank by 0.4% year on year in the first seven months of 2010. This is chiefly because of a sharp decline in corporate tax and income tax receipts, down by 22% and 10% respectively. This is a result of a change in tax rates (corporation and income tax rates were reduced by 2 and 5 percentage points respectively) and the general slowdown in economic output. Annual growth in tax revenue has typically averaged around 8% in most years but has been exceptionally high since 2006, averaging around 30% a year until 2008. This is the result of a tax reform set out in the 2006 budget, which imposed taxes on some previously tax-free goods and services. Tax collection is another major issue. This summer, the tax department, customs and the Office des changes, the country's trade authority, agreed to form an alliance to combat tax evasion.

Current spending was 18.2% higher year on year in the first seven months of 2010, mainly because the cost of the oil subsidy increased owing to a rise in oil prices. Subsidy costs rose dramatically, reaching Dh15.1bn (a 349% increase on last year), the equivalent of over 15% of current expenditure. This is also shown in external accounts data, which indicate that hydrocarbons products imports rose by 38.2% to Dh39.4bn in the first seven months of the year, accounting for 23% of the country's import bill, compared with 18.9% a year earlier. The wage bill, which accounts for 36% of total expenditure, grew by 5% to Dh44.9bn (over half total current spending), showing once again the government's failure to cut the public workforce.

The finance ministry is currently working on the 2011 budget. Using language similar to that used by European countries in recent months, Morocco said that it would engage in cost-cutting measures. Given the rigidity of spending on wages and subsidies, it is more likely that it will try to increase revenue. The government announced in June this year that it would sell another 8% stake in Maroc Telecom through listing shares on the CSE.

In focus

Morocco makes a successful return to international debt markets

Morocco ended a three-year hiatus from international debt markets with an oversubscribed issue of a ten-year Eurobond that raised €1bn (US$1.3bn) on September 28th. The receipts will be directed to development projects designed to upgrade and diversify the economy. The coupon on the new debt issue was markedly lower than that on the previous bond, issued in 2007; this reflects progress made in cutting the fiscal deficit and bringing down the overall debt level through prudent management. More consolidation is likely in 2011, although a major source of risk to the fiscal balance—the subsidy system that keeps oil and foodstuffs affordable for low-income groups—is unlikely to be tackled.

The ten-year bond had a coupon of 4.5% and was priced at a discount, to yield 4.563%. The government appointed two banks, HSBC (UK) and Natixis (France), to arrange the issue back in April, but the turbulence of credit markets resulting from euro zone public finance crises forced the delay. According to a report by Reuters, demand for the Moroccan debt was largely from Europe and the issue was twice oversubscribed—a positive sign for Morocco, which had initially announced that it expected to raise €750m from the markets.

Morocco's previous issue in 2007, another ten-year bond, raised €500m and had a coupon of 5.37%; the lower yield achieved this year is a reward for the government's efforts to consolidate its public finances. The proceeds from the bond will be used for investment in several of Morocco's large development programmes, including those to reform and upgrade the agriculture sector (a major contributor to GDP) and to make the country less reliant on expensive energy imports and develop renewable energy operations.

The Economist Intelligence Unit currently estimates Morocco's sovereign debt at 58.2% of GDP, higher than the government's estimate of around 50%, but still well below the levels of over 70% seen only a few years ago. The decline is attributable partly to strong GDP growth, which averaged 4.8% in 2005-09, but also to the government's policy of replacing expensive, variable-rate debt from the London Club of commercial creditors with cheaper, fixed-rate Eurobonds. An additional positive feature of Morocco's external debt profile is that much of its debt is owed on concessional terms to development banks, such as the African Development Bank, and international development agencies from countries like France.

A major concern for Morocco's public finances is the extensive subsidy system. We do not believe that the government will make any significant progress in subsidy reform this year as it remains a highly sensitive political issue. Compensating consumers for the high international prices of oil and, this year, wheat has placed a heavy burden on the government. The system has kept inflation low, benefiting much of Morocco's poor, but spending on subsidies can fluctuate wildly. In 2008, when international commodity prices surged, the subsidy bill was equivalent to 5% of GDP. The government has pledged to restrict the cost of subsidies to 2% of GDP in future. Making use of the markets will help to free up some budgeted expenditure to meet this target.

GDP growth slows in the second quarter

Data from the Haut commissariat au plan (HCP, Morocco's main statistical and planning agency) for the first half of 2010 show that real GDP expanded by 3% compared with the same period of 2009. Although this is a slowdown from growth in the first quarter (3.5% year on year), non-agricultural output expanded by 4.8%. Agricultural production was the main contributor to the slowdown, contracting by 7.6% year on year in the second quarter.

The mining sector remains the main growth engine this year. It expanded by 47% (down from growth of 108% in the first quarter) in the first half of 2010. Phosphate production, in the first seven months of the year, increased by 78.9% to 15.1m tonnes, compared with the same period of 2009. Exports of phosphates and derivatives rose by 70.2% to Dh19.1bn in the same period as their global prices have risen significantly.

Several sectors also experienced positive but more modest growth in the first half of 2010, including water and electricity (11.3%), education and health (6.5%)

and transport (5.6%). Tourism activity also shows signs of recovery: in the first seven months year-on-year growth in overnight stays and tourist arrivals was 11.9% and 10.4% respectively; tourism revenue grew by 7% to Dh30.6bn. Manufacturing output expanded by 1.6%. Construction and public works grew modestly, by 2.6%, in the first two quarters; and cement sales rose by 1.1% over the same period, owing to falling sales early this year. According to cement industry representatives, this was the result of flood damage, which led to the interruption of work on many sites. The bad weather conditions early this year also caused a decline in farming output, which fell by 7.6%, compared with growth of over 31% in the same period last year.

According to the latest forecasts from the HCP, real economic growth in 2010 will reach 4%, down from 4.9% in 2009 and 5.6% in 2008. The HCP believes that growth will be driven mainly by a 5.9% expansion in non-agricultural output, up from 1.3% last year (chiefly as a result of higher phosphate production). Farming growth will be weaker than in 2009, with the cereals harvest dropping by 20%. Farming and fishing output will fall by 7.5% compared with growth of 29% in 2009, according to the HCP. The HCP expects real GDP growth of 4.3% in 2011.

Data and charts

Annual data and forecast

	2005[a]	2006[a]	2007[a]	2008[a]	2009[a]	2010[b]	2011[b]
GDP							
Nominal GDP (US$ m)	59,524	65,642	75,221	88,880	91,374	93,870	98,250
Nominal GDP (Dh bn)	527.7	577.4	616.2	688.8	736.2	784.9	834.7
Real GDP growth (%)	3.0	7.8	2.7	5.6	4.9	4.2	3.8
Expenditure on GDP (% real change)							
Private consumption	2.3	6.9	3.8	6.0	4.0	3.7	3.8
Government consumption	3.5	2.9	4.3	4.8	11.2	4.5	3.7
Gross fixed investment	7.4	9.7	14.3	11.5	2.5	4.2	5.0
Exports of goods & services	13.3	11.6	5.2	7.3	-13.1	4.0	3.7
Imports of goods & services	9.6	8.2	15.0	12.2	-6.0	4.6	4.5
Origin of GDP (% real change)							
Agriculture	-13.5	25.3	-20.8	16.3	30.6	-2.0	3.5
Industry	4.9	4.9	6.0	3.3	-0.3	4.4	3.9
Services	6.3	5.2	6.1	4.0	3.9	4.6	4.7
Population and income							
Population (m)	30.5	30.9	31.2	31.6	32.0	32.3	32.7
GDP per head (US$ at PPP)	3,547	3,902	4,076	4,344	4,546	4,712	4,916
Recorded unemployment (av; %)	11.0	9.7	9.8	9.6	9.1	9.8	9.9
Fiscal indicators (% of GDP)							
Central government budget revenue[c]	25.3	26.8	27.4	29.7	25.9	25.0	24.8
Central government budget expenditure	30.3	28.9	27.2	29.3	28.0	28.8	28.5
Central government budget balance	-5.0	-2.1	0.2	0.4	-2.1	-3.9	-3.7
Public debt	70.9	66.1	62.6	56.8	56.9	58.2	58.3
Prices and financial indicators							
Exchange rate Dh:US$ (av)	8.87	8.80	8.19	7.75	8.06	8.36	8.50
Exchange rate Dh:€ (av)	11.04	11.04	11.21	11.39	11.22	10.84	10.11
Consumer prices (av; % change)	1.0	3.3	2.0	3.7	1.0	2.5	2.6
Producer prices (av; % change)	9.1	6.0	1.7	17.9	-15.1	2.0	2.2
Stock of money M1 (% change)	12.9	17.1	18.6	7.0	5.8	8.2	9.6
Stock of money M2 (% change)	12.7	16.0	17.5	7.4	6.3	18.0	10.2
Money market rate (av; %)	2.8	2.6	3.3	3.4	3.3	3.3	3.4
Current account (US$ m)							
Trade balance	-8,204	-9,757	-14,170	-19,497	-16,631	-19,700	-18,945
Goods: exports fob	10,690	11,926	15,146	20,330	13,915	14,486	16,240
Goods: imports fob	-18,894	-21,683	-29,316	-39,827	-30,546	-34,186	-35,185
Services balance	4,253	5,316	6,749	6,722	5,685	5,443	5,791
Income balance	-383	-477	-404	-522	-928	-829	-864
Current transfers balance	5,283	6,233	7,601	7,638	6,916	7,164	7,509
Current-account balance	949	1,315	-224	-5,659	-4,958	-7,922	-6,509
External debt (US$ m)							
Debt stock	16,174	17,815	20,544	20,825	21,121[d]	22,694	22,955
Debt service paid	2,728	3,399	4,018	4,204	2,902[d]	2,759	2,915
Interest	590	616	694	752	705[d]	641	686
International reserves (US$ m)							
Total international reserves	16,467	20,791	24,716	22,717	23,580	24,566	25,830

[a] Actual. [b] Economist Intelligence Unit forecasts. [c] Includes revenue from the sale of state assets. [d] Economist Intelligence Unit estimates.

Source: IMF, *International Financial Statistics*.

Quarterly data

	2008		2009				2010	
	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr
Central government finance (Dh bn)								
Revenue (excl privatisation)	42,225	40,276	48,110	43,675	41,830	n/a	n/a	n/a
Expenditure	40,079	48,062	36,769	54,030	38,951	n/a	n/a	n/a
Balance[a]	2,146	-7,786	11,341	-10,355	2,879	n/a	n/a	n/a
Employment[b] & prices								
Labour force ('000)	11,298	11,156	11,326	11,450	11,314	11,245	11,444	11,628
Unemployment ('000)	1,123	1,078	1,090	911	1,105	1,016	1,139	949
Unemployment rate (%)	9.9	9.9	9.6	8.0	9.8	9.0	10.0	8.2
Consumer prices (2000=100)	110.1	110.9	110.7	110.2	110.8	110.4	110.8	111.4
Consumer prices (% change, year on year)	4.2	3.9	3.5	0.5	0.7	-0.4	0.1	1.1
Phosphate rock (US$/tonne)	409.2	371.3	193.3	113.3	90.0	90.0	102.1	125.0
Financial indicators								
Exchange rate Dh:US$ (av)	7.56	8.45	8.50	8.20	7.88	7.67	8.10	8.68
Exchange rate Dh:€ (av)	11.36	11.10	11.09	11.18	11.27	11.33	11.21	11.04
Deposit rate (av; %)	3.90	4.23	3.90	3.97	3.67	3.69	3.65	3.63
Discount rate (end-period; %)	3.31	3.50	3.44	3.25	3.25	3.25	3.25	3.25
Money market rate (av; %)	3.33	3.33	3.40	3.21	3.15	3.28	3.31	3.28
M1 (end-period; Dh bn)	474.77	491.84	479.74	491.83	501.05	520.34	521.41	533.62
M1 (% change, year on year)	8.9	7.0	3.7	3.5	5.5	5.8	8.7	8.5
M2 (end period; Dh bn)	553.17	571.71	562.00	575.14	586.67	607.68	610.70	623.54
M2 (% change, year on year)	9.2	7.4	4.6	4.3	6.1	6.3	8.7	8.4
Moroccan All Shares Index (MASI; Dec 31st 1991=1,000; end-period)	12,488	10,984	10,402	11,589	10,765	10,444	11,419	11,774
Sectoral trends								
Industrial production indices (2000=100)								
Mining	108.4	96.7	105.7	84.6	88.0	107.1	132.2	n/a
Energy	107.5	101.9	107.3	103.3	109.8	104.1	115.5	n/a
Manufacturing	110.9	108.7	108.8	117.9	110.5	113.0	109.5	n/a
Phosphates production ('000 tonnes)	7,226	4,652	2,052	4,594	5,676	5,985	5,482	7,283
Tourism, visitors ('000)	1,128	1,034	909	1,193	1,114	1,077	1,056	1,295
Foreign trade(Dh m)								
Exports fob	39,228	27,954	25,555	28,978	28,073	27,296	n/a	n/a
Imports cif	-87,257	-71,568	-59,662	-68,213	-65,073	-70,141	n/a	n/a
Trade balance	-48,029	-43,614	-34,107	-39,235	-37,000	-42,845	n/a	n/a
Foreign reserves (US$ m)								
Reserves excl gold (end-period)	24,157	22,104	21,612	21,244	22,861	22,797	21,198	18,511

[a] Excluding balance of Special Treasury Accounts. [b] Active population aged over 15.

Sources: IMF, *International Financial Statistics*; Direction de la Statistique, *Bulletin Statistique*; Haut commissariat au plan; *Repères Statistiques*; Bourse de Casablanca.

Monthly data

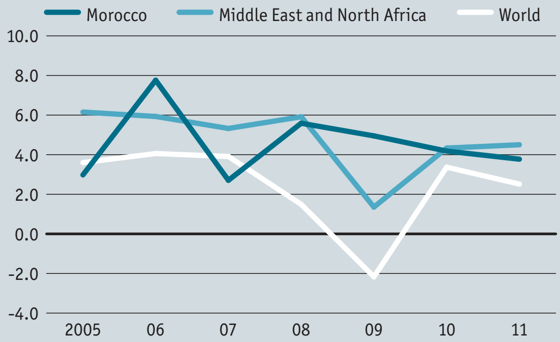
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exchange rate Dh:US$ (av)												
2008	7.69	7.68	7.35	7.27	7.35	7.35	7.26	7.58	7.85	8.40	8.66	8.28
2009	8.39	8.64	8.48	8.42	8.18	8.01	7.98	7.90	7.77	7.65	7.61	7.75
2010	7.90	8.18	8.23	8.31	8.78	8.97	8.65	8.57	8.47	n/a	n/a	n/a
Exchange rate Dh:US$ (end-period)												
2008	7.63	7.49	7.24	7.34	7.36	7.26	7.30	7.79	7.87	8.68	8.66	8.07
2009	8.61	8.74	8.37	8.40	7.98	7.97	7.97	7.89	7.75	7.66	7.57	7.84
2010	8.05	8.23	8.26	8.36	8.91	8.95	8.48	8.70	8.20	n/a	n/a	n/a
Exchange rate Dh:€ (av)												
2008	11.32	11.33	11.42	11.45	11.43	11.43	11.45	11.36	11.28	11.12	11.04	11.15
2009	11.12	11.05	11.09	11.11	11.18	11.23	11.24	11.26	11.30	11.34	11.35	11.31
2010	11.27	11.18	11.17	11.14	11.02	10.95	11.04	11.07	11.10	n/a	n/a	n/a
Real effective exchange rate (1997=100; CPI-based)												
2008	93.90	93.95	94.95	96.06	96.35	96.24	96.54	95.63	95.26	94.69	96.70	97.97
2009	98.50	98.23	99.56	98.93	97.25	96.38	101.18	97.05	99.09	97.23	95.94	95.13
2010	95.10	95.12	95.62	94.50	93.87	93.41	89.76	n/a	n/a	n/a	n/a	n/a
Stock of domestic credit (% change, year on year)												
2008	21.7	18.3	17.0	14.7	15.8	17.5	16.2	16.8	17.1	17.8	17.1	16.5
2009	15.7	17.4	17.6	20.8	18.1	16.6	15.2	12.1	12.7	11.2	11.4	9.2
2010	10.7	7.0	10.3	6.9	7.8	9.3	n/a	n/a	n/a	n/a	n/a	n/a
M1 (% change, year on year)												
2008	16.7	15.9	16.7	14.4	13.3	13.4	8.2	9.6	8.9	7.6	7.7	7.0
2009	4.0	5.1	3.7	3.3	4.6	3.5	5.7	5.3	5.5	6.1	6.4	5.8
2010	11.3	9.4	8.7	9.5	9.2	8.5	6.9	n/a	n/a	n/a	n/a	n/a
Central bank reference rate (end-period; %)												
2008	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.50	3.50	3.50	3.50
2009	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
2010	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	n/a	n/a	n/a
Money market rate (av; %)												
2008	3.5	3.4	3.2	3.4	3.2	3.1	3.3	3.3	3.4	3.6	3.7	3.6
2009	3.5	3.3	3.5	3.3	3.1	3.3	3.3	3.0	3.2	3.2	3.3	3.4
2010	3.3	3.4	3.3	3.3	3.3	3.3	3.4	n/a	n/a	n/a	n/a	n/a
Consumer prices (av; % change, year on year)												
2008	1.7	2.4	3.2	3.7	5.4	4.7	4.9	4.3	3.4	3.5	3.9	4.2
2009	3.8	3.4	3.0	2.3	-0.2	-1.1	-0.9	0.6	2.3	0.7	-0.7	-1.5
2010	-0.6	0.2	1.0	0.1	1.7	1.9	1.1	n/a	n/a	n/a	n/a	n/a
Moroccan All Shares Index (MASI; Dec 31st 1991=1,000; end-period)												
2008	13,810	14,482	14,684	14,388	14,517	14,191	14,135	13,991	12,488	11,978	11,119	10,984
2009	10,133	11,209	10,402	10,938	11,209	11,589	10,972	11,049	10,765	10,776	10,208	10,444
2010	10,928	11,097	11,419	12,287	12,069	11,774	11,783	11,736	11,896	n/a	n/a	n/a
Goods exports fob (Dh bn)												
2008	10.23	11.89	13.16	12.41	13.99	13.23	14.15	12.01	13.07	11.46	9.80	6.70
2009	7.87	7.81	9.88	9.96	10.13	8.90	10.83	8.50	8.74	9.94	8.54	8.82
2010	9.89	8.88	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Goods imports cif (Dh bn)												
2008	23.13	23.48	24.24	27.88	27.05	27.87	29.58	26.98	30.70	28.96	22.35	20.26
2009	17.93	21.89	19.85	22.36	22.87	22.99	23.71	20.05	21.32	22.53	22.99	24.62
2010	21.20	19.61	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trade balance fob-cif (Dh bn)												
2008	-12.91	-11.59	-11.08	-15.47	-13.06	-14.64	-15.43	-14.97	-17.63	-17.50	-12.55	-13.57
2009	-10.06	-14.08	-9.97	-12.40	-12.74	-14.09	-12.87	-11.55	-12.58	-12.60	-14.46	-15.79
2010	-11.32	-10.73	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Foreign-exchange reserves excl gold (US$ bn)												
2008	24.6	24.7	25.7	25.6	25.8	26.5	26.1	25.6	24.2	21.3	20.8	22.1
2009	21.0	20.7	21.6	21.3	21.8	21.2	21.5	22.7	22.9	23.1	23.4	22.8
2010	21.5	21.1	21.2	20.8	19.1	18.5	20.0	n/a	n/a	n/a	n/a	n/a

Sources: IMF, *International Financial Statistics*; Haver Analytics; Bourse de Casablanca.

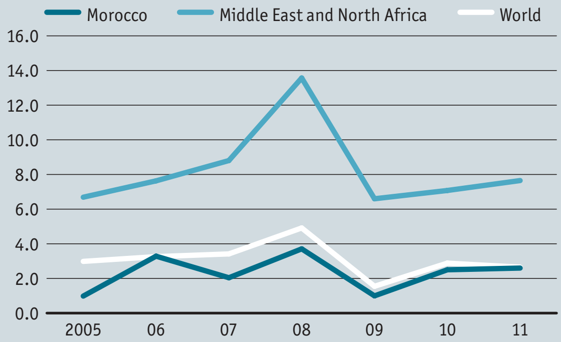
Annual trends charts

Real GDP growth
(% change)



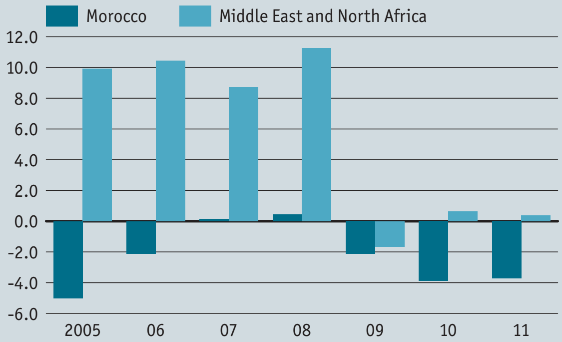
Source: Economist Intelligence Unit.

Consumer price inflation
(av; %)



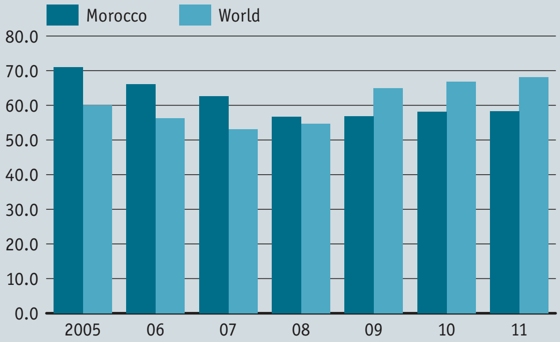
Source: Economist Intelligence Unit.

Budget balance
(% of GDP)



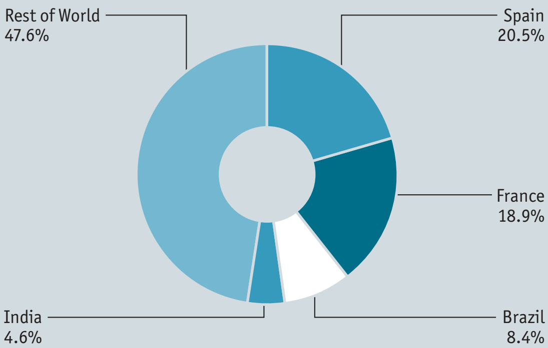
Source: Economist Intelligence Unit.

Public debt
(% of GDP)



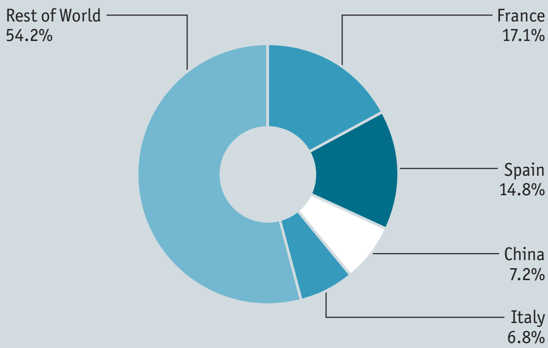
Source: Economist Intelligence Unit.

Main destinations of exports, 2009
(share of total)



Source: Economist Intelligence Unit.

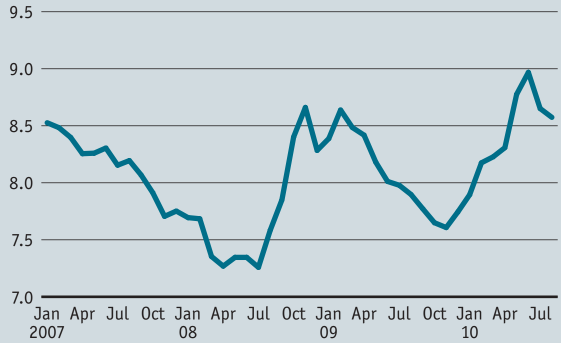
Main destinations of imports, 2009
(share of total)



Source: Economist Intelligence Unit.

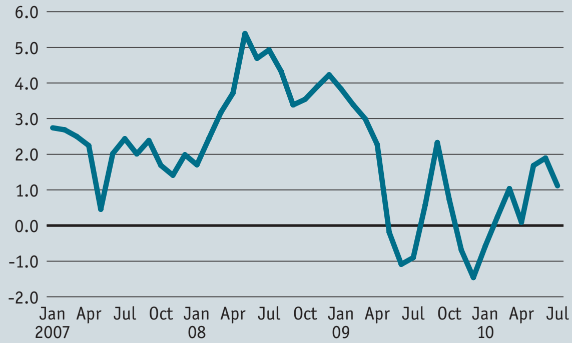
Monthly trends charts

Exchange rate
(Dh:US$; av)



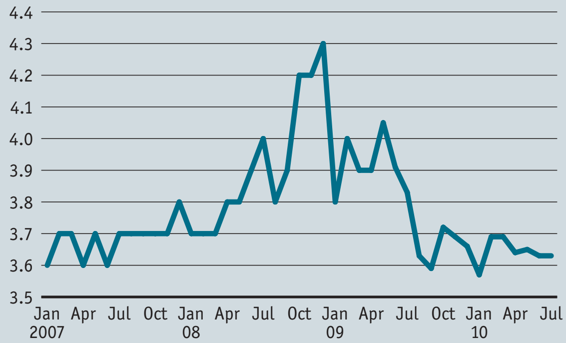
Source: Economist Intelligence Unit.

Consumer price inflation
(% change, year on year)



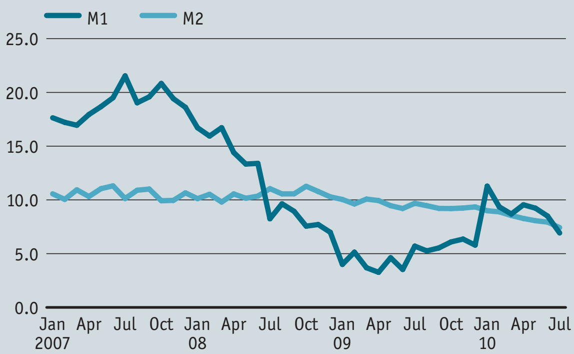
Source: Economist Intelligence Unit.

Deposit interest rates
(av; %)



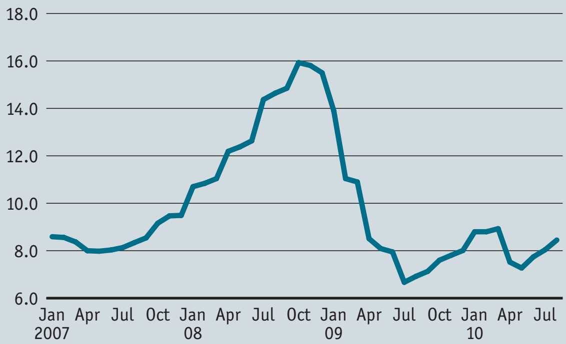
Source: Economist Intelligence Unit.

Monetary aggregates
(% change, year on year)



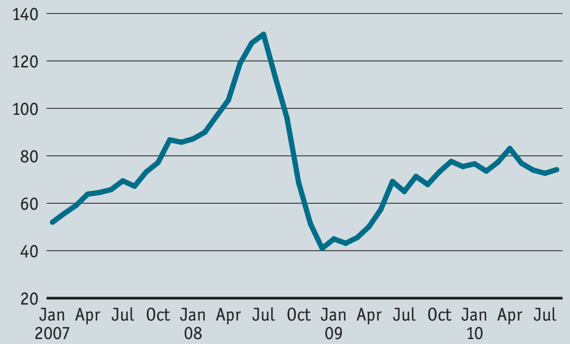
Source: Economist Intelligence Unit.

Natural gas: Europe price
(US$/BTU m)



Source: Economist Intelligence Unit.

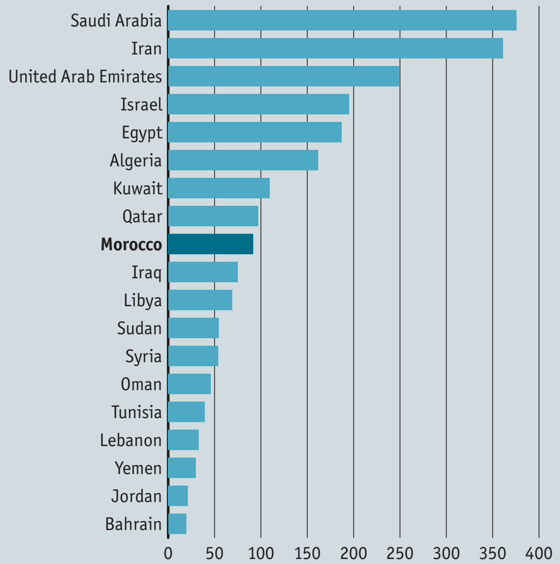
Oil: Dubai crude price
(US$/b; av)



Source: Economist Intelligence Unit.

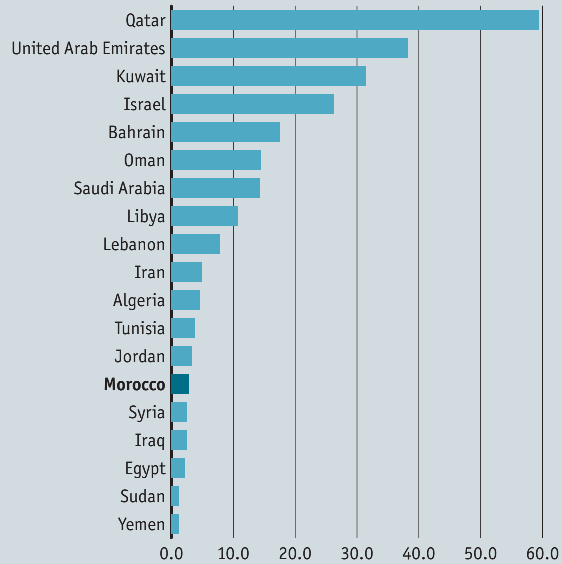
Comparative economic indicators, 2009

Gross domestic product
(US$ bn; market exchange rates)



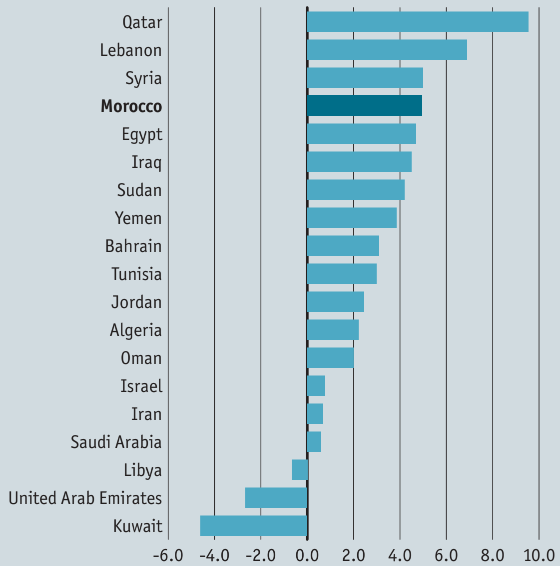
Sources: Economist Intelligence Unit estimates; national sources.

Gross domestic product per head
(US$ '000; market exchange rates)



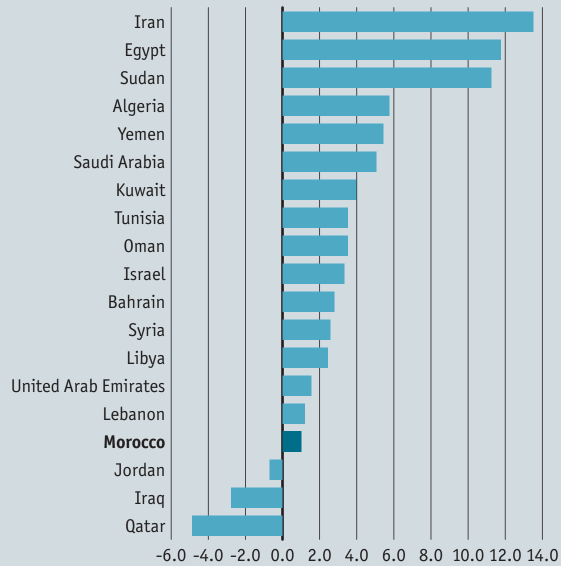
Sources: Economist Intelligence Unit estimates; national sources.

Gross domestic product
(% change, year on year)



Sources: Economist Intelligence Unit estimates; national sources.

Consumer prices
(% change, year on year)



Sources: Economist Intelligence Unit estimates; national sources.

Country snapshot

Basic data

Land area 710,850 sq km (including the disputed territory of Western Sahara, which covers 252,120 sq km)

Population 31,600,000 (mid-2008 IMF estimate)

Main towns Population in '000 (mid-2004 census)

Casablanca	2,950
Rabat (capital) & Salé	1,398
Fès	954
Marrakesh	844
Tangier	704
Kénitra	573

Climate Warm on the coast, hot inland

Weather in Rabat (altitude 65 metres) Hottest month, August, 18-28°C (average daily minimum and maximum); coldest month, January, 8-17°C; driest month, July, 1 mm average rainfall; wettest month, December, 86 mm average rainfall

Languages Arabic (official); Berber languages; French and Spanish are also used

Measures Metric system. Some local measures are also used

Currency Dirham (Dh) = 100 centimes

Time GMT

Fiscal year January 1st-December 31st

Public holidays The dates of Islamic holidays are based on the lunar calendar and are therefore approximate. New Year (January 1st); Manifesto of Independence (January 11th); Mawlid al-Nabi (the birthday of the Prophet, February 26th 2010); Labour Day (May 1st); Feast of the Throne (July 30th); Allegiance Day (August 14th); King and People's Revolution Day (August 20th); King Mohammed's Birthday (August 21st); Eid al-Fitr (end of Ramadan, September 10th); Green March Anniversary (November 6th); Eid al-Adha (Feast of the Sacrifice, November 16th 2010); Independence Day (November 18th); Islamic New Year (December 7th 2010)

Political structure

Official name	Kingdom of Morocco
Form of state	Constitutional monarchy
Legal system	Based on French and Islamic law and French legal procedure
National legislature	Bicameral system, consisting of a directly elected 325-seat lower House of Representatives and a 270-seat upper Chamber of Advisers indirectly elected by an electoral college
National elections	Last elections: June 2009 (municipal); September 2007 (House of Representatives). Next elections: 2012 (House of Representatives)
Head of state	King Mohammed VI
Administration	There are 39 provinces and eight urban prefectures; real provincial power is in the hands of governors appointed by the Ministry of the Interior
Executive	The king appoints the prime minister, who chooses a Council of Ministers, which is then approved by the king; a new prime minister was appointed in September 2007, and a new government was approved shortly afterwards. Last cabinet reshuffle, January 2010
Main political parties	Loyalist: Rassemblement national des indépendants; Union constitutionnelle; Mouvement populaire (entered government in July 2009); Alliance nationale; Parti de l'authenticité et de la modernité (left the government in June 2009). Left and centre-left: Union socialiste des forces populaires; Parti Istiqlal; Parti du progrès et du socialisme; Gauche socialiste unifiée. Islamist: Parti de la justice et du développement. The country's largest Islamist movement is the banned al-Adl wal-Ihsane (Justice and Charity)

	Prime minister	Abbas el-Fassi
	Minister of state	Mohand Laenser
Key ministers	**Agriculture & fisheries**	Aziz Akhenouch
	Communication & government spokesperson	Khalid Naciri
	Culture	Bensalem Himmich
	Defence	Aberrahman Sbai
	Education & higher education	Ahmed Akhchichine
	Employment & vocational training	Jamal Aghmani
	Endowments & Islamic affairs	Ahmed Toufik
	Energy, mines, water & environment	Amina Benkhadra
	Equipment & transport	Karim Ghellab
	Finance & economy	Salaheddine Mezouar
	Foreign affairs & co-operation	Taieb Fassi Fihri
	Foreign trade	Abdellatif Maazouz
	Health	Yasmina Baddou
	Housing, town planning & development	Ahmed Taoufid Hejira
	Industry, trade & new technologies	Ahmed Chami
	Interior	Moulay Tayeb Cherkaoui
	Justice	Mohammed Naciri
	Public-sector modernisation	Mohammed Saâd Alami
	Relations with parliament	Driss Lachgar
	Social development, family & solidarity	Nouzha Skalli
	Tourism & handicrafts	Yassir Zenagui

Central bank governor	Abdellatif Jouahri