



Press Release No. 07/63  
FOR IMMEDIATE RELEASE  
April 4, 2007

International Monetary Fund  
Washington, D.C. 20431 USA

**Statement by IMF Deputy Managing Director Murilo Portugal at  
the Conclusion of his Visit to Morocco**

Mr. Murilo Portugal, Deputy Director of the International Monetary Fund (IMF), made the following statement to the press today in Rabat at the conclusion on his visit to Morocco:

“I would like to thank the Moroccan authorities for their warm welcome and hospitality. I had very fruitful meetings with Prime Minister Driss Jettou, Minister of Finance and Privatization Fathallah Oualalou, and Bank Al-Maghrib Governor Abdellatif Jouahri. Our discussions confirmed that we share broadly similar views of Morocco’s key achievements and challenges.

“Morocco’s strong economic performance clearly demonstrates that the country is reaping the rewards from the reforms it has put in place during the last decade. Per-capita income has been rising steadily since the beginning of the century, nonagricultural growth is taking off, the external position is comfortable, and macroeconomic stability has strengthened. The key challenge for Morocco is to sustain and improve upon its good economic performance to further reduce unemployment and ensure that growth benefits all.

“The authorities have already strengthened their efforts to eliminate the remaining impediments to growth. The recent improvement in the public finance position is particularly encouraging in that regard. The success of the early retirement program for civil servants has significantly reduced the public wage bill as a share of GDP, which had been high by international standards. Replacing oil and fuel subsidies with targeted spending toward vulnerable groups would increase the efficiency of social spending and provide further fiscal flexibility. Tax reform is also a priority, and the reduction of the top marginal income tax rate is a good step forward. Ensuring that the tax burden is fairly shared by all through further measures is important to accelerate investment and growth.

“Morocco has also achieved significant progress in other key areas for growth. The banking sector has significantly strengthened in the last few years, and the recent pick-up in certain categories of credit—particularly in real estate—is a sign that recent measures to enhance financial intermediation are beginning to bear fruit. Pursuing efforts in this area is important to further improve financing conditions for small and medium-sized enterprises.

“The recent inroads in multilateral trade liberalization have deepened Morocco’s integration in the global economy. The free-trade agreements—notably with the U.S. and Turkey—are important tools to do so. Further integration among Maghreb countries would help establish a large regional market and attract foreign direct investment. Morocco’s ability to attain its growth and development objectives will hinge on its successful integration in the global economy. In this context, we welcome the authorities’ preparation for a gradual transition to a more flexible exchange rate in the medium term.

“During my visit, I also attended a high level regional seminar on inflation targeting organized by Bank Al-Maghrib and the IMF. Participants included the central bank governors, or their representatives, from Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco and Tunisia. From other regions and institutions, participants included Mr. Carstens, Mexico’s Finance Minister, Mr. Vieira da Cunha, Deputy Governor of Banco Central do Brasil, Mr. Knight, Managing Director of the Bank for International Settlements and Mr. Hrnčir, Adviser to the Governor of the Czech Republic National Bank. The conference will be followed by a three-day technical workshop with officials from the eight countries and IMF staff.

“The conference confirmed the interest expressed by many countries of the region to move to an inflation-targeting framework in the medium term. It also provided an excellent venue for high-level policy makers from other industrialized and emerging-market economies to share their experience with inflation targeting frameworks. During the conference, I reiterated the Fund’s commitment to assist countries in the region in designing and implementing inflation-targeting frameworks, should they wish to do so. Allow me to thank the Moroccan authorities on behalf of all participants for having hosted this conference,” said Mr. Portugal.