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To: Members of the Executive Board
From: The Acting Secretary
Subject: Morocco - Exchange Arrangements

Attached for the information of the Executive Directors is a paper on a recent change in the exchange rate of the Moroccan dirham.

Mr. Clement (ext. 6942) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

MOROCCO

Exchange Arrangements

Prepared by the African and Exchange and Trade
Relations Departments

(In consultation with the Legal Department)

Approved by Mamoudou Touré and A. Basu

June 7, 1990

The Moroccan authorities have informed the staff that the Government of the Kingdom of Morocco devalued the dirham by 9.25 percent in foreign currency terms on May 2, 1990 in order to improve the competitiveness of the Moroccan economy. As a result, the new exchange rate of the dirham against the U.S. dollar on May 2, 1990 was DH 8.8242 = US\$1 compared with the rate of DH 8.0407 = US\$1 on April 25, 1990, the last working day before the adjustment. At the same time, the Government pegged the dirham to a weighted basket of currencies of Morocco's major trading partners within margins of 3 percent. With this new arrangement, the Moroccan authorities intend to pursue monetary and fiscal policies that are compatible with the objective of maintaining a sufficiently low inflation rate to ensure the competitiveness of the Moroccan economy.