

COUNTRY PROFILE:**KINGDOM OF MOROCCO****DATED:****FEBRUARY 2008****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	2B	No restrictions

Recent Political Highlights

- ❑ Chief of state since July 1999 has been King Mohamed VI. There are no elections and the monarch is hereditary;
- ❑ The United Nations envoy for Western Sahara is forging ahead with his in-depth consultations with the parties and neighbouring countries prior to the scheduled talks between Morocco and the pro-independence Polisario Front over the future of the resource-rich Western Sahara that was annexed by Morocco in 1975.

Recent Economic Highlights

- ❑ Morocco has a population of 34m people that grew at an estimated rate of 1.5% in 2007;
- ❑ The North African country's economic expansion slowed to 2.1% in 2007 due to drought that severely reduced agricultural output and necessitated the imports of wheat. The high import prices coupled with the escalating oil prices reined in growth below the economy minister's forecast of 2.5%. Unemployment remained high at 10% in 2007, while inflation fell from 3.3% in 2006 to 2% in 2007. The High Commissioner for Planning forecast that GDP growth would expand by 6.1% this year, stating that the economy would not be greatly affected by the international turmoil. He stated that the 2007/08 agricultural campaign looked promising with favourable weather conditions. He is expecting 60m quintals of cereal crops from the 20m produced in 2007. Economic growth would be spurred on by domestic demand and international tourism demand. The Economist expects GDP growth between 4% and 6% this year. The EIU expects GDP growth of 5.1% in 2008 and 5.6% in 2009;
- ❑ Morocco's Information and Communications Technology (ICT) sector has grown steadily over the past few years and it constitutes a genuine pool for the creation of wealth, employment and growth. The sector's turnover has risen from \$458m in 2001 to \$3bn in 2006 and is expected to reach \$9bn in 2012;
- ❑ Morocco was recommended by The Times as a good tourist destination for 2008. Visitor numbers surged to a record 7.4m in 2007, a 13% jump from 2006. It contributed 8% to GDP last year. The country plans to attract 10m tourists to its land by 2010.

Latest Trade Developments

- ❑ Major exports: clothing and textiles, electric components, inorganic chemicals, transistors, crude minerals, fertilizers, petroleum products, citrus fruits, vegetables and fish;
- ❑ Major imports: crude petroleum, textile fabric, telecommunications equipment, wheat, gas and electricity, transistors and plastics;
- ❑ Major agricultural products: barley, wheat, citrus, wine, vegetables, olives and livestock;
- ❑ Main trading partners: France, Spain, UK, Italy, India, Saudi Arabia, China and Germany;
- ❑ Swiss President Pascal Couchepin has met Moroccan Prime Minister Abbas El Fassi during a two day visit to the country to boost bilateral relations between the countries. Their talks focused on living in a multicultural society and the Swiss education system;
- ❑ The Governments of Morocco and Senegal announced the immediate return of their ambassadors to their posts. The decision officially ends the diplomatic crisis initiated by Senegalese politicians' remarks last December in support of the Polisario Front's demand for independence;
- ❑ French renewable energy company Theolia paid €42.5m for an 84.5% stake in Moroccan wind farm company Cie Eolienne du Detroit. CED operates 84 wind turbines with a total installed capacity of 50.4mw and an output of around 190gigawatt hours per year;
- ❑ Representatives of Morocco and Spain have met to strengthen diplomatic links. The meeting comes after the two countries' recent tensions following King Juan Carlos's controversial visit to Ceuta and Melilla, two Spanish enclaves on the Moroccan coastline. The two countries agreed to work together, to respect each other and not hurt their neighbour's feelings. They also continued talks on the creation of a rail tunnel to link both nations;
- ❑ SA exports to Morocco totaled R1bn in 2006 from R1bn in 2005 and R618m in the year to October 2007.

Lily Maharaj – Economic Services