

# World Bank Macro-Economic and Fiscal Overview for Morocco

1. The following has been taken from the World Bank Country Brief on Morocco dated April, 1995.

2. Recent developments. Unfavorable exogenous influences notwithstanding, Morocco has successfully managed to consolidate macroeconomic stabilization and reform during the past decade; these solid achievements can be built on further. Nonetheless, future success will hinge on firming up recent macroeconomic gains and implementing additional structural reforms necessary to support sustained growth over the next few years.

3. Overall performance of the Moroccan economy continues to be strongly dependent on the agricultural sector, despite efforts to industrialize and diversify the sources of economic growth over the past decade; unfortunately, the country's agriculture suffers from recurrent droughts and other weather-related anomalies. After a drought-induced 4 percent real decline in GDP in 1992, followed by a further one percent drop in 1993, economic activities rebounded in 1994. Abundant rainfall contributed to overall GDP growth estimated at 11 percent, with the agriculture sector leading at 60 percent. Based on recent statistics, total cereal output reached a record 9 million tons for the 1993-94 crop campaign, from 2.1 million tons the previous season. The worldwide economic slowdown in 1993 depressed demand for major industrial products including phosphates products, resulting in a decline in non-agricultural value added; moreover, industrial output was constrained by drought generated deficiencies in energy supply. As a result, income grew at 3.7 percent per year on average over the past decade; in combination with an average population growth of 2.2 percent per annum, per-capita income increased modestly and stands now at US\$1,040 (based on Bank's Atlas methodology).

4. Inflation is under control after the sharp increase in the 1990-91 period when changes in the urban consumer price index (CPI) averaged 8 percent. Over the past two years, inflation based on the CPI averaged 5.5 percent, while that