

## Morocco: Statistical Appendix

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MOROCCO

**Statistical Appendix**

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Morocco: Selected Economic and Financial Indicators, 2000–04

Quota: SDR 588.20 million  
 Population: 29.8 million  
 Per capita income: US\$ 1,677 (2004)

	2000	2001	2002	2003	2004 Prel.
(Annual percentage change; unless otherwise indicated)					
<b>Production and income</b>					
Nominal GDP	2.5	8.2	3.8	5.5	5.8
Real GDP	1.0	6.3	3.2	5.5	4.2
Real nonagricultural GDP	3.6	3.6	2.8	3.5	4.7
GDP deflator	1.5	1.8	0.6	-0.1	1.5
Consumer price index (CPI), average	1.9	0.6	2.8	1.2	1.5
(In billions of U.S. dollars; unless otherwise indicated)					
<b>External sector</b>					
Exports of goods, f.o.b.	7.4	7.1	7.8	8.8	9.7
Exports of goods, f.o.b. (percent change)	-1.2	-3.7	9.8	11.8	11.2
Imports of goods, f.o.b.	10.7	10.2	10.9	13.1	16.2
Imports of goods, f.o.b. (percent change)	7.0	-4.6	7.2	20.1	23.9
Oil imports, f.o.b.	1.4	1.3	1.2	1.0	1.6
Net services and income	0.3	1.1	1.2	1.8	2.7
Net transfers	2.5	3.6	3.3	4.1	4.9
Current account (in percent of GDP)	-1.4	4.8	4.1	3.6	2.2
Overall balance (deficit -)	-0.4	3.8	0.6	1.6	1.8
(In percent of GDP)					
<b>Central government</b>					
Revenue, excluding grants and privatization	26.2	25.0	24.7	24.5	25.1
Total expenditure (including <i>Fonds Hassan II</i> )	32.4	31.1	29.9	30.3	30.9
Overall balance 1/	-6.4	-5.7	-4.7	-5.3	-4.9
Privatization and GSM receipts	0.0	6.1	0.2	2.9	2.3
Overall balance, incl. privatization 1/	-6.4	0.4	-4.5	-2.5	-2.6
(Annual percentage change; unless otherwise indicated)					
<b>Money and credit</b>					
Broad money	8.4	14.2	6.3	8.6	7.5
Interest rate (Avg, money market rate, in percent)	5.4	4.4	3.0	3.2	2.4
<b>Official reserves</b>					
Gross official reserves (in billions of US\$, end-period)	4.8	8.4	10.1	13.9	16.3
In months of imports of goods and services	4.6	8.2	9.1	10.4	10.0
<b>Debt (short-, medium-, and long-term)</b>					
Total external debt (in billions of US\$)	18.0	15.9	15.7	16.8	16.6
Total external debt (in percent of GDP)	55.0	47.8	40.9	35.1	30.8
Domestic government debt (in percent of GDP) 2/	47.3	45.8	48.1	50.1	49.9
Total government debt (in percent of GDP) 2/	81.5	74.7	71.4	68.5	65.8
<b>Memorandum items:</b>					
GDP at current prices (in billions of DH)	354.2	383.2	397.8	419.5	443.7
GDP at current prices (in billions of US\$)	33.3	33.9	36.1	43.8	50.0
Exchange rate: dirham/US\$ (average period)	10.63	11.30	11.02	9.57	8.87
Real effective exchange rate (appreciation +)	2.8	-4.1	-0.3	-1.3	-0.6
Terms of trade (deterioration -)	-7.7	7.6	-7.3	5.7	-10.8
Excluding oil	-2.4	7.9	-8.6	8.5	-10.3
Unemployment rate (in percent)	13.7	12.8	12.5	11.4	10.8
Urban	21.5	20.3	18.0	19.3	18.4
Rural	5.2	4.2	6.2	3.4	3.1

Sources: Data provided by the Moroccan authorities; and Fund staff projections.

1/ Commitment basis including *Fonds Hassan II*.

2/ Gross debt including net central bank credit.

Table 1. Morocco: Gross Domestic Product by Sector of Origin  
at Current Prices, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Primary sector	48,991	59,657	64,141	69,978	70,398
Agriculture, livestock, and fishing	48,991	59,657	64,141	69,978	70,398
Secondary sector	113,100	118,653	120,622	125,219	134,797
Mining	7,290	7,429	7,314	6,437	7,228
Energy and water	25,264	26,983	27,129	27,985	32,043
Manufacturing	62,246	64,869	66,864	70,074	73,227
Construction and public works	18,300	19,372	19,314	20,724	22,299
Tertiary sector	141,628	146,621	153,047	157,719	167,669
Commerce	42,490	44,989	47,149	49,789	53,075
Transport and communications	24,897	26,259	28,673	29,619	31,456
Other services	46,107	47,326	48,666	50,026	51,812
Indirect taxes less subsidies	28,134	28,047	28,559	28,285	31,326
Government	50,489	58,253	59,972	66,569	70,808
Gross domestic product (GDP)	354,208	383,185	397,782	419,485	443,673
(Percentage change)					
Primary sector	-7.4	21.8	7.5	9.1	0.6
Agriculture, livestock, and fishing	-7.4	21.8	7.5	9.1	0.6
Secondary sector	2.3	4.9	1.7	3.8	7.6
Mining	-2.3	1.9	-1.5	-12.0	12.3
Energy and water	-7.0	6.8	0.5	3.2	14.5
Manufacturing	4.5	4.2	3.1	4.8	4.5
Construction and public works	11.9	5.9	-0.3	7.3	7.6
Tertiary sector	6.7	3.5	4.4	3.1	6.3
Commerce	6.6	5.9	4.8	5.6	6.6
Transport and communications	14.8	5.5	9.2	3.3	6.2
Other services	3.2	2.6	2.8	2.8	3.6
Indirect taxes less subsidies	6.2	-0.3	1.8	-1.0	10.8
Government	2.2	15.4	3.0	11.0	6.4
Gross domestic product (GDP)	2.5	8.2	3.8	5.5	5.8
(In percent of GDP)					
Primary sector	13.8	15.6	16.1	16.7	15.9
Agriculture, livestock, and fishing	13.8	15.6	16.1	16.7	15.9
Secondary sector	31.9	31.0	30.3	29.9	30.4
Mining	2.1	1.9	1.8	1.5	1.6
Energy and water	7.1	7.0	6.8	6.7	7.2
Manufacturing	17.6	16.9	16.8	16.7	16.5
Construction and public works	5.2	5.1	4.9	4.9	5.0
Tertiary sector	40.0	38.3	38.5	37.6	37.8
Commerce	12.0	11.7	11.9	11.9	12.0
Transport and communications	7.0	6.9	7.2	7.1	7.1
Other services	13.0	12.4	12.2	11.9	11.7
Indirect taxes less subsidies	7.9	7.3	7.2	6.7	7.1
Government	14.3	15.2	15.1	15.9	16.0
Gross domestic product (GDP)	100.0	100.0	100.0	100.0	100.0

Source: Ministry of Economic Forecast and Planning.

Table 2. Morocco: Gross Domestic Product by Sector of Origin, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams at 1980 prices)					
Primary sector	15,377	19,619	20,717	24,446	24,911
Agriculture, livestock, and fishing	15,377	19,619	20,717	24,446	24,911
Secondary sector	41,580	43,643	44,817	45,962	48,230
Mining	3,838	3,952	4,079	3,847	4,212
Energy and water	6,722	7,250	7,468	7,382	8,208
Manufacturing	24,744	25,792	26,641	27,627	28,456
Construction and public works	6,276	6,648	6,628	7,105	7,354
Tertiary sector	54,593	55,705	57,519	59,321	62,453
Commerce 1/	17,595	18,766	19,586	20,408	21,572
Transport and communications	10,186	10,161	10,625	10,965	11,491
Other services	15,108	15,328	15,499	15,668	15,932
Indirect taxes less subsidies	11,703	11,449	11,809	12,279	13,458
Government	23,351	24,428	24,917	26,412	27,173
Gross domestic product (GDP)	134,900	143,394	147,969	156,140	162,767
(Annual percentage change)					
Primary sector	-15.7	27.6	5.6	18.0	1.9
Agriculture, livestock, and fishing	-15.7	27.6	5.6	18.0	1.9
Secondary sector	2.9	5.0	2.7	2.6	4.9
Mining	-1.7	3.0	3.2	-5.7	9.5
Energy and water	-0.5	7.8	3.0	-1.2	11.2
Manufacturing	3.5	4.2	3.3	3.7	3.0
Construction and public works	7.1	5.9	-0.3	7.2	3.5
Tertiary sector	5.1	2.0	3.3	3.1	5.3
Commerce	4.9	6.7	4.4	4.2	5.7
Transport and communications	8.9	-0.2	4.6	3.2	4.8
Other services	1.1	1.5	1.1	1.1	1.7
Import duties less subsidies	8.0	-2.2	3.1	4.0	9.6
Government	1.4	4.6	2.0	6.0	2.9
Gross domestic product (GDP)	1.0	6.3	3.2	5.5	4.2

Source: Ministry of Economic Forecast and Planning.

Table 3. Morocco: Supply and Use of Resources, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Gross domestic product	354,208	383,185	397,782	419,485	443,673
Imports of goods and nonfactor services 1/ 2/	111,680	116,080	123,356	129,203	150,732
Total resources	465,888	499,264	521,138	548,688	594,405
Gross domestic expenditure	394,599	421,514	435,150	462,547	501,844
Domestic consumption 3/	310,658	333,793	344,833	361,465	390,729
Nongovernment	242,969	257,970	264,871	273,352	297,679
Government	67,689	75,823	79,962	88,113	93,050
Gross fixed investment	85,422	85,375	91,142	100,498	109,083
Nongovernment	74,626	74,214	80,095	89,385	97,193
Government	10,796	11,161	11,047	11,113	11,890
Change in stocks	-1,481	2,346	-825	584	2,033
Exports of goods and nonfactor services 2/ 4/	71,289	77,751	85,988	86,141	92,560
Memorandum items:					
Net income from abroad (including transfers)	18,200	31,743	29,381.3	32,661.9	38,278.5
National disposable income	372,407	414,927	427,163	452,147	481,951
(In percent of GDP)					
Gross domestic product	100.0	100.0	100.0	100.0	100.0
Imports of goods and nonfactor services 1/ 2/	31.5	30.3	31.0	30.8	34.0
Total resources	131.5	130.3	131.0	130.8	134.0
Gross domestic expenditure	111.4	110.0	109.4	110.3	113.1
Domestic consumption 3/	87.7	87.1	86.7	86.2	88.1
Nongovernment	68.6	67.3	66.6	65.2	67.1
Government	19.1	19.8	20.1	21.0	21.0
Gross fixed investment	24.1	22.3	22.9	24.0	24.6
Nongovernment	21.1	19.4	20.1	21.3	21.9
Government	3.0	2.9	2.8	2.6	2.7
Change in stocks	0.4	0.6	0.2	0.1	0.5
Exports of goods and nonfactor services 2/ 4/	20.1	20.3	21.6	20.5	20.9
Memorandum items:					
Net income from abroad (including transfers)	5.1	8.3	7.4	7.8	8.6
National disposable income	105.1	108.3	107.4	107.8	108.6

Source: Ministry of Economic Forecast and Planning.

1/ Excludes consumption of residents abroad.

2/ Exports and imports include goods traded under the *régime d'admission temporaire sans paiement*.

3/ Local consumption of residents and nonresidents (excludes consumption of residents abroad).

4/ Excludes consumption of nonresidents in Morocco.

Table 4. Morocco: Savings-Investment Balance, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Gross national product	372,407	414,927	427,163	452,147	481,951
National consumption 1/	293,512	308,997	320,570	335,827	361,002
Nongovernment	225,823	233,174	240,608	247,714	267,952
Government	67,689	75,823	79,962	88,113	93,050
Gross national savings	78,895	105,930	106,593	116,320	120,949
Nongovernment	76,519	102,311	99,023	111,004	114,668
Government	2,376	3,619	7,570	5,316	6,281
Gross investment	83,942	87,721	90,317	101,082	111,116
Gross fixed investment	85,422	85,375	91,142	100,498	109,083
Nongovernment	74,626	74,214	80,095	89,385	97,193
Government	10,796	11,161	11,047	11,113	11,890
Changes in stocks	-1,480	2,346	-825	584	2,033
National saving-investment gap	-5,048	18,209	16,276	15,238	9,833
Nongovernment	3,373	25,752	19,753	21,035	15,442
Government	-8,420	-7,542	-3,477	-5,797	-5,609
Capital transfers	-63	-101	-67	-97	-71
Saving-investment gap, including capital transfers	-5,111	18,108	16,210	15,141	9,762
External current account (national accounts data)	-5,109	18,109	16,209	15,141	9,763
Exports of goods and nonfactor services 2/ 3/	92,955	106,947	115,147	117,023	127,328
Imports of goods and nonfactor services 3/ 4/	-116,201	-120,480	-128,253	-134,447	-155,774
Net income from abroad (including transfers)	18,200	31,743	29,381	32,662	38,279
Capital transfers	-63	-101	-67	-97	-71
(In percent of GDP)					
Gross national product	100.0	100.0	100.0	100.0	100.0
National consumption 1/	78.8	74.5	75.0	74.3	74.9
Nongovernment	60.6	56.2	56.3	54.8	55.6
Government	18.2	18.3	18.7	19.5	19.3
Gross national savings	21.2	25.5	25.0	25.7	25.1
Nongovernment	20.5	24.7	23.2	24.6	23.8
Government	0.6	0.9	1.8	1.2	1.3
Gross investment	22.5	21.1	21.1	22.4	23.1
Nongovernment	20.0	17.9	18.8	19.8	20.2
Government	2.9	2.7	2.6	2.5	2.5
National savings-investment gap	-1.4	4.4	3.8	3.4	2.0
Nongovernment	0.9	6.2	4.6	4.7	3.2
Government	-2.3	-1.8	-0.8	-1.3	-1.2
Capital transfers	0.0	0.0	0.0	0.0	0.0
External current account (national accounts data)	-1.4	4.4	3.8	3.3	2.0
Memorandum items:					
Exports of goods and nonfactor services 2/ 3/	25.0	25.8	27.0	25.9	26.4
Imports of goods and nonfactor services 3/ 4/	-31.2	-29.0	-30.0	-29.7	-32.3

Source: Ministry of Economic Forecast and Planning.

1/ Consumption of residents (including consumption of residents abroad but excluding local consumption of nonresidents).

2/ Including local consumption of nonresidents.

3/ From 1994 exports and imports including goods traded under the *régime d'admission temporaire sans paiement*.

4/ Including consumption of residents abroad.



Table 5. Morocco: Gross Fixed Capital Formation and its Components, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams at current prices)					
Machinery and equipment	42,693	40,154	45,650	52,452	57,854
Construction	23,456	24,469	24,971	28,792	30,807
Public works	15,559	16,861	16,550	15,171	16,229
Land management, forestation, and livestock	3,713	3,891	3,971	4,084	4,193
Gross fixed capital formation	85,422	85,375	91,142	100,498	109,083
<i>Of which:</i>					
Government agencies	10,796	11,161	10,782	11,113	11,890
In percent of total	12.6	13.1	11.8	11.1	10.9
(In percent of GDP)					
Machinery and equipment	12.1	10.5	11.5	12.5	13.0
Construction	6.6	6.4	6.3	6.9	6.9
Public works	4.4	4.4	4.2	3.6	3.7
Land management, forestation, and livestock	1.0	1.0	1.0	1.0	0.9
Gross fixed capital formation	24.1	22.3	22.9	24.0	24.6

Source: Ministry of Economic Forecast and Planning.

Table 6. Morocco: Index of Industrial Production, 2000–04

(1992 = 100; period average)

	2000	2001	2002	2003	2004
Foodstuffs	135.3	136.6	135.2	135.5	141.2
Other food products	131.1	135.2	142.0	151.8	159.5
Beverages and tobacco	120.8	134.9	134.8	137.5	146.8
Textiles	102.0	101.9	101.1	98.6	100.1
Clothing (excluding shoes)	138.7	131.2	129.2	120.8	119.5
Leather and shoes	114.8	120.9	126.1	130.9	123.7
Wood and wood products	110.8	116.8	121.1	126.0	135.9
Paper products	148.2	153.0	160.0	185.0	190.9
Processed mineral ores	121.3	125.4	132.8	145.2	152.3
Metallurgical products	135.3	144.8	168.4	188.7	186.4
Metal products	109.0	118.8	127.0	138.8	141.6
Machinery (excluding transport)	120.5	118.2	116.3	123.0	125.0
Transport equipment	125.5	143.4	134.8	134.1	139.5
Electronic equipment	127.1	127.4	132.0	135.0	137.4
Office, measuring, optical equipment	159.6	114.9	125.7	126.1	139.5
Chemicals	130.0	137.7	145.2	149.3	154.6
Rubber and plastic products	126.3	122.9	130.3	130.7	127.3
Other manufacturing	111.7	108.8	102.4	100.1	92.2
Total manufacturing industry	124.9	128.9	132.7	137.4	141.6

Source: Moroccan authorities.

Table 7. Morocco: Foreign Direct Investment by Sector, 2000–04 1/

(In millions of Moroccan dirhams)

	2000	2001	2002	2003	2004
Real estate	574.6	810.7	1,824.9	1,685.0	2,004.6
Industry 2/	984.9	2,265.5	1,358.8	18,909.5	2,281.2
Fishing	25.6	69.5	45.8	148.6	42.2
Tourism	186.5	332.4	408.6	186.2	1,519.3
Services 3/	1,040.4	2,129.2	1,634.3	1,306.0	1,177.4
Transport	15.5	27.8	14.2	14.0	43.3
Public works	75.4	118.1	15.0	66.2	105.5
Banking	695.5	165.6	64.4	56.3	1,624.7
Telecommunication	1,230.8	26,376.7	425.7	618.7	59.6
Other	168.5	190.6	84.1	266.4	262.1
<b>Total</b>	<b>4,997.7</b>	<b>32,486.1</b>	<b>5,875.8</b>	<b>23,256.9</b>	<b>9,119.9</b>
<i>Of which:</i>					
Foreign exchange	4,794.8	31,691.9	5,595.1	20,167.2	9,117.9
Other	202.9	794.2	280.7	3,089.7	2.0

Source: Moroccan authorities.

1/ Including loans provided by foreign companies to their subsidiaries in Morocco.

2/ Including textiles.

3/ Excluding insurance.

Table 8. Morocco: Consumer Price, Wholesale Price, and Producer Price Indices, 2000–04

(Annual percentage change)

	2000	2001	2002	2003	2004
Consumer price index 1/					
Food	1.5	-1.0	4.3	1.3	1.6
Clothing	2.4	1.4	1.7	0.8	1.0
Housing	1.7	2.1	1.5	1.2	1.7
Household goods	0.2	0.1	0.6	0.4	0.6
Medical services	0.5	1.4	1.1	1.8	1.8
Transport and communications	5.2	2.6	0.6	0.2	0.9
Entertainment and culture	2.1	3.8	3.1	2.0	2.6
Other goods and services	2.2	2.2	2.1	1.1	1.4
General consumer price index	1.9	0.6	2.8	1.2	1.5
Wholesale price index 2/					
Agricultural sector	4.3	-0.3	1.6	-4.5	-0.5
Cereals	2.8	3.0	-2.7	-8.3	0.5
Industrial crops	-2.4	2.2	-2.0	-0.8	2.4
Vegetables	18.2	-12.2	11.5	-2.7	-3.6
Fruits	6.4	12.1	7.0	-11.7	-2.7
Animal products	-4.8	-3.9	1.8	3.4	-3.0
Forestry products	35.0	-5.1	-16.0	-8.0	-3.7
Fishing	-1.4	-6.7	22.8	-5.5	31.2
Price index of industrial production					
Mining	6.9	-1.0	-5.7	-10.6	2.0
Electricity and water	-1.9	-5.8	1.5	2.2	-4.0
Manufacturing industries	9.3	-1.8	-1.2	1.3	5.0
Foodstuffs	-0.1	-0.6	2.8	2.1	1.7
Textiles	-3.8	0.3	0.6	-0.4	-0.4
Metallurgical industries	3.4	-1.3	1.3	2.9	7.0

Sources: Ministry of Economic Forecasting and Planning; *Direction de la Statistique*.

1/ Consumer price index based on price movements of 385 articles in the cities of Agadir, Casablanca, Fes, Kenitra, Laayoune, Marrakesh, Meknes, Oujda, Rabat, Tangier, and Tetouan.

2/ Index based on price movements of 70 articles.

Table 9. Morocco: Evolution of Consumer Subsidies and Retail Prices, 2000–04 1/

	Units	2000 2/	2001	2002	2003	2004
<b>Sugar</b>						
Quantities subsidized	Mil/kos	462	997	1,002	1,057	1,052
Cubes		237	518	508	543	533
Granulated		225	479	493	514	519
Cost per unit 3/	DH/kos					
Cubes		6.95	6.95	6.95	6.95	6.95
Granulated		6.00	6.00	6.00	6.00	6.00
Retail price	DH/kos					
Cubes		4.95	4.95	4.95	4.95	4.95
Granulated		4.00	4.00	4.00	4.00	4.00
Subsidy per unit	DH/kos					
Cubes		2.00	2.00	2.00	2.00	2.00
Granulated		2.00	2.00	2.00	2.00	2.00
Subsidy/cost per unit	Percent					
Cubes		29	29	29	29	29
Granulated		33	33	33	33	33
Amount of subsidies	Mil/DH	924	1,994	1,998	2,258	2,104
<b>Edible oils</b>						
Quantities subsidized	Mil/liters	187	n.a.	n.a.	n.a.	n.a.
Cost per unit	DH/liters	13.28	n.a.	n.a.	n.a.	n.a.
Average selling price	DH/liters	8.40	n.a.	n.a.	n.a.	n.a.
Subsidy per unit	DH/liters	4.88	n.a.	n.a.	n.a.	n.a.
Subsidy/cost per unit	Percent	37	n.a.	n.a.	n.a.	n.a.
Amount of subsidies	Mil/DH	912	62	30	106	65
<b>Flour</b>						
Quantities subsidized	Mil/kos	490	1,000	1,000	1,000	1,000
Cost per unit	DH/kos	3.92	3.92	3.98	3.98	4.03
Retail price	DH/kos	2.00	2.00	2.00	2.00	2.00
Subsidy per unit	DH/kos	1.92	1.92	1.98	1.98	2.03
Subsidy/cost per unit	Percent	49	49	50	50	50
Amount of subsidies	Mil/DH	940	1,923	1,980	1,970	2,030
Petroleum products	Mil/DH	800	3,144	0	500	3,600
Total subsidies	Mil/DH	3,576	7,123	4,008	4,834	7,799

Source: Ministry of Finance, *Direction des établissements publics et des participations*.

1/ Based on July–June fiscal year basis in 1998/99 and 1999/2000; calendar year from 2001.

2/ Second semester.

3/ Sum of retail prices and subsidies per unit.

Table 10. Morocco: National Minimum Wages, July 1996–December 2004

	July 1996– June 2000	July 2000– June 2004	July 2004– December 2004
SMIG (dirhams per hour) 1/	7.98	8.78	9.66
SMAG (dirhams per day) 2/	41.36	45.5	50

Source: Moroccan authorities.

1/ *Salaire minimum interprofessionnel garanti.*

2/ *Salaire minimum agricole garanti.*

Table 11. Morocco. Urban Population by Activity, 2000–04 1/

	2000			2001			2002			2003			2004		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total population	14,166	14,304	28,470	14,350	14,483	28,833	14,553	14,680	29,233	14,650	14,757	29,407	14,862	14,960	29,822
Total urban population	7,585	7,853	15,438	7,715	8,012	15,727	7,858	8,181	16,039	7,812	8,152	15,964	8,017	8,391	16,408
In percent of total	53.5	54.9	54.2	53.8	55.3	54.5	54.0	55.7	54.9	53.3	55.2	54.3	53.9	56.1	55.0
Unemployed 2/	792	324	1,116	733	290	1,023	684	289	973	715	326	1,041	703	318	1,021
Inactive	3,554	6,623	10,177	3,622	6,821	10,443	3,707	6,977	10,684	3,664	6,876	10,540	3,746	7,076	10,822
Employed 3/	3,239	906	4,145	3,360	901	4,261	3,467	915	4,382	3,433	950	4,383	3,568	997	4,565
Total urban active population 4/	4,031	1,230	5,261	4,093	1,191	5,284	4,151	1,204	5,355	4,148	1,276	5,424	4,271	1,315	5,586
Rate of activity (percent)	74.0	21.3	47.0	73.5	20.1	46.0	72.7	19.8	45.4	72.6	20.9	45.9	72.5	20.8	45.8
Rate of unemployment (percent)	19.8	26.7	21.5	18.0	24.7	19.5	16.6	24.2	18.3	17.4	25.8	19.3	16.6	24.3	18.4
Rate of unemployment by age (percent)															
15–24 years	37.8	37.0	37.6	35.4	35.8	35.5	33.2	37.0	34.2	33.4	37.7	34.5	31.7	37.3	33.2
25–59 years	16.1	24.0	17.9	14.6	21.9	16.2	13.5	21.1	15.2	14.5	23	16.5	14	21.3	15.7
60 years and over	1.3	2.1	1.4	0.8	2.5	1.0	0.6	0.9	0.6	1.5	1.9	1.5	1.1	0.4	1.0

Source: Moroccan authorities.

1/ Data are based on annual population and employment surveys, as well as the 2004 population census. Unemployment data for 2000–02 in the Selected Economic and Financial Indicators Table have not been revised yet following the 2004 population census.

2/ Persons over 15 years old seeking work.

3/ Employed persons over 7 years old.

4/ Employed and unemployed.

Table 12. Morocco: Financial Transactions of the Central Government, 2000–04

	2000	2001	2002	2003	2004
	(In millions of Moroccan dirhams)				
Total revenue (excluding privatization)	92,858	95,840	98,261	102,860	111,315
Taxes on income and profits	26,841	28,435	30,378	33,145	36,467
Corporate profit tax (IS)	10,124	11,708	12,917	14,536	15,857
Income tax (IGR)	11,967	15,611	16,353	17,783	19,583
Other	4,750	1,116	1,108	1,047	1,027
Taxes on international trade	16,636	14,010	14,231	12,578	13,292
Domestic taxes on goods and services	36,659	39,177	40,056	41,890	43,901
VAT	21,476	23,298	23,951	26,010	29,070
Excise taxes	15,183	15,879	16,105	15,880	14,831
Road Fund revenues ( <i>Fonds Routier</i> )	1,175	1,259	1,356	1,320	1,597
Registration and stamp taxes	4,162	4,546	4,999	5,296	5,505
Tax amnesty revenues	0	0	0	0	0
Dividend and license income	5,287	4,904	4,244	5,038	7,132
Other nontax revenue	2,098	3,509	2,997	3,593	3,421
Total expenditure	114,626	119,866	118,731	127,218	136,731
Current expenditure	87,294	90,412	90,691	97,544	105,034
Goods and services	59,296	66,534	69,033	75,305	79,838
Wages and salaries 1/	41,967	47,998	48,580	53,225	56,623
Other	17,329	18,536	20,453	22,080	23,215
Interest payments	18,620	18,754	17,611	17,351	17,397
Domestic	12,317	12,846	13,174	14,169	15,059
External	6,303	5,908	4,437	3,182	2,338
Food and petroleum subsidies 2/	9,378	5,124	4,047	4,888	7,799
Transfers to local governments	6,443	6,989	7,185	7,803	8,721
Capital expenditure and transfers 3/	21,151	21,866	21,123	21,626	23,294
Net lending	-262	599	-268	245	-318
Balance of Special Treasury Accounts	-1,039	2,061	1,849	1,943	3,560
Overall balance	-22,807	-21,965	-18,621	-22,415	-21,856
Privatization receipts	18	23,372	621	11,957	10,416
Variation in arrears (+=accumulation)	13,809	-10,996	-231	-2,098	1,986
Financing requirement	-8,980	-9,589	-18,231	-12,556	-9,454
Financing	8,980	9,589	18,231	12,556	9,454
Domestic	15,299	19,387	29,671	21,302	15,905
Banking sector	9,719	-6,885	3,738	-671	-6,400
Nonbanking sector	5,580	26,272	25,933	21,973	22,305
External	-6,319	-9,798	-11,440	-8,746	-6,451
Net drawings	-6,319	-10,053	-11,699	-9,169	-7,735
Drawings	5,729	3,150	3,984	7,999	3,373
Amortization	-12,048	-13,203	-15,683	-17,168	-11,108
	(In percent of GDP)				
Total revenue (excluding privatization)	26.6	25.0	24.7	24.5	25.1
Total expenditure	32.8	31.3	29.8	30.3	30.8
Current (including net lending)	24.9	23.8	22.7	23.3	23.6
Capital (including transfers to local governments)	7.9	7.5	7.1	7.0	7.2
Overall balance, payment-order basis					
excluding privatization receipts	-6.5	-5.7	-4.7	-5.3	-4.9
Privatization revenue receipts	0.0	6.1	0.2	2.9	2.3
Variation in arrears (+=accumulation)	3.9	-2.9	-0.1	-0.5	0.4
Financing requirement	-2.6	-2.5	-4.6	-3.0	-2.1

Sources: Ministry of Finance; and Bank Al-Maghrib.

1/ Includes wages to security and military personnel.

2/ Petroleum product subsidies (DM 3.4 billion) are imputed to the budget year in which the arrears were incurred, as estimated on the basis of the difference between domestic and international petroleum prices.

3/ Includes Road Funds and *Fonds Hassan II*.



Table 13. Morocco: Central Government Operations, 2000–04  
(In millions of Moroccan dirhams)

	2000	2001	2002	2003	2004
Total revenue, excluding receipts from privatization	92,858	95,840	98,261	102,860	111,315
Tax revenue	85,473	87,427	91,020	94,229	100,762
Taxes on income and profits	26,841	28,435	30,378	33,145	36,467
Licenses	287	304	339	309	321
Corporate (IS and IBP, excl. OCP)	10,124	11,708	12,917	14,536	15,857
Individual (IGR)	11,967	15,611	16,353	17,783	19,583
Dividend income (TPA)	408	0	0	0	0
Real estate capital gains (TPI)	527	0	0	0	0
Solidarity (PSN)	367	285	152	0	0
Interest income (TRPRF)	2,452	0	0	0	0
Penalties and fines	339	399	478	449	457
Other	370	128	139	68	80
Taxes on international trade	16,636	14,010	14,231	12,578	13,292
Customs duties	12,810	12,350	12,233	10,670	11,412
Fiscal tax (PFI)	0	0	0	0	0
Tariff surcharges 1/	3,826	1,660	1,998	1,908	1,880
Other taxes	0	0	0	0	0
Taxes on goods and services	36,659	39,177	40,056	41,890	43,901
VAT	21,476	23,298	23,951	26,010	29,070
Domestic	9,213	10,482	10,751	11,503	12,243
Imports	12,263	12,816	13,200	14,507	16,827
Excises (TIC)	15,183	15,879	16,105	15,880	14,831
Tobacco products	5,442	5,627	5,801	5,349	5,139
Petroleum products	8,795	9,239	9,308	9,445	8,509
Other	946	1,013	996	1,086	1,183
Revenue accruing to the Road Fund	1,175	1,259	1,356	1,320	1,597
Registration and stamp taxes	4,162	4,546	4,999	5,296	5,505
Tax amnesty payments	0	0	0	0	0
Nontax revenue	7,385	8,413	7,241	8,631	10,553
Dividend and license income	5,287	4,904	4,244	5,038	7,132
Property income	121	168	141	184	175
Other revenue	1,977	3,341	2,856	3,409	3,246
Total expenditure	114,626	119,866	118,731	127,218	136,731

Table 13. Morocco: Central Government Operations, 2000–04 (concluded)  
(In millions of Moroccan dirhams)

	2000	2001	2002	2003	2004
Current expenditure	87,294	90,412	90,691	97,544	105,034
Goods and services	59,296	66,534	69,033	75,305	79,838
Wages and salaries	41,967	47,998	48,580	53,225	56,623
Other	17,329	18,536	20,453	22,080	23,215
Interest payments	18,620	18,754	17,611	17,351	17,397
Domestic	12,317	12,846	13,174	14,169	15,059
Foreign	6,303	5,908	4,437	3,182	2,338
Food and petroleum subsidies	9,378	5,124	4,047	4,888	7,799
From budgetary contributions	5,456	2,692	2,352	2,895	5,587
From earmarked tariffs 1/	3,922	2,432	1,695	1,993	2,212
Transfers to local authorities	6,443	6,989	7,185	7,803	8,721
Capital expenditure and transfers	21,151	21,866	21,123	21,626	23,294
Central government investment	...	18,813	17,001	16,710	18,574
Transfers to public entities	...	1,583	2,258	1,925	1,925
Road Fund expenditures	1,211	857	994	1,142	1,560
<i>Fonds Hassan II</i> expenditures	1,902	613	870	1,849	1,235
Net lending	-262	599	-268	245	-318
Balance of other Special Treasury Accounts	-1,039	2,061	1,849	1,943	3,560
Overall balance, excluding receipts from privatization	-22,807	-21,965	-18,621	-22,415	-21,856
Privatization receipts	18	23,372	621	11,957	10,416
Balance, including receipts from privatization	-22,789	1,407	-18,000	-10,458	-11,440
Arrears variation (+ = accumulation)	13,809	-10,996	-231	-2,098	1,986
Overall financing requirement	-8,980	-9,589	-18,231	-12,556	-9,454
Memorandum item:					
Primary balance	-4,187	-3,211	-1,010	-5,064	-4,459

Source: Ministry of Finance.

1/ *Equivalents tarifaires*.

Table 14. Morocco: Central Government Revenue by Main Categories, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Total revenue 1/	92,858	95,840	98,261	102,860	111,315
Tax revenue	85,473	87,427	91,020	94,229	100,762
Corporate taxes	10,124	11,708	12,917	14,536	15,857
Individual income tax	11,967	15,611	16,353	17,783	19,583
Custom duties and taxes	16,636	14,010	14,231	12,578	13,292
VAT	21,476	23,298	23,951	26,010	29,070
domestic	9,213	10,482	10,751	11,503	12,243
imports	12,263	12,816	13,200	14,507	16,827
Excises	15,183	15,879	16,105	15,880	14,831
Registration and stamp taxes	4,162	4,546	4,999	5,296	5,505
Other taxes	5,925	2,375	2,464	2,146	2,455
Nontax revenue	7,385	8,413	7,241	8,631	10,553
(In percent of GDP)					
Total revenue 1/	26.6	25.0	24.7	24.5	25.1
Tax revenue	24.4	22.8	22.9	22.5	22.7
Corporate taxes	2.9	3.1	3.2	3.5	3.6
Individual income tax	3.4	4.1	4.1	4.2	4.4
Import duties and taxes	4.8	3.7	3.6	3.0	3.0
VAT	6.1	6.1	6.0	6.2	6.6
Domestic	2.6	2.7	2.7	2.7	2.8
Imports	3.5	3.3	3.3	3.5	3.8
Excises	4.3	4.1	4.0	3.8	3.3
Registration and stamp taxes	1.2	1.2	1.3	1.3	1.2
Other taxes	1.7	0.6	0.6	0.5	0.6
Nontax revenue	2.1	2.2	1.8	2.1	2.4
(In percent of total revenue)					
Total revenue 1/	100.0	100.0	100.0	100.0	100.0
Tax revenue	92.0	91.2	92.6	91.6	90.5
Corporate taxes	10.9	12.3	13.1	14.1	14.2
Individual income tax	12.9	16.0	16.6	17.3	17.6
Import duties and taxes	17.9	14.7	14.5	12.2	11.9
Export taxes	0.0	0.0	0.0	0.0	0.0
VAT	23.1	24.4	24.4	25.3	26.1
Domestic	9.9	11.0	10.9	11.2	11.0
Imports	13.2	13.4	13.4	14.1	15.1
Excises	16.4	16.6	16.4	15.4	13.3
Registration and stamp taxes	4.5	4.8	5.1	5.1	4.9
Other taxes	6.4	2.5	2.5	2.1	2.2
Nontax revenue	8.0	8.8	7.4	8.4	9.5

Source: Ministry of Finance.

1/ Excludes revenue from privatization.

Table 15. Morocco: Economic Classification of Central Government Expenditure, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Total expenditure (excl. net lending)	114,888	119,213	118,999	126,973	137,049
Current expenditure	87,294	90,412	90,691	97,544	105,034
Goods and services	59,296	66,534	69,033	75,305	79,838
Wages and salaries	41,967	47,998	48,580	53,225	56,623
Other	17,329	18,536	20,453	22,080	23,215
Interest payments	18,620	18,754	17,611	17,351	17,397
Domestic	12,317	12,846	13,174	14,169	15,059
Foreign	6,303	5,908	4,437	3,182	2,338
Food subsidies	9,378	5,124	4,047	4,888	7,799
From budgetary contribution	5,456	2,692	2,352	2,895	5,587
From earmarked tariffs	3,922	2,432	1,695	1,993	2,212
Transfers to local governments	6,443	6,935	7,185	7,803	8,721
Capital expenditure and transfers 1/	21,151	21,866	21,123	21,626	23,294
(In percent of GDP)					
Total expenditure (excl. net lending)	32.9	31.1	29.9	30.3	30.9
Current expenditure	25.0	23.6	22.8	23.3	23.7
Goods and services	17.0	17.4	17.4	18.0	18.0
Wages and salaries	12.0	12.5	12.2	12.7	12.8
Other	5.0	4.8	5.1	5.3	5.2
Interest payments	5.3	4.9	4.4	4.1	3.9
Domestic	3.5	3.4	3.3	3.4	3.4
Foreign	1.8	1.5	1.1	0.8	0.5
Food subsidies	2.7	1.3	1.0	1.2	1.8
From budgetary contribution	2.7	1.3	1.0	1.2	1.8
From earmarked tariffs	1.1	0.6	0.4	0.5	0.5
Transfers to local governments	1.8	1.8	1.8	1.9	2.0
Capital expenditure and transfers 1/	6.0	5.7	5.3	5.2	5.3
(In percent of total)					
Total expenditure (excl. net lending)	100.0	100.0	100.0	100.0	100.0
Current expenditure	76.0	75.8	76.2	76.8	76.6
Goods and services	51.6	55.8	58.0	59.3	58.3
Wages and salaries	36.5	40.2	40.8	41.9	41.3
Other	15.1	15.5	17.2	17.4	16.9
Interest payments	16.2	15.7	14.8	13.7	12.7
Domestic	10.7	10.8	11.1	11.2	11.0
Foreign	5.5	5.0	3.7	2.5	1.7
Food subsidies	8.2	4.3	3.4	3.8	5.7
From budgetary contribution	4.7	2.3	2.0	2.3	4.1
From earmarked tariffs	3.4	2.0	1.4	1.6	1.6
Transfers to local governments	5.6	5.9	6.0	6.1	6.4
Capital expenditure and transfers 1/	18.4	18.3	17.8	17.0	17.0

Source: Moroccan authorities; and Fund staff estimates.

1/ Includes *Fonds Hassan II*, Road Fund, and transfers.

Table 16. Morocco: Functional Classification of Central Government Current Expenditure, 2000–04

	2nd half				
	2000 1/	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Total	43,869	90,412	90,691	97,544	105,034
General public services	2,841	5,714	6,012	6,045	6,340
Defense	6,589	13,443	15,191	15,476	15,432
Public order	3,739	7,840	8,879	8,280	9,006
Education	10,248	21,784	23,857	25,980	26,712
Health	1,787	4,011	4,325	4,224	4,480
Housing	212	449	483	366	361
Recreation, cultural affairs, etc.	267	546	572	269	277
Agriculture	772	1,735	1,964	2,013	1,956
Mines and energy	80	177	202	210	210
Transport and communications	413	890	1,055	740	735
General expenditure 2/	6,010	16,890	11,355	12,540	13,253
Other	14,272	16,934	16,797	21,401	26,272
(In percent of total expenditure)					
Total	100.0	100.0	100.0	100.0	100.0
General public services	6.5	6.3	6.6	6.2	6.0
Defense	15.0	14.9	16.7	15.9	14.7
Public order	8.5	8.7	9.8	8.5	8.6
Education	23.4	24.1	26.3	26.6	25.4
Health	4.1	4.4	4.8	4.3	4.3
Housing	0.5	0.5	0.5	0.4	0.3
Recreation, cultural affairs, etc.	0.6	0.6	0.6	0.3	0.3
Agriculture	1.8	1.9	2.2	2.1	1.9
Mines and energy	0.2	0.2	0.2	0.2	0.2
Transport and communications	0.9	1.0	1.2	0.8	0.7
General expenditure 2/	13.7	18.7	12.5	12.9	12.6
Other	24.9	18.7	18.5	21.9	25.0
(In percent of GDP)					
Total	25.1	23.6	22.8	23.3	23.7
General public services	1.6	1.5	1.5	1.4	1.4
Defense	3.8	3.5	3.8	3.7	3.5
Public order	2.1	2.0	2.2	2.0	2.0
Education	5.9	5.7	6.0	6.2	6.0
Health	1.0	1.0	1.1	1.0	1.0
Housing	0.1	0.1	0.1	0.1	0.1
Recreation, cultural affairs, etc.	0.2	0.1	0.1	0.1	0.1
Agriculture	0.4	0.5	0.5	0.5	0.4
Mines and energy	0.0	0.0	0.1	0.1	0.0
Transport and communications	0.2	0.2	0.3	0.2	0.2
General expenditure 2/	3.4	4.4	2.9	3.0	3.0
Other	6.2	4.4	4.2	5.1	5.9

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July–December 2000.

2/ Outlays for the benefit of all government units (*dépenses communes*).

Table 17. Morocco: Functional Classification of Central Government  
Investment Expenditure, 2000–04

	2nd half				
	2000 1/	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Total	13,648	21,866	21,123	21,626	23,294
General public services	1,708	944	873	825	796
Defense	1,283	2,200	1,803	2,000	2,200
Public order	655	1,326	1,217	919	1,020
Education	1,331	1,992	2,037	1,830	1,773
Health, social security, and welfare	516	943	858	965	1,015
Housing	385	544	486	425	423
Recreation, cultural affairs, etc.	176	316	358	310	314
Agriculture	1,160	2,284	2,748	2,098	1,829
Mines and energy	167	228	193	184	178
Transport and communications	1,746	2,562	2,549	1,453	950
Other	3,519	8,527	8,000	10,617	12,796
(In percent of total expenditure)					
Total	100.0	100.0	100.0	100.0	100.0
General public services	12.5	4.3	4.1	3.8	3.4
Defense	9.4	10.1	8.5	9.2	9.4
Public order	4.8	6.1	5.8	4.2	4.4
Education	9.8	9.1	9.6	8.5	7.6
Health	3.8	4.3	4.1	4.5	4.4
Housing	2.8	2.5	2.3	2.0	1.8
Recreation, cultural affairs, etc.	1.3	1.4	1.7	1.4	1.3
Agriculture	8.5	10.4	13.0	9.7	7.9
Mines and energy	1.2	1.0	0.9	0.9	0.8
Transport and communications	12.8	11.7	12.1	6.7	4.1
Other	33.1	39.0	37.9	49.1	54.9
(In percent of GDP)					
Total	7.8	5.7	5.3	5.2	5.3
General public services	1.0	0.2	0.2	0.2	0.2
Defense	0.7	0.6	0.5	0.5	0.5
Public order	0.4	0.3	0.3	0.2	0.2
Education	0.8	0.5	0.5	0.4	0.4
Health	0.3	0.2	0.2	0.2	0.2
Housing	0.2	0.1	0.1	0.1	0.1
Recreation, cultural affairs, etc.	0.1	0.1	0.1	0.1	0.1
Agriculture	0.7	0.6	0.7	0.5	0.4
Mines and energy	0.1	0.1	0.0	0.0	0.0
Transport and communications	1.0	0.7	0.6	0.3	0.2
Other	2.6	2.2	2.0	2.5	2.9

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July–December 2000.

Table 18. Morocco: Functional Classification of Central Government  
Total Expenditure, 2000–04

	2nd half 2000 1/	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Total 2/	60,825	119,267	118,799	126,973	137,049
General public services	4,549	6,658	6,885	6,870	7,136
Defense	7,872	15,643	16,994	17,476	17,632
Public order	4,394	9,166	10,096	9,199	10,026
Education	11,579	23,776	25,894	27,810	28,485
Health, social security, and welfare	2,303	4,954	5,183	5,189	5,495
Housing	597	993	969	791	784
Recreation, cultural affairs, etc.	443	862	930	579	591
Agriculture	1,932	4,019	4,712	4,111	3,785
Mines and energy	247	405	395	394	388
Transport and communications	2,159	3,452	3,604	2,193	1,685
General expenditure 3/	6,010	16,890	11,355	12,540	13,253
Transfers to local governments	3,308	6,443	6,989	7,185	7,803
Other	15,433	26,007	24,793	32,635	39,986
(In percent of total expenditures)					
Total 2/	100.0	100.0	100.0	100.0	100.0
General public services	7.5	5.6	5.8	5.4	5.2
Defense	12.9	13.1	14.3	13.8	12.9
Public order	7.2	7.7	8.5	7.2	7.3
Education	19.0	19.9	21.8	21.9	20.8
Health, social security, and welfare	3.8	4.2	4.4	4.1	4.0
Housing	1.0	0.8	0.8	0.6	0.6
Recreation, cultural affairs, etc.	0.7	0.7	0.8	0.5	0.4
Agriculture	3.2	3.4	4.0	3.2	2.8
Mines and energy	0.4	0.3	0.3	0.3	0.3
Transport and communications	3.5	2.9	3.0	1.7	1.2
General expenditure 3/	9.9	14.2	9.6	9.9	9.7
Transfers to local governments	5.4	5.4	5.9	5.7	5.7
Other	25.4	21.8	20.9	25.7	29.2
(In percent of GDP)					
Total 2/	34.8	31.1	29.9	30.3	30.9
General public services	2.6	1.7	1.7	1.6	1.6
Defense	4.5	4.1	4.3	4.2	4.0
Public order	2.5	2.4	2.5	2.2	2.3
Education	6.6	6.2	6.5	6.6	6.4
Health, social security, and welfare	1.3	1.3	1.3	1.2	1.2
Housing	0.3	0.3	0.2	0.2	0.2
Recreation, cultural affairs, etc.	0.3	0.2	0.2	0.1	0.1
Agriculture	1.1	1.0	1.2	1.0	0.9
Mines and energy	0.1	0.1	0.1	0.1	0.1
Transport and communications	1.2	0.9	0.9	0.5	0.4
General expenditure 3/	3.4	4.4	2.9	3.0	3.0
Transfers to local governments	1.9	1.7	1.8	1.7	1.8
Other	8.8	6.8	6.2	7.8	9.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July–December 2000.

2/ Excluding net lending.

3/ Outlays for the benefit of all government units (*dépenses communes*).

Table 19. Morocco: Administrative Classification of Central Government  
Current Expenditure, 2000–04

(In millions of Moroccan dirhams)

	Budget Law				
	<u>2nd half</u> 2000 1/	2001	2002	2003	2004
Total	47,229	93,377	96,091	97,205	100,356
Sovereign	1,002	1,983	2,003	2,079	2,279
Foreign affairs and cooperation	705	908	832	1,419	1,469
Interior	2,968	6,264	7,151	6,580	7,198
Justice	771	1,576	1,728	1,700	1,808
Public works	322	708	854	740	735
Finance	653	1,378	1,583	1,548	1,576
Agriculture	772	1,735	1,964	2,013	1,956
Education	10,248	21,784	23,857	25,980	26,712
Health	1,787	4,011	4,325	4,224	4,480
Defense	6,589	13,443	15,191	15,476	15,434
General expenditure 2/	6,010	16,890	11,355	12,540	13,253
Other 3/	15,402	22,697	25,248	22,906	23,456

Source: Ministry of Finance.

1/ Transition fiscal year July–December 2000.

2/ Outlays, mainly for utilities, for the benefit of all government units (*dépenses communes*) and contingent allocation (*dépenses imprévues*).

3/ Includes interest payments.



Table 20. Morocco: Administrative Classification of Central Government  
Investment Expenditure, 2000–04

(In millions of Moroccan dirhams)

	Budget Law					
	<u>2nd half</u> 2000 1/	2001	2001	2002	2003	2004
Total	12,146	12,146	19,790	18,655	20,056	20,252
Sovereign	111	222	222	174	174	174
Prime Minister	1,200	0	0	0	0	0
Defense	1,283	2,200	2,200	1,803	2,000	2,200
Interior	500	1,020	1,020	946	632	733
Finance	3,206	7,277	7,277	5,432	6,399	6,773
Energy and mining	167	228	228	193	184	178
Agriculture	1,160	2,285	2,285	2,748	2,098	1,829
Public works	1,378	2,515	2,515	2,502	1,453	950
Transport 2/	360	41	41	36	...	...
Education	1,331	1,992	1,992	2,037	1,830	1,773
Health	516	943	943	858	965	1,015
Housing	385	544	544	486	425	423
Other	549	-7,121	523	1,440	3,896	4,204

Source: Ministry of Finance.

1/ Transition fiscal year July–December 2000.

2/ Included in other from 2003.

Table 21. Morocco: Central Government Employment and Wage Indicators, 2000–04

	2nd half 2000 1/	2001	2002	2003	2004
Employment (number)	796,038	808,225	819,282	825,379	825,999
Annual change in percent	1.7	1.5	1.4	0.7	0.1
Wage bill (in millions of dirhams)	21,222	47,998	48,580	53,225	56,623
Annual change in percent	0.7	13.1	1.2	9.6	6.4
Average wage (in dirhams per annum)	53,319	59,387	59,296	64,486	68,551
Average real wage (1989 dirhams)	33,885	37,511	36,441	39,175	41,032
Annual change (in percent)					
Nominal wage	-1.0	11.4	-0.2	8.8	6.3
Real wage	-1.9	10.7	-2.9	7.5	4.7
Ratio of wage bill to GDP	12.1	12.5	12.2	12.7	12.8
Memorandum items:					
Population (in millions) 2/	28.7	29.2	29.6	30.1	30.5
CPI index (1989 = 100) 3/	157.4	158.3	162.7	164.6	167.1
Average CPI increase (in percent)	1.0	0.6	2.8	1.2	1.5

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July–December 2000.

2/ Calendar year.

3/ Average for fiscal years through 2000; calendar year from 2001.

Table 22. Morocco: Central Government Debt, 2000–04 1/

(In millions of Moroccan dirhams)

	2nd half				
	2000 2/	2001	2002	2003	2004
Stock at end-period	270,538	286,483	284,343	288,484	294,576
External debt	121,150	110,597	92,800	77,000	70,500
Domestic debt 3/	149,388	175,886	191,543	211,484	224,076
Long-term	70,680	70,863	53,127	56,602	71,032
Medium-term	51,618	53,605	99,468	93,758	108,776
Short-term	27,090	51,418	38,948	61,124	44,268
Drawings	32,402	77,876	98,780	82,454	85,453
External debt	3,810	3,342	3,984	7,999	3,373
Domestic debt	28,592	74,726	94,796	74,455	82,080
Long-term	3,516	3,261	14,306	9,649	26,414
Medium-term	7,017	12,928	22,582	14,947	22,407
Short-term	18,059	58,536	57,908	49,859	33,259
Amortization	24,098	61,432	94,834	71,682	80,597
External debt	5,546	13,203	15,683	17,168	11,108
Domestic debt	18,552	48,229	79,151	54,514	69,489
Long-term	1,635	3,078	3,539	4,886	6,920
Medium-term	1,970	10,941	14,155	7,049	8,440
Short-term	14,947	34,210	61,457	42,579	54,129

Sources: Ministry of Finance; and Fund staff estimates.

1/ Remunerated debt only.

2/ Transition fiscal year July–December 2000.

3/ By initial maturities prior to 2002, residual maturity afterwards.

Table 23. Morocco: External Debt Service, 2000–04

(In millions of Moroccan dirhams)

	2nd half				
	2000 1/	2001	2002	2003	2004
<b>Central government</b>					
Debt service	9,439	19,111	20,120	20,350	13,635
Interest	3,393	5,908	4,437	3,182	2,527
Amortization	6,046	13,203	15,683	17,168	11,108
<b>Guaranteed debt</b>					
Debt service	...	9,202	8,314	9,475	9,224
Interest	...	2,637	2,445	2,251	1,923
Amortization	...	6,565	5,869	7,224	7,301

Source: Ministry of Finance.

1/ Transition fiscal year July–December 2000.

Table 24. Morocco: Current Subsidies to Public Enterprises, 2000–04

(In millions of Moroccan dirhams)

	2nd half 2000 1/	2001	2002	2003	2004
Total	816	1,817	1,922	1,818	1,944
ORMVA (agricultural development) 2/	68	207	254	240	212
<i>Centres de travaux</i> (public works)	103	225	271	247	263
Other 3/	645	1,385	1,397	1,331	1,470

Source: Ministry of Finance.

1/ Transition fiscal year July–December 2000.

2/ *Offices régionaux de mise en valeur agricole*.3/ Excluding transfers to the *Caisse de compensation*, ONICL, and the *Caisse marocaine des retraites*.

Table 25. Morocco: Capital Subsidies to Public Enterprises, 2000–04

(In millions of Moroccan dirhams)

	<u>2nd half</u> 2000 1/	2001	2002	2003	2004
Total	1,020	1,583	2,587	2,360	2,258
Bureau de recherches et de participation minière	37	76	72	68	68
Centrale d'achat et de développement de la région minière de Tafilalet et de Fiquiq	0	1	1	1	2
Centre cinématographique marocain	2	6	9	8	8
Centre de développement des énergies renouvelables	2	4	4	4	4
Centres des travaux	10	28	112	43	56
Institut national de la recherche agronomique	41	80	89	68	67
Office national des aéroports	0	0	0	0	0
Office national de recherche pétrolière	31	64	56	53	53
Office national des chemins de fer	350	0	329	434	570
Office national de l'électricité	0	0	0	0	0
Office national de l'eau potable	0	0	0	0	0
Office national marocain de tourisme	53	99	200	250	350
Office national des pêches	1	1	5	0	4
Offices régionaux de mise en valeur	361	944	1,420	1,122	757
Office de la formation professionnelle et de la promotion du travail	59	117	124	172	170
Others	74	162	167	132	149

Source: Ministry of Finance.

1/ Transition fiscal year July–December 2000.

Table 26. Morocco: Monetary Survey, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Net foreign assets	55,259	102,605	111,269	128,266	146,163
Monetary authorities	53,225	99,920	104,979	123,156	137,123
<i>Of which:</i>					
Gross reserves	50,010	96,640	101,760	120,012	134,001
Net Fund position	975	1,023	974	916	899
Deposit money banks	2,034	2,685	6,290	5,110	9,040
Net domestic assets	231,317	224,806	236,931	249,878	260,448
Domestic credit	292,981	294,257	305,944	323,629	334,166
Net credit to the government	92,430	85,610	89,470	89,098	82,725
Banking system	85,233	78,348	82,086	81,415	75,015
Bank Al-Maghrib	23,504	5,187	5,163	4,292	2,982
o/w deposits 1/	-806	-10,806	-11,322	-13,801	-15,484
Deposit money banks	61,729	73,161	76,923	77,123	72,033
Treasury-IMF	-975	-1,023	-974	-916	-899
Credit to the economy	200,551	208,647	216,474	234,531	251,441
Other liabilities, net	61,664	69,451	69,013	73,751	73,718
Money and quasi money	286,576	327,411	348,200	378,144	406,611
Money	210,295	243,117	264,863	290,784	318,870
Currency outside banks	58,169	66,025	69,556	74,890	79,439
Demand deposits	152,126	177,092	195,307	215,894	239,431
Quasi money	76,281	84,294	83,337	87,360	87,741
(Annual percentage change)					
Net foreign assets	-7.3	85.7	8.4	15.3	14.0
Net domestic assets	13.0	-2.8	5.4	5.5	4.2
Domestic credit	9.3	0.4	4.0	5.8	3.3
Net credit to the government	12.4	-7.4	4.5	-0.4	-7.2
Credit to the economy	7.9	4.0	3.8	8.3	7.2
Money and quasi money	8.4	14.2	6.3	8.6	7.5
(In percent of broad money)					
Net foreign assets	-1.6	16.5	2.6	4.9	4.7
Domestic credit	9.4	0.4	3.6	5.1	2.8
Net credit to the government	3.9	-2.4	1.2	-0.1	-1.7
Credit to the economy	5.5	2.8	2.4	5.2	4.5
Other assets net	0.7	-2.7	0.1	-1.4	0.0
Memorandum items:					
Velocity (GDP/M3)	1.24	1.17	1.14	1.11	1.09
Velocity (nonagr. GDP/M3)	1.07	0.99	0.96	0.92	0.92
Credit to economy/GDP (in percent)	56.6	54.5	54.4	55.9	56.7
Credit to economy/nonagr. GDP (in percent)	65.7	64.5	64.9	67.1	67.4
NPLs/Gross loans (in percent) 2/	15.4	16.8	17.2	18.1	19.4
o/w commercial banks	...	10.7	11.2	12.3	12.4
NPLs net of provisions/capital (in percent)	...	55.5	57.1	66.5	61.9
o/w commercial banks	...	19.9	18.7	23.3	20.5
Capital adequacy ratio (in percent)	...	12.6	12.2	9.3	10.2
o/w commercial banks	...	15.3	15.3	13.0	13.5
Liquid assets to total assets (in percent)	...	...	123.1	122.3	120.8
Domestic nonbank debt/GDP (in percent)	20.8	26.1	31.7	35.3	38.1
Credit to gov/dom debt (in percent)	55.22	48.8	46.8	42.4	36.6
Lending interest rate (in percent)	9.1	8.9	8.5	8.1	7.8
Deposit interest rate (in percent)	5.2	5.0	4.5	3.8	3.6
Money Market rates (in percent)	5.4	4.4	3.0	3.2	2.4
DHs per US\$, period end		11.51	10.38	8.75	8.22

Sources: Bank Al-Maghrib; and Fund staff estimates and projections.

1/ Includes *Fonds Hassan II*.

2/ This ratio was 19.6 at end-June 2004.

Table 27. Morocco: Summary Accounts of Bank Al-Maghrib, 2000–04

	2000	2001	2002	2003	2004
(In millions of dirhams)					
Foreign assets	52,250	98,897	104,005	122,240	136,224
<i>Of which:</i>					
Gold holdings	1,955	1,957	1,960	1,960	1,960
Gross reserves	50,010	96,640	101,760	120,012	134,001
Net claims on the government	23,504	5,187	5,163	4,292	2,982
Claims on the deposit money banks	7,161	7	1	0	0
 Assets = liabilities	 82,915	 104,091	 109,169	 126,532	 139,240
Reserve money	79,616	97,664	102,578	116,532	130,310
Currency outside banks	58,169	66,025	69,556	74,890	79,439
Bank reserves	19,658	29,070	29,777	40,448	49,401
Other deposits	1,789	2,569	3,245	1,194	1,470
Foreign liabilities	893	927	809	1,183	1,787
SDR allocation	1,169	1,181	1,190	1,196	1,208
Other items, net	2,130	5,246	5,401	8,804	7,691
 Memorandum item:					
Treasury cash holdings	806	10,806	11,322	13,801	15,484
(12-month percent change)					
Net claims on the government	14.1	22.1	-0.5	-16.9	-30.5
Claims on the deposit money banks	432.0	-99.9	-85.7	-100.0	...
Reserve money	3.0	22.7	5.0	13.6	11.8
(In percent of reserve money)					
Foreign assets	65.6	101.3	101.4	104.9	104.6
Net claims on the government	29.5	5.3	5.0	3.7	2.3
Claims on the deposit money banks	9.0	0.0	0.0	0.0	0.0
Reserve money	100.0	100.0	100.0	100.0	100.0
Currency outside banks	73.1	67.6	67.8	64.3	61.0
Bank reserves	24.7	29.8	29.0	34.7	37.9
Other deposits	2.2	2.6	3.2	1.0	1.1

Source: Bank Al-Maghrib.

1/ Starting in 1999, the category deposit money banks includes BNDE, CNCA and CIH.



Table 28. Morocco: Summary Accounts of the Deposit Money Banks, 2000–04

	2000	2001	2002	2003	2004
(In millions of Moroccan dirhams)					
Reserves 1/	19,658	29,070	29,777	40,448	49,401
Foreign assets 2/	6,356	6,566	9,030	8,713	12,392
Net claims on the government	61,729	73,161	76,923	77,123	72,033
Credit to the private sector	200,551	208,647	216,474	234,531	251,441
Assets = liabilities	288,294	317,444	332,204	360,815	385,267
Deposits	218,446	250,532	267,041	293,461	317,093
Demand	142,165	166,238	183,704	206,101	229,352
Time	76,281	84,294	83,337	87,360	87,741
Foreign liabilities	4,322	3,881	2,740	3,603	3,352
Credit from the central bank	7,161	7	1	0	0
Capital	29,480	32,574	32,730	32,482	33,923
Provisions	17,271	22,037	24,468	29,235	33,572
Other items (net)	11,614	8,413	5,224	2,034	-2,673
Related data					
Private sector claims on government	8,172	8,285	8,358	8,599	8,609
(Annual change in percent)					
Reserves	12.0	47.9	2.4	35.8	22.1
Foreign assets	32.1	3.3	37.5	-3.5	42.2
Net claims on the government	12.4	18.5	5.1	0.3	-6.6
Credit to the private sector	7.9	4.0	3.8	8.3	7.2
Deposits	11.0	14.7	6.6	9.9	8.1
Demand	11.5	16.9	10.5	12.2	11.3
Time	9.9	10.5	-1.1	4.8	0.4
Foreign liabilities	-6.1	-10.2	-29.4	31.5	-7.0
Problem loans (in millions of dirhams)	30,927	35,699	38,021	43,224	48,070
Problem loans in percent of total credit to economy	15.4	17.1	17.6	18.4	19.1
Total provisions as percent of problem loans	55.8	61.7	64.4	67.6	69.8
Capital as percent of total assets	10.2	10.3	9.9	9.0	8.8

Source: Bank Al-Maghrib.

1/ Including forex deposits with Bank Al-Maghrib.

2/ Excluding forex deposits with Bank Al-Maghrib.

Table 29. Morocco: Banks' Interest Rates, 2000–04

(In percent per annum; end of period)

	2000	2001	2002	2003	2004
Deposits rates 1/					
6-month deposits	5.0	5.0	3.6	3.4	3.3
12-month deposits	5.1	4.9	4.1	3.8	3.5
Lending rates 2/					
Short-term	8.0	8.0	7.3	7.3	7.3
Long-term	9.0	9.0	8.3	8.3	8.3
Banks	9.2	8.9	8.5	8.1	7.8
Financing companies	15.7	14.5	13.2	12.8	12.1
All credit institutions	9.8	9.7	9.2	8.8	8.4
Maximum lending rates	15.7	15.5	14.7	14.0	13.4

Source: Bank Al-Maghrib.

1/ Monthly averages.

2/ Yearly averages.

Table 30. Morocco: Merchandise Exports, f.o.b., 2000–04 1/

(In millions of dirhams)

	2000	2001	2002	2003	Prel. 2004
Exch. Rate DH/US\$ (period avg.)	10.6	11.3	11.0	9.6	8.9
Food, beverages, and tobacco	16,751	16,692	18,164	17,472	13,587
Citrus fruits	2,050	2,083	2,140	2,326	1,955
Vegetables	2,562	2,857	3,248	3,233	2,494
Tomatoes	868	932	1,104	1,137	532
Potatoes	184	149	138	124	150
Other fresh vegetables	592	748	945	1,042	655
Canned vegetables	918	1,028	1,061	930	1,157
Other	12,139	11,752	12,776	11,913	9,138
Energy and lubricants	2,882	3,406	2,426	889	1,763
Agricultural raw materials	1,803	1,393	1,713	1,990	2,587
Raw minerals	5,766	5,736	5,772	4,994	6,299
Phosphates	4,129	4,215	4,006	3,468	4,003
Lead	112	102	83	73	145
Barium sulphate	137	193	194	140	141
Other	1,388	1,226	1,489	1,313	2,010
Semifinished products	17,029	17,302	19,724	19,564	23,426
Fertilizers	3,430	3,947	3,650	3,554	3,888
Phosphoric acid	5,365	5,076	5,128	4,856	6,523
Lead	240	307	408	281	155
Electronic components (transistors)	4,253	4,302	5,487	5,697	5,546
Other	3,741	3,670	5,051	5,176	7,314
Manufactured goods	34,596	36,138	38,590	38,978	38,703
Agricultural equipment	11	11	16	16	20
Industrial equipment	4,798	4,495	5,603	6,461	6,581
Cables for electricity	2,074	2,552	3,369	3,835	3,486
Under electric systems	401	386	507	357	108
Consumer goods	29,787	31,632	32,971	32,501	32,102
Total exports (customs basis)	78,827	80,667	86,389	83,887	86,365
Memorandum items:					
Phosphates and derivatives	12,924	13,238	12,784	11,878	14,414
All other	65,903	67,429	73,605	72,009	71,951
Reexports, under <i>admission temporaire</i> 2/	27,183	27,554	30,204	31,018	30,467

Table 30. Morocco: Merchandise Exports, f.o.b., 2000–04 (concluded) 1/

(In millions of U.S. dollars)

	2000	2001	2002	2003	<u>Pre.</u> 2004
Exch. Rate DH/US\$ (period avg.)	10.6	11.3	11.0	9.6	8.9
Food, beverages, and tobacco	1,576.5	1,476.8	1,648.1	1,824.9	1,532.1
Citrus fruits	192.9	184.3	194.2	242.9	220.5
Vegetables	241.1	252.8	294.7	337.7	281.2
Tomatoes	81.7	82.5	100.2	118.8	60.0
Potatoes	17.3	13.2	12.5	13.0	16.9
Other fresh vegetables	55.7	66.2	85.7	108.8	73.9
Canned vegetables	86.4	90.9	96.3	97.1	130.5
Other	1,142.4	1,039.7	1,159.2	1,244.3	1,030.4
Energy and lubricants	271.2	301.3	220.1	92.9	198.8
Agricultural raw materials	169.7	123.2	155.4	207.8	291.7
Raw minerals	542.6	507.5	523.7	521.6	710.3
Phosphates	388.6	372.9	363.5	362.2	451.4
Lead	10.5	9.0	7.5	7.6	16.4
Barium sulphate	12.9	17.1	17.6	14.6	15.9
Other	130.6	108.5	135.1	137.1	226.7
Semifinished products	1,602.6	1,530.7	1,789.7	2,043.4	2,641.6
Fertilizers	322.8	349.2	331.2	371.2	438.4
Phosphoric acid	504.9	449.1	465.3	507.2	735.6
Lead	22.6	27.2	37.0	29.3	17.5
Electronic components (transistors)	400.3	380.6	497.9	595.0	625.4
Other	352.1	324.7	458.3	540.6	824.8
Manufactured goods	3,255.9	3,197.2	3,501.5	4,071.1	4,364.3
Agricultural equipment	1.0	1.0	1.5	1.7	2.3
Industrial equipment	451.5	397.7	508.4	674.8	742.1
Cables for electricity	195.2	225.8	305.7	400.5	393.1
Under electric systems	37.7	34.2	46.0	37.3	12.2
Consumer goods	2,803.3	2,798.6	2,991.7	3,394.6	3,620.0
Total exports (customs basis)	7,418.6	7,136.8	7,838.6	8,761.6	9,738.9
Memorandum items:					
Phosphates and derivatives	1,216.3	1,171.2	1,160.0	1,240.6	1,625.4
All other	6,202.3	5,965.6	6,678.6	7,521.0	8,113.5
Reexports, under <i>admission temporaire</i> 2/	2,558.2	2,437.8	2,740.6	3,239.7	3,435.6

Source: *Office des Changes*.

1/ Since 1998, trade statistics include trade under the admission temporaire sans paiement regime.

2/ Included in the commodity breakdown since 1998.

Table 31. Morocco: Merchandise Imports, f.o.b., 2000–04 1/

(In millions of U.S. dollars)

	2000	2001	2002	2003	Prel. 2004
Exch. Rate DH/US\$ (period avg.)	10.6	11.3	11.0	9.6	8.9
Food, beverages, and tobacco	1,337	1,363	1,374	1,194	1,534
Cereals	729	763	734	561	790
Wheat	516	548	528	384	558
Maize	108	117	135	156	202
Barley	105	99	71	21	31
Sugar	137	136	144	114	123
Other	471	464	496	519	621
Fuel and lubricants	2,038	1,945	1,831	2,212	2,938
Crude oil	1,384	1,282	1,167	963	1,639
Other	654	663	664	1,249	1,299
Agricultural raw materials	546	514	603	765	860
Vegetable oil	127	131	160	205	207
Wood	172	138	174	206	230
Other	247	245	269	355	422
Raw minerals	212	182	208	298	310
Sulphur	125	92	102	169	172
Other	87	89	106	129	138
Semifinished products	2,286	2,342	2,586	3,218	4,089
Capital goods	2,392	2,042	2,378	3,131	3,881
Agricultural	68	78	91	105	139
Industrial	2,324	1,964	2,288	3,026	3,742
Consumer goods	2,719	2,647	2,852	3,393	4,012
Total imports, c.i.f.	11,531	11,034	11,833	14,212	17,624
Memorandum items:					
Cereals, sugar, and crude oil	2,251	2,180	2,045	1,638	2,553
All other	9,281	8,854	9,787	12,574	15,072
Total imports, f.o.b.	10,609	10,151	10,886	13,075	16,215

Table 31. Morocco: Merchandise Imports, f.o.b., 2000–04 (concluded) 1/

(In millions of Moroccan dirhams)

	2000	2001	2002	2003	Prel. 2004
Exch. Rate DH/US\$ (period avg.)	10.6	11.3	11.0	9.6	8.9
Food, beverages, and tobacco	14,210	15,402	15,144	11,431	13,604
Cereals	7,745	8,622	8,091	5,368	7,008
Wheat	5,484	6,189	5,820	3,674	4,944
Maize	1,148	1,319	1,492	1,492	1,789
Barley	1,113	1,114	779	202	275
Sugar	1,458	1,535	1,591	1,095	1,093
Other	5,007	5,245	5,462	4,968	5,503
Fuel and lubricants	21,657	21,980	20,182	21,181	26,057
Crude oil	14,710	14,488	12,861	9,222	14,539
Other	6,947	7,492	7,321	11,959	11,518
Agricultural raw materials	5,803	5,809	6,646	7,325	7,623
Vegetable oil	1,347	1,486	1,765	1,960	1,840
Wood	1,828	1,559	1,913	1,970	2,041
Other	2,628	2,764	2,968	3,395	3,742
Raw minerals	2,252	2,052	2,294	2,854	2,751
Sulphur	1,326	1,042	1,127	1,618	1,524
Other	926	1,010	1,167	1,236	1,227
Semifinished products	24,295	26,476	28,498	30,815	36,262
Capital goods	25,418	23,081	26,212	29,975	34,415
Agricultural	724	885	998	1,004	1,229
Industrial	24,694	22,196	25,214	28,971	33,186
Consumer goods	28,892	29,918	31,433	32,489	35,582
Total imports, c.i.f.	122,527	124,718	130,409	136,070	156,294
Memorandum items:					
Cereals, sugar, and crude oil	23,913	24,645	22,543	15,685	22,641
All other	98,614	100,073	107,866	120,385	133,655
Total imports, f.o.b.	112,725	114,741	119,976	125,184	143,792

Source: *Office des Changes*.1/ Since 1998, trade statistics include trade under the *admission temporaire sans paiement* regime.

2/ Included in the commodity breakdown since 1998.

Table 32. Morocco: Balance of Payments, 2000–04  
(In millions of U.S. dollars; unless otherwise indicated)

	2000	2001	2002	2003	Est. 2004
Current account	-478	1,611	1,477	1,591	1,109
Trade balance	-3,235	-3,022	-3,061	-4,334	-6,489
Exports, f.o.b.	7,419	7,142	7,839	8,762	9,739
Agriculture	1,576	1,477	1,648	1,825	1,532
Phosphates and derived products	1,216	1,171	1,160	1,241	1,625
Imports, f.o.b.	-10,653	-10,164	-10,900	-13,095	-16,228
Petroleum	1,384	1,282	1,167	963	1,639
Capital goods	2,392	2,042	2,378	3,131	3,881
Food products	1,337	1,363	1,374	1,194	1,534
Services	1,142	1,910	1,946	2,617	3,388
Tourism receipts	2,039	2,583	2,646	3,225	3,920
Income	-867	-832	-738	-790	-651
Transfers	2,483	3,555	3,330	4,098	4,861
Private transfers (net)	2,382	3,535	3,223	4,017	4,729
Workers' remittances	2,161	3,261	2,877	3,612	4,218
Official grants (net)	101	20	107	81	132
Capital account	1	91	84	-10	-8
Financial account	63	2,011	-644	374	982
Direct investment 1/	368	2,727	452	2,302	822
Privatization	2	2,068	0	1,471	0
Portfolio investment 2/	18	-7	-8	8	529
Other	-434	-709	-1,089	-1,936	-370
Private 3/	536	370	205	-798	781
Public medium- and long-term loans (net)	-841	-1,079	-1,294	-1,139	-1,151
Disbursements	835	628	661	1,409	925
Amortization	-1,676	-1,707	-1,956	-2,548	-2,076
Reserve asset accumulation (-increase)	415	-3,848	-638	-1,643	-1,835
Errors and omissions	109	131	-297	-341	-268
Memorandum items:					
Exports of goods' volume (percentage change)	3.3	5.7	11.1	-6.9	5.7
Imports of goods' volume (percentage change)	3.6	11.6	1.0	5.9	5.7
Trade balance (in percent of GDP)	-9.7	-8.9	-8.5	-9.9	-13.0
Current account balance (in percent of GDP)	-1.4	4.8	4.1	3.6	2.2
Excluding official grants (in percent of GDP)	-1.7	4.7	3.8	3.4	2.0
Terms of trade (percentage change)	-7.7	7.6	-7.3	5.7	-10.8
Excluding oil	-2.4	7.9	-8.6	8.5	-10.3
Impact of US\$1 increase in oil prices (US\$, mlns)	49.0	52.7	46.8	33.3	43.4
Gross official reserves 4/	4,796	8,431	10,107	13,858	16,346
(In months of imports of goods and nonfactor services)	4.6	8.2	9.1	10.4	10.0
Debt service as percentage of export of goods, nonfactor services and MRE 5/	20.1	16.3	16.4	18.0	12.8
External public and publicly guaranteed debt (US\$, blns)	16.0	14.1	13.9	14.4	14.0
In percent of GDP	49.1	42.2	36.3	30.1	26.0
DHs per US\$, period average	10.63	11.30	11.02	9.57	8.87
DHs per US\$, period end	10.84	11.51	10.38	8.75	8.22
Oil price (US\$/barrel)	28.2	24.3	25.0	28.9	37.8

Sources: Ministry of Finance; *Office des Changes*; and Fund staff estimates and projections.

1/ In 2005, a nonresident company (Vivendi) sold part of its shares in Maroc Télécom to a resident company.

2/ The increase in 2004 is due to a sale of government shares of Maroc Télécom in the Casablanca and Paris stock exchange.

3/ Includes the loans that Moroccan banks gave in 2003 and will give in 2005 to the company (Vivendi) that bought part of Maroc Télécom in 2003 and additional shares in 2005.

4/ Excluding the reserve position in the Fund.

5/ Public and publicly guaranteed debt.

Table 33. Morocco: Effective Exchange Rates, 1990–2004

(Indices: 1990=100)

	Nominal Effective Exchange Rate 1/ (1)	Relative Consumer Prices 2/ (2)	Real Effective Exchange Rate 1/ (3) = (1)x(2)	Consumer Price Index
1990	100.0	100.0	100.0	100.0
1991	100.9	102.2	103.1	109.0
1992	103.5	100.3	103.8	115.4
1993	109.4	97.6	106.7	121.4
1994	116.6	94.4	110.1	127.6
1995	118.3	96.1	113.6	135.4
1996	119.2	96.2	114.6	139.4
1997	121.4	95.2	115.6	140.8
1998	122.8	96.5	118.4	144.7
1999	124.8	95.8	119.6	145.7
2000	128.9	95.5	123.0	148.5
2001	125.9	93.8	118.0	149.5
2002	124.6	94.4	117.6	153.5
2003	123.9	93.0	115.3	154.8
2004	123.3	92.7	114.2	157.7
2004				
I	123.0	92.9	114.3	156.5
II	123.1	92.8	114.2	157.6
III	123.1	93.0	114.4	158.7
IV	123.9	92.0	114.0	158.1
2004				
January	123.1	92.8	114.2	156.1
February	123.1	93.0	114.4	156.6
March	123.0	93.0	114.3	156.9
April	122.7	93.0	114.1	157.5
May	123.5	92.8	114.6	157.7
June	123.2	92.6	114.0	157.6
July	123.2	92.9	114.5	158.3
August	123.1	93.1	114.5	158.9
September	123.0	92.9	114.3	158.8
October	123.0	92.4	113.7	158.7
November	126.1	92.1	116.2	158.4
December	122.7	91.4	112.2	157.3

Source: IMF, Information Notice System.

1/ Increases equal appreciation.

2/ Domestic price index/weighted partner price index.



Table 34. Morocco: Stock Exchange Selected Indicators, 2000–04

	2000	2001	2002 1/	2003	2004
General index	658	610	2,980	3,944	4,522
Change (in percent)	-15.3	-7.4	-16.5	32.3	14.7
Market capitalization 2/					
In billions of dirhams	114.8	104.8	87.2	115.5	206.5
In percent of GDP	32.4	27.3	21.9	27.5	46.5
Trading volume					
In billions of DH	38.5	26.8	22.5	53.7	35.7
Change (in percent)	-60.3	-30.5	-66.7	139	-33.5
Share in total transactions of 10 most traded stocks (in percent)	81.0	79.0	77.0	74.6	...
Number of listed enterprises	53	55	55	52	53
Share of transactions off-floor					
In percent of total	56.0	35.0	60.0	71.9	...
Dividend yield (in percent)	3.2	...	...	...	...
Price earning ratio (P/E)	13.4	11.0	9.8	18.4	16.1
Memorandum item:					
GDP (in billions of DH)	354.2	383.2	397.8	419.5	443.7

Sources: Ministry of Finance; and *Conseil Déontologique des Valeurs Mobilières*.

1/ New index (Morocco All Shares Index—MASI) starting January 2002.

2/ Excludes the part of equity for which shares are not listed.

SUMMARY OF THE MOROCCAN TAX SYSTEM (Updated version, 2005 Budget Law) [JANUARY 2005]

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS
<p>1 - <u>DIRECT TAXES</u></p>	<p>(1) <u>APPLICABILITY</u>: The IGR is levied on the income of individuals and partnerships: <u>Subject to the tax</u>: - earned income; - occupational income; - income and profits from real estate; - income and profits from invested capital; - agricultural income(*); A - <u>Earned income</u>: • <u>Definitions</u>: The following are considered earned income: salaries; wages; allowances and fees; pensions; life annuities. Benefits in cash or in kind paid in addition to the above income are also considered earned income.</p>	<p>✓ <u>I-EARNED INCOME</u></p> <ul style="list-style-type: none"> <li>• <u>Main exemptions</u> <ul style="list-style-type: none"> <li>- Family allowances and family assistance payments;</li> <li>- Alimony;</li> <li>- Employer's share of retirement and social security contributions;</li> <li>- Daily illness, accident, and maternity allowances and death benefits;</li> <li>- Severance pay up to the limit established by the law and regulations in force;</li> <li>- Severance, voluntary retirement, and any other compensation granted by the courts or <u>resulting from a conciliation procedure (2005 Budget Law)</u>. This compensation is exempted up to the amount set by current laws and regulations;</li> <li>- Disability pensions paid to military personnel and their heirs.</li> <li>- Payments under life insurance contracts and capitalization contracts having a term of at least ten years.</li> </ul> </li> <li>• <u>Main deductions</u> Net taxable wages are obtained by deducting the following major items: a - 17 percent: for all occupational categories excluding certain occupations (journalists, miners, merchant seamen, marines and seagoing fishermen, etc.) for which the law provides specific rates. This deduction must not, however, exceed <b>DH 24,000</b>; b - withholding for pensions or retirement funds; c - contributions to social welfare agencies as well as social security contributions withheld from wages; d - the employee's share of group life insurance premiums; e - repayment of <b>regular principal and interest on loans obtained for the purchase of low-cost housing</b>. • <u>Standard reduction for pensions and life annuities</u> A reduction of 40 percent is allowed for pensions and life annuities. • <u>Deduction of the tax on foreign retirement pensions</u> Taxpayers normally resident in Morocco who have foreign retirement pensions are entitled to a reduction of 80 percent of the tax payable on the portion of their pensions permanently transferred to Morocco, in nonconvertible dirhams.</li> </ul>

(\*): Agricultural income is exempt from IGR until 12/31/2010 (2001 BL).

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATE
<p><b>IGR</b> (contd.)</p>	<p><b>B – Occupational income:</b></p> <p><b>Definitions:</b> Occupational income includes:</p> <p>1 – Earnings of individuals and partnerships from:</p> <p>a –A commercial, industrial or artisanal occupation; b –The profession of real estate promoter, land developer, or realtor; c – A liberal profession or any profession other than those listed in (a) and (b).</p> <p>2 – Income of a recurring nature, except scholarships.</p> <p>3- Gross earnings listed in Article 19 of the law on the IGR, received by nonresident individuals or legal entities (interest on loans and other fixed-income investments, royalties, remuneration for technical assistance, remuneration for the provision of technical and scientific information and for research work, commissions and fees, etc.).</p> <ul style="list-style-type: none"> <li>• <b>Calculation of net occupational income:</b> Occupational income is calculated according to the real net income (<i>résultat net réel - RNR</i>) system. However, taxpayers doing business as individuals or in a facto partnership may opt for the simplified net income (<i>résultat net simplifié - RNS</i>) system or the flat-rate system, provided they meet the conditions established by law (turnover (CA) thresholds).</li> </ul>	<p><b>II- Main exemptions:</b></p> <p>(a) <b>Total exemption</b> for five years for enterprises exporting goods or services and a 50 percent reduction thereafter. The 2004 BL extended this exemption to enterprises selling finished goods to exporters located in export zones;</p> <p>(b) <b>Hotels</b> established on or after July 1, 2000 are entitled, for the portion of the basis of assessment representing their turnover in foreign currency duly repatriated directly by them or for their account by travel agencies, to <b>total exemption from IGR</b> for the first five years and a 50 percent reduction thereafter;</p> <p>(c) <b>50 percent exemption with no time limit</b> for export mining enterprises and those selling their products to enterprises that export them after beneficiation;</p> <p>(d) <b>Partial exemption of 50 percent for five years</b> for enterprises located in certain regions (*);</p> <p>(e) <b>Partial exemption of 50 percent for five years</b> regardless of location in Morocco for artisanal enterprises;</p> <p>(f) <b>Partial exemption of 50 percent for five years</b> for private education and vocational training institutions;</p> <p>(g) <b>Total exemption for individuals</b> performing service contracted funded by EU grants, in respect of their professional income earned from such contracts. The 1998-1999 budget law granted <b>total exemption to individuals</b> performing service contracts financed by EU grants, covering their occupational income under such contracts.</p> <p><u>Minimum taxation</u> The IGR must not be less than the minimum contribution (CM) of taxpayers earning occupational income subject to the RNR or the RNS system. The minimum contribution is not payable during the first three accounting years following the start of professional activity.</p>	<p>➤ The minimum contribution rates are:</p> <ul style="list-style-type: none"> <li>• <b>0.25 percent</b> for the sale of the following products: edible oils, sugar, butter, flour, gas, and petroleum products;</li> <li>• <b>6 percent</b> for certain liberal professions (attorneys, notaries, architects, engineers, veterinarians, surveyors, etc.)</li> <li>• <b>0.5 percent</b> for other activities.</li> </ul>

(\*) Applicable to the following prefectures and provinces: Al Hoceïma, Berkane, Boujdour, Chefchaouen, Es-smara, Fahs-Bai-Makada, Guelmin, Jerada, Laayoune, Larache, Nador, Oued-ed-dahab, Oujda-angad, Tanger-Assilah, Tan-tan, Taounate, Taourirt, Tata, Taza, Tétouan.

TAX	DEDUCTIONS AND EXEMPTIONS
<p><b>IGR</b> (contd.)</p>	<p><b>DESCRIPTION</b></p> <p>1. <u>RNR system</u> The accounting year of taxpayers whose occupational income is calculated on a real net income (RNR) basis must end on December 31 of each year. - The RNR for each accounting year is the sum of the earnings, profits, and assets obtained through one or more occupations, less expenses incurred/paid. To the above-mentioned earnings, profits, and assets are added inventories and work in progress on the account closing date. Correlatively, inventories and work in progress on the account opening date are added to the expenses. Inventories are assessed at cost price or at the going price if the latter is lower, and work in progress is assessed at cost price. A fiscal year loss may be carried forward up the <i>fourth consecutive fiscal year</i>, except for the portion of the loss representing asset depreciation, which can be carried forward indefinitely.</p> <p>2. <u>RNS system</u> The RNS system is applicable optionally. Simplified net income is calculated in the same way as RNR, except with respect to provisions. Moreover, <i>fiscal year losses cannot be carried forward to subsequent fiscal years</i>.</p> <p>3. <u>Presumptive income system</u> The presumptive system is applicable optionally. Presumptive income is calculated by applying to the turnover of each calendar year a coefficient specified for each occupation. The annual earnings of taxpayers opting for the presumptive income system cannot be less than a minimum income (BM), determined by applying to the normal current annual rental value (VL) of each of the taxpayer's establishments a coefficient fixed between 0.5 to 10.</p> <p>C. <u>Income and profits from real estate</u></p> <p>1. <u>Real estate income</u></p> <ul style="list-style-type: none"> <li>▪ <u>Definitions</u></li> </ul> <p>The following are considered real estate income unless they fall into the category of occupational income:</p> <ol style="list-style-type: none"> <li>1. income from the rental of:             <ol style="list-style-type: none"> <li>(a) developed and undeveloped real estate and structures of all types;</li> <li>(b) agricultural property, including constructions and fixed and mobile equipment used thereon.</li> </ol> </li> <li>2. Subject to the exclusions provided by law, the rental value of real estate and structures that owners allow third parties to use free of charge.             <ul style="list-style-type: none"> <li>▪ <u>Determining taxable net real estate income</u></li> </ul> <p>The taxable net income from the real estate referred to in 1(a) is obtained by applying a deduction of 40% on the amount of gross real estate income.</p> </li></ol>
	<p style="text-align: center;"><b>✓ III--Real estate income and profit</b></p> <p>1/--Real estate income</p> <ul style="list-style-type: none"> <li>▪ <u>Main exemptions</u></li> <li>▪ <u>Permanent exemptions</u></li> </ul> <p>The following are exempt from the tax on the rental value of real estate that owners make available free of charge to:</p> <ul style="list-style-type: none"> <li>- their ascendants and descendants, when the property in question is used for housing;</li> <li>- central and local government administrations and public hospitals;</li> <li>- designated organizations (<i>associations reconnues d'utilité publique</i>).</li> <li>▪ <u>Temporary exemptions</u></li> </ul> <p>Income from the rental of new constructions and structural additions is exempt from the tax for the three years following the completion of such constructions.</p>

TAX IGR (contd.)	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p>2. <u>Real estate profits</u></p> <ul style="list-style-type: none"> <li>▪ <u>Definitions</u></li> </ul> <p>Real estate profits are defined as profits realized by individuals upon:</p> <ul style="list-style-type: none"> <li>- the sale of real estate or of rights <i>in rem</i> to real estate;</li> <li>- contribution to the assets of a real estate company or of rights <i>in rem</i> to real estate;</li> <li>- transfer for valuable consideration or contribution to the assets of a company of registered shares or partnership shares issued by real estate companies, deemed neutral from a tax standpoint;</li> <li>- transfer for valuable consideration or contribution to the assets of companies of shares, promoters' shares, founders' shares, or partnership shares of companies engaging primarily in real estate activities;</li> <li>- grants of any kind, except for those made between ascendants and descendants, between spouses, and between brothers and sisters.</li> </ul> <ul style="list-style-type: none"> <li>▪ <u>Calculation of taxable real estate profit</u></li> </ul> <p>Taxable real estate profit is equal to the difference between:</p> <ul style="list-style-type: none"> <li>- the transfer price less transfer expenses, if any; and</li> <li>- the purchase price plus related costs and investment expenses, this total being revalued by applying coefficients established by ministerial decree, based on the national cost-of-living index.</li> </ul>	<p>2/-Real estate profits</p> <ul style="list-style-type: none"> <li>▪ <u>Main exemptions</u></li> <li>▪ <u>Permanently exempted</u></li> </ul> <ul style="list-style-type: none"> <li>- Profit from the transfer of a building occupied by its owner as principal residence for at least 8 consecutive years prior to the date of transfer. However, a period of 6 months reckoned as from the date on which the unit is vacated shall be granted to the taxpayer for purposes of carrying out the transfer operation.</li> <li>- Profit corresponding to all or part of the transfer price, not exceeding <i>DH 1 million</i>, of a building or part of a building occupied as principal residence for more than 5 years prior to the date of transfer by the owner thereof or by members of real estate companies;</li> <li>- Profit earned by individuals upon the first transfer of a building used as principal residence, the area and transfer price of which do not exceed <i>100 m<sup>2</sup> and DH 200,000</i>, respectively.</li> <li>- Profit from one or more transfers by individuals who, during the calendar year, realize a total <i>not exceeding DH 60,000</i>;</li> <li>- Profit from the transfer of undivided rights in agricultural properties located outside urban areas; <ul style="list-style-type: none"> <li>- Between joint heirs;</li> <li>- Between co-owners when the rights were acquired more than four years earlier.</li> </ul> </li> <li>▪ <u>Partially exempted</u></li> <li>- A 50 percent reduction of the tax is granted on profit corresponding to the portion of the transfer price exceeding the limit of <i>DH 1 million</i>, realized on the transfer of a building occupied as principal residence for 5-10 years.</li> </ul>	<p><u>Rates applicable to real estate profits</u></p> <p>The rate is 20 percent.</p> <p>However, the total amount of the tax cannot be less than 3 percent of the transfer price.</p> <p>This rate is in full discharge of the IGR.</p>	

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
IGR (cont'd)	<p>D. <u>Income and profits from invested capital</u></p> <p>1. <u>Income from invested capital</u></p> <ul style="list-style-type: none"> <li>▪ <u>Definitions</u></li> </ul> <p>The following are considered income from invested capital:</p> <ul style="list-style-type: none"> <li>- Earnings from shares or partnership shares and similar income distributed by companies headquartered in Morocco and subject to corporate tax (IS);</li> <li>- Earnings from fixed-income investments deposited or credited to the accounts of individuals or legal entities that have not opted for the IS and whose principal residence, tax domicile, or headquarters is in Morocco.</li> <li>▪ <u>Calculation of net taxable income</u></li> </ul> <p>Net taxable income is calculated by deducting bank service charges and collection, account maintenance, and safekeeping fees from the gross amount.</p> <p>2. <u>Profits from invested capital</u></p> <ul style="list-style-type: none"> <li>▪ <u>Definition:</u></li> </ul> <p>The following are considered profits from invested capital: annual securities and other equity and debt instruments issued by public or private legal entities, whether headquartered in Morocco or abroad, as well as mutual funds (OPVM), but excluding:</p> <ul style="list-style-type: none"> <li>- Companies dealing primarily in real estate;</li> <li>- <i>Sociétés immobilières transparentes</i> (real estate enterprises whose assets consist of land or a housing unit owned or purchased for occupation by their members).</li> <li>▪ <u>Calculation of investment profits</u></li> </ul> <p>Net transfer profit is calculated on the basis of the transfers of each security or instrument. It is made up of the difference between:</p> <ul style="list-style-type: none"> <li>- the transfer price minus, where applicable, expenses borne by the transferor at the time of the transfer, particularly brokerage fees and commission charges; and</li> <li>- the purchase price plus, where applicable, expenses borne at the time of any purchase, particularly brokerage fees and commission charges.</li> </ul>	<p><u>Exempt investment profits</u></p> <p>The following are exempt from IGR:</p> <ul style="list-style-type: none"> <li>- Profit or the portion of profit on transfers of securities and other equity and debt instruments corresponding to the amount of transfers made in a calendar year, but not exceeding DH 20,000;</li> <li>- Grants of securities and other equity and debt instruments between ascendants and descendants, between spouses, and between brothers and sisters.</li> </ul> <p>Moreover, effective <i>January 1, 2002</i> and until <i>December 31, 2005</i>, <b>total exemption</b> from IGR is granted for profits earned from transfers of shares listed on the Moroccan securities exchange and from transfers of shares or interests in mutual funds when at least 85 percent of the fund's assets are continuously invested in shares listed on the Moroccan securities exchange.</p>	<p><u>Rates applicable to investment income:</u></p> <p>The withholding rate is:</p> <ul style="list-style-type: none"> <li>▪ 10 percent on income from shares, partnership shares, and the like. This withholding is in full discharge of the IGR;</li> <li>▪ 20 percent applicable to earnings from fixed-income investments paid to persons subject to IGR under the RNR system or the RNS system. This withholding is charged against the amount of IGR, with entitlement to refund;</li> <li>▪ 30 percent on earnings from fixed-income investments paid to individuals not subject to IGR under the RNR system or the RNS system. This withholding is in full discharge of the IGR.</li> </ul> <p><u>Rates applicable to investment profits</u></p> <ul style="list-style-type: none"> <li>▪ 10 percent for net profits from transfers of shares and other equity instruments, as well as mutual fund shares or interests when at least 60 percent of the fund's assets are continuously invested in shares and other equity instruments;</li> <li>▪ 20 percent for net profits from transfers of bonds and other debt instruments, as well as mutual fund shares or interests, when at least 90 percent of the fund's assets are continuously invested in bonds and other debt instruments; and</li> <li>▪ 15 percent for net profits from transfers of shares or interests in <b>diversified mutual funds</b>.</li> </ul> <p>These rates are in full discharge of the IGR.</p>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES												
IGR (Cont'd)	<p><u>2. CALCULATION OF TOTAL INCOME</u></p> <ul style="list-style-type: none"> <li>▪ Total taxable income is the sum of net incomes in the various categories mentioned above.</li> <li>▪ The IGR is a tax for which a return must be filed.</li> </ul> <p><u>3. CALCULATION OF THE TOTAL INCOME OF INDIVIDUALS WHO ARE MEMBERS OF GROUPS</u></p> <p>The profits of partnerships, limited partnerships, and de facto companies whose members are all individuals are considered occupational income of the <u>principal partner</u> and are <u>taxed in his or her name</u>.</p> <p><i>Losses can be charged against other occupational income of the principal partner.</i></p>	<p><u>▪ DEDUCTIONS FROM TOTAL INCOME</u></p> <p>The following are deductible from total taxable income:</p> <p>(a) The amount of <i>grants</i> in cash or in kind made to designated organizations and other establishments specified by law (Art. 9 of the Law on the IGR);</p> <p>(b) Up to 10 percent of total taxable income, the amount of <i>regular interest</i> on loans granted to taxpayers by specialized institutions or by banks and credit institutions for <i>the purchase or construction of housing for use as principal residence</i>.</p> <p>This deduction is also allowed on interest on loans granted by the charitable schemes of public, semi-public, or private institutions and by enterprises, effective January 1, 2004;</p> <p>(c) Up to 6 percent of total taxable income, <i>premiums</i> or contributions made under individual or group <i>retirement insurance policies having a term of at least 10 years</i> taken out with insurance companies located in Morocco, when the benefits are paid to recipients over 50 years of age.</p> <p><u>▪ TAX DEDUCTIONS</u></p> <p>Deductions for family expenses The deduction is DH 180 for spouses and up to DH 1,080 for dependent children.</p>	<p>The schedule for calculating the IGR is as follows:</p> <table border="1"> <thead> <tr> <th>Income bracket (in DH)</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>0 - 20,000</td> <td>0 percent</td> </tr> <tr> <td>20,001-24,000</td> <td>13 percent</td> </tr> <tr> <td>24,001-36,000</td> <td>21 percent</td> </tr> <tr> <td>36,001-60,000</td> <td>35 percent</td> </tr> <tr> <td>Above 60,000</td> <td>44 percent</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>▪ However, the tax rate differs for the following wages and income, for which the withholding is: <ul style="list-style-type: none"> <li>▪ 10 percent for the gross income referred to in Art. 19 of the law, earned by foreign enterprises not domiciled or headquartered in Morocco, excluding interest on loans granted in foreign exchange for terms of 10 years or more; this rate is in full discharge of the IGR;</li> <li>▪ 17 percent for substitute teachers; this withholding is in full discharge of the IGR;</li> <li>▪ 30 percent applicable to: <ul style="list-style-type: none"> <li>- Occasional wages and compensation paid to persons who are not permanent employees of an enterprise, as well as compensation paid to commercial or industrial traveling salesmen or representatives working for one or more employers established in Morocco; <i>this withholding is not in full discharge of the IGR.</i></li> <li>- Physicians working in clinics and not subject to the business license tax; <i>this withholding is in full discharge of the IGR.</i></li> <li>- Gross fees paid to artists working individually or in a troupe.</li> </ul> </li> </ul> </li> </ul> <p>This withholding is in full discharge of the IGR.</p>	Income bracket (in DH)	Rate	0 - 20,000	0 percent	20,001-24,000	13 percent	24,001-36,000	21 percent	36,001-60,000	35 percent	Above 60,000	44 percent
Income bracket (in DH)	Rate														
0 - 20,000	0 percent														
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TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>2. Corporate tax</b> (<i>impôt sur les sociétés—IS</i>)</p>	<p>1. <u>Applicability</u> Applicable by law to all corporate enterprises, public institutions, fund organizations established by legislation or regulation (2005 Budget Law), and other legal entities, and on an optional basis to partnerships. - Taxable fiscal year earnings are the sum of operating income, profits, and gains, minus operating expenses. The 1994 budget law introduced the declining balance method of depreciation for capital goods acquired on or after January 1, 1994, on an optional basis and subject to certain exclusions. - Losses can be carried forward, up to the <i>fourth consecutive fiscal year</i>; however, the portion of the loss related to asset depreciation can be carried forward indefinitely.</p> <p>2. <u>Payment</u> - The tax is paid voluntarily in <u>four advance payments</u>, each equal to 25 percent of the amount of tax payable for the previous fiscal year. - When the amount of IS due exceeds the advance payments made, the outstanding balance is paid voluntarily by the enterprise together with the first advance payment due. - If too much tax is paid, the excess is automatically offset against the first advance payment due and, in applicable cases, to the remaining advance payments. Any balance remaining is <i>automatically refunded within a month</i> of the due date of the last advance payment. Companies shall be required to pay the tax to the office of the tax administration collector. However, they may settle the amount of corporate tax by payment on-line (2005 BL).</p>	<p>A - <u>Main exemptions</u> 1. <b>Full, permanent exemption</b> for: - Nonprofit associations and comparable entities; - Companies engaged in raising livestock; - Profits on transfers of securities by foreign companies. - Legal entities performing service contracts financed by EU grants pursuant to said contracts. - Cooperatives and their incorporated unions whose charters, functions, and operations are recognized to be in conformity with the laws and regulations governing the category to which they belong, when: * Their activities are limited to the collection of raw materials from their members and to the marketing thereof; * Their annual turnover is less than five million dirhams (DH 5,000,000) exclusive of VAT, if they are engaging in activities involving the processing of raw materials collected from their members or of inputs by means of equipment, materials, and other means of production similar to those used by industrial enterprises subject to the corporate tax or activities involving the marketing of the goods they have processed (2005 BL). 2. <b>Full exemption for five years and 50 percent reduction thereafter</b> for: - Enterprises exporting goods - Enterprises exporting services, for the portion of their export turnover <i>denominated in foreign exchange</i>; - As of January 1, 2004 enterprises selling finished goods to exporters located in the export zones;</p>	<p><u>The IS Rate</u> ➤ The rate of the IS is 35 percent. ➤ This rate is halved for the Tangiers area (<i>wilaya</i>). ➤ For the credit institutions, BAM, and CDG, and for insurance and reinsurance companies, but not leasing companies, the rate is 39.6 percent. ➤ 10 percent withholding at source is in full discharge of the IS for: - The gross earnings mentioned in Art. 12 of the Law on the IS, of foreign companies, excluding interest on foreign currency loans granted for terms of 10 years or more; interest on deposits in foreign currency or convertible dirhams; interest on loans to the government or guaranteed by it; as well as interest on foreign currency loans granted by the EIB in the context of government-approved projects; - Earnings from shares or partnership shares and similar income. ➤ Earnings from fixed-income investments are subject to 20 percent withholding at source, <i>chargeable to IS, with the right to a refund</i>. ➤ Enterprises located in export processing zones are subject to the reduced rate of 8.75 percent. ➤ Foreign companies operating in Morocco which have been awarded construction or assembly contracts are taxed at the rate of 8 percent. The 8 percent rate is calculated on turnover, excluding taxes. It provides full discharge of withholding at source on the gross earnings of foreign companies and of tax withholding on earnings from shares, partnership shares, and similar income.</p>



TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
		<p>- Hotels established on or after July 1, 2000, for the portion of the basis of assessment corresponding to their <i>turnover denominated in foreign exchange, duly repatriated</i> directly by them or on their behalf by travel agencies.</p> <p><b>3. 50 percent reduction without time limit for</b></p> <ul style="list-style-type: none"> <li>- Agricultural companies, for profits from grain, oil- producing, sugar, fodder, and cotton crops;</li> <li>- Export mining enterprises, as well as those which sell their products to enterprises that export them.</li> </ul> <p><b>4. 50 percent reduction for five years for:</b></p> <ul style="list-style-type: none"> <li>- Artisanal enterprises whose output is the result of essentially manual work, whatever the location of the company or enterprise;</li> <li>- Private education and vocational training institutions that began operations on or after January 1, 1998.</li> <li>- Enterprises doing business in one of the prefectures or provinces mentioned above (cf. footnote on page 3).</li> </ul>	

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
IS (Cont'd)		<p>5 - Temporary reduction for companies listed on the securities exchange</p> <p>➤ <u>Eligible companies</u></p> <p>Companies that list their securities on the securities exchange in a public offering and/or a transfer of existing stock or a capital increase are eligible. These securities must be made available to the public at the same time as the companies in question are listed on the securities exchange.</p> <p>➤ <u>Excluded companies</u></p> <ul style="list-style-type: none"> <li>- Credit institutions, including finance companies;</li> <li>- Insurance, reinsurance, and underwriting enterprises;</li> <li>- Companies holding public utility concessions;</li> <li>- Companies whose capital is totally or partially held by the government or a public body (<i>collectivité publique</i>), or by a company with at least half its capital held by a public body.</li> </ul> <p>➤ <u>Rate reduction</u></p> <p>Eligible companies enjoy a reduction of the IS rate applied as follows:</p> <ul style="list-style-type: none"> <li>- 25 percent for companies listing their securities on the securities exchange in a public offering involving the transfer of existing stock;</li> <li>- 50 percent for companies listing their securities on the securities exchange in connection with a capital increase of at least 20 percent, in which preferential subscription rights are waived.</li> </ul> <p>➤ <u>Effective date of the measure</u></p> <p>The above reductions apply to companies listed on the securities exchange between January 1, 2001 and December 31, 2003. The 2004 BL extended this period by three years (through December 31, 2006). The reduction will be available for <i>three consecutive years</i>, starting with the fiscal year after the one in which the company was listed on the Casablanca Securities Exchange.</p> <p>6 - <u>Reduction in favor of increase in the capital of companies</u> <b>Firms and other corporations which, between January 1, 2005 and December 31, 2006 inclusive, decide to increase their company capital, shall benefit (subject to the conditions provided by law) from a reduction in the corporate tax equal to 10 percent of the amount of the capital increase thus implemented.</b></p>	

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
IS (Cont'd)	<p>3. <u>Minimum tax</u></p> <ul style="list-style-type: none"> <li>▪ The IS cannot be less than the minimum contribution (<i>cotisation minimale</i>—CM) where the basis of assessment consists of the amount (exclusive of tax) of operating income allowed by law.</li> </ul> <p>However, the amount of the CM may not be less than DH 1,500.</p> <ul style="list-style-type: none"> <li>▪ <i>The minimum contribution is not payable during the first 36 months</i> following the start of operations. However, this exemption is no longer available once a period of 60 months has lapsed since the date of organization of the companies in question.</li> </ul>	<p><b>Deductible items</b> include, in particular:</p> <ul style="list-style-type: none"> <li>- Purchases of materials and products;</li> <li>- Personnel expenses;</li> <li>- Overhead expenses;</li> <li>- Start-up expenses; (non-amortized);</li> <li>- Fees and taxes, except IS;</li> <li>- Recorded depreciation; <sup>(1)</sup></li> <li>- Provisions; <sup>(2)</sup></li> <li>- Grants in cash or in kind to: <i>Habous (religious endowments)</i>; designated organizations; public institutions engaged in cultural, educational, or research activities; the National League Against Cardiovascular Diseases; the National Cultural Action Fund; and the Moroccan National Olympic Committee, there being no limit on the amount of grants;</li> <li>- Grants in cash or in kind for charitable schemes of public or private enterprises and of those institutions specified by law (up to 2 permil of turnover);</li> <li>- Finance charges;</li> <li>- Miscellaneous operating losses.</li> </ul> <p>Up to 20 percent of the maximum depletion allowance of 50 percent of the taxable income of mining enterprises can be allocated to a social fund and the remainder to depletion.</p> <p>Enterprises may use all or part of the maximum investment provision of 20 percent of taxable income for making investments in capital goods, materials, and tools (for a maximum of 30 percent of such investment), except for land, construction other than for professional use, and passenger cars. However, enterprises may earmark all or part of that provision for restructuring as well as for research and development to improve their productivity and economic profitability.</p> <p>Under the 1999/2000 BL, enterprises can use the investment provision for research and development without any limitation as to amount (formerly limited to 2 percent of taxable income).</p>	<p>The minimum contribution rates<sup>(3)</sup> are:</p> <ul style="list-style-type: none"> <li>- 0.25 percent for operations carried out by business corporations and involving petroleum products, gas, butter, edible oils, sugar, flour, water, and electricity;</li> <li>- 0.5 percent for all other activities.</li> </ul>

(1) The 1994 budget law instituted an optional declining balance method of depreciation for capital goods acquired on or after 1/1/1994, subject to the exclusions specified by law.

(2) Under the 1997–1998 budget law, the time limit on using the investment provision for the coastal fishing and maritime transport sector was increased from three years to five years.

TAX	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>IS</b> (Cont'd.)</p>	<p><u>B – Specific reductions</u></p> <p><i>Profits and gains realized on the transfer of fixed assets are eligible for the following reductions:</i></p> <p>➤ <u>During operations:</u></p> <ul style="list-style-type: none"> <li>• 25 percent if the interval between the year of acquisition of each item withdrawn from the assets or transferred and the year of its withdrawal or transfer is 2-4 years;</li> <li>• 50 percent if this interval is 4-8 years;</li> <li>• 70 percent if this interval is more than 8 years.</li> </ul> <p>In addition, a company enjoys total exemption if it undertakes in writing:</p> <ul style="list-style-type: none"> <li>• to reinvest the total proceeds of transfers carried out in a given fiscal year no later than three years after the closing date of the fiscal year in question, in capital goods or in buildings reserved for the company's own business operations; and</li> <li>• to include said goods and buildings in its assets for a period of <b>five years</b>, starting with the date of acquisition.</li> </ul> <p>Moreover, effective 1/1/2002 and up to 1/1/2005, net gains and profits resulting from the redemption or transfer, during operations, of shares listed on the Moroccan Securities Exchange or of shares of mutual funds 80 percent of whose assets are continuously invested in shares listed on the Securities Exchange, are subject separately to IS, on an optional basis, by application of a reduction of 50 percent of the IS rate.</p> <p>➤ <u>At the end of operations</u></p> <ul style="list-style-type: none"> <li>• 50 percent if the interval between the year of the company's establishment and that of the withdrawal or transfer of the assets is 4-8 years;</li> <li>• Two-thirds if this interval is eight or more years.</li> </ul>	

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<b>Business license tax (Impôt des patentes)</b>	<p>The business license tax is levied on all Moroccan and foreign individuals and legal entities engaged in professional, industrial, or commercial activities.</p> <p>The principal amount of the business license tax is a proportional tax on the rental value of business premises.</p> <p>The principal amount of the business license tax is increased by a 10 percent surtax and an additional percentage tax (<i>centimes additionnels</i>).</p> <p>The principal amount of the business license tax is allocated as follows:</p> <ul style="list-style-type: none"> <li>- 90 percent for local governments;</li> <li>- 10 percent for the general state budget.</li> </ul> <p>The additional percentage tax is earmarked for the general state budget and the 10 percent surtax is paid to boards of trade, industry, marine fisheries, and crafts and their federations.</p> <p><b><u>Basis of assessment of the TP:</u></b></p> <p>The proportional tax (TP) is assessed on the current, regular, gross rental value of stores, factories, workshops, sheds, yards, and places of deposit and of premises, sites, and facilities used for taxable business activities.</p>	<p><b><u>Main exemptions:</u></b></p> <p>The following are exempt from the business license tax:</p> <ul style="list-style-type: none"> <li>- Civil servants;</li> <li>- Individuals in one of the occupations listed in Category 7, Table A;</li> <li>- Farmers, but only for the sale (other than in shops or stores) of crops and products from their farm, as well as the sale of livestock they raise there;</li> <li>- Mutual funds (OPCVMs) in accordance with the applicable legislation;</li> <li>- Individuals and legal entities engaged in professional, industrial, or business activities, for their first five years of operation.<sup>(1)</sup></li> </ul> <p>However, this exemption does not apply to:</p> <ul style="list-style-type: none"> <li>• The credit institutions, BAM, and CDG;</li> <li>• Insurance and reinsurance companies;</li> <li>• Real estate agencies.</li> </ul> <p><b><u>Reduction:</u></b> To determine the rental value to be used as the base for TP payable by <i>hotels</i>, the following reductions are applied to the cost price of the buildings and facilities of each establishment:<sup>(2)</sup></p> <ul style="list-style-type: none"> <li>- 20 percent for cost prices of DH 3 million or less;</li> <li>- 40 percent for cost prices of DH 3–6 million;</li> <li>- 50 percent for cost prices of DH 6–12 million; and</li> <li>- 60 percent for cost prices of over DH 12 million.</li> </ul>	<p><b><u>Applicable rates:</u></b></p> <p>Rental value, which is the basis of assessment of the business license tax for factories, industrial and commercial establishments, and service providers, is determined directly by applying a <i>flat rate of 3 percent</i> to the cost price of land, constructions, fittings, equipment, and tools.</p> <p><b>The rental value</b> used as the basis of assessment of the TP payable on land, buildings and their fittings, equipment, and tools is limited to the portion of their cost price not exceeding <b>DH 50 million</b> (DH 100 previously).</p> <p>This restriction applies to all establishments producing goods and engaging in the manufacture, processing, or packaging of products.</p> <p>The cap on the taxable amount of an investment also applies to service providers (2001 BL).</p>

N.B. (1) The Budget Law for the second half of 2000 extended the five-year exemption to the 10 percent surtax and the additional percentage tax.

(2) In the interest of harmonization, the 1997–1998 BL made contract managers also eligible for the reduction granted to owner-operated hotels.

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES																
<p><b>4. Urban tax (Taxe urbaine—TU)</b></p>	<p>The urban tax is levied on:</p> <ul style="list-style-type: none"> <li>- Buildings and constructions of all types, occupied fully or in part by their owners as their principal or secondary residence, or provided free of charge by said owners as housing for their spouse, ascendants, or descendants;</li> <li>- Buildings used by their owners for a business activity or any other type of operation;</li> <li>- Machinery and equipment installed in enterprises that produce goods or services;</li> <li>- Undeveloped land used by the owner for any type of operation.</li> </ul> <p>TU is levied within the boundaries of urban communes and their outlying areas, designated centers, summer and winter resorts, and thermal spas.</p> <p>TU is assessed on the rental value of land, buildings, machinery, and equipment, as determined by the survey committee, using comparisons or direct valuation. However, a <u>75 percent reduction</u> is applicable to buildings occupied as by the owner as his or her principal residence or free of charge by the owner's ascendants or descendants.</p> <p>The rental value is increased every five years by 2 percent.</p> <p>Ninety percent of TU revenue is allocated to communes and 10 percent to the general state budget to cover assessment and collection costs.</p>	<p><b>Permanent exemptions:</b></p> <ul style="list-style-type: none"> <li>- Royal residences, properties owned by the state, local governments, private relief and charity organizations, and designated organizations;</li> <li>- Endowed property (<i>biens tabous</i>), with the exception of endowed property involving households;</li> <li>- Buildings made available free of charge to certain organizations specified by law;</li> <li>- Buildings owned by foreign governments and designated for use as offices or housing for certain diplomats (subject to reciprocity);</li> <li>- Buildings owned by international organizations enjoying diplomatic status and designated for use as offices of the organization or as housing for mission chiefs;</li> <li>- Buildings generating no income and used exclusively for public religious services or free classes, and buildings classified as historical monuments;</li> <li>- Buildings owned by agricultural cooperatives and their unions, designated for agricultural use.</li> </ul> <p><b>Temporary exemptions:</b></p> <p><b>Five years</b> for:</p> <ul style="list-style-type: none"> <li>- Newly-installed machinery and equipment;</li> <li>- New construction and structural additions;</li> <li>- New construction and structural additions as well as capital goods, materials, and tools to be used solely for business purposes when acquired by leasing companies on behalf of their customers, not including those owned by:</li> <li>- Long-term establishments of companies and enterprises not headquartered in Morocco that have been awarded contracts for construction work, supplies, or services;</li> <li>- The credit institutions, BAM, and CDG;</li> <li>- Insurance and reinsurance enterprises;</li> <li>- Real estate agencies.</li> </ul> <p><b>15 years</b> for:</p> <ul style="list-style-type: none"> <li>- Dwellings considered <i>low-cost housing</i> for the full term of loans, although this exemption may not exceed 15 years from the date of their completion.</li> </ul>	<p><b>Applicable rates:</b></p> <p>* The following schedule applies to properties used as <i>dwellings</i>:</p> <table border="1"> <thead> <tr> <th>Rental value in DH</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>0-3,000</td> <td>Exempt</td> </tr> <tr> <td>3,001-6,000</td> <td>10 percent</td> </tr> <tr> <td>6,001-12,000</td> <td>16 percent</td> </tr> <tr> <td>12,001-24,000</td> <td>20 percent</td> </tr> <tr> <td>24,001-36,000</td> <td>24 percent</td> </tr> <tr> <td>36,001-60,000</td> <td>28 percent</td> </tr> <tr> <td>60,001 and above</td> <td>30 percent</td> </tr> </tbody> </table> <p>* Business premises and equipment are subject to TU at the rate of 13.5 percent.</p> <p>TU is levied on the owner or life tenant. The rental value of property used by the owners thereof for their business activity or for any other type of operation is determined by applying a <i>flat rate of 3 percent</i> to the cost price of land, buildings and their fittings, machinery, and equipment, as substantiated by the owners or estimated by the administration using comparisons. However, the rental value of land, buildings and their fittings, machinery, and equipment is limited to the portion of the cost price equal to or less than DH 50 million (DH 100 million previously) (2001 BL).</p> <p>This limit applies to all establishments producing goods and engaging in the manufacture, processing, or packaging of products.</p> <p>The cap on taxable investment also applies to service providers.</p>	Rental value in DH	Rate	0-3,000	Exempt	3,001-6,000	10 percent	6,001-12,000	16 percent	12,001-24,000	20 percent	24,001-36,000	24 percent	36,001-60,000	28 percent	60,001 and above	30 percent
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TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>5. Municipal tax (Taxe d'édilitéé—TE)</b></p>	<p>The TE applies to buildings and constructions of all types, land used for any kind of operation, and machinery and equipment subject to the urban tax.</p> <p>The tax is based on the rental value used to calculate the urban tax, including that of buildings which are temporarily exempt, and on the total amount of rent when the property is leased.</p> <p>All TE revenue is earmarked for the communes.</p>	<p><u>Exemptions:</u></p> <p>Buildings and building annexes permanently exempt from the urban tax are also exempt from the TE.</p>	<p><u>Applicable rates:</u></p> <p>The rates of the TE are:</p> <ul style="list-style-type: none"> <li>- 10 percent for buildings located within the boundaries of urban communes and designated centers;</li> <li>- 6 percent for buildings located in the outlying districts of urban communes.</li> </ul>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>II. Value-added tax (VAT)</b></p> <p><u>1/ Applicability</u> VAT applies to industrial, artisanal, and commercial activities (including retail businesses with an annual turnover of DH 2,000,000 or more), professional occupations, and import operations.</p> <p><u>2/ Basis of assessment:</u></p> <ul style="list-style-type: none"> <li>- <i>Taxable turnover</i> includes the price of goods, works, or services and income incidental thereto, as well as related fees, taxes, and duties, with the exception of VAT.</li> <li>- Turnover consists of: <ul style="list-style-type: none"> <li>▪ for the operations of real estate developers, the transfer price of the construction minus the price of the land, adjusted with reference to real estate profit ratios.</li> </ul> </li> </ul> <p>However, when the purpose of the building is other than for sale, the basis of assessment is the cost price of the construction;</p> <ul style="list-style-type: none"> <li>▪ for land development operations, the cost of the work;</li> <li>▪ for swap and self-delivery operations, the regular price of the goods, works, or services at the time the operations are carried out.</li> </ul>	<p>There are two types of exemption:</p> <p><u>1. Exemptions without entitlement to deduction (<i>sans droit à déduction</i>—SDD):</u></p> <p>These apply, in particular, to: essential goods; sales involving sugar and pharmaceuticals subject to price controls; books and newspapers; sales of and services provided by manufacturers or suppliers with a turnover of DH 180,000 or less; self-delivery of dwellings having an area of 240m<sup>2</sup> or less; operations and interest involving advances and loans to the central and local governments, etc.</p> <p>The following are also exempt:</p> <ul style="list-style-type: none"> <li>- Medical treatment provided by physicians, dentists, physical therapists, orthopedic specialists, speech therapists, and midwives.</li> <li>- The operators of clinics, health or treatment centers, and medical laboratories;</li> <li>- Interest on loans granted by finance companies, on the same terms as those granted to private school students and vocational training by banks;</li> <li>- Sales of equipment specially made for the handicapped, locally-produced handcrafted carpets, and operations related to loans and advances to the Communal Capital Fund (<i>Fonds d'Équipement Communal</i>), etc.</li> <li>- Services rendered by designated nonprofit associations, mutual aid societies, etc.;</li> <li>- <b>The operations carried out</b>, under certain conditions, <b>by cooperatives and their incorporated unions</b> whose charters, functions, and operations are recognized to be in conformity with current laws and regulations governing the category to which they belong. However, <b>the exemption does not apply to the commercial, industrial, or service-delivery operations carried out by the aforementioned entities (2005 BL)</b>.</li> <li>- The goods, work, or services which diplomatic or consular missions or their members accredited to Morocco and having diplomatic status acquire from taxpayers or benefit from vis-à-vis taxpayers.</li> </ul>	<p><u>Applicable rates:</u></p> <p><b>1. Four ad valorem rates:</b></p> <ul style="list-style-type: none"> <li>▪ Regular rate: 20 percent;</li> <li>▪ Rate of 14 percent:</li> <li>- ADD: for real estate projects, coffee, tea, affordable light commercial vehicles, affordable mopeds, electric power;</li> <li>- SDD: for services provided by insurance agents and brokers;</li> <li>▪ Rate of 10 percent, ADD, applicable to: <ul style="list-style-type: none"> <li>- The tourism sector;</li> <li>- Food services (fast-food restaurants, caterers, etc);</li> <li>- Sales of foodstuffs and beverages for on-site consumption in restaurants, regardless of location;</li> <li>- Food service operations by providers of services to employees of businesses;</li> <li>- <b>Edible oils (2005 BL);</b></li> <li>- <b>Cooking salt (2005 BL)</b>.</li> </ul> </li> <li>▪ A reduced rate of 7 percent:</li> <li>- SDD: for certain professional occupations (attorneys, notaries, veterinarians, interpreters etc.);</li> </ul>	



TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><u>Value-added tax (Cont'd)</u></p>	<p>3/ <u>Returns</u> Two types of returns are prescribed by law: - <u>Monthly</u>: • for taxpayers whose taxable turnover during the year is DH 1,000,000 or more • for any person without a long-term establishment in Morocco who engages in taxable operations in the country.</p>	<p>2. <u>Exemptions with entitlement to deduction (avec droit à déduction—ADD)</u>  These apply essentially to products delivered and services provided for taxpayer export activities, fertilizers, agricultural equipment, low-cost housing having an area and a VIT (total real estate value) of 100m<sup>2</sup> and DH 200,000, respectively, and ship sales, repairs, and conversions. - Capital goods to be recorded in a fixed assets account, acquired by taxpayers - Capital goods acquired by private education and vocational training institutions; - New vehicles acquired by taxi operators; - Certain operations and activities of Bank Al Maghrib as specified by Law (2005 BL) - Goods and services required for foreign film production.</p>	<p>- <u>ADD</u>: - For certain mass consumption goods (water, pharmaceuticals, etc.); - For affordable vehicles and all goods and materials used in their manufacture, as well as services for assembling such vehicles subject to the requirements specified by law (BL, 2005); - Bank, credit, and exchange operations; securities transactions carried out by brokerage firms; and transactions involving shares and partnership shares issued by mutual funds.</p>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>Value-added tax (Cont'd)</b></p>	<p>- <i>Quarterly</i>:                      - Taxpayers whose turnover in the year under review is less than DH 1,000,000;                      - Taxpayers operating seasonal establishments as well as those engaged in a periodic activity or occasional operations;                      - New taxpayers for the duration of the current calendar year.                       The above taxpayers may <b>elect, before January 31</b>, to be taxed under the monthly return system.   <i>Taxpayers may file electronically their tax returns and payments prescribed by law (Budget Law 2005) with the tax administration.</i></p>	<p>ADD exemptions also apply to:                      - Goods, merchandise, works, and services for delivery on a grant basis by Moroccan or foreign individuals or legal entities to the central government, local governments, public institutions, and designated organizations addressing the social and health conditions of the handicapped and the underprivileged, whether produced domestically or imported;                      - Goods, merchandise, works, and services for delivery on a grant basis by foreign governments or international organizations in the context of international cooperation to the central government, local governments, public institutions, and designated organizations;                      - Goods, merchandise, works, and services for delivery on a grant basis by the Moroccan government to foreign governments;                      - Goods, merchandise, works, and services financed by EU grants;                      - Acquisitions by international road transport enterprises of buses, trucks, and related capital goods (whether domestic or imported);                      - Capital goods, equipment, and tools acquired locally or imported by nonprofit associations working with the handicapped and by the Moroccan Red Crescent;                      - Products and equipment for hemodialysis;                      - Drugs used to treat cardiovascular diseases, diabetes, asthma, and AIDS;                      - Sanitation services invoiced to users by the suppliers of such services;                      - CD-ROMs containing exempt publications and books;                      - Construction of university dormitories, residences, and campuses by any individual or legal entity.                      - <i>International transport operations</i> and the provision of related services, as well as the repair, upkeep, maintenance, conversion, chartering, and leasing of the various means of such transport.</p>	<p><b>2. Three specific rates:</b></p> <ul style="list-style-type: none"> <li>- DH 100 per hl of wine;</li> <li>- DH 4 per gram of gold or platinum;</li> <li>- DH 0.05 per gram of silver.</li> </ul>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES																											
<p><b>Special annual tax on motor vehicles</b> <i>(Taxe spéciale annuelle sur les véhicules automobiles—TSAVA)</i></p>	<p>The TSAVA applies to motor vehicles as defined in Article 20 of the Vizirial Decree (<i>Arrêté Viziriel</i>) of January 24, 1953 on the policing of traffic and trucking, registered in Morocco.</p>	<p><b>Main exemptions:</b></p> <ul style="list-style-type: none"> <li>- The following are exempt:                             <ul style="list-style-type: none"> <li>- Mass transit vehicles;</li> <li>- Commercial vehicles whose gross weight exceeds 3,000 kilograms;</li> <li>- Passenger automobiles and duly authorized taxis;</li> <li>- Two-wheeled motorcycles, with or without side cars; three-wheeled motorcycles, regardless of engine capacity;</li> <li>- Special public-works vehicles;</li> <li>- Tractors;</li> <li>- Vehicles whose owners enjoy diplomatic privileges and those registered in the W 18 series;</li> <li>- Vehicles owned by the Red Crescent;</li> <li>- Vehicles owned by <i>Entraide Nationale</i>;</li> <li>- Vehicles owned by private relief and charity organizations;</li> <li>- Used vehicles acquired for resale by licensed automobile dealers, for the period between acquisition and resale, provided that the vehicles are registered in the dealer's name;</li> <li>- Impounded vehicles;</li> <li>- Vehicles over 25 years old;</li> <li>- Vehicles owned by the government, as listed by decree of the Minister of Finance.</li> </ul> </li> </ul>	<p><b>Applicable rates:</b></p> <p>The TSAVA rates are:</p> <table border="1" data-bbox="397 283 633 861"> <thead> <tr> <th>HP</th> <th>&lt;8</th> <th>8-10</th> <th>11-14</th> <th>15-19</th> <th>&gt;19</th> </tr> </thead> <tbody> <tr> <td>Gasoline-powered (in DH)</td> <td>350</td> <td>650</td> <td>1,500</td> <td>2,200</td> <td>3,200</td> </tr> <tr> <td>Diesel-powered (in DH)</td> <td>700</td> <td>1,500</td> <td>4,000</td> <td>6,000</td> <td>8,000</td> </tr> </tbody> </table> <p>These rates apply to:</p> <ol style="list-style-type: none"> <li>a. Vehicles owned by individuals;</li> <li>b. Vehicles owned and rented out by self-drive car rental agencies;</li> <li>c. Vehicles registered in the M, P, G, GR, FA, and J series;</li> </ol> <p>Commercial vehicles (pick-up trucks) with diesel engines, covered by an agricultural insurance policy and owned by individual farmers who use them to carry agricultural materials and products, are subject to the same rate as gasoline-powered vehicles.</p> <p>Vehicles owned by legal entities other than those mentioned in item (b) above are subject to the following rates:</p> <table border="1" data-bbox="1015 283 1177 861"> <thead> <tr> <th>HP</th> <th>&lt; 8</th> <th>≥ 8</th> </tr> </thead> <tbody> <tr> <td>Gasoline-powered (in DH)</td> <td>3,000</td> <td>4,500</td> </tr> <tr> <td>Diesel-powered (in DH)</td> <td>6,000</td> <td>9,000</td> </tr> </tbody> </table> <p>A fee of DH 50 is charged for duplicate TSAVA stickers.</p>	HP	<8	8-10	11-14	15-19	>19	Gasoline-powered (in DH)	350	650	1,500	2,200	3,200	Diesel-powered (in DH)	700	1,500	4,000	6,000	8,000	HP	< 8	≥ 8	Gasoline-powered (in DH)	3,000	4,500	Diesel-powered (in DH)	6,000	9,000
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<b>Tax on insurance</b>	<p>The tax on insurance applies to insurance policies concluded by insurance companies as well as any document whose sole purpose is to draw up, modify, or amicably cancel such contracts, excluding stamp duty, registration fees, and value-added tax.</p> <p>The tax is assessed on the amount of premiums, surcharges, or contributions.</p> <p>The tax is paid for each of the categories of insurance policies envisaged by law on the total premiums, sur-premiums, or contributions matured in the course of each month after deduction of the premiums, sur-premiums, and contributions defined by law (Budget Law 2005).</p> <p>The tax is paid to the cash office of the collector of the tax administration.</p>	<p><u>Main exemptions:</u></p> <p>Insurance contracts covering the following are exempt:</p> <ul style="list-style-type: none"> <li>- Occupational accidents and illnesses;</li> <li>- Agricultural mutual insurance;</li> <li>- Coverage for war risks;</li> <li>- Payments made to the Moroccan retirement fund;</li> <li>- Life insurance;</li> </ul> <p>The tax is not payable on life insurance policies or life annuities taken out by persons not domiciled or normally resident in Morocco, or on any other policies when the risk is centered abroad or pertains to an establishment located there.</p>	<p><u>Applicable rates:</u></p> <p>The rates of the tax on insurance are 3 percent, 6 percent, or 12 percent, depending on the type of insurance policy.</p>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>III.</b> <b><u>Registration fees and stamp duty</u></b></p>	<p>There are two types of registration fees: fixed and proportional fees. The main operations to which these fees apply are:</p>	<p><b><u>Main exemptions:</u></b></p> <p><b>I – Documents in the public interest, including in particular:</b></p> <p>The purchase of buildings by foreign governments to set up their diplomatic or consular mission to Morocco or for the residence of the head of the mission, provided that the Moroccan state is granted reciprocity;</p> <ul style="list-style-type: none"> <li>• Documents recording real estate transactions;</li> <li>• Documents and written instruments relating to the enforcement of public debt;</li> <li>• Documents and written instruments issued under Law 7-81 on expropriation.</li> </ul> <p><b><u>II. Documents relating to public authorities:</u></b></p> <ul style="list-style-type: none"> <li>• Purchases by the government, and exchanges, donations and agreements, from which it benefits; assets of religious endowments (<i>Habous</i>), agreements of any kind made by the religious endowments with the government;</li> <li>• Purchases and exchanges of buildings by local governments intended for public education, social welfare and public health, as well as for work related to urban development, and provision of public amenities.</li> </ul>	<p><b><u>I. Proportional fees</u></b></p> <p><b><u>Applicable rates:</u></b></p> <p><b>A. The following are primarily subject to a rate of 5 percent:</b></p> <ul style="list-style-type: none"> <li>• Conveyances <i>inter vivos</i>, with or without payment, of real estate, whether or not registered, or of rights in rem, ownership, bare legal title, goodwill or customers;</li> <li>• Transfers, with or without payment, of equity or other shares in fiscally transparent real estate companies [<i>sociétés immobilières transparentes</i>];</li> <li>• Perpetual annuity leases of real estate assets, emphyteutic (long-term) leases, leases for life and those of unlimited duration</li> <li>• Transfers of title to the lease or of the benefit of an agreement to lease.</li> </ul> <p><b>B. The following are primarily subject to a rate of 2.50 percent:</b></p> <ul style="list-style-type: none"> <li>• Transfers of shares in GIEs, of equity or other shares in companies other than those subject to the 5 percent rate;</li> <li>• Assignments or transfers of perpetual annuities, life annuities, and regular annuities for consideration;</li> </ul> <p>The purchase of developed premises by individuals or legal entities other than credit institutions, Bank Al-Maghrib, the Caisse de dépôt et de gestion, and insurance and reinsurance companies, whether such premises are used for residential, commercial business, or administrative purposes;</p>
<p><b>I. Registration fees (DE)</b></p>	<p>1. <u>Mandatory registration:</u></p> <p>A. <u>All agreements, whether written or verbal, and in whatever form, whether private or officially certified, relating to:</u></p> <ul style="list-style-type: none"> <li>• Transfers <i>inter vivos</i> with or without payment, such as sale, donation, or exchange of real estate or real property charges, as well as transfers of shares in <i>groupements d'intérêt économique</i> (GIEs) (economic interest groupings), or equity or other shares in companies.</li> <li>• Perpetual annuity leases of real estate;</li> <li>• Transfers of a tenant's right to a lease or of the benefit of a promise to lease all or part of a building;</li> <li>• Leases, transfer of leases, of subleases of buildings, real estate title, or businesses.</li> </ul> <p>B. <u>All private or officially certified documents principally relating to:</u></p> <ul style="list-style-type: none"> <li>• The creation or cancellation of a mortgage, transfer of or instruction to pay a mortgage claim;</li> <li>• The creation, capital increase, extension, or winding up of companies, or of GIEs, as well as all amendments to their contract or by-laws;</li> <li>• Sharing of movable or immovable assets.</li> </ul>		

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
	<p>II – <u>Optional registration</u>:</p> <p>Documents other than those mentioned in section I above may be registered at the request of any or all the parties to the document.</p>	<p>III. <u>Documents in the public interest</u>:</p> <p>This relates essentially to the following:</p> <ul style="list-style-type: none"> <li>• All documents and written instruments relating to the repair of damage caused by acts of war and orders to carry out such laws and decrees (<i>Dahirs</i>) or consequent thereupon, provided they make express reference thereto.</li> <li>• Purchases by the national social security fund, and exchanges and agreements from which it benefits;</li> <li>• Contracts for services if they are confirmed in writing;</li> </ul>	

	<ul style="list-style-type: none"> <li>• Documents relating to mutual aid companies, as well as social service institutions relating to workers, the Moroccan retirement fund and the Moroccan interprofessional retirement fund, and the exchanges and agreements from which they benefit;</li> <li>• Documents for the purchase of buildings necessary for accomplishment of the purpose of nonprofit associations, as described by law, and associations serving the handicapped;</li> <li>• Documents relating to the activity and operations of Sala Al Jadida, the National Society for Local Development (SONADAC) relating to the provision of social housing in the context of the “Anmassim” projects, in the municipality of Dar Bouazza and Lyssasia, and intended for the rehousing of the former residents of the Casablanca medina;</li> <li>• Documents creating or winding up approved cooperative housing companies (<i>sociétés coopératives d’habitation agréées</i>) and their unions.</li> </ul> <p><b>IV. – Documents related to investment:</b></p> <ul style="list-style-type: none"> <li>• Purchases by any individual or legal entity of land not yet developed, or land on which there are structures to be demolished and earmarked by the purchaser for an investment project other than land development or construction, subject to the conditions for exemption provided by law;</li> <li>• Documents related to the purchase by real estate leasing companies of premises for business or residential purposes to be made available to lessees under real estate leasing contracts, or the purchase of land not yet developed, or land on which there are structures to be demolished, intended in their entirety for construction of such premises subject to the conditions provided by law;</li> <li>• Documents related to bank or mortgage security produced or agreed as guarantee for payment of registration fees, as well as releases issued by the inspector of taxes responsible for registration;</li> </ul>	<ul style="list-style-type: none"> <li>• The purchase against payment of land not yet developed, or land on which there are structures to be demolished, and reserved for land development operations or for the construction of premises for residential, commercial, business, or administrative purposes;</li> <li>• Sales by auction, sales, resales, transfers, reassignments, contracts, or any other civil or judicial process relating to the transfer of ownership, with or without payment.</li> </ul> <p>C. The following are primarily subject to a rate of 1 percent:</p> <ul style="list-style-type: none"> <li>• Real estate used as a living pledge [<i>antichrèse</i>] or collateral [<i>nantissement</i>];</li> <li>• Documents establishing a mortgage or collateral lien on a business used as security for an existing or future claim;</li> <li>• Contracts for services, contracts for construction, repairs, and maintenance, and any other movable goods subject to assessment by individuals and which do not contain any sale, or pledge to deliver merchandise, foodstuffs or other movable goods;</li> <li>• Sharing of movable or immovable assets between joint owners, joint heirs, or joint associates, for any purpose. However, when the division involves an equalization amount (<i>soutie</i>) or a capital gain, the fees on the item being divided are collected at the rates prescribed for conveyances for valuable consideration, in proportion to the respective values of the various assets included in the batch making up the equalization amount or capital again.</li> <li>• Granting of perpetual or life annuities or of regular annuities against payment;</li> <li>• The first sale of housing of a low-cost nature.</li> </ul> <p>D. The following are primarily subject to a rate of</p>
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			<p>0.50 percent:</p> <ul style="list-style-type: none"> <li>Transfers of debt securities relating to companies or enterprises and debt securities issued by local governments and government agencies;</li> </ul>
		<ul style="list-style-type: none"> <li>Documents creating or increasing the capital of companies located in export processing zones;</li> <li>Documents creating or increasing the capital of banks and offshore holding companies as provided by law;</li> <li>Documents and written instruments of any kind relating to the creation, activity, and any future winding up of the Agency for Economic and Social Development and Promotion of the Southern Provinces of the Kingdom of Morocco;</li> <li>The transfer to the Special Tangiers-Mediterranean Agency of full ownership free of charge of the government's private assets needed to fulfill its public policy duties</li> <li>The Special Tangiers-Mediterranean Agency, as well as the companies involved in the execution, planning, operation, and maintenance of the Special Tangiers-Mediterranean development zone project and located in the export processing zones are entitled to the exemptions mentioned above;</li> <li>Transfers of public enterprises to the private sector;</li> <li>The creation or increasing of capital of companies or GIEs with regard to capital transfer tax relating to the assumption of the liabilities, as required, in conformity with the law;</li> <li><i>Documents pertaining to changes in capital and amendments to the charters or management regulations of mutual funds (2005 BL);</i></li> <li><i>The acts, activities, or operations of the Agency for the Promotion and Economic and Social Development of the Prefectures and Provinces of the North of the Kingdom of Morocco (2005 BL);</i></li> <li><i>The articles of incorporation of corporations comprised of chambers of commerce and industry, chambers of crafts or chambers of agriculture, to which authorized accounting management centers report (2005 BL);</i></li> <li><i>Documents pertaining to the establishment of collective investment funds engaging in securitization, and documents pertaining to the acquisition of assets, the issuance and transfer of debentures and shares, amendments to management regulations, and other decisions pertaining to the performance of these undertakings pursuant to current regulations (2005 BL).</i></li> </ul>	<ul style="list-style-type: none"> <li>Guarantees of personal property items, valuables, amounts, personal property security and expenses of the same type;</li> <li>Government procurement contracts, paid for by the Treasury;</li> <li>The creation or increase of capital of companies or GIEs through unconditional injections of new capital.</li> </ul> <p>E. The following are primarily subject to a rate of 0.25 percent:</p> <p>Creation or increase of capital of companies whose primary aim is the management of transferable securities, or subscription by way of participation in the capital of other companies.</p> <p><b>II. Minimum fee:</b></p> <p>A minimum fee of DH 100 is charged for documents and transfers subject to proportional fees. This amount is increased to DH 1,000 for documents related to creating and increasing capital of companies and GIEs.</p> <p><b>III. Fixed fees:</b></p> <p>The following are subject to a fixed fee of DH 100:</p> <ul style="list-style-type: none"> <li>Renunciation of <i>cheftââ</i> or <i>sejqa</i> rights. Each joint owner making the renunciation must pay the fixed fee;</li> <li>Wills, revocation of wills, and any documents related to voluntary disposition that only contain provisions in the event of death;</li> <li>Unconditional terminations within twenty-four hours of the documents terminated and presented for registration within this period;</li> <li>Documents that only contain the execution, the supplement to, and the completion of previously registered documents;</li> </ul>



		<p><b><u>V. Documents relating to lending:</u></b></p> <ul style="list-style-type: none"> <li>• Documents relating to operations by the African Development Bank, as well as purchases made for its benefit, whenever the bank is solely and finally responsible for paying the tax;</li> <li>• Documents and written instruments relating to operations by the Islamic Development Bank and its branches, as well as purchases made for their benefit;</li> <li>• Documents relating to advance payments on government fund securities and instruments issued by the Treasury;</li> <li>• Documents recording lending operations between individuals and banks, as well as mortgage loan operations between individuals and finance institutions and those between enterprises and their employees or <i>between charitable schemes in the public, semi-public, or private sectors and their members</i> (2005 Budget Law) for the purchase or construction of their personal residence;</li> <li>• Documents recording loans between individuals and the Moroccan Public Procurement Fund (<i>Caisse Marocaine des Marchés</i>);</li> <li>• Documents delegating by conveyance the proceeds of procurement contracts, conveyances, transfers, or delegation of claims to the Moroccan Public Procurement Fund;</li> <li>• Contracts recording the sale of automotive vehicles on credit.</li> </ul>	<ul style="list-style-type: none"> <li>• Public works contracts and agreements deemed to be commercial documents;</li> <li>• Leases and rentals, transfers of leases and subleases, of residential buildings, whatever the term;</li> <li>• Any other unnamed document not subject to the proportional fee.</li> </ul> <p>The following are primarily subject to the fixed fee of DH 200:</p> <ul style="list-style-type: none"> <li>• Documents relating to winding up of companies or of GIEs that do not involve any obligation, discharge, or transfer of movable or immovable assets between partners, members of GIEs, or other persons and that are not subject to the proportional fee;</li> <li>• Documents creating GIEs without capital.</li> </ul> <p>The following are subject to the fixed fee of DH 300:</p> <ul style="list-style-type: none"> <li>• Leases and rentals, transfers of leases and subleases of businesses, and buildings other than those used for residential purposes;</li> <li>• Real estate leasing contracts relating to premises for business or residential use as well as their termination during the lease by mutual agreement of the parties;</li> <li>• Documents pertaining to credit transactions between financing companies and private individuals;</li> <li>• Instruments establishing and cancelling mortgages and pledges over going concern, provided as collateral for such transactions;</li> <li>• Documents relating to the extension of companies or of GIEs which do not contain any obligation, discharge, or transfer of movable or immovable assets between the partners, members of the GIEs, or other persons.</li> </ul>
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TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>2. Stamp duty (DT)</b></p> <p><b>Stamp duty (Cont'd)</b></p>	<p>There are three types of stamps:</p> <ul style="list-style-type: none"> <li>- Size stamp;</li> <li>- Proportional stamp;</li> <li>- Special stamp.</li> </ul>	<p><b>Main exemptions:</b></p> <p>The following are exempt from the stamp duty requirement:</p> <ul style="list-style-type: none"> <li>- Government securities and bonds;</li> <li>- Instruments and documents drawn up in the public interest.</li> <li>- Passenger tickets and bills of lading.</li> </ul> <p>Moreover, copies of affidavits filed with government offices are exempt from the DH 20 stamp duty.</p>	<p>There are three categories of fees:</p> <ul style="list-style-type: none"> <li>- <u>Size stamp</u>: DH 20 rate.</li> </ul> <p>Stamp duty of DH 20 is payable on each sheet of paper used, regardless of size All documents and instruments, whether public or private, books, registers, directories, letters, extracts, copies, authenticated copies, photocopies, and any other reproductions of these documents obtained by photographic or other means which must or can be produced in court or submitted to the authorities by way of obligation, release, proof, pleading, or defense.</p> <ul style="list-style-type: none"> <li>- <u>Proportional stamp</u>: paid in proportion to the amount listed on the securities;</li> <li>- <u>Special stamp</u>: affixed to passports, receipts, etc.</li> </ul> <p>The 1997-1998 BL reduced the stamp duty:</p> <ul style="list-style-type: none"> <li>- from 10 percent to 5 percent on television advertisements.</li> </ul> <p>The stamp duty is DH 20 for:</p> <ul style="list-style-type: none"> <li>- Bills of lading;</li> <li>- Individual maritime logs;</li> <li>- Anthropometric records (<i>fiches anthropométriques</i>);</li> <li>- Copies of affidavits concerning vehicle accidents.</li> </ul> <p>The rates for receipts and releases are revised as follows:</p> <ul style="list-style-type: none"> <li>- Up to DH 10: exempt;</li> <li>- DH 10-DH 100: DH 0.50;</li> <li>- DH 100-DH 500: DH 2.50;</li> <li>- DH 500 and above per bracket or sub-bracket: DH 1.25;</li> </ul> <p>- For documents representing unconditional receipt and merchandise shipping receipts: DH 1.25.</p> <p>Commercial paper which, at the time of issue, circulation, or presentation in Morocco, indicates domiciliation at a credit institution or postal checking office, is subject to a fixed stamp duty of DH 5.</p>