



◆ ANNUAL REPORT ◆
PRESENTED TO HIS MAJESTY THE KING

EXERCICE 2005





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◆ **GOVERNOR**

Mr. Abdellatif JOUAHRI

◆ **DIRECTOR GENERAL**

Mr. Abdellatif FAOUZI

◆ **GOVERNMENT REPRESENTATIVE**

Mr. Abdeltif LOUDIYI

◆ **BANK BOARD**

The Governor

The Director General

Mr. Abdellatif BELMADANI

Mr. Mohamed BENAMOUR

Mrs. Meriem BENSALAH CHAQROUN

Mr. Zouhair CHORFI

Mr. Bassim JAI-HOKIMI

Mr. Abdelaziz MEZIANE BELFQUIH

Mr. Mustapha MOUSSAOUI

JUNE 2006

REPORT

ON THE FINANCIAL YEAR 2005

PRESENTED TO HIS MAJESTY THE KING
BY MR. ABDELLATIF JOUAHRI
GOVERNOR OF THE BANK AL-MAGHRIB

Your Majesty,

In application of article 57 of the law number 76-03 bearing statutes of Bank-Al Maghrib promulgated by the dahir 1-05-38 of 20 chawal 1426 (23 november 2005), I have the honour to present to Your Majesty the report of the year 2005, the forty-seventh financial year of the Central Bank.

Your Majesty,

The world economy continued to grow at a sustained rate in 2005 despite the high level and volatility of oil prices. With the notable exception of the European Union, growth remained strong and was accompanied by an improvement in the employment situation and a rapid expansion in world trade. In this context, international liquidity and capital flows increased, with markets trending upward and the dollar appreciating. Inflation was kept under control overall, the main central banks having resorted to monetary tightening in response to the appearance of first signs of pressure on prices, resulting in a rise in short-term rates.

At national level, economic growth continued, albeit at a less sustained rate, and the macroeconomic balances were maintained despite exogenous constraints, in particular the unfavourable weather conditions and the rising price of oil as well as the consequences of the expiry of the Agreement on Textiles and Clothing.

With the exception of agriculture, growth was in fact consolidated in the various sectors, price rise remained moderate and the budget deficit was relatively well contained. The current account of the balance of payments again showed a surplus and the foreign exchange reserves reached comfortable levels, while the exchange rate of the dirham remained stable on average. Because of its scale, the flow of foreign exchange, combined with the rapid growth in domestic lending, resulted in additional money creation and the persistence of surplus liquidity. The downward trend in interest rates continued, especially for long maturities.

Non-agricultural activities continued the trend of the last years, increasing by 5.2%, while the added value of the primary sector fell by 17.7%. Overall growth, at 1.7% compared to 4.2% the previous year, was driven mainly by investment and exports of phosphates and derivatives, as well as by

services related to tourism, while household consumption increased only moderately owing to the drop in incomes in rural areas.

At 11% nationally, the unemployment rate worsened slightly owing to reduced employment opportunities in rural areas, where it rose from 3.2% to 3.6%, while it remained virtually unchanged in urban areas at 18.3% overall and 25.6% for diploma-holders.

The rise in consumer prices went down from 1.5% to 1%, owing to the more slowly increase in the prices of foodstuffs, which did not exceed 0.3% in 2005, while those of other goods and services increased by 1.5%, a rate similar to the previous year. The new index of underlying inflation, developed by Bank Al-Maghrif in line with other central banks to measure the fundamental price trend, showed a rise of 1.6% compared to 1.3% in 2004, and thus remained below the 2% limit set as a benchmark for medium-term price rise. In addition to the cautious monetary policy followed and the other factors favouring price ease, the Caisse de compensation (Subsidisation fund) again intervened to reduce the effects of the surge in oil prices on the general level of prices.

In the area of public finance, receipts showed an increase of almost 12% which concerned the main taxes with the notable exception of the domestic VAT. At the same time, expenditure rose by nearly 14% as a result of the higher costs of the voluntary early retirement scheme and of subsidising petroleum products' prices, equipment expenditure having, on the other hand, contracted slightly. The budget deficit therefore widened to 4.4% of GDP, or 5.9% excluding privatisation receipts, compared to 3.4% and 4.6% respectively in 2004. In securitising 11 billion of arrears towards the Caisse marocaine des retraites (Moroccan pension fund), the Treasury had to raise a net total of almost 37 billion on the tender market, compared to 18 billion in 2004. The main public finance indicators therefore deteriorated: in addition to the widening of the budget deficit, the ratio of personnel expenditure to GDP increased from 12.7% to 13.6% year-on-year and that of direct Treasury indebtedness from 66.3% to 71.6%.

At the level of the external accounts, imports increased by 14.2%, chiefly as a result of the energy

bill rising by almost one half and of increased purchases of foodstuffs. Exports were 7.4% higher, largely reflecting the expansion of more than 16% in consignments of phosphates and derivatives, those of other products recording only small increases or even falls, especially textiles. In these circumstances, the trade deficit amounted to 85.9 billion or 18.8% of GDP, thus widening by 22.7%, while the rate of coverage of imports by exports fell from 55.7% to 52.3% in a year. Nevertheless, the continued positive trend in tourist earnings and remittances by Moroccans living abroad, up by 17.6% and 8.8% respectively, as well as the drop of foreign debt interest service made it possible not only to cover the trade deficit but also to record a new current account surplus, equal to 2.4% of GDP in 2005. Taking into account the inflows of capital, in particular foreign direct investment, the overall balance of payments showed a surplus of 21 billion dirhams, bringing the foreign exchange reserves up to 18 billion dollars or more than 10 months' imports of goods and services.

The flow of foreign currency on the one hand and the expansion of domestic lending on the other caused the pace of growth of the monetary aggregates to quicken and, except for brief periods, especially towards the end of the first half-year, there continued to be excess liquidity.

In this context of abundant liquidity and of moderation in the overall demand for credit and considering the uncertainties over the movement of prices, Bank Al-Maghrib kept its key rate unchanged at 3.25%. Maintaining a positive return on savings encouraged the consolidation of the liquid assets accumulated in the banking system, thus making it possible to avoid the risk of pressure on prices, should they be used to finance additional expenditure. The Bank did, however, again adjust the operational framework of monetary policy in order to strengthen its efficiency. Adapting its interventions to the changing market situation, it therefore injected liquidity in periods of monetary tightening, but was obliged in particular to withdraw the surpluses in periods of abundance, chiefly by making use of the 24-hour deposit facility. The interbank rate therefore averaged 2.78%, up by 39 basis points, which resulted in a limited increase in short-term rates, while long-term rates continued to move downwards.

The money supply in the narrow sense, M1, increased by 14.8%; exceeding the reference value set for 2005. In addition to the greater-than-anticipated strengthening in net foreign assets, unlike the last years the excessive money creation in 2005 also resulted from a noticeable rise in domestic lending, following a significant increase in net claims on Government and an increase of more than 13% in bank lending. The latter is largely due to financing granted for specific financial operations as well as the continued rapid rise in real-estate loans.

Like deposits with the banking system, investments on the capital market increased significantly in 2005, while the Casablanca Stock Exchange continued to rally, with the MASI index rising by 22.5%.

Finally, the nominal exchange rate of the dirham remained, on average, virtually unchanged against the main foreign currencies, the quotation basket, which was adjusted in April 2001, having made it possible to cushion the impact of fluctuations in the currencies composing it.

Encouraging performances were certainly achieved in a difficult context in 2005 and also enabled confidence in the national economy to be consolidated, as evidenced by the investors' growing interest in undertaking large-scale projects, especially in the areas of infrastructure, tourism, industry and telecommunications, and by the upward revision of the rating given to Morocco by the international rating agencies. Yet, the fact remains that a number of weaknesses persist and call for solutions as part of an overall strategy.

Growth, which continues to be weak and volatile, needs to be raised to a rate capable of meeting expectations in terms of employment, improved living standards and the fight against poverty. The achievement of this objective should go hand in hand with the medium-term consolidation of the viability of the macroeconomic framework and the strengthening of the economy's ability to withstand shocks, both internal and external. These are all challenges that must be met if Morocco is to integrate successfully into the world economy.

As a result of commitments within the framework of the World Trade Organisation (WTO) and of free trade agreements, the national economy has begun an irreversible process of opening up. Morocco's political stability, geographical location and macroeconomic achievements are major assets for carrying through the required reforms and creating the prerequisites for an orderly liberalisation. If this is conducted successfully, it will, as international experience has shown, stimulate the growth of the economy at a rate more in line with the latter's potential.

In the area of public finance, it is urgent to carry on the implementation of the tax and budgetary reform; based essentially on lowering tax rates and widening the tax base in order to generate sufficient income to cover operating expenses, which must be reduced to a level meeting international standards, and to secure financing for basic economic and social infrastructure projects while bringing the budget deficit down to a level that can be sustained in the long term. This reform is all the more necessary because the public finance will inevitably suffer from the dwindling of privatisation receipts and the upward trend in oil prices as well as from the necessary financial adjustment of certain public bodies. The growing recourse to financing on the domestic market is also likely to result in pressure on interest rates.

Moreover, the reforms planned in order to improve the business climate need to be speeded up, especially those designed to increase the efficiency of general government and the judicial system. It is also necessary to accelerate the implementation of the actions decided on so as to improve financial information and remedy the inadequacies in auditing and accountancy practices. Likewise, the efforts to make the labour market more flexible and to achieve a better match between training and the needs of the economy must continue. The mid-term review of the period 2000-2010, which His Majesty the King declared National Education and Training Decade, has certainly revealed the progress made, especially in providing schooling, fighting illiteracy and adapting the educational system to its economic and social environment and to the development of new technologies. But the fact remains that the consolidation of this progress will require the support of every part of society

and will involve a close monitoring and a continuous assessment of the different stages in implementing the reforms.

Firms, for their part, and SMEs in particular, must be quicker to upgrade their production tool and management methods and improve their transparency if they are to make the most of the reforms that have been undertaken and specifically of the more flexible financing conditions, as well as of the opening up of the economy, and thus take part in getting growth back on track.

Sectoral policies will be all the more effective and make for better visibility for both national and foreign investors if they take the form of action programmes in consultation with the operators concerned. The tourism sector, which is currently being revived with the implementation of the "Azur" Plan with the aim of accommodating 10 million tourists by 2010 as well as the housing sector are significant examples in this regard. It should be the same for the "Emergence" Plan which has identified growth segments offering comparative advantages, especially in industry. These policies should also cover other, no less important, sectors such as agriculture, fisheries, energy or minerals, and be integrated into a coherent overall strategy taking into account the need to reduce social and regional disparities.

A major component of economic policy, monetary policy, by fighting inflation, provides the basis for sound and sustainable growth. To this end, the new law bearing the Statutes of Bank Al-Maghrib, which came into force in February 2006, has made price stability a fundamental task and provided the Bank with a great deal of autonomy. It has thereby empowered the Bank's Board, the composition of which has been modified, to determine the quantitative targets and the instruments of monetary policy, the Bank at the same time being required to provide more information on the decisions taken in this regard and on the assessment of their results. The new Statutes have also commissioned the Bank to ensure the proper functioning of payment systems which, together with the stability of the banking sector, makes a major contribution to the effectiveness of monetary policy and, in general, to the smooth running of the economy.

Concerning the strategic framework of monetary policy, the Bank continues to act to strengthen its analytical and research capacities and to improve the knowledge of the transmission of monetary policy impulses. In particular, the work carried out has provided indicators of underlying inflation, redefined the aggregate used as a benchmark for the growth in money and led to the adoption of a multi-criteria approach for the assessment of inflationary risk.

The adjustment process regarding the operational framework of monetary policy should also be strengthened with the introduction of accompanying measures aimed at further deepening money and foreign exchange markets.

As far as the payment systems are concerned, Bank Al-Maghrib is continuing to work with the banking industry to improve security and to reduce transaction deadlines to the level of best practices. Thus, the *Système interbancaire marocain de télécompensation* (Moroccan interbank remote clearing system), used for bulk payments and based on the dematerialised exchange of securities, is being extended, while the *Système de règlement brut du Maroc* (Moroccan Gross Settlement System), intended for interbank operations involving large amounts, will come into service in the course of 2006. It will prevent systemic risk and thus underpin financial stability while making for greater flexibility in cash holdings management.

Similarly, in order to enhance the credibility of payment instruments, awareness campaigns about bad cheques and bank cards have been conducted regionally, as a result of which recommendations have been made to improve the relevant laws and regulations. In addition to this, there should be new laws to prevent the laundering of funds of illegal origin and counterfeiting.

On the other hand, the new Banking Act, which came into force in February 2006, provides the framework for an effective system of supervision meeting international standards.

The process of restructuring the public banking institutions has continued with the stepping-up of the efforts aimed at the financial consolidation of the Crédit immobilier et hôtelier (Real Estate and Hotel Loan Institution) and the financial adjustment of the Crédit Agricole du Maroc (Moroccan Agricultural Credit Institution), as well as with the withdrawal of the licence of the Banque nationale du développement économique (National Bank for Economic Development).

Similarly, the measures taken to rehabilitate the banks' portfolios have resulted in a marked reduction in pending claims, the ratio of which was reduced to less than 14% at the end of March 2006 and to less than 9.5% excluding the specialised public banking institutions.

In order to strengthen financial stability, Bank Al-Maghrib has adopted a gradual approach, in consultation with the industry, to transpose the new rules on capital adequacy and on risk management set by the Basel Committee which are to come into force in stages starting from 2007, on the one hand, and the recent international accounting standards, on the other.

In view of the interpenetration of the different components of the financial sector, the process of rehabilitation of insurance companies and pension funds should be brought to a conclusion and an overall monitoring of financial stability ensured by strengthening the mechanisms for cooperation between the various partners. It is on these conditions that the services provided by the different parties involved will improve and the accumulated liquidities can be consolidated in long-term savings to finance investment.

All the reforms undertaken or planned are geared to achieving higher growth and come within the framework of the multidimensional approach of the National Initiative for Human Development that focuses on social issues as the main concern.

Starting from an objective diagnosis, the Royal Initiative is divided into urgent and short-term actions, which are already under way in both urban and rural environments, and medium- and long-term programmes, while setting up follow-up and evaluation mechanisms. It is by keeping this momentum going with the support of all the players and the mobilisation of the necessary resources based on a coherent process of involvement, that our country will succeed in reconciling economic growth with social development.

Rabat, June 2006
Abdellatif JOUHRI

MAIN INDICATORS OF THE ECONOMY⁽¹⁾

| Amounts in billions of dirhams | 2003 | 2004 | 2005 | Percentage changes | |
|--|-------------|-------------|-------------|--------------------|--------|
| | | | | 2004 | 2005 |
| | | | | 2003 | 2004 |
| National accounts | | | | | |
| - Gross domestic product at constant prices | 156.1 | 162.8 | 165.6 | + 4.2 | + 1.7 |
| . Agricultural GDP | 24.4 | 24.9 | 20.5 | + 1.9 | -17.7 |
| . Non-agricultural GDP | 131.7 | 137.9 | 145.1 | + 4.7 | + 5.2 |
| - Gross domestic product at current prices | 419.5 | 443.7 | 457.6 | + 5.8 | + 3.1 |
| . Agricultural GDP | 70.0 | 70.4 | 64.7 | + 0.6 | - 8.1 |
| . Non-agricultural GDP | 349.5 | 373.3 | 392.9 | + 6.8 | + 5.3 |
| - Gross national disposable income | 452.1 | 481.8 | 503.5 | + 6.6 | + 4.5 |
| - National consumption | 335.8 | 362.1 | 373.6 | + 7.8 | + 3.2 |
| - Gross fixed capital formation | 100.5 | 109.1 | 115.9 | + 8.5 | + 6.3 |
| - National savings | 116.3 | 119.6 | 130.0 | + 2.9 | + 8.6 |
| - Investment ratio | 24.0 | 24.6 | 25.3 | | |
| - Savings ratio (as % of GDP) | 27.7 | 27.0 | 28.4 | | |
| Unemployment rate in % | 11.9 | 10.8 | 11.0 | | |
| Prices | | | | | |
| - Cost of living index (base 100 in 1989) ⁽²⁾ | 164.6 | 167.1 | 168.7 | + 1.5 | +1.0 |
| . Foodstuffs | 166.4 | 169.0 | 169.5 | + 1.6 | +0.3 |
| . Non-alimentary products and services | 162.9 | 165.3 | 167.8 | + 1.5 | +1.5 |
| - Underlying inflation | 160.6 | 162.7 | 165.3 | + 1.3 | +1.6 |
| External accounts | | | | | |
| - Total exports | 83.9 | 87.9 | 94.4 | + 4.8 | + 7.4 |
| - Total imports | 136.1 | 157.9 | 180.3 | + 16.1 | +14.2 |
| - Balance of trade | - 52.2 | - 70.0 | -85.9 | +34.2 | +22.7 |
| - Balance of "Travel" | +25.6 | +29.7 | +35.5 | +15.9 | +19.4 |
| - Balance of current transfers | +39.2 | +43.1 | +47.7 | + 9.9 | +10.7 |
| - Current account balance | +15.5 | +8.5 | +11.1 | - 43.9 | +30.3 |
| - Current account balance as % of GDP | 3.6 | 1.9 | 2.4 | - | - |
| - Total service of the foreign public debt | 29.8 | 22.7 | 20.3 | - | - |
| - Outstanding foreign public debt | 126.0 | 115.3 | 115.8 | -8.5 | + 0.4 |
| - Foreign public debt as % of GDP | 30.0 | 26.0 | 25.3 | - | - |
| Exchange rate (yearly average) | | | | | |
| - Dirhams per 1 Euro | 11.081 | 11.021 | 11.022 | - 1.9 | - |
| - Dirhams per 1 US dollar | 9.574 | 8.868 | 8.865 | + 8.0 | - |
| Public finance | | | | | |
| - Ordinary balance | + 11.8 | + 12.4 | +4.7 | +4.6 | - 62.1 |
| - Investment expenditure | 19.8 | 21.4 | 20.1 | +8.0 | - 6.2 |
| - Budget balance | - 13.8 | - 15.1 | -20.3 | +9.2 | +34.0 |
| - Budget balance as % of GDP | - 3.3 | - 3.4 | -4.4 | - | - |
| Money | | | | | |
| - Aggregate M1 | 251.1 | 275.8 | 316.5 | + 9.8 | + 14.8 |
| - Money supply (M3) | 386.3 | 416.4 | 474.8 | + 7.8 | + 14.0 |
| - Net foreign assets | 127.2 | 144.4 | 165.9 | +13.5 | + 14.9 |
| - Claims on Government | 78.5 | 72.7 | 77.4 | - 7.5 | + 6.5 |
| - Claims on the private sector | 246.0 | 262.7 | 292.0 | + 6.8 | + 11.2 |

(1) The changes and ratios were calculated on the basis of the amounts in millions.

(2) Annual average.

◆ International environment

At 4.8%, global economic growth was sustained in 2005; this was due to the recovery in consumer confidence despite the uncertainties resulting from the persistent rise of oil price. This overall trend reflects the strength of activity in the United States and Japan and the expansion of the emerging economies of Asia, which was particularly marked in China and India. Concerning growth in the euro area, it was relatively low.

With demand buoyant and commerce expanding, world trade continued to grow much faster than output. This trend was accompanied by a sharp rise in prices of the main basic products, oil in particular, prices of which have almost doubled in two years. Inflationary pressures nevertheless remained relatively subdued thanks to prudent monetary policies and the moderate increase in prices of manufactured goods in a context of ever keener competition.

In this generally favourable environment, the stock markets recovered much of their buoyancy in line with the increase in corporate profits and in mergers and acquisitions. Investment grew moderately overall, resulting in a relatively modest amount of new job creation. At the same time, global external imbalances continued to worsen. In particular, the US current account deficit reached an unprecedented level, whereas significant current account surpluses were achieved by Japan, the emerging countries of Asia and the principal oil exporting countries. Finally, on the foreign exchange markets the dollar showed a marked appreciation against the main foreign currencies in 2005.

Despite the summer hurricanes effects and soaring prices of petroleum products, the US recorded a GDP growth of 3.5% following the previous year's 4.2%. This trend was a reflection of strong

household consumption, which was accompanied by a year-on-year decline in the unemployment rate from 5.5% to 5.1%. The consumer price index, for its part, rose by 3.4% compared to 2.7% the previous year. The Federal Reserve therefore continued the process of monetary tightening which began in June 2004, raising its key rate by one quarter point on eight occasions in 2005, bringing it up to 4.25% in December.

In the euro area, GDP grew by 1.3% compared to 2.1% in 2004, owing to the sluggishness of household consumption and a persistently high unemployment rate of around 8.6%. Growth therefore amounted to 1.4% in France, while it did not exceed 0.9% in Germany despite the country's export performance benefiting from strong global demand and the depreciation of the euro. Similarly, GDP was almost unchanged in Italy after growing by 0.9% in 2004. The low level of activity reduced the scope for getting the budget deficit under control in the euro area, and in some countries it exceeded the 3% limit laid down in the Stability Pact. Inflation, for its part, estimated at 2.2% for the area as a whole, was slightly above the 2% maximum set by the European Central Bank (ECB). In view of this and in the light of the improvement in economic indicators from the middle of 2005, in December the ECB raised its key rate for the first time since June 2003, from 2% to 2.25%.

In the United Kingdom, growth stood at 1.8% compared to 3.1% the previous year, following the slowdown in private consumption. Against this background, the Bank of England cut its base rate by one quarter point to 4.5% in August 2005. In the ten new member countries of the European Union, growth remained close to 5.4% overall.

The Japanese economy, which seems to be emerging from its period of deflation, recorded growth of 2.7%, attributable to the sustained rise in both exports and domestic demand. Similarly, the unemployment rate fell from 4.7% to 4.4%. The Bank of Japan therefore indicated in March 2006 that it would move away from the monetary easing policy which it had followed since 2001.

In the newly industrialised countries such as Korea and Singapore, growth reached 4.6% overall, owing in particular to buoyant trade with China.

In the emerging countries of Asia, economic growth remained very strong, mainly in China, where it was again approaching 10%, owing both to the strength of exports and investment, especially foreign investment, and to the growth in household consumption. This result was accompanied by lower consumer price increase, with prices rising by 1.8% compared to 3.9% a year earlier. In July 2005, China adjusted its exchange rate regime, pegging its currency no longer only to the dollar but to a basket of currencies. Despite this adjustment, the exchange rate of the yuan remained at a relatively low level. This development together with the expiry of the Agreement on Textiles and Clothing in January 2005 inevitably gave fresh impetus to Chinese exports. The total dismantling of quotas for textile products had, as well, a positive effect on the manufacturing sector in India, whose economy, also benefiting from the rapid growth in services, grew by more than 8%, as in 2004.

In Latin America, growth was down from 5.6% to 4.3%, while remaining on a positive trend overall. This slowing trend was particularly marked in Brazil and Mexico, where the growth rate was 2.3% and 3% respectively, compared to 4.9% and 4.2% the previous year. With growing foreign investments and exports, Chile, which signed a free trade agreement with China in October 2005, and Argentina achieved growth rates of 6.3% and 9.2% respectively.

Africa's GDP grew by 5.2%, which was similar to the 2004 figure. In the countries of the Maghreb, growth reached 4.1% compared to 5.1% a year earlier. Specifically, this overall trend covers an increase of 5.3% achieved by the Algerian economy, which benefited from firm global hydrocarbon prices, whilst Tunisia and Morocco recorded growth rates of 4.2% and 1.7% respectively, down from the previous year's figures.

With the economic cycle favouring basic products, growth improved in several countries of sub-

Saharan Africa, Angola and Nigeria in particular, where it came to 15.7% and 6.9% respectively. Similarly, GDP rose by 4.9% in South Africa as a result of domestic demand and exports firmness.

In the Middle East, growth strengthened appreciably in the oil exporting countries, especially in Saudi Arabia and Kuwait, which recorded rates of 6.5% and 8.5% respectively, and in Iran, where it stood at 5.9%. Other economies in the region also showed a favourable trend, in particular Jordan and Egypt, where GDP grew by 7.2% and 5% in line with the rise in their exports.

With the notable exception of Ukraine, where GDP growth slowed markedly, falling from 12.1% to 2.6% in a climate of political uncertainty, the main countries of the Commonwealth of Independent States (CIS) recorded high rates of growth, particularly Russia with 6.4% as a result of good oil revenues and household consumption. Among the countries of Central and Eastern Europe, Turkey recorded growth of 7.4% compared to 8.9% the previous year.

The volume of world trade, which had risen by an exceptional 10.4% in 2004, grew by 7.3% in the year under review. The value of trade was up by 12.9% to 12 641 billion dollars, more than 80% of which was accounted for by goods. Price rises on world markets resulted mainly from the surge in the price of oil which, on average, rose from 37.8 dollars to 53.3 dollars a barrel year-on-year, thus recording an increase of 41.3% following that of 30.7% the previous year. It was also due to the higher prices of mineral raw materials, up by more than a quarter after a rise of 36.1% in 2004. Prices of manufactured goods increased by 4.4% overall, compared to 9.7%.

In this context, the US current account deficit, at 805 billion dollars or 6.4% of GDP, widened by 20.5%, whereas the current account surpluses of Japan and the euro area fell respectively from 172 billion to 164 billion and from 75.2 billion to 2.5 billion dollars.

At the same time, at 423 billion dollars the current account surplus of the emerging and developing countries almost doubled in a year, the result mainly of the growth in the current account surpluses of China and Russia, which rose to 159 billion and 87 billion dollars respectively compared to 69 billion and 59 billion dollars in 2004, and the current account surplus of the countries of the Middle East, which expanded from 103 billion to 196 billion dollars.

On the international capital markets, the abundance of liquidity attributable to the high level of saving in relation to investment helped to keep long-term rates at relatively low levels and hence the yield curve flattening. In the United States, the yield on 10-year Treasury bills ended the year at 4.4% compared to 4.2% in 2004, while in the euro area and the United Kingdom it fell from 3.7% to 3.3% and from 4.5% to 4.1% respectively from year-end to year-end.

In all, international bond issues increased by 16.4% to 3 836 billion dollars. This trend was due in particular to the marked rise in funds raised by private financial institutions, which accounted for almost 72%. As in 2004, almost 48% of bonds were issued in the euro compartment and 35% in the dollar compartment, while those denominated in yen continued to represent 3%.

Encouraged by the strength of companies' profits and the improvement of their balance sheets, the stock markets showed substantial rises, especially in Europe and Japan. Thus, the CAC 40 and the DAX, which had shown a rise of nearly 7.5% the previous year, increased by 23.4% and 27.1% respectively. The same trend was observed as concerns the FTSE, which rose by 16.7% in 2005. The Nikkei index, for its part, closed the year up 40.2%, markedly more than the rise recorded in 2004. On the American markets, on the other hand, the Nasdaq grew by nearly 2%, compared to 8.6% a year before, while the Dow Jones returned to its end of 2004 level. The emerging markets again performed well.

The emerging and developing countries absorbed, for the second consecutive year, significant net flows of foreign direct investments, up by 16.4% at 212 billion dollars. Of this, more than one third or a total of 71.8 billion dollars went to the emerging countries of Asia, an increase of 19.7%. At 51.2 billion and 41.3 billion dollars respectively, net inflows to Latin America and to Central and Eastern Europe were up by 6.4% and 21.5%, while those to the Middle East and Africa increased by 47.4% and 53.6% to 19.6 billion and 23.2 billion dollars respectively. Direct investments in the countries of the Commonwealth of Independent States fell by 62% to 5.2 billion dollars.

As a result of the improved macroeconomic performance of the developing and emerging market countries, drawings on the International Monetary Fund, much reduced in the previous year, fell by half in 2005 to SDR 2.7 billion. After repayments are taken into account, the Fund's outstanding loans were down from SDR 62.1 billion in 2004 to 34.7 billion in 2005. New lending by the Fund under six Stand-By Arrangements increased markedly in 2005, from SDR 1.7 billion to 8.9 billion, over 75% of which was accounted for by Turkey. The International Bank for Reconstruction and Development, for its part, increased its lending from 11 billion to 13.6 billion dollars in the financial year to end June 2005. At the same time, disbursements by the International Development Association increased from 6.9 billion to 9 billion dollars, while those by the International Finance Corporation, in the form of loans and participations, stood at 3.5 billion dollars, slightly up on their level for the financial year to end June 2004.

In 2005, the trend on the foreign exchange markets was marked by the recovery of the dollar against the major currencies. Apart from a few dips caused in particular by market concerns about the scale of the US external imbalances, the dollar followed an upward trend throughout the year as a result of the strength of US economic growth and the yield differential encouraging inflows of capital towards this country. Indeed, while, on an annual average, the dollar remained broadly stable against the euro, it appreciated from year-end to year-end by 15.5% against the euro and rose by 12.2% and 13.3% against the pound sterling and the yen respectively.

Conversely, owing to the uncertain outlook, both economically and politically, resulting from France and the Netherlands' non-approval of the European Constitutional Treaty, investors adopted a more cautious approach regarding the euro. Thus, after benefiting from the weakening of the dollar at the start of the year, climbing to over 1.34 dollar in March, the euro subsequently fell back, reaching its lowest level for two years at around 1.17 dollar in November.

Despite the recovery in the Japanese economy, the yen fell almost continually against the dollar and the euro, particularly because interest rates were kept at levels close to zero in 2005. With economic growth slowing down in the United Kingdom, the pound also weakened against the dollar, reaching 1.71 dollar in November, its lowest level since 2003.

The year 2005 also saw the holding of the sixth Ministerial Conference of the World Trade Organisation (WTO) in Hong Kong from 13 to 18 December, which relaunched the November 2001 Doha Development Agenda. The conference in fact resulted in the adoption of a Ministerial Declaration confirming the decisions taken by the WTO General Council in July 2004 and provided the Doha work programme with a new roadmap with a view to concluding it in the course of 2006.

As regards agriculture, which remained at the centre of the talks, this meeting resulted in the conclusion of an agreement aiming at the elimination of all forms of export subsidy, for cotton in 2006 and for all agricultural products by 2013 at the latest. A general reduction was agreed on for production subsidies that distort agricultural trade, but their thresholds were not set. In this section of the talks, the developing countries were given some flexibility in that a number of agricultural products, referred to as "special products" owing to their effect on food security and rural development, were exempted from tariff reductions. They also gained the right to invoke a Special Safeguard Mechanism with trigger levels based on quantities imported and prices, but the rules of its implementation remain to be defined.

◆ National output

In 2005, economic growth amounted to 1.7% down from 4.2% the previous year; this was the result of the 17.7% decline in the value added of the primary sector following the marked drop in agricultural output due to unfavourable weather conditions. Thus, primary sector value added represented 12.4% of GDP compared to 15.3% in 2004. On the other hand, non-agricultural GDP grew by 5.2% up from 4.7% the previous year as a result of the positive trend in activity in virtually all sectors, especially energy, building and public works, transport and communications and tourism⁽¹⁾.

In the primary sector, output of the four main cereals amounted to 42 million quintals, down by one half compared to the previous farming year and by 29% against the average of the last five years. Similarly, the pulse crop harvest was down by more than 38%, owing mainly to the drop in yields. At the same time, output of market garden crops, sunflowers and sugar cane also fell. On the other hand, output of citrus fruits, olives, sugar beet and grapes increased. Stock farming, which benefited from the measures taken by the public authorities to limit the effects of the drought, in particular the suspension of duties and taxes on imports of feedingstuffs, followed a positive trend overall. Fisheries output increased by 4.2% as a result of the doubling of deep-sea catches, while coastal fishing catches were virtually unchanged from one year to the next.

The value added of the secondary sector, which represents 31% of GDP, strengthened in 2005, increasing by 6% compared to 4.9% the previous year, as a result of activity getting firm in most branches. Thus, manufacturing industry output showed an overall increase of 2.6%, accounting for 0.5 percentage point of economic growth. However, this result masks divergent trends. Activity in the metal, engineering and electronic industries, the chemical and parachemical industries and in the processing of quarry ores in fact followed a positive trend, whereas that of the agri-foodstuffs

(1) See Statistical appendices I-1 to I-4.

industries was virtually unchanged owing to the inadequate supply of agricultural produce. Activity in the textile industry, on the other hand, suffered both from the dismantling of the Agreement on Textiles and Clothing, which revived competition from Asian products, and from rising factor costs, in particular the increase in January 2005 of the guaranteed minimum wage (SMIG).

Activity in building and public works showed an increase of 5.9% compared to 3.5% observed a year earlier, as a result of the continuation of basic infrastructure works, housing construction, and the development of industrial zones and of seaside resorts within the framework of the "Azur Plan".

At the same time, energy output rose by 18.3% up from 11.2% in 2004, mainly the result of strengthening non-agricultural economic activity and the continuation of the rural electrification programme. Similarly, mineral extraction activity, up by 9.5% in 2004, was consolidated in the year under review, showing a rise of 5.2% on the back of the positive trend in foreign demand, especially for unprocessed phosphate.

Activity in the tertiary sector, including general government, produced a rise of 4.8%, slightly higher than the 4.5% observed the previous year. In particular, the value added of the transport and communications branch increased by 7.1% compared to 4.8% in 2004 as a result of a thriving communications sector and growth in transport activity both in terms of freight and passengers. Likewise, trade activities were up, by 4.7%, after a rise of 7.2% in 2004. At the same time, the tourism sector continued to prosper on the back of the introduction in 2004 of a number of incentives involving in particular the liberalisation of air transport and closer ties with foreign tour operators and the trade. For the year as a whole, the number of overnight stays in classified hotels increased by nearly 16%, mainly due to the 19% rise in overnight stays by foreign tourists.

Valued at 457.6 billion at current prices, gross domestic product grew by 3.1% compared to 5.8% in 2004. This deceleration covers a drop of 8.1% in agricultural GDP and a slowing in the rate of growth of non-agricultural GDP, down from 6.8% to 5.3%.

◆ Agriculture, stock farming and fisheries

After the good performance of the last two years, the agricultural sector suffered in 2005 from unfavourable weather conditions, affecting mainly cereals and pulses. The industrial crops grown in irrigated areas, on the other hand, benefited from the reserves of water held by dams, which were 53% full compared to 74% a year earlier. Against this background, the social conditions in rural areas deteriorated with the loss of an estimated 110 000 jobs, taking the rural unemployment rate to 3.6%, slightly up on the previous year. Activity in the fisheries sector, in continuous decline since 2002, recovered in the year under review as a result of the reduction in the biological dormancy periods from 8 to 5 months. Thus, the added value of the primary sector, calculated at constant prices, was 17.7% lower and its share of gross domestic product declined year-on-year, from 15.3% to 12.4%⁽¹⁾.

Agriculture

At the start of the 2004-2005 farming season, the public authorities took a number of measures to assist the rural population. Thus, the subsidy on a quintal of certified cereal seed was raised from 45 dirhams to 100 dirhams for soft wheat, from 50 dirhams to 80 dirhams for durum wheat and from 60 dirhams to 95 dirhams for barley. Similarly, assistance to farmers for the purchase of agricultural tractors, previously set for a period of five years, was renewed for the same period starting in July 2004 and at the start of 2005 its rate was increased from 25% to 40% of the cost of the equipment. However, a ceiling of 70 000 dirhams was set for cooperatives and 40 000 dirhams for individuals instead of the 5 000 and 20 000 dirhams respectively that applied previously. Moreover, State assistance for the creation of orchards was set at 80% of the purchase price of the fruit-tree seedlings. The System of cereal-production guarantee against drought was this year renewed for the

(1) See Statistical appendices II-1 to II-14.

same area of 300 000 hectares, but, as in the previous year, only 121 000 hectares were insured, benefiting 10 353 farmers. Finally, the leasing operation concerning land managed by the Agricultural Land Management Company (SOGETA) and the Agricultural Development Company (SODEA) enabled 44 000 hectares to be leased, mainly to national investors.

Moreover, in order to reduce the negative impact of the drought, the State and Crédit Agricole du Maroc allocated a package of around 3 billion dirhams to provide financing for the cancellation of loans taken out with that body by 100 000 small farmers.

Cereals and pulse crops

The cereals season was marked by irregular and sporadic rainfall together with winter frost and high temperatures in the spring, which severely affected the growth rate of cereals, which were cultivated on 5.4 million hectares, down by 4.3% compared to the previous season. In fact, the total national average rainfall, half of which was recorded during the last ten days of October 2004 and of February 2005 respectively, was only 228 mm, more than 37% lower than the previous season's average. This water shortage was even worse during April and May, which is the crucial period for cereals coming into ear. In these conditions, the harvest of the four main cereals, at 42 million quintals, was down by one half as a result of a similar decline in yields. Thus, output of soft wheat and durum wheat, at only 21 million quintals and 9.4 million quintals respectively, was down by 40.2% and 53.5%. Similarly, the barley and maize harvests plummeted by 60% and 78% to 11 million quintals and 501 000 quintals respectively.

As a result, the quantities of cereals sold on the local market by approved intermediaries between June and December 2005 amounted to no more than 14.8 million quintals, down 14%. In order to protect national output, the public authorities raised customs duties on imported cereals from 100% to 115% from July 2005 for soft wheat and from 95% to 170% during the months of June and July for durum wheat. These measures applied only for the price bracket of 2 000 dirhams per tonne or

less, the single rate of 2.5% continuing to apply for the bracket above 2 000 dirhams. In this context, imports of cereals, 32% of which was accounted for by soft wheat and the same proportion by maize, amounted to 28.7 million quintals, up by more than one half, chiefly the result of the tripling in purchases of barley, now standing at 6.4 million quintals.

Like cereals, pulse crops were severely affected by the unfavourable weather conditions, resulting in yields falling from 8.2 quintals to 4.2 quintals per hectare. Output was therefore limited to 1.5 million quintals, down by 38.3%, a trend found in all varieties.

Market garden crops

Comprising 4.8 million tonnes of seasonal vegetables and 1.3 million tonnes of early fruit and vegetables, market garden output amounted to 6.1 million tonnes, down by 4% on the previous season as a result of falling yields. Conversely, exports, benefiting from higher prices, totalled 537 700 tonnes, up 7.7%. This positive trend is the result of the rise of 7.3% in sales of tomatoes, estimated at 236 700 tonnes, 220 000 of which went to the European Union.

Olive crops

The output of olives, the harvesting of which began at the end of 2005, came to 700 000 tonnes, up by 40% on the previous season. Likewise, the quantities of oil extracted grew at the same rate, amounting to 70 000 tonnes. Under these conditions, oil exports increased by 32%, totalling 31 537 tonnes.

Oleaginous crops

The inadequate rainfall combined with the rise in temperatures from the end of March 2005 brought about reductions in both areas and yields of sunflowers. In all, output was down by one half year-on-year, from 350 000 quintals to 182 000 quintals. Groundnut cultivation, on the other hand, all of which in irrigated areas, reached 487 000 tonnes, an increase of 8.2%, attributable to the 11.1% improvement in yields, areas having remained the same from one season to the next.

Sugar crops

The sugar beet harvest, nearly seven tenths of which were accounted for by the Doukkala and Tadla areas, was up by 12.4% to 3.6 million tonnes, owing to an expansion of nearly 17% in cultivated areas. Sugar cane output, on the other hand, was down 9.8% to 786 254 tonnes as a result of a 7.8% reduction in areas.

Under these circumstances, total output of sugar amounted to around 475 400 tonnes, down 6.4%. Imports of sugar, which took place from June to December 2005 at prices around 19% higher, therefore increased by 13.3% year-on-year to 331 600 tonnes, requiring an expenditure of 815 million dirhams, up by 48.4%.

Fruit arboriculture

Output of citrus fruits, over 66% of which was accounted for by clementines and Maroc Late, came to 1.3 million tonnes, an increase of 16% on the previous season. At the same time, exports, at 490 000 tonnes, were 12% higher than at the end of the previous season. This positive trend masks an increase of around one fifth in sales of clementines, to 170 000 tonnes, and a slight drop in deliveries of oranges, to only 227 000 tonnes as a result of the prevailing frosts that winter.

After recording an 8% decline in 2004, the grape harvest increased by 6% to 334 000 tonnes, comprising 231 000 tonnes of table grapes and 103 000 tonnes of wine grapes.

Following a marked rise over the last two seasons, the output of dates was down by 8.6% to 64 000 tonnes.

STOCK FARMING

According to the survey conducted by the Ministry of Agriculture in March and April 2005, the number of livestock, sheep accounting for seven tenths of the total, was virtually unchanged at 24.9 million heads from one year to the next. To support this sector, the public authorities stepped up the measures aimed at limiting the effects of the drought. Thus, from June to December 2005 they suspended duties and taxes on barley imports, paid the costs of transporting this feedingstuff to the disaster areas and cut the duties on purchases of certain other supplementary feedingstuffs.

Output of red meat rose markedly to 400 000 tonnes and that of white meat recorded a year-on-year increase of 6% to 360 000 tonnes.

FISHERIES

Output of coastal fisheries, more than seven tenths of which sardines, amounted to 865 400 tonnes, a similar volume to the last two years, and had a value of 3.4 billion dirhams. 39% of catches were consumed as fresh fish and the same proportion was used to manufacture fish meal and fish oil, while the remainder was supplied to canning and freezing factories.

After declining steadily since 2001, owing to the measures taken with a view to allowing fish stocks to recover, deep-sea fishing catches more than doubled in the year under review, in both volume and value, amounting respectively to 64 500 tonnes and 3 billion dirhams, the biological dormancy periods having been reduced from 8 to 5 months.

In all, the output of the fisheries sector totalled some 930 000 tonnes bringing in 6.4 billion dirhams, up by 4.2% and more than one half respectively compared to 2004.

Exports of fisheries products, consisting essentially of canned fish, amounted to 352 000 tonnes, up by more than one quarter compared to the previous year. At the same time, the earnings received, at 9.4 billion dirhams, were up by 26% year-on-year, mainly as a result of the appreciable increase in sales of crustaceans, molluscs and shellfish.

In addition, in July 2005, Morocco and the European Union signed a new four-year fisheries agreement under the terms of which 119 European vessels were authorised to resume pelagic fishing exclusively on the Atlantic coast and for set quotas. The European Union's annual financial contribution was set at nearly 41 million euros. At the same time, the agreement between Morocco and Russia, signed in October 2002 for a period of 3 years and which came into force in 2003, was extended for one year starting in September 2005. In addition, the number of Russian vessels authorised to fish in Moroccan territorial waters, initially set at 12, was increased to 28 and the pelagic fish quotas granted were raised from 120 000 to 200 000 tonnes.

◆ Minerals

Mining activity

As a result of the consolidation of foreign demand and of prices, especially for phosphates and derivatives, in the year under review, extraction activity⁽¹⁾ showed an increase of 6.6% after the 8.1% rise observed in 2004. Likewise, export earnings, at 6 billion dirhams, were up by nearly a quarter, on the back of rising world prices in particular.

(1) See Statistical appendices III-1 and III-2.

Phosphates

The strengthening in demand for phosphates and derivatives enabled the OCP Group (Moroccan Phosphate Office) to step up foreign deliveries of both unprocessed phosphates and phosphoric acid for the second year running.

Market output of phosphates came to 27.3 million tonnes, up by 7.4% compared to 10.9% the previous year. At the same time, the export volume was up 12.5% at 13.3 million tonnes, due to a large extent to the increase in purchases by Pakistan and Indonesia. The corresponding earnings totalled 4.6 billion dirhams, an increase of more than 22%. The geographical breakdown in the OCP group's exports continues to be characterised by the dominance of the United States, which bought one fifth of the quantities delivered, followed by Spain, India, Mexico and Brazil, which together, in line with the previous year, took almost half of total exports.

At 13.9 million tonnes, deliveries of unprocessed phosphates to local processing units, up by 11.6% a year earlier, rose by 3.6% in 2005. The manufacture of phosphoric acid was increased to 3.4 million tonnes, up by 4.2%, while that of fertilizer remained stable at 2.4 million tonnes. Turning to exports, sales of acid remained unchanged at 2.2 million tonnes, while those of fertilizer fell by 6% to 1.9 million tonnes. Overall, they brought in 11.6 billion dirhams, a year-on-year rise of 14%.

In sum, the OCP Group's earnings improved by more than 16% to reach 16.1 billion dirhams, more than seven tenths of which were generated by derivatives, reflecting the importance of the policy of enhancing the local resources' value. To this effect, 2005 was marked by the conclusion of new joint venture agreements between the OCP and investors from Brazil and India for the construction of new phosphoric acid and fertilizer factories in Jorf Lasfar.

Other ores

The upward movement in quotations of other mineral products, which was already under way, continued in the year under review, significantly stimulating mining activity. Thus, total output of ores reached 1.2 million tonnes, increasing by over 17% owing to the upswing in the extraction of most substances.

Exports followed the same trend, rising by 6.8% in volume and by almost one third in value to 1.4 billion dirhams, 39% of which was generated by deliveries of zinc.

◆ Energy

The sustained growth in demand for energy again required major recourse to imports in 2005 against a background of rising international oil prices, which averaged 53.4 dollars a barrel, up 41.5% compared to 2004. The energy bill therefore increased by almost one half to 39.3 billion dirhams, imports having risen by 11.5% to 13.2 million tonnes oil equivalent (TOE).

Final consumption of energy⁽¹⁾, estimated at 11.8 million TOE, was up by 6.6% compared to a rise of 3.9% the previous year. This acceleration mainly concerned coal and electricity consumption, whilst that of petroleum products, which is preponderant, grew more slowly than before.

At the same time, output of energy came to 11.2 million TOE, up 12.8% compared to a rise of more than one fifth a year earlier.

(1) See Statistical appendices III-3 to III-7.

Petroleum products

Stimulated by the greater use of fuel oil by thermal power stations, refining activity, which is provided exclusively by SAMIR, increased by nearly 12% to 6.4 million tonnes, obtained from imports of 7.1 million tonnes of crude oil. The 54% increase in the cost of purchases of crude oil and refined products, at 35.5 billion dirhams, caused the public authorities to raise domestic selling prices on two occasions. Thus, in the course of 2005 prices were raised by an average of 10.7% for the super, 16.8% for gas oil and lamp oil and 38.4% for fuel oil. These measures, which did not apply to butane gas, resulted in moderate price rises that had only a limited effect on consumption. The growth in sales of petroleum products in fact accelerated, rising year-on-year from 4.5% to 6.7% as a result in particular of the 42% increase in the use of fuel oil by thermal power stations.

Electricity

Net output of electricity, two thirds of which were provided by concession holders and one third by the ONE (National Electricity Office) totalled 18.7 billion kWh, an increase of 14% compared to a rise of 7% a year earlier. This is explained by the expansion in generating capacity with the coming on stream, at the start of 2005, of the Tahaddart combined cycle power station with a capacity of 463 MW. Using mainly natural gas, this unit supplied more than one tenth of the total output of electricity, enabling the higher demands to be satisfied and making up for the decline in both the contribution made by hydroelectric plants and imports, amounting to 1.4 billion and 815 million kWh respectively.

Electricity consumption was estimated at 17 billion kWh, up 8.2% compared to a rise of 7.9% the previous year. This sustained growth in demand from both industry and households required a total investment of 4.8 billion dirhams in the year under review, up from 4.5 billion in 2004. This was used to raise the rate of completion of the rural electrification programme from 72% to 81% and to install

the Essaouira and Tangiers wind farms. At the same time, calls for tender were issued for the construction of power stations at Ain Beni Mathar and Al Wahda, and the interconnection with neighbouring countries was strengthened with the doubling of transit capacity to and from Spain.

So far as oil is concerned, the Office national des hydrocarbures et des mines (National Hydrocarbons and Minerals Office) stepped up its promotion efforts to attract foreign investors. Thus, new agreements were signed taking to 26 the number of companies prospecting for hydrocarbons in Morocco over an estimated area of 107 000 km² off-shore and 23 000 km² on-shore.

◆ Manufacturing industry

In 2005, the international context of industrial activity was marked in particular by the weakness of growth in the euro area, which is Morocco's main partner, and increasing competition resulting from the expiry of the Agreement on Textiles and Clothing and the continuing process of tariffs' dismantling. On the domestic front, the economic climate was marked by the rise in energy costs and the increase in the guaranteed minimum wage in the textile, leather and agri-foodstuffs sectors, with the latter also suffering from the drop in agricultural output.

In these conditions, growth in the industrial sector was only 2.5% compared to 3.1% the previous year⁽¹⁾ and its contribution to national GDP remained unchanged at 16.6%. This development masks a decline in activity in textiles and clothing and an increase in the other sectors.

In order to accelerate the process of upgrading the industrial fabric and to make it more competitive, against a background of the national economy increasingly opening up to the outside world and of fiercer competition, in 2005 the public authorities set up a new industrial strategy called the "Emergence Plan". This envisages the development of a number of key sectors, in particular offshoring, the motor industry, electronics and aeronautics and the creation of free zones set aside for export-oriented industries. At the same time, the modernisation of the agri-foodstuffs, sea-food processing and textile branches, which are major providers of employment, will be stepped up.

In this regard, in 2005 the State signed an agreement with the textile and clothing industry designed to boost the sector, providing, on the one hand, for the simplification of customs procedures, accompanied by a reduction in customs duties on imports of raw materials, accessories and supplies and, on the other, the putting in place of appropriate instruments for financing and financial restructuring with, in particular, the support of the Hassan II Fund for Economic and Social

(1) See Statistical appendix IV-1.

Development and the Investment Promotion Fund. The textile industry should also benefit both from the reintroduction of quotas on Chinese products by the European Union and from the advantages of the pan-Euro-Mediterranean cumulation of origin agreement. In addition, the entry into force of the free trade agreement with the United States in 2006 should bring growth in exports and hence investment in the sector.

| Groups of industrial branches | Weighting | Percentage changes of industrial output indices | | |
|---|--------------|---|--------------|--------------|
| | | 2003 | 2004 | 2005 |
| • Food, beverages and tobacco industries | 249 | + 3.7 | + 5.3 | + 2.4 |
| • Textiles, clothing and leather | 223 | - 3.7 | - 0.5 | - 2.1 |
| • Chemical and paracheical | 218 | + 4.9 | + 2.7 | + 3.0 |
| • Mechanical, metallurgical, electrical and electronic industries | 181 | + 5.8 | + 1.9 | + 3.4 |
| • Building materials and wood processing | 129 | + 8.6 | + 5.3 | + 7.0 |
| Overall index | 1 000 | + 3.5 | + 3.1 | + 2.5 |

Food, beverages and tobacco industries

The agri-foodstuffs industries recorded growth of 2.4% in the year under review, compared to 5.3% the previous year, the result of divergent trends in the different branches.

Thus, the sugar and beverages and tobacco branches declined by 1.3% and 2.3% respectively as a result of the drop in agricultural output.

On the other hand, flourmill activity recovered by 5% and that of animal feedingstuffs grew by 16.7% on the back of increased imports of cereals, barley in particular, on which customs duties were reduced. At the same time, a rise of 11.4% was recorded in fish-canning as a result of the improvement in fishery resources following the reduction in the biological dormancy period from 8 to 5 months.

Stimulated mainly by local demand, the manufacture of canned fruit and vegetables showed a rise of 4.6% after the sharp decline of 9.3% recorded a year earlier.

Textile, clothing and leather industries

The textile, clothing and leather industries were still faced with difficult economic conditions in 2005, marked by the end of the Agreement on Textiles and Clothing and increased competition from Asian countries.

Under these conditions, the sector's activity continued the downward trend started in 2003, falling by 2.1%, which masks a contraction in the rates of manufacture in the ready-made clothing branch and virtual stagnation in textiles and leather.

Ready-made clothing activity was down by 4%, the result of a 5.6% drop in the manufacture of lingerie, shirts and blouses and a 3.6% decline in undergarments.

On the other hand, the textile branch was virtually unchanged, with increases of 11.3% and 3.8% respectively in the silk and fibres industry and in the manufacture of basic textiles and a contraction of 6.4% in carpet manufacture and 4.8% in the cotton industry. Activity in the hosiery branch remained stable.

In the leather sector, footwear manufacture grew by 9.5% as a result of an appreciable increase in foreign demand, which also stimulated the activity of tanneries, up by 3.7%. Conversely, output of other leather goods fell by 16.1% compared to the previous year.

Chemical and paracheical industries

The chemical and paracheical industries recorded growth of 3% in 2005, slightly higher than the previous year's figure. This was the result of increased output of phosphate derivatives, paints and paper and board, with the pharmaceutical industry unchanged and the manufacture of rubber articles in decline.

Benefiting from the growth in global demand, output of phosphoric acid increased by 4.2% to 3.4 million tonnes, while that of fertiliser was virtually unchanged at 2.4 million tonnes.

At the same time, paint manufacture was up by 9.8% as a result, in particular, of ongoing housing programmes. The same trend was observed in plastics and detergents manufacture, which rose by 3.5% and 2.8% respectively.

Activity in the paper and board branch was 10.4% higher, with paper pulp exports rising by one quarter to 123 000 tonnes and the strengthening of demand from the printing and publishing sector.

Conversely, the manufacture of medicines, which fell by 10.2% in 2004, was unchanged in the year under review while that of rubber articles, affected by the drop in tyre exports, declined for the second year running.

Engineering, metallurgical, electrical and electronic industries

The engineering, metallurgical, electrical and electronic industries continued the upward trend observed over the last few years. The index for this sector in fact rose by 3.4% compared to 1.9% the previous year. This overall trend masks divergent trends in different branches.

Thus, the index for the basic metal industries, down by 2.1% in 2004, recovered strongly, up by 14.3%, owing to the 40.4% increase in non-ferrous metals processing and 11.5% in iron and steel activity.

Similarly, the manufacture of electrical and electronic equipment increased by 4.3% in 2005 compared to 1.8% the previous year as a result of the marked improvement in output of lighting equipment, which more than offset the decline in the manufacture of electric wires and cables and of electronic apparatus and equipment.

Output of metalworking products rose by 1.6% compared to 2% the previous year. This slowdown was the result of an increase in the manufacture of machines and springs, metal articles and pipes and a decline in that of packaging and household utensils.

Output of transport equipment, up by 4% in 2004, was virtually unchanged in the year under review, masking a decline in the assembly of commercial vehicles and railway equipment and an increase in the manufacture of mopeds and private cars. Thus, assembly of the latter grew by 14.3% compared to 5.1% in 2004, chiefly the result of the manufacture of the new economy car, launched on the market in July 2005. In addition, car imports rose by 23% to 41 561 units, pushing total sales of passenger cars up to 56 183 units.

Building materials

Benefiting from the continuation of housing programmes, the acceleration of basic infrastructure works and the increased investment in the tourism sector, the building materials and timber branch grew by 7% following a rise of 5.3% recorded a year earlier. This positive trend is reflected in higher sales of cement, up by 5% to 10.3 million tonnes, and the increase of almost one quarter in the manufacture of agglomerates and of 41% in carpentry for the building industry.

◆ Tourism

The marked recovery in world tourism which got under way in 2004 was confirmed in 2005 despite an unfavourable international climate characterised in particular by geopolitical instability, the spread of avian flu, natural disasters in Asia and America and, finally, the effect of rising oil prices. Thus, the number of tourists totalled 808 million, an increase of 5.5% compared to that of 10% recorded the previous year. Receiving 443.9 million visitors, up by 4.3%, Europe maintained its share in world tourism at around 55%. It is followed in turn by the Asia-Pacific area and by the American continent, which recorded 156 million and 133.1 million visitors respectively, an increase of 7.4%. Likewise, Africa improved its share slightly, from 5.3% to 5.6% in a year, thanks to the 9.4% increase in tourist flows to 45.3 million. Of this total, the number of persons visiting North Africa came to 13.6 million, up by 6.3%.

At national level, tourist activity was also consolidated in the year under review, with the strengthening of demand on source markets and the opening up of air space between Morocco and the European Union. In fact, 6.1 million tourists visited Morocco, an increase of 5.6%; this figure masks a 10.1% rise in the number of foreign visitors, while the number of visits from Moroccans living abroad remained unchanged. Similarly, the total number of overnight stays recorded by

classified hotels, at 15.2 million, was up by 15.6%, taking the occupancy rate to 47% compared to 43% the previous year. At the same time, earnings from travel rose by nearly 18% year-on-year to 41 billion dirhams.

This positive evolution confirms the trend previously observed and the development strategy for the tourist sector which, based on appropriate planned programmes and incentives, aims to raise accommodation capacity to 230 000 beds and attract 10 million tourists by the year 2010.

In this connection, the investments made in this sector in 2005 saw the creation of 22 new hotel establishments and the renovation of 150 other units, the 8 206 new beds taking the total accommodation capacity to 122 556 beds, almost one quarter of which are located in Marrakech and more than one fifth in Agadir. Similarly, 58 contracts for the provision of 57 779 other beds for an estimated total of 27.2 billion dirhams, were signed between the State and national and foreign private operators.

At the same time, work on the development of the Saidia, El Jadida, Larache and Essaouira seaside resorts continued. In addition to these programmes, the beginning of 2006 saw the leasing of the Taghazout site and the start of work to develop the Bouregreg valley in Rabat with investors from the United Arab Emirates.

As far as rural tourism is concerned, the development policy adopted in 2003, comprising several actions, was continued in cooperation with local players, chiefly in the towns of Immouzer and Chefchaouen with a view to setting up a plan to promote those regions and develop partnerships with tour operators.

Similarly, the new strategy to develop domestic tourism, which was laid down in the year under review, provides for the creation of a modern sales network and the emergence of specialised tour operators.

In the field of air transport, 2005 saw an increase in traffic which is due to the gradual opening up of air space since 2004 and the dynamic approach adopted by Royal Air Maroc and its subsidiary "Atlas Blue", which have introduced new services to Europe and Africa. This development encouraged the national tour operators to set up a new private low-cost airline "Jet4you" at the end of 2005; 40% of its capital is held by foreign investors. This liberalisation was confirmed after the signature at the end of 2005 of the "Open Sky" global air traffic agreement between Morocco and the European Union. This agreement provides for the abolition of restrictions on nationality, capacity and air traffic density, the development of investments in this field, the approximation of legislation relating to air transport and the authorisation of low-cost European airlines to provide services to tourist destinations in Morocco.

Tourist flows⁽¹⁾

The number of foreigners visiting Morocco in 2005 was up by 10.1% to 3.3 million persons, almost 76% of them from the European Union, and more than nine tenths of this total was accounted for by stay tourists. With the exception of visitors from Germany and the Scandinavian countries, which were down 1.4% and 12.5% respectively, the main source markets in Europe developed favourably. Thus, the total for French nationals, at 1.3 million persons, was up by 14.6%, representing nearly 41% of all foreign tourists. Similarly, the number of Spanish and British visitors, at 367 811 and 193 552 respectively, showed annual increases of 16% and 14.4%, confirming the upturn already observed in 2004. This positive trend was also found in flows from the American continent, totalling 140 194, up by 9.5%. The same goes for arrivals of nationals from the Maghreb and the Middle East, who, at 93 549 and 81 376 respectively, recorded year-on-year increases of 14.1% and 8.7%, thus consolidating the positive trend observed the previous year.

(1) See Statistical appendix V-1.

Air transport remains the most common form of travel, used by more than three quarters of all foreign stay tourists; 39% and 32% of these were recorded by the airports of Marrakech and Casablanca respectively, while 19% passed through Agadir. The number of arrivals by sea and land represented 14% and 10% respectively.

Hotel activity

The number of overnight stays recorded by classified hotels totalled 15.2 million, a year-on-year increase of 15.6%; this was the result of a rise of nearly 19% in overnight stays by foreign tourists, especially French ones, who alone constituted 51% of the total. This trend is due mainly to the density of the air network with France and the promotional rates offered by the sector's operators. Similarly, domestic tourism accounted for almost 3 million overnight stays, up by 3.4% compared to a rise of 7.5% in 2004. The four-star category of hotels benefited most, welcoming more than one third, as did the towns of Marrakech and Agadir, which received 38% and 32% of the total respectively.

Occupancy rates, which rose by 4 points in 2004, again improved in the year under review, rising from 43% to 47%, with rates appreciably higher than the national average in the towns of Marrakech and Agadir and markedly lower in Tetuan and Oujda.

◆ Demand

Residents' final demand amounted to 492.4 billion dirhams, an increase of 4.1% compared to 8.3% the previous year, showing, in relation to gross domestic product, a deficit in resources of 34.8 billion dirhams, or 7.6% of GDP compared to 6.7% in 2004. Imports of non-factor goods and services in fact totalled 180.6 billion dirhams, an increase of 15% resulting from the marked increase in purchases of commodities, especially petroleum products and semi-manufactures. At the same time, exports of non-factor goods and services came to 145.8 billion, an increase of 14.4%, owing mainly to the appreciable rise in earnings from services and, to a lesser extent, the increase in sales of commodities, in particular foodstuffs, semi-manufactures and basic materials⁽¹⁾.

◆ Consumption

National final consumption, estimated at 373.6 billion or 81.6% of GDP, rose by 3.2% compared to 7.8% the previous year. This slowdown is attributable to the sharp drop in demand from rural households as a result of the unfavourable farming year. Accordingly, household expenditure on goods and services increased by only 1.2%, a much lower rate than the 4.5% recorded by Disposable gross national income. Consumption of non-market services provided by general government increased by 8.8% compared to 5.6% the previous year.

◆ Investment

Taking into account an increase in stocks of 2.9 billion dirhams, investment was estimated at 118.8 billion dirhams, 7% more than the previous year. Gross fixed capital formation (GFCF) amounted to 115.9 billion, a rise of 6.3% compared to 8.5% in 2004, resulting in an investment ratio of 25.3%

(1) See Statistical appendices I-5 to I-7.

compared to 24.6% a year earlier; this was the result of the continued work on major infrastructure and housing construction projects and the higher level of acquisitions of plant and equipment by industrial units upgrading their production tool.

Acquisitions of plant and equipment, which accounted for 53% of GFCF, showed an increase of 5% compared to 10.3% in 2004, reflecting the continuing capital investment drive in virtually all sectors. In particular, the Moroccan oil refinery company, Société anonyme marocaine de l'industrie de raffinage (SAMIR), allocated more than one billion dirhams to modernising the Mohammedia refinery in 2005 to bring it up to European standards. Similarly, the national airline, Royal Air Maroc, expanded its fleet with the purchase of two new aircraft.

(In millions of dirhams)

| Components of gross fixed capital formation | 2002 | 2003 | 2004 | 2005 | Changes in % | |
|---|---------------|----------------|----------------|----------------|--------------|--------------|
| | | | | | 2004 | 2005 |
| | | | | | 2003 | 2004 |
| Plant and equipment | 45 650 | 52 452 | 57 854 | 60 747 | +10.3 | + 5.0 |
| Building | 24 971 | 28 792 | 30 807 | 32 347 | + 7.0 | + 5.0 |
| Public works | 16 550 | 15 171 | 16 229 | 18 663 | + 7.0 | +15.0 |
| Development and plantations | 2 761 | 2 832 | 2 866 | 2 860 | + 1.2 | - 0.2 |
| Livestock | 1 210 | 1 252 | 1 327 | 1 301 | + 6.0 | - 2.0 |
| Gross fixed capital formation (GFCF) | 91 142 | 100 498 | 109 083 | 115 918 | + 8.5 | + 6.3 |
| GFCF/GDP (in %) | 22.9 | 24.0 | 24.6 | 25.3 | - | - |

Investment in the building sector was consolidated, showing an increase of 5% compared to 7% in 2004. The most important projects were the continuation of housing construction and the development of the hotel infrastructure within the framework of the "Azur Plan". At the same time,

public works activity, up 7% in 2004, increased by 15% in the year under review as a result of the continuation of the motorway programme and the extension of the railway network and of the airport and port infrastructures.

This year, the Investment Committee also approved 47 draft investment contracts for a total amount of 20 billion dirhams, compared to 14 billion in 2004. These projects are likely to lead to the creation of 15 443 new direct jobs.

◆ National saving

Following a 20.5% rise in incomes and net transfers received from abroad, estimated at 45.9 billion dirhams, the result of increased transfers from Moroccans resident abroad, Disposable gross national income increased by 4.5% to 503.5 billion dirhams. Gross national saving therefore amounted to 130 billion dirhams, an increase of 8.6% compared to 2.9% the previous year, representing a savings ratio of 28.4% of GDP compared to 27% in 2004. This saving made it possible to cover the whole of investment expenditure and to produce, for the fifth year running, a financing capacity estimated at more than 11 billion dirhams, the equivalent of 2.4% of GDP compared to 1.9% in 2004.

◆ Prices

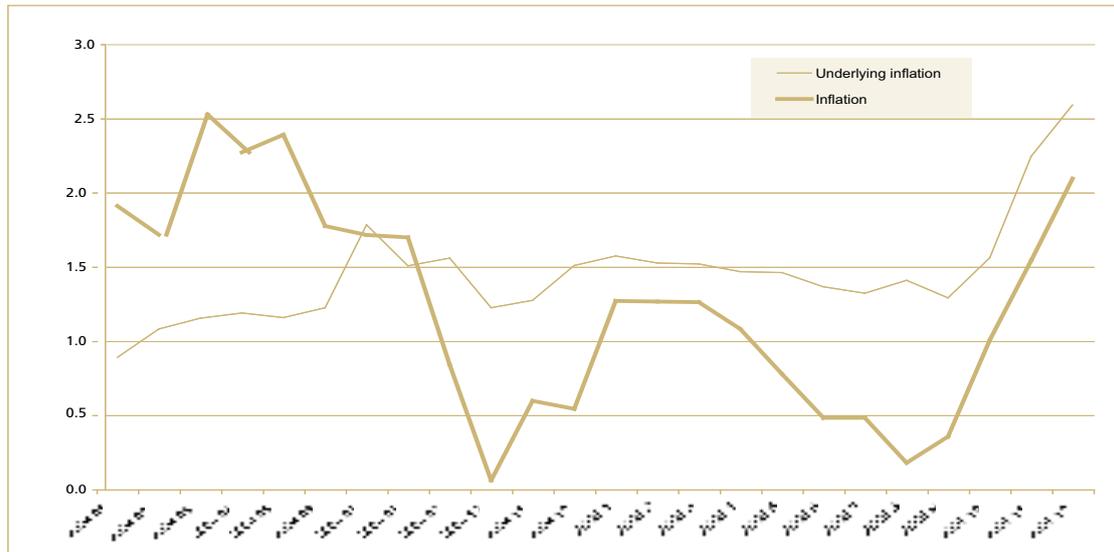
Inflation remained under control in 2005, as the price indicators show, both in terms of consumer prices and manufacturing output excluding energy. Indeed, after the 1.5% increase observed in 2004, the cost of living index rose by no more than 1% as a result of the marked slowdown in prices of foodstuffs, which rose by 0.3% compared to 1.6% in 2004. As in previous years, food prices were affected by the strong fluctuations in the prices of fresh agricultural products, which influence the movement in the general index. Prices of non-food products rose by 1.5% overall, which was similar to the previous year's rate, with prices of services rising relatively more quickly than those of other items, especially industrial products⁽¹⁾.

The underlying inflation indicator (see Box 1), which gives a better picture of the underlying trend in prices because it excludes from the cost of living index products whose prices are either controlled or highly volatile, showed an increase of 1.6% compared to 1.3% in 2004.

The movement of prices in 2005 therefore confirms the moderate trend recorded over the last ten years, with an average increase of less than 2%, thanks to a cautious monetary policy and a fixed exchange rate regime. The low level of inflation is also due to the easing both of producer prices in manufacturing industry, excluding energy, and of those of imported goods in connection with the dismantling of tariffs and the increase of competition. The impact of soaring world oil prices in 2005 was also dampened by the State continuing to support domestic prices of petroleum products through the Subsidisation Fund. The increases in the prices of these products, which took place in May and August, were therefore limited and their indirect effects do not seem to have had any significant impact on the general level of prices.

(1) See Statistical appendices VI-1 and VI-2.

CHANGES IN PRICES ON A YEAR-TO-YEAR BASIS



Box 1 : Indicator of underlying inflation

In Morocco the movement of consumer prices is monitored using a cost of living index that is highly sensitive to fluctuations in foodstuffs prices. In the process of fine-tuning its price analysis tools for the requirements of monetary policy, Bank Al-Maghrib, in line with the other central banks, has developed an indicator of underlying inflation. This indicator uses the consumer price index to elaborate another index that takes no account of temporary price shocks and therefore traces the underlying trend in inflation.

The indicator of underlying inflation was chosen on the basis of a comparative study taking account of a set of criteria (robustness and lack of bias, availability of the indicator at the same time as the cost of living index, credibility and verifiability). It is calculated by the exclusion method. Thus, the prices of meat, fresh fish, fresh fruit and vegetables, sugar, tobacco and private transport are excluded from the cost of living index calculated by the High Commission for Planning.

The inflation differential with our principal partners and a number of emerging countries has remained in Morocco's favour over the last years, as the table below shows:

Evolution of inflation (In percentage)

| Country | 2003 | 2004 | 2005 |
|-----------|-------|--------|--------|
| Morocco | + 1.2 | + 1.5 | + 1.0 |
| Euro Area | + 2.1 | + 2.1 | + 2.2 |
| USA | + 2.3 | + 2.7 | + 3.4 |
| Tunisia | + 2.8 | + 3.6 | + 2.0 |
| Egypt | + 3.2 | + 10.3 | + 11.4 |
| Turkey | +25.2 | + 8.6 | + 8.2 |
| China | + 1.2 | + 3.9 | + 1.8 |

◆ Cost of living index

In line with its usual seasonal profile, the movement of the cost of living index during 2005 was marked by a rise from January to March, due chiefly to the higher prices of fresh vegetables resulting from the cold spell experienced during that period. The downward movement that began in April as meat prices fell and fresh produce became available continued until July, with the exception of May, when domestic prices of refined petroleum products were raised. The upward trend resumed in August with the second rise in the prices of refined petroleum products, and was sustained by the usual summer pressures on prices, continuing until November owing to the increase in consumption in the month of Ramadan. In December, the index fell back markedly as a result of the seasonal dip in the prices of foodstuffs.

| Groups of products | Weighting (in %) | Percentage changes in average cost of living | | |
|---|---------------------|---|--------------|-------------|
| | | 2003 | 2004 | 2005 |
| Foodstuffs | 44.82 | +1.3 | + 1.6 | +0.3 |
| of which : Meat | 11.90 | +3.8 | + 3.1 | -2.6 |
| Fresh vegetables | 4.84 | +0.5 | - 4.9 | +0.8 |
| Dry vegetables | 0.63 | -13.3 | + 2.8 | +12.7 |
| Fresh fruit | 1.96 | - 3.2 | + 11.0 | -5.9 |
| Non-alimentary products and services | 55.18 | +1.0 | +1.5 | +1.5 |
| - Clothing | 6.34 | +0.8 | +0.9 | +0.7 |
| - Housing | 14.29 | +1.2 | +1.7 | +1.3 |
| - Household equipment | 5.00 | +0.4 | +0.6 | +1.0 |
| - Medical care | 5.44 | +1.8 | +1.8 | +1.1 |
| - Transport and communications | 7.79 | +0.2 | +0.9 | +4.5 |
| - Leisure and culture | 5.67 | +2.0 | +2.6 | +0.9 |
| - Other goods and services | 10.76 | +1.1 | + 1.5 | + 0.9 |
| Overall index | 100 | +1.2 | +1.5 | +1.0 |
| Underlying inflation | 72.5 | +0.8 | +1.3 | +1.6 |

Following the 1.6% increase observed in 2004, food prices rose by 0.3% in 2005, mainly as a result of the drop in the prices of certain fresh produce. In particular, the prices of meat were 2.6% lower, after rising by 3.1% the previous year. Likewise, fresh fruit prices fell by 5.9% following the sharp rise of 11% a year earlier. The main increases were seen in the prices of dried vegetables, which rose by 12.7% compared to 2.8%, mainly due to the decline of more than 38% in the production of pulses, and of fats, up by 5%. Tobacco and cigarette prices were raised as a result of their inputs becoming more expensive. Similarly, the prices of dairy produce and beverages rose by 1.7% and 1.1% respectively and those of fresh fish were up by 2.3%.

As in the previous year, the price index of non-food products rose by 1.5%, contributing more than 0.8 percentage point to overall inflation in the year under review. This trend reflects mainly a sharp

increase, from 0.9% to 4.5%, in transport and communications prices, which accounted for almost half of the rise in the index for non-food products. Thus, the prices for private transport were up by 5.1% and those for public transport by 3.1% following the adjustments to the domestic prices of refined petroleum products made by the authorities in May and August 2005. Likewise, the cost of communications rose by 6.1% as a result of the increase in the average price of a telephone call. Prices of other services also rose; rents, for example, went up by 1.5% and hospitalisation charges, in particular, showed a sharp increase of 9.5%. The prices of industrial products as a whole were only moderately higher or even declined, mainly as a result of the drop in producer prices and increasing competition.

◆ Index of producer prices in manufacturing industry

The index of producer prices in manufacturing industry, calculated on the basis of ex-works prices and recorded exclusive of taxes and subsidies, increased overall by 9.1% compared to 4.9% the previous year. Most of this trend is attributable to the sharp rise of 39.4% in prices in the refining industries following the 41.5% rise in the price of oil.

Excluding oil refining, producer prices in manufacturing industry rose by 2.3% compared to 3% a year earlier. In particular, food industry prices fell by 0.5% after the 1.8% increase observed in 2004. Similarly, producer prices in the clothing industry, which were stable overall in 2004, fell by 0.7% in the year under review, and those in the textile industry showed a slight drop, of 0.3%, for the third year in succession, as a result of competition from Asian products.

| Groups of products | Weighting (in %) | Percentage changes in average indices of industrial producer prices | | |
|--|---------------------|--|--------------|--------------|
| | | 2003 | 2004 | 2005 |
| Manufacturing industries excluding oil refining | 86.7 | + 1.0 | + 3.0 | + 2.3 |
| of which : | | | | |
| Food industries | 28.9 | + 2.1 | + 1.7 | - 0.5 |
| Chemical industries | 13.1 | +1.3 | +13.5 | + 9.5 |
| Textile industry | 6.5 | - 0.4 | - 0.4 | - 0.3 |
| Clothing industry | 6.7 | + 0.2 | - | - 0.7 |
| Oil refining | 13.3 | + 3.3 | +15.0 | +39.5 |
| Overall index | 100 | + 1.3 | + 4.9 | + 9.1 |

The largest increases concerned the chemical industry, where prices rose by 9.5% as the raw materials derived from oil became ever more expensive. Similarly, metallurgy and metalworking prices were up by 10.4% and 2.8% respectively on the back both of rising world prices of metals and of strengthening domestic demand. Producer prices of tobacco were raised by 2.2% as a result of rising prices for this product on the international market.

◆ Population and employment

◆ Population

In 2005, Morocco's total population increased by 367 000 persons to almost 30 189 000, over 55% of whom live in urban areas⁽¹⁾.

The results of the 2004 general census of the population, published in 2005, concerning certain demographic and socio-economic data for the population also revealed the changes that have taken place as regards the age pyramid, education, housing, basic amenities and poverty.

Thus, during the inter-census period 1994–2004, the age structure of the population was marked by a decline in the proportion of young people below the age of 15, which fell from 37% to 31.3% , and an increase in the proportion of persons aged 60 and over from 7.1% to 8%. The working population aged 15 to 59 increased from 55.9% to 60.7%. This change in the age structure of the population is due to the improvement in life expectancy at birth from 67.9 years in 1994 to 70.5 years in 2003, but especially to the decline in the fertility rate as a result of the rise in the age of first marriage.

The breakdown of the employed labour force by occupational status is characterised by the predominance of private-sector employees, representing 40.3%, followed by public-sector employees with 11.1%, while only 1.8% of the working population has the status of "employer" .

(1) See statistical appendices VI-3 to VI-4.

The illiteracy rate stood at 43% nationally in 2004 compared to 54% in 1994, with a rate of 30.8% for men and 54.7% for women. The discrepancies according to area of residence also remain fairly pronounced, since the illiteracy rate in rural areas is 60.5% compared to 29.4% in urban areas.

The population's living conditions were defined on the basis in particular of the type of housing, access to basic amenities and the poverty indicators. Thus, the most dominant type of accommodation is houses "of the Moroccan type", which account for 50.1%, followed by accommodation of the rural type with 29%, while apartments and villas represent only 7.6% and 2.2% respectively. Basic accommodation and shantytowns represent 7.2% at national level and 8.2% in urban areas down from 9.2% in 1994. As concerns access to basic amenities, nearly 90% of urban dwellings are connected to the national electricity grid and 83% have running water as against 43.2% and 18.1% respectively in rural areas. This trend reflects the improved equipment of households compared to the situation prevailing at the time of the 1994 census, when 80.7% of urban dwellings were connected to the national electricity grid and 74.2% had running water as against 9.7% and 4% respectively in rural areas.

The poverty rate, which measures the proportion of persons whose standard of living is below the relative poverty threshold, set at a monthly income of 1 687 dirhams per household in urban areas and 1 745 dirhams in rural areas, fell from 16.5% in 1994 to 14.2% in 2004. This relative improvement in the population's living conditions masks large disparities depending on the area of residence, the poverty rate being 7.9% in urban areas and 22% in rural areas.

◆ Employment

In 2005, the labour force aged 15 and over totalled 11 140 000, an increase of 1.1% on the previous year. The employed labour force, at 9 913 000, was up by 91 000, a markedly smaller increase than

the 338 000 observed in 2004, chiefly owing to the unfavourable conditions affecting both the agricultural sector and certain branches of industry, in particular agri-foodstuffs and textiles, which suffered from the dismantling of the Agreement on Textiles and Clothing. Thus, net job creation in agriculture was only 8 000 compared to 118 000 in 2004. At the same time, the industrial sector experienced a net loss of 22 000 jobs after recording an increase of 31 000 posts a year earlier. Moreover, the voluntary early retirement scheme for civil servants and recruitment in 2005 resulted in a net reduction of 20 000 posts in general government. On the other hand, "services" and "building and public works" accounted for the net creation of 83 000 and 43 000 jobs respectively.

The number of job-seekers totalled 1 227 000 in 2005, an increase of 34 000, more than three quarters of whom in rural areas. Thus, the national unemployment rate rose to 11% compared to 10.8% in 2004, with an increase from 3.2% to 3.6% in rural areas and a rate of 18.3% in urban areas, similar to the previous year's level. The categories most affected by unemployment in 2005 were the rural workforce, while those whose situation improved were more particularly city dwellers, especially men, working people aged 15 to 24 and those aged 45 and over, and unqualified members of the labour force.

Within the framework of the implementation of the measures provided for by the social dialogue, firms in the tourism sector and the textile, leather and agri-foodstuffs branches raised the guaranteed minimum wage by 5% in January 2005; this had been scheduled for July 2004, but was deferred owing to the difficulties being experienced by those sectors.

In order to promote employment, the public authorities organised the "employment initiative" days in September 2005 in order to examine the labour market at national level and discuss suitable measures to encourage employment and reduce unemployment. These days resulted in a number of recommendations being made, mainly with regard to promoting paid employment, supporting business creation, gearing training to employment and modernising governance in the job market.

Some of the recommendations were put into effect in January 2006. Such is the case of the "integration contracts" that have replaced the former "training for integration contracts". Thus, the list of beneficiaries was extended to include persons with a professional training diploma who are registered with the National Agency for the Promotion of Jobs and Skills (ANAPEC). Moreover, the term of these contracts was extended from 18 to 24 months and the threshold of the training scheme allowance that is exempted from employee's and employer's contributions to the Caisse nationale de la sécurité sociale (National Social Security Fund), from general income tax and from the training levy was raised from 4 500 to 6 000 dirhams. So far as the measures to gear training to employment are concerned, in April 2006 the ANAPEC launched a system of customised training to facilitate the employment of qualified persons. Finally, the minimum capital of limited liability companies was cut from 100 000 to 10 000 dirhams from March 2006.

In the civil service, 2005 was marked by the "Intilaka" operation introducing a voluntary retirement scheme for civil servants. This operation, which cost the State budget 11.4 billion dirhams, forms part of the overall reform of the civil service and is aimed both at a better territorial distribution of the workforce and a lower wage bill, which accounted for 13.6% of GDP in 2005. Thus, 38 591 out of 50 561 applications for retirement were accepted, that is 7.5% of the total number of established and employed civil servants.

In the area of social welfare, the system of Compulsory Sickness Insurance (AMO) came into force in September 2005. It is regulated by the National Sickness Insurance Agency and managed jointly by the National Social Security Fund (CNSS) for persons in the private sector and the National Provident Institutions Fund (CNOPS) for public sector employees. In its initial phase, the AMO will cover all wage earners and pensioners in both the public and private sectors, representing no less than 18% of the population, and will subsequently be extended to other categories, such as the self-employed, the liberal professions and all other persons not engaged in paid employment.

◆ Foreign trade

In 2005, foreign trade was marked by rising energy prices on global markets, the effects of the abolition of quantitative restrictions on textile and clothing exports, and the slowing down in the growth of imports from our main trading partner, the European Union.

In these conditions, the total value of foreign trade transactions increased by 11.7% to 274.7 billion dirhams or 60% of GDP, a rate that reflects the degree of openness of the national economy to the rest of the world. At 180.3 billion dirhams, imports in fact rose by 14.2%, owing in particular to soaring oil prices and increased purchases of foodstuffs. Exports, on the other hand, at around 94.4 billion dirhams, rose by 7.4%, owing to a surge in sales by the OCP group and the recovery in earnings from shipments of fisheries products.

Overall, the trade deficit came to 85.9 billion dirhams or 18.8% of GDP, an increase of 22.7%. The rate of coverage of imports by exports fell in one year from 55.7% to 52.3%⁽¹⁾.

| In millions of dirhams | 2004 | 2005 | Changes in % |
|--------------------------------|-------------|-------------|--------------|
| Imports C.I.F. | 157 921 | 180 294 | +14.2 |
| Exports F.O.B | 87 896 | 94 358 | + 7.4 |
| Balance | - 70 025 | - 85 936 | +22.7 |
| Exports as % of imports | 55.7 | 52.3 | - |

(1) See statistical appendices VII-1 to VII-4.

◆ Imports

At 180.3 billion dirhams, imports were up by 14.2% or 22.4 billion dirhams; 58.4% of this was due to the rising energy bill, which accounted for 21.8% of total purchases abroad compared to 16.6% in 2004. Excluding energy, import expenditure increased by 7.1%, chiefly due to the larger quantities of all the groups of products imported.

| Imports by category of products (in millions of dirhams) | 2004 | 2005 | Changes | |
|--|----------------|----------------|----------------|---------------|
| | | | Amounts | In % |
| Foodstuffs, beverages and tobacco | 13 606 | 15 479 | + 1 873 | + 13.8 |
| Energy and lubricants | 26 214 | 39 269 | +13 055 | + 49.8 |
| Raw materials | 10 794 | 11 437 | + 643 | + 6.0 |
| Semi-manufactures(*) | 37 000 | 40 083 | + 3 083 | + 8.3 |
| Capital goods | 34 907 | 36 784 | + 1 877 | + 5.4 |
| Consumer goods | 35 400 | 37 242 | + 1 842 | + 5.2 |
| Total | 157 921 | 180 294 | +22 373 | + 14.2 |
| (*) Including industrial gold | | | | |

Foodstuffs

After increasing by almost one fifth the previous year, expenditure on supplies of foodstuffs, at 15.5 billion dirhams, grew by 13.8%, chiefly due to increased purchases of cereals. At 7.3 billion dirhams, the cereals bill was in fact 4.5% higher, while the quantities were up by 23.4%, the prices of maize and wheat having fallen. Similarly, the cost of imports of sugar, tea and coffee, at 2.4 billion dirhams, was up by 19.4%, owing to the sharp rise in prices on the international market. Finally, purchases of dairy products rose from 950 million to 1.2 billion dirhams from one year to the next.

Energy products

Purchases of energy products amounted to nearly 39.3 billion dirhams, an increase of 49.8% or 13.1 billion dirhams, the result mainly of the higher prices of fuels on international markets. Imports of crude oil alone totalled some 24 billion dirhams compared to 14.5 billion the previous year, as a result both of the 42.4% increase in the average price per tonne imported, up from 2 384 to 3 394 dirhams from one year to the next, and the 16% growth in tonnages. Similarly, purchases of refined petroleum products came to 11.5 billion dirhams, while those of coal amounted to 3.8 billion dirhams, an increase of 35.2% and 20.6% respectively.

Raw materials

At 11.4 billion dirhams, expenditure on imports of raw materials was up by 6%, a figure that masks different trends for different products. Purchases of vegetable oils and sulphur amounted to 1.8 billion dirhams each, representing a drop of 5.1% and 5.7% respectively. Conversely, purchases of timber and of oilseeds were up by 12.5% and 21.8% at 2.3 billion and 1.6 billion dirhams respectively.

Semi-manufactures

Closely linked to the strength of the industrial sector and to construction activity, purchases of semi-manufactures cost 40.1 billion dirhams; this 8.3% increase was due in particular to the growth in purchases of iron, metallurgical products, iron and steel products, plastics materials and chemical products. This trend was however mitigated by the reduction in imports of dyestuffs, fibre and cotton yarn and especially fertilizers.

Capital goods

The increase in investment in the industrial and public works sectors brought a 5.4% rise in expenditure, bringing it to 36.8 billion dirhams. Of this total, industrial equipment, at 35.4 billion dirhams, showed a 5.3% increase, the result mainly of purchases of miscellaneous machinery and equipment, industrial vehicles and electric wires and cables.

Imports of equipment for agriculture rose by 8.7% to 1.3 billion dirhams. Purchases of tractors, making up 58.8% of agricultural equipment, were up by 9.2%. This trend is due to the increase from 25% to 40% in the rate of subsidy granted by the State for purchases of such equipment.

Consumer goods

In 2005, purchases of finished consumer goods required an outlay of 37.2 billion dirhams, an increase of 5.2% which was due mainly to the rise in imports of private cars, telecommunications receivers and medicines. On the other hand, imports of textile products, almost entirely under the temporary admission system, were down for the second year running at 7.1 billion dirhams.

◆ Exports

At 94.4 billion dirhams, export earnings showed a year-on-year increase of 7.4%, thus consolidating the 4.8% recovery observed in 2004. This trend is due mainly to the increase in deliveries by the OCP and of fisheries products.

| Exports by category of products (in millions of dirhams) | 2004 | 2005 | Changes | |
|--|---------------|---------------|---------------|--------------|
| | | | Amounts | In % |
| Foodstuffs, beverages and tobacco | 15 582 | 18 669 | +3 087 | +19.8 |
| Energy and lubricants | 1 762 | 2 316 | + 554 | +31.4 |
| Raw materials | 8 632 | 10 447 | +1 815 | +21.0 |
| Semi-manufactures ^(*) | 23 286 | 26 269 | +2 983 | +12.8 |
| Capital goods | 6 649 | 6 098 | - 551 | - 8.3 |
| Consumer goods | 31 985 | 30 559 | - 1 426 | - 4.5 |
| Total | 87 896 | 94 358 | +6 462 | + 7.4 |
| (*) Including industrial gold | | | | |

Foodstuffs

Exports of foodstuffs, almost half of which earnings from sales of fisheries products, amounted to 18.7 billion dirhams, an increase of almost one fifth after the 10.8% drop observed the previous year. At 9.3 billion dirhams, consignments of fisheries products showed an upturn of 27.1%. This upward trend was also found in other shipments, with the exception of early fruit and vegetables and of canned fruit and vegetables.

Raw materials

The income generated by the sale of raw materials, which grew by almost one quarter in 2004, increased in the year under review by 21% to 10.4 billion dirhams, almost 44% of which was accounted for by deliveries of phosphates. The latter brought in 4.6 billion dirhams, an increase of 22.1% which resulted from a 12.5% expansion in quantities on the back of strong global demand and a slight rise in prices, which reached 42 dollars a tonne. Similarly, earnings from other mineral products and scrap iron showed an overall increase of 10.1%, due in particular to the improvement with regard to consignments of zinc and copper.

Exports of raw materials of animal and vegetable origin amounted to 3.3 billion dirhams, a rise of 29.4%, which resulted from a recovery in exports of paper pulp and in particular a renewed sharp increase in exports of olive oil, the export prices of which rose by 60%, reaching 32 200 dh/tonne.

Semi-manufactures

Up 17.8% in 2004, sales of semi-manufactures recorded year-on-year growth of nearly 13%, reaching 26.3 billion dirhams; 44% of this was accounted for by phosphate derivatives, earnings from which were up by 14% thanks to higher international prices. The same trend was observable with respect to shipments of silver and lead, which together generated 872 million dirhams, an increase of nearly 79%. On the other hand, earnings from sales of electronic components were unchanged at 5.5 billion dirhams.

Capital goods

After increasing by 2.7% the previous year, sales of capital goods fell by 8.3% to 6.1 billion dirhams. Of this total, earnings from deliveries of electric wires and cables, at 3.3 billion dirhams, declined by 9.2%. Similarly, shipments of the other products in this category came to no more than 2.8 billion dirhams, representing a year-on-year decline of 7.2%.

Consumer goods

At 30.6 billion dirhams, exports of consumer goods continued the downward trend recorded in 2004, falling in the year under review by 4.5% as a result of the negative trend in sales of textile products. In the face of keener Asian competition following the expiry of the Agreement on Textiles and Clothing, this sector's sales fell sharply at the start of the year, although the impact was cushioned as a result of the European Union's reintroduction of quotas on some Chinese products in June and the setting up by the authorities and the industry of a plan to revive the textile sector. Thus, exports of ready-made clothing fell by 5.6% and those of knitwear by 11.1%. This trend was also found in deliveries of fibre and cotton fabrics, which fell by 2.4%. Conversely, sales of footwear, at 1.7 billion dirhams, showed an increase of 13.6% and those of other products, at around 4 billion dirhams, rose by 7.4%.

Box 2 : Morocco's market shares in the European Union

In 2005, world exports of goods increased by 13% in nominal terms, reaching 10.1 trillion dollars.

Exports to the European Union rose less rapidly, by 8%.

Morocco's market share in the European Union, measured as the ratio of Moroccan exports to the region to the total exports towards this region, dropped from 0.21% to 0.18% in 2005 as a result of the loss observed on the French, Spanish and British markets.

◆ Geographical distribution of trade

In 2005, Morocco's foreign trade amounted to 274.7 billion dirhams, almost 59% of which was accounted for by the countries of the European Union. The structural deficit with this area, which received 71.4% of Morocco's exports and provided more than half of our imports, widened by 13.9% compared to that of 2004. Except for the surplus of 1.8 billion dirhams with the United Kingdom trade with the members of the European Union showed large deficits, especially with Italy at 6.1 billion dirham, Germany at 5.7 billion dirhams and France at 4.3 billion dirhams.

The trade deficit with the other countries of Europe widened by 15.2% overall, amounting to 17.2 billion dirhams, almost 11 billion dirhams of which was with Russia owing to increased purchases of oil.

Oil purchases also explain the widening deficits with Saudi Arabia (11.5 billion dirhams) and Iran (4.7 billion dirhams). Similarly, transactions with the other Asian countries showed an adverse balance of 11.7 billion dirhams, including 8.8 billion dirhams with China, an increase of 42.3%, and 2.2 billion dirhams with Japan, although the latter amount was 13.7% down on the previous year. The trade surplus with India, the leading importer of phosphoric acid and the third largest buyer of unprocessed phosphates with 949 000 tonnes and 1.1 million tonnes respectively, improved by 31.3% to 2.5 billion dirhams.

The trade deficit with the American continent worsened, by 6.9% to 9.3 billion dirhams, the gap widening principally with the United States.

Finally, trade with the countries of the Arab Maghreb Union amounted to 6 billion dirhams and resulted in a deficit of 3.6 billion dirhams, 2.6 billion of which was accounted for by Algeria.

In order to maximise export outlets in an increasingly competitive international environment, the authorities have laid out a strategy designed to favor high value-added exports, in particular by setting up a programme for developing the industrial fabric and by identifying sectors with strong development potential, as well as a new export promotion strategy. The latter focuses on the proximity of Morocco to 21 countries and envisages the formation of a joint public-private sector committee to provide monitoring, the establishment of trade promotion channels in a number of capitals aimed at stepping up economic diplomacy and a revised role for export promotion bodies with the consolidation of their resources.

◆ External Financial Relations

In 2005, the external accounts showed favourable results overall, as evidenced by the realization, for the fifth year in succession, of a surplus, of around 2.4% of GDP, in the current account of the balance of payments and a pronounced increase in foreign exchange reserves. This positive development, despite the marked worsening of the trade deficit, is due to the significant rise in tourist earnings and remittances by Moroccans living abroad as well as to the substantial flows of foreign direct investment.

Under these circumstances and given the new investment commitments and the fact that the outstanding public debt has remained virtually unchanged, the international investment position for 2005 looks set to improve again.

On the foreign exchange front, the national currency remained virtually stable on average despite a marked appreciation of the dollar against the euro in particular on the international markets.

As part of the consolidation of the opening up of the national economy, the implementation of the Free Trade Agreement with the European Union continued in 2005 with the liberalisation of air transport and the lowering of customs duties on imports of locally manufactured industrial products.

◆ Balance of payments

The current transactions account showed a surplus of 11.1 billion dirhams compared to 8.5 billion in 2004. Taking into account the significant surplus on financial transactions, the balance of payments surplus amounted to 20.9 billion dirhams compared to 16.8 billion the previous year⁽¹⁾. Net foreign

(1) See Statistical appendix VIII-1.

assets therefore increased by 14.9% to 165.9 billion dirhams at the end of December 2005, representing 10 months' imports of goods and services.

| Balance in millions of dirhams | 2002 | 2003 | 2004 | 2005 |
|--|-----------------|----------------|----------------|----------------|
| A. Current transactions | + 16 276 | +15 238 | +8 551 | +11 139 |
| • Goods | - 33 739 | - 41 493 | -57 506 | -71 685 |
| of which : general merchandise, | - 45 780 | - 54 616 | -69 568 | -82 806 |
| • Services | +21 452 | +25 053 | +28 920 | +37 917 |
| of which : travel | +24 263 | +25 637 | +29 716 | +35 480 |
| • Income | - 8 137 | - 7 559 | -5 998 | - 2 850 |
| • Unrequited transfers | +36 700 | +39 237 | +43 135 | +47 757 |
| B. Capital and financial transactions account | - 7 166 | + 3 479 | +10 732 | +12 954 |
| • Capital account | - 67 | - 97 | -71 | -42 |
| • Financial transactions account | - 7 099 | + 3 576 | +10 802 | +12 996 |
| Private sector | +7 041 | +14 375 | +20 938 | +14 538 |
| Public sector | - 13 970 | - 10 799 | -10 136 | -1 542 |
| Other | - 170 | - | - | - |
| C. Statistical discrepancy | - 2 082 | - 2 985 | - 2 493 | -3 161 |
| Overall balance | + 7 028 | +15 732 | +16 790 | +20 932 |

Current transactions

Goods

At 71.7 billion dirhams, the trade deficit on a FOB basis widened by nearly one quarter despite the 7.3% rise in exports, imports for their part having grown by 14.2%, largely due to the higher oil bill. This trend masks, on the one hand, a 19% increase in the structural trade deficit in respect of general

merchandise, amounting to 82.8 billion dirhams, and, on the other, a reduction of 9.8% to 10.4 billion dirhams in the value added resulting from transactions carried out under the system of temporary admission without payment.

Services

Earnings from travel, amounting to 40.9 billion dirhams, were up by 17.6%, reflecting the positive trend in the tourism sector. They therefore produced a surplus of 35.5 billion dirhams, up 19.4%, after taking account of the foreign currency allowances to residents travelling abroad, which rose by 7.3% to 5.4 billion dirhams.

Services relating to general government, mainly for diplomatic representation, resulted in net outgoings of 1.9 billion compared to 2.1 billion dirhams the previous year.

Other services showed an overall surplus of 4.3 billion compared to 1.3 billion dirhams. This marked improvement concerned in particular transport, communications services and the heading "Other services to enterprises", which showed a surplus of 3.6 billion compared to 1.9 billion dirhams in 2004, as a result of an increase in receipts of more than one quarter.

Income

The deficit in transfers regarding the remuneration of capital was reduced by more than half, to 2.8 billion dirhams, owing in particular to the 18.8% reduction in expenditure in respect of income transfers from foreign investments made in Morocco, amounting to 4.9 billion dirhams. Moreover, the costs relating to payments of the public debt interest, which have fallen steadily over the last few years, were down by 7.4% at 4.1 billion dirhams, while the proceeds from public investments abroad, amounting to 5.2 billion, were up by 30.8% as a result of the growth both in foreign assets and the interest rates on the dollar.

Unrequited transfers

Transfers of funds by Moroccans living abroad increased by 8.8% to 40.7 billion dirhams, equal to 18.4% of current receipts and 8.9% of GDP. More than two thirds of these remittances took the form of bank transfers to accounts held by Moroccans living abroad, the outstanding amount of which represented almost one quarter of all bank deposits in 2005. Banknote transactions and postal transfers accounted for 27.7% and 3.6% respectively. Of these resources, 78.8% came from the euro area, 7.2% from the United States and 6% from the Middle East countries. Taking into account the receipts of pensions and other allowances, which totalled 6 billion dirhams, with an increase of 11%, the surplus in respect of private current transfers grew by 9% to 45.7 billion dirhams.

The surplus in respect of public transfers grew from 1.2 billion to 2.1 billion dirhams, mainly due to the rise in the level of grants received, taking the surplus for unrequited transfers as a whole to 47.8 billion, an increase of 10.7%.

Capital and financial transactions account

The capital and financial transactions account showed a surplus of 12.9 billion dirhams, up by 20.7% on the previous year's level, owing mainly to the growth in public borrowing and in foreign private loans and investments.

Receipts in respect of foreign private loans and investments increased from 15.7 billion to 28 billion dirhams; 6.4 billion of which was accounted for by the transfer of 16% of the capital of Maroc Telecom to the Vivendi Universal group. Portfolio investments came to 1.2 billion as against 5.5 billion in 2004, while direct investments came to 26 billion dirhams compared to 9.5 billion the previous year; more than two thirds of these came from France mainly, and concerned the telecommunications, tourism, real estate and industrial sectors. On the other hand, expenditure

relating to loans and foreign investments amounted to 14.3 billion compared to 3.9 billion in 2004, mainly the effect of the transfer of shares by Vivendi to its subsidiary in Morocco. Loans and investments made abroad by Moroccan residents resulted in net outflows of 2.3 billion dirhams compared to 274 million the previous year. Private sector commercial credits fell year-on-year from 11.2 billion to 6.1 billion dirhams.

External loans obtained by the Treasury and public institutions, at 14.7 billion, showed a rise of 6.5 billion dirhams, the result both of foreign currency loans, up from 8.2 billion to 11.9 billion dirhams, and commercial credits, which stood at 2.8 billion compared to 868 million dirhams in 2004. This trend was accompanied by a marked increase in multilateral funding, intended mainly for the continuation of the general government and transport and financial sector reforms. The African Development Bank contributed with 3.9 billion, while the International Bank for Reconstruction and Development, the European Investment Bank and the Arab Fund for Economic and Social Development contributed with 2.4 billion, 1.8 billion and 1.1 billion dirhams respectively.

Taking into consideration redemption expenditure, which fell by 11.4% to 16.2 billion, the public sector's borrowing and repayment operations resulted in net outflows of 1.5 billion dirhams compared to 10.1 billion the previous year. Under these circumstances, the outstanding amount of the public foreign debt, which remained virtually unchanged at 115.8 billion dirhams, represented 25.3% of GDP compared to 26% the previous year. Payments of principal and interest on the public debt totalled 20.3 billion and represented 9.2% of current receipts compared to 11.6% a year earlier.

International investment position

In addition to the balance of payments, which shows the annual flows, the international investment position shows the stocks of assets and financial liabilities with the rest of the world.

At the end of 2004⁽¹⁾, the international investment position showed a net deficit of 150.7 billion dirhams compared to 154.5 billion in the previous year, representing 34% of GDP compared to 36.8% in 2003 and 42% in 2002⁽²⁾.

Assets

The stock of residents' assets totalled 166.4 billion dirhams, up by 17 billion or 11.5% compared to 2003, mainly as a result of the increase in foreign exchange reserves, which represent almost 90% of the total.

The reserve assets in fact expanded by 17.6 billion or 13.3% to 149.6 billion, in line with the increase of 17.6 billion or 13.8% in convertible foreign exchange assets, valued at 145.3 billion.

The amount of Moroccan direct investments abroad, for its part, rose by 649 million or 13.2% to 5.6 billion, mainly as a result of the loans granted by Moroccan banks to their subsidiaries in the offshore zone of Tangier city.

The stock of portfolio investments, consisting of shares in foreign companies held mainly by the banks and financial institutions, amounted to 1.3 billion, up by 265.6 million or 26%.

The outstanding amount of other investments, at 10 billion dirhams, fell by 1.4 billion or 12%, mainly because of the refunding of the deposit paid in connection with Morocco's bid to host the football world cup and, to a lesser extent, the decline in loans granted by the banking system to non-residents, in particular with respect to the privatisation operations, the value of which was down from 5.3 billion to 5 billion. Commercial credits, consisting of short-term facilities granted by exporters of merchandise to their foreign customers, increased by 291.6 million or 8.6% to 3.7

(1) Data relating to the international investment position prepared by the "Foreign Exchange office" are published six months after the closing date of the year.

(2) See Statistical appendix VIII-2.

billion. Other assets, consisting mainly of Morocco's holdings in the capital of certain international bodies, remained virtually unchanged at 686.3 million dirhams.

Liabilities

At 317 billion dirhams, liabilities increased by 13.3 billion or 4.4%, masking a rise in liabilities relating to foreign direct investments and portfolio investments and a decline in the foreign debt.

Foreign direct investment in Morocco, mainly in the industrial and telecommunications sectors, was up by 13.7 billion or 9.2% to 163.4 billion, thus accounting for 51.5% of all liabilities. This rise masks an increase in holdings from 140.3 billion to 153.5 billion and a drop in lending between affiliated enterprises and loans to associates of 571.2 million or 6.1%.

Concentrated in the telecommunications, banking, holding and cement works sectors, portfolio investments almost doubled to 14.1 billion, mainly as a result of the transfer of part of the capital of Maroc Telecom on the Casablanca and Paris stock exchanges. Of this total, the proportion of listed securities, which came to 12.3 billion, increased from 75.3% to 87%.

The stock of liabilities in respect of other investments, amounting to 139.6 billion dirhams, fell by 4.9% as a result of the outstanding amount of the public foreign debt declining from 126 billion to 115.3 billion. As regards private sector debts, commercial credits rose by 3 billion or 93.3% to 6.1 billion, while medium and long-term credits were up by 117.2 million to 12.6 billion, the banking sector's liabilities standing at 5.5 billion compared to 5.1 billion.

◆ The regulations governing external commercial and financial relations

The opening up of the national economy continued in 2005 with the gradual dismantling of tariffs provided for by the free trade agreement with the European Union, seeing a third 10% reduction in customs duties on imports of locally manufactured industrial products; these duties are to be abolished by 2012.

As concerns exchange arrangements, 2005 saw the introduction of new liberalisation measures.

On the trade front, a new procedure relating to exports of vegetables, fresh fruit, citrus fruit, flowers and craft products carried out in the framework of the system of consignment sales abroad, came into force in July 2005. This measure allows exporters to deduct, from the selling price, the costs incurred by the foreign consignee with respect to the marketing of the said goods.

Measures were also taken to improve the regulatory framework governing export free zones. Thus, operators in the Tangier zone were authorised, from the start of 2006, to pay residents in dirhams. In this connection, wage and wage-related expenses are not subject to any limits, while expenditure relating to transport, repairs, works and the supply of goods from the national territory is permitted up to a maximum of 3 000 dirhams per operation and with an annual ceiling of 120 000 dirhams per operator.

Concerning the exchange of foreign banknotes, the quotation of the Omani rial was started in July 2005.

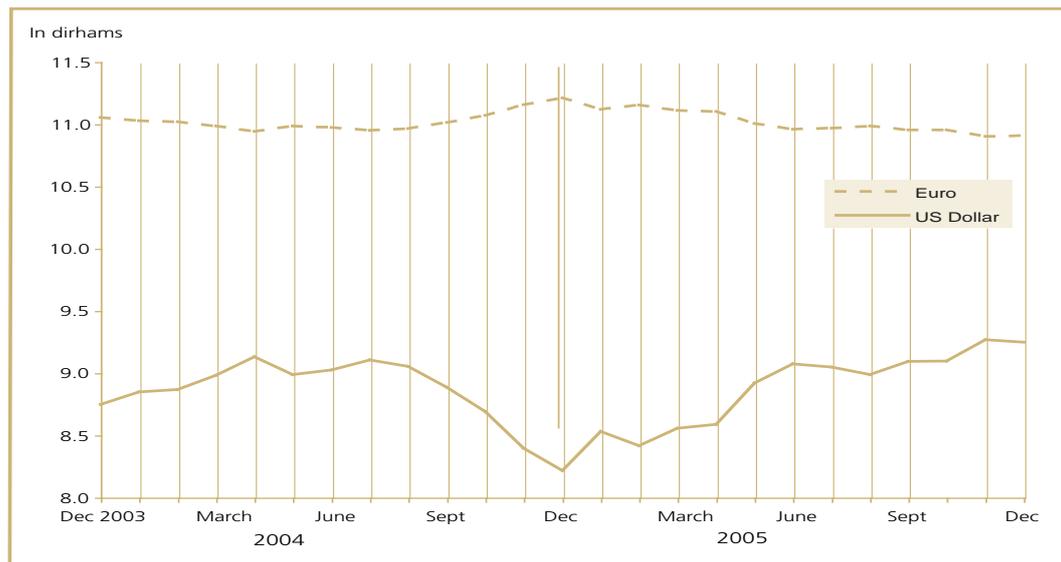
◆ Foreign exchange market

Quotation of foreign exchange rates

The international foreign exchange markets were marked in 2005 by an appreciation of the US dollar and a slight weakening of the euro and the pound sterling. Thus the year-end to year-end evolution as shown by the graph below resulted in a 2.8% appreciation of the dirham against the euro and an 11.2% depreciation against the dollar.

Expressed in terms of SDR, the external value of the dirham fell by 3.5% from one year-end to the next.

TRANSFER PAYMENTS EXCHANGE RATES
(End of period)



Based on a basket of currencies, the quotation system of the dirham has allowed for the mitigation of the impact of fluctuations in foreign currencies at the international level on the national currency.

On an annual average, the national currency therefore remained virtually stable against the euro and the dollar and appreciated by 1.8% against the Japanese yen, 0.8% against the pound sterling and 0.3% against the Swiss franc⁽¹⁾.

The effective exchange rate of the dirham, calculated on the basis of the annual average rates, remained stable in nominal terms and depreciated by 1.4% in real terms.

Foreign exchange transactions

The development of the Moroccan foreign exchange market during 2005 was marked by an increase in both interbank spot currency swaps against dirhams and in purchases and sales of foreign currency carried out by the banks with Bank Al-Maghrib. The average amount of forward foreign currency withdrawals by the banks' customers, which represent virtually all forward foreign exchange transactions, increased by comparison with the previous year.

Conversely, foreign exchange arbitrage transactions with foreign correspondents declined slightly, while there was a marked rise in foreign currency investments abroad.

The banks' overall foreign exchange positions saw a relative improvement in long positions, while short positions were virtually insignificant.

Interbank spot currency swaps against dirhams thus involved a monthly average of 10.5 billion dirhams compared to 9.9 billion the previous year.

As concerns transactions with Bank Al-Maghrib, the banks' foreign currency purchases reached a monthly average of 1.8 billion dirhams, up by 22.7%. This increase was the result of the major foreign currency purchases observed in April in connection with the transfer of part of the Vivendi

(1) See Statistical appendix IX-1.

Universal holding in Maroc Telecom, and in May and June following the formation by the operators of major long positions in foreign currency. Sales of foreign exchange by the banks totalled 394.2 million on monthly average compared to 185.8 million dirhams, reflecting in particular the sales of 4.3 billion dirhams made in January in connection with the transfer of 16% of the capital of Maroc Telecom.

Forward foreign currency transactions, at an average monthly volume of 8.6 billion dirhams, were up by 3.2% which is attributable to the growth in forward purchases by the banks on behalf of importers, while forward sales initiated by exporters remained relatively marginal, falling back sharply.

On the basis of the end-of-month averages, Moroccan interbank lending and borrowing in foreign currencies amounted to 3.7 billion compared to 4.5 billion dirhams in 2004.

Purchases and sales of foreign currency made by the banks with their foreign correspondents fell year-on-year from 18.4 billion to 18.2 billion dirhams, while the banks' investments abroad increased markedly, rising from a monthly average of 6.4 billion in 2004 to more than 9.1 billion dirhams in 2005. This upward trend reflects a higher level of investments with foreign institutions, especially during the months of May and June, when Moroccan banks made important purchases of foreign currency from the central bank.

◆ International cooperation

The public authorities continued their efforts to liberalise trade on both a bilateral and a multilateral level.

In this regard, the free trade agreements signed with the United States and Turkey in 2004, implementation of which should help to increase both foreign direct investment and exports, came into force in January 2006. The quadripartite agreement resulting from the Agadir Declaration and which provides for a free trade area between Morocco, Tunisia, Egypt and Jordan, is in the process of being adopted and implemented by Morocco. In addition to the complete liberalisation of industrial products trade, that of agricultural and agro-industrial products will also be liberalised under this agreement.

The year 2005 saw important developments in the implementation of the free trade agreement with the European Union, in particular the liberalisation of air transport and access for Morocco to the advantages of the pan-Euro-Mediterranean cumulation of origin agreement. Under this agreement, national economic operators may benefit from the diagonal cumulation of rules of origin of the Mediterranean countries linked by association agreements or a customs union with the 25 countries of the European Union. Finally, the renewal of the fisheries agreement with the European Union in July, centred on the modernisation of the sector and the preservation of fish stocks, should open up new prospects for partnership with this zone.

In order to promote the regional economic integration of the countries of the Arab Maghreb Union, Morocco has made an active contribution to the process of facilitating trade between the countries of the region initiated by the conference held in Algiers in November 2005. The main purpose of the conference was to take forward the dialogue on the strengthening of regional cooperation in the area of facilitating trade and identifying obstacles to it. The foundations have thus been laid for close cooperation to harmonise the rules governing trade, to remove trade distortions, to define the procedures governing trade and the customs clearance of merchandise and to make the mechanisms for payments between those countries more flexible. This dynamic process will be continued and consolidated by the organization in Morocco in November 2006 of a similar conference on the integration of the financial sector of the Arab Maghreb Union countries.

◆ Public finance

In 2005, public finance was characterised by a rapid growth in expenditure resulting from the higher prices of petroleum products and the voluntary early retirement scheme. Nevertheless, the widening budget deficit was contained within the limits of 4.4% of GDP or 5.9% excluding privatisation⁽¹⁾ receipts, thanks to the increase in both tax revenues and privatisation receipts. The settlement of the arrears with the Caisse marocaine de retraite (Moroccan Pension Fund) and the settlement of instalments on the external debt took the financing requirement on the internal market to nearly 30 billion dirhams, resulting in a further increase in the domestic debt.

In this context, the continuing process of the fiscal consolidation slowed down, as evidenced in particular by the rate of indebtedness of the Treasury, which increased from 66.3% to 71.6% and the burden of total wage bill, at 13.6% compared to 12.7% of GDP in 2004. Tax reform was postponed again, the 2005 Finance Act providing for only minor adjustments.

◆ 2005 Finance Act

The 2005 Finance Act was drawn up on the basis of a growth rate of 3% and an oil price of 35 dollars a barrel. The estimated budget deficit was to stand at 3.2% of GDP compared to 3% in the previous Finance Act, with total costs rising more rapidly than current revenue. Indeed, excluding the settlement of the State's arrears towards the CMR- Moroccan Pension Fund, which involved the issue for that institution of long-term securities amounting to 11 billion dirhams, total costs were to rise by 6.9%. However, most of this was to be the result of higher expenditure for the subsidisation of the prices of basic foodstuffs and petroleum products as well as for staff-related costs, owing to the effects of the social dialogue, the normal career advancement of civil servants and the raising from

(1) See Statistical appendices X-1 to X-4.

8% to 9% of the public contribution to the CMR- Moroccan Pension Fund for civil pensions. Current revenue, on the other hand, including privatisation proceeds, expected to total 12 billion, in line with the amount included in the 2004 Finance Act, was to grow by 6.4% as a result of higher tax revenue.

Additionally, the 2005 Finance Act included a number of tax adjustments intended to widen the tax base. Thus, it was decided to make a number of goods and services subject to value added tax, in particular transactions of an industrial and commercial nature and services provided by non-profit associations. Similarly, cooperatives engaged in commercial and industrial activities and having a turnover of 5 million dirhams or more were made subject to corporation tax and value added tax.

However, in order to encourage small and medium-sized enterprises to recapitalise, a reduction in tax equal to 10% of the capital increases made between the 1st January 2005 and 31 December 2006 was granted to enterprises whose turnover in the last four financial years ending before the 1st January 2005 was less than 50 million dirhams excluding VAT, provided that any such capital increase was fully paid up before the 1st January 2007.

In order to harmonise the customs duties of the various fuels used in the generation of electricity, it was decided to cut the customs duty on natural gas to 2.5%. Also, in expectation of the coming on stream of the Tahaddart thermal power station, the natural gas used by the ONE - National Electricity Office and the concession companies for the generation of electricity with a capacity in excess of 10 MW was exempted from domestic consumption tax.

Lastly, as part of the preparation of the General Tax Code, the Book of Tax Procedures was drawn up (see Box 3). Likewise, it was decided to include the exemption of Bank Al-Maghrib's non-profit operations and activities in the texts relating to corporation tax and value added tax so as to bring together the tax exemptions provided for by the particular texts.

Box 3 : The Book of Tax Procedures

The 2005 Finance Act includes the Book of Tax Procedures, which is the first stage in the design of the General Tax Code. The Book of Tax Procedures finalises all the measures introduced in previous Finance Acts to harmonise and simplify tax-related texts. It brings together and codifies all the provisions relating to tax procedures provided for in the laws relating to the taxes and duties in force.

◆ Execution of the 2005 Finance Act

The execution of the 2005 Finance Act resulted in a budget deficit of 20.3 billion dirhams compared to 15 billion the previous year. This worsening of the situation is attributable to an increase of more than one fifth in current expenditure, which amounted to 126.7 billion, compared to a rise of about 12% in current revenue, at 131.4 billion, resulting in a drop in the current account balance to 4.7 billion. At this level, it only covered 23.4% of equipment expenditure which was down by 6.2% compared to the previous year.

Treasury current account revenue

At 131.4 billion, Treasury current account revenue, including the share of VAT transferred to local authorities and the privatisation proceeds, was up by 12%, mainly owing to the 13% increase in tax revenues, which amounted to 110.3 billion, the tax burden rising from 22% to 24% of GDP.

Direct taxes brought in a total of 43.2 billion, an expansion of 18.8%. General income tax receipts, which represent more than half of direct taxes, were up by 15.6% to 22.7 billion, following the rise

in payroll deductions in the public and private sectors. Likewise, corporation tax brought in a sum of 19.3 billion, up by 22% owing to the improved results of enterprises, especially in the financial and telecommunications sectors.

Indirect taxes, for their part, increased by 9% to 48.2 billion. The proceeds of VAT, which account for more than two thirds and 30% of which is allocated to local authorities, showed a rise of nearly 11%, due mainly to the 17.9% growth in external VAT revenues, which rose to 19.8 billion with the sizeable rise in imports. Domestic VAT revenues, on the other hand, at 12.8 billion, showed a rise of only 1.5%. The receipts generated by domestic consumption taxes increased slightly, to 15.6 billion, as a result of the 5.8% rise in levies on energy products and 4% on tobacco.

Despite the dismantling of tariffs under the free trade agreements, customs duties improved by 8.7% to 12.4 billion as a result of rising imports.

Receipts of registration fees and stamp duty were up by 15.9% in line with the growth in real estate transactions.

As regards non-tax revenue, the transfer of 16% of the capital of Maroc Telecom and of 4 sugar refineries brought in 13.8 billion, half of which was allocated to the Hassan II Fund for Economic and Social Development. Other revenue fell by 7.5% to 10.4 billion as a result of the drop in the proceeds of the monopolies which, in 2004, were marked by non-renewable payments.

Treasury expenditure

Treasury current expenditure amounted to 126.7 billion, up by one fifth compared to the previous year's level. Most of this increase is attributable to extraordinary expenditure on payments linked with the voluntary early retirement scheme and subsidisation costs for petroleum products.

Personnel expenditure amounted to 62 billion, up from 56.6 billion in 2004, thus representing 13.6% of GDP compared to 12.7% in 2004. The increase in this expenditure was the result of the application of measures of exceptional promotion which generated a 1.2 billion payment, as well as the normal promotion of civil servants and the revaluation of some allowances. Expenditure on other goods and services grew by 56.7% as a result of the bonuses totalling 11.4 billion dirhams paid to civil servants as part of the voluntary early retirement scheme (see Box 4). Expenditure for the subsidisation of basic foodstuffs and petroleum products was up by 42.7% to 11.3 billion, 6.8 billion of which was accounted for by petroleum products. Conversely, expenditure on interest on the debt, at 17.3 billion, was down slightly as a result of the fall in the average cost of the domestic debt and the reduction of the external debt outstanding. At 20.1 billion, equipment expenditure was down 6.2% compared to 2004. Taking into consideration the negative balance of the Treasury's special accounts, amounting to 4.9 billion, the budget deficit rose from 15 billion to 20.3 billion. Excluding privatisation receipts, it totalled 27.2 billion.

Box 4 : Voluntary early retirement scheme

The cost of the allowances paid to persons taking voluntary early retirement is 11.4 billion dirhams, an amount which should be recouped in less than 26 months on the basis of the gross salaries.

The voluntary early retirement scheme involved nearly 39 000 civil servants, more than half of whom belonging to scales 10 and 11 or being off-scale.

National Education retirees accounted for 34% of the total, followed by the Interior and Agriculture with 17% and 9% respectively.

The reduction in the number of civil servants should result in a salary saving equivalent to 1% of GDP in 2006, leaving aside new recruits.

However, this scheme has resulted in a shortfall for the CMR of 7.5 billion on contributions and family allowances, which the Treasury paid, spreading it over several years with 2 billion in 2006.

Payment arrears dropped by 8.4 billion as a result of the payment of 13.2 billion, 11 billion of which through securitization to the benefit of the CMR, on the one hand, and the building-up of new arrears towards fuel distributors, on the other hand. Accordingly, the financing requirement reached 28.7 billion dirhams.

◆ The financing of the Treasury deficit

In order to cover the financing requirement and the net outflows of funds on the external debt, the Treasury had recourse to the tender market in a context of abundant supply and falling long-term rates.

| In millions of dirhams | Year (*) 2004 | Year 2005 |
|---|------------------|----------------|
| Current revenue | 117 481 | 131 436 |
| Tax revenues | 97 563 | 110 253 |
| Non-tax revenues | 16 427 | 17 272 |
| Receipts of certain special Treasury accounts | 3 491 | 3 911 |
| Current expenditure | 105 098 | 126 739 |
| of which : Interests on public debt | (17 586) | (17 319) |
| Current account balance | +12 384 | +4 698 |
| Equipment expenditure | 21 403 | 20 084 |
| Special accounts balance | -6 097 | -4 870 |
| Budget surplus or deficit | -15 116 | -20 257 |
| Changes in arrears | 2 087 | - 8 403 |
| Cash deficit | -13 029 | -28 660 |
| Net financing | 13 029 | 28 660 |
| External financing | -6 417 | -1 428 |
| Drawings | 4 691 | 9 313 |
| Amortization | -11 108 | -10 741 |
| Domestic financing | 19 446 | 30.088 |
| Bank financing | -5 882 | 4 473 |
| - Bank Al-Maghrib | (-792) | (1 104) |
| - Banks | (-5 090) | (3 369) |
| Non-bank financing | 25 328 | 25 615 |
| - On the capital market | 17 287 | 33 930 |
| - Monetary deposits | 9 | 703 |
| - Other deposits | 8 082 | -9 018 |

(*) Revised.

External financing

The Treasury received external financing amounting to 9.3 billion, almost double the funds mobilised in 2004. Intended mainly to support structural reforms and to finance investment projects, these resources came chiefly from the African Development Bank with 3.2 billion, the International Bank for Reconstruction and Development with 2.2 billion and the European Union with 1.9 billion. On the other hand, repayments on the principal of the external debt were down by 3.3% compared to the previous year and reached 10.7 billion. The flows of foreign capital thus resulted in net outflows of 1.4 billion, an amount much lower than the previous year's 6.4 billion.

Domestic financing

The Treasury's net recourse to domestic resources increased by half to 30 billion dirhams. Bank financing, which fell by 5.9 billion in 2004, was up by 4.5 billion in 2005, covering an increase of 3.4 billion in the Treasury's recourse to the banks and a reduction of 1.1 billion in its position with Bank Al-Maghrib. Net issues on the tender market, the main source of financing, more than doubled to 36.7 billion compared to 17.7 billion in 2004. Net subscriptions by the insurance companies and provident institutions amounted to 6.2 billion and by the banks and UCITS to 4.7 and 3.9 billion respectively. Net acquisitions by other subscribers came to nearly 22 billion. Other debt instruments, however, gave rise to total net repayments of 2.1 billion.

◆ The direct public debt

The scale of the Treasury's financing requirements in 2005 resulted in an increase in the direct public debt, the total outstanding amount of which was up by 11.3% at 327.4 billion, taking the debt ratio to 71.6% of GDP compared to 66.3% in 2004. This increase is attributable to the 15.5% expansion

in the domestic debt, which came to 258.5 billion, as a result in particular of the settlement of the State's arrears with the CMR. The outstanding amount of Treasury bills raised on the tender market thus totalled 251.5 billion, an increase of 17%. The main creditors are the insurance companies and provident institutions and the banks, which hold 31% and 28% of the total respectively, followed by the UCITS with 20%.

The outstanding amount of the external debt fell again, from 70.5 billion dirhams or 8.5 billion dollars to 68.9 billion dirhams or 7.4 billion dollars. At this level, it represents almost 21% of overall indebtedness and 15.1% of GDP compared to 23.9% and 15.9% respectively in 2004.

The efforts made with respect to active debt management continued in 2005 and concerned operations of debt conversion into private investments amounting to 45.8 million dollars and into public investments totalling 20 million euro with Italy and 17.5 million euro with Spain. The Treasury also had recourse to interest rate swaps for two loans totalling 180 million dollars.

◆ Money

◆ Monetary policy

In accordance with the mission conferred upon it by its Statutes, Bank Al-Maghrib intervened, during 2005, on the money market to ease the conditions of financing with a view to consolidating price stability.

In line with these directions, a reference value for the growth in aggregate M1 was set at the start of the year within a range of 6.5% to 7.5%, on the basis of an expected growth rate of 3.6% in non-agricultural GDP and inflation of no more than 2%, while the velocity of circulation of money would be slightly down. Creation of money was to result from a growth in net foreign assets of 10 billion or 6.9%, corresponding to the projected surplus in the balance of payments, and from an increase in lending to the private sector of around 23 billion or nearly 9%, which would sustain the growth in economic activity, while the Treasury's monetary financing would fall.

In view of the uncertainties regarding the development of these data and in a context that was to be marked by an abundance of liquidity and moderation of demand, Bank Al-Maghrib kept its key rate unchanged at 3.25%. It also refrained from raising the monetary reserve ratio so as not to hinder the downward trend in interest rates. At the start of the year, Bank Al-Maghrib also readjusted its operational mechanism to make the management of banks' cash holdings more flexible. The central bank therefore intervened as appropriate to ensure market stability, injecting or withdrawing liquidity according to the changing market situation⁽¹⁾.

(1) See Statistical appendices XI-1 to XI-13.

Reflecting the impact of tightening periods, the interbank market rate moved upwards, averaging 2.78% in 2005. Although the reference value set was greatly exceeded, the allocation of much of the liquidity thus created to the formation of liquid assets nevertheless helped to keep inflation at a moderate level.

Instruments of monetary policy

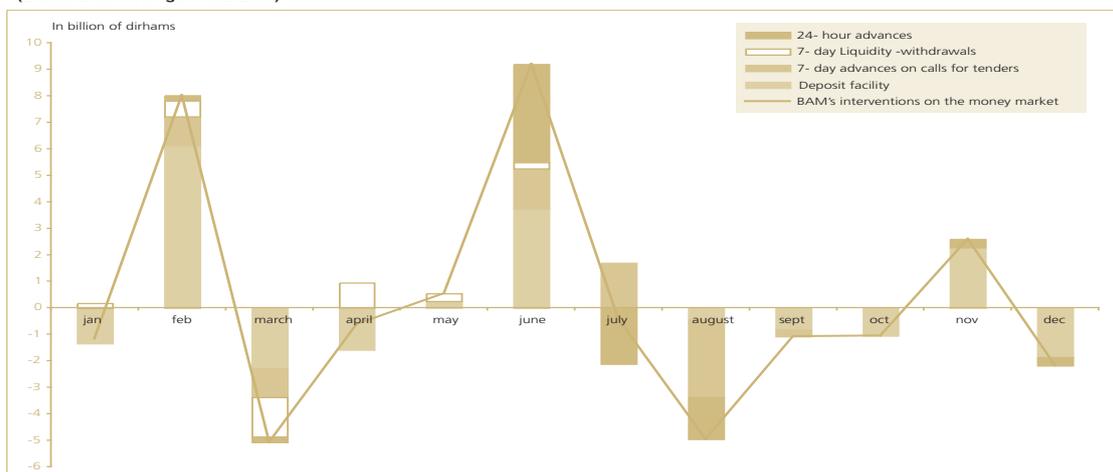
The efforts to adapt the operational framework of monetary policy continued in 2005 in order to harmonise the procedures for intervention on the money market and to give greater flexibility to the management of banks' cash holdings. Thus, at the start of the year, Bank Al-Maghrib readjusted its intervention mechanism, abolishing 5-day advances and replacing them with a permanent 24-hour advance facility at a rate of 4.25%.

The new operational framework is therefore based on a key rate of 3.25%, corresponding to the rate of 7-day advances on calls for tender. It also includes weekly liquidity-withdrawal operations on the initiative of Bank Al-Maghrib and permanent 24-hour advance and deposit facilities on the initiative of the banks, the respective rates of which (key rate plus 100 basis points and key rate minus 100 basis points) represent the limits of the range within which the interbank rate can be allowed to fluctuate. It also involves, at the level of instruments, open market operations, foreign exchange swaps, the monetary reserve as well as the possibility given to the central bank by its new Statutes to issue or repurchase its own debt instruments.

The implementation of monetary policy

In this revised framework, monetary policy was conducted with the aim of stabilising market participants' expectations in a context marked by wide changes in the banks' cash holdings. Under these circumstances, Bank Al-Maghrib adjusted its interventions, withdrawing liquidity at times of rising surpluses and injecting it when the situation was tight, seeking in that way to keep the interbank market rate within the limits of the corridor set by the permanent facilities.

**BANK AL-MAGHRIB'S MONTHLY INTERVENTIONS ON THE MONEY MARKET
(End of week average - Year 2005)**



During 2005, the evolution of the market liquidity situation was marked by three distinct phases. With the notable exception of February, the period from January to April was a phase of abundance. The growth in Bank Al-Maghrib's net foreign exchange reserves following the transfer in January of 16% of the capital of Maroc Telecom increased the surpluses, despite half the receipts from this transaction being allocated to the Hassan II Fund for Economic and Social Development and the seasonal expansion in the notes and coins in circulation associated with the celebration of Aïd Al Adha. Bank Al-Maghrib therefore intervened on the money market to mop up the surplus liquidity mainly by means of the 24-hour deposit facility, the amount of which reached a maximum level of 10.5 billion dirhams, the interbank market rate remaining close to that of this facility.

However, banks' cash holdings tightened in February as a result of the formation by the Treasury of credit balances with the central bank. In view of the pressures on the interbank market rate, especially towards the end of the period of constitution of the monetary reserve, when it reached 3.82%, Bank Al-Maghrib injected liquidity by means of 7-day advances on calls for tenders for an average amount of 2.2 billion dirhams. Further surplus liquidity appeared in March, subsiding again in

April when outflows of around 4 billion dirhams had been recorded in foreign currency due to the transfer of shares by Vivendi to its subsidiary in Morocco ; as a result of this, Bank Al-Maghrib scaled back its liquidity-withdrawal interventions from, on average, 5.8 billion to 4.1 billion dirhams.

In May, and especially in June, the banks' cash holdings felt the restrictive effects of the making-up by operators of long positions on foreign currency and the increase in the Treasury's credit balances with the central bank. Under these circumstances, the interbank rate came under pressure, moving upwards during June, to reach 4.96% at the end of the period of constitution of the monetary reserve, a level which is higher than that of the ceiling rate for 24-hour advances. As the central bank was no longer injecting liquidity through 7-day advances on calls for tenders, the banks were obliged to have recourse to 24-hour advances, the amount of which peaked at 8.5 billion dirhams in mid-June.

With the exception of November, the liquidity surpluses expanded during the second half of the year. The surplus liquidity increased during the summer season as a result of the growth in operations of foreign banknotes exchange and the use of the credit balances in the Treasury's accounts with the central bank. This situation continued until October in line with the return flow of circulating notes and coins. Bank Al-Maghrib therefore withdrew surplus liquidity by means of the 24-hour deposit facility, the amount peaking at more than 8 billion dirhams towards the end of the periods of the monetary reserve's constitution and the interbank market rate generally remaining at a level close to that of the 24-hour deposit facility.

During the month of November, however, the banks' cash holdings were again adversely affected by the expansion in the amount of notes and coins in circulation and the decline in the central bank's foreign currency holdings which resulted from further purchases of foreign currency; this led Bank Al-Maghrib to grant the banks 24-hour advances towards mid-November, the interbank market rate having reached a maximum of 4.10%.

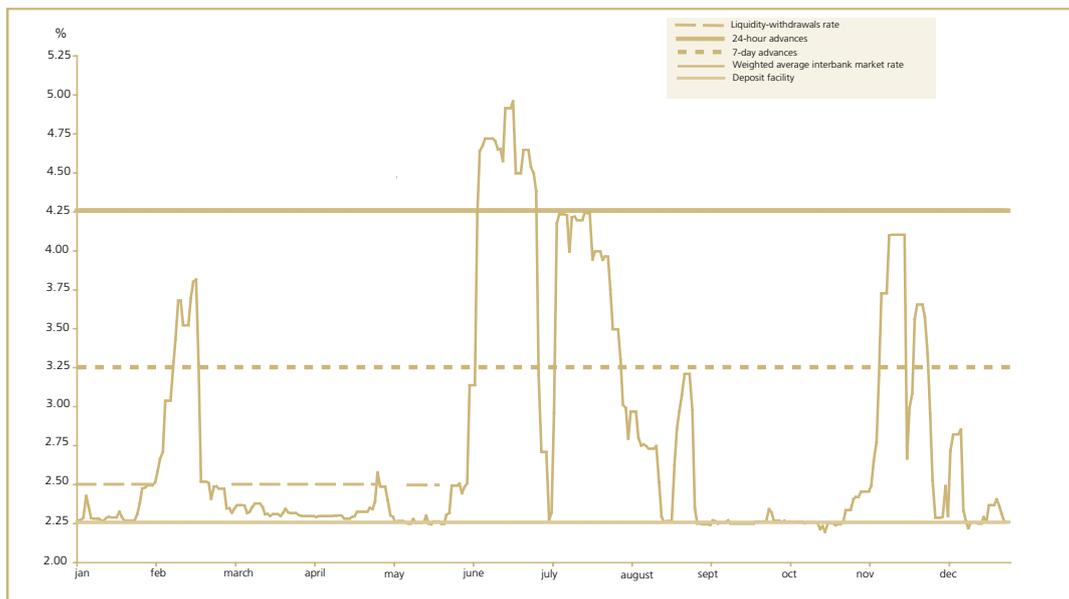
The pressures on the interbank rate gradually abated in December as the banks' cash holdings improved. This development was due mainly to the increase in inflows of foreign exchange generated in particular by operations of foreign banknotes exchange and external drawings.

Thus, Bank Al-Maghrif mopped up an average overall amount of 5 billion dirhams during periods of abundant bank cash holdings, more than 80% of which by means of the 24-hour deposit facility, and during periods of tight money granted the banks facilities averaging around 3.7 billion, more than half of which was accounted for by 24-hour advances.

The results of monetary policy

Due to the major fluctuations it experienced in the course of the year, the interbank market rate averaged 2.78% for 2005 as a whole, an increase of 39 basis points compared to the previous year.

WEIGHTED AVERAGE INTERBANK MARKET RATE - YEAR 2005



Under these conditions, the downward trend in the general level of interest rates was less marked, the decline in long-term rates continuing while short-term rates rose slightly. Thus, the average rate on 6-month deposits with the banks remained unchanged at 3.29%, while that for 12-month deposits rose by 13 basis points compared to December 2004, reaching 3.61%. Rates on issues of Treasury bills by calls for tenders fell by an amount ranging from 9 basis points for 5-year bills to 23 basis points for 15-year securities, while the rate on 52-week bills showed a rise of 23 basis points. The rates on issues of other negotiable debt securities fell back overall, excluding the different risk premiums.

At the same time, the remuneration on accounts on savings books with the Caisse d'épargne nationale (National Savings Fund), index-linked to the rate on 5-year Treasury bills, fell by 60 basis points to 1.50%. The rate paid on accounts on savings books with the banks, on the other hand, was down by just 7 basis points to 2.28% as a result of the change made in January with respect to its method of indexation, the weighted average rate of 52-week bills now being reduced by only 50 basis points instead of 100 points previously.

So far as debtor conditions are concerned, the average cost of bank credit fell by 25 basis points from one year to the next and that of lending by the financing companies by 70 basis points, to 7.58% and 11.40% respectively.

Concerning the evolution of the monetary aggregates at the end of 2005, the rate of growth in aggregate M1 reached 14.8%, a higher level than the reference value, which was defined as a target range of 6.5% to 7.5%. Unlike the previous years, this movement was attributable to the strengthening in both foreign assets and domestic lending. The overstepping of the monetary norm is in fact due to the growth of around 21 billion dirhams in net foreign currency reserves, more than twice the amount expected. Furthermore, bank credit increased by nearly 33 billion or 13%, a more rapid rate than anticipated. Net claims on government, for their part, rose by almost 4.7 billion or 6.5% whereas they ought to have fallen.

In the course of 2005, the economy's liquidity, consisting of aggregate M3 and all liquid investments, expanded by an average of 10.1% following an increase of 8.1% in 2004, while the growth of GDP at current prices amounted to 3.1%. However, since the liquidity created was to a large extent allocated to the formation of liquid assets, the velocity of circulation of money weakened again to 1.04 down from 1.12 in 2004. Under these conditions, the increase in prices was moderate as the rise in the cost of living index was no more than 1%, while the current transactions' account showed a new surplus.



The start of the year 2006 saw a deep reform of the institutional framework of monetary policy with the entry into force of the Act on the Statutes of Bank Al-Maghrib. The new act considers maintaining price stability as a fundamental mission and to that end gives the central bank greater autonomy with respect to monetary policy, redefining its prerogatives and the attributions of its Board whose composition has been changed.

The new Act confers responsibility on the Bank for defining the price stability target in consultation with the Ministry of Finance and for determining the quantitative objectives and instruments of monetary policy. In this regard, the Board has been habilitated to set the interest rates applicable to the Bank's interventions and to determine the ratio of the monetary reserve and its way of calculating. The new Statutes also make it possible to strengthen the Bank's operational mechanism by allowing it to issue and repurchase its own debt securities.

To confirm Bank Al-Maghrib's autonomy, the Government's representation has been limited to the Director of the Treasury, who, like the Government Representative, does not take part in the vote on monetary policy decisions. The new Statutes also prohibit the granting of financial assistance to the State except for the cash facility, the use of which is subject to restrictive conditions.

This broad autonomy carries a greater requirement for transparency, and the Bank now has to provide more information on monetary policy decisions and the assessment of their results.

The adoption of the new Statutes and the outlook resulting from Morocco's increasing integration into the world economy have led the central bank to reconsider the strategic framework of monetary policy. In this regard, it has studied the choice of the reference value (see box 5) for the monetary aggregates' growth and has begun to improve the analysis used as a basis for setting the monetary policy trends.

Consequently, the central bank has decided to opt for the money supply in the broad sense, that is aggregate M3, as the reference value for the year 2006. It has also adopted an indicator of underlying inflation and has begun studies to improve its knowledge of the process of transmission of monetary policy impulses. It has also initiated work to strengthen the framework of monitoring the economic and financial environment in order to have synthetic indicators within the framework of a strategy for inflationary risk assessment.

Box 5 : Choice of the reference value

It is worth-mentioning that until 1998 Bank Al-Maghrib used to set a monetary growth target by reference to aggregate M3. However, the appearance in the middle of the 1990s of new financial instruments that proved to be alternative investments to time deposits resulted in a slowing in the growth rate of that category of deposits, putting aggregate M3 on a quite different growth path than that of economic activity.

Starting from 1999, Bank Al-Maghrib therefore decided to set a monetary growth target by reference to the narrow aggregate M1 instead of the broad aggregate M3. However, the flows of foreign currency, generated in particular by the privatisations and the development of tourist receipts and private transfers, resulted, in a context of fixed exchange rate regime, in money creation exceeding the target set at the start of the year and in the accumulation of surplus liquidity. Under these conditions, the opportunity cost of holding cash declined sharply and arbitrages were made between time investments with the banks and on the capital markets, on the one hand, and sight assets, on the other. This development increased the instability of aggregate M1 and reduced its information content regarding aggregated demand and inflationary pressures.

Bank Al-Maghrib's study of the money demand function initially identified, through cointegration analysis, two long-term relationships, the first between M3 and GDP and the second between M1 on the one hand, and GDP and credit interest rates, represented by the rate on 6-month Treasury bills, on the other. Coefficient stability tests and forecasting tests revealed that, so far as M1 is concerned, the money demand relationship has become more unstable during the recent period. The decline in interest rates, together with the lower rate of inflation, has in fact encouraged arbitrage in favour of liquid assets in the form of sight deposits included in M1. On the contrary, the relationship between aggregate M3 and GDP, which was less disturbed by changes in interest rates, has proved less unstable, the arbitrages being made, in part, between the components of that aggregate. Bank Al-Maghrib has therefore decided to use the aggregate M3 as the reference value for monetary growth for the year 2006.

◆ Monetary aggregates ⁽¹⁾

In 2005, the monetary aggregates rose by 14% for M3 and 14.8% for M1, much faster than the 7.8% and 9.8% recorded at the end of 2004. The acceleration in the rate of growth affected all components, albeit to a different extent. The rate of increase in notes and coins in circulation was up from 6.4% to 12%, in sight deposits from 11.2% to 15.9% and in savings accounts from 10.6% to 11.8%. As to time deposits, which remained unchanged in 2004, they increased by 12.9%, taking the rate of growth in the broad aggregate M3 close to that of the narrow aggregate M1.

At the same time, the annual increase in liquid investment aggregates slowed from 13% to 0.1% as a result of the 18.4% drop in securities of monetary UCITS and the decline in those of bond UCITS, which rose by only 4.3%.

The evolution of the monetary aggregates was the result, so far as the sources of creation of money are concerned, of the 14.9% expansion in net foreign assets and the 12% rise in domestic lending of a monetary nature. Claims on the private sector in fact showed an increase of 11.1% compared to 6.8% in 2004, while net claims on Government were up by 6.5% after two years of decline.

| In millions of dirhams | End of December 2003 | End of December 2004 | | End of December 2005 | |
|-----------------------------|-------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | Amounts | Amounts | Changes in % | Amounts | Changes in % |
| - Currency outside banks | 74 890 | 79 715 | + 6.4 | 89 304 | +12.0 |
| - Sight deposits | 176 247 | 196 056 | +11.2 | 227 212 | +15.9 |
| Aggregate M1 | 251 137 | 275 771 | + 9.8 | 316 516 | +14.8 |
| - Sight investments (M2-M1) | 47 843 | 52 918 | +10.6 | 59 147 | +11.8 |
| Aggregate M2 | 298 980 | 328 689 | + 9.9 | 375 663 | +14.3 |
| - Time investments (M3-M2) | 87 360 | 87 741 | + 0.4 | 99 094 | +12.9 |
| Aggregate M3 | 386 340 | 416 430 | + 7.8 | 474 757 | +14.0 |
| Source : Bank Al-Maghrib | | | | | |

(1) See Statistical appendices XII-1 to XII-15.

Aggregate M1

Consisting of the notes and coins in circulation and sight deposits, the aggregate M1 rose throughout the year, with the exception of February and October, to reach 316.5 billion dirhams at the end of December, thus recording a year-on-year increase of 14.8%. Its share in the money supply was up from 66.2% to 66.7%.

The amount of notes and coins rose from 79.7 billion dirhams at the end of 2004 to 89.3 billion at the end of 2005, an increase of 12%, much greater than the 6.4% expansion recorded in 2004. The evolution of notes and coins in circulation followed the usual seasonal pattern. Thus, the 3.2% increase in January in connection with the celebration of Aïd Al-Adha was followed by a contraction in February. After a relative stability, the notes and coins in circulation rose by almost 5 billion during the summer owing to the scale of expenditure by visiting tourists and to the inflow of Moroccans living abroad. It then fluctuated around the August level before expanding by 2.3 billion in December. As a result, the average amount of notes and coins in circulation came to 84.4 billion dirhams, an 8% increase which is comparable to that recorded in 2004.

Moreover, in line with the slowdown in economic activity, and more especially the decline in agricultural output, the growth in notes and coins in circulation was accompanied by a slowing in its velocity⁽¹⁾ of circulation to 17.5% compared to 17.8% in 2004.

At the end of December 2005, sight deposits amounted to 227.2 billion dirhams, up by 31.2 billion or 15.9% compared to 11.2% in 2004. Credit balances on cheque accounts at banks, totalling 145.8 billion, 35% of which was held by Moroccans living abroad, rose by 17.9%. Current account deposits, at 58.2 billion, were 16.8% higher compared to only 8.2% a year earlier. Credit balances on sight accounts with the Treasury and the SCP (Postal Cheque Service) stood at 9.3 billion, an increase of more than 700 million or 8.2%.

(1)The ratio of the monthly average, in value, of inflows and outflows of banknotes and coins at Bank Al-Maghrif's counters to the outstanding amounts of notes and coins in circulation at the end of the month.

The velocity of circulation of sight deposits⁽¹⁾, which reflects the intensity of their use, increased again in 2005, reaching 50.7% compared to 49.6% in 2004. However, the review of the monthly evolution shows that this rise does not reflect an intensification of payment flows in respect of trade in goods and services. The annual increase is in fact largely attributable to the expansion observed in May, following the settlement of a major financial transaction, and then in December in parallel with the marked growth in the volume of transactions on the stock market.

Aggregate M2

Sight investments rose continually throughout 2005, recording an increase of 11.8% at the end of the year, compared to 10.6% in 2004. Accounts in savings books with banks, representing more than 80%, rose by 11.5% from year-end to year-end, while credit balances in savings books of the CEN (National Savings Fund) were up by 13.1%.

In all, aggregate M2, composed of M1 and sight investments, amounted to 375.7 billion dirhams, an increase of 14.3% , which is higher than the average for the last three years.

Aggregate M3

Time deposits, which had recovered during the final quarter of the previous year, declined during the first quarter, rising again in April and May before falling back during the summer period. These deposits then grew by 8.9 billion dirhams between September and December, reaching 99.1 billion, an increase of 11.4 billion or 12.9% compared to December 2004.

The monetary aggregate M3, which records M2 plus time investments, rose throughout 2005, to reach 474.8 billion dirhams at the end of December. Its year-end to year-end rate of growth came to 14% compared to 7.8% the previous year, whereas on a monthly average the rate was only 11.7% compared to 8.4%.

(1) The ratio of the monthly average of transactions recorded in both the clearing houses and the SIMT to the outstanding amount of sight deposits at the end of the month.

◆ Liquid investment aggregates

Consisting of negotiable debt instruments other than certificates of deposit and UCITS securities held by non-financial agents, the liquid investment aggregates totalled 41 billion, virtually unchanged, following a rise of 13% recorded in 2004. This evolution is attributable mainly to securities of monetary UCITS, down by 18.4%, and securities of bond UCITS, which were up by only 4.3%.

It should be noted that liquid investments are now analysed on the basis of the new presentation (see Box 6), which breaks them down into four aggregates instead of the previous three.

Box 6 : Classification of liquid investment aggregates

The classification of liquid investment aggregates has been revised in order both to improve the analysis of liquid investments and to bring it into line with the regulatory provisions. Under Order 2062-04 of the Minister of Finance and Privatisation concerning the classification of undertakings for collective investment in transferable securities, the maturity criterion was added to the classification of UCITS securities by type of assets. As a result, securities issued by bond UCITS which used to be recorded in aggregate LI2 have been divided into two categories corresponding to two aggregates. Aggregate LI2 covers securities issued by monetary UCITS at least 50% of the assets of which are invested in debt instruments with an initial or residual term of less than one year, and aggregate LI3 consists of securities of bond UCITS. The new aggregate LI4 records the securities of share and diversified UCITS formerly included in the old aggregate LI3.

| In millions of dirhams | End of December 2004 | End of December 2005 | |
|------------------------|-------------------------|-------------------------|-----------------|
| | Amounts | Amounts | Changes in % |
| Aggregate LI 1 | 5 000 | 5 539 | +10.8 |
| Aggregate LI 2 | 11 478 | 9 369 | - 18.4 |
| Aggregate LI 3 | 22 110 | 23 065 | + 4.3 |
| Aggregate LI 4 | 2 408 | 3 069 | +27.5 |
| Total LI | 40 996 | 41 042 | + 0.1 |

Aggregate LI1

Aggregate LI1, at 5.5 billion dirhams, showed a year-end to year-end rise of 10.8% compared to a fall of 38.2% in 2004. This trend covers an increase in the outstanding amount of negotiable Treasury bills and commercial paper of 947 million and 65 million respectively and a decline of 455 million in 6-month Treasury bills and of 18 million in bills of financing companies.

Aggregate LI2

Aggregate LI2 fell by 2.1 billion or 18.4% to 9.4 billion dirhams at the end of December 2005. The securities of monetary UCITS held by individuals and by Moroccans living abroad in fact increased by 700 million, while those held by non-financial enterprises fell by 2.8 billion.

Aggregate LI3

Securities of bond UCITS recorded a rise of nearly 1 billion dirhams or 4.3% to 23.1 billion at the end of December 2005. The fall in net subscriptions by non-financial enterprises and Moroccans living abroad was more than offset by the 3.1 billion rise in the portfolios of individuals and by the

appreciation in liquidation values of bond UCITS resulting from the lower rates offered on new issues of medium and long-term Treasury bills.

Aggregate LI4

In line with the continued rise in stock market prices, aggregate LI4 reached 3.1 billion dirhams, an increase of 661 million or 27.5% following that of 656 million or 37.4% recorded in 2004.

◆ The liquidity of the economy

Consisting of all monetary assets and liquid investments, the liquidity of the economy, on a monthly average, amounted to 485.3 billion dirhams, up by 10.1% compared to 8% in 2004. This development is due to the acceleration in the rate of growth of the money supply, the assets recorded in the liquid investment aggregates having contracted.

On the other hand, the gross domestic product at current prices grew by 3.1% and gross national

| In millions of dirhams ⁽¹⁾ | 2003 | 2004 | | 2005 | |
|---|----------------|----------------|--------------|----------------|---------------|
| | Amounts | Amounts | Changes in % | Amounts | Changes in % |
| I- Aggregate M3 | 366 488 | 397 121 | + 8.4 | 443 697 | + 11.7 |
| M1 | 237 883 | 261 953 | +10.1 | 295 810 | + 12.9 |
| M3-M1 | 128 605 | 135 168 | + 5.1 | 147 886 | + 9.4 |
| II- Liquid investment aggregates | 41 569 | 43 664 | + 5.0 | 41 553 | - 4.8 |
| Total liquidity (I + II) | 408 057 | 440 785 | + 8.0 | 485 250 | +10.1 |

(1) End-of- month outstanding amounts average

disposable income by 4.5%. Under these circumstances, the liquidity ratio of the economy increased markedly in 2005, the velocity of circulation of money falling from 1.12 in 2004 to 1.03.

| Liquidity ratio of the economy (percentage) | 2003 | 2004 | 2005 |
|--|-------|-------|-------|
| $\frac{M1}{\text{Non-agricultural GDP}}$ | 68.1 | 70.2 | 75.3 |
| $\frac{M3}{\text{Non-agricultural GDP}}$ | 104.9 | 106.4 | 112.9 |
| $\frac{M3}{\text{GDP}}$ | 92.1 | 89.5 | 97.0 |
| $\frac{M3}{\text{GNDI}}$ | 81.1 | 82.4 | 88.1 |
| $\frac{\text{Total liquidity}}{\text{Non-agricultural GDP}}$ | 116.8 | 118.1 | 123.5 |
| $\frac{\text{Total liquidity}}{\text{GDP}}$ | 102.6 | 99.3 | 106.0 |
| $\frac{\text{Total liquidity}}{\text{GNDI}}$ | 90.2 | 91.5 | 96.4 |

◆ Counterparts of M3

In 2005, the creation of money was the result of the 14.9% rise in net foreign assets and the 10.2% expansion in domestic lending. Net claims on Government in fact increased by 6.5% after two years of decline, while claims on the private sector were up by 11.1% compared to 6.8% in 2004.

| In millions of dirhams | End of December 2003 | End of December 2004 | | End of December 2005 | |
|---|-------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | Amounts | Amounts | Changes in % | Amounts | Changes in % |
| Net foreign assets (I) | 127 193 | 144 441 | +13.6 | 165 899 | +14.9 |
| Total domestic lending | | | | | |
| A. Claims on Government | 78 537 | 72 665 | - 7.5 | 77 414 | + 6.5 |
| B. Claims on the private sector | 246 008 | 262 743 | + 6.8 | 292 030 | +11.1 |
| C. Counterparts of accounts on savings books with the National Savings Fund | 8 196 | 9 349 | +14.1 | 10 572 | +13.1 |
| Total (A + B + C) | 332 741 | 344 757 | + 3.6 | 380 016 | +10.2 |
| Less : Banking system's non monetary resources | 58 506 | 57 114 | - 2.4 | 57 801 | + 1.2 |
| Domestic lending of a monetary nature (II) | 274 235 | 287 643 | + 4.9 | 322 215 | +12.0 |
| Total counterparts (I+II) | 401 428 | 432 084 | + 7.6 | 488 114 | +13.0 |
| Other balancing items | - 15 088 | - 15 654 | + 3.8 | -13 357 | -14.8 |
| Memo : Aggregate M3 | 386 340 | 416 430 | + 7.8 | 474 757 | +14.0 |

Net foreign assets

At 165.9 billion dirhams, the net foreign assets of the banking system showed a year-end to year-end expansion of 21.5 billion or 14.9% compared to 17.2 billion or 13.6% in 2004. Major rises were

recorded in January following the financing in foreign currency of the transfer of part of the capital of Maroc Telecom, then in August with the growth in operations of exchanging foreign banknotes, and finally in December as a result of the foreign drawings made by the Government. There were major fluctuations in the banks' net foreign assets, especially in January and June and then in December, and they reached 15.7 billion at the end of 2005 compared to 9 billion in December 2004. The foreign exchange reserves of Bank Al-Maghrib, for their part, increased by 14.8 billion or 10.9% to 150 billion.

Net claims on Government

At 77.4 billion at the end of December 2005, net claims on Government rose by 4.8 billion or 6.5% after falling by 7.5% in 2004 and by 2.7% in 2003. This increase reflects the greater recourse made by the Treasury to the banks, up by 3.4 billion or 4.7%, and the deterioration in its net position with Bank Al-Maghrib by 688 million or 9.2%, claims of individuals and non-financial enterprises being up by 8.2%.

Claims on the private sector

Claims on the private sector, standing at 292 billion dirhams at the end of December 2005, were up by 29.3 billion or 11.1%, despite the sharp drop in December resulting from the settlement of a specific transaction as well as the downturn in pending claims. This annual trend reflects an acceleration in the rate of increase in lending to enterprises, up by 13.1% compared to 5.8% in 2004, and a rise of around 14.4% in lending to financing companies.

The breakdown by economic purpose reveals a converging trend in most categories of lending, with, in particular, a sharp rise in real estate loans, liquidity credits and equipment credits of 24.9%, 17.5% and 13.9% respectively. Direct consumer credits showed a more moderate increase of 8.7%.

Overall, the 2005 development in claims on the private sector and net claims on Government resulted in a rise in total domestic lending of 35.3 billion dirhams or 10.2%, significantly more than the 12 billion or 3.6% recorded in 2004. Given that the banking sector's non-monetary resources were virtually unchanged, domestic credit of a monetary nature showed an expansion of 34.6 billion or 12% compared to 13.4 billion or only 4.9% in 2004.



On 15 December 2005, Morocco subscribed to the International Monetary Fund's Special Data Dissemination Standard (SDDS). It has thereby committed itself to providing monetary, economic and financial statistics compiled and disseminated in accordance with international standards (see Box 7).

Box 7 : The Special Data Dissemination Standard

The Special Data Dissemination Standard (SDDS), which is a benchmark for the evaluation of the processes of data production and dissemination, was established by the IMF in March 1996. It provides for the publication of metadata and lays down rules with which members must comply, concerning the coverage, integrity, periodicity and accessibility of the data in particular.

Apart from data on the real sector, public finance and the external accounts, the SDDS covers the analytical accounts of the banking sector and the central bank, interest rates, the exchange rate, the international reserves and foreign currency liquidity template and the stock market indicators.

◆ Payment systems and instruments

The Moroccan payment system continues to be characterised by the persistence of a large volume of settlements of transactions in cash, although their share in immediate means of payment has continued on a downward trend, standing at 28.2% at the end of 2005. At the same time, the growth of cashless payment instruments continued, being accompanied by a reduction in rejection rates as regards both the number and the value of instruments presented for clearing.

In order to increase confidence in cashless and electronic means of payment, the central bank, in partnership with other institutions, launched awareness campaigns across different regions of the Kingdom, first in March 2005 for the fight against unfunded cheques, and then in November for a better use of the bank card which is enjoying great success.

The process, which has been under way for a number of years in order to bring payment systems into line with international standards, continued in 2005. Thus, since July 2005, it has become possible to make withdrawals from any automatic teller machine, while the exchange of direct debits via the SIMT (Moroccan Interbank Remote Clearing System) has been operational at national level since September of the same year. Moreover, there has been progress in the setting-up, in the course of 2006, of a system for the transfer of large amounts, the SRBM.

Notes and coins

Analysis of the change in notes and coins in circulation, from one year-end to the next, reveals a sharp increase in both number and value, the velocity of circulation remaining virtually unchanged at 0.175 in 2005.

| End-of-December Data | Number in thousands | | | Value in millions of dirhams | | |
|---------------------------------|---------------------|------------------|------------------|------------------------------|-----------------|-----------------|
| | Year 2003 | Year 2004 | Year 2005 | Year 2003 | Year 2004 | Year 2005 |
| Banknotes in circulation | | | | | | |
| 5 dirhams | 4 175 | 0 | 0 | 20.9 | 0.0 | 0.0 |
| 10 dirhams | 16 684 | 9 915 | 9 578 | 166.8 | 99.2 | 95.8 |
| 20 dirhams | 51 899 | 54 196 | 59 301 | 1 038.0 | 1 083.9 | 1 186.0 |
| 50 dirhams | 36 451 | 35 927 | 39 195 | 1 822.6 | 1 796.4 | 1 959.7 |
| 100 dirhams | 322 357 | 344 108 | 372 568 | 32 235.7 | 34 410.8 | 37 256.8 |
| 200 dirhams | 208 675 | 221 586 | 256 571 | 41 735.0 | 44 317.3 | 51 314.1 |
| Total banknotes | 640 241 | 665 732 | 737 214 | 77 019.0 | 81 707.6 | 91 812.5 |
| Total coins | 1 630 847 | 1 693 220 | 1 765 987 | 1 486.2 | 1 581.5 | 1 692.6 |

Totalling 93.5 billion dirhams, the notes and coins in circulation showed an increase of 10.2 billion or 12.3% at the end of 2005, substantially more than the 4.8 billion or 6.1% recorded the previous year. This acceleration involved all denominations, especially the 200-dirham note, which accounted for more than two thirds of the expansion in notes in circulation, representing almost 56% compared to 54.2% the previous year. The proportion of 100-dirham notes fell from 42.1% to 40.6%, while that of the other denominations remained stable overall. The value of coins in circulation increased from 1.6 billion to 1.7 billion dirhams.

The structure of denominations by number remains characterised by the predominance of the 100-dirham denomination, which was nevertheless down from 51.7% to 50.5%. The proportion of 200-dirham notes rose from 33.3% to 34.8%, while 20 and 50-dirham notes represented 8% and 5.3% of all notes in circulation respectively.

In-payments and withdrawals of funds, mainly by the banking institutions and public payment agencies at the counters of Bank Al-Maghrib, resulted, at the end of 2005, in net outflows of around 10 billion dirhams, twice the amount observed in 2004⁽¹⁾, the banks having continued to make withdrawals at the counters of Bank Al-Maghrib at the same rate as the previous year while reducing the rate of their in-payments.

| In millions of dirhams | Year 2003 | Year 2004 | Year 2005 |
|------------------------|-----------|-----------|-----------|
| Outflows of funds | 78 609 | 86 149 | 94 309 |
| Inflows of funds | 73 368 | 81 116 | 84 098 |
| Net outflows of funds | 5 241 | 5 033 | 10 211 |

At 94.3 billion dirhams in total, outflows of funds were up by 8.2 billion or 9.5%, similar to the previous year's rise. Withdrawals by public payment agencies showed a modest 1.1% increase, while those by the banks were up by 12.9%, taking their share of the total to 73.5%. Foreign exchange and exchange operations, for their part, represented 0.4% and 0.5% of total outflows.

On the other hand, inflows of funds, totalling 84.1 billion dirhams, showed an increase of 3 billion or 3.7% compared to 10.6% in 2004, following the slowing down in the rate of increase in banks' remittances from 11.2% to 3.1%, taking their share to 91.2%. Payments by the public payment agencies, on the other hand, increased by 630.3 million or 11.3% to 6.2 billion in 2005.

The number of banknotes paid in at the counters of Bank Al-Maghrib amounted to 658.5 million in 2005, a modest 1.7% increase following those of 18% and 8.9% respectively in 2003 and 2004. As part of the central bank's efforts to improve the quality of the notes in circulation, 822.7 million banknotes were the subject of sorting operations in the year under review, 27.8% more than the previous year. They resulted in the withdrawal of almost half the notes, considered as no longer meeting the circulation criteria, compared to 37% the previous year.

(1) See Statistical appendix XIII-1.

| In thousands of banknotes | Year 2003 | Year 2004 | | Year 2005 | |
|---|-----------|-----------|--------------|-----------|--------------|
| | Number | Number | Changes in % | Number | Changes in % |
| In-payments at the Bank Al-Maghrib's counters | 594 969 | 647 749 | +8.9 | 658 456 | + 1.7 |
| Notes sorted | 486 550 | 643 478 | +32.3 | 822 679 | + 27.8 |
| Notes to be withdrawn | 199 776 | 238 291 | +19.3 | 388 553 | + 63.1 |

In 2005, Bank Al-Maghrib also decided to outsource part of the sorting activity. To this end, it issued an instruction in April 2005 setting out the rules to be followed by management companies in the matter of sorting, packaging, recycling and payment of funds at the counters of Bank Al-Maghrib. It also authorised companies to carry out sorting and funds transport operations.

Cashless payments

Manual and electronic clearing operations

The SIMT, which set up automatic processing of cheques'exchange at the Casablanca financial centre beginning from February 2003 and of transfers at national level as of September 2004, has since September 2005, covered the exchange of direct debits. At the same time, the share of transactions processed by clearing houses continued to decline, falling to almost one half of the total cleared.

| Years | Number of operations (in thousands) | | | Amounts of operations (in millions of dirhams) | | | |
|-------|-------------------------------------|---------|---------------|--|---------|-----------|------------------|
| | Bills | Cheques | Total | Bills | Cheques | Transfers | Total |
| 2003 | 2 214 | 20 440 | 22 654 | 74 714 | 459 868 | 420 618 | 955 200 |
| 2004 | 1 511 | 21 673 | 23 184 | 80 989 | 509 337 | 526 804 | 1 117 130 |
| 2005 | 1 350 | 22 043 | 23 393 | 86 616 | 580 834 | 636 014 | 1 303 464 |

The number of cheques and bills received and processed by the clearing houses and the SIMT came to 23.4 million in 2005, up by 0.9% compared to 2.3% the previous year. This trend masks a 1.7% increase in the number of cheques exchanged, which reached 22 million, and a 10.7% decline in the number of bills, which amounted to 1.4 million.

At 1 303.5 billion dirhams, the value of instruments exchanged at the clearing houses and via the SIMT showed an increase of 186.3 billion or 16.7%, similar to the previous year. An expansion of 20.7% was recorded for transfers, their share rising from 47.2% to 48.8%. At the same time, the value of cheques was up by 14% and that of bills by 6.9%, whilst their respective shares declined to 44.6% and 6.6%⁽¹⁾.

The Moroccan Interbank Remote Clearing System (SIMT)

The SIMT allows for the automatic and centralized clearing of operations. It facilitates the exchange of cashless means of payment between members, settlement being made on the basis of the participants' multilateral net positions.

In order to modernise the bulk payment system and enhance its security, in 2005 the ASIMT (Moroccan Interbank Remote Clearing System Association), chaired by Bank Al-Maghrib, took steps with a view to extending dematerialisation to all cashless means of payment.

Thus, in addition to deploying the electronic exchange of direct debits in 2005, the ASIMT took technical and operational measures consisting of the development of procedures for the dematerialised exchange of instruments. To this end, a computerized solution was set up enabling computer files to be transferred between the various participants.

(1) See Statistical appendix XIII-2.

Bank Al-Maghrif also launched a project to standardise the cheque and bill of exchange forms, especially as regards their technical characteristics, in order to satisfy the requirements for the electronic exchange of digitised images of the said instruments.

The Moroccan Gross Settlement System (SRBM)

The SRBM makes interbank transfers on a gross basis and in real time. It therefore improves the management of cash holdings while enhancing systemic risk prevention (See Box 8).

The SRBM's functional specifications were set in April 2005. They defined both the criteria and different modes of participation and the main transactions eligible for this system.

Thus, the SRBM offers members the choice of either direct participant status, for which they must have a central settlement account with Bank Al-Maghrif and the necessary technical equipment, or sub-participant status via a direct participant.

Based on the principle of irrevocability, the SRBM processes firstly payment orders relating to central bank transactions, then the balances of the net payment systems and, finally, those between participants, for both their own and their customers' account.

The year 2005 saw the start of the SRBM's implementation stage and the definition of its modus operandi.

Box 8 : Functional aspects of the SRBM

The architecture adopted for the SRBM offers participants a connection via the SWIFT network to a central server allowing their transactions to be processed and their changing position with the central bank to be continuously monitored.

Initiated by the participants, payment orders are first sent to the SRBM's central server, where they are processed by order of receipt and level of priority. The beneficiary then receives a notification that his account has been credited, provided sufficient funds are available in the issuer's account. If funds are unavailable or insufficient, the SRBM places the payment orders in a queue and advises the participants concerned so that they can provision their accounts; Bank Al-Maghrif will grant them, if the need arises, intraday advances, which must be guaranteed beforehand.

Centralisation of payment incidents

The rate of rejection of cheques for different reasons continued its downward trend in 2005, falling from 2.20% to 2.03% in number and from 1.8% to 1.6% in value.

In 2005, the institutions authorised to hold cheque accounts sent the SCIP 268 399 declarations of non-payment of cheques owing to the lack or insufficiency of funds, a decline of 12.7%. Adjustment returns totalled 89 820 as against 91 828 in 2004.

As far as the outstanding amounts are concerned, payment incidents not yet adjusted totalled more than 30 billion for 1.8 million cheques at the end of 2005 compared to 27 billion for 1.6 million the previous year. By amount unpaid, cheques for less than 10 000 dirhams represented 69% of the number and only 12% of the value, while those for more than 100 000 dirhams accounted for no more than 2.6% of the number but 43% of the value.

Before issuing the first cheque book, the banks send the SCIP requests for information, which reached 707 924 in 2005, 11.1% fewer than a year earlier. As to complaints from banks' customers, they reached 1368 compared to 772 the previous year.

Box 9 : National awareness campaign to increase the credibility of the cheque

In order to increase the credibility of the cheque and to make the professionals, economic operators and the public more aware of the adverse effects on the national economy of issuing unfunded cheques, Bank Al-Maghrib in cooperation with the GPBM and the Ministry of Justice held a national awareness campaign in different regions of the Kingdom, from 7 March to 11 July 2005.

The speeches focused mainly on the problems associated with the centralisation and dissemination of payment incident notifications and the legal and penal consequences of issuing unfunded cheques or using them as a credit or guarantee instrument. They also underlined the necessity of strict application of the relevant laws and regulations, while recommending that the banks show greater vigilance in identifying and keeping track of their customers, so far as possible favouring the use of other payment instruments, especially the bank card.

Bank cards

At the end of 2005, the number of bank cards totalled 2.5 million, an increase of 14.4% following that of 20.7% observed in 2004, while the number of automatic teller machines and electronic payment terminals (EPTs), at 1 852 and 10 433 units, was virtually unchanged compared to the previous year.

The vast majority of transactions made using bank cards continue to be cash withdrawals. In fact, the number of withdrawals made in Morocco using cards issued or managed by Moroccan credit institutions came to 55 million for a value of more than 40 billion dirhams, compared to 47.5 million transactions for a value of 34.2 billion in 2004. On the other hand, the number of card payments amounted to 4 million, up by 2.1% following a rise of 36.4% in 2004, and their amount increased by 3.5% to 2.4 billion dirhams at the end of 2005. The number of transactions carried out abroad by holders of cards issued in Morocco totalled around 1 million, for an amount of 175.1 million dirhams.

At the same time, the number of withdrawals made in Morocco using cards issued by foreign institutions was 3.5 million for a value of 5.5 billion dirhams, an increase of 15% after 30% in 2004. The number of payments with these cards reached 2.3 million, for a value of 4.4 billion dirhams, up from 2.9 billion.

**Box 10 : National awareness campaign for
a better use of bank cards**

From 29 November 2005 to 28 February 2006, Bank Al-Maghrib in cooperation with the GPBM and the CMI (Interbank Money Center), organised an awareness campaign for a better use of bank cards across different regions of the Kingdom. This campaign sought to make tradesmen members of the card payment system and the public more aware of the advantages of this means of payment as well as the risks it carries, in order to better prevent and fight against payment card fraud.

The speeches focused mainly on the central bank's efforts to increase the credibility of the bank card, the legal framework governing this payment instrument, the measures taken by the banks to encourage the use of payment cards in Morocco, and the CMI and its efforts to expand the network of tradesmen and modernise equipment.

Participants also expressed the wish to strengthen the legal and technical framework, to examine the possibility of reducing the applied fees and of the general government joining the system.

The Interbank Money Centre (CMI)

The CMI, whose main objective is to effect the clearing of all interbank money flows in Morocco, has provided the interoperability of payment transactions with tradesmen at national level since April 2004, and in July 2005 it extended this to withdrawals from banks' automatic teller machines.

In order to comply with the new Europay Mastercard Visa (EMV) standard and thus prevent payment card fraud, the CMI launched a programme to upgrade the EPTs, and by the end of 2005 four fifths of the total had been covered; the banks being required to adopt this standard for the issue of chip cards.



The process of upgrading systems and means of payment will continue in future with the extension of remote clearing to cheques outside Casablanca and to bills and of dematerialisation to all instruments, and with the coming into operation of the SRBM.

The legislative and regulatory framework should be strengthened with the adoption of new texts on the prevention of money laundering and counterfeiting, with amendments to the commercial code and penal code and with the creation of a consultative body whose main task will be to look at all issues relating to systems and means of payment.

◆ Credit

In 2005, lending by the credit institutions showed a rise of 34.2 billion or 12.8% compared to 6.6%, amounting to 302 billion dirhams⁽¹⁾ and representing almost two thirds of GDP.

Credit granted by the banks, which accounted for 85.2% of all lending, was up by 13.1% compared to 5.8% in 2004. Lending by the financing companies grew by 10.8%, an increase almost similar to the previous year's.

The outstanding amount of loans distributed by microcredit associations stood at 1.6 billion dirhams at the end of December 2005, a rise of 75.3% following that of 64% observed in 2004.

◆ Credit distributed by the banks

At 279.8 billion dirhams, bank lending showed an increase of 32.5 billion or 13.2%, up from that of 6.9% observed in 2004, as a result in particular of the sharp rise in real estate loans and in facilities granted in connection with financial transactions.

(1) Excluding loans granted by the banks to financing companies.

Breakdown of bank credit according to purpose

| In millions of dirhams | 2003 | 2004 | | | 2005 | | |
|---|----------------|----------------|--------------|---------------|----------------|--------------|---------------|
| | Amounts | Amounts | Changes in % | In % of total | Amounts | Changes in % | In % of total |
| Debtor accounts and overdraft facilities | 64 560 | 67 311 | + 4.3 | 27.2 | 78 326 | + 16.4 | 28.0 |
| Equipment credit | 55 529 | 56 671 | + 2.1 | 22.9 | 65 166 | + 15.0 | 23.3 |
| Real estate loans | 40 179 | 45 869 | +14.2 | 18.6 | 57 215 | + 24.7 | 20.4 |
| Consumer credit | 21 635 | 23 725 | + 9.7 | 9.6 | 26 699 | + 12.5 | 9.5 |
| Miscellaneous claims | 6 143 | 5 644 | - 8.1 | 2.3 | 7 121 | +26.2 | 2.5 |
| Pending claims | 43 224 | 48 070 | +11.2 | 19.4 | 45 291 | - 5.8 | 16.2 |
| Total lending by the banks⁽¹⁾ | 231 270 | 247 290 | +6.9 | 100.0 | 279 818 | +13.2 | 100.0 |

(1) Including the total of loans granted by the banks to the financing companies.

The outstanding amount of debtor accounts and overdraft facilities, totalling 78.3 billion dirhams or 28% of all bank credit, was up by 11 billion or 16.4% compared to 4.3% in 2004. This trend was due in particular to the financing of exceptional financial transactions and to the effect of the arrears in Government payments on the cash position of hydrocarbon distributors.

Equipment credit rose sharply from 56.7 billion to 65.2 billion or 23.3% of all credit distributed by the banks. It was thus up by 15% as against 2.1% in 2004, owing to the financing by bank credit of part of the Maroc Telecom privatisation operation.

At the same time, the volume of real estate loans continued to expand. It amounted to 57.2 billion, accounting for 20.4% of all bank credit, up by 11.3 billion or 24.7%, following the 14.2% rise

observed a year earlier, owing to the measures taken to encourage the purchase of housing and the continued fall in the cost of credit .

Consumer credit amounted to 26.7 billion, an increase of almost 3 billion or 12.5% compared to 9.7% in 2004.

Pending claims fell by 2.8 billion or 5.8% to 45.3 billion dirhams as a result of the writing off of former pending claims for which full provision had been made. However, the final balance sheets show that the volume of these claims fell by 4.5 billion to 43.6 billion dirhams, thus representing 15.7% of the banks' loan portfolio compared to 19.4% a year earlier. Excluding specialised banks, this rate is 9.6%. At the end of March 2006, these ratios were reduced to less than 14% and 9.5%, respectively.

Breakdown of bank credit by term

| In millions of dirhams | 2003 | 2004 | | | 2005 | | |
|-------------------------------------|----------------|----------------|--------------|---------------|----------------|---------------|---------------|
| | Amounts | Amounts | Changes in % | In % of total | Amounts | Changes in % | In % of total |
| Short-term credits | 95 578 | 103 252 | + 8.0 | 41.8 | 114 993 | + 11.4 | 41.1 |
| Medium and long term credits | 92 468 | 95 968 | + 3.8 | 38.8 | 119 534 | + 24.6 | 42.7 |
| Medium-term credits | 47 092 | 43 354 | - 7.9 | 17.5 | 59 688 | + 37.7 | 21.3 |
| Long-term credits | 45 376 | 52 614 | +16.0 | 21.3 | 59 846 | +13.7 | 21.4 |
| Pending claims | 43 224 | 48 070 | +11.2 | 19.4 | 45 291 | - 5.8 | 16.2 |
| Total lending by the banks | 231 270 | 247 290 | + 6.9 | 100.0 | 279 818 | + 13.2 | 100.0 |

In 2005, the development of lending was marked by a faster increase in medium and long-term loans than in short-term loans.

The outstanding amount of medium and long-term loans in fact totalled 119.5 billion, a rise of 23.6 billion or 24.6%, an appreciably faster rate than the 3.8% observed in 2004. This trend was seen in both medium-term and long-term loans, which were up by 37.7% and 13.7% respectively.

Short-term loans, for their part, at nearly 115 billion, were up by 11.7 billion or 11.4% compared to 8% the previous year.

Breakdown of bank credit by sector of activity

| In millions of dirhams | 2003 | 2004 | | 2005 | | | |
|-----------------------------------|----------------|----------------|---------------|---------------|----------------|--------------|---------------|
| | Amounts | Amounts | Changes in % | In % of total | Amounts | Changes in % | In % of total |
| Primary sector | 20 816 | 20 259 | -2.7 | 8.2 | 17 971 | -11.3 | 6.4 |
| Agriculture | 17 631 | 17 799 | +1.0 | 7.2 | 15 805 | -11.2 | 5.6 |
| Fisheries | 3 185 | 2 460 | -22.8 | 1.0 | 2 166 | -12.0 | 0.8 |
| Secondary sector | 64 838 | 66 341 | +2.3 | 26.8 | 81 032 | +22.1 | 29.0 |
| Extractive industries | 3 391 | 2 473 | -27.1 | 1.0 | 2 346 | - 5.1 | 0.8 |
| Energy and water | 4 607 | 5 249 | +13.9 | 2.1 | 6 692 | +27.5 | 2.4 |
| Manufacturing | 40 826 | 41 212 | +0.9 | 16.7 | 50 725 | +23.1 | 18.1 |
| Building and public works | 16 014 | 17 407 | +8.7 | 7.0 | 21 269 | +22.2 | 7.6 |
| Tertiary sector | 145 616 | 160 690 | + 10.4 | 65.0 | 180 815 | +12.5 | 64.6 |
| Hotels | 11 103 | 9 163 | -17.5 | 3.7 | 8 332 | - 9.1 | 3.0 |
| Transport and communications | 7 382 | 8 088 | +9.6 | 3.3 | 12 966 | +60.3 | 4.6 |
| Trade | 19 100 | 19 051 | -0.3 | 7.7 | 21 677 | +13.8 | 7.7 |
| Financial activities | 19 275 | 26 406 | +37.0 | 10.7 | 28 158 | +6.6 | 10.1 |
| Households | 57 490 | 68 316 | +18.8 | 27.6 | 77 548 | +13.5 | 27.7 |
| Other services | 31 266 | 29 666 | - 5.1 | 12.0 | 32 134 | +8.3 | 11.5 |
| Total lending by the banks | 231 270 | 247 290 | +6.9 | 100.0 | 279 818 | +13.2 | 100.0 |

As in the previous year, more loans were extended to the tertiary sector in 2005 than to the primary and secondary sectors.

Thus, the facilities granted to the tertiary sector amounted to 180.8 billion, a rise of 20.1 billion or 12.5%, following that of 10.4% at the end of 2004. The main increases involved households and the transport and communications branch.

Lending to the secondary sector totalled 81 billion, recording an increase of almost 15 billion or 22.1% compared to 2.3% in 2004. This growth benefited all branches with the exception of the extractive industries.

At nearly 18 billion, the outstanding amount of lending to the primary sector fell by 2.3 billion or 11.3%. This decline was recorded in credits granted to both agricultural activities and to fisheries, which were down by 11.2% and 12% respectively.

◆ Credit distributed by the financing companies

| In millions of dirhams | 2003 | 2004 | | | 2005 | | |
|---|---------------|---------------|--------------|---------------|---------------|--------------|---------------|
| | Amounts | Amounts | Changes in % | In % of total | Amounts | Changes in % | In % of total |
| Consumer credit companies | 21 623 | 23 300 | +7.8 | 57.8 | 24 921 | +7.0 | 55.9 |
| Leasing companies | 12 541 | 15 458 | +23.3 | 38.4 | 18 036 | +16.7 | 40.4 |
| Real estate loan companies | 1 162 | 448 | - 61.4 | 1.1 | 415 | - 7.4 | 0.9 |
| Factoring companies | 596 | 793 | +33.1 | 2.0 | 988 | +24.6 | 2.2 |
| Security companies* | 352 | 271 | - 23.0 | 0.7 | 248 | - 8.5 | 0.6 |
| Total Lending by the financing companies | 36 274 | 40 270 | +11.0 | 100.0 | 44 608 | +10.8 | 100.0 |

(*) Security companies have, in addition, given credits by signature amounting to 500 millions dirhams.

At 10.8%, the rate of growth in credit distributed by the financing companies was virtually equal to that recorded the previous year. The facilities granted by the consumer credit companies and the leasing companies continued to predominate with 56% and 40.4% of the total respectively.

Loans granted by the consumer credit companies, at nearly 25 billion, were up by 1.6 billion or 7% following a rise of 7.8% observed in 2004.

Credits granted by the leasing companies, on the other hand, amounted to 18 billion in 2005, an increase of 16.7% after an expansion of 23.3% recorded a year earlier. A share of 76.8% of these credits was used for the purchase of movable property and 23.2% of them for the buying of real estate.

Lending by the factoring companies amounted to 988 million, an increase of 24.6% compared to 33.1% in 2004.

Loans granted by the real estate credit companies were down again, by 33 million or 7.4%, and their total outstanding amount came to 415 million.

Finally, the facilities granted by the security companies dropped by more than 40% to 748 million, following the 24% fall in 2004. Credits by signature, which account for most of these companies' activity, contracted by nearly 49%, while their disbursement facilities fell by 8.5%.

Breakdown of lending by credit institutions according to economic agent

| In millions of dirhams | 2003 | 2004 | | | 2005 | | |
|---|----------------|----------------|--------------|---------------|----------------|--------------|---------------|
| | Amounts | Amounts | Changes in % | In % of total | Amounts | Changes in % | In % of total |
| Companies | 140 991 | 147 262 | +4.4 | 55.0 | 172 050 | +16.8 | 57.0 |
| Individual entrepreneurs | 25 830 | 23 050 | -10.8 | 8.6 | 18 096 | -21.5 | 6.0 |
| Individuals | 76 036 | 87 916 | +15.6 | 32.8 | 100 915 | +14.8 | 33.4 |
| Local authorities | 8 385 | 9 565 | +14.1 | 3.6 | 10 980 | +14.8 | 3.6 |
| Total lending by the credit institutions | 251 242 | 267 793 | +6.6 | 100.0 | 302 041 | +12.8 | 100.0 |

Loans to companies, at 172.1 billion or 57% of all lending by credit institutions, increased by 24.8 billion or 16.8%, which is a faster rate than that of 4.4% observed the previous year.

Lending to individuals amounted to 100.9 billion, up by 12.9 billion or 14.8% compared to a rise of 15.6% recorded in 2004, while lending to local authorities reached almost 11 billion. On the other hand, the facilities granted to individual entrepreneurs totalled 18.1 billion, down by 21.5% from one year to the other.

◆ Microcredit

Microcredit activity continued to expand rapidly in Morocco. The number of associations has risen from 12 to 13, three of which operate nationally and 10 at regional and local level. The amount of their loans now totals 9 billion dirhams from which 3.1 million persons have benefited.

At the end of December 2005, the outstanding amount of loans distributed by the microcredit associations stood at 1.6 billion, an increase of 670 million or 75.3% following a rise of 64% in 2004. The number of beneficiaries came to 632 000 active customers, 65% of which women, compared to 460 000 the previous year. These loans contributed to the permanent employment of 2 562 persons up from 1 800 recorded in 2004.

Microcredit, the purpose of which is to combat poverty and exclusion, saw its scope of action expanded to other activities. In this regard, it must be pointed out that Act number 58-03 of 6 May 2004 amended Act number 18-97 on microcredit, extending its reach to include the financing of social housing for the underprivileged as well as electrification and the supply of drinking water.

In order to strengthen the operational and financing capacities of the microcredit associations, widen the scope of their activities and extend them to cover the whole of the national territory, the government and the National federation of microcredit associations signed a framework agreement in December 2005 providing for a financial support package of 200 million dirhams over a period of five years.

In order to monitor this development, the new Banking Act brought the activity of the microcredit associations under the supervision of the central bank.

◆ Credit institutions

The process of strengthening the financial system's soundness continued in 2005 with the writing off by the credit institutions of old pending claims, with preparations for the transposition of the provisions of Basel II in Morocco (see Box 11), as well as with the stabilisation of the situation of the public financial institutions.

Box 11 : The three pillars of Basel II

The new capital and reserves mechanism of Basel II rests on three pillars:

- Pillar I : credit institutions are required to keep a minimum level of capital and reserves to cover their credit, operational and market risks.
- Pillar II : the Central Bank must ensure that credit institutions have instruments at their disposal enabling them to control risks and always have an adequate level of capital and reserves.
- Pillar III : credit institutions are required to publish regular and reliable information on the risks they run and on the mechanisms used to control them and to make their capital and reserves adequate.

The regulation of credit institutions was also strengthened in 2005, in particular in order to control the exposure to risks. Thus, in April, Bank Al-Maghrib laid down the minimum amount of information that credit institutions must request when examining credit files. Since the banks had in August 2005 been authorised to carry out transactions in foreign exchange options on the local or international interbank market for their own or their customers' account, Bank Al-Maghrib decided to include the foreign exchange options portfolio in exchange positions' calculation.

At the end of December 2005, the list of credit institutions comprised 16 banks⁽¹⁾, compared to 17, as a result of a merger-takeover operation⁽²⁾, and 36 financing companies compared to 40 in 2004.

(1) Including Crédit Populaire whose network consists of Banque Centrale Populaire and 11 regional popular banks.

(2) Crédit Agricole du Maroc and Banque Marocaine pour l'Afrique et l'Orient.

This evolution was the result of the merger of two consumer credit companies and the withdrawal of the licences of three consumer credit companies and one leasing company, a new licence having been granted to one consumer credit company. With the opening of 190 permanent offices, the banking network was expanded to 2 233 units at the end of 2005, which allowed banking density to be improved to 14 000 inhabitants per office compared to 15 000 in 2004 and to 7 729 inhabitants compared to 8 069 respectively, including the postal network.

With regard to the offshore banks situated in Tangier, the six licensed institutions were actually operational at the end of December 2005, compared to five in 2004. Their total balance sheet was 833.8 million dollars, similar to the level observed at the end of 2004.

◆ Activity of the banks

Banking activity in 2005 continued to be marked by a high level of concentration. In fact, of the cumulative balance sheet total of the 16 licensed banks, approaching 462 billion dirhams, the three major banks' share remained virtually unchanged at 63.8% and that of the five medium-sized institutions was up from 31.3% to 32%, while that of the eight others amounted to 4.2%.

| | Number of banks | | Cumulative balance sheet | | | |
|-------------------------|-----------------|-----------|--------------------------|--------------|--------------|--------------|
| | | | In billions of dirhams | | in % | |
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| 40 and above | 3 | 3 | 263.6 | 294.5 | 63.7 | 63.8 |
| From 20 to less than 40 | 5 | 5 | 129.6 | 147.7 | 31.3 | 32.0 |
| Less than 20 | 9 | 8 | 20.6 | 19.3 | 5.0 | 4.2 |
| Total | 17 | 16 | 413.8 | 461.5 | 100.0 | 100.0 |

The bank's assets

At the end of December 2005, the banks' assets totalled 472.7 billion dirhams⁽¹⁾, an increase of 48.5 billion or 11.4%, which was much higher than that of 6.7% observed at the end of the previous financial year. This expansion is due mainly to the growth in lending to the private sector and in the banks' balances with correspondents and, to a lesser extent, to the increase in their portfolio of Treasury bills⁽²⁾.

Lending to the private sector amounted to 279.8 billion dirhams and accounted for 59.2% of the banks' assets, an increase of 32.5 billion or 13.2% compared to 16 billion or 6.9% the previous year. The faster growth in lending is attributable to the loans granted by the banks to certain operators for the financing of exceptional transactions and to the expansion in real estate loans.

The final balance sheets show that the volume of pending claims fell by 4.5 billion to 43.6 billion dirhams, representing 15.7% of the banks' loan portfolio compared to 19.4% the previous year. Excluding specialised banks, the rate is 9.6%. The rate of coverage of pending claims by provisions therefore improved, increasing from 59.3% to 67.2% for all the banks and from 72.3% to 74% for commercial banks.

At 19.8 billion dirhams, the banks' assets with their foreign correspondents were up by 7.7 billion or 64.2% following the 44% rise recorded at the end of 2004, as a result of the continued easing of foreign exchange regulations.

The portfolio of Treasury bills held by the banks at the end of the 2005 financial year totalled 75.1 billion, an increase of 3.3 billion or 4.6% compared to a fall of 4.7 billion or 6.1% in 2004. This growth was essentially observed in Treasury bills subscribed to by tender, the outstanding amount of which grew by 3.4 billion or 5.8% to 62.5 billion dirhams as purchases of one-year Treasury bills for the financing of socio-economic programmes rose by only 281 million to 2.3 billion.

(1) Miscellaneous assets and liabilities have been offset against each other.

(2) See Statistical appendix XIV-1.

Other portfolio securities, at 27.4 billion, showed a fall of 2.4%. This development masks a 10.3% rise in investment securities, the outstanding amount of which came to 13.5 billion, and a 12.1% decline in shareholdings, which amounted to nearly 14 billion.

The overall amount of cash holdings and liquid assets increased by 1.8 billion or 3.6% to nearly 60 billion, largely due to the formation by the banks of deposits with Bank Al-Maghrib, far in excess of the amount required for the monetary reserve.

Lastly, interbank transactions more than doubled, rising from 3.1 billion to 6.5 billion dirhams from one year-end to the next.

The banks' liabilities

In 2005, the development of the banks' liabilities showed a further increase in customer deposits and a reduction in both domestic and foreign borrowing.

Deposits collected by the banks rose year-on-year from 45.9 billion or 14.5% to nearly 363 billion, or 76.8% of all liabilities. This expansion was more pronounced for non-interest-bearing sight accounts, which were up by 29.8 billion or 16% to 215.5 billion. Interest-bearing deposits, on the other hand, totalled 147.3 billion, an increase of 16.1 billion or 12.3% as a result of the rise of 11.1 billion or 12.7% in time deposits and of 5 billion or 11.5% in savings book accounts.

Under these circumstances, the banks' recourse to borrowing fell overall in 2005. With the exception of certificates of deposit, the outstanding amount of which rose from 1.2 billion to 1.5 billion from one year to the other, bond loans in dirhams and foreign loans fell from 5.4 billion to 4.4 billion and from 6.1 billion to 4.4 billion dirhams respectively.

The banks' capital and reserves, excluding the year's results, showed an increase of 5.7% or almost 2 billion, compared to 1.4 billion in 2004, standing at 35.9 billion or 7.6% of their total liabilities.

Lastly, provisions, at 34.8 billion, were up by 1.3 billion or 3.8% in 2005 compared to 4.3 billion or 14.8% in 2004.

◆ Activity of the financing companies

At the end of December 2005, the cumulative balance sheet total of the financing companies amounted to almost 49 billion dirhams, an increase of 4.6 billion or 10.5% following a rise of 12.3% observed the previous year. This growth is mainly due to leasing activity, which grew by 16.1% and to the activity of the consumer credit companies, up 7.6%⁽¹⁾.

Consumer credit companies

At 27 billion dirhams at the end of December 2005, the balance sheet total of the 19 consumer credit companies showed a rise of almost 2 billion or 7.6%, following the 10.5% expansion observed at the end of 2004. This growth is attributable to the increase of 1.8 billion or 7.7% in outstanding loans, which reached more than 25 billion, again representing nearly 93% of their assets in 2005.

Pending claims, amounting to 4.5 billion, were down by 4.1%, representing no more than 17.9% of outstanding loans compared to 20.1% in 2004. Under these circumstances, the provisions formed were reduced from 4 billion to 3.8 billion, the rate of coverage standing at 84.5%, down from 85.8% a year earlier.

(1) See Statistical appendices XIV-2 and XIV-3.

Leasing companies

The balance sheet total of the 7 active leasing companies amounted to 18.4 billion dirhams, an increase of 2.5 billion or 16.1%, which was greater than the 12.4% rise recorded in 2004. This reflects an equal expansion in loans, amounting to 18 billion.

Pending claims fell by 6.9% to 1.6 billion. The corresponding provisions remained unchanged at 1.4 billion from one year to the next, enabling the covering of almost 90% of pending claims compared to 84% in 2004.

Other financing companies

At the end of December 2005, the outstanding amount of disbursement loans granted by the other financing companies was 1.7 billion dirhams, an increase of 86.2 million or 5.2%. This development is attributable to the 24.4% increase in facilities granted by the factoring companies, which amounted to 988 million, while lending by the security companies and by the real estate credit companies fell from 271 million to 247 million and from 448 million to 415 million respectively.

◆ Prudential ratios

The banks, on the whole, continued to comply with the various prudential rules. Thus, the solvency ratio of all the banks averaged 11.5% in 2005, exceeding the regulation minimum ratio of 8% which the banks are required to maintain between, on the one hand, their capital and reserves and, on the other, their assets and signature commitments, weighted according to their degree of risk. At the same time, the liquidity ratio for the commercial banks averaged 101.3% at the end of 2005, slightly above the minimum ratio of 100% which the banks have to observe between, on the one hand, liquid assets and those realisable at short term and, on the other, sight and short-term liabilities.

Lastly, the banks' overall exchange positions, which must not exceed 20% of their net capital and reserves, rose on average from 3.5% to 7.8% for long positions while falling from 1.3% to 0.1% for short positions. Calculated according to currency, long exchange positions stood at 5.4% for the euro and 1.3% for the dollar, levels below the maximum regulation ratio, at 10% of net capital and reserves.



The process of consolidation of the banking system continued with the promulgation of a new Banking Act in February 2006 in response to the need to comply with the best international standards, strengthening the central bank's powers with respect to supervision and control (see Box 12).

Box 12 : New Banking Act

The new Banking Act, published in the Official Bulletin in February 2006, extended the scope of supervision of the central bank and strengthened its powers and autonomy with regard to supervision and control, giving it in particular the monopoly over the granting of licences and empowering it to lay down the accounting and prudential rules and to manage credit institutions' difficulties.

The composition and attributions of the consultative bodies have also been revised, especially the Credit Institutions Committee, on which the representatives of the professional associations no longer sit when its opinion is sought on questions of an individual nature. The Disciplinary Commission, whose membership has been increased with the addition of a second magistrate, is consulted on all offences liable to penalties other than financial ones. Also, consultation has been introduced between Bank Al-Maghrib and the auditors, whose sphere of action has been extended.

Moreover, in order to increase the effectiveness of the consolidated control of banking groups, a coordinating committee of the supervisory bodies of the Moroccan financial sector has been set up and Bank Al-Maghrib has been authorised to conclude cooperation and information-exchange agreements with foreign banking supervisory authorities.

Finally, to ensure a greater transparency, Bank Al-Maghrib will publish an annual report on its supervisory activities.

Expecting the application of this Act, Bank Al Maghrib has started a consultation process with the institutions affected by the extension of its scope of supervision in order to examine the regulatory provisions applicable to them and facilitate the adoption of the necessary accounting, internal monitoring and reporting measures. It has also adopted a work programme with the banks for the implementation of the provisions of Basel II, which envisages that the regulatory framework will be finalised in the course of 2006 and gradually come into force from 2007.

◆ The capital market

The year 2005 was marked by the strengthening of the regulatory mechanism and, so far as market activity is concerned, by the continued recovery of the stock market indicators and the growth in the compartment of Treasury bills issued by tender. Issues of other negotiable debt securities remained virtually unchanged from the previous year, while bond issues fell.

◆ Regulatory framework

The statutory supervisory powers of the CDVM (Transferable Securities Ethics Board) were extended in 2005, giving it the prerogative to grant licences to the UCITS the classification of which was amended with, in particular, the introduction of the category of monetary UCITS.

The transparency rules for listed companies were also strengthened, requiring them to make public any information or significant change likely to affect the value of their securities and laying down minimum ethical rules for the use and communication of privileged information.

The CDVM also laid down the overall framework for the conduct of triangular settlement transactions, which are stock market transactions in listed Moroccan securities carried out on the order of a non-resident intermediary on behalf of a non-resident client.

Finally, in August 2005, Bank Al Maghrib set out the organisational and operational rules for repurchase operations as defined by the decision of the Minister of Finance and Privatisation approving the standard framework contract governing such transactions.

◆ The interbank market

Reflecting the situation of market liquidity, the volume of overnight transactions in the interbank compartment increased, in terms of the average end-of-month outstanding amounts, from 1.3 billion in 2004 to 2.6 billion dirhams in 2005⁽¹⁾. Forward transactions, on the other hand, fell from 2.6 billion to 614 million. Owing to the effect of the periods of tightening of banks' cash holdings in the course of the year, the interbank rate rose, on an annual average, by 38 basis points to 2.78%.

◆ The market for treasury bills

The Treasury increased its recourse to the tender market in 2005 in order to meet its growing financing requirement. At the same time, there was a greater volume of transactions on the secondary market. Interest rates continued on a downward trend, especially for long maturities.

Issues of treasury bills

Of tenders totalling 213.2 billion dirhams, 79.6 billion dirhams or 37.3% were accepted compared to 75.2 billion or 24.4% in 2004. In addition to the issue of 11 billion for the CMR to settle the Treasury's arrears with it, in 2005 the banks subscribed to Treasury bill issues amounting to 41.6 billion, both on their own account and on behalf of their customers, the CDG (Deposit and Management Fund) to 14.7 billion and the insurance companies and other provident institutions to 2 billion.

Owing to the remuneration demanded by tenderers on short-term issues due to the transient pressures on the interbank rate, the structure of the funds raised by the Treasury was characterised

(1) See Statistical appendix XV-1.

by the predominance of long maturities. Thus, short and medium-term issues showed a marked decline to 24.5 billion, down from 48.8 billion in 2004. With repayments totalling 41.6 billion overall, the outstanding amount of short and medium-term bills fell from 114.5 billion to 97.3 billion from year-end to year-end.

The downward trend on rates of short and medium-term issues eased in 2005. In fact, the rate of interest applied to issues of 13-week Treasury bills showed, on average, a rise of 6 basis points to 2.48%, while the fall was no more than 4 basis points for 26-week bills, the remuneration on which was 2.61%. The rates on 2-year and 5-year bills, on the other hand, fell by 22 and 53 basis points to 3.22% and 3.97% respectively.

Rates of remuneration on long-term bills recorded, on average, falls ranging from 9 basis points for 20-year bills to 34 basis points for 15-year bills, bringing them to 5.99% and 5.34% respectively⁽¹⁾.

Under these circumstances, the Treasury continued to extend the average term of its debt, bringing issues of long-term bills from 26.4 billion to 55.1 billion or nearly 70% of the total volume raised. Taking into account repayments of 1.2 billion, the outstanding amount of long-term bills rose from 100.3 billion to 154.2 billion dirhams or 61% of the total outstanding amount. Thus, the average term of Treasury bills issued by tender increased from 4 years 11 months to 6 years 7 months.

The secondary market for treasury bills

The context of abundant liquidity during 2005 encouraged the continued development of transactions on the secondary market for Treasury bills, essentially consisting of temporary borrowing and lending operations. On a monthly average, transactions on this market in fact rose from 368.6 billion to 382.9 billion dirhams, a monthly inventory turnover rate ⁽²⁾ of Treasury bills of 165%. This trend masks

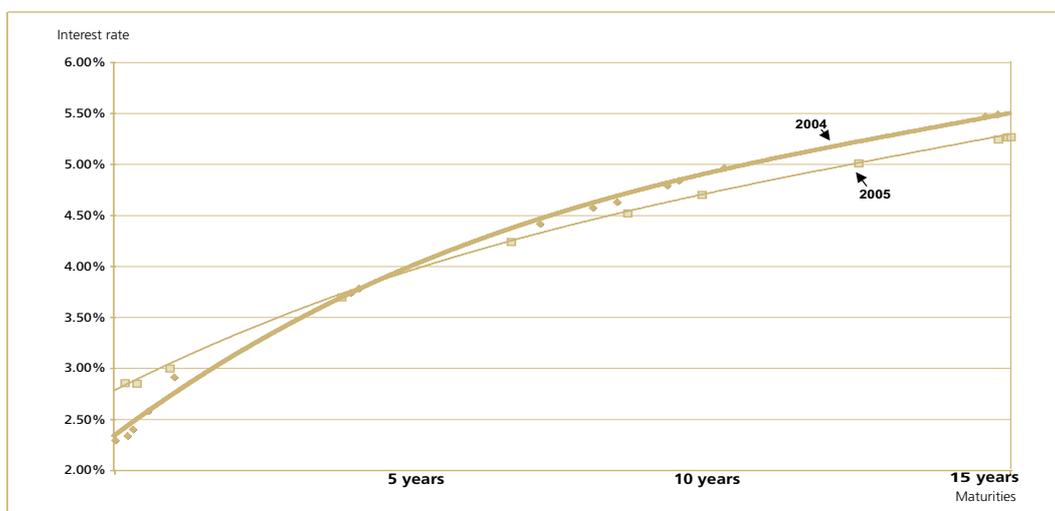
(1) See Statistical appendices XV-2 to XV-4.

(2) Monthly average volume of the transactions on the secondary market of the Treasury bills to the average end-of-month outstanding amount.

a virtual stagnation in firm transfer transactions, which stood at 8.2 billion compared to 8.3 billion the previous year.

At the end of 2005, rates on the secondary market for Treasury bills moved in different directions, short-term rates being up, while those on medium- and long-term bills were down. Thus, bills with a term of 13 weeks to 2 years showed increases ranging from 7 to 50 basis points. On the other hand, 5-year, 10-year, 15-year and 20-year bills fell by between 4 and 24 basis points. The chart below shows the end-of-year to end-of-year trend in rates in this compartment :

Structure of interest rates according to term



◆ Other negotiable debt securities

Gross issues of negotiable debt securities amounted to 6 billion dirhams, close to the previous year's level. This stability masks a decline of nearly 10% in issues of commercial paper, which amounted to around 4 billion, and a slight rise in bills of the financing companies, which totalled 1.5 billion. Although issues of certificates of deposit were up from 275 million to 537 million, they remained

small owing to the persistence of surpluses in banks' cash holdings in 2005. Taking into account repayments of 6 billion dirhams, the outstanding amount of negotiable debt securities was unchanged at 9.5 billion dirhams⁽¹⁾ from one year-end to the next.

The rates of remuneration on negotiable debt securities continued their downward movement in 2005. Thus, for commercial papers, the rates for the most frequent term, that is 3 months, were between 2.95% and 3.40% against to 3% to 3.95% the previous year. Bills of financing companies, with a maturity of 4 years, ranged from 4.38% to 4.80% against 5% to 5.55% in 2004.

◆ Bond issues

The year 2005 saw a marked decline in bond issues, from 5.6 billion to 3.2 billion. The largest transaction of the year was carried out by the International Financial Corporation with a loan of 1 billion for a period of 7 years, at rate of 4.54%. A rate of 3.76% was applied to the 500-million issue by BMCE Bank, with a 5-year maturity. Finally, the Société des Autoroutes du Maroc - ADM (Morocco's Motorway Company) issued a government-guaranteed loan of 500 million for a term of 25 years at a rate of 4.16%.

◆ The stock exchange

The upward trend in prices on the Casablanca Stock Exchange during the last two years continued in 2005, the MASI index rising by 22.5%⁽²⁾ and the MADEX by 23.8%. In fact, except for a downward correction in February and March, the indices rose continually throughout the rest of the year.

(1) See Statistical appendix XV-5.

(2) See Statistical appendix XV-6.

At the same time, stock market capitalisation was up by 22.2% to 252.3 billion dirhams, thus representing 54.7% of GDP compared to 46.2% a year earlier. The flotation of three companies, which contributed 3.7 billion to this upward trend, took the number of listed companies to 54, two companies having been delisted in 2005.

Turnover, for its part, more than doubled to 148.5 billion, 70% of which was generated in April and December, attributable respectively to the share transfer operations carried out by the Moroccan subsidiary of Vivendi for the repurchase of its parent company's holdings in Maroc Telecom, and the portfolio revaluation operations carried out on the block-trading market, which increased in the year under review in anticipation of the introduction of capital gains tax, provided for in the 2006 Finance Act.

As in previous years, this turnover was achieved mainly in the shares compartment, transactions in bonds having amounted to only 3.6 billion or less than 3% of transactions. The breakdown of turnover by compartments reveals the preponderance of deals on the block-trading market, which rose year-on-year from 19.5 billion to 60.9 billion, representing 27% and 41% of the total volume respectively.

Dividends distributed by listed companies were up by 75.3% to 10.5 billion and the average general yield rate rose from 2.9% to 4.2%, meaning an increase of 43.3%.

◆ Financial saving

At the end of 2005, investments by non-financial enterprises and individuals had increased by 109.5 billion dirhams compared to 56.2 billion in 2004⁽¹⁾. This marked strengthening of saving, which arose in a context of continued excessive bank liquidity and falling interest rates, concerned principally sight and time holdings with the banking system. Medium-term investments showed a recovery after the fall observed a year earlier. Securities of UCITS, on the other hand, which had risen markedly in 2004, showed an overall decline, masking a sharp drop in monetary UCITS and an increase in the other categories of UCITS.

Long-term saving was also strengthened as a result of the increase in technical provisions of the insurance companies and pension and provident institutions. Similarly, in the year under review, purchases of company shares showed a net flow which was much greater than the one recorded at the end of the previous year.

The table below shows the movement of investments by individuals and non-financial enterprises during the last three years :

(1) See Statistical appendices XVI-1 to XVI-3.

| In millions of dirhams | 2003 | 2004 | 2005 | Net flows | |
|----------------------------------|----------------|----------------|----------------|---------------|----------------|
| | | | | 2004 | 2005 |
| Liquid assets | 257 851 | 282 504 | 324 252 | 24 653 | 41 748 |
| Short-term investment | 138 498 | 143 405 | 158 049 | 4 907 | 14 644 |
| Medium-term investment | 2 863 | 1 816 | 3 075 | -1 047 | 1 259 |
| Securities of UCITS | 28 175 | 35 995 | 35 503 | 7 820 | - 492 |
| Institutional saving | 114 546 | 127 525 | 142 617 | 12 979 | 15 092 |
| Sub-total | 541 933 | 591 245 | 663 496 | 49 312 | 72 251 |
| Company shares | | | | 11 674 | 36 443 |
| of which : | | | | 11 674 | 36 443 |
| • Newly issued securities | | | | - | - |
| • Shares of privatised companies | | | | | |
| Total | | | | 60 986 | 108 694 |
| Adjustment | | | | - 4 769 | + 791 |
| Net total | | | | 56 217 | 109 485 |

◆ Liquid assets

Liquid assets increased by 14.8%, showing a net flow of 41.7 billion dirhams compared to 24.7 billion in 2004. This development is explained by the 9.6 billion dirhams rise in holdings of notes and coins and especially by the 30.3 billion expansion in sight deposits with the banking system; the latter includes 22.1 billion in cheque accounts, 5.4 billion dirhams of which was accounted for by deposits of Moroccans living abroad, and enterprises' current accounts, up by 8.2 billion dirhams from one year-end to the next.

◆ Sight and time investments

Sight and time investments increased by 15.9 billion dirhams, compared to 3.9 billion in 2004, chiefly due to the 14.6 billion rise in sight and short-term investments.

Thus, deposits in savings book accounts were up in the year under review by 6.2 billion dirhams compared to 5.1 billion, mainly as a result of the 5 billion increase in holdings with the banking system, owing to the revision of the calculation method of their remuneration rate. Deposits managed by the CEN (National Savings Fund) rose by 1.2 billion dirhams from one year to the next.

Time deposits showed a rise of 10.5 billion dirhams compared to 1.9 billion observed in 2004. This marked acceleration is attributable to the expansion in fixed maturity accounts and bills with the banks, which rose by 10.4 billion dirhams, up from 1.9 billion the previous year, chiefly as a result of the growth in deposits of non-financial enterprises amounting to 9.9 billion dirhams. The weighted average rate paid on six-month time accounts and bills remained unchanged at 3.29% from one year-end to the next, while that on one-year investments increased to 3.61%, up by 13 basis points compared to the end of the previous year.

Investments by non-financial agents in government securities produced a negative net flow of 973 million dirhams at the end of 2005, for the second year running. This movement reflects a decline of 510 million dirhams in net subscriptions for Treasury bills issued by tender and a drop of 455 million in those for six-month Treasury bills issued for the public, the rate of remuneration of which fell from 2.90% to 2.70% from one year-end to the next.

◆ Securities of UCITS

The outstanding amount of securities of UCITS held by non-financial enterprises and individuals, which increased by 7.8 billion in 2004, showed a negative net flow of 492 million dirhams in the year under review, owing to the 2.1 billion decline in holdings of securities of monetary UCITS. Created by an order of the Minister of Finance and Privatisation dated 6 December 2004, these must be permanently invested, in debt securities with an initial or residual term of less than one year.

On the other hand, investments in securities of share UCITS and diversified UCITS increased by 170 million and 491 million dirhams respectively as a result of the rise of more than one fifth in the MASI and MADEX stock market indices. The average performance indices of share and diversified UCITS in fact closed 2005 up by 28.6% and 14.1% respectively. Bond UCITS, which fell by 4.3 billion in 2004, recorded a net flow of almost 1 billion dirhams, owing in particular to the decline in interest rates paid on medium and long-term Treasury bills.

At the end of 2005, the net total assets of UCITS had increased by 4.3 billion to 85.3 billion dirhams, 41.6% of which was held by non-financial enterprises and individuals compared to 44.5% in 2004. This movement was due mainly to the fall in their share held in bond UCITS and monetary ones, from 39.9% to 38% and from 62.7% to 58.9% respectively. On the other hand, their percentage in share and diversified UCITS rose from 33.5% to 35.5%.

◆ Company shares

Net subscriptions by non-financial agents to shares of existing or newly formed companies amounted to 36.4 billion dirhams in the year under review, up by 24.8 billion compared to that of 2.6 billion in 2004. This appreciable acceleration is attributable to the marked increase in capital and reserves of limited liability companies.

| In millions of dirhams | 2002 | 2003 | 2004 | 2005 |
|---------------------------------------|----------------|----------------|---------------|---------------|
| Gross increase in capital | 18 978 | 14 504 | 15 937 | 41 545 |
| - Capital increases | 15 615 | 12 300 | 12 561 | 37 558 |
| - Public limited companies | 11 874 | 8 828 | 8 165 | 11 803 |
| Cash contributions | 7 267 | 4 858 | 3 763 | 6 095 |
| Incorporation of reserves | 2 027 | 2 010 | 1 868 | 2 406 |
| Contributions in kind | 2 580 | 1 960 | 2 534 | 3 302 |
| - Limited liability companies | 3 741 | 3 472 | 4 396 | 25 755 |
| - Formation of companies | 3 363 | 2 204 | 3 376 | 3 987 |
| - Public limited companies | 614 | 651 | 2 185 | 954 |
| - Limited liability companies | 2 749 | 1 553 | 1 191 | 3 033 |
| Capital reductions | - 3 784 | - 5 436 | -4 263 | -5 102 |
| - Public limited companies | 3 116 | 4 384 | 2 367 | 4 555 |
| Reduction | 1 641 | 2 116 | 1 169 | 2 266 |
| Winding up and mergers | 714 | 1 823 | 879 | 2114 |
| Transformation | 761 | 445 | 319 | 175 |
| - Limited liability companies | 668 | 1 052 | 1 896 | 547 |
| Net increase in capital | 15 194 | 9 068 | 11 674 | 36 443 |
| Shares of privatised companies | - | - | - | - |

Gross increases in capital amounted to 41.5 billion dirhams in 2005 compared to 15.9 billion in 2004 and involved 11 425 enterprises, namely 10 972 limited liability companies and 453 public limited companies. Capital increases initiated by existing companies were up from 12.6 billion to 37.6 billion dirhams; this was the result of a rise of 25.8 billion dirhams in the capital and reserves of limited liability companies, including 17.9 billion for the increase in the capital of the Société de participation dans les télécommunications, a subsidiary of the Vivendi Group. Capital increases by public limited companies totalled 11.8 billion dirhams, including 6.1 billion in the form of cash contributions, 2.4 billion by incorporation of reserves and 3.3 billion by contributions in kind.

The total amount of capital allocated to the formation of 8 868 companies in 2005 came to 4 billion dirhams, up from the previous year's 3.4 billion. This development is attributable to contributions of capital for the formation of limited liability companies which rose from 1.2 billion to 3 billion dirhams, while those for public limited companies fell from 2.2 billion to 954 million dirhams.

◆ Institutional saving

At the end of December 2005, non-financial agents' savings managed by the pension and provident institutions and insurance companies amounted to an estimated 142.6 billion dirhams, an increase of 15.1 billion after an expansion of 13 billion recorded the previous year.

The technical provisions of the pension and provident institutions thus rose by 10.4 billion compared to 9.8 billion dirhams in 2004, to a total of 78.2 billion, including 39.6 billion formed by institutions managed by the CDG⁽¹⁾. At the same time, the CNSS (National Social Security Fund) increased its deposits with the CDG by one billion, bringing them to 16.7 billion dirhams, largely as a result of the revision of the terms of its deposits' remuneration and the collection of contributions for Compulsory Sickness Insurance.

In 2005, the insurance companies achieved a turnover of 13.2 billion, up by 906 million dirhams as a result of the 383 million increase in premiums written by the life assurance and capitalisation branch, the share of which grew from 23.5% to 24.8%, while that of the non-life insurance branch declined from 76% to 74.8%. The technical provisions formed by the insurance companies amounted to an estimated 64.4 billion dirhams, up by 4.7 billion compared to 3.1 billion the previous year.

(1) The National Pension and Insurance Fund (CNRA) and the Collective Pension Allocation Scheme (RCAR).

The year 2005 saw the publication of an order of the Minister of Finance and Privatisation, adopted under the provisions of the Insurance Code, laying down the conditions for the exercise of the activity of insurance and reinsurance, the supervisory rules to which the insurance companies are subject and the rules for the transfer of customer contracts from one company to another and for the formation and valuation of the technical provisions. The supervisory authorities also laid down the proportion of premiums that the insurance companies must transfer to the Société centrale de réassurance.

In 2005, the public authorities also settled the State's arrears with the CMR by issuing for its benefit medium and long-term Treasury bills for a total of 11 billion dirhams, comprising 6 billion as the employer's contribution payable by the State to the civil and military pension schemes and 5 billion representing the deficits of the military pension scheme.

◆ The balance sheet of the Bank Al-Maghrib

At the end of December 2005, the balance sheet of Bank Al-Maghrib after distribution of profits, totalled 170 481 million dirhams, showing a rise of 8 843.9 million or 5.5%, following the 11.6% increase observed the previous year.

This development is attributable, on the assets side, to the continued rise in assets and investments in currencies and, on the liabilities side, to the appreciable growth in the volume of notes in circulation and in the current account balances of banks.

◆ Assets

Assets and investments in gold

Assets and investments in gold, amounting to 2 590.2 million dirhams, showed an increase of 670.9 million or 35% at the end of 2005, following their revaluation in April 2005 on the basis of 427.50 US dollars an ounce.

Assets and investments in foreign currency

Assets and investments in foreign currency amounted to 148 089.4 million dirhams, an increase of 15 076.8 million dirhams or 11.3%, compared to 10.6% in 2004. This development is due mainly to the continued growth in earnings from travel and transfers by Moroccans living abroad, and to the transfer of 16% of the capital of Maroc Telecom for a total of 12.4 billion dirhams, 6.4 billion of which in foreign currency.

Assets with international financial institutions

Assets with international financial institutions, at 2 321.6 million dirhams, fell by 223.1 million or 8.8%, attributable to the 259.7 million or 26.3% reduction in holdings of Special Drawing Rights, the reserve tranche with the IMF having risen from 1 293.5 million to 1 320.6 million as a result of its revaluation.

Claims on Government

At the end of December 2005, loans to the State stood at 5 500 million, corresponding to the outstanding amount of the agreed advances, the breakdown of which is as follows:

| | | |
|---------------------|------------------|-----------------------|
| on 12 March 1964 | for an amount of | 250 million dirhams |
| on 31 December 1967 | “ “ | 250 million dirhams |
| on 7 May 1970 | “ “ | 500 million dirhams |
| on 13 March 1974 | “ “ | 1 000 million dirhams |
| on 13 October 1977 | “ “ | 2 000 million dirhams |
| on 9 April 1980 | “ “ | 1 500 million dirhams |

Claims on Moroccan credit institutions and the like

At the end of December 2005, claims on Moroccan credit institutions and the like amounted to 9.3 million dirhams down from 62.2 million the previous year, since the banks had no recourse to the central bank at the end of the year.

Other assets

Comprising mainly the “miscellaneous debtors”, adjustment and collection accounts, the total for the item “other assets” came to 9 371.4 million dirhams, down from 15 448.5 million in 2004.

Fixed assets

Fixed assets, which comprise mainly shareholdings and tangible and intangible fixed assets, came to 2 599.1 million dirhams at the end of 2005, an increase of 218.2 million or 9.2%.

◆ Liabilities

Notes in circulation

At the end of 2005, the value of notes in circulation, at 91 812.5 million dirhams, was up by 10.1 billion or 12.4%, compared to 4.7 billion or 6.1% a year earlier. Attributable to the accelerated creation of money in 2005, this trend was amplified by the surge in demand for banknotes in connection with the preparations for Aïd Al Adha which coincided with the end of the year.

At the end of 2005, the breakdown of notes in circulation according to their face value was as follows:

| | | |
|---|-----------|--------------------------|
| 9 578 232 notes and 1/2 of 10 dirhams | DH | 95 782 325.00 |
| 59 301 55 notes of 20 dirhams..... | DH | 1 186 023 100.00 |
| 39 195 425 notes of 50 dirhams..... | DH | 1 959 771 250.00 |
| 372 568 369 notes and 1/2 of 100 dirhams.... | DH | 37 256 836 950.00 |
| 256 570 605 notes and 1/2 of 200 dirhams..... | DH | 51 314 121 100.00 |
| | | <hr/> |
| Total :..... | DH | 91 812 534 725.00 |

Coins in circulation

From year-end to year-end, the value of coins in circulation grew by 111.1 million dirhams or 7% to 1 692.6 million at the end of 2005. Their breakdown by type of coin was as follows:

- Gold

| | | |
|---|----|--------------|
| 14 033 coins of 250 dirhams (commemorative).... | DH | 3 508 250.00 |
| 2 012 coins of 500 dirhams (commemorative)..... | DH | 1 006 000.00 |

- Silver

| | | |
|---|----|--------------|
| 27 309 coins of 50 dirhams (commemorative)..... | DH | 1 365 450.00 |
| 9 143 coins of 100 dirhams (commemorative)..... | DH | 914 300.00 |
| 3 932 coins of 150 dirhams (commemorative)..... | DH | 589 800.00 |
| 19 786 coins of 200 dirhams (commemorative) | DH | 3 957 200.00 |

- Nickel

| | | |
|--|----|----------------|
| 256 212 041 coins of 50 centimes | DH | 128 106 020.50 |
| 474 008 308 coins of 1 dirham | DH | 474 008 308.00 |
| 80 637 764 coins of 5 dirhams | DH | 403 188 820.00 |
| 52 233 708 coins of 10 dirhams | DH | 522 337 080.00 |
| 26 014 712 coins of 2 dirhams | DH | 52 029 424.00 |

- Aluminium bronze

| | | |
|--|----|---------------|
| 229 225 682 coins of 5 centimes | DH | 11 461 284.10 |
| 275 285 570 coins of 20 centimes | DH | 55 057 114.00 |
| 348 230 147 coins of 10 centimes | DH | 34 823 014.70 |

- Aluminium

| | | |
|-------------------------------------|----|------------|
| 24 062 517 coins of 1 centime | DH | 240 625.17 |
|-------------------------------------|----|------------|

Total ... DH 1 692 592 690.47

Liabilities in gold and currencies

Liabilities in gold and currencies totalled 2 182.7 million dirhams, an increase of 610.2 million or 38.8%, mainly due to the formation of additional credit balances in the foreign currency accounts of non-residents.

Liabilities in convertible dirhams

Liabilities in convertible dirhams amounted to 223.2 million dirhams, an increase of 16.6 million or 8%; at the same time, the assets of foreign banks increased from 1.6 million to 18.1 million dirhams.

Deposits and liabilities in dirhams

Deposits and liabilities in dirhams, amounting to 61 440.1 million, showed a rise of 460.5 million dirhams or 0.8%. This trend masks an increase in banks' assets of 1.3 billion or 2.8% as a result of the formation of an additional credit balance of 5.9 billion in respect of current accounts and a reduction of 4.6 billion in balances in liquidity-withdrawal accounts and deposit facilities. Assets in accounts of private individuals increased by 757.3 million and those of the Treasury by 161.7 million. Deposits of general government and public institutions, at 13 771.7 million, fell by 1.7 billion or 11.1%, mainly as a consequence of the decrease of the assets of the Hassan II Fund for Economic and Social Development.

Other liabilities

The items constituting other liabilities fell by 3.2 billion or 32.7% to 6 495.8 million dirhams in 2005.

Allocations of Special Drawing Rights

The equivalent of allocations of Special Drawing Rights increased, from one year-end to the next, from 433.6 million dirhams to 1 132.8 million dirhams as a result of their revaluation in 2005.

Capital and reserves and the like

Capital and reserves and the like totalled 5 501.3 million dirhams at the end of 2005, including 500 million representing capital.

The net profit for the year, after deduction of 979.5 million in respect of corporation tax, amounted to 1 083.1 million dirhams compared to 1 424.5 million the previous year.

**BALANCE SHEET AND
INCOME STATEMENT ACCOUNTS
FOR THE FINANCIAL YEAR 2005**

BALANCE SHEET OF THE BANK AL-MAGHRIB AS OF 31 DECEMBER 2005

| ASSETS | | LIABILITIES | |
|---|---------------------------|--|---------------------------|
| | (Dirhams) | | (Dirhams) |
| Assets and investments in gold | 2 590 236 964.95 | Bank notes and coin in circulation | 93 505 127 415.47 |
| Assets and investments in foreign currency | 148 089 362 066.32 | - Notes | 91 812 534 725.00 |
| - Assets and investments held with foreign banks | 48 396 375 756.49 | - Coin | 1 692 592 690.47 |
| - Foreign Treasury bills and the like | 98 379 626 407.41 | Liabilities in gold and in currencies | 2 182 705 748.02 |
| - Other assets in currencies | 1 313 359 902.42 | - Liabilities in gold | - |
| Assets with the International financial institutions | 2 321 639 323.80 | - Liabilities in currencies | 2 182 705 748.02 |
| - I.M.F subscription - Reserve tranche | 1 320 652 890.16 | Liabilities in convertible dirhams | 2 23 230 979.62 |
| - Special Drawing Rights | 728 326 202.39 | - Liabilities to international organizations | 197 012 453.27 |
| - Subscription to the Arab Monetary Fund | 272 660 231.25 | - Others Liabilities | 26 218 526.35 |
| Claims on Government | 5 500 000 000.00 | Deposits and Liabilities in dirhams | 61 440 100 205.56 |
| - Contractual advances | 5 500 000 000.00 | - Current account of the Treasury | 162 822 213.40 |
| - Overdraft facilities | - | - Deposits and Liabilities to Moroccan banks | 46 056 454 904.84 |
| - Other financial loans | - | . Current account | 45 056 454 904.84 |
| Claims on Moroccan credit institutions and the like | 9 329 379.43 | . Liquidity-withdrawal accounts | - |
| - Securities received under repurchase agreement | - | . Deposit facility accounts | 1 000 000 000.00 |
| - Advances to the banks | - | - Deposits of central administration and public institutions | 13 771 709 884.59 |
| - Others claims | 9 329 379.43 | - Other accounts | 1 449 113 202.73 |
| Treasury bills - Open market operations | - | Other liabilities | 6 495 691 385.25 |
| Other assets | 9 371 317 526.57 | Allocations of Special Drawing Rights | 1 132 799 154.21 |
| - Sundry debtors | 8 294 637 706.66 | Capital and reserves and the like | 5 501 340 367.42 |
| - Miscellaneous other assets | 1 076 679 819.91 | Capital | 500 000 000.00 |
| Fixed assets | 2 599 109 994.48 | Reserves | 4 910 815 367.42 |
| | | Statutory provisions | 90 525 000.00 |
| Total assets | 170 480 995 255.55 | Total liabilities | 170 480 995 255.55 |

INCOME STATEMENT ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

| | (Dirhams) |
|--|-------------------------|
| RECEIPTS | |
| Interest received | 3 759 014 755.43 |
| Commissions received | 146 383 093.33 |
| Other financial earnings | 278 663 681.92 |
| Other earnings | 70 212 894.16 |
| Reversal of provisions | 253 891 297.37 |
| Non-current receipts | 47 353 818.95 |
| I. Total receipts | 4 555 519 541.16 |
| EXPENDITURE | |
| Operating expenses | 712 151 913.21 |
| Interests paid | 839 248 879.33 |
| Commissions paid | 9 703 479.76 |
| Other financial expenditure | 756 381 123.56 |
| Depreciation and provisions expenses | 155 639 723.66 |
| Non-current expenditure | 19 775 943.31 |
| Corporation tax | 979 515 690.00 |
| II. Total expenditure | 3 472 416 752.83 |
| III. Net profit before distribution (I-II). | 1 083 102 788.33 |

A P P E N D I C E S

I-1 - GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY
(AT 1980 MARKET PRICES)

(in millions of dirhams)

| Branches of activity | 2001 | 2002 | 2003 | 2004 | 2005* |
|--|----------------|----------------|----------------|----------------|----------------|
| Primary sector | 19 619 | 20 717 | 24 446 | 24 911 | 20 501 |
| Agriculture, forestry and fishing | 19 619 | 20 717 | 24 446 | 24 911 | 20 501 |
| Secondary sector | 43 643 | 44 817 | 45 961 | 48 230 | 51 126 |
| Mining | 3 952 | 4 079 | 3 847 | 4 212 | 4 431 |
| Energy and water ⁽¹⁾ | 7 250 | 7 468 | 7 382 | 8 208 | 9 711 |
| Manufacturing | 25 792 | 26 641 | 27 627 | 28 456 | 29 196 |
| Construction and public works | 6 648 | 6 628 | 7 105 | 7 354 | 7 788 |
| Tertiary sector | 55 705 | 57 519 | 59 320 | 62 453 | 65 405 |
| Transport and communications | 10 162 | 10 625 | 10 965 | 11 491 | 12 307 |
| Commerce and import taxes and duties | 30 216 | 31 395 | 32 687 | 35 030 | 36 648 |
| of which : - commerce | 18 766 | 19 586 | 20 408 | 21 572 | 22 046 |
| - Import taxes and duties less subsidies | 11 449 | 11 809 | 12 279 | 13 458 | 14 602 |
| Other services ⁽²⁾ | 15 328 | 15 499 | 15 668 | 15 932 | 16 415 |
| Market gross domestic product | 118 967 | 123 053 | 129 728 | 135 594 | 137 032 |
| General government | 24 428 | 24 916 | 26 412 | 27 173 | 28 563 |
| Gross domestic product | 143 395 | 147 969 | 156 140 | 162 767 | 165 560 |

I-2 - GROSS DOMESTIC PRODUCT CHANGES
(AT 1980 MARKET PRICES)

(percentage changes)

| Branches of activity | 2001 | 2002 | 2003 | 2004 | 2005* |
|--|---------------|--------------|---------------|--------------|---------------|
| Primary sector | + 27.6 | + 5.6 | + 18.0 | + 1.9 | - 17.7 |
| Agriculture, forestry and fishing | + 27.6 | + 5.6 | + 18.0 | + 1.9 | - 17.7 |
| Secondary sector | + 5.0 | + 2.7 | 2.6 | + 4.9 | + 6.0 |
| Mining | + 3.0 | + 3.2 | - 5.7 | + 9.5 | + 5.2 |
| Energy and water ⁽¹⁾ | + 7.9 | + 3.0 | - 1.2 | + 11.2 | + 18.3 |
| Manufacturing | + 4.2 | + 3.3 | + 3.7 | + 3.0 | + 2.6 |
| Construction and public works | + 5.9 | - 0.3 | + 7.2 | + 3.5 | + 5.9 |
| Tertiary sector | + 2.0 | + 3.3 | + 3.1 | + 5.3 | + 4.7 |
| Transport and communications | - 0.2 | + 4.6 | + 3.2 | + 4.8 | + 7.1 |
| Commerce and import taxes and duties | + 3.1 | + 3.9 | + 4.1 | + 7.2 | + 4.6 |
| of which : - commerce | + 6.7 | + 4.4 | + 4.2 | + 5.7 | + 2.2 |
| - Import taxes and duties less subsidies | - 2.2 | + 3.1 | + 4.0 | + 9.6 | + 8.5 |
| Other services ⁽²⁾ | + 1.5 | + 1.1 | + 1.1 | + 1.7 | + 3.0 |
| Market gross domestic product | + 6.6 | + 3.4 | + 5.4 | + 4.5 | + 1.1 |
| General government | + 4.6 | + 2.0 | + 6.0 | + 2.9 | + 5.1 |
| Gross domestic product | + 6.3 | + 3.2 | + 5.5 | + 4.2 | + 1.7 |

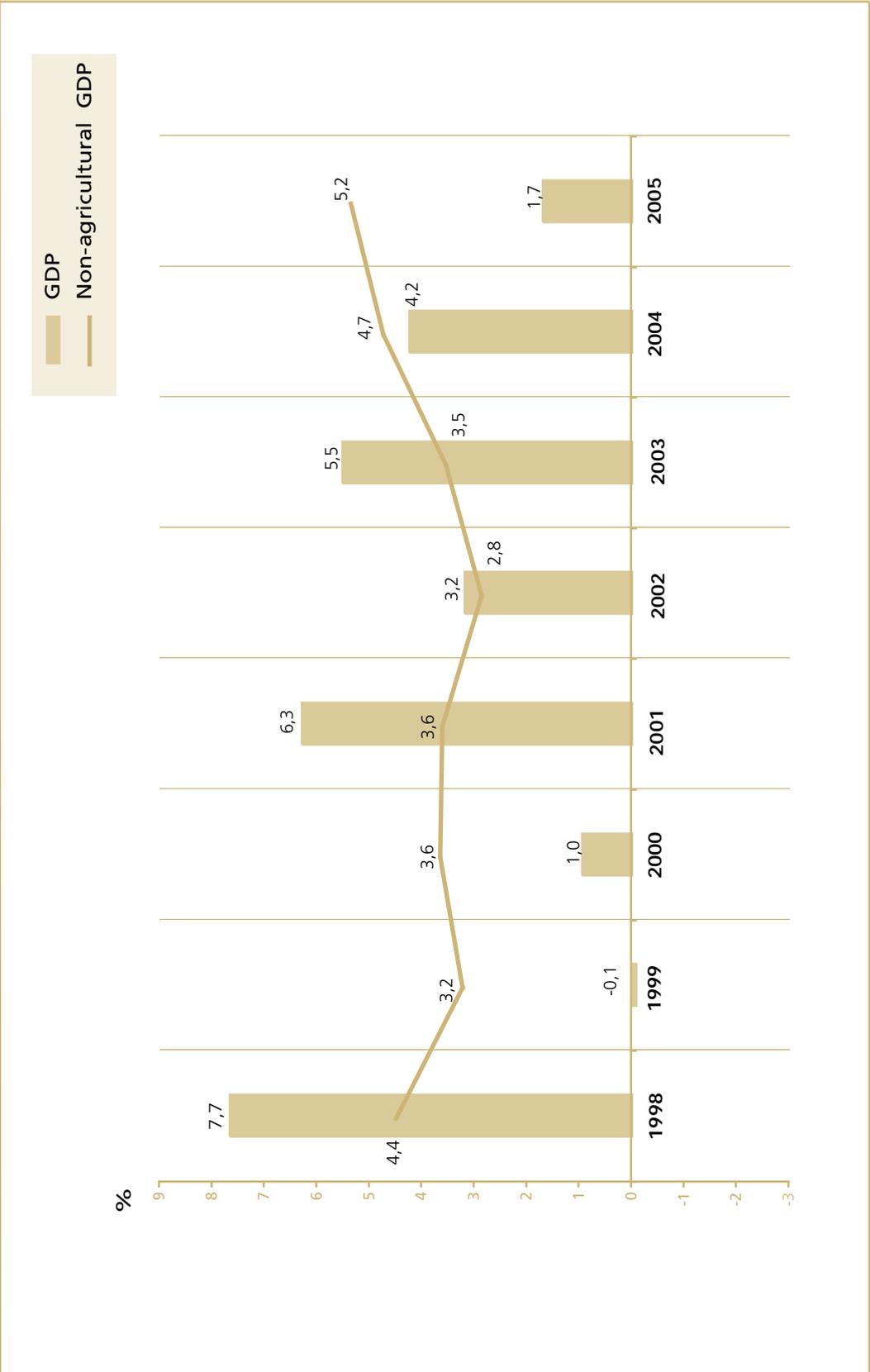
(1) Anthracite, crude oil, oil refining, electricity and water.

(2) Accommodation, catering, other non financial market services, financial institutions and imputed bank service charges.

(*) Preliminary

Source : High Commission for Planning (National accounting department).

GROSS DOMESTIC PRODUCT CHANGES (at constant prices)



I-3 - GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY
(AT CURRENT PRICES)

(in millions of dirhams)

| Branches of activity | 2001 | 2002 | 2003 | 2004 | 2005* |
|--|----------------|----------------|----------------|----------------|----------------|
| Primary sector | 59 657 | 64 141 | 69 978 | 70 398 | 64 696 |
| Agriculture, forestry and fishing | 59 657 | 64 141 | 69 978 | 70 398 | 64 696 |
| Secondary sector | 118 653 | 120 622 | 125 219 | 134 797 | 137 032 |
| Mining | 7 429 | 7 314 | 6 437 | 7 228 | 8 197 |
| Energy and water ⁽¹⁾ | 26 983 | 27 129 | 27 985 | 32 043 | 28 829 |
| Manufacturing | 64 869 | 66 864 | 70 074 | 73 227 | 75 790 |
| Construction and public works | 19 372 | 19 314 | 20 724 | 22 299 | 24 216 |
| Tertiary sector | 146 621 | 153 047 | 157 719 | 167 669 | 178 337 |
| Transport and communications | 26 259 | 28 673 | 29 619 | 31 456 | 34 601 |
| Commerce and import taxes and duties | 73 036 | 75 708 | 78 074 | 84 401 | 89 466 |
| of which : - commerce | 44 989 | 47 149 | 49 789 | 53 075 | 55 039 |
| - Import taxes and duties less subsidies | 28 047 | 28 559 | 28 285 | 31 326 | 34 427 |
| Other services ⁽²⁾ | 47 326 | 48 666 | 50 026 | 51 812 | 54 269 |
| Market gross domestic product | 324 932 | 337 810 | 352 916 | 372 865 | 380 065 |
| General government | 58 253 | 59 972 | 66 569 | 70 808 | 77 556 |
| Gross domestic product | 383 185 | 397 782 | 419 485 | 443 673 | 457 621 |

I-4 - GROSS DOMESTIC PRODUCT CHANGES
(AT CURRENT PRICES)

(percentage changes)

| Branches of activity | 2001 | 2002 | 2003 | 2004 | 2005* |
|--|---------------|--------------|---------------|--------------|--------------|
| Primary sector | + 21.8 | + 7.5 | + 9.1 | + 0.6 | - 8.1 |
| Agriculture, forestry and fishing | + 21.8 | + 7.5 | + 9.1 | + 0.6 | - 8.1 |
| Secondary sector | + 4.9 | + 1.7 | + 3.8 | + 7.6 | + 1.7 |
| Mining | + 1.9 | - 1.5 | -12.0 | + 12.3 | + 13.4 |
| Energy and water ⁽¹⁾ | + 6.8 | + 0.5 | + 3.2 | + 14.5 | - 10.0 |
| Manufacturing | + 4.2 | + 3.1 | + 4.8 | + 4.5 | + 3.5 |
| Construction and public works | + 5.9 | - 0.3 | + 7.3 | + 7.6 | + 8.6 |
| Tertiary sector | + 3.5 | + 4.4 | + 3.1 | + 6.3 | + 6.4 |
| Transport and communications | + 5.5 | + 9.2 | + 3.3 | + 6.2 | + 10.0 |
| Commerce and import taxes and duties | + 3.4 | + 3.7 | + 3.1 | + 8.1 | + 6.0 |
| of which : - commerce | + 5.9 | + 4.8 | + 5.6 | + 6.6 | + 3.7 |
| - Import taxes and duties less subsidies | + 0.3 | + 1.8 | - 1.0 | + 10.8 | + 8.5 |
| Other services ⁽²⁾ | + 2.6 | + 2.8 | + 2.8 | + 3.6 | + 4.7 |
| Market gross domestic product | + 7.0 | + 4.0 | + 4.5 | + 5.7 | + 1.9 |
| General government | +15.4 | + 3.0 | + 11.0 | + 6.4 | + 9.5 |
| Gross domestic product | + 8.2 | + 3.8 | + 5.5 | + 5.8 | + 3.1 |

(1) Anthracite, crude oil, oil refining, electricity and water.

(2) Accommodation, catering, other non financial market services, financial institutions and imputed bank service charges.

(*) Preliminary

Source : High Commission for Planning (National accounting department).

I-5 - GOODS AND SERVICES ACCOUNT
(AT CURRENT PRICES)

(in millions of dirhams)

| | 2002 | 2003 | 2004 | 2005* | Changes in % | |
|---|----------------|----------------|----------------|----------------|--------------|--------------|
| | | | | | 2004 | 2005 |
| | | | | | 2003 | 2004 |
| RESOURCES | | | | | | |
| Gross domestic product | 397 782 | 419 485 | 443 673 | 457 621 | +5.8 | +3.1 |
| Resources deficit | 13 105 | 17 424 | 29 559 | 34 784 | +69.6 | +17.7 |
| Imports of goods and nonfactor services | 128 253 | 134 447 | 157 059 | 108 595 | +16.8 | +15.0 |
| Exports of goods and nonfactor services | 115 148 | 117 023 | 127 500 | 145 812 | +9.0 | +14.4 |
| Total available resources | 410 887 | 436 910 | 473 231 | 492 404 | +8.3 | +4.1 |
| EXPENDITURE | | | | | | |
| Final national consumption | 320 570 | 335 827 | 362 141 | 373 586 | +7.8 | +3.2 |
| - Resident households | 240 608 | 247 714 | 269 091 | 272 324 | +8.6 | +1.2 |
| - General government | 79 962 | 88 113 | 93 050 | 101 262 | +5.6 | +8.8 |
| Investment | 90 317 | 101 082 | 111 090 | 118 819 | +9.9 | +7.0 |
| Gross fixed capital formation | 91 142 | 100 498 | 109 083 | 115 918 | +8.5 | +6.3 |
| Changes in stocks | - 825 | + 584 | + 2 007 | + 2 900 | - | - |
| Total expenditure | 410 887 | 436 910 | 473 231 | 492 404 | +8.3 | +4.1 |

I-6 - GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION
(AT CURRENT PRICES)

(in millions of dirhams)

| | 2002 | 2003 | 2004 | 2005* | changes in % | |
|--|----------------|----------------|----------------|----------------|--------------|-------------|
| | | | | | 2004 | 2005 |
| | | | | | 2003 | 2004 |
| Gross domestic product | 397 782 | 419 485 | 443 673 | 457 621 | +5.8 | +3.1 |
| Net foreign income | 29 381 | 32 662 | 38 110 | 45 923 | +16.7 | +20.5 |
| Gross national disposable income | 427 163 | 452 147 | 481 783 | 503 544 | +6.6 | +4.5 |
| Final national consumption | 320 570 | 335 827 | 362 141 | 373 586 | +7.8 | +3.2 |
| Gross national savings | 106 593 | 116 320 | 119 641 | 129 958 | +2.9 | +8.6 |
| Total appropriation of gross national disposable income | 427 163 | 452 147 | 481 783 | 503 544 | +6.6 | +4.5 |

(*) Preliminary.

Source : High commission for planning (national accounting department)

I-7 - INVESTMENT AND SAVINGS
(AT CURRENT PRICES)

(in millions of dirhams)

| | 2002 | 2003 | 2004 | 2005* | changes in % | |
|---|----------------|----------------|----------------|----------------|-----------------|-------------|
| | | | | | 2004 | 2005 |
| | | | | | 2003 | 2004 |
| Gross national savings | 106 593 | 116 320 | 119 641 | 129 958 | +2.9 | +8.6 |
| Net capital transfers from the rest of the world | - 67 | - 97 | - 71 | - 43 | -26.8 | -39.6 |
| Financing requirement | - | - | - | - | - | - |
| Total resources | 106 526 | 116 223 | 119 571 | 129 915 | +2.9 | +8.7 |
| Gross fixed capital formation | 91 142 | 100 498 | 109 083 | 115 918 | +8.5 | +6.3 |
| Changes in stocks | - 825 | + 584 | + 2 007 | + 2 900 | - | - |
| Financing capacity | 16 210 | 15 141 | 8 480 | 11 097 | - | - |
| Total expenditure | 106 526 | 116 223 | 119 571 | 129 915 | +2.9 | +8.7 |

(*) Preliminary.

Source : High Commission for Planning (National accounting department).

II-1 - CEREALS

| | 2003-2004 | | | 2004-2005 | | |
|--------------------------|----------------------------|----------------------------------|------------------------------------|----------------------------|----------------------------------|------------------------------------|
| | Area (1000 hectares) | Production (1000 quintals) | Yield (quintals per hectare) | Area (1000 hectares) | Production (1000 quintals) | Yield (quintals per hectare) |
| Principal cereals | | | | | | |
| Soft wheat | 1 953 | 35 151 | 18.0 | 1 907 | 21 024 | 11.0 |
| Hard wheat | 1 111 | 20 248 | 18.2 | 1 059 | 9 407 | 8.9 |
| Barley | 2 324 | 27 603 | 11.9 | 2 180 | 11 021 | 5.1 |
| Maize | 245 | 2 241 | 9.1 | 246 | 501 | 2.0 |
| Total | 5 633 | 85 243 | 15.1 | 5 392 | 41 953 | 7.8 |
| Secondary cereals | | | | | | |
| of which : rice | 3.5 | 221 | 63.1 | 6.3 | 427.0 | 67.8 |

Source : Ministry of Agriculture, Rural Development and Sea Fisheries
(Programming and Economic Affairs Department).

II-2 - MARKETING OF PRINCIPAL HOME-GROWN GRAINS

(in thousands of quintals)

| | June 2003 to May 2004 | June 2004 to May 2005 | June to December 2005 |
|--------------|-----------------------|-----------------------|-----------------------|
| Soft wheat | 15 015 | 18 599 | 14 680 |
| Hard wheat | 236 | 206 | 120 |
| Barley | 102 | 76 | 20 |
| Maize | 56 | 17 | 20 |
| Total | 15 409 | 18 898 | 14 840 |

Source : National Agricultural Cereals and Pulse Crops Office.

II-3 - PULSE CROPS

| | 2003-2004 | | | 2004-2005 | | |
|--------------------------------|----------------------------|----------------------------------|------------------------------------|----------------------------|----------------------------------|------------------------------------|
| | Area (1000 hectares) | Production (1000 quintals) | Yield (quintals per hectare) | Area (1000 hectares) | Production (1000 quintals) | Yield (quintals per hectare) |
| Broad beans | 153 | 1 093 | 7.1 | 146 | 730 | 5.0 |
| Chick peas | 72 | 419 | 5.8 | 76 | 323 | 4.2 |
| Green peas | 38 | 259 | 6.8 | 36 | 143 | 3.9 |
| Lentils | 52 | 325 | 6.3 | 49 | 147 | 3.0 |
| Other leguminous vegetables | 50 | 316 | 6.3 | 43 | 145 | 3.4 |
| Total | 365 | 2 412 | 8.2 | 351 | 1 487 | 4.2 |

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.

II-4 - MARKET GARDEN CROPS

| | Oct. 2003 to Sept. 2004 | | | Oct. 2004 to Sept. 2005 | | |
|--|----------------------------|--------------------------------|----------------------------------|----------------------------|--------------------------------|----------------------------------|
| | Area (1000 hectares) | Production (1000 tonnes) | Yield (tonnes per hectare) | Area (1000 hectares) | Production (1000 tonnes) | Yield (tonnes per hectare) |
| Vegetable crops of season | 230.0 | 5 000 | 21.7 | 232.0 | 4 800 | 20.7 |
| Early fruits and vegetables | 27.5 | 1 353 | 49.2 | 28.5 | 1 297 | 45.5 |
| Tomatoes | 5.9 | 660 | 119.0 | 6.1 | 627 | 102.8 |
| Potatoes | 7.5 | 155 | 20.7 | 7.1 | 130 | 18.3 |
| Other vegetables | 14.1 | 538 | 38.2 | 15.3 | 540 | 35.3 |
| Total | 257.5 | 6 353 | 24.7 | 260.5 | 6 097 | 23.4 |

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.
(Vegetable Production Department).

II-5 - EXPORTS OF EARLY FRUITS AND VEGETABLES

(in thousands of tonnes)

| | Oct. 2002 to Sept. 2003 | Oct. 2003 to Sept. 2004 | Oct. 2004 to Sept. 2005 |
|------------------|-------------------------|-------------------------|-------------------------|
| Tomatoes | 186.1 | 220.6 | 236.7 |
| Potatoes | 41.0 | 50.6 | 45.0 |
| Other vegetables | 170.3 | 228.1 | 256.0 |
| Total | 397.4 | 499.3 | 537.7 |

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.
(Vegetable Production Department).

II-6 - CITRUS FRUITS

(in thousands of tonnes)

| | October 02 to July 03 | | October 03 to July 04 | | October 04 to July 05 | |
|---------------|-----------------------|-------------|-----------------------|-------------|-----------------------|-------------|
| | Production | Exportation | Production | Exportation | Production | Exportation |
| Oranges | 800 | 274 | 700 | 230 | 821 | 227 |
| Clementines | 419 | 139 | 366 | 142 | 414 | 170 |
| Miscellaneous | 96 | 71 | 72 | 66 | 85 | 93 |
| Total | 1 315 | 484 | 1 138 | 438 | 1 320 | 490 |

Source : Ministry of Agriculture, Rural Development and sea Fisheries.
(Vegetable Production Department).

II-7 - SUGAR - BEET CROPS AND SUGAR PRODUCTION

| | Harvested area (hectares) | Crops (tonnes) | Yield (tonnes per hectare) | Sugar production* (tonnes) |
|------------------|---------------------------|------------------|----------------------------|----------------------------|
| 2003-2004 | | | | |
| Gharb | 14 200 | 729 946 | 51.4 | }132 804 |
| Loukkos | 4 074 | 211 119 | 51.8 | |
| Tadla | 17 043 | 916 370 | 53.8 | 117 107 |
| Doukkala | 19 586 | 1 088 051 | 55.6 | 143 317 |
| Moulouya | 4 450 | 244 549 | 55.0 | 30 040 |
| Total | 59 353 | 3 165 600 | 53.3 | 423 268 |
| 2004-2005 | | | | |
| Gharb | 17 577 | 716 139 | 40.7 | }119 657 |
| Loukkos | 5 563 | 158 108 | 28.4 | |
| Tadla | 19 994 | 1 248 332 | 62.4 | 118 492 |
| Doukkala | 21 704 | 1 238 248 | 57.1 | 153 547 |
| Moulouya | 4 367 | 223 833 | 51.3 | 26 279 |
| Total | 69 205 | 3 485 660 | 51.8 | 417 975 |

(*) Data provided by the Ministry of Industry, Trade and Telecommunications and economy upgrading.

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.
(Vegetable Production Department).

II-8 - SUGAR - CANE CROPS AND SUGAR PRODUCTION

| | Harvested area (hectares) | Crops (tonnes) | Yield (tonnes per hectare) | Sugar production* (tonnes) |
|--------------|---------------------------|----------------|----------------------------|----------------------------|
| 2004 | | | | |
| Gharb | 10 220 | 595 000 | 58.2 | } 84 928 |
| Loukkos | 4 290 | 277 000 | 64.6 | |
| Total | 14 510 | 872 000 | 60.1 | 84 928 |
| 2005 | | | | |
| Gharb | 9 217 | 527 802 | 57.3 | } 53 828 |
| Loukkos | 4 167 | 258 452 | 62.0 | |
| Total | 13 384 | 786 254 | 58.7 | 53 828 |

(*) Data provided by the Ministry of Industry, Trade and Economy upgrading.
Source : Ministry of Agriculture, Rural Development and Sea Fisheries.
 (Vegetable Production Department).

II-9 - OLIVE-GROWING

(thousands of tonnes)

| | Crops End of 2003 - Beginning of 2004 | Crops End of 2004 - Beginning of 2005* | Crops End of 2005 - Beginning of 2006** |
|---------------------|---|--|---|
| Production d'olives | 1 000 | 500 | 700 |
| Production d'huile | 100 | 50 | 70 |

(*) Revised.

(**) Preliminary.

Source : Ministry of Agriculture, Rural Development and sea Fisheries.
 (Vegetable Production Department).

II-10 - OLEAGINOUS PLANTS

| | 2003-2004 | | | 2004-2005 | | |
|-----------|--------------------------------|----------------------------|------------------------------|--------------------------------|----------------------------|------------------------------|
| | Harvested area (1000 hectares) | Production (1000 quintals) | Yield (Quintals per hectare) | Harvested area (1000 hectares) | Production (1000 quintals) | Yield (Quintals per hectare) |
| Sunflower | 63.8 | 347.0 | 5.4 | 53.3 | 182.0 | 3.4 |
| Groundnut | 20.0 | 450.0 | 22.5 | 19.5 | 487.0 | 25.0 |

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.
(Vegetable Production Department).

II-11 - VINE GROWING

| | 2003 | | 2004 | | 2005 | |
|-----------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
| | Area (hectares) | Production (tonnes) | Area (hectares) | Production (tonnes) | Area (hectares) | Production (tonnes) |
| Dessert grapes | 39 600 | 257 000 | 39 400 | 216 000 | 39 400 | 231 000 |
| Wine-producing grapes | 10 400 | 85 000 | 10 800 | 99 000 | 10 800 | 103 000 |
| Total | 50 000 | 342 000 | 50 200 | 315 000 | 50 200 | 334 000 |

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.
(Vegetable Production Department).

II-12 - STOCK FARMING ⁽¹⁾

(in thousands)

| | 2003 | 2004* | 2005** |
|--------------|---------------|---------------|---------------|
| Cattle | 2 689 | 2 728 | 2 722 |
| Sheep | 16 758 | 17 026 | 16 872 |
| Goats | 5 203 | 5 358 | 5 332 |
| Total | 24 650 | 25 112 | 24 926 |

(1) Census carried out in March-April 2005.

(*) Revised

(**) Preliminary.

Source : Ministry of Agriculture, Rural Development and Sea Fisheries.
(Programming and Economic Affairs Department).

II-13 - MEAT SUPPLIED FOR CONSUMPTION

(in thousands of tonnes)

| | 2003 | 2004* | 2005** |
|-------------------|------------|------------|------------|
| Red meat | 313 | 316 | 400 |
| Cattle | 150 | 152 | - |
| Sheep | 105 | 106 | - |
| Goats | 13 | 13 | - |
| Other | 45 | 45 | - |
| White meat | 320 | 338 | 360 |

(*) Revised.

(**) Preliminary.

Source : Ministry of Agriculture, Rural Development and Sea Fisheries
(Stock farming Department).

II-14 - SEA FISHERIES

(in thousands of tonnes)

| | 2004* | 2005** |
|--------------------------------------|--------------|--------------|
| Production | 892.2 | 929.9 |
| Deep-sea fishing | 29.8 | 64.5 |
| Coastal fishing | 862.4 | 865.4 |
| Consumption of fresh products | 317.9 | 337.2 |
| Processing | 532.0 | 520.6 |
| Canned fish | 143.0 | 132.4 |
| Fish meal and fish oil | 360.4 | 340.6 |
| Freezing | 28.6 | 47.6 |
| Exports | 280.8 | 352.6 |
| Fresh and freezed fish | 60.3 | 63.6 |
| Crustaceans and molluscs | 48.9 | 78.2 |
| Canned fish | 120.1 | 133.8 |
| Fish meal and fish oil | 51.5 | 77.0 |

(*) Revised.

(**) Preliminary.

Sources : - Production : Ministry of Agriculture, Rural Development and Sea Fisheries
and National Fishing Office.
- Exports : Foreign Exchange Office.

III-1 - MAIN MINERAL PRODUCTS

(in thousands of tonnes)

| | Production ⁽¹⁾ | | | Exports ⁽²⁾ | | |
|--------------------------------|---------------------------|-----------------|-----------------|------------------------|-----------------|-----------------|
| | 2003 | 2004* | 2005** | 2003 | 2004* | 2005** |
| Phosphate rock | 22 877.0 | 25 369.0 | 27 254.0 | 11 010.0 | 11 828.3 | 13 306.9 |
| Other non-metallic ores | | | | | | |
| . Barite | 358.5 | 355.8 | 475.7 | 324.9 | 312.6 | 330.9 |
| . Fluorspar | 81.2 | 112.1 | 114.7 | 72.8 | 103.1 | 79.7 |
| . Salt | 236.7 | 253.8 | 319.9 | 94.7 | - | - |
| . Bentonite | 67.7 | 85.4 | 54.4 | 60.9 | - | - |
| Metallic ores | | | | | | |
| . Zinc ore | 136.4 | 146.2 | 151.3 | 209.3 | 179.8 | 220.6 |
| . Lead ore | 54.8 | 44.7 | 59.9 | 26.7 | 33.0 | 30.6 |
| . Iron ore | 6.3 | 9.9 | 8.1 | - | - | 11.0 |
| . Copper ore | 17.5 | 14.2 | 12.7 | 19.8 | 12.4 | 14.8 |
| . Manganèse | - | 9.0 | 11.3 | - | - | 7.8 |

(*) Revised.

(**) Preliminary.

Source : (1) Production : Ministry of Energy and Mining.

(2) Exports : Foreign Exchange Office.

III-2 - INDEX OF MINERAL PRODUCTION

(1992=100)

| | Weighting | 2003 | 2004* | 2005** | Percentage changes |
|----------------------|--------------|--------------|--------------|--------------|--------------------|
| | | | | | 2005 |
| | | | | | 2004 |
| Overall index | 100.0 | 110.1 | 119.0 | 126.8 | 6.6 |
| - Phosphates | 78.65 | 119.5 | 132.5 | 142.4 | 7.5 |
| - Metallic ores | 16.50 | 60.8 | 51.5 | 51.7 | 0.4 |

(*) Revised.

(**) Preliminary.

Source : High Commission for Planning (Department of Statistics).

III-3 - ENERGY BALANCE

(in thousands of "tonnes oil equivalent", T.O.E.)

| | 2003 | | 2004* | | 2005** | |
|--|---------------|------------|---------------|------------|---------------|------------|
| | Total | % | Total | % | Total | % |
| Consumption | 10 010 | 100 | 11 522 | 100 | 12 397 | 100 |
| - Coal | 3 481 | 31.6 | 3 620 | 31.4 | 3 900 | 31.5 |
| - Petroleum products | 6 682 | 60.7 | 6 983 | 60.6 | 7 454 | 60.1 |
| - Natural gas | 46 | 0.4 | 52 | 0.5 | 410 | 3.3 |
| - Hydro-electricity, wind power electricity and imported electricity | 801 | 7.3 | 867 | 7.5 | 633 | 5.1 |
| Of which : | | | | | | |
| Domestic products | 730 | 100 | 624 | 100 | 576 | 100 |
| - Anthracite | 245 | 33.6 | 95 | 15.2 | 109 | 18.9 |
| - Oil and natural gas | 57 | 7.8 | 61 | 9.8 | 46 | 8.0 |
| - Hydro-electricity and wind power electricity | 428 | 58.6 | 468 | 75.0 | 421 | 73.1 |
| Deficit | 10 280 | | 10 898 | | 11 821 | |
| - As a percentage of overall consumption | | 93.4 | | 94.6 | | 95.4 |

(*) Revised.

(**) Preliminary.

Source : Ministry of Energy and Mining and High Commission for Planning
(Department of Statistics).

III-4 - ENERGY PRODUCTION

| | 2003 | 2004* | 2005** | Percentage changes |
|--|---------|----------|----------|--------------------|
| | | | | 2005 |
| | | | | 2004 |
| Extraction activity | | | | |
| Crude oil (1 000 t) | 11.8 | 32.3 | 32.3 | - |
| Natural gas (millions m³) | 60.5 | 39.5 | 39.5 | - |
| Processing activity | | | | |
| Refineries' production (1000 t) ⁽¹⁾ | 4 182.0 | 5 676.0 | 6 352.0 | 11.9 |
| Net electricity production (millions kWh) | 15 341 | 16 410 | 18 701 | 14.0 |
| Of which : Concession electricity (thermic and wind power) | (9 563) | (10 158) | (12 260) | (20.7) |

(*) Revised.

(**) Preliminary.

(1) Excluding non energy oil products (bitumen and lubricants).

Sources : Ministry of Energy and Mining and National Electricity Office.

III-5 - ENERGY PRODUCTION EXPRESSED IN TONNES OIL EQUIVALENT (TOE)

| In thousands of Tonnes Oil Equivalent (TOE) | 2004* | | | 2005** | | |
|---|--------------|--------------------|--------------|---------------|--------------------|-------------------|
| | Quantities | Percentage changes | Structure | Quantities | Percentage changes | Structure changes |
| Total production ⁽¹⁾ | 9 943 | 21.7 | 100.0 | 11 215 | 12.8 | 100.0 |
| Of which : | | | | | | |
| . Refined petroleum ⁽²⁾ | 5 676 | 35.7 | 57.1 | 6 352 | 11.9 | 56.6 |
| . Electricity | 4 267 | 7.0 | 42.9 | 4 863 | 14.0 | 43.4 |

(*) Revised.

(**) Preliminary.

(1) Total output of energy calculated from data provided by the Ministry of Energy and Mining and the National Electricity Office on the basis of a conversion coefficient of 0.26 TOE per 1000 kWh for electricity.

(2) Excluding non-energy products (bitumen and lubricants).

III-6 - TOTAL ENERGY CONSUMPTION

| | 2003 | 2004* | 2005** | Percentage changes |
|--|---------------|---------------|---------------|--------------------|
| | | | | 2005 2004 |
| Petroleum products (1 000 t) | 6 682 | 6 983 | 7 454 | 6.7 |
| - Light distillates | 3 878 | 4 020 | 4 140 | 3.0 |
| . Standard petrol | 73 | 50 | 13 | - 74.0 |
| . Super petrol | 312 | 330 | 365 | 10.6 |
| . Planes kerosene | 292 | 321 | 353 | 10.0 |
| . Gas-oil | 3 138 | 3 287 | 3 384 | 3.0 |
| . Miscellaneous | 63 | 32 | 25 | - 21.9 |
| - Liquefied gas | 1 340 | 1 423 | 1 464 | 2.9 |
| . Butane | 1 226 | 1 288 | 1 330 | 3.3 |
| . Propane | 114 | 135 | 134 | - 0.7 |
| - Fuel-oil | 1 464 | 1 540 | 1 850 | 20.1 |
| . Quantities used for electricity production | 529 | 574 | 815 | 42.0 |
| . Other | 935 | 966 | 1 035 | 7.1 |
| Coal (1 000 t) | 5 340 | 5 510 | 5 938 | 7.8 |
| . Quantities used for electricity production | 4 371 | 4 765 | 4 941 | 3.7 |
| . Other | 969 | 745 | 997 | 33.8 |
| Natural gas (millions m3) | 61 | 68 | 539 | 692.6 |
| of which : Tahaddart's consumption | - | - | 348 | - |
| Electricity O.N.E. (millions kWh) | 14 522 | 15 675 | 16 968 | 8.2 |
| of which : external contribution | 1 437 | 1 535 | 815 | - 46.9 |

(*) Revised.

(**) Preliminary.

Sources : Ministry of Energy and Mining and National Electricity Office.

III-7 - FINAL ENERGY CONSUMPTION ⁽¹⁾

| In thousands of Tonnes Oil Equivalent (TOE) | 2004* | | | 2005** | | |
|--|---------------|--------------------|------------|---------------|--------------------|-------------------|
| | Quantities | Percentage changes | Structure | Quantities | Percentage changes | Structure changes |
| Final energy consumption ⁽²⁾ | 11.026 | 3.9 | 100 | 11 758 | 6.6 | 100 |
| . Petroleum products | 6 458 | 4.3 | 58.6 | 6 688 | 3.6 | 56.9 |
| of which : | | | | | | |
| (Gas oil) | (3 284) | (4.8) | (29.8) | (3 381) | (3.0) | (28.8) |
| . Electricity | 4 076 | 7.9 | 37.0 | 4 412 | 8.2 | 37.5 |
| . Coal | 492 | - 23.1 | 4.4 | 658 | 33.7 | 5.6 |

(1) Final energy consumption is equal to primary consumption less energy products consumed by the National Electricity Office.

(2) Final energy consumption is calculated on the basis of data provided by the Ministry of Energy and Mining and the National Electricity Office (ONE) on the basis of a conversion coefficient of 0.26 TOE per 1000 kWh for electricity and 0.66 TOE per tonne for coal.

(*) Revised.

(**) Preliminary.

IV-1 - INDICES OF MANUFACTURING PRODUCTION

(1992=100)

| | Weighting | 2003 | 2004 | 2005 | Percentage changes | |
|--|-------------|--------------|--------------|--------------|--------------------|--------------|
| | | | | | 2004 | 2005 |
| | | | | | 2003 | 2004 |
| Food, beverages and tobacco industries | 249 | 143.2 | 150.8 | 154.4 | 5.3 | 2.4 |
| . Staple foods ⁽¹⁾ | 184 | 145.3 | 152.2 | 158.3 | 4.7 | 4.0 |
| . Beverages and tobacco | 65 | 137.5 | 146.8 | 143.4 | 6.8 | - 2.3 |
| Textiles, clothing and leather industries | 223 | 110.5 | 110.0 | 107.7 | - 0.5 | - 2.1 |
| . Textiles and knitting mills | 113 | 98.6 | 100.1 | 99.2 | 1.5 | - 0.9 |
| . Wearing apparel except footwear | 90 | 120.8 | 119.5 | 114.7 | - 1.1 | - 4.0 |
| . Tanning and leather footwear | 20 | 130.9 | 123.7 | 123.5 | - 5.5 | - 0.2 |
| Chemical and paracheical industries | 218 | 152.8 | 157.0 | 161.7 | 2.7 | 3.0 |
| . Chemical and paracheical products | 151 | 149.3 | 154.6 | 159.1 | 3.5 | 2.9 |
| . Rubber and plastic manufactures | 30 | 130.7 | 127.3 | 114.0 | - 2.6 | - 10.4 |
| . Paper and cardboard, printing | 37 | 185.0 | 190.9 | 210.8 | 3.2 | 10.4 |
| Mechanical, metallurgical, electrical and electronic industries | 181 | 141.3 | 144.0 | 148.9 | 1.9 | 3.4 |
| . Basic metal industries | 22 | 188.7 | 186.4 | 213.1 | - 1.2 | 14.3 |
| . Metal works except machinery | 61 | 138.8 | 141.0 | 143.9 | 2.0 | 1.6 |
| . Machinery and equipment | 20 | 123.0 | 125.0 | 125.2 | 1.6 | 0.2 |
| . Transport equipment | 41 | 134.1 | 139.5 | 138.5 | 4.0 | - 0.9 |
| . Electrical and electronic equipment | 34 | 135.0 | 137.4 | 143.3 | 1.8 | 4.3 |
| . Office machinery, measuring equipment, optical goods, clocks | 2 | 126.1 | 139.5 | 139.0 | 10.6 | - 0.4 |
| . Other manufactures | 1 | 100.1 | 92.2 | 91.3 | - 7.9 | - 1.0 |
| Wood and building materials | 129 | 142.1 | 149.6 | 160.2 | 5.3 | 7.0 |
| . Timber and woodworking | 21 | 126.0 | 135.9 | 136.6 | 7.9 | 0.5 |
| . Processed quarry products | 108 | 145.2 | 152.3 | 164.9 | 4.9 | 8.1 |
| Total manufacturing | 1000 | 137.4 | 141.6 | 145.2 | 3.1 | 2.5 |

(1) Food products (branch 10) and other food products (branch 11).

Source : High Commission for Planning (Department of Statistics).

V-1 - TOURIST ARRIVALS

| | 2003 | 2004 | 2005 | Percentage changes |
|---------------------------------------|------------------|------------------|------------------|--------------------|
| | | | | 2005 2004 |
| I . Foreign tourists | 2 483 812 | 2 987 101 | 3 289 010 | + 10.1 |
| A. On-shore | 2 223 875 | 2 731 438 | 3 055 552 | + 11.9 |
| European Union countries | 1 777 264 | 2 221 083 | 2 490 772 | + 12.1 |
| Of which : | | | | |
| . France | 916 147 | 1 167 088 | 1 337 204 | + 14.6 |
| . Spain | 231 156 | 317 119 | 367 811 | + 16.0 |
| . Germany | 129 391 | 146 269 | 144 200 | - 1.4 |
| . United Kingdom | 134 009 | 169 152 | 193 552 | + 14.4 |
| . Italy | 100 001 | 112 807 | 120 955 | + 7.2 |
| Other European countries | 103 171 | 112 564 | 117 383 | + 4.3 |
| America | 107 877 | 127 974 | 140 194 | + 9.5 |
| Of which : | | | | |
| . United States | 64 445 | 76 889 | 82 980 | + 7.9 |
| . Canada | 27 606 | 31 321 | 36 825 | + 17.6 |
| . Argentina | 3 433 | 5 001 | | |
| Middle East (*) | 69 067 | 74 873 | 81 376 | + 8.7 |
| Maghreb | 73 225 | 81 969 | 93 549 | + 14.1 |
| Other African countries | 39 547 | 50 554 | 60 001 | + 18.7 |
| Asia | 34 743 | 39 993 | 44 907 | + 12.3 |
| Other countries | 18 981 | 22 428 | 27 370 | + 22.0 |
| B. Off-shore (cruising) | 259 937 | 255 663 | 233 458 | - 8.7 |
| II . Moroccans resident abroad | 2 537 396 | 2 769 132 | 2 787 825 | + 0.7 |
| Total | 5 021 208 | 5 756 233 | 6 076 835 | + 5.6 |

(*) Including Egypt.

Source : Ministry of Tourism, Handicraft and Social Economy

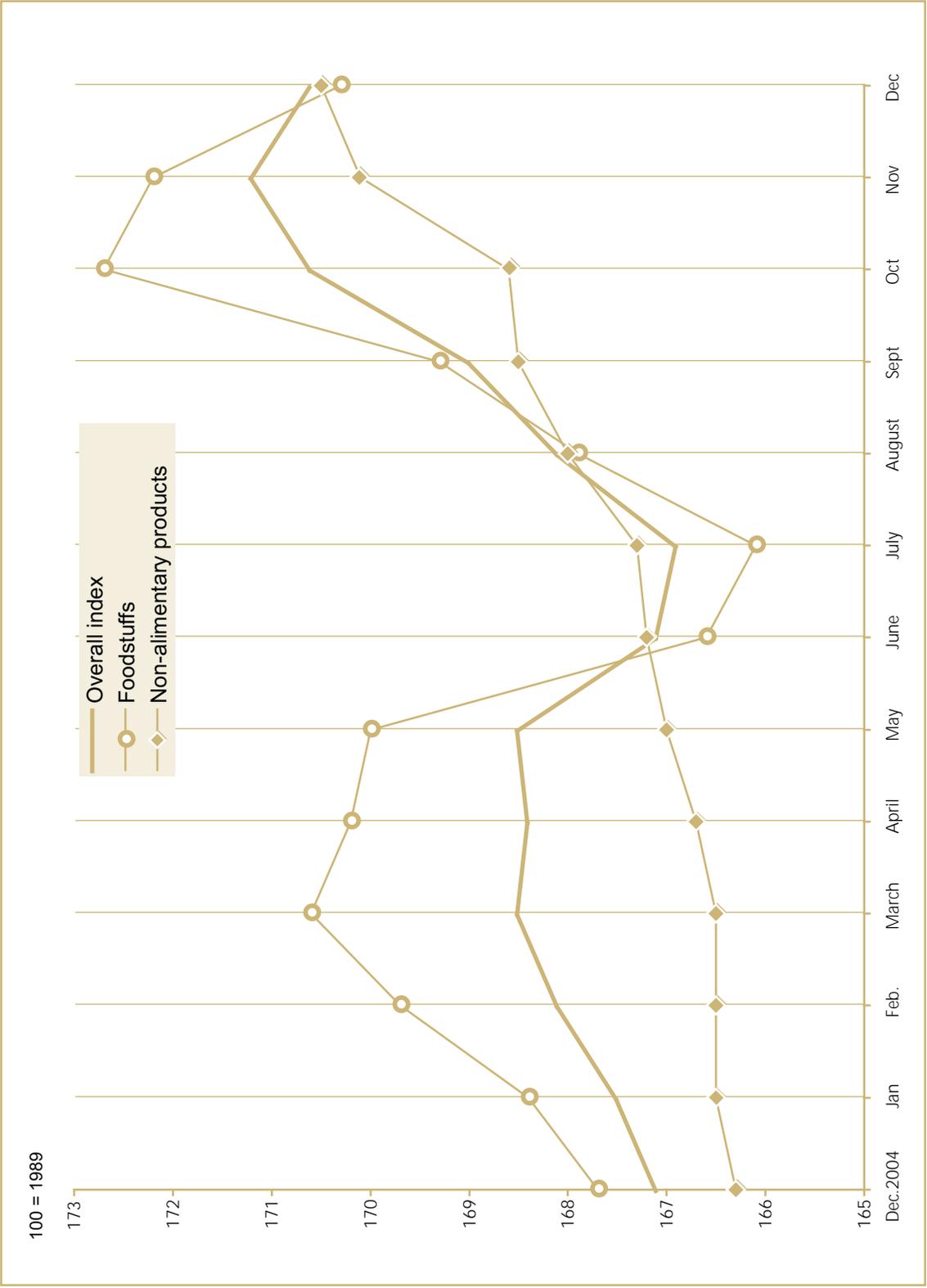
VI-1 - COST OF LIVING INDEX (385 ITEMS)

1989=100

| Groups of products | 2004 | | | | | | | | | | | | 2005 | | | | | | | | | | | | Percentage changes in % | | | |
|-----------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|------|------|------|-----|-------|-------|------|-------------------------|----------------|--------|----------------|
| | Annual average | Dec. | | | | | | | | | | | Annual average | Dec. | Nov. | Oct. | Sept. | Aug. | July | June | May | April | March | Feb. | Janv. | Annual average | Dec.05 | 2005* 2004* |
| | | 167.7 | 146.5 | 146.7 | 146.8 | 146.9 | 147.0 | 146.8 | 146.7 | 170.0 | 166.6 | 166.1 | | | | | | | | | | | | | | | | |
| Foodstuffs | 169.0 | 167.7 | 168.4 | 169.7 | 170.6 | 170.2 | 170.0 | 166.6 | 166.1 | 167.9 | 169.3 | 172.7 | 172.2 | 170.3 | 169.5 | + 1.6 | + 0.3 | | | | | | | | | | | |
| Of which : | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cereals and cereal-based products | 145.7 | 146.5 | 146.5 | 146.8 | 146.9 | 147.0 | 146.8 | 146.7 | 146.7 | 146.8 | 146.9 | 147.1 | 147.4 | 147.9 | 147.0 | + 1.0 | + 0.9 | | | | | | | | | | | |
| Milk, dairy products and eggs | 143.1 | 146.2 | 144.0 | 143.4 | 143.4 | 143.3 | 142.0 | 141.8 | 141.8 | 146.1 | 147.6 | 152.8 | 150.1 | 149.1 | 145.6 | + 2.0 | + 1.7 | | | | | | | | | | | |
| Fats | 146.9 | 149.3 | 152.9 | 153.7 | 153.8 | 154.0 | 151.6 | 151.6 | 152.1 | 152.3 | 154.2 | 156.0 | 156.6 | 162.2 | 154.3 | + 8.6 | + 5.0 | | | | | | | | | | | |
| Meat | 188.9 | 189.9 | 188.8 | 187.7 | 187.2 | 185.8 | 182.7 | 180.9 | 181.0 | 182.9 | 183.0 | 182.7 | 182.5 | 181.9 | 183.9 | - 4.2 | - 2.6 | | | | | | | | | | | |
| Fresh fish | 178.9 | 184.5 | 179.6 | 179.2 | 187.5 | 188.8 | 183.9 | 176.2 | 172.9 | 182.0 | 182.1 | 193.8 | 189.4 | 181.4 | 183.1 | - 1.7 | + 2.3 | | | | | | | | | | | |
| Fresh vegetables | 183.5 | 181.9 | 188.4 | 201.4 | 209.7 | 195.0 | 167.4 | 157.6 | 158.7 | 164.7 | 178.1 | 203.9 | 200.3 | 195.0 | 185.0 | + 7.2 | + 0.8 | | | | | | | | | | | |
| Fresh fruit | 230.4 | 163.6 | 170.8 | 182.2 | 180.5 | 212.1 | 292.0 | 250.5 | 234.9 | 222.0 | 217.3 | 224.3 | 225.5 | 189.2 | 216.8 | +15.6 | - 5.9 | | | | | | | | | | | |
| Non-alimentary products | 165.3 | 166.3 | 166.5 | 166.5 | 166.5 | 166.7 | 167.0 | 167.2 | 167.3 | 168.0 | 168.5 | 168.6 | 170.1 | 170.5 | 167.8 | + 2.5 | + 1.5 | | | | | | | | | | | |
| Clothing | 169.2 | 169.6 | 169.9 | 170.0 | 170.1 | 169.9 | 169.9 | 170.3 | 170.3 | 170.5 | 170.5 | 171.0 | 171.2 | 171.1 | 170.4 | + 0.9 | + 0.7 | | | | | | | | | | | |
| Housing | 169.8 | 170.8 | 171.2 | 171.5 | 171.6 | 171.8 | 171.9 | 171.9 | 172.1 | 172.3 | 172.3 | 172.4 | 172.5 | 172.6 | 172.0 | + 1.1 | + 1.3 | | | | | | | | | | | |
| Household equipment | 140.6 | 141.1 | 141.1 | 141.2 | 141.3 | 141.3 | 141.2 | 141.3 | 141.6 | 142.7 | 142.9 | 142.9 | 143.0 | 143.2 | 142.0 | + 1.5 | + 1.0 | | | | | | | | | | | |
| Medical care | 149.3 | 150.7 | 150.7 | 150.7 | 150.8 | 150.8 | 150.8 | 150.9 | 151.0 | 151.0 | 151.0 | 151.0 | 151.4 | 151.4 | 151.0 | + 0.5 | + 1.1 | | | | | | | | | | | |
| Transport and communications | 165.1 | 167.4 | 167.4 | 167.4 | 167.4 | 167.5 | 169.5 | 169.7 | 169.7 | 173.6 | 175.3 | 175.4 | 183.7 | 184.9 | 172.6 | + 10.5 | + 4.5 | | | | | | | | | | | |
| Leisure and culture | 172.4 | 173.6 | 173.6 | 173.5 | 173.5 | 173.5 | 173.5 | 173.5 | 173.5 | 173.5 | 174.5 | 175.2 | 175.1 | 175.4 | 174.0 | + 1.0 | + 0.9 | | | | | | | | | | | |
| Other goods and services | 174.6 | 175.2 | 175.1 | 175.3 | 175.4 | 175.5 | 175.6 | 175.8 | 175.9 | 176.2 | 176.3 | 176.2 | 177.3 | 178.7 | 176.1 | + 2.0 | + 0.9 | | | | | | | | | | | |
| Overall index | 167.1 | 167.1 | 167.5 | 168.1 | 168.5 | 168.4 | 168.5 | 167.1 | 166.9 | 168.1 | 169.0 | 170.6 | 171.2 | 170.6 | 168.7 | + 2.1 | + 1.0 | | | | | | | | | | | |

(*) Annual average.
Source : High Commission for Planning (Department of Statistics).

COST OF LIVING INDEX - YEAR 2005



VI-2 - INDEX OF INDUSTRIAL PRODUCER PRICES (*)

(1997 = 100)

| | Weighting % | Annual average 2004 | 2005 | | | | | Percentage changes | | |
|--|-------------|---------------------|--------------|--------------|--------------|--------------|----------------|--------------------|--------------|--------------|
| | | | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Annual average | 2004 | | 2005 |
| | | | | | | | | 2003 | 2004 | 2005 |
| Food industries | 28.9 | 105.9 | 105.7 | 105.1 | 105.0 | 105.6 | 105.4 | + 1.7 | + 1.7 | - 0.5 |
| Tobacco industry | 3.1 | 113.6 | 116.1 | 116.1 | 116.1 | 116.1 | 116.1 | + 0.2 | + 0.2 | + 2.2 |
| Textile industry | 6.5 | 97.2 | 96.9 | 96.9 | 96.9 | 96.9 | 96.9 | - 0.4 | - 0.4 | - 0.3 |
| Clothing industry | 6.7 | 96.8 | 96.8 | 96.2 | 95.9 | 95.4 | 96.1 | - | - | - 0.7 |
| Leather and footwear | 1.6 | 97.2 | 97.2 | 97.2 | 97.2 | 98.1 | 97.4 | + 0.2 | + 0.2 | + 0.2 |
| Wood and wood products | 1.8 | 100.3 | 100.3 | 102.3 | 103.3 | 103.3 | 102.3 | + 2.8 | + 2.8 | + 2.0 |
| Paper and cardboard | 2.6 | 88.2 | 87.6 | 88.0 | 87.6 | 87.0 | 87.6 | - 1.3 | - 1.3 | - 0.7 |
| Printing and publishing | 1.4 | 96.5 | 96.5 | 96.5 | 96.5 | 96.5 | 96.5 | - | - | - |
| Oil refining | 13.3 | 152.9 | 166.6 | 200.5 | 238.1 | 247.5 | 213.2 | +15.0 | +15.0 | + 39.4 |
| Chemical industry | 13.1 | 109.0 | 112.9 | 119.5 | 122.3 | 122.8 | 119.4 | +13.5 | +13.5 | + 9.5 |
| Rubber and plastic products | 2.0 | 92.8 | 92.7 | 95.0 | 96.3 | 96.5 | 95.1 | - 1.6 | - 1.6 | + 2.5 |
| Other non-metallic mineral products | 5.9 | 106.2 | 103.8 | 111.4 | 111.6 | 111.3 | 109.5 | - 0.2 | - 0.2 | + 3.1 |
| Basic metal industry | 3.2 | 111.3 | 121.0 | 122.4 | 124.0 | 124.3 | 122.9 | + 7.0 | + 7.0 | + 10.4 |
| Metalworking | 3.0 | 103.8 | 106.6 | 106.6 | 106.7 | 106.7 | 106.7 | + 1.2 | + 1.2 | + 2.8 |
| Machinery and equipment | 0.9 | 93.8 | 94.0 | 88.9 | 88.9 | 88.5 | 90.1 | + 3.4 | + 3.4 | - 3.9 |
| Electrical machinery and equipment | 2.0 | 110.3 | 115.1 | 114.9 | 114.6 | 114.6 | 114.8 | + 7.3 | + 7.3 | + 4.1 |
| Radio, television and communication equipment | 0.5 | 93.4 | 93.4 | 93.4 | 93.4 | 93.4 | 93.4 | - | - | - |
| Medical, precision, optical and watch-making instruments | 0.1 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | - | - | - |
| Car industry | 2.5 | 99.7 | 100.6 | 101.1 | 101.3 | 101.3 | 101.1 | + 0.1 | + 0.1 | + 1.4 |
| Other transport equipment | 0.1 | 95.8 | 100.5 | 99.9 | 99.9 | 99.9 | 100.1 | + 0.5 | + 0.5 | + 4.5 |
| Furniture and miscellaneous manufactures | 0.9 | 108.1 | 108.0 | 108.0 | 108.0 | 108.0 | 108.0 | + 1.0 | + 1.0 | - 0.1 |
| Overall index | 100 | 110.4 | 113.1 | 118.8 | 124.3 | 125.7 | 120.5 | + 4.9 | + 4.9 | + 9.1 |

(*) Prices excluding taxes and ex works.

Source : High Commission for Planning (Department of Statistics).

VI-3 - INDICATORS OF EMPLOYMENT AND UNEMPLOYMENT

(Population in thousands and rates in percentage)

| | Urban areas | | | Rural areas | | | Total | | |
|--|-------------|--------|--|-------------|--------|--|--------|--------|--|
| | | | Changes in absolute value 2005/2004 ⁽²⁾ | | | Changes in absolute value 2005/2004 ⁽²⁾ | | | Changes in absolute value 2005/2004 ⁽²⁾ |
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | |
| Total population | 16 408 | 16 716 | + 308 | 13 414 | 13 473 | + 59 | 29 822 | 30 189 | + 367 |
| Population aged 15 years and over | 12 129 | 12 435 | + 306 | 8 806 | 8 946 | + 140 | 20 935 | 21 381 | + 446 |
| Labour force aged 15 years and over | 5 554 | 5 622 | + 68 | 5 461 | 5 518 | + 57 | 11 015 | 11 140 | + 125 |
| Of which : - Employed | 4 533 | 4 593 | + 60 | 5 289 | 5 320 | + 31 | 9 822 | 9 913 | + 91 |
| - Unemployed | 1 021 | 1 029 | + 8 | 172 | 198 | + 26 | 1 193 | 1 226 | + 34 |
| Activity rate⁽¹⁾ | 45.8 | 45.2 | - 0.6 | 62.0 | 61.7 | - 0.3 | 52.6 | 52.1 | - 0.5 |
| Unemployment rate | 18.4 | 18.3 | - 0.1 | 3.2 | 3.6 | + 0.4 | 10.8 | 11.0 | + 0.2 |
| • By gender | | | | | | | | | |
| Men | 16.6 | 16.3 | - 0.3 | 3.9 | 4.6 | + 0.7 | 10.6 | 11.8 | + 0.2 |
| Women | 24.3 | 24.8 | + 0.5 | 1.4 | 1.4 | 0.0 | 11.4 | 11.6 | + 0.2 |
| • By age | | | | | | | | | |
| 15 to 24 years | 33.2 | 32.7 | - 0.5 | 5.0 | 5.7 | + 0.7 | 15.4 | 15.7 | + 0.3 |
| 25 to 34 years | 26.0 | 26.0 | 0.0 | 4.1 | 4.5 | + 0.4 | 16.4 | 16.5 | + 0.1 |
| 35 to 44 years | 10.4 | 11.3 | + 0.9 | 1.7 | 2.5 | + 0.8 | 7.0 | 7.8 | + 0.8 |
| 45 years and over | 3.8 | 3.6 | - 0.2 | 0.7 | 0.7 | + 0.0 | 2.2 | 2.1 | - 0.1 |
| • By diploma | | | | | | | | | |
| Without any diploma | 10.5 | 10.0 | - 0.5 | 2.0 | 2.5 | 0.5 | 5.0 | 5.2 | + 0.2 |
| With diploma | 25.6 | 25.6 | 0.0 | 10.7 | 10.2 | - 0.5 | 22.6 | 22.4 | - 0.2 |

(1) Labour force aged 15 and over as a percentage of the total population aged 15 and over.

(2) For rates, this is a change in percentage points.

Source : High Commission for Planning (Department of Statistics).

VI-4 - EMPLOYMENT BY BRANCH OF ECONOMIC ACTIVITY ⁽¹⁾

(In thousands of persons)

| Branches of activity | Year | | Changes | |
|---|--------------|--------------|-------------------|---------------|
| | 2004 | 2005 | in absolute value | In percentage |
| Agriculture, forestry and fishing | 4 498 | 4 505 | + 8 | + 0.2 |
| Industry (including handicraft) | 1 250 | 1 227 | - 22 | - 1.8 |
| Construction and public works | 662 | 705 | + 43 | + 6.6 |
| Commerce | 1 247 | 1 281 | + 34 | + 2.7 |
| Transport and communication | 347 | 380 | + 33 | + 9.5 |
| Administration and social services to the community | 916 | 897 | - 20 | - 2.2 |
| Other services | 895 | 911 | + 17 | + 1.9 |
| Other activities | 7 | 7 | - | - |
| Total | 9 822 | 9 913 | + 91 | + 0.9 |

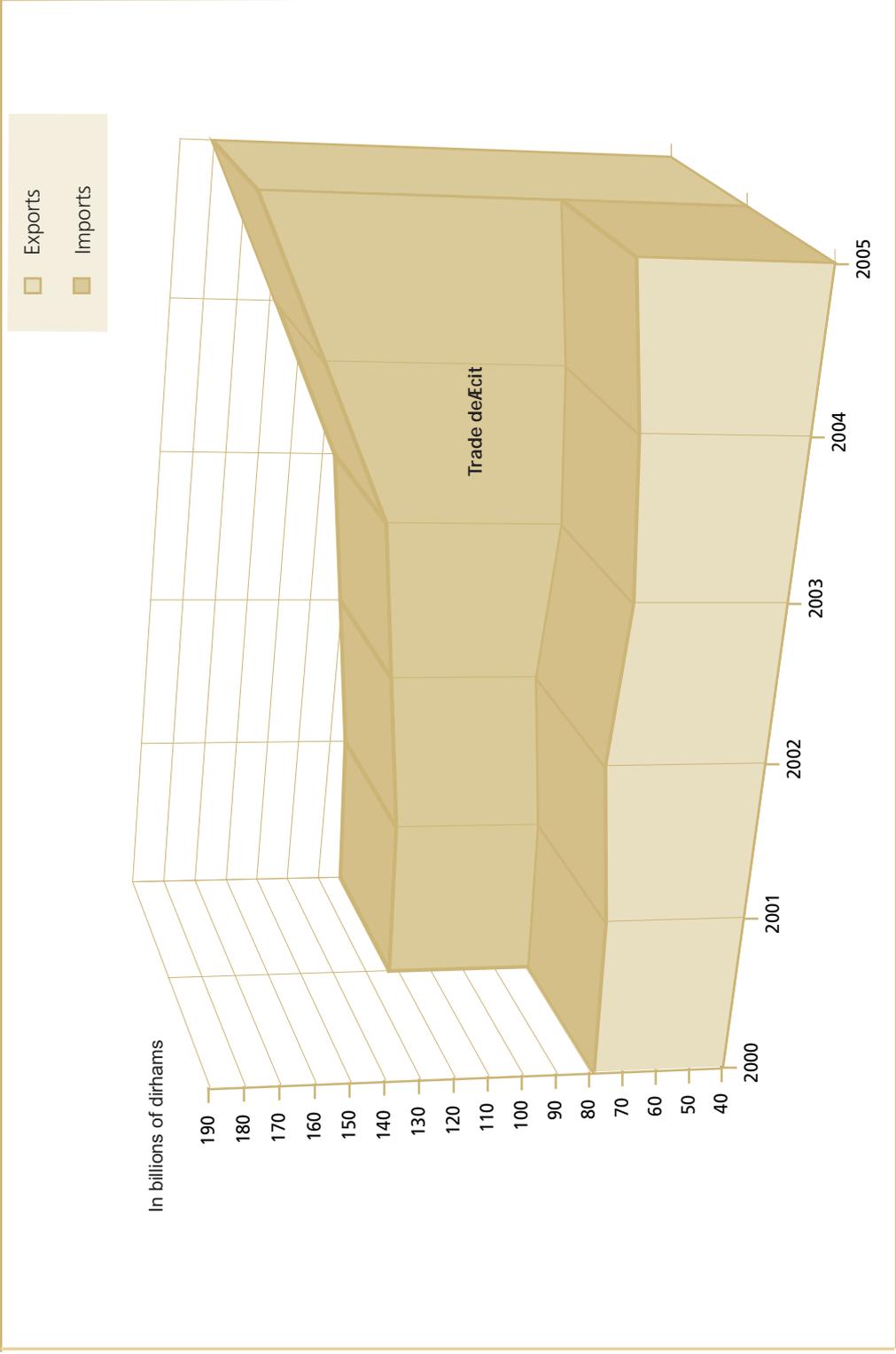
(1) Employment of persons aged 15 and over.
Source : High Commission for Planning (Department of Statistics).

VII-1 - STRUCTURE OF TRADE TRANSACTIONS

| Percentage share of the different categories | Imports | | Exports | |
|--|------------|------------|------------|------------|
| | 2004 | 2005 | 2004 | 2005 |
| Foodstuffs, beverages and tobacco | 8.6 | 8.6 | 17.7 | 19.8 |
| Energy and lubricants | 16.6 | 21.8 | 2.0 | 2.5 |
| Raw products | 6.8 | 6.3 | 9.8 | 11.0 |
| Semi-finished products ⁽¹⁾ | 23.5 | 22.2 | 26.5 | 27.8 |
| Finished products | 44.5 | 41.1 | 44.0 | 38.9 |
| . Capital goods | 22.1 | 20.4 | 7.6 | 6.5 |
| . Consumer goods | 22.4 | 20.7 | 36.4 | 32.4 |
| Total | 100 | 100 | 100 | 100 |

(1) Including industrial gold.

FOREIGN TRADE



VII-2 - MAJOR IMPORTS

| Weight in thousands of tonnes Value in millions of dirhams | 2004* | | 2005** | | Changes | | | |
|---|---------------|----------------|---------------|----------------|---------------------|-------------|---------------------|-------------|
| | Weight | Value | Weight | Value | Weight | | Value | |
| | | | | | Thousands of tonnes | % | Millions of dirhams | % |
| Foodstuffs, beverages and tobacco | 5 496 | 13 606 | 6 678 | 15 479 | 1 182 | 21.5 | 1 873 | 13.8 |
| Wheat | 2 644 | 4 941 | 2 632 | 4 147 | -12 | -0.5 | -794 | -16.1 |
| Maize | 1 223 | 1 789 | 1 620 | 2 068 | 397 | 32.5 | 279 | 15.6 |
| Barley | 200 | 275 | 767 | 1 102 | 567 | 283.5 | 827 | 300.7 |
| Sugar | 601 | 1 093 | 614 | 1 330 | 13 | 2.2 | 237 | 21.7 |
| Dairy products | 52 | 950 | 59 | 1 173 | 7 | 13.5 | 223 | 23.5 |
| Tea | 46 | 647 | 50 | 750 | 4 | 8.7 | 103 | 15.9 |
| Coffee | 33 | 261 | 29 | 309 | -4 | -12.1 | 48 | 18.4 |
| Tobacco | 11 | 635 | 10 | 739 | -1 | -9.1 | 104 | 16.4 |
| Other | 686 | 3 015 | 897 | 3 861 | 211 | 30.8 | 846 | 28.1 |
| Energy and lubricants | 14 136 | 26 214 | 15 644 | 39 269 | 1 508 | 10.7 | 13 055 | 49.8 |
| Crude oil | 6 098 | 14 539 | 7 055 | 23 947 | 957 | 15.7 | 9 408 | 64.7 |
| Refined petroleum products | 2 496 | 8 512 | 2 812 | 11 508 | 316 | 12.7 | 2 996 | 35.2 |
| Coal | 5 542 | 3 163 | 5 777 | 3 814 | 235 | 4.2 | 651 | 20.6 |
| Electricity | - | - | - | - | - | - | - | - |
| Raw products | 5 260 | 10 794 | 5 634 | 11 437 | 374 | 7.1 | 643 | 6.0 |
| Vegetable oils | 365 | 1 933 | 376 | 1 835 | 11 | 3.0 | -98 | -5.1 |
| Oilseeds | 456 | 1 332 | 609 | 1 623 | 153 | 33.6 | 291 | 21.8 |
| Timber | 770 | 2 042 | 817 | 2 297 | 47 | 6.1 | 255 | 12.5 |
| Textile fibers and cotton | 35 | 493 | 39 | 443 | 4 | 11.4 | -50 | -10.1 |
| Sulfur | 3 012 | 1 941 | 3 085 | 1 831 | 73 | 2.4 | -110 | -5.7 |
| Other | 622 | 3 053 | 708 | 3 408 | 86 | 13.8 | 355 | 11.6 |
| Semi-finished products (1) | 5 092 | 37 000 | 5 290 | 40 083 | 198 | 3.9 | 3 083 | 8.3 |
| Chemical products | 822 | 4 768 | 891 | 5 077 | 69 | 8.4 | 309 | 6.5 |
| Dyes and disinfectants | 43 | 1 386 | 41 | 1 275 | -2 | -4.7 | -111 | -8.0 |
| Natural and chemical fertilizers | 729 | 1 277 | 503 | 1 080 | -226 | -31.0 | -197 | -15.4 |
| Iron and steel | 1 328 | 5 071 | 1 411 | 5 340 | 83 | 6.3 | 269 | 5.3 |
| Other metal working products | 502 | 4 797 | 555 | 5 788 | 53 | 10.6 | 991 | 20.7 |
| Plastic materials | 359 | 4 154 | 377 | 4 898 | 18 | 5.0 | 744 | 17.9 |
| Paper and cardboard | 277 | 2 255 | 289 | 2 429 | 12 | 4.3 | 174 | 7.7 |
| Fiber and cotton yarns | 44 | 1 238 | 43 | 1 156 | -1 | -2.3 | -82 | -6.6 |
| Other | 988 | 12 054 | 1 180 | 13 040 | 192 | 19.4 | 986 | 8.2 |
| Agricultural capital goods | 32 | 1 229 | 30 | 1 336 | -2 | -6.3 | 107 | 8.7 |
| Industrial capital goods | 433 | 33 678 | 524 | 35 448 | 91 | 21.0 | 1 770 | 5.3 |
| Machines and miscellaneous equipment | 49 | 6 248 | 61 | 7 182 | 12 | 24.5 | 934 | 14.9 |
| Crushing machines | 26 | 1 127 | 29 | 1 447 | 3 | 11.5 | 320 | 28.4 |
| Textile machinery | 4 | 465 | 7 | 664 | 3 | 75.0 | 199 | 42.8 |
| Equipment of extraction | 24 | 838 | 31 | 1 134 | 7 | 29.2 | 296 | 35.3 |
| Tools and machine tools | 12 | 657 | 12 | 647 | - | - | -10 | -1.5 |
| Tanks, bottles and metal drums | 29 | 851 | 28 | 889 | -1 | -3.4 | 38 | 4.5 |
| Electrical switch gear | 9 | 1 622 | 8 | 1 524 | -1 | -11.1 | -98 | -6.0 |
| Power generators | 5 | 321 | 6 | 328 | 1 | 20.0 | 7 | 2.2 |
| Electrical appliance of telephony and telecommunications transmitters | 3 | 1 655 | 4 | 1 750 | 1 | 33.3 | 95 | 5.7 |
| Wires and cables for electricity | 22 | 1 846 | 24 | 2 059 | 2 | 9.1 | 213 | 11.5 |
| Aircraft | - | 1 113 | - | 1 190 | - | - | 77 | 6.9 |
| Industrial vehicles | 45 | 2 515 | 58 | 3 352 | 13 | 28.9 | 837 | 33.3 |
| Other | 205 | 14 420 | 256 | 13 282 | 51 | 24.9 | -1 138 | -7.9 |
| Consumer goods | 625 | 35 400 | 660 | 37 242 | 35 | 5.6 | 1 842 | 5.2 |
| Pharmaceutical products | 5 | 2 168 | 5 | 2 380 | - | - | 212 | 9.8 |
| Textile fibers and cotton | 89 | 7 585 | 86 | 7 115 | -3 | -3.4 | -470 | -6.2 |
| Plastic articles | 41 | 1 706 | 41 | 1 694 | - | - | -12 | -0.7 |
| Telecommunications receivers | 27 | 3 550 | 27 | 3 855 | - | - | 305 | 8.6 |
| Passenger cars | 51 | 3 904 | 65 | 5 028 | 14 | 27.5 | 1 124 | 28.8 |
| Spare parts | 26 | 834 | 29 | 965 | 3 | 11.5 | 131 | 15.7 |
| Other | 386 | 15 653 | 407 | 16 205 | 21 | 5.4 | 552 | 3.5 |
| Total | 31 074 | 157 921 | 34 460 | 180 294 | 3 386 | 10.9 | 22 373 | 14.2 |

(1) Including industrial gold.

(*) Revised.

(**) Preliminary.

Source : Foreign Exchange Office.

VII-3 - MAJOR EXPORTS

| Wheight in thousands Value in millions of dirhams | 2004* | | 2005** | | Changes | | | |
|--|---------------|---------------|---------------|---------------|---------------------|--------------|---------------------|-------------|
| | Weight | Value | Weight | Value | Weight | | Value | |
| | | | | | Thousands of tonnes | % | Millions of dirhams | % |
| Foodstuffs, beverages and tobacco | 1 585 | 15 582 | 1 691 | 18 669 | 106 | 6.7 | 3 087 | 19.8 |
| Citrus fruits | 426 | 2 234 | 560 | 2 995 | 134 | 31.5 | 761 | 34.1 |
| Early vegetables | 435 | 2 399 | 364 | 2 294 | -71 | -16.3 | -105 | -4.4 |
| Fresh fruits | 85 | 774 | 119 | 967 | 34 | 40.0 | 193 | 24.9 |
| Crustaceans molluscs and shellfish | 49 | 2 657 | 78 | 3 781 | 29 | 59.2 | 1 124 | 42.3 |
| Fresh fish | 60 | 1 350 | 64 | 1 566 | 4 | 6.7 | 216 | 16.0 |
| Canned fish | 120 | 3 148 | 134 | 3 621 | 14 | 11.7 | 473 | 15.0 |
| Canned fruits and vegetables | 101 | 1 325 | 86 | 1 235 | -15 | -14.9 | -90 | -6.8 |
| Fish meal | 24 | 148 | 55 | 311 | 31 | 129.2 | 163 | 110.1 |
| Other | 285 | 1 547 | 231 | 1 899 | -54 | -18.9 | 352 | 22.8 |
| Energy and lubricants | 958 | 1 762 | 903 | 2 316 | -55 | -5.7 | 554 | 31.4 |
| Raw animal and vegetable products | 245 | 2 579 | 247 | 3 336 | 2 | 0.8 | 757 | 29.4 |
| Vegetable oil | 24 | 482 | 32 | 1 017 | 8 | 33.3 | 535 | 111.0 |
| Paper pulp | 97 | 359 | 121 | 498 | 24 | 24.7 | 139 | 38.7 |
| Plants and flowers | 11 | 173 | 13 | 239 | 2 | 18.2 | 66 | 38.2 |
| Agar-agar | 1 | 176 | 1 | 173 | - | - | -3 | -1.7 |
| Cork | 11 | 112 | 9 | 70 | -2 | -18.2 | -42 | -37.5 |
| Bowels | 4 | 310 | 5 | 363 | 1 | 25.0 | 53 | 17.1 |
| Other | 97 | 967 | 66 | 976 | -31 | -32.0 | 9 | 0.9 |
| Raw mineral products | 14 737 | 6 053 | 18 626 | 7 111 | 3 889 | 26.4 | 1 058 | 17.5 |
| Phosphates | 11 828 | 3 729 | 13 307 | 4 553 | 1 479 | 12.5 | 824 | 22.1 |
| Zinc ore | 180 | 343 | 221 | 544 | 41 | 22.8 | 201 | 58.6 |
| Lead and copper ores | 45 | 221 | 46 | 223 | 1 | 2.2 | 2 | 0.9 |
| Scrap of cast, iron and steel | 407 | 756 | 306 | 563 | -101 | -24.8 | -193 | -25.5 |
| Other ores | 2 277 | 1 004 | 4 746 | 1 228 | 2 469 | 108.4 | 224 | 22.3 |
| Semi-finished products ⁽¹⁾ | 5 417 | 23 286 | 5 441 | 26 269 | 24 | 0.4 | 2 983 | 12.8 |
| Phosphoric acid | 2 170 | 6 320 | 2 181 | 7 620 | 11 | 0.5 | 1 300 | 20.6 |
| Natural and chemical fertilizers | 2 032 | 3 822 | 1 911 | 3 943 | -121 | -6.0 | 121 | 3.2 |
| Electronic devices (transistors) | 7 | 5 511 | 2 | 5 492 | -5 | -71.4 | -19 | -0.3 |
| Unwrought lead and silver | 22 | 488 | 50 | 872 | 28 | 127.3 | 384 | 78.7 |
| Hides and skins | - | 125 | - | 50 | - | - | -75 | -60.0 |
| Iron sheets | 134 | 834 | 130 | 879 | -4 | -3.0 | 45 | 5.4 |
| Other | 1 052 | 6 186 | 1 167 | 7 413 | 115 | 10.9 | 1 227 | 19.8 |
| Capital goods | 87 | 6 649 | 57 | 6 098 | -30 | -34.5 | -551 | -8.3 |
| Rubber products | 5 | 140 | 2 | 60 | -3 | -60.0 | -80 | -57.1 |
| Electronic under-systems | - | 108 | - | 133 | - | - | 25 | 23.1 |
| Wires and cables for electricity | 30 | 3 649 | 30 | 3 315 | - | - | -334 | -9.2 |
| Other | 52 | 2 752 | 25 | 2 590 | -27 | -51.9 | -162 | -5.9 |
| Consumer goods | 238 | 31 985 | 226 | 30 559 | -12 | -5.0 | -1 426 | -4.5 |
| Clothing | 77 | 18 676 | 70 | 17 637 | -7 | -9.1 | -1 039 | -5.6 |
| Hosiery | 51 | 7 641 | 48 | 6 795 | -3 | -5.9 | -846 | -11.1 |
| Shoes | 10 | 1 470 | 11 | 1 670 | 1 | 10.0 | 200 | 13.6 |
| Carpets | 2 | 143 | 2 | 138 | - | - | -5 | -3.5 |
| Fiber and cotton fabrics | 5 | 369 | 5 | 360 | - | - | -9 | -2.4 |
| Other | 93 | 3 686 | 90 | 3 959 | -3 | -3.2 | 273 | 7.4 |
| Total | 23 267 | 87 896 | 27 191 | 94 358 | 3 924 | 16.9 | 6 462 | 7.4 |

(1) Including industrial gold.

(*) Revised.

(**) Preliminary.

Source : Foreign Exchange Office.

VII-4 GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE

(In millions of dirhams)

| | Imports C.I.F. | | Exports F.O.B. | | Balances | |
|-------------------------------------|-------------------|----------------|-------------------|---------------|-----------------|-----------------|
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| EUROPE | 106 524 | 114 954 | 68 220 | 71 136 | - 38 304 | - 43 818 |
| European Union^(*) | 88 670 | 93 997 | 65 331 | 67 413 | -23 339 | -26 584 |
| France | 29 148 | 32 838 | 29 521 | 28 563 | 373 | - 4 275 |
| Spain | 19 246 | 19 826 | 15 358 | 16 974 | - 3 888 | - 2 852 |
| Germany | 9 329 | 8 544 | 3 004 | 2 838 | - 6 325 | - 5 706 |
| Italy | 10 312 | 11 034 | 4 100 | 4 900 | - 6 212 | - 6 134 |
| Great Britain | 5 217 | 4 084 | 6 710 | 5 857 | 1 493 | 1 773 |
| Netherlands | 2 621 | 3 499 | 2 025 | 2 772 | - 596 | - 727 |
| Belgium-Luxembourg Economic Union | 2 889 | 3 145 | 2 068 | 2 704 | - 821 | - 441 |
| Other E U countries | 9 908 | 11 027 | 2 545 | 2 805 | - 7 363 | - 8 222 |
| Other European countries | 17 854 | 20 957 | 2 889 | 3 723 | - 14 965 | - 17 234 |
| Russia | 9 263 | 12 191 | 772 | 1 224 | - 8 491 | - 10 967 |
| Turkey | 3 221 | 3 525 | 570 | 799 | - 2 651 | - 2 726 |
| ASIA | 28 536 | 38 676 | 7 352 | 9 550 | -21 184 | - 29 126 |
| Middle East countries | 12 874 | 19 695 | 1 620 | 2 220 | -11 254 | - 17 475 |
| Saudi Arabia | 8 468 | 12 200 | 520 | 750 | - 7 948 | - 11 450 |
| Iran | 2 454 | 5 007 | 345 | 347 | - 2 109 | - 4 660 |
| United Arab Emirates | 476 | 870 | 121 | 256 | - 355 | - 614 |
| Jordan | 20 | 41 | 128 | 139 | 108 | 98 |
| Other | 1 456 | 1 577 | 506 | 728 | - 950 | - 849 |
| Other Asian countries | 15 662 | 18 981 | 5 732 | 7 330 | - 9 930 | - 11 651 |
| Japan | 3 174 | 3 175 | 647 | 995 | - 2 527 | - 2 180 |
| India | 1 090 | 1 336 | 3 001 | 3 846 | 1 911 | 2 510 |
| Pakistan | 116 | 127 | 698 | 914 | 582 | 787 |
| China | 6 602 | 9 390 | 441 | 625 | - 6 161 | - 8 765 |
| Other | 4 680 | 4 953 | 945 | 950 | - 3 735 | - 4 003 |
| AMERICA | 15 686 | 15 760 | 7 009 | 6 484 | - 8 677 | - 9 276 |
| United States | 6 501 | 6 069 | 3 419 | 2 492 | - 3 082 | - 3 577 |
| Canada | 1 402 | 1 865 | 412 | 632 | - 990 | - 1 233 |
| Brazil | 3 961 | 4 015 | 2 312 | 2 296 | - 1 649 | - 1 719 |
| Mexico | 62 | 118 | 557 | 423 | 495 | 305 |
| Argentina | 2 234 | 2 287 | 31 | 161 | - 2 203 | - 2 126 |
| Other | 1 526 | 1 406 | 278 | 480 | - 1 248 | - 926 |
| AFRICA | 6 275 | 10 379 | 3 677 | 5 608 | - 2 598 | - 4 771 |
| Egypt | 863 | 1 422 | 211 | 202 | - 652 | - 1 220 |
| Maghreb-Arab Union countries | 2 613 | 4 805 | 1 379 | 1 218 | - 1 234 | - 3 587 |
| Algeria | 1 430 | 3 073 | 359 | 447 | - 1 071 | - 2 626 |
| Tunisia | 753 | 1 106 | 533 | 408 | - 220 | - 698 |
| Libya | 411 | 618 | 289 | 171 | - 122 | - 447 |
| Mauritania | 19 | 8 | 198 | 192 | 179 | 184 |
| Other | 2 799 | 4 152 | 2 087 | 4 188 | - 712 | 36 |
| OCEANIA AND OTHER | 900 | 525 | 1 638 | 1 580 | 738 | 1 055 |
| Total | 157 921 | 180 294 | 87 896 | 94 358 | -70 025 | -85 936 |

(*) Including the ten new members.

Source : Foreign Exchange Office.

VIII-1 - BALANCE OF PAYMENTS

(In millions of dirhams)

| | 2004* | | | 2005** | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Credit | Debit | Net | Credit | Debit | Net |
| A. CURRENT ACCOUNT | 196 373.1 | 187 821.8 | +8 551.3 | 221 612.4 | 210 473.1 | +11 139.3 |
| Goods | 87 900.5 | 145 406.1 | -57 505.6 | 94 358.0 | 166 043.0 | -71 685.0 |
| - General merchandise | 56 884.5 | 126 452.9 | -69 568.4 | 63 679.0 | 146 485.3 | -82 806.3 |
| - Goods for processing | 30 469.0 | 18 906.9 | +11 562.1 | 29 889.5 | 19 465.2 | +10 424.3 |
| - Goods procured in ports by carriers | 547.0 | 46.3 | +500.7 | 789.5 | 92.5 | +697.0 |
| Services | 59 479.7 | 30 559.5 | +28 920.2 | 71 934.1 | 34 017.4 | +37 916.7 |
| - Transportation | 9 089.6 | 12 181.4 | -3 091.8 | 11 515.2 | 14 002.3 | -2 487.1 |
| - Travel | 34 793.8 | 5 078.3 | +29 715.5 | 40 927.0 | 5 447.2 | +35 479.8 |
| - Communication services | 3 021.5 | 427.5 | +2 594.0 | 3 942.0 | 396.3 | +3 545.7 |
| - Insurance services | 836.4 | 723.4 | +113.0 | 635.1 | 709.8 | -74.7 |
| - Royalties and license fees | 143.9 | 325.1 | -181.2 | 113.5 | 402.8 | -289.3 |
| - Other business services | 8 006.4 | 6 097.3 | +1 909.1 | 10 147.6 | 6 510.3 | +3 637.3 |
| - Government services n i e | 3 588.1 | 5 726.5 | -2 138.4 | 4 653.7 | 6 548.7 | -1 895.0 |
| Income | 4 488.5 | 10 486.6 | -5 998.1 | 6 165.1 | 9 014.8 | -2 849.7 |
| - Private investment income | 535.2 | 6 091.4 | -5 556.2 | 993.6 | 4 943.2 | -3 949.6 |
| - Income on public investment and debt | 3 953.3 | 4 395.2 | -441.9 | 5 171.5 | 4 071.6 | +1 099.9 |
| Unrequited transfers | 44 504.4 | 1 369.6 | +43 134.8 | 49 155.2 | 1 397.9 | +47 757.3 |
| - Public | 1 692.6 | 475.4 | +1 217.2 | 2 410.8 | 330.0 | +2 080.8 |
| - Private | 42 811.8 | 894.2 | +41 917.6 | 46 744.4 | 1 067.9 | +45 676.5 |
| B CAPITAL AND FINANCIAL ACCOUNT | 37 278.6 | 26 546.9 | +10 731.7 | 51 465.1 | 38 511.5 | +12 953.6 |
| 1 Capital account | - | 70.7 | -70.7 | 0.5 | 42.7 | -42.2 |
| Transfers of capital | - | 70.7 | -70.7 | 0.5 | 42.7 | -42.2 |
| 2 Financial account | 37 278.6 | 26 476.2 | +10 802.4 | 51 464.6 | 38 468.8 | +12 995.8 |
| Private sector | 29 066.6 | 8 128.7 | +20 937.9 | 36 756.2 | 22 218.1 | +14 538.1 |
| - Commercial credits | 11 184.3 | 3 906.2 | +7 278.1 | 6 133.7 | 4 666.3 | +1 467.4 |
| - Foreign loans and investments in Morocco | 15 686.0 | 3 938.5 | +11 747.5 | 28 014.3 | 14 327.6 | +13 686.7 |
| - Moroccan loans and investments abroad | 9.6 | 284.0 | -274.4 | 904.7 | 3 224.2 | -2 319.5 |
| -Currency and deposits | 2 186.7 | - | +2 186.7 | 1 703.5 | - | +1 703.5 |
| Public sector | 8 212.0 | 18 347.5 | -10 135.5 | 14 708.4 | 16 250.7 | -1 542.3 |
| - Loans | 8 212.0 | 18 347.5 | -10 135.5 | 14 708.4 | 16 250.7 | -1 542.3 |
| C STATISTICAL DISCREPANCY | - | 2 493.0 | -2 493.0 | - | 3 160.9 | -3 160.9 |
| TOTAL | 233 651.7 | 216 861.7 | 16 790.0 | 273 077.5 | 252 145.5 | 20 932.0 |

n.i.e. :not included elsewhere.

(*) Revised.

(**) Preliminary.

Source : Foreign Exchange Office.

VIII - 2 - INTERNATIONAL INVESTMENT POSITION

| (In millions of dirhams) | 2003 | | 2004 | | Net position 2004 | | | |
|--|------------------|------------------|-------------------|------------------|-------------------|-------------------|------------------|--------------|
| | Assets | Liabilities | Net position | Assets | Liabilities | Net position | | |
| | | | | | | Changes in value | | |
| Direct Investments | 4 902.0 | 149 677.1 | -144 775.1 | 5 551.1 | 163 393.4 | -157 842.3 | -13 067.2 | -8.3 |
| Moroccan investments abroad | 4 902.0 | 149 677.1 | 4 902.0 | 5 551.1 | 163 393.4 | 5 551.1 | 649.1 | -11.7 |
| Foreign investments in Morocco | 4 546.2 | 140 324.4 | -149 677.1 | 4 027.2 | 153 469.5 | -163 393.4 | -13 716.3 | -8.4 |
| Equity capital | 355.8 | 9 352.7 | -8 996.9 | 1 523.9 | 9 923.9 | -149 442.3 | -13 664.1 | -9.1 |
| Other capital | | | | | | -8 400.0 | 596.9 | 7.1 |
| Portfolio Investments | 1 018.0 | 7 350.7 | -6 332.7 | 1 283.6 | 14 131.4 | -12 847.8 | -6 515.1 | -50.7 |
| Foreign securities | 1 018.0 | 7 350.7 | 1 018.0 | 1 283.6 | 14 131.4 | 1 283.6 | 265.6 | -20.7 |
| Moroccan securities | 1 018.0 | 6 992.6 | -7 350.7 | 1 283.6 | 13 795.3 | -14 131.4 | -6 780.7 | -48.0 |
| Shares and other equity securities | | 358.1 | -5 974.6 | | 336.1 | -12 511.7 | -6 537.1 | -52.2 |
| Bonds and other debt securities | | | -358.1 | | | -336.1 | 22.0 | 6.5 |
| Other Investments | 11 418.0 | 146 827.5 | -135 409.5 | 10 034.7 | 139 586.6 | -129 551.9 | 5 857.6 | 4.5 |
| Commercial credits | 3 409.6 | 3 167.5 | 242.1 | 3 701.2 | 6 122.0 | -2 420.8 | -2 662.9 | -110.0 |
| Loans | 5 279.4 | 138 546.4 | -133 267.0 | 5 047.6 | 127 949.6 | -122 902.0 | 10 365.0 | 8.4 |
| General government | | 78 923.0 | -78 923.0 | | 70 356.4 | -70 356.4 | 8 566.6 | 12.2 |
| Banks | 5 279.4 | 7 460.0 | -2 180.6 | 5 047.6 | 5 563.6 | -516.0 | 1 664.6 | 322.6 |
| Other sectors | | 52 163.4 | -52 163.4 | | 52 029.6 | -52 029.6 | 133.8 | 0.3 |
| - Public sector | | 39 641.0 | -39 641.0 | | 39 390.0 | -39 390.0 | 251.0 | 0.6 |
| - Private sector | | 12 522.4 | -12 522.4 | | 12 639.6 | -12 639.6 | -117.2 | -0.9 |
| Notes, coins and deposits | 2 059.2 | 5 113.6 | -3 054.4 | 599.6 | 5 515.0 | -4 915.4 | -1 861.0 | -37.9 |
| Monetary authorities (liabilities) | | 1 183.0 | -1 183.0 | | 1 787.0 | -1 787.0 | -604.0 | -33.8 |
| Other sectors | 1 836.5 | | | 365.3 | | 365.3 | 365.3 | -100.0 |
| Public sector | 1 824.9 | | | 269.4 | | 269.4 | 269.4 | -100.0 |
| Private sector | 11.6 | | | 95.9 | | 95.9 | 95.9 | -100.0 |
| Banks | 222.7 | 3 930.6 | -3 707.9 | 234.3 | 3 728.0 | -3 493.7 | 214.2 | 6.1 |
| - Non-Residents' accounts in convertible dirhams | | 3 603.0 | -3 603.0 | | 3 352.0 | -3 352.0 | 251.0 | 7.5 |
| - Residents' accounts in convertible dirhams | | | 222.7 | | | 234.3 | 11.6 | -5.0 |
| - Other liabilities | | 327.6 | -327.6 | | 376.0 | -376.0 | -48.4 | -12.9 |
| Other assets | 669.8 | | 669.8 | | | 686.3 | 16.5 | -2.4 |
| Reserve assets | 131 979.0 | | 131 979.0 | 149 580.0 | | 149 580.0 | 17 601.0 | -11.8 |
| Monetary gold | 1 960.0 | | 1 960.0 | 1 960.0 | | 1 960.0 | 0.0 | 0.0 |
| Special drawing rights | 983.0 | | 983.0 | 988.0 | | 988.0 | 5.0 | -0.5 |
| IMF reserve position | 1 294.0 | | 1 294.0 | 1 294.0 | | 1 294.0 | 0.0 | 0.0 |
| Foreign currency | 127 742.0 | | 127 742.0 | 145 338.0 | | 145 338.0 | 17 596.0 | -12.1 |
| Net international investment position | 149 317.0 | 303 855.3 | -154 538.3 | 166 449.4 | 317 111.4 | -150 662.0 | 3 876.3 | 2.6 |

Source : Foreign Exchange Office.

IX-1 - MAIN FOREIGN EXCHANGE RATES QUOTED BY THE BANK AL-MAGHRIB

- Rates of the transfer payments -

| End of period | 2004 | | | | | | | | | | | | 2005 | | | | | | | | | | | | | |
|-------------------------|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|--------|--------|
| | | | | | | | | | | | | Annual average | | | | | | | | | | | | Annual average | | |
| | Dec | Jan | Feb | March | April | May | June | July | August | Sep | Oct | Nov | Dec | Jan | Feb | March | April | May | June | July | August | Sep | Oct | Nov | Dec | |
| 1 Euro - EUR | Buying rate | 11.086 | 11.120 | 11.078 | 11.069 | 10.972 | 10.927 | 10.935 | 10.952 | 10.921 | 10.920 | 10.870 | 10.876 | 11.021 | 11.177 | 11.120 | 11.078 | 11.069 | 10.972 | 10.927 | 10.935 | 10.952 | 10.921 | 10.920 | 10.870 | 10.876 |
| | Selling rate | 11.152 | 11.186 | 11.145 | 11.135 | 11.038 | 10.993 | 11.000 | 11.018 | 10.987 | 10.986 | 10.936 | 10.941 | 11.022 | 11.245 | 11.186 | 11.145 | 11.135 | 11.038 | 10.993 | 11.000 | 11.018 | 10.987 | 10.986 | 10.936 | 10.941 |
| 1 U.S. dollar - USD | Buying rate | 8.5057 | 8.3906 | 8.5321 | 8.5642 | 8.8937 | 9.0472 | 9.0223 | 8.9618 | 9.0671 | 9.0708 | 9.2409 | 9.2217 | 8.8680 | 8.1931 | 8.3906 | 8.5321 | 8.5642 | 8.8937 | 9.0472 | 9.0223 | 8.9618 | 9.0671 | 9.0708 | 9.2409 | 9.2217 |
| | Selling rate | 8.5568 | 8.4410 | 8.5834 | 8.6156 | 8.9472 | 9.1016 | 9.0765 | 9.0157 | 9.1216 | 9.1253 | 9.2964 | 9.2771 | 8.8650 | 8.2424 | 8.4410 | 8.5834 | 8.6156 | 8.9472 | 9.1016 | 9.0765 | 9.0157 | 9.1216 | 9.1253 | 9.2964 | 9.2771 |
| 1 Canadian dollar - CAD | Buying rate | 6.8575 | 6.8241 | 7.0348 | 6.8349 | 7.0731 | 7.3849 | 7.3438 | 7.5389 | 7.7643 | 7.7185 | 7.9236 | 7.9197 | 6.8163 | 6.8041 | 6.8241 | 7.0348 | 6.8349 | 7.0731 | 7.3849 | 7.3438 | 7.5389 | 7.7643 | 7.7185 | 7.9236 | 7.9197 |
| | Selling rate | 6.8987 | 6.8651 | 7.0771 | 6.8760 | 7.1156 | 7.4292 | 7.3880 | 7.5842 | 7.8110 | 7.7649 | 7.9712 | 7.9673 | 7.3242 | 6.8450 | 6.8651 | 7.0771 | 6.8760 | 7.1156 | 7.4292 | 7.3880 | 7.5842 | 7.8110 | 7.7649 | 7.9712 | 7.9673 |
| 1 Pound sterling - GB | Buying rate | 16.043 | 16.132 | 16.096 | 16.354 | 16.211 | 16.214 | 15.863 | 16.038 | 16.016 | 16.124 | 15.943 | 15.859 | 16.241 | 15.835 | 16.132 | 16.096 | 16.354 | 16.211 | 16.214 | 15.863 | 16.038 | 16.016 | 16.124 | 15.943 | 15.859 |
| | Selling rate | 16.140 | 16.229 | 16.193 | 16.452 | 16.308 | 16.312 | 15.958 | 16.134 | 16.112 | 16.221 | 16.039 | 15.954 | 16.241 | 15.930 | 16.229 | 16.193 | 16.452 | 16.308 | 16.312 | 15.958 | 16.134 | 16.112 | 16.221 | 16.039 | 15.954 |
| 1 Swiss franc - CHF | Buying rate | 7.1588 | 7.2314 | 7.1515 | 7.2068 | 7.1364 | 7.0491 | 7.0021 | 7.0738 | 7.0174 | 7.0653 | 7.0158 | 6.9986 | 7.1384 | 7.2435 | 7.2314 | 7.1515 | 7.2068 | 7.1364 | 7.0491 | 7.0021 | 7.0738 | 7.0174 | 7.0653 | 7.0158 | 6.9986 |
| | Selling rate | 7.2018 | 7.2748 | 7.1945 | 7.2501 | 7.1793 | 7.0915 | 7.0442 | 7.1163 | 7.0595 | 7.1078 | 7.0580 | 7.0407 | 7.1384 | 7.2870 | 7.2748 | 7.1945 | 7.2501 | 7.1793 | 7.0915 | 7.0442 | 7.1163 | 7.0595 | 7.1078 | 7.0580 | 7.0407 |
| 100 Japanese yens - JPY | Buying rate | 8.2240 | 8.0531 | 7.9863 | 8.1556 | 8.2307 | 8.1613 | 8.0441 | 8.0418 | 8.0081 | 7.8180 | 7.7261 | 7.8333 | 8.1988 | 7.9980 | 8.0531 | 7.9863 | 8.1556 | 8.2307 | 8.1613 | 8.0441 | 8.0418 | 8.0081 | 7.8180 | 7.7261 | 7.8333 |
| | Selling rate | 8.2734 | 8.1015 | 8.0343 | 8.2046 | 8.2802 | 8.2103 | 8.0924 | 8.0902 | 8.0562 | 7.8649 | 7.7726 | 7.8803 | 8.1988 | 8.0460 | 8.1015 | 8.0343 | 8.2046 | 8.2802 | 8.2103 | 8.0924 | 8.0902 | 8.0562 | 7.8649 | 7.7726 | 7.8803 |

X-1 - TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

| | January - December * 2004 | January - December 2005 |
|---|------------------------------|----------------------------|
| I. CURRENT REVENUE | 117 481 | 131 436 |
| Fiscal revenue | 97 563 | 110 253 |
| Direct taxes | 36 402 | 43 241 |
| Customs duties | 11 412 | 12 409 |
| Indirect taxes ⁽¹⁾ | 44 254 | 48 234 |
| Registration fees and stamp duties | 5 495 | 6 369 |
| Non-fiscal revenue | 16 427 | 17 272 |
| State monopolies | 7 135 | 5 491 |
| Government property | 169 | 194 |
| Miscellaneous revenues | 3 915 | 4 688 |
| Privatization | 5 208 | 6 899 |
| Receipts of certain special accounts | 3 491 | 3 911 |
| II. EXPENDITURE | 132 597 | 151 693 |
| Current expenditure | 105 098 | 126 739 |
| Administrative expenses | 79 613 | 98 151 |
| Of which : Personnel expenses | (56 559) | (62 020) |
| Interest on the public debt | 17 586 | 17 319 |
| . Domestic | (15 059) | (14 930) |
| . Foreign | (2 527) | (2 389) |
| Subsidies for consumption | 7 899 | 11 269 |
| CURRENT ACCOUNT BALANCE | +12 384 | + 4 698 |
| Capital expenditure | 21 403 | 20 084 |
| Special accounts balance | - 6 097 | - 4 870 |
| BUDGET DEFICIT | - 15 116 | - 20 257 |
| As a % of GDP | (-3.4) | (-4.4) |
| III. CHANGE IN ARREARS | 2 087 | - 8 403 |
| FINANCING REQUIREMENT (I-II+III) | - 13 029 | - 28 660 |
| NET FINANCING | 13 029 | 28 660 |
| Foreign financing | - 6 417 | - 1 428 |
| Foreign borrowing | 4 691 | 9 313 |
| Amortization | - 11 108 | - 10 741 |
| Domestic financing | 19 446 | 30 008 |
| Bank financing | - 5 882 | 4 473 |
| - Bank Al-Maghrib | (- 792) | (1 104) |
| - Banks | (- 5 090) | (3 369) |
| Non bank financing | 25 328 | 25 615 |
| - On the capital market | 17 287 | 33 930 |
| - Monetary deposits with the Treasury and the Postal cheque centre | 9 | 703 |
| - Other deposits | 8 032 | - 9 018 |

(1) Including the share of the VAT receipts paid to local authorities.

(*) Revised.

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

X-2 - TREASURY CURRENT REVENUE

(In millions of dirhams)

| | January - December* 2004 | January - December 2005 | Percentage change |
|---|-----------------------------|----------------------------|----------------------|
| FISCAL REVENUE | 97 563 | 110 253 | + 13.0 |
| Direct taxes | 36 402 | 43 241 | + 18.8 |
| Corporation tax | 15 828 | 19 328 | + 22.1 |
| General income tax | 19 679 | 22 748 | + 15.6 |
| Other direct taxes | 895 | 1 165 | + 30.2 |
| Customs duties | 11 412 | 12 409 | + 8.7 |
| Indirect taxes | 44 254 | 48 234 | + 9.0 |
| Value added tax (V.A.T) | 29 447 | 32 653 | + 10.9 |
| - Domestic | (12 620) | (12 813) | + 1.5 |
| - Imports | (16 827) | (19 840) | + 17.9 |
| Domestic taxes on consumption | 14 807 | 15 581 | + 5.2 |
| - Petroleum products | (8 509) | (9 002) | + 5.8 |
| - Tobacco products | (5 139) | (5 345) | + 4.0 |
| - Other domestic taxes | (1 159) | (1 235) | + 6.6 |
| Registration fees and stamp duties | 5 495 | 6 369 | + 15.9 |
| NON-FISCAL REVENUE | 16 427 | 17 272 | + 5.1 |
| Monopolies | 7 135 | 5 491 | - 23.0 |
| Government property | 169 | 194 | + 14.8 |
| Miscellaneous revenues | 3 915 | 4 688 | + 19.7 |
| Privatization | 5 208 | 6 899 | + 32.5 |
| RECEIPTS OF CERTAIN SPECIAL ACCOUNTS | 3 491 | 3 911 | + 12.0 |
| TOTAL CURRENT REVENUE | 117 481 | 131 436 | + 11.9 |

(*) Revised.

Source : Ministry of Finance and Privatization.

X-3 - ESTIMATED GENERAL BUDGET EXPENDITURE

(In millions of dirhams)

| | Finance Act 2003 | Finance Act 2004 | Finance Act 2005 |
|---|---------------------|---------------------|---------------------|
| Administrative expenses | 78 250 | 81 047 | 101 637 |
| Personnel | 52 340 | 53 567 | 59 382 |
| Material and supplies | 13 370 | 14 227 | 15 412 |
| Common expenses | 9 340 | 8 140 | 23 423 |
| Of which : Subsidies for consumption ⁽¹⁾ | (3 213) | (1 590) | (4 290) |
| Contingencies | 3 200 | 5 113 | 3 420 |
| Public debt service | 41 759 | 41 626 | 39 389 |
| Domestic | 25 846 | 30 184 | 29 078 |
| Foreign | 15 913 | 11 442 | 10 311 |
| Capital expenditure ⁽²⁾ | 19 547 | 19 195 | 19 040 |
| Total general budget expenditure | 139 556 | 141 868 | 160 066 |

(1) Excluding subsidies to be provided by the Price Support Fund.

(2) Credits opened by the Finance Act excluding amounts brought forward.

Source : Ministry of Finance and Privatization.

X-4 - ESTIMATED GENERAL BUDGET REVENUE

(In millions of dirhams)

| | Finance Act 2003 | Finance Act 2004 | Finance Act 2005 |
|---|---------------------|---------------------|---------------------|
| Fiscal revenue | 82 360 | 83 898 | 89 739 |
| - Direct taxes | 31 170 | 33 230 | 37 170 |
| - Customs duties | 12 729 | 10 890 | 11 083 |
| - Indirect taxes | 33 407 | 34 442 | 35 977 |
| Of which : Petroleum products taxes | (9 545) | (8 849) | (8 123) |
| - Registration fees and stamp duties | 5 054 | 5 336 | 5 509 |
| Non-fiscal revenue | 19 027 | 19 467 | 19 981 |
| - State monopolies | 4 945 | 5 676 | 5 869 |
| - Government property | 176 | 177 | 277 |
| - Other income | 1 106 | 1 064 | 1 045 |
| - Income carried in from adjusted expenditure | 300 | 550 | 790 |
| - Privatization | 12 500 | 12 000 | 12 000 |
| Loans revenue | 35 382 | 38 003 | 49 720 |
| - Foreign | 4 982 | 6 203 | 7 720 |
| - Domestic | 30 400 | 31 800 | 42 000 |
| Total general budget revenue | 136 769 | 141 368 | 159 440 |

Source : Ministry of Finance and Privatization.

XI-1 - BANK LIQUIDITY DEVELOPMENTS

| (In millions of dirhams) | Monthly changes 2005 ⁽¹⁾ | | | | | | | | | | | | |
|--|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Dec. 2004 | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| | Outstanding amounts | | | | | | | | | | | | |
| "Central bank" money | 132 779 | -5 134 | -8 913 | +3 267 | -587 | +2 869 | -2 750 | + 544 | -23 | -3 683 | -70 | -2 076 | + 76 |
| - Notes and coin in circulation | 82 928 | -3 128 | +477 | +759 | -210 | +75 | -546 | -2 273 | -4 239 | +701 | +252 | -1 331 | +224 |
| - Accounts of banks ⁽³⁾ | 33 277 | +4 317 | -5 390 | +2 645 | -1 202 | +359 | -783 | -2 571 | +1 398 | -2 356 | +957 | -1 557 | -1 291 |
| - Accounts of the Treasury ⁽⁴⁾ | 13 139 | -8 409 | -3 533 | +86 | +1 284 | +2 495 | -1 941 | +5 187 | +2 729 | -1 474 | -284 | +343 | +881 |
| - Accounts of banks held in foreign currency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other | 3 435 | +2 086 | -467 | -223 | -459 | -60 | +520 | +201 | +89 | -554 | -995 | +469 | +262 |
| Bank Al-Maghrib's net foreign exchange holdings | 132 858 | +7 123 | +1 311 | +1 912 | +861 | -3 739 | -6 568 | +204 | +5 277 | +4 926 | +612 | -915 | +2 294 |
| Foreign exchange swaps | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Al-Maghrib's claims on the Treasury | 6 221 | -181 | -341 | +63 | +725 | -635 | -92 | +306 | -293 | +160 | -231 | +404 | -181 |
| Miscellaneous claims of the Bank Al-Maghrib | 11 243 | +1 159 | +15 | +10 | -965 | -3 355 | +3 | +104 | 0 | +188 | +67 | -300 | +308 |
| Other factors | -11 799 | -1 812 | -96 | -186 | +585 | +4 307 | +211 | -748 | -11 | -525 | +674 | +283 | -325 |
| Total ⁽²⁾ | -5 744 | +1 155 | -8 024 | +5 066 | +619 | -553 | -9 196 | +410 | +4 950 | +1 066 | +1 052 | -2 604 | +2 172 |
| Bank Al-Maghrib money market interventions | -5 744 | -1 155 | +8 024 | -5 066 | -619 | +553 | +9 196 | -410 | -4 950 | -1 066 | -1 052 | +2 604 | -2 172 |
| On Bank Al-Maghrib's initiative | -781 | +180 | +1 689 | -2 588 | +960 | +290 | +1 750 | +1 700 | -2 950 | -250 | 0 | 0 | 0 |
| - 7 days calls for tenders ⁽⁵⁾ | 0 | 0 | +1 088 | -1 088 | 0 | 0 | +1 500 | +1 700 | -2 950 | -250 | 0 | 0 | 0 |
| - Liquidity-withdrawals ⁽⁵⁾ | -781 | +180 | +601 | -1 500 | +960 | +290 | +250 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Open market ⁽⁵⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Foreign exchange swaps ⁽⁵⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On Banks' initiative | -4 963 | -1 335 | +6 335 | -2 478 | -1 579 | +263 | +7 446 | -2 110 | -2 000 | -816 | -1 052 | +2 604 | -2 172 |
| - 24-hour advances ⁽⁶⁾ | 0 | 0 | +200 | -200 | 0 | 0 | +3 690 | -2 110 | -1 580 | 0 | 0 | +316 | -316 |
| - 24-hour deposit facility ⁽⁶⁾ | -4 963 | -1 335 | +6 135 | -2 278 | -1 579 | +263 | +3 756 | 0 | -420 | -816 | -1 052 | +2 288 | -1 856 |

(1) Month-end to month-end changes in outstanding amounts, with the averages being themselves calculated on the basis of the weekly outstanding amounts.

(2) The plus sign indicates an expansive effect on bank liquidity and the minus sign a restrictive effect.

(3) Bank holdings consist almost entirely of the monetary reserve.

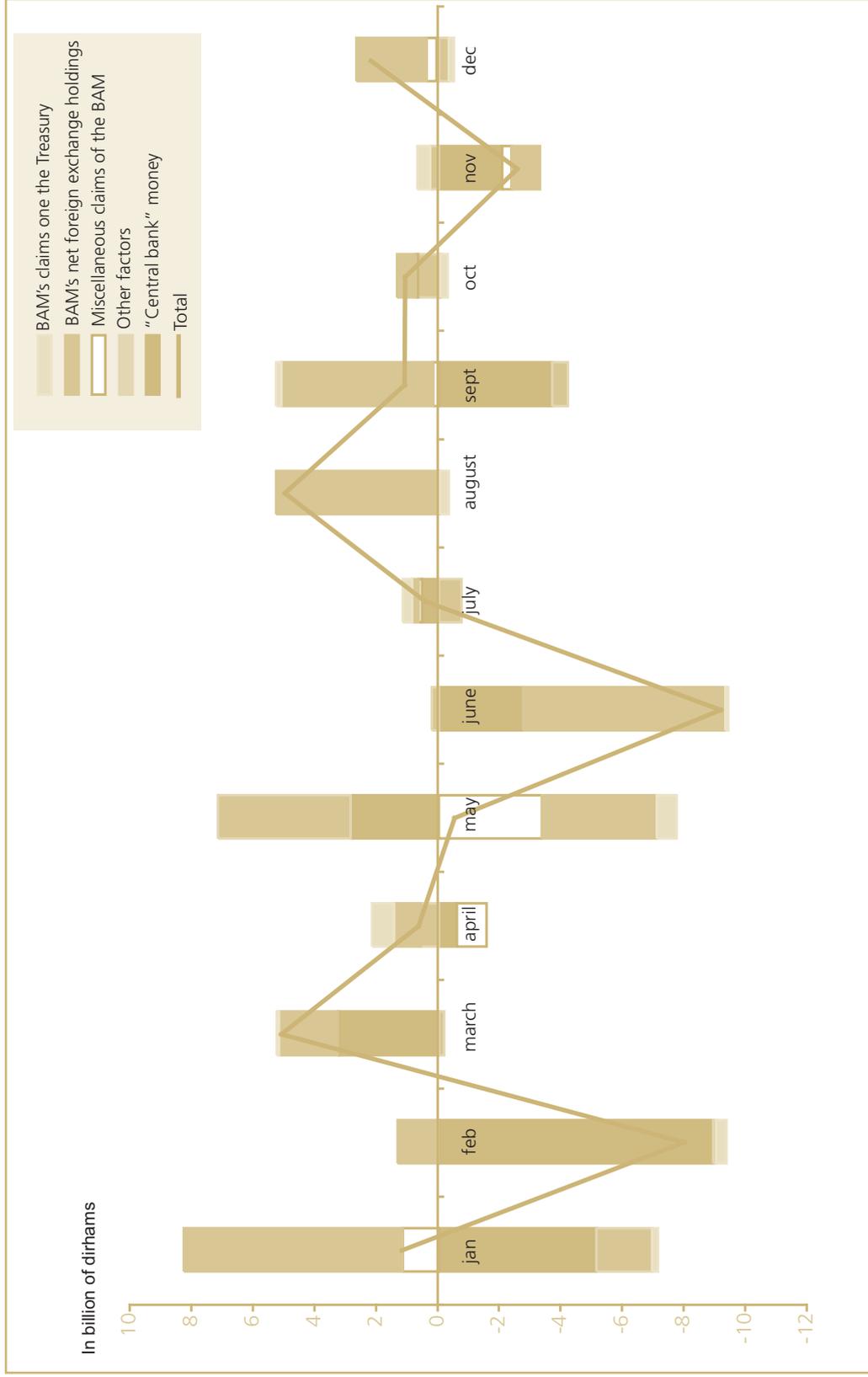
(4) Including the credit balance of the Hassan II Fund for Economic and Social Development account.

(5) Mechanisms aimed at keeping the interbank rate at a level close to the key rate.

(6) The rates of 24-hour advances and the 24-hour deposit facility constitute the upper and lower limits of the range within which interbank rate should fluctuate.

Source : Bank Al-Maghrib

MONTHLY IMPACT OF AUTONOMOUS BANK-LIQUIDITY FACTORS
(average - Year 2005)



XI-2 - BANK AL-MAGHRIB'S INTERVENTIONS ON THE MONEY MARKET

(In millions of dirhams)

| 2005 (Daily average of the week) | Facility on Bank Al-Maghrif's initiative | | | | Facility on bank's initiative | | Total |
|--|---|--------------------------|----------------|------------------------------|-------------------------------|---------------------------------|---------------|
| | 7 days advances on calls for tenders | Liquidity- withdrawas | Open market | Foreign exchange swaps | 24 hours advances | 24 hours deposit facility | |
| 30 dec. 04 to 05 january 2005 | - | -844 | - | - | - | - 3.759 | -4.603 |
| 6 to 12 january | - | -800 | - | - | 3 | - 9.525 | -10.322 |
| 13 to 19 january | - | -804 | - | - | - | - 8.399 | -9.203 |
| 20 to 26 january | - | -800 | - | - | - | - 3.541 | -4.341 |
| 27 january to 2 february | - | - | - | - | - | - | - |
| 3 to 9 february | - | - | - | - | 457 | - | 457 |
| 10 to 16 february | 2 143 | - | - | - | 171 | - | 2 314 |
| 17 to 23 february | 1 850 | - | - | - | - | - 279 | 1 571 |
| 24 february to 2 march | - | - | - | - | - | - | - |
| 3 to 9 march | - | - 1 500 | - | - | - | - 100 | -1 600 |
| 10 to 16 march | - | - 1 500 | - | - | - | - 2 043 | -3 543 |
| 17 to 23 march | - | -2 000 | - | - | - | -2 240 | -4 240 |
| 24 to 30 march | - | -1 000 | - | - | - | -1 714 | -2 714 |
| 31 march to 6 april | - | -1 000 | - | - | - | -2 314 | -3 314 |
| 7 to 13 april | - | -700 | - | - | - | -2 995 | -3 695 |
| 14 to 20 april | - | -500 | - | - | - | -8 125 | -8 625 |
| 21 to 27 april | - | -500 | - | - | - | -2 294 | -2 794 |
| 28 april to 4 may | - | - | - | - | - | -858 | -858 |
| 5 to 11 may | - | - | - | - | - | -6 904 | -6 904 |
| 12 to 18 may | - | -500 | - | - | - | -7 540 | -8 040 |
| 19 to 25 may | - | -500 | - | - | - | -2 371 | -2 871 |
| 26 may to 1er june | - | - | - | - | - | - | - |
| 2 to 8 june | - | - | - | - | 2 730 | - | 2 730 |
| 9 to 15 june | 1 000 | - | - | - | 6 947 | - | 7 947 |
| 16 to 22 june | 2 500 | - | - | - | 3 674 | - | 6 174 |
| 23 to 29 june | 2 500 | - | - | - | 1 744 | - | 4 244 |
| 30 june to 6 july | 3 000 | - | - | - | - | -143 | 2 857 |
| 7 to 13 july | 2 500 | - | - | - | 2 073 | - | 4 573 |
| 14 to 20 july | 3 000 | - | - | - | 1 711 | - | 4 711 |
| 21 to 27 july | 3 000 | - | - | - | 1 953 | - | 4 953 |
| 28 july to 3 togust | 4 500 | - | - | - | - | - | 4 500 |
| 4 to 10 togust | - | - | - | - | - | - | - |
| 11 to 17 togust | - | - | - | - | - | -387 | -387 |
| 18 to 24 togust | - | - | - | - | - | -604 | -604 |
| 25 to 31 togust | 1 000 | - | - | - | 53 | -186 | 867 |
| 1er to 7 september | - | - | - | - | - | -370 | -370 |
| 8 to 14 september | - | - | - | - | - | -629 | -629 |
| 15 to 21 september | - | - | - | - | - | -5 113 | -5 113 |
| 22 to 28 septembre | - | - | - | - | - | -257 | -257 |
| 29 september to 5 october | - | - | - | - | - | -357 | -357 |
| 6 to 12 october | - | - | - | - | - | -2 831 | -2 831 |
| 13 to 19 october | - | - | - | - | - | -5 593 | -5 593 |
| 20 to 26 october | - | - | - | - | - | -2 167 | -2 167 |
| 27 october to 2 november | - | - | - | - | - | -429 | - 429 |
| 3 to 9 november | - | - | - | - | 2 | - | 2 |
| 10 to 16 november | - | - | - | - | 560 | - | 560 |
| 17 to 23 november | - | - | - | - | 714 | - | 714 |
| 24 to 30 november | - | - | - | - | - | - | - |
| 1er to 7 december | - | - | - | - | - | -714 | -714 |
| 8 to 14 december | - | - | - | - | - | -971 | -971 |
| 15 to 21 december | - | - | - | - | - | -6 723 | -6 723 |
| 22 to 28 december | - | - | - | - | - | - | - |
| 29 to 31 december 2005 | - | - | - | - | - | -667 | -667 |
| Average | 509 | -244 | 0 | 0 | 430 | - 1 757 | -1 062 |

Source : Bank Al-Maghrif

XI-3 - MONEY MARKET RATES
(PERCENT PER ANNUM)

| 2005 | Bank Al-Maghrib intervention rate | | | | Interbank market rate | |
|-----------|---------------------------------------|-----------------------|-------------------|---------------------------|-----------------------|-----------|
| | 7 days on advances (call for tenders) | Liquidity-withdrawals | 24 hours advances | 24 hours Deposit facility | Monthly average | Month end |
| January | 3.25 | 2.50 | 4.25 | 2.25 | 2.34 | 2.52 |
| February | 3.25 | 2.50 | 4.25 | 2.25 | 2.98 | 2.35 |
| March | 3.25 | 2.50 | 4.25 | 2.25 | 2.33 | 2.30 |
| April | 3.25 | 2.50 | 4.25 | 2.25 | 2.33 | 2.49 |
| May | 3.25 | 2.50 | 4.25 | 2.25 | 2.32 | 2.45 |
| June | 3.25 | 2.50 | 4.25 | 2.25 | 4.31 | 3.21 |
| July | 3.25 | 2.50 | 4.25 | 2.25 | 3.76 | 3.49 |
| August | 3.25 | 2.50 | 4.25 | 2.25 | 2.76 | 2.25 |
| September | 3.25 | 2.50 | 4.25 | 2.25 | 2.26 | 2.27 |
| October | 3.25 | 2.50 | 4.25 | 2.25 | 2.27 | 2.41 |
| November | 3.25 | 2.50 | 4.25 | 2.25 | 3.29 | 2.96 |
| December | 3.25 | 2.50 | 4.25 | 2.25 | 2.40 | 2.26 |

Source : Bank Al-Maghrib

XI-4 - INTEREST RATES OF DEPOSITS WITH BANKS
(PER CENT PER ANNUM)

| | 2004 | | 2005 | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | January - June | July - December | January - June | July - December |
| Deposits with banks | | | | |
| Sight deposits | not remunerated | not remunerated | not remunerated | not remunerated |
| Savings accounts ⁽¹⁾ | 2.49 (minimum) | 2.35 (minimum) | 2.27 (minimum) | 2.28 (minimum) |
| Other accounts | Free rate | Free rate | Free rate | Free rate |

(1) Since January 2005, the minimum rate on savings books has been equal to the weighted average rate on the 52-week Treasury bills issued by tender during the previous half year minus 50 basis points.

Source : Bank Al-Maghrib.

XI-5 - INTEREST RATES OF DEPOSITS WITH THE NATIONAL SAVINGS FUND
(PER CENT PER ANNUM)

| Period | Jan - June 2004 | July - Dec | | |
|--------|-----------------|------------|--|--|
| | | | | |

(1) Since January 1998, the interest rate on deposits on savings books of the National Savings Fund has been equal to the average rate on the 5-year Treasury bonds issued by tender during the previous half year minus 250 basis points.

Source : Bank Al-Maghrib.

XI-6 - WEIGHTED AVERAGE INTEREST RATE OF TIME ACCOUNTS AND FIXED-TERM BILLS
(PER CENT PER ANNUM)

| 2005 | 6-month deposits weighted average interest rate | 12- month deposits weighted average interest rate | 6 and 12-month deposits weighted average interest rate |
|-----------|---|---|--|
| January | 3.16 | 3.50 | 3.34 |
| February | 3.12 | 3.50 | 3.33 |
| March | 3.17 | 3.51 | 3.35 |
| April | 3.14 | 3.50 | 3.35 |
| May | 3.31 | 3.58 | 3.46 |
| June | 3.37 | 3.51 | 3.42 |
| July | 3.30 | 3.47 | 3.39 |
| August | 3.16 | 3.56 | 3.47 |
| September | 3.24 | 3.50 | 3.42 |
| October | 3.19 | 3.50 | 3.38 |
| November | 3.31 | 3.54 | 3.43 |
| December | 3.29 | 3.61 | 3.48 |

Source : Bank Al-Maghrib.

XI-7 - INTEREST RATES OF 6-MONTH TREASURY BILLS ⁽¹⁾
(PER CENT PER ANNUM)

| Period | Oct. - Dec. 2004 | Jan. - March 2005 | April - June 2005 | July - Sept 2005 | Oct. - Dec. 2005 |
|--|---------------------|----------------------|----------------------|---------------------|---------------------|
| - 6 month ⁽²⁾ Treasury bills | 2.70 | 2.60 | 2.60 | 2.60 | 2.90 |

(1) Permanent issue.

(2) Since July 2002, the interest rate on 6-month bills has been equal to the average rate of 26-week Treasury bills issued by tender during the previous quarter plus 25 basis points.

Source : Bank Al-Maghrib.

XI-8 -WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER
(PERCENT PER ANNUM)

| Maturities | 13-week bills | 26-week bills | 52-week bills | 2-year bills | 5-year bills | 10-year bills | 15-year bills | 20-year bills |
|-------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Years | | | | | | | | |
| 2004 | | | | | | | | |
| January | - | 3.20 | 3.56 | - | 4.81 | - | 5.86 | - |
| February | 3.04 | 3.15 | 3.38 | 3.75 | 4.58 | 5.22 | 5.82 | - |
| March | 2.95 | 3.04 | 3.22 | 3.68 | 4.53 | 5.21 | 5.82 | - |
| April | - | 2.79 | 3.00 | 3.60 | 4.48 | 5.20 | 5.80 | 6.10 |
| May | - | - | 2.93 | 3.51 | 4.36 | 5.17 | 5.77 | - |
| June | 2.40 | 2.50 | 2.75 | - | 4.21 | 5.07 | 5.69 | - |
| July | 2.37 | - | 2.63 | 3.10 | 4.09 | 4.97 | 5.59 | 6.07 |
| August | 2.42 | 2.45 | 2.80 | 3.09 | 4.01 | 4.95 | 5.57 | 6.08 |
| September | 2.36 | 2.40 | 2.76 | - | 3.95 | 4.91 | 5.55 | - |
| October | 2.27 | 2.35 | 2.62 | 3.00 | 4.00 | 4.89 | 5.52 | 6.08 |
| November | 2.28 | 2.34 | 2.75 | 3.00 | 4.00 | 4.89 | 5.51 | 6.08 |
| December | - | - | 2.75 | - | 4.04 | 4.89 | 5.51 | 6.10 |
| 2005 | | | | | | | | |
| January | 2.34 | 2.40 | 2.86 | 3.05 | 4.04 | 4.92 | 5.51 | 6.10 |
| February | - | - | 2.78 | - | 4.04 | 4.89 | 5.49 | 6.08 |
| March | - | - | - | - | 4.00 | 4.82 | 5.41 | - |
| April | - | - | 2.69 | - | - | 4.76 | 5.34 | 6.00 |
| May | - | - | 2.66 | 3.04 | 3.95 | 4.75 | 5.32 | 6.00 |
| June | - | - | - | - | 3.98 | 4.74 | 5.29 | 5.98 |
| July | - | - | - | - | 3.98 | 4.74 | 5.30 | - |
| August | 2.55 | 2.68 | 3.07 | - | 3.93 | 4.77 | 5.33 | - |
| September | - | - | 3.08 | - | 3.95 | 4.76 | 5.35 | 6.00 |
| October | - | - | 3.03 | - | 3.91 | 4.73 | 5.32 | 5.97 |
| November | - | - | 2.98 | - | 3.95 | 4.73 | 5.27 | 5.93 |
| December | - | - | - | 3.31 | 3.95 | 4.74 | 5.28 | - |

XI-9 - INTEREST RATES OFFERED ON NEGOTIABLE INSTRUMENTS OF INDEBTEDNESS
(PER CENT PER ANNUM)

| | 2004 | 2005 |
|---|--------------|--------------|
| Certificates of deposit | | |
| 10 days | - | - |
| More than 10 days to less than 3 months | - | - |
| 3 months to less than 6 months | - | - |
| 6 months to less than 12 months | - | - |
| 12 months to less than 18 months | - | 3.55 |
| 18 months to less than 2 years | - | - |
| 2 years to less than 3 years | - | - |
| 3 years to less than 5 years | 3.85 | 3.85 to 4.10 |
| 5 years to less than 7 years | 4.60 | 4.60 |
| 7 years | - | - |
| Financing companies bonds | | |
| More than 2 years to less than 3 years | 3.80 to 5.55 | - |
| 3 years to less than 5 years | 3.65 to 7.00 | 3.90 to 4.80 |
| 5 years to less than 7 years | 5.30 to 6.03 | 4.85 to 5.20 |
| 7 years | - | - |
| Commercial paper | | |
| 10 days | 2.70 to 3.20 | - |
| More than 10 days to less than 3 months | 2.70 to 3.70 | 3.30 |
| 3 months to less than 6 months | 2.70 to 3.95 | 2.95 to 3.40 |
| 6 months to less than 1 year | 3.10 to 3.55 | 2.75 to 3.75 |
| 1 year | 3.30 to 3.45 | 3.10 to 3.90 |

Source : Bank Al-Maghrib.

XI-10 - INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET
(PER CENT PER ANNUM)

| Notes and bonds term | 2004 | 2005 |
|----------------------|----------------------------|--------------|
| - 3 years | 5.15 | - |
| - 5 years | 4.60 - 5.54 | 4.92 |
| - 7 years | 5.46 | 4.54 to 5.55 |
| - 8 years | - | - |
| - 10 years | - | - |
| - 15 years | 5.32 ⁽¹⁾ - 6.95 | - |
| - 20 years | - | 4.16 |

(1) Government guaranteed issues.
Source : Bank Al-Maghrib.

XI-11 - PRIME RATES PUBLISHED BY THE PRINCIPAL BANKS
(PER CENT PER ANNUM)

| Banking prime rates | 2004 | 2005 |
|---------------------|------|------|
| Export credits | 7.00 | 7.00 |
| Short-term credits | 7.25 | 7.25 |
| Medium-term credits | 7.25 | 7.25 |
| Long-term credits | 8.25 | 8.25 |

XI-12 - LENDING INTEREST RATES
(PER CENT PER ANNUM)

| 2005 | 1st quarter | | 2nd quarter | | 3rd quarter | | 4th quarter | |
|-------------------------------|-------------|---------|-------------|---------|-------------|---------|-------------|---------|
| | Minimum | Maximum | Minimum | Maximum | Minimum | Maximum | Minimum | Maximum |
| Export credits | 7.00 | 10.00 | 7.00 | 10.00 | 7.00 | 10.00 | 7.00 | 10.00 |
| Other short-term credits | 7.00 | 11.50 | 7.00 | 11.50 | 7.00 | 11.50 | 7.00 | 11.50 |
| Medium-term credits (PME/PMI) | 7.00 | 11.00 | 7.00 | 11.00 | 7.00 | 11.00 | 7.00 | 11.00 |
| Other medium - terme credits | 7.25 | 12.00 | 7.25 | 12.00 | 7.25 | 12.00 | 7.25 | 12.00 |
| Long-term credits | 7.50 | 12.50 | 7.50 | 12.50 | 7.50 | 12.50 | 7.50 | 12.50 |

Source : Bank Al-Maghrib.

XI -13 - MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS
(PER CENT PER ANNUM)

| Rates | Oct. 03 - | | April - | | Oct 05 - | | April - | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|----------|----------|
| | March 04 | Sept. 04 | March 05 | Sept. 05 | March 06 | Sept. 06 | March 06 | Sept. 06 |
| Weighted average rate of banks | 8.08 | 8.09 | 7.88 | 7.83 | 7.60 | 7.58 | | |
| Weighted average rate of financing companies | 12.76 | 12.72 | 12.35 | 12.10 | 11.86 | 11.40 | | |
| Weighted average rate of the whole of credit institutions | 8.76 | 8.72 | 8.48 | 8.38 | 8.15 | 8.06 | | |
| Maximum interest rate agreed ⁽¹⁾ | 14.02 | 13.95 | 13.57 | 13.41 | 13.04 | 12.90 | | |

(1) Weighted average rate of credit institutions multiplied by 1.60 since October 1999.
Source : Bank Al-Maghrib.

XII-1- THE MONETARY AGGREGATES

(In millions of dirhams)

| Components | End of December 2004 | | | End of December 2005 | | |
|-----------------------------|----------------------|----------------|------------|----------------------|----------------|-------------|
| | Amounts | Annual Changes | | Amounts | Annual Changes | |
| | | Amounts | % | | Amounts | % |
| Currency outside banks | 79 715 | 4 825 | 6.4 | 89 304 | 9 589 | 12.0 |
| Sight deposits | 196 056 | 19 809 | 11.2 | 227 212 | 31 156 | 15.9 |
| Aggregate M1 | 275 771 | 24 634 | 9.8 | 316 516 | 40 745 | 14.8 |
| Sight investments (M2 - M1) | 52 918 | 5 075 | 10.6 | 59 147 | 6 229 | 11.8 |
| Aggregate M2 | 328 689 | 29 709 | 9.9 | 375 663 | 46 974 | 14.3 |
| Time investments (M3 - M2) | 87 741 | 381 | 0.4 | 99 094 | 11 353 | 12.9 |
| Aggregate M3 | 416 430 | 30 090 | 7.8 | 474 757 | 58 327 | 14.0 |

Source : Bank Al-Maghrib.

XII-2 - LIQUID INVESTMENT AGGREGATES⁽¹⁾

(In millions of dirhams)

| Components | End of December 2004 | | | End of December 2005 | | |
|---|----------------------|----------------|-------------|----------------------|----------------|------------|
| | Amounts | Annual Changes | | Amounts | Annual Changes | |
| | | Amounts | % | | Amounts | % |
| Aggregate LI 1 | 5 000 | - 3 093 | - 38.2 | 5 539 | 539 | 10.8 |
| Aggregate LI 2 ⁽²⁾ | 11 478 | } 7 165 | } 27.1 | 9 369 | - 2 109 | - 18.4 |
| Aggregate LI 3 | 22 110 | | | 23 065 | 955 | 4.3 |
| Aggregate LI 4 | 2 408 | 656 | 37.4 | 3 069 | 661 | 27.5 |
| Total Liquid Investment aggregates | 40 996 | 4 728 | 13.0 | 41 042 | 46 | 0.1 |

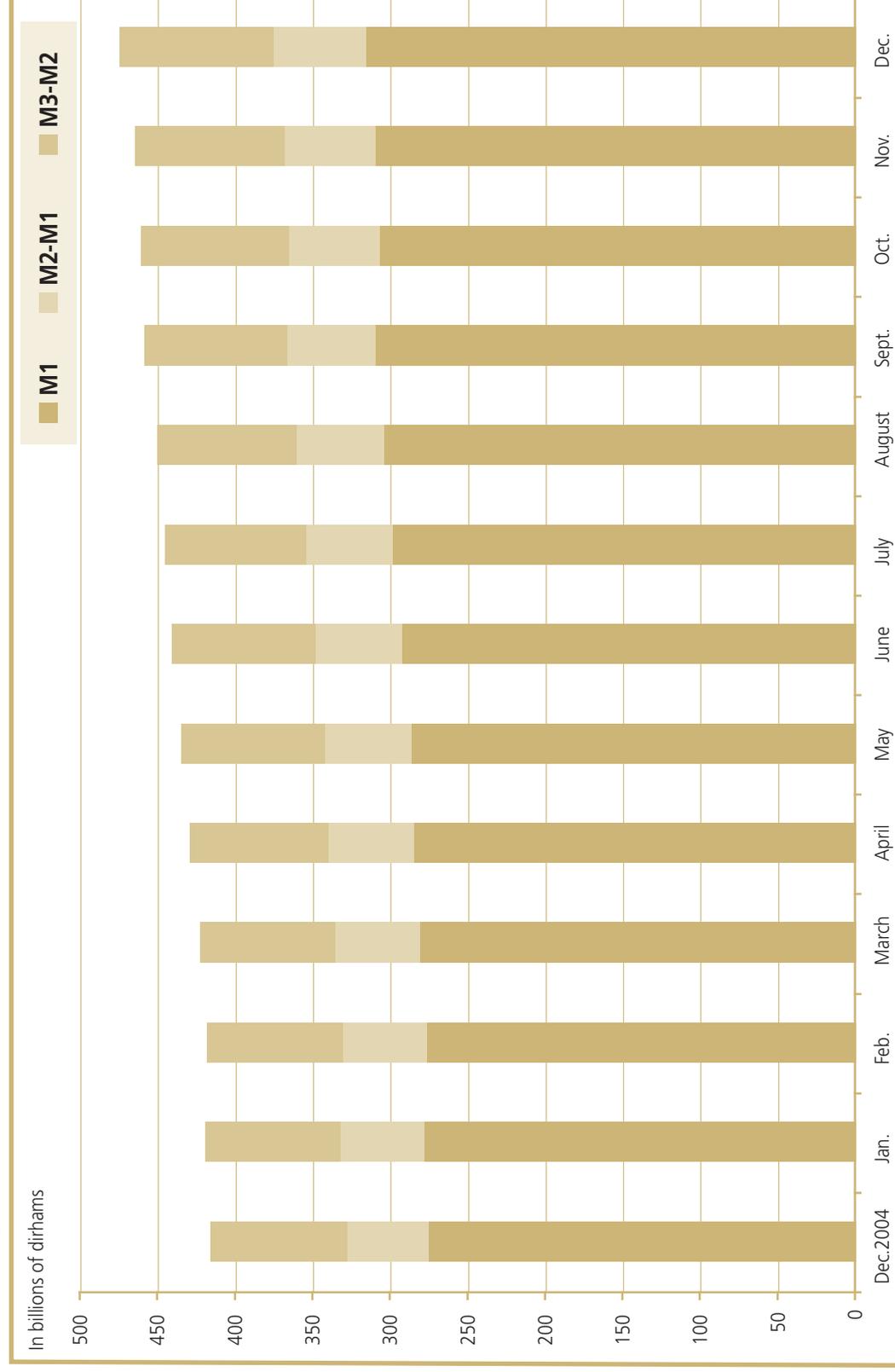
(1) Subscriptions of individuals and non-financial enterprises.

(2) According to article 4 of the Minister of Finance and Privatisation decision number 2062-4 of Decembre 6, 2004, the Monetary UCITS are those of which global assets, at the exception of "Monetary UCITS" and liquidity, are permanently invested in debt securities.

Moreover, at least 50 percent of the said are permanently placed in debt securities of an initial or residual maturity less than one year.

Source : Bank Al-Maghrib

MONETARY AGGREGATES
(outstanding amounts at the end of month - Year 2005)



XII-3 - AGGREGATE M1 AND ITS COMPONENTS

(In millions of dirhams)

| Components | 2004 | 2005 | | | | | | | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| Currency outside banks | 79 715 | 82 291 | 81 229 | 80 673 | 81 239 | 81 225 | 81 906 | 85 710 | 87 835 | 86 603 | 87 721 | 86 989 | 89 304 |
| Sight deposits | 196 056 | 196 504 | 195 849 | 200 560 | 203 884 | 206 038 | 211 252 | 213 163 | 216 527 | 223 197 | 219 804 | 223 010 | 227 212 |
| Aggregate M1 | 275 771 | 278 795 | 277 078 | 281 233 | 285 123 | 287 263 | 293 158 | 298 873 | 304 362 | 309 800 | 307 525 | 309 999 | 316 516 |

Source : Bank Al-Maghrib

XII-4 -CURRENCY OUTSIDE BANKS

(In millions of dirhams)

| Components | 2004 | 2005 | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| Notes | 81 707 | 84 910 | 83 423 | 82 859 | 83 305 | 83 430 | 84 074 | 87 811 | 90 542 | 88 785 | 89 927 | 89 782 | 91 812 |
| Coin | 1 582 | 1 585 | 1 591 | 1 592 | 1 597 | 1 600 | 1 604 | 1 617 | 1 641 | 1 661 | 1 674 | 1 686 | 1 693 |
| Sub-total | 83 289 | 86 495 | 85 014 | 84 451 | 84 902 | 85 030 | 85 678 | 89 428 | 92 183 | 90 446 | 91 601 | 91 468 | 93 505 |
| <i>Less :</i> | | | | | | | | | | | | | |
| <i>Cash in hand of banks and public accountants</i> | 3 574 | 4 204 | 3 785 | 3 778 | 3 663 | 3 805 | 3 772 | 3 718 | 4 348 | 3 843 | 3 880 | 4 479 | 4 201 |
| Total of currency outside banks | 79 715 | 82 291 | 81 229 | 80 673 | 81 239 | 81 225 | 81 906 | 85 710 | 87 835 | 86 603 | 87 721 | 86 989 | 89 304 |

Source : Bank Al-Maghrib

XII-5 - SIGHT DEPOSITS

(In millions of dirhams)

| Components | 2004 | 2005 | | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug | Sept. | Oct. | Nov. | Dec. |
| Sight deposits | | | | | | | | | | | | | |
| Sight deposits with the Central bank | 1 664 | 1 356 | 1 972 | 2 857 | 3 578 | 2 508 | 1 857 | 1 824 | 1 691 | 2 954 | 2 804 | 2 821 | 2 362 |
| Sight deposits with banks | 185 783 | 186 579 | 185 219 | 188 989 | 191 565 | 194 718 | 200 344 | 202 118 | 205 645 | 210 980 | 207 579 | 210 824 | 215 538 |
| Sight deposits with the banking system | 187 447 | 187 935 | 187 191 | 191 846 | 195 143 | 197 226 | 202 201 | 203 942 | 207 336 | 213 934 | 210 383 | 213 645 | 217 900 |
| Sight deposits with Postal giro service | 2 923 | 2 883 | 2 972 | 3 028 | 3 055 | 3 126 | 3 365 | 3 535 | 3 505 | 3 577 | 3 735 | 3 679 | 3 626 |
| Sight deposits with the Treasury | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 | 5 686 |
| Total of sight deposits with Postal cheque service and Treasury | 8 609 | 8 569 | 8 658 | 8 714 | 8 741 | 8 812 | 9 051 | 9 221 | 9 191 | 9 263 | 9 421 | 9 365 | 9 312 |
| Total sight deposits | 196 056 | 196 504 | 195 849 | 200 560 | 203 884 | 206 038 | 211 252 | 213 163 | 216 527 | 223 197 | 219 804 | 223 010 | 227 212 |

Source : Bank Al-Maghrib

XII-6 - SIGHT DEPOSITS WITH BANKS

(In millions of dirhams)

| Components | 2004 | 2005 | | | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| Cheque accounts of with : Moroccans living abroad | 123 594 (45 730) | 124 706 (46 401) | 125 260 (46 129) | 126 570 (46 799) | 128 434 (47 368) | 129 359 (47 773) | 129 157 (48 883) | 135 488 (50 145) | 138 485 (49 685) | 139 274 (50 323) | 141 159 (49 982) | 143 114 (50 649) | 145 766 (51 108) |
| Current accounts | 49 823 | 49 778 | 48 894 | 49 111 | 49 844 | 51 677 | 57 070 | 54 308 | 55 318 | 58 321 | 54 307 | 54 646 | 58 182 |
| Other accounts | 12 366 | 12 095 | 11 065 | 13 308 | 13 287 | 13 682 | 14 117 | 12 322 | 11 842 | 13 385 | 12 113 | 13 064 | 11 590 |
| Total | 185 783 | 186 579 | 185 219 | 188 989 | 191 565 | 194 718 | 200 344 | 202 118 | 205 645 | 210 980 | 207 579 | 210 824 | 215 538 |

Source : Bank Al-Maghrib

XII-7 - AGGREGATE M2 AND AGGREGATE M3

(In millions of dirhams)

| Components | 2004 | | 2005 | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| Aggregate M1 | 275 771 | 278 795 | 277 078 | 281 233 | 285 123 | 287 263 | 293 158 | 298 873 | 304 362 | 309 800 | 307 525 | 309 999 | 316 516 |
| Sight investments (M2-M1) | 52 918 | 53 587 | 54 113 | 54 778 | 55 142 | 55 382 | 55 658 | 55 874 | 56 467 | 57 152 | 57 892 | 58 518 | 59 147 |
| . Deposit books with banks | 43 569 | 44 182 | 44 593 | 44 945 | 45 243 | 45 404 | 45 608 | 45 784 | 46 286 | 46 885 | 47 522 | 48 035 | 48 575 |
| . Saving books with the National Savings Fund | 9 349 | 9 405 | 9 520 | 9 833 | 9 899 | 9 978 | 10 050 | 10 090 | 10 181 | 10 267 | 10 370 | 10 483 | 10 572 |
| Aggregate M2 | 328 689 | 332 382 | 331 191 | 336 011 | 340 265 | 342 645 | 348 816 | 354 747 | 360 829 | 366 952 | 365 417 | 368 517 | 375 663 |
| Time investments (M3-M2) | 87 741 | 87 370 | 87 837 | 86 931 | 89 293 | 92 754 | 92 497 | 90 586 | 90 237 | 92 104 | 95 455 | 96 766 | 99 094 |
| . Certificates of deposit ⁽¹⁾ | 99 | 99 | 99 | 99 | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 326 |
| . Time accounts and fixed-term bills | 87 642 | 87 271 | 87 738 | 86 832 | 89 057 | 92 518 | 92 261 | 90 350 | 90 001 | 91 868 | 95 219 | 96 530 | 98 768 |
| Of which : Moroccans living abroad | (36 009) | (36 341) | (36 638) | (36 448) | (36 474) | (36 489) | (36 047) | (35 393) | (35 947) | (36 457) | (36 603) | (36 675) | (37 005) |
| Aggregate M3 | 416 430 | 419 752 | 419 028 | 422 942 | 429 558 | 435 399 | 441 313 | 445 333 | 451 066 | 459 056 | 460 872 | 465 283 | 474 757 |

(1)Subscriptions of individuals and non-financial enterprises

Source : Bank Al-Maghrib

XII-8 - LIQUID INVESTMENT AGGREGATES⁽¹⁾

(In millions of dirhams)

| Components | 2004 | | 2005 | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| Aggregate LI 1 | | | | | | | | | | | | | |
| . Six-month Treasury bills | 1 398 | 1 398 | 1 398 | 1 398 | 1 398 | 1 398 | 1 398 | 1 398 | 1 398 | 1 398 | 1 398 | 1 398 | 943 |
| . Negotiable Treasury bills ⁽²⁾ | 2 883 | 2 240 | 3 242 | 3 510 | 2 247 | 2 230 | 2 507 | 3 756 | 2 704 | 2 235 | 2 188 | 3 070 | 3 830 |
| . Commercial papers | - | - | - | - | - | - | - | - | - | - | - | - | - |
| . Bills issued by the financing companies | 719 | 729 | 726 | 715 | 715 | 715 | 714 | 662 | 658 | 702 | 701 | 701 | 701 |
| Total | 5 000 | 4 367 | 5 366 | 5 623 | 4 360 | 4 394 | 4 670 | 5 867 | 4 811 | 4 386 | 4 352 | 5 234 | 5 539 |
| Aggregate LI 2 | | | | | | | | | | | | | |
| . Securities issued by mometary Undertaking for Collective Investment in Transferable Securities (UCITS) ⁽³⁾ | 11 478 | 11 362 | 11 075 | 11 354 | 13 677 | 11 157 | 8 928 | 10 133 | 11 830 | 11 377 | 10 981 | 11 416 | 9 369 |
| Total | 11 478 | 11 362 | 11 075 | 11 354 | 13 677 | 11 157 | 8 928 | 10 133 | 11 830 | 11 377 | 10 981 | 11 416 | 9 369 |
| Aggregate LI3 | | | | | | | | | | | | | |
| . Securities issued by bond (short, medium and long term) UCITS | 22 110 | 23 909 | 23 996 | 23 146 | 22 314 | 23 631 | 20 873 | 22 387 | 24 738 | 21 978 | 23 128 | 23 461 | 23 065 |
| Total | 22 110 | 23 909 | 23 996 | 23 146 | 22 314 | 23 631 | 20 873 | 22 387 | 24 738 | 21 978 | 23 128 | 23 461 | 23 065 |
| Aggregate LI4 | | | | | | | | | | | | | |
| . Securities issued by share UCITS and diversified UCITS | 2 408 | 2 513 | 2 363 | 2 377 | 2 395 | 2 464 | 2 258 | 2 506 | 2 440 | 2 618 | 2 423 | 2 961 | 3 069 |
| Total | 2 408 | 2 513 | 2 363 | 2 377 | 2 395 | 2 464 | 2 258 | 2 506 | 2 440 | 2 618 | 2 423 | 2 961 | 3 069 |
| Total LI | 40 996 | 42 151 | 42 800 | 42 500 | 42 746 | 41 646 | 36 729 | 40 893 | 43 819 | 40 359 | 40 884 | 43 072 | 41 042 |

(1) Subscriptions of individuals and non-financial enterprises.

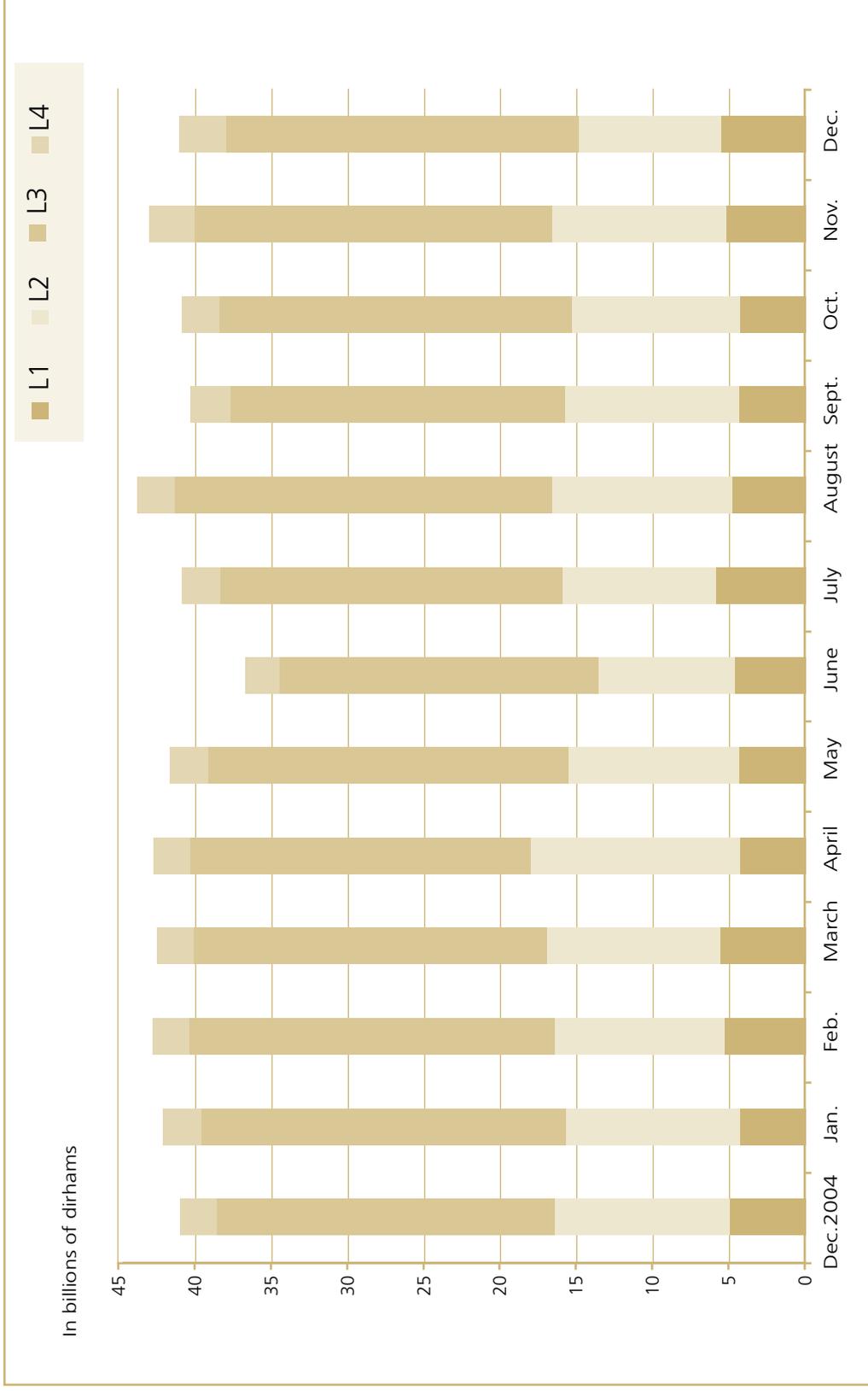
(2) Outstanding amounts of government loans, bonds and Treasury bills issued by tender.

Source : Bank Al-Maghrib

(3) According to article 4 of the Minister of Finance and Privatisation decision number 2062-4 of Decembre 6, 2004, the Monetary UCITS are those of which global assets, at the exception of "Monetary UCITS" and liquidity, are permanently invested in debt securities.

Moreover, at least 50 percent of the said are permanently placed in debt securities of an initial or residual maturity less than one year.

**LIQUID INVESTMENT AGGREGATES (PL)
(outstanding amounts at the end of month - Year 2005)**



XII-9 - COUNTERPARTS OF AGGREGATE M3

(In millions of dirhams)

| Components | End of December 2004 | | | End of December 2005 | | |
|--|----------------------|----------------|--------------|----------------------|----------------|-------------|
| | Amounts | Annual changes | | Amounts | Annual changes | |
| | | Amounts | % | | Amounts | % |
| Net foreign assets ⁽¹⁾ | | | | | | |
| . Bank Al-Maghrib | 135 401 | 13 318 | 10.9 | 150 227 | 14 826 | 10.9 |
| . Banks | 9 040 | 3 930 | 76.9 | 15 672 | 6 632 | 73.4 |
| Total (I) | 144 441 | 17 248 | 13.6 | 165 899 | 21 458 | 14.9 |
| Total domestic lending | | | | | | |
| A Claims on government⁽¹⁾ | | | | | | |
| . Net claims of the Bank Al-Maghrib | - 7 977 | - 792 | 11.0 | - 7 289 | 688 | - 8.6 |
| . Claims of banks | 72 033 | - 5 090 | - 6.6 | 75 391 | 3 358 | 4.7 |
| . Claims of individuals and non-financial enterprises ⁽²⁾ | 8 609 | 10 | 0.1 | 9 312 | 703 | 8.2 |
| Sub-total | 72 665 | - 5 872 | - 7.5 | 77 414 | 4 749 | 6.5 |
| B Claims on the private sector ⁽¹⁾ | | | | | | |
| . Bank Al-Maghrib | 11 302 | - 175 | - 1.5 | 7 697 | - 3 605 | - 31.9 |
| . Banks ⁽³⁾ | 251 441 | 16 910 | 7.2 | 284 333 | 32 892 | 13.1 |
| Sub-total | 262 743 | 16 735 | 6.8 | 292 030 | 29 287 | 11.1 |
| C Counterpart of savings books with the National Savings Fund⁽⁴⁾ | 9 349 | 1 153 | 14.1 | 10 572 | 1 223 | 13.1 |
| Total (A+B+C) | 344 757 | 12 016 | 3.6 | 380 016 | 35 259 | 10.2 |
| Less : Banking system's non monetary resources^{(5) (6)} | 57 114 | - 1 392 | - 2.4 | 57 801 | 687 | 1.2 |
| Domestic credit of a monetary nature (II) | 287 643 | 13 408 | 4.9 | 322 215 | 34 572 | 12.0 |
| Total counterparts (I+II) | 432 084 | 30 656 | 7.6 | 488 114 | 56 030 | 13.0 |
| Balancing items ⁽⁷⁾ | - 15 654 | - 566 | | - 13 357 | 2 297 | |
| Aggregate M 3 | 416 430 | 30 090 | 7.8 | 474 757 | 58 327 | 14.0 |

(1) See details on the components of net foreign assets, claims on government and claims on the private sector, in Appendices XII-11, XII-12 and XII-13 respectively.

(2) Counterpart of deposits with the Treasury and the Postal cheque Service, recorded as sight deposits.

(3) Including lending to public institutions.

(4) The resources collected by the National Savings Fund are deposited with the Deposit and Management Fund. They cannot be broken down according to claims on government and claims on the private sector.

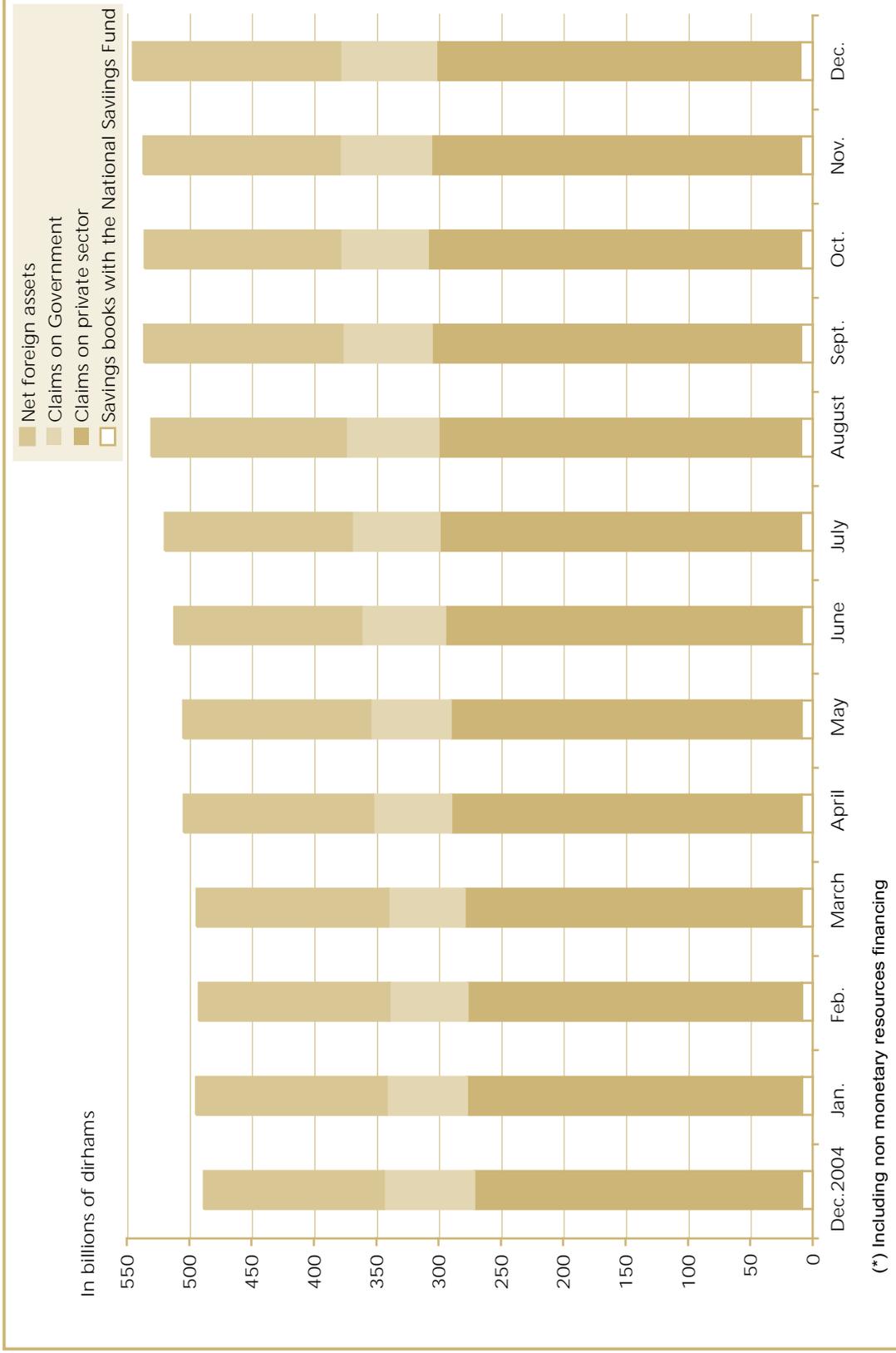
(5) Domestic and external loans contracted by the banks (see bank liabilities in Appendix XIV-1).

(6) Amount by which the equity base (capital and reserves) exceeds the total of fixed assets and the portfolio of shareholding.

(7) Amount by which the other liability item of the banking system exceed the other items of its assets.

Source : Bank Al-Maghrib.

**COUNTERPARTS OF M3 (*)
(outstanding amounts at the end of month - Year 2005)**



(*) Including non monetary resources financing

XII-10 - MONTHLY DEVELOPMENT OF THE COUNTERPARTS OF M3

(In millions of dirhams)

| Components | 2004 | 2005 | | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| Net foreign assets ⁽¹⁾ | | | | | | | | | | | | | |
| - Bank Al-Maghrib | 135 401 | 140 798 | 142 230 | 143 813 | 141 450 | 137 337 | 133 968 | 135 650 | 142 071 | 144 816 | 144 409 | 143 755 | 150 227 |
| - Banks | 9 040 | 12 082 | 10 711 | 9 985 | 10 411 | 12 820 | 15 901 | 14 638 | 13 803 | 14 107 | 12 216 | 13 151 | 15 672 |
| Total (I) | 144 441 | 152 880 | 152 941 | 153 798 | 151 861 | 150 157 | 149 869 | 150 288 | 155 874 | 158 923 | 156 625 | 156 906 | 165 899 |
| TOTAL DOMESTIC LENDING | | | | | | | | | | | | | |
| A Claims on government ⁽¹⁾ | | | | | | | | | | | | | |
| - Net claims of the bank | | | | | | | | | | | | | |
| Al-Maghrib | -7 977 | -17 987 | -18 717 | -17 067 | -16 212 | -15 791 | -13 093 | -10 121 | -6 881 | -9 539 | -10 939 | -9 733 | -7 289 |
| - Claims of banks | 72 033 | 73 937 | 72 718 | 69 883 | 70 136 | 71 097 | 71 502 | 70 982 | 71 950 | 72 031 | 72 068 | 73 977 | 75 391 |
| - Claims of individuals and non-financial enterprises ⁽²⁾ | 8 609 | 8 569 | 8 658 | 8 714 | 8 741 | 8 812 | 9 051 | 9 221 | 9 191 | 9 263 | 9 421 | 9 365 | 9 312 |
| Sub-total | 72 665 | 64 519 | 62 659 | 61 530 | 62 665 | 64 118 | 67 460 | 70 082 | 74 260 | 71 755 | 70 550 | 73 609 | 77 414 |
| B Claims on the private sector ⁽¹⁾ | | | | | | | | | | | | | |
| - Bank Al-Maghrib | 11 302 | 11 295 | 11 320 | 11 027 | 11 012 | 7 724 | 7 686 | 7 703 | 7 662 | 7 680 | 7 652 | 7 681 | 7 697 |
| - Banks ⁽³⁾ | 251 441 | 257 331 | 256 860 | 258 873 | 269 647 | 273 585 | 277 776 | 282 320 | 283 134 | 288 430 | 291 433 | 288 633 | 284 333 |
| Sub-total | 262 743 | 268 626 | 268 180 | 269 900 | 280 659 | 281 309 | 285 462 | 290 023 | 290 796 | 296 110 | 299 085 | 296 314 | 292 030 |
| C Counterpart of savings books with the National Saving Fund ⁽⁴⁾ | 9 349 | 9 405 | 9 520 | 9 833 | 9 899 | 9 978 | 10 050 | 10 090 | 10 181 | 10 267 | 10 370 | 10 483 | 10 572 |
| Total (A+B+C) | 344 757 | 342 550 | 340 359 | 341 263 | 353 223 | 355 405 | 362 972 | 370 195 | 375 237 | 378 132 | 380 005 | 380 406 | 380 016 |
| Less : | | | | | | | | | | | | | |
| Banking system's non monetary resources | 57 114 | 52 828 | 51 996 | 53 561 | 55 164 | 55 712 | 56 291 | 60 415 | 64 458 | 63 967 | 61 769 | 58 620 | 57 801 |
| - Bank's borrowing ⁽⁵⁾ | 15 733 | 13 343 | 11 544 | 11 843 | 13 444 | 13 306 | 13 254 | 17 121 | 20 449 | 18 620 | 16 396 | 13 404 | 11 706 |
| - Provisions constituted by the banks | 33 572 | 33 671 | 34 129 | 34 845 | 34 953 | 34 830 | 34 810 | 35 091 | 35 198 | 36 106 | 36 033 | 35 163 | 34 838 |
| - Bank Al-Maghrib and banks' net capital and reserves ⁽⁶⁾ | 7 809 | 5 814 | 6 323 | 6 873 | 6 767 | 7 576 | 8 227 | 8 203 | 8 811 | 9 241 | 9 340 | 10 053 | 11 257 |
| DOMESTIC CREDIT OF A MONETARY NATURE (II) | 287 643 | 289 722 | 288 363 | 287 702 | 298 059 | 299 693 | 306 681 | 309 780 | 310 779 | 314 165 | 318 236 | 321 786 | 322 215 |
| TOTAL COUNTERPARTS (I+II) | 432 084 | 442 602 | 441 304 | 441 500 | 449 920 | 449 850 | 456 550 | 460 068 | 466 653 | 473 088 | 474 861 | 478 692 | 488 114 |
| Balancing items (net) ⁽⁷⁾ | -15 654 | -22 850 | -22 276 | -18 558 | -20 362 | -14 451 | -15 237 | -14 735 | -15 587 | -14 032 | -13 989 | -13 409 | -13 357 |
| AGGREGATE M3 | 416 430 | 419 752 | 419 028 | 422 942 | 429 558 | 435 399 | 441 313 | 445 333 | 451 066 | 459 056 | 460 872 | 465 283 | 474 757 |

(1) See details on the components of net foreign assets, claims on government and claims on the private sector, in Appendices XII-11, XII-12 and XII-13 respectively.

(2) Counterpart of deposits with the Treasury and the Postal cheque Service, recorded as sight deposits.

(3) Including lending to public institutions.

(4) The resources collected by the National Savings Fund are deposited with the Deposit and Management Fund. They cannot be broken down according to claims on government and claims on the private sector.

(5) Domestic and external loans contracted by the banks (see banks' liabilities in Appendix XIV-1).

(6) Amount by which the equity base (capital and reserves) exceeds the total of fixed assets and the portfolio of shareholdings.

(7) Amount by which the other liability items of the banking system exceed the other items of its assets.

Source : Bank Al-Maghrib.

XII-11 - NET FOREIGN ASSETS

(In millions of dirhams)

| Components | 2004 | 2005 | | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Déc. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| A. Gross foreign assets of the Bank Al-Maghrib | | | | | | | | | | | | | |
| . Gold | 1 960 | 1 960 | 1 960 | 1 960 | 2 590 | 2 590 | 2 590 | 2 590 | 2 590 | 2 590 | 2 590 | 2 590 | 2 590 |
| . Convertible foreign currencies | 132 946 | 138 414 | 139 779 | 141 422 | 138 589 | 134 563 | 131 281 | 133 120 | 139 459 | 142 528 | 142 147 | 141 653 | 148 002 |
| . Special drawing rights | 988 | 948 | 944 | 944 | 883 | 893 | 897 | 835 | 836 | 792 | 723 | 727 | 728 |
| . Subscription to the IMF Reserve tranche | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 321 |
| . Subscription to the Arab Monetary Fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| . Inconvertible foreign currencies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-total | 137 188 | 142 616 | 143 977 | 145 620 | 143 356 | 139 340 | 136 062 | 137 839 | 144 179 | 147 204 | 146 754 | 146 264 | 152 641 |
| B. Foreign liabilities of the Bank Al-Maghrib | | | | | | | | | | | | | |
| . Credit from international organizations | 192 | 192 | 192 | 192 | 192 | 192 | 196 | 196 | 192 | 192 | 192 | 192 | 197 |
| . Other liabilities | 1 595 | 1 626 | 1 555 | 1 615 | 1 714 | 1 811 | 1 898 | 1 993 | 1 916 | 2 196 | 2 153 | 2 317 | 2 217 |
| Sub-total | 1 787 | 1 818 | 1 747 | 1 807 | 1 906 | 2 003 | 2 094 | 2 189 | 2 108 | 2 388 | 2 345 | 2 509 | 2 414 |
| I Total net foreign assets of the Bank Al-Maghrib (A-B) | 135 401 | 140 798 | 142 230 | 143 813 | 141 450 | 137 337 | 133 968 | 135 650 | 142 071 | 144 816 | 144 409 | 143 755 | 150 227 |
| C. Gross foreign assets of banks ⁽¹⁾ | 12 392 | 15 792 | 14 314 | 14 248 | 14 265 | 17 560 | 20 051 | 19 034 | 17 547 | 17 985 | 16 016 | 16 683 | 20 213 |
| D. External liabilities of banks ⁽²⁾ | 3 352 | 3 710 | 3 603 | 4 263 | 3 854 | 4 740 | 4 150 | 4 396 | 3 744 | 3 878 | 3 800 | 3 532 | 4 541 |
| II Total net foreign assets of banks (C-D) | 9 040 | 12 082 | 10 711 | 9 985 | 10 411 | 12 820 | 15 901 | 14 638 | 13 803 | 14 107 | 12 216 | 13 151 | 15 672 |
| Total net foreign assets (I+II) | 144 441 | 152 880 | 152 941 | 153 798 | 151 861 | 150 157 | 149 869 | 150 288 | 155 874 | 158 923 | 156 625 | 156 906 | 165 899 |

(1) The foreign exchange balances of banks and their foreign exchange deposits with their correspondents outside Morocco are recorded under this item. The foreign exchange deposits of banks with Bank Al-Maghrib, which represent claims on a resident institution, are not included in their foreign assets.

(2) These consist mainly of the creditor balances of foreign correspondents with the banks and the sight and time deposits of non-residents.

Source : Bank Al-Maghrib.

XII-12 - CLAIMS ON GOVERNMENT

(In millions of dirhams)

| Components | 2004 | 2005 | | | | | | | | | | | |
|---|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|---------------|---------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| I. Claims of Bank Al-Maghrib | | | | | | | | | | | | | |
| A. Claims due to Bank Al-Maghrib | | | | | | | | | | | | | |
| . Advances to the government ⁽¹⁾ | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 | 5 500 |
| . Customs drafts and surety bonds | 769 | - | - | - | - | - | - | - | 564 | - | - | - | - |
| . Cheques held in discount | 961 | 1 666 | 554 | 1 100 | 832 | 1 416 | 1 307 | 694 | 1 043 | 1 139 | 567 | 511 | 802 |
| . Central Bank's deposits with the Postal cheque service | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross total | 7 230 | 7 166 | 6 054 | 6 600 | 6 332 | 6 916 | 6 807 | 6 194 | 7 107 | 6 639 | 6 067 | 6 011 | 6 302 |
| . Less : | | | | | | | | | | | | | |
| Assets held by public accountants ⁽²⁾ | 15 207 | 25 153 | 24 771 | 23 667 | 22 544 | 22 707 | 19 900 | 16 315 | 13 988 | 16 178 | 17 006 | 15 744 | 13 591 |
| Net total | -7 977 | -17 987 | -18 717 | -17 067 | -16 212 | -15 791 | -13 093 | -10 121 | -6 881 | -9 539 | -10 939 | -9 733 | -7 289 |
| B. Treasury bills purchased on the secondary market | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-total (I) | -7 977 | -17 987 | -18 717 | -17 067 | -16 212 | -15 791 | -13 093 | -10 121 | -6 881 | -9 539 | -10 939 | -9 733 | -7 289 |
| II. Claims of banks | | | | | | | | | | | | | |
| . Portfolio of public securities | 71 770 | 73 698 | 72 492 | 69 692 | 69 888 | 70 845 | 71 223 | 70 738 | 71 678 | 71 590 | 71 733 | 73 583 | 75 090 |
| . Banks' deposits with Treasury and Postal cheque service | 263 | 239 | 226 | 191 | 248 | 252 | 279 | 244 | 272 | 441 | 335 | 394 | 301 |
| Sub-total (II) | 72 033 | 73 937 | 72 718 | 69 883 | 70 136 | 71 097 | 71 502 | 70 982 | 71 950 | 72 031 | 72 068 | 73 977 | 75 391 |
| III. Claims of individuals and non-financial enterprises | | | | | | | | | | | | | |
| . Counterpart of deposits with Postal cheque service and Treasury | 8 609 | 8 569 | 8 658 | 8 714 | 8 741 | 8 812 | 9 051 | 9 221 | 9 191 | 9 263 | 9 421 | 9 365 | 9 312 |
| Sub-total (III) | 8 609 | 8 569 | 8 658 | 8 714 | 8 741 | 8 812 | 9 051 | 9 221 | 9 191 | 9 263 | 9 421 | 9 365 | 9 312 |
| Total claims on government (I+II+III) | 72 665 | 64 519 | 62 659 | 61 530 | 62 665 | 64 118 | 67 460 | 70 082 | 74 260 | 71 755 | 70 550 | 73 609 | 77 414 |

(1) Agreed advances and cash facilities.

(2) Notes and coin held by public accountants and Treasury's creditor account and Hassan II Fund for economic and social development with the Bank Al-Maghrib levelled at one million dirhams.

Source : Bank Al-Maghrib.

XII-13 - CLAIMS ON THE PRIVATE SECTOR ⁽¹⁾

(In millions of dirhams)

| Components | 2004 | 2005 | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| A. Lending to enterprises and individuals ⁽²⁾ | 227 523 | 232 612 | 232 945 | 234 841 | 244 999 | 247 824 | 254 083 | 257 150 | 257 114 | 261 484 | 262 339 | 261 337 | 257 433 |
| . Debtor accounts and overdraft facilities | 71 107 | 70 573 | 70 740 | 71 572 | 80 624 | 81 377 | 84 369 | 85 842 | 83 756 | 86 418 | 87 940 | 87 454 | 83 542 |
| . Equipment credit | 47 270 | 51 819 | 51 535 | 51 673 | 51 470 | 52 098 | 53 876 | 54 391 | 55 099 | 55 660 | 54 589 | 53 903 | 53 854 |
| . Real estate loans | 45 571 | 45 813 | 46 467 | 48 657 | 48 152 | 49 081 | 50 187 | 51 606 | 53 181 | 54 516 | 55 169 | 55 917 | 56 902 |
| . Consumer credit | 9 861 | 10 080 | 10 008 | 10 098 | 10 149 | 10 288 | 10 597 | 10 742 | 10 728 | 10 880 | 10 829 | 10 715 | 10 723 |
| . Miscellaneous | 5 644 | 5 459 | 5 167 | 5 422 | 5 700 | 6 224 | 6 101 | 6 015 | 5 943 | 5 781 | 5 435 | 4 931 | 7 121 |
| . Pending claims ⁽³⁾ | 48 070 | 48 868 | 49 028 | 47 419 | 48 904 | 48 756 | 48 953 | 48 554 | 48 407 | 48 229 | 48 377 | 48 417 | 45 291 |
| B Lending to financing companies | 20 897 | 21 505 | 21 169 | 21 274 | 21 991 | 23 101 | 22 742 | 24 041 | 24 383 | 24 568 | 24 681 | 24 325 | 23 896 |
| . Credit | 19 767 | 20 409 | 20 090 | 20 222 | 20 936 | 22 025 | 21 648 | 22 953 | 23 338 | 23 456 | 23 501 | 22 841 | 22 385 |
| . Financing companies securities held by banks | 1 130 | 1 096 | 1 079 | 1 052 | 1 055 | 1 076 | 1 094 | 1 088 | 1 045 | 1 112 | 1 180 | 1 484 | 1 511 |
| C Banks' portfolio of investment securities ⁽⁴⁾ | 3 021 | 3 214 | 2 746 | 2 758 | 2 657 | 2 660 | 951 | 1 129 | 1 637 | 2 378 | 4 413 | 2 971 | 3 004 |
| I Total banks' claims on the private sector (A+B+C) | 251 441 | 257 331 | 256 860 | 258 873 | 269 647 | 273 585 | 277 776 | 282 320 | 283 134 | 288 430 | 291 433 | 288 633 | 284 333 |
| II Bank Al-Maghrib's claims on the private sector | 11 302 | 11 295 | 11 320 | 11 027 | 11 012 | 7 724 | 7 686 | 7 703 | 7 662 | 7 680 | 7 652 | 7 681 | 7 697 |
| Total (I+II) | 262 743 | 268 626 | 268 180 | 269 900 | 280 659 | 281 309 | 285 462 | 290 023 | 290 796 | 296 110 | 299 085 | 296 314 | 292 030 |

(1) The classification of lending to the private sector is derived from the banks' new accounting statement which was introduced in January 2000, the date of entry into force of the new accounting plan for banks.

(2) Including lending to the public institutions.

(3) Pre-doubtful claims, doubtful claims and compromised claims.

(4) Non-banking enterprises securities subscribed for by banks.

Source : Bank Al-Maghrib.

XII-14 - MONETARY AND LIQUID INVESTMENT AGGREGATES 1982-2005

(In millions of dirhams)

| Outstanding amounts at end-December | Aggregate M 3 | | | M2 | | | M3 | | | Liquid investment aggregate | | | | | |
|-------------------------------------|------------------------|----------------|---------|----------------------------------|---------|---------------------------------|---------------------------------|---------|---------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|-------|
| | Aggregate M 2 | | | = | | | Time investments ⁽²⁾ | | | M2 + time investments | LI 1 ⁽³⁾ | LI 2 ⁽⁴⁾ | LI 3 ⁽⁵⁾ | LI 4 ⁽⁶⁾ | Total |
| | Aggregate M 1 | | | Sight investments ⁽¹⁾ | | | Total | | | | | | | | |
| | Currency outside banks | Sight deposits | Total | Sight investments ⁽¹⁾ | Total | Time investments ⁽²⁾ | M1 + sight investments | Total | LI 1 ⁽³⁾ | LI 2 ⁽⁴⁾ | LI 3 ⁽⁵⁾ | LI 4 ⁽⁶⁾ | Total | | |
| 1982 | 12 023 | 17 584 | 29 607 | 1 735 | 29 607 | 7 654 | 31 342 | 38 996 | 336 | - | - | - | 336 | | |
| 1983 | 13 635 | 20 345 | 33 980 | 2 259 | 33 980 | 10 227 | 36 239 | 46 466 | 351 | - | - | - | 351 | | |
| 1984 | 14 770 | 22 305 | 37 075 | 2 744 | 37 075 | 11 373 | 39 819 | 51 192 | 359 | - | - | - | 359 | | |
| 1985 | 16 194 | 26 570 | 42 764 | 3 136 | 42 764 | 14 416 | 45 900 | 60 316 | 2 641 | - | - | - | 2 641 | | |
| 1986 | 18 694 | 31 361 | 50 055 | 4 160 | 50 055 | 15 851 | 54 215 | 70 066 | 6 229 | - | - | - | 6 229 | | |
| 1987 | 20 003 | 34 718 | 54 721 | 5 891 | 54 721 | 16 485 | 60 612 | 77 097 | 9 612 | - | - | - | 9 612 | | |
| 1988 | 21 913 | 40 335 | 62 248 | 7 573 | 62 248 | 18 867 | 69 821 | 88 688 | 10 308 | - | - | - | 10 308 | | |
| 1989 | 24 814 | 44 460 | 69 274 | 9 317 | 69 274 | 21 441 | 78 591 | 100 032 | 13 485 | - | - | - | 13 485 | | |
| 1990 | 29 543 | 53 115 | 82 658 | 11 491 | 82 658 | 24 883 | 94 149 | 119 032 | 15 739 | - | - | - | 15 739 | | |
| 1991 | 34 269 | 60 352 | 94 621 | 14 051 | 94 621 | 31 190 | 108 672 | 139 862 | 14 504 | - | - | - | 14 504 | | |
| 1992 | 35 744 | 64 939 | 100 683 | 14 913 | 100 683 | 37 467 | 115 596 | 153 063 | 15 564 | - | - | - | 15 564 | | |
| 1993 | 37 202 | 68 576 | 105 778 | 15 959 | 105 778 | 43 986 | 121 737 | 165 723 | 16 837 | - | - | - | 16 837 | | |
| 1994 | 41 021 | 76 163 | 117 184 | 18 685 | 117 184 | 47 464 | 135 869 | 183 333 | 21 849 | - | - | - | 21 849 | | |
| 1995 | 43 154 | 81 329 | 124 483 | 21 279 | 124 483 | 52 494 | 145 762 | 198 256 | 22 910 | - | 8 | - | 22 918 | | |
| 1996 | 46 447 | 84 346 | 130 793 | 23 466 | 130 793 | 57 283 | 154 259 | 211 542 | 23 158 | - | 220 | 1 696 | 25 074 | | |
| 1997 | 48 662 | 92 198 | 140 860 | 25 983 | 140 860 | 64 121 | 166 843 | 230 964 | 19 821 | - | 2 708 | 3 057 | 25 586 | | |
| 1998 | 50 644 | 99 628 | 150 272 | 29 523 | 150 272 | 65 114 | 179 795 | 244 909 | 18 488 | - | 9 154 | 6 590 | 34 232 | | |
| 1999 | 56 713 | 110 815 | 167 528 | 33 069 | 167 528 | 69 389 | 200 597 | 269 986 | 15 298 | - | 18 630 | 5 423 | 39 351 | | |
| 2000 | 58 169 | 123 094 | 181 263 | 35 240 | 181 263 | 76 281 | 216 503 | 292 784 | 11 420 | - | 12 722 | 3 214 | 27 356 | | |
| 2001 | 66 025 | 144 087 | 210 112 | 39 581 | 210 112 | 84 294 | 249 693 | 333 987 | 13 906 | - | 17 111 | 1 936 | 32 953 | | |
| 2002 | 69 556 | 159 522 | 229 078 | 43 097 | 229 078 | 83 337 | 272 175 | 355 512 | 8 839 | - | 29 696 | 1 247 | 39 782 | | |
| 2003 | 74 890 | 176 247 | 251 137 | 47 843 | 251 137 | 87 360 | 298 980 | 386 340 | 8 093 | - | 26 423 | 1 752 | 36 268 | | |
| 2004 | 79 715 | 196 056 | 275 771 | 52 918 | 275 771 | 87 741 | 328 689 | 416 430 | 5 000 | 11 478 | 22 110 | 2 408 | 40 996 | | |
| 2005 | 89 304 | 227 212 | 316 516 | 59 147 | 316 516 | 99 094 | 375 663 | 474 757 | 5 539 | 9 369 | 23 065 | 3 069 | 41 042 | | |

(1) Deposit books with banks and savings books with the National Savings Fund.

(2) Time accounts and fixed-term bills with banks and certificates of deposit.

(3) Six-month over-the-counter Treasury bills and negotiable debt securities (Treasury bills, bills of the financing companies and commercial papers) subscribed for by individuals and non-financial enterprises.

(4) According to article 4 of the Minister of Finance and Privatisation decision number 2062-4 of December 6, 2004, the Monetary UCITS are those of which global assets, at the exception of "Monetary UCITS" and liquidity, are permanently invested in debt securities.

(5) Moreover, at least 50 percent of the said are permanently placed in debt securities of an initial or residual maturity less than one year.

(6) Securities issued by bond UCITS (since 1995) and subscribed for by individuals and non-financial enterprises.

(6) Securities issued by diversified and share UCITS (since 1995) and subscribed for by individuals and non-financial enterprises.

Source : Bank Al-Maghrib.

**XII-15 - COUNTERPARTS OF M3
1982 - 2005**

(In millions of dirhams)

| Outstanding amounts at December | Net foreign assets | | Domestic credit of a monetary nature | | | | | | | | | | Total counterparts of M3 (+/-) | Balancing items (3) | |
|---------------------------------|--------------------|--------|--------------------------------------|--------|---|-----------|------------------------------|--|--|---------------|------------|-----------|--------------------------------|---------------------|-----------|
| | Total (1) | | Total domestic lending | | | | | Less : Banking system's non monetary resources | | | | | | | |
| | Bank Al-Maghrib | Banks | Claims on government | | | Total (A) | Claims on the private sector | | Counterpart of assets with National Savings Fund (C) (2) | Total (A+B+C) | Total (II) | Total (I) | | | |
| | | | Bank Al-Maghrib | Banks | Individuals and non-financial enterprises (1) | | Bank Al-Maghrib | Banks | | | | | | | Total (B) |
| 1982 | 743 | 48 | 8 336 | 9 185 | 1 844 | 19 365 | 682 | 26 406 | 27 088 | 552 | 47 005 | 7 324 | 39 681 | 40 472 | - 1 476 |
| 1983 | - 56 | 35 | 10 924 | 12 423 | 1 715 | 25 062 | 1 034 | 30 169 | 31 203 | 626 | 56 891 | 9 094 | 47 797 | 47 776 | - 1 310 |
| 1984 | 300 | 70 | 10 857 | 13 107 | 1 926 | 25 890 | 1 675 | 34 557 | 36 232 | 719 | 62 841 | 10 523 | 52 318 | 52 688 | - 1 496 |
| 1985 | 972 | 137 | 10 048 | 17 888 | 2 028 | 29 964 | 3 079 | 39 311 | 42 390 | 780 | 73 134 | 12 219 | 60 915 | 62 024 | - 1 708 |
| 1986 | 1 705 | - 18 | 9 558 | 25 138 | 2 301 | 36 997 | 5 184 | 43 184 | 48 368 | 897 | 86 262 | 15 285 | 70 977 | 72 664 | - 2 598 |
| 1987 | 2 985 | 228 | 8 799 | 28 277 | 2 925 | 40 001 | 5 835 | 46 588 | 52 423 | 1 053 | 93 477 | 17 750 | 75 727 | 78 940 | - 1 843 |
| 1988 | 4 292 | 254 | 10 078 | 32 690 | 4 347 | 47 115 | 6 033 | 52 411 | 58 444 | 1 236 | 106 795 | 21 011 | 85 784 | 90 330 | - 1 642 |
| 1989 | 3 951 | 137 | 10 614 | 37 701 | 4 988 | 53 303 | 6 699 | 59 418 | 66 117 | 1 428 | 120 848 | 22 703 | 98 145 | 102 233 | - 2 201 |
| 1990 | 16 600 | 612 | 11 517 | 34 575 | 5 208 | 51 300 | 6 814 | 71 000 | 77 814 | 1 663 | 130 777 | 27 483 | 103 294 | 120 506 | - 1 474 |
| 1991 | 24 435 | 637 | 12 116 | 35 346 | 6 274 | 53 736 | 6 845 | 87 850 | 94 695 | 1 917 | 150 348 | 32 144 | 118 204 | 143 276 | - 3 414 |
| 1992 | 31 504 | 590 | 9 924 | 41 427 | 6 151 | 57 502 | 7 001 | 99 079 | 106 080 | 2 150 | 165 732 | 40 301 | 125 431 | 157 525 | - 4 462 |
| 1993 | 36 900 | 735 | 9 936 | 46 295 | 6 532 | 62 763 | 7 045 | 104 747 | 111 792 | 2 342 | 176 897 | 45 480 | 131 417 | 169 052 | - 3 329 |
| 1994 | 40 753 | 299 | 8 185 | 54 747 | 6 783 | 69 715 | 7 307 | 114 796 | 122 103 | 2 754 | 194 572 | 48 072 | 146 500 | 187 552 | - 4 219 |
| 1995 | 32 348 | 426 | 18 490 | 52 908 | 6 789 | 78 187 | 7 619 | 128 982 | 136 601 | 3 292 | 218 080 | 49 854 | 168 226 | 201 000 | - 2 744 |
| 1996 | 35 214 | 166 | 18 758 | 54 847 | 8 032 | 81 637 | 7 386 | 142 056 | 149 442 | 3 866 | 234 945 | 54 172 | 180 773 | 216 153 | - 4 611 |
| 1997 | 40 355 | 294 | 19 680 | 58 616 | 8 073 | 86 369 | 7 395 | 152 029 | 159 424 | 4 553 | 250 346 | 53 144 | 197 202 | 237 851 | - 6 887 |
| 1998 | 42 710 | 316 | 19 244 | 58 614 | 6 652 | 84 510 | 7 390 | 168 495 | 175 885 | 5 330 | 265 725 | 54 721 | 211 004 | 254 030 | - 9 121 |
| 1999 | 58 884 | 207 | 13 405 | 54 917 | 7 711 | 76 033 | 7 192 | 185 905 | 193 097 | 5 721 | 274 851 | 58 611 | 216 240 | 275 331 | - 5 345 |
| 2000 | 52 651 | 2 034 | 16 033 | 61 729 | 8 172 | 85 934 | 7 471 | 200 553 | 208 024 | 6 208 | 300 166 | 58 534 | 241 632 | 296 317 | - 3 533 |
| 2001 | 99 264 | 2 685 | - 3 117 | 73 161 | 8 285 | 78 329 | 8 304 | 208 647 | 216 951 | 6 576 | 301 856 | 60 875 | 240 981 | 342 930 | - 8 943 |
| 2002 | 104 490 | 6 290 | - 4 584 | 76 923 | 8 358 | 80 697 | 9 747 | 216 474 | 226 221 | 7 312 | 314 230 | 60 011 | 254 219 | 364 999 | - 9 487 |
| 2003 | 122 083 | 5 110 | - 7 185 | 77 123 | 8 599 | 78 537 | 11 477 | 234 531 | 246 008 | 8 196 | 332 741 | 58 506 | 274 235 | 401 428 | - 15 088 |
| 2004 | 135 401 | 9 040 | - 7 977 | 72 033 | 8 609 | 72 665 | 11 302 | 251 441 | 262 743 | 9 349 | 344 757 | 57 114 | 287 643 | 432 084 | - 15 654 |
| 2005 | 150 227 | 15 672 | - 7 289 | 75 391 | 9 312 | 77 414 | 7 697 | 284 333 | 292 030 | 10 572 | 380 016 | 57 801 | 322 215 | 488 114 | - 13 357 |

(1) Counterpart of deposits with the Treasury and the Postal cheque service, recorded as sight deposits.

(2) The resources collected by the National Savings Fund are deposited with the Deposit and Management Fund (DMF). These resources cannot be split up into claims on government and claims on the private sector.

(3) Amount by which the other liabilities of the banking system exceed the other items of its assets.

Source : Bank Al-Maghrib.

XIII-1- CASH MOVEMENT AT BANK AL-MAGHRIB'S CASH DESKS

(in millions of dirhams)

| | 2003 | | 2004 | | 2005 | |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Inflows | Outflows | Inflows | Outflows | Inflows | Outflows |
| January | 6 180 | 6 323 | 5 182 | 10 011 | 5 692 | 8 899 |
| February | 5 502 | 6 593 | 7 550 | 4 179 | 7 151 | 5 670 |
| March | 5 913 | 5 238 | 7 246 | 6 279 | 7 444 | 6 873 |
| April | 6 161 | 6 254 | 6 612 | 7 124 | 6 558 | 7 009 |
| May | 5 886 | 5 626 | 6 507 | 5 793 | 7 056 | 7 204 |
| June | 5 193 | 6 127 | 6 025 | 6 736 | 6 357 | 7 006 |
| July | 5 443 | 9 710 | 5 487 | 9 771 | 6 104 | 9 853 |
| August | 6 040 | 8 112 | 7 023 | 9 112 | 8 016 | 10 771 |
| September | 7 961 | 5 478 | 8 667 | 6 037 | 8 728 | 6 993 |
| October | 7 209 | 6 853 | 6 778 | 6 679 | 6 616 | 7 771 |
| November | 4 462 | 5 220 | 6 614 | 6 665 | 7 472 | 7 319 |
| December | 7 418 | 7 075 | 7 425 | 7 763 | 6 904 | 8 941 |
| Total | 73 368 | 78 609 | 81 116 | 86 149 | 84 098 | 94 309 |

Source : Bank Al-Maghrib.

XIII-2 - EXCHANGES AT THE CLEARING HOUSES AND AT THE MOROCCAN INTERBANK REMOTE CLEARING SYSTEM (SIMT)

| 2005 | Number of operations (in thousands) | | | Amounts (in millions of dirhams) | | | Rate of rejection (in %) | | |
|--------------|--|---------------|---------------|-------------------------------------|----------------|----------------|-----------------------------|-------------|------------|
| | Bills | Cheques | Total | Bills | Cheques | Transfers | Total | Bills | Cheques |
| January | 113 | 1 609 | 1 722 | 6 465 | 42 946 | 49 124 | 98 535 | 18.8 | 2.2 |
| February | 107 | 1 659 | 1 766 | 6 728 | 41 504 | 40 586 | 88 818 | 19.8 | 2.2 |
| March | 131 | 2 062 | 2 193 | 7 430 | 50 509 | 44 898 | 102 837 | 25.6 | 2.0 |
| April | 105 | 1 761 | 1 866 | 6 218 | 47 166 | 45 940 | 99 324 | 19.4 | 2.0 |
| May | 124 | 2 082 | 2 206 | 8 254 | 54 992 | 55 838 | 119 084 | 19.9 | 1.9 |
| June | 116 | 1 971 | 2 087 | 7 054 | 51 680 | 50 625 | 109 358 | 18.8 | 1.9 |
| July | 109 | 1 865 | 1 974 | 6 251 | 52 356 | 53 607 | 112 214 | 18.0 | 2.1 |
| August | 121 | 1 791 | 1 912 | 8 339 | 48 476 | 57 736 | 114 551 | 17.8 | 2.2 |
| September | 102 | 1 851 | 1 953 | 7 930 | 50 065 | 57 342 | 115 337 | 19.3 | 2.0 |
| October | 101 | 1 742 | 1 843 | 7 339 | 45 028 | 58 534 | 110 901 | 19.8 | 2.1 |
| November | 106 | 1 701 | 1 807 | 7 498 | 43 163 | 52 094 | 102 755 | 19.4 | 2.0 |
| December | 115 | 1 949 | 2 064 | 7 110 | 52 949 | 69 690 | 129 750 | 18.5 | 2.0 |
| Total | 1 350 | 22 043 | 23 393 | 86 616 | 580 834 | 636 014 | 1 303 464 | 19.6 | 2.0 |

Source : Bank Al-Maghrib.

XIV-1 - ASSETS AND LIABILITIES OF ALL THE BANKS

(In millions of dirhams)

| | December 2003 | December 2004 | December 2005 |
|--|------------------|------------------|------------------|
| ASSETS | | | |
| Cash in hand and liquid balances | 40 448 | 49 207 | 50 983 |
| Of which : Bank notes and cheques in foreign currency | (345) | (326) | (403) |
| Deposits in dirhams with the Bank Al-Maghrib | (35 826) | (44 707) | (45 389) |
| Deposits with the Treasury and the Postal Cheque Service | (657) | (263) | (301) |
| Balances with banks and loans to banks | 3 495 | 3 114 | 6 507 |
| Foreign correspondents and the like | 8 368 | 12 066 | 19 810 |
| Portfolio of Treasury bills | 76 466 | 71 770 | 75 090 |
| Claims on the private sector (1) | 231 270 | 247 290 | 279 818 |
| Portfolio of investment securities other than public securities | 10 964 | 12 213 | 13 467 |
| - Certificates of deposit held by banks | 295 | 267 | 719 |
| - Bills and bonds issued by the BNDE, the CIH, the CNCA and the FEC subscribed for by banks | 7 408 | 7 795 | 8 233 |
| - Financing companies bonds held by banks | 889 | 1 130 | 1 511 |
| - Securities issued by non banking institutions | 2 372 | 3 021 | 3 004 |
| Portfolio of equity investment and the like | 14 902 | 15 905 | 13 981 |
| Fixed assets | 11 532 | 12 575 | 13 032 |
| Miscellaneous (net) | - | - | - |
| TOTAL | 397 445 | 424 140 | 472 688 |
| LIABILITIES | | | |
| Customers' sight accounts in dirhams | 166 454 | 185 783 | 215 538 |
| . Cheque accounts | 109 515 | 123 594 | 145 766 |
| (Moroccans living abroad cheque accounts) | (40 252) | (45 730) | (51 108) |
| . Current accounts | 46 039 | 49 823 | 58 182 |
| . Other deposits | 10 900 | 12 366 | 11 590 |
| Deposit books | 39 647 | 43 569 | 48 575 |
| Fixed-term accounts and notes | 87 145 | 87 642 | 98 768 |
| Certificates of deposit | 2 204 | 1 191 | 1 493 |
| Of which : Subscriptions by non financial enterprises and by individuals | (215) | (99) | (326) |
| Non-residents' sight and fixed-term accounts in foreign currency | 881 | 595 | 688 |
| Inter-bank liabilities | 12 633 | 12 668 | 16 290 |
| Net borrowing from financial institutions (2) | 1 558 | 3 347 | 2 498 |
| Foreign correspondents and the like | 2 722 | 2 757 | 3 853 |
| Bond loans in dirhams | 6 702 | 5 431 | 4 355 |
| External long term borrowing | 10 814 | 6 130 | 4 405 |
| Recourse to the Bank Al-Maghrib | - | 3 | - |
| Provisions | 29 235 | 33 572 | 34 838 |
| Capital and reserves | 32 482 | 33 923 | 35 863 |
| Miscellaneous (net) | 4 968 | 7 529 | 5 524 |
| TOTAL | 397 445 | 424 140 | 472 688 |

(1) Including loans granted to financing companies and public institutions

(2) Including repurchase operations with UCITS.

Source : Bank Al-Maghrib.

XIV-2 - ASSETS AND LIABILITIES OF CONSUMER CREDIT COMPANIES

(In millions of dirhams)

| | December 2003 | December 2004 | December 2005 |
|--|------------------|------------------|------------------|
| ASSETS | | | |
| Fixed assets | 438 | 567 | 604 |
| Credits | 21 570 | 23 322 | 25 119 |
| Miscellaneous debtors and regularizing accounts | 434 | 501 | 621 |
| Liquid balances | 321 | 757 | 718 |
| Total | 22 763 | 25 147 | 27 062 |
| LIABILITIES | | | |
| Capital, reserves and the like | 2 972 | 3 080 | 3 435 |
| Provisions | 3 661 | 4 029 | 3 811 |
| Financing debts | 11 130 | 11 785 | 13 213 |
| Miscellaneous creditors and regularizing accounts | 1 324 | 1 726 | 2 551 |
| Treasury accounts | 3 676 | 4 527 | 4 052 |
| Total | 22 763 | 25 147 | 27 062 |

Source : Bank Al-Maghrib.

XIV-3 - ASSETS AND LIABILITIES OF LEASING COMPANIES

(In millions of dirhams)

| | December 2003 | December 2004 | December 2005 |
|--|------------------|------------------|------------------|
| ASSETS | | | |
| Fixed assets | 82 | 87 | 94 |
| Credits | 13 750 | 15 454 | 18 017 |
| Miscellaneous debtors and regularizing accounts | 148 | 184 | 176 |
| Liquid balances | 88 | 87 | 72 |
| Total | 14 068 | 15 812 | 18 359 |
| LIABILITIES | | | |
| Capital, reserves and the like | 1 216 | 1 269 | 1 447 |
| Provisions | 1 253 | 1 398 | 1 397 |
| Financing debts | 8 775 | 10 825 | 12 708 |
| Miscellaneous creditors and regularizing accounts | 1 245 | 1 075 | 1 579 |
| Treasury accounts | 1 579 | 1 245 | 1 228 |
| Total | 14 068 | 15 812 | 18 359 |

Source : Bank Al-Maghrib.

XV-1 - INTERBANK MONEY MARKET OUTSTANDING AMOUNTS OF LENDING AND BORROWING

(In millions of dirhams)

| Outstanding amounts at the end of month | 2005 | | | | | | | | | | | | | |
|--|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|--------------|
| | 2004 Average | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Average |
| Bank's loans | 1 011 | 3 127 | 3 454 | 1 920 | 1 460 | 5 655 | 4 810 | 2 100 | 1 667 | 2 261 | 2 541 | 856 | 1 152 | 2 584 |
| CDG loans | 82 | - | 36 | - | - | - | 21 | - | 153 | - | - | - | - | 18 |
| Financing companies loans ⁽¹⁾ | 207 | 3 | 2 | 1 | 2 | - | - | - | - | - | - | - | - | 1 |
| Total loans | 1 300 | 3 130 | 3 492 | 1 921 | 1 462 | 5 655 | 4 831 | 2 100 | 1 820 | 2 261 | 2 541 | 856 | 1 152 | 2 602 |
| Bank's borrowing | 973 | 3 130 | 1 892 | 1 914 | 1 460 | 5 641 | 4 822 | 2 100 | 1 820 | 2 082 | 2 541 | 856 | 1 077 | 2 445 |
| C D G borrowing | 251 | - | 1 600 | 7 | 2 | 14 | 9 | - | - | 179 | - | - | 75 | 157 |
| Financing companies' borrowing | 76 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total borrowing | 1 300 | 3 130 | 3 492 | 1 921 | 1 462 | 5 655 | 4 831 | 2 100 | 1 820 | 2 261 | 2 541 | 856 | 1 152 | 2 602 |
| Interest rates | | | | | | | | | | | | | | |
| . Daily average | 2.40 | 2.34 | 2.98 | 2.33 | 2.33 | 2.32 | 4.31 | 3.76 | 2.76 | 2.26 | 2.27 | 3.29 | 2.40 | 2.78 |
| . End of month | 2.39 | 2.52 | 2.35 | 2.30 | 2.49 | 2.45 | 3.21 | 3.50 | 2.25 | 2.27 | 2.41 | 2.96 | 2.26 | 2.58 |

(1) The Moroccan Guarantee and Credit Fund (CMM), Dar Addamane and the Central Guarantee Fund (CGG).
Source : Bank Al-Maghrib.

XV-2 - SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

(In millions of dirhams)

| Maturities | 2004 | | | | | | 2005 | | | | | |
|-------------------------------|---------------|---------------|--|------------|--------------|---------------|---------------|---------------|--|----------|---------------|---------------|
| | Banks | CDG | Insurance companies and pension institutions | UCITS | Other | Total | Banks | CDG | Insurance companies and pension institutions | UCITS | Other | Total |
| 13 weeks | 2 338 | 37 | - | - | 1 | 2 376 | 450 | - | - | - | - | 450 |
| 26 weeks | 1 950 | 194 | - | - | - | 2 144 | 626 | - | - | - | - | 626 |
| 52 weeks | 8 922 | 4 276 | 1 147 | 200 | 3 000 | 17 545 | 8 670 | 2 074 | 100 | - | - | 10 844 |
| Total short-term (I) | 13 210 | 4 507 | 1 147 | 200 | 3 001 | 22 065 | 9 746 | 2 074 | 100 | - | - | 11 920 |
| 2 years | 3 340 | 917 | 66 | - | - | 4 323 | 1 200 | 200 | - | - | - | 1 400 |
| 5 years | 13 287 | 8 327 | 745 | 30 | 6 | 22 395 | 3 092 | 700 | 1 945 | - | 5 404 | 11 141 |
| Total medium-term (II) | 16 627 | 9 244 | 811 | 30 | 6 | 26 718 | 4 292 | 900 | 1 945 | - | 5 404 | 12 541 |
| 10 years | 7 544 | 2 786 | 223 | - | - | 10 553 | 9 409 | 2 697 | 4 720 | - | 4 937 | 21 763 |
| 15 years | 7 870 | 5 345 | - | 50 | - | 13 265 | 13 215 | 5 795 | 4 829 | - | - | 23 839 |
| 20 years | 2 560 | 35 | - | - | - | 2 595 | 4 970 | 3 184 | 1 312 | - | 25 | 9 491 |
| Total long-term (III) | 17 974 | 8 166 | 223 | 50 | - | 26 413 | 27 594 | 11 676 | 10 861 | - | 4 962 | 55 093 |
| Total (I+II+III) | 47 811 | 21 917 | 2 181 | 280 | 3 007 | 75 196 | 41 632 | 14 650 | 12 906 | - | 10 366 | 79 554 |

Source : Bank Al-Maghrib.

XV-3 - INTEREST RATES ON TREASURY BILLS BY TENDER

| Maturities | 2004 | | | 2005 | | |
|------------|--------------|--------------|-----------------------|--------------|--------------|-----------------------|
| | Minimum rate | Maximum rate | Weighted average rate | Minimum rate | Maximum rate | Weighted average rate |
| 13 weeks | 2.25 | 3.04 | 2.42 | 2.34 | 2.55 | 2.48 |
| 26 weeks | 2.34 | 3.20 | 2.65 | 2.40 | 2.70 | 2.61 |
| 52 weeks | 2.42 | 3.80 | 3.03 | 2.61 | 3.10 | 2.89 |
| 2 years | 2.99 | 3.77 | 3.44 | 3.04 | 3.31 | 3.22 |
| 5 years | 3.95 | 5.02 | 4.50 | 3.91 | 4.06 | 3.97 |
| 10 years | 4.89 | 5.23 | 5.10 | 4.72 | 4.93 | 4.78 |
| 15 years | 5.50 | 5.86 | 5.68 | 5.26 | 5.52 | 5.34 |
| 20 years | 6.06 | 6.10 | 6.08 | 5.92 | 6.10 | 5.99 |

Source : Bank Al-Maghrib.

XV-4 - OUTSTANDING AMOUNTS OF TREASURY BILLS BY TENDER

(In millions of dirhams)

| Maturities | 2004 | | | | | | | 2005 | | | | | | |
|-------------------------------|---------------|--------------------|--|---------------|--------------|----------------|---------------|--------------------|--|---------------|---------------|----------------|--|--|
| | Banks | CDG ⁽¹⁾ | Insurance companies and pension institutions | UCITS | Other | Total | Banks | CDG ⁽¹⁾ | Insurance companies and pension institutions | UCITS | Other | Total | | |
| 13 weeks | - | - | 20 | 990 | - | 1 010 | - | - | - | - | - | - | | |
| 26 weeks | 395 | - | 95 | 663 | - | 1 153 | 300 | - | 170 | - | - | 470 | | |
| 52 weeks | 4 754 | 1 764 | 1 970 | 3 990 | 3 414 | 15 892 | 2 243 | 220 | 560 | 4 715 | 326 | 8 064 | | |
| Total short-term (I) | 5 149 | 1 764 | 2 085 | 5 643 | 3 414 | 18 055 | 2 543 | 220 | 730 | 4 715 | 326 | 8 534 | | |
| 2 years | 3 047 | 2 747 | 3 959 | 2 557 | 301 | 12 611 | 2 412 | 150 | 773 | 1 340 | 149 | 4 824 | | |
| 5 years | 29 451 | 4 043 | 27 171 | 21 180 | 2 004 | 83 849 | 25 102 | 5 370 | 27 794 | 16 427 | 9 281 | 83 974 | | |
| Total medium-term (II) | 32 498 | 6 790 | 31 130 | 23 737 | 2 305 | 96 460 | 27 514 | 5 520 | 28 567 | 17 767 | 9 430 | 88 798 | | |
| 10 years | 12 310 | 7 598 | 21 077 | 13 401 | 1 113 | 55 499 | 17 882 | 8 715 | 23 268 | 16 563 | 9 616 | 76 044 | | |
| 15 years | 9 057 | 8 442 | 15 323 | 8 098 | 1 273 | 42 193 | 13 271 | 12 796 | 19 289 | 12 949 | 7 726 | 66 031 | | |
| 20 years | 29 | - | 2 060 | 505 | 25 | 2 619 | 1 270 | 228 | 5 977 | 4 532 | 104 | 12 111 | | |
| Total long-term (III) | 21 396 | 16 040 | 38 460 | 22 004 | 2 411 | 100 311 | 32 423 | 21 739 | 48 534 | 34 044 | 17 446 | 154 186 | | |
| Total (I+II+III) | 59 043 | 24 594 | 71 675 | 51 384 | 8 130 | 214 826 | 62 480 | 27 479 | 77 831 | 56 526 | 27 202 | 251 518 | | |

(1) Excluding the outstanding amount of the Treasury bills of the provident institutions administered by the Deposit and Management Fund.
Source : Bank Al-Maghrib.

XV-5 - OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES
(BY CATEGORY OF INITIAL SUBSCRIPTIONS)

(In millions of dirhams)

| Category of securities | 2004 | | | | | 2005 | | | | |
|------------------------------|-----------------------------|--|--------------|------------|--------------|-----------------------------|--|--------------|--------------|--------------|
| | Credit institutions and CDG | Insurance companies and pension institutions | UCITS | Other | Total | Credit institutions and CDG | Insurance companies and pension institutions | UCITS | Other | Total |
| Certificates of deposit | 463 | 248 | 369 | 99 | 1 179 | 319 | 296 | 541 | 326 | 1 482 |
| Bills of financing companies | 2 688 | 718 | 1 458 | 719 | 5 583 | 2 794 | 473 | 1 054 | 701 | 5 021 |
| Commercial paper | 758 | 2 | 1 951 | - | 2 711 | 1 433 | 4 | 1 476 | 65 | 2 978 |
| Total | 3 909 | 968 | 3 778 | 818 | 9 473 | 4 546 | 773 | 3 071 | 1 092 | 9 481 |

Source : Bank Al-Maghrib.

XV-6 - STOCK EXCHANGE INDICATORS

(In millions of dirhams)

| Period | | Volume of transactions | Market capitalisation | Index (*) |
|--------|-----------|------------------------|-----------------------|-----------|
| 1999 | December | 12 038.7 | 138 051 | 777.08 |
| 2000 | December | 6 832.5 | 114 881 | 658.43 |
| 2001 | December | 5 009.7 | 104 740 | 609.74 |
| 2002 | December | 9 545.6 | 87 175 | 2 980.44 |
| 2003 | December | 11 388.8 | 115 507 | 3 943.51 |
| 2004 | January | 1 122.2 | 120 557 | 4 115.93 |
| | February | 4 391.0 | 127 015 | 4 336.40 |
| | March | 5 220.4 | 131 023 | 4 473.30 |
| | April | 2 827.0 | 135 347 | 4 620.91 |
| | May | 2 017.8 | 133 040 | 4 544.78 |
| | June | 15 322.4 | 137 178 | 4 498.88 |
| | July | 3 766.7 | 141 753 | 4 514.72 |
| | August | 859.7 | 143 817 | 4 580.44 |
| | September | 2 244.4 | 141 610 | 4 510.17 |
| | October | 2 462.3 | 114 668 | 3 806.15 |
| | November | 1 509.4 | 118 514 | 3 933.81 |
| | December | 30 004.4 | 206 517 | 4 521.98 |
| 2005 | January | 1 434.1 | 207 591 | 4 562.27 |
| | February | 4 855.6 | 203 305 | 4 446.24 |
| | March | 1 775.9 | 200 631 | 4 385.68 |
| | April | 56 064.3 | 205 023 | 4 474.70 |
| | May | 4 095.2 | 211 727 | 4 686.97 |
| | June | 2 136.4 | 211 049 | 4 669.70 |
| | July | 10 989.3 | 223 691 | 4 902.46 |
| | August | 5 683.4 | 231 976 | 5 099.02 |
| | September | 3 750.3 | 234 833 | 5 111.39 |
| | October | 5 357.9 | 241 132 | 5 278.51 |
| | November | 4 333.4 | 253 535 | 5 560.16 |
| | December | 48 041.3 | 252 326 | 5 539.13 |

(*) With effect from 1 January 2002, the general stock exchange index (IGB) was replaced by the Moroccan All Shares Index (MASI), which covers all quoted shares and takes as its base 31 December 1991 = 1000.

Source : Bourse de Casablanca.

XVI-1 - NON-FINANCIAL AGENTS INVESTMENTS

(In millions of dirhams)

| | Outstanding amounts at the end of the year | | | Changes (flows) | |
|---|--|----------------|----------------|-----------------|-----------------|
| | 2003 | 2004* | 2005 | 2004 | 2005 |
| A Liquid assets | 257 851 | 282 504 | 324 252 | + 24 653 | + 41 748 |
| - Notes and coin | 74 890 | 79 715 | 89 304 | + 4 825 | + 9 589 |
| - Sight deposits | 182 961 | 202 789 | 234 948 | +19 828 | +32 159 |
| . Banking system | 165 279* | 184 795 | 215 124 | +19 516 | +30 329 |
| . Treasury and Postal cheque centre | 8 599 | 8 609 | 9 312 | + 10 | + 703 |
| . Other sight deposits (1) | 9 083 | 9 385 | 10 512 | + 302 | + 1 127 |
| B Sight and Short-term assets | 138 498 | 143 405 | 158 049 | + 4 907 | + 14 644 |
| - Savings accounts | 47 843 | 52 918 | 59 147 | + 5 075 | + 6 229 |
| . Banking system | 39 647 | 43 569 | 48 575 | + 3 922 | + 5 006 |
| . National Savings Fund | 8 196 | 9 349 | 10 572 | + 1 153 | + 1 223 |
| - Time deposits | 85 637 | 87 491 | 97 951 | + 1 854 | + 10 460 |
| . Fixed-term deposits and bills with the banking system | 85 637 | 87 491 | 97 870 | + 1 854 | + 10 379 |
| . Short-term negotiable debt securities | - | - | 81 | - | + 81 |
| - Short-term Treasury bills | 5 018 | 2 996 | 951 | - 2 022 | - 2 045 |
| . Six-month bills issued to the public | 2 998 | 1 398 | 943 | - 1 600 | - 455 |
| . Bills acquired by tender (non-financial agents) | 2 020 | 1 598 | 8 | - 422 | - 1 590 |
| C Medium-term assets | 2 863 | 1 816 | 3 075 | -1 047 | + 1 259 |
| - Medium-term Treasury bills | 1 941 | 1 012 | 2 084 | - 929 | + 1 072 |
| . Three and five-year bills | 730 | - | - | - 730 | - |
| . Bills acquired by tender | 952 | 753 | 1 833 | - 199 | + 1 080 |
| . Other medium-term bonds | 259 | 259 | 251 | - | - 8 |
| - Medium-term negotiable debt securities | 922* | 804 | 991 | - 118 | + 187 |
| D Securities of UCITS | 28 175 | 35 995 | 35 503 | + 7 820 | - 492 |
| - Monetary UCITS | - | 11 478 | 9 369 | + 11 478 | - 2 109 |
| - Bond UCITS | 26 423 | 22 110 | 23 065 | - 4 313 | + 955 |
| - Share UCITS | 718 | 1 216 | 1 386 | + 498 | + 170 |
| - Diversified UCITS | 1 034 | 1 191 | 1 683 | + 157 | + 492 |
| E Institutional savings | 114 546 | 127 525 | 142 617 | + 12 979 | + 15 092 |
| - Pension and provident institutions funds | 57 936 | 67 782 | 78 183 | + 9 846 | + 10 401 |
| Of which :- CNRA and RCAR ⁽²⁾ | (26 606) | (34 698) | (39 566) | (+8 092) | (+4 868) |
| - National Social Security Fund (CNSS) | (15 108) | (15 725) | (16 726) | (+617) | (+1 001) |
| - Technical provisions of insurance companies | 56 610 | 59 743 | 64 434** | + 3 133 | + 4 691 |
| Sub-total | 541 933 | 591 245 | 663 496 | + 49 312 | + 72 251 |
| F Company shares (3) | | | | + 11 674 | + 36 443 |
| - Newly issued securities | | | | + 11 674 | + 36 443 |
| - Shares of privatised companies | | | | - | - |
| Total | | | | + 60 986 | +108 694 |
| G Adjustment (4) | | | | - 4 769 | + 791 |
| Total of net investment flows | | | | + 56 217 | +109 485 |

(1) Mainly non institutional sight deposits with the Deposit and Management Fund (CDG).

(2) National Pension and Insurance Fund (CNRA) and Collective Pension Allocation Scheme (RCAR).

(3) As data relating to shares held by non-financial agents are not available, only the newly issued corporate securities, either on the primary market or during the operations of privatisation are taken into account.

(4) This item makes it possible to take into account the changes in the composition of the net assets of UCITS, by excluding share transactions carried out on the secondary market.

(*) Revised.

(**) Estimated.

Source : Bank Al-Maghrib.

XVI-2 - NON-FINANCIAL AGENTS INVESTMENTS ACCORDING TO FUNDS-GATHERING CIRCUITS

(in millions of dirhams)

| Funds - gathering circuits | Outstanding amounts at the end of the year | | | Changes (flow) | |
|---|--|----------------|----------------|-----------------|-----------------|
| | 2003 | 2004* | 2005 | 2004 | 2005 |
| - Banking system | 290 764* | 315 940 | 361 940 | + 25 176 | + 46 000 |
| - Financing companies | 721* | 719 | 701 | - 2 | - 18 |
| - Treasury and Post office circuit | 23 754 | 21 966 | 22 919 | - 1 788 | + 953 |
| - C D G and managed funds ⁽¹⁾ | 35 689 | 44 083 | 50 078 | + 8 394 | + 5 995 |
| - Insurance and provident institutions | 87 940 | 92 827 | 103 051 | + 4 887 | + 10 224 |
| Of which : Insurance companies | (56 610) | (59 743) | (64 434)** | (+3 133) | (+4 691) |
| National Social Security Fund (CNSS) | (15 108) | (15 725) | (16 726) | (+617) | (+1 001) |
| - UCITS | 28 175 | 35 995 | 35 503 | + 7 820 | - 492 |
| All financial intermediaries | 467 043 | 511 530 | 574 192 | + 44 487 | + 62 662 |
| - Primary market of private securities ⁽²⁾ | | | | + 11 674 | + 36 443 |
| Adjustment ⁽³⁾ | | | | - 4 769 | + 791 |
| Total funds raised | | | | + 51 392 | + 99 896 |
| - Notes and coin | 74 890 | 79 715 | 89 304 | + 4 825 | + 9 589 |
| Total | | | | + 56 217 | +109 485 |

(1) The Deposit and Management Fund, the Collective Pension Allocation Scheme (RCAR) and the National Pension and Insurance Fund (CNRA).

(2) As data relating to shares held by non-financial agents are not available, only the newly issued corporate securities, either on the primary market or during the operations of privatisation are taken into account.

(3) This item makes it possible to take into account the changes in the composition of the net assets of UCITS, by excluding share transactions carried out on the secondary market.

(*) Revised.

(**) Estimated.

Source : Bank Al-Maghrib.

XVI-3 - USE OF FINANCIAL ASSETS HELD BY NON-FINANCIAL AGENTS

(In millions of dirhams)

| | Outstanding amounts at the end of the year | | | Changes (flows) | |
|--|--|----------------|----------------|-----------------|-----------------|
| | 2003 | 2004* | 2005 | 2004 | 2005 |
| I. Domestic financing of the economy | | | | | |
| A. Financing of the Treasury | - | - | - | + 5 537 | + 28 268 |
| - by financial intermediaries | - | - | - | + 8 478 | + 28 538 |
| . Bank Al-Maghrib advances | - 7 185 | - 7 977 | - 7 289 | - 792 | + 688 |
| . Deposits with the Treasury and the Postal Cheque Centre | 657 | 263 | 301 | - 394 | + 38 |
| . Banks' portfolio of public securities | 76 466 | 71 770 | 75 090 | - 4 696 | + 3 320 |
| . UCITS' portfolio of public securities | 41 840 | 44 946 | 49 898 | + 3 106 | + 4 952 |
| . Institutional investors' portfolio of public securities | 84 971 | 96 020 | 105 268 | + 11 049 | + 9 248 |
| . Other financial intermediaries' portfolio of public securities | 1 860 | 2 065 | 12 357 | + 205 | + 10 292 |
| . Purchases of privatised public enterprises' shares (1) | - | - | - | - | - |
| - by corporations and individuals | - | - | - | - 2 941 | - 270 |
| . Deposits with the Treasury and the Postal Cheque Centre | 8 599 | 8 609 | 9 312 | + 10 | + 703 |
| . Six-month bills | 2 998 | 1 398 | 943 | - 1 600 | - 455 |
| . Government loans | 730 | - | - | - 730 | - |
| . Bills acquired by tender | 2 972* | 2 351 | 1 841 | - 621 | - 510 |
| . Other Treasury bills (2) | 259 | 259 | 251 | - | - 8 |
| B. Financing of public entities | 5 403 | 5 421 | 5 426 | + 18 | + 5 |
| - by Municipal Equipment Fund (FEC) | 5 403 | 5 421 | 5 426 | + 18 | + 5 |
| C. Financing of corporations and individuals | - | - | - | + 27 413 | + 66 596 |
| - by financial intermediaries | 263 935 | 279 674 | 309 762 | + 15 739 | + 30 088 |
| . Credits | 257 316 | 273 674 | 304 312 | + 16 358 | + 30 638 |
| . Bonds portfolio | 6 619 | 6 000 | 5 450 | - 619 | - 550 |
| - On securities market | - | - | - | + 11 674 | + 36 508 |
| . Commercial papers | - | - | 65 | - | + 65 |
| . Corporate securities (3) | - | - | - | + 11 674 | + 36 443 |
| Total of domestic financing of the economy | - | - | - | + 32 968 | + 94 869 |
| Of which : . Intermediated financing | - | - | - | + 24 235 | + 58 631 |
| . Direct financing | - | - | - | + 8 733 | + 36 238 |
| II Net foreign assets | 127 193 | 144 441 | 165 899 | + 17 248 | + 21 458 |
| III Other net assets (4) | | | | + 6 001 | - 6 842 |
| Total assets (I+II+III) | | | | + 56 217 | +109 485 |

(1) As the data concerning transactions on the secondary market are not available, only the initial acquisitions are taken into account.

(2) Capital equipment bonds and subscriptions from the capital account.

(3) As data relating to shares held by non-financial agents are not available, only the newly issued corporate securities are taken into account.

(4) Total investments by non-financial agents (Appendix XVI-1) minus total assets (I+II).

(*) Revised.

Source : Bank Al-Maghrib.

SUMMARY

| ◆ Summary | Page |
|---|-------------|
| - Introductory note | 3 |
| - International environment | 13 |
| - National Output | 20 |
| . Agriculture, stock farming and fisheries | 22 |
| . Minerals | 27 |
| . Energy | 29 |
| . Manufacturing industry | 32 |
| . Tourism | 37 |
| - Demand | 41 |
| - Prices | 44 |
| - Population and Employment | 50 |
| - Foreign trade | 54 |
| - External financial relations | 62 |
| - Public finance | 74 |
| - Money | |
| . Monetary policy | 83 |
| . Monetary aggregates | 92 |
| . Payment instruments | 102 |
| - Credit | 112 |
| - Credit institutions | 121 |
| - The capital market | 129 |
| - Financial saving | 135 |
| - The balance sheet of the Bank Al-Maghrib | 142 |

◆ Summary of boxes

| | |
|--|------------|
| - Box 2 : Monetary policy in the European Union | 45 |
| - Box 3 : The Book of Fiscal Procedures | 58 |
| - Box 4 : Voluntary Early Retirement Scheme | 76 |
| - Box 5 : The choice of the reference value | 91 |
| - Box 6 : The classification of liquid investment aggregates | 95 |
| - Box 7 : The Special Data Dissemination Standard | 101 |
| - Box 8 : Functional aspects of SRBM | 107 |
| - Box 9 : National awareness campaign to increase the credibility of the cheque | 108 |
| - Box 10 : National awareness campaign for a better use of bank cards | 110 |
| - Box 11 : The three pillars of Basel II | 121 |
| - Box 12 : The New Banking Act | 127 |

◆ Summary of statistical appendices

| | |
|---|------------------|
| - National accounts | I-1 à I-7 |
| - Production of agriculture, stock farming and fisheries | II-1 à II-15 |
| - Mineral production | III-1 et III-2 |
| - Production and consumption of energy | III-3 à III-7 |
| - Index of industrial production | IV-1 |
| - Tourist arrivals | V-1 |
| - Price indices | VI-1 et VI-2 |
| - Employment and unemployment | VI-3 et VI-4 |
| - Foreign trade | VII-1 à VII-4 |
| - Balance of payments | VIII-1 et VIII-2 |
| - Exchange rates | IX-1 |
| - Public finance | X-1 à X-4 |
| - Bank liquidity and interest rates | XI-1 à XI-13 |
| - Monetary and liquid investment aggregates | XII-1 à XII-8 |
| - Counterparts of aggregate M3 | XII-9 à XII-15 |
| - Cash movements at the Bank Al-Maghrib cash desks and interbank exchanges at the clearing houses | XIII-1 et XIII-2 |
| - Assets and liabilities of banks and financing companies | XIV-1 à XIV-3 |
| - Capital market | XV-1 à XV-6 |
| - Financial saving | XVI-1 à XVI-3 |

◆ Summary of charts

- Gross domestic product changes
- Cost of living index
- Foreign trade
- Transfer payment exchange rates
- Monthly impact of autonomous bank-liquidity factors
- Bank Al-Maghrib montly interentions on the money market
- Weighted verage interbank market rate
- Monetary aggregates
- Investments liquid aggregaes (II)
- Counterparts of M3

Dépôt légal : 2006/1376
I S B N 9981 - 873 - 40 - 3
I S S N 1114 - 4114