

BANK AL-MAGHRIB

ANNUAL REPORT PRESENTED TO HIS MAJESTY THE KING

2003



BANK AL-MAGHRIB

ANNUAL REPORT

PRESENTED TO HIS MAJESTY THE KING

2003

GOVERNOR

Mr. Abdellatif JOUAHRI

GOVERNMENT REPRESENTATIVE

Mr. Abdeltif LOUDIYI

INSPECTORS

Mr. Mohamed MAHROUG

Mr. Brahim LISSER

BANK BOARD

The Governor

Mr. Aziz AKHENNOUCH

Mr. André AZOULAY

Mr. El Hassan BENABDERRAZIK

Mr. Mohamed BIJAAD

Mr. Zouhair CHORFI

Mr. Othman DEMNATI

Mr. Mohamed Saad HASSAR

Mr. Bouselham HILIA

June 2004

R E P O R T

On the financial year 2003 presented to

HIS MAJESTY THE KING

by Mr. Abdellatif JOUAHRI

Governor of the Bank Al-Maghrib

Your Majesty,

In application of article 64 of the dahir of 23 Hija 1378 (30 June 1959), I have the honour to present to Your Majesty the report of the year 2003, the forty-fifth financial year of the Central Bank.

Your Majesty,

Assisted by the easing of the geopolitical tensions, the strength of the capital markets and the recovery in their performance, as well as by the downward adjustment of the exchange rate for the dollar against the euro, the international environment improved markedly, particularly during the second half of the year 2003. In fact, with the notable exception of the European Union, which continues to be Morocco's leading trading partner, growth speeded up in the other main regions. Similarly, trade grew appreciably and inflation remained subdued but the employment situation, if anything, worsened.

The development of the country's economic and financial situation was marked, for its part, by the positive effects on growth of the improvement in weather conditions and the strengthening of investment and also by the transfer of 80% of the capital of the State-owned tobacco company (Régie des Tabacs), amounting to 14 billion dirhams.

In fact, growth speeded up from 3.2% in 2002 to 5.2% in 2003, with an increase of 18% in the value added of primary activities and of 3.2% in that of the other sectors. However, while inflation was kept under control, having amounted to only 1.2%, the employment situation worsened slightly, with the unemployment rate reaching 11.9%. Thanks to the privatisation receipts, the budget deficit was reduced, while still remaining slightly above the target of 3% of GDP set by the Finance Act. For its part, the current account showed a further significant surplus, representing 3.7% of GDP, and the total of external transactions resulted in a net flow of foreign exchange which increased available foreign exchange resources to the equivalent of over ten months' imports of goods and services. This development led to a slight overstepping of the monetary target, with the market continuing to be characterised by abundant liquidity and the downward trend in interest rates, a situation which facilitated the process of substitution of domestic financing for external borrowing initiated by the Treasury.

With regard to the public finances, the negative impact of the fall in revenue from customs duties, due to the dismantling of tariffs, and of the raising of salaries, was reduced by the privatisation receipts, the improvement in direct taxes and the decline in the interest charges on the public debt. All in all, the budget deficit amounted to 3.6% of GDP. Excluding privatisations it widened, rising from 4.4% of GDP to 5.1% from year-end to year-end. Covering the budget deficit and the net payments in respect of the foreign debt necessitated the mobilisation of resources on the domestic market amounting to 26.2 billion dirhams.

Altogether, although the outstanding amount of the direct public debt increased slightly, the Treasury's overall indebtedness declined from 72.7% of GDP in 2002 to 69.8% in 2003.

At the level of transactions with foreign countries, the growth in imports, at 3.9%, was accounted for in particular by purchases of capital goods and unprocessed or semi-manufactured products, whereas purchases of food products decreased appreciably owing to the improvement in agricultural production. Against this, exports, which had increased by 7.1% in 2002, fell by 3.3% in the year under review owing to, on the one hand, cyclical factors affecting the contribution of fisheries and the activity of petroleum refining and, on the other, the contraction in sales of mineral products, especially phosphates. Under these circumstances, the trade deficit increased, representing 12.3% of GDP, while the rate of coverage of imports by exports fell from 66.2% to 61.7% in 2003.

The trade deficit was more than offset by the high level of tourist earnings and of transfers by Moroccans living abroad. It must be said that the confidence enjoyed by Morocco was not undermined by the events of 16 May 2003, as is furthermore evidenced by the success of the privatisation operation regarding the State-owned tobacco company, the issuing of the international bond loan by the Treasury and the improvement in the rating of Morocco's sovereign debt. Altogether, the balance of payments showed a surplus of around 16 billion dirhams, despite the net payments by the public sector in respect of the foreign debt, amounting to 10.8 billion.

As far as the conduct of monetary policy is concerned, it took place for the third year in succession in a context of excessive liquidity, even though the raising of the monetary reserve ratio in December 2002 had enabled the liquidity surpluses to be mopped up and the money market to be maintained as a “bank market” during the first half of 2003, which was also characterised by a moderate increase in the monetary aggregates.

During the second half of the year, the expansionary effect of the flow of foreign exchange generated by the privatisation receipts, the transfers made by Moroccans living abroad and tourist activity on the liquidity of the market was temporarily reduced by the allocation of part of the privatisation receipts to the building up of creditor balances in respect of the Treasury's account and that of the Hassan II Fund for Economic and Social Development with the central bank. However, Bank Al-Maghrib was obliged to intervene, from the beginning of September onwards, in order to mop up the surpluses which had appeared on the market, by raising the monetary reserve ratio and by resorting again to liquidity-withdrawal operations as well as, for the first time, to foreign exchange swaps. In order not to discourage the mobilisation of savings, Bank Al-Maghrib raised the rate of remuneration of the funds built up for the monetary reserve and brought that of liquidity withdrawals into line with the key rate, which remained unchanged at 3.25%.

Reflecting the impact of Bank Al-Maghrib's action, the interbank interest rate averaged 3.22%, up by 23 basis points compared to that recorded the previous year. Nevertheless, the downward trend in interest rates continued, although to a less marked extent. With regard in particular to debtor conditions, the average cost of bank credit declined by 39 basis points in 2003.

As regards the development of the money supply, monetary aggregate M1 increased, from year-end to year-end, by 9.6%, slightly above the target range of 7.5% to 8.5% set at the beginning of the year 2003. The Treasury's net position with Bank Al-Maghrib having improved, the overstepping recorded is attributable to the larger-than-expected strengthening of net foreign assets and lending to the private sector. In this connection, while the rate of increase in bank

lending improved, speeding up from 3.5% in 2002 to 7.9% in 2003, it related largely to medium- and long-term lending benefiting a limited number of operators, especially in the secondary sector, and households in the form of real estate and consumer credit.

Altogether, account being taken of the development of aggregate M3 and liquid investments, the liquidity of the economy increased on average by 6.3%, slightly faster than the growth rate of GDP at current prices, while the velocity of circulation was down from 1.17 in 2002 to 1.14 in 2003.

At the end of 2003, Bank Al-Maghrib readjusted the framework of monetary policy in order to make its implementation more flexible. It also strengthened the prudential system for credit institutions, especially with regard to combating the financing of illegal activities, by laying down minimum rules to be observed with regard to the duty of vigilance. It also continued, in cooperation with the credit institutions, the programme of upgrading the payment systems in order to enable transactions to be settled within time limits and under security conditions complying with international standards.

On the capital markets, the activity of the Casablanca Stock Exchange, after declining continuously for four years, recovered markedly in 2003, the MASI index rising by 32.3% and the volume of transactions growing sharply. On the other hand, the amount of the issues on the debt securities market decreased, despite the context of abundant liquidity and declining interest rates.

The year 2003 was also marked, in social terms, by far-reaching reforms affecting the Family Code. In addition to giving women their rightful place in the process of long-term development as a vital link in the management and promotion of the family unit, the new code represents a substantial achievement for the whole of the Moroccan nation and should strengthen prosperity and solidarity in the country. Similarly, a new Labour Code was promulgated in 2003. This text constitutes both a tool for the protection of wage-earners and an instrument for improving the management of enterprises and hence for encouraging investment.

The economic and financial performance achieved in 2003 is broadly encouraging. Nevertheless, the rate of growth, although speeding up, is still insufficient and, above all, dependent on the state of the primary sector, which in turn is heavily exposed to the fluctuations in weather conditions. Similarly, the balancing of the public finances continues to depend on the privatisation receipts. While preserving what has been gained in terms of macroeconomic stabilisation, the achievement of lasting growth requires, in particular, a higher level of investment and the upgrading of the productive fabric and also the modernisation of the primary sector and, accompanying them, the maintenance of control over the public finances, the pursuit of a vigilant monetary policy and a sounder financial sector.

In this connection, the policies pursued in the various fields need to be coherent and must be geared towards improving the environment for investment and the competitiveness of enterprises, the aim being to make Morocco into an attractive platform for both domestic and foreign investors in order to derive the greatest benefit from the opening up of the economy and to meet the challenges presented by globalisation and the free trade agreements concluded with a number of foreign partners.

The agreement with the United States, in particular, entails specific commitments extended to investment operations and financial services. While, for most of the fields, transitional periods and temporary derogations are provided for, it should be emphasised that the expected advantages of such an association can actually be gained only if the time thus allowed is used to speed up the implementation of structural reforms, especially those aimed at strengthening the financial sector.

At the level of the public finances, apart from the need to broaden the tax base and improve tax collection, it is essential to rationalise and to keep operating expenses within limits more in line with international standards, with a view to freeing up the resources required for financing economic and social infrastructure projects, always bearing in mind that the restructuring of certain public institutions will inevitably lead to an increase in budget expenditure. In

any case, the budget deficit must not exceed the announced target of 3% of GDP, excluding exceptional receipts. The urgency in this connection is all the greater because the opening up of the economy to foreign countries necessitates, in addition to the planned reduction in customs duties, the lowering of tax rates in order to strengthen the competitiveness of enterprises and encourage investment.

As far as the banking sector is concerned, keener competition in a context of excessive liquidity has led to a reduction in margins, whose impact on the operating accounts has been accentuated by the increase in pending claims. However, while all banks have been affected by the worsening of their loan book, the impact on the specialised banks has proved to be more marked.

Similarly, it is essential that the reform of the judicial system be speeded up and that banking case law be unified taking account of the specific nature of the problems encountered by credit institutions, the solution of which is a major factor governing the development of credit activity.

With regard in particular to the public financial institutions, advantage should be taken of the year 2004 to improve and redeploy these while at the same time giving a clear idea of their present and future role in the national financial landscape.

In this connection, a certain concentration within the banking sector is desirable, in order to enable it to cope with the constraints imposed by closer integration at international level and to accompany the process of giving operators access to external markets.

As for the other components of the financial sector, efforts have been made to reorganise the activity of insurance companies and improve the financial situation of pension and provident institutions. Thus, the Insurance Code

has been introduced, and a start has been made on the process of raising the standards of the provident institutions. The work of the commissions set up for this purpose should lead, in the very near future, to the formulation of appropriate proposals for action to restructure and reorganise this sector and thus ensure its long-term viability. These are the conditions for the promotion of long-term saving and the development of the activity of the capital markets. At the same time, much thought should be given to the means of strengthening the mobilisation of long-term savings. In addition to the products and circuits this study should also cover all incentives aimed at encouraging saving.

The deepening of the capital markets will enable enterprises to have access to financing sources other than bank credit, thus creating the right conditions for the reduction of intermediation margins and hence for reducing the cost of financing the private sector, especially small and medium-sized enterprises. The latter have not benefited to the same extent from the reduction in debtor conditions and continue to encounter difficulties from time to time in gaining access to bank credit. Bank Al-Maghrib is particularly aware of this problem and has taken a number of measures in order to improve the systems of rating and assessment of the banking risks represented by this category of enterprises. It urges the latter to adopt the rules of financial transparency required for facilitating their access to bank credit and enabling them to derive greater benefit from the downward trend in interest rates.

At the legislative and regulatory level, the plans for reforming the Statutes of Bank Al-Maghrib and the Banking Act have in particular established the independence of the central bank and clarified its powers, stipulating as its main objective the maintenance of price stability and making it responsible for formulating and implementing monetary policy and strengthening its role in the supervision of credit institutions and the security of payment systems.

In order to be able to perform all its duties, Bank Al-Maghrib is in the process of improving and upgrading its business and services, having adopted a strategic plan for the period 2004-2006 which identified the issues involved, laid down the guidelines and specified the short- and medium-term measures. In addition, the restructuring of its business is now under way both at the organisational level and in terms of its logistical and human resources.

Rabat, June 2004

Abdellatif JOUAHRI

Main indicators of the economy ⁽¹⁾

Amounts in billions of dirhams	2001	2002	2003	Percentage changes	
				2002 2001	2003 2002
National accounts					
- Gross domestic product at constant prices	143.4	148.0	155.7	3.2	5.2
. Agricultural GDP	19.6	20.7	24.4	5.6	18.0
. Non-agricultural GDP	123.8	127.3	131.3	2.8	3.2
- Gross domestic product at current prices	383.2	397.8	418.7	3.8	5.2
. Agricultural GDP	59.7	64.1	70.4	7.5	9.8
. Non-agricultural GDP	323.5	333.6	348.2	3.1	4.4
- Gross national disposable income	414.9	427.2	451.4	2.9	5.7
- National consumption	309.0	320.6	336.4	3.7	4.9
- Gross fixed capital formation	85.4	91.1	98.4	6.8	7.9
- Gross national savings	105.9	106.6	115.0	0.6	7.9
Cost of living index (base 100 in 1989) ⁽²⁾ . .	158.3	162.7	164.6	2.8	1.2
- Foodstuffs.....	157.5	164.2	166.4	4.3	1.3
- Non-alimentary products and services	158.7	161.2	162.9	1.6	1.1
External accounts					
- Total exports	80.7	86.4	83.6	7.1	-3.3
- Total imports	124.7	130.4	135.5	4.6	3.9
- Balance of trade	-44.1	-44.0	-51.9	-0.1	17.9
- Balance of "Travel"	+24.8	+24.3	+25.6	-2.2	5.5
- Balance of current transfers	+40.2	+36.7	+39.5	-8.7	7.6
- Current account balance	+18.2	+16.3	+15.5	-10.6	-4.6
- Current account balance as % of GDP	+ 4.8	+ 4.1	+ 3.7	-	-
- Total service of the foreign public debt	27.8	28.3	29.6	1.6	4.7
- Outstanding foreign public debt	163.1	142.3	126.0	-12.7	-11.4
- Foreign public debt as % of GDP	49.5	35.8	30.1		
Public finance					
- Ordinary balance	+26.4	+ 8.4	+10.6	-68.2	26.0
- Investment expenditure	21.3	20.3	20.0	-4.7	-1.3
- Budget balance	-10.0	-17.1	-15.5	69.8	-9.3
- Budget balance as % of GDP	-2.6	-4.3	-3.7	65.4	-14.0
Money					
- Aggregate M1	210.1	229.1	251.1	9.0	9.6
- Money supply (M3)	334.0	355.5	386.3	6.4	8.7
- Net foreign assets	101.9	110.8	127.5	8.7	15.1
- Claims on Government	78.3	80.7	78.5	3.0	-2.7
- Claims on the private sector	217.0	226.2	246.0	4.3	8.7
(1) The changes and ratios were calculated on the basis of the amounts in millions of dirhams.					
(2) Annual average.					

INTERNATIONAL ENVIRONMENT

Global economic activity expanded by 3.9% in 2003 compared to 3% in 2002, as a result of the powerful stimulus imparted by the American economy, the recovery in Japan and the generally satisfactory results of the developing countries. The European Union, on the other hand, slowed down markedly. The notable improvement in economic conditions in the second half of the year, assisted by the easing of the geopolitical and financial tensions and by the eradication of SARS (severe acute respiratory syndrome) in Asia contributed substantially to the reduction of risk premiums, the return flow of capital on the markets of most of the emerging countries and the revival of consumer and investor confidence. Growth was also sustained by the reorganisation of corporate balance sheets and by the pursuit of accommodating macroeconomic policies. Similarly, inflation continued to be relatively subdued, although prices, especially of crude oil and other raw materials, increased appreciably. At the same time, the recovery in demand stimulated world trade, which displayed an upward trend in terms of both volume and value. However, the speeding up of the rate of economic growth was again accompanied by an increase in the American budget and current account deficits and failed to bring about any significant improvement in the labour market, because of the increase in productivity.

In the United States GDP growth amounted to 3.1% compared to 2.2% the previous year, owing to the rise in exports, strong household consumption and the recovery of investment, especially in new technologies. Domestic demand was in fact stimulated by tax cuts, the increase in public expenditure and the rise in stock market prices. It was also sustained by the fall in interest rates, the Federal Reserve having reduced its key rate in June from 1.25% to an all-time low of 1%. Despite the strength of activity, the unemployment rate remained close to 6%, while inflation quickened by 2.3% compared to 1.6% in 2002, mainly owing to the rise in import prices due to the depreciation of the dollar.

The Japanese economy, which declined by 0.3% in 2002, recovered by 2.7% in 2003, owing to the strength of exports to China and the United States and the revival of private domestic demand. The latter benefited from favourable financing conditions created by the interventions of the Bank of Japan, which continued to pursue its policy of zero-rate liquidity injections and stepped up its operations on the foreign exchange market in order to curb the appreciation of the yen. The economic recovery is also attributable to a further easing of taxation aimed at stimulating corporate investment in segments with a strong hi-tech presence. Similarly, the rise in consumer spending, combined with the higher prices of crude oil and foodstuffs, made it possible to lessen the deflationary pressures, the fall in prices having slowed down from 0.9% to 0.2%. The unemployment rate, however, remained practically unchanged, at 5.3%, while the budget deficit and the public debt, which represent 8% and 155% of GDP respectively, continued to grow.

In the European Union, the rate of economic growth slowed from 1.1% the previous year to 0.8%. This development masks a rise in the rate of activity in the United Kingdom, from 1.7% to 2.3%, and a slackening in the euro area, whose GDP increased by only 0.4% in 2003 compared to 0.9% in 2002, owing to mediocre results in France and Germany. The economies of these two countries, whose unemployment rate rose to 9.3% and 9.9% respectively, were in fact badly affected by the weakness of household consumption, the decrease in corporate investment and the impact of the appreciation of the euro on their exports. In this context, the budgetary policies pursued by the German and French governments resulted in public deficits overstepping the threshold set at 3% by the Stability and Growth Pact. Account being taken of the maintenance of the inflation rate at a level close to the target of 2%, the European Central Bank cut its main refinancing rate on two occasions, reducing it from 2.75% to 2%, a measure designed to boost activity in the euro area.

The newly industrialised Asian countries were particularly affected by the SARS pandemic during the first half of the year. Economic activity in South Korea increased by only 3.1% in 2003, compared to 7% in 2002. The strength of Korean exports, especially of electronic components, was not sufficient to

offset the weakness of domestic demand. Similarly, Singapore experienced a marked slowdown in growth, which was only 1.1%, compared with 2.2% the previous year.

On the other hand, the Asian developing countries achieved, for the second year in succession, a strong increase in GDP, to 7.8%, due to the economic expansion in China, whose faster growth benefited the whole of the region. This growth, of over 9%, is attributable to the increase in capital expenditure, the massive inflows of foreign direct investment and the strengthening of exports, assisted by the maintenance of the exchange rate for the yuan against the dollar. Such a rise appears all the more remarkable because the inflation rate was only 1.2%. The other countries of the region, especially India, Pakistan, Thailand and Malaysia, also recorded sharp increases in activity, ranging between 5% and 7%, thanks to the strengthening of domestic demand and regional trade.

After having remained virtually unchanged in 2002, the GDP of Latin America increased by 1.7% in 2003. This recovery conceals a shallow recession in Brazil and growth of 1.3% and 3.3% respectively in Mexico and Chile. It chiefly reflects the expansion of 8.7% recorded in Argentina after, admittedly, four successive years of declining activity. That country in fact benefited in 2003 from good agricultural production levels, the improvement in export earnings and the implementation of a recovery programme with the support of the IMF.

Growth in Africa was close to 4% compared to 3.5% in 2002. The countries of the Maghreb thus achieved, in the year under review, an increase in GDP of 6.2%, due to the satisfactory agricultural harvests in Morocco and Tunisia and the favourable development of the oil sector in Algeria. The South African economy, for its part, slowed down markedly, growing by 1.9% compared to 3.6% in 2002 owing to the contraction in exports, due to the appreciation of the rand, and the weakness of consumption, attributable to the high unemployment rate of over 30%.

Owing to the increase in oil earnings, the countries of the Middle East recorded growth of 5.4%. In fact, despite a difficult geopolitical context, GDP growth in Iran and Saudi Arabia reached 5.9% and 6.4% respectively. In Egypt the rise in activity was maintained at 3.1%, while that of Syria declined from 3.2% the previous year to 2.5%.

The results are also satisfactory in the twelve countries of the Commonwealth of Independent States (CIS), which showed an increase of 7.6%. Within this group, Russia recorded GDP growth of 7.3%, owing to the buoyant oil sector and the firmness of industrial activity. The countries of Central and Eastern Europe, which benefited from an inflow of foreign capital and the strength of domestic demand, recorded an overall rise of 4.5%, with, in particular, growth of 5.8% in Turkey.

The broad-based improvement in economic activity also stimulated world trade in goods and services, the volume of which increased by 4.5%, compared to 3.1% in 2002. This favourable result, although achieved against a background marked by the persistence of many distortions and the breakdown of the multilateral negotiations held in Mexico in September, is attributable to the strong import demand of the United States and the Asian countries, particularly China. The value of international trade, four fifths of which is in goods, totalled 9 228 billion dollars, up by 16.6%, owing to the increase of 14.5% in the prices of manufactured goods, 15.8% in oil prices, which averaged nearly 29 dollars a barrel, and 7.1% in those of other basic products.

Analysis of the trade balances revealed an increase of 25% in the trade deficit of the United States and a contraction of 12.4% in the trade surplus of the euro area, due to the increase in its imports. Conversely, the surplus in respect of Japan's foreign trade increased by over 40%, owing to a substantial rise in exports. Against this background, the US current account deficit widened from 481 billion dollars to 542 billion or 5% of GDP, while the euro area's surplus decreased from 78 billion to 53 billion and Japan's rose to over 136 billion dollars compared to 113 billion in 2002.

At the same time, the emerging and developing countries recorded an overall positive current account balance of 121 billion dollars, representing a rise of nearly 45%, due to the results recorded by the countries of the Middle East and Latin America. Among the Asian countries, the surplus on China's current account decreased from 35.4 billion dollars to 29.6 billion, owing to the contraction of nearly a half in the trade surplus.

On the international capital market, the lessening of the geopolitical uncertainties, the optimistic economic outlook and the recovery of the financial situation of enterprises, due to the adoption of stricter financial transparency rules, were largely responsible for the reduction in risk premiums, the revival of investors' interest in the various categories of investments and the abundance of liquidity. These favourable factors, together with the prudent attitude of the banks in granting credit and the advantageous conditions of financing on the financial markets, were reflected in appreciable growth in issues of equities and debt instruments by enterprises and encouraged governments to increase their presence in the government loan compartment. On the other hand, the flow of direct foreign investment stabilised at the previous year's level.

After the excessive volatility brought about by the revelations of accounting irregularities by several companies in 2002, international bond issues amounted to 2 884 billion dollars in 2003, a rise of 37.3% connected with the marked increase in the funds raised by the main borrowers. The proportion of debt instruments issued was thus 40.5% in the dollar compartment and 44.7% in that of the euro, while the share of bonds denominated in yen and other currencies was only 14.8%.

Against a background of general optimism, after three successive years of decline and a first quarter of 2003 marked by pronounced volatility of prices, the main stock markets were stimulated by the performance of the global economy, the very low interest rates, the increase in new stock exchange listings and the improvement in the results of enterprises, especially in technology stocks. Thus, on the New York Stock Exchange, the Dow Jones index showed a rise of 25.3% and the Nasdaq recovered by over 50% compared to the

previous year's levels. Similarly, the Japanese Nikkei showed a rise of 24.5%, while the European indices rose at rates ranging from 13.6% for the British FTSE 100 to 37.1% for the German Dax. For their part, the financial centres of the emerging countries, especially the stock markets of Argentina, Thailand, Russia and China, attracted more investors, both local and foreign.

With regard to the gross inflows of foreign direct investment, which amounted to 653 billion dollars, these were maintained overall at their 2002 level, after two years of decline. The advanced countries accounted for 467 billion dollars, of which 87 billion went to the United States, 342 billion to the European Union and 8 billion to Japan. The flows received by the emerging and developing countries actually declined by 2.5%, to 186 billion, including 99 billion for Asia, 42 billion for Latin America, 30 billion for Central and Eastern Europe and 15 billion for Africa. The decrease thus recorded is largely attributable to the reduction in contributions of capital going to Brazil and Mexico, the other countries having benefited overall by larger flows, in connection with major privatisation operations, the implementation of incentive policies and the growing number of relocations.

The new credit lines opened by the International Monetary Fund increased substantially, from SDR 52 billion to 63.5 billion. However, disbursements fell by SDR 5.4 billion to 21.1 billion, mainly in favour of Brazil and Argentina. This decrease is mainly due to the reduction in disbursements under the standby arrangements, from SDR 23.9 billion to 18.7 billion, the funds mobilised under extended arrangements having risen from SDR 1.3 billion to 1.6 billion.

The International Bank for Reconstruction and Development reduced the amount of its loans from 11.5 billion dollars to 11.2 billion at the end of the financial year ended June 2003. Out of this total, 5.7 billion was allocated to the countries of Latin America and the Caribbean, 2.1 billion to the countries of East Asia and the Pacific and 1.8 billion to the African countries. On the other hand, the International Development Association increased its disbursements from 6.6 billion dollars to 7 billion, mainly benefiting Asian countries, especially India, Vietnam and Bangladesh, and African countries, in particular the

Democratic Republic of Congo and Ethiopia. Lastly, the funds released by the International Finance Corporation rose from 1.5 billion dollars to nearly 3 billion, including 2.6 billion of loans and 313 million in the form of participations.

Foreign exchange markets were marked in the year under review by the substantial appreciation of major currencies, especially the euro, against the US dollar. The downward correction of the latter, which appears to be tolerated by the United States, continued in 2003, in connection with the growing concerns of operators regarding the financing of the American deficits, the historically low level of interest rates and the conflict in Iraq.

Conversely, the euro appreciated, in 2003, by 20% on average against the dollar owing not only to the weakening of the latter but also to the relatively high level of yields of assets denominated in euros. However, the European Central Bank did not oppose this trend, in view of its impact on prices and also because it regarded the rise of the single currency as a correction of its marked depreciation since its launch in 1999.

Similarly, after having depreciated by 3.2% in 2002, the yen, underpinned by the improvement in Japan's economic results, appreciated in the year under review by 8.2% against the dollar, while falling by 9.7% against the euro. The movement against the US dollar could have been more marked if the central bank had not mounted large-scale interventions in order to reduce its impact on economic activity.

Benefiting from high interest rates in the United Kingdom, the pound sterling also strengthened by 8.9%, thus reaching a four-year high against the dollar. On the other hand, it fell by 9.1% against the euro, despite the favourable development of the British economy.

NATIONAL OUTPUT

In 2003, gross domestic product grew by 5.2%, at constant prices, compared to 3.2% in 2002, reflecting an acceleration, which boosted both the primary sector and non-agricultural activities. The latter, which benefited from a stepping up of investment in industry, building and services, increased overall by 3.2% compared to 2.8% in 2002 and contributed 2.7 percentage points to total growth ⁽¹⁾.

In the primary sector, value added increased by 18% compared to 5.6% in 2002 and represented 15.7% of gross domestic product. Benefiting from an expansion of nearly a third in yields, the cereal harvest, estimated at 79 million quintals, increased by over a half compared to the previous season, thus contributing about three quarters to the rise in the sector's output. It made it possible to cover 94% of consumption requirements and appreciably reduce recourse to imports. Similarly, output of market garden crops showed an increase of over 13%, attributable to seasonal crops, those of early fruit and vegetables having remained stable. Industrial crops, especially oleaginous and sugar crops, and output of citrus fruits recorded large increases. Stock farming increased slightly, mainly owing to the improvement in common grazing land and the marked increase in output of fodder crops. On the other hand, fisheries output declined again, with a decrease of 3% in coastal fishing and a drop of a third in deep-sea fishing, connected with the extension of the biological dormancy period.

In the secondary sector, value added, which contributed 29.3% to the formation of GDP, rose by 1.8% compared to 2.7% the previous year. Mineral extraction, which suffered from the weakness of exports, showed a fall of 5.7%,

(1) See Statistical Appendices I-1 to I-4

masking stagnation in output of phosphates and large decreases in that of other ores. Similarly, output of energy fell by 1.2% owing to the drop in refining activity, while that of electricity rose substantially. On the other hand, building and public works, after the decrease of 0.3% in 2002, recorded an increase of 1.7% connected with construction, especially within the framework of the programmes of social housing and the fight against insanitary housing. Growth was most marked in manufacturing industry, with a rate of 3.8%, against 3.3% in 2002. Notable progress was made in agro-industry, thanks to the increase in supplies of raw materials, in the chemical and parachechemical industries, the metal, engineering, electrical and electronics industries, and above all in the branches of activity connected with building.

The tertiary sector, including non-market services provided by general government, grew by 3.9% compared to 2.9% in 2002. This development mainly comprises a rise of 4.1% in trade and one of 6% in the value added of general government, the other branches having shown smaller rises than those observed in 2002. Transport and communications increased by 3.2% compared to 4.6% the previous year, and other services went up by 0.7% following 1.1% the previous year. In fact, the activity of the tourist sector, after the downward trend recorded in the first half of the year, recovered subsequently, and remained virtually unchanged from year-end to year-end.

Valued at 418.7 billion dirhams at current prices, gross domestic product showed a rise of 5.2%, consisting of an increase of 4.4% in non-agricultural GDP, estimated at 348.2 billion, and a rise of 9.8% in agricultural GDP, which amounted to nearly 70.4 billion dirhams.

AGRICULTURE, STOCK FARMING AND FISHERIES

In 2003, the agricultural sector achieved satisfactory results which had beneficial effects for the whole economy, largely owing to the increase in the supply of agricultural products and in the incomes of the rural population, the improvement in the food trade balance and the contribution, of over 60%, to the creation of new jobs.

In fact, regular rainfall, fairly evenly distributed over the country, occurring from October 2002 onwards, was favourable for the 2002-2003 farming season. Thus, it increased the average overall volume of rainfall to 411 mm against 364 mm in a normal year and improved groundwater levels and the volumes of water held by dams, which were 54% full on average compared to 45% the previous season. These favourable climatic conditions also encouraged farmers to speed up land cultivation work and the sowing of both autumn and spring crops.

Altogether, agricultural output ⁽¹⁾, especially of cereals, citrus fruits and industrial crops, increased substantially. Similarly, the stock farming sector recorded an increase in the number of livestock, owing to the improvement in common grazing areas and in livestock health measures. On the other hand, deep-sea fishing activity continued to decline, owing to the disquieting state of fish stocks, which necessitated a further extension of the biological dormancy period.

All in all, the value added of the primary sector calculated at constant prices increased by 18% and its share in gross domestic product rose from 14% the previous year to nearly 16%.

(1) See Statistical Appendices II-1 to II-15

AGRICULTURE

The public authorities continued, during the 2002-2003 farming season, their lines of action in favour of the agricultural sector, especially in supporting fertiliser prices, extending localised irrigation and distributing saplings as part of the operation of renewing the country's orchards. Furthermore, the National Agricultural Credit Fund rescheduled farmers' debts at the beginning of the season in the regions previously affected by the drought and also continued to implement the system of insurance of cereal production, which, owing to the improvement in weather conditions, applied to only 160 000 hectares, or 53% of the initial programme, in the year under review. Furthermore, the public authorities made an overall appropriation in March 2003 of 246 million dirhams within the framework of a programme of support for the south-eastern regions, where there had been inadequate rainfall.

Similarly, in order to protect national cereal production, customs duties on imports of wheat, barley and maize were increased during the period of marketing of the harvest. However, in view of the rise in prices on the international markets, the duties applicable to soft wheat were reduced in October 2003, and then again in December.

Lastly, the new agreement with the European Union concerning the agricultural sector, which was signed in October 2003, would make it possible to increase, over a period of four years, the export quota for Moroccan tomatoes by 50 000 tonnes, raising it gradually to 220 000 tonnes. As a counterpart to this, Morocco will import from that area a volume ranging from 400 000 to 1 million tonnes of soft wheat depending on the national harvest.

Cereals and
pulse crops

The weather conditions during the farming season 2002-2003 were favourable for the extension of sown areas and improving yields of cereals, except for maize. Output of the four main varieties thus amounted to 79 million quintals, a rise of 51.3% compared to the previous season and of 58.5% compared

to the average for the last ten years. This remarkable increase conceals an expansion of 45.1% in the harvest of soft wheat, to 33.8 million quintals, one of 57% in that of barley, which amounted to 26.2 million quintals, and a rise of 71% in output of durum wheat, which reached 17.6 million quintals. On the other hand, output of maize and rice contracted by 30% and 55% respectively, to 1.4 million quintals and 120 000 quintals.

Altogether, the cereal harvest made it possible to cover 94% of total consumption, compared to 59% during the preceding season. Under these circumstances, the imports made between June and December 2003 amounted to only 17 million quintals, a reduction in volume of 36% compared to the same period of the previous year.

As a result of a reduction in cultivated areas, output of pulse crops fell by nearly 2% to 2.3 million quintals. At this level it is still, however, nearly 40% above the average of the last five years. The decrease is mainly attributable to the reduction in output of lentils and chickpeas, of 19.4% and 16.2% respectively, whereas that of beans and peas increased by about 16% and 5% respectively.

The harvest of market garden crops increased by 13.2% compared to the previous season to reach 6 million tonnes, including 1.1 million tonnes of early fruit and vegetables.

Market garden crops

Thus, market garden production reached 4.9 million tonnes and rose by over 16%, for all varieties.

The harvest of early fruit and vegetables remained virtually unchanged at 1.1 million tonnes, with a rise of over a fifth in output of potatoes, to 158 000 tonnes, and a fall of over 5% in that of tomatoes, to 536 000 tonnes. The harvest of miscellaneous fruit and vegetables rose by 4% to 426 000 tonnes.

Exports of early fruit and vegetables from the 2002-2003 season increased by 5% to 397 500 tonnes, thus exceeding the high level of 395 378 tonnes

reached during the 1998-1999 season. This increase was mainly due to the expansion of 28.1% in sales of miscellaneous vegetables, which amounted to 170 256 tonnes, and to the increase of over 6% in those of potatoes. On the other hand, export sales of tomatoes fell substantially, by over 9%, to all the destination markets, including the European Union.

Oleaginous crops

Olive picking, which began during the fourth quarter of the year 2003, more than doubled to 1 million tonnes, of which 12% was delivered to industrial canning units. This exceptional result is attributable not only to the weather conditions which prevailed during the critical phases of the growing cycle of this crop in the main production areas, especially the Haouz, Tadla and Taza regions, but also to the positive effect of the biennial nature of the harvest.

Output of sunflowers reached 556 000 quintals, three times greater than that during the preceding season and 30% above the average for the last five years. This development is attributable to an improvement of 42% in yields and above all to an extension of over 130% in areas where sunflowers are grown, especially the Gharb, these having been cultivated there in the cereal fields damaged by the floods. The harvest of groundnuts was up by 2% to 490 000 quintals.

National output of oils totalled 122 000 tonnes, including 100 000 tonnes of olive oil and 22 000 tonnes of seed oil, representing an increase of 136% compared to the previous season and of 88% compared to the period 1997-2001.

Sugar crops

The sugar beet harvest amounted to 3.4 million tonnes, showing a rise of nearly 14%, due to the increase in areas and the rise in yields in the Doukkala and Tadla regions, the main production areas. On the other hand, output of sugar cane remained virtually unchanged compared to the previous season, at 947 300 tonnes, the improvement of 4% in yields having been accompanied by a reduction of 3% in areas. The latter have decreased substantially in recent years, mainly in the Gharb, owing to the decline in profitability due chiefly to the freezing of producer prices since 1996.

Overall, output of sugar increased by 4.3%, reaching nearly 487 000 tonnes, including 84% from sugar beet. At this level it met 52% of domestic consumption and enabled imports of sugar to be reduced by 4.2% compared to the previous year.

Output of citrus fruits rose by 15% compared to the previous season, to 1 314 500 tonnes, mainly owing to the increase of 12% in the orange harvest, which represented 60% of the total. Fruit growing

At the same time, exports of citrus fruits, which amounted to 483 000 tonnes, increased by over 12%, mainly owing to the rise of 27% in sales to Russia, a market offering relatively high prices. Similarly, sales to the European Union increased by nearly 6%, this result having been all the more remarkable because it took place in a market characterised by keen competition.

The Moroccan palm orchards, consisting of about 4.8 million date palms, of which nearly 45% are productive, produced an estimated output of 54 000 tonnes. This was 62% greater than in the previous season, owing to the biennial nature of crops, but is still 27.9% below the average for the period 1997-2001.

Owing to favourable climatic conditions and the entry into production of young vines, the grape harvest increased by 7% to 342 000 tonnes, including 257 000 tonnes of table grapes and 85 000 tonnes of wine grapes, representing volume increases of 6.8% and 7.6% over the previous year.

Output of rosaceous fruit, grown over an area of 194 400 hectares, fell by over 12% to 558 900 tonnes, nearly half of which consisted of apples and more than a quarter of apricots and peaches.

STOCK FARMING

Stock farming activity recorded satisfactory results during the 2002-2003 season, thanks not only to the improvement in common grazing areas and the strengthening of livestock health measures but also to the support given by the State in order, in particular, to promote a regular supply of feedingstuffs. The public authorities in fact continued to meet the transport costs of imported barley, a measure extended from May 2003 onwards to locally produced barley.

According to the survey conducted in October and November 2003 by the Ministry of Agriculture, the number of livestock reached 23.4 million head, an increase of 3% compared to the previous year. This development is attributable to the rise of 3.6% in the number of sheep, which represent 67% of the total, and of 2.1% in that of goats, the number of cattle having remained unchanged at 2.6 million head.

Output of red meat reached 312 800 tonnes, down by 9.1% due to the fall in output of beef and mutton of 11.8% and 4.6% respectively, the prospects of abundant feedingstuffs on the pastures prompting farmers to keep their herds and flocks, leading to a reduction in supply and hence a rise in prices. Output of white meat reached 320 000 tonnes and increased by only 1.6% compared to 12% the previous year, mainly owing to the heat wave in August 2003. Milk output was up by 4.2% to 1.25 billion litres and that of butter was nearly 19 000 tonnes, a rise of 6% compared to the previous year.

FISHERIES

In 2003, the fisheries sector was marked by the two-month extension of the biological dormancy period, to seven and a half months, with a view to promoting the reconstitution of fish stocks. Under these circumstances, deep-sea fishing catches fell by a third, compared to a decline of 3% in those of coastal

fishing, leading to a reduction of 4.9% in total catches, which amounted to 903 000 tonnes, to the value of 4.4 billion dirhams, a fall of 23.8%.

Output of coastal fishing thus decreased to 865 473 tonnes and its value was only 3 billion dirhams, a decrease of 13.7%, mainly owing to the drop of over a half in both volume and value of catches of cephalopods, landings of the other varieties having increased overall. The proportion of coastal catches supplied for consumption as fresh fish amounted to 40%, while 35% went to the factories for manufacturing by-products and 20% to the canning factories. Industrial freezing units received only 3.6% of the total against 7.6% in 2002, owing to the fall in contributions of octopus, the main source of supply of this activity, the imposition of a minimum export price for this having been lifted in 2003.

Deep-sea fishing output amounted to only 37 480 tonnes, owing to the continued contraction of landings of cephalopods. The corresponding value also decreased, by 37.2%, to just 1.4 billion dirhams.

Reflecting the decline in output, exports of seafood decreased again by nearly 8% in the year under review, to 329 100 tonnes, to the value of 9.3 billion dirhams, a fall of over 10%. This marked drop in deliveries is attributable to the fall of one third in shipments of crustaceans, molluscs and shellfish and of over 24% in those of fresh fish, while those of canned fish increased by over 15%.

The output of the sea fishing sector increased substantially following the expiry of the fishing agreement with the European Union, having risen from 0.7 million tonnes in 1999 to 1.1 million in 2001, as a result of the intensification of the fishing effort. This led, however, to a decline in fish stocks, necessitating successive extensions of the period of biological dormancy. Consequently supplies, especially of cephalopods, have contracted markedly during the last two years. In order to remedy this situation, the public authorities adopted in March 2004 a new strategy for the organisation and exploitation of octopus fishing, introducing a national quota for octopus catches distributed among the high-sea, coastal and non-industrial fleets depending on the state of renewal of the stock of this species.

MINERALS

Since 1999, the world market for phosphates has been characterised by a marked surplus of supply, although in 2003 China continued to reduce its exports of unprocessed ore in order to supply its local industry. Similarly, demand for other products, especially metal ores, remained limited overall during the first half of the year before showing an appreciable recovery during the rest of the year, as a result of the increase in industrial consumption, especially in the United States and China.

In this context, national output, as reflected by the index of mineral extraction ⁽¹⁾, showed a decline of 4.3% concealing virtual stagnation for phosphates and a sharp drop for the other ores. Against this, exports fell by 8.6% and brought in a total amount of 4.4 billion dirhams, down by 14.1% compared to the previous year.

Phosphates

Market output of unprocessed phosphate, of around 23 million tonnes, remained at the previous year's level. This stability conceals a rise of 1.6% in local sales and a fall of 6.8% in exports, which amounted to 10.4 million tonnes and brought in 3.7 billion dirhams, representing a decline of 7.9%. Of exports of unprocessed ore, a fifth went to the United States, nearly 15% to Spain, 8.9% to Mexico and 6% to India.

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

Deliveries to the domestic market, which went to the Safi and Jorf Lasfar value enhancement units, amounted to 12 million tonnes and resulted in an output of 2.9 million tonnes of phosphoric acid, a comparable level to that of the previous year, and of 2.5 million tonnes of fertiliser, down by 2.3%.

Exports of derivatives consisted of, on the one hand, 1.6 million tonnes of phosphoric acid, a decline in volume of 3.6%, more than half of which was supplied to India, and, on the other, 2 million tonnes of fertiliser, down by 7.2% mainly owing to the contraction of over 14% in deliveries of diammonium phosphate.

The export turnover of the Moroccan Phosphate Office (MPO) fell by 3.4% to 12.3 billion dirhams, over two thirds of which was brought in by sales of derivatives. However, the group succeeded in retaining its position as the world's leading exporter of phosphates and derivatives and in maintaining its market share of around 27% despite an environment marked by keen competition and a substantial increase in the costs of sea transport and of certain inputs.

In order to meet the requirements of global demand, more centred on fertilisers, especially diammonium phosphate, the MPO decided to build at Jorf Lasfar a new unit for the manufacture of this product, with an annual capacity of 850 000 tonnes, which would bring the total production capacity up to 3 million tonnes per year by 2005 and the rate of transformation of phosphoric acid into fertiliser to more than 75%. The group also adopted an investment programme of over 1.1 billion dirhams, aimed at restructuring and modernising the phosphate enrichment units and bringing the technical procedures used by the sulphuric units at Safi up to standard.

Other ores

The activity of extraction and marketing of ores other than phosphates did not benefit from the marked recovery in global demand during the second half of the year.

In fact, exports fell by 30.5% to 623 000 tonnes and brought in altogether 671 million dirhams, a fall of 37.1%. This result is attributable both to the low mineral content of the ores and to the fall of the dollar, which partly counteracted the effect of the rise in prices.

Thus, output of ores showed in 2003 large falls estimated at 23.5% for zinc, 37.3% for lead and 24.2% for barytine, while output of copper declined by 1.7%.

Morocco's subsoil, which harbours great mineral wealth, is still under-explored. In order to rationalise its exploitation, the public authorities adopted a number of measures. Thus, the merging in 2002 of the Mineral Research and Participation Bureau (BRPM) and the National Oil Research and Exploitation Office (ONAREP) within a single body, the National Hydrocarbons and Minerals Office (ONHYM), was aimed at optimising the available resources and generating synergies in order to speed up exploration and exploitation of resources, in partnership with domestic and foreign operators.

ENERGY

Demand for energy increased substantially in 2003, owing in particular to the revival in economic activity. Thus, final consumption of energy ⁽¹⁾ increased by 4.4%, to 10.6 million tonnes oil equivalent (TOE). This development is largely attributable to the increase of 8.2% in recourse to electricity, while demand for petroleum products, which constitute nearly 59% of the total, increased by 2.3%.

Against this, output of energy showed a fall of 12.7%, which conceals a reduction in refining activity of 26.6% and an increase in electricity of 8.8%.

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

Meeting the energy requirements necessitated the importing, as in the previous year, of 11.4 million TOE, including 68.5% of petroleum products and 28.3% of coal. All in all, the total energy bill amounted to 21.2 billion dirhams, nearly 5% above the previous year's figure, the rise in world prices of hydrocarbons and coal having been appreciably lessened by the depreciation of the dollar.

Petroleum products

Refining activity was badly affected during the first half of 2003 owing to the fire which had damaged the SAMIR unit at Mohammadia in November 2002 and led to a fall in output of 26.6%, to 4.2 million tonnes, and a contraction of the same size in imports of crude oil, to only 4.6 million tonnes. Under these circumstances, and in order to ensure the provision of normal supplies to the market and the building up of a safety stock covering 90 days' consumption, it was necessary to double the volume of imports of refined products, to 3.5 million tonnes representing a value of 10 billion dirhams.

Against this, domestic sales of petroleum products increased by 3.7% and totalled 6.7 million tonnes, 47% of which consisted of gas oil, 22% of fuel oil, and 20% of liquefied gases.

Electricity

Total electricity consumption amounted to 14.5 billion kWh and increased by 8.2%, an appreciably faster rise than that observed during the last few years, which was between 5% and 6%. This growth in demand was brought about by, on the one hand, the speeding up of economic activity, particularly in the industrial and agricultural sectors and, on the other, the stepping up of the rural electrification programme, which enabled another 2 564 villages to have the benefit of electricity and the degree of implementation of which had reached 62% in 2003.

In order to cover this increase in requirements, the total supply of electricity was expanded by 8% to 16.8 billion kWh. It was provided to the extent of 57% by output on a concession basis, 34% by the National Electricity Office and 9% by imports of power.

Thus, national output of electricity increased by 8.8%, totalling 15.3 billion kWh, of which 13.7 billion kWh was produced by the thermal power stations. Hydroelectric power increased by 71% to 1.4 billion kWh. This rise is due to the bringing into service of two power stations of the Ahmed Al Hansali - Aït Messaoud hydroelectric complex, with a total power of 98 MW per year, and also benefited from the good rainfall. Lastly, output of wind power amounted to 202.9 million kWh against 194 million the previous year.

Imports of electricity, estimated at 1.4 billion kWh, increased by 3.2%, while those of coal decreased by 4%, to around 5 million tonnes.

In the year under review, the National Electricity Office's investment programme had an overall budget of 3.2 billion dirhams, including 1.1 billion for rural electrification. It also included the continuation of the building of the combined-cycle power station at Tahaddart and the completion of the Afourer energy transfer pumping station.

Lastly, in the field of oil prospecting and with the aid of a hydrocarbons incentive code, prospecting activity, engaged in by 17 international oil companies, continued apace in 2003, both offshore on the Atlantic coast and in the onshore areas of the Gharb region, which was the subject of exploration agreements signed at the beginning of 2004 with a Canadian and an American company. Altogether, the exploration agreements cover an area of 100 300 km² offshore and 22 000 km² onshore.

MANUFACTURING INDUSTRY

Industrial output increased in 2003 by 3.5% against 2.9% the previous year ⁽¹⁾, owing to the satisfactory results recorded at the level of the agri-foodstuffs industries, the chemical and parachechemical industries, the engineering, metallurgical, electrical and electronics industries and, above all, in the construction materials compartment. The textile sector, however, was again faced with difficulties, due in particular to the increase in international competition.

Groups of industrial sectors	Weighting %	Percentage changes of industrial output indices		
		2001	2002	2003
- Food, beverages and tobacco industries	249	+ 4.5	+ 1.9	+3.7
- Textiles, clothing and leather	223	- 2.2	- 0.7	-3.7
- Chemical and parachechemical	218	+ 4.2	+ 5.4	+4.9
- Mechanical, metallurgical, electrical and electronic industries	181	+ 6.5	+ 3.5	+5.8
- Building materials and wood processing	129	+ 3.7	+ 5.6	+8.6
Overall index	1 000	+ 3.2	+ 2.9	+3.5

The activity of the various industrial branches was stimulated, overall, by the increase in agricultural production and the improvement in incomes in rural areas. It also received a boost from the continued implementation of major infrastructure and social house building programmes and the recovery in foreign demand for certain products, especially canned foodstuffs and electrical wires and cables.

(1) See Statistical Appendix IV-1.

In addition to the assistance given by the Hassan II Fund for Economic and Social Development in favour, especially, of the electronics, automobile sub-contracting, textile and leather industry sectors, the year 2003 was marked by the start-up of operations by the Agence nationale de la promotion de la petite et moyenne entreprise (ANPME) (National Agency for the Promotion of Small- and Medium-Sized Enterprises) and the introduction of new financing mechanisms for corporate upgrading and of the “Observatoire du financement de la mise à niveau” (Observatory for Financing Corporate Upgrading), in order to increase information and communication for the benefit of enterprises.

Set up in November 2002 to replace the Office de développement industriel (ODI) (Industrial Development Office), the ANPME is responsible for monitoring the Programme national de la mise à niveau des PME (National Programme for Upgrading SMEs) with regard to advice and technical assistance, especially in the field of support infrastructures, tax harmonisation and the streamlining of administrative procedures.

Similarly, the Fonds national de mise à niveau (FOMAN) (National Fund for Corporate Upgrading) was established in July 2003, its function being to bear 80% of the costs of technical assistance in the industrial sector and to participate in the financing of investments jointly with the banking sector.

The Fonds de restructuration du textile (FORTEX) (Textile Restructuring Fund), set up in February 2003, is responsible for supporting the restructuring of textile enterprises encountering financial difficulties.

Food, beverages
and tobacco industries

Benefiting from the satisfactory level of supply of agricultural raw materials and the increase in both domestic and foreign demand, the activity of the agro-foodstuffs industries rose by 3.7%, compared to 1.9% in 2002. This favourable development took place in virtually all branches and, more particularly, in that of canned vegetables.

The dairy sector showed an increase of 5.1%, which was, however, smaller than that of 10.4% observed a year earlier. In fact, fresh milk production, estimated at 1.25 billion litres, increased by 4.2% compared to 9% in 2002, thus enabling 86% of requirements to be met, the remaining demand being satisfied by imports.

After a fall of 3.5% in 2002, the activity of the sugar industry showed a rise of 2%, largely due to the increase in the sugar beet harvest. Thus, sugar production reached nearly 487 000 tonnes and made it possible to cover more than half of consumption and to reduce imports of that commodity, totalling 550 000 tonnes, by 4.2%.

The fish-canning industry, which benefited from an increase in supplies and the favourable trend of exports, showed an increase of 2.6%, against 6.9% in 2002. Similarly, canned fruit and vegetable production increased by 18.6% thanks to the growth in supply of raw materials.

Up by 4.9% in 2002, the fats industry achieved an increase of 12% in the year under review, attributable to the size of the sunflower and olive harvests.

After stagnating in 2002, the activity of the beverages and tobacco branch recovered slightly in the year under review. This development is attributable to the increase in demand for beverages and the rise of 2% in output of tobacco.

Lastly, the activity of the industrial flourmills declined again, by 1.2%.

The output index for these industries fell by 3.7% compared to 0.7% in 2002. This further decrease was mainly due to the deterioration of 6.9% and 4.7% respectively in activity in the knitwear and ready-made clothing branches, owing to the fall in demand for Morocco's goods produced in these sectors.

Textile, clothing
and leather industries

Continuing the development observed during the last few years, leather-working recorded a rise of 3.8% in 2003, owing to the strengthening of the activity of the tanneries and the increase in output of footwear.

Chemical and
parachemical industries

The activity of the chemical and parachemical industries sector, including the manufacture of paper and board and rubber and plastics articles, showed an increase of 4.9%, against 5.4% the previous year.

Stimulated by the growth in domestic sales, which more than offset the fall of a third in exports, output of medicines and pharmaceutical products continued to increase strongly by 7.1% in 2003, compared to 6.4% the previous year.

The same upward trend characterised the manufacture of soap and personal care products, which rose by 5.8%.

Similarly, output of pesticides and insecticides showed an increase of 1.8%. On the other hand, manufacture of phosphoric acid remained unchanged compared to the previous year, while that of fertilisers declined owing to the virtual stagnation of global demand for phosphate derivatives.

Underpinned by the growth in orders from the building sector, output of paint increased by 5.3%. On the other hand, that of synthetic resins stagnated again.

Activity in the paper and board compartment increased by 15.6%, thanks to the strengthening of domestic demand. Activity in the "Printing and publishing" branch, which, had declined by 1.4% in 2002, recovered by 10.6% in the year under review.

Manufacturing of paper pulp, mainly for the foreign market, underwent hardly any change compared to the previous year.

Output of rubber and plastics articles also remained at the previous year's level. This stability masks a fall of 8.2% in activity in the tyre industry and an

increase in that of the rubber and plastics articles industry of 3.5% and 7.8% respectively.

These industries showed a rise of 5.8%, compared to 3.5% in 2002. This favourable development took place in all industries, with the notable exception of the transport equipment industry, which remained unchanged.

Engineering, metallurgical,
electrical and
electronic industries

Thus, output of metalworking products, which had been growing continuously in recent years, showed an increase of 9.3%. This result is attributable to the strength of the structural metalworking, boiler-making and plumbing articles branches, manufacture of the latter having been stimulated by the increase in demand from the building sector.

Output of the electrical and electronics industries sector showed a rise of 2.3% in 2003. Underpinned by the strength of foreign demand and by the increase in orders both from the building sector and from the National Electricity Office, output of electrical wires and cables and of electronic apparatus and equipment increased by 3.2% and 18.3% respectively. On the other hand, output of batteries and accumulators fell by 9%.

Similarly, output of the metallurgical industries increased by 13.6%, mainly owing to the demand from the building and public works sector.

Having fallen by 6% in 2002, the output index for transport equipment remained virtually unchanged in the year under review, a result which masks, on the one hand, a rise in output of commercial vehicles and coachwork and of railway equipment of 5.7% and 11.8% respectively and, on the other, a fall of 6.4% in that of private cars. Sales of locally assembled cars fell by 5% to 9 066 units, owing to the keen competition from imported models, registrations of which totalled 26 093 vehicles, up by 6.7% compared to the previous year. Assembly of the economy car launched in 1995 ceased in December 2003.

Building materials

Stimulated by the strength of the building sector, the building materials industry showed in 2003 an expansion in all the branches, especially the cement industry, whose output rose by 9.3%, owing to an increase of the same size in demand, to 9.3 million tonnes. Similarly, output of agglomerates and structural woodwork rose by 14.9% and 15.8% respectively.

TOURISM

The recovery recorded the previous year by international tourism was interrupted in 2003, as a combined result of the uncertainties connected with the geopolitical situation and the appearance in Asia of SARS (severe acute respiratory syndrome). Against this background, the number of tourists in the world amounted to 694 million, down by 1.2% year-on-year, following the increase of 2.7% observed in 2002. The breakdown of the tourist flow by destination shows that Europe maintained a global share of nearly 58%. This result masks, on the one hand, a fall in arrivals in the euro area, which had become less competitive owing to the appreciation of its currency and, on the other, a rise in the flow to the other regions of Europe. The number of tourists visiting the Asia-Pacific region, which was in the grip of the SARS virus during the first half of 2003, fell by 9.3% to 119.1 million. Similarly, the American continent received 112.4 million visitors, a decline of 2.1%, the fall of about 7% in arrivals in North America not being completely offset by the rise in those recorded in the other regions, especially South America. However, the flow to the countries of the Middle East reached 30.4 million, an increase of 10.3%, owing to a rise of over 17% in arrivals in Egypt. Similarly, the situation was favourable in Africa, which received 30.5 million tourists, an increase of nearly 5%, largely owing to the growth in arrivals in the countries of the Maghreb.

In 2003, tourist activity in Morocco not only withstood unfavourable international economic conditions but also the repercussions of the terrorist attacks of 16 May in Casablanca. Thus, total tourist arrivals reached 4.8 million, an increase of 5.5%, thanks to the expansion of 11.8% in arrivals of Moroccans

living abroad, which totalled 2.3 million and whose share in the total tourist flow rose from 45.7% the previous year to 48.4%. As for tourists of foreign nationality, their number remained virtually unchanged, at 2.5 million. Receipts from travel increased by 5.5% to 30.8 billion dirhams.

As far as tourist investment is concerned, the accommodation capacity was increased further, with new hotels being built and existing ones extended, which was reflected in the addition in 2003 of 8 579 new beds, over 35% of which were in Agadir and 20% in Marrakech, at an overall cost of 2 billion dirhams. Similarly, twelve projects were approved within the framework of the mechanism for financing the upgrading of the country's hotels, involving a total outlay of about 194 million dirhams, including over 75 million granted by the RENOVOTEL fund, administered jointly by the Central Guarantee Fund and Dar Addamane. At the same time, the State signed, with domestic and foreign companies, eleven agreements for investment in the hotel sector, to a total value of 2.4 billion dirhams, providing for the creation of 4 797 additional beds and 3 220 jobs by 2008.

Furthermore, the public authorities concluded agreements with French, German and Spanish tour operators, in order further to increase direct services to the tourist areas from Europe. Moreover, the budget allocated to the Moroccan National Tourism Office was raised from 120 million dirhams to 250 million, in order to step up tourism promotion efforts.

With regard to the regulation of the sector, the decree implementing the law defining the status of tourist establishments, which came into force in 2002, and also the decree laying down the standards of classification of these units, were published in 2003. Similarly, in order to develop concerted action at regional level, three Regional Tourism Centres were set up at Casablanca, Marrakech and Agadir. Composed of representatives of the administration's external services, members of the trade and local elected members, these bodies are responsible for promoting local tourist activity and giving the public authorities advisory opinions on questions affecting the sector.

With regard to the taxation of hotel institutions, the 2003 Finance Act provided for reductions of 20% to 60% on the cost price of buildings and refurbishment operations serving as the basis for the calculation of the rental value for the purpose of the trading licence and the urban tax.

Lastly, with regard to training, the number of new trainees entering the hotel schools for the 2002-2003 school year was increased by 30% compared to the previous year to 3 400 students.

Tourist flows ⁽¹⁾

At the end of 2003 the flow of foreign visitors, of which 90% were stay tourists, showed an increase of 0.2% compared to the previous year to 2.5 million.

Among arrivals from the European Union, Morocco's main tourist market, the share of French citizens continued to be the largest with 916 000 visitors, representing a rise on the year of 4.4% due to promotional campaigns carried out in that country. The flow of Spanish tourists, in continuous decline since 2000, showed an uninterrupted upward trend in 2003, resulting in an expansion of 15%. On the other hand, the German, Italian and British markets continued the downward trend observed during the last two years, falling respectively by 25%, 11% and 9%.

The number of citizens arriving from the other European countries and the Maghreb increased respectively by 15% and 9%, whereas that of arrivals from the Americas declined by 9.5% and that from the Middle East by 7%.

(1) See Statistical Appendix V-1.

The breakdown of tourist flows according to mode of transport showed no notable change compared with the previous year and continues to be dominated by air travel, preferred by over 72% of the total, although the numbers involved declined by 1.4%, with 90% entering via the Casablanca, Marrakech and Agadir airports. Arrivals by sea and land represented 17.2% and 10.5% of the total respectively.

Hotel activity

The stepping up of investments in the tourist sector was reflected in 2003 by the increase in the number of classified hotels, from 594 to 632. Account being taken also of the extension of existing units, the total accommodation capacity grew by 7.4% or 8 579 new beds to 109 615 beds.

Overnight stays in classified hotels declined by 1% compared to the previous year, to 11.2 million. This development is attributable to the decrease of 4% in overnight stays by foreigners, numbering nearly 8.5 million, while their average length of stay declined further, to 5.3 overnight stays compared to 6.4 the previous year. Conversely, those by Moroccans increased by 8%, owing in particular to the launching, in the spring and then again in the summer, of two promotional campaigns offering reductions in the cost of accommodation and transport for residents and Moroccans living abroad. At regional level, the number of overnight stays declined for all tourist destinations, with the exception of Agadir and Tangiers, where it increased by 4% and 9% respectively. The average occupancy rate of classified hotel establishments decreased by nearly 7% compared to the previous year, to 40.7%.

Within the framework of the strategy aimed at welcoming ten million tourists by 2010, the programme for the establishment of seaside resorts provided for in the "Azur" plan was continued in 2003 by the award of concessions to foreign operators for the development of the Saïdia and Mogador sites, which

should be completed in 2010. The first project is for the building of some thirty hotel units, with a total capacity of 16 000 beds, while the second is for the creation of 18 units, with 9 000 beds.

In addition, the public authorities decided to increase the national aircraft fleet and liberalise air travel. In this connection, the national airline is planning to devote, by 2010, a total sum of around 16 billion dirhams to the acquisition of 24 new aircraft, and delivery of four of them, for an amount of 1.9 billion dirhams, was already taken in 2003. It also set up a charter subsidiary, which is planning to start operations in 2004.

Lastly, in order to exploit the potential of regional tourism, a new strategy aimed at developing rural and niche tourism was launched at the end of 2003.

DEMAND

Residents' final demand, at 435.9 billion dirhams, increased by 6.1%, showing in relation to gross domestic product, of 418.7 billion, a deficit in goods and services of 17.2 billion dirhams, or 4.1%, compared to 3.3% in 2002 ⁽¹⁾.

Consumption

National final consumption, estimated at 336.4 billion, or 80.3% of GDP, showed a rise of 4.9%, compared to 3.7% the previous year. Household expenditure on goods and services increased at a rate of 3.2%, appreciably less than the rise in income, the substantial increase in incomes in rural areas and the raising of the salaries of certain categories of civil servants having been reflected in an improvement in the savings ratio. For its part, consumption of non-market services provided by general government increased by 10.2% compared to 5.5% the previous year.

Investment

Account being taken of a rise in stocks of 1.1 billion dirhams, investment was estimated at 99.5 billion dirhams, a rise of 10.2% compared to the previous year. Gross fixed capital formation showed an increase of 7.9%, after that of 6.8% in 2002, resulting in an investment ratio of 23.5% in 2003, greater than the previous year's figure of 22.7%. Purchases of plant and equipment, which

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

represent more than half of the total, showed an expansion of 14.9%, after that of 13.7% in 2002, reflecting the increase in investment in industry, agriculture and activities connected with tourism.

The building sector, recording a rise of 5.8%, compared to 2.1% in 2002, benefited from the programmes of social housing construction. On the other hand, public works fell by 6.8%, after declining by 1.8% the previous year. The major construction projects included the motorway programme and the extension of the railway network and the airport and port infrastructures.

Gross fixed capital formation in millions of dirhams	2000	2001	2002	2003	Changes in %	
					<u>2002</u> 2001	<u>2003</u> 2002
Plant and equipment . .	42 693	40 154	45 650	52 452	13.7	14.9
Building	23 456	24 469	24 971	26 419	2.1	5.8
Public works	15 559	16 861	16 550	15 425	-1.8	-6.8
Development and plantations	2 580	2 729	2 761	2 832	1.2	2.6
Livestock	1 134	1 162	1 210	1 252	4.1	3.5
Gross fixed capital formation (GFCF) . .	85 422	85 375	91 142	98 380	6.8	7.9
GFCF/GDP (in %) . .	23.7	22.3	22.7	23.5	-	

Furthermore, the investment committee approved 53 projects in 2003, for an amount of 12 billion dirhams, leading to the creation of over 14 000 direct jobs. Nearly half of these projects benefit from the contribution of 378 million dirhams from the Hassan II Fund for Economic and Social Development.

The breakdown of these projects by sector of activity reveals the predominance of energy and minerals, with an overall amount of 5.1 billion dirhams, followed by the tourism sector with 2.3 billion dirhams.

National saving

Domestic saving, which totalled 82.3 billion dirhams in 2003, increased by 6.6% against 4.1% the previous year. Similarly, incomes and net transfers received from abroad, totalling 32.7 billion, showed a rise of 11.4% due to a further increase in transfers by Moroccans resident abroad. Altogether, gross national saving, which had stagnated in 2002, increased by 7.9%, reaching 115 billion dirhams. In relation to disposable gross national income, amounting to 451.4 billion dirhams, up by 5.7%, it represented a savings ratio of 25.5% compared to 25% the previous year. National saving made it possible to cover the whole of investment expenditure and to produce, for the third year in succession, a financing capacity amounting to 15.4 billion dirhams, or 3.7% of GDP, in the year under review.

PRICES

The consolidation of economic growth in 2003 was achieved in a context marked by control of the price rise, the cost of living index having in fact gone up by only 1.2% ⁽¹⁾, compared to 2.8% in 2002 and an annual average rate of 1.8% during the last three years. This easing took place both in the prices of foodstuffs, owing to the increase in agricultural supply, and in those of non-food products, thanks to the moderate trend displayed by industrial producer prices. In fact, the rise in the index of producer prices in manufacturing industry excluding petroleum refining remained moderate, amounting to only 0.9% following that of 0.6% in 2002.

The low inflation rate thus recorded confirms the trend observed since 1996, which is attributable to the combined effects of the pursuit of a monetary policy aimed at bringing about price stability, the keener competition and the easing of producer costs resulting largely from the process of dismantling tariffs.

Compared to our main trading partners, the increase in consumer prices proved relatively modest. This trend led to inflation differentials in favour of Morocco, particularly vis-à-vis the euro area, where the rise in consumer prices averaged 2.1%, with increases of 2.2% and 3% respectively in France and Spain.

Cost of living index

The movement of the cost of living index, contrary to its usual seasonal pattern, was marked in the year under review by virtual stability which continued

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

throughout the first seven months, thanks largely to the improvement in agricultural production. The upward movement took place only from August onwards owing to the usual pressures on prices due to the growth in consumption during the summer holiday period. It was also accentuated by the decrease in the supply of certain food products due to the heat waves in the year under review. This trend, which was sustained by the strengthening of demand for foodstuffs in connection with the month of Ramadan, was followed by a seasonal decline at the end of the year.

Groups of products	Weighting (in %) ⁽¹⁾	Percentage changes in average cost of living			
		2001	2002	2003	Average rate of the last three years (%)
Foodstuffs	44.82	- 1.0	+ 4.3	+ 1.3	+ 1.6
of which : Meat	11.90	+ 1.4	+ 7.0	+ 3.8	+ 0.9
Fresh vegetables.....	4.84	-15.0	+15.2	+ 0.5	+ 5.8
Légumes secs	0.63	+ 4.4	- 7.0	-13.3	+ 3.8
Fruits frais	1.96	+17.5	+ 4.4	-3.2	+ 4.8
Non-alimentary products and services	55.18	+ 2.0	+ 1.6	+ 1.1	+ 1.9
- Clothing	6.34	+ 1.4	+ 1.7	+ 0.8	+ 1.8
- Housing	14.29	+ 2.1	+ 1.5	+ 1.2	+ 1.7
- Household equipment	5.0	+ 0.1	+ 0.6	+ 0.4	+ 0.3
- Medical care	5.44	+ 1.4	+ 1.1	+ 1.8	+ 1.0
- Transport and communications	7.79	+ 2.6	+ 0.6	+ 0.2	+ 2.8
- Leisure and culture	5.67	+ 3.6	+ 3.3	+ 2.0	+ 3.0
- Other goods and services	10.76	+ 2.1	+ 2.2	+ 1.1	+ 2.2
Overall index	100	+ 0.6	+ 2.8	+ 1.2	+ 1.8
(1) The new weighting coefficients have been used since January 2002					

The prices of foodstuffs, which accounted for nearly half the rise in the cost of living index, were up by 1.3% in 2003 compared to 4.3% the previous year. This slowing was mainly due to the decline in the prices of many products, especially those of pulses and fresh fruit, down by 13.3% and 3.2% respectively. On the other hand, meat prices rose by 3.8%, alone contributing 0.9 percentage point to the upward movement of food prices. There were also

increases in the prices of fats, up by 6.9% owing to the rise in the international prices of soya, and in tobacco prices, up by 2.7% owing to higher taxes.

The prices of nearly all non-food products also rose more slowly, recording on annual average an increase of 1.1% compared to 1.6% in 2002. Thus the rise in the index for housing fell back from 1.5% to 1.2%, while the rise in transport and communication charges was only 0.2% owing to the stability of both domestic fuel prices and communication charges.

The same trend was recorded for clothing prices, the rise in which slowed from 1.7% to 0.8% owing to the easing of producer costs, and also at the level of household equipment prices, which increased by 0.4% following a rise of 0.6% in 2002. On the other hand, the index relating to medical care showed a rise of 1.8%, faster than that of 1.1% in the previous year, mainly owing to the increases in hospitalisation costs and the prices of certain medicines.

Index of producer prices

The movement of the average index of producer prices in manufacturing industry showed a rise of 1.3% in 2003 compared to 1.2% the previous year and an annual average rate of increase of 2.3% during the preceding three years. This development is attributable, to the extent of nearly two thirds, to the cost of petroleum refining, which, after having fallen by 9.7% in 2002, showed an average annual increase of 3.1%. This increase is due to the rise of 15% in international petroleum prices, which was largely offset by the depreciation of the dollar.

Groups of products	Weighting (in %)	Percentage changes in average indices of industrial producer prices			
		2001	2002	2003	Average rate on three years (%)
Manufacturing industries excluding oil refining	86.7	- 0.7	+ 0.6	+ 0.9	-
of which :					
Food industries	28.9	- 0.6	+ 2.8	+ 2.1	+ 0.7
Chemical industries	13.1	- 1.9	- 1.9	+ 1.3	- 1.1
Textile industry	6.5	+ 0.3	+ 0.6	- 0.4	- 1.0
Clothing industry	6.7	- 0.8	- 0.2	+ 0.2	- 0.8
Oil refining	13.3	- 6.6	- 9.7	+ 3.1	+14.7
Overall index	100	-1.8	-1.2	+1.3	+2.0

The rise in the producer prices of manufacturing industry excluding petroleum refining amounted to only 0.9% and was mainly due to the increase of 2.1% in the prices of the food industries.

In fact, except for notable rises, of 2.9% and 1.3% respectively, in the case of the metallurgical and chemical industries, industrial prices showed moderate increases, or even falls. The largest decreases were in the prices of paper and board and those of rubber and plastics, which fell by 2.1% and 1.7% respectively, and in the prices of the textile industry, which declined by 0.4%.

EMPLOYMENT

In 2003, the population of Morocco was estimated, on the basis of annual population growth of 1.54%, at 30.1 million inhabitants, representing an increase of 457 000 persons compared to the previous year. The urban population grew, owing to migration from the land and the extension of urban perimeters, by 2.8% or 471 000 persons, to 17.2 million, which accounts for 57.3% of the total population. On the other hand, the rural population declined by 0.11% or 14 000 persons in the year under review. These developments continue to be reflected by pressures on the urban employment market against a background of moderate economic growth.

According to the results of the quarterly employment surveys ⁽¹⁾, the labour force aged 15 and over, up by 5% or 523 000 compared to the previous year, numbered 10.9 million persons, representing an activity rate of 51.9% compared to 50.7% in 2002. The employed labour force amounted to 9.6 million, of whom 43.9% were employed in the primary sector, 20.2% in the secondary sector and 35.9% in services. The number of job-seekers reached 1.3 million, representing a national unemployment rate of 11.9%, up by 0.3 percentage point compared to the year 2002, owing to a relatively large increase in demand for labour.

In the year under review 427 000 jobs were created compared to 221 000 in 2002, representing a considerable rise, largely due to the improvement in economic conditions in the agricultural sector, where nearly 261 000 jobs were created. Consequently, the employed rural labour force numbered 4.9 million, the unemployment rate falling by 0.5 percentage point to 3.4%.

(1) See Statistical Appendices VI-3 and VI-4.

Relatively few jobs were created in the other branches of economic activity, chiefly in urban areas and mostly benefiting industry and trade, which created 55 000 and 48 000 jobs respectively. Thus, the unemployment rate in urban areas rose slightly, from 18.3% to 19.3% in 2003. This worsening of unemployment affected all categories of the urban labour force, which totalled 5.8 million, a rise of 4.6% compared to the previous year. In particular, unemployment among young diploma-holders was up, from 25.6% the previous year to 26.5%, and more women were out of work, the rate rising from 24.2% to 25.8%.

The job promotion measures were continued in 2003. Thus, the programme for promoting paid employment made possible the creation of 13 500 jobs during the year 2003, including 5 500 within the framework of the on-the-job training schemes. Similarly, the programme for assistance in the setting up of enterprises, implemented in the provinces of Settat and El Jadida, has made possible, since its launch in 1998, the setting up of more than 160 enterprises. In 2003, this programme was extended to the provinces of Fès, Tangiers and Tetuan.

On the legislative plane, a new law constituting a labour code was published in December 2003. This code, whose implementation texts are being finalised, is intended to enter into force in June 2004 and to replace all the old texts governing labour relations.

The new law, whose scope was extended, reduced the working week from 48 to 44 hours, limited recourse to fixed-term labour contracts and defined and increased severance payments. In order to improve recruitment while also making the labour market more flexible, the legislator also regulated the activity of recruitment agencies and those providing temporary staff. In addition, the labour code governs corporate affairs within the enterprise and provides for the setting up of works councils for corporations employing 50 or more paid workers.

FOREIGN TRADE

In 2003, foreign trade developed against a substantially improved international economic and financial background, marked, however, by weak growth in the European Union, with which two thirds of our trade takes place. It was also characterised by a sharp rise in the euro, which boosted the competitiveness of products from the Asian countries, whose currencies are linked to the dollar.

On the domestic plane, the situation was marked by a reduction in imports of foodstuffs due to the improvement in agricultural production and the increase in other expenditure, especially for the purchase of capital goods and semi-manufactures. Exports, on the other hand, were affected by the appreciable fall in the contributions of fisheries, the slackening of oil-refining activities and the contraction in the sales of mineral products, especially phosphates. Under these circumstances, imports grew at a relatively moderate rate, while exports declined, in contrast to the upward trend observed since 1992. The trade deficit therefore widened markedly, representing 12.4% of GDP compared to 11.1% in 2002.

Imports, valued at 135.5 billion dirhams on a CIF basis, rose by 3.9% or 5.1 billion dirhams, mainly owing to the increase in purchases of capital goods and semi-manufactures, which expanded overall by 6 billion dirhams. The energy bill rose by nearly a billion, owing to the doubling of supplies of refined petroleum products, imports of crude oil having been substantially reduced as a result of the fire at the Mohammédia refinery in November 2002. On the other hand, purchases of foodstuffs were reduced by nearly a quarter or 3.7 billion dirhams, owing to the substantial fall in imports of cereals and sugar.

Against this, exports, valued at 83.6 billion dirhams on a FOB basis, fell by 3.3% or 2.8 billion after having increased by 7.1% in 2002. This movement is due in particular to sales of crustaceans, molluscs and shellfish, which decreased by nearly 30% or 1.8 billion dirhams, and also to those of energy products, down from 2.4 billion to 909 million dirhams. For their part, shipments of phosphates and derivatives brought in 12.3 billion dirhams and were down by 3.4% or 436 million dirhams, while those of textile products, mainly under the temporary admission system, remained practically unchanged at 27.7 billion dirhams. On the other hand, exports of electronic components and electrical wires and cables, also made under the sub-contracting arrangements, showed a rise of 7.6% or 674 million dirhams and represented 11.4% of exports compared to 10.3% in 2002 ⁽¹⁾. This movement confirms the upward trend in exports of these products, which showed an average annual increase of more than 20% between 1999 and 2002, thus reflecting the increase in investment in these branches, which benefited particularly from the incentives concerning free export areas, skills and labour costs and the proximity of the European markets.

All in all, the trade balance resulted in a deficit of 51.9 billion dirhams, a rise of 17.9% on the year. Consequently, the rate of coverage of imports by exports decreased markedly, from 66.2% to 61.7%, as is shown by the following table:

In millions of dirhams	2002	2003	Changes in %
Imports C.I.F.....	130 409	135 479	+ 3.9
Exports F.O.B.....	86 389	83 570	- 3.3
Balance.....	- 44 020	-51 909	+17.9
Exports as % of imports	66.2	61.7	-

(1) See Statistical Appendices VII-1 to VII-4.

IMPORTS

The development of imports masks a pronounced fall in purchases of foodstuffs and a marked increase in other expenditure, due to the extent of over two thirds to purchases of capital goods and semi-manufactures.

Imports by category of products (in millions of dirhams)	2002	2003	Changes	
			Amounts	In %
Foodstuffs, beverages and tobacco	15 144	11 431	-3 713	-24.5
Energy and lubricants	20 182	21 161	+979	+4.9
Basic materials.....	8 940	9 798	+858	+9.6
Semi-manufactures (*).....	28 721	30 912	+2 191	+7.6
Capital goods	26 212	29 973	+3 761	+14.3
Consumer goods	31 210	32 204	+ 994	+3.2
Total.....	130 409	135 479	+5 070	+3.9
(*) Including industrial gold.				

Foodstuffs

Owing to the increase in agricultural production, imports of foodstuffs were reduced by nearly a quarter, to 11.4 billion dirhams, 3.7 billion of which was spent on purchases of wheat, which contracted by over a third, both in terms of volume and value. For their part, purchases of barley and sugar, at 202 million and 1.1 billion dirhams respectively, fell by 74.1% and 31.2%, while those of maize were maintained at 1.5 billion dirhams.

Energy products

The energy bill amounted to 21.2 billion dirhams, having increased by 4.9% owing to the doubling of the value of purchases of refined petroleum products, totalling nearly 10 billion dirhams. Conversely, purchases of crude oil, amounting to 9.2 billion dirhams, decreased by 28.3%, parallel with the

contraction of the same size in the volume imported. Similarly, the cost of coal supplies fell by 9.6%, to 1.9 billion dirhams.

Expenditure on imports of basic materials, the international prices of which increased substantially, reached 9.8 billion dirhams and rose by 9.6%. Purchases of crude vegetable oils, oilseed and oleaginous fruits amounted to 3.1 billion dirhams, showing a rise of 17%. Similarly, purchases of sulphur and wood, amounting to 1.2 billion and 2 billion dirhams respectively, increased by 10% and 3%.

Basic materials

Purchases of semi-manufactures, of around 31 billion dirhams, increased by 7.6% or 2.2 billion dirhams, owing to the recovery in demand from manufacturing industry and the building and public works branches. This rise was accounted for, in particular, by imports of iron and steel, chemical products and plastics, which expanded overall by 12.1% to 10.8 billion dirhams.

Semi-manufactures

The increase in investment in various sectors of activity was reflected in a considerable expansion in purchases of capital goods, amounting to 30 billion dirhams, a rise of 14.3% or 3.8 billion dirhams, after that of 13.6% recorded in 2002. This movement is attributable to purchases of aircraft, which rose from 1.5 billion dirhams to 2.1 billion, and also to those of various industrial capital goods, particularly power generators and electrical switchgear, textile machines and metal tanks, imports of which increased overall by 1.3 billion dirhams. Expenditure on agricultural equipment remained stable at 1 billion dirhams.

Capital goods

At 32.2 billion dirhams, purchases of finished consumer goods showed an increase of 3.2%, mainly due to imports of pharmaceutical products, plastic and paper goods, which totalled 4.7 billion dirhams, a rise of 5.5%. On the other hand, imports of textile products, practically all made under the temporary

Consumer goods

admission system, fell again, by 4.7%, to 11.1 billion dirhams, nearly three quarters of which was accounted for by purchases of synthetic and cotton fibres.

EXPORTS

The fall in export earnings is attributable mainly to the decrease in sales of crustaceans, molluscs and shellfish and of energy products.

Exports by category of products (in millions of dirhams)	2002	2003	Changes	
			Amounts	In %
Foodstuffs, beverages and tobacco	18 164	16 825	-1 339	-7.4
Energy and lubricants	2 426	909	-1 517	-62.5
Basic materials.....	7 485	7 143	-342	-4.6
Semi-manufactures (*).....	20 016	19 949	-67	-0.3
Capital goods	5 619	6 473	+854	+15.2
Consumer goods.....	32 679	32 271	-408	-1.2
Total	86 389	83 570	-2 819	-3.3
(*) Including industrial gold.				

Foodstuffs

Exports of foodstuffs, at 16.8 billion dirhams, fell by 7.4% or 1.3 billion dirhams, mainly owing to the further decline in output of crustaceans, molluscs and shellfish, exports of which fell from 5.9 billion dirhams to 4.2 billion. Similarly, sales of tomatoes and canned vegetables, each amounting to nearly 1 billion dirhams, showed falls of 15.7% and 12.4% respectively. Those of fresh and canned fish, on the other hand, rose by 14.4% and brought in 4.8 billion dirhams.

Basic materials

Earnings from exports of basic materials decreased by 4.6% to 7.1 billion dirhams, 3.7 billion of which was attributable to sales of phosphates, down by

7.9%. This adverse trend was also displayed by other mineral products, which brought in 671 million dirhams, a decrease of 37.1%. On the other hand, exports of basic products of animal and vegetable origin, at around 2 billion dirhams, rose by 15%, mainly due to the recovery in sales of olive oil, cork and gut, which totalled 468 million dirhams, twice the previous year's figure.

Exports of semi-manufactures, recorded at 19.9 billion dirhams, were virtually unchanged, which, however, masks divergent movements of the main products. Thus, the value of exports of electronic components and phosphoric acid increased respectively by 3.8% and 2.6%, to 5.7 billion and 5.3 billion dirhams. Conversely, sales of natural and chemical fertilisers, at 3.4 billion dirhams, decreased by 7% parallel with the decline in the quantities exported. The same applies to exports of silver and lead, which totalled 529 million compared to 1 billion dirhams in 2002.

Semi-manufactures

Exports of capital goods, over nine tenths of which were made under sub-contracting arrangements, rose from 5.6 billion dirhams to 6.5 billion. Of this total, exports of electric wires and cables brought in 3.8 billion dirhams, a rise of 13.8%.

Capital goods

Exports of finished consumer goods, over 95% of which took place under the temporary admission system, declined by 1.2% to 32.3 billion dirhams, including 26.7 billion in respect of exports of ready-made clothing and knitwear. Sales of footwear amounted to 1.5 billion dirhams, an increase of 8.8% compared to the previous year. On the other hand, exports of cotton fabrics fell by more than a half, to 153 million dirhams.

Consumer goods

GEOGRAPHICAL DISTRIBUTION OF TRADE

In 2003, Morocco's foreign trade totalled 219 billion dirhams, nearly two thirds of which with the European Union, which received 75.4% of exports and provided 58.9% of imports. The negative balance in relation to that area amounted to 16.7 billion, an increase of 64.7%, mainly owing to the doubling of the deficit with Italy, amounting to 5.5 billion dirhams, and to the contraction of the surplus with France, from 2.3 billion dirhams to 427 million.

In relation to the countries of the Middle East, the deficit decreased by nearly 30% to 7 billion dirhams. This movement is attributable to the marked reduction in supplies of crude oil, particularly from Saudi Arabia and Iran. The deficits with these two countries were reduced respectively from 7.1 billion dirhams to 6.3 billion and from 2.9 billion dirhams to 143 million.

In the case of the other Asian countries, the trade surplus with India, the main destination country of exports of phosphoric acid, amounted to 1.2 billion and fell by over a third, owing to the increase of 64% in imports. The trade balance with Japan showed a deficit of 1.2 billion dirhams, compared to a surplus of 800 million dirhams a year earlier, due to the fall in sales of crustaceans, molluscs and shellfish. The adverse trade balance with China, up by over 16%, amounted to 4 billion dirhams owing to the rise of nearly a quarter in imports, to 4.7 billion.

Trade flows with the United States, which represented 3.6% of foreign trade, led to net outflows of 3.1 billion dirhams, up by 4%. On the other hand, the deficit narrowed with regard to Canada and Brazil, amounting to 1 billion and 800 million dirhams respectively, compared to 1.4 billion and 1.8 billion in 2002.

Lastly, trade with the countries of the Arab Maghreb Union totalled 4.2 billion dirhams, producing a deficit of 1.6 billion, including 1.4 billion with Algeria.

EXTERNAL FINANCIAL RELATIONS

In 2003, external transactions resulted overall in a marked increase in the foreign exchange reserves. This development is attributable to the continuous rise in transfers made by Moroccans living abroad and to the good performance of tourist receipts, which more than offset the trade deficit, thus making it possible to achieve a further surplus in respect of current transactions. This is also due to the carrying out, in the year under review, of the privatisation operation of the State-owned tobacco company (Régie des Tabacs).

BALANCE OF PAYMENTS

The balance of payments showed, for the third year in succession, a surplus, amounting to 15.8 billion dirhams. Thus, net foreign assets increased by over 15% to 127.5 billion dirhams at the end of December 2003, representing 10 months' imports of goods and services.

The current transactions account again showed a surplus, of 15.5 billion dirhams, which resulted from, on the one hand, the substantial receipts in respect of services and private current transfers and, on the other, the appreciable reduction in the interest charges on the debt.

Similarly, the capital and financial transactions account showed a surplus of 4 billion dirhams, against a deficit of 7.2 billion in 2002. This result is attributable to the transfer of 80% of the capital of the State-owned tobacco company and also to the substantial decrease in net outflows in respect of the public foreign debt, the receipts from the Treasury's bond loan having been entirely allocated to the repayment of expensive debts ⁽¹⁾.

(1) See Statistical Appendix VIII-1.

Balance in millions of dirhams	2000	2001	2002	2003
A. Current transactions	-5 046	+18 209	+16 276	+15 527
Goods.....	-34 374	-34 157	-33 739	-41 267
of which : general merchandise	-44 629	-43 671	-45 780	-54 437
Services	+12 132	+21 594	+21 452	+24 294
of which : travel	+17 145	+24 796	+24 263	+25 586
Income	-9 184	-9 412	-8 137	-6 974
Unrequited transfers	+26 380	+40 184	+36 700	+39 474
B. Capital and financial transactions account	-583	+22 625	-7 166	+3 974
Capital account	-63	-101	-67	-97
Financial transactions account	- 520	+22 726	-7 099	+4 071
Private sector	+7 557	+33 997	+7 041	+14 875
Public sector	-8 330	-12 205	-13 970	-10 804
Other	+253	+934	-170	-
C. Statistical discrepancy	+1 223	+2 657	-2 082	-3 674
Overall balance	-4 406	+43 491	+7 028	+15 827

Current transactions

Goods The trade deficit on an FOB basis widened to 41.3 billion dirhams, an increase of 22.3%, as a result of the worsening of 18.9% in the deficit in respect of general merchandise. The value added resulting from transactions carried out under the system of temporary admission without payment, for its part, improved by 8.5%, to 12.7 billion dirhams.

Services The surplus in respect of services, at 24.3 billion dirhams, increased by 13.3%, mainly owing to the improvement in the surplus achieved in respect of travel, from 24.3 billion dirhams to 25.6 billion, tourist earnings having increased by 1.6 billion to 30.8 billion dirhams.

Operations carried out by general government, mainly for covering the cost of diplomatic representations, resulted in a deficit of 1.6 billion dirhams compared to 2.7 billion in 2002. This appreciable fall was due both to the decrease of 816 million in charges and the increase of 286 million in receipts.

Lastly, other services, largely connected with commercial transactions, showed an overall surplus of 352 million dirhams, against a deficit of 65 million in 2002. This development masks an increase of 13.5% in transport costs, to 10.7 billion dirhams, and an expansion of nearly a third in receipts under the heading "Other services to enterprises".

Net outflows in respect of remuneration of capital amounted to 7 billion dirhams, compared to 8.1 billion in 2002. Interest payments on the public foreign debt, amounting to 5.4 billion dirhams, were reduced by 1.5 billion dirhams, owing to the fall in global interest rates and the depreciation of the dollar. Parallel with this, the proceeds of public investments declined by 1.8%, to 4 billion dirhams, as a result of the fall in yield rates on foreign markets. Expenditure in respect of income transfers from foreign investments made in Morocco increased by 5.6% to 5.6 billion dirhams.

Income

Unrequited transfers produced a surplus of 39.5 billion dirhams, an increase of 2.8 billion, mainly due to the rise of 9.5% or 3 billion dirhams in receipts in respect of transactions carried out by Moroccans living abroad, which totalled 34.7 billion dirhams. Transfers, which represented 72.4% of the total, increased by 10.4%. Pensions and other social allocations, amounting to 4.9 billion dirhams, rose by 6.7%.

Unrequited transfers

On the other hand, the surplus in respect of public current transfers, consisting mainly of donations, decreased from 1.2 billion dirhams to 685 million, owing to the fall of over a quarter in receipts under this head.

Capital and financial transactions account

The capital and financial transactions account showed a surplus of 4 billion dirhams, against a deficit of 7.2 billion the previous year. This result is attributable to the decrease in the negative balance in respect of transactions connected with the public foreign debt and, above all, to the substantial increase in privatisation receipts.

In fact, contributions of private capital rose from 11.5 billion to 28.4 billion dirhams, owing to the marked increase in direct investments, from 5.9 billion dirhams to 22.9 billion, including 14 billion dirhams in respect of the transfer of 80% of the capital of the State-owned tobacco company. The investments were made chiefly by Spain and, to a lesser extent, by France and related mainly to the industrial and real estate sectors. On the other hand, commercial credits decreased by 6% to 4 billion and loans contracted by private companies amounted to only 536 million, a fall of 26.6%.

External loans obtained by the Treasury and public institutions reached 13.4 billion dirhams, having increased by 6 billion. This appreciable rise is attributable to the extent of 1.2 billion to commercial credits, amounting to 2.5 billion dirhams, and, to the extent of 4.8 billion, to foreign currency loans amounting to 10.9 billion dirhams, including 4.3 billion dirhams from the bond issue made by the Treasury on the international market. The proceeds of this loan, which has a maturity of five years and an interest rate of 5.25%, were allocated to the early repayment of expensive debts.

Funds provided by the International Bank for Reconstruction and Development amounted to 1.3 billion dirhams and those allocated by the European Investment Bank and the African Development Bank reached 1.4 billion and 823 million dirhams respectively. These loans were intended mainly for financing the programme of reform of the financial sector and for developing the infrastructure and telecommunications.

Against this, expenditure on the redemption of the foreign debt increased by 2.9 billion to 24.2 billion dirhams. This development is largely attributable to the substantial increase in early repayments of expensive debt, which totalled 6.7 billion dirhams, including 4.1 billion of the loans by the African Development Bank. It is also attributable to the paying off of 2 billion dirhams of the syndicated loan obtained by the Treasury on the international financial market in 1998.

Altogether, lending operations and repayment of the public foreign debt resulted in negative net flows of 10.8 billion dirhams, compared to 14 billion in 2002.

Thus, the outstanding amount of the public foreign debt continued to decrease appreciably, to 126 billion dirhams thus representing 30.1% of GDP compared to 35.8% at the end of December 2002. Furthermore, repayments of principal and interest on the debt increased in the year under review by 4.7% to 29.6 billion dirhams, or the equivalent of 16.4% of current receipts.

THE REGULATIONS GOVERNING EXTERNAL COMMERCIAL AND FINANCIAL RELATIONS

Within the framework of the opening up of the economy to foreign countries, the process of dismantling tariffs provided for by the free trade agreement with the European Union continued. In addition to the abolition of customs duties on capital goods from the European Union, which took place upon the entry into force of the agreement in March 2002, the process of abolishing those on imports of raw materials, semi-manufactures and finished goods not produced locally, scheduled to be implemented over four years in annual tranches of 25%, was completed on 1 March 2003. On the same date, the process of dismantling the import duties applicable to the list of locally manufactured industrial products, spread over ten years, was started with a first annual reduction of 10%.

Furthermore, the customs duties on products imported from countries other than those of the European Union and already exempt under the free trade agreement with it, were reduced to 10% in September 2003.

In order to promote exports, the foreign exchange facilities granted to exporters of goods for the payment of representation or brokerage commission, the total amount of which must not exceed 10% of the proceeds of the sale abroad, were extended to companies exporting services. Similarly, the requirement for prior permission from the Foreign Exchange Office for price reductions granted by exporters of textile products to their foreign customers was abolished, within the limit of 3% of the export amount invoiced. The approved intermediary banks were also authorised to carry out, for Moroccan operators, the transfer of the sums due in respect of international merchanting operations, provided that the intermediation margins are at least equal to 10% of the acquisition value of the goods or of the services provided.

With regard to travel, an allocation of foreign exchange, equivalent to 14 000 dirhams, was introduced for Muslims undertaking pilgrimages at any time other than that of the Hajj proper (Omra). The annual tourist allowance of 15 000 dirhams can henceforth be combined with any other allowance granted by the Foreign Exchange Office, while the allowance per minor child who is shown on the passport of the beneficiary parent and is to accompany the latter on his/her journey abroad was raised from 5 000 to 7 000 dirhams.

Similarly, the maximum monthly transfers for Moroccans pursuing studies abroad were raised from 6 000 to 7 000 dirhams and were authorised for a period of 12 months instead of 10 months previously.

Lastly, a setting-up allowance of up to 25 000 dirhams was introduced for emigrating Moroccans, who also have the option of carrying out, without prior permission from the Foreign Exchange Office, the transfer to foreign public bodies of the costs connected with their immigration documentation.

FOREIGN EXCHANGE MARKET

Quotation of foreign exchange rates

The international foreign exchange markets were marked in the year under review by an appreciable decline in the dollar against most currencies, especially the euro. These changes, lessened by the system of quotation on the basis of a basket of currencies, had differing effects on the bilateral exchange rates for the dirham. The national currency thus depreciated, on annual average, by 3.9% against the euro and appreciated by 15.1% against the dollar, by 6.5% against the yen and 5.7% against the pound sterling ⁽¹⁾.

The national currency rose by 6.3% on annual average against the SDR and its average effective exchange rate showed a nominal appreciation of 0.5% and a depreciation of 0.6% in real terms.

Foreign exchange transactions

In 2003, the statistics concerning the Moroccan foreign exchange market show a marked increase in both spot and forward transactions carried out by the banks.

(1) See Statistical Appendices IX-1.

(2) From 2003 onwards these statistics include all foreign exchange operations, when they previously applied only to amounts above 5 million dirhams.

Thus, spot currency swaps against dirhams, made between the banks, amounted, on annual average, to 5.2 billion dirhams. Similar operations carried out by these institutions with the Bank Al-Maghrib, which related exclusively to purchases of foreign currencies, remained limited, at 816 million dirhams. Foreign currency deposits of banks with the bank of issue, which decreased significantly in 2002 owing to the permission granted to the banks to make investments abroad, showed a zero balance in the year under review.

Foreign exchange arbitrage initiated by the banks with their foreign correspondents increased substantially, reaching a monthly average of 16 billion dirhams. Investment operations abroad amounted to 5.4 billion dirhams.

For their part, forward foreign exchange transactions, with a monthly average volume of 8.3 billion dirhams, showed a marked increase, largely attributable to the growth in forward purchases made by importers and, to a lesser extent, to the increase in forward sales initiated by exporters. However, in order to enable economic operators to cover themselves against the risks connected with the volatility of world raw material prices, the banks were allowed, from 16 January 2004 onwards, to resort to the international market in order to obtain instruments for hedging against such risks.

INTERNATIONAL COOPERATION

In the field of economic cooperation with its foreign partners, Morocco concluded in October 2003 an agreement with the European Union relating to the agricultural aspect of trade between the two parties. This agreement provides for the lengthening of the timetable and the raising of the quota for our exports of tomatoes, from nearly 170 000 to 220 000 tonnes, over a period of four years. As the counterpart to this, Morocco undertook to import from this group of countries quantities of wheat ranging between 400 000 and 1 million tonnes, depending on the level of the national harvest.

Furthermore, in 2004 Morocco signed with Tunisia, Egypt and Jordan, on the one hand, and with Turkey, on the other, two free trade agreements, within the framework of the regional integration process provided for by the Euro-Mediterranean Barcelona Declaration of 1995.

Similarly, Morocco and the United States concluded in March 2004 a free trade agreement governing trade in goods and services, including financial services, and also the procedure for making investments, in accordance with the principles of the World Trade Organisation. This agreement offers Morocco opportunities for increasing the level of exports to the United States and establishing an export platform thanks to the special facilities granted to it. In this connection, most Moroccan products will have the benefit of wide access to the American market, following entry into force of the agreement. Lastly, it is important to note that, account being taken of the realities and development prospects of the various sectors of the national economy covered by the agreement, transitional periods and special safeguarding measures have been provided for regarding a number of products, especially of agricultural origin.

PUBLIC FINANCE

In 2003, the pattern in respect of the public finances was influenced in particular by the transfer, in July, of 80% of the capital of the State-owned tobacco company (Régie des Tabacs) amounting to 14 billion dirhams, of which about 6 billion was allocated to the State budget. A similar amount was credited to the account of the Hassan II Fund for Economic and Social Development at the Bank Al-Maghrib.

The negative effect of the decrease in customs duties, on the one hand, and the rise in total wages and salaries and expenditure on other goods and services, on the other, was reduced in relative terms by the privatisation receipts, the improvement in the revenue from direct taxes and the decline in interest payments on the public debt. Nevertheless, the budget deficit came to 3.7% of GDP, a level which, although below that of 4.3% observed in 2002, was higher than forecast in the 2003 Finance Act. At the same time, excluding privatisation, the deficit widened, from 4.4% to 5.1% of GDP from year-end to year-end ⁽¹⁾.

This deficit and the net capital outflows in respect of the foreign debt were covered by recourse to the tender market, which led to a further increase in the Treasury's domestic indebtedness.

2003 FINANCE ACT

The 2003 Finance Act provides for a deficit not exceeding 3% of GDP. This was to result from the rise in current revenue of 1.2%, compared to the estimates given by the 2002 Finance Act, despite the expected reduction in

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

customs duties, and from an increase, also of 1.2%, in current expenditure, connected with the rise in operating expenses, especially those on personnel, disbursements on the debt and price subsidies having been scheduled to decrease. The investment issues, for their part, were scheduled to rise compared to the 2002 Finance Act.

At fiscal level, a number of measures were adopted. In addition to reducing the tax pressure on enterprises, these were for the purpose of encouraging investment in Morocco of the savings of non-residents, introducing a new tax system for tobacco and improving collection of the tax.

The tax burden on enterprises resulting from the acquisition of new tangible fixed assets was in fact reduced through a reduction from 4% to 3% of the rate used for setting the rateable value, for the calculation of the trade tax and the urban tax. Moreover, abatements ranging from 20% to 60% of the cost price of buildings and extensions used for calculating the rateable value in respect of the urban tax were granted to hotel establishments. The reductions also applied to customs duties relating to inputs and to products not available on the market, in particular those used in the manufacture of cement, plastics products and packaging, pharmaceutical products and electrical articles. Furthermore, tax advantages were granted to institutions responsible for promoting the development of the southern and northern provinces. Thus, the Agence spéciale Tangers méditerranée (Agency covering the Tangiers-Mediterranean area) benefited from several tax exemptions, especially those provided for by the law on free export areas, while the Agence pour le développement économique et social du Sud (Agency for the Economic and Social Development of the South) was exempted from all taxes and duties.

In order to encourage the investment in Morocco of the savings of non-resident natural persons, especially Moroccans living abroad, the exemption in respect of the general income tax which they enjoyed for interest on deposits in foreign currencies or convertible dirhams was extended to the yields on their deposits in ordinary dirhams originating from foreign currencies.

With regard to the new tobacco system, it was decided, in connection with the privatisation of the State-owned tobacco company and the liberalisation of the sector, to introduce a domestic consumption tax on manufactured tobacco, at the rate of 52%, as a substitute for the 65% turnover tax, and to make tobacco subject to VAT, deductible at the standard rate of 20%, for both imports and domestic transactions, at the level of both manufacturing and distribution.

Lastly, in order to improve collection of the tax, the 2003 Finance Act harmonised the penalties relating to VAT mainly with those provided for in respect of corporation tax, the general income tax and registration fees and set the increases based on the length of the arrears, at the rate of 5% for the first month and 0.5% per additional month or part of month.

EXECUTION OF THE 2003 FINANCE ACT

Current account revenues, including the privatisation receipts, and the VAT of local authorities, showed a slightly larger rise than that in expenditure of the same kind. Thus, budgetary saving reached 10.6 billion dirhams and made it possible to cover more than half of equipment expenditure, the budget deficit working out at 15.5 billion dirhams or 3.7% of GDP.

Treasury current account revenue

Treasury current account revenue, including the VAT of local authorities, amounted to 108.7 billion dirhams and showed a rise of 9.9%, mainly attributable to non-fiscal revenues, which rose from 7.9 billion to 14.5 billion, thanks to the privatisation receipts and the increase in the proceeds of the monopolies and operating earnings.

For its part, fiscal revenue, amounting to 91.2 billion, increased by 4% despite the fall of 12.8% in customs duties, the latter having totalled 10.7 billion, as a result of the dismantling of tariffs and the decrease in imports of cereals and sugar.

Direct taxes, at 33.2 billion, in fact rose by 9.4% owing to the increase of 12.5% in the proceeds of the corporation tax, connected with the improvement in the results of a number of large establishments and in those of the general income tax of 7.9% parallel with the raising of the wages of some categories of civil servants.

Indirect taxes increased by 4.7% to 41.9 billion. Revenues from VAT, which represent nearly 62.2% of this figure, showed a rise of 8.9% due to the revision of the tax system applied to tobacco. At the same time, domestic taxes on tobacco contracted by 7.8%, leading to a decline of 1.5% in this category of revenue.

Registration fees and stamp duty, amounting to 5.3 billion dirhams, rose by 6%, following the rise of 10% in 2002.

Treasury expenditure

The Treasury's budgetary expenditure reached nearly 124.1 billion, showing an increase of 7%. This masks a substantial increase in current expenditure, especially that on operation and subsidisation, and a virtual stagnation of equipment expenditure.

Current expenditure amounted to 98.1 billion and increased by 8.4%, owing to the rise in operating expenses, which went up by 10.3% to 76.1 billion, 1.5% more than had been forecast.

Personnel expenditure alone, amounting to 53.9 billion, increased by 11% owing to the job creation provided for by the 2003 Finance Act, the disbursements carried out within the framework of the reform regarding the allowances paid to the staff of the Ministry of National Education and the adjustment of the remuneration of the staff of the Ministry of the Interior.

For its part, expenditure on goods and services amounted to 22.2 billion dirhams, an increase of 8.6%, while expenditure on price support for basic products reached 4.9 billion, an expansion of 20.8%, mainly owing to the rise in world oil prices. Expenditure on interest on the public debt, at 17 billion dirhams, was down slightly, the fall of 31.3% in interest on the foreign debt having more than offset the rise of 7.3% in that on the domestic debt.

Equipment expenditure, at 20 billion dirhams, showed a decline of 1.3%. Account being taken of the negative balance of the Treasury's special accounts, amounting to 5.5 billion, and of the payment of 2.1 billion of arrears, the Treasury's financing requirement came to 17.6 billion dirhams, slightly above the level recorded at the end of 2002.

THE FINANCING OF THE TREASURY DEFICIT

The Treasury's deficit and the net outflows of funds on the foreign debt, which amounted to 8.7 billion, were covered by recourse to domestic resources on the tender market.

In millions of dirhams	Year* 2002	Year 2003
Current revenue	98 883	108 648
Tax revenues	87 667	91 156
Non-fiscal revenues	7 862	14 457
Receipts of certain special Treasury accounts	3 354	3 035
Current expenditure	90 491	98 074
of which : Interests on public debt.....	(17 411)	(17 047)
Current account balance	8 392	10 574
Equipment expenditure	20 253	19 993
Special accounts balance	-5 069	-6 049
Hassan II Fund ⁽¹⁾	120	-
Budget surplus or deficit	-17 050	-15 468
Changes in arrears	-231	-2 098
Cash deficit	-17 281	-17 566
Net financing	17 281	17 566
External financing	-11 199	-8 746
Drawings	4 484	8 422
Amortization	-15 683	-17 168
Domestif financing	28 480	26 312
Bank financing	2 295	-2 394
- Bank Al-Maghrib	(-1 467)	(-2 601)
- Banks	(3 762)	(207)
Non-bank financing	26 185	28 706
- On the capital market	12 808	19 689
- Monetary deposits.....	73	241
- Other deposits	13 304	8 776
(*) Revised.		

External financing

The Treasury received external financing amounting to 8.4 billion dirhams, of which 4.3 billion were mobilised in July 2003 within the framework of the bond issue made on the international financial market, which was used for the early repayment of expensive debts to the African Development Bank and the Islamic Development Bank. The other loans were granted mainly by the International Bank for Reconstruction and Development, the African

Development Bank, the Arab Monetary Fund and France in order to support the structural reforms and finance the programme for development of the information infrastructure and a number of investment projects. Against this, the Treasury made payments on the principal of the foreign debt for an amount of 17.2 billion, including early repayments. Under these circumstances, the negative flow of foreign capital amounted to 8.7 billion dirhams in 2003 compared to 11.2 billion the previous year.

Domestic financing

The Treasury raised net domestic resources amounting to 26.3 billion dirhams, a decrease of 7.6% compared to 2002. This development masks an improvement in the Treasury's net position at the Bank Al-Maghrib and an increase in its recourse to the capital market.

Actually, the funds raised on the tender market totalled 27.2 billion dirhams and were obtained mainly from the insurance companies and the provident institutions, whose net subscriptions reached 14.1 billion, while those of UCITS and the Deposit and Management Fund amounted respectively to 4.7 and 3.7 billion dirhams. Net acquisitions of 6-month Treasury bills issued on tap brought in nearly 500 million dirhams, while repayments on the other loans amounted to 7.5 billion dirhams. The remainder of the Treasury's financing requirement was covered by deposits with its financial circuits.

THE DIRECT PUBLIC DEBT

The total outstanding amount of the direct public debt, excluding deposits with the Treasury and the Postal Cheque Service, increased slightly, from 284.2 billion dirhams in 2002 to 290.4 billion in 2003. The Treasury's overall debt ratio thus improved, from 71.4% to 69.4% of GDP from year-end to year-end.

This development masks a decrease in foreign indebtedness and, parallel with this, an increase in recourse to the domestic market thanks to the context of abundant liquidity which has been a feature of the last few years.

Amounting to 211.6 billion dirhams, the outstanding amount of the domestic debt in fact increased by 10.4% and its share in total indebtedness reached 72.9%, against 67.4% in 2002. The outstanding amount of bills issued by tender was 197 billion, representing an increase on the year of 16%, while that of the other debt instruments, considered overall, contracted appreciably. The banks continue to be the main creditor, with a public bill portfolio of 75.5 billion or 35.4% of the total, followed by the insurance companies and the provident institutions, with 61.6 billion, and the UCITS with 40.9 billion dirhams.

The outstanding amount of the foreign debt, for its part, fell further, from 9.1 billion dollars or 92.6 billion dirhams in 2002 to 9 billion dollars or 78.8 billion dirhams in 2003. Parallel with this, its share in overall indebtedness decreased from 32% the previous year to 27%.

MONEY

MONETARY POLICY

In 2003, monetary policy continued to aim at controlling inflation and improving the conditions of financing of the economy, in order to encourage growth.

The monetary target for the year 2003 had been set at the beginning of the year, by reference to aggregate M1, within a range of 7.5% to 8.5%, on the basis of an expected growth rate of 5.5% and a price rise target not exceeding 2%. Creation of money was to result from a substantial strengthening of net foreign assets and an increase in claims on the private sector sufficient to sustain economic activity.

At the level of implementation of monetary policy, the carrying out of the operation of transferring 80% of the capital of the State-owned tobacco company (Régie des tabacs) in July, for an amount of 14 billion dirhams, to the extent of 11 billion dirhams by contributions of foreign exchange and of 3 billion by recourse to bank credit, influenced the development of the monetary situation and market liquidity during the year 2003.

In this connection, it should be recalled that following the raising of the monetary reserve ratio in December 2002, the excess liquidity was mopped up and the market remained a “bank market” throughout the first half of 2003, which was moreover characterised by a moderate rise in the monetary aggregates.

During the second half-year, the flow of foreign exchange generated by the privatisation operation led to a speeding up of the rate of increase of the monetary aggregates and the appearance of further liquidity surpluses. The latter were furthermore expanded owing to the continuation of the favourable trend of tourist earnings and of transfers by Moroccans living abroad, the return flow of notes and coins and the Treasury's recourse to its credit balances with Bank Al-Maghrib in the last few months.

In these circumstances, and account being taken of the fall in the interbank rate, the Bank Al-Maghrib was forced to resort, at the beginning of September, to a further raising of the monetary reserve ratio, from 14% to 16.5%, which was linked, however, with the increase in the rate of remuneration of the funds built up for this purpose from 0.50% to 0.75%, in order to avoid discouraging the mobilisation of savings. Moreover, the Bank Al-Maghrib again resorted to liquidity-withdrawal operations, the rate of which was aligned with that of 7-day advances on calls for tenders, and initiated foreign exchange swap transactions⁽¹⁾ for the first time.

Furthermore, in December 2003 the Bank Al-Maghrib readjusted the framework of monetary policy to bring it more into line with the context of abundant liquidity, which is tending to become structural.

INSTRUMENTS OF MONETARY POLICY

After the recasting of the instruments of monetary policy in 1995, the refinancing of the banks is carried out exclusively on the money market. Since their readjustment in 1999, the Bank Al-Maghrib's intervention procedures have consisted, on the one hand, of the granting of 7-day advances on calls for tenders, 5-day advances on the initiative of the banks and, in addition, 24-hour advances and, on the other, of the carrying out of firm purchases and sales of Treasury bills on the secondary market and fixed-rate liquidity-withdrawal operations, as mechanisms for fine-tuning liquidity.

The framework of monetary policy was further readjusted by the introduction, at the beginning of October 2003, of foreign exchange swaps and, at the end of the year, of 7-day liquidity-withdrawal operations, by means of weekly calls for tenders, at variable interest rates, and of a permanent 24-hour deposit facility, at a fixed rate of 2.25%, on the initiative of the banks.

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

Following this readjustment, the instruments of monetary policy can be grouped in three categories:

- 7-day advances on calls for tenders, which constitute the main mechanism for the refinancing of the banks and the rate of remuneration of which represents the central bank's key rate;
- the permanent 24-hour deposit facilities and 5-day advances, the respective rates for which constitute the lower and upper limits of the range within which the interbank rate should normally fluctuate;
- the mechanisms of fine-tuning liquidity which are aimed at keeping the interbank rate at a level close to the Bank Al-Maghrib's key rate.

The new framework of monetary policy thus enables the central bank to adapt its interventions, as well as the choice of its instruments, in order to regulate liquidity whatever the state of the market and, consequently, to exert greater influence on the development of the interbank rate.

THE IMPLEMENTATION OF MONETARY POLICY

Following the raising of the monetary reserve ratio in December 2002, which had made it possible to mop up surpluses amounting to over 6 billion dirhams, the interbank market rate remained, from January 2003 onwards, within the fluctuation band bounded by the rates for 7-day advances on calls for tenders and that for 5-day advances. The restrictive incidence of this raising was furthermore accentuated, especially in February, by the decline in the foreign exchange reserves resulting from the paying of substantial instalments of the external debt and by the increase in demand for banknotes in connection with Aïd Al Adha. The interbank rate was thus subject to severe tensions, reaching towards the end of this period of the constitution of the monetary reserve 4.30%, or a level above the ceiling key rate. Faced with this situation, the Bank Al-Maghrib increased the amount of the facilities granted to the banks, raising it to nearly 5 billion, including 3.3 billion of 5-day advances.

After a gradual easing, which continued in March, parallel with the return flow of notes and coins in circulation, bank cash holdings became tighter again in April mainly owing to the building up by the Treasury of a substantial credit balance with the central bank, partly financed by the borrowed resources mobilised on the tender market. In order to reduce pressure on the interbank rate, which had amounted to 4.19% towards the end of the period of constitution of the monetary reserve, the Bank Al-Maghrib raised the amount of its advances to the banks to 4.8 billion dirhams.

Bank cash holdings subsequently improved in connection, in particular, with the reconstitution of the foreign exchange reserves. This trend was accentuated, during the summer months, by the flow of foreign exchange generated by the privatisation of the State-owned tobacco company (Régie des Tabacs), the increase in operations of changing foreign banknotes and the net repayments of the public loans.

The expansionary effect on market liquidity was temporarily reduced by the allocation of part of the privatisation receipts to the building up of credit balances in respect of the Treasury's accounts and those of the Hassan II Fund for Economic and Social Development with the central bank and by the seasonal increase in the note and coin circulation, the Bank Al-Maghrib having stopped feeding the market from the fourth week of July onwards.

However, the liquidity surpluses which appeared in July were increased in August by the growth in receipts from the operations of changing foreign banknotes. This development was, furthermore, accentuated from the start of the return flow cycle of the note and coin circulation in September. In order to halt the fall in the interbank rate, the Bank Al-Maghrib was forced to raise the monetary reserve ratio once more, at the beginning of this month, from 14% to 16.5% in order to lastingly freeze over 4 billion dirhams. Moreover, it resorted continuously to liquidity-withdrawal operations, the volume of which varied between a minimum of 400 million in October and a maximum of 5.2 billion reached at the beginning of November and again at the end of December. Furthermore, the Bank Al-Maghrib initiated, in October and in November, three

foreign exchange swaps selling foreign currencies against dirhams, for a total amount of 1.6 billion dirhams and durations of two, one and three months. Thus the interbank market rate stabilised at levels close to that applied to liquidity withdrawals, which was aligned with the rate for 7-day advances on calls for tenders, which remained unchanged at 3.25%.

THE RESULTS OF MONETARY POLICY

The interbank rate, which had averaged 3.41% during the first seven months, fell back to close to 3% during the last five months, to reach 3.22% for the whole of 2003, compared to 2.99% the previous year. This development, which reflects that of the market liquidity situation, also shows the impact of the Bank Al-Maghrib's action aimed at bringing about, in a context of abundant liquidity, a balanced state of the market at a level of interest rates which would not discourage the formation of savings. In these circumstances, the downward trend of interest rates was less pronounced than in 2002.

Thus, after recording wide fluctuations, the weighted average rates for 6-month and 12-month deposits amounted, in December 2003, to 3.39% and 3.79%, down respectively by 20 and 32 basis points. For its part, the rate of remuneration on deposits in savings books at banks, index-linked to that of the 52-week Treasury bills issued during the preceding half-year, was reduced from 3.42% during the second half of 2002 to 2.15% for the first six months of 2003, before being raised to 2.95% for the period from July to December of that year.

As for the rates of issue of Treasury bills issued by tender, these rose during the first months before turning downwards and then increasing again during the last months of the year. On annual average, the issue rates of short-term bills rose by 9 to 74 basis points, whereas those for medium- and long-term securities declined by 49 to 82 basis points.

The rate of remuneration of accounts on savings books of the National Savings Fund, index-linked to that on 5-year Treasury bills during the preceding half-year, was reduced from 3.50% to 2.65% and then to 2.36% respectively during the first and second half of 2003. Similarly, the issue rates of negotiable debt securities and bond loans, overall, turned downwards.

As for debtor conditions, in 2003 the average cost of bank credit was down by 39 basis points and that of lending by the financing companies by 17 basis points, falling respectively to 8.09% and 12.72% during the second half of 2003, against 8.48% and 12.89% for the corresponding period of the previous year. Furthermore, the maximum rate applied by banks to short-term credits fell by 75 basis points and that for medium-term credits, including those granted to SMEs/SMIs, by 100 basis points. Moreover, the minimum rate for long-term credits fell by 50 basis points. However, the maximum rate applied to this category of credits increased by 50 basis points, to 12.50%.

But the downward trend of debtor rates does not appear to have benefited all customers to the same extent, as small and medium-sized enterprises still had to pay rates including risk premiums which could appear high and, some of them, to encounter difficulties in gaining access to bank credit, whereas the best customers had the benefit of rates close to those applied on the interbank market. In this connection it should be emphasised that the application of abnormally low rates, in a context characterised by abundant liquidity and keener competition, prompted the Bank Al-Maghrib to remind the banks, in July, of the need to ensure that the rates applied are fixed in such a way as to incorporate operational and financing costs and also the risk of default of the counterparties and to provide a minimum remuneration of own funds.

With regard to the quantitative target, the monetary aggregate M1 showed, from year-end to year-end, a rise of 9.6%, slightly above the norm of 7.5% to 8.5% set at the beginning of 2003. This overstepping, mainly as a result of the development recorded in December, is connected with the larger-than-expected increase in net foreign assets and lending to the private sector, claims on

Government having decreased from year-end to year-end. Altogether, the liquidity of the economy, consisting of M3 and all the liquid investment aggregates, increased on average by 6.3% compared to 11.7% in 2002.

Thus the rate of increase in liquidity was slightly higher than the growth rate of GDP at current prices, estimated at 5.2%. The velocity of circulation of money, for its part, slowed down from 1.17 the previous year to 1.14. Under these circumstances, inflation remained moderate, while the current account of the balance of payments again produced a significant surplus.



The monetary policy pursued during the last few years has been reflected in a downward trend of interest rates, which has not however benefited all customers.

Admittedly, monetary policy must not interfere either with the allocation or with the setting of the conditions of financing in favour of a particular sector or category of enterprises. However, the central bank is not indifferent to the financing problems faced by small and medium-sized enterprises. As a result, it has recently introduced a series of measures aimed at making this category of enterprises more visible and hence at reducing the credit risk to which the banks are exposed. Within this framework, the Bank Al-Maghrib has undertaken a feasibility study regarding a central balance sheet office with a view to providing better financial information on enterprises. At the same time, it has given its support to plans for the setting up of a central customer information office and called upon the banks to strengthen their internal rating systems in order to provide them with the tools designed to improve their risk assessment procedures. Lastly, the Bank Al-Maghrib has taken steps to make all operators, especially small and medium-sized enterprises, more aware of the urgency of complying with accounting standards and increasing the transparency of their financial situations, in order to derive greater benefit from the downward trend in interest rates.

MONETARY AGGREGATES ⁽¹⁾

The development of the monetary aggregates was largely determined by the effects produced by the transfer of 80% of the capital of the State-owned tobacco company (Régie des Tabacs) in July amounting to over 14 billion dirhams, 11 billion of which was covered by contributions of foreign exchange and 3 billion by recourse to bank credit.

The rate of increase of the monetary aggregates, which was no more than 1.3% for M3 and 1.9% for M1 at the end of the first six months of 2003, speeded up during the second half-year to reach 7.3% for M3 and 7.6% for M1, despite the allocation of nearly 6 billion dirhams to the Hassan II Fund for Economic and Social Development, these two aggregates having expanded respectively by 2.5% and 4.2% in July and 2.5% and 2.4% in December.

At the end of 2003, the monetary aggregates showed a rise of 8.7% for M3 and 9.6% for M1 compared to 6.4% and 9% respectively in 2002. Parallel with this, the liquid investment aggregates (LI), amounting to 36.3 billion dirhams, showed a fall of 8.7%, whereas they had risen during the last two years. This contraction took place in aggregates LI1 and LI2, which fell by 7.8% and 11% respectively. Aggregate LI3, on the other hand, expanded by over 40%.

The development of the monetary aggregates resulted, at the level of the counterparts of M3, from a further strengthening of net foreign assets by 15.1% and an increase in domestic lending of a monetary nature of 7.8%, attributable to a growth in lending to the private sector of 8.7%, net claims on Government having decreased by 2.7%.

The following table records the movement of the various monetary aggregates:

(1) See Statistical Appendices XII-1 to XII-15

In millions of dirhams	End of December 2001	End of December 2002		End of December 2003	
	Amounts	Amounts	Changes in %	Amounts	Changes in %
- Currency outside banks	66 025	69 556	+ 5.3	74 890	+7.7
- Sight deposits	144 087	159 522	+10.7	176 247	+10.5
Aggregate M1.....	210 112	229 078	+ 9.0	251 137	+9.6
- Sight investments (M2-M1)	39 581	43 097	+ 8.9	47 843	+11.0
Aggregate M2.....	249 693	272 175	+ 9.0	298 980	+9.8
- Time investments (M3-M2)	84 294	83 337	- 1.1	87 360	+4.8
Aggregate M3	333 987	355 512	+ 6.4	386 340	+8.7

Aggregate M1

After having fallen in January, monetary aggregate M1, consisting of the note and coin circulation and sight deposits, moved upwards during the rest of the year with the notable exception of the months of April, May and September, during which it decreased. The largest increase was recorded in July, owing to the rise in the note and coin circulation of 5.7% and in sight deposits with banks of 3.5%. At the end of 2003, aggregate M1 amounted to 251.1 billion dirhams, a rise of 22.1 billion or 9.6% against 9% the previous year; its share in the money supply in the broad sense rose from 64.4% in 2002 to 65% in 2003.

In accordance with its seasonal pattern, the note and coin circulation rose in January and, above all, in February owing to the increase in transactions connected with the celebration of Idul Adha, and then showed a decline during the following months before rising sharply, especially in July and August, in connection with the marketing of the cereal harvest and the holiday period corresponding in particular with the arrival of tourists and of Moroccans living abroad. The note and coin circulation flowed back during the last few months, except in November, in connection with the advent of Ramadan and the celebration of Idul Fitr. At the end of December 2003, the note and coin circulation

amounted to 74.9 billion dirhams, an increase of 5.3 billion dirhams or 7.7% compared to 5.3% at the end of the previous year.

In this connection it should be pointed out that the velocity of circulation of notes and coins, determined by the ratio between the monthly average, in value, of inflows and outflows of notes at the Bank Al-Maghrib's counters and that of the end-of-month outstanding amounts of notes and coins, remained unchanged at 0.17 during the last three years.

Sight deposits, for their part, reached 176.2 billion dirhams, a rise of 16.7 billion or 10.5%, comparable to that of 10.7% achieved in 2002. Sight deposits administered by the banks rose by 18.5 billion dirhams or 12.5% to 166.5 billion. Out of this total, credit balances on cheque accounts represented 109.5 billion and showed a rise of 11.4 billion or 11.6%, including an increase of 3.3 billion dirhams or 9.1% in credit balances of Moroccans living abroad. Credit balances on current accounts, amounting to 46 billion dirhams, increased by 6.1 billion dirhams or 15.3%. Sight deposits, formed with the Postal Cheque Service, amounted to 2.9 billion dirhams and increased by 9%, compared to 2.8% the previous year.

The velocity of circulation of sight deposits, corresponding to the monthly average of the movements, in value, of the clearing houses, on the one hand, and that of the end-of-month outstanding amounts of sight deposits, on the other, fell again in 2003, to 0.47 compared to 0.49 in 2002 and 0.54 in 2001.

Aggregate M2

The total (M2-M1) recording sight investments not transferable by cheques, amounted to 47.8 billion dirhams and showed a rise of 11% against 8.9% a year earlier. Credit balances on accounts in savings books with banks, at 39.6 billion dirhams, increased by 3.9 billion or 10.8% and those in savings books of the National Savings Fund rose by 884 million or 12.1%.

Composed of aggregate M1 and the total (M2-M1), aggregate M2 showed a rise of 26.8 billion or 9.8% to reach 299 billion dirhams at the end of 2003.

Aggregate M3

The time investments which make up the total of M3-M2 amounted, at the end of December 2003, to 87.4 billion dirhams, a rise of 4 billion or 4.8% thanks to the increase of 4.6 billion or 5.6% recorded by fixed-term accounts and bills which took place mainly during the last few months. Certificates of deposit held by non-financial enterprises and individuals, on the other hand, fell by 73.4%, from year-end to year-end, from 809 million to 215 million. The share of time investments in the money supply in the broad sense thus decreased to 22.6% compared to 23.4% in 2002.

Altogether, aggregate M3, represented by aggregate M2 and time investments, amounted to 386.3 billion dirhams, showing an increase on the year of 30.8 billion or 8.7% compared to 6.4% in 2002.

LIQUID INVESTMENT AGGREGATES

Liquid investment aggregates, consisting, on the one hand, of negotiable debt instruments other than certificates of deposit, included in M3, and, on the other, of securities of UCITS, held by individuals and non-financial enterprises, amounted, at the end of December 2003, to 36.3 billion dirhams, representing a contraction of 3.5 billion or 8.7%, against an increase of 20.7% a year earlier. This movement masks a decline in aggregates LI1 and LI2 and, conversely, an increase in aggregate LI3.

In millions of dirhams	End of December 2001	End of December 2002		End of December 2003	
	Amounts	Amounts	Changes in %	Amounts	Changes in %
Aggregate LI 1	13 906	8 839	-36.4	8 148	-7.8
Aggregate LI 2	17 111	29 696	+73.5	26 423	-11.0
Aggregate LI 3	1 936	1 247	-35.6	1 752	+40.5
Total LI	32 953	39 782	+20.7	36 323	-8.7

Aggregate LI1

Consisting of Treasury bills and other negotiable debt instruments, the outstanding amount of the assets recorded in aggregate LI1, at 8.1 billion dirhams, showed a fall of 7.8%, after that of 36.4% recorded at the end of the previous year. This further drop is attributable to the fall in net subscriptions for negotiable Treasury bills of 25.5% and in those for commercial paper. Subscriptions for the 6-month bills issued on tap and for those of the financing companies, on the other hand, showed rises of 499 million or 19.5% and of 313 million or 76.7% respectively.

Aggregate LI2

Aggregate LI2, composed of the securities issued by bond UCITS, which had increased by 73.5% at the end of 2002, fell by 3.3 billion or 11% to 26.4 billion at the end of December 2003, mainly owing to the fall in prices brought about by the rise in the rates of remuneration on Treasury bills and the arbitrages carried out during the last few months of the year.

Aggregate LI3

After falling continuously during the last four years, aggregate LI3, made up of the securities issued by share and diversified UCITS, recorded an increase of 505 million or 40.5%, to reach 1.8 billion dirhams at the end of 2003, in line with the rise in prices on the Casablanca Stock Exchange.

THE LIQUIDITY OF THE ECONOMY

The liquidity of the economy, consisting of aggregate M3 and the total of the liquid investment aggregates, amounted to 408 billion dirhams, on average of the end-of-month outstanding amounts, and recorded an increase of 6.3%, less rapid than that of 11.7% observed a year earlier. This development is due to the slowing down of the rate of increase of the monetary aggregates and above all to the contraction in the assets recorded in the liquid investment aggregates.

In millions of dirhams ⁽¹⁾	2001	2002		2003	
	Amounts	Amounts	Changes in %	Amounts	Changes in %
I- Aggregate M3	309 915	339 361	+9.5	366 474	+8.0
M1.....	193 359	215 320	+11.4	237 893	+10.5
M3-M1.....	116 556	124 041	+ 6.4	128 582	+3.7
II- Liquid investment aggregates	33 733	44 437	+31.7	41 573	-6.4
Total liquidity (I + II)	343 649	383 798	+11.7	408 048	+6.3
(1) End-of- month outstanding amounts average.					

Under these circumstances, the rate of increase of total liquidity proved slightly higher than both the rate of GDP growth at current prices and that of Gross National Disposable Income (GNDI), estimated at 5.2% and 5.7% respectively. Consequently, the liquidity ratio corresponding to that between monetary aggregate M3 and GDP at current prices rose from 85.3% in 2002 to 87.5% in 2003 and that reflecting the ratio between total liquidity and GDP rose from 96.5% the previous year to 97.5%.

Liquidity ratio of the economy (percentage)	2001	2002	2003
$\frac{M1}{\text{Non-agricultural GDP}}$	59.8	64.5	68.4
$\frac{M3}{\text{Non-agricultural GDP}}$	95.8	101.7	105.3
$\frac{M3}{\text{GDP}}$	80.9	85.3	87.5
$\frac{M3}{\text{GNDI}}$	74.7	79.4	81.2
$\frac{\text{Total liquidity}}{\text{Non-agricultural GDP}}$	106.2	115.0	117.3
$\frac{\text{Total liquidity}}{\text{GDP}}$	89.7	96.5	97.5
$\frac{\text{Total liquidity}}{\text{GNDI}}$	82.8	89.8	90.4

Thus, the velocity of circulation of money, calculated on the basis of the ratio between GDP at current prices and the average end-of-month outstanding amounts of aggregate M3, declined slightly, from 1.17 in 2002 to 1.14 in 2003.

COUNTERPARTS OF M3

The increase in the money supply in the broad sense resulted in 2003 from a strengthening of net foreign assets of 15.1% and a growth in domestic lending of a monetary nature of 7.8%, masking an increase in lending to the private sector of 8.7% and, conversely, a decline in net claims on Government of 2.7%.

In millions of dirhams	End of December 2001	End of December 2002		End of December 2003	
	Amounts	Amounts	Changes in %	Amounts	Changes in %
Net foreign assets (I).....	101 949	110 780	+ 8.7	127 461	+15.1
Total domestic lending					
A. Claims on Government	78 329	80 697	+ 3.0	78 537	-2.7
B. Claims on the private sector	216 951	226 221	+ 4.3	246 008	+8.7
C. Counterparts of accounts on savings books with the National Savings Fund.....	6 576	7 312	+11.2	8 196	+12.1
Total (A + B + C).....	301 856	314 230	+ 4.1	332 741	+5.9
<i>Less :</i>					
<i>Banking system's non monetary resources.....</i>	<i>60 875</i>	<i>60 011</i>	<i>- 1.4</i>	<i>58 774</i>	<i>-2.1</i>
Domestic lending of a monetary nature (II).....	240 981	254 219	+ 5.5	273 967	+7.8
Total counterparts (I+II).....	342 930	364 999	+ 6.4	401 428	+10.0
Other balancing items	-8 943	-9 487	+ 6.1	-15 088	+59.0
Memo : Aggregate M3	333 987	355 512	+ 6.4	386 340	+8.7

Net foreign assets

The net foreign exchange reserves generally declined during the first half of 2003, owing to outflows of foreign exchange, especially for the repayment of instalments of the foreign debt. After increasing appreciably in July following collection of the proceeds of the transfer of 80% of the capital of the State-owned tobacco company, the foreign exchange assets were consolidated subsequently thanks to the maintenance of a steady flow of earnings from travel and from transfers by Moroccans living abroad.

The Bank Al-Maghrib's net foreign assets, amounting to 122.4 billion dirhams, increased by 17.9 billion or 17.1% whereas those of the banks contracted by 1.2 billion or 18.8% to 5.1 billion. Altogether, the net foreign assets of the banking system, amounting to 127.5 billion dirhams at the end of December 2003, showed an expansion of 16.7 billion dirhams or 15.1%, a larger increase than that of 8.8 billion or 8.7% recorded at the end of the previous year.

Claims on Government

Net claims on Government increased substantially during the first quarter, before starting a downward movement in April, which rapidly gathered pace, especially in July, owing to the allocation of a large proportion of the privatisation receipts to the building up of credit balances on the accounts of the Treasury and the Hassan II Fund for Economic and Social Development with the Bank Al-Maghrib. They rose during the rest of the year, the Treasury having used its available funds with the central bank, but without reaching the level observed at the end of the previous year.

At the end of December 2003, net claims on Government amounted to 78.5 billion dirhams, a fall on the year of 2.2 billion or 2.7%. This masks an improvement in the Treasury's net position with the Bank Al-Maghrib of 2.6 billion and virtual stability of its recourse to the banks.

Claims on the private sector

Claims on the private sector, which amounted at the end of December 2003 to 246 billion dirhams, showed an almost continuous rise, adding 19.8 billion dirhams or 8.7%, twice the increase of 9.3 billion or 4.3% recorded in 2002. This movement masks a rise in lending to the financing companies of 1.3 billion or 8.3% and, above all, an expansion in lending to enterprises and individuals of 15.9 billion or 8%, nearly half of this having gone to a very small number of operators. The rest went mainly to households, in the form of consumer and real estate credit, which showed respectively an increase of 13.3% and 12.3%. Liquidity credits fell by 1.3%, owing to the settlement by the Treasury of a volume of arrears of over 2 billion dirhams.

Total domestic lending, consisting of net claims on Government and lending to the private sector, amounted to 332.7 billion dirhams and showed an increase of 18.5 billion or 5.9% compared to 4.1% in 2002. Account being taken of the contraction of 1.2 billion in non-monetary resources due to the decrease in the banks' long-term domestic and foreign borrowing, domestic credit of a monetary nature came to 274 billion dirhams, representing an increase of 19.7 billion or 7.8% compared to 5.5% at the end of the previous year.

PAYMENT INSTRUMENTS

Notes and coins continue to be used for a substantial proportion of settlements of transactions. However, their share in the total of actual means of payment, represented by monetary aggregate M1, is decreasing steadily from year to year, having fallen to 29.8% in 2003, compared to 30.4% and 31.4% respectively in 2002 and 2001. The volume of cashless payments is continuing to grow and is accompanied by a further reduction in the rejection rate of cheques presented for encashment, via the clearing houses, and also through the Moroccan Interbank Remote Clearing System (SIMT). This rate declined, in number, from 2.5% in 2002 to 1.9% in 2003 and, in value, from 2.3% to 2.1%.

In order to promote efficient payment systems, enabling operations to be settled within periods, and in accordance with security conditions, meeting international standards, the Bank Al-Maghrib established, in cooperation with the banking institutions, the SIMT, which has been operational for cheques exchanged in the Casablanca financial centre, since February 2003, and should deal with all instruments and cover the whole country in the near future.

Furthermore, the Interbank Money Centre (CMI), which was approved in 2002 as a financing company specialising in the management of means of payment, became operational in February 2004. Its activity consists of centralising, for the benefit of the banking system, the processing of all interbank money operations at both national and international level.

NOTES AND COINS

The notes and coins in circulation, to a total value of 78.5 billion dirhams, increased by 5.3 billion or 7.3%, a larger rise than that of 5.1% recorded at the end of the previous year.

Data as at the end of December	Number in thousands			Value in millions of dirhams		
	Year 2001	Year 2002	Year 2003	Year 2001	Year 2002	Year 2003
Banknotes in circulation						
5 dirhams.....	4 218	4 179	4 175	21.1	20.9	20.9
10 dirhams.....	19 731	17 886	16 684	197.3	178.9	166.8
20 dirhams.....	50 423	49 202	51 899	1 008.5	984.0	1 038.0
50 dirhams.....	35 755	36 441	36 451	1 787.8	1 822.0	1 822.6
100 dirhams.....	303 142	311 808	322 357	30 314.2	31 180.8	32 235.7
200 dirhams.....	174 870	187 981	208 675	34 974.0	37 596.2	41 735.0
Total banknotes ...	588 139	607 497	640 241	68 302.9	71 782.8	77 019.0
Total coins	1 492 638	1 556 161	1 630 847	1 292.4	1 387.8	1 486.2

Notes in circulation, the total value of which came to 77 billion dirhams, showed a rise of 5.2 billion or 7.3%, following that of 5.1% observed a year earlier. This movement masks an increase in the share of 200-dirham notes, from 52.4% the previous year to 54.2%, and a contraction in those of 100-dirham and 50-dirham notes, from 43.4% and 2.5% respectively in 2002 to 41.9% and 2.4% in 2003. The respective shares of the 20-dirham and 10-dirham denominations remained virtually unchanged at 1.4% and 0.2% respectively. Coins, which represent 1.9% of the note and coin circulation, rose by 7.1% to 1.5 billion dirhams at the end of December 2003.

In-payments and withdrawals of funds at the counters of the Bank Al-Maghrib, made mainly by the banks and public payment agencies, resulted overall, at the end of the year 2003, in net outflows of around 5.2 billion, against 3.6 billion a year earlier. This development is attributable to the acceleration of withdrawals made by banking institutions to meet the increase in demand for notes and coins, due particularly to the further increase in operations of exchanging foreign banknotes ⁽¹⁾.

(1) See Statistical Appendix XIII-1.

In millions of dirhams	Year 2001	Year 2002	Year 2003
Outflows of funds.....	69 501	72 328	78 609
Inflows of funds	61 687	68 744	73 368
Net outflows of funds.....	7 814	3 584	5 242

The cumulative outflows of funds at the end of December 2003 represented an overall amount of 78.6 billion dirhams and showed a rise of 6.3 billion or 8.7%, compared to 4.1% in 2002. Withdrawals by the banks increased by 13.5% to 55.2 billion, or over 70% of the total against 67.3% a year earlier. Those made by the public payment agencies, for their part, increased slightly, to 21.8 billion or 28% of the total. Foreign exchange and exchange operations, for their part, represented about 2% of the total of withdrawals at the Bank Al-Maghrib's counters.

Inflows of funds, at 73.4 billion dirhams, showed a rise of 4.6 billion or 6.7%, after that of 11.4% observed a year earlier. This slowing applied to the payments of both the banks and the public payment agencies, the rates of increase of which slowed respectively from 13.2% and 6.7% in 2002 to 7.1% and 3.3% in 2003.

Altogether, the number of notes paid in at the counters of the Bank Al-Maghrib during the year 2003 amounted to 595 million, of which 82%, compared to 88% in 2002, were the subject of sorting operations. These led to the withdrawal of nearly 200 million notes no longer meeting the required circulation standards, or about 41% of those sorted against 49% the previous year.

In thousands of banknotes	Year 2001	Year 2002		Year 2003	
	Number	Number	Changes in %	Number	Changes in %
In-payments at the Bank Al-Maghrib's counters	511 685	504 366	- 1.4	594 969	+18.0
Notes sorted	414 155	441 483	+ 6.6	486 550	+10.2
Notes to be withdrawn	208 935	216 635	+ 3.7	199 776	-7.8

CASHLESS PAYMENTS

Manual and electronic clearing operations

The Bank Al-Maghrib organises daily clearing operations for the exchange of instruments among its members and settles the resultant balances.

The total number of cheques and bills exchanged at the clearing houses, including those within the framework of the Moroccan Interbank Remote Clearing System (SIMT), reached 29.1 million at the end of 2003 and showed an increase of 5.6 million or 23.9%, appreciably larger than that of 6.8% observed in 2002. This overall movement masks an expansion of 6.9 million in the number of cheques exchanged and a decline in the number of bills, from 3.5 million the previous year to 2.2 million. This is all the more remarkable because it was also accompanied by a decrease in the rejection rate of cheques, in number, to 1.9% compared to 2.5% in 2002 and 3.2% in 2001. The rate for bills, for its part, was 20.5%, an increase of 0.4 percentage point compared to the previous year.

Years	Number of operations (in thousands)			Amounts of operations (in millions of dirhams)			
	Bills	Cheques	Total	Bills	Cheques	Transfers	Total
2001	3 320	18 660	21 980	69 330	438 878	363 438	871 646
2002	3 464	20 010	23 474	71 372	453 269	368 620	893 261
2003	2 214	26 869	29 083	74 714	459 868	420 618	955 200

The total value of the cashless means of payment presented at the clearing offices, and also via the SIMT, amounted to 955.2 billion dirhams, a rise of 61.9 billion or 6.9%, faster than that of 2.5% observed the previous year. This development was mainly attributable to transfers, the value of which increased by 52 billion or 14.1%, to reach 420.6 billion and represent 44% of the total, compared to 41.3% in 2002. At 459.9 billion and 74.7 billion respectively, the amounts of cheques and bills increased by 1.5% and 4.7%. Their shares in the total declined, however, to 48.1% and 7.8% ⁽¹⁾.

In order to promote the settlement of operations within periods, and under security conditions, meeting international standards, the remote clearing system became operational for cheques exchanged in the Casablanca financial centre with effect from February 2003. From February to December 2003, the SIMT processed 9.1 million transactions to a total value of 216.8 billion dirhams.

After the automated processing of cheques cleared in the Casablanca financial centre, while at the same time maintaining their physical exchange on a temporary basis, tests were carried out during the first few months of the year 2004, both for transfers and direct debits, in order to enable them to be incorporated in the SIMT before the end of 2004.

(1) See Statistical Appendix XIII-2.

Preparations are in progress for standardising negotiable instruments and dematerialising all securities, in order to extend the remote clearing system to the whole of the country and to all instruments.

Centralisation of payment incidents

The function of the Central Payment Incidents Service (SCIP) is to centralise the data on incidents occurring in connection with payments by cheque, which are declared to it by the account-holding institutions.

At the end of December 2003, the SCIP had received 323 719 declarations of non-payment of cheques owing to lack or inadequacy of funds, their number having risen by 11.1%, whereas it had decreased by 4.8% in 2002. Adjustment returns numbered 84 165, an increase of 14.4% compared to 9.2%. Requests for information made to the Bank Al-Maghrib, especially in connection with the opening of new bank accounts, totalled 733 888, an increase of 4.4%, after a drop of 5.2% the previous year.

Bank cards

At the end of 2003, the number of bank cards totalled 1.8 million and showed an increase of 17%, following that of 15.3% observed in 2002. Parallel with this, the number of cash withdrawals made using cards rose from 37.8 million in 2002 to 42.5 million in 2003 and their value increased from 24.6 billion dirhams to 29.1 billion. The number of payments made to member traders rose from 2.4 million to 2.9 million transactions for a total amount of 1.6 billion dirhams, compared to 1.4 billion in 2002.

Transactions carried out abroad by holders of cards issued by Moroccan credit institutions, numbering 44 168, amounted to 101.6 million dirhams. Against this, holders of cards issued by foreign institutions carried out 4.4 million withdrawal and payment transactions in Morocco, for a total amount of 6 347 million dirhams.

In order to accompany the growth in electronic means of payment, the network was considerably expanded in 2003. In fact, the number of bank cash dispensers and automatic teller machines (ATMs) amounted to 1 350 units and showed a rise of 16.2%, following that of 21% recorded the previous year. The number of electronic payment terminals (EPTs), for its part, amounted to 7 677 units, an increase of 19.8% in 2003, against 17.8% observed at the end of the previous year.

The Interbank Money Centre

The function of the Interbank Money Centre (CMI), set up on the initiative of the banks in February 2001, is to centralise the processing of all domestic and international interbank money flows. For this purpose it manages all relations with traders who are members of the card payment networks. Furthermore, it has a data processing platform, which is connected not only to the main international networks but also to all banks for routing authorisations and sending clearing files.

In 2003, the CMI application software packages were certified and an acceptance capacity of 120 simultaneous authorisation requests for calls from electronic payment terminals (EPTs) was put in place.

Furthermore, a permanently operating call centre came on stream for the granting of telephone authorisations to traders. Moreover, a help desk was set up to deal with requests for information or supplies as well as those concerning any problems with the operation of EPTs.

During the first half of 2004, the CMI launched its system of clearing of credit card payments via EPTs by managing a national file of the money contracts of the centres of the Banque Centrale Populaire (BCP), the Banque Marocaine du Commerce Extérieur (BMCE Bank), Wafa Cash and Interbank.

Furthermore, measures were taken in order to guard against payment card fraud, including in particular the management of a national file recording blocks put on cards issued by domestic credit institutions and the gradual real-time changeover to the system.

Lastly, there are plans for the introduction in July 2004 of a national system enabling the use of any payment card for withdrawals at ATMs and to adapt the infrastructure of EPTs for the acceptance of chip cards in accordance with the international Europay - Mastercard - Visa (EMV) standard, before the end of 2005.

CREDIT

In 2003, lending by the credit institutions showed a rise of 17.3 billion or 7.4%, faster than that of 2.7% recorded at the end of the previous year. It thus reached 251.2 billion dirhams (*), including 85.6% granted by the banks, and represented 60% of GDP, compared to 58.8% in 2002.

This movement conceals an appreciable rise in the rate of increase in bank lending, from 1.6% in 2002 to 8% in 2003 and, conversely, a slowing of that in lending to the financing companies, from 9.3% the previous year to 4.1%.

CREDIT DISTRIBUTED BY THE BANKS

At 231.3 billion dirhams, bank lending showed an increase of nearly 17 billion or 7.9%, considerably greater than that of 3.5% observed in 2002. This overall movement was accompanied by the growth in medium-term and long-term lending, which however benefited only a limited number of operators, especially in the secondary sector, and also individuals in the form of real estate and consumer credit.

(*) Not including loans granted by the banks to the financing companies.

Distribution of bank credit according to purpose

In millions of dirhams	2001	2002			2003		
	Amounts	Amounts	Changes in %	Share in %	Amounts	Changes in %	Share in %
Debtor accounts and overdraft facilities	62 918	65 319	+3.8	30.5	64 560	- 1.2	27.9
Equipment credit	51 717	49 154	-5.0	22.9	55 529	+13.0	24.0
Real estate loans	31 436	35 751	+13.7	16.7	40 179	+12.4	17.4
Consumer credit	21 846	20 360	- 6.8	9.5	21 635	+6.3	9.4
Miscellaneous claims	3 397	5 679	+67.2	2.7	6 143	+8.2	2.7
Pending claims	35 699	38 021	+6.5	17.7	43 224	+13.7	18.7
Total lending by the banks ⁽¹⁾.....	207 013	214 284	+3.5	100.0	231 270	+7.9	100.0
(1) Including the total of loans granted by the banks to the financial companies.							

The increase in bank credit in 2003 was accounted for by real estate and equipment loans and by consumer credit, overdraft facilities having decreased compared to the previous year.

Owing to the improvement in the cash holdings of enterprises, due in particular to the payments of Treasury arrears totalling over 2 billion, the outstanding amount of debtor accounts and overdraft facilities totalled, at the end of December 2003, 64.6 billion dirhams, representing a fall of 759 million or 1.2%, whereas it had increased by 3.8% in 2002. Thus, its share in total bank credit decreased from 30.5% in 2002 to 27.9% in 2003.

Equipment credit, which had shown a contraction of 5% at the end of the previous year, recovered by 6.4 billion or 13% to reach, at the end of December 2003, over 55 billion dirhams, representing 24% of total bank credit. This

expansion is however mainly due to exceptional financing granted to certain operators, especially in connection with the privatisation of the State-owned tobacco company (Régie des Tabacs).

Real estate loans, for their part, amounted to 40.2 billion dirhams, or 17.4% of the total, up by 4.4 billion or 12.4%, after having increased by 13.7% in 2002. This trend seems to be connected with the fall in the cost of credit and the advantages offered within the framework of the policy of encouraging the purchase of housing adopted by the public authorities, on the one hand, and the interest shown by banks in this segment of activity in recent years, on the other.

Consumer credit, which represents, at 21.6 billion dirhams, 9.4% of the total, rose by 1.3 billion or 6.3%. This increase took place both in direct consumer credit and in the facilities granted to the consumer credit companies.

Pending claims amounted to 43.2 billion dirhams, an increase of 5.2 billion or 13.7%, mainly owing to the adoption, at the beginning of 2003, of stricter rules for the classification of these credits. Thus, their share in the banks' loan book rose from 17.7% to 18.7%. Excluding the specialised banks, this proportion amounted to 12.3% in 2003 compared to 11.2% in 2002. It should be emphasised in this connection that the rate of coverage of these claims by provisions, which amounted to 55% for the whole of the banking system, reached 71.5% for the commercial banks.

Distribution of bank credit by term

In million of dirhams	2001	2002			2003		
	Amounts	Amounts	Changes in %	Share in %	Amounts	Changes in %	Share in %
Short-term credits.....	87 413	92 522	+5.8	43.2	95 578	+3.3	41.3
Medium and long term credits	83 901	83 741	-0.2	39.1	92 468	+10.4	40.0
Medium-term credits	38 703	44 932	+16.1	21.0	47 092	+ 4.8	20.4
Long-term credits	45 198	38 809	-14.1	18.1	45 376	+16.9	19.6
Pending claims	35 699	38 021	+6.5	17.7	43 224	+13.7	18.7
Total lending by the banks	207 013	214 284	+3.5	100.0	231 270	+7.9	100.0

The development of lending in 2003 was marked by an appreciably faster increase in long-term loans than in short- and medium-term loans.

In fact, amounting at the end of December 2003 to 95.6 billion dirhams, the outstanding amount of short-term lending showed a rise of 3.1 billion or 3.3%, against 5.8% the previous year. For its part, the outstanding amount of medium-term lending reached 47.1 billion dirhams, an increase of 2.2 billion or 4.8%, whereas that of long-term lending expanded by 6.6 billion or 16.9% to 45.4 billion dirhams.

This movement was reflected in an increase in the share of long-term lending, from 18.1% in 2002 to 19.6% in 2003, at the expense of short- and medium-term lending, which decreased respectively from 43.2% and 21% the previous year to 41.3% and 20.4% in 2003.

Distribution of bank credit by sector of activity

In millions of dirhams	2001	2002			2003		
	Amounts	Amounts	Changes in %	Share in %	Amounts	Changes in %	Share in %
Primary sector..	17 820	18 576	+ 4.2	8.7	20 816	+12.1	9.0
Agriculture	15 874	15 923	+ 0.3	7.5	17 631	+10.7	7.6
Fisheries	1 946	2 653	+36.3	1.2	3 185	+20.1	1.4
Secondary sector	51 494	56 699	+10.1	26.5	64 838	+14.4	28.0
Extractive industries.....	1 706	2 590	+51.8	1.2	3 391	+30.9	1.5
Energy and water	2 706	3 068	+13.4	1.5	4 607	+50.2	2.0
Manufacturing.....	32 861	34 769	+5.8	16.2	40 826	+17.4	17.6
Building and public works	14 221	16 272	+14.4	7.6	16 014	-1.6	6.9
Tertiary sector	137 699	139 009	+1.0	64.8	145 616	+4.8	63.0
Hotels	6 699	9 705	+44.9	4.5	11 103	+14.4	4.8
Transport and communications	4 909	6 649	+35.4	3.1	7 382	+11.0	3.2
Trade	17 252	17 098	-0.9	8.0	19 100	+11.7	8.3
Financial activities	18 438	19 344	+4.9	9.0	19 275	-0.4	8.3
Households	46 871	50 820	+8.4	23.7	57 490	+13.1	24.9
Other services	43 530	35 393	-18.7	16.5	31 266	-11.7	13.5
Total lending by the banks	207 013	214 284	+3.5	100.0	231 270	+7.9	100.0

In 2003, the bank loans received by the secondary and primary sectors increased more than those going to tertiary activities.

The outstanding amount of lending to the primary sector, at 20.8 billion dirhams, representing 9% of the total credit distributed by the banks, showed a rise of 2.2 billion or 12.1%, compared to 4.2% in 2002. This increase was accounted for both by the facilities granted to agriculture and by those in favour of activities connected with fisheries.

Similarly, the outstanding amount of lending to the secondary sector amounted to 64.8 billion dirhams, including 40.8 billion granted to manufacturing industry, and showed an expansion of 8.1 billion or 14.4% after that of 10.1% observed at the end of the previous year.

Facilities granted to the tertiary sector, 39.5% of which went to households and 26.4% to commercial and financial activities, increased by 6.6 billion or 4.8% to 145.6 billion dirhams, or 63% of the total credit distributed by the banks.

CREDIT DISTRIBUTED BY THE FINANCING COMPANIES

In millions of dirhams	2001	2002			2003		
	Amounts	Amounts	Changes in %	Share in %	Amounts	Changes in %	Share in %
Consumer credit companies	18 727	20 202	+7.9	58.0	21 623	+7.0	59.6
Leasing companies.....	10 916	12 393	+13.5	35.5	12 541	+1.2	34.6
Real estate loan companies.....	1 209	1 241	+2.6	3.6	1 162	-6.4	3.2
Factoring companies	528	602	+14.0	1.7	596	-1.0	1.6
Security companies	511	413	-19.2	1.2	352	-14.8	1.0
Total lending by the financing companies	31 891	34 851	+9.3	100.0	36 274	+4.1	100.0

The slackening of the rate of increase in the activity of the financing companies in 2003 masks an increase in lending by consumer credit companies comparable to that in 2002, a decline in the facilities provided by the leasing companies and a decrease in lending by the other categories of financing companies.

Despite the withdrawal of approval from two operators, the activity of the consumer credit companies remained relatively strong in 2003, their facilities having shown an increase of 1.4 billion or 7% after that of 7.9% observed in 2002, to reach 21.6 billion dirhams, representing 59.6% of total lending by the

financing companies. Loans for unspecified purposes and those for the purchase of vehicles constituted 59.6% and 15.1% respectively of these companies' loan book.

On the other hand, the rate of increase of lending by leasing companies slowed down from 13.5% the previous year to 1.2%. Thus, its outstanding amount at the end of December 2003 was 12.5 billion dirhams, representing 34.6% of the total credit provided by the financing companies, compared to 35.5% the previous year. The financing provided by the leasing companies was for the purpose of buying movable property to the extent of 79.4% and of real estate to the extent of 20.6%.

Loans granted by the real estate credit companies amounted to 1.2 billion dirhams, showing a fall of 79 million or 6.4%, after a rise of 2.6% in 2002.

Similarly, lending by the factoring companies, amounting to 596 million, showed a decline of 1% against an expansion of 14% at the end of the previous year.

Lastly, disbursement facilities provided by the security companies, whose activity consists largely of commitments by signature, contracted by 14.8%, following the fall of 19.2% recorded at the end of 2002.

DISTRIBUTION OF LENDING BY CREDIT INSTITUTIONS ACCORDING TO ECONOMIC AGENT

In millions of dirhams	2001	2002			2003		
	Amounts	Amounts	Changes in %	Share in %	Amounts	Changes in %	Share in %
Companies	135 197	135 378	+0.1	57.7	140 991	+ 4.1	56.1
Individual entrepreneurs..	21 372	22 036	+3.1	9.5	25 830	+ 17.2	10.3
Individuals	63 856	68 681	+7.6	29.4	76 036	+ 10.7	30.3
Local authorities	7 354	7 825	+6.4	3.4	8 385	+ 7.2	3.3
Total lending by the credit institutions	227 779	233 920	+2.7	100.0	251 242	+ 7.4	100.0

In 2003, individuals and individual entrepreneurs benefited more than companies from lending by the credit institutions.

Having amounted, at the end of December 2003, to nearly 141 billion dirhams representing 56.1% of total lending by the credit institutions, the facilities provided to companies rose by 5.6 billion dirhams or 4.1%, whereas they had remained virtually unchanged in 2002.

Lending to individuals amounted to 76 billion dirhams, or 30.3% of the total, thus showing an increase of 7.4 billion or 10.7% after that of 7.6% observed at the end of the previous year. Similarly, lending to individual entrepreneurs increased by 3.8 billion or 17.2% and reached 25.8 billion, representing 10.3% of the total.

Lastly, loans granted to local authorities, mainly by the Municipal Equipment Fund, amounted to 8.4 billion dirhams, representing a rise of 560 million or 7.2% compared to 6.4% the previous year.

CREDIT INSTITUTIONS

The regulation of the activities of credit institutions was strengthened in 2003, especially by the introduction in January of stricter rules for the classification of and provision for pending claims and by their extension to financing companies. Furthermore, the Bank Al-Maghrib, anticipating the bill concerning measures to combat the laundering of illegal transactions, laid down in December 2003 the minimum rules which credit institutions are required to comply with in respect of the duty of vigilance. These institutions must, for this purpose, have the procedures in place which enable them not only to identify their customers and to know them well but also to exercise supervision over their transactions, especially those presenting a high degree of risk.

Moreover, the weighted average rates for Treasury bills issued by tender were adopted as the reference for the revision of the conditions applied to variable rate loans, replacing the weighted average rate of the interbank market.

Within the framework of the measures making the foreign exchange regulations more flexible, the obligation imposed on the banks to declare net exchange positions by currency to the Bank Al-Maghrib was confined, from April 2003 onwards, to those whose dirham equivalent is equal to or greater than 2% of their net capital and reserves.

Furthermore, the banks were authorised, in January 2004, to carry out, for their customers or for their own account, operations on the international market for covering the risk of fluctuation, holding or taking a position on basic products, including precious metals. Moreover, new provisions concerning foreign currency accounts were adopted in January 2004. Their object is to give a better definition of the transactions, which may be credited to these accounts and the conditions of use of the available balances on foreign currency accounts by the approved intermediaries and also the operations in foreign banknotes carried out by the banks both with the Bank Al-Maghrib and with their customers.

Lastly, the option of using international credit cards was extended, with effect from February 2004, to Moroccan and foreign natural persons living in Morocco and receiving foreign currency allowances.

As it stood at the end of December 2003, the list of credit institutions, which comprises 18 banks ⁽¹⁾, remained unchanged compared to the previous year, as the merger between the Banque commerciale du Maroc and Wafabank, concluded in 2003, was not to be completed until 2004. For its part, the number of financing companies fell from 48 in 2002 to 44 in 2003, owing to the merger of two consumer credit companies and the withdrawal of three approvals, two of which concern consumer credit companies and one a company which manages means of payment. On the other hand, the banking network was extended, by the opening of 71 new permanent offices, to 1 949 units, or one per nearly 15 500 inhabitants, at the end of 2003.

With regard to the offshore banks situated in Tangiers, as in 2002, five out of the six approved institutions were actually operational at the end of December 2003. Their combined balance sheet total amounted to 545.2 million dollars, an expansion of 40%, after that of 84% observed at the end of the year 2002.

ACTIVITY OF THE BANKS

The trend towards greater concentration, a feature of banking activity, was accentuated in 2003. In fact, out of a total of the cumulative balance sheet of the eighteen banks, of nearly 386 billion dirhams, the share of the three largest rose from 50.9% to 52.8%, while the shares of the six medium-sized institutions and the nine other banks decreased, falling respectively from 42.8% to 41.6% and from 6.3% to 5.6%.

(1) Including the Crédit Populaire, whose network consists of the Banque Centrale Populaire and 12 regional banks.

Amounts in billions of dirhams	Number of banks		Cumulative balance sheet			
			In billions of dirhams		In %	
	2002	2003	2002	2003	2002	2003
40 and above	3	3	184.2	203.5	50.9	52.8
From 20 to less than 40	5	5	136.6	140.8	37.8	36.5
From 10 to less than 20	1	1	18.2	19.7	5.0	5.1
Less than 10.....	9	9	22.8	21.7	6.3	5.6
Total	18	18	361.8	385.7	100.0	100.0

The banks' assets

The banks' assets reached 397.4 billion dirhams ⁽¹⁾ at the end of December 2003, showing a rise of nearly 30 billion or 8.1%, following that of 4.7% observed at the end of the previous year. This increase is attributable to the growth in lending to the private sector and to the increase in the banks' credit balances at the Bank Al-Maghrib ⁽²⁾.

At 231.3 billion dirhams, lending to the private sector represented 58.2% of the banks' assets and showed a rise of nearly 17 billion or 7.9%, an appreciably faster increase than that of 3.5% observed at the end of the year 2002. However, this growth largely benefited a limited number of operators and households.

The total of cash holdings and liquid assets exceeded 40 billion dirhams and showed an expansion of 10.7 billion or 35.8%, against an increase of 2.4% in 2002. This development is attributable to the sharp increase in the banks'

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

(2) See Statistical Appendix XIV-1.

assets with the Bank Al-Maghrib in respect of current accounts and liquidity withdrawals, this being attributable to the easy state of the banks' cash holdings in 2003 and the raising of the monetary reserve ratio, from 14% to 16.5%, in September of the year under review.

The portfolio of Treasury bills held by the banks amounted, at the end of December 2003, to 76.5 billion dirhams, showing a rise of 1.3 billion or 1.7%, considerably slower than that observed a year earlier. This slackening is attributable to the net repayments of certain loans, net subscriptions for Treasury bills issued by tender having increased slightly, while those for the one-year Treasury bills for the financing of socio-economic programmes rose from 1.6 billion dirhams in 2002 to 1.8 billion in 2003.

Other portfolio securities totalled 25.9 billion dirhams, showing an increase of 5.2%, compared to nearly 8% in 2002. This increase masks a rise of 11.1% in shareholdings, the outstanding amount of which is 14.9 billion, and a decline of 1.8% in investment securities, to 11 billion.

Lastly, interbank transactions, at 3.5 billion dirhams, showed a fall of 7.4%, this being attributable to the easy state of their cash holdings during the year 2003.

The banks' liabilities

The development of the banks' liabilities in 2003 was marked by the increase in deposits and the decrease in borrowing, both in Morocco and abroad.

Owing to the flow of foreign currencies and the increase in credit, the deposits gathered by the banks increased by 25.7 billion dirhams or 9.5% to 295.5 billion dirhams, or 74.3% of their total liabilities. This increase was more pronounced for non-interest-bearing sight accounts, which increased by 18.5 billion or 12.5%, to 166.5 billion, while interest-bearing deposits totalled nearly 129 billion, an increase of 7.2 billion or 5.9%.

Parallel with this, the banks' borrowed funds decreased in 2003, the outstanding amount of certificates of deposit having fallen, compared to the previous year, from 3.5 billion to 2.2 billion and that of bond loans in dirhams and foreign loans having decreased respectively from 8.2 billion to 6.7 billion and from 11.7 billion to 10.8 billion dirhams.

The provisions formed by the banks increased by 4.8 billion or 19.5%, to 29.2 billion dirhams. Those formed to cover pending claims represented 80% of this total.

The banks' capital and reserves, excluding the year's results, were virtually unchanged compared to the previous year, having amounted to 32.5 billion dirhams, representing 8.2% of their total liabilities.

Lastly, the banks' recourse to the Bank Al-Maghrib, which had reached as much as 5 billion during the year, was insignificant throughout the year under review.

ACTIVITY OF THE FINANCING COMPANIES

At the end of December 2003, the combined balance sheet totals of the financing companies amounted to 39.2 billion dirhams and showed a rise of 2.4 billion or 6.5%, compared to 8.5% at the end of the previous year. This expansion is largely due to the consumer credit companies and the leasing companies, whose balance sheets increased respectively by 7.9% and nearly 9% ⁽¹⁾, and was accompanied by a large increase both in pending claims and in provisions formed to cover them, owing to the extension of the rules governing them to the financing companies.

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

Consumer credit companies

At 22.8 billion dirhams at the end of December 2003, the balance sheet total of the 23 consumer credit companies rose by 1.7 billion or 7.9%, after having shown an increase of 6.3% a year earlier. This expansion is solely due to the increase of 8.3% in loans, which reached 21.6 billion and represented over 94% of the assets of the consumer credit companies.

Pending claims, amounting to 4.7 billion, representing nearly 22% of the loan book of the consumer credit companies, increased by 23.8%. The corresponding provisions therefore rose from 2.9 billion in 2002 to 3.7 billion dirhams in 2003, thus leading to a year-on-year rise in the rate of coverage of pending claims from 74.4% to 78.2%.

Leasing companies

The balance sheet total of the nine leasing companies amounted to 14.1 billion dirhams and grew by nearly 9%, after having risen by 15.4% the previous year. This development is accounted for by the movement in loans, the outstanding amount of which increased by 10% to 13.8 billion dirhams.

Pending claims grew by 23% to 1.5 billion. They were covered, to the extent of 81.4%, by provisions, which amounted to 1.3 billion, an increase of 14.4%.

Other financing companies

At the end of December 2003, the outstanding amount of disbursement loans granted by the other financing companies was 2.1 billion dirhams, representing a fall of 146 million or 6.5%. The facilities provided by factoring companies remained stable at 596.1 million from year-end to year-end, while lending

by the real estate credit companies, amounting to 1.2 billion, showed a decrease of 6.4%, as a result of the restructuring of the activity of a company operating in this sector. For their part, security companies saw a fall of 14.9% in their disbursement loans and of 29.3% in loans by signature, down respectively to 351.6 million and 1.3 billion dirhams.

PRUDENTIAL RATIOS

Excluding the public banking institutions, the banks continued to comply, overall, with the prudential regulations in force. The solvency ratio of all the banks combined amounted to 9.6% at the end of December 2003, thus exceeding the regulation ratio of 8% which banking institutions are required to maintain between the total of their capital and reserves and their assets and signature commitments, weighted according to their degree of risk. Similarly, at the end of December 2003, the liquidity ratio amounted to 122% for the commercial banks, i.e. a level above the minimum ratio of 100% which the banks have to maintain between, on the one hand, liquid assets and those realisable at short term and, on the other, sight and short-term liabilities.

Lastly, with regard to the banks' exchange positions, short positions remained unchanged on average at 2.2%, while long positions declined from 1.9% in 2002 to 1.4% in 2003. They thus remained well below the maximum rate, set at 20% of net capital and reserves.

THE CAPITAL MARKET

In 2003, activity on the capital market was characterised, on the one hand, by the recovery of the main stock market indicators, after a continuous decline in prices during the last four years and, on the other, a decrease in issues on the debt securities market, private issuers failing to take advantage of the continuing context of abundant liquidity and falling interest rates.

As part of its function of protecting savings invested in transferable securities, the Transferable Securities Ethics Board (CDVM) tightened the regulations in force, by defining the role of the depository institutions of undertakings for collective investment in transferable securities (UCITS), especially concerning the supervision of the soundness of management decisions, by ensuring their compliance with the provisions laid down by law and regulation. The CDVM also defined the elements of the information note which companies are required to provide in connection with operations of repurchase of their shares on the stock exchange with a view to regularising prices or for the purpose of making a capital reduction. The note in question must in particular present the elements necessary for assessing the company's financial situation and its prospects, as well as the impact of the repurchase operation on the finances and development of the company concerned.

The interbank market

The average end-of-month outstanding amount of transactions on the interbank market rose, from 1.9 billion dirhams in 2002 to 2.4 billion in 2003. This development was due to both overnight and time transactions, which rose respectively from 846 million to 963 million and from 1.2 billion to 1.3 billion.

It was accompanied, however, by an increase in the weighted average interbank rate of 23 basis points to 3.22%, as a result of the Bank Al-Maghrib's action aimed at keeping the market balanced at a level close to the key rate for 7-day advances on calls for tenders, in a context of abundant liquidity⁽¹⁾.

The market for Treasury bills

Thanks to the improvement in the State's cash holdings, the Treasury reduced its recourse to the tender market over the year 2003 as a whole. After having raised substantial amounts of funds during the first few months of the year, the Treasury restricted its issues, especially from July onwards, renewing only part of the loans which matured, before increasing its borrowing during the last few months. The first and last quarters were characterised by an upward trend in interest rates, which was more pronounced on short maturities.

Out of a total volume of tenders amounting to 189.6 billion dirhams, the Treasury kept 66.5 billion or 35.1%, compared to nearly 76 billion or 26.8% in 2002. The banks' subscriptions, mainly on behalf of their customers, decreased from 61.2 billion to 39.6 billion, representing 59.5% of the total, whereas those of the Deposit and Management Fund doubled compared with the previous year to 20.4 billion or 30.7%.

Issues of Treasury bills

Unlike in 2002, the structure of the Treasury's issues was characterised by the predominance of short maturities, which reached 33.6 billion and represented more than half the total volume raised by the Treasury. Account being taken of repayments, amounting to 28.1 billion, the outstanding amount of short-term bills was 23.5 billion dirhams.

(1) See Statistical Appendix XV-1.

In a period of uncertainty concerning the development of interest rates, short-term securities were more particularly regarded as defensive by investors since the interest rates on them recorded, on average, rises ranging from 9 basis points for 52-week bills to 76 basis points for 13-week bills. Altogether, the rates of short-term issues were within a range of 3.40% to 3.85% compared to 2.64% to 3.76% in 2002.

Parallel with this, issues of medium-term and long-term bills decreased from 55.5 billion dirhams to 32.9 billion. The fall was greatest in the case of medium-term bills, issues of which amounted to 23.2 billion compared to 41.2 billion. Repayments having totalled 11.5 billion dirhams, the outstanding amount of medium-term and long-term bills increased, however, from 151.9 billion to 173.6 billion dirhams from year-end to year-end.

Unlike the trend in short-term rates, the interest rates on medium-term and long-term bills declined on average by 49 and 82 basis points, having amounted to 4.83% for 5-year securities and 5.70% for 10-year securities, compared to 5.65% and 6.19% respectively in 2002 ⁽¹⁾.

The secondary
market for
Treasury bills

The development of activity on this market, which consists mainly of repurchase agreements, was stimulated by the continuing context of abundant liquidity during the year 2003.

Thus the average monthly amount of transactions on the secondary market came to 231 billion dirhams, compared to 206 billion in 2002. The banks, the UCITS and the Deposit and Management Fund are the main driving forces in this market, with an average transaction volume of 202 billion dirhams.

The breakdown of transactions by residual period continues to be marked by the predominance of maturities ranging from over 3 years to 5 years. However, their share decreased from 51.7% to 42%, whereas that of maturities of 183 to 365 days rose from 4.5% to 13%.

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

Other negotiable debt securities

Issues of negotiable debt securities other than Treasury bills amounted to 2.9 billion dirhams, a fall of 26.5% compared to the previous year. This drop is attributable to the decrease in issues of commercial paper, from 1.3 billion to 642 million, and in those of certificates of deposit from 668 million dirhams to 195 million. Issues of bills of financing companies, for their part, amounted to 2.1 billion, a similar level to that recorded a year earlier⁽¹⁾.

Account being taken of repayments totalling 6.2 billion, the outstanding amount of negotiable debt securities fell sharply from 11.5 billion to 8.2 billion dirhams from year-end to year-end.

The rates of remuneration on negotiable debt instruments declined slightly in 2003, the rates applied for the most frequent maturities, namely 3 months for commercial paper and 3 years for the bills of financing companies, ranged respectively from 3.55% to 5.10% and from 4.50% to 7% compared to ranges of 3.60% to 6% and 5.50% to 7% in 2002. The decline in interest rates was more marked at the level of issues of certificates of deposit, owing to the easy state which again characterised banks' cash holdings in 2003. The interest rates on securities with a duration of 5 years in fact ranged from 4.32% to 5.75% against a range of 6% to 6.50% the previous year.

Bond issues

Bond issues amounted to 4.2 billion dirhams, against 3.8 billion in 2002. This increase is largely attributable to the second tranche of the issue programme of the National Railway Office, which totalled 2.4 billion for a maturity of

(1) See Statistical Appendix XV-5.

15 years, at the rate of 6.10%. For its part, the Real Estate and Hotel Credit Fund issued a government-guaranteed loan of the same duration for an amount of 600 million, at a rate of 6.20%. The other loans, with a maturity of 5 years, issued by the BMCE Bank, the Municipal Equipment Fund (FEC) and the Guemmassa Mining Company, were at interest rates of 4.50%, 5.89% and 5.90%. Lastly, a first issue of bonds redeemable into shares, amounting to 201 million for a duration of 34 months, was made this year by RISMA, a subsidiary of the Accor Group.

The stock exchange

The downward trend displayed by the stock exchange during the last four years was reversed in 2003, with the MASI index rising by 32.3% and the MADEX by 26.3%. The rapid recovery of prices which took place at the beginning of the year was interrupted by a downward correction in March, the indices moving upwards again for the rest of the year, except in July⁽¹⁾.

Parallel with the rise in prices, stock exchange capitalisation rose by 32.5% to 115.5 billion dirhams. At this level it represented 27.6% of GDP, against 23% at the end of 2002. This development is all the more notable because the year 2003 was characterised by the low level of capital increases and the delisting of three shares, the number of listed companies thus falling from 55 the previous year to 52.

Turnover, for its part, amounted to 53.7 billion, showing an expansion of 139% compared to the previous year. This rise is however attributable to transactions on the block-trading market which more than doubled and whose share

(1) See Statistical Appendix XV-6.

in the total trading volume increased from 57% to nearly 72%. It should be emphasised, however, that, in connection with the strategic and portfolio-revaluation operations carried out in September and December respectively, the respective transaction volumes recorded during these two months reached 21.8 billion and 11.4 billion dirhams, i.e., altogether, nearly two thirds of the volume of the transactions carried out in 2003.

The dividends distributed by listed companies amounted to 5.4 billion, an increase of 23.4%. However, in the absence of allocations of bonus shares, the general yield rate on the Casablanca Stock Exchange declined slightly, to 4.67%. For its part, the partial yield rate declined from 5.26% in 2002 to 4.85% in 2003.

The reforms introduced at the beginning of 2004 within the framework of the process of updating the legal provisions governing the capital market will undoubtedly have beneficial effects on stock market activity and consolidate the recovery recorded in 2003. The revision of the law concerning the stock exchange in fact made it possible to redefine its various compartments and also the conditions for the listing of shares. In addition, a new compartment was created, devoted to dealings in shares of collective securitisation investment and risk capital investment undertakings. For their part, the amendments made to the law on the Transferable Securities Ethics Board were aimed at extending that board's supervisory and investigatory powers to all operators on the capital market and at widening its prerogatives concerning penalties. The main purpose of those concerning the law governing the central depository was to ensure that issuers of securities shall be authorised to participate in the operations of Maroclear.

Lastly, in order to make transactions in securities more secure, a law concerning repurchase operations was adopted at the beginning of 2004, while a framework agreement is being finalised.

FINANCIAL SAVING

In 2003, the flows of financial investment by non-financial enterprises and individuals amounted overall to 52.9 billion dirhams ⁽¹⁾, similar to the previous year's figure. This stability does however mask contrasting movements in the various categories of assets, in a context marked by abundant liquidity and a scarcity of investment opportunities, which were reflected by the change in the structure of the portfolio of financial assets in favour of bank deposits. Liquid assets showed substantial growth, contributed to both by cash holdings of notes and coins and sight deposits. Also, unlike in the previous year, non-financial agents displayed a preference for time deposits, especially during the last few months of the year, when investments in savings accounts continued to grow strongly. For their part, securities of bond UCITS and government securities held by non-financial agents recorded negative net flows.

At the same time, long-term savings rose owing to the increase in the technical provisions formed by insurance enterprises and provident institutions, while subscriptions for company shares contracted sharply, after the large increases recorded during the preceding years.

The following table shows the movement of investments by non-financial agents during the last three years:

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

In millions of dirhams	2001	2002	2003	Net flows	
				2002	2003
Liquid assets	211 259	231 243	255 507	19 984	24 264
Short-term investment	132 407	128 998	138 525	-3 409	9 527
Medium-term investment	4 991	6 540	4 630	1 549	-1 910
Securities of UCITS.....	19 049	30 943	28 175	11 894	-2 768
Institutional saving	96 414	103 320	116 764	6 906	13 444
Sub-total	464 120	501 044	543 601	36 924	42 557
Company shares				15 194	9 068
of which : . Newly issued securities				15 194	9 068
. Shares of privatised companies				-	-
Total				52 118	51 625
Adjustment.....				434	1 235
Total net				52 552	52 860

Liquid assets

Liquid assets showed a net flow of 24.3 billion dirhams, compared to about 20 billion in 2002. Their share in the overall volume of flows therefore grew again, reaching 45.9% against 38% the previous year. This expansion is composed of an increase in holdings of notes and coins of 5.3 billion and a rise in sight deposits of 18.9 billion, compared to 16.5 billion the previous year.

Sight and time investments

Sight and time investments increased, overall, by 7.6 billion dirhams, as against a negative flow of 1.9 billion the previous year. This development is solely due to sight and short-term investments, which rose by 9.5 billion after having fallen by 3.4 billion in 2002, whereas medium-term investments declined by about 2 billion.

Balances on savings book accounts increased by 4.7 billion, compared to 3.5 billion in 2002. Deposits managed by the banks increased by 3.9 billion and those formed with the National Savings Fund by 884 million. It should be pointed out in this connection that the rate of remuneration of these categories of investments showed a downward trend. In fact, from a level of 3.42% during the second half of 2002, the rate on accounts on savings books, index-linked to that on one-year Treasury bills, declined to 2.15% during the first half of 2003, before climbing again to 2.95% from July onwards. The rate on deposits with the National Savings Fund, index-linked to that on five-year Treasury bills, for its part, contracted substantially, from 3.50% during the second half of 2002 to 2.36% during the corresponding period of 2003.

Available funds on time accounts and fixed-maturity bills increased in 2003 by 4.5 billion after having fallen by 500 million the previous year. Having mainly occurred during the last four months of the year, this increase reflects a revival in interest on the part of non-financial agents in this category of assets, their yield having remained relatively favourable, although it declined compared with 2002. The average weighted rate paid on these investments in fact varied in 2003, ranging between 3.53% and 3.74% and recording an annual average of 3.60% against 4.33% in 2002.

Net subscriptions for Treasury bills resulted, for the second year in succession, in a negative flow, amounting to 1.4 billion in 2003. This decrease is due to the fall of 1.7 billion in the outstanding amount of domestic loans and of 123 million in net investments made by non-financial enterprises and individuals on the tender market. Six-month Treasury bills, after falling by 6.9 billion in 2002 as a result of the decision to limit their acquisition to natural persons only, showed, for their part, an increase of about 500 million dirhams in the year under review. The interest rate on these bills, index-linked to that on the 26-week Treasury bills issued by tender, declined from 3.30% during the last quarter of 2002 to 2.90% in January 2003, before rising again, reaching 3.50% in April and 3.90% from July onwards.

Securities of UCITS

The outstanding amount of the securities of UCITS held by non-financial agents showed in 2003 a decrease of 2.8 billion or 8.9% after a rise of 11.9 billion the previous year. This decrease is solely due to the development of the securities of bond UCITS, the outstanding amount of which fell by 3.3 billion after an increase of 12.6 billion in 2002.

On the other hand, the recovery of stock market prices in the year under review boosted investment in securities of share and diversified UCITS, which, after declining for several years in succession, showed an increase of 505 million dirhams. This upward trend was reflected in an improvement in the performance indices for these securities, which, from year-end to year-end, recorded increases of 28.4% for share UCITS and 14.5% for diversified UCITS.

Altogether, out of net assets of UCITS totalling 59.4 billion dirhams as at 31 December 2003, the share of the securities held by non-financial agents amounted to 47.5% compared to 51.4% the previous year. This movement masks a fall in their share held in bond UCITS, from 52.6% to 49.3% and, conversely, a rise in that held in share UCITS and diversified UCITS, from 20.7% to 30.2%.

Company shares

Net investment in newly issued company shares amounted to 9.1 billion dirhams, showing a fall of 6.1 billion or 40.3% compared to 2002. This decrease, in comparison with the high levels reached in recent years, took place after the end of the period allowed to companies to comply with the law on public limited companies. On the one hand, it masks a further contraction in the overall amount of gross capital contributions, from 19 billion dirhams the previous year to 14.5 billion and, on the other, larger capital reductions, amounting to 5.4 billion compared to 3.8 billion a year earlier.

In millions of dirhams	2000	2001	2002	2003
Gross increase in capital	17 600	21 282	18 978	14 504
- Capital increases.....	12 390	10 801	15 615	12 300
- Public limited companies.....	11 197	7 920	11 874	8 828
<i>Cash contributions</i>	309	4 124	7 267	4 858
<i>Incorporation of reserves</i>	9 480	2 595	2 027	2 010
<i>Contributions in kind</i>	1 408	1 201	2 580	1 960
- Limited liability companies.....	1 193	2 881	3 741	3 472
- Formation of companies.....	5 210	10 481	3 363	2 204
- Public limited companies.....	415	3 480	614	651
- Limited liability companies.....	4 795	7 001	2 749	1 553
Capital reductions	-4 625	-8 499	-3 784	-5 436
- Public limited companies.	4 433	8 074	3 116	4 384
<i>Reduction</i>	531	531	1 641	2 116
<i>Winding up and mergers</i>	877	2 274	714	1 823
<i>Transformation</i>	3 025	5 269	761	445
- Limited liability companies....	192	425	668	1 052
Net increase in capital	12 975	12 783	15 194	9 068
Shares of privatised companies	18	-	-	-

Capital increases, totalling 12.3 billion dirhams, were made by 2 772 companies trading mainly in the industrial sector. The amount relating to public limited companies, numbering 420, was 8.8 billion, of which 4.9 billion was accounted for by cash contributions, 2 billion by incorporation of reserves and nearly 2 billion by contributions in kind. Limited liability companies, numbering 2 352, contributed an amount of 3.5 billion dirhams, comparable to the previous year's figure.

The capital employed as a result of the formation of new companies totalled 2.2 billion dirhams, compared to 3.4 billion in 2002. Public limited companies raised funds totalling 651 million for the formation of 94 new companies. Limited liability companies, for their part, raised 1.6 billion, for the formation of 7 274 units.

Institutional saving

The estimated overall amount of the funds managed by insurance companies and pension and provident institutions amounted at the end of December 2003 to 116.8 billion dirhams, showing a substantial increase of 13.4 billion compared to 6.9 billion the previous year, this movement having been due to the formation of technical provisions by the Collective Pension Allocation Scheme (RCAR), owing to the transfer of the in-house pension funds of certain public institutions.

Within this category, the technical provisions formed by pension and provident institutions reached 57.9 billion dirhams, an increase of 7.9 billion against 1.1 billion in 2002. The available resources of the National Social Security Fund, amounting to 15.1 billion dirhams, increased by 434 million. The additional provisions of the institutions managed by the Deposit and Management Fund ⁽¹⁾ amounted, for their part, to 26.6 billion dirhams, leading to a net flow of 5.2 billion, a substantially larger amount than that of 135 million recorded the previous year.

The year 2003 in fact saw the continuation of the process of outsourcing of the pension funds of certain public institutions and their integration in the Collective Pension Allocation Scheme (RCAR). The State-owned tobacco company thus transferred its fund in return for an amount totalling 3.4 billion dirhams divided into two tranches. The Moroccan Phosphate Office and the National Electricity Office also directed new subscribers to the RCAR. Parallel with this, the National Railway Office raised, in the year under review, the second tranche amounting to 2.4 billion dirhams of the government-guaranteed

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

bond loan for the financing of the operation of transfer of its fund. It should also be pointed out that the Moroccan Central Pension Fund adopted, at the beginning of 2003, a new reform aimed at remedying the unbalanced nature of the system and hence ensuring its long-term viability.

Beyond these measures, the pension systems, founded on the distribution principle, are moving towards a situation of imbalance, which means that reforms are required to safeguard their viability. For this purpose, the first national conferences were held in December 2003. They served as a forum for debate in respect of the reforms to be introduced and, at the same time, set up committees entrusted with the task of formulating proposals concerning the systems to be adopted.

The technical provisions of the insurance companies, for their part, were estimated at 58.8 billion dirhams at the end of December 2003, showing a rise of 5.6 billion, comparable to that recorded in 2002. This development took place against a background dominated by the entry into force at the end of 2002 of the Insurance Code, which set new management rules, especially with regard to capital and reserves and the solvency margin, while at the same time strengthening the protection of the insured and facilitating the promotion of certain products, especially bancassurance. At the same time, the law governing industrial accidents, promulgated in 2002, which introduced levels of compensation regarded as excessive, thus leading to higher insurance premiums, was revised in 2003. The new text, which introduces a system of graduated compensation, came into force in June.

Furthermore, a bill, aimed at reforming the National Social Security Fund, was adopted by parliament in April 2004 and should strengthen the institutional framework in the field of provident funds. Forming part of the restructuring of the fund, it should also make it possible to provide it with additional financial resources and to revise its management system while readjusting some of the services rendered.

THE BALANCE SHEET OF THE BANK AL-MAGHRIB

The balance sheet of the Bank Al-Maghrib, after distribution of profits, totalled 145 045.6 million dirhams at the end of December 2003, showing a rise of 19 125.7 million or 15.2%, a larger increase than that of 4.9% observed the previous year.

This development is mainly attributable, on the assets side, to an increase in assets in convertible currencies and, on the liabilities side, to the growth in the note and coin circulation and in the credit balances of banks in respect of the monetary reserve and to liquidity withdrawals.

Account being taken of the development of accounting rules in Morocco and at international level, the Bank Al-Maghrib is reorganising its accounting system. Within this framework it has worked out a new accounting plan, which was adopted by its Board of Directors in March 2004.

In application of the provisions of the proposed reform of the statutes of the Bank Al-Maghrib, this accounting plan will need to be ratified by a decree of the Minister responsible for Finance, following an opinion obtained from the National Accounting Council.

Pending this change, the financial statements of the Bank Al-Maghrib concerning the year 2003 have been worked out and presented according to the rules in force.

ASSETS

Gross external assets were valued, at the end of December 2003, at 123 534 million dirhams, representing more than 85% of total assets. The trend towards

Gold, Special Drawing Rights
and convertible currencies

the strengthening of these assets was accentuated in the course of the year 2003, at the end of which they showed an expansion of 18 235.3 million dirhams or 17.3% owing to the surplus shown by the external accounts in the year under review. Assets in convertible currencies alone increased by 18 513 million dirhams or 18.4% to over 119 billion dirhams. Holdings of Special Drawing Rights, on the other hand, contracted by 261 million dirhams or 21%, thus falling to 983.2 million dirhams.

Claims on Government

Owing to the persistence of the context of abundant liquidity in 2003, the Treasury covered its financing requirement by recourse to the tender market. Thus the advances granted by the Bank Al-Maghrib to the State, which had decreased by 10.4% the previous year, owing to the full repayment of the overdraft facility, remained unchanged at 5 500 million dirhams at the end of 2003.

This amount represents 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

Current accounts at the Postal Cheque Centre

There have been no movements on the Bank Al-Maghrib's account at the Postal Cheque Centre since January 2003. It therefore showed a zero balance at the end of that year.

Credit operations

Credit operations, amounting to 12 365.6 million dirhams, showed a rise of 1 352.4 million or 12.3% compared to the end of December 2003. This development masks an increase in advances, from 9.7 billion in 2002 to 11.2 billion in 2003. The facilities granted to the banks remained insignificant owing to the

further easing of their cash holdings in the year under review. Bills in course of collection, consisting mainly of immediately credited cheques paid to the Treasury, decreased by 76.1 million or 6%, and amounted to 1 188.9 million dirhams at the end of 2003.

The category “Use of capital and reserves”, which comprises mainly tangible fixed assets net of depreciation and securities in portfolio, totalled 2 508.2 million dirhams, down by 86 million or 3.3% from year-end to year-end.

Use of capital and reserves

Consisting mainly of the payments on account made to the State in respect of corporation tax and claims on third parties, the “Other miscellaneous assets” amounted, at the end of December 2003, to 1 137.8 million dirhams, representing a decrease of 338 million dirhams or 22.9% compared to the end of December 2002.

Other miscellaneous assets

LIABILITIES

The value of notes in circulation was 77 018.9 million dirhams, showing an increase of 5.2 billion or 7.3% compared to 5.1% at the end of the previous year. This development is largely due to the creation of central bank money in connection with the operations of exchanging foreign banknotes, which continued to grow strongly in 2003.

Notes in circulation

At the end of December 2003, the breakdown of notes in circulation was as follows:

4 175 136 notes	of 5 dirhams	DH	20 875 680.00
16 684 256 notes	of 10 dirhams	DH	166 842 560.00
51 898 889 notes and 1/2	of 20 dirhams	DH	1 037 977 790.00
36 451 398 notes and 1/2	of 50 dirhams	DH	1 822 569 925.00
322 356 996 notes and 1/2	of 100 dirhams	DH	32 235 699 650.00
208 674 858 notes	of 200 dirhams	DH	41 734 971 600.00

TotalDH 77 018 937 205.00

Coin The value of coins in circulation amounted, at the end of December 2003, to 1 486.2 million dirhams, a rise of 98.4 million dirhams or 7.1%, comparable to that recorded the previous year.

At the end of December 2003 the breakdown of the coin circulation was as follows:

- Gold

12 104 coins of 250 dirhams (commemorative)	DH	3 026 000.00
2 010 coins of 500 dirhams (commemorative)	DH	1 005 000.00

- Silver

6 377 755 coins of 1 dirham	DH	6 377 755.00
650 745 coins of 5 dirhams	DH	3 253 725.00
27 281 coins of 50 dirhams (commemorative)	DH	1 364 050.00
9 141 coins of 100 dirhams (commemorative)	DH	914 100.00
3 928 coins of 150 dirhams (commemorative)	DH	589 200.00
19 608 coins of 200 dirhams (commemorative)	DH	3 921 600.00

- Nickel

234 342 520 coins of 50 centimes	DH	117 171 260.00
432 135 348 coins of 1 dirham	DH	432 135 348.00

68 836 290	coins of	5 dirhams	.....	DH	344 181 450.00
45 746 012	coins of	10 dirhams	.....	DH	457 460 120.00
9 554 828	coins of	2 dirhams	.....	DH	19 109 656.00
- Aluminium Bronze					
225 106 315	coins of	5 centimes	.....	DH	11 255 315.75
257 014 896	coins of	20 centimes	.....	DH	51 402 979.20
327 707 314	coins of	10 centimes	.....	DH	32 770 731.40
- Aluminium					
23 300 741	coins of	1 centime	.....	DH	233 007.41
Total					DH 1 486 171 297.76

Liabilities in gold and convertible currencies totalled 1 182.9 million dirhams, a rise of 231.6 million or 24.3%, whereas they had shown a large fall at the end of the previous year, due to the transfer of the banks' foreign currency deposits to their foreign correspondents, as a result of the liberalisation of foreign currency investments with effect from May 2002.

Liabilities in gold
and convertible currencies

Amounting to 49 913.6 million dirhams, deposits and other liabilities showed an expansion of 13 217.2 million or 36%, a larger rise than that of 10.8% observed in 2002. This development is mainly due to the increase in the banks' assets of 12 871.5 million dirhams, 5 200 million of this being accounted for by liquidity-withdrawal accounts and 7 671.5 million by the banks' current accounts, owing to the context of abundant liquidity and the raising, from 14% to 16.5%, of the monetary reserve ratio in September 2003.

Deposits and other
liabilities

For its part, the amount of deposits formed in respect of the account of the Hassan II Fund for Economic and Social Development, within the framework of the sterilisation of liquidity flows resulting from the privatisation receipts, totalled, at the end of December 2003, 12 874 million, a rise of 3 714 million dirhams. On the other hand, the credit balance of the Treasury's account fell

from 1.4 billion dirhams the previous year to 122.5 million, the Treasury having made use of its available funds at the Bank Al-Maghrib towards the end of the year.

Allocations of Special Drawing Rights The equivalent of allocations of Special Drawing Rights remained unchanged at 433.6 million dirhams from year-end to year-end.

Capital and reserves The total of the "Capital and reserves" item, at 5 415.3 million dirhams, showed a rise of 46.3 million, corresponding to the increase in reserves, the capital having remained unchanged at 500 million dirhams.

Miscellaneous Miscellaneous liabilities totalled 9 594.9 million dirhams, showing an increase of 296.1 million or 3.2%, mainly owing to the rise of 992 million dirhams in the provision for exchange losses.

The net profit for the year, after deduction of 918.1 million dirhams in respect of corporation tax, amounted to 1 412.6 million, showing a decline of 147.5 million compared to the figure for the year 2002.

**BALANCE SHEET AND
INCOME STATEMENT ACCOUNTS
FOR THE FINANCIAL YEAR 2003**

BALANCE SHEET OF THE BANK AL-MAGHRIB

ASSETS

	(Dirhams)
Gold, Special Drawing Rights and convertible currencies.....	123 534 028 781.32
- Gold.....	1 960 267 512.66
- I.M.F subscription - Reserve tranche.....	1 293 531 311.54
- Special Drawing Rights.....	983 243 659.91
- Convertible currencies.....	119 028 818 190.96
- Subscription to the Arab Monetary Fund.....	268 168 106.25
Payment agreements.....	11 307.30
Claims on Government.....	5 500 000 000.00
- Advances to the Government - Article 35-3 of statutes	5 500 000 000.00
- Advance to the Government - Article 35-2 of statutes	-
- Mobilised customs drafts and surety bonds.....	-
Current accounts at the Postal Cheque Centre.....	-
Credit operations.....	12 365 636 603.55
- Advances.....	11 176 665 509.21
- Items in course of settlement.....	1 188 971 094.34
Treasury bills purchased on the secondary market.....	-
Use of capital and reserves.....	2 508 194 694.5
Miscellaneous	1 137 763 389.41
Total assets.....	145 045 634 776.08

AS AT 31 DECEMBER 2003

LIABILITIES

	(Dirhams)
Bank notes and coin in circulation	78 505 108 502.76
- Notes.....	77 018 937 205.00
- Coin.....	1 486 171 297.76
Liabilities in gold and convertible currencies	1 182 929 035.17
- Gold.....	-
- Convertible currencies.....	965 404 749.32
- Convertible dirhams.....	17 127 630.49
- International organizations.....	200 396 655.36
Payment agreements.....	225 440.21
Deposits and other liabilities.....	49 913 616 510.68
- Current account of the Treasury.....	122 461 387.30
- Banks - Current operations.....	30 459 529 446.50
- Banks - Reserve accounts.....	-
- Banks - Liquidity withdrawal accounts.....	5 200 000 000.00
- Other accounts.....	14 100 227 501.85
- Other liabilities.....	31 398 175.03
Allocations of Special Drawing Rights.....	433 628 327.61
Capital and reserves.....	5 415 297 204.07
- Capital.....	500 000 000.00
- Reserves.....	4 915 297 204.07
Miscellaneous.....	9 594 829 755.58
Total liabilities.....	145 045 634 776.08

**INCOME STATEMENT ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	(Dirhams)
RECEIPTS	
Discount earnings	4 503 197.95
Interest receipts.....	3 041 563 938.69
Commissions	144 447 220.51
Other financial earnings	331 642 074.94
Other earnings.....	48 802 401.57
I. Total receipts.....	3 570 958 833.66
EXPENDITURE	
Operating expenses.....	521 275 853.83
Other expenditure.....	530 086 319.67
Other financial expenditure.....	4 791 443.64
Allowance for depreciation.....	136 218 290.36
Provisions	47 869 916.17
II. Total expenditure.....	1 240 241 823.67
III. Profit before tax (I-II)	2 330 717 009.99
IV. Corporation tax	918 115 279.00
V. Net profit (III-IV)	1 412 601 730.99

APPENDICES

I-1 - Gross domestic product by branch of activity
(at 1980 market prices)

(in millions of dirhams)

Branches of activity	1999	2000	2001	2002*	2003*
Primary sector.....	18 251	15 377	19 619	20 717	24 446
Agriculture, forestry and fishing	18 251	15 377	19 619	20 717	24 446
Secondary sector	40 422	41 580	43 643	44 817	45 613
Mining.....	3 905	3 838	3 952	4 079	3 847
Energy and water ⁽¹⁾	6 754	6 722	7 250	7 468	7 382
Manufacturing	23 906	24 744	25 792	26 641	27 643
Construction and public works	5 857	6 276	6 648	6 628	6 741
Tertiary sector	51 924	54 592	55 705	57 519	59 255
Transport and communications.....	9 358	10 186	10 162	10 625	10 965
Commerce and import taxes and duties	27 618	29 298	30 216	31 395	32 689
of which : - commerce	16 779	17 595	18 766	19 586	20 408
- Import taxes and duties less subsidies..	10 839	11 703	11 449	11 809	12 281
Other services ⁽²⁾	14 948	15 108	15 328	15 499	15 601
Market gross domestic product	110 597	111 549	118 967	123 053	129 314
General government	23 027	23 351	24 428	24 916	26 412
Gross domestic product	133 623	134 900	143 395	147 969	155 726

I-2 - Gross domestic product changes
(at 1980 market prices)

(percentage changes)

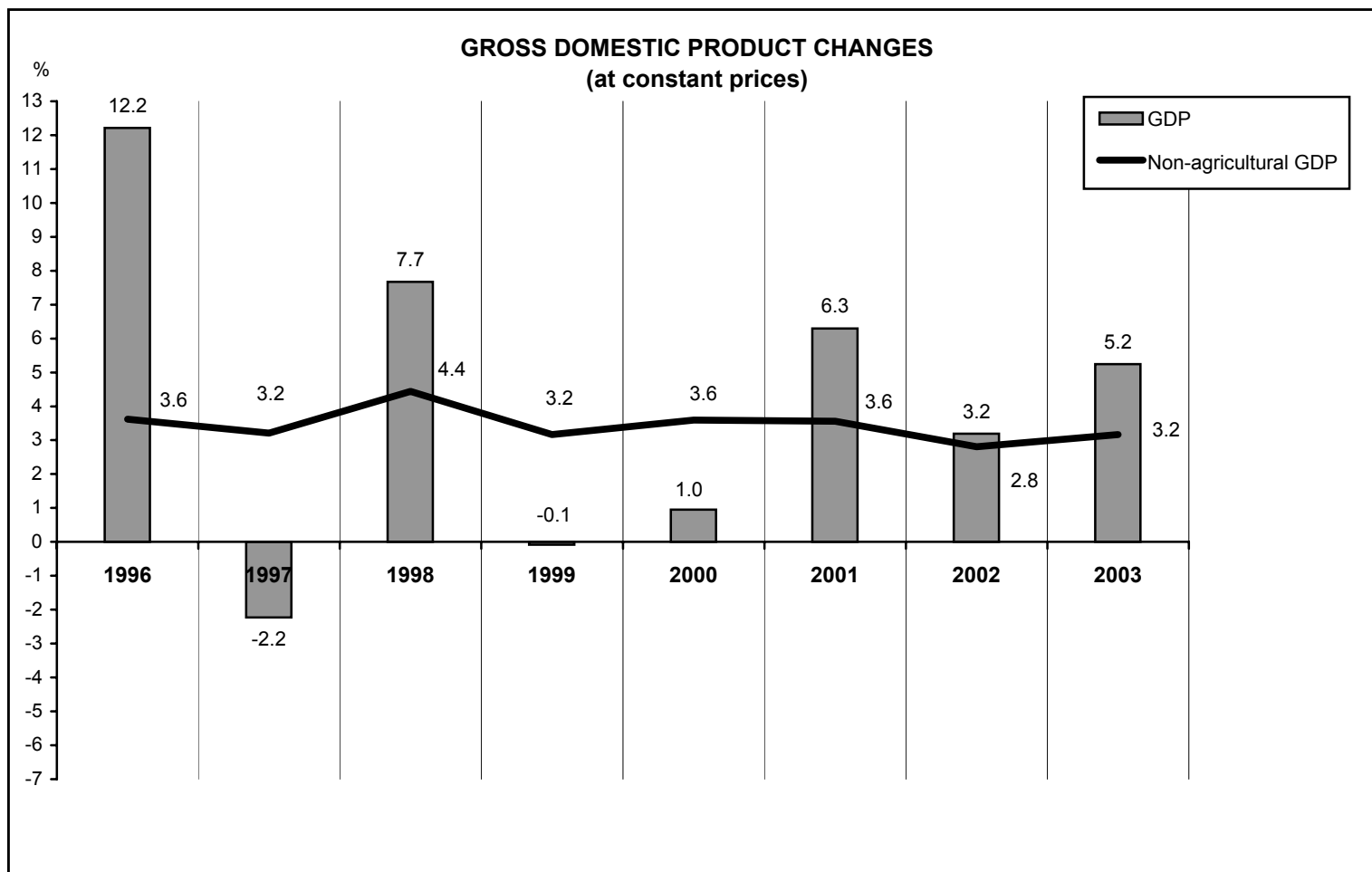
Branches of activity	1999	2000	2001	2002*	2003*
Primary sector.....	-16.7	-15.7	27.6	5.6	18.0
Agriculture, forestry and fishing	-16.7	-15.7	27.6	5.6	18.8
Secondary sector	2.7	2.9	5.0	2.7	1.8
Mining.....	-1.2	-1.7	3.0	3.2	- 5.7
Energy and water ⁽¹⁾	3.2	-0.5	7.9	3.0	- 1.2
Manufacturing	2.7	3.5	4.2	3.3	3.8
Construction and public works	4.9	7.1	5.9	-0.3	1.7
Tertiary sector	3.8	5.1	2.0	3.3	3.0
Transport and communications.....	8.1	8.8	-0.2	4.6	3.2
Commerce and import taxes and duties	4.0	6.1	3.1	3.9	4.1
of which : - commerce	1.9	4.9	6.7	4.4	4.2
- Import taxes and duties less subsidies..	7.4	8.0	-2.2	3.1	4.0
Other services ⁽²⁾	1.0	1.1	1.5	1.1	0.7
Market gross domestic product	-0.6	0.9	6.6	3.4	5.1
General government	2.5	1.4	4.6	2.0	6.0
Gross domestic product	-0.1	1.0	6.3	3.2	5.2

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

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

(*) Revised.

Source : Department of Statistics.



I-3 - Gross domestic product by branch of activity
(at current prices)

(in millions of dirhams)

Branches of activity	1999	2000	2001	2002*	2003*
Primary sector.....	52 905	48 991	59 657	64 141	70 427
Agriculture, forestry and fishing	52 905	48 991	59 657	64 141	70 427
Secondary sector	110 553	113 100	118 653	120 622	123 864
Mining.....	7 464	7 290	7 429	7 314	6 634
Energy and water ⁽¹⁾	27 159	25 264	26 983	27 129	28 019
Manufacturing	59 582	62 246	64 869	66 864	69 569
Construction and public works	16 348	18 300	19 372	19 314	19 642
Tertiary sector	132 712	141 628	146 621	153 047	157 795
Transport and communications.....	21 678	24 897	26 259	28 673	29 860
Commerce and import taxes and duties	66 339	70 624	73 036	75 708	78 170
of which : - commerce	39 843	42 490	44 989	47 149	49 855
- Import taxes and duties less subsidies..	26 496	28 134	28 047	28 559	28 315
Other services ⁽²⁾	44 695	46 107	47 326	48 666	49 765
Market gross domestic product	296 170	303 719	324 932	337 810	352 086
General government	49 424	50 489	58 253	59 972	66 569
Gross domestic product	345 594	354 208	383 185	397 782	418 655

I-4 - Gross domestic product changes
(at current prices)

(percentage changes)

Branches of activity	1999	2000	2001	2002*	2003*
Primary sector.....	-10.7	-7.4	21.8	7.5	9.8
Agriculture, forestry and fishing	-10.7	-7.4	21.8	7.5	9.8
Secondary sector	1.7	2.3	4.9	1.7	2.7
Mining.....	1.8	-2.3	1.9	-1.5	-9.3
Energy and water ⁽¹⁾	-1.1	-7.0	6.8	0.5	3.3
Manufacturing	2.0	4.5	4.2	3.1	4.0
Construction and public works	5.7	11.9	5.9	-0.3	1.7
Tertiary sector	3.0	6.7	3.5	4.4	3.1
Transport and communications.....	9.5	14.8	5.5	9.2	4.1
Commerce and import taxes and duties	0.4	6.5	3.4	3.7	3.3
of which : - commerce	1.4	6.6	5.9	4.8	5.7
- Import taxes and duties less subsidies..	-1.1	6.2	-0.3	1.8	- 0.9
Other services ⁽²⁾	4.0	3.2	2.6	2.8	2.3
Market gross domestic product	-0.2	2.5	7.0	4.0	4.2
General government	4.6	2.2	15.4	3.0	11.0
Gross domestic product	0.5	2.5	8.2	3.8	5.2

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

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

(*) Revised.

Source : Department of Statistics.

I-5 - Goods and services account

(at current prices)

(in millions of dirhams)

	2000	2001	2002*	2003*	change in %	
					2002	2003
					2001	2002
RESOURCES						
Gross domestic product	354 208	383 185	397 782	418 655	3.8	5.2
Resources deficit	23 245	13 533	13 105	17 216	-3.2	31.4
Imports of goods and nonfactor services	116 200	120 479	129 129	134 074	7.2	3.8
Exports of goods and nonfactor services	92 955	106 946	116 024	116 858	8.5	0.7
Total available resources.....	377 453	396 718	410 887	435 871	3.6	6.1
EXPENDITURE						
Final national consumption	293 512	308 997	320 570	336 350	3.7	4.9
- Resident households	225 823	233 174	240 608	248 232	3.2	3.2
- General government.....	67 689	75 823	79 962	88 118	5.5	10.2
Investment.....	83 941	87 721	90 317	99 521	3.0	10.2
Gross fixed capital formation.....	85 422	85 375	91 142	98 380	6.8	7.9
Changes in stocks.....	- 1 481	+ 2 346	- 825	- 1 141	-	-
Total expenditure	377 453	396 718	410 887	435 871	3.6	6.1

I-6 - Gross national disposable income and its appropriation

(at current prices)

(in millions of dirhams)

	2000	2001	2002*	2003*	change in %	
					2002	2003
					2001	2002
Gross domestic product	354 208	383 185	397 782	418 655	3.8	5.2
Net foreign income.....	18 199	31 743	29 381	32 742	-7.4	11.4
Gross national disposable income	372 407	414 927	427 163	451 398	2.9	5.7
Final national consumption.....	293 512	308 997	320 570	336 350	3.7	4.9
Gross national savings	78 895	105 930	106 593	115 048	0.6	7.9
Total appropriation of gross national disposable income	372 407	414 927	427 163	451 398	2.9	5.7

I-7 - Investment and savings

(at current prices)

(in millions of dirhams)

	2000	2001	2002*	2003*	change in %	
					2002	2003
					2001	2002
Gross national savings.....	78 895	105 930	106 593	106 767	0.6	7.9
Net capital transfers	- 63	- 101	- 67	- 66	60.3	44.8
Financing requirement	5 109	-	-	-	-	-
Total resources.....	83 941	105 829	106 526	106 701	0.7	7.9
Gross fixed capital formation.....	85 422	85 375	91 142	91 142	6.8	7.9
Changes in stocks	- 1 481	+ 2 346	- 825	- 825	-	-
Financing capacity	-	18 108	16 210	16 384	-	-
Total expenditure.....	83 941	105 829	106 526	106 701	0.7	7.9

(*) Revised.

Source : Department of Statistics.

II-1 - Cereals

	2001-2002			2002-2003		
	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)
Principal cereals						
Soft wheat	1 745	23 252	13.3	1 900	33 800	17.8
Hard wheat	882	10 315	11.7	1 100	17 600	16.0
Barley	2 002	16 690	8.3	2 300	26 200	11.4
Maize	265	1 989	7.5	247	1 400	5.7
Total.....	4 894	52 246	10.7	5 547	79 000	14.2
Secondary cereals	47.5	513.0	10.8	51.0	448.0	8.8
of which : rice	6.4	265.3	41.5	2.3	120.0	52.2

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

II-2 - Marketing of principal home-grown grains

(in thousands of quintals)

	June 2001 to May 2002	June 2002 to May 2003	June to December 2003
Soft wheat	8 052	10 131	14 147
Hard wheat	87	179	218
Barley	68	103	126
Maize	2	34	48
Total.....	8 209	10 447	14 539

Source : National Agricultural Cereals and Pulse Crops Office.

II-3 - Pulse crops

	2001 - 2002			2002 - 2003		
	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)	Area (1000 hectares)	Production (1000 quintals)	Yield (quintals per hectare)
Broad beans	154	888	5.8	151	1 031	6.8
Chick peas	72	513	7.1	71	430	6.1
Green peas	39	216	5.5	33	227	6.9
Lentils	61	417	6.8	54	336	6.2
Other leguminous vegetables	56	331	5.9	50	296	5.9
Total.....	382	2 365	6.2	359	2 320	6.5

Source : Ministry of Agriculture and Rural Development.

II-4 - Market garden crops

	Oct. 2001 to Sept. 2002			Oct. 2002 to Sept. 2003		
	Area (1000 hectares)	Production (1000 tonnes)	Yield (tonnes per hectare)	Area (1000 hectares)	Production (1000 tonnes)	Yield (tonnes per hectare)
Vegetable crops of season	201.4	4 200	20.9	232.0	4 886	21.1
Early fruits and vegetables	24.5	1 105	45.1	25.5	1 120	43.9
Tomatoes	5.9	565	95.8	5.6	536	95.7
Potatoes	7.0	130	18.6	8.1	158	19.5
Other vegetables	11.6	410	35.3	11.8	426	36.1
Total.....	225.9	5 305	23.5	257.5	6 006	23.3

Source : Ministry of Agriculture and Rural Development.

(Vegetable Production Department.)

II-5 - Exports of early fruits and vegetables

(in thousands of tonnes)

	Oct.2000 to Sept.2001	Oct.2001 to Sept.2002	Oct.2002 to Sept.2003
Tomatoes	186.8	205.0	186.1
Potatoes	47.1	38.6	41.0
Other vegetables	109.7	133.0	170.3
Total.....	343.6	376.6	397.5

Source : Ministry of Agriculture and Rural Development.

(Vegetable Production Department.)

II-6 - Citrus fruits

(in thousands of tonnes)

	October 00 to July 01		October 01 to July 02		October 02 to July 03	
	Production	Exports	Production	Exports	Production	Exports
Oranges.....	694	254	703	240	792	274
Clementines	175	95	286	122	349	139
Miscellaneous	110	41	154	68	174	70
Total.....	979	390	1 143	430	1 315	483

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

II-7 - Sugar - beet crops and sugar production

	Harvested area (hectares)	Crops (tonnes)	Yield (tonnes per hectare)	Sugar production* (tonnes)
2001 - 2002				
Gharb	16 963	764 000	45.0	110 200
Loukkos	5 808	253 000	43.6	36 800
Tadla	13 641	668 000	49.0	91 184
Doukkala	18 477	985 000	53.3	107 216
Moulouya	4 826	316 000	65.5	33 000
Total.....	59 715	2 986 000	50.0	378 400
2002 - 2003				
Gharb	17 160	630 000	37.0	} 103 169
Loukkos	5 100	155 700	30.5	
Tadla	18 400	947 000	59.5	124 860
Doukkala	21 600	1 351 300	62.5	146 000
Moulouya	4 930	317 600	64.5	34 363
Total.....	67 190	3 401 600	50.6	408 392

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

II-8 - Sugar - cane crops and sugar production

	Harvested area (hectares)	Crops (tonnes)	Yield (tonnes per hectare)	Sugar production* (tonnes)
2002				
Gharb	10 050	624 000	62.1	59 400
Loukkos	3 960	314 000	79.3	29 200
Total.....	14 010	938 000	67.0	88 600
2003				
Gharb	10 013	635 000	63.4	} 78 584
Loukkos	3 588	312 300	87.0	
Total.....	13 601	947 300	69.6	78 584

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

Source : Ministry of Agriculture and Rural Development.

(Vegetable Production Department.)

II-9 - Raw cotton ⁽¹⁾

	2001-2002			2002-2003		
	Area (hectares)	Production (quintals)	Yield (quintals per hectare)	Area (hectares)	Production (quintals)	Yield (quintals per hectare)
Gharb	340	4 080	12.0	170	2 000	11.8

(1) Since the 2000-2001 season, cotton has been grown only in the Gharb region.

Source : Ministry of Agriculture and Rural Development.

(Vegetable Production Department.)

II-10 - Olive-growing

(in thousands of tonnes)

	Crops End of 2001 - Beginning of 2002	Crops End of 2002 - Beginning of 2003*	Crops End of 2003 - Beginning of 2004**
Olive production	600	450	1 000
Olive oil production.....	60	45	100

(*) Revised.

(**) Preliminary.

Source : Ministry of Agriculture and Rural Development.

(Vegetable Production Department.)

II-11 - Oleaginous plants

	2001 - 2002			2002 - 2003		
	Harvested area (1000 hectares)	Production (1000 quintals)	Yield (Quintals per hectare)	Harvested area (1000 hectares)	Production (1000 quintals)	Yield (Quintals per hectare)
Sunflower	47.3	164	3.6	110.2	556	5.1
Groundnut	21.0	480	22.9	20.4	490	24.0

Source : Ministry of Agriculture and Rural Development.

(Vegetable Production Department.)

II-12 - Vine growing

	2001		2002		2003	
	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)	Area (hectares)	Production (tonnes)
Dessert grapes	38 800	203 200	39 600	240 600	39 600	257 000
Wine-producing grapes	10 700	60 800	10 400	79 000	10 400	85 000
Total.....	49 500	264 000	50 000	319 600	50 000	342 000

Source : Ministry of Agriculture and Rural Development.

(Vegetable Production Department.)

II-13 - Stock farming ⁽¹⁾

(in thousands)

	2001	2002	2003*
Cattle.....	2 500	2.570	2 600
Sheep	15 000	15.102	15 650
Goats.....	4 800	5.046	5 150
Total.....	22 300	22 718	23 400

(1) Census carried out in October-November.

(*) Preliminary.

Source : Ministry of Agriculture and Rural Development.

(Programming and Economic Affairs Department.)

II-14 - Meat supplied for consumption

(in thousands of tonnes)

	2001	2002*	2003**
Red meat	335	344	313
Cattle.....	145	170	150
Sheep	120	110	105
Goats.....	22	15	13
Other	48	49	45
White meat	280	315	320

(*) Revised

(**) Preliminary.

Source : Ministry of Agriculture and Rural Development.

(Stock farming Department.)

II-15 - Marine fisheries

(in thousands of tonnes)

	2002*	2003**
Production.....	949.3	903.0
- Deep-sea fishing	56.5	37.5
- Coastal fishing	892.8	865.5
Consumption of fresh products ⁽¹⁾	298.3	346.2
Processing.....	580.6	507.0
- Canned fish ⁽¹⁾	147.8	174.3
- By-products.....	365.4	301.3
- Freezing.....	67.4	31.4
Exports.....	357.0	329.1
- Fresh and freezed fish	86.9	66.0
- Crustaceans and molluscs.....	128.7	86.0
- Canned fish.....	106.6	122.8
- By-products.....	34.8	54.3

(*) Revised

(**) Preliminary.

(1) Henceforth, the National Fisheries Office (ONP) is deducting supplies to the canning industry from purchases made by wholesalers from the "Consumption of fresh products" item and including them in the "Canned fish" item.

Sources : - Production : Ministry of Marine Fisheries and National Fishing Office.

- Exports : Foreign Exchange Office.

III-1 - Main mineral products

(in thousands of tonnes)

	Production ⁽¹⁾			Exports ⁽²⁾		
	2001	2002*	2003**	2001*	2002**	2003**
Phosphate rock.....	21 983.0	23 041.0	22 877.0	10 853.2	11 138.1	10 375.8
Other non-metallic ores						
Barite.....	467.1	469.9	356.4	410.9	412.3	297.7
Fluorspar.....	96.5	94.9	81.2	94.0	94.5	72.8
Salt.....	231.8	266.1	236.4	111.3	-	-
Bentonite.....	71.7	65.8	71.5	41.8	-	-
Metallic ores						
Zinc ore.....	174.8	178.4	136.4	187.4	325.3	209.3
Lead ore.....	110.9	87.4	54.8	33.7	30.8	24.1
Iron ore.....	8.0	1.6	4.0	-	-	-
Copper ore.....	19.1	17.8	17.5	20.9	19.3	18.7
Chemical manganese.....	13.8	17.5	-	15.5	13.8	-

(*) Revised.

(**) Preliminary.

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

(2) Exports : Foreign Exchange Office.

III-2 - Index of mineral production

(1992=100)

	Weighting	2001	2002*	2003**	Percentage changes <u>2003</u> 2002
Overall index	100.0	112.2	115.1	110.1	- 4.3
- Phosphates	78.65	114.9	120.4	119.5	- 0.7
- Metallic ores	16.50	89.0	80.2	60.8	-24.2

(*) Revised.

(**) Preliminary.

Source : Department of Statistics.

III-3 - Energy balance

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

	2001*		2002*		2003**	
	Total	%	Total	%	Total	%
Consumption	10 300	100	10 513	100	10 984	100
- Coal	3 413	33.1	3 389	32.2	3 457	31.4
- Petroleum products	6 166	59.9	6 445	61.3	6 686	60.9
- Natural gas	38	0.4	48	0.5	40	0.4
- Hydro-electricity, wind power electricity and imported electricity .	683	6.6	631	6.0	801	7.3
Of which :						
Domestic products	516	100	524	100	733	100
- Anthracite	191	37.0	201	38.4	245	33.4
- Oil and natural gas	48	9.3	54	10.3	60	8.2
- Hydro-electricity and wind power electricity.....	277	53.7	269	51.3	428	58.4
Deficit	9 784		9 989		10 251	
-As a percentage of overall consumption.....		95.0		95.0		93.3

(*) Revised.

(**) Preliminary.

Source : Ministry of Energy and Mining.

III-4 - Energy production

	2001	2002*	2003**	Percentage changes <u>2003</u> 2002
Extraction activity				
Crude oil (1 000 t)	10.8	6.5	21.5	230.8
Natural gas (millions m ³).....	50.0	63.0	52.6	-16.5
Processing activity				
Refineries' production (1000 t) ⁽¹⁾	6 324.0	5 694.0	4 182.0	-26.6
Net electricity production (millions kWh)	13 153	14 103	15 338	8.8
Of which : Concession electricity	(9 233.8)	(9 566.6)	(9 561.5)	(-0.1)

(*) 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)	2002*			2003**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Total production ⁽¹⁾	9 361	- 3.9	100.0	8 170	-12.7	100.0
Of which :						
- Refined petroleum ⁽²⁾	5 694	-10.0	60.8	4 182	-26.6	51.2
- Electricity	3 667	7.2	39.2	3 988	8.8	48.8

(*) 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.National

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

III-6 - Total energy consumption

	2001	2002*	2003**	Percentage changes <u>2003</u> 2002
Petroleum products (1 000 t)	6 166	6 445	6 686	3.7
- Light distillates	3 791	3 831	3 883	1.4
. Standard petrol	79	77	73	-5.2
. Super petrol	323	323	312	-3.4
. Planes kerosene	278	282	292	3.5
. Gas-oil	2 992	3 041	3 142	3.3
. Miscellaneous	119	108	64	-40.7
- Liquefied gas	1 189	1 260	1 339	6.3
. Butane.....	1 086	1 144	1 226	7.2
. Propane.....	103	116	113	-2.6
- Fuel-oil	1 186	1 354	1 464	8.1
. Quantities used for electricity production	292	422	529	25.4
. Other	894	932	935	0.3
Coal (1 000 t)	4 969	5 188	5 291	2.0
. Quantities used for electricity production	4 171	4 295	4 371	1.8
. Other	798	893	920	3.0
Natural gas (millions m³).....	50	63	53	-15.9
Electricity O.N.E. (millions kWh)	12 800	13 425	14 522	8.2
of which : external contribution.....	1 564	1 392	1 437	3.2

(*) 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)	2002*			2003**		
	Quantities	Percentage changes	Structure	Quantities	Percentage changes	Structure
Final energy consumption ⁽²⁾	10 133	4.1	100	10 574	4.4	100
. Petroleum products	6 053	3.0	59.7	6 191	2.3	58.6
of which :						
(Gas oil).....	(3 018)	(1.6)	(29.8)	(3 137)	(3.9)	(29.7)
. Electricity	3 491	4.9	34.5	3 776	8.2	35.7
. Coal	589	11.8	5.8	607	3.1	5.7

(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	2001	2002	2003	Percentage changes	
					<u>2002</u> 2001	<u>2003</u> 2002
Food, beverages and tobacco industries	249	135.5	138.1	143.2	1.9	3.7
Staple foods ⁽¹⁾	184	135.7	139.3	145.3	2.7	4.3
Beverages and tobacco	65	134.9	134.8	137.5	- 0.1	2.0
Textiles, clothing and leather industries	223	115.5	114.7	110.5	- 0.7	-3.7
Textiles and knitting mills	113	101.9	101.1	98.6	- 0.8	-2.5
Wearing apparel except footwear	90	131.2	129.2	120.8	- 1.5	-6.5
Tanning and leather footwear	20	120.9	126.1	130.9	4.3	3.8
Chemical and paracheical industries	218	138.2	145.7	152.8	5.4	4.9
Chemical and paracheical products.....	151	137.7	145.2	149.3	5.4	2.8
Rubber and plastic manufactures	30	122.9	130.3	130.7	6.0	0.3
Paper and cardboard, printing.....	37	153.0	160.0	185.0	4.6	15.6
Mechanical, metallurgical, electrical and electronic industries	181	129.1	133.6	141.3	3.5	5.8
Basic metal industries	22	144.8	168.4	188.7	16.3	12.1
Metal works except machinery	61	118.8	127.0	138.8	6.9	9.3
Machinery and equipment	20	118.2	116.3	123.0	- 1.6	5.8
Transport equipment	41	143.4	134.8	134.1	- 6.0	-0.5
Electrical and electronic equipment	34	127.4	132.0	135.0	3.6	2.3
Office machinery, measuring equipment, optical goods, clocks.....	2	114.9	125.7	126.1	9.4	0.3
Other manufactures	1	108.8	102.4	100.1	- 5.9	-2.2
Wood and building materials	129	124.0	130.9	142.1	5.6	8.6
Timber and woodworking	21	116.8	121.1	126.0	3.7	4.0
Processed quarry products	108	125.4	132.8	145.2	5.9	9.3
Total manufacturing	1000	128.9	132.7	137.4	2.9	3.5

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

Source : Department of Statistics.

V-1 - Tourist arrivals

	2001	2002	2003	Percentage changes <u>2003</u> 2002
I . Foreign tourists	2 465 788	2 477 572	2 483 758	+ 0.2
A. On-shore	2 249 662	2 222 267	2 223 821	+ 0.1
European Union countries	1 772 365	1 778 716	1 777 264	- 0.1
Of which :				
.France	840 230	877 465	916 147	+ 4.4
.Spain	200 519	201 258	231 152	+ 14.9
.Germany	196 700	172 860	129 387	- 25.2
.United Kingdom	135 642	146 511	134 006	- 8.5
.Italy	123 628	112 518	100 001	- 11.1
Other european countries.....	92 180	90 037	103 171	+ 14.6
America	149 103	119 229	107 877	- 9.5
Of which :				
.United States	97 072	72 845	64 445	- 11.5
.Canada	31 633	28 503	27 606	- 3.1
.Argentina	5 693	2 697	3 433	+ 27.3
Middle east (*)	72 165	74 273	69 067	- 7.0
Maghreb	71 454	67 279	73 208	+ 8.8
Other african countries	38 477	36 152	39 547	+ 9.4
Asia	33 094	35 616	34 743	- 2.5
Other countries	20 824	20 965	18 944	- 9.6
B. Off-shore (cruising)	216 126	255 305	259 937	+ 1.8
II. Moroccans resident abroad	1 973 653	2 081 179	2 327 787	+11.8
Total	4 439 441	4 558 751	4 811 545	+ 5.5

(*) Including Egypt.

Source : Ministry of Tourism.

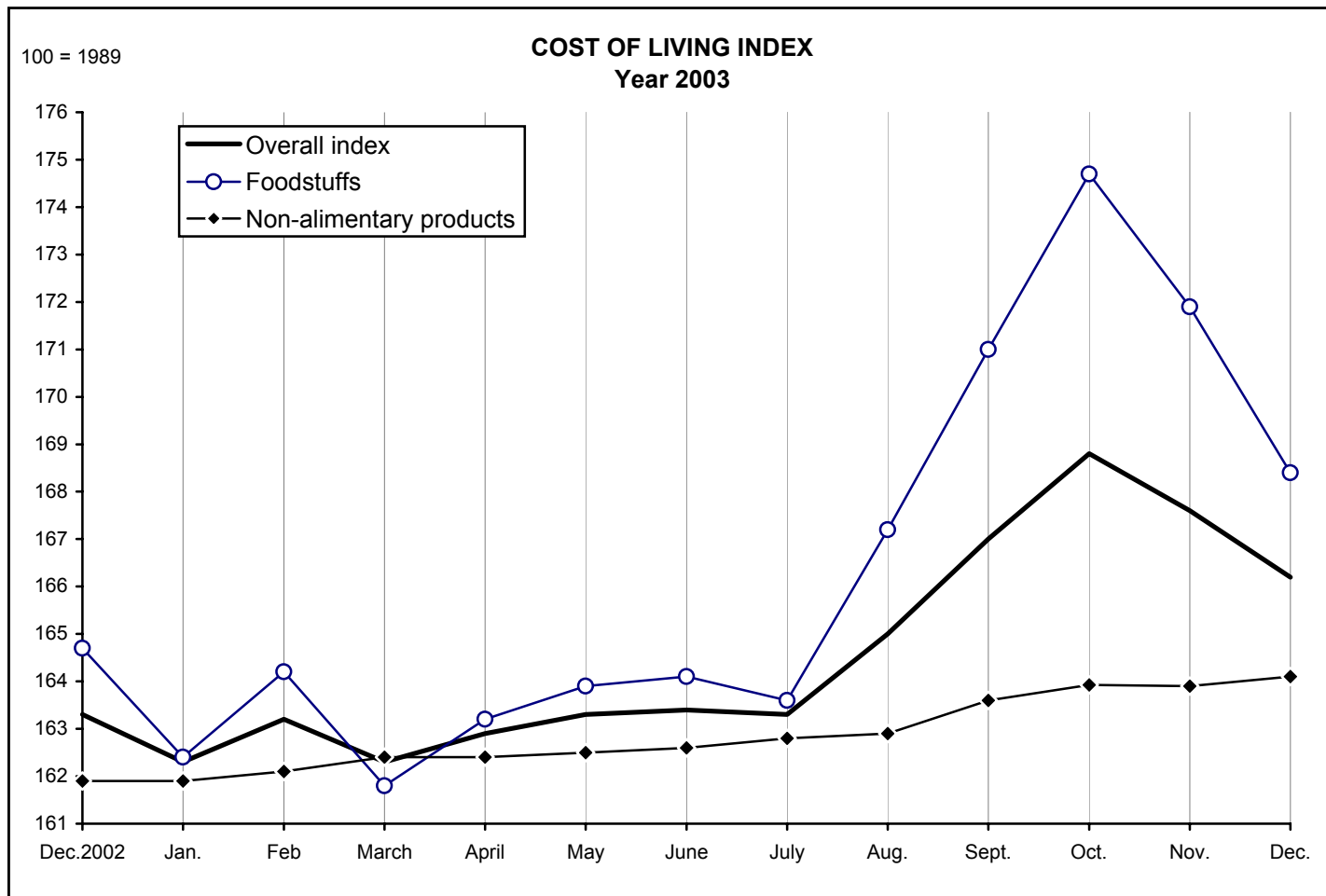
VI-1 - Cost of living index (385 items)

(1989=100)

Groups of products	2002		2003													Percentage changes	
	Annual average	Dec.	Jan.	Feb.	March	April	May	June	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Annual average	Dec.03 Dec. 02	2003* 2002*
Foodstuffs	164.2	164.7	162.4	164.2	161.8	163.2	163.9	164.1	163.6	167.2	171.0	174.7	171.9	168.4	166.4	+ 2.2	+ 1.3
Of which :																	
Cereals and cereal-based products	143.3	143.5	143.6	143.5	143.1	143.1	142.4	142.3	142.3	142.5	143.3	144.0	143.9	143.9	143.2	+ 0.3	- 0.1
Milk, dairy products and eggs	142.7	148.0	145.4	143.7	142.4	141.9	142.9	143.1	141.7	142.4	144.0	149.9	151.4	148.5	144.8	+ 0.3	+ 1.5
Fats	139.9	144.0	147.4	147.9	148.0	149.9	150.4	150.6	150.8	151.2	151.4	151.9	151.7	144.1	149.6	+ 0.1	+ 6.9
Meat	176.6	183.2	182.6	181.2	179.3	180.0	178.7	177.8	179.6	186.4	186.9	189.5	188.6	189.3	183.3	+ 3.3	+ 3.8
Fresh fish	179.0	192.4	180.1	184.6	178.2	174.8	181.4	174.2	173.8	171.7	174.6	185.6	196.3	182.8	179.8	- 5.0	+ 0.4
Fresh vegetables	192.1	188.5	171.3	193.7	177.3	186.9	161.8	174.6	176.5	192.0	224.1	240.5	215.6	201.6	193.0	+ 6.9	+ 0.5
Fresh fruit	214.4	172.2	161.4	168.9	170.1	182.4	254.7	243.4	219.3	214.0	225.0	240.4	219.5	191.4	207.5	+11.1	- 3.2
Non-alimentary products	161.2	161.9	161.9	162.1	162.4	162.4	162.5	162.6	162.8	162.9	163.6	163.9	163.9	164.1	162.9	+ 1.4	+ 1.1
Clothing	166.2	167.2	167.4	167.2	167.4	167.3	167.3	167.4	167.4	167.7	167.8	168.0	168.4	168.4	167.6	+ 0.7	+ 0.8
Housing	165.0	165.7	165.9	166.1	166.2	166.3	166.4	166.7	167.0	167.5	167.6	167.6	167.7	168.4	167.0	+ 1.6	+ 1.2
Household equipment.....	139.2	139.3	139.5	139.5	139.5	139.4	139.6	139.6	139.7	139.9	139.9	140.0	140.2	140.3	139.8	+ 0.7	+ 0.4
Medical care.....	144.1	144.4	144.4	144.6	146.3	146.3	146.4	146.4	146.8	146.8	147.0	148.2	148.3	148.3	146.7	+ 2.7	+ 1.8
Transport and communications....	163.4	163.6	163.6	163.6	163.7	163.7	163.7	163.6	163.6	163.6	163.7	163.7	163.7	163.7	163.7	+ 0.1	+ 0.2
Leisure and culture.....	164.8	166.4	166.4	166.4	166.4	166.6	166.6	166.7	166.7	166.9	170.5	170.9	171.3	171.3	168.1	+ 2.9	+ 2.0
Other goods and services.....	170.3	171.2	171.3	171.4	171.5	171.7	172.0	172.0	172.1	172.3	172.6	172.8	172.8	172.9	172.1	+ 1.0	+ 1.1
Overall index	162.7	163.3	162.3	163.2	162.3	162.9	163.3	163.4	163.3	165.0	167.0	168.8	167.6	166.2	164.6	+ 1.8	+ 1.2

(*) Annual average.

Source : Department of Economic Estimates and Plan.



VI-2 - Index of industrial producer prices (*)

(1997 = 100)

	Weighting %	Annual average 2002	2003					Percentage changes	
			1st quarter	2nd quarter	3rd quarter	4th quarter	Annual average	<u>2002</u> 2001	<u>2003</u> 2002
Food industries.....	28.9	102.0	104.2	104.2	104.2	103.6	104.1	+ 2.8	+ 2.1
Tobacco industry.....	3.1	113.4	113.4	113.4	113.4	113.4	113.4	-	-
Textile industry	6.5	98.0	98.0	97.5	97.5	97.5	97.6	+ 0.6	- 0.4
Clothing industry	6.7	96.6	96.8	96.8	96.8	96.8	96.8	- 0.2	+ 0.2
Leather and footwear	1.6	97.3	97.0	97.0	97.0	97.0	97.0	+ 1.0	- 0.3
Wood and wood products	1.8	97.6	97.6	97.6	97.6	97.6	97.6	- 0.9	-
Paper and cardboard	2.6	91.2	86.4	91.9	89.4	89.5	89.3	- 3.5	- 2.1
Printing and publishing	1.4	96.5	96.5	96.5	96.5	96.5	96.5	+ 1.0	-
Oil refining	13.3	128.9	153.3	122.5	128.5	128.3	133.2	- 9.7	+ 3.1
Chemical industry	13.1	94.8	94.6	95.1	95.1	99.3	96.0	- 1.9	+ 1.3
Rubber and plastic products	2.0	95.9	95.9	93.7	93.7	93.7	94.3	- 1.7	- 1.7
Other non-metallic mineral products	5.9	106.3	106.4	106.4	106.4	106.4	106.4	+ 1.3	+ 0.1
Basic metal industry	3.2	101.1	102.5	104.2	104.7	104.7	104.0	+ 1.3	+ 2.9
Metalworking	3.0	101.8	102.7	102.7	102.9	102.1	102.6	+ 0.7	+ 0.8
Machinery and equipment	0.9	91.0	91.0	91.0	90.4	90.4	90.7	- 5.6	- 0.3
Electrical machinery and equipment.....	2.0	102.6	102.4	102.4	102.3	104.0	102.8	- 3.8	-
Radio, television and communication equipment	0.5	93.4	93.4	93.4	93.4	93.4	93.4	- 3.6	-
Medical, measuring and optical instruments and watch-making equipment.....	0.1	103.2	103.2	103.2	103.2	103.2	103.2	+ 6.6	-
Car industry.....	2.5	99.5	99.6	99.6	99.6	99.6	99.6	+ 0.4	+ 0.1
Other transport equipment.....	0.1	93.5	93.9	95.9	95.9	95.2	95.2	+ 0.8	+ 1.8
Furniture and miscellaneous manufactures	0.9	102.7	102.7	108.4	108.4	108.4	107.0	+ 1.0	+ 4.2
Overall index.....	100	103.8	107.6	103.7	104.5	104.8	105.2	- 1.2	+ 1.3

(*) Prices excluding taxes and ex works.

Source : Department of Economic Estimates and Plan.

VI-3 - Indicators of employment and unemployment

(Population in thousands and rates in percentage)

	Urban areas			Rural areas			Total		
	2002	2003	Changes in absolute value ⁽²⁾	2002	2003	Changes in absolute value ⁽²⁾	2002	2003	Changes in absolute value ⁽²⁾
Total population	16 773	17 244	+ 471	12 859	12.845	- 14	29 632	30 089	+ 457
Population aged 15 years and over.....	12 232	12 663	+ 431	8 244	8.333	+ 89	20 475	20 996	+ 521
Labour force aged 15 years and over	5 558	5 816	+ 258	4 821	5.086	+ 265	10 379	10 902	+ 523
Of which : - Employed	4 541	4 691	+ 150	4 635	4.912	+ 277	9 176	9 603	+ 427
- Unemployed	1 017	1 125	+ 108	186	174	- 12	1 203	1 299	+ 96
Activity rate ⁽¹⁾	45.4	45.9	0.5	58.5	61.0	2.5	50.7	51.9	1.2
Unemployment rate	18.3	19.3	1.0	3.9	3.4	-0.5	11.6	11.9	0.3
. By gender									
Men	16.6	17.4	0.8	4.7	4.2	-0.5	11.3	11.5	0.2
Women	24.2	25.8	1.6	1.7	1.6	-0.1	12.5	13.0	0.5
. By age									
15 - 24 years	34.2	34.5	0.3	6.2	5.5	-0.7	17.6	17.0	-0.6
25 - 34 years	26.2	27.7	1.5	4.7	4.3	-0.4	17.7	18.2	0.5
35 - 44 years	8.7	10.3	1.6	2.2	1.9	-0.3	6.3	7.2	0.9
45 years and over.....	3.2	4.2	1.0	1.1	0.9	-0.2	2.1	2.6	0.5
. By diploma									
Without any diploma	10.4	11.3	0.9	2.6	2.2	-0.4	5.6	5.7	0.1
With diploma	25.6	26.5	0.9	13.6	11.8	-1.8	23.7	24.0	0.3

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

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

Source : Department of Economic Estimates and Plan.

VI-4 - Employment by branch of economic activity⁽¹⁾

(In thousands of person)

Branches of activity	Year		Change	
	2002	2003	in absolute value	in %
Agriculture, hunting and fishing	3 951	4 212	261	6.6
Industry (including handy craft)	1 231	1 286	55	4.5
Construction and public works	646	651	5	0.8
Commerce	1 180	1 228	48	4.1
Transport and communication	332	343	11	3.3
Administration and social services to the community	976	966	-10	-1.0
Other services.....	856	910	54	6.3
Other activities.....	4	7	3	75.0
Total	9 176	9 603	427	4.7

(1) Persons in employment aged 15 and over.

Source : Department of Economic Estimates and Plan.

VII-1 - Structure of trade transactions⁽¹⁾

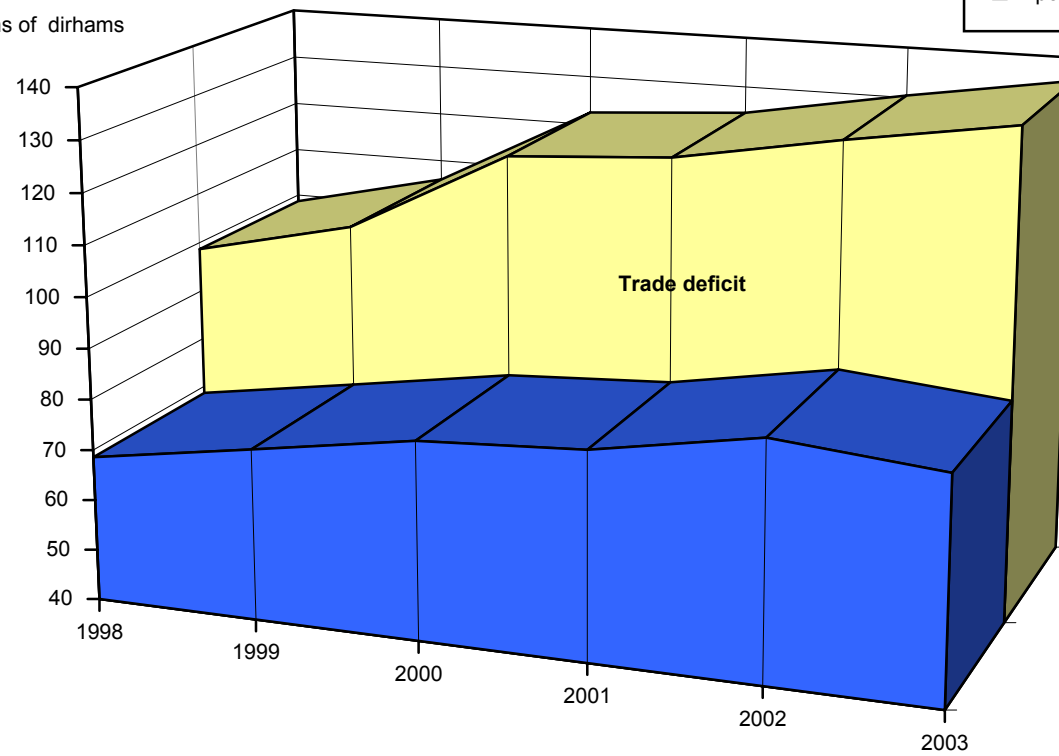
Percentage share of the different categories	Imports		Exports	
	2002	2003	2002	2003
Foodstuffs, beverages and tobacco.....	11.6	8.5	21.0	20.1
Energy and lubricants.....	15.5	15.6	2.8	1.1
Raw products.....	6.9	7.2	8.7	8.5
Semi-finished products ⁽²⁾	22.0	22.8	23.2	23.9
Finished products.....	44.0	45.9	44.3	46.4
. Capital goods.....	20.1	22.1	6.5	7.8
. Consumer goods.....	23.9	23.8	37.8	38.6
Total	100	100	100	100

(1) From 1998 onwards, foreign trade data include transactions carried out within the framework of the system of temporary admission without payment, showing both their total and the amount for each product.

(2) Including industrial gold.

FOREIGN TRADE

In billions of dirhams



VII-2 - Major imports

Weight in thousands of tonnes Value in millions of dirhams	2002*		2003**		Changes			
	Weight	Value	Weight	Value	Weight		Value	
					Thousands of tonnes	%	Millions of dirhams	%
Foodstuffs, beverages and tobacco	6 606	15 144	4 730	11 431	-1 876	-28.4	-3 713	-24.5
Wheat	3 318	5 820	2 140	3 674	-1 179	-35.5	-2 146	-36.9
Maize	1 076	1 492	1 132	1 492	57	5.3	-	-
Barley	631	779	139	202	- 492	-78.0	- 577	-74.1
Sugar	574	1 591	550	1 095	- 24	-4.2	- 496	-31.2
Dairy products	63	977	59	888	- 3	-5.2	- 89	-9.1
Tea	44	641	45	610	1	2.8	- 31	-4.8
Tobacco	11	702	10	646	0	-4.5	- 56	-8.0
Other	890	3 143	90	2 825	- 800	-89.9	- 318	-10.1
Energy and lubricants	13 302	20 182	13 034	21 161	- 268	-2.0	979	4.9
Crude oil	6 390	12 861	4 614	9 222	-1 776	-27.8	-3 639	-28.3
Refined petroleum products	1 820	5 006	3 530	9 962	1 710	94.0	4 956	99.0
Coal	5 092	2 129	4 890	1 926	- 203	-4.0	- 204	-9.6
Electricity	-	185	-	50	-	-	- 135	-73.0
Raw products	4 953	8 940	5 156	9 798	203	4.1	858	9.6
Vegetable oils	356	1 765	361	1 960	5	1.4	195	11.0
Oil seeds	353	891	444	1 149	90	25.6	259	29.1
Timber	793	1 913	822	1 970	29	3.7	57	3.0
Textile fibers and cotton	43	513	41	515	- 2	-3.7	2	0.5
Sulfur	2 818	1 127	2 878	1 239	60	2.1	112	10.0
Other	590	2 731	610	2 964	21	3.5	233	8.5
Semi-finished products ⁽¹⁾	4 596	28 721	4 873	30 912	277	6.0	2 191	7.6
Chemical products	881	3 852	883	4 118	2	0.2	266	6.9
Dyes and disinfectants	35	1 061	39	1 259	4	11.4	198	18.7
Natural and chemical fertilizers	724	1044	651	946	- 73	-10.1	- 98	-9.4
Iron and steel	1 027	2 454	1 139	3 081	112	10.9	627	25.6
Other metal working products.....	567	3 791	559	4 016	- 9	-1.5	225	5.9
Plastic materials	345	3 353	364	3 628	20	5.7	275	8.2
Paper and cardboard	228	1 914	253	2 066	25	10.9	152	7.9
Fiber and cotton yarns.....	42	1202	46	1 259	4	10.0	57	4.7
Other	746	9 905	935	10 231	189	25.3	326	3.3
Capital goods agricultural equipment	21	998	27	1 004	6	28.6	6	0.6
Capital goods industrial equipment	352	25 214	479	28 969	127	36.1	3 755	14.9
Machines and miscellaneous equipment	36	4 909	144	5 604	108	300.0	695	14.2
Crushing machines	22	1017	21	1026	- 1	-4.9	10	0.9
Textile machinery	6	662	8	783	2	24.5	121	18.3
Equipment of extraction	19	504	18	521	- 1	-4.8	17	3.3
Tools and machine tools	11	674	11	588	-	-	- 87	-12.8
Tanks, bottles and metal drums	14	400	23	681	9	64.3	281	70.3
Electrical switch gear	7	1306	9	1854	2	28.6	548	42.0
Power generators	5	312	9	644	4	80.0	332	106.4
Electrical appliance of telephony and telecommunications transmitters.....	2	1 070	2	1 033	-	-	- 37	-3.5
Wires and cables for electricity	16	931	16	1041	-	-	109	11.8
Aircraft	-	1 494	-	2136	-	-	642	43.0
Industrial vehicles	42	2299	45	2420	3	7.7	121	5.2
Other	172	9 635	173	10 639	1	0.5	1 003	10.4
Consumer goods	488	31 210	543	32 204	55	11.3	994	3.2
Pharmaceutical products.....	4	1 846	5	2 126	0	3.7	280	15.1
Textile products	116	11 602	119	11 058	3	2.3	- 544	-4.7
Plastic articles	35	1 469	42	1 652	7	19.5	183	12.5
Telecommunications receivers	16	2 610	20	2 472	4	22.2	- 138	-5.3
Passenger cars	28	2 417	28	2 477	-	-	60	2.5
Spare parts	19	615	22	696	3	13.7	81	13.2
Other	268	10 650	308	11 722	39	14.7	1 072	10.1
Total.....	30 318	130 409	28 842	135 479	-1 476	-4.9	5 070	3.9

(1) Including industrial gold for an amount of 222 million dirhams in 2002 and 275 million in 2003.

(*) Revised.

(**) Preliminary.

Source : Foreign Exchange Office.

VII-3 - Major exports

Weight in thousands of tonnes Value in millions of dirhams	2002*		2003**		Changes			
	Weight	Value	Weight	Value	Weight		Value	
					Thousands of tonnes	%	Millions of dirhams	%
Foodstuffs, beverages and tobacco.....	1 509	18 164	1 471	16 825	-38	-2.5	-1 339	-7.4
Citrus fruits	418	2 140	431	2 184	13	3.2	44	2.1
Early vegetables	343	2 187	306	1 998	-37	-10.8	-189	-8.6
Crustaceans and molluscs	129	5 926	86	4 159	-43	-33.4	-1 767	-29.8
Fresh fish	87	1 416	66	1 598	-21	-24.1	181	12.8
Canned fish.....	107	2 798	123	3 225	16	15.1	427	15.3
Canned fruits and vegetables.....	89	1 222	79	1 104	-11	-11.8	-118	-9.7
Fish meal.....	23	156	35	220	12	50.2	64	41.2
Other	314	2 318	346	2 337	32	10.3	18	0.8
Energy and lubricants	1 191	2 426	473	909	-718	-60.3	-1 517	-62.5
Raw animal and vegetable products	191	1 713	210	1 969	19	9.9	256	14.9
Paper pulp	115	480	106	415	-9	-7.4	-65	-13.5
Plants and flowers	13	243	12	192	-1	-5.3	-51	-20.9
Agar-agar	1	198	1	176	-	-	-22	-11.1
Cork	10	97	18	163	8	84.5	65	67.3
Other	53	694	73	1 022	20	38.0	328	47.3
Raw mineral products	13 722	5 772	12 649	5 174	-1073	-7.8	-598	-10.4
Phosphates	11 138	4 006	10 376	3 689	-762	-6.8	-317	-7.9
Zinc ore	325	564	209	325	-116	-35.6	-240	-42.4
Lead ore	50	147	43	130	-7	-14.7	-17	-11.6
Other ores.....	2 209	1 055	2 021	1 031	-187	-8.5	-24	-2.3
Semi-finished products ⁽¹⁾.....	4 841	20 016	4 697	19 949	-144	-3.0	- 67	-0.3
Phosphoric acid	1 697	5 128	1 635	5 263	-61	-3.6	135	2.6
Natural and chemical fertilizers	2 195	3 650	2 037	3 396	-157	-7.2	-254	-7.0
Electronic devices (transistors)	4	5 487	3	5 697	0	-8.8	210	3.8
Unwrought lead and silver	72	994	48	529	-25	-34.2	-465	-46.8
Hides and skins	1	220	1	107	0	-18.6	-114	-51.6
Iron sheets	84	373	57	280	-28	-32.8	-94	-25.1
Other	788	4 163	916	4 677	128	16.2	514	12.4
Capital goods	88	5 619	66	6 473	-22	-25.0	854	15.2
Tyres	5	155	5	122	-	-	-33	-21.3
Electronic under-systems	2	507	1	357	-1	-44.6	-150	-29.6
Wires and cables for electricity	25	3 369	29	3 833	4	14.5	464	13.8
Other	56	1 588	31	2 161	-25	-44.7	573	36.1
Consumer goods	243	32 679	225	32 271	-18	-7.4	- 408	-1.2
Clothing	84	18 451	76	18 548	-8	-9.8	97	0.5
Hosiery	54	7 936	51	8 111	-2	-4.4	175	2.2
Shoes	10	1 361	10	1 481	-	-	120	8.8
Carpets	2	135	2	141	-	-	6	4.2
Fiber and cotton fabrics	7	578	5	462	-2	-23.2	-116	-20.1
Other	87	4 219	81	3 529	-6	-6.7	-689	-16.3
Total.....	21 785	86 389	19 791	83 570	-1 994	-9.2	-2 819	-3.3

(1) Including industrial gold for an amount of 292 million dirhams in 2002 and 206 million in 2003.

(*) Revised.

(**) Preliminary.

Source : Foreign Exchange Office.

VII-4 - Geographical distribution of foreign trade

(in millions of dirhams)

	Imports		Exports		Balances	
	C.I.F.		F.O.B.			
	2002	2003	2002	2003	2002	2003
EUROPE	84 921	93 790	66 455	65 936	-18 466	-27 854
European Union	73 421	79 755	63 251	63 006	-10 170	-16 749
France	26 761	27 919	29 084	28 346	+ 2 323	+ 427
Spain	15 159	16 848	13 520	14 844	- 1 639	- 2 004
Germany	6 917	7 049	3 604	2 918	- 3 313	- 4 131
Italy	7 566	9 693	4 677	4 238	- 2 890	- 5 455
Great Britain.....	7 028	6 714	7 122	6 304	+ 94	+ 410
Netherlands	2 136	3 239	1 856	2 677	- 280	- 562
Belgium-Luxembourg Economic Union ..	2 653	2 661	1 769	1 807	- 884	- 854
Other E.U. countries	5 200	5 632	1 618	1 871	- 3 582	- 3 761
Other european countries.....	11 500	14 035	3 204	2 930	- 8 296	- 11 105
Russia	3 928	6 283	678	690	- 3 250	- 5 593
ASIA	25 091	22 155	9 030	7 529	-16 061	-14 626
Middle East countries	11 339	8 141	1 424	1 179	- 9 915	-6 962
Saudia Arabia	7 642	6 822	513	538	- 7 129	-6 284
Iran	3 191	434	290	290	- 2 900	- 143
Other	507	885	620	351	+ 114	- 535
Other Asian countries	13 752	14 014	7 606	6 340	- 6 146	- 7 674
Japan	2 281	2 834	3 080	1 604	+ 799	-1 229
India	957	1568	2 851	2 817	+ 1 894	+ 1 249
China	3 753	4 655	286	620	- 3 467	- 4 035
Other	6 761	4 957	1389	1 299	- 5 372	- 3 659
AMERICA	12 721	12 621	5 484	5 134	- 7 237	- 7 487
United States	5 615	5 502	2 657	2 426	- 2 958	- 3 076
Canada	1 765	1 304	346	295	- 1 419	- 1 009
Brazil	3 341	2 564	1566	1765	- 1 775	- 799
Mexico	126	128	565	459	+ 438	+ 330
Other	1 874	3 122	351	189	- 1 522	- 2 933
AFRICA	6 734	6 567	4 020	4 015	- 2 714	- 2 552
Maghreb-Arab Union countries	3 285	2 910	1 787	1 307	- 1 499	- 1 603
Algeria	1 759	1 656	235	232	- 1 524	- 1 424
Tunisia	608	676	541	407	- + 67	- 269
Libya	913	574	752	442	- 161	- 132
Mauritania	6	4	259	226	+ 253	+ 222
Other	3 449	3 657	2 233	2 708	- 1 215	- 949
OCEANIA and other	942	346	1 400	956	+ 458	+ 610
Total	130 409	135 479	86 389	83 570	-44 020	-51 909

Source : Foreign Exchange Office.

VIII-1 - Balance of payments

(in millions of dirhams)

	2002*			2003**		
	Credit	Debit	Net	Credit	Debit	Net
A. CURRENT ACCOUNT	176 561.6	160 285.3	+ 16 276.3	180 365.0	164 838.2	+ 15 526.8
Goods	86 389.2	120 127.9	- 33 738.7	83 570.3	124 837.6	- 41 267.3
- General merchandise	55 788.9	101 568.8	- 45 779.9	52 060.7	106 497.6	- 54 436.9
- Goods for processing	30 203.7	18 471.8	+ 11 731.9	31 017.5	18 285.4	+ 12 732.1
- Goods procured in ports by carriers	396.6	87.3	+ 309.3	492.1	54.6	+ 437.5
Services	48 048.1	26 596.4	+ 21 451.7	51 815.2	27 520.9	+ 24 294.3
- Transportation	8 601.3	9 445.9	- 844.6	8 694.0	10 725.5	- 2031.5
- Travel	29 159.2	4 896.6	+ 24 262.6	30 773.0	5 186.7	+ 25 586.3
- Communication services	2 550.8	215.0	+ 2 335.8	2 382.2	201.6	+ 2 180.6
- Insurance services	313.1	501.7	- 188.6	727.4	553.3	+ 174.1
- Royalties and license fees	122.5	446.8	- 324.3	242.6	277.2	- 34.6
- Other business services	4 419.2	5 462.5	- 1 043.3	5 828.2	5 764.6	+ 63.6
- Government services. n.i.e.	2 882.0	5 627.9	- 2 745.9	3 167.8	4 812.0	- 1 644.2
Income	4 152.0	12 288.9	- 8 136.9	4 101.4	11 075.6	- 6 974.2
- Private investment income	102.0	5 327.8	- 5 225.8	124.4	5 627.7	- 5 503.3
- Income on public investment and debt	4 050.0	6 961.1	- 2 911.1	3 977.0	5 447.9	-1 470.9
Unrequited transfers	37 972.3	1 272.1	+ 36 700.2	40 878.1	1 404.1	+ 39 474.0
- Public	1 665.9	484.8	+ 1 181.1	1 237.8	553.0	+ 684.8
- Private	36 306.4	787.3	+ 35 519.1	39 640.3	851.1	+ 38 789.2
B. CAPITAL AND FINANCIAL ACCOUNT...	19 067.7	26 233.9	- 7 166.2	41 802.6	37 828.3	+ 3 974.3
1. Capital account	-	66.8	- 66.8	0.2	96.7	- 96.5
Transfers of capital	-	66.8	- 66.8	0.2	96.7	- 96.5
2. Financial account	19 067.7	26 167.1	- 7 099.4	41 802.4	37 731.6	+ 4 070.8
Private sector	11 466.2	4 425.6	+ 7 040.6	28 422.7	13 547.7	+ 14 875.0
- Commercial credits	4 245.6	-	+ 4 245.6	3 990.2	2 435.5	+ 1 554.7
- Loans and investment	7 220.6	4 425.6	+ 2 795.0	23 616.4	9 448.7	+ 14 167.7
- Other	-	-	-	816.1	1 663.5	- 847.4
Public sector	7 360.0	21 330.1	-13 970.1	13 379.7	24 183.9	- 10 804.2
- Loans	7 360.0	21 330.1	-13 970.1	13 379.7	24 183.9	- 10 804.2
Other	241.5	411.4	-169.9	-	-	-
C. STATISTICAL DISCREPANCY	-	2 081.7	- 2 081.7	-	3 674.1	- 3 674.1
TOTAL	195 629.3	188 600.9	+ 7 028.4	222 167.6	206 340.6	+ 15 827.0

n.i.e. : not included elsewhere.

(*) Revised.

(**) Preliminary.

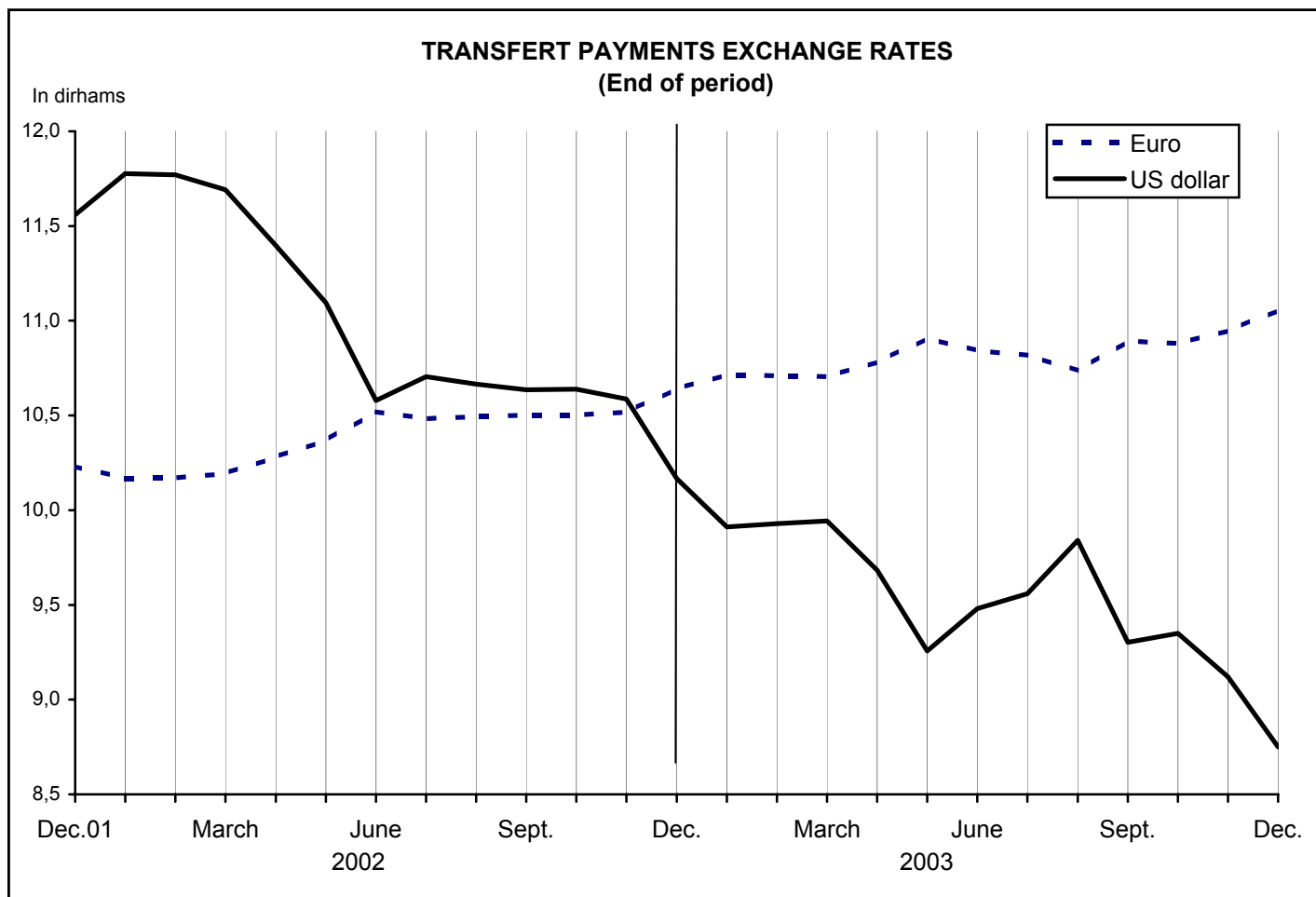
Source : Foreign Exchange Office.

IX-1 - Main foreign exchange rates quoted by the Bank Al-Maghrib

- Rates of the transfer payments -

End of period		2002		2003												
		Annual average	December	January	February	March	April	May	June	July	August	September	October	November	December	Annual average
1 Euro - EUR	Buying rate	10.3903	10.6080	10.6830	10.6780	10.6990	10.7490	10.8740	10.8090	10.7860	10.7030	10.8610	10.8470	10.9140	11.0220	10.8138
	Selling rate		10.6720	10.7470	10.7420	10.7630	10.8140	10.9390	10.8740	10.8500	10.7680	10.9260	10.9120	10.9800	11.0880	
1 U.S. dollar - USD	Buying rate	11.021	10.136	9.882	9.899	9.827	9.655	9.229	9.452	9.531	9.811	9.275	9.322	9.092	8.724	9.574
	Selling rate		10.197	9.941	9.959	9.887	9.713	9.284	9.509	9.588	9.870	9.330	9.378	9.147	8.776	
1 Canadian dollar - CAD	Buying rate	7.0194	6.4212	6.4448	6.6266	6.6783	6.7092	6.7325	6.9688	6.7910	7.0318	6.8956	7.0689	6.9993	6.7794	6.8332
	Selling rate		6.4598	6.4835	6.6664	6.7184	6.7495	6.7730	7.0107	6.8318	7.0740	6.9371	7.1114	7.0413	6.8201	
1 Pound sterling - GBP	Buying rate	16.525	16.306	16.305	15.619	15.518	15.413	15.130	15.595	15.368	15.477	15.476	15.771	15.665	15.650	15.633
	Selling rate		16.404	16.403	15.713	15.611	15.506	15.221	15.688	15.460	15.570	15.569	15.866	15.759	15.744	
1 Swiss franc - CHF	Buying rate	7.0427	7.3062	7.2783	7.2983	7.2482	7.0984	7.1126	6.9550	6.9731	6.9619	7.0623	6.9959	7.0489	7.0732	7.1137
	Selling rate		7.3501	7.3221	7.3422	7.2917	7.141	7.1553	6.9968	7.0150	7.0038	7.1048	7.0380	7.0913	7.1157	
100 Japanese yens - GPY	Buying rate	8.7988	8.5445	8.2606	8.3812	8.2754	8.0764	7.7272	7.8677	7.9477	8.4049	8.4036	8.5525	8.3051	8.1564	8.2632
	Selling rate		8.5958	8.3102	8.4315	8.3251	8.1249	7.7736	7.9150	7.9954	8.4554	8.4541	8.6038	8.3550	8.2055	

Source : Bank Al-Maghrib.



X-1 - Treasury revenue and expenditure

(in millions of dirhams)

	January - December * 2002	January - December 2003
I. CURRENT REVENUE	98 883	108 648
Fiscal revenue	87 667	91 156
Direct taxes	30 378	33 236
Customs duties	12 233	10 671
Indirect taxes . (1)	40 057	41 948
Registration fees and stamp duties.....	4 999	5 301
Non-fiscal revenue	7 862	14 457
State monopolies	4 244	5 038
Government property	141	199
Miscellaneous revenues.....	2 856	2 913
Privatization	621	6 307
Receipts of certain special accounts	3 354	3 035
II. EXPENDITURE	115 933	124 117
Current expenditure	90 491	98 074
Administrative expenses.....	69 033	76 139
Of which : Personnel expenses	(48 580)	(53 917)
Interest on the public debt	17 411	17 047
. Domestic.....	(13 174)	(14 138)
. Foreign	(4 237)	(2 909)
Subsidies for consumption	4 047	4 888
CURRENT ACCOUNT BALANCE.....	+8 392	+10 574
Capital expenditure.....	20 253	19 993
Special accounts balance	- 5 069	- 6 049
Hassan II Fund	120	-
BUDGET DEFICIT.....	- 17 050	- 15 468
As a % of GDP	(4.3)	(3.7)
III. CHANGE IN ARREARS	- 231	- 2 098
FINANCING REQUIREMENT (I-II+III)	- 17 281	- 17 566
NET FINANCING	17 281	17 566
Foreign financing.....	- 11 199	- 8 746
Foreign borrowing	4 484	8 422
Amortization	- 15 683	- 17 168
Domestic financing.....	28 480	26 312
Bank financing.....	2 295	- 2 394
Bank Al-Maghrib	(- 1 467)	(- 2 601)
Banks	(3 762)	(207)
Non bank financing.....	26 185	28 706
On the capital market	12 808	19 689
Monetary deposits with the Treasury and the Postal cheque centre	73	241
Other deposits.....	13 304	8 776

(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 2002	January - December 2002	Percentage change
FISCAL REVENUE	87 666	91 156	+ 4.0
Direct taxes	30 378	33 236	+ 9.4
Corporation tax	12 914	14 526	+ 12.5
General income tax	16 353	17 642	+ 7.9
National solidarity tax	152	188	+ 23.7
Other direct taxes	959	880	- 8.2
Custom duties	12 233	10 671	- 12.8
Import duties	12 193	10 633	- 12.8
Other customs duties	40	38	- 5.0
Indirect taxes	40 056	41 948	+ 4.7
Value added tax (V.A.T)	23 951	26 090	+ 8.9
- Domestic	(10 751)	(11 583)	+ 7.7
- Imports	(13 200)	(14 507)	+ 9.9
Domestic taxes on consumption	16 105	15 858	- 1.5
- Petroleum products	(9 308)	(9 445)	+ 1.5
- Tobacco products	(5 801)	(5 349)	- 7.8
- Other domestic taxes	(996)	(1 064)	+ 6.8
Registration fees and stamp duties	4 999	5 301	+ 6.0
NON-FISCAL REVENUE	7 862	14 457	+ 83.9
Monopolies	4 244	5 038	+ 18.7
Government property	141	199	+ 41.1
Miscellaneous revenues.....	2 856	2 913	+ 2.0
Privatization	621	6 307	+ 915.6
RECEIPTS OF CERTAIN SPECIAL ACCOUNTS	3 354	3 035	- 9.5
TOTAL CURRENT REVENUE	98 882	108 648	+ 9.9

Source : Ministry of Finance and Privatization.

X-3 - Estimated general budget expenditure

(in millions of dirhams)

	Finance Act 2001	Finance Act 2002	Finance Act 2003
Administrative expenses	74 879	75 442	78 250
. Personnel	45 219	51 163	52 340
. Material and supplies.....	12 770	12 924	13 370
. Common expenses.....	11 200	8 705	9 340
Of which : Subsidies for consumption ⁽¹⁾	(5 705)	(2 705)	(3 213)
. Contingencies	5 690	2 650	3 200
Public debt service	42 226	46 708	41 759
. Domestic.....	27 293	31 812	25 846
. Foreign.....	14 933	14 896	15 913
Capital expenditure ⁽²⁾	21 695	19 925	19 547
Total general budget expenditure	138 800	142 075	139 556

(1) Not including subsidies to be provided by the Price Support Fund.

(2) Credits opened by the Finance Act not including amounts brought forward.

Source : Ministry of Finance and Privatization.

X-4 - Estimated general budget revenue

(in millions of dirhams)

	Finance Act 2001	Finance Act 2002	Finance Act 2003
Fiscal revenue	76 993	79 734	82 360
- Direct taxes	27 624	28 899	31 170
- Customs duties	13 356	13 609	12 729
- Indirect taxes	31 587	32 564	33 407
Of which : Petroleum products taxes.....	(9 400)	(9 178)	(9 545)
- Registration fees and stamp duties	4 426	4 662	5 054
Non-fiscal revenue	28 830	20 113	19 027
- Government property	5 638	5 996	4 945
- State monopolies	157	171	176
- Other income	1 014	954	1 106
- Income carried in from adjusted expenditure	721	492	300
- Privatization	21 300	12 500	12 500
Loans revenue	34 517	36 249	35 382
- Foreign	6 517	6 800	4 982
- Domestic	28 000	29 449	30 400
Total general budget revenue	140 340	136 096	136 769

Source : Ministry of Finance and Privatization.

XI-1 - Bank liquidity developments

(in millions of dirhams)	Dec-2002	Monthly changes 2003 (1)											
	Outstanding amounts	January	February	March	April	May	June	July	August	September	October	November	December
"Central bank" money⁽²⁾	106 354	- 2 057	- 1 330	+ 2 778	-2 355	+ 1 224	- 648	- 7 818	- 9 276	- 3 151	+ 3 365	+ 1 454	- 484
- Notes and coin in circulation	73 099	- 60	- 2 210	+ 1436	- 95	+ 80	- 73	-2 802	-3 797	+ 1 214	+1 076	- 48	+ 488
- Accounts of banks ⁽³⁾	20 140	- 2 814	+ 358	+ 194	- 124	- 171	- 3	- 408	-1 496	-3 584	- 50	- 632	- 279
- Accounts of the Treasury ⁽⁴⁾	10 117	+ 998	+ 1542	+ 771	- 1 863	- 379	- 1 020	- 4 279	-4 463	- 941	+ 2 295	+ 2 214	- 506
- Accounts of banks held in foreign currency	145	+ 60	+ 85	0	0	0	0	0	0	0	0	0	0
- Other	2 854	- 241	- 1 105	+ 377	- 273	+ 1694	+ 448	- 329	+ 480	+ 160	+ 44	- 80	- 187
Bank Al-Maghrib's net foreign exchange holdings	103 436	- 182	- 994	+ 397	- 444	+ 104	+1 128	+6 677	+ 9 942	+ 3 568	- 927	- 542	+ 532
	-	-	-	-	-	-	-	-	-	-	+ 420	+ 580	- 223
Bank Al-Maghrib's claims on the Treasury	5 944	+ 574	+ 235	- 618	- 250	+ 224	- 279	+ 53	+ 129	- 235	+ 242	- 251	+ 42
Miscellaneous claims of the Bank Al-Maghrib	9 093	+ 761	- 27	- 17	- 4	- 1	+ 10	+1 207	+ 1017	- 487	- 13	+ 4	- 9
Other factors	- 11 122	- 263	+ 447	- 703	+ 49	- 570	+ 840	- 340	- 622	+ 334	- 157	+ 54	+ 2
Total	996	- 1 167	- 1 669	+ 1 837	- 3 004	+ 981	+ 1 051	- 221	+1 190	+ 29	+2 930	+ 1299	- 140
Bank Al-Maghrib money market interventions⁽⁵⁾	- 996	+ 1 167	+ 1 669	- 1 837	+ 3 004	- 981	- 1 051	+ 221	- 1 190	- 29	- 2 930	- 1 299	+ 140
- Calls for tenders	-	+ 70	+ 835	- 905	+ 2 443	- 924	- 544	- 57	- 918	+ 300	- 300	-	-
- 5 - day advances	-	+ 100	+ 835	- 935	+ 563	- 56	- 507	+ 275	- 275	-	-	-	-
- 24 - hour advances	4	- 3	- 1	+ 3	- 2	- 1	-	+ 3	+ 3	- 4	+ 5	- 6	+ 2
- Open market ⁽⁶⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
- Liquidity withdrawals ⁽⁷⁾	- 1 000	+ 1 000	-	-	-	-	-	-	-	- 325	- 2215	- 713	- 85
	-	-	-	-	-	-	-	-	-	-	- 420	- 580	+ 223

(1) Month-end to month-end changes in outstanding amounts, with the averages themselves being 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) The plus sign indicates an injection of liquidity by Bank Al-Maghrib and the minus sign a withdrawal.

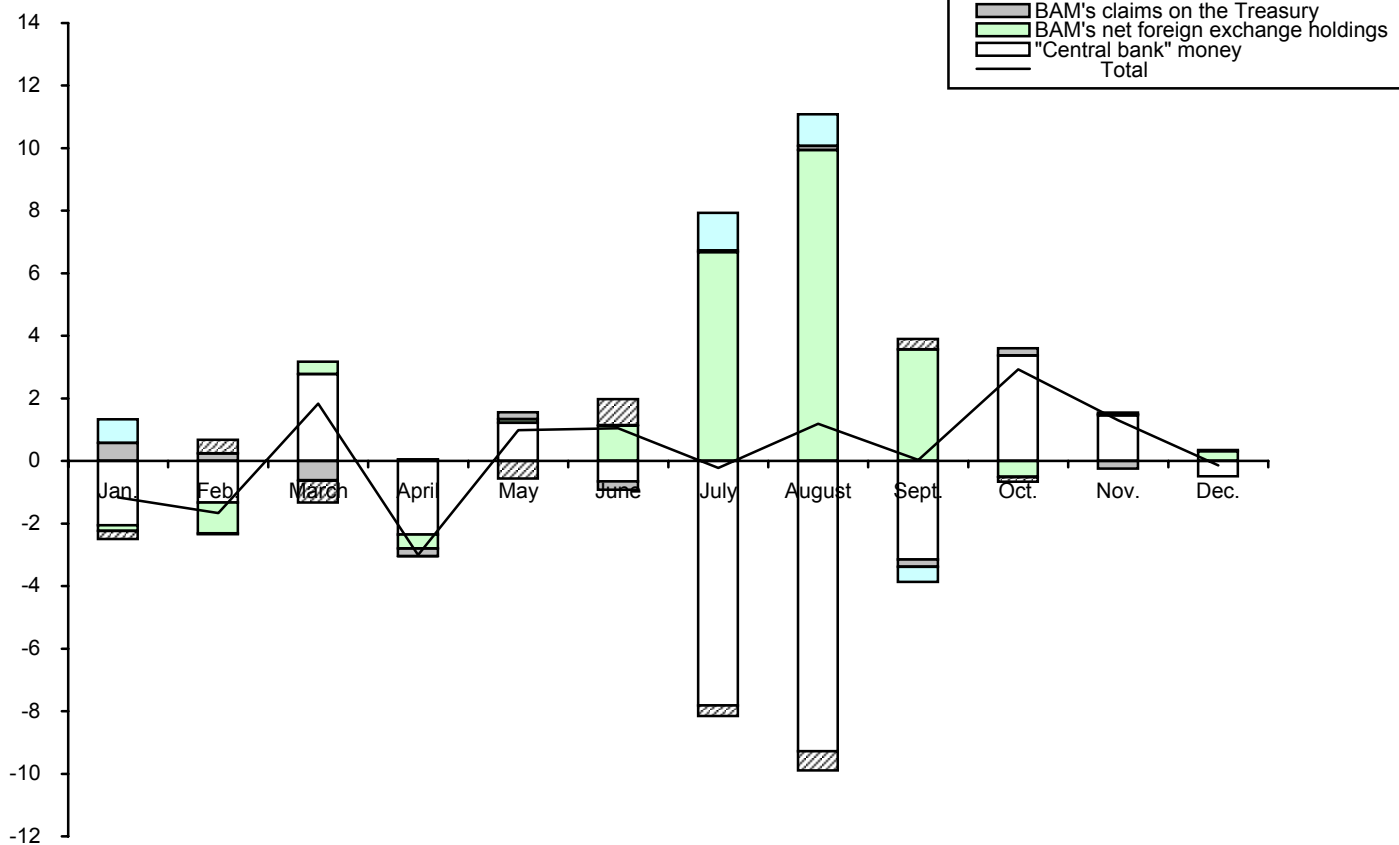
(6) Purchase (+) and sale (-) of Treasury bills on the secondary market.

(7) The minus sign indicates a liquidity withdrawal and the plus sign an injection of liquidity.

Source : Bank Al-Maghrib.

**MONTHLY IMPACT OF AUTONOMOUS
BANK-LIQUIDITY FACTORS
(average)
Year 2003**

In billions of dirhams



XI-2 - Bank Al-Maghrib's interventions on the money market

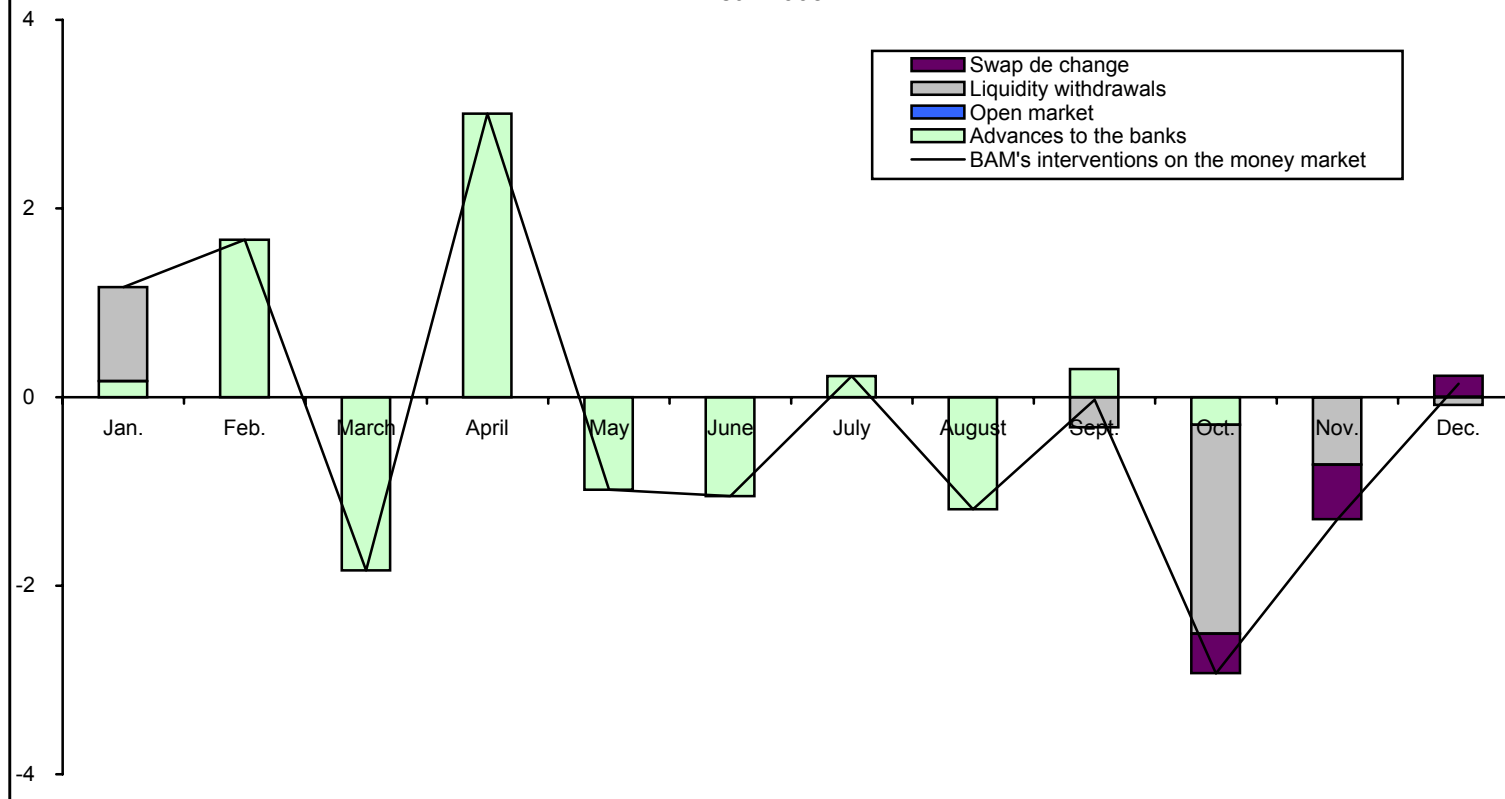
(in millions of dirhams)

2003 Daily average of the week	Calls for tenders	5 - day advances	24 - hour advances		Open Market	Liquidity with- drawals		Total
			On banks' initiative	To cover a debit balance				
26 to 1 january 2003	-	-	-	-	-	-		0
2 to 8 January	-	-	-	0	-	-		0
9 to 15 January	350	357	-	1	-	-		708
16 to 22 January	-	-	-	1	-	-		1
23 to 29 January	-	-	-	1	-	-		1
30 January to 5 February	-	-	-	2	-	-		2
6 to 12 February	-	114	-	-	-	-		114
13 to 19 February	1 353	1 503	-	1	-	-		2 857
20 to 26 February	900	1 851	-	1	-	-		2 752
27 February to 5 March	1 140	-	-	-	-	-		1 140
6 to 12 March	-	-	-	2	-	-		2
13 to 19 March	-	-	-	-	-	-		0
20 to 26 March	-	-	-	4	-	-		4
27 March to 2 April	-	-	-	1	-	-		1
3 to 9 April	-	36	-	-	-	-		36
10 to 16 April	3 220	943	-	1	-	-		4 164
17 to 23 April	3 737	629	-	1	-	-		4 367
24 April to 1 May	2 814	-	-	2	-	-		2 816
2 to 7 May	1 570	-	-	-	-	-		1 570
8 to 14 May	1 214	56	-	3	-	-		1 273
15 to 21 May	1 889	1 085	191	1	-	-		3 166
22 to 28 May	1 220	1 384	-	1	-	-		2 605
29 May to 4 June	1 700	-	-	1	-	-		1 701
5 to 11 June	1 851	-	-	1	-	-		1 852
12 to 18 June	2 046	-	-	-	-	-		2 046
19 to 25 June	-	-	-	19	-	-		19
26 June to 2 July	-	-	-	7	-	-		7
3 to 9 July	-	72	-	5	-	-		77
10 to 16 July	2 150	143	-	1	-	-		2 294
17 to 23 July	1 520	571	-	1	-	-		2 092
24 to 30 July	-	-	-	2	-	-		2
31 July to 6 August	-	-	-	4	-	-		4
7 to 13 August	-	-	-	4	-	-		4
14 to 20 August	-	-	-	9	-	-		9
21 to 27 August	-	-	-	4	-	-		4
28 August to 3 September	-	-	-	1	-	-		1
4 to 10 September	-	-	-	1	-	-		1
11 to 7 September	1 200	-	-	-	-	-		1 200
18 to 24 September	-	-	-	2	-	-		2
25 September to 1 October	-	-	-	3	-	-1 679		-1 676
2 to 8 October	-	-	-	5	-	-1 000		- 995
9 to 15 October	-	-	-	1	-	- 829		- 828
16 to 22 October	-	-	-	8	-	-1 993	- 364	-2 349
23 to 29 October	-	-	-	2	-	-3 400	-1 050	-4 448
30 October to 5 November	-	-	-	4	-	-4 379	-1 050	-5 425
6 to 12 November	-	-	-	1	-	-3 336	-1 050	-4 385
13 to 19 November	-	-	-	-	-	-4 007	-1 050	-5 057
20 to 26 November	-	-	-	-	-	-3 034	- 964	-3 998
27 November to 3 December	-	-	-	1	-	-3 343	-1 279	-4 621
4 to 10 December	-	-	-	-	-	-3 429	-1 350	-4 779
11 to 17 December	-	-	-	-	2	-3 286	-1 350	-4 634
18 to 24 December	-	-	-	-	2	-3 200	- 986	- 4 184
25 to 31 December	-	-	-	-	-	-3 857	- 500	- 4 357
Average	575	168	4	2	0.08	- 784	- 211	- 247

Source : Bank Al-Maghrib.

BANK AL-MAGHRIB'S MONTHLY INTERVENTIONS ON THE MONEY MARKET (average) Year 2003

In billions of dirhams



XI-3 - Money market rates

(Per cent per annum)

2003	Bank Al-Maghrib					Interbank market	
	7 days	5 days ⁽¹⁾	24 hours		Liquidity with drawings ⁽²⁾	Monthly average	Month end
	(Calls for tenders) ⁽¹⁾		On bank's initiative ⁽¹⁾	To cover a debit balance ⁽¹⁾			
January	3.25	4.25	8.25	10.25	-	3.36	2.96
February	3.25	4.25	8.25	10.25	-	3.39	3.55
March	3.25	4.25	8.25	10.25	-	2.97	2.88
April	3.25	4.25	8.25	10.25	-	3.81	3.55
May	3.25	4.25	8.25	10.25	-	3.59	3.34
June	3.25	4.25	8.25	10.25	-	3.24	3.26
July	3.25	4.25	8.25	10.25	-	3.51	3.35
August	3.25	4.25	8.25	10.25	-	2.80	2.01
September	3.25	4.25	8.25	10.25	3.25	2.81	3.14
October	3.25	4.25	8.25	10.25	3.25	3.02	2.86
November	3.25	4.25	8.25	10.25	3.25	2.98	2.62
December	3.25	4.25	8.25	10.25	3.25	3.15	3.04

(1) With effect from 26 December 2002, Bank Al-Maghrib has reduced the rate for its interventions on the money market by 50 basis points.

(2) In the form of interventions on the interbank market.

Source : Bank Al-Maghrib.

XI-4 - Interest rates of deposits with banks

(Per cent per annum)

Deposits with banks	2002		2003	
	January - june	July - december	January - june	July - december
Sight deposits	not remunerated	not remunerated	not remunerated	not remunerated
Savings accounts ⁽¹⁾	3.95 (minimum)	3.42 (minimum)	2.15 (minimum)	2.95 (minimum)
Other accounts	Free rate	Free rate	Free rate	Free rate

(1) Since 1 July 1999, 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 100 basis points.

Source : Bank Al-Maghrib.

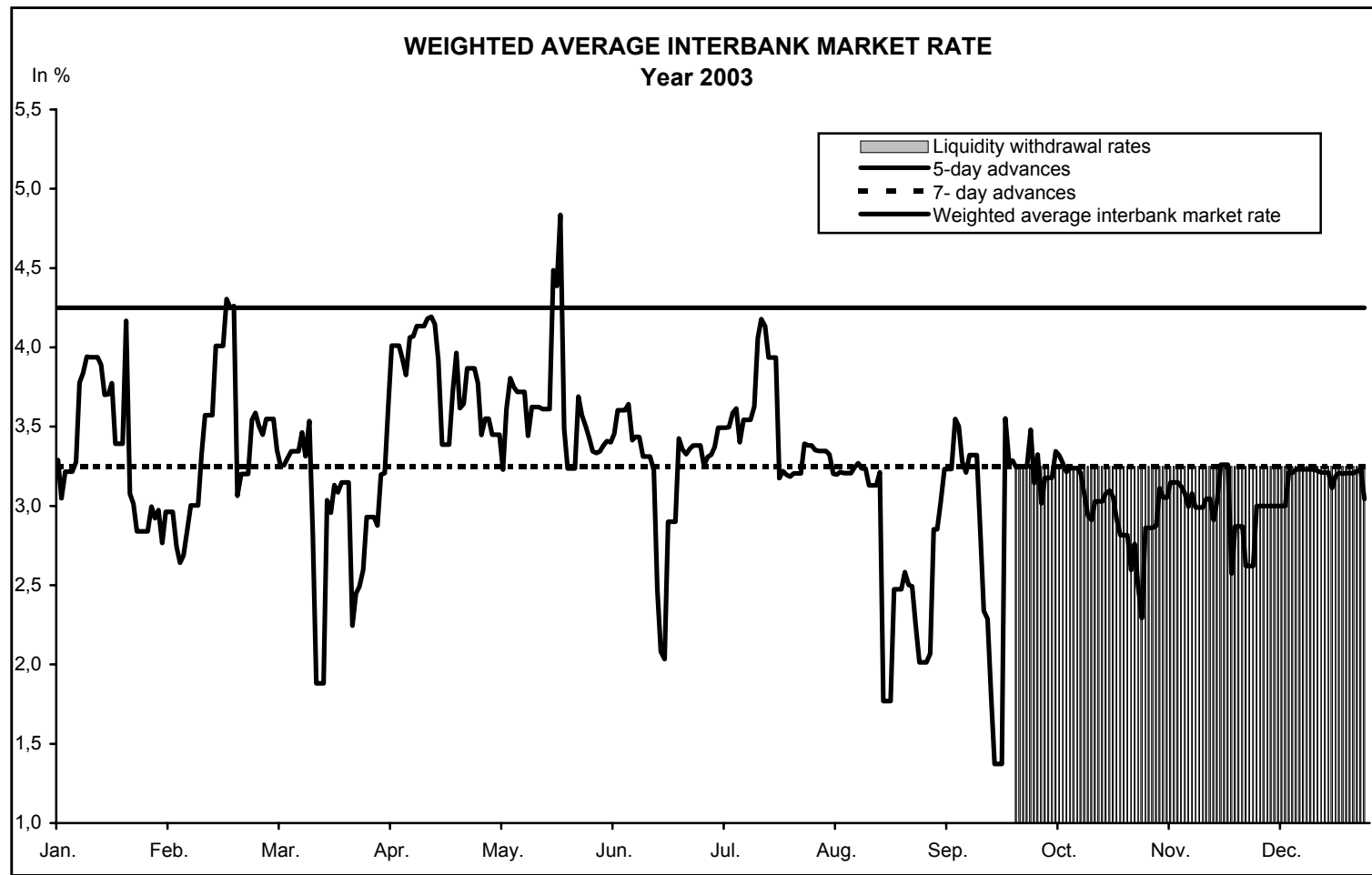
XI-5 - Interest rates of deposits with the National Savings Fund

(Per cent per annum)

Period	January - June 2002	July - Dec. 2002	Jan. - June 2003	July - Dec. 2003
National Savings Fund ⁽¹⁾	3.70	3.50	2.65	2.36

(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)

2003	6-month deposits weighted average rate	12- month deposits weighted average rate	6 and 12- month deposits weighted average
January	3.38	3.71	3.56
February	3.40	3.71	3.56
March	3.31	3.75	3.53
April	3.37	3.96	3.69
May	3.50	3.96	3.74
June	3.39	3.75	3.56
July	3.55	3.76	3.65
August	3.40	3.74	3.64
September	3.44	3.72	3.61
October	3.36	3.76	3.58
November	3.33	3.74	3.55
December	3.39	3.79	3.58

Source : Bank Al-Maghrib.

XI-7 - Interest rates of Treasury bills ⁽¹⁾
(Per cent per annum)

Period	Oct. - Dec. 2002	Jan. - March 2003	April - June 2003	July - Sept 2003	Oct. - Dec. 2003
- 6 months ⁽²⁾	3.30	2.90	3.50	3.90	3.90

(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
(Per cent per annum)

Maturities Years	13-week bills	26-week bills	52-week bills	2-year bills	5-year bills	10-year bills	15-year bills	20-year bills
2002								
January	-	4.28	4.61	5.28	6.20	6.76	-	-
February	-	-	4.53	5.24	6.20	6.70	7.15	-
March	-	-	4.50	5.16	6.15	-	7.15	-
April	3.80	3.95	4.05	4.85	5.98	6.63	7.10	-
May	-	-	3.94	4.70	5.89	6.59	7.09	-
June	3.15	3.45	3.56	4.47	5.67	6.53	7.05	-
July	-	3.10	3.28	4.31	5.48	6.40	6.98	-
August	3.00	3.05	3.27	4.31	5.48	6.41	7.01	-
September	-	3.04	3.24	4.31	5.34	6.40	7.01	-
October	-	-	2.83	3.92	5.07	6.17	6.76	-
November	2.53	2.65	2.71	3.78	4.84	5.89	6.48	-
December	2.46	2.61	2.74	3.77	4.84	5.89	6.48	-
2003								
January	3.10	3.28	3.58	4.04	4.92	5.90	6.48	-
February	3.36	3.42	3.90	4.27	5.05	5.96	-	-
March	3.51	3.80	4.35	-	-	-	-	-
April	3.48	3.67	4.00	-	-	-	6.50	-
May	3.39	3.5	3.82	4.28	4.98	5.87	6.45	-
June	2.92	3.10	3.22	3.60	4.64	5.54	6.17	-
July	-	-	3.18	3.50	4.39	5.29	5.91	-
August	-	-	3.11	3.50	4.39	5.27	5.89	-
September	-	3.11	2.95	3.40	4.31	5.27	5.89	-
October	3.35	3.30	-	3.67	4.72	5.28	5.88	-
November	-	3.50	3.75	4.04	4.95	-	-	-
December	3.35	3.50	3.79	4.04	5.00	-	5.89	-

XI-9 - Interest rates offered on negotiable instruments of indebtedness
(Per cent per annum)

	2002	2003
Certificates of deposit		
10 days	-	-
More than 10 days to less than 3 months	2.80 to 4.25	-
3 months to less than 6 months	4.75	-
6 months to less than 12 months	4.50 to 5.00	5.00
12 months to less than 18 months	4.60 to 5.50	5.50
18 months to less than 2 years	-	-
2 years to less than 3 years	5.50	-
3 years to less than 5 years	-	-
5 years to less than 7 years	6.00 to 6.50	4.32 to 5.75
7 years	6.90	5.80
Financing companies bonds		
More than 2 years to less than 3 years	5.16 to 6.50	4.15 to 5.35
3 years to less than 5 years	5.76 to 7.10	4.50 to 7.50
5 years to less than 7 years	6.70 to 7.20	5.50 to 5.60
7 years	-	-
Commercial paper		
10 days	-	-
More than 10 days to less than 3 months	3.00	3.40 to 3.60
3 months to less than 6 months	3.60 to 6.00	3.55 to 5.30
6 months to less than 1 year	4.20 to 6.00	5.00
1 year	3.25	-

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	2002	2003
- 3 years	4.75 - 7.50	-
- 5 years	6.35	4.50 - 5.90
- 7 years	-	-
- 8 years	-	-
- 10 years	-	-
- 15 years	6.95 ⁽¹⁾	6.10 - 6.20 ⁽¹⁾

(1) Government guaranteed emission.

Source : Bank Al-Maghrib.

XI-11 - Banking prime rates published by the principal banks

(Per cent per annum)

Banking prime rates	2002	2003
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 ⁽¹⁾	8.25

(1) In April 2002, one of the banks located in the financial centre lowered its rate on medium-term loans to 7.25% and that on long-term loans to 8.25%.

XI-12 - Lending interest rates

(Per cent per annum)

2003	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	12.75	7.00	12.75	7.00	12.75	7.00	12.00
Medium-term credits (PME/PMI) ..	7.00	12.00	7.00	12.00	7.00	11.50	7.00	11.00
Other medium-term credits	7.00	12.50	7.00	12.50	7.00	12.00	7.25	12.00
Long-term credits	8.00	12.00	8.00	12.00	8.00	12.00	7.50	12.50

Source : Bank Al-Maghrib.

XI -13 - Maximum agreed interest rate of credit institutions

(Per cent per annum)

Periods Rates	Oct.2001 - March 2002	April - Sept.2002	Oct.2002 - March 2003	April - Sept. 2003	Oct. 2003 - March 2004
Weighted average rate of banks	9.13	8.87	8.60	8.48	8.08
Weighted average rate of financing companies	13.36	13.14	13.23	12.89	12.76
Weighted average rate of the whole of credit institutions	9.65	9.46	9.19	9.13	8.76
Maximum interest rate agreed ⁽¹⁾	15.44	15.14	14.70	14.61	14.02

(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 2002			End of December 2003		
	Amounts	Annual changes		Amounts	Annual changes	
		Amounts	%		Amounts	%
Currency outside banks.....	69 556	3 531	5.3	74 890	5 334	7.7
Sight deposits.....	159 522	15 435	10.7	176 247	16 725	10.5
Aggregate M 1	229 078	18 966	9.0	251 137	22 059	9.6
Sight investments (M 2 - M 1)	43 097	3 516	8.9	47 843	4 746	11.0
Aggregate M 2	272 175	22 482	9.0	298 980	26 805	9.8
Time investments (M 3 - M 2)	83 337	- 957	-1.1	87 360	4 023	4.8
Aggregate M 3	355 512	21 525	6.4	386 340	30 828	8.7

Source : Bank Al-Maghrib.

XII-2 - Liquid investment aggregates

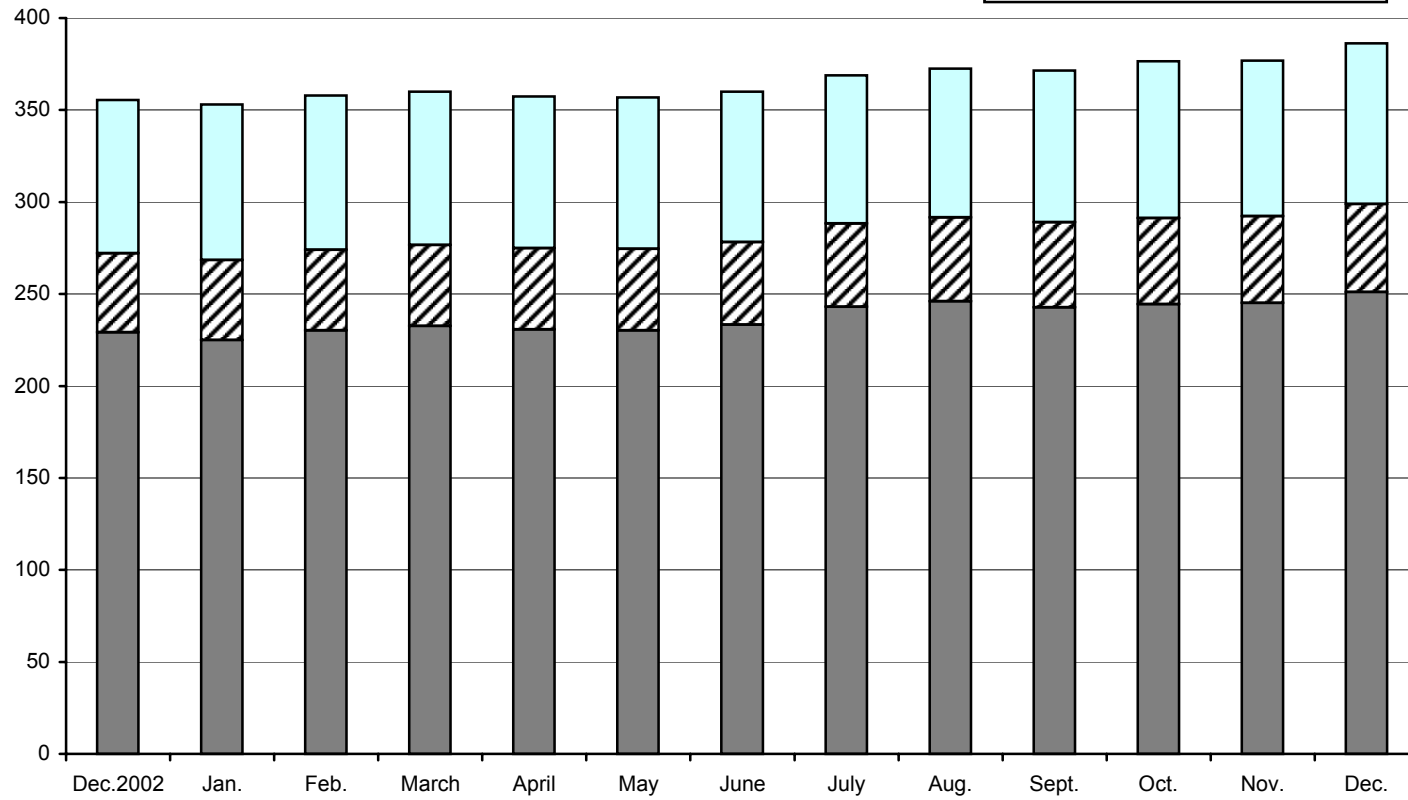
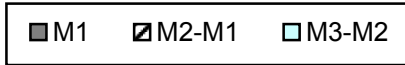
(in millions of dirhams)

Components	End of December 2002			End of December 2003		
	Amounts	Annual changes		Amounts	Annual changes	
		Amounts	%		Amounts	%
Aggregate LI 1	8 839	- 5 067	-36.4	8 148	- 691	- 7.8
Aggregate LI 2	29 696	12 585	73.5	26 423	-3 273	- 11.0
Aggregate LI 3	1 247	- 689	-35.6	1 752	505	40.5
Total liquid investment aggregates	39 782	6 829	20.7	36 323	- 3 459	- 8.7

Source : Bank Al-Maghrib.

MONETARY AGGREGATES
(outstanding amounts at the end of month)
Year 2003

In billions of dirhams



XII-3 - Aggregate M 1 and its components

(in millions of dirhams)

Components	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Currency outside banks...	69 556	70 172	70 885	70 264	70 392	70 246	70 937	74 970	76 671	74 587	74 525	74 998	74 890
Sight deposits.....	159 522	154 844	159 318	162 354	160 306	159 895	162 462	168 117	169 352	168 190	169 855	170 122	176 247
Aggregate M 1	229 078	225 016	230 203	232 618	230 698	230 141	233 399	243 087	246 023	242 777	244 380	245 120	251 137

Source : Bank Al-Maghrib.

XII-4 - Currency outside banks

(in millions of dirhams)

Components	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Notes	71 783	72 031	73 128	72 452	72 548	72 281	73 212	77 456	79 499	76 996	76 627	77 373	77 019
Coin	1 388	1 382	1 377	1 378	1 375	1 377	1 380	1 403	1 434	1 452	1 464	1 476	1 486
Sub-total.....	73 171	73 413	74 505	73 830	73 923	73 658	74 592	78 859	80 933	78 448	78 091	78 849	78 505
<i>Less :</i>													
<i>Cash in hand of banks and public accountants ...</i>	<i>3 615</i>	<i>3 241</i>	<i>3 620</i>	<i>3 566</i>	<i>3 531</i>	<i>3 412</i>	<i>3 655</i>	<i>3 889</i>	<i>4 262</i>	<i>3 861</i>	<i>3 566</i>	<i>3 851</i>	<i>3 615</i>
Total of currency outside banks.....	69 556	70 172	70 885	70 264	70 392	70 246	70 937	74 970	76 671	74 587	74 525	74 998	74 890

Source : Bank Al-Maghrib.

XII-5 - Sight deposits

(in millions of dirhams)

Components	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Sight deposits													
Sight deposits with the Central bank	3 245	2 719	3 745	3 592	3 303	2 003	1 739	2 095	1 413	1 380	1 398	1 603	1 194
Sight deposits with banks	147 919	143 718	147 121	150 140	148 439	149 304	152 195	157 502	159 468	158 907	159 898	159 838	166 454
Sight deposits with the banking system.....	151 164	146 437	150 866	153 732	151 742	151 307	153 934	159 597	160 881	160 287	161 296	161 441	167 648
Sight deposits with Postal giro service	2 672	2 721	2 766	2 936	2 878	2 902	2 842	2 834	2 785	2 217	2 873	2 995	2 913
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 giro service and Treasury	8 358	8 407	8 452	8 622	8 564	8 588	8 528	8 520	8 471	7 903	8 559	8 681	8 599
Total sight deposits.....	159 522	154 844	159 318	162 354	160 306	159 895	162 462	168 117	169 352	168 190	169 855	170 122	176 247

Source : Bank Al-Maghrib.

XII-6 - Sight deposits with banks

(in millions of dirhams)

Components	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Cheque accounts.....	98 105	98 558	99 928	100 768	102 088	102 711	104 403	107 508	108 568	107 841	107 539	108 501	109 515
Of which : Moroccans living abroad....	(36 911)	(37 082)	(38 235)	(37 768)	(37 587)	(38 426)	(39 560)	(40 961)	(40 906)	(39 841)	(39 939)	(40 461)	(40 252)
Current accounts	39 936	36 006	36 467	36 930	36 326	35 860	38 623	39 787	39 591	40 081	39 879	40 137	46 039
Other accounts	9 878	9 154	10 726	12 442	10 025	10 733	9 169	10 207	11 309	10 985	12 480	11 200	10 900
Total.....	147 919	143 718	147 121	150 140	148 439	149 304	152 195	157 502	159 468	158 907	159 898	159 838	166 454

Source : Bank Al-Maghrib.

XII-7 - Aggregate M 2 and Aggregate M 3

(in millions of dirhams)

Components	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Aggregate M 1	229 078	225 016	230 203	232 618	230 698	230 141	233 399	243 087	246 023	242 777	244 380	245 120	251 137
Sight investments (M2 - M1) ...	43 097	43 463	43 829	44 028	44 249	44 384	44 788	45 126	45 526	46 141	46 794	47 226	47 843
Deposit books with banks.....	35 785	36 086	36 398	36 540	36 694	36 834	36 978	37 291	37 652	38 200	38 779	39 167	39 647
Savings books with the National Savings Fund	7 312	7 377	7 431	7 488	7 555	7 550	7 810	7 835	7 874	7 941	8 015	8 059	8 196
Aggregate M 2	272 175	268 479	274 032	276 646	274 947	274 525	278 187	288 213	291 549	288 918	291 174	292 346	298 980
Time investments (M3 - M2) ...	83 337	84 544	83 828	83 270	82 394	82 403	81 807	80 685	80 922	82 610	85 336	84 700	87 360
Certificates of deposit ⁽¹⁾	809	806	806	806	808	807	777	757	732	732	731	698	215
Time accounts and fixed- term bills	82 528	83 738	83 022	82 464	81 586	81 596	81 030	79 928	80 190	81 878	84 605	84 002	87 145
Of which : Moroccans living abroad	(36 061)	(36 979)	(36 071)	(36 233)	(36 449)	(36 044)	(35 510)	(35 923)	(35 311)	(36 309)	(37 012)	(36 799)	(37 417)
Aggregate M 3	355 512	353 023	357 860	359 916	357 341	356 928	359 994	368 898	372 471	371 528	376 510	377 046	386 340

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

Source : Bank Al-Maghrib.

XII-8 - Liquid investment aggregates ⁽¹⁾

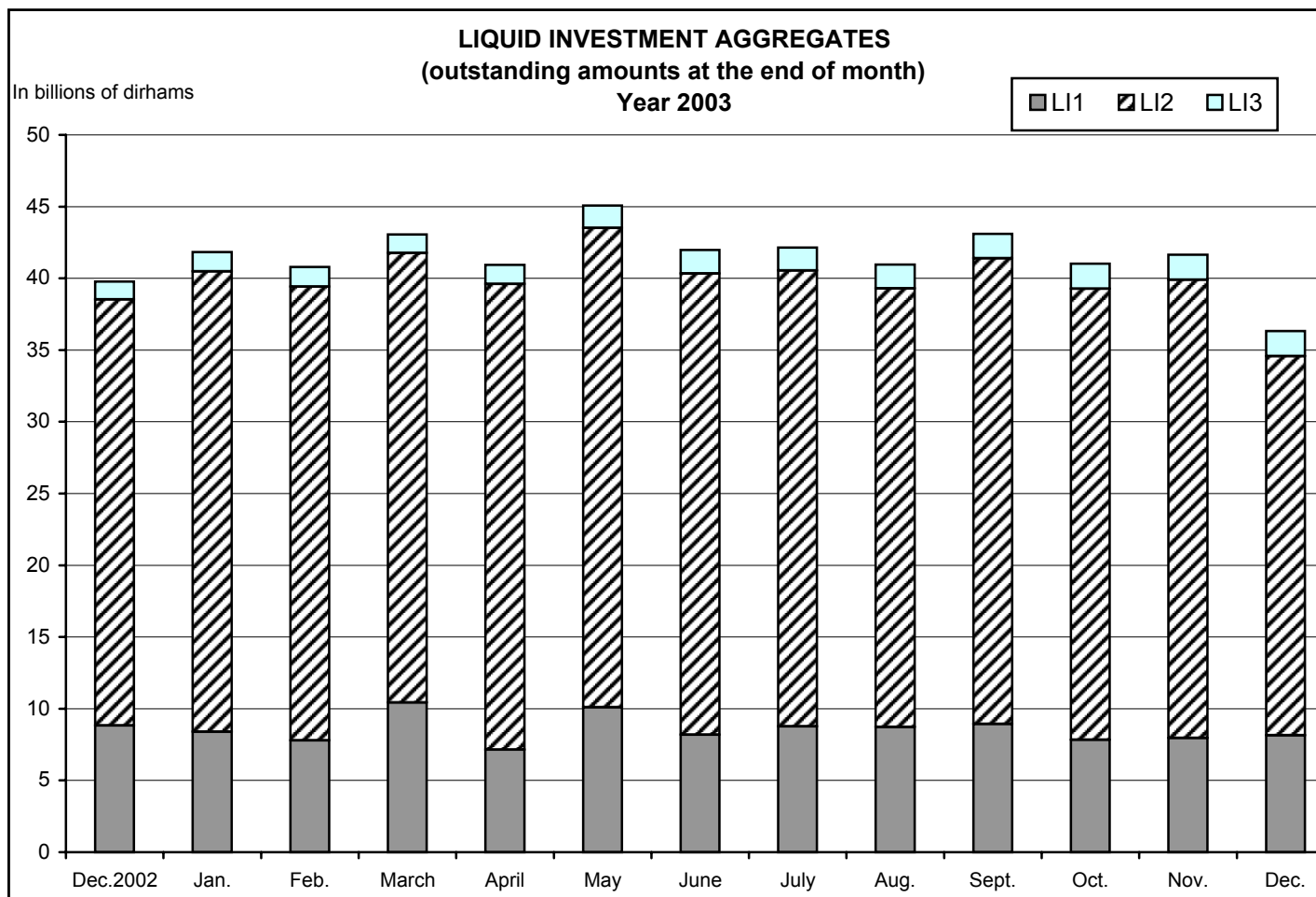
(in millions of dirhams)

Components	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Aggregate LI 1													
Six-month Treasury bills	2 554	2 318	2 177	2 028	2 208	2 118	2 103	2 280	2 366	2 777	3 007	3 152	3 053
Negotiable Treasury bills ⁽²⁾	5 873	5 657	5 045	7 790	4 335	7 399	5 520	5 807	5 619	5 380	4 032	4 013	4 374
Commercial paper	4	4	18	43	43	20	20	20	0	0	0	0	0
Bills issued by the financing companies	408	409	563	562	562	554	553	671	746	779	798	798	721
Total	8 839	8 388	7 803	10 423	7 148	10 091	8 196	8 778	8 731	8 936	7 837	7 963	8 148
Aggregate LI 2													
Securities issued by bond Undertakings for Collective Investment in Transferable Securities (UCITS)	29 696	32 094	31 621	31 352	32 466	33 419	32 146	31 758	30 564	32 469	31 448	31 940	26 423
Total	29 696	32 094	31 621	31 352	32 466	33 419	32 146	31 758	30 564	32 469	31 448	31 940	26 423
Aggregate LI 3													
Securities issued by diversified UCITS and share UCITS	1 247	1 359	1 368	1 292	1 327	1 558	1 640	1 612	1 656	1 688	1 741	1 745	1 752
Total	1 247	1 359	1 368	1 292	1 327	1 558	1 640	1 612	1 656	1 688	1 741	1 745	1 752
Total LI	39 782	41 841	40 792	43 067	40 941	45 068	41 982	42 148	40 951	43 093	41 026	41 648	36 323

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

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

Source : Bank Al-Maghrib.



XII-9 - Counterparts of aggregate M 3

(in millions of dirhams)

Components	End of December 2002			End of December 2003		
	Amounts	Annual changes		Amounts	Annual changes	
		Amounts	%		Amounts	%
Net foreign assets ⁽¹⁾						
. Bank Al-Maghrib.....	104 490	5 226	5.3	122 351	17 861	17.1
. Banks.....	6 290	3 605	134.3	5 110	-1 180	-18.8
Total (I)	110 780	8 831	8.7	127 461	16 681	15.1
Total domestic lending						
A. Claims on government ⁽¹⁾						
. Net claims of the Bank Al-Maghrib ..	- 4 584	-1 467	47.1	-7 185	-2 601	56.7
. Claims of banks	76 923	3 762	5.1	77 123	200	0.3
. Claims of individuals and non-financial enterprises ⁽²⁾	8 358	73	0.9	8 599	241	2.9
Sub-total	80 697	2 368	3.0	78 537	-2 160	-2.7
B. Claims on the private sector ⁽¹⁾						
. Bank Al-Maghrib.....	9 747	1 443	17.4	11 477	1 730	17.7
. Banks ⁽³⁾	216 474	7 827	3.8	234 531	18 057	8.3
Sub-total	226 221	9 270	4.3	246 008	19 787	8.7
C. Counterpart of savings books with the National Savings Fund ⁽⁴⁾	7 312	736	11.2	8 196	884	12.1
Total (A+B+C).....	314 230	12 374	4.1	332 741	18 511	5.9
Less :						
Banking system's non monetary resources ^{(5) (6)}	60 011	- 864	-1.4	58 774	-1 237	-2.1
Domestic credit of a monetary nature (II)	254 219	13 238	5.5	273 967	19 748	7.8
Total counterparts (I+II)	364 999	22 069	6.4	401 428	36 429	10.0
Balancing items ⁽⁷⁾	- 9 487	- 544		-15 088	- 5 601	
Aggregate M 3	355 512	21 525	6.4	386 340	30 828	8.7

(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 Giro 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).

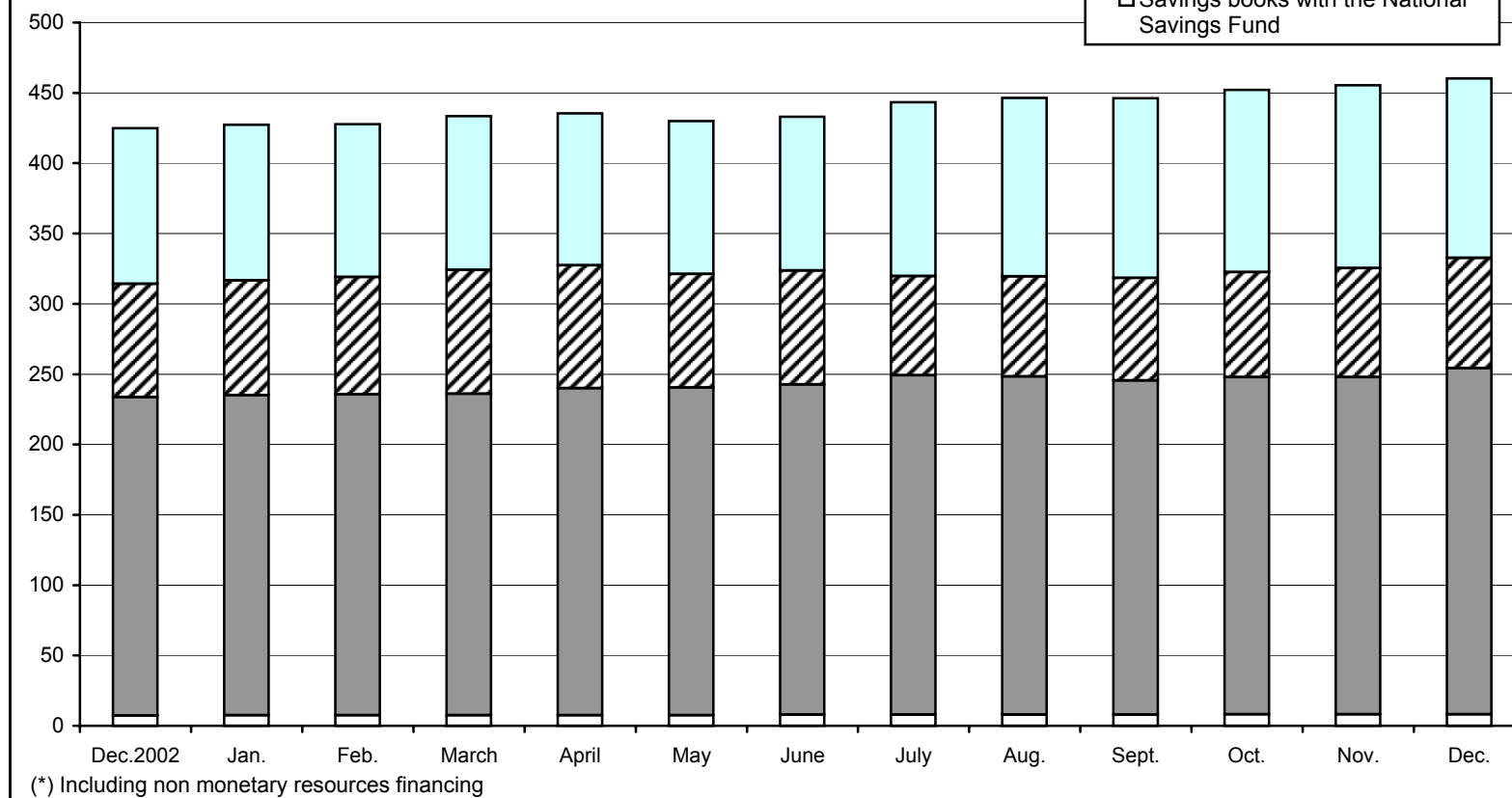
(6) Amount by which the equity base (capital and reserves) exceeds the total of fixed assets and the portfolio of shareholdings.

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

Source : Bank Al-Maghrib.

COUNTERPARTS OF M3 (*)
(outstanding amounts at the end of month)
Year 2003

In billions of dirhams



XII-10 - Monthly development of the counterparts of M 3

(in millions of dirhams)

Components	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Net foreign assets ⁽¹⁾													
· Bank Al-Maghrib.....	104 490	103 684	102 098	102 702	101 820	102 759	103 978	117 539	122 432	122 651	122 227	122 258	122 351
· Banks	6 290	7 018	6 504	6 695	6 367	5 924	5 365	6 049	4 543	5 151	7 156	7 654	5 110
Total (I).....	110 780	110 702	108 602	109 397	108 187	108 683	109 343	123 588	126 975	127 802	129 383	129 912	127 461
Total domestic lending													
A. Claims on government ⁽¹⁾													
· Net claims of the Bank													
· Al-Maghrib	- 4 584	- 2 716	- 1 916	- 1 026	- 1 082	- 5 167	- 2 860	-12 020	-11 967	-10 970	- 8 751	- 9 033	- 7 185
· Claims of banks	76 923	75 852	77 030	80 381	79 909	77 430	75 363	73 987	74 688	75 989	74 860	77 861	77 123
· Claims of individuals and non-financial enterprises ⁽²⁾ ...	8 358	8 407	8 452	8 622	8 564	8 588	8 528	8 520	8 471	7 903	8 559	8 681	8 599
Sub-total	80 697	81 543	83 566	87 977	87 391	80 851	81 031	70 487	71 192	72 922	74 668	77 509	78 537
B. Claims on the private sector ⁽¹⁾													
· Bank Al- Maghrib	9 747	9 739	9 747	9 747	9 747	9 747	9 747	12 080	11 477	11 477	11 477	11 477	11 477
· Banks ⁽³⁾	216 474	217 950	218 345	218 806	222 608	223 171	225 019	229 250	228 958	226 010	228 483	228 432	234 531
Sub-total	226 221	227 689	228 092	228 553	232 355	232 918	234 766	241 330	240 435	237 487	239 960	239 909	246 008
C. Counterpart of savings books with the National Savings Fund ⁽⁴⁾.....	7 312	7 377	7 431	7 488	7 555	7 550	7 810	7 835	7 874	7 941	8 015	8 059	8 196
Total (A+B+C)	314 230	316 609	319 089	324 018	327 301	321 319	323 607	319 652	319 501	318 350	322 643	325 477	332 741
Less :													
Banking system's non monetary resources	60 011	60 480	60 671	64 554	66 457	61 973	59 683	62 081	60 233	59 890	60 301	62 621	58 774
Banks' borrowing ⁽⁵⁾	25 011	25 603	24 615	26 902	27 637	23 664	21 844	23 826	22 071	21 576	21 851	24 041	20 768
Provisions constituted by the banks.....	24 468	24 569	25 326	26 717	27 772	27 940	27 803	28 199	28 247	28 503	28 486	28 631	29 235
Bank Al-Maghrib and banks' net capital and reserves ⁽⁶⁾	10 532	10 308	10 730	10 935	11 048	10 369	10 036	10 056	9 915	9 811	9 964	9 949	8 771
Domestic credit of a Monetary nature (II).....	254 219	256 129	258 418	259 464	260 844	259 346	263 924	257 571	259 268	258 460	262 342	262 856	273 967
Total counterparts (I+II)	364 999	366 831	367 020	368 861	369 031	368 029	373 267	381 159	386 243	386 262	391 725	392 768	401 428
Balancing items (net) ⁽⁷⁾	- 9 487	-13 808	-9 160	-8 945	-11 690	-11 101	-13 273	-12 261	-13 772	-14 734	-15 215	-15 722	-15 088
Aggregate M 3	355 512	353 023	357 860	359 916	357 341	356 928	359 994	368 898	372 471	371 528	376 510	377 046	386 340

(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 Giro 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	2002	2003											
	Dec.	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	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960	1 960
. Convertible foreign currencies	100 516	99 795	98 249	98 818	98 207	100 009	100 201	117 159	121 891	120 732	118 843	118 864	119 029
. Special drawing rights	1 244	1 135	1 135	1 129	1 103	1 008	1 018	931	948	933	1 087	999	983
. I.M.F. 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	1 294
. Subscription to the Arab Monetary Fund	285	281	281	279	276	271	274	274	279	274	276	273	268
. Inconvertible foreign currencies.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	105 299	104 465	102 919	103 480	102 840	104 542	104 747	121 618	126 372	125 193	123 460	123 390	123 534
B. Foreign liabilities of the Bank Al-Maghrib													
. Credit from international organizations	202	207	207	207	203	203	203	200	200	200	200	196	200
. Other liabilities.....	607	574	614	571	817	1 580	566	3 879	3 740	2 342	1 033	936	983
Sub-total	809	781	821	778	1 020	1 783	769	4 079	3 940	2 542	1 233	1 132	1 183
I. Total net foreign assets of the Bank Al-Maghrib (A-B) ...	104 490	103 684	102 098	102 702	101 820	102 759	103 978	117 539	122 432	122 651	122 227	122 258	122 351
C. Gross foreign assets of banks (1)	9 030	9 512	9 267	9 513	9 653	9 179	8 380	9 429	7 737	9 223	10 219	11 283	8 713
D. External liabilities of banks (2).....	2 740	2 494	2 763	2 818	3 286	3 255	3 015	3 380	3 194	4 072	3 063	3 629	3 608
II. Total net foreign assets of banks (C-D)	6 290	7 018	6 504	6 695	6 367	5 924	5 365	6 049	4 543	5 151	7 156	7 654	5 110
Total net foreign assets (I+II).....	110 780	110 702	108 602	109 397	108 187	108 683	109 343	123 588	126 975	127 802	129 383	129 912	127 461

(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	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Claims of 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
. Custom drafts and surety bonds	-	970	894	-	-	-	-	-	-	-	-	-	-
. Cheques held in discount	1 200	764	867	1 436	562	1 107	1 279	796	644	1 629	971	416	1 116
. Central Bank's deposits with the Postal giro service	38	27	-	-	-	-	-	-	-	-	-	-	-
Gross total	6 738	7 261	7 261	6 936	6 062	6 607	6 779	6 296	6 144	7 129	6 471	5 916	6 616
<i>Less :</i>													
<i>Assets held by public accountants ⁽²⁾</i>	<i>11 322</i>	<i>9 977</i>	<i>9 177</i>	<i>7 962</i>	<i>7 144</i>	<i>11 774</i>	<i>9 639</i>	<i>18 316</i>	<i>18 111</i>	<i>18 099</i>	<i>15 222</i>	<i>14 949</i>	<i>13 801</i>
Net total	-4 584	-2 716	-1 916	-1 026	-1 082	-5 167	-2 860	-12 020	-11 967	-10 970	- 8 751	- 9 033	- 7 185
Treasury bills purchased on the secondary market	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total (I)	-4 584	-2 716	-1 916	-1 026	-1 082	- 5 167	- 2 860	-12 020	-11 967	-10 970	- 8 751	- 9 033	- 7 185
Claims of banks													
Portfolio of public securities	75 179	74 103	75 585	78 764	79 433	76 958	75 110	73 620	73 513	74 198	73 110	75 999	76 466
Banks' deposits with Treasury and Postal giro service	1 744	1 749	1 445	1 617	476	472	253	367	1 175	1 791	1 750	1 862	657
Sub-total (II)	76 923	75 852	77 030	80 381	79 909	77 430	75 363	73 987	74 688	75 989	74 860	77 861	77 123
Claims of individuals and non-financial enterprises													
Counterpart of deposits with Postal giro service and Treasury	8 358	8 407	8 452	8 622	8 564	8 588	8 528	8 520	8 471	7 903	8 559	8 681	8 599
Sub-total (III)	8 358	8 407	8 452	8 622	8 564	8 588	8 528	8 520	8 471	7 903	8 559	8 681	8 599
Total claims on government (I+II+III)	80 697	81 543	83 566	87 977	87 391	80 851	81 031	70 487	71 192	72 922	74 668	77 509	78 537

(1) Agreed advances and cash facilities.

(2) Notes and coin held by public accountants and Treasury's creditor account 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	2002	2003											
	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
A. Lending to enterprises and individuals ⁽²⁾	199 069	200 558	200 722	200 138	204 279	204 575	204 747	209 644	209 347	206 562	208 830	208 645	214 968
Debtor accounts and overdraft facilities	69 720	70 443	70 068	68 772	70 419	70 926	72 039	72 628	71 615	68 190	68 663	67 012	68 848
Equipment credit	42 116	41 716	42 237	42 530	43 041	43 275	41 547	45 100	44 223	44 420	45 130	45 297	47 789
Real estate loans	35 155	35 579	35 915	36 021	36 626	37 094	36 291	36 559	37 536	38 154	38 995	39 286	39 472
Consumer credit	8 378	8 388	8 454	8 565	8 639	8 740	8 933	9 114	9 314	9 373	9 434	9 447	9 492
Miscellaneous	5 679	6 198	5 608	5 731	6 199	5 256	5 658	5 379	5 464	4 874	5 113	5 575	6 143
Pending claims ⁽³⁾	38 021	38 234	38 440	38 519	39 355	39 284	40 279	40 864	41 195	41 551	41 495	42 028	43 224
B. Lending to financing companies	15 880	15 426	15 653	16 599	16 257	16 173	17 617	17 266	17 241	17 122	17 318	17 440	17 191
Credit	15 215	14 662	14 888	15 899	15 552	15 429	16 749	16 320	16 325	16 216	16 412	16 533	16 302
Financing companies securities held by banks	665	764	765	700	705	744	868	946	916	906	906	907	889
C. Banks' portfolio of investment securities ⁽⁴⁾	1 525	1 966	1 970	2 069	2 072	2 423	2 655	2 340	2 370	2 326	2 335	2 347	2 372
I. Total banks' claims on the private sector (A+B+C) ..	216 474	217 950	218 345	218 806	222 608	223 171	225 019	229 250	228 958	226 010	228 483	228 432	234 531
II. Bank Al-Maghrib' claims on the private sector	9 747	9 739	9 747	9 747	9 747	9 747	9 747	12 080	11 477	11 477	11 477	11 477	11 477
Total (I+II)	226 221	227 689	228 092	228 553	232 355	232 918	234 766	241 330	240 435	237 487	239 960	239 909	246 008

(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
1981 - 2003

(in millions of dirhams)

Outstanding amounts at end-December	Aggregate M 3							Liquid investment aggregate			
	Aggregate M 2					Time investments (2)	M 3 = M 2 + time investments	LI 1 (3)	LI2 (4)	LI 3 (5)	TOTAL
	Aggregate M 1			Sight investments (1)	M 2 = M 1 + sight investments						
	Currency outside banks	Sight deposits	Total								
1981	11 121	16 106	27 227	1 353	28 580	6 664	35 244	186	-	-	186
1982	12 023	17 584	29 607	1 735	31 342	7 654	38 996	336	-	-	336
1983	13 635	20 345	33 980	2 259	36 239	10 227	46 466	351	-	-	351
1984	14 770	22 305	37 075	2 744	39 819	11 373	51 192	359	-	-	359
1985	16 194	26 570	42 764	3 136	45 900	14 416	60 316	2 641	-	-	2 641
1986	18 694	31 361	50 055	4 160	54 215	15 851	70 066	6 229	-	-	6 229
1987	20 003	34 718	54 721	5 891	60 612	16 485	77 097	9 612	-	-	9 612
1988	21 913	40 335	62 248	7 573	69 821	18 867	88 688	10 308	-	-	10 308
1989	24 814	44 460	69 274	9 317	78 591	21 441	100 032	13 485	-	-	13 485
1990	29 543	53 115	82 658	11 491	94 149	24 883	119 032	15 739	-	-	15 739
1991	34 269	60 352	94 621	14 051	108 672	31 190	139 862	14 504	-	-	14 504
1992	35 744	64 939	100 683	14 913	115 596	37 467	153 063	15 564	-	-	15 564
1993	37 202	68 576	105 778	15 959	121 737	43 986	165 723	16 837	-	-	16 837
1994	41 021	76 163	117 184	18 685	135 869	47 464	183 333	21 849	-	-	21 849
1995	43 154	81 329	124 483	21 279	145 762	52 494	198 256	22 910	-	8	22 918
1996	46 447	84 346	130 793	23 466	154 259	57 283	211 542	23 158	220	1 696	25 074
1997	48 662	92 198	140 860	25 983	166 843	64 121	230 964	19 821	2 708	3 057	25 586
1998	50 644	99 628	150 272	29 523	179 795	65 114	244 909	18 488	9 154	6 590	34 232
1999	56 713	110 815	167 528	33 069	200 597	69 389	269 986	15 298	18 630	5 423	39 351
2000	58 169	123 094	181 263	35 240	216 503	76 281	292 784	11 420	12 722	3 214	27 356
2001	66 025	144 087	210 112	39 581	249 693	84 294	333 987	13 906	17 111	1 936	32 953
2002	69 556	159 522	229 078	43 097	272 175	83 337	355 512	8 839	29 696	1 247	39 782
2003	74 890	176 247	251 137	47 843	298 980	87 360	386 340	8 148	26 423	1 752	36 323

(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 paper subscribed for by individuals and non-financial enterprises.

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

(5) 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 M 3
1981 - 2003**

(in millions of dirhams)

Outstanding amounts at end- December	Net foreign assets			Domestic credit of a monetary nature												Total counterparts of M 3 (I+II)	Balancing items (3)
				Total domestic lending										Less :			
				Claims on government				Claims on the private sector			Counterpart of assets with National Savings Fund (C) (2)	Total (A+B+C)	Banking system's non monetary resources	Total (II)			
	Bank Al- Maghrib	Banks	Total (I)	Bank Al- Maghrib	Banks	Individuals and non- financial enterprises (1)	Total (A)	Bank Al- Maghrib	Banks	Total (B)							
1981	86	2	88	9 722	8 552	1 747	20 021	425	22 886	23 311	482	43 814	7 119	36 695	36 783	- 1 539	
1982	743	48	791	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	- 21	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	370	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	1 109	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	1 687	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	3 213	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	4 546	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	4 088	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	17 212	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	25 072	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	32 094	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	37 635	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	41 052	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	32 774	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	35 380	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	40 649	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	43 026	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	59 091	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	54 685	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	101 949	- 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	110 780	- 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	122 351	5 110	127 461	- 7 185	77 123	8 599	78 537	11 477	234 531	246 008	8 196	332 741	58 774	273 967	401 428	- 15 088	

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

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

(3) Excess of the balancing items of the banking system liabilities on those of its assets.

Source : Bank Al-Maghrib.

XIII-1 - Cash movement at Bank Al-Maghrib's cash desks

(in millions of dirhams)

	2001		2002		2003	
	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows
January	6 127	4 448	7 127	5 706	6 180	6 323
February	3 846	5 547	4 230	7 017	5 502	6 593
March	5 415	5 603	6 529	4 198	5 913	5 238
April	5 119	5 026	5 542	5 429	6 161	6 254
May	5 057	5 490	5 646	5 794	5 886	5 626
June	4 437	5 437	4 550	4 932	5 193	6 127
July	4 038	7 920	4 577	8 819	5 443	9 710
August	5 556	7 511	5 597	7 501	6 040	8 112
September	6 417	4 186	6 790	5 009	7 961	5 478
October	6 012	5 815	6 667	6 126	7 209	6 853
November	5 243	5 413	5 223	5 276	4 462	5 220
December	4 420	7 105	6 266	6 521	7 418	7 075
Total	61 687	69 501	68 744	72 328	73 368	78 609

Source : Bank Al-Maghrib.

**XIII-2 - Exchanges at the clearing houses and at the Moroccan
Interbank Remote Clearing System (SIMT)**

	Number of operations (in thousands)			Amounts (in millions of dirhams)				Rate of rejection (in %)	
	Bills	Cheques	Total	Bills	Cheques	Transfers	Total	Bills	Cheques
2003									
January	275	1 711	1 986	5 677	40 977	34 994	81 648	18.8	2.4
February	210	1 463	1 673	6 149	28 956	26 517	61 622	23.0	2.5
March	222	1 746	1 968	6 178	40 647	29 868	76 693	21.0	2.6
April	234	1 798	2 032	6 107	41 578	33 469	81 154	20.1	2.6
May	200	8 132	8 332	5 494	35 633	30 548	71 675	18.7	0.5
June	250	1 802	2 052	6 446	38 945	35 700	81 091	17.7	2.3
July	160	1 744	1 904	6 000	41 001	41 385	88 386	19.9	2.5
August	183	1 479	1 662	5 516	34 209	32 243	71 968	18.3	2.7
September	121	1 811	1 932	7 337	40 703	37 882	85 922	24.2	2.4
October	128	1 922	2 050	6 865	43 414	41 927	92 206	23.7	2.3
November	87	1 276	1 363	4 750	27 688	29 225	61 663	22.1	2.4
December	144	1 985	2 129	8 195	46 117	46 860	101 172	24.3	2.4
Total	2 214	26 869	29 083	74 714	459 868	420 618	955 200	20.5	1.9

Source : Bank Al-Maghrib.

XIV-1 - Assets and liabilities of all the banks

(in millions of dirhams)

	December 2001	December 2002	December 2003
ASSETS			
Cash in hand and liquid balances	29 070	29 777	40 448
Of which : Bank notes and cheques in foreign currency	(761)	(498)	(345)
Deposits in dirhams with the Bank Al-Maghrib	(20 528)	(23 330)	(35 826)
Deposits with the Treasury and the Postal Cheque Service	(843)	(1 744)	(657)
Balances with banks and loans to banks	3 241	3 776	3 495
Foreign correspondents and the like	5 805	8 532	8 368
Portfolio of Treasury bills	72 318	75 179	76 466
Claims on the private sector ⁽¹⁾	207 013	214 284	231 270
Portfolio of investment securities other than public securities.....	10 782	11 167	10 964
- Certificates of deposit held by banks	1 809	1 447	295
- Bills and bonds issued by the BNDE, the CIH, the CNCA and the FEC subscribed for by banks	7 339	7 530	7 408
- Financing companies bonds held by banks	1 013	665	889
- Securities issued by non banking institutions	621	1 525	2 372
Portfolio of equity investment and the like	12 019	13 413	14 902
Fixed assets	10 854	11 384	11 532
Miscellaneous (net)	-	-	-
TOTAL.....	351 102	367 512	397 445
LIABILITIES			
Customers' sight accounts in dirhams	133 233	147 919	166 454
. Cheque accounts	85 607	98 105	109 515
(Moroccans living abroad cheque accounts)	(32 819)	(36 911)	(40 252)
. Current accounts	37 181	39 936	46 039
. Other deposits	10 445	9 878	10 900
Deposit books	33 005	35 785	39 647
Fixed-term accounts and notes	83 318	82 528	87 145
Certificates of deposit	4 967	3 532	2 204
Of which : Subscriptions by non financial enterprises and by individuals	(976)	(809)	(215)
Non-residents' sight and fixed-term accounts in foreign currency ...	641	527	881
Inter-bank liabilities	10 547	11 422	12 633
Net borrowing from financial institutions ⁽²⁾	2 329	3 836	1 558
Foreign correspondents and the like	3 240	2 213	2 722
Bond loans in dirhams	10 212	8 240	6 702
External long term borrowing	12 035	11 659	10 814
Recourse to the Bank Al-Maghrib	7	1	0
Provisions	22 037	24 468	29 235
Capital and reserves	32 574	32 730	32 482
Miscellaneous (net)	2 957	2 652	4 968
TOTAL.....	351 102	367 512	397 445

(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 2001	December 2002	December 2003
ASSETS			
Fixed assets	327	343	438
Credits	18 727	19 909	21 570
Miscellaneous debtors and regularizing accounts	386	476	434
Liquid balances	394	361	321
Total	19 834	21 089	22 763
LIABILITIES			
Capital, reserves and the like	2 774	2 860	2 972
Provisions	2 354	2 864	3 661
Financing debts	8 702	9 958	11 130
Miscellaneous creditors and regularizing accounts	817	1 007	1 324
Treasury accounts.....	5 187	4 400	3 676
Total	19 834	21 089	22 763

Source : Bank Al-Maghrib.

XIV-3 - Assets and liabilities of leasing companies

(in millions of dirhams)

	December 2001	December 2002	December 2003
ASSETS			
Fixed assets	59	60	82
Credits	10 916	12 496	13 750
Miscellaneous debtors and regularizing accounts	196	131	148
Liquid balances	21	227	88
Total	11 192	12 914	14 068
LIABILITIES			
Capital, reserves and the like	1 244	1 267	1 216
Provisions	850	1 095	1 253
Financing debts	6 972	8 116	8 775
Miscellaneous creditors and regularizing accounts	704	1 003	1 245
Treasury accounts	1 422	1 433	1 579
Total	11 192	12 914	14 068

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	2002	2003												
	Average	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Average
Banks' loans	1 742	1 540	1 330	1 653	1 501	1 907	2 088	3 333	2 368	908	970	926	1 968	1 708
C D G loans	212	92	92	92	174	136	250	266	765	845	856	1 438	3 375	698
Financing companies' loans ⁽¹⁾	4	-	-	-	-	-	-	-	-	45	-	4	2	4
Total loans	1 958	1 632	1 422	1 745	1 675	2 043	2 338	3 599	3 133	1 798	1 826	2 368	5 345	2 410
Banks' borrowing	1 866	1 574	1 388	1 715	1 632	2 013	2 293	3 569	3 103	1 768	1 796	2 338	5 315	2 375
C D G borrowing	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Financing companies' borrowing	91	58	34	30	43	30	45	30	30	30	30	30	30	35
Total borrowing	1 958	1 632	1 422	1 745	1 675	2 043	2 338	3 599	3 133	1 798	1 826	2 368	5 345	2 410
Interest rates														
. Daily average.....	2.99	3.36	3.39	2.97	3.81	3.59	3.24	3.51	2.80	2.81	3.02	2.98	3.15	3.22
. End of month	2.94	2.96	3.55	2.88	3.55	3.34	3.26	3.35	2.01	3.14	2.86	2.62	3.04	3.05

(1) The Moroccan Guarantee and Credit Fund (CMM), Dar Addamane and the Central Guarantee Fund (CCG).

Source : Bank Al-Maghrib.

XV-2 - Subscriptions to Treasury bills by tender

(in millions of dirhams)

Maturities	2002						2003					
	Banks	CDG	Insurance companies and pension institutions	UCITS	Other	Total	Banks	CDG	Insurance companies and pension institutions	UCITS	Other	Total
13 weeks	3 333	100	-	138	-	3 571	2 960	40	-	1198	2600	6 798
26 weeks	3 612	100	2	100	-	3 814	7 443	1293	306	140	15	9 197
52 weeks	9 449	1 802	521	1 220	-	12 992	11 616	4 407	662	935	1	17 621
Total short-term (I)	16 394	2 002	523	1 458	-	20 377	22 019	5 740	968	2 273	2616	33 616
2 years	12 676	5559	279	140	-	18 654	1 405	6483	400	-	-	8 288
5 years	19 293	3051	-	208	20	22 572	7 703	7 109	100	36	-	14 948
Total medium-term (II)	31 969	8 610	279	348	20	41 226	9 108	13 592	500	36	-	23 236
10 years	8 686	303	432	25	-	9 446	4 812	960	-	97	-	5 869
15 years	4 154	300	335	71	-	4 860	3 642	95	-	43	-	3 780
20 years	-	-	-	-	-	-	-	-	-	-	-	-
Total long-term (III)	12 840	603	767	96	-	14 306	8 454	1 055	-	140	-	9 649
Total (I+II+III)	61 203	11 215	1 569	1 902	20	75 909	39 581	20 387	1 468	2 449	2616	66 501

Source : Bank Al-Maghrib.

XV-3 - Interest rates on Treasury bills by tender

Maturities	2002			2003		
	Minimum rate	Maximum rate	Weighted average rate	Minimum rate	Maximum rate	Weighted average rate
13 weeks	2.38	3.80	2.64	2.89	3.60	3.40
26 weeks	2.55	4.30	2.85	3.10	3.85	3.54
52 weeks	2.71	4.65	3.76	2.95	4.42	3.85
2 years	3.70	5.30	4.73	3.40	4.40	4.00
5 years	4.75	6.20	5.65	4.28	5.08	4.83
10 years	5.80	6.76	6.19	5.24	5.97	5.70
15 years	6.45	7.16	6.85	5.85	6.50	6.15
20 years	-	-	-	-	-	-

Source : Bank Al-Maghrib.

XV-4 - Outstanding amounts of Treasury bills by tender

(in millions of dirhams)

Maturities	2002						2003					
	Banks	CDG ⁽¹⁾	Insurance companies and pension institutions	UCITS	Other	Total	Banks	CDG ⁽¹⁾	Insurance companies and pension institutions	UCITS	Other	Total
13 weeks	391	-	49	2 090	-	2 530	295	-	-	339	66	700
26 weeks	950	-	138	2 374	2	3 464	2 276	38	462	2 198	236	5 210
52 weeks	6 097	397	1 728	3 314	490	12 026	7 537	753	2 895	5 893	544	17 622
Total short-term (I)	7 438	397	1 915	7 778	492	18 020	10 108	791	3 357	8 430	846	23 532
2 years	7 896	3274	4 827	8 952	754	25 703	5 119	6148	6 974	7 758	943	26 942
5 years	23 036	3 401	14 093	15 510	2 081	58 121	27 797	4 797	18 677	15 386	2 497	69 154
Total medium-term (II)	30 932	6 675	18 920	24 462	2 835	83 824	32 916	10 945	25 651	23 144	3 440	96 096
10 years	12 260	8 226	15 659	6 114	643	42 902	13 125	7 429	19 250	7 866	851	48 521
15 years	6 009	4 090	10 594	3 323	1 131	25 147	6 571	3 985	12 967	4 094	1 310	28 927
20 years	20	-	-	4	-	24	20	-	-	4	-	24
Total long-term (III)	18 289	12 316	26 253	9 441	1 774	68 073	19 716	11 414	32 217	11 964	2 161	77 472
Total (I+II+III)	56 659	19 388	47 088	41 681	5 101	169 917	62 740	23 150	61 225	43 538	6 447	197 100

(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	2002					2003				
	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	829	680	1 113	808	3 430	485	328	437	215	1 465
Bills of financing companies	2 732	1 514	2 359	408	7 013	2 653	1 265	2 077	721	6 716
Commercial paper	268	47	739	4	1 058	10	-	50	-	60
Total	3 829	2 241	4 211	1 220	11 501	3 148	1 593	2 564	936	8 241

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 January	2 364.0	101 072	3 444.85
February	804.6	99 979	3 407.59
March	761.6	99 961	3 406.95
April	2 193.1	96 627	3 293.35
May	1 135.6	94 115	3 207.72
June	1 837.2	92 192	3 135.26
July	1 337.9	87 949	2 989.54
August	295.1	89 397	3 058.49
September	418.4	85 970	2 941.26
October	826.5	84 498	2 890.88
November	956.9	86 273	2 951.63
December	9 545.6	87 175	2 980.44
2003 January	3 128.2	89 795	3 070.01
February	1 120.9	94 168	3 219.51
March	1 638.9	90 057	3 079.07
April	1 591.1	95 881	3 273.19
May	4 042.8	97 624	3 332.69
June	1 296.6	104 175	3 564.55
July	1 853.9	102 965	3 522.49
August	2 026.9	108 057	3 696.71
September	21 761.0	109 496	3 745.93
October	2 813.9	110 884	3 787.88
November	1 031.7	113 014	3 861.25
December	11 388.8	115 507	3 943.51

(*) 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)	
	2001	2002	2003	2002	2003
A. Liquid assets.....	211 259	231 243	255 507	+19 984	+24 264
- Notes and coin	66 025	69 556	74 893	+ 3 531	+ 5 337
- Sight deposits	145 234	161 687	180 614	+16 453	+18 927
<i>. Banking system.....</i>	<i>130 626</i>	<i>144 977 *</i>	<i>162 932</i>	<i>+ 14 351</i>	<i>+17 955</i>
<i>. Treasury and Postal cheque centre.....</i>	<i>8 285</i>	<i>8 358</i>	<i>8 599</i>	<i>+ 73</i>	<i>+ 241</i>
<i>. Other sight deposits ⁽¹⁾</i>	<i>6 323</i>	<i>8 352</i>	<i>9 083</i>	<i>+ 2 029</i>	<i>+ 731</i>
B. Short-term assets	132 407	128 998	138 525	- 3 409	+ 9 527
- Savings accounts	39 582	43 097	47 841	+ 3 515	+ 4 744
<i>. Banking system.....</i>	<i>33 006</i>	<i>35 785</i>	<i>39 645</i>	<i>+ 2 779</i>	<i>+ 3 860</i>
<i>. National Savings Fund.....</i>	<i>6 576</i>	<i>7 312</i>	<i>8 196</i>	<i>+ 736</i>	<i>+ 884</i>
- Time deposits	82 814	82 153	86 623	- 661	+ 4 470
<i>. Fixed-term and bills with the banking system.....</i>	<i>82 585</i>	<i>82 085 *</i>	<i>86 623</i>	<i>- 500</i>	<i>+ 4 538</i>
<i>. Short-term negotiable instruments of indebtedness</i>	<i>229</i>	<i>68</i>	<i>-</i>	<i>- 161</i>	<i>- 68</i>
- Short-term Treasury bills	10 011	3 748	4 061	- 6 263	+ 313
<i>. Six-month bills issued to the public.....</i>	<i>9 407</i>	<i>2 554 *</i>	<i>3 052</i>	<i>- 6 853</i>	<i>+ 498</i>
<i>. Bills acquired by tender (non-financial agents).....</i>	<i>604</i>	<i>1 194</i>	<i>1 009</i>	<i>+ 590</i>	<i>- 185</i>
C. Medium-term assets	4 991	6 540	4 630	+ 1 549	- 1 910
- Medium-term Treasury bills	3 984	5 389	3 694	+ 1 405	- 1 695
<i>. Three and five-year bills.....</i>	<i>3 115</i>	<i>2 479</i>	<i>730</i>	<i>- 636</i>	<i>- 1 749</i>
<i>. Bills acquired by tender.....</i>	<i>519</i>	<i>2 573</i>	<i>2 635</i>	<i>+ 2 054</i>	<i>+ 62</i>
<i>. Other medium-term bonds</i>	<i>350</i>	<i>337</i>	<i>329</i>	<i>- 13</i>	<i>- 8</i>
- Medium-term negotiable instruments of indebtedness	1 007	1 151	936	+ 144	- 215
D. Securities of UCITS	19 049	30 943	28 175	+ 11 894	- 2 768
- Bond UCITS	17 111	29 696	26 423	+ 12 585	- 3 273
- Share UCITS	895	563	718	- 332	+ 155
- Diversified UCITS	1043	684	1 034	- 359	+ 350
E. Institutional savings	96 414	103 320 *	116 764	+ 6 906	+ 13 444
- Funds of pension and provident institutions	48 982	50 082	57 936	+ 1 100	+ 7 854
<i>Of which : . CNRA and RCAR ⁽²⁾</i>	<i>(21 250)</i>	<i>(21 385)</i>	<i>(26 606)**</i>	<i>(+ 135)</i>	<i>(+5 221)</i>
<i>. National Social Security Fund (CNSS)....</i>	<i>(14 017)</i>	<i>(14 674) *</i>	<i>(15 108)</i>	<i>(+657)</i>	<i>(+434)</i>
- Actuarial reserves of insurance companies	47 432	53 238	58 828	+ 5 806	+ 5 590
Sub-total	464 120	501 044	543 601	+36 924	+42 557
F. Company shares ⁽³⁾				+15 194	+9 068
- New issues of securities.....				+15 194	+9 068
- Shares of privatised companies				-	-
Total				+52 118	+51 625
G. Adjustment ⁽⁴⁾				+ 434	+ 1 235
Total of net investment flows				+52 552	+52 860

(1) Mainly non institutional sight deposits with the Deposit and Management Fund (CDG).

(2) National Retirement and Insurance Fund (CNRA) and Collective Fund for Retirement Allowances (RCAR).

(3) As data relating to shares held by non-financial agents are not available, only the new issues of corporate securities, either on the primary market or at the time of 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.

(**) Estimates.

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 (flows)	
	2001	2002*	2003	2002	2003
- Banking system	247 192	263 658	289 465	+ 16 466	+ 25 807
- Financing companies	261	408	671	+ 147	+ 263
- Treasury and Post office circuit	28 856	24 807	24 550	- 4 049	- 257
- C.D.G. and managed funds ⁽¹⁾	27 573	29 737	35 689	+ 2 164	+ 5 952
- Insurance and contingency institutions	75 164	81 935	90 158	+ 6 771	+ 8 223
Of which : . Insurance companies.....	(47 432)	(53 238)	(58 828) **	(+5 806)	(+5 590)
. National Social Security Fund (CNSS).....	(14 017)	(14 674)	(15 108)	(+657)	(+434)
- UCITS	19 049	30 943	28 175	+ 11 894	- 2 768
All financial intermediaries	398 095	431 488	468 708	+ 33 393	+ 37 220
- Primary market of private securities ⁽²⁾				+ 15 194	+ 9 068
Adjustment ⁽³⁾				+ 434	+ 1 235
Total funds raised.....				+ 49 021	+ 47 523
- Notes and coin.....	66 025	69 556	74 893	+ 3 531	+ 5 337
Total				+ 52 552	+ 52 860

(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 new issues of corporate securities, either on the primary market or at the time of 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.

(**) Estimates.

Source : Bank Al-Maghrib.

XVI-3 - Domestic financing of the economy

(in millions of dirhams)

	Outstanding amounts at the end of the year			Changes (flows)	
	2001	2002	2003	2002	2003
I. Domestic financing of the economy					
A. Financing of the Treasury	-	-	-	+ 14 931	+ 17 657
- by financial intermediaries	-	-	-	+ 19 716	+ 18 798
. Bank Al-Maghrib advances	-3 143	-4 622	-7 185	- 1 479	- 2 563
. Deposits with the Treasury and the Postal Cheque Centre	869	1 782	657	+ 913	- 1 125
. Banks' portfolio of public securities.....	72 318	75 179	76 473	+ 2 861	+ 1 294
. UCITS' portfolio of public securities.....	25 822	37 495	41 840	+ 11 673	+ 4 345
. Institutional investors' portfolio of public securities.....	63 007	68 290	84 971	+ 5 283	+ 16 681
. Other financial intermediaries' portfolio of public securities	496	961	1 127	+ 465	+ 166
. Purchases of privatised public enterprises' shares ⁽¹⁾	-	-	-	-	-
- by corporations and individuals	-	-	-	- 4 785	- 1 141
. Deposits with the Treasury and the Postal Cheque Centre	8 285	8 358	8 599	+ 73	+ 241
. Six-month bills.....	9 407	2 554 *	3 052	- 6 853	+ 498
. Government loans.....	3 115	2 479	730	- 636	- 1 749
. Other Treasury bills ⁽²⁾	1 123	3 767	3 644	+ 2 644	- 123
. Purchases of privatised public enterprises' shares ⁽¹⁾	350	337	329	- 13	- 8
B. Financing of public entities	5 305	5 104	5 403	- 201	+ 299
- by Municipal Equipment Fund (FEC)	5 305	5 104	5 403	- 201	+ 299
C. Financing of corporations and individuals	-	-	-	+ 24 492	+ 30 249
- by financial intermediaries	233 431 *	242 750 *	263 935	+ 9 319	+ 21 185
. Credits.....	230 778	238 563 *	257 316	+ 7 785	+ 18 753
. Bonds portfolio.....	2 653	4 187	6 619	+ 1 534	+ 2 432
- On securities market	-	-	-	+ 15 173	+ 9 064
. Commercial paper.....	25	4	-	- 21	- 4
. Corporate securities ⁽³⁾	-	-	-	+ 15 194	+ 9 068
Total of domestic financing of the economy.....	-	-	-	+ 39 222	+ 48 205
Of which : . Intermediated financing.....	-	-	-	+ 28 834	+ 40 282
. Direct financing.....	-	-	-	+ 10 388	+ 7 923
II. Net foreign assets	101 949	110 780	127 556	+ 8 831	+ 16 776
III. Other net assets ⁽⁴⁾				+ 4 499	- 12 121
Total assets (I+II+III)				+ 52 552	+ 52 860

(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 new issues of 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

	PAGE
Introductory note	9
International environment	18
National Output.....	25
. Agriculture, stock farming and fisheries	27
. Minerals	34
. Energy	36
. Manufacturing industry	39
. Tourism	44
Demand	49
Prices	52
Employment	56
Foreign trade	58
External financial relations	65
Public finance	74
Money	82
. Monetary policy.....	82
. Monetary aggregates	89
. Payment instruments.....	99
Credit	107
Credit institutions.....	115
The capital market	122
Financial saving	128
The balance sheet of the Bank Al-Maghrib.....	135

SUMMARY OF STATISTICAL APPENDICES

- National accounts	I-1 to I-7
- Production of agriculture, stock farming and fisheries	II-1 to II-15
- Mineral production	III-1 and III-2
- Production and consumption of energy	III-3 to III-7
- Index of industrial production	IV-1
- Tourist arrivals	V-1
- Price indices	VI-1 and VI-2
- Employment and unemployment	VI-3 and VI-4
- Foreign trade	VII-1 to VII-4
- Balance of payments	VIII-1
- Exchange rates	IX-1
- Public finance	X-1 to X-4
- Bank liquidity and interest rates	XI-1 to XI-13
- Monetary and liquid investment aggregates	XII-1 to XII-9
- Counterparts of aggregate M3.....	XII-10 to XII-15
- Cash movements at the Bank Al-Maghrib cash desks and interbank exchanges at the clearing houses	XIII-1 and XIII-2
- Assets and liabilities of banks and financing companies	XIV-1 to XIV-3
- Capital market	XV-1 to XV-6
- Financial saving... ..	XVI-1 to XVI-3

SUMMARY OF CHARTS

- Gross domestic product changes
- Cost of living index
- Foreign trade
- Transfert payment exchange rates
- Monthly impact of autonomous bank-liquidity factors
- Bank Al-Maghrib monthly interventions on the money market
- Weighted average interbank market rate
- Monetary aggregates
- Investments liquid aggregates (IL)
- Counterparts of M3

Printed by
DAR AS-SIKKAH - BANK AL-MAGHRIB
Km 8 Route de Salé à Meknès
B.P. 445 RABAT (MOROCCO)

Legal deposit : 2004 / 1393
I S B N 9981 - 873 - 33- 0
ISSN 1114 - 4122