

Message de
Sa Majesté le Roi Mohammed VI
Roi du Maroc

aux participants à

**la 40^{ème} session du Conseil des gouverneurs des banques
centrales et des Instituts d'émission arabes**

Rabat, 22 septembre 2016

Message from
His Majesty Mohammed VI
King of Morocco

to the participants in

**the 40th Meeting of the Council of Arab Central Bank
Governors and Arab Monetary Agencies**

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Su Majestad Mohammed VI
Rey de Marruecos

a los participantes en

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Imprimerie Royale - Rabat



Sa Majesté le Roi Mohammed VI
His Majesty King Mohammed VI
Su Majestad el Rey Mohammed VI



الحمد لله، والصلاة والسلام على مولانا رسول الله وآله وصحبه.

**Your Excellencies,
Ladies and Gentlemen,**

It gives me great pleasure to welcome you, once again, to your second home for the 40th Meeting of the Council of Arab Central Bank Governors and of Arab Monetary Agencies.

Since your previous meeting in Marrakech, in 2008, the global and regional environment has changed significantly. The economic and financial crisis, which was just starting at the time, has turned out to be much deeper and is lasting much longer than previously expected. Moreover, it has not remained confined to the financial sector, but has spread to the real economy as well.

Nearly a decade later, and in spite of the significant reforms undertaken by the international community in response to the crisis, its effects are still with us. In several developed countries, growth continues to be sluggish, unemployment rates - especially among young people - remain high, public debt is a cause for concern and banking systems continue to be fragile. Most major emerging economies are facing difficulties, and some of them are, in fact, facing a recession.

During the past decade, as governments found themselves with very little leeway, they relied heavily on central banks. These institutions' actions went beyond the scope of traditional instruments of monetary policy, and new, unconventional approaches were explored. Central banks have indeed managed – to a certain extent – to mitigate the gravity of the crisis and its consequences. However, the excessive use of unconventional instruments has translated into new risks for markets and for financial stability in general.

Your Excellencies,

In the Arab world, on top of the effects of the global crisis, the last decade has been marked by many political and social developments. Political strife, the deterioration of the security situation and the spread of terrorism continue to destroy institutions, ruin the economy and threaten the safety of citizens in certain countries. Similarly, the downward trend in oil prices, since June 2014, is straining the economies of several oil-exporting countries, impacting economic and social investment programs.



Conversely, it is gratifying to note that in many countries, economies have shown some resilience vis-a-vis these developments, thanks to the bold structural reforms introduced and the diversification of the economic fabric.

I am indeed pleased to note the significant progress made by your institutions to raise the funds needed to finance economic and social development in our countries. Nevertheless, I invite you to be more vigilant in order to better manage the interplay between your institutions' traditional mission and their new assignments as far as financial stability is concerned. While allowing for a certain flexibility of the financial system to ensure adequate financing for economic development and to support growth, your institutions are called upon to consolidate control and monitoring mechanisms to prevent any malfunction of the system and combat illicit financial flows, including those benefiting terrorist groups.

Clearly, your meeting today is taking place in a special context. As is often the case, expectations regarding Arab monetary authorities and the hope pinned on them remain quite high. I firmly believe that as Arab monetary authorities pool efforts, they will be in a better position to make the most of our diverse yet complementary economies in order to fulfil a long-held ambition, namely to build a solid, prosperous Arab economic bloc.

Your Excellencies,

In this generally unfavorable international environment, the Moroccan economy has proven to be resilient, thanks to various large-scale projects, launched since the early 2000s, as well as the untiring efforts we continue to exert in order to build on past accomplishments and make further progress.

We have recently undertaken a range of reforms that mostly concern the institutional framework as well as several other sectors, particularly those of education and justice, in addition to advanced regionalization and the business environment.

Morocco has also begun reforming the subsidy system. This has helped redress the public finance situation and create budgetary margins to promote economic investment and social safety nets for the most vulnerable segments of the population. To consolidate this turnaround and improve the visibility and transparency of public finances, a new organic budget law came into force in 2016.

At the monetary and financial level, Morocco has continued to develop and modernize the national financial system so as to bring the Kingdom's monetary policy in line with international best practices, while maintaining an accommodating policy to support the financing of the country's economy, including very small and medium-sized businesses.



A legal framework and a crisis-resolution mechanism have also been set up, in consultation with other regulators. In this regard, Bank Al-Maghrib is continuing its action to align its banking supervision system with international standards and assist Moroccan banks as they develop abroad. They already have branches in some thirty countries.

Thanks to these efforts, the national financial system fared well in the assessment carried out by the IMF and the World Bank in April 2015, thus confirming the robustness of the Moroccan banking system.

The reforms introduced and the political stability and security enjoyed by the country have enabled Morocco to consolidate its reputation vis-à-vis international partners, rating agencies and investors. The new Precautionary and Liquidity Line recently approved by the IMF and the flow of foreign direct investments - of which a good number come from Morocco's partners within the Gulf Cooperation Council - are an indicator of the trust and esteem enjoyed by the Kingdom.

These major achievements mean our foreign policy choices have been pertinent. These accomplishments have also enhanced our open policy vis-à-vis the region and the world at large, since Morocco has signed free-trade agreements with 56 countries so far, including several Arab sister nations.

In this regard, Morocco has embarked on an ambitious project aiming to turn Casablanca into a regional financial hub and a platform for exchange between Africa and the rest of the world. That ambition has now become a reality since the latest ranking of finance centers in the world put Casablanca Finance City 33rd globally, and in top position in Africa.

To further consolidate our open policy and shore up the resilience of our economy to external shocks, we have recently decided to transition gradually to a more flexible exchange rate regime than can help enhance the competitive edge of our economy.

Your Excellencies,

The increasingly rapid, unpredictable and profound institutional, social and economic changes the world is witnessing today are major challenges to which public and monetary authorities must rise.

One of the prerequisites for overcoming those challenges is the availability of qualified human resources that are able to anticipate and act. In fact, human resources are crucial. They are also our countries' main asset.

As a matter of fact, the study I entrusted to the Economic, Social and Environmental Council, together with Bank Al-Maghrib, reached the same conclusions.



For this reason, I asked for the immaterial capital to be made a top priority in the country's public policies.

Nevertheless, current economic challenges and concerns should not overshadow the need to ensure sustainable development or to keep in mind the future of generations to come. Today, these concerns are at the heart of the new agenda for sustainable development – an agenda that is expanding the scope of public commitments, both under the Millennium Development Goals and efforts to combat climate change.

We are fully committed to that agenda in Morocco. The fact that the 22nd Conference of the Parties to the United Nations Convention on Climate Change (COP22) is to be held in Marrakech next November is a clear indication of the pertinence of our policy choices and of the international community's recognition of our efforts in these fields.

Your Excellencies,

Thanks to your experience, your ability to innovate and your fruitful cooperation through several forums – including this one which has brought you together today – and the various committees of the Arab Monetary Fund, whose action I have been closely monitoring and whose countless achievements I should like to commend, I am sure you will continue to contribute to the development of our countries, together with other agencies. I know you will succeed in this mission because Arab central banks and monetary agencies enjoy the independence they need to carry out the role entrusted to them and promote the interests of our region within international institutions.

I should like, once again, to welcome you most warmly to Morocco and to wish you a successful conference.

Thank you.

والسلام عليكم ورحمة الله تعالى وبركاته.

Mohammed VI
King of Morocco