



**MEETING OF MENA FINANCE MINISTERS
AND CENTRAL BANK GOVERNORS WITH IMF
MANAGING DIRECTOR**

**“THE IMPACT OF GLOBAL UNCERTAINTIES
ON THE MIDDLE EAST AND NORTH AFRICA
REGION”**

*Speech translation of Mr. Abdellatif Jouahri
Governor of Bank Al-Maghrib
Washington, April 23, 2017*

Managing Director,

Fellow Ministers and Governors,

Good afternoon,

I would like to thank Ms. Lagarde and through her the Fund for this biannual meeting which has become a well-established meeting point to discuss the challenges specific to our region.

The theme chosen for this meeting is very topical. Indeed, the global economy has gained momentum but is becoming increasingly uncertain. We are witnessing rising protectionism and populism which we consider to be the consequences of the crisis and heightened inequalities.

Such an increase in uncertainty only exacerbates the loss of confidence and the wait-and-see attitude of economic operators. In this regard, I want to congratulate you and the IMF staff for the excellent quality of the background paper which covers the challenges we face in the MENA region. Let me now focus on the situation of Morocco.

Considering the impact of the crisis and its surrounding uncertainties on our traditional partners, particularly in the euro area, we decided to broaden our integration, mainly with African sub-Saharan countries as part of win-win strategies.

In recent years, Morocco has increasingly become a refuge for sub-Saharan immigrants. The Moroccan authorities responded through a humanitarian approach, by regularizing the situation of the first waves of illegal immigrants who became full-fledged residents.

The uncertainties arising from the trend in commodity prices, particularly oil, and its impact on macroeconomic balance prompted us to implement rather quickly a major reform of subsidies. This reform, together with other reforms which concerned mainly public finances, the justice and pension schemes, has provided us with some fiscal space to increase public investment and strengthen social safety nets. I should highlight here that the instruments which the Fund made available to us have provided us with effective support, as an insurance against external shocks.

In a further measure aimed at mitigating the impact of uncertainties and external shocks on the economy, we have initiated a gradual transition to exchange rate flexibility. Preparations are nearing completion and we will start implementation at the beginning of the second half of this year. As you pointed out in the background paper, communication about reforms is very important in order for the citizen to embrace the reforms. I would like to take this opportunity to commend the quality of the Fund's teams who worked with us during this preparatory phase.

I think there is another source of uncertainty that weighs on our economies, particularly on the financial sector. It is about digitization that calls for fundamental changes and adaptations of our market and regulatory institutions. In this regard, the IMF may need to establish a roadmap to accompany the countries of our region in developing and implementing effective policies.

However, I would like to conclude with a certainty, which is the joint organization by the IMF and Morocco in 2018 of the Second High-Level Conference on reinforcing inclusive growth in the region, after the one that was held in Jordan in 2014. This is an additional manifestation of the Fund's interest in our countries.

Thank you.