



IMF Economic Review conference

**Transformational Recovery: Seizing Opportunities from
the Crisis**

**Introductory remarks by Mr. Abdellatif Jouahri
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**Economic Counsellor and Research Department Director of the IMF,
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Renowned Researchers and Professors,

Distinguished guests,

Allow me to begin by welcoming you all to Bank Al-Maghrib and, to those of you who have come from abroad, I wish you a pleasant stay in Morocco. I would particularly like to thank the eminent researchers and professors who have accepted our invitation to take part in this event and share with us their latest research.

The conference that brings us together today, and which is hosted for the first time on our continent, is the fruit of a strong collaboration with the IMF and the IMF Economic Review. I would like to take this opportunity to thank the Editorial Board of this prestigious journal and hope that we will have other opportunities to work together in the future. With the IMF, this is an initiative that consolidates a partnership that we have established in several areas and that has been particularly strengthened in recent years. This meeting was originally scheduled to take place in June 2020 as part of the preparations for the annual meetings of the World Bank and the IMF, but just like other events scheduled within this framework, it was postponed for reasons that we all are familiar with. Today, I am pleased that this conference is taking place and, more generally, that the entire process of preparing for the annual meetings scheduled for October 2023 in Marrakech has been resumed.

Ladies and Gentlemen,

For more than two years now, the world has been grappling with an unusually difficult and complex situation. Decision-makers, both public and private, have found themselves navigating through an environment marked by uncertainty and shocks of a magnitude not observed for decades.

First, there was an unprecedented pandemic that left many human losses, considerable economic and social impacts, but also repercussions that will certainly last for several years. Despite exceptionally large fiscal and monetary measures, it plunged the world economy into a recession, the deepest since World War II. The IMF, for its part, estimated last April the cumulative loss in terms of GDP compared to the pre-pandemic trend at \$13.8 trillion through 2024.

While there was hope for a return to normalcy after the easing of health restrictions and the notable, albeit largely uneven, progress of vaccination campaigns, the outbreak of the conflict in Ukraine has grimed the outlook for the global economy. Thus, after a rebound in 2021, recovery is now severely compromised and increasingly uncertain. More worryingly, if this war continues, which seems to be the case thus far, the world would not be spared from a global food crisis, knowing already that, according to the latest World Bank estimates, between 75 million and 95 million additional people live in extreme poverty in 2022 compared to pre-pandemic projections.

With the aftermath of the health crisis and the consequences of the war in Ukraine, it is a complex and difficult situation in which many economies, both advanced and developing, find themselves in. In the latest edition of its economic outlook, the World Bank even mentions an increased risk of stagflation, but this is not necessarily a unanimous opinion, as former Fed

Chairman Ben Bernanke and the ECB President, for example, refute the comparisons made between the situation in the 1970s and today.

Given the acceleration of inflation to levels not seen in decades, central banks are confronted with a delicate dilemma: tightening of monetary policy and further slowing down the economy, or opt for an accommodating stance with the risk of a further surge in prices. While the trend is clearly towards the first option, some of the first central banks to begin normalization, such as South Korea's, are calling for more finesse and agility in view of the high levels of uncertainty surrounding the growth and inflation outlook.

For their part, and in addition to economic slowdown, governments are facing increasing social needs and pressures to support purchasing power, bearing in mind that their budgetary margins have been significantly reduced by the health crisis, with very high levels of debt and increasingly difficult financing conditions.

In addition, there are many other challenges, mostly related to the continuing disruption of supply chains and the deep changes that were at work well before the health crisis and which the latter accelerated. These include digitalization, the rise of economic sovereignty, the questioning of multilateralism and the requirements for addressing climate change. It is the whole world order that is being reshaped according to economic and geopolitical interests.

Here in Morocco, we are obviously not immune to the effects of this difficult international environment. Thanks to exceptional efforts at all levels, the domestic economy was generally able to overcome the health crisis, recording a rebound of nearly 8% in 2021. However, as in everywhere else, it is

suffering from the consequences of the war in Ukraine, with a notable increase in the energy bill and strong external pressures on consumer prices.

At Bank Al-Maghrib, we continue to maintain the exceptional measures that we deployed during the health crisis so as not to slow down the recovery, but at the same time we remain vigilant about the evolution of prices. As I pointed out in the press conference held after the Bank's Board meeting two days ago, we expect inflation to be slightly above 5 percent this year, with a return to a moderate level next year. After analyzing all the available data on the national and international environment as well as the medium-term macroeconomic projections, the Board decided at this meeting to keep the policy rate unchanged.

Ladies and gentlemen,

It is to be better prepared for crisis situations and difficult circumstances that events like today's conference are of utmost importance. In hindsight, it is a profound reflection that we need. It would help to define the outlines of a real paradigm shift that is needed for the development and implementation of public policy.

Beyond simple adjustments of choices and policies, it is indeed their foundations that should be reviewed, following the example of what was done in the aftermath of the 2008 international crisis when we saw macroeconomic theory, the forecasting models based on it, our regulatory framework and statistical systems called into question...

This requires retrospection, continuous effort and long delays. As an illustration, it was only on the 9th of this month that the IMF and the Financial Stability Board announced the completion of the G20 initiative to

close the data gap identified during the 2008 crisis. Yet, one of the major challenges still faced by policy makers in many countries, particularly in the developing world during the pandemic, is the availability of timely and detailed data to assess the impact and calibrate economic and social responses.

It is this desire and ambition to question the theoretical and empirical foundations of our policies and decisions that are behind the choice of the theme for this conference "Transformational Recovery": seize the opportunities of the crisis ». This is a very different issue from the one we chose before the pandemic, which focused on economic integration and growth.

Considering the diversity of topics that will be covered during the sessions we have scheduled and the quality of the speakers, I am convinced that these two days of debates and exchanges will allow us to identify relevant elements for our future choices and policies to strengthen the resilience of our economies while improving their performance. To ensure a broad reach at the national level, we have invited many public institutions and representatives of the academic world.

Ladies and Gentlemen,

At Bank Al-Maghrif, we permanently deploy efforts to try to answer questions such as those raised in this conference. We regularly question our approaches and adapt our monitoring, analysis and forecasting tools. We therefore attach great importance to the development of research and openness to the national and international academic world, and we have even made this one of the main pillars in our 2019-2023 strategic plan.

We have co-organized the 2019 edition of the Africa Meeting of the Econometric Society with the participation of renowned scholars such as those present with us today. Together with the World Bank, we have contributed to founding the regional network of research departments of the Middle East and North Africa central banks. We organize with national and international partners numerous conferences either on an ad hoc basis or on a regular basis such as the International Days of Macroeconomics and Finance that we hold annually with Cadi Ayyad University in Marrakech and Basel University in Switzerland. Bank Al-Maghrib's staff also holds seminars in various Moroccan universities and, in parallel, the Bank involves academic researchers in some of its work and interviews them in the context of its survey on inflation expectations. We have developed a "visiting researcher" program that enabled us to initiate collaborations with researchers from universities and central banks such as those in the United States, Canada and Poland.

To contribute to the development of research at the national level, we have recently set up a research award for researchers who have completed their doctoral theses in the fields of economics or finance.

This being the case, in 2019, we have initiated a reflection for the establishment of a more comprehensive framework to promote and develop empirical and theoretical research. We are quite advanced in identifying possible options, one of which would be the creation of a dedicated foundation.

I would like to wish you a successful conference and I invite our foreign partners to take advantage of their stay to visit Rabat, which has been on the UNESCO World Heritage List since 2012.

