

## Morocco: Statistical Appendix

This Statistical Appendix for **Morocco** was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **April 13, 2004**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of **Morocco** or the Executive Board of the IMF.

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**Statistical Appendix**

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Approved by the Middle East and Central Asia Department

April 13, 2004

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Morocco: Basic Economic and Financial Indicators, 1999–2003

	1999	2000	2001	2002	<u>Est</u> 2003
	(Annual percent change; unless otherwise indicated)				
Production and income					
Nominal GDP	0.5	2.5	8.2	3.8	7.0
Real GDP	-0.1	1.0	6.3	3.2	5.5
Real non-agricultural GDP	3.2	3.6	3.6	2.8	3.1
GDP deflator	0.5	1.5	1.8	0.6	1.4
Consumer price index (CPI), average	0.7	1.9	0.6	2.8	1.2
	(In billions of U.S. dollars; unless otherwise indicated)				
External sector					
Exports of goods, f.o.b.	7.5	7.4	7.1	7.8	8.7
Imports of goods, f.o.b.	10.0	10.7	10.2	10.9	13.1
Net services	0.1	0.3	1.1	1.2	1.7
Net transfers	2.1	2.4	3.5	3.2	4.0
Current account (in percent of GDP)	-0.5	-1.4	4.8	4.1	3.1
Overall balance (deficit -)	1.6	-0.4	3.8	0.6	1.8
	(In percent of GDP)				
Central government					
Revenue, excluding grants and privatization	26.9	26.2	24.9	24.7	24.1
Total expenditure (including <i>Fonds Hassan II</i> )	31.4	32.4	31.1	29.9	30.1
Overall balance 1/	-4.5	-6.4	-5.8	-4.7	-5.5
Privatization and GSM receipts	3.2	0.0	6.1	0.2	2.8
Overall balance, incl. privatization	-1.3	-6.4	0.3	-4.5	-2.7
	(Annual percent change; unless otherwise indicated)				
Money and credit					
Broad money	10.3	8.4	14.2	6.3	8.6
Interest rate (Avg, money market rate, in percent)	5.6	5.4	4.6	3.0	2.5
Official reserves					
Gross official reserves (in billions of US\$, end-period)	5.7	4.8	8.4	10.1	13.6
In months of imports of goods and services, c.i.f.	5.7	4.6	8.2	9.1	10.3
Debt (short, medium and long term)					
Total external debt (in billions of US\$)	19.8	18.0	15.9	15.8	16.4
Total external debt (in percent of GDP)	56.1	53.9	46.9	43.7	36.2
Domestic government debt (in percent of GDP)	45.6	47.3	45.9	48.2	49.7
Total government debt (in percent of GDP)	81.3	81.5	74.8	71.5	68.2
Memorandum items:					
GDP at current prices (in billions of Dh)	345.6	354.2	383.2	397.8	425.6
Exchange rate: dirham/US\$ (average period)	9.80	10.63	11.30	11.02	9.54
Real effective exchange rate (appreciation +)	1.0	2.8	-4.1	-1.1	-1.0
Terms of trade (deterioration -)	-3.4	-11.1	-1.6	4.9	-0.2

Sources: Data provided by the Moroccan authorities; includes IMF staff estimates.

1/ On a commitment basis including *Fonds Hassan II*.

Table 1. Morocco: Gross Domestic Product by Sector of Origin  
at Current Prices, 1999–2002

	1999	2000	2001	2002
	(In millions of Moroccan dirhams)			
Primary sector	52,905	48,991	59,657	64,141
Agriculture, livestock, and fishing	52,905	48,991	59,657	64,141
Secondary sector	110,552	113,100	118,653	120,622
Mining	7,464	7,290	7,429	7,314
Energy and water	27,159	25,264	26,983	27,129
Manufacturing	59,582	62,246	64,869	66,864
Construction and public works	16,348	18,300	19,372	19,314
Tertiary sector	132,713	141,628	146,621	153,047
Commerce	39,843	42,490	44,989	47,149
Transport and communications	21,678	24,897	26,259	28,673
Other services	44,695	46,107	47,326	48,666
Indirect taxes less subsidies	26,496	28,134	28,047	28,559
Government	49,424	50,489	58,253	59,972
Gross domestic product (GDP)	345,594	354,208	383,185	397,782
	(Percentage change)			
Primary sector	-10.6	-7.4	21.8	7.5
Agriculture, livestock, and fishing	-10.6	-7.4	21.8	7.5
Secondary sector	1.7	2.3	4.9	1.7
Mining	1.8	-2.3	1.9	-1.5
Energy and water	-1.1	-7.0	6.8	0.5
Manufacturing	2.0	4.5	4.2	3.1
Construction and public works	5.7	11.9	5.9	-0.3
Tertiary sector	3.0	6.7	3.5	4.4
Commerce	1.4	6.6	5.9	4.8
Transport and communications	9.5	14.8	5.5	9.2
Other services	4.0	3.2	2.6	2.8
Indirect taxes less subsidies	-1.1	6.2	-0.3	1.8
Government	4.6	2.2	15.4	3.0
Gross domestic product (GDP)	0.5	2.5	8.2	3.8
	(Percentage of GDP)			
Primary sector	15.3	13.8	15.6	16.1
Agriculture, livestock, and fishing	15.3	13.8	15.6	16.1
Secondary sector	32.0	31.9	31.0	30.3
Mining	2.2	2.1	1.9	1.8
Energy and water	7.9	7.1	7.0	6.8
Manufacturing	17.2	17.6	16.9	16.8
Construction and public works	4.7	5.2	5.1	4.9
Tertiary sector	38.4	40.0	38.3	38.5
Commerce	11.5	12.0	11.7	11.9
Transport and communications	6.3	7.0	6.9	7.2
Other services	12.9	13.0	12.4	12.2
Indirect taxes less subsidies	7.7	7.9	7.3	7.2
Government	14.3	14.3	15.2	15.1
Gross domestic product (GDP)	100.0	100.0	100.0	100.0

Source: Ministry of Economic Forecast and Planning.

Table 2. Morocco: Gross Domestic Product by Sector of Origin, 1999–2003

	1999	2000	2001	2002	<u>Prel.</u> 2003
(In millions of Moroccan dirhams at 1980 prices)					
Primary sector	18,251	15,377	19,619	20,717	24,860
Agriculture, livestock, and fishing	18,251	15,377	19,619	20,717	24,860
Secondary sector	40,422	41,580	43,643	44,817	45,860
Mining	3,905	3,838	3,952	4,079	3,946
Energy and water	6,754	6,722	7,250	7,468	7,469
Manufacturing	23,906	24,744	25,792	26,641	27,539
Construction and public works	5,857	6,276	6,648	6,628	6,906
Tertiary sector	51,924	54,593	55,705	57,519	59,348
Commerce 1/	16,779	17,595	18,766	19,586	32,584
Transport and communications	9,358	10,186	10,161	10,625	10,940
Other services	14,948	15,108	15,328	15,499	15,824
Indirect taxes less subsidies	10,839	11,703	11,449	11,809	...
Government	23,027	23,351	24,428	24,917	26,038
Gross domestic product (GDP)	133,623	134,900	143,394	147,969	156,106
(Annual percentage change)					
Primary sector	-16.7	-15.7	27.6	5.6	20.0
Agriculture, livestock, and fishing	-16.7	-15.7	27.6	5.6	20.0
Secondary sector	2.7	2.9	5.0	2.7	2.3
Mining	-1.2	-1.7	3.0	3.2	-3.3
Energy and water	3.2	-0.5	7.8	3.0	0.0
Manufacturing	2.7	3.5	4.2	3.3	3.4
Construction and public works	4.9	7.1	5.9	-0.3	4.2
Tertiary sector	3.8	5.1	2.0	3.3	3.2
Commerce	1.9	4.9	6.7	4.4	...
Transport and communications	8.1	8.9	-0.2	4.6	3.0
Other services	1.0	1.1	1.5	1.1	2.1
Import duties less subsidies	7.4	8.0	-2.2	3.1	...
Government	2.5	1.4	4.6	2.0	4.5
Gross domestic product (GDP)	-0.1	1.0	6.3	3.2	5.5

Source: Ministry of Economic Forecast and Planning.

1/ For 2003: includes import duties less subsidies.

Table 3. Morocco: Supply and Use of Resources, 1999–2002

	1999	2000	2001	2002
(In millions of Moroccan dirhams)				
Gross domestic product	345,594	354,208	383,185	397,782
Imports of goods and nonfactor services 1/ 2/	95,110	111,680	116,080	123,343
Total resources	440,704	465,888	499,264	521,125
Gross domestic expenditure	375,153	394,599	421,514	434,259
Domestic consumption 3/	295,241	310,658	333,793	343,942
Nongovernment	229,095	242,969	257,970	263,980
Government	66,146	67,689	75,823	79,962
Gross fixed investment	81,896	85,422	85,375	91,142
Nongovernment	71,872	74,626	74,214	80,360
Government	10,024	10,796	11,161	10,782
Change in stocks	-1,984	-1,481	2,346	-825
Exports of goods and nonfactor services 2/ 4/	65,551	71,289	77,751	86,866
Memorandum items:				
Net income from abroad (including transfers)	13,243	18,200	31,743	28,666
National disposable income	358,837	372,407	414,927	426,447
(In percent of GDP)				
Gross domestic product	100.0	100.0	100.0	100.0
Imports of goods and nonfactor services 1/ 2/	27.5	31.5	30.3	31.0
Total resources	127.5	131.5	130.3	131.0
Gross domestic expenditure	108.6	111.4	110.0	109.2
Domestic consumption 3/	85.4	87.7	87.1	86.5
Nongovernment	66.3	68.6	67.3	66.4
Government	19.1	19.1	19.8	20.1
Gross fixed investment	23.7	24.1	22.3	22.9
Nongovernment	20.8	21.1	19.4	20.2
Government	2.9	3.0	2.9	2.7
Change in stocks	-0.6	-0.4	0.6	-0.2
Exports of goods and nonfactor services 2/ 4/	19.0	20.1	20.3	21.8
Memorandum items:				
Net income from abroad (including transfers)	3.8	5.1	8.3	7.2
National disposable income	103.8	105.1	108.3	107.2

Source: Ministry of Economic Forecast and Planning.

1/ Excludes consumption of residents abroad.

2/ Exports and imports include goods traded under the *régime d'admission temporaire sans paiement*.

3/ Local consumption of residents and nonresidents (excludes consumption of residents abroad).

4/ Excludes consumption of nonresidents in Morocco.



Table 4. Morocco: Savings-Investment Balance, 1999–2002

	1999	2000	2001	2002
(In millions of Moroccan dirhams)				
Gross national product	358,837	372,407	414,927	426,447
National consumption 1/	280,562	293,512	308,997	319,680
Nongovernment	214,416	225,823	233,174	239,718
Government	66,146	67,689	75,823	79,962
Gross national savings	78,275	78,895	105,930	106,767
Nongovernment	72,314	76,475	102,493	98,997
Government	5,961	2,419	3,437	7,770
Gross investment	79,912	83,942	87,721	90,317
Gross fixed investment	81,896	85,422	85,375	91,142
Nongovernment	71,872	74,626	74,214	80,360
Government	10,024	10,796	11,161	10,782
Changes in stocks	-1,984	-1,480	2,346	-825
National saving-investment gap	-1,637	-5,048	18,210	16,451
Nongovernment	2,426	3,329	25,934	19,462
Government	-4,063	-8,377	-7,724	-3,012
Capital transfers	-84	-63	-101	-67
Saving-investment gap, including capital transfers	-1,721	-5,111	18,109	16,384
External current account (national accounts data)	-1,721	-5,109	18,109	16,384
Exports of goods and nonfactor services 2/ 3/	84,663	92,955	106,947	116,024
Imports of goods and nonfactor services 3/ 4/	-99,543	-116,201	-120,480	-128,239
Net income from abroad (including transfers)	13,243	18,200	31,743	28,666
Capital transfers	-84	-63	-101	-67
(In percent of gross national product)				
Gross national product	100.0	100.0	100.0	100.0
National consumption 1/	78.2	78.8	74.5	75.0
Nongovernment	59.8	60.6	56.2	56.2
Government	18.4	18.2	18.3	18.8
Gross national savings	21.8	21.2	25.5	25.0
Nongovernment	20.2	20.5	24.7	23.2
Government	1.7	0.6	0.8	1.8
Gross investment	22.3	22.5	21.1	21.2
Nongovernment	20.0	20.0	17.9	18.8
Government	2.8	2.9	2.7	2.5
National savings-investment gap	-0.5	-1.4	4.4	3.9
Nongovernment	0.7	0.9	6.3	4.6
Government	-1.1	-2.2	-1.9	-0.7
Capital transfers	0.0	0.0	0.0	0.0
External current account (national accounts data)	-0.5	-1.4	4.4	3.8
Memorandum items:				
Exports of goods and nonfactor services 2/ 3/	23.6	25.0	25.8	27.2
Imports of goods and nonfactor services 3/ 4/	-27.7	-31.2	-29.0	-30.1

Source: Ministry of Economic Forecast and Planning.

1/ Consumption of residents (including consumption of residents abroad but excluding local consumption of nonresidents).

2/ Including local consumption of nonresidents.

3/ From 1994 exports and imports including goods traded under the *régime d'admission temporaire sans paiement*.

4/ Including consumption of residents abroad.

Table 5. Morocco: Gross Fixed Capital Formation and its Components, 1999–2002

	1999	2000	2001	2002
(In millions of Moroccan dirhams at current prices)				
Machinery and equipment	43,542	42,693.4	40,153.7	45,649.8
Construction	22,206	23,456	24,469	24,971
Public works	12,583	15,559	16,861	16,550
Land management, forestation, and livestock	3,565	3,713	3,891	3,971
Gross fixed capital formation	81,896	85,422	85,375	91,142
<i>Of which:</i>				
Government agencies	10,024	10,796	11,161	10,782
In percent of total	12.2	12.6	13.1	11.8
(In percent of GDP)				
Machinery and equipment	12.6	12.1	10.5	11.5
Construction	6.4	6.6	6.4	6.3
Public works	3.6	4.4	4.4	4.2
Land management, forestation, and livestock	1.0	1.0	1.0	1.0
Gross fixed capital formation	23.7	24.1	22.3	22.9

Source: Ministry of Economic Forecast and Planning.

Table 6. Morocco: Index of Industrial Production, 1999–2002  
(1992 = 100; period average)

	Weights	1999	2000	2001	2002
Foodstuffs	7.40	127	135.3	136.6	135.2
Other food products	11.01	125	131.1	135.2	142
Beverages and tobacco	6.49	116.3	120.8	134.9	134.8
Textiles	11.33	98.4	102	101.9	101.1
Clothing (excluding shoes)	9.04	142.1	138.7	131.2	129.2
Leather and shoes	2.04	111.2	114.8	120.9	126.1
Wood and wood products	2.07	106.2	110.8	116.8	121.1
Paper products	3.69	135.1	148.2	153	160
Processed mineral ores	10.82	117.3	121.3	125.4	132.8
Metallurgical products	2.19	135.0	135.3	144.8	168.4
Metal products	6.08	105.4	109	118.8	127
Machinery (excluding transport)	1.94	109.2	120.5	118.2	116.3
Transport equipment	4.06	120.3	125.5	143.4	134.8
Electronic equipment	3.42	126.4	127.1	127.4	132
Office, measuring, optical equipment	0.21	136.9	159.6	114.9	125.7
Chemicals	15.09	125.7	130	137.7	145.2
Rubber and plastic products	2.97	127.7	126.3	122.9	130.3
Other manufacturing	0.14	108.6	111.7	108.8	102.4
Total manufacturing industry	100.00	120.7	124.9	128.9	132.7

Source: Moroccan authorities.

Table 7. Morocco: Foreign Direct Investment by Sector, 1999–2002 1/  
(In millions of Moroccan dirhams)

	1999	2000	2001	2002
Real estate	488	655	865	1,909
Industry 2/	3,783	1,152	2,510	1,303
Fishing	4	14	71	43
Tourism	304	191	345	409
Services 3/	359	304	991	1,357
Transport	34	18	28	14
Public works	130	85	123	15
Banking	2,154	758	358	439
Telecommunication	10,175	7,981	26,377	426
Other	1,037	1,488	1,600	897
Total	18,467	12,647	33,268	6,811
<i>Of which:</i>				
Foreign exchange	17,197	12,444	32,474	6,531
Other	1,270	203	794	281

Source: Moroccan authorities.

1/ Including loans provided by foreign companies to their subsidiaries in Morocco.

2/ Including textiles.

3/ Excluding insurance

Table 8. Morocco: Consumer Price, Wholesale Price, and Producer Price Indices, 1999–2003  
(Annual percentage change)

	1999	2000	2001	2002	2003
Consumer price index 1/					
Food	-0.9	1.5	-1.0	4.3	1.3
Clothing	3.1	2.4	1.4	1.7	0.8
Housing	2.9	1.7	2.1	1.5	1.2
Household goods	1.3	0.2	0.1	0.6	0.4
Medical services	1.2	0.5	1.4	1.1	1.8
Transport and communications	1.7	5.2	2.6	0.6	0.2
Entertainment and culture	1.3	2.2	3.6	3.3	2.0
Other goods and services	1.5	2.1	2.1	2.2	1.1
General consumer price index	0.7	1.9	0.6	2.8	1.2
Wholesale price index 2/					
Agricultural sector	-1.3	4.3	-0.3	1.6	-4.5
Cereals	-3.1	2.8	3.0	-2.7	-8.3
Industrial crops	-0.3	-2.4	2.2	-2.0	-0.8
Vegetables	-13.2	18.2	-12.2	11.5	-2.7
Fruits	5.5	6.4	12.1	7.0	-11.7
Animal products	-0.7	-4.8	-3.9	1.8	3.4
Forestry products	9.0	35.0	-5.1	-16.0	-8.0
Fishing	-11.9	-1.4	-6.7	22.8	-5.5
Price index of industrial production					
Mining	-1.0	6.9	-1.0	-5.7	-0.6
Electricity and water	6.7	-1.9	-5.8	1.5	2.2
Manufacturing industries	0.5	9.3	-1.8	-1.2	1.3
Foodstuffs	-1.1	-0.1	-0.6	2.8	2.1
Textiles	0.6	-3.8	0.3	0.6	-0.4
Metallurgical industries	-1.9	3.4	-1.3	1.3	2.9

Source: Ministry of Economic Forecasting and Planning, *Direction de la Statistique*.

1/ Consumer price index based on price movements of 385 articles in the cities of Agadir, Casablanca, Fes, Kenitra, Laayoune, Marrakesh, Meknes, Oujda, Rabat, Tangier, and Tetouan.

2/ Index based on price movements of 70 articles.

Table 9. Morocco: Evolution of Consumer Subsidies and Retail Prices, 1999/2000–03 1/

	Units	1999/00	2000 2/	2001	2002	2003
<b>Sugar</b>						
Quantities subsidized	Million kos	969	462	997	1,002	1,057
Cubes		503	237	518	508	543
Granulated		466	225	479	493	514
Cost per unit 3/	DH/kos					
Cubes		6.95	6.95	6.95	6.95	6.95
Granulated		6.00	6.00	6.00	6.00	6.00
Retail price	DH/kos					
Cubes		4.95	4.95	4.95	4.95	4.95
Granulated		4.00	4.00	4.00	4.00	4.00
Subsidy per unit	DH/kos					
Cubes		2.00	2.00	2.00	2.00	2.00
Granulated		2.00	2.00	2.00	2.00	2.00
Subsidy/cost per unit	Percent					
Cubes		29	29	29	29	29
Granulated		33	33	33	33	33
Amount of subsidies	Million DH	1,938	924	1,994	1,998	2258
<b>Edible oils</b>						
Quantities subsidized	Million liters	410	187	n.a.	n.a.	n.a.
Cost per unit	DH/liters	13.28	13.28	n.a.	n.a.	n.a.
Average selling price	DH/liters	8.40	8.40	n.a.	n.a.	n.a.
Subsidy per unit	DH/liters	4.88	4.88	n.a.	n.a.	n.a.
Subsidy/cost per unit	Percent	37	37	n.a.	n.a.	n.a.
Amount of subsidies	Million DH	2,001	912	62	30	106
<b>Flour</b>						
Quantities subsidized	Million kos	1,000	490	1,000	1,000	1,000
Cost per unit	DH/kos	3.92	3.92	3.92	3.98	3.98
Retail price	DH/kos	2.00	2.00	2.00	2.00	2.00
Subsidy per unit	DH/kos	1.92	1.92	1.92	1.98	1.98
Subsidy/cost per unit	Percent	49	49	49	49	49
Amount of subsidies	Million DH	1,920	940	1,923	1,980	1,970
Petroleum products	Million DH	400	800	3,144	0	500
Total subsidies	Million DH	6,259	3,576	7,123	4,008	4,834

Source: Ministry of Finance, *Direction des établissements publics et des participations*.

1/ Based on July–June fiscal year basis in 1999/2000; calendar year from 2001.

2/ Second semester.

3/ Sum of retail prices and subsidies per unit.

Table 10. Morocco: National Minimum Wages, July 1996–January 2003

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	July 1996– June 2000	July 2000– January 2003
SMIG (dirhams per hour) 1/	7.98	8.78
SMAG (dirhams per day) 2/	41.36	45.5

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Source: Moroccan authorities.

1/ *Salair minimum interprofessionnel garanti.*

2/ *Salair minimum agricole garanti.*

Table 11. Morocco: Basic Social and Demographic Indicators, 1971–2003

	1971	1980	1987	1993	1997	1998	1999	2000	2001	2002	2003
(In millions, unless otherwise specified)											
Population characteristics											
Total population	15.4	19.3	22.7	25.6	27.3	27.8	28.2	28.7	29.2	29.6	30.1
Rural population	10.0	11.4	12.2	12.6	12.8	12.8	12.8	12.9	12.9	12.9	12.8
Population under 15 year of age	7.0	9.0	9.6	9.8	9.6	9.3	9.3	9.3	9.2	9.2	9.1
Birth rate (per 1,000)	41.0	39.9	31.4	27.3	23.2	22.8	24.5	21.9	21.5	21.0	...
Death rate (per 1,000)	17.4	10.6	7.4	7.0	6.3	6.2	6.1	5.9	5.8	5.6	...
Life expectancy	52.4	59.1	65.0	67.3	68.8	69.2	69.5	69.7	70.0	...	...
Population growth	2.8	2.6	2.4	2.0	1.7	1.7	1.7	1.7	1.6	1.5	1.5
Urbanization rate	35.1	41.1	46.0	50.4	53.2	53.8	54.5	55.2	55.9	56.6	57.3
Number of children per woman	7.4	5.9	4.5	4.1	3.1	3.0	2.9	2.8	2.8	...	...
Health, food, and nutrition											
Infant mortality (per 1,000)	125.2	92.0	82.0	65.6	72.0	70.0	53.0	46.0	44	...	...
Persons per physician (in thousands)	13.7	11.0	5.4	3.1	2.8	2.6	2.4	2.3	2.3	2.1	...
Education											
Literacy rate (in percent)	25.0	28.9	34.0	45.0	49.0	51.7	...	...	...	...	...
Primary enrollment (in percent)	...	...	...	61.6	68.6	73.7	79.1	84.6	90	92.1	...
Female enrollment (in percent)	...	...	...	51.8	61.8	68.0	74.2	80.6	86.6	89.1	...
Secondary enrollment (in percent)	...	...	...	45.8	53.7	55.1	58.1	60.3	63.1	66.3	...
Female enrollment (in percent)	...	...	...	37.1	45.0	46.7	49.9	52.7	56.2	59.8	...
Pupils per teacher in primary schools	35	38	27	28	28	28	29	29	29	...	...
Pupils per teacher in secondary schools	20	21	20	17	19	18	19	19	20	...	...
(In percent, unless otherwise specified)											
Unemployment rate	...	...	8.4	...	...	...	13.9	13.6	12.5	11.6	...
Young unemployment rate (15–24 years)	...	...	...	...	...	...	20.5	19.9	18.9	17.6	...
Population between 25–44 years	...	...	...	...	...	...	15.1	14.9	13.7	12.8	...
Urban employment											
Total employment (in percent of urban population)	23.6	...	26.7	27.7	28.5	27.3	26.4	26.4	27.1	27.2	...
Female employment (in percent of urban population)	...	...	...	6.1	6.9	...	6.2	5.8	5.7	5.7	...
Unemployment rate	2.3	9.8	14.7	15.9	16.9	19.1	22.0	21.7	19.5	18.3	...
Young unemployment rate (15–24 years)	...	...	28.4	30.2	29.9	34.7	37.8	37.6	35.5	34.2	...
Population between 25–44 years	...	...	11.9	14.4	16.4	18.2	21.7	21.5	19.7	18.6	...
Salary and income											
GDP per capita (1980 dirhams)	3,132	3,833	4,042	4,292	4,548	4,815	4,772	4,700	4,927	4,984	5214
GDP per capita (current U.S. dollars)	275	975	819	1,027	1,224	1,284	1,239	1,159	1,161	1,259	1482.7
Minimum wage (in 1980 dirhams per hour) 1/	2.17	1.96	2.21	2.72	2.84	2.76	2.74	2.82	2.80	2.73	3.22
(In percent of GDP)											
Social investment											
Government total expenditure on education 2/	...	5.7	4.8	5.9	5.4	5.8	6.0	6.3	6.5	6.5	6.4
Government total expenditure on health 2/	...	0.8	0.8	0.9	1.0	1.1	1.4	1.4	1.3	1.3	1.2

Sources: Moroccan authorities; World Bank; and IMF staff estimates.

1/ Minimum wage in the nonagricultural sector.

2/ Between 1996 and 1999, fiscal year beginning in July of the indicated year.



Table 12. Morocco: Financial Transactions of the Central Government, 1999/2000–03

	1999/00	2nd half 2000 1/	2000	2001	2002	Est 2003
(In millions of Moroccan dirhams)						
Total revenue (excluding privatization)	94,168	43,324	92,858	95,567	98,261	102,482
Taxes on income and profits	26,938	12,067	26,841	28,162	30,378	33,236
Corporate profit tax (IS)	10,299	4,317	10,124	11,708	12,917	14,528
Income tax (IGR)	11,803	5,505	11,967	15,338	16,353	17,642
Other	4,836	2,245	4,750	1,116	1,108	1,066
Taxes on international trade	16,896	7,895	16,636	14,010	14,231	12,542
Domestic taxes on goods and services	36,999	18,697	36,659	39,177	40,056	41,637
VAT	21,157	11,027	21,476	23,298	23,951	26,090
Excise taxes	15,842	7,670	15,183	15,879	16,105	15,547
Road Fund revenues ( <i>Fonds Routier</i> )	1,233	515	1,175	1,259	1,356	1,304
Registration and stamp taxes	4,130	1,686	4,162	4,546	4,999	5,301
Tax amnesty revenues	0	0	0	0	0	0
Dividend and license income	5,683	1,352	5,287	4,904	4,244	5,038
Other nontax revenue	2,289	1,112	2,098	3,509	2,997	3,424
Total expenditure	109,767	60,725	114,626	119,904	118,699	128,113
Current expenditure	86,459	43,869	87,294	90,412	90,691	98,444
Goods and services	59,405	29,936	59,296	66,534	69,033	76,199
Wages and salaries 2/	42,132	21,222	41,967	47,998	48,580	53,917
Other	17,273	8,714	17,329	18,536	20,453	22,282
Interest payments	18,865	9,643	18,620	18,754	17,611	17,357
Domestic	12,670	6,250	12,317	12,846	13,174	14,258
External	6,195	3,393	6,303	5,908	4,437	3,099
Food and petroleum subsidies 3/	8,189	4,290	9,378	5,124	4,047	4,888
Transfers to local governments	6,347	3,308	6,443	6,989	7,185	7,827
Capital expenditure and transfers 4/	17,485	13,648	21,151	21,866	21,123	21,842
Net lending	-524	-100	-262	637	-300	0
Balance of Special Treasury Accounts	777	700	-1,039	2,154	1,817	2,285
Overall balance	-14,822	-16,701	-22,807	-22,183	-18,621	-23,346
Privatization receipts	11,131	18	18	23,372	621	11,957
Variation in arrears (+=accumulation)	1,537	11,915	13,809	-10,996	-231	-2,098
Financing requirement	-2,154	-4,768	-8,980	-9,807	-18,231	-13,487
Financing	2,154	4,768	8,980	9,807	18,231	13,487
Domestic	9,179	7,004	15,299	19,605	29,430	22,233
Banking sector	-3,419	6,751	9,719	-6,885	4,163	-1,757
Nonbanking sector	12,598	129	5,580	26,490	25,267	23,990
External	-7,025	-2,236	-6,319	-9,798	-11,199	-8,746
Net drawings	-7,536	-2,236	-6,319	-10,053	-11,699	-9,266
Drawings	4,816	3,810	5,729	3,150	3,984	7,902
Amortization	-12,352	-6,046	-12,048	-13,203	-15,683	-17,168
(In percent of GDP)						
Total revenue (excluding privatization)	27.2	24.8	26.2	24.9	24.7	24.1
Total expenditure	31.7	34.7	32.4	31.3	29.8	30.1
Current (including net lending)	24.8	25.0	24.6	23.8	22.7	23.1
Capital (including transfers to local governments)	6.9	9.7	7.8	7.5	7.1	7.0
Overall balance, payment-order basis						
excluding privatization receipts	-4.3	-9.6	-6.4	-5.8	-4.7	-5.5
Privatization revenue receipts	3.2	0.0	0.0	6.1	0.2	2.8
Variation in arrears (+=accumulation)	0.4	6.8	3.9	-2.9	-0.1	-0.5
Financing requirement	-0.6	-2.7	-2.5	-2.6	-4.6	-3.2

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

1/ Transition fiscal year July-December 2000.

2/ Includes wages to security and military personnel.

3/ Petroleum product subsidies (DM 3.4 billion) are imputed to the budget year in which the arrears were incurred, as estimated on the basis of the difference between domestic and international petroleum prices.

4/ Includes Road Funds and *Fonds Hassan II*.

Table 13. Morocco: Central Government Operations, 1999/2000–03  
(in millions of Moroccan dirhams)

	1999/00	<u>2nd half</u> 2000 1/	2000	2001	2002	2003
Total revenue, excluding receipts from privatization	94,168	43,324	92,858	95,567	98,261	102,482
Tax revenue	86,196	40,860	85,473	87,154	91,020	94,020
Taxes on income and profits	26,938	12,067	26,841	28,162	30,378	33,236
Licences	288	100	287	304	339	312
Corporate (IS and IBP, excl.OCP)	10,299	4,317	10,124	11,708	12,917	14,528
Individual (IGR)	11,803	5,505	11,967	15,338	16,353	17,642
Dividend income (TPA)	406	269	408	0	0	0
Real estate capital gains (TPI)	490	294	527	0	0	0
Solidarity (PSN)	373	101	367	285	152	188
Interest income (TRPRF)	2,474	1,235	2,452	0	0	0
Penalties and fines	351	161	339	399	478	447
Other	454	85	370	128	139	119
Taxes on international trade	16,896	7,895	16,636	14,010	14,231	12,542
Customs duties	6,617	6,357	12,810	12,350	12,233	10,671
Fiscal tax (PFI)	6,097	0	0	0	0	0
Tariff surcharges 2/	4,150	1,538	3,826	1,660	1,998	1,871
Other taxes	32	0	0	0	0	0
Taxes on goods and services	36,999	18,697	36,659	39,177	40,056	41,637
VAT	21,157	11,027	21,476	23,298	23,951	26,090
Domestic	9,529	4,734	9,213	10,482	10,751	11,583
Imports	11,629	6,293	12,263	12,816	13,200	14,507
Excises (TIC)	15,842	7,670	15,183	15,879	16,105	15,547
Tobacco products	5,438	2,819	5,442	5,627	5,801	5,038
Petroleum products	9,450	4,420	8,795	9,239	9,308	9,445
Other	954	431	946	1,013	996	1,064
Revenue accruing to the Road Fund	1,233	515	1,175	1,259	1,356	1,304
Registration and stamp taxes	4,130	1,686	4,162	4,546	4,999	5,301
Tax amnesty payments	0	0	0	0	0	0
Nontax revenue	7,972	2,464	7,385	8,413	7,241	8,462
Dividend and license income	5,683	1,352	5,287	4,904	4,244	5,038
Property income	134	62	121	168	141	199
Other revenue	2,155	1,050	1,977	3,341	2,856	3,225
Total expenditure	109,767	60,725	114,626	119,904	118,699	128,113

Table 13. Morocco: Central Government Operations, 1999/2000–03  
(in millions of Moroccan dirhams)

	1999/00	<u>2nd half</u> 2000 1/	2000	2001	2002	2003
Current expenditure	86,459	43,869	87,294	90,412	90,691	98,444
Goods and services	59,405	29,936	59,296	66,534	69,033	76,199
Wages and salaries	42,132	21,222	41,967	47,998	48,580	53,917
Other	17,273	8,714	17,329	18,536	20,453	22,282
Interest payments	18,865	9,643	18,620	18,754	17,611	17,357
Domestic	12,670	6,250	12,317	12,846	13,174	14,258
Foreign	6,195	3,393	6,303	5,908	4,437	3,099
Food and petroleum subsidies	8,189	4,290	9,378	5,124	4,047	4,888
From budgetary contributions	4,058	2,644	5,456	2,692	2,352	2,895
From earmarked tariffs 2/	4,131	1,646	3,922	2,432	1,695	1,993
Transfers to local authorities	6,347	3,308	6,443	6,989	7,185	7,827
Capital expenditure and transfers	17,485	13,648	21,151	21,866	21,123	21,842
Central government investment	13,993	10,460	...	18,813	17,001	16,926
Transfers to public entities	2,335	1,020	...	1,583	2,258	1,925
Road Fund expenditures	907	516	1,211	857	994	1,142
Fonds Hassan II expenditures	250	1,652	1,902	613	870	1,849
Net lending	-524	-100	-262	637	-300	0
Balance of other Special Treasury Accounts	777	700	-1,039	2,154	1,817	2,285
Overall balance, excluding receipts from privatization	-14,822	-16,701	-22,807	-22,183	-18,621	-23,346
Privatization receipts	11,131	18	18	23,372	621	11,957
Balance, including receipts from privatization	-3,691	-16,683	-22,789	1,189	-18,000	-11,389
Arrears variation (+ = accumulation)	1,537	11,915	13,809	-10,996	-231	-2,098
Overall financing requirement	-2,154	-4,768	-8,980	-9,807	-18,231	-13,487
Memorandum items:						
Current balance	2,663	-3,053	-1,656	-317	2,502	-1,504
Primary balance	4,043	-7,058	-4,187	-3,429	-1,010	-5,989

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ Equivalents tarifaires.

Table 14. Morocco: Central Government Revenue by Main Categories, 1999/2000–03

	1999/00	<u>2nd half</u> 2000 1/	2000	2001	2002	2003
(In millions of Moroccan dirhams)						
Total revenue 2/	94,168	43,324	92,858	95,567	98,261	102,482
Tax revenue	86,196	40,860	85,473	87,154	91,020	94,020
Corporate taxes	10,299	4,317	10,124	11,708	12,917	14,528
Individual income tax	11,803	5,505	11,967	15,338	16,353	17,642
Custom duties and taxes	16,896	7,895	16,636	14,010	14,231	12,542
VAT	21,157	11,027	21,476	23,298	23,951	26,090
domestic	9,529	4,734	9,213	10,482	10,751	11,583
imports	11,629	6,293	12,263	12,816	13,200	14,507
Excises	15,842	7,670	15,183	15,879	16,105	15,547
Registration and stamp taxes	4,130	1,686	4,162	4,546	4,999	5,301
Other taxes	6,069	2,760	5,925	2,375	2,464	2,370
Nontax revenue	7,972	2,464	7,385	8,413	7,241	8,462
(In percent of GDP)						
Total revenue 2/	27.2	24.8	26.2	24.9	24.7	24.1
Tax revenue	24.9	23.4	24.1	22.7	22.9	22.1
Corporate taxes	3.0	2.5	2.9	3.1	3.2	3.4
Individual income tax	3.4	3.1	3.4	4.0	4.1	4.1
Import duties and taxes	4.9	4.5	4.7	3.7	3.6	2.9
VAT	6.1	6.3	6.1	6.1	6.0	6.1
domestic	2.8	2.7	2.6	2.7	2.7	2.7
imports	3.4	3.6	3.5	3.3	3.3	3.4
Excises	4.6	4.4	4.3	4.1	4.0	3.7
Registration and stamp taxes	1.2	1.0	1.2	1.2	1.3	1.2
Other taxes	1.8	1.6	1.7	0.6	0.6	0.6
Nontax revenue	2.3	1.4	2.1	2.2	1.8	2.0
(In percent of total revenue)						
Total revenue 2/	100.0	100.0	100.0	100.0	100.0	100.0
Tax revenue	91.5	94.3	92.0	91.2	92.6	91.7
Corporate taxes	10.9	10.0	10.9	12.3	13.1	14.2
Individual income tax	12.5	12.7	12.9	16.0	16.6	17.2
Import duties and taxes	17.9	18.2	17.9	14.7	14.5	12.2
Export taxes	0.0	0.0	0.0	0.0	0.0	0.0
VAT	22.5	25.5	23.1	24.4	24.4	25.5
domestic	10.1	10.9	9.9	11.0	10.9	11.3
imports	12.3	14.5	13.2	13.4	13.4	14.2
Excises	16.8	17.7	16.4	16.6	16.4	15.2
Registration and stamp taxes	4.4	3.9	4.5	4.8	5.1	5.2
Other taxes	6.4	6.4	6.4	2.5	2.5	2.3
Nontax revenue	8.5	5.7	8.0	8.8	7.4	8.3

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ Excludes revenue from privatization.

Table 15. Morocco: Economic Classification of Central Government Expenditure, 1999/2000–03

	1999/2000	<u>2nd half</u> 2000 1/	2000	2001	2002	2003
(In millions of Moroccan dirhams)						
Total expenditure (excl. net lending)	110,291	60,825	114,888	119,213	118,999	128,113
Current expenditure	86,459	43,869	87,294	90,412	90,691	98,444
Goods and services	59,405	29,936	59,296	66,534	69,033	76,199
Wages and salaries	42,132	21,222	41,967	47,998	48,580	53,917
Other	17,273	8,714	17,329	18,536	20,453	22,282
Interest payments	18,865	9,643	18,620	18,754	17,611	17,357
Domestic	12,670	6,250	12,317	12,846	13,174	14,258
Foreign	6,195	3,393	6,303	5,908	4,437	3,099
Food subsidies	8,189	4,290	9,378	5,124	4,047	4,888
From budgetary contribution	4,058	2,644	5,456	2,692	2,352	2,895
From earmarked tariffs	4,131	1,646	3,922	2,432	1,695	1,993
Transfers to local governments	6,347	3,308	6,443	6,935	7,185	7,827
Capital expenditure and transfers 2/	17,485	13,648	21,151	21,866	21,123	21,842
(in percent of GDP)						
Total expenditure (excl. net lending)	31.8	17.4	32.4	31.1	29.9	30.1
Current expenditure	25.0	12.5	24.6	23.6	22.8	23.1
Goods and services	17.1	8.6	16.7	17.4	17.4	17.9
Wages and salaries	12.2	6.1	11.8	12.5	12.2	12.7
Other	5.0	2.5	4.9	4.8	5.1	5.2
Interest payments	5.4	2.8	5.3	4.9	4.4	4.1
Domestic	3.7	1.8	3.5	3.4	3.3	3.4
Foreign	1.8	1.0	1.8	1.5	1.1	0.7
Food subsidies	2.4	1.2	2.6	1.3	1.0	1.1
From budgetary contribution	2.4	1.2	2.6	1.3	1.0	1.1
From earmarked tariffs	1.2	0.5	1.1	0.6	0.4	0.5
Transfers to local governments	1.8	0.9	1.8	1.8	1.8	1.8
Capital expenditure and transfers 2/	5.0	3.9	6.0	5.7	5.3	5.1
(in percent of total)						
Total expenditure (excl. net lending)	100.0	100.0	100.0	100.0	100.0	100.0
Current expenditure	78.4	72.1	76.0	75.8	76.2	76.8
Goods and services	53.9	49.2	51.6	55.8	58.0	59.5
Wages and salaries	38.2	34.9	36.5	40.2	40.8	42.1
Other	15.7	14.3	15.1	15.5	17.2	17.4
Interest payments	17.1	15.9	16.2	15.7	14.8	13.5
Domestic	11.5	10.3	10.7	10.8	11.1	11.1
Foreign	5.6	5.6	5.5	5.0	3.7	2.4
Food subsidies	7.4	7.1	8.2	4.3	3.4	3.8
From budgetary contribution	3.7	4.3	4.7	2.3	2.0	2.3
From earmarked tariffs	3.7	2.7	3.4	2.0	1.4	1.6
Transfers to local governments	5.8	5.4	5.6	5.9	6.0	6.1
Capital expenditure and transfers 2/	15.9	22.4	18.4	18.3	17.8	17.0

Source: Moroccan authorities and Fund Staff estimates

1/ Transition fiscal year July-December 2000.

2/ Includes Fonds Hassan II, Road Fund, and Transfers

Table 16. Morocco: Functional Classification of Central Government  
Current Expenditure , 1999/2000–03

	1999/00	<u>2nd half</u> 2000 1/	2001	2002	2003
(In millions of Moroccan dirhams)					
Total	86,459	43,869	90,412	90,691	98,444
General public services	5,427	2,841	5,714	6,012	6,045
Defense	12,284	6,589	13,443	15,191	15,476
Public order	7,556	3,739	7,840	8,879	8,280
Education	19,046	10,248	21,784	23,857	25,980
Health	4,048	1,787	4,011	4,325	4,224
Housing	382	212	449	483	386
Recreation, cultural affairs, etc.	485	267	546	572	269
Agriculture	1,538	772	1,735	1,964	2,013
Mines and energy	153	80	177	202	210
Transport and communications	819	413	890	1,055	740
General expenditure 2/	10,470	6,010	16,890	11,355	12,540
Other	24,251	14,272	16,934	16,797	22,281
(In percent of total expenditure)					
Total	100.0	100.0	100.0	100.0	100
General public services	6.3	6.5	6.3	6.6	6.1
Defense	14.2	15.0	14.9	16.7	15.7
Public order	8.7	8.5	8.7	9.8	8.4
Education	22.0	23.4	24.1	26.3	26.4
Health	4.7	4.1	4.4	4.8	4.3
Housing	0.4	0.5	0.5	0.5	0.4
Recreation, cultural affairs, etc.	0.6	0.6	0.6	0.6	0.3
Agriculture	1.8	1.8	1.9	2.2	2.0
Mines and energy	0.2	0.2	0.2	0.2	0.2
Transport and communications	0.9	0.9	1.0	1.2	0.8
General expenditure 2/	12.1	13.7	18.7	12.5	12.7
Other	28.0	24.9	18.7	18.5	22.6
(In percent of GDP)					
Total	25.0	25.1	23.6	22.2	23.1
General public services	1.6	1.6	1.5	1.5	1.4
Defense	3.5	3.8	3.5	3.7	3.6
Public order	2.2	2.1	2.0	2.2	1.9
Education	5.5	5.9	5.7	5.8	6.1
Health	1.2	1.0	1.0	1.1	1.0
Housing	0.1	0.1	0.1	0.1	0.1
Recreation, cultural affairs, etc.	0.1	0.2	0.1	0.1	0.1
Agriculture	0.4	0.4	0.5	0.5	0.5
Mines and energy	0.0	0.0	0.0	0.0	0.0
Transport and communications	0.2	0.2	0.2	0.3	0.2
General expenditure 2/	3.0	3.4	4.4	2.8	2.9
Other	7.0	6.2	4.4	4.1	5.2

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July-December 2000.

2/ Outlays for the benefit of all government units (*dépenses communes*).

Table 17. Morocco: Functional Classification of Central Government  
Investment Expenditure, 1999/2000–03

	1999/00	<u>2nd half</u> 2000 1/	2001	2002	2003
(In millions of Moroccan dirhams)					
Total	17,485.0	13,648.0	21,866.0	21,122.6	21,841.7
General public services	820.0	1,708.0	944.0	873.0	825.0
Defense	1,940.0	1,283.0	2,200.0	1,803.2	2,000.0
Public order	1,130.0	655.0	1,326.0	1,217.0	919.0
Education	1,934.0	1,331.3	1,992.0	2,037.0	1,830.0
Health, social security, and welfare	925.0	516.0	943.2	858.2	965.0
Housing	305.0	385.0	544.0	486.0	425.0
Recreation, cultural affairs, etc.	209.0	176.0	316.0	358.0	310.0
Agriculture	2,234.0	1,160.0	2,284.0	2,748.0	2,098.0
Mines and energy	309.0	167.0	228.0	193.0	184.0
Transport and communications	3,101.0	1,746.0	2,562.0	2,549.0	1,453.0
Other	4,578.0	3,518.7	8,526.8	8,000.2	10,832.7
(in percent of total expenditure)					
Total	100.0	100.0	100.0	100.0	100.0
General public services	4.7	12.5	4.3	4.1	3.8
Defense	11.1	9.4	10.1	8.5	9.2
Public order	6.5	4.8	6.1	5.8	4.2
Education	11.1	9.8	9.1	9.6	8.4
Health	5.3	3.8	4.3	4.1	4.4
Housing	1.7	2.8	2.5	2.3	1.9
Recreation, cultural affairs, etc.	1.2	1.3	1.4	1.7	1.4
Agriculture	12.8	8.5	10.4	13.0	9.6
Mines and energy	1.8	1.2	1.0	0.9	0.8
Transport and communications	17.7	12.8	11.7	12.1	6.7
Other	26.2	33.1	39.0	37.9	49.6
(in percent of GDP)					
Total	5.0	7.8	5.7	5.3	5.1
General public services	0.2	1.0	0.2	0.2	0.2
Defense	0.6	0.7	0.6	0.5	0.5
Public order	0.3	0.4	0.3	0.3	0.2
Education	0.6	0.8	0.5	0.5	0.4
Health	0.3	0.3	0.2	0.2	0.2
Housing	0.1	0.2	0.1	0.1	0.1
Recreation, cultural affairs, etc.	0.1	0.1	0.1	0.1	0.1
Agriculture	0.6	0.7	0.6	0.7	0.5
Mines and energy	0.1	0.1	0.1	0.0	0.0
Transport and communications	0.9	1.0	0.7	0.6	0.3
Other	1.3	2.6	2.2	2.0	2.5

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July-December 2000.

Table 18. Morocco: Functional Classification of Central Government  
Total Expenditure, 1999/2000–03

	1999/00	<u>2nd half</u> 2000 1/	2001	2002	2003
(In millions of Moroccan dirhams)					
Total 2/	110,291	60,825	119,267	118,999	128,113
General public services	6,247	4,549	6,658	6,885	6,870
Defense	14,224	7,872	15,643	16,994	17,476
Public order	8,686	4,394	9,166	10,096	9,199
Education	20,980	11,579	23,776	25,894	27,810
Health, social security, and welfare	4,973	2,303	4,954	5,183	5,189
Housing	687	597	993	969	811
Recreation, cultural affairs, etc.	694	443	862	930	579
Agriculture	3,772	1,932	4,019	4,712	4,111
Mines and energy	462	247	405	395	394
Transport and communications	3,920	2,159	3,452	3,604	2,193
General expenditure 3/	10,470	6,010	16,890	11,355	12,540
Transfers to local governments	6,347	3,308	6,443	6,989	7,185
Other	28,829	15,433	26,007	24,993	33,755
(In percent of total expenditure)					
Total 2/	100	100	100	100	100
General public services	6	7	6	6	5
Defense	13	13	13	14	14
Public order	8	7	8	8	7
Education	19	19	20	22	22
Health, social security, and welfare	5	4	4	4	4
Housing	1	1	1	1	1
Recreation, cultural affairs, etc.	1	1	1	1	0
Agriculture	3	3	3	4	3
Mines and energy	0	0	0	0	0
Transport and communications	4	4	3	3	2
General expenditure 3/	9	10	14	10	10
Transfers to local governments	6	5	5	6	6
Other	26	25	22	21	26
(In percent of GDP)					
Total 2/	32	35	31	30	30
General public services	2	3	2	2	2
Defense	4	5	4	4	4
Public order	3	3	2	3	2
Education	6	7	6	7	7
Health, social security, and welfare	1	1	1	1	1
Housing	0	0	0	0	0
Recreation, cultural affairs, etc.	0	0	0	0	0
Agriculture	1	1	1	1	1
Mines and energy	0	0	0	0	0
Transport and communications	1	1	1	1	1
General expenditure 3/	3	3	4	3	3
Transfers to local governments	2	2	2	2	2
Other	8	9	7	6	8

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July-December 2000.

2/ Excluding net lending.

3/ Outlays for the benefit of all government units (*dépenses communes*).



Table 19. Morocco: Administrative Classification of Central Government  
Current Expenditure, 1999/2000–03

(In millions of Moroccan dirhams)

	Budget Law				
	1999/00	<u>2nd half 2000</u> 1/	2001	2002	2003
Total	84,631	47,229	93,377	96,091	97,205
Sovereign	1,890	1,002	1,983	2,003	2,079
Foreign affairs and cooperation	1,316	705	908	832	1,419
Interior	5,944	2,968	6,264	7,151	6,580
Justice	1,612	771	1,576	1,728	1,700
Public works	639	322	708	854	740
Finance	1,331	653	1,378	1,583	1,548
Agriculture	1,538	772	1,735	1,964	2,013
Education	19,046	10,248	21,784	23,857	25,980
Health	4,048	1,787	4,011	4,325	4,224
Defense	12,284	6,589	13,443	15,191	15,476
General expenditure 2/	10,470	6,010	16,890	11,355	12,540
Other 3/	24,513	15,402	22,697	25,248	22,906

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ Outlays, mainly for utilities, for the benefit of all government units (*dépenses communes*) and contingent allocation (*dépenses imprévues*).

3/ Includes interest payments

Table 20. Morocco: Administrative Classification of Central Government  
Investment Expenditure, 1999/2000–03

(In millions of Moroccan dirhams)

	Budget Law				
	1999/00	<u>2nd half</u> 2000 1/	2001	2002	2003
Total	17,950	12,146	19,790	18,655	20,056
Sovereign	222	111	222	174	174
Prime Minister	0	1,200	0	0	0
Defense	1,940	1,283	2,200	1,803	2,000
Interior	869	500	1,020	946	632
Finance	4,641	3,206	7,277	5,432	6,399
Energy and mining	309	167	228	193	184
Agriculture	2,234	1,160	2,285	2,748	2,098
Public works	2,380	1,378	2,515	2,502	1,453
Transport 2/	716	360	41	36	...
Education	1,934	1,331	1,992	2,037	1,830
Health	925	516	943	858	965
Housing	305	385	544	486	425
Other	1,475	549	523	1,440	3,896

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ Included in other from 2003

Table 21. Morocco: Central Government Employment and Wage Indicators, 1999/2000–03

	1999/00	<u>2nd half</u> 2000 1/	2001	2002	2003
Employment (number)	782,494	796,038	808,225	819,282	825,379
Annual change in percent	1.5	1.7	1.5	1.4	0.7
Wage bill (in millions of dirhams)	42,132	21,222	47,998	48,580	53,917
Annual change in percent	4.6	0.7	13.1	1.2	11.0
Average wage (in dirhams per annum)	53,843	53,319	59,387	59,296	65,324
Average real wage (1989 dirhams)	34,544	33,885	37,511	36,434	39,684
Annual change (in percent)					
Nominal wage	3.0	-1.0	11.4	-0.2	10.2
Real wage	1.7	-1.9	10.7	-2.9	8.9
Ratio of wage bill to GDP	12.2	6.1	12.5	12.2	12.7
Memorandum items:					
Population (in millions) 2/	28.2	28.7	29.2	29.6	30.1
CPI index (1989 = 100) 3/	155.9	157.4	158.3	162.7	164.6
Average CPI increase (in percent)	1.3	1.0	0.6	2.8	1.2

Sources: Ministry of Finance; and Fund staff estimates.

1/ Transition fiscal year July-December 2000.

2/ Calendar year.

3/ Average for fiscal years through 1999/2000; calendar year from 2001.

Table 22. Morocco: Central Government Debt, 1999/2000–03 1/  
(In millions of Moroccan dirhams)

	1999/00	2000 2/	2001	2002	2003
Stock at end-period	259,674	268,034	286,483	284,106	290,389
External debt	120,186	118,646	110,597	92,562	78,800
Domestic debt 3/	139,488	149,388	175,886	191,544	211,589
Long-term	68,798	70,680	70,863	53,127	56,602
Medium-term	46,571	51,618	53,605	99,468	93,758
Short-term	24,119	27,090	51,418	38,949	61,229
Drawings	49,930	32,402	77,876	97,979	82,287
External debt	4,816	3,810	3,342	3,183	7,902
Domestic debt	45,114	28,592	74,726	94,796	74,385
Long-term	3,481	3,516	3,261	...	...
Medium-term	7,104	7,017	12,928	...	...
Short-term	34,169	18,059	58,536	...	...
Amortization	54,840	24,098	61,432	94,855	71,527
External debt	12,352	5,546	13,203	15,683	17,168
Domestic debt	42,488	18,552	48,229	79,172	54,359
Long-term	8,631	1,635	3,078	3,560	4,906
Medium-term	6,526	1,970	10,941	14,155	7,049
Short-term	27,331	14,947	34,210	61,457	42,404

Source: Ministry of Finance and Fund staff estimates

1/ Remunerated debt only.

2/ Transition fiscal year July–December 2000.

3/ By initial maturities prior to 2002, residual maturity afterwards.

Table 23. Morocco: External Debt Service 1999/2000–03  
(In millions of Moroccan dirhams)

	1999/00	<u>2nd half</u> 2000 1/	2001	2002	2003
Central Government					
Debt service	18,547	9,439	19,111	20,120	20,350
Interest	6,195	3,393	5,908	4,437	3,182
Amortization	12,352	6,046	13,203	15,683	17,168
Guaranteed debt					
Debt service	...	...	9,202	8,314	9,828
Interest	...	...	2,637	2,445	2,214
Amortization	...	...	6,565	5,869	7,614

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

Table 24. Morocco: Current Subsidies to Public Enterprises, 1999/2000–03

(In millions of Moroccan dirhams)

	1999/00	<u>2nd half</u> 2000 1/	2001	2002	2003
Total	1,657	816	1,817	1,922	1,818
ORMVA (agricultural development) 2/	151	68	207	254	240
Centres de travaux (public works)	209	103	225	271	247
Other 3/	1,297	645	1,385	1,397	1,331

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

2/ *Offices régionaux de mise en valeur agricole.*3/ Excluding transfers to the *Caisse de compensation*, ONICL, and the *Caisse marocaine des retraites*.

Table 25. Morocco: Capital Subsidies to Public Enterprises, 1999/2000–03

(In millions of Moroccan dirhams)

	<u>2nd half</u>		2001	2002	2003
	1999/00	2000 1/			
Total	2,335	1,020	1,583	2,258	1,925
Bureau de recherches et de participation minière	90	37	76	72	68
Centrale d'achat et de développement de la région minière de Tafilalet et de Fiquiq	1	0	1	1	1
Centre cinématographique marocain	2	2	6	9	8
Centre de développement des énergies renouvelables	6	2	4	4	3.8
Centres des travaux	20	10	28	112	43
Institut national de la recherche agronomique	73	41	80	89	68
Office national des aéroports	0	0	0	0	0
Office national de recherche pétrolière	110	31	64	56	53
Office national des chemins de fer	700	350	0	0	0
Office national de l'électricité	0	0	0	0	0
Office national de l'eau potable	0	0	0	0	0
Office national marocain de tourisme	120	53	99	200	250
Office national des pêches	5	1	1	5	0
Offices régionaux de mise en valeur	982	361	944	1420	1,122
Office de la formation professionnelle et de la promotion du travail	97	59	117	124	172
Others	130	74	162	167	132

Source: Ministry of Finance.

1/ Transition fiscal year July-December 2000.

Table 26. Morocco: Monetary Survey, 1999–2003

	1999	2000	2001	2002	<u>Est.</u> 2003
(In billions of Moroccan dirhams)					
Net foreign assets	59.6	55.3	102.6	111.3	128.4
Net Domestic Assets	204.7	231.3	224.8	236.9	249.7
Domestic credit	268.2	293.0	294.3	305.9	323.6
Net credit to the government	82.2	92.4	85.6	89.5	89.1
Credit to the economy	185.9	200.6	208.6	216.5	234.5
Money and quasi money	264.3	286.6	327.4	348.2	378.1
Money	194.9	210.3	243.1	264.9	290.8
Currency outside banks	56.7	58.2	66.0	69.6	74.9
Demand deposits	138.2	152.1	177.1	195.3	215.9
Quasi money	69.4	76.3	84.3	83.3	87.3
Other liabilities, net	63.5	61.7	69.5	69.0	73.9
(12-month percent change)					
Net Domestic Assets	4.3	13.0	-2.8	5.4	5.4
Domestic credit	3.1	9.3	0.4	4.0	5.8
Net credit to the government	-10.1	12.4	-7.4	4.5	-0.4
Credit to the economy	10.3	7.9	4.0	3.8	8.3
Money and quasi money	10.3	8.4	14.2	6.3	8.6
(In percent of broad money; in beginning of period)					
Net foreign assets	6.8	-1.6	16.5	2.6	4.9
Domestic credit	3.4	9.4	0.4	3.6	5.1
Net credit to the government	-3.9	3.9	-2.4	1.2	-0.1
Credit to the economy	7.3	5.5	2.8	2.4	5.2
Other assets net	0.1	0.7	-2.7	0.1	-1.4
Memorandum items:					
Velocity (GDP/M3)	1.31	1.24	1.17	1.14	1.13
Velocity (non-agr. GDP/M3)	1.11	1.07	0.99	0.96	0.92
Money multiplier	3.42	3.60	3.35	3.39	3.24
Credit to economy/GDP	53.8	56.6	54.5	54.4	55.1
Credit to economy/non-agro GDP	63.5	65.7	64.5	64.9	67.6

Sources: Bank Al-Maghrib; and Fund staff estimates.



Table 27. Morocco: Summary Accounts of Bank Al-Maghrib, 1999–2003

	1999	2000	2001	2002	2003
	(in millions of dirhams)				
Foreign assets	58,418	52,250	98,897	104,017	122,269
<i>Of which:</i>					
Gold holdings	1,950	1,955	1,957	1,960	1,960
Gross reserves	56,181	50,010	96,640	101,760	120,012
Net claims on the government	20,597	23,504	5,187	5,163	4,292
Claims on the deposit money banks	1,346	7,161	7	1	0
Assets = liabilities	80,359	82,915	104,091	109,169	126,532
Reserve money	77,260	79,616	97,664	102,578	116,546
Currency outside banks	56,713	58,169	66,025	69,556	74,893
Bank reserves	17,558	19,658	29,070	29,777	40,459
Other deposits	2,989	1,789	2,569	3,245	1,194
Foreign liabilities	826	893	927	809	1,183
SDR allocation	1,157	1,169	1,181	1,190	1,196
Other items, net	1,942	2,130	5,246	5,401	8,790
Memorandum item:					
Treasury cash holdings	532	806	10,806	11,322	13,801
	(12-month percent change)				
Net claims on the government	22.67	14.11	22.07	-0.46	-16.87
Claims on the deposit money banks	-60.19	432.02	-99.90	-85.71	-100.00
Reserve money	15.37	3.05	22.67	5.03	13.62
	(In percent of reserve money)				
Foreign assets	75.6	65.6	101.3	101.4	104.9
Net claims on the government	26.7	29.5	5.3	5.0	3.7
Claims on the deposit money banks	1.7	9.0	0.0	0.0	0.0
Reserve money	100.0	100.0	100.0	100.0	100.0
Currency outside banks	73.4	73.1	67.6	67.8	64.3
Bank reserves	22.7	24.7	29.8	29.0	34.7
Other deposits	3.9	2.2	2.6	3.2	1.0

Source: Bank Al-Maghrib.

1/ Starting in 1999, the category deposit money banks includes BNDE, CNCA and CIH.

Table 28. Morocco: Summary Accounts of the Deposit Money Banks, 1999–2003

	1999	2000	2001	2002	2003
	(In millions of dirhams)				
Reserves 1/	17,558	19,658	29,070	29,777	40,459
Foreign assets 2/	4,812	6,356	6,566	9,030	8,813
Net claims on the government	54,917	61,729	73,161	76,923	77,130
Credit to the private sector	185,905	200,551	208,647	216,474	234,497
Assets = liabilities	263,192	288,294	317,444	332,204	360,899
Deposits	196,852	218,446	250,532	267,041	293,415
Demand	127,463	142,165	166,238	183,704	206,077
Time	69,389	76,281	84,294	83,337	87,338
Foreign liabilities	4,605	4,322	3,881	2,740	3,608
Credit from the central bank	1,346	7,161	7	1	0
Capital	29,106	29,480	32,574	32,730	32,493
Provisions	14,916	17,271	22,037	24,468	29,247
Other items (net)	16,367	11,614	8,413	5,225	2,136
Related data					
Private sector claims on government	7,711	8,172	8,285	8,358	8,599
	(Annual change in percent)				
Reserves	26.0	12.0	47.9	2.4	39.2
Foreign assets	4.8	32.1	3.3	37.5	34.2
Net claims on the government	-6.3	12.4	18.5	5.1	5.4
Credit to the private sector	10.3	7.9	4.0	3.8	12.4
Deposits	9.4	11.0	14.7	6.6	17.1
Demand	11.0	11.5	16.9	10.5	24.0
Time	6.6	9.9	10.5	-1.1	3.6
Foreign liabilities	7.7	-6.1	-10.2	-29.4	-7.0
Problem loans (in millions of dirhams)	28,560	30,927	35,699	38,021	43,228
Problem loans in percent of total credit to economy	15	15	17	15	15
Total provisions as percent of problem loans	52	56	62	75	82
Capital as percent of total assets	11	10	10	10	9

Source: Bank Al-Maghrib.

1/ Including forex deposits with Bank Al-Maghrib.

2/ Excluding forex deposits with Bank Al-Maghrib.

3/ Starting in 1999, the category deposit money banks includes BNDE, CNCA and CIH.

Table 29. Morocco: Merchandise Exports, f.o.b., 1999–2003 1/  
(In millions of U.S. dollars)

	1999	2000	2001	2002	<u>Prel.</u> 2003
Exch. Rate DH/US\$ (period avg.)	9.8	10.6	11.3	11.0	9.5
Food, beverages, and tobacco	1,515	1,576	1,477	1,648	1,720
Citrus fruits	267	193	184	194	233
Vegetables	323	241	253	295	278
Tomatoes	124	82	82	100	81
Potatoes	32	17	13	13	13
Other fresh vegetables	54	56	66	86	87
Canned vegetables	114	86	91	96	97
Other	926	1,142	1,040	1,159	1,210
Energy and lubricants	203	271	301	220	89
Agricultural raw materials	187	170	123	155	202
Raw minerals	610	543	507	524	573
Phosphates	455	389	373	363	421
Lead	18	11	9	8	7
Barium sulphate	9	13	17	18	13
Other	128	131	108	135	133
Semifinished products	1,396	1,603	1,531	1,790	2,046
Fertilizers	317	323	349	331	361
Phosphoric acid	589	505	449	465	565
Lead	28	23	27	37	17
Electronic components (transistors)	0	400	381	498	597
Other	462	352	325	458	507
Manufactured goods	3,598	3,256	3,202	3,501	4,069
Agricultural equipment	1	1	1	1	2
Industrial equipment	691	452	398	508	673
Consumer goods	2,905	2,803	2,804	2,992	3,394
Total exports (customs basis)	7,509	7,419	7,142	7,839	8,699
Memorandum items:					
Phosphates and derivatives	1,361	1,216	1,171	1,160	1,346
All other	6,147	6,202	5,966	6,679	7,386
Reexports, under <i>admission temporaire</i> 2/	2,644	2,558	2,438	2,741	3,278

Source: *Office des Changes*.

1/ Including trade under the *admission temporaire sans paiement* regime.

2/ Included in the commodity breakdown since 1998.

Table 30. Morocco: Merchandise Imports, 1999–2003 1/  
(In millions of U.S. dollars)

	1999	2000	2001	2002	<u>Prel.</u> 2003
Food, beverages, and tobacco	1,177	1,337	1,363	1,374	1,213
Cereals	552	729	763	734	577
Wheat	389	516	548	528	395
Maize	89	108	117	135	165
Barley	74	105	99	71	18
Sugar	135	137	136	144	115
Other	490	471	464	496	521
Fuel and lubricants	1,326	2,038	1,945	1,831	2,206
Crude oil	912	1,384	1,282	1,167	967
Other	414	654	663	664	1,239
Agricultural and raw materials	569	546	514	603	767
Vegetable oil	140	127	131	160	205
Wood	191	172	138	174	206
Other	239	247	245	269	355
Raw Materials	192	212	182	208	255
Sulphur	101	125	92	102	130
Other	91	87	89	106	125
Semifinished products	2,226	2,286	2,353	2,605	3,237
Capital goods	2,833	2,392	2,042	2,378	3,136
Agricultural	76	68	78	91	105
Industrial	2,757	2,324	1,964	2,288	3,031
Consumer goods	2,485	2,719	2,647	2,852	3,396
Total imports, c.i.f.	10,808	11,531	11,045	11,852	14,210
Cereals, sugar, and crude oil	1,599	2,251	2,180	2,045	1,659
All other	9,206	9,281	8,854	9,787	12,551
Total imports, f.o.b.	9,957	10,653	10,164	10,900	13,094

Source: *Office des Changes*.

1/ Including trade under the *admission temporaire sans paiement* regime.

Table 31. Morocco: Banks' Interest Rates, 1999–2003

(In percent per annum; end of period)

	1999	2000	2001	2002	2003
<b>Deposits rates</b>					
6-month deposits 1/	5.1	5.0	4.5	3.6	3.6
12-month deposits 1/	5.7	5.1	4.8	4.0	4.0
<b>Lending rates</b>					
<b>Short term</b>					
Observed minimum	7.0	7.0	7.0	7.0	7.0
Observed maximum	13.5	13.3	13.3	13.3	13.3
<b>Long term</b>					
Observed minimum	8.0	7.0	8.0	8.0	8.0
Observed maximum	13.5	13.3	13.3	13.3	13.3

Source: Bank Al-Maghrib.

1/ Monthly averages.

Table 32. Morocco: Balance of Payments, 1999–2003

(In millions of U.S. dollars; unless otherwise indicated)

	1999	2000	2001	2002	Est. 2003
Current account	-170	-478	1,611	1,477	1,366
Trade balance	-2,448	-3,235	-3,022	-3,061	-4,394
Exports, f.o.b.	7,509	7,419	7,142	7,839	8,699
Phosphates and derived products	1,361	1,216	1,171	1,160	1,346
Imports, f.o.b.	-9,957	-10,653	-10,164	-10,900	-13,094
Energy	1,326	2,038	1,945	1,831	2,206
Services	1,112	1,142	1,910	1,946	2,414
Tourism receipts	1,949	2,039	2,583	2,646	3,074
Income	-988	-867	-832	-738	-721
Transfers	2,154	2,483	3,555	3,330	4,067
Private transfers (net)	2,144	2,382	3,535	3,223	3,989
Official grants (net)	10	101	20	107	78
Capital account 1/	259	1	91	84	-5
Financial account	1,549	63	2,145	-924	399
Direct investment	831	368	2,727	452	2,126
Portfolio investment	6	18	-7	-8	-538
Other	712	-323	-575	-1,368	-1,188
Private flows (net)	1,226	518	545	-6	30
Public medium-and long-term loans (net)	-515	-841	-1,121	-1,362	-1,219
Disbursements	1,501	835	628	661	1,379
Amortization	-2,016	-1,676	-1,749	-2,024	-2,598
Reserve asset accumulation (-increase)	-1639	415	-3848	-638	-1760
Errors and omissions	-139	111	257	-200	5
Memorandum items:					
Trade balance (in percent of GDP)	-6.9	-9.7	-8.9	-8.5	-9.9
Terms of trade ( % change)	-3.4	-11.1	-1.6	4.9	-0.2
Current account balance (in percent of GDP)	-0.5	-1.4	4.8	4.1	3.1
Excluding official grants (in percent of GDP)	-0.5	-1.7	4.7	3.8	2.9
Gross official reserves 2/	5,701	4,796	8,431	10,107	13,557
(In months of imports of goods and services	5.7	4.6	8.2	9.1	10.3
Debt service as percentage of export of goods, services and MRE 3/ 4/	20.8	20.1	16.2	16.5	14.2
External public and publically guaranteed debt (in percent of GDP)	49.8	48.1	41.5	38.6	30.7

Sources: Ministry of Finance; *Office des Changes* ; and Fund staff estimates and projections.

1/ Includes the grant element of debt swap operations with France and Spain.

2/ Excluding the reserve position in the Fund.

3/ Public and publically guaranteed debt.

4/ Excluding early amortization on account of debt swaps.

Table 33. Morocco: Effective Exchange Rates, 1990–2003

(Indices: 1990=100)

	Nominal Effective Exchange Rate 1/ (1)	Relative Consumer Prices 2/ (2)	Real Effective Exchange Rate 1/ (3) = (1)x(2)	Consumer Price Index
1990	100.0	100.0	100.0	99.9
1991	100.9	101.4	102.4	108.9
1992	103.5	99.5	103.0	115.2
1993	109.4	96.8	105.9	121.2
1994	116.6	93.7	109.3	127.5
1995	118.3	95.4	112.8	135.3
1996	119.2	95.5	113.7	139.3
1997	121.4	94.5	114.7	140.7
1998	122.5	95.5	117.0	143.5
1999	124.8	95.1	118.7	145.6
2000	128.9	94.7	122.0	148.4
2001	125.9	93.0	117.0	149.3
2002	124.6	93.6	116.6	153.5
2003	123.9	92.3	114.3	154.7
2003				
I	124.3	91.7	114.0	152.9
II	124.2	91.1	113.2	152.5
III	123.9	93.0	115.2	155.2
IV	123.1	93.2	114.8	158.0
2003				
January	124.3	92.0	114.3	153.1
February	124.4	92.4	114.9	153.9
March	124.4	90.7	112.7	151.7
April	124.3	90.9	113.0	152.2
May	124.3	91.1	113.2	152.6
June	124.0	91.4	113.3	152.7
July	123.9	91.9	113.9	152.6
August	124.1	93.2	115.6	155.6
September	123.8	93.8	116.1	157.5
October	123.4	94.1	116.1	159.2
November	123.0	93.3	114.7	158.1
Decemeber	123.0	92.2	113.5	156.8

Source: IMF, Information Notice System

1/ Increases equal appreciation.

2/ Domestic price index / weighted partner price index.

Table 34. Morocco: Stock Exchange Selected Indicators, 1999–2003

	1999	2000	2001	2002 1/	2003
General index	777	658	610	2,980	3,943.5
Change (in percent)	-3.4	-15.3	-7.4	-16.5	32.3
Market capitalization 2/					
In billions of dirhams	138.0	114.8	104.8	87.2	115.5
In percent of GDP	40.2	32.8	27.5	21.3	28.0
Trading volume					
In billions of DH	96.9	38.5	26.8	22.5	53.7
Change (in percent)	66.2	-60.3	-30.5	-66.7	139
Share in total transactions of 10 most traded stocks (in percent)	86	81	79	77	74.6
Number of listed enterprises	54	53	55	55	52
Share of transactions off-floor					
In percent of total	62	56	35	60	71.9
Dividend yield (in percent)	2.1	3.2	...	...	...
Price earning ratio (P/E)	17.4	12.8	8.9	8.5	...
Memorandum item:					
GDP (in billions of DH)	343	350	382	410	426

Sources: Ministry of Finance; and *Conseil Déontologique des Valeurs Mobilières*.

1/ New index (Morocco All Shares Index—MASI) starting January 2002.

2/ Excludes the part of equity for which shares are not listed.



**SUMMARY OF THE MOROCCAN TAX SYSTEM (current as of the 2004 Budget Law (BL))**

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS
<p>1 - <u>DIRECT TAXES</u></p>	<p>(1) <u>APPLICABILITY:</u></p>	<p>✓ <u>EARNED INCOME</u></p>
<p>1. <b>IGR</b> (General Income Tax)</p>	<p>The IGR is levied on the income of individuals and partnerships:</p> <p><u>Subject to the tax:</u></p> <ul style="list-style-type: none"> <li>- earned income;</li> <li>- occupational income;</li> <li>- income and profits from real estate;</li> <li>- income and profits from invested capital;</li> <li>- agricultural income(*);</li> </ul> <p>A - <u>Earned income:</u></p> <ul style="list-style-type: none"> <li>• <u>Definitions:</u></li> </ul> <p>The following are considered earned income:</p> <ul style="list-style-type: none"> <li>salaries;</li> <li>allowances and fees;</li> <li>wages;</li> <li>pensions;</li> <li>life annuities.</li> </ul> <p>Benefits in cash or in kind paid in addition to the above income are also considered earned income.</p>	<ul style="list-style-type: none"> <li>• <u>Main exemptions</u></li> <li>- Family allowances and family assistance payments;</li> <li>- Alimony;</li> <li>- Employer's share of retirement and social security contributions;</li> <li>- Daily illness, accident, and maternity allowances and death benefits;</li> <li>- Severance pay up to the limit established by the law and regulations in force;</li> <li>- Voluntary redundancy paid by the employer to the employee following termination of the employment contract up to the limit provided by law (BL 2004).</li> <li>- Disability pensions paid to military personnel and their heirs.</li> <li>- Payments under life insurance contracts and capitalization contracts having a term of at least ten years. (BL 2004).</li> <li>• <u>Main deductions</u></li> </ul> <p>Net taxable wages are obtained by deducting the following major items:</p> <ul style="list-style-type: none"> <li>a - 17 percent: for all occupational categories excluding certain occupations (journalists, miners, merchant marines and seagoing fishermen, etc.) for which the law provides specific rates. This deduction must not, however, exceed <b>DH 24,000</b>;</li> <li>b - withholding for pensions or retirement funds;</li> <li>c - contributions to social welfare agencies as well as social security contributions withheld from wages;</li> <li>d - the employee's share of group life insurance premiums;</li> <li>e - repayment of <b>regular principal and interest on loans obtained for the purchase of low-cost housing</b></li> </ul> <ul style="list-style-type: none"> <li>• <u>Standard deduction for pensions and life annuities</u></li> <li>A deduction of 40 percent is allowed for pensions and life annuities.</li> <li>• <u>Deduction of the tax on foreign retirement pensions</u></li> </ul> <p>Taxpayers normally resident in Morocco who have foreign retirement pensions are entitled to a reduction of 80 percent of the tax payable on the portion of their pensions permanently transferred to Morocco, in nonconvertible dirhams.</p>

(\*): Agricultural income is exempt from IGR until 12/31/2010 (2001 BL).

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATE
IGR (contd.)	<p><b>B – Occupational income:</b></p> <ul style="list-style-type: none"> <li>Occupational income includes: <ul style="list-style-type: none"> <li>1 – Earnings of individuals and partnerships from: <ul style="list-style-type: none"> <li>a – A commercial, industrial or artisanal occupation;</li> <li>b – The profession of real estate promoter, land developer, or realtor;</li> <li>c – A liberal profession or any profession other than those listed in (a) and (b).</li> </ul> </li> <li>2 – Income of a recurring nature, except scholarships.</li> <li>3- Gross earnings listed in Article 19 of the law on the IGR, received by nonresident individuals or legal entities (interest on loans and other fixed-income investments, royalties, remuneration for technical assistance, remuneration for the provision of technical and scientific information and for research work, commissions and fees, etc.).</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li><b>Calculation of net occupational income:</b> Occupational income is calculated according to the real net income (<i>résultat net réel</i> - RNR) system. However, taxpayers doing business as individuals or in a de facto partnership may opt for the simplified net income (<i>résultat net simplifié</i> - RNS) system or the flat-rate system, provided they meet the conditions established by law (turnover (CA) thresholds).</li> </ul> <p>1. <b>RNR system</b> The accounting year of taxpayers whose occupational income is calculated on a real net income (RNR) basis must end on December 31 of each year.</p>	<p><b>Main exemptions:</b></p> <p>(a) <b>Total exemption</b> for five years for enterprises exporting goods or services and a 50 percent reduction thereafter. The 2004 BL extended this exemption to enterprises selling finished goods to exporters located in export zones;</p> <p>(b) <b>Hotels</b> established on or after July 1, 2000 are entitled, for the portion of the basis of assessment representing their turnover in foreign currency duly repatriated directly by them or for their account by travel agencies, to <b>total exemption from IGR</b> for the first five years and a 50 percent reduction thereafter;</p> <p>(c) <b>50 percent exemption with no time limit</b> for export mining enterprises and those selling their products to enterprises that export them after beneficiation;</p> <p>(d) <b>Partial exemption of 50 percent for five years</b> for enterprises located in certain regions (*);</p> <p>(e) <b>Partial exemption of 50 percent for five years</b> regardless of location in Morocco for artisanal enterprises;</p> <p>(f) <b>Partial exemption of 50 percent for five years</b> for private education and vocational training institutions.</p> <p>The 1998-1999 budget law granted <b>total exemption to individuals</b> performing service contracts financed by EU grants, covering their occupational income under such contracts.</p> <p><b>Minimum taxation</b> The IGR must not be less than the minimum contribution (CM) of taxpayers earning occupational income subject to the RNR or the RNS system.</p> <p>The minimum contribution is not payable during the first three accounting years following the start of professional activity.</p>	<p>➤ The minimum contribution rates are:</p> <ul style="list-style-type: none"> <li><b>0.25 percent</b> for the sale of the following products: edible oils, sugar, butter, flour, gas, and petroleum products;</li> <li><b>6 percent</b> for certain liberal professions (attorneys, notaries, architects, engineers, veterinarians, topographers, etc.)</li> <li><b>0.5 percent</b> for other activities.</li> </ul>

(\*) Applicable to the following prefectures and provinces: Al Hoceima, Berkane, Boujdour, Chefchaouen, Es-smara, Fahs-Bai-Makada, Guelmin, Jerada, Laayone, Larache, Nador, Oued-ed-dahab, Oujda-angad, Tanger-Assilah, Tan-tan, Taounate, Taourirt, Tata, Taza, Tétouan.

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS
<p><b>IGR</b> (contd.)</p>	<p>- The RNR for each accounting year is the sum of the earnings, profits, and assets obtained through the practice of one or more occupations, less expenses incurred or paid. To the above-mentioned earnings, profits, and assets are added inventories and work in progress on the account closing date. Correlatively, inventories and work in progress on the account opening date are added to the expenses. Inventories are assessed at cost price or at the going price if the latter is lower, and work in progress is assessed at cost price. A fiscal year loss may be carried forward up the <i>fourth consecutive fiscal year</i>, except for the portion of the loss representing asset depreciation, which can be carried forward indefinitely.</p> <p>2. <u>RNS system</u> The RNS system is applicable optionally. Simplified net income is calculated in the same way as RNR, except with respect to provisions. Moreover, <i>fiscal year losses cannot be carried forward to subsequent fiscal years</i>.</p> <p>3. <u>Presumptive income system</u> The presumptive system is applicable optionally. Presumptive income is calculated by applying to the turnover of each calendar year a coefficient specified for each occupation. The annual earnings of taxpayers opting for the presumptive income system cannot be less than a minimum income (BM). The 2004 BL changed the way this is calculated: the fixed element was eliminated; a new method based solely on the normal current annual rental value (VL) of the establishment where the business activity is carried out was introduced; and, coefficients, going in half point intervals from 0.5 to 10, were applied to this VL.</p> <p>C. <u>Income and profits from real estate</u></p> <p>1. <u>Real estate income</u></p> <ul style="list-style-type: none"> <li>▪ <u>Definitions</u> The following are considered real estate income unless they fall into the category of occupational income:             <ol style="list-style-type: none"> <li>1. income from the rental of:                 <ol style="list-style-type: none"> <li>(a) developed and undeveloped real estate and structures of all types;</li> <li>(b) agricultural property, including constructions and fixed and mobile equipment used thereon.</li> </ol> </li> <li>2. Subject to the exclusions provided by law, the rental value of real estate and structures that owners allow third parties to use free of charge.</li> </ol> </li> </ul>	<p>✓ <u>Real estate income</u></p> <ul style="list-style-type: none"> <li>▪ <u>Main exemptions</u></li> <li>▪ <u>Permanent exemptions</u></li> </ul> <p>The following are exempt from the tax on the rental value of real estate that owners make available free of charge to:</p> <ul style="list-style-type: none"> <li>- their ascendants and descendants, when the property in question is used for housing;</li> <li>- central and local government administrations and public hospitals;</li> <li>- designated organizations (<i>associations reconnues d'utilité publique</i>).</li> </ul> <ul style="list-style-type: none"> <li>▪ <u>Temporary exemptions</u> Income from the rental of new constructions and structural additions is exempt from the tax for the three years following the completion of such constructions.</li> </ul>

TAX IGR (comtd.)	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p>2. <u>Real estate profits</u></p> <ul style="list-style-type: none"> <li>▪ <u>Definitions</u></li> </ul> <p>Real estate profits are defined as profits realized by individuals upon:</p> <ul style="list-style-type: none"> <li>- the sale of real estate or of rights <i>in rem</i> to real estate;</li> <li>- contribution to the assets of a real estate company or of rights <i>in rem</i> to real estate;</li> <li>- transfer for valuable consideration or contribution to the assets of a company of registered shares or partnership shares issued by real estate companies, deemed neutral from a tax standpoint;</li> <li>- transfer for valuable consideration or contribution to the assets of companies of shares, promoters' shares, founders' shares, or partnership shares of companies engaging primarily in real estate activities;</li> <li>- grants of any kind, except for those made between ascendants and descendants, between spouses, and between brothers and sisters.</li> </ul> <ul style="list-style-type: none"> <li>▪ <u>Calculation of taxable real estate profit</u></li> </ul> <p>Taxable real estate profit is equal to the difference between:</p> <ul style="list-style-type: none"> <li>- the transfer price less transfer expenses, if any; and</li> <li>- the purchase price plus related costs and investment expenses, this total being revalued by applying coefficients established by ministerial decree, based on the national cost-of-living index.</li> </ul>	<p><u>Exempted real estate profits</u></p> <p>The following are exempt:</p> <ul style="list-style-type: none"> <li>▪ <u>Totally</u></li> <li>- Profit from the transfer of a building occupied by its owner as principal residence for at least <i>10 consecutive years</i> prior to the date of transfer;</li> <li>- Profit corresponding to all or part of the transfer price, not exceeding <i>DH 1 million</i>, of a building or part of a building occupied as principal residence for <i>more than 5 years</i> prior to the date of transfer by the owner thereof or by members of real estate companies;</li> <li>- Profit earned by individuals upon the first transfer of a building used as principal residence, the area and transfer price of which do not exceed <i>100 m<sup>2</sup> and DH 200,000</i>, respectively.</li> <li>- Profit from one or more transfers by individuals who, during the calendar year, realize a total <i>not exceeding DH 60,000</i>;</li> <li>- Profit from the transfer of undivided rights in agricultural properties located outside urban areas: <ul style="list-style-type: none"> <li>- Between joint heirs;</li> <li>- Between co-owners when the rights were acquired more than four years earlier.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>▪ <u>Partially</u></li> <li>- A 50 percent reduction of the tax is granted on profit corresponding to the portion of the transfer price exceeding the limit of <i>DH 1 million</i>, realized on the transfer of a building occupied as principal residence for 5-10 years.</li> </ul>	<p><u>Rates applicable to real estate profits</u></p> <p>The rate is 20 percent.</p> <p>However, the total amount of the tax cannot be less than 3 percent of the transfer price.</p> <p>This rate is in full discharge of the IGR.</p>	

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<b>IGR</b> (cont'd )	<p>D. Income and profits from invested capital</p> <p>1. <u>Income from invested capital</u></p> <ul style="list-style-type: none"> <li>▪ <u>Definitions</u></li> </ul> <p>The following are considered income from invested capital:</p> <ul style="list-style-type: none"> <li>- Earnings from shares or partnership shares and similar income distributed by companies headquartered in Morocco and subject to corporate tax (IS);</li> <li>- Earnings from fixed-income investments deposited or credited to the accounts of individuals or legal entities that have not opted for the IS and whose principal residence, tax domicile, or headquarters is in Morocco.</li> <li>▪ <u>Calculation of net taxable income</u></li> </ul> <p>Net taxable income is calculated by deducting bank service charges and collection, account maintenance, and safekeeping fees from the gross amount.</p> <p>2. <u>Profits from invested capital</u></p> <ul style="list-style-type: none"> <li>▪ <u>Definition:</u></li> </ul> <p>The following are considered profits from invested capital: annual profits earned by individuals resident in Morocco upon the transfer of securities and other equity and debt instruments issued by public or private legal entities, whether headquartered in Morocco or abroad, as well as mutual funds (OPCVM), but excluding:</p> <ul style="list-style-type: none"> <li>- Companies dealing primarily in real estate;</li> <li>- <i>Sociétés immobilières transparentes</i> (real estate enterprises whose assets consist of land or a housing unit owned or purchased for occupation by their members).</li> <li>▪ <u>Calculation of investment profits</u></li> </ul> <p>Net transfer profit is calculated on the basis of the transfers of each security or instrument. It is made up of the difference between:</p> <ul style="list-style-type: none"> <li>- the transfer price minus, where applicable, expenses borne by the transferor at the time of the transfer, particularly brokerage fees and commission charges; and</li> <li>- the purchase price plus, where applicable, expenses borne at the time of any purchase, particularly brokerage fees and commission charges.</li> </ul>	<p><u>Exempt investment profits</u></p> <p>The following are exempt from IGR:</p> <ul style="list-style-type: none"> <li>- Profit or the portion of profit on transfers of securities and other equity and debt instruments corresponding to the amount of transfers made in a calendar year, but not exceeding DH 20,000;</li> <li>- Grants of securities and other equity and debt instruments between ascendants and descendants, between spouses, and between brothers and sisters.</li> </ul> <p>Moreover, effective <i>January 1, 2002</i> and until <i>December 31, 2005</i>, <b>total exemption</b> from IGR is granted for profits earned from transfers of shares listed on the Moroccan securities exchange and from transfers of shares or interests in mutual funds when at least 85 percent of the fund's assets are continuously invested in shares listed on the Moroccan securities exchange.</p>	<p><u>Rates applicable to investment income:</u></p> <p>The withholding rate is:</p> <ul style="list-style-type: none"> <li>▪ 10 percent on income from shares, partnership shares, and the like. This withholding is in full discharge of the IGR;</li> <li>▪ 20 percent applicable to earnings from fixed-income investments paid to persons subject to IGR under the RNR system or the RNS system. This withholding is <i>charged against the amount of IGR, with entitlement to refund</i>;</li> <li>▪ 30 percent on earnings from fixed-income investments paid to individuals not subject to IGR under the RNR system or the RNS system. This withholding is in full discharge of the IGR.</li> </ul> <p><u>Rates applicable to investment profits</u></p> <ul style="list-style-type: none"> <li>▪ 10 percent for net profits from transfers of shares and other equity instruments, as well as mutual fund shares or interests when at least 60 percent of the fund's assets are continuously invested in shares and other equity instruments;</li> <li>▪ 20 percent for net profits from transfers of bonds and other debt instruments, as well as mutual fund shares or interests, when at least 90 percent of the fund's assets are continuously invested in bonds and other debt instruments; and</li> <li>▪ 15 percent for net profits from transfers of shares or interests in <i>diversified mutual funds</i>.</li> </ul> <p>These rates are in full discharge of the IGR.</p>

TAX IGR (Cont'd)	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES												
	<p><u>2. CALCULATION OF TOTAL INCOME</u></p> <ul style="list-style-type: none"> <li>Total taxable income is the sum of net incomes in the various categories mentioned above.</li> <li>The IGR is a tax for which a return must be filed.</li> </ul>	<p><u>DEDUCTIONS FROM TOTAL INCOME</u></p> <p>The following are deductible from total taxable income:</p> <p>(a) The amount of <i>grants</i> in cash or in kind made to designated organizations and other establishments specified by law (Art. 9 of the Law on the IGR);</p> <p>(b) Up to 10 percent of total taxable income, the amount of <i>regular interest</i> on loans granted to taxpayers by specialized institutions or by banks and credit institutions for the <i>purchase or construction of housing for use as principal residence</i>. This deduction is also allowed on interest on loans granted by the social projects of public, semi-public, or private institutions and by enterprises, effective January 1, 2004;</p> <p>(c) Up to 6 percent of total taxable income, <i>premiums</i> or contributions made under individual or group <i>retirement insurance contracts having a term of at least 10 years</i> concluded with insurance companies located in Morocco, when the benefits are paid to recipients over 50 years of age.</p> <p><u>TAX DEDUCTIONS</u></p> <p><u>Deductions for family expenses</u></p> <p>The deduction is DH 180 for spouses and up to DH 1,080 for dependent children.</p> <p>Tax deductions for premiums or contributions related to individual or group life insurance contracts were abolished with effect from January 1, 2004,</p>	<p>The schedule for calculating the IGR is as follows:</p> <table border="1"> <thead> <tr> <th>Income bracket (in DH)</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>0 - 20,000</td> <td>0 percent</td> </tr> <tr> <td>20,001-24,000</td> <td>13 percent</td> </tr> <tr> <td>24,001-36,000</td> <td>21 percent</td> </tr> <tr> <td>36,001-60,000</td> <td>35 percent</td> </tr> <tr> <td>Above 60,000</td> <td>44 percent</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>However, the tax rate differs for the following wages and income, for which the withholding is: <ul style="list-style-type: none"> <li>10 percent for the gross income referred to in Art. 19 of the law, earned by foreign enterprises not domiciled or headquartered in Morocco, excluding interest on loans granted in foreign exchange for terms of 10 years or more; this rate is in full discharge of the IGR;</li> <li>17 percent for substitute teachers; this withholding is in full discharge of the IGR;</li> <li>30 percent applicable to: <ul style="list-style-type: none"> <li>Occasional wages and compensation paid to persons who are not permanent employees of an enterprise, as well as compensation paid to commercial or industrial traveling salesmen or representatives working for one or more employers established in Morocco; <i>this withholding is not in full discharge of the IGR.</i></li> <li>Physicians working in clinics and not subject to the business license tax; <i>this withholding is in full discharge of the IGR.</i></li> <li>Gross fees paid to artists working individually or in a troupe. This withholding is in full discharge of the IGR.</li> </ul> </li> </ul> </li> </ul>	Income bracket (in DH)	Rate	0 - 20,000	0 percent	20,001-24,000	13 percent	24,001-36,000	21 percent	36,001-60,000	35 percent	Above 60,000	44 percent
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Above 60,000	44 percent														
	<p><u>3. CALCULATION OF THE TOTAL INCOME OF INDIVIDUALS WHO ARE MEMBERS OF GROUPS</u></p> <p>The profits of partnerships, limited partnerships, and de facto companies whose members are all individuals are considered occupational income of the principal partner and are <u>taxed in his or her name</u>.</p> <p><i>Losses can be charged against other occupational income of the principal partner.</i></p>														

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>2. Corporate tax (<i>impôt sur les sociétés</i>—IS)</b></p>	<p>1. <u>Applicability</u></p> <p>Applicable by law to all corporate enterprises, public institutions, and other legal entities, and on an optional basis to partnerships.</p> <ul style="list-style-type: none"> <li>- Taxable fiscal year earnings are the sum of operating income, profits, and gains, minus operating expenses.</li> <li>- The 1994 budget law introduced the declining balance method of depreciation for capital goods acquired on or after January 1, 1994, on an optional basis and subject to certain exclusions.</li> <li>- Losses can be carried forward, up to the <i>fourth consecutive fiscal year</i>; however, the portion of the loss related to asset depreciation can be carried forward indefinitely.</li> </ul> <p>2. <u>Payment</u></p> <ul style="list-style-type: none"> <li>- The tax is paid voluntarily in <u>four advance payments</u>, each equal to 2.5 percent of the amount of tax payable for the previous fiscal year.</li> <li>- When the amount of IS due exceeds the advance payments made, the outstanding balance is paid voluntarily by the enterprise together with the first advance payment due.</li> <li>- If too much tax is paid, the excess is automatically offset against the first advance payment due and, in applicable cases, to the remaining advance payments. Any balance remaining is <i>automatically refunded within a month</i> of the due date of the last advance payment.</li> </ul>	<p>A - <u>Main exemptions</u></p> <p>1. <b>Full, permanent exemption</b> for:</p> <ul style="list-style-type: none"> <li>- Nonprofit associations and comparable entities;</li> <li>- Cooperatives and their unions, except for regional mutual banks (<i>banques régionales populaires</i>);</li> <li>- Companies engaged in raising livestock;</li> <li>- Profits on transfers of securities by foreign companies.</li> <li>- Legal entities performing service contracts financed by EU grants pursuant to said contracts.</li> </ul> <p>2. <b>Full exemption for five years and 50 percent reduction thereafter</b> for:</p> <ul style="list-style-type: none"> <li>- Enterprises exporting goods</li> <li>- Enterprises exporting services, for the portion of their export turnover <i>denominated in foreign exchange</i>;</li> <li>- As of January 1, 2004 enterprises selling finished goods to exporters located in the export zones;</li> <li>- Hotels established on or after July 1, 2000, for the portion of the basis of assessment corresponding to their <i>turnover denominated in foreign exchange, duly repatriated</i> directly by them or on their behalf by travel agencies.</li> </ul> <p>3. <b>50 percent reduction without time limit</b> for:</p> <ul style="list-style-type: none"> <li>- Agricultural companies, for profits from grain, oil-producing, sugar, fodder, and cotton crops;</li> <li>- Export mining enterprises, as well as those which sell their products to enterprises that export them.</li> </ul> <p>4. <b>50 percent reduction for five years</b> for:</p> <ul style="list-style-type: none"> <li>- Artisanal enterprises whose output is the result of essentially manual work, whatever the location of the company or enterprise;</li> <li>- Private education and vocational training institutions that began operations on or after January 1, 1998.</li> <li>- Enterprises doing business in one of the prefectures or provinces mentioned above.</li> </ul>	<p><u>The IS Rate</u></p> <ul style="list-style-type: none"> <li>➤ The rate of the IS is 35 percent.</li> <li>➤ This rate is halved for the Tangiers area (<i>wilaya</i>).</li> <li>➤ For the credit institutions, BAM, and CDG, and for insurance and reinsurance companies, but not leasing companies, the rate is 39.6 percent.</li> <li>➤ 10 percent withholding at source is in full discharge of the IS for:</li> <li>- The gross earnings mentioned in Art. 12 of the Law on the IS, of foreign companies, excluding interest on foreign currency loans granted for terms of 10 years or more; interest on deposits in foreign currency or convertible dirhams; interest on loans to the government or guaranteed by it; as well as interest on foreign currency loans granted by the EIF in the context of government-approved projects;</li> <li>- Earnings from shares or partnership shares and similar income.</li> <li>➤ Earnings from fixed-income investments are subject to 20 percent withholding at source, <i>chargeable to IS, with the right to a refund</i>.</li> <li>➤ For enterprises located in export processing zones, the reduced rate of 8.75 percent applies to fiscal years for which the deadline for reporting taxable income expires on or after July 1, 1999.</li> <li>➤ Foreign companies operating in Morocco which have been awarded construction or assembly contracts are taxed at the rate of 8 percent (instead of the previous 12 percent).</li> </ul> <p>The 8 percent rate is calculated on turnover, excluding taxes. It provides full discharge of withholding at source on the gross earnings of foreign companies and of tax withholding on earnings from shares, partnership shares, and similar income.</p>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
IS (Cont'd )		<p>5 - Temporary reduction for companies listed on the securities exchange</p> <p>➤ <u>Eligible companies</u></p> <p>Companies that list their securities on the securities exchange in a public offering and/or a transfer of existing stock or a capital increase are eligible. These securities must be made available to the public at the same time as the companies in question are listed on the securities exchange.</p> <p>➤ <u>Excluded companies</u></p> <ul style="list-style-type: none"> <li>- Credit institutions, including finance companies;</li> <li>- Insurance, reinsurance, and underwriting enterprises;</li> <li>- Companies holding public utility concessions;</li> <li>- Companies whose capital is totally or partially held by the government or a public body, or by a company with at least half its capital held by a public body.</li> </ul> <p>➤ <u>Rate reduction</u></p> <p>Eligible companies enjoy a reduction of the IS rate applied as follows:</p> <ul style="list-style-type: none"> <li>- 25 percent for companies listing their securities on the securities exchange in a public offering involving the transfer of existing stock;</li> <li>- 50 percent for companies listing their securities on the securities exchange in connection with a capital increase of at least 20 percent, in which preferential subscription rights are waived.</li> </ul> <p>➤ <u>Effective date of the measure</u></p> <p>The above reductions apply to companies listed on the securities exchange between January 1, 2001 and December 31, 2003. The 2004 BL extended this period by three years (through December 31, 2006).</p> <p>The reduction will be available for <i>three consecutive years</i>, starting with the fiscal year after the one in which the company was listed on the Casablanca Securities Exchange</p>	



TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
IS (Cont'd )	<p>3. <u>Minimum tax</u></p> <ul style="list-style-type: none"> <li>▪ The IS cannot be less than the minimum contribution (<i>cotisation minimale</i>—CM) of DH 1,500.</li> <li>▪ <i>The minimum contribution is not payable during the first 36 months following the start of operations.</i> However, this exemption is no longer available once a period of 60 months has lapsed since the date of organization of the companies in question.</li> </ul>	<p>• <b>Deductible items</b> include, in particular:</p> <ul style="list-style-type: none"> <li>- Purchases of materials and products;</li> <li>- Personnel expenses;</li> <li>- Overhead expenses;</li> <li>- Start-up expenses; (non-amortized);</li> <li>- Fees and taxes, except IS;</li> <li>- Recorded depreciation;<sup>(1)</sup></li> <li>- Provisions;<sup>(2)</sup></li> <li>- Grants in cash or in kind to: <i>Habous (religious endowments)</i>; designated organizations; public institutions engaged in cultural, educational, or research activities; the National League Against Cardiovascular Diseases; the National Cultural Action Fund; and the Moroccan National Olympic Committee, there being no limit on the amount of grants;</li> <li>- Grants in cash or in kind for social projects of public or private enterprises and of those institutions specified by law (up to 2 percent of turnover);</li> <li>- Finance charges;</li> <li>- Miscellaneous operating losses.</li> </ul> <p>Up to 20 percent of the maximum depletion allowance of 50 percent of the taxable income of mining enterprises can be allocated to a social fund and the remainder to depletion.</p> <p>Enterprises may use all or part of the maximum investment provision of 20 percent of taxable income for restructuring as well as for research and development to improve their productivity and economic profitability.</p> <p>Under the 1999/2000 BL, enterprises can use the investment provision for research and development without any limitation as to amount (formerly limited to 2 percent of taxable income).</p>	<p>The minimum contribution rates<sup>(3)</sup> are:</p> <ul style="list-style-type: none"> <li>- 0.25 percent for operations carried out by business corporations and involving petroleum products, gas, butter, edible oils, sugar, flour, water, and electricity;</li> <li>- 0.5 percent for all other activities.</li> </ul>

(1) The 1994 budget law instituted an optional declining balance method of depreciation for capital goods acquired on or after 1/1/1994, subject to the exclusions specified by law.  
(2) Under the 1997–1998 budget law, the time limit on using the investment provision for the coastal fishing and maritime transport sector was increased from three years to five years.  
(3) Effective January 1, 2001 (FY2000 for companies whose accounting year is the calendar year), the *basis of calculation* of the minimum contribution is total operating income, *excluding tax* (Art. 6 of the Law on the IS).

TAX	DEDUCTIONS AND EXEMPTIONS	RATES
<p>IS (Cont'd.)</p>	<p><u>B – Specific reductions</u></p> <p><i>Profits and gains realized on the transfer of fixed assets are eligible for the following reductions:</i></p> <p>➤ <u>During operations:</u></p> <ul style="list-style-type: none"> <li>• 25 percent if the interval between the year of acquisition of each item withdrawn from the assets or transferred and the year of its withdrawal or transfer is 2-4 years;</li> <li>• 50 percent if this interval is 4-8 years;</li> <li>• 70 percent if this interval is more than 8 years.</li> </ul> <p>In addition, a company enjoys total exemption if it undertakes in writing:</p> <ul style="list-style-type: none"> <li>• to reinvest the total proceeds of transfers carried out in a given fiscal year no later than three years after the closing date of the fiscal year in question, in capital goods or in buildings reserved for the company's own business operations; and</li> <li>• to include said goods and buildings in its assets for a period of <b>five years</b>, starting with the date of acquisition.</li> </ul> <p>Moreover, effective 1/1/2002 and up to 1/1/2005, net gains and profits resulting from the redemption or transfer, during operations, of shares listed on the Moroccan Securities Exchange or of shares of mutual funds <i>80 percent of whose assets are continuously invested in shares listed on the Securities Exchange</i>, are subject separately to IS, on an optional basis, by application of a reduction of 50 percent of the IS rate.</p> <p>➤ <u>At the end of operations</u></p> <ul style="list-style-type: none"> <li>• 50 percent if the interval between the year of the company's establishment and that of the withdrawal or transfer of the assets is 4-8 years;</li> <li>• Two-thirds if this interval is eight or more years.</li> </ul>	

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<b>Business license tax (Impôt des patentes)</b>	<p>The business license tax is levied on all Moroccan and foreign individuals and legal entities engaged in professional, industrial, or commercial activities.</p> <p>The principal amount of the business license tax is a proportional tax on the rental value of business premises.</p> <p>The principal amount of the business license tax is increased by a 10 percent surtax and an additional percentage tax.</p> <p>The principal amount of the business license tax is allocated as follows:</p> <ul style="list-style-type: none"> <li>- 90 percent for local governments;</li> <li>- 10 percent for the general state budget.</li> </ul> <p>The additional percentage tax is earmarked for the general state budget and the 10 percent surtax is paid to boards of trade, industry, marine fisheries, and crafts and their federations.</p> <p><b>Basis of assessment of the TP:</b></p> <p>The proportional tax (TP) is assessed on the current, regular, gross rental value of stores, factories, workshops, sheds, yards, and places of deposit and of premises, sites, and facilities used for taxable business activities.</p>	<p><b>Main exemptions:</b></p> <p>The following are exempt from the business license tax:</p> <ul style="list-style-type: none"> <li>- Civil servants;</li> <li>- Individuals in one of the occupations listed in Category 7, Table A;</li> <li>- Farmers, but only for the sale (other than in shops or stores) of crops and products from their farm, as well as the sale of livestock they raise there;</li> <li>- Mutual funds (OPCVMs) in accordance with the applicable legislation;</li> <li>- Individuals and legal entities engaged in professional, industrial, or business activities, for their first five years of operation.<sup>(1)</sup></li> </ul> <p>However, this exemption does not apply to:</p> <ul style="list-style-type: none"> <li>• The credit institutions, BAM, and CDG;</li> <li>• Insurance and reinsurance companies</li> <li>• Real estate agencies.</li> </ul> <p><b>Reduction:</b> To determine the rental value to be used as the base for TP payable by <i>hotels</i>, the following reductions are applied to the cost price of the buildings and facilities of each establishment:<sup>(2)</sup></p> <ul style="list-style-type: none"> <li>- 20 percent for cost prices of DH 3 million or less;</li> <li>- 40 percent for cost prices of DH 3 –6 million;</li> <li>- 50 percent for cost prices of DH 6–12 million and</li> <li>- 60 percent for cost prices of over DH 12 million.</li> </ul>	<p><b>Applicable rates:</b></p> <p>Rental value, which is the basis of calculation of the business license tax for factories, industrial and commercial establishments, and service providers, is determined directly by applying a flat rate of 3 percent (2003 BL) to the cost price of land, constructions, fittings, equipment, and tools.</p> <p><b>The rental value</b> used as the basis of calculation of the TP payable on land, buildings and their fittings, equipment, and tools is limited to the portion of their cost price not exceeding <b>DH 50 million</b> (DH 100 previously) (BL, second half of 2000).</p> <p>This restriction applies to all establishments producing goods and engaging in the manufacture, processing, or packaging of products.</p> <p>The cap on the taxable amount of an investment also applies to service providers (2001 BL).</p>

N.B.

(1) The Budget Law for the second half of 2000 extended the five-year exemption to the 10 percent surtax and the additional percentage tax.  
(2) In the interest of harmonization, the 1997–1998 BL made contract managers also eligible for the reduction granted to owner-operated hotels.

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES																
<p><b>4. Urban tax (Taxe urbaine —TU)</b></p>	<p>The urban tax is levied on:</p> <ul style="list-style-type: none"> <li>- Buildings and constructions of all types, occupied fully or in part by their owners as their principal or secondary residence, or provided free of charge by said owners as housing for their spouse, ascendants, or descendants;</li> <li>- Buildings used by their owners for a business activity or any other type of operation;</li> <li>- Machinery and equipment installed in enterprises that produce goods or services;</li> <li>- Undeveloped land used by the owner for any type of operation.</li> </ul> <p>TU is levied within the boundaries of urban communes and their outlying areas, designated centers, summer and winter resorts, and thermal spas.</p> <p>TU is assessed on the rental value of land, buildings, machinery, and equipment, as determined by the survey committee, using comparisons or direct valuation. However, a 75 percent reduction is applicable to buildings occupied as by the owner as his or her principal residence or free of charge by the owner's ascendants or descendants</p> <p>Effective January 1, 2002, the rental value is increased every five years by 2 percent.</p> <p>Ninety percent of TU revenue is allocated to communes and 10 percent to the general state budget to cover assessment and collection costs.</p>	<p><b>Permanent exemptions:</b></p> <ul style="list-style-type: none"> <li>- Royal residences, properties owned by the state, local governments, private relief and charity organizations, and designated organizations;</li> <li>- Endowed property (<i>biens habous</i>), with the exception of endowed property involving households;</li> <li>- Buildings made available free of charge to certain organizations specified by law;</li> <li>- Buildings owned by foreign governments and designated for use as offices or housing for certain diplomats (subject to reciprocity);</li> <li>- Buildings owned by international organizations enjoying diplomatic status &amp; designated for use as offices of organization or housing for mission chiefs;</li> <li>- Buildings generating no income and used exclusively for public religious services or free classes, and buildings classified as historical monuments;</li> <li>- Buildings owned by agricultural cooperatives and their unions, designated for agricultural use.</li> </ul> <p><b>Temporary exemptions:</b></p> <ul style="list-style-type: none"> <li>- <b>Five years</b> for: <ul style="list-style-type: none"> <li>- Newly-installed machinery and equipment;</li> <li>- New construction and structural additions;</li> <li>- New construction and structural additions as well as capital goods, materials, and tools to be used solely for business purposes when acquired by leasing companies on behalf of their customers, not including those owned by: <ul style="list-style-type: none"> <li>· Long-term establishments of companies and enterprises not headquartered in Morocco that have been awarded contracts for construction work, supplies, or services;</li> <li>· The credit institutions, BAM, and CDG;</li> <li>· Insurance and reinsurance enterprises;</li> <li>· Real estate agencies.</li> </ul> </li> </ul> </li> <li>- <b>15 years</b> for: <ul style="list-style-type: none"> <li>Dwellings considered <i>low-cost housing</i> for the full term of loans, although this exemption may not exceed 15 years from the date of their completion.</li> </ul> </li> </ul>	<p><b>Applicable rates:</b></p> <p>* The following schedule applies to properties used as <i>dwellings</i>:</p> <table border="1"> <thead> <tr> <th>Rental value in DH</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>0-3,000</td> <td>Exempt</td> </tr> <tr> <td>3,001-6,000</td> <td>10 percent</td> </tr> <tr> <td>6,001-12,000</td> <td>16 percent</td> </tr> <tr> <td>12,001-24,000</td> <td>20 percent</td> </tr> <tr> <td>24,001-36,000</td> <td>24 percent</td> </tr> <tr> <td>36,001-60,000</td> <td>28 percent</td> </tr> <tr> <td>60,001 and above</td> <td>30 percent</td> </tr> </tbody> </table> <p>* Business premises and equipment are subject to TU at the rate of 13.5 percent.</p> <p>TU is levied on the owner or life tenant. The rental value of property used by the owners thereof for their business activity or for any other type of operation is determined by applying a <i>flat rate of 3 percent</i> to the cost price of land, buildings and their fittings, machinery, and equipment, as substantiated by the owners or estimated by the administration using comparisons (2003 BL). However, the rental value of land, buildings and their fittings, machinery, and equipment is limited to the portion of the cost price equal to or less than DH 50 million (DH 100 million previously) (2001 BL). This limit applies to all establishments producing goods and engaging in the manufacture, processing, or packaging of products. The cap on taxable investment also applies to service providers (2001 BL).</p>	Rental value in DH	Rate	0-3,000	Exempt	3,001-6,000	10 percent	6,001-12,000	16 percent	12,001-24,000	20 percent	24,001-36,000	24 percent	36,001-60,000	28 percent	60,001 and above	30 percent
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TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<b>5. Municipal tax (Taxe d'utilité—TE)</b>	<p>The TE applies to buildings and constructions of all types, land used for any kind of operation, and machinery and equipment subject to the urban tax.</p> <p>The tax is based on the rental value used to calculate the urban tax, including that of buildings which are temporarily exempt, and on the total amount of rent when the property is leased.</p> <p>All TE revenue is earmarked for the communes.</p>	<p><b>Exemptions:</b></p> <p>Buildings and building annexes permanently exempt from the urban tax are also exempt from the TE.</p>	<p><b>Applicable rates:</b></p> <p>The rates of the TE are:</p> <ul style="list-style-type: none"> <li>- 10 percent for buildings located within the boundaries of urban communes and designated centers;</li> <li>- 6 percent for buildings located in the outlying districts of urban communes.</li> </ul>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>II. Value-added tax (VAT)</b></p>	<p><u>1/ Applicability</u> VAT applies to industrial, artisanal, and commercial activities (including retail businesses with an annual turnover of DH 2,000,000 or more), professional occupations, and import operations.</p> <p><u>2/ Basis of assessment:</u> - <i>Taxable turnover</i> includes the price of goods, works, or services and income incidental thereto, as well as related fees, taxes, and duties, with the exception of VAT.</p> <ul style="list-style-type: none"> <li>- Turnover consists of: <ul style="list-style-type: none"> <li>▪ for the operations of real estate developers, the transfer price of the construction minus the price of the land, adjusted with reference to real estate profit ratios. However, when the purpose of the building is other than for sale, the basis of assessment is the cost price of the construction;</li> <li>▪ for land development operations, the cost of the work;</li> <li>▪ for swap and self-delivery operations, the regular price of the goods, works, or services at the time the operations are carried out.</li> </ul> </li> </ul>	<p>There are two types of exemption:</p> <p><u>1. Exemptions without entitlement to deduction (sans droit à déduction—SDD)</u></p> <p>These apply, in particular, to: essential goods, products subject to price controls books and newspapers, sales of and services provided by manufacturers or suppliers with a turnover of DH 180,000 or less, self-delivery of dwellings having an area of 240m<sup>2</sup> or less, operations and interests involving advances and loans to the central and local governments, etc.</p> <p>The following are also exempt:</p> <ul style="list-style-type: none"> <li>- Medical treatment provided by physicians, dentists, physical therapists, orthopedic specialists, speech therapists, and midwives.</li> </ul> <p>Moreover, effective <i>1/1/2002</i>, the operators of clinics, health or treatment centers, and medical laboratories are <i>exempt without entitlement to deduction</i>;</p> <ul style="list-style-type: none"> <li>- Interest on loans granted by finance companies, on the same terms as those granted to private school students and vocational training by banks;</li> <li>- Sales of equipment specially made for the handicapped, locally-produced handcrafted carpets, and operations related to loans and advances to the Communal Capital Fund (<i>Fonds d'Équipement Communal</i>), etc.</li> </ul> <p>With effect from <i>1/1/2001</i>, the same entitlement to VAT refunds granted to diplomatic missions is also applicable to international and regional organizations and their members accredited to Morocco and having diplomatic status.</p>	<p><u>Applicable rates:</u></p> <p><b>1. Four ad valorem rates:</b></p> <ul style="list-style-type: none"> <li>▪ Regular rate: 20 percent;</li> <li>▪ Rate of 14 percent:</li> <li>- ADD: for real estate projects, coffee, tea, economical light commercial vehicles, economical mopeds, etc.</li> </ul> <p>From January 1, 2004, electricity is subject to an ADD rate of 14 percent, instead of the previous rate of 7 percent.</p> <ul style="list-style-type: none"> <li>- SDD: for services provided by insurance agents and brokers;</li> <li>▪ Rate of 10 percent, ADD, applicable to the tourism sector.</li> </ul> <p>Effective January 1, 2001, the following are also subject to the 10 percent rate:</p> <ul style="list-style-type: none"> <li>- Food services (fast-food restaurants, caterers, etc)</li> <li>- Sales of foodstuffs and beverages for on-site consumption in restaurants, regardless of location;</li> <li>- Food service operations by providers of services to employees of businesses.</li> </ul> <ul style="list-style-type: none"> <li>▪ A reduced rate of 7 percent:</li> <li>- SDD: for certain professional occupations (attorneys, notaries, veterinarians, interpreters, etc.);</li> </ul>

<p><b><u>Value-added tax (Cont'd)</u></b></p>	<p><b>3/ Returns</b> Two types of returns are prescribed by law: - <i>Monthly</i>: • for taxpayers whose taxable turnover during the year is DH 1,000,000 or more • for any person without a long-term establishment in Morocco who engages in taxable operations in the country.</p>	<p><b>2. Exemptions with entitlement to deduction (<i>avec droit à déduction</i>—ADD)</b> These apply essentially to products delivered and services provided for taxpayer export activities, fertilizers, agricultural equipment, low-cost housing having an area and a VIT (total real estate value) of <i>100m<sup>2</sup> and DH 200,000</i>, respectively, and ship sales, repairs, and conversions. - Capital goods to be recorded in a fixed assets account, acquired by taxpayers - Capital goods acquired by private education and vocational training institutions; - New vehicles acquired by taxi operators; - Capital goods acquired by the civil defense department; - Goods and services required for foreign film production.</p>	<p>- <b>ADD:</b> - For certain mass consumption goods (water, pharmaceuticals, etc.); - For economical vehicles; bank, credit, and exchange operations; securities transactions carried out by brokerage firms; and transactions involving shares and partnership shares issued by mutual funds.</p>
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<p><b>Value-added tax (Cont'd)</b></p> <p>- <u>Quarterly</u>:</p> <ul style="list-style-type: none"> <li>- Taxpayers whose turnover in the year under review is less than DH 1,000,000;</li> <li>- Taxpayers operating seasonal establishments as well as those engaged in a periodic activity or occasional operations;</li> <li>- New taxpayers for the duration of the current calendar year.</li> </ul> <p>The above taxpayers may <b>elect</b>, before <b>January 31</b>, to be taxed under the monthly return system.</p>	<p>ADD exemptions also apply to:</p> <ul style="list-style-type: none"> <li>- Goods, merchandise, works, and services for delivery on a grant basis by Moroccan or foreign individuals or legal entities to the central government, local governments, public institutions, and designated organizations addressing the social and health conditions of the handicapped and the underprivileged, whether produced domestically or imported;</li> <li>- Goods, merchandise, works, and services for delivery on a grant basis by foreign governments or international organizations in the context of international cooperation to the central government, local governments, public institutions, and designated organizations;</li> <li>- Goods, merchandise, works, and services for delivery on a grant basis by the Moroccan government to foreign governments;</li> <li>- Goods, merchandise, works, and services financed by EU grants;</li> <li>- Acquisitions by international road transport enterprises of buses, trucks, and related capital goods (whether domestic or imported);</li> <li>- Capital goods, equipment, and tools acquired locally or imported by nonprofit associations working with the handicapped and by the Moroccan Red Crescent;</li> <li>- Products and equipment for hemodialysis;</li> <li>- Drugs used to treat cardiovascular diseases, diabetes, asthma, and AIDS;</li> <li>- Sanitation services invoiced to users by the suppliers of such services;</li> <li>- CD-ROMs containing exempt publications and books;</li> <li>- Construction of university dormitories, residences, and campuses by any individual or legal entity.</li> </ul> <p>In addition, effective 1/1/2002, exemption with entitlement to deduction is granted to <i>international transport operations</i> and the provision of related services, as well as the repair, upkeep, maintenance, conversion, chartering, and leasing of the various means of such transport.</p> <ul style="list-style-type: none"> <li>▪ <u>Deductibility of VAT on diesel oil</u>:</li> </ul> <p>Effective <i>January 1, 2001</i>, entitlement to deduction is granted for VAT levied on purchases of diesel oil used as fuel by public carriers of passengers and/or freight by motor vehicle, at the rates of 33 percent for 2001, 66 percent for 2002, and 100 percent beginning January 1, 2003.</p> <p>Likewise, effective January 1, 2002, entitlement to deduction is granted for VAT levied on purchases of diesel oil used by vehicles employed in the road transport of freight by taxpayers for their own account and using their own means of transport, at the rates of 33 percent for 2002, 66 percent for 2003, and 100 percent beginning January 1, 2004.</p>	<p><b>2. Three specific rates:</b></p> <ul style="list-style-type: none"> <li>- DH 100 per hl of wine;</li> <li>- DH 4 per gram of gold or platinum;</li> <li>- DH 0.05 per gram of silver.</li> </ul>
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TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES																											
<p><b>Special annual tax on motor vehicles</b> (<i>Taxe spéciale annuelle sur les véhicules automobiles</i> — TSAVA)</p>	<p>The TSAVA applies to motor vehicles as defined in Article 20 of the Vizirial Decree (<i>Arrêté Viziriel</i>) of January 24, 1953 on the policing of traffic and trucking, registered in Morocco.</p>	<p><b>Main exemptions:</b></p> <ul style="list-style-type: none"> <li>- The following are exempt:               <ul style="list-style-type: none"> <li>- Mass transit vehicles;</li> <li>- Commercial vehicles whose gross weight exceeds 3,000 kilograms;</li> <li>- Passenger automobiles and duly authorized taxis;</li> <li>- Two-wheeled motorcycles, with or without side cars; three-wheeled motorcycles, regardless of engine capacity;</li> <li>- Special public-works vehicles;</li> <li>- Tractors;</li> <li>- Vehicles whose owners enjoy diplomatic privileges and those registered in the W 18 series;</li> <li>- Vehicles owned by the Red Crescent;</li> <li>- Vehicles owned by <i>Entraide Nationale</i>;</li> <li>- Vehicles owned by private relief and charity organizations;</li> <li>- Used vehicles acquired for resale by licensed automobile dealers, for the period between acquisition and resale, provided that the vehicles are registered in the dealer's name;</li> <li>- Impounded vehicles;</li> <li>- Vehicles over 25 years old (2004 BL);</li> <li>- Vehicles owned by the government, as listed by decree of the Minister of Finance.</li> </ul> </li> </ul>	<p><b>Applicable rates:</b></p> <p>The TSAVA rates are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">HP</td> <td style="width: 10%; text-align: center;">&lt;8</td> <td style="width: 10%; text-align: center;">8-10</td> <td style="width: 10%; text-align: center;">11-14</td> <td style="width: 10%; text-align: center;">15-19</td> <td style="width: 10%; text-align: center;">&gt;19</td> </tr> <tr> <td>Gasoline-powered (in DH)</td> <td style="text-align: center;">350</td> <td style="text-align: center;">650</td> <td style="text-align: center;">1,500</td> <td style="text-align: center;">2,200</td> <td style="text-align: center;">3,200</td> </tr> <tr> <td>Diesel-powered (in DH)</td> <td style="text-align: center;">700</td> <td style="text-align: center;">1,500</td> <td style="text-align: center;">4,000</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">8,000</td> </tr> </table> <p>These rates apply to:</p> <ol style="list-style-type: none"> <li>a. Vehicles owned by individuals;</li> <li>b. Vehicles owned and rented out by self-drive car rental agencies;</li> <li>c. Vehicles registered in the M, P, G, GR, FA, and J series;</li> </ol> <p>Commercial vehicles (pick-up trucks) with diesel engines, covered by an agricultural insurance policy and owned by individual farmers who use them to carry agricultural materials and products, are subject to the same rate as gasoline-powered vehicles.</p> <p>Vehicles owned by legal entities other than those mentioned in item (b) above are subject to the following rates:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">HP</td> <td style="width: 10%; text-align: center;">&lt; 8</td> <td style="width: 10%; text-align: center;">≥ 8</td> </tr> <tr> <td>Gasoline-powered (in DH)</td> <td style="text-align: center;">3,000</td> <td style="text-align: center;">4,500</td> </tr> <tr> <td>Diesel-powered (in DH)</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">9,000</td> </tr> </table> <p>A fee of DH 50 is charged for duplicate TSAVA stickers.</p>	HP	<8	8-10	11-14	15-19	>19	Gasoline-powered (in DH)	350	650	1,500	2,200	3,200	Diesel-powered (in DH)	700	1,500	4,000	6,000	8,000	HP	< 8	≥ 8	Gasoline-powered (in DH)	3,000	4,500	Diesel-powered (in DH)	6,000	9,000
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<b>TAX</b>	<b>DESCRIPTION</b>	<b>DEDUCTIONS AND EXEMPTIONS</b>	<b>RATES</b>
<b>Tax on insurance</b>	<p>The tax on insurance applies to insurance policies concluded by insurance companies as well as any document whose sole purpose is to draw up, modify, or amicably cancel such contracts, excluding stamp duty, registration fees, and value-added tax.</p> <p>The tax is assessed on the amount of premiums, surcharges, or contributions.</p> <p>It is paid in quarterly advance payments by insurance companies.</p>	<p><b>Main exemptions:</b></p> <p>Insurance contracts covering the following are exempt:</p> <ul style="list-style-type: none"> <li>- Occupational accidents and illnesses;</li> <li>- Agricultural mutual insurance;</li> <li>- Coverage for war risks;</li> <li>- Payments made to the Moroccan retirement fund;</li> <li>- Life insurance;</li> </ul> <p>The tax is not payable on life insurance policies or life annuities taken out by persons not domiciled or normally resident in Morocco, or on any other policies when the risk is centered abroad or pertains to an establishment located there.</p>	<p><b>Applicable rates:</b></p> <p>The rates of the tax on insurance are 3 percent, 6 percent, or 12 percent, depending on the type of insurance policy.</p> <p>The 1998-1999 BL introduced an administrative fine of DH 500 per day of lateness (previously DH 50), applicable to insurance companies that fail to produce documents or publications prescribed by law within the specified period.</p>

TAX	DESCRIPTION	DEDUCTIONS AND EXEMPTIONS	RATES
<p><b>III.</b> <b><u>Registration fees and stamp duty</u></b></p> <p><b>1. Registration fees (DE)</b></p>	<p>There are two types of registration fees: fixed and proportional fees. The main operations to which these fees apply are:</p> <p>1. <u>Mandatory registration:</u></p> <p>A. <u>All agreements, whether written or verbal, and in whatever form, whether private or officially certified, relating to:</u></p> <ul style="list-style-type: none"> <li>• Transfers <i>inter vivos</i> with or without payment, such as sale, donation, or exchange of real estate or real property charges, as well as transfers of shares in <i>groupements d'intérêt économique</i> (GIEs) (economic interest groupings), or equity or other shares in companies.</li> <li>• Perpetual annuity leases of real estate;</li> <li>• Transfers of a tenant's right to a lease or of the benefit of a promise to lease all or part of a building;</li> <li>• Leases, transfer of leases, of subleases of buildings, real estate title, or businesses.</li> </ul> <p>B. <u>All private or officially certified documents principally relating to:</u></p> <ul style="list-style-type: none"> <li>• The creation or cancellation of a mortgage, transfer of or instruction to pay a mortgage claim;</li> <li>• The creation, capital increase, extension, or winding up of companies, or of GIEs, as well as all amendments to their contract or by-laws;</li> <li>• Sharing of movable or immovable assets.</li> </ul>	<p><b><u>Main exemptions:</u></b></p> <p>1 – <b><u>Documents in the public interest, including in particular:</u></b></p> <ul style="list-style-type: none"> <li>• The purchase of buildings by foreign governments to set up their diplomatic or consular mission to Morocco or for the residence of the head of the mission, provided that the Moroccan state is granted reciprocity;</li> <li>• Documents recording real estate transactions;</li> <li>• Documents and written instruments relating to the enforcement of public debt;</li> <li>• Documents and written instruments issued under Law 7-81 on expropriation.</li> </ul> <p>II. <b><u>Documents relating to public authorities:</u></b></p> <ul style="list-style-type: none"> <li>• Purchases by the government, and exchanges, donations and agreements, from which it benefits: assets of religious endowments (<i>Habous</i>), agreements of any kind made by the religious endowments with the government;</li> <li>• Purchases and exchanges of buildings by local governments intended for public education, social welfare and public health, as well as for work related to urban development, and provision of public amenities.</li> </ul>	<p><b><u>I. Proportional fees</u></b></p> <p><b><u>Applicable rates:</u></b></p> <p><b>The following are primarily subject to a rate of 5 percent:</b></p> <ul style="list-style-type: none"> <li>• The documents and agreements that are subject to mandatory registration fees;</li> <li>• Transfers, with or without payment, of equity or other shares in fiscally transparent real estate companies [<i>sociétés immobilières transparentes</i>];</li> <li>• Perpetual annuity leases of real estate assets, emphyteutic (long-term) leases, leases for life and those of unlimited duration</li> <li>• Transfers of title to the lease or of the benefit of an agreement to lease.</li> </ul> <p><b>B. The following are primarily subject to a rate of 2.50 percent:</b></p> <ul style="list-style-type: none"> <li>• Transfers of shares in GIEs, of equity or other shares in companies other than those subject to the 5 percent rate;</li> <li>• Assignments or transfers of perpetual annuities, life annuities, and regular annuities for consideration;</li> <li>• The purchase of developed premises by individuals or legal entities other than credit institutions, Bank Al-Maghrib, the Caisse de dépôt et de gestion, and insurance and reinsurance companies, whether such premises are used for residential, commercial, business, or administrative purposes;</li> </ul>

	<p><u>II – Optional registration:</u> Documents other than those mentioned in section I above may be registered at the request of any or all the parties to the document.</p>	<p><u>III. Documents in the public interest:</u> This relates essentially to the following:</p> <ul style="list-style-type: none"><li>• All documents and written instruments relating to the repair of damage caused by acts of war and orders to carry out such laws and decrees (<i>Dahirs</i>) or consequent thereupon, provided they make express reference thereto.</li><li>• Purchases by the national social security fund, and exchanges and agreements from which it benefits;</li><li>• Contracts for services if they are confirmed in writing;</li></ul>	
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<ul style="list-style-type: none"> <li>• Documents relating to mutual companies, as well as social service institutions relating to workers, the Moroccan retirement fund and the Moroccan interprofessional retirement fund, and the exchanges and agreements from which they benefit;</li> <li>• Documents for the purchase of buildings necessary for accomplishment of the purpose of nonprofit associations, as described by law, and associations serving the handicapped;</li> <li>• Documents relating to the activity and operations of Sala Al Jadida, the National Society for Local Development (SONADAC) relating to the provision of social housing in the context of the “Anmassim” projects, in the municipality of Dar Bouazza and Lyssasia, and intended for the rehousing of the former residents of the Casablanca medina;</li> <li>• Documents creating or winding up approved cooperative housing companies (<i>sociétés coopératives d’habitation agréées</i>) and their unions.</li> </ul>	<ul style="list-style-type: none"> <li>• The purchase against payment of land not yet developed, or land on which there are structures to be demolished, and reserved for land development operations or for the construction of premises for residential, commercial, business, or administrative purposes;</li> <li>• Sales by auction, sales, resales, transfers, reassignments, contracts, or any other civil or judicial process relating to the transfer of ownership, with or without payment.</li> </ul> <p>C. The following are primarily subject to a rate of 1 percent:</p> <ul style="list-style-type: none"> <li>• Real estate used as a living pledge [<i>antichrèse</i>] or collateral [<i>nantissement</i>];</li> <li>• Documents establishing a mortgage or collateral lien on a business used as security for an existing or future claim;</li> <li>• Contracts for services, contracts for construction, repairs, and maintenance, and any other movable goods subject to assessment by individuals and which do not contain any sale, or pledge to deliver merchandise, foodstuffs or other movable goods;</li> <li>• Sharing of movable or immovable assets between joint owners, joint heirs, or joint associates, for any purpose;</li> <li>• Granting of perpetual or life annuities or of regular annuities against payment;</li> <li>• The first sale of housing of a social nature;</li> </ul> <p>D. The following are primarily subject to a rate of 0.50 percent:</p> <ul style="list-style-type: none"> <li>• Transfers of debt securities relating to companies or enterprises and debt securities issued by local governments and government agencies;</li> </ul>	
<p><b>IV. – Documents related to investment:</b></p> <ul style="list-style-type: none"> <li>• Purchases by any individual or legal entity of land not yet developed, or land on which there are structures to be demolished and earmarked by the purchaser for an investment project other than land development or construction, subject to the conditions for exemption provided by law;</li> <li>• Documents related to the purchase by real estate leasing companies of premises for business or residential purposes to be made available to lessees under real estate leasing contracts, or the purchase of land not yet developed, or land on which there are structures to be demolished, intended in their entirety for construction of such premises subject to the conditions provided by law;</li> <li>• Documents related to bank or mortgage security produced or agreed as guarantee for payment of registration fees, as well as releases issued by the inspector of taxes responsible for registration;</li> </ul>	<ul style="list-style-type: none"> <li>• Guarantees of personal property items, valuables, amounts, personal property security and expenses of that nature;</li> <li>• Government procurement contracts, paid for by the Treasury;</li> </ul>	

	<p>holding companies as provided by law;</p> <ul style="list-style-type: none"> <li>• Documents and written instruments of any kind relating to the creation, activity, and any future winding up of the Agency for Economic and Social Development and Promotion of the Southern Provinces;</li> <li>• The transfer to the Special Tangiers-Mediterranean Agency of full ownership free of charge of the government's private assets needed to fulfill its public policy duties</li> <li>• The Special Tangiers-Mediterranean Agency, as well as the companies involved in the execution, planning, operation, and maintenance of the Special Tangiers-Mediterranean development zone project and located in the export processing zones are entitled to the exemptions mentioned above;</li> <li>• Transfers of public enterprises to the private sector;</li> <li>• The creation or increasing of capital of companies or GIEs with regard to capital transfer tax relating to the assumption of the liabilities, as required, in conformity with the law.</li> </ul> <p><b><u>V. Documents relating to lending:</u></b></p> <ul style="list-style-type: none"> <li>• Documents relating to operations by the African Development Bank, as well as purchases made for its benefit, whenever the bank is solely and finally responsible for paying the tax;</li> <li>• Documents and written instruments relating to operations by the Islamic Development Bank and its branches, as well as purchases made for their benefit;</li> <li>• Documents relating to advance payments on government fund securities and instruments issued by the Treasury;</li> <li>• Documents recording lending operations between individuals and banks, as well as mortgage loan operations between individuals and finance institutions and those between enterprises and their employees for the purchase or construction of their personal residence;</li> <li>• Documents recording loans between individuals and the Moroccan Public Procurement Fund (<i>Caisse Marocaine des Marchés</i>)</li> <li>• Documents delegating by conveyance the proceeds of procurement contracts, conveyances, transfers, or delegation of claims to the Moroccan Public Procurement Fund;</li> <li>• Contracts recording the sale of automotive vehicles on credit.</li> </ul>	<ul style="list-style-type: none"> <li>• The creation or increase of capital of companies or GIEs through unconditional injections of new capital.</li> </ul> <p>E. The following are primarily subject to a rate of 0.25 percent:</p> <p>Creation or increase of capital of companies whose primary aim is the management of transferable securities, or subscription by way of participation in the capital of other companies.</p> <p><b><u>II. Minimum fee:</u></b></p> <p>A minimum fee of DH 100 is charged for documents and transfers subject to proportional fees. This amount is increased to DH 1,000 for documents related to creating and increasing capital of companies and GIEs.</p> <p><b><u>III. Fixed fees:</u></b></p> <p>The following are subject to a fixed fee of DH 100:</p> <ul style="list-style-type: none"> <li>• Renunciation of <i>cheftâa</i> or <i>seftâa</i> rights. Each joint owner making the renunciation must pay the fixed fee;</li> <li>• Wills, revocation of wills, and any documents related to voluntary disposition that only contain provisions in the event of death;</li> <li>• Unconditional terminations within twenty-four hours of the documents terminated and presented for registration within this period;</li> <li>• Documents that only contain the execution, the supplement to, and the completion of previously registered documents;</li> <li>• Public works contracts and agreements deemed to be commercial documents;</li> <li>• Leases and rentals, transfers of leases and subleases, of residential buildings, whatever the term;</li> <li>• Any other unnamed document not subject to the proportional fee.</li> </ul> <p>The following are primarily subject to the fixed fee of DH 200:</p> <ul style="list-style-type: none"> <li>• Documents relating to winding up of companies or of GIEs that do not involve any obligation, discharge, or transfer of movable or immovable assets between partners, members of GIEs, or other persons and that are not subject to the proportional fee;</li> <li>• Documents creating GIEs without capital.</li> </ul>
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The following are subject to the fixed fee of DH 300:

- Leases and rentals, transfers of leases and subleases of businesses, and buildings other than those used for residential purposes;
- Real estate leasing contracts relating to premises for business or residential use as well as their termination during the lease by mutual agreement of the parties;
- Documents relating to the extension of companies or of GIEs which do not contain any obligation, discharge, or transfer of movable or immovable assets between the partners, members of the GIEs, or other persons.

TAX	DESCRIPTION		RATES
<p><b>2. Stamp duty (DT)</b></p> <p><b>Stamp duty (Cont'd)</b></p>	<p>There are three types of stamps:</p> <ul style="list-style-type: none"> <li>- Size stamp;</li> <li>- Proportional stamp;</li> <li>- Special stamp.</li> </ul>	<p><b>Main exemptions:</b></p> <p>The following are exempt from the stamp duty requirement:</p> <ul style="list-style-type: none"> <li>- Government securities and bonds;</li> <li>- Instruments and documents drawn up in the public interest.</li> <li>- Passenger tickets and bills of lading.</li> </ul> <p>Moreover, copies of affidavits filed with government offices are exempt from the DH 20 stamp duty.</p>	<p>There are three categories of fees:</p> <ul style="list-style-type: none"> <li>- <u>Size stamp</u>: DH 20 rate.</li> </ul> <p>Stamp duty of DH 20 is payable on each sheet of paper used, regardless of size</p> <p>All documents and instruments, whether public or private, books, registers, directories, letters, extracts, copies, authenticated copies, photocopies, and any other reproductions of these documents obtained by photographic or other means which must or can be produced in court or submitted to the authorities by way of obligation, release, proof, pleading, or defense.</p> <ul style="list-style-type: none"> <li>- <u>Proportional stamp</u>: paid in proportion to the amount listed on the securities;</li> <li>- <u>Special stamp</u>: affixed to passports, receipts, etc.</li> </ul> <p>The 1997-1998 BL reduced the stamp duty:</p> <ul style="list-style-type: none"> <li>- from 10 percent to 5 percent on television advertisements.</li> </ul> <p>The stamp duty is DH 20 for:</p> <ul style="list-style-type: none"> <li>- Bills of lading;</li> <li>- Individual maritime logs;</li> <li>- Anthropometric records (<i>fiches anthropométriques</i>);</li> <li>- Copies of affidavits concerning vehicle accidents.</li> </ul> <p>The rates for receipts and releases are revised as follows:</p> <ul style="list-style-type: none"> <li>- Up to DH 10: exempt;</li> <li>- DH 10-DH 100: DH 0.50;</li> <li>- DH 100-DH 500: DH 2.50;</li> <li>- DH 500 and above per bracket or sub-bracket: DH 1.25;</li> <li>- For documents representing unconditional receipt and merchandise shipping receipts: DH 1.25.</li> </ul> <p>Commercial paper which, at the time of issue, circulation, or presentation in Morocco, indicates domiciliation at a credit institution or postal checking office, is subject to a fixed stamp duty of DH 5.</p>