

Beat: Business

MOROCCO DRAWS ON FUNDS AVAILABLE UNDER THE PRECAUTIONARY & LIQUIDITY LINE

TO ADDRESS COVID-19 OUTBREAK

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USPA NEWS - On April 7, the Moroccan authorities purchased all available resources (about US\$ 3 billion) under the Precautionary and Liquidity Line (PLL) arrangement; The authorities will use funds purchased under the PLL to cope with the social and economic impact of COVID-19 and to maintain strong external buffers in a context of heightened uncertainties; The IMF remains closely engaged with the authorities to help them mitigate the impact of COVID-19 on Morocco's economy.

The Moroccan authorities today drew on all resources available under the current Precautionary and Liquidity Line (PLL) arrangement in the amount of SDR 2.15 billion (about US\$3 billion or 240 percent of quota and about 3 percent of GDP). This purchase will help the authorities limit the social and economic impact of the COVID-19 pandemic and allow Morocco to maintain an adequate level of official reserves to mitigate pressures on the balance of payments.

Since 2012, Morocco has benefited from four successive PLL arrangements with the IMF. The PLL instrument is precautionary and designed to meet the liquidity needs of member countries with sound economic fundamentals but with some remaining vulnerabilities. It provides rapid access to Fund resources in the event of external shocks or a worsening global environment.-----

This is the first time the authorities draw on funds available under the PLL, to cope with the unprecedented shock of the COVID-19 pandemic, including both its domestic impact and spillovers from a global recession. Despite a range of measures taken by the authorities to increase health spending and support businesses and households, Morocco is likely to experience a recession in 2020 due to sizable declines in exports, tourism and remittances and a temporary freeze in economic activity. While the current account deficit will widen and capital inflows should decline in 2020, Morocco is expected to maintain an adequate level of official reserves following the PLL purchase. The IMF will remain closely engaged with Morocco as the authorities address the impact of the pandemic. Source : International Monetary Fund (IMF).

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