

Maghreb legislators link growth to greater regional integration

The question of how to achieve stronger economic growth and higher employment, and thus faster poverty reduction, topped the agenda when legislators from Algeria, Libya, Morocco, and Tunisia met with IMF staff in Rabat. Participants in the November 29–30 seminar, hosted by the Moroccan parliament and organized by the IMF, agreed on the need to sustain macroeconomic stability, step up structural reforms, and pursue greater regional economic cooperation. They also hoped that the IMF would continue to play a positive role in promoting the regional and global integration of their economies.

In recent years, the Maghreb countries have, to varying degrees, made significant advances in economic reform. Their macroeconomic situations are stable: inflation is low, external current account positions are in surplus, international reserves are high in both the oil-producing (Algeria and Libya) and the oil-importing (Morocco and Tunisia) countries, and external debt has declined significantly.

Despite these gains, however, growth and employment have continued to be inadequate, and the legislators—all members of finance and economic committees in their respective parliaments—pointed to the need for further progress with structural reforms. It will be critical now, they said, to foster greater openness and regional integration to increase trade and foreign direct investment, as well as to adopt broader growth-oriented strategies to reduce unemployment and improve living standards.

Moroccan parliamentarian Mohamed Najib Boulif expressed concerns that the IMF's policy advice focused excessively on macroeconomic stability at the expense of growth, employment, and poverty reduction. In a similar vein, Algeria's Lezhari Bouzid called for a better balance between economic and social objectives. "While we have achieved macroeconomic stability and economic growth and were able to reduce our external debt, we don't see this reflected in our unemployment rate," he said.

Abdelali Jbili, Assistant Director in the Fund's Middle East and Central Asia Department, made the Fund's case that macroeconomic stability is crucial for sustained high growth. He highlighted the risks of instability that could emerge from financial weaknesses in banks or public enterprises, explicit or implicit government guarantees, and unfunded pension systems. Faster implementation of structural reforms would pay off in improved growth and employment performance, he

said, only if macroeconomic stability could be sustained—an assessment that won broad backing from the participants.

Regional integration and the IMF's role

The IMF participants voiced continued support for the countries' domestic reform agendas, which favor private initiative and investment, and for giving priority to greater regional integration. The legislators expressed unanimous and enthusiastic support for the Fund's work in the Maghreb countries and also argued that intraregional economic cooperation and harmonization of legislation should be allowed to proceed independently of the political dialogue among the Maghreb countries.

As Tunisia's Nouredine Bjaoui stressed, much is at stake in the pursuit of economic integration. The biggest chal-

lenges, he said, are "the integration of the region with global markets, the creation of a viable market, and improved competitiveness for our companies to promote growth and create more jobs." As had been underscored at the November 21–22 conference in Algiers on Trade Facilitation in Algeria, Morocco, and Tunisia, a Maghreb regional market of 75 million consumers could bring efficiency gains and increase investor interest in the region. Political and economic stability can

help promote foreign direct investment, Bjaoui added, noting that it is the role of the parliamentarians to "improve the legal framework and fiscal transparency that is conducive to private sector growth."

In concluding remarks, participants emphasized that the seminar had helped broaden and deepen their understanding of the policy challenges facing the Maghreb countries. And the IMF today, Morocco's Abdesselam El Khabbaz observed, "is very different from the institution I demonstrated against as a student." In keeping with this sentiment, the seminar ended on a literary note, with Libyan parliamentarian and poet Salem Abdolkader Assanossi reading a poem in Arabic that paid tribute to the Maghrebi collective efforts and to the IMF's constructive role in the region's economic integration. ■

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—Nouredine Bjaoui

For more information on the Rabat seminar, the third such parliamentary seminar to be held in the Arab region during 2004–05, please see the IMF's website (www.imf.org/external/np/sec/pr/2005/pr05262.htm).