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AN INVESTMENT GUIDE TO MAURITANIA

Opportunities and conditions
March 2004



UNITED NATIONS
New York and Geneva, 2004

UNCTAD

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Note

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UNCTAD/ITE/IIA/2004/4

Three good reasons to invest in Mauritania

• A liberal economy

Mauritania's economy has become quite liberalized and is very conducive to both foreign and domestic investment. This new business environment is still improving and Mauritania has actually ranked relatively high on the Index of Economic Freedom¹. The country is 67th in the world, first among West African countries and fifth in sub-Saharan Africa, which makes it a good location for investment in Africa. Mauritania's encouraging performance stems from extensive reforms in many sectors of the economy, including a new monetary policy, liberalization of the financial and banking sector and openness to foreign investment. According to the Index of Economic Freedom, Mauritania ranks among the top ten countries in the world in terms of progress.

As a result, the economic situation in Mauritania is very positive. The country has had an average annual growth rate of 4% for the past five years; according to IMF forecasts, it will reach 5% or 6% in 2005.

• Attractive areas for investment

Mining, which initially focussed on iron development, continues to offer great potential. Among the many unexplored natural resources are gold, diamonds, copper, gypsum and hydrocarbons. Deep offshore petroleum exploration has already attracted major foreign companies. The new information technology sector is booming and there has been major private investment in telecommunications (in particular, by Maroc Télécom and Tunisie Télécom).

Finally, the country offers huge tourism potential. Known in the Middle East as the "land of a thousand poets", Mauritania contains vast cultural wealth and unique natural sites. UNESCO has selected as World Heritage sites the Ancient Ksour (ancient fortified cities located in the desert) and the Banc d'Arguin National Park, with its sand dunes and small islands in shallow coastal waters. However, tourism development in Mauritania would require some major investment, both in terms of accommodation infrastructure and various other specialized services.

• Strategic geographic location

One of Mauritania's most remarkable assets is its strategic geographical situation, at the crossroads of North Africa and sub-Saharan Africa. Mauritania is also the nearest tropical destination to Europe, an asset that some foreign investors have already used to their advantage, in the fruit and vegetable sector. This fortunate position will be further enhanced with the development of the internal road system between Nouakchott and Nouadhibou, the regional road network linking Nouadhibou to Casablanca, Morocco and the coastal highway between Nouakchott and Lagos, Nigeria. There are also plans to build a bridge over the Senegal River, linking Rosso to Saint-Louis, Senegal. Having these communication links in place will make trade between Mauritania and its neighbours easier and will help to integrate Mauritania more fully into the Maghreb and West Africa.

¹ The Heritage Foundation, 2004 Index of Economic Freedom.

Acknowledgements

A great many individuals and institutions contributed to the production of this guide. Although we cannot list each and every contributor, the following merit special mention: donors to the second phase of the investment guides project, specifically the Governments of Finland, Italy, Norway and Sweden; the Government of Mauritania for its financial contribution to the publication of the English version of the guide; the company executives and government officials who participated in the consultations in Nouakchott and provided feedback on an earlier draft; and our consultants in Mauritania: Alioune Diallo and Aliou Sall.

The cooperation of the *Direction de la promotion des investissements privés* and in particular, its Director General, Oumar Sada Kelly, as well as that of the *Confédération nationale du Patronat de Mauritanie* (CNPM) is much appreciated.

This guide was prepared, with the assistance of consultants and advisers both external and internal, by an UNCTAD–ICC project team led by Vishwas P. Govitrikar. Cheick Diawara, Sophie Frediani, Petri Koivula and Ludger Odenthal contributed to the production of the guide. Valuable input or feedback was provided by Michael Fromageot-Langstaff, Kalman Kalotay and Anne Miroux. Katia Vieu provided administrative support. The French version of the guide was edited by Françoise Mhun. The English translation was provided by Geneviève Wright. The guide was designed and typeset by Nelson Vigneault. Karl P. Sauvart provided overall guidance.

Note to the reader

This document is published as part of the UNCTAD–ICC series of investment guides. The publications in this series are intended for the use of foreign investors who are largely unfamiliar with the countries covered. They are thus designed to offer overviews of potential locations for investment, rather than constitute exhaustive works of reference or provide detailed practical instruction. They do, however, offer pointers to sources of further information in the private as well as the public sector.

There are two other features of these publications that the reader will find worth noting. One is that they are third-party documents, intended to offer a balanced and objective account of investment conditions. Their principal advantage in drawing the attention of investors to the countries they cover is *credibility*. The other feature is that both their general structure and some of their specific content are the result of consultations with the private sector.

The executive summary is followed by a brief introductory chapter. Then come the three chapters that account for the bulk of the contents. “The operating environment” describes the general conditions in which investors must operate: macroeconomic conditions, infrastructure, human resources, etc. “Areas of opportunity” offers a description of areas of potential interest to foreign investors. “The regulatory framework” focuses on regulations governing investment and foreign direct investment in particular. The fifth and final chapter provides a summary of the perceptions of the private sector in the country, both foreign and domestic.

The primary source of further information for an investor wishing to explore investing in Mauritania is the *Direction de la promotion des investissements privés* – see box on page 24. Contact details of selected sources of further information, including websites, are provided in appendix 3. Appendix 2 provides a list, including contact details, of some 36 major foreign investors in Mauritania.

Preface

Foreign direct investment has come to be widely recognized over the past decade as a major potential contributor to growth and development. It can bring capital, technology, management know-how and access to new markets. In comparison with other forms of capital flows, it is also more stable, with a longer-term commitment to the host economy.

This English translation of the *Guide de l'investissement en Mauritanie* is the twelfth concrete product of a collaborative venture by the United Nations Conference on Trade and Development (UNCTAD) and the International Chamber of Commerce (ICC). The objective of this project is to bring together two parties with complementary interests: *companies* that seek new locations and *countries* that seek new investors. This is not always a straightforward exercise, for firms are driven by their global strategies as much as lured by specific opportunities, and countries have economic and social objectives that transcend attracting foreign investment.

The UNCTAD–ICC investment guides are thus properly seen as parts of a process, a long-term process at the heart of which is an ongoing *dialogue* between investors and Governments. The guides *themselves* are the product of a dialogue, including that occurring among and between the representatives of business and government during the workshops that precede the completion of the guides. It is our hope that the guides will in turn *contribute* to the dialogue, helping to strengthen and sustain it, for we are convinced that in the long run it is this alone that will create conditions increasingly conducive to greater flows of investment.



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Secretary-General
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Secretary-General
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The UNCTAD–ICC series of investment guides**PUBLISHED**

- *An Investment Guide to Ethiopia*, 1999*; revised edition in new format, 2004
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- *Guide de l'investissement en Mauritanie*, 2004
- *An Investment Guide to Mauritania*, 2004**

*The first editions of the guides to Ethiopia and Mali were published in cooperation with PricewaterhouseCoopers.

**The English edition of the Mauritania guide is a translation of the French edition of the guide.

All published guides are also available on the Internet at www.unctad.org/investmentguides.

FORTHCOMING

- *An Investment Guide to East Africa*, 2005
- *An Investment Guide to Kenya*, 2005
- *An Investment Guide to Tanzania*, 2005

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Investors are welcome

In 1991, the process of democratization initiated in the mid-eighties culminated in the adoption, by referendum, of a new constitution entrenching the principles of multi-party democracy, separation of powers and collective and individual rights. Structural and legislative reforms went hand in hand with this democratization process. These reforms have led to economic and trade liberalization and restored financial health.

Beginning in 2002, all legislation governing economic activity was revamped and rationalized to make it more straightforward. This included codes pertaining to customs, public contracts, investment and various industry sectors (mines, fisheries, insurance, trade, etc.). A sustained average economic growth rate of 5% is the result of major economic reforms undertaken over 15 years.

Advantages

Mauritania is a country of choice for investment in West Africa. Its unique geographic location abutting onto the Maghreb and sub-Saharan Africa and a 720-kilometre coastline are enviable assets. It also offers a safe environment, free of violent crime.

Foreign investors are welcome in all sectors of the economy. In certain sectors, approval is required to benefit from the incentives provided under the investment code.

The principles of free transfer of income and wage parity are entrenched in Mauritania's legal system. Consequently, the role of the private sector has increased significantly over the past ten years. An official framework for consultation between the State and the private sector has also been established.

Mauritania enjoys favourable access to the international market. Under the Cotonou Agreement, Mauritanian products are given non-reciprocal preferential treatment on European Union markets. Furthermore, because of its LDC status, Mauritania is eligible for the advantages bestowed by Europe's Everything-But-Arms initiative. It is also eligible under AGOA's preferential tariff provisions, which accounts for Mauritanian exports to the United States tripling between 2001 and 2003.

Opportunities

Mauritania's wealth lies primarily in seafood products and mining, although there are investment opportunities in other economic sectors.

Seafood products and mineral resources make up virtually all of Mauritania's exports. Iron ore constitutes 60% of the country's total exports. In 1999, a plan was implemented in the mining sector to enhance Mauritania's capacity and competitiveness in order to attract investment. There are many other mineral resources in Mauritania, including gold and diamonds. The country is also becoming a major oil producer in Africa and a number of foreign enterprises are already operating in Mauritania. Reserves are evaluated at 140 to 180 million barrels. Production of Mauritanian crude is scheduled to begin in 2005. Recent research has revealed major natural gas reserves as well.

Fishery products rank second among the country's exports (representing approximately 40%). Mauritania's exclusive economic zone (EEZ) is reputed to contain among the world's richest fishery resources. The zone is not being used to its fullest extent: currently, the annual catch is 0.6 million tons, while the estimated potential yield is 1.6 million tons per year. In 2001, the fishing agreement between the European Union and Mauritania was renewed for another five years.

Agriculture also offers investment opportunities. Mauritania is the closest tropical country to Europe. During winter in Europe, Mauritania is the closest source for certain kind of fresh products. Because domestic production of milk is insufficient to meet the high demand, this is another potential niche.

Finally, tourism is an extremely promising sector. Situated on the edge of the Sahara Desert, with its magnificent dunes, over 700 kilometres of coastline, pristine beaches and rich cultural diversity, Mauritania has a lot to offer tourists. Between 1999 and 2000, this industry saw the number of tourists double.

Difficulties facing investors

Mauritania is handicapped by the encroaching desert and its size. It is not easy to put in place a communications network to serve such a huge area. One of the main limitations facing Mauritania today is the lack of adequate transport infrastructure. A huge airport construction programme has begun in order to open up several regions of the country. The development of air transport and the revival of Air Mauritanie should help to create better connections throughout Mauritania.

Despite current reforms in education, lack of skilled labour is a challenge for business leaders. Mauritania's dysfunctional justice system, particularly where enforcement of laws and regulations is concerned, also hinders the country's development. Furthermore, Mauritania does not belong to either West African Economic and Monetary Union (WAEMU) or Economic Community of West African States (ECOWAS).

FDI trends

Foreign Direct Investment (FDI) flows to Mauritania continue to be modest. However, they need to be considered relative to the country's GNP (\$350 per capita) and population (2.9 million), the smallest in the region. Between 2000 and 2002, there was significant improvement. In fact, 2002 was exceptional (\$117.6 million), primarily because telecommunications had been privatized.

Today, foreign investment tends to focus on mining and the oil sector. FDI has also grown in agriculture and fishery products processing.

Prospects and challenges

Building major transport infrastructure is among the Government's top priorities for fostering economic development. Construction of the road from Néma to Nouakchott has already connected the eastern part of the country to the capital. The road between Nouakchott and Rosso is being upgraded, and the road linking Nouadhibou and Nouakchott is in the final stages of construction. Ultimately, and within the much broader framework of the New Partnership for Africa's Development (NEPAD), there are large-scale plans to build roads linking Nouadhibou and Casablanca in Morocco and a major coastal highway between Nouakchott and Lagos in Nigeria.

Mauritania's steady economic growth could accelerate as of 2005 when oil revenue begins accruing from the sale of Mauritanian crude and the European Union begins making payments under the new fishing agreement.

The country will have to continue rationalizing the legal economic, commercial and social environment. Although Mauritania's growth prospects are excellent, they are nonetheless largely dependent on its political stability, as well as other factors such as world prices for the country's main exports.

Mauritania at a glance

Official name	Islamic Republic of Mauritania	
Political system	Semi-presidential regime (The President and the Assembly are elected by universal suffrage. The Government, led by a Prime Minister, is accountable to the National Assembly)	
Head of State	President Maaouya Ould Sid'Ahmed Taya	
Head of Government	Prime Minister, Maître Sghair Ould M'Bareck	
Political parties in Parliament	PRDS (65 seats), RDU (4), UFP (4), APP (3), RFD (3), UDP (1), FP (1). There are 81 seats in the Mauritanian Parliament	
Last election	October 2002	
Surface area	1,030,070 sq km.	
Population	2.9 million	
Population density	2.3 per sq km.	
Official language	Arabic (French is widely used as a working language)	
Other principal languages	Hassaniya, Pulaar, Soninke, Wolof	
Religion	Islam 99%, Others 1%	
Time zone	GMT	
Climatic conditions	Arid in the north, semi-arid in the south, mild year-round on the coast	
GDP per capita	\$350 (2001)	
Main exports	Iron ore and concentrate, seafood products	
Currency	Ouguiya (UM)	
Exchange rates (September 2004)	\$1 = UM 254 1 euro = UM 312	
Main cities and number of inhabitants	Nouakchott (Capital)	697,542
	Nouadhibou	102,605
	Kiffa	50,770



Source: Central Intelligence Agency, The World Factbook., 2003, <http://www.cia.gov/cia/publications/factbook>.

The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.



Source: Based on the map of Africa of the UN Cartographic Section.

Country and people

Mauritania is a large country in northwestern Africa, covering an area of about 1.3 million square kilometres. The climate varies from zone to zone. It is arid in the north and east, semi-arid to the south and mild year-round along the coast. Mauritania's coastline is 720 km long, it has a river approximately 800 km long (which marks the border with Senegal) and several lakes, including Aleg and R'kiz. The population is about 2.9 million people and its density is 2.3 inhabitants per sq. km. The population is made up of Moors, Haratines, Halpulaars, Soninkes and Wolofs. Islam is the official State religion and the population overwhelmingly Muslim. Local dialects include Hassaniya, Pular, Soninke and Wolof.

There are several airports, including four international ones (Nouakchott, Nouadhibou, Atar, Néma). There is a project currently underway to build another international airport at Nouakchott.

History and government

Mauritania has been independent since 28 November 1960. Administratively, the country is divided into 13 wilayas (regions), 53 moughataa (departments) and 208 communes. Since independence, there have been a variety of political regimes. Until 1978, political power lay with civilians. The Constitution of 1961 served as the foundation for government during that period.

From 1978 to 1991, political power was held by a military committee that governed according to a constitutional charter. In 1991, Mauritania became a democratic State, after adopting a constitution by referendum (July 1991). In January 1992, the President was elected to a renewable six-year term by direct universal suffrage. This semi-presidential regime confers extended powers on the President of the Republic.

The President of the Republic appoints the Prime Minister, who is the head of government. The Prime Minister and the Government are jointly accountable to Parliament, which comprises a National Assembly (81 deputies) and a Senate (56 senators). The Prime Minister and the ministers are appointed for indeterminate periods. Members of the Government are appointed by the President on the Prime Minister's recommendation. On 7 November 2003, outgoing President Maaouiya Ould Sid'Ahmed Taya was re-elected to a new six-year term, taking 67.02% of the vote.

Market size and access

The Mauritanian market is open to international exporters. It was liberalized by Order 91-09 regarding Freedom in Pricing and Competition (1991). Mauritania imports many industrial goods, such as household appliances, machines, tools and certain food products from, among others, European Union countries, China, Malaysia, Japan, Indonesia, Turkey, South Africa, the United States, Australia, the Middle East and member States in the Arab Maghreb Union or ECOWAS, specifically, Senegal and Côte d'Ivoire. Most imported products are shipped to Mauritania by sea (to the ports at Nouakchott and Nouadhibou). They also arrive by air (Nouakchott Airport) and by land from Rosso (Senegal border), Mali and Morocco.

Box I.1. Of risk and returns: Investing in least developed countries

"Why would anyone invest in a least developed country (LDC)?" a presumably hard-headed entrepreneur might ask. "Aren't the risks sky-high and the profits precarious?"

This rather casual dismissal of a quarter of the world's nations as locations for investment might be widespread but, like much conventional wisdom, it might also be unwise. True, investing in an LDC can be a complicated business, with many bottlenecks and much frustration, but an LDC is not always riskier than other locations and frequently more profitable.

One problem with the association of high risk with LDCs is that it treats 49 countries as though they were all clones of a single national type. In reality, there is much variation. Some LDCs are riven by civil war and some destabilized by coups and counter-coups. There are others, however, that can claim a political continuity and a track record of growth (Uganda and Mozambique) or a record of great resilience in the face of natural calamities (Bangladesh). When it comes to conventional risk-ratings, LDCs tend to suffer from image problems and a simple lack of information, unlike the industrialized countries in which risk-rating can be founded on a much broader and more reliable information base. "[T]he methodology of rating depends too much on subjective perception and outdated data", says a recent study. "Together with their limited country coverage, these factors automatically bias [ratings] against most African (and other low-income) countries" (Bhinda et al., 1999). A better way to assess risk and get a feel for the direction of change in a country is to talk to investors already on the ground. The UNCTAD–ICC guides feature summaries of business perceptions and lists of current investors precisely to facilitate this.

When it comes to profits, the evidence is that rates of return on foreign direct investment in LDCs are much higher than on investment in developed, or even other developing, countries. Between 1995 and 1998, US companies registered returns of almost 23% on their investment in African LDCs, while for LDCs in Asia and Oceania the figure was 13% (UNCTAD, 2000). Similar findings for Japanese affiliates abroad confirm that Africa, with 33 LDCs in it, is a very profitable location indeed.

Is there a moral here? Yes, one that can be summed up in a single maxim: *Distinguish*. Investors need to distinguish among the 49 LDCs. Some will confirm their prejudices; others will shake them off. One key advantage of investing in an LDC can be the relative thinness of the competition, unlike locations that everybody wants to be in, but this advantage is unavailable to investors not prepared to do their homework.

Source: UNCTAD.

Mauritania is a signatory to the Cotonou Agreement between the European Union and a group of African, Caribbean and Pacific countries. As a member of this group, Mauritania enjoys free access to European Union markets. As a least developed country (LDC), Mauritania also benefits from duty-free access to the European market under the Everything-But-Arms initiative.

Mauritania joined the World Trade Organization (WTO) in 1995. The country's trade policy is designed to promote and encourage investment in Mauritanian products destined for export. To this end, the main tax and customs incentives pertain to the *points francs* system laid out in the investment code and apply solely to export companies.

There are also trade benefits for Mauritania on the US market, under AGOA (the African Growth and Opportunity Act), under which a number of African products are exempt from customs duties. Under AGOA, Mauritania's exports to the United States tripled between 2001 and 2003. Mauritanian products also receive preferential treatment in other developed countries in accordance with the Generalized Systems of Preferences (GSP). There are also regional agreements, including those with the Arab Maghreb Union (AMU) and the Great Arab Free Trade zone.

Government priorities

For over a decade, Mauritania has been implementing political, economic and social reform. Mauritania's economy was liberalized under Order 91-09 regarding to freedom in pricing and competition. After analyzing the poverty situation, Mauritania decided to prioritize rural and urban development, education, health and electricity.

The State has undertaken to curtail its role in the economy. It intends to be a strategic player, focusing exclusively on policy design and development strategies and on adopting standards, legislation and regulations that govern economic activity.

Thus, the State's objective is to induce the private sector to become the engine of economic growth. Private investment must be a key player in supporting investment, in promoting technology transfer and know-how, and in promoting exports and tourism.

Privatization

To address profound economic imbalances, the Government of Mauritania embarked on a policy of economic rehabilitation, implementing an economic and financial rehabilitation programme in 1985. This policy was followed by a structural adjustment programme (1987) and then a consolidation and recovery programme (1989). The primary objective of these different policies was State withdrawal from the para-public sector through privatization, liquidation of non-strategic public enterprises, suppression and privatization of monopolies and, ultimately, liberalization of the economy. Initially, the privatization policy was aimed at unprofitable businesses that held no strategic interest for the country. Then, from 1990 to 1996, companies in other selected sectors were privatized: fisheries, manufacturing, insurance, banking, transport, et al. It was not until 1999 that the State began privatizing enterprises, which it believed to be of strategic interest, i.e., those in the telecommunication, air transport and energy sectors. Mauritel was privatized in 2001. The State sold 54% of its shares in the company. The Moroccan company ITTISSALAT AL MAGHRIB, which belongs to Maroc Télécoms, holds 51% of the company's shares and the employees 3%.

Again in the mobile telecommunication sector, Tunisie Télécom holds 51% of the stock in Mattel (first national operator). In 2000, the State also sold some of the stock it held in Air Mauritanie, Banque de l'Habitat and NASR (insurance), while retaining a minority share in all three companies. Today, there is a State organization known as the "Autorité de Régulation Multisectorielle" (multi-sectoral regulation board), created by Bill 2000-18 on 25 January 2001. It is a public corporation, responsible for regulating water, electricity, telecommunications and postal services and any other areas under its jurisdiction. Among other things, it is mandated to ensure compliance with legal standards, protection of public interest and competition restrictions in all sectors of the economy.

Economic environment

Mauritania is at a crucial point in its economic and social development. The country has managed to correct most of the macroeconomic deficits by implementing of a restructuring programme with the help of the Bretton Woods institutions in the mid-eighties. Now the Government's challenge is to consolidate these gains and to move into the 21st century with sufficient economic growth to reach the social objectives of reducing unemployment and poverty.

A series of reforms helped to shore up economic performance from 1996 through 2001. During the period 1999–2001, the Government reached its objective of an average annual growth rate of 4.5% in GDP. The main drivers of this growth were the non-traditional sub-sectors of construction and public works and services, where there has been significant expansion as a result of both government and private-sector investment. Of particular note is the growth in the telecommunication sector, which was privatized in 2000.

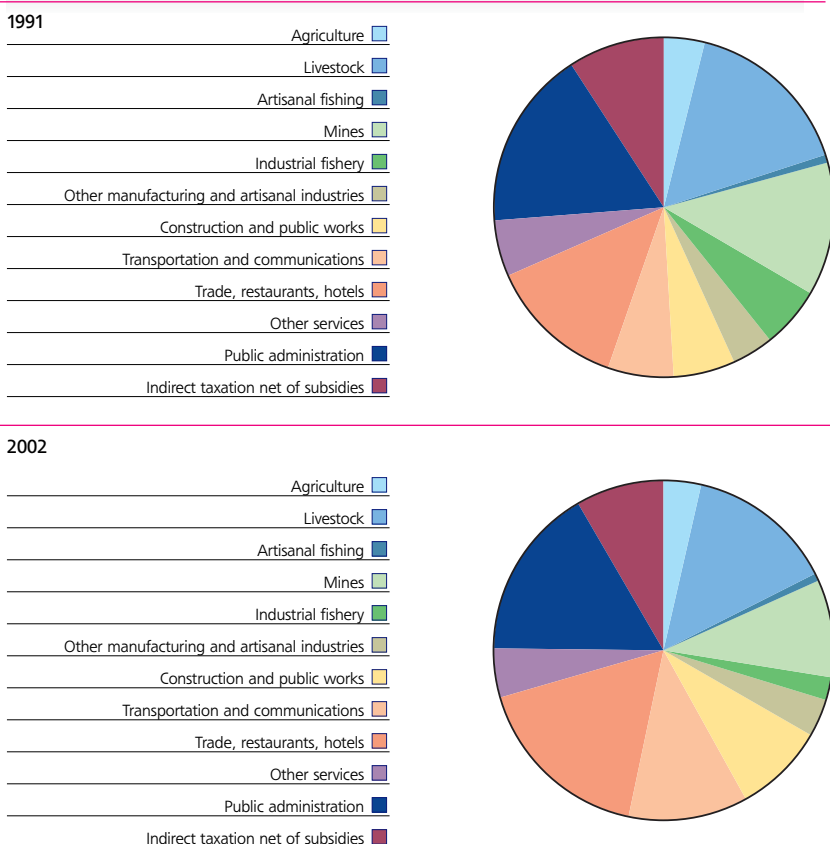
Despite these encouraging results, Mauritania still faces some major challenges, primarily due to the persistent poverty that affects some 46% of the population; a fragile economy, owing to the vagaries of the weather; poor diversification and export dependence on two raw materials (iron and fish), whose prices and volumes are subject to enormous fluctuations. Added to this vulnerability are the constant pressures on the exchange rate.

Thanks to the reforms it has undertaken successfully in recent years, Mauritania qualified for the Heavily Indebted Poor Countries Initiative (HIPC Initiative) in February 2000. This means substantial external debt relief. Freed-up resources will be used in areas that have a direct impact on the living conditions of Mauritians, particularly infrastructures, education, health and targeted anti-poverty programmes.

In January 2001, the Government adopted a poverty reduction strategy framework designed to bring the poverty level down to 17% and the level of extreme poverty to 4.6% by 2015.

FIGURE II.1. SECTORAL CONTRIBUTION IN GDP, 1991 AND 2002

(at 1985 base factor prices)



Source: ONS/MAED.

Over the period 1991–2002, primary and secondary sector share of GDP dropped by 4.62%. The decline was due mainly to a drop in mining (-3.43%) and manufacturing activity (-4.04%) and was mitigated of an increase in the contribution by the construction and public works sector (+2.74%).

In contrast, there has been significant growth in the tertiary sector (7.87%), thanks to increased activity in transportation and telecommunications (+5.06%) and trade and services (+4.12%).

Contributions by other areas of activity remained virtually unchanged during the period in question.

In 2002, the rate of economic growth was 3.3%; for 2003, it is estimated at 4.9%, which is less than initially forecast (5.1%) and below its 2001 level (5.0%). Essentially, this decrease is a result of cold rains early in the year, exceptionally low precipitation in the 2002 rainy season and the leveling off of international demand for fishery products and iron ore. However, there has been solid performance in transportation and telecommunications, public works and civil engineering, restaurants and hotels, other private services and public administration.

The implementation of restrictive monetary and budgetary policies has helped to keep prices at an acceptable level. Indeed, for the period 1998–2000, the average inflation rate was 5.1%. For 2001, prices went up by about 4%. In 2002, despite an adjustment in petroleum prices in September, depreciation in the exchange rate of the national currency and the agricultural production deficit (which pushed up the price of traditional grains), the inflation rate was kept below 4%.

COUNTRY	SAHARAN	MAGREB		NEIGHBOURHOOD		MAGREB, 2001	
	POPULATION	GDP ^a	GDP PPP ^b	GDP PER CAPITA	GDP PER CAPITA PPP		
	millions	in \$ billions	in \$ billions	\$	\$		
Algeria	31	55	188	1 617	6 090		
Côte d'Ivoire	16	10	24	1 490	715		
Mali	11	3	9	292	810		
	3		5		1 990		
Niger	11	2	10	208	890		
Senegal	10	5	15	629	1 500		
Sub-Saharan Africa	673	318	1 129	569	1 677		

Source: UNCTAD, based on the World Bank, *World Development Indicators, 2003*, <http://publications.worldbank.org/WDI/> and the UNPD *World Development Report, 2003*.

^a GDP at market price (current US\$).

^b GDP at purchasing-power parity (current international \$).

Trade and investment

Trade

Mauritania's foreign trade: recent reforms, performance and access

Various reforms implemented in recent years have helped to streamline and liberalize Mauritania's trade policy.

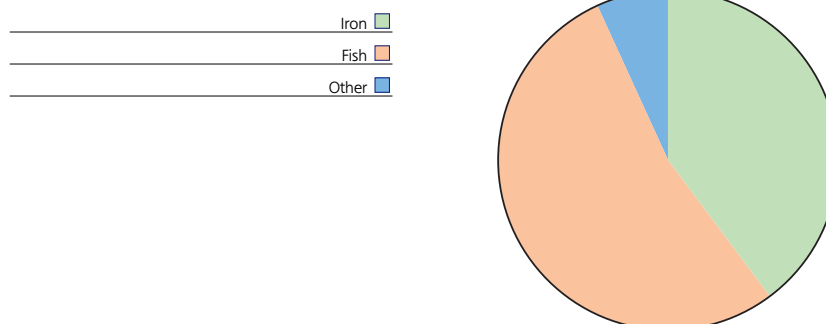
This liberalization policy has almost completely opened up the market. Protectionist measures have disappeared and the Mauritanian market is fully open to imports, with the exception of a few products prohibited for religious or security reasons (e.g., alcohol, arms).

Today, Mauritania's is an open economy. Imports and exports accounted for approximately 40% of GDP throughout the nineties. Seafood products and iron ore constitute almost half of the country's exports. Mauritania's import basket, on the other hand, is much more diverse.

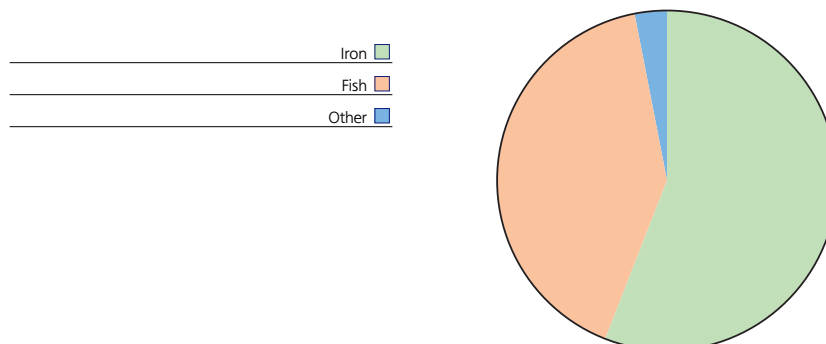
The degree of openness in the Mauritanian economy, measured as the sum of exports and imports in relation to GDP, is on the increase. It rose from 87% in 1999 to 92.6% in 2001. This is due primarily to growth in imports (52.6% in 2001 compared with 49.1% in 1999).

FIGURE II.2. STRUCTURE OF MAURITANIA'S EXPORTS: AVERAGE FROM 1992 TO 2002

1992 - 1996



1997 - 2002



Source: Direction des Douanes/ONS/SNIM.

Commodity exports (apart from live cattle, which is unrecorded) are relatively stable and ranged from \$359 to \$348 million between 2000 and 2003. The export structure is highly concentrated in iron and fish, an increasing trend in recent years. Imports of goods increased from \$304.7 to \$390.2 million over the same period (an average annual rate of 13.2%).

Mauritania is not a major world exporter. The country's primary export markets are the European Union (76% in 2001 compared with 68% in 2000) and Asia (12% compared with 14% for the same period, of which 82% goes to Japan), while trade with other African countries reached only 4% in 2001.

France is Mauritania's main trading partner. France supplies about 30% of Mauritania's foreign purchases and accounts for 25% of all exports. Italy and Belgium are also major export destinations in the EU.

Mauritanian exports to Asia have dropped in the past three years owing to a significant decrease in demand from Japan and China. This shift has been partially offset by increased sales to Sub-Saharan Africa, particularly Nigeria.

The EU is also the main supplier of goods to Mauritania, with market share ranging from 55% to 64%. France alone accounts for approximately one-third of Mauritanian imports. While imports from America and Africa have remained fairly stable in recent years, Asia's share of the import market peaked in the mid-nineties and then fell, primarily due to decreased imports from Japan.

Tariff barriers with Mauritania's main trading partners in the sub-region result in very poor trade flow with these countries. While there is a potential market for certain products in these countries, steep taxes and duties act as a disincentive.

Investment

National investment

Non-government investment, stimulated by the reform of public enterprises and an impressive privatization programme, has risen significantly, reaching almost 21% of GDP in 2000, as opposed to 15%, on average, in the mid-nineties.

However, the increasing weight of the private sector in the national economy is obscuring the decline in manufacturing industries, which accounted for only 6.6% of GDP in 2000 (almost 11% in 1993). Today, there are 84 manufacturing units spread throughout various sectors of activity.

The tertiary sector dominates the current productive structure, accounting for 50% of GDP over the past ten years. The service sector has grown steadily, rising from 43% of GDP in 1990–1992 to 52.1% in 2002. This increase is due to growth in the transportation and communication services sector, following the expansion of the road system and the privatization of the telecommunications sector in the late nineties.

Foreign direct investment

Between 2002 and 2003, foreign direct investment (FDI) jumped from \$117 to \$214.5 million. This increase is due to an improved macroeconomic framework, petroleum development potential and government concessions and incentives. Investment in mining has reached over \$50 million in the past five years, \$12 million of which was invested in 2002 alone. An estimated \$200 million or more has been invested in petroleum exploration, \$100 million of which was invested in 2002.

Today, exploration activities are being conducted under 65 permits issued to foreign companies, of which four are for petroleum, 33 for diamonds and 24 for gold and base metals.

Foreign and local investors are on an equal footing in Mauritania. Several laws have been revised to make the country more attractive to foreign investment (see Chapter IV).

COUNTRY	INVESTMENT FLOWS TO SPECIFIED NORTH AND WEST AFRICAN COUNTRIES						2001		2002	
	1986–1990		1991–1995		1996–2000		in \$ per \$1,000 of GDP	in \$ millions	in \$ per \$1,000 of GDP	in \$ millions
	in \$ per \$1,000 of GDP	in \$ millions	in \$ per \$1,000 of GDP	in \$ millions	in \$ per \$1,000 of GDP	in \$ millions				
	Yearly average									
Algeria	0.2	14.8	0.5	22	8.1	395.2	21.9	1 196.0	19.7	1 065.0
Morocco	4.1	95.3	14.6	423	21.5	745.2	82.1	2 808.0	11.5	428.0
Tunisia	8.9	90.0	29.6	454.2	25.0	491.9	24.3	486.4	38.6	821.3
Benin	15.2	25.1	25.2	44.3	18.5	41.5	18.4	43.8	15.3	41.0
Burkina Faso	1.3	2.9	3.6	7.0	6.4	15.1	3.5	8.8	2.9	8.2
Côte d'Ivoire	5.6	55.4	13.4	129.6	33.1	356.7	4.1	43.8	19.0	222.7
Guinea	5.6	13.4	4.0	12.4	7.5	26.4	0.5	1.6	9.6	30.0
Mali	0.2	1.0	10.8	24.8	23.1	58.2	43.3	122.4	33.1	102.2
	3.9	3.7	6.8	7.0	9.5	9.2			118.0	117.6
Niger	7.1	16.2	6.7	15.4	6.5	12.5	11.7	22.8	3.6	7.9
Senegal	2.5	14.1	5.7	23.1	20.0	90.7	6.9	31.9	18.3	93.3
Memorandum										
Africa	6.9	2 845.3	9.7	4 490.3	16.7	9 100.9	34.3	18 866.9	19.9	11 103.3
North Africa	7.5	1 282.6	9.4	1 663.1	11.9	2 732.8	22.0	5 473.7	15.3	3546.2

Source: Banque centrale de Mauritanie, UNCTAD, FDI/TNC database and IMF Country Report n. 03/314, 2003.

Infrastructure and utilities

Basic infrastructure

Road transport

Roads are especially important in a country the size of Mauritania, where road transport is the main mode of transport. The Government's strategy has been to ensure maintenance and rapid expansion of the road network and there has been considerable investment in this sector. There are 10,282 kilometres of road, of which 2,100 are paved, 982 are dirt and 7,200 are track. Construction of the Nouadhibou-Nouakchott and Rosso-Boghé roads is under way, and work has commenced laying dirt roads into Mauritania's farming areas.

Airports

Mauritania has four international airports, at Nouakchott, Nouadhibou, Atar and Néma, as well as several regional airports. Construction feasibility studies for a new airport at Nouakchott are completed and work is scheduled to begin in 2004.

Ports

Mauritania has a deep-sea harbour at Nouakchott (called "PANPA") that accommodates large vessels, and a fishing port in Nouadhibou that also handles cargo. The Société Nationale Industrielle et Minière (SNIM) has a separate ore harbour for exporting iron. Financing for a new ore harbour (180,000 deadweight tons with draft of 18 m fully loaded) has already been secured, and negotiations are under way with Chinese interests for the construction of a fourth berth at the Nouakchott port.

There is a traditional fishing port at Nouadhibou. There are also plans to build another traditional fishing port for the South, as well as a harbour for marine vessels, which is essential for the development of high-volume, high-value-added seafood processing.

Foreign shipping companies operate under free licenses, as part of fisheries agreements with flag countries or, on a non-agreement or charter basis, for both deep-sea fishing and marine resource development.

The storage capability for all segments combined is 700 TPD freezer, 600 TPD ice and 10,000 TPD cold storage.

COUNTRY	TELECOMMUNICATIONS				
	AVERAGE COST OF A CALL TO US (\$ per 3 mn)	TELEPHONE MAINLINES (per 1 000 inhabitants)	TELEPHONE MAINLINES IN URBAN CENTRES (per 1 000 inhabitants)	NUMBER OF PERSONS WAITING FOR TELEPHONE MAINLINE	TELEPHONE MAINLINES WAITING LIST (years)
	2001	2001	2001	2001	2001
Algeria	..	61	124	727 000	5
Burkina Faso	2	5	42	12 252 ^c	2 ^c
Côte d'Ivoire	6	18	68	22 700	1 ^c
Guinea	5	3	19 ^b	1 420	0 ^c
Mali	13 ^c	4	24 ^c	..	..
	2.5		18 ^b		10 ^c
Niger	9	2	24	..	..
Senegal	2	25	71	9 836	1 ^c
Sub-Saharan Africa	5 ^c	14	33 ^a	1 300 000 ^a	4 ^c

Source: UNCTAD, based on the World Bank, *World Development Indicators, 2003*, <http://publications.worldbank.org/WDI/> and the UNDP *World Development Report, 2003*.

a Figures for 1998.

b Figures for 1999.

c Figures for 2000.

Telecommunications and new technologies

In 2001, the Government of Mauritania sold a 52% equity stake of the incumbent fixed-line carrier, Mauritel, to a strategic investor led by Maroc Telecom. The newly privatized entity has an exclusive licence that is scheduled to expire in 2004 at the latest.

Mobile services have grown rapidly since two GSM licences were granted in 2000. One licence holder is a wholly-owned subsidiary of Mauritel, and the other is a joint venture between Mauritanian private investors and the Société Tunisienne des Télécommunications.

The telecommunications sector will be completely restructured by 2004, with fixed-line service opened to competition under the supervision of an independent sector regulator, known as the *Autorité de Régulation*, set up several years ago. The Autorité's mandate will gradually apply to other sectors of activity.

In 2003, the Mauritel company piggybacked on the Manantali Dam works and partnered with Sonatel in Senegal and Sotelma in Mali to run high-speed Internet on a fibre optic system linking all three countries. The cities of Rosso and Kaédi were already connected to the network and Boghé and Sélibaby will be by the end of 2004.

An interdepartmental committee is considering the possibility of connecting Nouakchott to Nouadhibou by fibre optics, with the ultimate intention of hooking into the European network via the Canary Islands.

Electricity

In Nouakchott, power is supplied by a plant with six generators rated at 7 MW each, for an installed capacity of 42 MW. The plant can produce 250 GWh per year through eight transmission points that feed the distribution system. There is also a back-up generator with an installed capacity of 5 MW at Nouakchott, operated only if necessary.

The city of Nouadhibou, the country's main trading centre, has a plant with four generators rated at 16.56 MW of continuous power supply each. Each plant produces 100 GWh per year.

In the last five years, other cities – regional capitals and major urban centres – have experienced considerable growth in demand, particularly Atar, where tourism development is on the rise. Plant equipment and power systems were all brought up to standard in 1993.

In November 2002, Nouakchott was connected to the grid fed by the Manantali plant in Mali, upstream on the Senegal River. Mauritania's share of Manantali's production is 15%. After line loss, this corresponds to 112 GWh, assuming energy capability is 807 GWh. This figure is used for calculation purposes but is largely a function of hydraulicity. SOMELEC can take 86 GWh of that power to supply Nouakchott, Kaédi, Rosso and Boghé; 86 GWh meets 45% of Nouakchott's power requirements and less than 30% of SOMELEC's total requirements.

Water

Although Mauritania has significant underground reserves, they are underdeveloped. The number of connection points to the water system is rather limited. Nouakchott is supplied by the Idini groundwater aquifer 60 km east of the capital and reserves are limited.

The feasibility study for the Aftout Essahli project, intended to increase the drinking water supply for Nouakchott, has been completed and financing of \$270 million has been secured.

Services

The financial system

The business strategy adopted in 1992, designed to reform Mauritania's financial sector, hinges on three main components: privatization, liberalization of the monetary and exchange rate policy and a more secure financial system.

The financial sector consists of 33 organizations. These include banks, foreign exchange bureaus, credit organizations and insurance companies. In addition to the central bank, the *Banque Centrale de Mauritanie* (BCM), there are eight commercial banks: BNM, Chinguitty Bank, BMCI, BAMIS, GBM, BCI, BADH and BACIM-BANK.

Although some local banks are partnered with foreign financial groups, there are no foreign or multinational banks established in Mauritania, despite the fact that there are no prohibitions or restrictions on foreign investment in the banking sector. In Mauritania, there are still no employee pension funds or stock exchange.

The central bank, which regulates the financial market, is endeavouring to gradually reduce the bank rate and has taken a variety of initiatives to stimulate competition between banks while improving oversight in the banking sector.

In 2003, banking authorities took steps to:

- Maintain the central bank guide rate (buy-back price) at 11% and the minimum interest rate on savings accounts at 8%, keeping the cost of bank loans to the private sector stable at a maximum rate of 21% for the past two years;
- Modernize the banking payment system, specifically by introducing electronic cash at Nouakchott;
- Improve the broad foreign exchange market; and
- Develop the regional presence of banks. Between 1995 and 2000, the number of branches went from 22 to 33, or one for every 65,000 inhabitants.

TABLE II.4. CHARACTERISTICS OF WATER PRODUCTION AND DISTRIBUTION FACILITIES IN MAURITANIA FOR 2003

CITY	PRODUCTION	STORAGE	DISTRIBUTION
	(m ³ /d)	m ³	(km)
Atar	2 540	600	38
Akjoujt	4 200	1 000	26.7
Tidjikja	1 360	300	17
Boutilimit	4 200	600	34.7
Aleg	1 800	300	23.2
Timbédra	480	300	24
Néma	1 200	500	31
Aioun	800	-	24
Boghé	1 800	250	25
M'Bout	600	100	10
Nouakchott	41 000	12 300	642
Nouadhibou	16 000	4 000	142.4
Rosso	1 600	400	30.7
Kaédi	4 492	700	35.9
Mederdra	288	115	8.9
Grand total	82 360	21 465	1 113.5

Source: SOMELEC.

The financial landscape has become more diversified with the development of micro-financing mechanisms, which, in Mauritania's case, means credit and savings banks that are contributory, or cooperative, in nature. There are over 40 of them now collecting small savings and extending micro-credit.

Mauritania currently has a low rate of banking intermediation. Another characteristic of the country's financial sector is its poor response capability, as evidenced by the banking system's very limited regional presence, and particularly the lack of a range of instruments for mobilizing savings and financing proposals. This situation makes it difficult to gain access to credit and to channel savings.

In recent years, the insurance sector has attracted several new operators but there is still very little competition and product range is limited. There are still no foreign operators in the insurance sector; all the equity in insurance companies in Mauritania is held by domestic investors.

Broken down by sector, the figures clearly indicate the banks' preference for business and professional clients, which account for 40% of all credit.

Micro, small and medium enterprises also have relatively poor access to bank credit. Banks are located primarily in major urban centres, which excludes rural areas, and specifically in the downtown core, which excludes micro and small urban business. This speaks volumes.

Human resources

Employment dynamics

There were an estimated 580,981 people in the Mauritanian labour force in 1988. Based on 2000 census results (Recensement Général de la Population et de l'Habitat), that number rose to 732,606 in 2000. Indeed, the aggregate labour force participation rate went from 46.4% in 1988 to 45% in 2000. The female participation rate rose from 25.3% in 1988 to 27.7% in 2000.

The informal sector accounts for 84% of employment and 20.9% of the labour force is unemployed (official figures for 1999). The labour force in major centres (such as Nouakchott and Nouadhibou) is concentrated in the retail sector and SMEs. A small proportion are employed in the public service and structured business.

Half of Mauritania's labour force works in the primary sector i.e., in agriculture (35%), livestock production (12%) and fishing (2.5%). Then come business, which accounts for 17 % of the labour force, and administration and services (16%).

Based on the figures of the *Système d'Information sur le Marché de l'Emploi (SIME)*, there are 134,520 organized artisans in Mauritania and the sector accounted for \$1.9 million of GDP in 1999.

TABLE II.5. MINIMUM INDICATIVE SALARIES FOR BUSINESSES IN THE FORMAL SECTOR IN MAURITANIA (IN DOLLARS)¹

POSITION	GROSS MONTHLY SALARY
Junior employee	47.04
Specialized worker	48.99
Skilled worker	52.60
Qualified employee	60.98
Entry-level manager	63.15
Accountant	71.68
Senior employee	110.43

Source: Direction du travail, Ministère de la Fonction Publique, de la Jeunesse, du Travail et des Sports.

¹ The salaries listed are for guidance only. In actual fact, earnings in the private sector are far higher, in some cases, twice or even three times as much.

Education and training

Mauritania's education system has developed rapidly in recent years. The gross enrolment ratio, which is constantly growing, rose from 45% in 1990 to 86% in 1998 and the gender gap is significantly narrower. Mauritania has had the highest school attendance rate in the sub-region in the last 15 years.

Nonetheless, the widespread lack of professional qualifications in the country affects every sector of the economy. As a rule, small and medium enterprises in Mauritania suffer from a lack of skilled labour for a number of reasons, including the national education system (training is predominantly general in nature), high percentage of self-trained personnel and unorganized apprenticeship.

Faced with a growing demand for skilled manpower, the national vocational and technical training system covers some 205 different areas of specialization. Yet, it remains limited and quantitatively weak. Furthermore, the qualifications produced under the current system do not always match the requirements of business.

Funding for technical and professional training is provided almost exclusively by the State. Businesses contribute only marginally through the

learning tax which represents 0.6% of the wage bill, approximately 60 million Ouguiyas annually. The Government does not allocate this money specifically to technical and vocational training.

With the adoption of Act 99-012 on 26 April 1999, the Government affirmed its intention to reform the education system in general, and technical and vocational training in particular. The aim of the legislation is to improve technical and vocational training, higher education and foreign language instruction (French and English).

To this end, the Government decided to implement the Education System Development Support Project (PNDSE) at a total cost of \$49 million with the financial assistance of the World Bank, the Islamic Development Bank, the African Development Bank and the AFD (French Development Agency). The PNDSE was officially launched in September 2002, after its budgetary plan was approved. It will be implemented over a ten-year period and its objective will be to make the system of education in Mauritania more responsive to business requirements and to bring it more into line with the rest of the world.

To this end, a series of initiatives have been put in place to promote training for business employees. This includes creation of a special fund called the

COUNTRY	EDUCATION				ADULT LITERACY RATE
	NET ENROLMENT RATIO ^a				
	Primary		Secondary		
	Total % of relevant age group	Female % of relevant age group	Total % of relevant age group	Female % of relevant age group	% of people aged 15 and above
	2001	2001	2001	2001	2001
Algeria	98	97	62	63	67.8
Burkina Faso	36	29	8	6	24.8
Côte d'Ivoire	64	55	..	..	49.7
Guinea	47	41	12	6	41
Mali	43 ^b	36 ^b	..	..	26.4
	64	62	14	13	
Niger	30	24	5	4	16.5
Senegal	63	60	..	63	38.3

Source: Based on the UNDP Human Development Report, 2003, and UNESCO estimates.

^a The net enrolment ratio is the rate of enrolled children of the official age for the education level indicated to the total population of that age.

^b Figures for 1998–1999 school year.

Fonds Autonome de Promotion de la Formation Professionnelle (FAP-FTP) and a national institute known as the Institut Nationale de Promotion de la Formation Technique et Professionnelle (INAP-FTP) to administer the fund.

Industrial factor costs

Depreciation of the national currency and tariff controls have meant that, overall, industrial factor costs in Mauritania are not as high as in the rest of the sub-region.

Box II.1. Industrial factor costs

Some figures:

1. Land prices (Direction des domaines):

Industrial zones (State price for land allocations):

Nouakchott: \$1.89/m²

Nouadhibou: \$1.32/m²

In 2003, the average price of land on the real estate market in Nouakchott was \$27 per m².

2. Building costs:

Small workshops: approximately \$113.43/m²

Offices: from \$151.24 to \$226.86/m²

3. Telecommunication:

Operators: 1 fixed-line operator (Mauritel)

2 mobile operators (Mauritel mobile and Mattel)

Density: 4 lines/100 inhabitants (including GSM)

Cost of communication per minute:

Local: fixed-line \$0.038/unit, Mobile: \$0.26/unit

Arab world/sub-region: \$0.70

Europe and Japan: \$1.03

North America: \$0.82

Investment over the next five years: UM 40 billion (\$151 million).

4. Electricity:

Low voltage \$0.15/Kwh

Medium voltage \$0.09/Kwh

5. Water: \$0.67/m³

6. Transportation:

Road: from \$30.25 to \$68 per tonne depending on distance

Sea: \$7.56/tonne on average

Air: \$0.95/kg on average

7. Labour: minimum wage \$35

8. Cost of credit: 21% on average

Note: Exchange rate for September 2004: \$1 = UM 254.

Source: MAED, Somelec, Mauritel, 2003.

**TABLE II.7. COST COMPARISONS FOR SPECIFIED INDUSTRIAL FACTOR COSTS
IN THE SUB-REGION (FOR 2004, IN DOLLARS)**

FACTORS	MAURITANIA	SENEGAL	MALI	BURKINA FASO	CÔTE D'IVOIRE	BENIN
Water in m ³	0.67	1.28	0.63	0.37	0.39	0.39
Electricity in Kw (medium voltage)	0.09	0.10	0.14	0.10	0.08	0.11
Labour (minimum wage)	35	93	47	56	-	49
Surface transport (kg/km)	0.05	-	-	0.11	-	0.07
Diesel (litre)	0.40	0.51	0.80	0.75	-	0.53
Local fixed-line communication (per minute)	0.04	0.06	0.03	0.12	0.09	-

Source: Mission économique Coopération française, Web site www.izf.net/izf/ee/ – MAED, Somelec, Mauritel for figures on Mauritania.

Taxation

A review of the marginal effective tax rates (METR, that is, the overall tax burden on a marginal investment unit) under the normal tax regime suggests that Mauritania is not very different from some of its neighbours. However, its METR is much higher than that of transition economies and other countries that have been able to attract substantial amounts of FDI.

With the scheduled introduction of new tax rates in the 2002 budget, the METR under the normal tax regime is likely to drop from 43.7% to 33.1% for the industrial sector and from 33.1% to 23% for the services sector, bringing Mauritania into line with Morocco and Tunisia, and giving it an advantage in the services sector.

Tax measures

Recent efforts to consolidate, simplify and reduce taxes continued in 2002 and 2003.

In terms of internal taxation, the main initiatives have been to:

- Significantly reduce the tax rate on industrial and business earnings (decreased from 35% to 20% in 2001);
- Eliminate the ad valorem duty on business licences; and
- Allow 100% credit of the IMF, and extend the loss carry-over period to five years.

In terms of external taxation, the main initiatives have been to:

- Reduce tariffs on capital goods (to a flat rate of 5%);
- Reduce free time for goods in private bonded warehouses;
- Limit goods held under bond;
- Ensure effective enforcement of the special drawback regime;
- Enhance appraisal practices by folding the provisions of the Agreement on Customs Valuation into the finance legislation of 2002; and
- Set up a VAT refund arrangement for exporting firms.

TABLE II.8. MARGINAL EFFECTIVE TAX RATE ON BUSINESS INCOME

COUNTRY	NORMAL TAX REGIME		WITH INVESTMENT CODE ADVANTAGES	
	Industry	Services	Industry	Services
Mali	43.7	33.1	24.9	19.1
Senegal	41.0	34.6	20.4	21.9
Morocco	45.4	35.7	23.0	18.1
Morocco	29.2	28.7	23.3	21.7
Tunisia	33.8	43.1	22.3	29.1

Source: FIAS, 2000.

The private sector in Mauritania

The changing private sector in Mauritania

Over the past 20 years, the Government of Mauritania has consistently worked at laying the foundation for a liberal economy by making private sector development a priority in its economic programmes.

These programmes have had significant results in terms of restoring and consolidating macroeconomic balance. Mauritania is currently in a phase of economic recovery. Now, it is up to the authorities to ensure that the fruits of this new-found growth are fairly distributed, particularly among the less fortunate.

To this end, the Poverty Reduction Strategy (CSLP), adopted in 2001, has become the Government's benchmark economic and social policy and clearly enunciates the predominant role of the private sector in creating jobs and stimulating economic growth, without which the poverty reduction goals of the CLSP cannot be reached.

Monopolies have been abolished and trade made more liberal and the State has withdrawn from production sectors. Sectorally, reforms have consisted of the liberalization of fishing, agro-processing, insurance and transportation, opening up the mining sector to private operators, restructuring the banking sector and privatizing the primary banks. The Government has created a money market and reformed the exchange market. SOMELEC was separated into two separate entities: SOMELEC (Société Mauritanienne d'Électricité), responsible for the production and distribution of electricity, and the Société Nationale de l'Eau, responsible for the distribution of water.

Aside from a few large companies, mainly public entities, such as SNIM (Société Nationale Industrielle et Minière) and SOMELEC – most of the private sector is made up of micro, small and medium enterprises facing a multitude of problems: lack of qualified personnel, lack of proper management and an inadequate legal, judicial and fiscal environment.

Still, the private sector's contribution to the GDP is on the increase, especially since fisheries, agriculture, buildings and works, and business and other services were fully privatized and the State withdrew from industrial and commercial activity. In 2001, market activity represented 80% of GDP and, excluding extractive industries, which account for 10.6% (SNIM) and other manufacturing industries, which account for 3.5% (SOMELEC, essentially), the private sector share would be 66%. Given the size of the informal sector, the GDP and, indeed, the private sector have in all likelihood been underestimated.

The objective of privatization programmes has been the complete withdrawal of the State from production and market sectors. Most of the enterprises concerned have been handed over to the national private sector, which has helped to create private capital in Mauritania. The various programmes implemented since 1990 have reduced the Government's portfolio from over 40 to about 20 public enterprises (State-funded industrial and commercial establishments and State-owned companies) that basically provide public services.

Cooperation between the State and the private sector

In the past few years, the Government of Mauritania has made ongoing collaboration between the State and the private sector a priority. This collaborative approach is considered to be a way of finding solutions to economic and sectoral issues that affect business operations and competitiveness, the efficiency of investment and export development. Indeed, in 1996, this approach led to the creation of an advisory committee on private/public cooperation that meets periodically.

Box II.2. Cooperation between the State and the private sector

In keeping with its goal to create an environment conducive to private investment in Mauritania, the Government has undertaken major reforms, including initiating dialogue with private operators. In 1996, a consultative committee, representing both public and private interests, was mandated to deal with issues facing the private sector.

After five years in operation, with mixed results, the Government decided to give new impetus to this collaborative mechanism by setting out an operational content within the framework of a more constructive partnership by:

- Striking a national consultation committee;
- Providing the committee with an independent secretariat led by a co-ordinator whose job it would be to, among other things, improve the consultative process, process cases and follow up on decisions and recommendations arising from meetings;
- Expanding the committee to 14 members, eight of whom represent technical departments in public ministries including the central bank of Mauritania; and
- Increasing private sector representation.

Source: Direction de la promotion des investissements privés.

Investment climate: strengths and weaknesses**Strengths**

- Sustained economic growth
- One of the African most liberal economies
- Strategic geographic position, at the crossroads of two consumer markets, the Maghreb and West Africa
- Reinforced internal public security

Weaknesses

- Thinness of the Mauritanian market and weak local buying power
- Inadequate basic infrastructure
- Mostly unskilled workforce
- Tax burden still too heavy

Opportunities

- One of the richest exclusive economic zones in fishery resources
- Oil reserves offshore
- Mineral resources (iron, gold, diamonds)
- Major natural and cultural tourist attractions

Threats

- Major, recurrent droughts
- Inexperienced democracy



Introduction

The Mauritanian economy has traditionally been based on trade and agriculture, dominated by live-stock production, and then on mining and fishing. There are real investment opportunities in these key sectors of the national economy.

Also full of development potential are the emergent sectors: tourism, new technologies of information and communication, renewable energy sources, industry and services.

For the Government of Mauritania, revitalizing traditional exports through increased processing of fishery products, among other things, and supporting promising new export niches are two key ways of fostering economic growth and fighting poverty.

Currently, the three basic sectors of economic activity – agriculture, fisheries and mining – are highly dynamic.

Priority sectors

Agriculture

The agro-pastoral sector is the largest employer in the country, accounting for 48% of all jobs. In 2000, some 285,000 people were employed in an estimated total of 584,000 jobs in this area. It accounts for approximately 20% of GDP.

It is the most labour-intensive sector, with one job for every UM 64,500 of production in 2000 according to a report on employment published by the Ministère de la fonction publique et du travail in June 2002. The average for all sectors combined is UM 147,500.

The sector has been liberalized to strengthen it and to allow private operators to pick up from the State. One of the pillars of the reform has been the development of farm credit, which, initially, was available only for rice production and is now open to other agricultural sectors.

Agriculture in Mauritania is characterized by duality: there are two separate and distinct farming areas, the Senegal River Valley and the so-called wet zones further to the north. The types and forms of agriculture practised in these areas are different. In the Valley, production is supported by industrial and commercial groups, while in the rest of the country, self-subsistence farming is dominant. Fertile land is limited, found primarily, along the Senegal River and around inland oases. However, Mauritania's potential agricultural area is still quite sizeable (400,000 hectares).

There are four agricultural systems in Mauritania. The most popular is rain-fed farming where the farmed area varies considerably depending on weather conditions (from 50,000 ha in periods of drought to 200,000 ha in a good rain year). Then there is flood-recession farming (approximately 150,000 hectares), oasis-irrigated agriculture (5,000 hectares spread throughout the regions of Adrar, Taguant and Hodhs) and irrigated agriculture in the Senegal River Valley Basin (approximately 22,000 hectares).

Mauritania suffers from chronic food shortage as domestic production only meets half the demand. Imports and food aid help to make up the

shortfall. According to a study by the FAO published in November 1996, the population is estimated to grow to 3.5 million by 2010 and the demand for grain will double in that time. Desert and semi-desert agro-ecological conditions in Mauritania limit agricultural opportunities, which depend on rainfall.

Mauritania imports between 250,000 and 300,000 tons of grain, while domestic production is stagnant at approximately 122,000 tons (of which 59,500 tons were paddy and 62,500 tons were millet/sorghum/maize in 2000–2001) (Table III.1).

According to the Office National des Statistiques, Mauritanian imports accounted for approximately UM 37 billion in 2001, of which UM 5.3 billion was in food products. Imports and food aid help to meet the food requirements of the growing population (forecast to reach 3.5 million by 2010).

However, the rural sector continues to play a dominant part in the Mauritanian economy. Agriculture contributes the most to job creation and income generation. It directly involves over half the population. The Government has invested heavily in this sector and made laudable efforts through the Senegal River Valley Basin Authority. Mauritania, Senegal and Mali signed a treaty to form this organization. Thanks to these initiatives, the country now has modern agriculture.

	AL BALANCE 003 (TONS)			
	RICE	WHEAT	MILLET, SORGHUM, MAIZE	TOTAL
Domestic availability	87 565	57 377	31 805	176 747
Production	67 900	..	31 805	99 705
Opening stocks	19 665	57 377	..	77 042
Total utilization	151 098	254 957	93 226	499 281
Food use	104 538	187 632	88 455	380 625
Seed, loss and other	27 160	15 000	4 771	46 931
Closing stocks	19 400	52 325	..	71 725
Import requirements	63 533	197 580	61 421	322 534
Commercial	17 950	191 580	7 500	217 030
Pledged aid	5 000	6 000	..	11 000
Uncovered deficit	40 583	..	53 921	94 504

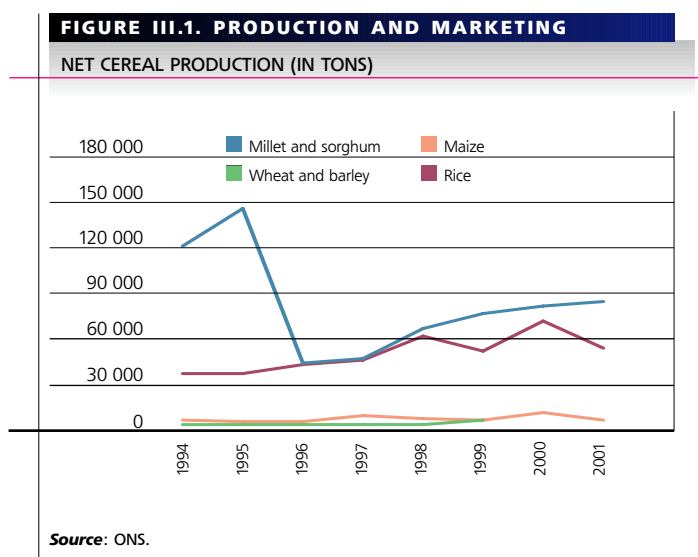
Source: FAO, FAO/WFP Special Report, December 2002.

Agricultural production systems

Traditional cereal

Traditional cereal production continues to be characterized by on-farm consumption by humans and animals. Processing is done at small local mills, but the system is still not well understood. Millet and sorghum account for most of the production in rain fed ('dieri') and recession ('walo') crop areas along the Senegal River, and are staples for the farming population in the Valley and the wet zones. With average consumption at 40 kg per capita, these products account for almost 25% of cereal consumption.

In poor crop years, imports come essentially from Mali and prices are determined primarily by market conditions.



Wheat

Imports of wheat grain and wheat products (flour and semolina) supply a soft wheat mill, hundreds of small cottage-type mills, two pasta manufacturing units that share a market of more than 20,000 tons annually, six biscuit factories that primarily sell a type of unsweetened ship's bread, and several dozen bakeries, 193 of which are found in Nouakchott alone.

In 2000–2001, the Government authorized both the Minoteries du Sahel project, involving an investment of almost UM 2 billion, and the Grands Moulins de Mauritanie (GMM), involving a similar investment. Other authorizations are expected since GMM's annual crushing capacity (60,000 tons) fills less than half the demand (evaluated at between 75,000 and 85,000 tons of flour a year, or between 100,000 and 120,000 tons crushed soft wheat equivalent annually). There is also a parallel market for hard wheat semolina in the vicinity of 20,000 to 25,000 tons a year (or 30,000 to 40,000 tons of crushed hard wheat annually).

Currently, there are a number of plans being considered to develop facilities to manufacture formulated foods for cattle and poultry. One such project is the GMM (30,000 to 35,000 tons of maintenance food annually).

Wheat offers opportunities that would help to consolidate the local agro-industrial fabric, job creation and, specifically, upstream livestock production (milled feed). As reported in *Agro-Industrie*, support from partners with expertise in specific livestock feed technologies will be crucial. (*Agro-Industrie 2002 – Fact Sheet – Mauritania – Business Meeting, Dakar: 4–7 November 2002*).

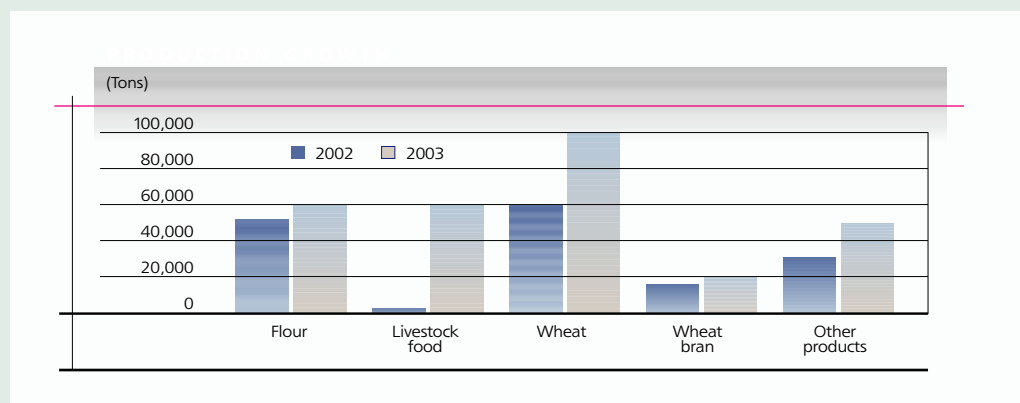
Box III.1. Investing in the food industry: FAMO

FAMO Mauritanie is an industrial enterprise specialized in the production and marketing of short pasta and couscous. It is a private corporation created in 1982 by a group of French and Mauritanian manufacturers, convinced that pasta products had a bright future in Mauritania, even though pasta did not feature among the culinary habits of Mauritians. Results have been conclusive: sales rose from 900 tons in 1982 to 13,000 tons in 2000. Since the company's production capacity far exceeded Mauritanian demand, in 1983, FAMO began looking for export markets in countries in the sub-region. The pasta products were a great hit there as well, mainly because of their superior quality, which made them very competitive. Today, the FAMO label has a great reputation in Senegal, Mali and Gambia. FAMO has become a leader on the Mauritanian market despite increasingly challenging domestic and foreign competition. The company owes its success to its effective marketing strategy and continuous quality control. There are three production lines at the FAMO plant, two for pasta and one for couscous. The total annual production capacity is 26,000 tons, of which 20,000 are pasta and 6,000 couscous. Its facilities are rehabilitated and modernized on a regular basis, in response to market requirements and expectations. FAMO currently employs about 100 people. After 20 years of experience, the company has managed to stabilize prices and secure supplies of pasta and couscous to Mauritania.

Source: UNCTAD, based on information provided by FAMO.

Box III.2. Investing in agro-processing: Les Grands Moulins de Mauritanie (GMM)

GMM came to be as a result of a partnership between the French group Bahouley Granit SA (60%) and the Mauritanian group MAOA (40%). The company was created in April 1999, and invested some 8 million euros over the course of 3 years in building mills, silos, and a livestock feed plant. It was formed with a contribution of 4 million euros from private sources, a loan of 4 million euros from the European Investment Bank (EIB) and a short-term supplier credit of 6 million euros. The group's strategy hinges on looking for good clients in Mauritania, clients who are likely to become good industrial partners. The operation involves importing wheat in bulk and then transforming it into flour and bagging it on site – which is less costly than importing bags of flour – and also producing complete, balanced livestock feed, by gradually adding product components. The purpose of this strategy is twofold. On one hand, it is intended to better secure the country's supply of flour, an essential commodity. On the other hand, it is designed to give Mauritanian livestock producers a range of grain-type feed (wheat, barley, peanuts, etc.) from which to choose and thereby stimulate domestic agricultural production for the raw material requirements of the plant. In terms of production capacity, the mill can process 70,000 tons of wheat a year, yielding 52,500 tons of bakery flour annually. The facility is equipped to process and bag wheat at a rate of 120 tons per hour. For livestock feed, the production capacity is 90,000 tons per year. Storage capacity is 15,000 tons in silos and 25,000 tons of bags. The complex currently employs over 200 people, 10 of whom are expatriates. In 2002, GMM's sales were 30 million euros.



Source: UNCTAD, based on information provided by GMM.

Rice

Rice is a staple in Mauritania. Paddy rice – cultivated almost exclusively in the irrigated areas of the fertile Senegal River Valley – has become much more widespread in recent years and currently accounts for almost 50% of total cereal production. However, local rice production does not fill domestic demand because yields are usually far below what they could be.

Despite Government assistance to paddy production, local rice has not been a match for imported rice. Rice yield per hectare rarely exceeds 4 t/ha yet it could potentially be as much as 10–12 tons.

Given the availability of irrigable farmland in Mauritania (40,000 hectares of serviced land) and weather conducive to high yields, rice production has the potential to be very high. However, there are serious gaps between that potential and actual production. Mauritania is a member of the Senegal River Basin Authority (OMVS), and, as such, relies on the development of irrigated paddies along the Senegal River and Lake R'kiz to promote rice production. There is an estimated total of 375,000 ha of irrigable land in the Valley, of which 126,000 are in Mauritania but fewer than 20,000 ha are equipped. Commissioning of the Manantali Dam in Mali in 1988 stabilized the River's rate of flow and commissioning of the Diama Dam in Senegal in 1986 has stopped the salt-water wedge in the dry season. Paddy production goes to industrial units, small rice mills or local hulling machines.

Oasis agriculture

The oasis sub-sector involves some 15,000 very small operations (32 ares on average). The focus for these operations is palm trees (approximately 1.9 million palm trees) and associated irrigated crops, such as cereals, but also vegetables and alfalfa. Management of traditional resources is gradually improving thanks to increased use of pumping (approximately 31,000 wells in 1993, of which 16.4% are equipped with motor-driven pumps).

Consumption of local production is seasonal. Close to 70% is consumed during the Guetna, when the dates are ripe. In a good year, each inhabitant consumes an average of 7 kg.

Dates are generally sold directly in bunches off the tree. The remainder is consumed on-site and a portion of the production is packaged at the Atar industrial unit. Outside the Guetna, dates are basically retailed in urban centres. The market is clearly segmented. Imported dates (from 200 to 300 tons a year) sell for 30% to 50% more than local dates. Prices on the Nouakchott market range from UM 500 to UM 1,200 per kg, an indication of the variety of product available.

Gum arabic

Gum is a product typical of the Sahel. It is used primarily in confectionery, foodstuffs, beverages and pharmaceuticals. The potential world market is estimated at over 50,000 tons. Sudan and Chad dominate the gum arabic market. The world price varies from \$2,500 to \$5,000 a ton.

The domestic market is very active. Gum is used as a remedy and as a coating for fabrics.

Until the mid-seventies, the average yearly production of gum arabic was 5,000 tons, which brought in approximately \$450,000 annually. Production has since dropped to about 1,500 or 2,000 tons a year.

Gum arabic stands occupy an estimated 40,000 ha. Harvesting is of the extensive type and the implements are rudimentary. Operators are essentially semi-nomadic, organized in associations. Gum and the gum arabic trees are considered a community resource. Production costs are low but exporting gum arabic is labour-intensive, requiring sorting and cleaning, which affects its competitiveness.

Fruits and vegetables

The fruit and vegetable market is dependent on seasonal local production and regional and European imports.

In the oases, fruit and vegetable production is traditional and intensive; it is relatively new to the River Valley. The south, where land is fertile and water relatively plentiful, provides an environment conducive to growing a variety of different fruit and vegetable crops.

Fresh fruit and vegetable production is concentrated in the cold season, which lasts about two months (December and January). Current production in the Valley (30,000 tons, according to *Agro-Industrie 2002*) meets only a portion of Mauritania's requirements, owing to the seasonal nature of production and the limited range of products. The rest of the year, the market is supplied by imports from the sub-region (Mali, Côte d'Ivoire, Senegal) and Europe (Table III.2).

By diversifying and growing products such as potatoes, bananas and citrus fruit, and introducing food storage techniques (for onions, for instance), Mauritania would further increase its market potential and eliminate the need to import produce from Europe and the sub-region.

Mauritania enjoys some comparative advantages that would help to position it on European markets:

- Mauritania is the closest tropical country to Europe;
- Climate: low humidity, sunshine and temperature range create conditions conducive to growing produce in the off-season;
- Developed perimeters and other basic infrastructure are set up in production zones along the Valley and in the vicinity of Rosso;
- There are dynamic private entrepreneurs with substantial means at their disposal.

There remain some barriers to full competitiveness for fruits and vegetables. Among others, there is the producers' lack of technical sophistication, low-tech storage equipment, water scarcity outside the Valley and limited varieties suited to the weather conditions.

Through technical advice and shared cost pilot projects (partnership between PDIAIM and private operators), the diversification unit of PDIAIM (Integrated Development Programme for Irrigated Agriculture in Mauritania) has supported a certain number of private operations that are producing for export. Of particular note is the creation of the Grands Domaines de Mauritanie (GDM), a subsidiary of one of the main European fruit and vegetable production/distribution groups, the Compagnie Fruitière de Marseille, which has launched an export production programme on 500 ha. GDM is a commercial-scale operation intended to have a considerable ripple effect on development in the sector: it will give all growers the opportunity to capitalize on its experience (under the partnership contract between GDM and PDIAIM), create a logistics channel through the effect of mass and promote Mauritanian 'branding' in Europe.

	IMPORTS FROM THE EU (TONS)									
	VEGETABLES					FRUITS				
	Potatoes	Onions	Carrots	Other	Total	Apples and pears	Oranges	Bananas	Other	Total
1999	7 739	5 625	1 025	1 301	15 690	1 382	423	161	223	2 189
2000	13 123	14 915	1 690	1 070	30 798	1 519	629	163	192	2 503

Source: Stratégie agroalimentaire de la Mauritanie, 2001.

The main PDIAIM partners in these diversification operations are GDM, SICAP with the Mauritanian group MAOA for fruit growing, and SOMAGIR (Société Mauritanienne d'Agriculture et d'Irrigation) for fruit and vegetable production.

In 2001–2002, the diversification unit of PDIAIM determined that 148.3 tons of fruit and vegetables had been exported to the European market, of which 100.3 tons came from GDM.

Urbanization and sedentation are changing people's eating habits, which is promising for fruit and vegetable production. Domestic consumption is estimated at approximately 60 kgs per capita annually in Nouakchott and 20 kgs in rural areas. The fact that the growing season in Mauritania coincides with off-season production in Europe definitely generates opportunities. Development

of fruit and vegetable production in Mauritania, boosted by local demand and opportunities in certain export niches, is a real possibility in the very short term.

The main challenge in the national produce sector is marketing. Mauritania is the closest tropical country to Europe and there appear to be some attractive prospects for supplying European countries with fruits and vegetables in the fall and winter. Some commodities also lend themselves perfectly to organic farming, and prices for organic produce are very firm. Therefore, it is important to attract foreign investors and partners who have production and marketing knowledge in this sector.

Box III.3. Investing in fruit and vegetable production: les Grands Domaines de Mauritanie

Les Grands Domaines de Mauritanie (GDM) is a subsidiary of the Compagnie fruitière de Marseille. GDM conducts its business on a property almost 190 ha in size, which it leases under a long-term contract from the owners. GDM was created in May 2000 with 1.2 million euros in capital and a total investment of 4 million euros. It began operations in September 2000 by planting a test area of 20 ha. The company decided to diversify production and to export some of its produce. Major investment programmes were carried out, by adding hydro-agricultural equipment (micro-irrigation equipment and pumping stations), and fruit plantations, windbreaks and packaging facilities for export produce, including a cold chain. The export produce included: sweet potatoes year-round, green beans at the end of the year, melon from late December until late March, peppers, etc. In 2003, an estimated 1,200 tons of produce were to be exported to European markets by sea and air. GDM has the scientific support of the parent company. Scientists come from France to provide technical and scientific follow-up to GDM's decisions regarding techniques, seed varieties and disease control. In terms of marketing, GDM can count on the parent company's know-how, organization, transportation logistics and presence on the European market. The parent company has vast production and export experience with tropical products. In the Senegal River Valley, GDM also plays a research and outreach role. Indeed, GDM and the Mauritanian Department of rural development and the environment have reached a partnership agreement. GDM will identify the crops and varieties that are suited to the Valley's agro-climatic conditions and intended for export, among other things. It will develop techniques that optimize performance and use of irrigation water. It will assess the cost of the investment associated with various production techniques and conduct a business assessment of export development potential. GDM will also ensure that Mauritanian technicians are trained in production, equipment maintenance, packaging, marketing and budget monitoring techniques. GDM, which has between 350 and 400 employees, is planning to develop a domain partnership with the peasants in the Valley to have them produce for the domain as part of a production contract in accordance with standards

Source: UNCTAD based on information provided by GDM.

Livestock

Although livestock production is mainly traditional and transhumant, it remains one of the pillars of the Mauritanian economy.

In Mauritania, livestock production is practised essentially in the Sahelian climatic zone, which covers the southern part of the country between the 15th and the 18th parallel north. In most cases, it is range-type animal production but there has been a shift toward other more intensive forms in the past few years.

With range-type animal production, livestock is herded as far north as possible during the rainy season, depending on the availability of water and pastureland. After the rainy season, transhumance to the south begins in search of better pastures. Sedentary animal production is practised mainly in the Valley. With this type of livestock production, associated with agriculture, transhumance is practised over short distances and only in the growing season.

In 2001, the national herd in Mauritania consisted of 1.5 million head of cattle, 13 million sheep and goats and 1.3 million camels. It is primarily sheep and camel that supply the domestic meat market. For 2001, somewhere in the order of 50,000 cattle, 200,000 sheep and 120,000 goats were exported live to countries in the sub-region, mainly Senegal.

Dairy production has developed recently on the periphery of major cities to supply milk-packaging plants in Nouakchott. Today, peri-urban production is spreading to major highways and the wilayas (regions) of Trarza and Brakna.

Milk

Per capita consumption of milk and its derivative products is relatively high in Mauritania (0.49 kg/person/day, or approximately 471,000 t/year for the country as a whole). A full 95% of domestic production goes to self-consumption. Owing to the lack of channels for distribution and processing, to meet its demand, Mauritania also has to import 49,000 tons of milk products (fresh milk equivalent), including 5,000 tons of evaporated milk, 7,000 tons of fresh milk (UHT), intended mainly for urban markets, and 37,000 tons of powdered milk.

However, there has been an interesting development in milk marketing to urban centres. Specified herds of transhumant cattle and camels have been divided into two closely linked parts: dairy units (*ateliers laitiers*) and transhumant units. Dairy farming is concentrated on the periphery of cities, including Nouakchott, and in the Trarza region, and along the highways. It supplies a network of raw milk markets as well as milk collection/packaging centres in Nouakchott, Rosso and Boghé. The final product is price-competitive compared to imported UHT milk. According to some estimates, business volume is up 10% over previous years, thanks to partial substitution of UHT milk imports and, to some extent, concentrated milk. The drop in import volumes (14,000 hl of UHT milk in 1992 in contrast to 7,000 hl in 2000) is proof of this trend.

In April 2002, a UHT channel was created by the Tiviski group in partnership with Candia, a French dairy company, which expanded the market for local milk, particularly in cities inland, and created an opportunity for export to the sub-region by removing the constraint of the cold chain. This has generated considerable potential for growth in the milk market.

Tiviski and Toplait control milk production in Mauritania from their base in the Nouakchott region. Tiviski invested three million euros in 2001 to commence UHT milk production in 2002. The company makes a wide range of products, including fresh pasteurized milk, UHT milk, yoghurt, fresh cream and goat's cheese. It processes 14,000 litres of milk daily, although its production capacity is 20,000 litres. Tiviski and Toplait are looking for

partnerships to improve their production quality and to meet local demand, which is significant. In 2002, Mauritania imported a total of 2 billion Ouguiyas' (\$7.5 million) worth of dairy products (60% in powdered milk), yet this national resource remains underdeveloped.

The following investments are required to increase the supply of dairy products:

- Implementation of livestock fodder plants;
- Development of crops used to manufacture fodder;
- Development of forage crops; and
- Improvement of local breeds.

Leather and hides

Despite income-generating opportunities offered by the international market and significant domestic production, Mauritanian leather and hide exports are still marginal. Based on available data, exports represented about \$25,000 in 2000.

The only value added comes from local artisans who use only a portion of the production. Most of the raw material, particularly camel hide, is likely wasted. The price of hides on the local market (UM 1,000 for a cow hide) is only 10% of the European export price.

The European leather and hide industry has changed dramatically in the past few decades, with delocalization of tanning to developing countries. Most countries in the world now require exports processed up to the wet blue stage. This means there is significant development potential for this by-product, which would have a ripple effect on all players in the channel. It will take investment, creation of partnerships with international operators, an effective collection system and the implementation of a training and education programme, aimed at producers (to ensure consistent hide quality) and at stages downstream (to preserve initial quality).

Mauritanian exports of untreated hides to the European Union are relatively poor: 252 tons in 1999 and 189 tons in 2000. Although there is considerable production potential, poor slaughter means that few hides are of export quality. Once the Société des Abattoirs de Nouakchott (SAN)

slaughter facilities are operational, slaughter quality should improve and provide development opportunities.

Poultry farming

Poultry production in Mauritania basically consists of ordering chicks from Europe and raising them using intensive feeding techniques largely dependent on imported products. Family poultry production is practised virtually everywhere in the country on a very small scale, particularly along the River, with remarkably high mortality rates.

Current white meat consumption is estimated at 8,400 tons (FAO-WB). Of total demand, 58% is met by traditional poultry farming, 25%, by intensive poultry farming and 17%, by imports. Imports are decreasing proportionally as local production increases. Consumption is forecast to grow, especially with the changing eating habits observed in recent years. Both the traditional and intensive production systems appear to be financially viable. With the lifting of tariff protection (Mauritania now applies the WTO Customs Valuation principle), the intensive production system offers investors, particularly offshore investors, real opportunities. In economic terms, traditional production continues to be cost-effective, owing to the low degree of reliance on imported input and the considerable potential for improvement (intensive poultry farming uses imported concentrates to make poultry feed).

Fisheries

The fishery is an essential sector in the Mauritanian economy.

Fish stocks off the coast of Mauritania are reputed to be among the richest in the world (potential annual catch of 1.5 million tons). Its stocks are also amongst the most diverse (over 300 species of which 150 are tradable) and the commercial value of the main species is impressive (such as cephalopods, crustaceans, demersal fish, tunny fish), and Mauritania has a healthy share of quotas in relation to world supply. For instance, Mauritania apparently has the largest stocks of octopus and croakers in the world.

Because the continental shelf does not extend very far (36,000 km²), fish resources are very highly concentrated. There can be as much as 1,000 tons of fish per square nautical mile and the bottom is rarely deeper than the 50 m isobath, which makes for high yields.

The fishery is very active in Mauritania. State regulations help to prevent overexploitation and fraud, enforce a two-month protective closure and intensify patrols of coastal areas and the marine reserve zone.

The main focus of Government policy in this sector is resource protection, enhanced results and State withdrawal from production and marketing activities.

The new Fisheries Code adopted in 2000 emphasizes sustainable development of the commercial fishery, expansion of artisanal fisheries, reorganization and modernization of the Mauritanian fleet and development of processed product exports. Mauritania has signed bilateral fishery agreements with Algeria, Japan, Morocco, Russia, Senegal, Tunisia and the European Union. The Société mauritanienne de commercialisation des pêches (SMCP) still has a monopoly over marketing of fishery products subject to the landing requirement (cephalopods, essentially). Exports of other species are unrestricted.

A working group comprising IMROP, the FAO and RID evaluated the potential taking of species that would be compatible with biological equilibrium in ecosystems (Table III.3).

Seaweed, estimated at 150,000 tons, should also be added to the list. There has been no attempt to develop the potential of this resource.

The fishery sector experienced significant growth in landings and exports of demersal species in 2001. Between 2000 and 2001, SMCP exports rose from \$90 million to \$115 million. The following initiatives have boosted the fishery sector: implementation of a legal and regulatory framework to improve resource management and foster development of artisanal and coastal fisheries, creation of several processing plants to increase value added, allocation of major resources under an agreement reached with the European Union to develop infrastructures for the artisanal fishery, reinforced maritime surveillance and increased research, studies on taxation, the artisanal fishery development strategy and resource development plan and reinforcement of sub-regional cooperation.

TABLE III.3. POTENTIAL TAKING OF SPECIES (THOUSANDS OF TONS)

BOTTOM SPECIES	
Octopus	35
Cuttlefish	10
Squid	6
Crustaceans	6
Continental shelf fish	50
Bank fish (whiting)	13
Sub-total	120
PELAGIC FISH	
Sardinella	500
Horse mackerel	400
Mackerel	53
Sardines	26
Cutlassfish	81
Anchovies	38
Tunny fish	20
Sub-total	1 118
Shellfish	301
Sub-total	301
Total	1 539

Source: IMROP – Nouadhibou – December 2002.

Role of the fishery sector in the economy

The maritime fishery plays a crucial role in the Mauritanian economy. It was the leading sector for two decades, until mining took over a few years ago.

- Annual per capita fish consumption: 4.3 kg/person/year.
- Sector share of export revenues: 45%.
- Number of paid jobs, direct and indirect employment: 36,000 (or 6% of the economically active population).

Domestic consumption continues to be weak (approximately 16,000 tons a year). Most of Mauritania's production is exported, generally without prior processing. In 2000, exports reached approximately 210,000 tons (pelagic fish accounted for three quarters of this volume), worth about 133 millions euros (of which almost half was for cephalopods). Between 1997 and 2000, the volume of exports increased by 6.2%.

The value added is still low. However, some businesses are still involved in local processing of sea products, like MIP-Frigo, which operates a small unit in Nouakchott that processes artisanal fishery products. The company is supported by the European Union's Centre for the Development of Enterprises and operates in partnership with an institutional food services group (SAROS). The firm's senior executives are considering setting up a second, larger unit in Nouadhibou.

Consequently, the potential for export development in this sector lies in the expansion of artisanal and coastal fisheries. There is new zoning in place, which will help to boost the level of activity and increase processing of fishery products, particularly, pelagic species, which are still underexploited. Enhanced quality management and better promotion will help to improve product access and value on foreign markets. These initiatives are an integral part of the measures announced in the commercial strategy developed in December 2002, in cooperation with Mauritania's development partners intended to enhance integration with international trade.

	ATCH HISTO		MAURITAN		IN TONS)		
	1995	1996	1997	1998	1999	2000	2001
Pelagic	326 334	465 995	516 545	531 782	50 7121	458 093	544 837
Demersal	112 571	148 732	28 586	56 332	22 953	19 320	26 414
Whiting	10 546	10 992	9 453	8 477	10307	11 766	13 361
Shrimp	2 246	2 727	3 810	5 068	4 550	3 711	4 273
Lobster	8	61	59	23	14	4	109
Tunny	331	3 099	2 789	4 424	3 024	1 933	3 188
Cephalopods	29 751	25 420	19 622	20 757	29 280	30 628	27 899
Shellfish	78	35	33	36	4	14	65
Sub-total commercial fishery	481 865	657 061	580 897	626 899	577 253	525 469	620 146
Artisanal fishery	20 978	22 236	15 827	18 043	14 527	19 456	22 142
Total	502 843	679 297	596 724	644 942	591 780	544 925	642 288

Source: DSPCM/Direction des Études et de l'aménagement des ressources halieutiques.

Mines

Mining is a major sector of the Mauritanian economy. It currently accounts for over 10% of GDP and half the trade balance and contributes 9.4 billion Ouguiyas to the State budget. Iron ore exports account for close to 60% of total exports.

Since 1974, an 80% State-owned enterprise, the Société Nationale Industrielle et Minière (SNIM), has controlled iron ore extraction at Kediet ej-Jill (F'Derick), which began in 1963. At Zouérate, three open-pit mines produce between 10 and 11 million t/year of high-grade ore (65%). SNIM also controls the Akjoujt copper deposit but the enrichment plant was closed in 1988. The Arab Company of Inchiri Mines (SAMIA) conducts the only other ore extraction, at the gypsum deposits at Sebkha de NDRAMCHA, north of Nouakchott (Encyclopédie Mauritanie – Yahoo.com).

In 1999, with the help of the World Bank, the Government established the Projet de renforcement institutionnel du secteur minier (PRISM). The main objective of PRISM is to increase Mauritania's capacity and competitiveness in order to attract private investment and develop the mining sector. A new mining code was adopted in 1999, designed to stimulate and foster investment in mineral research and production (see Chapter IV).

Opportunities have already presented themselves in the mining sector, which will help to increase exports. Of note are ongoing programmes to augment production capacity and the SNIM pelletization project, promotion of ornamental stones,

resumption of copper and gold production at the Akjoujt mine and development of other products such as gypsum.

The expansion in mineral exploration bodes well for development of new products (such as gold and diamonds). Recently, the Direction des mines et de la géologie issued a hundred or so exploration and development permits for gold, diamonds, iron, copper, gypsum, salt, phosphate and hydrocarbons.

The number of foreign companies working in mineral exploration in Mauritania went from eight in 1999 to 14 in 2001. Most major mining companies, such as Rio Tinto, De Beers and BHP Billiton are currently investing in Mauritania. Foreign investment in exploration jumped from \$10 million to \$13.5 million between 1999 and 2001, which illustrates investor interest in the country's mineral resources, as well as their confidence in the business climate.

In 2001, the mining sector was affected by sluggish world demand, resulting in a lower export volume, offset slightly by an increase in world prices. SNIM exports have remained level at \$202 million.

In recent years, the Société Nationale Industrielle et Minière (SNIM) has undertaken a large-scale programme designed to increase production capacity and productivity with financing from the European Union (Sysmin), European Investment Bank and African Development Bank.

TABLE III.5. COST OF MINERAL EXPLORATION PERMITS IN MAURITANIA

	UMS
Fixed cost (permit application)	UM 400 000 (\$1 580)
Variable cost first three years	UM 250/km ² (\$0.99)
Variable cost first renewal	UM 500/km ² (\$1.97)
Variable cost first two years	UM 250/km ² (\$0.99)
Maximum area per permit	1 500 km ² *

Source: Government – Investir en Mauritanie – MAED – JA l'Intelligent December 2001.

* Multiplied by the number of permits required, with the exception of diamonds (10,000 km²/permit). \$1 = UM 254 (September 2004).

Other investment opportunities

The technology, information, services and industry sectors offer interesting job creation opportunities and would be the first to benefit from an enhanced investment climate. Investment in petroleum exploration and extraction will depend on the success of drilling programmes currently underway.

Tourism

Mauritania offers enormous tourism potential, particularly with its richly diverse ecological, cultural, desert and seaside resources, among others. The building of better infrastructure should make various destinations more accessible, such as the airport at Néma and the Nouakchott-Nouadhibou road. The Government set up a national tourism office (ONT) in July of 2002 and adopted a 10-year strategic plan for tourism promotion.

As early as 1994, the State expressed its determination to develop tourism by adopting a general policy statement followed by legislation in 1996 designed to organize this neglected sector of the economy. Today, the Government of Mauritania intends to develop employee training and to encourage creation of tourist reception facilities to keep pace with increasing tourist flows.

Despite enormous potential, tourism in Mauritania is still in its infancy. It began to take off in the nineties, but still plays only a marginal role in the economy.

There are several factors to consider here:

- The rising popularity and attraction of "desert" destinations in the world, particularly, for European travellers. Most of the tourist supply is based on desert trips, concentrated mainly in the northern part of the country, in the Adrar region.
- The State's commitment to promoting the tourism sector, as shown by an official declaration of tourism policy in 1994. The State solemnly proclaimed its determination to develop tourism in an official declaration of tourism policy in 1994. It was translated into action in 1996 with adoption of Act 96-023 (July 7, 1996) organizing the tourism industry in Mauritania.
- An initiative by tour operator Point-Afrique which, in cooperation with SOMASERT, a subsidiary of SNIM, began offering direct charter flights between France and Adrar in 1996. Point-Afrique played a big part in opening the country up through these charter flights between France and Atar, the provincial capital of the Wilaya of Adrar. There are two flights a week from Paris and Marseille.

As of 1996, investment in tourism reached UM 2.24 billion, far exceeding the cumulative amount of all previous investment, and led to the creation of an unprecedented 529 jobs.

COUNTRY	INTERNATIONAL TOURISM, ARRIVALS		INTERNATIONAL TOURISM, RECEIPTS			
	1991	2001	percentage of total exports		current \$	
			1991	2001	1991	2001
Algeria	1 193 000	901 420	1	0 ^c	84 000 000	102 000 000 ^c
Burkina Faso	80 000	125 720 ^c	5	11	16 000 000	42 000 000
Côte d'Ivoire	200 000	301 000 ^a	2	1 ^c	62 000 000	57 000 000 ^c
Guinea	..	36 920	2	2	13 000 000	14 060 000
Mali	38 000	88 640	9	11 ^c	38 000 000	71 000 000 ^c
Niger	..	..	3	8 ^b	12 000 000	28 000 000 ^b
Niger	16 000	52 000	4	8 ^b	16 000 000	24 000 000 ^b
Senegal	234 000	389 430 ^c	13	10 ^c	171 000 000	140 000 000 ^c
Sub-Saharan Africa	8 055 926	17 931 282 ^c	4	6 ^c	3 278 030 336	7 029 502 464 ^c

Source: UNCTAD based on World Bank World Development Indicators, 2003, <http://publications.worldbank.org/WDI/>.

^a Figures for 1998.

^b Figures for 1999.

^c Figures for 2000..

The tourism sector is very open to foreign interests and, since the adoption of new legislation in 1996, investment in the sector has increased.

This sector is very dynamic. The number of tourists nearly doubled between 1999 and 2001. Almost \$4 million in revenue were generated in the 2001–2002 season through tourism organized by the SNIM subsidiary, which only accounts for tourist arrivals by charter.

The petroleum sector

Over the last two decades, there has been a sharp increase in investments in hydrocarbon exploration.

Several international oil companies, including Woodside, Dana, Brimax, IPG and Hardman Ressources have signed contracts with the Government and are conducting exploration programmes in Mauritania.

In 2001, Woodside discovered both oil and gas on its site off the coast of southern Mauritania. The company uncovered reserves of an estimated 142 million barrels. Oilfield development work is scheduled to commence in 2004 and actual production, in 2005.

Food industries

In terms of number of units, volume of investment, jobs created, production and value added, the agri-food industry leads all other manufacturing industries. The total production value of this sector represents 30% of manufacturing industry production.

Investment reached 4.58 billion Ouguiyas, or 37% of total investment in the sector (Nouakchott-Info-Economie: Issue no. 320, 17 September 2002). The value added generated by the agri-food industry represents 34% of value added for domestic industries overall.

Products (including milk, pasta, couscous, biscuits, edible oils, rice, beverages, mineral water) can compete with those imported from Europe or Africa.

Telecommunications and new technologies

With liberalization of this sector in the late nineties came lower telecommunications rates. The Government is planning to increase competition in various segments of the fixed-line and mobile telephony markets.

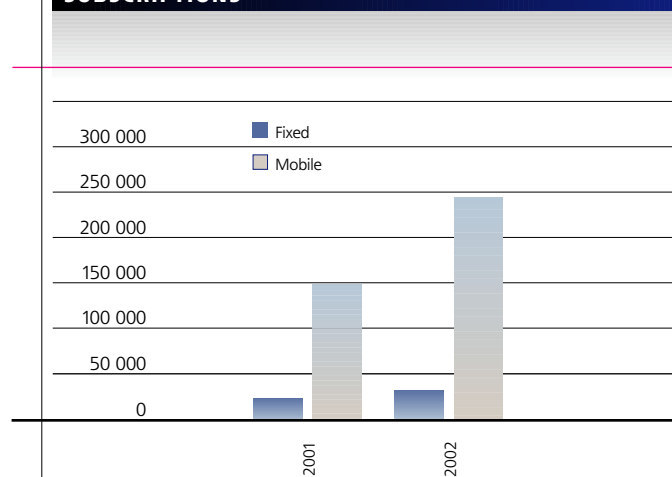
In 2000, telephone service was available in urban areas and there were only 18,975 main lines in a country of 2.6 million people. As of 31 December 2002, there were 30,456 fixed-line subscribers compared with 25,000 on the same date in 2001, a year-over-year increase of 22%.

There were approximately 350,000 mobile telephone services subscribers as at 31 December 2003, compared to 150,000 exactly one year before, which is a 133% increase in two years. Although there are six servers in Mauritania, Internet use tends to be limited to large companies because of the high annual fees involved (\$566 for a 64 kilobit per second bandwidth).

(percentage)	DISTRIBUTION OF EXPLORATION AREAS AMONG PETROLEUM COMPANIES						
	Block 1	Block 2	Block A	Block B	Block 6	Block 7	Block 8
Woodside		48	35	35	33	35	
Agip			35	35			
Hardman	18	29	24	22	27	12	18
Roc	2	3	3	2	5	2	2
Fusion			3	6			
Energy Africa	32	20					
Petronas					35		
Dana	48					51	80

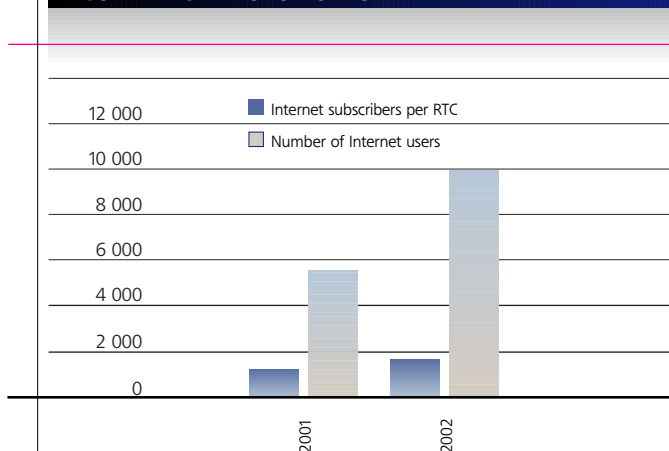
Source: Economist Intelligence Unit/African Energy

FIGURE III.2. EVOLUTION OF TELEPHONE SUBSCRIPTIONS



Source: Data provided by the Secrétariat d'Etat aux Technologies Nouvelles (SETN).

FIGURE III.3. EVOLUTION OF THE INTERNET



Source: Data provided by the Secrétariat d'Etat aux Technologies Nouvelles (SETN).

However, Internet use is growing. As of 31 December 2002, there were 1,800 subscribers compared with 1,195 on 31 December the previous year, an annual growth rate of 51%.

Mauritel currently has a policy in place to make Internet access easier by applying a discount rate for individuals (\$22.62 a month) and connection charges of \$1.13 an hour.

More open competition is planned for this market segment for 2004, potentially resulting in widespread Internet use by Mauritanian households and increased investment in this sector for both national and foreign operators.

Other sectors

There are development opportunities in the artisanal sector, if initiatives are taken to improve artisan productivity, product quality and market access.

In 1999, the Government adopted an organizational plan for the handicraft industry designed to develop and modernize the artisanal sector. In 2003, this initiative was translated into action with the creation of trade federations and a *Chambre nationale des métiers*.

Financial and insurance services, air transportation, health and education, were all completely liberalized and privatized by the late nineties. These sectors are full of investment opportunity, particularly for foreign investors.

Legal and judicial system

History and basis

Mauritania's constitution was approved by referendum act on 20 July 1991. The constitution forms the legal foundation for all political, economic and social players, entrenching all the guarantees required for economic freedom and the promotion of foreign investment.

As a rule, the legal provisions governing political, economic and social activities stem from the constitution, which sets the guidelines for national legal policy. Mauritania's judicial system is characterized by a dual legal tradition. All economic matters fall under the influence of the Roman-German system, particularly, investment and business law, while matters pertaining to personal status are regulated by the Arab-Islamic system.

Judicial aspects

The judiciary is governed by Act 99-039 (24 July 1999), which identifies various courts and their respective areas of jurisdiction. The principles of double degree of jurisdiction, right of defence and equality before the law are all affirmed by this legislation.

The Supreme Court is the highest judicial authority in Mauritania and its decisions apply to all other jurisdictions in the country. It decides on appeals for annulment of judgements and orders rendered in courts of last resort by national jurisdictions. In exceptional administrative matters, it may deal directly (without appeal) with matters referred to it under the law, including matters pertaining to expropriation for public services or structures.

All judgements and orders handed down by legal jurisdictions are publicly explained and pronounced, or else they are void and of no effect. They are binding throughout the country. Foreign legal decisions and instruments must be subject to an application for enforcement of judgement in jurisdictions in which they are to be executed. Corruption is punishable by law. The State continues its fight against corruption, by improving the situations of certain public servants, among other things.

Arabic is the working language of legal institutions. However, other languages can be used with the help of certified interpreters and translators.

Lawyers admitted to the bar in other countries can plead before Mauritanian courts, providing there are interstate agreements to this effect in place. This is the case with legal counsel from France, countries of the former Afro-Malagasy Union and the Arab Maghreb Union.

Legislative aspects

Legislative power rests with Parliament, which comprises two representative assemblies: the National Assembly and the Senate. Acts can be sponsored conjointly by members of Parliament and of Government. All legislation that is adopted and enacted is published in the official national gazette (bimonthly).

Any issues pertaining to investment fall into the category of legislation subject to an act of Parliament. Legislation sets out the framework for the terms and conditions of investment in Mauritania. Practical rules of enforcement are usually defined by regulatory provision (decrees, orders).

Administrative aspects

With a view to building capacity for sustainable development, the State's various administrative institutions are supported by good governance programmes established in cooperation with lenders. To a large degree, these programmes are designed to modernize and improve State resources in order to promote its role in economic development.

Decentralization began in 1986. Local communities have since been governed by municipal councils, presided by elected mayors. This form of civil governance has been extended to every organizational level.

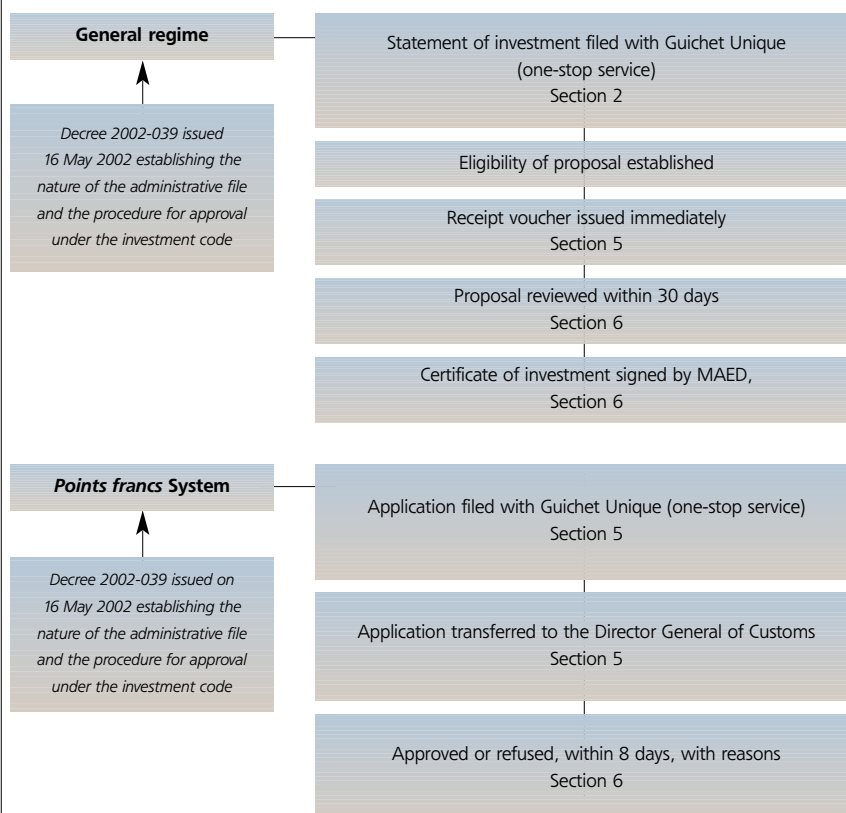
Protection of person and property

The protection of person and property is recognized and guaranteed by the constitution (articles 13, 15 and 21). Right of ownership is a general prerogative that applies to various properties in Mauritania.

For the purposes of acquiring private property, foreigners and nationals are equal in the eyes of the law in Mauritania. Consequently, any individual or corporation may freely acquire or transfer personal or immoveable property, irrespective of nationality.

FIGURE IV.1. INVESTMENT PROCEDURE

PROCESS FOR APPROVAL UNDER THE INVESTMENT CODE



Source: Direction de la promotion des investissements privés.

Institutional framework

Investment is governed by Act 2002-03 (20 January 2002), which established an investment code. The law covers domestic, foreign and mixed equity investments. A domestic enterprise is one that is constituted with resources mobilized in Mauritania by anyone.

Internationally, Mauritania is a signatory to several conventions, including the Convention establishing the Multilateral Investment Guarantee Agency (MIGA) and the Convention establishing the World Intellectual Property Organization (WIPO). Mauritania has signed the International Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID). It is also a signatory to several bilateral investment and double taxation treaties (Table IV.1). Other agreements are in the process of ratification.

The supplementary regime: the *points francs* system (section 8 of the investment code)

The *points francs* system is a special export incentive regime, meant to foster specific investment categories. It is set out in chapter 2, section 8 and following of the investment code and complements the benefits of the general regime enjoyed by all investors. It is characterized by the premises where the business in question is conducted, under the control of customs administration.

This supplementary regime applies to production and service delivery activities intended solely for export or business indirectly related to export involving full and exclusive sale of goods or services to direct export firms. Only these activities are eligible under the *points francs* system.

The application for *points francs* approval for premises with an eligible activity is submitted to the director general of customs. It must include an appropriate building plan as well as a copy of the statement or certificate of investment. Acceptance or refusal, with reasons, is provided within eight days from the date of application.

Enterprises eligible under the *points francs* system are required to endorse acceptance of their customs obligations and undertake to comply with all provisions regarding the execution, monitoring and control of the *points francs* system. In the event of contravention of the aforementioned obligations or provisions, the director general of customs may initiate the procedure suspending or withdrawing *points francs* approval.

The private investment promotion policy is applied through regulation in the different sectors. However, the Guichet Unique, an administrative unit of the Ministère des Affaires économiques et du Développement, centralizes and oversees Government-initiated investment development policies in Mauritania. This 'one-stop shop' manages all private investment promotion activities.

TABLE IV.1. BILATERAL INVESTMENT AND DOUBLE TAXATION TREATIES, WITH SIGNING DATES

BILATERAL INVESTMENT TREATIES		DOUBLE TAXATION TREATIES	
Belgium	1983	Senegal	1975
Burkina Faso	2001	France	1967
Cameroon	2001	Senegal	1975
France	1965	Tunisia	1986
Germany	1982		
Ghana	2001		
Guinea	2001		
Italy	2003		
Luxemburg	1983		
Mauritius	2001		
Morocco	2000		
Romania	1988		
Tunisia	1986		

Common law customs regimes

Customs duties comprise an import tax and a statistical tax. Customs legislation establishes various regimes for economic operators.

Under the industrial warehouse system, duties and taxes are suspended with partial exoneration for exports. There are other warehouse systems as well, the *régime fictif*, *régime spécial* and the *régime réel*. These three systems allow goods to enter the country free of duties and taxes and subject to partial tariff exoneration.

Under the drawback, or *exportation préalable*, system, products and raw materials used to manufacture goods for export can be imported fully or partially free of customs duties and taxes.

Entry and exit

The principle of freedom of entry and exit is guaranteed under Act 64-169 (15 December 1964) relating to the immigration system in Mauritania. Thus far, there have been no specific restrictions on any category of foreigner.

Foreign economic operators wishing to invest in Mauritania must create their company or strike a partnership with established firms in Mauritania.

Screening and registration

These days, registered parties wishing to invest in Mauritania use a simplified form, attaching duly certified supporting documents and a file containing the following:

To create an enterprise:

- Articles of association;
- Copies of the memorandum and a complete list of associates and their share of registered capital;
- Corporate and trade register; and
- Declaration of existence issued and certified by the appropriate tax authorities in the Direction générale des impôts.

To expand an existing enterprise:

- Certificate of good standing with the banking system issued by the central bank's compliance department; and
- A certificate of good fiscal standing issued by the director general of taxation.

Foreign corporations are required to have a permanent establishment able to represent them in accordance with the laws of the Islamic Republic of Mauritania.

Forming a company or partnership

There is no shared jurisdiction when it comes to investment. Therefore, regardless of the amount involved, proponents are required to file a simple statement of investment with the Guichet Unique. A certificate of investment is issued to the proponent within 30 days.

Companies are governed by Act 2000-05, published on 15 March 2000, establishing a commercial code. Any person is free to create a private company. In the case of a business corporation, there must be a minimum of seven shareholders with registered capital of at least UM 5 million. Under Mauritanian law, limited companies require a minimum of UM 1 million and at least two partners. Foreigners wishing to invest in Mauritania must form companies in accordance with corporate law in Mauritania. The commercial code guarantees equal status to all national and foreign shareholders.

Building and related permits

In principle, industrial buildings are only allowed in industrial and commercial zones.

Building permits are mandatory for all residential, commercial and industrial construction.

Planning, electrical and municipal services must all have their say prior to construction.

Ownership and property

There is nothing in Mauritanian law to prevent foreign investors from acquiring real estate property.

The State may make concessions for national and foreign investors buying property for professional purposes. Investors must apply to the Minister of Finance through the Direction des Domaines.

The procedure for purchasing, renting or selling real estate property is the same for everyone.

Access to capital

Foreign investors can find private partners in Mauritania and gain access to business capital that way. The investment code provides no restrictions based on the origin of the investment. There are actually various possible approaches, including contribution of capital, to create, buy into or take over a company. Providing there is compliance with Mauritanian business law, every investor is free to create or access corporate capital in Mauritania.

Land

Land is allocated according to its use and size. Land-related matters are governed by Act 83-127 of 5 June 1983 respecting land and domain reorganization and by its implementing order No. 2000-089 of 17 July 2000. Provisional grants of rural land up to 10 hectares are made by the Hakem (Prefect), grants of 11 to 30 hectares, by the Wali (Governor), of 31 to 100 hectares, by the minister of finance and over 100 hectares, by the council of ministers.

The minister of finance is responsible for allocating land in urban areas for dwelling or professional purposes in industrial, commercial, artisanal or residential zones. Only the council of ministers may allocate grants larger than 2,000 square metres. Regulations require that all land grant applications in connection with an investment be accompanied by supporting documents, such as business and building plans for the land.

Property rights exist in both theory and practice in Mauritania. Foreign investors and Mauritanian nationals have equal status where both personal

and real property are concerned and are free to transfer and dispose of property as they see fit.

Exit

Subject to agreement, public enterprises may exit from a venture by the free disposal of shares. In the event of bankruptcy, an evaluation is mandatory prior to liquidation.

In the case of investment through a private company, exit must occur through legal means. In the event of liquidation, a liquidator is appointed to clear the company's liability before distributing the balance of claim among the various creditors.

Ownership, property and management control

Although freedom to manage continues to be a well-entrenched principle of business practice, Mauritania has written it into legislation. This means that investors are free to set their own recruitment policies and hire their employees, providing they respect the standards established in labour law. Legislation expressly grants investors the right to recruit expatriates.

This also applies to production and marketing policy. Clients and suppliers have freedom of choice and there is freedom of pricing. These prerogatives of the market economy apply to any type of investor and all companies are free to import whatever they need to conduct their business in Mauritania.

Intellectual property

Mauritania has been a member of the World Intellectual Property Organization (WIPO) since 1976 and the African Intellectual Property Organization (AIPO) since 1963. Within the framework of AIPO, various treaty provisions were merged into a single document called the Bangui Agreement on 2 March 1977. The Agreement was ratified in 1982 and revised in 1999 to bring it into line with various international agreements, such as the WIPO Convention.

The Agreement is now law in Mauritania. Currently, it is the only legal reference for intellectual property rights. Like the WIPO provisions, the Bangui Agreement guarantees signatories the most effective protection and standardization of intellectual property rights possible within their territories.

Although intellectual property rights are not very well developed in Mauritania, there has been renewed interest in this area. Efforts have been made to raise awareness among public servants in the Ministère de l'Industrie (the department of industry is responsible for this sector) regarding specified intellectual property rights holders. Any matters pertaining to the protection of intellectual property, including registration, are handled by the Ministère de l'Industrie.

Investment protection

Section 6 of the investment code guarantees investors equality before the law, irrespective of nationality or origin. This equality applies to the enjoyment and use of all rights and obligations resulting from investment in Mauritania and normally recognized by the certificate of investment.

The State reserves the right to invoke the principle of reciprocity or treaties and agreements that may affect some foreign investors in Mauritania. This reservation exists to allow Mauritania to honour its commitments to third States. The introduction of this principle of reciprocity in relation to any investment is intended to protect both nationals and foreigners alike.

This approach also applies to preserving and defending investor interests as all investors enjoy equal access to legal recourse or arbitration.

Expropriation

All investment in Mauritania is protected by a basic constitutional provision (section 15) and upheld in the investment code.

Nationalization, requisition or expropriation are only considered when dictated by public need. The law expressly provides that acts of dispossession shall be carried out in accordance with the law, on a non-discriminatory basis, and guarantees prompt, adequate and actual compensation (section 4 of the investment code).

Actually, the only known nationalization was that of Miferma in 1974. (Today, it is known as SNIM, the Société Nationale d'Industrie Minière.) In this case, the company's shareholders were fairly compensated. There has been no instance of expropriation or nationalization since then.

Dispute settlement

The new investment code provides several dispute resolution options, depending on the origin of the parties involved (section 7).

Section 7.1 sets out two dispute resolution mechanisms. First, section 7.1 provides for settlement of disputes resulting from interpretation or application of the code by arbitration and conciliation under domestic law or by referral to the appropriate Mauritanian courts, in accordance with the law. This solution assumes that parties are free to choose one of the set mechanisms. This is a general rule that applies only to a national person or body corporate.

Second, section 7.2 provides that only the arbitration/conciliation mechanism can apply to a foreign person or body corporate that is party to a dispute stemming from interpretation or application of the investment code (section 7.2). There are three international provisions that provide for arbitration.

Parties may choose to refer to investment protection agreements or treaties between Mauritania and the State of which the natural person or body corporate is a national. Mauritania is a signatory to several conventions respecting dispute settlement and arbitration, such as the League of Arab States (10 June 1974) and the Arab Maghreb Union (23 July 1990) agreements.

Alternatively, parties may be covered by the International Centre for Settlement of Investment Disputes (ICSID) Convention in 1965 if they are nationals of signatory States.

And, finally, the third option allows parties to resolve their dispute by creating an ad hoc tribunal in accordance with the rules of UNCITRAL, the United Nations Commission on International Trade Law. Further, for the purposes of exequatur, Mauritania is a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards signed in New York on 10 June 1958 and ratified by Act 97-011 on 22 January 1997.

Exchanging and remitting funds

There is a free exchange regime in Mauritania. This means that any investor may purchase foreign currency in a bank or exchange office. Buying and selling foreign currency is not subject to any restrictions.

This freedom to transfer capital is guaranteed under the investment code. It is granted only to persons or companies that have invested foreign or joint capital. The transfer of convertible currency applies only to funds relating to:

- The investment or its products;
- Dividends, capital inflow in the event of assignment or final disposal (the professional income of foreign employees); and
- Compensation in the event of nationalization, expropriation or requisition or in the form of exemption from duties, taxes or income tax.

In practice, the transfer of capital is handled by the primary banks. Since the sector was liberalized, banks do not need authorization from the central bank to transfer funds abroad. There are no exceptions to this freedom. As a result, investors can deal directly with their banker when they need to transfer money.

Difficulties can arise owing to the lack of currency in the banking market, which can delay these transfers. Foreign currency is in high demand. The central bank of Mauritania, which supplies the primary banks with currency when demand warrants, is sometimes required to honour priority State commitments. This situation can affect transfer operations. In actual fact, it is usually poor management at certain banks that causes foreign exchange liquidity problems.

Social, fiscal and financial incentives

Investment legislation provides an exemption from the restrictive legislation governing labour and social security. Thus, investors can recruit up to four expatriates without having to apply for authorization or a work permit, which are usually mandatory when hiring foreigners in Mauritania. Recruitment requires the approval of the minister of labour. Applicants must receive the minister's decision within two weeks.

In some cases, foreign workers are covered by a foreign social security plan, which exempts the employer from paying social security charges in Mauritania.

The State initiated a direct taxation reform policy which helped to gradually reduce the tax on business profit. The tax rate actually dropped from 40% in 2000 to 20% today.

In 2003, the wage tax was amended when an across-the-board tax abatement of UM 10,000 was introduced. Minimum lump-sum tax is deductible from business profit.

The *points francs* system also presents various advantages, including simplification of customs procedures and inspection and exemption from a business licence, any other form of income tax, duty or export tax.

Enterprises can import their means of production duty- and tax-free. Contributed assets, transfers and other business-related acts are exempt from registration fees and stamp duty. Raw materials and semi-finished products imported for production purposes are not taxable.

Under Mauritanian law, investors can import the personal items of expatriate staff and a private vehicle free of duties or taxes, and tax on the income from salaries or management fees is capped at 20%.

Exemption from double taxation

Mauritania is a signatory to several tax treaties, including agreements on double taxation (Table IV.1).

Special regimes

Special regimes apply to mines, hydrocarbons, insurance and banking. Buying and selling operations are generally subject to the classic rules of trade, found primarily in the commercial code.

Mines

The mining sector is governed by Act 99-013 adopted on 23 June 1999. This legislation entitles national and foreign investors to conduct mineral exploration or development, subject to authorization by order of the council of ministers. All mining applications must be submitted to the minister responsible for mines.

Exploration and development permits can be granted to any person or company. A master mining agreement also sets out the general economic, financial, fiscal and customs conditions governing exploration and development activities. The framework mining agreement, set out in Act 2002-02, is an integral part of the mining permit.

Hydrocarbons

Hydrocarbons are heavily regulated. Mauritania makes an important distinction between upstream and downstream. With upstream activities, exploration and development of hydrocarbons fall under Order 88-151 of 13 November 1988, which establishes the legal and fiscal regime applicable to hydrocarbon research and development. The regulations provide that any national or foreign person or company may conduct petroleum operations (research, development, transportation, storage and sale of hydrocarbons).

Downstream activities include the import, export, refining, storage, barrelling, transport, distribution and marketing of hydrocarbons in Mauritania, and require a licence. Licences are issued solely to public or private individuals and corporations capable of conducting such activities.

However, in actual fact, current licencing conditions require formation of a corporation under Mauritanian law as well as a bond of 10 million Ouguiyas deposited in a bank and made out to the treasury of Mauritania.

Insurance

The insurance sector is governed by Act 93-040 (20 July 1993) respecting the insurance code. Providing they meet the set technical, financial and ethical prerequisites, any investor can be certified by the minister of trade. Insurance companies require a minimum capital of 80 million Ouguiyas.

Banking

The banking sector is governed by Act 95-011 (17 July 1995) respecting banking regulation, which, generally speaking, does not restrict foreign investors. Both foreign and national investors alike can apply for certification or own bank stock.

Foreign banks and financial institutions wishing to set up their head offices, branches, agencies or representative offices must also follow the certification procedure (section. 8) provided in the aforementioned banking legislation. Mauritanian law requires minimum capital of 500 million Ouguiyas to form a business corporation. Although there are partnerships with foreign banks, the international banking system is distinctly absent from the market in Mauritania.

Other relevant issues

Standards

Investment in Mauritania is governed primarily by the following codes, which may apply to certain aspects of investment.

Mauritanian business law is governed by the *code de commerce*. This commercial code, adopted in 2000, regulates all activities pertaining to business, trading companies, commercial papers, freedom in pricing and competition and business contracts. This new legislation recognizes various types of company such as the business corporation, limited liability company, partnerships and the *société anonyme simplifiée* (simplified public limited company).

The *Code des obligations et des contrats* (Order 89-126, dated 14 September 1989) and the *Code de procédure civile, commerciale et administrative* (code of civil, Commercial and administrative procedure) were amended respectively by Act 2000-31 on 7 February 2001, and Act 99-035 on 24 July 1999. The amendments were brought in to correct flaws in the original codes (specifically, the requirement to give reasons for judgements under the latter code) and to bring them into line with new, more business-friendly provisions.

Finally, the *Code de l'arbitrage*, instituted by Act 2000-06 on 18 January 2000, provides for two types of arbitration, domestic and international. The latter covers cases involving a foreign investment or State. It reproduces the basic rules of arbitration that apply to economic and trade relations. It does not set out arbitral regulations, but leaves it up to the parties in the dispute to decide on the most appropriate procedure.

Environment

Act 2000-045, dated 26 July 2000, sets out an environmental code, defines the general principles of the national environmental protection policy and serves as a foundation for harmonizing economic imperatives with what is required to achieve sustainable economic and social development.

As a result, any activity that has the potential to have a significant impact on the environment is subject to authorization by the minister of the environment. Authorization can only be granted on the basis of an environmental impact study, taking into account the Government's regulatory list of projects and activities.

Competition and freedom in pricing

With enactment of specific legislation on 22 April 1991 (Act 91-09), Mauritania adopted the market economy. This means that the price of goods is subject to the free process of fair competition between different economic players.

This legislation respecting free competition and freedom in pricing prohibits any restrictive competitive or anti-competitive practices. A series of penalties have been put in place to counter discriminatory practices, such as imposed resale prices, conditional sales, wrongful repudiation of a commercial relationship, dominant positions, state of economic dependence or any act limiting market access or free competition.

Government departments are responsible for enforcing the competition rules that apply to their respective areas of jurisdiction, with the exception of sectors that come under the *Autorité de régulation multisectorielle* (multisectoral regulation authority). The Mauritanian market is still young where monitoring competition rules is concerned. Assigning all competition-related matters to a single Government department would be a more efficient way of dealing with competition issues.

The *Comité national de concertation Etat-Secteur privé* (national public/private sector consultation committee) and the *Confédération Nationale du Patronat de Mauritanie* (national employers' confederation of Mauritania) play a facilitation role, not only in regulating but also in developing the market where competition rules are concerned.



This chapter summarizes the results of consultations with approximately 40 business persons who took part in the workshop held in Nouakchott on 20 and 21 January 2004. Both foreign and domestic companies were represented. The results that follow are based on discussions at the workshop and on the confidential questionnaire which participants completed at the closed private-sector session.

General points

The majority of participants at the workshop agreed that Mauritania had made considerable progress in recent years. When asked to name the country's most attractive features, participants cited political stability and the liberal policies evident in the regulatory framework, which made it much easier to do business. Mauritania's proximity to Europe and its central location between North and West Africa were also considered to be assets.

Opportunities abound in Mauritania, given its vast undeveloped natural resources. Stability and growth in the Mauritanian economy and the liberal regulatory framework were both identified as assets. Private-sector participants felt that the country offered significant investment opportunities, especially in mining and tourism.

When it came to the things that most needed Government attention, the justice system was mentioned first, specifically, the shortage of competent tax-law judges. Workshop participants were also dissatisfied with unfair competition between the formal and informal sectors. There was said to be a virtual monopoly in some sectors, particularly transport. Unwieldy, endless bureaucracy was also cited as a problem, as well as unskilled labour.

Some business representatives indicated that access to currency was an issue, the result of a banking system that was not sufficiently business-oriented, as was inadequate basic infrastructure, particularly port facilities. The cost and inadequacy of services in areas outside the main centres were also mentioned (primarily water and electricity).

Nonetheless, participants generally felt that the Government had made great strides toward creating an environment conducive to investment.

Specific points

Political and economic environment

In recent years, Mauritania had become one of the most liberal economy in Africa. In addition, workshop participants pointed out the high level of security that prevailed. Crime was negligible and, although Islam played an important part in society, there were no radical or militant tendencies to speak of. Although the Mauritanian market was not itself large, the economy was open and thriving.

Taxation

Most investors felt that the tax system was generally comparable to that of other States in the sub-region. Like many developing countries, Mauritania had ongoing administrative problems. Participants pointed out that formal and informal enterprises were treated differently. As a rule, the latter paid no tax. Thus, businesses in the formal sector contributed the most to the State's tax revenues. This discriminatory treatment was viewed by investors in the formal sector as a serious competition problem. There were also some difficulties related to the lack of clarity in Mauritanian tax law.

At the same time, several participants acknowledged the Government's serious attempts to reduce tax rates.

Human resources

Lack of skilled labour was cited as one of the most serious problems facing foreign investors in Mauritania. It was difficult to find qualified managers in most trades. Exacerbating this problem was the lack of good training facilities. Participants felt that there was a need for professional training institutes – hotel schools, for instance – to train graduates up to the standards expected in the private sector. Private-sector involvement in existing institutions was not enough to guarantee a sufficient level of training. Overall, however, labour relations in Mauritania were good and disputes were rare.

Infrastructure and basic services

Participants acknowledged that significant progress had been made recently in infrastructure, particularly in telecommunications and air and road transport. The arrival of private operators on the market had gone a long way to improving services, especially in the telecommunication sector. Nevertheless, in many sectors, progress was concentrated in the major centres, chiefly in Nouakchott. In many regions, access to water and electricity was still a problem. The costs of some services, particularly electricity and telecommunications, were considered to be far too high. Finally, given Mauritania's dynamic economy, the ports at Nouakchott and Nouadhibou were no longer adequately equipped to handle all the goods passing through and needed major expansions.

Appendix 1

Priorities and restrictions

Priorities

The Government of Mauritania encourages foreign direct investment, particularly in the following areas:

- Mines, hydrocarbons and industry;
- Fisheries;
- Tourism; and
- New information technologies.

Restrictions

In Mauritania, no sector is closed to foreign investors. Investment is possible in agriculture, tourism, fisheries and hydrocarbons.

However, there are sectors that have not yet been privatized. For instance, no national or foreign investment is allowed in public utilities, such as water or electrical power.

Certification or licencing is also mandatory in some sectors, such as mining, hydrocarbons, telecommunication, banking, insurance and professional services. In some cases, such as the financial sectors (banking, insurance, hydrocarbon distribution), Mauritanian law requires a corporate structure.

Appendix 2

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Main foreign investors

Name of company	Ownership	Business	Address
1. AGS Mr Michael Henriel Director General	France	Moving	B.P. 3936, Nouakchott Tel. (222) 525 99 40 Fax (222) 525 99 42 E-mail: agsrim@mauritel.mr
2. Air Algérie Mr Ahmed Kouyane Representative	Algeria	Air transport	B.P. 510, Nouakchott Tel. (222) 525 20 59 / 09 92 Fax (222) 525 20 59
3. Air France Mr Jean-Paul Gesnouin Director General	France	Air transport	B.P. 662, Nouakchott Tel. (222) 525 18 02 / 18 08 Fax (222) 525 53 95
4. CGA, (Nissan) Mr Mohamed Ould Bouamatou Director General	Japan	Automobile ` representation	B.P. 4726, Nouakchott Tel. (222) 525 55 72 / 02 49 Fax (222) 525 55 07 E-mail: cga@bsa.mr
5. CNA, (Peugeot) Mr Kamil Abdel Majid Director General	France	Automobile representation	B.P. 5105, Nouakchott Tel. (222) 524 03 06 / 03 07 Fax (222) 524 03 09 E-mail: c.n.a.fr@yahoo.fr
6. DHL Mr. Redwane Director General	Germany	Courier service	B.P. 1996, Nouakchott Tel. (222) 525 47 06 Fax (222) 525 56 94
7. FAMO Mr Ahmed Hamza Director General	Switzerland	Pasta	B.P. 677, Nouakchott Tel. (222) 525 32 39 Fax (222) 525 81 57 E-mail: famo@famo.mr
8. Grands Domaines de Mauritanie (GDM) Mr Louis Normand Director General	France	Agriculture	B.P. 4975, Nouakchott Tel. (222) 529 61 13/73 95 Fax (222) 525 83 69 E-mail: gdm@toptechnology.mr
9. Grands Moulins de Mauritanie (GMM) Mr Bastien Ballouhey Director General E-mail: gmm@snim.com	France	Flour and wheat	B.P. 6, Nouakchott Tel. (222) 546 45 88 Fax (222) 546 45 89
10. Maersk Mr Ollé Kraft Director General	Denmark	Maritime transport	B.P. 1026, Nouakchott Tel. (222) 525 12 91/ 98 75 Fax (222) 525 98 83 E-mail: nlusal@maersk.com

11.	MAFCI Mr Martin Colombani Director General	France	Cement	B.P. 5291, Nouakchott Tel. (222) 525 82 55/56 Fax (222) 525 83 16 E-mail: mafci@mauritel.mr
12.	Mattel Mr Mohamed Hadj Khalifa Director General	Tunisia	Mobile telephone service	B.P. 3668, Nouakchott Tel. (222) 529 53 54 Fax (222) 529 81 03 E-mail: mattel@mattel.mr
13.	Mauritel Mobiles Mr Nourredine Boumzoubra Director General	Morocco	Mobile telephone service	B.P. 5920, Nouakchott Tel. (222) 529 80 80 Fax (222) 529 81 81 E-mail: mminfos@mauritel.mr Website: www.mauritelmobiles.mr
14.	Mauritel S.A. Mr Mahfoud Ould Brahim Director General	Morocco	Fixed-line telephone service	B.P. 7 000, Nouakchott Tel. (222) 525 76 00 Fax (222) 525 17 00 Website: www.mauritel.mr
15.	Mercure Hôtel Groupe Accor Mr Erik Struik Director General	France	Hotel industry	B.P. 2391 Nouakchott Tel. (222) 529 50 50 Fax (222) 529 50 55 E-mail: H3308@accor-hotel.com
16.	NAFTAL	Algeria	Refinery	B.P. 73, Nouadhibou Tel. (222) 574 51 30 / 52 40 Fax (222) 574 53 18 Telex: 44 59 MTN
17.	Naftec Mr Abderahmane Ben Ethmane Director General	Algeria	Hydrocarbons	B.P. 679, Nouakchott Tel. (222) 525 26 51/26 61 Fax (222) 525 25 42
18.	Novotel Tfeila Groupe Accor Mr Manoël Parrent Director General	France	Hotel industry	B.P. 40157, Nouakchott Tel. (222) 525 74 00 Fax (222) 525 74 29 E-mail: H3754@accor-hotel.com
19.	Oryx Mr Jemal Khoujjane Director General	Switzerland	Hydrocarbons	B.P. 500, Nouakchott Tel. (222) 525 21 26 Fax (222) 525 23 35
20.	Razel Mr Moulaye El Hassen Ould Moulaye Director General	France	Public works	B.P. 5124, Nouakchott Tel. (222) 525 98 88 Fax (222) 525 48 34 E-mail: razelrim@mauritel.mr

21.	Rex Diamond Mr Luc Roumbouts Local Director	Belgium	Mining	B.P. 583, Nouakchott Tel. (222) 525 55 41 Fax (222) 525 55 41
22.	Royal Air Maroc (RAM) Mr Taïb Mohamed Regional Representative	Morocco	Air transport	B.P. 1190, Nouakchott Tel. (222) 525 30 94 Fax (222) 525 36 48
23.	Schenker Mr Karim Azaiz Director General	Germany	Petroleum logistics	B.P. 4925, Nouakchott Tel. (222) 529 70 82 Fax (222) 529 70 83
24.	SDPA M. Béchir Ould Moulaye El Hassen Director General	France	Trading, services, construction machines	B.P. 668, Nouakchott Tel. (222) 525 74 56 Fax (222) 525 74 55
25.	Sera, (Renault) Ms Aminetou Mint Fall Baba Director General	France	Automobile representation	B.P. 668, Nouakchott Tel. (222) 529 37 49 Fax (222) 529 39 61 E-mail: sera@mauritel.mr
26.	Sinergie Mr Abdel Wahab Ben Chekroun Director General	Belgium, Canada, France	Engineering	Abdel Wahab Ben Chekroun B.P. 1389, Nouakchott Tel. (222) 525 67 33 Fax (222) 525 67 34 E-mail: sinergie@toptechology.mr
27.	SMGI Mr El Hacen Ould Teyib Local representative	France	Gas	B.P. 39, Nouakchott Tel. (222) 574 90 01 Fax (222) 574 62 02 E-mail: smgi@mauritel.mr
28.	Société Afrique Engineering Mr Rolland Brousse Director General	France	Construction	B.P. 4203, Nouakchott Tel. (222) 525 62 55 Fax (222) 525 62 55
29.	Société Générale de Surveillance (S.G.S) Ms Catherine Rollande Director General	Switzerland	Inspection and international trade	B.P. 5556, Nouakchott Tel. (222) 525 46 33 Fax (222) 525 46 31 E-mail: sgs.mauritania.lo@sgsgroup.com
30.	SOGECO, Groupe SAGA Mr Sid'Ahmed Ould Abeidna Director General	France	Maritime transport and consignment	B.P. 351, Nouakchott Tel. (222) 525 27 40 Fax (222) 525 39 03
31.	Total Mr Abdoulwahab Mohamed Housseyn Director General	France	Hydrocarbons	B.P. 4973, Nouakchott Tel. (222) 525 00 19 Fax (222) 529 33 84 E-mail: info@totalfinaelf.mr

32.	Toyota Mr Mohamed El Habib Ould Sidi Elemine Director General	Japan	Automobile representation	B.P. 1517, Nouakchott Tel. (222) 525 47 30 Fax (222) 525 47 31 E-mail: toyota@mauritel.mr
33.	Tunis-Air Mr Jemal Rida Representative	Tunisia	Air transport	B.P. 5359, Nouakchott Tel. (222) 525 08 42 / 87 62 Fax (222) 525 87 64
34.	Universal Express Mr Cheikna Ould Mohamed Ali Director General	France	Courier service	B.P. 3611, Nouakchott Tel. (222) 525 19 46 Fax (222) 525 54 94 /02 15
35.	UPS Mr Ahmed Baba Ould Azizi Director General	United States	Courier service	B.P. 40031, Nouakchott Tel. (222) 529 28 89 Fax (222) 525 56 57 E-mail: upsmr@transac.mr
36.	Woodeside Mr Alex Taylor Director General	Australia	Petroleum development	B.P. 2034, Nouakchott Tel. (222) 525 45 10 Fax (222) 525 45 61

Appendix 3

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Sources of information

Ministries

Premier Ministère
Immeuble du Gouvernement
B.P. 184, Nouakchott
Tel. (222) 525 15 27 / 33 37 /33 39 /3351

Secrétariat général du Gouvernement
Immeuble du Premier Ministère
B. P. 184, Nouakchott
Tel. (222) 525 52 05 / 39 63

Ministère des Affaires étrangères
et de la Coopération
B.P. 230, Nouakchott
Tel. (222) 525 26 852 / 27 75 / 26 90
Fax (222) 525 10 57

Ministères des Finances
B.P. 233, Nouakchott
Tel. (222) 525 43 94 / 525 32 95
Fax (222) 525 31 14

Ministère des Mines et de l'Industrie
Immeuble du Gouvernement
B.P. 183, Nouakchott
Tel. (222) 525 30 83 / 35 82
Fax (222) 525 69 37 / 36 76

Direction des Mines et de la Géologie
B.P. 199, Nouakchott
Tel. (222) 525 32 25
Fax (222) 525 32 25
E-mail : dmg@mmi.mr

Ministère du Développement rural
et de l'Environnement
B.P. 366, Nouakchott.
Tel. (222) 525 15 00
Fax (222) 525 74 75

Ministère des Pêches et de l'Économie maritime
B.P. 137, Nouakchott
Tel. (222) 525 24 76 / 525 24 96
Fax (222) 525 31 46

Ministère du Commerce, de l'Artisanat
et du Tourisme
B.P. 182, Nouakchott.
Tel. (222) 525 35 72
Fax (222) 525 10 57

Ministère de l'Équipement et des Transports
Immeuble du Gouvernement
B.P. 237, Nouakchott.
Tel. (222) 525 33 37
Fax (222) 525 80 96

Ministère des Affaires économiques
et du Développement
B.P. 238, Nouakchott.
Tel. (222) 525 16 12
Fax (222) 525 51 00

Ministère de l'Hydraulique et de l'Énergie
B.P. 4913, Nouakchott.
Tel. (222) 525 26 99
Fax (222) 525 14 02

Ministère de la Santé et des Affaires sociales
B.P. 169, Nouakchott
Tel. (222) 525 70 04/ 22 68
Fax (222) 525. 69.43

Ministère de la Fonction publique, du Travail,
de la Jeunesse et des Sports
B.P. 193, Nouakchott
Tel. (222) 525 39 58
Fax (222) 525 84 10

Ministère de la Communication et des Relations
avec le Parlement
B.P. 223, Nouakchott
Tel. (222) 525 31 49/ 38 12 / 38 13
Fax (222) 525 31 49

Ministère du Secrétariat général à la Présidence
B.P. 184, Nouakchott.
Tel. (222) 525 70 29
Fax (222) 525 85 52

Ministère de l'Éducation nationale
B.P. 227, Nouakchott
Tel. (222) 525 22 37
Fax (222) 529 60 74

Ministère de l'Intérieur et des Postes
et Télécommunications
B.P. 195, Nouakchott
Tel. (222) 525 20 20

Ministère de la Justice
B.P. 350, Nouakchott
Tel. (222) 525 82 04 / 70 02
Fax (222) 525 70 02

Palais de Justice
B.P. .70004, Nouakchott
Tel. (222) 525 51 93 / 70 86 / 12 63

Ministère de la Culture
et de l'Orientation islamique
B.P. 196, Nouakchott.
Tel. (222) 529 29 80
Fax (222) 529 29 80

Secretariats of State

Secrétariat d'État chargé de l'État civil
B.P. 195, Nouakchott
Tel. (222) 525 99 50 / 69 69
Fax (222) 525 75 59

Secrétariat d'État à la Condition féminine
B.P. 246, Nouakchott.
Tel. (222) 525 38 60
Fax (222) 525 71 56

Secrétariat d'État à la Lutte contre
l'Analphabétisme et à l'Enseignement originel
B.P. 4963, Nouakchott
Tel. (222) 525 12 45 / 71 69
Fax (222) 525 36 09

Secrétariat d'État chargé des nouvelles
Technologies
B.P. 184, Nouakchott.
Tel. (222) 529 37 43/75 48
Fax (222) 529 46 33

Secrétariat d'État chargé de l'Union
du Maghreb arabe
B.P. 4403, Nouakchott.
Tel. (222) 525 62 38 / 62 16
Fax (222) 525 62 16

Other institutions

Guichet unique des Investissements
B.P. 238, Nouakchott
Tel. (222) 529 04 35
Fax (222) 529 04 35

AMEXTIPE
B.P. 5234, Nouakchott
Tel. (222) 525 76 52
Fax (222) 525 75 13

Office mauritanien des Recherches géologiques
B.P.654, Nouakchott
Tel. (222) 525 26 88
Fax (222) 525 14 10
E-mail : omrg@toptechology.mr

Direction de l'Approvisionnement
et de la Concurrence
B.P. 182, Nouakchott
Tel. (222) 525 63 43
Fax (222) 525 63 43

Chambre de Commerce, d'Industrie
et d'Agriculture
B.P. 215, Nouakchott.
Tel. (222) 525 22 14
Fax (222) 525 38 95

Centre d'Information Mauritanien pour
le Développement économique et technique
B.P. 2119, Nouakchott.
Tel. (222) 525 87 38 / 28 82
Fax (222) 525 87 38

Direction générale des Douanes
B.P. 198, Nouakchott
Tel. (222) 525 63 04/ 14 04
Fax (222) 529 45 77
Direction générale des Domaines
B.P. 198, Nouakchott.
Tel. (222) 525 17 04
Fax (222) 525 56 15

Direction générale des Impôts
B.P. 233, Nouakchott.
Tel. (222) 525 97 06/13 36
Fax (222) 525 46 92

Commission centrale des Marchés
B.P. 184, Nouakchott.
Tel. (222) 525 25 94
Fax (222) 525 72 50

Office National de la Statistique
B.P. 240, Nouakchott.
Tel. (222) 525 30 70
Fax (222) 525 51 70
E-mail : sidna@ons.mr

Confédération nationale du Patronat
de Mauritanie (CNPM)
B.P. 383, Nouakchott
Tel. (222) 525 21 60/ 19 90/ 33 43/ 91 05
Fax (222) 525 33 01

Banque mondiale
Représentation en Mauritanie
B.P. 667, Nouakchott
Tel. (222) 525 10 17/13 59
Fax (222) 525 13 34

PNUD Représentation en Mauritanie
B.P. 620 Nouakchott
Tel. (222) 525 24 09 / 24 11
Fax (222) 525 26 16

Useful internet sites

Site officiel du gouvernement de la Mauritanie : www.mauritania.mr
 Ministère des Affaires étrangères et de la Coopération : www.maec.mr
 Ministère des Affaires économiques et du Développement : www.maed.gouv.mr
 Ministère des Pêches et de l'Économie maritime : www.mpem.mr
 Ministère de l'intérieur, des postes et des télécommunications : www.mipt.mr
 secrétariat d'état chargé des nouvelles technologies : www.setn.mr
 Assemblée nationale : www.mauritania.mr/assemblee
 Banque centrale de Mauritanie : www.bcm.mr
 Autorité régulation : www.are.mr
 Commissariat aux Droits de l'Homme, à la Lutte contre la Pauvreté et à l'Insertion :
www.cdhlcpi.mr
 Université de Nouakchott : www.univ-nkc.mr
 Direction de l'Hydraulique : www.hydraulique.mr
 Société nationale de Développement rural : www.sonader.mr
 Société nationale industrielle et minière : www.snim.fr
 Parc national banc d'Arguin : www.mauritania.mr/pnba
 Office national de la Statistique : www.ons.mr
 Conseil du prix chinguitty : www.prixchinguitty.mr
 Cimdet : www.cimdet.mr

Organizations

Nations Unies : www.un.mr
 Programme des Nations Unies pour le Développement : www.pnud.mr/index.htm
 Banque mondiale : www.un.mr/bm/work.htm
 Fonds monétaire international : www.un.mr/fmi/fmi.htm
 Unicef : www.un.mr/unicef/work.htm
 Programme alimentaire mondial : www.un.mr/pam/pam.htm
 Haut commissariat pour les réfugiés : www.un.mr/hcr/hcr.htm
 FAO : www.un.mr/fao/fao.htm
 Fonds des Nations Unies pour la population : www.un.mr/unfpa.htm
 Organisation mondiale de la santé : www.un.mr/oms/index.html
 Partenaires au développement de la Mauritanie : www.pdm.mr
 Coopération mauritano-allemande : www.glc.mr
 Ambassade de France : www.france-mauritanie.mr

Private sector

Banque mauritanienne pour le Commerce international : www.bmci.mr
 Banque nationale de Mauritanie : www.bnm.mr
 Air Mauritanie : www.airmauritanie.mr
 Mattel : www.mattel.mr
 Mauritel : www.mauritel.mr
 Banque al wava mauritanienne islamique : www.bamis.mr
 Assurim consulting : www.assurim.mr
 Groupe transac : www.transac.mr
 Ciment de Mauritanie : www.ciment.mr
 Tiviski : www.tiviski.mr
 Toplait : www.toplait.mr
 Schenker : www.schenker.mr

Appendix 4

Public holidays and related information

Civic holidays

Date	Nature	Days
1 st January	New Year's Day	1
8 March	International Women's Day	1
1 st May	Labour Day	1
25 May	Pan African Day	1
28 November	Independence Day	1
25 December	Christmas Day (except State)	1

Religious holidays

Period	Nature	Number of days
Maouloud	Prophet Mohamed's birthday	1
1 st Mouharam		1
El Fatr	Korite: end of Ramadan	2
Al Adha	Tabaski: 2 months and 10 days after the end of Ramadan	2

Normal business hours

Enterprises	Business days	Business hours
Public institutions	Sunday to Thursday	8 a.m. to 4 p.m.
Private institutions and enterprises	Saturday to Thursday	7: 30 a.m. to 4 p.m. or 8 a.m. to 1 p.m. and 3 p.m. to 6:30 p.m.

Weekend

Public institutions:	Friday and Saturday.
Private institutions and enterprises:	Friday (for some).

Appendix 5

Privatization

Non-privatized enterprises

Name	Business	Address
SOMELEC	Production and distribution of electricity	B.P. 355, Nouakchott Tel. (222) 525 23 03 / 23 85 Fax (222) 525 23 03 E-mail: somelec@mauritel.mr
SNDE	Water utility	B.P. 796, Nouakchott Tel. (222) 529 84 88 Fax (222) 525 23 34
SNIM	Mining and industry	B.P. 42, Nouadhibou Tel. (222) 574 51 74 Fax (222) 574 53 96 E-mail: snim@mauritel.mr Website: www.snim.com
SONIMEX	Import and export	B.P. 290, Nouakchott Tel. (222) 525 14 72 / 12 96
SOMAGAZ	Production and distribution of gas	B.P. 5089, Nouakchott Tel. (222) 525 18 91 Fax (222) 529 47 86
SONADER	Agriculture	B.P. 321, Nouakchott Tel. (222) 525 18 00 / 21 61 Fax (222) 525 32 86
SOCOGIM	Building construction	B.P. 28, Nouakchott Tel. (222) 525 17 75 Fax (222) 525 42 13 E-mail: socogim@mauritel.mr
MAURIPOST	Postal service	B.P. 10000, Nouakchott Tel. (222) 525 72 27 Fax (222) 525 51 74
SAN	Meat packing	B.P. 366, Nouakchott Tel. (222) 529 00 27
Port Autonome de Nouadhibou	Port services	B.P. 236, Nouakchott Tel. (222) 574 51 17 / 51 27 Fax (222) 574 51 36
Port Autonome de Nouakchott	Port services	B.P. 5103, Nouakchott Tel. (222) 525 17 94 Fax (222) 525 16 15

Partially-privatized enterprises

	Date	Sector	Former % of State ownership	Current % of State ownership	Buyer
SPPAM	1992	Artisanal fishing	34	11	Former private shareholders, by capital increase
SMCP	1993	Marketing - Fish	100	35	Private operators from the sector and banks
SMCPP	1993	Marketing – Petroleum products	100	34	NAFTAL and national private interests
NASR	1995	Insurance	100	34	Établissements MAOA
Air Mauritanie	2000	Air transport	64	35	Établissements MAOA, other private interests
Banque Habitat	2000	Banking	35	35 (State-owned companies)	Bouna Moctar and private interests
Mauritel	2001	Telecommunications	54	46	Ittissalat al magrib

Fully-privatized enterprises

	Date	Sector	Former % of State ownership	Buyer
SMEF	1990	Fisheries	50	Various shareholders
MANUPOINT	1990	Cargo handling	50	Various shareholders
BNM	1993	Banking	90	Ould NOUEGUED
BMCI	1993	Banking	51	Ould ABBAS
SIMAR	1996	Fisheries	24	CIR former shareholder
MAUSOV	1996	Fisheries	51	Ahmed Ould
MOGUEYA				
SAMIA	1997	Gypsum	51	SNIM

In the process of full privatization

	Date	Sector	% of State ownership
SOMELEC	2003	Electricity	100
ALMAP		Fisheries	51

Liquidated enterprises

Date	Sector	Former % of State ownership
SOMIS	1990	Industry
MSP	1990	Fisheries
SAIP	1990	Fisheries
SMAR	1993	Insurance
MTP	1993	Fisheries
UBD	1993	Banking
SOMEFOB	1994	Livestock sales
STPN	1994	Transport
SAMALIDA	1994	Agriculture
SOMACAT	1995	Consignment, transit
COMAUNAM	1996	Maritime transport

Appendix 6

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Major laws affecting investors

a) Investment

Loi 2002-03 du 20 janvier 2002 portant code des investissements	The code identifies the benefits granted to investors, guarantees national and foreign investors equality before the law and enshrines the freedom to transfer capital
Décret n° 2002-038 fixant la composition du dossier administratif et la procédure d'agrément au code des investissements	

b) Civil law and dispute settlement

Ordonnance 89-126 du 14 septembre 1989 portant code des obligations et des contrats	Authorities relating to contractual obligations
Loi 2000-31 du 07/02/2001 portant révision du code des obligations et des contrats	
Loi 99-035 du 24 juillet 1999 portant Code de procédure civile, commerciale et administrative	
Loi 99-039 du 24 juillet 1999 fixant la réorganisation judiciaire	Law identifying different courts and their respective jurisdictions. It enshrines the principle of double degree of jurisdiction, the right of defence and equality before the law.
Loi 2000-06 du 18 janvier 2000 portant code de l'arbitrage	Legislation pertaining to domestic and international arbitration (involving a foreign investment or State). The arbitration code reproduces the basic rules of arbitration relating to economic and trade relations.
Loi 97-011 du 22 janvier 1997	Law respecting Mauritania's accession to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards

c) Labour law, status of persons

Loi n. 63-023 du 21 janvier 1963 portant code du travail	Basic provisions governing labour law (making and enforcement of employment contracts and collective agreements; working conditions; professional bodies/associations).
Loi n. 67-039 du 3 février 1967 relative au régime de sécurité sociale, amendée par la loi 87-296 du 24 novembre 1987	Legislation establishing the social security system
Convention collective du travail du 21 décembre 1974	Convention governing employer-employee relations
Loi 64-169 du 15 décembre 1964 relative au régime de l'immigration	Law governing immigration
Décret n. 74-092 du 19 avril 1974	Governs employment conditions for foreign labour
Loi 99-012 du 26 avril 1999 portant réforme du système éducatif.	The purpose of this legislation is to improve technical and occupational training, higher education and foreign language instruction

d) Property law

Loi 83-127 du 5 juin 1983 portant réorganisation foncière et domaniale	Law governing the allocation of property
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Décret d'application n° 2000-089 du 17 juillet 2000

e) Commercial law

Loi 2000-05, publiée le 15 mars 2000, portant code de commerce	The code regulates all activities related to commerce, trading companies, commercial papers, freedom in pricing and competition and business contracts.
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La loi 91-09 du 22 avril 1991 relative à la libre concurrence et à la liberté des prix:

The Act allows prices to be determined by free and fair competition among various economic players. It prohibits any restrictive or anti-competitive practices.

f) Taxation, finance

Code général des impôts (1982, mis à jour en décembre 2002)	The taxation authority in Mauritania
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Loi n. 66-145 du 21 juillet 1966 portant code des douanes	Customs regulations.
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Décret n° 2002-038 fixant la procédure et le contrôle douanier des entreprises admises au régime des points francs.	
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g) Special regimes

Loi 93-040 du 20 juillet 1993 portant le code des assurances	This legislation regulates the banking and insurance sectors.
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Loi 95-011 du 17/07/1995 portant réglementation bancaire

Loi 99-013 du 23 juin 1999 portant code minier	Law regulating mineral exploration and development.
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Loi n. 2002-02 du 20 janvier 2002, portant convention minière type	Master agreement between the exploration licence applicant and the Government of Mauritania.
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- Ordonnance 2002-05 du 28 mars 2002 relative au secteur aval des hydrocarbures	Order regulating hydrocarbon exploration and development.
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h) Environment

Loi 2000-045 du 26 juillet 2000 portant code de l'environnement	The environmental code defines all the basic principles of the national environmental protection policy and acts as the foundation for harmonizing economic imperatives with what is required for sustainable economic and social development.
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