



**TRADE POLICY REVIEW**

REPORT BY

MAURITANIA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Mauritania is attached.

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## 1 OVERVIEW

1.1. The Islamic Republic of Mauritania is a vast country, measuring 1,031,000 km<sup>2</sup>, at the crossroads of North Africa and sub-Saharan Africa. Its territory is 80% desert and sparsely populated at around three inhabitants per square kilometre, with a total population numbering around 4 million (2013). The census-to-census growth rate is 2.77% (1988-2013); the annual rate of demographic growth is approximately 3%; life expectancy is 56.6 years; and the literacy rate among adults (those over 15 years old) is 55.8%.

1.2. The country has considerable natural resources, including iron ore, gold and copper, small quantities of offshore oil, and a coastline measuring close to 800 km that has some of the richest fishing grounds in the world. Mauritania is irrigated to the south by the waters of the Senegal River; extensive livestock farming, and irrigated and rain-fed crops are the traditional occupations of the rural population. However, the Mauritanian economy is highly vulnerable to exogenous shocks and the increasingly obvious effects of climate change.

1.3. As the end-dates of the MDGs and the Poverty Reduction Strategy Paper (PRSP) for the period 2001-2015 approached, a debate on a new outlook going beyond that date was undertaken at national level. The principal challenges post-2015, namely challenges in the development of human capital, governance, poverty reduction, social cohesion and citizenship, economic growth, sustainable development and environmental protection, were identified with a view to drawing up a future vision for 2030. The result was the adoption of an ambitious development strategy for the period 2016-2030, the Accelerated Growth and Shared Prosperity Strategy (SCAPP), with a view to consolidating gains in poverty reduction.

1.4. The Government's overall policy is structured around three major strategic pillars: strengthening the foundations of the State and improving public governance; constructing a competitive economy that generates growth; and developing human resources and widening access to basic services.

1.5. Between 2015 and 2017, 71 finance agreements were signed with a total value in excess of 55.2 billion new ouguiyas, including 24 agreements for 2017 alone for a sum totalling 29.2 billion new ouguiyas. This significant funding was allocated to implementing priority programmes and projects to create conditions conducive to inclusive, sustainable growth through investment in the following sectors: energy, transport, livestock farming, fisheries, agriculture, food security, social protection, governance and the environment.

## 2 ECONOMIC ENVIRONMENT

### 2.1 Main features of the economy

2.1. Gross national income per inhabitant was estimated at US\$1,270 in current dollar terms in 2014 (World Bank). Over the last 16 years (2000-2015) growth has fluctuated sharply. The national accounts (2014) show that the tertiary sector (39% of current GDP) dominates in comparison to the secondary (33.6%) and primary (21.6%) sectors. The share of extractive industries rose from 12.2% in 2006 to 25.2% in 2013, and then dropped to 17.2% in 2014.

2.2. An economic upswing noted in 2017 should be reflected in real GDP growth of 3.1%, with an average rate of 2.8% for the period 2014-2017.

2.3. The tertiary sector is heavily reliant on transport, telecommunications, commerce and government departments. The sector has been the largest area of economic activity over the last few years, a period which has seen a gradual economic shift towards the service sector.

2.4. Despite its role in driving recent growth, the secondary sector has shrunk as a result of the poor performance of the oil industry since 2007 and the weak performance of the construction and public works subsector.

2.5. The primary sector (rural sector) upon which more than 60% of the population relies has contributed the least to overall growth over the period (0.6 of a percentage point) as a result of low rainfall and the poor integration of the livestock and fisheries subsectors into the economy despite the key role they play in food security.

2.6. Although productivity is poor and the economy is uncompetitive, growth between 2010 and 2014 was strong, but it was not inclusive enough. The extractive industries (iron ore, gold and copper), which play a key role in driving the economy, generated less than 2.5% of employment (2013).

### **3 INVESTMENT AND THE BUSINESS CLIMATE**

3.1. The work accomplished in the investment area is reflected in the development of institutional tools and mechanisms for planning and programming public investment. As a result, an institutional framework for formulating, selecting and programming public investment was put in place. The Public Investment Programme (PIP) for 2018-2030 is one of the Government's priorities in the SCAPP.

3.2. This work will continue in 2018, when 26.65 billion new ouguiyas will be allocated to investment, including 12.15 billion new ouguiyas from the State's own resources. As a result, investment is the largest item on the State budget, with a projected share of 40.2% in 2018.

3.3. Considerable work has been done to improve the business environment in Mauritania, in the form of the adoption of a code of property rights; the implementation of the *Doing Business* roadmap; the implementation of a business creation process that complies with international standards; improvement in the processing of applications for accreditation under the preferential regimes set out in the investment code; and the adoption of the law on public-private partnerships and its implementing decrees.

3.4. These major reforms have pushed the country rapidly up the *Doing Business* rankings, where it has gained 26 places in just three years (2014-2017), including 10 in 2017 alone.

### **4 ECONOMIC AND MONETARY POLICY**

4.1. Since 2014 efforts have focused on reducing the negative impact on the national economy of the fall in raw iron prices. Action was taken to maintain the major macroeconomic balances, combat inflation, encourage private investment, increase public investment, improve the terms of trade, and accelerate investment in the extractive sector.

4.2. For the purposes of macroeconomic and financial stability, monetary and exchange-rate policy between 2015 and 2017 focused on controlling inflation, strengthening the external position, and the stability of the financial sector. As a result, inflation averaged 1.5% over that period.

4.3. The Government's exchange-rate policy focused on protecting external competitiveness, thus allowing the country to enhance its resilience to exogenous shocks resulting from the ongoing weakness in commodity prices. The foreign exchange reserves were satisfactory at end-2017.

4.4. Action was taken in the financial sector to enhance financial oversight; consolidate the stability of the financial system; develop the banking system to promote financial inclusion; and increase private sector credit, which grew at an average rate of 10% between 2015 and 2017.

### **5 SECTORAL POLICIES**

5.1. More effective sectoral policies have been implemented under the PRSP action plan and SCAPP in an effort to unleash the growth potential in the leading sectors of the economy and reap the greatest economic and social benefit by making the most effective sustainable use of the resources and potential inherent in the production and services sectors.

## 5.1 Mining

5.2. The Government's chief focus was to continue efforts to bolster the role of this important export sector as a vehicle for economic growth and poverty reduction.

5.3. The main achievements in the mining sector related to:

- i. continued promotion of geological and mineral potential: launch of two exploration campaigns in 2017;
- ii. improvements to the legal and regulatory framework, including revision of the Mining Code in 2012 and the introduction in 2014 of significant improvements to mining agreements, raising the State's profit share in mining projects for the first time from 10% to 20%;
- iii. launch of two licensing campaigns for gold panning;
- iv. improved management of the mining register;
- v. ongoing formulation of a new mining strategy; and
- vi. enhancement of the control and monitoring mechanism and stepping up of inspection operations.

## 5.2 Fisheries

5.4. Fisheries is an important export sector that contributes around 20% of government revenue, provides 60,000 jobs in all and in 2017 involved investment amounting to over 700 million new ouguiyas. The sector should also play a leading role in combating food insecurity.

5.5. In view of its importance, the Government has adopted a fisheries policy aimed at protecting fisheries resources and integrating them into the framework of national development strategy objectives.

5.6. The overall objectives in the fisheries sector are as follows: (i) optimizing management and sustainable revenue, and (ii) fuller integration of the sector into the economy in order to maximize the socio-economic benefits of all fisheries subsectors,

5.7. In order to attain these objectives, the Government's efforts are focused on implementing the priority programmes and reforms set out in the National Responsible Management Strategy for the sustainable development of fisheries and the maritime economy 2015-2019.

5.8. The action taken included:

- i. development of small pelagic fish processing;
- ii. enhancement and improvement of research and quality control systems;
- iii. increased controls and inspections by the Coastguard to protect the exclusive economic zone from the risk of illegal fishing and all forms of smuggling;
- iv. professionalization and modernization of small-scale fishing through surveys, training and use of secure cards for access to maritime occupations.

## 5.3 Agriculture and livestock

5.9. The long-term overall objective for agriculture is to make it modern, productive and competitive in national, regional and international markets.

5.10. Agricultural development is a predominant concern in government action because of the sector's importance for economic and social development and its impact on the country's food security.

5.11. This priority is reflected in the implementation of a strategy to increase arable land, control water, build farmers' skills and introduce sustainable financing mechanisms.

5.12. The actions taken in order to optimize the country's agricultural potential include the following:

- i. projects to develop, rehabilitate and improve the drainage and irrigation system;
- ii. increased financing allocated to agricultural credit specifically for rice (loans amounting to 330 million new ouguiyas between 2015 and 2017);
- iii. agricultural diversification through the development and exploitation of new acreage for market gardening.

5.13. The objective in the livestock subsector is to integrate it more closely into the economy, while at the same time bolstering the strategic role it plays in relation to food security and poverty reduction.

5.14. Emphasis has been placed on developing this vital sector, modernizing it and integrating it into the national economy. A review of the legal framework governing the sector resulted in the adoption of far-reaching reforms and the implementation of an ambitious strategy which, accompanied by a national action plan and a medium-term expenditure framework, should attain the targets set.

5.15. The efforts have focused on:

- i. modernization of technical and support infrastructure;
- ii. the introduction of veterinary control offices at border posts, leading to an increase in controls on animal products before they are brought into the country and to enhanced controls on slaughter throughout the national territory;
- iii. signature of several agreements with investors in the dairy and meat industries;
- iv. establishment of an annual cattle vaccination campaign for various diseases;
- v. veterinary capacity-building through the development of research, outreach and support services;
- vi. improved planning and programming through the introduction of an integrated herd information system and the establishment of sanitary and organizational standards for operations to produce and market products of animal origin.

#### **5.4 Tourism**

5.16. From its geographical location, the diversity of its landscape and its rich cultural and natural heritage, Mauritania has real tourism potential. The Government has therefore focused its efforts on designing a holistic approach to the development of the tourism sector in order to improve its competitiveness and ensure that it becomes an integral part of the fabric of the national economy. A new national tourism strategy was drawn up along these lines in 2017.

## 5.5 Telecommunications

5.17. Government actions in the telecommunications field have addressed:

- i. the development of telecommunications infrastructures: significant extension of internet and telephone networks throughout the national territory;
- ii. enhancement of the regulatory and institutional framework: establishment of the legal framework for the Mauritanian information society and the enactment of most of the legislation in that regard; this will make it possible to establish a data protection authority for personal data, an electronic certification authority, and electronic certification service providers;
- iii. promotion of competition and high-quality services.

5.18. The programme for the next two years includes the following priority actions:

- i. Construction of stretches of the national fibre-optic broadband network (Warcip Mauritania Project);
- ii. modernization of the Government's internet portals;
- iii. development of online services;
- iv. setting up of an internet monitoring centre to improve the country's internet security;
- v. capacity-building to develop the digital economy;
- vi. developing tele-medicine and remote learning projects in order to provide more ICT support for the health and education systems; and
- vii. developing postal services to cover all regions of the country.

## 5.6 Transport

5.19. The infrastructure sector is an important aspect of development. It is a factor in both economic development and the reduction of regional disparities and therefore encourages international trade as well as regional integration. Moreover, the sector is covered by the strategic pillars set out in SCAPP. The policy implemented by the Government in this area aims to carry out a wide-ranging, ambitious, modern programme to develop and maintain modern structural infrastructure that meets the country's economic development, environmental and social needs.

5.20. The general objectives set by the programme for the transport sector are that it should contribute to: (i) developing national and regional trade; (ii) bringing down production costs; (iii) strengthening the national economy; and (iv) integrating rural or poor, remote areas. Accordingly work has focused on activities that will improve the national road network, increase port capacity and boost the air fleet.

## 6 TRADE INTEGRATION

6.1. Mauritania has embarked upon a process of institutional and structural reform designed to promote the emergence of a prosperous, competitive economy. The reforms set out in the SCAPP include most of the recommendations in the Diagnostic Trade Integration Study (DTIS).

6.2. The DTIS was updated in 2016 under the title: "De rentes à court terme vers une croissance macroéconomique et un développement durable fondé sur l'exportation" [From short-term resource rents towards export-based macroeconomic growth and sustainable development].

6.3. There are three main messages in the DTIS update: (i) Mauritania should build on its recent macroeconomic progress to break away from its current economic model, which is based on unsustainable revenue from the country's national resources, and make a shift towards a strategy for inclusive green growth; (ii) fisheries, agriculture and services, including ICT and tourism, offer opportunities for sustainable diversification; (iii) profound changes in governance will be necessary in order to lift the main constraints on diversification and growth.

6.4. In addition to trade facilitation, the updated DTIS also identified the key factors that hamstring efforts to match the supply of goods and services to international demand in four sectors with strong potential for accelerating growth and reducing poverty: fisheries, agriculture and livestock, tourism, and ICT.

6.5. Accordingly a revised global action matrix has been designed that will: (i) make the updated DTIS the catalyst for a national competitiveness strategy; (ii) build on trade in order to achieve sustainable growth; (iii) facilitate trade; (iv) generate local added value in fisheries and promote the agricultural and livestock sector; and (v) clear the way to a revival of tourism.

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