SUMMARY

1. Since its second Trade Policy Review (TPR) in 2011, Mauritania has experienced five years of steady economic growth at 5-6% per year, driven by the high world prices for its main export products (chiefly iron ore) and massive public investment in the new airport, the extension of the port of Nouakchott, and road infrastructure. Average per capita income continued its steep rise, reaching close to US$1,500 in 2014. However, unequal distribution of the country's wealth has meant that there has been no significant impact on the overall level of poverty among its population of 4.3 million. According to the United Nations, Mauritania remains a least developed country with low human development indices.

2. Mauritania has managed to maintain a certain macroeconomic stability in spite of the fall in world iron ore prices which led to a decrease in export revenue and a corresponding fall in fiscal revenue, aggravating the trade balance and budget deficits. In order to keep the budget deficit under control, Mauritania eliminated most of the subsidies for the consumption of diesel, butane gas and electricity, purged the government payroll and rationalized tax exemptions. As a result, the budget deficit (including grants) fell from its peak at 3.4% of GDP in 2014 to 0.5% of GDP in 2016. Coupled with the budgetary reforms, the tightening of the money supply, among other things by halting the Central Bank's financing of budget deficits, helped to bring inflation down to 1.6-2.5% in 2016-2017, or less than half of the 2011 level.

3. The rise in fish exports was not enough to compensate the decline in mining exports, so that the share of exports in GDP decreased from 51% in 2011 to 35% in 2016. Meanwhile, the share of imports in GDP decreased more moderately, from 53% to 50% during the period, with little change in their structure. The import basket remains dominated by food products (18%) and petroleum products (19%), and Mauritania depends entirely on imports for its fuel supply. Although its share has continued to decline, the EU is still Mauritania's main trading partner, together with China, the United Arab Emirates and Switzerland. While regional trade remains essentially informal and unrecorded, there has recently been a surge in fish exports to the countries of the West African region, in particular Cote d'Ivoire and Nigeria.

4. During the period covered by its third TPR (2011-2016), Mauritania's participation in WTO activities was limited. As of March 2018, it had yet to ratify the Trade Facilitation Agreement or the Protocol Amending the TRIPS Agreement. It is still behind in submitting a large number of WTO notifications, *inter alia* with respect to State-trading enterprises, technical barriers to trade, sanitary and phytosanitary measures, and intellectual property rights. WTO technical assistance to Mauritania has been hampered by its failure to pay its contributions.

5. Mauritania's goods import and export mechanism has been modernized and simplified since 2011, and import clearance times have been reduced with the adoption, in January 2016, of the Automated Customs System ASYCUDA WORLD. The mandatory preshipment inspection programme was abolished in 2014. Thanks to these efforts, it was possible to reduce the import and export documentation required, and overall, the procedures were simplified. However, Customs does not have a website of its own on which to post the applicable laws and regulations, for instance the 2017 Customs Code.

6. Procedures for the banking domiciliation of imports and exports were also simplified in 2016. The exchange rate regime is reportedly about to be reformed with the help of the International Monetary Fund. However, the fact that certain companies are exempted from the obligation to repatriate export earnings and therefore have the advantage over the others of holding bank accounts abroad to deposit income earned from their activities in Mauritania, is creating a division within the Mauritanian economy.

7. Owing to the lack of competition in international trade transactions, Mauritania remains an expensive country by regional standards. Hence the need to ensure that the provisions of the Commercial Code (as amended in 2015) on competition are properly implemented, particularly with respect to State enterprises that have a monopoly on exports or imports in several sectors of the economy. In June 2011, Mauritania introduced new legislation to make government procurement more transparent.

8. At the WTO, Mauritania has bound 41% of its tariff lines, namely, all agricultural products and 31% of non-agricultural products, at *ad valorem* rates ranging from zero to 75%. The simple average of bound rates for all of these products is 20.4%, or 38.5% for agricultural products and 11% for non-agricultural products. A large proportion of agricultural products (85% of all agricultural tariff lines) are bound at rates of 25%, 30% and 50%. Higher bound rates (75%) are applied to coffee, tea, maté, spices, cereals, alcoholic and non-alcoholic beverages and tobacco products. On the other hand, the applied MFN tariff, *ad valorem* on all lines, comprises four rates (zero, 5%, 13% and 20%) with an average rate of 12.1% in 2017 (almost identical to 2010). The highest tariff rate of 20% applies to about 39% of tariff lines, essentially covering end consumer products.

9. For around 11% of Mauritania's tariff lines, the applied rates exceed the WTO bound rates. Moreover, the implementation by Mauritania of the ECOWAS CET, set for January 2019 in the free trade agreement concluded as a first stage towards an economic partnership agreement with the European Union, would lead to increases for approximately 39% of agricultural tariff lines, in particular fruits, vegetables, plants, and animal products.

10. Levied exclusively at importation, so-called consumption taxes (excise duties) were increased for a number of products. The standard VAT rate was also increased to 16%. Foreign goods trucks entering or transiting through Mauritania are taxed as well. Added to these different fees are new import taxes on services. Finally, there was a rise in certain export taxes during the review period. Indeed, export taxes remain heavy and include a 2% minimum flat rate tax, a statistical fee of 1%, and levies on hides, skins and leather; fishery products; and mining products.

11. Mauritania does not apply any anti-dumping, countervailing or safeguard measures. Exporting enterprises benefit from tax and customs concessions. The promotion of fish exports benefitted from the modern services of the laboratory of the National Office for Sanitary Inspection of Fishery and Aquaculture Products, accredited to international requirements since March 2013. On the other hand, the rest of the sanitary legislation for animal products dates back to the 1960s. Alignment with international standards would help to ensure the safety of products and to develop trade in meat and in hides, skins and leather, where Mauritania has definite comparative advantages.

12. At the sectoral level, Mauritania has thus far drawn part of its budgetary revenue (approximately 8% of public revenue) from the sale of fishing licences to foreign companies, particularly in the framework of agreements with the EU and China. Some 100 freezing or fresh fish-processing plants set up in the Nouadhibou free zone and enjoying tax, customs and exchange rate benefits, are supplying an export monopoly whose export taxes increased over the period.

13. The aim of the regulations in force in the mining and hydrocarbons sectors is to improve the benefits for Mauritania of exploiting its resources. Accordingly, Mauritania introduced a minimum free State share in the capital of the companies concerned, and a national preference clause for all contracts relating to construction, supply or provision of services. The end of crude oil exports was expected in 2017 following the depletion of the only oil field in operation. The importation and storage of petroleum products remains a monopoly with administered prices.

14. The National Industrial and Mining Company (SNIM), which is 78% State owned and produces mainly iron ore exported in the form of magnetite concentrate, remains the country's largest industry, and enjoys a whole range of customs and tax concessions. Foreign presence is possible in the mining sector and in particular in the extraction of copper and gold, essentially under mining agreements, often in partnership with the SNIM. In 2017, some 60 operators were working under 64 exploration licences. The shortage of electricity, which is currently thermal and whose generation, transmission and distribution is under a State monopoly, is an obstacle to industrialization and undermines the objective of processing the country's resources, including mineral resources.

15. The numerous plans for agriculture and livestock development have not sufficed to meet the stated priority goal of agricultural policy, namely to increase domestic food production and ensure the population's food security while cutting the import bill. Significant progress has been made, however, in rice production, showing that farmers respond rapidly to the appropriate measures. At

the beginning of 2018, the State enterprise SONIMEX, which is responsible for importing essential foods for the low income population, went into liquidation.

16. Since 2011, efforts have been made to improve the country's services infrastructure, and to a lesser extent, to reform the relevant regulations. Extension work on the port of Nouakchott has led to an increase in its capacity. After several attempts, Mauritania once again created a new majority State-owned airline in 2011, which enjoys many trade benefits.

17. A new telecommunications law has been enacted with a view to enhancing competition and the role of the Regulatory Authority. Meanwhile, the first ACE (Africa Coast to Europe) fibre optic cable linking Mauritania to Europe is now operational. The termination rates for international telephone calls to Mauritania are set at €0.22/minute, of which €0.08 goes to the State. In the financial sector, new texts were introduced to improve the external and internal audit of banks (but not insurance companies), to adopt the Basel II solvency standards, and to combat money laundering.