

Mauritania

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Mauritania

| | |
|--|---|
| Sanctions: | None |
| FAFT list of AML Deficient Countries | No |
| Higher Risk Areas: | <p>Non - Compliance with FATF 40 + 9 Recommendations</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International & W.G.I.)</p> <p>World Governance Indicators (Average Score)</p> <p>Failed States Index (Political Issues)(Average Score)</p> |
| <p>Major Investment Areas:</p> <p>Agriculture - products:</p> <p>dates, millet, sorghum, rice, corn; cattle, sheep</p> <p>Industries:</p> <p>fish processing, oil production, mining (iron ore, gold, and copper)</p> <p>note: gypsum deposits have never been exploited</p> <p>Exports - commodities:</p> <p>iron ore, fish and fish products, gold, copper, petroleum</p> <p>Exports - partners:</p> <p>China 48.6%, Italy 7.5%, Japan 7%, Cote dlvoire 6.7%, France 4.7%, Spain 4.1% (2012)</p> <p>Imports - commodities:</p> <p>machinery and equipment, petroleum products, capital goods, foodstuffs, consumer goods</p> <p>Imports - partners:</p> <p>China 12.9%, Netherlands 10.5%, US 7.8%, France 7.7%, Brazil 5.6%, Germany 5.5%, Spain 5.1%, Belgium 4.7% (2012)</p> | |
| Investment Restrictions: | |

Historically, Mauritania has been relatively open to foreign direct investment.

With the exception of sectors where public companies hold monopolies such as water and electricity distribution, Mauritania has no discriminatory policies against foreign investment, imports, or exports. The mining, fishing, agricultural, banking, petroleum and technology sectors are actively seeking foreign direct investment.

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Section 1 - Background

Independent from France in 1960, Mauritania annexed the southern third of the former Spanish Sahara (now Western Sahara) in 1976 but relinquished it after three years of raids by the Polisario guerrilla front seeking independence for the territory. Maaouya Ould Sid Ahmed TAYA seized power in a coup in 1984 and ruled Mauritania with a heavy hand for more than two decades. A series of presidential elections that he held were widely seen as flawed. A bloodless coup in August 2005 deposed President TAYA and ushered in a military council that oversaw a transition to democratic rule. Independent candidate Sidi Ould Cheikh ABDALLAHI was inaugurated in April 2007 as Mauritania's first freely and fairly elected president. His term ended prematurely in August 2008 when a military junta led by General Mohamed Ould Abdel AZIZ deposed him and installed a military council government. AZIZ was subsequently elected president in July 2009 and sworn in the following month. AZIZ sustained injuries from an accidental shooting by his own troops in October 2012 but has continued to maintain his authority. The country continues to experience ethnic tensions among its black population (Afro-Mauritanians) and white and black Moor (Arab-Berber) communities, and is having to confront a growing terrorism threat by al-Qa'ida in the Islamic Maghreb (AQIM).



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Mauritania is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Mauritania was undertaken by the Financial Action Task Force (FATF) in 2006. According to that Evaluation, Mauritania was deemed Compliant for 2 and Largely Compliant for 7 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

US Department of State Money Laundering assessment (INCSR)

Mauritania was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

The Islamic Republic of Mauritania has a largely informal and under-developed economy. Its economic system suffers from a combination of weak government oversight, lax financial auditing standards, a large informal trade sector, porous borders, and corruption in government and the private sector. Money laundering is difficult to detect in Mauritania because of the informal nature of much of the economy and speculation that large amounts of drug money pass through the economy. The banking system and black market currency exchanges constitute the focus of this activity, which affects the operation of the entire financial sector in the country. There are strong indications that large amounts of money are being pumped into the financial system from outside or suspicious sources, some of which are transported across borders or through ports. Border security is a severe challenge in Mauritania.

Mauritania imports almost 70 percent of its food needs. In 2015, mining represented approximately 20 percent of Mauritanian GDP, and 70 percent of national exports. Only an estimated 12 percent of Mauritanian adults have bank accounts, and informal banking and financial systems remain vulnerable to exploitation. The Government of the Islamic Republic of Mauritania has continued an aggressive campaign against terrorist networks, including al-Qaida in the Islamic Maghreb.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES
KYC covered entities: Banks, money changers, and money remitters; lawyers, notaries, accountants, and auditors; real estate and travel agents; dealers of high-value art and precious metals and stones; and nongovernmental organizations (NGOs)

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 18: January 1 - November 17, 2015
Number of CTRs received and time frame: 2 in 2015
STR covered entities: Banks, money exchanges, and remittance offices; lawyers, notaries, accountants, and auditors; real estate and travel agents; dealers of high-value art and precious metals and stones; and NGOs

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 2 in 2015
Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Mauritania is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

Although Mauritania has been successful in creating a legal and institutional framework to fight financial crimes, there remain many challenges to its successful implementation, especially given Mauritania's cash-based and informal economy. All natural and legal persons are covered under Mauritania's AML/CFT laws and are subject to criminal and/or civil penalties. The Financial Information Analysis Commission (CANIF), Mauritania's financial intelligence unit, includes representatives of several ministries and agencies working together to counter financial crimes. The Secretary General of the CANIF Council reports that CANIF's biggest challenge is the small number of reports received, despite an increase to 18 in 2015 from an average of nine in previous years.

In 2014, the Mauritanian parliament introduced amendments to the AML/CFT statute. The law was still pending at the end of 2015. In a presentation to parliamentarians, the Minister of Justice said that "the bill standardizes legislation in combating terrorism and money

laundering with international conventions to which Mauritania is a party and with regional and international laws enforced.” Specifically, the law will criminalize material support of foreign terrorist fighters, make aiding and abetting terrorist acts a crime, and bring administrative forfeiture proceedings into line with international standards.

In September 2014, the Mauritanian government announced plans to establish the first national stock market “within two to three years.” During the same month, the Central Bank of Mauritania (BCM) announced the inauguration of an initiative to strengthen transparency in the activities of the 25 commercial banks operating in the country. Confidence in Mauritanian banks, BCM officials reasoned, would ensure the durability of a securities exchange market. As of December 2015, no further measures have been conducted in order to implement this initiative.

In 2015, the Ministry of Justice organized a forum on best practices to fight organized crime. The aim was to support capacity in the criminal justice system and encourage international judicial cooperation. The Director of the Mauritanian Police reported that in 2015 the police had seized two tons of drugs, arrested 274 people for drug trafficking, and dismantled 16 alcohol distilleries.

Although all recommended entities are covered under the AML law, current regulations only require banks and formal money exchange and remittance offices to report suspicious transactions; however, few do. Moreover, monitoring informal financial markets remains a challenge in Mauritania. Mauritanian authorities are aware of these issues and are working to formalize financial transactions to the extent possible and to devise mechanisms to prevent the exploitation of the informal financial system for illegal purposes.

The Government of the Islamic Republic of Mauritania should take steps to expand reporting and KYC requirements to additional financial and non-financial entities, as well as take steps to enforce compliance with existing mandatory reporting requirements. Mauritania should continue to build the capacity of its law enforcement and judiciary to investigate and prosecute money laundering and related crimes.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Mauritania conforms with regard to all government legislation required to combat money laundering.

EU White list of Equivalent Jurisdictions

Mauritania is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Mauritania is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2012 (introduction):

The Islamic Republic of Mauritania, a small and under-developed country, suffers from a combination of weak government oversight, lax financial auditing standards, a large informal trade sector, porous borders, and corruption in government and the private sector. Following the election of President Mohamed Ould Abdel Aziz in July 2009 and increasing terrorist and illicit trafficking activities along the long and porous borders with Algeria and Mali, the Government of the Islamic Republic of Mauritania (GIRM) began an aggressive campaign against corruption and the terrorist network of Al-Qaeda in the Islamic Maghreb (AQIM).

There is little, if any, domestic production of drugs in Mauritania. Mauritania's location makes it an attractive destination for drugs coming via air from South America or via land after arriving at sea ports in Guinea-Bissau, Guinea, and Sierra Leone. The Mauritanian economy is based almost entirely on informal trade, therefore detecting and combating drug trafficking in Mauritania is extremely difficult.

Consumption of drugs in Mauritania is not common. There is occasional use of drugs among the class of Mauritians with the means available to purchase them, but there are concerns that consumption could increase, following a pattern in other transit countries, if larger quantities of drugs transit through Mauritania.

The GIRM enacted its anti-money laundering and terrorist financing law (2005-0048) on July 27, 2005 and updated it in 2009. However, these laws have not been fully implemented. Drug traffickers and elements of AQIM often operate in the same isolated areas of Mauritania. Presently, there is evidence that the recent increase in the Mauritanian military presence along the borders with Algeria and Mali limited the ability of drug traffickers to easily cross Mauritanian borders. Local media reported that, in December 2010, the Mauritanian army successfully attacked a convoy of drug traffickers escorted by AQIM along the border with Mali. Many traffickers were killed and some of them were arrested by the Mauritanian army.

Mauritania has two offices primarily responsible for combating the traffic of drugs: The Police Office to Combat Trafficking in Illicit and Psychotropic Substances (POCTIPS), established in 2005, and "La Commission d'Analyse des Informations Financieres" (CANIF), established in 2005 but began operations in 2008, which is the equivalent of a financial intelligence unit. Both organizations have received funding and technical assistance from the international community. From November 28-December 4, 2010, the Federal Deposit Insurance Corporation (FDIC) held an Advanced Counter-Financing of Terrorism Financial Regulatory training course at the FDIC Training Facilities in Arlington, Virginia, attended by Four CANIF employees. This training helped them improve their abilities to combat terrorism financing through illicit trafficking.

According to the director of the POCTIPS, the GIRM arrested 174 individuals on drug trafficking charges between January and October 2011. Also during this timeframe, Mauritania seized more than 1.7 kilograms of cocaine, 638 kg of cannabis, 33 kg of cannabis resin, more than \$8,000 in cash, five cars, one truck and one boat during 82 different

counternarcotics operations. Earlier, in 2010, the GIRM arrested 309 traffickers, and seized 31 kg of cocaine, 1.125 tons of cannabis, 10.345 tons of cannabis resin, more than \$43,000 in cash, 38 cars and two trucks. The director of POCTIPS assesses that the decreases from 2010 to 2011 are a result of the GIRM's aggressive campaign against illicit trafficking.

In July 2011, 36 accused drug traffickers were tried. Among them 32 were acquitted and four were sentenced to 15 years in prison, but were eventually acquitted by the Criminal Court. The Supreme Court subsequently overruled these decisions, annulled the acquittals, and fired several judges who were in charge of this case. Three judges fled Mauritania before the GIRM publicly announced the decision, suggesting the possibility that corrupt payments might have affected their decision.

Mauritania is a party to the 1988 UN Drug Convention. Mauritania is also a party to the UN Convention Against Transnational Organized Crime and the UN Convention Against Corruption. There currently is no extradition treaty or mutual legal assistance treaty between the United States and Mauritania. Notably, Mauritania does not provide formal mutual legal assistance in the absence of a bilateral treaty.

US State Dept Trafficking in Persons Report 2016 (introduction):

Mauritania is classified a Tier 3 country - a country whose government does not fully comply with the minimum standards and is not making significant efforts to do so.

Mauritania is a source and destination country for men, women, and children subjected to forced labor and sex trafficking. Adults and children from traditional slave castes in the Black Moor and Afro-Mauritanian communities are subjected to hereditary slavery-related practices rooted in ancestral master-slave relationships. Although reliable data on the total number of slaves does not exist, local and international experts agree hereditary slavery continues to affect a significant portion of the country's population, in both rural and urban settings. Held for generations by slave-holding families, persons subjected to hereditary slavery are forced to work without pay as cattle herders and domestic servants. Separately, some boys from Mauritania and other West African countries who study at Koranic schools are forced to beg for food and money to pay corrupt imams. Boys from low-income families in the Halpulaar community are most vulnerable to forced begging by unethical imams. Approximately 41 percent of Mauritanian children lack birth certificates and are thus generally not permitted to enroll in school, which increases their risk for trafficking. Mauritanian women and girls—especially those from the traditional slave castes and Afro-Mauritanian communities, as well as women and girls from Mali, Senegal, The Gambia, and other West African countries—are forced into domestic servitude in Mauritania, sometimes by recruiters who fraudulently promise parents they will provide shelter and education for the children. West African women and girls are vulnerable to sex trafficking in Mauritania. Mauritanian women and girls are subjected to forced labor and sex trafficking abroad. During the reporting period, over 200 Mauritanian women—the majority of whom are members of traditional slave castes—were exploited in domestic servitude in Saudi Arabia after having been fraudulently recruited for nursing and teaching jobs by Mauritanian middlemen working for Saudi recruitment agencies. Men from Middle Eastern and North African countries use legally contracted temporary marriages to sexually exploit Mauritanian women and girls. Mauritanian women and girls from poor families enter into these forced

marriages, facilitated by brokers and travel agencies in both Mauritania and in the Middle East promising substantial payment, and are exploited as sex slaves in Saudi Arabia and other Gulf countries. Law enforcement and judicial officials failed to appropriately investigate and prosecute cases of hereditary slavery brought to their attention.

The Government of Mauritania does not fully meet the minimum standards for the elimination of trafficking and is not making significant efforts to do so. In 2015, the government created courts exclusively to try slavery cases and enacted an anti-slavery law that allows some NGOs to bring forward slavery cases on behalf of victims. However, these courts were underfunded, the judges did not receive specific training on how to try human trafficking cases, and the government did not prosecute any traffickers. It did not provide adequate protective services to victims or establish procedures to identify victims among persons arrested for prostitution and individuals detained and deported for immigration violations. The government continued to imprison anti-slavery activists and repress civil society advocacy for an increase in anti-trafficking law enforcement efforts.

US State Dept Terrorism Report 2016

Overview:

Mauritania remained an important regional counterterrorism partner in 2016. The Mauritanian government continued to oppose terrorism actively and effectively, building on an approach that hinges on community outreach, improving the capacity of security forces, and securing the country's borders. As in years past, the Mauritanian authorities cooperated with U.S. counterterrorism efforts and seized opportunities to participate in U.S.-sponsored training on counterterrorism tactics and techniques.

Mauritania is an excellent security partner with a strong record of taking direct action against al-Qa'ida in the Maghreb (AQIM), ISIS, and similar groups, defending its borders from infiltration and opposing the spread of violent extremist ideology. In the wake of three major terrorist incursions in 2011, which were defeated by Mauritanian security forces, terrorist activity in the country has been reduced substantially.

Mauritania is strategically located. It is both a Sahelian country, hosting the headquarters of the Secretariat of the G-5 Sahel countries (along with Burkina Faso, Chad, Mali, and Niger), and a member of the Arab Maghreb Union (along with Algeria, Libya, Morocco, and Tunisia). Mauritania hosted the Arab League Summit in July.

Regions in Mauritania's interior are imperfectly monitored owing to their geographic isolation from population centers and inhospitable desert conditions. AQIM remained the leading terrorist threat to Mauritania, but al-Murabitoun and like-minded terrorist groups also had a presence in the region, particularly in the southeastern border with Mali.

The number of Mauritians participating in terrorist activities remained at similar levels since 2011, including Mauritians in senior-level positions within groups such as AQIM. Local sources estimated 55 Mauritians as members of AQIM, mainly from the Beydane tribes of Brebich, Eterchane, Ijemmane, Kounta, Oulad Daoud, and Oulad Talha. Government

authorities were also alert to the threat of ISIS in Mauritania, as evidenced by a series of arrests of subjects suspected of recruiting for the group.

Mauritanian political and religious personalities – including Islamic figures – periodically condemned ISIS' aims, methods, and activities in their public statements.

Legislation, Law Enforcement, and Border Security: Mauritania's counterterrorism legal framework is relatively new. Enacted in 2010, the national counterterrorism laws define terrorism as a criminal act and prescribed punishment for perpetrators. Additionally, the Mauritanian government continued to sharpen its counterterrorism capabilities in ways that satisfied the obligations in UN Security Council resolutions 2178 (2014) and 2199 (2015). For example, in 2016, Mauritania amended its 2010 counterterrorism statute to expand the impact against foreign terrorist fighters. The 2016 amendments significantly broadened the scope of terrorism, criminalizing for the first time aiding and abetting, inciting, and advising the commission of terrorist acts. The new amendment also provides more clarity in criminalizing as a terrorist offense the intentional act of financing, supporting, or assisting in the organization of a journey by a foreign terrorist combatant to train or train other terrorist combatants for the purpose of committing terrorist acts. It criminalizes as a terrorist offense the intentional act of committing a murder, abduction, or assault against an internationally protected person (diplomat) or an attack on the diplomat's office or private residence.

Mauritania's National Gendarmerie, a paramilitary police agency; and its National Security Directorate, which falls under the Ministry of Interior; are the primary law enforcement units performing counterterrorism functions. Cooperation and information sharing between the two organizations occurred sporadically.

Although Mauritanian security forces were able to successfully deter and prevent acts of terrorism, Mauritania is committed to further improving its counterterrorism capacity. Throughout the year, personnel from the security forces participated in eight separate courses funded by the Department of State's Antiterrorism Assistance program. This training conferred expertise in relevant tactical and technical skills, to include investigations, evidence gathering, and border security. The Mauritanian government continued to send prosecutors and investigative magistrates to terrorism prosecution training organized by the United States through the Department of Justice (DOJ) and other international partners.

Border security remains a priority of the Mauritanian government, but challenges remain due to a lack of capacity and the lack of a standing policy that accords responsibility for different sections of the country's long land borders to different formations within the security forces. The vast Mauritanian borders traversing inhospitable and hard-to-access areas of the Sahara desert further complicated efforts to monitor and secure borders, particularly those with Mali. To address this challenge, the Mauritanian government designated significant portions of northern and eastern Mauritania as a military zone. Citizens and personnel operating within the zone are required to gain authorization prior to entering. This control allows the Mauritanian military to monitor personnel traversing the country. Mauritania's border forces employ biometric screening capabilities at some, but not all, ports of entry. Information sharing efforts within the government and with other countries in the region were nascent.

Mauritanian authorities continued to arrest terrorism suspects in 2016. In June, during security preparations in advance of Mauritania hosting the Arab League Summit, Mauritanian authorities arrested several individuals believed to be ISIS sympathizers. In October, Mauritania authorities arrested three individuals perceived to be a security threat to Western interests.

Countering the Financing of Terrorism: Mauritania is a member of the Middle East and North Africa Financial Action Task Force and maintains observer status within the Intergovernmental Action Group against Money Laundering in West Africa; both are Financial Action Task Force-style regional bodies. In January, the Mauritanian government submitted to parliament a draft amendment of certain provisions relating to their Law No. 2005-048, which pertains to money laundering and terrorist financing. This amendment aims to harmonize domestic legislation with international conventions. The updated counterterrorism law introduced new provisions on the immediate administrative freezing of the assets of terrorist individuals and entities listed in the UN Security Council ISIL (Da'esh) and al-Qa'ida sanctions regime. Mauritania's current regulations require banks and formal money exchange and remittance offices to report suspicious transactions to its financial intelligence unit, the Financial Information Analysis Commission. The government also adopted in October a new anti-corruption regulation that has a component on international judicial cooperation on terrorist asset forfeiture and seizure.

Although legislation regulating alternative remittances exists, the Mauritanian government neither has the resources to monitor sizable flows of funds through the informal *hawala* money transfer system, nor considers doing so a priority.

Mauritania is not subject to international sanctions

Arab League

The Arab League (comprising 22 Arab member states), of which this country is a member, has approved imposing sanctions on Syria. These include: -

- * Cutting off transactions with the Syrian central bank
- * Halting funding by Arab governments for projects in Syria
- * A ban on senior Syrian officials travelling to other Arab countries
- * A freeze on assets related to President Bashar al-Assad's government

The declaration also calls on Arab central banks to monitor transfers to Syria, with the exception of remittances from Syrians abroad.

The Arab League has boycotted Israel in a systematic effort to isolate Israel economically in support of the Palestinians, however, the implementation of the boycott has varied over time among member states.

There are three tiers to the boycott. The primary boycott prohibits the importation of Israeli-origin goods and services into boycotting countries. The secondary boycott prohibits individuals, as well as private and public sector firms and organizations, in member countries from engaging in business with any entity that does business in Israel. The Arab League maintains a blacklist of such firms. The tertiary boycott prohibits any entity in a member country from doing business with a company or individual that has business dealings with U.S. or other firms on the Arab League blacklist.

Bribery & Corruption

| Index | Rating (100-Good / 0-Bad) |
|--|---------------------------|
| Transparency International Corruption Index | 28 |
| World Governance Indicator – Control of Corruption | 22 |

Corruption is an obstacle to business in Mauritania. All sectors of the economy suffer from pervasive corruption. Licenses and permits are often obtained through bribery or clientelistic networks, and the same applies for obtaining public contracts, particularly in the country's extractive industries. The political landscape is dominated by deeply entrenched patronage networks with stakes in the economy, so practices of favoritism are common. Mauritania's investment climate is further hampered by administrative barriers and an inefficient legal system. Corruption offenses are criminalized under the country's Penal Code (in French) and encompass both the public and the private sectors. However, laws are poorly enforced, and government officials engage in corruption with impunity. Unofficial payments and gifts are widespread practices in Mauritania. **Information provided by GAN Integrity.**

Corruption and Government Transparency - Report by US State Department

In the July 2009 presidential election, President Abdel Aziz ran on an anti-corruption and populist platform. Donor partners applauded the release of the first-ever Mauritanian anti-corruption strategy in November 2009, and a number of high-profile anti-corruption cases have demonstrated at least an effort to fight corruption. Although progress has been made, laws and regulations are still not evenly and effectively enforced, largely because corruption has historically been so prevalent at every level of Mauritanian society and governmental affairs.

Corruption is an obstacle to foreign direct investment in Mauritania, but firms generally rate high taxes, access to credit, underdeveloped infrastructure, and a lack of skilled labor as greater impediments. Corruption is most pervasive in government procurement, bank loans, fishing license attribution, land distribution, and tax payments. Giving or accepting a bribe is a criminal act punishable by two to ten years imprisonment and fines up to \$700, but there is little application of this law. Firms commonly pay bribes to quicker obtain telephone, electricity, and water connections and construction permits.

Since assuming office, President Abdel Aziz has embarked upon a program to reduce privileges for government employees and to identify and punish those guilty of financial crimes. The current anti-corruption push began in November 2009 when the Bureau of Economic Crimes arrested the former governor of the Central Bank for alleged crimes committed between 2000 and 2001. His arrest was quickly followed by the arrest of the former deputy governor of the Central Bank and the launch of an investigation into the

business practices of 12 other prominent businessmen and bankers. The former Central Bank governor was accused of laundering approximately \$95 million over the course of two years, the equivalent of nearly 10 percent of Mauritania's 2010 budget. All of the individuals arrested in this first anti-corruption push were released in January 2010 and ordered to repay the entire amount.

Mauritania's Office of the Inspector General of the State handles financial investigations in the public sector. This agency, created in 2005, reports to the Prime Minister and has the authority to conduct investigations into all government offices and departments. From 2013-2014, there were four investigations and dismissals of senior governmental officers and managers of public institutions because of corruption or mismanagement.

The former Human Rights Commissioner was relieved of his duties and imprisoned in August 2010 on grounds of mismanagement. His trial concluded in December 2012 with time served, a \$253,333 fine, and an order to reimburse \$934,482 to the Mauritanian government. Mauritania has also reimbursed funds diverted under the previous administration from Global Fund programs intended to benefit those living with HIV/AIDS, and the international organization has now resumed support to the country.

These most recent investigations highlight the degree to which corruption in both the public and private sectors continues to occur. While most people do not doubt that the accused did in fact engage in corrupt practices, these investigations are controversial, as critics claim they are being conducted to settle political scores.

Despite the current push to fight corruption, wealthy business groups and government officials reportedly receive frequent favors from authorities, such as unauthorized exemptions from taxes, special grants of land, and favorable treatment during bidding on government projects. Mauritanian and non-Mauritanian employees at every level and in every organization are believed to flout Mauritanian tax laws and filing requirements. The only exceptions are civil servants, whose income taxes are automatically deducted from their pay. Such widespread corruption has deprived the government of a significant source of revenue, weakening its capacity to provide necessary services.

Recent efforts to increase tax collection have proven controversial as business owners for the first time face tax obligations that reflect the relatively high level of formal taxation for businesses that are not eligible for specialized exemptions. Tax collection efforts frequently incur criticism for their lack of procedural transparency.

There are several organizations that track corruption within Mauritania. Transparency International has a representative which reports on local corruption policies and events. Additionally, in 2008, several local nongovernmental organizations worked with a UN representative and the Mauritanian government to draft a national action plan to fight corruption. The plan was drafted and submitted in May 2010, but no anticorruption law has been issued as of yet.

Section 3 - Economy

Mauritania's economy is dominated by natural resources and agriculture. Half the population still depends on agriculture and livestock for a livelihood, even though many nomads and subsistence farmers were forced into the cities by recurrent droughts in the 1970s and 1980s. Recently, GDP growth has been driven by foreign investment in the mining and oil sectors.

Mauritania's extensive mineral resources include iron ore, gold, copper, gypsum, and phosphate rock, and exploration is ongoing for uranium, crude oil, and natural gas. Extractive commodities make up about three-quarters of Mauritania's total exports, subjecting the economy to price swings in world commodity markets. Mining is also a growing source of government revenue, rising from 13% to 29% of total revenue between 2006 and 2013. The nation's coastal waters are among the richest fishing areas in the world, and fishing accounts for about 25% of budget revenues, but overexploitation by foreigners threatens this key source of revenue.

Risks to Mauritania's economy include its recurring droughts, dependence on foreign aid and investment, and insecurity in neighbouring Mali, as well as significant shortages of infrastructure, institutional capacity, and human capital. Mauritania has sought additional IMF support by focusing efforts on poverty reduction. Investment in agriculture and infrastructure are the largest components of the country's public expenditures.

Agriculture - products:

dates, millet, sorghum, rice, corn; cattle, sheep

Industries:

fish processing, oil production, mining (iron ore, gold, copper)

Exports - commodities:

iron ore, fish and fish products, gold, copper, petroleum

Exports - partners:

China 32.7%, Switzerland 11.1%, Spain 8.6%, Italy 6.7%, Cote d'Ivoire 6.6%, Japan 5.7% (2015)

Imports - commodities:

machinery and equipment, petroleum products, capital goods, foodstuffs, consumer goods

Imports - partners:

China 25.5%, Algeria 8.4%, France 6.3%, Morocco 5.1%, Spain 4.8%, Brazil 4.5%, US 4% (2015)

Banking

The Mauritanian Government divested itself of its equity interests in primary banks a number of years ago. Its shares in those banks were resold to Mauritanian private interests. The State also sold its shares in the sole Islamic bank, BAMIS. At present, the State's holdings in primary banks are limited to its 50 percent equity position in Chinguetti Bank. Moreover, following the deregulation of the banking sector, three banks were established: the BCI (Banque pour le Commerce et l'Industrie), the GBM (Générale de Banques de Mauritanie), and the BACIM Bank.

Accordingly, the Mauritanian banking sector currently includes, in addition to the BCM, Mauripost, and nine commercial banks. Nevertheless, the level of bank coverage of the public is quite low, and 80 percent of commercial transactions are conducted in cash.

Executive Summary

Mauritania is in northwestern Africa. Historically, Mauritania has been relatively open to foreign direct investment, especially in the mining, hydrocarbon, and fishing sectors. In June 2012, to encourage further investment, the government updated provisions in the Investment Code to enhance the security of investments and facilitate administrative procedures. The Code provides for free repatriation of foreign capital and wages for foreign employees. Despite Mauritania's open policy towards foreign direct investment, certain jobs in key sectors, such as security and fisheries, must be filled by Mauritanian nationals.

The Civil and Commercial Codes include legislation that protects contracts, although court enforcement and dispute settlement are often challenging. The judicial system remains weak, unpredictable, and inefficient in its application of the law. Judges lack training and specialized experience in commercial and financial law. Familial, political and tribal considerations too often trump commercial law in judicial decision-making.

The tax system remains opaque. Over the last two years the rate of tax collection has increased, although in a targeted manner. Tax rates on businesses start at 25 percent on profits and two percent on revenue; moreover, procedures required to pay taxes lack transparency and are time-consuming. Some businesses have faced retaliatory tax bills when they sought in good faith to follow provisions of the law. As the external economic shock from the steep drop in commodity prices has been more persistent than originally foreseen, authorities have begun to adjust their policies in 2015, soliciting more revenues from the private sector to bail out government owned enterprises by adopting even stricter measures to increase tax revenues

Labor laws and conditions of employment are complex, encouraging annual labor contracts over permanent employment. Terms of employment limit companies' ability to hire and dismiss employees freely. Likewise, environmental, health, and safety laws and policies exist on paper, but are costly to implement and rarely or inconsistently enforced.

Although legally outlawed, de facto slavery continues to exist in Mauritania, particularly in domestic situations and in rural and agricultural settings. In 2015 Mauritania adopted an improved anti-slavery law that more clearly defines the practice and raises the penalties for those convicted. Foreign investors should be aware that it is not uncommon for local suppliers or contractors to engage slave labor.

Corruption remains a concern. During the July 2009 presidential election, President Aziz launched an anti-corruption campaign. In 2014 it was renewed and has resulted in the imprisonment of several officials and business leaders. Though corruption remains a strong concern, companies generally cite high taxes, insufficient access to credit, underdeveloped infrastructure, and a lack of skilled labor as the main impediments when investing in Mauritania.

The overall investment climate in Mauritania remains challenging for U.S. and other foreign investors. The Mauritanian government encourages foreign direct investment, but a weak judicial system, opaque tax laws, complicated labor laws, a fragile political system,

underdeveloped infrastructure, and lack of skilled labor should all be considered before investing.

Table 1

| Measure | Year | Index or Rank | Website Address |
|---|------|---------------|--|
| TI Corruption Perceptions index | 2014 | 124 of 175 | transparency.org/cpi2014/results |
| World Bank's Doing Business Report "Ease of Doing Business" | 2015 | 176 of 189 | doingbusiness.org/rankings |
| Global Innovation Index | 2015 | N/A | globalinnovationindex.org/content/page/data-analysis |
| U.S. FDI in partner country (\$M USD, stock positions) | 2008 | USD -3 | BEA/Host government |
| World Bank GNI per capita | 2014 | USD 1,060 | data.worldbank.org/indicator/NY.GNP.PCAP.CD |

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

High level government officials in Mauritania tend to explicitly express their ambition to improve the business climate in order to attract more foreign direct investment (FDI). Local businesses frequently express interest in representing U.S. companies and the number doing so is growing. There is no law prohibiting or limiting foreign investment, which can target any sector of the economy. There are no laws or regulations specifically authorizing private firms to adopt articles of incorporation or association which limit or prohibit foreign investment, participation, or control. There are no other practices by private firms to restrict foreign investment. Historically, Mauritania has been relatively open to FDI, especially in the fishing, mining, and hydrocarbon sectors. The current government, first elected in July 2009 and then

re-elected in June 2014, has prioritized recruiting foreign investment in these sectors. It is working closely with the International Monetary Fund (IMF), the World Bank, and the international donor community to improve basic infrastructure and to update laws and regulations. Worldwide indices have consistently ranked Mauritania among the most corrupt business environments over the past several years, however.

Other Investment Policy Reviews

The latest investment policy review occurred in February 2008, when the United Nations Conference on Trade and Development (UNCTAD) published an investment policy review of Mauritania. The Review is available online, in French, at: http://unctad.org/en/Docs/iteipc20085_fr.pdf. The report recommends that the Government of Mauritania: diversify the economy; better realize its investment potential through increasing revenue generated by the exploitation of natural resources; accelerate required reforms; and enhance the business and investment climate. Additional recommendations included improving the regulatory framework by adopting a new investment code strengthening institutions responsible for promoting and monitoring investment; improving the quality and quantity of information about investment; and fostering competition. In 2012, the government adopted a revised Investment Code and created the Office of Promotion of the Private Sector (OPPS) to promote and monitor investment. Although the OPPS opened in 2012, it has not had the positive impact the government had hoped, and appears to be largely inactive.

In 2011, Mauritania underwent a World Trade Organization (WTO) trade policy review. The report is available online at http://www.wto.org/english/tratop_e/tpr_e/tp350_e.htm. The report states that, since 2002, the government has undertaken few reforms in the areas of customs, trade, or investment regulations. The report also highlights lack of transparency as a deficiency. Since the report was published, the government passed the revised Investment Code in June 2012 to improve transparency in the government procurement process.

Laws/Regulations on Foreign Direct Investment

The Investment Code, last updated in June 2012, was designed to encourage direct investment, by enhancing the security of investments and facilitating administrative procedures. The code provides for free repatriation of foreign capital and wages for foreign employees. The code also created free points of importation and export incentives. Small and medium enterprises (SME), which register through OPPS, do not pay corporate taxes or customs duties. The Code also created Special Economic Zones to encourage regional development. Separately, the Nouadhibou Free Zone was created with its own regulatory scheme more favorable to foreign investment. The Civil and Commercial Codes protect contracts, although court enforcement and dispute settlement can be difficult.

Business Registration

New companies to the Mauritanian market are required to register with a notary office. There are several notaries who specialize in the creation of new companies. The Government of Mauritania practices mandatory screening of foreign investment. These screening mechanisms are routine and non-discriminatory and done through OPPS' Guichet Unique for all sectors except the petroleum and mining sectors, which require approval from the

cabinet meeting. Prospective investors are required to obtain an Investment Certificate by presenting their proposal and all required documents to the Guichet Unique. The office of the Guichet Unique is the country investment promotion agency that is set to facilitate foreign investment. It takes up to 10 days to register a business in Mauritania.

Industrial Promotion

Investors interested in energy, mining, petroleum, or fishing negotiate investment certificates directly with the Ministry of Oil, Energy, and Mines or the Ministry of Fishing and Maritime Economy. Mauritania continues to attract significant foreign direct investment in these sectors, but all have experienced a decline following the fall in commodity prices, including the price of oil, iron ore, and gold in 2014. In 2015, Mauritania renewed its four-year fisheries agreement with the European Union (EU) after a year-long lapse. Despite the economic downturn, energy, mining, petroleum, and fishing remain vital to the country's economy. Final approval of projects falls within the purview of the Council of Ministers, which has, in practice, usually approved all recommended projects. No U.S. firms have identified the screening process as unduly unpredictable or discriminatory; however, as of April 2016, all U.S. companies investing in Mauritania have negotiated directly with relevant ministries; no U.S. firms have gone through the OPPS process, which has remained largely inactive since its creation due to staffing vacancies and the exclusion from its purview of the oil, mining, and energy sectors.

Limits on Foreign Control and Right to Private Ownership and Establishment

Mauritania has no discriminatory policies against foreign investment, imports, or exports. The mining, fishing, agricultural, banking, petroleum, and technology sectors actively seek foreign direct investment. There are no laws or regulations which limit or prohibit foreign investment, participation, or control. There are no other practices by private firms to restrict foreign investment.

Privatization Program

Not applicable.

Screening of FDI

The Mauritanian government has in place a mandatory screening of foreign investments to ensure compliance with the country's laws. In general, such scrutiny is applied in a routine and non-discriminatory manner. The June 2012 update to the Investment Code established the Office of Promotion of the Private Sector (OPPS) in the Ministry of Economic Affairs and Development (MAED) to replace the MAED's Consolidated Office for Investment. OPPS has three sections: the Office for the Promotion of Private Investment and International Cooperation; the Guichet Unique, a one-stop shop to screen potential investments for all sectors except petroleum, mining, and fishing; and the Office of Investment Development and Promotion of Environmental Affairs. However, due to the OPPS's location outside the MAED and staffing vacancies, the OPPS has remained largely inactive.

The revised Investment Code requires investors to apply for an investment certificate at the Guichet Unique. The Guichet Unique has ten days to notify the applicant of its decision. If the applicant has not received a response within 10 days, the certificate is considered granted.

The OPPS became functional in early 2013. However, many of the largest sectors of the economy, including mining, oil, and energy, are excluded from the revised Investment Code, as separate legislation regulates these industries. The updated Investment Code and OPPS cover the areas of fishing, tourism, and agriculture. Cases involving fishing companies must apply for licenses through the Ministry of Fishing and Maritime Economy.

Competition Law

Suppliers for large government contracts are selected through a tender process. Invitations for tenders are publicly announced in local newspapers and on government websites. After issuing an invitation for tenders, the Central Market Commission, a commission created in each Ministry under the 2012 Investment Code, selects the offer that best fulfills government requirements. If two offers—one from a foreign company and one from a Mauritanian company—are otherwise considered equal, statutes require that the government award the tender to the Mauritanian company. In practice, this has resulted in tenders being awarded to companies that have strong ties to government officials and tribal leaders, regardless of the merits of an individual offer. Preferential treatment remains common in government procurement, despite the government's recent efforts to promote transparency in the public sector. Government officials and tribal leaders reportedly receive frequent favors, such as unauthorized exemption from taxes, fishing licenses, special grants of land, and favorable treatment during bidding on government projects.

2. Conversion and Transfer Policies

Foreign Exchange

There are no legal or policy restrictions on converting or transferring funds associated with investments. Investors are guaranteed the free transfer of convertible currencies at the legal market rate, subject to the availability of such currencies. Similarly, foreigners working in Mauritania are guaranteed the prompt transfer of their professional salaries. To transfer funds, investors are required to open a foreign exchange bank account in Mauritania. There are no maximum legal transaction limits for investors transferring money into or out of Mauritania, although regulations to withdraw money may be complicated.

The local currency, the ouguiya, is freely convertible within Mauritania, but its exportation is not legally authorized. Hard currencies can be obtained from local commercial banks, provided the banks have the requested sum on hand. The Central Bank holds regular foreign exchange auctions, allowing market forces to fix the value of the ouguiya. Individuals and companies may obtain hard currency through commercial banks for the payment of purchases or the repatriation of dividends. If the bank has hard currency available, there is no delay in effect for remitting investment returns. However, if the bank does not have sufficient reserves, the hard currency must be obtained from the Central Bank in order to conduct the transfer. The Central Bank is required to prioritize government transfers, which could present further delays. Delays of one to three weeks, although relatively uncommon, have been reported. Since last year the national currency depreciated against hard currencies by 10%.

Remittance Policies

There are no legal parallel markets in Mauritania that would allow investors to remit investments through other means. There is no limit on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property, or imported inputs.

3. Expropriation and Compensation

The revised Investment Code provides more property guarantees and protection. The Code protects private companies against nationalization, expropriation, and requisition. However, if a foreign enterprise is facing difficulties, the Mauritanian government can propose an expropriation plan in order for the company to avoid bankruptcy and to protect jobs of local employees, with fair and equitable compensation, which is exempt from duties and taxes (per Article 4 and 5.1.c.)

The only known case of expropriation since Mauritania's independence in 1960 was the nationalization of the French mining company MIFERMA in November 1974, the largest employer and hard currency earner in the country. In that case, the two parties agreed on a compensation plan.

In 2003, the Mauritanian government annulled a major contract with a British company for petroleum supplies and management of storage and refining facilities in Nouadhibou. In this case, the two parties negotiated a mutually agreed upon settlement and the Government provided compensation to the British company.

The Mauritanian government guarantees companies that the tax, custom, and legal regulations in force at the time of issuance of an Investment Certificate will remain applicable to them for a period of 20 years. Likewise any favorable changes to the corporate tax or customs laws during that guaranteed period of time will be applied to the investor.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Mauritanian judicial system combines French and Islamic (Malikite rite) legal traditions. The constitution guarantees the independence of the judiciary in theory (Article 89), and an organic law also protects judges from undue influence. Civil and Commercial Codes are designed to protect contracts, although court enforcement and dispute settlement can be difficult. The judicial system remains weak and unpredictable in its application of the law, due in part to the training judges receive in two separate and distinct legal systems; Shari'a law and the second modeled after the French legal system. Judges remain undercompensated and susceptible to family/tribal pressures and bribery. Specialized commercial law courts exist, but there is no separate judicial circuit that specializes in intellectual property rights. Judges lack training and experience in commercial and financial law. Some judges may only have formal training in the Shari'a legal system while others are only familiar with the French civil law system. A lack of standardization of applicable legal knowledge in the judiciary leads to inefficiency in the execution of judgments. Furthermore, the judiciary has been known to be subject to undue influence from tribal affiliations, as well as corruption from political and business figures.

Many laws and decrees related to the commercial and financial sectors are not readily available and therefore not well understood. Access to laws and legal texts that have been published can be equally challenging. Other laws, in particular some governing the financial sector, are out of date. Most judgments are not issued within prescribed time limits and records are not always well kept. Judgments of foreign courts are recognized by local courts, but enforcement is limited. During the last several years, the Government has taken steps to provide training to judges and lawyers as an attempt to professionalize the system. Settling a dispute through the courts remains a long and complicated process. Inadequate laws and poor administration remain the key source of legal disputes encountered in the country.

Bankruptcy

The country has bankruptcy laws which carry the potential for criminal penalties. In 2015, a national bank "Maurisbank's" authorization was revoked by the Central Bank after it announced bankruptcy. The director was arrested, and all holdings by bank customers were returned by the Central Bank in a manner deemed fair and just. Mauritania's bankruptcy laws were last updated in 2001. The bankruptcy law allows for the reorganization or restructuring of a business. There are very few reported cases of these laws being applied. In the "Resolving Insolvency" category in the World Bank's, 2015 Doing Business Report, Mauritania comes in with the lowest ranking at 189 out of 189 countries.

Investment Disputes

The largest recent investment dispute between the Mauritanian government and a foreign investor occurred in 2006 over production-sharing contracts (PSC) signed in 2003 with former President Taya's government. A successor government lodged a dispute over four amendments to the original PSC involving oil revenues and environmental issues. An international arbiter was brought in and ruled in the government's favor.

In 2014, another international services company stopped its activities, claiming the government had not made payments per its contract. As of April 2016, the issue had not been resolved.

International Arbitration

Judgments of foreign courts are not consistently applied. The government accepts international arbitration of investment disputes between foreign investors and government authorities. Judgments of foreign courts are accepted by the local courts, but enforcement is limited. There are also domestic mechanisms for arbitration, both through traditional religious institutions and through the courts. The revised Investment Code anticipates a local International Chamber of Mediation and Arbitration of Mauritania (ICMAM) to be housed at the Chamber of Commerce, although as of April 2016, the ICMAM is awaiting approval from the Mauritanian Chamber of Commerce and the Ministry of Justice. Previously, issues were referred to the International Center for Settlement of Investment Disputes (ICSID), of which Mauritania became a contracting state in 1965.

ICSID Convention and New York Convention

In 1997, Mauritania became a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention). However, there is no specific legislation to ensure enforcement.

Duration of Dispute Resolution – Local Courts

Depending on the case, dispute settlement resolution in local courts can take years. The duration of investment disputes are subject to numerous appeals before reaching a final verdict. Though the government is looking for ways to streamline the system by providing training to judges and lawyers, the court procedures are currently long and complicated. Enforcement of enacted laws remains limited due to scarce resources and the limited power of judges to independently enforce the law.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Mauritania has been a member of World Trade Organization (WTO) since May 31, 1995. Mauritania is in a transitional stage regarding its commitments. It is currently actively engaging the WTO to ensure progress is being made towards complete compliance with the required commitments. In an attempt to promote local production, the government, has increased tariffs to reduce the competitiveness of foreign staples.

Investment Incentives

Investment incentives such as free land, deferred and reduced taxes, and tax-free importation of materials and equipment are available to encourage foreign investors. The government has offered tax benefits, including exemptions in some instances, to enterprises in Special Economic Zones and some companies in priority sectors throughout the country. The Investment Code outlines standard investment incentives, but foreign investors may negotiate others directly with the government.

Research and Development

Not applicable.

Performance Requirements

The government has been known to impose performance requirements as a condition for establishing, maintaining, or expanding an investment, or for access to tax and investment incentives. Foreign investors consistently report that government-sponsored requests for tenders lack coherence and transparency. The revised Investment Code requires investors to purchase from local sources if the good or service is available locally and is of the same quality and price as could be purchased abroad. There is no requirement for investors to export a certain percentage of output or have access to foreign exchange only in relation to their exports. If imported “dumped” goods are deemed to be competing unfairly with a priority enterprise, the government will respond to industry requests for tariff surcharges, thus providing some potential protection from competition.

Companies may employ expatriate staff in no more than 10 percent of key managerial staff positions, in accordance with the Labor Code and are required to have a plan in place to

“Mauritanize” the expatriate staff positions. Expatriate staff may be hired in excess of 10 percent with authorization from the appropriate industry authority by establishing that no competent Mauritanian national is available for the vacancy. Foreign companies are required to transfer skills to local employees by providing free training for lower-skilled jobs. However this does not apply to companies operating within the Nouadhibou Free Trade Zone Authority.

Expatriate staff members working for companies in accordance with the Labor Code are eligible to import, free of customs duties and taxes, their personal belongings and one passenger vehicle per household, under the regime of exceptional temporary admission (Admission Temporaire Exceptionnelle, or ATE). All sales, transfers, or withdrawals are subject to permission of customs officials.

Current immigration laws do not discriminate nor are they considered to apply excessively onerous visa, residence, or work permit requirements inhibiting foreign investors’ mobility. However, some U.S. companies have expressed frustration with the difficulty in obtaining visas and residency permits and procedures and validity can change with little or no notice or explanation. A visa from the Mauritanian Embassy may take up to three months to be issued. Length of validity and number of entries are inconsistently accorded.

Data Storage

The Mauritanian government does not have any requirements or a mechanism that requires foreign IT providers to turn over source code and/or provide access to surveillance.

6. Protection of Property Rights

Real Property

Property rights are protected under the Mauritanian Civil Code, which is modeled on the French code. In practice, however, it can be difficult to gain redress for grievances through the courts. Mortgages exist and are extended by commercial banks. There is a well-developed property registration system for land and real estate in most areas of the country, but land tenure issues in southern Mauritania, particularly the area along the Senegal River, are the subject of much controversy. For example, in January 2014, rural communities around Boghé (300 kilometers southeast of Nouakchott) denounced as expropriation the signing of an agreement with the Saudi Arabian Al Rajhi Bank that grants permission for the Bank to cultivate 31,000 hectares in Brakna and Trarza provinces. Investors should be fully aware of the history of the lands they are purchasing or renting, and should verify that the local partner has the proper authority to sell/rent large tracts of land – particularly in this region – before agreeing to any deals. In 2015, the Ministry of Economy and Finance established a computerized system to provide more transparent land allocation. All information regarding the property titles is available at the Land Registry Agency housed at the Ministry of Habitat, including information related to mortgages and other tax related matters. The Land Registry Agency performs due diligence prior to making the final title transfer. To register a property, owners only need to have their notarized sale agreement along with the title certificate.

Intellectual Property Rights

The legal protection of intellectual property rights (IPR) is still a relatively new concept in Mauritania, and those seeking legal redress for IPR infringements will find very little historical record of cases or legal structures in place to support such claims. Mauritania is a member of the Multilateral Investment Guarantee Agency (MIGA) and the African Organization of Intellectual Property (OAPI). In joining the latter, member states agree to honor intellectual property rights principles and to establish uniform procedures of implementation for the following international agreements: the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Hague Convention for the Registration of Designs and Industrial Models, the Lisbon Convention for the Protection and International Registration of Original Trade Names, the World Intellectual Property Organization, the Washington Treaty on Patents, and the Vienna Treaty on the Registration of Trade Names. Mauritania signed and ratified the WTO TRIPS (Trade Role on Intellectual Property and Service) agreement in 1994, but it has yet to implement it. The government also signed and ratified the WIPO (World Intellectual Property Organization) treaties in 1976. It has not signed or ratified the WIPO Internet treaties. Though the government is in the process of launching reforms related to property, product certification and accreditation bodies to protect IPR remains fragile. The Agency for Consumer Protection, housed at the Ministry of Commerce, is in charge of quality control and the prevention of sales of counterfeit goods in local markets; but its capabilities to track and enforce its regulations are very constrained.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Leslie Johnson or Samba Diallo
Economic Officer & Economic Specialist
(222) 4525-2660, ext. 4404
NouakchottEconComm@state.gov

Local List of Attorneys: <http://mauritania.usembassy.gov/lawyersinmauritania.html>

7. Transparency of the Regulatory System

The government has adopted laws that have furthered transparency during recent years. In 2016, the government approved a new anti-corruption bill, which aims to introduce the provisions of the UN Convention Against Corruption in the Mauritanian judicial system so that it is consistent with international standards. In 1999, the government created a regulatory authority that is charged with overseeing the privatization process and ensuring that transparent policies and laws are used to foster competition through the bidding process. There is no law or policy in place that impedes foreign investment in Mauritania. In practice, ownership in many sectors of the economy is concentrated among a few families. They have significant oligopolistic power, which is reinforced by formal and informal regulatory barriers. Tax rates on businesses in the formal sector are complicated, and begin at 25 percent on profits and two percent on revenue. Procedures required to pay taxes lack transparency and are and time-consuming. Recent efforts to combat corruption have resulted in businesses being faced with extraordinary tax bills.

While the government is moving to streamline bureaucratic procedures for investment, difficulties remain. There is a complex and often overlapping system of permits and licenses required to do business. In the "Ease of Starting a Business" portion of the World Bank's 2015 Doing Business profile, Mauritania ranked 176 out of 189 countries. There continues to be a lack of transparency in the legal, regulatory, and accounting systems, which do not meet international norms. Proposed laws and regulations are supposed to be published in draft form for public comment before being sent to Parliament, but this does not always occur. There are no informal regulatory processes managed by nongovernmental organizations or private sector associations and laws and regulations do not discriminate against foreign investment.

In 2011, the government promulgated two orders to regulate accounting practices of nongovernmental and private entities, which must now have reputable financial management and submit periodic reports of financial transactions. All such entities must also have a local bank account with an identifiable account number and address. As of 2016, these orders are only inconsistently followed by the entities and enforced by the government.

8. Efficient Capital Markets and Portfolio Investment

In accordance with Article 3.1 of the Investment Code, the Government of Mauritania guarantees any individual or legal entity wishing to undertake business activities in the country the freedom of establishment in accordance with laws and regulations. Private entities, whether foreign or national, have the right to freely establish, acquire, own, and/or dispose of interests in business enterprises and receive legal remuneration. Privatization and liberalization programs have also helped put private enterprises on an equal footing with respect to access to markets and credit. In principle, government policies encourage the free flow of financial resources and do not place restrictions on access by foreign investors. Most foreign investors, however, prefer external financing due to the high interest rates and procedural complexities that prevail locally. Credit is often difficult to obtain due to a lax legal system to enforce regulations that build trust and guarantees credit return. There are no legal or policy restrictions on converting or transferring funds associated with investments. Investors are guaranteed the free transfer of convertible currencies at the legal market rate, subject to the availability. Similarly, foreigners working in Mauritania are guaranteed the prompt transfer of their professional salaries.

Commercial bank loans are virtually the only type of credit instrument. There is no stock market or other public trading of shares in Mauritanian companies. In September 2014, the Mauritanian Central Bank announced its intention to launch the country's first stock market. The Central Bank estimated that this effort would take two to three years to complete. However, as of April 2016 no major measures have been conducted in order to implement this initiative. Currently, individual proprietors, family groups, and partnerships generally hold companies, and portfolio investment is accordingly quite limited.

Money and Banking System, Hostile Takeovers

The IMF has in the past assisted Mauritania with the stabilization of the banking sector and access to domestic credit has become easier and cheaper. A recent proliferation of banks has fostered competition that has contributed to the decline of the interest rates from 30

percent in 2000 to 11 or 12 percent in 2009, not including origination costs and other fees. Interest rates have remained stable since 2009, ranging between 10 to 17 percent as of April 2016.

The banking system is stable but fragile. The country's five largest banks are estimated to have USD 100 million in combined reserves; however, these figures cannot be independently verified, making an evaluation of the banking system's strength impossible. As of April 2016, 22 banks, national and foreign, currently operate in Mauritania, despite the fact that only some 10 percent of the population holds bank accounts. The Central Bank of Mauritania is in charge of regulating the Mauritanian banking industry, but it has exercised little power to demand information or compliance from family-owned banks. The Ministry of Finance mandates that the Central Bank perform yearly audits of Mauritanian banks, but auditors have sometimes been refused entry and access. There are no restrictions in terms of foreigners who wish to obtain an individual or business banking account.

9. Competition from State-Owned Enterprises

State-Owned Enterprises (SOEs) and the parastatal sector in Mauritania represent an important portion of the economy. They have an impact on employment, service delivery, and most importantly fiscal reserves given their size in the economy and state budget. However, they are constrained by weak institutional capacity and lack of reliable available data. In recent years, parastatal companies and SOEs have experienced significant business and financial problems in terms of increasing levels of debt, operational losses, and payment delays. This increase in fiscal reserve risk has led the government to provide subsidies to SOEs.

Hard budget constraints for SOEs are written into the Public Procurement Code, but are not enforced. SOMELEC, the state-owned electricity company, has been operating in a precarious financial situation for many years. The company relies on government subsidies to remain solvent.

Most state-owned enterprises in Mauritania have independent boards of directors. The directors are usually appointed based upon political affiliations; nevertheless, they are typically qualified for their positions. Mauritania is making progress in disclosing information on the oil sector and for the national hydrocarbon company (SMH), and is currently EITI compliant, indicating the country has effective processes in place for annual disclosure and reconciliation of revenues from the extractive sector.

There are about 80 SOEs and parastatal companies operating in the commercial sector with engagements in a wide range of sectors including energy, network utilities, mining, telecommunications, transportation, commerce, and fisheries. Parastatal and wholly owned SOEs remain the major employer in the country. This includes the National Mining Company (SNIM), which is by far the largest Mauritanian enterprise and the second largest employer in the country after public administration.

The publically available financial information on parastatal and wholly owned SOEs is incomplete and outdated, with the exception of budget transfers. There is no publication of the expenditures SOEs allocate to research and development. In addition, they execute the largest portion of government contracts, receiving preference over the private sector.

According to the Public Procurement Code, there are no formal barriers to competition with SOEs. However, informal barriers such as denial of access to credit exist.

OECD Guidelines on Corporate Governance of SOEs

The Mauritanian government does not encourage SOEs to follow generally accepted principles such as the OECD Guidelines for Multinational Enterprises. Consequently, SOEs are often subject to political influence and a lack of transparency and accountability, and do not usually disclose information recommended by the OECD guidelines

Government Agencies such as the Cour des Comptes Office, in charge of monitoring the performance and implementation of OECD guidelines on SOEs, do not usually have strong monitoring and evaluation capacity to effectively exercise this function. Moreover, the designated oversight entities within sector ministries tend not to be specialized in performance monitoring. Although the legal framework holds parastatal entities accountable to the State through defined performance agreements, in practice these agreements are rarely enforced.

Board members tend to have limited independence toward influence from ministries and high ranking government officials and the process of appointment is not allows merit based. Though there are no reports on disputes involving SOEs, and the court is in the process of implementing major reforms, the likelihood that domestic courts would favor SOEs during a dispute remains of eminent concern.

Sovereign Wealth Funds

The Central Bank administers the National Fund for Hydrocarbon Reserves, a sovereign wealth fund (SWF), which was established in 2006. The SWF is funded from the revenues received from the extraction of oil, any royalties and corporate taxes from oil companies, and from the profits made through the fund's investment activities. The fund's mandate is to create macroeconomic stability by setting aside oil and gas revenues for developmental projects. However, the fund's management is considered to lack transparency and the projected revenue streams remain unrealized. In 2016, the EITI has raised concern over the transparency of this fund as it has not been audited since its creation in 2006. In 2011, the IMF recommended the Mauritanian government establish a sovereign wealth fund for mining-related revenues, but the government has not yet taken action to create such a fund.

10. Responsible Business Conduct

Historically, there has been little local awareness of corporate social responsibility in Mauritania, either on the part of producers or consumers. However, awareness is growing, particularly as more foreign-owned companies enter the Mauritanian market. Certain state-run industries have been active in providing basic educational opportunities for the children of their employees and scholarships for their employees to study abroad, but this is usually the extent of social responsibility initiatives. Companies in the mining and hydrocarbon industries send young Mauritians overseas to complete their studies on scholarship programs; many of the scholarship recipients have family ties to powerful individuals in the companies. The larger fishing companies have recently started to provide more opportunities for qualified youth to study at the fishing and naval training school in Nouadhibou to prepare them for careers in the fishing industry. Current projects by foreign-owned companies include

providing free water to local communities; building vocational training centers, health clinics, and roadways; and providing healthcare equipment and medicines to towns near company operations.

Since 2011, three of Mauritania's largest mining companies – Kinross, Mauritanian Copper Mines (MCM), and SNIM – fund a School of Mining with the goal of increasing the number of qualified Mauritians to serve in the mining industry. The school has a partnership with the École Polytechnique in Montreal and with the mining companies. The school is considered a public entity under the Ministry of Oil, Energy, and Mines.

11. Political Violence

The Mauritanian military has overthrown two civilian governments since 2005 through intimidation and arrests rather than outright violence. The most recent coup, which occurred on August 6, 2008, removed from power Mauritania's first democratically elected president, Sidi Mohamed Ould Cheikh Abdallahi. For the first time in Mauritania's history, there was significant political opposition and street protests against a coup, so the new president, Mohamed Ould Abdel Aziz, agreed to an official dialogue with the opposition. The dialogue that resulted in the Dakar Accords paved the way for a presidential election in July 2009, which Aziz won and which was deemed largely free and fair according to international observers.

In October 2012, President Aziz was accidentally shot in a reportedly friendly-fire incident at a checkpoint just outside of Nouakchott. The President was seriously injured and treated in France for six weeks. During his recovery in France, the political opposition organized many rallies and called unsuccessfully for the President's resignation. There were rumors of planned terrorist attacks or coups, but the country remained calm and normal throughout this period.

The governing majority coalition and several opposition parties re-engaged in a national dialogue in October 2011 in an effort to resolve the political impasse stemming from the postponement of Senate, National Assembly, and municipal elections. Although National Assembly and municipal elections were eventually held in November and December 2013, the last Senate elections were in November 2009 and no firm timetable for the next Senate elections has been established.

Civic unrest associated with a controversial national registration program resulted in one death in September 2011 in Maghama, a provincial capital near the border with Senegal. Sporadic protests for other reasons occurred in Nouakchott and elsewhere frequently in 2012 and 2013, but did not disrupt business activity. In early March 2014, protests erupted in Nouakchott after the alleged desecration of a Koran. These protests resulted in the death of one Mauritanian.

While Al-Qaeda in the Islamic Maghreb (AQIM) has perpetrated a number of terrorist attacks in Mauritania, the last attempted attack was in 2011, when the Mauritanian military successfully countered a would-be truck-bomb near Nouakchott. Previous attacks included the murder of a U.S. citizen in Nouakchott in 2009 and kidnappings and murders of European citizens. Mauritania successfully prosecuted and sentenced the terrorists involved in the 2009 murder of the U.S. citizen. Also, in 2009, there was a suicide bombing outside the French Embassy and another such attempt in 2010 against a military base in the southeastern city of

Nema. The Mauritanian government has remained vigilant since 2011 in its efforts to counter terrorist threats, including in July and October 2011, when it conducted operations against AQIM militants in neighboring Mali. Mauritanian authorities have also arrested and prosecuted terrorists. The Mauritanian judiciary convicted five terrorists in 2013 and 2014, bringing total convictions to 149 since 2009.

The United States, France, Spain, NATO, and others provide assistance and training to Mauritania's security forces.

12. Corruption

Despite the current push to fight corruption, wealthy business groups and government officials reportedly receive frequent favors from authorities, such as unauthorized exemption from taxes, special grants of land, and favorable treatment during bidding on government projects. Mauritanian and non-Mauritanian employees at every level and in every organization are believed to flout Mauritanian tax laws and filing requirements. The only exceptions are civil servants, whose income taxes are automatically deducted from their pay. Such widespread tax evasion and corruption has deprived the government of a significant source of revenue, weakening its capacity to provide necessary services. In 2009, the government passed a law requiring all high-ranking government employees to publicly declare their assets, although this law is not fully enforced.

In the July 2009 presidential election, President Aziz ran on an anti-corruption and populist platform. Donor partners applauded the release of the first-ever Mauritanian anti-corruption strategy in November 2009, and a number of high-profile anticorruption cases have demonstrated at least nascent efforts to fight corruption. As of April 2016, about 30 individuals have been detained on embezzlement and corruption charges and are awaiting trial. Although progress has been made, laws and regulations are still not evenly and effectively enforced, largely because corruption is endemic in a society that is still largely based on familial and tribal relationships rather than strict adherence to the rule of law.

Corruption is an obstacle to foreign direct investment in Mauritania, but firms generally rate high taxes, access to credit, underdeveloped infrastructure, and a lack of skilled labor as even greater impediments. Corruption is most pervasive in government procurement, bank loans, fishing license attribution, land distribution, and tax payments. Giving or accepting a bribe is a criminal act punishable by two to 10 years imprisonment and fines up to USD 700, but there is little application of this law. Firms commonly pay bribes to obtain telephone, electricity, and water connections and construction permits more quickly.

Since assuming office, President Aziz has embarked upon a program to reduce privileges for government employees and to identify and punish those guilty of financial crimes. The current anti-corruption push began in November 2009 when the Bureau of Economic Crimes arrested the former governor of the Central Bank for alleged crimes committed between 2000 and 2001. His arrest was quickly followed by the arrest of the former deputy governor of the Central Bank and the launch of an investigation into the business practices of 12 other prominent businessmen and bankers. The former Central Bank governor was accused of laundering approximately USD 95 million over the course of two years, the equivalent of nearly 10 percent of Mauritania's 2010 budget. All of the individuals arrested in this first anti-corruption push were released in January 2010 and ordered to repay the entire amount.

Mauritania's Office of the Inspector General of the State handles financial investigations in the public sector. This agency, created in 2005, reports to the Prime Minister and has the authority to conduct investigations into all government offices and departments. From 2013-2015, there were several investigations into various government institutions which resulted in dismissals of senior governmental officers and managers of public institutions because of corruption or mismanagement.

The former Human Rights Commissioner was relieved of his duties and imprisoned in August 2010 on grounds of mismanagement. His trial concluded in December 2012 with time served, a USD 253,333 fine, and an order to reimburse USD 934,482 to the Mauritanian government. Mauritania has also reimbursed funds diverted under the previous administration from Global Fund programs intended to benefit those living with HIV/AIDS, and the international organization has now resumed support to the country.

These most recent investigations highlight the degree to which corruption in both the public and private sectors continues to occur. While most people do not doubt that the accused did in fact engage in corrupt practices, these investigations are controversial, as critics claim they are being conducted to settle political scores.

In 2016, the UK Serious Fraud Office (SFO) put the Smith and Ouzman printing company on trial for bribing officials (in the amount of \$680,000) in the four countries, including Mauritania, between 2008 and 2010. The trial revealed that the Secretary General at Ministry of Interior received a bribe from the company in the amount of \$78,000. Recent efforts to increase tax collection have proven controversial as business owners for the first time face tax obligations that reflect the relatively high level of formal taxation for businesses that are not eligible for specialized exemptions. Tax collection efforts frequently incur criticism for their lack of procedural transparency.

There are several organizations that track corruption within Mauritania. Transparency International has a representative who reports on local corruption policies and events. Additionally, in 2010, several local nongovernmental organizations worked with a UN representative and the Mauritanian government to submit a national action plan to fight corruption.

In practice annual auditing of government accounts are not enforced and therefore rarely conducted. However, the government rectified previously misreported financial data in an effort to be more transparent, such as publishing quarterly financial statements on a government treasury website www.tresor.mr.

In April 2016, a new anti-corruption bill was introduced to address the provisions of the UN Convention Against Corruption and to provide protection to NGOs involved in investigating corruptions cases. Corruption is most pervasive in government procurement, bank loans, fishing license attribution, land distribution, tax payments and mining licenses.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Mauritania acceded to the UN Anticorruption Convention on October 25, 2006. The country is not a signatory to the OECD Convention on Combating Bribery or any regional anti-corruption initiatives, and there is no requirement for companies to establish internal codes of conduct.

Resources to Report Corruption

Contact at government agency responsible for combating corruption:

Vacant Position

Secretary General

Cour des Comptes

[ccconomptes@cc.gov.mr](mailto:cconomptes@cc.gov.mr)

Telephone: +(222) 4525 34 04

Fax: +(222) 4525 49 64

Contact at "watchdog" organization "Publiez ce que vous payez" (Publish What You Pay)

Mine Ould Mohamed

President and lawyer

Publiez ce que vous payez

+222 4525-0455 +222 4641-7702

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

Mauritania does not have a bilateral investment agreement with the United States.

Mauritania does not have a bilateral taxation treaty with the United States.

Mauritania has bilateral investment agreements with the Arab Maghreb Union (Algeria, Libya, Morocco, and Tunisia) as well as with Saudi Arabia, France, Belgium, and Romania. Agreements exist with Burkina Faso, Cameroon, Gambia, Ghana, Mauritius, Italy, Lebanon, Qatar, Yemen, Korea, Egypt, and the Arab League.

Mauritania is a signatory to the Cotonou Agreement between the EU and the group of African, Caribbean and Pacific (ACP) countries, and thus enjoys free access to the EU market. Due to its least-developed country status, Mauritania also benefits from duty-free access to the European market under the Everything-But-Arms initiative. Furthermore, Mauritania benefits from the African Growth and Opportunity Act (AGOA) and thus enjoys substantial potential trade preferences that, along with those under the Generalized System of Preferences (GSP), allow virtually all marketable goods produced in Mauritania to enter the U.S. market duty-free.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

The new Investment Code creates Special Economic Zones (Free Export Zone or Cluster of Development in the Interior) by decree. Each decree specifies the restrictions of each target area, the name of the zone, the subject of economic activities that are encouraged, the structure responsible for its management, and the period for which it is established. Free Zones are subject to continuous monitoring by the Customs Service in a manner specified in the decree. Nouadhibou, the commercial capital, has been designated as a Free Economic Zone by the former Ministry of Economic Affairs and Development (MAED) now the Ministry of Economy and Finance or MEF and differs from the Special Economic Zones created under the revised Investment Code. The Nouadhibou Free Economic Zone has its own regulatory

structure, which is not yet fully implemented. As of January 2016, the Nouadhibou free trade zone has granted 300 authorizations for companies, primarily in the tourism and fisheries sectors.

The new Investment Code provides three main preferential tax regimes: Small and Medium Enterprises Regime, which applies to any investment between USD 167,000 and USD 667,000; Free Export Zones/Clusters of Development; and Targeted Industries, which includes agriculture, artisanal fishing, tourism, renewable energy, and raw material processing. In the previous Code only one special economic zone existed for certain imports, under the control of the Customs Administration. The revised Code has several other new provisions. Basic infrastructure will be provided through public-private partnerships with the government and the interested company, which previously was solely the responsibility of the private company. Land concessions allocated to companies located in Free Economic Zones will follow a rental rate determined by joint decision of the relevant Minister and the Minister of Finance, who will control land prices. or tax advantages, companies will be exempt from taxes, excluding personnel taxes such as for retirement and social security, if they have invested at least USD 1.6 million and generated at least 50 permanent jobs and show a potential to export at least 80 percent of their goods or services.

Additionally, under the provisions in the revised Investment Code, companies will not be taxed on patents, licenses, property, or land but rather assessed a single municipal tax which cannot exceed an annual amount of USD 16,000. Companies established in free zones are exempt from taxes on profits for the first five years in which they show a profit, after which they are subject to the rate of ordinary law. Additionally, companies established in free zones benefit from a total exemption of customs duties and taxes on the importation of goods, materials, and vehicles intended for production (the list of eligible assets is fixed by order of the Minister of Finance) and exemption from customs duties and taxes on exports.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

| | Host Country Statistical source* | | USG or international statistical source | | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other |
|---|-------------------------------------|---------|---|---------|--|
| Economic Data | Year | Amount | Year | Amount | |
| Host Country Gross Domestic Product (GDP) (\$M USD) | 2012 | \$4,562 | 2013 | \$4,158 | www.worldbank.org/en/country |
| Foreign Direct Investment | Host Country Statistical source* | | USG or international statistical source | | USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other |

| | | | | | |
|--|-----|-----|------|------|---|
| U.S. FDI in partner country (\$M USD, stock positions) | N/A | N/A | 20xx | \$-3 | http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm |
| Host country's FDI in the United States (\$M USD, stock positions) | N/A | N/A | 2008 | \$-1 | http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm |
| Total inbound stock of FDI as % host GDP | N/A | N/A | N/A | N/A | |

* Source: National Office of Statistics, ONS

Table 3: Sources and Destination of FDI

Foreign direct investment position data are not available for Mauritania.

Table 4: Sources and Destination of Portfolio Investment

Portfolio investment data are not available for Mauritania.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Mixed legal system of Islamic and French civil law

International organization participation:

ABEDA, ACP, AfDB, AFESD, AMF, AMU, AU, CAEU (candidate), EITI (compliant country), FAO, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IDB, IFAD, IFC, IFRCS, IHO (pending member), ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO (correspondent), ITSO, ITU, ITUC (NGOs), LAS, MIGA, NAM, OIC, OIF, OPCW, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

There is a free exchange regime in Mauritania. Any investor can purchase foreign currency in a bank or exchange office. The freedom to transfer capital is guaranteed under the investment code 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.

Treaty and non-treaty withholding tax rates

Mauritania currently has a double tax agreement with Senegal, France and Arab Maghreb Union countries. The members of Arab Maghreb Union are Algeria, Libya, Morocco, Mauritania, and Tunisia. It also has bilateral agreements with investment treaties with Belgium, Burkina Faso, Cameroon, France, Ghana, Guinea, Italy, Luxemburg, Mauritius, Morocco, Romania and Tunisia

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

| | Lower Risk | Medium Risk | Higher Risk |
|---|-----------------------------------|---------------------------------------|-----------------------------------|
| FATF List of Countries identified with strategic AML deficiencies | Not Listed | AML Deficient but Committed | High Risk |
| Compliance with FATF 40 + 9 recommendations | >69% Compliant or Fully Compliant | 35 – 69% Compliant or Fully Compliant | <35% Compliant or Fully Compliant |
| US Dept of State Money Laundering assessment (INCSR) | Monitored | Concern | Primary Concern |
| INCSR - Weakness in Government Legislation | <2 | 2-4 | 5-20 |
| US Sec of State supporter of / Safe Haven for International Terrorism | No | Safe Haven for Terrorism | State Supporter of Terrorism |
| EU White list equivalent jurisdictions | Yes | | No |
| International Sanctions UN Sanctions / US Sanctions / EU Sanctions | None | Arab League / Other | UN , EU or US |
| Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network | >69% | 35 – 69% | <35% |
| World government Indicators (Average) | >69% | 35 – 69% | <35% |
| Failed States Index (Average) | >69% | 35 – 69% | <35% |
| Offshore Finance Centre | No | | Yes |

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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Gary Youinou

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