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The world business organization

AN INVESTMENT GUIDE TO MAURITANIA

Opportunities and conditions
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UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) was established in 1964 as a permanent intergovernmental body. Its main goals are to maximize the trade, investment and development opportunities of developing countries, to help them face challenges arising from globalization, and to help them integrate into the world economy on an equitable basis. UNCTAD's membership comprises 192 States. Its secretariat is located in Geneva, Switzerland, and forms part of the United Nations Secretariat.

ICC

The International Chamber of Commerce (ICC) is the world business organization. It is the only body that speaks with authority on behalf of enterprises from all sectors in every part of the world, grouping together thousands of members, companies and associations from 130 countries. ICC promotes an open international trade and investment system and the market economy in the context of sustainable growth and development. It makes rules that govern the conduct of business across borders. Within a year of the creation of the United Nations it was granted consultative status at the highest level (category A) with the United Nations Economic and Social Council. This is now known as General Category consultative status.

Note

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References to "dollars" ($) are to United States dollars, unless otherwise indicated.

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Three good reasons to invest in Mauritania

• A liberal economy

Mauritania's economy has become quite liberalized and is very conducive to both foreign and domestic investment. This new business environment is still improving and Mauritania has actually ranked relatively high on the Index of Economic Freedom[1]. The country is 67th in the world, first among West African countries and fifth in sub-Saharan Africa, which makes it a good location for investment in Africa. Mauritania's encouraging performance stems from extensive reforms in many sectors of the economy, including a new monetary policy, liberalization of the financial and banking sector and openness to foreign investment. According to the Index of Economic Freedom, Mauritania ranks among the top ten countries in the world in terms of progress.

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

• Attractive areas for investment

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

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

• Strategic geographic location

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

[1] The Heritage Foundation, 2004 Index of Economic Freedom.

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

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

Note to the reader

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

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

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

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

Preface

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

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

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

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Secretary-General
UNCTAD

Maria Livanos Cattaui
Secretary-General
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The UNCTAD–ICC series of investment guides

PUBLISHED

- *An Investment Guide to Ethiopia,* 1999*; revised edition in new format, 2004
- *Guide de l'investissement au Mali,* 2000*; revised edition in new format, 2004
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- *Guide de l'investissement en Mauritanie*, 2004
- *An Investment Guide to Mauritania*, 2004**

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

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

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

FORTHCOMING

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

Contents

Executive summary

Investors are welcome

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

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

Advantages

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

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

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

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