Executive Summary

Historically, Mauritania has been relatively open to foreign direct investment, especially in the fishing, mining, and hydrocarbon 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.

The Civil and Commercial Codes protect contracts, although court enforcement and dispute settlement can be difficult. The judicial system remains weak, unpredictable, and inefficient in its application of the law. Judges lack training and experience in commercial and financial law and are prone to accept bribes to influence their decisions.

The tax system is opaque. Tax rates on businesses begin at 25 percent on profits and two percent on revenue; moreover, procedures required to pay taxes lack transparency and are time-consuming. Recent efforts to combat corruption have resulted in businesses facing extraordinary tax bills that they previously could have avoided through bribes paid to tax inspectors and assessors.

Labor laws and conditions of employment are complex, with numerous limitations on hiring, duration of work, and dismissals. Likewise, potentially costly environmental, health, and safety laws and policies exist but are rarely enforced.

The country’s political framework remains stable but suffers from a history of coups d’état. There have been two non-democratic transfers of power in Mauritania since 2005. Both were bloodless and non-violent. The most recent coup, which occurred on August 6, 2008, deposed Mauritania’s first democratically elected president, Sidi Mohamed Ould Cheikh Abdallahi. For the first time in Mauritania’s history, there was political opposition to a coup, so the new president, Mohamed Ould Abdel Aziz, agreed to an official dialogue with the opposition. The dialogue, which resulted in the Dakar Accords, paved the way for a presidential election in July 2009, which Abdel Aziz won and which was deemed free and fair according to international standards.

Corruption remains a concern. 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 an unprecedented commitment to fighting corruption. While corruption is an obstacle to foreign direct investment in Mauritania, firms generally rate high taxes, access to credit, underdeveloped infrastructure, and a lack of skilled labor as greater impediments.

The overall investment climate in Mauritania remains challenging for U.S. investors. The Mauritanian government encourages foreign direct investment, but the weak judicial system, opaque tax laws, complicated labor laws and conditions, a history of coups, underdeveloped infrastructure, and lack of skilled labor may give some investors reason to pause.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude Toward FDI

Historically, Mauritania has been relatively open to foreign direct investment, especially in the fishing, mining, and hydrocarbon sectors. The current government, elected in July 2009, has prioritized recruiting foreign investors in these and other industries. 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. Mauritania's scores on worldwide corruption indices have remained consistently low over the past several years.

Other Investment Policy Reviews

In February 2008, the United Nations Conference on Trade and Development (UNCTAD) published a review of Mauritania. The Investment Policy 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. The review recommended that the government prioritize 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.

In 2011, Mauritania underwent a World Trade Organization (WTO) investment policy review in the context of a 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, transparency, or investment regulations. Since the report was published, the government passed the revised Investment Code in June 2012 to improve government transparency through the government procurement process.

Laws/Regulations of FDI

The Investment Code, updated in June 2012, is 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 any tax or customs duties. The Code also created the formation of Special Economic Zones to encourage regional development. Separately, the Nouadhibou Free Zone was created with its own regulatory scheme. The Civil and Commercial Codes protect contracts, although court enforcement and dispute settlement can be difficult. The judicial system remains weak, unpredictable, and inefficient in its application of the law. Judges lack training and experience in commercial and financial law and are prone to accept bribes to influence their decisions.

Limits on Foreign Control

With the exception of sectors where public companies hold monopolies, such as electricity, 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.

Screening of FDI

The Mauritanian government has historically practiced mandatory screening of foreign investments to ensure compliance with the country's laws. In general, such scrutiny has been routine and non-discriminatory. The June 2012 update to the Investment Code established the 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 ten 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. Fishing, tourism, and agriculture are covered by the revised Investment Code, although fishing companies must still apply for licenses through the Ministry of Fishing and Maritime Economy.

Industrial Strategy

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, which 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 2014, all U.S. companies investing in Mauritania have negotiated directly with relevant ministries; no U.S. firms have gone through the OPPS process.

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 new commission created in each Ministry, 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, regardless of the merits of an individual offer.

Investment Trends

1.1.1. Tables 1 and if applicable, **Table 1B**

Measure	**Year**	**Rank or value**	**Website Address**
TI Corruption Perceptions Index	2013	119 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom Index	2013	134 of 177	http://www.heritage.org/index/ranking
World Bank's Doing Business Report: "Ease of Doing Business"	2014	173 of 189	http//doingbusiness.org/rankings
Global Innovation Index	2013	N/A	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	$1,110	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

TABLE 1B - Scorecards: 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 2012 per capita gross national income (GNI) of $4,085 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/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf

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 easily obtained from local commercial banks. 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.

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. All companies are protected nationwide against nationalization, expropriation, and requisition. The Mauritanian government guarantees companies that the tax, custom, and legal regulations at the time of issuance of an Investment Certificate remain in force for a period of 20 years. In addition, the investor automatically benefits from any change of favorable tax or customs conditions during the period of validity of the certificate.

The only case of government expropriation since independence in 1960 was the nationalization of the French mining company MIFERMA in November 1974. In that case, the two parties agreed on a compensation plan.

4. Dispute Settlement

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

The Civil and Commercial Codes protect contracts, although court enforcement and dispute settlement can be difficult. The judicial system remains weak, unpredictable, and inefficient in its application of the law. Specialized commercial law courts exist, but there is no judicial circuit specializing in intellectual property rights. Judges lack training and experience in commercial and financial law and are liable to accept bribes to influence their decisions. The judiciary is subject to influence and corruption from powerful political and business figures. Many laws and decrees related to the commercial and financial sectors are never published and are therefore not well understood. It can also be difficult to access laws and legal texts that have been published. Most judgments are not issued within prescribed time limits and records are not always well-kept. Judgments of foreign courts are not consistently applied.

Bankruptcy

Mauritania’s bankruptcy laws were last updated in 2001. The bankruptcy laws allow for the reorganization or restructuring of a business. There are very few reported cases of these laws being applied. In the “resolving insolvency” section of the World Bank’s 2014 Doing Business Report, Mauritania ranks 189 out of 189 countries.

Investment Disputes

The only recent large investment dispute between the Mauritanian government and a foreign investor occurred in 2006 with Woodside Petroleum Ltd. In 2003, Woodside signed four production-sharing contracts (PSC) with former President Taya’s government. A transitional government took power following the August 2005 coup. In February 2006, the successor government began a dispute with Woodside over four amendments to the original PSC involving oil revenues and environmental issues. An international arbiter was brought in and the dispute was settled when Woodside agreed to cancel the four amendments, pay $100 million, and set up an environmental fund.

The enforcement of the Commercial Code, related civil laws, and international agreements Mauritania has ratified remains limited. Some of the laws governing the financial sector are out of date, and the judicial system is weak. Settling a dispute through the courts can be a long and complicated process. Judges lack sufficient training and specialized experience in commercial and financial law. The judiciary is subject to influence and corruption from powerful political and business figures. Many laws and decrees related to the commercial and financial sectors are never published and are therefore not well understood. It can also be difficult to access laws and legal texts that have been published. Most judgments are not issued within prescribed time limits and records are not always well-kept.

International Arbitration

Judgments of foreign courts are not consistently applied. The government accepts binding international arbitration of investment disputes between foreign investors and government authorities. 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 2014, the ICMAM is awaiting for approval from the Chamber of Commerce and the Ministry of Justice. Previously, issues were referred to the International Center for Settlement of Investment Disputes.

ICSID Convention and New York Convention

Disputes between individuals or legal entities and the Mauritanian government related to the Investment Code are settled by an arbitration procedure to which both parties have agreed and in accordance with the following agreements:

-- The 1965 Convention on the Settlement of Disputes Related to Investments Between States and Nationals of Other States, also known as the ICSID Convention or Washington Convention, and

-- The 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

5. Performance Requirements and Investment Incentives

WTO/TRIMS
Mauritania is in a transitional stage with respect to application of its World Trade Organization (WTO) commitments. It is currently negotiating with the WTO to ensure progress towards complete compliance, which may be a prolonged process. Mauritania has been a member of WTO since May 31, 1995.

Investment Incentives
Investment incentives such as free land, deferred or 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.

Performance Requirements
The government has been known to impose performance requirements as a condition for establishing, maintaining, and expanding an investment, or for access to tax and investment incentives. Foreign investors still 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 as that which could be purchased abroad. There is no requirement for investors to export a certain percentage of output or to 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 up to 10 percent of key managerial staff positions in accordance with the Labor Code. 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.

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 Exceptionelle*, or ATE). All sales, transfers, or withdrawals are subject to permission of customs officials.

As a matter of law, there are no discriminatory or excessively onerous visa, residence, or work permit requirements inhibiting foreign investors' mobility. However, some U.S. companies have expressed frustration at the length of time required to obtain visas and their short duration. A visa from the Mauritanian Embassy may take up to three months to be issued. Length of validity and number of entries are inconsistently recorded.

6. Right to Private Ownership and Establishment

The Mauritanian government guarantees any individual or legal entity wishing to undertake business activities in the country the freedom of establishment in accordance with the laws and regulations in force. The revised Investment Code greatly expanded the guarantees of establishment. Previously, guarantees were limited to freedom of establishment and investment of capital. Now any company can benefit from full economic freedom and competitiveness in acquiring property as well as goods and concessions of any kind necessary for operations, particularly in finance, commerce, industry, forestry, construction, and real estate. Companies may participate in any professional organization; may choose their technical, industrial, commercial, legal, social and financial management styles; may independently select suppliers, service providers and partners; may participate nationwide in tenders for public contracts; may dictate their human resources management policy; and may independently recruit senior staff within the provisions of the Investment Code.

7. Protection of Property Rights

Real Property

Property rights are protected under the Mauritanian Civil Code, which is modeled on the French code. However, in practice 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 that region, before agreeing to any deals.

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.

Resources for Rights Holders

- **NAME Scott Clayton**
- **TITLE Political and Economic Officer**
- **TELEPHONE NUMBER (222) 4525-2660, ext. 4404**
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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/.

Local attorneys list: http://mauritania.usembassy.gov/lawyersinmauritania.html

8. Transparency of the Regulatory System

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, but 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 faced with extraordinary tax bills that they previously could have avoided through bribes paid to tax inspectors and assessors.

Labor laws and conditions of employment are complex. There are limitations on hiring, duration of work, and dismissals. Likewise, potentially costly environmental and health and safety laws and policies exist but remain largely unenforced.

While the government is moving to streamline bureaucratic procedures for investment, difficulties still 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 2014 Doing Business profile, Mauritania ranked 173 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.

In 2011, the government promulgated two orders to regulate accounting practices of nongovernmental and private entities, which must now have reliable 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. In practice, these orders have so far had little impact.

9. Efficient Capital Markets and Portfolio Investment

In principle, government policies encourage the free flow of financial resources and do not place restrictions on access by foreign investors. However, most foreign investors prefer external financing due to the high interest rates and procedural complexities that prevail locally. Credit is often difficult to obtain and is dependent upon special relationships with bank owners and officials. 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. Individual proprietors, family groups, and partnerships generally hold companies, and portfolio investment is accordingly quite limited.

Money and Banking System

The IMF has assisted Mauritania with the stabilization of the banking sector, and in recent years, access to domestic credit has become easier and cheaper to obtain. Competition has contributed to the decline of the interest rates on loans from 30 percent at the beginning of the past decade to 11 or 12 percent in 2009, not including origination costs and other fees. These rates have remained stable since 2009, ranging between 10 to 14 percent as of April 2014.

The country's five largest banks are estimated to have $100 million in combined reserves; however, these figures cannot be independently verified, making an evaluation of the banking system's strength impossible. Seventeen banks currently operate in Mauritania, but only four percent of the population holds bank accounts. The Central Bank of Mauritania is charged with 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.

10. Competition from State-Owned Enterprises

State-owned enterprises in Mauritania are most active in the fields of mining & energy, hydrocarbons, and public utilities. According to the Public Procurement Code, there are no formal barriers to competition with state-owned enterprises. However, informal barriers such as denial of access to credit may exist.

Hard budget constraints for state-owned enterprises are written into the Public Procurement Code, but not enforced. SOMELEC, the state-owned electricity company, has been operating in a precarious 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 in the oil sector and for the national hydrocarbon company (SMH), but the Mauritanian government does not disclose mining sector revenues and expenditures in its budgets.

Sovereign Wealth Funds

The Central Bank administers the National Fund for Hydrocarbon Reserves, a sovereign wealth fund. Established in 2006, it receives funding from revenues that the government receives from companies extracting oil, royalties and taxes that oil companies must pay in order to operate in Mauritania, and from the profits made through the fund's investment activities. The fund seeks to create macroeconomic stability by setting aside oil and gas revenues for developmental projects. However, the fund's management practices are considered less transparent than those of other sovereign wealth funds. Moreover, the fund is being used to cover shortfalls in the national budget. In 2011, the IMF recommended to the Mauritanian government that it establish a sovereign wealth fund for mining-related revenues, but the government has not taken action to create such a fund.

The Ministry of Finance requires state-owned enterprises to publish annual reports and to submit their books for independent audit. However, these requirements are not enforced; the last available report from any entity was published in 2006.

11. Corporate Social Responsibility

There is little local awareness of corporate social responsibility in Mauritania with respect to 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 Mauritanians 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, MCM, and SNIM – fund a School of Mining with the goal of increasing the number of qualified Mauritanians 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.

12. Political Violence

There have been two coups d'état in Mauritania since 2005. Both were bloodless and non-violent. The most recent coup, which occurred on August 6, 2008, removed Mauritania's first democratically elected president, Sidi Mohamed Ould Cheikh Abdallahi, from power. For the first time in Mauritania's history, there was political opposition to 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 Abdel Aziz won and which was deemed free and fair according to international standards.

In October 2012, President Abdel Aziz was accidently shot in a 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 terrorist attacks or coups as well, but the country remained calm and normal throughout this period.

The governing majority coalition and several opposition parties again engaged in a national dialogue in October 2011 in an effort to resolve the political impasse stemming from postponed Senate, National Assembly, and municipal elections. Although National Assembly and municipal elections were held over two rounds 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 the 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.

Al-Qaeda in the Islamic Maghreb (AQIM) has perpetrated terrorist attacks in recent years, including 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 in 2010 against a military base in the southeastern city of Nema. However, the Mauritanian government has remained firm in its efforts to counter terrorist threats. In February 2011, the Mauritanian military interdicted an attempted truck-bombing attack near Nouakchott, and in July and October 2011, it conducted operations against AQIM militants in neighboring Mali. Mauritanian authorities have also arrested and prosecuted terrorists. The Mauritanian judiciary convicted five Salafist terrorists in 2013 and 2014, bringing total convictions to 149 since 2009.

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

13. Corruption

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.

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.

14. Bilateral Investment Agreements

Bilateral Taxation Treaties
Mauritania has bilateral investment agreements and investment protection with member countries of 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 as well. Mauritania has no bilateral investment or taxation treaties with the United States.

Mauritania is a signatory to the Cotonou Agreement between the European Union (EU) and the group of African, Caribbean and Pacific (ACP) countries, and thus enjoys free access to the EU market. As a “least-developed country,” 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 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.

15. OPIC and Other Investment Insurance Programs

Mauritania currently qualifies for Overseas Private Investment Corporation (OPIC) coverage, but its program is limited. Potential investors should contact OPIC directly for guidance. Mauritania is a member of the Multilateral Investment Guarantee Agency (MIGA), which protects foreign direct investment against political risk. A British-Mauritanian insurance company, Atlantic Londongate, offers broad commercial coverage. The ouguiya has been fairly stable over the last few years, but could devalue if there is further political or economic instability.

16. Labor

While labor is abundant, there is a shortage of skilled workers and well-trained technical and managerial personnel in most sectors of the economy. As a result, there are few sectors of the economy that use advanced technologies, because the skilled labor required to operate them is not readily available. While labor is relatively inexpensive, labor productivity is very low, even compared to neighboring countries. The mining sector is an exception, where the national mining company (SNIM), the subsidiary of a Canadian gold mining company Kinross-Tasiast, and the subsidiary of a Canadian company Mauritanian Copper Mines (MCM) provide advanced training for their employees. Additionally, responding to the dire need for human capacity development in Mauritania, representatives of these three companies signed an agreement with the Ministry of Oil, Energy and Mines to establish an $18 million fund for the construction of a mining school in Akjoujt.

Mauritania is a signatory to the ILO conventions protecting worker rights. Labor-management relations are generally good in Mauritania; however, there has been an increase in the incidence of strikes recently, particularly in the mining industry. In July 2012, a weeklong strike at MCM resulted in a Nouakchott-based National Guard unit being dispatched to the mine site. They used batons and tear gas to disperse striking workers, beat and detained several protesters, and severely injured one, who died as the National Guard transported him to the police station. Following the death, MCM temporarily suspended its operations and the government launched an investigation. MCM was not implicated in the death or investigation. The Mauritanian government provided $10,000 in compensation to the victim's family. As companies expand their operations and perceived profit margins, unions are increasingly trying to negotiate improved contract terms for their members.

Most recently, in December 2013, Kinross-Tasiast laid off 293 employees. Protests occurred for months after the layoffs at the presidential palace and at the Kinross-Tasiast headquarters in Nouakchott.

17. Foreign Trade Zones/Free Ports

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 encouraged economic activities, 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 MAED 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 still being implemented.

The revised Investment Code provides three main preferential tax regimes: Small and Medium Enterprises Regime, which applies to any investment between $167,000 and $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 "Free Point" existed for certain imports, which was under the control of the Customs Administration. The revised Code has several other new beneficial provisions. Basic infrastructure will be provided through public-private partnerships between 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. For tax advantages, companies will be exempt from taxes, excluding personnel taxes such as for retirement and social security, if they have invested at least $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, 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 $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.

18. 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 (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	2011	$4,552	2012	$4,199	http://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 (*Millions U.S. Dollars, stock positions)*	N/A	N/A	2008	($3)	(BEA)
Host country's FDI in the United States (*Millions U.S. Dollars, stock positions)*	N/A	N/A	2012	$0	(BEA)

Total inbound stock of FDI as % host GDP	N/A	N/A	2012	28.7%	IMF

* Source: National Office of Statistics, ONS

TABLE 3: Sources and Destination of FDI
No data available on Mauritania.

TABLE 4: Sources of Portfolio Investment
No data available on Mauritania.

19. Contact Point at Post for Public Inquiries

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