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May 8, 1989

To: Members of the Executive Board
From: The Secretary
Subject: Mauritania - Recent Economic Developments

This paper provides background information to the staff report on the 1989 Article IV consultation discussions with Mauritania and its request for arrangements under the enhanced structural adjustment facility, which was circulated as EBS/89/83 on April 24, 1989, and has been tentatively scheduled for discussion on Friday, May 19, 1989.

Mr. Diogo (ext. 6521) or Mr. Briançon (ext. 8392) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

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INTERNATIONAL MONETARY FUND

MAURITANIA

Recent Economic Developments

Prepared by a staff mission consisting of Mr. I. Diogo
(head-AFR), Mr. C. Briançon (AFR), Mr. D. Daco (BUR), and
Mr. B. Fritz-Krockow (ETR)

Approved by the African and
Exchange and Trade Relations Departments

May 3, 1989

<u>Contents</u>	<u>Page</u>
Basic Data	v
I. Production	1
1. Background	1
2. Overall developments	1
a. Introduction	
b. Domestic expenditure, savings, and investment	3
3. Developments in productive sectors	5
a. Agriculture	5
(1) Agricultural production	5
(2) Cereal marketing and pricing	5
b. Livestock	6
c. Fishing sector	8
(1) Resources	8
(2) Fishing policy	8
d. Iron ore mining	13
e. Manufacturing activities	13
f. The public enterprise sector	15
(1) Rehabilitation program	15
(2) Rehabilitation of selected enterprises	15
II. Prices, Wages, and Employment	17
1. Prices	17
2. Wages	19
3. Employment	19
III. Public Investment Policies and Investment Program	19

	<u>Contents</u>	<u>Page</u>
IV.	Government Finance	20
1.	Institutional background	20
2.	Recent fiscal developments	21
a.	Overall developments, 1986-88	
b.	Budgetary revenue trends	22
c.	Budgetary expenditure trends	26
V.	Money and Banking	28
1.	Institutional aspects and the ongoing banking sector reform	28
2.	Overall credit developments during 1986-88	31
3.	Deposit money banks	32
4.	Credit distribution	32
5.	Monetary developments	32
VI.	Balance of Payments and External Debt	33
1.	Overall balance of payments developments	33
2.	Merchandise trade	37
a.	Exports	37
b.	Imports	39
c.	Terms of trade	40
d.	Direction of trade	40
3.	Services	40
4.	Private and public transfers	40
5.	Capital flows	45
6.	External debt	45
7.	Exchange and trade system	45
 Text Tables		
1.	Gross Domestic Product at Constant 1982 Prices, 1983-88	2
2.	Supply and Use of Resources, 1983-88	4
3.	Area Cultivated and Production of Selected Crops, 1982/83-1987/88	6
4.	Supply of Cereals, 1983-88	7
5.	Agricultural Producer Prices, 1982/83-1988/89	9
6.	Estimated Livestock Population and Controlled Slaughterings, 1983-88	10
7.	Unloading and Exports of Fish and Fish Products, 1983-88	11
8.	Iron Ore--Production, Exports, and Stocks, 1983-88	14

	<u>Contents</u>	<u>Page</u>
Text Tables (concluded)		
9.	Consumer Price Index in Nouakchott, December 1985-December 1988	18
10.	Consolidated Government Fiscal Operations, 1983-88	23
11.	Central Government Revenue and Grants, 1983-88	24
12.	Central Government Budgetary Expenditure, 1983-88 27	
13.	Monetary Survey, December 1984-December 1988	31
14.	Balance of Payments (in millions of SDRs), 1984-88 34	
15.	Balance of Payments (in millions of ouguiyas), 1984-88 35	
16.	Exports, 1984-88	38
17.	Imports, 1984-88	41
18.	Foreign Trade Indices, 1984-88	42
19.	Services, 1984-88	43
20.	Private and Public Transfers, 1984-88	44
21.	External Debt and Debt Service, 1984-88	46
Appendix I. Tables		
I.	Gross Domestic Product at Current Prices, 1983-88	48
II.	Distribution and Marketing of Foodstuffs by the CSA, 1985-88	49
III.	CSA - Operating Revenues and Income, 1986-87	50
IV.	SONIMEX - Sales Statistics, 1983-88	51
V.	Distribution of Fishing Exports by Variety, 1984-88	52
VI.	Exports of Fish and Fish Products by Company, 1985-88	53
VII.	Fishing Vessels by Nationality and Category, 1983-88	54
VIII.	List of Major Public Enterprises and Administrative Agencies	55
IX.	SMCPP - Operating Revenues and Income, 1983-87	59
X.	Consumption of Petroleum Products, 1983-88	60
XI.	Unit Prices of Petroleum Products, 1985-88	61
XII.	Production of Electricity and Water, 1983-88	62
XIII.	SNIM - Balance Sheet, 1983-87	63
XIV.	SNIM - Operating Accounts, 1983-87	64
XV.	SNIM - Energy Consumption, 1983-88	65
XVI.	Average Price of Livestock, 1983-88	66
XVII.	Public Utility Rates, 1983-88	67
XVIII.	Evolution of Minimum Wages and Salaries, 1983-88	68
XIX.	Civil Service Size and Recruitment, 1985-88	69
XX.	Public Investment Program and Its Financing, 1984-89	70

	<u>Contents</u>	<u>Page</u>
Appendix Tables (concluded)		
XXI.	Treasury Operations, 1983-88	71
XXII.	Structure of Central Government Budgetary Revenue, 1983-88	72
XXIII.	Structure of Central Government Budgetary Expenditure, 1983-88	73
XXIV.	Deposit Money Banks, as of End-October 1988	74
XXV.	Claims of the Banking System on the Government, December 1984-December 1988	75
XXVI.	Distribution of Bank Credit According to Maturity and Economic Sectors, December 1983-December 1988	76
XXVII.	Assets and Liabilities of the Central Bank of Mauritania, December 1984-December 1988	77
XXVIII.	Assets and Liabilities of the Deposit Money Banks, December 1984-December 1988	78
XXIX.	Selected Interest Rates on Deposits as of End-1988	79
XXX.	Selected Interest Rates on Lending as of End-December 1988	80
XXXI.	Foreign Assets and Liabilities of the Banking System (in millions of ouguiyas), December 1984-December 1988	81
XXXII.	Foreign Assets and Liabilities of the Banking System (in millions of SDRs), December 1984-December 1988	82
XXXIII.	Transactions Directly Financed Abroad, 1984-87	83
XXXIV.	Direction of Exports, 1984-87	84
XXXV.	Origin of Imports, 1984-87	85
XXXVI.	Debt by Creditor, 1984-87	86
XXXVII.	Medium- and Long-Term Debt by Debtor, 1984-87	87
XXXVIII.	Average Terms of Contracted Debt, 1982-87	88
Appendix II.	Summary of the Tax System, 1989	89

Chart

Nominal and Real Effective Exchange Rates, 1989-March 1989	46a
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Bibliography

MAURITANIA - Basic Data

Area, population, and GDP per capita

Area	1.0 million square kilometers
Resident population: Total (1987)	1.86 million
Growth rate	2.6 percent
GDP per capita (1987)	SDR 389

	1985	1986	1987	1988
<u>GDP</u> (at 1982 market prices)				
Total (in millions of ouguiyas)	39,931	41,203	43,260	44,244
Annual rate of growth	2.9	5.4	2.8	2.5
Percent of total GDP				
Agriculture	20.1	20.8	21.1	21.0
Fishing	8.0	8.3	7.9	7.1
Mining	14.9	14.2	13.4	13.6
Manufacturing	5.7	5.6	5.5	5.4
Government	12.3	12.5	13.2	13.1
Gross fixed investment	24.6	21.7	19.9	16.4

Prices

(Percent change)

GDP deflator	15.4	7.9	7.3	6.6
Consumer price index	13.6	7.8	8.2	6.3

Central government finance

(In millions of ouguiyas)

Recurrent revenue	13,044	14,962	17,216	17,959
Foreign grants	5,737	3,347	4,884	8,953
Total expenditure	21,235	19,865	23,348	25,143
Recurrent	14,820	84,654	15,592	16,571
Development	6,415	5,211	7,756	8,572
Overall deficit (-) (commitment)	-2,454	-1,556	-1,248	1,769
Changes in arrears (decrease (-))	-6,887	617	218	-275
Overall deficit (-) (cash basis)	-9,341	-939	-1,030	1,494
Foreign borrowing (net)	-150	-3,675	-1,594	-3,870
Domestic borrowing	-1,087	-585	-442	803
Of which: from banking system	(-530)	(-271)	(-424)	(883)
External debt relief and exceptional assistance	10,578	5,199	3,065	1,573

MAURITANIA - Basic Data (continued)

	1985	1986	1987	1988
<u>Money and credit</u>	<u>(Percent change)</u>			
Net domestic assets	19.1	6.6	4.3	6.8
Domestic credit	-2.9	13.5	6.7	13.6
Government	-4.8	0.2	-4.7	17.6
Private sector	1.9	18.2	10.1	12.6
Money and quasi-money	18.3	15.4	16.4	2.6
<u>Balance of payments</u>	<u>(In millions of SDRs)</u>			
Exports, f.o.b.	371.9	358.7	315.1	332.0
Imports, f.o.b.	-319.5	-287.5	-257.2	-262.5
Trade balance	52.4	71.2	57.9	69.5
Services and private transfers (net)	-237.1	-233.0	-214.0	-201.8
Subtotal	-184.7	-161.8	-156.1	-132.3
Public transfers	83.7	64.3	71.1	127.4
Current account	-101.0	-97.5	-85.0	-4.9
Capital account	68.2	34.8	36.8	-44.9
Disbursements	115.8	95.7	103.8	71.1
Amortization	-62.0	-100.4	-95.9	-149.8
Other capital <u>1/</u>	10.1	37.7	26.9	32.4
Overall balance <u>1/</u>	-32.8	-62.7	-48.2	-49.8
Current account deficit as percent of GDP	-14.4	-13.6	-11.7	-0.7
<u>Gross official foreign reserves</u>	46.6	47.0	58.0	48.3
In months of imports of goods and services	1.1	1.2	1.6	1.3
<u>External public debt</u>				
Debt outstanding	1,344.6	1,362.9	1,376.5	1,376.2
Debt service (in percent of goods and services)				
Excluding the Fund	23.7	36.2	41.0	51.1
Including the Fund	27.6	40.0	43.1	52.8

1/ Including private and short-term capital, valuation adjustments, and errors and omissions.

2/ Before debt relief.

MAURITANIA - Basic Data (continued)

IMF data

Date of membership:	September 10, 1963
Quota	SDR 33.9 million
Exchange rate (as of December 31, 1988)	
U.S. dollar/Local currency	US\$1 = UM 75.26
SDR/Local currency equivalent	SDR = UM 101.15

As of February 28, 1989
(In millions of SDRs)

Total outstanding purchases	33.3
Under tranche policies	33.3
Ordinary	(32.3)
Supplementary	(1.1)
SAF	17.0
Compensatory financing	--
Total Fund currency holdings (in percent of quota)	198.1
Net cumulative SDR allocation	9.7
Holdings of SDRs	0.1
Trust Fund loans outstanding	1.3

Social indicators

(In percent unless otherwise indicated)

	1975	1982-86
Population and vital statistics		
Total population (thousands)	1,369	1,860
Urban population	20	36
Population growth rate	2.3	2.6
Life expectancy at birth (year)	41	47
Crude birth rate (per thousand)	47	47
Crude death rate (per thousand)	23	19
Infant mortality rate (per thousand)	154	123
Labor force		
Total labor force (thousands)	472	607
Female	21	21
Agriculture	77	69
Industry	7	9

MAURITANIA - Basic Data (concluded)

	1975	1982-86
Education		
Enrollment		
Primary: Total	19	37
Male	24	45
Female	13	29
Secondary: Total	4	12
Male	7	19
Female	1	6
Pupil teacher ratio		
Primary	35	51
Secondary	25	...
Food, health and nutrition		
Per capita supply of:		
Calories (per day)	1,820	2,071
Proteins (grams per day)	67	65
Population per physician (thousands)	18	11
Population per hospital bed (thousands)	2.9	1.3

I. Production

1. Background

Mauritania's economy is characterized by capital-intensive activities in the mining and fishing sectors located in the northern part of the country, while in recent years, crop farming has been developed along the Senegal River to the south where large irrigation projects are being undertaken by the Government and the private sector. Because of an inadequate road network, there is limited interaction among the pockets of capital-intensive activities located in the mining complex of Zouerate and the fishing and port center of Nouadhibou, on the one hand, and the administrative capital of Nouakchott, and the crop farming zone in the south, on the other. The Government is by far the country's largest employer in the modern sector. However, the mining and fishing enclaves are the most important contributors to economic activities and foreign exchange earnings. The agro-pastoral sector, whose contribution to the country's economic growth declined until the mid-1980s because of the protracted drought, has regained some of its importance with the return of more regular rainfalls and a rapid development of irrigated lands.

2. Overall developments

a. Introduction

Data on national accounts are not available for the years since 1985, and the following analysis, which is based largely on estimates prepared by the staff from partial information, indicates broad economic trends only. During the period 1986-1988, real GDP grew at an annual average rate of about 3.5 percent, compared with a population growth rate estimated at 2.8 percent annually (Table 1 and Appendix I, Table I). Real GDP growth fell steadily from 5.4 percent in 1986 to 2.5 percent in 1988, reflecting variations in the level of economic activity in agriculture, fishing, and iron ore mining, the three major sectors in the Mauritanian economy, along with livestock raising. Agricultural output surged between 1985 and 1988 as a result of a return of adequate rainfalls and rapid increases in production on irrigated land following the construction of dams and canals along the Senegal River. In the fishing sector production fell in 1987 and 1988 from the 1986 level as an expansion in the fishing fleet between 1984 and 1986 may have contributed to a reduction in fishing stocks. In addition, the Government's decision not to renew the licenses of foreign operators reduced the number of fishing boats in 1987 and 1988 and contributed to the decrease in fish production. Iron ore mining suffered from the depressed world market and technical difficulties in bringing on stream a new mine. By 1988, the situation had improved somewhat and iron ore production recovered strongly.

Table 1. Mauritania: Gross Domestic Product
at Constant 1982 Prices, 1983-88

(In millions of ouguiyas)

	1983	1984	1985	1986	1987	1988
				Estimates		
Primary sector	13,414	10,940	11,209	12,237	12,588	12,480
Agriculture and forestry	848	865	646	1,266	1,564	1,614
Livestock	9,359	7,291	7,363	7,473	7,586	7,696
Fishing <u>1/</u>	3,207	2,784	3,200	3,498	3,438	3,170
Secondary sector	7,752	10,358	10,785	11,168	11,059	11,550
Mining	3,841	5,814	5,948	5,983	5,780	6,034
Fish processing	562	590	831	865	850	808
Other industries and handicrafts	1,288	1,353	1,431	1,473	1,525	1,601
Construction and public works	2,061	2,601	2,575	2,847	2,904	3,107
Tertiary sector	15,936	14,077	14,414	15,107	15,898	16,475
Transport, storage, and telecommunications	3,293	3,092	3,157	3,267	3,378	3,533
Trade and other nongovernment services	7,348	6,157	6,342	6,576	6,800	7,113
Government services	5,295	4,828	4,915	5,264	5,720	5,829
GDP (at factor cost)	37,102	35,375	36,408	38,512	39,545	40,505
Annual rate of growth (percent)	5.4	-4.7	2.9	5.8	2.7	2.4
Indirect taxes less subsidies	3,655	3,414	3,523	3,587	3,735	3,874
GDP (at constant 1982 market prices)	40,757	38,789	39,931	42,099	43,280	44,879
Annual growth rate (percent)	4.9	-4.8	2.9	5.4	2.8	2.5

Sources: Data provided by the Mauritanian authorities; and staff estimates.

1/ Including artisanal and industrial fishing.

b. Domestic expenditure, savings, and investment

The Government's policies since 1985 have focused on slowing growth in domestic demand to a level more compatible with the productive capacity of the country in order to reduce the large resource gap that had emerged during the previous years (Table 2). In the three years to 1986, the share of overall consumption in GDP fell by 21 percent to 88 percent, with the shares of both private and public consumption declining. Public investment, which had grown at an unsustainable pace in 1984 and 1985 was cut back in 1986, thereby lowering the ratio of gross fixed investment to GDP from 24 percent in 1985 to 22 percent in 1986. The fall would have been larger save for a large increase in private investment, in particular in the fishing sector. Slower growth in domestic demand permitted the reduction of the rate of growth of imports of goods and services, which together with a good performance of fish exports, resulted in a sharp narrowing of the resource gap and an increase by 3 percentage points in the rate of gross domestic savings, to 11.7 percent of GDP. The gross national savings rate improved by much less, however, because net factor service payments, in particular interest payments, increased by 27 percent in 1986. The rate of inflation, as measured by the GDP deflator, was virtually halved, to 7.9 percent in 1986, largely because most of the impact of the 1985 devaluation of the ouguiya had been already absorbed by the economy.

In 1987, the ratio of gross fixed investment to GDP declined further to 21.3 percent, primarily because private investment fell back following the exceptionally large increase recorded in 1986. The decline more than offset a slight increase in the share of consumption in GDP, which permitted a further narrowing of the resource gap, notwithstanding a decline in the ratio of exports of goods and services to GDP from 66.2 percent in 1986 to 49.5 percent. Nevertheless, the ratio of domestic savings to GDP fell moderately, whereas national savings turned slightly negative in 1987. The rate of inflation, as measured by the GDP deflator, decelerated slightly as a result of a decline in export prices and efforts to keep domestic costs down.

Preliminary estimates for 1988 indicate that domestic demand continued to fall because delays in implementing public investment project resulted in a decline in gross investment, despite a sharp rise in private investment. However, the rate of growth of private consumption accelerated, bringing the share of consumption in GDP to about 90 percent. The resource gap is estimated to have narrowed further to about 7.7 percent of GDP as the share of imports of goods and services continued to drop, whereas exports of goods and services recovered strongly, reflecting increases in the prices of fish and iron ore. Gross domestic savings declined further, to 10 percent of GDP, but national savings rose marginally as interest payments on the external debt fell. Inflation was moderate in 1988, with domestic costs and import prices increasing slowly.

Table 2. Mauritania: Supply and Use of Resources, 1983-88

	1983	1984	1985	1986 Rev.	1987 Rev.	1988 Est.
(In millions of ouguiyas)						
Supply of resources						
Gross domestic product	43,064	46,381	55,098	62,699	69,171	75,404
Imports of goods and nonfactor services	32,972	33,713	40,712	41,511	41,351	44,163
Total	76,036	80,094	95,810	104,210	110,522	119,567
Use of resources						
Consumption	48,303	46,709	50,453	55,337	61,520	67,861
Private	40,333	38,744	41,890	46,332	51,781	57,564
Government	7,970	7,965	8,563	9,005	9,739	10,297
Gross fixed investment	7,695	11,022	13,540	13,576	13,784	12,374
Public sector	...	10,480	12,534	11,837	12,558	10,450
Private sector	...	542	1,006	1,739	1,226	1,924
Exports of goods and nonfactor services	20,038	21,763	31,999	34,738	34,250	38,338
Change in stocks	...	600	-182	559	968	994
Total	76,036	80,094	95,810	104,210	110,522	119,567
Resource gap (deficit -)	-12,934	-11,950	-8,713	-6,773	-7,101	-5,825
Gross domestic savings	-5,239	-328	4,645	7,362	7,651	7,543
Net factor income						
from abroad	-3,966	-4,366	-5,869	-7,348	-7,827	-7,569
Net factor services	-2,308	-2,893	-4,043	-5,354	-5,972	-5,363
Net private transfers	-1,658	-1,473	-1,826	-1,994	-1,855	-2,206
Gross national savings	-9,205	-4,624	-1,224	14	-176	-26
Memorandum items:				(In percent of GDP)		
Consumption	112.2	100.7	91.6	88.3	88.9	90.0
Private	93.7	83.5	76.0	73.9	74.9	76.3
Government	18.5	17.2	15.5	14.4	14.1	13.7
Gross fixed investment ^{1/}	17.9	25.1	24.2	22.5	21.3	17.7
Resource gap	-30.0	-25.8	-15.8	-10.8	-10.3	-7.7
Exports of goods and nonfactor services	46.5	46.9	58.1	66.2	49.5	50.8
Imports of goods and nonfactor services	76.6	72.7	73.9	66.2	59.8	58.6
Gross domestic savings	-12.2	-0.7	8.4	11.7	11.1	10.0
Gross national savings	-21.4	-10.1	-2.2	—	-0.3	—

Source: Staff estimates.

^{1/} Including change in stocks.

3. Developments in productive sectors

a. Agriculture

(1) Agricultural production

The return of more regular rainfalls led to a rapid recovery in food crop production, which had fallen from about 90,000 tons in the early 1970s to only 20,000 tons during the crop year 1984/85 (Table 3). In 1985/86, cereal production had already jumped to more than 100,000 tons and is estimated to have increased further to 166,000 tons in 1987/88. The rapid increase in production is due in part to a recovery of traditional crops, millet and sorghum, which are cultivated under dryland production conditions, with recessional farming (*oualo*) as the most common farming method. Cereal production also grew rapidly because the installation of irrigation systems along the Senegal River resulted in a fivefold increase in the production of rice.

In spite of higher domestic production, commercial food imports continued to increase between 1986 and 1988, whereas food aid imports fell substantially from the level reached in the early 1980s (Table 4). By 1987, domestic production accounted for about half of total supply compared with less than 7 percent in 1985. Nevertheless, rice imports increased rapidly in 1987 and 1988, the two years when the largest increases in domestic production were recorded. This trend may be explained in part by Mauritanian consumers' preference for imported rice, which is sold at the same price as domestically produced varieties, and by the possibility that an increasing proportion of domestic production and imports are being re-exported to neighboring countries where retail prices are higher, partly as a result of the appreciation of the CFA franc vis-à-vis the ouguiya.

(2) Cereal marketing and pricing

The Government takes an active part in the marketing and pricing of cereals through the food aid agency (Commissariat à la Sécurité Alimentaire, CSA), and through SONIMEX, a public sector agency with private capital participation. The CSA purchases and processes part of the locally produced rice paddy and a limited amount of traditional cereals, sells commercial food aid, and distributes free food aid (Appendix I, Tables II-IV). SONIMEX has a monopoly on imports of rice, tea, and sugar, and purchases all the rice processed by CSA. The private sector handles all imports of wheat flour, markets locally produced cereals not handled by CSA or SONIMEX, and handles a part of the retail distribution of both imported and domestic rice.

The Government has regulated cereal prices at the producer and retail levels. However, cereal prices have not been set in a consistent manner. For instance, the margin between producer and retail prices of rice is too narrow to cover marketing and processing costs. Moreover, prices do not reflect quality differentials and world market prices.

Table 3. Mauritania: Area Cultivated and Production of
Selected Crops, 1982/83-1987/88 ^{1/}

	Cereals and related products				Pulses and vegetables, and other	Dates
	Total	Millet and sorghum	Paddy rice	Maize, wheat, barley		
<hr/>						
Area cultivated	(In thousands of hectares)					
1982/83	151.0	140.0	4.0	7.0	39.7	...
1983/84	111.3	100.0	4.1	7.2	37.6	...
1984/85	83.6	79.0	4.2	0.4	26.0	...
1985/86	...	94.0	...	2.6	...	5.0
1986/87	145.5	137.1	6.6	1.8	...	...
1987/88	156.3	144.4	11.3	0.6	96.7	5.0
Production	(In thousands of metric tons)					
1982/83	35.19	20.00	11.45	3.74	14.10	11.00
1983/84	20.95	6.00	12.45	2.50	12.00	9.00
1984/85	20.00	6.54	10.96	2.50	6.02	9.00
1985/86	101.35	81.20	19.00	1.15	5.15	16.50
1986/87	129.00	93.11	33.00	2.89	9.20	16.50
1987/88	166.07	114.15	50.91	1.00	19.02	16.50

Source: Ministry of Agriculture.

^{1/} Crop years usually end June 30; the main harvest takes place after the first cropping season, before December 31 of each calendar year.

Table 4. Mauritania: Supply of Cereals, 1983-88

(In thousands of metric tons)

	1983	1984	1985	1986	1987	<u>1988</u> Est.
Production <u>1/</u>	31	16	16	94	116	128 <u>2/</u>
Imports	97	148	88	76	85	112
Rice (SONIMEX)	(57)	(106)	(47)	(32)	(46)	(65)
Flour (private sector) <u>2/</u>	(40)	(42)	(41)	(44)	(39)	(47)
Food aid	80	133	132	89	30	49
Total supply	208	297	236	259	231	289
Per capita supply (in kilogram)	117	162	125	133	115	144

Source: Data provided by the Mauritanian authorities.

1/ Consumable cereal production.

2/ Production less estimated losses on paddy rice (40 percent) and other cereals (15 percent).

Hence, the Government's policy has resulted in distortions in relative prices, which has discouraged production of traditional cereals and improvement in the quality of processed products. The issue of the margin between producer and retail prices has become especially important for rice, since the sharp growth in production has caused CSA and SONIMEX to incur increasing losses, which have strained their financial situation. In December 1988, the Government raised the wholesale price of rice by UM 2 to UM 29 per kilogram and the consumer price of food aid wheat by UM 1 to UM 21.5 per kilogram in Nouakchott and UM 20.5 per kilogram in the interior of the country (Table 5).

b. Livestock

Livestock raising continues to be an important activity for this population that has kept strong ties with its nomadic heritage. Following the catastrophic impact of the 1983-84 drought, which reduced the livestock by an estimated 20 percent, normal rainfalls in recent years have permitted the rebuilding of herds (Table 6). Nevertheless, the rate of growth of real value added of the sector averaged only about 1.5 percent during the period 1986-1988, while the rate of growth was 2.5 percent for the herds of cattle, 4.3 percent for sheep and goats, and 7.5 percent for camels. This is partly due to the fact that herds are often used as a store of wealth that can be easily sold in the neighboring countries for foreign currencies.

While livestock is generally raised according to traditional nomadic methods, efforts have been aimed in recent years at strengthening veterinary services, increasing sedentary livestock raising, and integrating of the agricultural and pastoral activities. The free distribution of livestock vaccinations has been phased out, causing some difficulties in their distribution in isolated areas, where it is unprofitable for the private sector to intervene. The strengthening of the distribution system of vaccines and the renovation of the main slaughterhouse in Nouakchott are part of a new project sponsored by the World Bank and the African Development Bank.

c. Fishing sector

(1) Resources

Mauritania's 200-mile exclusive economic zone (EEZ) has some of the richest fishing ground in the world. Nevertheless, the declared catch peaked in 1986 and has declined since then, possibly as a result of a depletion of the fishing stock, shifts in the location of the fishing grounds, and increases in the unrecorded catch by authorized and unauthorized boats, as well as a reduction in the number of fishing boats (Table 7 and Appendix I Tables V to VII). In 1986, Mauritania exported 388,000 tons of fish, with pelagic fish (surface species) accounting for 80 percent, cephalopods (squid) for 12 percent, and demersal fish (deep-sea species) for 7 percent. It is estimated that by 1988 the volume of fish exports had fallen to 352,000 tons, or 9 percent

Table 5. Mauritania: Agricultural Producer Prices, 1982/83-1988/89

(Ouguiyas per kilogram)

	1982/83	1983/84	1984/85 <u>1/</u>	1985/86	1986/87	1987/88	1988/89
Producer prices <u>1/</u>							
Rice (paddy)	12.5	12.5	12.5	14.0	18.5	18.5	19.0
Millet	13.0-15.0	13.0-15.0	13.0-15.0	21.0	21.0	21.0	22.0
Sorghum	13.0-15.0	13.0-15.0	13.0-15.0	21.0	21.0	21.0	22.0
Maize	13.0-17.0	13.0-17.0	13.0-17.0	21.0	21.0	21.0	22.0
Purchase price of local milled rice (ex factory)	24.0	24.0	24.0	24.0	24.0	27.0	29.0
Wholesale price of rice sold by SONIMEX (milled rice (broken)) <u>2/</u>	14.5	20.0	26.0	27.0	27.0	27.0	30.0

Source: Data provided by the Mauritanian authorities.

1/ Producer prices were expressed in the form of floor and ceiling prices until February 1985.

2/ Wholesale price at Nouakchott.

Table 6. Mauritania: Estimated Livestock Population and Controlled Slaughterings, 1983-88

	1983	1984	1985	1986	1987	1988 Est.
<u>(In thousands of head; period average)</u>						
Livestock population						
Cattle	987	889	950	1,200	1,220	1,230
Sheep and goats	6,120	5,692	6,500	7,200	7,300	7,300
Camels	719	697	780	820	840	850
<u>(In thousands of head)</u>						
Controlled slaughterings						
Cattle	32.3	35.1	37.1	28.0	24.7	26.2
Sheep and goats	55.8	72.0	49.5	37.3	52.6	56.3
Camels	22.2	25.3	33.1	35.3	31.0	31.2

Source: Directorate of Livestock.

Table 7. Mauritania: Unloading and Exports of Fish
and Fish Products, 1983-88

	1983	1984	1985	1986	1987		1988	
					Jan.-Sept.	Jan.-Dec.	Jan.-Sept.	Jan.-Dec. Est.
(In metric tons)								
Unloading of fish at								
Nouadhibou	32,267	57,436	57,000	60,000	52,418	65,787	42,194	61,994
Total exports of fish and								
fish products	352,350	273,183	385,583	385,580	296,298	381,347	258,000	352,200
Fresh and frozen fish	316,500	245,300	346,100	347,503	265,182	342,613	234,350	320,100
Dried and salted fish	369	699	355	663	441	582	652	652
Fish meal	31,064	22,372	35,323	36,153	26,719	33,001	21,100	28,600
Canned fish	2,073	2,081	2,582	...	2,513	3,148	1,848	2,648
Shellfish and other	420	605	282	...	...	...	...	—
Shrimp and lobster	1,924	2,126	941	1,261	1,443	2,003	50	200
(In millions of ouguiyas)								
Destination of exports	8,773	9,453	17,265	15,595	15,278	19,910	15,910	21,456
Japan	1,741	2,097	5,755	6,885	6,580	8,685	8,685	11,580
U.S.S.R.	...	...	...	4,837	2,578	3,273	3,140	4,537
Romania	447	427	1,201	1,405	886	1,176	1,598	2,104
Europe	1,517	2,251	2,319	2,076	2,790	3,736	1,850	2,519
Of which: Spain	(1,274)	(1,567)	(1,358)	(...)	(474)	(729)	(...)	(...)
Italy	(213)	(548)	(762)	(...)	(1,638)	(2,156)	(...)	(...)
Portugal	(358)	(—)	(—)	(311)	(276)	(399)	(...)	(...)
France	(30)	(80)	(63)	(80)	(402)	(452)	(...)	(...)
Other	5,068	4,678	7,990	392	2,444	3,040	637	716

Source: Central Bank of Mauritania.

less than in 1986. Exports of most species declined but the drop was particularly large for cephalopods. However, the fall in the volume of fish exports was more than offset by increases in prices, especially in the price of cephalopods, which rose by 36 percent between 1986 and 1988. Cephalopods account for more than 50 percent of total fish exports and are exported exclusively to Japan, which does not import any other fish species from Mauritania.

Although the fishing sector has since 1983 replaced the mining sector as the main foreign exchange earner, its net contribution to economic growth remains small because of considerable service payments and capital transfers abroad. In addition, the sector's impact on employment has been limited by a shortage of skilled Mauritanian workers. In 1984, a newly created public enterprise for fish marketing was given a monopoly for the exports of cephalopods and demersal species, which ship operators were required to land in the port of Nouadhibou. The creation of this enterprise has permitted better regulation of the sector, has assured shipowners of a market for their products, and has provided the authorities with the means to enforce payments of taxes and repatriation of fish export proceeds. Nevertheless, it has shifted part of the commercial risk resulting from variations in world market prices from the shipowners to the public enterprise.

(2) Fishing policy

In order to reverse the fall in fish exports, the Government adopted a new fishing policy in April 1987 aimed at restricting authorized fishing permits to a level compatible with fishing resources, protecting fishing reproduction zones, reinforcing the coastal surveillance system, and increasing local value added through promotion of artisanal fishing and progressive replacement of foreign crews by national crews. The number of authorizations for deep-sea fishing has been stabilized and the chartering contracts revised to permit the Government to receive a larger share of the fishing proceeds and to reallocate quotas among a greater number of countries. In addition, the authorities did not renew fishing licenses to foreign fleets that expired in 1987 and 1988. A new license agreement was nevertheless signed with the European Economic Community (EEC).

The implementation of the new fishing policy was delayed because of differences between the authorities and foreign donors on the best approach to follow for improving surveillance. The onshore surveillance unit has been established but it is not fully operational owing to a lack of staff, management, and training. The Government is currently implementing a training program to replace foreign crew members by Mauritians. At the end of 1988, 300 newly trained Mauritanian sailors were hired by national shipowners.

d. Iron ore mining

Mauritania's mining sector consists almost exclusively of iron ore mining under the Société Nationale Industrielle et Minière (SNIM), a state-controlled corporation owned by the Mauritanian Government (70 percent) and foreign interests. In the past two decades, iron ore production has been the major source of economic growth for the country as well as the main source of revenue for the Government, and, until 1983, the main source of foreign exchange earnings. However, as a result of the severe downturn in world economic activity in the early 1980s, annual production and exports of iron ore declined by about one fourth between 1980 and 1983. In addition, production was affected by delays and difficulties in bringing on stream the large new mine located at Guelbs. Nevertheless, production and exports have recovered in the past few years, and it is estimated that in 1988 production reached 9,600 tons and exports 10,000 tons, levels not experienced since 1974 (Table 8). Despite the recovery in production, the outlook for iron mining is uncertain since the SNIM continues to face a very serious financial situation because the new mine at Guelbs has not yet reached its break-even point.

Mining of other known resources such as copper, gypsum, and phosphates is presently limited by demand and high production costs. While the production of copper stopped more than ten years ago, there is a project to reopen the mine, which could be profitable through the extraction of the gold deposits that copper ore contains. Gypsum exports resumed in 1986, after a seven-year interruption, from a quarry located north of Nouakchott. However, production is still limited (10,000 tons) by high transportation costs.

e. Manufacturing activities

Although Mauritania's manufacturing sector has received a substantial share of public investment, the sector is still in its infancy, with only three major local companies (a perfume manufacturer, a blanket manufacturer, and a water bottling company) and about fifty much smaller enterprises. The manufacturing sector (including handicrafts) represents about 4 percent of GDP and produces mainly energy, food and beverages, household chemicals, and construction materials. Industrial development in Mauritania is hampered by inadequate infrastructure and lack of skilled labor; it is also constrained by the country's limited market and lack of a road network. The Government recently adopted a new investment code that offers tax incentives for investment that will create new jobs or result in exports. The new investment code was accompanied by the adoption of a new customs tariff that simplifies the previous tariff schedule and lowers the rate of effective protection.

Table 8. Mauritania: Iron Ore--Production, Exports,
and Stocks, 1983-88

(In thousands of metric tons)

	1983	1984	1985	1986	1987	1988
Production	6,721	8,999	9,203	9,261	9,117	9,600
Exports	7,425	9,526	9,333	8,929	9,001	10,000
Change in stocks	-704	-527	-130	332	116	-400
Stocks (end of period)	964	437	307	639	755	355

Source: Société Nationale Industrielle et Minière (SNIM).

f. The public enterprise sector

Mauritania currently has 75 parapublic enterprises involved in virtually all economic sectors (Appendix I, Table VIII). At the end of 1988, the parapublic sector included 19 industrial and commercial enterprises (EPIC), 37 joint ventures with other governments, private Mauritanian and/or foreign investors, and 19 decentralized administrative services (EPAP). The public enterprises account for more than one half of public investment, and receive about one fifth of the credit disbursed through the domestic banking sector; their external debt represents about one third of the public and publicly guaranteed obligations. They also account for more than one fourth (12,000-15,000 employees) of the modern sector work force and have represented an important source of budgetary revenues.

The overall performance of the public enterprises has been characterized by low productivity, high losses, large payments arrears, heavy debt burdens, and growing illiquidity. The enterprises suffer from weak management, overstaffing, ill-defined relations with the government, poor investment choices, inappropriate pricing policies, and reliance on monopoly positions and government subsidies.

(1) Rehabilitation program

In 1985 the Government embarked on a program to reform the public enterprise sector, with the support of the World Bank. This program included a rationalization of the institutional framework in which public enterprises operate, as well as a review of the operations of individual enterprises to determine their viability. A new law governing public enterprises and a new accounting system were adopted. The new law aims at clarifying the legal status of the enterprises and their relations with the Government. It has not yet been fully implemented and its provisions remain somewhat ineffective. Performance contracts foreseen by the law have not yet been signed and government controls and administrative procedures remain burdensome.

In the first phase of the rehabilitation program in 1985, the Government reviewed the operations of 30 industrial enterprises and concluded that 3 enterprises are to be liquidated, 4 privatized, 4 converted to administrative services, 5 reduced in scope, 10 rehabilitated, and 10 studied further. However, since then, only one enterprise has been privatized and one liquidated. The state-owned petroleum company (SMCPP) lost its import monopoly, although a subsequent decree in effect allowed only one other company to enter the market (Appendix I, Tables IX-XI).

(2) Rehabilitation of selected enterprises

Parallel to the rehabilitation of the public enterprise sector, major reforms were undertaken at the power and water utility (SONELEC), the postal and telecommunications agency (OPT), and the port of

Nouakchott (EMN) under the public enterprise rehabilitation project supervised by the World Bank, while SNIM implemented rehabilitation measures with World Bank technical assistance. In the mid-1980s, SONELEC's situation was very bleak, as a result of poor management, overstaffing, and inappropriate intervention by the Government (Appendix I, Table XII). Utility rates did not cover operating costs, while accounting, billing, and collection procedures were in disarray. As a result the company did not have the financial resources to repair and upgrade its facilities, to service its debt, or to pay its taxes. Under the World Bank rehabilitation project the situation has improved somewhat; staff has been reduced, the Nouadhibou and Nouakchott power plants have been converted from gas oil to fuel oil, and utility rates have been increased. Nevertheless, its commercial and financial performance remains unsatisfactory, especially in the area of billing and collection, which still amounts to less than 50 percent of production. Moreover, the Government continues to intervene in the management of the company, by requiring, for instance, SONELEC to provide energy at subsidized rates to a large enterprise. A performance contract (contrat plan) has been prepared by the Government to increase SONELEC's autonomy and allow it to take necessary measures to improve its financial operations.

With the completion of the new port in 1987, built with the assistance of the Chinese Government, all functions and responsibilities of the old port (EMN) were transferred to the Port Autonome de Nouakchott (PANPA). The port handles about 80 percent of the country's general cargo traffic. While the management of the port has improved, it is still overstaffed and its stevedoring activities are inefficient. The Post and Telecommunication Agency (OPT) is responsible for international and domestic postal and telecommunications services and for postal financial services. Implementation of sound accounting practices, adequate financial controls, and billing and collection procedures were expected from technical assistance provided under the public enterprise rehabilitation project. However, reforms have yet to be implemented. As a result the OPT's financial situation remains precarious.

The iron ore mining enterprise, SNIM, continues to face severe financial difficulties in spite of a modest recovery in world prices and a series of measures that improved management and reduced costs (Appendix I, Tables XIII-XV). Iron ore mining began in the mid-1960s with the development of a high-grade iron ore deposit (Kedia) in the northern part of the country. With production of the mine expected to decline starting in 1990, SNIM developed, with the support of the World Bank, a large new low-grade iron ore deposit (Guelbs). The grade of the ore has required the construction of a beneficiation plant designed to produce 6 million tons of iron ore concentrates by dry grinding and magnetic separation. The utilization of a new technology delayed the completion of the mine until 1985 and since then has caused a series of technical problems. Hence, current output is only about 1.5 million

tons a year, or 25 percent of its design capacity. At current world market price, the cash break-even point of the Guelbs operation is about 3 million tons.

Delays in commissioning the new mine, and the low level of output of the new mine severely strained SNIM's financial situation, which had already been hurt by the prolonged slump in world demand for iron ore. As a result, the SNIM was unable to service its debt and meet its tax obligations. Starting in 1985, SNIM undertook a major rehabilitation program to reduce costs and improve the company's organization and management. Its work force was reduced by 27 percent through a major retrenchment of personnel in March 1987 (1,600 workers), and a 30 percent cut in its overhead costs. In spite of these efforts and the rescheduling of part of its external debt under the auspices of the Paris Club, the SNIM's financial position continued to deteriorate because of low iron ore prices, the decline in the value of the U.S dollar vis-à-vis other major currencies, (which affects the SNIM's revenues more than its operating costs), and the inability of the company to increase production at Guelbs. A new restructuring program is currently being prepared with the assistance of the World Bank, which aims at restoring the company's financial viability over the medium term. The program calls for increasing production above the break-even point, and reducing operating costs further. It will be accompanied by a financial package that will recapitalize the company and alleviate its debt service burden. For the longer term, the recent discovery of a new high-grade iron ore deposit at Mhaoudat, near the existing Guelb mines, is expected to assure the financial viability of the SNIM, while maintaining iron ore production at its current level (about 10,000 tons).

II. Prices, Wages, and Employment

1. Prices

Until 1985, the Government stabilized consumer prices through subsidies and price controls. Under the successive adjustment programs, controls were progressively dismantled in order to remove distortions in relative price, and reduce the level of subsidies. An initial reduction of the number of prices subject to administrative controls was implemented in 1986, and the system of fixed margins for locally manufactured goods was eliminated in 1987, while the number of goods subject to price controls was further cut from 11 to 9 in 1988. However, the system of fixed margins still applies to most imported products.

According to the official consumer price index, which was revised in 1985, inflation decelerated between 1986 and 1988 as the effects of the 1985 devaluation of the ouguiya and price liberalization were fully absorbed in the economy (Table 9 and Appendix I, Tables XVI and XVII). However, the index includes a large proportion of officially controlled

Table 9. Mauritania: Consumer Price Index in Nouakchott,
December 1985-December 1988

	Weights In percent	<u>1985</u> <u>Dec.</u>	<u>1986</u> <u>Dec.</u>	<u>1987</u> <u>Dec.</u>	<u>1988</u> <u>Dec.</u>
<u>(Index; December 1985 = 100)</u>					
Food	52.0	102.4	115.0	124.2	128.7
Clothing	14.6	109.9	117.9	109.3	109.2
Housing	25.3	102.2	107.6	114.1	114.9
Other <u>1/</u>	8.1	101.0	99.9	100.3	100.7
Total	100.0	103.3	112.3	117.0	120.1
<u>(Annual percentage change)</u>					
Food			12.4	8.0	3.6
Clothing			8.1	-7.3	-0.1
Housing			5.3	4.1	2.6
Other <u>1/</u>			-1.1	0.4	0.4
Total			8.9	4.2	2.6

Source: Directorate of Statistics.

1/ Includes health care and leisure expenditures.

prices and hence may not fully reflect the inflation rate in the economy since many of the controlled products cannot be purchased on the market at the official prices.

2. Wages

Civil service salaries and minimum wages (SMIG and SMAG) are determined by the Government, while wage rates in public enterprises and the formal private sector are set through collective bargaining. Allowances and fringe benefits for some categories of civil servants, such as teachers and doctors, and for public enterprise employees are relatively high and constitute a substantial share of their wage earner income. Teachers can actually receive allowances and fringe benefits that are larger than their salaries, with housing allowances varying from UM 1,500 to UM 5,000 a month for those who are not provided with a house, incentive bonuses varying from UM 4,000 to UM 9,000 a month, and allowances tied to positions varying from UM 2,000 to UM 9,000 a month. Minimum wages have not been raised since 1982, whereas wages in the public sector were last increased in 1985 partly to compensate for the February 1985 devaluation of the ouguiya (Appendix I, Table XVIII).

3. Employment

No current information on employment in Mauritania is available. However, it is estimated that about 10 percent of the potential working population consists of wage earners, while the remainder is either employed in the informal sector or unemployed. In the modern sector, the Government is the major employer, with 19,800 civil servants (excluding house employees paid by the Government) in 1988, followed by public enterprises with about 12,000 employees. In the past three years, new recruitment has largely been limited to the two priority sectors of education and health for which the Government has guaranteed employment to students starting their studies in those fields (Appendix I, Table XIX).

III. Public Investment Policies and Investment Program

The main objective of the 1985-88 investment program was to improve the productivity of investment and the level of economic activity with a lower ratio of public investment to GDP. The goal was to bring the ratio to about 20 percent from more than 25 percent in the early 1980s. Hence, public investment projects were selected on the basis of coherent sector policies and criteria that were consistent with macroeconomic goals, especially those relating to public debt management. In particular, they took into consideration the country's limited absorptive capacity resulting from budgetary constraints and management inefficiency. The program priorities concentrated on three types of projects: i) rehabilitation projects designed to safeguard and consolidate existing assets; ii) productive projects intended to diversify sources of revenue and sustain a reasonable medium-term level

of economic growth; iii) supporting projects, particularly in the social sectors, which are limited to those designed to meet basic human needs and involving participation by the population especially through the Food for Work Program. Total public investment for the period 1985-88 was targeted at UM 55.1 billion. The sectoral breakdown reflected the priority assigned to development of agricultural production (36.6 percent) and rural and urban water supply (22.7 percent).

During the four years of the program, the rate of implementation of the programmed investment was about 65 percent (or UM 36 billion); however, implementation of projects not originally planned brought investment expenditures to UM 47.5 billion (Appendix I, Table XX). The low level of implementation of the original program was due to delays in preparing necessary studies, difficulties in managing projects, and lengthy procedures for the disbursements of foreign grants and loans. Investment seems to have especially lagged in 1988 when total disbursements amounted to an estimated UM 10.6 billion compared with UM 13.9 billion originally planned. The shortfall largely affected government investment, which fell by 20 percent between 1987 and 1988. The investment program was largely financed from foreign sources with external grants and loans on very concessional terms accounting for about one fourth of total financing. About one fourth of investment expenditures went to rural development and 40 percent to industrial development, of which the SNIM accounted for slightly more than half. Development of irrigated land along the Senegal River claimed a large part of the public investment outlays but results have been mixed because of difficulties in managing the projects. The share of investments undertaken by the SNIM was much larger than originally expected because the cost of developing the mine at Guelbs and restructuring the company turned out to cost more than twice the amount planned (UM 9.9 billion rather than UM 4.4 billion).

The government has prepared a public investment program for the period 1989-91 amounting to UM 45 billion. The investment program will be financed mainly by grants and concessional loans, which together will account for 60 percent of the total. New projects account for 60 percent of the total. The largest share of the investment continues to go to agriculture (34 percent) which is followed by infrastructure (25 percent). Public health and education are each programmed to account for 5 percent of public investment expenditures.

IV. Government Finance

1. Institutional background

The nonfinancial public sector in Mauritania consists of the Central Government, decentralized agencies, regional governments, municipalities, and a number of nonfinancial public enterprises. The decentralized agencies of the Central Government normally consolidated in government finance include the Croissant Rouge Mauritanien, l'Ecole

Nationale d'Administration, and the National Social Security Fund. The National Social Security Fund derives its revenue from social security taxes while the rest of the decentralized agencies are almost entirely dependent on transfers from the Government.

The central government budget, which is prepared and executed on a calendar-year basis, has three components: the general budget, the annexed budgets, and several special accounts. The general budget provides for both current operations and the small share of capital operations that are financed directly by the Treasury. The annexed budgets cover certain public entities and government lending operations, acquisition of share capital in commercial banks and other enterprises, and special operations such as local sales of food aid. The entities covered by the annexed budgets derive their resources from government transfers or from fees they levy, and their number may vary from year to year. The special accounts are extrabudgetary treasury accounts created by law or executive order in which earmarked receipts and external grants are recorded for the purpose of financing specific expenditures. In recent years, these accounts have been gradually incorporated into the budget.

Other extrabudgetary operations, especially those concerning investment expenditures financed abroad by external loans, and grants are not recorded in the treasury accounts. These operations may take place either abroad with lenders and donors paying suppliers and Mauritania receiving imported equipment, or through an account at the Central Bank, or through cashiers installed in Mauritania by the creditors. In this report, treasury operations and extrabudgetary expenditures are aggregated in the government consolidated financial operations.

The financial operations of the Central Government as reflected in the central government budget are recorded on a cash (receipts) or commitment basis in the Treasury, which also fulfills certain banking functions. The Treasury accepts promissory notes with a maturity of four months in payment of certain taxes, principally custom duties. It also holds the funds of public agencies, maintains the cash accounts of the local governments, and receives deposits from the postal checking system, the social security fund, and public enterprises. These deposits represent an important source of treasury liquidity. In this report, these banking functions are classified with the operations of the banking system. Central bank credit to the Treasury is subject to an overall statutory ceiling of UM 2.2 billion.

2. Recent fiscal developments

a. Overall developments, 1986-88

Fiscal developments were marked during 1986-88 by large reductions in imbalances followed by a slowdown in the adjustment process in 1988. Excluding special factors such as restructuring operations and

debt cancellation, the Government's consolidated overall fiscal deficit (measured on a cash basis and excluding grants) fell from the equivalent of 6.8 percent of GDP (UM 4.3 billion) in 1986 to 5.8 percent (UM 4.0 billion) in 1987. It rose to 6.4 percent of GDP (UM 4.8 billion) in 1988 (Table 10). Including the Government's expenditures related to the restructuring of public enterprises and state-owned banks, the consolidated overall fiscal deficit widened from 6.8 percent of GDP in 1986 to 9.9 percent in 1988. During the same period, the cash surplus of treasury operations fell from 1 percent of GDP in 1986 to 0.4 percent in 1987 before increasing to 4.9 percent in 1988 (Appendix I, Table XXI).

The mixed results achieved between 1986 and 1988 resulted mostly from a slowdown in the rate of growth of tax revenues that was offset only in part by a containment of current expenditures. The authorities' efforts to increase tax revenues by streamlining the tax system and improving tax collection were insufficient to maintain a stable rate of growth in revenues, owing to inadequate managerial abilities, delays in the implementation of reforms, and financial difficulties faced by the SNIM and the banking system. After having grown by 15 percent on average in 1986 and 1987, tax revenues rose by less than 6 percent in 1988. As a result, in terms of GDP, tax revenues rose by 1 percentage point, to 22.8 percent in 1987, before falling to 22.1 percent in 1988.

Total expenditure and net lending, after having fallen by 7 percent in 1986, grew 13 percent on average in 1987 and 1988. Growth during the last two years under review resulted from the participation of the Government in the restructuring of public enterprises and banks, which accounted for 8.2 percent of total expenditures in 1987 and 10.4 percent in 1988. Current expenditures grew on average 6 percent in 1987 and 1988 after having declined slightly in 1986. Restructuring expenditures contributed to raising the ratio of total expenditure and net lending to GDP by 1.6 percentage points, to 33.3 percent between 1986 and 1988, whereas the ratio of current expenditures to GDP fell by 1.4 percentage points to 22 percent.

b. Budgetary revenue trends

In 1986, budgetary revenues rose by 11 percent with increases in revenues on income and profits taxes, export taxes, and nontax revenues being partially offset by a fall in taxes on goods and services (7 percent) and the halving of the SNIM's payments of mining royalties (Table 11). Revenues from income and profits taxes were boosted by 38 percent following increases in the rate of the minimum lump-sum tax (IMF) from 1 percent to 4 percent and in the tax rates on wages and salaries (ITS) from a maximum of 27 percent to 39 percent. Revenue from the IMF are reported under revenues from the tax on profits (BIC) because until 1989, payments of the IMF were considered as prepayments for the BIC. Increases in fish exports and improved tax collection

Table 10. Mauritania: Consolidated Government Fiscal Operations, 1983-88 1/

	1983	1984	1985	1986	1987	1988 Prel.
(In millions of ouguiyas)						
Total revenue and grants	12,663	16,566	18,781	18,309	22,099	26,912
Budgetary revenue	8,935	10,296	12,301	13,696	15,782	16,685
Grants	3,728	6,270	6,480	5,416	4,884	8,953
Budgetary	160	63	61	—	119	4,357 2/
Extrabudgetary 3/	3,102	5,278	5,676	4,718	4,765	4,597
In kind 4/	(554)	(1,170)	(1,756)	(270)	(239)	(273)
Projects	(1,259)	(2,990)	(2,497)	(1,463)	(2,552)	(2,249)
Others	(1,289)	(1,118)	(1,423)	(1,614)	(1,974)	(2,075)
Special accounts	...	...	743	1,266	1,434	1,274
Total expenditure and net lending	19,583	21,593	21,235	19,865	23,347	25,143
Current expenditure	12,137	12,751	14,821	14,654	15,592	16,571
Budgetary 5/	(10,294)	(10,463)	(11,642)	(12,770)	(13,454)	(14,223)
Extrabudgetary 6/	(1,843)	(2,288)	(3,179)	(1,884)	(2,138)	(2,348)
Investment expenditure	7,328	8,700	6,239	5,011	5,736	5,926
Budgetary	(704)	(583)	(706)	(658)	(760)	(820)
Extrabudgetary	(6,158)	(7,189)	(4,846)	(3,655)	(3,939)	(4,042)
Special accounts	(466)	(929)	(687)	(698)	(1,037)	(1,064)
Net lending 7/	118	142	176	200	2,020	2,646
Of which: participation in re- structuring	(—)	(—)	(—)	(—)	(1,913)	(2,623)
Overall fiscal deficit (commitment basis)						
Including grants	-6,920	-5,027	-2,454	-1,556	-1,248	1,769
Excluding grants	-10,648	-11,297	-8,934	-4,903	-2,132	-7,184
Change in payments arrears (increase +)	449	649	-6,887	617	218	-275
External	273	514	-5,187	—	615	-275
Domestic	176	135	-700	—	-397	—
Overall fiscal deficit (-) (cash basis)	-6,471	-4,378	-9,341	-939	-1,030	1,494
Financing	6,471	4,378	9,341	939	1,030	-1,494
Foreign borrowing (net)	5,020	3,369	-150	-3,675	-1,594	-3,870
Drawings	5,775	4,585	2,351	2,192	3,429	3,278
Budgetary	(876)	(387)	(2)	(—)	(2,117)	(1,485)
Project	(4,899)	(4,198)	(2,349)	(2,192)	(1,312)	(1,793)
Amortization	-755	-1,216	-2,501	-5,867	-5,023	-8,645 8/
Arrears	—	—	—	—	—	1,497
Domestic (net)	1,451	1,009	-1,087	-585	-441	803
Banking system	(1,458)	(-125)	(-530)	(-271)	(-424)	(883)
Other	(-7)	(1,134)	(-557)	(-314)	(-18)	(-80)
External debt relief and exceptional assistance	—	—	10,578	5,199	3,065	1,573
Rescheduling	(—)	(—)	(8,128)	(5,199)	(3,065)	(1,469)
Exceptional assistance	(—)	(—)	(2,450)	(—)	(—)	(104)
Financing gap	—	—	—	—	—	(—)
Memorandum items:	(In percent of GDP)					
Budgetary revenue	20.8	22.3	22.5	21.8	22.8	22.1
Total expenditure and net lending	45.5	46.9	38.9	31.7	33.8	33.3
Current expenditure	(28.2)	(27.7)	(27.2)	(23.4)	(22.5)	(22.0)
Investment expenditure	(17.0)	(18.9)	(11.4)	(8.0)	(8.3)	(7.9)
Net lending	(0.3)	(0.3)	(0.3)	(0.3)	(3.0)	(3.5)
Overall fiscal deficit (commitment basis)						
Including grants	-16.1	-10.9	-4.5	-2.5	-1.8	2.3
Excluding grants	-24.7	-24.5	-16.4	-7.8	-8.9	-9.5
Financing gap	—	—	—	—	—	—

Sources: Data provided by the Mauritanian authorities; and staff estimates.

1/ Including expenditure financed directly from abroad and therefore not recorded in treasury accounts.

2/ Including cancellation of debt due after 1988.

3/ As recorded in the balance of payments.

4/ Foreign-financed food aid, including food aid with counterpart recorded under special accounts.

5/ Including interest due.

6/ Equivalent to the counterpart of extrabudgetary grants (excluding project grants), less expenditure under special accounts (counterpart food aid).

7/ Excludes on-lending to public enterprises.

8/ Includes arrears on principal payments to be rescheduled and cancellation of debt after 1988.

Table 11. Mauritania: Central Government Revenue and Grants, 1983-88

(In millions of ouguiyas)

	1983	1984	1985	1986	1987	1988 Est.
Tax revenue	<u>7,876</u>	<u>8,543</u>	<u>10,856</u>	<u>11,908</u>	<u>12,161</u>	<u>13,348</u>
Tax on income and profits	<u>2,475</u>	<u>2,620</u>	<u>2,951</u>	<u>4,079</u>	<u>4,104</u>	<u>4,791</u>
Tax on business and profits	(882)	(843)	(930)	(1,808)	(1,675)	(2,448)
Tax on wages and salaries	(1,298)	(1,563)	(1,698)	(1,986)	(2,115)	(1,979)
General income tax	(185)	(159)	(225)	(179)	(103)	(69)
Other	(110)	(55)	(98)	(106)	(211)	(295)
Employer's payroll tax	10	8	11	28	27	29
Taxes on property	148	145	121	167	144	153
Taxes on goods and services	1,078	1,796	2,027	1,896	2,543	2,881
Turnover taxes	(299)	(313)	(337)	(383)	(569)	(625)
Tax on petroleum products	(391)	(415)	(664)	(469)	612	(795)
Other excises	(333)	(982)	(949)	(991)	(1,250)	(1,340)
Other	(55)	(86)	(77)	(53)	(112)	(120)
Mining royalties (net) ^{1/}	207	459	722	314	300	—
Taxes on international trade	3,930	3,484	4,982	5,372	5,005	5,464
Import taxes	(2,870)	(2,426)	(3,132)	(3,170)	(2,946)	(3,198)
Export tax on fish	(1,060)	(1,058)	(1,850)	(2,202)	(2,059)	(2,266)
Other taxes and duties	28	31	42	51	38	31
Nontax revenue	<u>1,059</u>	<u>1,753</u>	<u>1,445</u>	<u>1,788</u>	<u>3,621</u>	<u>3,336</u>
Fishing royalties and penalties	316	464	500	476	1,166	1,027
Other nontax revenue	743	1,289	945	1,312	2,219	2,209
Revenue from public enterprises	(458)	(695)	(409)	(694)	(1,386)	(471)
Other ^{2/}	(285)	(594)	(536)	(618)	(833)	(1,838)
Total budgetary revenue	<u>8,935</u>	<u>10,296</u>	<u>12,301</u>	<u>13,696</u>	<u>15,782</u>	<u>16,685</u>
Budgetary grants	160	63	61	—	119	—
Special accounts	466	929	743	1,266	1,434	1,274
Total revenue and grants	<u>9,561</u>	<u>11,288</u>	<u>13,105</u>	<u>14,962</u>	<u>17,335</u>	<u>17,959</u>

Sources: Data provided by the Mauritanian authorities; and staff estimates.

^{1/} Net of government debt.

^{2/} Including capital revenue and 80 percent of the proceeds from the Support Development Fund (UM 1,068 million) in 1988.

permitted revenues from export taxes to rise by 19 percent. Lower revenues from taxes on goods and services were largely attributable to a fall in taxes on oil products resulting from a decline in the price and the volume of imported oil. Nontax revenues rose because of the transfers of central bank profits.

In 1987, budgetary revenues rose by 15 percent as a result of an increase in taxes on goods and services and nontax revenues, whereas revenues from income and profits taxes remained unchanged. The increase in the taxes on goods and services resulted from the Government's efforts to collect excise taxes and from increases in consumption taxes. Nontax revenues more than doubled principally because dividends that should have been paid by public enterprises in 1986 were actually paid in 1987. Fishing royalties also more than doubled following the signing of a three-year agreement with the EEC. In addition, public enterprises repaid the Treasury UM 800 million in debt service that the Government had already paid to foreign creditors. Taxes on international trade fell by 7 percent because a lowering of tariff rates was not fully offset by a reduction in exemptions, and a decline in fish exports resulted in a fall in related taxes.

Tax revenues increased by only 5.7 percent in 1988, largely because the SNIM did not pay any taxes, and to a lesser extent because exceptional payments by public enterprises did not occur in 1988. Nevertheless, taxes on income and profits rose by 17 percent as the Government reintroduced the tax on industrial and commercial profits, which had not been collected after the increase in the rates of the IMF from 1 percent to 4 percent. In addition, revenue from the BIC grew because customs services strengthened procedures to collect the IMF on imports, the proceeds of which are reported under the BIC. As a result, taxes on industrial and commercial profits rose by 46 percent to UM 2.4 billion, which more than offset the decline in taxes on wages and salaries (7 percent) resulting from the nonpayment to the Treasury of the tax that the SNIM withheld from the wages of its workers. Taxes on international trade recovered in 1988 owing to an increase in taxes on fish exports and improved import duties collection. Nontax revenue fell by 8 percent, as dividends paid by public enterprises fell by two thirds mainly because SONIMEX could not pay dividends on its 1987 profits owing to difficulties in securing funds blocked in a bank experiencing serious liquidity difficulties. In order to offset the shortfall in revenues, the Government incorporated in the budget 80 percent of the receipts for the development fund which hitherto had been recorded among special accounts. The development fund receives the proceeds from the levy based on the differences between import and retail prices of oil products, which have been widening in recent years.

These developments have resulted in fluctuations in the structure of Mauritania's budget revenues (Appendix I, Table XXII), with the share of the main categories varying considerably from one year to another. The share of taxes on income and profits in total budgetary revenues increased from 24 percent in 1985 to 30 percent in 1986 before falling

to 26 percent in 1987 and rebounding to 29 percent in 1988. This volatility is largely due to the tax on business profits whose share in total budgetary revenues rose from 8 percent in 1985 to 13 percent in 1986, then fell to 11 percent in 1987 before rising again to 15 percent in 1988. Taxes on wages and salaries declined from 14.5 percent in 1986 to 12 percent in 1988. The share of taxes on goods and services, which fell from 16.5 percent of total revenue in 1985 to 13.8 percent in 1986, rose to 16 percent in 1987 and 17 percent in 1988. The share of taxes on international trade declined to about 32 percent of total revenue in 1987 and 1988 from about 40 percent in 1985 and 1986. The share of nontax revenue increased by 10 percentage points to 23 percent of total revenue in 1987 before falling back to some 20 percent in 1988 in spite of the incorporation of the development fund in the budget.

c. Budgetary expenditure trends

Reflecting the authorities' adjustment effort, total budgetary expenditure and net lending (excluding restructuring operations) grew on average by 6 percent between 1986 and 1988 (Table 12). Current budgetary expenditures grew by about 7 percent or slightly less than the rate of inflation; excluding interest payments on the external debt, the rate of growth of budgetary expenditures was 6 percent. The slow growth of current expenditures reflects the freeze in military expenditures since 1985 and efforts to contain expenditures on wages and salaries (Appendix I, Table XXIII). No general salary increases have been granted since 1985 and efforts have been undertaken to control recruitment, except in the priority sectors of education and health. In addition to the increase in the number of civil servants, higher expenditures on wages and salaries largely reflect automatic yearly step advancements and changes in civil service composition. After having risen by 46 percent in 1986, interest payments stabilized near UM 2.1 billion in 1987 and 1988, when they accounted for about 19 percent of current expenditures. Extrabudgetary current expenditures, which represent the counterpart of food aid and non-project-related grants, fell sharply in 1986 before recovering in 1987 and 1988.

Investment expenditures fell by 20 percent in 1986 before recovering somewhat in 1987 and increasing slightly in 1988. The lower level of investments resulted from the Government's efforts to improve the quality of the projects undertaken and to bring the level of expenditures more closely in line with the country's absorptive capacity. Most of the variations in the levels of investment outlays were due to delays in disbursements of external loans as well as unavailability of counterpart funds to match foreign financing. Investment expenditures included in the budget accounted for about 13 percent of the Government's total investment expenditures, whereas 36 percent were financed through foreign grants and 32 percent through foreign loans. The balance was financed through special accounts, and in 1987 through the Common Fund, which receives proceeds from the sale of food aid to be spent on projects agreed between by the Government and donors.

Table 12. Mauritania: Central Government Budgetary Expenditure, 1983-88

(In millions of ouguiyas)

	1983	1984	1985	1986	1987	1988 Est.
Operating expenditure	<u>10,294</u>	<u>10,463</u>	<u>11,642</u>	<u>12,770</u>	<u>13,454</u>	<u>14,223</u>
Wages and salaries <u>1/</u>	5,295	5,354	5,746	5,999	6,416	6,777
Maintenance and supplies <u>1/</u>	2,323	2,342	2,426	2,538	2,722	2,890
Subsidies and transfers	1,421	1,504	1,534	1,485	1,668	1,758
Interest on public debt <u>2/</u>	903	994	1,554	2,280	2,047	2,168
Other	352	269	381	468	601	630
Investment expenditure <u>3/</u>	<u>1,170</u>	<u>1,512</u>	<u>1,393</u>	<u>1,356</u>	<u>1,797</u>	<u>1,884</u>
Budgetary	704	583	706	658	760	820
Special accounts <u>4/</u>	466	929	687	698	1,037	1,064
Net lending	<u>118</u>	<u>142</u>	<u>176</u>	<u>200</u>	<u>2,020</u>	<u>2,646</u>
Of which: restructuring operations	(—)	(—)	(—)	(—)	(1,913)	(2,623)
Total expenditure and net lending	<u>11,582</u>	<u>12,117</u>	<u>13,210</u>	<u>14,326</u>	<u>17,271</u>	<u>18,753</u>

Sources: Data provided by the Mauritanian authorities; and staff estimates.

1/ Including military.

2/ Interest due except for the first eight months of 1984 and 1985, which indicates interest paid.

3/ Excluding most foreign-financed investment expenditure.

4/ Including some expenditure related to the distribution of food aid.

In 1987 and 1988, the Government participated in the restructuring of public enterprises and the banking system. Government spending on the restructuring of public enterprises is estimated at UM 0.6 billion in 1987 and UM 0.4 billion in 1988 and was financed by counterpart funds from the structural adjustment credit loan (SAC) of the World Bank. The cost of restructuring publicly owned banks amounted to UM 1.3 billion in 1987 and UM 2.2 billion in 1988. It was financed by the SAC in 1987, and by the SAC and an issue of treasury bills in 1988. The treasury bills, amounting to UM 1.8 billion, were issued to the Central Bank in exchange for nonperforming loans made by state-owned banks and discounted by the Central Bank.

The ratio of total budgetary expenditures and net lending to nominal GDP rose from 31.7 percent in 1986 to 33.3 percent in 1988. Excluding restructuring operations, the ratio of expenditures to GDP ratio fell between 1986 and 1988, by 1.7 percentage points, to 30 percent. During the same period the ratio of current expenditures to GDP fell from 23.4 percent to 22 percent.

During the period under review the Treasury often faced liquidity problems primarily because it was unable to cash checks received in payments of taxes that were drawn on illiquid banks. The problem was compounded by a lack of an adequate management system resulting in delays in effecting payments. Hence, Mauritania accumulated external and internal arrears for brief periods of time between 1986 and 1988.

V. Money and Banking

1. Institutional aspects and the ongoing banking sector reform

The Mauritanian monetary and banking system comprises, as of February 28, 1989, the Central Bank of Mauritania and five banks, including an Islamic bank and a development bank. The Treasury and the Postal Checking System also perform monetary and financial functions. The Central Bank controls credit to the private sector by means of rediscounts to the deposit money banks, compulsory reserve requirements that the banks must maintain with the Central Bank, prior authorizations for short-term credits, and the fixing of interest rates.

The situation of the Mauritanian banking system is very fragile; inadequate management and supervision has resulted in the accumulation of nonperforming loans representing about 60 percent of the total outstanding credit extended by deposit money banks. The report of a study commissioned by the authorities and cofinanced by the World Bank and the Arab Monetary Fund confirmed in 1986 that the overall situation of the Mauritanian banks was critical and that a complete banking restructuring was necessary. The study estimated that it would cost UM 6.2 billion to write off unrecoverable loans from the balance sheet of the banks and to reimburse foreign creditors, and therefore recommended the implementation of a financial restructuring plan coupled

with measures to improve the organization and the management of the primary banks and the supervision by the Central Bank. In March 1987, the authorities adopted a reform program, in consultation with the World Bank and the Fund staffs, that included the establishment of new procedures and banking regulation, the strengthening of the control by the Central Bank and the consolidation, privatization, and/or merger of the deposit money banks.

In order to regulate banking activity and strengthen supervision by the Central Bank, a banking law was promulgated in April 1988, which set strict penalties for noncompliance with banking regulations. Decrees setting prudential ratios and minimum capital requirements were enacted and uniform accounting procedures were promulgated. A committee (Comité de Suivi de la Réforme Bancaire), composed of the Governor and four executive officers of the Central Bank, was created to monitor implementation of the restructuring; and the Centrale des Risques Department was reinforced to better assess the risks attached to credits, to ensure that credit was extended largely to productive activities, and to centralize information on the financial position of the banks' clients. The restructuring program aimed also at consolidating and transforming commercial banks into viable financial institutions. To that end, the Government has decided to assume responsibility as shareholder, owner of indebted companies, and/or guarantor of nonperforming credits. These financial obligations would be covered in part by the issues of treasury bills to cancel the Central Bank's outstanding refinancing of banks. The Government intends to issue UM 5.3 billion of treasury bills, including UM 1.8 billion issued during 1988. This operation is part of measures needed to improve the balance sheets of the banks before their assets are offered for acquisition to the private sector. Efforts to attract foreign investors have not succeeded thus far, owing in part to the small size of the Mauritanian banking market and also to the continuing weakness of the banking system. As a result, the Government is actively seeking local investors but is also prepared to reduce the number of ailing commercial banks by merging some of the banks.

Each of the restructured banks will be required to implement a performance contract (contrat plan), that calls for recruiting adequate management, streamlining personnel, installing sound accounting procedures, and taking steps to rapidly meet the regulation and prudential ratios required by the new banking law.

The National Development Fund (FND) and the Mauritanian Bank for Development (BMDC) were merged in 1988 into a new entity, the Union of Development Banks (UBD) (Appendix I, Table XXIV). A treasury bill issue of UM 1.8 billion was used to write off the unrecoverable loans in the new bank's balance sheet through the cancellation of the outstanding refinancing by the Central Bank. A contract between the new development bank and a Tunisian bank (BDET) was signed in December 1988. The bank will sign a performance contract with the Government that will ensure that the bank management will have full autonomy and full responsibility

in running the bank's normal operations. In November 1988, the newly created UBD took over, from the rural development agency (SONADER), responsibility for credit distribution to the agricultural sector. The Government merged the Mauritanian Banking Enterprise (SMB) and the International Bank for Mauritania (BIMA) into a new bank, the National Bank of Mauritania (BNM) in February 1989. The new bank will be recapitalized according to the recommendations of a recently completed audit report. A twinning contract with a foreign bank and a performance contract with the Government will be signed. The Libyan-Mauritanian Bank (BALM) has already signed a performance contract with the Government. In addition, in December 1988, Libyan shareholders paid up a capital increase of UM 200 million that can be followed up by another capital increase, if recommended by an audit report under preparation. The Mauritanian Bank for International Trade (BMCI) was sold by the Government in November 1986 to a group of Mauritanian merchants. A performance contract has been signed with the Government. To consolidate the bank position, it is proposed that BMCI be recapitalized over a three-year period.

2. Overall credit developments during 1986-88

Restrictive monetary policies initiated under the Government's stabilization programs and the ongoing banking system restructuring strongly influenced credit developments during the period. Furthermore, bank liquidity was sharply constrained by the accumulation of non-performing assets. In 1987, domestic credit expansion slowed to 5.4 percent, compared with 8.6 percent in 1986. The relatively moderate expansion was due to an increase of 11.2 percent in credit to the economy, partially offset by a fall (8 percent) in the banking system's net claims on the Government (Table 13 and Appendix I, Table XXV). The decline in net claims on the Government reflected the prudent fiscal policies that were implemented in the context of a Fund-supported program, while the rise in credit to the private sector was mainly for meeting short-term financing needs of the SNIM and financing stocks of fishing products that were exported only during 1988 (Appendix I, Table XXVI). In 1988, domestic credit increased by about 17 percent in relation to beginning-of-period money supply. However, broad money supply grew by only 3 percent as a result of the deterioration in net external assets (7 percent of broad money supply) of the banking system. Credit to the Government grew by almost 7 percent owing to an issue of treasury bills (UM 1.8 billion) to the Central Bank to finance the banking sector restructuring. The increase in credit to the private sector went mainly to the fishing and agricultural sectors. For June 1988, total domestic credit was targeted to rise by 3.8 percent in the context of a second-year arrangement under the Fund's structural adjustment facility (SAF), with no rise above the end-December 1986 level of net bank claims on the Government. Total domestic credit grew at a slightly higher rate than targeted, with net credit to the Government being held below the program's subceiling.

Table 13. Mauritania: Monetary Survey, December 1984-December 1988

(In millions of ouguiyas)

	1984	1985	1986	1987		1988			
		December		Sept.	Dec.	March	June	Sept. 1/	Dec. 1/
Foreign assets	-9,614	-9,698	-9,199	-9,851	-7,777	-9,580	-11,049	-9,302	-8,963
Central Bank	-3,749	-5,101	-4,636	-5,832	-3,973	-5,465	-6,196	-6,419	-5,562
Deposit money banks	-5,865	-4,598	-4,563	-4,019	-3,804	-4,115	-4,854	-2,883	-3,400
Domestic credit	19,762	19,443	21,905	23,067	23,091	24,740	24,273	24,488	24,983
Claims on the Government (net)	5,016	4,485	4,443	3,894	4,224	4,840	4,375	4,170	4,125
Central Bank	(5,294)	(4,572)	(4,487)	(4,107)	(4,570)	(5,131)	(4,863)	(4,486)	(4,412)
Deposit money banks	(-55)	(24)	(54)	(-86)	(-114)	(-150)	(-161)	(-164)	(-107)
Post Office and Treasury	(-223)	(-113)	(-98)	(-127)	(-222)	(-142)	(-147)	(-152)	(-179)
Claims on the economy	14,746	14,960	17,462	19,173	19,867	19,900	19,898	20,318	20,858
Central Bank	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Deposit money banks	(14,539)	(14,751)	(17,202)	(18,913)	(18,607)	(19,640)	(19,638)	(20,058)	(20,598)
Treasury	(207)	(209)	(260)	(260)	(260)	(260)	(260)	(260)	(260)
Money and quasi-money	11,012	13,032	15,043	18,411	17,512	18,611	18,015	18,685	17,966
Money	9,290	11,112	11,572	14,074	13,268	14,183	13,847	14,423	13,995
Currency outside banks and									
Treasury	(3,307)	(4,054)	(4,556)	(5,573)	(5,000)	(5,953)	(5,861)	(6,000)	(5,845)
Demand deposits	(5,891)	(6,962)	(6,853)	(8,368)	(7,630)	(8,112)	(7,872)	(8,314)	(8,068)
Post Office	(92)	(97)	(162)	(134)	(38)	(119)	(114)	(108)	(81)
Quasi-money	1,702	1,920	3,471	4,337	4,244	4,428	4,168	4,262	3,971
Long-term borrowing	100	55	396	546	1,258	522	783	1,504	2,352
Other items (net)	-966	-3,342	-2,732	-5,740	-3,457	-3,973	-5,573	-5,003	-4,297

Source: Data provided by the Mauritanian authorities.

1/ Includes data for the Development Bank (UDB).

3. Deposit money banks

In 1986, banks increased their liabilities to the Central Bank and to foreign banks as they encountered difficulties in collecting non-performing loans (Appendix I, Tables XXVII and XXVIII). The collection of nonperforming credits was slower than expected, reflecting difficulties in imposing sanctions on borrowers in default. In 1987, central bank credit to the banks increased further while the banks' foreign liabilities remained stable. In 1986, interest rates paid by banks on demand deposits were reduced and fees on guarantees were increased, with a view to improving the profitability of the banks. These measures were not followed by a revision of the interest rate grid, which has remained unchanged since 1985 (Appendix I, Tables XXIX and XXX).

4. Credit distribution

According to the data of the BCM's Centrale des Risqueç, about 90 percent of the total credit distributed in 1986 and 1987 was short-term (less than two years) and the rest was medium-term (from two to eight years); long-term credit (more than eight years) was almost nonexistent. This distribution remained broadly unchanged during 1988, except that medium-term credit grew by 50 percent, following a loan granted by the BALM to the fish marketing agency (SMCP) for the acquisition of a fleet of boats. During the period 1986-88, major shifts occurred in sectoral credit distribution of credit among the commerce and mining sectors. The share of commerce continued to decline from 41 percent in 1985 to 28 percent in 1988, whereas the fishing sector increased its share of credit from 16 percent to 24 percent. The credit share of the mining sector remained stable at 5 percent while credit to agriculture, although in sharp expansion, remained marginal.

5. Monetary developments

In 1986, broad money grew at a rate of 12.6 percent owing to the expansion of domestic credit by 8.6 percent and the decrease in net foreign claims adjusted to exclude valuation changes. Broad money expanded at a rate of 16.4 percent in 1987 in spite of the deceleration in total domestic credit. Net foreign claims decreased significantly while other items (net), which include valuation changes and a number of unclassified accounts, fluctuated widely. Contributing to the growth in broad money were increases in demand deposits (11 percent), currency in circulation (23 percent), and time deposits (22 percent). The quasi-money expansion in 1986 and also in 1987 (80 percent) reflects the upward adjustment in interest rates in February 1985 and the reduction in February 1986 of the interest rates on time deposits. The growth rates of GDP and inflation were more than offset by the rapid increase in broad money so that income velocity declined in 1987 as well as in 1986.

In 1988, broad money grew at a rate of 2.9 percent, owing to the expansion in net domestic credit partly offset by the increase of net foreign claims and by the contraction in other items (net). Contributing to the growth in broad money were increases in demand deposits (5 percent) and currency in circulation (6 percent) while time deposits declined by 6 percent. Income velocity increased in 1988 because the increase in broad money was lower than the growth rates of GDP and inflation.

VI. Balance of Payments and External Debt

1. Overall balance of payments developments

Analysis of the balance of payments in Mauritania is hampered by a severe data limitation, in particular on imports, which until end-1985 are only available for a few products recorded at the Central Bank. Data on merchandise imports and services payments related to investment projects directly financed abroad are only available on an estimated basis. Taking into account these data limitations, Mauritania's relatively weak balance of payments position reflects the adverse natural environment characterized by severe droughts as well as the impact of desertification in the last decade, compounded by large and continued structural imbalances in the economy and inappropriate policy responses to endogenous and exogenous shocks.

The current account of the balance of payments, which recorded substantial deficits of more than 20 percent of GDP between 1982 and 1984, has steadily improved to a deficit of 11.8 percent of GDP in 1987 and 6.4 percent of GDP in 1988 (Tables 14 and 15). ^{1/} The reduction in the current account deficit is due to the continuous improvement in the trade balance, which recorded a surplus in 1985 and improved further in 1986, and the reduction of the services account deficit in 1987 and 1988. The trade surplus was achieved mainly through a sharp reduction of investment-related imports, while the services account improvement was achieved mainly by a reduction of payments related to the fishing industry and to imports and investment projects.

The overall balance of payments has continuously recorded deficits as the nonmonetary capital account surpluses have decreased since 1982 and have fallen short of the current account deficits. The decreasing surplus is attributable to the reduction in the disbursements of projects loans stemming from the downscaling of the public investment program to a level more compatible with the absorptive capacity of the country. Concurrently, there was a marked increase in principal repayments falling due during the period under review.

^{1/} Excluding grants related to debt cancellation. Including all official transfers, the current account registered a deficit of 0.7 percent of GDP in 1988.

Table 14. Mauritania: Balance of Payments, 1984-88

(In millions of SDRs)

	1984	1985	1986	1987 Prov.	1988 Est.
Trade balance (f.o.b.)	18.3	52.5	71.2	57.9	69.4
Exports	291.6	371.9	358.7	315.1	320.7
Imports	-309.8	-319.5	-287.5	-257.2	-262.5
Services (net)	-207.9	-213.7	-210.2	-194.7	-180.0
Nonfactor services (net)	-163.6	-162.1	-148.9	-132.2	-127.0
Investment income (net)	-44.2	-51.7	-61.4	-62.5	-53.0
of which: interest payments due	(-52.1)	(-54.2)	(-61.4)	(-61.4)	(-53.0)
of which: DMF	(-4.4)	(-3.5)	(-2.)	(-2.7)	(-2.8)
Transfers (net)	75.0	60.4	41.4	51.7	105.6
Private	-22.5	-23.3	-22.9	-19.4	-21.8
Public	97.5	83.7	64.3	71.1	127.4
Current account					
Including public transfers	-151.2	-100.8	-97.5	-85.1	-5.0
Excluding public transfers	-248.7	-184.7	-161.8	-156.3	-132.4
Nonmonetary capital (net)	47.9	68.2	34.7	36.8	-44.9
Direct investment	5.2	4.3	1.8	2.0	4.1
Official medium- and long-term loans	39.3	53.8	-4.7	7.9	-78.7
Disbursements	108.7	115.8	95.7	103.8	71.1
Project loans	103.5	115.8	95.7	83.8	52.9
Program loans	5.2	0.0	0.0	20.0	18.2
Principal due	-69.4	-62.0	-100.4	-95.9	-149.8
Suppliers' credit for boats	0.6	3.4	9.9	0.6	—
Disbursements	5.4	5.1	14.7	7.6	7.8
Principal due	-4.8	-1.7	-4.8	-7.0	-7.8
Other capital, errors and omissions ^{2/}	2.8	6.7	27.8	26.3	32.5
Overall balance	-103.2	-32.6	-62.8	-48.3	-49.9
Financing	103.2	32.6	62.8	48.3	49.9
Changes in net foreign assets of the banking system	32.2	-26.3	-10.8	-20.6	10.7
(- Indicates an increase)					
Monetary authorities (net)	27.7	9.0	-7.6	-7.7	14.8
Change in gross reserves	32.2	24.4	-0.4	-10.9	9.6
Change in liabilities	-4.5	-15.4	-7.2	3.2	5.2
Fund transactions	-9.0	-2.7	6.2	14.0	0.5
Purchases	0.0	9.6	18.5	18.9	4.0
Repurchases	-9.0	-12.3	-12.3	-4.9	-3.5
Other net (incl. AMF)	4.5	-12.7	-1.8	-4.3	-0.9
Deposit money banks (net)	4.5	-35.2	3.2	-12.9	-4.1
Accumulation of arrears (+ indicates an increase)	41.7	-100.2	—	8.8	9.8 ^{2/}
External debt relief and exceptional assistance	29.3	159.0	73.6	60.2	29.3
Rescheduling	29.3	122.5	73.6	56.4	28.3
Interest	12.5	20.8	15.1	14.9	9.2
Principal	16.9	26.2	58.5	41.5	19.0
Arrears	—	75.5	—	—	—
Exceptional assistance	—	36.5	—	3.1	—
Debt-cancellation-related	—	—	—	0.6	1.0
Financing gap	—	—	—	—	—
(In percent of GDP)					
Exports of goods and nonfactor services	46.9	58.1	55.4	49.5	50.8
Imports of goods and nonfactor services	72.7	73.9	66.3	59.8	58.6

Sources: Data provided by the Mauritanian authorities; and staff estimates.

^{1/} Including private short-term capital, commercial credit, and errors and omissions.

^{2/} Includes the repayment of SDR 8.8 million of 1987 arrears and new arrears of 18.65 million on reschedulable loans.

Table 15. Mauritania: Balance of Payments, 1984-88

(In millions of ouguiyas)

	1984	1985	1986	1987 Proj.	1988 Est.
Trade balance (f.o.b.)	-1,195	4,107	6,216	5,528	7,024
Exports	19,068	29,110	31,301	30,099	33,576
Imports	-20,263	-25,003	-25,085	-24,572	-26,552
Services (net)	-13,595	-16,727	-18,342	-18,600	-18,211
Nonfactor services (net)	-10,702	-12,684	-12,989	-12,628	-12,849
Investment income (net)	-2,893	-4,043	-5,354	-5,972	-5,363
of which: interest payments due	(-3,408)	(-4,244)	(-5,354)	(-5,862)	(-5,366)
Transfers (net)	4,905	4,728	3,616	4,938	10,680
Private	-1,473	-1,826	-1,994	-1,855	-2,206
Public	6,378	6,554	5,610	6,793	12,885
Current account					
Including public transfers	-9,985	-7,892	-8,510	-8,134	-508
Excluding public transfers	-16,263	-14,454	-14,121	-14,927	-13,393
Nonmonetary capital (net)	3,133	5,341	3,032	3,516	4,539
Direct investment	342	338	153	192	143
Official medium- and long-term loans	2,568	4,214	-412	752	-7,962
Disbursements	7,107	9,066	8,349	9,914	7,187
Project loans	6,767	9,066	8,349	8,003	5,348
Program loans	340	—	—	1,911	1,839
Principal due	-4,539	-4,852	-8,761	-9,161	-15,149
Suppliers' credit for boats	42	265	861	57	2
Drawings	356	398	1,280	726	791
Principal due	-314	-133	-419	-669	-789
Other capital, errors and omissions ^{1/}	181	524	2,430	2,514	3,278
Overall balance	-6,752	-2,551	-5,479	-4,618	-5,047
Financing	6,752	2,551	5,479	4,618	5,047
Changes in net foreign assets					
of the banking system	2,103	-2,057	-943	-1,970	1,085
(- indicates an increase)					
Monetary authorities (net)	1,809	701	-667	-738	1,498
Change in gross reserves	2,103	1,907	-35	-1,044	976
Change in liabilities	-294	-1,205	-633	306	522
Fund transactions	-589	-211	539	1,337	51
Purchases	—	751	1,612	1,803	405
Repurchases	-589	-963	-1,073	-465	-353
Other net (incl. AMF)	294	-994	-1,172	-1,032	471
Deposit money banks (net)	294	-2,758	-276	-1,232	-413
Accumulation of arrears	2,730	-7,839	—	841	996 ^{2/}
(+ indicates an increase)					
External debt relief and					
exceptional assistance	1,919	12,447	6,422	5,748	2,966
Rescheduling	1,919	9,590	6,422	5,388	2,862
Interest	814	1,628	1,318	1,423	935
Principal	1,105	2,051	5,104	3,964	1,927
Arrears	—	5,911	—	—	—
Exceptional assistance	—	2,857	—	298	—
Debt-cancellation-related	—	—	—	62	104

Sources: Data provided by the Mauritanian authorities; and staff estimates.

^{1/} Including private short-term capital, commercial credit, and errors and omissions.

^{2/} Includes the repayment of UM 890 million of 1987 arrears and new arrears of UM 1,886 million.

The overall balance of payments deficits were financed by drawing down gross reserves and increasing the external liabilities of the monetary authorities (Appendix I, Tables XXXI and XXXII). The deposit money banks also contributed to financing the overall balance of payments deficits until 1984 through a reduction in net foreign assets. Payments arrears were increasingly accumulated, amounting to SDR 100.2 million by the end of 1984. Rescheduling by Paris Club members and other bilateral creditors in 1985, 1986, and 1987 reduced the debt service burden, but Mauritania continued to incur payments arrears on external debt in 1987 and 1988. The difficulties in servicing the debt were compounded by administrative weaknesses and lack of coordination in the monitoring of the debt service.

Mauritania's balance of payments position improved somewhat in 1987. Following the implementation of restrictive monetary and fiscal policies and a correction of the average exchange rate by 9.5 percent in the context of a Fund-supported adjustment program, the current account deficit was reduced to SDR 85.1 million (11.8 percent of GDP) from SDR 97.5 million (13.6 percent of GDP) in 1986. The improvement of the current account was brought about by the reduction in service payments, particularly those related to investment projects, the fishing industry, and freight and insurance. The trade balance surplus deteriorated because of a 12.2 percent drop in export earnings, mainly attributable to reduced export unit values of iron ore and fish products. Imports were reduced by 10.5 percent, owing particularly to a decline in imports related to investment projects and fishing vessels, which more than offset an increase by 85 percent in imports by the National Import and Export Company (SONIMEX). Net transfers improved, counterbalancing the trade balance deterioration.

The capital account surplus remained broadly stable between 1986 and 1987. An increase in the net disbursement of official medium- and long-term loans was compensated by a drop in suppliers' credits. Loan disbursements increased, reflecting a rise in program lending and a decline in principal payments due on official medium- and long-term loans from their peak in 1986.

The overall balance of payments deficit narrowed with the current account deficit being reduced to an estimated SDR 48.3 million. The deficit was financed by exceptional assistance, particularly a rescheduling of SDR 56.4 million of principal and interest payments due to Paris Club members and other bilateral creditors. The overall balance of payments, after debt relief, registered a surplus, enabling the banking system to accumulate net foreign assets amounting to SDR 20.6 million, of which SDR 12.9 million was accumulated by deposit money banks. The low reserve position of Mauritania and relatively weak debt service administration resulted in the accumulation of external payments arrears of SDR 8.8 million by the end of 1987. In 1988, the current account improved further in 1988 owing to the continuation of the adjustment effort and a substantial increase in public transfers.

The current account deficit, including public transfer, amounted to SDR 5.0 million; excluding public transfers, the deficit fell from SDR 136 million to SDR 132.4 million. ^{1/} The trade balance surplus improved because of a 5.4 percent in exports that outweighed an increase by 2.1 percent in imports. The rise in imports reflected an increase in transportation and consumer goods and a further substantial jump in the imports of SONIMEX. Exports recovered from the depressed levels of 1987, owing particularly to iron ore sales from stocks and increases in the prices of high-value fish species. The services account improved further, contributing to a reduction by SDR 14.7 million in the current account deficit. Nonfactor services accounted for about one third of the improvement, mainly because of larger receipts from fishing royalties. Factor service payments were reduced because of lower interest payments due on the foreign debt. The transfer account recorded a large surplus because of a German grant for debt cancellation, amounting to SDR 43.1 million, ^{1/} and a large increase in program and project grants.

The capital account deteriorated sharply in 1988, shifting into a deficit of about SDR 44.9 million from a surplus of SDR 36.8 million in 1987. Disbursements of medium- and long-term loans decreased, reflecting markedly lower project lending associated with a shift to project grants and a lower pace of implementation of the public investment program. Principal payments due increased sharply because of the cancellation of the German debt. Excluding the debt cancellation, principal payments due increased by 11.3 percent.

Overall, the balance of payments deficit remained broadly unchanged at SDR 49.9 million. The deficit was financed mainly by the drawdown of official reserves (SDR 14.8 million), exceptional assistance resulting from the 1987 rescheduling of principal and interest payments falling due in 1988 (SDR 28.3 million), and the accumulation of payments arrears of SDR 9.8 million to Paris Club members and other bilateral creditors.

2. Merchandise trade

a. Exports

Mauritania's exports consist mainly of iron ore and fish, which together account for about 96 percent of total export earnings (Table 16). In addition, there are unrecorded exports of cattle and SONIMEX products to neighboring countries. The main source of growth of

^{1/} Including public transfers, but excluding debt-cancellation-related grants, the current account deficit was reduced to SDR 48.1 million. The German debt cancellation of SDR 44.1 million included SDR 43.1 million of principal falling due in 1989 and beyond. This part of the debt cancellation is considered a grant in 1988, with a corresponding counterentry in the principal due in the capital account in the same year.

Table 16. Mauritania: Exports, 1984-88

(In millions of SDRs, except where stated)

	1984	1985	1986	<u>1987</u> Prov.	<u>1988</u> Est.
Total exports, f.o.b.	291.6	371.9	358.7	315.1	322.0
Iron ore					
Value	140.5	148.4	122.5	98.3	106.8
Volume (millions of mt) <u>1/</u>	9.5	9.3	8.9	9.0	10.0
Change in percent	28.4	-2.0	-4.3	0.8	11.1
Unit value (SDR/mt)	14.8	16.1	13.7	10.9	10.7
Change in percent	...	8.9	-14.5	-20.4	-2.2
Fish					
Value	149.5	221.4	233.7	207.2	212.1
Volume (thousands of mt)	273.7	372.0	388.4	381.3	351.3
Change in percent	-17.0	35.9	4.4	-1.8	-7.9
Unit value (SDR/mt)	546.1	595.3	601.7	543.2	603.8
Change in percent	...	9.0	1.1	-9.7	11.2
Gypsum					
Value	—	—	0.5	0.4	0.3
Volume (thousands of mt)	—	—	10.3	12.3	10.0
Change in percent	—	—	...	19.4	-18.7
Unit value (SDR/mt)	—	—	46.7	32.3	29.7
Change in percent	—	—	...	-30.8	-8.3
Other	1.6	2.1	2.0	9.2	12.8

Sources: Data provided by the Mauritanian authorities; and Fund staff estimates.

1/ Mt, metric tons.

exports until 1986 has been the fishing sector, which between 1984 and 1986 recorded an average annual rate of growth of 25 percent in value and 19 percent in volume. Since 1986, the volume of fish exports has decreased at an average annual rate of about 5 percent. Between 1984 and 1988 iron ore exports have declined in value terms at an annual average rate of about 7 percent, but have increased somewhat in volume.

The fishing industry is undergoing a major restructuring, both in terms of captured species and fishing policy. The low-value pelagic fish, which accounts for the bulk of fishing volume, has shown signs of resource depletion because of overfishing since 1986. This has prompted the Government to reduce fishing licenses granted to foreign companies. At the same time, the more valuable deep-sea fish, particularly cephalopods, have increased considerably in volume and unit value terms. Deep-sea fishing products provided 76 percent of export earnings in 1988 compared with 58 percent in 1984. The fishing policy has been geared toward the protection of pelagic resources and an increase in domestic value added in the sector. Joint ventures with foreign companies have been chartering foreign vessels to operate in the pelagic fishing industry. ^{1/} The net gains in foreign exchange have been relatively modest so far, given the charter costs of vessels, the salary repatriation by foreign sailors, and payments for services related to the industry. Underinvoicing also appeared to have contributed to a low repatriation of foreign exchange. The Mauritanian Government has implemented steps to increase foreign exchange earnings, including the promotion of local artisanal and commercial fishing fleets, the creation of training facilities for Mauritanian sailors, and the provision of installations to service the fishing fleet.

The main constraints on exports of iron ore have been the weak international demand, particularly in the European Community, and technical problems at the Guelbs plant. The weak demand has been exacerbated in past years by the depreciation of the U.S. dollar vis-à-vis European currencies, because exports are denominated in U.S. dollars whereas imports and foreign debt are mainly denominated in European currencies. The iron ore industry impact on the balance of payments is negative, because the high debt service payments for the Guelbs project exceed net export earnings.

b. Imports

About two thirds of Mauritania's imports are settled through the Central Bank, while the remaining imports are financed directly abroad. These latter imports consist of project-related items, SNIM external account operations, grants in kind and imports by the fishing industry financed from unrepatriated earnings. During the years 1984-88, imports have declined at an annual average rate of about 4 percent

^{1/} The chartered vessels are usually from the country of the foreign partner in the joint venture.

(Table 17 and Appendix I, Table XXXIII). The decline occurred mostly between 1986 and 1987, when imports of most categories of goods were sharply reduced. Reductions were registered in petroleum products, owing to declines in prices and volumes, transportation goods, investment goods directly financed abroad, and food aid, stemming from the recovery of domestic production and stockpiling during the previous years. Between 1986 and 1988 SONIMEX imports doubled, and exceeded estimated domestic consumption, suggesting unrecorded trade with neighboring countries.

c. Terms of trade

Mauritania's terms of trade improved between 1984 and 1986 by an annual average of 7.7 percent, but declined by 13.8 percent in 1987 (Table 18). In 1988, the terms of trade improved by 5.5 percent. The changes registered since 1984 are mostly due to changes in export unit values, as import unit values have remained relatively stable.

d. Direction of trade

Direction of trade statistics for Mauritania rely exclusively on data provided by partner trading countries. These data differ considerably from trade data gathered in Mauritania. Exports of iron ore are destined mainly to the European Community, while exports of pelagic fish are destined mainly to Romania and the U.S.S.R., and cephalopods, to Japan. Exports of cephalopods have doubled since 1984, making Japan the most important market for Mauritanian exports. Imports originate mainly in Europe, with France maintaining its predominant role by supplying about one third of all imports to Mauritania (Appendix I, Tables XXXIV and XXXV).

3. Services

Mauritania registered substantial deficits in the service account averaging about SDR 210 million between 1984 and 1986 (Table 19). Non-factor service payments, particularly those related to the fishing industry, accounted for most of the deficit. After having increased until 1985, payments by the fishing sector decreased with the reduction of vessel leasing. Net factor services recorded rising deficits owing to the reduction of factor receipts in line with the falling level of foreign assets of the banking system. Scheduled interest payments rose from SDR 52 million in 1984 to SDR 61 million in 1986 and 1987. In 1988, interest payments fell to SDR 53 million, reflecting lower interest rates on newly contracted debt.

4. Private and public transfers

Private transfers traditionally record a deficit, mainly because of salary remittances by foreign workers in Mauritania (Table 20). The deficit has nevertheless declined with the increases in remittances from Mauritanian workers abroad, which almost doubled between 1985 and 1988.

Table 17. Mauritania: Imports, 1984-88
(In millions of SDRs, except where stated)

	1984	1985	1986	1987 Est.	1988 Proj.
Total imports, f.o.b.	309.8	319.5	287.5	257.2	262.5
Settled through the Central Bank	201.9	192.6	163.3	161.4	165.1
Food	73.7	58.8	55.4	69.0	76.7
SONIMEX food	37.4	19.4	20.1	34.9	41.4
Tea	8.8	6.8	6.9	16.7	18.6
Sugar	4.0	4.5	10.1	13.9	13.7
Rice	24.6	8.0	3.1	4.4	9.1
Other food	36.3	39.4	35.2	34.1	35.3
Other consumption goods	22.3	27.2	25.7	20.8	24.2
Petroleum products					
Value	41.5	40.0	22.9	25.1	18.8
Change in percent	...	-3.7	-42.6	9.5	-25.1
Volume (thousands of mt) ^{1/}	205.5	197.3	193.2	153.2	123.0
Change in percent	-25.0	-4.0	-2.1	-20.7	-19.7
Unit value (SDR/mt)	201.9	202.5	118.6	163.9	153.0
Change in percent	...	0.3	-41.4	38.2	-6.7
Transportation goods and other machinery	22.8	31.1	28.7	19.4	23.1
Other imports financed through the Central Bank	40.9	35.4	30.6	27.1	22.2
Of which: imports of SNIM	(...)	(10.6)	(6.6)	(2.5)	(...)
Fishing boats	6.4	6.0	17.3	8.9	9.2
Other investment	1.7	1.4	0.5	1.0	3.8
SNIM external operations account	27.8	35.2	40.4	44.7	47.7
Imports directly financed abroad	72.8	84.3	66.0	41.1	36.7
Project related imports	43.1	48.1	52.3	34.9	27.6
Of which SNIM imports	...	8.0	25.4	8.3	12.5
Food aid ^{2/}					
Value, f.o.b.	25.0	28.8	10.9	4.1	5.6
Volume (thousands of mt)	151.1	145.5	101.0	41.6	47.1
Unit value (SDR/mt)	165.5	197.7	107.9	98.1	118.1
Change in percent	...	19.5	-45.2	-9.5	20.4
Red cross aid	4.7	3.8	2.8	2.2	2.5
Other aid	--	3.6	--	--	1.1

Sources: Data provided by the Mauritanian authorities; and staff estimates.

^{1/} Includes cereals and other food aid.

^{2/} Mt, metric tons.

Table 18. Mauritania: Foreign Trade Indices, 1984-88 ^{1/}

(Annual percentage changes)

	1984	1985	1986 Prov.	1987 Est.	1988
Export value change (SDR)	2.8	27.6	-3.5	-12.2	5.4
Export volume change	-5.4	17.1	0.8	-0.3	-1.6
Export price change (SDR)	8.7	8.9	-4.3	-12.5	7.1
Import value change (SDR)	-13.1	3.1	-10.0	-10.5	2.1
Import volume change	-11.0	4.3	-4.4	-11.9	0.5
Import price change (SDR)	-2.4	-1.1	-5.9	1.5	1.6
Export value change (UM)	8.4	52.7	7.5	-3.8	11.6
Export price change (UM)	14.6	30.4	6.7	-4.2	13.4
Import value change (UM)	-3.0	23.4	-0.3	-2.0	8.1
Import price change (UM)	9.0	18.3	4.9	11.1	7.5
Terms of trade (SDR)	11.3	10.2	1.7	-13.8	5.5

Sources: Data provided by the Mauritanian authorities; and staff estimates.

^{1/} The weighting scheme is based on annual export and import shares to account for significant structural changes in the foreign trade composition.

Table 19. Mauritania: Services, 1984-88

(In millions of SDRs)

	1984	1985	1986	1987 Prov.	1988 Est.
Total services (net)	-207.9	-213.7	-210.2	-194.7	-180.0
Nonfactor services (net)	-163.6	-162.1	-148.9	-132.2	-127.0
Receipts	41.2	36.9	39.4	43.5	47.1
Transport	8.1	8.3	6.2	7.1	5.1
Travel	6.7	5.1	6.7	10.7	10.7
Fishing royalties	5.8	6.6	5.8	5.2	8.7
Government	11.1	11.5	16.2	15.7	18.0
Other services	9.5	5.3	4.4	4.8	4.7
Payments	-204.8	-199.0	-188.2	-175.6	-174.1
Freight and insurance	-34.5	-33.3	-36.9	-30.9	-30.7
Travel	-14.7	-13.6	-12.2	-15.9	-13.6
Transport	-63.3	-81.7	-72.6	-59.6	-59.7
Fishing vessel leasing	(-51.5)	(-70.9)	(-61.2)	(-49.2)	(-49.2)
Other	(-11.8)	(-10.8)	(-11.4)	(-10.3)	(-10.5)
Government	-12.2	-6.0	-6.3	-6.0	-6.5
Other payments	-80.1	-64.4	-60.2	-63.2	-63.7
Related to the fishing sector	(-27.6)	(-29.4)	(-31.7)	(-36.8)	(-34.7)
Related to projects	(-32.9)	(-34.0)	(-27.5)	(-25.4)	(-27.4)
Other	(-19.6)	(-1.0)	(-1.0)	(-1.0)	(-1.6)
Net factor services (net)	-44.2	-51.7	-61.4	-62.5	-53.0
Receipts	8.3	3.9	2.0	1.9	1.8
Payments due	-52.5	-55.6	-63.3	-64.4	-54.8
Direct investment income	-0.4	-1.3	-2.0	-3.1	-1.8
Interests on medium- and long-term debt	-52.1	-54.2	-61.4	-61.4	-53.0
Of which: IMF	(-4.4)	(-3.5)	(-2.7)	(-2.7)	(-2.8)

Sources: Data provided by the Mauritanian authorities; and staff estimates.

Table 20. Mauritania: Private and Public Transfers, 1984-88

(In millions of SDRs)

	1984	1985	1986	1987 Prov.	1988 Est.
Private transfers					
Total (net)	-22.5	-23.3	-22.9	-19.4	-21.8
Receipts	5.3	5.1	6.5	10.0	9.0
Nonresidents ^{1/}	0.9	0.8	1.6	5.2	5.0
Technical assistants	0.9	0.7	1.4	1.3	0.8
Others	3.5	3.6	3.5	3.6	3.3
Payments	-27.8	-28.4	-29.3	-29.4	-30.8
With payments by Central Bank	-7.5	-6.9	-3.6	-3.1	-5.2
Nonresidents ^{1/}	(—)	(—)	(—)	(—)	(-0.9)
Technical assistants	(-7.0)	(-4.6)	(-2.6)	(-2.2)	(-1.8)
Others	(-0.5)	(-2.2)	(-1.0)	(-0.9)	(-2.5)
Without payments by Central Bank	-20.3	-21.5	-25.8	-26.4	-25.6
Nonresidents	-18.5	-21.5	-23.7	-23.6	-23.5
Technical assistants	(-15.5)	(-19.0)	(-21.0)	(-21.7)	(-21.0)
SNIM	(-3.0)	(-2.6)	(-2.7)	(-1.9)	(-2.5)
Others (SNIM's own assets)	-1.8	-0.0	-2.1	-2.7	-2.1
Public transfers					
Total (net)	97.5	83.7	64.3	71.1	127.4
Receipts	98.8	86.0	70.2	74.1	131.9
Program-related	—	—	—	3.9	15.7
Public investment-related grants	45.7	37.3	33.9	37.3	41.1
With payments	(29.8)	(17.2)	(15.6)	(20.2)	(18.5)
Without payments (direct financing)	(15.9)	(20.1)	(18.3)	(17.2)	(22.6)
Food aid, c.i.f.	28.1	32.3	12.2	4.7	6.4
Red cross aid, c.i.f.	5.3	4.3	3.1	2.6	2.9
Other grants in kind	19.7	12.1	21.0	21.7	22.6
Debt forgiveness ^{2/}	—	—	—	3.9	43.1
Payments	-1.3	-2.3	-5.9	-3.0	-4.5
Memorandum item:					
Public transfers (net) in millions of ouguiyas	6,378	6,554	5,610	6,793	12,885

Sources: Data provided by the Mauritanian authorities; and staff estimates.

^{1/} Transfers by Mauritanian workers abroad.
^{2/} Cancelled future principal and interest payments.

Public transfers decreased between 1984 and 1986 from SDR 97.5 million to SDR 64.3 million and rose to SDR 127.4 million in 1988. Excluding debt-cancellation-related grants from the Federal Republic of Germany in 1988, public transfers increased to SDR 84.3 million. The reduction of public transfers between 1984 and 1986 was due to reduced food aid and other grants in kind, as well as a reduction of grants related to public investment. The increase between 1987 and 1988 was attributable to a rise in the grant component of public investment, as well as increased program-related grants and grants related to debt-cancellation.

5. Capital flows

The capital account was in surplus between 1984 and 1987, but recorded a deficit of SDR 44.9 million in 1988, or SDR 1.8 million excluding debt cancellation. The main reason for the deterioration lies in the marked increase in principal repayments and in the drop in disbursements associated with the decrease in investments.

6. External debt

External debt decreased between 1984 and 1988 from SDR 1.44 billion to SDR 1.38 billion, or from 203 percent to 184 percent of GDP, as Mauritania increasingly relied on grants to finance investment projects and obtained cancellation of some of its debt (Table 21 and Appendix I, Tables XXXVI-XXXVIII). The structure of outstanding medium- and long-term loans has changed since 1984. On the one hand, the contracting and disbursement of loans for investment projects has slowed because of the considerable cutback in the Government investment program. Mauritania has also refrained increasingly from contracting loans on nonconcessional terms. On the other hand, new medium- and long-term loans were increasingly contracted in the context of rescheduling agreements with Paris Club members. This has led to lower average interest payments due on outstanding debt and longer average grace periods and maturities.

7. Exchange and trade system

Data on the real effective exchange rate of the Mauritanian ouguiya are based on the domestic consumer price index, which tends to reflect mainly changes in the price of administratively controlled goods, thereby tending to understate actual price changes. The real effective exchange rate depreciation observable since 1984 may therefore be somewhat overstated. Since 1984, the Mauritanian authorities have nevertheless attempted to reduce the ouguiya's past appreciation against major trading partner countries. As a result, the real effective exchange rate has depreciated by a cumulative 24 percent between 1984 and 1988 (Chart).

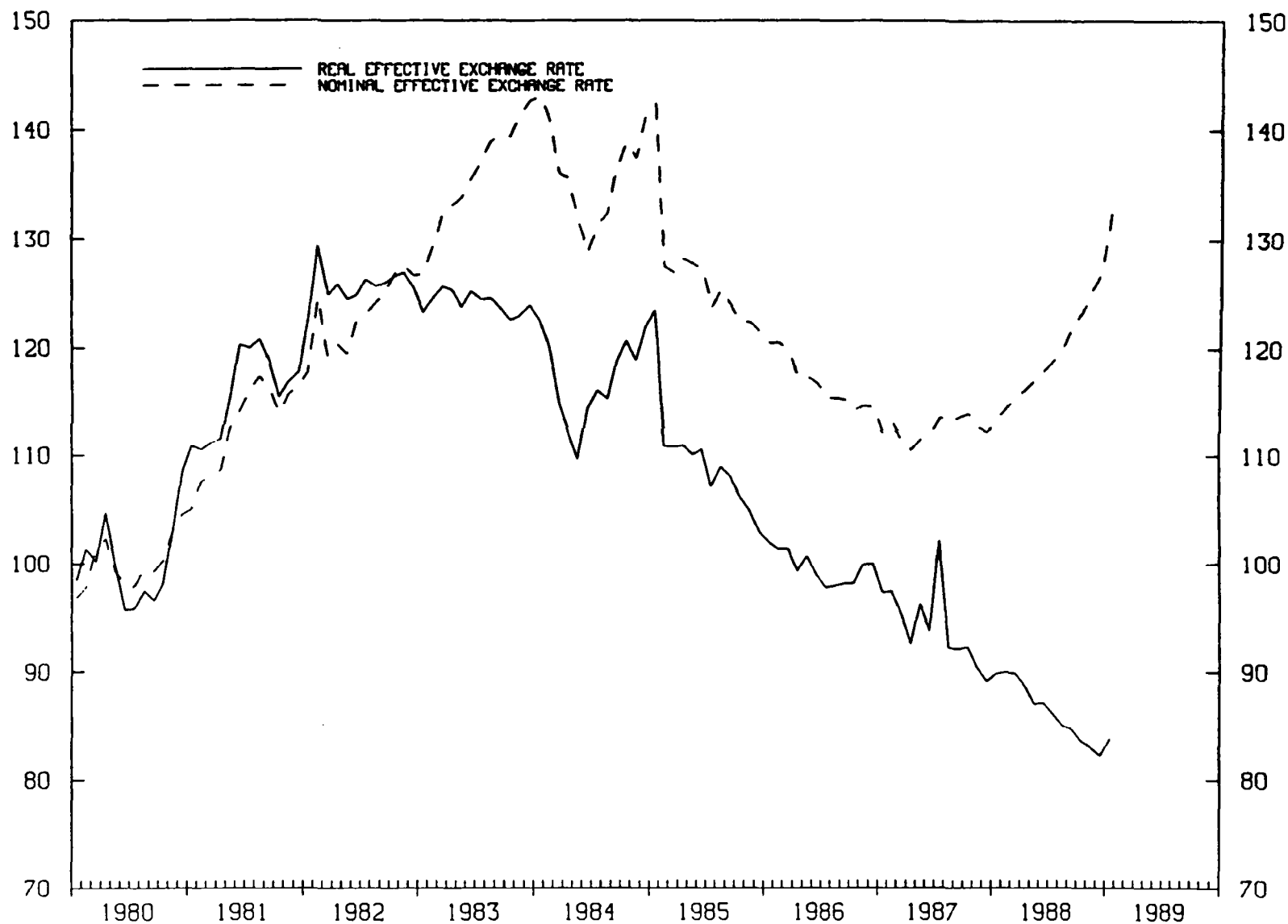
Table 21. Mauritania: External Debt and Debt Service, 1984-88

(In millions of SDRs)

	1984	1985	1986	<u>1987</u> Prov.	<u>1988</u> Est.
Total debt service due	117.1	112.7	159.1	154.6	200.0
Principal due (without Fund repurchases)	69.4	62.0	100.4	95.9	149.8
Interest due (without Fund)	47.7	50.7	58.7	58.7	50.3
Scheduled debt service	47.7	45.0	50.3	50.2	44.2
On short-term credit	...	5.7	8.4	8.5	6.0
Repurchases due to the Fund	9.0	12.3	12.3	4.9	3.5
Charges due to the Fund	4.4	3.5	2.7	2.7	2.8
Disbursements of medium- and long-term loans	108.7	115.8	95.7	103.8	71.1
Project loans	103.5	115.8	95.7	83.8	52.9
Quasi-grants	...	34.6	29.2	13.8	11.8
Loans	103.5	81.2	66.5	69.9	41.1
Program loans	5.2	—	—	20.0	18.2
Debt outstanding at end of year	1,436.9	1,344.6	1,305.9	1,376.5	1,376.2
Medium- and long-term loans	1,237.7	1,249.5	1,230.1	1,219.8	1,209.1
Loans contracted before 1988	1,237.7	1,249.5	1,230.1	1,219.8	1,138.2
Loans contracted in 1988					71.1
Fund resources	30.3	27.6	33.8	47.8	48.3
Purchases	—	9.6	18.5	18.9	4.0
Repurchases	-9.0	-12.3	-12.3	-4.9	-3.5
Short-term credit	68.7	67.4	98.9	100.0	100.0
Arrears	100.2	—	—	8.8	18.7
(As percentage of exports of goods and services)					
Total debt service	38.3	31.1	43.5	45.0	54.2
Interest and charges	15.3	13.1	15.3	17.0	13.9
Of which: Fund charges	(1.3)	(0.8)	(0.7)	(0.7)	(0.7)
Principal and repurchases	23.0	18.0	28.2	28.0	40.2
Of which: Fund repurchases	(2.6)	(3.0)	(3.1)	(1.4)	(0.9)
After debt relief	29.7	-7.4	25.1	28.3	46.5

Sources: Data provided by the Mauritanian authorities; and staff estimates.

CHART
MAURITANIA
NOMINAL AND REAL EFFECTIVE EXCHANGE RATES, 1980-MAR. 1989
(PER 100 AVERAGE, 1980-100)



SOURCES: IMF DATA FUND; AND STAFF ESTIMATES.

Mauritania continues to maintain controls on the sale of foreign exchange for invisibles, including travel expenses and remittances by foreigners working in Mauritania. Only holders of importer/exporter cards are permitted to engage in impact transactions. At the end of 1987, import licenses were eliminated for small-scale enterprises in many manufacturing and handicrafts. Nevertheless, imports of all commodities must be authorized by the Central Bank. A detailed and actualized survey of Mauritania's exchange and trade system is contained in various issues of the Annual Report on Exchange and Trade Restrictions.

Table I. Mauritania: Gross Domestic Product at Current Prices, 1983-88

	1983	1984	1985	1986	1987	1988
					Estimates	
(In millions of ouguiyas)						
Primary sector	13,035	11,854	13,994	18,865	22,924	25,493
Agriculture and forestry	872	1,212	1,001	2,312	3,329	3,710
Livestock	9,078	7,650	8,338	11,002	14,461	16,505
Fishing ^{1/}	3,085	2,992	4,655	5,551	5,134	5,278
Secondary sector	8,188	10,553	13,126	13,539	13,347	14,273
Mining	3,852	5,123	6,719	6,489	5,988	6,064
Fish processing	761	741	1,207	1,107	1,025	1,071
Other industries and handicrafts	1,351	1,558	1,800	1,995	2,176	2,422
Construction and public works	2,224	3,131	3,400	3,948	4,158	4,716
Tertiary sector	17,346	19,077	21,456	23,481	25,650	27,983
Transport, storage, and telecommunications	3,454	3,668	3,827	4,199	4,602	5,103
Trade and other non-government services	8,597	9,382	10,987	12,169	13,338	14,789
Government services	5,295	6,027	6,642	7,113	7,710	8,092
GDP (at factor cost)	38,569	41,484	48,576	55,885	61,921	67,749
Annual rate of growth (in percent)	9.6	7.6	17.1	15.0	10.8	9.4
Indirect taxes less subsidies	4,643	4,897	6,522	6,814	7,250	7,655
GDP (at current market prices)	43,212	46,381	55,098	62,699	69,171	75,404
(Annual percentage changes)						
Annual growth rate	11.3	7.3	18.8	13.8	10.3	9.0
GDP deflator	6.0	12.8	15.4	7.9	7.3	6.3

Sources: Data provided by the Mauritanian authorities; and staff estimates.

^{1/} Including artisanal and industrial fishing.

Table II. Mauritania: Distribution and Marketing of Foodstuffs
by the CSA, 1985-88

(In thousands of tons)

	1985	1986	1987	1988	
				Jan- Oct.	Est. for year
Food aid					
Free distribution	74.6	50.5	12.6	14.9	17.0
Cereal sales	29.7	48.0	52.0	31.6	46.0
Others			4.6	2.8	3.2
Sales					
Wheat			24.0	27.1	36.2
Maize			...	...	...
Sorghum			0.5	4.3	5.5
Rice			7.0	...	4.0
Other			1.2	0.2	0.3
Marketing of domestic production	...	7.7	14.9	17.6	17.6
Of which: paddy rice	(3.6)	(4.7)	(9.5)	(15.0)	(15.0)
millet			(5.4)	(2.6)	(2.6)

Source: Commissariat à la Sécurité Alimentaire (CSA).

Table III. Mauritania: CSA - Operating Revenues and Income, 1986-87

(In millions of ouguiyas)

	1986	1987
Total revenue	1,451.1	1,156.2
Sales	912.2	700.0
Sales in CSA centers	539.6	516.8
Imported rice	310.0	84.2
Local rice	60.7	76.3
Other local cereals	1.9	22.5
Operating subsidy	438.4	372.4
Other revenues	100.5	83.8
Expenses	1,457.5	1,263.0
Purchases	827.0	794.7
Imported wheat	467.9	462.7
Imported rice	207.7	84.2
Other imported products	--	62.5
Domestic rice	60.7	76.3
Other local cereals	1.9	22.5
Freight and transit	88.8	86.4
Personnel	165.3	169.7
Transport	308.6	111.7
Amortization	65.0	79.3
Other	91.6	107.6
Operating profit/loss	-6.4	-106.8

Source: Commissariat à la Sécurité Alimentaire (CSA).

Table IV. Mauritania: SONIMEX - Sales Statistics, 1983-88

	Units	1983	1984	1985	1986	1987	1988	
							10 months	Est. year
Broken rice								
1. Imports	1000 mt	56.09	105.54	46.81	31.45	45.00	48.72	64.47
2. Purchase price, f.o.b.	UM/kg	11.60	13.37	14.01	7.98	8.82	15.42	15.68
3. Purchase price, c.a.f.	UM/kg	14.05	16.81	17.77	10.98	11.60	18.25	18.47
4. Cost 1/	UM/kg	24.03	31.03	34.72	27.95	27.39	26.67	26.93
5. Sale price	UM/kg	15.70	19.84	24.49	26.66	27.00	27.25	27.25
6. Gross unit margin (5-4)	UM/kg	-8.33	-11.19	-10.23	-1.29	-0.39	0.58	0.32
7. Sales	1000 mt	70.92	65.98	65.11	64.28	70.00	64.29	71.29
8. Gross margin	million UM	-590.76	-738.32	-666.08	-82.92	-27.30	37.35	22.81
Rice								
1. Imports	1000 mt	0.52	0.55	0.499	0.409	1.1	0.51	0.51
2. Purchase price, f.o.b.	UM/kg	14.57	19.41	19.95	15.58	18.12	24.36	24.36
3. Purchase price, c.a.f.	UM/kg	17.62	23.25	20.78	17.39	21.07	27.46	27.47
4. Cost 1/	UM/kg	27.79	39.12	41.04	39.64	43.26	39.57	39.57
5. Sale price	UM/kg	20.58	30.97	39.81	44.93	45.00	45.07	45.07
6. Gross unit margin (5-4)	UM/kg	-7.21	-8.15	-1.23	5.29	1.74	5.5	5.5
7. Sales	1000 mt	1.00	0.54	0.66	0.52	0.60	1.20	1.44
8. Gross margin	million UM	-7.19	-4.37	-0.81	2.75	1.04	6.577	7.891
Domestic broken rice								
1. Volume purchased	1000T						16.61	19.92
2. Purchase price	UM/KG						27.00	27.00
3. Cost	UM/KG						32.46	32.46
4. Sale price	UM/KG						27.00	27.00
5. Gross unit margin	UM/KG						-5.46	-5.46
6. Sales	1000T						5.74	12.74
7. Gross margin	million UM						-21.57	-69.54
Granulated sugar								
1. Imports	1000 mt	...	15.08	22.51	30.93	60.00	40.20	58.20
2. Purchase price, f.o.b.	UM/kg	...	18.92	15.93	18.95	19.09	—	—
3. Purchase price, c.i.f.	UM/kg	...	19.14	16.35	19.45	19.51	23.26	23.95
4. Cost 1/	UM/kg	...	36.43	30.40	39.16	31.61	37.69	39.02
5. Sale price	UM/kg	...	23.87	45.16	45.16	50.00	50.34	50.34
6. Gross unit margin (5-4)	UM/kg	...	...	-6.53	6.00	18.39	12.65	11.32
7. Sales	1000 mt	...	...	1.49	6.35	12.00	17.22	20.66
8. Gross margin	million UM	...	...	-9.70	38.11	220.68	217.82	239.83
SOMIS sugar loaf								
1. Imports	1000 mt	17.10	...	...	...	...	21.46	26.22
2. Purchase price, c.i.f.	UM/kg	39.60	...	...	...	...	—	—
3. Purchase price, c.i.f.	UM/kg	40.59	...	...	...	...	65.00	66.33
4. Cost 1/	UM/kg	55.59	57.47	51.18	61.44	53.90	75.74	75.74
5. Sale price	UM/kg	75.37	72.11	74.45	75.16	75.00	10.74	9.41
6. Gross unit margin (5-4)	UM/kg	19.78	14.64	23.27	13.72	21.10	10.74	9.41
7. Sales	1000 mt	16.20	19.26	28.13	26.53	27.00	19.75	23.70
8. Gross margin	million UM	320.44	281.97	654.59	363.99	569.70	212.28	223.11
Imported lump sugar								
1. Imports	1000 mt	2.96	—	3.30	13.23	6.60	5.55	8.55
2. Purchase price, c.i.f.	UM/kg	33.72	33.72	21.24	25.79	26.10	—	—
3. Purchase price, c.a.f.	UM/kg	34.32	34.32	21.70	26.35	26.68	30.66	31.16
4. Cost 1/	UM/kg	48.08	52.08	41.19	48.02	39.70	42.47	42.78
5. Sale price	UM/kg	75.22	70.46	64.12	65.31	65.00	65.31	65.31
6. Gross unit margin (5-4)	UM/kg	27.14	18.38	22.93	17.29	25.30	22.84	22.53
7. Sales	1000 mt	14.20	19.12	35.15	9.37	9.00	10.52	12.62
8. Gross margin	million UM	385.39	351.43	805.99	162.01	227.70	240.36	284.49
Tea								
1. Imports	1000 mt	4.75	2.70	2.40	1.79	4.25	4.90	4.90
2. Purchase price, c.i.f.	UM/kg	188.11	231.62	279.10	342.00	375.20	—	—
3. Purchase price, c.a.f.	UM/kg	192.71	236.91	285.06	350.40	383.35	392.96	392.96
4. Cost 1/	UM/kg	305.32	369.13	549.97	656.00	692.01	709.87	709.87
5. Sale price	UM/kg	548.69	635.63	632.19	629.40	632.43	637.71	637.71
6. Gross unit margin (5-4)	UM/kg	243.37	266.50	82.22	-26.54	-59.58	-71.37	-71.37
7. Sales	1000 mt	2.91	2.83	2.21	2.98	3.60	3.15	3.77
8. Gross margin	million UM	707.96	754.73	181.95	-78.96	-214.49	-224.75	-268.93

Source: Société Nationale d'Importation et d'Exportation (SONIMEX).

1/ Including import duties, consumption taxes, incidental expenses; also including, for sugar loaf, processing and taxes on services (TPS).

Table V. Mauritania: Distribution of Fishing Exports by Variety, 1984-88

	1984	1985	1986	1987		1988	
				Jan.-Sept.	Jan.-Dec.	Jan.-Sept.	Jan.-Dec.
(In thousands of metric tons)							
Volume							
Pelagic	189.9	251.9	273.6	204.0	261.8	188.7	258.0
Deep-sea	25.9	43.5	26.5	22.5	29.2	18.7	24.3
Cephalopods	28.4	37.0	47.5	38.6	51.5	27.0	37.8
Shrimp	...	0.2	0.5	0.9	1.1	0.1	0.1
Lobster	2.1	0.8	0.8	0.5	0.9	—	0.1
Fish meal	24.7	34.8	36.2	26.7	33.0	21.1	28.7
Other products	2.7	2.9	3.3	2.9	3.7	2.5	3.3
Total	<u>273.7</u>	<u>371.1</u>	<u>388.4</u>	<u>296.3</u>	<u>381.3</u>	<u>258.0</u>	<u>352.3</u>
(In millions of ouguiyas)							
Value							
Pelagic	4,096.8	6,442.4	6,177.2	4,531.6	5,816.3	4,434.3	6,027.0
Deep-sea	1,235.2	2,599.6	1,726.6	1,694.6	2,082.8	2,092.6	2,779.0
Cephalopods	3,146.1	6,636.9	10,667.9	7,538.0	9,908.5	8,684.7	11,579.0
Shrimp	—	48.6	168.5	362.6	410.0	26.0	58.0
Lobster	557.6	446.3	562.6	463.7	709.5	—	79.0
Fish meal	633.6	1,032.9	948.8	687.8	844.2	572.0	803.0
Other products	105.9	124.3	141.2	112.0	139.0	97.0	131.0
Total	<u>9,775.3</u>	<u>17,331.0</u>	<u>20,392.8</u>	<u>15,390.6</u>	<u>19,910.5</u>	<u>15,909.6</u>	<u>21,456.0</u>

Source: Government Fishing Service.

Table VI. Mauritania: Exports of Fish and Fish Products
by Company, 1985-88

	1985	1986	1987	1988 Est.
(In thousands of metric tons)				
Deep-sea	73.5	79.9	77.1	65.2
SMCP ^{1/}	53.7	56.7	63.5	62.9
ALMAP ^{1/}	11.1	9.2	12.0	2.3 ^{2/}
Portuguese	3.3	7.6	0.8	--
Korean	5.4	6.4	0.8	--
Pelagic	272.2	305.7	292.0	286.1
MAUSOV ^{1/}	191.3	209.4	200.6	188.3
SIMAR ^{1/}	55.7	62.6	68.2	93.5
SAMIP ^{1/}	16.1	22.3	1.2	-- ^{3/}
M.F.C. ^{1/}	6.4	11.4	22.0	3.5
SOFRIMA ^{1/}	2.7	--	--	-- ^{3/}
MASPECO ^{4/}	--	--	--	0.8
Artisanal	1.1	1.3	1.5	0.9
Total	346.8	386.9	370.6	352.2
(In millions of ouguiyas)				
Deep-sea	9,936.9	13,812.4	14,265.0	14,556
SMCP	7,477.7	11,082.6	12,525.0	14,308
ALMAP	1,503.3	1,205.0	1,575.0	248
Portuguese	131.1	312.4	30.0	--
Korean	824.9	1,212.4	135.0	--
Pelagic	7,285.0	7,058.7	6,405.0	6,731.7
MAUSOV	5,319.2	4,834.7	3,997.5	4,536.5
SIMAR	1,325.9	1,405.8	1,972.6	2,103.6
M.F.C.	138.8	282.6	412.5	68.3
SOFRIMA	61.7	--	--	--
MASPECO	--	--	--	22.3
Artisanal	146.5	163.6	187.5	167.3
Total	17,368.4	21,034.7	20,857.5	21,455.5

Sources: Central Bank of Mauritania; and Customs.

^{1/} SMCP, Société Mauritanienne de Commercialisation du Poisson; ALMAP, Algéro-Mauritanienne de Pêche; MAUSOV, Mauritanienne Soviétique des Ressources Maritimes; SMAR, Société Mauritano-Roumaine de Pêche; SAMIP, Société Mauritano-Italienne de Pêche; MFC, Mauritanian Fishing Company; SOFRIMA, Société des Frigoriques Mauritaniens; MASPECO, Mauritanian Specialized Company.

^{2/} ALMAP has been selling its products to SMCP since 1988.

^{3/} SAMIP and SOFRIMA stopped operations in 1988.

^{4/} Mauritanian company that started operations in 1988 with three fishing boats.

Table VII. Mauritania: Fishing Vessels by Nationality and Category, 1983-88

	1983	1984	1985	1986	1987	1988 <u>1/</u>
Deep-sea fishing	111	159	133	218	172	158
Mauritanian	75	86	...	127	148	152
Foreign	36	73	...	91	24	6
Pelagic fishing	67	87	75	57	42	48
Mauritanian	5	3	2	1	—	3
Foreign	62	84	73	56	42	45
Other fish	28	43	81	51	110	113
Mauritanian	—	—	—	—	3	3
Foreign	28	43	81	51	107	110
Total	206	289	289	326	324	319
Mauritanian	80	89	...	128	151	158
Foreign	126	200	...	198	173	161

Source: Ministry of Fishing.

1/ As of October 1988.

Table VIII. Mauritania: List of Major Public Enterprises and Administrative Agencies

Rural development

CNARDA:	Centre National de Recherche Agronomique et de Développement Agricole
CNERV:	Centre National D'Elevage et de Recherche Vétérinaire
CSA:	Commissariat à la Sécurité Alimentaire
Ferme de M'Pourié	
SOMECOB:	Société Mauritanienne de Commerce de Bétail
SONADER:	Société Nationale de Développement Rural
SOMALIDA:	Société Arabe Mauritanienne-Libyenne de Développement Agricole

Fisheries

ALMAP:	Algéro-Mauritanienne de Pêche
MAFCO:	Mauritania Fishery Company
MAUSOV:	Mauritanienne Soviétique des Ressources Maritimes
SALIMAUREN:	Société Arabe-Libyo-Mauritanienne des Ressources Maritimes
CNOPR:	Centre National de la Recherche Océanographique et des Pêches
SMCP:	Société Mauritanienne de Commercialisation du Poisson

Mining and utilities

SAMIN:	Société Arabe des Mines de l'Inchiri
SAMIA:	Société Arabe des Industries Métallurgiques
SNIM:	Société Nationale Industrielle et Minière
SONELEC:	Société Nationale d'Eau et d'Electricité

Manufacturing

SOMIS:	Société Mauritanienne des Industries du Sucre
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Table VIII (continued). Mauritania: List of Major Public Enterprises and Administrative Agencies

SOMIR:	Société Mauritanienne des Industries de Raffinage
<u>Transport</u>	
EMN:	Etablissement Maritime de Nouakchott
PAN:	Port Autonome de Nouadhibou
STPN:	Société de Transport Public de Nouakchott
ASECNA:	Agence pour la Sécurité de la Navigation Aérienne
AM:	Air Mauritanie
SAMA:	Société d'Aconage et de Manutention
SOMACAT:	Société de Manutention, Transit et Aconage
COMONAM:	Compagnie Mauritanienne de Navigation Maritime
<u>Communication</u>	
AMP:	Agence Mauritanienne de Presse
OPT:	Office des Postes et Télécommunications
ORTM:	Office Mauritanien de Radio et de Télévision
SMPI:	Société Mauritanienne de Presse et d'Impression
<u>Distribution</u>	
SONIMEX:	Société Nationale d'Importation et d'Exportation
SMCPP:	Société Mauritanienne de Commerce des Produits Pétroliers
<u>Financial institutions</u>	
BMCi:	Banque Mauritanienne pour le Commerce et l'Industrie
BALM:	Banque Arabe Libyenne en Mauritanie
BIMA:	Banque Internationale Mauritanienne
SMB:	Société Mauritanienne de Banque
BCM:	Banque Centrale de Mauritanie

Table VIII (continued). Mauritania: List of Major Public Enterprises and Administrative Agencies

SMAR:	Société Mauritanienne d'Assurance et de Réassurance
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UBD:	Union des Banques de Développement
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Other services

Education

CFPP:	Centre de Formation Professionnelle et de Perfectionnement
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CNFAJ:	Centre National de Formation et d'Animation de la Jeunesse
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CNFVA:	Ecole Nationale de Formation et de Vulgarisation Agricole
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ENA:	Ecole Nationale d'Administration
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ENI:	Ecole Nationale d'Instituteurs
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ENISF:	Ecole Nationale des Infirmières et Sage-Femmes
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ENS:	Ecole Normale Supérieure
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IPN:	Institut Pédagogique National
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ISERI:	Institut Supérieur de Recherche Islamique
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ILN:	Institut de Langues Nationales
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LTN:	Lycée Technique de Nouakchott
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IMRS:	Institut Mauritanien de Recherche Scientifique
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Other

CEP:	Chambre de Commerce
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CEPI:	Centre d'Etudes et de Promotion Industrielle
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OMAT:	Office Mauritanien de l'Artisanat et du Tourisme
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OMRG:	Office Mauritanien de Recherche Géologique
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CNSS:	Caisse Nationale de Sécurité Sociale
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CNH:	Centre National d'Hygiène
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Table VIII (concluded). Mauritania: List of Major Public Enterprises
and Administrative Agencies

ONACVG:	Office National des Anciens Combattants et Victimes de Guerre
CNORF:	Centre National d'Orthopédie
OCO:	Office de Complexe Olympique
ADAU:	Association pour le Développement de l'Architecture et de l'Urbanisme
LNTP:	Laboratoire National des Travaux Publics
SOCOGIM:	Société de Construction et de Gestion Immobilière en Mauritanie
CRM:	Croissant Rouge Mauritanien

Source: Information provided by the Mauritanian authorities.

Table IX. Mauritania: SMCPP - Operating Revenues and Income, 1983-87

(In millions of ouguiyas)

	1983	1984	1985	1986	1987
Total revenues	<u>2,861.7</u>	<u>4,242.9</u>	<u>4,866.5</u>	<u>5,439.7</u>	<u>4,713.8</u>
Sales	<u>2,612.3</u>	<u>3,970.2</u>	<u>4,469.4</u>	<u>4,996.6</u>	<u>4,565.4</u>
Other revenues	249.4	272.7	397.1	443.1	148.4
Expenses	<u>2,614.7</u>	<u>4,225.8</u>	<u>4,556.4</u>	<u>3,992.4</u>	<u>4,404.4</u>
Cost of petroleum ^{1/}	<u>2,278.3</u>	<u>2,960.0</u>	<u>2,997.4</u>	<u>2,157.9</u>	<u>2,176.1</u>
Personnel	118.2	98.3	98.0	106.3	132.5
Financial expenses	55.3	62.0	198.2	141.1	37.89
Amortization and equipment	27.9	31.3	33.9	80.8	27.4
Other	135.0	1,074.2 ^{2/}	1,228.9 ^{2/}	1,506.3 ^{2/}	2,030.6 ^{2/}
Operating income before tax	<u>247.0</u>	<u>17.1</u>	<u>310.1</u>	<u>1,447.3</u>	<u>309.4</u>
Taxes	33.0	45.6	59.3	207.0	187.1
Net operating income after taxes	214.0	-28.5	250.8	1,240.3	122.3

Source: Société Mauritanienne de Commercialisation des Produits Pétroliers (SMCPP).

^{1/} Includes net reductions in stocks.

^{2/} Includes UM 779.0 million in excise and other nonprofit taxes and UM 126.3 million from external charges linked to operations.

Table X. Mauritania: Consumption of Petroleum Products, 1983-88

(In thousands of metric tons)

	1983	1984	1985	1986	1987 Rev.	1988 Jarr- Oct.	Est. for year
Ordinary gasoline	23.5	22.6	26.0	27.7	30.1	24.7	30.0
Super gasoline	8.5	8.3	5.6	5.8	5.6	3.3	5.0
Fuel oil	...	...	10.0	16.1	20.4	...	22.9
Lighting oil	7.1	11.6	15.1	11.9	10.4	11.1	16.6
Gas oil	129.0	152.0	171.0	175.2	185.6	...	204.1
Fishing fleet	22.1	46.7	54.1	67.0	70.1	55.1	80.0
Transportation and industry	33.0	27.0	21.6	19.3	26.3	20.1	29.0
SONELEC 1/	16.8	16.5	15.7	26.4	26.8	12.1	18.0
SNIM 1/	57.0	61.8	79.5	62.5	53.4	...	71.6
Butane	2.3	3.2	4.1	4.5	5.5	...	5.5

Source: Data provided by the Mauritanian authorities.

1/ In 1983, 1984, and 1985, part of SONELEC's (Société Nationale d'Eau et d'Electricité) consumption is included in that of SNIM (Société Nationale Industrielle et Minière).

Table XI. Mauritania: Unit Prices of Petroleum Products, 1985-88 ^{1/}

(Value in ouguiyas per liter, unless otherwise specified)

	1985		1986		1987			1988		
	Aug. 5	Dec. 18	Apr. 10	Aug. 15	Feb.	May 26	Dec.	March	Sept.	Dec.
Ordinary gasoline	52.00	50.81	49.75	49.75	49.65	49.65	49.65	49.65	49.65	52.65
Super gasoline	53.70	52.04	51.29	51.29	51.29	51.29	51.29	51.29	51.29	54.29
Lighting oil	24.90	23.87	23.87	23.87	18.91	16.86	20.04	16.71	18.38	17.21
Gas oil										
Transportation	32.50	31.89	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85
SONELEC	...	30.89	28.89	26.87	26.87	26.87	18.52	18.52	18.52	18.52
Fishing fleet ^{2/}	...	20.56	19.69	18.04	18.04	18.04	18.04	18.04	16.04	14.04
Butane (bottle of 12.5 kg)	350	350	350	450	550	739 ^{3/}	739	739	739	...

Source: Data provided by the Mauritanian authorities.

^{1/} Unit prices "ex dépôt Nouakchott."

^{2/} Unit prices "dock Nouadhibou."

^{3/} Effective July 1, 1987.

Table XII. Mauritania: Production of Electricity and Water, 1983-88

	1983	1984	1985	1986	1987	1988 Est.
(In thousands of kilowatt-hours)						
Electricity <u>1/</u>	74,563	67,452	79,563	91,675	98,100	104,000
Nouakchott	37,040	34,398	43,083	48,208	55,900	60,168
Nouadhibou	33,369	28,057	29,274	35,535	36,200	32,817
Other	4,154	4,997	7,206	7,932	6,500	11,015
(In thousands of cubic meters)						
Water	8,016	8,113	8,253	7,484	10,200	10,783
Nouakchott	5,288	5,649	5,548	4,950	7,600	8,110
Nouadhibou	1,232	1,313	1,288	1,280	1,400	1,360
Other	1,496	1,151	1,417	1,254	1,200	1,313

Source: Société Nationale d'Eau et d'Electricité (SONELEC).

1/ Excluding electricity produced by autonomous producers.

Table XIII. Mauritania: SNIM - Balance Sheet, 1983-87

(In millions of ouguiyas; end of period)

	1983	1984	1985	1986	1987
Assets	29,117	33,594	40,080	44,492	47,110
Cash in banks	146	59	227	291	314
Receivables	1,810	2,779	2,901	3,716	2,531
Of which: clients	(1,041)	(1,404)	(883)	(900)	(791)
Government	(--)	(--)	(--)	(--)	(--)
Inventories	2,845	2,580	2,637	3,126	3,561
Fixed assets	21,231	21,837	21,584	21,779	19,369
Formation expenses (net)	3,085	5,091	7,335	9,403	12,955
Uncalled capital	--	--	--	--	--
Other	--	1,248	5,397	6,177	8,380
Liabilities	29,117	33,594	40,080	44,492	47,110
Current liabilities	4,101	5,033	5,516	6,311	6,898
Of which: Government	(304)	(497)	(577)	(925)	(1,053)
banks	(482)	(1,011)	(925)	(951)	(894)
MIFERMA <u>1/</u>	(--)	(--)	(--)	(--)	(--)
Long-term debt	11,804	14,928	20,124	23,751	26,154
Of which: Government	(--)	(--)	(--)	(--)	(--)
Equity	13,331	13,278	13,821	14,223	14,772
Loss (-) or profits	-119	112	448	44	-842
Other	--	243	171	163	128

Source: Société Nationale Industrielle et Minière (SNIM).

1/ MIFERMA, Société Anonyme des Mines de Fer de Mauritanie.

Table XIV. Mauritania: SNIM - Operating Accounts, 1983-87

(In millions of ouguiyas)

	1983	1984	1985	1986	1987
Total revenue	8,502	11,475	14,259	12,173	11,296
Volume of sales (in millions of metric tons)	(7.4)	(9.5)	(9.3)	(8.9)	(9.0)
Total expenses					
Cost of goods sold	3,462	4,746	5,612	5,188	5,384
Personnel expenses	2,839	3,067	3,122	3,024	2,805
Financial expenses	464	823	1,672	1,550	1,898
Amortization	1,305	1,499	1,660	1,163	1,553
Taxes	54	72	73	60	66
Other expenses	497	1,157	1,673	1,144	432
Operating profits (+) losses (-)	-119	112	448	44	-842

Source: Société Nationale Industrielle et Minière (SNIM).

Table XV. Mauritania: SNIM - Energy Consumption, 1983-88

	1983	1984	1985	1986	1987	<u>1988</u> Prel.
<u>(In thousands of metric tons)</u>						
Petroleum products						
Ordinary gasoline	3.193	3.448	3.119	3.198	2.676	2.714
Lighting oil <u>1/</u>	0.016	0.087	0.049	0.065	—	—
Gas oil	55.254	77.338	77.982	73.153	72.132	71.600
Heavy fuel	—	—	10.010	16.074	20.361	22.900
Butane	0.005	0.005	0.003	0.002	0.003	0.004
Heavy fuel	—	—	10.010	16.074	20.361	22.900
<u>(In thousands of kilowatt-hours)</u>						
Electricity	68,016	84,215	125,007	137,882	137,292	152,885

Source: Société Nationale Industrielle et Minière (SNIM).

1/ Product used in SNIM's airplanes, which were sold at the end of 1986.

Table XVI. Mauritania: Average Price of Livestock, 1983-88

(In ouguiyas)

	1983	1984	1985	1986	1987	<u>1988</u> Est.
Cattle	11,900	10,000	11,529	15,817	21,195	22,000
Sheep	1,980	2,000	2,257	3,333	4,000	4,333
Goats	1,565	1,590	1,756	2,593	3,030	3,241
Camels	21,140	20,620	20,635	25,344	33,960	36,453

Source: Directorate of Livestock.

Table XVII. Mauritania: Public Utility Rates, 1983-88

	1983	1984	1985	1986	1987	1988 Est.
Electricity (ouguiyas per kilowatt-hour)						
Industrial rate	11.00	11.00	11.00	12.43	12.43	) 17.00
Domestic rate	13.00	13.00	13.00	14.69	14.69	
Water (ouguiyas per cubic meter)	32.00	32.00	32.00	36.00	36.00	77.00

Source: Data provided by the Mauritanian authorities.

Table XVIII. Mauritania: Evolution of Minimum Wages and Salaries, 1983-88

(In ouguiyas)

	1983	1984	1985	1986	1987	1988
Private sector (hourly wages)						
SMIG <u>1/</u>	24.46	24.46	24.46	24.46	24.46	24.46
SMAG <u>2/</u>	24.46	24.46	24.46	24.46	24.46	24.46
Public sector (civil servants' monthly salary)						
Category A	13,717	13,717	14,217	14,217	14,217	14,217
Category B	9,244	9,244	10,244	10,244	10,244	10,244
Category C	6,899	6,899	7,899	7,899	7,899	7,899
Category D	3,802	3,802	4,802	4,802	4,802	4,802
Category E (teachers)	13,701	13,701	14,201	14,201	14,201	14,201

Sources: Ministry of Finance; and data provided by the Mauritanian authorities.

1/ Minimum industrial wage.

2/ Minimum agricultural wage.

Table XX. Mauritania: Public Investment Program
and Its Financing, 1984-89

(In millions of ouguiyas)

	1984	1985	1986	1987	1988 Est.	1989 Proj.
Public investment <u>1/</u>	10,489	11,172	10,557	11,393	10,026	13,167
Government	7,393	4,780	4,164	6,080	4,862	839
Parapublic	3,096	2,583	3,351	4,189	3,219	2,065
SNIM	—	3,809	3,042	1,124	1,945	2,712
Financing						
Government	7,393	4,780	4,164	6,080	4,862	8,391
Domestic resources	205	390	427	791	820	1,152
Grants	2,990	2,521	2,311	3,045	2,249	3,356
Loans	4,198	1,869	1,426	2,244	1,793	3,882
Parapublic	3,096	2,583	3,351	4,189	3,219	2,065
Grants	—	399	647	521	1,759	1,095
Loans	2,569	2,026	2,601	3,470	1,460	970
SNIM <u>2/</u>	—	3,809	3,042	1,124	1,945	2,712
Savings	—	—	—	—	—	61
Loans	—	3,809	3,042	1,124	1,945	2,651
Memorandum items:						
External financing	9,757	10,624	10,027	10,404	9,206	11,813
Grants	2,990	2,920	2,958	3,566	4,008	4,310
Loans	6,767	7,704	7,069	6,838	5,198	7,503
Senegal Valley Authority (QMVS)	...	1,364	1,280	1,165	582	...
Grants	...	3	144	215	316	...
Loans	...	1,359	1,136	950	266	...

Source: Data provided by the Mauritanian authorities.

1/ Excluding investments under the responsibility of the Senegal Valley Authority (QMVS).

2/ SNIM, Société Nationale Industrielle et Minière.

Table XXI. Mauritania: Treasury Operations, 1983-88 ^{1/}

	1983	1984	1985	1986	1987 Rev.	1988 Prel.
(In millions of ouguiyas)						
Revenue and grants	9,561	11,288	13,105	14,962	17,335	22,315
Budgetary revenue	8,935	10,296	12,301	13,696	15,782	16,685
Budgetary grants	160	63	61	—	119	4,357 ^{2/}
Special accounts	466	929	743	1,266	1,434	1,274
Expenditure and net lending	11,582	12,117	13,210	14,326	17,271	18,753
Budgetary expenditure	10,998	11,046	12,347	13,428	14,214	15,043
Of which: wages and salaries	(3,119)	(3,300)	(3,636)	(3,894)	(4,263)	(4,642)
interest due	(903)	(994)	(1,554)	(2,280)	(2,047)	(2,168)
investment expenditures	(704)	(583)	(706)	(658)	(760)	(820)
Special accounts	466	929	687	698	1037	1,064
Net lending	118	142	176	200	2,020	2,646
Of which: participation in restructuring	(—)	(—)	(—)	(—)	(1,913)	(2,623)
Surplus or deficit (-) (commitment basis)	-2,021	-829	-105	636	64	3,562
Change in payments arrears (increase +)	449	649	-6,887	617	218	-275
External	(273)	(514)	(-6,187)	(—)	(615)	-275
Domestic	(176)	(135)	(-700)	(617)	(-397)	—
Surplus or deficit (cash basis)	-1,572	-180	-6,992	1,253	282L	3,287
Financing	1,572	180	6,992	-1,253	28L	-3,287
Foreign borrowing (net)	121	-829	-2,499	-5,867	-5,428	-5,663
Drawings ^{3/}	(876)	(387)	(2)	(—)	(2,117)	(1,485)
Amortization	(-755)	(-1,216)	(-2,501)	(-5,867)	(-5,023)	(-8,645) ^{2/}
Domestic (net)	1,451	1,009	-1,087	32	-77	803
Banking system	(1,458)	(-125)	(-530)	(-271)	(—)	(883)
Other	(-7)	(1,134)	(-557)	(303)	(-77)	(-80)
External debt relief and exceptional assistance	—	—	10,578	5,199	3,065	1,573
Rescheduling	—	—	8,128	5,199	3,065	1,469
Interest	(—)	(—)	(1,055)	(812)	(533)	(276)
Principal	(—)	(—)	(1,550)	(4,387)	(2,532)	(1,193)
Arrears	(—)	(—)	(5,523)	(—)	(—)	(—)
Exceptional assistance	—	—	2,450	—	—	104 ^{4/}
Memorandum items:	(In percent of GDP)					
Budgetary revenue	20.8	22.3	22.5	21.8	22.8	22.1
Budgetary expenditure	23.9	22.7	22.6	21.4	20.5	19.9
Treasury surplus or deficit (-)						
On a commitment basis	-4.7	-1.8	-0.2	1.0	0.1	4.7
On a cash basis	-3.7	-0.4	-12.8	1.0	0.4	4.4

Sources: Data provided by the Mauritanian authorities; and staff estimates.

^{1/} Excluding most foreign-financed government operations.^{2/} Including cancellation of debt maturing after 1988.^{3/} Drawings on budgetary loans and World Bank structural adjustment loan.^{4/} Including cancellation of debt maturing in 1988.

Table XXII. Mauritania: Structure of Central Government Budgetary Revenue, 1983-88

(In percent of total)

	1983	1984	1985	1986	1987	1988 Est.
Tax revenue	88.1	83.0	88.3	86.9	77.1	80.0
Tax on income and profits	27.7	25.4	24.0	29.8	26.0	28.7
Tax on business profits	(9.9)	(8.2)	(7.6)	(13.2)	(10.6)	(14.7)
Tax on wages and salaries	(14.5)	(15.2)	(13.8)	(14.5)	(13.4)	(11.9)
General income tax	(2.1)	(1.5)	(1.8)	(1.3)	(0.7)	(0.4)
Other	(1.2)	(0.5)	(0.8)	(0.8)	(1.3)	(1.8)
Employer's payroll tax	0.1	—	—	0.2	0.2	0.2
Taxes on property	1.7	1.5	1.0	1.2	0.9	0.9
Taxes on goods and services	12.1	17.4	16.5	13.8	16.1	17.3
Turnover taxes	(3.3)	(3.0)	(2.7)	(2.8)	(3.6)	(3.7)
Tax on petroleum products	(4.4)	(4.0)	(5.4)	(3.4)	(3.9)	(4.8)
Other excises	(3.7)	(9.5)	(7.7)	(7.2)	(7.9)	(8.0)
Other	(0.6)	(0.9)	(0.6)	(0.4)	(0.7)	(0.7)
Mining royalties (net)	2.3	4.4	5.9	2.3	1.9	—
Taxes on international trade	44.0	34.0	40.5	39.2	31.7	32.7
Import taxes	(32.1)	(23.7)	(25.5)	(23.1)	(18.7)	(19.2)
Export tax on fish	(11.9)	(10.3)	(15.0)	(16.1)	(13.0)	(13.6)
Other taxes and duties	0.3	0.3	0.3	0.4	0.2	0.2
Nontax revenue	11.9	17.0	11.7	13.1	22.9	20.0
Fishing royalties and penalties	3.5	4.5	4.1	3.5	7.4	6.2
Other nontax revenue	8.4	12.5	7.7	9.6	15.6	13.8
Revenue from public enterprises	(5.2)	(6.8)	(3.3)	(5.1)	(8.8)	(2.8)
Other	(3.2)	(5.7)	(4.4)	(4.5)	(5.8)	(11.0)
Total budgetary revenue	100.0	100.0	100.0	100.0	100.0	100.0

Source: Table 11.

Table XXIII. Mauritania: Structure of Central Government
Budgetary Expenditure, 1983-88

(In percent of total)

	1983	1984	1985	1986	1987	1988 Est.
Operating expenditure	<u>88.9</u>	<u>86.3</u>	<u>88.2</u>	<u>89.1</u>	<u>77.9</u>	<u>75.8</u>
Wages and salaries	45.7	44.2	43.5	41.9	37.1	36.1
Maintenance and supplies	20.1	19.3	18.4	17.7	15.8	15.4
Subsidies and transfers	12.3	12.4	11.6	10.4	9.7	9.4
Interest on public debt	7.8	8.2	11.8	15.9	11.9	11.6
Other	3.0	2.2	2.9	3.3	3.5	3.3
Investment expenditure	<u>10.1</u>	<u>12.5</u>	<u>10.5</u>	<u>9.5</u>	<u>10.4</u>	<u>10.0</u>
Budgetary	6.1	4.8	5.3	4.6	4.4	4.4
Special accounts	4.0	7.7	5.2	4.9	6.0	5.7
Net lending	<u>1.0</u>	<u>1.2</u>	<u>1.3</u>	<u>1.4</u>	<u>11.7</u>	<u>14.1</u>
Of which: restructuring operations	(—)	(—)	(—)	(—)	(11.1)	(14.0)
Total expenditure and net lending	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Table 12.

Table XXIV. Mauritania: Deposit Money Banks, as of End-October 1988

Name of bank	Shareholders	Year of establishment	Capital (UM million)	Number of branches
Banque Internationale pour la Mauritanie (BIMA) <u>1/</u>	Banque Internationale pour l'Afrique Occidentale: 9 percent Mauritanian Government: 91 percent	1961	500	7
Banque Arabe-Libyenne pour le Commerce et le Développement (BALM)	Mauritanian Government: 49 percent Banque Libyenne du Commerce Extérieur: 51 percent	1972	200	2
Banque Mauritanienne Arabe-Africaine pour le Commerce et l'Industrie (BMCI)	Private Mauritians: 90 percent Mauritanian Government: 10 percent	1986	500	4
Union des Banques de Développement (UBD) <u>2/</u>	Mauritanian Government: 98 percent Société Tunisienne de Banque: 2 percent	1988	300	9
Société Mauritanienne de Banque (SMB) <u>1/</u>	Mauritanian Government: 55 percent Foreign banks: 45 percent	1967	150	4
Banque Al Baraka Mauritanienne Islamique (BAMIS)	Groupe Al Baraka JEDDAH: 50 percent Private Mauritians: 40 percent Mauritanian Government: 10 percent	1986	500	1

Source: Data provided by the Mauritanian authorities.

1/ BIMA and SMB are being merged.

2/ Bank resulting from the merger of the former Banque Mauritanienne de Développement et de Commerce (BMDC) and the Fonds National de Développement (FND).

Table XXV. Mauritania: Claims of the Banking System
on the Government, December 1984-December 1988

(In millions of ouguiyas; end of period)

	1984	1985	1986	1987			1988			
		December		June	Sept.	Dec.	March	June	Sept.	Dec.
Net claims on the Government	5,622	4,486	4,443	4,349	3,946	4,269	4,797	4,304	4,098	4,245
Central Bank's claims	5,959	4,764	4,774	4,726	4,337	4,857	5,383	4,880	4,698	4,822
Post Office account	(118)	(102)	(116)	(121)	(119)	(87)	(81)	(69)	(61)	(27)
Advances to the Treasury	(1,904)	(1,331)	(1,326)	(1,273)	(886)	(1,439)	(1,971)	(1,479)	(1,306)	(1,454)
Claims on public enterprises ^{1/}	(926)	(926)	(926)	(926)	(926)	(926)	(926)	(926)	(926)	(926)
Other claims on the Government	(3,011)	(2,405)	(2,406)	(2,405)	(2,405)	(2,405)	(2,405)	(2,405)	(2,405)	(2,405)
Commercial banks' claims	50	154	213	136	121	130	119	143	152	166
Central Bank's liabilities	-59	-84	-165	-64	-110	-194	-204	-148	-164	-171
Commercial banks' liabilities	-105	-130	-159	-144	-207	-254	-268	-304	-316	-273
Private deposits at the Post Office	92	97	162	118	134	38	118	114	108	81
Cash at the Treasury	-108	-108	-121	-163	-69	-48	-91	-120	-120	-120
Treasury credit to the private sector	-207	-207	-490	-260	-260	-260	-260	-260	-260	-200

Source: Data provided by the Mauritanian authorities.

^{1/} Claims on public enterprises (SNIM) assumed by the Government.

Table XXVI. Mauritania: Distribution of Bank Credit According to Maturity and Economic Sectors, December 1983-December 1988 ^{1/}

(End of period)

	1983	1984	1985	1986	1987		1988	
		December			Sept.	Dec.	Sept.	Dec.
Short-term	11,862	13,714	14,396	15,780	18,980	18,257	20,611	22,051
Agriculture and livestock	65	85	57	87	264	219	323	299
Fishing	1,714	2,284	2,466	2,665	3,327	4,005	4,653	5,422
Mining	201	418	34	251	375	382	713	890
Manufacturing	1,571	1,375	1,591	1,638	2,048	1,316	1,321	1,232
Construction	1,240	1,351	1,209	1,164	1,232	1,116	1,169	1,118
Transport	377	424	452	551	709	796	731	736
Services	669	830	802	895	1,017	902	1,262	1,635
Trade	5,281	6,012	6,590	7,309	8,534	8,074	8,749	8,989
Other	744	935	1,195	1,220	1,474	1,447	1,690	1,729
Medium-term	1,318	1,809	1,945	1,968	2,122	2,047	3,107	3,292
Agriculture and livestock	26	20	26	20	4	34	4	122
Fishing	100	140	131	132	110	99	679	741
Mining	—	—	—	—	—	—	—	—
Manufacturing	503	744	820	704	814	777	1,129	1,099
Construction	—	—	—	—	37	37	28	24
Transport	24	50	47	46	24	21	14	14
Services	302	292	298	291	312	291	446	480
Trade	78	271	309	303	327	304	327	321
Other	285	292	314	472	480	484	480	491
Long-term	33	31	24	24	20	20	14	15
Agriculture and livestock	—	—	—	—	—	—	—	—
Fishing	—	—	—	—	—	—	—	—
Mining	29	27	24	24	20	20	14	15
Manufacturing	4	4	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—	—
Transport	—	—	—	—	—	—	—	—
Services	—	—	—	—	—	—	—	—
Trade	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
Total	13,213	15,554	16,635	17,772	21,122	20,324	23,732	25,356

Source: Central Bank of Mauritania.

^{1/} Loans of the National Development Fund amounting to UM 803 million are included starting in September 1988.

Table XXVII. Mauritania: Assets and Liabilities of the Central Bank of Mauritania, December 1984-December 1988 ^{1/}

(In millions of ouguiyas; end of period)

	1984	1985	1986	1987		1988			
		December		Sept.	Dec.	March	June	Sept.	Dec.
Assets									
Foreign assets	5,072	4,066	3,975	3,567	5,566	4,612	4,017	3,900	4,568
Gold	(239)	(288)	(331)	(391)	(400)	(386)	(398)	(357)	(364)
Foreign exchange	(4,831)	(3,334)	(3,360)	(3,001)	(4,014)	(3,278)	(2,757)	(3,072)	(42,467)
SDRs	(2)	(444)	(284)	(176)	(1,152)	(1,152)	(862)	(471)	(43)
Reserve position with the Fund	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Claims on the Government	5,959	4,764	4,774	4,337	4,857	5,383	4,880	4,698	4,822
Claims on commercial banks	4,029	5,044	5,304	7,490	6,387	6,952	7,801	6,090	6,396
Claims on the economy	—	—	—	—	—	—	—	—	—
Assets = Liabilities	15,060	13,874	14,053	15,394	16,810	16,948	16,698	14,688	15,786
Reserve money ^{2/}	3,869	4,796	5,458	6,949	6,724	6,643	6,511	6,975	6,980
Of which: currency outside banks	(3,463)	(4,162)	(4,900)	(5,692)	(5,544)	(6,001)	(5,910)	(6,049)	(6,029)
Government deposits	59	84	165	110	194	204	148	164	171
Foreign liabilities ^{3/}	8,802	9,167	8,928	9,801	10,403	10,500	10,897	11,245	11,964
Capital accounts	3,380	3,403	3,813	4,049	3,644	3,644	3,680	3,680	3,663
Other items (net)	-1,050	-3,576	-4,311	-5,515	-4,155	-4,043	-4,538	-7,376	-6,992
Memorandum item:									
Currency in the Treasury	108	108	121	69	48	91	120	120	120

Source: Data provided by the Mauritanian authorities.

^{1/} During the year, assets and liabilities denominated in foreign currencies are converted into ouguiyas using central exchange rates, while transactions in foreign currencies are converted at current exchange rates. Any resulting foreign exchange gains or losses are recorded in other items (net). These assets and liabilities are revalued for the end-of-year data, using the year's average exchange rates.

^{2/} Including commercial bank deposits in ouguiyas with the Central Bank.

^{3/} Including long-term foreign liabilities.

Table XXVIII. Mauritania: Assets and Liabilities of the Deposit Money Banks,
December 1984-December 1988

(In millions of ouguiyas; end of period)

	1984	1985	1986	1987		1988			
		December		Sept.	Dec.	March	June	Sept.	Dec.
Assets									
Reserves ^{1/}	625	1,114	938	1,347	1,414	1,575	1,096	1,385	728
Foreign assets	323	497	1,099	1,980	1,819	1,661	1,204	2,263	2,670
Claims on the Government	50	154	213	121	130	119	143	152	166
Claims on the economy	14,539	14,751	15,950	17,488	17,555	18,746	18,331	19,786	20,326
Assets = Liabilities	15,537	16,516	18,200	20,936	20,918	22,101	20,774	23,586	23,890
Demand deposits	5,891	6,962	6,853	8,368	7,630	8,112	7,831	8,741	8,068
Time deposits	1,722	1,920	3,471	4,337	4,244	4,428	4,168	4,262	3,971
Foreign liabilities	6,187	5,095	5,662	5,999	5,623	5,776	6,058	5,145	6,070
Long-term foreign borrowing	100	55	78	84	99	99	99	579	563
Government deposits	105	130	159	207	254	268	304	316	273
Credit from Central Bank	3,784	4,379	5,331	6,940	6,384	6,902	7,797	6,212	5,855
Capital accounts	1,405	1,759	1,962	1,760	1,760	1,913	1,907	4,399	4,294
Other items (net)	-3,659	-3,784	-5,316	-6,759	-5,076	-5,397	-7,431	-6,068	-5,204
Memorandum items:									
Treasury's claims on the economy	207	207	260	260	260	260	260	260	260
Private sector deposits with the Post Office	92	97	162	134	119	38	114	108	81
Deposits in foreign exchange at the Central Bank	480	389	401	394	265	224	306	435	269
Reserves	146	725	537	953	1,149	1,351	790	951	458
Claims on the economy before deduction of interest provi- sion on nonperforming loans	14,539	15,485	17,202	18,913	18,607	19,640	19,638	20,058	20,598

Source: Data provided by the Mauritanian authorities.

^{1/} Including deposits in foreign exchange at the Central Bank of Mauritania.

Table XXIX. Mauritania: Selected Interest Rates on Deposits
as of End-1988

(In percent per year)

	More than UM 3,000,000	UM 1,000,001 to UM 3,000,000	UM 800,001 to UM 1,000,000	UM 500,001 to UM 800,000	UM 50,000 to UM 500,000	Less than UM 50,000
Demand deposits	5.00	5.00	5.00	5.00	5.00	5.00
Time deposits						
Less than 6 months	10.25	10.00	7.75	7.50	7.25	7.00
6-12 months	10.50	10.25	8.00	7.75	7.50	7.25
12-24 months	10.75	10.50	8.25	8.00	7.75	7.50
More than 2 years	11.00	10.75	8.50	8.25	8.00	7.75
Savings certificates ^{1/}						
6-12 months	10.50	10.25	8.00	7.75	7.50	7.25
12-24 months	10.75	10.50	8.25	8.00	7.75	7.50
More than 2 years	11.00	10.75	8.50	8.25	8.00	7.75
Savings accounts	10.00	10.00	10.00	10.00	10.00	10.00

Source: Data provided by the Mauritanian authorities.

^{1/} Savings certificates accounts (bons de caisse) are issued by notes of not less than UM 1,000 for at least six months. They can be redeemed by the issuer prior to maturity, at a penalty rate.

Table XXX. Mauritania: Selected Interest Rates on Lending as of
End-December 1988

(In percent per year)

	Medium-term credit		Short-term credit	
	Nonrediscountable	Rediscountable	Nonrediscountable	Rediscountable
Agriculture and livestock	13.0	8.0	12.0	8.5
Commerce: SONIMEX and drug distribution <u>1/</u>	...	...	13.0	9.5
Water and electricity	14.0	9.0	14.0	10.5
Mining	14.0	9.0	14.0	10.5
Industries (except wood and handicrafts)	14.0	9.0	14.0	10.5
Commerce: Food distribution	...	...	14.0	10.5
Industries: Handicrafts and wood	14.0	9.0	15.0	11.5
Real estate	...	...	15.0	11.5
Transport: Air Mauritanie	14.0	9.0	15.0	11.5
Other transportation	...	...	15.0	11.5
Mortgage financing	16.0	11.0	16.0	12.5
Transport, storage, and telecommunications	...	...	16.0	12.5
Petroleum products processing	14.0	9.0	16.0	12.5
Hotels, cafes, and restaurants	16.0	12.0	16.0	12.5
Other credits	...	...	16.0	12.5

Source: Central Bank of Mauritania.

1/ SONIMEX, Société Nationale d'Importation et d'Exportation.

Table XXXI. Mauritania: Foreign Assets and Liabilities of the
Banking System, December 1984-December 1988

(In millions of ouguiyas; end of period)

	1984	1985	1986	1987		1988			
	Dec.	Dec.	Dec.	Sept.	Dec.	March	June	Sept.	Dec.
Central Bank (net)	-3,749.8	-5,100.7	-4,636.0	-5,832.2	-3,973.1	-5,465.0	-6,195.5	-6,419.2	-5,562.4
Assets	4,929.1	4,066.0	3,975.3	3,567.5	5,385.2	4,612.3	4,017.4	3,899.7	4,612.5
Gold	239.1	287.5	330.9	391.0	405.1	385.7	398.2	367.3	363.9
Foreign exchange	4,688.2	3,334.1	3,152.4	2,779.4	3,823.7	3,188.5	2,630.1	2,953.9	4,086.4
SDRs	—	—	—	—	—	—	—	—	—
Reserve position in the Fund	1.8	444.4	284.0	175.9	1356.4	948.7	862.4	470.8	1.8
Bilateral balance	—	—	208.0	221.2	—	89.4	126.7	117.7	160.4
Liabilities	-8,678.5	-9,166.7	-8,611.3	-9,399.7	-9,558.3	-10,077.3	-10,212.9	-10,318.9	-10,174.9
Fund credit	-1,975.5	-2,415.4	-2,745.4	-3,081.7	-3,211.0	-3,194.0	-3,654.0	-3,615.8	-3,448.5
Banks and correspondents	-5,215.5	-6,130.0	-5,725.2	-6,161.0	-6,278.0	-6,270.0	-6,397.3	-6,513.6	-6,643.2
Bilateral balances	-1,477.6	-607.7	—	—	—	—	—	—	—
Other	-39.9	-13.6	-140.7	-157.0	-69.3	-613.3	-161.6	-189.5	-83.2
Commercial banks (net)	-5,866.0	-4,597.7	-4,562.8	-4,018.7	-3,804.3	-4,115.3	-4,853.5	-2,882.5	-3,400.4
Assets	322.8	497.3	1,099.2	1,980.0	1,819.0	1,660.7	1,204.5	2,262.9	2,669.8
Liabilities	-6,188.8	-5,095.0	-5,662.0	-5,998.7	-5,623.3	-5,776.0	-6,058.0	-5,145.4	-6,070.2
Banking system (net)	-9,615.4	-9,698.4	-9,198.9	-9,850.9	-7,777.4	-9,580.3	-11,049.0	-9,301.7	-8,692.9
Assets	5,251.9	4,563.3	5,074.5	5,547.5	7,404.2	6,273.0	5,221.9	6,162.6	7,282.3
Liabilities	-14,867.3	-14,261.7	-14,273.3	-15,398.4	-15,181.6	-15,853.3	-16,270.9	-15,464.3	-16,245.1

Source: Central Bank of Mauritania.

Table XXXII. Mauritania: Foreign Assets and Liabilities of the
Banking System, December 1984-December 1988

(In millions of SDRs; end of period)

	1984 Dec.	1985 Dec.	1986 Dec.	1987		1988			
				Sept.	Dec.	March	June	Sept.	Dec.
Central Bank (net)	-56.8	-60.3	-51.2	-60.5	-39.1	-54.2	-61.5	-63.0	-54.6
Assets	74.7	48.0	43.9	37.0	55.0	45.7	39.9	38.3	45.3
Gold	3.6	3.4	3.7	4.1	4.0	3.8	4.0	3.5	3.5
Foreign exchange	71.1	39.4	34.8	28.8	37.6	31.6	26.1	29.0	40.1
SDRs	—	—	—	—	—	—	—	—	—
Reserve position in the Fund	—	5.2	3.1	1.8	13.4	9.4	8.6	4.6	—
Bilateral balances	—	—	2.3	2.3	—	0.9	1.3	1.2	1.6
Liabilities	-131.6	-108.3	-95.0	-97.5	-94.1	-99.9	101.4	-101.3	-99.8
Fund credit	-30.0	-28.5	-30.3	-32.0	-31.6	-31.7	-36.3	-35.5	-33.8
Banks and correspondents	-79.1	-72.4	-63.2	-63.9	-61.8	-62.1	-63.5	-64.0	-65.2
Bilateral balances	-21.9	-7.2	—	—	—	—	—	—	—
Other	-0.6	-0.2	-1.6	-1.6	-0.7	-6.1	-1.6	-1.9	-0.8
Commercial banks (net)	-88.9	-54.3	-50.4	-41.7	-37.5	-40.8	-48.2	-28.3	-33.4
Assets	4.9	5.9	12.1	20.5	17.9	16.5	12.0	22.2	26.2
Liabilities	-93.8	-60.2	-62.5	-62.2	-55.4	-57.2	-60.2	-50.5	-59.6
Banking system (net)	-145.8	-114.6	-101.5	-102.2	-76.6	-95.0	-109.7	-91.3	-87.9
Assets	79.6	53.9	56.0	57.6	72.9	62.2	51.9	60.5	71.5
Liabilities	-225.4	-168.5	-157.5	-159.8	-149.5	-157.1	-161.6	-151.9	-159.4

Source: Central Bank of Mauritania.

Table XXXIII. Mauritania: Transactions Financed Directly Abroad, 1984-87

(In millions of ouguiyas)

	1984	1985	1986 <u>1/</u>	1987 <u>1/</u> Prov.
Financed through grants	<u>4,504</u>	<u>6,637</u>	<u>5,783</u>	<u>4,535</u>
Imports of merchandise	<u>2,887</u>	<u>3,584</u>	<u>2,892</u>	<u>1,692</u>
Freight and insurance	303	394	426	231
Students' transport	11	11	10	10
Transport of technical assistants	214	267	323	365
Scholarships	92	109	125	167
Studies	90	154	179	160
Salaries of technical assistants	907	1,244	1,828	2,070
Miscellaneous	...	872	179	—
Financed through loans	<u>4,950</u>	<u>4,893</u>	<u>10,623</u>	<u>7,241</u>
Imports of merchandise	<u>1,878</u>	<u>2,934</u>	<u>6,883</u>	<u>4,597</u>
Freight and insurance	167	489	1,057	766
Public works	1,817	1,223	2,648	1,623
Studies	244	245	35	255
Technical assistance	105	—	—	—
Total	<u>9,454</u>	<u>11,530</u>	<u>16,406</u>	<u>11,862</u>

Sources: Data provided by the Mauritanian authorities; and Fund staff estimates.

1/ Excludes transactions of the Société Nationale Industrielle et Minière.

Table XXXIV. Mauritania: Direction of Exports, 1984-87 1/

(In millions of SDRs)

	1984	1985	1986	1987
Total exports	<u>...</u>	<u>367.9</u>	<u>359.2</u>	<u>330.9</u>
Industrial countries	<u>...</u>	<u>209.1</u>	<u>248.5</u>	<u>237.0</u>
Japan	55.2	57.2	83.6	89.5
Belgium-Luxembourg	45.0	29.1	31.2	31.0
France	37.7	25.5	38.4	35.6
Italy	61.2	28.0	38.8	41.3
Spain	18.2	47.8	39.0	17.3
Germany	8.1	5.9	8.3	5.5
United Kingdom	12.5	14.2	6.3	10.9
Others	...	1.4	2.9	5.8
Developing countries	<u>...</u>	<u>45.4</u>	<u>48.6</u>	<u>37.4</u>
Côte d'Ivoire	8.2	10.9	15.2	10.0
Cameroon	0.4	0.5	4.2	5.2
Algeria	5.7	13.9	8.7	5.9
Iraq	...	8.7	5.9	...
Others	...	11.4	14.6	...
Other countries <u>2/</u>	<u>...</u>	<u>75.8</u>	<u>55.6</u>	<u>49.6</u>
Romania	...	10.0	11.1	11.6
U.S.S.R.	...	63.1	42.0	36.2
Others	...	2.7	2.5	1.8
<u>Memorandum items:</u>				
Exports reported by Mauritania	291.6	372.0	358.8	315.1

Sources: IMF, Direction of Trade Statistics; and staff estimates.

1/ Data based on partner country information.

2/ The U.S.S.R. and countries of Eastern Europe that are not members of the Fund.

Table XXXV. Mauritania: Origin of Imports, 1984-87 1/

(Millions of SDRs)

	1984	1985	1986	1987
Total imports	<u>...</u>	<u>238.7</u>	<u>251.4</u>	<u>295.3</u>
Industrial countries	<u>...</u>	<u>155.4</u>	<u>193.5</u>	<u>197.3</u>
Japan	4.9	2.3	5.9	4.1
Belgium-Luxembourg	13.2	5.7	7.8	4.7
France	79.4	82.4	100.6	97.0
Italy	9.8	2.6	7.5	7.6
Spain	71.6	19.4	30.6	33.9
Germany	34.7	15.8	19.3	23.2
United States	27.7	17.0	7.7	9.6
Netherlands	9.0	4.6	7.0	9.2
Others	...	5.5	7.1	7.9
Developing countries	<u>...</u>	<u>55.4</u>	<u>40.5</u>	<u>80.8</u>
Côte d'Ivoire	...	5.8	5.2	5.2
Senegal	15.7	12.9	8.9	6.4
Algeria	...	--	0.6	43.0
Thailand	20.7	16.6	7.0	3.2
China, P.R.	10.9	13.9	11.4	17.7
Others	...	6.3	7.3	5.4
Other countries <u>2/</u>	<u>...</u>	<u>1.3</u>	<u>1.2</u>	<u>1.7</u>
Memorandum items:				
Imports reported by Mauritania	309.8	319.5	287.5	257.2

Sources: IMF, Direction of Trade Statistics; and staff estimates.

1/ Data based on partner country information.

2/ The U.S.S.R. and countries of Eastern Europe that are not members of the Fund.

Table XXXVI. Mauritania: Debt by Creditor, 1984-87

(In millions of SDRs)

	1984	1985	1986	1987 Est.
Total external debt	<u>1,237.7</u>	<u>1,249.5</u>	<u>1,230.1</u>	<u>1,219.8</u>
Bilateral loans	<u>944.0</u>	<u>1,098.1</u>	<u>1,125.2</u>	<u>1,020.4</u>
Algeria	39.9	53.4	82.8	76.8
Austria	51.8	67.0	77.7	46.7
China, P.R.	18.9	17.5	46.6	74.7
France	46.4	80.4	91.0	105.2
Germany	30.4	42.2	49.2	57.0
Japan	6.1	10.8	18.7	22.7
Netherlands	7.7	13.0	13.4	31.7
Saudi Arabia	186.6	190.0	160.7	147.2
Spain	50.7	55.8	45.4	26.7
United Arab Emirates	28.9	32.5	26.7	23.9
Others <u>1/</u>	420.7	358.7	247.6	207.2
Multilateral loans	<u>349.7</u>	<u>366.2</u>	<u>370.3</u>	<u>399.9</u>
African Development Bank	10.6	11.8	11.4	8.9
African Development Fund	19.9	24.7	24.3	26.6
AFESD <u>2/</u>	67.8	76.9	77.6	86.5
Arab Monetary Fund	38.0	28.0	34.5	43.1
European Investment Bank	15.2	20.8	19.2	25.4
IBRD	55.6	50.2	46.9	45.6
IDA	54.8	62.8	67.7	97.3
IMF <u>3/</u>	39.6	39.5	37.5	22.9
Islamic Development Bank	12.2	16.7	18.1	18.7
OPEC Special Fund	32.0	29.6	26.2	18.1
Others	3.8	5.2	7.1	6.9

Sources: Mauritanian authorities; World Bank Debt Reporting System; and Fund staff estimates.

1/ Includes deposits with the Central Bank.

2/ AFESD, Arab Fund for Economic and Social Development.

3/ Includes Trust Fund and use of Fund resources.

Table XXXVII. Mauritania: Medium- and Long-Term Debt
by Debtor, 1984-87

(In millions of SDRs)

	1984	1985	1986	1987 Est.
Total external debt	<u>1,237.7</u>	<u>1,249.5</u>	<u>1,230.1</u>	<u>1,219.9</u>
Central Government	777.1	740.5	736.2	792.9
Central Bank	72.6	77.2	67.0	103.2
Public corporations	247.9	286.8	310.7	310.1
BIMA ^{1/}	18.3	16.7	14.9	10.6
OPT	0.7	0.0	18.6	16.3
SONELEC	0.9	2.2	16.9	15.8
SNIM	211.1	234.2	244.0	254.3
Others	16.9	33.7	16.3	13.1
Mixed enterprises	28.5	29.4	14.9	13.2
ALMAP	0.7	0.0	12.6	11.5
Others	27.8	29.4	2.4	1.7
Others	111.6	115.6	101.2	0.4

Sources: Mauritanian authorities; World Bank Reporting System; and Fund staff estimates.

^{1/} BIMA, Banque Internationale Mauritanienne; OPT, Office des Postes et Telecommunications; SONELEC, Société Nationale d'Eau et d'Electricité; SNIM, Société Nationale Industrielle et Minière; ALMAP, Algero-Mauritanienne de Pêche.

Table XXXVIII. Mauritania: Average Terms of Contracted Debt, 1982-87

	1982	1983	1984	1985	1986	1987
Total outstanding debt						
Interest rate (percent)	3.2	5.0	2.7	2.1	2.8	1.0
Maturity (years)	25.5	17.9	21.6	29.3	21.2	44.9
Grace period (years)	6.8	4.8	8.6	7.2	6.4	9.8
Grant element (percent)	47.8	30.9	56.3	58.4	49.0	78.1
Suppliers' credits						
Interest rate (percent)	5.6	6.9	8.6	--	4.2	--
Maturity (years)	16.2	13.0	10.5	--	8.0	--
Grace period (years)	8.3	4.7	1.0	--	--	--
Grant element (percent)	31.0	19.0	2.9	--	17.9	--
Financial institutions						
Interest rate (percent)	8.8	6.6	12.1	--	7.8	--
Maturity (years)	7.7	13.7	22.3	--	6.4	--
Grace period (years)	1.5	4.3	5.4	--	1.4	--
Grant element (percent)	3.2	20.3	-19.0	--	5.8	--
Multilateral loans						
Interest rate (percent)	3.3	4.2	3.2	1.8	3.2	1.0
Maturity (years)	21.1	21.0	21.0	33.8	24.2	46.2
Grace period (years)	6.3	5.2	4.4	7.6	6.1	9.7
Grant element (percent)	43.3	37.3	45.2	62.7	46.4	79.1
Bilateral loans						
Interest rate (percent)	2.0	5.4	2.3	2.6	0.8	1.5
Maturity (years)	32.9	13.1	21.8	21.0	19.8	36.6
Grace period (years)	8.1	4.1	10.1	6.4	8.4	10.4
Grant element (percent)	60.9	24.3	61.4	50.7	64.1	71.8
Memorandum items:						
One-year US\$ London interbank offer rate (LIBOR)	13.7	10.2	11.8	9.1	7.0	7.6

Sources: World Bank Debt Reporting System; IMF, International Financial Statistics.

Mauritania: Summary of the Tax System, 1989

(All amounts in ouguiyas)

Tax	Nature of Tax	Exemptions and Deductions	Rates
<u>Central Government</u>			
<u>1. Taxes on Income and Net Profits</u>			
<u>1.1 Corporate</u>			
	There are no corporate taxes as such. The schedular tax described in 1.11 below is levied on companies as if they were individuals.		
1.11 Tax on industrial and commercial profits and on agricultural profits (BIC)—General Tax Code, 1982 (CGI).	Schedular tax levied on the profits of joint-stock companies, limited liabilities and public enterprises. Capital gains are not taxable if they are reinvested within three years. Losses may be carried over from one fiscal year to the next three years. Nonresidents are taxed on profits earned in Mauritania. Tax returns must be signed within three months of the close of the fiscal year, and the tax must be paid within the month following the deadline for collection.	Cooperative companies and bodies authorized in accordance with Law No. 67/171 of July 18, 1967 are exempt.	40 percent.
1.12 Minimum lump-sum tax (IMF)—CGI.	Based on the turnover of the last completed fiscal year. Deducted from the amount of BIC payable (see 1.11), but no reimbursement is allowed if the minimum lump sum tax exceeds the BIC payable. The tax is also paid on all imports in addition to other import duties.	See 1.11 above.	Since 1986, 4 percent of turnover (instead of 1 percent previously) with minimum of UM 300,000; 2 percent for fishing sector. With 1989 finance law, minimum lowered to UM 240,000; 50 percent of IMF can be deducted from BIC.
1.13 Tax on income from securities—CGI.	Levied on dividends and interest from shares, stocks and bonds, and on attendance fees and bonuses. Withheld at source.		Normal rate: 16 percent.
1.14 Tax on real estate—CGI.	Levied on real estate.	Income from real estate included in the profits of an industrial, commercial, or small enterprise is subject only to BIC. A lump-sum deduction of 30 percent is made from gross real estate income. Real estate income not exceeding UM 50,000 is exempt.	20 percent.
<u>1.2 Individual</u>			
1.21 Tax on industrial and commercial profits and on agricultural profits (BIC).	Levied on profits of individuals in the manner described in 1.11. With 1989 finance law, taxpayers whose annual turnover does not exceed UM 1.5 million are eligible for the lump-sum arrangement; taxpayers whose annual turnover is between UM 3 million and 6 million, if they sell merchandise, or UM 1.5 million and 3 million, if they provide services, are eligible for the simplified tax schedule.		40 percent.
1.22 Minimum lump-sum tax on individuals.	Levied on individuals subject to BIC and BNC on actual profit.		See 1.12 above.
1.23 Tax on income from securities.	See 1.13 above.	See 1.13 above.	See 1.13 above.
1.24 Tax on noncommercial profits—CGI.	Levied on persons exercising a liberal profession who are not subject to another schedular tax; the minimum lump-sum tax is also applicable.	Since 1989 finance law, minimum of UM 120,000; 50 percent of IMF can be deducted from BNC.	35 percent.

Mauritania: Summary of the Tax System, 1989 (continued)

(All amounts in ouguiyas)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
1.25 Tax on wages, salaries, pensions and life annuities—CGI.	Levied on wages, salaries, pensions, annuities, indemnities, fees, and benefits in kind. Withheld at source.	Family allowances, special indemnities (up to UM 10,000 a month), and pensions paid to disabled soldiers, war veterans, and victims of occupational accidents are exempt. Retirement plan contributions and some similar social plan contributions may be deducted from gross amounts received.	Monthly payment (UM)	Tax rate (percent)
			Up to 4,000	0
			From 4,000 to 6,000	6
			From 6,001 to 10,000	9
			From 10,001 to 20,000	16
			From 20,001 to 25,000	21
			From 25,001 to 30,000	23
			From 30,001 to 40,000	26
			From 40,001 to 60,000	30
			From 60,001 to 80,000	33
			From 80,001 to 100,000	35
			Over 100,000	39
1.26 Tax on income from real estate—CGI.	See 1.14 above. 30 percent deduction. Revenues lower than UM 50,000 exonerated.	See 1.14 above.	See 1.14 above.	
1.27 General income tax (IGR)—CGI.	Levied on total net income, regardless of source, of individuals whose customary residence or principal abode is in Mauritania or of individuals whose activity is chiefly performed there.	The tax is based on income as calculated for schedular tax purposes (after a 10 percent deduction from wages). One split is allowed for a spouse and one half split for each dependent child, up to five splits per family. The rates shown in the next column are applied separately to each split and the total tax payable by the family unit is equal to the sum of the amount due for each split. Since 1986, salaries are exonerated.	Income brackets (one split) (UM)	Rate (percent)
			Up to 120,000	—
			From 120,001 to 180,000	5
			From 180,001 to 380,000	10
			From 380,001 to 500,000	15
			From 500,001 to 700,000	20
			From 700,001 to 1,000,000	25
			From 1,000,001 to 1,350,000	30
			From 1,350,001 to 2,500,000	40
			From 2,500,001 to 2,900,000	50
			From 2,900,001 to 4,000,000	50
			Over 4,000,000	55
2. Social Security Contributions				
Law 67/039 of February 3, 1967.	Covers: (1) family benefits; (2) occupational hazards; (3) retirement. The maximum monthly wage for contribution purposes is UM 30,000.		Contribution	Percentage of wages
			<u>Family benefits</u>	
			Employer	9
			Employee	—
			<u>Occupational hazards</u>	
			Employer	2
			Employee	—
			<u>Retirement</u>	
			Employer	2
			Employee	—

Mauritania: Summary of the Tax System, 1989 (continued)

(All amounts in ouguiyas)

Tax	Nature of Tax	Exemptions and Deductions	Rates
3. Employer's Payroll Taxes			
3.1 Apprenticeship tax—CGI.	Levied on total wages paid by companies or individual operators engaged in industrial, commercial, or agricultural activities.	Employers making arrangements for technical instruction or apprenticeship are exempt. A tax reduction of up to UM 400 is allowed on sums paid to apprentices, up to an amount representing 50 percent of the tax normally due.	0.6 percent of total wages paid.
4. Taxes on Property			
4.1 Real Estate Taxes			
4.11 Tax on improved land—CGI.	Levied on improved properties, including permanent installations in commercial premises, and uncultivated land used for commercial or industrial purposes. Based on rental value.	Permanent exemptions: buildings belonging to the Government, local governments and public establishments; buildings used for medical or social welfare purposes, and straw huts. A 30 percent deduction is granted on the fixed rental value to allow for expenses.	3 percent: owner-occupied buildings maintained as principal residence. 15 percent: buildings not rented, inhabited, or used by their owner. 20 percent: buildings rented. 9 percent: other buildings.
4.12 Tax on unimproved land—CGI.	Levied on the market value of unimproved and unoccupied urban land. The value is determined by the Government.	Land belonging to the Government, playing fields, land used for religious purposes, and agricultural land are exempt.	Tax eliminated in 1986.
4.2 Transfer Taxes—CGI			
	Levied on inheritance settlements among heirs and on transfers of real property, business assets, and shares in companies.	Acquisitions by local government agencies, including regional financial groups, the Central Bank of Mauritania, the Development Bank, the Savings Bank, the National Security Fund, cooperative companies, mutual societies, companies in which the Government holds at least 51 percent of the capital, and gifts between spouses and between lineal relatives are exempt.	0.5 percent on divisions between co-inheritors, co-owners and co-associates. 5 percent for companies, 12 percent for business assets and real property.
4.4 Livestock Taxes—CGI			
	Levied on beef cattle, horses, camels, donkeys, sheep, and goats.	None.	Rate varies from UM 20 to UM 200 per head. Tax not currently collected.
5. Domestic Taxes on Goods and Services			
5.1 General Sales Turnover or Value-Added Taxes			
5.11 Turnover tax—CGI and customs tariff.	Levied on the value of imports, specific services, and domestic sales of products. Imports are taxed on their c.i.f. customs value.	The following are exempt: air, sea, and river transport operations, fishing boats, nets, cereals, foodstuffs, milk, bread, and fruit. Also exempt are resales of products on which the tax has already been paid, insurance company transactions subject to a separate tax (see 5.31 below), periodicals, and public transport operations. A deduction based on the cost price "delivered warehouse" is allowed on materials or other items wholly or partially incorporated in taxable finished products.	Tax rates: Domestic sales: general rate: 10 percent net of taxes. Reduced rate: 4 percent net of taxes on sales by public utilities. Imports: general rate: 14 percent. Increased rate: 27 percent. Services: 16 percent.
5.2 Excises			
5.21 Tax on petroleum products—CGI.	Levied on petroleum products at specific rates.	Fuel delivered to oceangoing ships, fishing vessels, and commercial airlines, inter alia, is exempted.	Premium gasoline: UM 2,050 per hectoliter. Regular gasoline: UM 2,050 per hectoliter. Kerosene: UM 85 per hectoliter. Gas-oil: UM 280 per hectoliter. Fuel oil: UM 220 per hectoliter. Heavy oils: UM 820 per metric ton. Greasing and lubricating oil: UM 4,200 per metric ton. Liquified gas: UM 1,050 per metric ton.

Mauritania: Summary of the Tax System, 1989 (continued)

(All amounts in ouguiyas)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5.22 Other excises	Levied on alcoholic beverages, tobacco products, tea, rice, powdered milk, oil, and tomato concentrate.		Alcoholic beverages: 150 percent. Tobacco: rate varies from 24 percent to 30 percent of c.i.f. value per pack or kilogram. Tea: UM 120 per kilogram. Sugar in block: UM 2.5 per kilogram. Sugar in lump: 18 percent of c.i.f. value. Sugar in powder: 30 percent of c.i.f. value. Powdered milk: UM 2 or 4 per kilogram.
5.3 <u>Taxes on Specific Services</u>			Fire insurance: 30 percent. Transportation insurance: 5 percent. Life annuity contract: 5 percent. Export credit insurance: 0.1 percent. Other insurance: 8 percent.
5.31 Tax on insurance premiums—CGI.	Levied annually on premiums collected by insurance companies.	Reinsurance operations, occupational accident insurance premiums, and premiums collected by cooperative companies are exempt.	
5.32 Tax on movies—CGI.	Levied on gross receipts of movie houses or from movie rentals.	None.	1.5 percent.
5.4 <u>Taxes on Use of or Permission to Use Goods or to Perform Activities</u>			Rates range from UM 2,700 to UM 15,600.
5.42 Tax on motor vehicles—CGI.	Levied annually on motor vehicles and based on horsepower.	Vehicles belonging to the Government, local governments, and diplomats are exempt.	
5.43 Business license tax—CGI.	Annual tax payable by individuals and juridical persons habitually exercising in Mauritania an industrial or commercial occupation or craft or an industry not expressly exempted.	The Government, regional governments, artists, mine operators, fishermen, associates in partnerships, limited partnerships, or limited liability companies, and craftsmen are exempt.	The tax is composed of two fees: (i) a fixed fee whose rate ranges from UM 1,000 to UM 300,000 according to 12 different classes depending on the overall turnover for the preceding year. (ii) a proportional fee at the rate of 5 percent of the rental value of premises where the taxable activity is exercised. (It must be at least one fourth of the fixed fee).
5.44 Other business license tax—CGI.	Annual tax payable by persons or companies selling alcoholic or fermented beverages, wholesale or retail, for consumption on or off premises.	None.	UM 25,000.
6. <u>Taxes on International Trade and Transactions</u>			
6.1 <u>Import Duties</u>			
(Customs tariff)			
6.11 Customs duties.	Levied on imports on the basis of their c.i.f. value or their administrative value as determined by the Government. New tariff code implemented in 1989.	Certain capital goods and various consumer goods, such as tea, salt, and medicines, are exempt. All imports from CEA0 (West African Economic Community) member countries not subject to the regional cooperation tax, and some imports from Morocco, Algeria, Tunisia, and the EEC, also are exempt.	Minimum tariff: rates vary from 2 percent to 40 percent for imports from countries with most-favored-nation status. Protective tariff: three times the minimum tariff for goods imported from other countries.
6.12 Import duty.	Levied on the same base as the customs duties referred to in 6.11.	Various exemptions are allowed.	Rates vary from 5 percent to 166 percent.
6.13 TCA on imports.	Levied on imports on the basis of c.i.f. customs value.	Various exemptions are allowed.	Normal rate: 14 percent. Increased rate: 27 percent.

Mauritania: Summary of the Tax System, 1989 (concluded)

(All amounts in ouguiyas)

Tax	Nature of Tax	Exemptions and Deductions	Rates
6.14 Regional cooperation tax (TCR).	Levied on certain industrial products imported from CEAO member countries in lieu of import duties levied on other imports as described above (6.11 and 6.12); special treatment granted by the CEAO Council of Ministers on a case-by-case basis.		Specific rates or ad valorem rates apply, depending on the case.
6.2 <u>Import Duties</u> (Customs tariff)			
6.21 Export duty.	Levied on the f.o.b. value of exports or on their administrative values as determined by the Government.	All goods originating elsewhere than in Mauritania are exempt on export or re-export.	This tax is not currently collected.
6.22 Export tax on fish.	Levied on exports of fish and crustaceans.	None.	Rates vary from 7 percent to 20 percent.
7. <u>Other Taxes</u>			
7.2 Stamp taxes	Mandatory use of stamps on legal documents drawn up for various acts.	None	Fixed or proportional taxes, depending on the type of document used.

Investment Code

January 1989

The 1989 Investment Code replaces the 1979 Code and clearly redefines the Government's economic priorities and the advantages which should be extended to qualified investors. The list of priorities comprises agro-industry, fishing, mining, construction, maritime transport, low-rent housing construction, utilities, and tourism. The selection criterion is the project's contribution to the national economy, with particular emphasis on promotion of small- and medium-size enterprises; development of exports of products manufactured in Mauritania; increased use of domestic resources; investment in the interior of Mauritania; and promotion of foreign investments. There are two regimes: priority enterprises and enterprises granted tax agreement. To be eligible to the priority scheme the investments must represent a new undertaking; or an expansion of an existing activity (increase of 30 percent in number of employees, or increase of 40 percent of assets). To be eligible for the agreement scheme the value of the investment must be more than UM 500 million implemented over four years and create at least 200 new jobs during the first two years of production.

Priority enterprises and enterprises granted tax agreement are exempt from the BIC on 40 percent of their benefits during the first six years of production, as long as the exempted amount is reinvested in the enterprise or in another priority enterprise within three years. Priority enterprises also benefit for a limited period of time from a reduction in the BIC rates, which vary according to the location of the investment. During the first six years of production, the rate of the TPS is reduced by 5 percent on bank loans obtained to finance the investments. Additional benefits are: for small- and medium-sized enterprises, a reduction in duties on imports necessary for effecting the investment; for investment in the interior of the country, preferential discount rate, exemption from business license tax, sale of land at below market prices; for enterprises exporting products manufactured in Mauritania, preferential discount rate for export credits, 50 percent reduction in TPS rates on export credits, permission to open foreign exchange accounts to deposits up to 20 percent of export earnings.

Under the tax agreement regime, enterprises are guaranteed a stable direct taxation system for ten years. Other fiscal advantages can be only on real estate taxes, user taxes, trading licenses, and tax on income from securities, from which enterprises can be exempted during the first six years of production.

Sources: General Tax Code of May 24, 1982; Investment Code, 1989; Customs Code; Customs Tariff; Fiduciaire France-Afrique, *Fiscalité Africaine: Mémento fiscal et social de la République Islamique de Mauritanie*, 1983; International Bureau of Fiscal Documentation, *African Tax Systems*, 1983; *Mauritania*; and information provided by the Mauritanian authorities.

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