

Country Profile:

Republic of Maldives



Estimated Population 320, 000 (as of year 2011)¹

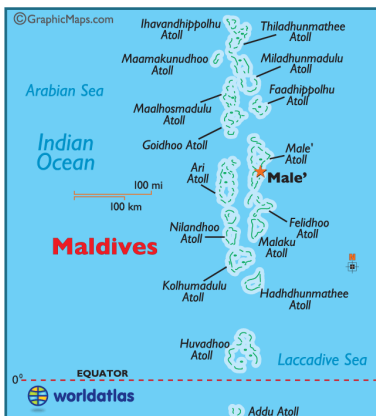
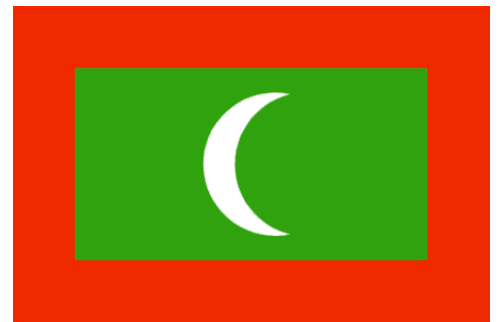
Estimated Growth Rate (Average Annual %) 1.3 (2010-2015)²

Rank in the world based on population 170th ³

Capital Male

Language Maldivian Dhivehi (Official Languages)

Currency Rufiyaa (MVR)



Location ⁴ The Republic of Maldives is a group of atolls in the Indian Ocean about 417 mi (671 km) southwest of Sri Lanka. Its 1,190 coral islets stretch over an area of 35,200 sq mi (90,000 sq km). With global warming and the shrinking of the polar ice caps, the Maldives is directly threatened, as none of its islands rises more than six feet above sea level.



¹ <http://data.un.org/CountryProfile.aspx?crName=Maldives>

² <http://data.un.org/CountryProfile.aspx?crName=Maldives>

³ <http://www.worldatlas.com/aatlas/populations/ctypopls.htm>

⁴ <http://www.infoplease.com/country/kazakhstan.html>

History ⁵

The Maldives, a group of about 1,200 islands, separated into a series of coral atolls, is just north of the Equator in the Indian Ocean. Only 200 of the islands are inhabited. Many of these tropical atolls and islands are simply gorgeous, with swaying palms, white sandy beaches and deep-blue lagoons; none of the islands rise higher than 7.8 ft. above sea level. These low lying specs of coral are subject to erosion, and stand at the mercy of any sea level rise. Some were severely damaged during the December 2004 Tsunami. Due to its strategic location, the Maldives secured the interest of Middle Easterners, and by the 10th century AD trade routes were established and Islam was introduced to the region. Despite being ruled by an independent Islamic sultanate for centuries, the Maldives were taken over by the Dutch in the mid-17th century, and were almost promptly driven out by British forces some years later. As a British protectorate, the Maldives were given military protection, as well as a non-interference in local administration. At the emergence of a proposed constitutional monarchy, conflict erupted, and the people of the Maldives pushed for independence. The Maldives successfully gained their freedom from the United Kingdom in 1965, and three years later, declared itself an independent republic. In 1978, Maumoon Abdul Gayoom was elected president, and a period of political stability flourished along with an increase in tourism and increased foreign contact. In spite of the booming economy, Maumoon Abdul Gayoom's presidency was seen as controversial, and a series of coup attempts throughout the 1980s were attempted. Additional riots in the capital city of Malè during August 2004 garnered worldwide attention, and prompted the president and his government to pledge much needed democratic reforms, including a more representative political system and expanded political freedoms.



Maumoon Abdul Gayoom

In 2008, President Gayoom stepped down as Mohamed Nasheed won the presidential election. Nasheed encountered several challenges as a new president, including a massive debt, economic instability as a result of the 2004 tsunami, and unemployment to name but a few. Social unrest prevailed over the next couple of years, and on February 7, 2012 Mohamed Nasheed was forced to resign, following a coup. Vice President Mohammed Hassan was sworn in as president, and in March 2012 the new regime declared that a previously proposed election (one to decide a new president) would not be held. Throughout the past few decades the Maldives has transformed itself into a popular fishing, scuba diving, surfing and exotic resort and spa destination. It continues its effort to reclaim (solid ground) from the shallow waters of the surrounding reefs, but its precarious elevation above sea level is an on-going concern for all who call this beautiful place, home.



Mohammad Waheed Hassan

Political System ⁶



The politics of the Maldives take place in the framework of a presidential representative democratic republic, whereby the President is the Head of Government. Executive power is exercised by the government. The President heads the executive branch and appoints the Cabinet; Like many presidential democracies, each member of the cabinet need to be approved by the Parliament. The President, along with the vice President, is directly elected by the people to a five-year term by a secret ballot. He could be re-elected to second 5 year term, the limit allowed by the Constitution. The unicameral Majlis of the Maldives is composed of 77 members serving a five-year term. The total number of the members representing each constituency depends on the total population of that constituency. The Maldivian legal system is derived mainly from traditional Islamic law. There is a Supreme Court with 5 judges including the Chief Justice. The Chief Justice is appointed by the President, with the recommendation of the Judicial Service Commission. Parliament is required to approve the appointment before he assumes office. There is a High Court, a Criminal Court, Civil Court and many Lower Courts in each Atoll/Island. An Attorney General is part of the Cabinet and also needs the approval of Parliament before taking office. Under the new constitution, the function of Local Government is devolved to an Atoll Council to administer each atoll and an Island Council to administer each inhabited island. Island councilors are elected by the people of each island, and the Atoll Councilors are in turn elected by the Island Councilors.

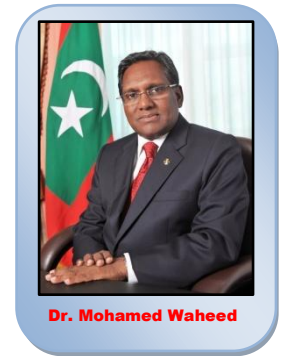
⁵ <http://www.worldatlas.com/webimage/countrys/asia/mv.htm>

⁶ http://en.wikipedia.org/wiki/Politics_of_the_Maldives

Important Political Figures

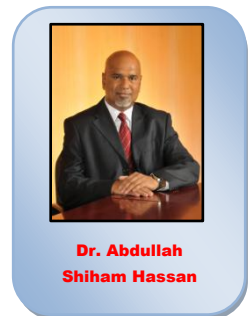
The President ⁷

Dr Mohamed Waheed assumed office of the President of the Republic of Maldives on 7 February 2012, following the resignation of then President Mohamed Nasheed. Dr Waheed previously served as the first elected Vice President of Maldives. He was elected on 28 October 2008. President Waheed is the Leader of the Gaumee Itthihaad party. President Waheed's political career began in 1988 when he ran the first Western-style election campaign and won the parliamentary seat for the largest constituency in the country. President Waheed is an experienced international civil servant who has worked in headquarters, regional and country offices of the United Nations. Until July 2008, he was UNICEF Country Representative in Turkmenistan. He served UNICEF as its Representative and head of mission in several countries. These include Acting Regional Director, UNICEF Regional Office for South Asia, Interim Representative of Afghanistan, Yemen, Montenegro, and in FYR Macedonia. Between 2002 and 2005, he served as the Special Representative in Afghanistan where he advised the Government of President Hamid Karzai and assisted in the coordination and rehabilitation of the education sector on behalf of the United Nations Assistance Mission for Afghanistan. In 2005, President Waheed was appointed Associate Director of UN Development Group Office in New York where he was responsible for simplification and harmonization of the United Nations operational activities. In this capacity he served as Secretary of the UNDG Management Group, exercised oversight responsibilities for the setting up of the first UN Joint Office pilot and led the headquarters support to the UN Resident Coordinator system for Europe and the Middle East. Prior to joining UNICEF, President Waheed was a Member of Parliament for Male' and served as Secretary of Education. While in government he served in the Office of the President and as member of Atolls Development Advisory Board, the Maldives Youth Council and the Council for Dhivehi Language and Literature. He had also worked as lecturer at Michigan State University and as a Programme Manager of HSQ Technology Incorporated USA, an information technology firm in San Francisco. Between 1991 and 1992, he worked with UNDP and UNESCO in Swaziland, Lesotho, Mozambique, Bangladesh, Fiji, and Western Samoa. President Waheed received his PhD from Stanford University, USA, in 1987 specializing in the field of international development. He received MA in political science and MA in education from the same university. He completed his undergraduate studies at the American University of Beirut in 1976.



Chairman of the Bank of Maldives ⁸

Dr. Abdullah Shiham Hassan is a Senior Lecturer of Maldives National University's Faculty of Shari'ah and Law and a founding member of the Ministry of Islamic Affairs Fiqh Academy of Maldives. Dr. Shiham acted as the advisor to the MMA from 2008 to 2010 to introduce Islamic Finance to the Maldives. He established Institute of Islamic Finance Maldives (I.I.F.M) in 2009 and serves as the Managing Director and a Lecturer. Dr. Shiham gained his Doctor of Philosophy in Law from the International Islamic University, Malaysia, specialising in Islamic Banking Regulation and Supervision. He also gained his Master of Comparative Laws degree from this university specialising in Islamic Insurance (Takaful). He undertook his Bachelor of Laws from the University of Tasmania, Australia. From 1975 onwards, Dr. Shiham has been serving in the Civil Service, Diplomatic Service, Education and Legislatives. Dr. Shiham is also a director of Amana Takaful Maldives PLC. He was appointed to the Bank's Board on 10th August 2011 and reappointed on 08th November 2012. He holds no shares in the Bank.



⁷ <http://www.presidencymaldives.gov.mv/Index.aspx?lid=7>

⁸ <http://www.imf.org/external/np/seminars/eng/2013/cca/pdf/bios.pdf>

Indicator	Indicator Value		
	Year 2013	Year 2012	Year 2011
GDP Growth (Constant Prices, National Currency)	3.764 %	3.498 %	7.049 %
GDP (Current Prices, National Currency)	MVR 36.774 Billion.	MVR 34.012 Billion.	MVR 31.447 Billion.
GDP (Current Prices, US Dollars)	US\$ 2.388 Billion	US\$ 2.209 Billion	US\$ 2.042 Billion
GDP Deflator	167.359 (Index, Base Year as per country's accounts = 100)	160.613 (Index, Base Year as per country's accounts = 100)	153.697 (Index, Base Year as per country's accounts = 100)
GDP Per Capita (Constant Prices, National Currency)	MVR 65,311.14	MVR 63,998.56	MVR 62,873.46
GDP Per Capita (Current Prices, National Currency)	MVR 109,303.80	MVR 102,789.91	MVR 96,634.32
GDP Per Capita (Current Prices, US Dollars)	US\$ 7,097.65	US\$ 6,674.67	US\$ 6,274.96
GDP (PPP), US Dollars	US\$ 3.223 Billion	US\$ 3.056 Billion	US\$ 2.901 Billion
GDP Per Capita (PPP), US Dollars	US\$ 9,579.23	US\$ 9,234.85	US\$ 8,913.04
GDP Share of World Total (PPP)	0.004 %	0.004 %	0.004 %
Implied PPP Conversion Rate	11.41	11.131	10.842
Investment (% of GDP)	17.488 %	17.909 %	18.778 %
Gross National Savings (% of GDP)	-8.112 %	-8.169 %	4.075 %
Inflation, Average Consumer Prices (Indexed to Year 2000)	221.318 (Index, Base Year 2000 = 100)	209.149 (Index, Base Year 2000 = 100)	188.61 (Index, Base Year 2000 = 100)
Inflation (Average Consumer Price Change %)	5.818 %	10.89 %	11.258 %
Inflation, End of Year (Indexed to Year 2000)	224.949 (Index, Base Year 2000 = 100)	214.859 (Index, Base Year 2000 = 100)	203.793 (Index, Base Year 2000 = 100)
Inflation (End of Year Change %)	4.696 %	5.43 %	16.654 %
Import Volume of All Items Including Goods and Services (Percent Change)	0.748 %	-2.943 %	49.796 %
Import Volumes of Goods Only (Percent Change)	0.427 %	0.594 %	55.425 %
Export Volume of All Items Including Goods and Services (Percent Change)	-0.66 %	-7.662 %	31.1 %
Export Volumes of Goods Only (Percent Change)	-5.184 %	-8.517 %	96.93 %
Value of Oil Imports	US\$ 0.51 Billions	US\$ 0.472 Billions	US\$ 0.463 Billions
Value of Oil Exports	US\$ 0 Billions	US\$ 0 Billions	US\$ 0 Billions
Population	0.336 Million	0.331 Million	0.325 Million
General government revenue (National Currency)	MVR 11.892 Billions.	MVR 9.791 Billions.	MVR 9.717 Billions.
General government revenue (% of GDP)	32.337 %	28.786 %	30.899 %
General government total expenditure (National Currency)	MVR 17.994 Billions.	MVR 14.472 Billions.	MVR 13.608 Billions.
General government total expenditure (% of GDP)	48.93 %	42.551 %	43.273 %
Total Government Net Lending/ Borrowing (National Currency)	MVR -6.102 Billions.	MVR -4.682 Billions.	MVR -3.891 Billions.
Total Government Net Lending/ Borrowing (% of GDP)	-16.593 %	-13.765 %	-12.374 %
General Government Balance (National Currency)	MVR -4.7 Billion.	MVR -3.817 Billion.	MVR -3.215 Billion.
General Government Balance (% of GDP)	-12.781 %	-11.224 %	-10.225 %
Total Government Gross Debt (National Currency)	MVR 33.778 Billion.	MVR 26.354 Billion.	MVR 20.958 Billion.
Total Government Gross Debt (% of GDP)	91.853 %	77.486 %	66.646 %
Fiscal Year Gross Domestic Product, Current Prices	MVR 36.774 Billions.	MVR 34.012 Billions.	MVR 31.447 Billions.
Current Account Balance (US Dollars)	US\$ -0.664 Billion	US\$ -0.584 Billion	US\$ -0.437 Billion
Current Account Balance (% GDP)	-27.823 %	-26.455 %	-21.399 %

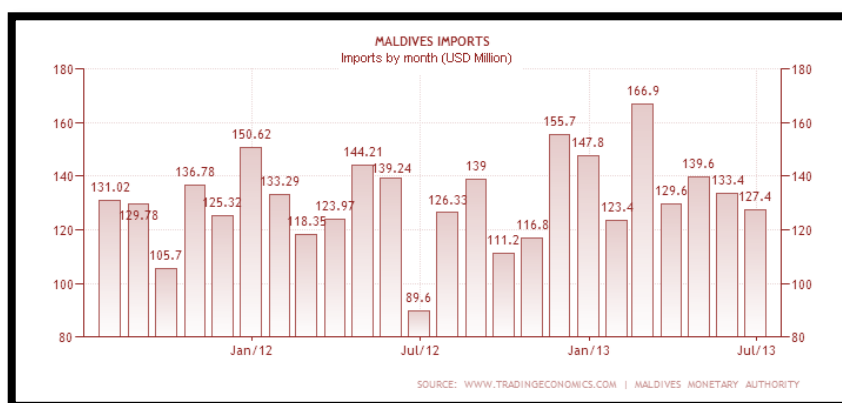
⁹ <http://www.economywatch.com/economic-statistics/country/Maldives/year-2011/>

Analyzing Foreign Trade ¹⁰

Back in ancient days, Maldives had a strong reputation for many commodities to include cowries, dried tuna, ambergns, coco de mer, and coir rope. Because of this, it was common for both ships coming to Maldives from local regions and foreign countries, loading up on the goods and then returning home with a full cargo. However, in more recent times, Maldives has experienced economic fluctuations and while fishing and shipping are still a part of Maldives exports, other industries to include tourism is also big business. In fact, for Maldives trade, tourism is the primary industry, accounting for close to 30% of the country's GDP. In addition, tourism currently accounts for approximately 60% of all foreign exchange receipts. In the 1990s alone, tourism in Maldives reached a whopping 115%. At that time, some 90% of tax revenue for the government was associated with duties for Maldives imports, as well as tax discounts connected to this industry. After tourism, fish is still an important industry for Maldives. Thanks to the 1989 reform, quotas for Maldives imports were lifted, which meant the private sector could now benefit from some of the Maldives exports available. This reform also helped create more flexible regulations whereby foreign investment could participate more in the overall Maldives trade market. After fishing, two other industries play a very important role when it comes to the economy of Maldives, as well as Maldives Trade, Maldives Exports, Maldives Imports. These include agriculture and manufacturing but with limited availability due to shortage of good land for growing crops and enough domestic labor, the country of Maldives has needed to depend on many of the staple foods consumed to be imported. Then for the industry part of the Maldives economy, this consists mostly of the production of garments although handicrafts and boat building are also included. In fact, industry for Maldives holds some 18% of the GDP. Even so, government officials have concerns specific to global warming and how it would affect this Maldives trade. Remember, while Maldives has 1,900 islands, just 198 have population, and with this, people are scattered all over the country. In trying to pull the people of Maldives together, serious effort has gone into developing a strong infrastructure, which depends heavily on tourism, as well as a number of complementary sectors to include real estate, construction, transport, government, and distribution. Thanks to taxes specific to tourism, the country of Maldives has been able to improve both the technological and agricultural sectors.

Import Profile ¹¹

Imports in Maldives decreased to 127.40 USD Million in June of 2013 from 133.40 USD Million in May of 2013. Imports in Maldives is reported by the Maldives Monetary Authority. From 2005 until 2013, Maldives Imports averaged 100.1 USD Million reaching an all time high of 166.9 USD Million in February of 2013 and a record low of 57.3 USD Million in April of 2005. The Maldives mainly imports fuel, aircraft, wood, prefabricated buildings, iron and steel, telecommunication equipment, vegetables and cement. The Maldives' main imports partners are the United Arab Emirates, Singapore, India, Malaysia, Sri Lanka, China, Thailand and United States.



Main Imports & Main Import Partners (Year 2013)

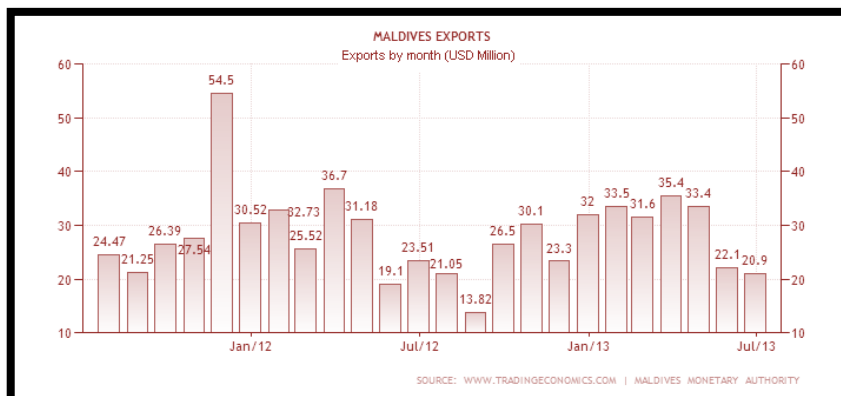
Main Import Products	Main Import Partners
Fuels	United Arab Emirates
Aircraft	Singapore
Wood	India
Prefabricated Buildings	Malaysia
Iron & Steel	Sri Lanka
Telecommunication Equipment	China
Vegetables	Thailand
Cement	United States

¹⁰ http://www.economywatch.com/world_economy/maldives/export-import.html

¹¹ <http://www.tradingeconomics.com/maldives/imports>

Export Profile ¹²

Exports in Maldives decreased to 20.90 USD Million in June of 2013 from 22.10 USD Million in May of 2013. Exports in Maldives is reported by the Maldives Monetary Authority. From 2005 until 2013, Maldives Exports averaged 21.3 USD Million reaching an all time high of 74.3 USD Million in March of 2008 and a record low of 8.4 USD Million in July of 2009. The Maldives' main export product is fish (accounting for over 40 percent of total exports). Others include engines and metal scrap. The Maldives' main exports partners are France, Thailand, Sri Lanka, Italy, the United Kingdom, Iran, Germany, the Netherlands and the United States.

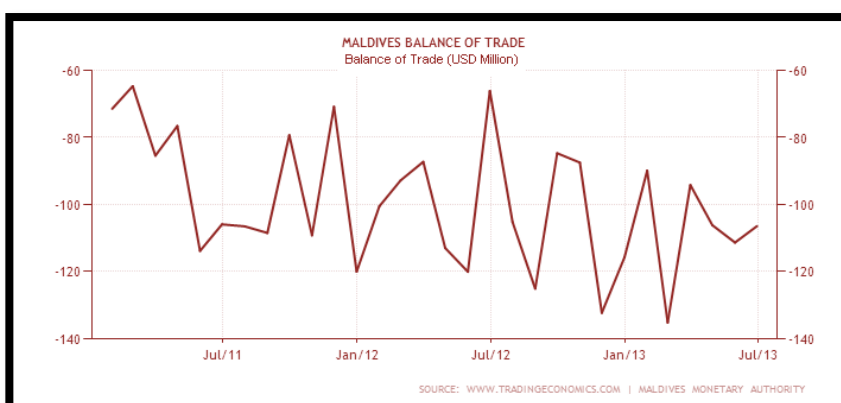


Main Exports & Main Export Partners (Year 2013)

Main Export Products	Main Export Partners
Fish	France
Engines	Thailand
Metal Scrap	Sri Lanka
	Italy
	United Kingdom
	Iran
	Germany
	Netherlands
	United States

Trade Balance ¹³

Maldives recorded a trade deficit of 106.50 USD Million in June of 2013. Balance of Trade in Maldives is reported by the Maldives Monetary Authority. From 2005 until 2013, Maldives Balance of Trade averaged -78.8 USD Million reaching an all time high of -43.3 USD Million in April of 2005 and a record low of -135.3 USD Million in February of 2013. The Maldives runs consistent trade deficits, as it imports most of what it consumes and has a very small manufacturing base.



¹² <http://www.tradingeconomics.com/maldives/exports>

¹³ <http://www.tradingeconomics.com/maldives/balance-of-trade>

Trade Policy ¹⁴

Maldives, a country strategically situated in the middle of the Indian Ocean has always been closely intertwined with international commerce since 10th century when Arab and Persian traders began visiting the country. Apart from pearls, spices, coconuts, dried fish, their attractiveness was very much on the abundance of cowry shells which were accepted as currency from Africa to China until the 16th century. Soon after Arabs, East-African and European began to make the Maldives a transit point before they reached Far East. The central objective of Maldives trade policy is to establish conducive environments for brisk commerce and economic activity focusing on diversifying the economy with export-oriented trade in services and industrial development focusing to achieve the main objectives – poverty alleviation and improvement in the standard of living – of Maldives. Over the years, Maldives maintains a relatively open trade policy, with no major direct trade measures, low tariffs and keeping non-tariff measures to an absolute minimum. The free trade policy will be maintained and improved in accordance with government development policies and priorities. Further bilateral, regional and multilateral approach to free trade will be pursued. Maldives imports virtually everything which is consumed in the economy. As a result, imports accounted for more than 75% of total trade in goods during the review period. Trade in goods typically accounts roughly 20% of the country's GDP. Trade in goods and services taken together accounts for approximately 150% of GDP. However, this large shortfall in foreign exchange earnings is to a large extent made up for by revenues from the export of services especially via the tourism sector. Maldives' economy comprises a very limited range of productive activities. Tourism and related services such as transport and communication accounts as much as 70% of GDP. However, fisheries sector, the main productive sector continues to play a vital role in the economy.

¹⁴ www.wto.org/english/tratop_e/tpr_e/g221_e.doc

Trade Policy Table 15

Basic indicators

Population (thousands, 2011)	320	Rank in world trade, 2011	<u>Exports</u>	<u>Imports</u>
GDP (million current US\$, 2011)	2,050	Merchandise	171	163
GDP (million current PPP US\$, 2011)	2,859	excluding intra – EU trade	145	137
Current account balance (million US\$, 2010)	-463	Commercial services	127	161
Trade per capita (US\$, 2009-2011)	7,040	excluding intra-EU trade	101	135
Trade to GDP ratio (2009-2011)	110.0			
		Annual percentage change		
		2011	2010	2011
Real GDP (2005=100)	161	2005-2011	6	7
Exports of goods and services (volume, 2005=100)	...	...	...	...
Import of goods and services (volume, 2005=100)	...	...	...	...

Trade policy

WTO accession	31 May 1995	Contribution to WTO budget (%) (2012)	0.015
Trade policy review	26, 28 October 2009	Import duties collected (%) (2008-2010)	
GPA accession	-	in total tax revenue	70.4
Tariff and duty free imports		to total imports	12.5
Tariff binding coverage (%)		Number of notifications to WTO and measures in force	
MFN tariffs	<u>Final bound</u>	<u>Applied 2011</u>	Outstanding notifications in WTO Central Registry
Simple average of import duties			Goods RTAs – services EIAs notified to WTO
All goods	36.9	20.5	Anti-dumping (30 June 2011)
Agricultural goods (AOA)	47.9	18.3	Countervailing duties (30 June 2011)
Non-agricultural goods	35.1	20.8	Safeguards (26 October 2011)
Non-ad-valorem duties (% total tariff lines)	0.0	0.4	Number of disputes (complainant-defendant)
MFN duty free imports (% (2010)			Requests for consultation
in agricultural goods (AOA)		14.8	Original panel / Appellate Body (AB) reports
in non-agricultural goods		0.1	Compliance panel / AB reports (Article 21.5 DSU)
Services sectors with GATS commitments		5	Arbitration awards (Article 22.6 DSU)

Merchandise Trade

	Value	Annual percentage change		
	2011	2005-2011	2010	2011
Merchandise exports, f.o.b. (million US\$)	346	14	17	75
Merchandise imports, c.i.f. (million US\$)	1,465	12	13	34
	<u>2011</u>			<u>2011</u>
Share in world total exports	0.00	Share in world total imports		0.01
Breakdown in economy's total exports		Breakdown in economy's total imports		
By main commodity groups (ITS)		By main commodity groups (ITS)		
Agricultural products	23.3	Agricultural products		21.7
Fuels and mining products	0.7	Fuels and mining products		26.0
Manufactures	0.0	Manufactures		48.7
By main destination		By main origin		
1. European Union (27)	49.0	1. United Arab Emirates		21.8
2. Thailand	20.3	2. Singapore		21.6
3. Sri Lanka	11.7	3. India		10.1
4. Taipei, Chinese	7.3	4. European Union (27)		8.6
5. Japan	3.1	5. Sri Lanka		5.6

Commercial Services Trade

	Value	Annual percentage change		
	2011	2005-2011	2010	2011
Commercial services exports (million US\$)	846	18	17	11
Commercial services imports (million US\$)	329	8	6	10
	<u>2011 a</u>			<u>2011 a</u>
Share in world total exports	0.02	Share in world total imports		0.01
Breakdown in economy's total exports		Breakdown in economy's total imports		
By principal services item		By principal services item		
Transportation	5.2	Transportation		54.0
Travel	93.5	Travel		34.3
Other commercial services	1.2	Other commercial services		11.7

Industrial Property

Patents grants by patent office, 2010			Trademark registrations by office, 2010			
<u>Residents</u>	<u>Non-residents</u>	<u>Total</u>	<u>Direct residents</u>	<u>Direct non-residents</u>	<u>Madrid</u>	<u>Total</u>
...	...	...	151	...	...	151

a Breakdowns by services items refer to 2010.

Tariffs and imports: Summary and duty ranges

Summary		Total	Ag	Non-Ag	WTO member since		1995
Simple average final bound		36.9	47.9	35.1	Binding coverage		Total 97.1
Simple average MFN applied	2011	20.5	18.3	20.8			Non-Ag 96.6
Trade weighted average	2010	20.6	18.4	21.3	Ag: Tariff quotas (in %)		0
Imports in billion US\$	2010	1.0	0.2	0.8	Ag: Special safeguards (in %)		0

Frequency distribution		Duty-free	0<=5	5<=10	10<=15	15<=20	25<=50	50<=100	>100	NAV in %
		Tariff lines and import values (in %)								
Agricultural products										
Final bound		0	0	0	0	0	93.2	0	6.6	0
MFN applied	2011	0.5	0.0	11.0	60.6	19.6	8.1	0	0.2	0.2
Imports	2010	14.8	0.0	15.9	56.3	2.2	6.6	0	4.1	4.1
Non-agricultural products										
Final bound		0	0	0	0	0	94.8	0	1.8	0
MFN applied	2011	0.0	3.9	15.3	16.1	60.5	2.5	1.1	0.1	0.5
Imports	2010	0.1	8.8	32.4	10.3	45.1	2.1	1.1	0.2	0

Tariffs and imports by product groups

Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Animal products	82.7	0	300	100	21.3	0	35	2.2	0
Dairy products	30.0	0	30	100	10.0	0	10	2.2	0
Fruit, vegetables, plants	30.0	0	30	100	16.5	0	25	5.4	0
Coffee, tea	30.0	0	30	100	16.5	0	35	1.3	0
Cereals & preparations	31.7	0	300	100	14.9	1.7	35	5.4	47.3
Oilseeds, fats & oils	30.0	0	30	98.7	14.1	0	25	0.6	0
Sugars & confectionary	30.0	0	30	100	13.1	12.5	15	0.8	78.8
Beverages & tobacco	176.7	0	300	100	33.2	0	120	3.3	0
Cotton	30.0	0	30	100	15.0	0	15	0.0	0
Other agricultural products	33.9	0	300	100	20.3	0	25	0.4	0
Fish & fish products	30.0	0	30	1.7	16.3	0	35	0.9	0
Minerals & metals	30.0	0	30	100	22.2	0	100	13.1	0
Petroleum	30.0	0	30	100	21.5	0	25	17.9	0
Chemicals	30.4	0	300	100	15.8	0	200	7.7	0
Wood, paper, etc.	30.0	0	30	100	16.8	0.1	100	7.7	1.0
Textiles	30.0	0	30	99.8	19.6	0	200	1.9	0
Clothing	30.0	0	30	100	25.0	0	25	1.2	0
Leather, footwear, etc.	34.9	0	300	100	26.2	0	100	1.1	0
Non-electrical machinery	34.1	0	300	99.8	21.9	0	100	9.7	0
Electrical machinery	30.0	0	30	100	22.4	0	100	8.9	0
Transport equipment	133.6	0	300	69.9	44.2	0	100	5.1	0
Manufactures, n.e.s.	53.4	0	300	99.8	20.1	0	50	3.3	0

Exports to major trading partners and duties faced

Major markets	Bilateral imports		Diversification 95% trade in no. of		MFN AVG of traded TL		Pref. margin Weighted	Duty free imports		
		In million US\$	HS 2-digit	HS 6-digit	Simple	Weighted		TL in %	Value in %	
Agricultural products										
1. Korea, Republic of	2010	1	1	1	4.0	0.0	0.0	50.0	100.0	
2. European Union	2010	0	2	2	7.3	7.6	7.6	100.0	100.0	
3. United States	2010	0	1	1	0.0	0.0	0.0	100.0	100.0	
4. Sri Lanka	2010	0	1	1	33.4	99.1	0.1	0.0	0.0	
5. India	2010	0	3	4	61.8	41.5	1.1	60.0	34.4	
Non-agricultural products										
1. European Union	2010	47	3	7	8.0	18.9	18.9	100.0	100.0	
2. India	2010	32	3	4	8.1	4.7	2.9	87.0	11.7	
3. Thailand	2010	21	1	2	10.6	5.0	0.0	20.0	0.0	
4. Sri Lanka	2010	12	3	7	10.6	6.3	1.6	37.7	5.7	
5. Philippines	2010	10	1	2	8.5	0.2	0.0	15.8	98.0	



The oldest bilateral arrangement, as identified in the first Trade Policy Review report, is the agreement in force since 31 March 1981 which is known as "Trade Agreement between the Government of the Republic of Maldives and the Government of the Republic of India".



A preferential Zero Tariff Agreement was signed between Maldives and China on 23rd July 2006. After having several discussions between Maldives and China regarding rules of origin, the Agreement is now in effect as of 1st February 2009. The Agreement promotes the economic development of Maldives and strengthens the economic and trade relationship between the two countries. Under this Agreement, non-reciprocal preferential tariff treatment is given by the Government of China to 278 products exported from Maldives.



Maldives currently enjoys tariff-free entry to the EU for canned and fresh fish under the Everything But Arms (EBA). The EU market is the second most important market for Maldives' exports, accounting for more than 30% of total exports. Maldives will continue to receive this preference until it graduates out of LDC status.

REGIONAL TRADE AGREEMENTS



The SAARC was founded in 1985. Started as a political association, SAARC took up economic cooperation on its agenda in the early 1990s. Prior to SAFTA, a preferential arrangement known as the SAARC Preferential Trading Agreement (SAPTA) was signed on 11th April 1993. This followed a positive list approach to tariff liberalization. Its narrow product coverage, narrow margins of preferences and the inability to address non-tariff barriers lead to the broader SAFTA Agreement. Maldives is also one of the seven original signatories of a more recent trade integration initiative of SAARC, namely the SAFTA signed at the 13th SAARC Head of States Meeting held in Islamabad on January 2004. The objective was to strengthen intra-SAARC economic cooperation and to realize to the maximum possible the region's potential for trade and development for the benefit of the member states, in a spirit of mutual accommodation and with full respect

for the principles of sovereign equality, independence and territorial integrity of all member states, inter alia:

- a) Eliminating barriers to trade in, and facilitating the cross-border movement of goods between the territories of the contacting states;
- b) Promoting conditions of fair competition in the free trade area, and ensuring equitable benefits to all member states, taking into account their respective levels and patterns of economic development;
- c) Creating effective mechanisms for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes; and
- d) Establishing a framework for further regional cooperation to expand and enhance the mutual benefits of this agreement.

SAFTA entered into force on 1 January 2006. Following the commencement of the TLP in July 2006, trading started under SAFTA provisions. The relevant SAARC mechanisms are also pursuing the implementation of trade facilitation measures including harmonization of standards, and Customs rules, procedures, and documentation. SAFTA only covers trade in goods. However, subsequent SAARC Summits noted the importance of liberalization and regional integration in the area of trade in services under SAFTA.

The SAFTA Agreement is being implemented through six instruments, namely:

- a) Trade liberalization program (TLP)
- b) Rules of origin
- c) Institutional arrangements
- d) Consultations and dispute settlement procedures
- e) Safeguard measures, and
- f) Any other instruments that may be agreed upon.

Tariff reductions under the TLP are divided into two phases. Under phase one, Non-LDCs must reduce existing tariff rates (except for items included in national sensitive lists) by at least 20% within the first-two years from the date of coming into force of the Agreement, while for LDCs, tariff rates (for items not in the sensitive lists) have to be brought down to 30% over the same period. Under the second phase of the TLP all Non-LDCs have to bring down all tariffs to a range of 0 - 5% at the beginning of 2013. For LDCs, the same reduction has to be achieved at the beginning of 2016.

The Agreement puts special emphasis on special and differential treatment for LDC member states, specifically:

- a) Giving special regard to the situation of the LDCs when considering the application of anti-dumping and/or countervailing measures.
- b) Greater flexibility in continuation of quantitative or other restrictions provisionally and without discrimination in critical circumstances by the LDC member states on imports from other Contracting States.
- c) Considering, where practical, taking direct trade measures with a view to enhancing sustainable exports from LDC States,
- d) Establishing an appropriate mechanism to compensate the loss of customs revenue of LDCs arising from the implementation of TLP, until an alternative domestic arrangement is formulated to address this situation.

A separate article on special and differential treatment for Maldives is also included in the Agreement stating that after graduation, Maldives will receive no less favorable treatment than that accorded to LDC member states.



The Organization of Islamic Cooperation (OIC) ¹⁸ is an international organization consisting of 57 member states. The organization states that it is "the collective voice of the Muslim world" and works to "safeguard and protect the interests of the Muslim world in the spirit of promoting international peace and harmony". The OIC has a permanent delegation to the United Nations, and is the largest international organization outside the United Nations. The official languages of the OIC are Arabic, English and French.

Trade Organizations and Trade Contacts

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MCB Maldives

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¹⁸ http://en.wikipedia.org/wiki/Organisation_of_Islamic_Cooperation

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Maldives Islamic Bank (MIB)

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National Social Protection Agency - NSPA

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Sri Lanka Insurance Corporation Pvt Ltd

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DHL International Ltd

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