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**Working Party on the
Accession of Cape Verde**

ACCESSION OF CAPE VERDE

Elements of a Draft Working Party Report

The attached Elements of a Draft Working Party Report on the Accession of Cape Verde to the WTO has been prepared by the Secretariat, based on documentation being examined in the Working Party.

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I. INTRODUCTION

1. The Government of the Republic of Cape Verde applied for accession to the World Trade Organization in November 1999. At its meeting on 17 July 2000, the General Council established a Working Party to examine the application of the Government of Cape Verde to accede to the World Trade Organization (WTO) under Article XII of the Marrakesh Agreement establishing the WTO. The terms of reference and the membership of the Working Party are reproduced in document WT/ACC/CPV/2/Rev.[2].

2. The Working Party met on 26 March and 8 December 2004; and under the Chairmanship of Mr. D. Shark (United States).

DOCUMENTATION PROVIDED

3. The Working Party had before it, to serve as a basis for its discussions, a Memorandum on the Foreign Trade Regime of Cape Verde (WT/ACC/CPV/3), the questions submitted by Members on the foreign trade regime of Cape Verde, together with the replies thereto, and other information provided by the authorities of Cape Verde (WT/ACC/CPV/4; WT/ACC/CPV/5; WT/ACC/CPV/6; WT/ACC/CPV/7; WT/ACC/CPV/8; WT/ACC/CPV/9 and Revision 1; WT/ACC/CPV/10 and Revision 1; WT/ACC/CPV/11 and Revision 1; WT/ACC/CPV/12 and Revision 1; WT/ACC/CPV/13 and Revision 1; WT/ACC/CPV/14 and Revision 1; WT/ACC/CPV/15, WT/ACC/CPV/16, WT/ACC/CPV/19, WT/ACC/CPV/20.....), including the legislative texts and other documentation listed in Annex I.

INTRODUCTORY STATEMENTS

4. The representative of Cape Verde said that despite Cape Verde's limited natural resources and production base and other constraints faced as a least developed country (LDC), his country had over the past 15 years undertaken measures that had liberalized its economy to foster growth and facilitate trade integration.

5. In view of the Guidelines established by the General Council (WT/L/508), and bearing in mind Cape Verde's current status as an LDC, the representative of Cape Verde called on Members of the Working Party to expedite and be flexible in the negotiations to establish Cape Verde's WTO commitments and to extend special and differential treatment as foreseen in the provisions of the WTO Agreements regarding LDCs. Technical assistance and transition periods were needed to implement some WTO commitments. In this regard, Cape Verde sought support in the areas of intellectual property, mediation and arbitration, agriculture, food safety, sanitary and phytosanitary

measures, protection of human health, flora and fauna, technical barriers to trade, and customs procedures. He noted that the United Nations (UN) General Assembly had accepted the Economic and Social Council's recommendation to graduate Cape Verde from the group of LDCs on 10 December 2004. Consequently Cape Verde would no longer be classified as an LDC [as from December 2007].

6. Members of the WTO welcomed Cape Verde's application to join the Organisation. Appreciating the efforts already undertaken by Cape Verde to achieve compliance with WTO rules and principles, some Members noted that further work was needed. In this regard, Members pledged to work constructively with Cape Verde. Some Members indicated that they had, and would, continue to offer technical assistance to facilitate Cape Verde's accession. Members looked forward to Cape Verde's early accession on appropriate terms. Some Members referred to Cape Verde's current status as a least-developed country, and in keeping with the guidelines on LDCs' accessions, would consider this a relevant factor in establishing Cape Verde's terms of accession.

7. The Working Party reviewed the economic policies and foreign trade regime of Cape Verde and the possible terms of a draft Protocol of Accession to the WTO. The views expressed by Members of the Working Party on the various aspects of Cape Verde's foreign trade regime, and on the terms and conditions of Cape Verde's accession to the WTO, are summarized below in paragraphs 8 to [..].

II. ECONOMIC POLICIES

- Monetary and Fiscal Policy

8. The representative of Cape Verde said that the Bank of Cape Verde (BCV) fulfilled the role of the central bank and in accordance with Law No. 10/VI/2002 of 15 July 2002, worked with the Government in defining and executing monetary and exchange policies, and in guiding and supervising the monetary, financial, and exchange markets. The BCV functioned to maintain price stability whilst simultaneously regulating Cape Verde's money supply. In its latter function, its powers were limited because the Cape Verdean Escudo (CVE) was pegged to the Euro (€) and secured by the Government of Portugal.

9. In the framework of reforms initiated in 1993, the BCV had abandoned administrative methods of monetary controls in 1999, in particular the use of administratively established interest rates and credit limits. Regulation of monetary policy was currently achieved through open market operations, variations in the cash reserve coefficients, and adjustments in the BCV's rediscount rate.

10. As for the financial sector, the Constitution of Cape Verde had been amended in 1989, removing banking activities from the exclusive control of the State (Law No. 52/III/89). Cape Verde currently had four commercial banks, with a total of 35 branches, and a few parabanking and international financial institutions. BCV as the central bank continued to licence qualified banks and other financial institutions to increase competition and to promote the development of a competitive financial sector.

11. The Government's fiscal program sought to expand the provision of key social services, develop Cape Verde's infrastructure, and foster private sector-led economic growth, while maintaining overall fiscal discipline. Cape Verde's fiscal performance had improved in 2001. Currently, the fiscal deficit had been targeted to remain at 3 per cent of GDP (CVE 2.2 billion), having declined from 19 per cent of GDP in 2000. Fiscal policy was geared towards continuing this consolidation.

12. With regard to the taxation regime, Cape Verde had initiated reforms in 1991. Prior to 1991, complex administrative procedures had been used to calculate and estimate taxes, tax fraud, and tax evasion. One of the objectives of the reform program, outlined in the Development Plan (III PND), was to endow Cape Verde with a modern, adequate, simple and efficient taxation system. The new system allowed the State to collect more revenue, establish relatively moderate taxes, and broaden the tax base to include public employees who previously did not pay taxes. The program also included (i) the creation of a more effective collection system; (ii) collection of a Single Tax on Income for individual and collective persons (e.g. partnerships and corporations) rather than the multiple taxes that existed previously; and (iii) the creation and application of a Single Property Tax to substitute various municipal property taxes. Some constraints remained to be overcome, including the lack of adequate information on tax and fiscal obligations, the existence of a large number of undeclared taxpayers, and a lack of qualified personnel to administer the new system.

13. As part of the ongoing reforms, his Government had recently introduced amendments to the Single Tax on Revenue, primarily to update the tax brackets, accelerate tax liquidation, and authorize a fiscal census of taxpayers and enterprises. Cape Verde had adopted a Value Added Tax (VAT), as well as a Special Tax on Consumption (STC). The representative of Cape Verde confirmed that VAT; STIC and the Environmental Tax were the [only] domestic taxes applied to imports and local production sold internally for domestic consumption.

- **Foreign Exchange and Payments**

14. The representative of Cape Verde said that his Government had signed an Exchange Cooperation Accord with Portugal, which established a fixed parity between the Cape Verde Escudo (CVE) with the Portuguese Escudo, and subsequently with the Euro (€) (Resolution No. 81/V/98 of

11 May 1998). The fixed rate of exchange was €1 to CVE 110.265. Under the terms of the Accord, Cape Verde had committed itself to adopting macroeconomic guidelines that would safeguard this parity.

15. The representative of Cape Verde said that his Government had notified the IMF on 6 August 2004 of its decision to accept the obligations of Article VIII, Sections 2 (a), 3 and 4, and had also announced that it had eliminated all restrictions on current transactions. However, the implementation of this decision had since been delayed on account of an existing bilateral agreement on credits and payment between Cape Verde and Cuba.

16. With respect to foreign exchange controls, in accordance with Decree Laws No. 25/98 and 26/98 of 29 June 1998, and the Bank of Cape Verde's Notice No. 4/98 of 21 December 1998, transfers and payments for current transactions could be done freely. Cape Verde applied no restrictions on the opening of bank accounts in foreign currency, and BCV authorization was not required to obtain currency to import merchandise valued up to CVE 5,000,000 (€45,345) or for interest payments on loans or credits, in any amount, that had been previously authorized by the BCV. However, prior verification by the BCV was required for invisible operations of amounts exceeding CVE 1,000,000 falling under the heading "private unilateral transfers"; for transfers exceeding CVE 5,000,000 as revenues or as payment for services rendered; and for pre-payment or final settlement of current transactions more than three months in advance when the instalment exceeded CVE 1,000,000 (and 35 per cent of the contractual value). He added that authorizations would not be unjustifiably denied and in any case the applicant had the constitutional right of appeal. He confirmed that Cape Verde did not maintain foreign exchange restrictions such as mandatory surrender requirements, prior import deposits, or taxes on the acquisition of foreign exchange.

17. The representative of Cape Verde said that the Foreign Investment Law No. 89/IV/93 of 13 December 1993 facilitated the full (100 per cent) transfer of foreign investment capital as long as the foreign investor was registered as such with the BCV and was authorized by the Minister of Finance and Planning to carry out foreign investment operations. However, the BCV could require the transfer of capital arising from the sale, liquidation or dissolution of an enterprise to be carried out in quarterly instalments if transferring the sum in full would cause a serious disturbance to Cape Verde's balance of payments.

18. A Member of the Working Party sought further information on the circumstances, including judicial and appeal process, under which a foreign account could be frozen. In response, the representative of Cape Verde confirmed that a foreign account could only be frozen on the basis of judicial action and a court decision to that effect.

- **Investment Regime**

19. The representative of Cape Verde said that his Government's policy objectives on investment were to promote and encourage a transparent and fair business environment for both domestic and foreign investors, and to increase the role of the private sector in Cape Verde's development process. All sectors were open to investment, unless an activity was considered a threat to national security, public morals, the environment or public health, or was in violation of domestic laws and regulations.

20. The Centre for Tourism, Investment and Export Promotion of Cape Verde (PROMEX) and its successor CAPEVERDE Investments - CapeVerdean Agency for Investment, a Government department under the supervision of the Ministry of Economy, Growth and Competitiveness, was the authority charged with promoting trade and investment opportunities in Cape Verde. All foreign investments were subject to prior authorization, and the Foreign Investment Law No. 89/IV/93 of 13 December 1993 set out the conditions for foreign direct investment (FDI) made in any sector of economic activity. The procedures for authorization of foreign direct investment in Cape Verde were stipulated in Regulatory Law No. 1/94 of 3 January 1994. FDI was evaluated or assessed on the basis of criteria enumerated in Article 7 of the Regulatory Law. His Government did not mandate any minimum (floor) or maximum (ceiling) value levels of investment in Cape Verde.

21. Investment applications were addressed to the Ministry of Finance, Planning and Regional Development, through CAPEVERDE Investments, together with particulars of each investor, details of the project location and, in specific cases, environmental impact studies. The specific cases that warranted environmental impact studies were determined by the nature, size or location of the investment. CAPEVERDE Investments provided investors with minimum criteria needed for inclusion in the environmental study.

22. Provided no further information was requested by CAPEVERDE Investments, all applications were processed within 30 days. Upon granting the authorization, a Certificate of External Investment was sent to the investor or his legal representative. This Certificate could be declared null and void if the investment did not occur within a specified deadline. The start-up or reopening of business was subject to inspection by the competent authorities. An investment project was prohibited if the application was rejected. He added that the rejection of an application could be appealed either through the Courts or to the Government. A rejected application could also be presented again for reconsideration.

23. The rights of all investors and the protection of their investment from expropriation or nationalization were guaranteed in Cape Verde. All investors - whether - domestic or foreign, natural

or legal persons, were treated equally in Cape Verde. If expropriation was necessary, it would be fair and equitable, and compensation would have to be paid.

24. On investment promotion incentives, existing laws and regulations in Cape Verde provided sectors such as tourism, industry, exports and re-exports, and financial institutions with tax incentives and customs duty exemptions, facilities for the transfer of funds and banking etc. Incentives had also been provided to the transportation industry i.e. maritime, road and air transportation, and to the communications sector (see also section on Industrial policy, including subsidies). Law No. 92/IV/93 of 15 December 1993 provided fiscal and customs incentives for the export and re-export of goods and services. Fiscal incentives included reductions in contributions and taxes on profits. Customs incentives included [duty drawback] and duty exemptions. Upon request, enterprises duly entered in the fiscal and industrial registry could avail of these benefits within 120 days from the date of export or re-export. Investment directed primarily to the domestic market was not eligible for these incentives. He stated that his Government would undertake a further study on the incentives provided for investment and industry (see also section on Export Subsidies).

25. The representative of Cape Verde said that Cape Verde's laws and regulations contained no limitations related to foreign investment, except for the denial of incentives for investments catering exclusively or mainly to the domestic market. He added that incentives for investment in the financial sector were governed by Decree Law No. 66/97 [of [...]]. Joint ventures with foreign investors in financial services were encouraged in accordance with Law No. 47/IV/92 of 6 July 1992. Pursuant to Article 7 of Decree Law No. 87/89 of 24 November 1989, joint ventures could also be established in construction services (see also section on Trade in Services).

- **State Ownership and Privatization**

26. The representative of Cape Verde said that economic policies in Cape Verde had focused on import substitution and State control of the economy from independence in 1975 to 1989. Several public and mixed enterprises had been created in various sectors, including transportation (sea and air), fuel, agriculture, poultry, livestock production, fishing, pharmaceuticals, civil construction, naval repair, insurance, hotel services and the commercialization of basic goods. The Government had also controlled the financial sector. The State had thus played a significant role in the economy and by the end of 1988, 19 State-owned and 14 mixed enterprises had been created.

27. From 1991 onwards, the State's role in the economy had been substantially diminished and the private sector had emerged as the engine for development. Cape Verde had revised its Constitution to redefine the concept of public property to provide a legal framework for market liberalization. In accordance with the revised Constitution and Law No. 93/IV/93 of

15 December 1993, economic sectors were no longer reserved for public activity in order to stimulate the private sector and to promote foreign investment. As a result, more than 20 State-owned enterprises had been privatized. Privatization of these enterprises had been undertaken through the sale of shares or the direct sale of the enterprise. The process of liquidation was used in certain cases. Details of the privatized enterprises are provided in Table 1.

Table 1: Privatized Enterprises

Original enterprise	New privatized enterprise	Privatization		Owners of Shares			Direct sale
		Fully	Partially	State	Nationals	Foreigners	
Agência nacional de viagens	2 new agencies (ANV & ANAV)	Yes					
AGRIPEC	Agripec.	Yes			X		Yes
CABETUR	Cabetur.	Yes			X		Yes
CONCHAVE	Conchave.	Yes			X		Yes
ENAVI	Sociave (Mindelo); Enavi (Praia).	Yes			X		Yes
EMPROFAC	7 pharmacies (only the pharmacies)	Yes			X		Yes
FAP	Aripec; Coopechaves; Prolac.	Yes			X		Yes
Justino Lopes	Associação sector agrícola Justino Lopes; Carmac; Propec.	Yes			X		Yes
INTERBASE	Salmar and INTERBASE	Yes				X (Salmar)	Yes (Salmar)
MACSOBIL	Macsobil.	Yes			X		Yes
METALCAVE	Metalcave.	Yes			X		Yes
MORABEZA	Morabeza.	Yes			X		Yes
ONAVE	Recoref; Belcab; Funcave; Lusonave.	Yes			X		Yes
SITA	SITA	Yes			X		Yes
ULTRA	Ultra.	Yes			X		Yes
ELECTRA	Electra.		Yes	X	X	X	Yes
ENACOL	Enacol		Yes	X	X	X	Yes
BCA	Bca.		Yes	X	X	X	Yes
Caixa Económica	Caixa economica.		Yes	X	X	X	Yes
Garantia (insurance company)	Garantia.		Yes	X	X	X	Yes
Promotora	Promotora.		Yes	X	X	X	Yes
Cabo Verde Telecom	Cabo verde telecom.		Yes	X	X	X	Yes
Hotel Belo Horizonte	Hotel Belo Horizonte	Yes				X	Yes
Hotel Praia Mar	Hotel Praia Mar	Yes				X	Yes
CVC	CVC	Yes				X	Yes
MOAVE	MOAVE	Yes			X		Yes
Hotel Xaguete	Hotel Xaguete	Yes				X	Yes
INTERBETAO	INTERBETAO	Yes			X		Yes
FAMA	FAMA	Yes			X		Yes
OFICINAS	OFICINAS	Yes			X		Yes
CERIS	CERIS	Yes				X	Yes
EMPA	Liquidated	Yes			NA	NA	Liquidation
TRANSCOR	TRANCOR, S.Vicente	Yes			X		Yes
ARCA VERDE	Liquidated	Yes			NA	NA	Liquidation
SONACOR	Liquidated	Yes			NA	NA	Liquidation

28. In addition to the enterprises listed in Table 1, State-owned enterprises in the early stages of being privatised were TACV (Cape Verde's Air Transportation Company), ENAPOR (Port Authority), EMPROFAC (Pharmaceuticals), and CABENAVE-SARL (repair docks). He confirmed that foreign investors had participated in Cape Verde's international public tenders and would continue to be eligible to participate freely in the privatization process. The ongoing privatization plans are outlined in Table 2.

Table 2: Privatization Plans

State-owned enterprises slated for privatization	Capital (US\$ million)	Envisaged Privatization	
		Share	Direct sale
CABNAVE	7 ^{a)}		Concession Contract
ENAPOR	9.4 ^{b)}		Concession Contract
EMPROFAC	7 ^{c)}	X	Full privatization, sale of shares
TACV (Strategy not yet defined)	11 ^{d)}		

a) Net book Value, Source: Booz-Allen & Hamilton, 2004

b) Source: ENAPOR's Financial Department

c) Source: Euro-Phoenix, 2004

d) TACV Annual Report 2003, Balance Sheet Net Worth

29. He added that under the terms of a performance contract signed with the Government of Cape Verde, two State-owned enterprises - the Airport Management Company and the Postal Company - were not to be privatized.

30. The representative of Cape Verde confirmed that his Government would ensure the transparency of its ongoing privatization programme. He stated that his Government would provide annual reports to WTO Members on developments in its privatisation programme as long as the programme would be in existence, and along the lines of the information already provided to the Working Party during the accession process. The Working Party took note of this commitment.

- **Pricing Policies**

31. The representative of Cape Verde said that pricing policies were governed by Decree Law No. 52/2003 of 24 November 2003, and price controls for goods and services were regulated by Ministerial Ordinance No. 2/2004 of 19 January 2004. All price controls in Cape Verde were either fixed prices, maximum (ceiling) prices, or negotiated prices. Mandated profit margin levels were not part of Cape Verde's price regimes. Goods subject to price controls in Cape Verde are listed in Table 3.

32. Services subject to price regulation in Cape Verde included fixed prices for maritime cabotage services, water supply, electric power supply and fuel supply; maximum prices for taxi

services; and negotiated prices for private health care services, communication services, and [passenger] transportation services.

33. Prices were administered by autonomous regulatory agencies in consultation with the Upper Council of the Chambers of Commerce. The Government, i.e. the Ministry of Economy, Growth and Competitiveness, together with the relevant Ministries was responsible for the supervision of the regulatory agencies created for the administration of price controls. Pursuant to Decree Law No. 3/1993 of 15 February 1993, the price regime for drugs (pharmaceuticals) was determined jointly by the Ministers of Health, Industry and Commerce.

34. Administered prices in Cape Verde were adjusted when prices in the international market had changed significantly. Adjustments were periodic with no set timeframe and prices had been modified in 1994, 1998, 2003 and 2004. Economic criteria, such as allowing a reasonable rate of return on the investment, were incorporated into the price setting. He added that price controls were administered with transparency. Laws and regulations establishing or modifying price controls in Cape Verde had always been published in the Official Bulletin before taking effect.

35. Price controls were applied to imported and domestically-produced goods and services, but not to exports. Price controls for imported bread and baking products, rice, sugar (granules), corn, wheat flour and bran, butane gas, gasoline, gas oil and kerosene were applied at the point of sale. He confirmed that products affected by price controls were no longer subject to State trading.

36. [The representative of Cape Verde stated that in the application of price controls now or in the future, Cape Verde would apply such measures in a WTO-consistent fashion, and take account of the interests of exporting WTO Members as provided for in Article III:9 of the GATT 1994. Cape Verde would publish the list of goods and services subject to State controls and any changes to this list in its Official Gazette and would continue to do so after accession. The Working Party took note of these commitments.] [The Government of Cape Verde, now and after the country's accession to WTO, would engage itself to respect the provisions of Article III:9 of the GATT 1994 while applying internal maximum price control measures, but such measures shall take account of the interests of exporting WTO contracting parties supplying imported products concerned with a view to avoiding to the fullest practicable extent prejudicial effects before any. The Government of Cape Verde confirmed that, in compliance with Article 264 of the Constitution, it had always published the list of goods and services subject to State control and any later changes in its Official Gazette and would continue to do so after accession. The Working Party took note of these commitments.]

- **Competition Policy**

37. The representative of Cape Verde said that, as per the Preamble of Decree Law No. 2/99 of 1 February 1999, the regulation of competition policy was based on the need for product diversity and economic or technological advances. Although Decree-Law No. 53/2003 of 24 November 2003 had revoked Decree-Law No. 2/99, the new Law had retained the former policies that were actually in place, planned or under development. The envisaged Competition Advisory Council, an independent quasi-judicial government entity, was not yet operational due to budgetary, office and manpower constraints. Decree Law No. 53/2003 defined the powers, functions and composition of the Competition Advisory Council. The Council's primary function would be to adjudicate claims of unfair trade, but the Council could also propose draft legislation to the Government. Council Decisions could be appealed to the courts. As this body was not yet operational his Government continued to perform the said powers and functions.

III. FRAMEWORK FOR MAKING AND ENFORCING POLICIES

- **Powers of Executive, Legislative and Judicial Branches of Government**

38. The representative of Cape Verde said that Cape Verde's Constitution had been promulgated on 7 March 1980. The Constitution had subsequently been revised in 1981, 1988, 1992, 1995 and again most recently in 1999. The Constitution provided for a separation of executive, legislative and judicial powers. The President of the Republic was the Head of State, elected by popular vote for a five-year term. The President could be re-elected only once.

39. Under the Parliamentary system established in Cape Verde, the executive branch of the Government was headed by the Prime Minister. The Prime Minister was nominated by the President after consultation with parliamentary parties. The leader of the majority party or the coalition of parties with a majority in Parliament was usually selected as Prime Minister.

40. Legislative power resided in the unicameral National Assembly made up of 72 members elected for a five-year term. The laws approved by the National Assembly were forwarded to the President of the Republic who could either promulgate them or send them back for a second reading. Matters referred back by the President needed to be passed by the National Assembly by two-thirds vote on constitutional matters, or by a simple majority for other matters before becoming law. Since Cape Verde's independence in 1975, all precedent laws, rules, regulations and procedures while not expressly revoked, were valid and in force according to the Decision with Force of Law No. 1/75 of 5 July 1975, except in cases where they were incompatible with Cape Verde's sovereignty.

41. Outlining the procedure for Cape Verde's ratification of its WTO accession package, he said that his Government would verify the accuracy and contents of the negotiated terms, and forward the package together with a draft resolution to the National Assembly for approval. Upon approval, the National Assembly would forward the package to the President who, after statutorily checking the National Assembly Resolution and the package for its legality and compatibility with Cape Verde's Constitution, would ratify the package by a public notice to be published in the Official Journal. He expected the process of domestic ratification to take no more than 90 days. He added that, upon accession to the WTO and in accordance with Articles 12-14 of the Constitution, the provisions of the WTO would [automatically] supersede domestic law and be an integral part of Cape Verde's legislation.

42. Cape Verde's judicial system consisted of Constitutional Courts; the Supreme Court of Justice; Judicial Courts of the First Instance; the Court of Accounts; Military Courts; and Fiscal and Customs Courts. The Courts of the First Instance were divided into first, second and third class judicial districts, with the Supreme Court of Justice being the court of last instance. Other Courts could be created by law, such as Judicial Courts of Second Instance, Administrative Courts, Arbitration Courts and Conflict Resolution Institutions with jurisdiction upon smaller territorial areas.

43. Matters decided in Third Class courts could be appealed either to First or Second Class courts provided the claim was valued at or above CVE 200,000 (€1,814). Cases decided in the First and Second Class courts could be appealed to the Supreme Court provided the claim was valued at or above CVE 500,000 (€4,535). In the ambit of trade in goods and services and intellectual property rights, an aggrieved party could lodge a written appeal against an administrative decision. In conformity with Article X of the GATT 1994, decisions proffered by the Customs or other official entities could be appealed either to the Fiscal and Customs Courts, or Common Courts. On matters relating to trade in services and TRIPS, administrative appeals could be directed to Administrative Courts or Common/Ordinary Courts. The Administrative Courts were not yet operational, and in the interim Common or Ordinary Courts and the Supreme Court of Justice performed its functions. He added that the Administrative Courts, once operational, would be an independent judicial body and not part of the executive. Administrative Courts would have jurisdiction over cases or actions initiated against the Government and its members or officers while carrying out their official duties.

44. He noted that the National Assembly had promulgated Cape Verde's mediation laws in May 2005 as outlined in the Action Plan (WT/ACC/CPV/13 and Rev.1). The coverage of Decree Law No. 30/2005 on the creation of mediation centres and Decree Law No. 31/2005 regulating the use of mediation in the resolution of conflicts included definitions; the general principle of mediation; mediators; representation; compulsory representation; mediation centres and their rules

of procedures; pre-mediation and end of the mediation process; final provisions etc. He added that Cape Verde's proposed arbitration law and legislation on arbitration centres were scheduled to be approved by the National Assembly by [July 2005]. The coverage of the proposed arbitration law would include arbitration conventions; arbiters and establishment of an arbitral Court; operation of the arbitration process; arbitral decisions; and international arbitration or the adaptation of the arbitration law of Cape Verde to the international judicial instruments that regulate international arbitration, i.e. the United Nations' Conventions on International Commercial Arbitration and the Regulation of Arbitration of the International Chamber of Commerce.

45. The existing framework for arbitration between foreign investors and the Government of Cape Verde allowed for appeals to be made to international arbitration panels. Certain provisions of the Foreign Investment Law (Law No. 89/IV/93), notably Article 17 and the Annex, provided the legislative basis for such arbitration. He noted that his Government was not a member of the International Centre for Settlement of Investment Disputes (ICSID). Cape Verde was also not a signatory of the 1994 Treaty of Port-Louis and had not joined the Organisation pour l'harmonization des droits d'affaires en Afrique (OHADA). However, a study recommended by the ECOWAS Heads of State was to be carried out on the extension of OHADA to all ECOWAS member States, including Cape Verde.

46. [The representative of Cape Verde confirmed that upon the date of accession, Cape Verde would establish the appropriate independent administrative or judicial tribunals or procedures for the prompt review of the Government's actions relating to the implementation of laws, regulations, judicial decisions and administrative rulings of a general application referred to in Article X:1 of the GATT 1994, Article VI of GATS, and Articles 41 and 42 of TRIPS. The tribunals or procedures would also include actions relating to the implementation of national treatment, conformity assessment, the regulation, control, supply or promotion of a service, including the grant or denial of a licence to provide a service and other matters. The tribunals or procedures responsible for such reviews would be impartial and independent of the agency entrusted with administrative enforcement and shall not have any substantial interest in the outcome of the matter. The review procedure would include the opportunity for appeal, without penalty, by individuals or enterprises affected by any administrative action subject to review. Notice of the decision on appeal would be given to the appellant and the reasons for such a decision would be provided in writing. The Working Party took note of these commitments.]

47. The representative of Cape Verde said that trade policy was the responsibility of the Ministry of Economy, Growth and Competitiveness which coordinated with other ministries having jurisdiction over trade-related matters. An inter-ministerial group was convened for the formulation

of trade policy. His Government solicited the views of municipalities and the private sector through industry associations and the Chambers of Commerce. The Council of Ministers had the final authority in formulating trade policy.

48. His Government had created a WTO Unit to (i) develop trade policy initiatives and make recommendations to the Council of Ministers; (ii) coordinate the implementation of trade policy decisions made by the Council of Ministers; (iii) coordinate WTO related matters within the Government; (iv) prepare notifications to the WTO; and (v) carry out any WTO related functions deemed necessary by the Government or the Council of Ministers.

49. The representative of Cape Verde noted that the WTO accession process had in several instances necessitated the drafting of new legislation or the modification of existing laws and regulations to ensure WTO conformity. New laws currently under review included the Customs Law (Code); Intellectual Property Law (patents and trademarks); Law on Arbitration; and the Law on Foreign Trade. A General Legislative Action Plan for further legislative reform was submitted in document WT/ACC/CPV/12 and its revision.

- **Authority of Sub-Central Governments**

50. The representative of Cape Verde said that no sub-central Government entity in Cape Verde was vested with the authority to create legal requirements in the areas covered by the WTO. Cape Verde was a unitary Republic with a President, the National Assembly, Government and Courts. The central government had the exclusive authority over all administrative issues of national scope. Local administration was the responsibility of municipalities. All laws and regulations were enforced by the administration or courts.

51. [The representative of Cape Verde confirmed that Cape Verde would, upon accession, apply WTO provisions and Cape Verde's Protocol of Accession uniformly throughout the entire customs territory, including in regions engaging in border trade or frontier traffic, special economic zones, and other areas where special regimes for tariffs, taxes and regulations were established. He added that when apprised of a situation where WTO provisions were not being applied or were applied in a non-uniform manner, central authorities would act to enforce WTO provisions without requiring affected parties to petition through the courts. The Working Party took note of these commitments.]

IV. POLICIES AFFECTING TRADE IN GOODS

- Trading Rights

52. The representative of Cape Verde said that [Decree-Law No. 1/75 of 5 July 1975, implemented through Ministerial Ordinance No. 13 of 1978, Decree Law No. 59/1999 and Ministerial Ordinances No. 45-A/99 and No. 45-B/99 of 27 September 1999], stipulated that all businesses engaging in import and export operations had to register with the Conservatory of Commercial Registry under the Ministry of Justice. Businesses also had to register for a permit as a "commercial operator" with the Department responsible for commerce. The Chambers of Commerce operated the registration of all "commercial operators" on behalf of the Government of Cape Verde. While his Government had delegated this registration authority to the Chambers of Commerce, the Ministry of Economy, Growth and Competitiveness retained the power to monitor and regulate this registration and establish general guidelines to oversee the activities of the Chambers of Commerce. He added that the Ministry of Economy, Growth and Competitiveness was currently revising the legislation regulating this area.

53. Any commercial firm or entity needed to be a juridical person and have juridical commercial capacity (i.e. be invested in Cape Verde) to register. Legal entities operating in Cape Verde could register as commercial enterprises in the form of sole proprietorships, partnerships, limited liability companies, cooperatives, capital stock corporations and public corporations. Industrial enterprises not engaged in international trade had their own separate registration requirements and procedures.

54. Foreign enterprises had to establish themselves through a branch or any other form of commercial representation to register in Cape Verde and engage in import or export operations. International traders once registered with the Conservatory of Commercial Registry and the Chambers of Commerce, were not required to fulfil any other registration requirements. Importers and exporters were required to register so that his Government could monitor them and the legality of their activities. Registration also gave firms the right to distribute imported goods (at the wholesale level) within Cape Verde. An enterprise could engage in both importation and distribution activities by specifying this in the registration documents.

55. The procedures and requirements for registration of commercial operators were outlined in Decree Law No. 50/2003 of 24 November 2003. Two Chambers of Commerce were authorized by the Government to register commercial operators on behalf of the Government. These were (i) the Chambers of Commerce, Industry and Services of Sotavento (covering the Islands of Santiago, Maio, Fogo and Brava); and (ii) the Chamber of Commerce, Industry, Agriculture and Services of Barlavento (covering S. Vicente, S. Antão, St. Nicolau, Sal and Boa Vista). He said that any

interested party could apply to the Chambers of Commerce to become a commercial operator and engage in import and export activities. The application would also specify by the products (by HS Code) that would be imported or exported. The Chambers of Commerce could return the application for registration if the commercial operator did not comply with the existing laws, rules and procedures, and if the conditions set out in Decree Law No. 50/2003 were not fulfilled. In response to specific queries on the operation of this registration system by the Chambers of Commerce, he stated that new registration procedures had been drafted by the Government and that the registration process was being revised.

56. The time needed to register depended on the applicant's diligence in submitting his/her application. A foreign or domestic enterprise would receive a response on its application within 30 days. If no response was received within 30 days, the registration was deemed granted. Recourse to administrative appeals was available if there were undue delays or in case of rejection. The Ministry of Justice was working on the establishment of an on-line authorization and registration system to accelerate the registration process at the Conservatory of Commercial Registry. Each municipality would have its own integrated on-line registration system that would be connected to the central office. Electronic systems had been set up in Praia, Mindelo, and Sal Island and a program had been drafted to cover the whole country.

57. Registration fees fixed by Ordinance No. 31/86 of 6 September 1986, and collected by the Chambers of Commerce, varied for import and export operations. All firms seeking registration as importers, whether foreign or domestically-owned, paid an annual registration (and renewal) fee of CVE 10,000 (€90.69). Likewise, all firms requesting registration as exporters, whether foreign or domestically owned, paid an annual registration (and renewal) fee of CVE 5,000 (€45.35). The registration fees covered (i) processing the registration applications; (ii) maintaining registration records; (iii) maintaining a database of import and export operations; (iv) payments for meeting expenses; (v) travel expenses; and (vi) the dissemination of information and other activities. The registration fees were based on the cost of the services rendered and were, in his view, consistent with Articles III and VIII of GATT 1994.

58. He noted that importation of staple food products, previously an exclusive State trading activity carried out by the Public Stock Provisioning Enterprise, was now open to private enterprises. The volume of imports was neither controlled by discretionary (non-automatic) licensing nor was there any limitation on the number of enterprises that could currently apply to import these staple food products. The import regime for staple food products, i.e. corn, rice, and sugar, was set out in Decree Law No. 29/2002 of 9 December 2002. Wheat flour had been added to this regime through Ministerial Ordinance No. 6/2004 of 16 February 2004. The import regime for these staple products

required the commercial operator to obtain prior registration to exercise the import activity; maintain appropriate installations to store these products; and document the capacity to distribute 30 per cent of the annual import volume outside the Santiago and São Vicente islands.

59. Individuals importing goods for personal use were not required to register. Activities not considered "import operations" were also exempt from registration requirements, including the importation of (i) goods destined for accredited diplomatic and consular representatives in Cape Verde; (ii) religious articles for churches; (iii) materials for the Government's own needs and not to be distributed further; (iv) "consumption goods" for social, cultural, recreational, sports, and non-profit institutions used in the exercise of their activities i.e. all goods which were not raw materials, semi-finished products or equipment. Non-profit institutions exempt from registration requirements could offer these imported goods for resale in Cape Verde, pursuant to the approval of the General Customs Directorate, and in accordance with the Law protecting Arts and Sciences (Law No. 108/V/99 of 2 August 1999); and (v) live animals, seeds, plants, pesticides, fertilizers, reagents and other laboratory materials for use by the Ministry of Environment, Agriculture and Fisheries in experimental farms for the development of the agriculture, forestry and livestock sector. Some private firms were involved in the purchase of these exempted goods.

60. The representative of Cape Verde noted that registration requirements for commercial operators engaging in exports were identical to those for imports. Any firm or commercial operator could register as an exporter or an importer or both. However, the entity could not register for one activity (e.g. imports) and then practice another (e.g. exports). Registration requirements had to be met for each separate activity. Exported goods needed to comply with formalities designed to control foreign exchange operations, as well as with all quality requirements, rules of origin or other norms required by law or by international accords subscribed to by Cape Verde. Exporters serving the United States' market under the African Growth and Opportunities Act (AGOA) registered with the government department responsible for commerce as exporting begun and deregistered if they ceased exporting.

61. A Member stated that the requirements, in particular that of a minimum level of equity investment and discriminatory fees to obtain the right to import into and export from Cape Verde, would seem to be a WTO inconsistent restriction on trade. The requirements associated with obtaining the right to import into and to export from Cape Verde appeared to constitute a WTO-inconsistent restriction on trade, discriminating against imports *vis-a-vis* domestic production. The right to import and export goods without investing in a member country was a fundamental right under the WTO, and was protected through provisions in GATT Article XI and Article III.

62. The representative of Cape Verde replied that importers were required to possess sufficient capital to cover operating costs, including payments for imported goods and customs duties. The registration fees were, in his view, not discriminatory as they applied to both Cape Verdean nationals and foreigners. He added that new registration procedures had been drafted and the registration process was being revised.

A. IMPORT REGULATIONS

- **Ordinary customs duties**

- **Customs tariff**

63. The representative of Cape Verde said that the existing Customs legislation was old, fragmented and to some extent outdated. Thus, a new extensive and comprehensive Customs Code was being prepared. As per the timetable set out in the Action Plan (WT/ACC/CPV/12/Rev.1) he expected the Code to be approved by the National Assembly [in July 2005]. A draft of the Customs Code was circulated to the Working Party for review and comments.

64. In accordance with Law No. 85/V/98 of 31 December 1998, Cape Verde had adopted the Economic Community of West African States (ECOWAS) customs nomenclature, which was based on the 1996 version of the Harmonized System (HS) of Commodity Classification. The ECOWAS nomenclature utilised ten digits, with the first six digits indicating the HS chapter, its headings and its sub-headings, the seventh and eighth digits conforming with ECOWAS statistical classification; and the ninth and tenth digits corresponding to the statistical classification at the national level. ECOWAS had established a roadmap to implement the HS 2002 nomenclature [by December 2003].

65. He noted that custom duties were applied on imported goods in accordance with the MFN rates currently stipulated in Cape Verde's Customs Tariff. As set out in Law No. 48/VI/2004 of 26 July 2004, customs duties had been modified and reduced on 1 January 2004. Duties on wheat flour had been modified through Law No. 37/VI/2003 of 31 December 2003. The rates had not been increased on any tariff line. Customs duties in Cape Verde were predominantly applied on an *ad valorem* basis with seven tariff bands and base duty rates of zero, 5, 10, 20, 30, 40 and 50 per cent. The trade-weighted tariff average had ranged between 24 per cent in 1995 and about 31 per cent in June 2002. Import duties constituted approximately 50 per cent of the taxes collected at the border in 2002 and early 2003.

66. Preferential duty rates were applied to imports from ECOWAS or under free trade agreements with African Portuguese speaking countries (Angola, Guinea Bissau, Mozambique and Sao Tome and

Principe) and imports from Mauritania. The free trade agreement with the African Portuguese speaking countries needed a protocol on rules of origin to become fully functional.

[An initial offer on goods was submitted by Cape Verde in November 2004 and is available for consultation (see notice in document WT/ACC/SPEC/CPV/2).]

- **Other duties and charges**

67. The representative of Cape Verde said that prior to the tax reforms and introduction of Value Added Tax (VAT) on 1 January 2004, imports into Cape Verde had been subject to numerous additional taxes, duties, and charges namely (i) a Tonnage Tax levied as a charge per ton on vessels; (ii) a Special Storage tax introduced in 1960 for the storage of fuels; (iii) a Storage charge by the Customs House for goods stored in its former warehouses; (iv) a Surcharge ("ISDC") of 35 per cent on goods imported by informal importers; (v) interest paid by importers for credit on custom duties; (vi) a Late Payment Penalty or additional interest for delayed payment of duties and charges; (vii) General Customs Fees or General Emolument Tax of 9 per cent introduced in 1942; (viii) Tax Penalties or fines and other judicial charges; (ix) a Consumption Tax on imported goods; (x) a Stamp Duty dating back to 1942; (xi) a Customs User Fee; (xii) a Tax on Duty-Free shops, introduced in 1970; (xiii) a Miscellaneous Tax for recovery of minor charges; (xiv) an Environmental Tax, first revoked and then reintroduced in July 2004; (xv) the ECOWAS Community Levy; (xvi) a Special Tax on Consumption that was introduced on alcohol and tobacco in 1993; (xvii) [charges for Government Publications and Printed Matters purchased by users or importers;] and (xviii) a [Consumption Tax on Local Production created in 1966].

68. The ECOWAS Community Levy amounted to 0.5 per cent and was levied on all imports from non-ECOWAS countries. As called for in the revised ECOWAS Treaty, this was a West African regional integration levy to promote financial autonomy and raise revenues for ECOWAS activities and institutions. The levy was applied in accordance with ECOWAS Protocol A/P.1/7/96, approved by Resolution No. 67/V/97 of 31 December 1997.

69. Responding to requests that Cape Verde eliminate all ODCs and bind such duties and charges at zero in the Schedule of Concessions and Commitments on Goods, the representative of Cape Verde said that the application of the ECOWAS levy was not an internal affair of Cape Verde, and had been negotiated by all the Member-States of ECOWAS. Consequently, Cape Verde was not in a position to eliminate this levy and bind it at zero.

- **Tariff rate quotas, tariff exemptions**

70. The representative of Cape Verde said that Cape Verde did not apply tariff rate quotas on imports and had no plans to introduce such quotas in the future.

71. Tariff exemptions were provided to encourage domestic economic activity and facilitate infrastructure development in certain sectors, notably equipment for passenger transportation and car rental. Air transportation companies were also exempt from duties for the importation of some equipment and spare parts. Duly registered enterprises (tourist, industrial) applied for duty exemptions to the Directorate of Customs (see section on Industrial Policy, including Subsidies).

72. Tariff exemptions were also permitted for the importation of (i) goods donated to Cape Verde by international organizations; (ii) gifts offered to the Head of State, President of the National Assembly, and members of the Government; (iii) goods donated to religious missions recognized by the State; (iv) donations to the Red Cross, Caritas-Cape Verde and other humanitarian organizations for disaster relief, reconstruction etc.; (v) goods destined for the use of Heads of State, dignitaries etc. on official visits to Cape Verde; (vi) goods imported by Embassies, Consulates, Diplomatic Missions and their staff; (viii) luggage and personal effects brought in by passengers within permissible limits; (ix) staple food imports to meet the needs of Cape Verde's population; (x) goods shipped by the Navy in their transit vessels; (xi) tourism and commercial documents; (xii) Flags and the State's seal; (xiii) ship-wreckage and ship debris; and (xiv) products destined for international sports events (medals, trophies, pharmaceuticals, etc.).

- **Fees and charges for services rendered**

73. The representative of Cape Verde said that his Government had levied a General Emolument Tax of 9 per cent on the CIF value of imported merchandise to cover administrative charges. This tax together with other fees and charges such as a Miscellaneous Tax for the recovery of minor charges, Storage, Tax, Special Storage Tax etc. had been eliminated following the introduction of VAT in January 2004. A Stamp Duty of CVE 100 (€0.91), applied to each import and export declaration, had also been revoked.

74. All imports continued to be subject to a customs user fee equal to 1.04 per cent of the CIF value, pursuant to Ministerial Ordinance No. 71/78 of 14 October 1978 and as amended by Ministerial Ordinance No. 27/79 of 28 April 1979. The new [draft]Customs Code provided the basis for the continuation of this customs users' fee. Two per cent of the revenue from this fee was channelled into a general fund to finance improvements to buildings, equipment, vehicles, etc. used by the Customs

Service. Half of the remainder was used to pay the salaries of customs and police officials, and the other half was transferred to the State budget.

75. Some Members stated that the *ad valorem* customs user fee of 1.04 per cent on the CIF value did not appear to be consistent with Article VIII of GATT 1994 and urged Cape Verde to review this fee. The representative of Cape Verde replied that the General Customs Directorate had collected information for a study on the actual costs incurred by the customs authorities in providing the services rendered. The study would establish the parameters for Cape Verde's customs user fees in accordance with Article VIII of the GATT 1994. He did not exclude the possibility that the current 1.04 per cent fee would be altered in the light of this study.

- **Application of internal taxes to imports**

76. The representative of Cape Verde said that, effective 1 January 2004, a number of fees, charges and internal taxes (such as the consumption tax, special consumption tax on alcohol and tobacco etc.) had been consolidated and replaced by Value Added Tax. He confirmed that the Special Consumption Tax, Environmental Tax and VAT were the only internal taxes applied to imports.

77. Effective 1 January 2004, the Special Tax on Consumption (STC) was applied on the products listed in the Annex to the Regulation on Special Consumption Taxes (Law No. 22/IV/2003 of 14 July 2003, as amended by Law No. 37/IV/2003 of 31 December 2003 and Law No. 48/VI/2004 of 26 July 2004). The STC was applied equally to imports and domestic production at the point of sale in Cape Verde. Table 5 enumerates the products subject to STC and the corresponding rates.

78. In addition, Cape Verde levied an Environmental Tax to support environmental projects. The Environmental Tax (established by Decree-Law No. 128/IV/95 of 27 June 1995) had been abolished with the introduction of VAT on 1 January 2004, but Law No. 46/VI/2004 of 12 July 2004 had reintroduced this tax. The Environmental Tax applied to both imports and domestic production, and was levied on all non-biodegradable wrappers made of metal, glass, plastic and other synthetic materials. The tax amounted to 1 per cent of the CIF value of goods imported in non-biodegradable packages and interior wrappings, and 10 per cent on non-biodegradable packages and interior wrappings imported for packaging goods domestically. The proceeds or revenues from this tax were transferred to the municipalities for environmental protection and basic sanitation works. He added that the National Assembly was reviewing Law No. 46/VI/2004.

79. The representative of Cape Verde said that his Government had undertaken major tax reforms. As part of these reforms, the tax structure had been simplified with the introduction of the Value Added Tax (VAT) on 1 January 2004. VAT was levied at a single rate of 15 per cent on goods

and services. VAT was computed using the destination principle, thereby exempting exports and taxing imports on the same basis as domestically-produced goods and services. The VAT taxable base on imports included customs duties and other applicable border fees. All enterprises were subject to VAT as long as they undertook any taxable or import operation, and were residents or had an establishment or a representation in Cape Verde.

80. The State did not pay VAT on operations in the exercise of its governmental authority. As set out in the VAT Regulation Law No. 21/IV/2003 of 14 July 2003, all services provided by non-profit organizations were also exempt from VAT, as long as their objectives were specifically described in the Law as being of a political, labour-union, religious, patriotic, humanitarian, philanthropic, recreational, sporting, cultural, environmental or of a civic nature.

81. As for product-specific VAT exemptions, Cape Verde exempted all staple goods and certain agricultural inputs, enumerated in Table 6 (a) and Table 6 (b). In addition, pursuant to Laws No. 21/IV/2003 and 23/IV/2003 of 14 July 2003, and Decree Law No. 48/2004 of 26 July 2004, certain domestic operations were exempt from VAT. These exemptions were applicable to both imports and domestic production. However, exemptions from VAT were not automatic and had to be solicited. Decree Law No. 22/2003 of 14 July 2003 set out the system for soliciting exemptions. Applicants submitted a form (MOD 108) annexed to the Decree Law to the Finance Department (General Directorate of Contributions and Taxation). All juridical persons including foreign nationals could apply for these VAT exemptions.

- **Quantitative import restrictions, including prohibitions, quotas and licensing systems**

82. The representative of Cape Verde said that as per Decree Law No. 3/99 of 1 February 1999, no quantitative import restrictions or quotas were currently in effect in Cape Verde. However, in accordance with the revised ECOWAS Treaty [and Decree Law No. 29/93 of 24 May 1993], some products were subject to international trade restrictions. Article 41 of the revised ECOWAS Treaty permitted measures to be taken to restrict or prohibit imports for (i) national security considerations (laws and regulations); (ii) the control of arms, ammunition and other military equipment; (iii) the protection of human, animal or plant health; (iv) the protection of public morals; (v) the transfer of gold, silver and precious or semi-precious stones. Raw diamonds could only be traded with countries that participated in the Kimberly Process Certification System pursuant to Decree Law No. 47/2004 of 15 November 2004; (vi) the protection of Cape Verde's artistic and cultural treasures or property; and (vii) the control of narcotics, hazardous and toxic wastes, nuclear or radioactive products or any other material used in the development or exploitation of nuclear energy. Products

subject to international trade restrictions or prohibited in Cape Verde are listed in Tables 7 and 8 respectively.

Table 7: Products subject to International Trade Restrictions

HS Number	Description
2401; 2402; 2403	Tobacco
2844.10; 2844.20; 2844.30; 2844.40 and 1844.50	Radioactive Products
2844.10; 2844.20; 2844.30; 2844.40 and 2844.50	Chemical Radioactive Elements and Radioactive Isotopes:
	Precious Metals:
7106.00	Silver
7108.00	Gold
7110.00	Platinum
7110.21 and 7110.29	Palladium
7110.31 and 7110.39	Radium
7110.41 and 7110.49	Iridium
7110.41 and 7110.49	Osmium
7110.41 and 7110.49	Ruthenium
8401.00	Nuclear Material
9301; 9302; 9303; 9307	Weapons
9705.00	Collections and specimens for zoology, botany, mineralogy, anatomy collections, or collections of a historic, archaeological, palaeontology, ethnographic or numismatic interest:
9706.00 6	Antiquities with more than 100 years.
9306.10	Munitions

83. His Government applied no quantitative limitations or licenses to the goods listed in Table 7, though substantive criteria such as those related to safety, were applied in granting import permits for these products. Government agencies were involved in the importation of weapons and munitions (the Ministry of Defence and the Ministry of Home Affairs) and precious metals for monetary use (BCV). The BCV used precious metals, including gold and silver, as reserves or money and these restrictions were, in his view, covered by Article XX of the GATT 1994. He confirmed that, except for tobacco, none of the goods subject to international trade restrictions were produced in Cape Verde. Tobacco production in Cape Verde was insignificant. The importation of tobacco was done exclusively by a private company - Cape Verdean Tobacco Company (Sociedad Cabo Verdiana de Tabaco) - under terms that had been established in a contract between the Company and his Government. Cape Verde prohibited the importation of nuclear and radioactive products or waste in accordance with international non-proliferation treaties. Other products prohibited in Cape Verde are listed in Table 8.

Table 8: Goods whose importation is prohibited in Cape Verde

Goods whose importation is prohibited in Cape Verde	
1	Animals and animal products from foreign areas where there is epizooty.
2	Elder tree berry.
3	Unauthorized foreign lottery tickets or its fractions.
4	Boxes or gathered bales and bundles, with the same mark and packed in one volume containing different or the same kind of goods, which are imported without declaration of the number and the total weight of the boxes or gathered bales.
5	<i>Cannabis Sativa L, known as "Indian Hemp".</i>
6	Essential oils, colouring matters and the like of a kind used to counterfeit wines.
7	Imitations of coffee, with the designation of coffee.
8	Imitations of postage-stamp, postmark and other postal stamps in use in Cape Verde
9	Containers manufactured with terneplate packing goods other than mineral oils and, when empty or unassembled, are not consigned exclusively to companies which sell mineral oils.
10	Books when counterfeited editions and fraudulent copies of literary and artistic works protected by law and international conventions.
11	Medicaments of secret composition or not properly registered.
12	Noxious medicaments and foodstuffs pernicious to public health.
13	Goods with false factory marks, false trade marks or false origin or provenance, contravening laws and international agreements in effect.
14	Goods brought by ships sailing in contravention of international conventions.
15	Pornographic objects, pictures, books, printed papers, recorded films, drawings, stamps, written libel and publications, offensives to morals and public decency
16	Plants and any of its parts coming from infected areas of phylloxera or of any other epiphytic disease.
17	Roulettes and other gambling games without previous authorization.
18	Foodstuffs containing saccharin.
19	Products used exclusively for the distillation of alcohol or liquors and other products which the customs recognizes that they could have similar application in the manufacture of distilled or fermented alcoholic drinks, when expressly unauthorized by law
20	Wines and liquors with any geographical denominations legally defined or any others which can occasion mistakes about their real origin, when they are not produced in the wine-growing areas known under those denominations, or with such denominations as "kind of", "type", "rival of", "superior to" and similar logos.
21	Distilled alcoholic drinks which contain essences or chemical products such as: absinth, benzoic aldehyde, salicylic ethers, hyssop and other products recognized as noxious for human health.

84. On import licensing, the representative of Cape Verde said that a non-automatic licensing requirement had been introduced on all products imported to and exported from Cape Verde in accordance with Ministerial Ordinances No.3/2004 and No. 4/2004 of 26 January 2004. Travellers luggage and personal effects were exempt from this licensing requirement.

85. The General Directorate of Commerce under the Ministry of Economy, Growth and Competitiveness was responsible for regulating and implementing licensing procedures in Cape Verde. To obtain the import licence, a licence form (reproduced in Ministerial Ordinance No. 13/2004 of 14 June 2004) had to be completed and submitted for approval to the Department responsible for Trade on the island where the importation or trading operation was to take place. There were no fees associated with the import licence.

86. Asked whether the granting of the licence was discretionary, he replied that the granting of a licence was within the competence of the General Directorate of Commerce in accordance with Article 6 of the Decree Law No. 51/2003. The General Directorate of Commerce could delegate this authority to other entities, but these entities would remain under the general guidance of the Directorate in exercising their function. A refusal by the General Directorate of Commerce to grant a licence could be appealed to the Minister of Economy, Growth and Competitiveness. If this appeal was denied by the Minister, the matter could be brought to the Administrative Courts or Common Courts in Cape Verde.

87. Some Members requested further information on the purpose and nature of the new non-automatic licensing requirement, notably who would be eligible to apply for the licence, the criteria employed in issuing licences, and whether Cape Verde intended to narrow the coverage of this licensing regime to a limited number of products of particular interest or concern. Cape Verde was also requested to complete the WTO Import Licensing Questionnaire for this measure. The application of broad, non-automatic licensing requirements to substantially all trade needed to be justified in terms of specific WTO provisions otherwise it would be deemed inconsistent *inter alia* with Article XI of the GATT 1994.

88. In response, the representative of Cape Verde said that his Government was in the process of revising its licensing procedures.

- **Customs valuation**

89. The representative of Cape Verde said that the Brussels Definition of Value (BDV) currently served as the basis for the calculation of customs duties and other customs charges in line with Decree No. 45.790 of 3 July 1960. With the BDV, the determination of the customs value of imported merchandise was based on its "normal value". Cape Verde also applied reference or minimum import prices on poultry, as set out in Regulatory Decree No. 2/2002 of 2 August 2002. He confirmed that Cape Verde envisaged the elimination of import reference prices or minimum import prices, as required by the WTO Agreement on the Implementation of Article VII of General Agreement on Tariffs and Trade 1994 (Customs Valuation Agreement).

90. The new Customs Code, to be adopted by [July 2005] included valuation rules in Section IV (Customs Value of Goods). He provided an Action Plan for compliance with the WTO Customs Valuation Agreement in document WT/ACC/CPV/14 and its subsequent revision. As noted in the Action Plan, his Government was requesting a transition period until January 2009 for the full implementation of the Customs Valuation Agreement. In his view, this transition period was needed to establish the necessary institutions, endow the customs administration with personnel, equipment,

databases etc. Customs personnel also required training in modern practices to combat fraud, risk evaluation, investigations, post declaration auditing etc. in order to prevent loss of customs revenues from under-invoicing and other fraud. Technical and financial assistance from Members and the relevant international organizations was needed for the training of customs officials dealing with valuation as well as for the drafting of the new Regulations and Interpretative Notes. A Member requested Cape Verde to make reference to Articles 3 and 7 of the Customs Valuation Agreement and Decision 3.1 and paragraph 2 of Decision 4.1 of the WTO Committee on Customs Valuation in its revised Action Plan.

91. Disputes arising from customs valuation decisions were reviewed and decided by the Customs Technical Council, an administrative body including representatives of the Department for Public Administration and the private sector. Judicial appeals of customs valuation decisions could be brought before the Fiscal and Customs Court, and could be further appealed to the Supreme Court of Justice of Cape Verde.

92. [In response to questions concerning elements of the Customs Valuation Agreement already in place and its functioning, the representative of Cape Verde said that in accordance with the current legislative provisions, the right to appeal referred to in Article 11 of the Agreement stipulating that the importer had the right to appeal first to the administrative courts, and also to the Fiscal and Customs Courts, Common Courts or tribunals independent of the Government. Thus, the right to appeal to an independent administrative tribunal was already in effect, as were the following other aspects of Cape Verde's customs regime: the protection of confidential information (Article 10) and a surety bond system (Article 13) provided for in [...] of the Draft Code; the publication of legislation, regulations and administrative decisions of general application on customs issues including valuation (Article 12), provided for in [...] of the Draft Code. The definitions provided in Article 15, the importer's right to a written explanation of how the customs value was determined (Article 16), and provisions ensuring the precise implementation of Articles 9-13 related were contained in the new Customs Law which was slated for enactment during 2005. To the extent not already provided for in law, the provisions of Articles 9-13 and 15-16 would implemented from the date of accession.

93. The representative of Cape Verde requested that the Working Party grant a transitional period from the date of its accession to allow it to obtain and utilize technical assistance to assist in the full implementation of the obligations of the Agreement, in particular those contained in Articles 1-6, 7, 8, and 14. Full implementation of the Agreement on Customs Valuation would be carried out gradually and progressively and would be completed, at the latest prior to 1 January 2009, in accordance with the timetable contained in Table 9 below. He confirmed that during the transition, Cape Verde would not be required to observe the provisions of Article 7.2(f) with respect to selected imports, thereby

allowing for the application of minimum import values to be applied to imports of poultry covered by HS 0207.11 - 0207.14 for the purposes of customs valuation during the transition period. All other aspects of Article 7 would be observed from the date of accession. If such a transitional period were granted, Cape Verde's deviations from the provisions of the Agreement would be strictly limited to these Articles, and all other provisions of the Agreement would be implemented for all imports.

94. During this period, Cape Verde would ensure that its regulations under current legislation in place and additional legislation implemented during the transition concerning customs valuation would be applied on a non-discriminatory MFN basis to all imports. Any changes made in its laws, regulations and practice during the transition period would not result in a lesser degree of consistency with the provisions of the Agreement on Customs Valuation than existed on the date of accession. Cape Verde would participate in the work of the Committee on Customs Valuation and would seek out all available technical assistance, including under Article 20.3 of the Agreement, to ensure that its capacity to fully implement the Agreement upon expiration of the transition period was assured. The representative of Cape Verde presented an Action Plan setting out details of the steps that still remained to be taken in order to achieve this objective and a timetable for each step (Table 9).

Table 9: Action Plan for Implementation of the Agreement on Customs Valuation

Action	Implementation Date
<p style="text-align: center;"><u>Legislative Implementation</u></p> <p>Enactment of new Customs Law (drafted in first half of 2005):</p> <ul style="list-style-type: none"> - Currency conversion notification requirement (Article 9) - Protection of confidential information (Article 10) - Right of administrative appeal and appeal of administrative decisions to an independent tribunal (Article 11) - Publication of legislation, regulations and administrative decisions of general application on customs issues including valuation (Article 12) - Sureties for the release of merchandise (Article 13) - Definitions (Article 15) - Importer's right to an explanation in writing from the customs administration concerning the determination of customs value (Article 16) - Prohibited forms of Valuation when transaction value or transaction value of identical or similar merchandise is applicable (Article 7(a) (b), (c), (d), (e) and (g)) - Establishment that the Annexes I, II and III are integral parts of the Agreement (Article 14) with delayed implementation of provisions related to Articles 1-6, 7:2(f), and 8 <p><u>Training:</u> Initial Seminar/Workshop on the principles of the GATT/WTO Agreement of Value, by WTO Secretariat</p>	Completed or Upon Accession
<p><u>Training:</u> Additional Seminars and Workshops on the Customs Code: Adaptation and familiarization of the Customs Code, by the user.</p> <p>Training on post declaration or post dispatch auditing--Workshops/seminars</p> <p>Preparation Customs Valuation Manual</p>	Prior to 1 January 2006

Action	Implementation Date
<p>Training</p> <p>Technical training on determination of Customs Value: Course to train trainers for selected Customs functionaries identified as having the capacity to teach.</p> <p>Training on risk evaluation: Workshops/seminars presented by specialists in "risk evaluation".</p>	Prior to 1 January 2007
<p>Creation of a technical information system including a reference data base on the value of identical or similar goods: Data base for the evaluation of identical or similar merchandise to implement usage of identical and similar merchandise transactional value (methods 2 and 3 applied sequentially).</p> <p>Evaluation of the Customs Code implementation.</p>	Prior to 1 January 2008
<p>Additional Legislative Implementation, e.g., Regulations to the Customs Law, activating the provisions of the Customs Law for the following measures:</p> <ul style="list-style-type: none"> - Transaction valuation (Article 1) - Transaction value of identical goods (Article 2) - Transaction value of similar goods (Article 3) - Imputed value (Article 5) - Computed value (Article 6) - Fallback method, with elimination of use of minimum import values (Article 7:2(f))for poultry - Additions to the price paid or payable (Article 8) <p>Adoption of Decision 3.1 of the Committee on Customs Valuation on the Treatment of Interest Charges in the Customs Value of Imported Goods</p> <p>Adoption of paragraph 2 of Decision 4.1 of the Committee on Customs Valuation on the Treatment of Interest Charges in the Customs Value of Imported Goods and the Valuation of Carrier Media Bearing Software, for Data Processing Equipment.</p>	Prior to 1 January 2009
<p>Full implementation of Agreement on Customs Valuation</p>	Prior to 1 January 2009

95. The representative of Cape Verde stated that legislation on the valuation of imports for customs and taxation purposes conforming to the requirements of the Agreement on Customs Valuation would be enacted prior to Cape Verde's accession to the WTO, but that some of the provisions would not immediately go into effect. Cape Verde would progressively implement the Agreement on Customs Valuation in accordance with the Action Plan in Table 9, and with the understanding that during this period the scope of implementation of other aspects of the Agreement, as described in paragraphs [92 and 94], would be applied by Cape Verde. Full implementation would start from 1 January [2007][2009]. The Working Party took note of these commitments.]

- **Rules of origin**

96. The representative of Cape Verde said that the Preliminary Instructions on Customs Tariff, Annexed to Decree No. 45.790 of 3 July 1960, outlined Cape Verde's general non-preferential rules of origin. The Preliminary Instructions were being revised, the new provisions on rules of origin would be contained in Section III (Articles 20 – 24) of the new Customs Code to be adopted [in July 2005].

The new provisions had been drafted to ensure conformity with the WTO Agreement on Rules of Origin.

97. As a Member of ECOWAS, Cape Verde also followed the ECOWAS Protocol on rules of origin, which he considered to be consistent with the principles set forth in the WTO Agreement on Rules of Origin. According to the ECOWAS protocol, origin was determined on the basis of the wholly obtained, substantial transformation, or value-added criterion.

98. A Member sought confirmation that Cape Verde would revise its Customs Law to incorporate the requirements of Article 2(h) and Annex II, paragraph 3(d) of the WTO Agreement on Rules of Origin, i.e. that for non-preferential and preferential rules of origin, respectively, the customs authority would provide within 150 days, upon the request of an exporter, importer or any person with a justifiable cause, an assessment of the origin of the import and outline the terms under which it would be provided, and that any request for such an assessment would be accepted even before trade in the goods concerned began. The representative of Cape Verde replied that Cape Verde would include provisions consistent with the WTO Agreement on Rules of Origin in the new Customs Code.

99. Asked whether Cape Verde would consider the European Community as one entity for origin purposes, the representative of Cape Verde noted that the WTO work programme on rules of origin was ongoing and currently the provisions of Annex II of the Agreement on Rules of Origin were in effect. In the absence of specific WTO principles and provisions on this issue, Cape Verde would defer a decision on this matter. Cape Verde would also analyze this issue within the context of ECOWAS regional integration.

- **Other customs formalities**

100. The representative of Cape Verde said that the owner or consignee of imported goods could initiate procedures for customs clearance before the arrival of merchandise in Cape Verde. Imports and exports of merchandise for personal use or personal gifts which were not of a commercial character and valued at less than CVE 50,000 (€454) were subject to a simplified declaration. All other merchandise was subject to a more detailed declaration, including information on the product characteristics (weight, size, quantity), tariff type, country of origin, country of exportation, freight, destination, and value. For imports, the declaration had to be accompanied with relevant documentation such as the certificate of origin, commercial invoice, sanitary and phytosanitary certificates, transportation (air or sea) and insurance certificates, the single administrative document (SAD), etc. The import declaration required approval by the General Directorate of Commerce when the merchandise was valued at more than CVE 100,000 (€907).

101. Asked about the time needed to clear goods through customs, the representative of Cape Verde said that the processing of a customs declaration was undertaken within 48 hours of its submission, after which the owner or consignee of the imported goods would be required to pay the duties and impositions due within ten days. A fine was imposed for delayed or non-payment of the impositions due. Following the payment of the customs duties and unloading and conveyance fees, the merchandise was to be removed from the warehouse within 30 days for air transported cargo, and 90 days for cargo transported by sea. Non-compliance could lead to a report giving official notice and initiation of procedures for public sale of the consignment.

- **Preshipment inspection**

102. The representative of Cape Verde said that Cape Verde did not employ any mandatory pre-shipment inspection scheme.

103. The representative of Cape Verde confirmed that if in the future Cape Verde engaged the services of a preshipment inspection enterprise, Cape Verde would put into place a preshipment inspection system programme in conformity with the WTO Agreement on Preshipment Inspection and would ensure that preshipment inspection enterprises operating on its behalf complied with the provisions of the WTO Agreements, including the Agreements on Customs Valuation, Import Licensing Procedures, and Technical Barriers to Trade. Provision would be made that decisions by such firms could be appealed by importers in the same way as administrative decisions taken by the Government of Cape Verde. Any preshipment inspection regime would be temporary. Cape Verde would also give due consideration to the recommendations of the Working Party on Preshipment Inspection of 2 December 1997 and subsequent recommendations issued by that Working Party. The Working Party took note of these commitments.

- **Anti-dumping, countervailing duties, safeguard regimes**

104. The representative of Cape Verde said that Decree-Law No. 46828 and Decree-Law No. 46829 of 5 January 1966, modified by Decree-Law No. 578/70 of 24 November 1970, set out the anti-dumping and countervailing duties regime in Cape Verde. Since 1975, no cases had been filed or investigated in Cape Verde, as these Laws were obsolete and would have to be revised to comply with the relevant WTO provisions.

105. As promulgated in Decree Law No. 3/99 of 1 February 1999, a safeguard type provision had been included in Article 3 of the Trade Liberalization Law. This provision provided for the application of safeguard measures when the importation of a good caused, or threaten to cause, serious damage to the national economy or to public health. Cape Verde applied this safeguard type

measure on poultry from all countries. He added that Cape Verde intended to develop and revise its safeguard measures regime to comply with the WTO Agreement on Safeguards.

106. The representative of Cape Verde confirmed that Cape Verde would apply safeguard, anti-dumping, or countervailing duty measures only after notifying and implementing laws in conformity with the provisions of WTO Agreements on Safeguards, the Implementation of Article VI of the GATT, and on Subsidies and Countervailing Measures, and that after accession Cape Verde would apply any such measures only in conformity with the relevant WTO provisions. The Working Party took note of these commitments.

B. EXPORT REGULATION

- Customs tariffs, fees and charges for services rendered, application of internal taxes to exports

107. The representative of Cape Verde said that Cape Verde applied no export duties. The registration and licensing requirements for engaging in exportation were identical to those for imports. Exported goods complied with formalities on exchange operations and with all quality requirements, rules of origin or other norms required by law or by international accord subscribed to by Cape Verde.

- Export restrictions

108. The representative of Cape Verde said that in accordance with Decree-Law No. 151/87 of 26 December 1987, Cape Verde no longer applied quantitative restrictions on exports nor did Cape Verde participate in any voluntary export restraints or orderly marketing arrangements. Cape Verde did not apply minimum export prices on any product.

109. Cape Verde prohibited the exportation of endangered flora or fauna covered by the Washington Convention (CITES), even though Cape Verde was not a signatory to this Convention. The prohibition was covered by the provisions of Law No. 86/IV/93 of 26 July 1993, and was enforced by customs officers in Cape Verde. For flora and fauna not explicitly prohibited, licenses were issued by the Ministry of Environment, Agriculture and Fisheries.

- Export subsidies

110. The representative of Cape Verde said that Cape Verde had no export financing programs. An import duty drawback system had been created by Decree Law No. 32115 of 7 July 1942, providing for the full or partial reimbursement of import duties on merchandise used in the manufacture of products subsequently exported. The duty drawback law, though legally still in effect,

had in practice been abrogated and was no longer used actively, as other more favourable regimes (e.g. Franc/Free Zones) had been introduced subsequently. He confirmed that no duty drawback programs were applied to agricultural products. A duty drawback scheme had been created for olive oil, vegetable oil for human consumption, metal sheets, and cardboard destined for the fish conservation industry. However, this programme had been discontinued. At present, Cape Verde did not envisage creating any new duty drawback law.

111. Law No. 92/IV/93 of 15 December 1993 and Decree Law No. 108/89 of [...] provided fiscal and customs incentives for the export and re-export of goods and services. The fiscal incentives included a five year reduction in contributions and taxes on profits. This five year period could be extended on a year-by-year basis for a maximum of ten years. The customs incentives included [duty drawback] and duty exemptions on intermediate products and raw materials (except petrol) used in the production of exported goods. Exporters importing merchandise, including raw materials, destined for re-export could do so through a suspension of the customs regime. Customs duties, fees and charges, and other taxes on imported goods that had subsequently been exported, incorporated as raw materials in exports, or used in rendering export services, were refunded upon request within 120 days from the date of export or re-export.

112. A Member sought further information on the operation of the duty-drawback scheme, in particular on how Cape Verde ensured that the inputs exempt from import duties under these schemes were used in the production of exports, and how import duties refunded through these programs did not exceed the amount of duties paid or payable. In response, the representative of Cape Verde confirmed that import duties refunded through the duty drawback scheme did not exceed the amount of duty paid or payable. He considered the duty drawback scheme to be consistent with the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement).

113. A Member requested exhaustive information on the incentives and eligibility criteria for the trade promotion programs operated by CAPEVERDE Investments (formerly PROMEX). The representative of Cape Verde replied that the Centre for the Promotion of Tourism, Investment and Exports (PROMEX) and its successor CAPEVERDE Investments promoted exports and re-exports. CAPEVERDE Investments identified local products or enterprises with export potential; organized seminars, conferences and training; participated in trade fairs; researched on potential export markets; and supplied market data to interested entities.

114. Merchandise could be stored in customs bonded warehouses with customs duties and taxes pending. Two types of warehouses existed in Cape Verde, the storage warehouses for commercial needs and the industrial warehouses for industrial needs. In addition, goods could be "temporarily

admitted" for re-export, either unchanged or with active improvement. He confirmed that goods subject to the "temporary admission" regime were free of customs duties and had to be exported. Temporary exports were also permitted whereby the goods were exported for re-import either unchanged or with passive improvement.

115. The representative of Cape Verde agreed that comprehensive information on all subsidies and incentives, including those that were prohibited subsidies under the provisions of Article 3 of the SCM Agreement, needed to be provided in order to address them in the context of Cape Verde's current LDC status, and the understanding that Cape Verde would lose this LDC status within three years. Transitions for any measures not consistent with the SCM Agreement would need to be agreed to in the Working Party.

C. INTERNAL POLICIES AFFECTING FOREIGN TRADE IN GOODS

- Industrial policy, including subsidies

116. The representative of Cape Verde confirmed that the legislative basis for the provision of subsidies comprised (i) the Foreign Investment Law No. 89/IV/93 of 13 December 1993; (ii) Law No. 92/IV/93 of 15 December 1993; (iii) The Industrial Statute, Decree Law No. 108/89 of 30 December 1989; (iv) the Tourism Utility Law [No. 55/VI/2005 of 10 January 2005 and Law No. 42/IV/92 of 6 April 1992]; (v) Law No. 99/IV/93 of 31 December 1993; and (vi) Decree Laws No. 25/94 and 26/94 of 18 April 1994. Subsidies aimed at promoting investment and boosting exports. He confirmed that no program conferred benefits on the basis of local content requirements. His Government was in the process of reviewing its subsidies to redress any inconsistencies.

117. Cape Verde's industrial policy focussed on export-led growth and development of the industrial and private sector. Apart from fiscal or customs benefits, other incentives provided for in Cape Verde's subsidies regime were for the purchase of land for the construction of [factories]; incentives connected with technological or industrial innovation, professional training of workers and reinvestment; and incentives connected with decentralization i.e. the movement of industries within the national territory of Cape Verde. As a potential new incentive measure, his Government was considering automatic or simplified registration for industrialists and their import operations.

118. Certain domestic economic sectors and activities were supported through incentive programs, financial assistance, access to credit and the supply of equipment. The fisheries sector was assisted through the Fishing Development Fund (FDP) pursuant to Decree Laws No. 25/94 and 26/94 of 18 April 1994. The support provided by the FDP included fiscal and customs exemptions, preferential credits, grants or subsidies. Incentives accorded to the fisheries sector had amounted to

about CVE 90 million during 1995 to 2001. Assistance was only provided to Cape Verdean companies, on submission and approval of a form and contract with the FDP.

119. In the tourism sector, the Tourism Utility Law [No. 55/VI/2005 of 10 January 2005 and Law No. 42/IV/92 of 6 April 1992] provided fiscal benefits to companies and customs duty exemptions for equipment and raw materials imported for the establishment or refurbishment of tourist facilities. The Minister of Finance and Planning and the Minister of Economy, Growth and Competitiveness were jointly responsible for monitoring the introduction and provision of these benefits. He added that financial institutions also benefited from fiscal exemptions. Investors in this sector had to apply for authorization from the Ministry of Finance and Planning in accordance with Decree Law No. 43/III/88 of 27 December 1988, as amended by Law No. 32/V/97 of 30 June 1997 and Decree Law No. 66/97 of 3 November 1997. Incentives to the transportation industry - maritime, road and air transportation - and the telecommunications sector (Law No. 72/95) had also been implemented by Cape Verde.

120. The Foreign Investment Law No. 89/IV/93 of 13 December 1993 and Regulatory Decree No.1/94 of 3 January 1994 outlined the authorization procedures and conditions governing foreign direct investment. Pursuant to the Industrial Statute (Decree Law No. 108/89 of 30 December 1989), registered industrial enterprises could benefit from certain incentive schemes, notably a three-year tax exemption on revenues generated. Subsidies granted to industrial activities were not contingent on export performance or local content criteria, but their contribution to Cape Verde's economic development would be evaluated.

121. The representative of Cape Verde considered Cape Verde's subsidy programs to be in conformity with the provisions of the WTO Agreement on Subsidies and Countervailing Measures. In follow-up to an IMF study, Cape Verde intended to undertake a further study on its industrial policies. Reforms could be undertaken should the studies recommend the amendment of existing laws and regulations on subsidies.

122. [The representative of Cape Verde confirmed that Cape Verde would administer its subsidy programmes, including those provided for in (i) the Foreign Investment Law No. 89/IV/93 of 13 December 1993; (ii) Law No. 92/IV/93 of 15 December 1993; (iii) The Industrial Statute, Decree Law No. 108/89 of 30 December 1989; (iv) the Tourism Utility Law [No. 55/VI/2005 of 10 January 2005 and No. 42/IV/92 of 6 April 1992]; and (v) Law No. 99/IV/93 of 31 December 1993, in full conformity with the WTO Agreement on Subsidies and Countervailing Measures, including Article 27.2. All necessary information on such programmes would be notified to the Committee on Subsidies and Countervailing Measures in accordance with Article 25 of the Agreement upon entry

into force of Cape Verde's Protocol of Accession. The Working Party took note of these commitments.]

- **Technical barriers to trade, standards and certification**

123. The representative of Cape Verde said that the TBT-related laws and regulations dated back to before the Independence of Cape Verde in 1975, and that there were at present no updated framework legislation, technical regulations, or standards, nor were there any specific plans to establish new technical regulations or standards at this stage. Consequently, without the legislative and institutional means, Cape Verde did not apply any technical regulations or standards for either domestic or imported goods. However, Cape Verde would recognize products certified in other countries provided the certification was valid and was from an authorized certifying body. He added that there were currently no safety regulations administered in Cape Verde as part of consumer protection programs. Although Law No. 88/V/99 of 31 December 1998 approved the legal regime for consumers' protection and defence, the National Consumption Council envisaged in the Law was yet to be regulated and created.

124. Following the submission of the TBT checklist (WT/ACC/CPV/6), and in accordance with the Action Plans circulated in document WT/ACC/CPV/11 and Revision 1, Cape Verde had established an Enquiry Point for TBT matters within the Trade Policy/WTO Unit of the Ministry of Economy Growth and Competitiveness (Resolution No. 37/2003 of 31 December 2003). For the time being, the contact details of the Enquiry Point were "the Office of Minister of Economy Growth and Competitiveness, P.O Box No. 15, Praia, Republic of Cape Verde; Tel: (238) 260 76 11/12; Fax: (238) 261 72 99; and Email: correiafm@yahoo.com or alcidiaa@govl.gov.cv."

125. He stressed the importance of technical and financial assistance to build Cape Verde's capacity on TBT issues and to comply with the provisions of the TBT Agreement. Assistance was required in several areas, including in setting up a facility for prior publication and public comment of all TBT requirements, and for assessing Cape Verde's needs in the development and application of technical regulations in accordance with the provisions of the TBT Agreement.

126. The representative of Cape Verde confirmed that his Government would comply with the transparency and other general requirements of the TBT Agreement as part of its accession process.

- **Sanitary and phytosanitary measures**

127. The representative of Cape Verde said that existing sanitary and phytosanitary (SPS) measures were applied and regulated on the basis of Decrees Nos. 62/89 and 63/89 of

14 September 1989, Decree-Law No. 89/92 of 16 July 1992, Legislative-Decree No. 9/97 of 8 May 1997, Decree-Law No. 26/97 of 19 May 1997, Regulatory Decree No. 15/97 of 3 November 1997, and Ministerial Ordinance No. 55/97 of 9 September 1997. Resolution No. 57/97 of 29 December 1997, Decree-law No. 74/97 and Decree-law No. 75/97 of 29 December 1997 had been revoked by Decree Law No. 8/2002 of 25 February 2002. His Government intended to introduce new science-based legal requirements on food safety, animal and plant health [by 1 January 2007].

128. Cape Verde was a member of the WHO Codex Alimentarius Commission and the International Plant Protection Convention (IPPC). Cape Verde adopted and applied Codex and IPPC standards. He believed these standards provided an acceptable level of protection in Cape Verde. Cape Verde was in the process of adopting standards and becoming a member of the International Office of Epizootics (OIE).

129. Cape Verde was also in the process of creating an enforcement body for the oversight of quarantine and SPS measures. A regulatory agency for food and pharmaceuticals (ARFA – Agência Reguladora de Produtos Farmacêuticos e Alimentares) was being created to regulate the food and drugs sector. An enquiry point for SPS measures in Cape Verde was in the process of being established in the Ministry of the Environment, Agriculture and Fisheries. However, for the time being, the contact details of the Enquiry Point on SPS issues were "the Office of Minister of Economy Growth and Competitiveness, P.O Box No. 15, Praia, Republic of Cape Verde; Tel: (238) 260 76 11/12; Fax: (238) 261 72 99; and Email: correiafm@yahoo.com or alcidiaa@gov1.gov.cv."

130. As outlined in the SPS check-list (WT/ACC/CPV/6) submitted by Cape Verde, further work needed to be undertaken to ensure compliance with the SPS Agreement. Additional efforts were needed to meet the transparency obligations of the SPS Agreement; draft legal instruments in line with Articles 2.2, 3.3 and 5.2 of the SPS Agreement, establishing animal and plant health, and food safety regulations to be based on scientific evidence; and to draft legislation on the equivalence provisions of the SPS Agreement. Provisions of the SPS Agreement relating to non-discrimination, regional conditions, control, inspection and approval procedures also needed to be met. In light of the legal, infrastructural, financial and technical constraints faced by Cape Verde, and as indicated in the Action Plan (WT/ACC/CPV/10 and Rev.1), he stated that Cape Verde would need a transition period until 1 January 2010 to ensure full conformity with the SPS Agreement. He stressed the importance of technical assistance to be provided during the period of transition.

- **Trade-related investment measures**

131. The representative of Cape Verde stated that Cape Verde did not apply any measure that could be construed as a prohibited TRIM under the WTO Agreement on Trade-Related Investment Measures.

- **State-trading entities**

132. The representative of Cape Verde said that products such as fuels and lubricants, tobacco and chemical-pharmaceutical products were subject to a special import regime and were imported under an exclusive regime by select enterprises, namely, Shell and ENACOL, Cape Verdean Tobacco Company, and EMPROFAC. Weapons and munitions were imported exclusively by the Ministries of Defence and Home Affairs. In accordance with Decree Law No. 29/93 of 24 May 1993 and Decree Law No. 50/2003 of 24 November 2003, precious metals and gold for monetary use were imported only by the Central Bank of Cape Verde.

133. Shell and ENACOL were private enterprises with concession rights in the importation and distribution of petroleum derivatives. Both companies purchased fuels and lubricants in the international market and sold petroleum products domestically either through retail outlets or directly to airline and shipping interests. He noted that ENACOL and Shell did not enjoy special privileges, exclusive rights or monopoly rights in the importation of fuels and other petroleum products.

134. Cape Verdean Tobacco Company (Sociedade Caboverdiana de Tabacos) was a private company with exclusive rights for the importation, production, commercialization and wholesale distribution of tobacco. These rights or concessions had been bestowed to the Cape Verdean Tobacco Company under the terms of a contract with his Government, published in the Official Bulletin No. 20, II Series of 20 May 1999. He added that tobacco production in Cape Verde was insignificant and domestically produced tobacco was not used in industrial production.

135. The representative of Cape Verde considered EMPROFAC, a monopoly with exclusive authority to import and distribute pharmaceuticals in Cape Verde, the only enterprise that would fall within the scope of Article XVII of the GATT 1994. His Government had created EMPROFAC to ensure citizens' access to basic medicines. EMPROFAC had exclusive rights to purchase domestically-made products from INPHARMA. EMPROFAC sold pharmaceuticals imported or bought from INPHARMA to hospitals, the Directorate-General of Pharmacy and private pharmacies. EMPROFAC determined the quantity of imports and set prices on an annual basis based on historic information and in consultation with the Directorate-General of Pharmacy and other purchasers. EMPROFAC imports had amounted to CVE 505,120,500 (€4.58 million) in 1999, CVE 602,285,000

(€ 5.46 million) in 2000, and CVE 588,614,520 (€ 5.34 million) in 2001. Purchases were made through a tendering process and an invitation for bids from foreign suppliers. Although EMPROFAC had not concluded any long-term contracts for purchases, the enterprise generally resorted to the same suppliers every year. Comments by the public on EMPROFAC's operations could be directed to the Inspector General of Economic Activities or to the Directorate-General of Pharmacy responsible for overseeing the pharmaceutical sector. His Government was in the process of privatising EMPROFAC. The issue of whether EMPROFAC would retain its exclusive importation and distribution authority was also under consideration.

136. The importation of rice, corn, sugar and wheat flour were no longer subject to State trading. The Public Stock Provisioning Enterprise was no longer in business. The import regime for these products was set out in Decree Law No. 29/2002 of 9 December 2002 and Ministerial Ordinance No. 6/2004 of 16 February 2004.

137. He stated that Cape Verde would prepare and submit a notification on State trading practices under Article XII of the GATT 1994 at the earliest opportunity. Any entity granted exclusive import rights in the future would also be notified to the WTO.

- **Free zones, special economic areas**

138. The representative of Cape Verde said that Decree Law No. 18/2000 of 27 March 2000, Law No. 83/V/98 of 21 December 1998, and Decree Law No. 48/99 of 2 August 1999 authorized the establishment of a Commercial Franc (Free) Zone, which was defined as a duty free import and export area where permanent trade fairs could be held. However, Cape Verde's Commercial Franc Zone was not yet fully operational, and had so far only hosted occasional trade fairs.

139. Cape Verde had also designated "free enterprises" or "franc enterprises" benefiting from special fiscal and customs incentives under Law No. 99/IV/93 of 31 December 1993 and pursuant to Decree Law No. 36/2003 of 29 September 2003; Regulatory Decree No. 6/99 of 21 June 1999; Law No. 50/III/89 of 13 July 1989; Legislative Decree No. 19/97 of 22 December 1997; Resolution No. 43/93 of 31 August 1993; and Resolution No. 3/2004 of 23 February 2004. The Industrial Zone of Lazareto had been created especially for the setting up of free enterprises. Free enterprises could also be established elsewhere in Cape Verde, and would continue to benefit from the earmarked incentives provided for under the Law. Any legally established national or foreign enterprise was eligible for the status of free enterprise, as the Law stated that "all enterprises, producing or trading goods and services, solely for export or sale to other free enterprises installed in Cape Verde, can apply for the free enterprise status." In order to be designated and registered as a free enterprise, the entity applied to the Ministry of Finance, Planning and Regional Development through CAPEVERDE

Investments. Upon approval, CAPEVERDE Investments issued a certificate of free enterprise in accordance with the provisions of Annex 2 of the Law No. 99/IV/93.

140. The fiscal incentives for "free enterprises" included the total exemption from all taxes on profits and dividends distributed for ten years. After ten years, these taxes were not to exceed 15 per cent of the profits. Free enterprises were also exempt from indirect taxes and other levies such as the stamp tax or notary and registration fees. Free enterprises did not have to declare [capital gains][realization of stock capital]. Customs incentives included the exemption of all border taxes, duties, and charges on imported goods used directly by the free enterprise, such as construction materials, machinery, equipment, instruments, accessories, fuels and lubricants (with the exception of petrol), cargo and transportation materials. Raw materials and intermediate products used in goods exported by a free enterprise could be imported through a suspension of the customs regime. Exported products manufactured or re-exported by free enterprises were exempt from customs duties. Free enterprises could also contract foreign workers.

141. In response to a query, the representative of Cape Verde confirmed that the Ministry of Finance and Planning could authorize free enterprises to sell up to 15 per cent of the preceding year's production in the local market. Goods destined for the local market were subject to the applicable duties, taxes and other charges.

142. A Member urged Cape Verde to review its policies related to free zones, and questioned whether the criteria for free enterprises were consistent with the WTO Agreement on Subsidies and Countervailing Measures. In reply, the representative of Cape Verde said that, applied by an LDC, the criteria would in his view be in compliance with the provisions of the Agreement on Subsidies and Countervailing Measures. Nevertheless, as Cape Verde's LDC status was set to expire, his Government was committed to prepare a plan for the gradual elimination of prohibited subsidies.

- **Government procurement**

143. The representative of Cape Verde said that the Directorate General for State Property solicited bids and oversaw the purchase of goods and services for all government departments. Tendering procedures were regulated by Decree-Law No. 31/94 of 2 May 1994. Generally, construction contracts were awarded after a public bidding process had taken place. The contract was awarded to the most "advantageous" proposal, taking several factors into account, including the price, timetable for execution of the project, technical specifications, and other factors of special interest to the public. He confirmed that his Government did not give preference to local goods and services in its government procurement practices.

144. A Member invited Cape Verde to participate in the WTO Agreement on Government Procurement as an observer as a prelude to future participation as a Member to this Agreement. Noting that participation in this Agreement was optional for WTO Members, the representative of Cape Verde said that his Government would explore the advantages and disadvantages of joining the Agreement on Government Procurement.

- **Transit**

145. The representative of Cape Verde said that Chapter VIII (Articles 215 – 220) of the new Customs Code [to be adopted by July 2005], included provisions on the regulation of trade in transit that, in his view, were in conformity with Article V of General Agreement on Tariffs and Trade 1994. Cape Verde was a member of the World Customs Organization (WCO) and was consulting and seeking technical assistance from the WCO on the regulation of trade in transit.

146. As an ECOWAS Member, Cape Verde was a signatory to the Convention relating to Road Transit of merchandise between ECOWAS Member States of 29 May 1982, and the Additional Convention A/SP.1/5/90 of 30 May 1990 that instituted a mechanism within the ECOWAS Community to guarantee the inter-State road transit of merchandise.

- **Agricultural policies**

(a) **Imports**

147. The representative of Cape Verde said that the Government Department responsible for Agriculture, Forestry and Livestock could impose quantitative restrictions or prohibitions on the import of vegetables, livestock and other products on the grounds of health and public safety. SPS measures were applied, and food imports needed to meet "Codex" standards. Imported agricultural or animal products were accompanied by a certificate of origin. Based on an inspection, the Cape Verdean authorities issued a certificate to indicate that the products did not constitute a risk to Cape Verde. Imported food products had to be accompanied by information on the date of manufacture and the estimated shelf-life, as well as their composition, trademark and manufacturer's name, when such information was justified.

(b) **Exports**

148. The representative of Cape Verde said that Cape Verde prohibited the export of endangered flora or fauna covered by the International Convention on Endangered Species of Flora and Fauna (Washington Convention). His Government did not provide any credits, credit guarantees or insurance programs for agricultural exports.

(c) **Internal policies**

149. The representative of Cape Verde said that the agricultural sector played an important role in the national economy, contributing about 11 per cent of the GNP and employing nearly 20 per cent of the labour force in 2000. The import of some agricultural inputs was exempt from customs duties and taxes to support domestic producers. Tariff exemptions were available for breeding livestock, seeds and plants for agriculture, fertilizers and pesticides.

150. Information concerning domestic support and export subsidies in the agricultural sector was circulated in document WT/ACC/SPEC/CPV/1 and Revision 1 providing information for the years 1998, 1999, 2001, 2002 and 2003. He identified "Green Box" support as expenditure on research, information dissemination through extension and advisory services, and infrastructural services that, in view of the limited water resources in Cape Verde, served both environmental and agricultural purposes. Funding was also provided for the development of agriculture and livestock; reforestation; an annual survey on agriculture production; and the payment of salaries for forest rangers and similar personnel. Salaries and wages accounted for a significant proportion of Cape Verde's expenditure on domestic support. Government expenditure for the support and development of agriculture in Cape Verde amounted to about CVE 560 million (€5 million) annually.

151. The representative of Cape Verde confirmed that Cape Verde did not provide any agricultural export subsidies.

152. [Cape Verde's commitments on agricultural tariffs and domestic support and export subsidies for agricultural products are contained in the Schedule of Concessions and Commitments on Goods (WT/ACC/CPV/[...]) annexed to Cape Verde's draft Protocol of Accession to the WTO.]

- **Trade in civil aircraft**

153. The representative of Cape Verde said that domestic companies benefited from tariff exemptions for imported aircraft and spare parts.

- **Textiles regime**

154. The representative of Cape Verde said that trade in textiles was of growing importance and had accounted for almost 50 per cent of total exports in 2001. Cape Verde had recently been certified for apparel benefits under the African Growth and Opportunities Act (AGOA), which gave Cape Verde's textile exports preferential access in the United States. Cape Verde also had preferential (quota and duty-free) access to other markets such as Canada and the European Union.

V. TRADE-RELATED INTELLECTUAL PROPERTY REGIME

- GENERAL

- Industrial property protection

155. The representative of Cape Verde said that his Government attached importance to the development of an industrial property protection system. New legislation was being promulgated by Cape Verde in this area as the existing legal provisions, i.e. the Decree No. 30679 of 24 August 1940, which had been enacted as the Industrial Property Code of 1959 (Ministerial Ordinance No. 17043 of 14 May 1959), was obsolete and had not been applied in Cape Verde since its independence in 1975. A new Industrial Property Law, modelled on the Industrial Property Law promulgated by Portugal in 2003, was scheduled to be adopted by the National Assembly in [July 2005]. He expected the new Law to be in full conformity with the provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

156. The representative of Cape Verde submitted information on the implementation of the TRIPS Agreement in document WT/ACC/CPV/5, and Action Plans in document WT/ACC/CPV/9 and Revision 1. As per the Action Plan, Cape Verde would seek to implement and be in full conformity with the provisions of the TRIPS Agreement by December 2006. The timetable for implementation of the TRIPS Agreement was dependant on the provision of timely and adequate technical assistance. Assistance had been, and would be further solicited from relevant sources, including bilateral donors and the World Intellectual Property Organization (WIPO).

157. In response to a query on the Action Plan, he stated that notwithstanding the transition period and technical assistance requested for the implementation of the TRIPS Agreement, his Government would (i) apply Articles 3, 4 and 5 of the TRIPS Agreement during any transition period granted; (ii) Cape Verde's intellectual property rights regime would not result in a lesser degree of enforcement during any transition period granted; and (iii) existing rates of infringement would not significantly increase, and infringements of intellectual property in this period would be addressed immediately by Cape Verde.

- Responsible agencies for policy formulation and implementation

158. The representative of Cape Verde stated that the Ministry of Economy, Growth and Competitiveness was the focal point on industrial property matters. [The Government Department responsible for Energy and Industry was also charged with formulating and implementing policies on industrial property]. He added that the Ministry of Culture was the focal point for copyright and

related rights in Cape Verde. In 2001, Cape Verde had created the National Institute for Research, Promotion and Cultural Heritage (under the Ministry of Culture) which was responsible for compliance with legislation pertaining to copyright and related rights.

- **Participation in international intellectual property agreements**

159. The representative of Cape Verde said that Cape Verde had been a member of the World Intellectual Property Organization (WIPO) since 1 July 1997, and participated regularly in WIPO activities, particularly regional seminars for Portuguese-speaking countries. Cape Verde was also a member of the African Industrial Property Organization (AIPO).

160. Cape Verde intended to accede to the Paris Convention for the Protection of Industrial Property and would be submitting its accession request shortly. With respect to copyright and related rights, Cape Verde had acceded to the Berne Convention for the Protection of Literary and Artistic Works in June 1996 and had become a member of the International Convention for the Protection Performers, Producers of Phonograms, and Broadcasting Organizations (Rome Convention) in June 1996. He indicated that Cape Verde did not intend to ratify and implement the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.

161. Cape Verde had developed a cooperation relationship with Portugal's National Institute of Industrial Property for training and technical assistance activities.

- **Application of national and MFN treatment to foreign nationals**

162. The representative of Cape Verde said that the 1959 Industrial Property Code provided for equal treatment to all persons, independent of place of residence. The reciprocity regime applied for foreign nationals. New legislation on Industrial Property Protection foresaw equal rights for all beneficiaries, whether national citizens or foreigners. This principle would also be adhered to in Cape Verde's accession to the Paris Convention.

163. With respect to copyright and related rights, Cape Verde legislation neither permitted discriminatory treatment on the basis of the copyright holder's nationality, nor did it permit special treatment to the citizens of any particular country.

- **Fees and taxes**

164. The representative of Cape Verde said that minimal fees and charges set in the outdated 1959 Industrial Property Code remained in effect for industrial property protection. His Government

intended to revise these fees in the new draft Industrial Property Law (Title IV – "Fees"). At present, Cape Verde applied no fees or taxes for copyright and related rights.

- **SUBSTANTIVE STANDARDS OF PROTECTION, INCLUDING PROCEDURES FOR THE ACQUISITION AND MAINTENANCE OF INTELLECTUAL PROPERTY RIGHTS**

- **Copyright and related rights**

165. The representative of Cape Verde said that the existing Copyright Law had been enacted in Decree No. 107/90 of 8 December 1990. Cape Verde had subsequently acceded to the Berne Convention in June 1996.

166. Some Members requested detailed information on the Copyright Law of Cape Verde, and in particular its conformity with Articles 9, 10, 11, 13 and 14.2 of the TRIPS Agreement. In response, the representative of Cape Verde indicated that some provisions of the Copyright Law might be inconsistent with provisions of the TRIPS Agreement. The Action Plan submitted in document WT/ACC/CPV/9 and Revision 1 envisaged review and, as necessary, amendment or revision of the Copyright Law [by July 2005] to bring it in conformity with the TRIPS Agreement. The proposed timetable for completion of work, as outlined in Cape Verde's Action Plan, depended on the provision of timely and adequate technical assistance. He added that specific elements to be reviewed, and as necessary amended, in the process of revising the Copyright Law included the definition of computer programs; rental rights for computer programs and cinematography works; the length and terms of protection for performers/performances; copyright protection for folklore/traditional culture (a WIPO model law was being examined); and other aspects or provisions identified by Members as not in compliance with the TRIPS Agreement.

167. The representative of Cape Verde confirmed that in line with Article 10.1 of the TRIPS Agreement, computer programs were protected as literary works in Cape Verde. The Copyright Law currently allowed "an artist's interpretation or execution" to be protected for a period of 40 years, starting from the first day of the year in which the copyrighted work was generated.

- **Trademarks, including service marks**

168. The representative of Cape Verde said that the 1959 Industrial Property Code (Chapter III, section II, Articles 86 and 103) provided for the registration and protection of marks. Applications to register a mark were lodged with the Department responsible for Industry. After the application had been submitted, a notice to this effect was published in the Industrial Property Bulletin. The deadline to present complaints or objections was 90 days, after which the Department responsible for Industry

would examine and process the application by comparing the mark submitted for registration against already-registered marks.

169. Members sought a description of the protectable subject matter for trademark protection in Cape Verde. Further information on the length and terms of protection, procedures for the registration and protection of trademarks, including well-known marks, and the rights that the owner could exercise was requested. Clarification on the arbitration mechanism and penalties for misuse and infringement of trademarks was also sought.

170. In response, the representative of Cape Verde indicated that the 1959 Industrial Property Code was obsolete and that Cape Verde would adopt a new Industrial Property Law in conformity with the TRIPS Agreement [by July 2005].

- **Geographical indications, including appellations of origin**

171. The representative of Cape Verde said that Geographical Indications were not covered by the 1959 Industrial Property Code. The new Industrial Property Code [expected to be promulgated by July 2005] would cover this subject in conformity with the TRIPS Agreement.

- **Industrial designs**

172. The representative of Cape Verde said that the 1959 Industrial Property Code (Chapter II, Sections I - IV) provided for the registration and protection of industrial designs. After an application had been submitted, a notice indicating the objective, utility and novelty of the industrial design was published in the Industrial Property Bulletin. The deadline to present complaints or objections was 90 days, after which the request would be processed.

173. Some Members sought further information on the procedures for protection of industrial designs, and for the protection of textile designs. In reply, the representative of Cape Verde indicated that the 1959 Industrial Property Code was obsolete and that Cape Verde would adopt a new Industrial Property Law in conformity with the relevant provisions of the TRIPS Agreement [by July 2005].

- **Patents**

174. The representative of Cape Verde said that the 1959 Industrial Property Code (Chapter I, Sections II - IV) provided for the registration of patents. A request for a patent was made in an application with the supporting materials as indicated in Article 15 of the Industrial Property Code. Upon the request of the inventor or his/her legal representative, a "certificate of presentation of the

patent request" was issued. After the application had been submitted, a notice with a transcript of the patent claim was published in the Industrial Property Bulletin. The deadline to present objections or complaints was 90 days, after which the Department responsible for Industry would examine and process the request.

175. Some Members requested further information on the existing patent legislation in Cape Verde and in particular its conformity with Articles 27, 28, 29 and 32 of the TRIPS Agreement. Further information was also sought on the rights provided to patent holders, the term of protection, and whether any provisions for extension of the term of protection of patents existed in Cape Verde. Details of provisions and description of conditions (if any) which might permit the use of the patent subject matter without the authorization of the patent holder was solicited.

176. In reply, the representative of Cape Verde stated that the 1959 Industrial Property Code was obsolete. Cape Verde would adopt a new Industrial Property Code in conformity with the provisions of the TRIPS Agreement [by July 2005].

- **Plant variety protection**

177. The representative of Cape Verde said that plant variety protection was not covered by the 1959 Industrial Property Code. Cape Verde would adopt a new Industrial Property Code which would include plant variety protection in conformity with the provisions of the TRIPS Agreement [by July 2005].

- **Layout designs of integrated circuits**

178. The representative of Cape Verde said that layout designs of integrated circuits were not covered by the 1959 Industrial Property Code. Cape Verde would adopt a new Industrial Property Code which would include provisions in conformity with Articles 35 to 38 of the TRIPS Agreement [by July 2005].

- **Requirements on undisclosed information, including trade secrets and test data**

179. The representative of Cape Verde said that trade secrets and test data were accorded protection through the Penal Code.

180. Some Members sought further information on the protection of undisclosed information in conformity with Article 39 of the TRIPS Agreement, including the citation of the specific provisions in the Penal Code relating to trade secrets or test data. Information was also sought on procedures and

protection accorded to test data for pharmaceutical and agricultural chemical products submitted for marketing approval.

181. In reply, the representative of Cape Verde said that the existing Penal Code was old and was in the process of being revised. Cape Verde would adopt a new Industrial Property Code which would include protection of undisclosed information in conformity with the provisions of the TRIPS Agreement [by July 2005].

- **MEASURES TO CONTROL ABUSE OF INTELLECTUAL PROPERTY RIGHTS**

182. The representative of Cape Verde said that the existing measures to control the abuse of industrial property rights were outlined in Title III of the 1959 Industrial Property Code.

- **ENFORCEMENT**

- **Civil judicial procedures and remedies**

183. The representative of Cape Verde said that civil judicial procedures and remedies were applied in accordance with the Civil Process Code. Under the Copyright Law, civil procedures arising from infringements were independent of criminal procedures. One case on a presumed copyright infringement was currently before the courts, but no definitive judgment had yet been passed. No civil cases had so far been brought concerning trademark infringements.

184. Some Members sought further information on laws, regulations and any conditions under which the right holder could avail of civil judicial procedures and remedies. Further clarification was solicited on Cape Verde's conformity with Article 43.1 of the TRIPS Agreement. In response, the representative of Cape Verde indicated that Cape Verde would adopt a new Industrial Property Code in conformity with the provisions of the TRIPS Agreement [by July 2005].

185. Referring to Article 45.2 of the TRIPS Agreement, the representative of Cape Verde said that according to Articles 9 and 10 of the Civil Code and Cape Verde's laws of judicial procedure a right holder could be awarded the costs and/or attorney's fees at the successful conclusion of a case for copyright or intellectual property rights infringement.

- **Provisional measures**

186. The representative of Cape Verde said that in accordance with Cape Verde's current procedural law, provisional or precautionary measures could be issued *inaudita altera parte* or without prior notice to the defendant. Provisions in line with Article 50 of the TRIPS Agreement would be included in the new law being drafted.

- **Administrative procedures and remedies**

187. The representative of Cape Verde said that administrative procedures and remedies had not been applied in Cape Verde due to the obsolete and non-functional nature of the existing Industrial Property Code, and that this matter would be rectified with the drafting and adoption of a new Law.

- **Special border measures**

188. The representative of Cape Verde said that the 1959 Industrial Property Code did not include any special border measures to prevent the entry of counterfeit or other products violating the principles of industrial property protection. Cape Verde would adopt a new Industrial Property Law [by July 2005], that would be in conformity with the provisions of the TRIPS Agreement, including Article 51, on border enforcement of intellectual property rights. He added that training and counselling of the customs service would be necessary in this area.

189. Some Members sought further information on border enforcement for trademark counterfeiting and copyright piracy. Indications when border protection would be available to other forms of intellectual property were also solicited. Clarification was sought on whether competent authorities could take ex officio action, in line with Article 58 of the TRIPS Agreement.

190. In response, the representative of Cape Verde said that Customs Officials could take ex officio action under current customs operating procedures to prevent the importation of goods that infringed intellectual property rights. Cape Verde Customs could seize such goods and the case could be brought before the courts.

- **Criminal procedures**

191. The representative of Cape Verde said that the illicit or unauthorized appropriation, use or diffusion of industrial property or trade secrets was a criminal offence punishable under the terms of the 1959 Industrial Property Code. Article 213 of the 1959 Industrial Property Code stipulated that "any act of unfair competition shall be penalized by a fine of CVE 100 (€0.90) to CVE 10,000 (€90) under current legislation, which may be supplemented by a prison term of 15 days to six months." He acknowledged that the present penalties in the Industrial Property Code did not constitute an effective deterrent. No criminal judicial procedures had been initiated in Cape Verde so far as the application of penalties was not effective and would not discourage illicit practices in the domain of industrial property rights. Cape Verde would adopt a new Industrial Property Law [by July 2005], which would review and revise the criminal procedures and penalties in conformity with the TRIPS Agreement.

192. For copyright and related rights, the Copyright Law allowed for the imposition of penalties against anyone importing, selling or distributing to the public any pirated work, whether the product was produced in Cape Verde or abroad. Copyright violations were punishable by a fine of up to CVE 100,000 (€900). The Copyright Law foresaw penalties up to one year imprisonment and a doubling of fines in the case of recurrence. The copyright holder could also approach a Court to seize samples of usurped or pirated work. As per the Action Plan in document WT/ACC/CPV/9/Rev.1, the Copyright Law would be revised [by July 2005], and training and technical assistance was required to ensure compliance with the relevant provisions of the TRIPS Agreement.

VI. POLICIES AFFECTING TRADE IN SERVICES

193. The representative of Cape Verde said that services played an important role in the economy of Cape Verde. Over the period 1998-2002, services had accounted for about 65 per cent of the GDP. The five most significant services sectors were telecommunications, construction and engineering, tourism and related services, transportation, and financial services. He submitted detailed information on policy measures affecting trade in services in document WT/ACC/CPV/4.

194. Several government departments were involved in the regulation of trade in services, including the Ministry of Economy, Competition and Growth; the Secretary of State for Tourism; the General Department of Tourism; CAPEVERDE Investments; the Ministry of Infrastructures and Transport; the Institute to Assist Small and Medium Enterprises; the Ministry of Finance, Planning and Regional Development; the Ministry of Health; the Ministry of Education and Human Resource Capacity-Building; the Ministry of Culture; the Ministry of Agriculture and Fisheries; the National Food Security Agency; the Bank of Cape Verde; and the Chambers of Commerce. Many professional associations also played a role in this area, including the Bar Association, the Association of Women Lawyers, the Doctor's Association, and the Association of Masons and Carpenters.

195. Although many services had undergone significant liberalization, monopolies remained in the provision of certain basic services, notably in telecommunications (fixed networks), electricity (energy distribution) and water. These monopolies functioned under terms set by concession contracts signed with the Government of Cape Verde.

196. Cape Verde's strategy for growth in the services sector had been to privatize the provision of many services and to open the market to free and fair competition. Cape Verde encouraged foreign investment and pursuant to the Foreign Investment Law No. 89/IV/93 of 13 December 1993, foreigners could invest and work in nearly every service sector. Regulatory Law No. 1/94 set out the procedures for authorization of foreign direct investment.

197. Pursuant to Law No. 47/IV/92 of 6 July 1992 and the privatization process initiated in 1993, joint ventures in financial services were encouraged (though were not mandatory), with a view to building domestic entrepreneurial capacity, and increasing efficiency, productivity and competitiveness of companies. Cape Verdean entrepreneurs with experience in financial services entered into strategic partnerships or joint ventures with foreign investors. In accordance with Article 7 of the Decree Law No. 87/89 of 24 November 1989, joint ventures could also be established in construction services.

198. He added that other laws and regulations that were relevant for investment in Cape Verde's service sectors or sub-sectors included the Tourist Utility Statute (Law No. 55/VI/2005 of 10 January 2005); Industrial Statute (Decree Law No 108/89 of 30 December 1989); Law No. 92/IV/93 of 15 December 1993 on export and re-export incentives; and Law No. 43/III/88 of 27 December 1988, Law No 32/V/97 of 30 June 1997, Decree Law No. 66/97 of 3 November 1997 and amendments regulating financial services. Specific authorization requirements for courier services (currently covered by Decree Law No. 5/94) were to be published in 2005.

199. Concerning legislation regulating management consulting and related services, the representative of Cape Verde said that these services were covered by Decree-Law 37/92 of 16 April 1992 on Accountants; Law No. 126/IV/95 of 26 June 1995 on Professional Associations; Decree-Law No. 12/2000 of 28 February 2000 on Auditing; Decree-Law No. 51/2000 of 4 December 2000 on Attorneys; and the Code of Commercial Enterprises and Registration of Firms contained in Legislative Decree No. 3/99 of 29 March 1999, which covered other aspects of management consulting services.

200. Regarding the telecommunications sector, the Institute of Communication and Information Technologies (ICTI) had been created through Regulatory Decree No. 1/2004 of 9 February 2004. The principal objectives of the ICTI were the supervision, technical regulation and inspection of the communications sector as well as the promotion and development of information technologies. [In addition to the ICTI and its technical regulation, a separate regulatory body and council had been created for the economic regulation of the telecommunications sector]. Both regulatory bodies had their own independent decision-making structures and administrative procedures. Decree-Law No. 70/95 of 20 November 1995 defined value-added services as services that, while having fundamental or complimentary telecommunication services as their sole support, did not require their own telecommunications infrastructure. Authorization to operate value-added services was granted to registered commercial operators and legal enterprises, including foreign owned affiliates that had the provision of telecommunication services as their primary or commercial objective. He stated that the

provision of data services covered transmission of these services through any technological means, including internet protocol.

201. On the opening up of the telecommunications sector, the representative of Cape Verde said that invitations to tender for mobile telephone services had been launched and the selection process was in progress. One or more internet service providers were also expected to be operational in 2004. Cabo Verde Telecom had monopoly rights on the provision of fixed network services. These monopoly rights had been established, until 27 November 2021, under a 25 year Concession Agreement (Decree Law No. 13/96 of 18 March 1996). His Government set the prices for these services. He stated that his Government would make efforts to renegotiate this Concession Agreement, and that Cape Verde would provide unlimited market access for these services upon termination of the monopoly rights - even if the termination occurred before 27 November 2021.

202. Concerning tourism and travel related services, the representative of Cape Verde said that revenues from tourism had increased from about CVE 2.9 billion in 1999 to more than CVE 7.5 billion (or 10.2 per cent of GDP) in 2002. Foreign investment in the tourism sector had also grown steadily. According to PROMEX, some 4,000 jobs had been created in tourism infrastructure and services over the period 1994 – 2002. He confirmed that there was no Law in Cape Verde that discriminated against foreign suppliers. "Tourism Utility Status", regulated by [Law No. 42/IV/92 of 6 April 1992 and Law No. 55/VI/2005 of 10 January 2005], entitled foreign investors and workers to certain fiscal and customs incentives, i.e. duty free import of materials, tax exemptions, profit or salary remittances abroad etc.

203. He added that Decree Law No. 4/94 and Regulamentary Decree No. 3/94 of 7 February 1994 regulated the activities of tour operators and tourist guides. Tour operators were not wholesale firms but included local operators and the actual organizers of tours. The basic policies on tourism development were provided for in Law No. 21/IV/91 of 30 December 1991. Urban Planning had been undertaken with zones earmarked for tourism development. He added that the preservation of the environment and the eco-system was a priority for Cape Verde. In this context, all hotels with more than 21 beds were required to undertake an environmental impact study. The tourism development policy in Cape Verde also foresaw the preservation and promotion of local culture. In this regard, cultural entertainment groups had been given support.

204. Noting that the government enterprise Cape Verde Airlines (TACV) held a monopoly on domestic air transportation, maintenance and repair, and cargo handling, the representative of Cape Verde said that the privatization of TACV had been re-evaluated following domestic and international developments in 2001. In December 2002, a new Privatization Law had been approved

to facilitate the privatization process. The Privatization Office was working at restructuring TACV to make TACV financially secure. Subject to favourable market conditions, the privatization was expected to proceed shortly.

[An initial offer on specific commitments in services has been circulated in document WT/ACC/SPEC/CPV/3 of 1 November 2004. A revised offer can be found in document WT/ACC/SPEC/CPV/3/Rev.1 of 1 June 2005.]

VII. TRANSPARENCY

- **Publication of information on trade**
- **Notifications**

205. The representative of Cape Verde said that in accordance with the Constitution, all laws and legal acts, rules, regulations and public notices for the purpose of enforcement were published in the Official Bulletin. He confirmed that all normative acts, including SPS or TBT regulations, customs and judicial rulings of general application were also published in the Official Bulletin. The Official Bulletin was available for sale to the public. Copies were available at the National Archives and the National Library of Cape Verde. He confirmed that the Official Bulletin would be made available electronically after the National Press had carried out the necessary technological upgrades. He requested financial and technical assistance for this purpose. Users seeking to access the proposed website of Official Bulletins would be charged for the service.

206. The representative of Cape Verde confirmed that Cape Verde would, upon accession, fully and promptly implement Article X of the GATT 1994 and other transparency provisions in the WTO Agreements requiring notification and publication. He further confirmed that no law, regulation, judicial decision, administrative rulings, or other measures of general application pertaining to or affecting trade in goods, services and TRIPS, would become effective prior to its publication. The publication of such laws, regulations and other measures would include the effective date of these measures and list the products and/or services affected by the particular measure.

VII. TRADE AGREEMENTS

207. The representative of Cape Verde said that Cape Verde was a member of the Economic Community of West African States (ECOWAS). The ECOWAS Treaty called for free trade, free movement of persons, right of residence and establishment, free movement of capital, and an Economic Union with a common currency for the ECOWAS Member States. Cape Verde presently only provided for the free movement of persons among the ECOWAS Member States.

208. All 15 ECOWAS Member States had agreed to establish a Customs Union and adopt the ECOWAS common external tariff, which for the moment was under further study and had not yet been implemented. In accordance with Article 35 of the revised ECOWAS Treaty, signed on 24 July 1993, the Customs Union among the Member-States was to have been established over a ten year period (i.e. by 1 January 2000). Within the Customs Union, all duties and border charges were to be eliminated, and Member-States were accorded duty-free treatment in each other's markets. Non-tariff barriers such as quotas, quantitative restrictions and prohibitions were also to be removed. A common external tariff was to be established which would be applied to imports from outside the Customs Union. He provided a roadmap for implementing the ECOWAS common external tariff and for establishing the Customs Union.

209. Unprocessed goods and traditional handicraft products were covered by Article 36.2 of the revised ECOWAS treaty. These goods were to be accorded duty and quota free treatment within the ECOWAS Community with immediate effect. However, the ECOWAS Heads of State had deferred the implementation of this measure in order to study and examine its effect on non-West African Economic and Monetary Union (WAEMU) members (including Cape Verde).

210. Cape Verde had concluded a free trade agreement with a group of African Portuguese-speaking countries - Angola, Guinea Bissau, Mozambique and Sao Tome and Principe. This agreement had been signed on 30 March 1980. Free trade among the parties had not yet been undertaken. He provided a list of Cape Verde's Foreign Trade Agreements in Annex 8A of document WT/ACC/CPV/3.

CONCLUSIONS

[to be completed]

ANNEX

Laws, Regulations and Other Information Provided to the Working Party by Cape Verde

- The Decree-Law of the Republic of Cape Verde No. 108/89 "On the Industrial Activity Statute" dated 30 December 1989;
- The Law of the Republic of Cape Verde No. 42/IV/92 "On the Tourism Utility Statute" dated 6 April 1992;
- The Law of the Republic of Cape Verde No. 83/V/98 "On the Commercial Franc Zones Regime" dated 21 December 1998;
- The Law of the Republic of Cape Verde No. 89/IV/93 "On General Conditions for Making Foreign Investments" dated 13 December 1993";
- The Law of the Republic of Cape Verde No. 92/IV/93 "On Regime of Incentives Applicable to the Export or Re-export of Goods and Services" dated 15 December 1993;
- The Law of the Republic of Cape Verde No. 99/IV/93 "On Free Enterprise Law" dated 31 December 1993;
- The Law of the Republic of Cape Verde No. 88/V/98 "On Juridical Regime for Consumer Protection and Defence" dated 31 December 1998;
- The Revision Proposal of Decree-Law of the Republic of Cape Verde No. 5/99 "On the Commerce Juridical Regime" dated 1 February 1999;
- The Resolution of the Republic of Cape Verde No. 31/86 "On Trade Licenses Fees" dated 6 September 1986; and
- Official determination of the Republic of Cape Verde No. 16/99 regarding the competence to grant, renew, refuse, suspend or revoke authorisation for the exercise the wholesale and commercial agent activities dated 3 January 2000.
- The Decree Law of the Republic of Cape Verde No. 3/93, on "Regulation of Pharmaceuticals and Medications" of 2 February 1993;
- The Decree Law of the Republic of Cape Verde No. 3/98 on "Import Quota Regime" of 1 February 1999;
- The Decree Law of the Republic of Cape Verde No. 31/86 on "Taxes and Emoluments of Commercial Licensing" of 6 September 1986;
- The Decree Law of the Republic of Cape Verde No. 52/2003 on "Goods and Services Price Regime" of 24 November 2003;
- The Decree Law of the Republic of Cape Verde No. 48/99 on "Free Commercial Zones" of 2 August 1999;
- The Legislative Decree of the Republic of Cape Verde No. 14/97 on "Evaluation of the Environmental Impact" of 1 July 1997;
- The Decree Law of the Republic of Cape Verde No. 29/93 on "Exchange Regime" of 24 May 1993;
- The Ministerial Ordinance of the Republic of Cape Verde No. 2/99 on "Prior Registration" of 8 February 1999;
- The Decree Law of the Republic of Cape Verde No. 2/2004 on "Price Regime" of 19 January 2004;
- The Ministerial Ordinance of the Republic of Cape Verde No. 3/2004 on "Foreign Trade Title" of 26 January 2004;
- The Ministerial Ordinance of the Republic of Cape Verde No. 13/2004 on "Foreign Trade Titles" of 14 June 2004;
- The Ministerial Ordinance of the Republic of Cape Verde No. 4/2004 on "Registration and Licensing Procedures" of 26 January 2004;
- The Decree Law of the Republic of Cape Verde No. 50/2003 on "Juridical Regime of the Commerce Sector" of 24 November 2003;

- The Ministerial Ordinance of the Republic of Cape Verde No. 6/2004 on "Liberalization of Wheat Flour" of 16 February 2004;
- The Decree Law of the Republic of Cape Verde No. 2/2002, on "Reference Price and Minimum Price on Chicken Meat" of 12 August 2002;
- The Draft Customs Code of the Republic of Cape Verde;
- The Draft Decree-Law "On Financial Management Companies";
- The Draft Decree-Law "On Mediation";
- The Draft Law "On Fiscal Legislation";
- The Draft Decree-Law "On Mediation Centres";
- The Draft Law No. 43/III/88 of 27 December 1998;
- The Draft Alteration on Law No. 43/III/88;
- The Draft Alterations to the Law "On Complementary Services";
- The Draft Law "On Financial Leasing Companies";
- The Draft Justification Note for the Arbitration Law;
- The Draft Law "On Arbitration";
- The Draft Law "On Arbitration Centres";
- The Draft Justification Note on the Mediation Package;
- The Draft Industrial Property Code of Cape Verde;
- The Draft Revision of the Law "On Copyrights" No. 101/III/90 of 27 December 1990;
- Legislative Decree No. 9/95 of 27 October 1995;
- Legislative Decree No. 12/97 of 9 June 1997;
- Legislative Decree No. 5/95 of 27 June 1995;
- Notice No. 4/98 of the Bank of Cape Verde;
- Protocol "On Conditions Governing the Application of the Community Levy" of 27 July 1996;
- Resolution A/RES/59/209 of United Nations "On Smooth Transition Strategy for Countries Graduating from the List of Least Developed Countries" of 10 December 2004;
- Resolution A/RES/59/210 of United Nations of 10 December 2004;
- Resolution No 67/V/97 of 31 of December;
- Road Map for the ECOWAS Common External Tariff/Customs Union:
- Draft of Legislation Pertaining to Livestock;
- Decree Law 30/2005 "On Mediation Centers" of 9 May 2005;
- Decree Law 31/2005 "On Mediation" of 9 May 2005;
- Decree Law No. 53/2003 "On Competition" of 24 November 2003;
- Decree Law No. 18/93 "On Banks" of 29 March 1993;
- Decree Law No. 22/2003 "On VAT Regulation" of 14 July 2003;
- Decree Law No. 40/2004 "On Conferring to Cabo Verde Investments Transitory Powers to Manage, Administer and Supervise Integral Tourism Development Zones" of 11 October 2004;
- Decree Law No. 59/99 "On Regulations on the Registration of Firms" of 27 September 1999;
- Law No. 14/VI/2002 "On Approval of the Tax Reform System" of 19 September 2002;
- Proposal to Alter Law No. 43/III/88 of 27 December 1988;
- Law No. 32/V/97 amending Law No. 43/III/88;
- Law No. 55/VI/2004 "On Tourism Utility Statute" of 10 January 2004;
- Decree Law No. 23/VI/2003 "Approving the ICE Regulation" of 14 July 2003;
- Regulatory Decree No. 1/94 "On Foreign Investment Authorization" of 3 January 1994;
- Regulatory Decree No. 7/2004 "On Statutes of Cabo Verde Investments" of 11 October 2004;
- Regulatory Decree No. 11/93 "On Investment Companies" of 16 July 1993;
- Law No. 14/VI/2002 "On Tax on Expenses – VAT, Article 8: Exemptions in the Internal Operations" of 19 December 2002;

- Decree Law No. 16/97 "On Administrative appeals" dated 10 November 1997;
- Decree Law No. 18/97 "On Administrative Procedures" dated 10 November 1997; and
- Draft Decree Law "On Juridical Regime of Foreign Trade", amending Decree-Law No. 51/2003.

Table 3: Price Controls

HS	Product	Level of Application		Type of control	Observations	
10.06.30	Rice	1st	CVE 48/kg wholesale, ex-warehouse	Maximum	In force since 5 January 1998 and replaced former prices enacted on 1 March 1996	
			CVE 54/kg Retail, at all islands			
		2nd	CVE 35/kg wholesale, ex-warehouse			
			CVE 38/kg Retail, at all islands			
17.01.11 17.01.12 17.01.91 17.01.99	Sugar (Granular)	CVE 55/Kg Wholesale, ex-warehouse CVE 61/kg Retail, at all islands		Maximum		
10.05.90	Corn	1st	Wholesale, ex-warehouse: CVE 30/kg	Maximum		
			Retail, at all islands: CVE 33/kg CVE 28/litre			
		2nd	Wholesale, ex-warehouse: CVE 25/kg			
			Retail, at all islands: CVE 28/kg CVE 21/litre			
1101.00	Wheat Flour	Wholesale – CVE 36,000/Metric tonne Price ex-factory in Mindelo and at all ports of other islands.		Maximum	In force since 5 October 1998 and replaced former prices enacted on 29 December 1994	
		Resale, at all islands – CVE 2,035/bags of 50kg				
		CVE 46/Kg – Retail, at all islands				
1103.11.	Wheat Bran	CVE 15,000/Metric tonne Price Wholesale ex-factory.		Maximum		
19.05.10	Bread and bakery	CVE 90/Kg Wholesale - Price ex-factory; CVE 100/Kg Retail		Maximum	In force since 15 October 2001 and replaced former prices enacted on 5 October 1998	
		There are pieces of bread of:				
		Weight	Wholesale			Retail
		500g	CVE 45			CVE 50
250g	CVE 22	CVE 25				
100g	CVE 9	CVE 10				
2710.00	Gas oil	Retail at the fuel station – CVE 63/litre In bulk, ex-warehouse – CVE 62/litre		Fixed prices	In force since 7 June 2004 and replaced former prices enacted on 6 August 2003 which reduced prices rose on 3 February 2003.	
2710.00.	Gasoline	Retail at the fuel station – CVE 110/litre In bulk, ex-warehouse – CVE 109/litre		Fixed prices		
27.11.13	Butane Gas	Bottle of 3kg = CVE 270 Bottle of 6kg = CVE 570 Bottle of 12.5kg = CVE 1,350 Bottle of 55 kg = CVE 5,940		Fixed prices		
2710.00.	Kerosene	In bulk, ex-warehouse – CVE 39/litre Retail – CVE 44/litre		Fixed prices	In force since 7 June 2004 and replaced former prices enacted on 3 February 2003	
27.16.00	Electric power supply	See Map Annexed to Council of Ministers Resolution No. 43/2002, of 30 December 2002		Fixed prices	In force since 1 January 2003 and replaced former prices enacted on 1985	
24. 03.10	Tobacco	Contract between the Government and the Capeverdean Tobacco Company (SCT).		Agreed prices	However, no legal measure has been taken.	

HS	Product	Level of Application	Type of control	Observations
30.04.10-90	Drugs	Article 29 of Decree Law No. 3/1993, of 15 February 1993	Fixed prices	However, no legal measure has been taken.
22.01.10	Water	Map annexed to resolution No. 43/2002, of 30 December 2002	Fixed prices	In force since 1 January 2003 and replaced former prices enacted on 1998

Notes:

- The wholesale prices include the price of the bags.
- Rice and corn are classified according to their quality.
- The prices of potato and onions are liberalized in as much as they are not included in the legislation in effect.
- The calculated prices listed are based on the effective purchase price in the international market plus international freight, insurance, customs duties and other charges (port fees, storage, etc.), the share of financial and investment costs and the margin according to the market practice. The internal structural costs (domestic transport costs and distribution costs) are considered.
- Importers of Corn, Rice, Sugar and Wheat flour which are subject to maximum prices are obliged to distribute 30 per cent of their importation in other islands than Santiago and S. Vincent. Notwithstanding the provisions of Decree Law No. 52/2003 of 24 November 2003, of Decree Law No. 3/1993 of 15 February 1993 and of Ministerial Ordinance No. 2/2004 of 19 January 2004 the prices of drugs and tobacco have been from than on fixed by their producers and importers.
- The Government of Cape Verde after consultation with the Chambers of Commerce Upper Council (Conselho Superior das Câmaras de Comércio) establishes the prices on the basis of their agreed margins.
- The prices listed above are generally changed when international price changes have a negative impact on the companies' margin.

Table 5: Special Tax on Consumption (STC)

(Articles 24 and 29 of the Law of Taxes on Expenses)

HS Code	Description	Rates (per cent)
1604.30.00.00	Caviar and caviar substitutes:	10
2203.00.10.00 and 2203.00.90.00	Bottled in recipients of a capacity not exceeding 50 cl - Others	30
2204	- Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009:	
2204.10.00	- Sparkling wine	30
2204.21.00.90 2204.29.00.90	- In containers holding 2 litres or less: - Others	20 20
2205	Vermouth and other wine of fresh grapes flavored with plants or aromatic substances:	
2205.10.00.00	- In containers holding 2 litres or less:	30
2205.90.00.00	- Others	30
2206	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included:	
2206.00.10.00	- Beer excluding the one made of malt	30
2206.00.90.00	- Others	30
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 percent vol.; spirits, liqueurs and other spirituous beverages:	
2208.20.00.00	- Spirits obtained by distilling grape wine or grape marc (grape brandy):	30
2208.30.00.00	- Whiskies:	30
2208.40.00.00	- Rum and tafia:	30
2208.50.00.00	- Gin and Geneva	30
2208.60.00.00	- Vodka	30
2208.70.00.00	- Liqueurs and cordials	30
2208.90.00.90	- Other	30
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes:	
2402.10.00.00	- Tobacco, not stemmed / stripped:	10
2402.20.00.00	- Tobacco, partly or wholly stemmed/stripped	10
2402.90.00.00	- Tobacco refuse:	10
2403	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences:	
2403.10.00.00	Smoking tobacco, whether or not containing tobacco substitutes in any proportion:	10
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or Included, containing by weight 70 percent or more of Petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils:	
2710.00.21.00	- Lubricating oils	10
2710.00.29.00	- Others	10
2710.00.32.00	- Gasoline:	10
2710.00.33.00	- Gasoline	10
2710.00.39.00	- Others	10
2710.00.51.00	- Diesel	10
3303	Perfumes and toilet waters:	
3303.00.10.00	- - - Floral or flower waters	10

HS Code	Description	Rates (per cent)
3303.00.20.00	- - - Floral or flower waters not containing alcohol	10
3303.00.90.00	- - - Others	10
3304	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations:	
3304.10.00.00	- Lip make-up preparations	10
3304.20.00.00	- Eye make-up preparations	10
3304.30.00.00	- Manicure or pedicure preparations	10
	- Others:	
3304.91.00.00	- - Powders, whether or not compressed	10
3304.99.00.00	- - Others	10
3604	Fireworks, signaling flares, rain rockets, fog signals and other pyrotechnic articles:	
3604.10.00.00	- Fireworks (display):	10
3604.90.00.00	- Others	10
4302	Tanned or dressed fur skins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading 4303:	
4302.11.00.00	- - Of mink	10
4302.12.00.00	- - Of rabbit or hare	10
4302.13.00.00	- - Of lamb, the following: Astrakhan, Broadtail, Caracul, Persian and similar lamb, Indian Chinese, Mongolian or Tibetan lamb	10
4302.19.00.00	- - Others	10
4302.20.00.00	- Heads, tails, paws and other pieces or cuttings, not assembled	10
4302.30.00.00	- Whole skins and pieces or cuttings thereof, assembled	10
4303	Articles of apparel, clothing accessories and other articles of fur skin:	
4303.10.00.00	- Articles of apparel and clothing accessories	10
4303.90.00.00	- Others	10
4304.00.00.00	Artificial fur and articles thereof	10
7101	Pearls, natural or cultured, whether or not worked or graded but not strung, mounted or set; pearls natural or cultured, temporarily strung for convenience of transport	
7101.10.00.00	- Natural pearls	10
7101.21.00.00	- - Unworked	10
7101.22.00.00	- - Worked	10
7102	Diamonds, whether or not worked, but not mounted or set:	
7102.10.00.00	- Unsorted	10
7102.31.00.00	- - Unworked or simply sawn, cleaved or bruted	10
7102.39.00.00	- - Other	10
7103	Precious stones (other than diamonds) and semiprecious stones whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds and semiprecious stones temporarily strung for convenience of transport:	
7103.10.00.00	- Unworked or simply sawn or roughly shaped.	10
7103.91.00.00	Ruby, sapphire and emerald	10
7103.99.00.00	- - Other	10
7104	Synthetic or reconstructed precious or semi-precious stones, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semiprecious stones, temporarily strung for convenience of transport:	
7104.20.00.00	- Other, unworked or simply sawn or roughly shaped	10
7104.90.00.00	- Other	10
7113	Articles of jewelry and parts thereof, of precious metal or of metal clad with precious metal	

HS Code	Description	Rates (per cent)
7113.11.00.00	- - Of silver, whether or not plated or clad with other precious metals	10
7113.19.00.00	- - Of other precious metals whether or not plated or clad with precious metal	10
7113.20.00.00	- Of base metal clad with precious metal	10
7114	Articles of goldsmith's or silversmith's wares and parts thereof, of precious metal or metal clad with precious metal:	
7114.11.00.00	- - Of silver, whether or not plated or clad with other precious metal:	10
7114.19.00.00	- - Of other precious metals whether or not plated or clad with precious metal	10
7114.20.00.00	- Of base metal clad with precious metal	10
7115	Other articles of precious metal or of metal clad with precious metal	
7115.90.00.00	- Artifacts for technical or laboratory use	10
7116	Articles of natural or cultured pearls, precious or semiprecious stones (natural, synthetic or reconstructed):	
7116.10.00.00	- Of natural or cultured pearls	10
7116.20.00.00	- Of precious or semiprecious stones (natural, synthetic or reconstructed)	10
7117	Imitation jewelry	
7117.11.00.00	- - Cuff links and studs	10
7117.19.00.00	- - Other	10
7117.90.00.00	- Other	10
Ex-87	Automobiles used to transport persons and merchandise up to 5 tons, used, of the headings 8702, 8703, 8704.21.20.11 to 8704.21.20.29 and 8704.31.20.11 to 8704.31.20.29: - Up to four years old - Up to six years old: - Up to ten years old - With more than ten years old: Road tractors for semi-trailers, track-laying tractors, and other tractors, except pedestrian controlled tractors and automobiles for the transport of merchandise with capacity greater than 5 tons, used, from the headings 8701.20.00 to 8710.90.00 and 8704.22.20.11 to 8704.22.20.19, 8704.23.20.11 to 8704.23.20.19, 8704.32.20.11 to 8732.20.19, 8704.90.00.11 to 8704.90.00.19: - Up to four years old - Up to six years old: - Up to ten years old - With more than ten years old:	0 30 60 150 0 10 20 60
8903	Yachts and other vessels for pleasure or sports; row boats and canoes	
8903.91.00.00	- Sail boats with or without auxiliary motors	10
8903.91.00.90	- Sail boats with motors	10
8903.92.00.00	- Motor boats other than outboard motorboats	10
9303	Other firearms and similar devices which operate by the firing of an explosive charge (for example, sporting shotguns and rifles, muzzle loaded firearms Very pistols and other devices designed to project only signal flares, pistols and revolvers for firing blank ammunition, captive bolt humane killers, line-throwing guns):	
9303.10.00.00	- Muzzle loading firearms	10
9303.20.00.00	- Other sporting, hunting or target shooting shot-guns, including combination short-gun rifles	10
9303.30.00.00	- Other sporting, hunting or target-shooting rifles	10
9303.90.00.00	- Other	10
9304.00.00.00	Other firearms (for example: rifles, carbines, and pistols, spring loaded, of air compression or of gas, "matracas") except those of heading 9307	10

HS Code	Description	Rates (per cent)
9701	Paintings, drawings and pastels, executed entirely by hand, other than drawing of heading 4906 and other than hand-painted or hand decorated manufactured articles; collages and similar decorative plaques; all the foregoing, framed or not framed:	
9701.10.00.00	- Paintings, drawings and pastels	10
9701.90.00.00	- Other	10
9702.00.00.00	Original engravings, prints and lithographs, framed and not framed.	10
9703.00.00.00	Original sculpture and statuary, in any material	10
9706.00.00.00	Antiquities of an age exceeding one hundred years.	10

Table 6(a): Goods subject to complete exemption or right to deduction

VAT Exemptions

	Article Description	Heading
1.	Food Products – No. 28 of Article 9	
1.1	Meat and edible meat offal, from the following Tariff headings:	
1.1.1	of bovine animals, fresh, chilled, frozen,	0201.10.00 to 0202.30.00
1.1.2	of swine, fresh, chilled, frozen,	0203.11.00 to 0203.29.00
1.1.3	of sheep and goats, fresh, chilled, frozen,	0204.10.00 to 0204.50.00
1.1.4	of poultry (roosters, chickens, ducks, geese, turkeys, guineas, domestic species)	0207.11.00 to 0207.36.00
1.1.5	pig fat free of lean meat, and poultry fat, not rendered or otherwise extracted fresh chilled frozen salted in brine dried or smoked	0209.00.00
1.1.6	Meat and edible meat offal, salted, in brine, from swine and bovine animals	0210.11.00 to 0210.20.00
1.2	Fish from the following Tariff headings:	
1.2.1-	from the following fish, fresh, frozen or chilled, excluding fish fillets, livers, roes and semen	0302.31.00 to 0302.39.00
1.2.1.1	Tunas and Bonito	0303.41.00 to 0303.49.00
1.2.1.3-	Mackerel (<i>Scomber scombrus</i> , <i>Scomber australasicus</i> ,	0302.64.00
	<i>Scomber japonicus</i>)	0303.74.00
1.2.2. -	Smoked fish, whether or not in fillets, excluding Pacific and Danube salmon	0305.42.00, 0305.49.00
1.2.3	Fish, dried, whether or not salted but not smoked, excluding cod	0305.59.00
1.2.4	Fish, salted but not dried or smoked, and fish in brine, excluding cod, and anchovies	0305.61.00, 0305.69.00
1.3	Milk and dairy products and eggs from the following tariff headings:	
1.3.1	Milk and cream, not concentrated nor containing added sugar or other sweetening matter, in powder, granules or other solid forms	0401.10.00 to 0401.30.00
1.3.2	Milk and cream, concentrated or containing added sugar of other sweetening matter	0402.10.10 to 0402.99.00
1.3.3	Butter milk and curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter, or flavoured or containing added fruits or cocoa	0403.10.10, 0403.10.20, 0403.10.30, 0403.10.90, 0403.90.00
1.3.4	Butter and other fats derived from milk	0405.10.10 to 0405.90.10
1.3.5	Cheese and curd	0406.10.10 to 0406.90.10
1.3.6	Birds eggs, in shell, fresh, preserved or cooked, excluding eggs for hatching	0407.00.00.90
1.4	Vegetables from the following tariff headings:	
1.4.1	Potatoes, fresh or chilled, excluding seed	0701.90.00
1.4.2	Tomatoes, fresh or chilled	0702.00.00
1.4.3	Onions and shallots, garlic, leeks and other alliaceous vegetables fresh or chilled	0703.10.00 to 0703.90.00
1.4.4	Cabbages, cauliflower, kohlrabi, kale and similar edible brassicas, fresh or chilled	0705.11.00 to 0705.29.00
1.4.5	Lettuce and chicory, fresh or chilled	0705.11.00 to 0705.29.00
1.4.6	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled.	0706.10.00 to 0706.90.00
1.4.7	Cucumbers including gherkins, fresh or chilled.	0707.00.00
1.4.8	Leguminous vegetables, shelled or unshelled, fresh or chilled	0708.10.00 to 0708.90.00
1.4.9	Dried leguminous vegetables, shelled, whether or not skinned or split, excluding yellow peas.	0713.10.00 to 0713.90.00

	Article Description	Heading
1.4.10	Cassava (manioc)	0714.10.00
	sweet potatoes	0714.20.00
	Yams	0714.90.10
1.5	Fruits	
1.5.1	Fresh Bananas	0803.00.10
		0803.00.20
1.5.2	Guavas mangoes and mangosteens, fresh or dried	0804.50.10, 0804.50.90
1.5.3	Citrus fruit, fresh or dried	0805.10.00 to 0805.90.00
1.5.4	Grapes, fresh	0806.10.00
1.5.5	Melons, watermelons and papayas (papaws) fresh.	0807.11.00 to 0807.20.00
1.5.6	Apples, pears and quinces, fresh	0808.10.00, 0808.20.00
1.5.7	Apricots, cherries, peaches, (including nectarines), plums and sloes, fresh	0809.10.00 to 0809.40.00
1.5.8	Other fruit, fresh	
	Strawberries	0810.10.00
	Raspberries, blackberries, mulberries and loganberries	0810.20.00
	Black, white or red currant, including the "cassis"	0810.30.00
	Cranberries, blueberries and other fruits	0810.40.00
	Kiwis	0810.50.00
	Other fruit	0810.90.00
1.6	Cereals from the following tariff headings	
1.6.1	Wheat	1001.90.00
1.6.2	Corn (maize), excluding seed and popcorn	1005.90.00
1.6.3	Rice	1006.10.90 to 1006.40.00
1.6.4	Cane or beet sugar and chemically pure sucrose, in solid form	1701.11.00 to 1701.99.90
1.6.5	Ordinary bread	1905.90.00.91
1.7	Fat or oil from the following tariff headings:	
1.7.1	Pig fat (including lard)	1501.00.00
1.7.2	Soybean oil and its fractions, whether or not refined, but not chemically modified, excluding crude oil	1507.90.00
1.7.3	Peanut oil and its fractions, whether or not refined, but not chemically modified, excluding crude oil	1508.90.10
		1508.90.90
1.7.4	Olive oil and its fractions, whether or not refined, but not chemically modified: Virgin; other, packed for retail in pack containers of less than 5 litres.	1509.10.00 to 1509.90.90
1.7.5	Sunflower-seed oil or safflower and its fractions whether or not refined but not chemically modified, excluding crude oil.	1512.19.00
1.7.6	Margarine, excluding liquid margarine	1517.10.00
2.	Goods from No. 15 of Article 9	
2.1	Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets	4901.10.00 to 4901.99.90
2.2	Newspapers, journals and periodicals, whether or not illustrated containing advertising material	4902.10.00
		4902.90.00
2.3	Children's picture, drawing or colouring books	4903.00.00
2.4	Music, printed or in manuscript, whether or not bound or illustrated	4904.00.00
2.5	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes printed	4905.10.00 to 4905.99.00
3.	Goods from No. 29 of Article 9	
3.1	Medicaments, including those for veterinary use, as well as patents and other pharmaceutical products for therapeutic or prophylactic uses	3001.10.00 to 3006.60.00
4.	Goods from Nos. 32 and 33 of Article 9	
4.1	Eggs for hatching	0407.00.00
4.2	Seed potatoes	0701.10.00
4.3	Corn seed	1005.10.00

	Article Description	Heading
4.4	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower, chicory plants and roots	0601.10.00, 0601.20.00
4.5	Other live plants (including their roots), cuttings and slips, mushroom spawn	0602.10.00 to 0602.90.00
4.6	Cereal straw and husks, unprepared, whether or not chopped ground, pressed or in the form of pellets	1213.00.00
4.7	Rutabagas (swedes), mangolds, fodder roots, hay, alfalfa (lucerne) clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets	1214.10.00, 1214.90.00
4.8	Vegetable materials and vegetable waste, vegetable residues and by-products, whether or not in the form of pellets, of a kind used in animal feeding Preparations of a kind used in animal feeding, excluding dog and cat food	2308.10.00, 2308.90.00 2309.90.10, 2309.90.90
4.9	Mineral or chemical fertilizers	3101.00.00 to 3105.90.00
4.10	Insecticides, fungicides, herbicides, anti-sprouting products and plant growth regulators	3808.10.10 to 3808.30.00
4.11	spades, shovels, mattocks, picks, hoes, forks and rakes: axes, bill hooks and similar hewing tools; scateurs	8201.10.00 to 8201.90.00
	and pruners and other hand tools of a kind used for agriculture and horticulture or forestry	8413.82.00
4.12	Liquid elevators	
4.13	Agricultural, horticultural or forestry machinery for soil preparation or cultivation; Lawn or sports ground rollers	8432.10.00 to 8432.90.00
4.14	Harvesting or threshing machinery including straw or fodder balers;	8433.11.00 to 8433.59.00
	Grass or hay mowers;	8433.90.00
4.15	Poultry incubators and brooders	8436.21.00
4.16	Tractors	8701.10.00 to 8701.90.00
4.17	Live animals - horses, asses, mules and hinnies, bovine, swine, sheep and goats, chickens, ducks, geese, turkeys and guineas of domestic species.	0101.11.00 to 0105.99.00
2. Goods from No. 15 of Article 9		
2.1	Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets	4901.10.00 to 4901.99.90
2.2	Newspapers, journals and periodicals, whether or not illustrated containing advertising material	4902.10.00, 4902.90.00
2.3	Children's picture, drawing or colouring books	4903.00.00
2.4	Music, printed or in manuscript, whether or not bound or illustrated	4904.00.00
2.5	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes printed	4905.10.00 to 4905.99.00
3. Goods from No. 29 of Article 9		
3.1	Medicaments, including those for veterinary use, as well as patents and other pharmaceutical products for therapeutic or prophylactic uses	3001.10.00 to 3006.60.00
4. Goods from No. 32 and 33 of Article 9		
4.1	Eggs for hatching	0407.00.00
4.2	Seed potatoes	0701.10.00
4.3	Corn seed	1005.10.00
4.4	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower, chicory plants and roots	0601.10.00, 0601.20.00
4.5	Other live plants (including their roots), cuttings and slips, mushroom spawn	0602.10.00 to 0602.90.00
4.6	Cereal straw and husks, unprepared, whether or not chopped ground, pressed or in the form of pellets	1213.00.00

	Article Description	Heading
4.7	Rutabagas (swedes), mangolds, fodder roots, hay, alfalfa (lucerne) clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets	1214.10.00, 1214.90.00
4.8	Vegetable materials and vegetable waste, vegetable residues and by-products, whether or not in the form of pellets, of a kind used in animal feeding. Preparations of a kind used in animal feeding, excluding dog and cat food	2308.10.00, 2308.90.00 2309.90.10, 2309.90.90
4.9	Mineral or chemical fertilizers	3101.00.00 to 3105.90.00
4.10	Insecticides, fungicides, herbicides, anti-sprouting products and plant growth regulators	3808.10.10 to 3808.30.00
4.11	spades, shovels, mattocks, picks, hoes, forks and rakes: axes, bill hooks and similar hewing tools; secateurs and pruners and other hand tools of a kind used for agriculture and horticulture or forestry.	8201.10.00, 8201.90.00
4.12	Liquid elevators	8413.82.00
4.13	Agricultural, horticultural or forestry machinery for soil preparation or cultivation; Lawn or sports ground rollers	8432.10.00 to 8432.90.00
4.14	Harvesting or threshing machinery including straw or fodder balers;	8433.11.00 to 8433.59.00
	grass or hay mowers;	8433.90.00
4.15	Poultry incubators and brooders	8436.21.00
4.16	Tractors	8701.10.00 to 8701.90.00
4.17	Live animals - horses, asses, mules and hinnies, bovine, swine, sheep and goats, chickens, ducks, geese, turkeys and guineas of domestic species.	0101.11.00, 0105.99.00

Table 6(b): Exemptions listed in Article 8 of VAT Law

-	The transmission of goods and performance of services rendered in the ambit of agriculture, forestry, livestock or fishing activities;
-	The performance of services and the transmission of goods connected to them, concerning medical and sanitary activities, teaching and professional training, child, youth or old age protection, social security and assistance, usually performed by public entities or non-lucrative agencies and collective persons under public Law;
-	Pre-school and basic education activities, secondary school, technical-professional, medium-higher education activities at a private level;
-	Non-lucrative agencies managing institutes or organizations providing services on sports, recreation and physical education and those who practice these activities;
-	Transmission of goods and services provided by Public entities and collective persons under public Law or non-lucrative agencies, exercising activities relating to the Organization of congresses, colloquia, conferences, seminars, courses and similar manifestations, of scientific, cultural, educational or technical nature;
-	Activities performed by show-business professionals in theatrical activities, choreography, music, circus, sports and other, film production, disc editing, and sound and image support;
-	Transmission of Post office sale of stamps in circulation or of stamped values and the respective sales commissions;
-	Transmission of goods and services provided by public postal services, except for the telecommunications;
-	Transmission of copyrights and authorization to use intellectual work, according to the Law No. 101/III/90 of 29 December, Intellectual Property Law, when done by the authors themselves, their heirs or legal representatives;
-	Transmission done by the authors themselves, their heirs or legal representatives of art objects of their own, according to the conditions and limitations fixed in the VAT regulation;
-	Transmission of newspapers, magazines and books, considered of a cultural, educational, technical or re-creative nature;
-	Transmission of staff by religious or philosophical institutions to provide exempt or religious activities;
-	The rendering of civic services provided by non-lucrative agencies to the benefit of their members, if these agencies exercise political, religious, humanitarian, patriotic, philanthropic, re-creative, sporting, cultural and civic activities or representing economic interests being the sole counterpart a quota fixed by the respective statutes;
-	Transmission of goods and services performed by entities whose habitual activities are exempt, when occasional demonstrations are performed to collect funds for their exclusive benefit, as often per year as allowed in the VAT regulation, provided that the exemption does not cause distortion towards competition;
-	Exploration of gambling and their commissions, under public Law;
-	Transmission of staple products (to be defined by the VAT Regulation);
-	Transmission of medications, including those for veterinarian purposes as well as pharmaceutical specialties and products exclusively for therapeutic or prophylactic purposes;
-	Transmission of goods of equipment, seeds, reproduction species, fertilizers, pesticides, herbicides, fungicides and similar, as well as nets, hooks and other fishing apparatus, according to taxes to be described on the VAT Regulation;

-	Banking and financial operations, insurance and reinsurance operations and the services performed by brokers and insurance commission agents;
-	The transmissions of real properties subject to Single Tax on Patrimony according to the respective Regulation;
-	The real property rental not including commercial, industrial and services activities;
-	Services performed by funeral and cremation enterprises, and the transmissions of goods related with these services;
-	Public garbage removal services;
-	Transmission of goods relating exclusively to exempt activities and which did not benefit from the right to deduction; and
-	Non-commercial public radio and television activities.
