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TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

CABO VERDE

This report, prepared for the first Trade Policy Review of Cabo Verde, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Cabo Verde on its trade policies and practices.

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Document WT/TPR/G/322 contains the policy statement submitted by Cabo Verde.

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SUMMARY

1. An archipelago of nine inhabited islands in the Atlantic Ocean, Cabo Verde is at the crossroads of trade between Southern Europe, Africa, and the Americas and the Caribbean. Cabo Verde has roughly 500,000 inhabitants, and a diaspora almost twice as large elsewhere, living mostly in the United States and Portugal. Portugal and Spain are Cabo Verde's most important trading partners in goods. Cabo Verde's currency, the Cabo Verdean Escudo (CVEsc), is pegged to the euro at a fixed exchange rate of €1 to CVEsc 110.265.

2. Cabo Verde graduated from least developed country (LDC) status on 1 January 2008. It is now classified as a lower-middle income developing economy with a per capita GDP of €2,800 per year. Cabo Verde is generally resource-poor and its merchandise imports, notably of fuels and food, typically exceed exports by ten times (or more) in any given year. Foreign exchange is generated primarily by tourism (€300 million in 2014), followed by air navigation services. The Cabo Verdean diaspora is also a major source of remittances.

3. Long-term growth of real GDP has averaged 7.7% per year (1990-2013), driven by tourism as the principal engine of growth. The global financial crisis led to a relatively mild recession in Cabo Verde. The economy returned to modest growth in 2010 (up 1.5%) and 4% growth in 2011, in part due to higher tourism receipts and a public investment programme, mostly externally financed. Debt sustainability has thus become critical. In 2014, economic growth reached 2.7%. Cabo Verde's growth and development model has relied much on investment in the construction and tourism industry, and current reforms are aimed at broadening the economic base. Cabo Verde's energy policy is geared towards the promotion of renewable energy to reduce reliance on imported fuels.

4. Cabo Verde spans the latitudes of the Sahel with a similar arid climate. Faced with unfavourable natural conditions, agricultural production has traditionally been largely insufficient to meet domestic demand for food. Major public investment has been allocated to the construction of dams to promote irrigation. The fisheries' sector is small (less than 1% of GDP), but generates important export earnings. The manufacturing industry caters mainly for the small domestic market. Services contribute about 60% to GDP. Maritime and air transport are priority sectors for development due to their link to tourism.

5. After independence from Portugal in 1975, Cabo Verde adopted economic policies based on State-led development, followed by a period of economic liberalization. Although the role of the State in the economy of Cabo Verde has been reduced substantially since the early 1990s, 14 public enterprises and 15 para-public enterprises continue to be major players, particularly in utilities, energy, telecommunications, and transportation. The financial requirements of some of these enterprises are significant for the Government. The economic performance of certain enterprises has also been poor, which has hampered efforts to privatize them. Present-day Cabo Verde envisages the State as a regulator of an economy dominated by a private sector led by entrepreneurship and innovation. Four regulatory agencies were created in 2004 in the areas of food security (ANSA), pharmaceuticals and food products (ARFA), communications (ANAC), and economic regulation more generally (ARE). ANSA and ARFA were merged in 2013.

6. This is Cabo Verde's first Trade Policy Review. Cabo Verde acceded to the WTO in July 2008 with certain transitional arrangements, negotiated while Cabo Verde was still an LDC. The majority of these arrangements have now expired, and the last flexibilities will lapse in 2018. Cabo Verde bound all tariff lines at rates ranging from zero to 55%. The simple average final bound rates are 19.3% in agriculture, 15.4% on industrial products, and 15.9% overall. Cabo Verde made substantial commitments under the GATS, including open and non-discriminatory regimes, *inter alia,* for business services, distribution, education, environmental services, and road transport, and "partial" commitments in commercially important financial services, telecommunications, construction and maritime transport. Notifications have been provided in various areas pertaining to the WTO, including agricultural export subsidies, SPS, customs legislation, import licensing, anti-dumping, state trading, and TRIPS. Cabo Verde's intellectual property legislation has not yet been reviewed by the WTO Council for TRIPS.

7. Cabo Verde's applied MFN tariffs are well below the bound level, averaging 12% in agriculture and 10% on industrial products. All rates are *ad valorem* and are set at 0%, 5%, 10%,

20%, 30%, 40% or 50%. The highest average tariffs affect clothing; beverages, spirits, and tobacco; and fish and fishery products.

8. Cabo Verde is a founding member of the African Union, and maintains close links with Angola, Brazil, Guinea-Bissau, Mozambique, São Tome and Príncipe, and Portugal through the Community of Portuguese-Speaking Countries (CPLP). The CPLP does not include the exchange of trade preferences. Cabo Verde joined the Economic Community of West African States (ECOWAS) in 1976, and participates in its structures, such as the common agricultural policy (ECOWAP), but not in the economic and monetary union between eight ECOWAS members (WAEMU). Negotiations between ECOWAS and the European Union (EU) to conclude an Economic Partnership Agreement (EPA) have been finalized, and it will enter into force after signature and ratification.

9. The establishment of a customs union with a common external tariff and internal free trade has been a longstanding ambition within ECOWAS. Although many deadlines have been missed along the way, the preparation of the EPA with the EU provided new impetus to the efforts to finalize the ECOWAS Common External Tariff (CET). The CET did not enter into force in Cabo Verde on 1 January 2015 as originally planned, but may be implemented with a delay of approximately one year. According to the Cabo Verdean authorities, the implications for government tariff revenue have been examined. The simple average applied MFN tariff is set to rise from 10.3% at present to 12.3% with full implementation of the CET. Although applied tariffs will remain well below Cabo Verde's bound rates on average, the CET exceeds Cabo Verde's WTO bindings on more than 500 tariff lines. In addition, Cabo Verde has bound "other duties and charges" (ODCs) at 0.5%, reflecting the current level of the ECOWAS community levy. As this levy is set to rise to 1.5%, Cabo Verde's ODCs will also need to be renegotiated across-the-board. The ECOWAS Secretariat has expressed its readiness to assist its members, including Cabo Verde, in their negotiations with other WTO Members.

10. Customs tariffs are an important source of government revenue in Cabo Verde. In 2013, the customs authorities collected more than CVEsc 5.4 billion (nearly €50 million) in import duties. However, value added tax (VAT) is the single most important source of income for the Government, raising CVEsc 11.5 billion in 2013 and nearly CVEsc 13 billion in 2014. The VAT regime was overhauled in 2013, reinforcing a single-rated VAT of 15% by eliminating a lower rate applicable to the tourism sector and removing effective tax rebates on certain basic goods and services subject to price regulation (petroleum products, electricity, water, telecommunication services, and maritime transport of goods). In addition to customs duties and VAT, government revenue is derived from indirect taxes such as a special consumption tax (levied on selected products such as alcoholic beverages, tobacco and petroleum products), an ecological tax on packaging, stamp duties, and a tourist tax (in effect since 1 May 2013).

11. Non-automatic licensing is applied on imported goods subject to SPS requirements, security measures, or other mandatory restrictions required by law. All other imports are subject to automatic licensing, unless the goods are totally exempt from the licensing requirements (goods without commercial value, goods in transit, temporary imports, re-exports, etc.). Although Cabo Verde agreed to re-examine its licensing regime to ensure full compliance with the WTO Agreement on Import Licensing Procedures by the end of 2008, the regime has remained unchanged since its accession to the WTO. In 2013, Cabo Verde adopted new framework laws governing phytosanitary and veterinary measures. Cabo Verde does not use tariff quotas to regulate imports.

12. Cabo Verde introduced a new Customs Code in 2010. The Code stipulates the transaction value as the principal method of customs valuation, but alternative valuation methods are used quite frequently due to chronic under-valuations and missing or inadequate documentation of the claimed value. In 2013, Cabo Verde introduced a statistical tax on imports and exports to finance the computerization of customs clearance. The basic fee of CVEsc 5,000 per customs declaration is levied on top of a customs user fee of 1.04% of the c.i.f. value of imports. The level and structure of the customs user fee, a subject of discussion during the accession negotiations, is still under consideration. Cabo Verde does not levy export taxes.

13. Cabo Verde introduced a new investment law in 2012. The law provides a general framework of rights and guarantees in a generally open and non-discriminatory investment regime. Fiscal incentives available to investors are outlined in the 2013 Code of Fiscal Benefits. The Code regulates tax benefits accorded under general as well as special regimes such as

International Business Centres and establishments under the Tourism Utility Statute. Although the Code of Fiscal Benefits is designed to provide a unified regime of investment incentives, a major carve out exists for large investment projects. In such cases, the rights and obligations may be spelled out in individually negotiated establishment agreements endorsed by the Council of Ministers. Subsidies provided in the form of grants are uncommon, amounting to just over CVEsc 100 million (less than €1 million) in 2013. By comparison, the estimated revenue foregone from tax and import duty concessions reached more than CVEsc 3.25 billion during the same year.

14. Cabo Verde is neither a member nor an observer of the WTO Agreement on Government Procurement. According to the State budget, CVEsc 3.77 billion was set aside for purchases of goods and services by centrally-funded entities in 2014. A new Public Procurement Law was adopted in early 2015. The law is set to enter into force on 15 October 2015, and will replace the current procurement law from 2007 and its regulation (2009). A regulatory agency (ARAP) was created in 2008 to formulate standards and guidelines for public procurement, oversee the procurement processes, and supervise the implementation of contracts. The stated purpose of the new legislation is to clarify responsibilities among the regulatory, supervisory and procuring entities, ease the administrative burden, and simplify procurement to facilitate the participation of small- and medium-sized enterprises.

15. Cabo Verde has undertaken significant reforms in the financial sector to modernize the legal framework and strengthen institutional oversight. There is a relatively large off-shore banking sector. Institutional and legal reforms were also launched to modernize the maritime and port regimes. Recent efforts to improve the general business environment include online business registration procedures (since 2010), the creation of a single window for investment (since July 2014), the transformation to paperless customs clearance (during 2015), and the ongoing consolidation of customs, port, and trade information systems to create a single window for international trade (JUCE).

16. In the long-term, Cabo Verde's economic growth potential is likely to be determined by (i) efficiency gains in the public sector, (ii) improved economic performance of state-owned enterprises, and (iii) a stronger private sector. Cabo Verde has an ongoing State and Public Administration Reform Programme led by a central agency (*Unidade de Coordenação da Reforma do Estado* - UCRE) working under the direct supervision of the Prime Minister and a coordinating counsellor. The programme envisages a certain rationalization of government structures, affecting some 114 institutions in total.

17. Given its vulnerabilities and disadvantages, such as remoteness from foreign markets and a relatively small population dispersed over a vast area, Cabo Verde's economy has performed remarkably well since the early 1990s. The economy's vulnerability to natural disasters was most recently demonstrated in late 2014 with the volcanic eruption on the island of Fogo. However, most importantly, as policy emphasis has shifted gradually over the years, Cabo Verde has developed a credible track record of political pluralism and stability. This is an important asset underpinning further reform efforts and the economic development of Cabo Verde.

1 ECONOMIC ENVIRONMENT

1.1 Main Features

1.1. Cabo Verde is a small country with tourism as the main pillar of the economy. Approximately half of the population of 500,000 live on the island of Santiago, where the capital of Praia is located. Business and tourism is concentrated on four of the nine inhabited islands (Santiago; São Vicente with the second-largest city of Mindelo; Boa Vista; Sal).[1] There is a large Cabo Verdean diaspora (mainly in the United States and Portugal) estimated at about 1 million people, whose remittances have been one of the main sources of finance for the economy.[2]

1.2. Cabo Verde spans the latitudes of the Sahel with a similar arid climate. It is resource-poor, except for fish, and highly dependent on imports of fuel, and food. It has a history of food aid needs (Section 4.1.1). The country is also prone to natural disasters, as witnessed by the volcanic eruption on the island of Fogo in late 2014. A relatively open economy[3], Cabo Verde is vulnerable to shocks from the global economy. Given its vulnerabilities and disadvantages, the economy has performed remarkably well since Cabo Verde embarked on a process of economic liberalization in the early 1990s. By 2007, Cabo Verde graduated from UN LDC status and is now classified as a lower-middle income economy with a per capita income level of around €2,800 (Table A1.1). Cabo Verde's economic development has been underpinned by sound macroeconomic management, and good governance.[4]

1.2 Recent Economic Developments

1.3. Long-term growth of real GDP has averaged 7.7% per year (1990-2013) with the tourism industry as the principal engine of growth.[5] With the onset of the global financial crisis, the economic expansion stalled, as remittances, FDI, tourism, official aid, and imports declined. In 2009, Cabo Verde went through a milder recession than global trends (1.3% contraction). The economy returned to modest growth in 2010 (up 1.5%) and 4% growth in 2011 (Table A1.1), in part due to higher tourism receipts and enhanced public investments. Since 2012, economic growth has been weak.

1.4. A multi-annual Public Investment Programme, mostly externally financed, was launched in 2009 to weather the global financial crisis and support long-term growth through investments in infrastructure, human capital, and good governance. The counter-cyclical stimulus was relatively large, raising public capital expenditures from around 10% of GDP in 2009 to 15% in 2010.[6] The investment programme is based on a policy framework that aims to create a competitive, inclusive economy, and sustainable growth to reduce poverty. Some of the key economic policy papers or roadmaps are the Transformation Agenda of 2003 (*Agenda de Transformação*), the Government Programme for the Eighth Legislature 2011-16[7], and the Third Growth and Poverty Reduction Strategy Paper 2012-16 (DECREP III in Portuguese).

1.5. Cabo Verde's growth and development model has relied much on capital accumulation (FDI, remittances) in the construction and tourism industry. The reform agenda of the Government is aimed at broadening the economic base, and focuses on productivity-enhancing measures that promise more sustainable growth. Structural measures thus financed through the Public Investment Programme include the reform of the State and public administration, and reform of

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[1] The ten islands, listed by size, are Santiago (992 km^2), Santo Antão (754 km^2), Boavista, Fogo, São Nicolau, Maio, São Vicente, Sal, Brava, and Santa Luzia.

[2] BCV (2014a), p. 43. The five principal sources of finance are: remittances, FDI, foreign aid, foreign debt, and private bank credit.

[3] The ratio of imports plus exports (goods and services) divided by GDP is about 100% (Table A1.1).

[4] IMF (2014).

[5] World Bank World Development Indicators. Viewed at: http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators.

[6] BCV (2014a), p. 72.

[7] Viewed at: http://www.reformadoestado.gov.cv/index.php?Itemid=613.

the business environment (Sections 2.1 and 2.4). The majority of the programme expenditures have been allocated to public investments in seven priority sectors ("clusters").[8]

1.6. Agriculture is one of the priority sectors. In Cabo Verde, farming is mainly for subsistence and marketed agricultural production contributes only about 7% to GDP (Table A1.1). Most food is imported. Roughly one-quarter of public investment expenditures are for agriculture and water management to promote, amongst other things, a shift from rain-fed agriculture of basic staples such as maize and beans, towards irrigated agriculture and higher-value crops such as fruit and vegetables.[9] The fisheries sector contributes less than 1% to GDP but makes an important contribution to export earnings. The manufacturing industry caters mainly for the small domestic market.

1.7. In the energy sector, investments have been aimed at bottlenecks in electricity-generating capacity and the distribution network by the state-owned enterprise ELECTRA. Energy policy is directed at further promoting renewable energy (20% of electricity generation in 2013), to reduce Cabo Verde's dependence on imported fuel. Regulatory reforms (including the tariff mechanism) address the loss-making performance of ELECTRA (Section 4.3). State-owned enterprises play an important role in the Cabo Verdean economy (Section 3.4.6).

1.8. The tourism sector contributed about 4.5% to GDP[10] and 7.3% of direct employment, and generated receipts of around €300 million in 2014. FDI in the tourism industry is supported by tax holidays and other incentives. There are currently around 230 hotel establishments in Cabo Verde.

1.9. Maritime and air transport are priority sectors because of their linkages to tourism, and the dispersed population. Over the last ten years, the road, port and airport infrastructure has been modernized.[11] The Government's strategy is to promote Cabo Verde as a hub between Africa, Europe and the Americas. The port management is under restructuring from a service port to a landlord port operated by the state-owned ENAPOR (Section 4.5.3.2). In air transport, a major challenge is to enhance the efficiency and reduce the fiscal burden of the loss-making national carrier *Transportes Aéreos de Cabo Verde* (TACV).

1.10. According to the annual enterprise survey of the National Statistics Institute (INE), 9,049 businesses were active in Cabo Verde in 2013, employing some 50,975 workers in total (78% of the registered businesses and 91% of the employees were on the islands of Santiago, São Vicente, Sal, and Boa Vista). INE surveys also indicate that enterprises with formal accounting practices represent no more than 35% of the total number of registered businesses, yet these enterprises provide 78% of all formal private sector employment and represent 96% of the total business volume. Cabo Verdean enterprises are mainly engaged in wholesale and retail trade or auto and motorcycle repair (47%), hotels and restaurants (15%), and processing industries (10%).[12]

1.11. Despite considerable progress over the past two decades, unemployment remains persistently high at 15.8% in 2014. Reforms to deregulate Cabo Verde's labour market, including the passage of a new Labour Code, are pending.[13] Cabo Verde introduced a minimum wage on 1 January 2014 (CVEsc 11,000 per month).[14]

1.12. The budget deficit and public debt have increased significantly since 2009, reflecting in part the Public Investment Programme (Table A1.1). The investment programme has been financed primarily with foreign debt, taking advantage of the last window of opportunity to secure highly

[8] The seven clusters are agriculture, tourism, maritime economy (including fisheries), information and communication technologies, creative economy (music and other cultural activities), financial services, and air transport services.

[9] World Bank (2014b), p. 22.

[10] This estimate, which appears to be on the low side, is under review by the National Institute of Statistics (INE).

[11] World Bank (2014b), p. 44.

[12] *ASemana* online information. Viewed at: www.asemana.publ.cv/spip.php?article106407¬ak=1.

[13] The Labour Code currently in force is Legislative-Decree No. 5/2007, amended by Legislative-Decree No. 5/2010.

[14] Decree-Law No. 6/2014 of 29 January 2014.

concessional long-term loans following Cabo Verde's graduation from LDC status.[15] Total public debt is expected to climb to 112.8% of GDP in 2015, with external debt at 86.1% of GDP (up from 39% in 2009).[16] Debt sustainability has become a critical matter.[17]

1.13. The Government has sought to rein in the rising budget deficit, *inter alia*, by a tax reform, subsidy reduction, and streamlining the incentives regime (Code of Fiscal Benefits of 2013) that was previously spread over several legal instruments. Inter-island maritime transport is currently subsidized (Section 4.5.3). Fuel subsidies (i.e. subsidized diesel for use as feed-stock for electricity generation) were eliminated. Revenue foregone in the form of tax incentives is significant when compared with tax revenues, and greatly surpasses outright subsidy payments (Table 1.1). Tax exemptions are made transparent in the State Budget. Most incentives are granted in the form of tariff and VAT exemptions on imports. Nevertheless, customs duties remain a significant source of Government revenues (Chart 1.1).[18] The duty collection ratio (total customs duties collected divided by total import value) was 9% in 2013 (Table 1.2).

Table 1.1 Subsidies and revenue foregone, 2011-13

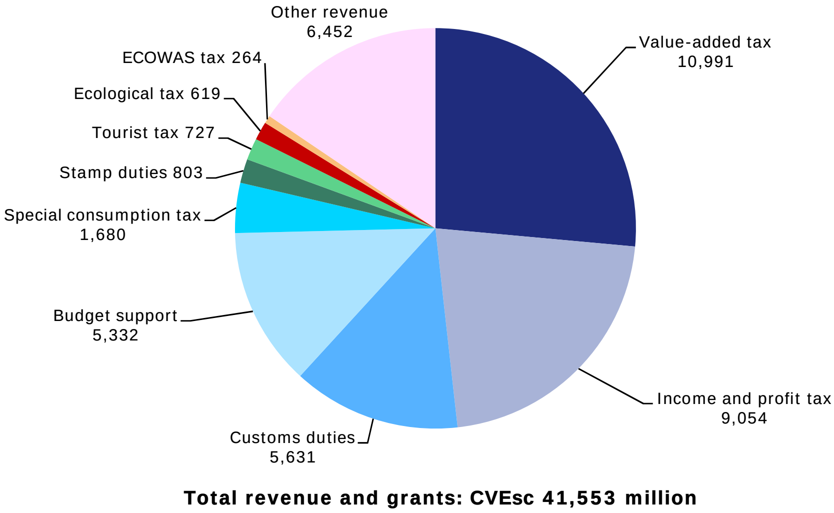
(CVEsc million)

	2011	2012	2013
Subsidies	994	274	101
Revenue foregone, of which:	5,136.3	5,148.8	3,259.4
Tax exemptions granted by Customs ("DA")	4,504.4	4,363.9	2,670.1
Tax exemptions granted by Tax Authorities ("DCI")	631.9	784.9	589.2
Number of beneficiary enterprises, of which:	115	122	113
Tourism	65	60	55
Industry	37	n.a.	35
Finance sector	5	n.a.	5
Others	8	n.a.	18
Memo item: Total tax revenues	29,563	27,573	27,863.3

Source: Ministry of Finance and Planning, Budget Proposal 2015.

Chart 1.1 Revenue and grants, 2014

(CVEsc million)



Source: Ministry of Finance and Planning, Budget Proposal 2015.

[15] The average maturity of the loans is 24 years at 1.19% interest (see Ministry of Finance and Planning (2014), p. 144).
[16] Ministry of Finance and Planning (2014), p. 144.
[17] See IMF (2014).
[18] Cabo Verde remains dependent on budget support. Food aid cash grants are recorded as a revenue item in the national budget (around CVEsc 50 million in 2015). The ECOWAS tax levied on imports is used to finance the ECOWAS Secretariat (Section 3.2.3).

1.14. Cabo Verde hosts a relatively large off-shore banking sector. The prudential regime for domestic and off-shore banks was harmonized in 2014 and oversight by the Banco de Cabo Verde (BCV) strengthened (Section 4.5.2). The domestic banking sector is well capitalized, according to the IMF, despite an increase in non-performing loans. Around 40% of bank deposits are emigrant deposits. The capital market is small, corresponding to around 30% of GDP.

Table 1.2 Duty collection ratio, 2010-13

(CVEsc million)

	2010	2011	2012	2013
Customs duties	n.a.	n.a.	5,516.0	5,434.0
Import value of goods	61,839.0	75,149.9	65,710.8	60,201.0
Duty collection ratio (customs duties/import value of goods in %)	-	-	8.4	9.0

Source: Ministry of Finance and Planning, Budget Proposal 2015.

1.15. The CVEsc is pegged to the euro at a fixed exchange rate of €1 to CVEsc 110.265. The peg is secured through a credit facility granted by the Government of Portugal.[19] According to the IMF, "the peg has served the economy well, given Cabo Verde's strong trade and financial ties to the euro area."[20] With the euro exchange rate fixed, monetization of the public debt is not feasible. It is also prohibited by law. Scope for exchange rate flexibility is provided through the cross-rates with non-euro currencies.

1.16. Monetary policy is geared to protect foreign currency reserves and thereby defend the credibility of the euro peg. By 2014, international reserves recovered to five months of imports (Table A1.1). The minimum reserve requirement for banks was set at 15% in 2015. With inflation under control[21], the monetary stance of the BCV has been "moderately accommodating".[22] In March 2015, the policy rate was further reduced to 3.5%.

1.17. Foreign exchange controls on current payments and transfers were liberalized in 1998 (except for transactions exceeding CVEsc 1 million connected to travelling).[23] Transfer operations that could be subject to prior verification by the BCV are transactions exceeding CVEsc 1 million falling under the heading "private unilateral transfers"; transfers exceeding CVEsc 5 million as revenues or as payment for services rendered (except for interest payments on previously authorized loans); and the pre-payment or final settlement of current transactions more than three months in advance when the instalment exceeded CVEsc 1,000,000 (and 35% of the contractual value). Foreign residents leaving the country with over CVEsc 1 million in foreign currency require proof of acquisition from a regulated institution (e.g. bank) or proof of entry into the country with the same or higher amount. Residents are subject to prior verification by the BCV for amounts greater than CVEsc 1 million in foreign currency. There are no restrictions for residents or foreign investors on opening bank accounts in foreign currency.[24]

1.18. Capital operations, with the exception of those executed in the stock market or through duly authorized brokers, are also subject to prior verification from the BCV. The Investment Code allows foreign investors to convert all income from investments that are duly registered with BCV through Cabo Verde Investimentos (CVI) (including dividends, interest, royalties, income from sale of shares or investment, compensations) to any convertible currency and repatriate all income from investments (Section 2.4).[25] Transfers are authorized by BCV within 30 days, unless the

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[19] The fixed exchange rate arrangement is managed by the joint *Comissão do Acordo de Cooperação Cambial* (COMACC).

[20] IMF (2014).

[21] Administered prices for some goods and services (including inter-urban passenger road transport, fuel, electricity, and water) account for approximately 2% of the Consumer Price Index.

[22] BCV (2014a), p. 19.

[23] Decree-Laws No. 25/98 and 26/98 of 29 June 1998, and the BCV Notice No. 4/98 of 21 December 1998.

[24] BCV Notice No. 3/98 of 18 August 1998.

[25] Law No. 13/VIII/2012 of 11 July 2012, amended by Decree-Law No. 34/2013 of 24 September 2013. For income from services rendered to companies financed with resources from abroad, foreign employers and

amount to be transferred is likely to cause disturbances in the balance of payments, in which case a transfer would be split in equal consecutive quarterly remittances, up to a period of two years.

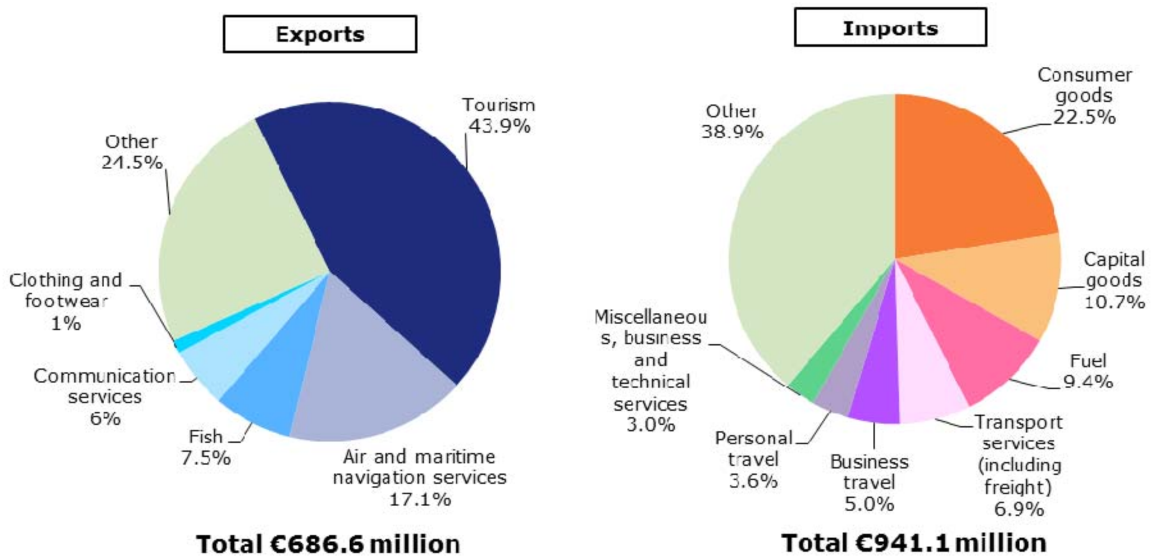
1.3 Developments in Trade

1.19. The European Union has historically been Cabo Verde's most important trading partner, and a common language with several countries in Europe, Africa, South America and the Pacific facilitates cultural and trade links across the globe. The large diaspora of Cabo Verdean communities overseas is also a source of commercial exchanges. Cabo Verde's regional trade with other ECOWAS countries appears to be relatively insignificant, accounting for 1.2% of total imports and 0.1% of Cabo Verdean exports in 2014.[26]

1.20. Merchandise imports in any year surpass exports more than tenfold. This pattern reflects the Cabo Verdean growth model based on high import content. It also adds to freight costs, as containers have to return empty. Imports are primarily consumer goods (including food), followed by fuel, and capital goods (Chart 1.2). The large majority of goods is imported, or transhipped, from the EU (Chart 1.3).

1.21. There is little diversity regarding exports of goods, geographically and in terms of the product mix, i.e. mainly fish and fish products, destined for Spain and Portugal. The main export industry is tourism, which contributes roughly half of total goods and services exports. By virtue of its geographical location at the crossroads between continents, navigation services within the Cabo Verdean airspace (so-called Oceanic Flight Information Region) provide significant export earnings.

Chart 1.2 Trade in goods and services, 2014

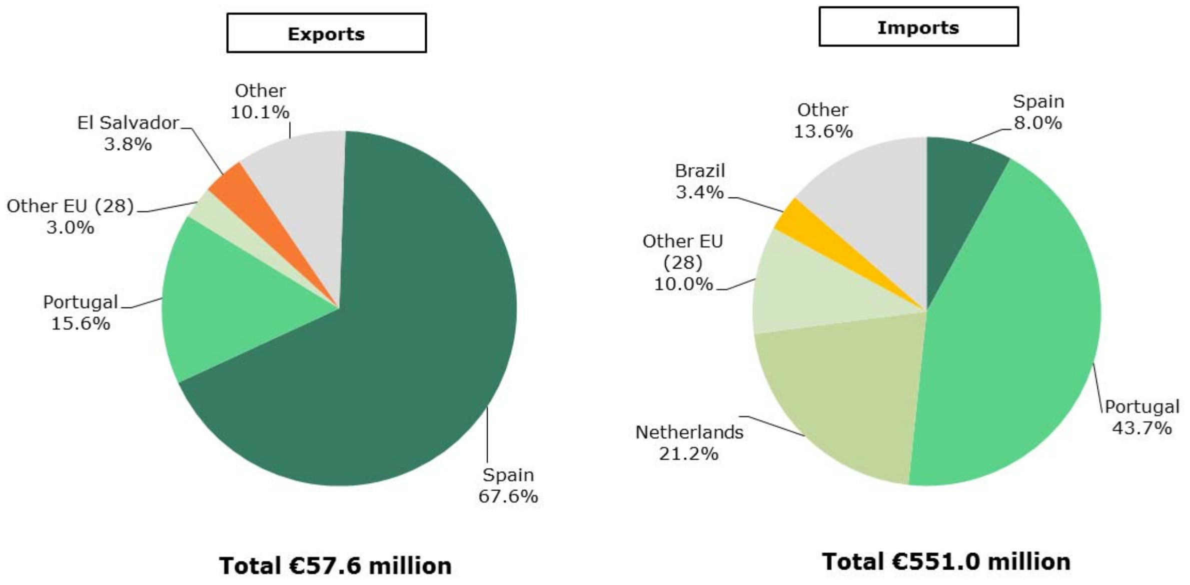


Source: BCV, Annual Report 2014.

Cabo Verdean employers who lived overseas for at least five years, after fulfilling tax obligations, have the right to convert the income into another currency and transfer it abroad (Article 8).

[26] BCV (2015).

Chart 1.3 Merchandise trade by destination and origin, 2014



Source: BCV, Annual Report 2014.

1.4 Outlook

1.22. The IMF expects growth in Cabo Verde to pick up again in 2015, based on the expectation of an economic recovery in Europe, increased tourism and FDI, and lower oil prices. However, indebtedness, mostly external debt, now exceeds 100% of annual GDP, leaving less room for public investment than in the past. The IMF concludes that Cabo Verde's long-term growth depends on reforms that improve the performance of the public sector and state-owned enterprises, and strengthen the private sector (in particular reforms of the business environment, labour market, access to finance, education and training).[27]

[27] IMF (2015).

2 TRADE AND INVESTMENT REGIME

2.1 General Framework

2.1. Cabo Verde became independent from Portugal in 1975. The Constitution provides for a separation of executive, legislative, and judicial powers.[1] The President of the Republic, who is the Head of State, is elected by popular vote. The President may not serve more than two consecutive five-year terms. Presidential elections were last held in September 2011.

2.2. Legislative power is vested in the unicameral National Assembly, made up of 72 members directly elected for five-year terms.[2] The speaker of the National Assembly ranks second in the hierarchy of the State. Laws approved by the National Assembly are forwarded to the President for signature. The President may either promulgate them, or return them to the National Assembly for a second reading. For matters referred back by the President, the National Assembly requires a two-third majority to pass legislation dealing with constitutional matters, while a simple majority is sufficient for other legislation passed in second reading.

2.3. The judicial system of Cabo Verde consists of the Supreme Court of Justice, Judicial Courts of the First Instance, the Court of Accounts, the Military Court, and two Fiscal and Customs Courts.[3] The Courts of the First Instance are divided into first, second, and third class judicial districts. Other Courts may be created by law, such as Administrative Courts, Arbitration Courts, and Conflict Resolution Institutions with jurisdiction upon smaller territorial areas.

2.4. The executive branch of the Government of Cabo Verde is headed by a Prime Minister, nominated by the President in consultation with the National Assembly. At present (June 2015), Cabo Verde's Government comprises 17 Ministers and three State Secretaries.[4] The structure of the Cabinet has generally been quite stable, but changes in personnel and portfolios may occur from time to time. After changes announced in August 2014, the foreign trade dossier now pertains to the Ministry of Tourism, Investment and Business Development (previously Ministry of Tourism, Industry and Energy). However, to the extent that foreign trade also involves negotiations, these responsibilities are shared with the Ministry of Foreign Affairs. Other ministries and agencies engaged in aspects of Cabo Verde's trade regime include the Ministries of Rural Development (agricultural policy); Infrastructure and Maritime Economy (fisheries); Communication (transportation and telecommunications); Justice; and the Presidency of the Council of Ministers; and the BCV. Cabo Verde Customs reports to the Ministry of Finance and Planning.

2.5. The Ministry of Tourism, Investment and Business Development has as its mission to formulate, implement and monitor innovative economic policies to foster sustainable development and Cabo Verde's competitiveness. The Ministry oversees the activities of two public agencies – Institute of Quality Management and Intellectual Property (*Instituto de Gestão de Qualidade e da Propriedade Intelectual* - IGQPI)[5] and the Agency for the Development of Enterprise and Innovation (ADEI) - as well as certain state-owned enterprises. The Ministry is also the highest authority in competition matters.

2.6. During the first 15 years of independence, Cabo Verde concentrated on social development issues where the State would take the leading role in areas such as securing the general availability of food, universal access to education, and basic health care. This initial stage was followed by a period of economic and political liberalization (1990 to 2000) with a focus on democratic pluralism, market economy, and decentralization. In subsequent years, efforts have been concentrated on consolidation and modernization of public functions in an economy where the State is exercising its role as a regulator while fostering entrepreneurship and innovation.

[1] The Constitution was promulgated in 1980. It was substantially revised in 1992. Since then, it has been revised in 1995, 1999, and 2010.
[2] The most recent Parliamentary elections were held in February 2011. Six members represent Cabo Verdean citizens living abroad.
[3] The Constitution also foresees the establishment of a Constitutional Court and Courts of Second Instance, but these are not yet operational.
[4] The Prime Minister is also Minister for State Reform.
[5] IGQPI was formed by the merger of the Quality Management Institute (IGQ) and the IPICV in August 2014.

Notable achievements have been the development of software for public finance and accounting (*Sistema Integrado de Gestão Orçamental e Financeira* – SIGOF).[6] The system was implemented in Cabo Verde in 2002, and has since been sold to other countries. Four regulatory agencies were created in 2004 – the Economic Regulatory Agency (*Agência de Regulação Económica* - ARE), the National Agency for Food Security (*Agência Nacional de Segurança* - ANSA) the Regulatory and Supervisory Agency for Pharmaceutical and Food Products (*Agência de Regulação e Supervisão dos Produtos Farmacêuticos e Alimentares* - ARFA), and the National Communications Agency (*Agência Nacional das Comunicações* - ANAC). ANSA and ARFA were merged in 2013.

2.7. At present, Cabo Verde's State and Public Administration Reform Programme is in the hands of UCRE working under the direct supervision of the Prime Minister and a coordinating counsellor. As the reform programme covers broad areas of government activity, UCRE liases with line Ministries in charge of the respective areas as well as with the Directorate General of Planning, Budgeting and Management (DGPOG) in the formulation and execution of specific projects.[7] The programme envisages a certain rationalization of government structures, affecting some 114 institutions in total. Principal ongoing projects concern the energy sector (electricity generation, distribution, access and accounting), sanitation and water, single window for investors (Section 2.4), unified electronic platforms for port services and foreign trade, recapitalization of the Fund for Growth and Competitiveness (FCC) to foster SME development, revision of the Commercial Code (*Código das Sociedades Comerciais*) to enhance the protection of minority shareholders, as well as revision of Cabo Verde's bankruptcy legislation.

2.8. Cabo Verde uses a range of legal instruments to regulate economic activity, including in the area of trade (Box 2.1 and Table 2.1). A pragmatic step was taken at the time of independence to extend the validity of all laws, rules, regulations and procedures unless they had been expressly revoked or considered incompatible with Cabo Verde's sovereignty. Over the years, the adoption of new laws and regulations has gradually replaced legislation predating independence, and the process has largely been completed as evidenced in Table 2.1.

Box 2.1 The Hierarchy of Laws in Cabo Verde

1. The Constitution of Cabo Verde of 25 September 1992; revised in 1995, 1999 and 2010
1. Constitutional Law (*Lei Constitucional*): A legislative act adopted by Parliament approving or amending the Constitution (Art. 260.2 of the Constitution).
2. International agreements, treaties and protocols in force in Cabo Verde's legal system.
3. Law (*Lei*): A legislative act adopted by the Parliament and dealing with subjects enumerated in Articles 175.b, c, f and l; 176 and 177; and 178, b and c (Art. 260.3).
3. Decree (*Decreto*): Government Act for the approval of international treaties and agreements (Art.204.2, d and Art. 261.2, a).
3. Decree-Law (*Decreto-lei*): Act of the Government, in the exercise of its legislative functions, ruling on subjects not reserved to Parliament (Art. 203.2, a).
3. Legislative Decree (*Decreto legislativo*): Government Act on subject(s) reserved to Parliament, but authorized (by it) through a legislative authorization law. A Legislative Decree must be signed by the Prime Minister and the competent Minister in the relevant area (Art. 203.2, b, Art. 257.3 and Art. 177).
4. Presidential Decree (*Decreto presidencial*): Normative Act of the President; a decree that cannot have any other form according to the Constitution (Art. 255).
5. Regulation (*Regulamento*): A Normative Act of the Government or another public entity issued in the performance of their administrative functions (Art. 264.1).
6. Regulatory decree (*Decreto regulamentar*): A normative act passed by the Government in the exercise of its administrative functions, covering subjects under the competence of the Council of Ministers. A regulatory decree must be signed by the Prime Minister and by the Government member competent on the subject (Art. 264.2 and 4).

[6] SIGOF was developed by NOSi (*Núcleo Operacional para a Sociedade de Informação*). While this has remained a public entity, the commercial success of its output may lead to the privatization of NOSi.

[7] Each ministry has a DGPOG.

7. **Ordinance (*Portaria*) or Normative order (*Despacho Normativo*)**: A normative act of the Government, passed in the exercise of its administrative functions. Used when competence is shared between one or more members of the Government under the terms of a law, or when the act cannot take the form of Regulatory Decree for other reasons (Art. 264.3).

Note: According to Article 268 of the Constitution, Laws, Decree-Laws and Legislative Decrees have the same legal status, although Legislative Decrees are subordinated to the corresponding legislative authorization laws. Decree-laws must also elaborate on subjects of other laws which constitute the basis for these subjects and are thus subordinated to them.

Source: Compiled by the WTO Secretariat from the Constitution of Cabo Verde.

Table 2.1 Main trade-related legislation

Subject	Acts and orders	Chapter or Gazette ref.	Date
Air transport	Resolution No. 69/2013 (Transport Policy Charter)	B.O. No. 27, I série	22.05.2013
	Decree-Law No. 70/2014		22.12.2014
	Legislative-Decree No. 1/2014 (economic regulation of the airport operator – ASA)		26.09.2014
Business environment	Charter of 28 June 1888		18.06.1888
	Legislative Decree No. 3/1999 (commercial code)		29.03.1999
	Decree-Law No. 68/2005 (foreign trade regime)		31.10.2005
	Decree-Law No. 69/2005 (registration and exercise of a commercial activity, wholesale or retail)		31.10.2005
	Law No. 49/2009 (general regime for entry into economic activities)	B.O. No. 49, I série	30.12.2009
Competition	Decree-Law No. 53/2003		24.11.2003
Customs	Legislative Decree No. 4/2010 approving the new Customs Law		03.06.2010
	Decree-Law No. 23/2014 approving the regulations to the Customs Law	B.O. No. 23, I série	02.04.2010
Energy	Decree-Law No. 54/1999 (framework law for electricity), amended by Decree-Law No. 14/2006 of 20 February		30.08.1999
	Decree-Law No. 1/2011 (renewable energy and IPPs)		03.01.2011
	Resolution No. 26/2011 (concession for Electra)		08.08.2011
	Despacho No. 14/2011 (price cap formula for 2012-2016)		
	Decree-Law No. 19/2009 (price regime for fuel)		22.06.2009
Financial services	Law No. 61/VIII/2014 (financial system framework law)		23.04.2014
	Law No. 62/VIII/2014 (activities and financial institutions Law)		23.04.2014
	Legislative Decree No. 3/2010 (insurance)		17.05.2010
	Legislative Decree No. 1/2012 (securities market)		27.01.2012
	Decree-Law No. 58/2013 (book-entry securities)		30.12.2013
	Decree-Law No. 2/2014 (management of centralized securities' systems)		16.01.2014
	Decree-Law No. 3/2014 (collective investment undertakings)		16.01.2014
Fisheries	Resolution No. 68/2014 (Acopesca)		26.08.2014
	Decree-Law No. 53/2005 (framework law for fisheries)		08.08.2005
	Decree-Law No. 45/2008 (licensing for fishing vessels)		22.12.2008
	Resolution No. 56/2014 (fisheries management plan for 2014-2015)		31.07.2014
	Resolution No. 17/2014 (fisheries charter)		28.02.2014
Government procurement	Law No. 17/VII/2007 (Government procurement law) Decree-Law No. 1/2009 (Government procurement regulation) Decree-Law No. 54/2010 (public works)		10.09.2007 05.01.2009 29.11.2010
Investment	Law No. 13/VIII/2012 (investment law)		11.07.2012
	Law No. 26/VIII/2013 (code of fiscal benefits)		21.01.2013
	Legislative Decree No. 1/2011 (international business centres)		31.01.2011

Subject	Acts and orders	Chapter or Gazette ref.	Date
	Legislative Decree No. 2/2011 (internationalization of companies)		21.02.2011
IPR	Decree-Law No. 1/2009 (revoking the "Copyright Law" (Law No. 101/IV/90))		27.04.2009
	Industrial Property Code (Legislative Decree No. 4/2007)		20.08.2007
	Resolution No. 25/2010 (establishment of the Intellectual Property Institute of Cabo Verde (IPICV))		24.05.2010
	Civil Process Code (enforcement)		
Manufacturing	Decree-Law No. 13/2010 (industrial activity)		08.11.2010
	Regulatory Decree No. 3/2011 (industrial register)		24.01.2011
Maritime transport	Resolution 69/2013 (transport policy charter)	B.O. No. 27, I série	22.05.2013
	Deliberation No. 012/CA/2013 (fees and charges by Enapor)	B.O. No. 7, II série	01.02.2013
	Legislative Decree No. 10/2010, amended by Legislative Decree No. 1/2013 of 12 September, and Decree No. 15/2010 of 20 December (ports regulation)		01.11.2010
	Decree-Law No. 49/2013 (institutional framework for regulating ports)		04.12.2013
	Legislative Decree No. 14/2010 (maritime code)		15.11.2010
Other duties and charges	Resolution No. 67/V/97, approving ECOWAS Protocol A/P.1/7/96		31.12.1997
Price controls	Decree-Law No. 52/2003 Ministerial Ordinance No. 2/2004		24.11.2003 19.01.2004
SPS	Legislative Decree No.2/2009 (general principles of offenses against the economy and public health)		15.06.2009
	Legislative Decree No.3/2009 (food safety policy objectives and principles)		15.06.2009
	Decree-Law No.24/2009 (labelling regime for foodstuffs)		20.07.2009
	Decree-Law No.25/2009 (basic food hygiene standards)		20.07.2009
	Decree-Law No.32/2010 (public-private sector food safety network)		06.09.2010
	Law No.29/VIII/2013 (phytosanitary framework law)		13.05.2013
	Law No.30/VIII/2013 (veterinary framework law)		13.05.2013
Taxation	Laws No. 47/VIII/2013 2013 (general tax code)		20.12.2013
	Law No. 48/VIII/2013 (tax procedure code)		20.12.2013
	Law No. 21/IV/2003, amended by Law No. 51/VIII/2013 of 27 December 2013 (VAT)		14.07.2003
	Law. No. 22/IV/2003, amended by Laws Nos. 37/VI/2003 of 31 December 2003, 48/VI/2004 of 26 July 2004, and 10/VIII/2011 of 30 December 2011 (special consumption tax)		14.07.2003
	Law 17/VIII/2012 (ecological tax)		23.08.2012
	Law No. 33/VII/2008 (stamp duty)		08.12.2008
TBT	Decree-Law No. 68/2005 ("Foreign Trade Regime")		31.10.2005
Telecom	Decree-Law No. 31/2006 (ANAC)		19.06.2006
	Legislative-Decree No. 7/2005 (framework law for telecommunications)		28.11.2005
Tourism	Law No. 85/VII/2011 (tourism law)		10.01.2011
	Decree-Law No. 20/2013 (tourism tax)		28.05.2013
	Decree-Law No. 35/2014 (law on hotel establishments)		17.07.2014
	Law No. 55/VI/2005 (tourism utility law)		10.01.2005
	Law No. 75/VII/2010 (special tourist zones)		23.08.2010
	Decree-Law No. 32/2014 (travel agencies)		27.06.2014
	Decree-Law No. 6/2011 (tour guides)		24.01.2011
	Decree-law No. 34/2014 (rural tourism)		17.07.2014

Source: WTO Secretariat.

2.9. During the accession negotiations, Cabo Verde stated its intention to establish or designate an official journal or website dedicated to the publication of all regulations and other measures pertaining to, or affecting, trade in goods or services, or the protection of intellectual property. The facility would be updated regularly and made readily available to WTO Members. Early publication of new legal instruments would also allow the receipt of comments prior to the introduction of these new regulations and measures. The new facility would be implemented as soon as possible.

2.10. Currently, all laws and legal acts, rules, regulations and public notices are published in the Official Bulletin in accordance with Article 269 of the Constitution and Decree-Law No. 6/2011 of 31 January 2011. The requirements ensure that regulations affecting customs, TBT, and SPS matters, as well as judicial rulings of general application, are publically available. The Official Bulletin has been available electronically since 2007, allowing online consultation (in Portuguese) of all editions since 2001 from its website operated by the National Press (https://kiosk.incv.cv).[8] Hard copies of the Gazette remain on sale, but most users prefer the electronic option. Copies of the Official Bulletin can also be consulted at the National Archives and the National Library of Cabo Verde. The IGQPI is responsible for the preparation of an intellectual property bulletin (*Boletim de Propriedade Intelectual*).[9] As a general rule, Cabo Verde does not publish draft legislation.

2.2 Trade Policy Objectives

2.11. Cabo Verde does not have any explicitly formulated trade policy at present. Having pursued policies of State-led development policies in the early years after independence, focus has gradually shifted towards the private sector as the engine of growth and prosperity. At the same time, efforts have been made to improve government services and enhance the supportive role of the public sector in business-led economic development.

2.12. An ocean State with a small population, Cabo Verde would be expected to specialize in a fairly limited number of goods and services for exports, and be an importer of most manufactures. Climatic conditions make Cabo Verde a net importer of land-based agricultural commodities, while important marine resources provide a potential for exports that can be explored further.

2.13. Cabo Verde is involved in major economic integration efforts on the African continent, although the trade impact has been very limited so far. Its application to join the WTO, lodged in 1999, marked a commitment to pursue a globally-oriented trade policy based on non-discrimination, with appropriate attention to the opportunities for special and differential treatment embodied in the multilateral trading system.

2.14. In 2003, Cabo Verde created an inter-ministerial working group to assist in the formulation of trade policy.[10] The working group was later revamped to provide practical technical backstopping to Cabo Verde's process of accession to the WTO. After the accession process had been completed, the Government maintained an inter-institutional commission for the WTO (CII-OMC) to facilitate the regular interface with WTO activities.[11] However, the CII-OMC appears to have been functioning in a somewhat *ad hoc* manner, generally hampered by a lack of clearly defined leadership and inadequate resources to accomplish its mission as originally intended. The role of the Cabo Verde's WTO membership also increasingly needs to be viewed together with the deeper regional integration efforts within the ECOWAS community and its evolving relationship with the EU.

2.15. The Government therefore decided in April 2015 to reinforce and restructure the CII-OMC into a National Trade Council (*Conselho Nacional do Comércio* - CNC), reporting to the Council of Ministers. The CNC is seen as a permanent structure for the formulation of trade policy. Areas identified for future work include the establishment of a framework for further trade liberalization, multilateral and regional integration, repercussions of Cabo Verde's graduation from LDC status, enhancement of the competitiveness of the economy generally, the promotion of entrepreneurship, the internationalization of domestic enterprises, fostering of private sector development, and poverty reduction, particularly in rural areas. The CNC is to be equipped with an

[8] The publications, listed by year, may also be consulted at: https://kiosk.incv.cv/boletins/panorama.
[9] Four editions have been issued so far.
[10] Resolution No. 37/2003 of 31 December 2003.
[11] Resolution No. 23/2010 of 17 May 2010.

executive secretariat as well as technical working groups. Initially, four technical working groups are envisaged covering trade negotiations, market access, regional integration, and trade standards. The CNC will have the authority to establish additional working groups as it deems necessary.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.16. Cabo Verde became the 153rd Member of the WTO on 23 July 2008.[12] In the multilateral negotiations, Cabo Verde participates in the group of African, Caribbean and Pacific countries (ACP), the African group, the G-90, and the Recently Acceded Members (RAMs) group.[13] Cabo Verde is also a "W52" sponsor, i.e. among the Members advocating modalities in the negotiations on geographical indications and "disclosure" of the origin of genetic resources and traditional knowledge in patent applications.

2.17. As a WTO Member, and as part of its membership obligations, Cabo Verde has provided notifications on various aspects of its trade regime since 2008 (Table 2.2).

Table 2.2 Cabo Verde's WTO notifications, 2008-January 2015

Agreement provision	Subject	Year of coverage	WTO document and date
Article XVII of the GATT 1994 and its Understanding (State trading)			
Article XVII:4(a) and Paragraph 1	Completed questionnaire (*Sociedade Caboverdiana de Tabacos, SA*)	2008, 2009, 2010	G/STR/N/13/CPV, 17/01/14
Agreement on Agriculture			
	Export subsidies (none)	2008	G/AG/N/CPV/1, 17/07/09
Agreement on the Application of Sanitary and Phytosanitary Measures			
	Decree-Law revising charges for animal and plant health inspections		G/SPS/N/CPV/1, 19/12/13
	Veterinary framework Law		G/SPS/N/CPV/2, 26/05/15
	Phytosanitary Law		G/SPS/N/CPV/3, 26/05/15
	Sugar cane spirits (product requirements)		G/SPS/N/CPV/4, 08/06/15
Agreement on Implementation of Article VI of the GATT 1994 (Anti-dumping)			
Article 16.4 and 16.5	Competent authority and domestic procedures (none)		G/ADP/N/193/CPV, 25/06/10
Agreement on Implementation of Article VII of the GATT 1994 (Customs valuation)			
	Entry into force of implementing Order		G/VAL/68; 05/03/12 G/VAL/69, 05/03/12
Article 22	Legislation implementing the Agreement (new Customs Code)		G/VAL/N/1/CPV/1, 17/07/12
Agreement on Import Licensing Procedures			
Article 7.3	Completed questionnaire		G/LIC/N/3/CPV/1, 30/10/09 G/LIC/N/3/CPV/2, 12/09/11 G/LIC/N/3/CPV/3, 04/04/13
Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)			
Article 63.2	Establishment of Intellectual Property Institute of Cabo Verde (IPICV)		IP/N/1/CPV/1, 19/08/10
Article 63.2	Laws and regulations (copyright)		IP/N/1/CPV/C/1, 13/02/13 IP/N/1/CPV/2, 13/02/13
Article 69	Contact points		IP/N/3/CPV/1, 17/04/13

Source: WTO Secretariat.

[12] Decree-Law No. 23/2009 of 20 July 2009 authorizes BCV to issue a coin to commemorate Cabo Verde's membership in the World Trade Organization.

[13] Within the UN system, Cabo Verde works with 38 other nations in the Small Island Developing States (SIDS) forum.

2.3.2 Regional and preferential agreements

2.3.2.1 African Union and African Economic Community

2.18. Cabo Verde signed the Treaty Establishing the African Economic Community on 3 June 1991, and is thus a founding member of the African Union, the successor to the Organization of African Unity (OAU). The African Economic Community aims at the establishment of a monetary and economic union amongst its members by 2034.

2.19. Under the New Partnership for African Development (NEPAD), adopted at the 37th Summit of the OAU in July 2001 as an instrument to link Africa and the international community, Cabo Verde participates in various programmes and themes fostering regional integration, economic management, entrepreneurial development, agricultural diversification, new information and communication technologies, etc. A National Commission, acting as an interface between Cabo Verde and officials responsible for the implementation of NEPAD programmes, was set up in 2002.[14] The commission (DNAPEC) is currently located in the Ministry of Foreign Affairs.

2.3.2.2 ECOWAS

2.20. Cabo Verde became part of the Economic Community of West African States (ECOWAS) in 1976. The institutional framework of ECOWAS comprises a Conference of Heads of State and Government, a Commission, a Parliament, a Court of Justice, and the West African Investment and Development Bank. The ECOWAS Treaty calls for free trade, free movement of persons, the right of residence and establishment, free movement of capital, and an Economic Union with a common currency.[15] At present, Cabo Verde only accords the free movement of persons to citizens of other ECOWAS States.[16] Cabo Verde does not participate in the West African Economic and Monetary Union (WAEMU).[17]

2.21. Free trade among ECOWAS member States is promoted through the ECOWAS Trade Liberalization Scheme (ETLS). At the outset (in 1979), the scheme covered only agricultural products, handicrafts, and unprocessed goods. The ETLS was extended to industrial goods in 1990, and the approval process for granting duty free circulation of manufactured products was made easier in 2002. Under current procedures, each member State has a National Approvals Committee (NAC) tasked with the examination of applications from manufacturers for ECOWAS origin for the goods in question.[18] If the ECOWAS rules of origin (Section 3.2.4) are met, the NAC approval is communicated to the ECOWAS Commission which, in turn, notifies all ECOWAS member States of the approved enterprises and products. According to the Cabo Verdean authorities, the process had been completed for six local companies by early 2015; *SOCAL* for leather shoes (natural and synthetic), *Ceris* (beer), *Technicil* (mineral water), *Polineat* (basalt stone), *BBS and Fortemoio* (ornamental stones). Despite all efforts to promote intra-ECOWAS trade, Cabo Verde's commercial exchanges with its ECOWAS partners have by-and-large been negligible so far (Section 1.3).

2.22. ECOWAS countries decided to develop a common agricultural policy (ECOWAP) in 2005. Under ECOWAP, each member State develops a national agricultural strategy, and priorities are set for investments at the national and regional level (Regional Agricultural Investment Plan - RAIP). The ECOWAP promotes food sovereignty, i.e. a reduction in the region's dependence on

[14] Viewed at: http://www.panapress.com/Cape-Verde-to-set-up-NEPAD-Commission--13-466973-18-lang2-index.html.

[15] In addition to the ECOWAS Treaty itself, Cabo Verde has signed the ECOWAS Protocol on Movement of Persons and Establishment (1979), the ECOWAS Protocol on Community Enterprises (1984), and the ECOWAS Energy Protocol (2003).

[16] A residence permit must be obtained within 90 days of the arrival date, and is conditional on employment. Cabo Verde is considering participation in the regional third-party motor vehicle insurance scheme.

[17] The members of WAEMU are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

[18] Resolution No. 45/2010 of 30 August 2010 established the NAC of Cabo Verde. The six members of the Committee represent the ministry responsible for trade, the ECOWAS unit, the General Directorate of Customs, CVI, and the Chambers of Commerce of Sotavento and Barlavento.

food imports. The ECOWAS Regional Agency for Agriculture and Food (RAAF), which is part of the implementation of the common agricultural policy, was launched in September 2013.[19]

2.23. The ECOWAS member States have agreed, in principle, to establish a Customs Union with a common external tariff and the removal of all customs duties, border charges and non-tariff barriers such as quotas and prohibitions on intra-ECOWAS trade. Originally, the Customs Union should have been set up by 1 January 2000, but this deadline was not met. In December 2001, the ECOWAS Conference of Heads of State and Government agreed to negotiate an Economic Partnership Agreement (EPA) with the EU. Moreover, it was decided to establish an ECOWAS Common External Tariff (CET) as a prerequisite for the conclusion of the EPA. However, the extension of the WAEMU CET to the other members of ECOWAS[20] did not take place as foreseen on 1 January 2008 due to the tariff disparities persisting among some of the ECOWAS members.[21]

2.24. With the addition of a fifth tariff band (35%) to the four-band WAEMU CET (0, 5%, 10% and 20%), ECOWAS ministers of finance agreed to adopt the regional CET in March 2013, and set 1 January 2015 as the target date for implementation by all ECOWAS member States.[22] However, implementation has been running behind schedule in Cabo Verde (and elsewhere within ECOWAS). Difficulties cited by the Cabo Verdean authorities include late availability of manuals and other implementation documentation (in Portuguese), and the finalization of transitional tariff measures.[23] As of May 2015, Cabo Verde had not yet formalized a new target date for its implementation of the ECOWAS CET.

2.3.3 Other agreements and arrangements

2.25. On 30 March 1980, a group of African Portuguese-speaking countries (Angola, Cabo Verde, Guinea-Bissau, Mozambique, and São Tomé and Príncipe) signed an agreement to provide for free trade among themselves. However, this objective has not been achieved so far, notably because existing transportation routes do not provide for direct shipments between the participants. The five countries formed an inter-state organization, African Countries of Portuguese Official Language (*Países Africanos de Língua Oficial Portuguesa* - PALOP) in 1992, and founded the Community of Portuguese-Speaking Countries (CPLP) together with Brazil and Portugal on 17 July 1996.[24] The CPLP is a forum for mutual cooperation and assistance, including on administrative issues such as customs matters (fraud prevention), but does not include any formalized exchange of trade preferences.

2.26. Cabo Verde has a preferential bilateral agreement with Mauritania. The agreement remains in effect, even though bilateral trade is practically non-existent.[25]

2.27. Cabo Verde's relationship with the EU is at present governed by the Cotonou Agreement[26] and a "special partnership" agreed in 2007 "to strengthen dialogue and policy convergence between the two parties". The six pillars of the "special partnership" do not have any specific trade and economic component, but the regional integration component calls for increased participation of Cabo Verde in the cooperation programme between the EU's outermost regions (Macaronesia,

[19] The RAAF is located in Lomé (Togo).
[20] The non-WAEMU members of ECOWAS are Cabo Verde, Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone.
[21] WTO (2012).
[22] The agreement was adopted by the ECOWAS Heads of State in October 2013.
[23] The common external tariff may be accompanied by a temporary tax at the national level (Import Adjustment Tax/*Taxe d'ajustement à l'importation*) when the ECOWAS CET is lower than the existing national tariff. The measure may be applied for a maximum of five years for a maximum of 3% of all tariff lines. A surge in extra-ECOWAS imports may also trigger the application of a Complementary Protection Tax (*Taxe complémentaire de protection*) at the national level (see Section 3.2.9).
[24] Timor-Leste became the eighth member of CPLP in 2002, and Equatorial Guinea, the ninth full member in 2014. Mauritius, Georgia, Japan, Namibia, Senegal and Turkey are associated observers of the CPLP.
[25] Cabo Verde's trade statistics indicate imports from Mauritania worth US$490 in 2007, US$57 in 2008, and no imports since then.
[26] The agreement, replacing the Lomé Convention, was concluded in Cotonou (Benin) on 23 June 2000 between the EU and 79 countries in the ACP region.

i.e. Madeira, Azores, and the Canary Islands) and requires that the special circumstances of Cabo Verde should be examined as the EU and ECOWAS countries negotiate an EPA.[27]

2.28. The EPA negotiations were launched in October 2003 and concluded at the level of senior officials in February 2014.[28] ECOWAS Heads of State endorsed the EPA for signature on 10 July 2014. The EPA will enter into force after signature and ratification. The Agreement establishes joint institutions including a Council, an implementation committee, a Parliamentary Committee, and a civil society forum. The EPA covers trade in goods, development cooperation, and clauses that call for further negotiations on services and rules.

2.29. The obligations regarding trade in goods are asymmetric in the sense that the EU is committed to open its markets to all West African products once the EPA enters into force, while West African States have agreed to liberalize 75% of their trade with the EU over a period of 20 years. An MFN clause (Article 16) may provide additional preferences to the West African countries should the EU become part of a preferential agreement with one or more third parties after the initialling of the EPA, but also additional preferences to the EU should the West African countries conclude preferential agreements with certain trading partners.[29] Trade remedies, including multilateral and bilateral safeguards, are regulated by Chapter 2 of the Agreement. The parties have pledged transparency regarding their agricultural policies and domestic support measures, and the EU will refrain from the use of agricultural export subsidies for goods exported to West Africa. The EPA is accompanied by a development assistance package (Economic Partnership Agreement Development Programme) of minimum €6.5 billion for the years 2015-2019.

2.30. Until the EPA enters into force, exports from Cabo Verde to the EU are subject to preferential tariff treatment through the EU's GSP scheme. In 2011, Cabo Verde became the first African country to be granted "GSP+" status and thus qualify for enhanced benefits for exports of goods and services.[30]

2.31. Cabo Verde is eligible for preferential access to the United States' market under the African Growth and Opportunities Act (AGOA). Originally, the programme covered the period October 2000 to September 2008 (AGOA1) but, following legislative amendments signed into law in July 2004, the programme was extended until 30 September 2015. As of May 2015, US lawmakers were finalizing procedures to extend the AGOA until 30 September 2025.

2.32. Exports from Cabo Verde to the United States are modest. The share of "AGOA imports" in total US imports from Cabo Verde is no more than 5%-10%, and has consisted exclusively of agricultural products in recent years.[31] One explanation put forward for the negligible use of AGOA has been that Cabo Verde has found it difficult to comply with stricter rules of origin under AGOA2 compared with AGOA1.[32] The "new AGOA" reportedly retains a 35% value added

[27] The six pillars of the special partnership fall under the headings good governance, security/stability, regional integration, technology and standards convergence, knowledge-based society, and poverty alleviation and development. See Commission of the European Communities, Communication from the Commission to the Council and the European Parliament on the future of relations between the European Union and the Republic of Cabo Verde, Brussels, 24 October 2007 [SEC(2007) 1415].

[28] The parties to the EPA are the EU on one side and the 15 ECOWAS States plus Mauritania on the other.

[29] Article 16.3 of the draft text of the EPA excludes trade preferences exchanged between West Africa and other countries in Africa and the ACP region. However, most favourable tariff treatment is to apply should West Africa conclude a deal with a trading partner representing more than 1.5% of world trade (2% if the agreement is with a group of countries) and an industrialization rate (share of manufacturing value added in GDP) of more than 10%, measured in the year prior to the entry into force of the EPA. According to the International Centre for Trade and Sustainable Development, India, China and Brazil are examples of developing countries that might fall within this definition.

[30] The enhanced preferential access is granted to trading partners that ratify and implement international conventions relating to human and labour rights, environment and good governance.

[31] In 2011, the United States imported goods worth nearly US$1.5 million from Cabo Verde, of which imports under AGOA accounted for US$154,000. Exports to the United States increased to US$2.1 million in 2013 while the value of AGOA trade remained stable. Information viewed at: www.AGOA.info.

[32] Ministry of Tourism, Industry and Energy (2013).

requirement, stipulating that the direct costs of processing in (one or more) AGOA beneficiary countries should constitute at least 35% of the appraised value of the eligible product.[33]

2.4 Investment Regime

2.33. The Government of Cabo Verde has given priority to the streamlining of business registration procedures and the facilitation of investments. The concept of "Business in one day" was introduced in 2003.[34] However, online registration procedures were not available until 2010. Today, businesses can be registered within 24 hours through the Citizen's Houses (*Casa do Cidadão*) provided the necessary documentation is in order.[35] Investors can choose between incorporation as a limited liability company (*sociedade por quotas*), an individually-owned limited liability company (*sociedade unipessoal por quotas*), a joint-stock company (*sociedade anónima* – SA), or an individually-owned joint-stock company (*sociedade unipessoal anónima*). The registration fee amounts to CVEsc 10,000, or CVEsc 11,000 if the business is to be registered with the Chamber of Commerce.[36] Since 2013, the minimum capital required to establish any type of company is a symbolic CVEsc 1.[37]

2.34. The Government of Cabo Verde established PROMEX (Centre for Tourism, Investment and Export Promotion) in 1990 in an attempt to attract foreign investment in exporting enterprises. The agency was replaced by CVI in 2004.[38] The role of CVI is to facilitate investment by guiding and assisting potential investors in preparing investment applications to the authorities. The institutional framework was further adjusted in 2009 with the creation of ADEI charged with tending to the needs of microbusinesses and small- and medium-sized enterprises.

2.35. Recognizing the need for improvement and streamlining, work on a one stop shop for investors has been continuing. The organization of a single window (*Balcão Único*) for investment is detailed in a document issued jointly by CVI and ADEI in July 2014.[39] The electronic platform of the single window was launched on 14 November 2014. Henceforth, the investment process is defined in four phases; (i) application and qualification, (ii) identification of land, (iii) opinions and decisions, and (iv) automated records. In the first phase, investors meet with the front office (CVI) to determine the nature and general feasibility of the investment project. The three subsequent phases are organized as back office functions, performed either by CVI or by ADEI (when an investment amounts to less than CVEsc 100 million). The back office agency shall assist the investor in identifying land suitable for the investment project and acting as an intermediary with other public entities on land issues.[40] Foreigners are allowed to own land in Cabo Verde, and privately-owned land can be traded. However, the land required for an investment project

[33] *Bridges Africa* (2015), "US Senate votes AGOA re-authorisation for next 10 years; South Africa subject to review", 15 May 2015. Viewed at: http://www.ictsd.org/bridges-news/bridges-africa/news/us-senate-votes-agoa-re-authorisation-for-next-10-years-south.

[34] Law No. 8/2003 of 13 March 2003.

[35] Citizen's Houses have been established on the islands of Santiago, São Vicente and Sal, and mobile units exist on three islands (including Santiago North and South). In addition, Citizen's House counters exist in several locations including at Enapor in Praia and the Chambers of Commerce of Sotavento and Barlavento. Required documentation includes copies of passports or identity cards and the presentation of the "Unique Taxpayer Reference Number" (UTRN or NIF (in Portuguese)). If the registered business involves the participation of an existing legal entity, a valid certificate of its Commercial/Business registration and the minutes of the General Assembly ratifying the establishment of that business will also be required.

[36] Chamber of Commerce registration prompts the automatic creation of a domain on the internet, i.e. the immediate provision of customized email services and the possibility to create a webpage.

[37] Ordinance No. 28/99 of 14 June 1999, which had established much more substantial capital requirements, was abolished through Ordinance No. 17/2013 of 14 March 2013. The change was made to facilitate business start-ups, particularly by young entrepreneurs and people with limited financial resources.

[38] CVI also absorbed the *Instituto de Apoio ao Desenvolvimento Industrial* (IADE), established more than ten years earlier.

[39] CI/ADEI (2014).

[40] For tourism projects, a certain number of integrated touristic development zones (ZDTIs) have been created. CVI is the agency responsible for the identification of suitable land in all ZDTIs except on the islands of Boa Vista and Maio, where the responsible agency is the SDTIBM (*Sociedade de Desenvolvimento Turístico das Ilhas de Boa Vista e Maio).* The General Directorate of Heritage evaluates the suitability of State land outside the ZDTIs, ENAPOR if the land is within 80 metres of the waterfront surrounding the islands, and the Municipal Chamber of Deputies is in charge of the use of municipal land.

may frequently be in public ownership (State or municipal land). In such cases, the authorities will normally propose a long-term lease (25 to 50 years) rather than an outright sale of the plot.[41]

2.36. Having clarified the use of land, the back office proceeds to solicit detailed opinions of public authorities about the project (e.g. financial, environmental, or legal considerations). CVI (or ADEI) decides on the basis of the opinions received whether the project should go ahead or be shelved.[42] If the green light is given, the back office agency will collect the necessary registration certificates, licences or permits issued by public bodies and compile them in a dossier to be handed over to the investor.[43] CVI also provides investment registration certificates to the investors.[44]

2.37. When Cabo Verde acceded to the WTO in 2008, the principal elements of the legal framework affecting investment were Law No. 89/IV/93 and Regulatory Decree No. 1/94 (conditions and procedures for foreign investment), Decree-Law No. 108/89 (the "Industrial Statute"), Law No. 99/IV/93 ("Franc Enterprises"), Law No. 92/IV/93 providing incentives for exports or re-exports of goods and services, and the Tourism Utility Law (Law No. 55/VI/2005 of 10 January 2005).[45] As some WTO Members had found that certain aspects of Cabo Verde's investment regime could be challenged according to the WTO Agreement on Subsidies and Countervailing Measures, Cabo Verde had been requested to provide a plan for the elimination of such WTO-incompatible provisions and programmes.[46] It was agreed that Cabo Verde's legislation should be in full conformity with the Agreement on Subsidies and Countervailing Measures by 1 January 2010, and that any incentives constituting a prohibited subsidy under the Agreement, but granted to firms or individuals prior to WTO accession, would be withdrawn no later than 1 January 2015.[47]

2.38. The "Industrial Statute" (Decree-Law No. 108/89) was revoked in 2010.[48] Cabo Verde introduced a new investment law in 2012, establishing a general framework of rights and guarantees for investments contributing to the socio-economic development of the country.[49] Article 3 provides a positive list of objectives that should guide investments, e.g. job creation, reduced socio-economic disparities, increased and diversified exports, improved balance-of-payments, innovation, and transfer of technology. The law itself does not ban investment in specific sectors, but acknowledges that the activity must be permitted by law (Article 11).[50] The law applies to domestic and foreign investors alike. Thus, no particular sector or activity is reserved for domestic investors, and limitations on ownership are not prescribed. However, the law exempts from its scope "projects which, given their nature or size, may merit

[41] The issue of ownership versus leasing could be a negotiating matter. Should the investor prefer ownership, no general provision in Cabo Verde's legislation would preclude such a transaction.

[42] It is only at this stage that the investor would make payments for the registration of a company and necessary operating permits or licences.

[43] A business requires a licence from the municipal authority for its operations. The municipal licence system was computerized in 2010, and Cabo Verde also eliminated a requirement that the premises be inspected by the municipal authorities prior to the commencement of operations. The licence as such is issued free of charge, but investors are charged for the costs of any inspections deemed necessary.

[44] CVI will charge investors for its work on investment applications, but the fees do not cover the true costs. Most of Cabo Verde's financing is covered by the State budget, or by the World Bank for specific cooperation projects. The fee structure is currently under revision, but the intention is for the fees to remain nominal and well below cost.

[45] Decree-Law No. 66/97, which had outlined incentives for investment in the financial sector, was repealed by Decree-Law No. 12/2005 of 7 February 2005.

[46] Cabo Verde submitted an action plan in 2005 (WTO document WT/ACC/CPV/22, 20 July 2005) and subsequently a more detailed explanation and revised timetable in 2007 (WTO document WT/ACC/CPV/29, 19 October 2007).

[47] WTO document WT/ACC/CPV/30, 6 December 2007, para. 163.

[48] Legislative Decree No. 13/2010, regulated by Regulatory Decree No. 3/2011 of 24 January 2011.

[49] Law No. 13/VIII/2012 of 11 July 2012. The Law entered into force on 1 January 2013. The foreign investment legislation (Law No. 89/IV/93 and Regulatory decree No. 1/94) was simultaneously repealed. The investment law was amended in 2013 (Decree-Law No. 34/2013 of 24 September 2013) to expedite the registration of foreign investment (with BCV). The amendment ensures that the process with the central bank is undertaken electronically by CVI the day after it has issued the Investment Registration Certificate to the investor.

[50] This principle is also affirmed in Law No. 49/VII/2009 of 30 December 2009, which sets out the general regime of entry into economic activities. The Law stipulates that no economic activity is closed to private investment.

special treatment and support from the State, including through the signing of an Establishment Agreement" (Article 5.2).

2.39. Fiscal incentives available to investors are currently outlined in the Code of Fiscal Benefits (Law No. 26/VIII/2013 of 21 January 2013). The Code regulates tax benefits accorded under general as well as special regimes, such as the International Business Centers (CIN), which are governed by Legislative Decree No. 1/2011 of 31 January 2011, or establishments set up further to the Tourism Utility Statute. More detail on the regime of benefits is provided in Section 3.2.4 (tariff exemptions) and Section 3.4.1 (subsidies). Although the current investment law and fiscal benefits legislation govern all new investment projects, or extensions of earlier projects representing at least 25% of the cost of the initial investment, the terms governing investments approved before the entry into force of the 2012 Investment Law and all benefits granted prior to the entry into force of the Code of Fiscal Benefits remain valid.

2.40. The Investment Law stipulates that any nationalization or expropriation of property may only be carried out for reasons of public interest and against "prompt, full and fair compensation" (Article 6.1). In cases of a dispute between the State of Cabo Verde and an investor, the arbitration procedures outlined in the Investment Law (Article 14) would involve either recourse to (i) the Framework Law on national arbitration (Law No. 76/IV/2005 of 17 August 2005), (ii) the rules of the Washington Convention of 15 March 1965; (iii) the Additional Facility Rules of 27 September 1978 of the International Centre for Settlement of Investment Disputes (ICSID); or (iv) the rules of the International Chamber of Commerce. Notwithstanding the availability of these arbitration procedures, nothing would prevent the matter being referred to a court in Cabo Verde should the parties so agree.

2.41. The repatriation of investment funds and the free transfer (within 30 days) of profits, royalties, commissions or other income is guaranteed through Article 7 of the Investment Law for all foreign investment registered with the central bank (BCV). However, should the transferred amount be likely to cause serious disturbance to the balance-of-payments of Cabo Verde, the Governor of the central bank may exceptionally decide that the transfer be divided in equal quarterly instalments for a period that may not exceed two years.

2.42. Cabo Verde has made progress in the area of business start-ups in recent years. According to the World Bank, the procedure that involved nine steps during an estimated 24 days in 2009 has now been reduced to seven steps in ten days.[51] The objective of the new single window for investors is to enable completion of the entire investment registration and approval process in a maximum of 75 days.

2.43. International comparisons suggest that Cabo Verde still has some way to go to become an attractive investment destination. The World Bank's *Doing Business 2015* report ranks Cabo Verde 122nd among 189 economies on the ease of doing business.[52] Although Cabo Verde's ranking is relatively favourable on elements such as the enforcement of contracts, registering property, and starting a business, the report suggests that Cabo Verde is lagging in other areas, notably in obtaining electricity (133rd), protecting minority investors (170th), and resolving insolvency (189th).[53] While Cabo Verde's overall score is better than the average for Sub-Saharan Africa and many of its peers in West Africa, the World Bank has only noted significant progress in the areas of starting a business and property registration in recent years.[54] Indeed, the entire advance of Cabo Verde in the World Bank's country rankings occurred between 2009 and 2011.[55]

[51] World Bank (2009), and World Bank (2014a).

[52] World Bank (2014a).

[53] The bottom score in resolving insolvency stems from the fact that Cabo Verde has had no cases involving liquidation or foreclosures in the last five years. Cabo Verde introduced qualification requirements for insolvency administrators, and tightened deadlines in liquidation proceedings in 2011.

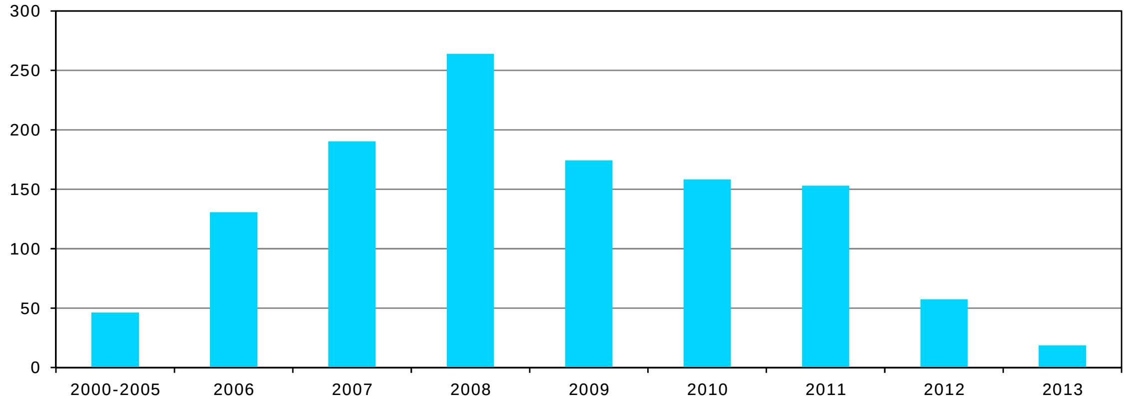
[54] The average rank for Sub-Saharan Africa is 142, and Cabo Verde is ahead of local peers such as Mozambique (127th), the Gambia (138th), Senegal (161st), Guinea (169th), Guinea-Bissau (179th), and Angola (181st). The improvements noted by the World Bank in starting a business are the establishment of the online business registration system (2009), elimination of a municipal inspection requirement before a business can start operations and computerization of the municipal business licensing system (2010), and abolition of minimum capital requirements (2013). For property registration, positive developments refer to a switch from *ad valorem* to fixed rate registration fees (2010), the stipulation of time limits in the registration process (2011), and computerization of the land registry (2013). Improvements in the credit information system were

2.44. Cabo Verde has concluded bilateral investment treaties with nine countries – Angola, Austria, China, Cuba, Germany, Italy, Netherlands, Portugal, and Switzerland. The agreements were signed between 1990 and 1998. Except for the treaty with Italy (signed in 1997) all agreements are currently in force. *Vis-à-vis* the United States, the Trade and Investment Framework Agreement (TIFA), which was concluded with the 15 ECOWAS member States in August 2014, provides the mechanism for expanding ties through trade and investment. Cabo Verde has concluded agreements regarding the avoidance of double taxation (of income and capital) with Portugal (1999) and Macao, China (2012). Agreements with Spain, Singapore and Mauritius are under negotiation.

2.45. According to UNCTAD estimates, foreign investments in Cabo Verde peaked in 2008 at over US$250 million, and remained above US$150 million annually through 2011. The level of inward investment then fell sharply to reach US$19 million in 2013 (Chart 2.1). According to BCV, the decline was due to a generally unfavourable investment climate worldwide, continued economic weakness in the euro zone, and a slowdown of the local economy since 2011.[56] The stock of foreign investment stood at almost US$1.6 billion at the end of 2013. FDI outflows from Cabo Verde are negligible, and totalled only US$2 million during 2011 to 2013.[57]

Chart 2.1 FDI flows in Cabo Verde, 2000-13

(US$ million)



Source: UNCTAD STAT. Viewed at: http://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx.

2.46. Most foreign investment in Cabo Verde is channelled into the tourism sector, followed by banking and financial services. The investors have traditionally been of European origin, notably from the United Kingdom, Italy, Portugal, and Spain. A recent trend has been increasing investment from Angola, focusing on banking, telecommunications, and inter-island transportation.[58]

made in 2009, 2011, and 2014. In the area of paying taxes, the corporate tax rate was reduced in 2009, and stamp duties on sales and checks were eliminated in 2010. Cabo Verde introduced a minimum wage in 2014.

[55] Cabo Verde moved from 146th place among 183 economies in *Doing Business 2010* to 119th place in *Doing Business 2012*.

[56] BCV (2014b). The authorities also suggest that the reported decline is exaggerated by changes in the tourism sector. Large one-time investments dominated in the past. At present, tourism projects tend to be phased-in over time in several smaller investments.

[57] UNCTAD (2014b).

[58] Ministry of Tourism, Industry and Energy (2013), p. 61.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Introduction

3.1. Together with more than 80 other countries around the world, Cabo Verde is using the UNCTAD Automated System for Customs Data (ASYCUDA) for customs processing and clearance. Cabo Verde began using the ASYCUDA in 1988, and ASYCUDA++ has been operational since 1 January 2003. A multipurpose software application, ASYCUDA enables electronic exchange of data between national operators, the customs administration, foreign counterparts and international institutions. The system is installed at Customs Headquarters in Praia as well as in all 12 customs offices across Cabo Verde. The European Union has agreed to provide funding for the upgrading of the system to ASYCUDAWorld.[1] The new version should be ready for the entry of data as from 1 August 2015. With the completion of test, training and finalization, ASYCUDAWorld should be fully operational by the end of this year. Fully implemented, this web-based platform should complete the transformation to paperless customs clearance in Cabo Verde.

3.2. A longer-term project is also underway to integrate the Port Management Information System (JUP) used by the port operator ENAPOR, the electronic system of licensing/approval of imports and exports (*Título do Comércio Externo* - TCE), and the customs procedures of the General Directorate of Customs (DGALF) to create a single window for international trade (JUCE). The World Bank has noted that the consolidation of the two systems is expected to produce efficiency gains, including a reduction in the number of days needed to complete an import transaction from 18 in 2013 to less than 15 by 2016.[2]

3.2 Measures Directly Affecting Imports

3.2.1 Import procedures and requirements

3.3. The general regime for the start-up and registration of businesses is described in Section 2.4. For commercial operators, i.e. importers, exporters, wholesalers, retailers, commercial agents, travelling salesmen, market vendors (*feirante*), or traders (*negociante*), an additional system of approval and registration is applied further to Decree-Laws Nos. 59/1999, 69/2005 (of 31 October 2005) and 30/2009 of 17 August 2009 (Section 4.5.5.1). Commercial operators register with the Department responsible for commerce at the Conservatory of Commercial Registry and obtain an operating permit.[3] The authority to issue operating permits has been delegated to the Chamber of Commerce. Neither the Conservatory nor the Chamber of Commerce apply any kind of economic needs test. Industrial enterprises importing for their own needs and tourism establishments do not have to register.[4]

3.4. In the course of its accession negotiations, Cabo Verde acknowledged that its business licensing legislation could be at odds with GATT Articles III and VIII with respect to minimum capital requirements, warehouse ownership restrictions, registration fees, and other registration provisions. An action plan was accordingly presented to revise provisions governing minimum capital, warehousing, and fees by December 2008, and other aspects of Decree-Law No. 69/2005 by the end of 2010.[5]

3.5. Based on Decree Law No. 69/2005, new ordinances regulating the issuance of ID cards for commercial operators and the annual renewal of their operating permits were issued in the second

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[1] *Macauhub* "União Europeia vai pagar novo sistema informático das alfândegas de Cabo Verde" 19 December 2013. Viewed at: http://www.macauhub.com.mo/pt/2013/12/19/uniao-europeia-vai-pagar-novo-sistema-informatico-das-alfandegas-de-cabo-verde.

[2] The time frame refers to customs clearance and technical controls, port and terminal handling, and inland transportation and handling of a standard shipment as measured in the World Banks' Doing Business 2014. World Bank/International Development Association, Program document for the Eighth Poverty Reduction Support Credit (PRSC-8), Report No. 73468-CV, 27 March 2014.

[3] The purpose of the Conservatory of Commercial Registry is stipulated in Decree-Law No. 25/2008 of 1 September 2008. The form to be used for the inscription in the Registry is presented in Ordinance No. 34/2008 of 8 September 2008.

[4] Industrial enterprises register as such in the Industrial Registry.

[5] WTO document WT/ACC/CPV/21/Rev.1, 25 June 2007.

half of 2008.[6] The ID card issued to the operator indicates the type of commercial activity he/she is licensed for and the product group(s) subject to trading.

3.6. The fees associated with the registration system are detailed in Ordinances Nos. 32/2008 of 1 September 2008 and 44/2008 of 22 December 2008. The licence fee for a wholesale establishment amounts to CVEsc 20,000 per year. The fees for the initial establishment of a wholesaler and subsequent inspections vary according to the commercial area of the establishment according to Ordinance No. 44/2008 (Articles 2 and 3). The fees for retailers, travelling salesmen, market vendors, and traders are determined at the municipal level. These may therefore vary from one location to another.

3.7. Foreign enterprises may act as commercial agents in Cabo Verde through the establishment of a subsidiary or any other form of representation registered in accordance with Cabo Verde's commercial legislation.[7] As noted in Section 2.4, an enterprise (including a commercial operator) may now be established with an initial capital of as little as CVEsc 1.

3.8. The establishment of pharmacies is regulated according to Decree-Law No. 34/2007 of 24 September 2007 and two orders of the Ministry of Health.[8] The opening of a new pharmacy is subject to an economic needs test. As a general rule, a pharmacy should serve at least 6,000 inhabitants and pharmacies should be a minimum of 400 metres apart.[9] Decisions to allow the establishment of additional pharmacies are taken by the Directorate General of Pharmacies in consultation with local health councils, ARFA, and associations representing the interests of consumers. Positive decisions are followed by a public tender called by the Director General of Pharmacies. Professional requirements apply to potential candidates, in particular the technical director of the pharmacy. Successful bidders must subsequently obtain an establishment licence from the Directorate General of Pharmacies and a commercial activity licence from the municipality. Specific requirements apply to the physical installations, and the medicaments sold by pharmacies must be included in the national list of approved pharmaceuticals.[10]

3.2.2 Ordinary customs duties

3.9. Cabo Verde bound all tariff lines upon accession at rates averaging 20.8% in agriculture (WTO definition) and 17.7% for non-agricultural products.[11] Reduction commitments are to be implemented by 2018, leading to an average final bound MFN rate of 15.9% (overall); 19.3% in agriculture and 15.4% for other goods (Table 3.1).[12] All duties were bound at *ad valorem* rates.

[6] The forms to be used were published as attachments to Ordinance No. 42/2008 of 15 December 2008. At registration, the operator is requested to indicate the product group(s) he/she will be trading. According to Decree-Law No. 69/2005, the 21 product categories have been established by ECOWAS, and is based on the Harmonized System.

[7] Article 17.4 of Decree-Law No. 69/2005.

[8] Orders Nos. 31/2007 and 32/2007 of 15 October 2007.

[9] Ownership restrictions also apply. No individual or enterprise may own or operate more than three pharmacies, and only one pharmacy in smaller islands.

[10] The lists of recognized privately-owned pharmacies and approved pharmaceuticals can be accessed from the website of the Ministry of Health (http://www.minsaude.gov.cv/index.php/farmacias/lista-medicamentos).

[11] WTO document WT/ACC/10/Rev.4, 11 January 2010. The bound rates in that document do not match the rates in Table 3.1 in each case due to nomenclature changes.

[12] In April 2009, Cabo Verde informed WTO Members that the first reductions in tariff rates had not been implemented as foreseen on 1 January 2009 due to economic difficulties. Requesting a waiver until 1 January 2010, Cabo Verde pledged to implement the 2009 and 2010 tariff cuts simultaneously on 1 January 2010, and ensure that the initial delay would not affect the timetable for the remaining reductions set out in Cabo Verde's Goods Schedule. The General Council granted the waiver on 28 July 2009 (WTO document WT/L/768, 31 July 2009).

Table 3.1 Structure of applied MFN tariffs in Cabo Verde, 2015

(%)

	2008	2015	Final bound[a]
Bound tariff lines (% of all tariff lines)	100.0	100.0	100.0
Simple average tariff rate	10.8	10.3	15.9
Agricultural products (WTO definition)	12.0	12.0	19.3
Non-agricultural products (WTO definition)	10.6	10.0	15.4
Agriculture, hunting, forestry and fishing (ISIC 1)	9.3	9.3	17.1
Mining and quarrying (ISIC 2)	2.5	2.5	6.6
Manufacturing (ISIC 3)	11.0	10.5	16.1
Duty-free tariff lines (% of all tariff lines)	42.7	44.1	5.1
Simple average rate of dutiable lines only	18.8	18.4	16.8
Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
Non-*ad valorem* tariffs (% of all tariff lines)	0.0	0.0	0.0
Non-*ad valorem* tariffs with no AVEs (% of all tariff lines)	0.0	0.0	0.0
Domestic tariff peaks (% of all tariff lines)[b]	6.9	6.6	2.5
International tariff peaks (% of all tariff lines)[c]	32.1	30.6	44.0
Overall standard deviation of applied rates	13.4	13.3	12.8
Nuisance applied rates (% of all tariff lines)[d]	0.0	0.8	0.0

a Final bound rates are based on the 2015 tariff schedule in HS07 nomenclature. Implementation period up to 2018.
b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.
c International tariff peaks are defined as those exceeding 15%.
d Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: The 2008 tariff is based on HS07 nomenclature consisting of 5,584 tariff lines (at 10-digit tariff line level).
The 2015 tariff is based on HS07 nomenclature consisting of 5,768 tariff lines (at 10-digit tariff line level).

Source: WTO Secretariat calculations based on WTO IDB, CTS databases, and information provided by the authorities.

3.10. Peak bound rates of 50% or 55% cover items such as chocolate, soft drinks, beer, spirits, cigars, raw fur skins and fur clothing, soap and detergents, carpets and floor coverings, wigs, drinking glasses, worked ivory, certain motor vehicles (new or second-hand), and furniture.[13] Cabo Verde does not participate in any of the sectoral market access initiatives, but bound a significant number of tariff lines at zero for goods included in the Information Technology Agreement and in the Agreement on Trade in Civil Aircraft.

3.11. On average, Cabo Verde's applied MFN tariffs are well below the bound level. The simple average applied rate fell slightly from 10.8% in 2008 to 10.3% in 2015 due to a higher incidence of duty-free tariff lines and tariff reductions for some manufactured goods. Rates vary from zero to 50% with the highest average tariffs affecting broad product categories such as clothing (34.1%); beverages, spirits, and tobacco (31.3%); and fish and fishery products (22.9%) (Table 3.2).[14] This pattern is also confirmed when the tariff averages are calculated by HS 2-digit product groups (Table A3.1).

[13] For the peak tariffs, the bound rates were in most cases 57% upon accession with reductions (to 55% or 50%) to be implemented by 2013.
[14] The MFN *ad valorem* rates in Cabo Verde's customs tariff are 0%, 5%, 10%, 20%, 30%, 40%, and 50%.

Table 3.2 Cabo Verde's applied MFN tariff summary, 2015

	Number of lines	Average (%)	Range (%)	Share of duty free lines (%)	CV[a]
Total	5,768	10.3	0-50	44.1	1.3
HS 01-24	819	14.2	0-50	23.7	0.9
HS 25-97	4,949	9.7	0-50	47.4	1.4
By WTO category					
WTO agricultural products	762	12.0	0-50	29.5	1.1
Animals and products thereof	95	17.3	0-50	9.5	0.6
Dairy products	29	8.6	5-20	0	0.6
Fruit, vegetables, and plants	200	9.2	0-30	40.5	1.0
Coffee and tea	52	16.1	5-50	0	1.0
Cereals and preparations	91	14.0	0-40	11.0	0.8
Oils seeds, fats, oil and their products	87	2.2	0-5	55.2	1.1
Sugars and confectionary	18	8.9	5-30	0	0.9
Beverages, spirits and tobacco	55	31.3	0-50	14.5	0.5
Cotton	7	0	0	100.0	0
Other agricultural products, n.e.s.	128	9.7	0-50	48.4	1.4
WTO non-agricultural products	5,006	10.0	0-50	46.3	1.3
Fish and fishery products	127	22.9	0-40	3.9	0.3
Minerals and metals	981	5.6	0-50	65.3	1.8
Chemicals and photographic supplies	967	3.6	0-50	75.1	2.4
Wood, pulp, paper and furniture	264	11.0	0-50	25.8	1.3
Textiles	606	15.4	0-50	5.3	0.7
Clothing	219	34.1	20-40	0	0.2
Leather, rubber, footwear and travel goods	179	17.4	0-50	22.3	0.8
Non-electric machinery	574	2.7	0-30	75.8	2.3
Electric machinery	332	8.9	0-30	30.1	1.1
Transport equipment	300	17.9	0-50	31.7	1.0
Non-agricultural products, n.e.s.	435	13.0	0-50	39.1	1.2
Petroleum	22	5.5	0-20	18.2	0.9
By ISIC sector[b]					
ISIC 1 - Agriculture, hunting and fishing	325	9.3	0-50	43.1	1.3
ISIC 2 - Mining and quarrying	104	2.5	0-40	72.1	2.8
ISIC 3 – Manufacturing	5,338	10.5	0-50	43.6	1.3
By stage of processing					
First stage of processing	675	8.0	0-50	47.6	1.4
Semi-processed products	1,819	5.0	0-50	57.9	1.5
Fully-processed products	3,274	13.7	0-50	35.6	1.1

a Coefficient of Variation.
b International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: The 2015 tariff is based on HS07 nomenclature consisting of 5,768 tariff lines (at 10-digit tariff line level).
0 implies 0 (not rounded), while 0.0 refers to >0 and <0.05.

Source: WTO Secretariat calculations, based on IDB database and information provided by the authorities.

3.12. The tariff analysis carried out by the WTO Secretariat indicates that current applied MFN rates are above the bound levels for 19 tariff lines.[15] For an additional 13 lines, which are still subject to staged tariff reductions until they reach zero in 2016 or 2018, the current applied rates are also above the respective bound rates derived from the "staging matrix".

3.13. As noted in Section 2, ECOWAS member States have agreed, in principle, to establish a Customs Union with a CET. Although the negotiations to establish the common tariff took much more time than anticipated, the ECOWAS CET was approved at the political level in 2013, and was targeted for implementation in all member States by 1 January 2015. The CET has not yet come into force in Cabo Verde, but the authorities are aiming at concluding the outstanding work before the end of 2015.

3.14. The ECOWAS CET comprises 5,899 tariff lines at the ten-digit level, using the 2012 version of the Harmonized System nomenclature. The CET has five tariff bands (0%, 5%, 10%, 20%, and 35%). When the CET replaces the national tariff Cabo Verde, the tariff dispersion will be significantly reduced as the maximum rate is lowered from 50% to 35%, but also because the incidence of zero-duty applied MFN rates will fall from 44.0% at present to 1.4% (Table 3.3). Overall, the simple average MFN tariff increases from 10.4% to 12.3%, pushing the average tariff higher in agriculture (15.5% vs. 12%), manufactures (12.4% vs. 10.6%), as well as mining and quarrying (5.1% vs. 2.5%).

Table 3.3 Structure of ECOWAS CET, 2015

(%)

	2015
Simple average tariff rate	12.3
Agricultural products (WTO definition)	15.5
Non-agricultural products (WTO definition)	11.7
Agriculture, hunting, forestry and fishing (ISIC 1)	11.9
Mining and quarrying (ISIC 2)	5.1
Manufacturing (ISIC 3)	12.4
Duty-free tariff lines (% of all tariff lines)	1.4
Simple average rate of dutiable lines only	12.4
Tariff quotas (% of all tariff lines)	0.0
Non-*ad valorem* tariffs (% of all tariff lines)	0.0
Non-*ad valorem* tariffs with no AVEs (% of all tariff lines)	0.0
Domestic tariff peaks (% of all tariff lines) [a]	0.0
International tariff peaks (% of all tariff lines) [b]	38.9
Overall standard deviation of applied rates	7.5
Nuisance applied rates (% of all tariff lines) [c]	0.0

a Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.
b International tariff peaks are defined as those exceeding 15%.
c Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: The 2015 tariff is based on HS12 nomenclature consisting of 5,899 tariff lines (at 10-digit tariff line level).

Source: WTO Secretariat calculations based on WTO IDB, CTS databases, and information provided by the authorities.

[15] The General Directorate of Customs has prepared an amendment that would address the majority of these cases. However, as long as the amendment has not been published in the Official Bulletin, the higher rates remain in effect.

3.15. The simple average ECOWAS CET (12.4%) is lower than the simple average of Cabo Verde's final bound rates (15.9%). Nevertheless, on a line-by-line basis the CET exceeds the bound rates in numerous cases. An analysis carried out by the WTO Secretariat indicates CET rates above the bound levels for 516 (ten digit) tariff lines using the 2015 bound rates, increasing to 521 tariff lines compared with Cabo Verde's final bound rates (2018). The incidence of CET rates higher than bound rates is not uniform across-the-board, but most pronounced for raw and processed meat and fish, tobacco, machinery, equipment, and marine vessels, i.e. in HS Chapters 2, 4, 15, 16, 24, 34, 83 to 85, and 88 (Chart 3.1).

3.16. During an interim period, Cabo Verde's future applied MFN tariff could be even higher than the ECOWAS CET. In instances where implementation of the CET results in tariff reductions *vis-à-vis* the previous "national" rate on a line-by-line basis, ECOWAS member States have the possibility of applying an Import Adjustment Tax (*Taxe d'ajustement à l'importation*) during a maximum five years. The tax may be equal to the difference between the current "national" MFN rate and the CET, as long as the difference does not exceed 20%. Moreover, the adjustment tax may not affect more than 3% of the total number of tariff lines, i.e. 177 tariff lines at most.

3.17. In April 2015, the Secretariat learned that Cabo Verde had forwarded a request for the application of the Import Adjustment Tax to the ECOWAS Secretariat, and that ECOWAS clearance was pending. Without precise information about the incidence of the Import Adjustment Tax, the tariff information is presented in this section on the basis of the CET applied without any transition mechanism.

3.18. Implementation of the ECOWAS CET requires Cabo Verde to renegotiate its tariff concessions in the WTO, and Cabo Verde has invoked its right to modify its Goods Schedule during the three-year period commencing on 1 January 2015.[16] As Cabo Verde is not the only ECOWAS member State facing this situation, the ECOWAS Secretariat has offered to assist its members in these negotiations.[17]

3.2.3 Other duties and charges (ODCs)

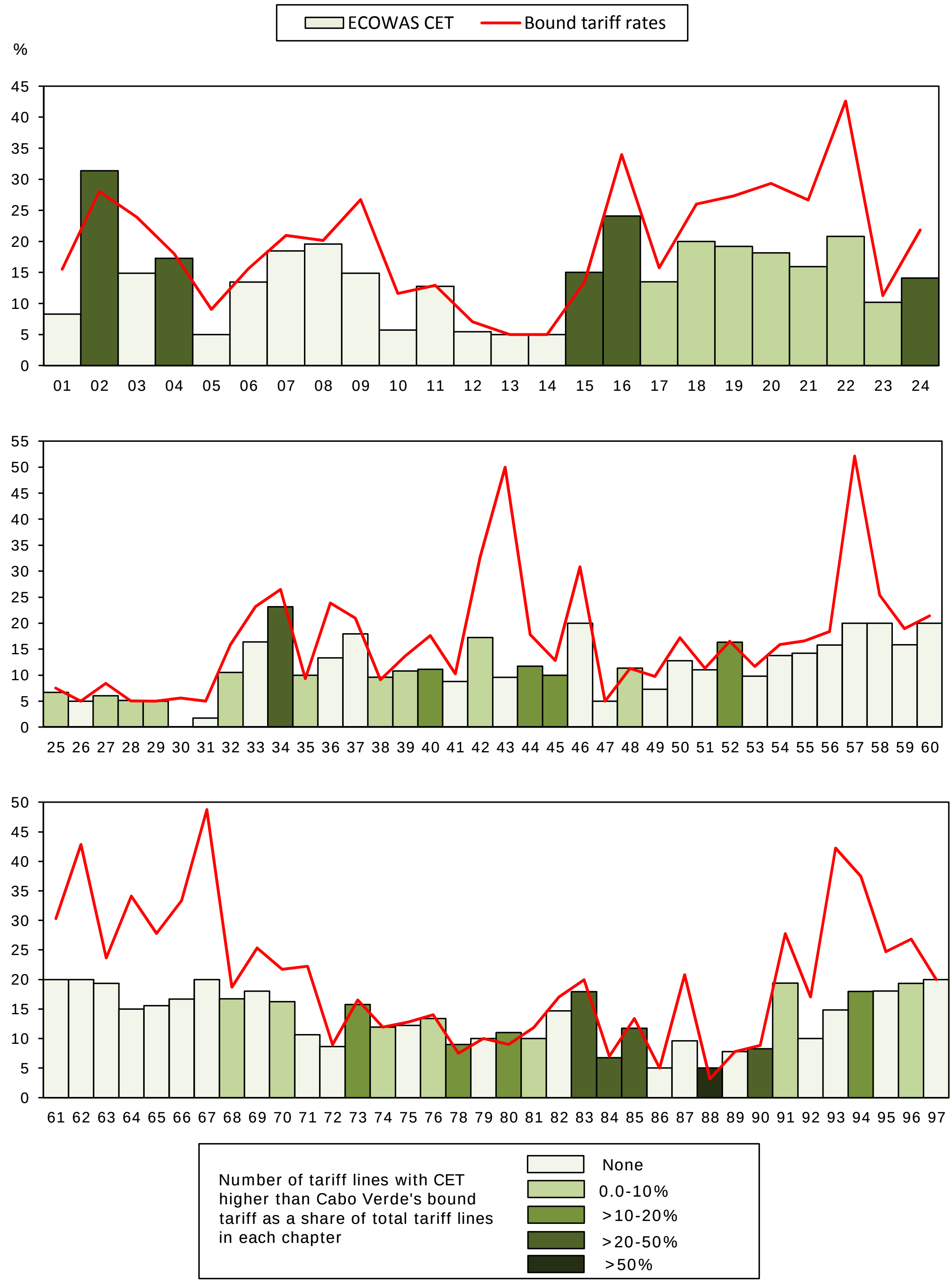
3.19. Cabo Verde has bound "other charges and duties" (Article II:1(b) of the GATT 1994) at 0.5% for all tariff lines. The rate corresponds to the ECOWAS Community Levy, collected by all ECOWAS members on imports from non-ECOWAS countries. Cabo Verde raised CVEsc 264 million from this levy on imports in 2014 (see Chart 1.1). The proceeds are remitted to the ECOWAS Secretariat to finance its operations.

3.20. Simultaneously with the implementation of the ECOWAS CET, the Community Integration Levy is set to increase to 1.5% on all non-ECOWAS imports. Cabo Verde's renegotiation of its tariff commitments will thus also need to cover ODCs across the board.

[16] WTO document G/MA/322, 7 January 2015.

[17] By the end of 2014, the WTO had also received invocations from Togo (G/MA/308, 4 December 2014), Côte d'Ivoire (G/MA/310, 10 December 2014), Mali (G/MA/314, 16 December 2014), Niger (G/MA/321, 23 December 2014), Senegal (G/MA/323, 7 January 2015), Guinea (G/MA/324, 7 January 2015), Ghana (G/MA/325, 7 January 2015), Nigeria (G/MA/326, 7 January 2015), Burkina Faso (G/MA/327, 8 January 2015), and Benin (G/MA/328, 8 January 2015).

Chart 3.1 Simple average tariffs by HS chapter, 2015



Source: WTO Secretariat's estimates based on tariff information provided by the authorities and WTO CTS database.

3.2.4 Tariff quotas, and tariff exemptions

3.21. Cabo Verde's Goods Schedule does not establish tariff quotas for any product. Cabo Verde does not use this policy instrument to regulate imports.

3.22. Tariff exemptions are granted by application only (Article 318 of the Customs Law). Until recently, requests for exemptions were lodged with the local customs offices (in hard copy) and forwarded by them to the General Directorate of Customs in Praia for decision. In 2011, the application process became integrated with ASYCUDA++, and is now an entirely computerized platform. Requests are keyed into the system by customs brokers, using the electronic identification number (TCE) of their client. The web-based application allows brokers to check the status of every request through each step of the decision process.[18]

3.23. The Code of Fiscal Benefits[19] (Chapter VII) outlines specific customs duty exemptions for the agricultural sector, stockbreeding and fisheries (Article 42), manufacturing enterprises included in the Industrial Registry (Article 43), civil aviation (Article 44), maritime transport (Article 45), and the media (Article 47). Moreover, the Code of Fiscal Benefits includes provisions (Articles 47-56) granting customs duty exemptions to (i) diplomatic and consular missions and their staff; (ii) imported goods received as humanitarian assistance by religious groups, or as part of development aid; (iii) goods brought into Cabo Verde by non-profit organizations working under patronage in the area of culture, sports, education, technology, and science; (iv) wheelchairs and specially-built vehicles for the disabled; (v) musical instruments and sports equipment for schools, sports clubs, the Cabo Verde Olympic Committee, etc.; (vi) goods for the exclusive official use of the armed forces, the police, fire brigades, and penitentiaries; and (vii) imported equipment and materials for electoral campaigns.

3.24. The Code of Fiscal Benefits (Article 15) states that investments made under the Investment Law are exempt from customs duties when they involve the importation of goods linked to the main purpose of the investment and not for resale, i.e. steel structures and construction materials, machinery, tools, utensils, and other equipment as well as spare parts and accessories to such equipment.[20] Article 15 also enumerates sector-specific exemptions such as new vehicles for urban transportation of passengers and heavy vehicles for the transportation of goods; vehicles for the collective transportation of industrial workers; imports of scientific equipment, laboratory materials, software and similar items for scientific and educational purposes; and specific broadcasting equipment (transmission towers, antennas and poles, mobile TV studios, and special purpose vehicles). Licensed tourism establishments may also import duty-free furniture, equipment and utensils; light vehicles for the transportation of tourists; pleasure boats; and other equipment for cultural, sports and leisure activities. Second-hand equipment and motor vehicles may not be exempted from customs duties if they are more than five years old. An enterprise licenced in any of Cabo Verde's International Business Centres (Section 2.4) may also benefit from customs duty exemptions on investment materials and equipment, packaging and packaging materials, as well as for raw materials and semi-manufactures incorporated in their production processes (Article 20). Enterprises receiving tax benefits for "internationalization" are also eligible for customs duty exemptions (Article 17), although the exemptions are not specified in the Code of Fiscal Benefits.

3.25. Data provided by the authorities on the revenue foregone through exemptions from import duties, ECOWAS community levy, VAT, and Special Consumption Tax (SCT) indicates a variable, but nevertheless significant, volume of exemptions over the last three years (Table 3.4). Relative to the amount of customs duty collected (Table 1.2), the tariff exemptions corresponded to 28.5% of the total revenue from customs duties in 2012, and 20.7% in 2013.

[18] The electronic system is not limited to customs duties, but handles request for exemptions from internal taxes and the ECOWAS community levy on the same platform.

[19] Law No. 26/VIII/2013 of 21 January 2013.

[20] The exemptions do not extend to cement, paints, varnishes, PVC pipes, plumbing equipment, electrical equipment (except incandescent light bulbs), stoves, hot plates, thermal accumulators, certain refrigerators, and electronic goods.

Table 3.4 Tariff and tax exemptions

Year	Requests received	Requests			Value of Exemptions (CVEsc Mill.)				Total Value
		Accepted	Granted in part	Refused	Tariff	ECOWAS levy	VAT	SCT	
2012	5,478	4,565	756	155	1,570.6	68.8	2,509.2	215.2	4,363.9
2013	4,639	4,052	427	146	1,125.0	33.1	1,291.0	231.7	2,680.8
2014	4,736	4,278	320	112	1,677.1	58.3	2,401.4	237.0	4,373.8

Source: General Directorate of Customs (DGALF).

3.2.5 Fees and charges for services rendered

3.26. Customs clearance in Cabo Verde is subject to a custom user fee (*taxa de utilização das alfândegas*).[21] During the negotiations on Cabo Verde's accession to the WTO, some WTO Members were of the view that the fee, levied at a flat rate of 1.04% of the CIF value of imported goods, was not in conformity with Article VIII of the GATT 1994. Although Cabo Verde referred to studies of customs expenditures that suggested that the fee was roughly commensurate to the cost of the services rendered, Cabo Verde agreed to launch a new study to redesign the customs processing fee, possibly introducing a minimum and maximum charge per transaction. Cabo Verde undertook to revise its legislation regarding the customs user fee before the end of 2012. The issue is still under consideration.

3.27. The Budget Law for 2013 (Article 31) introduced an additional statistical tax (*taxa estatística aduaneira* – TEA) for imports and exports processed through ASYCUDA++. The tax is applied to finance the computerization of customs clearance. The basic fee amounts to CVEsc 5,000 per customs declaration filed. The declaration can be amended with the addition of goods against an additional fee of CVEsc 1,500, or the removal of items that have entered the customs process against payment of CVEsc 3,000. The charge for declarations processed through ASYCUDA++ for goods that are tariff exempt amounts to CVEsc 6,000 (and an additional CVEsc 1,500 if the declaration is amended).

3.28. Goods that are abandoned (but subsequently released) or delayed in the processing through customs are subject to a surcharge of 5% of the customs value, constituting revenue for the State (Article 653 of the Customs Law).

3.29. Fees and charges for port services performed by the state-owned ENAPOR (*Empresa Nacional de Administração dos Portos*), including charges for arrival, departure, transit, berthage, mooring, tugging, use of equipment, and the supply of water and electricity, are detailed in Deliberation No. 012/CA/2013 of 1 February 2013. The Deliberation may be consulted at the website of ENAPOR (www.enapor.cv). It may be noted that local traffic and coastal fishing vessels are exempt from the arrival and berthage fee (Article 10), and the port usage fee is not applied to fish, fishing nets, and other equipment belonging to fishing vessels (Article 14). Any changes to the current fees and charges will have to be decided by the *Agência Marítima e Portuária*.[22]

3.30. Fees on imports of foodstuff, animal feed, and pharmaceuticals are levied to finance the activities of the ARFA (Section 3.4.3).

3.2.6 Internal taxes

3.31. Taxes are levied and collected in Cabo Verde in accordance with the General Tax Code and the Tax Procedure Code.[23] The General Tax Code does not specify the applicability of individual

[21] Ministerial Ordinance No. 71/78 of 14 October 1978 as amended by Ministerial Ordinance No. 27/79 of 28 April 1979.

[22] The agency replaced the *Instituto Marítimo Portuário* at the end of 2013. The agency and ENAPOR are both under the aegis of the Ministry of Maritime Infrastructures and Economy.

[23] Laws Nos. 47/VIII/2013 and 48/VIII/2013 of 20 December 2013. The laws entered into force on 1 July 2014, and replaced legislation in place for more than 20 years. The purpose of the new legislation is to

taxes, but sets out general rights and obligations in relation to tax matters. In addition, the Tax Execution Code (Law No. 49/VIII/2013 of 26 December 2013) regulates the enforcement of tax debts and refunds.

3.32. Imported goods are subject to VAT, and may also be subject to Special Consumption Tax and an Ecological Tax. Cabo Verde introduced VAT on goods and services on 1 January 2004.[24] VAT is levied at a single rate of 15.5%, in principle.[25] On imports, VAT is applied on the customs value inclusive of import duties and other border charges. Exports are exempt from VAT. Tourism establishments were subject to a lower rate of VAT (6%) from 2005 until 2012. Furthermore, from 2008 onwards certain goods and services subject to price regulation (petroleum products, electricity, water, telecommunication services, and maritime transport of goods) were effectively taxed to a lesser degree, as VAT was applied only to a fraction of the basic tariff. However, except for butane gas, these VAT reductions have been cancelled through the State Budget law for 2013 (and in subsequent years).[26]

3.33. The State does not pay VAT on operations in the exercise of its governmental authority, and services provided by non-profit organizations (trade unions and organizations of a political, religious, patriotic, humanitarian, philanthropic, recreational, sporting, cultural, environmental or civic nature) are exempt from VAT. Some goods and services related to agriculture, forestry, livestock and fishing are also exempted according to the VAT Law, as well as "staple" goods and certain agricultural inputs.[27] Furthermore, VAT exemptions may accorded as investment incentives, e.g. in the so-called Establishment Agreements.

3.34. With respect to the taxpayers, operators who do not have an annual income exceeding CVEsc 180,000 and do not engage in importation, exportation or similar activities do not need to add VAT to their invoices, and operators earning up to CVEsc 5 million per year may opt for a simplified regime (5% VAT).[28]

3.35. Certain goods are subject to a Special Consumption Tax (*Imposto sobre Conumos Especiais* - SCT)[29] SCT is applied on domestic products when the manufactured good leaves the production facility, and at the border for imports. The SCT is principally levied on alcoholic beverages, tobacco, petroleum products, precious stones and jewellery, motor vehicles, yachts, firearms and certain works of art (Table A3.2). The standard rate of SCT is 10%, and higher rates apply to tobacco products (20%), alcoholic beverages (40%), and used motor vehicles for the transportation of passengers or goods (40% to 150%).[30]

3.36. Imported and domestically-produced goods sold in non-biodegradable packaging, or packaging generating waste (e.g. cardboard, paper, bottles, plastic and metal), are subject

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enhance tax compliance, and reduce the scope for fraud and tax evasion. The General Tax Code stipulates that even illicit acts may be taxable if certain requirements are met (Article 9).

[24] The basic legal provision is VAT Regulation Law No. 21/IV/2003 of 14 July 2003, last modified by Law No. 51/VIII/2013 of 27 December 2013.

[25] A volcanic eruption began on Fogo Island in late November 2014. Mobilizing resources to repair the extensive damage caused by it, the VAT rate was increased from 15% to 15.5% with effect from 1 January 2015. The rate hike is intended as an extraordinary and temporary measure for the year 2015. The higher rate is applied to all goods and services, except water and electricity, which continue to be taxed at 15%.

[26] Law No. 23/VIII/2013 of 31 December 2012. The 6% rate for tourism enterprises was applied according to Law No. 53/VI/2005 of 3 January 2005, and is still in effect for contracts concluded before the end of 2012. The special VAT regime for certain goods and services was introduced through the State Budget Law for 2008 (Law No. 20/VII/2007 of 28 December 2007). For butane gas, 15.5% VAT is only added to 16.65% of the price-regulated basic tariff for the product.

[27] The exemptions are specified in Articles 9 to 14 of the VAT Law and in an annex to Law No. 21/IV/2003 of 14 July 2003. Requests for VAT exemptions are lodged through the electronic platform described in Section 3.2.4.

[28] However, if VAT is not levied on their sales, or the simplified rate is applied, these operators may not claim tax credit for VAT paid on their inputs. Those not subject to VAT may switch to the simplified or ordinary VAT regime at any time, but are obliged to stay with the chosen regime for minimum five years. Clients of taxpayers in the simplified VAT regime may not claim the 5% input VAT on their side. Taxpayers eligible for the simplified regime may switch back and forth between the ordinary and simplified regime without time limits.

[29] The STC is levied in accordance with Law. No. 22/IV/2003 of 14 July 2003, as amended by Laws Nos. 37/VI/2003 of 31 December 2003, 48/VI/2004 of 26 July 2004, and 10/VIII/2011 of 30 December 2011.

[30] The higher rates of STC were adjusted through Law No. 10/VIII/2011 of 30 December 2011.

to an Ecological Tax (*Taxa Ecológica*).[31] The tax is weight-based, and ranges from CVEsc 2 to 200 per kg on the weight of the product, inclusive of packaging (Table A3.3). The tax was extended to cigarettes, petroleum products, batteries, electronic goods, and tyres in 2012.[32] The tax is collected by the local tax authority when a local product enters the market and on imports by the customs authority at the time of importation. Exempt from the tax are materials used in the packaging of medicines and basic foodstuffs, goods sold to the State administration, and imported packaging materials for goods to be exported or re-exported. However, exported goods as such are not exempted from the Ecological Tax.

3.37. Revenue from the Ecological Tax is earmarked; 75% may be allocated to specific projects aimed at reducing waste, the promotion of eco-efficient consumer goods, and improved waste management. The remainder is used to fund educational programmes for the population in the environmental area (15%), and to maintain an Environmental Fund (10%). The General Directorate of Environment is responsible for the administration and supervision of funded projects and programmes. The disbursement of the tax receipts has apparently been the cause of some friction between local and central government authorities.[33]

3.38. The State Budget law for 2013 introduced a Tourist Tax, in effect since 1 May 2013. The tax is applied to all overnight guests irrespective of their nationality at hotels or other lodging units in Cabo Verde. The tax amounts to CVEsc 220 per guest (16 years or older) per night for a maximum of ten consecutive nights. The tax is collected by the tourism establishment and remitted to the authorities once a month. The proceeds are channelled into a Tourism Development Fund.

3.39. Certain financial transactions, such as operations of credit, interest, financial services commissions, bonds and payment orders, and other transactions involving the registration or issuance of legal documents are subject to stamp duty.[34] Stamp duties do not affect licences, permits and other documentation related to import or export operations, but apply to corporate operations such as enterprise establishment, acquisition and sale of property, capital increases, equity transfers, commercial contracts, etc.

3.40. Customs duties and indirect taxes are an important source of government revenue in Cabo Verde. VAT represents nearly 40% of the revenue of all taxes collected (Table 3.5). The estimated value of exemptions from internal taxes is presented in Table 3.4.

Table 3.5 Tax revenue

(CVEsc million)

	2012	2013	2014
Total indirect taxes:	13,110	15,124	16,854
- VAT	10,402	11,500	12,893
- Special Consumption Tax	1,498	1,866	1,872
- Ecological Tax	543	602	592
- Stamp Duty	667	706	695
- Tourist Tax	-	450	802

[31] The tax was originally applied from 1995, abolished with effect from 1 January 2004 (with the introduction of VAT in Cabo Verde), but reintroduced later the same year (Law No. 46/VI/2004 of 12 July 2004. The law was amended in 2010 (Law No. 76/VII/2010) and in 2012 (Law 17/VIII/2012, revoking the 2010 Law).

[32] Law No. 17/VIII/2012 of 23 August 2012. The law includes a table setting out the rates for all goods subject to the tax (Articles 3 and 7). The 2004 law determined the tax at a specific rate per unit of packaging for imported beer and soft drinks, or 10% *ad valorem* for empty packaging materials (imported or domestically produced). In 2010, the amended law extended the scope of the Ecological Tax to all non-biodegradable packaging, whether empty or carrying imported or local goods.

[33] *ASemana*, "ANMCV threatens garbage collection strike if government continues to retain ecological tax funds", 1 September 2014. Viewed at: http://www.asemana.publ.cv/spip.php?article102626&ak=1 Decree-Law No. 40/2013 of 25 October 2013 regulates the selection of projects financed by the Ecological Tax. Municipalities have been expecting revenue to be allocated directly to them. However, the 2012 law stipulates that disbursements can only be made to projects presented by a municipality or by a municipal association or enterprise.

[34] Stamp duties are currently regulated by Law No. 33/VII/2008 of 8 December 2008. The law replaced an earlier law dating back to 1954.

	2012	2013	2014
Other taxes:			
- Income tax	8,626	8,497	9,572
- Individual income tax	5,010	4,920	5,616
- Corporate income tax	3,617	3,578	3,956
- Tax on International Transactions	5,778	5,816	6,129

Source: State Budget Report, 2014 (pp. 88-89).

3.2.7 Import prohibitions, restrictions, and licensing

3.41. In 2003, Cabo Verde introduced non-automatic licensing on all imports and exports.[35] As this move was criticized in the WTO accession working party, and after further reflection, the 2003 Decree-Law was replaced by Decree-Law No. 68/2005 of 31 October 2005.[36] The new legislation distinguished between goods subjected to sanitary or phytosanitary requirements, security controls or mandatory restrictions required by law, and other imports. In response to further questions and comments from WTO Members, Cabo Verde provided action plans to develop the 2005 Decree-Law further to meet fully the requirements of the WTO Agreement on Import Licensing Procedures.[37] This work was to be completed by the end of 2008.

3.42. Cabo Verde submitted a notification to the WTO Committee on Import Licensing in 2009, outlining the import regime established further to the Decree-Law No. 68/2005.[38] A non-automatic licensing regime is applied to goods subject to sanitary or phytosanitary controls, security measures (e.g. handguns and explosives), or other mandatory restrictions required by Law. In addition to the non-automatic licence, a certificate of compliance may be required from the sanitary/phytosanitary authorities, or other competent authorities depending on the nature of the goods. Non-automatic licences are to be issued within 21 days from the date the customs declaration is presented to the competent authorities.[39] A non-automatic licence is issued for each transaction, and is normally valid for the period requested by the importer.[40] Import licences for arms and other security products are valid for 90 days and may exceptionally be extended for another 60 days. A screening process of the importers is also in place.

3.43. An automatic licensing regime is applied to all other imports, except those totally exempt from licensing. The automatic licence becomes effective as goods are declared to customs, and does not require the completion of any form or the provision of any specific information. Since licences are issued automatically as goods are cleared through customs, the licences carry no term of validity. Goods totally exempt from licensing include goods "without commercial value" or "without expenditure of currency"; goods in transit, temporarily imported, re-imported or re-exported; goods subject to special customs regimes such as franc stores, franc deposits, special customs storage or bonded warehouses; manufactured products for use in international trade fairs and exhibitions, etc.; goods for the supply or exclusive use of air and maritime navigation companies; and goods that have been apprehended, abandoned, found or salvaged from shipwrecks, and subsequently sold at auction.

3.44. The ECOWAS Treaty calls for relaxation and gradual removal of quantitative restrictions in intra-community trade (Article 41). However, having informed the Executive Secretary of ECOWAS and the other ECOWAS member States, any ECOWAS member may impose restrictions or prohibitions based on (i) the application of security laws and regulations; (ii) the control of arms, ammunition, and other war equipment and military items; (iii) the protection of human, animal or plant health and life, or the protection of public morality; (iv) the transfer of gold, silver, and precious and semi-precious stones; (v) the protection of national artistic and cultural property; (vi) the control of narcotics, hazardous and toxic wastes, nuclear or radioactive materials; and (vii) products and materials used in the development or exploitation of nuclear energy. On this

[35] Decree-Law No. 51/2003 of 24 November 2003.
[36] WTO document WT/ACC/CPV/30 (paras. 113 and 114), 6 December 2007.
[37] WTO document WT/ACC/CPV/21, 12 June 2005, and WT/ACC/CPV/21/Rev.1, 25 June 2007.
[38] WTO document G/LIC/N/3/CPV/1, 30 October 2009.
[39] The 21-day deadline may be suspended in "unusual and exceptional" circumstances, for example in the case of imports of military arms.
[40] The legislation does not establish any specific period of validity.

basis, Cabo Verde has defined a list of products subject to "international trade restrictions", enumerated in Table 3.6.

Table 3.6 Products subject to international trade restrictions

HS Number	Description	Justification
2401; 2402; 2403	Tobacco	Contract between the Government and the Caboverdean Tobacco Company
2844.10; 2844.20; 2844.30; 2844.40 and 1844.50	Radioactive products	International conventions on non-proliferation of nuclear weapons
2844.10; 2844.20; 2844.30; 2844.40 and 2844.50	Chemical radioactive elements and radioactive isotopes	International conventions on non-proliferation of nuclear weapons
7102.00	Diamonds	In accordance with Article 41.3 of the revised ECOWAS Treaty, precious metals for monetary purposes may only be imported by the central bank (BCV). Jewels may only be imported and sold by jewellers. Raw precious stones and metals may be imported by industries in accordance with international conventions
7103.00	Precious and semi-precious stones	
7106.00	Silver	
7108.00	Gold	
8401.00	Nuclear material	International conventions on non-proliferation of nuclear weapons
9301; 9302; 9303; 9307	Weapons	Restrictions for security reasons under ECOWAS Agreement on Non Proliferation
9306.10	Munitions	
9705.00	Collections and specimens for zoology, botany, mineralogy, anatomy collections, or collections of a historic, archaeological, palaeontology, ethnographic or numismatic interest	Protection of biodiversity and national treasures of cultural, artistic, historic, archaeological value
9706.00 6	Antiquities more than 100 years old	Protection of national treasures of artistic, historic, archaeological value

Source: WTO document WT/ACC/CPV/30, Table 6, 6 December 2007.

3.45. As for the restriction on importation of tobacco, this is linked to an exclusive right to import tobacco held by the *Sociedade Caboverdiana de Tabacos SA* The contract between the company and the Government of Cabo Verde (the then Ministry of Economic Coordination) was originally concluded in May 1997 for a renewable period of 15 years. During the accession negotiations, the Government of Cabo Verde announced the intention to replace the exclusive right with non-automatic licensing upon expiry of the agreement at the end of 2012. The *Sociedade Caboverdiana de Tabacos* was privatized in 2007. However, as the Government of Cabo Verde has found itself unable to follow through on certain commitments made to the new owners, notably in the area of market regulation and the protection of public health, it has been deemed necessary to maintain the exclusivity arrangement for another eight years, i.e. until 2020.[41] The *Sociedade Caboverdiana de Tabacos SA* undertakes importation and wholesale marketing of one brand of cigarettes, and produces and markets three other brands, one of which is under licence. Tobacco cultivation is negligible in Cabo Verde, and the domestic production is not for industrial purposes.

3.2.8 Customs valuation

3.46. While Cabo Verde was negotiating its accession to the WTO, the Brussels Definition of Value served as the basis for the calculation of customs duties and other customs charges in accordance with Decree No. 45.790 of 3 July 1960. Cabo Verde sought, and was granted, a transitional period to implement progressively the WTO Agreement on the Implementation of Article VII of the GATT 1994 (Customs Valuation Agreement), including its Annex I (Interpretative Notes) and Decisions 3.1 and 4.1, paragraph 2 of the Committee on Customs Valuation regarding the

[41] WTO document G/STR/N/13/CPV, 17 January 2014.

treatment of interest charges and the valuation of carrier media bearing software for data processing equipment. Full implementation of the Agreement would commence from 1 January 2011.[42]

3.47. In December 2010, Cabo Verde informed the WTO that it was facing certain difficulties in implementing the Agreement. In particular, the shifting of the burden of proof from the declarant to Customs in valuation disputes was seen as increasing the risk of under-invoicing which, in turn, could affect the collection of customs revenue negatively. New tools such as a customs valuation database and an automated risk analysis and management system would be required to reduce as much as possible the time needed to control goods submitted for customs clearance. Further work should also be undertaken to familiarize users with the new Customs Code (adopted in 2010) and to draft supplementary legal instruments. Cabo Verde therefore requested that it be granted a temporary waiver to implement the Customs Valuation Agreement by 1 January 2012, and presented a revised action plan to implement it.[43] WTO Members granted the waiver in May 2011, on the condition that Cabo Verde should report to the Committee on Customs Valuation on progress in fulfilling the action plan and on the status of implementation of the Agreement by 30 September 2011. In a status report dated 14 October 2011[44], the authorities of Cabo Verde noted that training courses were being organized for customs agents and official customs dispatchers, and customs technicians were being trained in risk assessment techniques, post-declaration and post-clearance verification. A series of company audits had been launched. Customs information systems were being upgraded with the phasing-in of the ASYCUDA Selectivity Module for the performance of risk assessment, and the ASYCUDA++ was being configured to provide a reference database for the values of identical or similar goods. Cabo Verde confirmed that the Customs Valuation Agreement would be effectively implemented as of 1 January 2012.

3.48. Section IV (Articles 255-286) of the 2010 Customs Code establishes the basic provisions governing customs valuation, including the valuation of exports. Article 260 stipulates the transaction value as the principal method of customs valuation, and the hierarchy of alternative valuation methods (including deductive and computed value) is laid down in Articles 267 to 284. According to the customs authorities, the alternative valuation methods are applied quite frequently due to chronic under-valuations and missing or inadequate documentation of the actual transaction value.

3.49. Should the final determination of a customs value be pending, the importer may provide a guarantee for the payment of customs duties and other applicable taxes and charges to secure the early release of the goods in question (Article 637). The right to receive a written explanation of how the customs value was determined is provided through Article 311, and appeals of customs value decisions are governed by Title VII "Customs Technical Litigation" (Articles 614 to 641). A Customs Technical Council has been established to deal with "technical" disagreements regarding the determination of customs classification, origin and value of goods. The deliberations of the Council are published in circulars issued by the General Customs Directorate. The Council issued ten formal determinations in 2014. Decisions of the Customs Technical Council may be appealed to the Supreme Court of Justice.

3.50. The interpretative notes to the Customs Valuation Agreement are, in principle, incorporated in Cabo Verde's legislation by virtue of Article 259 of the Customs Code. According to the customs authorities, the incorporation is further confirmed in Article 38 of the 2014 customs regulations.[45]

3.2.9 Rules of origin

3.51. Section III of the 2010 Customs Code establishes the basic principles for non-preferential rules of origin. Goods may either be wholly obtained or produced in a single country (Article 248) or (where production involves more than one country) be deemed to originate in the country

[42] An action plan for the implementation of the Agreement covering the period 2008-2010 is reproduced in Table 9 of document WT/ACC/CPV/30, 6 December 2007.

[43] The revised plan is reproduced in the draft decision of the General Council, circulated in WTO documents G/C/W/646, 14 March 2011 and G/C/W/646/Rev.1, 4 April 2011.

[44] WTO document G/VAL/65, 24 October 2011.

[45] Decree-Law No. 23/2014 of 2 April 2014. The regulation has been published in the Official Bulletin, but the Secretariat has not been able to trace it. The Cabo Verde authorities have informed the Secretariat that the customs regulation is being translated into English and will be notified to the WTO.

where they underwent the last "substantial economically justified transformation" (Article 249). The rules are to be used for the determination of MFN treatment under Articles I, II, III, XI and XIII of the GATT 1994; for the possible application of anti-dumping, countervailing or safeguard measures; or for the provisions of origin under Article IX of the GATT 1994, and the treatment of quantitative restrictions or discriminatory quotas.

3.52. As for preferential rules of origin, these are contained in agreements concluded between Cabo Verde and certain countries or groups of countries (Article 253). For products originating in ECOWAS countries, the provisions of Protocol A/P1/03 are applied[46], and ECOWAS origin may thus be conferred to wholly obtained agricultural and livestock products, fishery products, mining products, and artisanal handicrafts.[47] Industrial goods may be granted ECOWAS origin provided at least one of three criteria are met, i.e. either that (i) a minimum 60% of the raw materials used originate within the ECOWAS region ("wholly obtained"); (ii) the finished product requires the exclusive use of materials classified under tariff headings different from that of the finished product (includes a list of exceptions); or (iii) the regional (ECOWAS) value added represents at least 30% of the ex-factory price of the finished good. ECOWAS origin may not be conferred to goods manufactured in free zones or under special regimes implying full or partial exemption of customs duties on inputs.[48]

3.2.10 Anti-dumping, countervailing duty, and safeguard regimes

3.53. Cabo Verde notified the WTO in 2010 that it had not established any authority competent to initiate and conduct anti-dumping investigations. Thus, no actions had been initiated, and Cabo Verde did not expect to resort to anti-dumping measures in the foreseeable future.[49] In the event that a competent authority and related domestic procedures for the initiation and conduct of anti-dumping investigations are established, the Committee on Anti-Dumping Practices would be informed without delay.

3.54. Section X of the Customs Code, Articles 336 to 345, establishes the basic provisions for the application of anti-dumping and "compensatory" (countervailing) duties. No further implementing legislation has been developed. It has been envisaged that the Government would establish a special committee for the determination of the duties to be applied.

3.55. The "Trade Liberalization Law" (Decree-Law No. 3/99 of 1 February 1999) included a general safeguard provision (Article 3) referring to serious damage, or the threat of such damage, to the national economy or to public health. On this basis, Cabo Verde restricted imports of poultry (from all countries) until 2004, when the measure was terminated.

3.56. Article 49 of the (revised) ECOWAS Treaty allows the member States to apply "the necessary safeguard measures" in case of "serious disturbances occurring in the economy". The Executive Secretary of ECOWAS must be informed before measures are taken, and such safeguards may not be in force for more than one year.

3.57. The introduction of the ECOWAS CET includes provisions for the application of a Complementary Protection Tax (*Taxe complémentaire de protection*) on imports from non-ECOWAS sources in response to market disturbance. The measure may be triggered either by an increase in import volume of 25% (or more), or a price decline of 20% (or more), compared with the preceding three-year average. The supplementary tax can only be applied as a temporary measure, (i) for a maximum of two years in case of a surge in imported quantities, or (ii) for no more than one year in response to price declines. It appears that Cabo Verde's ability to use this

[46] The Protocol was adopted at a Conference of ECOWAS Heads of State and Government in Dakar in 2003 and ratified by Cabo Verde through Law-Decree No. 3/2010 of 1 February 2010.

[47] Certificates of origin are not required for agricultural and livestock products and handmade articles to circulate freely within ECOWAS, but shipments must be accompanied by sanitary and phytosanitary certificates according to Laws Nos. 29/VII/2013 and 30/VII/2013.

[48] The rules were relaxed in 2009 to allow free circulation of goods produced under special regimes provided the normal import duties on inputs were paid. However, the ECOWAS Commission has not yet issued the necessary implementing regulation for this amendment to be effective.

[49] WTO document G/ADP/N/193/CPV, 25 June 2010. According to Cabo Verde, the notification is valid until further notice.

measure would be limited, as the sum of the CET and the Complementary Protection Tax may not exceed the WTO bound rate for any product.[50]

3.3 Measures Directly Affecting Exports

3.3.1 Export procedures and requirements

3.58. Decree-Law No. 68/2005 of 31 October 2005 constitutes the legal basis for the regulation of exports. Prior to exportation, prospective exporters need to register with the Conservatory of Commercial Registry and hold a valid traders' ID card. Non-preferential certificates of origin are issued by the General Directorate of Trade (at the Ministry of Tourism, Investment and Business Development) and signed by Customs at the point of exit. Cabo Verde Customs processed 385 Form-A certificates during 2014.

3.59. The 2010 Customs Code includes special provisions with respect to "suspensive and economic" regimes for inward processing, temporary importation, outward processing, and temporary exportation. The use of such procedures requires prior authorization of the customs authorities (Article 381) and the posting of a guarantee (Article 384). Transit and transhipment is regulated according to Chapter IX of the Customs Code.

3.60. Cabo Verde's system for drawback of customs duties is laid down in Article 436 of the Customs Code. Import duty may be repaid for goods subsequently exported in unaltered state or processed into "compensating products" that are exported or placed in a free zone.[51] Drawback may be claimed within one year of importation of the goods in question. The period may be extended by 90 days (twice) upon decision by the Director-General of Customs.

3.3.2 Export taxes, fees and charges for services rendered

3.61. Cabo Verde does not levy export taxes on any product. Internal taxes, including VAT, are not applied to goods destined for exportation. The statistical tax for customs clearance of goods through ASYCUDA++ is the same for exports as for imports, i.e. CVEsc 5,000 per declaration. Exporters are subject to port charges as are all other users of these services.

3.3.3 Export restrictions

3.62. Export operations in general became exempt from licensing under the terms of Article 9 of Law No. 92/IV/93 of 15 December 1993. However, Cabo Verde prohibits exports of endangered flora and fauna covered by the International Convention on Endangered Species of Flora and Fauna (Washington Convention) according to Article 45 of the Customs Code. The Convention was approved through Decree No. 1/2005 of 21 March 2005. Protected plants and animals are listed in Regulatory Decree No. 7/2002 of 30 December 2002. Most of these species can be found in preserved areas in Cabo Verde, i.e. national and natural parks created through Decree-Law No. 3/2003 of 24 February 2003.

3.63. In July 2013, restrictions were introduced on the exportation of wire made of copper, aluminium and other metals used in the provision of electricity and telecommunications services.[52] The measure was put in place to combat theft from infrastructure installations. Henceforth, any operator wishing to export such goods must apply to the Director-General of Industry and Trade, and provide evidence that the exported merchandise has been legally obtained, e.g. by presenting import documents for these same goods.[53] The measure also covers exports of gold and other precious metals. None of these metals are mined in Cabo Verde.

[50] Roquefeuil (2014).

[51] According to Article 441 of the Customs Code, up to 15% of the (previous year's) production of "compensating products" may be released for free circulation into the domestic market without the provision of a customs declaration. However, such goods are subject to customs duties and other possible trade policy measures as required by law.

[52] Joint Order No. 18/2013 of 4 July 2013 from the Ministry of Tourism, Industry and Energy and the Ministry of Finance and Planning.

[53] The authorization to engage in foreign trade (TCE) and a certificate of origin must also be presented to customs prior to customs clearance for exports.

3.3.4 Export subsidies, finance, and guarantees

3.64. Exporters obtain financing through normal commercial channels. Cabo Verde did not provide agricultural export subsidies prior to accession to the WTO. In a notification submitted in 2009, Cabo Verde also confirmed that no agricultural export subsidies had been provided in 2008.[54] The authorities confirm that the situation has not changed since then.

3.3.5 Export promotion and marketing assistance

3.65. Cabo Verde does not have any public agency or authority set up specifically to assist exporters in promoting or selling their products abroad.

3.4 Measures Affecting Production And Trade

3.4.1 Subsidies

3.66. In the course of the negotiations to accede to the WTO, Members raised questions with regard to fiscal and customs incentives provided by Cabo Verde under various legislation. Cabo Verde agreed to ensure that programmes administered pursuant to its Foreign Investment Law, the Law on "Free" or "Franc" Enterprises, the Industrial Statute, the Tourism Utility Law, and Law No. 99/IV/93 of 31 December 1993 would be in full conformity with the WTO Agreement on Subsidies and Countervailing Measures from 1 January 2010. Any subsidy prohibited under Article 3 of the Agreement, but granted to firms or individuals prior to accession, would be withdrawn at the expiry of the original term of the benefit or at the latest by 1 January 2015. Cabo Verde would provide a subsidy notification to the WTO in accordance with Article 25 of the Agreement upon accession, and subsequent notifications containing information confirming the progressive elimination of any prohibited subsidies. No notifications have been received to date.

3.67. Fiscal incentives provided to investors are currently enumerated in the Code of Fiscal Benefits, which entered into force on 1 January 2013.[55] The incentives generally take the form of reductions in corporate income tax, and exemptions from (i) wealth tax, (ii) stamp duties, and (iii) customs duties (as noted in Section 3.2.4). Projects implemented in accordance with the 2012 Investment Law may generally claim a 30% reduction in their corporate income tax[56] for eligible investments, rising to 50% for investments in tourism projects, air and sea transportation, renewable energy, and information technology. Investment projects that are defined as contributing to the "internationalization" of Cabo Verde businesses are subject to a special and more generous regime (Articles 17 and 18) involving reductions in corporate income tax of up to 50%, exemption of personal income tax for qualified expatriate employees, as well as exemptions from stamp duty, VAT, customs duties, notarial charges and fees, and the wealth tax.[57]

3.68. An enterprise licensed to operate in an International Business Centre is subject to corporate income tax at reduced rates, and may also be exempt from customs duties on certain imported materials.[58]

3.69. The Investment Law (Article 5.2) and the Code of Fiscal Benefits (Article 16) also refer to investment projects that may merit "special treatment" and be granted "exceptional" incentives by the Council of Ministers. These are projects in line with Cabo Verde's national economic development programme involving an investment of minimum CVEsc 10 million and the establishment of minimum 100 new jobs within three years.[59] The level and nature of the possible

[54] WTO document G/AG/N/CPV/1, 17 July 2009

[55] Law No. 26/VIII/2013 of 21 January 2013. Tax benefits granted or recognized before the entry into force of this law are maintained in accordance with the terms under which they were granted (Article 58).

[56] The top rate of corporate income tax is 25%.

[57] Decree-Law No. 2/2011 of 21 February 2011.

[58] The lower corporate income tax rates only affect income derived from transactions with entities located outside Cabo Verde, or other entities in Cabo Verde's International Business Centres. The tax reductions are linked to job creation. If an investment project leads to the establishment of two new jobs at the International Service Centre the tax rate is 2.5%, whereas a minimum of five new jobs at the International Industry Centre or the International Trade Centre will result in a corporate tax rate of 5% for entities with five dependent workers, 3.5% for 20 employees, and 2.5% for entities with 50 employees or more.

[59] The minimum investment is CVEsc 5 million and 50 new jobs for investments outside of the capital Praia and urban municipalities on the islands of Sal and Boa Vista.

benefits are not specified in existing legislation, but are to be negotiated and detailed in a formal contract (Establishment Agreement) between the Government and the investor(s).[60] Nevertheless, the Code of Fiscal Benefits states that such benefits may not be extended beyond ten years, and may not result in an effective tax rate that is less than 20% of the rate in force. The beneficiaries are to be inspected annually by the tax authorities (see also Box 4.1).

3.70. The Code of Fiscal Benefits also stipulates numerous tax incentives available to financial services providers notably (i) a 75% reduction in corporate income tax for yields on long-term bank deposits and certificates of deposits; (ii) 5% corporate income tax on yields from bonds and similar instruments (except listed debt securities), applicable until the end of 2017; (iii) no corporate income tax on dividends paid by listed companies (until the end of 2017); and (iv) tax credits and tax exemptions on the incomes of savings and investment funds and payments made by these funds to their clients. Stamp duty is not levied on instruments that secure the financing of investments. Holding companies are not liable to taxation of capital gains from the sale of shares in unaffiliated enterprises, provided the shares have been held for at least 12 months.

3.71. The Code of Fiscal Benefits (Article 4) requires the tax authorities to draw up an annual list of legal persons to whom tax benefits are granted. The list should be accessible through the electronic portal of the tax authorities.

3.4.2 Standards, technical requirements, and conformity assessment

3.72. During the accession negotiations, Cabo Verde informed Members that its TBT-related legislation was old, fragmentary and incomplete. Absent a legislative and institutional framework, Cabo Verde was not applying technical regulations or standards on imported or locally-produced goods. Cabo Verde nominated the General Directorate of Industry and Energy to serve as its TBT enquiry point to comply with the transparency obligations of the WTO Agreement on Technical Barriers to Trade, and made a commitment that technical regulations and conformity assessment procedures would not be adopted or implemented until notified to the WTO in compliance with the TBT Agreement. No notifications have been received to-date.

3.73. In 2010, the Government decided to establish a National Quality Council (*Conselho Nacional da Qualidade* – CNQ) to oversee all work related to standardization, metrology, and conformity assessment.[61] The CNQ, which is composed of 19 members, brings together government agencies with competence in these areas, the municipalities' association, the Chambers of Commerce, other professional associations, consumers, and academia. The CNQ would normally meet twice a year. It has the authority to establish permanent technical commissions or working groups.

3.74. Simultaneously with the creation of the CNQ, it was decided to establish an Institute (*Instituto de Gestão de Qualidade* – IGQ) to perform secretariat functions for the national council as well as to engage in the day-to-day coordination of work in the areas of standardization, metrology, and conformity assessment.[62] However, the functions of the IGQ do not overlap with those of ARFA, which is responsible for standards pertaining to pharmaceuticals and food products, and the General Directorate for Marine Resources, which is the competent authority for inspection, monitoring and certification of fish products (see Section below). The IGQ was merged with the intellectual property institute (IPICV) to form IGQPI in August 2014.

3.75. IGQPI published the first ten product standards of Cabo Verde in the Official Bulletin of 9 April 2015. The standards which were prepared by the Technical Commission for the Standardization of Agricultural Products, concern certain fruit and vegetables, including tomatoes, potatoes, carrots, onions, bananas and papayas.

[60] According to CVI, a limited number of Establishment Agreements are currently in effect. These agreements were prepared prior to the promulgation of the Code of Fiscal Benefits. No agreements have been concluded since then, although CVI has some 20 applications pending in its electronic platform. While the level and nature of benefits in an Establishment Agreement may be the subject of some negotiation, the tax flexibilities included in it may not go beyond the scope of exemptions foreseen in the basic tax legislation on customs duties, value added tax, special consumption tax, etc.

[61] Decree-Law No. 8/2010 of 22 March 2010.

[62] The IGQ was established by Resolution No. 41/2010 of 2 August 2010, and its statutes were approved through Regulatory Decree No. 6/2010 of 23 August 2010.

3.76. Cabo Verde is not a full member, nor a correspondent or subscribing member, of the International Organization for Standardization (ISO), nor a full or associate member of the International Technical Commission (IEC), or any other body governing work in the area of standardization and product safety at the global level. At the regional level, Cabo Verde is currently participating in the West Africa Quality Programme, an EU-funded project to strengthen and harmonize TBT and SPS measures applied by the ECOWAS member States.[63]

3.4.3 Sanitary and phytosanitary measures

3.77. Cabo Verde is largely dependent on imports to cover its food needs (Section 4.1). The country has nine points of entry where phytosanitary and veterinary inspections are carried out.[64] However, capabilities for disease diagnosis and control are limited. InLab, a private laboratory with ISO 17025 certification, performs analysis of water, food, and pharmaceuticals. The Official Laboratory for Fisheries Products (LOPP) carries out control and certification of fish and fish products. Cabo Verde has inter-agency agreements with the food safety authorities of Portugal and Senegal regarding veterinary tests. Cabo Verde is a member of the Codex Alimentarius, the International Plant Protection Convention (IPPC), and the World Organisation for Animal Health (OIE).

3.78. Cabo Verde established an Action Plan for the implementation of the SPS Agreement within the framework of its WTO accession.[65] Although there have been some delays, Cabo Verde has made progress since accession in modernizing its SPS regime. A number of SPS framework laws have been adopted, but up-to-date implementing regulations are generally missing. Responsibility for SPS measures is shared between the Ministry of Rural Development, and ARFA.

3.79. The Directorate General of Agriculture and Rural Development (*Direcção Geral da Agricultura e Desenvolvimento Rural*) of the Ministry of Rural Development (*Ministério do Desenvolvimento Rural*) is responsible for developing and implementing phytosanitary and veterinary measures. The Directorate also functions as the WTO SPS enquiry point and notification authority, as well as National Plant Protection Organization (*Organização Nacional de Protecção dos Vegetais*) under the IPPC.

3.80. Cabo Verde adopted two new SPS framework laws in 2013 to reform the legal framework for phytosanitary and veterinary measures (Table 3.7).[66] However, the outdated phytosanitary regulations (largely from 1997) remain in force, while ten revised phytosanitary regulations are pending. In accordance with Article 13 of Law 29/VIII/2013, the Directorate General of Agriculture and Rural Development is required to publish an ordinance ("*portaria*") listing plants and related products that are subject to import prohibition or require an import permit/authorization. The ordinance is in preparation, according to the authorities. In 2013, Cabo Verde notified the SPS Committee about the revision of phytosanitary and veterinary inspection fees on imports (and exports) of live animals, meat and meat products, dairy products, eggs, honey, fish and fish products, and certain plants and seeds.[67] For importation, the listed products must be accompanied by a phytosanitary or veterinary certificate issued by the exporting country's NPPO or veterinary service.

3.81. ARFA is Cabo Verde's independent food safety agency.[68] ARFA is also responsible for certain food security measures (Section 4.1.2), and the regulation of pharmaceuticals (Section 3.4.9). Regulated products include food for human consumption, functional and novel foods, supplements and additives; pharmaceuticals for human use, cosmetics, and biocides. Food processors are regulated and subject to sanitary licensing by ARFA.[69] Furthermore, ARFA coordinates the food safety activities of the SNCA (*Sistema Nacional de Controlo de Alimentos*), a public-private sector

[63] Mauritania is also taking part in this project.

[64] São Vicente (Porto Grande and Cesária Évora Airport); Sal (Porto de Palmeira and Amílcar Cabral Airport); Santo Antão (Porto Novo); Boa Vista (Porto de Sal-Rei and Aristides Pereira Airport); Santiago (Porto da Praia and Nelson Mandela Airport).

[65] WTO document WT/ACC/CPV/30, para. 176, 6 December 2007.

[66] Ministry of Rural Development (2013).

[67] Decree-Law No. 42/2013.

[68] ARFA was established in October 2004 (Decree-Law No. 42/2004) within the framework of the general regime governing the establishment of independent regulatory agencies (Law No. 20/VI/2003, replaced by Law No.14/VIII/2012).

[69] Decree-Law No.22/2013 of 31 May 2013.

food safety network, which meets about five times a year, and functions as contact point of the National Codex Alimentarius Commission (*Comissão Nacional do Codex Alimentarius*).

3.82. ARFA's budget (CVEsc 108.3 million in 2014) is financed mainly through contributions from the regulated entities based on sales of pharmaceutical products for human use; c.i.f. value of imports of pharmaceutical products; and c.i.f. value of imports of food products and feed.[70] For 2015, the fees were fixed at 0.3% of the value of food products and 0.4% of the value of pharmaceutical products.[71] Importers and manufacturers of drugs for human use are required to transfer a quarter of the annual contribution to ARFA at the beginning of each trimester. Importers and producers of other pharmaceutical products, and importers of raw materials or food destined for human consumption have to pay the contribution when cleared through customs.[72]

3.83. In 2009, Cabo Verde promulgated legislation concerning its intent and general principles to bring its food safety legislation into conformity with the SPS Agreement (Legislative Decree No. 3/2009), which was followed by the adoption of basic food hygiene standards (Table 3.7). A new food safety law concerning meat, milk and eggs is in preparation, according to the authorities. There are no sanitary controls for processed products of vegetable origin. Genetically modified organisms are not regulated as such. Risk analysis is performed by ARFA on request by the Directorate General of Agriculture and Rural Development.

Table 3.7 Reform of SPS legislation

Legislation	Content
Legislative Decree No. 2/2009 of 15 June 2009	Establishes general principles in terms of offences against public health, such as slaughtering of prohibited animals or not normally used for human consumption. Establishes responsibilities of operators, procedures in case of non-compliance, and penalties.
Legislative Decree No. 3/2009 of 15 June 2009; Regulatory Decree No. 7/2010	Statement of food safety policy objectives and general principles, including risk analysis, harmonization with Codex Alimentarius standards. Establishes Rapid Alert System (*Sistema Integrado de Alerta Rápido*- SIARA) for notification of risks to human health from food and animal feed.
Decree-Law No. 24/2009 of 20 July 2009	Establishes a labelling regime for foodstuffs.
Decree-Law No. 25/2009 of 20 July 2009	Adoption of basic food hygiene standards ("food sector framework law")
Decree-Law No. 32/2010 of 6 September 2010	Establishes the SNCA.
Decree-Law No. 19/2012 of 19 July 2012	Establishes the National Codex Alimentarius Commission.
Law No. 29/VIII/2013 of 13 May 2013 (as notified in G/SPS/N/CPV/3 of 26 May 2015)	New phytosanitary law: provides, *inter alia*, for the establishment of a national register of regulated plants and operators (Article 16); phytosanitary import and export permits for regulated plants (Article 18); 24-hour prior notice for imports of regulated plants (Article 27).
Law No. 30/VIII/2013 of 13 May 2013 (as notified in G/SPS/N/CPV/2 of 26 May 2015)	New veterinary law: provides, *inter alia*, for veterinary controls of all imports of animals and products of animal origin (Article 16).
Decree-Law No. 42/2013 of 31 October 2013 (as notified in G/SPS/N/CPV/1 of 19 December 2013)	Revision of inspection fees for animals and plants, and fish products.
Law No. 11/2015 of 12 February 2015 (as notified in G/SPS/N/CPV/4 of 8 June 2015	Regime for the production of sugar cane spirits (grog).

Source: WTO Secretariat.

[70] Article 10 of Decree-Law No. 47/2013 of 27 November 2013.
[71] Deliberation No. 11/2014 of 24 December 2014 (from ARFA) and Decree-Law No. 47/2013 of 27 November 2013.
[72] Articles 11 and 14 of Decree-Law No. 47/2013 of 27 November 2013.

3.4.4 Trade-related investment measures

3.84. During the negotiations to accede to the WTO, Cabo Verde maintained that it did not maintain any measure inconsistent with the WTO Agreement on Trade-Related Investment Measures (TRIMs), and that it would apply the TRIMs Agreement from the date of accession without recourse to a transition period.

3.85. Examining the foreign trade regime of Cabo Verde, the Secretariat has noted that a fish-processing company appears to be benefitting from tax and customs incentives contingent on the use of locally-produced salt (Section 4.2.1).

3.4.5 Free zones and special economic areas

3.86. The Customs Code (Article 376) and in particular its Chapter V (Articles 453-480) lays down basic provisions on the establishment of free zones. Designations of free zones or free warehouses are approved by the Government upon proposals by the customs authorities.

3.87. Cabo Verde's legislation authorizes enterprises to be designated "free" or "franc" enterprises, and thereby benefit from special fiscal and customs incentives.[73] The facility is open to any enterprise producing or trading goods (or services) solely for export or for sale to other "free" enterprises established in Cabo Verde. Applications are submitted through CVI and approved by the Ministry of Finance and Planning. If accepted, CVI issues a certificate of free enterprise to the beneficiary. Five enterprises in the garment and footwear industry are operating as "free" enterprises. However, according to the authorities these enterprises no longer benefit from special incentives.

3.88. The fiscal incentives include full exemption from taxes on profits and dividends for ten years, and subsequently a cap on the tax level (maximum 15% of profits). The enterprises are also exempt from indirect taxes such as the stamp tax or notary and registration fees, they do not have to declare capital gains, and they are able to contract foreign workers. In addition, no border taxes, import duties or charges are paid on imported materials used for the establishment and basic operation of the enterprise (except petrol). Imported raw materials and intermediate goods used in the production of exported goods may be imported under a simplified declaration and suspension of the customs regime.

3.89. The Ministry of Finance and Planning allows "free" enterprises to sell up to 15% of their production (volume of the preceding year) in the local market. However, such sales are subject to all applicable duties, taxes, and other charges.

3.4.6 Government procurement

3.90. At present, Law No. 17/VII/2007 of 10 September 2007 and its regulation (Decree-Law No. 1/2009 of 5 January 2009) constitute the basic legal framework for government procurement of goods and services in Cabo Verde. In addition, Decree-Law No. 54/2010 of 29 November 2010 covers procurement under public works. Various other pieces of secondary legislation address aspects of government procurement such as institutional arrangements and complaints.

3.91. Based on the 2007 Law, Decree-Law No. 4/2010 of 8 March 2010 stipulates the creation of procurement units (*Unidades de Gestão de Aquisições* – UGA) within the procuring entities. These units are responsible for the implementation of procurement procedures and the organization of all activities leading to acquisitions. In all, ten[74] UGAs have been set up within, for example, the Ministries of Infrastructure, Environment, Health, Education and Sport, and Internal Administration (police, etc.). A central unit (UGAC), and the UGA established within the Directorate General for State Property at the Ministry of Finance and Planning, coordinate and supervise the purchases of goods and services performed by the other UGAs and prepare annual procurement plans. Furthermore, the Regulatory Authority for Public Procurement (*Autoridade*

[73] The relevant legislation is Law No. 99/IV/93 of 31 December 1993 and 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.

[74] Nine UGAs exist within Ministries; the tenth UGA is located in the Municipal Council of São Domingos.

Reguladora das Aquisições Públicas – ARAP) was established in 2008[75] and has been operational since September 2009. ARAP prepares and issues standards and guidelines to be followed in procurement, supervises the implementation of contracts, and oversees the entire procurement process of the UGAs to ensure that all rules and procedures are being applied correctly.[76]

3.92. The legislation stipulates competition in the form of public tender as the preferred method of procurement. However, other methods such as limited tendering among prequalified suppliers, solicited offers, and direct purchasing may also be employed.[77] Although Article 72 of the Law and the procurement regulation establish value thresholds for the use of other methods, the law also links alternative methods to the nature or complexity (or lack thereof) of the foreseen contract. Article 25 of the 2007 Law also states that irrespective of the size and value of a procurement, open procurement procedures may be waived for reasons of public interest or national security. Directors-General or managers of autonomous agencies may sign contracts up to CVEsc 3 million in value. For higher amounts, approval may be granted by Ministers (up to CVEsc 25 million) or by the Prime Minister.[78] All contracts of a value exceeding CVEsc 55 million must be approved by the Council of Ministers. In principle, ARAP supervises all procurement, including contracts approved by the Council of Ministers, the Prime Minister, or Ministers. According to the authorities, no preferences are applied in favour of national suppliers for contracts that are subject to international procurement. However, the procurement legislation does not stipulate precisely which contracts should be subject to international tender.

3.93. Unsuccessful or dissatisfied bidders should address their complaints to the procuring entity's UGA in the first instance. If a solution is not found, the matter may be brought before a dispute settlement commission (CRC) established within ARAP. The commission is required to reach a decision within ten days.[79] The CRC handles approximately ten complaints per year, with the number rising due to increased knowledge of the system among the participants.[80] Disagreements regarding public procurement may also be brought before the courts. Moreover, the parties could also resort to arbitration procedures further to Regulatory Decree No. 8/2005 of 10 October 2005.

3.94. Public procurement notices are published in the local press, on the website of ARAP (www.arap.cv), and on the websites of the procuring entities. According to ARAP, the State Budget for 2014 set aside CVEsc 3.77 billion for the procurement of goods and services by entities financed from the central budget. The figure does not include expenditures on public works, concessions, or consultancies. In addition, it should be noted that major infrastructure projects may be undertaken by multilateral or bilateral donor institutions, and thus be subject to their rules.

3.95. Cabo Verde's public procurement system is set to undergo further changes in the near future. The National Assembly approved a new Public Procurement Law on 27 February 2015. The new law will enter into force six months following publication, i.e. on 15 October 2015, and will thereby revoke Law No. 17/VII/2007 and Decree-Law No. 1/2009. The statutes of ARAP and the legal provisions addressing the UGAs are also set to be revised. The stated purpose of the new legislation is to clarify responsibilities among the regulatory, supervisory and procuring entities, ease the administrative burden, and simplify procurement to allow small- and medium-sized enterprises to take part in the procedures. The new law will also extend to

[75] Decree-Law No. 15/2008 of 8 May 2008.

[76] Financially and administratively autonomous, ARAP has concluded a cooperation agreement with the Directorate General for Property and Public Contracting (DGPCP) at the Ministry of Finance and Planning for the provision of administrative support. In the initial phase, ARAP received funding from the World Bank *inter alia* for the installation of equipment and training of personnel. ARAP employed 12 staff and had a budget of CVEsc 31.3 million in 2012.

[77] Section III (Articles 26-29) of the 2007 Law. Decree-Law No. 1/2009 establishes value and subject criteria for the choice of procurement method.

[78] Article 42 of Decree-Law No. 1/2009.

[79] In the meantime, the procurement is suspended and all other bidders are notified that a complaint is being examined.

[80] CRC adjudications are published on the ARAP website.

procurement of public enterprises. The new statutes of ARAP also provide Cabo Verde's Court of Auditors the possibility of reviewing government procurement decisions.[81]

3.96. Cabo Verde is neither a member nor an observer to the WTO Agreement on Government Procurement, and the authorities have so far indicated no interest to move in this direction.

3.4.7 State trading, state-owned enterprises, and privatization

3.97. The role of the State in the economy of Cabo Verde has been reduced substantially since the early 1990s. The Constitution was revised in 1993 to redefine the concept of public property to provide a legal framework for market liberalization. More than 20 State-owned enterprises (SOEs) had been privatized (in part or fully) by 2007, and some SOEs had been liquidated.[82] No sector is reserved for public activity.

3.98. According to the African Development Bank, Cabo Verde's 14 public enterprises (and 15 para-public enterprises) continue to play an important role in the economy, particularly in utilities, energy, telecommunications, and transportation. The financial requirements of the main six State-owned enterprises are a substantial burden for the State budget, and the performance of some of them remains a significant concern. The financial position of the Government thus risks being undermined by the contingent debt of certain SOEs.[83] Institutional oversight, performed by the Unit of State Participations at the General Directorate of Treasury, is hampered by scarce resources and limited authority to control the SOEs.

3.99. At the time of Cabo Verde's accession to the WTO, privatization plans had been drawn up for the State-owned airline, *Transportes Aéreos de Cabo Verde* (TACV), the Port Authority (ENAPOR), the manufacturer of pharmaceuticals EMPROFAC, and a ship repair company (CABNAVE SARL). Nevertheless, these enterprises have remained under public ownership until now (Table 3.8). Two enterprises have not been slated for privatization, i.e. the postal company *Correios de Cabo Verde* (as postal services are considered a government function) and the Airport Management Company (*Aeroportos e Segurança Aérea* - ASA). However, while the latter enterprise is not to be privatized, the Government of Cabo Verde might consider the introduction of privately operated activities within the airport infrastructures.

Table 3.8 Selected corporatized enterprises with State ownership

Name of enterprise	Principal activity	Public ownership share (%)	Comments
Correios de Cabo Verde	Postal services; payment services	100%	Transformed into limited liability company in 1995. Share capital CVEsc 300 million; total equity CVEsc 860 million (2013). Return on equity negative 8% in 2013.
Aeroportos e Segurança Aérea (ASA)	Airport management, air traffic control	100%	Established in 1984. Share capital CVEsc 5.2 billion; total equity CVEsc 8.7 billion (2012).
Estaleiros Navais de Cabo Verde SARL (CABNAVE)	Ship repair services and shipbuilding	98%	2% owned by employees. Privatization considered since 1998. Interest expressed by the China Overseas Fisheries Company (CNCF) to transform the shipyard into a support base for international shipping fleets.
Empresa Nacional de Administração dos Portos (ENAPOR)	Port administration	100%	Share capital CVEsc 1.2 billion. Total equity CVEsc 2.465 billion (end 2013). Return on equity after tax of 0.7% in 2013.

[81] Moreover, the Court of Auditors of Cabo Verde, which validates all contracts, including those foreseen in public procurement legislation, would not be able to validate a contract should it be found inconsistent with the law.

[82] The privatized enterprises are enumerated in Table 1 of document WT/ACC/CPV/30, 6 December 2007.

[83] African Development Bank(2014). The assets of the five largest SOEs represent 70% of the capital owned by the State. The debts of these enterprises correspond to 25% of Cabo Verde's GDP.

Name of enterprise	Principal activity	Public ownership share (%)	Comments
Empresa Nacional de Produtos Farmacêuticos SARL (EMPROFAC)	Wholesale distribution of pharmaceuticals	100%	Enterprise founded in 1979. Retail distribution activities privatized in 1996. Manufacturing of drugs ceded to INPHARMA in 1993. EMPROFAC owns 40% of INPHARMA
Transportes Aéreos de Cabo Verde (TACV)	National flag carrier; scheduled flights to 25 destinations. Ground handling services in Cabo Verde.	100%	Daughter company, Cabo Verde Handling, created in 2014 to operate ground services. Possible first step towards the privatization of entire TACV group.
Interbase	Fish conservation and storage	100%	Slated for privatization in 2004, but sale did not proceed as planned. Installations ravaged by fire in 2008.
ELECTRA - Empresa Pública de Electricidade e Água	Power generation and distribution; water desalination utility.	78.413%	Other shareholders are the municipalities (5.503%) and the Instituto Nacional de Previdência Social (INPS) – 16.084%
Empresa Nacional de Combustíveis e Lubrificantes (ENACOL)	Importation, processing, distribution, storage, commercialization, and re-exportation of hydrocarbons and its derivatives.	2.13%	48.28% owned by Galp Energia (Portugal) and associates; 38.45% by Sonangol (Angola); and 11.14% by various shareholders. Government retained golden share as it divested 28.5% of the share capital in 2007. Remaining stake to be divested (Resolution No. 78/2014).
Banco Comercial do Atlântico (BCA)	Financial services (deposits, loans, payment services, payment guarantees).	0%	Share capital CVEsc 1324.765 million. Public offering of 10% of bank's shares held by the State concluded successfully in February 2015. State's golden share eliminated in accordance with Resolution No. 67/2014 of 16 December 2014.
Novo Banco	Banking services (deposits, loans, payments) and microfinance.	5%	Other shareholders are Correios de Cabo Verde (25%); Imobiliária, Fundiária e Habitat (25%); Caixa Económica Cabo Verde (20%); Instituto Nacional de Previdencial Social (20%); and Banco Português de Gestão (5%).
Garantia – Companhia de Seguros de Cabo Verde SARL	Non-life insurance.	2.41%	Part of the Portuguese Group Caixa Geral de Depósitos (CGD). Cabo Verde Government stake held by Unidade das Privatizações e Parcerias Público-Privadas (UPPPP) de Cabo Verde. State shares to be sold to employees.
A Promotora	Venture capital fund with stakes in various companies, including *Sociedade Caboverdiana de Tabacos, SA*.	26%	Established in 1996. Share capital CVEsc 450 million. Other shareholders are the Portuguese Group Caixa Geral de Depósitos (CGD) - 40%; and Garantia Seguros, Instituto Nacional de Previdência Social (INPS), and BCA – each 11%.
Atlantic Tuna SA (Mindelo)	Industrial fishing and marketing (primarily of whole chilled yellow fin tuna, fresh and frozen skipjack tuna).	10%	Established in 2003 for the utilization of 10 fishing vessels. Other owners are the Angolan State (40%) and private Caboverdean shareholders (50%).
Hotel Atlântico (Sal)	Hotel business	100%	Enterprise established in 1995 with initial capital of CVEsc 10 million. Cabetur Hotéis SA chosen as strategic partner in 2004. Government to sell its entire stake to the ASA according to Resolution No. 103/2014 of 31 December 2014.

Source: WTO Secretariat, based on information collected *inter alia* from company websites.

3.100. State-owned enterprises abide by the same corporate laws and principles as private companies. The enterprises have Boards of Directors and fiscal councils (internal auditors), and adhere to national accounting standards. The annual reports of State-owned enterprises are published in the Official Bulletin and/or in the newspapers.

3.101. The Government decided to set up a privatization and private-public partnership unit (*Unidade das Privatizações e Parcerias Público-Privadas* - UPPPP) in 2014. Recruitment of staff began in late 2014. The intention is to create a team to manage public-private projects (BOTs, etc.) and to assist in the privatization of non-strategic State assets. UPPPP may be entrusted with the sale of the government stake in A Promotora and Atlantic Tuna.

3.102. As for state trading activities, weapons and munitions are imported exclusively by the Ministries of Defence and Home Affairs, and only BCV may import gold for monetary use. EMPROFAC, created to ensure access to basic medicines for the entire population, holds exclusive rights to import and distribute pharmaceuticals. A special import regime for fuels and lubricants, which had granted exclusive purchasing and distribution rights to two private enterprises (Shell and ENACOL), was terminated at the end of 2006. Since then, oil products have been imported subject to international bidding and supervision by an independent regulatory agency (ARE). Also in the past, two public-owned enterprises – EMPA (*Empresa Pública de Abastecimento*) and MOAVE (*Moagem de Cabo Verde*) - held exclusive rights to import food products, but such imports may now also be undertaken by private companies.

3.103. The state owned enterprise *Sociedade Caboverdiana de Tabacos*, SA was sold to a consortium of four national enterprises in 2007.[84] At the time, the new owners inherited a contract, signed in May 1997, which granted the company exclusive import and wholesale marketing rights for tobacco and tobacco derivatives for a period of 15 years (renewable).

3.104. Upon accession to the WTO, Cabo Verde made a commitment to provide annual reports on developments in its privatization programme as long as it remains in existence. In addition, Cabo Verde would notify all state owned, state invested and other enterprises with special or exclusive privileges in accordance with Article XVII of the GATT and the Understanding of that Article. Although Cabo Verde has not provided any annual reports thus far, a detailed notification of the activities of *Sociedade Caboverdiana de Tabacos*, SA, covering the period 2008-2010, was submitted in early 2014.[85] The notification is summarized in Section 3.2.2 .

3.4.8 Competition policy

3.105. The General Directorate of Commerce within the Ministry of Tourism, Investment and Business Development is responsible for the elaboration and enforcement of competition policies in Cabo Verde. Decree-Law No. 53/2003 of 24 November 2003 outlines the main principles of these policies. However, the establishment of an independent quasi-judicial government entity (the Competition Advisory Council) charged, *inter alia,* with the adjudication of claims of unfair trade and the development of new legislation has been delayed due to lack of qualified manpower and budgetary constraints.

3.4.9 Price controls

3.106. Before accession to the WTO, Cabo Verde applied price controls (maximum prices) to key food items such as rice, sugar, corn, and wheat. However, the controls were lifted through Ministerial Ordinance No. 12/2006 of 13 June 2006, and maximum prices set for bread and bakery goods were also eliminated before the end of 2006.[86]

3.107. At present ARE regulates prices for fuels, water, electricity and public transportation services (maritime transport and urban passenger transportation in Praia and Mindelo). The legal basis for price controls on fuels is Decree-Laws Nos. 27/03 of 25 August 2003, 19/2009 of 22 June 2009, and 56/2010 of 6 December 2010. ARE establishes maximum retail prices for butane gas, petrol, gas oil, diesel, and fuel oil.[87] The prices are adjusted (approximately) every

[84] Current shareholders include A Promotora, Irmãos Correia, MOAVE, and SITA (12.7875% each); and the municipality of Sal (12.5%). The stake held by the employees and the public at large (36.35%) may be traded freely on the stock exchange.

[85] WTO document G/STR/N/13/CPV, 17 January 2014.

[86] Ministerial Ordinance No. 35/2006 of 19 December 2006.

[87] Petrol stations tend to adjust immediately to changes in the maximum prices, as discounts are only offered to large customers.

two months in response to changes in world market prices.[88] Added to the estimated import price are allowances for logistics and distribution costs, value added tax, and special tax on consumption (where applicable).[89] Maximum prices are set for two types of fuel oil (380 and 180 cST at 50°C) and differentiated for diesel depending on its use, i.e. for general use, electricity generation, or in the maritime sector.[90]

3.108. In Cabo Verde, water is provided by a limited number of suppliers (notably Electra), who are in effect monopolists *vis-à-vis* the local clients they serve. ARE fixes monthly fixed fees and consumption tariffs in accordance with Decree-Law No. 27/03 of 25 August 2003, Law No. 84/II/84 of 18 June 1984 (the Water Law), and the concession contracts between the Government and the suppliers.[91] The tariff structure is designed to provide water to low-consumption households and public institutions, hospitals and non-profit social services, etc. at lower cost. Cross-subsidization therefore occurs in favour of these users, as the highest charges are borne by tourism establishments, industrial users, and other major users of water.[92]

3.109. Electricity supplied by Electra or *Águas e Energia da Boavista* (AEB) is also subject to tariffs regulated by ARE. The tariffs may be adjusted to reflect changes in the price of fuel used to generate electricity. The electricity tariffs remained unchanged since April 2012[93] until April 2015, when they were reduced. The regulated rates are skewed in favour of low-consumption households, but the price differentiation among users is less pronounced than for water.[94]

3.110. Organized urban transportation systems for passengers only exist in the capital Praia (Santiago) and in Mindelo (São Vicente). The services were provided by a state-owned operator until the enterprise was liquidated in 2002. A system of licensed operators was instituted in 2004. At present, two companies offer urban passenger transportation services in Praia and four in Mindelo. However, as the level of competition is not considered fully satisfactory, ARE continues to set prices for single fares. The base tariffs were last adjusted in April 2012.[95]

3.111. ARE publishes the maximum prices for petroleum products and fixed tariffs for water, electricity, and transportation services in the form of Communications in the Official Bulletin and on its website (www.are.cv). The website is updated regularly.

3.112. The *Agência Marítima e Portuária* (AMP) sets the fares for inter-island transportation of passengers. The rates are determined in relation to the distance travelled and the type

[88] Prices for standard petroleum products as reported by Platts Europena Marketscan and Platts LPGasWire are used to calculate the fluctuations in product prices. Shipping charges to Cabo Verde are added using 2008 data.

[89] In general, a 33% return on investments is allowed for capital tied up in fixed structures in logistics and distribution. VAT is added at the rate of 15.5%, but for butane VAT is levied only on a fraction of the costs, resulting in an effective tax rate of 2-3%. The special tax on consumption is only applied to diesel (for land transportation purposes) and petrol.

[90] In early 2015, the maximum price for diesel for general use was CVEsc 108.8 per litre, compared with CVEsc 94.1 in electricity generation, and CVEsc 79.4 for use by fishing boats. The differences stem from differences in estimated distribution costs as well as taxation. Diesel used to generate electricity is exempt from the special tax on consumption, while maritime users are exempt from the special consumption tax and VAT.

[91] The suppliers are Electra S.A, AEB, the *Serviço Autónomo de água e saneamento de Porto Novo*, *Águas de Porto Novo ao Município de Porto Novo* (desalinated water) and *Empresa Águas de Santiago*. *Água Brava* is a non-regulated supplier.

[92] For example, tourism establishments and industrial users served by *Empresa Águas de Santiago* pay CVEsc 546.3 per cubic metre, whereas a household consuming less than 5 cubic metre per month is charged CVEsc 230 per cubic metre.

[93] Communications Nos. 08/2012 and 09/2012 of 16 April 2012.

[94] Rates are set for low and medium tension industrial users, power for public lighting, and private use (low tension). Households consuming less than 60 kWh per month are provided a rebate of nearly 20% compared with other households.

[95] Communications Nos. 06/2012 and 07/2012 of 16 April 2012 set the price of a single bus ticket at CVEsc 38 in Mindelo and CVEsc 39 in Praia, adding 2.25% VAT to the basic regulated tariff. As the 2013 State Budget Law stipulated uniform application of 15% VAT, the single fares were raised to CVEsc 43 and 44, respectively, in early 2013.

of service chosen (high speed service, or first or second class "conventional" ferry boat tickets). Fares were last adjusted in April 2012, being unchanged since July 2006.[96]

3.113. Maximum prices for various categories of pharmaceuticals are established by ARFA according to Decree-Law No. 22/2009 of 6 July 2009. Drug manufacturers, importers, wholesalers, pharmacies and other retail vendors of pharmaceuticals are obliged to provide ARFA with sales data on a monthly basis. The price lists are normally revised once a year, but the administrative council of ARFA may authorize changes, upon request, at any time.[97]

3.114. Although the prices of key food items are no longer subject to specific control measures, operators file electronic marketing reports. The system is being developed by the *Núcleo Operacional para a Sociedade de Informação* (NOSi) (see Section 4.2.2).

3.4.10 Trade-related intellectual property regime

3.115. Cabo Verde acceded to the Berne Convention for the Protection of Literary and Artistic Works and to the International Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations (Rome Convention) in June 1996. It became a member of the World Intellectual Property Organization (WIPO) on 1 July 1997. During the process to accede to the WTO, Cabo Verde expressed the intent to join various other treaties and international agreements in the area of intellectual property. However, as of May 2015, Cabo Verde was neither party to the Paris Convention for the Protection of Industrial Property nor to the Patent Cooperation Treaty, and had not initiated any accession procedures to other IP treaties or conventions.

3.116. Regionally, Cabo Verde cooperates with the National Institute of Industrial Property of Portugal and PALOP for technical assistance and training activities. Cabo Verde also participates regularly in WIPO activities, particularly regional seminars for Portuguese-speaking countries. Cabo Verde has so far never carried out (nor shelved) plans to join the Cameroon-based African Industrial Property Organization (AIPO).

3.117. From the early days of Cabo Verde's negotiations to accede to the WTO, it was clear that the existing intellectual property legislation, which predated Cabo Verde's independence, was obsolete and needed to be updated. A new Industrial Property Code was introduced through legislative Decree No. 4/2007. Cabo Verde presented an action plan to make its intellectual property regime fully compliant with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) by the end of 2016 (if not before).[98] The action plan includes the revision of Cabo Verde's copyright law; the elaboration of rules, regulations and technical manuals; upgrading of the administrative infrastructure; and training of staff, including customs officials, lawyers and judges to ensure effective implementation of intellectual property rights. The Council of Ministers revised the existing Law on Copyright through Decree-Law No. 1/2009 of 27 April 2009.[99] The revision of fees for the registration of IP rights is still pending, and many fees are therefore quite low.

3.118. The Government approved the establishment of the IPICV in 2010.[100] Set up with its own assets and administrative and financial autonomy, the IPICV had as its aim to promote, defend and protect intellectual property. The IPICV published its first bulletin, comprising some 1,200 trademark applications filed in Cabo Verde and several copyright registrations for artistic and literary art work, in September 2011. The second issue of the bulletin, which included the publication of some 600 additional trademark applications, was released in September 2012. Editions Nos. 3 and 4 were published in 2014 and April 2015.

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[96] Communication No. 10/2012 of 19 April 2012 issued by ARE. The regulatory authority for this area has subsequently been shifted to AMP.

[97] The annual adjustments take effect from 1 April, based on requests that must be submitted to ARFA by 15 March.

[98] The general obligations of the TRIPS Agreement have been applicable since 1 January 2013. The final version of the action plan is contained in WTO document WT/ACC/CPV/9/Rev.3, 19 September 2007.

[99] Cabo Verde notified the promulgation of the Decree-Law to the WTO in early 2013 (WTO document IP/N/1/CPV/2, 13 February 2013). The text of the Decree-Law has been circulated in WTO document IP/N/1/CPV/C/1, 13 February 2013.

[100] The approval was issued in Resolution No. 25/2010 of 24 May 2010. The statutes of the IPICV were approved through Regulatory Decree No. 3/2010 of 14 June 2010.

3.119. In August 2014, the IPICV was merged with IGQ to form IGQPI. The merger was motivated by the need to rationalize structures, reduce costs, and explore synergies between the two areas. The website of the new institution, which can be accessed at http://www.igqpi.cv, includes information on intellectual property.

3.120. Section XI of the Customs Code deals with interventions by Customs in the case of suspected violation of intellectual property rights. These provisions have not been used so far, but contacts have been established between IGQPI and Cabo Verde Customs to advance work in this area.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Main features

4.1. Agriculture's contribution to GDP was 8.1% in 2012 (including forestry) (Table A1.1). Due to unfavourable natural conditions (mountainous terrain, irregular rainfall), amongst other factors, the cultivated area is relatively small. Rain-fed agriculture ("*sequeiro*") covers about 30,000-40,000 hectares, depending on rainfall, and the irrigated area is estimated at about 3,000 ha.[1] Most farms are family or subsistence farms.[2] The main field crops are sugar cane; tomatoes and other vegetables; bananas, papayas and mangos; beans and maize. Maize production amounted to around 6,000 tonnes in recent years, with meat production, excluding poultry, being around 4,000 tonnes; poultry production being less than 1,000 tonnes; and milk production about 11 million litres.[3] There is some foreign investment in Cabo Verdean agriculture, and the sale of state owned land to foreigners is permitted, according to the authorities (Section 2.4).

4.2. Agricultural production in Cabo Verde has traditionally been largely insufficient to meet domestic demand. Over the years, various instruments and strategies were put in place to address the chronic food deficit (Box 4.1). Food aid has played a major role until recently, to cover the needs of rice and wheat in particular, which are not grown in the country. Food aid deliveries peaked at over 70,000 tonnes (grain equivalents) in 1994-95.[4] According to the FAO, by 2012 food aid deliveries had declined to 7,000 tonnes, *inter alia*, due to Cabo Verde's upgrade from LDC to medium developed country status, and donors' shift towards budget support.[5] Commercial imports of cereals, mainly rice and wheat, amounted to around 80,000 tonnes in recent years, covering about 80% of requirements. The cereal crop in 2014 was below average, triggering FAO emergency assistance to vulnerable rural households in the form of farm inputs.[6]

Box 4.1 The Ilha Verde Project – a farm in Paraguay to supply the Cabo Verdean market

The Ilha Verde Project has its origins in the 1980s when the Empresa Pública de Abastecimento (EMPA) had a monopoly for imports of basic foodstuffs and was responsible for ensuring sufficient supplies in the domestic market.[7] Faced with a chronic shortfall in domestic agriculture, in 1985 EMPA began to acquire agricultural land and forests in Paraguay through a majority stake in a Paraguayan enterprise, in order to meet Cabo Verde's demand for maize and other basic agricultural commodities, as well as timber. In the course of the liberalization of the Cabo Verdean economy in the 1990s, the import monopoly of EMPA was abolished and EMPA is now extinct. The EMPA assets in Paraguay reverted to the State of Cabo Verde.

The Cabo Verdean Government has recently revived the Ilha Verde Project. In 2013, it signed an establishment agreement with *Agrícola Ilha Verde* Ltd., a company with a seat in Praia and represented by Paraguayan investors (former partner of EMPA). The former EMPA-owned land (9,300 ha in total) and its other assets in Paraguay were sold to *Agrícola Ilha Verde* Ltd. for US$4 million. The Ministry of Finance and Planning, and the Ministry of Tourism, Industry and Business Development are responsible for oversight of the Ilha Verde Project. The project has an initial duration of 15 years.

[1] The total land area of Cabo Verde is 5,394 km^2.
[2] The last agricultural census was held in 2004.
[3] Ministry of Rural Development (2014).
[4] World Food Programme Food Aid Information System.
[5] FAO Global Information and Warning System (2015). Food aid is recorded as a budget item in the national budget (about CVEsc 50 million in 2015), see Ministry of Finance and Planning, Budget 2015 proposal.
[6] FAO Global Information and Warning System (2015).
[7] The former state-owned enterprise MOAVE had a monopoly for wheat flour, which was abolished in 2003-04. MOAVE online information, viewed at: http://www.moave.cv/index.php/en/evolucao-historica.

According to the establishment agreement, the "contractual objectives" include:

a. implementation of the "necessary" investments in the "*Complexo Industrial Agrícola Ilha Verde*" (a 6 ha plot near Praia) and the Port of Mindelo for the production of bio-diesel, ethyl alcohol, grog and liquors; vegetable oils; animal feed rations, fertilizers and pesticides; raw materials for paints and varnishes; and packaging materials. The establishment agreement does not specify the total investment amount (planned investments are of the magnitude of €103 million over a ten-year period);
b. annual production after the investment period (12 years) of approximately 400,000 litres of alcohol or 1 million litres of grog (cachaça); 100,000 tonnes of biodiesel; 10,000 tonnes of feed rations; 12,000 tonnes of soya oil;
c. promotion of agricultural products "made in Cabo Verde" in international markets;
d. creation of 900 jobs.

The Government guarantees a package of investment incentives, including:

e. exemption from corporate income tax for ten years, plus extension for an additional ten years in case of substantial re-investments;
f. exemption from customs duties, SCT and other customs charges for primary materials; finished and semi-finished products for incorporation in products within the scope of the project; construction/packaging materials; machines, equipment, transport vehicles used in the project;
g. exemption from VAT on imported equipment used exclusively in industrial activities;
h. exemption from stamp duties.

The Government's rationale for supporting the Ilha Verde project is the expected economic benefits from foreign investment (construction), job creation, and value added generated through local manufacturing and processing of imported agricultural raw materials. The Government also expects a positive effect on the balance-of-payments, due to "import substitution". The incentives package (exemptions) granted to the foreign investor are contingent on use as inputs for further processing or manufacture of products such as animal feed rations, ethyl alcohol, grog or soap. Generally, lower-priced (duty free) imports of inputs, machinery and equipment provide opportunities for manufacturers to improve productivity and competitiveness, and reduce consumer prices. However, an incentives package that is tailored to the needs of a single investor has the risk of creating economic rents and monopolistic structures, with well-known results (inefficiency, high prices and poor quality). The incentives agreed in the Ilha Verde Project involve a loss in customs and tax revenues. They are also more generous than provided for in the Code of Fiscal Benefits 2013 because of the exemption from VAT and SCT, which is significant on alcohol.

Source: WTO Secretariat; Resolution No.120/2013 of 27 November 2013 and Rectification published in the Official Bulletin No. 66 of 5 December 2013.

4.1.2 Institutional and policy framework

4.3. The Ministry of Rural Development (*Ministério do Desenvolvimento Rural* - MDR) is responsible for implementing policies and coordinating investments in agriculture, animal husbandry, and forestry. Cabo Verde's agricultural policy priorities and programmes are set out, *inter alia*, in the "Government Programme for the Eighth Legislature 2011-16"; the "National Programme for Investment in Agriculture", as elaborated within the framework of the ECOWAS Regional Agricultural Investment Programme; and in the State Budget Law. A common agricultural policy within ECOWAS (ECOWAP) has been formulated.

4.4. In general, the Government's agricultural policy aims to increase productivity, enhance food security and mitigate rural poverty. Public sector investments are targeted mainly towards irrigation; greenhouses; agricultural research and knowledge transfer (such as artificial insemination of livestock); and environmental measures. The MDR administers one of the Government's largest investment budgets (over CVEsc 3 billion in 2015), a large part of which is dedicated to "Mobilization of Water and Watershed Planning" through the construction of dams (around CVEsc 2.3 billion).

4.5. Irrigation equipment benefits from tariff exemptions at importation. Farmers typically receive technical assistance from MDR at the time of installation of the irrigation infrastructure, such as water storage and distribution, and the cultivation of crops. Water use is not subsidized and water tariffs vary significantly between municipalities and islands. Cabo Verde does not provide input subsidies, for example for pesticides, and the Government would only intervene in the case of epidemics, according to the authorities. Concessional loans are provided to farmers via donor-financed credit facilities.

4.6. Cabo Verde has outstanding notification obligations in the area of agriculture (domestic support and export subsidies). The domestic support measures that were listed in the Cabo Verde's "AGST Tables" for the base period (2003-05) are without exception Green Box measures (general services and environmental programmes).[8]

4.7. The ARFA has, *inter alia*, certain responsibilities in ensuring food security (see also section 3.4.3).[9] According to ARFA's statutes, these responsibilities include the administration of food aid; and the monitoring and regulation of minimum stocks for basic foodstuffs ("*produtos alimentares de primeira necessidade*"), namely wheat, flour, beans, maize, sugar, milk, and vegetable oil. ARFA monitors the stocks of basic foodstuffs held by the main operators, and where the stocks are less than three months of consumption, issues an alert to all importers.[10] ARFA also has the possibility of opening public tenders in case of insufficient provisions. There are no public food stocks. Price controls on basic foodstuffs (maximum prices) were lifted in 2006 (see Section 3.4.8).

4.8. MFN tariffs are the only instrument of border protection afforded to agricultural products, with the exception of tobacco. Tobacco is imported through a monopoly, the state trading enterprise *Sociedade Caboverdiana de Tabacos SA* (Section 3.4.6). There are no tariff quotas for agricultural products or preferential tariffs. Import licensing (permits) is applied for SPS reasons (Section 3.4.3). Applied MFN tariffs on agricultural products (WTO definition) averaged 12.0% in 2015, with a range from zero to 50% (Table 3.2). The final bound rates average 19.3% for agricultural products (WTO definition), with a maximum bound rate of 50%.

4.9. Cabo Verde notified the Committee on Agriculture that it did not provide export subsidies for agricultural products in 2008.[11] According to the authorities, the Government has not provided any export subsidies since 2008.

4.2 Fisheries

4.10. The fisheries sector contributed 0.7% to GDP in 2011. The landed catch by the domestic fleet averages around 10,000 tonnes per year (9,839 tonnes in 2014).[12] Around half of the catch comes from artisanal fisheries for the supply mainly of the coastal and rural communities, since fish has an important role in ensuring food security in Cabo Verde.[13] The other half of the catch comes from the domestic industrial fleet (62 vessels in 2014). Albeit small in terms of volume (30-40 tonnes per year[14]), exports of fish and fish products account for over 80% of Cabo Verde's merchandise exports (Table A1.2). Cabo Verde does not currently impose export taxes on fish and fish products (Section 3.3.2).

4.2.1 Institutional and regulatory framework

4.11. The General Directorate for Marine Resources (*Direcção-Geral dos Recursos Marinhos*) of the Ministry of Infrastructure and Maritime Economy is the competent authority for formulating and implementing fisheries' policies. The General Directorate is advised by the National Fisheries Council (*Conselho Nacional das Pescas*), a public-private sector consultative body.[15] In 2014, the Government created a new independent agency (*Autoridade Competente para o Produto da Pesca* - ACOPESCA) whose responsibilities include ensuring compliance with SPS standards, inspections, export certification of fish and fisheries products, and compliance with legal requirements aimed at the prevention of illegal, unreported and unregulated (IUU) fishing.[16]

[8] WTO document WT/ACC/SPEC/CPV/1/Rev.4, 21 November 2007 ("AGST" Tables").

[9] The National Agency for Food Security created in 1998 (ANSA) was merged with ARFA in 2013 in the context of the Reform of the State and Public Administration. See Decree-Law No. 22/2013 of 31 May 2013.

[10] ARFA also issues monthly bulletins on supplies and prices of basic foodstuffs.

[11] WTO document G/AG/N/CPV/1, 17 July 2009.

[12] Mainly tuna (around 3,500 tonnes), small pelagic species (notably mackerel), demersal species, and lobsters. The sustainable catch level in Cabo Verde's EEZ (734,265 km^2) is estimated at 36,000-44,000 tonnes. See "Fisheries and the Maritime Economy" in: Cabo Verde DTIS Update 2013.

[13] The artisanal fisheries are mainly long-line operations for tuna and demersal species in small open boats of three to nine metres.

[14] Export volumes were 41 tonnes and 30.5 tonnes in 2011 and 2012, respectively. Ministry of Tourism, Industry and Energy (2013).

[15] Decree-Law No. 10/2005 of 31 October 2005.

[16] Resolution No. 68/2014 of 26 August 2014 and Decree-Law No. 39/2014 of 17 December 2014.

Inspection fees were revised in Decree-Law No. 42/2013.[17] The National Institute for Fisheries Development (*Instituto Nacional de Desenvolvimento das Pescas* – INDP) is an autonomous agency responsible, *inter alia*, for fisheries research and statistics, and promoting fisheries and aquaculture. There are plans to merge the INDP with the National Institute of Meteorology and Geophysics.

4.12. Fisheries policy is governed, *inter alia*, by the framework law for fisheries of 2005[18]; the Fisheries Management Plan for 2014-15[19]; and the Fisheries Charter (*Carta da Política das Pescas*), a long-term plan for the fisheries sector in 2013-2018.[20]

4.13. The framework law for fisheries reserves all fishing within the territorial waters (a 12 nautical mile zone[21]) for domestic vessels. The definition of domestic vessel[22] was amended in 2014 to include vessels owned by a partnership between Cabo-Verdean and foreign nationals, irrespective of the share of foreign ownership; and vessels owned by "collective persons" with a seat in Cabo Verde.[23] Domestic vessels must be registered in the Conventional Register of ships (*Registo Convencional de Navios*) administered by AMP (Section 4.5.3.2). All fishing vessels (artisanal, industrial and hobby fishing (*pesca amadora*) require licences, valid for one year and non-transferable. The licensing fees for domestic fishing vessels are provided for in Decree-Law No.45/2008. Industrial fishing licences are issued by the Directorate-General for Marine Resources; licences for artisanal fisheries are issued by the port captain.

4.14. The Fisheries Management Plan for 2014-15 specifies, *inter alia*, the restrictions and licensing requirements for the most important fisheries, and foreign vessels.[24] Lobster fishery is reserved for domestic vessels that are 100%-owned by Cabo-Verdean nationals, the State or other public collective persons (*pessoas colectivas de direito público*). The industrial fishery of pink lobster is limited to four licensees. Catch quotas for species other than pink lobster are not yet necessary, according to the authorities.

4.15. The Fishing Development Fund (*Fundo de Desenvolvimento das Pescas SA* - FDP) that was established in 1994 as a governmental agency for providing support to the fisheries sector, is extinct.[25] The FDP was corporatized in 2009 and converted into a credit institution under the supervision of the Central Bank.[26] There are plans to merge the FDP with *Novo Banco SA*, a state-owned credit and micro-finance institute established in 2010.[27]

4.16. The majority of the industrial fleet is based in the ports of Mindelo and Praia, where the main fish-processing facilities are located. Around one third of the landed catch is processed by canneries.[28] There are two fish-processing companies (SUCLA based in Tarrafal and Frescomar based in Mindelo). Foreign-owned Frescomar benefits from tax and customs incentives under a 2009 establishment agreement, which includes a local content requirement for salt.[29] A new cold storage with a capacity of 3,500 tonnes is due to open in Mindelo. The facility is administered by ENAPOR and to be operated after an international tender by a private concessionaire. The fisheries' sector benefits from a fuel subsidy in the form of a reduced tax on diesel.

[17] WTO document G/SPS/N/CPV/1, 19 December 2013.

[18] Decree-Law No. 53/2005 of 8 August 2005. Law No. 60/IV/92 of 21 December 1992 was repealed.

[19] Resolution No. 56/2014 of 31 July 2014. The framework law for fisheries requires the establishment of pluri-annual fisheries' management plans (Articles 9-15).

[20] Resolution No. 17/2014 of 28 February 2014.

[21] As defined in Law 60/IV/92 of 21 December 1992.

[22] Domestic vessels are defined as vessels owned by the State/public institutions or Cabo-Verdean nationals (Articles 8(a) and (b) of Decree-Law No. 53/2005 of 8 August 2005).

[23] Decree-Law No. 47/2014 of 10 September 2014, amending the definition of domestic vessels in Articles 8(c) and (d) of Decree-Law No.53/2005 of 8 August 2005.

[24] Three industrial fisheries (tuna, small pelagics, pink lobster) and five artisanal fisheries, and access for foreign vessels).

[25] FDP was responsible in the past for granting incentives in the fisheries sector (fiscal and customs exemptions, preferential credits, grants or subsidies). Incentives amounted to around CVEsc 90 million between 1995 and 2001. See WT/ACC/CPV/30, 6 December 2007.

[26] Decree-Law No. 35/2009 of 28 September 2009.

[27] Novo Banco online information, viewed at: http://www.novobanco.cv/index.php?option=com_content&view=frontpage&Itemid=66.

[28] The industrial fisheries are mainly for the supply of canneries, the cities, and exports.

[29] Resolution No.25/2009 of 17 August 2009.

4.2.2 Market access for foreign fishing vessels

4.17. Access to the Cabo Verdean fisheries is governed by inter-governmental access agreements or fishing contracts. The licensed foreign vessels fish for tuna and related species.[30] The requirement that a certain share of the catch by foreign vessels must be landed in Cabo Verdean ports (Article 30(f) Decree-Law No.53/2005) is not applied. Trans-shipment at port is subject to licensing and payment of fees; trans-shipment at sea is prohibited.[31] Financial penalties for illegal fishing by foreign vessels range from CVEsc 1 to 30 million (Article 58).

4.18. Cabo Verde has a unilateral agreement with the EU regarding access to its tuna resources, which includes financial compensation. The Fisheries Partnership Agreement with the EU was renewed until 2017, while entry into force of a new four-year Protocol (concerning financial compensation and other matters) is pending.[32] The agreed financial compensation amounts to €500,000-550,000 annually, based on an annual reference catch of 5,000 tonnes of tuna (with access limited to 71 licensed EU vessels). The agreement provides, *inter alia*, that 80% of the funds be used to support fisheries' policies and measures of Cabo Verde. The catch by EU vessels totalled 5,502 tonnes in 2014.

4.19. Cabo Verde has a contract regarding access to its tuna resources with a fishing enterprise from Japan. The number of licensed vessels is limited to 20 in the first semester and 14 in the second semester of each year. In 2014, 14 ships from Japan were licensed and their catch totalled 1,371 tonnes in 2014.

4.20. Cabo Verde has agreements and protocols with Guinea-Bissau, Mauritania and Senegal, which set the conditions of access to fisheries and the number of vessels. Senegalese fishing vessels are subject to the same licensing fees as domestic vessels. In 2014, four Cabo Verdean vessels were active in foreign waters, including the EEZ of Senegal.

4.3 Energy

4.21. The electricity sector is regulated by the Directorate General of Energy (Ministry of Tourism, Investment and Business Development), and ARE.

4.22. Reform efforts in the electricity sector began in the late 1990s with the enactment of a new legal framework for electricity.[33] The law is aimed, *inter alia*, at stimulating competition and attracting domestic and foreign investment, including independent power producers (IPPs). Cabo Verde is highly dependent on imports of fuel for the generation of electricity, with a fuel import bill amounting to around 8% of GDP in 2013. Energy policy is therefore directed towards the promotion of renewable energies, which contributed 20% to electricity generation in 2013 – the target is 100% self-sufficiency through renewable energy by 2020 (wind, solar PV).[34] In 2011, a legal framework for renewable energy and IPPs was established.[35] There are currently two IPPs (Caboeólica[36] and Electric on the island of Santo Antão). The law provides for the establishment of a feed-in tariff regime, which has not yet been implemented (as of May 2015). Cabo Verde has no local content requirements for renewables, according to the authorities. The incentives in the Renewables Law (Articles 13 and 14) were repealed in 2013 pursuant to Article 59(g) of the Code of Fiscal Benefits, and replaced by the cross-sectoral incentives regime of the Code of Fiscal Benefits (Section 3.4.1). The ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) has its headquarters in Praia. In 2014, the *Centro de Energias Renováis e Manutenção Industrial* (CERMI) was established in Praia, with the support of Luxembourg, aimed at improving training and qualification of professionals in the area of renewable energy.[37]

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[30] The Fisheries Management Plan 2014-15 prohibits foreign vessels from fishing for demersal and small pelagic fish species, and crustaceans.

[31] Decree-Law No. 44/2014 of 14 August 2014.

[32] Viewed at: http://ec.europa.eu/fisheries/cfp/international/agreements/cape_verde/index_en.htm

[33] Decree-Law No. 54/1999 of 30 August 1999, as amended by Decree-Law No. 14/2006 of 20 February 2006.

[34] Direcção Geral de Energia (2014), *Evolução dos Indicadores do Sector Energético em Cabo Verde: 2003-2013.*

[35] Decree-Law No. 1/2011 of 3 January 2011.

[36] Caboeólica has a 20-year power purchase agreement with Electra.

[37] Decree-Law No. 29/2014, 13 June 2014.

4.23. Cabo Verde's electricity system is not yet open to competition, and Electra remains the single-buyer of electricity.[38] The legislation provides for the opening of electricity generation to competition based on public tender, but this has not yet been implemented.

4.24. The electricity and water utility Electra was privatized in 1999 but when this failed in 2006, Electra reverted back to public ownership.[39] Electra holds a 36-year concession (until 2036) for the generation and distribution of electricity on all islands[40], based on a performance contract between the Ministry of Finance and Planning, and Electra.[41] On the island of Boa Vista, the private company (AEB) holds a sub-concession to supply electricity and water. The nine inhabited islands have separate electric systems.

4.25. Electra continues to accumulate financial losses.[42] Distribution losses by Electra and AEB are high, estimated at 26% of electricity production in 2013.[43] Power cuts are frequent.[44] Legislation to reduce losses from electricity theft and meter tampering was not enforced[45], according to the authorities. A new law to combat electricity theft and fraud was adopted in September 2014.[46]

4.26. Electricity tariffs are subject to price cap legislation, with adjustments of the price cap made by ARE.[47] In October 2011, ARE adopted a new price cap formula for prospective five-year periods.[48] Cabo Verde has a national (pan-territorial) tariff with a block tariff for households, and two industrial tariffs depending on installed capacity. Electra does not offer discounts to industrial users.[49] The tariffs for industrial users were adjusted following a VAT change made in the State Budget Law 2013.[50] It appears that electricity tariffs are relatively high compared with other West African countries.[51] Until 2011, cost increases were not fully passed on to consumers and Electra was subsidized by the Government. The Government has not, however, provided electricity subsidies since 2012.

4.27. Imports, transport and distribution of fuels are carried out by Vivo Energy (Shell) and Enacol (partly state-owned). Prices for most refined petroleum products (with the exception of jet fuel, bunker fuel and lubricants, but including fuel used as feedstock for electricity generation) are regulated by ARE. In 2009, Cabo Verde transited from a fixed price regime[52] for the regulated products to a price cap regime to provide incentives for savings.[53] The regulated fuel prices apply uniformly across all islands.[54]

4.4 Manufacturing

4.28. Cabo Verde's manufacturing sector contributed around 7.9% to GDP in 2012 (Table A1.2). The main industries are fish- and food-processing, beverages, tobacco products, and clothing. Most processing and manufacturing companies, with the exception of fish-processors, are oriented

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[38] There is one transmission line on the island of Santiago (60 km).

[39] The State of Cabo Verde holds a 63.35% stake in Electra (since April 2013) and the remainder of the share capital is held by the National Institute for Social Security (INPS), and the municipalities.

[40] Resolution No. 26/2011 of 8 August created two new entities separating the operational activities of the company: Electra-Norte for the islands of Santo Antão, São Vicente, São Nicolau and Sal; and Electra-Sul for the islands of Maio, Santiago, Fogo and Brava.

[41] Contract published in BO n. 12, III Serie, of 1 April 2005.

[42] Electra, *Relatório e Contas* 2012, p. 14.

[43] Ministry of Tourism, Industry and Energy (2014).

[44] Idem.

[45] Decree-Law No. 30/2008.

[46] Law No. 73/VIII/2014 of 19 September 2014.

[47] Decree-Law No.54/1999 of 30 August 1999, as amended by Decree-Law No. 14/2006 of 20 February 2006, Art. 60.

[48] Despacho No. 14/2011.

[49] Article 67 of Decree-Law No. 54/1999 of 30 August 1999, as amended by Decree-Law No. 14/2006 of 20 February permits price differentiation among categories of consumers, based on energy use and cost of service.

[50] Before this law (Law No. 23/VIII/2013, of 31 December), VAT was only added to 30% of the basic tariff of energy, corresponding to a VAT rate of 4.5%, instead of the normal rate of 15%. See ARE online information at: http://www.are.cv/images/stories/combustiveis/preos_de_electricidade_-_electra_e_aeb1.pdf.

[51] Gesto Energia (2011) p. 14.

[52] Decree-Law No. 52/2003 of 24 November 2003 and Portaria No. 2/2004 of 19 January 2004.

[53] Decree-Law No. 19/2009 of 22 June 2009 and ARE Nota Explicativa no.1/C/09 of August 2009.

[54] Article 6(d) of Decree-Law No. 19/2009.

primarily towards supplying the small domestic market. Industrial activities are concentrated in Praia and Mindelo. The list of the 80 largest tax contributors issued by the Ministry of Finance and Planning includes industrial companies such as MOAVE, CERIS, FRESCOMAR, EMPROFAC, EMICELA, SUCLA, *Sociedade Caboverdiana de Tabacos*, and PROLACT.[55]

4.29. The manufacturing sector is overseen by the Ministry of Tourism, Investment and Business Development. Other agencies involved in industrial development are CVI and the Fund for Industrial Development (*Fundo de Desenvolvimento Industrial*).

4.30. In 2010, Cabo Verde adopted a new legal framework governing the industrial sector (*Lei da Actividade Industrial*), which provides the instruments to encourage private-sector industrial development and enhance competitiveness.[56] Key principles underlying government industrial policy are openness to foreign investment (Article 5) with the provision that limitations on industrial activities require special legislation (Article 5.2), and non-discrimination (Article 6). Originally, the law contained an industry-specific incentives regime (Articles 54-69 of Decree-Law No.13/2010), which was repealed in 2013 by virtue of Article 59 (a) of the Code of Fiscal Benefits (Section 3.4.1). The reason for the repeal was to streamline incentives and bring them under the general (cross-sectoral) incentives regime of the Code of Fiscal Benefits.

4.31. Applied MFN tariffs in the manufacturing sector (ISIC-3) averaged 10.6% in 2015, with a peak of 50%, notably on certain food products, and textiles and clothing. However, these tariff averages understate the real ("effective") protection afforded to local manufacturers. The effective rates of protection (i.e. the rate of protection on the value added) tend to be significantly higher than the applied MFN tariffs, since local manufacturers generally benefit from duty-exemptions on raw materials, equipment and machinery.

4.32. Industrial establishments are subject to registration and licensing requirements. The Ministry of Tourism, Investment and Business Development administers the Industrial Register (*cadastro industrial*); registration is a pre-requisite for access to incentives.[57] Registration and licensing are free of charge but there are inspection fees.

4.5 Services

4.5.1 Main features

4.33. Services contribute to almost half of Cabo Verde's GDP (excluding public services) (Table A1.1). Service suppliers are subject to registration and licensing requirements (Section 2.4).

4.34. Cabo Verde has made substantial commitments under the GATS within the framework of its accession to the WTO.[58] It has scheduled open and non-discriminatory regimes for a range of service subsectors ("full" commitments), notably in the area of business services, distribution, education, environmental services, and road transport. The full commitments are without limitations on market access or national treatment, except mode 4, which is governed by Cabo Verde's horizontal commitments. In addition, Cabo Verde had made a number of "partial" commitments in commercially important areas such as financial services, telecoms, construction, and maritime transport, where certain modes of supply are unbound or subject to other limitations.

4.35. Under its horizontal GATS commitments that apply to all service subsectors, Cabo Verde has scheduled reservations with respect to land ownership by foreigners and eligibility to receive subsidies. Cabo Verde has also reserved flexibility to regulate the entry and temporary stay of foreign nationals (mode 4 is unbound), except for certain categories (business visitors, contractual services suppliers, and intra-corporate transferees), for which it has scheduled the maximum duration of stay. The applied regime for access to Cabo Verde's labour market is set out in Law No. 66/VIII/2014 of 17 June 2014. Business visitors may be granted a temporary visa of up to

[55] See Ministry of Finance and Planning, "*Relação dos 80 Grandes Contribuintes*", *Extracto de despacho* No.1231/2013 of 25 November 2013.

[56] Decree-Law No.13/2010 of 8 November 2010.

[57] Decree-Law No. 3/2011 of 24 January 2011.

[58] WTO document WT/ACC/CPV/30/Add.2, 6 December 2007.

180 days (single entry) or 90 days (multiple entry). Cabo Verde may also issue a temporary residence visa for exercising a professional activity or for realizing an investment (two years, renewable up to five years).

4.36. Cabo Verde has scheduled Article II (MFN) exemptions covering all sectors, in order to provide for national treatment extended to nationals from ECOWAS countries, and waivers from nationality requirements in certain activities and professions for natural persons from Portuguese-speaking countries.[59] It has also scheduled three MFN exemptions for audio-visual services, in order to allow for national treatment under (existing or future) bilateral or plurilateral agreements aimed at promoting cultural links.

4.5.2 Financial services

4.37. Since its WTO accession in 2008, Cabo Verde has undertaken significant reforms in the financial sector to modernize its legal framework and strengthen oversight. The insurance regime was reformed in 2010.[60] In 2012, Cabo Verde adopted a new securities law[61], which was complemented by the establishment of regulatory frameworks for book-entry securities[62], entities managing centralized securities systems[63], and collective investments undertakings.[64] Reform of the banking regime followed in 2014. Cabo Verde's financial services regime is generally open to foreign investment and allows establishment in the form of subsidiaries or branches of foreign financial institutions. For many years Cabo Verde has had an off-shore financial services industry, which is under the supervision of the Central Bank.

4.38. According to Cabo Verde's commitments under the GATS, all financial services subsectors are covered (with the exception of "other").[65] Cabo Verde has scheduled limitations on market access in mode 3 for all but three subsectors[66], stating that commercial presence must take the form of a limited liability company, or as provided for in the financial services headnote. In accordance with this headnote of its GATS schedule, Cabo Verde has undertaken to permit the establishment of branches for committed subsectors in insurance, banking and securities within ten years from the date of accession.

4.5.2.1 Banks

4.39. Cabo Verde currently has eight local banks which control over 80% of the country's financial assets.[67] There are no limits with regard to cross-ownership of banks. The majority of banks have foreign participation, notably by financial institutions established in Portugal. The State has sold its minority stake in the Banco Comercial do Atlântico.

4.40. The BCV is the central bank and regulator of the banking sector (including non-bank financial institutions or "para-banks"[68]), and the insurance sector.[69] Overall, the domestic banks remain well-capitalized, according to the IMF.[70] However, asset quality has deteriorated. The share of non-performing loans is relatively high (18.7% of total bank loans in December 2014[71]), in part due to the economic downturn, and this has hurt bank profitability. A feature of Cabo Verde's

[59] Angola, Brazil, Guinea-Bissau, Mozambique, Portugal, São Tomé and Príncipe, and Timor Leste.
[60] Legislative Decree No. 3/2010 of 17 May 2010.
[61] Legislative Decree No.1/2012 of 27 January 2012.
[62] Decree-Law No. 58/2013 of 30 December 2013.
[63] Decree-Law No. 2/2014 of 16 January 2014.
[64] Decree-Law No.3/2014 of 16 January 2014
[65] WTO document WT/ACC/CPV/30/Add.2, 6 December 2007.
[66] The three subsectors (without limitations on market access in mode 3) are insurance intermediation; advisory and other auxiliary financial services; provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services.
[67] Banco Comercial do Atlântico; Caixa Económica de Cabo Verde; Banco Interatlântico; Banco Cabo-Verdiano de Negócios; Banco Angolano de Investimentos; Novo Banco; Ecobank-Cabo Verde, and Banco Espírito Santo-Cabo Verde. See BCV (2014a).
[68] In 2013, the six non-bank financial institutions were licensed by the BCV: venture capital management companies (1), currency exchanges offices (3); credit card and payment system companies (1); leasing company (1).
[69] Law No.10/V/2002 (Organic Law of the BCV).
[70] IMF (2014), pp. 9 and 32.
[71] The tourism, transport, business and construction sector account for most of the non-performing loans.

financial system is its relatively big off-shore sector, with eight entities in 2013 licensed to operate as international financial institutions ("*instituições de crédito de autorização restrita*").[72] The off-shore banks take deposits only from non-residents and invest mainly overseas – the risks for the stability of the domestic financial system are limited, according to the IMF.[73] Since 2009, the BCV has performed periodic stress tests for the four largest domestic banks.[74]

4.41. Cabo Verde has reformed its regime for financial services with the passage of the "Financial System Framework Law"[75] and the "Activities and Financial Institutions Law".[76] The laws entered into force on 28 March 2014 and the BCV is in the process of issuing implementing notices ("*avisos*").

4.42. The hitherto separate legal frameworks for domestic financial institutions[77] and offshore financial institutions[78] were brought under one single regime. The objectives of the Financial System Framework Law include preservation of the stability of the financial system and prevention of systemic risks, to promote competition in the financial services market, and to prevent money laundering and the financing of terrorism. The law provides for the establishment of a deposit insurance scheme, which would also cover the expatriate Cabo Verdean community.

4.43. The Activities and Financial Institutions Law provides a new legal framework for the establishment, operation and supervision of financial institutions, including a liquidation regime. The new law extends BCV oversight to also cover "auxiliary" financial institutions, such as credit-rating institutions or auditors, while insurance and securities markets are subject to special legislation. Commercial banks are permitted to engage in insurance activities. The establishment by a foreign bank of a subsidiary ("*filial*") or branch ("*sucursal*") in Cabo Verde banks requires, *inter alia*, the approval by the home country's supervisory authority (Article 6). The minimum capital requirements are established in Ordinance No. 19/2005.[79] The minimum capital buffer is set at 10% (Article 42).[80] The BCV is in the process of moving to a risk-based supervision based on the Basel II framework. Bank fees and charges are subject to annual approval by the BCV.[81] Mergers of financial institutions, including insurance companies[82], are subject to authorization by the BCV.[83] The merger procedure follows the rules of Articles 195 *et seq*. of the Commercial Code.[84] Financial services providers benefit from fiscal incentives, including exemption from stamp duties and customs duties on imports of materials and capital goods that are used exclusively for their establishment (see Section 3.2.4).[85]

4.44. By law, remittance services must be provided by a bank or para-bank. Five institutions currently offer remittance services under arrangements with Western Union (Banco Comercial do Atlântico; Caixa Económica de Cabo Verde; Ecobank; Banco Caboverdiano de Negócios; and Cotacâmbios). The Post Office of Cabo Verde (*Correios*)[86] also provides financial services and has an agreement with MoneyGram International for remittance services. A mobile banking regime is under preparation.

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[72] Banco Fiduciário Internacional, Banco Sul Atlântico, Banco Português de Negócios, Banco Montepio Geral, Banco Espírito Santo, Banco Privado Internacional, Caixa de Crédito Agrícola Mútua, and Atlantic International Bank. In addition, there is one licensed off-shore fund manager (CA Finance, SA).

[73] IMF (2013), p. 42.

[74] For the financial stability reports, see BCV online information, http://www.bcv.cv/vEN/supervision/financialstabilityreport/Paginas/RelatóriodeEstabilidadeFinanceira2009.aspx.

[75] Law No. 61/VIII/2014.

[76] Law No. 62/VIII/2014.

[77] Previous onshore regime: Law No. 3/V/96; Decree-Law No. 29/2005 (both abrogated).

[78] Previous offshore regime: Law No. 43/III/88; Decree-Law No. 12/2005 (both abrogated).

[79] Ordinance No. 19/2005 of 14 March 2005, as amended by Ordinance No. 14/2013 of 22 February 2013.

[80] Ratio of capital (tier 1) to risk-weighted assets.

[81] The table with the fees and charges has to be sent to the BCV by 15 November of the previous year (Notice No 1/2013 of 12 April 2013). The same notice also defines services that are free of charge (Article 15).

[82] Article 51, Legislative-Decree No. 3/2010 of 17 May 2010.

[83] Article 26, Activities and Financial Institutions Law (Law No. 62/VIII/2014).

[84] Legislative Decree No. 3/99 of 29 March 1999.

[85] Law No. 26/VIII/2013, Article 28 and Law No. 61/VIII/2014, Article 69.

[86] In accordance with Article 2 of the Public Service of Post Office Regulation (Decree-Law No. 93/97 of 31 December) the Post Office provides financial services.

4.5.2.2 Insurance

4.45. The insurance industry comprises two licensed insurers (partly state-owned Garantia – *Companhia de Seguros de Cabo Verde* SA, and Impar SA); three insurance brokers (Protege, Valor and AGS – Assistência Global em Seguros), and 110 insurance agents.[87] Gross insurance premiums totalled CVEsc 2,036.0 million in 2014 (mainly car insurance, and fire and other damage insurance), equivalent to about 1.3% of GDP ("insurance penetration ratio"). The insurers Garantia and Impar also operate in the area of re-insurance. Total re-insurance premiums amounted to CVEsc 936.2 million in 2014.[88]

4.46. In 2010, Cabo Verde modernized the insurance regime dating from the early 1990s.[89] The new insurance (and re-insurance) law establishes, *inter alia*, new solvency standards (Articles 60 and 88), a new sanctions regime, and opens up the off-shore insurance market to insurance providers established in Cabo Verde.[90]

4.47. Subsidiaries of foreign insurance companies may be authorized by the BCV to provide insurance and re-insurance services.[91] For re-insurance services, authorization by the home country regulator is also required. Licensing requirements include operation for at least five years in the home country. Minimum capital requirements are CVEsc 100 million for life insurance; CVEsc 200 million for non-life insurance, and CVEsc 250 million for companies working in both areas.[92] Since 2011, the insurance industry is required to apply International Financial Reporting Standards.[93] Car and accident insurance are mandatory and their premiums subject to approval by the BCV.

4.48. Insurers' solvency margin increased to 387.6% in 2014, up from 300.8% in 2012. The regulatory minimum is 100%.[94] For foreign subsidiaries, the assets corresponding to the solvency margin must be located in Cabo Verde up to the amount of the guarantee fund, and the excess may be located abroad.[95]

4.5.2.3 Securities Market

4.49. The securities market plays a minor role for raising and allocating capital. CVEsc 12.9 billion (around €117 million) were raised through new securities emissions in 2014, mainly primary issues of government bonds, treasury bills, followed by company bonds. The secondary securities market has been in decline, and is illiquid.

4.50. The Bolsa de Valores de Cabo Verde SA – BVC (established in 1998) - is a state-owned entity. The BVC's four members (2013) are licensed stock exchange operators, all local banks.[96] The stock exchange currently has four quoted enterprises (BCA, CECV, SCT and ENACOL), and 18 quoted corporate bonds. The market capitalization amounted to CVEsc 59.2 billion in 2013 (up from CVEsc 28 billion in 2012), equivalent to around 38% of GDP. Foreign investors are required to open a bank account with a local bank before purchasing stocks or bonds at BVC.

4.51. In 2012, Cabo Verde modernized its securities regime, which dated from the late 1990s.[97] The reform of the securities market code aims to help foster the development of the capital market through improved rules, transparency and cost reductions by removing unnecessary bureaucratic obstacles to capital and investments flows. The new code also seeks to closer align regulatory standards with international best practices, in order to reduce incentives for regulatory arbitrage. The reform is a step towards Cabo Verde's intended membership in the International Organization of Exchange Commissions.

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[87] BCV, (2012), p. 22.
[88] BCV (2015).
[89] Decree-Law No. 52-F/90 of 4 July 1990.
[90] Legislative Decree No. 3/2010 of 17 May 2010.
[91] Article 7, Legislative Decree No. 3/2010, of 17 May 2010.
[92] Legislative Decree No. 3/2010, of 17 May 2010.
[93] Notice No. 3/2010, 28 June 2010.
[94] Legislative Decree No. 3/2010, Article 88.
[95] Legislative Decree No. 3/2010, Article 89.3; Articles 100-102.
[96] Banco Comercial do Atlântico; Caixa Económica de Cabo Verde; Banco Interatlântico; Banco Cabo-Verdiano de Negócios; Banco Angolano de Investimentos. See Portaria No. 48/98 of 14 September 1998.
[97] Legislative Decree No. 1/2012 of 27 January 2012, replacing Law No. 52/V/98 of 11 May 1998.

4.52. The Auditor-General of the Securities Market (AGMVM) operates under the Governor of the BCV but enjoys functional and administrative autonomy. Institutions under AGMVM supervision include the stock exchange, clearing and settling systems; financial intermediaries and investment advisers; issuers of securities; qualified investors and holders of qualifying holdings; guarantee funds and investor compensation schemes and their managing bodies; auditors and credit-rating companies registered by the AGMVM; and other services providers related to the organization and functioning of the market in financial instruments. In 2014, Cabo Verde promulgated a reform of its regulatory framework for collective investments schemes, including alternative investment funds.[98] The new hedge fund regime is based on the EU model (Alternative Investment Fund Managers Directive 2011/61/EU).

4.5.3 Transport

4.5.3.1 Air transport

4.53. Air transport policy is part of the portfolio of the Ministry of Infrastructure and Maritime Economy (*Ministério das Infra-estruturas e Economia Marítima* – MIEM).[99] In 2013, the Government approved a Transport Policy Charter (*Carta de Política de Transportes*) outlining its strategic objectives in the area of transport for the period 2013-20.[100] The Transport Policy Charter complements the Transformation Agenda of 2003 and the Growth and Poverty Reduction Strategy (2012-16). The Government also created the "*Núcleo Operacional para o Cluster do Aeronegócio*" (NOCAN) with its own budget to promote the aviation sector.[101]

4.54. Government air policy priorities include negotiation of Open Skies agreements, notably with the EU; to ensure that Cabo Verde-registered carriers have access to the North American and Brazilian markets; and to establish conditions for an air hub for Africa ("Cabo Verde Gateway project to/from Africa"). The Government's Open Skies policy comprises, *inter alia*, unlimited third, fourth and fifth freedom rights for scheduled and non-scheduled services, and seventh freedom cargo rights (no cabotage); multiple designation of airlines; no restrictions on capacity; and no restrictions on tariffs. Cabo Verde has signed one Open Skies agreement, with the United States. To date, Cabo Verde has negotiated 38 Air Services Agreements, of which 15 are applied.[102]

4.55. In 2014, 23 carriers were authorized (22 foreign carriers and TACV) to offer regular international scheduled and charter flights to/from Cabo Verde. Destinations cover some 15 European countries, three in Africa, one in North America (Boston) and one in South America (Fortaleza).[103] Cabo Verde handles about 1.8 million passengers per year. Air traffic has grown in recent years, except for air cargo (Table 4.1). One of the main policy challenges is the financial viability of state-owned TACV, which is under public service obligation on domestic routes.

Table 4.1 Air traffic in Cabo Verde, 2009-13

	2009	2010	2011	2012	2013
Domestic passengers (000)	787.3	864.5	885.9	829.5	703.5
International passengers (000)	744.5	836.2	1,009.2	1,019.9	1,083.2
Total passengers (000)	1,531.8	1,700.7	1,895.1	1,849.5	1,786.7
Overflights (000)	37.7	39.2	44.2	44.0	43.0
Cargo (tonnes)	3,353	3,660	4,002	3,217	3,073

Source: *ASA Relatório e Contas* 2013.

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98 Decree-Law No. 3/2014 of 16 January 2014.
99 Decree-Law No. 16/2013 of 9 May 2013.
100 Resolution No. 69/2013 of 22 May 2013.
101 Resolution No. 101/2014 of 16 December 2014.
102 See also AAC online information, viewed at: http://www.aac.cv/regulacao-economica/acordos-aereos.html.
103 TACV has regular international flights to/from Lisbon, Amsterdam, Providence (USA), Bergamo, Dakar, Fortaleza (Brazil), Paris, Guinea-Bissau, and Madrid.

4.56. The air transport sector is regulated by the Civil Aviation Agency of Cabo Verde (*Agência de Aviação Civil* - AAC), established in 2004 with administrative and financial independence.[104]

4.57. The legal framework for economic (price) regulation of the airport operator (ASA) was established in 2014.[105] Aeronautical tariffs (traffic taxes and other fees) are subject to approval by AAC.[106] Domestic commercial flights benefit from 40% reduced landing and departure fees.[107] The AAC has issued licensing requirements for carriers, charter services[108], ground handlers, approved maintenance organizations, crews and air traffic controllers. Cabo Verde's air transport licensing regimes are based on ICAO standards, according to the authorities.

4.58. The state-owned ASA holds a concession to manage the country's airports.[109] Cabo Verde has seven airports certified by AAC, four of which are international airports (on the islands of Santiago, Sal, São Vincente and Boa Vista). ASA also provides air navigation services within its airspace (so-called Oceanic Flight Information Region (FIR) or *FIR Oceânica do Sal*). Around two thirds of its revenues (CVEsc 4.8 billion in 2013) are generated from overflight charges for using the Cabo Verdean airspace.[110] It appears that the ASA's airport activities are cross-subsidized by overflight revenues.[111] In 2014, the Civil Aviation Agency introduced an airport security fee.[112]

4.59. The Government has separated the ground-handling services from TACV activities, creating a new handling company (Cabo Verde Handling) whose ownership is to be transferred to ASA. Repair and maintenance services are provided by TACV. Catering services are provided by Freitas Catering and Hotel Praia-Mar. Refuelling services are provided by Vivo Energy Ltd. (Shell) and *Enacol-Empresa Nacional de Combustíveis SA*.

4.5.3.2 Maritime transport

4.60. In 2010, Cabo Verde launched a process of institutional and legal reforms that are aimed at modernizing its maritime and port regimes to enhance the economy's competitiveness. The main thrust of the reforms is the move away from a service port operated by ENAPOR towards a landlord port model under the supervision of an independent regulator, AMP. Maritime transport policy is informed, *inter alia*, by the Transport Policy Charter of 2013.[113] One of the strategic objectives is to develop Cabo Verdean ports into a maritime transport hub to and from Africa. A Strategic Plan for the Cluster of the Maritime Economy (*Plano Estratégico do Cluster da Economia Marítima* - PECMAR) is under preparation.

4.61. Cabo Verde has made substantial commitments under the GATS with respect to maritime services. The commitments open up most subsectors (with the exception of repair and maintenance), albeit with citizenship requirements in certain subsectors. Cabo Verde has undertaken in its GATS commitments to provide a range of essential port services on a non-discriminatory basis.

4.62. All nine inhabited islands have a port, three of which are international ports (Porto da Praia, Porto Grande/Mindelo and Porto do Palmeira/Sal). In contrast to rising passenger traffic, maritime goods/container trade has been in decline for years, particularly container volumes (Table A4.1). Cabo Verde's international maritime trade in goods/containers is highly unbalanced between imports (unloaded ships) and exports (loaded ships), which adds to freight costs. Freight costs (including air transport) amount to around 10% of the import value, which is slightly higher than the world average (8%), according to UNCTAD estimates.[114] Direct shipments (services) to and

[104] Decree-Law No. 70/2014 of 22 December 2014. Its revenues are generated mainly from services fees, contributions from the regulated entities, 5% of overflight charges, percentage shares of airport security fees and sanctions, and the state budget.
[105] Legislative Decree No. 1/2014 of 26 September 2014.
[106] Legislative Decree No. 1/2014, Article 20 and Article 25.
[107] http://www.asa.cv/asa/comercial/tarifas-aeroportuarias.
[108] Foreign charter services are governed, *inter alia*, by Decree-Law No. 19/2004 of 24 May 2004.
[109] Decreto-Regulamentar No. 3/2001 of 4 June 2001.
[110] ASA (2013), p. 8.
[111] World Bank (2013), p. 5.
[112] AAC regulation No. 01/2013 of 2 August 2013.
[113] Resolution No. 69/2013 of 22 May 2013.
[114] UNCTAD (2014a).

from Cabo Verde exist from the port of Las Palmas (Spain), Tangier (Morocco) and Portugal; for other destinations, goods are trans-shipped.

4.63. In January 2011, a new legal framework for port operations entered into force (*Lei dos Portos*).[115] The new port law involves a transition from a largely self-regulated service port operated by ENAPOR towards a landlord port system, whereby the State retains ownership of the basic port infrastructure and port services are to be privatized. In 2014, ENAPOR became general concessionaire (*concessionária geral*) as port operator.[116] It is foreseen that port services will be carried out by private enterprises, either through sub-concessions or licensing schemes. The ports are operated centrally from São Vicente by ENAPOR, which currently still provides the full range of port services, including cargo and passenger handling, towing, moorage, and pilotage.[117] Port fees and charges were last revised in 2013.[118] ENAPOR has opened a Single Window (*Janela Única Portuária*). The electronic platform pools documentary requirements from ENAPOR, AMP, Customs, the marine police, and SPS-related matters.

4.64. Cabo Verde has reformed the institutional framework for regulating its ports.[119] Since 2014, AMP has replaced the *Instituto Marítimo e Portuário* (IMP). The AMP is an autonomous body with administrative and financial independence whose responsibilities include the technical and economic regulation of the maritime and port sectors, and the administration of the shipping register. Its revenues include fees from regulated entities and income for coastal access (resorts). Port fees and charges proposed by ENAPOR will be subject to approval by AMP.

4.65. In January 2011, a new Maritime Code entered into force.[120] It is a major legislative reform (the old law had its origin in the 19th century), which is based on European models (Spain, Croatia, Sweden), CEMAC, as well as international conventions and standards. Cabo Verde is a member of the International Maritime Organization and its main maritime conventions, the International Labour Organization (ILO), the Maritime Organization of West and Central Africa, and the Memorandum of Understanding on Port State Control.

4.66. To fly the flag of Cabo Verde, vessels must be registered in the conventional register of ships (*Registo Convencional de Navios*) administered by AMP. Foreign ships are not permitted to engage in cabotage traffic. Although there is legal requirement to allow only nationals aboard cabotage vessels, a foreign captain may be allowed in cases where no Cabo Verdean is available. An international shipping registry was established by Law No. 19/VI/2003 but has not yet been implemented. The project has been reactivated and is currently under consideration.

4.67. The Cabo Verdean fleet (about 30 vessels) mainly provides domestic cargo and passenger services (cabotage); two to three vessels are engaged in international shipping. Minimum capital requirements are CVesc 4 million for cabotage and CVesc 30 million for international shipping. Foreign participation is permitted. Domestic inter-island cargo and passenger transport is subsidized by means of compensation schemes for operators servicing certain "social routes" that are not financially viable. The Government plans to introduce a concession scheme covering all islands, based on public tender. Operators in cabotage traffic benefit from a subsidized marine gas oil price. Furthermore, ships and spare parts are subject to exemption from custom taxes when imported by national ship operators.

4.68. International cargo liner services are provided by a number of shipping agents, including MSC, Maersk, and Portline Containers International. According to Cabo Verde's GATS commitments, 50% of the staff of maritime agency service providers (domestic and international transport) must be Cabo Verdean citizens. This reservation is not applied in practice, according to the authorities.

[115] Legislative Decree No.10/2010 of 1 November 2010, as amended by Legislative Decree No. 1/2013 of 12 September; and Decree No.15/2010 of 20 December 2010 (port regulation).
[116] Resolution No.42/2014 of 2 June 2014.
[117] A new regulation concerned pilotage was issued in 2014 (Decree-Law No. 19/2014 of 25 February 2014).
[118] Deliberation No.12/CA/2013, see ENAPOR online information at: http://www.enapor.cv/portal/v10/PT/aspx/tarifas/index.aspx?ms=0-4.
[119] Decree-Law No.49/2013 of 4 December 2013.
[120] Legislative Decree No.14/2010 of 15 November 2010.

4.69. The Government has outsourced the service of ensuring offshore maritime security within the country's EEZ through an exclusive concession to Cabo Verde Security Services Ltd.[121]

4.5.4 Telecommunications

4.70. ANAC was established in 2006 as the administratively and financially independent regulator for telecommunications and postal services.[122] ANAC is financed by contributions from regulated operators (0.45% of revenues); licence and (spectrum) auction fees,and fines.[123] Total telecoms revenues amount to approximately €140 million.

4.71. The Declaration on the State's Communication and Information Policy of April 2005 establishes, *inter alia*, guidelines for the liberalization of the communication and information sector.[124] In accordance with its commitments under the GATS, Cabo Verde has undertaken to ensure open and non-discriminatory market access for a range of basic telecom services.[125] There are no foreign ownership restrictions in the telecoms sector, according to the authorities.

4.72. A new framework law for telecommunications aimed at liberalization and stimulating competition entered into force in 2005.[126] Cabo Verde's telecoms regime is based on the EU model. The gradual liberalization of the regime began in 2006. The new telecoms law terminated the exclusivity rights of the incumbent (Cabo Verde Telecom) in international communications from 1 January 2006 and for fixed network services from 1 January 2007.[127] Cabo Verde Telecom was compensated by the Government for the loss of monopoly rights in the provision of fixed network services under a 25-year concession agreement (due to expire on 27 November 2021).[128] *De facto*, Cabo Verde Telecom remains the only operator terminating calls over the fixed network.[129]

4.73. Currently, there are two mobile telecom operators with their own networks, CVMóvel and Unitel T+. CVMóvel was separated from Cabo Verde Telecom in December 2005 as a new and legally independent business unit. CVMóvel is the dominant operator with a market share of about 71% in 2014.[130] Unitel T+ started offering mobile telecom services in 2007. The penetration rate for mobile phone services was 118% in 2014 (613,378 subscriptions).

4.74. There are a number of licensed internet service providers. CVMultimédia (separated from CV Telecom in 2007) is the only wholesale and fixed-line broadband operator. Cabocom is a wireless fixed operator using Wifi. For mobile broadband, there are two major operators, CVMovel and UnitelT+. In terms of internet subscriptions, 93.1% were mobile broadband subscriptions in 2014 (51.3% for CVMovel and 41.8%% for Unitel T+). CVMultimédia had a 6.2% share of internet subscriptions in 2014, and Cabocom the remaining 0.7%. The internet penetration rate was 53.5% in 2014 (277,339 subscriptions), mostly via 3G mobile internet (258,150 subscriptions).

4.75. The concept of licensing for electronic communication operators is not foreseen in the telecom law (Legislative Decree No. 7/2005). To enter the market, it is only required to obtain authorization from ANAC under this decree's regime of authorization. However, if there is a need for frequency to provide the service, it is necessary to have a right of use, which is regulated by the same law and can be obtained by assignment or public auction.

4.76. Cabo Verde is connected to two international submarine cable systems through landing stations located near Praia: "Atlantis-2" (Argentina to Portugal) and the "Western African Cable System" (WACS) (U.K. to South Africa). CV Telecom holds the concessions for the infrastructure

[121] Resolution No.78/2012 of 23 November 2012. Cabo Verde has an EEZ of 700 million km^2, which is about 200 times larger than its land area.

[122] Decree-Law No.31/2006 of 19 June 2006. ANAC replaced two regulators with shared responsibilities, the Institute of Communication and Information Technologies (responsible for technical regulation) and ARE.

[123] ITU online information, viewed at: http://www.itu.int/net4/itu-d/icteye.

[124] Resolution No. 13/2005 of 25 April 2005.

[125] From 1 January 2012 in some service subsectors.

[126] Legislative-Decree No. 7/2005 of 28 November 2005.

[127] Article 118 of Legislative-Decree No. 7/2005 of 28 November 2005.

[128] Decree-Law No. 13/96 of 18 March 1996.

[129] CVMultimédia and Cabo TLC (no longer active) were licensed to provide VoIP fixed line communications.

[130] Deliberation No. 01/CA/2011 of 2 February 2011.

and is required to offer access at a regulated price (the price must be cost-oriented but ANAC can do international benchmarking if necessary to fix the price). The Cabo Verdean islands are connected by a fibre-optic backbone.

4.77. Telecom tariffs are regulated by ANAC for fixed-line services (local calls, international calls); interconnection; local loop unbundling; and wholesale leased lines. It is mandatory for the regulator to determine the relevant markets and the operator with significant market power. Value-added telecom services have been completely liberalized.

4.78. CV Telecom is under a universal services obligation under the concession contract. However, under new proposed rules, universal services can be provided by any operator (one or more) and would be financed by a Fund for Universal Service and Information Society.[131] Number portability was introduced in May 2013. Cabo Verde does not have a Mobile Virtual Network Operator (MVNO) regime.

4.79. There is a municipal tax for telecoms companies (*taxa municipal de direitos de passagem*) for the rights of passage in the private and public municipal domains. The tax is charged to customers by telecom companies providing landline services (capped at 0.25% of the telecom bill), subject to annual approval by the municipality.[132]

4.5.5 Tourism

4.80. Tourism is the principal economic activity in Cabo Verde, with revenues of around €300 million in 2014, about half of total exports of goods and services (Chart 1.2 and Table A4.2). The basic policies on tourism are provided in the Strategic Plan for Tourism Development 2010-13[133], and the Tourism Law of 2011.[134] The Tourism Law provides for free and non-discriminatory access for all investors and service providers in the tourism sector. The applied tourism regime is more liberal than Cabo Verde's bound regime under the GATS, which provides for a number of limitations on commercial presence in the three scheduled service subsectors (hotel and restaurants; travel agencies and tour operators; and tour guides). In practice, Cabo Verde applies no discriminatory measures and limitations on commercial presence, according to the authorities.

4.81. The tourism industry is regulated by the Directorate-General for Tourism of the Ministry of the Tourism, Investment and Business Development. A Tourism Development Fund (Article 8) was established to finance the tourism promotion activities by the Directorate-General. The funding (CVEsc 727 million in 2014) is sourced from the new tourist tax (*Contribuição Turística*) introduced on 1 May 2013 (Section 3.2.6).[135] Foreign tourists also pay a visa fee of €25.

4.82. The investment regime for the hotel sector comprises, *inter alia*, the 2014 Law on Hotel Establishments[136], the 2005 Tourist Utility Law[137], and the 2010 Law on Special Tourist Zones.[138]

4.83. The Law on Hotel Establishments provides for general requirements and minimum standards, such as mandatory internet access. Hotels are subject to annual licensing by the Ministry. Cabo Verde plans to move from self-classification to officially recognized hotel classification, with a re-classification exercise to be held every four years. The fees for classification are fixed by law (Annex to Article 65.1).

4.84. Urban planning in Cabo Verde is undertaken with zones earmarked for tourism development. The special tourist zones (25) are administered by a managing body in the form of a joint stock company owned by the State with a minority participation of a private partner (Article 7

[131] The Fund can be financed by contributions from operators and spectrum revenues or other, to be determined by law.
[132] Article 103, Legislative-Decree No. 7/2005 of 28 November 2005.
[133] Viewed at: https://portoncv.gov.cv/dhub/porton.por_global.open_file?p_doc_id=763.
[134] Law No.85/VII/2011 of 10 January 2011.
[135] Decree-Law No. 20/2013 of 28 May 2013.
[136] Decree-Law No. 35/2014 of 17 July 2014.
[137] Law No. 55/VI/2005 of 10 January 2005.
[138] Law No. 75/VII/2010 of 23 August 2010.

of the Law on Special Tourist Zones). The managing body has the right of refusal in case of onerous property transfers of STZ land.

4.85. The Tourist Utility Law entitles local and foreign investors and workers[139] to certain fiscal and customs incentives.[140] The incentives are available for investments (establishment, operation, and renovation) in hotels, restaurants, tour operators, tourist promotion, and other tourism establishments (Article 3). The criteria for acquiring the status of tourist utility are permissive, including compatibility with the national tourism plan, preservation of the environment and local culture, and contribution to employment and the balance of payments (Article 5). The incentives provided for in Article 8 of the Tourist Utility Law were repealed in 2013 by virtue of Article 59(b) of the Code of Fiscal Benefits (Section 3.4.1), and replaced by the general (cross-sectoral) incentives regime of the Code of Fiscal Benefits. The Investment Law and the Code of Fiscal Benefits provides for "special treatment" and "exceptional incentives" for certain large-scale investments (Section 3.4.1). A number of establishment agreements were signed in 2013 between the Ministry of Tourism on behalf of the State of Cabo Verde, and investors.[141] It may be noted that the tax exemptions according to these agreements expire after 15 years.

4.86. In 2014, Cabo Verde modernized its regime for travel agencies and tour operators which dated from 1994.[142] Establishments are subject to minimum capital requirements (CVEsc 1-5 million depending on the type of activity), licensing by the Directorate-General for Tourism and registration in the Tourism Information System administered by Directorate-General (*Sistema de Informação do Turismo*).[143] Licence fees are CVEsc 30,000 and licences valid for one year, renewable (CVEsc 10,000). According to Cabo Verde's commitments under the GATS, travel agencies and tour operators with more than 50% foreign ownership may be subject to limitations on commercial presence in terms of the number of service suppliers.

4.87. New legislation on tour guides was introduced in 2011, including licensing and registration requirements.[144] Foreign tour guides require professional recognition in Cabo Verde (Article 7). There are currently no restrictions on foreign tour guides, including Portuguese-speaking tour guides, according to the authorities. An implementing regulation is pending.

4.88. In 2014, special legislation was introduced to establish the minimum requirements for establishments engaged in rural tourism, including agro-tourism.[145] Fees range from CVEsc 10,000 to 40,000, of which 70% revert to the municipality in which the establishment is located.

4.5.5.1 Distribution services

4.89. The Ministry of Tourism, Industry and Business Development is responsible for the sector. Under the GATS, Cabo Verde has made "full" commitments (i.e. no limitations on market access and national treatment in modes 1 to 3) for retail, wholesale[146], and franchising services.

4.90. In 2009, new legislation concerning distribution services came into force, aimed, *inter alia*, at simplifying the inspection and licensing procedures.[147] The law applies to retail and wholesale distribution services, including supermarkets. The Municipal Chambers or the Citizens Houses (*Casa do Cidadão*) are responsible for processing requests for retail trade licences, and the Chambers of Commerce, Industry and Services for wholesale trade licences. A licence request has to be accompanied, *inter alia*, by the Commercial Register certificate of the company, company

[139] Article 8 entitles foreign workers to freely transfer abroad their incomes earned in the project and to the same rights and customs benefits as the workers recruited under the Law on Industrial Activity (*Lei da Actividade Industrial*).
[140] The tourism sector is subject to the standard VAT rate of 15%.
[141] Resolutions No. 4 to No. 8 /2013 of 28 January 2013 (concerning Llana Beach Hotel SA, Island Resort Ltd., White Sands Beach Hotel and Resort SA, Batuque Hotelaria e Turismo SA, and Cabo Verde Management SA).
[142] Decree-Law No.32/2014 of 27 June 2014.
[143] The system will be used, *inter alia*, for licence applications and payment.
[144] Decree-Law No.6/2011 of 24 January 2011 ("*Lei de prestador de serviço*").
[145] Decree-Law No. 34/2014 of 17 July 2014.
[146] Except for the imports/sale of tobacco, precious metals for use by the Central Bank, and pharmaceuticals, and fuel.
[147] Decree-Law No. 30/2009 of 17 August 2009, which repealed the Decree-Law No. 3/2006.

statute, NIF (Unique Taxpayer Reference Number), mandate of the manager, and certificate and map of the building. In principle, the licence is granted after the inspection by the authorities. With the introduction of the new law and "Business-in-one-day" aimed at simplifying the procedure to register and open a business in Cabo Verde, the inspection can be postponed and the licence granted within two days without inspection. The Law permits the inspection *a posteriori* for retail and wholesale trade (except pharmaceuticals), but so far only requests for retail licences are being granted (regarding the establishment of pharmacies see also Section 3.2.1).[148]

[148] Viewed at: http://www.reformadoestado.gov.cv/index.php/news/134-comercio-a-retalho-tem-licenciamento-simplificado-na-cc.

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5 APPENDIX TABLES

Table A1.1 Selected macroeconomic indicators, 2008-14

	2008	2009	2010	2011	2012	2013	2014
Output							
Real GDP growth (annual %)	6.7	-1.3	1.5	4.0	1.1	1.0	2.7
GDP per capita (€)	2,522	2,538	2,577	2,733	2,757	2,774	2,801
Real GDP per capita (€)	1,817	1,887	2,000	1,968	2,136	2,070	2,109
Nominal GDP (in million CVEsc)	134,698	135,879	138,569	147,924	150,351	152,640	155,522
Nominal GDP (in million €)	1,222	1,233	1,257	1,341	1,363	1,384	1,411
of which (% of GDP)							
Agriculture, livestock production and forestry	7.9	8.0	7.5	7.6	8.1	..	..
Fishing	0.6	0.9	1.0	0.7	0.7	..	..
Industry	5.8	6.5	6.8	6.9	7.9	..	..
Construction	12.2	12.2	10.8	10.4	8.8	..	..
Services	59.8	60.2	61.2	60.6	62.2	..	..
Trade	11.5	12.4	12.7	12.8	12.5	..	..
Hotels and restaurants	3.5	3.4	3.5	4.0	5.8	..	..
Transport and communications	16.4	15.4	15.2	13.7	13.1	..	..
Other services (commercial)	15.9	15.4	15.7	15.1	15.9	..	..
Non-market services	12.4	13.6	14.1	14.9	15.0	..	..
Net taxes from grants	13.7	12.2	12.7	13.8	12.4	..	..
Public finance (% of GDP)							
Global balance	-1.6	-5.8	-10.6	-7.7	-10.3	-9.0	-7.3
Public debt	..	..	66.1	77.5	91.1	101.6	114.2
in CVEsc billion	..	..	92	115	137	155	178
External sector (in billions of escudos, unless otherwise indicated)[a]							
Current account	-18.5	-19.8	-18.7	-23.9	-18.9	-7.5	-11.7
Goods	-57.2	-53.7	-56.8	-67.2	-56.3	-52.2	-53.5
Exports	8.6	7.4	11.3	16.8	15.7	16.4	22.1
Imports	-65.9	-61.1	-68.1	-84.0	-72.0	-68.6	-75.6
Services	18.4	12.8	16.5	20.4	21.5	27.9	25.4
Exports	44.7	38.0	41.6	45.7	51.9	55.9	53.6
of which:							
Transportation	13.1	11.2	14.4	11.3	10.8	11.1	10.4
Travel and tourism	25.4	21.0	22.3	29.5	33.8	36.7	33.3
Imports	-26.3	-25.2	-25.1	-25.3	-30.4	-28.0	-28.1
Income	-3.5	-3.4	-6.7	-5.7	-6.4	-5.4	-7.7
Current transfers	23.9	24.6	28.3	28.5	22.2	22.1	24.1
of which: migrants' remittances	11.0	10.2	10.3	13.4	14.4	13.8	15.2
% of GDP	8.2	7.5	7.5	9.1	9.6	9.0	9.7
Capital account and financial transactions account	27.7	25.6	32.5	30.6	19.5	10.9	8.6
Capital account	2.1	3.7	3.3	1.0	1.1	0.5	0.7
Financial account	25.6	21.9	29.2	29.6	18.4	10.4	8.0
Reserves in months of imports	4.0	4.2	4.2	3.2	3.8	4.8	5.4
Escudos/US$ (annual average)	75.3	79.4	83.3	79.3	85.8	83.1	83.1
Escudos/€ (annual average)	110.2	110.2	110.3	110.3	110.3	110.3	110.2
Real effective exchange rates (Annual average: Index: 2000=100)[b]	101.7	101.6	99.0	101.0	98.6	101.9	101.9

	2008	2009	2010	2011	2012	2013	2014
Memorandum items:							
Inflation (CPI, %age change, annual average)	6.8	1.0	2.1	4.5	2.5	1.5	-0.2
Unemployment rate (%)	13.0	13.1	10.7	12.2	16.8	16.4	15.8
Population ('000)	485	486	488	491	494	499	504

.. Not available.

a Figures for 2013 are provisional; figures for 2014 are estimates.
b An increase indicates appreciation.

Source: BCV, *Principais Indicadores Económicos E Financeiros 2002-14 and Indicadores Económicos e Financeiros Nacionais*, May 2015. Viewed at: http://www.bcv.cv/vPT/Estatisticas/Quadros%20Estatisticos/Paginas/QuadrosEstatisticos.aspx; Banco de Cabo Verde, *Annual Reports* 2012, 2013, and 2014; IMF Regional Economic Outlook, Sub-Saharan Africa, October 2014 and April 2015; IMF online information, "International Financial Statistics". Viewed at: http://elibrary-data.imf.org/DataExplorer.aspx;and World Bank's World Development Indicator database. Viewed at: http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators.

Table A1.2 Merchandise exports by product group, 2008-13

(€ million and %)

	2008	2009	2010	2011	2012	2013
Total (€ million)	..	25.3	35.2	49.5	43.4	52.1
	(% of total)					
Food	..	72.6	81.6	83.7	87.1	86.1
0342 Fish, frozen (excluding fillets and minced fish)	..	38.0	38.6	36.1	36.2	43.0
0371 Fish, prepared, preserved, n.e.s.	..	29.8	39.0	44.5	40.9	38.9
0362 Crustaceans, other than frozen	..	1.2	0.9	1.3	1.5	1.8
1124 Spirits	..	2.2	1.4	1.0	1.2	1.0
Other food	..	1.6	1.7	0.9	7.3	1.4
Mining	..	0.7	0.9	0.9	0.0	0.2
Manufactures	..	26.7	17.5	15.3	12.9	13.6
Chemicals	..	0.0	0.0	0.7	0.5	0.1
Other semi-manufactures	..	0.0	0.0	0.1	0.0	0.0
Clothing	..	16.2	8.5	7.7	4.6	6.2
Other consumer goods	..	10.4	9.0	6.9	7.8	7.3
Other	..	0.7	0.9	0.9	0.0	0.3

.. Not available.

Source: UNSD Comtrade database, SITC Rev.3.

Table A1. 3 Merchandise imports by product group, 2008-13

(€ million and %)

	2008	2009	2010	2011	2012	2013
Total (€ million)	562.9	483.1	551.8	691.2	587.2	547.0
	(% of total)					
Agriculture	29.3	30.7	29.1	26.4	29.0	33.3
Food	27.7	29.4	27.7	25.4	27.9	32.1
0423 Rice, milled, semi-milled	2.1	4.3	3.4	2.6	3.0	3.7
0222 Milk concentrated or sweetened	2.3	2.0	2.2	2.0	2.2	2.3
0123 Poultry, meat and offal	1.2	1.3	1.4	1.3	1.6	1.8
0612 Other beet, cane and chemically pure sucrose, solid form	0.7	1.4	1.2	1.7	1.4	1.6
Agricultural raw materials	1.7	1.3	1.3	1.0	1.1	1.2
Mining	12.5	12.9	13.1	19.9	15.4	21.7
Ores and other minerals	0.7	0.7	0.5	0.4	0.5	0.2
Non-ferrous metals	0.6	0.5	0.6	0.2	0.2	0.2
Fuels	11.2	11.7	11.9	19.3	14.6	21.3
Manufactures	58.1	56.4	57.8	53.7	55.4	44.9
Iron and steel	4.8	3.0	2.7	2.5	2.9	2.3
Chemicals	6.0	6.9	6.2	5.7	6.0	6.8
Other semi-manufactures	15.8	14.1	13.4	12.3	11.6	11.6
6612 Portland cement and similar hydraulic cements	4.5	4.2	3.8	3.1	3.1	3.2
6624 Non-refractory brick, tiles, pipes, etc.	1.9	1.5	1.2	1.0	1.1	1.0
6911 Iron or steel structures, tubes and the like, for use in structures	2.0	1.2	1.6	1.8	0.9	0.9
Machinery and transport equipment	23.5	24.3	27.8	26.1	27.3	16.5
Power generating machines	1.0	1.1	1.7	5.5	0.7	0.5
Other non-electrical machinery	6.3	7.0	5.2	4.8	5.1	3.5
Office machines & telecommunication equipment	2.9	3.7	7.7	3.4	3.7	3.9
Other electrical machines	3.6	3.5	5.2	4.1	3.4	3.2
Automotive products	8.3	7.0	6.2	5.3	5.7	3.9
Other transport equipment	1.5	2.0	1.8	2.9	8.7	1.4
Textiles	0.7	0.5	0.5	0.6	0.6	0.5
Clothing	0.7	0.6	0.5	0.7	0.7	0.6
Other consumer goods	6.6	6.9	6.7	5.9	6.4	6.4
Other	0.0	0.0	0.0	0.0	0.2	0.1

Source: UNSD Comtrade database, SITC Rev.3.

Table A3.1 MFN tariff averages by HS2-digit level, 2015

HS	Description	No. of lines	Average (%)	Range (%)	Share of duty free lines (%)	CV[a]
	Total	5,768	10.3	0-50	44.1	1.3
01	Live animals	25	3.2	0-5	36.0	0.8
02	Meat and edible meat offal	58	22.8	20-50	0	0.2
03	Fish and crustaceans, molluscs and other aquatic invertebrates	106	22.1	20-30	0	0.2
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	37	10.5	0-20	2.7	0.7
05	Products of animal origin, not elsewhere specified or included	16	5.0	0-20	75.0	1.7
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	16	11.3	0-20	43.8	0.9
07	Edible vegetables and certain roots and tubers	60	12.6	0-30	1.7	0.5
08	Edible fruit and nuts; peel of citrus fruit or melons	60	2.7	0-20	85.0	2.5
09	Coffee, tea, maté and spices	53	18.2	5-40	0	0.7
10	Cereals	19	6.3	0-20	15.8	0.7
11	Products of the milling industry; malt; starches; inulin; wheat gluten	31	7.3	0-20	3.2	0.8
12	Oil seeds and oleaginous fruits; misc grains, seeds and fruit; industrial or medicinal plants; straw and fodder	43	0.7	0-10	93.0	3.7
13	Lac; gums, resins and other vegetable saps and extracts	10	0	0	100.0	0
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	6	0	0	100.0	0
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	55	3.5	0-5	29.1	0.6
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	28	28.9	20-40	0	0.3
17	Sugars and sugar confectionery	18	8.9	5-30	0	0.9
18	Cocoa and cocoa preparations	17	22.6	5-50	0	0.9
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	22	25.5	0-40	4.5	0.5
20	Preparations of vegetables, fruit, nuts or other parts of plants	57	23.3	20-30	0	0.2
21	Miscellaneous edible preparations	20	18.5	0-30	20.0	0.6
22	Beverages, spirits and vinegar	29	35.2	0-50	10.3	0.5
23	Residues and waste from the food industries; prepared animal fodder	24	0	0	100.0	0
24	Tobacco and manufactured tobacco substitutes	9	15.6	0-50	55.6	1.3
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	72	2.0	0-10	61.1	1.3
26	Ores, slag and ash	41	0	0	100.0	0
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	59	4.4	0-20	22.0	0.8
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	176	0	0	100.0	0
29	Organic chemicals	386	0.0	0-5	99.2	11.3
30	Pharmaceutical products	34	0	0	100.0	0
31	Fertilizers	23	0	0	100.0	0
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	55	9.5	0-40	56.4	1.6
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	33	15.0	0-30	9.1	0.8
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, dental waxes and dental preparations with a basis	26	21.0	5-50	0	0.9
35	Albuminoidal substances; modified starches; glues; enzymes	15	5.0	5.0	0	0

HS	Description	No. of lines	Average (%)	Range (%)	Share of duty free lines (%)	CV[a]
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	9	18.9	5-30	0	0.7
37	Photographic or cinematographic goods	35	16.9	0-20	5.7	0.3
38	Miscellaneous chemical products	94	3.5	0-5	29.8	0.7
39	Plastics and articles thereof	145	6.9	0-30	54.5	1.3
40	Rubber and articles thereof	103	12.7	0-30	38.8	1.0
41	Raw hides and skins (other than fur skins) and leather	37	10.0	10.0	0	0
42	Articles of animal gut (other than silk-worm gut)	22	28.0	5-30	0	0.2
43	Fur skins and artificial fur; manufactures thereof	12	50.0	50.0	0	0
44	Wood and articles of wood; wood charcoal	77	13.5	0-40	7.8	1.0
45	Cork and articles of cork	8	5.0	0-10	50.0	1.0
46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	12	27.5	20-30	0	0.2
47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper and paperboard	21	0	0	100.0	0
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	106	5.4	0-20	17.9	0.9
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	21	6.7	0-20	61.9	1.3
50	Silk	9	12.2	0-30	33.3	1.1
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	38	4.5	0-10	47.4	1.0
52	Cotton	136	13.5	0-20	5.9	0.6
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	24	2.3	0-10	70.8	1.7
54	Man-made filaments	70	9.4	5-20	0	0.6
55	Man-made staple fibres	110	13.9	5-25	0	0.5
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	32	9.4	0-10	6.3	0.3
57	Carpets and other textile floor coverings	21	49.0	30-50	0	0.1
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	40	23.0	5-50	0	0.4
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	24	12.5	5-30	0	0.7
60	Knitted or crocheted fabrics	43	20.0	20.0	0	0
61	Articles of apparel and clothing accessories, knitted or crocheted	106	27.7	20-30	0	0.2
62	Articles of apparel and clothing accessories, not knitted or crocheted	113	40.0	40.0	0	0
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	52	16.2	0-20	13.5	0.5
64	Footwear, gaiters and the like; parts of such articles	28	30.0	30.0	0	0
65	Headgear and parts thereof	9	22.2	0-40	44.4	0.9
66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	6	30.0	30.0	0	0
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	8	45.0	10-50	0	0.3
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	57	10.4	0-20	14.0	0.7
69	Ceramic products	32	19.2	5-50	0	0.7
70	Glass and glassware	68	13.0	0-50	42.6	1.3
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	54	19.4	0-40	31.5	0.9
72	Iron and steel	167	0	0	100.0	0
73	Articles of iron or steel	159	5.3	0-20	61.0	1.4
74	Copper and articles thereof	53	2.8	0-20	77.4	2.0
75	Nickel and articles thereof	17	0.6	0-10	94.1	4.0
76	Aluminium and articles thereof	41	3.9	0-20	75.6	1.9
78	Lead and articles thereof	8	1.3	0-10	87.5	2.6
79	Zinc and articles thereof	9	1.1	0-10	88.9	2.8
80	Tin and articles thereof	5	2.0	0-10	80.0	2.0
81	Other base metals; cermets; articles thereof	49	2.7	0-10	73.5	1.7

HS	Description	No. of lines	Average (%)	Range (%)	Share of duty free lines (%)	CV[a]
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	66	4.5	0-20	77.3	1.8
83	Miscellaneous articles of base metal	45	13.8	0-20	31.1	0.7
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	556	2.5	0-30	77.9	2.5
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	372	9.3	0-30	29.8	1.1
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	23	0	0	100.0	0
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	245	22.0	0-50	17.1	0.8
88	Aircraft, spacecraft, and parts thereof	15	0	0	100.0	0
89	Ships, boats and floating structures	28	0.7	0-5	85.7	2.4
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	159	4.7	0-30	67.3	1.9
91	Clocks and watches and parts thereof	54	21.4	0-30	5.6	0.6
92	Musical instruments; parts and accessories of such articles	17	0	0	100.0	0
93	Arms and ammunition; parts and accessories thereof	27	29.6	0-50	40.7	0.8
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates	46	30.7	0-50	19.6	0.6
95	Toys, games and sports requisites; parts and accessories thereof	31	13.4	5-40	0	1.1
96	Miscellaneous manufactured articles	48	16.8	5-50	0	0.7
97	Works of art, collectors' pieces and antiques	7	0	0	100.0	0

a Coefficient of variation.

Note: The 2015 tariff is based on HS07 nomenclature consisting of 5,768 tariff lines (at 10-digit tariff line level). 0 implies 0 (not rounded), while 0.0 refers to >0 and <0.05.

Source: WTO Secretariat calculations, based on IDB database and information provided by the authorities.

Table A3.2 Special Tax on Consumption (STC)

HS Code	Description	Rates (%)
1604.30.00.00	Caviar and caviar substitutes:	10
2203.00.10.00 and 2203.00.90.00	Malt beer	40
2204	- Wine of fresh grapes, including fortified wines; grape musts other than that of heading 2009:	
2204.10.00	- Sparkling wine	40
 2204.21.00.90 2204.29.00.90	Other wines: - In containers up to 2 litres: - Others	40 40
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:	40
2205.90.00.00	- Others	40
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	40
2206.00.90.00	- Others	40
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages:	
2208.20.00.00	- Spirits obtained by distilling grape wine or grape marc (grape brandy):	40
2208.30.00.00	- Whiskies:	40
2208.40.00.00	- Rum and tafia:	40
2208.50.00.00	- Gin and Geneva	40
2208.60.00.00	- Vodka	40
2208.70.00.00	- Liqueurs and cordials	40
2208.90.00.90	- Other	40
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes:	
2402.10.00.00	- Cigars, cigarillos, containing tobacco:	20
2402.20.00.00	- Cigarettes containing tobacco:	20
2402.90.00.00	- Others:	20
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:	20
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% 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
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

HS Code	Description	Rates (%)
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, signalling 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 grated but not strung, mounted or set; pearls natural or cultured, temporarily string 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 grated 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 grated 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 jewellery and parts thereof, of precious metal or of metal clad with precious metal	
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	- Artefacts for technical or laboratory use	10

HS Code	Description	Rates (%)
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 jewellery	
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 - With more than four years and up to six years old - With more than six years and 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 40 80 150 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
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

Source: Law of Taxes on Expenses, Articles 24 and 29. Tax rates revised in 2011 (Law No. 10/VIII/2011).

Table A3.3 Goods subject to the Ecological Tax

Description	Rates (CVEsc/kg)
I. Products and packaging of large consumption	
Batteries and cells of electric batteries	100
Rechargeable batteries	50
Articles for the transportation or packing of goods made of plastics, corks, lids, caps and other devices designed for sealing containers, of plastic (PET and derivatives)	50
Carboys, bottles, flasks, jars, pots, vials, ampoules and other glass containers for transport or packaging (glass and similar items)	50
Tanks, casks, drums, jerry cans, cans, boxes and similar containers (metal)	50
Paper and cardboard, coated	50
Rockets, fireworks, firework bombs, firecrackers and other pyrotechnic articles	200
Plastic foil in rolls	60
Photographic plates and films for disposable photos	50
Aluminium foil in rolls	80
Kitchen utensils in disposable or non-disposable plastic	80
Cigarettes and cigarillos	200
New tyres	50
Retreaded or used tyres	100
Plastic cups	80
Petroleum oils and derivatives	2
Plastic trays for eggs	5
Packing cases, boxes, crates, casks and similar wood packaging, wood cable reel, pallets	20
Disposable diapers for babies and children	5
Chewing gum	100
Electrical and electronic products	2
Balloons	10
II. Products and packaging for industrial production and subsidiary materials	
Articles for the transportation or packing of goods made of plastics, corks, lids, caps and other devices designed for sealing containers, of plastic (PET and derivatives)	25
Carboys, bottles, flasks, jars, pots, vials, ampoules and other glass containers for transport or packaging (glass and similar items)	2
Tanks, casks, drums, jerry cans, cans, boxes and similar containers (metal)	11
Paper and cardboard, coated	10
Plastic foil in rolls	25
Aluminium foil in rolls	18
Packing cases, boxes, crates, casks and similar wood packaging, wood cable reel, pallets	2

Source: Law No. 17/VIII/2012 of 23 August 2012, Table I.

Table A3.4 Prohibited imported goods in Cabo Verde

Goods whose importation is prohibited in Cabo Verde	
1	Animals and animal products from foreign areas where there is epizooty. This prohibition did not apply to all epizooties but only to those which Cabo Verde is not immune to and which are considered dangerous to the national livestock (animal health), plants, vegetables (flora) on the principle of risk analysis and international norms and standards
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	Cannabis Sativa L, known as "Indian Hemp"
6	Imitations of postage-stamp, postmark and other postal stamps in use in Cabo Verde
7	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
8	Books when counterfeited editions and fraudulent copies of literary and artistic works protected by law and international conventions
9	Medicaments of secret composition or not properly registered
10	Medications of poor quality or out of date; foodstuff harmful or dangerous to public health
11	Goods with false factory marks, false trademarks or false origin or provenance, contravening laws and international agreements in effect
12	Goods brought by ships sailing in contravention of international conventions
13	Pornographic objects, pictures, books, printed papers, recorded films, drawings, stamps, written libel and publications, offensive to morals and public decency
14	Plants and any of its parts coming from infected areas of phylloxera or of any other epiphytic disease
15	Roulettes and other gambling games without previous authorization
16	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
17	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

Source: Information provided by the authorities.

Table A3.5 Goods subject to non-automatic licensing

HS Code	Description
01.01 to 01.06	Live animals
02.01 to 02.10	Meats and edible offals
03.01 to 03.07	Fish and crustaceous, molluscs and other aquatic invertebrates
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter
04.03	Buttermilk, 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 fruit, nuts or cocoa
04.04	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included
04.05	Butter and other fats and oils derived from milk; dairy spreads
04.06	Cheese and curd
04.07	Birds' eggs, in shell, fresh, preserved or cooked
04.08	Birds' eggs, not in shell, and egg yolks, fresh, dried, cooked by steaming or by boiling in water, molded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter
0409.00.00	Natural honey
0410.00.00	Edible products of animal origin, not elsewhere specified or included
0504.00.00	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof, fresh, chilled, frozen, salted, in brine, dried or smoked
05.11	Animal products not elsewhere specified or included; dead animals of chapter 1 or 3, unfit for human consumption
06.01 to 06.04	Live plants or flower producing products
07.01	Potatoes, fresh or chilled
0702.00.00	Tomatoes, fresh or chilled
07.03	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled
07.04	Cabbages, cauliflower, kohlrabi, kale and similar edible brassicas, fresh or chilled
07.05	Lettuce (*Lactuca sativa*) and chicory (*Cichorium spp*.), fresh or chilled
07.06	Carrots, turnips, salad beets (salad beetroot), salsify, celeriac, radishes and similar edible roots, fresh or chilled
0707.00.00	Cucumbers, including gherkins, fresh or chilled
07.08	Leguminous vegetables, shelled or unshelled, fresh or chilled
07.09	Other vegetables, fresh or chilled
07.13	Dried leguminous vegetables, shelled, whether or not skinned or split
07.14	Cassava (manioc), arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets; sago pith
08.01	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled
08.02	Other nuts, fresh or dried, whether or not shelled or peeled
08.03	Bananas and plantains, fresh or dried
08.04	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried
08.05	Citrus fruits, fresh or dried
08.06	Grapes, fresh or dried
08.07	Melons (including watermelons) and papayas (papaws), fresh
08.08	Apples, pears and quinces, fresh
08.09	Apricots, cherries, peaches (including nectarines), plums (including prune plums) and sloes, fresh
08.10	Other fruit, fresh
08.13	Fruit, dried, other than that of headings 0801 to 0806; mixtures of nuts or dried fruits of this chapter
09.01	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion
10.01 to 10.08	Cereals

HS Code	Description
12.01 to 12.14	Seeds and oleaginous fruits, whether or not broken, grains, seeds and diverse fruits, industrial or medicinal plants, cereal straw and husks, similar forage products, whether or not in the form of pellets
14.01	Vegetable materials of a kind used primarily for plaiting (for example, bamboos, rattans, reeds, rushes, osier, raffia, cleaned, bleached or dyed cereal straw, and lime bark)
1501.00.00	Pig fat (including lard) and poultry fat, other than that of heading 0209 or 1503
15.03 to 15.18	Animal or vegetable oils (destined for human alimentary needs)
16.01	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products
16.02	Other prepared or preserved meat, meat offal or blood
1901.10.00	Preparations for infant use, put up for retail sale: Containing over 10% by weight of milk solids
2207.10.10	Un-denatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher for pharmaceutical purposes
23.09	Preparations of a kind used in animal feeding
2501.00.20	Salt destined for human alimentary needs
30.01 to 30.06	Pharmaceutical products
31.01 to 31.05	Fertilizers
3601.00.00	Explosive powders
36.02	Explosive preparations, except explosive powders
38.08	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles (for example, sulphur treated bands, wicks and candles, and flypapers)
40.14	Baby bottles, nipples and tits of rubber, vulcanized not hardened
41.01	Raw hides and skins of bovine (including buffalo) or equine animals (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment dressed or further prepared), whether or not dehaired or split
41.02	Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment dressed or further prepared), whether or not with wool on or split, other than those excluded by note 1(c) to this chapter
41.03	Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment dressed or further prepared), whether or not dehaired or split, other than those excluded by note 1(b) or 1(c) to this chapter
7013.39.00	Baby bottles, of glass
93.01 to 93.07	Weapons and munitions, parts and accessories thereof

Source: Information provided by the authorities.

Table A4.1 Maritime transport in Cabo Verde, 2008-12

	2008	2009	2010	2011	2012
			(No.)		
Total vessels	**6,171**	**6,111**	**6,238**	**7,849**	**6,660**
Long-distance	1,294	1,235	1,303	1,295	1,082
Docked/moored	1,037	965	1,002	953	833
National	28	14	6	15	25
Foreign	1,009	951	996	938	808
Anchored	257	270	301	342	249
National	3	2	0	1	1
Foreign	254	268	301	341	248
Cabotage	4,877	4,876	4,935	6,554	5,578
Docked/moored	4,697	4,683	4,709	6,407	5,433
Anchored	180	193	226	147	145
			(1,000 tonne)		
Total goods	**2,148**	**1,865**	**1,850**	**2,048**	**1,892**
Long-distance	1,435	1,201	1,189	1,219	1,050
Loaded	106	70	55	73	55
Unloaded	1,329	1,131	1,134	1,147	995
General cargo	172	136	158	163	146
Containers	451	412	392	396	339
Liquid bulk	271	228	257	291	246
Solid grains	235	161	195	201	189
Sacked goods	206	186	169	151	121
Transit	101	77	18	17	9
Cabotage	712	664	660	829	842
Loaded	242	207	189	262	280
Unloaded	235	212	194	270	277
Liquid bulk	236	246	277	296	285
Total container	**584**	**544**	**468**	**482**	**444**
Long-distance	554	510	455	461	400
Loaded	80	78	83	77	73
Unloaded	365	344	367	374	324
Decanting	10	4	4	9	2
Trans-shipment	99	85	1	1	0
Cabotage	30	34	13	21	44
Loaded	15	16	6	6	37
Unloaded	14	18	7	15	7
Transhipment	0	0	0	0	0
			(No.)		
Total passengers	**712,709**	**689,357**	**673,241**	**864,218**	**826,194**
Cabotage	689,698	670,942	655,798	838,490	789,215
Disembarked	334,739	329,222	324,834	411,976	386,613
Embarked	335,127	325,470	322,524	408,931	386,645
Transit	19,832	16,250	8,440	17,583	15,957
Long-distance	23,011	18,415	17,443	25,728	36,979
Disembarked	82	7	13	508	574
Embarked	20	72	8	262	599
Transit	22,909	18,336	17,422	24,958	35,806

Source: ENAPOR Stat. Viewed at: http://www.enapor.cv/portal/V10/EN/aspx/index.aspx.

Table A4.2 Tourism basic indicators, 2008-14

	2008	2009	2010	2011	2012	2013	2014
Number of arrivals ('000)	285	287	336	428	482	503	494
Receipts (€ million)	240	206	210	265	306	333	302
Receipts (% of total exports)	49.7	50.1	43.7	45.2	50.0	50.8	43.9
Receipts (% of GDP)	19.7	16.7	16.7	19.7	22.5	24.1	21.4
Number of hotels	158	173	178	195	207	222	229
Number of rooms	6,172	6,367	5,891	7,901	8,522	9,058	10,839
Number of beds	11,420	11,720	11,397	14,076	14,999	15,995	18,188
Accommodation capacity	13,708	14,098	13,862	17,025	18,194	19,428	23,171
Service personnel	4,081	4,120	4,058	5,178	5,385	5,755	6,282
Memo: Arrivals by major countries ('000)							
EU	233	243	296	379	400	391	377
of which:							
United Kingdom	52	57	72	90	115	95	97
France	21	23	43	67	70	74	62
Portugal	58	51	60	66	68	58	60
Germany	33	40	49	60	67	74	69
United States	4	4	3	4	5	4	3
Switzerland	3	2	2	6	4	4	5
South Africa	0.2	0.2	0.2	3	0.3	1	0.4

Source: *Inventário Anual aos Estabelecimentos Hoteleiros 2012 Folha de Informação Rápida, Estatísticas do Turismo 2013 and 2014, Instituto Nacional de Estatística*; UN World Tourism Organization, Yearbook of Tourism Statistics Data 2008-2012, 2014 edition; World Bank, World Development Indicators. Viewed at: http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators; and the information provided by the authorities.

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