



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

**COUNCIL DECISION**

**establishing the Community position within the General Council of the World Trade Organization on the accession of the Republic of Cape Verde to the World Trade Organization**

(presented by the Commission)

## **EXPLANATORY MEMORANDUM**

### **Overview of the Terms of Cape Verde's Accession to the WTO**

#### **I. INTRODUCTION**

Members of the World Trade Organisation (WTO) and the Republic of Cape Verde have reached the concluding stage of agreement on the terms for Cape Verde's accession to the organisation. This comes after eight years of negotiations, which began when Cape Verde submitted its application to join the WTO in 1999. There must now be a Council Decision approving the terms of Cape Verde's accession, before the EU can formally support Cape Verde's entry.

A summary of the terms of the accession is set out below.

#### **II. SUMMARY OF TERMS OF CAPE VERDE'S WTO ACCESSION BY SECTOR**

##### ***Goods***

The simple average of Cape Verde's applied rates on industrial goods is 10.9%. The average of the initial bound rates (IBR) is at 17.7%, which will be reduced to 14.6% final bound rates (FBR) in the average staging period of 3 years. 60% of all tariff lines will be at or below 15% duty rates. Around 10% of the lines will remain at peak level above 25%. All tariffs will be bound.

On agricultural goods, the average of the initial bound rates (IBR) is at 15.1%, which will be reduced to 13.4% (FBR) in the average staging period 3 years. The highest rates are found in beer and non-alcoholic beverages sectors at FBR 55% and mineral waters and potatoes at 35%.

These levels are very low considering the LDC status of Cape Verde. The EC practice as regards average rates required from an LDC are 30% for industrial goods and 40% for agricultural goods. Cape Verde is participating in the EPA negotiations as a member of the West African region, and is a member of ECOWAS.

##### ***Services***

The accession negotiations also focused strongly on services, of paramount importance both to the EU as the world's leading exporter in this field and to Cape Verde given the important role of services to its economic development. Cape Verde's commitments cover a wide range of service sectors essential to attract investment and build up the economic infrastructure necessary for Cape Verde's development and growth, including:

Computer and related services: The whole sector will be open.

Telecommunication services: Monopoly rights for CV Telecom will cease to apply after 2012. Cape Verde will also apply the Reference Paper on Telecommunication services.

Construction services: Cape Verde has made very substantial commitments in this sector.

Distribution services: Although some products are excluded (e.g. precious metals and pharmaceuticals) and some ownership restrictions apply in the retailing sector, Cape Verde has made significant commitments in this sector.

Environmental services: Cape Verde has made full commitments in this sector.

Travel and Tourism services: Cape Verde's commitments in this sector take into account its level of development and also recognise the importance of this sector to its economy.

Ownership restrictions apply to restaurants and a joint venture requirement is applicable to travel agencies and tour operators.

Financial services: Cape Verde has made good commitments across a wide range of financial services, including both banking and insurance services.

Transport services: Cape Verde's commitments provides unrestricted access to international maritime transport (both for passengers and freight) and access to port services on reasonable and non discriminatory terms and conditions.

### ***Protocol commitments***

In the final, multilateral stage of the accession process, WTO Members collectively sought to ensure the basic compatibility of Cape Verde's trade laws and institutions with WTO rules and agreements, setting these out in the Protocol of accession and Working Party Report. The following issues are of particular interest to the EU:

#### Trading rights

Cape Verde has committed to grant full trading rights to foreign operators upon accession. Cape Verde will also amend its commercial legislation regarding commercial registration and registration fees accordingly, to equalise the treatment of domestic and foreign operators, and import and export activities in comparison to other commercial activities.

#### Quantitative import restrictions and licensing systems

Cape Verde will eliminate all quantitative restrictions on imports from the date of accession. The import licensing regime would also be brought into compliance with the WTO rules, including the Agreement on Import Licensing Procedures, upon accession.

#### Subsidies

Cape Verde has currently two subsidy programmes that provide prohibited export subsidies. Cape Verde has taken on a commitment to phase out all prohibited subsidies by end 2009.

#### Areas where transition periods have been requested

Customs valuation: Cape Verde will be in full compliance with the WTO Agreement on Customs Valuation by end 2010.

Sanitary and Phytosanitary measures: Cape Verde will be in full compliance with the WTO SPS Agreement by end 2009.

Intellectual Property rights: Cape Verde will be in full compliance with the TRIPS Agreement by end 2012, except in areas of pharmaceutical products and data protection, where full compliance will be reached by end 2015.

### **III. RECOMMENDATION**

In submitting the terms of Accession of the Republic of Cape Verde to the WTO for approval by the Council, the Commission commends these terms as representing a balanced but ambitious package of market opening commitments, which will bring substantial benefits to Cape Verde and her WTO trading partners alike.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 133(1) and 133(5) in conjunction with the second subparagraph of Article 300(2) thereof

Having regard to the proposal from the Commission,

Whereas:

- (1) On 11 November 1999 the Government of the Republic of Cape Verde applied for accession to the Agreement establishing the World Trade Organization (WTO), pursuant to Article XII of that Agreement.
- (2) A Working Party on Cape Verde's accession was established on 17 July 2000 in order to reach agreement on terms of accession acceptable to the Republic of Cape Verde and all WTO Members.
- (3) The Commission, on behalf of the Community, negotiated a comprehensive series of market opening commitments on the part of the Republic of Cape Verde which are of particular importance to the Community, as set out in a memorandum agreed between the negotiators of the Republic of Cape Verde and the Commission on 26 October 2007.
- (4) These commitments are now embodied in the Protocol of Accession of the Republic of Cape Verde to the WTO.
- (5) Accession to the WTO is expected to make a positive and lasting contribution to the process of economic reform and sustainable development in the Republic of Cape Verde.
- (6) The Protocol of Accession should therefore be approved.
- (7) Article XII of the Agreement establishing the WTO provides that the terms of accession are to be agreed between the acceding Member and the WTO, and that the Ministerial Conference of the WTO approves the terms of accession on the WTO side. Article IV.2 of the Agreement establishing the WTO provides that in the intervals between meetings of the Ministerial Conference, its functions shall be conducted by the General Council.
- (8) Accordingly, it is necessary to establish the position to be taken by the Community within the General Council,

HAS DECIDED AS FOLLOWS:

*Sole Article*

1. The position to be taken by the Community within the General Council of the WTO on the accession of the Republic of Cape Verde to the WTO, is to approve the accession.
2. This position shall be expressed by the Commission on behalf of the Community.

Done at Brussels,

*For the Council  
The President*