



Doing Business in Sao Tome & Principe

2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Sao Tome & Principe

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Market Overview

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- Sao Tome and Principe (STP) is located in the Gulf of Guinea and has a population of approximately 187,000 people according to the 2012 census.
- STP gained independence from Portugal in 1975. The two countries maintain strong economic, political, and cultural ties.
- On August 7, 2011, former President Manuel Pinto da Costa won the presidential election and was sworn in to office on September 3. President Pinto da Costa was also President from 1975 to 1990 when he ushered in multi-party rule. Since his election, he has focused his efforts on ensuring national stability and fighting corruption.
- The government of former Prime Minister Patrice Trovoada, which was in power since August 2010, was dismissed through a motion of censure presented by the opposition parties in Parliament on November 28, 2012. The new government, headed by Prime Minister Gabriel Costa, was sworn in on December 12, 2012.
- Gross Domestic Product (GDP) per capita in 2013 was estimated at USD \$2,200.
- STP's 2014 budget calls for expenditures of \$165.65 million and projects 2014 economic growth at five percent.
- The economy is reliant on agriculture, with cocoa production accounting for 78% of total exports in 2013. STP is attempting to develop the tourism industry.
- Total exports in 2013 were estimated at \$12.1 million compared to \$12.2 in 2012.
- STP uses the Dobra (STD), which is valued at approximately 18,100 STD=1 USD. The Dobra is pegged to the Euro.

Market Challenges

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- Sao Tome and Principe is one of the poorest countries in the world. An estimated 53.8 percent of STP's population lives in poverty. The government is dependent upon donors for at least 55 percent of its budget.
- Aside from donor funding, the economy remains primarily dependent on agriculture, with a small but growing contribution from tourism.
- Attempts to diversify the economy are achieving minimal success. A lack of basic infrastructure (roads, electricity, and water) hampers investment.
- STP suffers from isolation from potential markets, limited institutional capacity, and a limited resource base, both human and natural.
- STP has a small internal market and limited access to foreign capital.

Market Opportunities

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- Until recently, STP was thought to have significant oil and gas deposits that were expected to transform STP's economy. More recent exploration suggests that energy reserves are much smaller than originally expected and of questionable commercial viability. In September 2013, French energy firm Total withdrew from Block 1 in the Joint Development Zone with Nigeria after disappointing exploration results.
- Tourism is one of the island nation's most promising sectors, with the potential for attracting foreign investment.
- The liberalization of the telecommunications market and the power sector may provide opportunities for investment.
- Long discussed plans to construct a deep water port may provide investment opportunities.
- Recent Millennium Challenge Account (MCC)-driven reforms of the business climate and tax and customs regimes have increased the attractiveness of STP as an investment destination.
- Despite recent declines, agriculture will continue to be an important sector.
- Fishing is a potential growth sector.

Market Entry Strategy

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- There are no U.S. companies operating in STP.
- Visiting STP and meeting key players in the government is vital to doing business in Sao Tome and Principe.
- STP is a member of several multi-lateral organizations, including the Economic Community of Central African States (ECCAS) and the Community of Portuguese Language Countries (CPLP).

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5434.htm>

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Using an Agent or Distributor

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There are currently no local companies that act as agents or distributors for U.S. companies. For example, Coca-Cola is sold through a Portuguese distributor that buys products directly from Portugal. However, there are some local companies that have experience working with U.S. companies. To find a local agent for a company, contact a U.S. Department of Commerce district office and request ADS (agents/distributors service). If Commerce records do not already contain suitable prospects, the office will ask the U.S. Embassy in Libreville for information.

Establishing an Office

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There are no agencies or brokers that provide services to simplify the procedures for establishing an office in Sao Tome and Principe, but there is now a one-stop window to assist in simplifying the process. Some companies prefer to hire a legal office for assistance, but recent progress due to the Millennium Challenge Corporation (MCC) program significantly reduced the cost and waiting period to start a new business. It now takes between three to five days and costs about \$278. The following is a general description of how a foreign company can establish a local office:

1. Provide full company related documentation, translated into Portuguese.
2. Check the uniqueness of the proposed company name and reserve a name.
3. Notarize the company statutes with the Registration Office in the Ministry of Justice.

4. File a company declaration with the Office of Taxation in the Ministry of Planning and Finance.
5. Register with the Social Security Office in the Ministry of Health and Social Affairs.
6. Publish the incorporation notice in the official gazette (Diario da Republica).
7. Publish the incorporation notice in a national newspaper.
8. Register the company with the Commercial Registry in the Ministry of Commerce, Industry and Tourism.
9. Apply for a commercial operations permit (alvara).
10. Apply for a taxpayer identification number with the Office of Taxation in the Ministry of Planning and Finance.
11. Register employees with the Social Security Office.
12. Other documents needed include: 1) copies of the by-laws of the parent company and of the minutes of the meeting of the board of directors in which the opening of the STP branch is approved; 2) a certificate of appointment of the general manager in STP; 3) a copy of any agreement signed with a Saotomean company or with the government of STP; 4) two copies of the application to the Court for authorization to operate; and 5) two photographs and a copy of the passport of the General Manager.

For more information contact:

GUE – Guichê Único para Empresas (Single Window)
Ministério da Justiça, Administração Pública e Assuntos Parlamentares (Ministry of Justice, Public Administration, and Parliamentary Affairs)
Avenida Amílcar Cabral, Edifício da Sat Insurance 1.ºAndar
Contacto: (+239) 22-21-040, (+239) 22-22-402, (+239) 99-17-711
Fax: (+239) 22-22-256
E-mail: s_ilma3@hotmail.com, ilmasal3@gmail.com
Web Site: www.gue-stp.net

Direção de Comercio (Trade Department)
Ministério de Comercio, Industria e Turismo
Rua Viriato da Cruz
Tel. +239 22-21-484
São Tomé, São Tomé e Príncipe

Direção dos Impostos (Tax Department)
Ministério de Plano e Finanças
Praça da Independência
Tel. +239 22-21-518
São Tomé, São Tomé e Príncipe

Instituto de Segurança Social (Social Security Institute)
Ministério da Saude e Assuntos Sociais (Ministry of Health and Social Affairs)
Praça Yon Gato
Tel. +239 22-21-382, +239 22-21-110
São Tomé, São Tomé e Príncipe

Câmara do Comercio, Industria e Agricultura (Chamber of Commerce)
Avenida 12 de Julho
Tel.: +239 22-21-409, +239 22-22-723
São Tomé, São Tomé e Príncipe

Franchising

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There are currently no U.S. franchises in STP and opportunities are limited.

Direct Marketing

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There are no restrictions on foreign firms directly marketing products in STP.

Joint Ventures/Licensing

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Joint ventures and licensing agreements are few.

Selling to the Government

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U.S. firms interested in selling directly to the government should ensure that funds have been allocated in the Saotomean budget. To confirm this, contact each relevant Ministry to confirm the Government budgeted funds for the project or procurement.

Distribution and Sales Channels

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Most U.S. products sold in STP are marketed through Saotomean agents working directly with Portuguese counterparts. This means there is no direct contact between STP and the U.S. company, only the Portuguese company representing the U.S. brand.

COCA COLA

Saotobega, Lda
Lucumi, Sao Tome
P.O. Box: 57
Phone: (239) 22-25-762/99-04-407
Fax: (239) 22-21-013
E-mail: saotobega@cstome.net

CIEM

HP/CATERPILLAR
P.O. Box: 137
São Tomé, São Tomé e Príncipe
Manager: Mr. Carlos Cruz
Phone: (239) 22-22-396
Fax: (239) 22-22-974
E-mail: ciem@cstome.net

CFAO MOTORS STP

P.O. Box: 605
Rua de Angola

São Tomé, São Tomé e Príncipe
Manager: Teresa Brilha
Phone: (239) 22-26-767
Fax: (239) 22-22-543
E-mail: teresabilha@cstome.net

VIP Motors Ltd

Grupo Salvador Caetano
Ford Dealer
Av. Marginal 12 de Julho
P.O.Box: 747
São Tome, São Tome and Príncipe
Tel.: (239) 22-24-158
Fax: (239) 22-26-843
Email: vipmotors.stp@gmail.com

Ceca Gadis STP LDA/Super CKDO

Av. Marginal 12 de Julho
Passadeira do Hospital
Manager: António Serra
P.O. Box 756
Tel.: (239) 22-22-135
Email: superckdostp.dir@cecagadis.com

Selling Factors/Techniques

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The general public obtains its information through the following mediums: approximately 90% through the radio, 75% through television, and 15%-20% through newspapers.

Electronic Commerce

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E-commerce is not widely used and is not a practical means of doing business in STP.

Trade Promotion and Advertising

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The general public obtains its information through the National Television and National Radio Station. A smaller percentage of people read newspapers. Following are some of the major news organizations in Sao Tome and Principe:

TVS – Televisao de Sao Tome e Principe
Bairo Quinta de Santo Antonio
Sao Tome, Sao Tome e Principe
Tel. (239) 222 10 41; (239) 22-21-493; (239) 22-22-970

RNS – Radio Nacional de Sao Tome e Principe
Avenida Marginal 12 de Julho
C.P. 44
Sao Tome, Sao Tome e Principe
Tel. (239) 22-23-293; (239) 22-22-875; (239) 22-21-342
Fax: (239) 22-23-293

Correio da Semana (newspaper)
Avenida Amilcar Cabral, n.o 382
Sao Tome, Sao Tome e Principe
Tel. (239) 22-25-299
Email: correiodasemana@cstome.net

RTP Africa – Radio Televisao Portuguesa – Africa
Avenida das Nações Unidas
Sao Tome, Sao Tome e Principe
Tel: (239) 22-23-613, (239) 22-23-616
Fax: (239) 22-23-614

Pricing

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Prices in Sao Tome and Principe are high because most goods are imported. International transportation costs and high customs duties are considerable factors in selling goods.

Sales Service/Customer Support

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Good customer service, follow-up services, and inventories can confer a significant competitive advantage.

Protecting Your Intellectual Property

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The Department of Commerce in the Ministry of Commerce, Industry and Tourism handles patents and copyrights.

Protecting Your Intellectual Property in Sao Tome & Principe:

Several general principles are important for effective management of intellectual property (“IP”) rights in Sao Tome & Principe. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Sao Tome & Principe than in the U.S. Third, rights must be registered and enforced in Sao Tome & Principe, under local laws. Your U.S. trademark and patent registrations will not protect you in Sao Tome & Principe. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Sao Tome & Principe market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Sao Tome & Principe. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may

wish to seek advice from local attorneys or IP consultants who are experts in Sao Tome & Principe law. The U.S. Commercial Service can provide a list of local lawyers upon request [If this list is available on embassy website, hyperlink here].

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Sao Tome & Principe require constant attention. Work with legal counsel familiar with Sao Tome & Principe laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Sao Tome & Principe or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Sao Tome & Principe at: <http://www.uspto.gov/ip/global/attache/>.

Due Diligence

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All U.S. companies are advised to exercise due diligence before doing business in STP.

Local Professional Services

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Retaining an attorney is not required, but a local attorney may be best placed to handle many of the routine problems that may arise.

Web Resources

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Official Government Web Page: www.gov.st

STP Welcome Page: www.saotome.st

Official Presidential Web Page: www.presidencia.st

Statistic Department: www.ine.st

Parliament: www.parlamento.st

The Central Bank: www.bcstp.st

The Ministry of Foreign Affairs: www.mnecc.gov.st

The Supreme Court of Justice: www.stj.st

The Tourism General Department: www.stptourism.st

GUE – The Single Window (Guichê Único para Empresas): www.gue-stp.net

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Tourism

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STP has considerable potential as a tourist destination. STP has exceptionally beautiful landscapes, many endemic bird species, a secure and tranquil atmosphere both in the cities and the countryside, interesting architecture, and a friendly population. CNN selected STP as a “[Dream Destination for 2014](#).” There are a few Portuguese, South African, and other international luxury hotel chains located on the islands of Sao Tome and Principe.

Sub-Sector Best Prospects

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Small-scale tourism operations such as eco-lodges and tour guide companies.

Opportunities

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Small-scale tourism operations such as eco-lodges and tour guide companies.

Web Resources

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<http://www.africas-eden.com/Omali-Lodge.asp>

<http://www.africas-eden.com/Bom-Bom-Island-Resort.asp>

<http://www.pestana.com/en/pestana-sao-tome-hotel/pages/home.aspx>

Infrastructure

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The government of STP is seeking international investors for a deep water port. The port project hopes to connect American, European, Asian, and African continents with large and modern ships, often called fifth generation ships. STP officials hope that a new deep water port could serve as a trans-shipment point connecting the U.S., Europe, Asia, and Africa. This project is a high priority for the government and the government of STP is looking for potential investors and partners.

The European Union is financing some infrastructure projects in STP, including reparations of a national road, which serves the southern part of the island. This rehabilitation renewed about 50 kilometers of the road and several bridges. With this road rehabilitated, it facilitates the transportation of people and products from the city of Sao Tome to the southern part of the country, which has great potential for tourism.

Telecommunications were also improved thanks to the connection of the country communication system to the undersea fiber optic cable that came ashore to STP in 2012. The internet connection is currently faster and the country's telecommunications now provide 3G services.

Sub-Sector Best Prospects

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Port, telecommunications, education, health, and roads.

Opportunities

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Opportunities exist for port construction, telecommunications diversification, and general infrastructure upgrades.

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Petroleum

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The possibility of oil discoveries has boosted private investment in the banking and services sector. However, to date, there have not been any major oil finds and the prospects for oil production remain uncertain. There are oil blocks in both the Joint Development Zone (JDZ) with Nigeria and the Exclusive Economic Zone (EEZ). The country now has a legal framework for the oil sector, which includes among others the Framework Law on Petroleum Operations (Petroleum Act), the Petroleum Taxation Act, Model Production Sharing Contract, and a law which organizes the Exclusive Economic Zone in three zones and 19 exploration blocks. There is also a special law for petroleum management, called the Framework Law of Oil Revenues.

There are currently no companies producing petroleum in either the JDZ or the EEZ, and in recent years both Total and Sinopec abandoned oil blocks after disappointing exploration results. Although STP is surrounded by countries with considerable oil reserves, it is unclear if STP has commercially viable reserves.

Sub-Sector Best Prospects

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When or if STP commences oil production, there will be significant complementary opportunities for oil services companies.

Opportunities

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Opportunities remain to be seen pending commercially viable finds.

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The agricultural sector in Sao Tome and Principe is small, but expanded agricultural production, especially organic coffee and cocoa, is expected to be the main driver of economic growth over the near term. The economy is based on agriculture, with cocoa production accounting for a large percentage of total exports. There is currently one company exporting chocolate to the U.S. A small amount of tropical flowers are also produced in country and are currently being exported to Europe.

Agricultural production has been declining due to market size and profitability challenges. High transport costs remain a significant barrier to increased agricultural exports. However, there is great potential in the agricultural products market because the land is fertile and the weather conducive to the harvesting of tropical products including fruits, vegetables, flowers, and tree seedlings.

Most of STP's farming opportunities are untapped. There is no precedent for mass production, but gourmet and high-market value produce thrive in STP.

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Import Tariffs

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Import tariffs in Sao Tome and Principe follow the outline below:

- No import tariffs for milk and wheat.
- Common External Tariff – 5% for Category One products (e.g., basic products), 10% for Category Two (e.g., raw materials), 20% for Category Three (e.g., intermediate products such as most food and cosmetics), and 70% for Category Four (all alcoholic products and cigarettes).

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All categories of products may be imported into Sao Tome and Principe, except pork.

Import Requirements and Documentation

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A bill of lading and an invoice must accompany all goods entering STP. Import permits and sanitary and phytosanitary certificates are required for farm produce (including meat and poultry) and permits must also be issued for hazardous products (weapons, explosives, chemical products). STP does not require an import license for other products.

U.S. Export Controls

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Information unavailable.

Temporary Entry

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Some goods enter STP duty free on a temporary basis. For certain sectors (oil, construction, and tourism), the law suspends custom duties in the form of temporary

admission or exemptions on all entry taxes/duties for the importation of material required in its operations.

Labeling and Marking Requirements

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There is no special labeling or marking requirements in STP.

Prohibited and Restricted Imports

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The importation of pork is prohibited due to concerns about swine flu.

Customs Regulations and Contact Information

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Customs Office (Direcao das Alfandegas)
Ministerio de Plano e Financas
Largo das Alfandegas
Tel.: (239) 22-24-896, (239) 22-22-389
Sao Tome, Sao Tome and Principe

Standards

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STP generally follows Portuguese standards, but has no central standards or regulatory agency.

Standards Organizations

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Sao Tome and Principe follows CEMAC general standards.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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There is no STP body that performs conformity assessments.

Product Certification

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Telecommunication equipment is required to obtain a certificate by AGER, STP's General Regulating Agency for telecommunications.

Accreditation

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There is no STP body that performs accreditation.

Publication of Technical Regulations

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There is no STP body that publishes technical regulations.

Labeling and Marking

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There is no special labeling or marking requirements.

Contacts

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Ministry of Commerce, Industry and Tourism
Largo das Alfândegas
São Tome,
São Tome and Principe
Tel. (239) 22-24-657; (239) 22-24-875

Trade Agreements

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Sao Tome and Principe is a member of the Economic Community of Central African States (ECCAS).

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Economic Community of Central African States (ECCAS): <http://www.ceeac-eccas.org/>

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Executive Summary

Sao Tome and Principe (STP) is taking positive steps toward improving its investment climate and making the country a more attractive destination for foreign investment. A new investment code, introduced in 2007, sets forth a modern legal framework for foreign investment. A Millennium Challenge Corporation Country Threshold Program, conducted from 2007 to 2011, modernized STP's customs administration, reformed its tax policies, and made it considerably less burdensome to start a new business. An anti-money laundering / counter-terrorist financing law adopted in 2013 brought STP into compliance with international standards. STP is a stable, multi-party democracy and the government is working to combat corruption and create an open and transparent business environment. Due to its limited domestic capital, STP is highly reliant on outside investment and as such is committed to taking necessary reforms to improve its investment climate.

The consensus among government authorities and economic analysts is that considerable foreign investment is needed for STP to realize its development goals and potential. However, foreign investors face challenges identifying viable investment opportunities due to STP's weak domestic economy, inadequate infrastructure, small market, and physical isolation. STP is one of the poorest countries in the world. The World Bank estimates STP's population at roughly 188,000 and its 2012 gross domestic product (GDP) at around \$263 million. With very limited revenue sources, roughly 62 percent of STP's budget is financed by foreign assistance from main partners including

Taiwan, Angola, and Nigeria. Tourism, fisheries, infrastructure, and agriculture present the most promising investment opportunities. STP's extensive maritime domain may present opportunities for hydrocarbon production as technology improves. Seeking to capitalize on its strategic location in the Gulf of Guinea, STP's government has long sought to attract investment for a deepwater port. As a former Portuguese colony, STP's economic ties with Portugal and other Lusophone countries, such as Angola and Brazil, are strong.

STP is stable politically, and the government and business class appear focused on building consensus to develop the country economically and to improve basic social services for the country's young and growing population. Although STP experiences periodic peaceful demonstrations, it has a recent history of peaceful political transitions. President Manuel Pinto da Costa is supportive of increased foreign investment and welcomes closer U.S. engagement on economic matters. Legislative and municipal elections are scheduled for 2014, but specific dates have not been announced.

Openness to Foreign Investment

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The Investment Code of 2007 provides for both public and mixed capital investments, allowing foreign investment in every sector of economic activity except limited areas reserved to the State (activities related to the military and paramilitary sectors and the operations of the Central Bank). The STP government is focused on development of agriculture as a driver of economic growth, with other areas open to foreign investment including fisheries, tourism, construction, port and airport infrastructure and services, transportation, telecommunications, financial services, electricity, water and sanitation services, production of basic consumer goods, and natural resources (oil and gas). The 2007 investment code sets forth a legal framework under which only investments above \$250,000 are eligible for benefits and guarantees.

STP has taken steps to facilitate investment and improve the business environment in recent years. The Millennium Challenge Corporation (MCC) worked with STP from 2007 to 2010 on a Threshold Country Program (TCP) to improve investment opportunities, including creating a "one-stop shop" to help encourage new investments by making it easier and cheaper to import and export goods, reducing the time required to start a new business, and improving STP's tax and customs administration. Between 2010 and 2013, STP estimates that tax revenues increased by 37 percent, with customs revenues up 38 percent. According to the International Financial Corporation's (IFC) Doing Business 2013 report, starting a business in STP takes seven days.

Due to its location in the oil-rich Gulf of Guinea, STP is thought to have potentially large offshore oil and gas deposits. However, to date, there have not been any major oil finds and the prospects for oil production remain uncertain. In September 2013, the French energy firm Total abandoned Block 1 in the STP-Nigeria Joint Development Zone (JDZ), a discouraging sign for development of the sector. Total's move came a year after Sinopec and its subsidiary Addax similarly abandoned three blocks in the JDZ. Both the JDZ and STP's Exclusive Economic Zone (EEZ) are open for international bidding. STP is well prepared for any future oil discoveries. In 2004, STP adopted a widely-praised Oil Revenue Management Law and created a National Oil Agency (ANP) with staff trained by the World Bank and the Norwegian Agency for Development Aid. Pursuant to the 2004 oil law, oil revenue will accrue in a National Oil Account (NOA) and invested, with income generated by the NOA covering all STP's public budget needs in the long

term under optimistic scenarios. Optimism over possibly massive oil discoveries in the early 2000s fueled a boom in private investment in the banking and services sector that has since petered out.

STP has long expressed interest in building a deep water port that could serve as a regional transportation hub and “safe harbor” in order to accommodate large ship sizes and volume. With such a port, STP hopes to leverage its strategic location in Africa and become a significant transshipment service provider between Africa and the rest of the world. The government has divided the program into smaller projects in the hopes of attracting investors. Some companies, including French, Russian, and Chinese private sector showed interest in investing in the deep water port, but to date the government has not been able to secure financing for the project.

In October 2012 STP was connected to the ACE fiber optic cable which runs from France along the coast of West Africa. The installation of the ACE cable increased STP’s internet speed by a factor of 100 while significantly lowering prices. The new cable was put in use beginning in January 2013.

Of note, STP received the best ranking among Central African countries in Transparency International’s 2013 Corruption Index.

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	72 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation’s Economic Freedom index	2013	157 of 177	http://www.heritage.org/index/ranking
World Bank’s Doing Business Report “Ease of Doing Business”	2013	169 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2013	Not ranked.	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 1310	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

TABLE 1B - Scorecards: The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or \$4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here:

<http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards, are available here:

<http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>.

Conversion and Transfer Policies

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The Central Bank of STP (BCSTP) supervises the national financial system and defines monetary and exchange rate policies in the country. Among other responsibilities, the BCSTP sells hard currencies and establishes indicative interest rates. There is no difficulty in obtaining foreign exchange. The dobra (denoted by the acronym "STD") is the country's national currency. As of May, 2014, one U.S. dollar is equivalent to about 18,000 STD.

In July 2009, STP and Portugal signed an economic cooperation agreement with the objective of fixing the STD to the Euro rather than a weighted basket of currencies. As a result, the STD is pegged to the Euro at an exchange rate of 1 Euro equal to STD 24,500.00. This anchorage offers a credible parity, minimizes the monetary instability costs, and provides better credibility for the exchange rate and monetary policy. It should also attract more direct foreign investment alleviate the problems of exchange rates in the commercial relationship between STP and Europe.

Repatriation of capital is possible with prior authorization. Transfer of profits outside of STP is also allowed after the deductions for legal and statutory reserves and the payment of existing taxes. Reinvestments are encouraged by the State with associated reductions in income taxes.

Expropriation and Compensation

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The government maintains strong protections over all types of property, including private property, and the right of citizens to own and use property. Expropriation is allowed for projects deemed to be in the national public interest, but only occurs with adequate compensation. There is no evidence to suggest that repatriation would be undertaken in a discriminatory manner or in violation of established principles of international law.

Aside from a massive land expropriation from colonial farmers in 1976 -- later recognized by the government as detrimental to the economy of STP -- there have not been any documented cases of expropriation of foreign-owned properties. The government has reportedly considered expropriating land to expand the runway on Sao Tome, but has thus far been reluctant to take that step out of concern that any expropriation will be a deterrent to new investment in STP.

Dispute Settlement

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Disputes are generally solved amicably without litigation, and there are few known instances of disagreements involving foreign investors reaching international courts.

Performance Requirements and Incentives

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There are no specific performance requirements imposed as a condition for establishing, maintaining, or expanding investment. There are no requirements for investors to buy local products, to export a certain percentage of output, or to invest in a specific geographical area. There is no blanket requirement that nationals own shares in foreign investments in STP. The visa application process is straightforward and transparent and it is very easy to be approved for a visa and/or work permit. However, Sao Tomean Embassies and Consulates worldwide at which such applications can be processed remain scarce. STP recently began accepting online visa applications, but it is not yet clear how well the new system works. For information on submitting an online visa application, see www.smf.st/inicio/html.

According to the 2007 Investment Code, investments above \$250,000 are eligible for benefits and guarantees. Investments under \$250,000 are no longer eligible but would be protected against expropriation. Qualifying investment projects will benefit from fiscal incentives. Incentives also include the use of state-owned buildings and/or land for the duration of investment projects, as well as the provision of administrative services to facilitate the process of obtaining access to state-owned buildings and land.

Right to Private Ownership and Establishment

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Foreigners are free to establish and own business enterprises and engage in all forms of business activity in STP, with the exception of the military sector. Prohibitions exist in the ownership of certain types of guns. In addition, the form of public participation (percentage of government ownership in joint ventures) varies with each agreement.

STP is gradually moving towards open competition in all sectors of the economy, and competitive equality is the official standard applied to private enterprises in competition with public enterprises with respect to access to markets, credit, and other business operations. Former public monopolies in farming, banking, insurance, airline services, telecommunications, and trade (export and import) have been eliminated.

Protection of Property Rights

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STP guarantees private property rights, and expropriation for public use must be accompanied by a fair, adequate, and effective payment in advance. U.S. companies have not raised intellectual property rights concerns with the Embassy.

Transparency of Regulatory System

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The laws and regulations that affect direct investment, such as environmental rules and health and safety regulations, are non-discriminatory and apply equally to foreign and domestic firms. STP tax laws reward Sao Tomeans who return to their home country, while also containing provisions for attracting non-Sao Tomean personnel to live and work in STP.

Labor, health, and safety laws exist but are haphazardly enforced. There are some reports that the process of terminating unsatisfactory employees is cumbersome and that protective labor laws make it very difficult to bring skilled foreign-national specialists such as pilots, engineers, or architects into STP.

The MCC Threshold Program provided a range of assistance to customs and finance departments, including training in auditing, collection registration, returns processing, public affairs, forms development, and information technology. As a result of the MCC program, STP replaced the information technology systems previously used by the Department of Taxation and established a network connecting the primary revenue producing departments of the government (the Central Bank, the “one-stop shop,” and the Department of the Treasury) to increase revenue collection.

Efficient Capital Markets and Portfolio Investment

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The banking system in STP has seen significant development in recent years. Until recently, STP had only one commercial bank. Currently, there are eight private commercial banks, seven of which were opened in the last six years. Portuguese, Angolan, Nigerian, Cameroonian, and Togolese interests (as well as those of STP) are represented in the ownership and management of the commercial banks. The Gabonese Investment Bank (BGFI) opened its Sao Tomean operation in March 2012. Depending on conflicting reports, Island Bank either already has or imminently will cease operations.

Commercial banks offer most corporate banking services, or can procure them from overseas. Local credit to the private sector is limited and expensive, but available to both foreign and local investors on equal terms. The country's main economic actors finance themselves outside STP. Commercial banks have transferred excess liquidity to correspondent banks outside the region.

Competition from State Owned Enterprises

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When the cocoa plantations were shut down in the late 1990s, most SOEs also were closed. SOEs remain in only five industries: BISTP (banking), EMAE (Water and Power Supply Company), ENAPORT (Port Authority Company), ENASA (Airport Authority Company), and CST (Telecommunication Company). CST is operating under a joint venture with the Portuguese Telecommunication Company (PT). The government holds 49 percent of CST, while PT owns 51 percent of the company. BISTP is owned by the STP government (48 percent), the Portuguese Caixa Geral de Depositos (27 percent), and the African Investment Bank (25 percent). The other three state-owned companies operate under government management but with a certain financial autonomy separate from government coffers. The Ministry of Finance and the Court of Auditors audit the SOEs on an annual basis. STP has begun privatizing the remaining SOEs. Rights to ENAPORT and ENASA have already been partially transferred to the Angolan company SONANGOL for a period of 40 years, with the STP government retaining a 20 percent interest in each.

STP is dependent on foreign aid for budget support and it does not have a Sovereign Wealth Fund (SWF) or Asset Management Bureau (AMB). The oil revenue management law does instruct the Government to manage oil revenue in a manner that

will save for future generations. However, oil discovery is still only a potential and not yet a reality.

Corporate Social Responsibility

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There are no rules or legislation pertaining to CSR in STP.

Political Violence

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STP is a vibrant democracy where politicians and the public have a history of accepting government changes resulting from elections. STP is characterized by relative stability, lack of ethnic tensions, and a relaxed lifestyle which locals refer to in Portuguese as *leve–leve* (take it easy). Political violence is rare, as a high premium is placed on consensus in decision-making.

STP has a commendable human rights record and demonstrates a respect for citizens' and workers' rights. Strikes are not the primary means to settle labor disputes and labor strikes have been rare in recent times.

Since independence in 1975, there have been no incidents of politically motivated attacks on projects or installations. Anti-American sentiment is very limited and civil disorder is rare. There is a maritime piracy and terrorism threat in the Gulf of Guinea, but, to date, there have been no incidents involving STP, which has been an active partner in regional maritime security efforts.

Corruption

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STP has made significant progress in recent years combatting corruption. In 2013 STP ranked 72 on Transparency International's 2013 Corruption Index, a marked improvement over its showing in years past. In 2011 STP was ranked 100, and in 2008 it ranked 121. STP's ranking in the 2013 Corruption Index is the best of any Central African country.

STP's positive trajectory on Transparency International's Corruption Index is reflective of the numerous reforms undertaken by the government in recent years. A new anti-corruption law was approved and publicized in 2012. To better control corruption by government agencies and civil servants and to track the flow of money, a new requirement was put in place that requires all payments to government entities over \$5 to be made directly at the Central Bank and all salary payments to civil servants to be paid directly to the employees' accounts at commercial banks. A widely praised oil revenue management law was enacted in 2004 to responsibly manage any future oil revenue. On October 26, 2011, the international Extractive Industries Transparency Initiative (EITI) board approved STP's application for EITI Candidate status. The government has also taken steps to review and update existing contracts with some foreign companies to better support liberalization and free market competition. The government has denounced corruption and pledged to take steps necessary steps to prevent and combat it.

Although corruption in customs was historically an issue for foreign investors, an MCC Threshold Program resulted in a modern customs code and related decrees. The MCC

program introduced a modern customs tracking software and eliminated manual procedures to remove the link between the customs agents and cash payments. As a result, customs revenues have significantly increased while incidents of corruption have reportedly declined. This modernization effort represents a fundamental legislative change from colonial-era customs law and processes to internationally recognized and transparent best practices and principles.

On August 15, 2013, the STP Parliament adopted a fully amended and restated anti-money laundering/counter-terrorist financing (AML/CFT) law which complies with international standards. Of note, the law includes a clear description of the crimes involving money laundering and terrorism financing activities, specifies the persons and entities that can be held criminally responsible, describes the sanctions that can be imposed and the assets that can be confiscated in connection with the criminal activities, and sets forth STP's regulatory structure going forward. A central agency, the Financial Information Unit (UIFr), is designated as the central agency in STP with responsibility for investigating suspect transactions. After appearing on previous versions, STP was removed from the Financial Action Task Force's October 18, 2013 (FATF) list of countries that have strategic deficiencies in their AML/CFT standards and that have not made sufficient progress in addressing the deficiencies. STP is a member of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-style regional body.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:

<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. STP is a party to the UN Convention, but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. STP is not a party to the OECD Convention.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. STP is a party to the UN Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) STP is not a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery,

money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) STP is not a party to the Council of Europe Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. STP does not have an FTA in place with the United States.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further

information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which

presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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As of December 2012, the U.S. has no bilateral investment or taxation treaty with STP. STP has signed bilateral investment agreements with Portugal, Angola, and Gabon but is party to no bilateral taxation treaties.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) is authorized to do business in STP.

Labor

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A significant portion of STP's workforce is young, relatively well-educated and multilingual (Portuguese and French). However, further training of the workforce is needed as the economy continues to develop. The cost for basic unskilled labor is about \$55 per month, and it is increasing over time. Minimum wage, workday, overtime, paid annual vacations, and holidays are established by STP labor laws but generally only enforced for public servants. Women are entitled to state-funded maternity leave for a period of 30 days before and 30 days after childbirth. The law does not prohibit anti-union discrimination or retaliation against strikers. Labor laws, including occupational health and safety standards, are poorly enforced due to a lack of resources. Workers' collective bargaining agreements remain relatively weak due to the government's role as the principal employer and key interlocutor in labor matters, including wages.

Foreign-Trade Zones/Free Ports

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STP currently has no free trade zones or free ports. The Free Zone Authority (AZF) was established to create a free trade zone in STP but was shuttered in late 2011 due to lack of interest. All the activities related to the free trade zone are now done directly through the Minister of Planning and Development.

Foreign Direct Investment Statistics

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STP's size, combined with its lack of human and financial resources, has made it difficult for the country to attract foreign direct investment (FDI). STP is heavily reliant on foreign assistance. FDI is increasing due to structural macroeconomic reforms that have increased investor confidence. According to the United Nations Conference on Trade and Development (UNCTAD), FDI inward flows to STP reached \$50 million in 2012, up from \$36 million in 2007 and \$4 million in 2002. FDI inward stock in FDI was \$344 million in 2012. Most investment has come from Portugal and, more recently, from Angola and Nigeria. FDI outward flows from STP were \$1 million in 2012. The USTR notes that STP was the United States' 222 largest goods trading partner in 2012, with U.S. exports of around \$870,000 and U.S. imports of around \$553,000. The largest U.S. exports in 2012 were machinery (\$230,000), pharmaceutical products (\$164,000), vehicles (\$117,000), electrical machinery (\$77,000), and chemical products (\$70,000). Main U.S. imports in 2012 included paper and paperboard (\$234,000), machinery (\$203,000), and cocoa (\$26,000).

TABLE 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (Millions U.S. Dollars)	2012 (As reported in 2014 budget)	\$278.2 million (4,949,182 million dobras at 17787 dobras/\$)	2012	\$263.4 million	http://www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other

U.S. FDI in partner country (<i>Millions U.S. Dollars, stock positions</i>)	N/A	Not Available	N/A	Not Available	N/A
Host country's FDI in the United States (<i>Millions U.S. Dollars, stock positions</i>)	N/A	Not Available	N/A	Not Available	N/A
Total inbound stock of FDI as % host GDP	N/A	Not Available	N/A	Not Available	

* Provide sources of host country statistical data used.

TABLE 3: Sources and Destination of FDI

Not Available.

TABLE 4: Sources of Portfolio Investment

Not Available.

Contact Point at Post

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- Mark Hitchcock
- Economic and Commercial Officer
- United States Embassy Libreville / Sabliere, B.P. 4000 / Libreville, Gabon
- (241) 0145-7100
- HitchcockMJ@state.gov

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
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How Do I Get Paid (Methods of Payment)

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Payment is usually made by irrevocable letters of credit.

How Does the Banking System Operate

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Sao Tome and Principe's banking system includes one Central Bank (*Banco Central de Sao Tome e Principe* - BCSTP) and seven commercial banks, including:

- ECOBANK
- Afriland First Bank (Cameroonian)
- Commercial Bank of Sao Tome and Principe (COBSTP) (Cameroonian)
- Island Bank (Nigerian)
- Oceanic Bank (Nigerian)
- Banco Equador (Angolan)
- BGFI (Gabon)

The first commercial bank that started operating in Sao Tome and Principe was Banco Internacional de Sao Tome e Principe (BISTP), a joint venture between the Government of STP and the Portuguese bank Caixa Geral de Depositos, which is also a state-owned bank. The Gabonese Investment Bank (BGFI) started its operation in Sao Tome and Principe in March 2012. All the commercial banks are supervised by the BCSTP.

Foreign-Exchange Controls

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The Central Bank of STP (BCSTP) supervises the national financial system. Among other responsibilities, the BCSTP sells hard currencies and establishes indicative interest rates. The dobra (STD) is the country's national currency. Since January 2010, the STD is pegged to the Euro at the exchange rate of 1 Euro to STD 24,500.00. The exchange rate for U.S. dollar depends on the exchange rate in relation to Euro, but as of June 2014 one U.S. dollar is equivalent to about 18,100 STD. The government has been working closely with the BCSTP to ensure that greater inflows of foreign exchange translate into an increase in access to raw materials for business.

Repatriation of capital is possible with prior authorization. Transfers of profits outside STP are limited to 15% of the capital invested.

U.S. Banks and Local Correspondent Banks

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There are no U.S. banks operating in Sao Tome and Principe. Portuguese banks are used for transferring services.

Project Financing

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Projects may be financed through national or international institutions.

Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Chapter 8: Business Travel

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Business Customs

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Sao Tome and Principe inherited the Portuguese legal system after independence in 1975. Business law is mostly based on Portuguese law, and business customs are similar to those in Europe and the U.S.

Travel Advisory

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In Sao Tome and Principe, petty thievery can be a problem. U.S. citizens should maintain security awareness at all times. More information on traveling to Sao Tome and Principe may be obtained through the Consular Information Sheet at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1010.html.

Visa Requirements

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A passport and visa are required for entry into Sao Tome and Principe. Proof of yellow fever vaccination may be required for entry. Visas must be obtained in advance, as airport visas are not available. Travelers should obtain the latest information and details from the Permanent Mission of Sao Tome and Principe to the United Nations, 400 Park Ave., 7th Floor, New York, NY 10022, telephone (212) 317-0533, fax (212) 317-0580. Overseas, inquiries should be made at the nearest São Tomean embassy or consulate.

STP authorities recently implemented an online visa process accessible through the following link: <http://www.smf.st/virtualvisa/>. This new website is in English and streamlines the visa application process for potential visitors to STP. This process remains unreliable, however.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

Telecommunications

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Telecommunications are generally adequate. Local and long distance telephone service is available 24 hours a day. Cellular service is offered widely in Sao Tome and Principe. Telephone rates are much higher than those in the U.S. Local connection to the Internet is available through *Companhia Santomense de Telecomunicacoes*, or CST. Broadband internet (e.g., ADSL) is available to companies. STP is now connected to a fiber optical cable that runs from Europe to South Africa. As the result of this connection, the internet service became considerably faster and it opened an opportunity for another operator on the local market. As the result of the international tender conducted in 2013, UNITEL, an Angolan telecommunication company won the rights to operate in STP. Now UNITEL has until March 2014 to begin STP operations. With more completion, STP's telecommunication services are expected to improve and become less costly.

Transportation

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International airlines serving Sao Tome are Air Portugal (TAP), Angola Airlines (TAAG), STP Airways, Ceiba Intercontinental and SCD Aviation. Travel to the United States necessarily includes a layover. Direct flights to Lisbon are available twice a week. There are also direct flights to several major cities in Central and West Africa.

Sao Tome and Principe International Airport is near downtown. STP has a reasonable road network, and there are only two airports in country, one in Sao Tome and one in Santo Antonio, Principe Island. SCD Aviation is the only airline currently providing domestic flights.

Taxis and car rental are available in Sao Tome and Principe. The principal hotels offer bus service to and from the international airport to the city of Sao Tome.

Language

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Portuguese is STP's official language. English is not widely spoken. Hotels may arrange for translation and interpretation services.

Health

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Medical facilities are limited. A list of doctors may be obtained through the Embassy's consular section or at http://libreville.usembassy.gov/medical_information.html. Malaria is endemic in STP. Malaria suppressants are strongly recommended and should be started prior to arrival. Travelers should drink only bottled water or bottled drinks. Hygiene at restaurants is generally good.

Local Time, Business Hours, and Holidays

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Local time is GMT.

Business hours: 7:00 AM – 12:00PM 12:30 PM – 15:30 PM

STP Holidays in 2014 are:

January 1	New Year's Day
January 4	Amador's Day

February 3	Martyr's Day
May 1	Labor Day
July 12	Independence Day
September 6	Armed Forces' Day
September 30	Reforms Day
December 21	Saint Thomas (<i>Sao Tome</i>) Day
December 25	Christmas

Temporary Entry of Materials and Personal Belongings

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Some goods enter STP duty free on a temporary basis. For certain sectors (oil, construction and tourism), the law suspends custom duties in the form of temporary admission or exemptions on all entry taxes/duties for the importation of material required in its operations.

Web Resources

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State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Libreville: http://libreville.usembassy.gov/visa_services.html

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts

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American Embassy Libreville/Sao Tome

Chargé d'Affaires a.i. – Dante Paradiso
Economic/Commercial Officer – Mark Hitchcock
Economic/Commercial Assistant – Nelson de Assuncao

U.S. Mailing Address:
2270 Libreville Place
Washington, DC 20521-2270

Local Address:
Sablière B.P. 4000
Libreville, Gabon
Tel: (241) 01-45-71-00
<http://libreville.usembassy.gov/index.html>

Government of Sao Tome and Principe

Prime Minister
Gabriel Arcanjo Ferreira da Costa

Minister of Defense and the Interior
Óscar Aguiar Sacramento e Sousa

Minister of Foreign Affairs, Cooperation and Communities
Natália Pedro da Costa Umbelina Neto

Minister of Planning and Finance
Hélio Silva Vaz d'Almeida.

Minister of Public Works, Infrastructure, Natural Resources, and Environment
Fernando Maquengo Freitas

Minister of Agriculture, Fisheries, and Rural Development
António Álvaro da Craça Dias

Minister of Trade, Industry, and Tourism
Demóstenes Vasconcelos Pires dos Santos

Minister of Justice, Public Administration, and Parliamentary Affairs
Edite Ramos da Costa Temjua

Minister of Health and Social Affairs
Maria Tome D'Araujo

Minister of Education, Culture, and Training
Jorge Lopes Bom Jesus

Minister of Youth and Sports
Danilson Alcantara Fernandes Cotu

Direção de Comercio
Ministério de Comercio, Industria e Turismo
Rua Viriato da Cruz
Tel. (239) 22-21-484
São Tomé, São Tomé e Príncipe

Direção dos Impostos
Ministério de Plano e Finanças
Praça da Independência
Tel. (239) 22-21-518
São Tomé, São Tomé e Príncipe

Direção de Registos e Notariados
Ministério da Justiça
Avenida 12 de Julho
Tel.: (239) 22-21-347, (239) 22-22-452
São Tomé, São Tomé e Príncipe

Instituto de Segurança Social
Ministerio da Saúde e Assuntos Sociais
Praça Yon Gato
Tel. (239) 22 21 382, (239) 22 21 110
São Tomé, São Tomé e Príncipe

Câmara do Comercio, Industria e Agricultura
Avenida 12 de Julho
Tel.: (239) 22-21-409, (239) 22-22-723
São Tomé, São Tomé e Príncipe

Banco Central de Sao Tome e Principe
Avenida Marginal 12 de Julho
Tel.: (239) 22-43-700, (239) 22-21-966
Sao Tome, Sao Tome e Principe

Commercial Banks

Banco Internacional de Sao Tome e Principe – BISTP
Praça da Independência

Tel.: (239) 22-43-100
bcentral@cstome.net
São Tomé, São Tomé e Príncipe

Banco Equador
Rua de Mocambique
Tel.: (239) 22-26-150, (239) 22-26-151
www.bancoequador.st
be@bancoequador.st
Sao Tome, Sao Tome e Principe

Island Bank SA
Rua da Guine
C.P. 1044
Tel.: (239) 22-27-491, (239) 22-27-490
Sao Tome, Sao Tome e Principe

Commercial Bank – Sao Tome e Principe
Avenida Marginal 12 de Julho
C.P 1109 Sao Tome
Tel.: (239) 22-27-677, (239) 22-27-678

ECOBANK Sao Tome
Edificio HB
Travessa do Pelourinho
C.P. 316 São Tome
Tel.: (239) 22-22-141
Fax (239) 22-22-672
ecobankst@ecobank.com
www.ecobank.com

Afriland First Bank STP
Praça da Independencia
Sao Tome, Sao Tome and Principe
Tel.: (239) 22-26-749
Fax: (239) 22-26-747

Oceanic bank STP
Rua Gago Coutinho
Sao Tome, Sao Tome and Principe
Tel.: (239) 22-22-689

Investment Bank

BGFI Bank São Tomé e Príncipe, S.A.
Banco Comercial e de Investimento
BGFI Holding Corporation S.A.
Av. Marginal 12 de Julho
CP 744 – São Tomé
República Democrática de São Tomé e Príncipe
Tel.: (239) 22-21-603/22-21-492

Fax: (239) 22-21-713
Email: bgfibankst@bgfi.com
www.bgfi.com
General Director: Felisberto CASTILHO

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

(Add link to trade events section of local buyusa.gov website here or just delete this text.)

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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://www.buyusa.gov/>.

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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