

Decree no. 33.98

CODE ON FREE ZONES AND OFFSHORE ACTIVITIES

As part of the effort to accomplish the decision on providing facilities to the regional and international markets at a world level, which has been assumed for more than one decade, on December 31, 1995, by the political power - Laws no. 61/95, 62/95 and 70/95 were passed, establishing the basic legal regulation for the free zone and offshore activities in Sao Tome & Principe.

From then on, the detailed regulation of the multiple subdivided issues through which the implementation and the development of the referred activities in the country will be performed has been part of the agenda.

The Code on free zone and Offshore activities that is being presented today will performed this fundamental need. It establishes a modern and flexible legal regime that translates de fair balance between the investor and business community interests and concerns in general, on one side, and those of the national community, on the other.

The Code adjusts the investor interest in profit, in confidence and insurance, in transparence, in foresight ability to the country interest in creating employment, wealth, and social and economic progress, as well as in the environment preserving and in the equitable participation in the prosperity generated by the free zone and offshore activity development.

By creating the Free Zone Authority, an entity that was inspired by the "One Stop Shop" principles, it puts together a great many powers traditionally assigned to several State Bodies.

By creating the Training Promotion Fund (*Fundo para a Promoção de Formação*) and the National Development Corporation (*Sociedade Nacional de Desenvolvimento*), two complementary entities to the Authority, with wide functions for the dissemination of the benefits generated by the free zone and offshore activity development to the national social tissue,

By establishing simple, safe, transparent, foresighted mechanisms and those that perform participative management and administrative regimes,

By assigning exclusive power to private concessionaires in everything that concerns the organization, management and business development,

By offering a large and sophisticated core of incentives which goes from tax and fee exemption to privatization of telecommunication, electromagnetic spectrum and orbital entry,

By creating conditions to develop several business, telecommunication-based activities, and through Internet.

The Code represents a powerful contribution to turn the country comparative advantages into competitive advantages and turn Sao Tome & Principe into a business-oriented center at world level.

Under these terms, in fulfilling what it is decreed :

- In the article 30 of the Law-Decree no 61/95 of December 31, published in the 3rd Supplement of the Diário da República no 15, and
- In the article 46 of the Law-Decree no 70/95 of December 31, published in the 7th Supplement of the already mentioned Diário da República, and
- Under the power defined by the paragraph c) of the article 99 of the Constitution, the Government of Sao Tome & Principe Democratic Republic decrees and I promulgate the following:

Article 1

1. The **CODE ON FREE ZONE AND OFFSHORE ACTIVITIES** which is an essential part of the present Decree is approved and enacted.

2. The paying tax and duty lists by the recipients of the free zone and offshore regimes is also approved and enacted.

Article 2

A Special Supplement is created in the Diário da República for the act and contract advertising related to the free zone and offshore activities

Article 3

The Free Zone Authority's decisions take the shape of a **NOTICE** and they take only effect after respective publication.

Article 4

All doubts and defaults that the application of the Free Zone and Offshore Activity Code raise, will be solved, in the Minister Council, after listening to the **FZA**, and will be publicized by the Prime Minister dispatch.

Article 5

After maximum delay of 8 days, counting from the date of present decree effectiveness, the Free Zone Authority should be created, put in place and be given minimum needful means allowing it to operate, at least for the first six months.

Article 6

The present decree takes effect on the day of its publication.

Seen and Approved in the Minister Council on September 1, 1998 – Prime Minister and Government Chief, Raul Bragança Neto. – Minister of Justice, Labor and Public Administration, Amaro Pereira do Couto. – by the Minister of Foreign Affairs and Communities, João Quaresma Viegas Bexigas. – Minister of Defense and Internal Order, João Quaresma Viegas Bexigas. – by the Minister of Plan and Finance, Acácio Elba Bonfim. – by the Minister of Education, Culture and Sport, Cosme Bonfim Afonso Rita. – Minister of Social Infrastructure and Environment, Arlindo Afonso de Carvalho. – Minister of Agriculture and Fishing, Hermenegildo de Assunção Sousa e Santos. – Minister of Health, Eduardo do Carmo Ferreira de Matos. – Minister of Trade, Industry and Tourism, Cosme Bonfim Afonso Rita.

Promulgated on October 28, 1998

Be published

President of Republic, Miguel Anjos da Cunha Lisboa Trovoada.

CODE ON FREE ZONE AND OFFSHORE ACTIVITIES

TITLE I

General Part

CHAPTER I

Definitions

Article 1

Concepts

The words, expressions and below mentioned abbreviations have the following definitions:

- a) **Free Zone Authority**, Authority or **FZA** – Self-governing entity, entitled with executive power assigned to it by the government, to manage and oversee all the issues related with the free and offshore activities, including the registration of offshore companies, instruction of the process of license concession for offshore bank operation and other incentive regimes for investments.
- b) **Free Zone** – Means a physically fenced in part of customs of Sao Tome & Principe aimed to receive agreed companies to which it is applied the free zone regime defined by the Law Decree no 61/95.

- c) **Free Point** – Means a Free Zone with only one agreed company.
- d) **Concessionaire** – Means a private sponsor, authorized by the government to plan, develop and manage real property and fulfill other assigned tasks on the Free Zone Concession Convention.
- e) **Homologation Office** – Means the **FZA** main body, to which they are assigned the tasks foreseen on the Law Decrees no 61/95 and no 62/95.
- f) **CITES** – Means the Convention on International Trade of Fauna and Flora threatened with extinction.
- g) **Permanent Police Contingent** – Means a body of National Police in charge of, in coordination with the zone Security Forces, enforcing the law and keeping public order
- h) **Code on Good Conduct** – Means a written accomplishment of good trade and personal conduct assumed by the companies and individuals that operate under free regime. Each concessionaire will submit the code to be applied in the referred zone to be approved by the Free Zone Authority.
- i) **General Development Plan** – designed in short **GDP** – Means the Project of a free zone in which it is specified the projected economic activities, the provisional plan to occupy the space, the execution steps, the Schedule and the estimated costs of the infrastructure construction.
- j) **RDSTP** – Means Sao Tome & Principe Democratic Republic.
- k) **Government** – Means The Government of Sao Tome & Principe Democratic Republic.
- l) **Law on Free Zone** – Means Law Decree no 61/95, published in the no. 3 Supplement of Diário da República no. 15 of December 1995.
- m) **Law on Offshore Bank Activity** – Means the Law Decree no. 62/95, published in the no. 3 Supplement of Diário da República no. 15 of 31st December 1995.
- n) **Law on Offshore Incorporated Companies** – Means the Law Decree no 70/95 published in the no. 7 Supplement of the Diário da República no. 15 of 31st December 1995.
- o) **Registration Office** – It has the same meaning as foreseen in the Law Decrees related to Free Regimes, Offshore Bank Activities and Offshore Incorporated Companies.
- p) **Offshore Company** – means an offshore company led by the Law Decree no. 70/95 of 31st December 1995.

- q) **Agreed Firm** – Means indifferently, a promoting company, a company operating under free regime or a free point.
- r) **Offshore Bank Activity** – Means all the operation and bank transactions accomplished with non residents on the national customs place, in foreign currency, distinct from the local Money, as stated by the Law Decree no 62/95.
- s) **Offshore Bank** – Means an offshore company licensed by the Central Bank of Sao Tome & Principe aiming to fulfill offshore bank activities, opening facilities, exclusively to people living outside the tax place of **RDSTP**, and not using the local Saotomean money for their transactions.
- t) **Residing Company** – Means all the entity registered under the offshore and free regimes and operating physically on **RDSTP** land.
- u) **Non Residing Company** – Means all the entity registered under the offshore and free regimes and operating physically outside **RDSTP** land.
- v) **Training Promotion Fund** – Means an Institution working as a Foundation aimed to promote and implement academic and professional training for Saotomean citizens and for community development, using among others Government funds, a percentage of funds raised from the creation, registration and licensing of offshore companies and annual base contribution, never higher than 1% of the business amount of the agreed companies.
- w) **Warrantor** – Means the person or firm selected by the concessionaire who assures good conduct of persons or firms which intend to reside or perform activities in the free zones of **RDSTP**.
- x) **Independent Institution for Filing and Preservation** – Means a foreign entity selected by the Authority, accountable for automatic filing of existing electronically sealed communications among the business community and the official communications between the Authority and the other parties. These files may be consulted by the arbitration bodies approved by the competent body whenever needed for solving disputes.
- y) **Internet Registration** – Means a data base of Internet names approved by the Authority, including the country given identifier < st >.
- z) **Minimum Capital** – Means the US\$ 5,000.00 corresponding to raised or endorsed capital under dispositions of the Law on Offshore Corporations.
- aa) **Orbital Arch**– Means an available portion of the International Telecommunication Union places reserved to the country members to settle satellites in geosynchronistical orbits.

- bb) **Residing Branch of Offshore Company** – Means a branch or collateral of foreign company with effective residence in a free **RDSTP** zone.
- cc) **Residing Offshore Consortium** – Means a consortium with effective residence in a free **RDSTP** zone.
- dd) **Residing Offshore Activity** regarding Individual Name – Means an activity regarding individual name without legal personality, with effective residence in a free **RDSTP** zone.
- ee) **National Development Society**, In short **NDS** – Means public enterprise created to manage the participation and other State business interests in enterprises and other agreed entities.
- ff) **Special Customs Unit**, in short **SCU** – Means the internal unit of the Free Zone Authority in charge of all business related to the handling of the free zone entry, in transit or leaving goods.
- gg) **National Company** – Means the company registered in DRSTP and with more than 50% Saotomean capital.
- hh) **UNIRTC** – Means the United Nations Commission for International Right and Trade.
- ii) **CIRDI** – Means International Center for Dispute Solving between the States and Citizens from other States.

TITLE II

Free Zone Authority

CHAPTER I

Authority Creation and Operation

Article 2

Authority Creation

It is created a central body, invested with enough powers to plan, implement, manage and oversee the free and offshore zone activities, including company registrations and licensing, named Free Zone Authority or simply Authority, in short named **FZA**.

Article 3

Legal Personality

FZA has got its own legal personality, performing its activities under the Prime Minister.

Article 4
Power Extension

FZA has got administrative, finance, functional and patrimonial autonomy, while performing its powers.

Article 5
Authority Powers

1. The Free Zone Authority has got, among others, the following powers:
 - a) To promote free and offshore activity development in the country
 - b) To issue licenses that have not been committed to other entities;
 - c) To authorize the creation of offshore companies, no matter their activity domain.
 - d) To supervise the Special Customs Unit;
 - e) To Control, oversee and supervise the free zones or the agreed companies under free regime;
 - f) To certify the conformity of the zones and the companies to the safety rules and the environmental protection;
 - g) To define the entrance ways, the fencing in and protection of the land reserved for the establishment of free zones and the building of basic infrastructures, in conformity with appropriated regulation;
 - h) To promote the link between the free zone activities with domestic economy

2. The Free Zone Authority has got particular powers to:
 - a) Authorize licenses and normal visit, annual residing and work visas in the free zones;
 - b) Appreciate, give advice and submit the following demands to the competent authorities:
 - License to establish free zones;
 - Visas;
 - Offshore Bank License, and;
 - License to render security service in the Free Zone;

- c) To propose the updating of Laws on free zone and offshore regimes;
- d) To promote the updating of the rules, codes and regulations related to free zone and offshore regimes, in the remaining cases, through the government proposal;
- e) To inquire and sanction violation of Laws, Rules, Codes and regulations through audit and control measures defined by the present Code.
- f) To propose the change of the fees, contributions, penalties and other tributes that impend on the free zone and offshore regime beneficiaries;
- g) To establish the compulsory procedures and forms, both for the registration and license request phase and for the annual activity report elaboration and presenting;
- h) To keep permanently available for public consultation all the rules, statutes, forms, regulations and existing arbitration procedures concerning the free zone and offshore regime;
- i) To provide that the concessionaires should also keep permanently available for consultation the rules, laws, codes, forms, regulations and procedures that have been published under the powers that they were committed to.

Article 6 **Budget**

FZA has got its own budget, annual elaborated and approved by the Board of Directors, owing its accounts to be controlled under the same terms and conditions as those of other public autonomous entities.

Article 7 **FZA revenues**

1. **FZA** revenues should essentially be raised from the following resources:
 - a) The **Budget** Transparences
 - b) Establishing offshore company registries;
 - c) Licensing fees for concessionaires’;
 - d) Licensing fees for bank entities, for games and other offshore activities;

- e) Penalties due to infractions against the legal dispositions on Free Zones and offshore activities;
 - f) Dividends from the National Development Society;
 - g) Names registries through Internet
 - h) Initial financial aids from donors and/or financial institutions.
2. The Free Zone Authority will keep 75% from the income raised from those resources to face the functioning and capital costs soon after its creation, under what is defined by the no. 1 of article 123.
 3. The salaries practiced by the FZA should be in accordance with the existing dispositions in the Law no. 2/97 on salary policy defined for State owned autonomous institutions.

Article 8
Remaining Revenues

1. All revenues that surpass those foreseen for the FZA, approved by the Board of Directors will be transferred to the Treasury.
2. The above mentioned transfers in no. 1 will be processed 30 days after the approval of the Authority exercise results and accounts.

Article 9
The Free Zone Lands

FZA will be able in the interest of Free Zones establishment, access or expansion to provide the State, local collectivity, Administratively Autonomous Institutions, or private owned land acquisition or exchange, obeying the related effective existing dispositions.

CHAPTER II
The Authority Organization and Management

Article 10
The Authority Management

1. The Free Zone Authority is managed by a Board of Directors, consisting of seven members, assigned by Decree from the Council of Ministers, being one of them President.

2. The FZA operating management is assured by an Executive Director, with a seat in the Board of Directors, but without voting right.

Article 11

Board of Directors Assignment

The Free Zone Authority's Board of Directors' member assignment will be led by the following criteria:

- a) Three will come from the private sector and proposed by the Trade, Industry, Agriculture and Service Chamber, being one of them from Região Autónoma of Príncipe;
- b) A representative from the Ministry responsible for Trade;
- c) A representative from the Ministry responsible for Economy and Finance;
- d) A representative from the Central Bank of Sao Tome & Principe;
- e) A representative from the Government of Região Autónoma of Príncipe.

Article 12

Board of Directors' Powers

As its mission the Board of Directors has got the following powers:

- a) To approve the political and strategic measures which are needed to fulfill the Authority objectives ;
- b) To approve the work plan, the operating budget, including salary regime and the officer and employee benefits, and the Authority financial plans;
- c) To approve the Authority programs and financing mechanisms;
- d) To approve the Authority internal rules and the administrative regulations that it finds appropriate for its best operation;
- e) To perform all the other functions and faculties which it is committed to under the Law, rules and other applicable dispositions .

Article 13

The mandate of the Board of Directors' members

1. The mandate of the Board of Directors' members is three years.

2. In any case the members of the FZA Board of Directors will not be able to fulfill more than two consecutive mandates.
3. In case of absence, death, dismissing or resignation of any of the Authority Board of Directors' members, the substitute one will always begin a new mandate.

Article 14
Executive Director

The executive Director assignment is done by decree approved by the Council of Ministers, considering the academic education, the technical knowledge and experience needed for the efficient Job performance.

Article 15
Executive Director Powers

1. On performing his/her functions the Free Zone Authority Executive Director will:
 - a) Organize, lead, coordinate, supervise all the Authority activities and services, being able to adopt all the pertinent measures for its good functioning;
 - b) Negotiate and celebrate all the contracts that are necessary to the fulfilling of the Authority objectives;
 - c) Represent the Authority at all the acts and contracts, having the possibility to delegate part or the total of these powers to one or several people;
 - d) Prepare and assure the secretarial works to the Board of Directors meetings;
 - e) Elaborate and submit to Board of Directors the Authority Internal Rule;
 - f) Write and submit to the Board of Directors the Authority report and accounts after being approved by the Board of Directors;
 - g) Perform the disciplinary power;
 - h) Fulfill and order the fulfilling of all the decisions taken by the Board of Directors, ensuring that those decisions are fulfilled and keep the Board informed on their being implemented;
 - i) Render account on the resources and the use of funds raised by and/or given to the Authority;

- j) Publish the annual operation report and accounts, as well as that of audit;
 - k) Assign the different Authority department Chiefs.
2. The Executive Director deeds can be appealed to the Board of Directors.

Article 16
Power Delegating

The Board of Directors will be able, within the limits fixed by the Law and by its Internal Rule, delegate its powers owing the appropriate document clearly establish the extension, time limit and the recipient.

Article 17
Board of Directors' Deliberations

The normative or institutional deliberations will only be worth whenever taken with the participation of at least two public sector representatives and the other two from the private sector.

Article 18
Account Rendering

1. After the approval by the Board of Directors, the FZA will submit to the Council of Ministers, four months after annual operating time, the activity report and the last year operating accounting for approval.
2. The above mentioned report and accounts will have to be compulsory submitted to the approval of the Council of Ministers, and instructed with the advice from a duly authorized audit institution.

Article 19
Earnings

1. The Board Members will have the right to perceive a meeting presence allowance which value will increase in proportion to the growth index of the income raised from the free zone and offshore activities.
2. All the staff within the different Authority structures will have the right to perceive a well competitive payment, composed by a fixed share and a variable one, depending on each one performance and on the growth index of the income raised by the free zone and offshore activities.

Article 20

Organic Structure

1. To the purpose of fulfilling its duties, the Free Zone Authority will obey the following organic structure, owing the duties and competences of each of them be defined by its own rule.
 - a) Homologation and Registration Office;
 - b) Study, Panning and Research Division;
 - c) Administrative Division;
 - d) Investor Protecting Division;
 - e) Marketing and Promotion Division;
 - f) Special Customs Unit;
2. According to their duties nature and scope, the above foreseen units will be able to build within itself more limited specific units.
3. Close to each Free Zone operates a FZA delegation, which composition and duties will be in its internal rule.

Article 21

Hiring Workers

With the exception of the Board of Directors' members and the Executive Director, the needed workers hiring to the FZA operation and is by rule done by public competition.

CHAPTER III

Supplementary Entities

Article 22

Training Promotion Fund

1. In the implementation and development program of the Free Zone and offshore activities a Training and Promotion Fund will be created to promote and implement the Saotomean citizens' academic and professional training and the community development.
2. It is due to the Training Promotion Fund to:
 - a) Finance the scholarship for capacity and experience building of Sao Tome and Principe citizens who may be interested in business and employment related to free zone and offshore activities;
 - b) Finance activities that aim the development of communities in the nearby of free zones.

3. The Training Promotion Fund should receive contributions from the following sources, among others:
 - a) Voluntary Contributions from **DRSTP** Government and from international donors;
 - b) 15% from the **FZA** income raised from company creation and registration, Internet site registration and license issuing;
 - c) Contributions from National Development Society; and
 - d) Up to 1% of residing offshore companies' business bulk, foreseen by the Law Decree on free zone regime.

Article 23

National Development Society

1. In the implementation and development program of the Free Zone and offshore activities there will be created a National Development Society to promote and implement the Saotomean citizens' academic and professional training and community development, protector of **DRSTP** interests in Free Zone developed by the private concessionaires.
2. It is due to the **NDS** to join together the State and private lands, infrastructure and electromagnetic spectra for free zone concessions and interest sharing to the stakeholders, including the Government, the Free Zone Authority and the Training Promotion Fund.

Article 24

Creation and Operation

Within a maximum delay of six months, counted from the day of its effectiveness the Authority should submit to the Government approval all the measures to be adopted in order to create and operate the National Development Society and The Training Promotion Fund.

CHAPTER IV

The Free Zone Controlling and Safeguard

Article 25

Special Customs Unit

1. A Special Customs Unit will operate under the custody of the Free Zone Authority, assisted by a Revenue Officer Unit in charge of all dispatching related to the handling of all goods that get into, go through or out of the Free Zone.
2. The Special Customs Unit is an organism depending on the FZA, owing its employees benefit from an addition depending on annual Free Zone import and export activity growth.
3. The Special Customs Unit is invested of powers to define goods keeping, stocking and handling related policies, namely its going in and out.
4. The Special Customs Unit will be still able to define policies:
 - a) Leading to keep and protect the accounting and import and export registries according to defined and electronically auditing parameters.
 - b) Leading to assure the in-transit goods safety between the Free Zones and the going in and out places and to other countries through compulsory guarantee or other means.

Article 26
The Police Powers

1. A Detachment of National Police will operate in all the free zones and its key objective is to guarantee public order, safety and peace.
2. It is due to FZA to appreciate the free zone private security body creation project proposed by the concessionaire which defines more clearly the delegated powers, the agent numbers, the communication system within the zone, the equipment and the intervention means to be used in emergency case, the trainings and the recruiting criteria and the accountable mechanisms.
3. A duly prepared project with the FZA opinion will have to be submitted to the Minister responsible for the public security force for his final approval.

CHAPTER V
Registration and License Concession

Article 27
Registration

1. The FZA will organize a data base to automatically establish and temporary register the offshore company, allowing them a prompt authorization to operate once they perform all the legal requested demands.
2. Notwithstanding the FZA will have a period of thirty days to verify all the given data and information by the above referred companies. If within this delay, it will not cancel the temporary register done before it will become conclusive.
3. All the offshore companies that operate under a temporary regime should declare in writing and in the electronic business communications that their offshore status is waiting for a final approval.

Article 28 **Licenses**

1. The conversion referred in previous article no. 2 gives conclusive status to the license needed for the effective operating of several business activities requested by the temporary registered companies, unless they are activities that may cause damages to environment, health or public safety and order.
2. The issued licenses are only valid for the activities which are referred to in it.

Article 29 **Registration Demands**

1. The offshore companies are considered registered whenever observed the following demands:

a) Non-residing Offshore Companies

- Filling in and delivering the FZA-type form;
- Verifying and confirming the nomination availability;
- Registration tax payment;
- Confirmed reception by the notary of the FZA code on good conduct,
- Accepting the regulations concerning the checking over of the statements made in the FZA-type forms.

b) Residing Offshore Companies

- Filling in and delivering the FZA-type form;
- Registration tax payment;
- Verifying and confirming the nomination availability;

- Confirmed reception by the notary of the FZA code on good conduct,
 - Accepting the regulations concerning the checking over of the statements made in the FZA-type forms.
2. -Proof given by a certain Free Zone concessionaire of his accepting it as a tenant.

a) Residing Branches of Offshore Company

- Filling in and delivering the FZA-type form;
 - Registration tax payment;
 - Verifying and confirming the nomination availability;
 - Confirmed reception by the notary of the FZA code on good conduct,
 - Accepting the regulations concerning the checking over of the statements made in the FZA-type forms.
3. -Proof given by a certain Free Zone concessionaire of his accepting it as a tenant.

a) Residing Offshore Consortium

- Filling in and delivering the FZA-type form;
 - Registration tax payment;
 - Verify and confirm the nomination availability;
 - Confirmed reception by the notary of the FZA code on good conduct,
 - Accepting the regulations concerning the checking over of the statements made in the FZA-type forms.
4. -Proof given by a certain Free Zone concessionaire of his accepting it as a tenant.

e)Actividades Offshore Residente em Nome Individual

5. Filling in and delivering the FZA-type form;
- Registration tax payment;
 - Verify and confirm the nomination availability;
 - Confirmed reception by the notary of the FZA code on good conduct,
 - Accepting the regulations concerning the checking over of the statements made in the FZA-type forms.
6. -Proof given by a certain Free Zone concessionaire of his accepting it as a tenant.
7. The other non mentioned offshore entities in the present rule will be registered according to the specific dispositions for that purpose adopted by the competent entity.

Article 30
License Concession

1. The license issuing as it is foreseen in the present Chapter is subjected to the submission to the conditions established by the effective legal dispositions and by the FZA.
2. The mentioned licenses in the previous paragraph are awarded to offshore companies that namely perform the following activities, without the exclusion of others which can be by chance authorized by the FZA:
 - a) Lottery and different games;
 - b) International Offshore Trust Trade, air service and special one;
 - c) Tourism, recreation and entertainment;
 - d) Agriculture and Industry;
 - e) Education, Sanitation and housing;
 - f) Offshore Bank;
 - g) Ship building, repairing and demolishing;
 - h) Telecommunications and Radio;

CHAPTER VI
INFORMATION SYSTEM

Article 31
Files

1. The FZA should create and keep permanently up dated and available for public consultation the following files:
 - a) Company Naming Data Base**

-Consultation should be done before proceeding to proposals for new company naming registries;
 - b) Data Base on Companies Residing in the Free Zones –**

-It registers all the existing physical and legal people in the zones, business nature and the type or quality of licenses which they are entitled to. Information relating to company proprietors and their respective addresses will be strictly confidential.
 - c) Data Base on Employment Opportunities**

-It contains the detailed description of all the employment opportunities offered by the residing companies in the free zones and that want to hire foreign workers or technicians;

d) Data Base on Human Resources

-It contains all the physical and legal Saotomean people record who want to be registered at the FZA, having therefore to give their address, expertise, experience, graduation, references as well as their certificate and license type and degree which they are entitled to;

e) Data Base on the Free Zone Provisioning Opportunities

-It contains today and future provisioning opportunities foreseen by the concessionaires and the sub-concessionaires which are the interest of national companies located in the DRSTP customs land. The mentioned opportunities include but are not limited to provisioning and services, engineering, infrastructure building and maintenance and real estate development.

f) Data Base on National Goods and Service Providers

-It contains the physical and legal Saotomean people record who have shown interest in giving answer to the free zone provisioning opportunities, having therefore gathered, among other data, their address, expertise, experience, graduation, references, as well as their certificate and license type and degree which they are entitled to;

g) Annual Report Filing

-It contains the annual reports of all the physical and legal people registered and licensed in the free zones. The annual reports are elaborated according to the requirements and specifically approved forms by the FZA on this purpose.

2. As soon as the technical and financial conditions may allow it, the FZA will promote the public access to non confidential information contained in the previous number mentioned files, through World Wide Web.

Article 32
Information Broadcast

1. The Free Zone Authority should promote the publishing, in the appropriate Diário da República series of all rules, regulations, deliberations or any other acts performed by it which directly or indirectly will affect the business community.

2. The rules, regulations, agreements, Good Conduct Codes, proposed by the concessionaires should be published in the appropriate Diário da República series, after the FZA approval.
3. As soon as the technical and financial conditions may allow it, the previous number mentioned publications should become available to the public through World Wide Web.

TITLE III

Free Zones

CHAPTER I

Establishing Free Zones

Article 33

Land and Infrastructure Ownership

1. National Development Society will make, according to the FZA recommendations a cadastral survey of land and collect the state land and infrastructure titles with the potentiality to develop Free Zones.
2. The public or para-public institutions that within a delay of twelve months counting from the date of the present law effectiveness provide propriety transfer to the National Development Society will be able to hold shares issued by it.
3. The share value is according to the ratio between the transferred propriety market price and total of National Development assets.
4. The National Development Society will also be able to enter into contracts with private sector owners for the transferred propriety in the same conditions of those referred to in the previous number.

Article 34

The Electric Magnetic Spectrum Use

1. The Ministry responsible for the Telecommunication sector should provide, within a delay of four months, counting from the date of this law effectiveness, a report on the present spectrum, its sharing and use, being still its responsibility to keep a data base on all frequency spectrums in use in the already established and identified free zone areas.
2. At the end of the delay referred in the previous number, the NDS should demand a report copy on the present spectrum.

3. To each concession made for future free zone it is given a non used electric magnetic spectrum share that was given to DRSTP by International Telecommunication Union which will not be smaller than the proportion between the Free Zone area and the country surface. This share can be used by the Concessionaire and/or the sub-concessionaires on a 24/24 hour exclusive basis after payment at market prices in favor of the National Development Society.
4. The **NDS** will also receive half the place of *<Orbital arc location>* that will be put at **DRSTP** disposal by International Telecommunication Union on Government demand. These locations can be part of future Free Zone concession bids.
5. Relating to the electric magnetic spectrum and the orbital arc location transfer that will be done with within a delay of 24 months, counting from the present law effectiveness date, the Government will be compensated with the shares issued by the **NDS**, which value is proportional to the market price of the transferred resources in relation to its total capital.

Article 35
Concession Bidding

The Free Zone Authority will put at private sector disposal, under awarding public bidding, the selected lands and the right to develop the electric magnetic spectrum as free zone concession under the *<built/operate/transfer>* BOT principle base, for the benefit of NDS and the stakeholders.

Article 36
Concession Marketing

1. The Free Zone Authority will promote an international marketing/promotion campaign and publicity, particularly next to potential investors at the aim of obtaining the answers to the concession bids.
2. On undertaking these marketing efforts, the Authority should search to use, as much as possible, the telecommunication system and video conferences at lower prices in order to reduce its charges.

Article 37
Concession Proposal Requirements

1. The Free Zone awarding bidding candidates should:
 - a) Prove through documents their financial capacity to develop the zone on respecting the established procedures by the Authority;

- b) Present the first draft of the General Development Plan;
- c) The candidates' proposal should still, among others, include a specific plan to:
- d) Provide firms that operate on performing basic services such as water, energy, telecommunications, transport or others, or get into contract or sub contract third parts to render those services;
- e) Take appropriate safety measures, including fences building and maintenance in order to keep the Free Zone apart from the country customs site;
- f) Provide the needed facilities to the customs entities so that they can perform their activities in the Zone;
- g) Establish operating regulations, including a Free Zone Good Conduct Code, according to the law and subjected to the Authority approval;
- h) Promote the Free Zone near potential investors;
- i) Provide financing guarantees to make and evaluate the environmental and social impact study.

Article 38

Temporary License Concession

1. The Authority will submit to the Prime Minister the temporary license concession Project, taking in consideration the prospective customer proposal, the checking result of his background and the competent FZA department recommendations.
2. While waiting for the formalities for the definitive license awarding, the prospective customer will be awarded a Free Zone concessionaire temporary license, free from any payment.
3. In the license referred in the previous numbers will be the respective validity term

Article 39

Environmental Impact Study

The concessionaire should provide funds for the environmental and social impact study evaluation of the Free Zone projected activities, which will be performed by an independent entity, selected by Free Zone Authority, after hearing the competent institution.

Article 40
General Development Plan

1. The concessionaire should promote technical studies on the zone and prepare plans with the recommendations made in the evaluation study on Environmental and social impact, making them reflect in the final version of the General Development Plan.
2. After hearing the competent departments, the FZA will approve the Zone General Development Plan proposed by the concessionaire, notifying him, in writing, within a delay of 15 days about the decision that was taken.
3. Once the approval notification of the Zone General Development Plan has been done and the intention to issue the license to the concessionaire has been expressed, the parties should formalize the agreements and make the needed payments to the concession conclusion.

Article 41

Definitive License Issuing

Within a delay of 7 days counting from the confirmation date of the deposit done by the Concessionaire of the amount mutually agreed in the FZA account, the Authority should:

- a) Award the definitive license to the concessionaire, signed by the Prime Minister;
- b) Order the publication in the appropriate Diário da República series the legislative act related to the Free Zone creation.

Article 42
Free Zone Development Beginning

1. The concessionaire has a maximum delay of 9 months counting from the definitive license issuing date to begin the Zone development.
2. Once elapsed this period without any of the referred development has been started by the concessionaire and in the absence of any dully founded justifications, the Board of Directors will propose the license canceling to the Prime Minister.

Article 43
The Beginning of the Activity in Geographically Separate Locations

1. According to the presented General Development Plan or after FZA authorization the concessionaire will begin the Zone development in several geographically separate locations from each other within the concession zone.
2. The Zone development is only allowed under the previous number terms whenever the concessionaire has fulfilled the requirements established by the FZA Special Customs Unit related to the national customs area integrity protection, and the people and in-transit goods moving safeguard between such points.

CHAPTER II

Allowed Activities in the Free Zones

Article 44 **Operation Conditions**

The residing companies that operate in the Free Zone can develop any legal, peaceful and honest activities in the conditions and terms established by law on Free Zones and under observation of implementation regulations established by FZA, the Good Conduct Codes, the agreements and rules adapted by the concessionaire.

Article 45 **Activities Nature**

The Zone companies can perform, for their account and risk, under registries, licenses, agreements and authorizations defined by FZA and by the concessionaire, the following activities:

- a) Any manufacturing, assembly, processing, complexion or stocking;
- b) Any processing related information, such as registry and data processing, computer assisted design, electronic publication, software development, to customer/technician and other operations, translation facilities, transcription and other similar facilities and connected ones.
- c) Any facility or bank financial product, that of bail, investment, trust and insurance, including the exchange operation through financial tool;
- d) Any transportation facility, including that of people or cargo, any energy based business, including its production, distribution or stocking, and still any other facility or state based infrastructures, subjected to health, safety and environment regulation;

- e) Any real property Project, industrial or commercial, residential or general infrastructure;
- f) To provide, sell, lease or perform facility or educational resources, including schools and universities, trade .or industrial settlement, offices, hotels or boarding house, churches or other religious houses, clubs, restaurants, marine clubs, playhouses, sports, entertainment or cultural activity.

CHAPTER III

Employment and Labor Regime

Article 46

Labor Agreement

The employees and workers who operate in the free zones are free to negotiate and conclude labor based agreements in the least established relevant International Labor Organization conventions.

Article 47

Worker Rights

The workers, who perform their activities in the free zones, have the international worker recognized rights, including the right to organize themselves and go through strike.

Article 48

Tax on Wages

1. In the country permanently resident workers, who perform their activities in the free zones have the obligation to pay the tax on wages.
2. It is due to the employer to make the discounts suitable to referred taxes and their respective delivery to the State in the legal delay.
3. To the purpose of present article, it is considered in the country permanently resident workers, the national ones, as well as those foreigners who have longer than three years valid visas.

Article 49

Social Security

The previous number referred workers at least benefit from the effective country based security regime.

Article 50
Hygiene and Security

The workers will keep security, hygiene and health based conditions at the work place in least the regulating rules, effective in Hong Kong.

Article 51
Priority Given to Nationals

The residing companies in the free zones that need to hire workers should give priority to hire saotomean citizens, who have shown interest in the employment opportunity in the free zones hiring and have been registered in the FZA Database on Human Resources.

Article 52
Foreign Workers

1. The interested residing companies in hiring foreign workers should firstly fulfill an FZA approved form, specifying the responsibility, skills and other needed requirements for the foreseen Job.
2. The data contained in the forms will be registered in the Database on Job opportunities, defined in the present Code.

Article 53
Opportunity Notification

The registered saotomean citizens in the Database on Human Resources will be notified about the related opportunities to their skills and experience.

Article 54
Candidature Presenting

Those interested will within a delay of five days present their candidature to FZA gathering for this effect their Professional skills, experience, language skills, references and availability proofs to perform the Job.

Article 55
Delay

The FZA will forward a candidature process copy to the employment interested entity, within the 48 hours following the previous number expiring delay.

Article 56
Hiring Decision

1. The employment entity should within maximum delay of two weeks interview the workers it has selected and decide whether hiring a national candidate or not.
2. In the decision process the employment entities should give priority to national candidates, who present qualification, experience and competence levels similar to the foreigners who are competing for the same jobs.

Article 57
Post-Hiring Obligations

1. Once selection and hiring process has been finished, the employment entity should:
 - a) Notify the Saotomean candidate of the decision taken;
 - b) Suggest specific improvements in the respective “curriculum vitae” so that the candidate chance in the employment market can be improved.
2. The preferred Saotomean candidates have right, within 2 days counting from notification, to appeal to the **FZA**.

TITLE IV

Free Zone Concessionaires

CHAPTER 1

Powers and Duties

Article 58
Background and Duties

Concessionaires are private sector entities selected by the FZA to develop specific Free Zone oriented areas under the law and the present code, performing the following duties:

- a) Real and other land property planning, financing, improving, building and managing;
- b) Direct supplying or through infrastructure, public service and playground sub-concessionaires;
- c) Free Zone promoting near the international investors;
- d) Elaboration of rules, Good Conduct Codes and Agreements to assure a good trade development environment in the Zone;
- e) Land, infrastructure or building leasing to companies that want to settle themselves in the Zone;
- f) Establishing a singular or collective <<warrantor>> network so that they can assure the good behavior of those who want to settle or engage in trade in the Zone.

Article 59
Environmental Rules

- 1. The Free Zone Authority enforces upon the concessionaires, sub-concessionaires and other entities operating in the Zones, at least, the fulfilling of the foreseen environmental rule requirements in effectiveness in South Africa.
- 2. The specific environmental rules to be proposed by each concessionaire should be confirming to **DRSTP** resident people, visitors, fauna and flora health and well being.

Article 60
Forbidden Activities

The referred rules in the previous article no. 2 should specially include total interdict from:

- a) Importing toxic residues to be stocked, destroyed or treated in the Free Zone;
- b) Importing radioactive material to be stocked, destroyed, processed or recycled in the Free Zone, except for therapeutic purpose and under expressed authorization;
- c) Importing, getting or trading narcotics and psychotropic substances, except for medical purpose and dully authorized;
- d) Cutting down trees in any part of the Free Zone for trade purpose;

- e) Picking up wild plants in any part of the Free Zone for trade purpose;
- f) Playing non authorized submarine chasing in any sea zone within the Free Zone;
- g) Capturing or hunting any wild birds, insects or animals, including the picking up of eggs within the Free Zone for trade purpose;
- h) Capturing <billfish> through operating ships from the Free Zone, in violation of international rules;
- i) Having immoderate interfering or causing damages to any Free Zone fauna or flora species the are included in the CITES list in regard to threatened species or also trading those related fauna or flora or their derived ones within the Free Zone;
- j) Polluting the Free Zone sea port and sites;
- k) Throwing household, industrial or chemistry wastes out of the appropriate .containers.

Article 61

Cooperation on Environmental Issues

The concessionaire should fully and continually cooperate with:

- a) The Interpol and other designated police institutions by **DRSTP** as well as other similarly out pointed States, in order to prevent the Free Zone from organized criminal activities, including trade and contraband of protected species in violation of the World Agreement on Trade and the Customs Laws of countries with which the Saotomean State has trade relationship;
- b) The national and international environmental protector agencies and entities and namely with respect of the agreements related to CITES.

Article 62

Study on Environmental Impact

The concessionaire is compelled to submit all sub-concession development proposals within the Free Zone to detailed studies on environmental impact, which will have to be evaluated by an independent institution selected by the FZA.

Article 63

Security Rules

1. The concessionaire is compelled to adopt and keep all the public security and crime prevention measures shown necessary and reasonably in order to prevent from and detect the transnational criminal activities, such as, money laundering, drug traffic and black market within and from the Free Zone, having in this case to collaborate with the national and international police authorities and the specialized information organization against crime.
2. The concessionaire is compelled to provide the needed facilities and to finance the permanent liaison contingent between the national police authorities and the Free Zone security organization.

Article 64

Public Health Rules

1. The concessionaire is compelled at least to adopt and keep all needed and enough measures to assure public health to people inside and places around the Free Zone under the national health police.
2. The concessionaire is compelled to supervise and control the Free Zone residing and visitor specific public health state data and to show the preventive measures that he will take in order to reach the expected level.

Article 65

Priority Given to National Workers

1. The concessionaire should submit to FZA approval the rules to be applied in the concession area related to worker hiring.
2. These rules bind the concessionaire, the sub-concessionaires, as well as all the companies and the licensed residing people that operate in the Free Zone.
3. They should be based on local worker hiring preferential system under the present Code. The local candidates are given preference whenever they show the same qualification, experience and competence level as those of the foreigners who are applying themselves for the same jobs.

Article 66

Priority Given to National Companies

1. The concessionaire should submit to the FZA approval the rules to be applied in the concession area related to national company contracting for performing works or rendering services in the Free Zone.

2. These rules bind the concessionaire, the sub-concessionaires as well as the residing companies and the licensed people that operate in the Free Zone.
3. They should be on national company based preference system with majority of Saotomean joint stock under the law. The national companies are given preference whenever they present the same competence, capacity and price levels at the public bidding to be awarded work operation and service rendering in the Free Zone.

CHAPTER II

The Concessionaire's Licenses, Authorization and Related Powers

Article 67

Enforcement of Codes, Rules and License Issuing

On performing his duties and on fulfilling his obligations the concessionaire can enforce codes under FZA approval and based on the rules approved by it, he can stipulate the leasing contract conditions and the rules oriented to Free Zone residing companies and people or visitors.

Article 68

Code on Good Conduct

The concessionaire should assure that all the licensed and residing people and visitors who operate in his Zone underwrite the effective Code on Good Conduct.

1. The infraction of the Code on Good Conduct gives way to apply against the transgressor and his winnow, if that is the case, the foreseen penalties under the present law.
2. The Code on Good Conduct should enforce upon the signatory, at least the following obligations:
 - a) To abstain from performing any criminal activity, from using physical force or commit fraud against any company or person within the Free Zone;
 - b) To respect abstain from violating the company or person ownership within the Free Zone;
 - c) To perform in bona fide all the contractual assumed obligations;

- d) To accept and keep good reputation member status of an authorized local community association within his residing area, just in case of being within the Free Zone longer than three months per year, or show to the concessionaire acceptable guarantees of good conduct and accountability for his own acts;
- e) To submit any litigation of civil nature for arbitration modality in force within the Free Zone.
- f) To approve the environmental, health and security requirements established by the FZA;
- g) To cooperate with the Free Zone security force, mainly on suspicion of having committed a crime.

Article 69
The Authorizations

The concessionaires are invested of appropriate powers, being exempted from any authorizations in such subjects as sub-concession, association authorization, and that of warrantor and still in visit authorizing to the respective Free Zones.

Article 70
Authorization Given by the Concessionaire

1. The concessionaire has the right to give authorization for real propriety, telecommunication, energy, airport development specialized projects and other activities within the Free Zone.
2. As for the telecommunications, the concessionaire has the right to authorize concessionaires to establish themselves and operate international trading satellite site stations, commutation equipment and other tenant-use oriented network systems, within the respective Free Zone.
3. The private system operators referred in the previous number are specially obliged to follow the non interference and connection technical rules in force within **DRSTP**.
4. The concessionaire has the right to give authorization for automatic association, for association by agreement between tenants within trading, industrial and other residential areas.

Article 71
License Canceling or Making Void

The associations that present frequent cases of infractions can see their licenses canceled or made void.

Article 72

1. After background being verified by the FZA, the concessionaire can delegate powers to individuals or companies to write warranting certificates to people interested in residing or doing business within the Free Zone.
2. The individuals or companies approved by warrantors under delegated powers can benefit from accelerated formalities at the concessionaire arrival to the Free Zone.
3. Warrantors under delegated powers were compelled to give bail at a value that will be proposed by the concessionaire and approved by the FZA, which they will lose in its favor if the warranted entity violates the penal legislation in force in **DRSTP**, the Code on Good Conduct, the rules, the licensing conditions or the applicable agreements and contracts within the Free Zone.

Article 73

Visit and Residence within the Free Zone

The concessionaire can authorize visit and residence within the Free Zone, since the beneficiary comply himself to fulfill the national laws and rules, as well as the rules, agreements and Codes on Good Conduct issued by him.

Article 74

Migration and Frontier Control Formalities

The entitled person with a visit or residence permit issued by the concessionaire should, on going in or out of Free Zone, have a passport or any other valid identity document and fulfill all the country requested formalities related to the migration and frontier control.

Article 75

Stay Delay within the Free Zone

1. The entitled person with a residence permit can only keep on staying within the Free Zone longer than the initially specified period by the concessionaire if he is also awarded the requested visa by the competent Ministry.

2. That requested visa give to the entitled person with that residence permit the right to travel both throughout **DRSTP** and to live within the Free Zone.

TITLE V

Incentives

CHAPTER I

Incentive Instantaneity and Previsibility

Article 76

Non Residing Company Activity Beginning

The non residing companies will be able to begin their activities soon after the temporary registration formality conclusion.

Article 77

Residing Company Activity Beginning

1. The residing companies will be able to begin their activities soon after the temporary registration and licensing formality conclusion.
2. Whenever needed, the residing company temporary registration depends on the requested leasing contract signed as a concessionaire.

Article 78

Definitive Company Registration

1. After a maximum delay of 30 days, counting from the temporary registration date, the FZA will verify the background, will issue a definitive registration certificate and will give an exclusive registration number whether residing or non residing.
2. When verifying the background, if it is proved that the temporary registered entity does not fulfill the legal requirements, the registration is immediately cancelled.
3. According to the rules, the definitive registration certificate issuance for a residing company is equal to the definitive confirmation of the respective license.

Article 79
Licenses

Only duly registered companies, agencies, branch offices and entities can be candidates for performing any activities in the country.

Article 80
Consequences of Non Accomplishing the Delay

1. If after a referred delay of 30 days, in the no. 1 of article 78, the FZA will not communicate the decision taken on the demand made by the company agent in charge of the registration demand, this entity will have right to automatic concession of the demanded certificate or license.
2. Once verified the referred situation in the previous number, the FZA or any other competent entity is compelled to issue a certificate, the registration number as well as the license, as soon as they are duly demanded.

Article 81
Communication of the Decision

All the decisions taken on the referred demands in the previous articles are simultaneously communicated to the petitioner and to the Independent Institution for Filing and Preservation that will confirm the referred communication, in case of dispute.

CHAPTER II

Eligibility Requirements

Article 82
General Requirements

1. Companies that want to benefit from the free zone and offshore regimes established in **DRSTP**, in addition to the referred requirements in the articles 3, 4, 6 and 7 of the Law Decree no. 61/95 and in the articles 4 and 5 of the Law Decree no. 62/95, should cumulatively fulfill the following requirements.
2. a) To reveal the respective owner effective identity and personal background on fulfilling the registration forms provided by the FZA;
3. To produce goods and services for exporting or for other companies within the Free Zones;

4. Being not established companies in the national customs area, looking for transferring their exporting activities.
5. Companies can be candidates for free zone and offshore regimes, no matter their stakeholder or owner nationalities and the capital amount

Article 83
Established Companies

Exporting sector established companies, within Sao Tome & Principe Customs, can only benefit from free zone and offshore regimes through:

- a) The creation and establishment of a new residing free zone company;
- b) Keeping the job post number and business bulk reached at first activity place.

Article 84
Keeping Incentives

The companies that take benefit from the free zone and offshore regimes will keep the referred benefits while they fulfill all the stated regulations, rules, contracts and applicable or related license terms with the activities they have been awarded licenses to.

Article 85
Incentives to the Concessionaires

The Free Zone Concessionaires and sub-concessionaires have benefits from the free zone and offshore regimes for their activity development.

Article 86
Incentive Loss

The companies that take benefit from the free zone and offshore regimes will temporary or definitively lose the referred incentives if, after a maximum delay of five weekday, they do not enter in communication with the FZA Homologation Office.

- a) Any propriety transfer that has been already done or eminent with 10% (ten percent) or more of participation in favor of physical or moral person that has been previously subjected to background verifying.
- b) Any changes in the respective activity that requests a new license.

Article 87
Registration Suspension or Canceling

The FZA can directly or through a proposal to a competent entity, promote any company registration and license suspension or canceling since it is proved that it has adulterated or hidden data and information while fulfilling the forms in force.

CHAPTER III

Tax Reductions or Exemptions, Fees and Other Customs or Tax Duties

Article 88
To non Residing Companies

According to what is stated in the article 38 of Law Decree no. 70/95, the offshore non residing companies are permanently free from all and any taxes, customs and tax duties of any nature.

Article 89
To Free Zone Company

According to the article 15 of the Law Decree no. 61/95:

- a) The free zone companies are free from all and any taxes, customs and tax duties of any nature, related to the activities they develop for a period of 10 years;
- b) However during this referred period they are subjected to a fixed license renewing tax and a general, annual contribution applicable to any residing company, and based on the business bulk done during the previous financial year, which is to finance the Training Promotion Fund;
- c) The referred contribution is due from the second activity year, and it will be paid 120 days after the end of the previous financial year;
- d) The contribution for the Training Promotion Fund will be 0.5% (half percent) of annual business bulk of each company, settled in the Free Zone, during the first five years, going to 0.8% (zero point eight percent) within the following five years. From the year 11 on this contribution will be of 1% (one percent).

Article 90
The Contribution after Ten Years

After the exemption period of 10 years, the residing companies within the free zones, including the concessionaires', sub-concessionaires' and others', are subjected to, in addition to the annual fixed renewing license tax and the contribution for the Training Promotion Fund, a general and annual contribution that can not exceed a maximum of 1.5% (one and a half percent) of each company annual confirmed business bulk.

CHAPTER IV

Import and Export Regime

Article 91

The Exemptions

1. Customs, excise and stamp duties, value added tax, taxes on transactions, taxes on shipping registration, specific taxes, others fees and taxes on trading are not applicable:
 - a) To imported goods to the Free Zones for the concessionaire's use, or other companies' that operate within that free zone; and
 - b) To exported goods from a Free Zone by the concessionaire or other company that operate within that free zone, and to foreign companies or individuals.
2. Quotas will not be applied both on import to and export from the free zones.

Article 92

Import Supervision

2. Imported goods to the Free Zones can only be supervised within the related area.
3. The referred goods will be directly transferred from the arriving port to the destination zone, duly sealed and under fiscal police convoy.
4. The supervision to be done is essentially oriented to verify whether imports include any prohibited substances or articles.
5. The customs officers in charge of the supervision should not make the import evaluation.

Article 93

Export Supervision

1. The Free Zone exports are supervised within the respective area by customs officers in order to see whether they contain any prohibited substances and articles.
2. After the supervision the exports are transferred to shipping port, duly sealed and under Fiscal Police, without no more supervisors.

Article 94

Prohibited Substances and Articles

The prohibited substance and article list within the Free Zones include the following ones among others:

- a) Substances of which use and manufacturing are under international law, or **DRSTP** Law or rules prohibited;
- b) Army weapons, equipment, armament, explosives and similar articles;
- c) Prohibited substances or articles by agreement applicable within the concessionaire's free zone; and
- d) Prohibited substances or articles under the Code on Good Conduct or the rules published by a concessionaire after FZA approval.

Article 95

Imports from the Free Zones

The selling made by residing companies within the Free Zone to companies or individuals settled on **DRSTP** customs site, are subjected to the same taxes and fees as the remaining country imports.

Article 96

Root Certificate

1. The Board of Trade, Industry, Agriculture and Services should through its representation within the Free Zones participate in the Root Certificate issuing for all the goods produced within the referred zones.
2. The Board of Trade, Industry, Agriculture and Services will enter in agreements with the FZA and the concessionaires in order to materialize their participation.

CHAPTER V

Foreign Exchanges and Transactions

Article 97

Freedom of Transactions

1. The Free Zone companies have total freedom to, with the exception of local Money:
 - a) Exchange any foreign Money and at any market price;
 - b) Make investments and get interests or loans in any currency;
 - c) Open and keep accounts and make deposits in any currency;
 - d) Moving funds and interests without any control or restrictions and reinvest funds risen within the Free Zones, at any part of the world;
 - e) Make any transaction or finish any contract commitments, in any currency, with other companies, either from the Free Zone or operating out of DRSTP.
2. The Free Zone companies are compelled to recur to national financial system, under the legislation in force, so that they can convert into dobras the needed foreign currencies for the payment of goods and services acquired in **DRSTP** customs site, as well as the salary and other incumbencies related to their Saotomean employees

Article 98

Currency definition

For the purpose of the present Chapter, the currency term includes any voluntary accepted exchange means, namely, ingots of gold or of any other precious metals and electronic currency.

CHAPTER VI

Price Liberalizing and De-monopolization

Article 99
Monopoly Absence

1. All the Free Zones are exempted from trade monopoles and requirements on State enforced compulsory equipments.
2. Each concessionaire can freely negotiate particular agreements on telecommunication, water, energy, transports and others service providing domains.

Article 100
Control Absence

The free zones are exempted from any price or profit limit controls.

CHAPTER VII
Immigration and Residence

Article 101
The Visitor Duties

1. The foreigners who want to pay a visit to the Free Zone should:
 - a) Have passports or any other valid travel documents;
 - b) Pass by the Migration and Frontier Service control;
 - c) Fulfill all the regularly requested formalities on arriving and leaving DRSTP.
2. The concessionaire should ask any visitor for:
 - a) A visit permit; and
 - b) His agreement on fulfilling of the laws, rules, agreements and the Code on Good Conduct, both published by the FZA, or by the concessionaire.

Article 102
Visa Requirement

1. Only the visitors who want to stay within the Free Zone longer than 15 (fifteen) days or go to the national customs site, need an entry visa to DRSTP.
2. In the previous number foreseen cases, the foreigner should:
 - a) Get that visa from the Administration Institution, covering the foreseen stay period; and
 - b) Get from the concessionaire the appropriate stay permit.

Article 103
The Visa Beneficiaries

1. The annual residence visa, with the exclusion of the right to perform any paid activity, can be awarded to all those who want to stay in DRSTP country for a period of time longer than fifteen days and prove their financial availability and their good character.
2. The work visa is required from a physical or collective person that wants to enter in a contract with a foreigner who has got an expertise not available in the country. That referred visa may have a validity of 1 to 3 years.
3. The permanent residence visa can be awarded to all of those that want to live permanently in DRSTP country, and fulfill one of the following referred requirements:
 - a) Make investments in the country at a minimum amount of US dollar 200,000.00;
 - b) Put their widely known experience at the country disposal;
 - c) Pay the amount that is legally established for that purpose.
- 4 Any visa concession is subjected, among other conditions, to a tax payment.

Article 104
Visa concession

It is the FZA duty to give advise and send to the competent institution final decision the visa requests. The referred institution final decision will be given after a maximum delay of seven days.

Article 105
Permanent Residence

The person who is awarded a permanent residing visa, issued by the competent Ministry, has the right to freely travel within DRSTP, live inside the Free Zone if he has got such a permit, as well as work by his own.

CHAPTER VIII

Telecommunications

Article 106

Telecommunications

It is the Free Zone concessionaire duty, according to adequate regulation, to give authorization to the sub-concessionaires for:

- a) Establishing and exploiting the commercial and international satellite site stations, micro-wave and by cable connections, commutative equipment and other network systems for the tenants' use, within the respective zones.
- b) Looking for oriented arch sites to find communication satellites that may benefit Sao Tome & Principe as well as other regional countries.

Article 107

FZA Duties

These are the FZA duties:

- a) To request and get from the Government all the assistance to be given to both the concessionaires and their commercial telecommunication sub-concessionaires that want to get services or coordinate the use of the alternative satellite system with the multilateral organizations, such as Intelsat and Inmarsat;
- b) To get for the telecommunication sub-concessionaires, the most favorable taxes for consecrated and dialing circuits, available to the national signers of INTELSAT and INMARSAT, the international telecommunication facilities, with a limit similar to no more than 10% (ten percent) of the respective circuit taxes paid by national signer.
- c) To give the possibility that the telecommunication companies authorized by the Government to operate out of the free zones, under guaranteed payments, agreed by the sub-concessionaires, may have access to non-Inmarsat and non-Intelsat, by-satellite international telecommunication facilities, arranged by the concessionaire, on a similar 10% (ten percent) limit base.

- d) To prepare, after a maximum delay of four months, counting from the entry date in force of the present Code, after consultations with the responsible Ministry for the telecommunication, technical guidelines that may guarantee that both the national telecommunication system and that of any Free Zone can be built and operated in such a way, not to interfere with one another, causing technical prejudice.
- e) To compel, to the Free Zone telecommunication system providers, obedience to the existing non-interference and connection technical rules in DRSTP.

Article 108

Duty to Cooperate

The telecommunication service providers to national customs site and to the Free Zones should award to themselves mutual connection rights of their respective systems on the base of effective and reasonable costs and on monthly payment of net amount in debt.

TITLE VI

Regime of Sanctions

Article 109

Punishable Acts

1. The following acts practiced by any singular or collective person, operating in the Free Zone, are pointed as punishable infractions:
 - a) False information;
 - b) Prohibited article ownership, detention, trade or demand;
 - c) Infraction against the Code on Good Conduct, violation of contracts, agreements and rules adopted by the concessionaire and approved by the FZA;
 - d) Verified delay on payments to be done to the FZA;
 - e) No beginning of operations within the specified period of time;
 - f) No necessary license awarded;
 - g) Fraudulent bankruptcy;
 - h) Violation of the laws and rules in force within the country.
- 2 In countermanding issues the negligence is always punishable.

Article 110

Sanctions

1. If other worse qualification does not fit in, they are appointed as punishable countermanding with penalties up to USD 20,000.00 the referred infractions from the paragraphs a) to g) of the no.1 of previous article.
2. In addition to the foreseen penalty in the previous number, the following accessory sanctions can also be applied:
 - a) Suspension of the concession license or registration or of license for a period of time up to 12 months;
 - b) Apprehension and lost of found prohibited articles at the transgressor possession;
 - c) Canceling the registration or the license.

Article 111
Supervision

1. On performing his investigation and supervision duties under the legislation base on free zone regime, the FZA and Customs Unit inspector, or a policeman from the Police Contingent based on the Zone, duly authorized, has got free entry and transit in all residing company facilities, aircrafts, ships or transport vehicles within the Free Zone.
2. All those who, after identifying any referred inspector or policeman in the previous number, will not allow them to enter the residing company facilities, aircrafts, ships or transport vehicles within the Free Zone or to freely perform their duties, without prejudice for what is applicable to countermanding issues, commit disobedience or resistance crime, according to the punished cases, under the terms of applicable penal legislation.
3. On performing their duties, and whenever demanded by the interested person, the inspectors or policemen are compelled to present a specific written authorization, giving them powers to do that supervision or investigation.
4. The inspectors' or policemen's activities are integrally registered in video by a FZA representative and, whenever requested, the referred video copies, duly authenticated by notary offices will be delivered to the concessionaire and singular or collective person whose facilities were under supervision.
5. If proved the unjustified stocked goods default within a Free Zone, the FZA proceeds to enforcement of rights upon them, at existing tax in force, added by a penalty that will not be higher than 300% of its initial value.

Article 112
Compulsory Procedures

1. The countermanding process instruction to be established under what is stated in the present Code is within the FZA scope.
2. The FZA will deliver to the Prime Minister or to STP Central Bank Governor for decision, at a maximum delay of seven days, the minutes related to the infractions of which sanctions are under one or the other of these entities' duty.
3. The notification of the foreseen sanctions in the paragraphs a) and c) of no. 2 of the article 110 should be done before a period of time of 90 days, relative to the date it begins to take effect.
4. In case of foreseen infractions in no. 1 of the article 111 of the present diploma, cause imminent prejudice for people or goods regular police procedures will have to be adopted as for the suspected notification and detention.

Article 113
Defense Right Guarantee

1. All defense guarantees will be assured to the accused person.
2. The entity in charge of the instruction process notifies the transgressor of the guilty note which should contain the following elements:
 - a) Description of the transgressed conduct;
 - b) The violated rule;
 - c) A pena incorrida;
 - d) A data limite para a sua regularização.
3. The transgressor will have to answer the accusations he is being accused for after a delay of 20 days counting from the notification date and/or apply for the review audience in order to propose corrective measures.
4. The FZA will decide after a maximum delay of 20 days counting from the answer reception date.

Article 114
License and Registration Canceling

In case of serious infractions, rejection of transgressor proposal, or relapsing, including the non payment of combined penalty, after the established delay, the FZA will notify the transgressor of its decision of suspending or definitely canceling the registration or license, or, in cases of not being competent for this, it will propose the competent entity to apply the referred penalties.

TITLE VII **Dispute Solution**

Article 115 **General Principle**

All and any commercial and/or civil disputes between the operating companies under free zone or offshore regime and between these ones and the Free Zone Authority will be submitted to arbitration.

Article 116 **Dispute between the Government and the Concessionaire**

1. All and any disputes between the Democratic Republic of Sao Tome & Principe and a Free Zone Concessionaire will priority be solved by friendly means, owing all necessary efforts be made for this.
2. In case of being impossible to solve them by friendly means, and party will be able to submit any disputes, controversy or claim, resulting from or relative to the Concession Agreement, its violation, suspension, term or declaration of its being invalid, the arbitration under the existing UNITRC Arbitrage Rule terms and conditions in force at the date of the cause appreciation.
3. After the foreseen referred delay in the previous paragraph, the CIRDI General Secretary is the responsible authority for the arbiter nomination, owing the arbitration takes place in Geneva, Switzerland, in Portuguese and English.

Article 117 **Other Disputes**

Disputes among other intervenient within the Free Zones will be, under the option of the party that feels injured, submitted to the following arbitration procedures, if the contracts, agreements, rules or other written commitments, have nothing mentioned on the contrary:

- a) According to the United Nations International Trade Right Commission rules;
- b) Particular defined mechanisms by bilateral or multilateral agreement on investment protection, in case of foreign investor.

TITLE VIII

Final and Transitory Dispositions

Article 118

Propriety protection

1. Nationalization or expropriation is not allowed within the Free Zones.
2. No company owner, in all or in part, will be compelled, by legal or ruling act, to transfer his propriety to the third parties.

Article 119

Appeals

1. After the Authority decisions, appeal is possible to be done to the arbitration.
2. Appeals after the FZA will be appreciated according to the dispositions relative to arbitration, established in the present Code Title II.

Article 120

Commercial Code

Twenty four months after the present Law Decree becomes effective, the FZA, with strict collaboration and support from the business community, will submit for the Government appreciation and approval the Commercial Code project to be applied to the free zones and the relationship between them and the international market.

Article 121

Doubts and Omitted Cases

Doubts that may come from the application of the present Code and omitted cases will be solved by the Prime Minister dispatch, after hearing the FZA.

Article 122
List of Taxes

1. It is approved to be effective together with the present Code, the List of Taxes and Tributes to be paid by the free zone and offshore regime beneficiaries.
2. Any referred tax and tribute changes will only be enforced to already established entities, past, at least, five years after the publishing change date.

Article 123
Transitory Disposition

1. Soon after its creation, the FZA will operate with a restricted structure, consisting of, in addition to the Board of Directors and its Executive Director, only two divisions, namely:
 - a) Homologation Office, Research, Marketing and Promotion; and
 - b) Administration Service, Customs Supervision and Investor Support.
2. The FZA will proceed to a definitive operating structure as foreseen in the article 20 of the present Code, as soon as the following requirements are cumulatively fulfilled:
 - a) The income generated by the Authority activity is enough to finance the budget forecast for the following 12 months;
 - b) The Board of Directors finds out that the scientific-technical capacities and the minimum necessary experience are gathered to total assumption of all duties committed to the Authority; and
 - c) The volume and complexity of all the free zone and offshore activities performed inside the country justify it.