

China and Cape Verde consolidate 33 years of progress

► In the last two years China has invested more in Western Africa's Cape Verde islands than it did in the previous 25.

Strategically located off the coast of West Africa, Cape Verde boasts a fast-growing economy and a burgeoning reputation as a tourism destination, largely thanks to its beautiful beaches and temperate climate.

An archipelago of 10 islands and five islets, the country is currently re-joining in its emergence on the world stage following its recent admission to the World Trade Organization and its new-found recognition as a Middle Income Country, according to World Bank guidelines.

These achievements follow several years of continuous economic growth, which have resulted in a huge boost to the living standards of the country's 400,000-strong population. They have given Cape Verde a per capita gross domestic product (GDP) three times higher than that of most other African countries.

This remarkable success story is largely attributed to the forward-thinking policies of the country's business-friendly Prime Minister, José Maria Pereira Neves. Neves took office in 2001 when he and President Pedro Verona Rodrigues Pires led the African Party for the Independence of Cape Verde to election victory. The government's clear commitment to openness, transparency, as well as sound and innovative business practices has won it considerable approval from a number of international analysts and leading business organizations.

Neves' success has been based on embracing a policy of privatization and foreign direct investment (FDI) with China. This policy has played a significant role in Cape Verde's social and economic rise, due, in the main, to the contract work carried out by Chinese companies throughout a number of government projects.

Chinese firms have been involved across a range of the country's major construction projects, including the central government assembly, the national library in the capital, Praia, the national stadium, and the central hospital. China and Cape Verde have also cooperated on the construction of the African nation's first large-scale water conservation project.

Aside from infrastructure, Chinese companies have also been heavily involved with a number of the country's e-government projects. These have included the implementation of



José Maria Pereira Neves,
Prime Minister of Cape Verde

a state-of-the-art IT network and the development of a new IT center.

The two countries are also in discussion over the possible purchase of Cabnavé, Cape Verde's ship-repair business. This would see China take on responsibility for the country's locally-owned fleet of 200 boats and ships.

Cape Verde sees the possible marine deal as just one small part of its ongoing relationship with China. With China earmarking more than US\$1.2 billion for investment in Africa in 2010 alone, the scope for doing business between the two nations is obviously vast.

China wants to create five economic trade zones in Africa and we very much want to be the fifth. Chinese businesses will benefit enormously from agreements we already have in place with other countries.

JOSÉ MARIA PEREIRA NEVES
Prime Minister of Cape Verde

Commentating on the strong ties between the two, Prime Minister Neves said: "The relationship between China and Cape Verde has been long and positive. It was initially established 33 years ago, but only on a political level. Since then it has matured into a strong economic and commercial bond.

"The ties between both countries

are now quite profound and we have every expectation that a number of significant joint projects will materialize over the next few years."

The Cape Verde government has identified a series of sectors as being ideal for future FDI development. These sectors include tourism, international transport, light industry and fisheries.

Neves added: "China wants to create five economic trade zones in Africa and we very much want to be the fifth. If we succeed, then Cape Verde will become an international hub and Chinese businesses will benefit enormously from the agreements we have already in place with other countries in the region.

"We are committed to creating an optimum investment environment here in Cape Verde. This is a safe and secure country to do business in and we are doing our utmost to facilitate the needs of start-up companies. We believe that we have considerable opportunities for foreign investors. We have developed a modern financial system and a conducive environment for future growth. China has the know-how and networking capability to help develop our economy by matching our needs with its capabilities."

According to Cape Verde's foreign investment promotion agency, the country's level of FDI is estimated to reach US\$7.8 billion between 2007 and 2011 - a figure expected to create more than 32,000 jobs. Officials expect three quarters of these jobs to be in the service sector, as tourists continue to flock to the country in ever-increasing numbers and new hotels and apartments are constructed at a record rate in order to cope with the soaring demand.

According to Cristina Duarte, Minister of Finance and Public Administration, because Cape Verde has few natural resources, the government has adopted a long-term plan to make the country an international hub for air and maritime services. It is also committed to establishing it as an international tourist destination.

Describing the policy, Duarte said: "Since 2001, the government has pursued market-oriented economic policies. This has included a particular welcome for foreign investors, as well as a far-reaching privatization program. The development of the



Cape Verde's diverse culture and its many attractive landscapes have fueled a dramatic rise in its tourism levels.

tourism, construction, light manufacturing, and fisheries sectors have all been given top priority, as has the development of transport, communications, and energy facilities."

According to Duarte, there are already more than 200 small and medium-sized Chinese enterprises operating in the country, mainly in the small goods, clothing and textile industries.

Commenting on the country's relationship with China, Duarte stated: "China has invested more in Cape Verde in the last two years than it has in the previous 25. Our fiscal plan is really modern and very forward-looking. We want to be known as an offshore destination for international companies who want to do business from here.

"We offer a number of positive

tax advantages for these kinds of companies. Our tax and financial regulations are geared to adapting to change and are designed to assist us in attracting foreign companies."

The financial sector is also key to

the country's leading financial institutions, said: "One of the strategies is to develop Cape Verde as a financial hub, but we need to create a solid technical and academic base first. We are working to obtain

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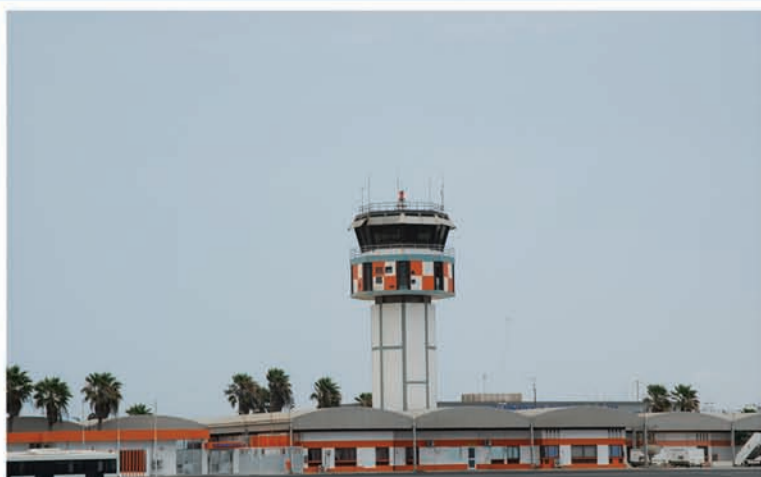
CRISTINA DUARTE
Minister of Finance and Public Administration

Cape Verde's sustainable economic and social development. Emanuel Miranda, chairman of Caixa Económica de Cabo Verde, one of

a partnership with the China Development Bank. They have shown a lot of interest due to our strategic location off the west coast of Africa."

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Ilha do Sal, Cabo Verde



Strategic location key to massive expansion of Cape Verde ports

► Harbor company ENAPOR aims to establish Cape Verde as a vital hub linking Asia, Europe and a number of African states.

With one of Cape Verde's key competitive advantages being its excellent location in the Atlantic Ocean, the country is understandably keen to exploit the many business and investment opportunities that exist in the ocean transport and fisheries sectors.

Fátima Maria Carvalho Fialho, Minister of the Economy, Growth, and Competitiveness, said: "We want to be a hub connecting the Americas, Europe and Africa. We have large ports that are competitive and capable of handling substantial vessels and cargos."

"There are many opportunities for us as an international hub and China is very interested in such opportunities. It is already in talks about forming a joint venture with local company, Cabnave, for the repair of ships and fishing vessels."

The port management company, Enapor, which comes under the auspices of the Ministry of Infrastructure, Transport and Telecommunications, is one of Cape Verde's most successful and important enterprises. It is a key part of the government's vision of transforming the country into a global trans-shipment way station. As well as modernizing and expanding the ports of Praia, Palmeira (Sal), Porto Novo, and Sal Rei (Boa Vista), the government-owned organization is also investing millions of dollars in new developments in the Fogo and Brava regions.

Enapor's ambitious expansion plans underline its recent achievements and are designed to boost investors' confidence in its future performance as it aims to become a leading platform for maritime services.

Based in the Mindelo area of Cape Verde, the company enjoyed year-on-year growth of between 10 percent and 12 percent last year and it posted an impressive annual profit of US\$230 million. Whilst nearly 80 percent of its customers are Portuguese, the number of Chinese clients continues to grow.

More than 100,000 containers passed through its ports in 2008, with cargo traffic at its showcase Porto Grande facility up 76 percent since 2001.



Cape Verde: an international shipping hub set on many pan-African routes.

Franklin Spencer, president of Enapor, said: "Cape Verde is an international hub set on many of the shipping routes from Africa to America, and Europe to America or Africa. We have to take advantage of our enviable position as an important crossroads for passenger liners and frequent cargo vessels crossing the Atlantic."

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FRANKLIM SPENCER
President of Enapor

"In the meantime, China has one of the most important fleets in the world. In the last few years we have seen a marked increase in the number of its ships using our ports and associated facilities."

Spencer believes Cape Verde offers Chinese companies a wide range of lucrative business opportunities due to its strong economy and regulatory reforms, as well as the incentives, in-

cluding tax breaks and exemptions, it offers to foreign investors.

Explaining the thinking behind the incentives, Spencer commented: "Our government wants to create a special economic trade zone for China and is doing as much as it can to make it easy for Chinese companies to start operations here. They can then use Cape Verde as a platform for doing business in Africa."

Currently Spencer has been tasked with the challenge of building a massive US\$300 million harbor at São Vicente, one that is capable of handling larger container ships. He believes the project will enhance his country's role as a global logistics hub, amid competition from other ports in mainland Africa, as well as large new harbors in Brazil and Argentina.

Summing up the opportunities the port network provides to the country, he said: "Cape Verde is one of the most stable democracies in Africa and our economy has grown continually over the past few years. Enapor has played an important part in this success story and our ports are now universally efficient, versatile and safe, with the ability to handle all kinds of cargo, container, and cruise ships."



Airport operator ASA will see passenger numbers soar when Delta begins international operations this year.

Air links secure island's future as pan-continental travel hub

► A huge airport modernization program is under way to accommodate new routes and a major influx of passengers.

With tourism and property development undoubtedly the most important sources of income for Cape Verde, a 4,000 sq km island country off the west coast of Africa, the government's decision to greenlight development of its infrastructure and leisure facilities has been broadly welcomed.

As Minister of Infrastructure, Transport and Telecommunications, Manuel Inocêncio Sousa is playing a key role in the transformation of Cape Verde into a leading business destination for foreign investors. His department controls two of the country's largest state-owned businesses - the airports operator, Aeroportos e Segurança Aérea (ASA), and the ports and shipping operator, Enapor.

Outlining his plans for the businesses, Sousa said: "We have a clearly defined strategy to modernize our ports and airports. The main focus of our infrastructure development to date has been our transport hubs, with a number of new international airports now in operation."

"Our goal for the long-term economic transformation of the country is focused on our 'locational' advantage. We believe that by exploiting the benefits of our sea and air routes we can become a trans-shipment port for the whole region and beyond."

"Developing economic relations with China is one of our priorities. Strong links with Cape Verde would give China ease of maritime access to West Africa, the Americas, and Europe. It is a win-win relationship in many senses."

Whilst cruise liners bring many tourists to Cape Verde every month, the number of visitors arriving by plane is far higher and has seen the islands become a popular holiday destination for tourists from Europe, North America, and Asia.

As one of the keys to the country's future prosperity, ASA is responsible for all airport, flight, traffic control, runway and apron ground operations and facilities, including the Amílcar Cabral International Airport on the main island of Sal.

A state-of-the-art control center, financed by the European Investment Bank, allows ASA to handle more than 42,000 flights a year, an average of 116 a day. That

number will increase dramatically later this year when the leading US carrier, Delta Airlines, begins direct flights from Atlanta, Georgia, a key transit hub that will allow passengers to connect to a further 300 destinations around the world.

ASA chairman, Mário Paixão Lopes, is understandably optimistic about the country's future prospects: "Cape Verde is benefiting from the partnership deal that we recently signed with China. China is investing a lot in Cape Verde and is helping to modernize many of our institutions, as well as improving our economic performance."

"Cape Verde has always had an important role to play amid the continents that surround it. Now we want our airports - vital links for these continents - to generate more revenue and become self-supporting."

Our goal for the long-term economic transformation of the country is focused on our "locational" advantage and developing relations with China is a priority.

MANUEL INOCÊNCIO SOUSA
Minister of Infrastructure, Transport and Telecommunications

"At the moment, the airports are not profitable but they contribute to the wealth of other sectors, including construction, fisheries and tourism. The driving force behind our economy is tourism and this affects a number of related markets, especially car hire companies, restaurants, and hotels. All these markets affect the commercial and industrial sectors that, ultimately, have an impact on ASA as well."

The new airport in Praia opened in 2005 and gave the city a huge economic boost thanks to direct flight connections with major cities in Europe, such as Lisbon, Amsterdam, and Paris, as well as Fortaleza in Brazil and Boston in the US. The airport in Boa Vista, Cape Verde's easternmost island,

is another good example of how an airport can bring immense benefits to the economy. The number of passengers using the airport has now tripled to 150,000 - a huge boost to the hotel and hospitality sectors.

Outlining the benefits the new air terminals will bring to the islands, Paixão said: "We are working on a tourism package that combines a cruise journey with a flight. Customers will arrive from the US on a cruise boat and then depart from here on a plane, or vice-versa."

"It is fantastic that Delta has chosen to develop links with us. People from Africa will now be connected to the world via Cape Verde. We are a country with high standards of civil aviation and excellent security protocols. We have the latest technology and are very advanced in terms of infrastructure and logistics."

"China is a world power and has chosen to invest a lot in the region. China has helped Cape Verde enormously in the development of its infrastructure, particularly with regards to agriculture and port facilities. We are very proud of what China has done for us and I think we, in turn, can help China develop its interests in Africa and Latin America due to our proximity and our familiarity with these cultures."

"ASA has grown with Cape Verde and has also helped Cape Verde to grow. It is a modern government company in a vital sector of the country's economy."

Paixão believes Cape Verde offers huge potential for international companies and that its investment in new technology is playing an important part in giving the country a key competitive advantage over its regional rivals, notably Senegal and the Canary Islands.

He explained: "As we are a small country with limited natural resources and a small domestic market, we have to take advantage of the potential of the other services we can provide. This includes helping promote integration between North America, Europe, and Africa. This cannot be achieved overnight, but I believe we are on the right track and that the strategy of the government is a valid one."

Real estate is second only to tourism in its importance to Cape Verde's economy. The sector currently generates around a quarter of Cape Verde's GDP. In a bid to develop this sector still further, in late 2008 a group of real estate companies founded the trade body Promitur as a forum for discussing relevant issues with the government, including taxation, services, infrastructure, and investment in the real estate and tourism sector.

Promitur director, Olavo Correia, said: "Cape Verde is a vibrant conduit for tourists from all around the world. It is set to provide vital links between China, Africa, Europe, and the Americas. Our focus now is to ensure that, when the global economic crisis is over, we are in a strong position to continue the country's development and to nurture the growth of its real estate sector."



AT THE CROSSROADS OF MAJOR SHIPPING ROUTES

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