



SPECIAL ADVERTISING SECTION



CAPE VERDE

Cape Verde Land of opportunity

China's long-term partner offers a commercial platform for African markets.

As one of Africa's most stable and peaceful nations, Cape Verde has become something of a role model for the modernizing continent in recent years. With an economy built on diamonds, the archipelago has managed to grow while others have suffered, and, since 1991, has pursued a market-oriented economic policy, attracting hundreds of millions of dollars in foreign investment.

All this, plus thirty years of diplomatic ties with China has given Cape Verde a headstart in the People's Republic's economic offensive on the continent. President Hu Jintao of China, and Cape Verde's President Pedro Pires have both publicly stated they would like to push the relationship to a higher level in the new century. And, with Chinese leaders predicting that bilateral trade between Africa and China will reach U.S.\$100 billion by the end of the decade, there has never been a better time for dialogue.

Manuel Inocêncio Sousa, Minister of Infrastructure and Transport, explains: "China has been a friend of Cape Verde even before we gained independence from Britain 30 years ago. Bilateral relations have been very good: in 2002, for example, the trade value between our two countries reached U.S.\$1.8 million, in Chinese exports of light industry products and miscellaneous goods. Today, however, we are talking about a strategic partnership. Our excellent geographic location at the point of four continents means Cape Verde can become a new

of our airports as well as the building of new ones. We already have an international airport at Sal, our most popular tourism destination, and opened another at Praia, on the island of

Manuel Inocêncio Sousa, Minister of Infrastructure and Transport



Santiago, last year. Now, we are building two more on the islands of Boa Vista and São Vicente. These developments are already having a dramatic effect on investment in the country. We expect it to hit the U.S.\$300 million mark this year."

Pivotal to these developments is Airports and Air Navigation Company S.A. (ASA). Mário Paixão Lopes, chairman, says: "As an archipelago with a strong migrant community and so much tourism potential, we rely heavily on transportation and infrastructure for the progress of the country. We therefore devised an aggressive business plan two years ago with four strong objectives."

Top of the list was to improve air traffic management. Cape Verde sits at the crossroads of some of the world's busiest airways, with flights bound for South America, Africa and Europe crossing its airspace. In 2004, a new control center was built using state-of-the-art technologies with the cooperation of the E.U.

"We expect inward investment to hit the U.S.\$300 million mark this year." Manuel Inocêncio Sousa, Minister of Infrastructure and Transport

commercial platform for Chinese investors wishing to access West Africa, for example."

In 2003, Cape Verde was declared a "country of medium development" by the U.N., which prompted the Pires administration to devise a strategic plan for sustained development. Sousa says: "During our first 30 years as a republic, we relied on help from other countries. Now we want to generate the necessary resources to develop our economy without external aid." Tourism, transport services, telecommunications and financial services have been identified as the pillars for growth. Sousa says: "We are already competitive compared to other African countries and have had attractive foreign investment conditions for years, with very favorable tax exemptions and benefits. We guarantee a safe environment for investment, as we enjoy a political stability that is the envy of many countries. What we have been missing is a strong infrastructure network that could serve as a foundation for the rest of the country."

The government therefore launched its own offensive two years ago, with a mission to improve access to each one of its nine different islands. Sousa says: "This has meant the revamping and modernization

Next up was the expansion of Praia Airport on Santiago. "This airport was vital for the progress of the island, so we made it a priority," says Paixão. "The new international airports, objectives 3 and 4, are seen as crucial for the diversification of the tourism sector in Cape Verde, offering the tourist more choice."

The airport sites were identified taking into account their potential for tourism, as well as the increasing interest in foreign investment. Demand for an international airport at Boa Vista was already high, for example, as real estate construction, particularly in resorts, hotels and holiday housing continues to grow, while at São Vicente, the expectation was that the island will see a dramatic increase in tourism in the coming years. As Paixão says: "There has not been a specific interest there, so it is more a leap of faith."

With Boa Vista Airport costing only U.S.\$22.6 million, ASA has hit on a winning strategy of realizing its "one island, one airport" aim. "The idea was to build low-cost airports with all the facilities a modern airport has so the traveler would feel comfortable when he arrives," Paixão explains. "The need for a low-budget project was key, as we had limited resources. This fact, combined with the need to build an airport



according to the requirements of the specific islands results in projects like the airport of Boa Vista. Since there is no need for this airport to be operational during the evening, at least in the

Mário Paixão Lopes, Chairman, ASA

beginning, it will handle approximately five operations per week during the first couple of years. When the traffic increases, we will look into having operations after dark as well. Our main objective is to transform our airports into destinations as opposed to stop-over airports. We are already seeing a shift in that trend as more and more flights have Cape Verde as a final destination.”

ASA is also looking to build up Cape Verde’s reputation as a transshipment hub. Paixão says: “Ports and airports are strongly linked to benefit each other with their individual progress. Having better access points will allow us to offer multimodal transportation both for cargo and for passengers. We are aware of the fact we are on the path of some cruise ship lines bound for South America for example. The only reason we are not yet on their itinerary is because we do not have the infrastructure in place to receive them. Customers could fly to Cape Verde and then board a cruise ship bound for South America or Europe, or stop here and fly back. This same approach could be used for cargo, where goods are shipped here and then flown to their final destination.

“We want to show Chinese investors we are an excellent gateway to the West African market so companies can place their products here and distribute them to the African continent with breathtaking ease. The Ministry of Infrastructure and Transport has made coherent and ambitious plans and we are already seeing the results.”

Paixão is confident the Chinese will find the islands attractive not just for business, but also for pleasure. He says: “Chinese tourists will find our islands both exotic and unique. The tourism industry offers possibilities for both worlds. We have much admiration for the Chinese culture and work ethic. We know Chinese people are hard workers with great creativity and resilience and we will be happy to work and learn with them in the development of our beautiful country.”

Meanwhile, state-owned port operator ENAPOR is gearing up to meet the challenges of what is predicted to be 10% year-on-year growth for the island’s port traffic. This is no mean feat. As Franklin Spencer, chairman, explains: “We have ports on every island of the country and manage all aspects such as loading, unloading,

maintenance, control of the national waters and also the repair of our port in São Vicente. We also have cargo and storage facilities.”

Like ASA, the company is upgrading its assets. Spencer says: “We are expanding Port of Praia at the moment. The first phase involves the construction of a cargo terminal, and larger access routes, as well as the enlargement of the container yard. The second involves us building a wave-breaker which will protect the port from high waves, making it operational all year round. Port of Palmeira will begin expansion works in 2007. We are in final negotiations with the investors and believe the project will need an investment of U.S.\$25 million.”

ENAPOR is also planning a new container terminal at São Vicente, which will have the capacity to move around 300,000 containers a year, and room to grow capacity to a million containers per year. Spencer says: “We are also expanding Santo Antão and Boa Vista, both of which need around U.S.\$30 million of investment each.” A new IT system is being introduced to link all ports, allowing them to share information and control traffic, while two technologically advanced cranes will be installed at Praia and Porto Grande.

“Companies can distribute products to African markets with breathtaking ease.” Mário Paixão Lopes, ASA

In the meantime, the company is in the midst of a bidding process that should see some ports privately managed next year. Spencer says: “This is definitely happening, as the government has a series of commitments with some investors regarding this company. The Port of Praia expansion is directly linked to private investment and actually depends heavily on that investment for its success. The privatization of our company is already in progress. There are a couple of parties interested and we are analyzing the viability of offers and the prospect for the future before we embark on any negotiations.”

For now though, Spencer would very much like to see a Chinese investor involved in the construction of its U.S.\$200 million transshipment platform project off the island of São Vicente. He says: “There are many lessons to be learned from the Chinese in terms of organization, management, efficiency and new technologies, so we welcome investors to visit us and discover a world of opportunities.”

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Isle of Sal



Isle of São Vicente



Isle of Santiago



Isle of Boa Vista

Santo Antão

São Vicente

São Nicolau

Sal

Boa Vista

From island to island, to the world

Cape Verde is a land full of opportunities and ASA provides the means to seize them. As the driving force behind the country's transport network, we're the backbone of the economy and the key to future growth. We want to create harmonious and efficient links between the sectors, using the best technology. Why not join us on our journey?

Brava Fogo Santiago Maio



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