

Cabinda

the driving force of Angola

Forbes
Asia

Angola's Cabinda province produces 60% of the country's oil and has helped its economy become the fastest growing in sub-Saharan Africa.

Buoyed by the success in September of Angola's first national elections in 16 years, Cabinda, the country's wealthiest province in terms of mineral resources, is intent on exploiting its development potential to the full.

Although it is an enclave separated from the rest of the country by a 25-mile-wide strip of the Democratic Republic of Congo (formerly Zaire), Cabinda is the engine of the Angolan economy.

The province produces 60% of the oil that has enabled Angola to export a record total of 1.98 million barrels per day and to rival Nigeria as Africa's leading oil supplier. Cabinda has also helped the country become the fastest-growing economy in sub-Saharan Africa, with a growth rate of more than 21% last year.

As a consequence, the province has a particularly prominent role in the mutually beneficial trading relationship that has developed between Asia and the African continent. This has led Asian countries to finance and build much-needed infrastructure in Africa in return for the oil, gas and minerals required to fuel their own economic development.

Countries such as China and South Korea have extended huge credit lines for financial and technical assistance in transport, energy, water, health, education, telecoms and public work projects in exchange for fossil fuels and mining products.

Cabinda has a great need to rebuild and expand its infrastructure in order to ensure an enduring peace and increase its economic competitiveness as it recovers from three decades of a secessionist war. Fortunately for Cabindans, the province's vast and still largely untapped mineral riches make it an ideal location for such barter trading.

This year, more than \$452 million is being invested in 175 public infrastructure projects. These include the expansion of the province's port facilities and the building of new schools, hospitals, housing estates and industrial plants for the manufacture of ceramics, cement and soap.

To expand Cabinda's potential for expatriate business activity and tourism, the region is building a golf resort and yacht marina, as well as a multi-sport stadium for

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Bridging the Gap

China, Angola's second-largest trading partner, plans to build a highway in the sky to link Cabinda to the mainland.



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Cabinda's isolation from the rest of Angola may soon end. A Chinese company is planning to build a 12-mile-long bridge that will cross the territory of the Democratic Republic of Congo and link the province to its mother state.

José Joanes André, Angola's deputy minister of public works, says that the China Road and Bridge Corporation will undertake the work at an estimated cost of \$2.55 billion. The location has been chosen and construction will take four years, with completion scheduled for October 2012.

The bridge will bind the oil-rich enclave of Cabinda more effectively to the Angolan mainland and help heal the wounds left by a secessionist insurgency that a peace settlement brought to an end only two years ago.

The fact that a Chinese company is responsible for this flagship project illustrates the strong economic and political ties that link the two countries, 25 years after they first established bilateral relations.

Four years ago, the Export-Import Bank of China (EximBank) pledged the first \$2 billion loan to Angola to fund the reconstruction of the country's infrastruc-

ture, which had been shattered by three decades of civil war. Then, in 2005, the China International Fund Ltd., a private Hong Kong-based institution, extended \$2.9 billion to assist in the postwar reconstruction effort.

Angola's need for reconstruction is urgent, and President José Eduardo dos Santos last year estimated that it required an investment in the region of \$20 billion. The need to diversify the economy is equally crucial.

Chinese businesspeople believe that peace has brought sufficient economic stability to Angola to substantially reduce the risks of investing there. More than 10,000 Chinese investors are estimated to have visited the country to study the market and identify investment opportunities.

Another 22,000 Chinese are already working in the country, according to the Angolan interior ministry. Indeed, the Chinese presence is such that there has even been talk of establishing a Chinatown district in Luanda, the Angolan capital.

Last year, China became Angola's second-largest trading partner after Portugal, the former colonial power in Angola, when Chinese exports to the African state doubled to \$368 million.

Excluding the oil and minerals trade, China's direct investment in Angola has soared, reaching more than \$40 million last year. China has put its financial and technical assistance behind more than a hundred projects in the energy, water, health, education, telecoms and public works sectors.

The Luanda government has increased the attractions of Angola by introducing an investment law establishing a new commercial code, laying down land tenure and property ownership rights, and treating foreign and Angolan enterprises equally.

The Angolan National Agency for Private Investment is actively promoting foreign investment by providing tax incentives in targeted industry sectors and development zones.

Over a four-year period, the agency handled more than 1,124 projects involving more than \$4 billion in investment capital. Last year the agency had registered more than 50 Chinese firms involved in light industrial projects ranging from retailing food products and bottling mineral water to manufacturing products. ❖

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the 2010 All-Africa soccer tournament, when Angola will host the African Cup of Nations.

Thanks to Cabinda's oil deposits, Angola is able to provide 5% of the total petroleum imports to the U.S., and in the first three months of this year, the country leapt ahead of Saudi Arabia as the main supplier of oil to China.

However, in common with the national government, Cabinda's local administration is doing all it can to reduce its reliance on its oil reserves by diversifying the economy.

The province's natural resources stretch well beyond oil. Foreign companies have started exploration for gold, diamonds and uranium, while phosphate deposits in Cabinda and the neighboring Zaire province are estimated at 150 million tons. Cabinda also possesses plentiful sources of rosewood timber, palm oil and crops that could be used to produce biofuels.

José Aníbal Lopes Rocha, Cabinda's provincial governor, believes that once the infrastructure is in place, these resources will offer immense opportunities for even greater international investment.

The province's location provides it with another valuable competitive advantage. Cabinda is within 250 miles of four large cities: Luanda, the Angolan capital; Kinshasa, the capital of the Democratic Republic of Congo; and, on the other side of the Congo River, Brazzaville, the capital of the Republic of Congo; and Pointe Noire, the republic's second-largest city.

More than 9 million people live within these four urbanized centers, and Cabinda is strategically located to cater to their consumer needs.

"Cabinda is in a privileged position from which to serve these important national and regional consumer markets, and we intend to make the most of this," says Aníbal Rocha. ❖

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Full speed ahead

Cabinda sees the expansion of its seaport and improved road, rail and air links as essential to its development plans.

With Angola's economy growing faster than that of any other African state and its need for the efficient and speedy import and export of goods at a premium, the expansion of Cabinda's transport facilities by land, sea and air has become an urgent priority.

An initial investment of \$100 million in the province's main seaport is devoted to the construction of a nine-meter-deep maneuvering basin for ships with a loading capacity of more than 1,000 metric tons, and an 80-meter access channel to allow for the simultaneous passage of two ships.

Eventually, the expanded port will have the capacity to receive five ships at once, resulting in the annual processing of a million metric tons of container cargo. This will enable Cabinda to ease the severe congestion that is affecting all of Angola's seaports because of the country's rapid economic growth.

Cargo passing through the Cabinda port exceeded 230,000 metric tons, and the number of containers unloaded rose from 2,000 in 2002 to more than 12,000 last year. The province is also modernizing the port's technological, operational and administrative capacities to enable it to offer faster



*José Aníbal Lopes Rocha,
Governor of Cabinda*

turnaround times at more competitive prices through reduced freight taxes.

The work is scheduled for completion by the end of this year. The Cabinda authorities see the expansion of the seaport and the enhancement of road, rail and air links to the rest of

Angola and the surrounding region as essential components of their development plans.

Less than a third of Angola's old and extensive railroad network survived the civil war, but the Luanda government has announced plans to invest \$4 billion in reconstructing and extending it.

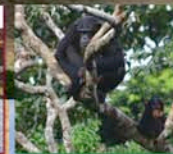
A new 600-mile track that would run from Cabinda in the north through the provinces of Zaire, Uige and Bengo to Luanda is one of the elements under consideration. It could also provide a link from Cabinda to the railroad that runs between Brazzaville and Pointe Noire.

The province's airport – which has long served as the enclave's lifeline to the Angolan mainland – has featured prominently in a \$400 million investment in the modernization of the country's airports, scheduled for completion in the next two years. The Chevron oil company and other private companies operate daily flights for their employees between Cabinda and Luanda, as do three commercial airlines. ❖

CABINDA



NATURAL POTENTIAL



BUSINESS OPPORTUNITIES



UNLIMITED OPPORTUNITIES

One of Central Africa's least-known jewels, Cabinda is the perfect getaway for the world traveler seeking spectacular natural beauty, attractive hotels and a warm welcome.

The province is equally rich in natural resources. Agriculture flourishes in its temperate climate and fertile soil; the dense, lush forest of the Maiombe is one of the largest primal rainforests in Africa, and a valuable source of exotic woods; and with fifty miles of coastline, Cabinda also boasts a thriving fishing industry.

Potential developers will find myriad investment opportunities in this diverse economy. The dynamic Provincial Government is making Cabinda an even more attractive prospect, with fiscal incentives for investors, an economic revival plan to transform the region's infrastructure, and ambitious plans for a new port. The Government remains firmly committed to unity with Angola.

Come and let us build together Cabinda's future!



Cabinda

Peace, Harmony & Development



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To learn more about the investment opportunities in Cabinda please contact the Director of GEPE +244 913147484