

## Cape Verde Business Mission Fact Sheets:



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## Opportunities in Cape Verde

- The **Agriculture sector**-specially the Food sector is the industry where about 82% of food must be imported which creates opportunity for the food sector of the Netherland market.
- **Tourism** infrastructure investment (transport and facilities) spurred economic growth in 2008, so therefore this and encouragement of tourism can also create opportunity for investment in Cape Verde.
- In the **light manufacturing** sector consists mainly of textiles factories and fisheries and this can be an opportunity for investment.

In general the following can also be seen as opportunities:

- Export-oriented clothing, foot wear and leather works (handbags, wallets);
- Export-oriented fish storage and processing;
- Production of marine salt in the island of Maio;
- Manufacturing of cement in the island of Maio;
- Porcelain in the island of Boavista;
- Generally the Major Industries are: food and beverages, fish processing, shoes and garments, salt mining, ship repair.
- Renewable energy: South Africa is highlighted as the premier location for wind energy development alongside Egypt, Tunisia, Algeria, **Cape Verde**. Therefore there can be investment opportunity in this sector.

## General Introduction

Uninhabited on their discovery in 1456, the Cape Verde islands became part of the Portuguese empire in 1495. A majority of today's inhabitants are of mixed Portuguese and African ancestry. Positioned on the great trade routes between Africa, Europe, and the New World, the islands became a prosperous center for the slave trade but suffered economic decline after the slave trade was abolished in 1876. In the 20th century, Cape Verde served as a shipping port. Following independence in 1975, and a tentative interest in unification with Guinea-Bissau, a one-party system was established and maintained until multi-party elections were held in 1990.

Cape Verde continues to exhibit one of Africa's most stable democratic governments. Repeated droughts during the second half of the 20th century caused significant hardship and prompted heavy emigration. As a result, Cape Verde's expatriate population is greater than its domestic one. Most Cape Verdeans have both African and Portuguese antecedents.

On Jan. 13, 1991, the first multiparty elections since independence resulted in the ruling African Party for the Independence of Cape Verde (PAICV) losing its majority to the Movement for Democracy Party (MPD). The MPD candidate, Antonio Monteiro, won the subsequent presidential election, and was easily reelected in 1996. In 2001, Pedro Pires became president. The next elections are held for the year 2011.

## Country Facts

Area	Total: 4,033 sq km Land: 4,033 sq km Water: 0 sq km
Coastline	965 km
Terrain	steep, rugged, rocky, volcanic
Land use	arable land: 11.41% permanent crops: 0.74% other: 87.85% (2005)
Irrigated land	30 sq km
population	429,474 (July 2009 est.)
Population growth rate	0.561% (2009 est.)

## Economic Facts:

### Economy of the country in a glance:

- GDP (nominal, 2007): \$1.603 billion.
- GDP per capita (2007): \$3,200.
- Real GDP growth rate (2008, projected): 6.5%.
- Inflation (2007): 3.29%.
- Natural resources: Salt, pozzolana, limestone.
- Agriculture: *Products*--bananas, corn, beans, sugarcane, coffee, fruits, vegetables, livestock products.
- Industry: *Types*--fish and fish products, clothing, shoes, beverages, salt, construction, building materials, ship repair, furniture, metal products, tourism.
- Trade (2007): *Exports*--\$80.36 million: fuel, clothing, shoes and shoe parts, fish and crustaceans. *Imports*--\$768 million: consumer goods, intermediary goods, capital goods, petroleum. *Major trading partners, exports*--Spain 44.2%, Portugal 21.7%, Netherlands 12.6%, Morocco 4.6%. *Major trading partners, imports*--Portugal 41.1%, Netherlands 10.6%, Spain 6.5%, Italy 5.4%, Cote d'Ivoire 5.2%, Brazil 4.8%.
- Fiscal year: Calendar year.
- Currency: Escudo (CVEsc 70 = \$1 as of June 2008), which is pegged to the Euro.

- Economic aid received: \$161 million (2005). *Largest donors*--Portugal (\$43 million); EC (\$22 million); World Bank-IDA (\$21 million); Luxembourg (\$15 million); Netherlands (\$10 million); the United States (\$9 million). However, the Netherlands will phase out its development cooperation relationship by the end of 2011. At the same time they are working hard to broaden their political, economic and cultural ties.

### Economic Facts

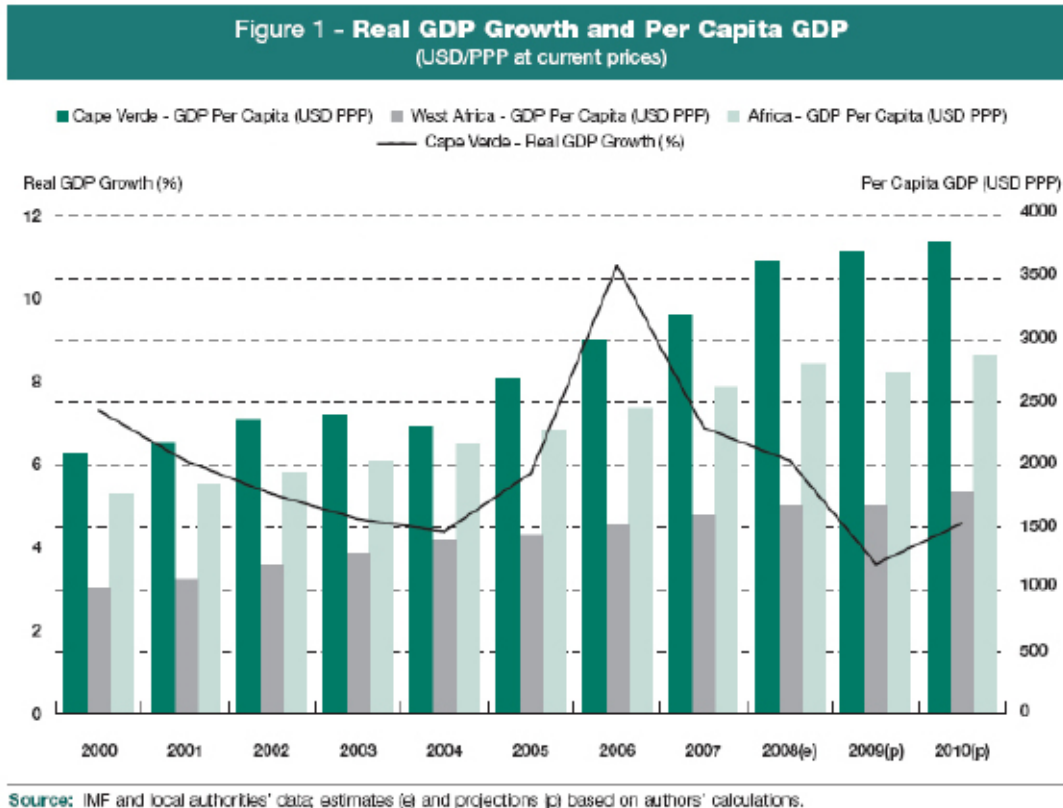
Subject	Units	2004	2005	2006	2007	2008	2009	2010	2014
GDP, constant prices	Annual percent change	4.3	6.5	10.8	7.8	5.9	3.5	4.0	6.4
GDP, current prices <sup>1</sup>	Billion, U.S. Dollars	0.918	1.006	1.203	1.459	1.723	1.616	1.692	-
GDP, per capita current prices <sup>2</sup>	U.S. Dollars	1,964.44	2,114.46	2,480.51	2,968.05	3,421.53	3,147.96	3,234.63	-
Inflation Rate, consumer price	Annual percent change	-1.9	0.4	4.8	4.4	6.8	1.5	2.0	2.0
Current Account Balance <sup>3</sup>	Billion, U.S. Dollars	(\$0.1063)	(\$0.9376)	(\$0.820)	(\$0.4443)	(\$0.1326)	(\$0.1860)	-	-
Current Account Balance	Percent of GDP	-14.4	-3.4	-5.0	-8.7	-12.4	-18.5	-15.4	-11.2

<sup>1</sup> [http://www.economywatch.com/economic-statistics/Cape-Verde/GDP\\_Current\\_Prices\\_US\\_Dollars/](http://www.economywatch.com/economic-statistics/Cape-Verde/GDP_Current_Prices_US_Dollars/)

<sup>2</sup> [http://www.economywatch.com/economic-statistics/Cape-verde/GDP\\_Per\\_Capita\\_Current\\_Prices\\_US\\_Dollars/](http://www.economywatch.com/economic-statistics/Cape-verde/GDP_Per_Capita_Current_Prices_US_Dollars/)

<sup>3</sup> [http://www.indexmundi.com/cape\\_verde/current\\_account\\_balance.html](http://www.indexmundi.com/cape_verde/current_account_balance.html)

## GDP Growth, annual percentage change (IMF)



## Economic Situation

Cape Verde's economy suffers from a poor natural resource base, including serious water shortages exacerbated by cycles of long-term drought. The economy is service-oriented, with **commerce, transport, tourism, and public services accounting** for about three-fourths of GDP and agriculture and fishing contribute only about 9% of GDP. Although nearly 70% of the population lives in rural areas, the share of food production in GDP is low. **About 82% of food is imported** which creates opportunity for the food sector of the Netherland market. The fishing potential, mostly lobster and tuna, is not fully exploited. Cape Verde has cold storage and freezing facilities and fish processing plants in Mindelo, Praia, and Sal. Cape Verde annually runs a high trade deficit, financed by foreign aid and remittances from emigrants; remittances supplement GDP by more than 20%. Economic reforms are aimed at developing the private sector and attracting foreign investment to diversify the economy.<sup>4</sup>

The country's future economic prospects depend heavily on the maintenance of aid flows, the encouragement of tourism, remittances, outsourcing labor to neighboring African countries, and

<sup>4</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/cv.html>

the momentum of the government's development program. Cape Verde became a member of the WTO in July 2008.

## Foreign Aid

The World Bank's goal is to reduce poverty and improve living standards by promoting sustainable growth and investment in people. To achieve this objective, the bank provides loans, technical assistance and policy guidance to developing-country members. It works in more than 100 developing economies, bringing a mix of finance and ideas to improve living standards and eliminate the worst forms of poverty.

As of August 2006 the Bank had approved 21 projects for Cape Verde amounting to US\$237.9 million equivalent, of which about US\$207 million equivalent had been disbursed. The current portfolio of five projects represents about US\$63.0 million equivalent, with an undisbursed balance of about US\$19.7 million. These five credits are in the following areas:

- ▶ Energy and Water
- ▶ HIV/AIDS
- ▶ Growth and Competitiveness
- ▶ Road Sector Support
- ▶ Second Poverty Reduction Support Credit<sup>5</sup>

The World Bank has been assisting the government of Cape Verde in restructuring the financial sector. The first step in this process was the division of the Bank of Cape Verde into a central and a commercial bank.

The financial sector is comprised of one central bank, four commercial banks, and thirteen Offshore Financial Institutions, two insurance companies and a venture capital company created to promote the development of the private sector.

Bank credit is available to foreign investors under the same conditions as for national investors. The private sector has access to some credit instruments such as loans, letters of credit and lines of credit. The legal guidelines for accounting systems are clear but are not totally consistent with international norms.

**In general, Economic aid received:** \$161 million (2005). *Largest donors*--Portugal (\$43 million); European Community (\$22 million); World Bank-IDA (\$21 million); Luxembourg (\$15 million); Netherlands (\$10 million); the United States (\$9 million).

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<sup>5</sup> [www.worldbank.org/capeverde](http://www.worldbank.org/capeverde)



## Foreign Investment

The government established as top development priorities the promotion of market economy and of the private sector; the development of tourism, light manufacturing industries, and fisheries; and the development of transport, communications, and energy facilities. From 1994 to 2000 there was a total of about \$407 million in foreign investments made or planned, of which 58% were in tourism, 17% in industry, 4% in infrastructure, and 21% in fisheries and services.

In Cape Verde, the government looks to private investment as the engine for the country's future economic growth. It strongly seeks to attract investment that will stimulate business activities and modernize the country's economic structure. The greatest emphasis is placed on export-oriented industries and tourism.

More recently, the government refined the laws and related regulations in order to expedite approval for new investments and to expand existing ones. Due to existing preferential access agreements with large world markets, low wages and the high availability of unskilled workers, as well as a moderate tropical climate, the sectors enjoying highest priority are tourism, transportation, services, fishing and light manufacturing.

Foreign investment in the ongoing privatization of state-owned enterprises has been a major objective of the privatization effort. The majority of public companies privatized to date have been acquired by Portuguese investors. In some instances, however, the Government of Cape Verde reserves shares for Cape Verdean investors. The government encourages joint ventures with local investors.

The current Cape Verdean government is committed to continuously improve the conditions for foreign investment and to encourage a more transparent and competitive economic environment. The basic Cape Verdean legislation affecting foreign investment is contained in the external investment law and the law of industrial development. These laws establish the principle of equal treatment for foreign investment and affirm the government's commitment to the creation of a dynamic business environment. The industrial development statute regulates the granting of incentives and simplifies the investment approval process.

Recently approved laws on the promotion of exports, incentives to exports and free-zone enterprises stress the commitment of the government to encourage investment in export oriented industries.

The Capeverdian Agency for the Promotion of Investment, *Cabo Verde Investimentos* (CI), has become a one-stop shop for external investors. In general, external investment operations are subject to prior authorization from the minister in charge of economic affairs. An external investor must present the following information to CI:

- A Letter address to the Minister of Finances, c/o Cape Verde Investments
- 2 completed forms (Authorization for External Investment and Operation of External Investment forms)
- Summary of the project
- Forms of identification (owners/ operators)
- Resume
- Banking information
- Environmental Assessment of the Project/ Business

- Address of the Project/ Business

Generally Cape Verde has bilateral investment agreements with Angola, Austria, Belgium, China, Germany, Netherlands, Italy, Portugal, Russia, United Kingdom, Sweden and Switzerland.

## Trade

### Foreign Relations:

Cape Verde pursues a nonaligned foreign policy and seeks cooperative relations with all states. Angola, Brazil, China, Cuba, France, Portugal, Russia, Senegal, Spain, and the United States maintain embassies in Praia. Several others, mostly European countries, maintain honorary consulates. In addition, Cape Verde maintains multilateral relations with other Lusophone nations and holds membership in many international organizations. On July 23, 2008, Cape Verde became the 153rd member of the World Trade Organization (WTO), in hopes of opening its markets for imported goods and services. Portugal and Spain are the country's most important trade partners, although it also maintains significant trade linkages with other countries, such as The Netherlands, Belgium, and the United States.

## Cape Verde Trade Statistics

### Top 5 export partners of Cape Verde

Global Exports by Cape Verde		Market Value: 237 (millions)	
Export To	Trade Value	Share	Growth
	(thousands)	(%)	(% 5yr)
Portugal	57,869	24.43	NA
Netherlands	38,999	16.47	NA
United Kingdom	30,476	12.87	NA
Spain	28,761	12.14	NA
Italy	14,357	6.06	NA

### Top export products:

Top Products Exported by Cape Verde		Market value: 131 (millions)	
Products	Trade value	Share	Growth
	(Thousands)	(%)	(% 5yr)
Frozen fish	18,063	13.77	2,732.74
Aircraft Engines	5,017	3.83	(15.54)
Photocopy Apparatus	4,943	3.77	954,233.01
Footwear Components	3,064	2.34	(19.01)

Electric Motors & Generators	1,619	1.23	16,429.61
Alcoholic Beverages	446	0.34	308.90
Prepared & preserved Fish	298	0.23	NA
Passenger vehicles	170	0.13	22.36
Coffee	118	0.09	267.10
Leather Apparel & Accessories	117	0.09	3,740.15

### Top 5 import partners of Cape Verde

Global Import by Cape Verde		Market Value: 237 (millions)	
Import from	Trade Value	Share	Growth
	(thousands)	(%)	(% 5yr)
Portugal	708,381	44.48	NA
Netherlands	147,459	9.26	NA
Brazil	104,121	6.54	NA
Spain	95,632	6.01	NA
Italy	86,780	5.45	NA

### Top import products:

Top products imported by Cape Verde		Market Value: 1,815 (millions)	
Products	Trade value	Share	Growth
	(Thousands)	(%)	(%5yr)
Non-crude oil	78,329	4.32	317.32
Artificial Corundum & Aluminum Oxide	53,703	2.96	NA
Seamless Iron & steel tubes & pipes	30,121	1.66	7,658.5
Passenger Vehicles	18,035	0.99	98.60
Cement	11,957	0.66	95.57
Concentrated Milk & Cream	9,467	0.52	59.14
Cane Sugar	78,690	0.48	472.47
Beer	7,576	0.42	42.24

Trucks	7,474	0.41	4.23
Heavy Construction Equipment	6,867	0.38	1,013.12
Motor Vehicle Parts	5,141	0.28	130.84
Fruit & vegetable Juice	4,197	0.23	192.69

## **PRINCIPAL GROWTH SECTORS:**

### **Agriculture**

#### **Food industry:**

This is the industry where about 82% of food must be imported which creates opportunity for the food sector of the Netherland market.

#### **Opportunities in this sector:**

Crops grown for local consumption include **corn (maize), sugarcane, castor beans, broad beans, potatoes, and peanuts (groundnuts)**. There is a heavy reliance on imported foodstuffs, however, and the importation of food has long been an absolute necessity.

**Main points of opportunity:** food importation, food processing, food storage and as well supplying of food processing equipments. As well investors can take the initiative to increase the local production level by investing more in this sector. In this way importing of some of the agriculture products can be reduced.

### **Fisheries**

Although Cape Verde's fishing capabilities are not fully exploited, fish is important for both domestic consumption and export, and both tuna and lobster are caught. Cape Verde's exclusive economic zone covers approximately 734,265 square kilometers of the Atlantic. The resource potential is estimated at 43,000 to 50,000 tons/year. However, the lack of adequate technology for deep water fishing and the need to modernize fishing fleets leave approximately two thirds of the resource unexploited. Fish processing takes place in industrial units that use only part of their production capacity.

#### **Opportunities in this sector:**

The government's main priorities for the sector include modernization of the fishing fleet, promotion of a strong and dynamic business community, development of infrastructure in fishing communities, and the promotion of aquaculture projects in the processing industry. It is anticipated that the Westerns Generalized Systems of Preference under the African Growth and Opportunity Act will promote development of this sector.

**Main points of opportunity:** Fish-processing plants and fishing vessels.

## **Tourism:**

Tourism infrastructure investment (transport and facilities) spurred economic growth in 2008. Despite a likely decline in tourist traffic in 2009, the strong growth will likely continue, driven by public sector investment in energy infrastructure.

## **Opportunities in this sector:**

Cape Verde has an array of fine beaches, a warm and sunny climate, and a population known for its hospitality. This makes tourism one of the nation's most important economic resources. Not only is tourism the main recipient of FDI, but it also represents 20% of GDP. Infrastructure upgrades have substantially supported the growth of the tourism sector.

In 2007, the tourism industry received over \$176 million USD in new investment, and to generated approximately 1,500 new jobs. Projections anticipated over \$310 million in new investment, generating over 2,000 new jobs, for 2008 and over \$500 million, generating over 2,700 new jobs, in 2009.

**Main points of opportunity:** Luxury hotel, Resort hotel, Executive hotels, fishing and Diving hotels. Also, the different islands and uniqueness creates different opportunities for more investments.

## **Tourism Incentives**

- Exemption from general customs duties over imports of materials used for exclusive construction or installation of tourism facilities;
- Exemption from real estate transfer and property taxes;
- 100% fiscal exemption for the first five-year period;
- For the ten years following the first five, the fiscal imposition shall be 50%;
- Tax deduction on profits reinvested in similar activities;
- Tax deduction for expenses incurred in training the local taskforce;
- Tourism Utility Act (Law Decree 11/ 94 of 14 February 1994);
- Duty-free imports, customs emoluments of goods and materials required for export products ;

### **Important development in the past years:**

In the past Cesaria Resort Tourist Village Project was launched. The five-star Cesária Resort - Jewel of the Atlantic enterprise, promoted by ZKM Investments, a business group with various interests in Southeast Asia, was budgeted at 125 million euro and is located in the integrated tourist development zone of Palha Carga. Work on the 1,850,000-square-meter project was beginning in January 2007.

The project included a 250-room five-star hotel, an 18-hole golf course, a marina and beach club and a high-standard residential complex with approximately 1,000 apartments. The complex was also projected to have a health and beauty club, a commercial center, tennis and sports club, soccer field and an office block.

### **Light Manufacturing**

The light-manufacturing sector consists mainly of textiles factories and fisheries. Textiles exports benefit from the AGOA treaty, which expands preferential access for imports to the western market from eligible Sub-Saharan African countries.

**Incentives:** The Government of Cape Verde provides attractive incentives for labor intensive industry oriented toward the export market.

### **Incentives of Industry**

#### **(Agriculture (Fisheries) and light manufacturing)**

- Exemption from corporate taxes, consumer tax and general customs emoluments over imports of goods, equipment and listed materials;
- Exemption of Sole Personal Income (IUR)\* over incomes generated in each new industrial establishment, that has been previously registered within a three-year period;
- Free export of goods;
- Tax deduction on profits reinvested. (Law Decree 108/ 89, of 30 December )

### **Financial sector**

Despite its small financial sector, Cape Verde's banking system has been generally sound since it was liberalized in the late 1990s there are four banks operating in the country, and the two largest, Banco Commercial do Atlantico (BCA) and Caixa Economica de Cabo Verde, are now controlled by Portuguese banks. However, the government does maintain a large minority stake in the latter institution. The remaining share of the financial market is held by Banco Inter Atlantico, also controlled by the same Portuguese bank that controls BCA, and Banco

Caboverdiano de Negocios. Formerly known as Banco Totta e Açores, Banco Caboverdiano de Negocios was acquired by local investors in 2005 and is now the only domestically controlled bank.

There are a total of thirteen Offshore Financial Institutions that are authorized in Cape Verde; which seven of them are fully operational. Three of the thirteen operate pension funds offer more diverse financial options, whereas the remaining ten exclusively perform banking activity. There are also two insurance companies operating in Cape Verde.

### **Opportunities:**

Limited financial sectors such as banks, insurance companies etc. This can create investments incentives for investors who want to invest in this sector.

### **Service sector:**

In the medium term, economic growth is likely to continue to reflect increasing efficiency in the services sector. Growth is expected to result from:

- Public investment in infrastructure (ports, airports, road rehabilitation and maintenance) as well as modernization of telecommunications;
- Private and foreign investment in tourism, fisheries, services (including banking) and exports processing;
- Increase in agricultural output with better use of irrigated land and new agricultural technologies, especially drip irrigation;
- Steady increase in private investment in housing;
- Continued expansion of commerce; and
- Increased services to international air and maritime transport.

## **Conclusion**

One of Cape Verde's most important assets is its strategic location, a crossroads for passengers and goods crossing the Atlantic Ocean. Cape Verde holds untapped potential as a launching pad for Lusophone African countries, as well as with West Africa. The international airport at Sal has the capacity to become a regional airline hub. With that in mind, the government is emphasizing the development of airports, seaports and telecommunications facilities across all the islands.

Cape Verde's strengths are its political and social stability. There have never been any political or religious conflicts. In recent years there have been some incidences of strikes, promoted by labor unions, but in general they were all peaceful.

## **Strengths and Weaknesses of Cape Verde:**

### **Strengths:**

- **Stable political and socio-economic environment**  
Parliamentary political system of free elections;  
Free of ideological confrontation, ethnic or religious conflicts;  
Far-reaching macroeconomics and social indicators
- **Privileged strategic location**  
At the cross - roads of North America and Africa;  
At the intersection of South America and Europe;  
Served by regular liner connections.
- **Efficient Labor market**  
Freely available;  
Easily trained; and  
Highly productive workforce.
- **Outward-looking markets**  
Cape Verde made products benefit from preferential access to European Union and ECOWAS markets ?the country is privileged by the Cotonou Agreement and is signatory of ECOWAS Treaty. Cape Verde made products also gets exemption of import tariff in harmony with the GSP Agreement and was elected for AGOA by the US ?Under the Memorandum of Agreement for the Least Developed Countries (LDCs).
- **Foreign Investment Incentives**  
Existence of 2 infrastructure industrial parks;  
International airports and ports of proven capacity;  
Competitive and efficient information communication technologies ;  
Availability of water and energy supply, ship repair facilities, cold storage and fish processing.
- **Policy Incentives for Foreign Investments**  
Cape Verde's incentive package focuses on external investment, free-zone enterprises, exports, and activities on different sectors.

### **Weaknesses and threats:**

- Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behavior.
- Only very few firms are exporting
- Labor costs are considered high compared to other African countries.



## Appendix

### Doing Business in general:

**Ease of Doing Business Rankings:** 143 out of 181

The Ease of Doing Business Ranking is reported yearly by The World Bank, a financial assistant to developing countries. The Doing Business Ranking provides measures of business regulations and their enforcement across countries by measuring specific regulatory obstacles to doing business, such as protection of investors, protection of property rights, employment issues, and contract enforcement capabilities. The highest ranked country has the most favorable environment for conducting business in the world. Therefore this ranking shows that Cape Verde is somehow easy to do business compared to a lot of Africa countries.

**Index of Economic Freedom:** 88 out of 155

The Index of Economic Freedom is reported annually by the Heritage Foundation, a research and educational institute. The Index of Economic Freedom analyzes a wide range of issues including trade barriers, corruption, government expenditures, property rights, and tax rates to generate an overall ranking of economic freedom. The highest ranked country is the country with the least number of restrictions and constraints on businesses

### Risk Assessment

Country Rating: **Rating: B**

**Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behavior. Corporate default probability is appreciable.**

## Risk Assessment

### **Tourism-focused development**

Tourism infrastructure investment (transport, energy, facilities) spurred economic growth in 2008. Despite a likely decline in tourist traffic in 2009, the strong growth will likely continue, driven by public sector investment in energy infrastructure. There was little inflation in 2008 thanks to the various fiscal measures taken to limit the rise of foodstuff and fuel prices (reduction of VAT and import duties) and to the prudent monetary policy pursued by the Central Bank, which raised the bank reserve ratio. The escudo depreciation in 2009 will likely limit the beneficial effects of the decline in international prices.

### **Foreign debt that will bear watching**

Increases in price subsidies for petrol and foodstuffs in conjunction with reductions in customs duties contributed in 2008 to further undermining public sector finances. With further effort to broaden the tax base still needed, Cape Verde's admission to the WTO in July 2008 is expected to ultimately weigh on fiscal revenues. The current account, showing a large deficit, nonetheless held up well amid soaring foodstuffs and oil prices thanks to the dynamism of the tourist sector and the steadiness of private transfers. The reduction in the cost of staple commodity imports in 2009 will, however, not suffice to offset the drop in tourism earnings and private transfers attributable to the world economic slowdown. Since the inflows of foreign direct investment could also decline, maintaining the level of public aid (14°per°cent of GDP) will doubtless prove necessary to finance development. In this context, the sustainability of Cape Verde's debt will thus be vulnerable to a need for non-concessional loans. Moreover, although its foreign exchange reserves remain at good levels, the banking system, with 40°per°cent of its assets comprised of non-resident deposits, could be weakened by the escudo depreciation.

### **A good business environment, but social weaknesses**

Cape Verde enjoys political stability rooted in a solid multiparty system conducive to improvement in the business environment. As a result of a Cape Verde's economic take-off, the World Bank upgraded it in 2008 from the low-income group of countries to lower middle income. And it is well on its way to meeting the Millennium Objectives by 2015. The strong growth these past years has, however, given rise to growing inequality. In particular, unemployment has been afflicting 18% of the population due to the skills deficit that handicaps the workforce.

## **Business Culture of Cape Verde:**

Meetings are relatively timely with an expected wait time of 10-15 minutes. Drop-ins will be entertained, but it is customary to prearrange any meetings or talks. It is common to call within a half hour of meetings to reconfirm start time.

Attire is typically business casual due to the temperature and climate, though most offices are equipped with air conditioning.

While follow up is often enthusiastically discussed, it is recommended to gather as much necessary information on the first encounter.

## LOCAL TIME, BUSINESS HOURS, AND HOLIDAYS

Cape Verde's Standard Time difference compared to EST is -3 hours. Daylight Saving Time is not used.

Government, banking and industry hours are Monday through Friday 8:00am to 12:00pm and 2:00pm to 6:00pm. Commercial hours are Monday to Friday 8:00am to 12:00pm and 3:00pm to 7:00pm and Saturday 9:00am to 1:00pm.

Holidays	Days
New Year's Day	January 1
Democracy and Freedom Day	January 13
National Heroes' Day	January 20
Ash Wednesday	
Good Friday	
Labor Day	May 1
Municipal Day	May 19
Independence Day	July 5
Assumption Day	August 15
All Saints' Day	November 1
Christmas Day	December 25

## Market Challenges/Downsides:

Cape Verde is a non-traditional market for Europeans except Portugal business. Aside from linguistic differences, and the geographic limitations of the country, several other factors have been bottlenecks to doing business with European companies. Lack of access to commercial credit is a nearly universal complaint among Capeverdean importers, who are accustomed to soft payment terms from Portuguese suppliers. The high cost of transportation often reduces profit margins. However, with the government's policy of encouraging the diversification of import markets, many importers have expressed an interest in establishing relations with other European and US suppliers. Cape Verde's eligibility for the trade benefits of the African Growth and Opportunity Act (AGOA) did not bring the expected spike in business relations between the Cape Verde and other countries.

## **POLITICAL SITUATION:**

Cape Verde enjoys a stable democratic system. The Movement for Democracy (MPD) captured a governing majority in the National Assembly in the country's first multi-party general elections in 1991. The MPD was returned to power with a larger majority in the general elections held in December 1995.

In January 2006, Cape Verde held a successful round of parliamentary elections, followed by successful presidential elections on February 12, 2006. The National Electoral Commission (NEC) judged both elections free and fair. The leading parliamentary opposition party filed a court case in an attempt to overrule the NEC on the grounds of alleged fraud; this action ultimately failed. Three parties now hold seats in the National Assembly--PAICV 40, MPD 30, and Cape Verdean Independent Democratic Union (UCID) 2. Municipal elections were held in May 2008, with the Movement for Democracy party taking many of the seats within the municipalities.

Cape Verde's strengths are its political and social stability. There have never been any political or religious conflicts. In recent years there have been some incidences of strikes, promoted by labor unions, but in general they were all peaceful. Therefore the country's political situation is more suitable and applicable for investment compared to other African countries, because of its stability.

## **General contacts:**

There are direct marketing companies that provide outreach and marketing services to all business sectors:

Business	Activity	Contact
EME-Marketing & Eventos	Market consulting	2614915/2614939
	Event planning	<a href="mailto:eme@cvtelecom.cv">eme@cvtelecom.cv</a> / www.eme.cv
CESE	Market planning and research	261 74 28
Chamber of Commerce ( leeward )		Phone: 617234 Fax: 617235
Chamber of Commerce ( windward )		Phone: 314685/321822 Fax:321889

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**Ministry of Economics, Growth and Competitiveness**  
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Praia-Cape Verde  
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**CAPE VERDEAN AGENCIES:**

**I.A.D.E.** (Institute of Assistance to Entrepreneurial Development)

C.P. 581

Praia, Santiago

Tel: (238) 61 44 44; Fax: (238) 61 24 34

**Privatization Agency**

C.P. 323

Rampa da Terra Branca

Praia, Santiago

Tel: (238) 61 23 19; Fax: (238) 61 23 34

**Export-Import Bank (Exam Bank)**

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