

# Transport paves the way to lucrative ventures

## Portugal's dynamic engineering know-how could help China break new markets

With a road network of 68,732 kilometers, of which almost 3,000 kms are part of a system of 44 freeways, one of the longest bridges in Europe — the magnificent, 17-km-long Vasco da Gama Bridge in Lisbon — excellent ports and three international airports, Portugal has one of the most sophisticated infrastructures in southern Europe.

Although it was one of the first countries in the world to build a freeway, as far back as 1944, it was only at the beginning of the 1980s that freeway construction was implemented on a large scale.

With airports located near the principal cities of Lisbon, Porto and Faro, the country is extremely well connected, with Lisbon's geographical position in particular making it a stopover for many foreign airlines.

TAP Portugal is the flagship carrier and there are many other domestic airlines providing services in and out of the country. In order to cope with demand, the government is building a new airport outside Lisbon, in Alcochete, to replace the Lisbon Portela Airport.

The national airport author-

train speeds greater than 120 km/h.

The railway network is managed by REFER while the transport of passengers and goods are the responsibility of Caminhos de Ferro Portugueses, both public companies.

### Increasing competitiveness

To increase competitiveness and trade effectiveness further, major transport development is high on the government's agenda.

As Minister of Public Works, Transport and Communications, António Mendonça, explains:

"Competitiveness is defined as the ability to create the best conditions for economic activity in the Portuguese area with the most efficient cost and competitiveness in the international arena by enhancing the country's geostrategic position.

"Portugal sits on the western edge of Europe, and if we look at the global economy, we are also a central position in the context of coordination with America, with Africa and even the Far East.

"With the widening of the Panama Canal, which will allow larger ships to pass, the links between the Ori-

structure, and expanding our port surroundings through the development of transport links to the country and abroad.

"We are focusing now and in the future on an integrated rail, road and airport network. The new airport planned for Lisbon will give coherence to these efforts.

"Logistics also plays an important role in this field and we have plans to construct logistic platforms to improve exports conditions, the circulation of goods and businesses interests. All these plans and improvements will present us to international and global business in an attractive way.

"It is extremely important that international companies appear eager to take advantage of our geostrategic position, to settle here and export, using our ports as an opportunity of transshipment and access to other ports. There is a whole range of facilities we can offer.

"China is one of our priorities, primarily because we have historical links with them. Five hundred years ago, the Portuguese were the first to arrive and set up in Macao,



Bridge over the Zambezi River at the city of Tete.

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percent in the first half of 2010, with the number of passengers increasing by 13 percent.

According to President António Guilhermino Rodrigues, this is down to increased investment in Lisbon airport, which has been enjoying growth of an average of 6 percent year-on-year over the past ten years, and Porto and Faro airports.

"We have also developed a strategy related to tourism to boost airport marketing through the inflow of new routes and a system of incentives and promotion, which allowed us to have an increase in traffic between 2005 and 2010 of about 30 percent.

"We have been making investments to adapt Lisbon airport to meet the needs to its main customers, and also expanding the national carrier TAP, which represents more than 50 percent of the traffic from Lisbon. We are focusing on turning the airport into a hub.

"We are also trying to adapt our various airports to meet the needs of the low-cost operators."

An internationally minded operation, ANA enjoys a joint venture with China for Macau Airport, which it has managed since 1994, and several partnerships with the Civil Aviation Authority of China.

"We wish to replicate this success in other areas of China and are currently establishing contacts in order to sign a memorandum of agreement to have partners for our future entry of business in China in innovative airport solutions," Rodrigues said.

Unsurprisingly, the ambitious organization has won numerous awards for innovation, quality and architecture over the years.

with this project and with a base in East Timor, we hope to attract Chinese partners in order to increase our revenues and tighten the social and economic ties we have with China."

As well as aviation, EA is also involved with tour operations in travel agencies and hotels. Metello believes this makes it a very interesting proposition for Chinese investment.

"We are very well located and could become a hub between China, South America and Africa," he says. "We are already well connected with Brazil, and with some Portuguese-speaking African countries and regions. With the strong connections we already enjoy with these continents, we could be the perfect partner."

The company has also won respect in the industry for managing to achieve reciprocity with the US, despite being a small airline.

"That achievement gave us visibility and credibility worldwide, and this is how we want to be maintained: small and controlled," Metello said.

Also innovative, EA is considering developing a low cost long haul airline and entering new markets, particularly the BRIC economies.

"We are ready to invest in regions like South America and East Timor, in order to keep competitive. Eighty percent of our tourists currently come from Europe, so we have to look for different partners.

"Considering the growth of China worldwide in terms of transporting people and cargo, we could develop mutual synergies where we integrate our know-how with China's demands to mutual benefit.

A private company, owned by two major groups — one specializing in finance, the other in construction — the company designs, finances, builds and operates highways and transportation infrastructures.

Although it was incorporated five years ago, Ascendi launched its first finance project in Portugal in 1996. Today, it has 17 concessions handling operations and management for it, and a network of around 3,000 km of highways and roads under its management. It operates in Europe (Portugal and Spain), Latin America and Africa.

### Know-how needed

As Gonçalo Moura Martins, Ascendi's chairman and CEO, observes: "Today, globalization is more than competitiveness between companies; it is about competitiveness between countries. So when a country has a gap in infrastructure, to fill that gap it is very important to invest a lot, and fast. And that needs the help of the private sector, and of course, the know-how.

"The know-how is what these emerging economies need, and investors from China and India, for example, have the liquidity that Europe is currently lacking. Ascendi has the brand and the network; we can show service, capability and experience.

"We want to be a sustainable financial company and be very focused on our strategy which is to grow in other markets.

"It is especially important to keep growing in Latin America and Africa. We are also interested in India, which needs to fill

**The emerging China is a country with remarkable growth rates and dynamic, interesting and attractive markets, hence my recent visit to China at the invitation of my Chinese counterpart.**

ANTÓNIO MENDON

MINISTER OF PUBLIC WORKS, TRANSPORT AND COMMUNICATIONS.

ity group Aeroportos de Portugal (ANA) manages the country's most important airports, at Lisbon, Faro, Porto, Funchal (Madeira), and Ponta Delgada (Azores).

Portugal also boasts a national railway system that extends throughout the country and into Spain, which is supported and administered by Comboios de Portugal.

Rail passengers and goods are transported along 2,791 km of railway lines, of which 1,430 kms are electrified and about 900 km allow

ent and Europe will be facilitated, and Portugal is a natural stop in this route.

"We must appreciate this and promote the positioning of our ports with exceptional conditions in the port sector and magnificent harbors. Having a private port like the Port of Sines on the direct route of the ships passing the Panama Canal is significant.

"Our priorities are developing our strategic positioning, valuing our ports, development of port infra-

and secondly, the emerging China is a country with remarkable growth rates and dynamic, interesting and attractive markets.

"Hence my recent visit to China at the invitation of my Chinese counterpart, with the aim of discussing ways to cooperate and present what Portugal has to offer."

### Growth in airports

One of Portugal's most successful companies, Aeroportos de Portugal (ANA) experienced growth of 23

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**EuroAtlantic's main focus now is to help Portugal's ex-colonies through joint ventures, so our goal is not only to invest in these airlines but to manage them.**

TOMAZ METELLO  
CHAIRMAN AND CEO, EUROATLANTIC AIRWAYS

### EuroAtlantic Airways

Specialized in leasing and charter solutions, EuroAtlantic Airways is the proud owner of eight 767 300s, and a Tristar 500, which it bought from TAP in 1993 to start its long-haul ventures.

The following year, the private company had \$10 million in revenues; today it has \$150 million.

As Chairman and CEO of EuroAtlantic Airways (EA) Tomaz Metello said:

"The airline has developed a lot since we started out; our main focus nowadays is to help Portugal's ex-colonies through joint ventures so our goal is not only to invest but also to help manage these airlines.

"We have started STP airlines, from São Tomé e Príncipe, our next line will fly to Guinea Bissau in about one month, and we are very excited about our newest project, in East Timor: Timor-Leste Airlines.

"We are getting closer to China

"We are also looking to renew our fleet, turning our existing passenger stock into freight and buying new passenger aircraft. We want to walk steadily and consistently, looking at the costs everyday. We have a very healthy cashflow, a very healthy company and I believe we are one of the few airlines in the world that have made a profit from day one. I am extremely proud of the team that built this into a solid business."

The company, one of the top-500 in Europe, is looking to go public next year to increase its equity and buy new aircraft. "We see the potential and have a very positive view of what is going to happen in the future worldwide," Metello said.

### Success stories

Ascendi is another Portuguese company recording excellent success in the transport sector.

its infrastructure gap. They plan to build 20 new km of highway per day over the next five years, which is amazing.

"Only a dozen companies in the world could meet that requirement, and Ascendi is one of them."

With Chinese collaboration, Martins believes there could be some very lucrative ventures undertaken.

"China is a vital commercial ally for all countries, but I think it can play a more specific role in all emerging markets as it is one of the leaders of globalization.

"Transport infrastructures are important to China because they help facilitate international trade. I also think China would do well to put some finishing and assembly bases in Europe; that would help them meet the requirements needed to sell to the products here."

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