

# Investments energise historic commercial ties

MEGA-DEALS HELPED PORTUGAL THROUGH THE CRISIS, NOW SMALLER CHINESE INVESTORS HAVE DISCOVERED A MARKET WITH POTENTIAL IN EUROPE AND BEYOND

by David Williams  
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Portugal's first trade mission to China dates back to 1513 when the navigator Jorge Álvares sailed into Guangdong, becoming the first European to reach the country by sea.

Since then, the relationship has been generally good, but the past few years have seen an intensification as China's search for international investment opportunities coincides with a Portuguese drive to secure partners that can help revitalise an economy hard hit by the euro-zone crisis.

In December 2011, the €2.69 billion purchase by China Three Gorges Corp. of 21.35% of Energias de Portugal was the biggest single investment by a Chinese company in Europe. Other deals quickly followed as Chinese businesses spotted bargains in the Portuguese government's privatisation programme.

Headline grabbing deals include State Grid International's 2012

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purchase of 25% of REN – Redes Energéticas Nacionais, which operates Portugal's power and gas pipeline grid; and Fosun International's €1 billion acquisition earlier this year of 80% of Caixa Seguros, the country's biggest insurance group.

Chinese interest has been heightened by Portugal's potential as a stepping stone to larger markets both in Europe and the wider Portuguese-speaking world, notably Brazil, Angola and Mozambique. Those opportunities were highlighted by President Aníbal Cavaco Silva when he visited China back in May.

"If we can create a positive climate of trust between our com-

panies, respectful of our cultures and identities, we will be able to establish genuine partnerships of mutual interest, not only in a bilateral context, but also oriented towards third markets", he told an economic seminar in Beijing.

Beyond the mega-deals to snap up Portugal's biggest companies, Chinese investors have also taken a lead in exploiting Portugal's "golden visa" scheme which offers residency to foreigners who spend at least €500,000 on a home, or invest €1 million in job-creating businesses. That's encouraging mounting interest in the Portuguese market by small and medium-sized Chinese firms.

**"We are going to see more Chinese investment from private companies in several areas: real estate, tourism and utilities."**

"What I believe we are going to see, is more Chinese investment from private companies in several areas. I think real estate, tourism, utilities", says João Marquez da Cruz, President of Sino-Portuguese Chamber of Commerce, and an executive director at EDP.

Recent Chinese investments have included ventures into quarries producing Portugal's highly-rated marble; vineyards in the Douro Valley port-wine area; a major water utility; a telecom's technology centre and factories making goods as diverse as processed cotton and LED light bulbs. There's much talk the banking sector could also be on the Chinese shopping list. ■

## EXPERT VOICES

### ESTÊVÃO AUGUSTO BERNARDINO

Founding Partner  
Bernardino, Resende e Associados

The golden visa programme has opened the opportunity to enter the Chinese market in a different way. It is probably the best visa scheme worldwide. My opinion is that the client that today buys a house in Portugal will eventually be interested in doing business and strong investment, as some of our clients are actually doing. The Chinese investor today has a better understanding of Portugal and looks at the country from another perspective. Language is a key aspect but is not a problem as we work with professionals who speak fluent Mandarin. In July we received an invitation from a Chinese investment fund to establish a partnership with a local law firm. We have been waiting for this big moment and this is now the right timing. ■

### DIOGO PERESTRELO

Managing Partner  
Cuatrecasas, Gonçalves Pereira

The past 3 years have been very difficult for Portugal with the financial crisis and bailout. The government and the people had to make big efforts to reduce their expenses, some companies unfortunately closed. We are now in better shape.

Companies are now prepared for the new economical cycle that we hope to start. Since the last quarter 2013, we saw new foreign investors analysing companies and possibilities of investment. We see institutional investors looking for long-term investments. We have had offices in Shanghai since 2007 and good work experience with China. There are two types of major investments between China and Portugal today: privatisations, and then real estate. Chinese investors are also starting to look at smaller businesses. ■

### M. CASTRO PEREIRA MARTA TRINDADE

Managing Partners  
Abreu Advogados

The privatisation of EDP was the turning point. After that, there has been strong Chinese interest in all Portuguese privatisations, even from private groups like Fosun. It shows a shift in the nature of investors and a broader attention. Through this sequence of successful investments, the Chinese feel that Portugal is friendly. You shouldn't have a "one size fits all" approach when investing in a new country. First always get to know and understand it, and choose the structure accordingly. We are associated with the best law firm in Angola, in East Timor we joint ventured with C&C Lawyers from Macau. In mainland we work with DeHeng. At our offices we see everyday Chinese businessmen interested in property. We do all the legal work related to the golden visa. ■

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